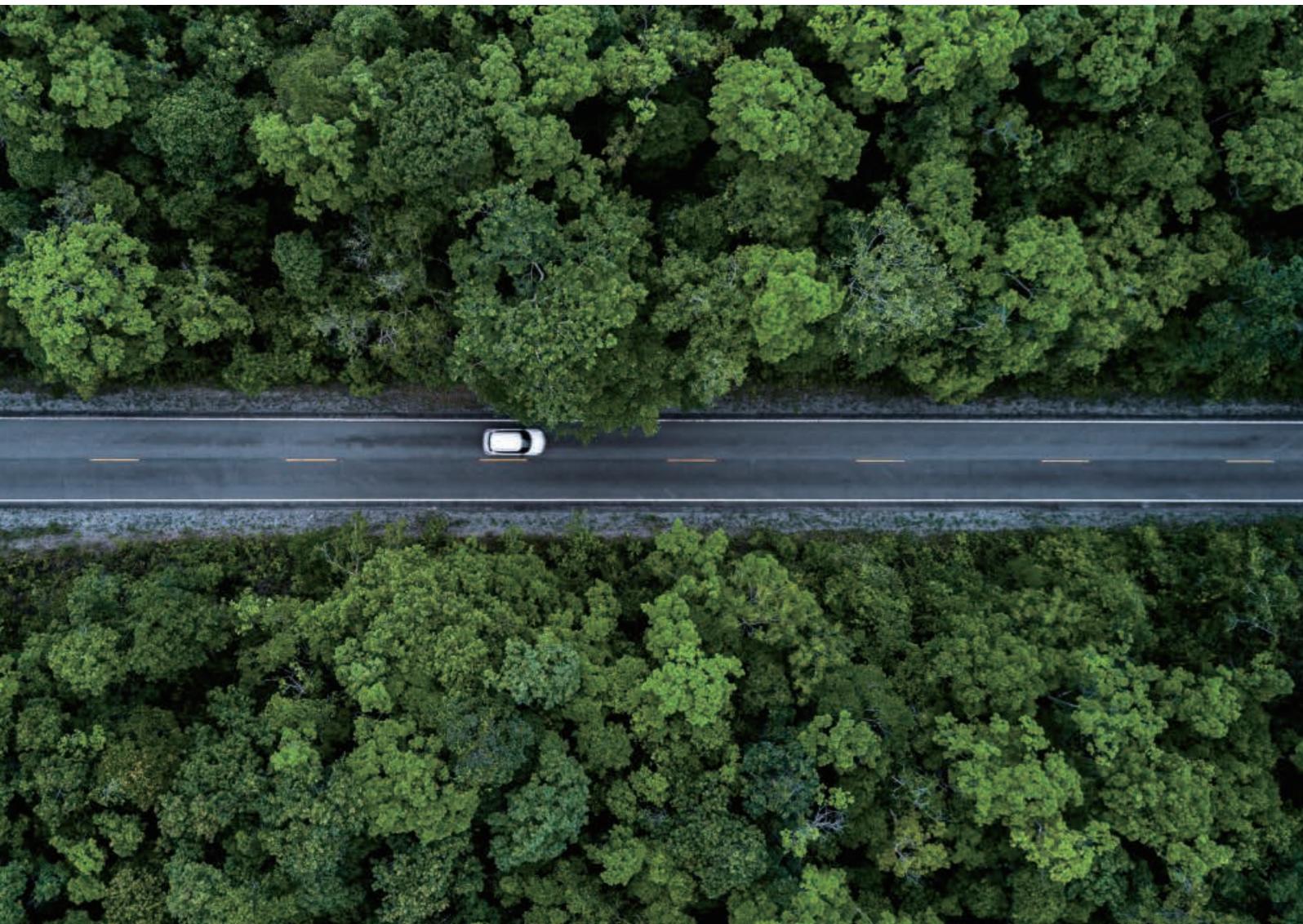


Making the present society more convenient



**INTEGRATED
REPORT**
2023

For the Year Ended March 31, 2023

Aisan

Management Principles

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

1. We believe it is the responsibility of all individuals to improve the quality of each work.
2. We comply with all laws and our company rules.
3. We provide branded products of superior qualities and value with customers' confidence and satisfaction that contribute to sustainable development of society.
4. We strive to improve the environmental quality of our products, packing and operations around the world.
5. We compete and deal fairly that achieve long-term stable growth.
6. We take good care of an employee and get the environment that each one works lively.
7. We respect culture and customs in all places where we do business around the world. We support to improve the quality of life in our local communities.
8. We provide clear and accurate information to the media and general public to maintain integrity in our relations with the public.
9. We are good corporate citizens.

Aisan Group Action Agenda

AISAN GROUP 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.

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Editorial Policy

This Integrated Report serves as a tool to provide information on Aisan Industry's medium- to long-term value creation story concisely from both perspectives of financial information, including business performance and Medium-term Management Plan, and non-financial information, including environmental, social and governance, which form the foundation of our sustainable growth. It is our hope that this report will deepen the understanding of our philosophy and value provided to society among shareholders, investors and other stakeholders. Going forward, we will continue to enhance the volume and quality of information disclosure in response to input and feedback received through our business activities and investor relations activities. We look forward to receiving continued feedback from stakeholders.

Reporting Period April 1, 2022 to March 31, 2023
(some sections contain information from April 2023 onward).

Scope of Report Aisan Industry Co., Ltd. and the Aisan Group

Reference Guidelines

International Integrated Reporting Framework published by the Value Reporting Foundation (VRF) and the Guidance for Collaborative Value Creation formulated by the Ministry of Economy, Trade and Industry.

Positioning of the Report		Non-Financial Information
Financial Information		Corporate Website/ Corporate Governance Report Others
Corporate Website/ Financial Statements/ Securities Report Others	Integrated Report	

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.

| Business |

About Aisan Group

Approximately one out of every three cars on the road around the world is equipped with the products of the Aisan Group. 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.

Powertrain products Making safe and comfortable cars

| Fuel products |

The fuel in the tank is sent to the engine. Peripheral products that maintain fuel pressure are also integrated, and by controlling the pump flow, it improves the fuel economy further.



Fuel pump Fuel pump module

| Intake and exhaust products |

In addition to controlling the amount of air entering the engine to achieve comfortable driving performance, it contributes to improved fuel economy and lowers NOx by recirculating exhaust gas.



Throttle body EGR valve

| Emission control system products |

Fuel evaporation gas generated in the fuel tank and supply lines, which cause air pollution, is absorbed and the emission paths are appropriately sealed to prevent their release into the atmosphere.



Fuel tank close valve Canister

| Valve train system products |

Opens and closes the intake and 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.



Engine valve Titanium alloy engine valve

Products for clean energy Realizing a mobility society

| Fuel cell products |

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.



Air system valve Hydrogen supply unit

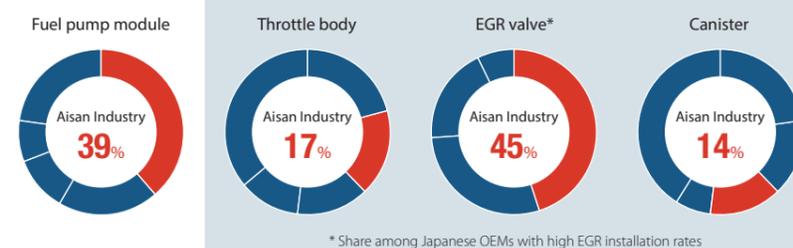
| LPG/CNG products |

It responds to the diversification of 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.

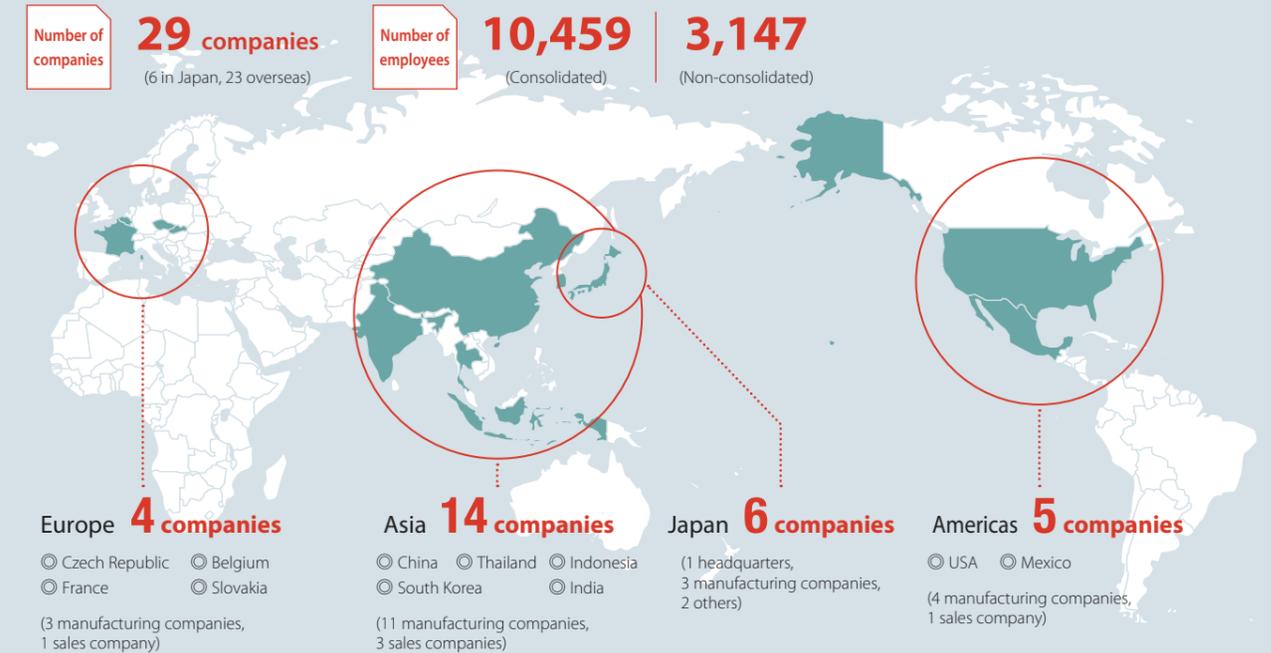


Gas fuel system for LPG Gas fuel system for CNG

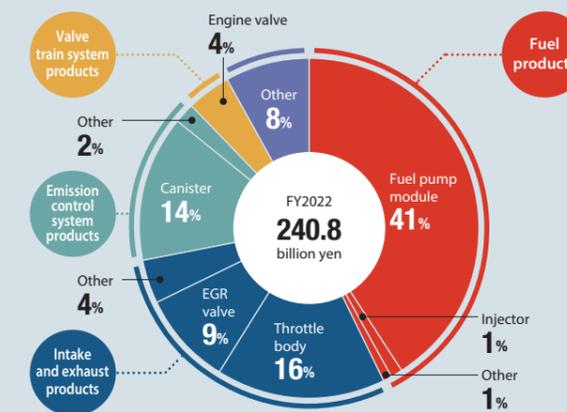
| Market Share of Core Products | (FY2022, In-house research)



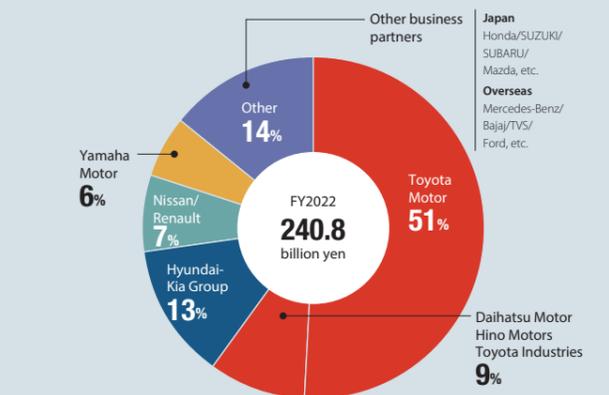
| Location |



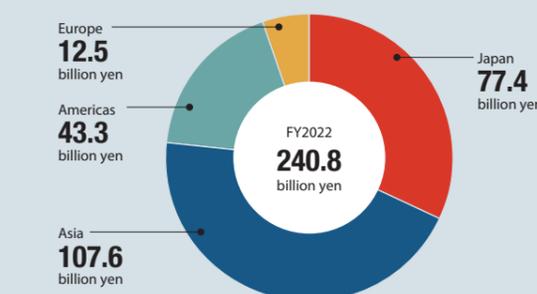
Percentage of net sales by product (Consolidated)



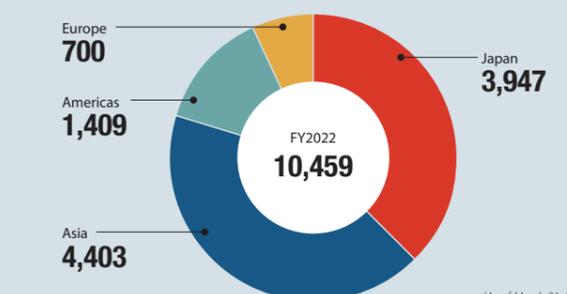
Percentage of net sales by customer (Consolidated)



Net sales composition by region (Consolidated)



Number of employees by region (Consolidated)



AISAN GROUP

Trajectory

As a manufacturer of automotive parts, we have contributed to the postwar motorization of Japan and development of the industry in terms of technology by improving the performance of automobiles, while actively taking on the challenge of responding to regulations and the natural environment that the industry has faced.

HISTORY

Foundation to 1980

Becoming an automotive parts manufacturer to meet private sector demand

1981 to 2000

Shifting core business from carburetor to EFI products

2001 to 2020

Developing the world's best products and responding to globalization

2021 to Present

Overcoming a period of major transformation and contributing to the future of mobility and society

Aisan Industry, established as a factory for manufacturing war supplies in 1938, produced Type 89 Grenade Dischargers and aircraft parts. After World War II, we took over the manufacturing of carburetors from Toyoda Automatic Loom Works, Ltd. (currently, Toyota Industries Corporation) and became a private-sector manufacturing company of automotive parts in 1946. Aisan Industry contributed to motorization as a company known for its carburetors through rapid growth of carburetor production, meeting increasingly strict environmental regulations. We acquired a wide variety of production technologies and expertise, including precision processing and aluminum die casting.

With the gradual tightening of gas emission regulations in various countries, the electrification and advanced functionalities of automobiles progressed. As a result, Aisan Industry shifted its main business from carburetors to electronic fuel injection (EFI) products. Utilizing carburetor technology, we expanded our EFI product range to include fuel systems and intake and exhaust systems. Furthermore, we acquired the engine calibration business from Toyota Motor Corporation, accumulating evaluation technology and know-how for the entire vehicle to strengthen and expand its development capabilities for engine control system manufacturers.

For our core EFI products, we promoted the development of the world's best products, pursuing higher efficiency, smaller size, and lighter weight. In addition, we have developed products that contribute to fuel efficiency and products compatible with clean energy sources such as LPG and hydrogen, contributing to the creation of environmentally friendly cars. Following the overseas expansion of automobile manufacturers, we opened production bases in the Americas, China, Korea, ASEAN/India, and Europe to establish a global production and supply structure. We contributed to society and the environment in each country and region through our products and vehicles.

In response to the once-a-century transformation of the automotive industry, we formulated VISION2030 as a medium- to long-term policy, and Medium-term Management Plan, with the aim of contributing to society through technology and manufacturing and providing useful value. We will continue to support powertrain products for internal combustion engines of automobiles and contribute to society by capitalizing on environmental technology, which is our field of expertise. We have also contributed to the further evolution of mobility, including electrification and clean energy. Beyond mobility, we also take on the challenge of enriching the society that is easy to live in with our hydrogen and ammonia technologies and manufacturing capabilities.



Type 89 Grenade Discharger



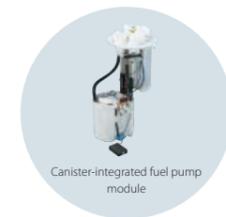
Canister



Injector



Canister compliant with North American '95 regulations



Canister-integrated fuel pump module



Resin throttle body



Canister compliant with North American LEV-III regulations



Hydrogen injector



Carburetor for passenger vehicles



LPG regulator



Electronic throttle body



Compact electric fuel pump



Titanium alloy engine valve



Step motor type EGR valve



DC motor type EGR valve



LPG-HV system

- 1938** Established in Nagoya for manufacturing of war supplies
- 1945** Started production of automobile parts such as carburetors at the end of the war
- 1957** Relocated headquarters and plant to Obu, Aichi

- 1960** Started production of engine valves
- 1971** Anjo Plant began operations
- 1980** Listed on the Second Section of the Nagoya Stock Exchange

- 1981** Started production of throttle bodies
- 1983** Started production of electric fuel pump
- 1984** Started production of injectors

- 1989** Established a manufacturing subsidiary in the USA
- 1990** Toyota Plant began operations
- 1996** Started engine calibration operations

- 2001** Reassigned to the First Section of the Tokyo and Nagoya Stock Exchanges
- 2002** Developed fuel injection system for small motorcycles
Established a manufacturing subsidiary in India

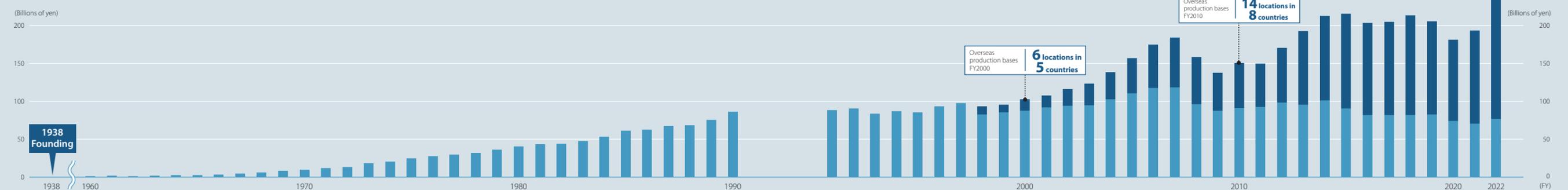
- 2013** Established a manufacturing subsidiary in Mexico
- 2017** Hirose Technical Center began operations
Developed and produced LPG-HV systems for Toyota

- 2020** Developed hydrogen FI system for Toyota FCV
Conducted research and development on HV drone for electrification
- 2021** Formulated VISION2030

- 2022** Selected the Prime Market following Tokyo Stock Exchange market reorganization
Fuel pump module business transferred from DENSO Corporation
Formulated 2025 Medium-term Management Plan

Performance Trends (Sales)

Japan Overseas



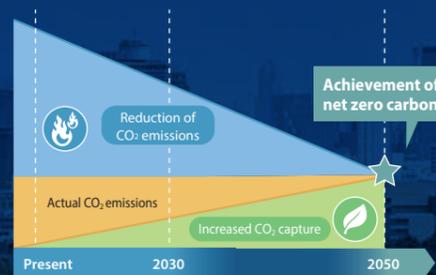
Key Message

Challenge to become the top manufacturer of environmental technologies that support the evolution of mobility and the realization of a decarbonized society

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 needs 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. Even in the midst of current social trends and changes in the automotive industry, we will carry on this spirit and contribute to society through business transformation.

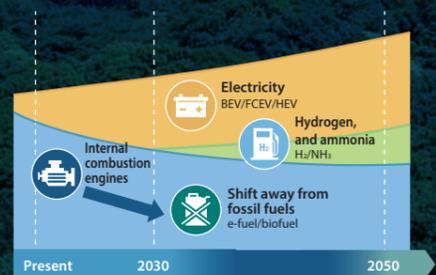
Social Trends

To halt global warming, the world is moving toward a carbon-neutral society by 2050, with many countries and companies promoting reductions in CO₂ emissions in an effort to transition to a carbon-neutral society. In order to achieve a decarbonized society worldwide, it is important to reduce CO₂ emissions while also increasing CO₂ capture and utilization in order to achieve virtually zero greenhouse gas emissions.

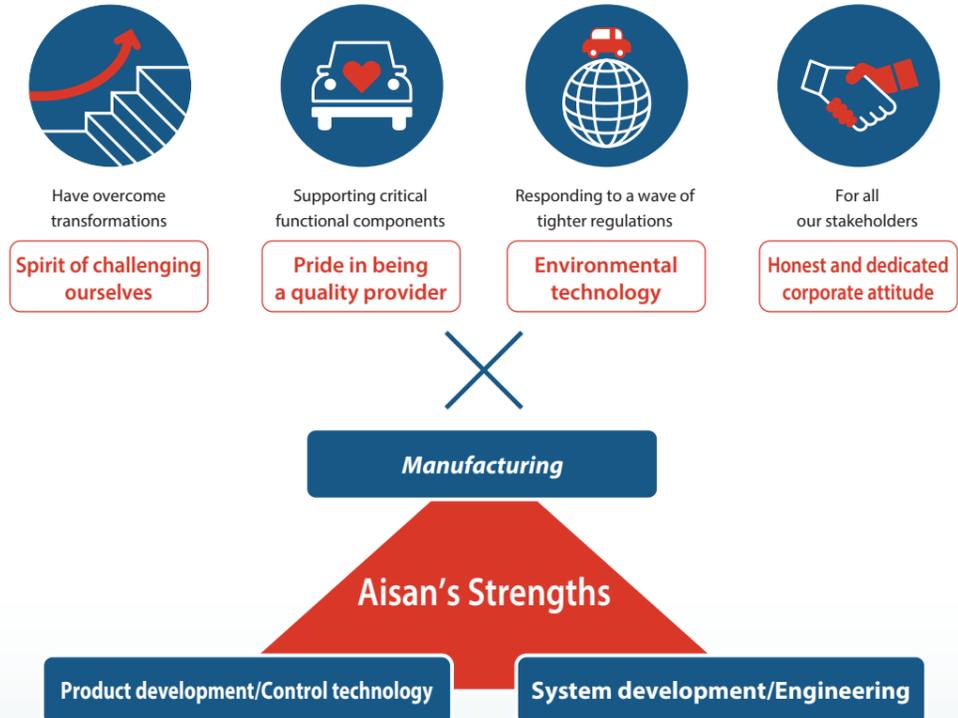


Changes in the Automotive Industry

The environment surrounding automobiles is undergoing a major transformation toward the realization of a carbon-neutral society. In addition to the improvement of fuel efficiency of internal combustion engines, the advancement of hybrid technology, and the performance improvement and popularization of electric vehicles, there is accelerated development and anticipated future expansion of next-generation vehicles in relation to energy strategies, which are compatible with much-highlighted sustainable fuels such as hydrogen, biofuels, synthetic fuels, and ammonia.



Aisan Group's Identity and Strength



Vision of the Aisan Group: Refine Environmental Technology

Mobility

Providing a clean and safe mobility for all

- Develop products for a low- and zero-carbon society using our environmental technology
- Support the evolution into safe and secure mobility as a system supplier

For the Future Society

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

- Create a future that expands the possibilities of mobility
- Contribute to the realization of a hydrogen-based society through our technologies and new value creation

Key Message

Business reform and sustainability management to fulfill VISION2030

"In our hands" in VISION2030 signifies the determination of each and every employee to "take ownership and make it our personal mission."

And the word "beaming" reflects our desire that our products are needed by our customers, connecting us to them with beaming smiles, and nurturing the smiles of the children who will lead the next generation.

We will continue to challenge ourselves and innovate to remain a company needed by society.

VISION2030
Beaming future is in our hands

FY2030
Net Sales
Over 300.0 billion yen

FY2025
Net sales: **280.0 billion yen**
Operating profit: **14.0 billion yen**
Operating profit ratio: **5.0%+**

FY2022 results
Net sales: **240.8 billion yen**
Operating profit: **13.6 billion yen**
Operating profit ratio: **5.7%**

Medium- and long-term performance forecasts

Powertrain Product Business

Current Medium-term Management Plan
Building a foundation for business transformation

- Enhance competitiveness of powertrain product business
- Cultivate businesses in new areas that contribute to carbon-neutrality

Strengthening management foundations for a sustainable future

Next Medium-term Management Plan
Realization of business portfolio transformation

- Creating new value through environmental technologies to expand and grow our business domain

Realization of sustainability management

Employees work with vitality and contribute to social development and the environment

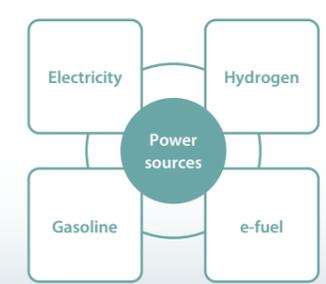
Become the top manufacturer of environmental technologies

Business Using Clean Energy Technology
Electrification System Product Business

FY2019 | FY2022 | FY2025 | FY2030

Product development with a commitment to top position in environmental technology

Achieve sustainable business growth while contributing to carbon neutrality by responding to the diversification of fuel and power sources in all directions



Existing businesses: Backbone for future growth

Continue to support internal combustion engine needs globally, as well as supporting our own business and management

- Pursue increased market share and efficiency through business integration
- Improve product strengths and competitiveness

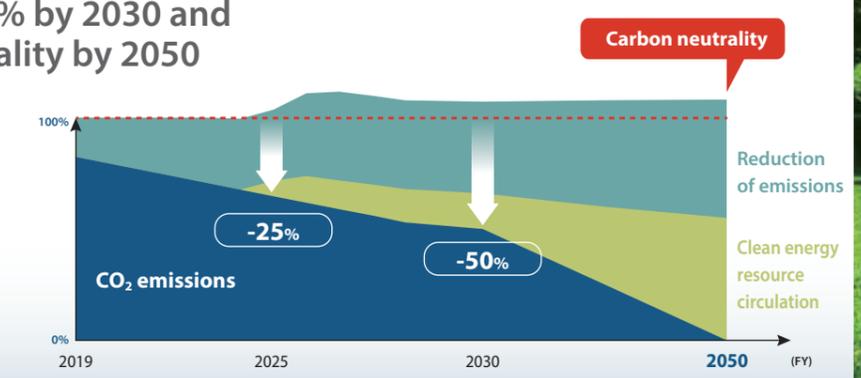
New businesses: Future growth areas

Create various new businesses in the sectors of EVs and clean energy that contribute to the realization of carbon neutrality

- Component development utilizing core technologies
- System development through software technology evolution

Environmentally friendly manufacturing for the future

Aim to reduce CO₂ emissions throughout the value chain by 50% by 2030 and achieve carbon neutrality by 2050





Become the Top Manufacturer of Environmental Technologies through Persistent Efforts to Achieve Carbon Neutrality

Tokuhisu Nomura

President

Steadily Implementing Our Growth Strategy and Looking Ahead toward Creating a Beaming Future

I am now in my sixth year as President since I assumed the position in June 2018. As the automotive industry entered a period of major transformation, we faced an array of major difficulties, including the accelerating pace of the electrification of cars and the spread of COVID-19. However, during this period, the Aisan Group worked in unison to build a solid revenue structure and implement new growth strategies in the three business axes: Core-products Business, Powertrain System Development Business, and Future-products Business. These efforts have paved the way to our future growth.

The Medium-term Management Plan announced in November 2022, with fiscal 2025 as the final year, is a milestone that compiles specific initiatives to achieve the aspiration set forth in VISION2030: We will take the lead and create a beaming future through technology and products with our own hands. We are currently sowing the seeds of various projects for the final fiscal year of this plan, fiscal 2025,

as well as for 2030 and beyond. We will provide stable and continuous returns to our shareholders while actively investing in growth for the future.

We ask all of our stakeholders for their understanding and their continued and even greater support and guidance.

Expanding the Possibilities of Environmental Technologies to Realize VISION2030 and Venturing into New Businesses

In considering what to convey to you in this message, I thought I would share with you our company's origins and the thoughts behind our founding. When I read the Company's corporate history again upon becoming President, I was particularly impressed with Aisan Fundamental Management Policies and Management Principles, which were formulated in December 1966.

Although our management policy was established over half a century ago, it still holds true today in terms of our

approach to research and development, the relationship between the company and its employees, and the ideas underlying our sustainability management. The Management Principles are even simpler: We contribute to society through global growth and environmental preservation. "Environment" here has two meanings: the global

environment and the company's business environment.

Since 1945, the Company has continued to support automobile manufacturers in the development and production of carburetors, an important component of automobile engines. When I became President, electrification was progressing in all areas, and there was concern that our

Aisan Fundamental Management Policies

(December 1, 1966)

1. Thoroughly implement quality assurance activities with the united efforts of the entire company to continuously secure the highest level of trust from our customers.
2. Pursue research and development of excellent products, enhance the necessary technology and manufacturing capability, and thereby lead the industry for future growth.
3. Ensure mutual cooperation between labor and management, develop creativity on the basis of harmony and welfare, and modernize all areas of management.
4. Attract and develop talented human resources to form the foundation for the permanent success of the company.
5. Pursue cost reductions through thorough rationalization, secure appropriate profits, and contribute to society through our businesses.

Management Principles

(October 1990)

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

core products would become commoditized. Automated driving was also being explored aggressively along with electrification, but at the time, we did not have the technology to handle such developments.

Since taking office in 2018, I have consistently communicated to our employees that we need to go back to our roots to remedy this sense of being behind the times. The Fundamental Management Policies and Management Principles are our roots. Since the postwar period, the Company has always focused on products that contribute to the environment, such as improving fuel efficiency and meeting gas emission regulations. Over the years, the Company has developed a high level of *monozukuri* (manufacturing) capability in terms of safety, quality, and cost competitiveness. Now, we must apply this *monozukuri* capability to the new challenges of adapting to electrification and automated driving. However, as a consequence of working within a very narrow area in terms of both industry and products, we have struggled in taking on new areas and in our ability to think for ourselves. In 2021, we announced VISION2030 hoping that all of our employees would take an interest in areas other than their main expertise and challenge themselves to broaden their horizons even further.

I believe that we should do more to communicate internally and externally that our technology is directly

connected to people's lives through finished vehicles, that we have the power to change society through product manufacturing, and that we can contribute to society.

The catchphrase of VISION2030, "Beaming future is in our hands," carries the message that we will create environmental technologies that can contribute to carbon neutrality with our own hands.

To make VISION2030 a reality, which we have set forth as the path forward for the Company, we have positioned the period from fiscal 2023 to fiscal 2025 as the three years of our Medium-term Management Plan, which will be a critical period for the Company. We will contribute to the evolution of mobility, such as fuel efficiency, weight reduction, and compliance with gas emission regulations, by capitalizing on the environmental technologies we have cultivated so far. We will also go beyond mobility to take on the challenge of enriching society in the field of clean energy such as hydrogen, by utilizing gas fuel technology and other approaches.

The previous Medium-term Management Plan was a five-year plan, but in response to the rapid expansion of global demand for electric vehicles, this plan has been shortened to three years, during which we aim to complete the development of electrified products and commercialize them.

The electrification strategy has two directions. The first is the development of electrified products that capitalize on our existing technologies and strengths. We hope to be in a position to reliably supply our customers' needs by around 2025 to 2026.

The second is the development of new electrified products. We plan to complete the development of DC/DC converters for compact mobility by 2025 with a view to future systemization, but since our existing technology is still insufficient in some areas, we plan to enhance our technical capabilities through reskilling and external recruitment of human resources.

We will also strengthen our Clean Energy Technology Utilization Business centered on hydrogen as a springboard for the next Medium-term Management Plan for fiscal 2026 and beyond. In new businesses, we will capitalize on our existing technologies and strengths while developing products that will serve as stepping stones for commercialization and a wide range of elemental technologies that can meet future needs.

reviewing our production lines and pursuing manufacturing DX.

In our Medium-term Management Plan through fiscal 2025, we intend to further increase our market share in the powertrain product business; boost the profitability of our core products, namely fuel pump modules, throttle bodies, EGR valves, and canisters; and actively invest the cash obtained in new businesses and human resource development that will lead to future growth. This will strengthen our corporate structure and lead to sustainable growth regardless of changes in automotive power sources and energy.

Venturing into New Businesses That Contribute to Carbon Neutrality

The business strategy of the Medium-term Management Plan calls for "business development in new areas that contribute to decarbonization leveraging technologies and strengths" as its goal, in addition to "strengthening of competitiveness and further growth of existing powertrain product business." As part of this, we are working on new businesses in the areas of electrification and clean energy.

As a stepping stone for electrified products, we are currently focusing on the development of cell cases and covers for lithium-ion batteries, utilizing the pressing and foreign material control technologies we have developed for carburetors, with the aim of achieving mass production during the period of this Medium-term Management Plan. In January 2023, we entered into a business alliance with Fuji Springs Co., Inc., which has extensive experience in cell cases and covers for this type of battery.

In the process of advancing the electrification system product business, software technology is particularly important, but we do not have sufficient time to spend on education and training compared to the leading manufacturers in this field. For this reason, we are currently promoting the training of software engineers at a rapid pace. We are actively recruiting new graduates and career employees with the goal of training more than 100 people in the three years through 2025. We are also working with universities and other specialized institutions to retrain mechanical engineers, which have been our forte up until now, in the software sector. Our software engineers have gained hands-on experience on development frontlines such as automobile manufacturers and electronic-related Tier 1 manufacturers. We will continue our efforts to achieve a certain level of results and performances in the development of new

Approach to Powertrain Product Business

With the recent major transformation of the automotive industry, predictions have been flying around for several years that gasoline engines will be phased out in the future. However, from a global perspective, I continue to say that the demand for gasoline-powered vehicles, including HEVs, will not disappear in the future given energy and infrastructure conditions in some regions. As a specialist manufacturer, we feel a sense of responsibility to continue to support the powertrain field in particular. We will spare no effort to remain competitive and profitable even in a mature market, and fulfill our mission to continue to ensure a stable supply of products to the market as a top global manufacturer in the powertrain field.

In particular, the fuel pump module business taken over from DENSO Corporation has increased its market share to approximately 40%, the top share in the world. In the course of this business integration, we have gradually come to realize that we can take advantage of our strengths in areas such as quality control, cost management, and energy conservation. We have also positioned improving the competitiveness of our existing powertrain product business as an important issue, and will continue our efforts in this regard by bringing to market the finest products that are lighter in weight, more fuel-efficient, and lower in cost, while

| Our Goal |

1 Creating new values with proven technology and quality to enrich the society.



2 Making the present society more convenient

3 Bringing happiness to future generations.



products and other areas by 2030.

In addition to the electrification system product business, we consider the Clean Energy Technology Utilization Business to be an important part of our future business development. Achieving carbon neutrality will require the expansion of not only electricity, but also hydrogen and other clean and renewable energy sources. We have an advantage in the technology of canisters that use activated charcoal to adsorb and separate gasoline. As such, we are applying this technology to research and development for extracting hydrogen from ammonia, which is necessary for fuel cells. We are currently in the process of conducting in-house demonstration tests, but in the future we would like to expand this ammonia hydrogen power generation system to a wide range of areas.

Toward Organizational Vitalization

In order to accelerate our endeavors into new areas, we need active participation of the younger generation. The previous personnel system had a strong seniority-based element, and an employee engagement survey conducted last year revealed that motivated younger employees had troubles and worries. To some extent, the results were as expected, but in order to raise this engagement score in the future, we must demonstrate both senior employees' experience and skills to work efficiently, and younger employees' willingness to take on challenges in new areas. Specifically, through dialogue with employees, we would like to expand the momentum within the Company to encourage senior employees to achieve results in the existing powertrain product business and to actively entrust the younger generation to take on the challenges in new areas, including in management.

As part of this dialogue, since February of this year, we have held five roundtable discussions with approximately 30 young employees selected from each department, mainly employees around 30 years old. What we found was that a surprisingly large number of motivated young employees were wondering where to start with their work. We also found that our views—the management's views—had not reached the younger employees effectively. While I believe it is inevitable for messages to change shape little by little as they filter down through the hierarchy, the fact that we on the management side did not adequately communicate important ideas and information that we did not want them to miss is something we need to reflect on. By giving younger employees a proper understanding of the Company's future, the thoughts behind its vision, and the process of developing

a Medium-term Management Plan, it should be possible to achieve the targets with an added bonus. As the head of the Company, I will work to properly communicate this information to employees, while gradually transferring authority to other executive officers, chief division officers, and general managers to encourage their awareness.

"Mutual cooperation between labor and management," as stated in our Fundamental Management Policies, shows the great importance we place on labor-management discussions as a united body. Instead of surface-level wage negotiations, we have engaged in a series of dialogues on work style reforms and human resource development from the perspective of what the company and employees should each do for the future. Through Labor-Management Councils and other meetings held multiple times each year, we feel that both sides have been able to gain a mutual understanding of and respect for each other's positions, and that future-oriented, substantive dialogue is taking place.

Regarding the active participation of women, we have set a target of ten female personnel in management positions by 2030, which is three times the current number. However, as a common problem in the automotive industry, the recruitment ratio of female employees is not very high to begin with. We also have a past of recruiting a large number of female employees in general positions, and as such I have found this issue challenging. One positive sign, on the other hand, is that many of the female employees are generally highly motivated and very dependable, and we have high expectations for them. In order to respond to the aspirations of these female employees, we have started career education for female employees in 2022, supporting them in forming their career visions from an early stage. By providing a space where individuals can seriously discuss their career paths, we can foster a better understanding that the company has a system in place to help individuals balance their life events and careers, and that we provide ample support to help them with their individual life plans. Since the understanding of partners and workplaces is essential for women to achieve their career visions, we encourage male employees to take childcare leave and have a system in place to support employees during childcare leave and when they return to work, with the intention of providing company-wide support. In addition to this, two of our outside directors are women. I feel that the discussions at the Board of Directors meetings have become more active, partly because the members are from outside the Company, but also because we receive some feedback from perspectives that we may not be aware of.

Focus on Dialogue with the Frontline to Create a Motivating Work Environment and Build a Relationship of Trust

The automotive industry has recently been grappling with issues of corporate misconduct, and we see this as a problem in the work environment. In a company like ours with a history of more than 80 years, we see cases where manuals created in the past are still in use, checklists are left as they are, and repetitive tasks are left unimproved. If frontline staff handle their work without questioning these inefficient practices, a variety of problems can arise. In such cases, if the environment allows workers to communicate with each other and discuss, for example, negotiating to delay the delivery date or reducing the checklist to the bare minimum, then there should be no possibility of misconduct. If the frontline staff are left to their own devices, it is only natural to hear the words, "I had no other choice." That is why we, as executives and those that hold management positions, must create an environment in which we can have dialogue with our subordinates, and review and streamline workflows.

We are a Tier 1 manufacturer in the Toyota Group, and due to our BtoB business format, it is undeniable that our work has so far leaned toward a vertically integrated approach from the automobile manufacturers. This is a style in which, based on requests from automobile manufacturers regarding the type of engine they want to produce, our ideas for fuel consumption and cost targets are adopted by the automobile manufacturers, bringing these ideas to mass production. Our employees have been characterized as honest and earnest, which is a positive trait, but because of this, there was a sense of fatigue throughout the Company five years ago. In my own work, the standard that I always value is that the work be something that I am satisfied with and that will make my family proud. As the head of the Company, it is my role to ensure that all employees approach their work with this kind of mindset within the Company as well. Creating a motivating work environment for each and every employee is the basis of our VISION2030 goal of "Beaming future is in our hands." As such, we will continue to build stronger relationships of trust with our frontline staff to ensure a sense of unity and smooth collaboration within the Company.

To Our Stakeholders

In the automotive industry, electrification of cars and diversification of fuels and energy sources are accelerating to help build a carbon-neutral society. We also live in a time when the role of corporations is increasing and their management responsibility is being called into question in areas such as the resource-recycling economy, human capital management efforts, and respect for human rights. With regard to environmental issues, we are also accelerating company-wide efforts to achieve carbon neutrality by 2050. To reduce CO₂ emissions throughout our supply chain, we have launched collaborative activities with our suppliers, such as making electricity and energy consumption visible and on-site activities to make energy-saving proposals. As a first step, we have set a target of 50% reduction of CO₂ emissions by fiscal 2030 (compared to fiscal 2019) and are further strengthening our group-wide activities, and we will report these efforts and results appropriately in the future.

We will also pursue initiatives to strengthen governance, such as thorough compliance, fair and proactive information disclosure, and risk management, in order to continue to earn the trust of our stakeholders.

We ask all our shareholders for their continued support and guidance.



Promoting Sustainability Management				
Operation Realizing technological innovation and creating new values through <i>manufacturing</i>	Environment Contributing to the development of a recycling-based society with innovative thinking and technology	Human Resource/ Corporate Culture Developing human resources that can take on challenges for innovation and promoting a corporate culture where people "mutually respect and energize each other"	Society Achieving harmony with the local community and contributing to a sustainable society	Governance Establishing a governance system stakeholders can rely on

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.

Macro Environmental Trends

P Politics

- ▶ Destabilization of supply chain
- ▶ Rising geopolitical risks
- ▶ Need for contingency preparedness

E Economy

- ▶ Supporting sustainability/ESG
- ▶ Rapid fluctuations in inflation and exchange rates
- ▶ Responding to pandemic risks

S Society

- ▶ **Acceleration of carbon neutrality**
- ▶ Diversity & inclusion
- ▶ Supporting a recycling-based society

T Technology

- ▶ **Progress in electrification of cars**
- ▶ Cyber security risk
- ▶ DX need



Targeted Outcomes

Economic Value (FY2025 target)

- Net sales: 280.0 billion yen
- Operating profit: 14.0 billion yen (5.0%+)
- ROE: 8.0%

Social Value

- Contribute to safe and comfortable mobility
- Promote diversity through expanding business foundation
- Develop human resources to support technological growth

Environmental Value

- Reduce CO₂ emissions during vehicle operation with our products
- Businesses that contribute to decarbonization

1 Powertrain Products
Continue to provide products that meet the needs and actual conditions of countries and regions around the world and support the powertrain area

2 Electrification System Products
Contribute to the evolution of the EV area by continuing to improve weight reduction, efficiency, and systemization

3 Clean Energy Technology Utilization
Contribute broadly to carbon neutrality for the future needs of non-automotive sectors and diverse energy

Management Resources

▶ See pages 19-20

Financial capital Total assets 225.7 billion yen	Production capital Capital investment 8.6 billion yen	Intellectual capital Number of patents owned 1,550
Human capital Number of employees 10,459	Social capital Number of suppliers 407 companies	Natural capital Reduction of CO ₂ emissions 15%

×

Source of Value Creation

R&D	<ul style="list-style-type: none"> ● Control technology for diverse power sources ● Basic research and development capabilities to create cutting-edge techniques ● System development capabilities utilizing knowledge on vehicle evaluation
Production	<ul style="list-style-type: none"> ● Manufacturing that combines a variety of production technologies ● Stable production and supply structure
Procurement	<ul style="list-style-type: none"> ● Choose suppliers with outstanding SQDC and technical development capabilities ● Collaborative value creation through cooperative system with business partners
Sales	<ul style="list-style-type: none"> ● Transaction records and trust relationship with major customers ● Global network

We will continue to strengthen our management capital with the aim of becoming the top manufacturer of environmental technologies centered on people and technology.



We believe that in order to contribute to society through environmental preservation, it is important to sustainably enhance our corporate value. The ability to generate cash flow and a strong financial base enable us to make the investments needed for environmental preservation. The implementation of the previous Medium-term Management Plan has prepared us to proactively invest in research and development and capital expenditures for future growth. Under the current Medium-term Management Plan, we plan to generate 100 billion yen in operating cash flow over three years, which will be allocated to capital investment, research and development expenses, and shareholder returns as up-front investment for the future.

To build a strong financial base, our basic policy is to ensure financial stability by maintaining a shareholders' equity ratio of 40% or more and stabilizing the ratio of interest-bearing debt to total assets. We believe that our financial capital strategy is based on the premise of ensuring continuity and stability. As such, we will continue to maintain a credit rating of A- or higher, as indicated by JCR (Japan Credit Rating Agency). We will contribute to environmental preservation through our businesses by sustainably enhancing our ability to generate cash flow and strong financial base.

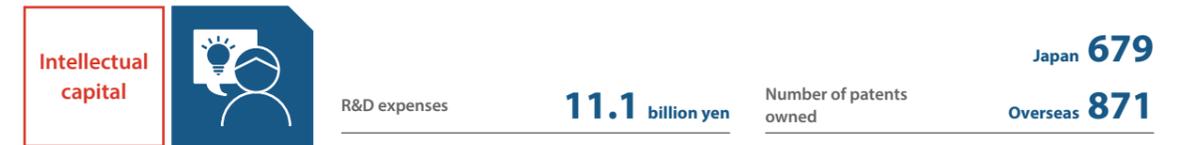


In order to enhance customer satisfaction in terms of quality, cost, and delivery time, we are building a global production system and evolving our production bases such as reducing environmental impact through production activities focused on world-class environmental efficiency and high productivity. The Aisan Group has acquired approximately 40% share of the fuel pump module market for powertrain products, and we recognize our responsibility to keep providing our products to the market as a top global manufacturer. We will also strive to strengthen our production capital to differentiate ourselves in terms of quality, cost, and delivery time.

In the fuel pump module business, which we took over from

DENSO Corporation in 2022, we have also been able to evolve our manufacturing by capitalizing on our areas of expertise, such as quality control and cost management.

Furthermore, through active efforts to visualize using DX, we will strive to strengthen our production capital to respond promptly to customer needs by combining AI utilization and DX, in addition to the production capital we have so far accumulated, such as replacing malfunctioning components on production equipment without stopping production.



As the environment surrounding companies is changing at an accelerating pace, we believe it is important to understand the needs of our customers and enhance our research and development capabilities to realize these needs. We will capitalize on the strengths of our corporate identity and technology that the Aisan Group has cultivated in the powertrain product business. We also plan to invest 15 billion yen in research and development in fiscal 2025. Through aggressive investment in research and development, we will strive to further increase intellectual capital by expanding development areas and accelerating development speed.



In the Aisan Group, more than 10,000 employees around the world are engaged in a variety of daily operations to realize value creation. We recognize the importance of ensuring employee diversity and developing professional human resources in order to grow our business in new areas that will contribute to carbon neutrality by leveraging our technologies and strengths in the future. In our Medium-term Management Plan, we have set targets for the number of female personnel in management positions, executives in overseas bases, and software human resources to be trained. Based on this, we will promote the construction of the vision of the human resources portfolio to achieve VISION2030.



The Aisan Group's business activities are supported by relationships with diverse stakeholders. We believe that proactive information disclosure and ongoing dialogue, and feeding the results back to management, will lead to sustainable enhancement of corporate value and fulfillment of our responsibilities to stakeholders. We will strengthen our engagement with stakeholders by sharing information at workshops, seminars, and exhibitions with our business partners, as well as through our globally conducted community contribution activities.



We believe that addressing global-scale environmental issues such as climate change is our responsibility as a company with global business activities. We also believe that we can contribute to an evolution of environmentally-friendly mobility by leveraging our strengths in environmental technology and systems development technology. In addition to reducing the environmental footprint of our own businesses, such as through the use of renewable energy, we will strive to enhance natural capital through the development of technologies that contribute to reducing the environmental impact of society as a whole.

Solving Social Challenges and Achieving Sustainable Growth through Business

Approach to Sustainability Management

Since our founding, we have followed the Management Principles of “We contribute to society through global growth and environmental preservation” in developing our business as an automotive parts manufacturer and fulfilled our corporate social responsibilities. We believe that in order to realize a sustainable society, we need to be more proactive in contributing to the environment and society through our businesses, and aim to achieve both economic and social value. As such, we are committed to sustainability management.

In April 2022, we formulated our Sustainability Fundamental Policy based on our Management Principles, VISION2030 and our previous CSR Fundamental Policy, and we revamped our promotion system. Going forward, we will strengthen our initiatives, contribute to the environment and society, and enhance corporate value.

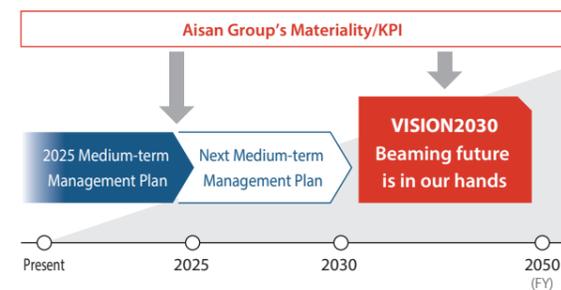
Sustainability Fundamental Policy

- Based on its Management Principles, 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.

Materiality and Targets

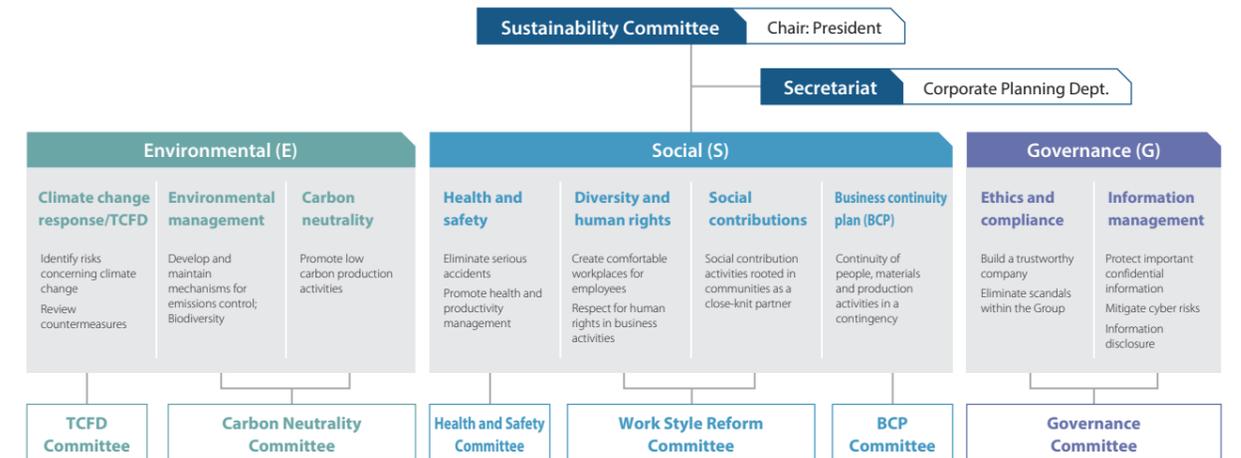
The Aisan Group has identified its materiality (key issues) that it must address with a long-term perspective out to 2050 based on the Sustainability Fundamental Policy. Using the materiality in VISION2030 formulated in January 2021 as a foundation, taking into account the social issues and social changes expected in the future, the identification process redefined these key issues on a company-wide basis and with a long-term perspective, incorporating our contributions to business, the environment, society and governance.

Each materiality identified was reflected in strategies and policies such as the Medium-term Management Plan, and the vision and specific KPIs were set. The Sustainability Committee, chaired by the President, reviews the progress of activities to achieve KPIs, and also periodically reviews materiality and targets.



Sustainability Management Promotion System

In April 2022, we established the Sustainability Committee in order to conduct comprehensive management reviews on the direction and suitability of our ESG actions by executive management in accordance with the Sustainability Fundamental Policy.



The Corporate Governance Code, which was revised in 2021, positions the response to issues surrounding sustainability for the enhancement of corporate value in the medium to long term as an important management challenge, taking into account both risks and opportunities.

Recognizing the importance of not only defensive efforts to reduce risk but also aggressive efforts to seize profit-earning opportunities to solve this issue, we will aim for a virtuous cycle of corporate growth and social contribution through our business activities based on our Medium-term Management Plan and other business strategies.

Kenji Sato
Executive Officer (In Charge of Sustainability Management Promotion)

Aisan Group's Materiality

Category	Materiality (key issues)	Prioritized themes	Assumed risks and opportunities	Vision	KPI (FY2025)
Operation	Pursuing technological innovation and creating new values through manufacturing	EV technology, MBD, battery technology, hydrogen technology, technology related to the diversification of energy sources, electronic components production technology, software development capability, sensor technology, and system development	Risk Higher-than-expected rise in new technology development costs Opportunity Expansion of business areas for OEM manufacturers	Contribute to mobility and future society	◎ Powertrain product business: Operating profit 5%+ ◎ Electrification system product business: Development of products for compact mobility ◎ Business using clean energy technology: Establishment of core technologies
E	Contributing to the development of a recycling-based society with innovative thinking and technology	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	Scope 1&2 Total emissions: -25% compared to FY2019 Scope 3 Total emissions: -20% compared to FY2019
S	Developing human resources that can take on challenges for innovation and promoting a corporate culture where people "mutually respect and energize each other"	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	Realize a workplace environment that enables our diverse human resources to actively participate at work	Engagement score: 55 points Items for disclosure of human capital: 19
S	Achieving harmony with the local community and contributing to a sustainable society	Human rights, sustainable procurement, and harmony with the local community	Risk Increase in engagement costs Opportunity Acquisition of human resources with diverse backgrounds	Building a health and safety culture based on mutual encouragement to call on each other for anything	Safety and health awareness level: 10% increase Number of occupational accidents: 0
S	Achieving harmony with the local community and contributing to a sustainable society	Human rights, sustainable procurement, and harmony with the local community	Risk Increase in engagement costs Opportunity Acquisition of human resources with diverse backgrounds	Maintain the status as a company trusted by the community and society	Ongoing social contribution activities: 10+ activities/year
G	Establishing a governance system stakeholders can rely on	Corporate governance, compliance, risk management, and information security	Risk Abandonment of corporate value Opportunity Capture new business opportunities	Realization of sustainable procurement (promotion of business activities that give consideration to environmental issues, human rights issues, compliance, etc.)	Supplier noncompliance: 0 Conflict minerals confirmation rate: 100%
G	Establishing a governance system stakeholders can rely on	Corporate governance, compliance, risk management, and information security	Risk Abandonment of corporate value Opportunity Capture new business opportunities	Number of serious violations of laws and regulations: 0 Number of information security incidents: 0	Improved employee compliance awareness level Achievement rate of Cybersecurity Guidelines Level 2: 100%
G	Establishing a governance system stakeholders can rely on	Corporate governance, compliance, risk management, and information security	Risk Abandonment of corporate value Opportunity Capture new business opportunities	Human life first (rescue and relief) Contribute to regional recovery	Establishment of a system that can restore the production within a week ► Secure backup production manpower: (Cross-functional training rate = 100% reserve manpower)

* Scope 1: Direct greenhouse gas emissions from corporate activities; Scope 2: Indirect emissions from the use of energy supplied by other companies; Scope 3: Emissions by other companies related to corporate activities other than Scope 1 & 2

We will promote proactive investment and stable shareholder returns to achieve a balance between a sustainable environment and corporate growth.

Shigekazu Kato
Director (In Charge of Finance)

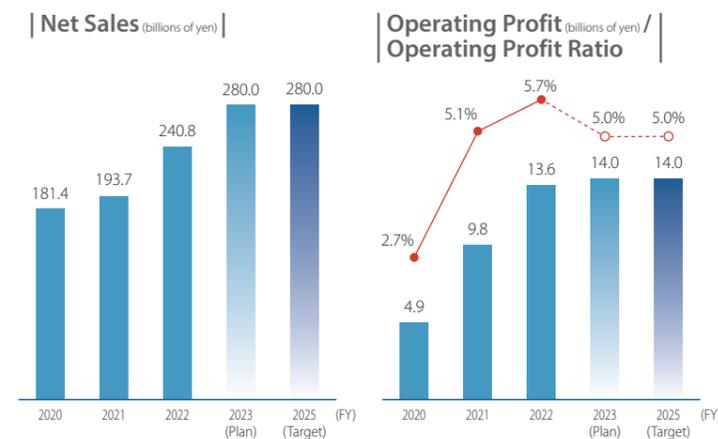


Review of Fiscal 2022

Consolidated performance for the fiscal 2022 continued to struggle as prices of raw materials and energy soared worldwide due to the impact of the prolonged crisis in Russia and Ukraine, among other factors. However, the Group achieved record-high consolidated net sales of 240.8 billion yen and consolidated operating profit of 13.6 billion yen, thanks to the great success of consistent cost improvement activities in design, procurement, production, and supply, which have been promoted through concerted efforts of the entire Group, as well as a recovery in production volume due to the gradual easing of restrictions related to COVID-19. By region, Japan, China, ASEAN, and the Americas are performing well, and our core products, such as fuel pump modules (hereinafter "FPM"), throttle bodies, EGR valves, and canisters, continue to be highly rated by our customers.

The driving force behind record-high profits was the MMK (strengthening of manufacturing) activities, a multi-year effort to strengthen the competitiveness of manufacturing, value chain activities on local production for local consumption,

organizational optimization and overall fixed cost control, among others. The results of these activities in which all employees participated in every aspect from sales to cost, have been steadily reflected in our business performance. In all areas of safety, quality, supply, and cost, we have the human resources and organizational strength to actively generate ideas for improvement, and demonstrate our abilities to the fullest in order to ensure that work is executed thoroughly, while satisfying customer needs. By mobilizing such human capital, we were able to increase profitability by about 2 points from operating profit of 8.2 billion yen (operating profit ratio of 3.9%) to 13.6 billion yen (operating profit ratio of 5.7%) when comparing the financial results of fiscal 2018, the year in which the previous Medium-term Management Plan began, to those of the most recent fiscal 2022. As a result, the implementation of the previous Medium-term Management Plan has prepared us for research and development investment and capital investment for future growth.



Note: Figures for FY2023 are based on the initial plan announced in April 2023.

Item	FY2022 results	FY2025 target
Net sales	240.8 billion yen	280.0 billion yen
Operating profit	5.7% (13.6 billion yen)	5.0%+ (14.0 billion yen)
ROE	8.4%	8.0%
R&D expenses	11.1 billion yen	15.0 billion yen/year
Capital expenditure	8.6 billion yen	50.0 billion yen/ 4 years (FY2022-FY2025)

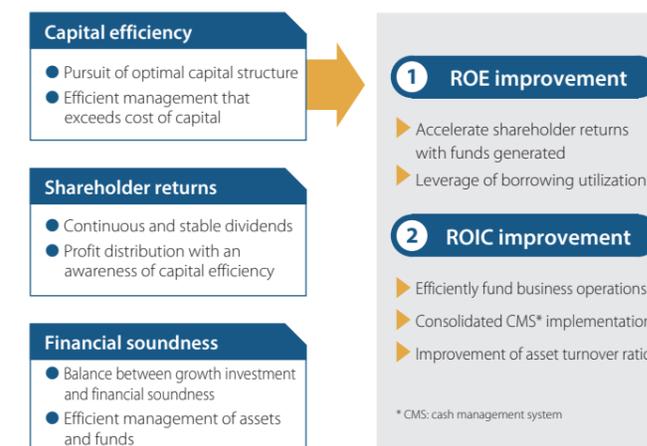
Financial Strategy and Capital Efficiency Management

Under the previous Medium-term Management Plan, we established a stable corporate foundation by working to strengthen the competitiveness of our value chain, from product development to manufacturing, procurement/supply, and cost. We are now on the starting line toward future growth. Based on this, we formulated the Medium-term Management Plan through fiscal 2025 last November, as a base for achieving sustainable growth with a view to 2030. With the automotive industry undergoing a once-a-century transformation, we recognize that the three years through fiscal 2025 are the most critical for the Company. As such, we will further strengthen our investment in technological development for various new businesses in order to achieve a shift to a business structure that will allow us to sustainably grow even beyond 2030. At the same time, it is essential to maintain a solid financial base and continue to earn the trust of stakeholders through measures such as shareholder returns in order to continue research and development investments over the medium to long term.

By continuing to improve manufacturing, which is our forte, we will ensure that our performance and profit in the immediate future are solid, and strike a balance between maintenance and improvement of our financial soundness and investment in future growth. Based on this, we will meet the expectations of our shareholders through shareholder return programs including dividends and purchase of treasury stock.

Specifically, we will set key indicators that will serve as pacemakers in terms of capital efficiency, shareholder returns, and financial soundness, and promote our activities accordingly. In particular, from the viewpoint of capital cost management, since the previous Medium-term Management Plan period, we have established and raised the level of capital efficiency improvement activities linked to manufacturing, such as improving the Group's capital efficiency and inventory turnover ratio.

Through company-wide efforts to improve capital efficiency and financial soundness, we will firmly anchor growth investments to achieve our future business portfolio.



Financial KPI

Item	FY2022 results	FY2025 target
Capital efficiency	ROE	8.4% → 8.0%
	Liquidity on hand	1.6 months → 1.5 months
Shareholder returns	Payout ratio	25.9% → 30%+
	Other	— → Purchase of treasury stock
Financial soundness	Equity ratio	47.1% → 40%+
	Rating	A- → A- or higher

Strengthening Competitiveness by Acquiring the FPM Business

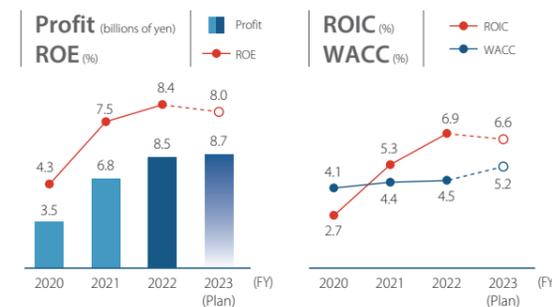
Last year, we took over a series of businesses from DENSO Corporation, including the development, production, and sales of FPMs, in order to strengthen the competitiveness of our powertrain business. Currently, we are in the phase of outsourcing production, and we are actively absorbing technologies and skills that the Company does not yet have, while aligning our methods and approaches regarding design, quality assurance, and manufacturing with those of DENSO. From fiscal 2025, we aim to raise the business profit ratio from the current 1% to 5% by

handling major production processes ourselves. At the same time, by raising the profit ratio of the entire powertrain product business to 7%, we will steadily increase the Company's overall profitability in fiscal 2026 and beyond. In the area of production, we will take advantage of our traditional strength of "diligently manufacturing products with superior performance and quality to secure profits," and enhance our competitiveness through the promotion of space and energy savings, including logistics improvements and part number reductions.

Approach to Improving Profitability

ROE and ROIC were 8.4% and 6.9%, respectively, for the consolidated performance in fiscal 2022. The WACC for fiscal 2022 was 4.5%, which means the return was higher than the cost of capital. The target ROE for fiscal 2025 in the Medium-term Management Plan is 8%. As such, it is important to continue to optimize the cost of capital while further increasing earning power. The approach to capital cost management, on how to effectively link invested capital to profits, has been reported at the internal Management Council and Cost Meeting, and with gradual progress in understanding within the Company, I feel that momentum is building for full-scale promotion of this approach. However, we do not want this management flow to be one in which executives set targets and then unilaterally requires employees to implement them. For example, when setting capital cost KPIs on the subject of research and development expenses, it is important to organically link them to the KPIs for technological development that working engineers practice on a daily basis. We consider human resources to be one of our most important capitals. We are taking various measures to build a positive workplace culture in which engineers are motivated to actively take on new challenges, and even if things go wrong, they are able to overcome them with teamwork and learn from their failures and apply what they have learned to the

next stage of the project. From a sales perspective, it is also important to set prices that appropriately reflect the added value provided to customers. Rather than simply lowering prices in a price war, we aim to provide customers with satisfying purchases by ensuring that they understand the added value of our products, and then use the profits earned to develop even better products. We believe that it will become increasingly important to implement this kind of forward-looking cycle of sales - cost - revenue. While ensuring profitability in this manner, we will improve inventories and non-current assets turnover and steadily promote capital cost management, which efficiently generates earnings with less invested capital.



Note: Figures for FY2023 are based on the initial plan announced in April 2023.

Approach to Cash Allocation

The Medium-term Management Plan, which has fiscal 2025 as the final year, is an important milestone that incorporates specific projects to achieve the aspiration set forth in VISION2030: We will take the lead and create a beaming future through technology and products with our own hands. We are determined to achieve our management targets of 280 billion yen in net sales and an operating profit ratio of 5.0% or higher (14 billion yen) for fiscal 2025, the final year of our Medium-term Management Plan, and to commercialize the various new product themes we are currently developing for the year 2030 and beyond.

During the formulation of the Medium-term Management Plan, all officers engaged in serious discussions, day in and day out. Everyone was passionate about making the company future-oriented and sustainable, with several proposals being made for themes that would lead to new businesses, as the efforts to strengthen our structure have put the Company on the starting line toward future growth.

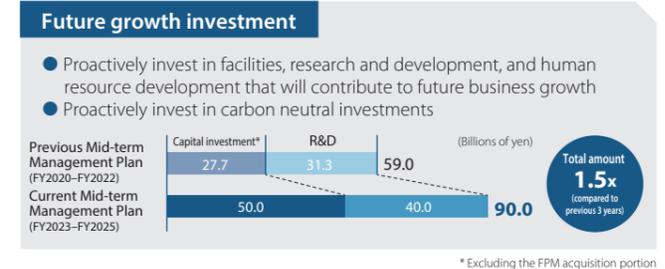
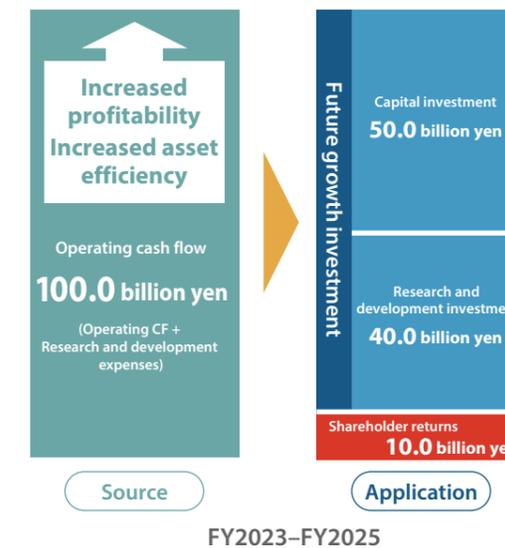
Under the Medium-term Management Plan, we plan to generate 100 billion yen in operating cash flow over three years, which is expected to be used for upfront investment in the future, including 50 billion yen for capital investment, 40 billion yen for research and development, and 10 billion yen for shareholder returns. Upfront investments such as capital investment and research and development are set based on the

vision of various development themes coming to fruition successively after 2025, from 2026 to around 2030.

Regarding shareholder returns, we plan to double the amount of total returns to shareholders from the previous Medium-term Management Plan period. This will be done by maintaining a dividend payout ratio of at least 30% over the three-year period of the plan and by flexibly implementing purchase of treasury stock. We will promote our business while achieving both stable growth and sustainable profitability by steadily implementing our capital cost management approach, which is to grow our business by efficiently utilizing our assets while balancing growth investment and shareholder returns. We are in the process of implementing purchase of treasury stock, up to 1 billion yen in fiscal 2023, but we will continue to implement purchase of treasury stock over multiple years while ensuring financial stability by maintaining a shareholders' equity ratio of 40% or more and stabilizing the interest-bearing debt ratio, among other efforts. The financial capital strategy in the Medium-term Management Plan is based on the fundamental premise of ensuring continuity and stability. On that basis, we will actively allocate resources to growth investment and shareholder returns. We will also continue to maintain a credit rating of A⁺ or higher as indicated by JCR (Japan Credit Rating Agency).

Growth Investment and Shareholder Returns

Proactively allocate earned cash to investment in future growth and shareholder returns



Note: Figures for FY2023 are based on the initial plan announced in April 2023.

Upfront Investment in Businesses Contributing to the Environment

As part of our commitment to sustainable growth and the top position in environmental technology, we are developing a variety of technologies that will enhance our corporate value. For example, Clean Energy Technology Utilization Business is one of them. In this context, research and development is underway for the practical application of hydrogen power generation using ammonia. This research and development began with research on elemental technologies in cooperation with universities and specialized institutions, and this year has progressed to the point where a 10-kilowatt power generation demonstration test was conducted to generate electricity. The next phase of the project will address the various issues related to commercializing this

power generation technology. Although it can be used for various applications in the future, it is still under research and development, and the situation will continue for some more time as we search for the right moment to put it to practical use. In addition to hydrogen power generation technology using ammonia, there are many other new product and technology themes for the future. As each of these is being put to practical use sequentially, there is no doubt that they will be the starting point for further growth and competitiveness of the Company. We will continue to invest billions of yen while assessing the risks involved in practical application, and at the same time, we will consider strategically reconfiguring existing businesses.

Initiatives to Reduce CO₂

The routine improvement activities that lead to carbon neutrality relate to all actions that result in efficient business operation, for example, increasing inventory turnover and avoiding unnecessary stockpiling, shortening supply lead times, and streamlining production processes. Furthermore, the use of digital technology can speed up improvement activities in a revolutionary way. Based on this approach, we are engaged in various activities to link our daily improvement activities with CO₂

reduction and to obtain results in a timely manner through the use of digital technology.

These activities are shared with suppliers and customers, expanding the circle of improvement activities throughout the supply chain.

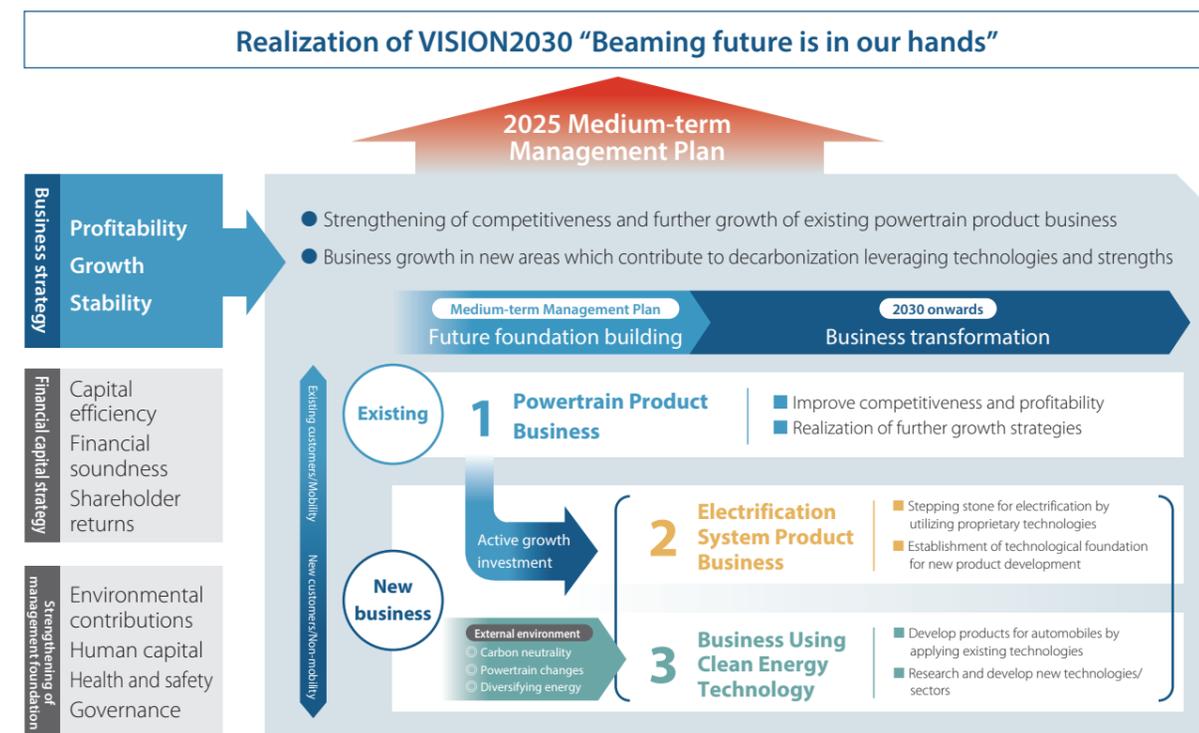
In addition to these frontline efforts, we are also introducing internal carbon pricing to actively invest in projects that will increase our management resilience to climate change.

Medium-term Management Plan (2023–2025)

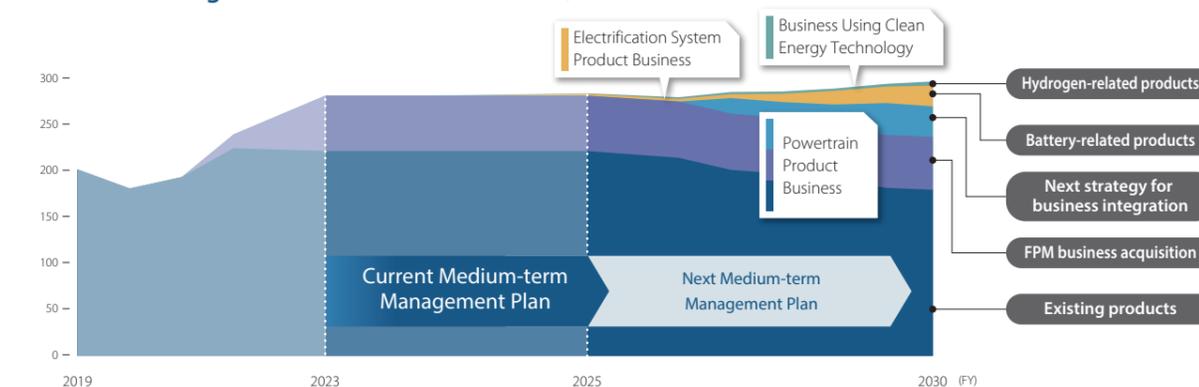
In the Medium-term Management Plan, we aim to achieve business growth and contribute to society to realize our VISION2030 mission: “Beaming future is in our hands.” In doing so, we are proceeding with these three strategies: our core business, and the financial capital and the management foundation that support it.

In our business strategy, in order to continue to support the automotive industry as a top manufacturer of functional components of engines, we are taking steps to further raise the competitiveness and profitability of our core powertrain product business and to achieve business growth. At the same time, we are accelerating our efforts in electrification system products and new businesses of clean energy technology utilization, in order to transform our business portfolio. To achieve this, we will proactively invest our existing business resources in cultivating new businesses.

Overview of the Medium-term Management Plan



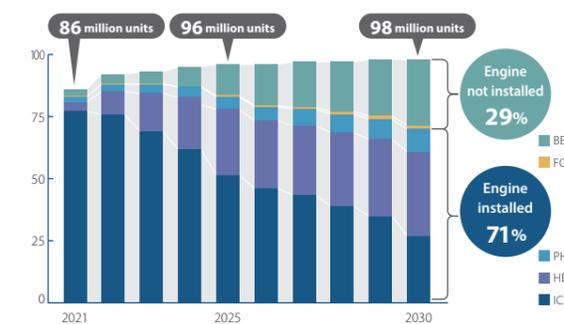
Medium- to Long-term Net Sales Forecast (billions of yen)



Surrounding Environment

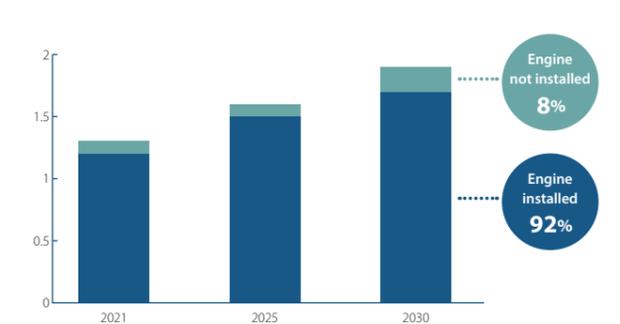
Currently, the use of renewable energy sources such as solar and wind power is expanding amid the global trend toward accelerating carbon neutrality. In the automobile industry, changes in the powertrain mix, such as the electrification of vehicles, are steadily progressing. While the electrification of vehicles will continue in developed countries toward 2030, demand for internal combustion engine vehicles will remain in emerging countries, and the use of hydrogen fuel cell vehicles and hydrogen engine vehicles is also expected to expand. In addition, the use of synthetic fuels and biofuels that utilize carbon dioxide and other elements is seen as a promising way to achieve carbon neutrality by taking advantage of the many internal combustion engine vehicles in existence. In light of this business environment, we will continue our efforts to be in the top position in environmental technology and to support diverse sources of power.

Global Automobile Production (million units)



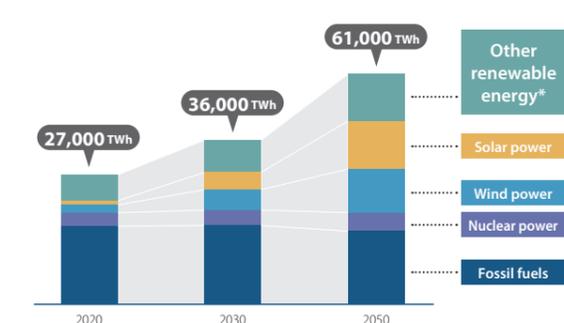
Source: Estimated from in-house survey data

Global Automobile Ownership (billion units)



Source: Prepared based on IEA data. FCEVs counted as engine vehicles.

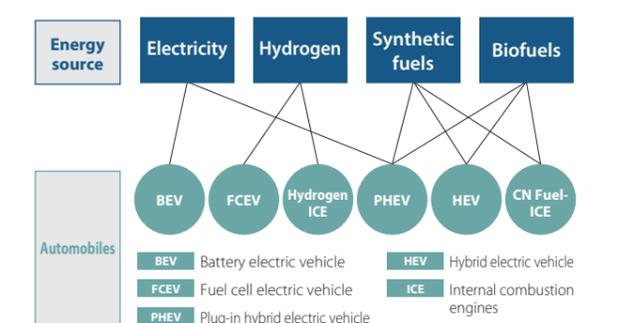
2050 Global Energy Mix (TWh: Terawatt hours)



* Renewable energy: energy such as hydrogen, ammonia, and biomass

Source: Prepared based on IEA World Energy Outlook 2022 (Announced Pledges Scenario)

Diversification of Energy Sources for Automobiles



Management Targets

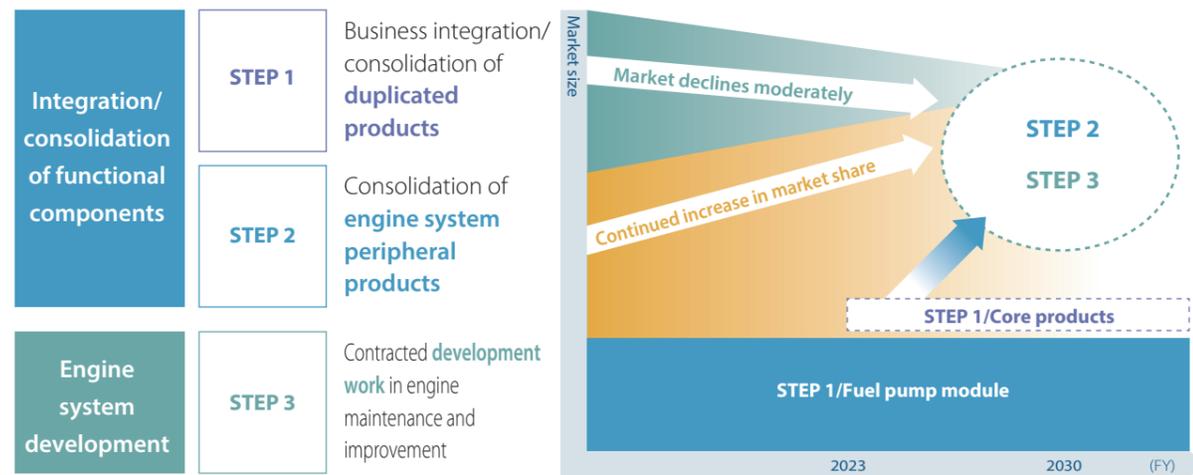
	FY2022 results	FY2025 target
Net sales	240.8 billion yen	280.0 billion yen
Operating profit	5.7% (13.6 billion yen)	5.0%+ (14.0 billion yen)
ROE	8.4%	8.0%
R&D expenses	11.1 billion yen	15.0 billion yen/year
Capital expenditure	8.6 billion yen	50.0 billion yen/4 years (FY2022–FY2025)

Strategies by Business

Powertrain Product Business Existing Products

The share of internal combustion engines in the overall market is expected to shrink gradually due to the global trend toward carbon neutrality and increasing demand for electric vehicles. Meanwhile, there will continue to be regions and people who need internal combustion engines, such as in emerging countries. As a company that has always supported the power sources of mobility, Aisan Industry will continue to expand its share of the shrinking market and pursue initiatives for further growth.

Continue to support the powertrain sector as a top manufacturer and further growing the business



Policies

To achieve our goal of continuing to support the powertrain sector as a top manufacturer into the future, we will focus on the following two points.

- 1 Increase competitiveness and profitability
- 2 Accelerate carbon neutrality initiatives

Specific Initiatives

1 Increase competitiveness and profitability

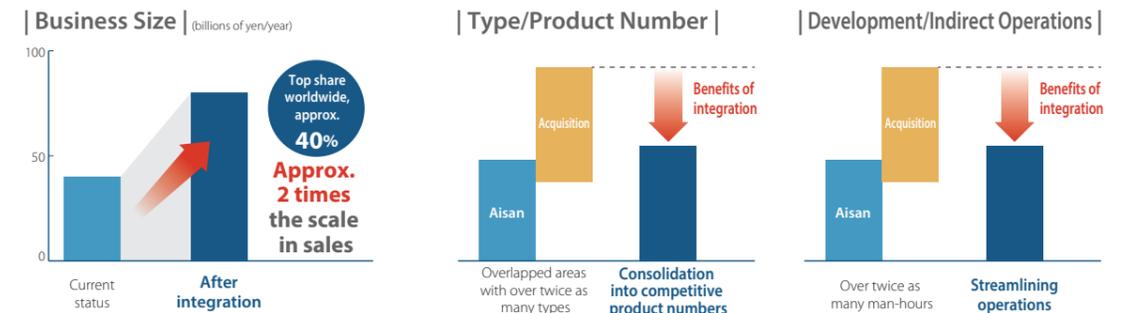
Business integration	Taking control of currently outsourced FPM business and creating synergistic effects
Improving product strengths	Shifting to elite products and strengthening manufacturing
Global optimum production	Equipment use-up/Production integration and flexible production system

2 Accelerate carbon neutrality initiatives

Reduction of factory emissions	Achieving high energy efficiency and efficiency improvement
CO₂ reduction of raw materials	Resource recycling and low-CO ₂ materials

Initiatives 1 Business integration

With the acquisition of the fuel pump module business from DENSO Corporation in September 2022, we have established our position as a top manufacturer with the world's highest market share and an unrivaled product lineup and technological capabilities. We aim to maximize synergies, rather than merely achieve quantitative effects, through these efforts: advancing in-house production of the acquired business, consolidating previously overlapping products into competitive in-house products, and integrating resources for development and other operations and facility infrastructure in a streamlined and efficient manner.



Initiatives 2 Improving product strengths

Next-generation Elite Products

We began to launch our next-generation elite products, which are competitive in terms of environment, performance, and cost, in the market in November 2022. For throttle bodies, which are the first to be launched, we will promote reductions in the number of parts and weight to contribute more to the environment and fuel efficiency. In addition, our elite products were able to reduce development man-hours for vehicle manufacturers by ensuring compatibility with current products, while also making it easier to apply the products to existing vehicles, thereby bringing satisfaction both to the Company and to its customers.

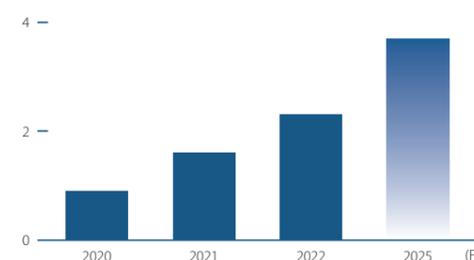


MMK Activities to Strengthen Manufacturing

Through MMK activities, the Group, customers, and suppliers work together to optimize required performance, product specification, and manufacturing, based on the concept of total optimization in the supply chain to increase competitiveness.

We will roll out these MMK activities globally to realize value-added manufacturing throughout the entire supply chain.

MMK Activities Improvement Effects (billions of yen)

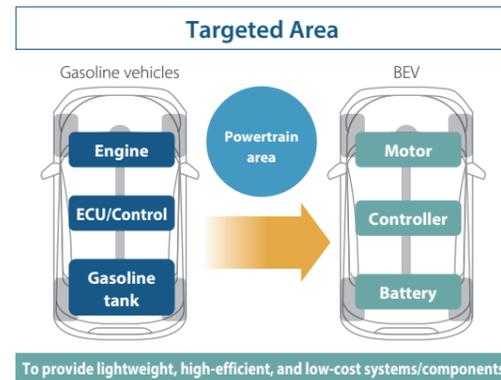


Electrification System Product Business

Future Products

In response to changes in automotive powertrains, we aim to grow further as a company that supports mobility in the area of powertrain in the electrification market by leveraging our technologies and strengths that we have cultivated over the years.

With 2030 in mind, which is when electric vehicles are expected to be in full use, we will promote technological development and human resource development, aiming to utilize existing technologies and develop even higher value-added products in order to make electrified products one of the pillars of our business revenue.



Policies

To provide lightweight, high-efficient, and low-cost systems/components for EV powertrains, we will focus on the following two points.

- 1 Create a stepping stone to electrification
- 2 Build a technological foundation for system development and software control

Specific Initiatives

1 Create a stepping stone to electrification

Product development utilizing proprietary technologies	Battery cell cases and covers utilizing the pressing and foreign material control technologies
Product development for compact mobility	DC/DC converters* aimed at future system development (Development to be completed in 2025) * Equipment that converts a direct current (DC) to another DC

Battery cell case and cover for BEV

- Start of mass production: April 2025
- Sales scale: approx. 4 billion yen/year

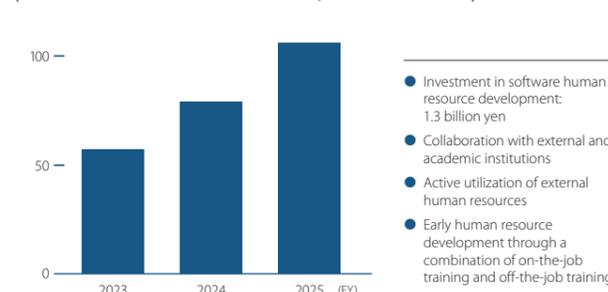
Battery cell case and cover production plant (to be completed in 2025)



2 Build a technological foundation for system development and software control

Recognizing that the added value of automobile functions and development will shift to software, during the period of the Medium-term Management Plan, we will train more than 100 software human resources and build a technological foundation that can handle system development and software control of electrified products. In addition to the development of internal human resources, we will actively utilize external organizations and external human resources, and promote their growth through a cycle of knowledge acquisition in technical training and practical application in elemental technology development.

Software Human Resource Development Plan (persons)

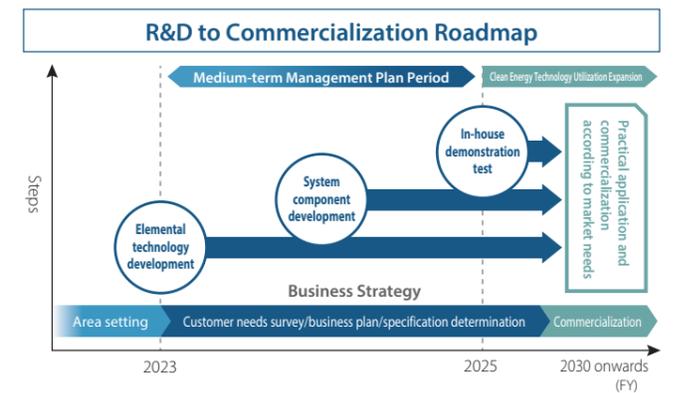


Clean Energy Technology Utilization Business

Future Products

In response to the diversification of fuels such as hydrogen and ammonia, which is expanding toward carbon neutrality, we will promote technological development to meet a wide range of clean energy needs to balance and enhance both social and corporate value through our renowned environmental technology.

We will meet the needs of society through the development of various elemental technologies in anticipation of the demand for clean energy such as hydrogen, the use of which is expected to expand after 2030.



Policies

To contribute broadly to the future needs of the clean energy sector, we will focus on the following two points.

- 1 Develop products for automobiles by applying existing technologies
- 2 Research and develop new technologies/sectors

Specific Initiatives

1 Develop products for automobiles by applying existing technologies

FFV* technology

Product development for synthetic fuels/biofuels



Brushless pump/module for biofuels

Hydrogen technology

Product development for next generation FCEV/hydrogen engine

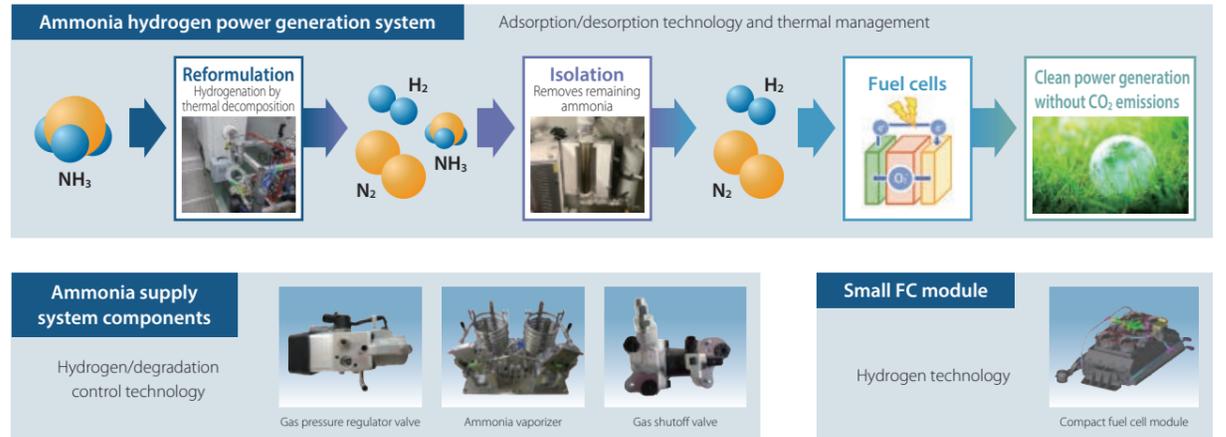


Air valve

Delivery unit

* Flexible-fuel vehicle: vehicles compatible with gasoline, ethanol fuel, etc.

2 Research and develop new technologies/sectors



Ammonia supply system components

Hydrogen/degradation control technology



Gas pressure regulator valve

Ammonia vaporizer

Gas shutoff valve

Small FC module

Hydrogen technology



Compact fuel cell module

Message from the Officer

From Hard/Mechanical to Soft/Power Electronics — Leading the New Era with Environmental Technology

Hirokazu Konohara
Executive Officer
(Head of Technical Management)



Utilizing Our Know-how Cultivated in the Powertrain Business to Support Electrification and Multi-fuel Use

With the major goal of reducing the environmental impact, the internal combustion engine of automobiles has undergone continuous technological innovation. We have also shifted our business area from carburetors to EFI (electronic fuel injection) components, and we are now seeing a wave of electrification in the automobile industry.

From a global perspective, we expect a certain level of demand for gasoline engines used in HEVs and PHEVs in the future. We will continue to support the powertrain field in the hard/mechanical area as a top manufacturer with the technology we have cultivated over the years.

We already have extensive development experience responding to diverse fueling needs. In particular, we have a near monopoly in Japan on LP gas fueling systems used in taxis. At the same time, we have been developing internal combustion engine systems that use compressed natural gas (CNG). These technologies used to control high-pressure gases have led to the development of hydrogen fuel supply systems. We have more than 20 years of experience in the development of hydrogen-related technologies, and we have provided products that control hydrogen and oxygen for Toyota's Mirai. As an extension of these technologies, we are currently working on an ammonia hydrogen power generation system, and successfully completed a demonstration test in June of this year.

Focus on Acquisition and Training of Software Human Resources

Our strength is that we have been involved in conformity work in Toyota's engine development for over 25 years. Conformity is the process of optimizing the electronic control unit (ECU) installed in the engine to satisfy the environmental protection regulations for emitted gases (CO, HC, NOx) and to make it as clean as possible. In the past, we were responsible for about 25% of Toyota's engine development.

Now, the Company is upskilling internal engineers for

software and power electronics technologies.

Through career recruitment and transfers within the Company, mainly of design personnel in the powertrain sector, the number of engineers involved in software development already number more than 50. In new graduate recruitment, we are proactively recruiting from information-related departments to secure human resources, and we are attracting those who are highly motivated to grow.

As indicated in our Medium-term Management Plan, our current goal is to develop more than 100 people that can be counted as software human resources. With the help of universities and cooperating companies, the development plan is progressing smoothly, and we have already launched a development program with on-the-job training with automobile manufacturers. Using our current product development of battery cell cases as a steppingstone, we hope to further expand our range of electrified products in the future.

Aiming for the Top in Environmental Technology by Developing World's First Products

For the seventh year in a row, our Company received the Aichi Invention Award, which recognizes outstanding inventions in Aichi. We are proud to be recognized for our outstanding patented technology. Going forward, we would like to increase the experience and confidence of our engineers by actively providing opportunities for them to present at conferences and give lectures at universities and companies.

For engineers, there is a great sense of joy and accomplishment when a vehicle equipped with a product they have developed and designed is released into the world. When I joined the Company, I was working in the development office of carburetors and have witnessed the progress of electrification as the times have changed. I sometimes even envy young engineers who will be able to develop products that break new ground in environmental performance. We will continue to take on the challenge of developing new technologies with the aim of becoming the top manufacturer of environmental technologies, with a commitment to reducing our environmental impact.

Message from the Engineer

| Development of Ammonia Hydrogen Power Generation System |

Tackling the Challenge of Practical Application of Ammonia Decomposition Technology Started from Scratch

In the department I am in charge of, we are engaged in the development of a system that extracts the hydrogen contained in ammonia and generates electricity with a fuel cell. I had designed powertrains in my previous department, and developing an ammonia hydrogen power generation system starting with no experience was a big challenge. To produce high-purity hydrogen from ammonia at low energy, we started from a position of trial-and-error, and have been conducting joint research with universities and collaborating with external organizations for in-house development, and successfully completed a power generation test using ammonia in June this year. We are now using the empirical data to make adjustments to resolve problems. These are developments on a scale that is unprecedented in our Company, and we are working together with the help of other departments. Our goal is to provide the system that contributes to the safety and security of society. To make this a reality, we will continue to add value so that we can help build a carbon-neutral society with diverse fuels by 2030.



Satoshi Nakamura
CN System Development Department

| Development of Compact Electric Mobility System |

Promoting Development of Products for Compact Mobility to Capture the Market from a High Vantage Point

We are developing a high-voltage system for compact electric mobility. This project examines what functions and performance are required by higher-level systems to enhance the value of electrified products. Our conventional development work focused on the function and performance of individual automobile parts, but now we are applying our efforts in new areas that require us to optimize the entire process from a higher vantage point. This includes adding value to the vehicle as a whole, complying with regulations and standards, and meeting functional safety requirements. Meanwhile, the Company provides generous support in the form of external collaboration and upskilling in electrical and electronic expertise to enhance our own technical skills.

Going forward, we aim to establish a position in the automotive industry, where energy diversification such as BEVs and FCEVs is progressing, to propose optimal electrified products to automobile manufacturers, and to become engineers who can make proposals that can increase the product value of vehicles.



Yuki Wada
Electric System Development Department

| ET Robot Contest and Development of Software Human Resource |

Proposals to Customers That Go One Step Further from the Experience of Winning Third Place in Japan

In the ET Robot Contest, competing teams use the same robot with the same hardware performance, and compete for ranking only on the basis of software and modeling, which serves as the design specifications. Our Company has started a software education curriculum in 2022, and have formed teams of volunteers to participate in the program to test their skills. As a first-time entrant in 2022, we started with no knowledge or experience of the competition, but our members helped each other and shared their wisdom, and we were able to win third place in the national competition on our first try.

Although I am in charge of just one part of product development in my regular work, the experience of designing and evaluating an entire system in the ET Robot Contest challenge was an asset for me. We received good feedback from outside experts, especially for the modeling, which gave us a great deal of confidence. Taking advantage of this valuable experience, we aim to become engineers who can look at entire systems, articulate customers' needs and benefits, and make proposals that go one step further.



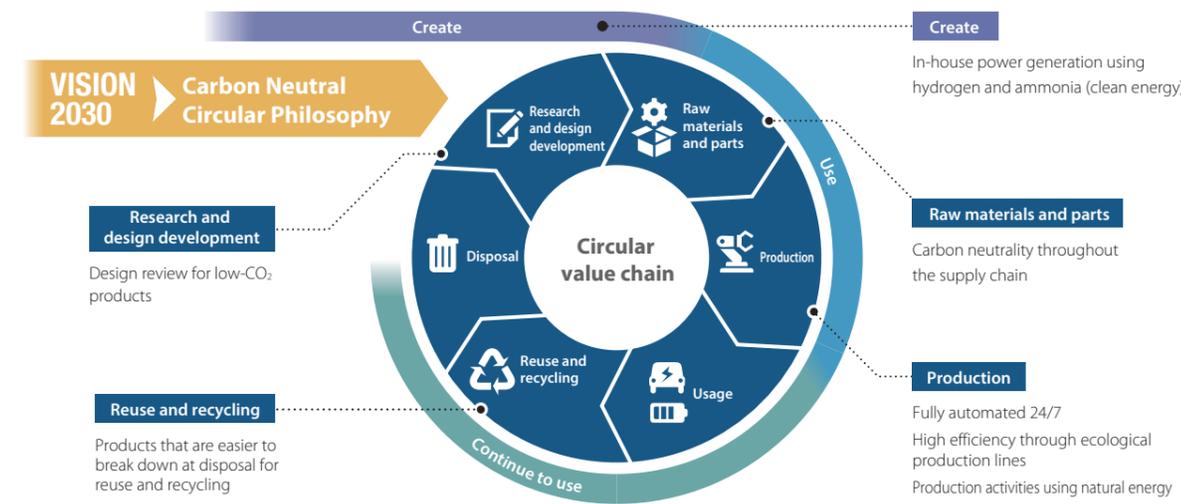
Yukihiko Yato
Electric System Development Department

Environmental Management

The Aisan Group will transform its existing business model into a “carbon neutral” and “circular” one through a group-wide commitment to the Environmental Action Policy 2030, which has six pillars centering on the reduction of greenhouse gas emissions. We have re-established the Carbon Neutral Environmental Policy, in order to develop and expand new sectors and future product businesses (hydrogen and ammonia) by applying the green technologies we have so far cultivated.

Carbon neutral initiatives will be defensive (risk response) to reduce greenhouse gas emissions, while aggressive initiatives will be accelerated to take advantage of opportunities for business growth of the Aisan Group.

Toward a Carbon-Neutral Circular Economy



Pillars of Our Initiative

Category	Pillars of our initiative	Main targets for FY2030	Main initiatives
Defensive (Risk response)	Reduction of CO ₂ emissions	Scope 1 & 2: Plant and production floor	50% reduction of CO ₂ Production and energy efficiency
		Scope 3: Supply chain	50% reduction of CO ₂ Conducting activities together with business partners
		Clean energy utilization	Renewable energy utilization rate 15% Solar power generation development
		Reduction of CO ₂ emissions from raw materials	50% reduction of CO ₂ Switching to low-CO ₂ materials
		Co-existence with nature and biodiversity	Environmental preservation 200,000 m ² Green space development at plants
		Environmental management	Environmentally focused corporate activities Legal compliance and information disclosure
Aggressive (Growth opportunities)	Resource recycling and business growth	Developing new sectors/future businesses Clean Energy Technology Utilization Business	Next-generation manufacturing plant Ammonia hydrogen power generation

Scope 1 & 2 Activities to Reduce CO₂ Emissions

Based on the Carbon Neutral Environmental Policy, the Aisan Group has revised the base year for CO₂ emissions to fiscal 2019, and has been working to reduce emissions by 25% by fiscal 2025 and 50% by fiscal 2030 compared to fiscal 2019.

In fiscal 2022, the Aisan Group worked in unison to achieve a 15% reduction from the base year through energy-saving improvements and innovative manufacturing.

Going forward, we will continue to reinforce similar activities toward our 50% reduction target for fiscal 2030, while promoting the utilization of renewable energy and environment-friendly manufacturing with low CO₂ emissions.

Scope 1 & 2 CO₂ Emissions |



Scope 1 & 2 Strategy

Scope 1 will promote energy substitution by replacing gas-based cogeneration systems and air conditioning systems with electricity-based systems, and using hydrogen for production processes that are difficult to electrify.

Scope 2 will achieve carbon neutrality by utilizing electricity derived from renewable energy sources (solar power, green power, etc.) while promoting on-site improvements and technological innovation and continuing to thoroughly conserve energy.

We will also diversify our energy sources by using ammonia hydrogen power generation, which is currently under development, for in-house power generation at the plant.

Future Plans |

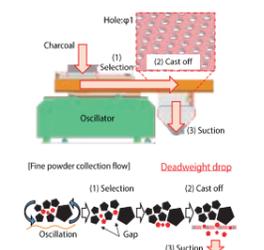


Example 1 | Activities to Reduce CO₂ Emissions in Production Processes

As part of our activities to reduce CO₂ emissions from manufacturing, we are working to reduce the basic unit of CO₂ emissions during the production of our four main products (fuel pump modules, throttle bodies, EGR valves, and canisters).

In the canister assembly process, the collection of fine powder generated during the supply of activated charcoal was changed from air-blow suction to a weight drop method that does not use air, and the number of actuators was reduced by improving the efficiency of unit operation, resulting in a 51% reduction in the basic unit of CO₂ emissions.

After Improvements |



Example 2 | Collaborative Activities with Overseas Group Companies

We have been conducting CO₂ emission reduction activities in collaboration with Aisan (Foshan) Auto Parts Co., Ltd. To reduce compressor power consumption, which accounts for 30% of total power consumption, the Aisan Group's first AI-based centralized compressor control management system was introduced in January 2023. The system automatically prioritizes and selects the most efficient compressor among multiple units, and through automatic adjustment of the optimum control pressure range, it is possible to reduce power consumption by approximately 11%, resulting in an estimated annual reduction of 180 tons of CO₂.

Scope 3 Carbon Neutral Activities across Boundaries

Together with the Supply Chain! (MCK Activities)

Since 2020, we have been working with our customers and suppliers to improve the problems of both parties and create a win-win situation, under the title of MMK activities to strengthen manufacturing. Similar to the MMK activities, we have launched the MCK (further strengthening carbon neutrality) activity to further decarbonize the society with our suppliers from 2022, and we are working together to promote the activity.

MCK activities start with activities to gain a better understanding, and then we install measuring equipment to conduct on-site surveys and measurements, and work together with suppliers from a wide range of perspectives, including production lines, power equipment, logistics, and more. We were able to reduce CO₂ by improving production efficiency and logistics, while finding inefficiencies and introducing examples of improvements at our Company, based on measured factual data rather than on a feeling or no particular reason as it has been done before. We will share the examples gained from these activities with other suppliers and further accelerate MCK activities.



TOPIC
Carbon neutral activities in collaboration with government agencies and economic organizations

In July 2023, we hosted a seminar on energy-saving measures for member companies with the Chamber of Commerce and Industry, to help Obu, where our headquarters is located, achieve its goal of becoming a zero-carbon city by 2050.

Resource Recycling CO₂ Reduction of Raw Materials

Design Review Challenge (Switch to Low-CO₂ Materials)

In addition to reducing CO₂ emissions in manufacturing, we are also working to review product design with the key concept of resource recycling.

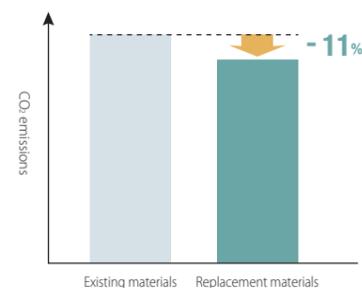
For EGR valves, we reviewed the molding resin material for the motor parts, and conducted tests with the understanding and cooperation of our customers, resulting in an 11% reduction in CO₂ emissions.

Similarly for other products, we will continue to review raw materials, expand the use of runners and other materials generated during production, reduce the volume and weight of waste, and design specifications of products that are easier to break down, in an effort to achieve a resource-recycling society.



CO₂ Emissions of Raw Materials per Unit of Product

* Our estimate



Co-existence with Nature Toward a Society Co-existing with Nature

The Company has established a policy of committing to the preservation and restoration of rich nature and biodiversity, and promotes environmental activities in coordination and harmony with the local communities, in pursuit of creating plants that coexist in harmony with nature.

Biodiversity Conservation Efforts Connecting with Local Communities

Aisan Toyota no Mori (Forest) Development

Since 2016, we have rented green space from Toyota City, and our employees have been thinning trees and maintaining promenades in the Aisan Toyota no Mori.

In 2022, a biological survey was conducted and confirmed the presence of a variety of living creatures, with conservation activities to be continued in the future.



River Beautification Activities and Environmental Education

With the aim of raising awareness of environmental preservation, we collaborate with local experts to conduct nature observation and other environmental learning activities that allow people to interact with nature.

We will continue to provide local children with opportunities to learn about the importance of co-existence with nature and biodiversity.



Conservation of Rare Species

We conducted a biological survey with experts at the biotope on the Toyota Plant premises and the Aisan Toyota no Mori and confirmed Aichi Prefecture's near-threatened species *Fumotomizunara* (*Quercus crispula* Blume var. *mongolicoides* (H.Ohba) Seriz).

We will continue to work with experts to promote conservation activities.



TOPICS

November 2022
Certified as an Aichi Biodiversity Company

February 2023
Selected as a Good Business to Partner With in the 2nd Car-Society Partnership Awards



CO₂-free Manufacturing The Challenge of Achieving Circular Society



Solar power generation system: Perspective drawing of the completion

The new plant will work to minimize energy use in the plant by adopting highly airtight and insulated roofs and exterior walls as passive technologies, and highly efficient air conditioning and lighting equipment as active technologies. In addition, the plant will be operated in a way that does not place a burden on the surrounding environment by adopting exterior walls with high soundproofing performance against the noise generated by the production process. Solar panels are placed all over the roof to generate clean energy on its own, and all electricity used will be supplied by clean power to meet the challenge of CO₂-free manufacturing and plant operation.

Response to Climate Change (Information Disclosure Based on the TCFD Recommendations)

The Company has announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and has made information disclosures to them.

Governance

The Sustainability Committee, which is chaired by the President, verifies the direction and its appropriateness related to all issues concerning sustainability, including climate change. We put into place a subcommittee of the Sustainability Committee called the TCFD Committee (meetings held at least once every three months) to formulate and execute disclosure plans related to climate change issues, and conduct management.

Strategy

Based on the social vision under multiple (1.5°C/2°C/4°C) scenarios*, risks and opportunities are arranged 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)

Category	Details	Impact level	Aisan Group's response
Transition risk	Policy/Regulation Greenhouse gas emissions regulations	Strengthened energy policies and increased manufacturing costs due to the use of renewable energy	Medium ● Thorough elimination of wastefulness and global roll-out
	Policy/Regulation Introduction of carbon tax	Increased production cost due to the implementation of carbon tax	Medium ● Improvement of energy efficiency and introduction of renewable energy ● Generation of clean energy by ammonia hydrogen power generation, etc.
	Policy/Regulation Introduction of carbon tax	Increased procurement costs due to passing on of carbon tax to prices	Medium ● Adoption of low-CO ₂ materials, waste reduction, and recycling ● CO ₂ improvement activities with suppliers
	Technology Increased demand for low-carbon products	Delay in recovering investment costs due to delay in transition in new areas	Large ● Business planning for future products and intensive input of resources
	Market Shift in customers' sense of value	Decreased sales in engine parts due to the prevalence of battery electric vehicles (BEVs)*1	Large ● Business development in new areas that contribute to decarbonization
Physical risk	Reputation Insufficient environmental initiatives and disclosures	Decline in corporate value and customer trust	Medium ● Improvement of the score by rating agency (CDP, etc.)
	Acute Frequent and severe natural disasters	Temporary production halt due to disrupted supply chain	Medium ● Further strengthening of BCP structure ● Improvement of inventory management precision ● Continuation of supply chain BCP
Opportunity	Technology Acceleration of electrification and industry restructuring	Increase in share of core products	Large ● Establish advantages over competitors ● Switch to next-generation elite products ● Strengthening of manufacturing
	Market Expansion and development of low-carbon products	Increase in revenue of hydrogen supply units following the expanded application of hydrogen energy	Medium ● Promotion of the development of products for next-generation FCVs/hydrogen engines
		Increase in opportunities to enter markets for electrified products due to increase in electric vehicles (BEV/PHEV/FCEV)*2	Medium ● Provision of lightweight, high-efficiency, and low-cost systems and components ● Product development leveraging proprietary technologies ● Product development for compact mobility
		Expanding business opportunities in new areas of carbon neutrality	Medium ● Research and development of new technologies and new areas ● Components for ammonia supply system ● Compact FC module
	Growing demand for products that contribute to lower emissions	Small ● Development of products for vehicles applying existing technologies (FFV** technology) ● Products compatible with synthetic fuels/biofuels	

[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 initiatives for mitigating risks and creating opportunities related to climate change in the Medium-term Management Plan announced in November 2022 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.



Risk Management

The Sustainability Committee comprehensively manages risks, including climate change risks that may have a major impact on management as reported by the TCFD Committee, as well as other risks that also may have a major impact on management reported by other individual committees*. Risks requiring a priority response are identified based on the extraction, analysis, and assessment of risks reported by the individual committees, after which the departments in charge take the lead in implementing risk reduction measures.

The individual committees check the progress of various measures and the latest status of risks and report their findings to the Sustainability Committee. The Sustainability Committee provides direction and supervision regarding risk management based on these reports.

* Individual committees: Carbon Neutrality Committee, Health and Safety Committee, Work Style Reform Committee, BCP Committee, and Governance Committee

For other disclosures based on TCFD recommendations, including indicators and targets, please scan the 2D code.



Initiatives to Improve Human Capital

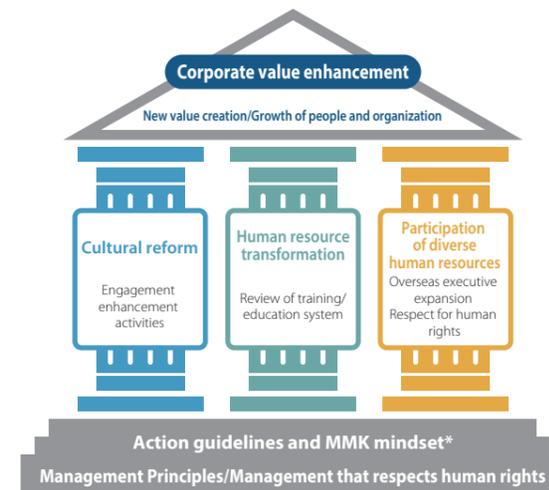
Approach to Human Capital Management

The key foundation for realizing our vision and Medium-term Management Plan is human resources, and we regard the enhancement of the value of human capital as one of our important management issues.

Since 2020, we have been implementing company-wide activities based on the three pillars of “cultural reform, human resource transformation, and participation of diverse human resources.” The vision is set as following: A team and organization in which human resources who can learn, think, and boldly take on challenges autonomously continue to grow together with others by accepting and bettering each other. Based on our Management Principles and sound and strong labor-management relationships, we are developing and continuing our past efforts to create a corporate culture and workplace that generates aspirations and sense of purpose in work, for each and every employee to work with enthusiasm and see their own growth.

We will articulate the goals and challenges of human capital management, improve the level of our practices each year, and enhance the content of our disclosures.

| Organizational Chart and Key Activities |



* MMK: Short for "Motto Monozukuri Kyoka" (strengthening of manufacturing). See page 30.

The three pillars	Main initiatives of FY2022	Target
Cultural Reform	<ul style="list-style-type: none"> Implementation of engagement surveys Expansion of opportunities for dialogue: Labor-Management Council meetings, roundtable discussions, introduction of 1-on-1, coaching training for managers 	<ul style="list-style-type: none"> Fair treatment personnel system
	<ul style="list-style-type: none"> Employees engagement improvement (non-consolidated) 	<ul style="list-style-type: none"> Present: 49 points FY2025: 55 points FY2030: 60 points
Human Resource Transformation	<ul style="list-style-type: none"> Creation of career design roadmap Development of self-motivated human resources, enhancement of education 	<ul style="list-style-type: none"> Three-year plan for new personnel system for managers completed
	<ul style="list-style-type: none"> Female managers (non-consolidated) 	<ul style="list-style-type: none"> Present: 4 people FY2025: 6 people FY2030: 10 people
Participation of Diverse Human Resources	<ul style="list-style-type: none"> Support for women's career development Support for active engagement of people with disabilities Implementation of awareness survey for employees re-hired after reaching mandatory retirement age, introduction of performance evaluation Expansion of national staff in executive positions 	<ul style="list-style-type: none"> New leave system: Medical checkup leave, volunteer leave Encouraging male employees to take childcare leave and support for returning to work: Education for managers and supervisors, understanding activities
	<ul style="list-style-type: none"> Overseas based national staff executive positions 	<ul style="list-style-type: none"> Present: 15 people FY2025: 17 people FY2030: 30 people

1 Cultural Reform

Based on the recognition that improving employee engagement is important for a company to achieve healthy growth in an environment known as VUCA*, we visualize the state of the organization and employees through fixed-point observations using surveys, and promote the creation of a workplace where everyone can work comfortably and with a sense of purpose, by improving issues we have identified.

To this end, we will enhance opportunities for dialogue, such as company-wide Labor-Management Council meetings and roundtable discussions at each workplace, with the aim of transforming the Company into a dialogue-oriented organization with a psychologically safe environment, where diverse values can be recognized and utilized by both labor and management.

* VUCA: Acronym for Volatility, Uncertainty, Complexity, and Ambiguity, and refers to a state in which the future is difficult to predict.

Initiatives to Reform Corporate Culture

Launch of the Job Satisfaction Reform Project

Analysis of the engagement survey revealed that reforms that would improve job satisfaction, such as a sense of accomplishment and satisfaction in the workplace, were a high priority. As a first step, we are implementing Aisan Katariba, a dialogue meeting between management and union members, as a measure to build up a picture of the Company moving in the right direction and to enhance job satisfaction.

The goal of the dialogue meeting is set as “listening to and hearing everyone’s voice” and “marking the beginning of change.” Management, who have received specialized training, play the role of hosts, and the collage conversation activity method is used to expand the conversation using photos and keywords selected by the participants as an ice breaker for the theme: “workplace where people can grow and generate ideal job



Scene of the dialogue meeting



satisfaction.” To create a sense of excitement about the start of the new format of dialogue meetings, we intently rolled out posters and videos for the entire Company and focused on internal awareness for the employees to recognize the signs of change in the Company.

As the second step of the project, we will work on measures that propose to improve our value as a place of work.

2 Human Resource Transformation

In order to develop human resources that continue to take on the challenge of innovation, we actively invest in reskilling and upskilling, and provide support for employees’ autonomous learning. We have developed a roadmap for career design for the next three years and expanded various educational programs such as coaching training, electronic courses, electronic software human resources, and training for young skilled workers.

In order to properly evaluate and develop employees who take on the challenges of transformation, we are also reviewing our personnel system, such as the compensation system, to ensure that they are in line with the modern environment.

| Vision of Career Design |



Efforts on Human Resource Transformation

Newly Established Next Generation Skill & Technology Training Department

In January 2023, we established the Next Generation Skill & Technology Training Department as an independent department from the existing General Administration & Human Resources Department in order to develop manufacturing human resources at our domestic and overseas bases and to strengthen technical skill education in new sectors such as electronics.

The aim is to implement both skilled and technical human resource transformation across the Company for future portfolio transformation. By centralizing the management of education that was previously conducted by each department, the department is working to build a system that can discover and reveal the high skills, skilled techniques, and basic technical skills of individuals that have tended to remain under the radar and can be fluidly utilized throughout the entire Company.

Amid the decrease in face-to-face training opportunities during the pandemic, many employees have expressed a desire to pursue learning. In response, we have created an environment where employees can learn at any time by providing self-development materials and e-learning programs to support these efforts in achieving their goals.

At the same time, we are working to build a strong human resource base for the entire group, centered on this department, with the aim of creating a system that will enable overseas bases to independently implement measures. We have set targets for the number of national staff members in executive positions at overseas bases, and are promoting a system of short-term study abroad programs to Japan for executive candidates, the establishment of a system of on-site training by supervisors, and education tailored to the needs of each base to welcome the candidates.

| System of the Next Generation Skill & Technology Training Department |



3 Participation of Diverse Human Resources (Diversity and Inclusion)

Promoting diversity and inclusion is an essential management strategy for the Company's sustainable growth and contribution to society. In April 2021, we formulated the Declaration on Diversity and Inclusion as a top commitment, and are moving forward with initiatives in line with the roadmap, led by the Diversity & Inclusion Promotion Section. We respect diversity including gender, age, nationality, disability, gender or sexual orientation (LGBTQ), values and work styles. As such, we aim to create an environment where individuals can maximize their own individuality and abilities.

In fiscal 2022, we positioned the period following the awareness transformation period as a period of behavioral transformation, and implemented measures such as career development support for female employees and empowerment of persons with disabilities. In July 2022, the Company was certified as Eruboshi (2 stars) in recognition of its efforts related to female engagement.



Initiatives for Participation of Diverse Human Resources

Empowering Women

In order to make the most of diverse values, it is important to create an environment in which everyone can play an active role. In particular, in order to enhance job satisfaction and increase opportunities for women, we are strengthening human resource development to promote them to management positions based on the promotion plan, and actively recruiting outside human resources. In April 2023, 36.3% of new graduate career-track recruits were women.

In fiscal 2022, we held women's leadership training for career-track employees with the aim of supporting their future career development. The training sessions improved understanding of their own career paths while thinking about the vision of a new leader, and created opportunities to connect attendees across divisions. Since understanding and cooperation from the workplace are also essential for career development, their supervisors also participate in the training sessions and support career



Women's leadership training

development while communicating expectations.

We also hold roundtable discussions in the production department for female skilled workers, providing opportunities to think about career development and building role models on an ongoing basis.

Participation of Persons with Disabilities

With the aim of becoming a company where people with or without disabilities can challenge themselves and demonstrate their abilities to the fullest, we are working to improve our employment management system, facilities and equipment, and other aspects of our environment.

In fiscal 2022, we held the first ever social exchange event at each workplace where people with disabilities work, and interviewed them about how their workplaces handle their needs, and about their requests to the Company. In addition, we promoted the acquisition of knowledge and the creation of systems for working together with people with disabilities by organizing tours of facilities, attending training sessions for employment counselors for people with disabilities, and creating a guidebook for working together with people with disabilities.

Respect for Human Rights

Recognizing that respecting the human rights of each and every individual is an important issue to be addressed in our Management Principles and Sustainability Fundamental Policy, we formulated our Human Rights Policy in August 2022.

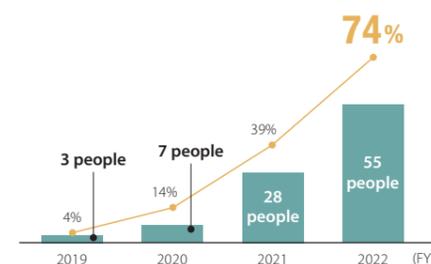
This policy applies to all officers and employees of the Aisan Group, and we will also encourage all business partners, including suppliers, to respect human rights based on this policy and promote their efforts.

At the fall 2022 labor-management roundtable discussions, we discussed human rights and implemented awareness activities such as e-learning, use of company newsletters, and lectures by legal affairs bureau officials in order to raise awareness of respect for human rights.

Improve Male Childcare Leave Acquisition Rate

As a result of continued activities to improve understanding of male employees taking childcare leave to help them balance work and home life, the acquisition rate in fiscal 2022 was 74% (up 35% from the previous fiscal year). Since holding a briefing for managers in March 2022, we have worked to foster internal consensus by distributing a message from the officer in charge of human resources throughout the Company. In addition to establishing rules for taking childcare leave, we created a "schedule sheet for childbirth and childcare" to visualize the process of taking childcare leave, creating an environment that facilitates the acquisition of childcare leave not only for eligible employees but also for the workplace. Moreover, as a result of incorporating these programs into the curriculum of hierarchical education and actively providing information on childbirth and childcare through the intranet and company newsletters, we have achieved an acquisition rate that far exceeds the government's target.

Male Childcare Leave Acquisition Rate |



Initiatives for Health and Safety

Occupational Health and Safety Philosophy

Health and safety make up 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.

Occupational Health and Safety Policies

- 1 Establish an organizational structure, clarify roles and targets, and continuously implement improvement activities to improve occupational health and safety standards.
- 2 Ensure compliance with laws, regulations, and rules related to occupational health and safety, and strive to manage occupational health and safety.
- 3 Strive to create a bright, comfortable, and healthy workplace by remedying hazards and toxicity in the workplace.
- 4 Provide adequate education and training to all employees.
- 5 To ensure safety and healthy body and mind, we respect discussions with employees and promote health and safety activities attended by all employees.

Key Initiatives

Through the operation of the Occupational Health and Safety Management System (ISO 45001), an international standard, certified in November 2021, we are promoting occupational health and safety activities in which each workplace takes the initiative. In particular, in order to secure health and safety within the Company, we aim to create a corporate environment and culture of mutual encouragement, in which each individual can think and act on his or her own initiative, and are working to improve safety awareness.

- Completion of STOP6 activities by all Aisan to prevent serious accidents
- Identification of all STOP6 operations and conducting risk assessment at domestic and overseas group companies
- Visualization of safety awareness level (consideration of indicators)
- Establish a day for health and safety (every month on a day with a zero)
Foster a culture in which each individual is aware of health and safety and can talk about them on a daily basis



Initiatives for Health and Productivity Management

In June 2018, the Company established the Health Declaration, and with "health" serving as one of its foundational policies, the Company has been engaged in health and productivity management under a three-party promotion system involving the Company, labor union and health insurance association, and has been recognized as a Certified Health & Productivity Management Outstanding Organization for five consecutive years.



Key Initiatives

Promote comprehensive medical checkups

Development of a reassuring environment for attending checkups, including cost-sharing, establishment of new leave for comprehensive medical checkups, and inclusion of cancer screening as part of the basic checkup course

Implement pre-specified health guidance

As a measure for young employees, health promotion classes are held for those aged 35-39 years old to provide guidance on improving lifestyle habits from the early stage of life

Organize seminars by public health nurses

Mini health seminars by in-house public health nurses are planned and hosted (seminars are video recorded and made available on the intranet)

Stakeholder Engagement

In order for the Company to conduct its business activities and achieve long-term, stable enhancement of corporate value, it is essential to build good relationships of trust with each stakeholder, including shareholders, customers, suppliers, and local communities. We will listen sincerely to our stakeholders and communicate with them to create new value together, which will lead to the realization of sustainable growth.

	Basic Approach	Anticipation	Specific Initiatives
Shareholders and Investors	We will strive to disclose timely, fair and accurate information to shareholders and investors. We will actively engage in constructive dialogue with shareholders and investors to achieve sustainable growth and enhance corporate value.	<ul style="list-style-type: none"> ● Appropriate disclosure of information on environmental changes ● Enhanced engagement 	<ul style="list-style-type: none"> ● General meetings of shareholders ● Briefings for securities analysts and institutional investors ● Information disclosure (corporate website, integrated reports, etc.)
Customers	We create safe and secure, attractive products with our customer and quality as top priorities based on our Management Principles. We will identify customer needs and contribute with high value-added products that lead to carbon neutrality and vehicle safety and security.	<ul style="list-style-type: none"> ● Improvement of product competitiveness of powertrain products ● Responsiveness to changes in mobility, such as electrification ● Enhanced response to carbon neutrality 	<ul style="list-style-type: none"> ● Product development that meets customer needs ● Promotion of future products and technologies ● Stable production and supply ● Quality improvement ● Cost reduction activities
Suppliers	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.	<ul style="list-style-type: none"> ● Sharing information on changes in the business environment ● Collaboration for carbon neutrality ● Stable transactions based on a medium-term outlook 	<ul style="list-style-type: none"> ● Support for carbon neutral activities ● Support for cost reduction and quality improvement ● Sharing of procurement policies and activities ● Supply chain risk management
Employees	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.	<ul style="list-style-type: none"> ● Implementation of diverse work styles ● Promotion of diversity and inclusion ● Promotion of DX to eliminate labor shortages 	<ul style="list-style-type: none"> ● Personnel system reform ● Restructuring of education system ● Enhanced engagement ● Enhance dialogue between labor and management ● Promotion of diverse work styles
Local Communities	We strive 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. We will communicate our business and initiatives through activities that lead to solutions to local issues and build relationships of trust.	<ul style="list-style-type: none"> ● Environmental preservation ● Regional revitalization ● Creation of new employment regulations 	<ul style="list-style-type: none"> ● Participation and sponsorship of community events ● Support for social welfare ● Support for local farmers ● Volunteer activities ● Corporate sports classes and courses
Natural Environment	We will develop and provide products with low environmental impact to protect the global environment in the future. We will strive to reduce the environmental impact of our business activities and conserve the natural environment and biodiversity.	<ul style="list-style-type: none"> ● Reduction of environmental impact ● Environmental preservation ● Addressing energy issues 	<ul style="list-style-type: none"> ● Environmental preservation activities (cleanups, tree planting) ● Participation and sponsorship of environmental events ● Support for biodiversity

Shareholders and Investors

Enhance Opportunities for Dialogue and Reinforce Communication of Information

We will promote activities aimed at constructive dialogue as well as accurately communicating information in order to build long-term relationships of trust with our shareholders and investors.

We conduct plant tours and other events to communicate our business activities to shareholders in an easy-to-understand manner.

For securities analysts and institutional investors, we hold financial results briefings, Medium-term Management Plan briefings, investor visits by relevant executives, and individual interviews on a quarterly basis. We are also strengthening communication of information by shifting from semiannual to quarterly financial results briefings.

Opinions and assessments given through dialogue with shareholders and investors are reflected in our management strategies, and linked to our efforts to achieve sustainable growth and enhance corporate value over the medium to long term.



Target	Activities
Shareholders	General meetings of shareholders Plant tours
Securities analysts Institutional investors	Medium-term Management Plan and financial results briefings Individual interviews
Overseas investors	Individual interviews

Suppliers

Information Sharing and Quality Improvement Activities with Suppliers

Exhibitions are held for 112 major suppliers to share improvements for each of them and further improve quality.

We work as partners across company boundaries, taking improvement examples from each company back to our own company and reflecting them in new activities, as well as sharing information to improve quality.



Local Communities

Support Local Farmers

In recognition of the Kenko (good health and farm work) Supporter System of Obu, Aichi, where our headquarters is located, we provide farmers, who are struggling with aging and lack of successors, with volunteer cooperation in farm work as part of our efforts to improve the health of our employees. We also support farmers in the city by devising employee cafeteria menus that use local vegetables, and by holding vegetable sales (Aisan Marche).

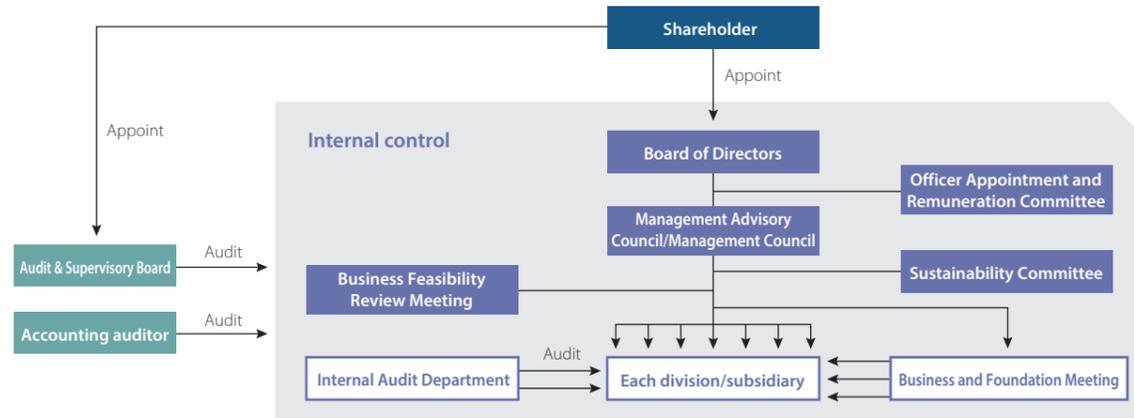


Corporate Governance

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

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

Corporate Governance Structure



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

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

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

Results of Board of Directors Meetings in FY2022

Meetings held	14 times
Attendance	Directors: 99%, Audit & Supervisory Board members: 100%

Composition

	From June 2022	From June 2023
Number of directors	8	8
Of which, outside directors	3	3
Of which, female directors	2	2
Of which, independent directors	3	3
Number of Audit & Supervisory Board members	5	5
Of which, outside Audit & Supervisory Board members	3	3
Of which, female Audit & Supervisory Board members	0	0
Of which, independent directors	1	1
Number of executive officers	12*	12*
Of which, female executive officers	0	0

* Five concurrently serving as director

Evaluating the Effectiveness of the Board of Directors

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

Evaluator	<ul style="list-style-type: none"> Directors: 6 Inside/Outside Audit & Supervisory Board Members: 5
Evaluation Method	<ul style="list-style-type: none"> Score evaluation for 16 items Comments section for 6 items
Main Evaluation Items	<ul style="list-style-type: none"> Composition and roles of directors Operation and deliberations of the Board of Directors Support for outside directors Medium- to long-term corporate strategy Sustainability initiatives Supervision of directors' execution of duties Risk management

In fiscal 2022, the effectiveness of the Board of Directors was again examined using both a score evaluation and the comment section. The results showed that each evaluation item was generally appropriate, and that the effectiveness of the Board of Directors was maintained. We will also implement specific measures to address the issues proposed in those meetings and continue to work to improve the effectiveness of the Board of Directors.

Initiatives of FY2022	<ul style="list-style-type: none"> Expansion of reporting opportunities and content on business policy and sustainability management Participation of outside directors in plant improvement briefings, etc., and collaboration between outside Audit & Supervisory Board members and the Internal Audit Department
Main Challenges and Measures	<ul style="list-style-type: none"> Enhancement of discussions on medium- to long-term plans Further increase opportunities to report and discuss medium- to long-term strategies at Board of Directors meetings by outlining changes in the environment and issues Enhancement of support for outside directors Expansion of opportunities for briefings and information provision to deepen their understanding of the Company and enhance discussions

Executive Compensation

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

Compensation Structure for Directors



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

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

Directors' Skill Matrix

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

Position	Name	Sales	Technology development	Manufacturing and purchasing	Overseas experience	ESG	DX	Finance and accounting	Human resources and labor
Director	President		○		○	○			
	Executive Vice President			○		○	○		
	Director				○	○	○		○
	Director				○	○			
	Director			○		○	○		
	Outside Director		○		○	○			
	Outside Director			○	○	○			○
	Outside Director				○	○	○		
	Audit & Supervisory Board Member				○	○	○		
	Audit & Supervisory Board Member					○	○		○
Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member					○		○	○
	Outside Audit & Supervisory Board Member			○		○			
	Outside Audit & Supervisory Board Member				○	○			○

Compliance

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

Compliance Promotion System

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

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



Compliance Guidelines

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

14 Articles of the Compliance Guidelines

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

Specific Initiatives

Education and awareness activities

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

Our key initiative focuses on harassment prevention. In addition to an anti-harassment handbook created for officers and management, we also developed and distributed a handbook for regular employees in an effort to establish a pleasant workplace.

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 helpline 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 revised in June 2022.

Risk Management

Risk Management Promotion System

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

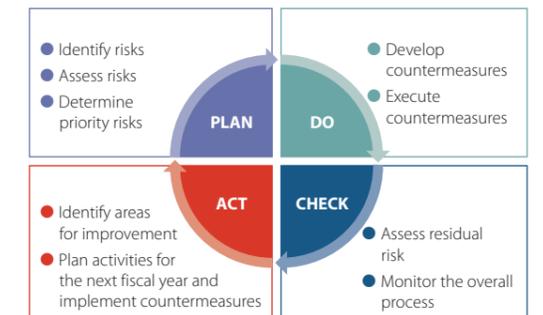
In order to respond to changes in the environment surrounding management and various risks, we are strengthening our promotion system and its initiatives as part of company-wide risk management.

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



Risk Management Activity Cycle

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

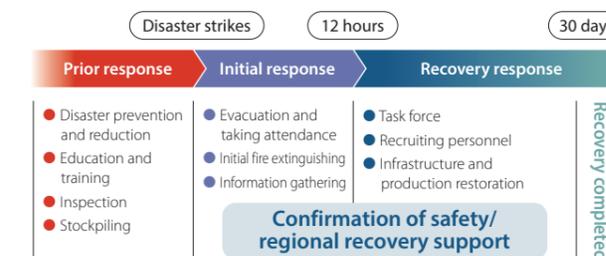


Specific Initiatives

BCP (Business Continuity Plan)

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

Flow of Major Disaster BCP



Information security

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

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

- | | |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Main Hard Initiatives | <ul style="list-style-type: none"> Introduction of network monitoring structure security monitoring center Vulnerability countermeasures for servers and client PCs Introduction of EDR for early detection and response to cyber attacks |
| Main Soft Initiatives | <ul style="list-style-type: none"> E-learning to raise security awareness Targeted e-mail attack drills Security incident response drills |



Toru Nakane
Executive Vice President

Yurie Iribe
Outside Director | Appointed June 2022

Satoe Tsuge
Outside Director | Appointed June 2015

Yuichi Oi
Outside Director | Appointed June 2020

Aisan Industry's Initiatives to Enhance Corporate Value

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

Please share your opinions about challenges to strengthening the effectiveness of the Board of Directors.

Oi The opinions of outside directors are respected at the Company's Board of Directors meetings, and there is an atmosphere in which they can speak freely and openly. Moreover, compared to last year, there were more questions that delved deeper into the content. We feel that having outside directors with diverse backgrounds that represent our stakeholders to provide their opinions is a good trend that will strengthen the effectiveness of our Board of Directors.

Tsuge As Oi mentioned, the Board of Directors creates an atmosphere where people can speak freely and openly. When I became an outside director in 2015, the Board of Directors meetings focused on listening to matters discussed and reported. However, this has now changed so that the Board of Directors discusses the issues several times before deliberating on them. This is particularly true for important issues such as Medium-term Management Plan and sustainability management.

The annual questionnaire to evaluate the effectiveness of the Board of Directors has also been improved to include more items and to ensure that the evaluation is in line with the Corporate Governance Code.

Iribe I was appointed as an outside director in June 2022, and I intend to use my insight in information science to offer advice and opinions on the DX and technology strategies that the Company will be focusing on over the coming years. Before attending the board meeting, President Nomura and many others told me, "Feel free to talk about anything you wish." For areas outside of my expertise, I have been given the opportunity to summarize important management information at departmental briefing sessions. I hope to use these opportunities to identify issues and contribute to the Company's management activities and corporate value by providing advice and suggestions to the Board of Directors.

Tsuge I also told Iribe that she is welcome to speak up about anything from a completely different perspective. I think that "the ability to not read the air" is important for outside directors. I believe that what is required of us is to speak from an external perspective on matters that are difficult to speak from within the Company.

Iribe The Board of Directors provides a forum for exchange of ideas and discussion. That is why, for time-consuming agenda items, I think it is better to start the board meeting by asking for opinions and preparing responses in advance, along with materials, to give more depth to the discussion.

Oi At board meetings that were time-constrained, there were times when I felt it was difficult to ask questions aimed at establishing a full picture of the issues discussed. I know this imposes a burden on the secretariat, but I believe that thorough preparation in advance would enhance the depth of discussion and improve the quality of deliberations. We, too, would like to contribute to the enhancement of the Company's corporate value, so we would like to understand the whole picture in advance and reflect our comments in the resolution from the stakeholders' viewpoint.

Nakane I am pleased that the three of you have given us credit for our efforts to create an environment that facilitates open discussion at board meetings, something we have been working to improve. We have also enhanced our evaluation of the effectiveness of the Board of Directors in accordance with the Corporate Governance Code. We will continue our efforts to enhance the effectiveness of the Board of Directors, in order to improve the Company's corporate value. I believe that in order to determine which direction the Company should take in this age of VUCA, we cannot compete in the next era without free, vigorous, and constructive discussion of issues and proposals raised by outside directors who have different insight. In addition to continuously improving the effectiveness of the Board of Directors, we expect outside directors to provide opinions and suggestions that will enable us to respond to changes immediately.

Oi As the external environment surrounding companies changes drastically, we need people who can offer different perspectives and make suggestions. We have had departmental and factory floor briefings for outside directors, and I believe it would be ideal to have more opportunities like this to build a relationship where we can learn and grow together.

Nakane In addition to receiving suggestions on our proposals, as we have been doing in the past, I believe that in the future, we need to be able to explore more areas that we are unaware of within the Company. I think that the function of the Board of Directors as a monitoring board will be strengthened if we can receive opinions and suggestions from different perspectives on how business is being executed.

Tsuge Going forward, I think outside directors should participate from the agenda-setting stage of board meetings. It may also be necessary to provide an opportunity to discuss important management issues separately from the board meeting.

Nakane We will consider and improve upon the advice and

Hope to have a lively discussion on how to improve our corporate value



suggestions we receive regarding global trends and the speed of change, the prioritization of issues, and the direction in which we should move forward. We will also continue to improve and enhance our effectiveness evaluation each year.

Given the announcement of the Medium-term Management Plan in November 2022, please share your thoughts on where you are now in the efforts to enhance corporate value.

Oi In 2030, 71% of the world's vehicle production will be engine-powered vehicles and 29% will be non-engine-powered vehicles, a dramatic shift in automotive landscape. As a world leader in the powertrain field, I believe that we can produce powertrains with even better quality, at lower cost, and with shorter delivery times.

It is also important to strengthen the production structure through labor saving and robotization, among others. The profits earned in the powertrain area should then be invested in new business areas, and the officers and employees should further work together to actively pursue challenges in the fields of EVs and fuel cells by building on their research and knowledge.

Iribe In the field of DX, which is my specialty, we are actively engaged in visualization activities. Until now, we have been replacing parts after failure or periodically replacing parts before failure for production equipment. Today, however, it is becoming possible to detect failures in advance by installing sensors on equipment and having computers analyze the data from the

sensors. This makes it possible to replace defective parts without stopping production facilities. Meanwhile, we have also heard that experienced engineers can predict malfunctions by the sound and movement of a machine. In addition to failure detection, the insight of experienced engineers in manufacturing could be systematically incorporated into the equipment. We believe that DX can be utilized to pass on knowledge.

High expectations for the development of software human resources to support DX utilization and visualization activities



Tsuge Amid the growing demand for management that is conscious of the cost of capital, we are also moving to raise awareness of capital efficiency by promoting ROIC throughout the Company as we move forward with our Medium-term Management Plan. With regard to non-financial information, I believe it is important to identify risks and opportunities to enhance corporate value. For example, we are making company-wide efforts to disclose information on climate change, and I feel that we are making steady progress. I think we are still behind in our diversity efforts, but we have made steady progress compared to the past. I would like to continue to participate in the Work Style Reform Committee and the Diversity Study meeting, and pursue Aisan Industry's vision through exchanges of opinions with people on the frontline.

Iribe I believe that visualization of the internal factory environment through the use of software can make a significant contribution to production and environmental activities. A wide variety of data can be extracted from sensors installed in the factory and uploaded to the cloud to analyze the data in real time and share it throughout the factory. This makes it possible to analyze the operating status and productivity of equipment,

improve production processes based on CO₂ emissions management, and avoid the risk of incorrect operation. Moreover, by building an original software system adapted to our production line and workplace environment, we can expect to increase the efficiency of our CO₂ reduction efforts. For this reason, we would like the focus to be on human resource development in the software field.

Tsuge Under the leadership of the management, a company-wide trend is underway to focus on human resource development, with the goal of developing more than 100 software human resources by 2025 as set forth in the Medium-term Management Plan. In addition to collaborating with external organizations and actively hiring outside human resources, we are also working to develop software human resources at our in-house training school, Aisan Academy.

Nakane The software human resource development you just mentioned is precisely what we have put forth as an important initiative in our Medium-term Management Plan. The three years of our Medium-term Management Plan through 2025 are very important, and I believe that what we do during this period will determine our business in 2030 and beyond. Non-financial information tends to get taken up with individual cases, such as TCFD and active female engagement, but we believe that we must fulfill our responsibilities to stakeholders by continuously discussing overall sustainability management at Board of Directors meetings and reflecting these discussions in our management strategies, resolving each issue one at a time. We aim to achieve further growth by ensuring that each and every employee understands the meaning of the goals set forth in the Medium-term Management Plan and VISION2030.

What are your expectations for further enhancement of corporate value and realization of VISION2030?

Oi As Nakane mentioned, I believe that the three years of this Medium-term Management Plan will be very important as we move toward the year 2030. To this end, our philosophy and vision must be properly communicated and instilled not only in Japan, but also in our overseas offices and their employees. In last year's Integrated Report, I also expressed my critical opinion that "now is the time for a major shift in our business portfolio, and we need to speed up the process to realize our vision by 2030." I feel that it will take time for the ideas of philosophy and vision to permeate through to all overseas offices and their staff. In order to ensure that the entire company is equipped with the speed to

respond to change, I believe it is necessary to train local staff and engage in activities to instill our philosophy and vision. First of all, it is important to make sure that the overseas offices feel the same way. Then, members of the sales staff would visit the customers, listen to what the customers want, feel it firsthand, and share it with everyone. I believe these interactions will be the most important.

Tsuge Since there were no women on the board before I became an outside director, I thought it was important to have a uniquely female voice on the Board of Directors and to speak from the perspective of how to include women on the board in the future. With Iribe's appointment last year as an outside director of our Company, we now have two female directors. However, both of us are outside directors, and I believe that we must continue to work on the development of female employees and managers. I also sometimes feel that the Aisan Group does not promote itself enough, even though it has many good initiatives in place. If we put more effort into communicating information, it will lead to the enhancement of corporate value.

The way in which automobiles are made will change drastically. Challenges into new areas are essential



Iribe Having spoken to various employees throughout the past year, I can tell you that they are passionate about improving production efficiency and creating something different from what they have done in the past. I feel that this passion is the driving force behind the development of high-precision technology and new areas of business. I am sure there are also many manufacturing companies in the same region as our Company that are facing the same problems. We could perhaps share our insight with the local community, or even generate innovation by gaining the insights of other companies. I believe

that this is also very promising in terms of contribution to society as a whole.

Nakane In addition to the matters on which we expect the three of you to serve as outside directors as stated in the Skill Matrix, we need the experience and character that you bring to the table, and we have asked you to serve as outside directors with the hope that you will use them to enhance the corporate value of our Company. I believe that our current standing is the result of the advice and opinions you have provided from perspectives that we were not aware of, which we have reflected in the management of our Company. As we receive your suggestions that are geared toward the new era ahead, we hope to continue to reflect them in our management.

As we work to solidify our foundation and achieve VISION2030 over the next three years of our Medium-term Management Plan, there is one thing we must not forget: our identity, which has endured for 84 years since the Company's founding. In order for the Company to continue to prosper for the next 100 or 200 years, I believe that each and every officer and employee must maintain this identity as the basis for their thinking. This will result in higher corporate value, which will be returned to our stakeholders in the form of stock prices, and at the same time, our growth as a company will lead to the enrichment of the lives of our employees and their families. When the hearts of the officers and employees are united, they will transform into a powerful force of a group of 10,000 people. I believe that it is our job as directors and top management to maximize value by bringing together the thoughts and strengths of officers and employees. With these aspirations in mind, we will continue to unite the hearts of our Group and turn them into a great strength.

All employees working together based on Aisan's identity to enhance corporate value



Directors



Tokuhisa Nomura
President
Responsibilities: Chief Executive Officer

Career summary and positions

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

■ 29,779 shares ■ 14 out of 14 (100%)



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

Career summary and positions

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

■ 23,061 shares ■ 14 out of 14 (100%)



Shigekazu Kato
Director
Responsibilities: Head of Administration and Cost; Responsible for IT & DX

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 (to present)

■ 17,586 shares ■ 13 out of 14 (93%)



Hironori Miyakoshi
Director
Responsibilities: Head of Quality and Environment; Responsible for Technical Management

Career summary and positions

April 1986 Joined Toyota Motor Corporation
January 2018 Project General Manager, Powertrain Electronic Systems Development Div.
January 2019 General Manager, Electronics & Material Technology Dept., the Company
April 2019 Executive Officer
June 2022 Executive Officer, Member of the Board (to present)

■ 5,786 shares ■ 12 out of 12 (100%)



Masaki Kusano
Director
Responsibilities: Head of IT & DX and Production

Career summary and positions

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

■ 5,348 shares ■ 12 out of 12 (100%)



Yuichi Oi
Outside Director

Career summary and positions

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

■ 0 shares ■ 14 out of 14 (100%)



Satoe Tsuge
Outside Director

Career summary and positions

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

■ 0 shares ■ 14 out of 14 (100%)



Yurie Iribe
Outside Director

Career summary and positions

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

■ 0 shares ■ 12 out of 12 (100%)

Audit & Supervisory Board Members



Yojiro Ueki
Audit & Supervisory Board Member

Career summary and positions

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

■ 21,300 shares ■ 12 out of 12 (100%)
■ 10 out of 10 (100%)



Yuji Furuta
Audit & Supervisory Board Member

Career summary and positions

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

■ 2,968 shares ■ 14 out of 14 (100%)
■ 12 out of 12 (100%)



Yoshinori Hirano
Outside Audit & Supervisory Board Member

Career summary and positions

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

■ 0 shares ■ 14 out of 14 (100%)
■ 12 out of 12 (100%)



Mitsumasa Yamagata
Outside Audit & Supervisory Board Member

Career summary and positions

April 1995 Joined Toyota Motor Corporation
January 2019 Field General Manager, Product Planning/System Development Field, Powertrain Company
June 2019 Audit & Supervisory Board Member, the Company (to present)
January 2020 Senior General Manager, Powertrain Planning & System Development Field, Vehicle Development Center, Toyota Motor Corporation Executive Vice President, Powertrain Company
January 2022 Toyota System Supply Senior General Manager, Powertrain Planning & System Development Field, Vehicle Development Center President, Power Train Company Project General Manager in charge of HV Development, GAZOO Racing Company
July 2023 President, Hydrogen Factory (to present)

■ 0 shares ■ 14 out of 14 (100%)
■ 11 out of 12 (92%)



Takami Kato
Outside Audit & Supervisory Board Member

Career summary and positions

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

■ 0 shares ■ —

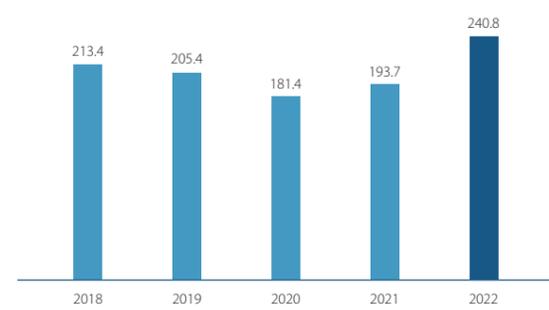
■ Number of shares held (as of March 31, 2023)
■ Attendance at meetings of the Board of Directors (FY2022)
■ Attendance at meetings of the Audit & Supervisory Board (FY2022)

Executive Officers

President	CEO, Head of BR	Tokuhisa Nomura	Executive Officer	Head of Safety & Health and Manufacturing Technology	Kenji Kozawa
Vice President and Executive Officer	Assistant to President, COO, Responsible for BR, Sales, and European Regions	Toru Nakane	Executive Officer	Head of Quality and Environment, Responsible for Technical Management	Hironori Miyakoshi
Executive Officer	Head of Corporate Planning, Responsible for BR (Business Planning Dept.) and the Americas Regions	Kenji Sato	Executive Officer	Head of Technical Management	Hirokazu Konohara
Executive Officer	Head of Administration and Cost, Responsible for IT & DX and European Regions	Shigekazu Kato	Executive Officer	Head of Procurement, Responsible for Technical Management and India	Yoshiki Ito
Executive Officer	General Manager, PMI Promotion Dept.	Akira Morimoto	Executive Officer	Head of IT & DX and Production, Responsible for China and the ASEAN Regions	Masaki Kusano
Executive Officer	Responsible for South Korea, Representative Chairman, Hyundam Industrial Co., Ltd.	Isao Nakano	Executive Officer	Head of Sales	Kazuhiro Fukuoka

| Financial Data Highlight |

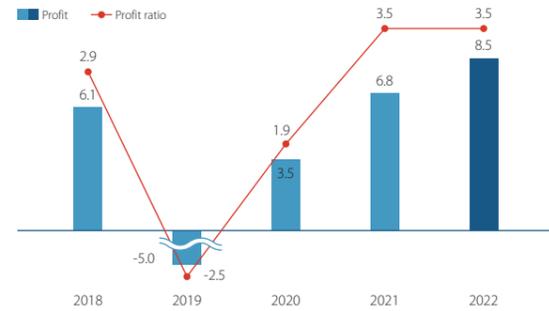
Net Sales (Billions of yen)



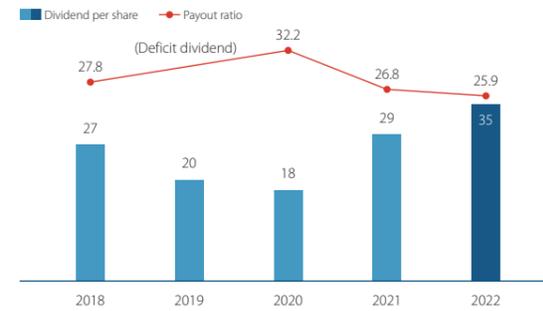
Operating Profit/Operating Profit Ratio (Billions of yen/%)



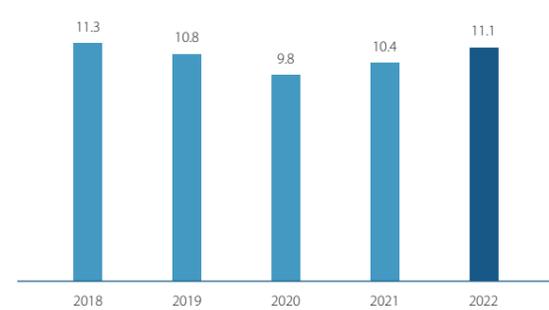
Profit/Profit Ratio (Billions of yen/%)



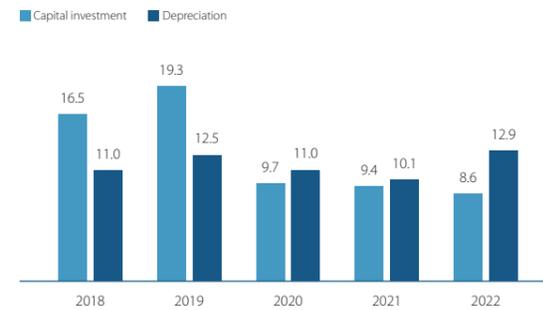
Dividend per Share/Payout Ratio (Yen/%)



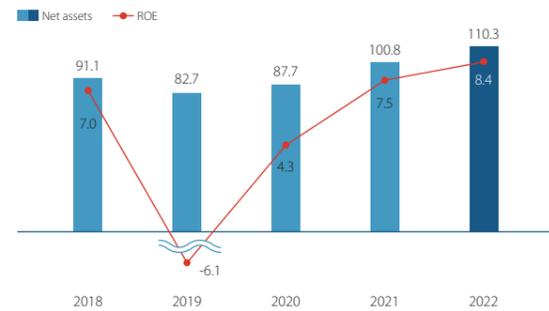
R&D Expenses (Billions of yen)



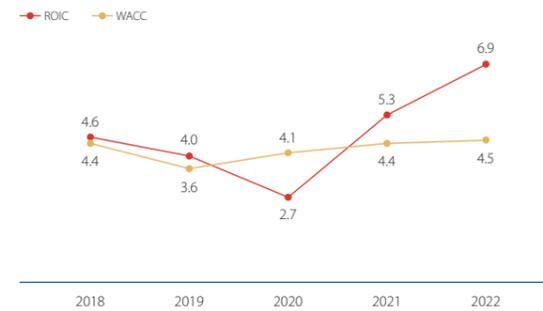
Capital Investment/Depreciation (Billions of yen)



Net Assets/ROE (Billions of yen/%)

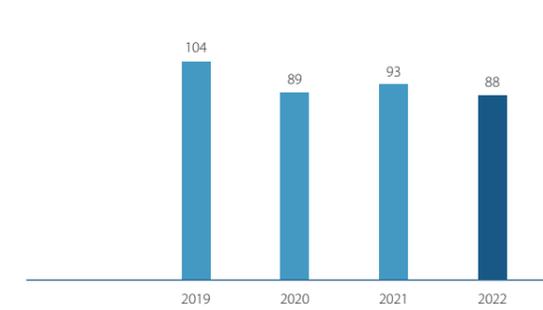


ROIC/WACC (%)

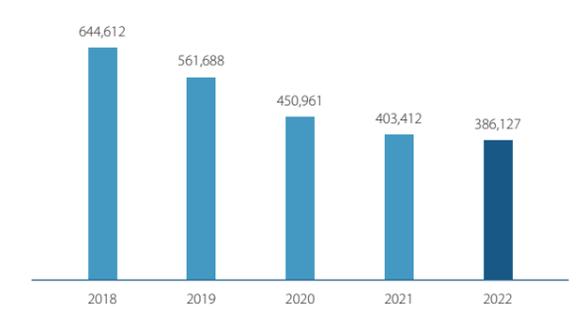


| Non-Financial Data Highlight |

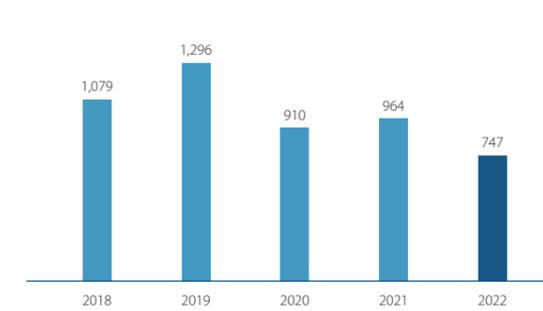
Global CO₂ Emissions (Thousands of t-CO₂)



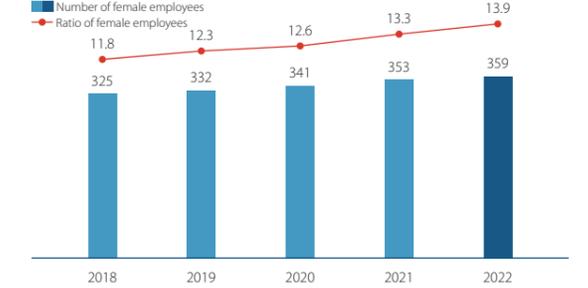
Global Water Usage (m³) * 10 main production bases



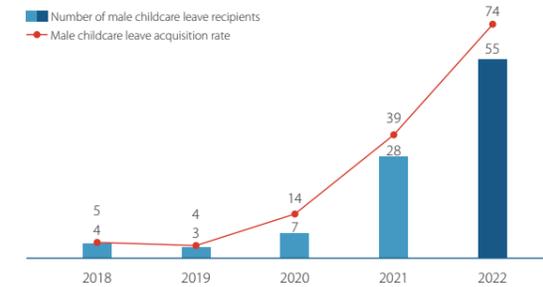
Waste Emissions (t)



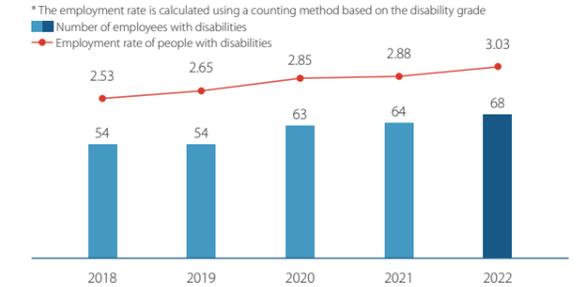
Number of Female Employees/
Ratio of Female Employees (Persons/%)



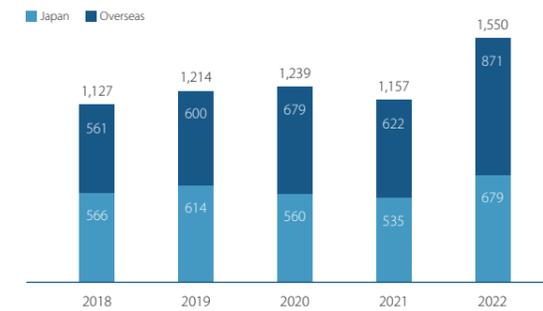
Number of Male Childcare Leave Recipients/
Male Childcare Leave Acquisition Rate (Persons/%)



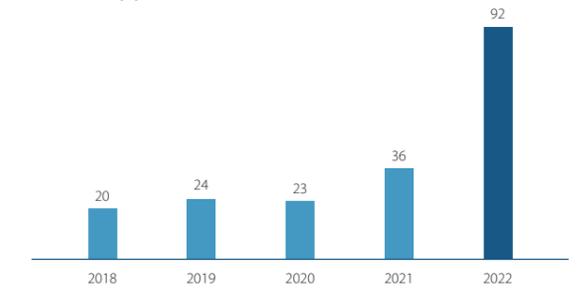
Number of Employees with Disabilities/
Employment Rate of People with Disabilities (Persons/%)



Number of Patents Owned (Patents)



Number of Carbon Neutrality-related
Patent Applications (Applications)



(Unit: millions of yen)

Financial Data (Consolidated)		(FY)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating results	Net sales		240,806	193,751	181,427	205,489	213,494	212,524	203,769	215,360	212,676	192,944	170,298	149,892
	Japan		77,368	70,445	74,099	82,991	82,080	83,173	81,635	90,136	101,375	95,093	98,475	92,692
	Asia		107,576	86,540	74,504	81,104	82,391	79,156	73,181	72,306	63,998	56,401	42,004	33,976
	Americas		43,308	25,367	22,728	28,240	33,652	34,766	35,657	39,113	34,092	30,383	22,623	16,376
	Europe		12,553	11,398	10,094	13,153	15,370	15,428	13,294	13,805	13,210	11,064	7,194	6,847
	Gross profit		32,754	24,927	20,462	24,365	25,588	25,974	23,996	26,960	28,258	27,081	23,046	18,229
	Operating profit		13,632	9,809	4,956	7,226	8,227	9,421	8,159	9,854	10,796	9,475	7,986	5,477
	Ordinary profit		14,083	10,255	4,986	6,866	8,181	9,770	7,407	9,349	11,322	9,915	8,177	4,887
	Profit attributable to owners of parent*1		8,504	6,831	3,525	-5,073	6,124	4,526	4,505	6,208	6,755	5,562	-783	1,811
	Capital investment		8,636	9,449	9,711	19,323	16,523	12,022	12,738	15,884	13,280	13,006	10,113	9,285
	Depreciation		12,994	10,174	11,011	12,554	11,033	10,773	10,700	11,172	10,140	9,412	8,258	8,514
	R&D expenses		11,111	10,494	9,815	10,845	11,302	11,196	10,922	10,854	10,336	9,660	8,482	7,375
Cash flow	Cash flows from operating activities		20,269	13,544	17,761	14,678	11,421	13,767	14,395	24,132	13,772	6,993	12,779	6,271
	Cash flows from investing activities		-29,599	-6,955	-6,785	-16,591	-18,429	-11,145	-16,431	-13,441	-18,035	-11,709	-11,705	-8,391
	Free cash flow		-9,330	6,589	10,976	-1,913	-7,008	2,622	-2,036	10,691	-4,263	-4,716	1,074	-2,120
	Cash flows from financing activities		3,536	-4,128	-1,176	1,704	-435	11,779	-3,510	-1,585	3,822	1,888	238	2,812
Financial position	Funds (Cash and deposits + Securities)		45,973	50,086	46,329	36,204	36,635	44,928	30,093	35,113	26,166	25,181	26,304	23,952
	Interest-bearing debt		48,828	32,102	43,551	43,085	39,053	37,580	23,751	25,622	25,523	24,931	21,000	19,082
	Equity		106,408	96,944	84,206	79,114	87,777	87,643	81,472	81,324	84,880	67,772	58,894	56,827
	Total assets		225,762	201,936	189,918	186,362	192,500	196,650	178,914	184,156	185,422	160,898	148,803	137,406
Financial indicators	Operating profit to net sales ratio	(%)	5.7	5.1	2.7	3.5	3.9	4.4	4.0	4.6	5.1	4.9	4.7	3.7
	Rate of return on assets (ROA)	(%)	4.0	3.5	1.9	-2.7	3.2	2.4	2.5	3.4	3.9	3.6	-0.6	1.4
	Rate of return on equity (ROE)	(%)	8.4	7.5	4.3	-6.1	7.0	5.4	5.5	7.5	8.9	8.8	-1.4	3.2
	Rate of return on sales	(%)	3.5	3.5	1.9	-2.5	2.9	2.1	2.2	2.9	3.2	2.9	-0.5	1.2
	Shareholders' equity ratio	(%)	47.1	48.0	44.3	42.5	45.6	44.6	45.5	44.2	45.8	42.1	39.6	41.4
	Net D/E ratio	(Times)	0.0	-0.1	-0.1	0.1	0.0	-0.1	-0.1	-0.1	-0.0	-0.0	-0.1	-0.1
Information per share	Payout ratio	(%)	25.9	26.8	32.2	—	27.8	95.3	34.8	33.3	25.8	23.0	—	42.9
	Basic earnings per share (EPS)	(Yen)	135.01	108.40	55.97	-80.55	97.26	72.11	71.88	99.24	112.19	99.81	-14.12	32.64
	Dividend per share (DPS)	(Yen)	35.00	29.00	18.00	20.00	27.00	29.00	25.00	33.00	29.00	23.00	14.00	14.00
	Book value per share (BPS)	(Yen)	1,688.64	1,539.63	1,336.78	1,255.94	1,393.58	1,392.79	1,299.45	1,297.81	1,359.36	1,214.08	1,060.96	1,024.15
Number of employees	(Persons)	10,459	9,720	10,018	10,716	10,500	10,440	10,320	10,294	10,262	9,633	9,128	8,399	

*1 Presented as "net income" until fiscal 2014

| Company Profile |

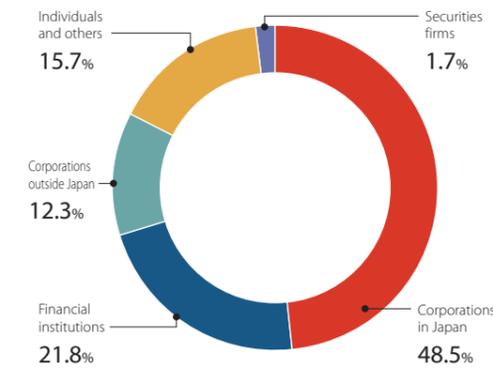
Company name	Aisan Industry Co., Ltd.
Headquarters	1-1-1 Kyowa-cho, Obu, Aichi 474-8588 Japan
Date of establishment	December 1938
Representative	Tokuhisu Nomura
Capital	10,714 million yen
Business outline	Manufacturing and sales of automotive parts
Number of employees	Consolidated: 10,459 Non-consolidated: 3,147 * Temporary employees included
Affiliates	28 Group companies (23 overseas, 5 in Japan)
Fiscal year end	March
Credit rating	A- (Japan Credit Rating Agency)

| Stock Information |

Stock	Total number of shares authorized 190,000,000 Total number of shares issued 63,014,011 * Excluding the treasury stock
	Share unit number 100
Listed stock exchanges	Tokyo Stock Exchange: Prime Market Nagoya Stock Exchange: Premier Market Stock code: 7283
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Accounting auditor	Deloitte Touche Tohmatsu LLC
Principal shareholders	Toyota Motor Corporation DENSO Corporation Toyota Industries Corporation

Share distribution by shareholder

* Excluding the treasury stock



Principal shareholders

Shareholders	Number of shares held (in thousands)	Holding ratio (%)
Toyota Motor Corporation	18,107	28.7
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,891	9.3
DENSO Corporation	5,500	8.7
Toyota Industries Corporation	4,767	7.6
Custody Bank of Japan, Ltd. (Trust Account)	3,059	4.9
Aisan Industry Employee Stock Ownership Plan	1,738	2.8
Sumitomo Mitsui Banking Corporation	1,580	2.5
RE FUND 107-CLIENT AC	1,067	1.7
DFA INTL SMALL CAP VALUE PORTFOLIO	802	1.3
Mitsui Sumitomo Insurance Company, Limited	647	1.0

Note: Holding ratios are calculated by excluding the treasury stock (72,368 shares).

Domestic Locations



Headquarters



Honsha Plant



Anjo Plant



Toyota Plant



Hirose Technical Center

East Japan Branch Office (Yokohama)
East Japan Branch Office (North-Kanto)*1
Hamamatsu Branch Office
West Japan Branch Office (Osaka)
West Japan Branch Office (Hiroshima)

Subsidiaries (domestic)

TK Carburettor Co., Ltd.	Nichialloy Co., Ltd.
Aikyo Sangyo Co., Ltd.	Aisan Kumamoto Co., Ltd.
Aisan Computer Services Corp.	MAGNEX CO., LTD.*2
	Miyama Seiko Co., Ltd. (Affiliate)

*1 Opened on July 4, 2023 *2 Acquired as a subsidiary effective June 30, 2023

Subsidiaries (international)

Asia

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

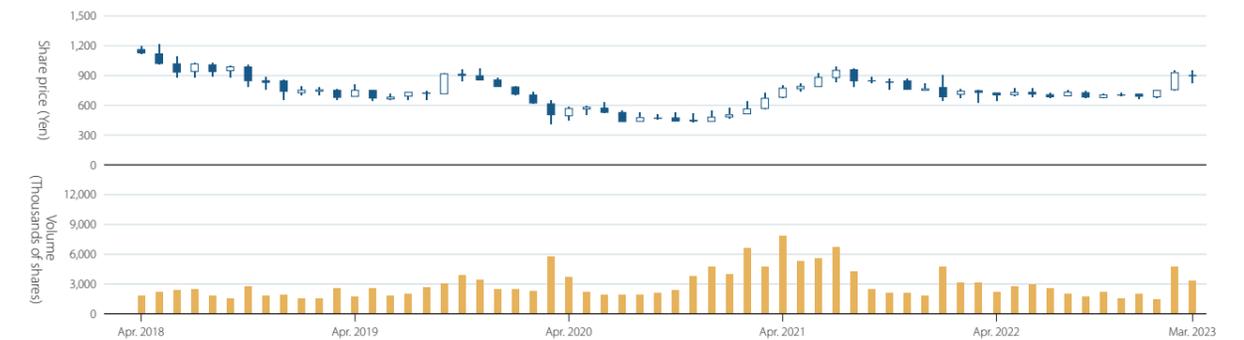
Americas

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

Europe

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

Stock price trends



Corporate sports

AISAN Racing Team

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



AISAN LONG DISTANCE TEAM

The team was first formed in 1979 by Aisan trainees (currently, Aisan Academy students) from the Company's in-house school, and participated in the Meiji 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 in 2020, it achieved a record 6th place finish.



External evaluation

2023

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



2023

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



2023

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



2022

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



2023

Selected as a 2023 Certified Health & Productivity Management Outstanding Organizations "White 500" in the large enterprise category for the fifth consecutive year





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Corporate Planning Department
Tel. +81-562-48-6215

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