Annual Securities Report for the 102nd Fiscal Year

From April 1, 2024 to March 31, 2025

AISIN CORPORATION

E01593

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Document title	Annual Securities Report
Clause of stipulation	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
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Fiscal year	102nd (From April 1, 2024 to March 31, 2025)
Company name	*Kabushiki-Kaisha Aishin*
Company name in English	AISIN CORPORATION
Title and name of representative	Moritaka Yoshida, President
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Name of contact person	Takashi Kurauchi, General Manager of Finance & Accounting Department
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (3-8-20 Sakae, Naka-ku, Nagoya, Aichi)

Part I. Company Information

I. Overview of the Company

1. Trends in key financial indicators

(1) Consolidated financial indicators

Fiscal year		98th	99th	100th	101st	102nd
Fiscal year ended		March 2021	March 2022	March 2023	March 2024	March 2025
Revenue	(Millions of yen)	3,525,799	3,917,434	4,402,823	4,909,557	4,896,104
Profit before income taxes	(Millions of yen)	167,523	219,983	73,741	149,877	173,440
Profit for the period attributable to owners of the parent	(Millions of yen)	105,638	141,941	37,670	90,813	107,586
Comprehensive income for the period attributable to owners of parent	(Millions of yen)	267,691	266,744	39,353	426,802	(37,780)
Equity attributable to owners of the parent	(Millions of yen)	1,535,512	1,756,516	1,751,326	2,135,837	1,977,263
Total assets	(Millions of yen)	4,027,103	4,205,801	4,135,826	4,643,016	4,284,600
Equity attributable to owners of the parent per share	(Yen)	1,899.10	2,172.45	2,165.95	2,641.39	2,609.69
Basic earnings per share	(Yen)	130.65	175.55	46.59	112.31	137.81
Diluted earnings per share	(Yen)	–	–	–	–	–
Ratio of equity attributable to owners of the parent	(%)	38.1	41.8	42.3	46.0	46.1
Ratio of profit for the period to equity attributable to owners of the parent	(%)	7.5	8.6	2.1	4.7	5.2
Price earnings ratio		10.7	8.0	26.1	18.5	11.8
Net cash provided by (used in) operating activities	(Millions of yen)	343,314	193,343	237,970	499,740	339,870
Net cash provided by (used in) investing activities	(Millions of yen)	(138,175)	(204,952)	(186,857)	(93,153)	(146,948)
Net cash provided by (used in) financing activities	(Millions of yen)	(373,880)	(135,859)	(127,752)	(211,699)	(270,221)
Cash and cash equivalents at end of period	(Millions of yen)	520,028	386,906	317,693	527,191	451,690
Number of employees [Average number of temporary employees (not included above)]		118,359 [21,473]	117,177 [25,829]	116,649 [25,596]	115,140 [25,229]	114,449 [24,799]

Notes:
1. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS").
2. On October 1, 2024, the Company executed a one-for-three stock split of each common stock. Equity attributable to owners of the parent per share and basic earnings per share have been calculated on the assumption that the stock split was conducted at the beginning of the 98th fiscal year.
3. Information on diluted earnings per share is omitted due to the absence of potential shares.

(2) Financial indicators of filing company

Fiscal year		98th	99th	100th	101st	102nd
Fiscal year ended		March 2021	March 2022	March 2023	March 2024	March 2025
Revenue	(Millions of yen)	762,791	2,187,648	2,187,689	2,484,121	2,431,018
Ordinary profit	(Millions of yen)	49,381	135,033	73,547	49,715	105,888
Profit for the period	(Millions of yen)	40,973	335,465	73,274	109,994	97,744
Capital stock	(Millions of yen)	45,049	45,049	45,049	45,049	45,049
Total number of issued shares		294,674,634	294,674,634	294,674,634	294,674,634	809,023,902
Total equity	(Millions of yen)	652,302	997,020	974,915	1,259,682	1,063,905
Total assets	(Millions of yen)	1,994,113	2,625,196	2,591,451	2,968,913	2,586,258
Net assets per share	(Yen)	806.76	1,233.11	1,205.73	1,557.85	1,404.20
Dividends per share (of which, interim dividends per share)	(Yen)	120.00 (20.00)	170.00 (70.00)	170.00 (70.00)	170.00 (80.00)	*120.00 (90.00)
Earnings per share	(Yen)	50.68	414.90	90.62	136.03	125.20
Diluted earnings per share	(Yen)	–	–	–	–	–
Equity ratio	(%)	32.7	38.0	37.6	42.4	41.1
Return on equity	(%)	6.9	35.8	7.4	9.8	8.4
Price earnings ratio		27.6	3.4	13.4	15.2	13.0
Dividends payout ratio	(%)	78.9	13.7	62.5	41.7	47.9
Number of employees [Average number of temporary employees (not included above)]		15,493 [2,554]	36,489 [7,098]	35,610 [6,346]	35,099 [6,579]	34,384 [5,789]
Total shareholder return (Comparison benchmark: Dividend-included TOPIX)	(%)	162.2 (142.1)	168.4 (145.0)	154.1 (153.4)	257.2 (216.8)	213.2 (213.4)
Highest share price	(Yen)	4,240	5,060	4,525	6,239	1,882 (6,252)
Lowest share price	(Yen)	2,270	3,530	3,400	3,575	1,562 (4,188)

Notes:

1. On October 1, 2024, the Company executed a one-for-three stock split of each common stock. Net assets per share and earnings per share have been calculated on the assumption that the stock split was conducted at the beginning of the 98th fiscal year.

   * For the 102nd fiscal year, the interim dividend amount is stated as ¥90 before the stock split, and the year-end dividend amount is ¥30 after the stock split. The annual dividend amount is presented as a simple total of ¥120. The amount of dividend per share, without considering the stock split, is as follows (figures in brackets indicate interim dividends per share).

Fiscal year		98th	99th	100th	101st	102nd
Fiscal year ended		March 2021	March 2022	March 2023	March 2024	March 2025
Dividends per share [of which, interim dividends per share]	(Yen)	120.00 [20.00]	170.00 [70.00]	170.00 [70.00]	170.00 [80.00]	180.00 [90.00]

2. The primary factor behind the changes in key financial indicators for the 99th fiscal year is the business integration with Aisin AW Co., Ltd. in April 2021.
3. Diluted earnings per share is not presented, as there are no dilutive shares.
4. The highest and lowest share prices are those quoted on the Tokyo Stock Exchange Prime Market on or after April 4, 2022, and on the Tokyo Stock Exchange First Section before April 4, 2022. For the 102nd fiscal year, the highest and lowest share prices after the stock split are presented, with the highest and lowest share prices before the stock split shown in parentheses.

2. History

Month/Year	Overview
June 1949	Aichi Kogyo Co., Ltd. was established with a capital of ¥15 million. (Background of establishment) Tokai Hikoki Co., Ltd. was established in March 1943 with a capital of ¥50 million, jointly funded by Toyota Motor Industries (currently Toyota Motor Corporation) and Kawasaki Aircraft Co., Ltd. (currently Kawasaki Heavy Industries, Ltd.). After the completion of the KARIYA PLANT in March 1944, the company was engaged in the production of aircraft engine parts until the end of World War II. In late 1945, the company shifted its focus to the production of sewing machines and automotive parts, and changed its name to Aichi Kogyo Co., Ltd. in December of the same year. In June 1949, the company was re-established as the new Aichi Kogyo Co., Ltd. with a capital of ¥15 million following the approval of its reorganization plan under the Enterprise Reorganization Act in March.
July 1952	Aichi Kogyo Co., Ltd. was newly listed on the Nagoya Stock Exchange.
June 1953	Aichi Kogyo Co., Ltd. began manufacturing die-cast products.
March 1960	Shinkawa Kogyo Co., Ltd. spun off its casting division and established Takaoka Industrial Co., Ltd. (currently AISIN TAKAOKA CO., LTD.).
August 1961	Aichi Kogyo Co., Ltd. began manufacturing automatic transmissions.
October	Aichi Kogyo Co., Ltd. was listed on the First Section of the Nagoya Stock Exchange (currently the Nagoya Stock Exchange Premier Market).
August 1965	Aichi Kogyo Co., Ltd. merged with Shinkawa Kogyo Co., Ltd. (capital: ¥656 million) and changed its name to Aisin Seiki Co., Ltd. (capital: ¥2,856 million). As part of the merger, it took over SHINKAWA PLANT (completed in March 1945) and SHINTOYO PLANT (completed in August 1961) from Shinkawa Kogyo Co., Ltd.
May 1969	Aisin Warner Co., Ltd. was established as a joint venture with U.S.-based BorgWarner Inc. (Renamed Aisin AW Co., Ltd. in March 1988.)
May 1970	Listed on the First Section of the Tokyo Stock Exchange (currently Tokyo Stock Exchange Prime Market) and the First Section of the Osaka Securities Exchange (delisted from the First Section of the Osaka Securities Exchange in December 2009).
October	Aisin U.S.A., Inc. was established.
July 1988	The manufacturing division of Aisin U.S.A., Inc. was spun off to establish Aisin U.S.A. Mfg., Inc., and Aisin America, Inc. was established to oversee both the manufacturing and sales companies.
July 1991	The SHIROYAMA PLANT was spun off to establish Aisin AI Co., Ltd. (merged by Aisin AW Co., Ltd. in April 2019).
March 1992	Aisin AW Seimitsu Co., Ltd. was established (merged by Aisin AW Co., Ltd. in June 2002).
October	Aisin America, Inc. and Aisin U.S.A., Inc. were merged and relaunched under the new name of Aisin World Corp. of America.
November 1996	Aisin Automotive Casting, Inc. (currently Aisin Automotive Casting, LLC) was established.
November 1998	AW North Carolina, Inc. (currently AISIN North Carolina Corporation) was established.
January 2001	The sales functions of Aisin World Corp. of America were spun off into a subsidiary, and the company was renamed Aisin Holdings of America, Inc. to serve as the regional headquarters for North America.
July	ADVICS CO., LTD. was established as a joint venture with DENSO Corporation, Sumitomo Electric Industries, Ltd., and Toyota Motor Corporation.
April 2010	The KARIYA PLANT was transferred to ADVICS CO., LTD.
April 2016	Shiroki Corporation (currently AISIN SHIROKI CORPORATION) became a wholly owned subsidiary through a share exchange.
February 2017	ART METAL MFG. CO., LTD. became a subsidiary through share acquisition.
April 2021	Aisin AW Co., Ltd. was merged, and the company name was changed to AISIN CORPORATION.
April 2025	AISIN CHEMICAL CO., LTD. was merged.

3. Description of business

The Group consists of the Company and 204 subsidiaries and associates (143 manufacturing companies, 18 sales companies, and 43 others). The business activities and the roles of each group company within those activities are as follows:

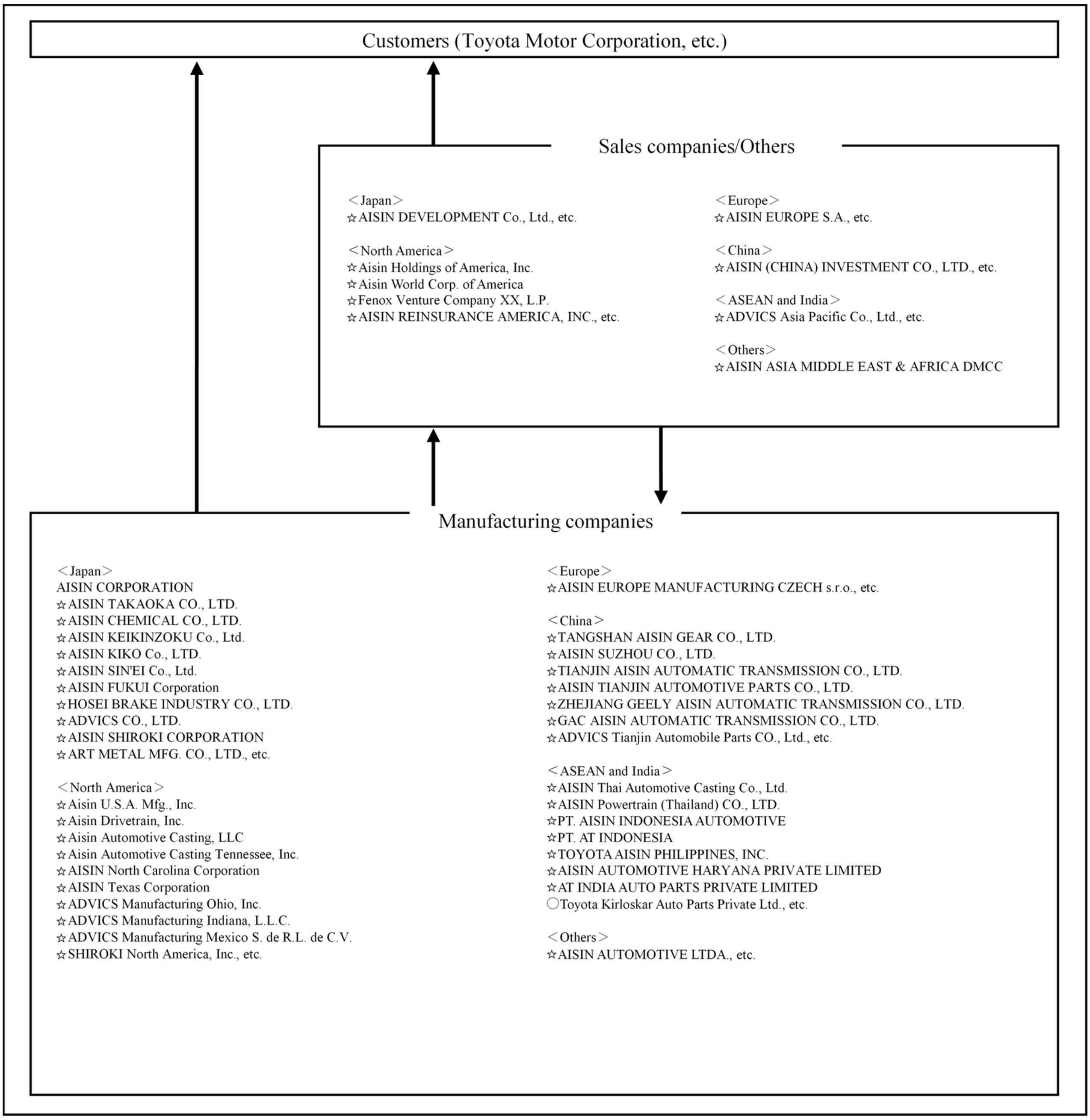
In the segments of “Japan,” “North America,” “Europe,” “China,” and “ASEAN and India,” we manufacture and sell the following products:

<table>
<tr><th colspan="2">Category</th><th>Main products</th></tr>
<tr><td rowspan="4">Automotive parts</td><td>Powertrain-related</td><td>Automatic transmissions (AT), manual transmissions (MT), continuously variable transmissions (CVT), hybrid transmissions, eAxles, electric 4WD units (E-Four), hybrid dampers, electric water pumps, electric oil pumps, pistons, intake manifolds, exhaust manifolds, and variable valve timing systems (VVT)</td></tr>
<tr><td>Chassis & Vehicle Safety Systems-related</td><td>Brake master cylinders, disc brakes, electronic stability control (ESC), cooperative regenerative brake systems, electric-assisted parking brakes, active rear steering systems, power tilt and telescopic steering columns, driver monitoring systems, automated parking systems, surround monitoring systems, shift-by-wire, and brake pedal stroke sensors</td></tr>
<tr><td>Body-related</td><td>Power sliding door systems, power back door systems, sunroofs, pneumatic seats, door handles, door locks, door frames, grille shutters, universal steps, active front spoilers, active rear spoilers, occupant detection sensors, and spray-type damping coats</td></tr>
<tr><td>LBS-related and others (Note)</td><td>Car navigation systems, shared shuttle services, and repair/maintenance products</td></tr>
<tr><td colspan="2">Energy solutions-related and others</td><td>[Energy solutions-related]
Gas heat pump air conditioners (GHP), cogeneration systems
[Others]
Femtosecond fiber lasers, home remodeling, and civil engineering/construction</td></tr>
</table>

Note: Location-based services (LBS)

Group Business Organization Chart

The group business organization chart and the names of major companies are as follows.



☆Subsidiaries　○Associates for using the equity method

4. Overview of subsidiaries and associates

Name	Location	Capital or Investment (Millions of yen)	Principal contents of business	Ratio of voting rights held (%)	Number of concurrent executives	Loan of funds	Business transactions	Lease of equipment
(Consolidated subsidiaries) AISIN TAKAOKA CO., LTD.*	Toyota, Aichi	5,396	Automotive parts	[4.8] 51.2	2	Yes	Procurement of the company products	Yes
AISIN CHEMICAL CO., LTD.	Toyota, Aichi	2,118	Automotive parts	100.0	–	No	Procurement of the company products	Yes
AISIN KEIKINZOKU Co., Ltd.	Imizu, Toyama	1,500	Automotive parts	[4.7] 60.0	1	No	Procurement of the company products	Yes
AISIN DEVELOP-MENT Co., Ltd.	Kariya, Aichi	456	Other	[48.6] 100.0	1	No	Civil engineering and construction orders placed with the company	Yes
AISIN KIKO Co., LTD	Nishio, Aichi	4,100	Automotive parts	[32.0] 100.0	1	No	Procurement of the company products	Yes
AISIN SIN'EI Co., Ltd.	Hekinan, Aichi	2,310	Automotive parts	[31.2] 100.0	–	Yes	Procurement of the company products	Yes
AISIN FUKUI Corporation	Echizen, Fukui	2,057	Automotive parts	[18.7] 100.0	2	No	Procurement of the company products	Yes
HOSEI BRAKE INDUSTRY CO., LTD.*	Toyota, Aichi	6,436	Automotive parts	[50.1] 76.6	–	Yes	Procurement of the company products	No
ADVICS CO., LTD.*	Kariya, Aichi	12,209	Automotive parts	51.1	2	Yes	Sales of the Company products	Yes
AISIN SHIROKI CORPORA-TION*	Toyokawa, Aichi	7,460	Automotive parts	100.0	–	Yes	Procurement of the company products	Yes
ART METAL MFG. CO., LTD.	Ueda, Nagano	2,397	Automotive parts	80.3	–	No	Procurement of the company products	Yes
Aisin Holdings of America, Inc.*	Indiana, USA	441,974 in thousands of USD	Other	[0.8] 100.0	1	Yes	No	No
Aisin World Corp. of America	Michigan, USA	27,000 in thousands of USD	Automotive parts & energy solutions-related	[100.0] 100.0	1	No	Sales of the Company products	No
Aisin U.S.A. Mfg., Inc.*	Indiana, USA	81,140 in thousands of USD	Automotive parts	[100.0] 100.0	–	No	Sales of the Company products	No
Aisin Drivetrain, Inc.*	Indiana, USA	45,700 in thousands of USD	Automotive parts	[100.0] 100.0	–	No	Sales of the Company products	No
Aisin Automotive Casting, LLC*	Kentucky, USA	72,101 in thousands of USD	Automotive parts	[100.0] 100.0	–	No	Sales of the Company products	No
Aisin Automotive Casting Tennessee, Inc.*	Tennessee, USA	55,700 in thousands of USD	Automotive parts	[100.0] 100.0	–	No	Sales of the Company products	No
AISIN North Carolina Corporation*	North Carolina, USA	75,000 in thousands of USD	Automotive parts	[100.0] 100.0	–	No	Sales of the Company products	No

Name	Location	Capital or Investment (Millions of yen)	Principal contents of business	Ratio of voting rights held (%)	Number of concurrent executives	Loan of funds	Business transactions	Lease of equipment
AISIN Texas Corporation*	Texas, USA	165,000 in thousands of USD	Automotive parts	[100.0] 100.0	–	No	Sales of the Company products	No
ADVICS Manufacturing Ohio, Inc.*	Ohio, USA	40,250 in thousands of USD	Automotive parts	[100.0] 100.0	–	No	No	No
ADVICS Manufacturing Indiana, L.L.C.*	Indiana, USA	41,400 in thousands of USD	Automotive parts	[100.0] 100.0	–	No	No	No
ADVICS Manufacturing Mexico S. de R.L. de C.V.*	Jalisco, Mexico	1,992 in millions of MXN	Automotive parts	[100.0] 100.0	–	No	No	No
SHIROKI North America, Inc.*	Tennessee, USA	51,286 in thousands of USD	Automotive parts	[100.0] 100.0	–	No	No	No
Fenox Venture Company XX, L.P.*	California, USA	50,500 in thousands of USD	Other	99.0	–	No	No	No
AISIN RE-INSURANCE AMERICA, INC.*	Hawaii, USA	100,000 in thousands of USD	Other	100.0	–	No	No	No
AISIN EUROPE S.A.*	Braine-l'Alleud, Belgium	139,894 in thousands of EUR	Automotive parts	100.0	1	No	Sales of the Company products	No
AISIN EUROPE MANUFAC-TURING CZECH s.r.o.*	South Bohemia, Czech Republic	1,842,200 in thousands of CZK	Automotive parts	[100.0] 100.0	–	No	Sales of the Company products	No
AISIN (CHINA) INVESTMENT CO., LTD.*	Shanghai, China	1,252,894 in thousands of CNY	Automotive parts	100.0	1	No	Sales of the Company products	No
TANGSHAN AISIN GEAR CO., LTD.*	Tangshan, Hebei, China	2,171,425 in thousands of CNY	Automotive parts	[63.9] 99.3	–	Yes	Sales of the Company products	No
AISIN SUZHOU CO., LTD.*	Suzhou, Jiangsu, China	1,099,652 in thousands of CNY	Automotive parts	[10.7] 100.0	–	Yes	Sales of the Company products	No
TIANJIN AISIN AUTOMATIC TRANS-MISSION CO., LTD.*	Tianjin, China	668,853 in thousands of CNY	Automotive parts	80.0	–	No	Sales of the Company products	No
AISIN TIANJIN AUTO-MOTIVE PARTS CO., LTD.*	Tianjin, China	619,778 in thousands of CNY	Automotive parts	[49.0] 100.0	–	No	Sales of the Company products	No
ZHEJIANG GEELY AISIN AUTOMATIC TRANS-MISSION CO., LTD.*	Ningbo, Zhejiang, China	822,755 in thousands of CNY	Automotive parts	[9.0] 60.0	1	No	Sales of the Company products	No

Name	Location	Capital or Investment (Millions of yen)	Principal contents of business	Ratio of voting rights held (%)	Number of concurrent executives	Loan of funds	Business transactions	Lease of equipment
GAC AISIN AUTOMATIC TRANS-MISSION CO., LTD.*	Guangzhou, Guangdong, China	1,896,674 in thousands of CNY	Automotive parts	[9.0] 60.0	1	Yes	Sales of the Company products	No
ADVICS Tianjin Automobile Parts CO., Ltd.*	Tianjin, China	352,057 in thousands of CNY	Automotive parts	[50.1] 97.3	–	No	No	No
AISIN Thai Automotive Casting Co., Ltd.*	Prachinburi, Thailand	1,681 in millions of THB	Automotive parts	97.0	–	No	Sales of the Company products	No
AISIN Powertrain (Thailand) CO., LTD.*	Chonburi, Thailand	3,450 in millions of THB	Automotive parts	100.0	–	No	Sales of the Company products	No
PT AISIN INDONESIA AUTO-MOTIVE*	West Java, Indonesia	1,160,000 in millions of IDR	Automotive parts	[100.0] 100.0	–	Yes	Sales of the Company products	No
PT. AT INDONESIA*	West Java, Indonesia	395,500 in millions of IDR	Automotive parts	[52.0] 56.0	–	No	No	No
TOYOTA AISIN PHILIPPINES, INC.*	Laguna, Philippines	1,000 in millions of PHP	Automotive parts	61.0	–	No	Sales of the Company products	No
AISIN AUTO-MOTIVE HARYANA PRIVATE LIMITED*	Haryana, India	8,441 in millions of INR	Automotive parts	[0.1] 99.4	–	Yes	Sales of the Company products	No
AT INDIA AUTO PARTS PRIVATE LIMITED*	Karnataka, India	6,300 in millions of INR	Automotive parts	[98.0] 98.0	–	No	No	No
AISIN AUTO-MOTIVE LTDA.*	São Paulo, Brazil	732,615 in thousands of BRL	Automotive parts	100.0	–	No	Sales of the Company products	No
Other 148 companies								
(Equity-method associates) Toyota Kirloskar Auto Parts Private Ltd.	Karnataka, India	3,375 in millions of INR	Automotive parts	26.0	–	No	No	No
Other 12 companies								
(Other affiliates) Toyota Motor Corporation	Toyota, Aichi	635,402	Manufacture and sale of automobiles and related parts	[0.0] 21.4	–	No	Sales of the Company products	Yes

Notes:
1. The “Principal contents of business” column indicates the name of the business type.
2. Figures in brackets in the “Ratio of voting rights held” column represent the percentage held indirectly (included in the total).
3. Companies marked with an asterisk (*) are specified subsidiaries.
4. Toyota Motor Corporation is a company that files securities reports.

5. For Aisin World Corp. of America, the ratio of its revenue (excluding intercompany sales within the consolidated group) to the total consolidated revenue exceeds 10%.

(Millions of yen)

	Key profit and loss information (IFRS)				
	Revenue	Profit before income taxes	Profit for the period	Total equity	Total assets
Aisin World Corp. of America	809,205	554	358	4,603	137,130

5. Information about employees

(1) Consolidated companies

As of March 31, 2025

Segment name	Number of employees	
Japan	64,435	[17,284]
North America	15,748	[1,702]
Europe	2,177	[275]
China	13,719	[1,720]
ASEAN and India	17,529	[3,787]
Other	841	[31]
Total	114,449	[24,799]

Notes: 1. The number of employees refers to the number of personnel actually working (excluding those seconded from the Group to outside entities, and including those seconded from outside entities to the Group). The number of temporary employees is shown in brackets [ ] and represents the average number employed over the year, not included in the total.

2. Temporary employees include fixed-term, part-time, contract, and dispatched (agency) workers.

(2) Filing company

As of March 31, 2025

Number of employees		Average age (Years)	Average length of service (Years)	Average annual salary (Thousands of yen)
34,384	[5,789]	40.3	16.9	7,377

Notes: 1. The number of employees refers to the number of personnel actually working (excluding those seconded from the Company to outside entities, and including those seconded from outside entities to the Company). The number of temporary employees is shown in brackets [ ] and represents the average number employed over the year, not included in the total.

2. Temporary employees include fixed-term, part-time, contract, and dispatched (agency) workers.

3. The average annual salary includes bonuses and non-base wages.

4. All employees and temporary employees belong to the Japan segment.

(3) Status of worker’s union

There are no matters to be noted between labor and management.

(4) Ratio of female workers in management positions, ratio of male workers taking parental leave, and wage gap between male and female workers

(i) Filing company

<table>
<tr><th colspan="6">Fiscal year ended March 31, 2025</th><th rowspan="3">Supplementary explanation</th></tr>
<tr><th rowspan="2">Ratio of female workers in management positions (%) (Note 1)</th><th rowspan="2">Ratio of male workers taking parental leave (%) (Note 2)</th><th rowspan="2">Ratio of male workers taking parental leave and childcare leave (%) (Note 3)</th><th colspan="3">Wage gap between male and female workers (%) (Note 1)</th></tr>
<tr><th>All workers</th><th>Full-time workers</th><th>Part-time and fixed-term workers</th></tr>
<tr><td>3.0</td><td>62.8</td><td>92.2</td><td>70.1</td><td>70.3</td><td>79.2</td><td>The main factor behind the wage gap among full-time workers is the difference in the composition ratio by job qualification level. There are no gender-based differences in the wage structure or systems. The gender wage gap is currently attributable to the fact that, on average, men have longer years of service and a higher proportion hold higher-level qualifications.</td></tr>
</table>

Notes: 1. Calculated in accordance with the provisions of the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015).

2. Parental leave uptake calculated as in Article 71-6, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

3. Parental leave and childcare leave uptake calculated as in Article 71-6, item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991). It may exceed 100% if there are male workers whose spouses gave birth in a different fiscal year from the year in which the workers took parental leave or childcare leave.

(ii) Consolidated subsidiaries

Fiscal year ended March 31, 2025						
Name	Ratio of female workers in management positions (%) (Note 1)	Ratio of male workers taking parental leave (%) (Note 2)	Ratio of male workers taking parental leave and childcare leave (%) (Note 3)	Wage gap between male and female workers (%) (Note 1)		
				All workers	Full-time workers	Part-time and fixed-term workers
AISIN TAKAOKA CO., LTD.	1.1	22.7	86.3	67.6	65.1	76.7
AISIN CHEMICAL CO., LTD.	4.1	72.2	111.1	67.6	71.7	52.2
AISIN KEIKINZOKU Co., Ltd.	5.1	81.2	92.1	82.5	81.0	88.6
AISIN DEVELOPMENT Co., Ltd.	6.1	0.0	142.8	54.8	65.9	30.5
AISIN KIKO Co., LTD	0.9	64.9	91.2	69.5	67.7	98.3
AISIN SIN'EI Co., Ltd.	5.6	52.6	73.6	74.1	72.2	105.6
AISIN FUKUI Corporation	1.9	69.3	100.0	70.4	71.4	86.5
HOSEI BRAKE INDUSTRY CO., LTD.	4.2	51.6	100.0	65.7	64.9	74.4
ADVICS CO., LTD.	1.4	68.5	94.7	67.8	69.2	62.9
AISIN SHIROKI CORPORATION	1.6	47.0	97.0	68.8	75.3	83.5
ART METAL MFG. CO., LTD.	–	20.0	80.0	81.2	79.5	98.9

Notes:
1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
2. Parental leave uptake calculated as in Article 71-6, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
3. Parental leave and childcare leave uptake calculated as in Article 71-6, item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991). It may exceed 100% if there are male workers whose spouses gave birth in a different fiscal year from the year in which the workers took parental leave or childcare leave.
4. ART METAL MFG. CO., LTD. calculates the average annual wage for part-time and fixed-term workers based on the number of personnel converted using the prescribed working hours of full-time workers.
5. For consolidated subsidiaries other than major ones, please refer to "VII. Reference Information of Filing Company, 2. Other reference information, (2) Ratio of female workers in management positions, ratio of male workers taking parental leave, and wage gap between male and female workers."
6. A "–" indicates that the item is not subject to disclosure either because it has not been voluntarily disclosed under the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015), or because there is no obligation to disclose it under the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

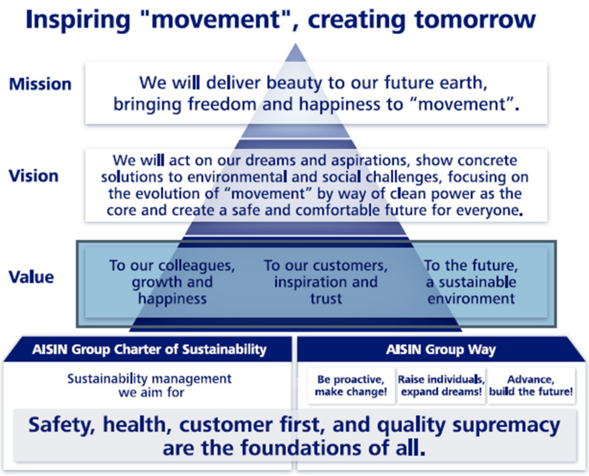
II. Overview of Business

1. Management Policy, Business Environment, and Issues to be Addressed, etc.

Any forecasts or forward-looking statements included in the following descriptions are based on the Company's best estimates or judgment as of March 31, 2025.

(1) Corporate philosophy

Aisin Group management philosophy



(2) Targeted management indicators

The Group's management objectives for FY2031 include revenue of ¥5.5 trillion to ¥6.0 trillion, an operating profit margin of 8%, and a return on invested capital (ROIC) of 13%.

*ROIC: operating profit after tax / (inventories + tangible fixed assets + intangible assets)

(3) Medium-to-long-term management strategies and issues to be addressed

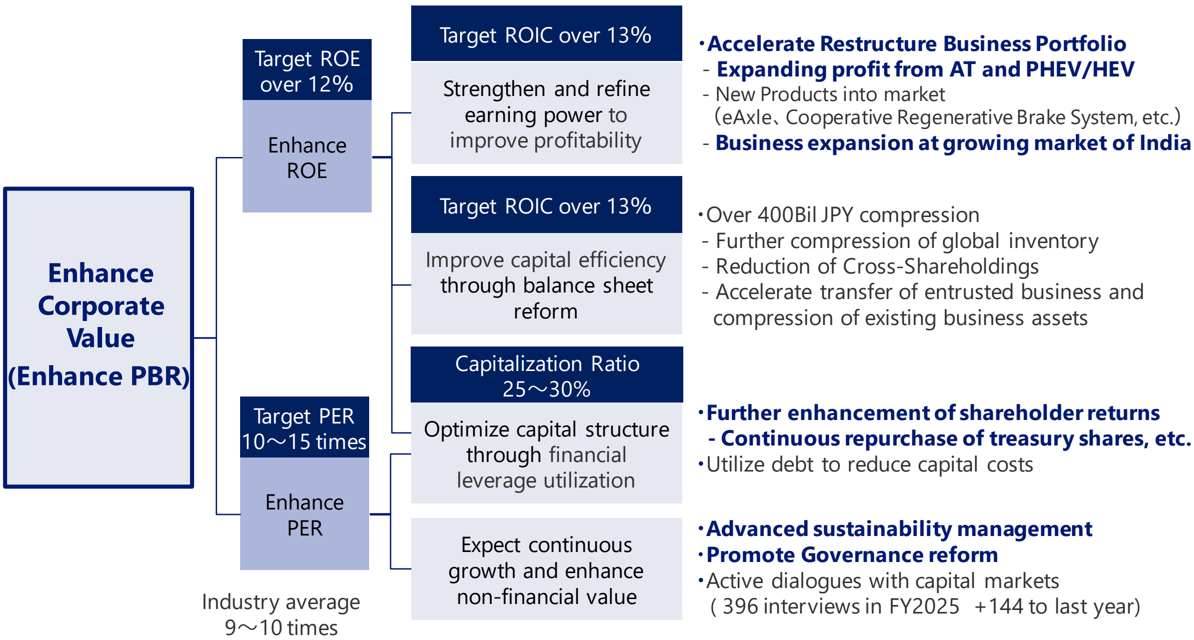
Amid policy changes in various countries and the easing of environmental regulations in Europe and the US, automotive companies are under pressure to rethink their strategies to contend with medium-to-long-term social trends. At the same time, Chinese automakers are rapidly gaining strength, taking market share from Japanese, European, and US automakers in their own territory and simultaneously boosting exports.

Despite these drastic changes in the business environment, the Aisin Group remains steadfast in its effort to deliver on its management philosophy of "Inspiring 'movement,' creating tomorrow" and will continue to unwaveringly promote sustainability management. To strengthen our ability to create value in the medium-to-long-term, we have set three objectives relating to materiality: "Harmony with nature and contribution to a sustainable future," "Freedom of movement for people around the world," and "Empowering diverse talents for personal fulfillment."

Aisin Group materiality elements

To achieve our management targets for FY2031, we our more rapidly shifting our resources toward growth areas such as electrification and artificial intelligence and further accelerating the adoption of a full-lineup strategy designed to promote a business portfolio transformation focused on increasing earnings from automatic and hybrid transmissions. In addition, we are progressing steadily with balance-sheet reforms centered on reducing operational assets, selling off strategic equity holdings, and trimming global inventories. Cash generated from these initiatives is to be actively directed toward further growth investments and additional shareholder returns. Through these sustainable growth strategies and medium-to-long-term efforts to enhance corporate value, we aim to achieve a P/B of over 1x at the earliest opportunity.

Initiatives for enhancing corporate value



2. Approach to sustainability and related initiatives

The Aisin Group operates under the management philosophy, “Inspiring ‘movement,’ creating tomorrow.” Our mission is to bring freedom and joy to people on the move and ensure the Earth’s beauty in the future. Through dialogue with our stakeholders, we aim to anticipate the concerns and needs of society and to and synergistically promote a sustainable society while enhancing corporate value through our business activities.

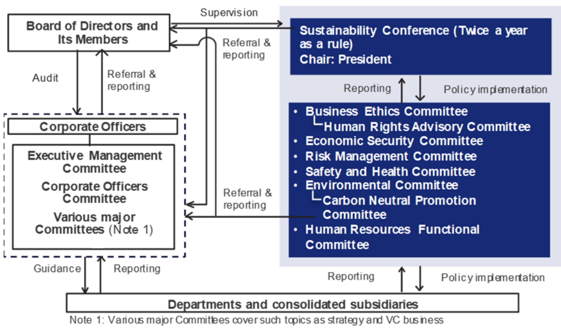
To achieve this goal, the Group has formulated a Charter of Sustainability and selected materialities for our sustainability management. Forward-looking statements are based on the judgment of our group as of the end of the current fiscal year.

(1) General approach and actions

(i) Governance

Twice a year, the Group holds a Sustainability Conference chaired by the President to discuss and set the direction of sustainability-related activities and to manage the progress of activities according to materiality. Each committee incorporates policies decided at the Conference into its activity plans and promotes them to achieve their targets.

Sustainability promotion structure



Sustainability Conference

Frequency of meetings	In principle, twice a year
Chairperson	President
Secretariat	Sustainability Management Section, Corporate Planning Department
Participants	Senior executive officers, regional executive general managers, presidents of major group companies, etc.
Main topics of discussion	Sharing of latest sustainability trends
	Discuss and decide on sustainability policies
	Review of materiality, determination of indicators and targets, and follow-up on progress

Items for the Sustainability Conference and for each of committees are reported at meetings of the Board of Directors. The main items for FY2025 were as follows.

	Board of Directors Items	Classification	Promotion Committee
Sustainability (general)	Revision of Aisin Group Charter of Sustainability	Resolution	• Sustainability Conference
	Materiality Report	Report	
General risk management	Results of the semiannual evaluation of key risks	Report	• Risk Management Committee
Climate change	Energy Value Chain Business Concept and Initiatives	Report	• VC Business Conference • Carbon Neutral Promotion Conference
	Medium-to-long-term business strategy	Report	• Strategic Function Meeting • Carbon Neutral Promotion Conference
Human capital	Human capital strategy	Report	• Human Resources Functional Committee
	Health management	Report	• Safety and Health Committe

In addition, to further incentivize directors to address sustainability issues, the Company has incorporated sustainability KPIs into evaluation procedures for performance-linked compensation. For details, please refer to “IV. Status of the Filling Company, 4. Corporate Governance, (4) Executive remuneration, etc.”

(ii) Strategy

The Group has been working on sustainability management based on materiality elements selected in FY2020, but in January 25, the Group reordered the elements' priorities in response to changes in the business environment and societal demands.

We have identified three high-priority materiality elements and five policy directions supporting their realization and are promoting sustainability management to bring our management philosophy to life.

materiality definition process

The Aisin Group reviews elements of its materiality program via the following process.

Step 1: List general business and ESG-related issues

(Refer to various guidelines and disclosure standards such as ESRS, ISSB, SASB, and GRI.)

Step 2: Identify issues related to Aisin's business activities at employee workshop

Step 3: Narrow down important issues from a management perspective at executive workshop (including outside directors)

Step 4: Vet suitability of materiality–related proposals through engagement with stakeholders (investors, external experts, local residents, suppliers, employees, etc.)

Step 5: Discuss and resolve materiality proposals at the Sustainability Conference; report at the meeting of the Board of Directors and obtain approval

Risks and opportunities

<table>
<tr><th rowspan="2">External factors</th><th rowspan="2">Risks and opportunities affecting Aisin</th><th colspan="2">Materiality</th></tr>
<tr><th>Priority issues</th><th>Paths toward realization</th></tr>
<tr><td>Political</td><td>Risks</td><td rowspan="4">Harmony with nature and contribution to a sustainable future</td><td rowspan="2">Reducing environmental impact across the value chain</td></tr>
<tr><td rowspan="2">Tightening environmental regulations and safety standards
Uncertain energy policy
Multipolarization and instability of the international community</td><td rowspan="5">Slowing growth of the automobile market
Declining demand and sales affecting existing product lines due to electrification
Loss of competitiveness due to inability to respond to technological innovation
Supply chain disruption due to the emergence of geopolitical risk
Receding confidence due to environmental and human rights issues along the value chain
Stagnation of creativity due to traditional thinking patterns
Intensifying competition for human resources</td></tr>
<tr><td rowspan="3">Providing solutions for a clean energy society</td></tr>
<tr><td>Economic</td></tr>
<tr><td rowspan="2">Stagnant growth in developed markets, expansion of emerging markets
Slowing economic growth</td><td rowspan="4">Freedom of movement for people around the world</td></tr>
<tr><td rowspan="2">Creating life-enriching value through mobility</td></tr>
<tr><td>Societal</td><td>Opportunities</td></tr>
<tr><td rowspan="3">Aging society, declining working population
Changing lifestyles and values
Rising expectations for companies to solve social issues</td><td rowspan="6">Flexible product designs tailored to each country's energy market conditions
Economic development aid to the Global South
Enhanced resilience and expanded business opportunities through localization
Added product value through artificial intelligence
Contribution to carbon neutrality and the circular economy
Help with reducing traffic accidents
Cultivation of new businesses
Creation of new value by leveraging staff diversity</td><td rowspan="2">Instilling a corporate culture that embraces challenge</td></tr>
<tr><td rowspan="4">Empowering diverse talents for personal fulfillment</td></tr>
<tr><td rowspan="3">Respecting diversity and growing together</td></tr>
<tr><td>Technological</td></tr>
<tr><td rowspan="2">Digital innovation, including AI
Structural changes in the automotive industry</td></tr>
<tr><td colspan="2">Laying a solid management foundation (safety, quality, compliance, human rights, environment, risk management, governance)</td></tr>
</table>

(iii) Risk management

Sustainability risks are integrated into the companywide risk management. Please refer to “(1) Basic Approach and Policy,” “(2) Promotion Structure,” “(3) Strategy - Advancement of Risk Management,” “(4) Major Initiatives,” and “(5) Determination of Priority Risks” in “3. Business and Other Risks.”

Sustainability-related opportunities are discussed by the Executive Management Committee and various major committees, and important opportunities are discussed and reported to the meeting of the Board of Directors.

(iv) Indicators and targets

FY2031 targets and KPIs are set for materiality elements approved by at the meeting of the Board of Directors, incorporated into specific action plans, and promoted.

We plan to disclose materiality targets and indicators revised in January 2025 with the release of our 103rd Annual Securities Report.

Priority Issues (Materiality), KPIs, and FY2031 targets

	Priority Issue (Materiality)	KPIs	FY2025 results	FY2031 targets
Resolution of social issues through business activities	• Global warming control • Reduction of traffic accidents Provision of safe means of movement and transportation • Promotion of health and welfare	Revenue ratio of products for growing domains (Note 1) that contribute to solving social issues (%) $\frac{\text{Revenue in growing domains + HEV unit revenue}}{\text{Total revenue}}$	41%	58%
		Total number of users of products and services contributing to health and welfare	MAUs (Note 2): 35,700 people	MAUs: 183,400 people
	• Promotion of sustainable industrialization through technological innovation • Reduction of CO_2 emissions • Prevention of contamination • Reduction of environmentally hazardous substances • Resource recycling • Improvement of resource efficiency • Promotion of conversion to clean energy	Ratio of R&D expenses for growing domains	63%	80%
		Life cycle CO_2 emissions reduction rate	(Note 3)	Reduction of 25% or more (compared to FY2020)
		Reduction rate of CO_2 emissions from manufacturing (total, compared to FY2014)	(Note 4)	Reduction of 50% or more (1.386 million t-CO_2/year) (Note 5)
Management foundation supporting activities	• Labor safety and health • Health • Human rights • Promotion of diversity • Job satisfaction reform • Work–life balance • Compliance • Sustainable procurement	Number of serious accidents (Note 6)	Zero	Zero
		Rate of disabling injuries occurring	0.25 (Note 7)	0.05
		Ratio of female managers	2.8% (Note 8)	6.0%
		Job Satisfaction (result of employee awareness survey; 5-point rating)	3.3 points (Note 9)	4.0 points (Group consolidated)
		Number of serious violations of laws and ordinances (Note 10)	Zero	Zero
		Rate of compliance with guidelines through the formulation and rollout of Group-wide global guidelines for suppliers (including FY2031 carbon neutrality target of at least -25% (compared to FY2020))	Completed notification to suppliers in the Group’s five global regions (US, China, Europe, India, and Asia)	100% (Note 1)

Notes: 1. Definition of growing domains is based on the medium-to-long-term business strategy briefing material announced on September 14, 2023, p.8. (https://www.aisin.com/jp/investors/business-briefing/)

2. MAU: Monthly Active Users, number of users who used the service at least once a month.
3. FY2025 results will be disclosed on our sustainability website (https://www.aisin.com/jp/sustainability/).
4. FY2025 results will be disclosed on our sustainability website (https://www.aisin.com/jp/sustainability/).
5. CO_2emissions using the coefficient in the "Seventh Aisin Consolidated Environmental Action Plan"
6. Fatal accidents or accidents in which three or more workers are killed, injured, or become ill on the job at one time.
7. Calculated based on the figures for the 12 companies in the Group (the parent company, AISIN Takaoka, AISIN Chemical, AISIN Keikinzoku, AISIN Development, AISIN Kiko, AISIN Sin'ei, AISIN Fukui, Hosei Brake Industry, ADVICS, AISIN Shiroki, and Art Metal Mfg) that were using the same management indicators as of FY2025 (Note 8)
8. Calculated based on figures for the four major Group companies (the parent company, AISIN Takaoka, AISIN Chemical, and ADVICS), which are managed using common indicators as of FY2025; "managers" defined as those in key positions (section managers) and above.
9. Calculated based on figures for the four major Group companies (the parent company, AISIN Takaoka, AISIN Chemical, and ADVICS), which are managed using common indicators as of FY2025.
10. Criminal acts in violation of serious laws and regulations or acts that ultimately lead to punishment

In the automotive industry, trends toward carbon neutrality, electrification, and artificial intelligence are further accelerating, and the industry's structure is changing profoundly. Our group sees this change as an opportunity and is accelerating the development of growing domains such as electrification and intelligence. Under these circumstances, we recognize that climate change and human capital are important sustainability issues that will affect our corporate value over the medium to long term, and we are working to address them. For details, please refer to sections "(2) Addressing climate change (TCFD recommendations)" and "(3) Human capital" of the current Part.

(2) Addressing climate change (TCFD recommendations)

The Group endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in November 2019 and is running scenario analyses based on its principles. The Group is thus clarifying the risks and opportunities to its business activities posed by climate change and incorporating its responses into its business strategy. It discloses information relevant to this process.

(i) Governance

We have positioned our response to climate change as a key facet of our management strategy and have selected it as a materiality element to be focused on by the entire Group. The Sustainability Conference, the Environmental Committee, and the Carbon Neutral Promotion Committee discuss and report their findings to the Board of Directors and adjust business strategies and plans as necessary.

*For details, please refer to the section "(1) General approach and actions" of the current Part.

(ii) Strategy

We aim to achieve carbon neutrality by 2050 with regard to both our manufacturing processes and products. On the manufacturing side, we will cut energy consumption by applying thorough energy-saving measures and development of innovative production technologies, and introduce and switch to clean energy sources such as renewable energy and new energy.

With respect to products, we will further advance our offerings for electric vehicles, promote the broader adoption of energy and resource recycling systems, and create fresh value by integrating mobility and energy technologies.

We also track transition and physical risks and opportunities associated with climate change based on TCFD definitions and regularly update our response.

Climate change risks and opportunities and the Group's response

Classification	Risk or opportunity type	Impact stage	Impact on our group	Time horizon	Financial Impact	Response
Transition risk	Market	Procurement	Increased procurement costs due to rising demand for low-carbon raw materials and rising prices of necessary raw materials	M	L	• Reduced raw material use through weight reduction and material substitution at the product design stage • Reduced raw material purchases via promotion of a circular economy
	New regulations	Direct operation	Increased costs due to such policies as carbon taxes and the introduction of renewable energy	M	L	• Promotion of energy-saving activities with an eye to minimizing energy use • Introduction of renewable energy sources that capitalize on regional characteristics
		Product demand	Expansion of demand for electric vehicle components due to promotion of electrification and an opposite effect on parts specific to gasoline vehicles	M	L	• Shift in product mix toward electrified vehicles to raise the electrification rate in unit powertrain sales by 2030 • Boost sales of products that support carbon neutrality through electrification of mobility and energy solutions by offering a wide range of products including highly efficient and compact electric units, regenerative brakes, thermal management systems, and aerodynamic devices.
Physical risk	Acute	Direct operation	Increased frequency and severity of weather disasters (heavy rain, typhoons, floods, etc.) causing supply chain disruptions and temporary shutdowns	S	M	• Establishment of action standards and rules in the event of extreme weather events • Enhancement of BCP for procurement and logistics • Identification and regular monitoring of risk locations • Formulate and implement flooding countermeasure plan
Opportunities	Product demand	Products & services	Increased demand for products for electrified vehicles due to promotion of electrification	M	L	• Timely launch of smaller electric units with higher efficiency to improve power consumption • Cost reduction through commonization of units by model and reduction of material usage • Improvement of cruising range of electric vehicles through evolution of regenerative cooperative braking system • Expansion of production capacity for related products
			Creation of new businesses in response to growing demand for products and services that reduce CO_2	M	M	• Launch and secure market share of perovskite solar cells • Sales of bio-molded charcoal derived from coconut shells • Commercialization of technology to immobilize CO_2as calcium carbonate
			Expand demand for energy-saving and low-carbon emission products	M	M	• Further improve efficiency and expand sales of ENE FARM (SOFC), a household fuel cell cogeneration system that contributes to resilience by providing a highly efficient and stable energy supply and independent power generation function during power outages. • Contribute to urban development by promoting decarbonization projects in collaboration with local governments
	Resource efficiency	Direct operation	Reduced energy consumption and procurement costs through increased efficiency	M	L	• Energy conservation through advances in motive power and heat sources and thorough waste reduction • Development of innovative production technologies • Clean energy through CO_2 capture and utilization (methanation, etc.) and introduction of bio-molded coal, etc.

Note: <Time frame> – Short (S): through FY2026, Medium (M): through FY2031, Long (L): through FY2051;
<Financial impact> – Large (L): ¥10 billion or more, Medium (M): ¥1 billion to ¥10 billion,
items with small financial impacts are excluded from the scope of disclosure.

(iii) Risk management

The Risk Management Committee identifies risks that may affect the Group. Of these, climate change risk, which is afforded the highest priority, is overseen by the Environmental Committee and other committees. In addition, the Company examines and reviews its responses to such matters as the laws and regulations of each country, dialogues with stakeholders, external assessments such as by such parties as CDP, and customer trends. At the same time, growing demand for electrification solutions and other CO_2-reducing products and services presents opportunities for the Group, and we incorporate this into our management and business strategies to further enhance corporate value.

(iv) Indicators and targets

FY2031 targets

Production-stage CO_2 emissions (Scope 1,2): Reduce by 50% or more vs FY2014.

Lifecycle CO_2 emissions (Scope 1, 2, 3): Reduce by 25% or more vs FY2020.

FY2036 target

Production-stage CO_2 emissions (Scope 1, 2): carbon-neutral

FY2051 target

Lifecycle CO_2 emissions (Scope 1, 2, 3): carbon-neutral

Actual results (FY2024*)

Production-stage CO_2 emissions (Scope 1, 2): 2.28 Mt-CO_2 (18% reduction vs FY2014)

Lifecycle CO_2 emissions (Scope 1, 2, 3): 25.224 Mt-CO_2 (3% reduction vs FY2020)

FY2025 results will be posted on our sustainability website after third-party verification: (https://www.aisin.com/en/sustainability/) after third-party verification.

(3) Human capital

(i) Human resource development that promotes diversity

The Group believes that every one of its employees has a central role to play and that its strength lies in its community of "workmates," a conceptual role the company positions as the primary tenet of its management philosophy. We encourage employees to grow independently and find satisfaction and happiness in their jobs and lives as they help the Company face the challenge of realizing our management philosophy and business strategy.

During the Company's earlier period of rapid expansion, the primary challenge was to produce results efficiently. In the future, however, it will be necessary to develop and market products that anticipate society's evolving needs rather than simply extend the previous business trajectory. The Company must transform its organization so that can leverage its distinctive longstanding strengths to deliver value proposals quickly and with agility.

We have, therefore, defined human and organizational target conditions for 2030 that are conducive to the Group's promotion of challenges at a global level and staff development that surpasses any rival ensures that everyone can play an active role. We have placed the creation of an open workplace culture at the center of everything while promoting the activities and growth of professional staff, encouraging the acceptance of challenges, and fortifying the capabilities of the entire the Group.

i) Strategy

(a) Promoting activity and growth of professional staff and encouraging the acceptance of challenges

In an age where many questions have no single correct answer, creating value requires the active participation of a diverse range of employees who can identify problems and act autonomously, putting society and our customers first.

We have envisioned an ideal human resource situation in which professional staff are defined as those who help optimize the larger organization by thinking and acting spontaneously from the perspective of their own roles. We support an environment where workers can expand their core professional abilities as we transform our very corporate culture with the aim of developing employees and workplaces prepared to meet challenges. To evaluate our professional staff, in our employee awareness survey we have created a work attitude index that is a key KPI consolidating job satisfaction, professional growth, and the exercise of individual ability.

We have revised our personnel system in stages since 2022 and in April 2025 completed an overhaul of our personnel system, through which we aim to demonstrate and extend the abilities of each employee and encourage all staff to actively contribute. Our approach to this involves stimulating initiative through the clarification of individual roles and themes and promptly rewarding staff for their job responsibilities and achievements. In addition, to increase proactivity, we are promoting managerial changes that maximize the potential of each individual, targeting all managers, and as a result, approximately 60% of managers have effected changes in their subordinates' awareness and behavior.

We continue to promote the participation, growth, and contribution of each of our professionals through such efforts as spreading understanding and awareness of the new personnel system, stimulating initiative through training, and promoting the application of our management philosophy and business strategy in a way that aligns the attainment of individual goals with the optimal direction of progress for the Company.

(b) Strengthening the Group's comprehensive capabilities

To raise competitiveness, the Group is steering away from decentralized management of affiliated companies toward management of the overall Group and is reviewing the roles and positioning of its constituent companies. To hasten this process, in Japan, we are optimizing our organizational layout and staff allocation by reskilling engineers for business restructuring, shifting staff—including officers—across companies and internal organizations and encouraging more interaction among employees. Overseas, to secure the talent needed to support business expansion we are working to develop leaders who can lead collaboration and business growth across organizations and borders and optimally distributing their work assignments within the Group.

We are also promoting diversity and inclusion to ensure continual innovation, provide new value, and secure talent to sustainably support our business. We have designated the ratio of female managers as a key KPI and, in addition to expanding support for balancing work and family life, we are actively creating an environment that facilitates the use of these benefits, such as by achieving 100% male employees taking maternity leave for five consecutive years. The company has been selected by METI and the Tokyo Stock Exchange as a "Nadeshiko Brand" (company dedicated to women's empowerment) for four consecutive years from 2021 to 2024. We are strengthening the activities of women and seniors in particular to ensure that all of our colleagues can keep contributing in the workplace regardless of gender or age. To support the advancement of women, we have widened our perspective from the individual level to an organizational scope and are implementing workstyle reform for managers and assembling a population of candidates for management positions. For senior employees, we are revising the reemployment system to indefinitely reward those who remain active, and we are promoting environmental improvements such as reducing the physical burden of processes at the worksite, adjusting the size of written text, simplifying tasks, and designing processes whose results are consistent regardless of the operator.

ii) Indicators and targets

(a) Promotion of activities, growth, and challenges of professional human resources

Indicators and targets for FY2025 (to be revised in accordance with the new materiality from FY2026)

Indicator	Result (FY2024)	Result (FY2025)	Target (FY2031)
Job satisfaction (from employee awareness survey)	3.4 points	3.3 points	4.0 points

Note: Indicators are rated on a 5-point scale. Job satisfaction is measured by the metrics “job fulfillment” and “job adaptability.”

(b) Raising the Group’s overall strength

Indicator	Result (FY2024)	Result (FY2025)	Target (FY2031)
Ratio of female managers	2.6%	2.8%	6.0%

Note: From the fiscal year ending March 31, 2026, we plan to set a common indicator for the consolidated group.

(ii) Efforts to improve the internal environment

i) Strategy

As a global company, we regard the maintenance and construction of a safe and healthy work environment for all employees on our premises as an important management issue that must be realized at all business sites. We regard the idea that “safety and health takes precedence over everything else” as an important foundation for creating corporate value, and we are committed to improving the safety and health of all our employees.

We are working to eradicate serious accidents and lost time injuries, and are promoting various measures to prevent their recurrence, raise health awareness, and make healthy behavior a habit. We are working to create a workplace environment where employees can work with peace of mind and continue to be physically and mentally healthy and active.

(a) Occupational safety and health

Since FY2021, the Occupational Safety and Health Management System (OSHMS), which enables risk management and performance improvement, has been introduced in our group, including contractors on premises. In response to internal and external issues and requirements of workers and stakeholders, we conduct annual risk and opportunity identification, prioritize issues to be addressed based on the results, reflect them in the Occupational safety and health plan for the following fiscal year, and promote activities to achieve our goals. In addition, based on the results of activities and other variable factors, management reviews are conducted to clarify the direction for the next fiscal year and to improve the level of activities.

(b) Health

Recognizing employee health as a key management priority, we established the “Aisin Group Health Declaration” in April 2021 and have since advanced initiatives to raise health awareness and encourage lasting healthy behaviors across the Group. In response to labor shortages driven by demographic shifts, we are developing a workplace environment that supports continued employment for seniors and women. These efforts are integrated into our strategic roadmap to ensure all employees can perform at their full potential, both physically and mentally.

ii) Indicators and targets

(a) Occupational safety and health

To eradicate serious accidents and lost time injuries, we are promoting thorough activities to prevent recurrence and various measures to raise safety awareness and make safety behavior a habit.

Indicator	Result (FY2024)	Result (FY2025)	Target (FY2031)
Number of serious accidents	Zero	Zero	Zero

(b) Health

In order to realize health management, we have adopted presenteeism performance as an evaluation metric.

Aiming for 85% or more in FY2031, we will promote further improvement of practical skills for early detection and response by workplace supervisors in order to prevent ailments from becoming serious, while taking measures to prevent the occurrence and recurrence of such ailments.

Indicator	Results (FY2024)	Results (FY2025)	Target (FY2031)
Presenteeism performance	83.1%	76.0%	85.0%

Notes: 1. Presenteeism: A condition in which employees go to work while suffering from some illness or symptom, and their ability to perform their work and productivity are impaired. Presenteeism performance: Calculated using the SPQ (University of Tokyo 1-item version). Percentage of employees who feel they were able to demonstrate 80% or more in the past month when the performance they can demonstrate in a healthy state is 100%.

2. As of FY2025, the indexes are different for each group company, so calculations are based on non-consolidated figures for the Company.

3. Business and Other Risks

(1) Basic stance

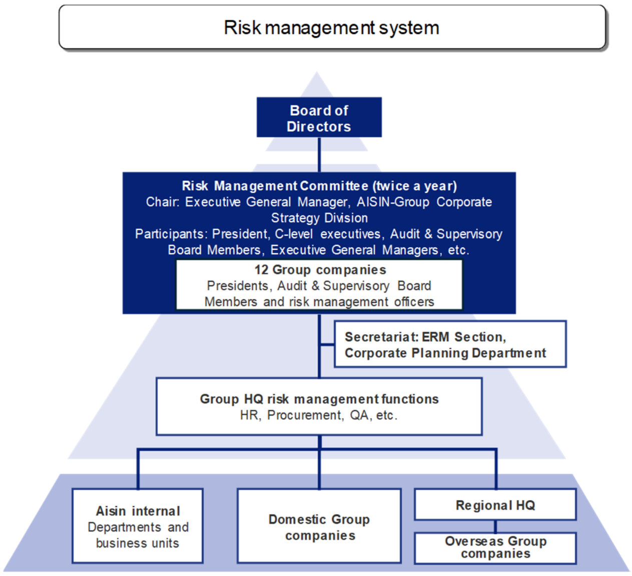
We view risk management and business operations as twin pillars of the Group's corporate management. External conditions evolve rapidly as we implement various management strategies, and the risks facing our business are intensifying. We are strengthening our ability to identify and mitigate risks that may hinder growth and enhancing our business continuity framework.

To support the achievement of our corporate objectives, we work to prevent and control risks with the potential to significantly impact operations. Should such risks materialize, we aim to minimize their effect on management and ensure the company's long-term sustainability, in line with stakeholder expectations.

(2) Promotion system

As part of our risk management framework, we have established a Risk Management Committee comprising the president, C-level executives, Audit & Supervisory Board members ("auditors"), and presidents of the 12 Group companies. The committee identifies and prioritizes risks based on internal incidents as well as external circumstances and trends and directs countermeasures. For each priority risk category, the Group headquarters designates a lead department and appoints someone responsible for managing and promoting countermeasures at each Group company in Japan and overseas, thus reinforcing our ability to respond on a Group-wide basis.

Risk management activities are regularly reported to the Board of Directors, which provides oversight and informs the development of corporate strategies.



(3) Strategy – enhancing risk management

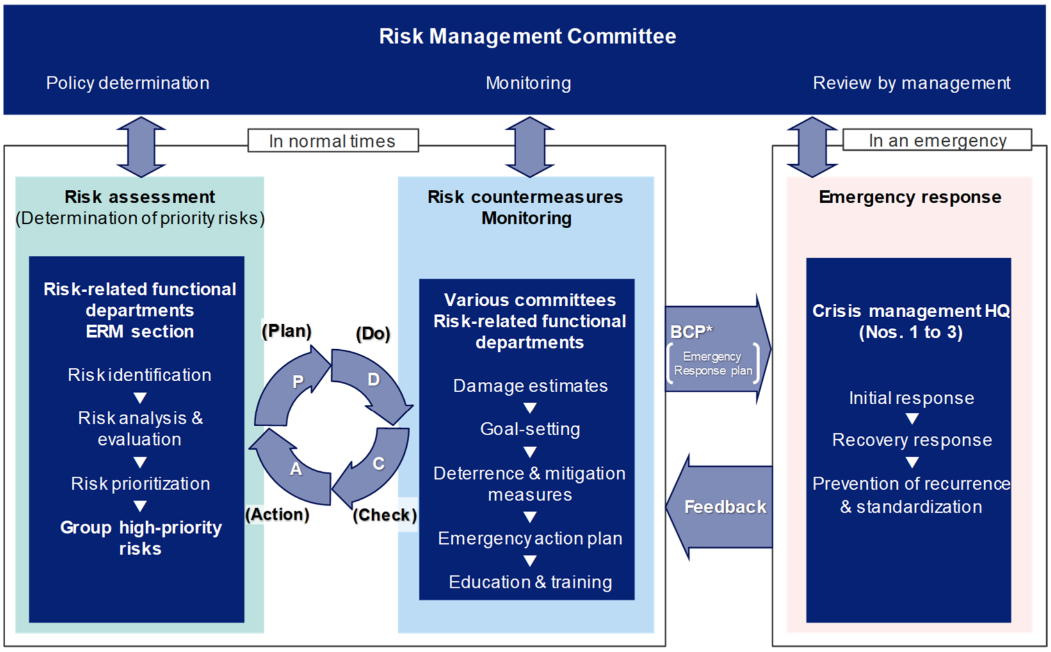
A 1997 fire at our Kariya Plant, which inconvenienced and worried our customers, prompted us to adopt enterprise risk management (ERM) program and take companywide measures to prevent an unfortunate recurrence. The risk landscape facing management has grown more complex, encompassing severe earthquakes, violent rain fronts, and other natural disasters, as well as supply chain disruptions, and geopolitical and economic security challenges.

In response, we have established an integrated risk management process that covers both corporate strategy risks that impede our broader objectives and operational risks that interfere with the smooth running of our business. The goal of our advanced risk management program is to minimize exposure across all risk classes by (a) identifying early signs of increasingly complex threats that endanger citizens' lives and disrupt our business activities, (b) assessing potential impacts, and (c) implementing proactive countermeasures. We are committed to forward-looking risk management practices that correctly gauge the impact of adverse events.

(4) Major initiatives

Based on our risk management process, the Group is working in the normal times to prevent, contain, minimize, and prepare to quickly reverse damage. Moreover, we evaluate the effectiveness of these measures, make improvements, and standardize them, thereby enhancing the effectiveness of these efforts throughout the risk management cycle.

Risk management process – PDCA cycle

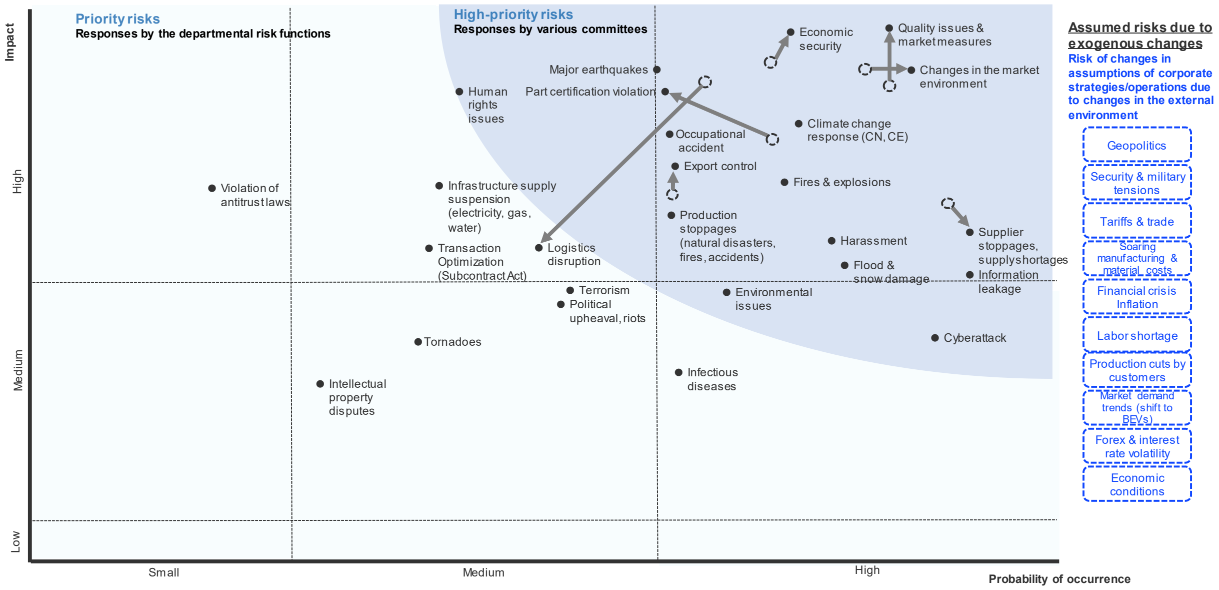


*BCP: Business continuity planning

(5) Determining priority risks

We conduct risk assessments twice a year, drawing on three perspectives: functional expertise from risk-related departments, business-specific insights from Group companies, and regional insights from overseas offices. Each risk is evaluated based on its potential impact, likelihood, and the effectiveness of existing controls. In addition to internal assessments, the Risk Management Committee incorporates external viewpoints, referencing stakeholder concerns—such as those of clients and investors—as well as the Global Risk Report and other findings from specialized sources. Based on this comprehensive analysis, the committee identifies high-priority risks and priority risks. The following section outlines these risks, along with their likelihood, potential impact, and responsible organizations.

FY2025 AISIN Group priority risks



Priority risks & responding organizations

		Risks	Responding organizations
High-priority risks	Corporate strategy risks	Changes in the market environment	Deliberated on by the Management Committee, Strategy Committee, and Executive Committee and promoted by specialized organizations (Corporate Planning Department, Business Strategy Department, Cost Function Management Department / Revenue Planning Department, CN & Environmental Promotion Center, Economic Security Office)
		Economic security	
		Climate change response (CN, CE)	
	Operational risks	Cyberattacks	Promotion by specialized organizations (Information Security Promotion Department)
		Information leakage	
		Environmental issues	Promoted by various committees (Economic Security Committee, Environmental Committee, CN/CE Promotion Committee, Quality Function Committee, Occupational Safety and Health Committee, Business Ethics Committee - Human Rights Experts Committee, Legal & Regulatory Certification Committee, etc.)
		Quality issues & market measures	
		Occupational accident	
		Fires & explosions	
		Human rights issues	
		Harassment	
		Export controls	
		Part certification violations	
		Major earthquakes	Subcommittees of the Risk Management Committee (Disaster Response & Delivery Continuity)
		Flood & snow damage	
		Production stoppages (natural disaster, fire, accident)	
		Supplier stoppages, supply shortages	
Priority risks		Infrastructure supply suspension (electricity, gas, water)	Responded by function risk departments
		Transaction optimization (Subcontract Act)	
		Logistics disruption	
		Violation of antitrust laws	
		Terrorism	
		Political upheaval, riots	
		Tornadoes	
		Intellectual property disputes	
		Infectious diseases	

To the meeting of the Board of Directors Agenda & reporting

(6) Business and other risks

The following discussion outlines key risks, including risks related to assumptions, that may impact the Group's financial position and operating results or influence investors' decision-making. This list is not an exhaustive account of risks facing the Group, and other risks not mentioned here may also arise. Any forward-looking statements made herein reflect the Group's judgment as of the date of submission of the Annual Securities Report.

(i) Economic conditions

A significant portion of the Group's consolidated revenue comes from automotive products, demand for which is closely tied to economic conditions in key markets such as Japan, North America, Europe, China, Thailand, Indonesia, and India. Economic downturns or declines in automotive demand in these regions may adversely affect the Group's financial position and operating results.

To mitigate this risk, the Group closely monitors ongoing global economic trends and shifts in automotive demand, while advancing structural reforms and more rapidly strengthening product competitiveness and groupwide management to build an earnings foundation more resilient to external forces.

(ii) Exchange rate volatility

The Group translates the financial statements of overseas consolidated subsidiaries into yen for consolidated reporting. As a result, even if local currency values remain unchanged, yen-denominated figures may fluctuate depending on exchange rates at the time of conversion. In addition, the conversion to yen of costs and revenues and foreign currency-denominated receivables and payables arising from transactions conducted by the Group in foreign currencies may be affected by exchange rate fluctuations, and appreciation of the yen against other currencies in transactions in which the Group produces goods in Japan for export may reduce the global price competitiveness of the Group's products, which may adversely affect the Group's financial position and operating results.

The Group uses forward contracts, swaps, and options to hedge against foreign exchange risk in accordance with its trading guidelines for derivatives. The Group reduces foreign exchange risk to an acceptable level by measuring forex risk for each currency pair and balancing hedging effectiveness versus cost.

(iii) Financial market volatility

A decline in the market value of the Group's holdings of stocks and other securities as a result of general market weakness or other factors may negatively affect its financial position and operating results. As a rule, the Group does not hold stocks unless they are deemed specifically essential to enhancing corporate value. Strategic shareholdings are maintained when necessary to support joint technological development or strategic business alliances. The Board of Directors regularly reviews the rationale for these holdings and the prospects for their possible reduction. If a holding is no longer considered essential, the Group will reduce it through dialogue with the relevant business partners.

In addition, interest income and expenses from fund procurement and management activities may change depending on market interest rate conditions, which may adversely affect the Group's operating results. The Group is taking measures to integrate the management of its assets and liabilities and to mitigate the risk of interest rate volatility via swaps and other means.

Assumptions about the discount rates and plan assets used as in calculating the Group's defined benefit obligations may differ from actual conditions due to adverse changes in the financial markets, which could result in an increase in said obligations and adversely affect the Group's financial position and operating results. Given that the management of corporate pension fund reserves affects not only stable asset formation on behalf of our employees but also the Group's own financial condition, the Group is enhancing the expertise of its corporate pension fund managers and demonstrating its responsibilities as an asset owner through HR-driven and operational initiatives, including the systematic recruitment and appointment of staff fully versed in the purpose and process of pension fund management. In addition, the Company examines and revises its personnel functions as appropriate in light of government regulations, human resource strategies, and its personnel system.

(iv) Procurement of raw materials and parts

The Aisin Group procures raw materials and parts used in the manufacture of its products from suppliers outside the Group, both in Japan and overseas. We have concluded basic contracts with these suppliers to ensure stable transaction. However, the Group's financial position and operating results may be adversely affected should it become difficult to secure the required volume for the Group's production due to supply capacity constraints caused by recent trade policies in various countries, regulations on specific mineral resources, geopolitical influences, rapid changes in demand, or interruption of supplies due to disasters. In addition, if the prices of raw materials and parts procured by our group rise due to sharp increases in resource, energy, and labor costs, and the Company is unable to absorb the impact through internal efforts or by passing the cost onto sales prices, the Group's financial position and operating results may be adversely affected.

In order to ensure a continuous supply of products to its customers, the Group is striving to strengthen communication with its suppliers, ensure the reliability of its delivery dates, and build a stable and flexible supply chain. In response to natural disasters and fires that interrupt production and sourcing, we are preparing for such contingencies in the normal times and working to ensure a prompt response and recovery in an emergency by, for example, developing a supply chain information management system.

In addition, we actively encourage suppliers to create an environment in which it is easy to discuss price shifting with us, and we negotiate suitable terms with each supplier individually with an eye to avoiding pressure on profits. At the same time, we strive to maintain optimal prices by actively promoting cost reduction through the development of new materials and construction methods and process improvements in cooperation with our suppliers.

(v) Dependence on customers

The automotive parts business, which contributes the majority of the Group's consolidated net sales and profits, counts the world's major automobile manufacturers among its customers. The Group's performance may be affected by factors over which it has no control, such as the business performance and sales and production trends at each automaker. In addition, consolidated revenue attributable to the Toyota group accounted for 68.3% of the Group's total during the fiscal year under review, demonstrating significant financial and operational exposure to the business strategy and purchasing policies of Toyota group companies.

The Aisin Group limits risk by actively cultivating new customer relationships and diversifying its target markets. This effort focuses particularly on electrification products and leverages the Group's manufacturing capabilities and its strength across a broad range of product lines. In addition, by fortifying relationships with existing clients and improving customer satisfaction, the company builds long-term, ongoing partnerships and identifies customer needs and problems as early as possible.

(vi) Price competition

Global price competition in the mainstay automotive parts business is intense. Demand for the Aisin Group's products could decline and product prices may drop if price competitiveness and product superiority cannot be sufficiently maintained to counter such factors as customer requests for price reductions, in-house production of parts by automobile manufacturers, the emergence of new competitors such as electronics manufacturers, or alliances among existing competitors. This could negatively impact the Group's financial position and operating results.

Our Group will secure its superiority by continuing to supply high-quality, high-value-added automotive-related products on a global basis, taking advantage of our "broad product lineup" and "manufacturing capabilities," while building an efficient business structure on a global basis with an eye on the business environment and improving productivity by utilizing IoT and AI. The Product Development Center is also strengthening product and cost competitiveness through competitive product strategy planning and design, quality, and cost planning.

(vii) Product development

The Aisin Group develops products with an eye to providing new value and contributing to a prosperous society. We are confident in our ongoing ability to develop original and attractive new products that are environmentally friendly, fuel efficient, safe, secure, comfortable, and convenient. However, the process of developing and marketing cutting-edge products is inherently complex and uncertain and prone to a variety of risks, including the following.

i) There is no guarantee that we will be able to allocate the necessary funds and resources to invest in new products and technologies in the future.

ii) Long-term investments and large allocations of resources will not necessarily result in successful new products or technologies.

iii) There can be no assurance that the Group will can accurately forecast which new products or technologies will gain market acceptance or to ensure that these products will be successfully marketed.

iv) There is no infallible safeguard to ensure that proprietary intellectual property associated with newly developed products or technologies will be protected.

v) Rapid technological progress and changing market needs may render the Group's products obsolete.

vi) Delayed commercialization of technologies currently under development may prevent the Group from keeping up with market demand.

The above risks and others, as well, combined with the Group's potential inability to adequately anticipate industry and market changes and to promptly develop and market attractive new products, could reduce future growth and profitability and adversely affect the Group's financial position and results of operations.

To achieve consistent growth and support a sustainable society, the Group is working to expand its solution-driven products that contribute to addressing social issues, centering on electrification and artificial intelligence technologies. To expand our product lineup in the electric drive unit, parking assist system, and other segments, we are shifting our development resources away from uncompetitive products that show little potential for growth and toward the control and software areas. We will accelerate product development by increasing efficiency through the application of digital methodologies. Rather than trying to go it alone, we will also speed the development of new businesses by proactively engaging partners from many domains in technological collaboration.

To develop attractive new products, we will build on the strengths of existing products, such as actuators and drive units electrification components, by applying sensing technology and software solutions to achieve integrated control and create intelligent products that offer high added value. As part of the reorganization of the Product Development Center, in April 2025 we have established a new Elemental Product Division that consolidates the development of fundamental components that support product initiatives, accelerate collaboration across all product divisions, and ensure a flexible and effective development process. We are also focusing on energy-related fields and actively developing technologies in the energy domain that promote carbon neutrality.

As part of these initiatives, we will bring together the various technologies of the Group and, while also implementing flexible external collaboration, we will strongly promote the development of attractive products that are unique to Aisin.

(viii) Overseas business development

The Aisin Group is building a global supply system to develop and market high-value-added products in close association with the world's major automobile manufacturers to meet their diverse needs. The following risks are inherent in business operations in the countries or regions where we operate, and any of these events could negatively impact on the Group's financial position and operating results.

i) Unexpected and unfavorable changes in laws, regulations, or taxation systems

ii) Damaging effects on the Group's activities due to inadequate social infrastructure

iii) Adverse political or economic factors

iv) Difficulties in recruiting and retaining talent

v) Social or economic disruption due to terrorism, war, disease, or other factors

Apart from the Group's domestic network, each regional general manager overseeing North, Central, and South America, Europe, China, ASEAN, and India pursues effective countermeasures by sharing information on management risks common to the group and risks that vary by country or region, thereby promoting risk management from a global perspective. In addition, the Group has established a Business Strategy Department within its Corporate Strategy Division to coordinate central and regional business strategies in recognition of business issues in each region and the aforementioned risks. It also collects information on environmental statutes, product safety and quality standards, and import/export regulations as well as economic, political, and social conditions in each country or region where we do business and promptly implements policy measures.

In response to rising geopolitical and economic security risks, including changes in tariffs and import/export regulations due to recently increased political, economic, and military tensions among various countries along with other sudden changes in trade policy, we monitor trends in policy trends, changes in laws and regulations, and other factors in a timely manner. We also maintain a companywide, cross-functional framework under an Economic Security Committee to discuss and promulgate optimal measures to be taken in regard to matters of economic security, including security-related trade controls and sensitive technology management.

(ix) Business investment

To expand its global business, the Aisin Group strives to add corporate value by investing in growth segments and businesses where demand is expected to increase. However, if the market or business environment deteriorates beyond what was anticipated when investment decisions were taken or, if the Group is unable to produce expected cash flows for such reasons as deviation from business plans, impairment losses on property, plant, and equipment and other factors could adversely affect the financial position and operating results of the Group. Furthermore, significant future deterioration in the business environment or in the earnings of our consolidated subsidiaries may affect our assessment of the collectability of deferred tax assets, which may adversely affect the financial position and operating results of the Company and its consolidated subsidiaries.

Amid rapid change in the business environment, the Group is accelerating the transformation of its business portfolio. Specifically, we have positioned electrification and artificial intelligence as growth areas and are working to ensure a flexible response to customer needs while shifting resources we respect to talent, infrastructure, and capital. In addition, the medium-to-long-term direction of the Group and its decision-making processes are deliberated on and any issues resolved at the meeting of the Board of Directors in accordance with its bylaws, while the Executive Management Committee, Corporate Officers Committee, and various functional committees monitor the performance of the Group's companies and important investments and consider the company's future direction and measures to raise performance.

(x) Product defects

To provide customers with high quality products, the Group manufactures a variety of products globally in accordance with its robust quality control systems and standards. However, it cannot be guaranteed that every products will be free from defects or that future recalls will not occur. In addition, although we carry product liability insurance, it is not a surety that this coverage will be sufficient to render any amount of compensation the Company may have to provide. A defect that prompts a large-scale recall or product liability claims could impose significant costs and materially impact the Group's reputation and adversely affect its financial position and operating results.

Our group follows thorough Total Quality Management (TQM) practices on an ongoing basis and globally manages every milestone from planning, product design, production preparation, to mass production according to a strict quality assurance program spanning the entire process. Thus, we foster a manufacturing culture worthy of our customers' trust and focuses on the quality of our operations from their perspective. In addition, we are striving to further improve quality by reinforcing the following items.

- Monitoring of compliance with customer requirements and regulatory certification
- Assessment of elemental technologies for high-risk products and construction methods
- Evaluation and improvement of supplier network in Japan and overseas
- Enhancement of development precision via the use of DX to aid the electrification of priority areas
- Prevention of unacceptable quality problems by identifying and resolving issues at manufacturing sites within the Group and among its suppliers

(xi) Force majeure

The Group assumes the risk of personal and material damage at Group companies due to natural disasters such as strong earthquakes, tornadoes and torrential rains, fires, explosions, occupational accidents, infectious diseases, and the like. If resulting shutdowns disrupt the delivery of products to customers, the financial position and operating result of the Group may be adversely affected, with the Group's factories and business partners in Japan and overseas being particularly affected by stoppages or delays to production and distribution activities caused by local calamities.

To mitigate such risks, the Risk Management Committee, which oversees all Group companies, prioritizes risks that should be specially addressed with extra resources, and works to strengthen our ability to respond to risks. In response to natural disasters that have the potential to cause extensive damage, the Group is working together to prevent crises and minimize damage based on the Crisis Management Guide, which outlines practical guidelines for preparing for emergencies during normal times, and the Learning & Awareness guide, which codifies knowledge gained during past crises.

In particular, to address liquefaction, which caused serious damage in last year's major earthquake, we have established appropriate countermeasures via the application of ground improvement techniques and construction using piles beneath the foundation. We have incorporated these practices into a common manual for the Aisin Group.

At the same time, the entire Group is pursuing measures to deal with the recent rainfall damage caused by violent rain front events that have exceeded our expectations.

We place the highest priority on the health and safety of our employees and their families, our customers, and all other stakeholders, and we will employ every possible measure, including alternative production arrangements and redundant capabilities, to ensure the continued delivery of products and services to our customers in the face of risk events.

(xii) Climate change and environmental issues

Since the Group operates worldwide, we acknowledge our exposure to various climate change-related forces over the medium-to-long term and have selected "response to climate change" as one of our materiality elements. We are also analyzing scenarios in line with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are incorporating climate change countermeasures into our business model. In light of this, we rank the main risks of transition to a decarbonized society as follows:

i) Increased procurement costs due to rising demand for low-carbon raw materials and price hikes for necessary inputs

ii) Increased costs imposed by policies such as carbon taxes and the introduction of renewable energy sources

iii) Rising demand for products used in electric vehicles due to the promotion of electrification and a concomitant decline in demand for products used in ICE vehicles

The Group's response to these risks encompasses both manufacturing techniques and the products themselves.

In the manufacturing domain, we are reducing energy consumption through thorough efficiency measures and the development of innovative production technologies. We are also introducing new clean energy sources such as renewables.

On the product side, we are further advancing the state of components for electric vehicles, promoting recycling of energy and resources, and creating new value through the integration of mobility and energy technologies. For more details, please refer to "2. Approach to sustainability and related initiatives (2) Addressing climate change (TCFD recommendations).

To strengthen our initiatives and maintain zero harmful incidents as we address environmental issues, we are working to implement such themes as constant monitoring of effluent standards, emergency drills based on accident scenarios, and raising awareness of preventative measures by disseminating "iron rules for the environment."

(xiii) Intellectual property rights

In our effort to ensure the superiority and safety of future added-value businesses, the Aisin Group acquires intellectual property (IP) through the creation of new business operations, proprietary technologies, and know-how. At the same time, it mitigates the risk of IP infringement by outside parties.

With regard to the acquisition of IP, in certain countries and regions, legal requirements may partly or fully impede protection of IP rights or invalidate such rights that are already held. As a result, measures to prevent unauthorized use or infringement of the Group's IP by third parties may not be effective. Moreover, since the Group's products implement a wide range of technologies, the Group may incur legal costs in the future due to lawsuits filed by third parties claiming infringement of their intellectual property rights.

To address these risks, the Group has established a department dedicated to IP management and works with related departments to strategically protect its technologies and other intellectual capital through the invocation of patents and other IP protections in defined areas. It also seeks to prevent infringement of third-party intellectual property rights by conducting patent searches and taking other measures. In the event that a lawsuit is filed against us, we respond appropriately by quickly determining the nature of the alleged infringement, validity of the rights claimed, and whether the Company is permitted to use the subject IP.

(xiv) Information security

The Group considers it an important risk management responsibility to protect against such information-related threats as cyberattacks, which are becoming more sophisticated every day, and leaks of proprietary information regarding our internal business, customers, and partners, and we are working to strengthen information security. However, intentional acts, including cyberattacks, or negligence may cause information system failures or leakages of confidential and personal information to outside parties, leading to temporary disruptions of supply chains and other aspects of the business. Such an event could harm the Group's business activities and erode public trust, which could have a negative impact on the Group's financial position and operating results.

In accordance with the Aisin Group Basic Policy on Information Security, the Group is systematically implementing ongoing information security measures in recognition that information assets entrusted to us by our customers and business partners or internal to our business activities are important assets of the Group. To protect the entire Group from cyberattacks, internal fraud, and other risks, we have established a dedicated organization, the Information Security Promotion Department, to implement security policy throughout the Group and to collect, deploy, and respond to security vulnerability information to enable early detection and a prompt response.

In order to respond to recent examples of cyberattacks and internal fraud, we are working to strengthen our defenses by deploying technical solutions throughout the Company, establishing a centralized monitoring system for the entire Group under the Information Security Promotion Department and providing education and training for all employees.

(xv) Compliance

Compliance is fundamental to running our business, but the Group is nevertheless subject to risks related to the actions of regulatory authorities as well as other legal considerations. These risks may be linked to claims for damages, monetary fines by regulatory authorities, or restrictions on the conduct of our business. In addition, changing social conditions and diversifying values and work styles may magnify risks of harassment, antitrust violations, transgressions of export trade regulations, and other behaviors. In the event of a serious compliance violation, the Group's financial position and operating results could be adversely affected by a loss of public trust in the Group that negatively impacts its business.

The Group has published its Aisin Group Charter of Sustainability and Guidelines for Socially Responsible Conduct documents, both of which guide the group and define specific standards of conduct. In addition, the Business Ethics Committee has been established as forum for determining policies and programs pertaining to compliance. The chairs of the Board of Directors, relevant officers, and full-time corporate auditors of the 13 Aisin Group companies monitor the status of compliance activities, including adherence to laws and regulations, and other issues facing the Group. It is also tasked with approving activity policies and implementation items for the following fiscal year. The Board also approves the policies governing the Company's activities and implementation items for the upcoming fiscal year. In the end, it is ultimately our people who drive the Company's actions, and we therefore promote compliance awareness among all our employees through a range of continuous training and educational activities aimed at preventing individual compliance violations related to harassment, antitrust law, export trade controls, and other matters. In addition, we provide priority support to Group companies with high exposure to compliance failures in order to reduce risk to the Group as a whole. Meanwhile, we have established an internal and external whistleblower hotline for the early detection and remediation of problems leading to early resolution.

(xvi) Human rights

The Group regards respect for human rights as fundamental to its global business execution and recognizes that risk factors exist that may affect human rights across the scope of its business activities, including within its supply chain. The manifestation of these risks and a lack of effort to address any that arise could undermine public trust, which could adversely impact the Group's financial position and operating results.

Alongside its Aisin Group Charter of Sustainability, the Company has formulated its Aisin Group Human Rights Policy, which is based on guiding principles promoted by the United Nations. Aisin requests understanding and support for its human rights policy from its supply chain partners by way of its Supplier Sustainability Guidelines. In addition, the Aisin Group's Human Rights Expert Committee approves planned activity, applying due diligence procedures to the issue of foreign workers. This entails providing essential guidance to the Group and its major suppliers through self-checks, study sessions, dialogues, and on-site inspections. We have also established internal and external consultation services and are promoting ongoing efforts, such as participation in the corporate partnership program of the Japan Platform for Migrant Workers towards Responsible and Inclusive Society.

4. Management's analysis of financial condition, results of operations, and cash flows

(1) Overview of Business Results

The following is a summary of the Aisin Group's financial position, operating results, and cash flows (hereinafter referred to as "results") for the fiscal year ended March 31, 2025.

(i) Financial position and operating results

Revenue for the fiscal year decreased by 0.3% from the same period of the previous fiscal year (¥4,909.5 billion) to ¥4,896.1 billion, despite the effects of changes in exchange rates, there was the decrease in sales of powertrain units, etc.

In terms of profit, compared to the same period of the previous fiscal year when quality-related cost was recorded, operating profit increased by 41.5% from ¥143.3 billion to ¥202.9 billion, profit before income taxes increased by 15.7% from ¥149.8 billion to ¥173.4 billion, and profit for the period attributable to owners of the parent increased by 18.5% from ¥90.8 billion to ¥107.5 billion, despite the decrease in revenue and the increase of investments for human capital and the future, there were the effects of changes in exchange rates and the effects of the efforts to improve the corporate structure.

At the end of the fiscal year ended March 31, 2025, assets decreased by 7.7% from the end of the previous fiscal year (¥4,643.0 billion) to ¥4,284.6 billion, mainly due to the decrease in cash and cash equivalents and other financial assets in non-current assets. Liabilities decreased by 8.5% from the end of the previous fiscal year (¥2,240.9 billion) to ¥2,051.3 billion, mainly due to the decrease in bonds and loans payable and deferred tax liabilities. Equity decreased by 7.0% from the end of the previous fiscal year (¥2,402.0 billion) to ¥2,233.2 billion, despite the increase in profit for the period, there were the decrease in marketable securities valuation difference, acquisition of treasury stock and dividends of retained earnings, etc.

Performance by segment is as follows.

i) Japan

Revenue decreased by 1.8% from the same period of the previous fiscal year (¥3,195.2 billion) to ¥3,139.3 billion, due to the decrease in sales of powertrain units, etc. Compared to the same period of the previous fiscal year when quality-related cost was recorded, operating profit increased by 17.7% from ¥62.6 billion to ¥73.6 billion, despite the decrease in revenue and the increase of investments for human capital and the future, there were the effects of changes in exchange rates and the effects of the efforts to improve the corporate structure.

ii) North America

Revenue increased by 8.6% from the same period of the previous fiscal year (¥1,000.5 billion) to ¥1,086.9 billion, due to the effects of changes in exchange rates and the increase in vehicle production. Compared to the same period of the previous fiscal year when quality-related cost was recorded, operating profit increased by 54.4 billion from operating loss of ¥25.1 billion to ¥29.3 billion, due to the increase in hybrid transmissions production, etc.

iii) Europe

Revenue decreased by 21.3% from the same period of the previous fiscal year (¥375.8 billion) to ¥295.9 billion, due to the decrease in sales of powertrain units. Operating profit decreased by 43.3% from the same period of the previous fiscal year (¥7.7 billion) to ¥4.3 billion, due to the decrease in revenue, etc.

iv) China

Revenue decreased by 2.6% from the same period of the previous fiscal year (¥635.3 billion) to ¥618.9 billion, due to the decrease in vehicle production, etc. Operating profit decreased by 11.2% from the same period of the previous fiscal year (¥36.4 billion) to ¥32.3 billion, due to the decrease in revenue.

v) ASEAN and India

Revenue increased by 6.0% from the same period of the previous fiscal year (¥500.1 billion) to ¥530.1 billion, due to the effects of changes in exchange rates and the increase of exportation to North America. Operating profit increased by 5.7% from the same period of the previous fiscal year (¥56.1 billion) to ¥59.3 billion, due to the effect of changes in exchange rates and the effects of the efforts to improve the corporate structure.

Note: The amounts of revenue for each segment include intersegment revenue in addition to revenue from external customers.

(ii) Consolidated Cash Flows

As for the status of cash flows in the current consolidated fiscal year, cash and cash equivalents (hereinafter referred to as “cash”) increased by ¥339.8 billion by operating activities, decreased by ¥146.9 billion by investing activities, decreased by ¥270.2 billion by financing activities, increased by ¥1.6 billion by translation adjustments on cash and cash equivalents, and increased by ¥0.1 billion by changes in cash and cash equivalents included in assets held for sale. As of the end of the consolidated fiscal year, cash and cash equivalents totaled ¥451.6 billion, by the decrease ¥75.5 billion (14.3%) from the end of the previous fiscal year (527.1 billion).

Net cash provided by (used in) operating activities

Net cash provided by operating activities decreased by ¥159.8 billion (32.0%) from the previous fiscal year (¥499.7 billion) to ¥339.8 billion. This decrease was mainly due to the increase by ¥128.2 billion in trade and other receivables.

Net cash provided by (used in) investing activities

Net cash used in investing activities increased by ¥53.7 billion (57.7%) from the previous fiscal year (¥93.1 billion) to ¥146.9 billion. This increase was mainly due to the increase in using cash by the decrease by ¥113.4 billion in proceeds from sales and redemption of investment securities, despite the decrease in using cash by the decrease by ¥22.0 billion in time deposits and the increase by ¥39.9 billion in proceeds from sales of investments accounted for using equity method.

Net cash provided by (used in) financing activities

Net cash used in financing activities increased by ¥58.5 billion (27.6%) from the previous fiscal year (¥211.6 billion) to 270.2 billion. This increase was mainly due to the increase in using cash by the increase by ¥125.0 billion in redemption of bonds and the increase by ¥83.9 billion in acquisition of treasury stock, despite the decrease in using cash by the increase by ¥140.8 billion in loans payable and its repayment.

(iii) Production, orders received, and revenue

i) Production

Breakdown of production by segment for the fiscal year ended March 31, 2025

Segment name	Production (¥ million)	% YoY change
Japan	3,135,829	(2.1)
North America	1,093,598	8.5
Europe	293,146	(21.6)
China	616,458	(2.4)
ASEAN and India	529,788	6.0
Others	37,995	(10.7)
Total	5,706,817	(0.9)

Notes: 1. Amounts are based on revenue prices and before elimination of intersegment transactions.

2. The above amounts include purchases from outside suppliers.

ii) Orders received

In our mainstay automotive parts manufacturing and revenue business, all segments of our group receive orders from Toyota Motor Corporation and other major automobile manufacturers on a prearranged basis with lead times of approximately three months, and commencing production based on establish production schedules based on estimated output capacity.

iii) Revenue performance

Summary of revenue performance by segment for the fiscal year ended March 31, 2025

Segment name	Revenue (¥ million)	% YoY change
Japan	3,139,341	(1.8)
North America	1,086,928	8.6
Europe	295,929	(21.3)
China	618,902	(2.6)
ASEAN and India	530,184	6.0
Others	37,948	(11.0)
Total	5,709,235	(0.7)

Notes 1. Amounts are based on revenue prices and before elimination of intersegment transactions.

2. Revenue to major customers and percentage of total revenue are as follows.

Percentage figures are calculated based on total revenue after elimination of inter–segment transactions.

Customer	FY2025		FY2026	
	Revenue (¥ million)	Percentage	Revenue (¥ million)	Percentage
Toyota Motor Corporation	1,406,717	28.7	1,426,743	29.1

(2) Management's Discussion and Analysis of Operating Results

The following is a summary of the recognition, analysis, and discussion of the Group's operating results from the management's viewpoint.

Forward-looking statements are based on management's assumptions and beliefs as of the date of submission of the Annual Securities Report.

(i) Significant accounting estimates and assumptions used in making such estimates

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to Article 312 of the Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28 of 1976). In preparing consolidated financial statements, management makes judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying management's assumptions are continually reviewed. The effect of a review of accounting estimates is recognized in the accounting period in which the reviewed occurred and in future accounting periods.

Estimates and assumptions mentioned above that have a significant effect on the amounts recognized in the Group's consolidated financial statements are described in V. Accounting Status 1. Consolidated financial statements and other information 1. Consolidated financial statements Notes to consolidated financial statements 2. Basis of preparation (4) Significant accounting judgments, estimates, and assumptions. Forward-looking statements in the text are based on the judgment of our group as of the end of the period under review.

(ii) Analysis of operating results

For the fiscal year ended March 31, 2025 (FY2025), consolidated revenue decreased 0.3% year-on-year, to ¥4,896.1 billion, Operating profit increased 41.5%, to ¥202.9 billion, income before income taxes rose 15.7%, to ¥173.4 billion, and net income attributable to owners of the parent increased 18.5%, to ¥107.5 billion.

Below is an analysis of the factors that had a significant impact on the consolidated statement of income.

i) Revenue

Breaking down the FY2025 revenue figure of ¥4,896.1 billion by business segment, revenue from the automotive parts business was mainly flat versus the previous fiscal year, at ¥4,775.7 billion, which breaks down further as follows. Powertrain-related revenue decreased by 1.6%, to ¥2,680.1 billion, Chassis & Vehicle Safety Systems-related revenue increased by 2.6% to ¥1,014.4 billion, body-related revenue decreased by 0.1%, to ¥937.8 billion, and LBS-related and other revenue increased by 16.1%, to ¥143.2 billion. Additionally, revenue from the energy solutions-related and others decreased by 10.8%, to ¥120.3 billion.

ii) Cost of sales; selling, general, and administrative expenses

Cost of sales decreased 0.6% year-on-year, from ¥4,358.9 billion to ¥4,332.6 billion, and the ratio of cost of sales to revenue decreased from 88.8% to 88.5%. This owed mainly to a decrease in variable expenses as a result of corporate restructuring.

Selling, general and administrative (SG&A) expenses decreased 10.2% year-on-year, from ¥417.7 billion to ¥375.0 billion, and the SG&A ratio decreased from 8.5% to 7.7%, mainly due to lower product warranty expenses.

iii) Other income and expenses

Other income increased 25.5% year-on-year, from ¥28.7 billion to ¥36.1 billion, mainly due to an increase in gains on the sale of fixed assets.

Other expenses increased 17.7% year-on-year, from ¥18.3 billion to ¥21.5 billion.

iv) Financial income and expenses

Financial income increased 19.7% year-on-year, from ¥25.4 billion to ¥30.4 billion.

Financial expenses increased 368.8% year-on-year, from ¥10.5 billion to ¥49.4 billion, mainly due to an increase in foreign exchange losses.

v) Equity in earnings of affiliates, gain or loss on sale of equity investments

Equity in earnings of affiliated companies increased by ¥14.0 billion year-on-year, from a loss of ¥8.4 billion to a gain of ¥5.6 billion, mainly due to a decrease in impairment losses on equity-method investments.

The Company recorded as a loss on the sale of investments accounted for under the equity method of ¥16.2 billion due to the sale of all shares held by the Group in EXEDY Corporation and Exedy America Corporation, which were equity method affiliates.

vi) Income tax expense

Income tax expense for FY2025 increased 32.8% year-on-year, from ¥37.0 billion to ¥49.2 billion.

vii) Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests for FY2025 decreased by 24.4% year-on-year, from ¥21.9 billion to ¥16.6 billion.

viii) Net income attributable to owners of the parent

Net income attributable to owners of the parent for FY2025 increased by 18.5% year-on-year, from ¥90.8 billion to ¥107.5 billion, and basic earnings per share also increased, from ¥112.31 to ¥137.81.

(iii) Capital resources and liquidity of funds

i) Cash flows

An analysis of cash flows for the fiscal year ended March 31, 2025 (FY2025) is presented in 1. Overview of Business Results (2) Cash Flows.

ii) Funding requirements

The Group’s funding requirements are mainly concerned with capital expenditures and R&D investments in growth areas, most notably in BEV products, brakes, and safe and comfortable entry.

The Group may pursue long-term financing if it anticipates funding requirements associated with capital expenditures and R&D investments necessary for sustainable future growth.

iii) Financial strategy

To maximize corporate value, the Aisin Group aims to build fruitful relationships with all stakeholders and achieve long-term, stable growth and development.

The basic policy of the Group’s capital policy is to balance financial security and capital efficiency so as to position itself to readily raise funds at low cost and to enhance corporate value. We use the capitalization ratio (Note 1) as an indicator and believe that our capital structure is generally optimized when this metric is 25% to 30%.

With regard to financial security, we are guided by credit rating agency evaluations and strive to maintain high credit ratings so that we can remain agile in our ability to procure funds at low cost. On the other hand, with regard to capital efficiency, to the extent that we can maintain our credit rating, we prioritize debt financing and minimize equity, thereby reducing our overall cost of capital. In addition, by introducing cash management services (CMS; Note 2), we are realizing our financial strategy on a consolidated basis and effectively employing funds within our group.

Notes: 1. This indicator shows the balance between interest-bearing debt and equity (net assets)

(interest-bearing debt / (interest-bearing debt + total equity))

2. A method or mechanism for efficient consolidated operations and fund management in which the parent or core company centrally manages the funds of group companies by establishing dedicated accounts within a common bank.

iv) Fund procurement

The Company’s basic policy is to secure stable and low-cost sources of funding.

In procuring funds, the Company selects and executes the most appropriate funding options while accounting for market trends and other factors and sets financing terms that help maintain average remaining maturities and equalize repayment terms. In addition, the Group maintains high credit ratings and has established broad and favorable relationships with financial institutions and investors as it strives to maintain and pursue cost-competitive funding arrangements.

Of the ¥629.8 billion in bonds and loans payable outstanding at the end of the fiscal year, ¥252.5 billion was financed by hybrid bonds and hybrid loans, and the rating agencies have classified ¥126.2 billion, or 50% of the balance, as equity credit.

The Company strives to secure sufficient liquidity not only through cash and deposits but also through commitment line agreements that permit timely responses to various risks affecting the management of the Company.

(iv) Management policies and strategies, objective indicators for judging the achievement of management targets, etc.

Objective indicators to judge the achievement status of management policy, management strategy, and management targets are as described in 1. Management Policy, Business Environment, and Issues to be Addressed, etc. (2) Targeted Management Indicators. In fiscal year under review, the Company achieved an operating profit margin of 4.1% and Return on Invested Capital (ROIC) of

7.1% as a result of efforts to reduce existing business assets and inventory reduction on a global basis.

Efforts to achieve this goal are described in “1. Management Policy, Business Environment, and Issues to be Addressed, etc. (3) Medium-to-long-term management strategies and issues to be addressed.”

5. Significant Contracts, etc.

No applicable information available.

6. Research and Development

In line with Aisin's management philosophy, which is embodied in the motto, "Inspiring 'Movement,' Creating Tomorrow," the Group aims to address social issues and help realize a sustainable society by combining our technological and *monozukuri* (manufacturing) capabilities through our business activities.

In creating electric vehicle components as a means to achieving carbon neutrality, we have established a development system capable of providing a full lineup of eAxle, plug-in hybrid, and hybrid electric units to meet a wide range of regionally varied customer needs and energy situations. We have positioned eAxle as our most vital product and, since the first generation eAxle entered mass production in 2022, we have been developing new products to achieve higher efficiency and improved compactness at lower cost, while continuing to respond to diversifying customer specifications. In addition to X-in-1 eAxle, which combines multiple parts and functions into a single unit, thermal management devices, battery skeleton and gigacast parts, aerodynamic devices, cooperative regenerative braking systems, active rear steering systems, and so on. We are integrating the development of technologies that improve fundamental performance in "Driving," "Turning," and "Stopping" from a whole-vehicle perspective.

In the area of safe, comfortable, and convenient transportation equipment that makes mobility more exciting, we are promoting advancement in such technological areas as peripheral monitoring and vehicle interior sensing based on our lineup of sensing and actuation technologies to produce door systems, driver monitoring systems, and automatic parking systems, and the like. We will continue to provide solutions centered around stress-free entry and comfortable mobility by evolving our interior and exterior vehicular sensing technologies and applying artificial intelligence and other advanced approaches to assessing conditions inside and outside the vehicle.

In our effort to add value by developing intelligent automobiles, we are further advancing hardware technologies related to the Group's wide range of products and the software technologies we have thus far cultivated, including peripheral monitoring, electronic control, and navigation technologies, in order to provide solutions that enable the integrated control of various functions through software that enables stress-free entry and comfortable driving ergonomics. We will add new automotive value by pursuing energy efficiency, safety, comfort, and driving through the integrated software-driven control of various functions. In addition, by leveraging our capabilities in geolocation information usage and analysis, platform technologies, and software development expertise cultivated through our car navigation system business, we will contribute to the resolution of various societal challenges by offering mobility-related solutions, such as logistics support, road maintenance and management, and regional mobility support, in the form of software and services.

In the energy solutions segment, we are working to create new value based on our past development experience with ENE-FARM and gas cogeneration systems, as well as developing, in collaboration with various universities and research institutes, hydrogen-based fuel cell-related technologies and perovskite solar cells that generate clean energy.

The Company and its major subsidiaries located in Japan play a central role in the Group's R&D activities, and the Group conducts R&D globally in collaboration with overseas bases and advanced research institutions.

Research and development expenditure totaled ¥236.8 billion in the fiscal year ended March 31, 2025, and reflected R&D activities in growth areas centering on adding value through the augmentation of our product range with electrification and intelligence.

III. Information about Facilities

1. Overview of equipment investments, etc.

While controlling total investment through the introduction of flexible production lines and the repurposing of existing facilities, the Group also allocated investments toward growth areas by reviewing its business portfolio. As a result, the equipment investments during the fiscal year under review totaled ¥223,738 million. The components by segment is as follows.

Segment name	Equipment investment (Millions of yen)	Main equipment investments
Japan	128,724	Automotive parts manufacturing equipment, carbon neutrality-related investments, and digital transformation (DX) investments
North America	40,135	Automotive parts manufacturing equipment, etc.
Europe	8,791	Automotive parts manufacturing equipment, etc.
China	17,114	Automotive parts manufacturing equipment, etc.
ASEAN and India	28,468	Automotive parts manufacturing equipment, etc.
Other	504	Automotive parts manufacturing equipment, etc.
Total	223,738	–

Note: The necessary funds were provided through internal reserves and borrowings.

There were no significant retirements, sales, etc. of facilities in the fiscal year under review.

2. Major facilities

The major facilities of the Group are as follows.

(1) Filing company

As of March 31, 2025

Facility name (Location)	Segment name	Details of facilities	Carrying amount (Millions of yen)					Number of employees
			Buildings and structures	Machinery and vehicles	Land [Area in thousand m^2]	Other	Total	
ANJO PLANT 1, ANJO PLANT 2 (Anjo, Aichi)	Japan	Powertrain-related and other manufacturing equipment	8,083	26,516	1,954 [278]	15,182	51,735	3,262
NISHIO PLANT (Nishio, Aichi)	Japan	Powertrain-related and other manufacturing equipment	15,133	17,255	5,293 [359]	8,714	46,397	1,991
HANDA PLANT (Handa, Aichi)	Japan	Chassis & vehicle safety systems, LBS-related manufacturing equipment	3,491	15,627	3,553 [265]	4,870	27,543	1,960
TAHARA PLANT (Tahara, Aichi)	Japan	Powertrain-related manufacturing equipment	4,027	7,566	8,559 [241]	945	21,099	2,146
OKAZAKI EAST PLANT (Okazaki, Aichi)	Japan	Powertrain-related manufacturing equipment	7,978	4,166	5,702 [209]	304	18,152	2,160
ANJO PLANT (Anjo, Aichi)	Japan	Energy solutions-related manufacturing equipment	7,584	1,284	8,325 [129]	348	17,542	221
SHINTOYO PLANT (Toyota, Aichi)	Japan	Body-related manufacturing equipment	3,698	8,662	706 [123]	3,452	16,520	1,172
OKAZAKI PLANT (Okazaki, Aichi)	Japan	Powertrain/LBS-related manufacturing equipment	3,728	4,221	6,973 [116]	876	15,800	2,001

Note: From the fiscal year under review, we have been reviewing the content disclosed for ANJO PLANT 1 and ANJO PLANT 2.

(2) Domestic subsidiaries

As of March 31, 2025

Company name	Facility name (Location)	Segment name	Details of facilities	Carrying amount (Millions of yen)					Number of employees
				Buildings and structures	Machinery and vehicles	Land [Area in thousand m²]	Other	Total	
AISIN TAKAOKA CO., LTD.	Head office plant (Toyota, Aichi)	Japan	Casting equipment and others	10,091	12,535	12,917 [402]	2,709	38,254	1,457
AISIN KEIKINZOKU Co., Ltd.	Head office plant (Imizu, Toyama)	Japan	Casting equipment and others	6,007	17,653	589 [230]	8,931	33,182	1,523
AISIN KIKO Co., LTD	KIRA PLANT (Nishio, Aichi)	Japan	Powertrain -related manufac-turing equipment	4,448	12,063	6,077 [181]	2,205	24,794	1,919
AISIN FUKUI Corporation	Head office plant (Echizen, Fukui)	Japan	Powertrain -related manufac-turing equipment	10,803	10,100	4,204 [237]	1,544	26,653	2,430
ADVICS CO., LTD.	KARIYA PLANT (Kariya, Aichi)	Japan	Chassis & vehicle safety systems-related and other manufac-turing equipment	4,698	8,953	3 [91]	12,411	26,067	1,307
	HANDA PLANT (Handa, Aichi)	Japan	Chassis & vehicle safety systems-related and other manufac-turing equipment	21,992	42,959	1,009 [59]	4,249	70,211	2,121

(3) Foreign subsidiaries

As of March 31, 2025

Company name	Facility name (Location)	Segment name	Details of facilities	Carrying amount (Millions of yen)					Number of employees
				Buildings and structures	Machinery and vehicles	Land [Area in thousand m^2]	Other	Total	
AISIN North Carolina Corporation	Head office plant (North Carolina, USA)	North America	Powertrain-related manufacturing equipment	5,964	14,654	965 [676]	16,687	38,272	1,326
AISIN Texas Corporation	Head office plant (Texas, USA)	North America	Powertrain-related manufacturing equipment	17,972	12,713	715 [646]	4,058	35,460	890
ADVICS Manufacturing Ohio, Inc.	Head office plant (Ohio, USA)	North America	Chassis & vehicle safety systems-related manufacturing equipment	6,487	13,374	351 [248]	1,177	21,390	948
Aisin U.S.A. Mfg., Inc.	Head office plant (Indiana, USA)	North America	Body-related manufacturing equipment	2,960	11,680	393 [422]	3,481	18,516	1,805
TANGSHAN AISIN GEAR CO., LTD.	Head office plant (Tangshan, Hebei, China)	China	Powertrain-related manufacturing equipment	2,573	13,721	– [201]	8,412	24,707	1,496
AISIN SUZHOU CO., LTD.	Head office plant (Suzhou, Jiangsu, China)	China	Powertrain-related and other manufacturing equipment	6,539	14,214	– [182]	271	21,025	785
ZHEJIANG GEELY AISIN AUTOMATIC TRANSMISSION CO., LTD.	Head office plant (Ningbo, Zhejiang, China)	China	Powertrain-related and other manufacturing equipment	4,638	15,072	– [144]	86	19,797	346
AISIN Powertrain (Thailand) CO., LTD.	Head office plant (Chonburi, Thailand)	ASEAN and India	Powertrain-related and other manufacturing equipment	8,411	5,296	1,880 [213]	661	16,249	859

3. Planned additions, retirements, etc. of facilities

The Group's equipment investment plans are formulated based on a comprehensive assessment of factors such as customer production trends, business competitiveness, rationalization, research and development investment, and the ratio of investment to profit and cash flow. When executing equipment investments, the Group flexibly and appropriately reviews the content and timing of such investments, taking into consideration market trends, business performance, and funding plans.

The planned equipment investment amount is ¥280 billion. This includes expanded investments aimed at sustainable future growth, focusing on new products in growth areas such as BEV-related products, brakes, and safe and comfortable entry systems, as well as investments related to carbon neutrality and digital transformation (DX). The components by segment is as follows.

Segment name	Planned investment amount (Millions of yen)	Main equipment investments
Japan	143,000	Automotive parts manufacturing equipment, carbon neutrality-related investments, and digital transformation (DX) investments
North America	40,000	Automotive parts manufacturing equipment
Europe	35,000	Automotive parts manufacturing equipment
China	28,500	Automotive parts manufacturing equipment
ASEAN and India	33,000	Automotive parts manufacturing equipment
Other	500	Automotive parts manufacturing equipment
Total	280,000	–

IV. Status of the Filing Company

1. Information about shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of authorized shares
Common stock	2,100,000,000
Total	2,100,000,000

(ii) Issued shares

Class	Number of shares issued as of the end of the fiscal year (March 31, 2025)	Number of shares issued as of the filing date (June 16, 2025)	Name of listed financial instruments exchange or registered or licensed financial instruments firms association	Description
Common stock	809,023,902	759,023,902	Tokyo Stock Exchange Prime Market Nagoya Stock Exchange Premier Market	The number of shares constituting one unit 100 shares
Total	809,023,902	759,023,902	–	–

Note: The decrease of 50,000,000 shares in the number of issued shares of common stock was due to the cancellation of treasury stock conducted on May 30, 2025, based on the resolution of the Board of Directors meeting held on April 25, 2025.

(2) Share acquisition rights, etc.

(i) Description of stock option plan

There are no applicable items.

(ii) Description of rights plan

There are no applicable items.

(iii) Other information about share acquisition rights

There are no applicable items.

(3) Exercise status of bonds with share acquisition rights containing a clause for exercise price adjustment

There are no applicable items.

(4) Changes in number of issued shares, share capital, etc.

Date	Change in total number of issued shares (Thousands of shares)	Balance of total number of issued shares (Thousands of shares)	Amount of change in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Amount of change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
July 31, 2024 (Note 1)	(25,000)	269,674	–	45,049	–	62,926
October 1, 2024 (Note 2)	539,349	809,023	–	45,049	–	62,926

Notes:
1. Based on the resolution of the Board of Directors meeting held on June 27, 2024, treasury stock was cancelled on July 31, 2024, resulting in a decrease of 25,000 thousand shares in the total number of issued shares.
2. Based on the resolution of the Board of Directors meeting held on June 27, 2024, a stock split was conducted at a ratio of three shares for each share of common stock on October 1, 2024, resulting in an increase of 539,349 thousand shares in the total number of issued shares.
3. Based on the resolution of the Board of Directors meeting held on April 25, 2025, treasury stock was cancelled on May 30, 2025, resulting in a decrease of 50,000 thousand shares in the total number of issued shares.

(5) Shareholding by shareholder category

As of March 31, 2025

Category	Status of shares (Number of shares per unit: 100 shares)								Status of shares less than one unit (Shares)
	Government and municipality	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals, etc.	Total	
					Non-individuals	Individuals			
Number of shareholders (Persons)	–	122	39	1,336	604	68	57,453	59,622	–
Number of shares held (Units)	–	2,305,923	308,145	2,232,945	1,540,995	983	1,697,983	8,086,974	326,502
Shareholding ratio (%)	–	28.51	3.81	27.61	19.06	0.01	21.00	100.00	–

Note: The number of shares of treasury stock is 51,362,870 shares, which includes 513,628 units under the category "Individuals, etc." and 70 shares under the category "Status of shares less than one unit."

(6) Major shareholders

As of March 31, 2025

Name	Address	Number of shares held (Thousands of shares)	Ratio of shares held to total number of issued shares (excluding treasury stock) (%)
Toyota Motor Corporation	1 Toyota-cho, Toyota-shi, Aichi	161,828	21.35
The Master Trust Bank of Japan, Ltd. (trust account)	1-8-1 Akasaka, Minato-ku, Tokyo	74,064	9.77
Custody Bank of Japan, Ltd. (trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	43,879	5.79
Toyota Industries Corporation	2-1 Toyoda-cho, Kariya-shi, Aichi	23,239	3.06
Aisin employee stock ownership	2-1 Asahi-machi, Kariya, Aichi	20,531	2.70
Toyota Fudosan Co., Ltd.	4-7-1 Meieki, Nakamura-ku, Nagoya-shi, Aichi	19,034	2.51
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1-6-6 Marunouchi, Chiyoda-ku, Tokyo (1-8-1 Akasaka, Minato-ku, Tokyo)	18,900	2.49
Kochi Shinkin Bank	2-4-4 Harimaya-cho, Kochi-shi, Kochi	17,955	2.36
JPMorgan Securities Japan Co., Ltd.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	15,934	2.10
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, USA (2-15-1 Konan, Minato-ku, Tokyo)	10,371	1.36
Total	–	405,738	53.55

Note: All shares held by The Master Trust Bank of Japan, Ltd. (trust account) and Custody Bank of Japan, Ltd. (trust account) are related to their trust business.

(7) Voting rights

(i) Issued shares

As of March 31, 2025

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury stock, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury stock, etc.)	Common stock 51,362,800	–	–
Shares with full voting rights (Other)	Common stock 757,334,600	7,573,346	–
Shares less than one unit	Common stock 326,502	–	Shares less than one unit (100 shares)
Total number of issued shares	809,023,902	–	–
Total number of voting rights	–	7,573,346	–

Note: Based on the resolution of the Board of Directors meeting held on June 27, 2024, a stock split was conducted at a ratio of three shares for each share of common stock on October 1, 2024. As a result, the total number of issued shares increased by 539,349,268 shares to 809,023,902 shares.

(ii) Treasury stock, etc.

As of March 31, 2025

Shareholder's name	Address of shareholder	Number of shares held under own name	Number of shares held under the name of others	Total number of shares held	Proportion of number of shares held against total number of issued shares (%)
AISIN CORPORATION	2-1 Asahi-machi, Kariya, Aichi	51,362,800	–	51,362,800	6.35
Total	–	51,362,800	–	51,362,800	6.35

Note: Based on the resolution of the Board of Directors meeting held on June 27, 2024, a stock split was conducted at a ratio of three shares for each share of common stock on October 1, 2024.

2. Acquisition and disposal of treasury stock

Type of shares, etc.: Acquisition of common stock as stipulated in Article 155, item (iii) of the Companies Act, and acquisition of common stock as stipulated in Article 155, item (vii) of the Companies Act

(1) Acquisition by resolution at the General Meeting of Shareholders

There are no applicable items.

(2) Acquisition by resolution at the Board of Directors meeting

Category	Number of shares	Total value (Yen)
Resolution of the Board of Directors of June 27, 2024 (Acquisition period: July 17, 2024 to March 31, 2025)	51,000,000	100,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2025	–	–
Treasury stock acquired during the fiscal year ended March 31, 2025	51,000,000	83,908,414,900
Total number and total amount of shares remaining as balance of resolved number of shares to be purchased	–	16,091,585,100
Percentage of treasury stock yet to be acquired as of March 31, 2025 (%)	–	16.1
Treasury stock acquired between the end of the reporting period and the filing date of this securities report	–	–
Percentage of treasury stock yet to be acquired as of filing date (%)	–	16.1

Note: On October 1, 2024, the Company executed a one-for-three stock split of each common stock. The number of shares shown in the table reflects the post-split adjusted figures.

Category	Number of shares	Total value (Yen)
Resolution of the Board of Directors of April 25, 2025 (Acquisition period: May 1, 2025 to March 31, 2026)	130,000,000	120,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2025	–	–
Treasury stock acquired during the fiscal year ended March 31, 2025	–	–
Total number and total amount of shares remaining as balance of resolved number of shares to be purchased	–	–
Percentage of treasury stock yet to be acquired as of March 31, 2025 (%)	–	–
Treasury stock acquired between the end of the reporting period and the filing date of this securities report	–	–
Percentage of treasury stock yet to be acquired as of filing date (%)	100.0	100.0

(3) Acquisition not based on resolution at the General Meeting of Shareholders or Board of Directors meeting

Category	Number of shares	Total value (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2025	3,964	6,765,743
Treasury stock acquired between the end of the reporting period and the filing date of this securities report	273	437,917

Notes:
1. On October 1, 2024, the Company executed a one-for-three stock split of each common stock. The number of shares shown in the table reflects the post-split adjusted figures.
2. Treasury stock acquired during the period from the end of the reporting period to the filing date of this securities report does not include shares acquired through the purchase of shares less than one unit between June 1, 2025 and the filing date.

(4) Disposal of acquired treasury stock and number of shares of treasury stock held

Category	Fiscal year ended March 31, 2025		During the period from the end of the reporting period to the filing date of this securities report	
	Number of shares	Total value of disposal (Yen)	Number of shares	Total value of disposal (Yen)
Acquired treasury stock for which subscribers were solicited	–	–	–	–
Acquired treasury stock that was cancelled	75,000,000	129,233,805,954	50,000,000	82,363,960,544
Acquired treasury stock that was transferred in connection with mergers, share exchanges, share deliveries, or company splits	–	–	–	–
Other				
(Disposal of treasury stock as restricted stock remuneration)	62,274	107,367,820	–	–
(Transfer through sale requests of shares less than one unit) (Note 1)	584	996,033	35	57,655
Number of treasury stock held (Note 2)	51,362,870	–	1,363,108	–

Notes: 1. On October 1, 2024, the Company executed a one-for-three stock split of each common stock. The number of shares shown in the table reflects the post-split adjusted figures.

2. The treasury stock disposed of during the period from the end of the reporting period to the filing date of this securities report does not include shares transferred through the sale of shares less than one unit between June 1, 2025 and the filing date.

3. The number of treasury stock held during the period from the end of the reporting period to the filing date of this securities report does not include shares acquired or transferred through the purchase or sale of shares less than one unit between June 1, 2025 and the filing date.

3. Dividend policy

With a basic policy of providing stable and continuous shareholder dividends over the medium to long term, we will strive to enhance shareholder returns, such as through flexible treasury stock acquisitions, aimed at further increasing corporate value and capital efficiency.

Our fundamental policy is to distribute surplus twice a year through interim and year-end dividends. The decision-making body for these dividend distributions is the Board of Directors, in order to enable the flexible implementation of capital and dividend policies.

For FY2025, we declared an interim dividend of ¥90 per share and a year-end dividend of ¥30 per share. Please note that the Company executed a one-for-three stock split of each common stock on October 1, 2024. The year-end dividend per share for FY2025 is stated based on the post-split amount. Without considering the stock split, the year-end dividend for FY2025 would have been ¥90 per share, and the total annual dividend would have been ¥180 per share.

Internal reserves will be allocated to growth investments aimed at expanding our business portfolio, maximizing earnings, and strengthening our management foundation.

Dividends of surplus with record dates falling within the fiscal year under review are as follows.

Date of resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
Resolution at the Board of Directors meeting held on October 31, 2024	23,402	90
Resolution at the Board of Directors meeting held on April 25, 2025	22,729	30

Notes: 1. The Company's Articles of Incorporation provide that, by resolution of the Board of Directors, the Company may pay an interim dividend as prescribed in Article 454, Paragraph 5 of the Companies Act, with September 30 of each year as the record date.

2. The Articles of Incorporation also stipulate that, pursuant to Article 459, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, determine the distribution of surplus and other related matters.

3. The Company executed a one-for-three stock split of each common stock on October 1, 2024. The per-share dividend amount resolved at the Board of Directors meeting held on October 31, 2024, is stated based on the amount prior to the stock split.

4. Corporate Governance

(1) Overview of corporate governance

(i) Basic stance on corporate governance

Based on the Aisin Group Philosophy, we aim to build firm relationships with all stakeholders to maximize corporate value and achieve stable growth and development over the long term.

To realize this goal, it is important for management to act in a fair and highly transparent manner to ensure the Company is regarded as a corporate citizen trusted by the international community. We are, therefore, working to enhance corporate governance based on the following fundamental policies.

i) We respect the rights and ensure equality of shareholders and strive to create an environment for the appropriate exercise and protection of these rights.

ii) We strive to cooperate with stakeholders who are not shareholders (customers, suppliers, employees, local communities, etc.) in a socially sensible and sincere manner.

iii) We work to ensure transparency by appropriately disclosing information in accordance with laws and regulations and to proactively disseminate information beyond what is required by laws and regulations.

iv) We endeavor to appropriately fulfill the roles and responsibilities of the Board of Directors in order to ensure transparent, fair, and flexible decision-making.

v) We engage in constructive dialogue with shareholders based on a shared understanding of the Company's direction in its quest for long-term, stable growth.

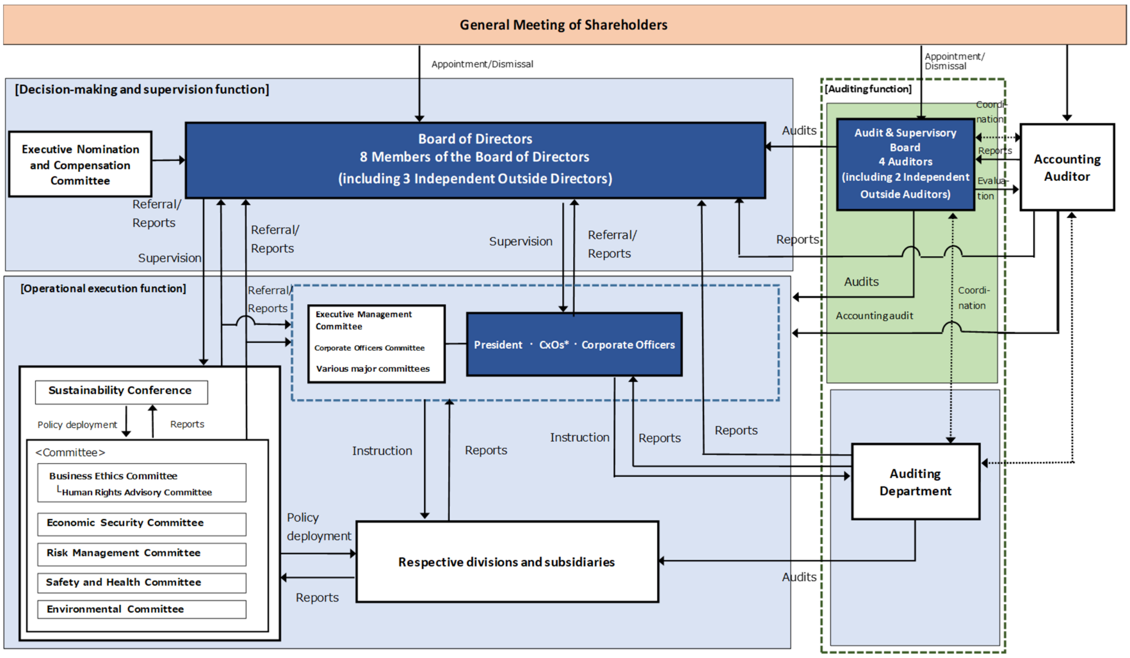
(ii) Corporate governance structure and reasons for its adoption

Under the Audit & Supervisory Board system, the Company is strengthening supervision of its business execution by directors and senior executive officers. The Board of Directors, of whose members at least one-third must be independent outside directors, provides oversight, while the Audit & Supervisory Board, half of whose members are independent outside auditors, conducts audits while leveraging features of the Audit & Supervisory Board system, such as the independence of Audit & Supervisory Board members ("corporate auditors"), independent appointment procedures, and the appointment of full-time corporate auditors. Furthermore, to enhance the independence and objectivity of the Board of Directors, the nomination and remuneration of directors and senior executive officers are reviewed and discussed by the Executive Nomination & Compensation Committee, chaired by an independent outside director and consisting of a majority of independent outside directors, before being submitted to the Board of Directors.

We have adopted the current system because we believe it is important to assure timely and accurate management execution based on business circumstances and conditions on the factory floor, as well as to establish protocols for constantly monitoring whether such management decision-making is supported by and meets the expectations of our diverse stakeholder community.

Our corporate governance structure is as shown below:

Aisin corporate governance structure



*CxOs: Appointed from among Corporate Officers, CxOs are the chief executives responsible for promoting key management issues across the entire company and assisting the President from a bird's-eye view of the entire group.

(iii) Meeting of the Board of Directors

The meeting of the Board of Directors is chaired by Moritaka Yoshida, President and CEO, and is attended by eight directors, including four independent outside directors, and is held once a month in principle. The names of the members are listed in (2) Information about officers, (i) Officers. The meeting of the Board of Directors deliberates on and resolves important elements of management strategy, such as group management policy, earnings and investment budgets, capital policy, strategies for each business segment, and management infrastructure to provide support in such fundamental corporate domains as sustainability, human capital, and corporate governance. The Board of Directors also supervises the execution of duties by the Board of Directors and others by receiving reports from the Business Ethics Committee, the Risk Management Committee, and other committees.

Key agenda items for resolution or reporting at the FY2025 Board of Directors meeting

Management strategy	Management strategy, medium-to-long-term business strategy, Group management policy, earnings and investment budgets, shareholder composition
Business strategy and portfolio review	Strategies for each region and business segment and alliances and progress report on new businesses
Sustainability	Aisin Group Charter of Sustainability, materiality elements, climate change, human capital strategy, status of internal controls, compliance, and risk management, status of the Board of Directors, results of the Board of Directors' effectiveness evaluation and issues
Other	Report on matters deliberated on by the Executive Management Committee

(iv) Evaluating the effectiveness of Board of Directors meetings

Each year, the Company analyzes and evaluates the effectiveness of the Board of Directors in order to improve the impact of its meetings. The results of FY2025 Evaluation are as follows:

i) Subjects: All directors (8) and corporate auditors (4)

ii) Evaluation method:

(a) Third-party questionnaire-driven evaluation

(b) Interviews based on questionnaire results

(c) Discussion of issues and future measures at Board of Directors meeting based on the results of analysis

iii) Evaluation topics include the size, composition, and operation of the Board of Directors, support system for independent outside directors, composition and operation of the Executive Nomination and Compensation Committee for directors, and the status of improvement in regard to issues flagged during the previous fiscal year's evaluation.

Issues identified in FY2024	Results of initiatives for FY2025
Enhancement of the meeting of the Board of Directors	Discussed sustainability issues (Aisin Group Charter of Sustainability, ESG materiality, climate change, human capital strategy) along with discussions on management strategy and medium-to-long-term business strategy (Note).
Strengthening of the Board of Directors' Supervisory Functions	Regular reports were made to the Board of Directors by the Business Ethics Committee, Risk Management Committee, and other committees and with regard to internal audit results (Note)
Discussion on the Company's governance with an eye to the future	The Company has established a Governance Roundtable, where top management and corporate auditors regularly convene in an off-site meeting format, and is more precisely defining the ideal role of the Board of Directors through such measures as review of succession plans based on monitoring and the Board's skills matrix.

Note: Agenda items submitted to the Board of Directors are listed in the preceding section, Key agenda items for resolution or reporting at the FY2025 Board of Directors meetings.

Overall assessment for FY2025: The effectiveness of the Board of Directors has been improving year by year. Further advancement will be pursued to support the constantly evolving role of the Board of Directors.

Topics identified in FY2025	Plan of action
Enhancement of the meeting of the Board of Directors' discussions	Hold multifaceted discussions on management strategies and sustainability to achieve the Vision for 2030 targets announced at the 2023 Medium-to-Long-Term Business Strategy Briefing.
Strengthening the supervisory function of the Board of Directors	Enhance the perspective of internal controls and the risk response measures across the Group via reporting by various committees.
Improving links between necessary knowledge and skills and succession planning	To enhance discourse at the Executive Management Committee leading toward the realization of the Vision for 2030 plan, the skills required of directors are being reviewed, a succession plan based on the review is to be discussed. Directors with the required skills will be nominated, and study sessions are planned in conjunction with pending management issues.

(v) Meetings of the Board of Directors and attendance of individual directors and corporate auditors during the fiscal year under review

Classification	Name	Board meeting attendance record (present/eligible)
Director	Moritaka Yoshida	12/12 (100%)
Director	Kenji Suzuki	2/2 (100%)
Director	Shintaro Ito	12/12 (100%)
Director	Yoshihisa Yamamoto	12/12 (100%)
Director	Masahiro Nishikawa	10/10 (100%)
Outside director	Michiyo Hamada	12/12 (100%)
Outside director	Seiichi Shin	12/12 (100%)
Outside director	Koji Kobayashi	10/12 (83%)
Outside director	Tsuguhiko Hoshino	12/12 (100%)
Standing corporate auditor	Makoto Mitsuya	12/12 (100%)
Standing corporate auditor	Kiyomi Kato	12/12 (100%)
Outside corporate auditor	Junko Ueda	12/12 (100%)
Outside corporate auditor	Katsuhiro Kashiwagi	12/12 (100%)

Notes: 1. At the conclusion of The 101st Ordinary General Meeting of Shareholders held on June 19, 2024, Director Kenji Suzuki retired due to expiration of his term of office.

2. The Company has proposed the election of eight (8) directors as an agenda item for resolution at the Ordinary General Meeting of Shareholders to be held on June 17, 2025. If this proposal is approved and passed, the Company will have eight (8) directors, including four (4) outside directors. The members of the Board of Directors, if the proposal is approved, are as described in the section, (2) Information about officers, (i) Officers, ii).

(vi) Execution of responsibilities

To properly govern management's execution of its responsibilities, the Company has established an Executive Management Committee to oversee the most important matters for the Group. It has also formed a Corporate Officers Committee, which monitors and directs policy related to earnings and other business matters and holds meetings at least once a month in principle. Senior executive officers and others join the Company's directors in these meetings to enhance consideration of critical issues.

The Sustainability Conference also sets KGIs and KPIs for ESG materiality initiatives approved by the meeting of the Board of Directors, incorporates them into specific action plans, and promotes and improves initiatives.

Based on the policies discussed at the Sustainability Meeting, the Business Ethics Committee and the Risk Management Committee, which meet at least once a year, examine and monitor key issues from various viewpoints to ensure thorough compliance and management of risk. These meetings are attended by the presidents, directors in charge, and corporate auditors of major Group companies, in addition to the directors, corporate auditors, and senior executive officers of the Company. Details of the Sustainability Meeting and ESG materiality issues are described in 2. Overview of Business, 2. Approach to sustainability and related initiatives.

(vii) Audit & Supervisory Board

The Audit & Supervisory Board is chaired by Corporate auditor Makoto Mitsuya and consists of four auditors, including two independent outside auditors, and meets once a month in principle. The names of the members are listed in (2) Information about officers, (i) Officers. Based on the audit policy and planning conducted with oversight by the Audit & Supervisory Board, each auditor audits the legality and appropriateness of the execution of duties by the directors and the execution of duties at the Company and its subsidiaries as well as the reliability of financial reporting. This is accomplished by attending high-level meetings such as meetings of the Board of Directors, interviewing directors and representatives from various departments, and visiting domestic and overseas subsidiaries. Moreover, an Audit Committee Office has been established under the direct supervision of the Audit Committee members, and staff are assigned who are dedicated to assisting the Audit Committee members, and collaboration with external auditors and internal audit departments is maintained to strengthen audit functions.

(viii) Executive Nomination and Compensation Committee

The Executive Nomination and Compensation Committee is chaired by an outside director and consists of a majority of members who are outside directors. The Committee examines and discusses matters concerning the nomination and compensation of directors and senior executive officers and submits the meeting's conclusions to the Board of Directors, thereby ensuring objectivity and transparency. The Committee reviews and directs fundamental policy governing nominations to the Board of Directors and the executive officer system and structure in accordance with the Company's vision and management policy, and it deliberates on the selection and dismissal of directors and auditors in accordance with the Company's basic policy. Nomination and dismissal procedures cover the selection of candidates for directors and auditors through consideration and deliberation by the Committee, and submission of the nomination and dismissal proposals at meetings of the Board of Directors. Decisions regarding the appointment of directors are made following deliberation at the Ordinary General Meeting of Shareholders based on informal resolutions approved at the meeting of the Board of Directors. Decisions regarding the appointment of auditors are made following deliberation at the Ordinary General Meeting of Shareholders based on informal resolutions approved at the meeting of the Board of Directors and with the consent of the Audit and Supervisory Board. In addition, remuneration for directors and auditors is determined on an individual basis in reflection of Company performance, individual responsibilities, and business results, in accordance with a review conducted under the Company's remuneration system and policies, etc. for individual directors established by the meeting of the Board of Directors.

The following table shows the results of Council meetings held during the fiscal year under review and the attendance of each member.

Chairperson and members		Name	Executive Nomination and Compensation Committee
Chairperson	Outside Director	Michiyo Hamada	4/4 (100%)
Member	President	Moritaka Yoshida	3/4 (75%)
Member	Director and Senior Executive Officer	Shintaro Ito	4/4 (100%)
Member	Independent Outside Director	Seiichi Shin	4/4 (100%)
Member	Independent Outside Director	Tsuguhiko Hoshino	4/4 (100%)

Note: The Company has proposed the election of eight (8) directors as an agenda item (resolution) for the Ordinary General Meeting of Shareholders held on June 17, 2025. If this proposal is approved and passed, the Company will have eight (8) director, including four (4) outside directors. The members of the Executive Nomination and Compensation Committee, if approved, will be as follows.

Chairperson	Members
Tsuguhiko Hoshino Independent Outside Director	Moritaka Yoshida, President Shintaro Ito, Director and Senior Executive Officer Yasuhito Hirota, Independent Outside Director Keiko Tatsuwaki, Independent Outside Director

(ix) Other matters related to corporate governance

The Company, as the parent organization overseeing the management of a corporate group consisting of itself and its subsidiaries (hereinafter referred to as the "Group"), has established the following basic policy regarding internal control in order to establish a system to ensure the appropriateness of the Company Group's operations.

i) System to ensure that directors of the Group execute their duties in compliance with laws, regulations, and the Company’s articles of incorporation

Basic Policy 1

(a) Establishment of sustainability management system to promote lawful and fair corporate activities based on the Group’s Corporate Philosophy and the Charter of Sustainability.

(b) Important management matters shall be comprehensively discussed by the Executive Management Committee and resolved at the meeting of the Board of Directors.

(c) The Business Ethics Committee shall deliberate on and adopt policies and systems for legal and regulatory compliance as well as business conduct and ethics.

(d) Directors shall actively promote the spirit of the Group’s Charter of Sustainability and shall work to raise awareness of and respect for compliance throughout the Group.

Status of implementation

(a) Society’s expectations of companies shift focus from compliance to sustainability, the Aisin Group Principles of Corporate Behavior document used in common throughout the Group has been revised and renamed the Aisin Group Charter of Sustainability to clarify the Company’s fundamental stance toward sustainability. In addition, Aisin has established a groupwide promotion system for sustainability.

(b) In executing their responsibilities, the Board of Directors and various cross-organizational committees submit matters to be discussed when they convene in accordance with regulations stipulating mandatory meeting agenda items, and decisions are reached following thorough consideration. Specifically, the Board of Directors shall address (1) matters stipulated in the Companies Act, (2) matters stipulated in the Articles of Incorporation, (3) items delegated by resolution of the Ordinary General Meeting of Shareholders, and (4) other important topics concerning management. Matters to be reported on shall include (1) matters stipulated in the Companies Act, (2) the status of business execution, and (3) other matters deemed necessary by the Board of Directors.

(c) The direction of the Company’s sustainability program is discussed and resolved by the Sustainability Conference, which is chaired by the president and also includes the presidents of group companies. The Board of Directors and the Executive Committee supervise and monitor progress. Following the development of new policy, the Business Ethics Committee determines procedures and systems for managing compliance-related activities.

(d) The Aisin Group Charter of Sustainability clearly states that the realization of goals outlined in the Charter is the responsibility of executives themselves and that they are to communicate the importance of compliance and work to raise awareness among employees. In addition, a compliance department has been established to design and promote compliance initiatives throughout the Group.

ii) System to ensure that Group employees execute their duties in compliance with laws and regulations and the Company’s articles of incorporation

Basic Policy 2

(a) Ensure employee compliance by, among other means, distributing guides on business ethics and providing education on legal matters and responsibilities for each rank in the corporate hierarchy.

(b) Through such channels as the Business Ethics Consultation Office, the Company shall strive to quickly identify and resolve compliance-related problems and answer questions.

(c) On-site audits and monitoring of the compliance-appropriateness of operations are conducted by the internal audit function and by other means.

Status of implementation

(a) Education is provided to a wide range of employees, including new hires, to raise awareness of compliance by disseminating basic knowledge on the subject.

(b) Compliance-related issues and questions concerning the entire Aisin Group are identified through the whistleblower hotlines established by each company as well as through an external hotline established by the Company for the entire Group.

(c) The Internal Audit Department conducts systematic internal audits of the entire Aisin Group in accordance with risks.

iii) System for storing and managing information on the execution of duties by Group directors

Basic Policy 3

Information related to the performance of duties by directors shall be properly stored and managed by each department in charge in accordance with pertinent laws and regulations.

Status of implementation

(a) The Company ensures that the minutes of the Board of Directors meetings, as well as the reporting materials and minutes of meetings held throughout the Company, are properly stored in accordance with the relevant laws and regulations.

(b) The Company works to strengthen information security, including confidentiality management, by establishing systems and mechanisms for its promotion throughout the entire Aisin Group.

iv) Rules and other measures for managing risk across the Group

Basic Policy 4

The Company shall establish a suitable risk management regime by developing a program for promoting varied risk controls and formulating basic rules and response plans for each risk classification, including quality, safety, compliance, information management, environment, and fires/natural disasters.

Status of implementation

The Risk Management Committee identifies common and impactful risks for the entire Aisin Group and examines potential countermeasures, while the Executive Management Committee appraises business and investment risks from multiple perspectives.

v) Measures to ensure efficient execution of duties by Group directors

Basic Policy 5

Based on Group management policy, the Company shall practically implement the Company’s at each level of the organization and conduct consistent policy management.

In addition, the Group shall integrate its data and centralize the management thereof while ensuring that each of its companies operates efficiently. The Group shall achieve this by fully comprehending the business activity plans and performance of each Group company and by disseminating information from the Company’s various committees and functional divisions.

Status of implementation

(a) Based on medium-to-long-term business strategies that account for market trends, customer requirements and values, and technological trends, the Company formulates growth initiatives over the same timeframe for each business and defines key action themes by business segment, region, and function. The Company also sets management objectives that outline broad policy directions it should follow during the upcoming year and ensures consistent policy implementation by ingraining its management directives at each level of the organization.

(b) With the aim of improving the speed and quality of management's decision-making and execution, the depth of the approval hierarchy has been reduced within the executive structure, and authority has been delegated to general managers and leaders of functional business units. Furthermore, a C-level executive has been appointed from among the Company's senior executive officers to assume paramount responsibility for promoting high-priority management issues across the entire organization and assisting the president from a groupwide perspective.

vi) Effective instruction of employees in assisting corporate auditors and matters concerning independence from directors

Basic Policy 6

(a) The Company shall establish and staff a department dedicated to assisting the auditors in their duties.

(b) The Company shall obtain the prior consent of the auditors with respect to the appointment of these employees.

Status of implementation

(a) The Company has established the Audit & Supervisory Board Office, which is independent from the instruction and orders of directors and has full-time staff to provide effective support to the corporate auditors.

(b) Personnel changes affecting full-time staff of the Audit & Supervisory Board Office are made with the prior consent of the auditors.

vii) System for reporting to auditors by directors and employees of the Group

Basic Policy 7

(a) Directors shall expediently and properly report to the auditors on the execution of their business and shall immediately report to the auditors any information they discover that may cause significant damage to the Group.

(b) Directors and employees shall make regular and ad hoc reports on business activities as requested by the auditors and shall take appropriate measures so that those who have made such reports shall not be treated unfavorably because of their reporting.

Status of implementation

(a) Directors, senior executive officers, and employees who execute Company business (hereinafter collectively referred to as "directors, etc.") shall report regularly to the auditors on the progress of their main executive duties. In addition, they shall report as necessary when they discover any information concerning matters that may cause significant damage to the Group.

(b) Directors, etc., report regularly on the status of execution of their responsibilities and on the status of consultation via internal reporting channels. In addition, directors and other executive officers of the parent Company and its Group companies report regularly on their business activities to the auditors and from time to time at the auditors' request.

(c) The Company has established whistleblower protection rules applicable to the entire Group that clearly stipulate that whistleblowers shall not be subjected to any prejudicial treatment.

viii) Other measures to ensure the effectiveness of internal audits of the Group

Basic Policy 8

(a) To enhance the effectiveness of the activities of the standing auditors, directors of the Company actively cooperate with the Company's auditors in their investigative activities. The scope of cooperation includes attendance at important meetings, inspection of important documents, on-site audits of plants and subsidiaries, and meetings with accounting auditors.

(b) The internal audit function shall work closely with the corporate auditors and share information on audit results.

(c) The Company shall cover the expenses necessary for the execution of duties by its auditors.

Status of implementation

(a) The Company cooperates in auditing activities by establishing a system whereby auditors may attend meetings of the Executive Management Committee and other high-level committees, inspect important documents, conduct on-site audits of plants and subsidiaries, and meet with accounting auditors. The Company similarly cooperates in the activities of auditors at major domestic Group companies.

(b) By exchanging information on a regular and ad hoc basis, the Company's business operations more closely align their activities with the audit function, beginning with the internal auditors and extending to internal control departments, the accounting auditors, and auditors of major domestic Group companies. The Company also focuses on tighter cooperation with auditors throughout the Group and improved audit effectiveness by way of the Group Auditors Liaison Committee.

(c) The Company has set aside an annual budget for expenses necessary for its auditors to execute their duties in accordance with the audit plan. The Company also pays for any unplanned expenses as needed.

(x) Overview of limited liability agreements

The Company has entered into contracts with all outside directors and outside corporate auditors, respectively, limiting their liability for compensation as stipulated in Article 423(1) of the Companies Act to the amount stipulated in Article 425(1) of the Act.

(xi) Outline of Directors' and Officers' Liability Insurance Contracts

The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430(3), Item 1 of the Companies Act. The insurance policy provides that the Company and its subsidiaries' directors and officers who are insured against claims for damages arising out of their acts (including omissions) in the course of their duties as directors and officers of the Company and its subsidiaries shall not be liable for any loss or damage arising out of such acts. The policy provides coverage for damages and dispute expenses incurred by the insured as a result of claims for damages arising out of acts (including omissions) committed by the insured, directors and officers of the Company and its subsidiaries in the course of their duties as directors and officers of such companies. However, the policy does not cover criminal acts such as bribery, or damages incurred by officers who intentionally commit illegal acts, so that the appropriateness of the execution of duties by officers is not compromised. The insurance premiums are borne entirely by the Company.

(xii) Number of directors and requirements pertaining to the appointment of directors

i) Number of directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than 15 directors.

ii) Requirements pertaining to the appointment of directors

The Company's Articles of Incorporation stipulate that resolutions for the election of directors shall be adopted by a majority of the voting rights of shareholders present at a meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present.

The Articles of Incorporation also stipulate that the resolution for the election of directors shall not be made by cumulative voting.

(xiii) Matters that may be resolved by the Board of Directors in place of the Ordinary General Meeting of Shareholders and reasons for these exceptions

i) Acquisition of treasury stock

The Company's Articles of Incorporation stipulate that the Company may acquire its own shares by a resolution of the Board of Directors pursuant to Article 165(2) of the Companies Act.

This is to enable the Company to implement flexible capital policies.

ii) Exemption of directors and corporate auditors from liability for damages

Pursuant to Article 426(1) of the Companies Act, the Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, exempt directors and corporate auditors from liability for damages to the extent of the maximum amount allowed by law.

This is to ensure that the directors can fully fulfill their expected roles in the performance of their duties.

iii) Dividends of surplus, etc.

The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, pay interim dividends as stipulated in Article 454(5) of the Companies Act, with a record date of September 30 of each year, and that the Company may pay dividends from surplus and other disbursements by a resolution of the Board of Directors pursuant to the provisions of each item of Article 459(1) of the Companies Act.

This is to enable the execution of flexible capital and dividend policies.

(xiv) Requirements for special resolutions by the General Meeting of Shareholders

For the purpose of smooth operation of the General Meeting of Shareholders, the Company stipulates in its Articles of Incorporation that, with respect to the requirements for special resolutions of the General Meeting of Shareholders under Article 309(2) of the Companies Act, a resolution shall be adopted by 2/3 majority of the voting rights of shareholders present at the meeting where shareholders holding 1/3 or more of the voting rights of shareholders who are entitled to exercise their voting rights are present.

(2) Information about officers

(i) Officers

i) As of June 16, 2025 (the filing date of this securities report), the status of the Company's officers is as follows:

Male: 9 Female: 3 (Female representation among executives: 25.0%)

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
President, Representative Director	Moritaka Yoshida	July 12, 1957	April 1980 June 2009 April 2014 January 2018 June 2020 June 2021	Joined Toyota Motor Co., Ltd. Managing Officer of Toyota Motor Corporation Senior Managing Officer of Toyota Motor Corporation Executive Vice President of Toyota Motor Corporation Chairman of TOYOTA CENTRAL R&D LABS., INC. President and Executive President of the Company (to present)	(Note 3)	86
Director, Representative Director	Shintaro Ito	March 19, 1961	April 1983 June 2010 April 2017 April 2019 April 2021 June 2021 April 2022	Joined Aisin Seiki Co., Ltd. Managing Officer of Aisin Seiki Co., Ltd. Senior Managing Officer of Aisin Seiki Co., Ltd. Senior Executive Officer of Aisin Seiki Co., Ltd. Executive Vice President of the Company Director of the Company (to present) Senior Executive Officer of the Company (to present)	(Note 3)	75
Director	Yoshihisa Yamamoto	December 17, 1964	April 1989 April 2015 April 2020 April 2021 April 2022 June 2022	Joined Aisin AW Co., Ltd. Senior Executive Officer of Aisin AW Co., Ltd. Senior Managing Officer of Aisin AW Co., Ltd. Executive Vice President of the Company Senior Executive Officer of the Company (to present) Director of the Company (to present)	(Note 3)	35
Director	Masahiro Nishikawa	February 17, 1962	April 1984 June 2011 April 2014 June 2017 April 2019 April 2021 June 2024	Joined Aisin Seiki Co., Ltd. Managing Officer of Aisin Seiki Co., Ltd. Senior Managing Officer of Aisin Seiki Co., Ltd. Director of Aisin Seiki Co., Ltd. Senior Executive Officer of Aisin Seiki Co., Ltd. Senior Executive Officer of the Company (to present) Director of the Company (to present)	(Note 3)	72

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	Michiyo Hamada	November 25, 1947	April 1974	Assistant Professor in Nagoya University's School of Law	(Note 3)	12
			April 1985	Professor at Nagoya University		
			June 2004	Audit & Supervisory Board Member of Aisin Seiki Co., Ltd.		
			April 2008	Dean of the Graduate School of Law at Nagoya University		
			April 2009	Member of the Japan Fair Trade Commission		
			April 2009	Professor Emeritus at Nagoya University (to present)		
			June 2014	Outside Auditor of Toho Gas Co., Ltd.		
			June 2014	Outside Auditor of Metropolitan Expressway Company Limited		
			June 2015	Outside Director of Sangetsu Corporation (to present)		
			June 2016	Director of Aisin Seiki Co., Ltd.		
			June 2020	Outside Director of Toho Gas Co., Ltd. (to present)		
			June 2021	Director of the Company (to present)		
Director	Seiichi Shin	May 8, 1954	May 1988	Assistant Professor in Institute of Information Sciences and Electronics at the University of Tsukuba	(Note 3)	5
			April 1992	Assistant Professor in the Faculty of Engineering at the University of Tokyo		
			April 1995	Assistant Professor at the School of Engineering at the University of Tokyo		
			April 1998	Assistant Professor at the affiliated Engineering Research Institute, School of Engineering at University of Tokyo		
			March 2001	Director of the Society of Instrument and Control Engineers		
			April 2006	Professor at the Faculty of Electro-Communications at the University of Electro-Communications		
			March 2012	Director and Vice-President of the Society of Instrument and Control Engineers		
			March 2012	Chief Director of the Control System Security Center		
			March 2013	Director and President of the Society of Instrument and Control Engineers		
			April 2015	Professor at the University of Electro-Communications Graduate School of Informatics and Engineering		
			April 2018	Dean of Informatics and Engineering at the University of Electro-Communications		
			April 2020	Emeritus Professor of the University of Electro-Communications (to present)		
			October 2020	Director of Canon Medical Systems Corporation Advanced Research Institute		
			June 2021	Director of the Company (to present)		
			August 2024	Representative Director of Institute of Water supply standard platform specification (to present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	Koji Kobayashi	October 23, 1948	April 1972	Joined Toyota Motor Co., Ltd.	(Note 3)	–
			June 2004	Managing Officer of Denso Corporation		
			June 2015	Vice Chairman and Member of the Board of Denso Corporation		
			February 2016	Advisor of Toyota Motor Corporation		
			January 2018	Executive Vice President of Toyota Motor Corporation		
			January 2018	Member of the Board of Denso Corporation		
			June 2018	Executive Vice President and Member of the Board of Directors (Representative Director) of Toyota Motor Corporation		
			June 2021	Director of the Company (to present)		
			April 2023	"Banto" and Executive Fellow of Toyota Motor Corporation (to present)		
Director	Tsuguhiko Hoshino	November 6, 1959	April 1983	Joined the Ministry of Finance	(Note 3)	0
			July 2011	Deputy Director General of the Minister's Secretariat, Ministry of Finance		
			July 2015	First Deputy Commissioner, National Tax Agency		
			June 2016	Director General of the Tax Bureau, Ministry of Finance		
			July 2019	Commissioner, National Tax Agency		
			June 2021	Outside Director of Tokyu Fudosan Holdings Corporation (to present)		
			June 2021	Board Member (Vice Chairman) of The General Insurance Association of Japan (to present)		
			June 2023	Director of the Company (to present)		
Audit & Supervisory Board Member	Makoto Mitsuya	December 13, 1958	April 1981	Joined Aisin Seiki Co., Ltd.	(Note 4)	147
			June 2005	Managing Officer of Aisin Seiki Co., Ltd.		
			June 2009	Senior Managing Director of Aisin Seiki Co., Ltd.		
			June 2012	Director and Senior Managing Officer of Aisin Seiki Co., Ltd.		
			June 2013	Director and Vice President of Aisin Seiki Co., Ltd.		
			April 2020	Executive Vice President of Aisin Seiki Co., Ltd.		
			June 2020	Director of Aisin Seiki Co., Ltd.		
			June 2021	Audit & Supervisory Board Member of the Company (to present)		
Audit & Supervisory Board Member	Kiyomi Kato	November 6, 1963	March 2008	Joined Aisin Seiki Co., Ltd.	(Note 4)	17
			January 2017	Assistant Section Chief in the Finance & Accounting Department of Aisin Seiki Co., Ltd.		
			January 2020	Manager of the Audit & Supervisory Board Office of Aisin Seiki Co., Ltd.		
			June 2021	Audit & Supervisory Board Member of the Company (to present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Audit & Supervisory Board Member	Junko Ueda	August 14, 1959	April 2003	Professor at Department of Modern Management, Sugiyama Jogakuen University	(Note 4)	1
			April 2007	Professor at Shizuoka Law School		
			May 2008	Outside Corporate Auditor of OKAYA & CO., LTD.		
			April 2010	Professor at Faculty of Law, Kyushu University		
			April 2017	Professor at Aichi Law School (to present)		
			April 2021	Dean of Aichi Law School (to present)		
			June 2021	Audit & Supervisory Board Member of the Company (to present)		
Audit & Supervisory Board Member	Katsuhiro Kashiwagi	January 30, 1960	April 1982	Joined the Nagoya City Board of Education	(Note 5)	2
			January 1986	Joined Ito Accounting Office, an auditing company		
			March 1989	Registered as a certified public accountant		
			May 1995	Director of Ito Management Consultants Co., Ltd.		
			July 2005	Senior Partner of ChuoAoyama Audit Corporation		
			August 2007	Senior Partner of KPMG AZSA & Co. (now KPMG AZSA LLC)		
			July 2010	Partner at KPMG AZSA LLC		
			June 2022	Audit & Supervisory Board Member of the Company (to present)		
			July 2022	Established Katsuhiro Kashiwagi Certified Public Accountant Office (to present)		
			August 2022	Established Katsuhiro Kashiwagi Tax Accountant Office (to present)		
			April 2025	Member of Inspection Commissioners, Aichi Prefecture (to present)		
Total						458

Notes:
1. Directors Michiyo Hamada, Seiichi Shin, Koji Kobayashi, and Tsuguhiko Hoshino are Outside Directors.
2. Audit & Supervisory Board members Junko Ueda and Katsuhiro Kashiwagi are Outside Members.
3. The term of office for Directors is from the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2024 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025.
4. The term of office for Audit & Supervisory Board members Makoto Mitsuya, Kiyomi Kato, and Junko Ueda is from the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2021 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025.
5. The term of office for Audit & Supervisory Board member Katsuhiro Kashiwagi is from the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2022 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.
6. The Company was created by the merger of Aisin Seiki Co., Ltd. and Aisin AW Co., Ltd. and changed the company name to AISIN CORPORATION in April 2021.

7. To prepare for a situation in which the number of Audit & Supervisory Board members falls below the statutory requirement, the Company has appointed one substitute Audit & Supervisory Board member in accordance with Article 329, Paragraph 3 of the Companies Act. The career summary of the substitute Audit & Supervisory Board member is as follows:

Name	Date of birth	Career summary		Number of shares held (Thousands of shares)
Hidenori Nakagawa	November 20, 1967	April 1992	Registered as an attorney at law Joined Nagashima & Ohno	–
		September 1997	Kirkland & Ellis LLC	
		April 1998	Admitted to the New York State bar	
		September 1998	Legal Transactions Management Department, Tokyo Branch of Merrill Lynch Japan International	
		April 2003	Seconded to UFJ Strategic Partners	
		July 2004	Partner of TMI Associates (to present)	
		June 2019	Outside Corporate Auditor of Nice Corporation (to present)	
		December 2019	Outside Corporate Auditor of Airweave Inc.	

ii) The proposals “Election of Eight Directors” and “Election of Three Audit & Supervisory Board Members” are scheduled to be submitted for resolution at the Ordinary General Meeting of Shareholders to be held on June 17, 2025. If these proposals are approved, the composition and terms of office of the Company’s officers will be as outlined below. The information also includes matters (such as titles and positions) expected to be resolved at the meeting of the Board of Directors to be held immediately following the Ordinary General Meeting of Shareholders.

Male: 9 Female: 3 (Female representation among executives: 25.0%)

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
President, Representative Director	Moritaka Yoshida	July 12, 1957	April 1980	Joined Toyota Motor Co., Ltd.	(Note 3)	86
			June 2009	Managing Officer of Toyota Motor Corporation		
			April 2014	Senior Managing Officer of Toyota Motor Corporation		
			January 2018	Executive Vice President of Toyota Motor Corporation		
			June 2020	Chairman of TOYOTA CENTRAL R&D LABS., INC.		
			June 2021	President and Executive President of the Company (to present)		
Director, Representative Director	Shintaro Ito	March 19, 1961	April 1983	Joined Aisin Seiki Co., Ltd.	(Note 3)	75
			June 2010	Managing Officer of Aisin Seiki Co., Ltd.		
			April 2017	Senior Managing Officer of Aisin Seiki Co., Ltd.		
			April 2019	Senior Executive Officer of Aisin Seiki Co., Ltd.		
			April 2021	Executive Vice President of the Company		
			June 2021	Director of the Company (to present)		
			April 2022	Senior Executive Officer of the Company (to present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	Yoshihisa Yamamoto	December 17, 1964	April 1989	Joined Aisin AW Co., Ltd.	(Note 3)	35
			April 2015	Senior Executive Officer of Aisin AW Co., Ltd.		
			April 2020	Senior Managing Officer of Aisin AW Co., Ltd.		
			April 2021	Executive Vice President of the Company		
			April 2022	Senior Executive Officer of the Company (to present)		
			June 2022	Director of the Company (to present)		
Director	Masahiro Nishikawa	February 17, 1962	April 1984	Joined Aisin Seiki Co., Ltd.	(Note 3)	72
			June 2011	Managing Officer of Aisin Seiki Co., Ltd.		
			April 2014	Senior Managing Officer of Aisin Seiki Co., Ltd.		
			June 2017	Director of Aisin Seiki Co., Ltd.		
			April 2019	Senior Executive Officer of Aisin Seiki Co., Ltd.		
			April 2021	Senior Executive Officer of the Company (to present)		
			June 2024	Director of the Company (to present)		
Director	Koji Kobayashi	October 23, 1948	April 1972	Joined Toyota Motor Co., Ltd.	(Note 3)	–
			June 2004	Managing Officer of Denso Corporation		
			June 2015	Vice Chairman and Member of the Board of Denso Corporation		
			February 2016	Advisor of Toyota Motor Corporation		
			January 2018	Executive Vice President of Toyota Motor Corporation		
			January 2018	Member of the Board of Denso Corporation		
			June 2018	Executive Vice President and Member of the Board of Directors (Representative Director) of Toyota Motor Corporation		
			June 2021	Director of the Company (to present)		
			April 2023	“Banto” and Executive Fellow of Toyota Motor Corporation (to present)		
Director	Tsuguhiko Hoshino	November 6, 1959	April 1983	Joined the Ministry of Finance	(Note 3)	0
			July 2011	Deputy Director General of the Minister’s Secretariat, Ministry of Finance		
			July 2015	First Deputy Commissioner, National Tax Agency		
			June 2016	Director General of the Tax Bureau, Ministry of Finance		
			July 2019	Commissioner, National Tax Agency		
			June 2021	Outside Director of Tokyu Fudosan Holdings Corporation (to present)		
			June 2021	Board Member (Vice Chairman) of The General Insurance Association of Japan (to present)		
			June 2023	Director of the Company (to present)		

<table>
<tr><th>Title and position</th><th>Name</th><th>Date of birth</th><th colspan="2">Career summary</th><th>Term of office</th><th>Number of shares held (Thousands of shares)</th></tr>
<tr><td rowspan="9">Director</td><td rowspan="9">Yasuhito Hirota</td><td rowspan="9">November 5, 1956</td><td>April 1980</td><td>Joined Mitsubishi Corporation</td><td rowspan="9">(Note 3)</td><td rowspan="9">1</td></tr>
<tr><td>April 2010</td><td>Senior Executive Officer, General Manager of Corporate Administration Dept. of Mitsubishi Corporation</td></tr>
<tr><td>April 2014</td><td>Representative Director, Executive Vice President (Corporate Functional Officer) of Mitsubishi Corporation</td></tr>
<tr><td>January 2018</td><td>Advisor of ASICS Corporation</td></tr>
<tr><td>March 2018</td><td>President and COO, Representative Director of ASICS Corporation</td></tr>
<tr><td>March 2022</td><td>President, CEO and COO, Representative Director of ASICS Corporation</td></tr>
<tr><td>January 2024</td><td>Chairman and CEO, Representative Director of ASICS Corporation (to present)</td></tr>
<tr><td>June 2024</td><td>Outside Director, Member of the Board of CASIO COMPUTER CO., LTD. (to present)</td></tr>
<tr><td>June 2025</td><td>Director of the Company (scheduled)</td></tr>
<tr><td rowspan="9">Director</td><td rowspan="9">Keiko Tatsuwaki</td><td rowspan="9">May 18, 1958</td><td>July 1984</td><td>Joined Recruit Co., Ltd.</td><td rowspan="9">(Note 3)</td><td rowspan="9">–</td></tr>
<tr><td>January 2000</td><td>Joined Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC)</td></tr>
<tr><td>June 2003</td><td>Partner at Deloitte Touche Tohmatsu LLC</td></tr>
<tr><td>October 2016</td><td>Head, ESG and Integrated Reporting Advisory Unit of Deloitte Touche Tohmatsu LLC</td></tr>
<tr><td>February 2017</td><td>President of Deloitte Tohmatsu Sustainability Co., Ltd.</td></tr>
<tr><td>July 2023</td><td>Advisor of Deloitte Tohmatsu Sustainability Co., Ltd.</td></tr>
<tr><td>March 2024</td><td>Outside Auditor of ISE CHEMICALS CORPORATION (to present)</td></tr>
<tr><td>April 2025</td><td>Auditor, Japan Well-being Foundation (to present)</td></tr>
<tr><td>June 2025</td><td>Director of the Company (scheduled)</td></tr>
<tr><td rowspan="8">Audit & Supervisory Board Member</td><td rowspan="8">Makoto Mitsuya</td><td rowspan="8">December 13, 1958</td><td>April 1981</td><td>Joined Aisin Seiki Co., Ltd.</td><td rowspan="8">(Note 4)</td><td rowspan="8">147</td></tr>
<tr><td>June 2005</td><td>Managing Officer of Aisin Seiki Co., Ltd.</td></tr>
<tr><td>June 2009</td><td>Senior Managing Director of Aisin Seiki Co., Ltd.</td></tr>
<tr><td>June 2012</td><td>Director and Senior Managing Officer of Aisin Seiki Co., Ltd.</td></tr>
<tr><td>June 2013</td><td>Director and Vice President of Aisin Seiki Co., Ltd.</td></tr>
<tr><td>April 2020</td><td>Executive Vice President of Aisin Seiki Co., Ltd.</td></tr>
<tr><td>June 2020</td><td>Director of Aisin Seiki Co., Ltd.</td></tr>
<tr><td>June 2021</td><td>Audit & Supervisory Board Member of the Company (to present)</td></tr>
</table>

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Audit & Supervisory Board Member	Kiyomi Kato	November 6, 1963	March 2008	Joined Aisin Seiki Co., Ltd.	(Note 4)	17
			January 2017	Assistant Section Chief in the Finance & Accounting Department of Aisin Seiki Co., Ltd.		
			January 2020	Manager of the Audit & Supervisory Board Office of Aisin Seiki Co., Ltd.		
			June 2021	Audit & Supervisory Board Member of the Company (to present)		
Audit & Supervisory Board Member	Junko Ueda	August 14, 1959	April 2003	Professor at Department of Modern Management, Sugiyama Jogakuen University	(Note 4)	1
			April 2007	Professor at Shizuoka Law School		
			May 2008	Outside Corporate Auditor of OKAYA & CO., LTD.		
			April 2010	Professor at Faculty of Law, Kyushu University		
			April 2017	Professor at Aichi Law School (to present)		
			April 2021	Dean of Aichi Law School (to present)		
			June 2021	Audit & Supervisory Board Member of the Company (to present)		
Audit & Supervisory Board Member	Katsuhiro Kashiwagi	January 30, 1960	April 1982	Joined the Nagoya City Board of Education	(Note 5)	2
			January 1986	Joined Ito Accounting Office, an auditing company		
			March 1989	Registered as a certified public accountant		
			May 1995	Director of Ito Management Consultants Co., Ltd.		
			July 2005	Senior Partner of ChuoAoyama Audit Corporation		
			August 2007	Senior Partner of KPMG AZSA & Co. (now KPMG AZSA LLC)		
			July 2010	Partner at KPMG AZSA LLC		
			June 2022	Audit & Supervisory Board Member of the Company (to present)		
			July 2022	Established Katsuhiro Kashiwagi Certified Public Accountant Office (to present)		
			August 2022	Established Katsuhiro Kashiwagi Tax Accountant Office (to present)		
			April 2025	Member of Inspection Commissioners, Aichi Prefecture (to present)		
Total						440

Notes:
1. Directors Koji Kobayashi, Tsuguhiko Hoshino, Yasuhito Hirota, and Keiko Tatsuwaki are Outside Directors.
2. Audit & Supervisory Board members Junko Ueda and Katsuhiro Kashiwagi are Outside Members.
3. The term of office for Directors is from the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.
4. The term of office for Audit & Supervisory Board members Makoto Mitsuya, Kiyomi Kato, and Junko Ueda is from the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2029.
5. The term of office for Audit & Supervisory Board member Katsuhiro Kashiwagi is from the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2022 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.
6. The Company was created by the merger of Aisin Seiki Co., Ltd. and Aisin AW Co., Ltd. and changed the company name to AISIN CORPORATION in April 2021.

7. To prepare for a situation in which the number of Audit & Supervisory Board members falls below the statutory requirement, the Company has appointed one substitute Audit & Supervisory Board member in accordance with Article 329, Paragraph 3 of the Companies Act. The career summary of the substitute Audit & Supervisory Board member is as follows:

Name	Date of birth	Career summary		Number of shares held (Thousands of shares)
Hidenori Nakagawa	November 20, 1967	April 1992	Registered as an attorney at law Joined Nagashima & Ohno	–
		September 1997	Kirkland & Ellis LLC	
		April 1998	Admitted to the New York State bar	
		September 1998	Legal Transactions Management Department, Tokyo Branch of Merrill Lynch Japan International	
		April 2003	Seconded to UFJ Strategic Partners	
		July 2004	Partner of TMI Associates (to present)	
		June 2019	Outside Corporate Auditor of Nice Corporation (to present)	
		December 2019	Outside Corporate Auditor of Airweave Inc.	

(ii) Information about outside officers

As of June 16, 2025 (the filing date of this securities report), the Company has appointed four Outside Directors and two Outside Audit & Supervisory Board members, as stated in “(i) Officers.”

The Outside Directors have been appointed based on their specialized knowledge and broad experience in industries relevant to the Company or their expertise and insight as corporate executives. They provide advice grounded in their respective areas of expertise and broad experience and insight throughout the Company’s decision-making processes, thereby contributing to enhancing the soundness and transparency of management.

Among the four Outside Directors, Michiyo Hamada is Professor Emeritus at Nagoya University and has no transactional relationship with the Company. Seiichi Shin is Emeritus Professor of the University of Electro-Communications and has no transactional relationship with the Company. Koji Kobayashi serves as Executive Fellow at Toyota Motor Corporation, an “other affiliated company.” Toyota Motor Corporation is a major shareholder of the Company, and the Company purchases various materials for automotive parts from them and sells various automotive parts to them. These are ordinary, ongoing transactions. Tsuguhiko Hoshino serves as an Outside Director of Tokyu Fudosan Holdings Corporation and has no transactional relationship with the Company.

There are no special interests between the Company and its Outside Directors.

To ensure the effectiveness of audits, the Outside Audit & Supervisory Board members are experts in legal or financial and accounting fields. They perform audits from a professional, neutral, and fair perspective.

Among the two Outside Audit & Supervisory Board members, Junko Ueda is the Dean of Aichi Law School, and has no transactional relationship with the Company. Katsuhiro Kashiwagi is the representative of Katsuhiro Kashiwagi Certified Public Accountant Office and Katsuhiro Kashiwagi Tax Accountant Office, and has no transactional relationship with the Company.

There are no special interests between the Company and its Outside Audit & Supervisory Board members.

At the Ordinary General Meeting of Shareholders scheduled to be held on June 17, 2025, the Company is proposing the “Election of Eight Directors.” If this proposal is approved, Outside Directors Michiyo Hamada and Seiichi Shin will retire, and Yasuhito Hirota, Chairman and CEO, Representative Director of ASICS Corporation, and Keiko Tatsuwaki, Outside Auditor of ISE CHEMICALS CORPORATION, will be newly appointed as Outside Directors. As a result, there will be four Outside Directors and two Outside Audit & Supervisory Board members. Yasuhito Hirota and Keiko Tatsuwaki have no transactional relationships with the Company.

There are no special interests between the Company and its Outside Directors or Outside Audit & Supervisory Board members.

The shareholding status of the Company's Outside Directors and Outside Audit & Supervisory Board members is stated in "(i) Officers."

The Company has not established specific criteria or policies regarding the independence of candidates for Outside Directors or Outside Audit & Supervisory Board members. However, upon selection, the Company designates them as independent officers in accordance with the independent director or company auditor rules set by the Tokyo Stock Exchange and other relevant bodies. The Company recognizes that it maintains a neutral and fair position and is not at risk of any conflict of interest with general shareholders.

(iii) Coordination among supervision or audits conducted by Outside Directors or Outside Audit & Supervisory Board members, internal audits, audits by the Audit & Supervisory Board members, and accounting audits, as well as the relationship with the internal control department

The officer in charge reports to the Board of Directors, which is attended by Outside Directors and Outside Audit & Supervisory Board members, on the operational status of the internal control system and the results of on-site audits conducted by the internal audit department concerning the legal compliance, business management, and procedural validity of the Company and its domestic and overseas subsidiaries. In addition to providing information necessary for deliberations at Board of Directors meetings and Audit & Supervisory Board meetings, the Company explains the activity plans and results of internal audits and provides updates as needed on the audit results for the Company and its domestic and overseas subsidiaries, as well as on collaboration between the internal audit department and the accounting auditor. Furthermore, Outside Audit & Supervisory Board members receive reports from the accounting auditor and engage in discussions with them. To ensure that Outside Directors and Outside Audit & Supervisory Board members receive accurate and timely information, dedicated liaison staff are assigned to the Corporate Planning Department and the Audit & Supervisory Board Office, enhancing coordination.

(3) Status of Audit

(i) Status of Audit

As of June 16, 2025 (the date of submission of the Annual Securities Report), the Company's Audit & Supervisory Board consists of two full-time standing auditors and two independent outside auditors.

The Company has proposed the "Election of Three (3) Corporate Auditors" as an agenda item (for resolution) at The annual shareholders' meeting to be held on June 17, 2025, and if such agenda item is approved and passed, the Audit & Supervisory Board will continue to be composed of two (2) full-time Corporate Auditors and two (2) outside Corporate Auditors.

During the fiscal year under review, the Audit & Supervisory Board of the Company held a total of 14 meetings, and the attendance of each Corporate Auditor is as follows.

Classification	Name	Audit & Supervisory Board
Standing auditor	Makoto Mitsuya	14/14 (100%)
Standing auditor	Kiyomi Kato	14/14 (100%)
Outside auditor	Junko Ueda	14/14 (100%)
Outside auditor	Katsuhiro Kashiwagi	14/14 (100%)

The Audit & Supervisory Board deliberates on the design of the Group's audit policy and audit plan, the status of the development and operation of the internal control system, the appropriateness of the accounting auditor's methods and results, and the content of proposals to be submitted to the annual shareholders' meeting. In addition, it regularly exchanges opinions with directors and outside directors.

With regard to the specific auditing activities of the full-time corporate auditors, the Company has established an annual activity plan that examines risks and concerns and directs audit activities in the five areas of i) directors, ii) execution of responsibilities, iii) internal controls, iv) subsidiaries, etc., and v) cooperation with accounting auditors. A summary of these activities is as follows.

We raised issues and made recommendations to the directors and executing departments regarding matters identified through these audit activities.

i) Directors	Attendance at meetings of the Board of Directors Exchange of opinion with directors
	Specific items for confirmation ■ Proposal submission process, resolution details, and reports on execution ■ Effectiveness of monitoring and supervision ■ Execution of responsibilities in accordance with management policies, medium-to-long-term plans, etc. ■ Response to changes in the corporate governance environment
ii) Execution of duty	Attendance of Executive Management Committee and other important meetings Audit of each functional headquarters of the Group (including plants), headquarters and companies within each center, etc. Inspection and confirmation of important documents (approval documents, contracts, regulations, etc.)
	Specific items for confirmation ■ Details of resolutions and decision-making processes ■ Operational status in accordance with regulations ■ Legality, appropriateness, and risk profile ■ Progress on group management policies
iii) Internal Control	Attendance at Sustainability Conference Meetings Attendance at various committees (Business Ethics Committee, Risk Management Committee, etc.) Audits by the internal audit function (Audit Department) Audits by the internal control function (each functional department)
	Specific items for confirmation ■ Effectiveness of internal audit function ■ Status of internal control by each function
iv) Subsidiaries, etc.	Audit of subsidiaries Exchange of opinion with presidents of subsidiaries Exchange of opinion with labor unions, suppliers, external organizations, etc.
	Specific items for confirmation ■ Status of internal control system ■ Management issues (immediate, medium-to-long-term) and the status of cooperation with the head office
v) Cooperation with accounting auditors	Monitoring of significant risks in accounting audits Monitoring of accounting procedures of domestic and overseas subsidiaries
	Specific items for confirmation ■ Narrowing down significant risk items (KAMs) in accounting audit and confirming the status on an ongoing basis

As part of the Company's efforts to improve the effectiveness of its audits, it has regularly assessed the effectiveness of the Audit & Supervisory Board beginning in FY2025. The Company aims to continuously enhance the effectiveness of the Audit & Supervisory Board by investigating whether it is effectively fulfilling its roles and responsibilities, acknowledging the results, and addressing any issues.

During the fiscal year under review, individual interviews were conducted with all corporate auditors to evaluate (a) the structure and operation of the Audit & Supervisory Board and its operational status, (b) the condition of the audit environment—including internal control and cooperation with the internal audit division, cooperation with the accounting auditors, discussions with the representative directors, and cooperation with outside directors, and (c) the understanding and response on the part of directors and executive management to the advice and recommendations of the corporate auditors. The Audit & Supervisory Board also reviewed the evaluation opinions regarding the status of understanding and response of directors and executive departments to the advice and recommendations of the Corporate Auditors.

The results were discussed at a meeting of the Audit & Supervisory Board, and it was determined that effective audits were being conducted. The Company will continue strengthening cooperation between corporate auditors and independent outside auditors to further improve the effectiveness of the Audit & Supervisory Board.

(ii) Status of internal audits

In accordance with the Company's internal audit regulations, the 33-member Audit Department conducts on-site inspections of the Company and its domestic and overseas subsidiaries to determine the overall status of internal control systems, including efforts to detect illegal activities and ensure the appropriateness of business management and procedures. Results of this initiative are reported to the Board of Directors and the Audit & Supervisory Board. In addition, the Company maintains close cooperation between its statutory and accounting auditors by such means as encouraging the mutual exchange of information.

(iii) Status of accounting audits

i) Name of audit firm

PricewaterhouseCoopers Japan LLC

ii) Continuous audit period

Since 1969

The Company has been continuously audited by PricewaterhouseCoopers Japan LLC since 2007. It was audited continuously from 1969 to 2006 by the former Ito & Co. and the former Chuo Aoyama Audit Corporation. Owing to difficulties in researching the Company's history covering the audit period through 1968, it cannot be conclusively asserted that the Company was continuously prior to that, although it is may well have been.

iii) Certified public accountants responsible for execution

Tomohiro Nishimura

Masahide Kobayashi

Kotaro Kuroyanagi

iv) Composition of accounting audit assistance organization

The accounting audit of the Company was assisted by an organization consisting of 12 certified public accountants, 10 additional persons who have passed the Certified Public Accountant Examination, and 20 other persons.

v) Selection policy and rationale for choice of audit firms

The Audit & Supervisory Board reappointed the accounting auditor for the fiscal year under review based on the Policy on Dismissal or Non-reappointment of Accounting Auditor described below and the results of the evaluation of the accounting auditor as described in vi) below.

(Policy on Dismissal or Non-reappointment of Accounting Auditor)

The Audit & Supervisory Board shall dismiss the accounting auditor with the unanimous consent of the its members if the accounting auditor is deemed to fall under any of the provisions of Article 340(1) of the Companies Act.

In addition to the above cases, the Audit & Supervisory Board shall decide on the content of a proposal to be submitted to the General Meeting of Shareholders regarding the dismissal or non-reappointment of the accounting auditor if it is deemed difficult for the accounting auditor to conduct an appropriate audit due to events and other circumstances that impair the accounting auditor’s qualification and independence.

vi) Evaluation of audit firms by the Audit & Supervisory Board and its members

The Audit & Supervisory Board prepares an Accounting Auditor Evaluation Check Sheet with reference to the Japan Audit & Supervisory Board Members Association publication, Practical Guidelines for Corporate Auditors and Others on the Evaluation of Accounting Auditors and the Formulation of Selection Criteria. It comprehensively evaluates the subject firm while giving consideration to the results of interviews with relevant departments involved in audit practice, the governance system of the accounting auditor, and the results of inspections by external organizations.

(iv) Details of audit fee, etc.

i) Fees paid to certified public accountants, etc. for audits

(Millions of yen)

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Filing company	147	0	161	2
Consolidated subsidiaries	178	–	181	–
Total	326	0	343	2

(Fiscal year ended March 31, 2024)

The non-audit services for which the Company pays fees to the certified public accountants, etc. include information provision services related to International Financial Reporting Standards (IFRS).

(Fiscal year ended March 31, 2025)

The non-audit services for which the Company pays fees to the certified public accountants, etc. include the preparation of comfort letters in connection with bond issuance.

ii) Fees paid to the same network as the certified public accountants, etc. (PricewaterhouseCoopers), excluding item i)

(Millions of yen)

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Filing company	–	1	–	14
Consolidated subsidiaries	791	293	895	264
Total	791	295	895	278

(Fiscal year ended March 31, 2024)

The non-audit services for which the Company and its consolidated subsidiaries pay fees to the same network as the certified public accountants engaged in auditing primarily consist of advisory services related to tax matters.

(Fiscal year ended March 31, 2025)

The non-audit services for which the Company and its consolidated subsidiaries pay fees to the same network as the certified public accountants engaged in auditing primarily consist of advisory services related to tax matters.

iii) Details of other major fees for audit certification services

There are no applicable items.

iv) Policy on determining audit fee

The amount of the audit fee paid by the Company is determined through sufficient discussions with the certified public accountants, taking into consideration the audit plan, audit performance, audit efficiency, and other relevant factors.

v) Reasons for approval of the fee, etc., for the accounting auditor by the Audit & Supervisory Board

The Audit & Supervisory Board reviewed the accounting auditor's audit plan, audit performance, and the basis for the estimated fee for the fiscal year under review. Having determined that the audit fee was reasonable, the Board gave its consent.

(4) Executive remuneration, etc.

(i) Matters related to the policy on determining the amount or calculation method of executive remuneration

The Company's policy for determining the remuneration, etc., for individual Directors (hereinafter referred to as the "determination policy") is determined by the Board of Directors based on the deliberations of the Executive Nomination and Compensation Committee, chaired by an independent outside director and composed of a majority of independent outside directors.

To further enhance incentives in line with the following basic principles, the Company revised its "determination policy" by resolution of the Board of Directors held on March 26, 2025.

<Main revisions to the "determination policy">

Increase in the proportion of stock-based remuneration within total remuneration for Directors

Item	Before revision	After revision
Composition of Directors' remuneration	Monthly remuneration : Bonuses : Stock-based remuneration 40% : 30% : 30%	Monthly remuneration : Bonuses : Stock-based remuneration 25% : 25% : 50%

(Basic approach)

The Company's executive remuneration system is designed according to the following principles:

i) Remuneration shall motivate executives to work toward achieving our Group Philosophy and management policies.
ii) Remuneration shall reflect the responsibilities, achievements, etc., of each executive.
iii) Remuneration shall reflect the business environment and short-term and medium- to long-term performance of the Group and encourage executives to enhance corporate value and manage business from the same perspective as shareholders.

(Remuneration structure)

As Directors (other than Outside Directors) are in charge of executing the operations of the Company, their remuneration comprises a fixed monthly remuneration along with performance-linked bonuses and stock-based remuneration. Specifically, the percentages of monthly remuneration, bonus, and stock-based remuneration to the base amount for Directors are set at roughly 25%, 25%, and 50%, respectively. Higher percentages for performance-linked remuneration are set, depending on the Director's title. However, depending on the level of profits, the actual remuneration may differ from the above proportions.

As Outside Directors and Audit & Supervisory Board members are responsible for providing supervision and advice on business management or auditing the performance of business from an independent standpoint, they receive only a monthly remuneration with no bonus or stock-based remuneration.

Remuneration structure for Directors (excluding Outside Directors)

	Fixed remuneration	Performance-linked remuneration	
		Short-tem	Long-term
Remuneration structure	Monthly remuneration 25%	Bonus 25%	Stock-based remuneration 50%
Form of payment	Cash		Stock

(Policy of remuneration by type)

i) Fixed remuneration (monthly remuneration)

Remuneration for Directors reflects their responsibilities and achievements. Remuneration for Audit & Supervisory Board members reflects their responsibilities.

Monthly remuneration is paid regularly every month during the executive's tenure.

ii) Performance-linked remuneration (bonus, stock-based remuneration)

To ensure a link with the Company's performance and to stimulate motivation to increase corporate value over the medium to long term, consolidated operating profit and sustainability KPI are set as the calculation benchmarks. The bonus for the fiscal year under review is based on the actual consolidated operating profit of ¥202.9 billion.

The evaluation weight and evaluation method of each benchmark are as follows. The payout ratio of performance-linked remuneration varies within a range of 0% to 150% depending on the evaluation result.

Benchmark	Evaluation weight	Evaluation method
Consolidated operating profit	90%	Evaluated on the basis of the degree of achievement in each fiscal year of the standard profit set for the sustainable growth of the Company
Sustainability KPI	10%	Evaluated on the basis of the degree of achievement of each fiscal year's targets for the calculation benchmarks selected from among the major KPIs that are widely related to society and employees, as defined by the Group. * Benchmarks selected for the fiscal year under review: Reduction rate of production CO_2 emissions, job satisfaction (5% for each)

The amount paid to each individual is determined on the basis of the Company's performance in the fiscal year and the execution of duties by each executive.

Performance-linked remuneration is paid once a year after the Ordinary General Meeting of Shareholders each fiscal year.

(Determination policy on stock-based remuneration)

Restricted stock remuneration is provided as an incentive to promote further sharing of value with shareholders and to sustainably enhance corporate value.

The key elements of the restricted stock remuneration system are as follows:

Eligible recipients	Directors of the Company (excluding Outside Directors)
Total amount of stock-based remuneration	Within ¥500 million per year
Amount of stock-based remuneration for each Director	Determined based on factors such as company performance, individual responsibilities, and performance
Class of shares to be allocated and the allocation method	Common stocks (with transfer restrictions as stipulated in the allocation agreement) will be issued or disposed of
Total number of shares to be allocated	Up to a total of 1.5 million shares* per year for eligible Directors (In the event of a stock split or consolidation of common stocks of the Company (including free allotment), or other circumstances requiring adjustment of the total number of restricted stocks to be issued or disposed of, the number may be adjusted within a reasonable scope.)
Payment amount	The amount shall be determined by the Board of Directors of the Company at a level that is not favorable to the eligible Director, based on the closing price of the Company's common stocks on the Tokyo Stock Exchange on the business day prior to the resolution date of the Board of Directors.
Transfer restriction period	30 years from the date of allocation
Conditions for lifting transfer restrictions	The transfer restrictions will be lifted upon expiration of the transfer restriction period. However, if a Director retires prior to the end of the transfer restriction period due to the expiration of their term, death, or other legitimate reason, the restrictions will be lifted at that time.
Acquisition of shares by the Company without consideration	If, during the transfer restriction period, the recipient is found to have violated laws or regulations, or falls under other conditions stipulated by the Board of Directors, all allocated shares will be acquired by the Company without consideration.

* This figure reflects the number of shares after the stock split effective October 1, 2024.

(Remuneration levels)

In order to verify objectivity and validity, the levels of total remuneration for Directors by position are determined each year by reference to levels at manufacturers similar in size, industry and business format to the Company, through executive compensation surveys conducted by external research organizations.

(Method for determining remuneration, etc.)

To ensure objectivity and transparency in determining the amount and system of remuneration for Directors, we have established the Executive Nomination and Compensation Committee, which is chaired by an independent outside director and in which independent outside directors account for the majority.

The Board of Directors has approved the policy for determining individual Director remuneration and the total amount of remuneration for the fiscal year under review, as well as resolved to entrust the determination of individual remuneration amounts to the Executive Nomination and Compensation Committee.

The Executive Nomination and Compensation Committee determines the individual remuneration amounts based on a review of the executive remuneration system and the policy for determining the remuneration for each Director established by the Board of Directors, taking into account factors such as company performance, job responsibilities, and achievements.

[Composition of the Executive Nomination and Compensation Committee]

Chairperson	Members
Michiyo Hamada (Independent Outside Director)	Moritaka Yoshida (President) Shintaro Ito (Director and Senior Executive Officer) Seiichi Shin (Independent Outside Director) Tsuguhiko Hoshino (Independent Outside Director)

Note: The Company has proposed an agenda item, “Election of Eight Directors,” for the Ordinary General Meeting of Shareholders scheduled to be held on June 17, 2025. If this proposal is approved, the number of Directors will be eight, including four Outside Directors. If the proposal is approved, the composition of the Executive Nomination and Compensation Committee is expected to be as follows:

Chairperson	Members
Tsuguhiko Hoshino (Independent Outside Director)	Moritaka Yoshida (President) Shintaro Ito (Director and Senior Executive Officer) Yasuhito Hirota (Independent Outside Director) Keiko Tatsuwaki (Independent Outside Director)

In determining the amount of individual remuneration, etc., for the fiscal year under review, the Executive Nomination and Compensation Committee convened and conducted deliberations in April and December 2024, as well as in January, March, and April 2025.

The Board of Directors reviewed the details of remuneration, etc., for individual Directors for the fiscal year under review from multiple perspectives, including consistency with the established determination policy during the Executive Nomination and Compensation Committee. As the amounts were determined within the total remuneration limit resolved at the General Meeting of Shareholders, the Board concluded that such determinations were in accordance with the determination policy.

Furthermore, the monthly remuneration for each Audit & Supervisory Board member is determined through discussions among the members, within the remuneration limit resolved at the General Meeting of Shareholders.

(Matters related to resolutions on remuneration)

The matters resolved at the General Meeting of Shareholders concerning remuneration, etc., for Directors and Audit & Supervisory Board members of the Company are as follows:

<table>
<tr><th colspan="2">Type of remuneration, etc.</th><th>Overview of resolution at General Meeting of Shareholders
(Total amount of remuneration)</th><th>Date of resolution</th><th>Number of executives at the time of resolution</th></tr>
<tr><td rowspan="3">Director</td><td>Monthly remuneration</td><td rowspan="2">Within ¥600 million per year (of which up to ¥75 million per year for Outside Directors)</td><td rowspan="2">June 18, 2019
(96th Ordinary General Meeting of Shareholders)</td><td rowspan="2">9 Directors
(including 3 Outside Directors)</td></tr>
<tr><td>Bonus</td></tr>
<tr><td>Stock-based remuneration</td><td>Within ¥500 million per year</td><td>June 19, 2024
(101st Ordinary General Meeting of Shareholders)</td><td>8 Directors
(including 4 Outside Directors)</td></tr>
<tr><td>Audit & Supervisory Board Member</td><td>Monthly remuneration</td><td>Up to ¥15 million per month</td><td>June 23, 2010
(87th Ordinary General Meeting of Shareholders)</td><td>5 Audit & Supervisory Board Members
(including 3 Outside Audit & Supervisory Board Members)</td></tr>
</table>

(Other significant matters related to remuneration, etc.)

In the event of a sharp decline in business performance or circumstances that may impair corporate value, remuneration, etc., may be temporarily reduced or not paid.

(ii) Total amount of remuneration, etc., by executive category, by type of remuneration, etc., and the number of applicable executives

Executive category	Total amount of remuneration, etc. (Millions of yen)	Totals for each type of remuneration, etc. (Millions of yen)			Number of applicable executives
		Fixed remuneration	Performance-linked remuneration		
		Monthly remuneration	Bonus	Stock-based remuneration	
Director	559	251	132	176	9
(of which, Outside Director)	(57)	(57)	[–]	[–]	(4)
Audit & Supervisory Board Member	116	116	–	–	4
(of which, Outside Audit & Supervisory Board Member)	(24)	(24)	[–]	[–]	(2)
Total	675	367	132	176	13

Note 1: The table includes one Director (not an Outside Director) who retired at the conclusion of the 101st Ordinary General Meeting of Shareholders held on June 19, 2024.

Note 2: The amount of performance-linked remuneration is based on the resolution of the Board of Directors meeting held on May 19, 2025.

Note 3: The actual consolidated operating profit for the fiscal year under review, which serves as the performance benchmark for performance-linked remuneration, was ¥202.9 billion.

Note 4: The stock-based remuneration is granted in the number of shares calculated by dividing the reported remuneration amount by the closing price of the Company's common stock on the business day prior to the resolution of the Board of Directors meeting held on May 19, 2025.

(iii) Total consolidated remuneration, etc., for individuals with consolidated remuneration of ¥100 million or more

Name	Executive category	Company category	Amount by type of consolidated remuneration, etc. (Millions of yen)			Total amount of consolidated remuneration, etc. (Millions of yen)
			Fixed remuneration	Performance-linked remuneration		
			Monthly remuneration	Bonus	Stock-based remuneration	
Moritaka Yoshida	Director	Filing company	63	79	99	241

(5) Shareholdings

(i) Standards and approach for classifying investment securities

The Company classifies its investment securities into those held for pure investment purposes and those held for purposes other than pure investment. Securities held solely for the purpose of earning profits from changes in the value of the shares or from dividends are classified as investment securities held for pure investment purposes. Securities held for other purposes are classified as investment securities held for purposes other than pure investment (hereinafter referred to as "cross-shareholdings"). The Company does not hold any investment securities for pure investment purposes.

(ii) Investment securities held for purposes other than pure investment

i) Method for verifying holding policy and rationality, and details of the Board of Directors' review regarding the appropriateness of individual holdings

(Holding policy)

The Company's basic policy is not to hold cross-shareholdings unless such holdings are deemed essential for enhancing corporate value, from the perspectives of improving capital efficiency, reducing assets, and strengthening governance. We recognize the need to promote joint technological development and business alliances through shareholdings in order to survive intense competition and achieve sustainable growth. On the other hand, we assess whether a business relationship can be maintained without holding shares, and we only retain cross-shareholdings when it is determined that such holdings are truly essential for enhancing corporate value.

(Method for verifying the rationality of holdings and details of the Board of Directors' review regarding the appropriateness of individual holdings)

For each cross-shareholding, we examine the significance of continuing to hold the shares based on whether the business relationship can be maintained or expanded without such ownership. The Board of Directors reviews the findings of this assessment, along with progress on reduction and future reduction policies. If it is determined that a holding is not essential for enhancing corporate value, we pursue reduction through dialogue with the relevant business partners. In the fiscal year under review, we reduced our holdings in three out of 12 specified investment securities. For holdings that are deemed indispensable, we carefully evaluate and verify them by weighing the benefits and risks of holding the shares, taking into account the cost of capital.

ii) Number of stocks and balance sheet amount

	Number of stocks (issues)	Total balance sheet amount (Millions of yen)
Unlisted shares	51	18,072
Shares other than unlisted shares	10	96,738

(Stocks with an increase in the number of shares during the fiscal year under review)

	Number of stocks (issues)	Total acquisition amount related to the increase in number of shares (Millions of yen)	Reason for the increase in the number of shares
Unlisted shares	2	256	Shares were acquired for the purpose of gaining know-how and expanding sales in the automotive parts aftermarket business.
Shares other than unlisted shares	–	–	–

(Stocks with a decrease in the number of shares during the fiscal year under review)

	Number of stocks (issues)	Total sale amount related to the decrease in number of shares (Millions of yen)
Unlisted shares	1	6
Shares other than unlisted shares	3	3,839

iii) Information on the number of shares, balance sheet amount, etc., by stock for specified investment securities and deemed held shares

(Specified investment securities)

Stock name	Fiscal year ended March 31, 2025 Number of shares Balance sheet amount (Millions of yen)	Fiscal year ended March 31, 2024 Number of shares Balance sheet amount (Millions of yen)	Purpose of holding, overview of business alliance, quantitative effects of holding, and reasons for the increase in the number of shares	Holding of the Company's shares
Toyota Industries Corporation	6,578,372 83,578	6,578,372 102,951	Shares are held with the aim of strengthening competitiveness through collaboration in the powertrain systems field, as the company is a customer for commercial transmissions and other products. However, discussions are underway based on the premise that the partnership can be maintained without holding shares.	Yes
SUZUKI MOTOR CORPORATION	5,608,000 10,150	5,608,000 9,749	Shares are held with the aim of further strengthening competitiveness through collaboration, as the company is an important customer and we sell various products—including eAxles (via BluE Nexus) and electric water pumps—to Maruti Suzuki in India.	Yes
JTEKT Corporation	1,436,457 1,619	2,872,857 4,102	Shares are held with the aim of strengthening competitiveness through collaboration in the field of chassis & vehicle safety systems, as the company is a customer for electric steering columns.	No
UMC Electronics Co., Ltd.	2,205,883 661	2,205,883 840	Shares are held with the aim of maintaining and strengthening the business relationship, as the company is an outsourcing partner for electronic component manufacturing.	No
Witz Corporation	300,000 300	300,000 241	Shares are held with the aim of securing resources for in-vehicle security software development and studying future security trends.	No
Taiho Kogyo Co., Ltd.	300,000 178	300,000 281	Shares are held with the aim of maintaining and strengthening the business relationship, as the company is a supplier of special bearing components.	Yes
LIXIL Corporation	65,100 112	65,100 122	Shares are held with the aim of maintaining transactions in the energy value chain business.	No
Fine Sinter Co., Ltd.	105,600 86	105,600 121	Shares are held with the aim of maintaining and strengthening the business relationship, as the company is a supplier of sintered parts mainly used in powertrain-related businesses. However, discussions are underway based on the premise that the partnership can be maintained without holding shares, and reductions are being made in stages.	No

Stock name	Fiscal year ended March 31, 2025 Number of shares Balance sheet amount (Millions of yen)	Fiscal year ended March 31, 2024 Number of shares Balance sheet amount (Millions of yen)	Purpose of holding, overview of business alliance, quantitative effects of holding, and reasons for the increase in the number of shares	Holding of the Company's shares
OKAYA & CO., LTD.	4,000	2,000	Shares are held with the aim of maintaining and strengthening the business relationship, as the company supplies a wide range of items, including bearings and other specialty parts, raw materials, equipment, and cutting tools. The increase in the number of shares is due to a stock split.	Yes
	27	33		
MISONOZA Inc.	13,300	13,300	Shares are held with the aim of contributing to the enrichment of life and the development of culture by supporting the promotion of traditional performing arts and culture in the region.	No
	22	24		
Central Japan Railway Company	–	500,000	–	No
	–	1,863		
Akebono Brake Industry Co., Ltd.	–	3,133,700	–	No
	–	457		

Note: Regarding the quantitative effects of holding these shares, it is difficult to provide specific figures due to the various impacts on the investee companies. However, the Company conducts a quantitative assessment each fiscal year to determine whether the returns from the holdings, such as transaction scale, dividends, and the investee's ROE, are commensurate with the Company's weighted average cost of capital.

(iii) Investment securities held for pure investment purposes

There are no applicable items.

V. Accounting Status

1. Preparation of consolidated financial statements and non-consolidated financial statements

   (1) The Company's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (hereinafter referred to as "IFRS"), pursuant to Article 312 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976).

   (2) The Company's non-consolidated financial statements are prepared in accordance with the "Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc." (Ordinance of the Ministry of Finance No. 59 of 1963, hereinafter referred to as the "Financial Statements Ordinance").

   As the Company falls under the category of a company filing financial statements prepared in accordance with special provisions, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Financial Statements Ordinance.

2. Audit certification

   Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company undergoes an audit by PricewaterhouseCoopers Japan LLC for the consolidated financial statements and the non-consolidated financial statements for FY2025 (from April 1, 2024 to March 31, 2025).

3. Special initiatives to ensure the appropriateness of consolidated financial statements, etc., and the development of a system to properly prepare them based on IFRS

   The Company has implemented special initiatives to ensure the appropriateness of its consolidated financial statements, etc. and has developed a system that enables proper preparation of such statements in accordance with IFRS. The content is as follows:

   (1) To appropriately understand accounting standards and respond accurately to any changes in those standards, the Company is a member of the Financial Accounting Standards Foundation and obtains information on accounting standards through participation in seminars and other means.

   (2) With regard to the application of IFRS, the Company obtains press releases and standards issued by the International Accounting Standards Board as needed to stay informed of the latest standards. Furthermore, to ensure the proper preparation of consolidated financial statements in accordance with IFRS, the Company has established group accounting policies compliant with IFRS and conducts accounting procedures based on those policies.

1. Consolidated financial statements and other information

(1) Consolidated financial statements

(i) Consolidated statement of financial position

(Millions of yen)

	Notes	As of March 31, 2024	As of March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	5	527,191	451,690
Trade and other receivables	6	703,708	737,206
Other financial assets	12	39,375	17,754
Inventories	7	536,600	530,082
Other current assets	19	87,269	93,262
Subtotal		1,894,144	1,829,996
Assets held for sale	8	3,608	–
Total current assets		1,897,753	1,829,996
Non-current assets			
Property, plant and equipment	9	1,470,862	1,424,038
Intangible assets	10	55,882	56,623
Right-of-use assets	24	67,203	72,427
Investments accounted for using the equity method	11	131,914	78,247
Other financial assets	12	885,677	692,778
Deferred tax assets	19	81,912	88,204
Other non-current assets	18	51,810	42,285
Total non-current assets		2,745,263	2,454,604
Total assets		4,643,016	4,284,600
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	13	908,975	928,595
Bonds and loans payable	14, 16	100,227	90,694
Lease liabilities	16, 23	20,905	18,780
Other financial liabilities	15	9,373	7,106
Provisions	17	44,037	46,325
Income tax payables		46,670	19,713
Other current liabilities		47,652	42,530
Subtotal		1,177,842	1,153,746
Liabilities directly associated with assets held for sale	8	312	–
Total current liabilities		1,178,154	1,153,746
Non-current liabilities			
Bonds and loans payable	14, 16	626,067	539,167
Lease liabilities	16, 23	47,461	48,654
Other financial liabilities	15	27,111	18,278
Retirement benefit liabilities	18	205,801	197,013
Provisions	17	2,393	2,460
Deferred tax liabilities	19	142,238	75,401
Other non-current liabilities		11,758	16,614
Total non-current liabilities		1,062,833	897,589
Total liabilities		2,240,987	2,051,335

(Millions of yen)

	Notes	As of March 31, 2024	As of March 31, 2025
Equity			
Capital stock	20	45,049	45,049
Capital surplus	20	79,352	80,578
Treasury stock	20	(115,627)	(84,621)
Other components of equity		577,590	444,397
Retained earnings	20	1,549,472	1,491,859
Equity attributable to owners of the parent company		2,135,837	1,977,263
Non-controlling interests		266,192	256,001
Total equity		2,402,029	2,233,265
Total liabilities and equity		4,643,016	4,284,600

(ii) Consolidated statements of income and Consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	4, 25	4,909,557	4,896,104
Cost of revenue	27	(4,358,900)	(4,332,615)
Gross profit		550,656	563,489
Selling, general and administrative expenses	26, 27	(417,705)	(375,083)
Other income	28	28,785	36,115
Other expenses	28	(18,340)	(21,579)
Operating profit	4	143,396	202,941
Finance income	29	25,445	30,452
Finance expenses	29	(10,538)	(49,402)
Equity in earnings (losses) of affiliates	11	(8,425)	5,666
Gains (losses) on sales of investments accounted for using equity method	11	–	(16,217)
Profit before income taxes		149,877	173,440
Income tax expenses	19	(37,068)	(49,220)
Profit for the period		112,809	124,220
Profit for the period attributable to:			
Owners of the parent		90,813	107,586
Non-controlling interests		21,996	16,634
Total		112,809	124,220
Earnings per share			
Basic earnings per share (Yen)	31	112.31	137.81
Diluted earnings per share (Yen)	31	–	–

Consolidated statements of comprehensive income

(Millions of yen)

	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit for the period		112,809	124,220
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	18, 30	10,363	(7,862)
Net changes in revaluation of financial assets measured at fair value through other comprehensive income (loss)	23, 30	286,827	(136,251)
Share of other comprehensive income (loss) of associates accounted for using the equity method	11, 30	(4)	29
Total		297,187	(144,084)
Items that may be reclassified subsequently to profit or loss			
Net changes in revaluation of financial assets measured at fair value through other comprehensive income (loss)	23, 30	52	(15)
Cash flow hedges	23, 30	77	57
Exchange differences on translating foreign operations	30	48,896	2,478
Share of other comprehensive income (loss) of associates accounted for using the equity method	11, 30	3,960	(518)
Total		52,987	2,001
Other comprehensive income (loss) total		350,174	(142,082)
Comprehensive income (loss) for the period		462,984	(17,861)
Comprehensive income (loss) for the period attributable to:			
Owners of the parent		426,802	(37,780)
Non-controlling interests		36,182	19,919
Total		462,984	(17,861)

(iii) Consolidated statements of changes in equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Notes	Equity attributable to owners of the parent							
					Other components of equity				
		Capital stock	Capital surplus	Treasury stock	Remeasure-ments of defined benefit plans	Net changes in revaluation of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations	Total
Balance as of April 1, 2023		45,049	74,401	(115,675)	–	275,926	(114)	31,313	307,125
Profit for the period		–	–	–	–	–	–	–	–
Other comprehensive income		–	–	–	8,633	284,752	80	42,522	335,988
Comprehensive income for the period		–	–	–	8,633	284,752	80	42,522	335,988
Hyperinflation adjustment	35	–	–	–	–	–	–	–	–
Acquisition of treasury stock	20	–	–	(6)	–	–	–	–	–
Disposal of treasury stock	20	–	(9)	55	–	–	–	–	–
Dividends	21	–	–	–	–	–	–	–	–
Changes in the ownership interest in subsidiaries		–	4,959	–	–	–	–	–	–
Change in scope of consolidation		–	–	–	90	–	–	(310)	(220)
Transfer from other components of equity to retained earnings		–	–	–	(8,723)	(56,579)	–	–	(65,303)
Total transactions with owners		–	4,950	48	(8,633)	(56,579)	–	(310)	(65,523)
Balance as of March 31, 2024		45,049	79,352	(115,627)	–	504,099	(34)	73,526	577,590

	Notes	Equity attributable to owners of the parent		Non-controlling interests	Total equity
		Retained earnings	Total		
Balance as of April 1, 2023		1,440,425	1,751,326	240,110	1,991,437
Profit for the period		90,813	90,813	21,996	112,809
Other comprehensive income		–	335,988	14,185	350,174
Comprehensive income for the period		90,813	426,802	36,182	462,984
Hyperinflation adjustment	35	1,445	1,445	–	1,445
Acquisition of treasury stock	20	–	(6)	–	(6)
Disposal of treasury stock	20	–	46	1	47
Dividends	21	(48,515)	(48,515)	(9,052)	(57,567)
Changes in the ownership interest in subsidiaries		–	4,959	(1,050)	3,909
Change in scope of consolidation		–	(220)	–	(220)
Transfer from other components of equity to retained earnings		65,303	–	–	–
Total transactions with owners		16,787	(43,736)	(10,100)	(53,837)
Balance as of March 31, 2024		1,549,472	2,135,837	266,192	2,402,029

Fiscal year ended March 31, 2025

(Millions of yen)

	Notes	Equity attributable to owners of the parent							
					Other components of equity				
		Capital stock	Capital surplus	Treasury stock	Remeasure-ments of defined benefit plans	Net changes in revaluation of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations	Total
Balance as of April 1, 2024		45,049	79,352	(115,627)	–	504,099	(34)	73,526	577,590
Profit for the period		–	–	–	–	–	–	–	–
Other comprehensive income (loss)		–	–	–	(9,992)	(135,100)	68	(343)	(145,367)
Comprehensive income (loss) for the period		–	–	–	(9,992)	(135,100)	68	(343)	(145,367)
Hyperinflation adjustment	35	–	–	–	–	–	–	–	–
Acquisition of treasury stock	20	–	–	(83,921)	–	–	–	–	–
Disposal of treasury stock	20	–	9	108	–	–	–	–	–
Cancellation of treasury stock	20		(10,952)	114,818	–	–	–	–	–
Dividends	21	–	–	–	–	–	–	–	–
Changes in the ownership interest in subsidiaries		–	12,169	–	(59)	–	–	–	(59)
Change in scope of consolidation		–	–	–	–	–	–	198	198
Transfer from other components of equity to retained earnings		–	–	–	10,051	1,983	–	–	12,035
Total transactions with owners		–	1,226	31,005	9,992	1,983	–	198	12,174
Balance as of March 31, 2025		45,049	80,578	(84,621)	–	370,982	34	73,381	444,397

	Notes	Equity attributable to owners of the parent		Non-controlling interests	Total equity
		Retained earnings	Total		
Balance as of April 1, 2024		1,549,472	2,135,837	266,192	2,402,029
Profit for the period		107,586	107,586	16,634	124,220
Other comprehensive income (loss)		–	(145,367)	3,284	(142,082)
Comprehensive income (loss) for the period		107,586	(37,780)	19,919	(17,861)
Hyperinflation adjustment	35	1,291	1,291	–	1,291
Acquisition of treasury stock	20	–	(83,921)	–	(83,921)
Disposal of treasury stock	20	–	118	–	118
Cancellation of treasury stock	20	(106,749)	(2,883)	2,883	–
Dividends	21	(47,705)	(47,705)	(14,436)	(62,142)
Changes in the ownership interest in subsidiaries		–	12,109	(18,293)	(6,183)
Change in scope of consolidation		–	198	(263)	(65)
Transfer from other components of equity to retained earnings		(12,035)	–	–	–
Total transactions with owners		(166,490)	(122,083)	(30,110)	(152,193)
Balance as of March 31, 2025		1,491,859	1,977,263	256,001	2,233,265

(iv) Consolidated statements of cash flows

(Millions of yen)

	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net cash provided by (used in) operating activities			
Profit before income taxes		149,877	173,440
Depreciation and amortization		274,300	272,839
Impairment losses		4,092	4,201
Losses (gains) on sales of investments accounted for using equity method	11	–	16,217
Decrease (increase) in trade and other receivables		89,617	(38,621)
Decrease (increase) in inventories		30,143	1,355
Increase (decrease) in trade and other payables		(4,753)	14,354
Other, net		(29,110)	(29,240)
Subtotal		514,167	414,547
Interest income received		5,067	5,458
Dividends income received		21,940	21,734
Interest expenses paid		(8,516)	(4,621)
Income taxes paid		(32,919)	(97,249)
Net cash provided by (used in) operating activities		499,740	339,870
Net cash provided by (used in) investing activities			
Decrease (increase) in time deposits		(4,891)	17,130
Purchase of property, plant and equipment		(228,148)	(218,851)
Proceeds from sales of property, plant and equipment		10,111	13,925
Purchase of intangible assets		(16,316)	(17,571)
Purchase of investment securities		(2,283)	(5,653)
Proceeds from sales and redemption of investment securities		118,957	5,519
Proceeds from collection of lease receivables		14,054	12,843
Proceeds from sales of subsidiaries or other businesses		13,075	2,446
Proceeds from sales of investments accounted for using equity method	11	–	39,924
Other, net		2,288	3,337
Net cash provided by (used in) investing activities		(93,153)	(146,948)
Net cash provided by (used in) financing activities			
Increase (decrease) in short-term bank loans and commercial papers	16	(41,939)	(12,172)
Proceeds from long-term loans payable	16	5,359	90,000
Repayment of long-term loans payable	16	(80,288)	(53,832)
Proceeds from issuance of bonds	16	–	20,000
Redemption of bonds	14, 16	(15,000)	(140,000)
Repayment of lease payables	16, 24	(25,949)	(25,905)
Acquisition of treasury stock		(6)	(83,923)
Cash dividends paid	21	(48,502)	(47,687)
Cash dividends paid to non-controlling interests		(9,052)	(14,436)
Other, net		3,679	(2,262)
Net cash provided by (used in) financing activities		(211,699)	(270,221)
Effect of exchange rate change on cash and cash equivalents		13,207	1,669
Net increase (decrease) in cash and cash equivalents		208,094	(75,629)
Cash and cash equivalents at beginning of period		317,693	527,191
To reclassify cash and cash equivalents included in assets held for sale	8	1,403	129
Cash and cash equivalents at end of period	5	527,191	451,690

Notes to consolidated financial statements

1. Reporting entity

AISIN CORPORATION (the "Company") is a stock corporation located in Japan. The addresses of the Company's registered head office and principal plants are available on the Company's website (https://www.aisin.com/jp/).

The Company's consolidated financial statements are for the fiscal year ended March 31, 2025, and comprise the Company and its subsidiaries and associates (the "Group"). The principal business of the Group is manufacture and sale of automotive parts and energy solution related products.

2. Basis of preparation

(1) Compliance with IFRS

The Group meets the requirements for a "Specified Companies Complying with Designated International Accounting Standards" to prepare its consolidated financial statements by applying the designated IFRS as stipulated under Article 1-2 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976). Hence the Group's consolidated financial statements are prepared in accordance with IFRS based on the provisions of Article 312 of the Ordinance.

The Group's consolidated financial statements were approved on June 16, 2025 by Moritaka Yoshida, President of the Company.

(2) Basis of measurement

Except for the financial instruments that are measured at fair value and application of hyperinflation accounting in the consolidated subsidiary in Turkey, etc., as stated in "3. Material accounting policies" and "35. Hyperinflation adjustments," the Group's consolidated financial statements are prepared on a cost basis.

(3) Functional currency and presentation currency

The Group's consolidated financial statements are presented in Japanese yen, which is the Company's functional currency. Figures less than one million yen are rounded down to the nearest million yen.

(4) Significant accounting judgments, estimates, and assumptions

In preparing the consolidated financial statements, management established judgments, estimates, and assumptions that have an effect on the application of accounting policies, as well as the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of revisions on accounting estimates are recognized in the period in which the estimate is revised and in future periods.

Accounting judgments, estimates, and assumptions that have material impact on the amounts recognized in the consolidated financial statements are as follows.

(i) Impairment of non-financial assets

For non-financial assets of the Group other than inventories and deferred tax assets, whenever there is an event or change in circumstances indicating that the carrying amount of an asset or cash-generating unit may exceed the recoverable amount, the Group estimates the recoverable amount of the asset or cash-generating unit assuming that there is an indication of impairment. In estimating the recoverable amount, assumptions such as the remaining useful life of the asset, projections of future cash flows, and discount rates are used. Business plans, which serve as the basis of future cash flows, are based on sales forecasts and cost reduction plans for the relevant period. If there is an indication of impairment loss, the Group conducts an impairment test. If the carrying amount exceeds the recoverable amount, impairment loss is recognized in net loss or profit.

The Group believes that the judgements concerning the identification of impairment indicators and the recognition of impairment loss, as well as the estimates of recoverable amounts are reasonable. However, as these estimates include uncertainties, the Group may consequently recognize additional impairment losses in the future if the estimates related to assessing non-financial assets change due to unpredictable changes to assumptions, etc.

Impairment losses on property, plant and equipment are stated in “9. Property, plant and equipment, (2) Impairment losses.” Impairment losses on intangible assets are stated in “10. Intangible assets, (2) Impairment losses.”

(ii) Quality assurance obligations

Quality assurance obligations represent provision for product warranties to provide for complaints that are expected to arise in the future, and accrued expenses for recalls and other market actions determined by automobile manufacturers and other customers.

Provision for product warranties provides for expenses that the Group will incur to handle complaints that arise while the product is still under warranty. The amount of expected claim for the remaining warranty period is estimated based on past performance. These expenses are expected to arise throughout the product warranty period.

Accrued expenses for recalls and other market actions are estimated and recognized upon decision of recalls, etc. by automobile manufacturers and other customers, based on a reasonably expected amount that would be paid by the Company, taking into consideration assumptions such as the number of warranted vehicles, repair expenses per vehicle, defect handling incidence rate, and expected burden ratio with customers.

The Group believes that the estimates of the assumptions related to the calculation of these expenses are reasonable. However, as these estimates include uncertainties, the Group may consequently recognize or reverse additional provision for product warranties or accrued expenses if the actual expenses are different from the estimates due to unpredictable changes to assumptions, etc.

Provision for product warranties is stated in “17. Provisions,” and accrued expenses for recalls and other market actions are stated in “13. Trade and other payables.”

(iii) Measurement of defined benefit obligations

The present value of defined benefit obligations is determined with actuarial calculations using assumptions such as discount rate, rate of salary increase, rate of employee turnover, and mortality rate. The discount rate is a particularly significant assumption. The discount rate is determined by reference to the market yields at the end of each fiscal year on high-quality corporate bonds that have maturity terms approximating those of the Group’s obligations.

The Group believes that the estimates of the assumptions related to the calculation of defined benefit obligations are reasonable. However, as these estimates include uncertainties, differences in assumptions from the actual results or changes made to assumptions may have an impact on the evaluation of the Group’s defined benefit obligations.

The carrying amount of defined benefit obligations, and the expected impact on defined benefit obligations due to fluctuations in the discount rate are stated in “18. Employee benefits, (1) Post-employment benefits.”

(iv) Recoverability of deferred tax assets

Deferred tax assets are recognized for deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax liabilities are basically recognized for taxable temporary differences. Future taxable profit represents the best estimate based on sales forecasts, cost reduction plans, and other information that is available by the end of fiscal year. Deferred tax assets are reviewed each fiscal year and reduced for the part that sufficient taxable profits will not be available to allow the benefit.

The Group believes that the estimates made for assessing the recoverability of deferred tax assets are reasonable. However, as these estimates include uncertainties, the Group may consequently make additional reductions of deferred tax assets in the future if the estimates related to assessing the recoverability of deferred tax assets change due to unpredictable changes to assumptions, etc.

Deductible temporary differences and unused tax losses for which deferred tax assets are not recognized are stated in "19. Income taxes, (1) Deferred tax assets and deferred tax liabilities."

(v) Fair value of financial instruments

The fair value of certain assets and liabilities has been determined using market information such as quoted market prices, and valuation methodologies such as the market approach, income approach, and cost approach. If available, quoted prices on active markets, or observable inputs, are used to measure fair value. If such information is not available, unobservable inputs that reflect the Group's judgment on assumptions, which market participants would use when pricing the assets or liabilities, are used. The Group develops unobservable inputs using the best information available in the circumstances, which might include the Group's own data.

The Group believes that assessments of fair value of financial instruments are reasonable. However, as these assessments include uncertainties, the fair value measurement may consequently change if the estimates related to assessing financial instruments change due to unpredictable changes to assumptions, etc.

The carrying amounts of financial instruments, details of material unobservable inputs and valuation methodologies for the financial instruments classified as Level 3 are stated in "23. Financial instruments, (3) Fair value of financial instruments."

(5) Change in presentation method

From FY2025 onward, "Acquisition of treasury stock" is separately presented due to its increased materiality, which was included under "Other, net" in "Net cash provided by (used in) financing activities" in the consolidated statements of cash flows in the previous year's disclosure. To reflect this change in presentation, the consolidated financial statements for FY2024 have been reclassified.

As a result, in the consolidated statements of cash flows for FY2024, the amount of ¥3,672 million previously presented as "Other, net" under "Net cash provided by (used in) financing activities" has been reclassified into "Acquisition of treasury stock" of -¥6 million and "Other, net" of ¥3,679 million.

(6) Standards and interpretations announced but not adopted

The newly established or amended standards and interpretations that have been issued prior to the approval date of the consolidated financial statements, but have not been applied by the Group, are as follows.

The impact of these applications on the Group is still under consideration and cannot be estimated at this time.

Standards and interpretations		Mandatory adoption (from fiscal year beginning on or after)	Fiscal year in which the Group will adopt the standard	Overview of new standards and amendments
IFRS 9 IFRS 7	Financial Instruments Financial Instruments: Disclosures	January 1, 2026	FY2027	Revisions to accounting treatment and disclosures related to contracts referencing renewable power generation
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027	FY2028	A new standard that replaces IAS 1, which is the current accounting standard on presentation and disclosure in financial statements

3. Material accounting policies

Material accounting policies that were adopted in preparing the consolidated financial statements are as follows. Unless stated otherwise, these policies are applied continuously for all reporting periods indicated.

(1) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities that are controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity.

The subsidiary's financial statements are included in the consolidation from the date of acquisition until the date on which the Group loses control.

In cases where the accounting policies applied by subsidiaries are different from those applied by the Group, adjustments are made to the financial statements of such subsidiaries.

All intergroup balances, transactions, and unrealized gains or losses arising from transactions within the Group are eliminated in preparing the consolidated financial statements.

Changes in ownership interest without loss of control of the subsidiary are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between the aggregate of the fair value of the consideration received, the fair value of any retained non-controlling interest and the carrying amount of former subsidiary's net assets (including goodwill), liabilities and carrying amount of any non-controlling interest in the former subsidiary on the date the control is lost. The difference is recognized in profit or loss.

(ii) Associates

An associate is an entity over which the Group has significant influence on financial and operating policies but does not have control.

Investments in associates are accounted for using the equity method and recognized at acquisition cost at the time of acquisition. Then, from the date on which the Group has significant influence until the date on which it ceases to have significant influence, the amount of investments is revised to recognize the Group's share of the associates' profits or losses and other comprehensive income.

Unrealized gains or losses resulting from transactions with associates are added to or subtracted from the investment up to the amount of the Group's interest.

In cases where the accounting policies adopted by associates are different from those applied by the Group, adjustments are made to the financial statements of such associates.

When there is objective evidence of impairment of an investment in an associate, the total investment in the associate is tested for impairment as a single asset.

When an entity ceases to be an associate and is no longer accounted for by the equity method, the gains or losses resulting from the cessation of application of the equity method are recognized in profit or loss.

(iii) Business combinations

Business combinations are accounted for using the acquisition method.

The consideration of an acquisition is measured as the sum of the acquisition-date fair value of the assets transferred, liabilities assumed, and equity instruments issued by the Company in exchange for control over an acquiree. Acquisition-related costs incurred in relation to business combinations are recognized as expenses when they are incurred.

Identifiable assets acquired and liabilities assumed by business combinations are measured at fair values on the acquisition date. The Group chooses, on a transaction-by-transaction basis, whether to measure the non-controlling interests at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

If the consideration of an acquisition exceeds the fair value of identifiable assets acquired and liabilities assumed, the excess is recognized as goodwill. In case the identifiable assets and liabilities exceed the consideration, the difference is recognized as profit or loss. Additional acquisition of non-controlling interests subsequent to the initial acquisition is accounted for as a capital transaction, and no goodwill is recognized with respect to such transactions.

(2) Foreign currency translation

(i) Translation of foreign currency transactions

Financial statements of each Group company are prepared in the functional currency of that company. Transactions in currencies other than functional currency (foreign currencies) are translated at the exchange rate on the transaction date.

Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate on the fiscal year-end date. Non-monetary items denominated in foreign currencies are translated at the exchange rates on the transaction date if measured at acquisition cost, and at the exchange rates on the measurement dates if measured at fair value.

Exchange differences arising from translations or settlements are recognized in profit or loss. However, exchange differences arising from equity instruments measured through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

(ii) Translation of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen at the exchange rate on the fiscal year-end date. Revenue and expenses of foreign operations other than those operating in hyperinflationary economies are translated into Japanese yen at period-average exchange rates. Exchange differences arising from translation of financial statements of foreign operations are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences of that foreign operation is recognized in profit or loss in the period of disposition.

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be withdrawn as needed, and short-term investments with little risk of changes in value, that have a short maturity of three months or less from the date of acquisition.

(4) Financial instruments

(i) Financial assets (excluding derivatives)

i) Initial recognition and measurement

The Group recognizes financial assets on the transaction date on which the Group becomes a party to the contractual provisions of the financial instrument.

All financial assets, except for financial assets measured at fair value through profit or loss, are initially measured at their fair value plus transaction costs that are directly attributable to such financial assets.

ii) Classification

(a) Debt instruments

a. Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- the assets are held based on a business model whose objective is to hold assets in order to collect contractual cash flows; and
- cash flows that are solely payments of principal and interest on the principal amount outstanding occur on specified dates under the contractual terms of the financial assets.

b. Financial assets measured at fair value through other comprehensive income

Financial assets are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

- the assets are held based on a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- cash flows that are solely payments of principal and interest on the principal amount outstanding occur on specified dates under the contractual terms of the financial assets.

c. Financial assets measured at fair value through profit or loss

Financial assets except for those provided above are classified as financial assets measured at fair value through profit or loss.

However, for the purpose of eliminating or significantly reducing accounting mismatch, the Group may, at initial recognition, designate a financial asset other than a financial asset measured at fair value through profit or loss as financial asset measured at fair value through profit or loss.

(b) Equity instruments

a. Financial assets measured at fair value through other comprehensive income

Financial assets that are designated at initial recognition as financial assets whose changes in fair values are to be recognized through other comprehensive income, are classified as financial assets measured at fair value through other comprehensive income.

b. Financial assets measured at fair value through profit or loss

Financial assets other than financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

iii) Subsequent measurement

Financial assets measured at amortized cost are measured using the effective interest method.

Financial assets measured at fair value through profit or loss are measured at fair value, and gains and losses are recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income are measured at fair value, and gains and losses are recognized in other comprehensive income.

When a financial asset is derecognized, the cumulative profit or loss recognized in other comprehensive income are transferred to profit or loss for debt instruments, and to retained earnings for equity instruments.

Dividends are recognized in profit or loss.

iv) Impairment of financial assets

The Group recognizes expected credit loss for debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost in allowance for doubtful accounts.

Allowance for doubtful accounts is measured at the same amount as 12-month expected credit loss for financial assets at the end of each reporting period. However, if the Group, based on objective data, determines that the credit risk on financial assets has increased significantly since initial recognition, the amount equal to the lifetime expected credit losses is recognized as allowance for doubtful accounts. Whether credit risk has increased significantly is determined based on changes in default risk of the financial assets.

Notwithstanding the above, allowance for doubtful accounts for trade receivables is always measured at the same amount as lifetime expected credit losses.

v) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when substantially all the risks and rewards of ownership of the assets are transferred.

(ii) Financial liabilities (excluding derivatives)

i) Initial recognition and measurement

The Group recognizes financial liabilities on the transaction date on which the Group becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured subsequently at amortized cost are measured at their fair value after deducting transaction costs that are directly attributable to the issuance of the financial liabilities.

ii) Classification

(a) Financial liabilities measured at fair value through profit or loss

For the purpose of eliminating or significantly reducing accounting mismatch, the Group classifies financial liabilities that are designated at initial recognition as financial liabilities measured at fair values through profit or loss as financial liabilities measured at fair value through profit or loss.

(b) Financial liabilities measured at amortized cost

Financial liabilities other than financial liabilities measured at fair value through profit or loss are classified as financial liabilities measured at amortized cost.

iii) Subsequent measurement

Financial liabilities measured at amortized cost are measured using the effective interest method.

Financial liabilities measured at fair value through profit or loss are measured at fair value, and gains and losses are recognized in profit or loss.

iv) Derecognition

The Group derecognizes financial liabilities when its contractual obligations are discharged, cancelled, or expired.

(iii) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amounts are presented in the consolidated statements of financial position when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize assets and settle liabilities simultaneously.

(iv) Derivatives and hedge accounting

The Group utilizes derivatives, including forward exchange, currency swaps, currency options, and interest rate swaps to hedge foreign exchange and interest rate risks. In addition, derivatives are recognized in connection with the settlement of cash flows with power producers under virtual power purchase agreements. These derivatives are initially recognized at fair value when the derivative contracts are entered into and are also remeasured at fair value after initial recognition.

At the inception of a hedge, the Group formally designates and documents the hedging relationship between the hedge instrument and hedged item, and the objectives and strategies of risk management for undertaking the hedge. In addition, at the inception of the hedge and on an ongoing basis throughout the hedging period, hedges are assessed as to whether the derivatives used for the hedge transactions are highly effective in offsetting the changes in fair values and cash flows of the hedged items.

The Group classifies and applies hedge accounting to transactions under the following categories.

i) Fair value hedge

Changes in fair value of derivatives designated as hedging instrument are recognized in profit or loss. For changes in fair values of the hedged items attributable to the hedged risks, the carrying amounts of the hedged items are adjusted and recognized in profit or loss.

ii) Cash flow hedge

The effective portion of the gains or losses on the hedging instruments is recognized in other comprehensive income, while the ineffective portion is recognized in profit or loss. The amounts of hedging instruments recognized in other components of equity are reclassified to profit or loss when the transactions of the hedged items affect profit or loss.

(5) Inventories

Inventories are measured at the lower of acquisition cost and net realizable value. The cost of inventories is determined using mainly the weighted average method, and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated selling expenses.

(6) Property, plant and equipment

Property, plant and equipment is measured using the cost model and is stated at acquisition cost less accumulated depreciation and accumulated impairment losses. Acquisition cost includes any costs directly attributable to the acquisition of the asset, dismantlement and removal, and land restoration costs, as well as borrowing costs eligible for capitalization.

Except for assets that are not subject to depreciation such as land and construction in progress, property, plant and equipment is mainly depreciated using the straight-line method over their estimated useful lives.

The estimated useful lives of major property, plant and equipment are as follows:

Buildings and structures:	3 to 60 years
Machinery and vehicles:	3 to 10 years
Tools, furniture and fixtures:	2 to 10 years

The estimated useful lives, residual values, and depreciation method are reviewed at the end of each fiscal year and, if there are any changes, the effects of changes in accounting estimates are recognized prospectively.

(7) Intangible assets

(i) Goodwill

Details on the measurement of goodwill at initial recognition are stated in “(1) Basis of consolidation, (iii) Business combinations.” Goodwill is stated at acquisition cost less accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets are measured using the cost model and are stated at acquisition cost less accumulated amortization and accumulated impairment losses.

i) Separately acquired intangible assets and intangible assets acquired in business combinations

Separately acquired intangible assets are measured at cost upon initial recognition. Intangible assets acquired in business combinations are recognized separately from goodwill and measured at fair value at the acquisition date.

ii) Internally generated intangible assets

Cost arising from development activities (or from the development phase of an internal project) is recognized as asset if, and only if, the Group can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) its intention to complete the intangible asset and use or sell it;

(c) its ability to use or sell the intangible asset;

(d) how the intangible asset will generate probable future economic benefits;

(e) the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and

(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs and expenditures related to development activities that do not satisfy the above asset recognition conditions are recognized in profit or loss as incurred.

iii) Amortization

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives.

The estimated useful lives of major intangible assets are as follows:

Software:	3 to 10 years
Development costs:	2 to 5 years

The estimated useful lives and amortization method are reviewed at the end of each fiscal year and, if there are any changes, the effects of changes in accounting estimates are recognized prospectively.

(8) Leases

Upon entering into a contract, the Group assesses whether the contract is or contains a lease in accordance with IFRS 16.

(i) As lessee

At the inception of a contract, the Group assesses whether the contract is or contains a lease. For all leases excluding leases that have a lease term of 12 months or less and leases of low-value assets, the Group applies a single accounting model and recognizes at the commencement date its right to use the underlying lease assets as right-of-use assets, and its obligation to make lease payments as lease liabilities.

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the lessee’s incremental borrowing rate. After the commencement date, the carrying amounts of lease liabilities are adjusted by reflecting interest on the lease liabilities and lease payments made. Lease liabilities are remeasured if there is a lease modification. The lease term is determined as the non-cancellable period of lease, together with both a period covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and a period covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Right-of-use assets are initially measured at the amount of the initial measurement of lease liabilities adjusted by any initial direct costs, prepaid lease payments, and other costs. After the initial measurement, a cost model is adopted, and the right-of-use assets are depreciated on a regular basis from the commencement date to the earlier of the end of the useful life or the end of the lease term.

For leases that have a lease term of 12 months or less and leases of low-value assets, lease payments are recognized as expense on a straight-line basis over the lease term.

(ii) As lessor

For lease receivables in finance lease transactions, the net investment in the lease is recognized in assets. If the Group becomes a lessor as manufacturer or dealer, sales revenue from finance lease is recognized at the commencement date.

(9) Impairment of non-financial assets

The Group assesses, at the end of each reporting period, whether there is any indication that the Group's non-financial assets (excluding inventories and deferred tax assets) may be impaired. If there is any indication of impairment, the Group performs impairment tests. For goodwill and intangible assets with indefinite useful lives and intangible assets that are not yet in use, impairment tests are performed every year and each time there is an indication of impairment.

The recoverable amount is the higher of its value in use or fair value less disposition costs. In calculating value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset. In case where the recoverable amount cannot be estimated for each asset, the recoverable amount of the cash-generating unit to which the asset belongs is calculated.

The cash-generating unit of assets other than goodwill is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The cash-generating unit of goodwill is determined based on the unit monitored for the purpose of internal reporting, which should not be larger than an operating segment prior to combination. Since the corporate assets do not generate independent cash inflows, the Group determines the recoverable amount of the cash-generating units to which the corporate assets are attributed in the event there is an indication that the corporate assets are impaired.

If the carrying amount of an asset or cash-generating unit exceeds the recoverable amount, impairment losses are recognized in profit or loss.

The Group assesses, at the end of each reporting period, whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may have decreased or no longer exist. If any such indication exists and there are changes in the estimates used for the determination of the recoverable amount, impairment loss is reversed. An impairment loss is reversed up to the carrying amount (net of necessary depreciation or amortization) that would have been determined if no impairment loss had been recognized in prior years. Impairment losses related to goodwill are not reversed.

(10) Employee benefits

(i) Post-employment benefits

i) Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Group's net defined benefit obligations are calculated respectively for each plan by estimating the future amount of benefits that employees have earned in exchange for their service over the previous years and the current year, and discounting the present value with such amount. The fair values of plan assets are deducted from the results of calculations. If the defined benefit plan has a surplus, the defined benefit asset (retirement benefit assets) to be stated in the consolidated statements of financial position is limited to the asset ceiling that is the present value of any future economic benefits available in the form of reduction in the future contributions to the defined benefit plan.

Net interest cost on the net defined benefit liability (asset) is calculated by applying a discount rate to the net defined benefit liability (asset) and recognized in employee benefit expenses. The discount rate is determined by reference to the market yields at the end of each fiscal year on high-quality corporate bonds that have maturity terms approximating those of the Group's obligations.

If the plan is revised or reduced, changes in the present value of defined benefit obligations due to increase or decrease in payment for employees' past service are immediately recognized in profit or loss.

The Group recognizes all adjustments due to remeasurement from the defined benefit plan in other comprehensive income, and immediately reclassifies them from other comprehensive income to retained earnings.

ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans in which the employer pays fixed contributions into separate entities and will have no legal or constructive obligation to make further contributions. The obligations for contributions to defined contribution plans are recognized in profit or loss during the period the employees render services.

(ii) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are recognized in profit or loss when the relevant service is rendered.

If the Group has a legal or constructive obligation to pay bonuses and paid vacation expenses, and the obligation can be estimated reliably, the estimated amounts to be paid under such plan are recognized in trade and other payables.

(iii) Other long-term employee benefits

Obligations under the long service award system are calculated by discounting the present value with the estimated future amount of benefits that employees have earned in exchange for their service over the previous years and the current year.

(11) Stock-based remuneration

The Company provides a restricted stock remuneration system as an equity-settled stock-based remuneration system for Directors (excluding Outside Directors). Consideration for the services received is measured at the fair value of the Company's equity on the grant date. It is recognized as expense in the consolidated statements of income from the grant date throughout the vested period, and the same amount is recognized as increase in equity in the consolidated statements of financial position.

(12) Provisions

The Group recognizes provisions when it has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Where the effect of the time value of money is material, the amounts of provisions are measured at the present value by the estimated future cash flows that is discounted by a pretax rate that reflects the time value of money and the risk specific to the liability. Reversals of discounts due to the passage of time are recognized as finance expenses.

(13) Equity

The amount of common stocks issued by the Company is recognized in capital stock and capital surplus, and direct issue costs (after tax effects) are deducted from capital surplus.

When the Company acquires treasury stock, the consideration paid, net of direct transaction costs and tax, is recognized as a deduction from equity. When the Company disposes of treasury stock, the difference between carrying amount and consideration received is recognized in capital surplus.

(14) Revenue

The Group recognizes revenue from contracts with customers except for lease income, etc. in IFRS 16 Leases by applying the following five-step approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group is mainly engaged in the manufacture and sale of automotive parts, serving automobile manufacturers in Japan and overseas. The Group's performance obligation is primarily to deliver a finished product to the customer. In addition, after comprehensively considering the indicators of the transfer of control in IFRS 15, for the Group's automotive parts business, control of the product is deemed transferred to the customer and the performance obligation is satisfied, in principle, at the time the customer inspects the product, or at the time the product is handed over to the designated freight forwarder, therefore revenue is recognized at that point. Revenue is measured at the amount of consideration promised in the contract with the customer, taking into consideration price discounts and other subsequent adjustments. When a transaction takes place based on a temporary unit price, an estimate is made based on an appropriate method such as using the most likely amount to determine the amount of variable consideration. Consideration for the sale of products is generally received within about three months from the time the customer inspects the products, and the amount does not include any significant financing components.

(15) Income taxes

Income tax expenses comprise current income taxes and deferred taxes. Income tax expenses are recognized in profit or loss, except for taxes arising from business combinations and those arising from items that are recognized directly in equity or in other comprehensive income.

Current income taxes are measured at the amount expected to be paid to or refunded from the taxation authorities. The Group uses the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred taxes are calculated based on the temporary differences between the carrying amounts of assets and liabilities at the end of the fiscal year and their tax bases. Deferred tax assets are recognized for deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax liabilities are basically recognized for taxable temporary differences. Deferred tax assets are reviewed each fiscal year and reduced for the part that sufficient taxable profits will not be available to allow the benefit.

No deferred tax assets and liabilities are recognized for the following temporary differences:

- taxable temporary differences arising from the initial recognition of goodwill;
- temporary differences arising from the initial recognition of assets and liabilities resulting from transactions, that are not business combinations, that affect neither accounting profit nor taxable profit at the time of the transactions, and do not give rise to equal amounts of taxable and deductible temporary differences at the time of the transactions;
- taxable temporary differences arising from investments in subsidiaries and associates, to the extent that the timing of reversal of the temporary difference is controlled and that it is probable that the temporary difference will not reverse in the foreseeable future;
- deductible temporary differences arising from investments in subsidiaries and associates, to the extent that it is not probable that future taxable profits will be available against which the temporary differences can be utilized, or that it is not probable that the temporary difference will reverse in the foreseeable future;

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to set off current tax assets against tax liabilities and income taxes are levied by the same taxation authority on the same taxable entity.

The Company and some of its consolidated subsidiaries apply the Japanese group relief system.

The Group applies the "International Tax Reform—Pillar Two Model Rules" (Amendments to IAS 12 "Income Taxes"). As such, the Group does not recognize or disclose information about deferred tax assets and deferred tax liabilities related to Pillar Two income taxes.

(16) Government grants

Government grants are recognized at fair value when there is reasonable assurance that the Group will receive the grants and comply with the conditions attached to them.

Grants related to assets are deducted from the acquisition cost of the assets and recognized in profit or loss on a regular basis over the useful lives of the assets.

Grants related to revenue are recognized in profit or loss on a regular basis over the periods in which the related costs for which the grants are intended to compensate are recognized.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are included in the acquisition cost of such asset until it is substantially ready for its intended use or sale.

All borrowing costs other than those above are recognized in profit or loss in the period in which they are incurred.

(18) Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to common shareholders of the parent entity by the weighted average number of shares (common stocks) outstanding during the period, adjusting treasury stock. Diluted earnings per share are calculated by adjusting for the effects of dilutive potential shares.

(19) Assets held for sale

A non-current asset or disposal group for which the value will be recovered through a sale transaction rather than through continuing use is classified as held for sale only when it is highly probable that the asset or asset group will be sold within one year, that the asset or asset group is available for immediate sale in its present condition, and that the Group management commits to the sale plan.

The Group measures the non-current asset or disposal group classified as held for sale at the lower of its carrying amount or its fair value less costs to sell. The assets are not depreciated or amortized after they are classified as held for sale.

4. Segment information

(1) General information regarding reportable segments

The reportable segments of the Group are components for which financial information is available and whose operating results are periodically reviewed by the Board of Directors to make decisions about the allocation of resources and to assess performance.

We devise strategies, policies and goals for maximizing sustainable business value for the entire Group by meeting diverse needs near major automobile manufacturers around the world, and developing, producing, and selling high value-added products. We have assigned officers in charge of each region to supervise the devising of comprehensive strategies in the regions. In addition, the Group mainly manufactures and sells automobile parts, etc., and each company is conducting business activities based on the economic conditions and automobile parts market trends in each region, as well as business strategies and sales activities.

Therefore, the Group consists of segments by location of the company based on the manufacture and sale of automobile parts, etc., and set five reportable segments with similar economic characteristics, etc.: “Japan,” “North America,” “Europe,” “China,” and “ASEAN and India.”

Reportable segments and its product and service are as follows.

Segment	Products and services
Japan	Overall automotive parts Energy solution related products
North America	Overall automotive parts
Europe	Overall automotive parts
China	Overall automotive parts
ASEAN and India	Overall automotive parts

(2) Information on reportable segments

The accounting policies for reportable segments are consistent with the accounting policies of the Group as described in "3. Material accounting policies."

FY2024 (Apr. 1, 2023 through Mar. 31, 2024)

(Millions of yen)

	Reportable segments						Others	Adjust-ments	Total
	Japan	North America	Europe	China	ASEAN and India	Total			
Revenue									
Revenue from third parties	2,450,841	982,393	364,773	612,373	456,587	4,866,969	42,587	–	4,909,557
Inter-segment	744,423	18,141	11,082	22,943	43,524	840,115	43	(840,158)	–
Total	3,195,265	1,000,535	375,855	635,316	500,111	5,707,084	42,631	(840,158)	4,909,557
Segment profit (loss)	62,609	(25,154)	7,748	36,470	56,164	137,837	4,702	855	143,396
Finance income									25,445
Finance expenses									(10,538)
Equity in earnings (losses) of affiliates									(8,425)
Profit before income taxes									149,877
Other items									
Depreciation and amortization	173,525	38,321	2,707	36,783	21,728	273,066	1,234	–	274,300
Capital expenditures	135,656	53,375	4,930	15,273	28,645	237,881	362	–	238,243

Note 1: Others include omitted non-core regions that manufacture and sell automotive parts, such as Brazil.

Note 2: Inter-segment revenue is based on transaction price negotiated each year in consideration of market price and total cost.

Note 3: Segment profit (loss) is based on operating profit.

Note 4: Capital expenditures are the total of property, plant and equipment and intangible assets (excluding goodwill and development costs).

FY2025 (Apr. 1, 2024 through Mar. 31, 2025)

(Millions of yen)

	Reportable segments						Others	Adjust-ments	Total
	Japan	North America	Europe	China	ASEAN and India	Total			
Revenue									
Revenue from third parties	2,440,604	1,071,808	284,182	595,126	466,465	4,858,187	37,917	–	4,896,104
Inter-segment	698,737	15,119	11,747	23,775	63,719	813,099	31	(813,130)	–
Total	3,139,341	1,086,928	295,929	618,902	530,184	5,671,286	37,948	(813,130)	4,896,104
Segment profit	73,694	29,311	4,390	32,381	59,356	199,135	3,527	278	202,941
Finance income									30,452
Finance expenses									(49,402)
Equity in earnings of affiliates									5,666
Gains (losses) on sales of investments accounted for using equity method									(16,217)
Profit before income taxes									173,440
Other items									
Depreciation and amortization	166,806	43,330	2,770	35,701	23,101	271,711	1,128	–	272,839
Capital expenditures	135,720	40,432	9,285	17,362	29,001	231,801	508	–	232,310

Note 1: Others include omitted non-core regions that manufacture and sell automotive parts, such as Brazil.

Note 2: Inter-segment revenue is based on transaction price negotiated each year in consideration of market price and total cost.

Note 3: Segment profit is based on operating profit.

Note 4: Capital expenditures are the total of property, plant and equipment and intangible assets (excluding goodwill and development costs).

(3) Information on products and services

This information has been omitted, as revenue from external customers of automotive parts accounts for a large percentage of revenue recorded on the consolidated statements of income.

(4) Information by geographical area

(i) Revenue from third parties

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Japan	2,156,138	2,175,216
The United States	777,493	839,538
China	675,736	639,548
Others	1,300,189	1,241,802
Total	4,909,557	4,896,104

Note: Revenue is segmented based on the locations of customers.

(ii) Non-current assets

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Japan	930,244	923,870
The United States	230,240	220,444
China	241,830	216,723
Others	205,029	220,652
Total	1,607,345	1,581,691

Note: Non-current assets are segmented based on locations of assets, and do not include financial assets, deferred tax assets, and retirement benefit assets.

(5) Information on major customers

The Group’s major customer is Toyota Motor Corporation and its group companies. Revenue from the major customer is recorded in all reportable segments.

(Millions of yen)

FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
2,755,063	2,870,025

5. Cash and cash equivalents

The components of cash and cash equivalents are as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Cash and deposits	524,442	447,059
Short-term investments	2,748	4,631
Total	527,191	451,690

6. Trade and other receivables

The components of trade and other receivables are as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Accounts receivable—trade	608,816	625,888
Notes receivable and electronically recorded monetary claims	67,887	74,783
Other	28,490	38,614
Allowance for doubtful accounts	(1,487)	(2,080)
Total	703,708	737,206

Note: Trade and other receivables are classified as financial assets measured at amortized cost.

7. Inventories

The components of inventories are as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Merchandise and finished goods	212,247	209,553
Work in progress	151,201	151,338
Raw materials and supplies	173,151	169,190
Total	536,600	530,082

Note: The amounts of write-down of inventories recognized as expense in cost of revenue for FY2024 and FY2025 were ¥7,986 million and ¥3,267 million, respectively.

8. Assets held for sale

The assets and liabilities related to the shower-toilet seat business, which had been classified as assets held for sale and liabilities directly associated with assets held for sale as of the end of FY2024, as well as the assets and liabilities held by the Chinese manufacturing subsidiaries ZHEJIANG AISIN ELITE MACHINERY AND ELECTRIC CO., LTD. and HANGZHOU AISIN LIXIL MACHINERY AND ELECTRIC CO., LTD., were transferred as of September 1, 2024.

The components of assets held for sale and liabilities directly associated with assets held for sale are as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Assets held for sale		
Cash and cash equivalents	129	–
Trade and other receivables	128	–
Inventories	1,809	–
Other current assets	19	–
Property, plant and equipment	1,252	–
Intangible assets	1	–
Right-of-use assets	37	–
Deferred tax assets	227	–
Other non-current assets	2	–
Total	3,608	–
Liabilities directly associated with assets held for sale		
Trade and other payables	312	–
Total	312	–

9. Property, plant and equipment

(1) Schedule of changes in property, plant and equipment

Changes in acquisition cost, accumulated depreciation, and accumulated impairment losses, as well as carrying amounts of property, plant and equipment are as follows.

(Millions of yen)

Acquisition cost	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2023	1,064,176	2,814,434	397,296	169,849	137,563	4,583,320
Acquisition	6,720	23,397	7,098	7	192,809	230,033
Transfer from construction in progress	16,332	143,011	31,219	766	(191,329)	–
Disposal	(9,539)	(96,790)	(28,496)	(428)	(2,802)	(138,057)
Foreign exchange differences	31,716	97,148	13,463	2,663	12,461	157,453
Transfer to assets held for sale	(509)	(3,969)	(2,047)	–	(19)	(6,546)
Other	(16)	3,800	(1,510)	284	(1,088)	1,469
Balance as of March 31, 2024	1,108,879	2,981,034	417,023	173,143	147,592	4,827,672
Acquisition	16,852	24,384	6,288	181	176,031	223,738
Transfer from construction in progress	9,626	116,752	23,459	1,066	(150,905)	–
Disposal	(12,975)	(127,182)	(26,207)	(2,253)	(1,893)	(170,512)
Foreign exchange differences	(4,657)	(10,609)	(1,117)	(478)	(1,100)	(17,963)
Other	(464)	(580)	3,880	(94)	(1,100)	1,640
Balance as of March 31, 2025	1,117,259	2,983,798	423,327	171,564	168,625	4,864,575

(Millions of yen)

Accumulated depreciation and accumulated impairment losses	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2023	(654,062)	(2,140,773)	(334,132)	(4,010)	(10,060)	(3,143,039)
Depreciation	(35,887)	(171,491)	(36,117)	–	–	(243,496)
Impairment losses	(1,499)	(9,169)	(245)	(65)	7,551	(3,428)
Disposal	8,303	91,803	27,671	–	145	127,924
Foreign exchange differences	(15,380)	(71,507)	(10,660)	(55)	(435)	(98,039)
Transfer to assets held for sale	404	3,048	1,841	–	–	5,293
Other	(844)	(2,690)	1,872	–	(362)	(2,023)
Balance as of March 31, 2024	(698,966)	(2,300,779)	(349,770)	(4,130)	(3,162)	(3,356,810)
Depreciation	(35,406)	(171,596)	(34,289)	–	–	(241,293)
Impairment losses	(21)	(2,343)	(971)	–	(864)	(4,201)
Disposal	11,301	120,895	26,012	1	215	158,426
Foreign exchange differences	1,492	4,119	478	6	40	6,137
Other	(397)	1,174	(3,806)	445	(212)	(2,796)
Balance as of March 31, 2025	(721,997)	(2,348,530)	(362,348)	(3,677)	(3,983)	(3,440,537)

Note: Depreciation of property, plant and equipment is included in cost of revenue, selling, general and administrative expenses, and other expenses in the consolidated statements of income.

(Millions of yen)

Carrying amount	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2023	410,113	673,660	63,164	165,839	127,502	1,440,280
Balance as of March 31, 2024	409,912	680,254	67,252	169,012	144,430	1,470,862
Balance as of March 31, 2025	395,262	635,268	60,979	167,887	164,641	1,424,038

(2) Impairment losses

The Group groups the cash-generating units of property, plant and equipment by business group, which is the smallest unit that generates largely independent cash inflows, and assesses, at the end of each reporting period, whether there is any indication of impairment. In the event there is an indication of impairment, the Group determines the recoverable amount of such cash-generating units. The recoverable amount is the higher of its value in use or fair value less disposition costs. In calculating value in use, the estimated cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the cash-generating unit.

Impairment losses are included in other expenses in the consolidated statements of income.

FY2024 (Apr. 1, 2023 through Mar. 31, 2024)

The amount recognized as impairment losses is not material.

FY2025 (Apr. 1, 2024 through Mar. 31, 2025)

The amount recognized as impairment losses is not material.

10. Intangible assets

(1) Schedule of changes in intangible assets

Changes in acquisition cost, accumulated amortization, and accumulated impairment losses, as well as carrying amounts of intangible assets are as follows.

(Millions of yen)

Acquisition cost	Goodwill	Software	Development costs	Intangible assets in progress	Other	Total
Balance as of April 1, 2023	1,379	55,793	36,028	3,290	15,180	111,672
Acquisition	–	3,186	7,937	4,768	423	16,316
Transfer from intangible assets in progress	–	4,588	–	(4,705)	116	–
Disposal	(5)	(4,186)	(2,972)	(0)	(32)	(7,197)
Foreign exchange differences	50	883	–	34	857	1,824
Transfer to assets held for sale	–	(3)	–	–	–	(3)
Other	8	(1)	1	(144)	15	(121)
Balance as of March 31, 2024	1,432	60,259	40,995	3,243	16,561	122,490
Acquisition	769	2,763	8,214	5,322	501	17,571
Transfer from intangible assets in progress	–	4,673	–	(4,815)	141	–
Disposal	–	(10,911)	(6,435)	(11)	(37)	(17,395)
Foreign exchange differences	(19)	(128)	–	(4)	(541)	(693)
Other	–	(109)	–	55	0	(53)
Balance as of March 31, 2025	2,181	56,548	42,773	3,790	16,625	121,919

(Millions of yen)

Accumulated amortization and accumulated impairment losses	Goodwill	Software	Development costs	Intangible assets in progress	Other	Total
Balance as of April 1, 2023	–	(37,016)	(15,094)	–	(3,480)	(55,590)
Amortization	–	(7,514)	(5,602)	–	(3,218)	(16,335)
Impairment losses	–	(7)	–	–	(655)	(663)
Disposal	–	4,147	2,972	–	11	7,131
Foreign exchange differences	–	(995)	–	–	(204)	(1,199)
Transfer to assets held for sale	–	2	–	–	–	2
Other	–	2	(1)	–	45	46
Balance as of March 31, 2024	–	(41,381)	(17,725)	–	(7,501)	(66,608)
Amortization	–	(7,621)	(5,204)	–	(3,315)	(16,141)
Disposal	–	10,840	6,435	–	2	17,277
Foreign exchange differences	–	67	–	–	29	96
Other	–	59	–	–	19	79
Balance as of March 31, 2025	–	(38,035)	(16,493)	–	(10,766)	(65,296)

Note: Amortization of intangible assets is included in cost of revenue and selling, general and administrative expenses in the consolidated statements of income.

(Millions of yen)

Carrying amount	Goodwill	Software	Development costs	Intangible assets in progress	Other	Total
Balance as of April 1, 2023	1,379	18,776	20,934	3,290	11,700	56,081
Balance as of March 31, 2024	1,432	18,878	23,269	3,243	9,059	55,882
Balance as of March 31, 2025	2,181	18,512	26,279	3,790	5,858	56,623

(2) Impairment losses

The Group uses individual assets as the smallest unit for the grouping of software and patent rights.

Impairment losses are included in other expenses in the consolidated statements of income.

FY2024 (Apr. 1, 2023 through Mar. 31, 2024)

The amount recognized as impairment losses is not material.

FY2025 (Apr. 1, 2024 through Mar. 31, 2025)

The amount recognized as impairment losses is not material.

11. Investments accounted for using the equity method

The carrying amount of investments in associates that are not individually material is as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Total carrying amount	131,914	78,247

The Group's share of comprehensive income of associates that are not individually material is as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
The Group's share of profit	(8,425)	5,666
The Group's share of other comprehensive income	3,956	(488)
Total	(4,469)	5,178

In FY2024, the Group identified an indication of impairment of an investment in EXEDY Corporation, an associate accounted for using the equity method. The recoverable amount was measured based on the latest future business plans of EXEDY Corporation. As a result, an impairment loss of ¥8,873 million was recognized in "Equity in earnings (losses) of affiliates." The recoverable amount for said asset was measured based on value in use, and calculated by discounting the future cash flows using a discount rate of 8.0%.

During FY2025, the Group excluded EXEDY Corporation and EXEDY America Corporation, which were equity-method associates, from the scope of equity-method accounting, as all the shares held by the Group were sold. As a result, a loss on the sale of these shares in the amount of ¥16,217 million was recorded under "Gains (losses) on sales of investments accounted for using equity method" in the consolidated statements of income. In addition, proceeds from the sale of these shares in the amount of ¥39,924 million were recorded as "Proceeds from sale of investments accounted for using equity method" in the consolidated statement of cash flows.

12. Other financial assets

(1) Components of other financial assets

The components of other financial assets are as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Equity securities (Note 1)	863,755	668,736
Bonds receivable (Note 1)	35,206	18,463
Time deposits (with maturity of more than three months) (Note 2)	1,903	1,573
Lease receivables (Note 2)	15,534	7,721
Derivative assets	22	4,163
Other	12,957	13,244
Allowance for doubtful accounts	(4,326)	(3,370)
Total	925,052	710,533

Note 1: Equity securities and bonds receivable are classified as financial assets measured at fair value mainly through other comprehensive income. Bonds receivable includes some financial assets measured at fair value through profit or loss.

Note 2: Time deposits (with maturity of more than three months) and lease receivables are classified as financial assets measured at amortized cost.

(2) Financial assets measured at fair value through other comprehensive income

The names of major securities held as financial assets measured at fair value through other comprehensive income and their fair values are as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Toyota Motor Corporation	669,055	461,563
Toyota Fudosan Co., Ltd.	61,929	96,522
Toyota Industries Corporation	102,951	83,578
Suzuki Motor Corporation	9,786	10,188
JTEKT Corporation	4,114	1,629

Note: Equity securities are held mainly for strengthening relationships with investees. Therefore, they are classified as financial assets measured at fair value through other comprehensive income.

(3) Derecognition of financial assets measured at fair value through other comprehensive income

In accordance with its policy on strategic shareholdings, the Group is disposing of (derecognizing) financial assets measured at fair value through other comprehensive income.

The fair value at derecognition and cumulative losses and gains that have been recognized in equity as other comprehensive income are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Fair value	111,044	4,176
Cumulative losses and gains (pre-tax)	81,057	590
Dividend income	2,760	72

Note: Cumulative losses and gains that have been recognized in equity as other comprehensive income were transferred to retained earnings at the time of disposal. The amounts transferred to retained earnings were net of taxes.

13. Trade and other payables

The components of trade and other payables are as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Accounts payable—trade	371,240	401,738
Notes payable and electronically recorded obligations	86,820	90,736
Accrued expenses	394,849	376,780
Other	56,065	59,339
Total	908,975	928,595

Note 1: Trade and other payables are classified as financial liabilities measured at amortized cost, except for some items included in accrued expenses.

Note 2: Of the accrued expenses for FY2024 and FY2025, accrued expenses for recalls and other market actions were ¥104,390 million and ¥94,916 million, respectively.

14. Bonds and loans payable

The components of bonds and loans payable are as follows.

	FY2024 (As of Mar. 31, 2024) (Millions of yen)	FY2025 (As of Mar. 31, 2025) (Millions of yen)	Average interest rate (%) (Note)	Repayment term
Short-term loans payable	36,668	24,231	5.033	–
Current portion of long-term loans payable	53,559	66,463	0.499	–
Current portion of bonds	10,000	–	–	–
Bonds	250,000	140,000	0.582	Sep. 2026 to Feb. 2080
Long-term loans payable	376,067	399,167	0.704	Apr. 2026 to Mar. 2080
Total	726,295	629,862	–	–

Note: Average interest rates are the weighted average interest rates for the balances at the end of FY2025.

The components of bonds are as follows.

Issuer	Issue	Date of issuance	FY2024 (As of Mar. 31 2024) (Millions of yen)	FY2025 (As of Mar. 31 2025) (Millions of yen)	Interest rate (%)	Maturity date
The Company	The 15th unsecured straight bonds	Feb. 26, 2015	10,000	–	0.562	Feb. 26, 2025
The Company	The 16th unsecured straight bonds	Sep. 26, 2016	20,000	20,000	0.160	Sep. 25, 2026
The Company	The 17th unsecured straight bonds	Sep. 26, 2016	10,000	10,000	0.706	Sep. 26, 2036
The Company	The 18th unsecured straight bonds	Sep. 6, 2017	10,000	10,000	0.280	Sep. 6, 2027
The Company	The 19th unsecured straight bonds	Sep. 6, 2017	10,000	10,000	0.747	Sep. 4, 2037
The Company	The 1st unsecured subordinated bonds with optional interest payment deferral and early redemption provisions	Feb. 28, 2020	130,000	–	0.400	Feb. 28, 2080 (Note 1)
The Company	The 2nd unsecured subordinated bonds with optional interest payment deferral and early redemption provisions	Feb. 28, 2020	19,000	19,000	0.410 (Note 2)	Feb. 28, 2080 (Note 3)
The Company	The 3rd unsecured subordinated bonds with optional interest payment deferral and early redemption provisions	Feb. 28, 2020	51,000	51,000	0.470 (Note 4)	Feb. 28, 2080 (Note 5)
The Company	The 4th unsecured subordinated bonds with optional interest payment deferral and early redemption provisions	Dec. 19, 2024	–	20,000	1.462 (Note 6)	Dec. 19, 2054 (Note 7)
Total	–	–	260,000	140,000	–	–

Note 1: The full amount was redeemed early on February 28, 2025, in accordance with the early redemption provision.

Note 2: Fixed interest rate from the day following February 28, 2020 to February 28, 2027; variable interest rate from the day following February 28, 2027.

(Interest rate shall step up on the day following February 28, 2030 and the day following February 28, 2047)

Note 3: Subject to early redemption provision under which the Company may, at its discretion, redeem the bonds on any interest payment date on or after February 28, 2027.

Note 4: Fixed interest rate from the day following February 28, 2020 to February 28, 2030; variable interest rate from the day following February 28, 2030.

(Interest rate shall step up on the day following February 28, 2030 and the day following February 28, 2050)

Note 5: Subject to early redemption provision under which the Company may, at its discretion, redeem the bonds on any interest payment date on or after February 28, 2030.

Note 6: Fixed interest rate from the day following December 19, 2024 to December 19, 2031; variable interest rate from the day following December 19, 2031.

(Interest rate shall step up on the day following December 19, 2034 and the day following December 19, 2051)

Note 7: Subject to early redemption provision under which the Company may, at its discretion, redeem the bonds on any interest payment date on or after December 19, 2031.

15. Other financial liabilities

The components of other financial liabilities are as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Derivative liabilities (Note)	36,037	23,209
Other	447	2,175
Total	36,484	25,385

Note: Derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.

16. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows.

(Millions of yen)

	Short-term loans payable	Long-term loans payable (Note 1)	Bonds (Note 1)	Lease liabilities	Derivatives (Note 2)	Total
Balance as of April 1, 2023	73,296	500,399	275,000	61,771	(4,475)	905,991
Changes from financing cash flows	(41,939)	(74,929)	(15,000)	(25,949)	–	(157,818)
Non-cash changes						
Effect of changes in foreign exchange rates	5,311	4,156	–	1,469	–	10,938
New leases	–	–	–	30,544	–	30,544
Changes in fair values	–	–	–	–	4,768	4,768
Other	–	–	–	531	–	531
Balance as of March 31, 2024	36,668	429,627	260,000	68,367	293	794,955
Changes from financing cash flows	(12,172)	36,167	(120,000)	(25,905)	–	(121,911)
Non-cash changes						
Effect of changes in foreign exchange rates	(263)	(163)	–	(424)	–	(851)
New leases	–	–	–	24,718	–	24,718
Changes in fair values	–	–	–	–	(287)	(287)
Other	–	–	–	680	–	680
Balance as of March 31, 2025	24,231	465,630	140,000	67,434	6	697,303

Note 1: Long-term loans payable and bonds include the balance of the current portions.

Note 2: Derivatives are held to hedge foreign exchange risks of loans payable denominated in foreign currencies.

17. Provisions

Changes in provisions are as follows.

(Millions of yen)

	Provision for product warranties	Other	Total
Balance as of April 1, 2023	37,377	3,232	40,609
Increase during the fiscal year	12,672	811	13,483
Decrease during the fiscal year (used)	(6,748)	(675)	(7,423)
Decrease during the fiscal year (reversed)	(832)	(114)	(947)
Other	602	105	708
Balance as of March 31, 2024	43,070	3,359	46,430
Increase during the fiscal year	5,069	573	5,642
Decrease during the fiscal year (used)	(2,757)	(345)	(3,102)
Decrease during the fiscal year (reversed)	(110)	(23)	(134)
Other	(14)	(36)	(50)
Balance as of March 31, 2025	45,258	3,526	48,785

18. Employee benefits

(1) Post-employment benefits

(i) Overview of retirement benefit plans

The Company, domestic subsidiaries, and some overseas subsidiaries have the following defined benefit plans: lump sum severance plan (unfunded), fund-type corporate pension plan (funded), contract-type corporate pension plan (funded), and employees' pension fund scheme; they also have the following defined contribution plans: defined contribution plan and Smaller Enterprise Retirement Allowance Mutual Aid Scheme. The benefits of these plans are basically determined based on years of service, the salaries, and other conditions.

The funded defined benefit plans are managed by a pension fund that is legally segregated from the Group in accordance with statutory requirements. The board of the pension fund and the pension fund manager are required by law to act in the best interest of the pension beneficiaries, and are responsible for managing the plan assets based on a prescribed policy.

The majority of our domestic Group companies subscribe to the corporate pension fund under the Defined Benefit Contribution Pension Act. Contributions to the pension fund are measured by certified pension actuaries pursuant to the provisions of relevant laws and regulations. Contributions are made to cover past-period benefits as well as to prepare for the payment of future benefits.

(ii) Defined benefit plans

i) Schedule of defined benefit obligations and plan assets

The relationship between the defined benefit obligations and plan assets and the net amount of defined benefit liabilities and assets recognized in the consolidated statements of financial position is as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Present value of funded defined benefit obligations	(257,590)	(232,176)
Fair value of plan assets	324,910	326,002
Subtotal	67,320	93,826
Present value of unfunded defined benefit obligations	(207,862)	(198,804)
Effect of asset ceiling	(26,845)	(78,351)
Net amount of defined benefit obligations and plan assets	(167,387)	(183,329)
Amount recognized in the consolidated statements of financial position		
Retirement benefit liabilities	(205,801)	(197,013)
Retirement benefit assets	38,414	13,683
Net amount of defined benefit obligations and plan assets in the consolidated statements of financial position	(167,387)	(183,329)

Note: Retirement benefit assets are included in other non-current assets in the consolidated statements of financial position.

ii) Changes in present value of defined benefit obligations

Changes in present value of defined benefit obligations are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Present value of defined benefit obligations at beginning of period	(475,049)	(465,452)
Service cost	(28,599)	(27,703)
Interest cost	(6,764)	(7,984)
Remeasurement (actuarial gains and losses arising from changes in demographic assumptions)	468	332
Remeasurement (actuarial gains and losses arising from changes in financial assumptions)	22,119	49,360
Remeasurement (adjustment based on actual results)	282	(1,007)
Benefits paid	21,112	22,193
Other	978	(719)
Present value of defined benefit obligations at end of period	(465,452)	(430,981)

iii) Changes in fair value of plan assets

Changes in the fair value of the plan assets are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Fair value of plan assets at beginning of period	299,805	324,910
Interest income	4,067	5,246
Remeasurement (income from plan assets)	19,036	(7,853)
Contributions by employer	12,709	13,392
Benefits paid	(9,136)	(9,687)
Other	(1,571)	(4)
Fair value of plan assets at end of period	324,910	326,002

Note: The employer plans to pay contributions of ¥13,095 million to the plan assets for the year beginning April 1, 2025 and ending March 31, 2026.

iv) Major components of plan assets

Plan assets are managed in accordance with the basic asset allocation aimed to achieve stable return over the medium and long term under tolerable risks to provide future payments of benefits. Specifically, the Group tries to match the defined benefit obligations with the plan assets by investing in highly secure fixed interest bonds, and monitors the diversification of revenue source and risk allocation in an aim to control the fluctuation of return and reduce the decline. The basic asset allocation is revised periodically based on changes in market from the initial assumptions, debt characteristics, and changes in reserves.

The components of each major type of plan asset are as follows.

(Millions of yen)

Class of assets	FY2024 (As of Mar. 31, 2024)			FY2025 (As of Mar. 31, 2025)		
	Plan assets with quoted market prices in active markets	Plan assets without quoted market prices in active markets	Total	Plan assets with quoted market prices in active markets	Plan assets without quoted market prices in active markets	Total
Japanese bonds	0	17,212	17,213	(1)	17,613	17,611
Overseas bonds	306	101,286	101,593	1,555	82,583	84,138
Japanese equity securities	28,225	6,060	34,285	27,469	776	28,245
Overseas equity securities	24,350	53,772	78,123	10,829	69,700	80,530
General account of insurance assets	–	47,873	47,873	–	48,918	48,918
Other (Note)	67	45,753	45,821	72	66,485	66,558
Total	52,950	271,959	324,910	39,925	286,077	326,002

Note: Other mainly includes collective investment funds and alternative investments of short-term financial assets.

v) Actuarial assumptions

Material actuarial assumptions are as follows.

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Discount rate	1.8%	2.6%

vi) Sensitivity analysis

The sensitivity of defined benefit obligations to changes in discount rate at the end of the period is as follows. The analysis assumes that all other variables remain the same. However, in practice, it is unlikely that changes in assumptions will occur independently as shown, and changes in some of the assumptions may be correlated.

	Amount of effect on defined benefit obligations	
	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
0.5% increase in discount rate	Decrease of ¥30,181 million	Decrease of ¥25,520 million
0.5% decrease in discount rate	Increase of ¥34,324 million	Increase of ¥28,797 million

vii) Information on maturity analysis of defined benefit obligations

The weighted average durations of defined benefit obligations are 18.9 years for FY2024 and 18.8 years for FY2025.

(iii) Defined contribution plans

The amounts recognized as expenses related to defined contribution plans are ¥6,131 million for FY2024 and ¥6,414 million for FY2025. The pension insurance premiums are accounted for in the same manner as defined contribution plans and are included in employee benefit expenses.

(2) Employee benefit expenses

The total amounts of employee benefit expenses included in cost of revenue and selling, general and administrative expenses in the consolidated statements of income are ¥997,858 million in FY2024 and ¥1,023,047 million in FY2025.

The above amounts include employees’ pension insurance premium payable by the employer.

19. Income taxes

(1) Deferred tax assets and deferred tax liabilities

The breakdown of deferred tax assets and deferred tax liabilities by major source is as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Deferred tax assets		
Accrued expenses	70,270	70,962
Retirement benefit liabilities	52,040	59,809
Property, plant and equipment & intangible assets	10,753	11,180
Provision for product warranties	11,989	13,331
Inventories	23,802	24,943
Tax loss carryforwards	19,676	23,868
Lease liabilities	15,079	16,207
Other	50,132	42,633
Total	253,743	262,936
Deferred tax liabilities		
Net changes in revaluation of financial assets measured at fair value through other comprehensive income	(229,492)	(171,402)
Property, plant and equipment & intangible assets	(23,020)	(20,242)
Retained earnings of subsidiaries and associates	(16,974)	(12,020)
Right-of-use assets	(14,930)	(16,084)
Other	(29,652)	(30,383)
Total	(314,069)	(250,133)

Note 1: In the consolidated statements of financial position, deferred tax assets and liabilities are presented at the net amount after offsetting.

Note 2: In recognizing deferred tax assets, the Group takes into consideration the likelihood that some or all of the deductible temporary differences or tax loss carryforwards may be utilized against future taxable income. In evaluating the recoverability of deferred tax assets, the Group takes into account the scheduled reversal of taxable temporary differences, projected future taxable income, and tax planning strategies. The Group believes that it is highly probable that the recognized deferred tax assets will be realized, based on the level of past taxable income and projections of future taxable income during the periods in which the deferred tax assets are expected to be utilized.

The changes in the net amount of deferred tax assets and deferred tax liabilities are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Balance at beginning of period	30,791	(60,325)
Recognized through profit or loss	14,280	14,560
Recognized through other comprehensive income	(107,519)	57,497
Other	2,121	1,070
Balance at end of period	(60,325)	12,802

The tax loss carryforwards, deductible temporary differences, and tax credit carryforwards for which deferred tax assets have not been recognized are as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Tax loss carryforwards	142,100	98,274
Deductible temporary differences	69,164	80,320
Tax credit carryforwards	2,414	2,176
Total	213,679	180,771

The breakdown of tax loss carryforwards, for which deferred tax assets are not recognized, by expiration period is as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Year 1	3,984	9,629
Year 2	10,248	5,539
Year 3	4,223	9,316
Year 4	6,586	8,288
Year 5 and thereafter	117,058	65,500
Total	142,100	98,274

The taxable temporary differences related to investments in subsidiaries and associates for which deferred tax liabilities have not been recognized amounted to ¥817,242 million at the end of FY2024 and ¥849,024 million at the end of FY2025. The deferred tax liabilities for these temporary differences have not been recognized because the Group is able to control the timing of the reversal of the temporary differences, and it is highly probable that the differences will not reverse within a foreseeable future.

Other current assets include income taxes receivable in the amounts of ¥11,174 million and ¥13,801 million, respectively, as of the end of FY2024 and FY2025.

(2) Income tax expense

The breakdown of the income tax expense and deferred income tax expense for the fiscal years under review is as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Current tax expense		
For the fiscal year	51,348	63,780
Total	51,348	63,780
Deferred income tax expense		
Arising from and reversal of temporary differences	(18,882)	(14,130)
Change in tax rates	–	(1,228)
Change in unrecognized deferred tax assets	4,602	797
Total	(14,280)	(14,560)
Total income tax expense	37,068	49,220

The reconciliation between the statutory effective tax rate and the actual effective tax rate is as follows.

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Statutory effective tax rate	30.88%	30.88%
Tax credit for research and development expenses	(10.06)	(4.58)
Change in unrecognized deferred tax assets	6.53	0.46
Tax rate differences with subsidiaries	(6.58)	(2.52)
Retained earnings of subsidiaries and associates	1.79	(2.86)
Withholding tax on dividends from subsidiaries	1.90	2.13
Investment losses in equity-method affiliates	1.74	1.88
Consolidation adjustments related to the sale of equity-method affiliate shares	–	3.38
Impact of tax rate change due to special corporation tax for national defense	–	(0.71)
Other	(1.48)	0.31
Actual effective tax rate	24.73	28.38

The Company is primarily subject to corporation tax, inhabitant tax, and business tax deductible for tax purposes. The statutory effective tax rate calculated based on these taxes is 30.88% for both FY2024 and FY2025. Corporation taxes are imposed on foreign operations in accordance with the tax laws of their respective jurisdictions.

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025, and corporate tax rates have been revised effective from the fiscal year beginning on or after April 1, 2026. Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences and other items expected to reverse in or after the fiscal year beginning April 1, 2026, the statutory effective tax rate used in calculations has been changed from the previous 30.88% to 31.76%.

In Japan, where the Company is headquartered, the 2023 tax reform introduced the Income Inclusion Rule (IIR) under the BEPS global minimum tax framework. Beginning with FY2025, the Company, which is the ultimate parent company in the Group, is subject to top-up taxation to ensure that the effective tax rate in each country where its subsidiaries are located reaches the minimum rate of 15%. Within the Group, certain consolidated subsidiaries operate in countries or regions where the effective tax rate under Pillar Two is below 15%. The income tax under Pillar Two has been recorded as the income tax expense in the fiscal year under review. The impact of this taxation on the Group’s consolidated financial statements is immaterial.

20. Equity

(1) Capital stock and treasury stock

The number of authorized shares as of the end of FY2024 and FY2025 is 700,000,000 shares and 2,100,000,000 shares, respectively.

The changes in the number of issued shares fully paid and the number of shares of treasury stock are as follows. All shares issued by the Company are common stocks without par value and restrictions on rights.

(Shares)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Number of issued shares		
Balance at beginning of period	294,674,634	294,674,634
Change	–	514,349,268
Balance at end of period	294,674,634	809,023,902
Number of shares of treasury stock		
Balance at beginning of period	25,151,250	25,140,588
Change	(10,662)	26,222,282
Balance at end of period	25,140,588	51,362,870

Note 1: The change in the number of issued shares during FY2025 was due to a stock split at a ratio of three shares for one common stock effective October 1, 2024, and a decrease resulting from the cancellation of treasury stock by resolution of the Board of Directors.

Note 2: Changes in the number of shares of treasury stock during FY2024 were due to an increase from requests for the purchase of shares less than one unit, and a decrease due to the disposal of shares under the restricted stock compensation system and requests for the sale of such fractional shares. The changes in the number of shares of treasury stock during FY2025 were due to an increase from the acquisition of treasury stock by resolution of the Board of Directors, stock splits, and purchase requests for shares less than one unit, and a decrease resulting from the cancellation of treasury stock by resolution of the Board of Directors, disposal under the restricted stock compensation system, and sale requests for such fractional shares.

(2) Capital surplus

The main component of capital surplus is the Company's legal capital surplus.

Under the Companies Act of Japan (hereinafter referred to as the "Companies Act"), at least half of the amount paid or contributed for the issuance of shares is required to be included in capital, with the remainder recorded as legal capital surplus. The Companies Act also provides that the amounts from legal capital surplus may be transferred to capital stock upon resolution at the General Meeting of Shareholders.

(3) Retained earnings

The Companies Act stipulates that one-tenth of the amount paid as dividends of surplus must be set aside as legal capital surplus or legal retained earnings until the total of legal capital surplus and legal retained earnings reaches one-quarter of the capital. The accumulated legal retained earnings can be used to cover deficits. Additionally, the Companies Act allows the legal retained earnings to be reduced by resolution of the General Meeting of Shareholders.

21. Dividends

(1) Cash dividends paid

FY2024 (Apr. 1, 2023 through Mar. 31, 2024)

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on April 27, 2023	Common stock	26,952	100	March 31, 2023	May 29, 2023
Board of Directors meeting on October 31, 2023	Common stock	21,562	80	September 30, 2023	November 27, 2023

Note: On October 1, 2024, the Company executed a one-for-three stock split of each common stock. “Dividends per share” represent the amounts before the stock split.

FY2025 (Apr. 1, 2024 through Mar. 31, 2025)

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on April 26, 2024	Common stock	24,258	90	March 31, 2024	May 29, 2024
Board of Directors meeting on October 31, 2024	Common stock	23,402	90	September 30, 2024	November 26, 2024

Note: On October 1, 2024, the Company executed a one-for-three stock split of each common stock. “Dividends per share” represent the amounts before the stock split.

(2) Dividends whose record date belongs to the current fiscal year but the effective date belongs to the following fiscal year

Resolution	Class of shares	Source for dividends	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on April 25, 2025	Common stock	Retained earnings	22,729	30	March 31, 2025	May 29, 2025

Note: On October 1, 2024, the Company executed a one-for-three stock split of each common stock. “Dividends per share” represent the amounts after the stock split.

22. Stock-based remuneration

(1) Details of the plan

The Company has introduced the restricted stock remuneration plan with the aim of providing incentives to promote further sharing of value with shareholders and to sustainably enhance corporate value. Under the plan, the Company will pay monetary compensation as remuneration for the purpose of granting restricted stock to our Directors (excluding Outside Directors; hereinafter "Eligible Directors"), senior executive officers who do not serve as Directors (hereinafter "Eligible Executive Officers"), and Executive Officers (hereinafter together with Eligible Executive Officers, "Eligible Executive Officers, etc." and, together with Eligible Directors, "Eligible Directors, etc."). The Eligible Directors, etc. will contribute all of the monetary compensation claims as assets in kind and will receive an issuance and disposition of the Company's common stock. The Company and the Eligible Directors, etc. will enter into a restricted stock allotment agreement (hereinafter, the "Allotment Agreement"), in which the Eligible Directors, etc. are prohibited from transferring, the creation of a security interest, or any other disposition of the Company's common stock that has been allocated under the Allotment Agreement (hereinafter "Transfer Restrictions") for a period of 30 years from the date of allocation under the Allotment Agreement (hereinafter "Transfer Restriction Period"). Provided that the Eligible Directors continued to hold the position of a Director of the Company during the Transfer Restriction Period, or the Eligible Executive Officers, etc. continued to hold the position of either a Director, senior executive officer who does not serve as a Director, or an Executive Officer of the Company during the Transfer Restriction Period, the Transfer Restrictions for all of the allotted shares will be lifted at the expiration of Transfer Restriction Period. If, during the Transfer Restriction Period, the recipient is found to have violated laws or regulations, or falls under other conditions stipulated by the Board of Directors, all allocated shares will be acquired by the Company without consideration.

(2) Number of shares granted during the fiscal year and the fair value

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Grant date	June 19, 2023	June 20, 2024
Number of shares granted	11,870	20,758
Fair value at the grant date (Yen)	4,000	5,650

Note 1: The fair value at the grant date is calculated based on the market price of the Company's shares.

Note 2: Fair value measurement does not take into account expected dividends.

Note 3: On October 1, 2024, the Company executed a one-for-three stock split of each common stock. The number of shares granted and the fair value at the grant date when taking into account the stock split are as follows.

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Grant date	June 19, 2023	June 20, 2024
Number of shares granted	35,610	62,274
Fair value at the grant date (Yen)	1,333	1,883

Note 4: At the Board of Directors meeting held on March 26, 2025, the Company has resolved to introduce the plan for senior executive officers who do not serve as Directors (excluding appointed C-level executives) and Executive Officers. As for FY2025, there was no grant of restricted stock for senior executive officers who do not serve as Directors (excluding C-level executives) and Executive Officers.

(3) Expenses associated with stock-based remuneration

The expenses associated with stock-based remuneration was ¥117 million for FY2024 and ¥419 million for FY2025, and included in "Selling, general and administrative expenses" in the consolidated statements of income.

23. Financial instruments

(1) Capital management

The Group's basic policy on capital management is to enhance corporate value while maintaining a balance between financial security and capital efficiency, and we use the capitalization ratio (Note) as the primary indicator for capital management.

Regarding financial security, we refer to ratings by rating agencies as a guideline and strive to maintain high credit ratings for long-term debt, enabling external financing at low cost.

Meanwhile, regarding capital efficiency, we prioritize debt financing within the scope of maintaining the above-mentioned ratings to restrain the amount of capital, thereby reducing overall capital costs.

There are no significant capital regulations applicable to the Group.

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Capitalization ratio (Note)	20.6%	19.5%

Note: The formula for capitalization ratio is: interest-bearing debt / (interest-bearing debt + equity). For subordinated bonds and subordinated loans, interest-bearing debt recognized by rating agencies as having equity credit is deemed as equity and included in the calculation.

(2) Financial risk management

In the course of its business activities, the Group is exposed to various financial risks, and engages in risk management based on certain policies to avoid or reduce such risks. We use derivative transactions to avoid these risks and does not carry out any speculative transactions.

(i) Credit risk

Accounts receivable-trade, notes receivable, and electronically recorded monetary claims, which are trade receivables, are exposed to the credit risk of a business partner.

The Group manages trade receivables in accordance with internal regulations for accounts receivable management guidelines, with the finance & accounting department and each sales department keeping track of the due dates and balances of each business partner as well as monitoring the credit status of major business partners, thereby identifying risks of collection concerns due to deterioration of financial positions at an early stage to mitigate such risks.

Trade receivables consist primarily of receivables from Toyota Motor Corporation and its group companies, whose creditworthiness is high with limited credit risk.

We manage bond receivables held in accordance with internal regulations for fund management guidelines, limiting to those with high credit ratings.

Regarding the use of derivative transactions, we only conduct transactions with highly rated financial institutions to reduce the credit risk of financial institutions with which we transact with.

The maximum exposure to credit risk on financial assets is the carrying amount after impairment reported in the consolidated financial statements.

i) Changes in allowance for doubtful accounts

Changes in allowance for doubtful accounts are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Balance at beginning of period	5,077	5,814
Increase during the fiscal year	2,818	994
Decrease during the fiscal year (used)	(206)	(83)
Decrease during the fiscal year (reversed)	(1,939)	(1,182)
Other	63	(90)
Balance at end of period	5,814	5,450

ii) Credit risk exposure

Credit risk exposures associated with trade and other receivables are as follows.

FY2024 (As of Mar. 31, 2024)

(Millions of yen)

Past due period	Financial assets with an allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses	Financial assets with an allowance for doubtful accounts measured at an amount equal to lifetime expected credit losses		Total
		Financial assets whose credit risk has increased significantly since initial recognition	Financial assets are always measured at an amount equal to lifetime expected credit losses	
Prior to due date	27,104	–	651,120	678,225
Due within 90 days	1,121	–	13,896	15,017
Due after 90 days through one year	176	–	7,545	7,721
Due after one year	–	27	2,715	2,742
Total	28,402	27	675,277	703,708

FY2025 (As of Mar. 31, 2025)

(Millions of yen)

Past due period	Financial assets with an allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses	Financial assets with an allowance for doubtful accounts measured at an amount equal to lifetime expected credit losses		Total
		Financial assets whose credit risk has increased significantly since initial recognition	Financial assets are always measured at an amount equal to lifetime expected credit losses	
Prior to due date	38,447	–	681,209	719,657
Due within 90 days	26	–	13,559	13,585
Due after 90 days through one year	12	–	1,799	1,812
Due after one year	–	18	2,131	2,150
Total	38,486	18	698,700	737,206

(ii) Market risk

i) Foreign currency risk

Foreign currency-denominated monetary receivables and liabilities are exposed to exchange rate fluctuations.

To mitigate exchange rate fluctuation risks identified by currency, the Group hedges the risks by using forward exchange contracts, currency swaps, and currency options, in accordance with derivative risk management guidelines. The derivative details are as follows.

Derivative transactions to which hedge accounting is not applied

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)			FY2025 (As of Mar. 31, 2025)		
	Contractual amount, etc.		Fair value	Contractual amount, etc.		Fair value
		Of which, due after one year			Of which, due after one year	
Forward exchange contracts						
Selling	85,817	–	(2,901)	30,156	–	149
Buying	82	–	–	157	–	1
currency swaps						
Receipt in Japanese yen / Payment in foreign currency	228,243	202,154	(32,765)	232,531	177,039	(22,364)
Receipt in foreign currency / Payment in Japanese yen	15,141	–	(293)	14,952	–	(6)
Other	–	–	–	–	–	–

Derivative transactions to which hedge accounting is applied

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)			FY2025 (As of Mar. 31, 2025)		
	Contractual amount, etc.		Fair value	Contractual amount, etc.		Fair value
		Of which, due after one year			Of which, due after one year	
Forward exchange contracts						
Selling	–	–	–	35	–	0
Buying	779	–	(12)	1,492	–	(48)

Note: The above derivative transactions apply cash flow hedging.

Foreign exchange sensitivity analysis

Provided that the Japanese yen appreciates by 1% against the USD, Euro, THB, and CNY, for foreign currency-denominated financial instruments held by the Group at the end of each fiscal year, its impact on the profit for the period in the consolidated statements of income will be as follows.

The analysis assumes that other variable factors remain constant.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
USD	(666)	(424)
EUR	(195)	14
THB	(95)	(88)
CNY	(297)	(224)

ii) Interest rate risk

Loans payable with fluctuating interest rates are exposed to interest rate fluctuation risks.

To mitigate such interest rate fluctuation risks, the Group, as a general rule, hedges against fluctuation risks in interest rate paid on loans payable by using interest rate swaps.

The important conditions for the hedged item and hedging instrument are consistent, and the quantities of the hedged item and hedging instruments are adjusted to be one to one in principle.

The impact of fluctuations in interest payments on the Group's profits and losses are immaterial.

The derivative details are as follows.

Derivative transactions to which hedge accounting is not applied

There are no applicable items.

Derivative transactions to which hedge accounting is applied

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)			FY2025 (As of Mar. 31, 2025)		
	Contractual amount, etc.		Fair value	Contractual amount, etc.		Fair value
		Of which, due after one year			Of which, due after one year	
Interest rate swaps Receipt in variable rates / Payment in the fixed rate	15,300	6,500	(42)	6,500	6,500	74

Note: The above derivative transactions apply cash flow hedging.

iii) Price fluctuation risk of equity instruments

The Group holds listed shares of companies with which it has business relationships, and is exposed to price fluctuation risk of equity instruments. We continuously monitor fluctuations in the fair value of listed shares.

Equity instruments sensitivity analysis

Provided that the listed share prices dropped by 10% for the equity instruments held by the Group at the end of each fiscal year, its impact on the other comprehensive income (after tax effects) in the consolidated statements of comprehensive income will be as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Other comprehensive income	(54,756)	(38,254)

iv) Price fluctuation risk of other financial assets

The prices of energy used in manufacturing the Group's products are exposed to price fluctuation risks. We have entered into a virtual power purchase agreement to avoid energy price fluctuation risks. The derivative details are as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)			FY2025 (As of Mar. 31, 2025)		
	Contractual amount, etc.		Fair value	Contractual amount, etc.		Fair value
		Of which, due after one year			Of which, due after one year	
Virtual power purchase agreement	–	–	–	12,288	11,958	3,146

(iii) Liquidity risk

The Group conducts financing through loans payable and bonds; however, we are exposed to the risk of failure to make payments on the due date due to deterioration in the financing environment and other factors.

We manage liquidity risk with methods such as regularly preparing and updating financial plans and securing appropriate liquidity on hand through cash on hand and commitment line contracts.

The balance of financial liabilities by payment due date is as follows.

FY2024 (As of Mar. 31, 2024)

(Millions of yen)

	Carrying amount	Contractual cash flows	Due within one year	Due after one year through five years	Due after five years
Trade and other payables (Note)	858,765	858,765	858,765	–	–
Bonds	260,000	264,234	141,049	50,804	72,379
Loans payable	466,295	474,144	92,250	295,335	86,557
Derivative liabilities	36,037	36,037	8,926	23,626	3,484
Lease liabilities	68,367	74,238	21,483	31,779	20,975
Other	447	447	446	0	–
Total	1,689,913	1,707,867	1,122,922	401,547	183,397

Note: The items only classified as financial liabilities are included in the trade and other payables reported in the consolidated statements of financial position.

FY2025 (As of Mar. 31, 2025)

(Millions of yen)

	Carrying amount	Contractual cash flows	Due within one year	Due after one year through five years	Due after five years
Trade and other payables (Note)	878,038	878,038	878,038	–	–
Bonds	140,000	145,150	815	102,816	41,518
Loans payable	489,862	504,740	118,653	259,261	126,825
Derivative liabilities	23,209	23,209	4,938	15,276	2,993
Lease liabilities	67,434	73,261	19,416	29,523	24,321
Other	2,175	2,175	2,167	8	–
Total	1,600,721	1,626,575	1,024,030	406,886	195,658

Note: The items only classified as financial liabilities are included in the trade and other payables reported in the consolidated statements of financial position.

The balance of unused loans based on our Group's commitment line contract is as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Total amount of commitment line contract	280,000	210,000
Balance of used loans	–	–
Balance	280,000	210,000

(3) Fair value of financial instruments

(i) Fair value hierarchy

The fair value hierarchy of financial instruments is as follows.

Level 1: Fair value measured at the quoted price in the active market

Level 2: Fair value, other than Level 1, that is determined by directly or indirectly using observable inputs

Level 3: Fair value determined using a valuation technique including unobservable inputs

(ii) Measurement method of fair value

i) Cash and cash equivalents, time deposits (with a maturity of more than three months), trade and other receivables, and trade and other payables

The carrying amount is used as the fair value of these instruments, given that the fair value is almost the same as the carrying amount, as they are mostly settled in a short period of time.

ii) Bonds and loans payable

Bonds with market prices are calculated based on the market prices. Bonds without market prices are measured based on the present value obtained by discounting the future cash flows at interest rates that would be charged for the issuance of similar new bonds.

Short-term loans payable are measured based on the carrying amount, given that the fair value is almost the same as the carrying amount, as they are mostly settled in a short period of time.

Long-term loans payable are calculated by present value obtained by discounting future cash flows at interest rates that would be charged for similar new loans.

iii) Other financial assets and other financial liabilities

Listed shares are calculated by the market prices at the end of the fiscal year.

Non-listed shares and capital investments are calculated by using appropriate valuation techniques, such as a valuation technique based on the market prices of similar companies and a valuation technique based on net assets. Illiquidity discount, which is a significant unobservable input, is 30% in the measurement. These fair value measurements are implemented by the administrative department that is independent from the investment department in accordance with internal regulations, and such measurement results are authorized by persons with appropriate authority.

Bond receivables are calculated based on the exchange prices, the prices provided by financial institutions with which we transact with based on the observable market data, and adjusted book value net assets.

The fair values of forward exchange contracts, interest rate swaps, and currency swaps are calculated by using data calculated by financial institutions with which we transact with based on the observable market data.

The fair value of a virtual power purchase agreement is calculated by using the discounted cash flow method based on the assumption of expected renewable energy market price and of expected power generation from renewable energy facilities.

(iii) Financial instruments measured at amortized cost

The carrying amount and fair value of financial instruments measured at amortized cost are as follows.

Cash and cash equivalents, time deposits (with a maturity of more than three months), trade and other receivables, and trade and other payables are not included, as the fair values are almost the same as the carrying amounts.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)		FY2025 (As of Mar. 31, 2025)	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	260,000	254,864	140,000	132,607
Loans payable	466,295	460,529	489,862	477,238

Note: The fair value hierarchy for financial instruments measured at amortized cost is Level 2.

(iv) Financial instruments measured at fair value

The fair value hierarchy for financial instruments measured at fair value is as follows.

FY2024 (As of Mar. 31, 2024)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Shares	792,037	–	71,717	863,755
Investments in capital	–	–	5,288	5,288
Bonds receivable	–	29,337	5,869	35,206
Derivative assets	–	22	–	22
Total	792,037	29,359	82,875	904,272
Financial liabilities measured at fair value				
Derivative liabilities	–	36,037	–	36,037
Total	–	36,037	–	36,037

Note: There were no significant transfers of financial instruments between levels for FY2024.

FY2025 (As of Mar. 31, 2025)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Shares	560,363	–	108,373	668,736
Investments in capital	–	–	6,127	6,127
Bonds receivable	–	12,191	6,272	18,463
Derivative assets	–	4,163	–	4,163
Total	560,363	16,354	120,773	697,491
Financial liabilities measured at fair value				
Derivative liabilities	–	23,209	–	23,209
Total	–	23,209	–	23,209

Note: There were no significant transfers of financial instruments between levels for FY2025.

The adjustment table for the financial instruments classified as Level 3 from the balance at beginning of period to the balance at end of period is as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Balance at beginning of period	73,536	82,875
Acquisition	230	1,102
Other comprehensive income (Note)	8,579	36,465
Disposal	(114)	(13)
Other	642	343
Balance at end of period	82,875	120,773

Note: Other comprehensive income relates to the financial assets measured at fair value through other comprehensive income and is included in the net changes in revaluation of financial assets measured at fair value through other comprehensive income in the consolidated statements of comprehensive income.

(4) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amounts are presented in the consolidated statements of financial position since the Group has a legally enforceable right to set off the recognized amounts of certain financial assets and liabilities and intends either to settle on a net basis or to realize assets and settle liabilities simultaneously.

For financial assets and financial liabilities recognized for the same business partner, the components of the amount offset in the consolidated statements of financial position and the amount recorded in the consolidated statements of financial position is as follows.

FY2024 (As of Mar. 31, 2024)

(Millions of yen)

	Total amount of financial assets	Total amount of financial liabilities offset in consolidated statements of financial position	Net amount of financial assets reported in consolidated statements of financial position
Financial assets			
Trade and other receivables	51,451	(47,792)	3,659

(Millions of yen)

	Total amount of financial liabilities	Total amount of financial assets offset in consolidated statements of financial position	Net amount of financial liabilities reported in consolidated statements of financial position
Financial liabilities			
Trade and other payables	196,594	(47,792)	148,801

FY2025 (As of Mar. 31, 2025)

(Millions of yen)

	Total amount of financial assets	Total amount of financial liabilities offset in consolidated statements of financial position	Net amount of financial assets reported in consolidated statements of financial position
Financial assets			
Trade and other receivables	57,333	(53,146)	4,187

(Millions of yen)

	Total amount of financial liabilities	Total amount of financial assets offset in consolidated statements of financial position	Net amount of financial liabilities reported in consolidated statements of financial position
Financial liabilities			
Trade and other payables	214,471	(53,146)	161,324

24. Lease transactions

The Group, as a lessee, mainly leases buildings and land as well as molds and other products in its automotive parts business.

The contract period ranges from one year to 60 years.

We also rent out molds and other products as a lessor. The lease term for the molds is two years in principle.

There are no restrictions imposed by variable lease payments, renewal or purchase options, escalation clauses, or lease agreements.

(1) Lessee

(i) Gain or loss on leases

The components of gain or loss on leases are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Depreciation of right-of-use assets		
Items with buildings and structures as the underlying asset	8,934	9,643
Items with machinery and vehicles as the underlying asset	2,620	2,714
Items with tools, furniture and fixtures as the underlying asset	1,655	1,754
Items with land as the underlying asset	1,178	1,187
Other	80	105
Total depreciation	14,469	15,404
Interest expenses on lease liabilities	644	773
Short-term lease expenses	6,372	5,418
Leases of low value assets expenses	1,912	1,203
Sublease revenue	16,608	4,581

(ii) Right-of-use assets

The components of carrying amount of right-of-use assets is as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Components of carrying amount of right-of-use assets		
Items with buildings and structures as the underlying asset	38,151	43,382
Items with machinery and vehicles as the underlying asset	5,641	5,823
Items with tools, furniture and fixtures as the underlying asset	4,368	5,016
Items with land as the underlying asset	18,894	18,094
Other	148	110
Total	67,203	72,427

Note: The amounts of increase in right-of-use assets for FY2024 and FY2025 were ¥10,588 million and ¥15,863 million, respectively.

(iii) Lease liabilities

The details on maturity analysis for lease liabilities are described in Note "23. Financial instruments (2) Financial risk management (iii) Liquidity risk."

(iv) Total amount of cash outflow on leases

The total amount of cash outflow on leases is as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Total amount of cash outflow	34,878	33,300

(2) Lessor

(i) Lease revenue

The lease revenue based on the finance lease agreement is as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Finance income on the net investment in the lease	19,973	6,361

(ii) Lease receivables

The maturity analysis for lease receivables (before discount) on the finance lease agreement is as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Due within one year	11,105	6,774
Due after one year through two years	4,429	947
Due after two years through three years	–	–
Due after three years through four years	–	–
Due after four years through five years	–	–
Due after five years	–	–
Total	15,534	7,721

25. Revenue

(1) Disaggregation of revenue

As described in "4. Segment information," the Group are comprised of five reportable segments: Japan, North America, Europe, China, and ASEAN and India.

The Group is primarily engaged in the automotive parts business and energy solutions-related business. We disaggregate the revenue of the automotive parts business, which accounts for the majority of consolidated revenue, by customer group.

The relationship between these disaggregated revenues and each reportable segment revenue is as follows.

FY2024 (Apr. 1, 2023 through Mar. 31, 2024)

(Millions of yen)

		Reportable segments					Other	Total
		Japan	North America	Europe	China	ASEAN and India		
	Toyota Group	1,683,265	803,956	36,039	328,907	325,292	40,335	3,217,795
	OEM and others	642,967	173,136	328,684	282,114	127,601	2,252	1,556,757
Automotive parts business total		2,326,233	977,092	364,723	611,021	452,893	42,587	4,774,553
Energy solutions-related and others		124,608	5,301	49	1,351	3,693	–	135,003
Total		2,450,841	982,393	364,773	612,373	456,587	42,587	4,909,557
Revenue recognized from contracts with customers		2,430,894	982,283	364,747	612,373	456,587	42,587	4,889,474
Revenue recognized arising from other sources		19,947	110	25	–	–	–	20,083

Note 1: Disaggregation of revenue is presented as revenue from third parties.

Note 2: Revenue recognized arising from other sources includes lease income based on IFRS 16, which is included mainly in the automotive parts business.

FY2025 (Apr. 1, 2024 through Mar. 31, 2025)

(Millions of yen)

		Reportable segments					Other	Total
		Japan	North America	Europe	China	ASEAN and India		
	Toyota Group	1,703,968	906,122	35,524	316,350	346,631	35,592	3,344,191
	OEM and others	628,305	159,499	248,612	277,246	115,535	2,324	1,431,524
Automotive parts business total		2,332,274	1,065,622	284,137	593,597	462,167	37,917	4,775,716
Energy solutions-related and others		108,329	6,185	45	1,529	4,298	–	120,388
Total		2,440,604	1,071,808	284,182	595,126	466,465	37,917	4,896,104
Revenue recognized from contracts with customers		2,434,267	1,071,655	284,157	595,126	466,465	37,917	4,889,591
Revenue recognized arising from other sources		6,336	152	24	–	–	–	6,513

Note 1: Disaggregation of revenue is presented as revenue from third parties.

Note 2: Revenue recognized arising from other sources includes lease income based on IFRS 16, which is included mainly in the automotive parts business.

(2) Contract balance

Balances of receivables arising from contracts with customers and of contract liabilities are as follows.

(Millions of yen)

	Beginning of FY2024 (As of Apr. 1, 2023)	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Receivables from contracts with customers	703,544	615,217	698,591
Contract liabilities (Note)	7,898	4,555	7,019

Note: Contract liabilities primarily relate to advances received from customers and reversed when recorded as revenue after the performance obligation is fully satisfied. All amounts included in the balance of contract liabilities as of the beginning of each fiscal year is recognized as revenue during the respective fiscal year. The amount of revenue recognized from performance obligations satisfied (or partially satisfied) in prior periods was not considered significant for FY2024 and FY2025.

(3) Transaction prices allocated to the remaining performance obligations

Information on the remaining performance obligations has been omitted by applying practical expedients, as the Group has no significant transactions with individual forecast contract periods exceeding one year.

(4) Assets recognized from contract costs

The amount of assets recognized from the costs to acquire contracts with customers or to fulfill obligations was not considered significant for FY2024 and FY2025. In the case where the amortization period of assets to be recognized is one year or less, we expense the incremental costs associated with contract acquisitions when incurred by applying practical expedients.

26. Selling, general and administrative expenses

The components of selling, general and administrative expenses are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Freight and packing costs	57,610	58,762
Product warranty costs	83,341	17,662
Employee benefit expenses	131,165	140,363
Depreciation and amortization	18,811	19,379
Other	126,775	138,915
Total	417,705	375,083

27. Research and development expenses

Research and development expenses included in the cost of revenue and selling, general and administrative expenses in the consolidated statements of income are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Research and development expenses	225,594	236,844

Note: Amortization of capitalized development costs is not included.

28. Other income and expenses

(1) Other income

The components of other income are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Government grant income	2,368	3,096
Gain on sale of fixed assets	4,959	7,508
Other	21,457	25,509
Total	28,785	36,115

(2) Other expenses

The components of other expenses are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Impairment loss on fixed assets	4,109	4,201
Loss on sale and retirement of fixed assets	6,324	5,833
Other	7,906	11,544
Total	18,340	21,579

29. Finance income and expenses

(1) Finance income

The components of finance income are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Interest income		
Financial assets measured at amortized cost	3,784	5,704
Financial assets measured at fair value through other comprehensive income	223	265
Dividend income		
Financial assets measured at fair value through other comprehensive income	16,460	18,005
Foreign exchange gains	909	–
Gain on valuation of derivatives	–	3,210
Other	4,067	3,267
Total	25,445	30,452

Note: Dividend income from financial assets measured at fair value through other comprehensive income recognized in FY2024 and FY2025 includes dividend income from financial assets measured at fair value through other comprehensive income that were derecognized during each reporting period (Refer to "12. Other financial assets").

(2) Finance expenses

The components of finance expenses are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Interest expenses		
Financial liabilities measured at amortized cost	5,835	4,459
Lease liabilities	644	773
Loss on net monetary position	1,073	2,406
Foreign exchange losses	–	37,677
Other	2,985	4,085
Total	10,538	49,402

30. Other comprehensive income

The components of other comprehensive income are as follows.

FY2024 (Apr. 1, 2023 through Mar. 31, 2024)

(Millions of yen)

	Amount arising during the period	Reclassification adjustments	Before tax effect	Tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	15,060	–	15,060	(4,696)	10,363
Net changes in revaluation of financial assets measured at fair value through other comprehensive income (loss)	414,022	–	414,022	(127,194)	286,827
Share of other comprehensive income (loss) of associates accounted for using the equity method	(4)	–	(4)	–	(4)
Total	429,078	–	429,078	(131,891)	297,187
Items that may be reclassified subsequently to profit or loss					
Net changes in revaluation of financial assets measured at fair value through other comprehensive income (loss)	75	–	75	(23)	52
Cash flow hedges	48	66	114	(37)	77
Exchange differences on translating foreign operations	49,207	(310)	48,896	–	48,896
Share of other comprehensive income (loss) of associates accounted for using the equity method	3,960	–	3,960	–	3,960
Total	53,291	(244)	53,047	(60)	52,987
Other comprehensive income (loss) total	482,370	(244)	482,126	(131,951)	350,174

FY2025 (Apr. 1, 2024 through Mar. 31, 2025)

(Millions of yen)

	Amount arising during the period	Reclassification adjustments	Before tax effect	Tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	(10,674)	–	(10,674)	2,811	(7,862)
Net changes in revaluation of financial assets measured at fair value through other comprehensive income (loss)	(190,967)	–	(190,967)	54,716	(136,251)
Share of other comprehensive income (loss) of associates accounted for using the equity method	29	–	29	–	29
Total	(201,612)	–	(201,612)	57,527	(144,084)
Items that may be reclassified subsequently to profit or loss					
Net changes in revaluation of financial assets measured at fair value through other comprehensive income (loss)	(21)	–	(21)	6	(15)
Cash flow hedges	71	22	94	(36)	57
Exchange differences on translating foreign operations	2,279	198	2,478	–	2,478
Share of other comprehensive income (loss) of associates accounted for using the equity method	(518)	–	(518)	–	(518)
Total	1,811	221	2,032	(30)	2,001
Other comprehensive income (loss) total	(199,800)	221	(199,579)	57,497	(142,082)

31. Earnings per share

The basis for calculating basic earnings per share is as follows.

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Profit for the period attributable to owners of the parent (Millions of yen)	90,813	107,586
Average number of common stocks (Thousands of shares)	808,598	780,701
Basic earnings per share (Yen)	112.31	137.81

Note 1: Information on diluted earnings per share is omitted due to the absence of potential shares.

Note 2: On October 1, 2024, the Company executed a one-for-three stock split of each common stock. The amounts of basic earnings per share have been calculated assuming that the relevant stock split was conducted at the beginning of FY2024.

32. Related parties

(1) Transactions with related parties

Descriptions of the transactions between the Group and related parties are as follows.

We determine the transaction terms with related parties by taking into account market prices and total costs, offering our desired prices through price negotiations each period.

FY2024 (Apr. 1, 2023 through Mar. 31, 2024)

(Millions of yen)

Type	Name	Nature of transactions	Transaction amount	Outstanding balance
Companies with significant influence	Toyota Motor Corporation Group	Sales of automotive parts, etc.	2,755,063	295,612

FY2025 (Apr. 1, 2024 through Mar. 31, 2025)

(Millions of yen)

Type	Name	Nature of transactions	Transaction amount	Outstanding balance
Companies with significant influence	Toyota Motor Corporation Group	Sales of automotive parts, etc.	2,870,025	322,987

(2) Remuneration for key management personnel

Descriptions of the remuneration for key management personnel are as follows.

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Basic remuneration and bonuses	483	499
Stock-based remuneration	77	176
Total	560	675

33. Principal subsidiaries

(1) Principal subsidiaries

The Group’s principal subsidiaries are as follows.

Name	Location	Principal contents of business	Ratio of voting rights (%)
AISIN TAKAOKA CO., LTD.	Toyota, Aichi	Automotive parts	51.2
AISIN CHEMICAL CO., LTD.	Toyota, Aichi	Automotive parts	100.0
AISIN KEIKINZOKU Co., Ltd.	Imizu, Toyama	Automotive parts	60.0
AISIN DEVELOPMENT Co., Ltd.	Kariya, Aichi	Other	100.0
AISIN KIKO Co., LTD	Nishio, Aichi	Automotive parts	100.0
AISIN SIN’EI Co., Ltd.	Hekinan, Aichi	Automotive parts	100.0
AISIN FUKUI Corporation	Echizen, Fukui	Automotive parts	100.0
HOSEI BRAKE INDUSTRY CO., LTD.	Toyota, Aichi	Automotive parts	76.6
ADVICS CO., LTD.	Kariya, Aichi	Automotive parts	51.1
AISIN SHIROKI CORPORATION	Toyokawa, Aichi	Automotive parts	100.0
ART METAL MFG. CO., LTD.	Ueda, Nagano	Automotive parts	80.3
Aisin Holdings of America, Inc.	Indiana, USA	Other	100.0
Aisin World Corp. of America	Michigan, USA	Automotive parts & energy solutions-related	100.0
Aisin U.S.A. Mfg., Inc.	Indiana, USA	Automotive parts	100.0
Aisin Drivetrain, Inc.	Indiana, USA	Automotive parts	100.0
Aisin Automotive Casting, LLC	Kentucky, USA	Automotive parts	100.0
Aisin Automotive Casting Tennessee, Inc.	Tennessee, USA	Automotive parts	100.0
AISIN North Carolina Corporation	North Carolina, USA	Automotive parts	100.0
AISIN Texas Corporation	Texas, USA	Automotive parts	100.0
ADVICS Manufacturing Ohio, Inc.	Ohio, USA	Automotive parts	100.0
ADVICS Manufacturing Indiana, L.L.C.	Indiana, USA	Automotive parts	100.0
ADVICS Manufacturing Mexico S. de R.L. de C.V.	Jalisco, Mexico	Automotive parts	100.0
SHIROKI North America, Inc.	Tennessee, USA	Automotive parts	100.0
Fenox Venture Company XX, L.P.	California, USA	Other	99.0
AISIN REINSURANCE AMERICA, INC.	Hawaii, USA	Other	100.0
AISIN EUROPE S.A.	Braine-l’Alleud, Belgium	Automotive parts	100.0
AISIN EUROPE MANUFACTURING CZECH s.r.o.	South Bohemia, Czech Republic	Automotive parts	100.0
AISIN (CHINA) INVESTMENT CO., LTD.	Shanghai, China	Automotive parts	100.0
TANGSHAN AISIN GEAR CO., LTD.	Tangshan, Hebei, China	Automotive parts	99.3
AISIN SUZHOU CO., LTD.	Suzhou, Jiangsu, China	Automotive parts	100.0
TIANJIN AISIN AUTOMATIC TRANSMISSION CO., LTD.	Tianjin, China	Automotive parts	80.0
AISIN TIANJIN AUTOMOTIVE PARTS CO., LTD.	Tianjin, China	Automotive parts	100.0
ZHEJIANG GEELY AISIN AUTOMATIC TRANSMISSION CO., LTD.	Ningbo, Zhejiang, China	Automotive parts	60.0
GAC AISIN AUTOMATIC TRANSMISSION CO., LTD.	Guangzhou, Guangdong, China	Automotive parts	60.0

Name	Location	Principal contents of business	Ratio of voting rights (%)
ADVICS Tianjin Automobile Parts CO., Ltd.	Tianjin, China	Automotive parts	97.3
AISIN Thai Automotive Casting Co., Ltd.	Prachinburi, Thailand	Automotive parts	97.0
AISIN Powertrain (Thailand) CO., LTD.	Chonburi, Thailand	Automotive parts	100.0
PT AISIN INDONESIA AUTOMOTIVE	West Java, Indonesia	Automotive parts	100.0
PT. AT INDONESIA	West Java, Indonesia	Automotive parts	56.0
TOYOTA AISIN PHILIPPINES, INC.	Laguna, Philippines	Automotive parts	61.0
AISIN AUTOMOTIVE HARYANA PRIVATE LIMITED	Haryana, India	Automotive parts	99.4
AT INDIA AUTO PARTS PRIVATE LIMITED	Karnataka, India	Automotive parts	98.0
AISIN AUTOMOTIVE LTDA.	São Paulo, Brazil	Automotive parts	100.0

(2) Summary financial information on subsidiaries with significant non-controlling interests

(i) Ratio of ownership interests held by non-controlling interests

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
AISIN TAKAOKA CO., LTD.	49.8%	49.2%
ADVICS CO., LTD.	48.9%	48.9%

(ii) Ratio of voting rights held by non-controlling interests

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
AISIN TAKAOKA CO., LTD.	48.8%	48.8%
ADVICS CO., LTD.	48.9%	48.9%

(iii) Summary financial information

Summary financial information below is based on the consolidated financial statements prepared by AISIN TAKAOKA CO., LTD. and ADVICS CO., LTD., in accordance with IFRS.

i) AISIN TAKAOKA CO., LTD.

(a) Summary of consolidated statements of financial position

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Current assets	164,921	135,802
Non-current assets	178,070	172,720
Current liabilities	113,792	91,010
Non-current liabilities	58,296	50,088
Equity	170,903	167,424

Note: The amounts of accumulated non-controlling interests for FY2024 and FY2025 were ¥103,112 million and ¥97,847 million, respectively.

(b) Summary of consolidated statements of income / Summary of consolidated statements of comprehensive income

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Revenue	426,079	416,447
Profit (loss) for the period	5,491	(870)
Comprehensive income for the period	16,458	3,721

Note 1: The amounts of profit or loss allocated to non-controlling interests for FY2024 and FY2025 were ¥4,700 million and ¥578 million, respectively.

Note 2: The dividends paid by AISIN TAKAOKA CO., LTD. to non-controlling interests were ¥602 million in FY2024. There were no dividends paid by AISIN TAKAOKA CO., LTD. to non-controlling interests in FY2025.

(c) Summary of consolidated statements of cash flows

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Net cash provided by (used in) operating activities	40,687	20,031
Net cash provided by (used in) investing activities	(30,096)	9,254
Net cash provided by (used in) financing activities	(11,590)	(28,277)
Effect of exchange rate change on cash and cash equivalents	415	1,891

ii) ADVICS CO., LTD.

(a) Summary of consolidated statements of financial position

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Current assets	279,250	283,357
Non-current assets	309,799	313,629
Current liabilities	265,000	236,080
Non-current liabilities	184,314	208,662
Equity	139,735	152,243

Note: The amounts of accumulated non-controlling interests for FY2024 and FY2025 were ¥66,472 million and ¥72,900 million, respectively.

(b) Summary of consolidated statements of income / Summary of consolidated statements of comprehensive income

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Revenue	810,671	837,239
Profit for the period	19,302	13,445
Comprehensive income for the period	26,464	16,724

Note 1: The amounts of profit or loss allocated to non-controlling interests for FY2024 and FY2025 were ¥10,011 million and ¥7,203 million, respectively.

Note 2: The dividends paid by ADVICS CO., LTD. to non-controlling interests for FY2024 and FY2025 were ¥832 million and ¥1,843 million, respectively.

(c) Summary of consolidated statements of cash flows

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Net cash provided by (used in) operating activities	56,942	51,834
Net cash provided by (used in) investing activities	(49,295)	(44,167)
Net cash provided by (used in) financing activities	(488)	(19,470)
Effect of exchange rate change on cash and cash equivalents	602	(1,656)

34. Commitments

Significant commitments pertaining to the acquisition of assets that have been contracted but are not recognized in the consolidated financial statements are as follows.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Property, plant and equipment	44,136	45,799

35. Hyperinflation adjustments

Turkey's cumulative inflation rate over the past three years has exceeded 100%. In light of this, we have determined that consolidated subsidiaries and other entities that use Turkish lira as their functional currency are in the hyperinflationary economy. The non-consolidated financial statements of such consolidated subsidiaries and other entities are included in the Group's consolidated financial statements by remeasuring amounts to the measuring unit current at the end the reporting period, in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies.

In the non-consolidated financial statements of consolidated subsidiaries and other entities that use Turkish lira as their functional currency, non-monetary items such as property, plant and equipment stated at acquisition cost are restated by applying the conversion factor based on their dates of acquisition. Monetary items and non-monetary items stated at present cost are not restated because they are considered to have been expressed in terms of the measuring unit current at the end of the reporting period. The impact of inflation on net cash balances are stated in finance income and finance expenses in the consolidated statements of income.

In addition, the non-consolidated financial statements of consolidated subsidiaries and other entities that use Turkish lira as their functional currency are translated into Japanese yen using the exchange rates at the end of the fiscal year.

To remeasure the non-consolidated financial statements of consolidated subsidiaries and other entities in Turkey, the Group uses the conversion factors derived from the Turkey Consumer Price Index (CPI) announced by Turkish Statistical Institute.

The Turkey CPIs and conversion factors that correspond to the date of each statement of financial position are as follows.

Date of statement of financial position	CPI	Conversion factor
Mar. 31, 2005	114.81	2,574
Mar. 31, 2006	124.18	2,379
Mar. 31, 2007	137.67	2,146
Mar. 31, 2008	150.27	1,966
Mar. 31, 2009	162.12	1,823
Mar. 31, 2010	177.62	1,663
Mar. 31, 2011	184.70	1,600
Mar. 31, 2012	203.96	1,449
Mar. 31, 2013	218.83	1,350
Mar. 31, 2014	237.18	1,246
Mar. 31, 2015	255.23	1,158
Mar. 31, 2016	274.27	1,077
Mar. 31, 2017	305.24	968
Mar. 31, 2018	336.48	878
Mar. 31, 2019	402.81	734
Mar. 31, 2020	450.58	656
Mar. 31, 2021	523.53	564
Mar. 31, 2022	843.64	350
Mar. 31, 2023	1,269.75	233
Mar. 31, 2024	2,139.47	138
Mar. 31, 2025	2,954.69	100

36. Subsequent events

(Acquisition of treasury stock and planned commencement of tender offer for own shares)

At the Board of Directors meeting held on April 25, 2025, the Company passed a resolution on matters pertaining to the acquisition of treasury stock pursuant to Article 156, paragraph 1 of the Companies Act, as applied pursuant to Article 165, paragraph 3 of the Companies Act.

The Company also passed a resolution at its Board of Directors meeting held on June 3, 2025, to plan to implement a tender offer for its own shares (hereinafter, the "Own Share Tender Offer") within the maximum amount and time period for the purchase of its own shares approved by resolution at the Board of Directors meeting held on April 25, 2025. Following this, it announced on the same date the "Notice Concerning Changes in Matters Concerning Share Repurchase and Planned Commencement of Tender Offer for Own Shares."

(1) Reasons for acquiring treasury stock and the Own Share Tender Offer

In its 2025 Medium-term Management Plan announced on September 14, 2023, the Company holds a policy of pursuing business expansion in growth areas and improving capital efficiency with the aim to achieve sustainable growth and enhance corporate value over the medium to long term. The acquisition of treasury stock will be implemented in accordance with this policy for the purpose of improving capital efficiency and enhancing corporate value.

Toyota Fudosan Co., Ltd. (hereinafter "Toyota Fudosan") indicated to the Company that it is considering requesting that Toyota Industries Corporation (hereinafter "Toyota Industries") sell the Company's common stocks held by Toyota Industries to the Company subject to successful completion of the Toyota Industries tender offer (defined in (3) (vi) below) and completion of its settlement. In response to the contact by Toyota Fudosan, the Company began deliberating whether to agree to the acquisition of its treasury stock proposed by Toyota Fudosan. As a result of consideration, the Company determined as follows: if the Company decides to purchase all of its common stocks that Toyota Industries holds (hereinafter "Shares Subject to Tender") as own shares, the Company will be able to do so in a considerable amount in a short period of time as part of the additional shareholder returns envisaged in the 2025 Medium-term Management Plan without impairing the liquidity of its common stocks, which will contribute to realization of the contemplated additional shareholder returns: and the Company announced previously that it will purchase its own shares through market purchases on the Tokyo Stock Exchange and off-floor trading (ToSTNet-3) within the upper limit of ¥120 billion based on the resolution of the Board of Directors meeting held on April 25, 2025, and it is sufficiently possible to purchase the Shares Subject to Tender without interfering the acquisition of treasury stock during this period, which will rather facilitate the implementation of the additional shareholder returns that the Company has been contemplating for some time. In addition, with regard to the specific means of acquiring its own shares, the Company has carefully examined equality among shareholders, the transparency of transactions, and the trading situation in the market. As a result, the Company came to the view that it is appropriate to purchase the Shares Subject to Tender by means of a tender offer in early May of 2025 for the following reasons: it would be possible to provide shareholders other than Toyota Industries with an opportunity to decide whether to accept the acquisition of treasury stock taking into account market price trends after providing a certain period for consideration: the transparency of transactions can be ensured by purchasing by means of the tender offer procedures in accordance with laws and regulations: the transactions are off-the-market transactions that have relatively little impact on the liquidity of the Company's common stocks on the market: and when purchasing own shares through market purchases or off-the-floor trading, institutionally, the purchase price must be set at the market price and, as such, it is not possible to realize purchases at a price with a certain discount from the market price, which is not an advantageous option compared to a tender offer.

The Company will continue to consider flexible acquisition of treasury stock, taking into account the balance between financial security and capital efficiency, future investment trends, and other factors.

(2) Details of resolution of Board of Directors meeting on acquisition of treasury stock

(i) Class of shares to be repurchased	Common stock of the Company
(ii) Total number of shares to be repurchased	130,000,000 shares (maximum) (17.2% of total number of issued shares [excluding treasury stock])
(iii) Aggregate amount of repurchase cost of shares	¥120,000,000,000 (maximum)
(iv) Period of repurchase	From May 1, 2025 to March 31, 2026
(v) Means of repurchase	Market purchases on the Tokyo Stock Exchange, Inc., off-floor trading (ToSTNet-3), and a tender offer for own shares
(vi) Other	Decisions relating to any necessary matters for the acquisition of treasury stock will be entrusted to the Representative Director of the Company. However, this excludes the acquisition of treasury stock by a tender offer for own shares.

Note: The repurchase may not be completed in part or in whole depending on market trends and other factors.

(3) Details of resolution of Board of Directors meeting on the Own Share Tender Offer

(i) Class of shares to be repurchased	Common stock of the Company
(ii) Total number of shares to be repurchased	23,239,327 shares (maximum) (3.1% of total number of issued shares [excluding treasury stock])
(iii) Price of tendering	To be determined The price be set at the lower of (a) the closing price of the common stocks of the Company on the Prime Market of the Tokyo Stock Exchange for the business day prior to the date of the Board of Directors' resolution to finally determine the price of tendering for the Own Share Tender Offer or (b) the simple average of the closing prices of the common stocks of the Company on the Prime Market of the Tokyo Stock Exchange for the past one month up to the business day above; whichever the case, with a 10% discount on the price (rounded to the nearest whole number; however, if the price exceeds the closing price of ¥1,791 (rounded to the nearest whole number) of the common stocks of the Company on the Prime Market of the Tokyo Stock Exchange on June 2, 2025, then ¥1,791)
(iv) Aggregate amount of repurchase cost of shares	¥41,621,455,557 (planned)
(v) Period of repurchase	The Own Share Tender Offer is planned to be implemented as promptly as practicable after fulfillment of all of the preconditions (defined in (vi) below) or waiver thereof by the Company at its discretion. The Company plans to commence the Own Share Tender Offer by mid-January, 2026. Details of the Own Share Tender Offer schedules will be announced as soon as they are decided. Any changes to the expected timing of commencement of the Own Share Tender Offer will also be announced promptly. The Company, in principle, plans to set a 20-business-day tendering period for the Own Share Tender Offer.
(vi) Conditions of tendering	The Own Share Tender Offer will be implemented subject to fulfillment of all of the following conditions (hereinafter, the "Preconditions") or waiver thereof by the Company at its own discretion. The Company plans to pass a formal

resolution to implement the tender offer as promptly as practicable after fulfillment of all of the Preconditions or waiver thereof by the Company at its own discretion.

i) As stated in the “Notice Concerning Planned Commencement of Tender Offer for the Share Certificates, Etc. of Toyota Industries Corporation (Securities Code: 6201)” announced by Toyota Fudosan on June 3, 2025, the tender offer for share certificates, etc. of Toyota Industries (hereinafter, the “Toyota Industries Tender Offer”), in which all the issued shares are scheduled to be held through a stock company to be established by Toyota Fudosan, is successfully completed and its settlement is completed.

ii) If it is expected that the settlement of the Own Share Tender Offer is not completed by the end of the time period for the acquisition of treasury stock resolved by the Board of Directors meeting held on April 25, 2025, a new resolution of the Board of Directors of the Company shall be made concerning the acquisition of treasury stock that forms the basis of the Own Share Tender Offer pursuant to Article 156, paragraph 1 of the Companies Act, as applied pursuant to Article 165, paragraph 3 of the Companies Act, and the Company’s Articles of Incorporation.

iii) No judicial or administrative authority has issued a decision restricting or prohibiting Toyota Industries from tendering in the Own Share Tender Offer or restricting or prohibiting the Own Share Tender Offer in whole or in part, and the Own Share Tender Offer shall not violate any laws and regulations. In addition, there shall be no petition, litigation, or proceeding pending before any judicial or administrative authority that requests the Own Share Tender Offer be restricted or prohibited in whole or in part.

(Cancellation of treasury stock)

The Company passed a resolution at its Board of Directors meeting held on April 25, 2025 on matters pertaining to the cancellation of treasury stock pursuant to Article 178 of the Companies Act, and implemented the cancellation on May 30, 2025.

(1) Reasons for cancellation of treasury stock

The Company will implement the cancellation of treasury stock previously acquired in conjunction with the share repurchase.

(2) Details of resolution of Board of Directors meeting on cancellation of treasury stock

(i) Class of shares to be cancelled	Common stock of the Company
(ii) Total number of shares to be cancelled	50,000,000 shares (6.2% of the total number of issued shares before the cancellation)
(iii) Scheduled date of cancellation	May 30, 2025

(Application for tendering in tender offer)

The Company passed a resolution at its Board of Directors meeting held on June 3, 2025, to tender all common stocks of Toyota Industries that it holds in a tender offer if Toyota Industries Tender Offer is implemented, as stated in the "Notice Concerning Expression of Opinion in Support of Planned Commencement of Tender Offer for Company Shares by Toyota Fudosan, Co., Ltd. and Neutral Opinion to Tender Share Therein" (hereinafter "Toyota Industries' Press Release") announced by Toyota Industries on June 3, 2025.

(1) Reasons for tendering

The Company had held shares of Toyota Industries with the aim to strengthen its competitiveness through collaboration in the powertrain systems area. However, as a result of comprehensive consideration of the Toyota Industries Tender Offer details, in accordance with the measures to reduce cross-shareholdings to zero based on the 2025 Medium-term Management Plan, it decided to tender in the Toyota Industries Tender Offer.

(2) Number of shares held by the Company to be tendered

(i) Number of shares held by the Company before tendering	6,578,372 shares
(ii) Number of shares to be tendered	6,578,372 shares
(iii) Number of shares held by the Company after tendering	0 shares

(3) Planned tender price

¥16,300 per common stock (total amount to be sold: ¥107.2 billion)

(4) Tender schedules

According to Toyota Industries' Press Release, Toyota Fudosan aims to commence the Toyota Industries Tender Offer by early December, 2025. The details will be announced as soon as they are decided. Any changes to the expected timing of commencement of the Toyota Industries Tender Offer will also be announced promptly.

(5) Future prospects

The Company adopts International Financial Reporting Standards (IFRS). Since the loss or gain on the sale of all common stocks of Toyota Industries that the Company holds will be recognized as other comprehensive income, there will be no impact on the consolidated statements of income.

(2) Others

Half-yearly information for the fiscal year ended March 31, 2025

	Six months ended September 30, 2024	Fiscal year ended March 31, 2025
Revenue (Millions of yen)	2,352,507	4,896,104
Interim profit before tax or profit before income taxes (Millions of yen)	19,569	173,440
Profit for the interim period (the period) attributable to owners of the parent (Millions of yen)	8,069	107,586
Basic earnings per share for the interim period (the period) (Yen)	10.11	137.81

Note: On October 1, 2024, the Company executed a one-for-three stock split of each common stock. The amounts of basic earnings per share for the interim period (the period) have been calculated assuming that the relevant stock split was conducted at the beginning of FY2025.

2. Non-consolidated financial statements and other information

(1) Financial statements

(i) Balance sheet

(Millions of yen)

		As of March 31, 2024		As of March 31, 2025
Assets				
Current assets				
Cash and deposits		278,067		197,061
Notes receivable		39		7
Electronically recorded monetary claims—operating	*1	35,883	*1	37,924
Accounts receivable—trade	*1	444,249	*1	427,045
Securities		20,789		6,995
Merchandise and finished goods		44,817		36,528
Work in progress		74,606		80,217
Raw materials and supplies		9,954		10,817
Income taxes receivable		–		8,358
Other	*1	307,491	*1	242,382
Allowance for doubtful accounts		(2,084)		(6,549)
Total current assets		1,213,813		1,040,788
Non-current assets				
Property, plant and equipment				
Buildings		107,334		109,215
Structures		11,321		10,965
Machinery and equipment		115,190		98,734
Vehicles		1,098		1,277
Tools, furniture and fixtures		12,859		11,506
Land		86,982		84,889
Leased assets		1,075		1,728
Construction in progress		20,104		34,788
Total property, plant and equipment		355,967		353,105
Intangible assets				
Software		15,977		15,749
Other		7,332		4,561
Total intangible assets		23,310		20,311
Investments and other assets				
Investment securities		145,376		121,975
Shares of affiliates		885,479		672,880
Long-term loans receivable	*1	288,694	*1	299,268
Prepaid pension costs		–		2,316
Other		67,557		81,593
Allowance for doubtful accounts		(11,285)		(5,982)
Total investments and other assets		1,375,822		1,172,052
Total non-current assets		1,755,099		1,545,469
Total assets		2,968,913		2,586,258

(Millions of yen)

		As of March 31, 2024		As of March 31, 2025
Liabilities				
Current liabilities				
Electronically recorded obligations—operating	*1	66,175	*1	66,710
Accounts payable—trade	*1	189,997	*1	201,427
Short-term loans payable		41,600		62,500
Accounts payable	*1	26,033	*1	28,892
Accrued expenses	*1	184,618	*1	182,567
Income tax payables		25,914		–
Deposits received	*1	262,286	*1	229,885
Provision for product warranties		36,460		40,123
Provision for loss on subsidiaries		2,168		2,126
Other	*1	19,593	*1	6,242
Total current liabilities		854,848		820,476
Non-current liabilities				
Bonds payable		250,000		140,000
Long-term loans payable		353,200		380,700
Deferred tax liabilities		77,982		13,542
Provision for retirement benefits		144,175		147,056
Other	*1	29,024	*1	20,576
Total non-current liabilities		854,382		701,876
Total liabilities		1,709,230		1,522,352
Net assets				
Shareholders' equity				
Capital stock		45,049		45,049
Capital surplus				
Legal capital surplus		62,926		62,926
Total capital surplus		62,926		62,926
Retained earnings				
Legal retained earnings		10,285		10,285
Other retained earnings				
Reserve for tax purpose reduction entry of non-current assets		1,340		1,263
Reserve for special account		124		1,132
General reserve		112,500		112,500
Retained earnings brought forward		678,217		598,146
Total retained earnings		802,468		723,328
Treasury stock		(130,035)		(84,608)
Total shareholders' equity		780,408		746,695
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		479,274		317,210
Total valuation and translation adjustments		479,274		317,210
Total net assets		1,259,682		1,063,905
Total liabilities and net assets		2,968,913		2,586,258

(ii) Statement of income

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Revenue	*1	2,484,121	*1	2,431,018
Cost of revenue	*1	2,256,925	*1	2,215,335
Gross profit		227,196		215,682
Selling, general and administrative expenses				
Freight and packing costs		37,984		37,084
Salaries and allowances		31,871		35,965
Depreciation		5,802		5,975
Research and development expenses		25,401		22,781
Market claims expenses		39,741		11,152
Other		69,265		77,232
Total selling, general and administrative expenses		210,067		190,191
Operating profit		17,128		25,491
Non-operating income				
Interest and dividend income	*1	70,808	*1	83,072
Other	*1	12,028	*1	29,844
Total non-operating income		82,836		112,916
Non-operating expenses				
Interest expenses	*1	4,881	*1	3,941
Transfer pricing tax adjustments		18,890		–
Other	*1	26,477	*1	28,577
Total non-operating expenses		50,249		32,519
Ordinary profit		49,715		105,888
Extraordinary income				
Gain on sales of investment securities	*2	81,888		–
Total extraordinary income		81,888		–
Profit before income taxes		131,604		105,888
Income taxes—current		31,500		8,800
Income taxes—deferred		(9,890)		(655)
Total income taxes		21,609		8,144
Profit for the period		109,994		97,744

(iii) Statement of changes in shareholders' equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for tax purpose reduction entry of non-current assets	Reserve for special account	General reserve	Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2023	45,049	62,926	62,926	10,285	1,406	199	112,500	616,611	741,002
Changes during period									
Reversal of reserves	–	–	–	–	(65)	(75)	–	140	–
Dividends	–	–	–	–	–	–	–	(48,515)	(48,515)
Profit for the period	–	–	–	–	–	–	–	109,994	109,994
Acquisition of treasury stock	–	–	–	–	–	–	–	–	–
Disposal of treasury stock	–	–	–	–	–	–	–	(13)	(13)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	–	–	–
Total changes during period	–	–	–	–	(65)	(75)	–	61,606	61,465
Balance as of March 31, 2024	45,049	62,926	62,926	10,285	1,340	124	112,500	678,217	802,468

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2023	(130,091)	718,887	256,027	256,027	974,915
Changes during period					
Reversal of reserves	–	–	–	–	–
Dividends	–	(48,515)	–	–	(48,515)
Profit for the period	–	109,994	–	–	109,994
Acquisition of treasury stock	(6)	(6)	–	–	(6)
Disposal of treasury stock	61	47	–	–	47
Net changes in items other than shareholders' equity	–	–	223,246	223,246	223,246
Total changes during period	55	61,521	223,246	223,246	284,767
Balance as of March 31, 2024	(130,035)	780,408	479,274	479,274	1,259,682

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for tax purpose reduction entry of non-current assets	Reserve for special account	General reserve	Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2024	45,049	62,926	62,926	10,285	1,340	124	112,500	678,217	802,468
Changes during period									
Provision of reserves	–	–	–	–	–	1,007	–	(1,007)	–
Reversal of reserves	–	–	–	–	(77)	–	–	77	–
Dividends	–	–	–	–	–	–	–	(47,660)	(47,660)
Profit for the period	–	–	–	–	–	–	–	97,744	97,744
Acquisition of treasury stock	–	–	–	–	–	–	–	–	–
Disposal of treasury stock	–	–	–	–	–	–	–	9	9
Cancellation of treasury stock	–	–	–	–	–	–	–	(129,233)	(129,233)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	–	–	–
Total changes during period	–	–	–	–	(77)	1,007	–	(80,070)	(79,140)
Balance as of March 31, 2025	45,049	62,926	62,926	10,285	1,263	1,132	112,500	598,146	723,328

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2024	(130,035)	780,408	479,274	479,274	1,259,682
Changes during period					
Provision of reserves	–	–	–	–	–
Reversal of reserves	–	–	–	–	–
Dividends	–	(47,660)	–	–	(47,660)
Profit for the period	–	97,744	–	–	97,744
Acquisition of treasury stock	(83,915)	(83,915)	–	–	(83,915)
Disposal of treasury stock	108	118	–	–	118
Cancellation of treasury stock	129,233	–	–	–	–
Net changes in items other than shareholders' equity	–	–	(162,064)	(162,064)	(162,064)
Total changes during period	45,426	(33,713)	(162,064)	(162,064)	(195,777)
Balance as of March 31, 2025	(84,608)	746,695	317,210	317,210	1,063,905

Notes to financial statements

(Significant accounting policies)

1. Basis and method of valuation of securities

   (1) Shares of subsidiaries and associates

   Stated at cost using the moving average method.

   (2) Available-for-sale securities

   Other than shares and other securities with no market price

   Stated at fair value (Valuation differences are directly included in net assets; cost of securities sold is determined by the moving average method).

   Shares and other securities with no market price

   Stated at cost using the moving average method.

2. Basis and method of valuation of derivatives

   Stated at fair value.

3. Basis and methods of valuation of inventories

   Stated at cost using the periodic average method (Carrying amounts on the balance sheet are subject to the book value reduction method based on the decreased profitability).

4. Depreciation method of non-current assets

   (1) Property, plant and equipment (excluding leased assets)

   Recorded using the declining-balance method.

   (2) Intangible assets (excluding leased assets)

   Recorded using the straight-line method.

   (3) Leased assets

   Leased assets in finance leases that do not transfer ownership are depreciated using the straight-line method with zero residual value assuming the lease periods as useful lives.

5. Accounting policy for provisions

   (1) Allowance for doubtful accounts

   To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either based on comprehensive consideration using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as those with potential bad debts.

   (2) Provision for product warranties

   To prepare for expenses that may be incurred in responding to complaints that arise while the product is still under warranty, the amount of expected claim for the remaining warranty period is estimated based on historical experience and recorded in accordance with its accounting standards.

   (3) Provision for loss on subsidiaries

   As the Company has a responsibility to supervise the financial position of subsidiaries with regard to their borrowings from other subsidiaries, the estimated losses are recorded based on individual consideration of financial position of such subsidiary.

(4) Provision for retirement benefits

To prepare for employee retirement benefits, the amount recognized as accruing at the end of the current fiscal year is recorded based on the estimated amounts of retirement benefit obligations and pension assets at the end of the current fiscal year.

6. Accounting policy for revenues and expenses

The Company recognizes revenue based on the following five-step approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company is mainly engaged in the manufacture and sale of automotive parts, serving automobile manufacturers in Japan and overseas. The Company's performance obligation is primarily to deliver a finished product to the customer. In addition, after comprehensively considering the indicators of the transfer of control, for its automotive parts business, control of the product is deemed transferred to the customer and the performance obligation is satisfied, in principle, at the time the customer inspects the product, or at the time the product is handed over to the designated freight forwarder, therefore revenue is recognized at that point. Revenue is measured at the amount of consideration promised in the contract with the customer, taking into consideration price discounts and other subsequent adjustments. When a transaction takes place based on a temporary unit price, an estimate is made based on an appropriate method such as using the most likely amount to determine the amount of variable consideration. Consideration for the sale of products is generally received within about three months from the time the customer inspects the products, and the amount does not include any significant financing components.

7. Hedge accounting method

Deferred hedge method is used. Exceptional treatment is adopted to interest rate swaps that satisfy the requirements for exceptional treatment.

8. Application of Japanese group relief system

Japanese group relief system is applied.

(Significant accounting estimates)
Items for which the amount has been recorded in the financial statements for the current fiscal year based on accounting estimates and may have a significant impact on the financial statements for the following fiscal year are as follows.

1. Valuation of shares of affiliates

Regarding the valuation of shares of affiliates, if the substantial stock value significantly declines as a result of deterioration of the issuing company's financial position, impairment procedure shall be used unless substantiated by proof of sufficient recoverability. Recoverability represents the best estimate based on sales forecasts, cost reduction plans, and other information that is available by the end of the fiscal year. Any significant changes in future market trends, business activities, and other assumptions may affect this estimate, resulting in the need for recognizing an impairment loss on shares.

The amounts of shares of affiliates recorded in the balance sheets for FY2024 and FY2025 were ¥885,479 million and ¥672,880 million, respectively.

2. Quality assurance obligations

Quality assurance obligations represent provision for product warranties to provide for complaints that are expected to arise in the future, and accrued expenses for recalls and other market actions determined by automobile manufacturers and other customers.

Provision for product warranties provides for expenses that will be incurred to handle complaints that arise while the product is still under warranty. The amount of expected claim for the remaining warranty period is estimated based on historical experience. These expenses are expected to arise throughout the product warranty period.

Accrued expenses for recalls and other market actions are estimated and recognized upon decision of recalls, etc. by automobile manufacturers and other customers, based on a reasonably expected amount that would be paid by the Company, taking into consideration assumptions such as the number of warranted vehicles, repair expenses per vehicle, defect handling incidence rate, and expected burden ratio with customers.

The Company believes that the estimates of the assumptions related to the calculation of these expenses are reasonable. However, as these estimates include uncertainties, the Company may consequently recognize or reverse additional provision for product warranties or accrued expenses if the actual expenses are different from the estimates due to unpredictable changes to assumptions, etc.

Of the accrued expenses for FY2024 and FY2025, accrued expenses for recalls and other market actions were ¥57,754 million and ¥58,458 million, respectively.

(Balance sheet)

*1 Monetary receivables and obligations to affiliates

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Short-term monetary receivables	612,228	539,628
Long-term monetary receivables	288,614	299,240
Short-term monetary obligations	353,501	353,745
Long-term monetary obligations	643	615

2 Commitment line contract

The Company has entered into commitment line contracts with banks it transacts with to secure flexible working capital.

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Total amount of commitment line contract	280,000	210,000
Balance of used loans	–	–
Balance	280,000	210,000

(Statement of income)

*1 Transactions with affiliates

(Millions of yen)

	FY2024 (Apr. 1, 2023 through Mar. 31, 2024)	FY2025 (Apr. 1, 2024 through Mar. 31, 2025)
Operating transactions		
Revenue	1,760,169	1,718,477
Purchases	607,136	592,632
Non-operating transactions	44,034	81,188

*2 Gain on sales of investment securities

Owing to the sale of cross-shareholdings

(Securities)

Shares of subsidiaries and associates

Fiscal year ended March 31, 2024

(Millions of yen)

Category	Balance sheet amount	Market value	Difference
Shares of associates	10,154	22,125	11,970

Fiscal year ended March 31, 2025

There are no applicable items.

Note: Amount of shares and other securities with no market price not included in the above

(Millions of yen)

Category	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Shares of subsidiaries	215,605	216,782
Shares of associates	3,141	3,141

(Tax effect accounting)

1. Components of deferred tax assets and liabilities by major source

(Millions of yen)

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
(Deferred tax assets)		
Provision for retirement benefits	43,353	45,463
Accrued expenses	35,067	36,370
Loss on valuation of securities	20,459	20,510
Depreciation	18,467	20,440
Allowance for doubtful accounts	4,672	4,407
Inventories	10,073	9,987
Provision for product warranties	10,963	12,065
Other	11,661	7,083
Subtotal deferred tax assets	154,719	156,327
Valuation allowance	(25,928)	(25,672)
Total deferred tax assets	128,791	130,655
(Deferred tax liabilities)		
Valuation difference on available-for-sale securities	(206,170)	(142,414)
Other	(604)	(1,783)
Total deferred tax liabilities	(206,774)	(144,198)
Net amount of deferred tax assets (liabilities)	(77,982)	(13,542)

2. Components of the difference between the effective statutory tax rate and effective income tax rate after application of tax-effect accounting by major item

	FY2024 (As of Mar. 31, 2024)	FY2025 (As of Mar. 31, 2025)
Effective statutory tax rate	30.07%	30.07%
(Adjustments)		
Exclusion of dividend income from taxable income	(8.97)	(14.73)
Tax credit provided by research and development promotion tax system	(8.48)	(4.86)
Withholding tax on dividends, etc. from foreign subsidiaries	1.06	1.94
Upward adjustment of deferred tax assets at end of period due to tax rate changes	–	(1.62)
Other	2.74	(3.11)
Effective income tax rate after application of tax-effect accounting	16.42	7.69

3. Modifications to amounts of deferred tax assets and liabilities due to changes of income tax rates

Due to the enactment of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) by the Diet on March 31, 2025, the special corporation tax for national defense will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, with regard to the deferred tax assets and liabilities related to temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026, the effective statutory tax rate used for the calculation has been changed from 30.07% to 30.96%.

As a result of this change, deferred tax liabilities for the current fiscal year (amount after deducting deferred tax assets) increased by ¥2,374 million, income taxes—deferred decreased by ¥1,713 million, and valuation difference on available-for-sale securities decreased by ¥4,088 million.

4. Accounting for corporation tax and local corporation tax or accounting for tax effects related thereto

The Company applies the Japanese group relief system and implements accounting and disclosure of corporation tax and local corporation tax, or accounting and disclosure of tax effects thereto, in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, issued on August 12, 2021).

(Revenue recognition)

Basic information for understanding revenue from contracts with customers are described in “(Significant accounting policies) 6. Accounting policy for revenues and expenses.”

(Significant subsequent events)

(Acquisition of treasury stock and planned commencement of tender offer for own shares)

Notes are omitted as the same information is described in “36. Subsequent events” in the Notes to consolidated financial statements.

(Cancellation of treasury stock)

Notes are omitted as the same information is described in “36. Subsequent events” in the Notes to consolidated financial statements.

(Application for tendering in tender offer)

Notes are omitted as the same information is described in “36. Subsequent events” in the Notes to consolidated financial statements.

If the tender offer for share certificates, etc. of Toyota Industries Corporation is completed at the planned tender price (¥16,300 per common stock) and all common stocks of Toyota Industries Corporation that the Company holds are sold by the end of the fiscal year ending March 2026, the Company expects to recognize a gain on sales of investment securities of ¥95.4 billion as extraordinary income in the individual accounting for the fiscal year ending March 2026.

(iv) Annexed detailed schedules

Detailed schedule of property, plant and equipment, etc.

(Millions of yen)

Category	Type of assets	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period	Accumulated depreciation or accumulated amortization at end of period	Amortization during period	Net balance at end of period
Property, plant and equipment	Buildings	423,140	14,173	8,861	428,452	319,237	10,734	109,215
	Structures	69,061	865	2,195	67,730	56,765	982	10,965
	Machinery and equipment	977,096	23,114	61,335	938,875	840,140	37,374	98,734
	Vehicles	9,321	696	418	9,599	8,321	511	1,277
	Tools, furniture and fixtures	161,203	6,842	10,439	157,607	146,101	7,761	11,506
	Land	86,982	19	2,112	84,889	–	–	84,889
	Leased assets	2,040	852	325	2,567	839	200	1,728
	Construction in progress	20,104	36,104	21,420	34,788	–	–	34,788
	Total	1,748,950	82,668	107,107	1,724,511	1,371,405	57,565	353,105
Intangible assets	Software	31,843	5,505	5,067	32,281	16,532	5,574	15,749
	Other	12,709	380	1	13,088	8,527	3,151	4,561
	Total	44,553	5,885	5,068	45,370	25,059	8,725	20,311

Note 1: Components of the decrease in machinery and equipment for the period are as follows.
Retirement: ¥54,720 million
Sales and other: ¥6,615 million

Note 2: The increase in construction in progress for the period is mainly due to an increase in machinery and equipment.

Note 3: The balances at the beginning and end of the period are stated at acquisition cost.

Detailed schedule of provisions

(Millions of yen)

Account titles	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	13,370	12,531	13,370	12,531
Provision for product warranties	36,460	7,604	3,941	40,123
Provision for bonuses for directors (and other officers)	177	340	177	340
Provision for loss on subsidiaries	2,168	2,126	2,168	2,126

Note: The decrease in allowance for doubtful accounts for the period is mainly due to the reversal thereof.

(2) Details of major assets and liabilities

This information is omitted as the consolidated financial statements are prepared.

(3) Other

There are no applicable items.

VI. Outline of Share-Related Administration of Filing Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	In June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Number of shares per share unit	100 shares
Purchase/sale of shares less than one unit	
Office for handling business	(Special account) Mitsubishi UFJ Trust and Banking Corporation Securities Agency Division 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Shareholder register administrator	(Special account) Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	—
Handling charge for purchase/sale	No charge
Method of public notice	The public notices of the Company shall be given by electronic means. However, in the case of unavoidable circumstances, such as accidents and any other unavoidable reasons that prevent the use of public notices by electronic means, they shall be placed in the Nikkei (Nihon Keizai Shimbun) newspaper. Public notices will be posted on our website at the following address. https://www.aisin.com/en/
Special benefits to shareholders	–

Note: The Company stipulates in its Articles of Incorporation that shareholders holding shares less than one unit may not exercise any rights other than those listed below.

(1) The rights listed in each item of Article 189, paragraph 2 of the Companies Act

(2) The right to receive an allotment of offered shares and share acquisition rights for subscription, in proportion to the number of shares held by each shareholder

(3) The right to make a demand for purchasing shares less than one unit

VII. Reference Information of Filing Company

1. Information on parent company or equivalent of the filing company

   The Company has no parent company or equivalent as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. Other reference information

(1) Documents filed from the beginning of this fiscal year until the filing date of this Annual Securities Report

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company has filed the following documents.

1	Extraordinary Report	Filed based on Article 19, paragraph (2), item (ii)-2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.		Filed to Director-General of the Kanto Local Finance Bureau on May 27, 2024
2	Amended Shelf Registration Statement			Filed to Director-General of the Kanto Local Finance Bureau on May 27, 2024
3	Extraordinary Report	Filed based on Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.		Filed to Director-General of the Kanto Local Finance Bureau on June 20, 2024
4	Amended Shelf Registration Statement			Filed to Director-General of the Kanto Local Finance Bureau on June 20, 2024
5	Annual Securities Report, its attachments, and Confirmation Letter	Fiscal year (101st)	From April 1, 2023 to March 31, 2024	Filed to Director-General of the Kanto Local Finance Bureau on June 20, 2024
6	Internal Control Report			Filed to Director-General of the Kanto Local Finance Bureau on June 20, 2024
7	Extraordinary Report	Filed based on Article 19, paragraph (2), item (i) of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.		Filed to Director-General of the Kanto Local Finance Bureau on June 27, 2024
8	Amended Shelf Registration Statement			Filed to Director-General of the Kanto Local Finance Bureau on June 27, 2024
9	Amended Extraordinary Report	Amended report concerning the extraordinary report filed on June 27, 2024		Filed to Director-General of the Kanto Local Finance Bureau on July 8, 2024
10	Amended Shelf Registration Statement			Filed to Director-General of the Kanto Local Finance Bureau on July 8, 2024
11	Share Buyback Report		From June 1, 2024 to June 30, 2024	Filed to Director-General of the Kanto Local Finance Bureau on July 12, 2024
12	Share Buyback Report		From July 1, 2024 to July 31, 2024	Filed to Director-General of the Kanto Local Finance Bureau on August 6, 2024
13	Share Buyback Report		From August 1, 2024 to August 31, 2024	Filed to Director-General of the Kanto Local Finance Bureau on September 5, 2024
14	Share Buyback Report		From September 1, 2024 to September 30, 2024	Filed to Director-General of the Kanto Local Finance Bureau on October 4, 2024
15	Share Buyback Report		From October 1, 2024 to October 31, 2024	Filed to Director-General of the Kanto Local Finance Bureau on November 6, 2024

16	Amended Shelf Registration Statement			Filed to Director-General of the Kanto Local Finance Bureau on November 8, 2024
17	Semiannual Securities Report and Confirmation Letter	(First half of the 102nd fiscal year)	From April 1, 2024 to September 30, 2024	Filed to Director-General of the Kanto Local Finance Bureau on November 8, 2024
18	Share Buyback Report		From November 1, 2024 to November 30, 2024	Filed to Director-General of the Kanto Local Finance Bureau on December 5, 2024
19	Shelf Registration Supplements (stock certificates and corporate bonds, etc.) and its attachments			Filed to Director-General of the Kanto Local Finance Bureau on December 13, 2024
20	Share Buyback Report		From December 1, 2024 to December 31, 2024	Filed to Director-General of the Kanto Local Finance Bureau on January 9, 2025
21	Share Buyback Report		From January 1, 2025 to January 31, 2025	Filed to Director-General of the Kanto Local Finance Bureau on February 6, 2025
22	Share Buyback Report		From February 1, 2025 to February 28, 2025	Filed to Director-General of the Kanto Local Finance Bureau on March 6, 2025
23	Share Buyback Report		From March 1, 2025 to March 31, 2025	Filed to Director-General of the Kanto Local Finance Bureau on April 4, 2025
24	Share Buyback Report		From April 1, 2025 to April 30, 2025	Filed to Director-General of the Kanto Local Finance Bureau on May 9, 2025
25	Extraordinary Report	Filed based on Article 19, paragraph (2), item (ii)-2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.		Filed to Director-General of the Kanto Local Finance Bureau on May 19, 2025
26	Amended Shelf Registration Statement			Filed to Director-General of the Kanto Local Finance Bureau on May 19, 2025
27	Share Buyback Report		From May 1, 2025 to May 31, 2025	Filed to Director-General of the Kanto Local Finance Bureau on June 4, 2025

(2) Ratio of female workers in management positions, ratio of male workers taking parental leave, and wage gap between male and female workers

Ratio of female workers in management positions, ratio of male workers taking parental leave, and wage gap between male and female workers at consolidated subsidiaries other than major consolidated subsidiaries are as follows.

Fiscal year ended March 31, 2025						
Name	Ratio of female workers in management positions (%) (Note 1)	Ratio of male workers taking childcare leave (%) (Note 2)	Ratio of male workers taking childcare leave and holidays for childcare purposes (%) (Note 3)	Wage gap between male and female workers (%) (Note 1)		
				All workers	Full-time workers	Part-time and fixed-term workers
AISIN KYUSHU Co., Ltd.	0.0	23.8	80.9	66.0	71.6	78.9
AISIN KYUSHU CASTING Co., Ltd.	0.0	16.6	75.0	69.1	72.2	96.6
AISIN COLLABO CO.,LTD.	20.7	85.7	85.7	58.3	64.6	69.2
AISIN SOFTWARE Co., Ltd.	1.8	88.8	105.5	77.6	77.7	68.3
AISIN DIGITAL ENGINEERING Corporation	3.3	80.0	100.0	68.0	69.6	69.1
AISIN TOHOKU Co., Ltd.	–	75.0	–	73.2	74.6	67.9
AISIN HOKKAIDO CO., LTD.	–	100.0	–	81.8	83.7	77.9
AISIN MACHINETECH Corporation	–	0.0	100.0	77.2	77.1	67.3
AISIN MIZUNAMI Corporation	–	100.0	106.6	78.9	78.7	35.2
AISIN METALTECH CO., LTD.	–	50.0	100.0	80.9	70.3	90.4
AISIN LOGITECH SERVICE Corporation	–	83.3	88.8	50.5	75.7	70.2
FT TECHNO CO.,LTD.	–	56.2	93.7	73.5	75.6	102.5
KOTOBUKI INDUSTRY CO., LTD	–	–	–	69.0	69.7	65.9
SAITAMA KOGYO CO., LTD.	–	100.0	–	–	–	–
CVTEC Co., Ltd.	0.0	72.2	105.5	65.3	66.7	84.4
CVTEC Kyushu Co., Ltd.	–	56.2	100.0	64.2	61.9	81.4
Sinsan Shoji Co., Ltd.	9.4	100.0	100.0	36.5	69.2	74.4
HEKINAN UNSO CO., LTD.	6.1	37.5	37.5	77.5	77.0	59.6
AISIN SINWA CO., LTD	2.7	76.9	76.9	80.7	80.2	75.6
KYUSHU SHIROKI CO., LTD.	–	–	–	92.7	88.6	110.8

Note 1: Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

Note 2: Childcare leave uptake calculated as in Article 71-6, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

Note 3: Childcare leave and holidays for childcare purposes uptake calculated as in Article 71-6, item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991). It may exceed 100% if there are male workers whose spouses gave birth in a different fiscal year from the year in which the workers took childcare leave and holidays for childcare purposes.

Note 4: Regarding AISIN COLLABO CO.,LTD., AISIN MIZUNAMI Corporation, AISIN LOGITECH SERVICE Corporation, and FT TECHNO CO.,LTD., the average annual wage for part-time and fixed-term workers is calculated using the number of personnel converted based on the prescribed working hours of full-time workers.

Note 5: Descriptions of the filing company and major consolidated subsidiaries are described in "I. Overview of the Company 5. Information about employees (4) Ratio of female workers in management positions, ratio of male workers taking parental leave, and wage gap between male and female workers."

Note 6: "–" represents the following cases: disclosure is not made for the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015): there is no obligation to disclose information pursuant to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991): there are no eligible persons of either gender or only eligible persons of one gender regarding "Wage gap between male and female workers": the denominator for "Ratio of male workers taking childcare leave" is zero.

Part II. Information on Guarantors for Filing Company

There are no applicable items.