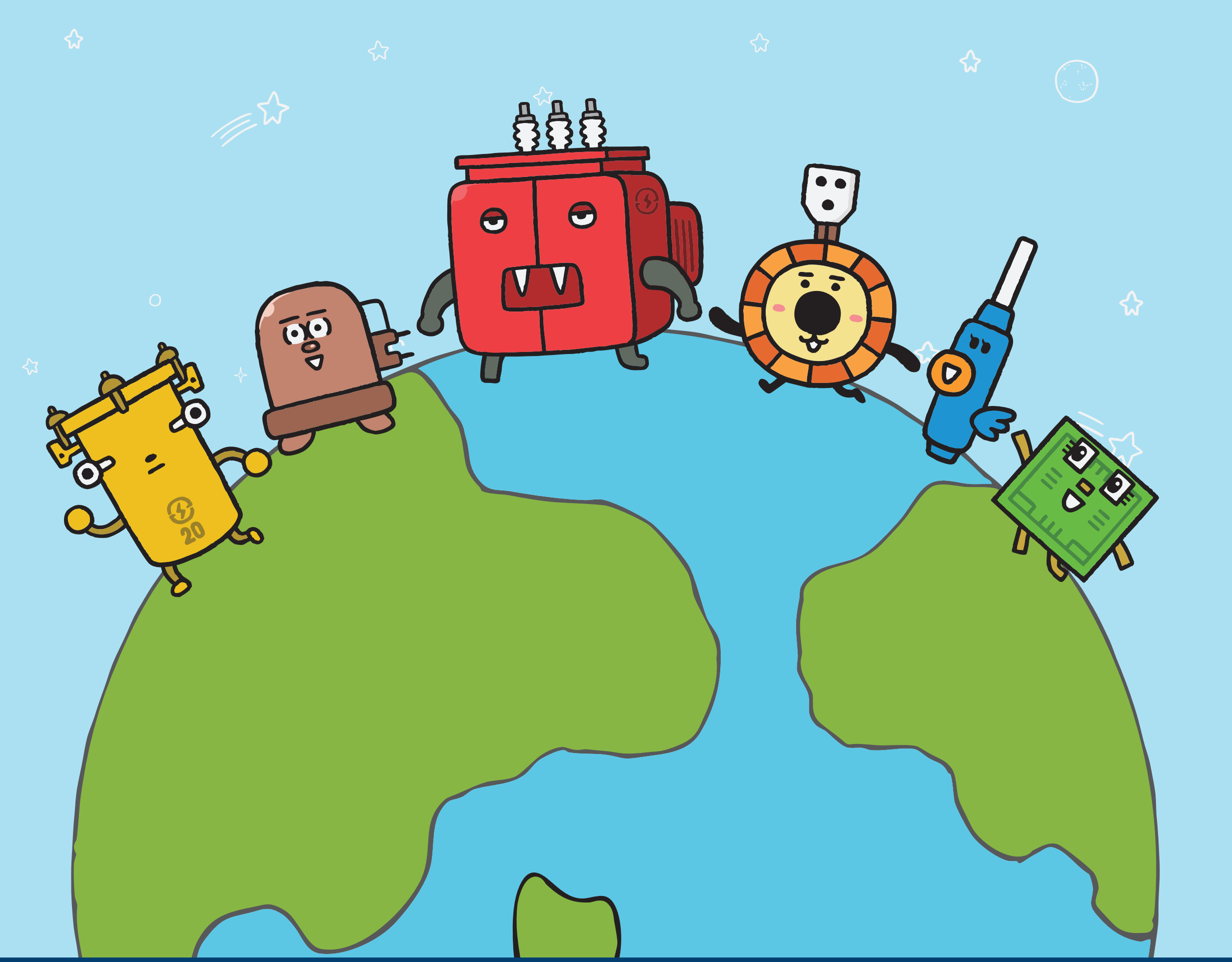
To Our Shareholders

The 117th Fiscal Year Business Report

April 1, 2025 ▶ March 31, 2026



AICHI ELECTRIC CO., LTD.

Stock Exchange Code: 6623

We are pleased to extend our greetings to our shareholders in presenting our 117th annual report for the fiscal year ended March 31, 2026 ("FY2025").

Overview of business

During the period under review, despite a continuing moderate recovery in conditions, the outlook for the Japanese economy remained uncertain throughout the year, due to changes in the external environment, such as U.S. trade policy, the prolonged slump in the Chinese real estate market, and the heightened tensions in the Middle East. For our Group, in the electric power products sector, demand was strong among power distribution companies and general industries, but in the motor products sector, in addition to the slow recovery of the air conditioning market, global EV demand growth also showed signs of stagnation. Furthermore, in the printed circuit boards sector, although there was a greater delay in the recovery of the general purpose server market than expected, the sector performed strongly overall, driven by expanded demand for generative AI-related products.

Under such circumstances, through the basic policies of the 2028 medium-term management plan, namely "discovering and developing new products and businesses," "strengthening manufacturing capabilities," and "strengthening the management base," our Group worked on initiatives such as entering the next-generation monitoring and control devices market, developing package board core technologies, building production and sales systems for our 2026 "TOP RUNNER" low loss transformers, and introducing a new integrated core business system.

With regard to the consolidated performance for the fiscal year ended March 31, 2026, due to the strong performance of the Electric Power Products Group and the Printed Circuit Boards Group, net sales increased by 7.6% to 129,382 million yen, operating income increased by 28.7% to 11,153 million yen, ordinary income increased by 27.9% to 11,925 million yen, and net income attributable to owners of parent increased by 27.6% to 8,527 million yen. New record highs were achieved for net sales and all levels of profit.

Dividend

Our year-end dividend was 170 yen per share. Combined with the interim dividend, the total dividend was 280 yen per share.

Future prospects

With regard to the business conditions surrounding our Group, although there are concerns about the expansion and prolonging of the impact of the situation in the Middle East, against the backdrop of factors such as the advancement of DX and GX and the construction and expansion of data centers driven by the growing adoption of AI, we expected to see increased demand for electric power in Japan and for renewable energy-related equipment, expansion of the electric vehicle and heat pump air conditioning markets, and expanded digital investment. Through the policies of “discovering and developing new products and businesses,” “strengthening manufacturing capabilities,” and “strengthening the management base” established in the 2028 medium-term management plan, our Group will aim to achieve sustainable growth and improve corporate value by capturing demand in these growth areas and working to optimize the supply chain.

We appreciate your continued understanding and support.

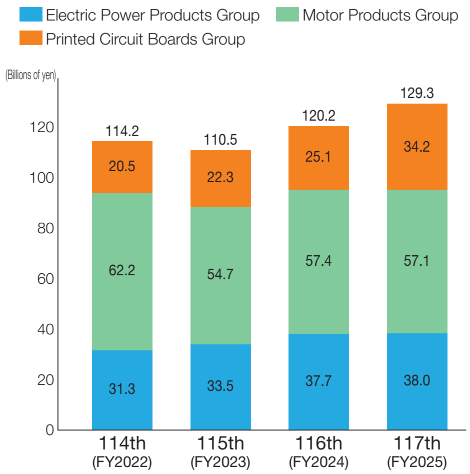
June 2026

Shinobu Kato

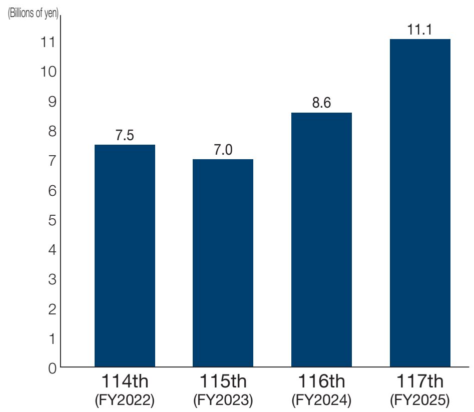
President

Performance Highlights

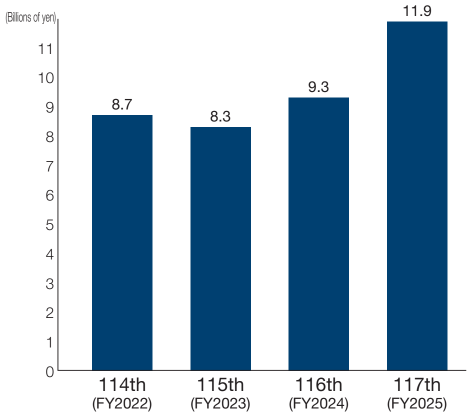
Net sales 129.3 billion yen



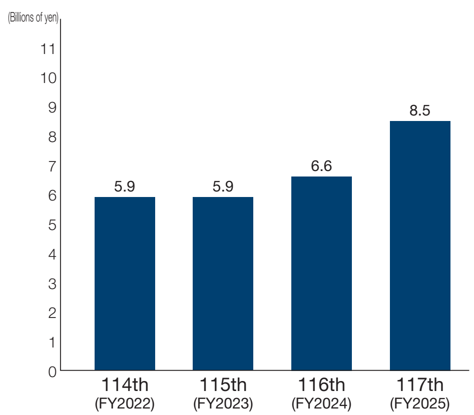
Operating income 11.1 billion yen



Ordinary income 11.9 billion yen



Net income attributable to owners of parent 8.5 billion yen



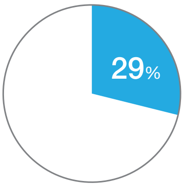
Electric Power Products Group

Net sales 38.0 billion yen

Business description

This Group is engaged in the design, manufacture and sale of electric power equipment such as different types of transformers, protection and control devices, equipment related to renewable energy, and industrial equipment such as powder processing machines, as well as designing and executing the construction of receiving and transforming substations in Japan and overseas.

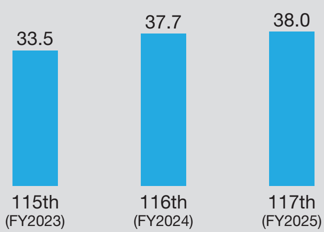
Sales ratio



Overview of FY2025

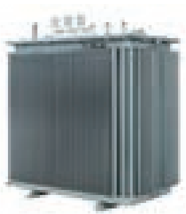
Compared with the previous year, net sales increased by 0.7% to 38,032 million yen while segment income increased by 28.3% to 5,750 million yen. Both sales and income increased due to steady sales of medium transformers for general industries, despite a reactionary decline after the completion of a large overseas plant construction project in the previous fiscal year.

Net sales trend (Billions of yen)



Main products


Pole-mounted transformers


"TOP RUNNER" low loss transformers

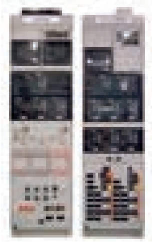

SVR

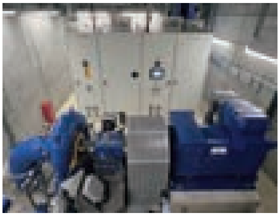

A²-TVR


A²-STATCOM (SVG)


On-load tap-changing transformers (LRT)

Automatic voltage regulators


Digital-type monitoring, protection and control devices


Hydropower turbine, generator and control system


Domestic and international substation construction

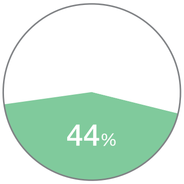

Powder processing machines

Motor Products Group   Net sales 57.1 billion yen

Business description

This Group supplies products that facilitate daily living, such as motors for building air-conditioners, motors for car air-conditioners, linear actuators for electric beds, motors for submersible pumps, shutter operators and other motor application equipment, etc.

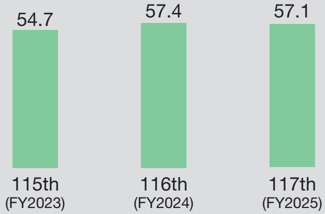
Sales ratio



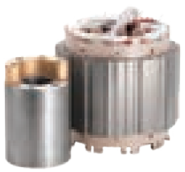
Overview of FY2025

Compared with the previous year, net sales decreased by 0.5% to 57,196 million yen and segment income decreased by 3.0% to 2,101 million yen. Both sales and income decreased due to the decline in orders for motors for building air-conditioners in China and motors for car air-conditioners in Japan and overseas markets.

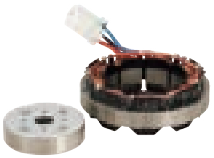
Net sales trend (Billions of yen)



Main products



Motors for building air-conditioners

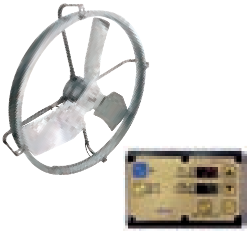


Motors for car air-conditioners

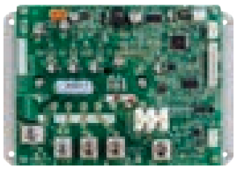
Linear actuators
Controllers for linear actuators

Motors for submersible pumps

Shutter operators



Fans for cattle farms



Inverters

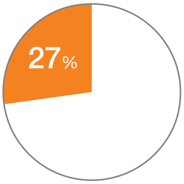
Printed Circuit Boards Group

Net sales 34.2 billion yen

Business description

This Group contributes to the achievement of a digital society through the manufacture and sale of printed circuit boards ranging from general circuit boards such as double sided & multilayer PWBs, heat dissipation/ thick copper foil boards, build-up boards, and metal core boards, to package board cores.

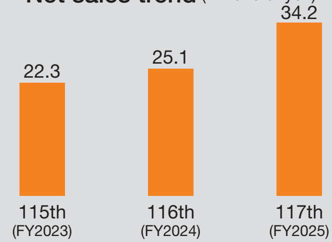
Sales ratio



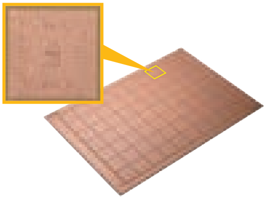
Overview of FY2025

Compared with the previous year, net sales increased by 36.1% to 34,282 million yen and segment income increased by 40.1% to 5,735 million yen. Orders for package board cores stayed strong, and with the operation of the new factory (Shibata factory in Niigata prefecture) reaching full scale, both net sales and segment income increased.

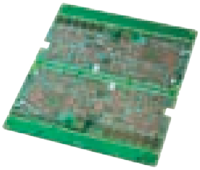
Net sales trend (Billions of yen)



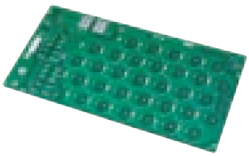
Main products



Package board cores

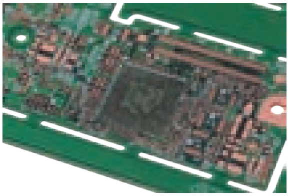


Double sided & multilayer PWBs

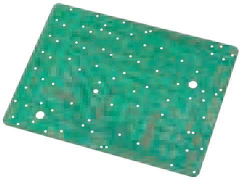


Heat dissipation/
thick copper foil boards

Cross-sectional view



Build-up boards



Metal core boards

Consolidated Balance Sheets

(Millions of yen)

	FY2025 (As of March 31, 2026)	FY2024 (As of March 31, 2025)
(Assets)		
Current assets	**91,480**	**89,307**
Non-current assets	**55,156**	**52,542**
Property, plant and equipment	41,976	41,551
Intangible assets	1,407	586
Investments and other assets	11,772	10,404
Total assets	**146,636**	**141,849**
(Liabilities)		
Current liabilities	42,603	42,434
Non-current liabilities	14,883	18,311
Total liabilities	**57,486**	**60,745**
(Net assets)		
Shareholders' equity	79,081	72,885
Accumulated other comprehensive income	8,314	6,455
Non-controlling interests	1,754	1,762
Total net assets	**89,149**	**81,103**
Total liabilities and net assets	**146,636**	**141,849**

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2025 (From April 1, 2025 to March 31, 2026)	FY2024 (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities	11,857	11,224
Cash flows from investing activities	△9,575	△6,881
Cash flows from financing activities	△5,411	△3,042
Effect of exchange rate change on cash and cash equivalents	197	417
Net increase (decrease) in cash and cash equivalents	△2,931	1,718
Cash and cash equivalents at beginning of period	27,333	25,615
Cash and cash equivalents at end of period	24,401	27,333

Consolidated Statements of Income

(Millions of yen)

	FY2025 (From April 1, 2025 to March 31, 2026)	FY2024 (From April 1, 2024 to March 31, 2025)
Net sales	**129,382**	**120,270**
Cost of sales	107,848	102,241
Gross profit	**21,533**	**18,028**
Selling, general and administrative expenses	10,380	9,363
Operating income	**11,153**	**8,665**
Non-operating income	1,183	1,057
Non-operating expenses	410	399
Ordinary income	**11,925**	**9,323**
Extraordinary income	324	99
Extraordinary losses	50	34
Income before income taxes	**12,199**	**9,387**
Income taxes-current	3,905	2,515
Income taxes-deferred	△155	24
Net income	**8,449**	**6,847**
Net income attributable to non-controlling interests	△78	163
Net income attributable to owners of parent	**8,527**	**6,684**

Website Information

Visit our website for more detailed IR information and to learn more about us.

https://www.aichidenki.jp/english/ir/index.html

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Topics

Branding

PR and marketing initiatives, including character-based commercials

To further improve recognition of our corporate brand, we are running commercials on television and radio and placing advertisements in transportation media.

On television and radio, we are airing the commercial, featuring our product characters, and we have also appeared on a television program introducing our company cafeteria.

In terms of transportation media advertising, ads have been placed at JR Kachigawa Station and Shiogamaguchi Station on the Nagoya Municipal Subway.

We will continue our proactive PR initiatives to deepen familiarity with and understanding of the Company.

Sticker ad on the platform guardrails at Shiogamaguchi Station on the Nagoya Municipal Subway

Electric Power Products Group

Launch of second-generation monitoring and control unit for small-scale substations

With the advancement of digitalization of substations, we have launched a second-generation monitoring and control unit for small-scale substations that is compatible with the international communication standard, IEC 61850.

Previously, communication between the devices comprising the unit have depended on manufacturer-specific standards, which has created challenges in terms of procurement risk during equipment replacement and system expandability.

By adopting the international communication standard, this unit not only solves these challenges, but it also facilitates the collection of data within substations. Furthermore, the use of redundancy in the control-command communication system provides high reliability by eliminating single points of failure.

Going forward, we will further enhance the operational efficiency and sophistication of the system by incorporating functions such as analysis of collected data and predictive fault diagnosis, while continuing to contribute to the stable supply of electric power.

Motor Products Group

20th anniversary of SUZHOU AICHI TECHNOLOGY CO., LTD.

Our consolidated subsidiary, SUZHOU AICHI TECHNOLOGY CO., LTD. (SAT) located in Jiangsu Province, China, recently marked the 20th anniversary of its foundation. In October 2025, an event was held to commemorate the 20th anniversary. Various ceremonies took place, including a memorial tree-planting and the presentation of awards to recognize employees with 20 years of service.

SAT has steadily expanded its operations both as our Chinese production base for motors for building air-conditioners and in the supply of products to China and other countries around the world.

It will continue working toward further growth and development as a core hub for our building air-conditioner business.

Outline of the Company, Board of Directors and Auditors, and Status of Shares

Corporate Data (As of March 31, 2026)

AICHI ELECTRIC CO., LTD.

Established:	May 27, 1942
Capital:	4,053 million yen
Number of Employees:	1,116 (Consolidated: 2,833)
Head Office:	1, Aichi-cho, Kasugai city, Aichi pref., 486-8666, JAPAN Phone +81-568-31-1111

Board of Directors and Auditors (As of June 26, 2026)

Chairman	Kazuo Kobayashi
President	Shinobu Kato
Director	Masaki Kakihara
Director	Yukinari Yokote
Director	Tsukasa Adachi
Director	Tsukasa Kurata
Director (Outside)	Keiichiro Urakami
Director (Outside)	Asako Terazawa
Auditor	Takeshi Shirayama
Auditor (Outside)	Shinji Furuta
Auditor (Outside)	Ayako Shimizu

Status of Shares (As of March 31, 2026)

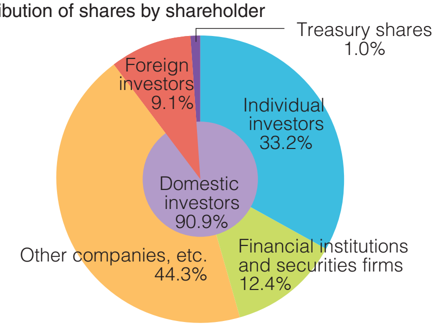
Total number of shares authorized to be issued	23,912,200 shares
Total number of shares issued	9,500,000 shares
Number of shareholders	13,486 persons

Major shareholders (top ten shareholders)

	Number of shares (thousand shares)	Shareholding ratio (%)
Chubu Electric Power Co., Inc.	2,326	24.7
Furukawa Electric Co., Ltd.	565	6.0
TSUCHIYA CORPORATION	500	5.3
MUFG Bank, Ltd.	312	3.3
BBH FOR FIDELITY LOW — PRICED STOCK FUND	295	3.1
Kawaguchi Kosan Co., Ltd.	200	2.1
Meiji Yasuda Life Insurance Company	175	1.8
Sumitomo Mitsui Banking Corporation	123	1.3
Aichi Electric Employee Shareholders' Association	122	1.3
Tokio Marine & Nichido Fire Insurance Co., Ltd.	109	1.1

Note 1 Numbers of shares are rounded down to the nearest thousand shares.
Note 2 The shareholding ratio is calculated excluding treasury shares (96,719 shares).

Distribution of shares by shareholder



Information on Shares

Business Year	April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	June
Record date for shareholder rights for the Ordinary General Meeting of Shareholders	March 31
Record date for year-end dividend	March 31
Record date for interim dividend	September 30
Stock Transfer Agent and Account Management Institution for Special Accounts	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, JAPAN
Handling Office	Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited 3-15-33, Sakae, Naka-ku, Nagoya, JAPAN
Mailing Address (Telephone Inquiries)	Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, JAPAN Telephone +81-120-782-031 (toll-free in Japan) Reception hours: 9:00 a.m. to 5:00 p.m. (excluding weekends and holidays)
Public Notices	Public notices shall be made electronically. Public notice URL: https://www.aichidenki.jp If electronic notice is impossible due to accidents or other unavoidable circumstances, the notice shall be posted in the Chunichi Shimbun which is published in Nagoya city.

Information regarding the share buyback and additional purchase program for fractional shares less than one unit (fractional shares less than 100 shares)

We have a program that enables shareholders to sell owned fractional shares less than one unit back to the Company or make additional purchases from the Company. Interested shareholders should contact the “Contacts for various procedures” below.

Contacts for various procedures

(Changes in name or address, buyback and additional purchase of fractional shares less than one unit)

For shareholders who have an account with a securities company
→ Please contact your securities company.

For shareholders who do not have an account with a securities company
→ Please contact Sumitomo Mitsui Trust Bank, Limited.

Concerning outstanding dividend payments

Please contact Sumitomo Mitsui Trust Bank, Limited.

AICHI ELECTRIC CO., LTD.

https://www.aichidenki.jp/english