

AICHI CORPORATION

Annual Report

(English Translation)

March 31, 2026

AICHI CORPORATION

Consolidated Balance Sheet As of March 31, 2026

In Thousands of Yen

Assets

Current assets:

Cash and deposits	¥	26,708,915
Notes and accounts receivable - trade		20,026,801
Finished goods		1,762,142
Work in process		1,386,399
Raw materials and supplies		3,399,602
Other		832,214
Total current assets		54,116,075

Non-current assets:

Property, plant and equipment:

Buildings and structures		10,070,128
Machinery, equipment and vehicles		2,299,734
Tools, furniture and fixtures		399,799
Land		9,648,352
Construction in progress		2,825,408
Other		186,054

Total property, plant and equipment

25,429,479

Intangible assets

629,199

Investments and other assets:

Investment securities		6,717,872
Retirement benefit asset		1,870,617
Other		4,054,325
Allowance for doubtful accounts		(5,006)

Total investments and other assets

12,637,808

Total non-current assets

38,696,487

Total assets

¥ 92,812,563

	<u>In Thousands of Yen</u>
Liabilities	
Current liabilities:	
Notes and accounts payable - trade	¥ 7,525,009
Income taxes payable	2,040,425
Provision for bonuses for directors (and other officers)	26,000
Provision for product warranties	116,706
Other	5,328,741
Total current liabilities	<u>15,036,882</u>
Non-current liabilities:	
Deferred tax liabilities for land revaluation	634,512
Deferred tax liabilities	1,565,789
Other	177,183
Total non-current liabilities	<u>2,377,486</u>
Total liabilities	<u>17,414,368</u>
Net assets	
Shareholders' equity:	
Share capital	10,425,325
Capital surplus	9,923,342
Retained earnings	48,991,144
Treasury shares	(13,741)
Total shareholders' equity	<u>69,326,070</u>
Accumulated other comprehensive income:	
Valuation difference on available-for-sale securities	3,927,326
Revaluation reserve for land	(1,642,254)
Foreign currency translation adjustment	1,855,961
Remeasurements of defined benefit plans	1,931,090
Total accumulated other comprehensive income	<u>6,072,124</u>
Total net assets	<u>75,398,194</u>
Total liabilities and net assets	<u>¥ 92,812,563</u>

AICHI CORPORATION
Consolidated Statement of Income
Fiscal Year from April 1, 2025 to March 31, 2026

In Thousands of Yen

Operating revenue:	
Net sales	¥ 59,613,734
 Operating costs and expenses:	
Cost of sales	46,433,671
Gross profit	<u>13,180,063</u>
Selling, general and administrative expenses	5,668,224
Operating profit	<u>7,511,838</u>
 Non-operating income:	
Interest and dividend income	294,524
Share of profit of entities accounted for using equity method	362,478
Miscellaneous income	43,406
	<u>700,410</u>
 Non-operating expenses:	
Foreign exchange losses	39,018
Miscellaneous losses	522
	<u>39,541</u>
Ordinary profit	<u>8,172,707</u>
 Extraordinary income:	
Gain on sales of non-current assets	2
Gain on sale of investment securities	1,249,676
	<u>1,249,678</u>
 Extraordinary losses:	
Loss on retirement of non-current assets	4,601
Impairment loss	381
TOB related expenses	106,717
	<u>111,700</u>
Profit before income taxes	9,310,686
Income taxes - current	2,709,740
Income taxes - deferred	(57,175)
	<u>2,652,564</u>
Profit	<u>6,658,122</u>
Profit attributable to owners of parent	<u>¥ 6,658,122</u>

AICHI CORPORATION
Consolidated Statement of Changes in Equity
Fiscal Year from April 1, 2025 to March 31, 2026

(In Thousands of Yen)

Items	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,425,325	9,923,342	59,705,918	(9,231)	80,045,354
Changes during period					
Dividends of surplus			(4,546,395)		(4,546,395)
Profit attributable to owners of parent			6,658,122		6,658,122
Purchase of treasury shares				(12,831,010)	(12,831,010)
Cancellation of treasury shares			(12,826,500)	12,826,500	—
Net changes of items other than shareholders' equity					
Total changes during period	—	—	(10,714,773)	(4,510)	(10,719,284)
Balance at end of period	10,425,325	9,923,342	48,991,144	(13,741)	69,326,070

Items	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment
Balance at beginning of period	3,002,523	(1,624,044)	1,126,307
Changes during period			
Dividends of surplus			
Profit attributable to owners of parent			
Purchase of treasury shares			
Cancellation of treasury shares			
Net changes of items other than shareholders' equity	924,802	(18,209)	729,654
Total changes during period	924,802	(18,209)	729,654
Balance at end of period	3,927,326	(1,642,254)	1,855,961

Items	Accumulated other comprehensive income		Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,473,428	3,978,215	84,023,570
Changes during period			
Dividends of surplus			(4,546,395)
Profit attributable to owners of parent			6,658,122
Purchase of treasury shares			(12,831,010)
Cancellation of treasury shares			—
Net changes of items other than shareholders' equity	457,661	2,093,908	2,093,908
Total changes during period	457,661	2,093,908	(8,625,375)
Balance at end of period	1,931,090	6,072,124	75,398,194

AICHI CORPORATION

Notes to Consolidated Financial Statements

Summary of Significant Accounting Policies

1. Basis of consolidation

The accounts of AICHI CORPORATION (the “Company”) and all of its 2 subsidiaries are included in the consolidated financial statements.

Name of the consolidated subsidiaries

Zhejiang AICHI Industrial Machinery Co., Ltd.
AICHI NZ LIMITED

2. Application of equity method

(1) Overview of affiliates accounted for by the equity method

One affiliate is accounted for by the equity method.

Name of the affiliate

Hangzhou AICHI Engineering Vehicles Co., Ltd.

(2) Special matters concerning application procedures of the equity method

Although the fiscal year end date of Hangzhou AICHI Engineering Vehicles Co., Ltd. is December 31, when preparing the consolidated financial statements, the Company uses the affiliate’s provisional financial statements, which are calculated assuming the fiscal year end date is March 31.

3. Fiscal year of consolidated subsidiaries

Although the fiscal year end date of Zhejiang AICHI Industrial Machinery Co., Ltd. is December 31, when preparing the consolidated financial statements, the Company uses the subsidiary’s provisional financial statements, which are calculated assuming the fiscal year end date is March 31.

4. Accounting policies

(1) Valuation method of significant assets

(i) Inventories

Inventories are stated at cost (write-down due to decreased profitability).

Finished goods and work in process are evaluated using the specific identification method.

Raw materials are mainly stated at cost, cost being determined by the moving average method.

Supplies are stated at cost, cost being determined by the last purchase price method.

(ii) Securities

Available-for-sale securities

Securities other than shares, etc., that do not have a market price:

Stated at fair value

(Net unrealized gains or losses are reported as a separate component in net assets, net of applicable income taxes. Gains and losses on disposition are computed based on the moving average method.)

Shares, etc., that do not have a market price:

Stated at cost, cost mainly being determined by the moving average method.

(iii) Derivatives

Derivatives are stated at fair value.

(2) Method of depreciation or amortization

(i) Property, plant and equipment (except for leased assets) are depreciated mainly by the declining-balance method. However, buildings (except for facilities attached to buildings) acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016 are depreciated by the straight-line method.

(ii) Intangible assets (except for leased assets) are amortized based on the straight-line method. In addition, software for internal use is amortized by the straight-line method over their estimated useful lives (five years).

(iii) Depreciation of leased assets regarding finance leases other than those for which the ownership of the leased items is transferred to the lessee is computed by the straight-line method over the lease period with no residual value.

(3) Significant allowances and provisions

(i) Allowance for doubtful accounts

The Company provides for estimated losses on accounts receivable based on prior bad debt experience and a review of existing receivable balances. The Company reviews individual financial conditions for doubtful or troubled receivables and provides for losses on uncollectible amounts.

(ii) Provision for bonuses for directors (and other officers)

The Company provides for estimated payment of bonuses to directors appropriate for the fiscal year under review.

(iii) Provision for product warranties

The Company provides for estimated warranty costs based on the Company's prior experience and estimated costs to be incurred individually calculated for certain products.

(4) Retirement benefits

(i) Method of attributing projected benefit obligation to periods

In calculating retirement benefit obligations, the projected benefit obligation attributed to the current fiscal year is determined using the benefit formula basis.

(ii) Calculation treatment for actuarial gains or losses and prior service costs

Actuarial gains or losses are amortized in the fiscal year following the fiscal year in which the gain or loss is recognized by the straight-line method over a fixed period (10 years), which is shorter than the average remaining years of service of the employees.

Prior service costs are amortized when the prior service costs are recognized by the straight-line method over a fixed period (10 years), which is shorter than the average remaining years of service of the employee.

(5) Hedge accounting

Deferred hedge accounting is applied.

Designated hedge accounting ("Furiate-shori") is applied for foreign currency forward contracts that meet qualifications for designated hedge accounting.

(6) Other important matters for preparing consolidated financial statements

Accounting standards for revenue and expense recognition

The Group manufactures and sells specially equipped vehicles such as digger derricks, aerial work platforms and skid-steer loaders, sells their parts, and provides after-sales services such as repairs. The Group also provides training in the operation of aerial work platforms, etc. The Group usually recognizes revenue from the sales of these products and the provision of these services when they are accepted by customers because customers obtain control of these products and services, and the performance obligations are satisfied when the products and services are accepted by customers. However, the Group recognizes revenue from the sole domestic sales of parts at their shipment by applying the alternative treatment as stipulated in Paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30) when the period between the shipment and the transfer of control of these parts to customers falls under the usual period.

There are cases where long-term maintenance contracts are concluded with customers as an after-sales service business and customers receive benefits from the provision of these services as the performance obligations are satisfied. The Group recognizes revenue from these services over the contract periods because the performance obligations of these services are satisfied over time.

For parts supply transactions for fees relating to specially equipped vehicles for which manufacturing consignment agreements are received from customers, the Group recognizes revenue from the sales of these specially equipped vehicles at the amounts excluding the amounts of parts supplied for fees.

Notes to Accounting Estimates

Provision for product warranties

The balance of provision for product warranties at the end of the fiscal year ended March 31, 2026 was ¥116,706 thousand.

The provision for product warranties is categorized into a provision for free repairs carried out within the warranty period and a provision for free repairs to rectify defects in specific products.

For the provision for free repairs carried out within the warranty period, future product warranty expenses are estimated and recognized in a lump sum based on the actual ratio of warranty expenses incurred to sales.

For specific products subject to measures for rectifying defects, expected product warranty expenses are estimated and recognized individually based on the number of units to be rectified, the estimated cost of repair per unit, the percentage of the units that have actually been repaired, and the percentage of the liability shared with suppliers.

If liabilities arise due to product defects that were not expected when the estimates were made for the provision, or if warranty expenses exceed the provision, it may become necessary to recognize an additional provision for product warranties. Meanwhile, if the actual warranty expenses turn out to be smaller than the provision, a reversal of the provision will be recognized.

Notes to Consolidated Balance Sheet

	<u>In Thousands of Yen</u>	
1. Accumulated depreciation of property, plant and equipment	¥	27,459,626
2. Balances of receivables from contracts with customers and contract assets		
Notes receivable - trade	¥	4,018,200
Accounts receivable - trade	¥	16,008,601
Contract assets	¥	-
3. Balance of contract liabilities within other of current liabilities	¥	180,931
4. Land revaluation		
Pursuant to the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998) and the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 19, March 31, 2001), the Company revalued land used for business activities on March 31, 2002.		
Pursuant to the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 24, March 31, 1999), the effect of this revaluation has been recorded as deferred tax liabilities for land revaluation in liabilities and as revaluation reserve for land in net assets.		
Revaluation was carried out based on an amount rationally calculated using the land value for local government tax and roadside land assessment as prescribed in Article 2, Item 3 and Article 2, Item 4 of the Ordinance Implementing the Law Concerning Revaluation of Land (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), respectively.		
Revaluation date		March 31, 2002
Difference between the fair value at the end of the fiscal year ended March 31, 2026 and the book value of the land after the revaluation		¥(1,671,693) thousand

Notes to Consolidated Statement of Income

	<u>In Thousands of Yen</u>	
1. Amount of revenue from contracts with customers within net sales	¥	59,613,734
2. Write-down due to decreased profitability of inventories held for sale in the ordinary course of business		
Cost of sales	¥	187,982
3. TOB related expenses		
The Company conducted a tender offer for treasury shares from March 21, 2025 to April 17, 2025 by a resolution at the Board of Directors meeting on March 19, 2025. TOB related expenses are advisory fees paid to securities companies and attorneys concerning the tender offer.	¥	106,717

Notes to Consolidated Statement of Changes in Equity

1. Class and number of issued shares

Class of shares	As of April 1, 2025	Increase	Decrease	As of March 31, 2026
Common shares	74,570,000	–	10,000,000	64,570,000

(Major cause of changes)

Decrease due to cancellation of treasury shares based on a resolution made at a board meeting held on January 29, 2026

10,000,000 shares

2. Share acquisition rights, etc.

There are no applicable items.

3. Cash dividends

(1) Amount of cash dividends

Resolution	Class of shares	Amount of cash dividends	Cash dividends per share	Record date	Effective date of distribution
Board meeting on April 23, 2025	Common shares	(Thousands of Yen) 2,609,602	(Yen) 35.00	March 31, 2025	May 29, 2025
Board meeting on October 30, 2025	Common shares	1,936,793	30.00	September 30, 2025	November 28, 2025

(2) Dividends whose record date falls in the fiscal year ended March 31, 2026, but the effective date of distribution falls in the fiscal year ending March 31, 2027

Resolution (Planned)	Class of shares	Source of dividends	Amount of cash dividends	Cash dividends per share	Record date	Effective date of distribution
Board meeting on April 24, 2026	Common shares	Retained earnings	(Thousands of Yen) 1,936,779	(Yen) 30.00	March 31, 2026	June 4, 2026

Notes to Financial Instruments

1. Status of financial instruments held by the Group

The Group's fund management is limited primarily to short-term deposits while working capital and capital investments are financed by the Group's own funds without borrowings from banks or other financial institutions.

Credit risk of customers in respect to notes and accounts receivable - trade is mitigated by credit control. Investment securities held by the Group are mainly shares in companies, and the fair value of listed shares are verified on a quarterly basis.

Regarding derivative transactions, we use forward exchange contracts in order to mitigate the exchange risks associated with export transactions in the normal course of our business.

2. Fair value of financial instruments

Consolidated balance sheet amounts, fair values and their differences as of March 31, 2026 are as follows. Shares, etc., that do not have a market price (with consolidated balance sheet amount of ¥216,460 thousand) are not included in available-for-sale securities under investment securities. Notes to cash are omitted. Notes to deposits, notes and accounts receivable - trade, notes and accounts payable - trade, and income taxes payable are omitted, because they are settled on short-term basis and their book values approximate their fair values.

(In Thousands of Yen)

	Consolidated balance sheet amount	Fair value	Difference
Investment securities			
Available-for-sale securities	6,501,412	6,501,412	-
Total assets	6,501,412	6,501,412	-

3. Breakdown of fair value of financial instrument by appropriate classifications

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using (unadjusted) quoted prices in active markets for the same assets or liabilities.

Level 2 fair value: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable material inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial assets measured at fair value

(In Thousands of Yen)

Category	Fair value			Total
	Level 1	Level 2	Level 3	
Investment securities Available-for-sale securities	6,501,412	-	-	6,501,412

(2) Financial assets and financial liabilities of which book value is not measured at fair value

Notes are omitted due to their insignificance.

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Notes to Rental Property

Disclosure is omitted as the information is insignificant.

Notes to Revenue Recognition

1. Information about breakdown of revenue from contracts with customers

(1) Major regional markets

(In Thousands of Yen)

	Reportable segment			Other (Note)	Total
	Specially equipped vehicles	Parts & repair	Subtotal		
Japan	40,450,989	12,902,111	53,353,101	835,928	54,189,029
Asia	2,000,235	1,020,787	3,021,023	10,971	3,031,994
Other	2,200,927	138,910	2,339,838	–	2,339,838
Revenue from contracts with customers	44,652,153	14,061,809	58,713,963	846,899	59,560,862
Other income	–	–	–	52,871	52,871
Net sales to external customers	44,652,153	14,061,809	58,713,963	899,771	59,613,734

(Note) The category “Other” is a business segment not included in the reportable segment and includes the used vehicles sales of aerial work platforms, etc., and education business, etc.

(2) Timing of revenue recognition

(In Thousands of Yen)

	Reportable segment			Other (Note 1)	Total
	Specially equipped vehicles	Parts & repair	Subtotal		
Goods or services transferred at a point in time	44,652,153	14,004,157	58,656,310	846,899	59,503,210
Goods or services transferred over time (Note 2)	–	57,652	57,652	–	57,652
Revenue from contracts with customers	44,652,153	14,061,809	58,713,963	846,899	59,560,862
Other income	–	–	–	52,871	52,871
Net sales to external customers	44,652,153	14,061,809	58,713,963	899,771	59,613,734

(Notes)

- The category “Other” is a business segment not included in the reportable segment and includes the used vehicles sales of aerial work platforms, etc., and education business, etc.
- Goods or services transferred over time are those related to maintenance contracts.

2. Useful information in understanding revenue

Revenue is measured at consideration promised in contracts with customers less discounts, etc. The amounts of discounts are determined at the conclusion of the said contracts and therefore do not alter consideration in relation with revenue in the current fiscal year.

Consideration for these performance obligations is received generally within one year after the performance obligations are satisfied under separately prescribed payment terms, and includes no significant financing components.

Under sales contracts related to specially equipped vehicles, the Group has warranty obligations that promise to repair faults that arise within the warranty period without fee. The warranty provides assurance that the product complies with agreed-upon specifications and will operate as promised, and thus, is recognized as a provision for product warranties.

3. Information for understanding revenue amount of the current and subsequent fiscal years

(1) Balances of receivables from contracts with customers and contract liabilities

The balances of receivables from contracts with customers and contract liabilities at the beginning and end of period are as follows:

	(In Thousands of Yen)
	Current fiscal year (from April 1, 2025 to March 31, 2026)
Receivables from contracts with customers (balance at beginning of period)	16,214,616
Receivables from contracts with customers (balance at end of period)	20,026,801
Contract assets (balance at beginning of period)	—
Contract assets (balance at end of period)	—
Contract liabilities (balance at beginning of period)	158,558
Contract liabilities (balance at end of period)	180,931

Contract liabilities are recorded under other of current liabilities. Contract liabilities are related to advances received from customers based on the payment terms agreed with customers for contracts in which revenue from the sales, repair, etc., of specially equipped vehicles or their parts is recognized when those products or services are accepted by customers, and for contracts in which revenue is recognized over time as the performance obligations for after-sales services are satisfied. Contract liabilities are reversed upon recognition of revenue.

Revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was ¥157,639 thousand.

The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied in previous periods is immaterial.

(2) Transaction price allocated to the remaining performance obligations

The Company and its consolidated subsidiaries have applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and do not disclose transaction prices related to contracts with an original expected duration of one year or less. For maintenance contracts with servicing periods longer than one year, the total transaction price allocated to the remaining performance obligations and the time frame the Company expects to recognize the amount as revenue are as follows:

	(In Thousands of Yen)
	Current fiscal year (as of March 31, 2026)
Within one year	663,240
Over one year and within two years	619,215
Over two years and within three years	375,605
Over three years	872,817
Total	2,530,878

Per Share Information

	In Yen
Net assets per share	¥ 1,167.89
Profit per share	100.73

Notes to Subsequent Events

There are no applicable items.

Other Notes

There are no applicable items.

AICHI CORPORATION
Non-consolidated Balance Sheet
As of March 31, 2026

In Thousands of Yen

Assets

Current assets:

Cash and deposits	¥	25,176,480
Notes receivable - trade		155,934
Electronically recorded monetary claims - operating		3,862,265
Accounts receivable - trade		15,936,303
Finished goods		1,747,014
Work in process		1,346,681
Raw materials and supplies		3,106,297
Other		870,590
Total current assets		52,201,567

Non-current assets:

Property, plant and equipment:

Buildings		9,174,611
Structures		676,320
Machinery and equipment		2,098,760
Vehicles		44,530
Tools, furniture and fixtures		380,191
Land		9,648,352
Construction in progress		2,825,408
Other		186,054
Total property, plant and equipment		25,034,229

Intangible assets:

Right to use water facilities		470
Software		250,945
Other		3,426
Total intangible assets		254,841

Investments and other assets:

Investment securities		6,717,872
Investments in capital		1,080
Investments in capital of subsidiaries and affiliates		1,420,530
Long-term prepaid expenses		97,454
Guarantee deposits		79,300
Other		75,877
Allowance for doubtful accounts		(5,006)
Total investments and other assets		8,387,107
Total non-current assets		33,676,179
Total assets	¥	85,877,747

Liabilities**Current liabilities:**

Notes payable - trade	¥	12,350
Electronically recorded obligations - operating		3,458,436
Accounts payable - trade		4,100,636
Accounts payable - other		1,191,265
Income taxes payable		2,040,425
Accrued expenses		1,467,498
Deposits received		262,701
Unearned revenue		355
Provision for bonuses for directors (and other officers)		26,000
Provision for product warranties		116,706
Notes payable - facilities		2,250
Electronically recorded obligations - facilities		2,308,429
Other		56,211
Total current liabilities		15,043,268

Non-current liabilities:

Deferred tax liabilities for land revaluation		634,512
Provision for retirement benefits		943,401
Deferred tax liabilities		461,955
Other		177,183
Total non-current liabilities		2,217,053
Total liabilities		17,260,321

Net assets**Shareholders' equity:**

Share capital		10,425,325
Capital surplus:		
Legal capital surplus		9,941,842
Total capital surplus		9,941,842
Retained earnings:		
Other retained earnings		45,978,927
Retained earnings brought forward		45,978,927
Total retained earnings		45,978,927
Treasury shares		(13,741)
Total shareholders' equity		66,332,353

Valuation and translation adjustments:

Valuation difference on available-for-sale securities		3,927,326
Revaluation reserve for land		(1,642,254)
Total valuation and translation adjustments		2,285,072
Total net assets		68,617,425
Total liabilities and net assets	¥	85,877,747

AICHI CORPORATION
Non-consolidated Statement of Income
Fiscal Year from April 1, 2025 to March 31, 2026

In Thousands of Yen

Operating revenue:	
Net sales	¥ 59,254,917
 Operating costs and expenses:	
Cost of sales	46,399,029
Gross profit	12,855,887
Selling, general and administrative expenses	5,381,837
Operating profit	7,474,050
 Non-operating income:	
Interest and dividend income	320,710
Miscellaneous income	37,780
	358,490
 Non-operating expenses:	
Foreign exchange losses	7,491
Miscellaneous losses	471
	7,963
Ordinary profit	7,824,577
 Extraordinary income:	
Gain on sale of non-current assets	2
Gain on sale of investment securities	1,249,676
	1,249,678
 Extraordinary losses:	
Loss on retirement of non-current assets	3,184
Impairment loss	381
TOB related expenses	106,717
	110,282
Profit before income taxes	8,963,973
Income taxes - current	2,694,139
Income taxes - deferred	(56,005)
	2,638,133
Profit	¥ 6,325,839

AICHI CORPORATION
Non-consolidated Statement of Changes in Equity
Fiscal Year from April 1, 2025 to March 31, 2026

(In Thousands of Yen)

Items	Shareholders' equity		
	Share capital	Capital surplus	
		Legal capital surplus	Total capital surplus
Balance at beginning of period	10,425,325	9,941,842	9,941,842
Changes during period			
Dividends of surplus			
Profit			
Purchase of treasury shares			
Cancellation of treasury shares			
Net changes of items other than shareholders' equity			
Total changes during period	–	–	–
Balance at end of period	10,425,325	9,941,842	9,941,842

Items	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
Balance at beginning of period	57,025,983	57,025,983	(9,231)	77,383,919
Changes during period				
Dividends of surplus	(4,546,395)	(4,546,395)		(4,546,395)
Profit	6,325,839	6,325,839		6,325,839
Purchase of treasury shares			(12,831,010)	(12,831,010)
Cancellation of treasury shares	(12,826,500)	(12,826,500)	12,826,500	–
Net changes of items other than shareholders' equity				
Total changes during period	(11,047,055)	(11,047,055)	(4,510)	(11,051,566)
Balance at end of period	45,978,927	45,978,927	(13,741)	66,332,353

Items	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	3,002,523	(1,624,044)	1,378,479	78,762,399
Changes during period				
Dividends of surplus				(4,546,395)
Profit				6,325,839
Purchase of treasury shares				(12,831,010)
Cancellation of treasury shares				
Net changes of items other than shareholders' equity	924,802	(18,209)	906,592	906,592
Total changes during period	924,802	(18,209)	906,592	(10,144,973)
Balance at end of period	3,927,326	(1,642,254)	2,285,072	68,617,425

AICHI CORPORATION
Notes to Non-consolidated Financial Statements

Significant Accounting Policies

1. Valuation of securities
Securities other than shares, etc., that do not have a market price:
Stated at fair value
(Net unrealized gains or losses are reported as a separate component in net assets, net of applicable income taxes. Gains and losses on disposition are computed based on the moving average method.)
Shares, etc., that do not have a market price:
Stated at cost, cost mainly being determined by the moving average method.
2. Valuation of inventories
Inventories are stated at cost (write-down due to decreased profitability).
 - (1) Finished goods and work in process are evaluated using the specific identification method.
 - (2) Raw materials are evaluated using the moving average method.
 - (3) Supplies are stated at cost, cost being determined by the last purchase price method.
3. Valuation of derivatives
Derivatives are stated at fair value.
4. Method of depreciation or amortization of non-current assets
 - (1) Property, plant and equipment (except for leased assets) are depreciated by the declining-balance method. In addition, buildings (except for facilities attached to buildings) acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016 are depreciated by the straight-line method.
 - (2) Intangible assets (except for leased assets) are amortized by the straight-line method. In addition, software for internal use is amortized by the straight-line method over their estimated useful lives (five years).
 - (3) Depreciation of leased assets regarding finance leases other than those for which the ownership of the leased items is transferred to the lessee is computed by the straight-line method over the lease period with no residual value.
 - (4) Long-term prepaid expenses are amortized by the straight-line method.
5. Allowances and provisions
 - (1) Allowance for doubtful accounts
The Company provides for estimated losses on accounts receivable based on prior bad debt experience and a review of existing receivable balances. The Company reviews individual financial conditions for doubtful or troubled receivables and provides for losses on uncollectible amounts. In addition, a general reserve for other accounts receivable is provided based on historical loss experience for certain past periods.
 - (2) Provision for bonuses for directors (and other officers)
The Company provides for estimated payment of bonuses to directors.
 - (3) Provision for product warranties
The Company provides for estimated warranty costs based on the Company's prior experience and estimated costs to be incurred individually calculated for certain products.
 - (4) Provision for retirement benefits
The Company provides for estimated cost for future severance payments to employees based on the actuarial present value of retirement benefit obligations and pension plan assets as of the end of the fiscal year under review.
 - (i) Method of attributing projected benefit obligation to periods
In calculating retirement benefit obligations, the projected benefit obligation attributed to the current fiscal year is determined using the benefit formula basis.
 - (ii) Calculation treatment for actuarial gains or losses and prior service costs
Actuarial gains or losses are amortized in the fiscal year following the fiscal year in which the gain or loss is recognized by the straight-line method over a fixed period (10 years), which is shorter than the average remaining years of service of the employees.

Prior service costs are amortized when the prior service costs are recognized by the straight-line method over a fixed period (10 years), which is shorter than the average remaining years of service of the employee.

6. Accounting standards for revenue and expense recognition

The Company manufactures and sells specially equipped vehicles such as digger derricks, aerial work platforms and skid-steer loaders, sells their parts, and provides after-sales services such as repairs. The Company also provides training in the operation of aerial work platforms, etc. The Company usually recognizes revenue from the sales of these products and the provision of these services when they are accepted by customers because customers obtain control of these products and services, and the performance obligations are satisfied when the products and services are accepted by customers. However, the Company recognizes revenue from the sole domestic sales of parts at their shipment by applying the alternative treatment as stipulated in Paragraph 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30) when the period between the shipment and the transfer of control of these parts to customers falls under the usual period.

There are cases where long-term maintenance contracts are concluded with customers as an after-sales service business and customers receive benefits from the provision of these services as the performance obligations are satisfied. The Company recognizes revenue from these services over the contract periods because the performance obligations of these services are satisfied over time.

For parts supply transactions for fees relating to specially equipped vehicles for which manufacturing consignment agreements are received from customers, the Company recognizes revenue from the sales of these specially equipped vehicles at the amounts excluding the amounts of parts supplied for fees.

7. Hedge accounting

Deferred hedge accounting is applied.

Designated hedge accounting (“Furiate-shori”) is applied for foreign currency forward contracts that meet qualifications for designated hedge accounting.

8. Other important matters for preparing non-consolidated financial statements

Accounting treatment for retirement benefits

The accounting treatment for unrecognized actuarial differences for retirement benefits differ from that of the consolidated financial statements

Notes to Accounting Estimates

Provision for product warranties

The balance of provision for product warranties at the end of the fiscal year ended March 31, 2026 was ¥116,706 thousand.

The provision for product warranties is categorized into a provision for free repairs carried out within the warranty period and a provision for free repairs to rectify defects in specific products.

For the provision for free repairs carried out within the warranty period, future product warranty expenses are estimated and recognized in a lump sum based on the actual ratio of warranty expenses incurred to sales.

For specific products subject to measures for rectifying defects, expected product warranty expenses are estimated and recognized individually based on the number of units to be rectified, the estimated cost of repair per unit, the percentage of the units that have actually been repaired, and the percentage of the liability shared with suppliers.

If liabilities arise due to product defects that were not expected when the estimates were made for the provision, or if warranty expenses exceed the provision, it may become necessary to recognize additional provision for product warranties. Meanwhile, if the actual warranty expenses turn out to be smaller than the provision, a reversal of the provision will be recognized.

Notes to Non-consolidated Balance Sheet

	<u>In Thousands of Yen</u>	
1. Accumulated depreciation of property, plant and equipment	¥	25,887,174
2. Receivables from and payables to subsidiaries and affiliates:		
(1) Short-term receivables	¥	870,431
(2) Short-term payables	¥	241,675
3. Land revaluation		
<p>Pursuant to the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998) and the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 19, March 31, 2001), the Company revalued land used for business activities on March 31, 2002.</p> <p>Pursuant to the Law to Partially Amend the Law Concerning Revaluation of Land (Law No. 24, March 31, 1999), the effect of this revaluation has been recorded as deferred tax liabilities for land revaluation in liabilities and as revaluation reserve for land in net assets.</p> <p>Revaluation was carried out based on an amount rationally calculated using the land value for local government tax and roadside land assessment as prescribed in Article 2, Item 3 and Article 2, Item 4 of the Ordinance Implementing the Law Concerning Revaluation of Land (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), respectively.</p>		
Revaluation date		March 31, 2002
Difference between the fair value at the end of the fiscal year ended March 31, 2026 and the book value of the land after the revaluation		¥(1,671,693)

Notes to Non-consolidated Statement of Income

	<u>In Thousands of Yen</u>	
1. Transactions with subsidiaries and affiliates:		
Operating transactions		
(1) Net sales	¥	2,342,716
(2) Goods purchased	¥	2,226,324
(3) Selling, general and administrative expenses	¥	42,203
(4) Non-operating transactions	¥	212
2. Amount of revenue from contracts with customers within net sales	¥	59,254,917
3. Write-down due to decreased profitability of inventories held for sale in the ordinary course of business		
Cost of sales	¥	200,288
4. TOB related expenses		
The Company conducted a tender offer for treasury shares from March 21, 2025 to April 17, 2025 by a resolution at the Board of Directors meeting on March 19, 2025. TOB related expenses are advisory fees paid to securities companies and attorneys concerning the tender offer.	¥	106,717

Notes to Non-consolidated Statement of Changes in Equity

Class and number of treasury shares

Class of shares	As of April 1, 2025	Increase	Decrease	As of March 31, 2026
Common shares	9,922	10,000,746	10,000,000	10,668

(Major cause of changes)

Increase due to acquisition of treasury stock through a tender offer based on a resolution of the Board of Directors held on March 19, 2025	10,000,000
Increase due to purchase of fractional shares	746
Decrease due to cancellation of treasury shares based on a resolution made at a board meeting held on January 29, 2026	10,000,000

Deferred Tax Assets and Liabilities

1. The significant components of deferred tax assets and liabilities were as follows:

	<u>In Thousands of Yen</u>
Deferred tax assets	
Inventories	¥ 244,438
Accrued enterprise tax and business office tax	126,427
Provision for product warranties	36,599
Provision for retirement benefits	303,149
Accrued bonuses	325,719
Buildings, structures, machinery and equipment, software	30,111
Land	586,925
Investment securities	123,384
Others	<u>345,705</u>
Subtotal	2,122,461
Valuation allowance	<u>(956,596)</u>
Total deferred tax assets	1,165,864
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥ (1,618,677)
Others	<u>(9,142)</u>
Total deferred tax liabilities	<u>(1,627,820)</u>
Deferred tax liabilities (Net)	<u>(461,955)</u>

2. Deferred tax assets in relation to revaluation reserve for land

	<u>In Thousands of Yen</u>
Deferred tax assets	
Unrealized loss on land revaluation	¥ <u>950,540</u>
Subtotal	950,540
Valuation allowance	<u>(950,540)</u>
Total deferred tax assets	-
Deferred tax liabilities	
Unrealized gain on land revaluation	¥ <u>(634,512)</u>
Total deferred tax liabilities	<u>(634,512)</u>
Deferred tax liabilities (Net)	<u>(634,512)</u>

Notes to Revenue Recognition

Useful information in understanding revenue

This note is omitted, as the same information has been stated in Notes to Consolidated Financial Statements.

Per Share Information

	<u>In Yen</u>	
Net assets per share	¥	1,062.86
Profit per share	¥	95.70

Notes to Subsequent Events

(Acquisition of treasury shares and tender offer)

This note is omitted, as the same information has been stated in Notes to Subsequent Events under Notes to Consolidated Financial Statements.

Notes to Companies Subject to the Restriction on Consolidated Dividends

There are no applicable items.

Other Notes

There are no applicable items.

Notice to Readers:

Figures below the unit of presentation are discarded from the amounts in the accompanying financial statements stated in thousands of yen.