

November 8, 2024

**Notice Regarding Financing through Hybrid Loans (Subordinated Loans)
and Issuance of Publicly Offered Hybrid Bonds (Subordinated Bonds)**

AISIN CORPORATION (the “Company”) hereby announces to exercise their early redemption rights on the first optional redemption date and to redeem the 1ST UNSECURED SUBORDINATED BONDS WITH OPTIONAL INTEREST PAYMENT DEFERRAL AND EARLY REDEMPTION PROVISIONS issued on February 28, 2020 (the “1st Hybrid Bonds”).

At the same time, the Company has concluded a contract for subordinated loans (the “Hybrid Loans”) and filed an amended shelf registration statement regarding the public offering of hybrid bonds (Subordinated Bonds) (the “Hybrid Bonds”) to Director-General of the Kanto Local Finance Bureau in order to finance a portion of refinance of the 1st Hybrid Bonds.

1. Background and Purpose of the Issuance

The Company raised a total of JPY272.5bn through a hybrid bond issuance on February 28, 2020 and a hybrid loan on March 31, 2020 for acquisition of shares in AISIN AW Co., Ltd. following a business integration of AISIN SEIKI CO., LTD. (currently known as AISIN CORPORATION)

Hybrid financing plays an important role in the Company’s capital structure and the Company believes it is a beneficial measure to improve capital efficiency while ensuring financial security. The Company has thus decided to conclude the contract for the Hybrid Loans and to issue the Hybrid Bonds to finance a portion of a full redemption of the 1st Hybrid Bonds (totaling JPY130bn) which are scheduled to be redeemed on the first early redemption date on February 28, 2025.

The financing through the Hybrid Loans and the Hybrid Bonds is expected to total approximately JPY110bn.

The Company, which follows financial strategy based on the fundamental policy of maintaining a balance between financial security and capital efficiency while raising corporate value, believes that the capitalization ratio^{*1} of approximately 25% to 30% is optimal for its capital structure. The Company will continue to utilize hybrid financing to support growth investment and improve capital efficiency.

2. Features of the Hybrid Loans

The outline of the Hybrid Loans is as follows.

		Tranche A	Tranche B
(1)	Total loan amount	JPY50bn	JPY40bn
(2)	Date of agreement	November 8, 2024	
(3)	Drawdown date	February 28, 2025	
(4)	Repayment date	February 28, 2055	February 28, 2055
(5)	First early repayment date	February 28, 2031	February 28, 2033
(6)	Optional interest payments deferral	The Company may, at its discretion, defer all or part of the interest payments on the Hybrid Loans	

Note: This press release is intended for information purpose only and is not a solicitation or an offer to buy or sell securities or related financial instruments.

(7)	Subordination	Creditors of the Hybrid Loans have subordinated claim right in the event of the Company entering into liquidation, bankruptcy, company reorganization, civil rehabilitation or similar proceedings not under Japanese law. Terms of the agreement for the Hybrid Loans must not be changed to disadvantage any creditors other than the subordinate creditors under agreements with the conditions regarding subordination substantially equal to those of the Hybrid Loans.
(8)	Priority order	The Hybrid Loans rank <i>pari passu</i> with hybrid loans borrowed by the Company and hybrid bonds issued by the Company, subordinated to all indebtedness of the Company and senior to common stock of the Company.
(9)	Rating(expected)	A+(Rating and Investment Information, Inc.)
(10)	Equity content (expected)	The Hybrid Loans are recognized as eligible for 50% equity content of the total amount by Rating and Investment Information, Inc. and S&P Global Ratings Japan Inc.

3. Features of the Hybrid Bonds

For the offering, the Company has designated Nomura Securities Co., Ltd., SMBC Nikko Securities Inc., Daiwa Securities Co. Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Mizuho Securities Co., Ltd. as joint lead managers. Timing of the issuance and other terms and conditions will be determined after considering relevant factors such as investor demand and interest rate trends. The Company will announce the decision as soon as it is made.

For an overview of the Hybrid Bonds, please refer to the amended shelf registration submitted to the Director-General of the Kanto Local Finance Bureau.

4. Characteristics of Hybrid Loans and Hybrid Bonds

Hybrid Loans and Hybrid Bonds have features of both debt and equity, containing features similar to equity such as optional deferral of interest payment, extremely long-term redemption periods or repayment dates and subordination in liquidation or bankruptcy proceedings. Therefore, it is expected that rating agencies (Rating and Investment Information, Inc. and S&P Global Ratings Japan Inc.) will assign an intermediate equity content of 50%.

In the case of Early Repayment of the Hybrid Loans or Early Redemption of the Hybrid Bonds, the Company intends to replace the Hybrid Loans or the Hybrid Bonds with financial products whose equity attributes are no less than those of the principal to be repaid or redeemed (the amount calculated by multiplying the principal amount of the Hybrid Loans to be repaid or the Hybrid Bonds to be redeemed by the equity content (expected to be 50%) approved by the rating agencies), within the period of 360 days prior to the Early Repayment or the Early Redemption.

However, if the Hybrid Loans are scheduled to be repaid on or after the first repayment date or the Hybrid Bonds are scheduled to be redeemed on or after the first redemption date, the Company may repay the Hybrid Loans or redeem or purchase the Hybrid Bonds without the replacement financing, complying with capital requirements, including the following:

- (i) Capitalization ratio^{*1, *2} is 30% or less
- (ii) Adjusted equity attributable to owners of the parent company^{*2, *4}
 \geq Adjusted equity attributable to owners of the parent company as of the end of September 2024^{*3, *4}
+ (cumulative amount of the Early Repayment (Hybrid Loans) + cumulative amount of the Early Redemption (Hybrid Bonds))

Note: This press release is intended for information purpose only and is not a solicitation or an offer to buy or sell securities or related financial instruments.

- *1 Capitalization ratio = interest bearing debt (bonds, loans and lease liabilities) / shareholders' equity (net assets) + interest bearing debt
- *2 Each financial indicator is calculated based on the latest published consolidated statements of financial position at a time of the Early Repayment or Early Redemption
- *3 Each financial indicator is calculated based on the latest published consolidated statements of financial position at a time of the conclusion of contract of the Hybrid Loans or pricing of the Hybrid Bonds
- *4 "Adjusted equity attributable to owners of the parent company" suggests the amount obtained by deducting the amount of "Other components of equity" from "Equity attributable to owners of the parent company" in the Company's consolidated financial statements

(Reference) AISIN's First Subordinated Hybrid Bonds

Name of bonds	1ST UNSECURED SUBORDINATED BONDS WITH OPTIONAL INTEREST PAYMENT DEFERRAL AND EARLY REDEMPTION PROVISIONS
Issue amount	JPY130bn
Early redemption date	February 28, 2025 (First optional redemption date)
Amount of early redemption	JPY130bn
Redemption price	JPY100 per amount of each Bond of JPY100

End

Note: This press release is intended for information purpose only and is not a solicitation or an offer to buy or sell securities or related financial instruments.