



Financial Results Briefing for FY2021

April 28, 2021

AISIN CORPORATION

Q1. Is the improvement in gross profit due to a one-off profit-boosting factor in 4Q (January to March)?

A1. The unification of accounting methods and the sale of assets have boosted profit by around 10 billion yen.

Q2. In your FY2022 forecasts, have you factored in the impact of the decrease in production caused by the shortage of semiconductors? What are the changes compared to the second half of FY2021?

A2. Our sales volume forecasts are based on our customers' annual production plans. The second half includes the difference in operations and one-off factors caused by moving operating days from the first half to the second half due to the impact of the coronavirus pandemic. In FY2022 we also expect a negative impact on profits from changes in raw material prices, mainly in aluminum.

Q3. How do conventional products compare with 2MHVs or eAxles in terms of AISIN's sales per unit in 2030? And how about profits?

A3. We expect sales per unit of both HVs and EVs to be around $\pm 10\%$ of conventional products. As for profitability, we will aim to achieve profit margins comparable to those of conventional products by increasing the internal manufacturing of motors by AISIN and reducing costs.

Q4. What is the breakdown of the AT sales volume of 9.9 million by customer and by speed?

A4. The 1.1 million year-on-year increase by customer is +0.4 million in the European market, +0.6 million in the Australasia & South America markets, and +0.1 million in other markets. By speed, we expect +0.9 million mainly in 8-speed FF due to an increase in sales at European clients, and +0.2 million in HVs and eAxles.

Q5. What kind of levels will your capital expenditure and R&D costs need to be at to achieve your 2030 vision?

A5. In capital expenditure, we expect to spend a total of around ¥230–250 billion, including investment in electric products, by streamlining investments in existing areas. We will also

streamline R&D costs in existing areas and allocate resources to the CASE area. Therefore, we expect total R&D spending to be ¥200–220 billion. We will accelerate investment and R&D in CASE, but at the same time we will eliminate overlapping costs caused by the previous separate company management and shift resources to the area. Therefore, we do not expect total costs to rise sharply.

Q6. You say that you aim for solution-based products to account for 60% of total powertrain unit sales by 2030. What is the breakdown by customer?

A6. I will refrain from answering the breakdown by customer, but Toyota will be the main customer. There is no change there. We hope to shift the product mix to solution-based products while maintaining the current customer ratio. We expect solution-based products to account for around 30% in both the HV and EV markets. In eAxle, which is expected to see good growth, we intend to improve our price competitiveness by talking with customers from the planning stage to share components.

Q7. Is there a possibility of large-scale impairment losses or disposal costs on equipment for conventional products going forward?

A7. At the moment we do not expect the incurrence of any major impairment losses. Currently we are aggressively promoting efficient use of equipment within the AISIN Group. For example, we have been using equipment for cutting AT valve bodies as brake components.

Q8. Nidec announced their 2030 eAxle sales to be 10 million units. How do you compare with your competitors?

A8. We intend to leverage the technologies we have fostered to create products that are competitive in terms of cost, mountability and quality. Gear noise will be an issue in EVs, so we will also strive to hone our strength in achieving low noise.

Q9. Will anything change after your reorganization following the general meeting of shareholders in June 2021?

A9. In the past, the AISING Group has carried out restructuring such as the reorganization of the MT, chassis and brake businesses as well as the integration with AISIN AW. Amid a once-in-one-hundred-year period of change, I will continue to work on structural reforms with Mr. Yoshida.

Q10. What is the reason for the year-on-year increase in revenues and decrease in profits in the China segment in FY2022?

A10. The AISIN Group has been making efforts to manufacture components of electric products that

had been purchased from outside internally and reducing costs by using existing technology. Specifically, we now have a clearer outlook for achieving an internal manufacturing ratio for motors equivalent to that of conventional products, as we aim to achieve a marginal profit margin comparable to conventional products.

Q11. How much improvement in marginal profit do you expect in your electric products?

A11. The AISIN Group has been making efforts to manufacture components of electric products that had been purchased from outside internally and reducing costs by using existing technology. Specifically, we now have a clearer outlook for achieving an internal manufacturing ratio for motors equivalent to that of conventional products, as we aim to achieve a marginal profit margin comparable to conventional products.

Q12. How are profits of segments other than the powertrain business improving?

A12. In FY2021 we strengthened our corporate structure through structural reforms on a company-wide basis. We lowered the overall level of fixed costs as well as improving the profits of each business. Specifically, we have seen steady improvement in areas that had issues in the past, such as increasing internal manufacturing through the transfer of the brake business and scrapping unprofitable businesses.

Q13. What is your ROIC forecast for the existing AT business in 2030?

A13. The ROIC of the AT business has been sluggish over the past few years, in part due to large-scale capital expenditure. We expect future investment, including that for electric products, to be in the ¥230–250 billion range. We hope to improve our ROIC through promoting efficient use of equipment.

Q14. What is your outlook for an increase in sales toward 2030 due to synergies in sales activities as a result of your integration with AISIN AW?

A14. We intend to increase sales by continuing to propose competitive products to customers, even in electric products, as we have been doing with conventional products. We also aim to propose brakes and thermal management to customers together as a set.

Q15. With regard to BluE Nexus, are the roles clearly defined among the three Toyota Group companies?

A15. It is difficult to answer questions regarding BluE Nexus, but we hope to arrive at an optimal answer as we cooperate within the Toyota Group. At AISIN, we will continue our efforts in development so that we can fulfill the role that is expected of us.