



## Financial Results Briefing for 1Q FY2022

July 30, 2021

AISIN CORPORATION

**Q1. The financial results for 1Q appear to show larger changes than for 4Q last year (3 months). Could you explain the underlying factors?**

A1. There were one-off factors of ¥30 billion for the previous term, which are broken down into accounting method differences, etc. of about ¥10 billion, which arose from integration at the time of management integration, and differences in operating days/operations of about ¥23 billion. Variation factors for this term include decreases in sales and changes in raw material prices of about ¥2 billion. In terms of corporate structure improvement, we assess that we have been able to secure the positive effects of structural reform and we will allocate them to expenditure for key areas.

**SQ1. May I understand that no new one-off costs will arise in this term?**

SA1. There will be no new one-off costs.

**Q2. To what extent is the impact of semiconductors reflected in the forecasts for 1H? You seem to expect weaker results for 2H. Did you decide not to revise the full-year forecast because you expected some risks?**

A2. First, the forecasts for 1H reflect our expectation that there will be some shortage of semiconductors. Next, we have judged that we are not at a point where we can revise our plan due to uncertainties about the shortage of semiconductors and the coronavirus. It is not the case that a mere balance after deducting the forecasts for 1H currently announced from the full-year forecasts announced in April represents our forecasts for 2H. In reality, there are no negative factors for 2H other than external factors. Therefore, when we announce new forecasts in October, we should hopefully be able to revise the current forecasts upward in view of the operational situation of our customers.

**Q3. What is the progress status for 1Q and 2Q compared with the initial plan for this term?**

A3. Sales for 1Q were mostly in line with our internal plan. Sales figures to European and Chinese customers initially appeared to be strong, but actual sales were partly affected by the decrease in production due to the shortage of semiconductors. That said, we achieved high quarterly powertrain unit sales of 2.4 million. We expect that unit sales will remain at high levels in and after 2Q. Changes in profits are mainly attributable to the increase in sales for the months of

July-September and changes in the prices of raw materials other than aluminum that we did not expect initially. An operating profit of ¥130 billion represents an upward revision from the initial internal plan.

**Q4. How do the powertrain unit sales of 5.23 million compare with the initial plan at the beginning of this term? Is this level of sales sustainable in 2H?**

A4. Unit sales have increased year on year in all regions and to all customers, particularly in Europe and Asia & Others. We are also receiving stronger unofficial indications for 2Q compared with our internal plan.

**Q5. How is “expenditure for key areas, etc.” different from “fixed cost & others” in previous briefings?**

A5. As we explained in the last briefing in April, fixed costs will increase again as operations normalize. We will work to minimize such an increase in fixed costs and thereby squeeze funds to use them in key areas with specific intentions. We forecast a year-on-year increase of about ¥6 billion for 1H. In addition, this category includes expenses of ¥3 billion to cope with container shortages in North America.

**Q6. What specific products and customers pertain to an increase in CASE preproduction cost and depreciation for 1Q in China?**

A6. The increase mainly pertains to electronic products, such as HV transmissions. We wish to refrain from mentioning specific customer names.

**Q7. The size of the increase in profits varies with each region. Is there any impact from one-off costs and company integration in North America and Europe, in particular?**

A7. Profitability is improving in North America as a result of our three core activities, but expenses are being incurred to cope with the shortage of containers. Our European operation is a trading company business, whose value added is not so significant by nature. The effect of structural reform has materialized in Japan first through the integration of AI/AW and research companies. There are overlapping functions, such as regional supervisory companies, also in North America, Europe, and China, and we plan to reorganize them through integration and consolidation, the effect of which will materialize from now on.

**SQ7. How do you evaluate the AI/AW integration from the perspective of corporate culture?**

SA7. There have been no major operational issues regarding basic business operations and systems. On the other hand, we have a lot to do from now on to create a corporate culture of collaborative challenges. We will implement personnel measures to leverage the unique

strengths of both organizations through frank discussions between them, particularly among the younger employees.

**Q8. What is your recognition of the shortage of semiconductors?**

A8. We have somehow managed the situation successfully thanks to the hard work of the procurement department and have been able to avoid any inconveniences to our customers. We will continue to closely monitor the situation as our financial results are susceptible to uncertainties in the operational situation of our customers, including the shortage of semiconductors and the coronavirus pandemic.

**Q9. What is the progress in profitability improvement for 8-speed ATs?**

A9. As we communicated previously, we have achieved similar profitability for 8-speed ATs as for 6-speed ATs. As we plan no major model changes in this term, we will continue to work to reduce costs as usual including HV on an ongoing basis.

**Q10. My understanding is that the initial plan assumed stronger results for 2H than for 1H, taking into consideration the recovery in production from alleviation of the shortage of semiconductors. Is it correct?**

A10. Our initial plan assumed equal results for both 1H and 2H or slightly stronger results in 2H. Judging from the actual results so far, we expect that higher profits are likely as there currently are no negative factors for 2H other than exogenous factors, such as semiconductors and the coronavirus.

**SQ10. How does the impact of aluminum so far compare with the initial plan?**

SA10. The impact of aluminum is largely in line with the plan. The effect of changes in price quotes will be absorbed eventually. On the other hand, prices for resins and steel have been rising more than we initially expected. We will closely monitor these prices.