

# Progress of the Medium-Term Plan and Initiatives to Enhance Corporate Value

**April 25, 2025**  
**AISIN CORPORATION**



**1. Progress of the Medium-Term Plan**

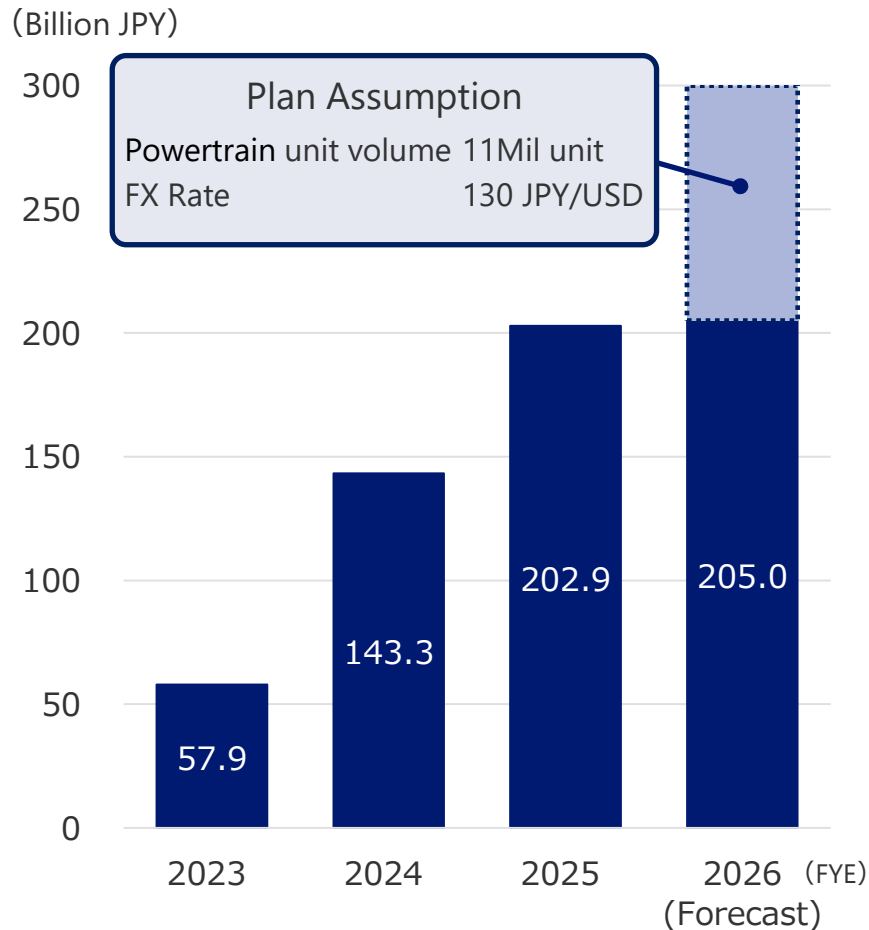
**2. Initiatives to Enhance Corporate Value**

**1**

# Medium-Term Plan Progress Summary

- FYE2026 target operating Profit 300Bil JPY revised to 205Bil JPY due to customer demand decrease and tariff impact
- Internal efforts have progressed beyond the initially expected level
- Strengthen investment to electrification, incorporation of intelligence, and human capital for medium/long-term growth

## Operating Profit Trend



## Transition / Progress from Initial Forecast

### External Environment

- Domestic OEM production volume decrease by certification fraud
- Major customer share decline at Chinese market
- Reciprocal tariffs of USA

### Accumulate Internal Effort

- Progress of the Corporate Structure Improvement • Structural Reforms (3year Cumulative approximately 200Bil JPY)

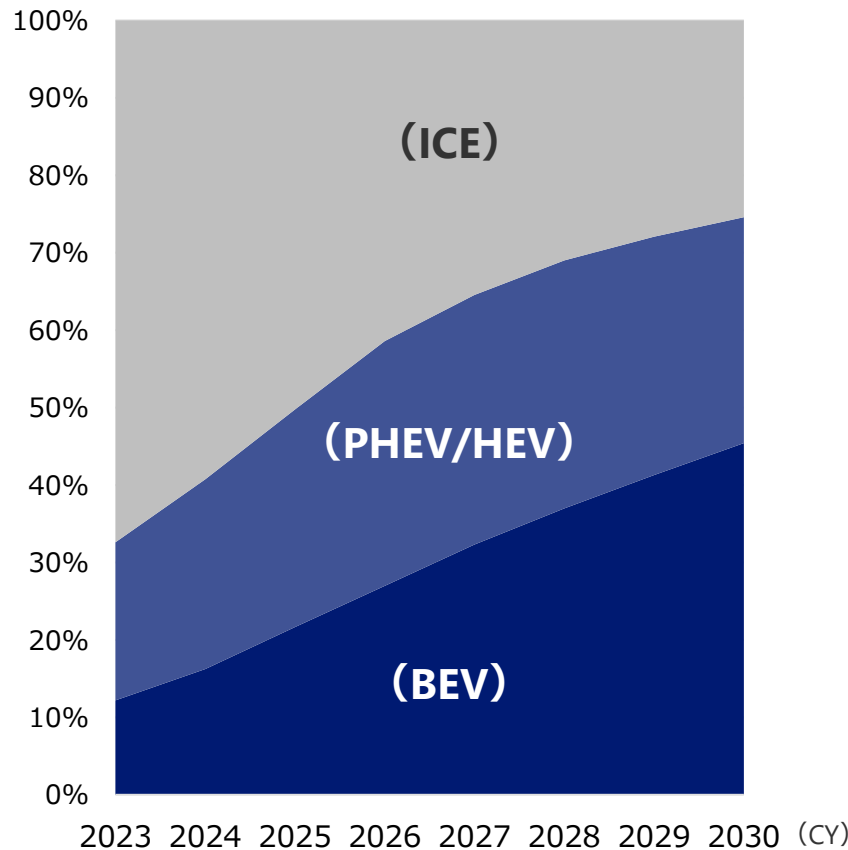
### Medium/Long-term Plan Foundation

- Generate capital by Balance Sheet Reformation (400Bil JPY)
- Medium/long-term growth by Restructure Business Portfolio
- Strategic and Human Capital Investment
- Strengthen shareholder returns by repurchase of treasury shares, etc.

# Shift at Automotive Market

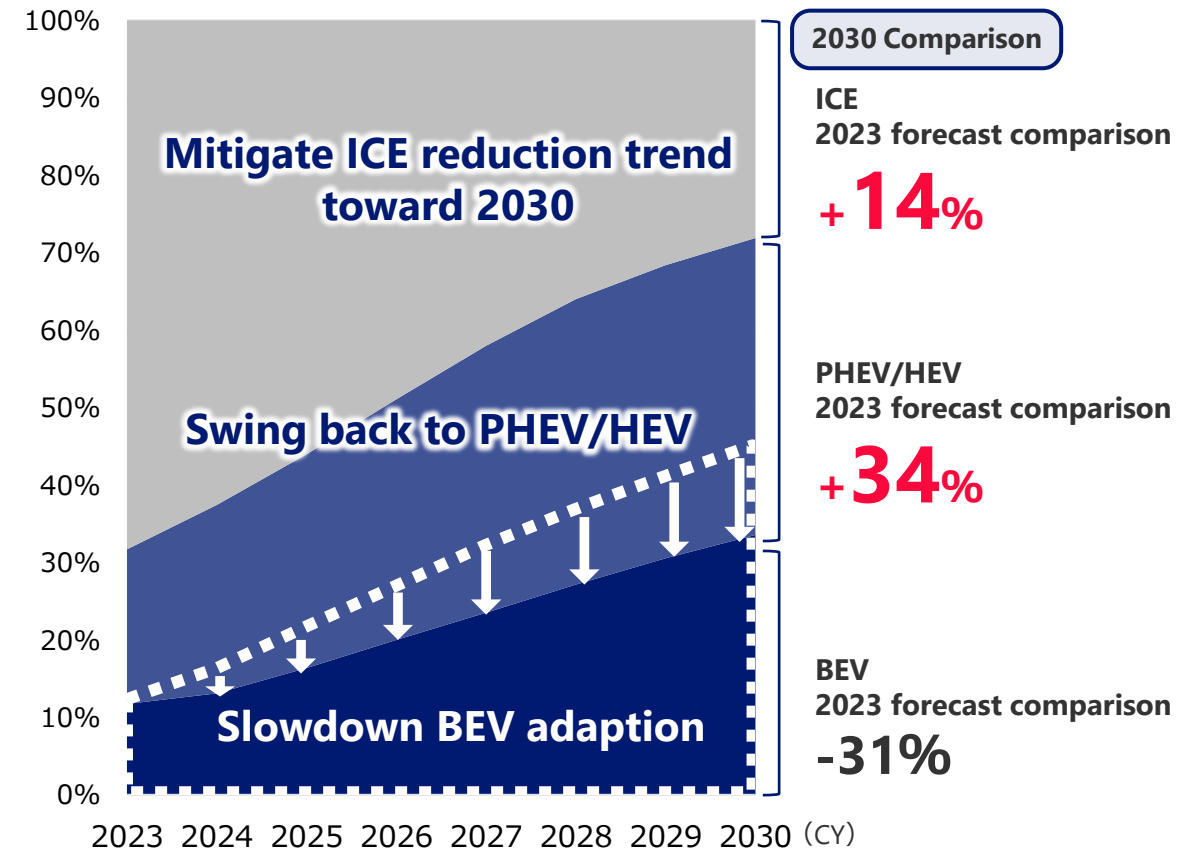
## 2023 Market Forecast ※Current Medium-Term Plan

### Extreme growth of BEV by 2030 at forecast on 2023



## Latest Market Forecast

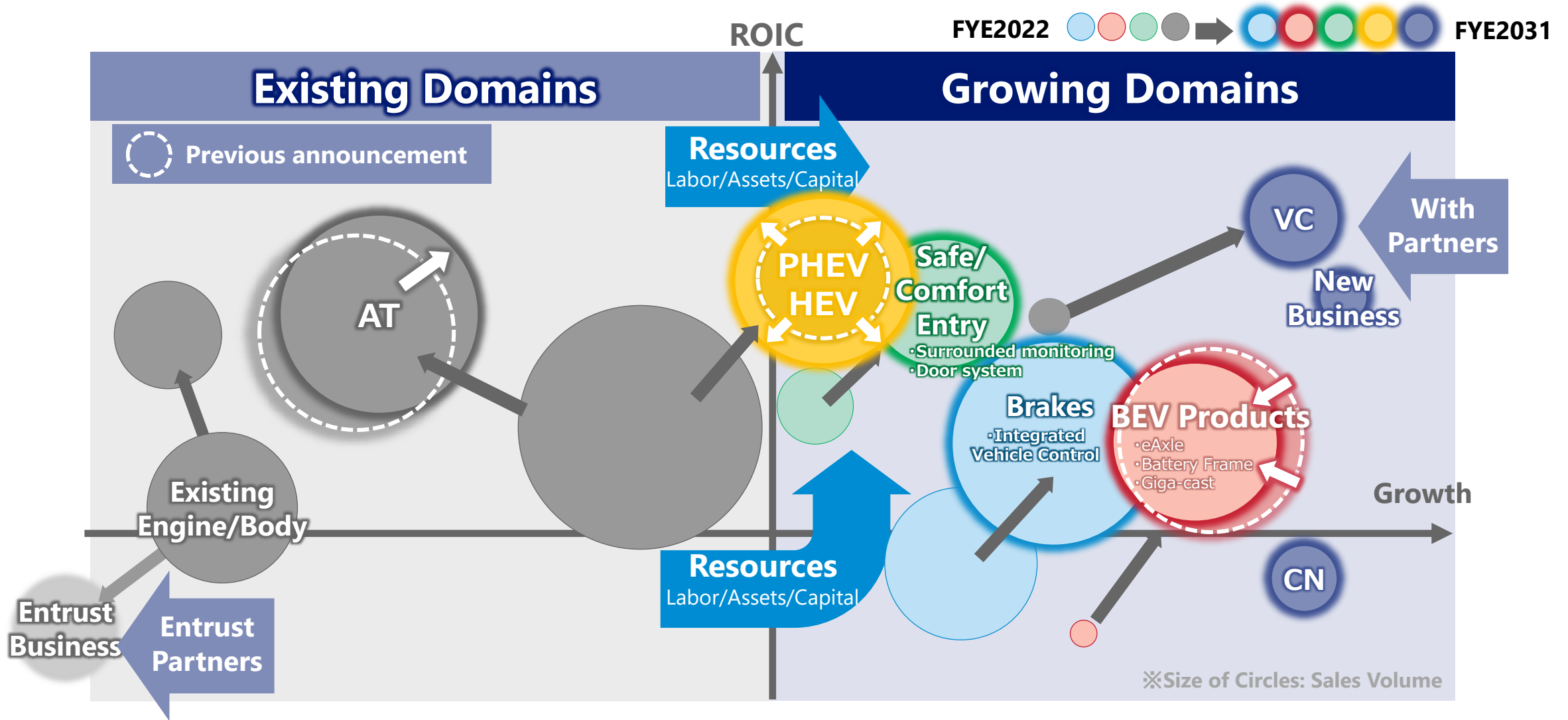
### BEV slowdown opportune ICE & PHEV/HEV growth



※AISIN calculated based on external data

**Full lineup strategy brought environment maximizes competitiveness of AISIN**

# Restructure Business Portfolio for FYE2031



**Accelerate Restructure Business Portfolio with a focus on expanding revenue from AT and PHEV/HEV**

(Reference Information)

# Progress of Business Portfolio Transformation

\*1 Market environment changes since Mid/Long-term Business Strategy  
\*2 Conduct vehicle test at Electrification and Intelligent Technology Test Drive Event

Business Domain	Market Environment*1	Progress in FYE2024 and FYE2025	Initiatives for FYE2026 (Plan)
PHEV HEV	↗	<ul style="list-style-type: none"><li>• Start to produce 2-motor / 1-motor HEV in North America</li><li>• Sales expand for Guangzhou Automobile Group, Mitsubishi, etc.</li><li>• Start PHEV vehicle tests of next generation product</li></ul>	<ul style="list-style-type: none"><li>• Mass production of sales expansion project</li><li>• Complete production preparation of HEV in North America for rump-up production</li><li>• Production preparation to meet future increase in hybrid demand</li></ul>
eAxle	↘	<ul style="list-style-type: none"><li>• Collaboration and sales expansion for SUBARU, BMW, SUZUKI, etc.</li><li>• Preparation for second-generation products</li></ul>	<ul style="list-style-type: none"><li>• Second-generation products into market, start sales expansion project</li><li>• Preparation for global production system</li></ul>
Battery Frames Giga-cast		<ul style="list-style-type: none"><li>• Battery frame order from multiple customers</li><li>• Progress of Giga-cast prototype</li></ul>	<ul style="list-style-type: none"><li>• New Rocker EA and Battery Heatsink into market</li><li>• Develop segmented aluminum body and initiate collaboration with OEM</li></ul>
Brakes	↗	<ul style="list-style-type: none"><li>• Sales expansion of main products, Cooperative Regenerative Brake System, etc.</li><li>• JV with Brakes India Private Limited. at growing market India</li></ul>	<ul style="list-style-type: none"><li>• Profitable 8<sup>th</sup> generation Cooperative Regenerative Brake System into market</li><li>• Develop integrated vehicle control systems that connect multiple products via software to improve fuel efficiency and driving performance*2</li></ul>
Safe/ Comfort entry	→	<ul style="list-style-type: none"><li>• Develop Entry system and safe/comfort products</li><li>• Commercialize child presence detection system</li></ul>	<ul style="list-style-type: none"><li>• Pursue convenience by system integration and sensing technologies (integrate auto drive and automatic parking, predictive boarding/alighting, etc.)</li></ul>
VC·CN New business	→	<ul style="list-style-type: none"><li>• VC : Promote M&amp;A and Alliances to expand globalize Aftermarket domain</li><li>• CN : Evaluate demonstration of Perovskite solar cells business (multiple experiments with external collaboration)</li></ul>	
Existing business	↗	<ul style="list-style-type: none"><li>• AT : Attain ICE demand in India, South America, etc., achieve high profitability by fully utilize existing plant and equipment</li></ul>	<ul style="list-style-type: none"><li>• Entrust business : promote transfer to partners (Seat Business, Shower-Toilet Business, Other projects ongoing)</li></ul>

# Trends and Competitive Environment Recognition of AT

## Trends in Major Countries and Regions

### Japan

- While HEV and electrification is progressing, certain level of demand on ICE is still expected

### North America

- Return to PHEV/HEV and **simultaneous return to ICE** in line with slowdown of BEV
- **Demand for large vehicles like pickup trucks with FR remains robust**

### China

- Continued drop in domestic ICE demand
- Meanwhile, exports of ICE vehicles produced in China continue to grow at a strong rate

### Emerging Countries and Regions

- **Expansion of ICE demand expected, especially in India and South America**

## Competitive Environment

### Other Company Trends

#### OEM

- Restrain new investment for emerging markets with increasing demand
- Need to attain AT for In-house HEV unit

#### Suppliers

- Competitors are hindered by recent investment at BEV and facing difficulties to maintain and expand competitiveness
- **Competition among limited suppliers in shrinking market**

### Position of AISIN

## Comprehensive supplier handling FF·FR·CVT

**AT Share  
Global Top**

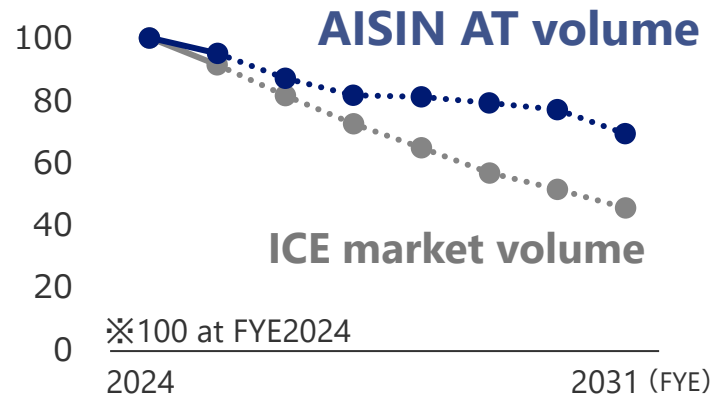
**High Cash Generating  
Capability by Utilize  
Existing Facilities**

**Leveraging advantage of global market-leading position to obtain expanding demand in emerging markets and new opportunity**

# Further AT Market Share Increase and Build Solid Profit Basis

## Market Share Increase

Slight decrease in comparison with market volume by attaining emerging markets demand, etc.

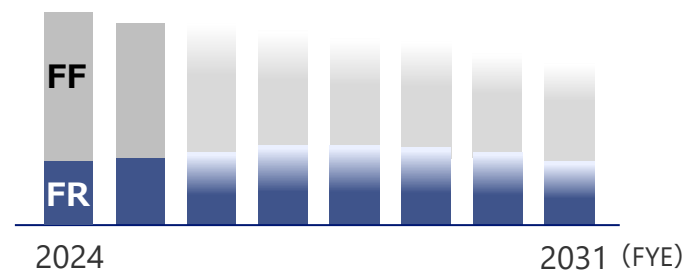


## Strengths of FR

Increase of current inquiry since FR supplier is limited

【Sales volume image】

Strength of AISIN, FR volume remain stable

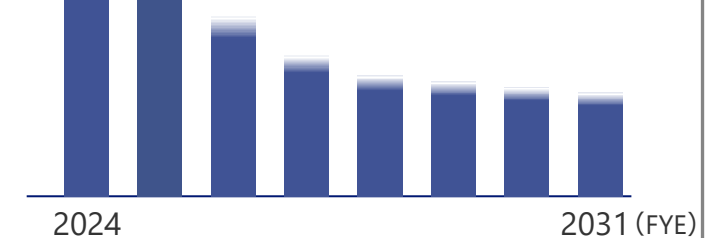


## High Profitability

Increase ROIC by FYE2031 with utilizing current equipment

【Image】

ROIC  
Decrease depreciation



## Target for FYE2031

**Operating profit of over 80Bil JPY**  
at AT (Continuously until FYE2031)

**ROIC 20%** level  
(at FYE2031)

**Achieve high profitability through residual benefits from increased market share and full utilization of existing plant and equipment**



# Trends and Competitive Environment Recognition of PHEV/HEV

## Trends in Major Countries and Regions

### Japan

PHEV → HEV ↑

- **Shift towards electrification with HEV** due to strong market demand

### North America

PHEV ↑ HEV ↑

- **Return to PHEV/HEV** due to ease on emissions and fuel efficiency regulations

### China

PHEV ↑ HEV →

- NEV promotion drives a surge in demand on PHEV while maintain BEV growth potential.
- Unprecedented intense price competition

### Others

(Europe, ASEAN, etc.)

- Shift to BEV at long trend in Europe while some HEV remain
- **Increase of HEV needs at ASEAN and South America**

## Competitive Environment

### Other Company Trends

#### OEM

- Concentrate resources to BEV, and **utilize outsources** for current increasing demand

#### Suppliers

- **Limited suppliers are capable to supply full lineup** PHEV/HEV unit

### Position of AISIN

Capable to address diverse PHEV/HEV needs at all ranges

**Product Development Capabilities to Achieve a Full Lineup**

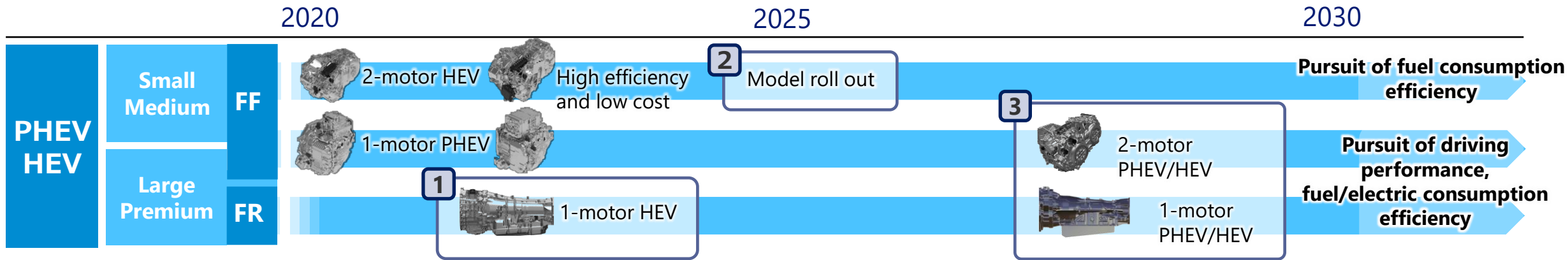
**Global Production Resources**

**AISIN is limited supplier, capable to respond to increased demand caused by swing back to PHEV/HEV**

# Strength of AISIN PHEV/HEV (Development Capability for Full Lineup)

## PHEV/HEV Lineup

Global PHEV/HEV supplier carry full lineup from small to large/premium models



## AISIN Development Capabilities

Develop and produce HEV/PHEV for various demands with utilizing technical expertise gained from more than 20 years of experience at HEV development

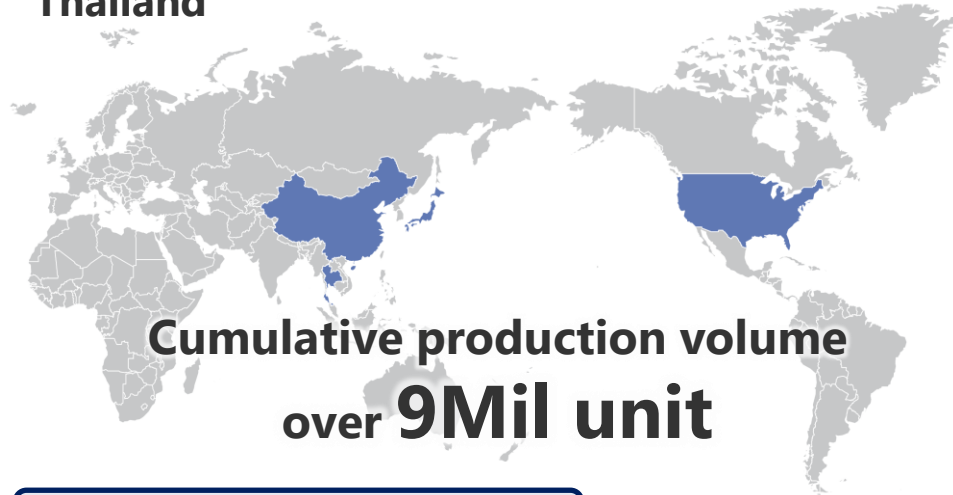
- 1** Supply **FR 1-motor HEV unit** from 2022  
(For large vehicles like pickup trucks and premium vehicles)
- 2** Develop models **comply with customer demands and market needs** on standard unit basis
- 3** **Develop Next generation PHEV** in further pursue driving performance, fuel/electric consumption efficiency

Obtain increasing demand for PHEV/HEV with wide variation of lineup

# Strength of AISIN PHEV/HEV (Global Production Resources)

## Global Production System

Production system in Japan, USA, China, and Thailand



### Expand Production System

- Start production in Thailand in FYE2025
- **Complete production preparation at North America in FYE2026 for increased HEV production**
- Production preparation for future demand increase

## High Efficiency · Flexible Production Line

Efficient production lines at minimum investment and flexible production

### Current Production Lines

#### 1-motor PHEV/HEV

- Add PHEV/HEV motor assembly process to current AT equipment
- Achieve high quality and efficiency with small investment

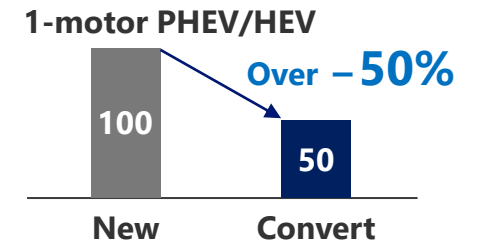
#### 2-motor PHEV/HEV

- **Operating mixed-model production line**

### Response to Increased Demand

- **Convert current equipment and minimize investment**
- Forecasting BEV demand increase in future, **implement BEV compatible equipment**

### Additional investment image



Global production system with efficient and flexible investment to meet future demand is our strength

# PHEV/HEV Sales Expansion Leads AISIN Growth

## Status of Sales Expansion · Inquiry

### Sales Expansion

#### Hybrid Unit Adopted for Mitsubishi's Xforce HEV

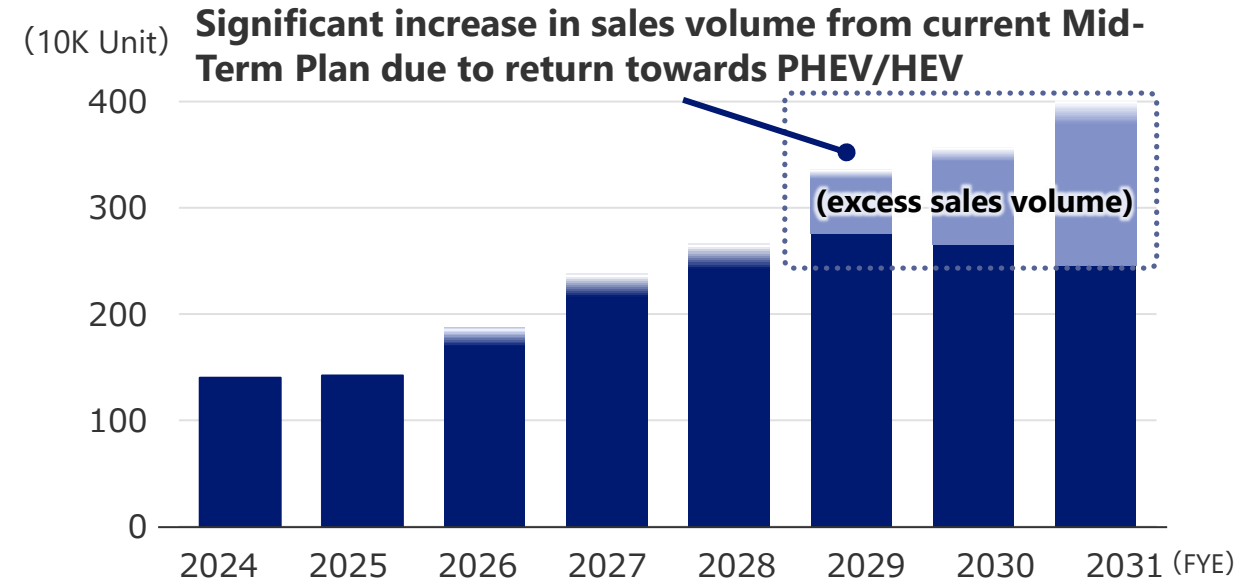
- First electric unit to be manufactured by AISIN in the ASEAN region (Thailand production)

#### Start PHEV unit contract production for Guangzhou Automobile Group

### Order · Inquiry Status

- Launch sales expansion project in North American market within FYE2026
- Inquiries thrive with current PHEV/HEV increasing demand

## Sales Volume Trend (Forecast)



## Target for FYE2031

**Operating profit of over 80Bil JPY**  
at PHEV/HEV

**ROIC over 15%**

**Dramatic expand of sales volume to FYE2031 based on current increase of inquiry  
(triple in comparison with FYE2025)**

# Progress of the 2025 Mid-term Plan (Generate Capital by Balance Sheet Reformation)

## Business Assets

**Business Asset Reduction**  
( 99.2BJPY\*<sup>1</sup> in funds generated )

Compress over **100BJPY**

Transfer “entrust” business and depreciate existing business assets

### Entrust Partners

- Seat Business
- Shower Toilet Business
- Dissolution of capital relationship with EXEDY
- Other Projects (Ongoing)

### Accelerate Reduction of Inefficient assets

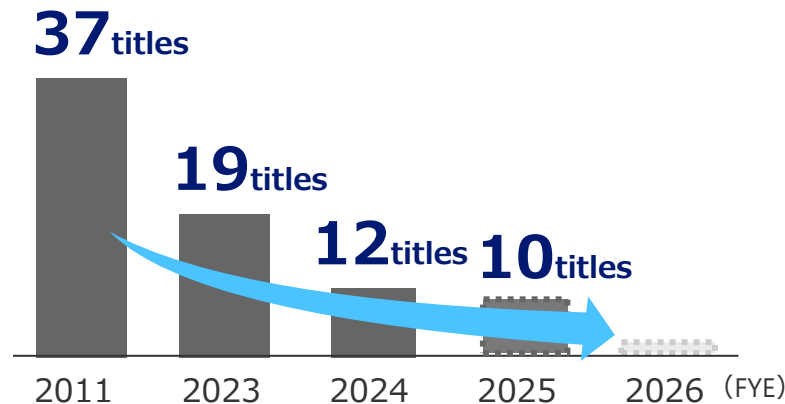
- Structural change on surplus assets
- Marge Production companies (Ongoing)

## Cross-Shareholdings

**Execution of Sale of Cross-Shareholdings**  
( 115.5BJPY\*<sup>1</sup> in funds generated )

Sell over **100BJPY**

Aim for zero



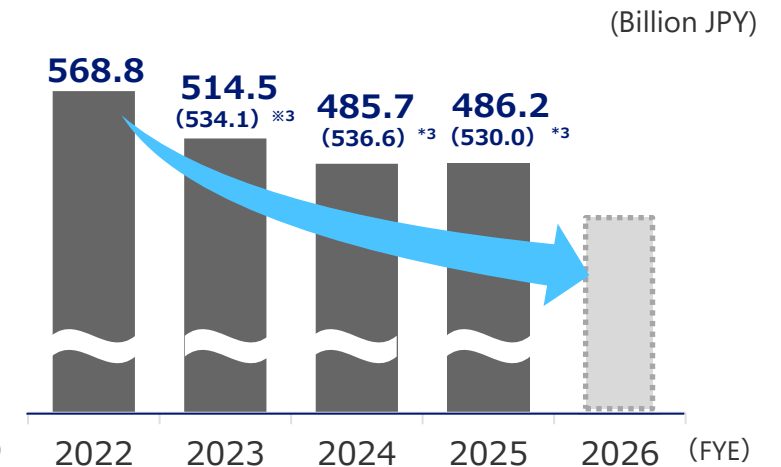
\*<sup>1</sup> Cumulative total from FYE2024 to FYE2025

## Global Inventories

**Global Inventory Reduction**  
(82.6BJPY in funds generated compared to FYE2022 \*<sup>2</sup>)

Compress over **100BJPY**

Compress to Pre-COVID19 Level By FYE2026



\*<sup>2</sup> Assuming FYE2022 exchange rate

\*<sup>3</sup> ( ) Assuming actual exchange rate

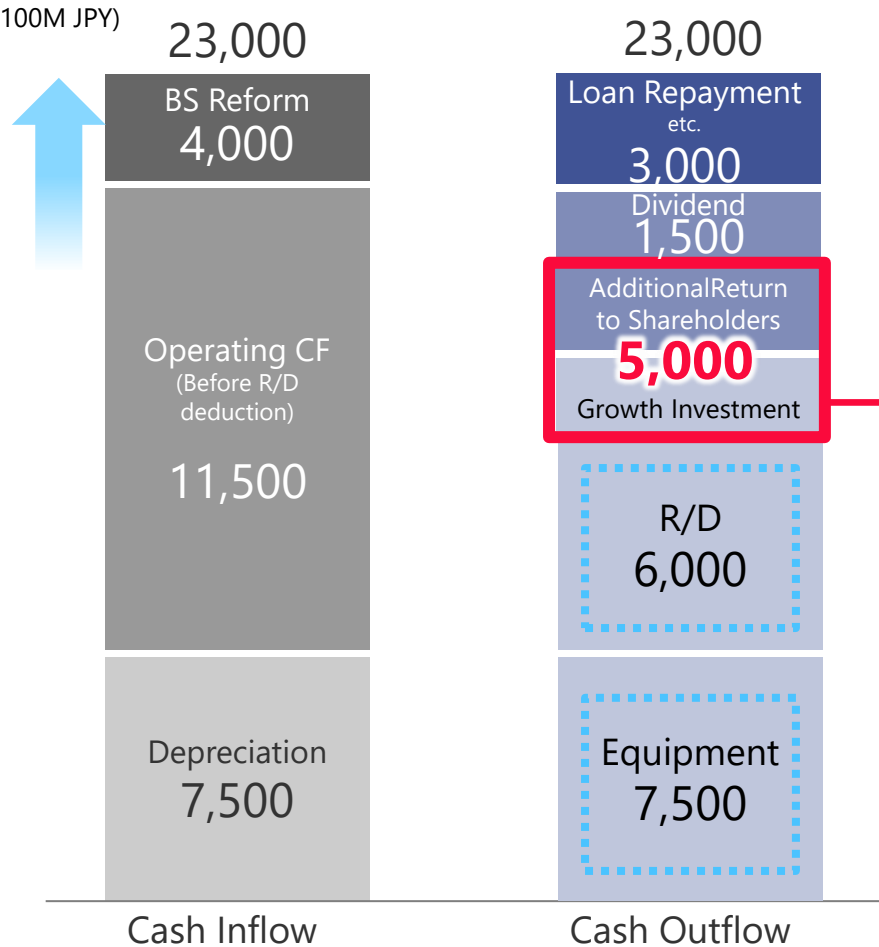
**Promote Reform 400BJPY, which is 10% of Total Assets, by FYE2026**

# Capital Allocation for FYE2026

※Announced September 2023

FYE2024~FYE2026 Prediction (3year cumulative)

(100M JPY)



## ● Financial Health

Control balance on financial health and investment efficiency (Capitalization ratio 25%~30%)

## ● Return to shareholders

Stable dividend (payout ratio about 30%)

## ● Additional return to shareholders

For more business value and investment efficiency, **enhance proactive acquisition of own stock, increase dividend, etc.**

## ● Growth Investment

Strategical investment to growing domains to expand business portfolio (**M&A, Alliance, etc.**)

## ● R/D

Shift resource to growing domains and increase development efficiency  
(**Growing domain ratio over 75% by 2025, over 80% by 2030**)

## ● Equipment

Control depreciation with discipline  
(**Growing domain ratio over 65% by 2025, over 75% by 2030**)

# Utilize Generated Cash for Growth Investment and Shareholder Returns

# Direction for Growth Investment and Additional return to shareholders

## Growth Investment

Maximize Business Portfolio and Profitability

Assess investment with external environment changes

### Investment Strategy Breakthrough Conventional Approach

Outgrow from in-house

Asset-light

### Additional Investment to Strengthen Competitiveness

Powertrain full lineup

Accelerate share-up strategy

### Investment to Create New Business

Leverage strengths

Solve social issues

### Business Infrastructure Innovation

### Human Capital Investment

Strengthen Management Basis

Investment scale\*1

Over  
**300Bil  
JPY**

- Enhance resources on **electrification and Intelligence** domains
- **Business expansion at growing market of India**
- Investment for aftermarket strategy
- Investment to AT and Aluminum Raw Materials for **share-up**
- Investment to powertrain unit R&D for BEV/PHEV
- Energy management, Hydrogen, **Perovskite solar cells**
- Accelerate and enhance CVC investment
- **Transforming the factory landscape to achieve labor-saving**
- Strategically utilize **Generative AI**
- Resources shift and reskill to priority domains
- Establish work environment that enhances **productivity** and **job satisfaction**

## Additional return to shareholders

Appropriate Shareholder Returns

Flexible Repurchase of Treasury Shares and Dividend Increases

Total\*2  
Over **200Bil  
JPY**(Plan)

- **120Bil JPY, Increase in dividend per share by 5 yen in FYE2026**
- We will continue to strengthen shareholder returns, including flexible share repurchases

\*1 Include beyond FYE2026 \*2 Include 83.9 Bil JPY in FYE2025

Focus on growth investment for sustainable growth and balancing shareholder returns

- 1. Progress of the Medium-Term Plan**
- 2. Initiatives to Enhance Corporate Value**

**2**



# New Materiality and Paths toward Realization

## Three Priority Issues



## Paths toward Realization

- Reducing environmental impact across the value chain
- Providing solutions for a clean energy society
- Creating life-enriching value through mobility
- Instilling a corporate culture that embraces challenge
- Respecting diversity and growing together

## Target for FYE2031

Revenue

**5.5-6.0**  
trillion yen

Operating Profit

**Over 8 %**

ROIC

**Over 13 %**

## Achieving Further Growth

**FYE2036  
Long-Term  
Vision**  
(Under consideration)

## Laying a solid management foundation

(safety, quality, compliance, human rights, environment, risk management, governance)

**Strengthen value creation with new Materiality. Achieve results and Envision Future**

# Governance Reform (New Independent Outside Directors)

## New Board of Directors · Skill Matrix

※Director candidates following the 102nd Ordinary General Meeting of Shareholders in June 2025

○ =Outside    I =Independent    F =Female

	Corporate Management	Global Business	Sustainability	Environment/ Carbon Neutrality	Human Capital Strategy	Governance/ Compliance/ Risk Management	Manufacturing (Technology, Production, Quality)	Value Chain (Sales/Procurement)	Finance/ Accounting
Moritaka Yoshida	●	●					●		
Shintaro Ito	●	●	●		●	●			●
Yoshihisa Yamamoto	●	●		●			●		
Masahiro Nishikawa	●	●		●			●		
Koji Kobayashi	●					●		●	●
Tsuguhiko Hoshino	○ I	●				●			●
Yasuhito Hirota	○ I	●	●		●	●			
Keiko Tatsuwaki	○ I F	●	●	●		●			

## New Director Candidates



Yasuhito Hirota

**Major career experience**  
**Chairman and CEO, ASICS Corporation**  
**(Current position)**

He has many years of management experience at Mitsubishi Corporation and ASICS Corporation, and throughout his career he has developed **a high level of expertise, particularly in the area of business strategy.**



Keiko Tatsuwaki

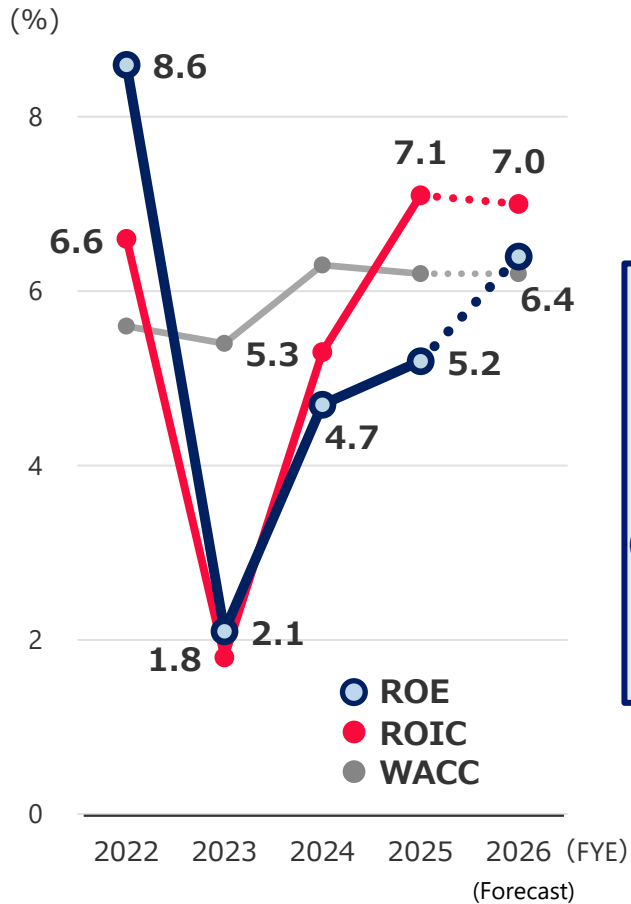
**Major career experience**  
**President, Deloitte Tohmatsu Sustainability Co., Ltd.**

After working at Recruit Co., Ltd., she worked for many years at Deloitte Tohmatsu as a consultant on governance-related issues such as ESG, CSR, and internal control. Throughout her career, she has gained **a high level of expertise especially in governance, risk management and sustainability.**

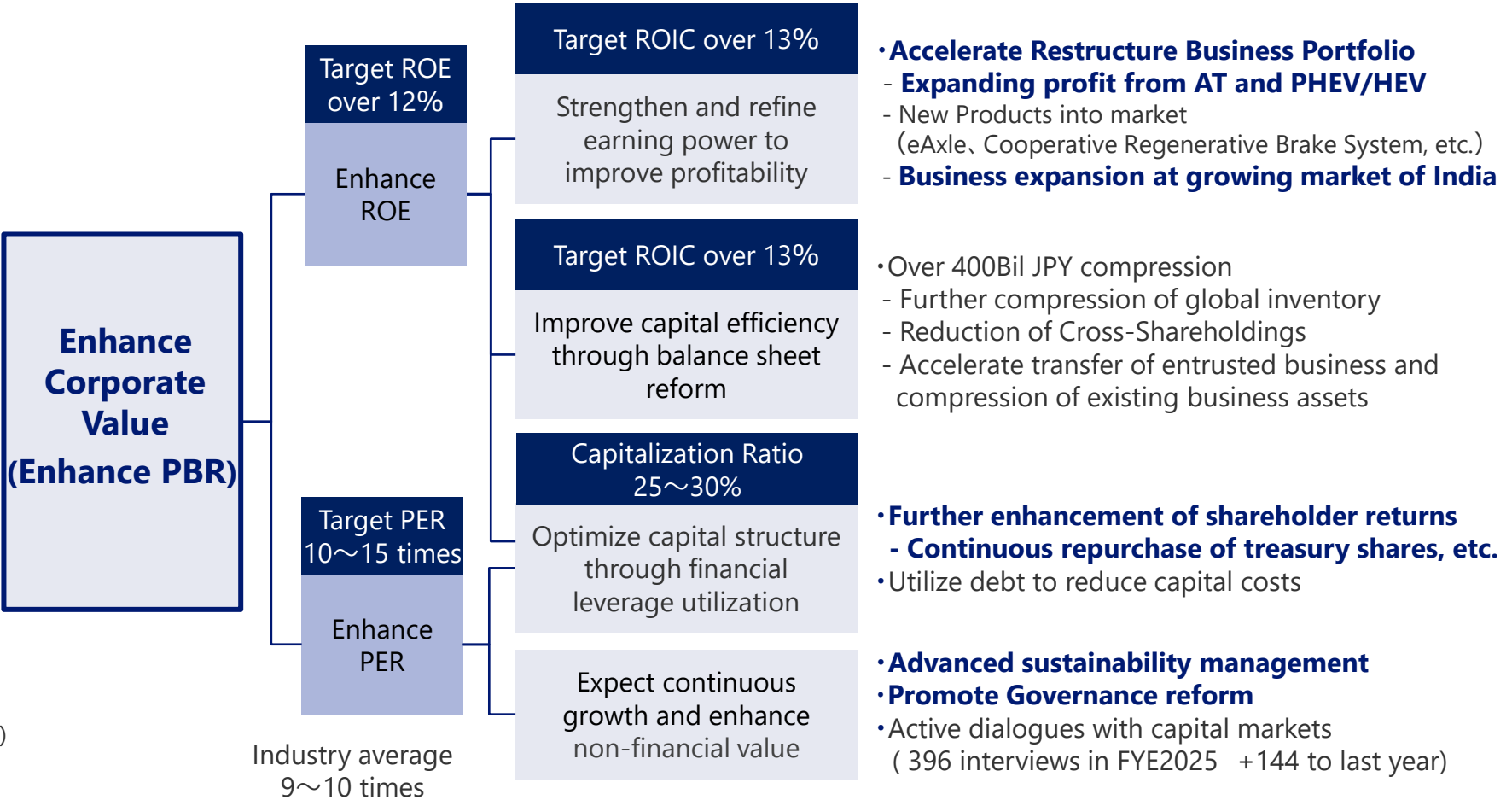
**Appoint several highly specialized external directors and advance decision making**

# Enhance Corporate Value

## ROE/ROIC Trends



## Enhancement of Corporate Value



**Aim over 1.0 PBR at an early stage through ROE/PER improvement**



### **【Note on future predictions】**

Excluding matters related to past and current facts, the business results forecasts and forward-looking estimates, strategies and targets disclosed by the Company are estimates regarding the future. These estimates are formulated from plans, expectations and judgments made based on information that the Company can obtain at the present time, and certain assumptions deemed reasonable. Accordingly, actual results may vary from the disclosed business results forecasts, etc., due to variable factors with uncertainties, including the economic situation.

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