

# Supplementary Materials for the First Three Quarters of the Year Ending March 2022

February 14, 2022



# Key Points of the Financial Results for the First Three Quarters of FY2021

(Million yen)

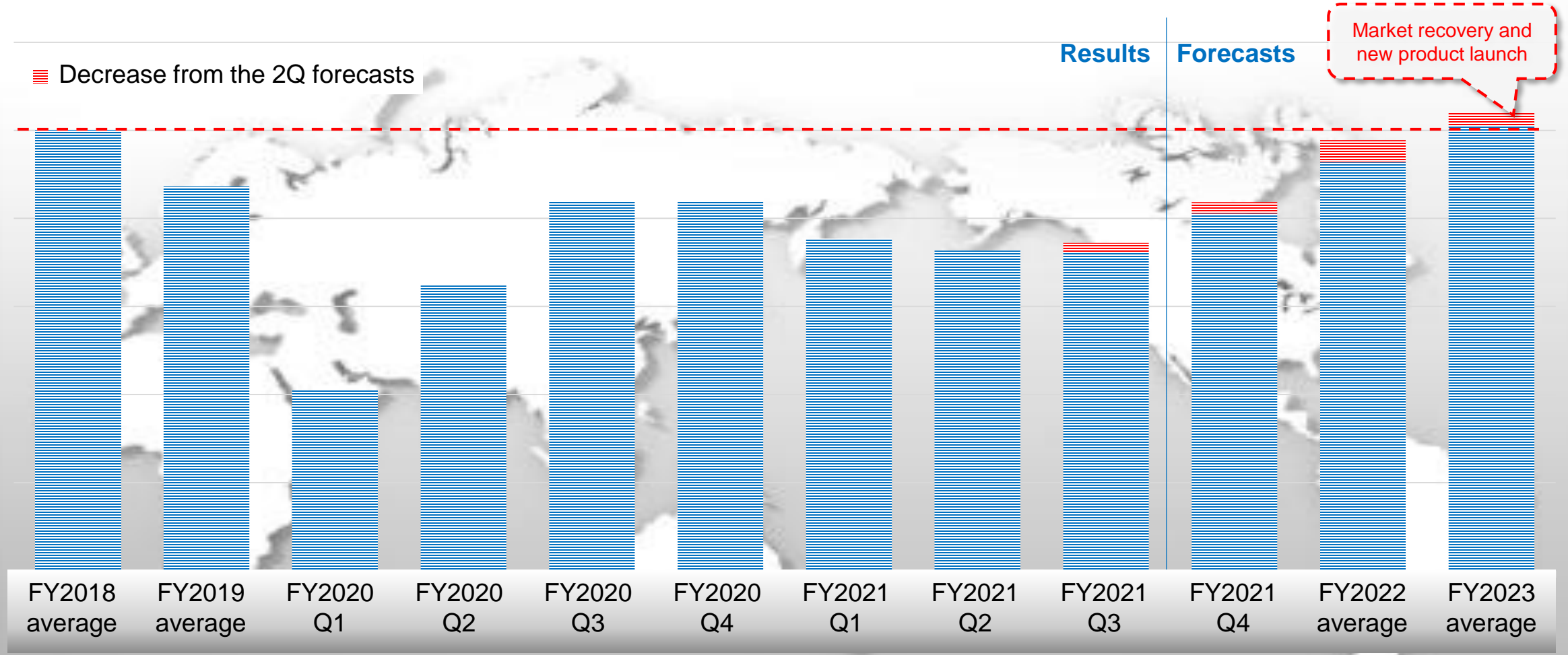
	Year ended March 2021 1st half	Year ended March 2021 2nd half	Year ending March 2022 1st half	Year ending March 2022 3Q (quarterly)	Year ending March 2022 First three quarters
Net sales	36,836	56,137	54,647	29,064	<b>83,711</b>
Operating income	(3,802)	1,248	(1,943)	(778)	<b>(2,721)</b>
Recurring income	(3,150)	1,056	(1,680)	(687)	<b>(2,367)</b>
Net income	(3,978)	1,135	(1,780)	(5,037)	<b>(6,817)</b>
Sales weight (In comparison with FY2018 as 100)	53	84	74	72	<b>73</b>

## <First three quarters>

- Net sales: Increased 30% year on year to ¥83.7 billion. But in terms of sales weight, the increase was 16% year on year due to the impact of the rise in aluminum prices and appreciation of the yen.
- Operating/Recurring income: Despite the effect of the efforts to improve productivity, losses were recorded due to increases in procurement cost resulting from the soaring aluminum market and in utilities expenses. Net income:
- Net loss of ¥6.8 billion mainly due impairment loss recorded for a US plant in 3Q.  
(Gain on sales of cross-held shares in February 2022 of ¥2.0 billion will be recorded in 4Q, with net loss of ¥4.5 billion expected for the full year.)

# Global Sales in Weight

- Although recovery is likely to be slower than the forecast in 2Q, the impact of shortage of parts supply will be eased and sales weight is expected to increase along with market recovery and new product launch.



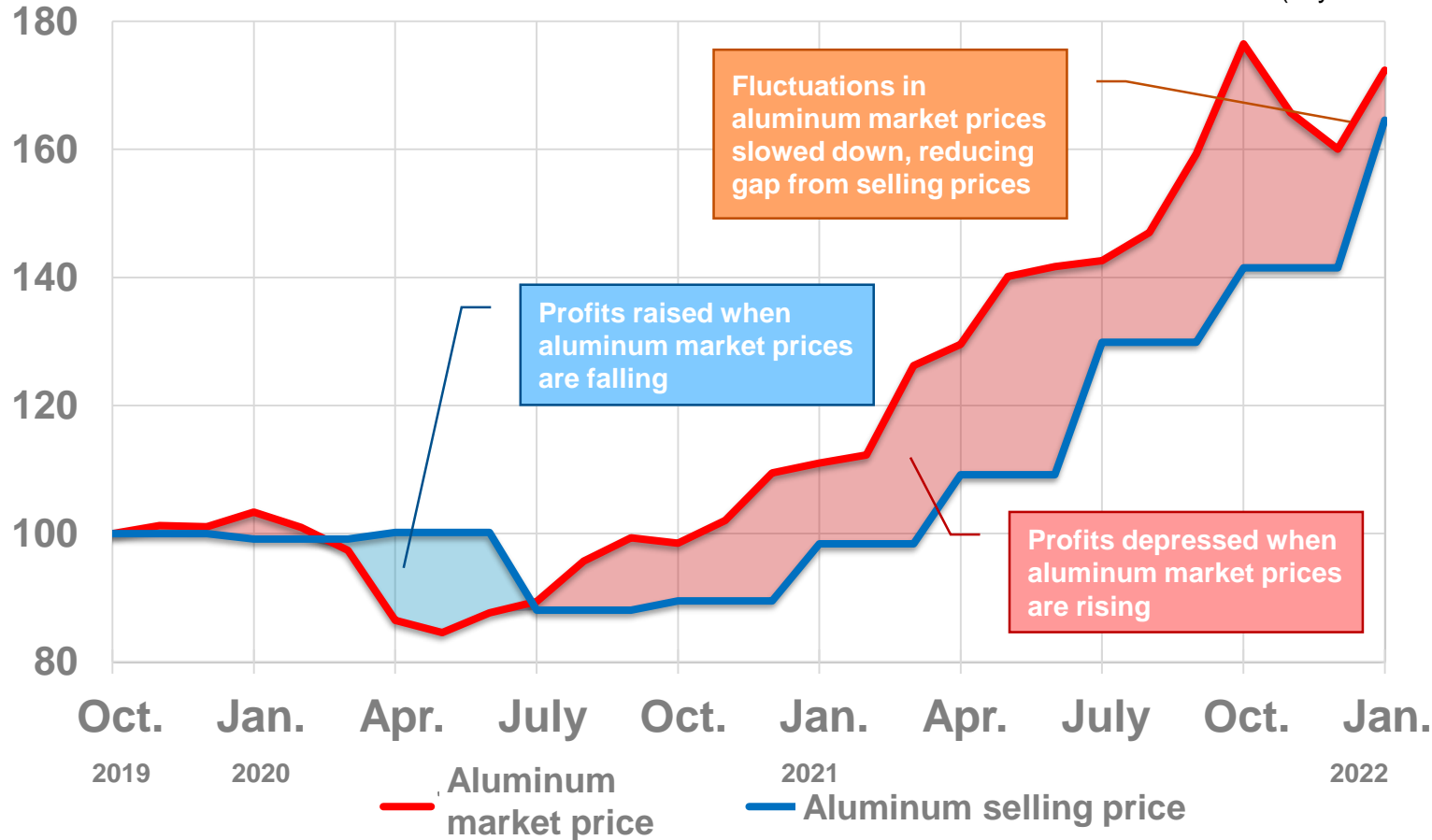
\* Changes in percentage of sales weight compared to the average level of FY2018

# Aluminum Prices

## Changes in aluminum market prices and selling prices from October 2019

Aluminum market trends

\* Calculated in comparison with the aluminum market prices in October 2019 as 100 (in yen terms based on monthly exchange rate)



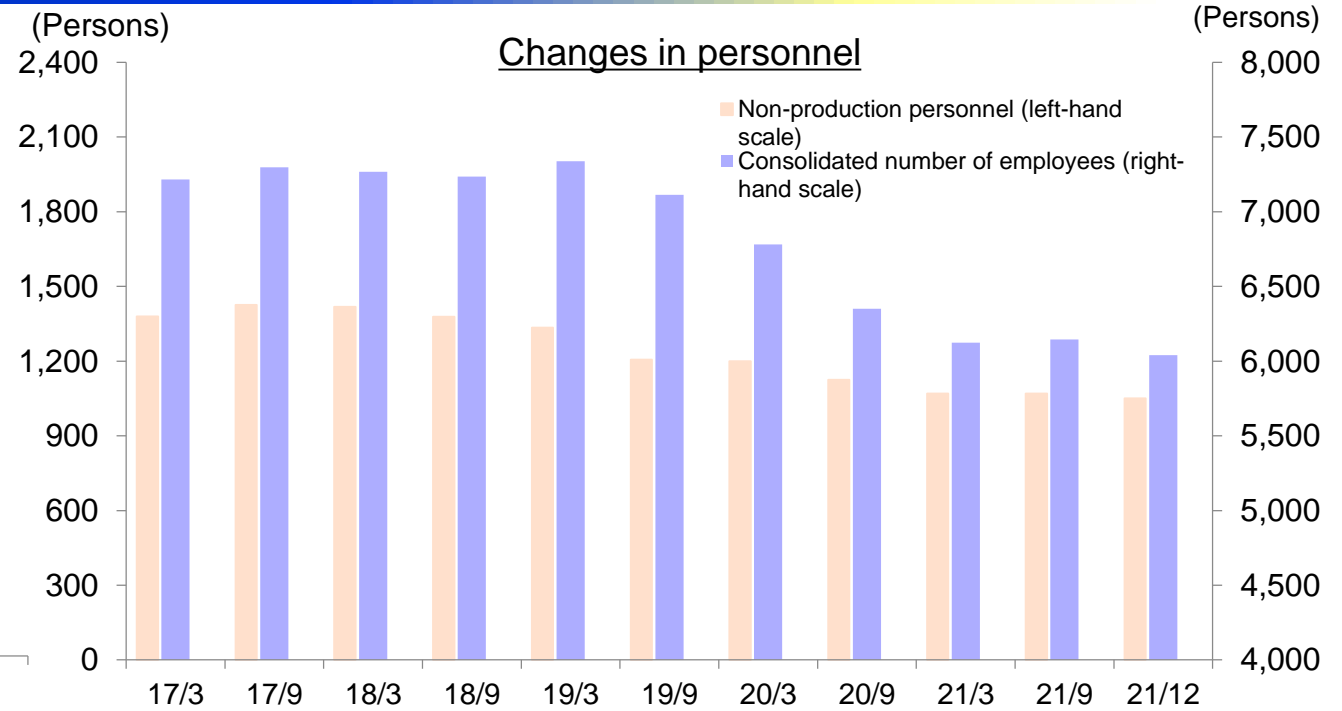
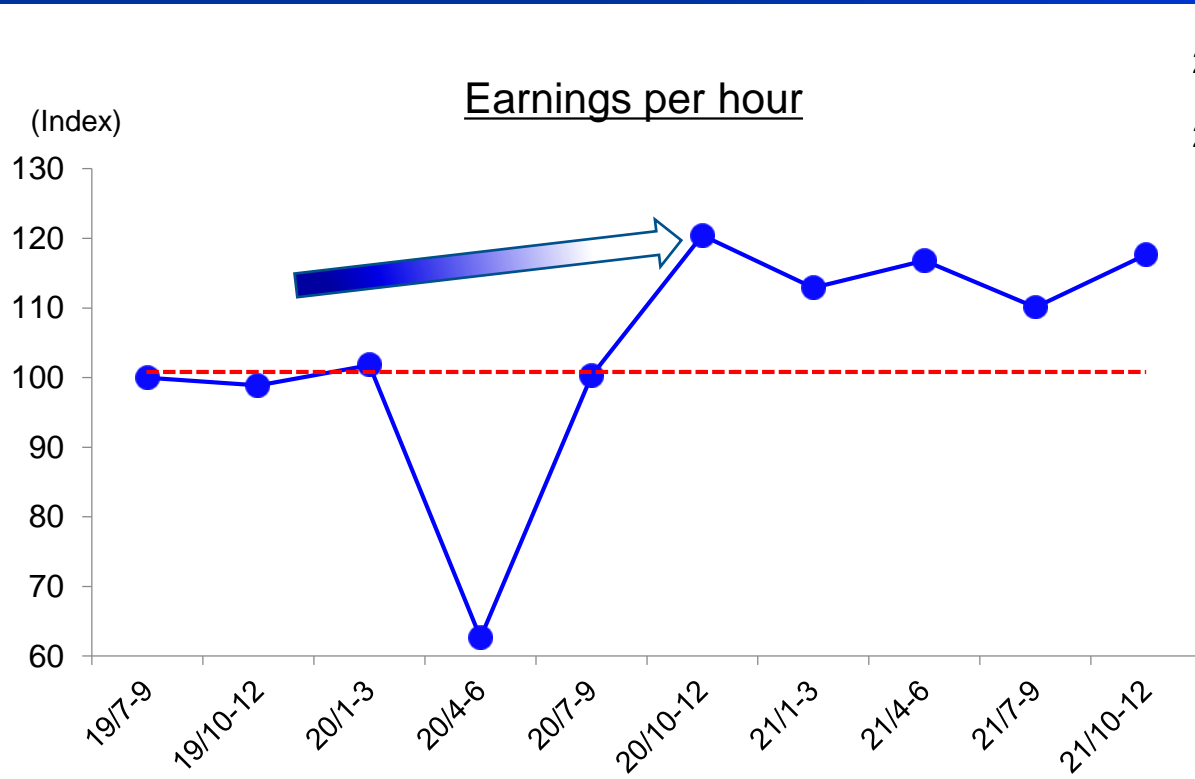
### Effect of fluctuations in aluminum market prices

Aluminum market prices, which soared until last October, once dropped but rose again from January.

In 4Q, aluminum selling prices will catch up with the market prices after about a 3-month time lag, and therefore the impact of the difference is expected to be eased.

\* Recent trend in aluminum market prices  
From mid-October 2021 to mid-February 2022, they fluctuated within a \$2,500 - \$3,200 range.

# Status of Promoting Leaner Production Systems



3Q of FY2021 maintained the recovery trend by responding appropriately to the decrease in orders.

- Respond to future increase in production volume by efficient allocation of personnel
- Overall, continued to improve efficiency by streamlining production lines and revising work processes
- Consolidated number of employees: Decreased by 1,297 people (March 31, 2019 ⇒ December 31, 2021)

\* Earnings per hour = Net sales less direct costs (raw material costs, etc.) / Total hours worked by production personnel at plants

# Die Casting Business

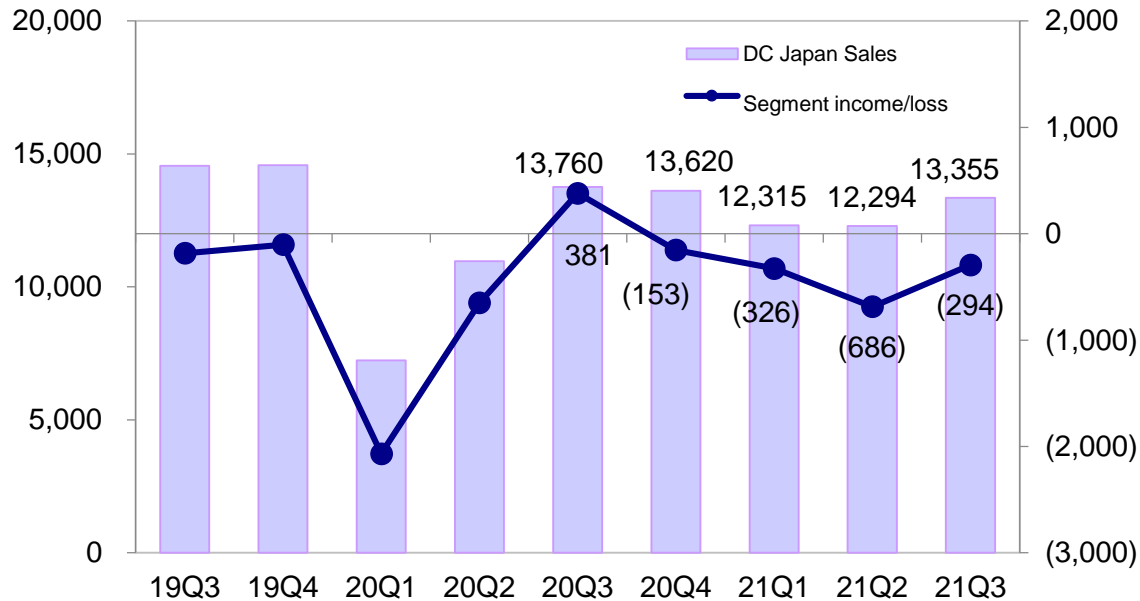
(Million yen)

		Year ended March 2021 1st half	Year ended March 2021 2nd half	Year ending March 2022 1st half	Year ending March 2022 3Q (quarterly)	Year ending March 2022 First three quarters
<b>Japan</b>	<b>Net sales</b>	18,204	27,380	24,609	13,355	<b>37,964</b>
	<b>Segment income/loss</b>	(2,719)	228	(1,012)	(294)	<b>(1,306)</b>
<b>North America</b>	<b>Net sales</b>	8,610	13,018	14,190	6,623	<b>20,813</b>
	<b>Segment income/loss</b>	(323)	417	(553)	(495)	<b>(1,048)</b>
<b>Asia</b>	<b>Net sales</b>	7,603	12,328	11,726	6,548	<b>18,274</b>
	<b>Segment income/loss</b>	(959)	361	(643)	(122)	<b>(765)</b>

\* The Mexico Plant in the North America segment and two plants in China in the Asia segment settle their accounts in December.

# Die Casting in Japan

Changes in sales and segment income in Die Casting Business in Japan (Million yen)



<3Q>

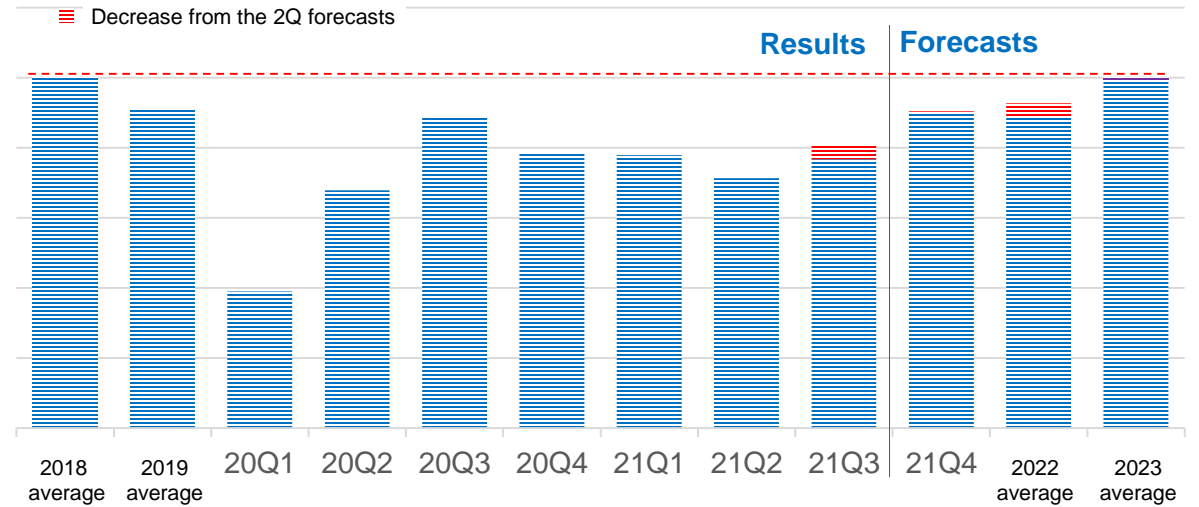
- In 3Q of FY2021, sales weight increased from 2Q.
- Income improved from 2Q due mainly to sales volume despite an increase in production cost due to the impact of aluminum price and energy costs.

<First three quarters>

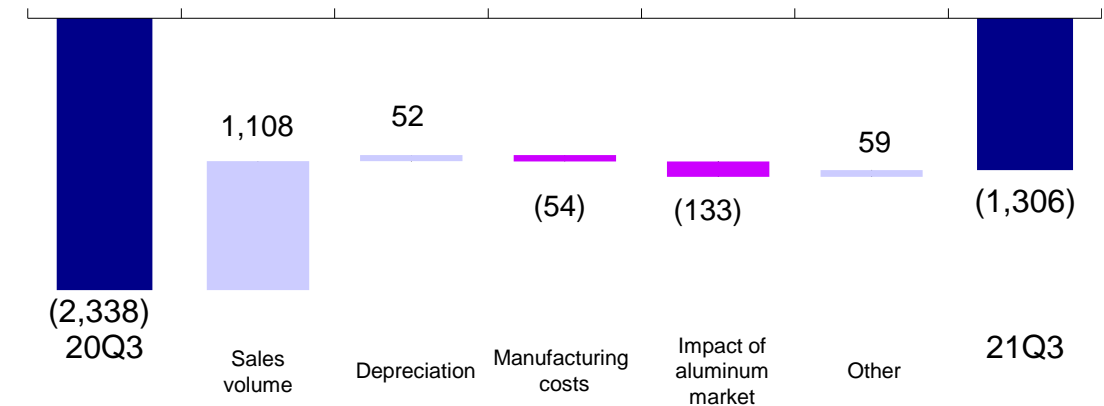
- Sales: Increased ¥6,000 million (up 18.8% year on year), though sales volume increased 15%
- Income: Improved by ¥1,030 million year on year. Revenue increased along with the increase in sales volume, and the cost increase due to the impact of the increase in energy expenses was minimized by improvement in productivity.

Changes in sales weight

\* Changes in percentage of sales weight compared to the average level of FY2018

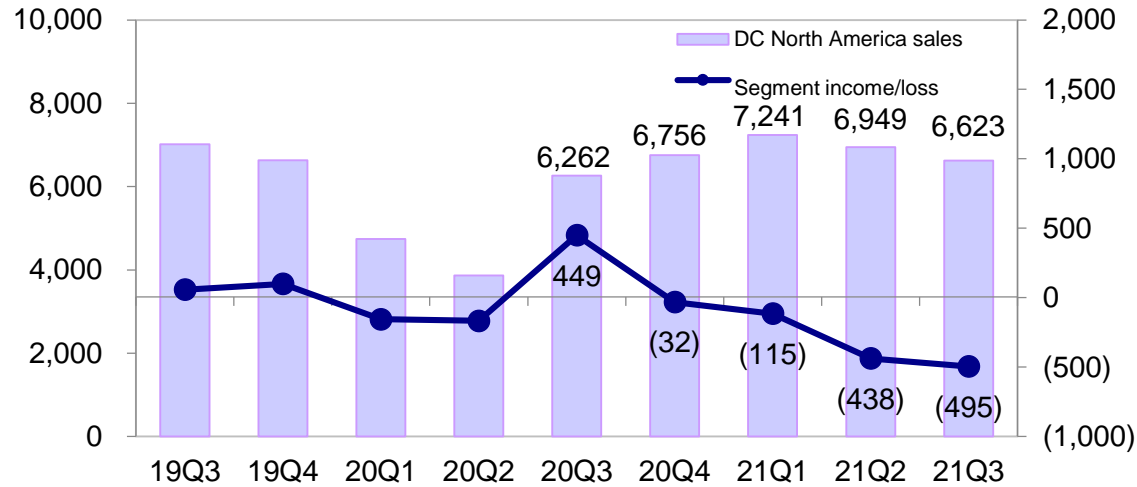


Factors behind change in segment income (Million yen)



# Die Casting in North America

Changes in sales and segment income in Die Casting Business in North America  
(Million yen)



<3Q>

- Sales weight for 3Q declined from 2Q due mainly to the impact of production adjustments by customers resulting from the shortage of semiconductors and other auto parts. Revenue worsened from 2Q along with the decrease in sales weight and the impact of aluminum prices.
- 4Q expects a decrease from the previous forecast due to a production decrease at major customers.

<First three quarters>

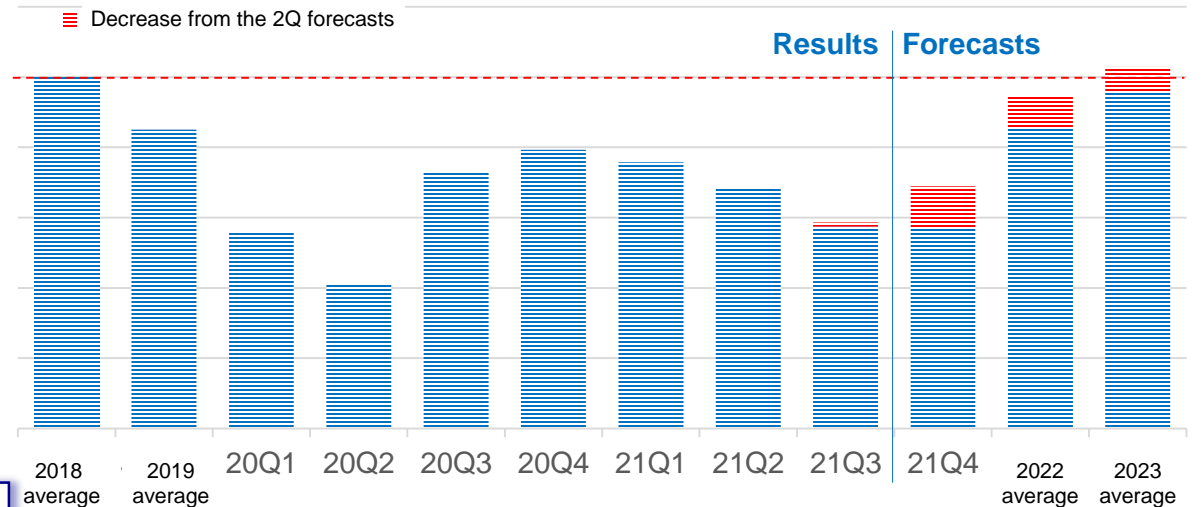
- Sales: Increased ¥5,940 million (up 39.9% year on year)
- Income: Worsened by ¥1,170 million year on year, of which ¥550 million is attributable to a special factor resulting from extraordinary losses transferred due to the impact of COVID-19. Aluminum cost affected income.
- Recorded impairment losses for a US plant suffering from worsening performance to fundamentally improve revenues.

Fiscal year end: March in U.S.; December in Mexico

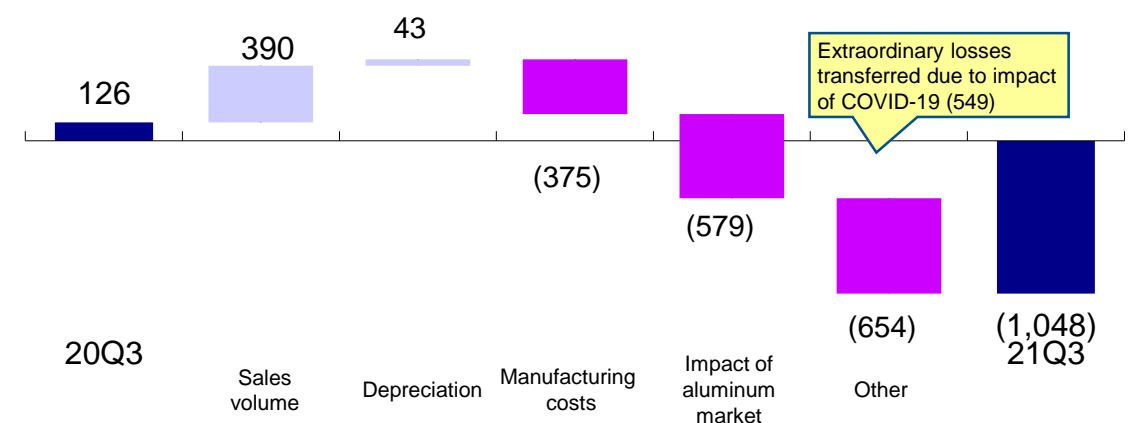
Exchange rate (20Q3 ⇒ 21Q3): U.S. dollar: ¥105.88 ⇒ 111.40; Mexican peso: ¥107.49 ⇒ 108.57

Changes in sales weight

\* Changes in percentage of sales weight compared to the average level of FY2018



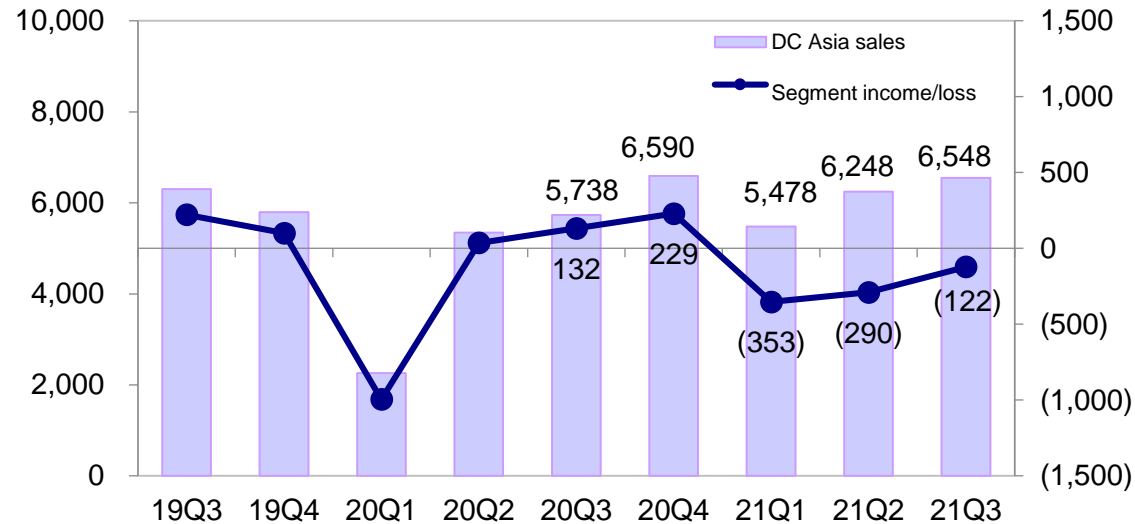
Factors behind change in segment income (Million yen)





# Die Casting in Asia

Changes in sales and segment income in Die Casting Business in Asia (Million yen)



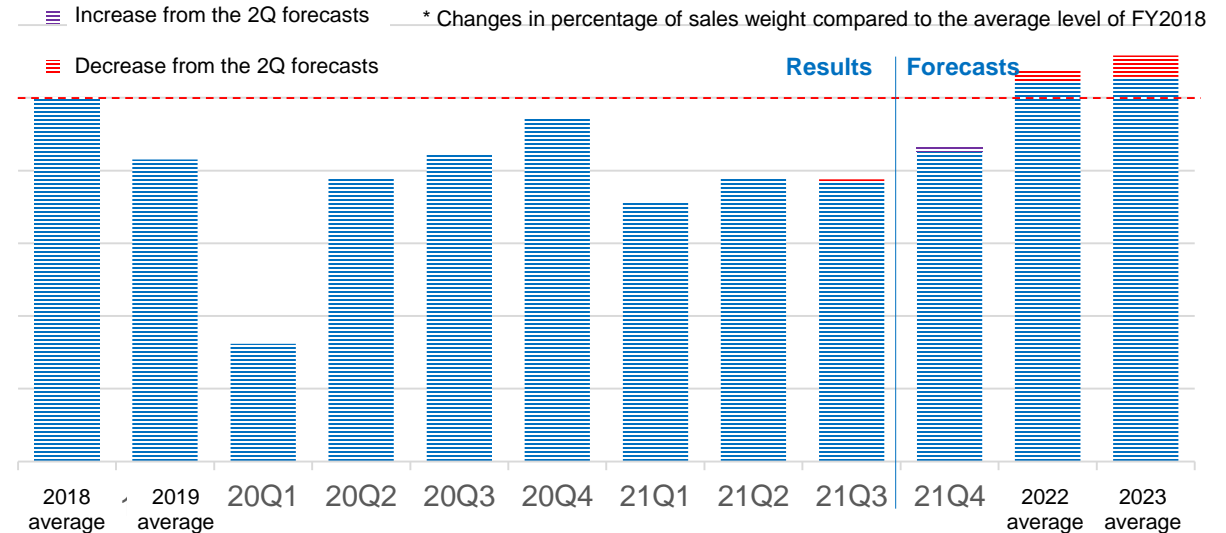
<3Q>

- Sales weight for 3Q was about the same level as that of 2Q.
- Operating loss decreased from 2Q, although the impact of aluminum market remained.

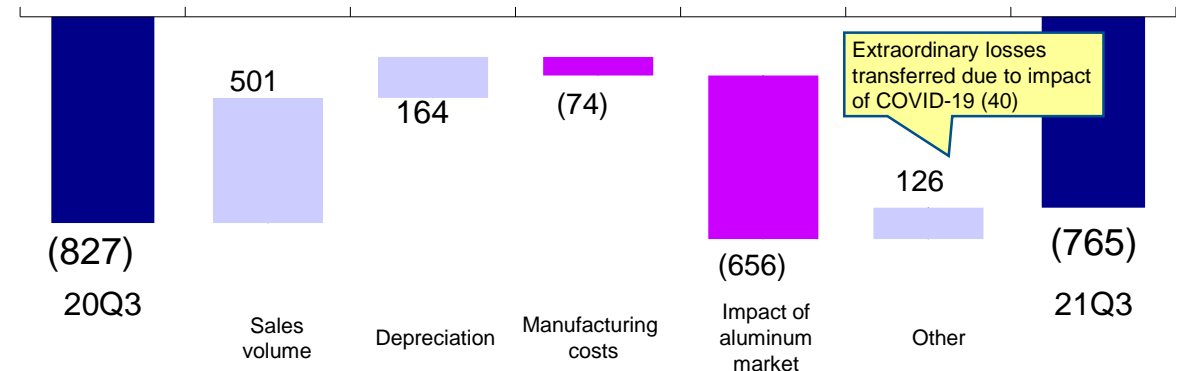
<First three quarters>

- Sales: Increased ¥4,930 million (up 37.0% year on year)
- Income: About the same level as the previous year. Significantly affected by an increase in procurement costs due to soaring aluminum prices. Slow recovery in sales weight is another factor.

Changes in sales weight



Factors behind change in segment income (Million yen)



Fiscal year end: December in China; March in India

Exchange rate (20Q3 ⇒ 21Q3): Chinese yuan: ¥ 15.34 ⇒ 16.77; Indian rupee: ₹ 1.42 ⇒ 1.51

# Aluminum Business and Proprietary Products Business

(Million yen)

		Year ended March 2021 1st half	Year ended March 2021 2nd half	Year ending March 2022 1st half	Year ending March 2022 3Q (quarterly)	Year ending March 2022 First three quarters
<b>Aluminum Business</b>	Net sales	1,394	2,089	2,832	1,550	<b>4,382</b>
	Segment income/loss	(41)	74	144	57	<b>201</b>
<b>Proprietary Products Business</b>	Net sales	1,023	1,322	1,289	988	<b>2,277</b>
	Segment income/loss	148	172	112	73	<b>185</b>

## Aluminum Business

- Sales: Sales increased due to a year-on-year increase of 23.5% in sales volume.
- Segment income: Increased mainly due to an increase in net sales and cost reduction despite soaring aluminum prices

## Proprietary Products Business

- Sales: On a year-on-year basis, sales increased due to an increase in orders for projects of our main customers, namely a clean room at a semiconductor production company and a data center at a telecommunications company.
- Segment income: Maintained profitability, though with fluctuations caused by individual projects

# Year ending March 2022 Full-year Forecasts

(Million yen)

	Net sales	Operating income	Recurring income	Net income	Dividend (yen)
Previous forecasts	114,000	(2,500)	(2,300)	(2,800)	10 (5 for interim, 5 for year-end)
<b>Revised forecasts</b>	<b>114,000</b>	<b>(2,500)</b>	<b>(2,300)</b>	<b>(4,500)</b>	<b>10 (5 for interim, 5 for year-end)</b>
Difference	—	—	—	(1,700)	—

- Net sales, operating income, recurring income: Not revised
- Dividends: Not revised (Forecast year-end dividend ¥5 to be maintained)
- Net income: Revised in line with recording of extraordinary gains and losses  
¥2,800 million loss ⇒ ¥4,500 million loss
  - <Extraordinary gains>
    - Gain on sales of cross-held shares: ¥2,040 million
  - <Extraordinary losses>
    - Impairment loss of Ahresty Wilmington: ¥3,777 million
    - Impairment loss, etc. of Ahresty Die Mold Hamamatsu: ¥371 million
- Consolidated equity ratio: 40.9% (as of end of 3Q)

- Fundamental improvement in profitability of Ahresty Wilmington
1. Expanding sales of mainly electrification-related products
    - Net sales: USD 90 million in FY2021 ⇒ USD 140 million in FY2023
    - Contribution by confirmed orders for mass production of new products
  2. Receiving support from parent company as a strategic subsidiary in North America
    - Funds for growth provided by Ahresty (underwriting of capital increase)
    - Personnel support and enhanced guidance for business management by Head Office
  3. Financial strategies to enhance earnings base
    - Impairment losses on fixed assets of USD 34 million
    - Depreciation cost will be eased from 4Q of FY2021 (Approx. USD 5 million annually)

# Future Outlook for Business Environment, etc.

## Business environment and measures

Sales weight:

Decreased due to shortage of parts supply

Aluminum prices: Soared since 2020 second half

Integration and reorganization of plants in Japan  
Integration of die production companies,  
merger of processing affiliates

Fundamental improvement of US plants  
Providing funds for growth, impairment  
losses on fixed assets

[Medium to long term] Accelerating electrification

[Medium to long term] Carbon neutral

## Future outlook

Impact of shortage of parts supply will be eased  
An increase expected due to new product launch  
Major contribution coming from parts for  
electric vehicles

\* Sales weight compared to the average level of FY2018

	FY2021 first three quarters	FY2021 4Q	FY2022	FY2023
Japan	75	90	90	100
North America	65	55	85	95
Asia	75	85	105	105
Consolidated	75	80	95	100

The rise in aluminum prices will slow down, and the customer selling prices will be revised to normal in 4Q.  
(P3)

Improved efficiency in production systems and concentration of overlapped operations will show effects  
(approx. ¥300 million).

Sales expansion due to confirmed product orders (FY2023: up USD 50 million)  
Ease of depreciation cost (approx. USD 5 million annually)

Working toward target sales ratio of 55% for electric vehicles by 2030

Working toward 50% reduction of CO2 emissions intensity by 2030



# Casting Our Eyes on the Future

視線はまっすぐ未来へ

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