AHRESTY REPORT 2020

For the year ended March 31, 2020

Ahresty

RESEARCH SERVICE TECHNOLOGY

We aim to create an affluent society by pursuing each of these areas and integrating them.

Our corporate name, Ahresty, comes from "RST."
It was created by linking together the pronunciation of the first letters in Research, Service, and Technology.
Research means continuous research, investigation, and development of new technologies, new markets, and new sales techniques.
Service means providing warm, attentive service through personal interaction.
Technology means truly excellent technology that incorporates both physical and soft aspects and is highly beneficial for society.

These three areas of Research, Service, and Technology cannot be considered independently.
Both technology and a spirit of service are necessary to accomplish the research involved in R&D.
To explain it in another way, research, service, and technology are intricately linked and each supports the others.
It is an organic relationship in which each component refines the others to produce an end product that is even better than the sum of its components.

We have therefore adopted this concept of integrated Research, Service, and Technology as our corporate philosophy and named the company Ahresty to encompass it in our corporate name.
We intend to use this corporate philosophy, wisely to fulfill our mission of being of service to society in many different ways, through our many products.

Casting Our Eyes on the Future

The Tag line "Casting Our Eyes on the Future" embodies our business attitude of always moving forward by taking the initiative in Research and Development, Service and Technology and by keeping all of our attention here at Ahresty focused on our customers, the global environment and the future of Ahresty itself, to realize the corporate philosophy represented in our name. The word "Casting" in the tag line combines the meaning of "to throw one's gaze" with its other meaning of "to shape molten metal in a mold" which is our main line of business, die casting.

Corporate Philosophy

**Let us take pride in our work,
respect theory and experimentation,
value originality and invention
and offer superior products and service
to our customers**

RST Way - Five criteria for action

The RST Way's five criteria for action—conscientious, proactive, speedy, learning, and challenge—are the basis of each employee's way of thinking and action to realize the Corporate Philosophy.

Conscientious	We earnestly and sincerely make efforts for our customers and all stakeholders. We strive to understand diverse opinions, thoughts and values, listening to them with open minds.
Proactive	We are self-driven and enthusiastically strive for success. Each of us takes the initiative so that our actions lead to significant improvements.
Speedy	We act quickly, sensing changes in social needs and the global market. We consistently strive to enhance and reform our work methods and our technologies.
Learning	We constantly evolve to reach our goals. We advance ourselves by having inquiring minds to achieve expectations.
Challenge	We work unflinchingly on aggressive targets to achieve them. We consistently challenge ourselves through theories and experiments without fear of failure, respecting originality and invention.

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Ahresty's corporate activities and the SDGs

Drive Transformation Toward Becoming "Ahresty Contributing to Weight Reduction of Automobiles"

Business Performance for FY2019 and Response to Novel Coronavirus (COVID-19)

I sincerely offer my deepest condolences to those who have lost their lives due to the novel coronavirus (COVID-19) pandemic. I also sincerely express my gratitude to healthcare workers, and pray for early recovery of patients hospitalized. I earnestly hope that vaccines and treatments for COVID-19, which has had tremendous impacts on our lives and economies, will be developed and delivered as fast as possible.

In FY2019, we suffered a decline in sales due to steep drops in auto sales for our major customers and the sluggish auto markets in India and China. In terms of profits as well, the result was very disappointing, such as a reversal of deferred tax assets since a decrease in our future sales is projected. Furthermore, as the coronavirus pandemic was spreading across the globe, starting with the plants in China in February 2020, all die casting plants outside Japan suspended or reduced production volume sharply. However, the plants in China have resumed production from mid-February, followed by the U.S plant from mid-May, the plant in Mexico from late May and the plant in India from early June, so all plants have now resumed production. Unfortunately, partially because new car demand fell sharply, we have not yet reached full-scale operation and are now implementing flexible operation under the production structure that have been established to respond to the demand. In Japan, administrative departments have considerably expanded the use of teleworking and off-peak commute since late March. We will continue to adopt new ways of working based on lessons learned from our response to "new lifestyle".

Although an unprecedented decline in auto sales in the first half of FY2020 has been projected, the demand is expected to recover slowly over a period from the fourth quarter to FY2021. There are also some positive factors, such as each nation's large economic stimulus package, and shifting from public transportation to private cars. We will proceed with necessary transformation from perspectives of "with corona (coexistence with corona)" and "post-corona" both.

Initiatives for 1921 Medium-Term Management Plan

Ahresty Corporation will mark the 100th year anniversary of its foundation in 2038. Looking ahead eighteen years later when CASE* should make advance, in order to become "Ahresty contributing to weight reduction of automobiles" with a key focus on electric vehicles, we will execute the 1921 Medium-Term Management Plan aiming at the 10-Year Vision "Winning Absolute Customers' Trust 2025" based on the three pillars below.

① Implement business strategies with an eye on the future automotive market

We strive to earn a high reputation on quality from our customers. To this end, we are working to reinforce the assurance within one's own process and promote the sharing of excellent systems and work methods across the Group. In FY2019 as well, we have attained some high evaluations from our customers both in and outside of Japan. In terms of sales, in addition to conventional internal combustion engine (ICE), we are actively working to acquire orders for components for electric vehicles, such as hybrid vehicles, plug-in hybrid vehicles and battery electric vehicles, which should contribute to our sales for FY2021 onwards. We are also actively working on technology development and proposal to contribute to reducing the weight of automobiles.

② Enhance earnings strength by improving productivity and quality

To enhance earnings strength, we strive to strengthen our foundation by building a lean production system with higher productivity while reducing waste and loss in each process. Also, we have studied Optimal Production Condition Control (OPCC) to further increase productivity, as a result, achieving significant improvement in quality of engine and transmission components. Going forward, we will apply findings and knowledge acquired through OPCC activities to other fields and sites across the Group to enhance our earnings strength.

③ Develop human resources that underpin corporate growth

To create a corporate culture where every employee can observe personal growth and take pride in their work, we are promoting development of human resources based on the strategic human resources development plan (human resources roadmap), and have education systems in place so that employees across all sites around the world can receive training whose levels are consistent across the sites, using the same textbooks. Also, we are promoting safety education through *anzen-dojo* (a measure to help implement safer conduct) and improvement in work environments to realize a workplace where employees can work safely and with peace of mind.

For Sustainable Growth
—Initiatives to Increase Corporate Value

To achieve sustainable growth as a company which society needs, the Ahresty Group believes that it is important for us to address social challenges through our business activities.

In the aluminum die casting business, the Ahresty Group strives to reduce our environmental burden in the production process, including reduction in CO_2 emissions, water usage and waste generated, through introduction of melting furnaces with high efficiency, operational control for heat treating furnaces, and increase in productivity, in addition to use of secondary aluminum alloy, which is excellent in recyclability and energy efficiency, as primary material. By using aluminum for automotive components, the weight will be nearly half of one made from iron, achieving a lightweight car with higher fuel efficiency.

Also, the Ahresty Group has established the management structure that allows transparent and fast decision making, aiming to increase our corporate value. To enhance fairness, transparency and objectiveness of the process for nomination of director and determination of compensation and reinforce our corporate governance, in January 2019, we established the Nomination and Compensation Committee that consists of more than half of committee members from outside the Group, as an optional advisory body of the Board of Directors. Furthermore, the Ahresty Group has adopted a stock compensation plan for Executive Officers and above to share the value with shareholders and investors and increase the linkage with the business performance.

The world economy situation is extremely uncertain due to the coronavirus pandemic, and our business climate is very severe. However, we would like to turn this crisis into an opportunity for transformation and will strive to strengthen our business foundation while refining the basis of *monozukuri* (manufacturing). We are counting on your continued support.

President & CEO

Arata Takahashi

*CASE: Connected, Autonomous/Automated, Shared, and Electric

Directors

Representative Director,
Senior Managing Executive Officer,
Chief, Manufacturing Command

Junji Ito

Representative Director,
Senior Managing Executive Officer,
General Administrative Command

Shinichi Takahashi

Director,
Senior Managing Executive Officer,
Chief, Sales Command

Naoyuki Kaneta

Director,
Managing Executive Officer,
General Manager, Tokai Plant,
President, Ahresty Pretech Corporation

Shinichi Gamou

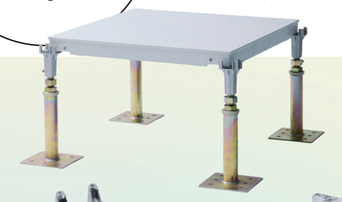
"Creating High Quality Products."
Fully integrated production system and Ahresty's strengths

Since the company was founded in 1938, Ahresty has mainly focused its business on manufacturing aluminum die cast products for use in automobiles. Our streamlined production process improves productivity and maintains quality along the entire process, from aluminum alloy ingot production to design and manufacture of molds, casting, and machine processing. We also manufacture and sell MOVAFLOR, a proprietary raised floor system, and peripheral equipment for die cast production. We have also standardized our systems for quality, production, and maintenance at all locations and provide consistent production quality worldwide.

Aluminum Alloy Ingot Production

Manufacture and Sales of Peripheral Equipment for Die Cast Production

Hold the No.1 share for clean rooms in Japan!

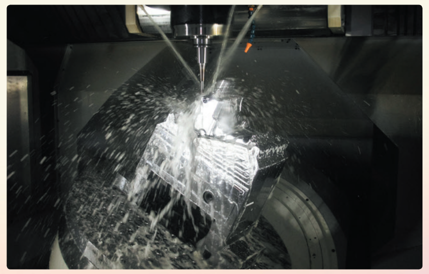


MOVAFLOR proprietary raised floor system

[Ahresty's Production System]

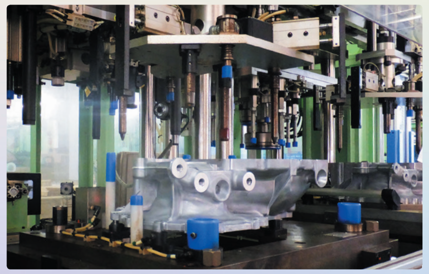
Manufacturing Process

[Designing]

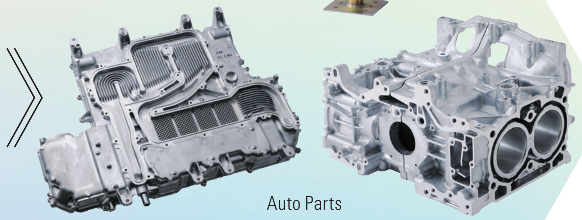


[Die Manufacturing]

[Die Casting]

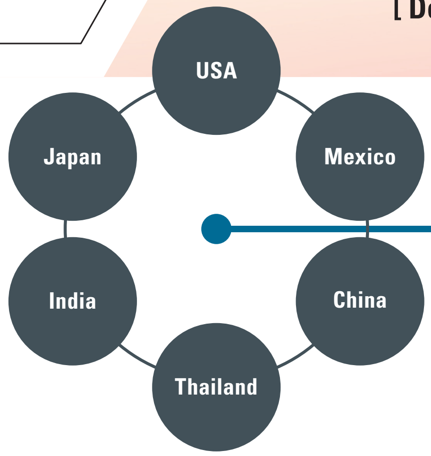


[Machining]



Auto Parts

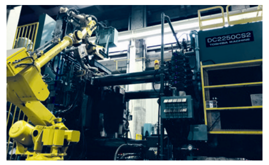
[Delivery]



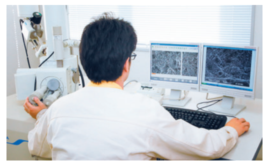
Technical Center: Supporting Consistent Production Quality Worldwide

System that drives meticulous design and analysis

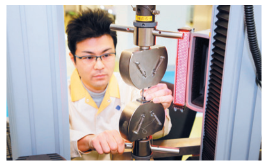
Achieving the optimal shape through CAE



2,250-ton casting machine for use in experiments

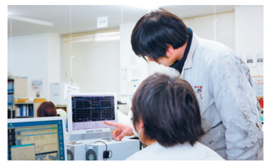


Observing and analyzing various phenomena through an electronic microscope



Material property assessments carried out by various testing machines

Support structure for a highly productive manufacturing process



Establishing the optimal production conditions through cause-and-effect management

The same production quality achieved in Japan and five overseas countries

Ahresty has operations at eight sites in five countries, namely, the United States, Mexico, China, India and Thailand, in addition to 13 sites in Japan. We have systems in each country to ensure that we offer products of the same quality from a single drawing in response to the needs of the automobile industry, where commonization of parts and globalization of production have been accelerating. This not only helps our customers reduce man-hours for development but also enables complementary production between plants across borders, including Japan, and the capability to flexibly respond to changes in production due to fluctuations in sales volumes.

Contributing to weight reduction of vehicles

Demand for aluminum die-cast products is expected to expand globally, in response to the trends to reduce the weight of automobiles and tighter fuel economy regulations. Ahresty owns over 100 large casting machines in Japan and overseas. For production of large, complex items, we cooperate with our customers from the development stage to reduce the weight of vehicles. In addition to conventional engine blocks and transmissions, we are also engaged in developing body parts and parts for electric vehicles for the future automobile market.

Developing Ahresty's own production methods

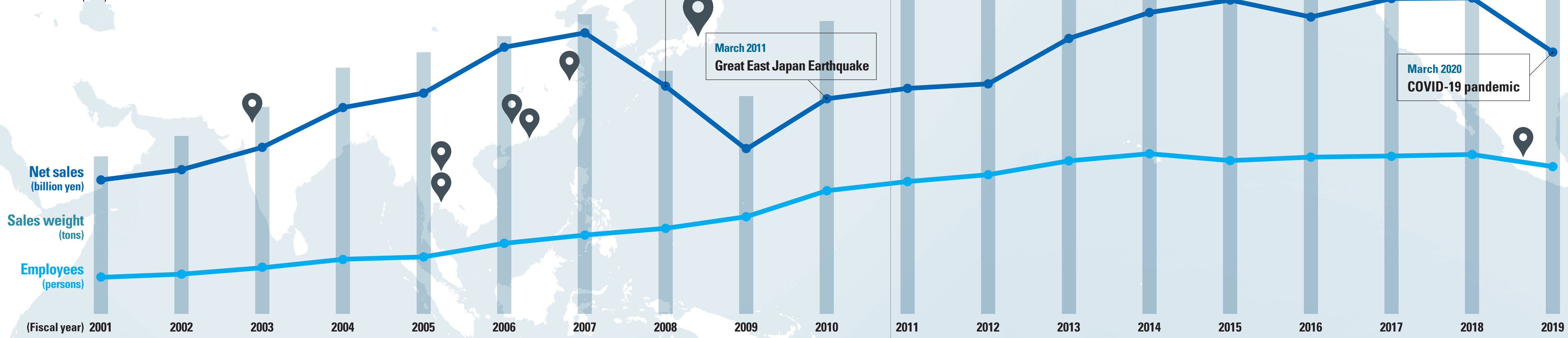
Anticipating advances in die-casting and future customer needs, we invest in research and development of new production methods and products. The unique production methods Ahresty has developed include the HiGF method, which achieves a higher vacuum within a cavity than conventional low-pressure die-casting methods, and can therefore be used to produce higher quality, large thin-walled products, and the NI method, which enables production of mechanically superior products and contributes to reducing the weight of suspension-related parts, associated with improved fuel efficiency and operational safety.

Development of human resources that underpin our MONOZUKURI

Global human resources development is essential for globally integrated MONOZUKURI, or manufacturing. Ahresty has established a system that allows employees at all sites to receive systematic educational and training programs of the same quality, including Global RST Learning, designed to pass on the skills accumulated since its founding, Global Kaizen Meeting, for which engineers from all bases gather together, and training programs for plant supervisors and executive candidates. Ahresty focuses its efforts specifically on human resources development to ensure improvements to its technology and quality.

Aiming to be the most trusted supplier
"Conscientious" is part of the DNA we have inherited

Shimura Aluminum Co., Ltd., Ahresty's predecessor, was founded with a capital of 400,000 yen as a small factory in Itabashi, Tokyo, with three employees.
"Do not tell a lie for the convenience of business" and "Always propose what is best for the benefit of customers" are the words of the late Aiji Takahashi, our founder. This conscientious stance resulted in gaining the trust of the public, serving as the driving force for the subsequent development of the company.



FY2019
Sales weight
165,166 tons

FY2019
Net sales
120.5 billion yen

FY2019
Employees
21 sites in six countries
6,780 persons

1938 - Founded

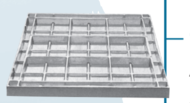
1938
Shimura Aluminum Co., Ltd., Ahresty's predecessor, founded in Itabashi, Tokyo
Started manufacturing aluminum alloy ingots, die cast products and aluminum sand mold castings.


Founder: Aiji Takahashi

1943
Fuso Light Alloys Co., Ltd. (now Ahresty Corporation) established.

1961
Stock listed on the Second Section of the Tokyo Stock Exchange.

1962
Launched MOVAFLOR, first raised floor system in Japan.



1964
ICEPET developed by Fuso Light Alloys won the Champion Award at the International Home Show.

1983
Corporate Philosophy codified

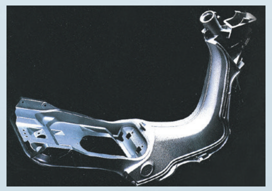
1988 - Renamed Ahresty Corporation.

1988
Company name changed from Fuso Light Alloys Co., Ltd. to Ahresty Corporation.

1989
Awarded Deming Prize for the year 1989 (Small and Mid-range Industries).

1996
Mass production of alternator brackets for automobiles by the NI (New Injection) method (Ahresty's proprietary casting method) started.

1997
Mass production of aluminum die-cast monocoque frame for scooters started for the first time in the world.



1999
Awarded in NADCA International Die-Casting Awards.

2000 - Aiming to contribute to weight reduction of vehicles.

2003
Received the Minister of Economy, Trade and Industry Award in the 20th Materials Process Technology Commendation.

2004
Started RST Gakuen (academy) aimed at early development of engineers.

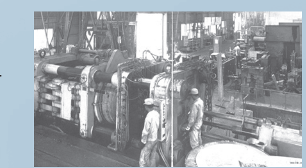
2006
Technical Center opened in Toyohashi, Aichi.

2014
Listing of the shares changed from the Second Section to the First Section of the Tokyo Stock Exchange.

2018
Celebrated the 80th anniversary.

[Business expansion and global presence]

- Hamamatsu Plant started operation.
- Japan Precision Die Mold Mfg. Co., Ltd. (now Ahresty Die Mold Hamamatsu Corporation) (manufacturing dies) established.
- Tokai Seiko Co., Ltd. (now Ahresty Pretech Corporation) (processing) established.
- Kyoto Die Casting Co., Ltd. Toyohashi Plant (now Tokai Plant) started operation.
- Tochigi Fuso Co., Ltd. (now Ahresty Tochigi Corporation) established.
- Ditec Co., Ltd. (now Ahresty Die Mold Tochigi Corporation) (manufacturing dies) established.
- Kumamoto Fuso Co., Ltd. (now Ahresty Kumamoto Corporation) established.
- Ditec Co., Ltd., Kumamoto Plant (now Ahresty Die Mold Kumamoto Corporation) started operation.
- Kumagaya Plant (production of aluminum alloy ingots) started operation.
- Higashimatsuyama Plant started operation
- Pascal Trading Co., Ltd. (now Ahresty Techno Service Corporation) (manufacturing and sales of die-casting peripheral equipment) established.



- Ahresty Wilmington Corporation (US) established.

- Thai Ahresty Die Co., Ltd., an affiliated company for manufacturing dies in Thailand, established.

- Thai Ahresty Engineering Co., Ltd. (design / Thailand) established.
- Guangzhou Ahresty Casting Co., Ltd. (China) established.
- Ahresty Corporation merged with Kyoto Die Casting Co., Ltd.
- Ahresty Precision Die Mold (Guangzhou) Co., Ltd. (dies / China) established.
- Pascal Industry Co., Ltd. and Sugahara Precision Industry Co., Ltd. merged and renamed Ahresty Yamagata Corporation.
- Ahresty Mexicana, S.A. de C.V. (Mexico) established.
- Ahresty India Private Limited (India) established.
- Hefei Ahresty Casting Co., Ltd. (China) established.
- Integrated Hamamatsu Plant and Toyohashi Plant, and consolidated organizations as Tokai Plant.

Processes for Sustainable Growth

Ahresty's management resources

Strengths

Customer base

Financial capital
Equity attributable to shareholders of Ahresty Corporation: 57.1 billion yen

Human resources

Human capital
Employees: 6,780 persons

Research and development capabilities

Production capital
21 sites in six countries
Die cast machines: over 200 units

Global network

Intellectual capital
Technologies and know-how accumulated since founding

Partnerships

Social capital
[Major customers]
Over 350 companies in 11 countries
[Major suppliers]
Approx. 450 companies

Financial base

INPUT

〚Ahresty 10-Year Vision〛

Winning absolute customers' trust 2025

Pursue MONOZUKURI, provide products and services that are excellent in QCDD; Quality, Cost, Delivery, and Development, and contribute to customers' business development. Always think customers first and respond to expectations and trust.

〚1921 Medium-Term Management Plan〛

- Implement business strategies with an eye on the future automotive market
- Develop human resources that underpin corporate growth
- Enhance earnings strength by improving productivity and quality

〚SDGs to be focused on as priority themes〛

OUTCOME

Values that Ahresty offers

Customers Contributing to weight reduction of vehicles

Shareholders, investors Enhancing medium- to long-term corporate value

Employees Diversity (Diverse work styles)

Partners Collaboration in creating new values

Local communities Contributing to sustainable growth

Global environment Reducing environmental impact

Corporate Philosophy

RESEARCH SERVICE TECHNOLOGY

We aim to create an affluent society by pursuing each of these areas and integrating them.

RISK

Changes in the business environment and risks facing Ahresty

Over 90% of Ahresty's aluminum die-cast products are installed in automobiles. As the automobile industry is undergoing a once-in-a-century transformation, affected also by significant market fluctuations due to the COVID-19 pandemic, the environment surrounding Ahresty is dramatically changing. Escalation of the electrification of vehicles such as HVs, PHVs, and EVs in response to the growing public awareness of global warming, is associated with changes in powertrains, which is likely to be a major risk for Ahresty, and we should be prepared for this risk.

CHANCE

From reducing risk to creating new opportunities

In such a business environment, we will identify and utilize our competitive advantages and management resources and work to solve social issues through our business activities, thereby not only reducing the risks facing us but also creating earnings opportunities. Aluminum is one-third of the weight of iron. By further developing Ahresty's aluminum die casting technology, and thereby contributing to reducing the weight of vehicles to satisfy the needs of car manufacturers, we believe that Ahresty will be able to achieve sustainable growth along with society.

Implement business strategies with an eye on the future automotive market

In addition to conventional product groups, we focus efforts on the development and sales of structural materials that satisfy customer needs in response to the trends to reduce the weight of vehicles and tighter fuel economy regulations. We also aim to achieve a higher level of quality and productivity by enhancing our technological capabilities in each process, thereby gaining increased trust from customers.

13 CLIMATE ACTION

⇒ P16-17. Aiming to contribute to reducing the weight of vehicles

Improving MONOZUKURI capabilities based on the technology roadmap

In view of the changes in the automotive market, we will focus our efforts on developing structural materials and parts for electric vehicles, in addition to conventional engine blocks, transmissions and other parts for vehicles with internal combustion engines, so as to cater to customer needs regarding the trend to reduce the weight of automobiles and tighter fuel economy regulations. To support this, we will enhance our technological capabilities in each of the manufacturing processes, including casting, processing, molding and alloying, based on the technology roadmap, thereby improving our MONOZUKURI capabilities and ensuring competitive advantages by solving technological issues.

Expected needs

	B: Engines	M: Transmissions	S: Structural components	E: Parts for electric vehicles
Global supply capacity	○	○	○	○
Lighter and thinner	—	○	○	△
Contamination	△	△	—	○
Strength, toughness, extension	—	—	○	△ (Battery case)

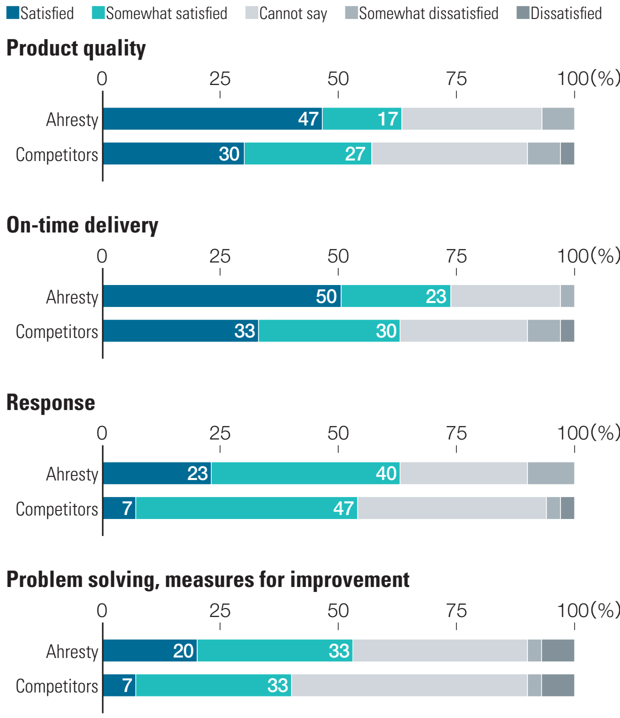
Aiming to gain high customer evaluations

Ahresty has been working on formulating Ahresty Standards, common rules for the Group, with the aim of bringing MONOZUKURI (manufacturing) of the same quality level to all of its operation sites worldwide. We believe that the key to this goal is to adhere to the basics of MONOZUKURI and improve the assurance level for the completion of each process. For new products, we will further strengthen ties with the design team to improve our production preparations, aiming to ensure stable quality and improve productivity in mass production.

In fiscal 2019, we were able to reduce the number of complaints, nonconforming items, and process failures related to new products by more than 30% over the previous year. For mass production, we have been working to reduce variations in quality in manufacturing processes by examining the process quality control sheet and actual operations, thereby improving each process. Ahresty will make continuous efforts to constantly provide products of stable quality, so as to gain a higher level of trust from our customers. We believe that high evaluations by our customers will help each of the employees working at Ahresty to take pride in their manufacturing and develop an increased motivation for work.

FY2019 Customer Satisfaction Survey results (excerpts)

Survey period: December 2019 to January 2020
Survey target: Major customers in Japan
Responses obtained: 35 persons from 32 companies



Major awards in FY2019

- "Special Award" from Toyota Industries Corporation
- "Best Performance Award" from JATCO Mexico, S.A. de C.V. for the 2nd consecutive year ❶
- "Overall Performance" from Maruti Suzuki India Limited for the 3rd consecutive year ❷
- "Quality Cooperation Award" from GAC Toyota Engine Co., Ltd. ❸
- Excellence Award from Mitsubishi Heavy Industries Thermal Systems
- CHALLENGING SPIRIT AWARD from Honda Transmission Mfg.
- "Overseas Support Contribution Award" from Aisin AW Co., Ltd.
- "Overseas Contribution Award" from Suzuki Motor Corporation for the 2nd consecutive year
- Naoya Takao of the Advanced Production Engineering Department received the Japan Foundry Engineering Society's Tokai Award.
- Study on the mechanism of cooling hole cracking in die casting molds by Masaki Miura's team in the Engineering Department received the 2018 Onoda Prize from the Japan Die Casting Association. ❹

❶


❷


❸


❹


Enhance earning strength by improving productivity and quality

We will promote productivity improvements and reduce manufacturing costs by implementing MONOZUKURI with Optimal Process Condition Control (OPCC).We will also introduce streamlining and manpower savings in the production system, inventory reductions and other initiatives with the aim of improving our price competitiveness.

7 AFFORDABLE AND CLEAN ENERGY

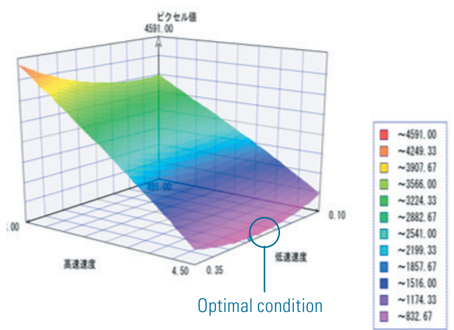
Improving productivity with OPCC

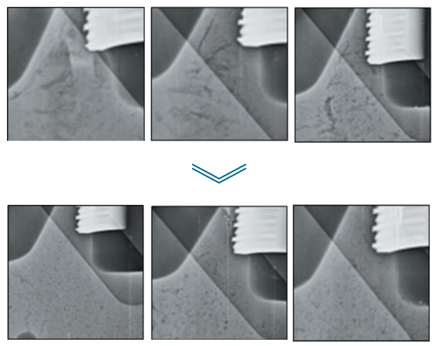
To implement MONOZUKURI processes under Optimal Process Condition Control, or OPCC, we are working to improve productivity and reduce the defect rate. The process fields in which we will pursue OPCC in the three years of the 1921 Medium-Term Management Plan include design of materials and dies, process design, setting manufacturing conditions and equipment/dies maintenance and operational management. In these processes, we will identify tasks that will reduce cycle times, reduce defects, improve the utilization rate, improve maintenance management and other purposes, prioritize them based on past activity data and start implementing measures that will produce greater effects, thereby improving productivity and quality.

Activities for OPCC

(1) Using statistical quality control (SQC) to produce optimal manufacturing conditions

For each of the priority products, a 2D code is given in the casting process, so that the measured values of various production parameters correspond to the product quality. We form hypotheses on the mechanisms by which defects are generated, and verify them by employing design of experiments and statistical approaches. Identifying the relationship between each influencing factor and the quality and taking the appropriate measures substantially lowers the defect rate in delivered materials, which improves the percentage of items that can be sent directly to customers' production lines with no adjustments.





(2) Introducing utility monitors for a stable supply and preventive maintenance

To maintain the optimal production condition for die cast machines, Ahresty has been installing utility monitors on its production lines. By capturing detailed fluctuations in utilities, the monitors not only acquire data on the supply condition on the infrastructure side but also demand data on the machine side. Monitoring both the supply and demand sides enables a stable supply of products. Analyzing the collected data will contribute to effective preventive maintenance of equipment and to reducing the consumption of energy resources such as water and electricity in the future.

At the 5th Global Kaizen Meeting, engineers from all the global sites discussed the theme "Introducing utility monitors."

Comprehensive streamlining of the production system and manpower savings

We are working to establish a system to produce good products efficiently, through comprehensive streamlining and manpower savings. We will eliminate unnecessary processes and operations by introducing Kaizen, automating inspection processes, and through the use of "karakuri" mechanisms, thereby reducing costs and increasing value-added operations, thus improving productivity and reducing manufacturing costs.

Examples of manpower savings through Kaizen in work processes

Reducing distances workpieces are moved when preparing casting fittings, palletizing, repositioning dollies for returning materials, etc., eliminating operations with high workloads, such as overturning heavy materials for inspection, and other Kaizen initiatives to identify and improve unnecessary processes at production sites enabled casting operations and appearance inspections to be integrated, resulting in significant savings in manpower.

Air shower and Karakuri inspection board

Develop the human resources that underpin corporate growth

We will improve working conditions to create workplaces where no work-related accidents or injuries occur and where employees can work safely and comfortably in a healthy mental and physical state. We will also develop globally competitive human resources to create a company that enables employees to grow together with the company while finding their work rewarding and taking pride in it.

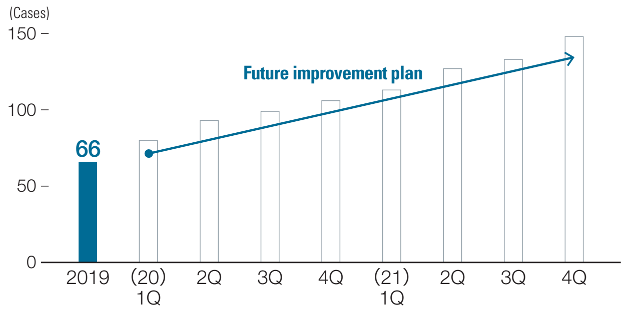
4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

⇒ P24. Developing a corporate culture in which employees can observe their personal development and find their work rewarding

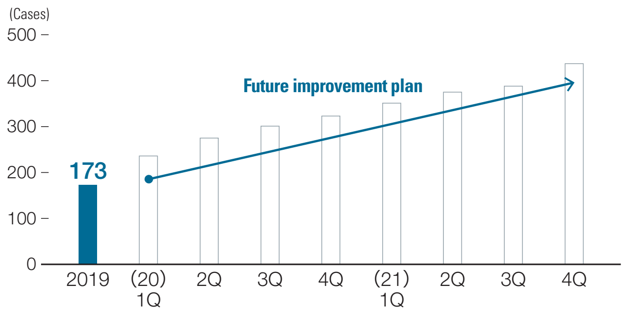
Using ergonomics to create workplaces where workloads are low

We have improved the workplace environment to reduce operations involving high physical workloads and making the workplace safe and comfortable for workers. Targeting mainly operations that require the use of heavy tools or the handling of heavy items, we are implementing Kaizen initiatives to reduce workloads while employing automation and Karakuri mechanisms to improve the production efficiency. The effects of Kaizen improvements are evaluated by asking actual workers for feedback.

Planned cases for improving casting gate removal in three years

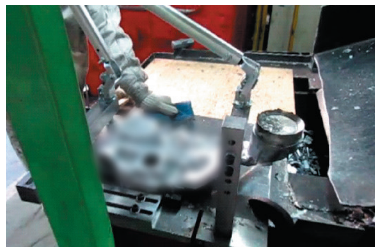


Planned cases for improvements related to heavy materials and unergonomic postures in three years



Case of improvement: Introduced a Karakuri device that eliminates the use of hammers

Introduced a Karakuri device (employing leverage to amplify the stepping force by 10 to 20 times) for removing casting gates, eliminating the use of metal hammers.



Developing comfortable working conditions

To develop comfortable working conditions, we improved ambient temperatures by installing air-conditioners and other equipment that heats up or cools down, and reduced noise, including mainly the noise of hammering and air lines in the casting process.

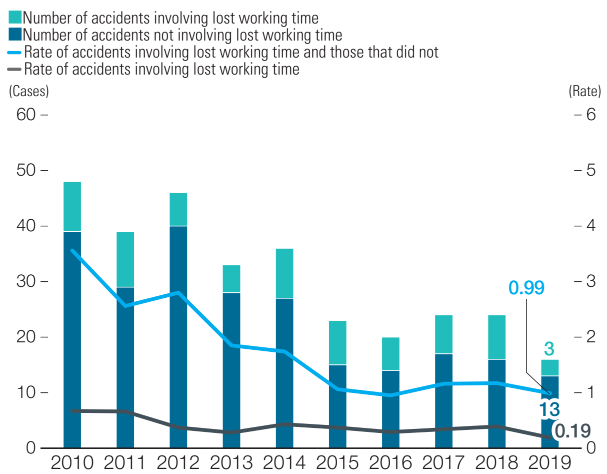
Case of improvement: Initiative to reduce noise

We shortened the time air lines are used in the manufacturing process by employing a technique that applies a small amount of mold-release agent to lower noise levels. We will introduce this technique in many of our facilities.

Eliminating work-related accidents and injuries

Ahresty has established Ahresty Safety Awareness codes based on the principle of safety first and production activities are conducted following Safety Awareness. Adopting the safety slogan "Find potential hazards in your workplace! Think and act safely by observing the rules!" for the three years from fiscal 2019 to 2021, Ahresty as a whole aims to develop a safe and comfortable working environment through carrying out a variety of safety activities, including providing safety training programs, conducting safety patrols, improving equipment safety functions and providing basic education to prevent fires and accidents.

Industrial accidents

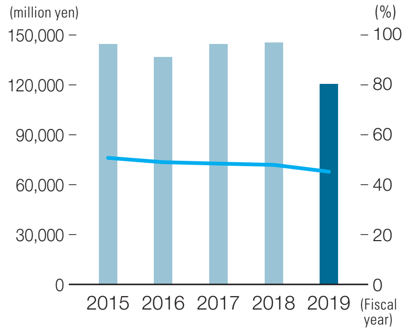


*Rate = Number of accidents × 1,000,000 / Total working hours
*Starting from FY2017, also includes the number of accidents related to poor ergonomics.
*Starting from FY2018, also includes the number of accidents on our premises involving contracted construction workers.

Sales / Ratio of overseas sales

■Net sales — Ratio of overseas sales

120,577 million yen / **45.2**%

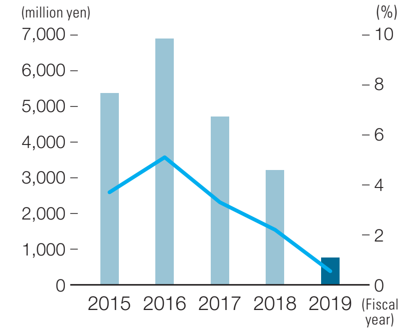


Significant decrease from the previous year mainly due to the decrease in global production volumes of car manufacturers, our main customers, and the decline in aluminum market conditions.

Operating income / Operating income margin

■Operating income — Operating income margin

764 million yen / **0.6**%

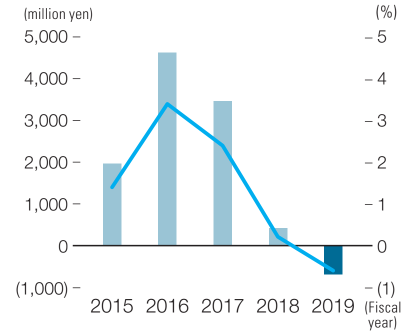


Income decreased despite efforts to reduce manufacturing costs by improving productivity through reductions in costs and expenditures, which could not cover the significant decrease in sales.

Net income / Net income margin

■Net income — Net income margin

(685 million yen**)** / **(0.6**%**)**

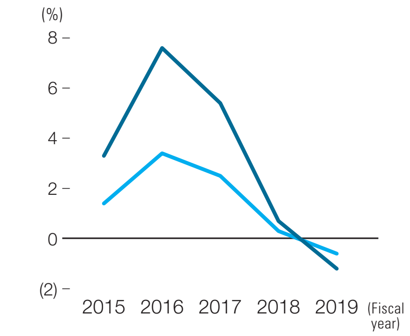


Income substantially decreased due to the increase in tax expenses and other factors associated with a reversal of deferred tax assets of approx. 1 billion yen, which was carried out as a result of a careful examination of the collectability of future deferred tax assets.

Return on equity (ROE) / Return on assets (ROA)*1

— Return on equity — Return on assets

(1.2%**)** / **(0.6**%**)**

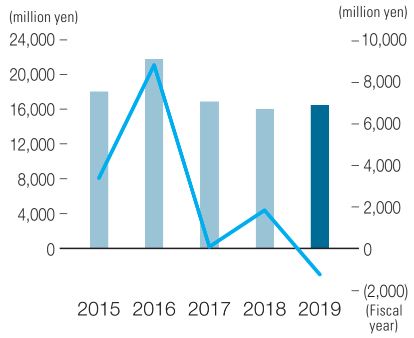


Net loss was recorded mainly due to the substantial decrease in net sales and reversal of deferred tax assets, with ROE and ROA both falling negative.

Operating cash flow / Free cash flow*2

■Operating cash flow — Free cash flow

16,474 million yen /**(1,217** million yen**)**

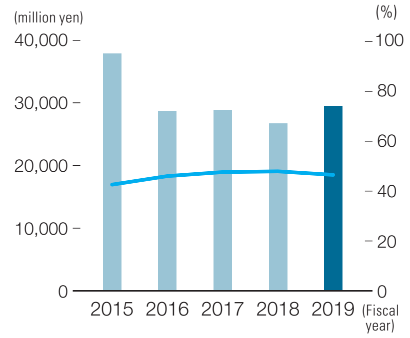


Operating CF maintained at about the same level as the previous year while free CF fell negative as a result of an increase in investments in response to new orders.

Net interest-bearing debts / Equity ratio

■Net interest-bearing debts — Equity ratio

29,529 million yen / **46.5**%



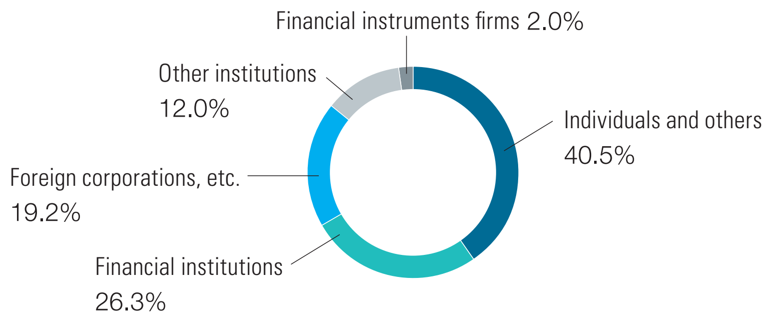
Interest-bearing debts increased along with an increase in investments but the equity ratio and other indicators of financial performance remained at healthy levels.

(As of May 31, 2020)

Number of shares and shareholders

Authorized shares: 60,000,000 shares
Issued shares: 26,076,717 shares
Shareholders: 6,031

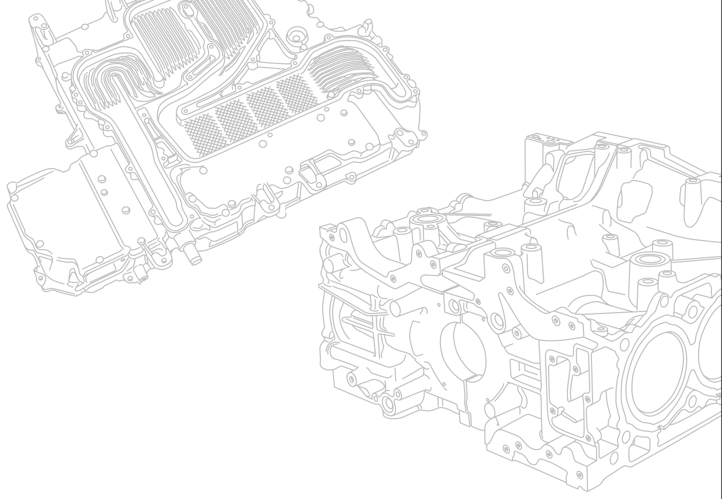
Distribution by type of shareholder



*1 The Partial Amendments to Accounting Standard for Tax Effect Accounting and relevant Guidelines have been applied from the beginning of the fiscal year ended March 31, 2019. These accounting standards have been retroactively applied to the figures for the fiscal year ended March 31, 2018.
*2 Free cash flow = Cash flows from operating activities – Cash flows from investing activities

Aiming to Contribute to reducing the weight of vehicles

Taking advantage of our management resources and strengths mainly in BMSE (Block: engine blocks, Mission: transmission, Structure: structural components, and Electric: parts for electric vehicles), our optimal sales activities are tailored to the needs of each region and customer.



Business Environment and Market Conditions

In fiscal 2019, car sales significantly declined both in Japan and overseas due to the impact of sluggish car exports in Japan, which continued from fiscal 2018, and economic slowdowns in China and India. Under these circumstances, along with the global spread of COVID-19, our orders received and production volumes decreased substantially. Meanwhile, the percentage of electric vehicles (EVs) and hybrid vehicles (HVs) in the total number of new vehicles sold has been growing year by year, and the need for lighter automotive parts will continue to increase as a key to reducing CO2 emissions and extending the cruising distance of EVs, as well as a solution to the increases in vehicle body weight associated with strengthening the vehicle body frame to improve collision safety and improving collision-prevention devices.

Results for Fiscal 2019

Die Casting Business: Japan

In the Japanese automobile market, the production volume of car manufacturers, our main customers, fell short of that of the previous year due to a slowdown in domestic demand and a decrease in exports for North America and Southeast Asia, which affected our business, leading to a decrease in orders received. Net sales came to ¥59,500 million (down 12.5% year on year) partly due to a decline in the condition of the aluminum market. On the profitability side, despite our efforts to reduce manufacturing costs, etc., the segment recorded a loss of ¥444 million (a segment profit of ¥871 million was recorded a year earlier) due to the significant impact of the decrease in net sales.

Die Casting Business: North America

In the North American automobile market, the production volume of car manufacturers continued to be slightly short of that of a year earlier. However, mainly due to the impact of the spread of COVID-19 at the end of the fiscal year, the vehicle production volume ended up significantly lower than the previous year. At the Company's plant in the United States, sales volume substantially decreased due to the impact of this market slowdown and strikes associated with the suspension of operation at some of our customers. Meanwhile, the plant in Mexico also faced a decrease in sales due to the impact of weak sales recorded by car manufacturers, the Company's main customers. Consequently, net sales in the North American segment stood at ¥30,633 million (down 23.0% year on year) partly due to a decline in the conditions of the aluminum market in both countries in North America. On the profitability front, despite the impact of the decrease in sales volume, the segment recorded profit of ¥635 million (up 416.3% year on year), mainly reflecting a decrease in the burden of depreciation and amortization.

Die Casting Business: Asia

In China, while overall car sales continued to decrease, a decline in sales of Chinese local car manufacturers in particular had a significant impact on orders received by the Company. Meanwhile, in India, affected by the tightened lending standards for auto loans and enhanced emissions control, which restrained purchases, car sales continued to fall short of that of the previous year, leading to a significant decrease in our orders received. In addition to the impact of these decreases in car sales in China and India, due to the impacts of a fall in aluminum prices, Asian sales fell 20.4% year on year to ¥23,846 million. In terms of profitability, the segment recorded a profit of ¥3 million (down 99.8% year on year) due to the significant impact of the decrease in net sales.

Fiscal 2019 Results by Segment

(Unit: Million yen)

		Year ended March 2020 Results	YoY changes
Japan	Sales	59,500	(8,498)
	Segment income/loss	(444)	(1,315)
North America	Sales	30,633	(9,167)
	Segment income/loss	635	511
Asia	Sales	23,846	(6,125)
	Segment income/loss	3	(1,837)

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

Initiatives for 1921 Medium-Term Management Plan Policies and Strategies

Based on our pillar policy of securing sales mainly of BMSE parts, Ahresty has carried out various initiatives, including planning/implementing optimal product groups and sales strategies tailored to each region and customer, capturing customer needs and developing technologies in the S segment, increasing orders and enhancing production capacity in the E segment and reinforcing sales activities to acquire new European and American customers.

Orders for products in the B and M segments for our major customers in Japan increased mainly for Toyota Motor Corporation. Our Indian operation has received large orders (total of five items including engine parts and transmission parts). In the E segment, mass production of some products has started and further growth in this segment is expected. We will enhance our sales activities to increase orders for the S and E segments by paying careful attention to the trends in the automotive industry and our customers.

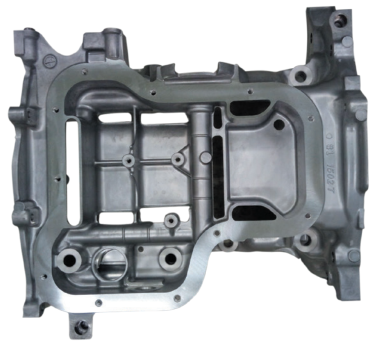
For major overseas customers, the sales environment changed dramatically mainly due to the impact of the COVID-19 pandemic in addition to the sluggish market conditions. We narrowed down our product groups by examining the amounts invested and development capabilities and conducted focused sales activities. Through "selection and concentration" of our sales strategies, we increased the rate at which we receive orders.

However, despite unified efforts by the sales, engineering and manufacturing departments to improve productivity, reduce the defect rate and enhance our technological capabilities according to the BMSE technology roadmap to achieve the targets, sales for the die casting business for fiscal 2019, affected by fluctuations in aluminum prices and foreign exchange, turned out to be lower than the target. Although COVID-19 makes the future outlook unclear, the automobile industry is undergoing a once-in-a-century transformation and significant improvements in automobile fuel economy are required in response to the tightening of environmental regulations in various countries and from the viewpoint of environmental preservation, resulting in a greater need to reduce weight. Aluminum die-cast products, which are light and have a high degree of design freedom, have a significant potential to reduce the weight of automobiles. To contribute to reducing vehicle weight mainly through electrification, Ahresty will endeavor to fulfill this important role by conducting proactive sales activities.

Representative products for this year

TNGA 1.5L crankcase for new Toyota Yaris
(Casting / processing: Tokai Plant / Ahresty Pretech, Ahresty Yamagata Dies: Ahresty Die Mold Kumamoto)

* TNGA: Toyota New Global Architecture



* For hybrid vehicles

New Yaris

New business with Toyota Motor East Japan started

Ahresty Yamagata started a new business with Toyota Motor East Japan, a company dedicated to production of the Toyota Group's compact cars. Mass production and delivery of products began in May 2020, along with production by the Tokai Plant and Ahresty Pretech.

Outlook for Fiscal 2020

Faced by changes in the external environment, acceleration of customer trends towards internal production and local sales and manufacturing and escalating competition with competitors, Ahresty will focus its sales promotions on parts for electrified vehicles (HVs, PHVs and EVs) and electrification-related parts, taking advantage of its management resources and strengths, and will make group-wide efforts to become a good strategic partner for our major customers both in Japan and overseas. We will also solve specific problems at each of our manufacturing sites and improve their revenues and asset turnover rates, thereby securing profits for Ahresty as a whole.

Aluminum Business

Optimal production know-how creates unrivaled alloy plants

Further develop MONOZUKURI technologies by employing accumulated knowledge and data to improve productivity and earnings.

Business Environment and Market Conditions

In the midst of a slowdown in the Japanese economy, affected by sluggish domestic sales of automobiles after the consumption tax hike and a decline in exports, as well as a decrease in overseas production by Japanese car manufacturers, demand for castings and die-cast products for automobiles, which are our mainstay products, declined. Adding to this the global spread of COVID-19, further worsening the business environment, resulted in a significant decrease in demand.

Results for Fiscal 2019

In the Aluminum business, net sales decreased 14.7% year on year to ¥3,993 million due to a lower unit sales price affected by the decline in the aluminum market price, although sales volume maintained about the same level of sales in weight as that of the previous year. On the profitability side, segment profit increased 50.9% year on year to ¥169 million, reflecting lower material prices attributable to a fall in the market price of aluminum.

Initiatives for 1921 Medium-Term Management Plan Policies and Strategies

Under the basic policy of "winning customers' absolute trust by 2025" in the Ahresty 10-Year Vision, our Kumagaya Plant has been working to improve productivity and reduce costs in manufacturing ingots. With the goal of "improving productivity by employing optimal alloy production plans and melting methods" included in the 1921 Medium-Term Management Plan, studies were made of the components and melting yields of each material in fiscal 2019 to identify problems and implement improvements, thereby reducing the number of times re-alloying is needed. We also revised the melting method to increase the work efficiency and melting speed. By standardizing the revised method, we were able to improve productivity. We will continue to promote initiatives to improve productivity and reduce costs under the safety-first principle, with the aim of making our alloy plants unrivaled in MONOZUKURI.

Outlook for Fiscal 2020

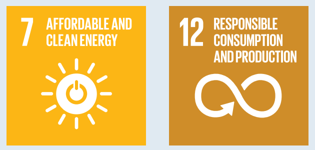
As the COVID-19 pandemic has cooled markets around the world, including Japan, the aluminum market is suffering severely with low prices and small demand. However, we expect the market to turn for the better along with a recovery in economic activities and a rise in demand in all industries. In the automobile industry, in particular, with its strong demand for weight reduction, expectations are high for aluminum materials. We will therefore take this opportunity to expand demand and promote production activities to better satisfy the needs of our customers. In fiscal 2020, based on the data on melting for each material obtained in fiscal 2019 in addition to the knowledge accumulated so far, we will further deepen our technological know-how to further improve productivity and increase earnings.

Kumagaya Plant with plenty of green

Environmentally friendly material, aluminum

Aluminum is a valuable resource, which can be recycled and reused over and over again. At our Kumagaya plant, die casting products that have been produced in the die casting plant and finished their life on the market, come back to have their life renewed as new material. We have set specific environmental targets for our production activities to reduce the environmental impact of our manufacturing processes.

⇒ P26. An environment-friendly company



MOVAFLOR (Proprietary Products Business)

Keeping the No. 1 share in raised floor systems for clean rooms in Japan for over 10 consecutive years!

Achieved the sales target for FY2019 mainly due to a large order received for clean rooms for semiconductor plants. Promoting sales to expand sales in China and other Asian markets

Business Environment and Market Conditions

In fiscal 2019, the raised floor system (aluminum) market in Japan declined significantly to 72% of the previous year, mainly due to a decrease in the number of construction projects as a result of the slowdown in the Japanese economy. In fiscal 2020 and beyond, despite uncertainties remaining due to the impact of COVID-19, demand for data centers associated with the expansion of the use of automated driving and the spread of IoT, AI, 5G and other cloud services, and the demand for clean rooms for manufacturing semiconductors are expected to grow.

Results for Fiscal 2019

In the Proprietary Products business, net sales decreased 12.5% year on year to ¥2,603 million, mainly reflecting a decrease in orders for projects of the Company's main customers, namely a clean room at a semiconductor-related company and a data center at a telecommunications company. On the profitability front, segment profit decreased 11.9% year on year to ¥277 million chiefly due to the impact of decreased orders.

Initiatives for 1921 Medium-Term Management Plan Policies and Strategies

We will secure the top share in the raised floor system market in Japan. We conducted strategic sales promotion activities based on an analysis of markets and customers, and obtained continuous orders for a large clean room project for semiconductor plants. As a result, we achieved our sales targets for FY2019. We are also increasing sales activities to develop new customers for fiscal 2020 and 2021.

Overseas, with the aim of expanding sales in China and other Asian markets, we worked to develop new customers and expand our sales channels, taking advantage of the strengths we have worked to develop in our MOVAFLOR business, and enhanced far-sighted sales promotion capabilities by promoting human resources development. We are also working to develop competitive new products, which are scheduled to be launched in fiscal 2020. We will thus make continuous efforts to expand sales on a global scale.

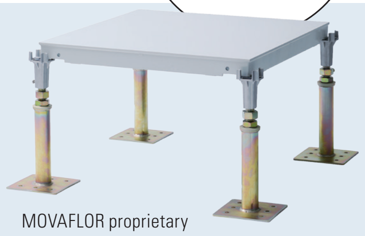
Outlook for Fiscal 2020

While continuing strategic sales activities in Japan, we will also conduct sales activities focusing on China and Southeast Asia. In China, which is a big market, we will make the most of Ahresty's MOVAFLOR production base in the country. Aiming to achieve better quality, more competitive prices, and higher productivity than all our competitors, we will strengthen ties with Chinese customers, proactively offer technological proposals and quotations from the design drawing stage, and aggressively conduct other activities based on interdepartmental collaboration between manufacturing and sales to expand our sales channels.

Hold the No.1 share for clean rooms in Japan!

"MOVAFLOR" boasts a wide range of delivery records

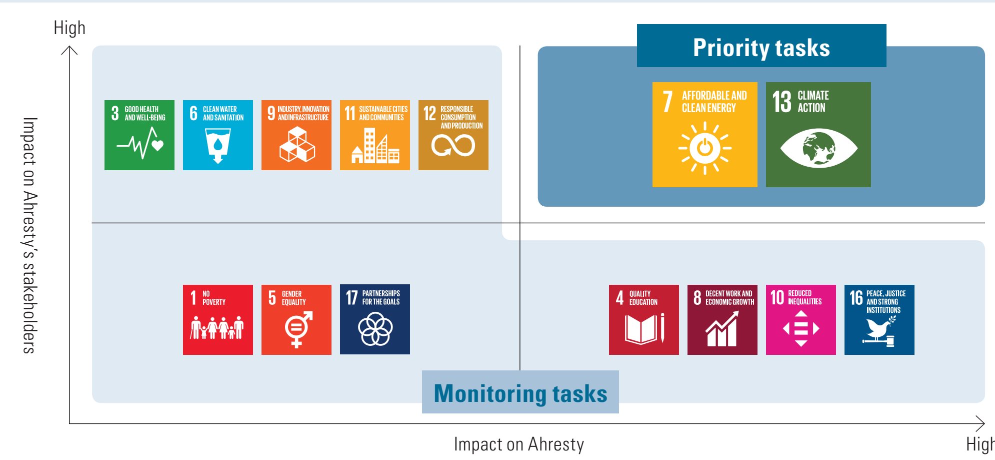
Ahresty developed the first raised floor system, "MOVAFLOR", in Japan in 1962 and has been devoted to the quality research and development of raised floor systems thereafter for nearly half a century. MOVAFLOR is delivered to all prefectures of Japan from Hokkaido to Okinawa Prefecture, and is widely used in clean rooms, data centers, factories, offices, etc. We are proud to hold the No. 1 market share for clean rooms in Japan for over 10 years. It has applied in the Tokyo Metropolitan Government Building, Tokyo Sky Tree, Yokohama Landmark Tower, Kansai International Airport, etc.



MOVAFLOR proprietary raised floor system

For Sustainable Growth

We believe that in order to fulfill our corporate social responsibilities and grow sustainably, it is important for Ahresty to address social issues through its business activities taking advantage of its strengths.



Priority tasks

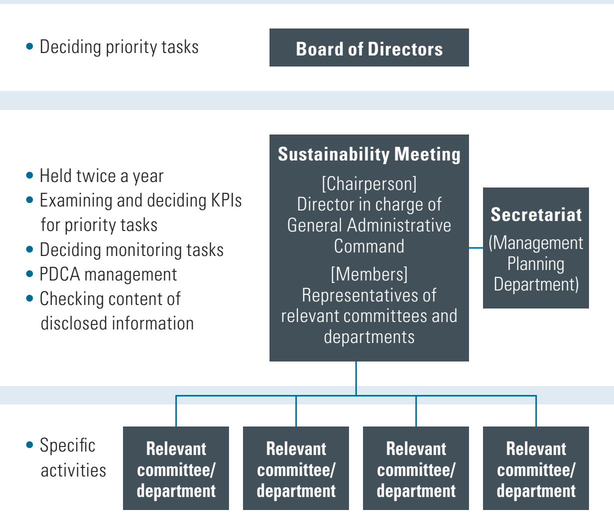
Issues selected as having a big impact on Ahresty and Ahresty's stakeholders to be addressed as priority goals

Monitoring tasks

Issues to be promoted in daily work operations

Acquiring greater trust and achieving sustainable growth

To win greater trust from its stakeholders by responding to their expectations and to achieve sustainable growth by solving social issues through its business activities, Ahresty decided to hold a Sustainability Meeting in March 2020. At this meeting, which is held twice each year, KPIs of Ahresty's priority tasks approved by the Board of Directors are examined and determined, monitoring tasks are decided, and PDCA management and the handling of other issues are discussed. The tasks decided at the Sustainability Meeting will be promoted by relevant departments and committees in the Ahresty Group. In fiscal 2020, we will focus on examining and determining KPIs for priority tasks, deciding monitoring tasks, and implementing relevant measures.



* Additional departments or committees are called depending on the social issues being addressed.

Social issues that Ahresty should address

At Ahresty, social issues that should be addressed are classified based on two criteria—their impact on stakeholders and their impact on Ahresty, in light of the SDGs that form the common goals of the international community decided at the UN Sustainable Development Summit. With the approval of the Board of Directors, Ahresty has selected Goal 7 and Goal 13 of these SDGs as priority tasks that may contribute significantly to solving social issues and that are closely related to manufacturing aluminum die castings, Ahresty's main business. In manufacturing processes, we will improve production efficiency and reduce the amount of fossil fuel resources used, thereby raising the rate of improvement of energy efficiency. We will also help reduce the weight of cars and improve fuel efficiency through manufacturing and sales of our products, with the aim of reducing CO_2 emissions to mitigate the impact of climate change. For monitoring tasks, we will continue to advance various initiatives in our daily business activities, including enhancing our corporate governance structure and developing a corporate culture in which employees can observe their personal development and find their work rewarding.

7 AFFORDABLE AND CLEAN ENERGY	**Ensure access to affordable, reliable, sustainable and modern energy for all** Reducing the use of fossil fuels by improving production efficiency ⇒ Improving energy efficiency
13 CLIMATE ACTION	**Take urgent action to combat climate change and its impacts** Our aluminum die-cast products contribute to reducing the weight of vehicles. ⇒ Reducing CO_2 emissions to mitigate the impact of climate change

Improving Corporate Governance

Ahresty is making efforts to improve its corporate governance, thereby boosting profitability of the entire Ahresty Group and improving its management and capital efficiency and increasing its corporate value.

Ahresty believes that the basic policies of corporate governance should be to clarify its management responsibilities and accountability to all of its shareholders and other stakeholders and to establish a management system capable of making decisions promptly with a high level of transparency. Ahresty also focuses its efforts on improving its internal control and risk management systems, and establishing a management system capable of supervising the business activities of the entire Group.

Since it became a company with an audit and supervisory committee in 2015, Ahresty has implemented various initiatives to enhance its corporate governance, including the introduction of a restricted stock compensation plan and evaluation of the effectiveness of the Board of Directors (questionnaire survey) in 2018 and setting up of the Nomination and Compensation Committee in 2019 to discuss the appointment/dismissal of directors, remunerations and requirements for director candidates.

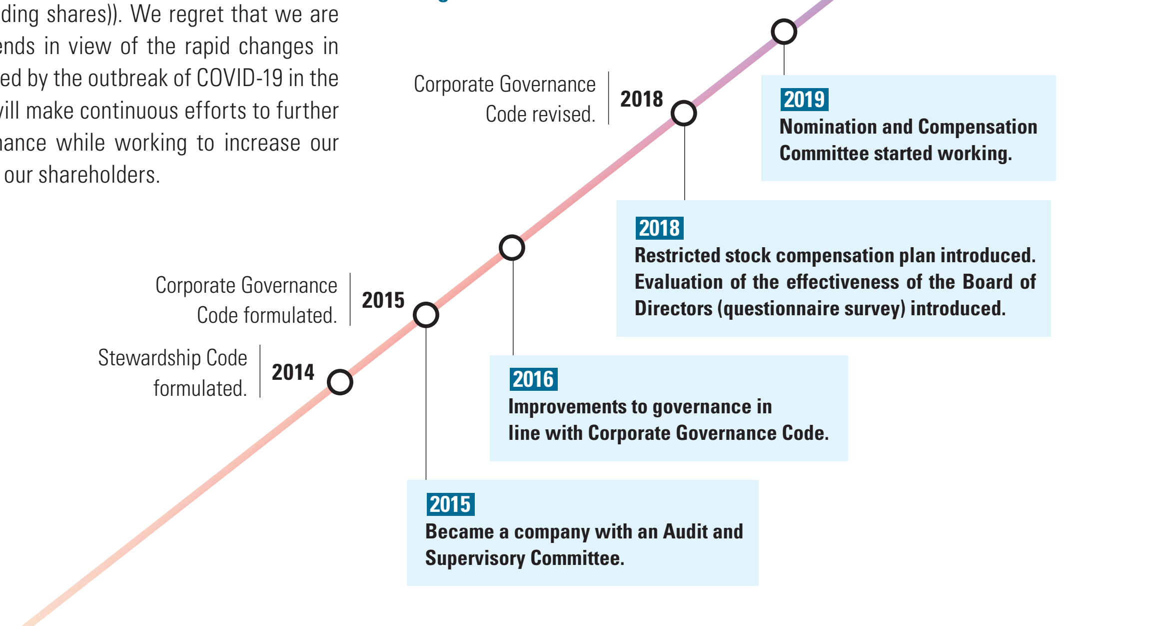
Our basic policy on return of profits is to provide appropriate returns to shareholders while bolstering the financial structure and management base for business development in the medium and long terms. In the first half of fiscal 2019, in addition to an interim dividend payment, Ahresty carried out a buyback of its shares (worth 300 million yen (about 2% of outstanding shares)). We regret that we are unable to pay year-end dividends in view of the rapid changes in the external environment caused by the outbreak of COVID-19 in the fourth quarter. However, we will make continuous efforts to further improve our corporate governance while working to increase our corporate value and returns to our shareholders.

Corporate governance system

Board of Directors (10 directors)	
Directors (excluding directors who are members of the Audit and Supervisory Committee)	5
Directors who are members of the Audit and Supervisory Committee	5 (including 4 Independent Directors)

Nomination and Compensation Committee (6 members)	
Inside Directors	2
Independent Directors	4

History of corporate governance reforms



Director
(Audit and Supervisory Committee member)

Hiroshi Ishimaru

Ahresty became a company with an Audit and Supervisory Committee in 2015. The purpose of this shift was to improve its governance. We have appointed four Independent Directors who are Audit and Supervisory Committee members to listen to opinions of outsiders from a broad viewpoint, thereby improving the effectiveness of the Board of Directors. Ahresty has implemented various initiatives to improve governance, such as introducing an evaluation of the effectiveness of the Board of Directors in 2018 and setting up of the Nomination and Compensation Committee in 2019, and it will make continuous efforts to deepen management's understanding of the purpose of the Corporate Governance Code and to increase transparency and effectiveness of our governance.

Analysis and evaluation of the effectiveness of the Board of Directors

At the Board of Directors meetings, active discussions are held on management strategies, corporate governance, capital investment and various other management issues and business execution, while opinions are exchanged with Independent Directors. In fiscal 2019, 13 meetings of the Board of Directors were held.

Ahresty evaluates the effectiveness of its Board of Directors to reinforce the supervising function of the Board of Directors and increase its effectiveness. The role of the Board of Directors is constantly discussed in view of changes in the business environment and expansion of our business on a global scale, and a questionnaire survey was introduced to enable the directors themselves to evaluate the effectiveness of the Board of Directors.

Items in the self-evaluation questionnaire for the Board of Directors

Composition and operation of Board of Directors	Proper composition of members Proper proposals Free and vigorous discussions Training of newly appointed directors
Management strategies and business strategies	Provision of information on internal and external business environments Allowing sufficient time for deliberation Updating management/business strategies
Risks and risk management	Reporting and handling risks
Corporate ethics	Establishing/observing and proper monitoring/supervision of the code of conduct and other rules Effectiveness of the whistle-blowing system
Monitoring performance	Performance indicators Reference to external information Reviewing adequacy of the quality and quantity of information
Evaluation and compensation for management	Setting proper annual goals for senior management

Evaluation results and future initiatives

Evaluating the effectiveness of the Board of Directors Overall evaluation results	The evaluation concluded that the composition of the Board of Directors was appropriate and that its effectiveness was ensured, and active discussions were held mainly on the Medium-Term Management Plan and other management strategies. Further improvements to the quality of information were pointed out as a task for the future.
Future initiatives	• Review information regarding management and business strategies and performance monitoring • Improve training for directors

Executive remuneration under the restricted stock compensation plan

With a view to achieving the 10-Year Vision and the medium-term management plan, Ahresty introduced a restricted stock compensation plan in FY2018 to (i) provide executives with an incentive to continuously improve the corporate value of Ahresty, (ii) facilitate their sense of shared values with shareholders and (iii) establish greater linkage with medium- to long-term performance goals. The restricted stock compensation plan consists of performance-linked shares with transfer restrictions, which are subject to Ahresty achieving its medium- to long-term performance goals, and work-continuation-linked shares with transfer restrictions subject to continuous service as directors of Ahresty over a certain period of time.

Under the restricted stock compensation plan, a certain amount of the restricted stock is designed to reflect the degree to which the medium-term management plans are attained, performance results and other factors. Ahresty will strive to improve its performance results and promote further value sharing with its shareholders from the medium- to long-term perspectives.

	Performance-linked shares with transfer restrictions	Work-continuation-linked shares with transfer restrictions
Transfer restriction period	Three years, in principle, to match the period of the medium-term management plans	30 years
Conditions for lifting transfer restrictions	Work conditions Work performance conditions *Work performance conditions: Evaluated based on the management indicators specified in the 1921 Medium-Term Management Plan (sales, operating income margin, return on assets (ROA), and return on equity (ROE))	Work conditions

Risk Management

Ahresty's action principle for risk management is to avoid risks that may seriously affect its business management and address any risk that arises promptly and properly in a manner that will not undermine the safety, health or interest of any stakeholder so as to achieve a quick recovery while working to protect its management resources and minimize any damage from the risk, thereby ensuring the continuity of its business management. Based on the Risk Management Rule it has established regarding risks associated with its business activities, Ahresty identifies, analyzes and evaluates risks regularly in light of the environment and trends both inside and outside the Company, holds discussions on priority activities and their aims, and checks improvements to risk management systems and frameworks for the entire Group.

Identifying and responding to risks

Ahresty selected 11 risk items as its risk management items for fiscal 2019 and appointed departments to be responsible for each risk. These included "transactions and compliance," "disasters," and "products and services." By clarifying the degree of impact and causes of each risk, Ahresty has been working to enhance prevention, initial response and measures for recovery.

FY2019 risk management items and initiatives to enhance responses (excerpts)

Risk management item	Measures to ensure business continuation
Disasters (Typhoon, heavy rain)	Formulated guidelines for responses to typhoons and heavy rain and implemented measures against disasters, such as the introduction of emergency communication devices.
Occupational safety and health (Infectious diseases)	Formulated guidelines on how to respond to the COVID-19 new coronavirus, and implemented measures to prevent the infection of employees, including introducing teleworking and staggered commuting hours. Also clarified measures to prevent the spread of the virus by infected employees that would enable business to continue in the event of an emergency.
Information security (Leakage of information)	Established internal rules, strengthened management of information devices, and limited access to information, thereby preventing leakage of information due to internal fraud or external cyberattacks, etc.

Compliance

Ahresty considers the trust of its stakeholders to be the starting point in conducting all of its business activities, and follows a management philosophy of making constant efforts to raise its corporate value. The Compliance Principles and the Ahresty Group Code of Conduct have been established as standards to be observed by all executives and employees. By repeatedly communicating these standards with the proper timing and in a suitable manner, Ahresty aims to prevent illegal acts in advance. We will not only observe and adhere to laws and company rules but also engage in fair and honest business activities, in compliance with our corporate ethics and the standards of ethical behavior expected by society.

Compliance Promotion Framework

Ahresty has established a Global Compliance Committee to promote compliance at all of its business locations globally. The Global Compliance Committee holds regular meetings twice each year and extra meetings as necessary to plan and implement all aspects of the Group's compliance framework and to discuss compliance-related problems for the entire Group and decide on solutions. Each site or department is also required to establish a compliance committee to implement a series of initiatives to plan, promote, and evaluate activities appropriate for the compliance risks of the site or department. For employees, training programs using e-learning or by other means that are designed to raise their awareness of compliance are offered in a timely manner, such as when they join the company or when they are promoted. Ahresty has also established a Compliance Reporting System and set up points of contact for consultations relating to all aspects of compliance both inside and outside the company, to create an environment in which employees feel no reservations in using the system. To protect the privacy of informants and prevent them from suffering discrimination, Ahresty has established Guideline for Compliance Reporting System and handles all cases according to this guideline.

Developing a corporate culture in which employees can observe their personal development and find their work rewarding

For the sustainable growth of Ahresty, we believe that it is crucial to develop a corporate culture in which each employee can grow through their work, and have pride and motivation in their work and workplace.

Occupational Safety and Health Policy

Top Management's Commitment

Top management will establish occupational safety and health management systems to develop and maintain a working environment where all associates at the Ahresty Group can work without risk to health and safety.
Top management will also establish a Safety & Health Management Committee at each site, which reflects associate feedback to the systems to promote continual improvement.

Our Declaration

We at Ahresty will:

1. Work with Ahresty Safety Awareness in mind;
2. Work toward occupational safety and health goals to achieve a healthy workplace with zero accidents;
3. Comply with occupational safety and health requirements, such as national and local laws and regulations; and
4. Strive to develop a safety working environment and raise safety awareness through involvement in occupational safety and health activities, such as risk assessment, education and training, HHK and KY activities.

Ahresty Safety Awareness

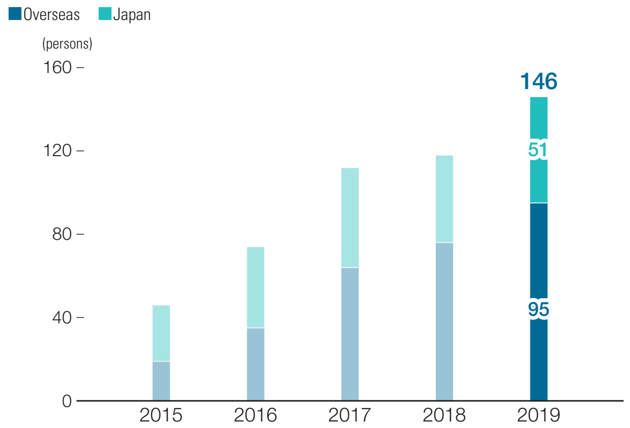
1. Safety must be prioritized more than any other aspect.
2. Safety is more important than any other aspect.
3. Safety is always more important than efficiency of production.
4. Safety starts with arrangement, orderliness and cleaning.
5. Ahresty does not need associates who cannot prioritize safety.

For higher quality and improved productivity

Development of human resources that underpin our MONOZUKURI

To achieve high quality and productivity in manufacturing, Ahresty is committed to systematic human resources development according to its strategic human resources plan (human resources roadmap) both inside and outside of Japan.
The training system consists of common education programs and specialized education programs, which are designed to teach a range of professional skills. They allow employees to receive systematic training of the same quality at all sites both inside and outside of Japan. From FY2016 we rolled out RST Gakuen (academy) which passes on knowhow about MONOZUKURI built up since Ahresty's foundation, thus developing the Global RST Learning, a training structure under which all our employees can receive the same level of training globally. We recommend that training on the importance of standards should be made available to all employees.
Moreover, we train the team leaders of our manufacturing processes to be G/E Trainers, enabling them to acquire the abilities necessary to analyze the current situation and find concrete solutions to problems and to offer guidance and instruction to their team. We also hold a Global Kaizen Meeting, where engineers from all bases gather together to exchange technologies and mutually improve their skills through the presentation of Kaizen cases and group discussions. Through these programs and events, Ahresty works to develop human resources who support manufacturing in various ways.

Changes in the number of on-site supervisors qualified as G/E Trainers



Quality Month activities

To contribute to improving the quality of its products and services, Ahresty has allocated a Quality Month (November), which is broadly promoted to raise quality awareness and disseminate activities to promote quality control. During Quality Month, activities include holding quality KYT/AKS activities, encouraging Quality Awareness Proposals and other initiatives to raise quality awareness. The number of Quality Awareness Proposals gathered has increased year by year and reached 1,833 from individuals and 210 from groups in fiscal 2019. Outstanding proposals are used to improve product quality, work efficiency and work quality.

Developing human resources and response to diversified workstyles

With the population increasingly aging and with the declining birthrate, recruiting, developing and retaining competent human resources is crucial for the improvement of corporate value. Ahresty believes that allowing each employee to play an active role that makes the most of their capabilities results in growth for the company.

Improving the personnel system

A new personnel system was introduced in April 2019 to respond to diversifying workstyles and to enable the personal development of each employee. The new personnel system features a Course System that allows each employee to select a workstyle that fits their lifestyle, career vision and personal situation. We also revised the job class, salary, bonus, and evaluation systems and introduced a Class System in which the areas of job responsibility are divided into expert duties and management duties and employees are sorted into performance-based classes in a role-based hierarchy. We have also introduced allowances that follow the principle of equal pay for equal work and revised the leave system.

Response to diversifying workstyles

At Ahresty, all female employees may take maternity leave before and after childbirth and child care leave. Male employees are also encouraged to take childcare leave. To support female employees in playing an active role throughout the different stages of their life, Ahresty is working to establish an environment in which employees feel comfortable in taking maternity and childcare leave, and which allows them to work reduced hours after their leave until their children are in the third year of elementary school, helping them to balance childcare and work. Ahresty has also introduced various other programs to promote flexible workstyles, including a flextime program, teleworking (home working), and a nursing care leave system.

Together with the Community

Training human resources who will move the manufacturing industry forward

In July 2018, Ahresty India, an Indian subsidiary of Ahresty, was certified as a Japan-India Institute for Manufacturing (JIM) by the Ministry of Economy, Trade and Industry and opened Ahresty JIM. The Japan-India Institute for Manufacturing (JIM) is implemented under the Manufacturing Skill Transfer Promotion Programme, which was signed by the Ministry of Economy, Trade and Industry of Japan and the Ministry of Skill Development and Entrepreneurship of India (MSDE) in November 2016, to train human resources who can develop the manufacturing industry in India. In fiscal 2019, Ahresty JIM admitted 53 new students who will study Japanese-style MONOZUKURI and play core roles at the manufacturing sites.

Ahresty JIM

Human resources data (As of March 31, 2020)

Number of Group employees and percentage of overseas employees

Percentage of overseas employees **65.2%** (4,421 persons)

Percentage of female employees taking maternity leave before and after childbirth and child care leave	**100%**
Reemployment rate of employees retiring at the age of 60	**83.3%**
Average overtime hours	**9:40** h / month
Percentage of employees taking paid leave	**73.9%**
Turnover rate	**6.06%**

* Figures other than the number of Group employees and percentage of overseas employees are nonconsolidated data.

An environment-friendly company

In creating an environment-friendly company, Ahresty engages in various initiatives to prevent pollution and save energy and resources in its manufacturing processes.

Ahresty Environmental Policy

1. We are aware that our activities of development, production, sales, and disposal are related to and influence the global environment, and we establish the environmental purpose, goal, and implementation plan, revise them as necessary, and constantly strive for improvement in our environmental conservation activities.
2. We observe environmental regulations, rules, and agreements of federal and local governments, stakeholders etc., and establish our own standards within feasible technical and economical range, and strive for further environmental protection.
3. We give special priority to the following aspects and make effort to protect the environment and prevent pollution.
   (1) We thoroughly manage and constantly improve the facilities and processes related to air pollution and water contamination.
   (2) We maintain a 100% recycle rate in regard to waste materials.
   (3) We promote the reduction of the total amount of waste materials, the expansion of aluminum recycling business, and contribute to recycling-oriented society.
   (4) We aim to reduce CO_2 emission, and are conscious of global warming.
   (5) We aim to develop and design environmentally friendly products and commodities.
4. We constantly stimulate awareness for environmental issues among our employees with respect to environmental protection by means of providing training as well as internally communicating the policy.
5. We enhance a harmonious relationship with society by striving toward environmental conservation of the local community.

Environmental Targets and Results for plants in Japan in fiscal 2019

To reduce the environmental impact of our manufacturing processes, we have set specific environmental targets for our production activities.

* Target achievement level: 1 (not achieved) < 5 (achieved)

Environmental category	Environmental targets in 1921 Medium-Term Management Plan	FY 2019 targets	FY 2019 results	Evaluation*	FY 2020 targets
Atmosphere, water quality, noise, etc.	Prevent environmental problems such as atmospheric pollution, water contamination and noise pollution.	Eliminate non-conforming external leaks and complaints.	Non-conforming external leaks and complaints were eliminated.	5	Eliminate non-conforming external leaks and complaints.
Waste materials	Reduce the total amount of waste materials.	Reduce total waste generation rate by 1% or more over the previous fiscal year. *Continue monitoring and implementing activities to improve the recycling rate.	The target was achieved at six out of the 11 targeted business sites.	3	Set targets for each site. *Continue monitoring and implementing activities to improve the recycling rate.
Saving energy and natural resources	Reduce CO_2 emissions to counter global warming.	Reduce CO_2 emission intensity by 4% compared with fiscal year 2015 (or a 1% reduction compared with the previous fiscal year for business sites that have already met the target). Alternatively, consultations with the secretariat for all companies. *Continue monitoring and implementing activities required to improve the energy consumption rate calculated by positively evaluating actions to reduce peak electricity demand.	The target was achieved in four out of the 11 targeted business sites. * The power coefficient is fixed.	2	Set targets for each site. * For overseas business sites, set a target of reducing by at least 1.0% over FY2019. *Continue monitoring and implementing activities required to improve the energy consumption rate calculated by positively evaluating actions to reduce peak electricity demand.
	Reduce the consumption of water used in processes.	Reduce water consumption per ton of production. *Target value should be determined by each business site.	Of the six targeted business sites, two sites met the target.	2	Set targets for each site. * For overseas business sites, set a target of reducing by at least 1.0% over FY2019.
Other	Introduce social contribution activities.	Set a target for the number of times each business site must organize social contribution activities related to the environment. *Social contribution activities related to the environment refer to activities for community clean-ups and to preserve of Satoyama, socio-ecological production landscapes.	Eleven of the 13 business sites met their targets. About 80 plans were held in all companies.	4	Set a target for the number of times each business site must organize social contribution activities related to the environment. *Social contribution activities related to the environment refer to activities for community clean-ups and to preserve Satoyama, socio-ecological production landscapes.
	Increase greening of sites.	Increase greening activities that improve the landscape at each site, referring to the Ahresty greening guidelines.	Greening activities that improve the landscape were increased at all sites, resulting in active communication both inside and outside the company.	5	Introduce greening activities that improve the landscape at each site, referring to the Ahresty greening guidelines.

*Ahresty has also set environmental targets at its overseas plants, including reducing CO_2 and water consumption, in the same target categories as those adopted in Japan to carry out global environmental management.

Raising environmental awareness

Ahresty hosts various educational events and communication activities related to the environment to raise its employees' environmental awareness.

Ahresty Green Convention

Ahresty Green Convention is an assembly held under the Environmental Policy for reporting on cases of improvements in a broad range of environment-related fields. Effective activities reported at the Convention are introduced at other business sites and then throughout the Group, with the aim of helping reduce the environmental impact and preserve the environment in local communities.

Cases of improvements reported at the 17th Ahresty Green Convention

Location	Theme
Ahresty Tochigi	Reduction of gas consumption by heat-treating furnaces
Ahresty Die Mold Hamamatsu	Reduction of environmental impact by shortening working hours and saving resources when manufacturing reuse dies and multipurpose dies
Tokai Plant	Countermeasures for water leaks, automated water quality adjustment of the plant's circulating water, JECSS return water collection to reduce per-unit water consumption
Kumagaya Plant	Activities to reduce water consumption
Higashimatsuyama Plant	Reduction of cost of disposing of wood pallets
Ahresty Kumamoto	Reduction of tap water consumption
Ahresty Pretech	Countermeasures for deterioration of waste water treatment machines
Technical Center	Reduction of power consumption by introducing LED lighting
Tokyo Head Office	Report on social contribution activities.
Ahresty Yamagata	Reduction of waste cutting oil concentrated liquid waste

Active contribution to conservation activities

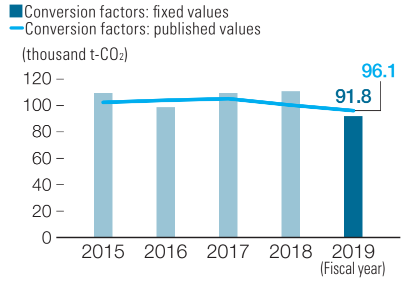
In response to our employees' wish to contribute to environmental protection outside the workplace, Ahresty is introducing activities to protect the natural environment, including clean-ups of neighboring areas, and activities to preserve biodiversity, such as the protection of Socio-Ecological Production Landscapes (Satochi-satoyama) through planting trees and thinning forests.

Results of initiatives (plants in Japan)

CO_2 emissions*

The figures show the consumption of fuel and electric power after conversion to CO_2 emissions. The line graph shows the CO_2 emissions calculated using the conversion factors published by the electric power companies.

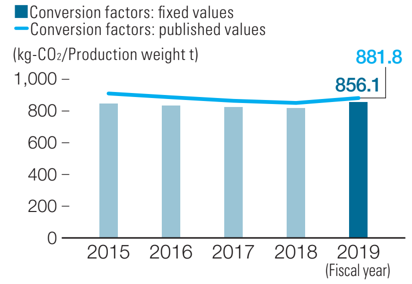
* At the six main plants in Japan



Unit CO_2 emissions*

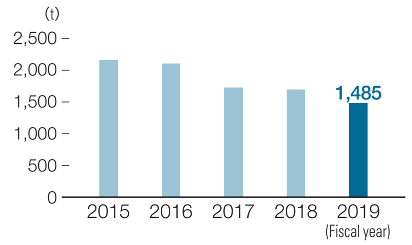
The basic CO_2 emissions unit is calculated by dividing the CO_2 emissions by the production weight, indicating the amount of CO_2 emitted in producing 1t.

* At the six main plants in Japan
To evaluate the effects of CO_2 emission reduction activities, CO_2 conversion factors are calculated based on the past fixed value.



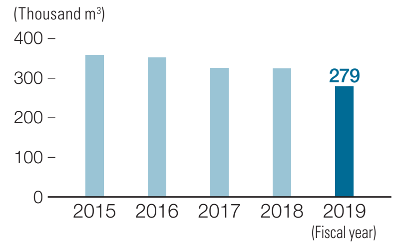
Discharged materials

Discharged materials shows all the materials discharged from business offices, including valuable materials and waste, except steel and aluminum.



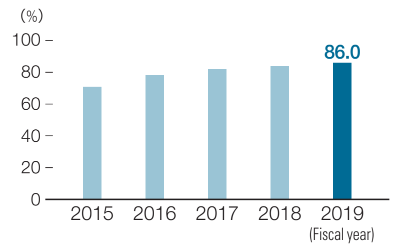
Water consumption

Water consumption shows the amount of clean water and groundwater consumed. Reduction in the use of water resources has been included in our targets since fiscal 2011.



Percentage of employees with Ahresty eco Licenses

Ahresty has established the Ahresty eco License, a unique internal examination system designed to improve its employees' awareness of the environment.



Material Flows

Production activities require energy and materials and involve emissions.
Ahresty allocates costs to measures to reduce the environmental impact in its manufacturing processes, including the introduction of equipment for reducing the impact.

INPUT (consumption)

Aluminum resources	Aluminum alloy ingots	Fuels (heavy oil, kerosene, etc.)	Electricity	Gas	Clean water	Groundwater	Chemical materials (materials subject to internal reporting)
31,249t	157,426t	14,520kℓ	123,210kWh	3,850t	121,742㎥	157,177㎥	9,364kg

Reporting period: From April 1, 2019 to March 31, 2020 (Unit: thousand yen)

Environmental conservation costs			
Categories	Main initiatives	Investments	Expenses
(1) Costs incurred by the business site areas			
Types of costs: (1) - 1 Pollution prevention costs	Management, updating and introduction of wastewater treatment facilities, maintenance and management of waste gas treatment and dust collection equipment and noise control measures	132,801	56,597
Types of costs: (1) - 2 Global environmental conservation costs	Energy (electricity and heavy oil) saving activities, the introduction of energy saving facilities, the greening of the plant environment and the monitoring of electric power consumption	190,200	33,081
Types of costs: (1) - 3 Resources recycling costs	Recycling of water, treatment (separation a nd disposal) of waste, and use of recycled oil	35,112	260,616
	(1) Subtotal	358,113	350,294
(2) Upstream and downstream costs	Purchasing of green materials	0	53,857
(3) Management activities costs	Environmental Committee, internal auditing, measuring of the levels of smoke, dioxin, exhaust gas and noise, internal education and training and maintenance of ISO14001 certification	0	8,048
(4) Research and development costs	Alloy association (environmental conservation theme) and examinations of substances contained in ingots that have a negative environmental impact	0	625
(5) Social activities costs	Holding of plant tours, community cleaning activities, community communication activities, volunteer activities and NPO donations	0	6,832
(6) Environmental damage countermeasure costs	Pollution load charges	0	2,967
	(2) to (6) Subtotal	0	72,329
(7) (Income) Upstream and downstream cost	Sales of valuable materials (steel scrap, waste plastic, shell, waste oil, waste paper, etc.)	0	58,612
	Total	358,113	422,623

* Investments are those made in fixed assets, such as facilities, and expenses are those incurred with regard to other matters.

OUTPUT (production and emissions)

Product production volume	Aluminum alloy ingots Production volume [Kumagaya Plant]	Die production volume (including components) [Die group]	CO_2	Discharged water	Waste (recycling)	Waste (final disposal)
78,025t	29,225t	125	105,047t-CO_2	79,862㎥	1,433t	52t

Corporate Profile

Company name Ahresty Corporation
Capital ¥6,964 Million
Established November 2, 1943
Employees Consolidated : 6,780
Single Entity : 936

Directors

President, CEO
Arata Takahashi

Representative Director,
Senior Managing Executive Officer
Junji Ito

Representative Director,
Senior Managing Executive Officer
Shinichi Takahashi

Director,
Senior Managing Executive Officer
Naoyuki Kaneta

Director, Managing Executive Officer
Shinichi Gamou

Director
(Audit & Supervisory Committee member)
Hiroshi Ishimaru

Independent Director
(Audit & Supervisory Committee member)
Akihiko Shido

Independent Director
(Audit & Supervisory Committee member)
Shuhei Shiozawa

Independent Director
(Audit & Supervisory Committee member)
Masahito Saotome

Independent Director
(Audit & Supervisory Committee member)
Akiyoshi Mori

Executive Officers

Managing Executive Officer
Koji Arai

Executive Officer
Tsuruo Tsuji

Executive Officer
Takanori Mabuchi

Executive Officer
Hideki Nariya

Executive Officer
Satoshi Tagai

Sites Information

[Japan]

Head Office and Technical Center
Product Design, Research and Development
ISO 14001 / ISO 9001

Tokyo Head Office
ISO 14001 / ISO 9001

Tokai Plant
Die Casting
ISO 14001 / IATF 16949

Higashimatsuyama Plant
Die Casting, Machining, Part Assembling
ISO 14001 / IATF 16949

Kumagaya Plant
Aluminum Alloy Ingots Production
ISO 14001 / ISO 9001

Ahresty Tochigi Corporation
Die Casting, Machining, Part Assembling
ISO 14001 / IATF 16949

Ahresty Kumamoto Corporation
Die Casting, Machining, Part Assembling
ISO 14001 / IATF 16949

Ahresty Yamagata Corporation
Die Casting, Machining, Part Assembling
ISO 14001 / IATF 16949

Ahresty Die Mold Hamamatsu Corporation
Die Casting Dies
ISO 14001 / ISO 9001

Ahresty Die Mold Tochigi Corporation
Die Casting Dies
ISO 14001 / ISO 9001

Ahresty Die Mold Kumamoto Corporation
Die Casting Dies
ISO 14001 / ISO 9001

Ahresty Pretech Corporation
Machining and Part Assembling of Die Cast Products
ISO 14001 / IATF 16949

Ahresty Techno Service Corporation
Manufacture and Sales of Peripheral Equipment for Die Cast Production
ISO 14001 / ISO 9001

[USA]

Ahresty Wilmington Corporation
Die Casting, Machining, Part Assembling
ISO 14001 / IATF 16949

[Mexico]

Ahresty Mexicana, S.A. de C.V.
Die Casting, Machining, Part Assembling, Die Casting Dies
ISO 14001 / IATF 16949

[China]

Guangzhou Ahresty Casting Co., Ltd.
Die Casting, Machining, Part Assembling
ISO 14001 / IATF 16949

Hefei Ahresty Casting Co., Ltd.
Die Casting, Machining, Part Assembling, Raised Floor Production
ISO 14001 / IATF 16949

Ahresty Precision Die Mold (Guangzhou) Co., Ltd.
Die Casting Dies
ISO 9001

[India]

Ahresty India Private Limited
Die Casting, Machining, Part Assembling
ISO 14001 / IATF 16949

[Thai]

Thai Ahresty Die Co., Ltd.
Die Casting Dies
ISO 9001

Thai Ahresty Engineering Co., Ltd.
Design of Die Castings, Die Casting Dies and 3D Modeling

Chairman, Sustainability Meeting (Representative Director, Senior Managing Executive Officer in charge of General Administrative Command)
Shinichi Takahashi

President, Tokyo International University
Professor Emeritus, Keio University
Independent Director
(Audit & Supervisory Committee member)
Shuhei Shiozawa

Ahresty's corporate activities and the SDGs

Achieving sustainable growth while acquiring greater trust and solving social issues

Ahresty has established an organizational structure that will start working on the SDGs from fiscal 2020 toward achieving sustainable growth. The following is a dialogue on Ahresty's initiatives for SDGs between Shuhei Shiozawa, Independent Director and the President of Tokyo International University, and Shinichi Takahashi, Representative Director and Executive Officer in charge of promoting SDGs.

Facilitator

J-Eurus IR Co., Ltd.
Maki Harayama

After working for a major distribution company, joined J-Eurus IR Co., Ltd. in 2010. Involved in projects to support IR activities, surveys to identify shareholders in Japan and overseas, interviews with institutional investors and other research and analysis, and overseas IR/SR support.

Harayama: First, I think that it is not only companies, but society as a whole who have become increasingly interested in SDGs in recent years. What do you think lies behind this trend?

Shiozawa: I think that environmental issues are increasingly recognized as urgent problems. These problems cannot be solved solely by national or local governments but require commitments of the whole of society, including businesses and individuals. I guess people are beginning to share this sense of crisis. And companies are required to make efforts to achieve sustainable development through their respective business activities, and leverage such efforts to ensure the growth of the companies themselves. Technological and organizational capabilities of companies are expected to play a key role in addressing the social issues.

Harayama: Are any specific requests actually being raised by society?

Takahashi: Today, we are required to be more accountable than ever for our SDGs initiatives. In Japan, the principle of "Sanpo Yoshi," or three-way satisfaction, has taken root since the Edo Period. Good for the seller, good for the buyer, and good for society. There are many companies doing business under the principle that it is natural for a company to contribute to society as it grows. And we did not think it necessary to proudly announce this principle. However, on a global scale, Japanese companies should be able to clearly demonstrate their contributions to the world. Ahresty contributes significantly to solving social issues through its businesses. I think we need to make this fact known.

Harayama: You have picked up mitigating the impact of climate change and improving energy efficiency from the SDGs as your priority tasks. Why did you choose these two goals?

Takahashi: We examined the SDGs based on their relationship with manufacturing aluminum die castings, Ahresty's main business, and the potential to contribute to social issues, and selected the goals that are most relevant from both of these perspectives. For mitigation of the impact of climate change, I think Ahresty can contribute in three points. First point is about CO_2 emissions in our manufacturing processes. We will improve our manufacturing efficiency. This will be closely related to reducing CO_2 emissions, a cause of global warming, as well as reducing costs. Next, over 90% of our products are installed in cars. Cars generate CO_2 while driving. We will provide our technologies to reduce the weight of cars and improve their fuel efficiency, consequently reducing CO_2 emissions. I think that Ahresty's technologies may also contribute to promoting the shift to mobility that runs with clean energy, as represented by CASE.

Shiozawa: I think that its contribution to reducing vehicle weight is what is most expected of Ahresty. Ahresty has the technological capabilities to do this. Addressing the tasks through its business activities is the most efficient way, associated with a high degree of contribution not only for the company itself but also for society as a whole. Lighter cars and improved fuel economy are good for both consumers and Ahresty. And they will lead to solving social issues. This is absolutely the "Sanpo-Yoshi," three-way satisfaction. We must maintain the Sanpo Yoshi principle in our sustainability initiatives.

Takahashi: Next is improving energy efficiency. We use fossil fuels when melting aluminum. We will improve the melting efficiency as much as possible. Also, if we raise the percentage of good aluminum die-cast products, we can reduce the energy necessary for casting, which will directly result in improved profitability for our business. This initiative will have a significant impact on our business through controlling operations in our plants. And if we accelerate such control, we can make a greater contribution to solving social issues.

Shiozawa: This is also Sanpo Yoshi. When energy efficiency is improved, costs will be lowered, helping to enhance competitiveness for customers. If energy consumption is reduced, it is good for society. Aluminum manufacturing consumes energy. I think it is good that a business associated with a particularly large amount of energy consumption is working to reduce it.

Harayama: For the future, what do you expect of Ahresty? And what should Ahresty aim for?

Shiozawa: It is definitely the utilization of its unique technologies. I expect that Ahresty will lead the initiatives related to weight reduction and CASE through aluminum die-casting. This is difficult for other companies. To further sophisticate the technological capabilities it has cultivated to date, Ahresty should have a clear vision of the future and make focused R&D investments. By doing so, I think Ahresty will take a leadership position in the world.

Takahashi: As a milestone, we will celebrate our 100th anniversary in 2038. I want Ahresty to become a company that can contribute to society and help its employees to take pride in their work. To this end, commitment to the SDGs is essential. In this commitment, we place the highest priority on the growth of people. Technologies are utilized by people. Growing people will lead to innovative and highly-efficient production equipment and technologies, resulting in innovative products. And they will help solve social issues. We will make company-wide efforts toward this goal.

Independent Directors

Independent Director (Audit and Supervisory Committee member)
Akihiko Shido

Chairman and CEO of Yorozu Corporation, Director of Univance Corporation (outside director), Director of MarkLines Co., Ltd. (outside director)

Reason for appointment: In consideration of his extensive experience and insight as a manager of a globally expanding automobile parts corporation, he was judged as appropriate for the post.

Independent Director (Audit and Supervisory Committee member)
Shuhei Shiozawa

President of Tokyo International University, Professor Emeritus of Keio University, Director of Kenedix, Inc. (outside director), Director of KYB Corporation (outside director)

Reason for appointment: In consideration of his extensive experience and insight as a university president and professor of economics specializing in theoretical economics and financial theory, he was judged as appropriate for the post.

Independent Director (Audit and Supervisory Committee member)
Masahito Saotome

Director of Nippon Light Metal Holdings Company, Ltd., Director and Executive Officer of Nippon Light Metal Co., Ltd.

Reason for appointment: In consideration of his extensive work experience and insight cultivated by serving as a manager of a non-ferrous metal corporation, he was judged as appropriate for the post.

Independent Director (Audit and Supervisory Committee member)
Akiyoshi Mori

Attorney at law, Mori & Kikuchi Law Office

Reason for appointment: In consideration of his extensive experience as an attorney at law and specialized knowledge concerning corporate legal affairs, he was judged as appropriate for the post.

Financial Section

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Overview of Business Performance

Results of Operations

During the fiscal year under review, the world economy initially maintained a steady growth as a whole due to the solid employment situation mainly in advanced countries. However, in addition to concerns about uncertainty in US-China trade friction, the global outbreak of COVID-19 starting in January 2020 caused a sharp decline in the latter half of the year. The Japanese economy was also strongly affected by these factors and had to suffer a decrease in external demand and a slowdown in exports. Moreover, a decrease in domestic demand due to the series of natural disasters that hit various areas in Japan and the impact of the COVID-19 new coronavirus pandemic at the end of the fiscal year significantly worsened the domestic economy.

The business environment surrounding the automobile industry, which is our main customer, faced a significant deceleration in car sales due to the impact of prolonged U.S.-China trade friction on the world economy and the economic uncertainties for the future of the Chinese and Indian economies, together with the spread of COVID-19 in the fourth quarter that affected our die casting business sites other than China and Mexico, where the fiscal year ends in December. The sales volume in the Company's die casting business was also affected by this significant deceleration of car sales and was lower than that in the previous year both in Japan and abroad.

As a result, the Group recorded consolidated net sales of ¥120,577 million (down 17.1% year on year), operating income of ¥764 million (down 76.3% year on year), and recurring income of ¥406 million (down 86.0% year on year). Also, due to tax expenses as a result of reversal of deferred tax assets and other factors, net loss attributable to owners of parent turned out to be ¥685 million (previous year marked net income of ¥421 million).

Under these severe situations, the Group is determined to steadily implement measures based on its 1921 Medium-term Management Plan, which started this fiscal year, to improve profitability by raising productivity through cost cutting and reduction of expenses. To tackle the rapid decrease in sales volume due to the impact of the spread of COVID-19, the Group will reform its production systems in response to changes in sales volume, control capital investment, reduce costs, and implement other necessary urgent measures to improve profitability.

Consolidated performance for year ended March 2020 (April 1, 2019–March 31, 2020)

(Amounts of less than 1 million yen are rounded off)

(1) Consolidated Operating Results

(% shows change from previous term)

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2020	120,577	(17.1)	764	(76.3)	406	(86.0)	(685)	–
Year ended March 2019	145,428	0.2	3,228	(31.6)	2,905	(34.5)	421	(87.8)

	Net income per share	Fully diluted net income per share	Return on equity	Return on total assets	Operating profit on sales
	yen	yen	%	%	%
Year ended March 2020	(26.77)	–	(1.2)	0.3	0.6
Year ended March 2019	16.26	16.07	0.7	2.2	2.2

Note: Comprehensive income
Year ended March 2020: (3,175) million yen (–%)
Year ended March 2019: (3,574) million yen (–%)

For reference: EBITDA
Year ended March 2020: 15,093 million yen (-21.5%)
Year ended March 2019: 19,239 million yen (-1.9%)

* EBITDA = operating income + depreciation and amortization

Investment gain or loss under equity method
Year ended March 2020: – million yen
Year ended March 2019: – million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2020	123,054	57,364	46.5	2,244.49
Year ended March 2019	128,222	61,293	47.7	2,357.98

For reference: Shareholders' equity
Year ended March 2020: 57,177 million yen
Year ended March 2019: 61,105 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Year-end balance of cash and cash equivalents
	million yen	million yen	million yen	million yen
Year ended March 2020	16,474	(17,691)	2,162	3,732
Year ended March 2019	16,018	(14,150)	(1,392)	2,901

Outlook for fiscal year ending March 2021

The figures for our business forecasts were calculated based on the assumption that demand bottomed out in the first quarter and will gradually recover in the second half. Although the spread of the infectious disease has yet to see an end in many countries, including Japan, where the situation is still critical with fears of a second wave of the pandemic rising, the government shows no intention of re-announcing a state of emergency or posing other social restrictions. However, the decrease in our net sales is expected to have a serious impact on our profits.

To tackle the rapid decrease in sales volume due to the impact of the spread of COVID-19, the Group will make further efforts to reform its production systems in response to changes in sales volume, control capital investment, reduce costs, and implement other necessary urgent measures to improve profitability for the future.

Our foreign exchange assumption for the second quarter and beyond is: 105.0 yen to the USD, 15.0 yen to the CNY, and 1.45 yen to the INR.

(Millions of Yen)

	Sales	Operating Income	Ordinary Income	Net Income
For the year ending March 2021 forecast	87,900	(4,000)	(3,450)	(4,400)
For the year ended March 2020 actual	120,577	764	406	(685)
Changes	(32,677)	(4,764)	(3,857)	(3,715)
Change ratio (%)	(27.1)	–	–	–

(Millions of Yen)

	Sales		Segment Income	
Segment	Current fiscal year	Next fiscal year	Current fiscal year	Next fiscal year
Die Casting Business: Japan	59,500	43,300	(444)	(3,500)
Die Casting Business: North America	30,633	20,100	635	(100)
Die Casting Business: Asia	23,846	19,000	3	(750)
Aluminum Business	3,993	3,300	169	50
Proprietary Products Business	2,603	2,200	277	200
Elimination of intersegment transactions	–	–	122	100

Consolidated Balance Sheets

Note:The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥108.10 to $1.00, the average exchange rate during period. U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars.

		Millions of yen		Thousands of U.S. dollars
(Assets)		Previous consolidated fiscal year (March 31, 2019)	Consolidated fiscal year under review (March 31, 2020)	Consolidated fiscal year under review (March 31, 2020)
Current Assets				
Cash and time deposits		¥4,028	¥4,167	$38,549
Trade notes and accounts receivable	*3	22,382	17,922	165,794
Electronically recorded monetary claims – operating		3,249	2,398	22,184
Merchandise and products		3,463	3,115	28,819
Partly finished goods		4,760	3,603	33,332
Raw materials and inventories		3,070	2,810	25,999
Others		1,363	1,385	12,815
Allowance for doubtful accounts		(50)	(154)	(1,432)
Total current assets		42,267	35,247	326,063
Fixed Assets				
Tangible fixed assets				
Buildings and structures		30,624	31,565	292,003
Accumulated depreciation and impairment loss		(15,808)	(16,698)	(154,471)
Buildings and structures, net		14,816	14,867	137,532
Machinery and delivery equipment		130,943	134,597	1245,119
Accumulated depreciation and impairment loss		(91,512)	(95,652)	(884,851)
Machinery and delivery equipment, net		39,430	38,944	360,267
Tools, furniture and fixtures		49,981	50,214	464,522
Accumulated depreciation and impairment loss		(41,573)	(42,384)	(392,084)
Tools, furniture and fixtures, net		8,408	7,830	72,438
Land		5,461	5,622	52,009
Lease assets		421	1,046	9,680
Accumulated depreciation and impairment loss		(121)	(303)	(2,807)
Lease assets, net		300	742	6,873
Construction in progress		8,982	12,384	114,569
Total tangible fixed assets		77,399	80,392	743,690
Intangible fixed assets		2,067	2,032	18,806
Investments and other assets				
Investments in securities	*1	4,232	2,568	23,758
Deferred tax assets		1,762	2,280	21,096
Others		515	553	5,121
Allowance for doubtful accounts		(24)	(21)	(200)
Total investments and other assets		6,486	5,380	49,776
Total fixed assets		85,954	87,806	812,272
Total assets		¥128,222	¥123,054	$1138,335

	Millions of yen		Thousands of U.S. dollars
(Liabilities)	Previous consolidated fiscal year (March 31, 2019)	Consolidated fiscal year under review (March 31, 2020)	Consolidated fiscal year under review (March 31, 2020)
Current Liabilities			
Notes and accounts payable	¥11,162	¥9,284	$85,889
Electronically recorded obligations – operating	7,522	5,994	55,449
Short-term loans	5,740	10,273	95,035
Current portion of long-term loans	10,199	7,750	71,698
Accrued income taxes	872	304	2,814
Bonus allowances	2,143	1,848	17,097
Provision for product warranties	70	46	426
Others	8,779	7,889	72,983
Total current liabilities	46,490	43,390	401,396
Long-term liabilities			
Long-term loans	14,798	15,672	144,985
Long-term accounts payable	154	327	3,030
Deferred tax liabilities	1,872	2,434	22,516
Net defined benefit liability	2,949	2,709	25,061
Others	663	1,154	10,681
Total long-term liabilities	20,438	22,298	206,276
Total liabilities	66,928	65,689	607,672
(Net Assets)			
Shareholders' equity			
Common stock	6,964	6,964	64,423
Additional paid-in capital	10,206	10,206	94,413
Retained earnings	40,071	38,806	358,988
Treasury stock	(239)	(412)	(3,811)
Total shareholders' equity	57,002	55,564	514,013
Other accumulated comprehensive income			
Difference on revaluation of other marketable securities	2,015	926	8,566
Foreign currency translation adjustments	2,484	1,047	9,685
Remeasurements of defined benefit plans	(397)	(360)	(3,336)
Total other accumulated comprehensive income	4,102	1,612	14,914
Share warrants	187	187	1,735
Total net assets	61,293	57,364	530,663
Total liabilities and net assets	¥128,222	¥123,054	$1,138,335

Consolidated Statements of Income and Statements of Comprehensive Income

(Consolidated Statements of Income)

		Millions of yen		Thousands of U.S. dollars
		Previous consolidated fiscal year (April 1, 2018 through March 31, 2019)	Consolidated fiscal year under review (April 1, 2019 through March 31, 2020)	Consolidated fiscal year under review (April 1, 2019 through March 31, 2020)
Net sales		¥145,428	¥120,577	$1115,425
Cost of goods sold	*1	130,613	108,536	1004,040
Gross profit		14,814	12,040	111,385
Selling, general and administrative expenses				
Transportation expenses		1,948	1,720	15,919
Salaries and bonuses		3,290	3,401	31,463
Retirement and severance expenses		199	201	1,863
Provision for bonuses		354	324	3,003
Depreciation and amortization		312	387	3,580
Research and development expenses	*2	561	550	5,088
Other expenses		4,918	4,691	43,395
Total selling, general and administrative expenses		11,586	11,276	104,315
Operating income		3,228	764	7,069
Non-operating income				
Interest income		102	108	1,007
Dividends received		205	114	1,063
Gain on sales of scraps		156	97	906
Others		107	87	812
Total non-operating income		571	409	3,789
Non-operating expenses				
Interest expenses		531	462	4,277
Foreign currency exchange loss		292	203	1,879
Others		71	101	937
Total non-operating expenses		894	766	7,094
Recurring income		2,905	406	3,764
Extraordinary gains				
Gain on sales of fixed assets	*3	64	23	218
Gain on sales of investment securities		2,194	54	502
Subsidy income		134	347	3,214
Gain on revision of retirement benefit plans		–	152	1,406
Gain on insurance adjustment		207	–	–
Total extraordinary gains		2,600	577	5,343
Extraordinary losses				
Loss on sales of fixed assets	*4	311	266	2,462
Impairment loss	*5	3,293	60	556
Loss on revision of retirement benefit plans		–	71	665
Expenses for advance loan repayments		154	–	–
Total extraordinary losses		3,760	398	3,684
Income before income taxes and others		1,745	586	5,423
Income taxes and enterprise taxes		1,722	754	6,984
Deferred income taxes		(397)	516	4,781
Total income taxes		1,324	1,271	11,765
Net income (loss)		421	(685)	(6,342)
Net income (loss) attributable to owners of parent		¥421	¥(685)	$(6,342)

(Consolidated Statements of Comprehensive Income)

		Millions of yen		Thousands of U.S. dollars
		Previous consolidated fiscal year (April 1, 2018 through March 31, 2019)	Consolidated fiscal year under review (April 1, 2019 through March 31, 2020)	Consolidated fiscal year under review (April 1, 2019 through March 31, 2020)
Net income (loss)		¥421	¥(685)	$(6,342)
Other comprehensive income				
Difference on revaluation of other marketable securities		(2,320)	(1,089)	(10,076)
Foreign currency translation adjustments		(1,684)	(1,437)	(13,298)
Remeasurements of defined benefit plans, net of tax		8	36	338
Total other comprehensive income	*	(3,995)	(2,490)	(23,036)
Comprehensive income		(3,574)	(3,175)	(29,379)
Comprehensive income attributable to:				
Owners of parent		(3,574)	(3,175)	(29,379)
Non-controlling interests		¥ –	¥ –	$ –

Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (April 1, 2018 through March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	¥6,939	¥10,180	¥40,272	¥(238)	¥57,153
Changes					
Issuance of new shares	25	25			50
Cash dividend from retained earnings			(621)		(621)
Net income attributable to owners of parent			421		421
Purchase of own shares				(0)	(0)
Changes (net) in non-shareholders' equity items					
Total changes	25	25	(200)	(0)	(150)
Balance at end of current fiscal year	¥6,964	¥10,206	¥40,071	¥(239)	¥57,002

(Millions of yen)

	Other accumulated comprehensive income					
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income	Share warrants	Total net assets
Balance at beginning of current fiscal year	¥4,335	¥4,168	¥(406)	¥8,098	¥187	¥65,439
Changes						
Issuance of new shares						50
Cash dividend from retained earnings						(621)
Net income attributable to owners of parent						421
Purchase of own shares						(0)
Changes (net) in non-shareholders' equity items	(2,320)	(1,684)	8	(3,995)		(3,995)
Total changes	(2,320)	(1,684)	8	(3,995)	–	(4,146)
Balance at end of current fiscal year	¥2,015	¥2,484	¥(397)	¥4,102	¥187	¥61,293

Current consolidated fiscal year (April 1, 2019 through March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	¥6,964	¥10,206	¥40,071	¥(239)	¥57,002
Changes					
Cash dividend from retained earnings			**(514)**		**(514)**
Net income (loss) attributable to owners of parent			**(685)**		**(685)**
Purchase of own shares				**(300)**	**(300)**
Disposal of treasury stock			**(64)**	**127**	**62**
Changes (net) in non-shareholders' equity items					
Total changes	**–**	**–**	**(1,265)**	**(172)**	**(1,438)**
Balance at end of current fiscal year	**¥6,964**	**¥10,206**	**¥38,806**	**¥(412)**	**¥55,564**

(Millions of yen)

	Other accumulated comprehensive income					
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income	Share warrants	Total net assets
Balance at beginning of current fiscal year	¥2,015	¥2,484	¥(397)	¥4,102	¥187	¥61,293
Changes						
Cash dividend from retained earnings						**(514)**
Net income (loss) attributable to owners of parent						**(685)**
Purchase of own shares						**(300)**
Disposal of treasury stock						**62**
Changes (net) in non-shareholders' equity items	**(1,089)**	**(1,437)**	**36**	**(2,490)**	**–**	**(2,490)**
Total changes	**(1,089)**	**(1,437)**	**36**	**(2,490)**	**–**	**(3,928)**
Balance at end of current fiscal year	**¥926**	**¥1,047**	**¥(360)**	**¥1,612**	**¥187**	**¥57,364**

Current consolidated fiscal year (April 1, 2019 through March 31, 2020)

(Thousands of U.S. dollars)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	$64,423	$94,413	$370,693	$(2,213)	$527,316
Changes					
Cash dividend from retained earnings			**(4,761)**		**(4,761)**
Net income (loss) attributable to owners of parent			**(6,342)**		**(6,342)**
Purchase of own shares				**(2,777)**	**(2,777)**
Disposal of treasury stock			**(600)**	**1,179**	**578**
Changes (net) in non-shareholders' equity items					
Total changes	**–**	**–**	**(11,705)**	**(1,598)**	**(13,303)**
Balance at end of current fiscal year	**$64,423**	**$94,413**	**$358,988**	**$(3,811)**	**$514,013**

(Thousands of U.S. dollars)

	Other accumulated comprehensive income					
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income	Share warrants	Total net assets
Balance at beginning of current fiscal year	$18,642	$22,984	$(3,675)	$37,951	$1,735	$567,004
Changes						
Cash dividend from retained earnings						**(4,761)**
Net income (loss) attributable to owners of parent						**(6,342)**
Purchase of own shares						**(2,777)**
Disposal of treasury stock						**578**
Changes (net) in non-shareholders' equity items	**(10,076)**	**(13,298)**	**338**	**(23,036)**	**–**	**(23,036)**
Total changes	**(10,076)**	**(13,298)**	**338**	**(23,036)**	**–**	**(36,340)**
Balance at end of current fiscal year	**$8,566**	**$9,685**	**$(3,336)**	**$14,914**	**$1,735**	**$530,663**

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	Previous consolidated fiscal year (April 1, 2018 through March 31, 2019)	Consolidated fiscal year under review (April 1, 2019 through March 31, 2020)	Consolidated fiscal year under review (April 1, 2019 through March 31, 2020)
Cash flows from operating activities			
Income before income taxes and others	1,745	586	5,423
Depreciation and amortization	16,011	14,329	132,556
Impairment loss	3,293	60	556
Increase (decrease) in bonus allowances	18	(279)	(2,583)
Increase (decrease) in provision for product warranties	(17)	(22)	(210)
Increase (decrease) in net defined benefit liability	91	(116)	(1,074)
Interest and dividend income	(307)	(223)	(2,070)
Interest expenses	531	462	4,277
Loss (gain) on sales and retirement of tangible fixed assets	247	234	2,170
Loss (gain) on sales of investment securities	(2,194)	(54)	(502)
Subsidy income	(134)	(347)	(3,214)
Gain on insurance adjustment	(207)	–	–
Expenses for advance loan repayments	154	–	–
Loss (gain) on revision of retirement benefit plans	–	(80)	(741)
Decrease (increase) in notes and accounts receivable	1,586	4,827	44,656
Decrease (increase) in inventories	(17)	1,619	14,983
Increase (decrease) in notes and accounts payable	(2,382)	(3,284)	(30,381)
Increase (decrease) in accrued expenses	(33)	(383)	(3,544)
Increase (decrease) in accrued consumption taxes and others	292	(312)	(2,887)
Increase (decrease) in long-term accounts payable - other	(434)	173	1,601
Others	287	157	1,456
Subtotal	18,531	17,346	160,468
Interest and dividends received	256	165	1,530
Interest paid	(544)	(431)	(3,990)
Income taxes paid	(2,594)	(1,501)	(13,890)
Income taxes refund	76	363	3,360
Expenses for advance loan repayments paid	(154)	–	–
Proceeds from subsidy income	214	531	4,916
Proceeds from insurance income	233	–	–
Cash flows from operating activities	16,018	16,474	152,396
Cash flows from investing activities			
Payments into time deposits	(1,113)	(462)	(4,273)
Proceeds from withdrawal of time deposits	–	1,078	9,972
Expenditures from purchases of tangible fixed assets	(15,490)	(18,374)	(169,979)
Proceeds from sales of tangible fixed assets	107	120	1,115
Proceeds from sales of investment securities	2,901	159	1,476
Others	(555)	(212)	(1,968)
Cash flows from investing activities	(14,150)	(17,691)	(163,656)
Cash flows from financing activities			
Proceeds from short-term loans	60,861	67,362	623,145
Repayment of short-term loans	(60,380)	(62,761)	(580,586)
Proceeds from long-term debt	14,318	9,094	84,128
Repayment of long-term debt	(15,510)	(10,503)	(97,166)
Purchase of own shares	(0)	(300)	(2,777)
Dividends paid	(619)	(513)	(4,748)
Others	(62)	(215)	(1,994)
Cash flows from financing activities	(1,392)	2,162	20,001
Effect of exchange rate changes on cash and cash equivalents	(205)	(113)	(1,053)
Net increase (decrease) in cash and cash equivalents	270	831	7,687
Cash and cash equivalents at beginning of year	2,630	2,901	26,837
Cash and cash equivalents at end of period ※	2,901	3,732	34,525

Notes to Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries consist of 15 companies: Ahresty Tochigi Corporation, Ahresty Kumamoto Corporation, Ahresty Yamagata Corporation, Ahresty Wilmington Corporation, Ahresty Techno Service Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Tochigi Corporation, Ahresty Die Mold Kumamoto Corporation, Thai Ahresty Die Co., Ltd., Guangzhou Ahresty Casting Co., Ltd., Ahresty Pretech Corporation, Ahresty Mexicana, S.A. de C.V., Ahresty India Private Limited, Hefei Ahresty Casting Co., Ltd. and Ahresty Precision Die Mold (Guangzhou) Co., Ltd.

(2) The main non-consolidated subsidiary: Thai Ahresty Engineering Co., Ltd.
It has been excluded from the scope of consolidation as they have no significant impact on the Consolidated Financial Statements in terms of total assets, sales, current term net profit or loss (in accordance to their equity), and retained earnings (in accordance to their equity).

2. Equity method affiliates

There are no main non-consolidated subsidiaries accounted for using the equity method. There are no affiliates.
The equity method is not applied to investments in Thai Ahresty Engineering Co., Ltd. among the non-consolidated subsidiaries, because the investments had only a slight influence on net income/loss (an amount in accordance with equity), retained earnings (an amount in accordance with equity), etc. and did not have sufficient importance overall.

3. Business years of consolidated subsidiaries

The closing date for consolidated subsidiaries was December 31 for Thai Ahresty Die Co., Ltd., Guangzhou Ahresty Casting Co., Ltd., Ahresty Mexicana, S.A. de C.V., Hefei Ahresty Casting Co., Ltd. and Ahresty Precision Die Mold (Guangzhou) Co., Ltd.
In order to prepare the Consolidated Financial Statements, the financial statements used for these subsidiaries were as of their closing dates, except for important transactions that took place in the period before the consolidated closing date, which were adjusted as necessary for consolidation.

4. Summary of Significant Accounting Policies

(1) Evaluation standards and evaluation methods for key assets

(a) Marketable securities
Other marketable securities
Securities with market value
Market value method based on the market price on the closing date (variance of estimate is treated with the total net assets input method and the cost of such securities sold is determined by the moving average method)
Securities without market value
Moving average cost method

(b) Derivatives — market value method

(c) Inventories
The Company and consolidated some subsidiaries evaluate according to cost method based primarily on the average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins), while other consolidated subsidiaries evaluate according to lower of cost method based on the first-in, first-out (FIFO) method.

(2) Depreciation methods for important depreciable assets

(a) Tangible fixed assets (excluding lease assets)
Tangible fixed assets other than die casting mold that are included in tools, furniture and fixtures: Straight-line method
Die casting mold that are included in tools, furniture and fixtures: Mainly the production output method
Main useful lives are as follows:
Buildings and structures: Between 2 years and 50 years
Machinery and delivery equipment: Between 2 years and 20 years

Notes to Consolidated Financial Statements

Tools, furniture and fixtures (excluding die casting mold for which the production output method is adopted): Between 2 years and 20 years

(b) Intangible fixed assets (excluding lease assets) — straight-line method

The straight-line method is employed for software used in-house, based on the availability period of five years.

(c) Lease assets

Depreciation is computed using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

(3) Standards for important allowances

(a) Allowances for doubtful accounts

To provide against doubtful accounts, the estimated amount of unrecoverable accounts is reported by employing the loan loss ratio for regular bonds. Recovery rates are calculated individually for specific doubtful accounts and bonds.

(b) Bonus allowances

In order to appropriate bonus payments for employees for the current fiscal year, the parent company and consolidated subsidiaries report this allowance based on projected payment figures.

(c) Allowance for product warranties

In preparation for expenses for charge-free repairs, the Company and its consolidated subsidiaries record the provision based on estimates of different kinds of repairs and the ratio of the expenses to sales in the past.

(4) Accounting method for employees' retirement benefits

(a) Period approximation method for the estimated amount of employees' retirement benefits

For the calculation of employees' retirement benefit liabilities, the Group has adopted fixed amount standards as a method of approximating the estimated amount of employees' retirement benefits to the period up to the end of the consolidated fiscal year under review.

(b) Amortization methods for actuarial difference and prior service costs

Prior service costs are amortized based on the straight-line method over a specified period (10 years) within the average remaining service period of employees at the time when such costs are incurred.

Actuarial difference is amortized based on the straight-line method over a specified period (15 years) within the average remaining service period of employees at the time of its occurrence in each consolidated fiscal year, and it is allocated proportionately from the fiscal year following the respective fiscal year of its occurrence.

(5) Standard for recognizing revenue and expenses

Standard for recognizing revenue and costs associated with construction contracts

(a) Construction contracts for which benefits can be ascertained in relation to the completed portion at the end of the fiscal year under review:

Percentage-of-completion method (percentage of completion based on cost incurred compared to the estimated total cost)

(b) Other construction:

Completed contract method

(6) Currency conversion standards for key total assets or liabilities in foreign currencies

Cash, assets and liabilities in foreign currencies are converted into yen based on the spot exchange rate on the consolidated closing date, and the exchange difference is treated as profit or loss. Total assets and liabilities of consolidated subsidiaries overseas are converted into yen based on the spot exchange rate on the consolidated closing date. Income and expenses are converted into yen based on the average exchange rate during period, and the exchange difference is included in the net assets of the foreign currency translation adjustment.

(7) Hedge accounting

(a) Hedge accounting methods

The deferral hedge accounting method is applied. Foreign exchange contracts are appropriated when they meet the requirements for this method, and interest rate swaps are treated as exceptions when they meet the requirements for this method.

(b) Hedge measures and hedge targets

a. Hedge measures — interest rate swap

Hedge targets — long-term loans paid by variable interest rates

b. Hedge measures — foreign exchange contracts

Hedge targets — debts and credits in foreign currencies

(c) Hedge policies

For long-term loans paid at variable interest rates, derivatives trading is used to avoid the risk of variable interest rates. The interest rate swap provides against the risk of fluctuations in exchange rates at the time of import and export. The company's accounting department conducts internal reviews in employing hedge methods.

(d) Methods for evaluating hedge effectiveness

The effectiveness of hedge transactions is evaluated by the degree of variability between the cumulative amount of either the hedge target market fluctuation or cash flow fluctuation and the cumulative amount of either the hedge means market fluctuation or cash flow fluctuation. However, the evaluation of effectiveness is omitted for interest rate swaps treated as exceptions.

(8) Depreciation method and period of goodwilll

Goodwill is depreciated by straight-line method over a period of five years. If the difference to be eliminated is minor, it is depreciated as a lump sum in the consolidated fiscal year including the date of accrual.

(9) Scope of funds in the Consolidated Statements of Cash Flows

Cash on hand, deposits that can be withdrawn as necessary, and short-term investments that are easily convertible, have low risk of value fluctuation and are due for redemption within three months of the date of acquisition are included in the scope of funds.

(10) Other key considerations for creating the Consolidated Financial Statements

Accounting procedures for consumption tax, etc.

Consumption tax and local consumption tax are treated by the tax exclusive method.

(Changes in Accounting Policy)

(Application of ASU No. 2014-09 (Revenue from contracts with customers))

From the beginning of the consolidated fiscal year under review, the U.S. subsidiary, to which the U.S. standards are applied, started to adopt ASU No. 2014-09 (Revenue from contracts with customers). According to this standard, upon the transfer of the promised goods or services to customers, revenue is recognized in an amount that reflects the consideration to which the subsidiary expects to be entitled in exchange for such goods or services.

The impact of application of this standard on the Group's financial conditions and operating performance is insignificant.

(Application of IFRS 16 (Leases))

From the beginning of the consolidated fiscal year under review, the Group started to apply IFRS 16 (Leases) to the Group companies, excluding the Company and its domestic subsidiaries that adopt the Japanese standards and the U.S. subsidiary to which the U.S. standards apply. As a result, all leases will be recognized as assets or liabilities by borrowers, in principle.

The impact of application of this standard on the Group's financial conditions and operating performance is insignificant.

(Unapplied accounting standards, etc.)

Of the accounting standards that were published before the end of the fiscal year under review, those which are not applied to the Group are as described below. A note on insignificant accounting standards is omitted.

1. The Company and its Consolidated Subsidiaries in Japan

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 on March 30, 2018, Accounting Standards Board of Japan)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 on March 30, 2018, Accounting Standards Board of Japan)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States have jointly developed comprehensive accounting standards for revenue recognition and published

Notes to Consolidated Financial Statements

"Revenue from Contracts with Customers" (IFRS 15 in IASB and Topic 606 in FASB) in May 2014. Given that IFRS 15 and Topic 606 are applied from the fiscal year that begins on or after January 1, 2018 and the fiscal year that begins on or after December 15, 2017, respectively, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and published them along with the implementation guidance.

The basic policy of the ASBJ on its development of accounting standards for revenue recognition is said to be to establish accounting standards, with the incorporation of basic principles of IFRS 15 as a starting point, from the standpoint of comparability between financial statements, which is one of the benefits of promoting consistency with IFRS 15, and to add alternative treatments to the extent to which comparability is not damaged if there is an item in which consideration should be given to practices conducted in Japan thus far.

(2) Scheduled date of application

We plan to apply the accounting standards from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the application of the accounting standards, etc.

The amount of impact of applying the Accounting Standard for Revenue Recognition, etc. on the financial statements of the Company is currently under review.

"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020, Accounting Standards Board of Japan)

(1) Overview

With regard to "key sources of estimation uncertainty," of which disclosure is required by the International Accounting Standards (IAS) No.1 Presentation of Financial Statements (hereinafter, "IAS 1") Article 125 issued by the International Accounting Standards Board (IASB) in 2003, in response to the request to consider also requiring disclosure of such information in Japanese standards in the notes as highly useful information for users of financial statements, the Accounting Standard for Disclosure of Accounting Estimates (hereinafter, "the Accounting Standard") was developed and released by the Accounting Standards Board of Japan.

In developing the Accounting Standard, the Accounting Standards Board of Japan adopted a basic policy of not expanding individual notes but presenting the key principle (purpose of disclosure) and allowing each business entity to determine the specific details of the information to be disclosed in light of the purpose of disclosure. The Board developed the standard in reference to the provisions of Article 125 of IAS 1.

(2) Scheduled date of application start

The application is scheduled to start at the end of the fiscal year ending March 2021.

"Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24, March 31, 2020, Accounting Standards Board of Japan)

(1) Overview

In response to the proposal to consider enhancing the notes with regard to "accounting principles and procedures that are adopted when the provisions of the relevant accounting standards, etc. are not clear," the Accounting Standards Board of Japan made necessary revisions and released the Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections.

When enhancing the notes with regard to "accounting principles and procedures that are adopted when the provisions of the relevant accounting standards, etc. are not clear," the provisions of the Annotations on Corporate Accounting Principles (1-2) shall be continuously applied in order to avoid affecting the practices that have been maintained when the provisions of the relevant accounting standards, etc. are clear.

(2) Scheduled date of application start

The application is scheduled to start at the end of the fiscal year ending March 2021.

2. Overseas Consolidated Subsidiaries

"Leases" (FASB Topic 842)

(1) Overview

These accounting standards demand that a lessee record all leases as assets and liabilities on its balance sheet, in principle. There is no material change in the accounting of the lessor.

(2) Scheduled date of application

FASB Topic 842 is to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of applying these accounting standards

The impact of applying these accounting standards on the Company's consolidated financial statements is currently under evaluation.

(Changes in presentation methods)
(Consolidated Statement of Cash Flows)
"Purchase of own shares," which was included in "Others" under "Cash Flows from Financing Activities" in the previous consolidated fiscal year, was separately recorded starting from the consolidated fiscal year under review because its importance in monetary value had increased. To reflect this change in the method of presentation, reclassification of the financial statements of the previous fiscal year has been conducted.

As a result, (62 million yen) presented in "Others" under "Cash Flows from Financing Activities" was reclassified into (0 million yen) for "Purchase of own shares" and (62 million yen) for "Others."

(Additional information)
(Accounting estimates related to the spread of COVID-19)
Due to the global COVID-19 pandemic, an event that is having a broad impact on our economic and corporate activities, a significant decline in automobile demand is expected worldwide.

As for the Group's accounting estimates, such as the valuation of impairment losses on fixed assets and the collectability of deferred tax assets, since it is difficult at this moment to predict how this infectious disease will spread and when it will end, we have made the best possible estimates in view of the present status of orders received at each site, based on the assumption that the serious damage from the disease will continue until about September 2020 and the impact thereof will last for a while during the remaining period of the fiscal year ending March 2021. As a result, for the consolidated fiscal year under review, we have recorded an impairment loss of 60 million yen and reduced deferred tax assets by 2,028 million yen.

Please note that the above assumption is subject to a high degree of uncertainty. The impact of COVID-19 may affect the Group's business performance and financial conditions more seriously if it is prolonged or aggravated in the future.

(Partial revision of retirement benefit scheme)
For some of our consolidated subsidiaries, during the consolidated fiscal year under review, accounting treatment was employed in line with the transfer of the lump-sum termination allowance plan to the defined contribution pension plan, as well as the introduction of a point system for the defined benefit retirement annuity plan.

For the accounting treatment in line with the transfer of plans, etc., "Guidance on Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1, December 16, 2016) and "Practical Solutions on Accounting for Transfer between Retirement Benefit Plans" (Practical Solutions No. 2, February 7, 2007) are applied.

As a result of this transfer of plans, accounts payable and long-term accounts payable, which are included in "Others" under current liabilities, increased by 66 million yen and 265 million yen, respectively, net defined benefit assets included in "Others" under investments and other assets increased by 234 million yen, and net defined benefit liability decreased by 177 million yen. Also, we recorded 152 million yen in "gain on revision of retirement benefit plans" as an extraordinary gain and 71 million yen in "loss on revision of retirement benefit plans" as an extraordinary loss.

(Accounting treatment in line with the introduction of a consolidated taxation system)
The Company and some of its consolidated subsidiaries applied for approval of the introduction of a consolidated taxation system during the consolidated fiscal year under review, and it was decided that the consolidated taxation system will be applied from the subsequent consolidated fiscal year. Therefore, starting from the fiscal year under review, in accordance with the Practical Solution on Tentative Treatment of Tax Effect Accounting Under the Consolidated Taxation System (Part 1) (Practical Solutions No. 5, January 16, 2015) and the Practical Solution on Tentative Treatment of Tax Effect Accounting Under the Consolidated Taxation System (Part 2) (Practical Solutions No. 7, January 16, 2015), accounting treatment assuming the application of a consolidated taxation system has been employed.

Notes to Consolidated Financial Statements

Notes on Consolidated Balance Sheets

＊1. Figures related to unconsolidated subsidiaries and affiliates are as follows.

	As of March 31, 2019	As of March 31, 2020
Investments in securities (share)	¥36 million	¥36 million

＊2. Notes receivable transfer by endorsement

	As of March 31, 2019	As of March 31, 2020
Notes receivable transfer by endorsement	¥629 million	¥188 million

＊3. Matured notes on the last day of a fiscal year

Matured notes on the last day of a fiscal year are accounted for on the assumption that they are settled on the clearance date. Because the last day of the fiscal year under review was a non-business day of financial institutions, matured notes on the next fiscal year end are included in the ending balance.

	As of March 31, 2019	As of March 31, 2020
Trade notes receivable	¥68 million	–

Notes on Consolidated Statements of Income

＊1. Amount after write-down of year-end inventory to reflect the effect of lower profit margins. The write-down of inventory shown below is included in cost of goods sold.

As of March 31, 2019	As of March 31, 2020
¥297 million	¥400 million

＊2. Research and development expenses included in the administrative expenses

As of March 31, 2019	As of March 31, 2020
¥561 million	¥550 million

No research and development expenses were included in the manufacturing costs incurred for the current period.

＊3. Breakdown of gains on the sale and disposal of fixed assets

	As of March 31, 2019	As of March 31, 2020
Building and structures	¥0 million	¥0 million
Machinery and delivery equipment	¥24 million	¥7 million
Tools, furniture and fixtures	¥4 million	¥16 million
Land	¥33 million	¥0 million
Others	¥0 million	¥0 million
Total	¥64 million	¥23 million

＊4. Breakdown of losses on the sale and disposal of fixed assets

	As of March 31, 2019	As of March 31, 2020
Building and structures	¥21 million	¥21 million
Machinery and delivery equipment	¥256 million	¥137 million
Tools, furniture and fixtures, others	¥33 million	¥106 million
Total	¥311 million	¥266 million

＊5. Impairment loss

The Group posted impairment losses for the asset groups below.

Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)

(1) Assets for which an impairment loss was recognized

Location	Use	Type	Impairment loss (millions of yen)
Ahresty Wilmington Corp. (Ohio, U.S.A.)	Business assets	Building and structures	612
		Machinery and delivery equipment	1,988
		Tools, furniture and fixtures	132
		Land	15
		Lease assets	7
		Construction in progress	256
Ahresty Corp. Higashimatsuyama Plant (Namegawa-machi, Hiki-gun, Saitama)	Business assets	Building and structures	44
		Machinery and delivery equipment	216
		Tools, furniture and fixtures	15
		Intangible fixed assets	3
	Total		3,293

(2) Grouping method

The Ahresty Group conducts the grouping of business assets by business unit whose income and expenditures are figured out continuously, and conducts the grouping of idle assets and assets to be disposed of individually.

(3) Background of how the Group came to recognize an impairment loss and the calculation of a recoverable value

Ahresty Wilmington Corp. conducted an impairment test based on the U.S. Generally Accepted Accounting Principles because of a delay in improving its profitability. As a result, the company reduced the book value of its business assets to their recoverable values and posted the amount of the reduction as an impairment loss. The recoverable value is measured by the value in use and calculated by discounting future cash flows by 11.5%.

Higashimatsuyama Plant reduced the book value for some of its business assets from which the initially anticipated revenues became no longer able to be expected due to a fall in the utilization rate to their recoverable values and posted the reductions as an impairment loss. For the recoverable value, the net realizable value based on the real estate appraisal value is used.

Current consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)

(1) Assets for which an impairment loss was recognized

Location	Use	Type	Impairment loss (millions of yen)
Hefei Ahresty Casting Co., Ltd. (Anhui, P.R.China)	Business assets	Machinery and delivery equipment	15
		Tools, furniture and fixtures	4
Ahresty Corp. Higashimatsuyama Plant (Namegawa-machi, Hiki-gun, Saitama)	Business assets	Building and structures	4
		Machinery and delivery equipment	31
		Tools, furniture and fixtures	2
		Intangible fixed assets	0
	Total		60

(2) Grouping method

The Ahresty Group conducts the grouping of business assets by business unit whose income and expenditures are figured out continuously, and conducts the grouping of idle assets and assets to be disposed of individually.

(3) Background of how the Group came to recognize an impairment loss and the calculation

For Hefei Ahresty Casting Co., Ltd., an impairment test was conducted in accordance with the international accounting standards because of its sluggish performance compared to the initial plan. As a result, the book value of the business assets it owns was written down to the recoverable amount, and the reduced amount was recorded as an impairment loss.

For the Higashimatsuyama Plant, impairment loss was recorded in the previous year due to the decline in profitability. During the fiscal year under review, efforts were made to improve profitability through reform of the

Notes to Consolidated Financial Statements

production system. However, as a result of the delay in recovery of revenues due to the impact of slowdown in domestic demand, etc., the Company reduced the book value of some of its business assets with no prospect for profits for the fiscal year under review to a recoverable amount, and posted the reductions as an impairment loss.

For the recoverable value, the net realizable value based on the real estate appraisal value and the movable property appraisal value is used.

Notes on Consolidated Statements of Comprehensive Income

* Recycling and tax effect relating to other comprehensive income

	As of March 31, 2019	As of March 31, 2020
Valuation difference on available-for-sale securities:		
Amount arising during fiscal year under review	¥(1,597 million)	¥(1,509 million)
Recycling	¥(1,893 million)	¥(54 million)
Before tax effect adjustment	¥(3,490 million)	¥(1,563 million)
Tax effect	¥1,170 million	¥474 million
Valuation difference on available-for-sale securities	¥(2,320 million)	¥(1,089 million)
Foreign currency translation adjustment:		
Amount arising during fiscal year under review	¥(1,684 million)	¥(1,437 million)
Remeasurements of defined benefit plans, net of tax:		
Amount for the current term	¥(51 million)	¥51 million
Reclassification remeasurements	¥59 million	¥68 million
Before tax-effect adjustment	¥8 million	¥119 million
Tax-effect	¥0 million	¥(83 million)
Remeasurements of defined benefit plans, net of tax	¥8 million	¥36 million
Total other comprehensive income	¥(3,995 million)	¥(2,490 million)

Notes on Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)

1. Type and number of issued shares, and the type and number of shares of treasury stock

	Number of shares at end of previous fiscal year	Increase in number of shares in fiscal year	Decrease in number of shares in fiscal year	Number of shares at end of fiscal year
Issued shares				
Common stock (Note 1)	26,027,720	48,997	–	26,076,717
Total	26,027,720	48,997	–	26,076,717
Treasury stock				
Common stock (Note 2)	160,364	1,983	–	162,347
Total	160,364	1,983	–	162,347

Notes: 1. 48,997 shares, an increase in the total number of shares outstanding of common stock, represent an increase due to the issuance of new shares as the restricted stock compensation.
2. 1,983 shares, an increase in treasury shares of common stock, represent an increase due to the purchase of shares constituting less than one unit and the free acquisition of some of the common stock allotted as the restricted stock compensation.

2. Share warrants and own share warrants

Classification	Share warrant type	Type of shares underlying share warrants	Number of shares underlying share warrants (number of share)				Balance at end of fiscal year (millions of yen)
			End of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	Number at end of fiscal year	
Submitting company (parent company)	Share warrants as stock options	–	–	–	–	–	187
Total		–	–	–	–	–	187

3. Dividends

(1)Dividend payments

(Resolution)	Type of shares	Amount of dividend (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Meeting of the Board of Directors on May 11, 2018	Common share	362	Retained earnings	14	March 31, 2018	June 4, 2018
Meeting of the Board of Directors on November 14, 2018	Common share	259	Retained earnings	10	September 30, 2018	December 3, 2018

(2)Dividends with a record date falling in the fiscal year under review and with an effective date belonging to the following fiscal year

(Resolution)	Type of shares	Amount of dividend (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Meeting of the Board of Directors on May 15, 2019	Common share	310	Retained earnings	12	March 31, 2019	June 3, 2019

Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)

1. Type and number of issued shares, and the type and number of shares of treasury stock

	Number of shares at end of previous fiscal year	Increase in number of shares in fiscal year	Decrease in number of shares in fiscal year	Number of shares at end of fiscal year
Issued shares				
Common stock (Note 1)	26,076,717	–	–	26,076,717
Total	26,076,717	–	–	26,076,717
Treasury stock				
Common stock (Note 2)	162,347	560,676	120,734	602,289
Total	162,347	560,676	120,734	602,289

Notes: 1. The increase of 560,676 common shares in treasury stock is due to the acquisition of the Company's own shares, the purchase of shares of less than a unit, and the acquisition free of charge of a part of common shares allocated in the restricted stock compensation plan.
2. The decrease of 120,734 common shares in treasury stock is due to the disposal of the Company's own shares in the restricted stock compensation plan.

2. Share warrants and own share warrants

Classification	Share warrant type	Type of shares underlying share warrants	Number of shares underlying share warrants (number of share)				Balance at end of fiscal year (millions of yen)
			End of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	Number at end of fiscal year	
Submitting company (parent company)	Share warrants as stock options	–	–	–	–	–	187
Total		–	–	–	–	–	187

Notes to Consolidated Financial Statements

3. Dividends

(1)Dividend payments

(Resolution)	Type of shares	Amount of dividend (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Meeting of the Board of Directors on May 15, 2019	Common share	310	Retained earnings	12	March 31, 2019	June 3, 2019
Meeting of the Board of Directors on November 7, 2019	Common share	203	Retained earnings	8	September 30, 2019	December 2, 2019

(2)Dividends with a record date falling in the fiscal year under review and with an effective date belonging to the following fiscal year

N/A

Notes on Consolidated Statements of Cash Flows

＊ Relationship between the final balance of cash and cash equivalents and the account amounts listed in the consolidated balance sheets

	As of March 31, 2019	As of March 31, 2020
Cash on hand and with banks	¥4,028 million	¥4,167 million
Time deposits with a deposit term of more than 3 months	¥(1,127 million)	¥(435 million)
Cash and cash equivalents	¥2,901 million	¥3,732 million

Notes on Lease Transactions

The Company has omitted notes for lease transactions because the Company believes there is a bit significant need in this report for such disclosure.

Notes on Financial Instruments

1. Information about use of financial instruments

(1) Policy on use of financial instruments

The Group raises necessary capital (mainly bank loans), in light of its capital investment plan. It invests temporarily surplus funds primarily in financial assets that are highly liquid and raises short-term working capital by obtaining bank loans. The Group uses derivatives to guard against the following risks but does not engage in speculative transactions.

(2) Types of financial instruments and risks arising from these financial instruments

The Group is exposed to credit risk through its trade notes and accounts receivable from customers, in other words, its operating receivables. It is also exposed to foreign currency fluctuation risk through foreign currency denominated operating receivables that arise when conducting business overseas.

Investments in securities are mostly the shares of companies that we have business relations with and that are subject to a risk of market price fluctuations.

Trade notes and accounts payable, in other words, operating payables, and electronically recorded debt are mostly due within one year. The Group is exposed to foreign currency fluctuation risk on certain foreign currency denominated payables.

The Group obtains loans mainly for the purpose of raising capital for capital investment. The Group is exposed to interest rate risk on certain loans but uses derivative transactions to guard against this risk (interest rate swap transactions).

The derivatives used by the Group is interest rate swap transactions to guard against the risk of changes in interest payments on loans.

For further information on hedge accounting including our hedging methods and hedged transactions, hedging policy and method for assessing hedge effectiveness, please refer to “(7) Hedge accounting” of “4. Summary of Significant Accounting Policies” of “Notes to Consolidated Financial Statements.”

(3) System for managing risks arising from financial instruments

(a) Managing credit risk

The Group’s sales division periodically monitors the status of operating receivables from major customers and manages due dates and outstanding balances for individual customers with the aim of early identification and mitigation of concerns over recovery arising as a result of deterioration in financial position, etc.

The Group understands that it has hardly any credit exposure on derivative transactions, as it deals only with financial institutions that have high ratings.

(b) Managing market risk

The Group uses interest rate swap transactions to mitigate the risk of changes in interest payments on its loans.

We review our investments in securities continuously, checking the market values of the securities and the financial situation of the issuers (business partners) regularly and taking market conditions and our relations with business partners into account.

The division responsible for executing and managing derivative transactions engages in derivative transactions with the approval of the person with decision-making authority, in accordance with management regulations which specify trading authority, trading limit and other trading procedure. The division reports monthly trading figures to the director with jurisdiction.

(c) Managing liquidity risk arising from fund procurement

The division in charge prepares and updates a fund procurement plan in a timely manner based on reports from each division and manages liquidity risk by means such as ensuring on-hand liquidity.

No liquidity risk management is carried out in relation to domestic consolidated subsidiaries as they are linked into a cash management system (CMS) and obtain loans via the parent company.

(4) Supplementary explanation about fair value of financial instruments

The fair value of financial instruments may be their value based on market price or a rationally estimated value

Notes to Consolidated Financial Statements

in cases where no market price exists. Since variables are taken into consideration when estimating fair value, fair value may fluctuate due to the adoption of different assumptions, etc.

2. Fair value of financial instruments

Carrying amounts in the consolidated balance sheets, fair values and differences between carrying amounts and fair values are as follows.

Previous consolidated fiscal year (March 31, 2019)

	Carrying amount in the consolidated balance sheets	Fair value	Difference
	(¥ millions)	(¥ millions)	(¥ millions)
(1) Cash and time deposits	4,028	4,028	–
(2) Trade notes and accounts receivable	22,382	22,382	–
(3) Investments in securities	4,190	4,190	–
Total assets	30,600	30,600	–
(1) Trade notes and accounts payable	11,162	11,162	–
(2) Electronically recorded debt	7,522	7,522	–
(3) Short-term loans	5,740	5,740	–
(4) Long-term loans	24,997	24,978	(19)
Total liabilities	49,423	49,404	(19)
Derivative transactions	–	–	–

Current consolidated fiscal year (March 31, 2020)

	Carrying amount in the consolidated balance sheets	Fair value	Difference
	(¥ millions)	(¥ millions)	(¥ millions)
(1) Cash and time deposits	4,167	4,167	–
(2) Trade notes and accounts receivable	17,922	17,922	–
(3) Investments in securities	2,525	2,525	–
Total assets	24,615	24,615	–
(1) Trade notes and accounts payable	9,284	9,284	–
(2) Electronically recorded debt	5,994	5,994	–
(3) Short-term loans	10,273	10,273	–
(4) Long-term loans	23,423	23,429	5
Total liabilities	48,975	48,981	5
Derivative transactions	–	–	–

Notes : 1. Methods for estimating fair value of financial instruments and trading in securities and derivatives

Assets

(1) Cash and time deposits, (2) Trade notes and accounts receivable

Recognized at their carrying amounts, as carrying amounts approximate fair value because of the short-term maturity of these instruments.

(3) Investments in securities

The prices of shares on the stock exchange are considered the market values of the shares.

Liabilities

(1) Trade notes and accounts payable, (2) Electronically recorded debt, (3) Short-term loans

Recognized at their carrying amounts, as carrying amounts approximate fair value because of the short-term maturity of these instruments.

(4) Long-term loans

For the fair values of long-term loans payable at fixed interest rates, the total amount of the principal and interest is discounted using a rate that is assumed to be applied when a similar loan is newly borrowed. For the fair values of long-term loans payable at variable interest rates that are subject to the special treatment of interest rate swaps, the total amount of the principal and interest that were accounted for as a single item with the relevant interest rate swap is discounted with a rate that is assumed to be applied when a new, similar loan is taken out.

Derivative transactions

See "Notes on Derivative Transactions".

2. Financial instruments whose market values are considered very difficult to determine

	As of March 31, 2019	As of March 31, 2020
	(¥ millions)	(¥ millions)
Shares of unlisted shares	5	5
Shares in non-consolidated subsidiaries	36	36

These securities do not have any market prices, and it is very difficult to determine their market values. They are not therefore included in (3) Investments in securities.

3. The amount of monetary claims and securities with maturity to be redeemed after the consolidated closing date

Previous consolidated fiscal year (March 31, 2019)

	Within one year	More than one year, within five years	More than five years, within ten years	More than 10 years
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Cash and time deposits	4,028	–	–	–
Trade notes and accounts receivable	22,382	–	–	–
Total	26,410	–	–	–

Current consolidated fiscal year (March 31, 2020)

	Within one year	More than one year, within five years	More than five years, within ten years	More than 10 years
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Cash and time deposits	4,167	–	–	–
Trade notes and accounts receivable	17,922	–	–	–
Total	22,089	–	–	–

4. Schedule of repayment of short-term loans and long-term loans after the consolidated account closing date

Previous consolidated fiscal year (March 31, 2019)

	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Short-term loans	5,740	–	–	–	–	–
Long-term loans	10,199	6,663	4,336	2,026	1,772	–
Total	15,940	6,663	4,336	2,026	1,772	–

Current consolidated fiscal year (March 31, 2020)

	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Short-term loans	10,273	–	–	–	–	–
Long-term loans	7,750	6,076	4,293	3,991	1,311	–
Total	18,023	6,076	4,293	3,991	1,311	–

Notes on Marketable Securities

1. Marketable securities for trading

N/A

2. Securities held to maturity that have market value

N/A

Notes to Consolidated Financial Statements

3. Other securities that have market value

Previous consolidated fiscal year (March 31, 2019)

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	4,148	1,064	3,084
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	4,148	1,064	3,084

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	41	60	(19)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	41	60	(19)
	Total	4,190	1,125	3,064

Note: Unlisted stocks (5 million yen on the consolidated balance sheet) are not included in the table above because they have no market price and it is very difficult to determine their fair value.

Current consolidated fiscal year (March 31, 2020)

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	2,393	841	1,551
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	2,393	841	1,551

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	132	182	(50)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	132	182	(50)
	Total	2,525	1,024	1,501

Note: Unlisted stocks (5 million yen on the consolidated balance sheet) are not included in the table above because they have no market price and it is very difficult to determine their fair value.

4. Other marketable securities sold

Previous consolidated fiscal year (April 1, 2018 through March 31, 2019)

	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
(1) Stock	2,901	2,194	–
(2) Bond			
(i) Government bond, local government bond, etc.	–	–	–
(ii) Corporate bond	–	–	–
(iii) Other	–	–	–
(3) Other	–	–	–
Total	2,901	2,194	–

Current consolidated fiscal year (April 1, 2019 through March 31, 2020)

	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
(1) Stock	159	54	–
(2) Bond			
(i) Government bond, local government bond, etc.	–	–	–
(ii) Corporate bond	–	–	–
(iii) Other	–	–	–
(3) Other	–	–	–
Total	159	54	–

Notes on Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

Previous consolidated fiscal year (March 31, 2019)

N/A

Current consolidated fiscal year (March 31, 2020)

N/A

(2) Interest rate

Previous consolidated fiscal year (March 31, 2019)

N/A

Current consolidated fiscal year (March 31, 2020)

N/A

2. Derivative transactions to which hedge accounting is applied

Interest rate

Previous consolidated fiscal year (March 31, 2019)

Hedge accounting method	Type of transaction	Main hedge target	Value of contracts (¥ millions)	Value of contracts for longer than a year (¥ millions)	Market value (¥ millions)
Special accounting methods for interest rate swaps	Interest rate swap, receipt of floating rates, payment of fixed rates	Long-term loans payable	206	75	(Note)

Note: Interest rate swaps accounted for by special accounting methods are accounted for with the hedge target, long-term loans payable. The market value of the interest rate swaps is therefore included in the market value of the long-term loans payable.

Current consolidated fiscal year (March 31, 2020)

Hedge accounting method	Type of transaction	Main hedge target	Value of contracts (¥ millions)	Value of contracts for longer than a year (¥ millions)	Market value (¥ millions)
Special accounting methods for interest rate swaps	Interest rate swap, receipt of floating rates, payment of fixed rates	Long-term loans payable	75	–	(Note)

Note: Interest rate swaps accounted for by special accounting methods are accounted for with the hedge target, long-term loans payable. The market value of interest rate swaps is therefore included in the market value of long-term loans payable.

Notes on Employees' Retirement Benefits

1. Overview of retirement benefit scheme

The company and some of its consolidated subsidiaries have established an approved retirement annuity system and a termination allowance plan as our defined benefit systems. The company and some of its subsidiaries also have defined contribution retirement benefit schemes. Upon the retirement of employees, there are instances where premium severance payments not covered in the retirement benefit liabilities are made. Some of its consolidated subsidiaries also adopt a simple method for calculating retirement benefit liabilities.

For some of our consolidated subsidiaries, during the consolidated fiscal year under review, accounting treatment was employed in line with the transfer of the lump-sum termination allowance plan to the defined contribution pension plan as well as the introduction of a point system for the defined benefit retirement annuity plan.

For the accounting treatment in line with the transfer of plans, etc., "Guidance on Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1, December 16, 2016) and "Practical Solutions on Accounting for Transfer between Retirement Benefit Plans" (Practical Solutions No. 2, February 7, 2007) are applied.

As a result of this transfer of plans, we recorded 152 million yen in "gain on revision of retirement benefit plans" as an extraordinary gain and 71 million yen in "loss on revision of retirement benefit plans" as an extraordinary loss.

Notes to Consolidated Financial Statements

2. Defined benefit system

(1) Adjustment statement of the balance of retirement benefit liabilities at the beginning and end of the current fiscal year (excluding systems that adopt the simplified method described in (3))

(¥ millions)	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Balance of retirement benefit liabilities at the beginning of the current fiscal year	3,892	3,978
Service cost	252	253
Interest expenses	11	13
Actuarial difference	10	(182)
Retirement benefits payments	(187)	(160)
Past service cost incurred	0	27
Others	(0)	(3)
Balance of retirement benefit liabilities at the end of the current fiscal year	3,978	3,925

(2) Adjustment statement of the balance of pension assets at the beginning and end of the current fiscal year (excluding systems that adopt the simplified method described in (3))

(¥ millions)	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Balance of pension assets at the beginning of the current fiscal year	1,955	2,018
Expected return on pension plan assets	38	23
Actuarial difference	(14)	(101)
Contributions from the business owner	220	221
Retirement benefits payments	(181)	(118)
Balance of pension assets at the end of the current fiscal year	2,018	2,043

(3) Adjustment statement of the balance of net defined benefit liability under the system whereby the simple method is adopted at the beginning and end of the current fiscal year

(¥ millions)	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Balance of net defined benefit liability at the beginning of the current fiscal year	930	989
Retirement benefit expenses	154	121
Retirement benefits payments	(95)	(78)
Decrease due to transfer to the defined contribution plan	–	(408)
Balance of net defined benefit liability at the end of the current fiscal year	989	624

(4) Adjustment statement of the balance of retirement benefit liabilities and pension assets at the end of the current fiscal year and net defined benefit liabilities and assets related to employees' retirement benefits that are recorded on the consolidated balance sheet

(¥ millions)	Previous consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
Retirement benefit liabilities of the funded pension	3,055	2,953
Pension assets	(2,018)	(2,043)
	1,037	909
Retirement benefit liabilities of the unfunded pension	1,911	1,596
Net liabilities and assets recorded on the consolidated balance sheet	2,949	2,506
Net defined benefit liability	2,949	2,709
Net defined benefit asset	–	(203)
Net liabilities and assets recorded on the consolidated balance sheet	2,949	2,506

(5) Retirement benefit expenses and their breakdown

(¥ millions)	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Service cost	252	253
Interest expenses	11	13
Expected return on pension plan assets	(38)	(23)
Recognized actuarial difference	31	62
Recognized prior service cost	2	4
Retirement benefit expenses calculated by the simple method	157	121
Loss (gain) on revision of retirement benefit scheme	–	(80)
Others	50	11
Retirement benefit expenses related to the defined benefit system	466	362

(6) Remeasurements of defined benefit plans

The details of the items (before tax effects) that have been recorded in the remeasurements of defined benefit plans are as follows.

(¥ millions)	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Prior service cost	2	(23)
Actuarial difference	5	143
Total	8	119

(7) Remeasurements of defined benefit plans

The breakdown of items recorded in the remeasurements of defined benefit plans (before tax impact deduction) is as follows:

(¥ millions)	Previous consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
Unrecognized prior service cost	(2)	(26)
Unrecognized actuarial difference	(477)	(334)
Total	(480)	(360)

(8) Matters related to pension assets

(i) Main breakdown of pension assets

The ratio of the main categories against the total pension assets is as follows:

	Previous consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
Bonds	25%	24%
Shares	33%	29%
Insurance assets (general account)	39%	42%
Others	3%	5%
Total	100%	100%

(ii) Method for establishing the rate of the long-term expected return on pension plan assets

To determine the rate of the long-term expected return on pension plan assets, the current and expected allocation of pension assets and the current and expected future rate of long-term return from a variety of assets that constitute pension assets have been taken into account.

(9) Matters related to the actuarial calculation basis

The main actuarial calculation basis

	Previous consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
Discount rate	Primarily 0.2%	Primarily 0.2%
Expected rate of increase	Primarily 3.6%	Primarily 3.6%
Rate of long-term expected return on pension plan assets	2.5%	2.5%

3. Defined contribution retirement benefit system

The required contribution amount of the company and some of the consolidated subsidiaries was ¥390 million as the previous consolidated fiscal year and ¥385 million as the current consolidated fiscal year.

Notes to Consolidated Financial Statements

Notes on Stock Option

1. The amount and account of expenses related to stock options

N/A

2. Description and scale of stock options and changes

(1) Description of stock options

	2006 stock options
Date of resolution	November 15, 2006
Position and number of persons granted stock options	Directors of the Company: Five persons Corporate auditors of the Company: Two persons
Number of stock options by share type (Note 1)	Common shares: 8,600 shares
Grant date	November 30, 2006
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From December 1, 2006 To November 30, 2036
Number of share warrants (warrants) (Note 2)	35
Class and number of shares subject to share warrants (Note 2)	Common stock 3,500 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 3,419 Amount of capitalization 1,710
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2007 stock options
Date of resolution	July 26, 2007
Position and number of persons granted stock options	Directors of the Company: Four persons Corporate auditors of the Company: Two persons
Number of stock options by share type (Note 1)	Common shares: 11,000 shares
Grant date	August 10, 2007
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From August 11, 2007 To August 10, 2037
Number of share warrants (warrants) (Note 2)	51
Class and number of shares subject to share warrants (Note 2)	Common stock 5,100 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 2,220 Amount of capitalization 1,110
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2008 stock options
Date of resolution	July 25, 2008
Position and number of persons granted stock options	Directors of the Company: Four persons Corporate auditors of the Company: Two persons
Number of stock options by share type (Note 1)	Common shares: 24,000 shares
Grant date	August 18, 2008
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From August 19, 2008 To August 18, 2038
Number of share warrants (warrants) (Note 2)	109
Class and number of shares subject to share warrants (Note 2)	Common stock 10,900 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 573 Amount of capitalization 287
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2009 stock options
Date of resolution	July 24, 2009
Position and number of persons granted stock options	Directors of the Company: Four persons Corporate auditors of the Company: Two persons
Number of stock options by share type (Note 1)	Common shares: 24,000 shares
Grant date	August 17, 2009
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From August 18, 2009 To August 17, 2039
Number of share warrants (warrants) (Note 2)	98
Class and number of shares subject to share warrants (Note 2)	Common stock 9,800 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 370 Amount of capitalization 185
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2010 stock options
Date of resolution	July 12, 2010
Position and number of persons granted stock options	Directors of the Company: Five persons Corporate auditors of the Company: Two persons
Number of stock options by share type (Note 1)	Common shares: 24,000 shares
Grant date	July 28, 2010
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From July 29, 2010 To July 28, 2040
Number of share warrants (warrants) (Note 2)	108
Class and number of shares subject to share warrants (Note 2)	Common stock 10,800 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 569 Amount of capitalization 285
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

Notes to Consolidated Financial Statements

	2011 stock options
Date of resolution	July 20, 2011
Position and number of persons granted stock options	Directors of the Company: Four persons Corporate auditors of the Company: Two persons
Number of stock options by share type (Note 1)	Common shares: 24,000 shares
Grant date	August 8, 2011
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From August 9, 2011 To August 8, 2041
Number of share warrants (warrants) (Note 2)	163
Class and number of shares subject to share warrants (Note 2)	Common stock 16,300 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 410 Amount of capitalization 205
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2012 stock options
Date of resolution	July 24, 2012
Position and number of persons granted stock options	Directors of the Company: Four persons Corporate auditors of the Company: Two persons
Number of stock options by share type (Note 1)	Common shares: 24,000 shares
Grant date	August 8, 2012
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From August 9, 2012 To August 8, 2042
Number of share warrants (warrants) (Note 2)	163
Class and number of shares subject to share warrants (Note 2)	Common stock 16,300 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 235 Amount of capitalization 118
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2013 stock options
Date of resolution	July 22, 2013
Position and number of persons granted stock options	Directors of the Company: Four persons Corporate auditors of the Company: Two persons
Number of stock options by share type (Note 1)	Common shares: 24,000 shares
Grant date	August 9, 2013
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length of service.
Period for exercising rights	From August 10, 2013 to August 9, 2043
Number of share warrants (warrants) (Note 2)	200
Class and number of shares subject to share warrants (Note 2)	Common stock 20,000 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 583 Amount of capitalization 292
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2014 stock options
Date of resolution	July 28, 2014
Position and number of persons granted stock options	Directors of the Company: Four persons Corporate auditors of the Company: Two persons
Number of stock options by share type (Note 1)	Common shares: 48,600 shares
Grant date	August 19, 2014
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length of service.
Period for exercising rights	From August 20, 2014 to August 19, 2044
Number of share warrants (warrants) (Note 2)	416
Class and number of shares subject to share warrants (Note 2)	Common stock 41,600 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 668 Amount of capitalization 334
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2015 stock options
Date of resolution	July 24, 2015
Position and number of persons granted stock options	Directors of the Company: Six persons (incl. One Director, who is Audit & Supervisory Committee member)
Number of stock options by share type (Note 1)	Common shares: 44,800 shares
Grant date	August 18, 2015
Vesting conditions	Losing the positions of director of the Company
Target length of service	No condition has been set with respect to length of service.
Period for exercising rights	From August 19, 2015 to August 18, 2045
Number of share warrants (warrants) (Note 2)	417
Class and number of shares subject to share warrants (Note 2)	Common stock 41,700 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 768 Amount of capitalization 384
Conditions for the exercise of share warrants (Note 2)	(Note 6)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2016 stock options
Date of resolution	July 25, 2016
Position and number of persons granted stock options	Directors of the Company: Six persons (incl. One Director, who is Audit & Supervisory Committee member)
Number of stock options by share type (Note 1)	Common shares: 57,300 shares
Grant date	August 10, 2016
Vesting conditions	Losing the positions of director of the Company
Target length of service	No condition has been set with respect to length of service.
Period for exercising rights	From August 11, 2016 to August 10, 2046
Number of share warrants (warrants) (Note 2)	533
Class and number of shares subject to share warrants (Note 2)	Common stock 53,300 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 598 Amount of capitalization 299
Conditions for the exercise of share warrants (Note 2)	(Note 6)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

Notes to Consolidated Financial Statements

	2017 stock options
Date of resolution	July 12, 2017
Position and number of persons granted stock options	Directors of the Company: Seven persons (incl. One Director, who is Audit & Supervisory Committee member)
Number of stock options by share type (Note 1)	Common shares: 52,600 shares
Grant date	August 10, 2017
Vesting conditions	Losing the positions of director of the Company
Target length of service	No condition has been set with respect to length of service.
Period for exercising rights	From August 11, 2017 to August 10, 2047
Number of share warrants (warrants) (Note 2)	526
Class and number of shares subject to share warrants (Note 2)	Common stock 52,600 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 660 Amount of capitalization 330
Conditions for the exercise of share warrants (Note 2)	(Note 6)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

Notes: 1. Converted to the number of shares

2. Information on the last day of the fiscal year under review (March 31, 2020) is stated. Because there is no change in the information to be stated as of the end of the previous month (June 30, 2020), which is the date of submission, from the information on the last day of the fiscal year under review, the description of information as of the end of the previous month, the date of submission, is omitted.

3. (1) The amount of stated capital to increase in cases where shares are issued by the exercise of share warrants shall be half of the maximum amount of increase in stated capital that is calculated in accordance with Article 17, Paragraph 1 of the Rules of Corporate Accounting, and fractions less than one yen arising from the calculation shall be rounded up.

(2) The amount of capital reserves to increase in cases where shares are issued by the exercise of share warrants shall be an amount obtained by reducing the amount of stated capital to increase provided for in (1) above from the maximum amount of increase in stated capital stated in (1) above.

4. (1) Share warrant holders may exercise share warrants only during the period from the day following the day when they have relinquished their position both as a director and a corporate auditor of the Company (hereinafter referred to as the "Exercise Commencement Date") to the day when 10 days have passed after the Exercise Commencement Date within the exercise period.

(2) Notwithstanding the statement in (1) above, the share warrant holders may exercise share warrants only during the period stipulated in ① or ② below in the case provided for in ① or ② (however, for ②, excluding cases where share warrants of the stock company listed in (a) through (e) in Article 236, Paragraph 1, (viii) of the Companies Act are issued).

① If the Exercise Commencement Date does not arrive before a year before the last day of the exercise period arrives, from a year before the last day of the exercise period to the last day of the exercise period

② If a proposal to approve a merger agreement by which the Company will become a disappearing company or a proposal to approve a share exchange agreement or a share transfer plan by which the Company will become a wholly owned subsidiary is approved at a general meeting of shareholders of the Company (if a resolution is made by the Board of Directors of the Company in cases where the resolution of the general meeting of shareholders is unnecessary), for 15 days from the day following the date of approval

(3) The share warrant holders shall exercise all share warrants in a lump.

(4) If a share warrant holder has abandoned share warrants, he/she may not exercise such share warrants.

(5) Other conditions shall be established by a share warrant allotment agreement to be concluded between the Company and the share warrant holders based on a resolution of the Board of Directors.

5. Treatment when organization restructuring actions are taken

In cases where the Company conducts a merger (limited to cases where the Company will disappear as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (hereinafter collectively referred to as "Organization Restructuring Actions"), the Company shall deliver share warrants of the stock company listed in (a) through (e) in Article 236, Paragraph 1, (viii) of the Companies Act (hereinafter referred to as the "Company Subject to Reorganization") to the share warrant holders of the share warrants that remain when the Organization Restructuring Actions become effective (hereinafter referred to as the "Remaining Share Warrants") for each case. In this case, the Remaining Share Warrants shall disappear, and the Company Subject to Reorganization shall issue new share warrants. However, this shall be limited to cases where a provision to the effect that the share warrants of the Company Subject to Reorganization shall be delivered in accordance with the conditions below is set forth in the absorption-type merger agreement, the consolidation-type merger agreement, the absorption-type company split agreement, the incorporation-type company split agreement, the share exchange agreement or the share transfer plan.

(1) Number of share warrants of the Company Subject to Reorganization to be delivered
The same number as the number of share warrants held by the share warrant holders of the Remaining Share Warrants shall be delivered in each case.

(2) Class of shares of the Company Subject to Reorganization subject to share warrants
Common stock of the Company Subject to Reorganization

(3) Number of shares of the Company Subject to Reorganization subject to share warrants
It will be determined by taking into consideration the conditions, etc. of the Organization Restructuring Actions.

(4) Value of property to be contributed upon the exercise of share warrants
The value of property to be contributed upon the exercise of each share warrant to be delivered shall be an amount obtained by multiplying the amount to be paid after reorganization that is set forth below by the number of shares of the Company Subject to Reorganization subject to the each share warrant to be determined in accordance with (3) above. The amount to be paid after reorganization shall be 1 yen per share of the Company Subject to Reorganization that can be delivered upon the exercise of each share warrant to be delivered.

(5) Period when share warrants can be exercised
The period when share warrants can be exercised shall be from the date of commencement of the period when share warrants for subscription can be exercised, or the effective date of the Organization Restructuring Actions, whichever comes later, to the expiration date of the period when share warrants for subscription can be exercised.

(6) Matters relating to stated capital and capital reserves to increase in cases where shares are issued by the exercise of share warrants

①The amount of stated capital to increase in cases where shares are issued by the exercise of share warrants for subscription shall be half of the maximum amount of increase in stated capital that is calculated in accordance with Article 17, Paragraph 1 of the Rules of Corporate Accounting, and fractions less than one yen arising from the calculation shall be rounded up.

②The amount of capital reserves to increase in cases where shares are issued by the exercise of share warrants for subscription shall be an amount obtained by reducing the amount of stated capital to increase provided for in (1) above from the maximum amount of increase in stated capital stated in (1) above.

(7) Restrictions on the acquisition of share warrants by transfer
The acquisition of share warrants by transfer shall require the approval by the resolution of the Board of Director of the Company Subject to Reorganization.

6. (1) Share warrant holders may exercise share warrants only during the period from the day following the day when they have relinquished their position as a director of the Company (hereinafter referred to as the "Exercise Commencement Date") to the day when 10 days have passed after the Exercise Commencement Date within the exercise period.

(2) Same as (2) in (Note 4) above.
(3) Same as (3) in (Note 4) above.
(4) Same as (4) in (Note 4) above.
(5) Same as (5) in (Note 4) above.

(2) Scale of stock options and changes

Stock options existed in the fiscal year under review (ended March 31, 2020). The number of stock options is converted to the number of shares.

a. Number of stock options

	2006 stock options	2007 stock options	2008 stock options	2009 stock options	2010 stock options	2011 stock options	2012 stock options	2013 stock options	2014 stock options	2015 stock options	2016 stock options	2017 stock options
Before vesting date (number of share)												
At end of previous fiscal year	3,500	5,100	10,900	9,800	10,800	16,300	16,300	20,000	41,600	41,700	53,300	52,600
Granted	–	–	–	–	–	–	–	–	–	–	–	–
Expired	–	–	–	–	–	–	–	–	–	–	–	–
Vested	–	–	–	–	–	–	–	–	–	–	–	–
Not yet vested	3,500	5,100	10,900	9,800	10,800	16,300	16,300	20,000	41,600	41,700	53,300	52,600
After vesting date (number of share)												
At end of previous fiscal year	–	–	–	–	–	–	–	–	–	–	–	–
Vested	–	–	–	–	–	–	–	–	–	–	–	–
Exercise of rights	–	–	–	–	–	–	–	–	–	–	–	–
Expired	–	–	–	–	–	–	–	–	–	–	–	–
Unexercised	–	–	–	–	–	–	–	–	–	–	–	–

b. Unit price information

	2006 stock options	2007 stock options	2008 stock options	2009 stock options	2010 stock options	2011 stock options	2012 stock options	2013 stock options	2014 stock options	2015 stock options	2016 stock options	2017 stock options
Exercise price (yen)	1	1	1	1	1	1	1	1	1	1	1	1
Average stock price at time of exercise (yen)	–	–	–	–	–	–	–	–	–	–	–	–
Fair unit value on grant date (yen)	3,418	2,219	572	369	568	409	234	582	667	767	597	659

3. Method for estimating the fair unit value of stock options

There were no new stock options granted in the current consolidated fiscal year.

4. Method for estimating the number of vested stock options

Since it is inherently difficult to estimate the number of stock options expected to expire, only the actual number of stock options that have expired is reflected.

Notes on Tax Accounting

1. Breakdown of major causes for deferred tax assets and liabilities

	Previous consolidated fiscal year (March 31, 2019) (¥ millions)	Current consolidated fiscal year (March 31, 2020) (¥ millions)
Deferred tax assets		
Accrued expenses	73	69
Net defined benefit liability	836	704
Accounts payable – other (amount that has not been transferred to defined contribution pension plan)	130	8
Long-term accounts payable – other (amount that has not been transferred to defined contribution pension plan)	–	92
Excess deductible amount in bonus allowances	484	493
Unrealized profits for inventories	68	49
Unrealized profits for fixed assets	1,143	1,146
Loss carried forward (Note 2)	1,554	2,273
Over-depreciation	2,570	2,266
Provision for product warranties	31	17
Impairment loss	752	706
Other	480	698
Deferred tax assets subtotal	8,125	8,528
Valuation reserve pertaining to tax loss carried forward (Note 2)	(1,448)	(1,499)
Valuation reserve pertaining to the sum of deductible temporary differences	(1,671)	(2,586)
Subtotal of valuation reserves (Note 1)	(3,119)	(4,085)
Deferred tax assets total	5,005	4,442
Deferred tax liabilities		
Property replacement reserve	(861)	(827)
Special depreciation reserve	(28)	(50)
Fixed assets reserve	(270)	(623)
Net unrealized gains on securities	(925)	(451)
Exchange rate differences on non-monetary assets and liabilities of overseas consolidated subsidiaries	(1,669)	(1,225)
Other	(1,359)	(1,418)
Deferred tax liabilities total	(5,115)	(4,596)
Net deferred tax assets	(110)	(153)

Notes: 1. Valuation reserves increased ¥966 million from the previous consolidated fiscal year. The major factor for the increase was an increase in the valuation reserve pertaining to tax loss carried forward at the domestic subsidiary.

2. Amounts of tax loss carried forward and deferred tax assets by the deadline for carrying forward

Previous consolidated fiscal year (March 31, 2019)

	Up to 1 year (million yen)	More than 1 year and up to 2 years (million yen)	More than 2 years and up to 3 years (million yen)	More than 3 years and up to 4 years (million yen)	More than 4 years and up to 5 years (million yen)	More than 5 years (million yen)	Total (million yen)
Tax loss carried forward (*1)	–	–	–	–	98	1,455	(*2) 1,554
Valuation reserve	–	–	–	–	(31)	(1,417)	(1,448)
Deferred tax assets	–	–	–	–	67	37	(*2) 105

(*1) The tax loss carried forward is an amount obtained by multiplying the effective statutory tax rate.

(*2) For the tax loss carried forward of ¥1,554 million (an amount obtained by multiplying the effective statutory tax rate), deferred tax assets of ¥105 million are posted. For this tax loss carried forward, valuation reserve is not recognized for the portion that is determined to be recoverable based on the expected future taxable income, etc.

Consolidated fiscal year under review (March 31, 2020)

	Up to 1 year (million yen)	More than 1 year and up to 2 years (million yen)	More than 2 years and up to 3 years (million yen)	More than 3 years and up to 4 years (million yen)	More than 4 years and up to 5 years (million yen)	More than 5 years (million yen)	Total (million yen)
Tax loss carried forward (*1)	–	–	2	39	201	2,030	(*2) 2,273
Valuation reserve	–	–	(2)	(39)	(22)	(1,435)	(1,499)
Deferred tax assets	–	–	–	–	179	595	(*2) 774

(*1) The tax loss carried forward is an amount obtained by multiplying the effective statutory tax rate.

(*2) For the tax loss carried forward of ¥2,273 million (an amount obtained by multiplying the effective statutory tax rate), deferred tax assets of ¥774 million are posted. For this tax loss carried forward, valuation reserve is not recognized for the portion that is determined to be recoverable based on the expected future taxable income, etc.

2. Breakdown by item of major causes for important differences between the burden rates of corporate tax at the statutory effective tax rate and after the application of deferred tax accounting

	Previous consolidated fiscal year (March 31, 2019) (%)	Current consolidated fiscal year (March 31, 2020) (%)
Statutory effective tax rate	30.6	30.6
(adjustments)		
Items that will never be included as losses, such as entertainment expenses	6.3	10.1
Items that will never be included as profits, such as dividend revenue	(3.3)	(1.6)
Per capita residential tax	1.7	4.5
Tax credits for research and development expenses	(4.8)	(5.7)
Employees salary increase tax deduction, etc.	(0.1)	–
Increase (decrease) in valuation allowance	36.2	183.3
Difference in statutory tax rates of consolidated subsidiaries	17.8	19.6
Retained earnings of overseas consolidated subsidiaries	2.0	3.8
Foreign tax credit	(4.9)	1.1
Amount of impact of the enactment of the Tax Cuts and Jobs Act in the United States	(0.1)	–
Difference due to tax rate change as a result of consolidated taxation	–	(1.6)
Impact of exchange rate fluctuations at overseas consolidated subsidiaries	(5.8)	(22.2)
Other	0.3	(4.9)
Burden ratio of corporate tax after application of deferred tax accounting	75.9	217.0

(Notes on Business Combination)

Not applicable

(Notes on Asset Retirement Obligations)

The Company has omitted notes for asset retirement obligations because the Company believes there is a bit significant need in this report for such disclosure.

(Notes on Rental Properties)

The Company has omitted notes for rental properties because the Company believes there is a bit significant need in this report for such disclosure.

Segment Information

1. Overview of reported segments

The reported segments of the Company are those units for which separate financial information can be obtained among the constituent units of the Company and for which the Board of Directors of the Company regularly carries out examinations to determine the allocation of management resources and assess the business performance.

The Company manages the Die Casting Business, the Aluminum Business, and the Proprietary Products Business.

In the Die Casting Business, the Company develops comprehensive strategies by regions: Japan, North America, and Asia, and is engaged in business activities accordingly.

As a result, the Company has five reported segments: Die Casting Business: Japan, Die Casting Business: North America, Die Casting Business: Asia, Aluminum Business, and Proprietary Products Business.

In the Die Casting Business, the Company is mainly engaged in manufacturing and sales of auto parts, general engine parts, industrial machinery parts, and dies in Japan, North America and Asia. In the Aluminum Business, the Company

Notes to Consolidated Financial Statements

is engaged in smelting and sales of aluminum alloy ingots. In the Proprietary Products Business, it sells access floors and its accessories.

2. Methods for calculating net sales, profits or losses, assets, liabilities and amounts for other items by reported segment

Profits in the reported segments are figures based on operating income.

Intersegment sales and transfers are based on current market values.

3. Information related to net sales, profits or losses, assets, liabilities and amounts for other items by reported segment

Previous consolidated fiscal year (April 1, 2018 through March 31, 2019)

(Millions of yen)

	Reported segments					
	Die Casting Business			Aluminum Business	Proprietary Products Business	Total
	Japan	North America	Asia			
Sales						
(1) Customers	67,998	39,801	29,971	4,679	2,976	145,428
(2) Intersegment	3,701	10	1,915	4,525	6	10,158
Total	71,699	39,811	31,887	9,204	2,982	155,587
Segment profits/loss	871	123	1,841	112	314	3,263
Segment assets	54,834	32,954	37,943	3,019	2,194	130,946
Other items						
Depreciation and amortization	5,925	6,052	4,183	44	4	16,209
Impairment loss	289	3,012	–	–	–	3,302
Increase in tangible fixed assets and intangible fixed assets	6,788	3,858	5,787	67	26	16,528

Current consolidated fiscal year (April 1, 2019 through March 31, 2020)

(Millions of yen)

	Reported segments					
	Die Casting Business			Aluminum Business	Proprietary Products Business	Total
	Japan	North America	Asia			
Sales						
(1) Customers	59,500	30,633	23,846	3,993	2,603	120,577
(2) Intersegment	3,005	13	1,411	3,100	2	7,533
Total	62,505	30,647	25,258	7,093	2,605	128,111
Segment profits/loss	(444)	635	3	169	277	642
Segment assets	53,773	29,478	38,291	2,388	1,282	125,215
Other items						
Depreciation and amortization	5,500	5,013	3,918	46	10	14,490
Impairment loss	39	–	20	–	–	60
Increase in tangible fixed assets and intangible fixed assets	9,249	4,370	5,701	55	–	19,377

4. Total amount in reported segments, difference from the amount posted in consolidated financial statement and important details in the difference (Difference adjustment)

(Millions of yen)

Net sales	Previous consolidated fiscal year	Current consolidated fiscal year
Total sales in reported segments	155,587	128,111
Elimination of intersegment transactions	(10,158)	(7,533)
Net sales in the consolidated financial statement	145,428	120,577

(Millions of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Total profit in reported segments	3,263	642
Elimination of intersegment transactions	(35)	122
Operating income in the consolidated financial statement	3,228	764

(Millions of yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Total assets in reported segments	130,946	125,215
Elimination of intersegment transactions	(5,339)	(4,709)
Company-wide assets	2,615	2,548
Assets in the consolidated financial statement	128,222	123,054

(Millions of yen)

Other items	Total amount in reported segments		Adjustment		Amount recorded in consolidated financial statements	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation and amortization	16,209	14,490	(198)	(160)	16,011	14,329
Impairment loss	3,302	60	(9)	–	3,293	60
Increase in tangible fixed assets and intangible fixed assets	16,528	19,377	(206)	(141)	16,322	19,235

Related Information

Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)

1. Information by products and services

The statement is omitted because the same information is presented in segment information.

2. Information by regions

(1) Sales

(Millions of yen)

Japan	North America	Asia	Other regions	Total
65,699	30,624	23,890	363	120,577

Notes: 1. Sales are presented in categories by countries or regions based on the addresses of customers
2. Net sales in North America and Asia include net sales of ¥16,337 million in the United States that make up 10% or more of net sales on the consolidated income statement, net sales of ¥14,286 million in Mexico and net sales of ¥19,901 million in China.

(2) Tangible fixed assets

(Millions of yen)

Japan	North America	Asia	Total
32,009	23,454	24,928	80,392

(Note) Tangible fixed assets in North America and Asia includes tangible fixed assets of ¥15,841 million in Mexico that makes up 10% or more of tangible fixed assets on the consolidated balance sheet and tangible fixed assets of ¥21,288 million in China.

3. Information by major customers

(Millions of yen)

Name of customer	Sales	Titles of the related segments
Subaru Corporation	17,345	Die casting business: Japan

[Related Party Information]

Transactions between the company submitting consolidated financial statements and related parties

Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements

Consolidated fiscal year under review (from April 1, 2019 to March 31, 2020)

Type	Name	Capital or investments (million yen)	Business or occupation	Ownership of voting rights (owned) (%)	Relationship with the interested party	Transaction	Amount of transaction (million yen)	Item	Ending balance (million yen)
Officer	Arata Takahashi	–	President and CEO of the Company	(owned) Direct 3.7	–	In-kind contribution of monetary compensation claim	16	–	–

(Note) The in-kind contribution of monetary compensation claim is based on the restricted stock compensation plan (transfer restriction period: 3 year).

Notes to Consolidated Financial Statements

Per Share Information

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Net assets per share	2,357.98 yen	2,244.49 yen
Net income or loss per share	16.26 yen	(26.77 yen)
Diluted net income per share	16.07 yen	–

Notes: 1. For fully diluted net income per share, no figure is recorded for the fiscal year under review as it is a net loss per share, although latent shares exist.
2. The following shows the basis of calculation of net income or loss per share and diluted net income per share.

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Net income per share		
Net income or loss attributable to owners of parent (million yen)	421	(685)
Amount that does not belong to ordinary shareholders (million yen)	–	–
Net income or loss attributable to owners of parent (related to common shares) (million yen)	421	(685)
Average number of shares during the period	25,900,783	25,615,168
Diluted net income per share		
Net income attributable to owners of parent (million yen)	–	–
Increase in number of common shares	304,130	–
Outline of latent shares without dilution effect not taken into account for calculation of diluted net income per share	–	–

Important Subsequent Events

(Disposition of treasury shares as stock compensation)

At its meeting held on July 22, 2020, the Board of Directors of the Company passed a resolution on the disposition of treasury shares (hereinafter the "Disposition of Treasury Shares") as stock compensation as follows.

1. Overview of the disposition

(1) Date of disposition August 7, 2020

(2) Class and number of shares to be disposed of 156,541 shares of the Company's common stock

(3) Disposition price ¥359 per share

(4) Total amount of disposition ¥56 million

(5) Persons subject to allotment and number thereof and number of shares to be allotted

Directors (excluding directors who are Audit and Supervisory Committee members):

Five persons; 133,172 shares

Directors who are Audit and Supervisory Committee members (excluding independent directors):

One person; 6,657 shares

Executive officers: Four persons; 16,712 shares

(6) Other

N/A

2. Purpose and reason for the disposition

At its meeting held on May 30, 2018, the Board of Directors of the Company resolved to introduce a restricted stock compensation plan (hereinafter the "Plan") as a new compensation plan for the directors (excluding independent directors, hereinafter the "Target Directors") and executive officers of the Company for the purpose of providing them with an incentive to work on the sustainable enhancement of the Company's corporate value, further promoting the sharing of value with shareholders, and further increasing the linkage with medium- to long-term performance targets.

At its meeting held on July 22, 2020, the Board of Directors of the Company passed the following resolution: Based on the plan, the Company will provide a monetary compensation claim to the Target Directors and executive officers, and the Target Directors and executive officers will pay all of the monetary compensation claims as in-kind contributions. The Company will then subscribe for its common shares to be allotted with the Disposition of Treasury Shares.

3. Overview of the Plan

The Target Directors and executive officers will pay all of the monetary compensation claims provided to them based on the Plan as in-kind contributions and will receive the issuance or disposition of the Company's common shares. The total number of common shares that the Company will issue or dispose of to the Target Directors based on the Plan will be 240,000 shares or less, and the amount to be paid in per share will be the closing price of the Company's common shares at the Tokyo Stock Exchange on the business day before the date of resolution at the Board of Directors' meeting (if the transaction is not closed on that day, the closing price on the transaction date immediately prior to that day).

For the issuance or disposition of the Company's common shares based on the Plan, the Company will enter into a restricted share allotment contract (hereinafter the "Allotment Contract") with the Target Directors and executive officers, and its content will include the following: (1) The Target Directors and executive officers may not transfer, hypothecate or otherwise dispose of the Company's common shares allotted to them under the Allotment Contract for a certain period of time; and (2) If a certain event occurs, the Company will acquire its common shares without compensation.

This time, the Company has decided to give the Target Directors and executive officers monetary compensation claims of ¥56 million in total and 156,541 shares of its common stock based on the resolution made at the Board of Directors meeting held on July 22, 2020 for the purpose of promoting talented human resources as an officer and further motivating each Target Director and executive officer, taking into consideration the purpose of the Plan, the business performance of the Company, the degree of contribution of each Target Director and executive officer, the scope of their work responsibilities, and various other circumstances.

Current status of production, orders received, and sales

(1) Production results

Production results by segment for the past two consolidated fiscal years are shown below.

Segment	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2019 to March 31, 2020) Amount (¥ millions)	Increase/(decrease) %
Die Casting Business: Japan	63,705	54,988	(13.7)
Die Casting Business: North America	37,998	28,406	(25.2)
Die Casting Business: Asia	28,031	23,254	(17)
Aluminum Business	8,048	6,189	(23.1)
Proprietary Products Business	1,352	736	(45.6)
Total	139,136	113,576	(18.4)

Notes: 1. Monetary amounts are based on manufacturing costs, as available prior to inter-segment eliminations.
2. Consumption tax is not included in these amounts.

(2) Results of orders received

A significant part or our businesses depends on make-to-stock production based on informal orders received from customers, which are delivered (and sales recorded) for formal orders received several days prior to the date of delivery. Therefore the listing of results on orders received has been omitted.

Notes to Consolidated Financial Statements

(3) Sales results

Sales results by business segment for the past two consolidated fiscal years are shown below.

Segment	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2019 to March 31, 2020) Amount (¥ millions)	Increase/(decrease) %
Die Casting Business: Japan	67,998	59,500	(12.5)
Die Casting Business: North America	39,801	30,633	(23)
Die Casting Business: Asia	29,971	23,846	(20.4)
Aluminum Business	4,679	3,993	(14.7)
Proprietary Products Business	2,976	2,603	(12.5)
Total	145,428	120,577	(17.1)

Notes: 1. Transactions among segments have been balanced out.

2. Sales results by major customers for the past two consolidated fiscal years and the ratio of their sales to overall sales are as follows.

Customer	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)		Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)	
	Amount (¥ millions)	%	Amount (¥ millions)	%
Subaru Corporation	19,406	13.3	17,345	14.4

3. Consumption tax is not included in the above amounts.

Casting Our Eyes on the Future

The Tag line “Casting Our Eyes on the Future” embodies our business attitude of always moving forward by taking the initiative in Research and Development, Service and Technology and by keeping all of our attention here at Ahresty focused on our customers, the global environment and the future of Ahresty itself, to realize the corporate philosophy represented in our name.
The word “Casting” in the Tag line combines the meaning of “to throw one’s gaze” with its other meaning of “to shape molten metal in a mold” which is our main line of business, die casting.

Ahresty Corporation

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