AHRESTY REPORT 2021

For the year ended March 31, 2021

Ahresty

RESEARCH
SERVICE
TECHNOLOGY

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

**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.

CONTENTS

Driving EV Strategy to Expand Our Business Areas

Looking Back on FY20 and Initiatives for 1921 Medium-Term Management Plan

First of all, I would like to express my sympathies to those affected by COVID-19 and pray for their speedy recovery. I sincerely offer my deepest condolences to those who have lost their lives to COVID-19. I also express my sincere gratitude to professionals who are striving to prevent the spread of COVID-19 on the front line.

In FY20, our customers around the world suspended car production and some countries imposed lockdown restrictions. These had a considerable impact on our business. As a result, our shipment volume for the first quarter decreased by more than 50% on a year-over-year basis. From the second quarter, it showed a recovery trend and the shipment volume for the third quarter returned to the same level as the previous year. However, in the fourth quarter, a decrease in car production due to a semiconductor shortage and a sharp rise in aluminum market prices gave a tremendous impact to our business results again. Thanks to our concerted effort across the Ahresty Group to reduce costs and investments and due to the recovery of the shipment volume, the operating income for the second half became profitable. However, it could not be fully offset by the sharp drop in revenue for the first half, thus we unavoidably recorded an operating loss for the full year. That was a disappointing result again from the previous year. I sincerely apologize to our shareholders and investors for causing the disappointment and worries. To turn around our performance in such a severe business environment, we are working hard to improve the finance foundation and enhance our competitiveness based on the 1921 Medium-Term Management Plan.

We actively strived to lower the break-even point by cutting fixed costs and variable costs through labor-saving in manufacturing and back-office functions, reduction in capital investment, and improvement in productivity. With regard to our quality improvement efforts, we earned several Quality Awards from our major customers around the world. We will continue to offer products with stable quality, which would build high reputation for our products among our customers.

Our Response to Growing Demand for EVs

While the Japanese government declared that Japan will become carbon neutral by 2050, many countries similarly have pushed forward the environmental policies. Automobile manufacturers are accelerating the shift to electric vehicles (battery electric vehicles, hybrid vehicles, plug-in hybrid vehicles, and fuel cell electric vehicles). Since hybrid vehicles and plug-in hybrid vehicles are driven by an engine and a transmission, i.e. our main products, and additionally equipped with an inverter, a converter and other electronic control components, they will increase demand for die casting products. With regard to battery electric vehicles and fuel cell electric vehicles, demand for internal combustion engines will disappear but they will create new demand for various casting products, including electric control components, motor housing, decelerators, and battery cases. Many of new orders and orders for mass-produced products that we are currently receiving are for EV components. We expect EV parts to account for 30% of the sales by 2025. We will continue to push forward our EV strategy by strengthening sales activity to expand our business areas while responding to changing situations in each country.

For Sustainable Growth

Aiming for the sustainable growth, the Ahresty Group will tackle two initiatives: improvement in the energy consumption efficiency of vehicles by offering aluminum die casting products; and reduction in use of fossil fuel resources in the manufacturing process by improvement in energy efficiency. Most of aluminum we use for production is recycled aluminum. It generates only one-seventh as much CO2 emissions as iron. Furthermore, aluminum has a specific gravity as low as approximately one-third that of iron. By taking advantage of these environmental properties and advancing our technologies, we believe that we can make vehicles even lighter, contributing to climate change mitigation. We will also actively work to reduce CO2 emissions in the production process. The outlook for economic recovery remains uncertain and dramatic changes in business environments can be expected, but we will strive to improve corporate value through a unified effort as the Ahresty Group. We sincerely ask for your further support.

President & CEO

Arata Takahashi

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.

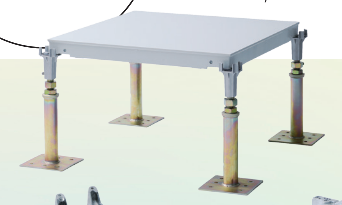
Use of sensing technology to collect, analyze and visualize data

Monitoring the operation status of equipment in each process to improve quality and for preventive maintenance

[Aluminum Alloy Ingot Production]

[Manufacture and Sales of Peripheral Equipment for Die Cast Production]

No.1 share for clean rooms in Japan!

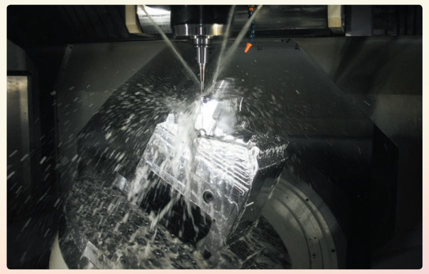


MOVAFLOR proprietary raised floor system

[Ahresty's Production System]

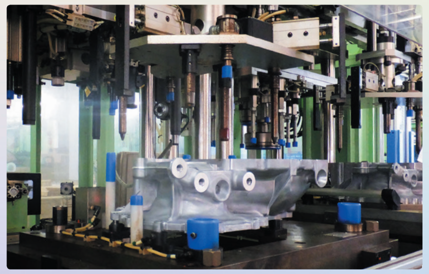
Manufacturing Process

[Designing]

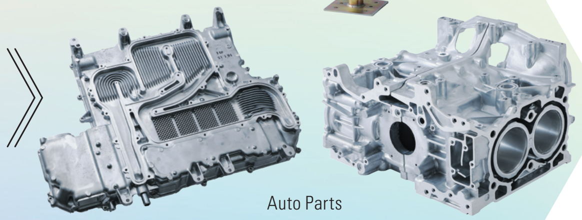


[Die Manufacturing]

[Die Casting]



[Machining]



Auto Parts

[Delivery]

[Measures to Prevent the Spread of COVID-19]

Reinforcing company-wide systems to prevent the spread of infection

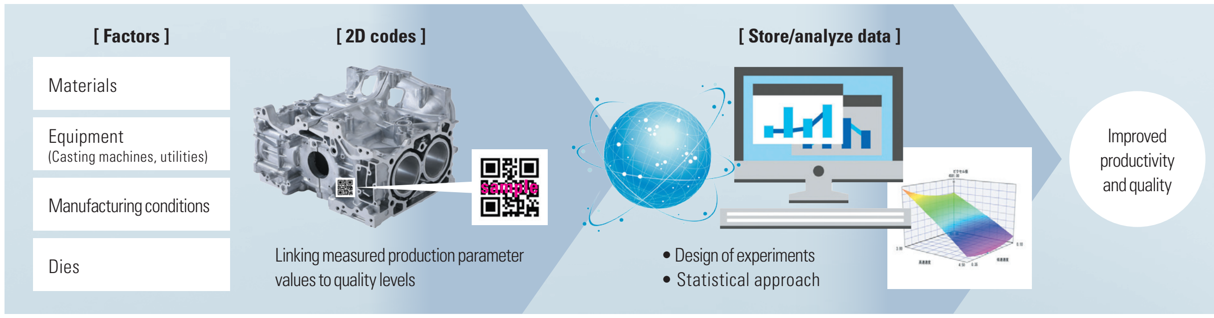
- ☑ Setting up a COVID-19 task force
- ☑ Setting up anti-COVID-19 teams at each site (Implementing comprehensive measures to prevent infection based on the instructions and policies of local governments and municipalities)

Formulating and applying company-wide action guidelines and guidelines for each site

- ☑ Formulating company-wide action guidelines and guidelines for each site
- ☑ Clarifying instructions in a manual (Taking temperature upon arrival at work, wearing masks, face guards, etc., conducting periodic sanitization, etc.)

Taking an employee's temperature upon arrival at a plant (overseas)

[Using statistical quality control to produce optimal manufacturing conditions]



Contributing to weight reduction and electrification of vehicles

Ahresty owns over 200 casting machines in Japan and overseas. When producing complex items, we cooperate with our customers from the development stage to reduce the weight of vehicles. In response to the tightening of fuel economy regulations by many governments to protect the environment and the acceleration of electrification of vehicles, we also proactively offer proposals on technology development for parts for electric vehicles (EVs, HEVs, PHEVs and FCVs). We plan to increase our share of sales of parts for electric vehicles from 11% in FY2020 to around 30% in FY2025.

Global presence

In addition to 14 sites in Japan, Ahresty has operations at eight sites in five countries, namely, the United States, Mexico, China, India and Thailand. Our die-casting plants are able to 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. We have established a system of complementary production between plants across borders, including Japan, capable of flexibly responding to changes in production resulting from fluctuations in sales volumes.

Improving productivity with OPCC*

Ahresty has introduced Optimal Process Condition Control (OPCC) at all sites to clarify, maintain and manage the conditions necessary to continuously make good products, thereby improving productivity and the product quality. Under OPCC, sensing technology is used to collect, analyze and visualize various data to find 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, to enable a statistical approach to quality control.

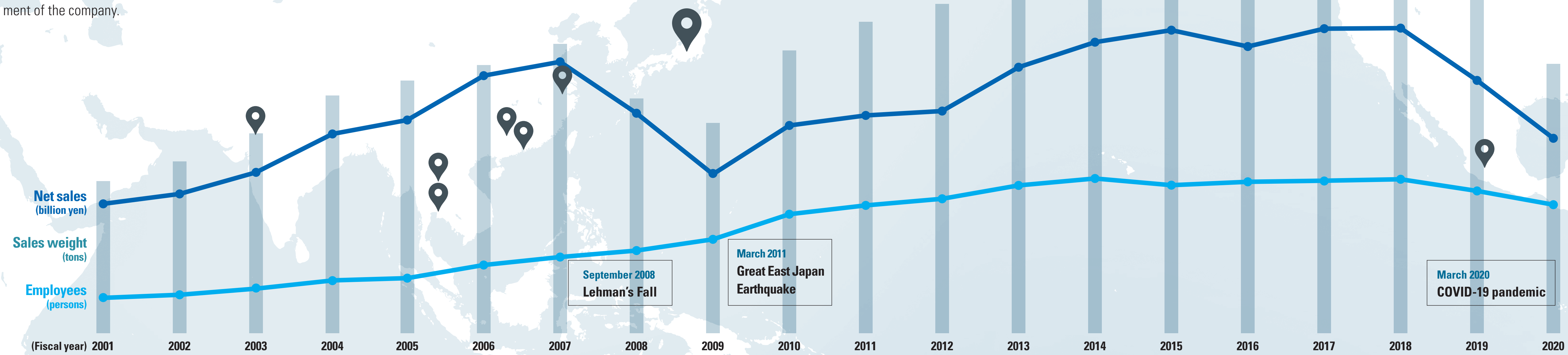
* Optimal Process Condition Control

Developing human resources that underpin our MONOZUKURI

Human resources development across the Group is the key to globally improving our technology and quality. Ahresty has established a system that allows employees at all sites to receive systematic training of the same quality. Now that the automobile industry is undergoing a once-in-a-century transformation, in response to the accelerating electrification of vehicles, Ahresty offers training programs focused on electrification. In fiscal 2020, a total of 258 employees (129 in Japan, 129 overseas) participated in these programs.

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.



FY2020
Sales weight
128,666 tons

FY2020
Net sales
92.9 billion yen

FY2020
Employees
22 sites in six countries
6,124 persons

1938 – Founded

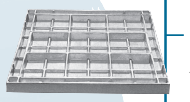
1938
Shimura Aluminum Co., Ltd., Ahresty's predecessor, founded in Itabashi, Tokyo
Started manufacturing aluminum alloy ingots, die cast products and aluminum sand mold castings.


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

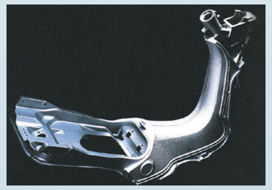
1988 – Renamed Ahresty Corporation.

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.

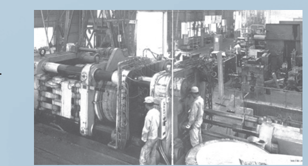
2006
Technical Center opened in Toyohashi, Aichi.

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.
- Ahresty Inclusive Service Corporation established.

Processes for Sustainable Growth

Ahresty's management resources

Financial capital
Equity attributable to shareholders of Ahresty Corporation: 55.4 billion yen

Human capital
Employees: 6,124 persons

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

Intellectual capital
Technologies and know-how accumulated since founding

Social capital
[Major customers]
Over 340 companies in 11 countries
[Major suppliers]
Approx. 430 companies

Strengths

- Customer base
- Human resources
- Research and development capabilities
- Global network
- Partnerships
- 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

Responding to the accelerating electrification in the auto industry with demand recovering

In fiscal 2020, car production declined significantly in the first half but recovered in the second half. However, we still need to be capable of responding flexibly to factors for temporary fluctuations in automobile demand, such as the shortage of semiconductors and the impact of COVID-19 on the economies of countries around the world. Meanwhile, electrification of automobiles has been accelerating in response to anti-climate change policies and tighter fuel economy regulations in many countries. In order to be prepared for these changes in the business environment from both short-term and medium-to-long-term perspectives, Ahresty will first reinforce its management structure and improve its adaptability to changes, while promoting business strategies designed to achieve growth in the electric vehicle market.

CHANCE

Venturing into a new business field created by electrification

As HEVs and PHEVs will play major roles in the electrification of vehicles for the time being and since they have both internal combustion engines and electric components, demand for aluminum die-cast products is estimated to increase by around 20% compared to conventional gasoline vehicles. (See p.12) Accordingly, we expect that electric vehicles will be a new business field in addition to our existing business domains. In response to the shift to electric vehicles in each country, we will work strategically to obtain orders by taking advantage of the experience of mass production and the strengths of our global production sites, to achieve growth in the electric vehicle market.

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 parts for electric vehicles and structural components that satisfy customer needs in response to the accelerating electrification 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

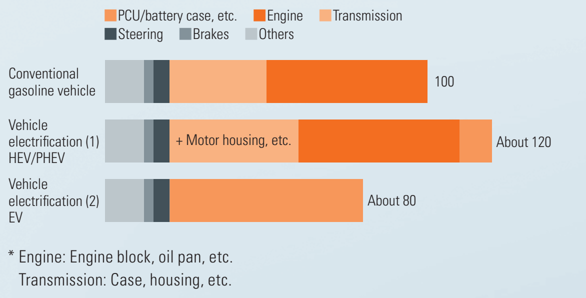
Changes in demand for die-cast products and strategies for electrification

In line with the accelerating electrification of vehicles, the amount of die-cast products used in a vehicle will increase by around 20% for HEVs and PHEVs from that in a gasoline vehicle, because a power control unit (hereinafter, PCU) parts, battery case, motor housing functions, etc. are added to these vehicles. On the other hand, a decrease of around 20% is predicted for EVs because they need no parts for engines and transmissions, although some EV-dedicated parts will be added. As the global automobile sales volume continues to be on the increase, global demand for die-cast products is expected to gradually increase for vehicles with internal combustion engines (gasoline vehicles, HEVs, PHEVs) in line with an increase in HEVs and PHEVs. In addition, EVs will emerge and expand as a new business field, expected to help increase demand and expand the market. Regionally, in China, the largest auto market in the world, the shift to EVs will be promoted by the Government while in India, a fast-growing market rivaling China, demand for automobiles with internal combustion engines will continue to increase.

[Business strategies in electrification]

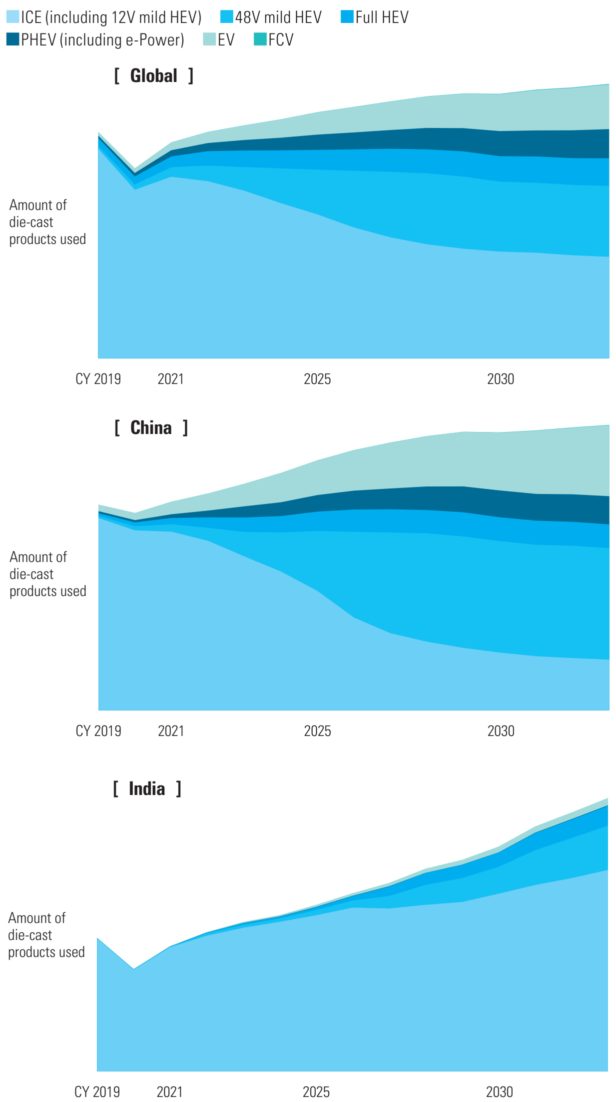
For parts related to core technologies for electric vehicles (PCUs, motors, batteries), we will use our existing customer base and experience in mass production to enhance our sales promotion activities. We see parts for eAxle, an integrated electric drive unit combining motor, inverter and reducer to be installed in EVs, and battery parts as a new field in which we will expand our business. In the fast-growing markets of China and India, taking advantage of having production sites in both countries, we aim at further growth, with products and technology strategies appropriate for market expansion and speed of electrification.

Changes in the number of die-cast parts used per vehicle



* Engine: Engine block, oil pan, etc.
Transmission: Case, housing, etc.

Changes in demand for die-cast products

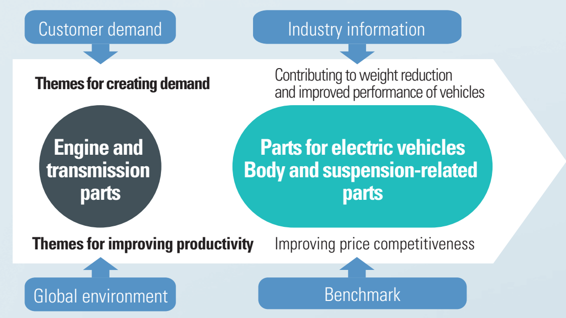


(Prediction prepared by Ahresty based on IHS data as of February 2021)

Enhancing technological capabilities to cater to customer needs

To improve Ahresty's MONOZUKURI capabilities, we are formulating a technology strategy based on the results of surveys of the market and external environment, interviews with customers and the like, and are promoting research and development according to the technology roadmap. Under the themes for "creating demand" and "improving productivity," we are developing technologies that will contribute to reducing the weight, improving performance, reducing costs and energy consumption, etc. for vehicles, and are working to improve the capabilities of each process.

Ahresty's "technology roadmap"



Aiming to gain high customer evaluations

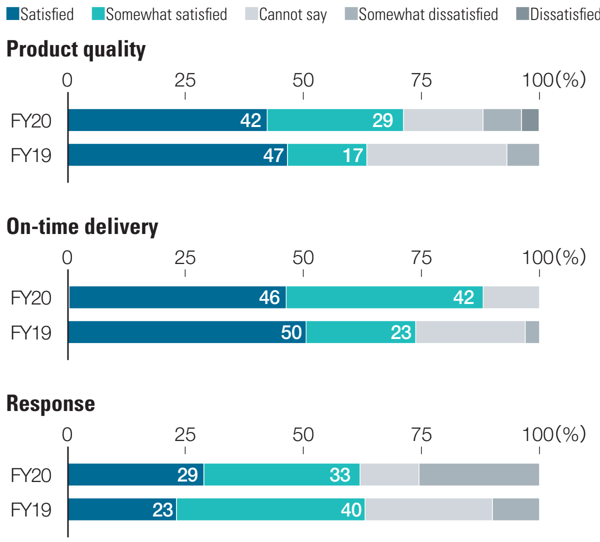
Ahresty has been working on formulating Ahresty Standards, common rules for the Group, to bring MONOZUKURI (manufacturing) with the same quality level to all of its operation sites worldwide. We believe that the key to this goal is to adhere to the basics of MONOZUKURI and improve the assurance level 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. For mass production, we have been working to reduce variations in quality in our manufacturing processes by examining the process quality control sheet and actual operations, thereby improving each process. In fiscal 2020, we were able to reduce the global number of complaints by 25% over the previous year. Ahresty will make continuous efforts to provide a constant supply of 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.

Major awards in FY2020

- "Quality Production Cooperation Award" from SUBARU Corporation
- "Letter of Appreciation for Quality Control Activities" from Toyota Motor Corporation
- "Appreciation for Superior Quality" from Nissan Motor Co., Ltd.
- From Toyota Kirloskar Motor India
  · Awarded in 3 segments: · ZERO Defects · Quality · Delivery
- "Overseas Contribution Award" from Suzuki Motor Corporation for the 3rd consecutive year
- "Best Performance Award" from JATCO Mexico, S.A. de C.V. for the 3rd consecutive year
- "Quality Excellence Award" from Isuzu Motors Limited
- "Cost Excellence Award" from Mitsubishi Motors Corporation
- "Excellence Appreciation Award" from Yamada Manufacturing Co., Ltd.

FY2020 Customer Satisfaction Survey results (excerpts)

Survey period: December 2020 to January 2021
Survey target: Major customers in Japan
Responses obtained: 24 persons from 20 companies



Enhancing 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 to improve our price competitiveness.

Improving productivity with OPCC

To implement MONOZUKURI processes under 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 maintenance and operation management of equipment/dies. In these processes, we will identify tasks for cycle time reduction, defect reduction, improvement of utilization rate, maintenance management and other purposes, make them into priorities based on the past activity data, and start implementing measures expected to give greater results, thereby improving the productivity and quality.

* Optimal Process Condition Control

[Activities for OPCC]

To enhance ties between departments and promote improvement activities across departments, cross-functional teams are formed at each production site. Activities that have proven effective are shared throughout the Group along with the maintenance and defect prevention measures, helping to improve productivity and quality.

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 improving productivity and reducing manufacturing costs.

[Examples of reducing manpower in production processes]

- Reducing the number of operators in charge of casting machines by improving equipment and changing layouts
- Reducing the number of inspectors by introducing in-process quality assurance that incorporates inspections in the casting processes
- Introducing automatic inspection machines and promoting the use of "karakuri" mechanisms
- Automating material feeding for aluminum melting furnaces

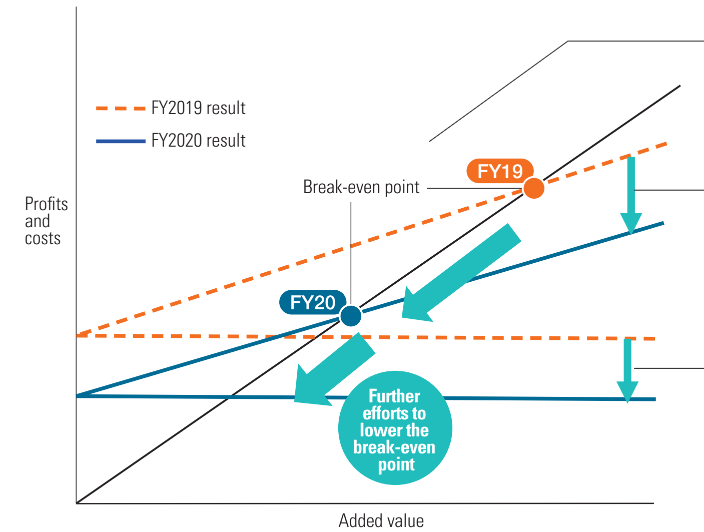
[Examples of promoting leaner systems by shortening work flows, etc.]

- Process improvement by reviewing the work flows for factory conveying systems, etc.
- Cost reductions from incorporating outsourced operations in in-house processes
- Reducing external rental warehouses by reducing inventory
- Integration of functions of non-production operations between plants

Improving profitability in response to changes in the auto market

The initiative to promote a switch to leaner production systems under the Medium-Term Management Plan from FY2019 resulted in the break-even point falling.
For the whole of FY2020, in addition to the reduction in fixed costs, higher productivity improved the variable cost rate.

Changes in break-even point from FY2019 to FY2020



Break-even point: Improved
Though partly affected by the decrease in sales, the break-even point has fallen (improved) due to improved productivity and reduced fixed costs.

Variable cost rate: Improved 3 percentage points
- Productivity improved with the stabilization of injection and utility operations.
- Incorporated inspection in casting processes, promoted automation and other measures.
- Reduced outsourcing cost by incorporating finishing operations in in-house processes.

Fixed costs: Reduced by approx. 5,700 million yen (of which 1,100 million is associated with COVID-19).
- Reduced labor costs by revising the production system.
- Lowered depreciation and amortization by a reduction in investments.
- Reduced travel expenses by introducing teleworking, etc.

Develop the human resources that underpin corporate growth

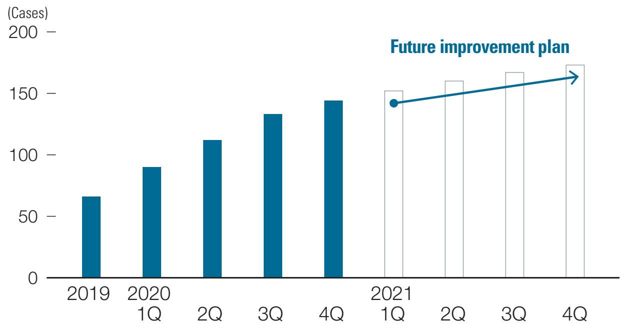
We will improve working conditions to create workplaces where no work-related accidents or injuries occur and where employees can work safely and comfortably in a healthy mental and physical state. We will also develop globally-competitive human resources to create a company that enables employees to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

⇒ P28. Development of a corporate culture in which employees can observe their personal development and find their work rewarding.

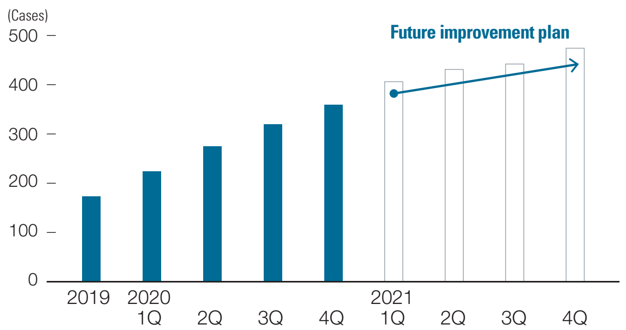
Using ergonomics to create workplaces where workloads are low

We continuously improve the workplace environment by reducing 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 production efficiency. To assess the effects of Kaizen improvements, we conduct quantitative evaluations of the workload based on Ahresty's own ergonomics evaluation standards and check the degree of satisfaction that the workers involved have with the improvements.

Planned cases for improving casting gate removal in three years



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



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 blow in the casting process. We simulate the effect of the improvements based on an analysis of noise waveform data to ensure that they are effective.

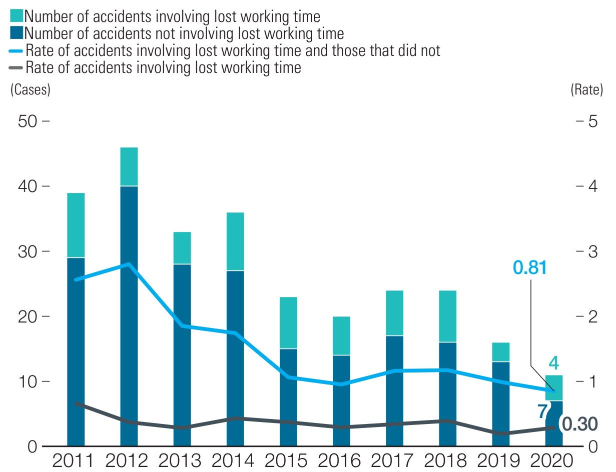
Eliminating industrial accidents and injuries

Ahresty has established an Occupational Safety and Health Policy and Ahresty Safety Awareness codes based on the principle of safety first that apply to all production activities. 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.

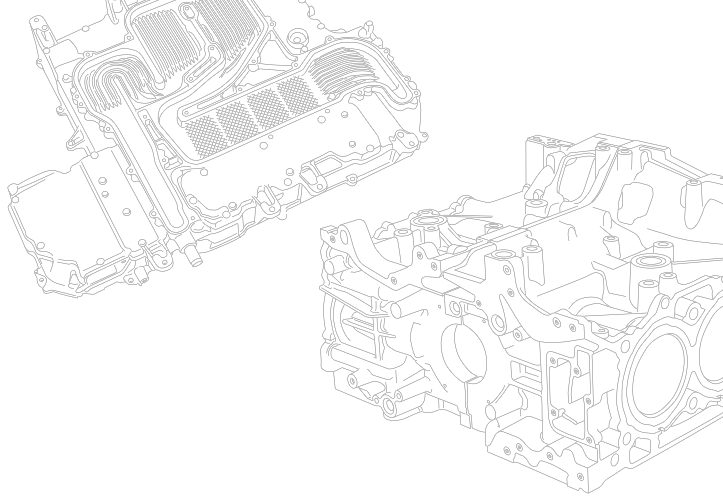
Safety and Health Demonstration Based Training –Risk While Walking Vol. 2–

Ex. Unsafe Condition

Industrial accidents



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



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 2020, the world economy slowed down significantly from the impact of the novel coronavirus “COVID-19” pandemic. Although China resumed their economic activities early and began to show signs of recovery, the United States and Europe suffered from the re-expansion of infections and lockdowns halfway through their economic recovery. As a result, the world economy remained stagnant in general. In Japan, the economy was severely affected by the novel coronavirus pandemic and deteriorated significantly, suffering a decrease in domestic demand and a slowdown in exports resulting from sluggish economic activities. Although economic activities have been recovering gradually after bottoming out in the first quarter, the future outlook still remains uncertain with factors such as the re-expansion of COVID-19 infections and the shortage of semiconductors, which may affect car production. Meanwhile, in October 2020, Japan declared its goal of “net zero greenhouse gas emissions by 2050.” Other countries are similarly advancing their environmental measures while car manufacturers have released their electrification targets and launched new electric vehicle models, accelerating the trend towards vehicle electrification.

Results for Fiscal 2020

Die Casting Business: Japan

In the Japanese automobile market, during the first half of the fiscal year, car manufacturers, our main customers, and many other customers had to suspend operations or adjust production due to the impact of the spread of COVID-19. This affected the Company, leading to a substantial decrease in orders received. In the second half, although orders gradually recovered and reached the same level as the previous year in the third quarter, a shortage of semiconductors caused a reduction in car production, which affected our business in the fourth quarter. As a result, net sales came to ¥45,584 million, a 23.4% decrease from the previous year. On the profitability side, despite our efforts to reduce manufacturing costs, etc., the segment recorded a loss of ¥2,491 million (a segment loss of ¥444 million was recorded a year earlier) as a result of the significant impact of the decrease in net sales.

Die Casting Business: North America

In the automobile market in North America, suspension of operations at our major customers with the spread of COVID-19 significantly reduced orders received by the Company. In the U.S., major customers shut down operations one after another in response to the spread of COVID-19, forcing our U.S. plant to temporarily adjust production. In the second half, although we gradually got on a recovery track, regaining our sales volume in the third quarter, we were affected by the decrease in car production in the fourth quarter because of the shortage of semiconductors and the cold weather associated with a shortage in the supply of raw materials. This resulted in a significant decrease in our orders received. Our plant in Mexico, which settles its accounts in December, was forced to suspend operation in the first half from the impact of the lockdown imposed by the government to prevent the spread of COVID-19, resulting in a significant decline in orders received. In the second half, however, orders recovered to the same level year on year, and we consequently posted a surplus on a full-year basis.

As a result, net sales came to ¥21,628 million (down 29.4% year on year). On the profitability side, despite our efforts to reduce manufacturing costs, etc., the segment recorded a profit of ¥94 million (down 85.0% year on year) due to the significant impact of the decrease in net sales.

Die Casting Business: Asia

The plants in China, which settle their accounts in December, recorded a significant decline in both sales and production of automobiles from the impact of the spread of COVID-19 in the first quarter (January to March), associated with the lockdowns of some cities, the issuance of stay-at-home orders and suspension of operations by car manufacturers, our main customers. However, signs of a gradual recovery from the significant decline in the first quarter began to appear, and in the second half, the number of orders received exceeded that of the previous year and a profit has been continuously recorded. Meanwhile, our operations in India were severely affected by the spread of COVID-19 in the first half. The Indian government locked down the entire country to prevent the spread of infection, which forced our plant in India to suspend operations, resulting in a significant decline in orders received. In the second half, we were still on our way to recovery and marked a 17% decrease year on year in orders received.

Fiscal 2020 Results by Segment (Unit: Million yen)

	FY2020	1st Half	2nd Half	Full year
Japan	Net sales	18,204	27,380	45,584
	Segment income/loss	(2,719)	228	(2,491)
North America	Net sales	8,610	13,018	21,628
	Segment income/loss	(323)	417	94
Asia	Net sales	7,603	12,328	19,931
	Segment income/loss	(959)	361	(598)

* 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. In fiscal 2020, with the rise in environmental awareness, environmental regulations were tightened in many countries and car manufacturers both inside and outside Japan announced a shift to electrification. In response to this trend, Ahresty enhanced its sales activities to increase orders for parts for electric vehicles, and we began mass production of parts for electric vehicles both inside and outside Japan.

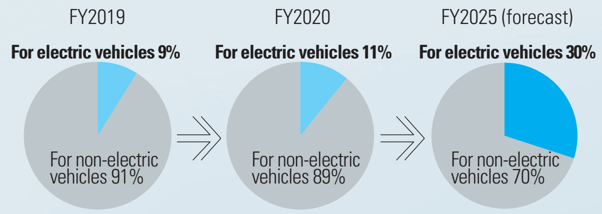
Specifically, we started mass production of converter cases/reactor cooler cases (casting: Tokai Plant, processing: Ahresty Pretech, die: Ahresty Die Mold Hamamatsu) for the new MIRAI, which we have jointly developed with Toyota Motor Corporation since 2015. Overseas, our North America site (Ahresty Wilmington Corporation) started mass production of its first parts for electric vehicles (inverter cases/converter cases) in June 2020. They are installed in the Toyota new Sienna (HEV) and the Ford Mustang Mach-E (EV) and sales of these vehicles have started. In fiscal 2021, we will continue to launch mass production of parts for electric vehicles at our plants both inside and outside Japan. Ahresty will continue to promote sales, with the aim of “contributing to reducing the weight of vehicles.”

Outlook for Fiscal 2021

In addition to ongoing activities to obtain orders for conventional products, we will focus our efforts on increasing orders received for products/parts for electric vehicles (EVs, HEVs, PHEVs and FCVs) and enhancing competitiveness in the growing market of the China region. We will also generate orders by reinforcing sales promotions for structural components through initiatives to capture customer needs and promote technology development.

Share of parts for electric vehicles in net sales

Enhancing sales activities to increase orders for parts for electric vehicles



* Electric vehicles: EVs, HEVs, PHEVs and FCVs

Electric vehicle models with our products

[HEV] XV (SUBARU)
Engine block, motor case, main case, extension, etc. Total 6 parts

[HEV] VEZEL(HONDA)
TM side cover, PCU cover, PCU case, etc. Total 9 parts

[HEV] FIT(HONDA)
TM side cover, PCU cover, PCU case, etc. Total 7 parts

[HEV] YARIS/YARIS CROSS (TOYOTA)
Crankcase, base plate

[PHEV] OUTLANDER (MITSUBISHI)
Front frame, generator frame

[PHEV] ECLIPSE CROSS (MITSUBISHI)
Ladder frame, chain case

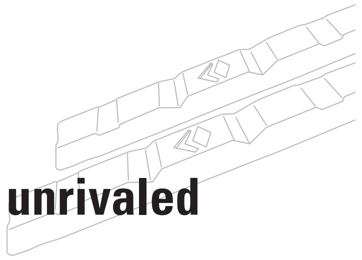
[PHEV] RAV4 PHV (TOYOTA)
Inverter case, converter case

[EV] Mustang Mach-E (FORD)
Inverter case

[FCV] MIRAI (TOYOTA)
Converter case, reactor cooler case

[FCV] CLARITY (HONDA)
VCU case, PCU case

Toyota new MIRAI



Further developing production know-how to create unrivaled alloy plants

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

Business Environment and Market Conditions

In fiscal 2020, the Japanese economy slowed down significantly with the impact of the novel coronavirus "COVID-19" pandemic. Although signs of recovery have been seen, the state of the economy remained below that before the pandemic with demand for aluminum alloy ingots declining along with the reduced production by Japanese auto manufacturers. Although some businesses are showing a recovery trend, several factors, including shortages of semiconductors and containers and the condition of the aluminum market, are still making the future outlook for demand uncertain.

Results for Fiscal 2020

Although the aluminum business was on a recovery track in the second half, sales weight for the full year decreased by 9.9% year on year, receiving a significant impact from the decrease in car production resulting from the spread of COVID-19 infection. As a result, net sales decreased 12.8% year on year to ¥3,483 million. On the profitability front, segment profit decreased 80.3% year on year to ¥33 million chiefly from the impact of the decrease in net sales.

Initiatives for 1921 Medium-Term Management Plan Policies and Strategies

Under the basic policy of "Winning absolute customers' trust 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," we have advanced improvements since fiscal 2019 in such matters as the number of times alloying is conducted, yield error, and melting speed, according to the KPIs set for each of them. In fiscal 2021, the final year of the Medium-Term Management Plan, we will accelerate our efforts toward achieving our targets. In particular, we will push forward with our initiative to improve fuel efficiency by raising energy efficiency in the alloy production processes in line with our efforts to complete our SDGs priority task (7): "Reducing the use of fossil fuels by improving production efficiency" to protect the environment and resolve related social issues. We will make continuous efforts to ensure that our alloy plants are unrivaled in MONOZUKURI under the safety-first principle.

Outlook for Fiscal 2021

Supply of secondary aluminum alloy generated by recycling scrap plays an important role in reducing the environmental burden. While the demand for secondary aluminum alloy has been growing in various industries with the rise in the public's environmental awareness, it is associated with factors affecting market fluctuations, such as changes in price, an increase in imported ingots, and export of scrap. In fiscal 2021, we will continue to develop our technological know-how, which contributes to improving productivity and reducing costs, and work to establish a leaner structure that is capable of responding flexibly to changes in demand and that will not be affected by market conditions.

Kumagaya Plant with plenty of green

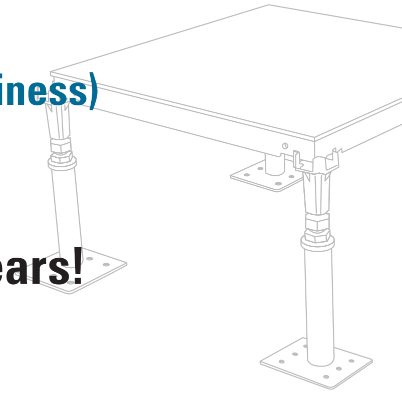
Environmentally friendly material, aluminum

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.

⇒ P22. An environment-friendly company

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



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

Promoting sales to expand sales in China and other Asian markets

Business Environment and Market Conditions

In fiscal 2020, the raised floor system (aluminum) market in Japan increased to 115% of the previous year. With almost no construction work suspended or postponed due to the impact of COVID-19, the expansion of the market 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 increase in demand for clean rooms to enhance the supply system for semiconductors resulted in the expansion of the market. We forecast that demand for aluminum floor systems will continue to increase.

Results for Fiscal 2020

In the Proprietary Products business, net sales decreased 9.9% year on year to ¥2,345 million, mainly reflecting a decrease in orders for projects of the Company's main customers, namely a clean room at a semiconductor production company and a data center at a telecommunications company. On the profitability side, the segment profit increased 15.4% year on year to ¥320 million, chiefly due to reductions in selling, general and administrative expenses.

Initiatives for 1921 Medium-Term Management Plan Policies and Strategies

In fiscal 2020, we developed new products targeting the Chinese market to enhance the lineup of products demanded by the market. We developed two new high-strength, high-performance products for clean rooms manufactured to Chinese market standards. Sales in the Chinese market began in April 2021. Our Hefei Plant will take the initiative in promoting sales of these products based on interdepartmental collaboration between manufacturing and sales. In Japan, on the other hand, we have focused efforts on enhancing our human resources. In fiscal 2021, we will further improve our skills in this field and aggressively approach new commercial distribution chains to expand sales channels.

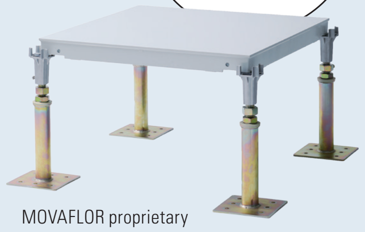
Outlook for Fiscal 2021

In Japan, we will continue to promote sales mainly for clean rooms and data centers. Overseas, we will promote sales not only in the Chinese market but also in the Southeast Asian market.
We predict that markets both in Japan and overseas will be active in fiscal 2021. We will therefore make effective use of the production capacity and equipment for MOVAFLOR at our Hefei Plant in China and our Higashimatsuyama Plant to expand sales.

"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.

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

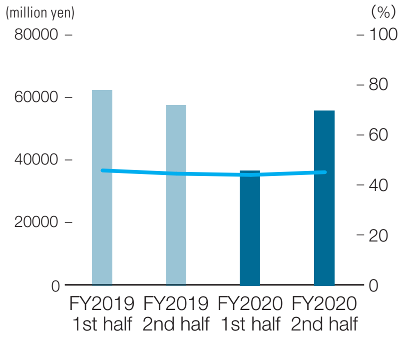


MOVAFLOR proprietary raised floor system

Sales / Ratio of overseas sales

■Sales — Ratio of overseas sales

92,973million yen / **44.7**%

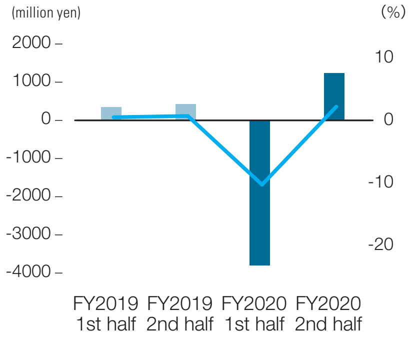


Despite a recovery in the second half, sales declined significantly from the previous year mainly from the impact of the COVID-19 pandemic and lockdowns.

Operating income / Operating income margin

■Operating income — Operating income margin

(2,554)million yen / **(2.7)**%

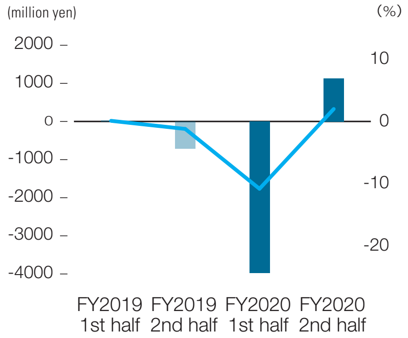


Although an operating loss was recorded in the first half due to a decrease in net sales, recovery of sales in the second half and improvements in profitability from our efforts to raise productivity and cut costs resulted in a surplus.

Net income / Net income margin

■Net income — Net income margin

(2,843)million yen / **(3.1)**%

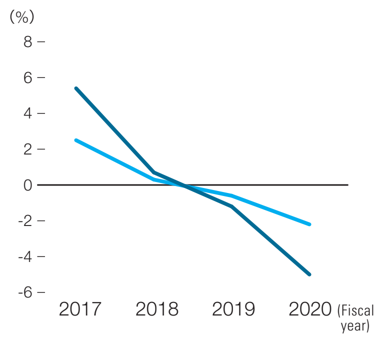


In the second half, in line with the recovery of operating income, net income returned to the black with a profit of 1,130 million yen, associated with a resumption of year-end dividend payments of 5 yen.

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

— Return on equity — Return on assets

(5.0)% / **(2.2)**%

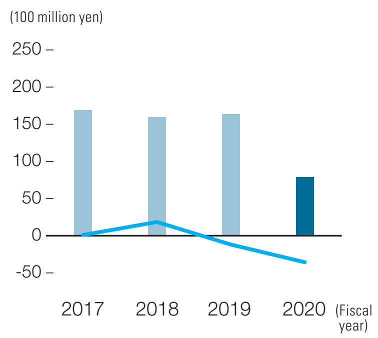


Net loss was recorded mainly due to the substantial decrease in net sales, with ROE and ROA both falling negative.

Operating cash flow / Free cash flow[*2]

■Operating cash flow — Free cash flow

7,942million yen / **(3,627)**million yen

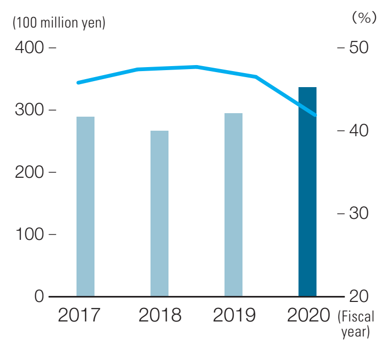


In response to a decrease in operating CF, utilization of idle facilities was actively promoted to reduce our capital investment, resulting in a decrease in investment CF. However, FCF for FY2020 turned out to be negative.

Net interest-bearing debts / Equity ratio

■Net interest-bearing debts — Equity ratio

33,672million yen / **41.9**%



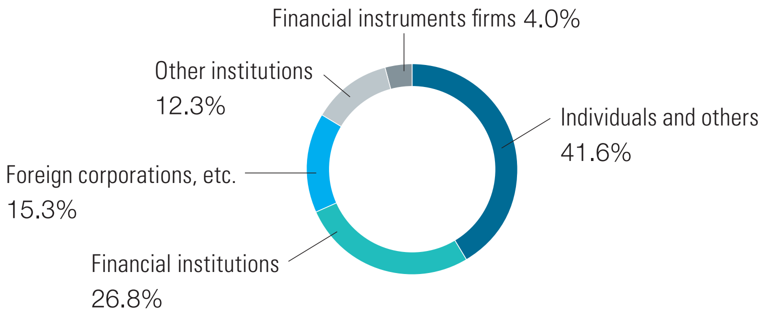
Cash and deposits on hand increased in response to the spread of COVID-19, which resulted in an increase in both interest-bearing debts and cash and deposits. Net interest-bearing debts increased by 4,100 million yen, with an equity ratio of 41.9% at the end of the fiscal year.

(As of March 31, 2021)

Number of shares and shareholders

Authorized shares: 60,000,000 shares
Issued shares: 26,076,717 shares
Shareholders: 6,132

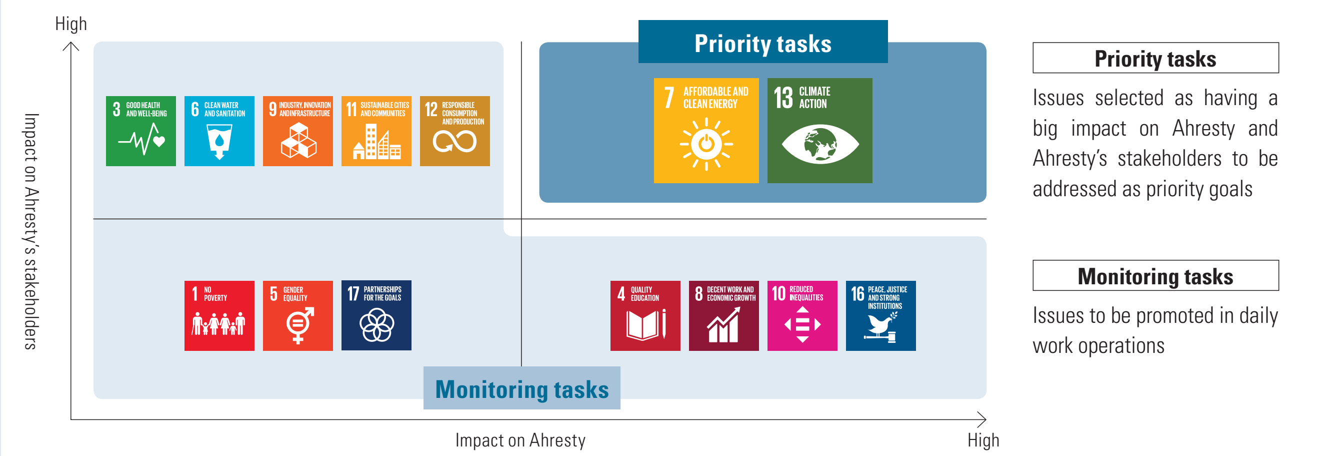
Distribution by type of shareholder



*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

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's stakeholders to be addressed as priority goals

Monitoring tasks
Issues to be promoted in daily work operations

Ahresty's priority tasks

Ahresty's priority tasks are to achieve Goals 7 and 13 of the Sustainable Development Goals (SDGs), the common goals of the international community decided at the UN Sustainable Development Summit. After classifying the SDGs based on two criteria—their impact on stakeholders and their impact on Ahresty, with the approval of the Board of Directors in March 2020, we selected these two goals as our priority tasks that it is hoped will contribute significantly to solving social issues and that are also closely related to manufacturing aluminum die castings, Ahresty's main business. Setting 2030 as the target year, we will work to "reduce the use of fossil fuels by improving energy efficiency, etc." for Goal 7 and to "improve the energy consumption efficiency of vehicles by providing aluminum die-cast products" for Goal 13.

Deciding KPIs for priority tasks at the Sustainability Meeting

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 has held Sustainability Meetings since fiscal 2020, chaired by the director in charge of General Administrative Command and participated in by the heads of relevant committees and departments as members. In fiscal 2020, the first year, the meeting was held mainly to examine KPIs for Ahresty's priority tasks. For the task of "reducing the use of fossil fuels by improving energy efficiency, etc.," we will work to reduce energy consumption by promoting energy conservation measures and improvements in productivity, and to improve energy efficiency in our production processes through energy conversion, using renewable energy and energy that generates less CO_2. For the task of "improving the energy consumption efficiency of vehicles by providing aluminum die-cast products," we will support electrification and reduce the weight of vehicles to improve their fuel/electricity consumption efficiency by providing parts for electric vehicles (EVs, HEVs, PHEVs, and FCVs) and body and suspension-related parts, thereby contributing to reducing CO_2 emissions.

Vision for 2030
Increase our share of parts for electric vehicles

		Indicators for measured values (KPIs)	
Improve the energy consumption efficiency of vehicles by providing aluminum die-cast products (13 CLIMATE ACTION)	Contributing to electrification and weight reduction	Providing parts for electric vehicles (EVs, HEVs, PHEVs and FCVs)	
			Providing parts for ZEVs (EVs and FCVs)
		Providing body and suspension-related parts	

Improve energy efficiency in production processes

		Indicators for measured values (KPIs)
Reduce the use of fossil fuels by improving energy efficiency, etc. (7 AFFORDABLE AND CLEAN ENERGY)	Reduction of energy consumption	Introducing energy conservation measures
		Making improvements in productivity
	Energy conversion	Use of renewable energy and energy that generates less CO_2

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 2020

To reduce the environmental impact of our manufacturing processes, we have set specific environmental targets for our production activities. In fiscal 2020, although we introduced various improvement activities, production volumes significantly decreased mainly due to the COVID-19 pandemic. As a result, the total amount in each management item decreased, but the per-unit figures worsened.

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

Environmental category	Environmental targets in 1921 Medium-Term Management Plan	FY 2020 targets	FY 2020 results	Evaluation*	FY 2021 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 were eliminated. There were four non-conforming complaints about noise and vibration. Corrective action was taken in all cases.	1	Eliminate non-conforming external leaks and complaints.
Waste materials	Reduce the total amount of waste materials.	Set targets for each site. * Continue monitoring and improving the recycling rate.	The target was achieved at four out of the 11 targeted business sites.	2	Set targets for each site. * Continue monitoring and improving the recycling rate.
Saving energy and natural resources	Reduce CO_2 emissions to counter global warming.	Set targets for each site. * For overseas business sites, set a target reduction of at least 1.0% over FY2019. * Continue monitoring and improving the energy consumption rate calculated by positively evaluating actions to reduce the peak electricity demand.	The target was achieved in two 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 reduction of at least 1.0% over FY2019. * Continue monitoring and improving the energy consumption rate calculated by positively evaluating actions to reduce the peak electricity demand.
	Reduce the consumption of water used in processes	Set targets for each site. * For overseas business sites, set a target reduction of at least 1.0% over FY2019.	The target was achieved in three out of the seven targeted business sites.	2	Set targets for each site. * For overseas business sites, set a target reduction of at least 1.0% over FY2019.
Other	Introduce social contribution activities.	Set a target for the number of times each business site should organize social contribution activities related to the environment. * Social contribution activities related to the environment refers to community clean-ups and preservation of Satoyama, socio-ecological production landscapes.	Two of the 13 business sites met their targets. * Activities were conducted after implementing measures to prevent the spread of COVID-19 infection.	1	Set a target for the number of times each business site should organize social contribution activities related to the environment. * Social contribution activities related to the environment refers to community clean-ups and preservation of Satoyama, socio-ecological production landscapes.
	Increase greening of sites.	Introduce greening that improves the landscape at each site, in line with the Ahresty greening guidelines.	Greening that improves the landscape was increased or maintained at all sites, resulting in active communication both inside and outside the company.	5	Introduce greening that improves the landscape at each site, in line with the Ahresty greening guidelines.

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

* 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 to report on improvements in a broad range of environment-related fields. Effective activities reported at the Convention are introduced at other business sites and then disseminated throughout the Group, to help reduce the environmental impact and preserve the environment in local communities.

Cases of improvements reported at the 18th Ahresty Green Convention

Location	Theme
Ahresty Pretech	Reduction of water consumption by replacing waste water treatment machines
Ahresty Techno Service	Visualization of the amount of electricity and raising awareness of energy conservation
Tokai Plant	T6 heat treatment process Reduction of gas and electric power
Ahresty Kumamoto	Reduction of electricity consumed by holding furnaces
Higashimatsuyama Plant	Reduction of energy consumption to match the production volume
Ahresty Die Mold Group (Ahresty Die Mold Tochigi)	Reduction of waste by promoting paperless drawings
Ahresty Yamagata	Reduction of unit energy consumption
Kumagaya Plant	Reduction of waste materials
Ahresty Tochigi	Reduction of the electric power consumed for melting in No.1 furnace

Towards "Carbon-Neutral"

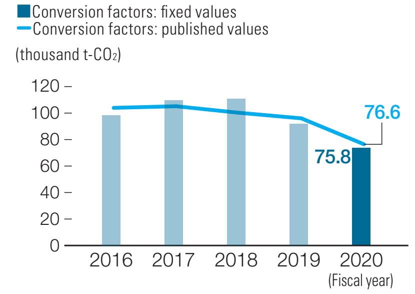
A solar power generation system (4,997 m^2 / 1380 panels / rated output 420 kW) introduced at Ahresty Pretech Tokai No.1 Plant has been in operation since March 2021. Ahresty will continue to promote environment-friendly initiatives in manufacturing, including energy conversion.

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.

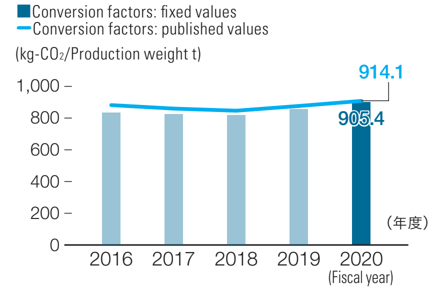
* At the six main plants in Japan



Unit CO_2 emissions*

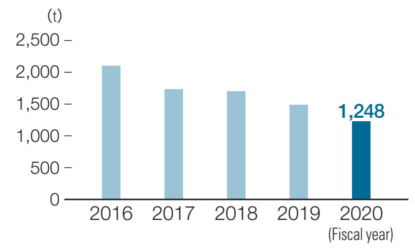
The basic CO_2 emissions unit is calculated by dividing the CO_2 emissions by the production weight, indicating the amount of CO_2 emitted in producing 1 t.

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



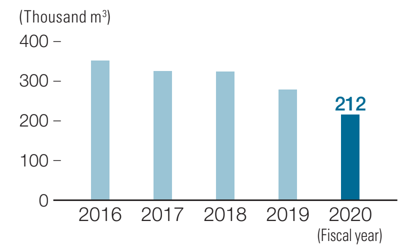
Discharged materials

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



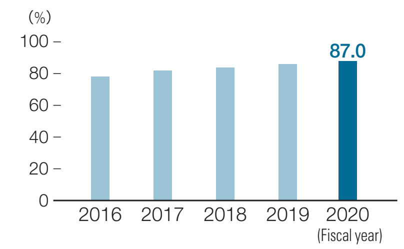
Water consumption

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 an Ahresty eco License

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.

*The figures of Material Flows are based on the sites in Japan.

INPUT (consumption)

Aluminum resources	Aluminum alloy ingots	Fuels (heavy oil, kerosene, etc.)	Electricity	Gas	Clean water	Groundwater	Chemical materials (materials subject to internal reporting)
25,950t	121,199t	11,621kℓ	104,172kWh	3,052t	95,776m³	116,019m³	7,440kg

*The latest figure published by the electric power companies (the figure for fiscal year 2019) is used as the CO_2 conversion factor of electric power.

Reporting period: From April 1, 2020 to March 31, 2021 (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	13,170	40,180
	(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	44,098	24,741
	(1) - 3 Resources recycling costs	Recycling of water, treatment (separation a nd disposal) of waste, and use of recycled oil	24,118	173,934
(1) Subtotal			81,386	238,854
(2) Upstream and downstream costs		Purchasing of green materials	1,272	36,388
(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	16,806
(4) Research and development costs		Alloy association (environmental conservation theme) and examinations of substances contained in ingots that have a negative environmental impact	0	0
(5) Social activities costs		Holding of plant tours, community cleaning activities, community communication activities, volunteer activities and NPO donations	0	128
(6) Environmental damage countermeasure costs		Pollution load charges	0	2,927
(2) to (6) Subtotal			1,272	56,248
(7) (Income) Upstream and downstream cost		Sales of valuable materials (steel scrap, waste plastic, shell, waste oil, waste paper, etc.)	0	56,026
Total			82,658	295,102

* 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)
59,394t	24,360t	79	84,934t-CO_2	66,215m³	1,187t	53t

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.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

Ahresty believes that the basic policies of corporate governance should be to clarify its management responsibilities and accountability to all 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 introducing a restricted stock compensation plan and evaluating the effectiveness of the Board of Directors (questionnaire survey) in 2018, setting up the Nomination and Compensation Committee in 2019 to discuss the appointment/dismissal of directors, their remunerations, and requirements for director candidates, and replacing the chairperson of the Committee with an Independent Director in 2021. Our basic policy on return of profits to shareholders is to provide appropriate returns while bolstering the financial structure and management base for business development in the medium and long terms. We were sorry that we did not pay an interim dividend for the first half of fiscal 2020 due to the COVID-19 pandemic, which was associated with rapid changes in our external circumstances. However, in response to the recovery in the second half, we were able to pay a year-end dividend of 5 yen per share. We will work to increase returns to shareholders through enhancing the company's structure by improving productivity and establishing lean production systems, creating cash flows by formulating business strategies to continue to grow our share of the electrification market, and proper management of cash flows by making efficient investments, etc.

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

* With a resolution at the Board of Directors meeting held on March 22, 2021, an Independent Director was appointed as the chairperson of the committee.

History of corporate governance reforms

2021 Replaced the chairperson of the Nomination and Compensation Committee with an Independent Director.

2019 Nomination and Compensation Committee started working.

2018 Corporate Governance Code revised.

2018 Restricted stock compensation plan introduced. Evaluation of the effectiveness of the Board of Directors (questionnaire survey) introduced.

2016 Improvements to governance in line with Corporate Governance Code.

2015 Corporate Governance Code formulated.

2015 Became a company with an Audit and Supervisory Committee.

2014 Stewardship Code formulated.

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 2020, 14 meetings of the Board of Directors (excluding one meeting with a written resolution) were held. Ahresty evaluates the effectiveness of its Board of Directors to reinforce its supervising function 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 global business, and a questionnaire survey has been introduced to enable the directors themselves to evaluate the effectiveness of the Board of Directors. In the survey conducted in January 2021, the evaluation improved from the previous survey (conducted in fiscal 2019). Among the items in the questionnaire were "training of newly appointed directors," "updating management/business strategies," "actively introducing external perspectives" and "periodically reviewing the quality and quantity of information" in the "monitoring performance" category. Recognizing these issues, we will work to make improvements in them.

Items in the self-evaluation questionnaire for the Board of Directors (excerpts)

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
Monitoring performance	Performance indicators Actively introducing external perspectives Periodically reviewing the quality and quantity of information

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. Improvement plans have been formulated and implemented.
Future tasks and initiatives	• Review information regarding management and business strategies and performance monitoring • Actively introduce external perspectives. • Improve training for directors.

Executive remuneration under the restricted stock compensation 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. The performance-linked type has also been introduced for Executive Officers, to enhance the linkage between contribution to Group-wide performance and compensation. 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

The basis of Ahresty's risk management is to avoid risks that may seriously affect its business management and address any risks that arise, promptly and properly in a manner that will not undermine the safety, health or interests 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 continuity of its business management. Based on its Risk Management Regulations established for risks associated with 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 2020 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.

FY2020 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.
Compliance (harassment)	Based on the belief that preventing harassment and maintaining a sound workplace environment is part of its social responsibility, Ahresty has established a code of conduct and action guidelines for prevention while providing internal training for all employees, to eliminate harassment in all workplaces.
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.

Measures against COVID-19 novel coronavirus infection

Faced by the global COVID-19 pandemic, Ahresty places the highest priority on the safety of its employees, customers and business partners and has formulated the following organizational systems and initiatives to ensure the continuity of its business.

1. Reinforcing company-wide systems to prevent the spread of infection

(i) Setting up a COVID-19 task force

We have set up a task force to prevent the spread of infection at all sites both inside and outside Japan. Headed by a Director appointed and composed of the chiefs of relevant departments, the task force has a system capable of promptly deciding and implementing measures across headquarters and departments.

(ii) Setting up an anti-COVID-19 team at each site

Each site has an anti-COVID-19 team, headed by the chief of the site. Under the guidelines formulated by each site, the team plans and implements measures in cooperation with the task force.

2. Formulating and applying company-wide action guidelines and guidelines for each site

(i) Formulating company-wide action guidelines and guidelines for each site

We have formulated company-wide action guidelines that provide basic advice for tackling the spread of COVID-19 for all sites both inside and outside Japan, based on which each site formulates their guidelines.

The chief of each site, who supervises the initiatives at the site, should understand the company-wide action guidelines and formulate comprehensive guidelines appropriate for the site, placing the highest priority on the safety of employees, customers and business partners, and work to prevent the spread of infection.

(ii) Organizing a manual to clarify instructions

We have prepared a manual in which instructions for specific methods (e.g., how to prepare antiseptic solutions, methods of sanitization, etc.) for items to prevent infection, which are identified by the task force, and respective functional departments and operation sites, are organized and clarified, so that prompt action can be taken in response to any emergency.

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

Ahresty is committed to developing a safe and comfortable corporate culture in which each employee can grow through their work while being in good health both mentally and physically, 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.

Each of us will aim at zero accidents by putting this into practice.

Health and productivity management

Ahresty conducts its corporate activities under its 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," and the 10-Year Vision formulated in 2015 of "Winning absolute customers' trust 2025." We are working to offer superior products that meet expectations and services that satisfy customers' needs. To win the absolute trust of our customers, a daily blending of theory and experimentation, and originality and invention is necessary. And we believe that all of these can be achieved if each of our employees takes pride in their work.
For the health of employees and their families, Ahresty positions promotion and maintenance of the health of employees as one of its important management tasks and has introduced "health and productivity management*."

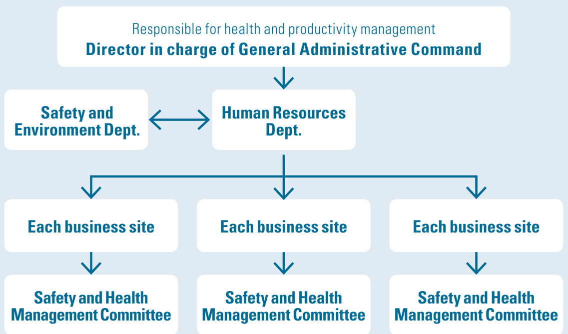
* The term "health and productivity management" is a registered trademark of the Nonprofit Organization Kenkokeiei.

Ahresty Health Declaration

Ahresty sees its employees as valuable human resources, which are the most important assets of the company.
To ensure that employees, who are valuable human resources, can be always active in both their work and private lives, Ahresty offers every possible support to promote and maintain the health of its employees and their families, including making the workplace comfortable for workers and improving their work-life balance.

September 2020, Ahresty Corporation
Shinichi Takahashi Representative Director,
Senior Managing Executive Officer

Ahresty's organization to promote health and productivity management



Promoting Diversity & Inclusion

Creating a workplace where diverse human resources can play active roles

Supporting participation of women

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 lives, 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 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.

Employing persons with disabilities

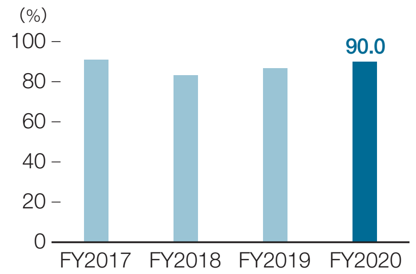
On October 1, 2020, Ahresty established Ahresty Inclusive Service Corporation, a shared service company, to improve the efficiency of administrative operations with the Group. The company is mainly in charge of personnel and labor affairs, such as salary calculation, employee stock ownership association, retirement benefits, and corporate pensions. All staff members, including six handicapped employees, play active roles appropriate to their respective aptitudes. Ahresty Inclusive Service will continue to promote recruitment and training of employees with disabilities and provide them with work that can make them motivated and place where they can work pleasantly, creating workplaces in which many different kinds of people are working.

* They took off their masks for a short time only for the photo shoot.

Active employment of seniors

Ahresty has a re-employment system for retired employees aged 60 or over and actively hires those who apply for the program. Making use of their abundant knowledge and know-how, experienced senior employees (skilled workers) train young or mid-career employees and teach them techniques and skills.

Re-employment rate of employees retiring at the age of 60



For higher quality and improved productivity

Development of human resources that underpin our MONOZUKURI

To achieve high manufacturing quality and productivity, Ahresty is committed to human resources development that follows its strategic human resources plan (human resources roadmap) both inside and outside of Japan. The human resources roadmap is formulated for each Command to support their human resources development. In the MONOZUKURI (manufacturing) segment, training programs to develop specialists are offered to help improve the specialized capabilities of each job. In fiscal 2020, Ahresty standardized system diagrams and competency evaluation tables for each specialized job type to develop human resources with equal competency regardless of their job type or work location.
The training system consists of common education programs for all employees and specialized education programs designed to teach a range of professional skills, allowing employees to receive training of the same quality at all sites. Moreover, we organize a Productivity Improvement Report Meeting as a forum to learn and exercise the statistical techniques and management technologies necessary for the use of Ahresty's proprietary technologies. We train team leaders of our manufacturing processes to be G/E Trainers who have acquired the skills 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 its manufacturing in various ways.

Corporate Profile

Company name	Ahresty Corporation
Capital	¥6,964 Million
Founded	June 22, 1938
Established	November 2, 1943
Employees	Consolidated : 6,124 Single Entity : 873

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)
Kazuyuki Sakai

Independent Director (Audit & Supervisory Committee member)
Akihiko Shido

Independent Director (Audit & Supervisory Committee member)
Shuhei Shiozawa

Independent Director (Audit & Supervisory Committee member)
Akiyoshi Mori

Independent Director (Audit & Supervisory Committee member)
Shuichi Asakuno

Executive Officers

Managing Executive Officer
Koji Arai

Executive Officer
Tsuruo Tsuji

Executive Officer
Hideki Nariya

Executive Officer
Satoshi Tagai

Executive Officer
Koichi Asai

Executive Officer
Yasutaka Oshima

Executive Officer
Kenichiro Mine

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

Ahresty Inclusive Service Corporation
Personnel and labor related office work

[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 / ISO 45001 / IATF 16949

[China]

Guangzhou Ahresty Casting Co., Ltd.
Die Casting, Machining, Part Assembling
ISO 14001 / ISO 45001 / IATF 16949

Hefei Ahresty Casting Co., Ltd.
Die Casting, Machining, Part Assembling, Raised Floor Production
ISO 14001 / ISO 45001 / 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 / ISO 45001 / 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

Ahresty in numbers

Here is an overview of the Ahresty Group.
For more detailed information, please visit our website.

Ahresty

Founded

June 1938 / 83rd year

Global network

(Japan) **14** sites (Overseas) **8** sites in **5** countries

Die cast machines owned: over **200** units Including **4,000**t machines, the largest class in Japan

Workers at Ahresty

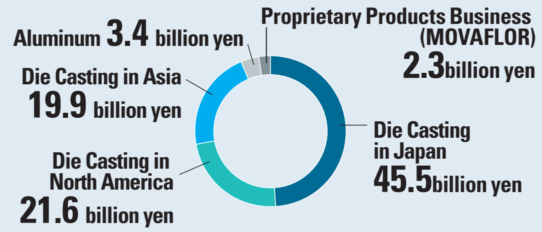
Group employees
Consolidated **6,124**
Non-consolidated **873**
(Overseas: **3,888** people, **63.4**%)

- Average age **43** years old
- Male/female ratio **87.6**% : **12.4**%
- Percentage of female employees taking maternity leave before and after childbirth and child care leave **100**%
- Average monthly overtime hours **4** hours **40** min.
- Re-employment rate of employees retiring at the age of 60 **90.0**%

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

Annual sales

92.9 billion yen
(Previous year: **120.5** billion yen)



Number of auto parts produced annually

Approx. **31,670,000**
(Previous year: **40,300,000**)

MOVAFLOR annual total floor area

66,491 m^2
Top market share for clean rooms in Japan! (**50.2**%)

Environment

* Data of business sites in Japan

CO_2 emissions
84,934 t-CO_2
Year-on-year (down **20,113** t-CO_2)

Discharged materials
1,248 t
Year-on-year (down **237** t)

Water consumption
211,795 m^3
Year-on-year (down **67,124** m^3)

Financial Section

Contents

Overview of Business Performance

Results of Operations

During the consolidated fiscal year under review, the world economy slowed down significantly due to the impact of the novel coronavirus ("COVID-19") pandemic. Although China resumed their economic activities early and began to show signs of recovery, the United States and Europe suffered from the re-expansion of infections and lockdowns halfway through their economic recovery. In Japan, the economy was severely affected by the novel coronavirus pandemic and deteriorated significantly, suffering a decrease in domestic demand and a slowdown in exports resulting from sluggish economic activities. Although economic activities have been recovering gradually after bottoming out in the first quarter, the future outlook still remains uncertain with factors such as the re-expansion of COVID-19 infections and the shortage of semiconductors, which may affect car production.
In response to these rapid changes in the market environment, the Ahresty Group, while implementing measures to prevent the spread of COVID-19 in accordance with local regulations of each country or region, took various emergency actions, such as full or partial suspension of operation and revision of work shifts to adjust production systems in line with the substantial decrease in sales volume, utilization of idle internal facilities to reduce capital investment, and the prohibition in principle of business trips and the promotion of web conferencing to reduce costs. In response to the resumption of economic activities in many countries, though the pace of recovery in car sales varies among countries and customers, production of the Group has been on a recovery trend after bottoming out in the first quarter.
As a result, the Group recorded consolidated net sales of ¥92,973 million (down 22.9% year on year), operating loss of ¥2,554 million (as opposed to operating income of ¥764 million for the previous year), recurring loss of ¥2,094 million (as opposed to recurring income of ¥406 million for the previous year) and net loss attributable to owners of parent of ¥2,843 million (as opposed to net income attributable to owners of parent of ¥685 million in the previous year).
Although many uncertainties remain in the business environment, the Ahresty Group will accelerate measures based on its 1921 Medium-term Management Plan, which we have promoted since fiscal 2019, to improve profitability and enhance our corporate structure by cutting costs and raising productivity.

Consolidated performance for year ended March 2021 (April 1, 2020–March 31, 2021)

(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 2021	92,973	(22.9)	(2,554)	–	(2,094)	–	(2,843)	–
Year ended March 2020	120,577	(17.1)	764	(76.3)	406	(86.0)	(685)	–

	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 2021	(111.06)	–	(5.0)	(1.6)	(2.7)
Year ended March 2020	(26.77)	–	(1.2)	0.3	0.6

Note: Comprehensive income
Year ended March 2021: (1,788) million yen (–%)
Year ended March 2020: (3,175) million yen (–%)

For reference: EBITDA
Year ended March 2021: 10,346 million yen (-31.4%)
Year ended March 2020: 15,093 million yen (-21.5%)

* EBITDA = operating income + depreciation and amortization

Investment gain or loss under equity method
Year ended March 2021: – million yen
Year ended March 2020: – million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2021	132,223	55,631	41.9	2,161.08
Year ended March 2020	123,054	57,364	46.5	2,244.49

For reference: Shareholders' equity
Year ended March 2021: 55,467 million yen
Year ended March 2020: 57,177 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 2021	7,942	(11,570)	11,940	12,249
Year ended March 2020	16,474	(17,691)	2,162	3,732

Outlook for fiscal year ending March 2022

Although COVID-19 mutated variants have been rapidly spreading, there are expectations for recovery along with the progress in vaccination. However, the uncertainty in the world economy is likely to continue due chiefly to the impact of US-China trade friction and the shortage of semiconductors on car production.
As for the business environment surrounding the Company, we are likely to be affected by the soaring aluminum prices and the reduction in car production due to the shortage of semiconductors in the first half. In the second half, while economic activities are expected to gradually return to normal, there are concerns about the re-expansion or prolongation of COVID-19 inside or outside Japan, making the outlook for recovery in demand remain uncertain.
The Ahresty Group will continue its Group-wide efforts to prevent infection while working to further reform our production systems, control capital investment, reduce costs, and implement other necessary measures to improve profitability.
Under these circumstances, our forecasts for consolidated business results for the year ending March 2022 are as follows.
Incidentally, our foreign exchange assumptions are: 105.0 yen to the USD, 15.0 yen to the CNY, 1.45 yen to the INR, and 20.0 Mexican pesos to the USD*.
*Our consolidated subsidiary in Mexico adopts the U.S. dollar as its functional currency. However, tax expenses of the Mexican subsidiary are calculated based on the Mexican peso, and therefore influenced by the MXN/USD exchange rate.

(Millions of Yen)

	Net sales	Operating income	Recurring income	Net income attributable to owners of parent
Year ending March 2022 forecasts	110,000	1,800	1,600	600
Year ended March 2021 results	92,973	(2,554)	(2,094)	(2,843)
Difference	17,026	4,354	3,694	3,443
Percentage change (%)	18.3	–	–	–

(Millions of Yen)

Segment	Net sales		Segment profit	
	Year ended March 2021	Year ending March 2022	Year ended March 2021	Year ending March 2022
Die Casting in Japan	45,584	50,000	(2,491)	0
Die Casting in North America	21,628	28,700	94	1,100
Die Casting in Asia	19,931	24,100	(598)	300
Aluminum	3,483	4,500	33	200
Proprietary Products	2,345	2,700	320	200
Elimination of intersegment transactions	–	–	87	–
Total	92,973	110,000	(2,554)	1,800

Consolidated Balance Sheets

(Assets)		Millions of yen Previous consolidated fiscal year (March 31, 2020)	Millions of yen Consolidated fiscal year under review (March 31, 2021)	Thousands of U.S. dollars Consolidated fiscal year under review (March 31, 2021)
Current assets				
Cash and time deposits		¥4,167	¥12,249	$115,373
Trade notes and accounts receivable		17,922	20,647	194,479
Electronically recorded monetary claims – operating		2,398	2,431	22,898
Merchandise and products		3,115	3,026	28,505
Partly finished goods		3,603	3,673	34,602
Raw materials and inventories		2,810	2,453	23,112
Others		1,385	1,062	10,007
Allowance for doubtful accounts		(154)	(160)	(1,512)
Total current assets		35,247	45,384	427,466
Fixed assets				
Tangible fixed assets				
Buildings and structures		31,565	31,983	301,244
Accumulated depreciation and impairment loss		(16,698)	(17,750)	(167,184)
Buildings and structures, net		14,867	14,233	134,060
Machinery and delivery equipment		134,597	137,500	1,295,092
Accumulated depreciation and impairment loss		(95,652)	(100,245)	(944,196)
Machinery and delivery equipment, net		38,944	37,254	350,896
Tools, furniture and fixtures		50,214	50,535	475,986
Accumulated depreciation and impairment loss		(42,384)	(43,211)	(406,998)
Tools, furniture and fixtures, net		7,830	7,324	68,988
Land		5,622	5,615	52,888
Lease assets		1,046	1,012	9,535
Accumulated depreciation and impairment loss		(303)	(445)	(4,193)
Lease assets, net		742	567	5,342
Construction in progress		12,384	12,295	115,812
Total tangible fixed assets		80,392	77,290	727,987
Intangible fixed assets		2,032	1,872	17,632
Investments and other assets				
Investment securities	*1	2,568	4,346	40,934
Deferred tax assets		2,280	2,596	24,456
Others		553	756	7,125
Allowance for doubtful accounts		(21)	(21)	(206)
Total investments and other assets		5,380	7,677	72,310
Total fixed assets		87,806	86,839	817,930
Total assets		¥123,054	¥132,223	$1,245,397

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 ¥106.17 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.

(Liabilities)	Millions of yen Previous consolidated fiscal year (March 31, 2020)	Millions of yen Consolidated fiscal year under review (March 31, 2021)	Thousands of U.S. dollars Consolidated fiscal year under review (March 31, 2021)
Current liabilities			
Notes and accounts payable	¥9,284	¥9,458	$89,091
Electronically recorded obligations – operating	5,994	4,677	44,052
Short-term loans	10,273	19,232	181,150
Current portion of long-term loans	7,750	8,065	75,970
Accrued income taxes	304	279	2,630
Bonus allowances	1,848	1,573	14,820
Provision for product warranties	46	78	738
Others	7,889	7,374	69,456
Total current liabilities	43,390	50,739	477,910
Long-term liabilities			
Long-term loans	15,672	18,623	175,410
Long-term accounts payable	327	238	2,249
Deferred tax liabilities	2,434	3,051	28,738
Net defined benefit liability	2,709	2,858	26,928
Others	1,154	1,079	10,170
Total long-term liabilities	22,298	25,852	243,497
Total liabilities	65,689	76,591	721,407
(Net assets)			
Shareholders' equity			
Common stock	6,964	6,964	65,594
Additional paid-in capital	10,206	10,206	96,129
Retained earnings	38,806	35,909	338,223
Treasury stock	(412)	(278)	(2,619)
Total shareholders' equity	55,564	52,801	497,327
Other accumulated comprehensive income			
Difference on revaluation of other marketable securities	926	2,146	20,217
Foreign currency translation adjustments	1,047	982	9,254
Remeasurements of defined benefit plans	(360)	(462)	(4,357)
Total other accumulated comprehensive income	1,612	2,666	25,114
Share warrants	187	164	1,547
Total net assets	57,364	55,631	523,989
Total liabilities and net assets	¥123,054	¥132,223	$1,245,397

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, 2019 through March 31, 2020)	Consolidated fiscal year under review (April 1, 2020 through March 31, 2021)	Consolidated fiscal year under review (April 1, 2020 through March 31, 2021)
Net sales		¥120,577	92,973	$875,705
Cost of goods sold	*1	108,536	86,402	813,817
Gross profit		12,040	6,570	61,887
Selling, general and administrative expenses				
Transportation expenses		1,720	1,501	14,137
Salaries and bonuses		3,401	3,032	28,566
Retirement benefit expenses		201	182	1,719
Provision for bonuses		324	285	2,688
Depreciation and amortization		387	443	4,178
Research and development expenses	*2	550	507	4,778
Other expenses		4,691	3,172	29,877
Total selling, general and administrative expenses		11,276	9,124	85,946
Operating income (or loss)		764	(2,554)	(24,058)
Non-operating income				
Interest income		108	59	562
Dividends received		114	76	718
Gain on sales of scraps		97	85	807
Employment adjustment subsidies		–	901	8,488
Others		87	97	916
Total non-operating income		409	1,220	11,494
Non-operating expenses				
Interest expenses		462	475	4,478
Foreign currency exchange loss		203	205	1,931
Others		101	80	757
Total non-operating expenses		766	761	7,168
Recurring income (or loss)		406	(2,094)	(19,732)
Extraordinary gains				
Gain on sales of fixed assets	*3	23	14	139
Gain on sales of investment securities		54	0	6
Subsidy income		347	145	1,369
Gain on revision of retirement benefit plan		152	–	–
Total extraordinary gains		577	160	1,514
Extraordinary losses				
Loss on sales of fixed assets	*4	266	218	2,055
Impairment loss	*5	60	88	836
Loss on revision of retirement benefit plan		71	–	–
Loss related to COVID-19		–	590	5,558
Total extraordinary losses		398	897	8,449
Income (loss) before income taxes and others		586	(2,831)	(26,667)
Income taxes and enterprise taxes		754	228	2,156
Deferred income taxes		516	(217)	(2,044)
Total income taxes		1,271	11	111
Net income (loss)		(685)	(2,843)	(26,779)
Net income (loss) attributable to owners of parent		¥(685)	¥(2,843)	$(26,779)

(Consolidated Statements of Comprehensive Income)

		Millions of yen		Thousands of U.S. dollars
		Previous consolidated fiscal year (April 1, 2019 through March 31, 2020)	Consolidated fiscal year under review (April 1, 2020 through March 31, 2021)	Consolidated fiscal year under review (April 1, 2020 through March 31, 2021)
Net income (loss)		¥(685)	¥(2,843)	$(26,779)
Other comprehensive income				
Difference on revaluation of other marketable securities		(1,089)	1,220	11,495
Foreign currency translation adjustments		(1,437)	(64)	(606)
Remeasurements of defined benefit plans		36	(101)	(959)
Total other comprehensive income	*	(2,490)	1,054	9,928
Comprehensive income		(3,175)	(1,788)	(16,850)
Comprehensive income attributable to:				
Owners of parent		(3,175)	(1,788)	(16,850)
Non-controlling interests		¥ –	¥ –	$ –

Consolidated Statements of Changes in Net Assets

Previous 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 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 treasury stock				(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 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 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 treasury stock						(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 fiscal year	¥926	¥1,047	¥(360)	¥1,612	¥187	¥57,364

Current consolidated fiscal year (April 1, 2020 through March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	¥6,964	¥10,206	¥38,806	¥(412)	¥55,564
Changes					
Cash dividend from retained earnings			–		–
Net income (loss) attributable to owners of parent			(2,843)		(2,843)
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(54)	133	79
Changes (net) in non-shareholders' equity items					
Total changes	–	–	(2,897)	133	(2,763)
Balance at end of fiscal year	**¥6,964**	**¥10,206**	**¥35,909**	**¥(278)**	**¥52,801**

(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 fiscal year	¥926	¥1,047	¥(360)	¥1,612	¥187	¥57,364
Changes						
Cash dividend from retained earnings						–
Net income (loss) attributable to owners of parent						(2,843)
Purchase of treasury stock						(0)
Disposal of treasury stock						79
Changes (net) in non-shareholders' equity items	1,220	(64)	(101)	1,054	(23)	1,030
Total changes	1,220	(64)	(101)	1,054	(23)	(1,732)
Balance at end of fiscal year	**2,146**	**982**	**(462)**	**2,666**	**164**	**55,631**

Current consolidated fiscal year (April 1, 2020 through March 31, 2021)

(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	$65,594	$96,129	$365,514	$(3,880)	$523,357
Changes					
Cash dividend from retained earnings			–		–
Net income (loss) attributable to owners of parent			(26,779)		(26,779)
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(511)	1,261	749
Changes (net) in non-shareholders' equity items					
Total changes	–	–	(27,290)	1,260	(26,030)
Balance at end of current fiscal year	**$65,594**	**$96,129**	**$338,223**	**$(2,619)**	**$497,327**

(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	$8,722	$9,861	$(3,397)	$15,186	$1,766	$540,310
Changes						
Cash dividend from retained earnings						–
Net income (loss) attributable to owners of parent						(26,779)
Purchase of treasury stock						(0)
Disposal of treasury stock						749
Changes (net) in non-shareholders' equity items	11,495	(606)	(959)	9,928	(219)	9,709
Total changes	11,495	(606)	(959)	9,928	(219)	(16,320)
Balance at end of current fiscal year	**$20,217**	**$9,254**	**$(4,357)**	**$25,114**	**$1,547**	**$523,989**

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	Previous consolidated fiscal year (April 1, 2019 through March 31, 2020)	Consolidated fiscal year under review (April 1, 2020 through March 31, 2021)	Consolidated fiscal year under review (April 1, 2020 through March 31, 2021)
Cash flows from operating activities			
Income (loss) before income taxes and others	586	(2,831)	(26,667)
Depreciation and amortization	14,329	12,901	121,515
Impairment loss	60	88	836
Increase (decrease) in bonus allowances	(279)	(273)	(2,573)
Increase (decrease) in provision for product warranties	(22)	30	286
Increase (decrease) in net defined benefit liability	(116)	48	454
Interest and dividend income	(223)	(136)	(1,281)
Interest expenses	462	475	4,478
Loss (gain) on sales and retirement of tangible fixed assets	234	203	1,914
Loss (gain) on sales of investment securities	(54)	0	(6)
Subsidy income	(347)	(145)	(1,369)
Loss (gain) on revision of retirement benefit plans	(80)	–	–
Employment adjustment subsidies	–	(901)	(8,488)
Loss related to COVID-19	–	590	5,558
Decrease (increase) in notes and accounts receivable	4,827	(2,558)	(24,099)
Decrease (increase) in inventories	1,619	411	3,874
Increase (decrease) in notes and accounts payable	(3,284)	(1,129)	(10,642)
Increase (decrease) in accrued expenses	(383)	(74)	(697)
Increase (decrease) in accrued consumption taxes and others	(312)	943	8,890
Increase (decrease) in long-term accounts payable - other	173	(88)	(836)
Others	157	(181)	(1,706)
Subtotal	17,346	7,372	69,440
Interest and dividends received	165	216	2,039
Interest paid	(431)	(476)	(4,491)
Income taxes paid	(1,501)	(463)	(4,370)
Income taxes refund	363	268	2,529
Proceeds from subsidy income	531	1,025	9,657
Cash flows from operating activities	16,474	7,942	74,805
Cash flows from investing activities			
Payments into time deposits	(462)	–	–
Proceeds from withdrawal of time deposits	1,078	429	4,040
Purchase of tangible fixed assets	(18,374)	(11,835)	(111,478)
Proceeds from sales of tangible fixed assets	120	14	138
Proceeds from sales of investment securities	159	1	11
Others	(212)	(179)	(1,688)
Cash flows from investing activities	(17,691)	(11,570)	(108,976)
Cash flows from financing activities			
Proceeds from short-term loans	67,362	86,297	812,826
Repayment of short-term loans	(62,761)	(77,292)	(728,003)
Proceeds from long-term loans	9,094	11,536	108,661
Repayment of long-term loans	(10,503)	(8,330)	(78,462)
Purchase of treasury stock	(300)	(0)	(0)
Dividends paid	(513)	(0)	(5)
Others	(215)	(270)	(2,550)
Cash flows from financing activities	2,162	11,940	112,464
Effect of exchange rate changes on cash and cash equivalents	(113)	204	1,927
Net increase (decrease) in cash and cash equivalents	831	8,516	80,220
Cash and cash equivalents at beginning of year	2,901	3,732	35,153
Cash and cash equivalents at end of period ※	3,732	12,249	115,373

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., Ahresty Inclusive Service Corporation. 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. and Ahresty Inclusive Service Corporation 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

(a) Accounting procedures for consumption tax, etc.

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

(b) Application of a consolidated taxation system

Since the beginning of the consolidated fiscal year under review, a consolidated taxation system has been applied to the Company and its domestic subsidiaries.

(c) Application of Tax Effect Accounting pertaining to transition from the consolidated taxation system to the group tax sharing system

Ahresty and its consolidated subsidiaries in Japan have calculated the amounts of deferred tax assets and deferred tax liabilities according to the provisions of the tax acts before amended based on the treatment of Paragraph 3 of "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Solutions No. 39, March 31, 2020), instead of applying the provision of Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), regarding the transition to the group tax sharing system established in "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and items for which the non-consolidated taxation system has been reviewed in line with transition to the group tax sharing system.

(Notes on Important Accounting Estimates)

1. Impairment of assets related to Die Casting Business

(1) Amount recorded in consolidated financial statements for the consolidated fiscal year under review

The Group's amount of tangible fixed assets recorded in consolidated financial statements for the consolidated fiscal year under review is 77,290 million yen, of which 76,979 million yen is tangible fixed assets owned by the plants of the Company and its consolidated subsidiaries belonging to the Die Casting Business, accounting for 58.2% of total consolidated assets.

(2) Information on details of important accounting estimates concerning the identified item

Major tangible fixed assets owned by the Die Casting Business, a main business of the Ahresty Group, include casting machinery and equipment, processing machinery and equipment, and dies.

The Ahresty Group applies the Japanese accounting standards, the US accounting standards, or the International Financial Reporting Standards. If the recoverable amount, whichever is higher of the net realizable value or the use value of the asset group, is lower than the book value, the amount of difference is recognized as an impairment loss.

The performance of the Die Casting Business is significantly influenced by the market sales condition of automobiles in which the Ahresty Group's major products are installed and their associated production volumes. Due to mainly a decrease in sales of car models equipped with our major products resulting from the recent

Notes to Consolidated Financial Statements

spread of the COVID-19 novel coronavirus infection, some plants that belong to the Die Casting Business segment continuously recorded operating losses, showing signs of impairment of assets. Therefore, an impairment test was conducted for each plant-based asset group.

As a result, for the consolidated fiscal year under review, as mentioned in Notes (related to Consolidated Statements of Income) *5 Impairment Losses, an impairment loss of 88 million yen was recognized at Ahresty Die Mold Tochigi Corporation, where the net realizable value is used as the recoverable value.

Future cash flows, which serve as the basis of the use value employed for recognition and measurement of impairment losses, are estimated according to a business plan formulated based on the future sales volume data, etc. that the Ahresty Group has obtained from each customer. And the net realizable value of the asset in question was calculated based on various kinds of information owned by the plants belonging to this business segment, using an external professional evaluation organization, etc.

For the use value, the best possible estimation for the moment has been made based on the assumption that, while economic recovery is expected along with progress in vaccination in the midst of the rapid spread of the COVID-19 mutant variants, the impact of reduction in car production due to a shortage of semiconductors in addition to the short-term impact of the soaring aluminum prices on profits will continue until around September 2021. The impact of the re-expansion of COVID-19, though its degree may vary among countries and regions, is likely to continue until about March 2022, and the situation will gradually recover from April 2022.

Please note that the assumption used for the above estimation is subject to a high degree of uncertainty. If the impact of the shortage of semiconductors or reduction in car production or the impact of the re-spread of the COVID-19 infection is prolonged, or any other change arises in preconditions or assumptions based on which the estimation was made, an impairment loss may be recognized in the subsequent consolidated fiscal year.

2. Recoverability of deferred tax assets

(1) Amount recorded in consolidated financial statements for the consolidated fiscal year under review

Deferred tax assets: 2,596 million yen

(2) Information on details of important accounting estimates concerning the identified item

The Ahresty Group applies the Japanese accounting standards, the US accounting standards, or the International Financial Reporting Standards. Deferred tax assets are recorded for the temporary difference between the accounting book value of assets or liabilities as of the end of the consolidated fiscal year under review and their amounts for taxation purpose and recorded for the deductible temporary difference with regard to losses and tax credits carried forward for which it has been determined that adequate taxable income can be estimated based on a future business plan and that recoverability is expected.

Since the recoverability of deferred tax assets depends on the future taxable income, for the estimation of collectable taxable income, the best possible estimation for the moment has been made based on the assumption that, while economic recovery is expected along with progress in vaccination in the midst of the rapid spread of the COVID-19 mutant variants, the impact of reduction in car production due to a shortage of semiconductors in addition to the short-term impact of the soaring aluminum prices on profits will continue until around September 2021. The impact of the re-expansion of COVID-19, though its degree may vary among countries and regions, is likely to continue until about March 2022, and the situation will gradually recover from April 2022.

Please note that the assumption used for the above estimation is subject to a high degree of uncertainty. If the impact of the shortage of semiconductors or reduction in car production or the impact of the re-spread of the COVID-19 infection is prolonged, or any other change arises in preconditions or assumptions based on which the estimation was made, the amount of deferred tax assets may be reduced and tax expenses may be recorded in the subsequent consolidated fiscal year.

(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, 2020, Accounting Standards Board of Japan)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 on March 26, 2021, 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 "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.

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, 2023.

(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.

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, 2020	As of March 31, 2021
Investments in securities (share)	¥36 million	¥56 million

*2. Notes receivable transfer by endorsement

	As of March 31, 2020	As of March 31, 2021
Notes receivable transfer by endorsement	¥188 million	¥251 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, 2020	As of March 31, 2021
¥400 million	¥336 million

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

As of March 31, 2020	As of March 31, 2021
¥550 million	¥507 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, 2020	As of March 31, 2021
Building and structures	¥0 million	– million
Machinery and delivery equipment	¥7 million	¥12 million
Tools, furniture and fixtures	¥16 million	¥2 million
Land	¥0 million	– million
Others	¥0 million	– million
Total	¥23 million	¥14 million

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

	As of March 31, 2020	As of March 31, 2021
Building and structures	¥21 million	¥24 million
Machinery and delivery equipment	¥137 million	¥174 million
Tools, furniture and fixtures, others	¥106 million	¥19 million
Total	¥266 million	¥218 million

*5. Impairment loss
The Group posted impairment losses for the asset groups below.

Previous consolidated fiscal year (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 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.

Current consolidated fiscal year under review (from April 1, 2020 to March 31, 2021)

(1)Assets for which an impairment loss was recognized

Location	Use	Type	Impairment loss (millions of yen)
Ahresty Die Mold Tochigi Corporation (Mibu-machi, Shimotsuga-gun, Tochigi)	Business assets	Building and structures	16
		Machinery and delivery equipment	62
		Tools, furniture and fixtures	9
	Total		88

(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 some of the business assets of Ahresty Die Mold Tochigi Corporation, from which the initially anticipated revenues became no longer able to be expected due to a fall in the utilization rate, the Company reduced their book value to a recoverable amount and posted the reductions as an impairment loss.

The recoverable amount was measured based on the net realizable value, and the net realizable value was calculated by deducting the estimated amount of the disposal cost from the relevant roadside land prices, etc.

Notes on Consolidated Statements of Comprehensive Income

＊ Recycling and tax effect relating to other comprehensive income

	As of March 31, 2020	As of March 31, 2021
Valuation difference on available-for-sale securities:		
Amount arising during fiscal year under review	¥(1,509) million	¥1,755 million
Recycling	¥(54) million	–
Before tax effect adjustment	¥(1,563) million	¥1,755 million
Tax effect	¥474 million	¥(535) million
Valuation difference on available-for-sale securities	¥(1,089) million	¥1,220 million
Foreign currency translation adjustment:		
Amount arising during fiscal year under review	¥(1,437) million	¥(64) million
Remeasurements of defined benefit plans, net of tax:		
Amount for the current term	¥51 million	¥(167) million
Reclassification remeasurements	¥68 million	¥65 million
Before tax-effect adjustment	¥119 million	¥(101) million
Tax-effect	¥(83) million	–
Remeasurements of defined benefit plans, net of tax	¥36 million	¥(101) million
Total other comprehensive income	¥(2,490) million	¥1,054 million

Notes on Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (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	26,076,717	–	–	26,076,717
Total	26,076,717	–	–	26,076,717
Treasury stock				
Common stock (Notes 1. 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): End of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	Number at end of fiscal year	Balance at end of fiscal year (millions of yen)
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 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

Consolidated fiscal year under review (from April 1, 2020 to March 31, 2021)

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	26,076,717	–	–	26,076,717
Total	26,076,717	–	–	26,076,717
Treasury stock				
Common stock (Notes 1. 2.)	602,289	60	192,305	410,044
Total	602,289	60	192,305	410,044

Notes: 1. The increase of 60 common shares in treasury stock is due to the purchase of shares of less than a unit.
2. The decrease of 192,305 common shares in treasury stock is due to the disposal of the Company's own shares in the restricted stock compensation plan and the exercise of stock options.

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): End of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	Number at end of fiscal year	Balance at end of fiscal year (millions of yen)
Submitting company (parent company)	Share warrants as stock options	–	–	–	–	–	164
Total		–	–	–	–	–	164

3. Dividends

(1)Dividend payments
N/A

Notes to Consolidated Financial Statements

(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 18, 2021	Common share	128	Retained earnings	5	March 31, 2021	June 2, 2021

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, 2020	As of March 31, 2021
Cash on hand and with banks	¥4,167 million	¥12,249 million
Time deposits with a deposit term of more than 3 months	¥(435) million	–
Cash and cash equivalents	¥3,732 million	¥12,249 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 may use 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, 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	–	–	–

Current consolidated fiscal year (March 31, 2021)

	Carrying amount in the consolidated balance sheets	Fair value	Difference
	(¥ millions)	(¥ millions)	(¥ millions)
(1) Cash and time deposits	12,249	12,249	–
(2) Trade notes and accounts receivable	20,647	20,647	–
(3) Investments in securities	4,283	4,283	–
Total assets	37,180	37,180	–
(1) Trade notes and accounts payable	9,458	9,458	–
(2) Electronically recorded debt	4,677	4,677	–
(3) Short-term loans	19,232	19,232	–
(4) Long-term loans	26,689	26,552	(136)
Total liabilities	60,057	59,920	(136)
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, 2020	As of March 31, 2021
	(¥ millions)	(¥ millions)
Shares of unlisted shares	5	5
Shares in non-consolidated subsidiaries	36	56

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, 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	–	–	–

Current consolidated fiscal year (March 31, 2021)

	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	12,249	–	–	–
Trade notes and accounts receivable	20,647	–	–	–
Total	32,897	–	–	–

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

Previous 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	–

Current consolidated fiscal year (March 31, 2021)

	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	19,232	–	–	–	–	–
Long-term loans	8,065	7,011	6,837	3,593	1,180	–
Total	27,298	7,011	6,837	3,593	1,180	–

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, 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.

Current consolidated fiscal year (March 31, 2021)

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	4,240	960	3,279
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	4,240	960	3,279

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	43	65	(22)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	43	65	(22)
	Total	4,283	1,026	3,257

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, 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	–

Current consolidated fiscal year (April 1, 2020 through March 31, 2021)

	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
(1) Stock	1	0	–
(2) Bond			
(i) Government bond, local government bond, etc.	–	–	–
(ii) Corporate bond	–	–	–
(iii) Other	–	–	–
(3) Other	–	–	–
Total	1	0	–

Notes on Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

Previous consolidated fiscal year (March 31, 2020)
N/A

Current consolidated fiscal year (March 31, 2021)
N/A

(2) Interest rate

Previous consolidated fiscal year (March 31, 2020)
N/A

Current consolidated fiscal year (March 31, 2021)
N/A

2. Derivative transactions to which hedge accounting is applied

Interest rate

Previous 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 the interest rate swaps is therefore included in the market value of the long-term loans payable.

Current consolidated fiscal year (March 31, 2021)
N/A

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.

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, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Balance of retirement benefit liabilities at the beginning of the current fiscal year	3,978	3,925
Service cost	253	242
Interest expenses	13	12
Actuarial difference	(182)	2
Retirement benefits payments	(160)	(142)
Past service cost incurred	27	349
Others	(3)	(1)
Balance of retirement benefit liabilities at the end of the current fiscal year	3,925	4,388

Notes to Consolidated Financial Statements

(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, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Balance of pension assets at the beginning of the current fiscal year	2,018	2,043
Expected return on pension plan assets	23	97
Actuarial difference	(101)	191
Contributions from the business owner	221	210
Retirement benefits payments	(118)	(109)
Balance of pension assets at the end of the current fiscal year	2,043	2,433

(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, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Balance of net defined benefit liability at the beginning of the current fiscal year	989	624
Retirement benefit expenses	121	102
Retirement benefits payments	(78)	(70)
Decrease due to transfer to the defined contribution plan	(408)	–
Balance of net defined benefit liability at the end of the current fiscal year	624	656

(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, 2020)	Current consolidated fiscal year (March 31, 2021)
Retirement benefit liabilities of the funded pension	2,953	3,023
Pension assets	(2,043)	(2,433)
	909	589
Retirement benefit liabilities of the unfunded pension	1,596	2,021
Net liabilities and assets recorded on the consolidated balance sheet	2,506	2,610
Net defined benefit liability	2,709	2,858
Net defined benefit asset	(203)	(248)
Net liabilities and assets recorded on the consolidated balance sheet	2,506	2,610

(5) Retirement benefit expenses and their breakdown

(¥ millions)	Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Service cost	253	242
Interest expenses	13	12
Expected return on pension plan assets	(23)	(97)
Recognized actuarial difference	62	48
Recognized prior service cost	4	9
Retirement benefit expenses calculated by the simple method	121	103
Loss (gain) on revision of retirement benefit scheme	(80)	–
Others	11	6
Retirement benefit expenses related to the defined benefit system	362	326

(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, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Prior service cost	(23)	(339)
Actuarial difference	143	237
Total	119	(101)

(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, 2020)	Current consolidated fiscal year (March 31, 2021)
Unrecognized prior service cost	(26)	(366)
Unrecognized actuarial difference	(334)	(96)
Total	(360)	(462)

(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, 2020)	Current consolidated fiscal year (March 31, 2021)
Bonds	24%	25%
Shares	29%	36%
Insurance assets (general account)	42%	37%
Others	5%	2%
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, 2020)	Current consolidated fiscal year (March 31, 2021)
Discount rate	Primarily 0.2%	Primarily 0.2%
Expected rate of increase	Primarily 3.6%	Primarily 3.4%
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 ¥385 million as the previous consolidated fiscal year and ¥389 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)	126
Class and number of shares subject to share warrants (Note 2)	Common stock 12,600 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 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)	126
Class and number of shares subject to share warrants (Note 2)	Common stock 12,600 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 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)	162
Class and number of shares subject to share warrants (Note 2)	Common stock 16,200 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)	336
Class and number of shares subject to share warrants (Note 2)	Common stock 33,600 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)	347
Class and number of shares subject to share warrants (Note 2)	Common stock 34,700 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)	444
Class and number of shares subject to share warrants (Note 2)	Common stock 44,400 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)	485
Class and number of shares subject to share warrants (Note 2)	Common stock 48,500 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 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, 2021) is stated. Because there is no change in the information to be stated as of the end of the previous month (May 31, 2021), 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, 2021). 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	–	–	–	–	–	3,700	3,700	3,800	8,000	7,000	8,900	4,100
Not yet vested	3,500	5,100	10,900	9,800	10,800	12,600	12,600	16,200	33,600	34,700	44,400	48,500
After vesting date (number of share)												
At end of previous fiscal year	–	–	–	–	–	–	–	–	–	–	–	–
Vested	–	–	–	–	–	3,700	3,700	3,800	8,000	7,000	8,900	4,100
Exercise of rights	–	–	–	–	–	3,700	3,700	3,800	8,000	7,000	8,900	4,100
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, 2020) (¥ millions)	Current consolidated fiscal year (March 31, 2021) (¥ millions)
Deferred tax assets		
Accrued expenses	69	64
Net defined benefit liability	704	698
Accounts payable – other (amount that has not been transferred to defined contribution pension plan)	8	7
Long-term accounts payable – other (amount that has not been transferred to defined contribution pension plan)	92	63
Excess deductible amount in bonus allowances	493	395
Unrealized profits for inventories	49	27
Unrealized profits for fixed assets	1,146	1,046
Loss carried forward (Note 2)	2,273	3,129
Over-depreciation	2,266	1,873
Provision for product warranties	17	12
Impairment loss	706	710
Other	698	1,023
Deferred tax assets subtotal	8,528	9,052
Valuation reserve pertaining to tax loss carried forward (Note 2)	(1,499)	(2,089)
Valuation reserve pertaining to the sum of deductible temporary differences	(2,586)	(2,611)
Subtotal of valuation reserves (Note 1)	(4,085)	(4,700)
Deferred tax assets total	4,442	4,352
Deferred tax liabilities		
Property replacement reserve	(827)	(795)
Special depreciation reserve	(50)	(50)
Fixed assets reserve	(623)	(640)
Net unrealized gains on securities	(451)	(987)
Exchange rate differences on non-monetary assets and liabilities of overseas consolidated subsidiaries	(1,225)	(966)
Other	(1,418)	(1,366)
Deferred tax liabilities total	(4,596)	(4,806)
Net deferred tax assets	(153)	(454)

Notes: 1. Valuation reserves increased ¥614 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 and the subsidiary in America.

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

Previous consolidated fiscal year (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.

Consolidated fiscal year under review (March 31, 2021)

	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	203	190	2,692	(*2) 3,129
Valuation reserve	–	(2)	(39)	(22)	(4)	(2,020)	(2,089)
Deferred tax assets	–	–	–	181	186	672	(*2) 1,040

(*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 ¥3,129 million (an amount obtained by multiplying the effective statutory tax rate), deferred tax assets of ¥1,040 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, 2020) (%)	Current consolidated fiscal year (March 31, 2021) (%)
Statutory effective tax rate	30.6	30.6
(adjustments)		
Items that will never be included as losses, such as entertainment expenses	10.1	(1.5)
Items that will never be included as profits, such as dividend revenue	(1.6)	0.1
Per capita residential tax	4.5	(0.9)
Tax credits for research and development expenses	(5.7)	0.0
Increase (decrease) in valuation allowance	183.3	(14.5)
Difference in statutory tax rates of consolidated subsidiaries	19.6	(3.7)
Retained earnings of overseas consolidated subsidiaries	3.8	1.6
Foreign tax credit	1.1	0.2
Difference due to tax rate change as a result of consolidated taxation	(1.6)	–
Impact of exchange rate fluctuations at overseas consolidated subsidiaries	(22.2)	(11.3)
Other	(4.9)	(1.0)
Burden ratio of corporate tax after application of deferred tax accounting	217.0	(0.4)

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

Notes to Consolidated Financial Statements

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, 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

Current consolidated fiscal year (April 1, 2020 through March 31, 2021)

(Millions of yen)

	Reported segments					
	Die Casting Business			Aluminum Business	Proprietary Products Business	Total
	Japan	North America	Asia			
Sales						
(1) Customers	45,584	21,628	19,931	3,483	2,345	92,973
(2) Intersegment	2,035	10	775	2,038	6	4,865
Total	47,620	21,638	20,706	5,521	2,352	97,839
Segment profits/loss	(2,491)	94	(598)	33	320	(2,641)
Segment assets	55,940	29,787	37,807	2,758	1,018	127,312
Other items						
Depreciation and amortization	5,386	4,083	3,499	50	8	13,030
Impairment loss	88	–	–	–	–	88
Increase in tangible fixed assets and intangible fixed assets	4,329	3,147	3,483	29	–	10,989

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	128,111	97,839
Elimination of intersegment transactions	(7,533)	(4,865)
Net sales in the consolidated financial statement	120,577	92,973

(Millions of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Total profit in reported segments	642	(2,641)
Elimination of intersegment transactions	122	87
Operating income / loss in the consolidated financial statement	764	(2,554)

(Millions of yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Total assets in reported segments	125,215	127,312
Elimination of intersegment transactions	(4,709)	(5,428)
Company-wide assets	2,548	10,339
Assets in the consolidated financial statement	123,054	132,223

(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	14,490	13,030	(160)	(128)	14,329	12,901
Impairment loss	60	88	–	–	60	88
Increase in tangible fixed assets and intangible fixed assets	19,377	10,989	(141)	(70)	19,235	10,919

Related Information

Consolidated fiscal year under review (from April 1, 2020 to March 31, 2021)

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
51,122	21,710	19,955	185	92,973

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 ¥10,680 million in the United States that make up 10% or more of net sales on the consolidated income statement, net sales of ¥11,030 million in Mexico and net sales of ¥17,484 million in China.

(2) Tangible fixed assets

(Millions of yen)

Japan	North America	Asia	Total
30,644	21,407	25,238	77,290

(Note) Tangible fixed assets in North America and Asia includes tangible fixed assets of ¥8,542 million in the United States that makes up 10% or more of tangible fixed assets on the consolidated balance sheet, tangible fixied assets of ¥12,864 million in Mexico and tangible fixed assets of ¥21,155 million in China.

3. Information by major customers

(Millions of yen)

Name of customer	Sales	Titles of the related segments
Subaru Corporation	12,454	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, 2020 to March 31, 2021)

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 3.9	–	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: 2 year).

Notes to Consolidated Financial Statements

Per Share Information

	Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Net assets per share	2,244.49 yen	2,161.08 yen
Net income or loss per share	(26.77) yen	(111.06) yen
Diluted net income per share	–	–

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

	Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Net income per share		
Net income or loss attributable to owners of parent (million yen)	(685)	(2,843)
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)	(685)	(2,843)
Average number of shares during the period	25,615,168	25,599,845
Diluted net income per share		
Net income attributable to owners of parent (million yen)	–	–
Increase in number of common shares	–	–
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 June 16, 2021, 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 July 1, 2021

(2) Class and number of shares to be disposed of 124,757 shares of the Company’s common stock

(3) Disposition price ¥524 per share

(4) Total amount of disposition ¥65 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; 93,089 shares

Directors who are Audit and Supervisory Committee members (excluding independent directors):
One person; 4,561 shares

Executive officers: Seven persons; 27,107 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 June 16, 2021, 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 ¥65 million in total and 124,757 shares of its common stock based on the resolution made at the Board of Directors meeting held on June 16, 2021 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, 2019 to March 31, 2020) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021) Amount (¥ millions)	Increase/(decrease) %
Die Casting Business: Japan	54,988	43,881	(20.2)
Die Casting Business: North America	28,406	20,608	(27.5)
Die Casting Business: Asia	23,254	19,279	(17.1)
Aluminum Business	6,189	5,124	(17.2)
Proprietary Products Business	736	790	7.4
Total	113,576	89,685	(21)

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, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)	(Decrease)
	Amount (¥ millions)	Amount (¥ millions)	%
Die Casting Business: Japan	59,500	45,584	(23.4)
Die Casting Business: North America	30,633	21,628	(29.4)
Die Casting Business: Asia	23,846	19,931	(16.4)
Aluminum Business	3,993	3,483	(12.8)
Proprietary Products Business	2,603	2,345	(9.9)
Total	120,577	92,973	(22.9)

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, 2019 to March 31, 2020)		Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)	
	Amount (¥ millions)	%	Amount (¥ millions)	%
Subaru Corporation	17,345	14.4	12,454	13.4

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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