

Results Briefing for the Year Ended March 31, 2021

June 3, 2021



Results of Year ended March 2021 and Released Forecasts for Year ending March 2022

Key Results for the Fiscal Year Ended March 2021

(Million yen)

	Year ended March 2020 Full year	Year ended March 2021						Released figures (Feb. 8)
		1Q	2Q	3Q	4Q	Full year		
Net sales	120,577	15,524	21,312	27,670	28,467	92,973	92,300	
Operating income	764	(3,020)	(782)	1,092	156	(2,554)	(2,600)	
Recurring income	406	(2,589)	(561)	1,004	52	(2,094)	(2,200)	
Net income	(685)	(3,190)	(788)	919	216	(2,843)	(2,900)	

<Overview>

- Sales: Production recovered from the substantial decline due to COVID-19 after bottoming out in 1Q. Net sales in 4Q exceeded the level of 3Q due to the booming aluminum market conditions while the sales volume decreased as some plants were affected by the production reduction of car manufacturers chiefly due to a shortage of semiconductors.
- Operating/Recurring income: Income stayed in the black after 3Q due to a sales recovery and improved earnings as a result of efforts to reduce costs and improve productivity. In 4Q, a decrease in sales volume due to a shortage of semiconductors and an increase in procurement costs due to a rise in aluminum prices affected profits.
- Net income: Returned to the black in 3Q.

Die Casting Business

(Million yen)

		Year ended March 2020 Full year	Year ended March 2021					Released figures (Feb. 8)
			1Q	2Q	3Q	4Q	Full year	
Japan	Net sales	59,500	7,232	10,972	13,760	13,620	45,584	45,100
	Segment income/loss	(444)	(2,069)	(650)	381	(153)	(2,491)	(2,600)
North America	Net sales	30,633	4,742	3,868	6,262	6,756	21,628	21,500
	Segment income/loss	635	(156)	(167)	449	(32)	94	250
Asia	Net sales	23,846	2,257	5,346	5,738	6,590	19,931	20,000
	Segment income/loss	3	(995)	36	132	229	(598)	(550)

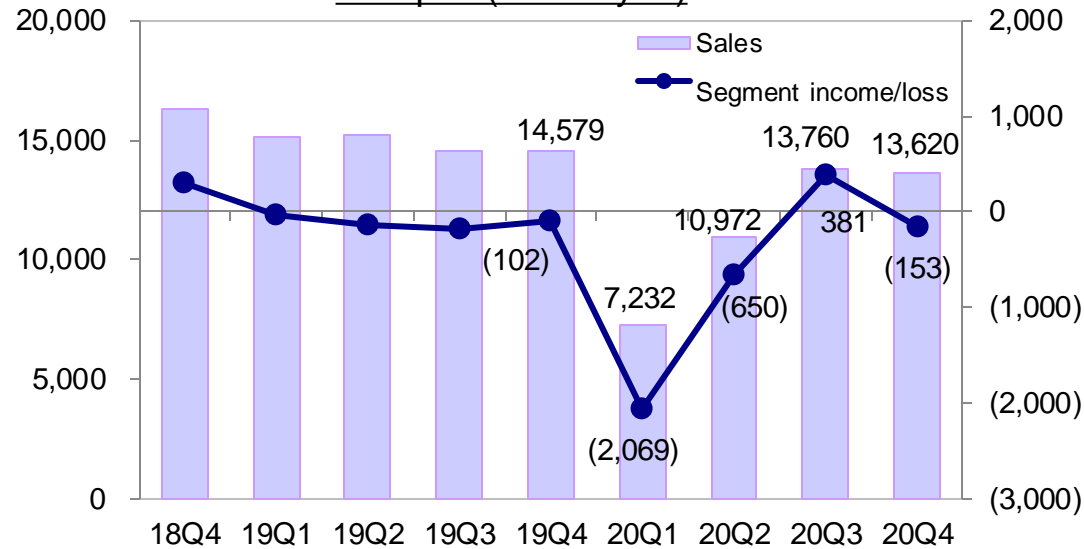
* The Mexico Plant in the North America segment and two plants in China in the Asia segment settle their accounts in December.

- ✓ Overseas sales ratio in the Die Casting Business:
Year ended March 2020: 47.8% ⇒ Year ended March 2021: 47.7%

* An explanation of the factors behind the changes in segment results begins on the next page.

Die Casting in Japan

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



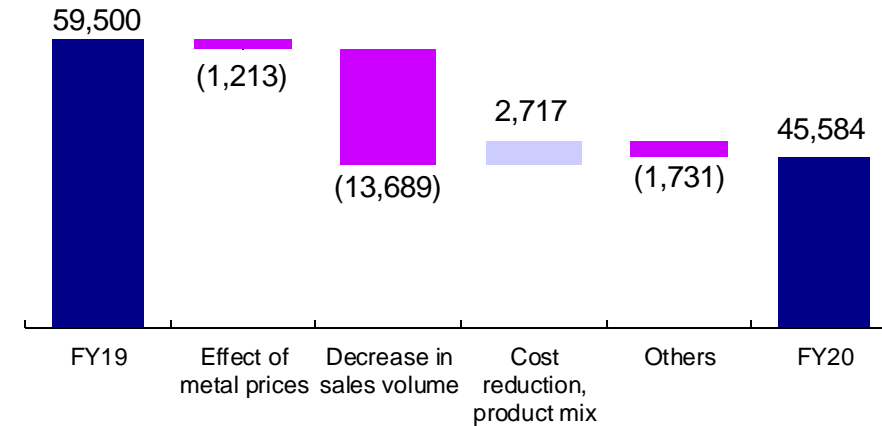
Sales: Decreased ¥13,910 million (down 23.4% year on year)

- Sales volume recovered to the level of the previous year in 3Q but decreased 11% in 4Q due to a shortage of semiconductors.

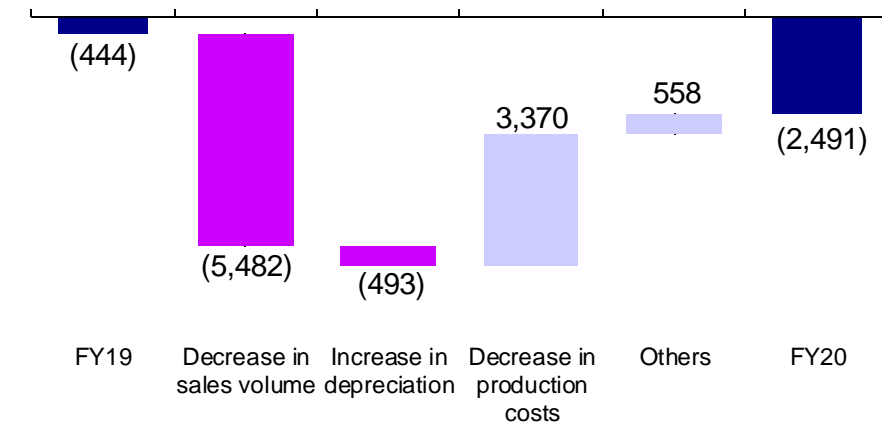
Segment income: Decreased ¥2,040 million (loss increased from previous year)

- 4Q recorded a loss due to a decrease in sales volume.
- For the full year, the negative impact of the sales decrease on profit performance was eased by promoting leaner production systems and other efforts to improve profitability.

Factors behind change in sales (Million yen)

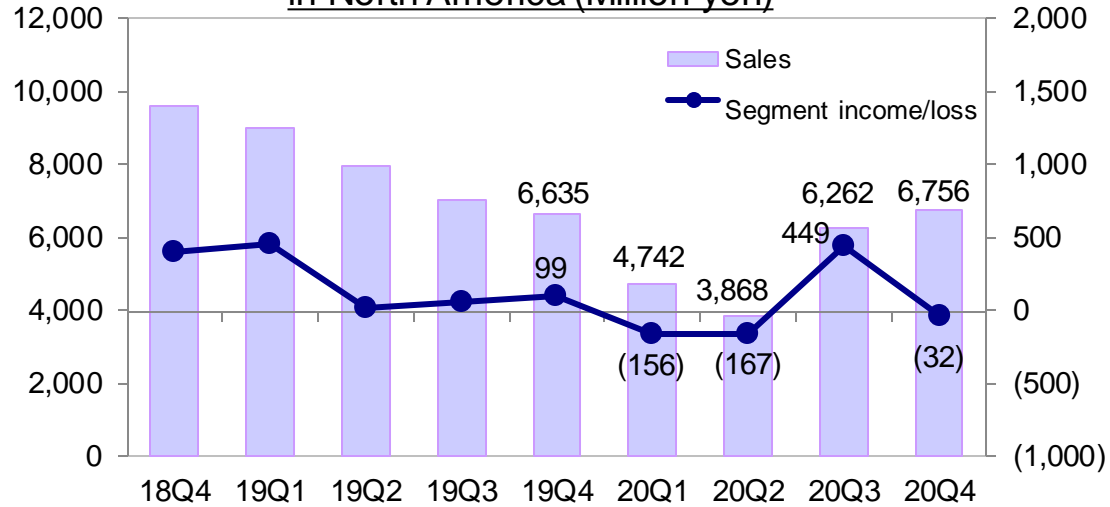


Factors behind change in segment income (Million yen)



Die Casting in North America

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



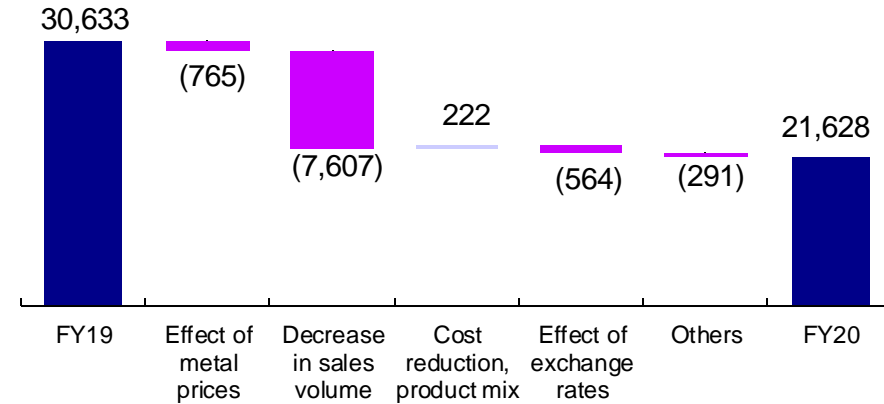
Sales: Decreased ¥9,000 million (down 29.4% year on year)

- The U.S. recovered in 2nd half from operation suspension in 1Q. In 4Q, affected by the shortage of semiconductors, sales volume declined for some customers.
- Mexico recovered from lockdown in 2Q (April to June). 2nd half sales volume was about the same level as in the previous year.

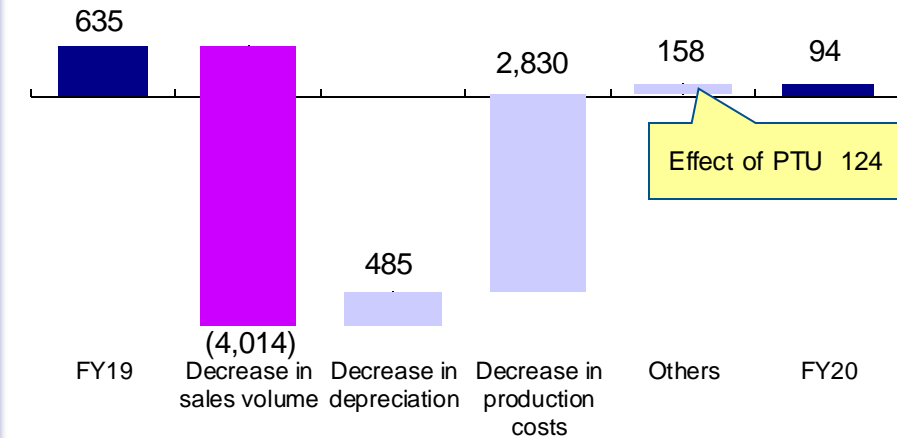
Segment income: Decreased ¥540 million (down 85.1% year on year)

- In the U.S., despite efforts to improve profitability by reducing labor costs, etc., the decrease in sales volume in 1st half affected income.
- In Mexico, income recovered along with the recovery in sales. A surplus was recorded on a full-year basis.
- For the entire segment, income declined from the previous year but maintained a surplus for the full year.

Factors behind change in sales (Million yen)

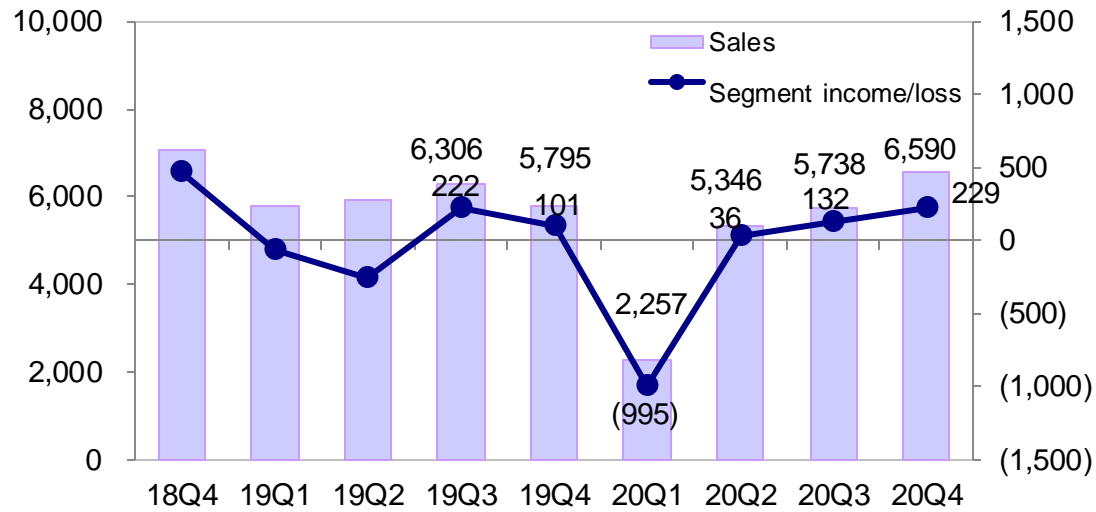


Factors behind change in segment income (Million yen)



Die Casting in Asia

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



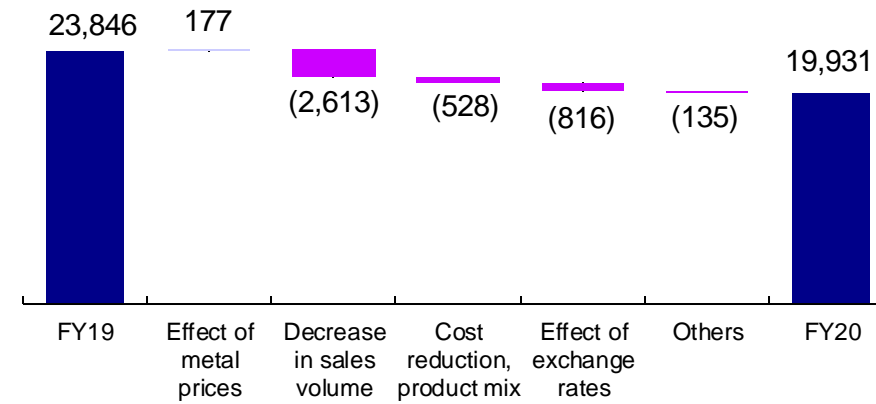
Sales: Decreased ¥3,910 million (down 16.4% year on year)

- In China, sales volume in 2nd half exceeded the level of the previous year, and recovered to nearly 90% of the previous year on a full-year basis.
- In India, sales volume increased from 1Q under a lockdown but is still on its way to recovery with sales volume 17% lower year on year in 2nd half.

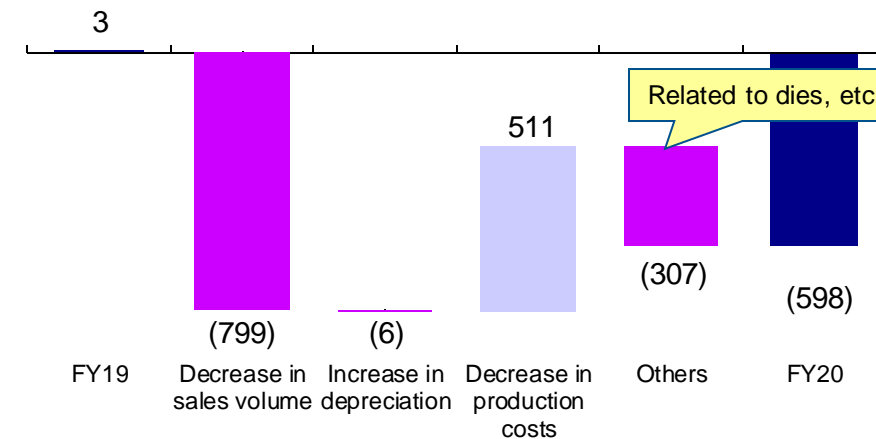
Segment income: Decreased ¥600 million (down year on year)

- China has posted profits since 2Q due to sales increase and improvement in productivity.

Factors behind change in sales (Million yen)



Factors behind change in segment income (Million yen)



Aluminum Business and Proprietary Products Business

(Million yen)

		Year ended March 2020 Full year	Year ended March 2021					Released figures (Feb. 8)
			1Q	2Q	3Q	4Q	Full year	
Aluminum Business	Net sales	3,993	646	748	1,018	1,071	3,483	3,500
	Segment income/loss	169	(41)	0	36	38	33	0
Proprietary Products Business	Net sales	2,603	644	379	891	431	2,345	2,200
	Segment income/loss	277	109	40	126	45	320	250

Aluminum Business

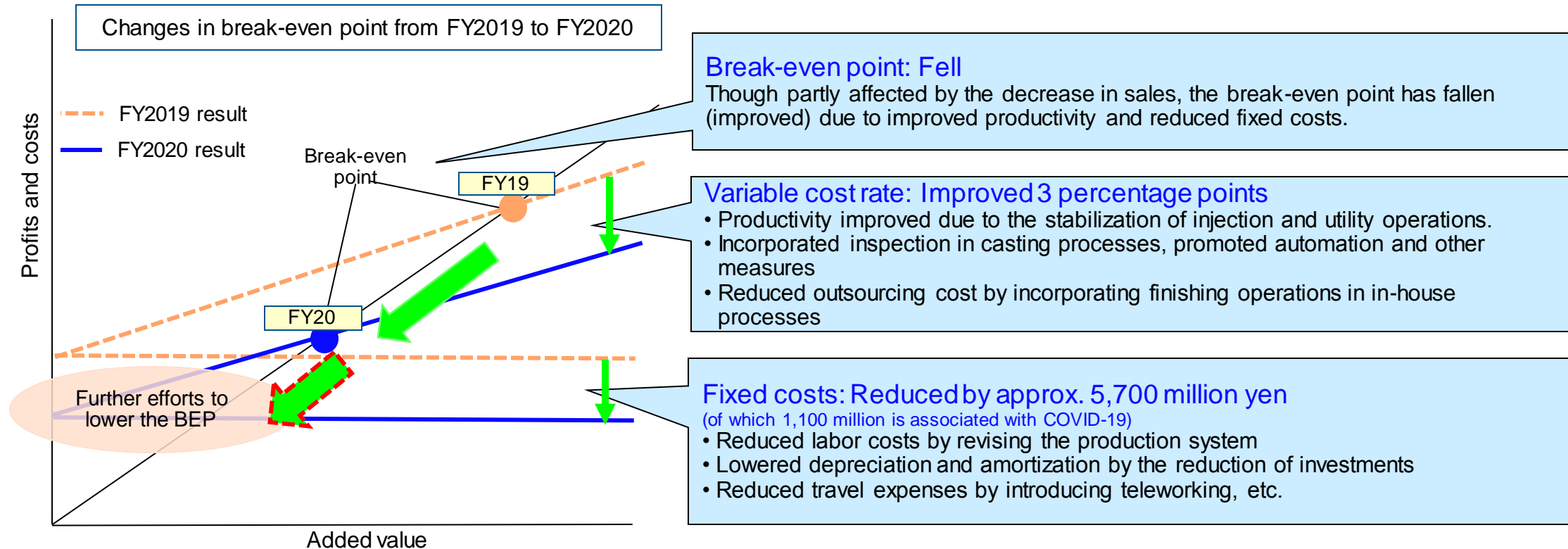
- Sales: Sales recovered from the impact of COVID-19, reaching the same level as the previous year in 2nd half.
- Segment income: Income declined in 1st half due to a significant decrease in sales but returned to the black in 3Q.

Proprietary Products Business

- Sales: Sales decreased in 4Q due to a time lag in recording. For full year, sales exceeded the released forecast despite a year-on-year fall in orders for large projects for clean rooms, etc.
- Segment income: Achieved a greater profit than the previous year as a result of cost reduction efforts.

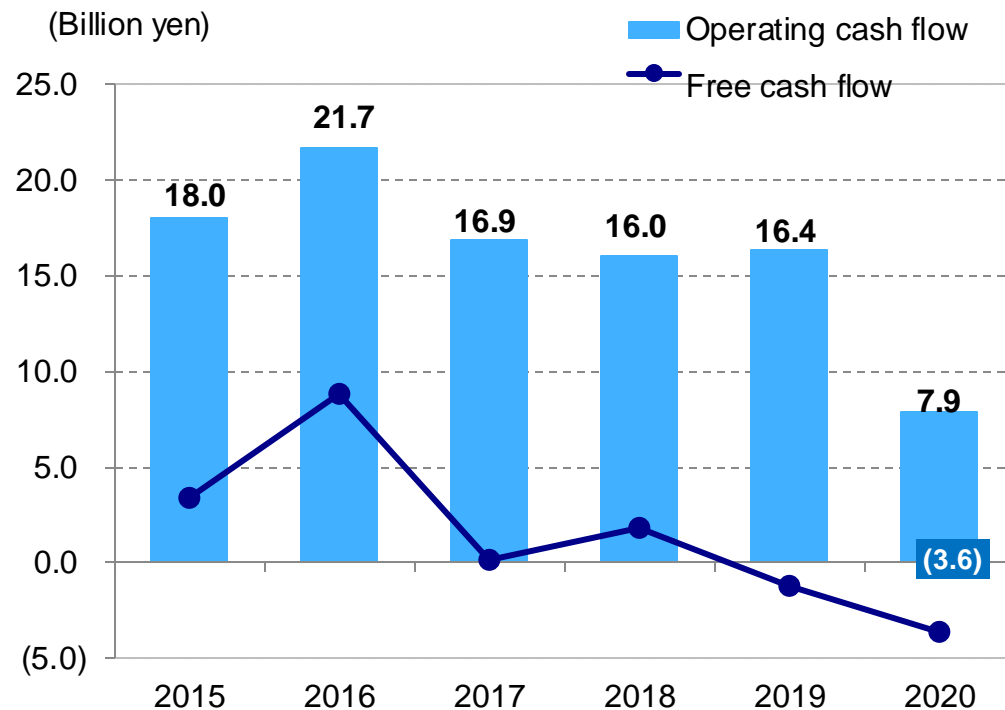
Improvement in Profitability in FY2020 on a Full-year Basis

Due to a switch to leaner production systems under the Medium-term Management Plan from FY2019, the break-even point has fallen.
For the full year of FY2020, in addition to the reduction of fixed costs, higher productivity improved the variable cost rate.

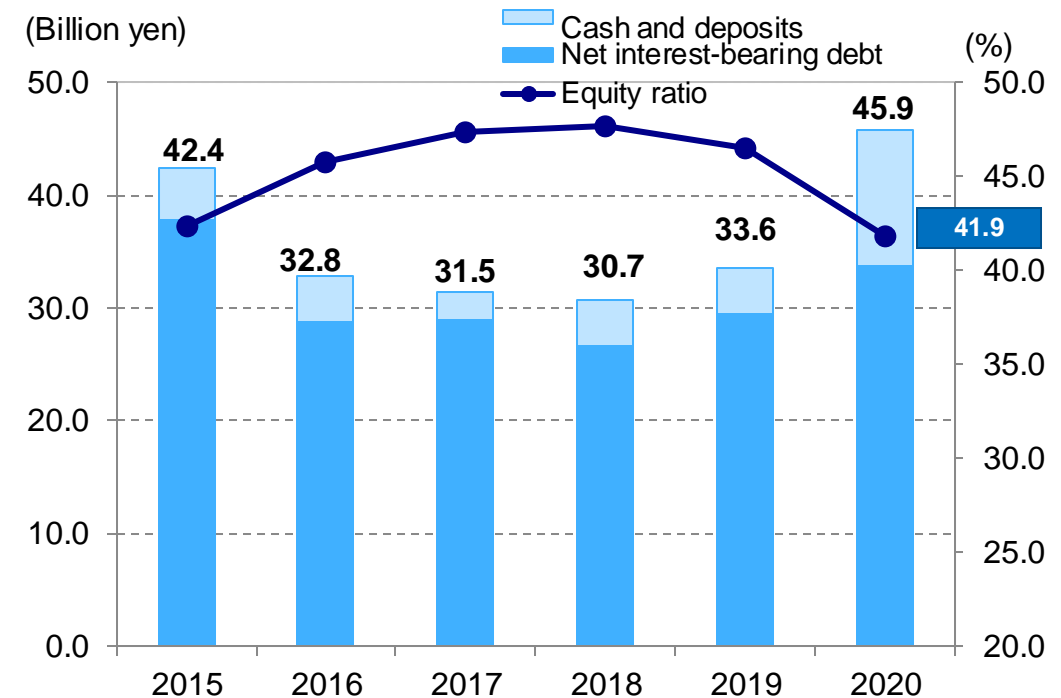


Financial Performance in the Year Ended March 2021

In FY2020, with a decrease in operating CF, reduced investment CF to prevent outflow. Cash and deposits on hand increased and interest-bearing debt reached ¥45.9 billion (net interest-bearing debt increased ¥4.1 billion from previous year to ¥33.6 billion) Equity ratio was 41.9%.



* Free cash flow (FCF) = operating CF - investment CF



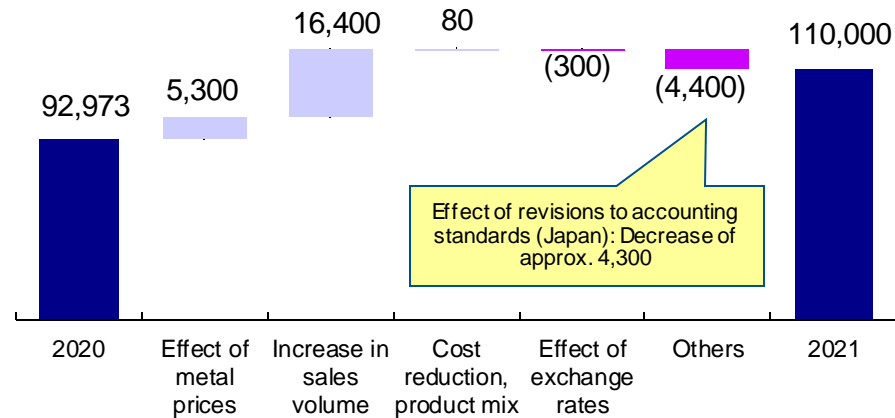
* Net interest-bearing debt = interest-bearing debt - cash and deposits

Full-year Plan for Year Ending March 2022

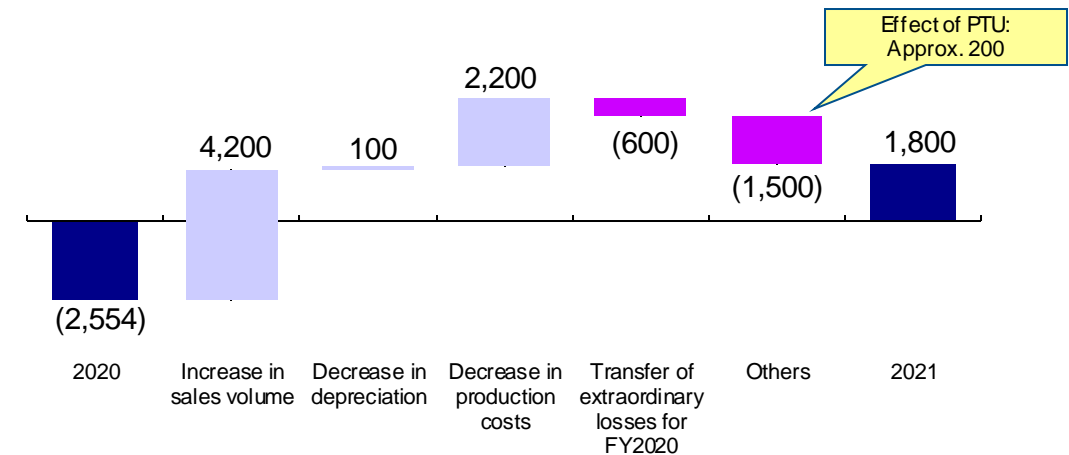
(Million yen)

	Year ended March 2021	Year ending March 2022 (plan)			
		Full year		1st half	2nd half
Net sales	92,973	110,000	-	52,300	57,700
Operating income	(2,554)	1,800	1.6%	(750)	2,550
Recurring income	(2,094)	1,600	1.5%	(850)	2,450
Net income	(2,843)	600	0.5%	(1,000)	1,600

Factors behind change in sales (Million yen)



Factors behind change in operating income (Million yen)



Actual foreign exchange rates (full-year average): USD: ¥105.68; Mexican peso: ¥106.68; Chinese yuan: ¥15.44; Indian rupee: ¥ 1.43 Exchange rate assumptions in plan: USD: ¥105.00; Chinese yuan: ¥15.0; Indian rupee: ¥ 1.45

External Factors for Full-year Plan for Year Ending March 2022

➤ Decrease in car production due to shortage of semiconductors

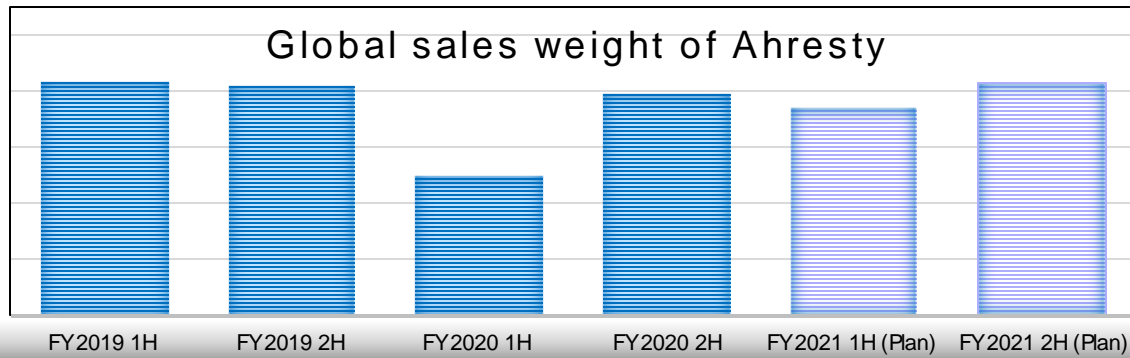
[Factors]

- Booming demand for semiconductors for 5G smartphones, game machines, personal computers, and data centers
- Sharp rise in automobile demand in China after their early recovery from COVID-19
- Impact of fires at semiconductor plants



[Impacts]

- Reduction in automobile production

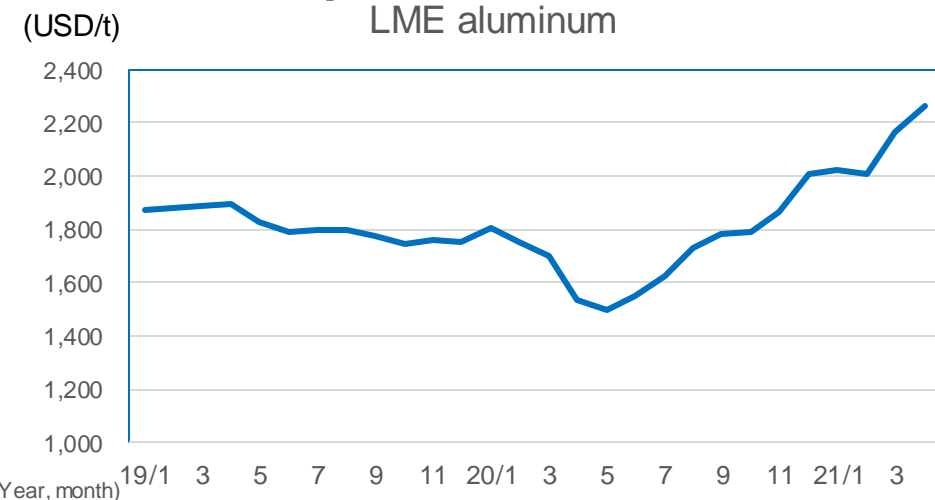


➤ Rise in aluminum prices

[Impacts]

- Soaring aluminum prices (due to automobile demand in China, etc.)
- Selling prices reflect demand every three months, affecting profits in the short term.

[Aluminum market trends]



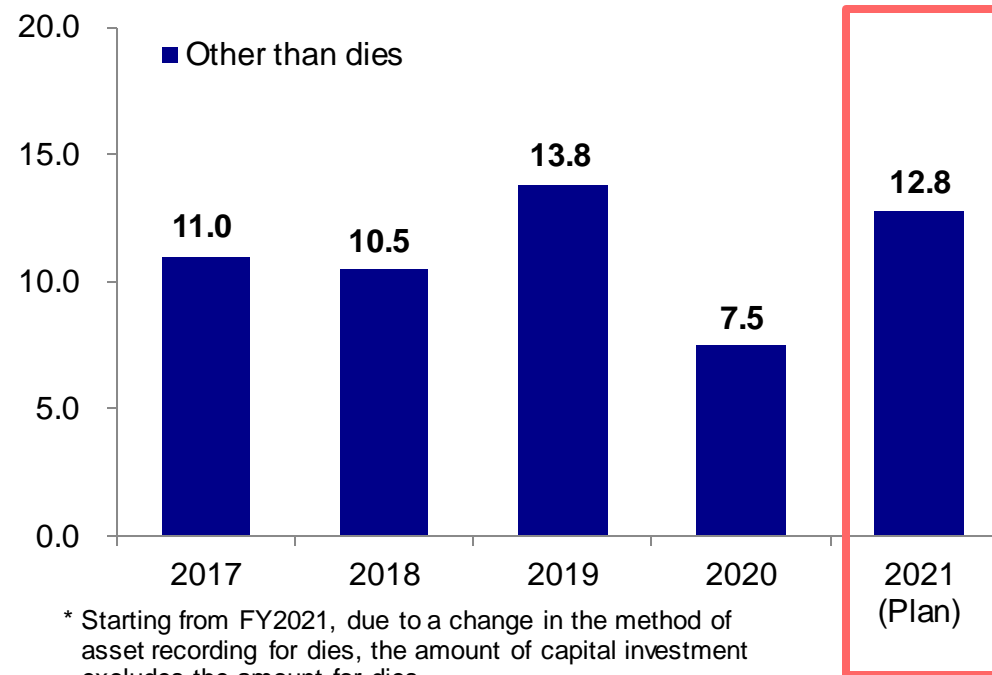
⇒ Impacts of the shortage of semiconductors and the rise in aluminum prices are incorporated in the 1st half plan.

Trends in Capital Investment, Depreciation and Amortization

FY2020 result and FY2021 plan

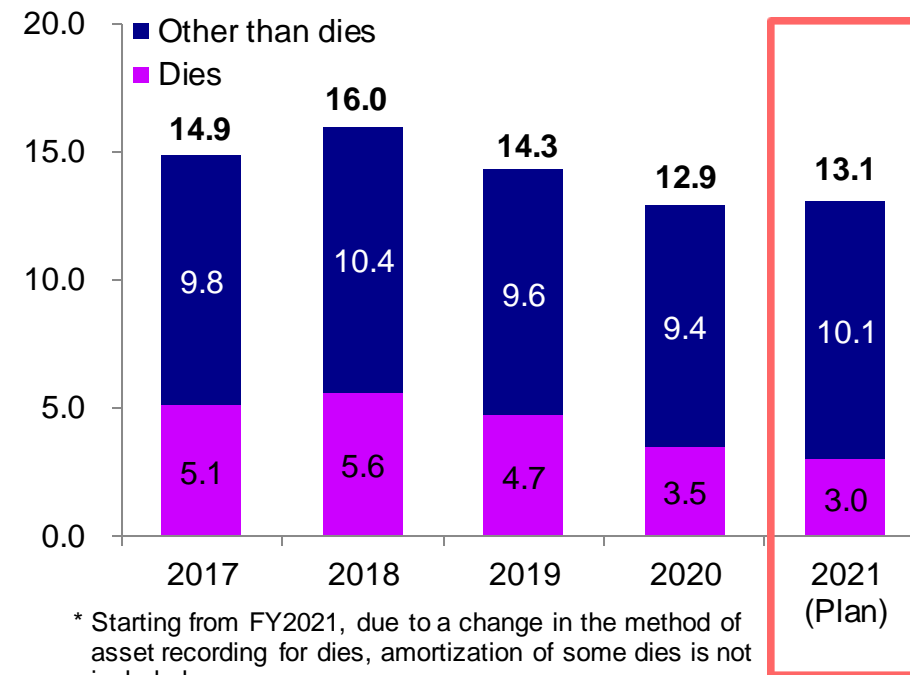
- Amount of capital investment: FY2020 result was ¥7.5 billion in comparison to ¥11.9 billion in plan. For FY2021, ¥12.8 billion is planned (60% in capacity increase, of which 30% is for products for electric vehicles).
- Investments: Continued efficient investments by making effective use of internal equipment. Investments will be similarly controlled in FY2021 plan.
- Depreciation and amortization: FY2021 plan is ¥13.1 billion (the same level as previous year).

Amount of capital investment (Billion yen)



* Starting from FY2021, due to a change in the method of asset recording for dies, the amount of capital investment excludes the amount for dies.

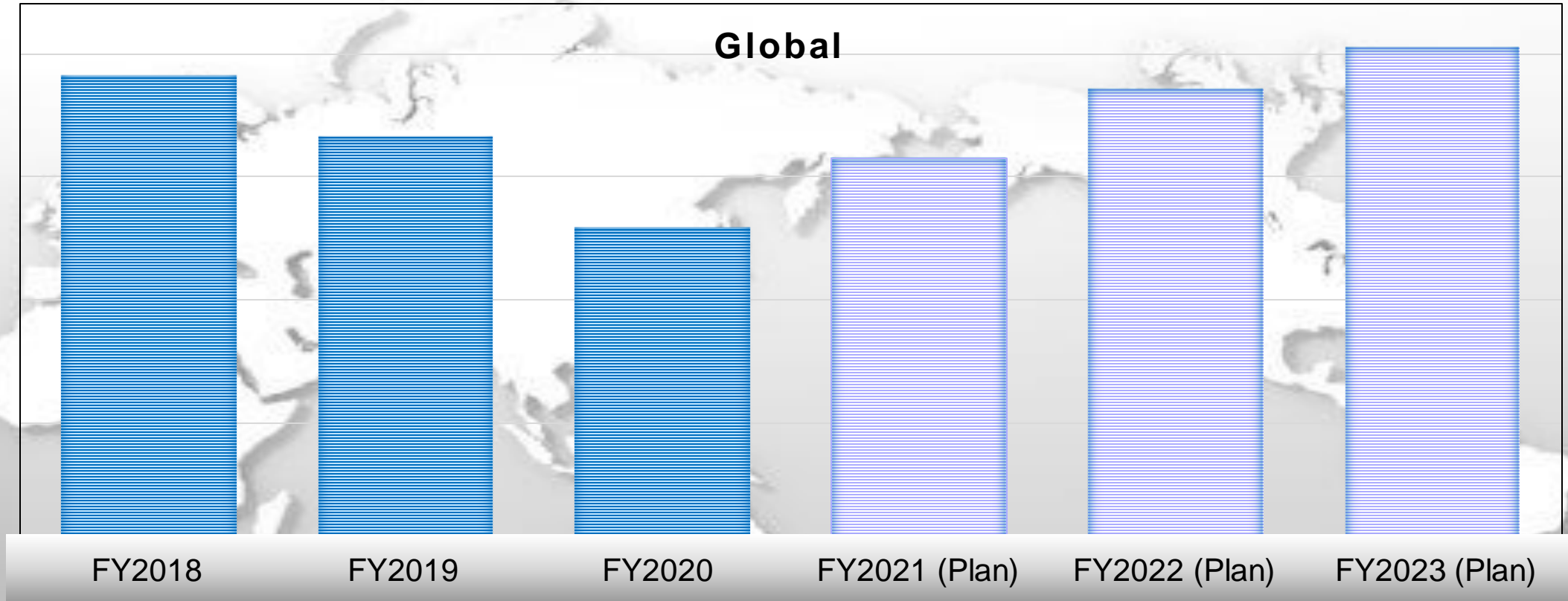
Amount of depreciation and amortization (Billion yen)



* Starting from FY2021, due to a change in the method of asset recording for dies, amortization of some dies is not included.

Global Sales in Weight

- Sales weight is on a recovery trend. FY2022 is expected to exceed the level of FY2019, including new orders received.

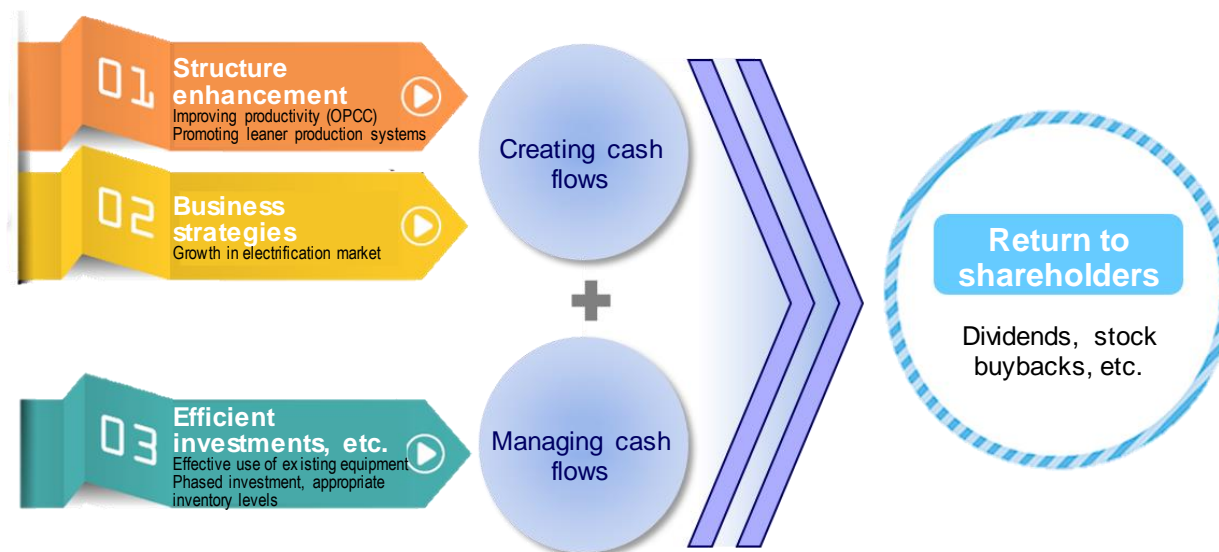


Dividends

We will work to ensure a sustainable return of profits, taking into consideration medium- and long-term corporate growth and the payout ratio.

- In FY2020, resumed year-end dividend payment of 5 yen in view of the recovery in performance in the 2nd half.
- For FY2021, annual dividend of 10 yen is planned.

Dividend per share	Year ended March 2021	Year ending March 2022 Forecast
(Annual total)	5	10
Interim dividend	0	5
Year-end dividend	5	5
Net income per share (consolidated)	(111.06)	23.44
Dividend payout ratio (consolidated)	-	42.7%



Our Efforts in the Medium-Term Management Plan

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

Models with our products

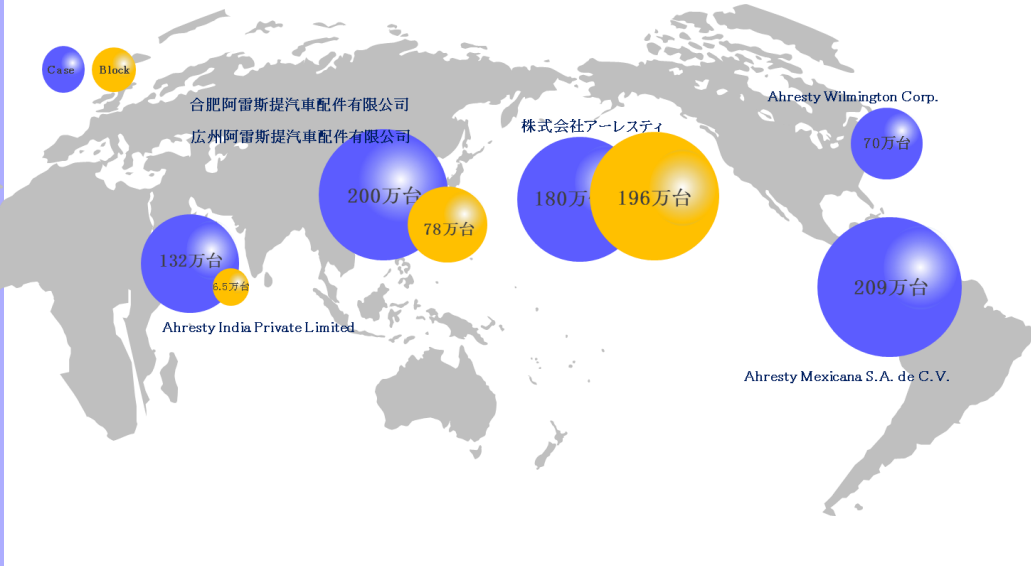
- ICE** **LEVORG (SUBARU)** 2 parts for engines
- ICE** **N-BOX, N-ONE, N-WGN (HONDA)** Transmission parts
- HEV** **YARIS, YARIS CROSS (TOYOTA)** 2 parts for engines
- HEV** **VEZEL (HONDA)** 9 parts for transmissions/electric vehicles
- HEV** **FIT (HONDA)** 7 parts for transmissions/electric vehicles
- PHEV** **ECLIPSE CROSS (MITSUBISHI)** 2 parts for engines, etc.
- PHEV** **RAV4 PHV (TOYOTA)** 2 parts for electric vehicles
- EV** **MUSTANG MACH-E (FORD)** 1 part for electric vehicles
- FCV** **CLARITY (HONDA)** 2 parts for electric vehicles
- FCV** **MIRAI (TOYOTA)** Parts for electric vehicles/FC systems



Toyota YARIS, the 2021 European Car of the Year

Responding to Customer Needs by Taking Advantage of Multi-location Operation

<FY2019 results of production of blocks and transmission parts>



[Advantages, evaluation points]

After development and market launch in Japan, the same products of the same quality can be launched smoothly at global sites.

Establishing the position as a global partner

Expanding the “product axis”



Obtain orders for parts for electric vehicles in multiple locations by leveraging existing strong points

Parts for HEVs and EVs

Expand the market by leveraging our strong points



- Experience of mass production of European OEM products requiring high precision (Guangzhou)
- Proposing and receiving orders for the same products as Guangzhou (Mexico)
- Promoting localization of development

Parts for MHEVs of foreign customers

Expanding the “customer axis”

Changes in Customer Portfolio due to Adaptation to Electric Vehicles

■ Reinforcement of customer base × Parts strategy (adaptation to electric vehicles) resulting in changes in customer portfolio

- Play a role in the strategy as a partner for existing customers (reinforcement of customer base)
- Promote our sales activities to achieve growth in tandem with our customers' adaptation to electric vehicles



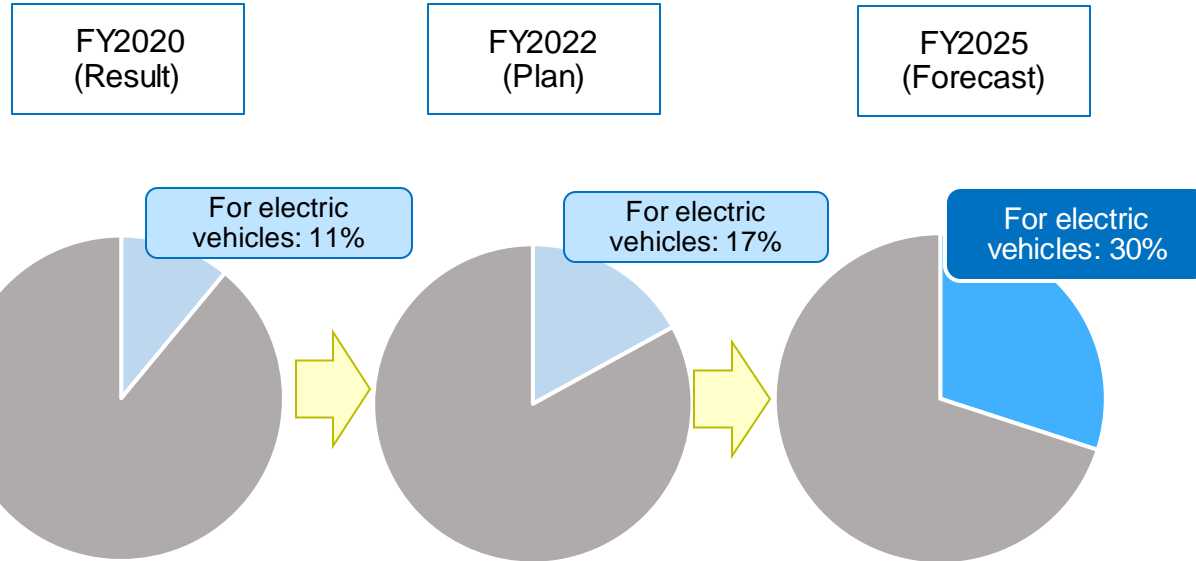
* The pie charts show global customer shares in net sales.

* Electric vehicles: EVs, HEVs, PHEVs and FCVs

Changes in Product Portfolio in the Future

Share of parts for electric vehicles in net sales

✓ FY2020: 11% ⇒ FY2025: approx. 30%



Products planned to be launched (except successor models)

✓ For FY2022, 13 products of a total of 19 products are for electric vehicles.

	FY2020	FY2021	FY2022
Japan	★★★★☆	★★★★☆	★★★★
North America	★★★☆☆	★★☆☆☆	★★★☆☆
Asia	★★☆☆☆	★☆☆☆☆	★★★★★☆☆
Total	19	22	19

* ★ is for electric vehicles and ☆ is for ICEs (products for both are counted as for electric vehicles)

* Electric vehicles: EVs, HEVs, PHEVs and FCVs

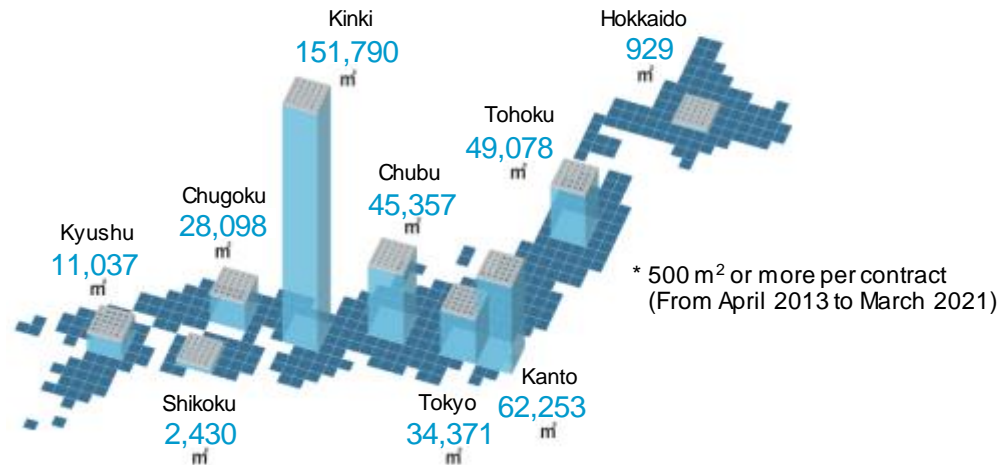
Enhancing Non-automotive Fields

■ Proprietary Products Business (MOVAFLOR)

Expand sales in China and other Asian markets while maintaining the share in Japan

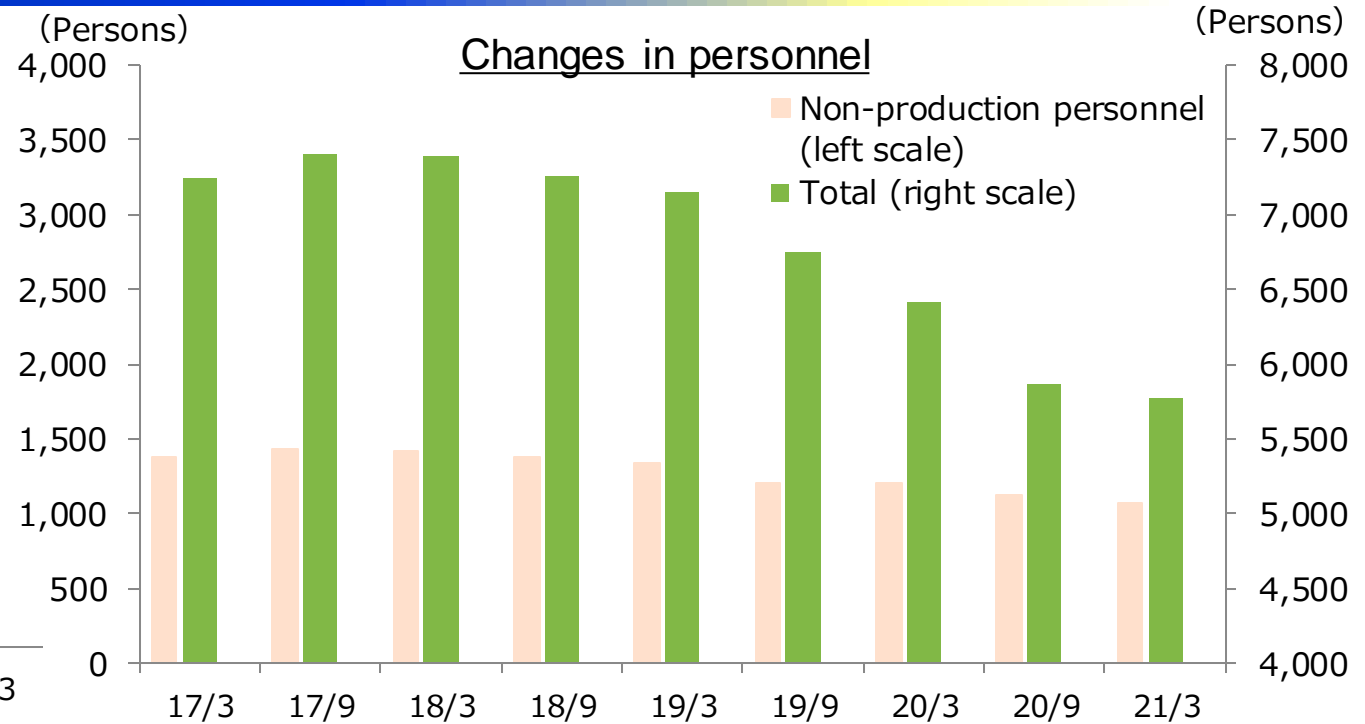
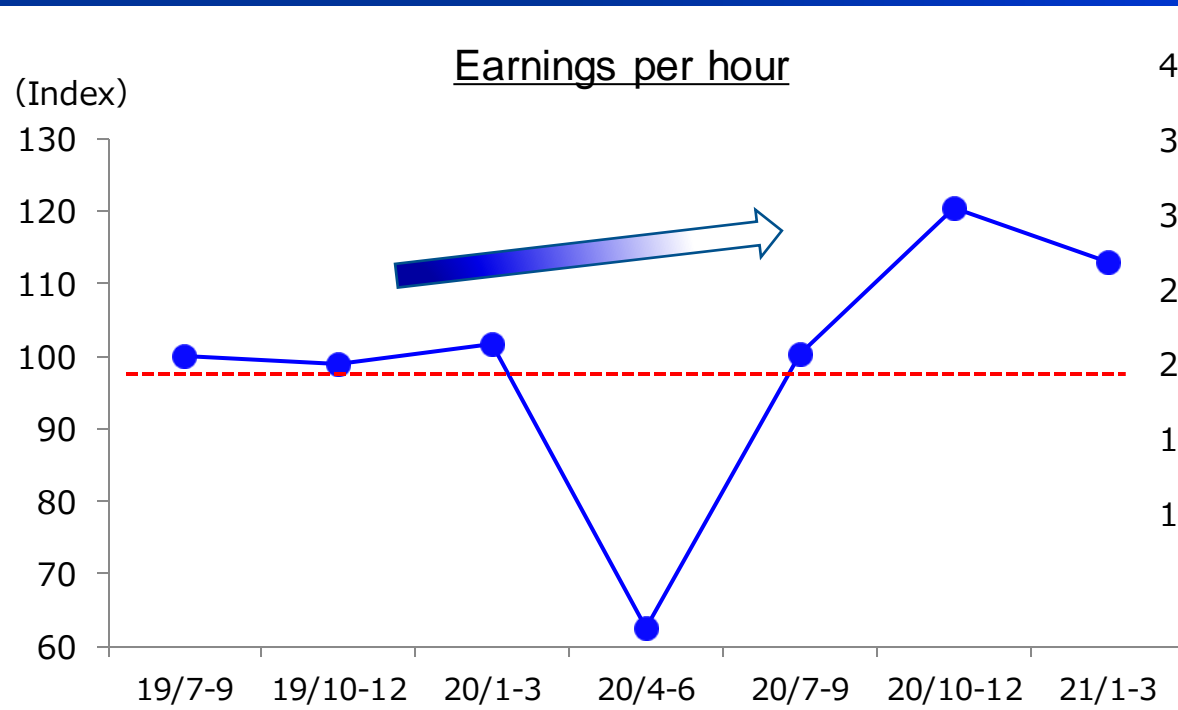
- ✓ Major FY2020 results in Japan: Approx. 60,000 sheets/20,000 m² for a major semiconductor manufacturer, etc.
- ✓ In FY2020, installed approx. 50,000 sheets/17,000 m² in China, one of the largest scale orders received in China.
- ✓ To expand sales channels, developed two new high-strength, high-performance models for clean rooms and data centers in consideration of Chinese market standards.
Sales began in the Chinese market in April 2021.

No. 1 share for clean rooms in Japan! (50.2%)



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

Status of Promoting Leaner Production Systems



As a result of promoting leaner production systems, earnings per hour improved from the previous year.

Affected by a decrease in sales volume at some plants from Jan. to March 2021

In non-production departments in plants, personnel decreased through transfer, efforts to improve efficiency, etc.

- Integration of functions of non-production operations among plants
- Use of web conferencing and revision of work to improve efficiency

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

Enhance Earnings Strength (lean production systems)

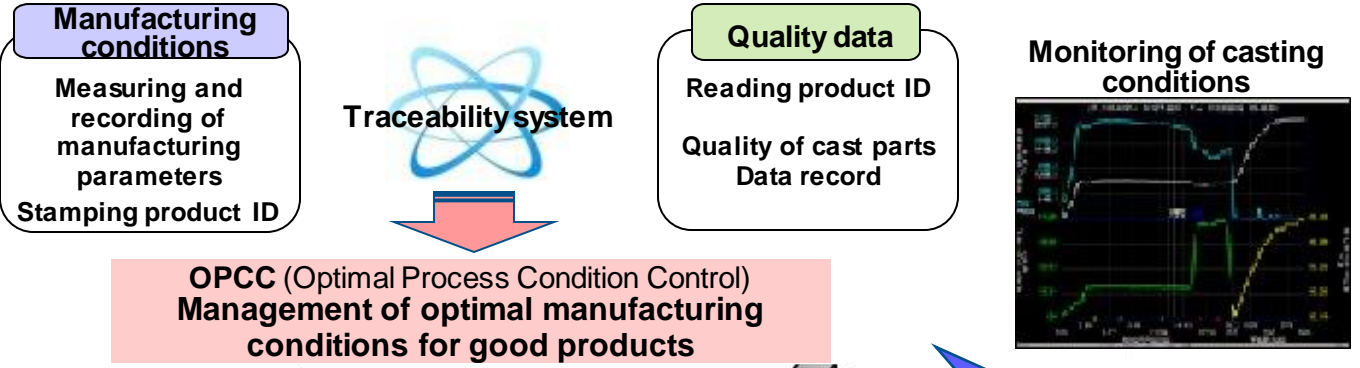
■ Improve earnings per hour to enhance profitability

- Increase the number of production equipment units per operator in charge by work improvement and layout change.
- Reduce intermediate inventory by 40 to 50% by shortening work flows for casting, finishing and machining.
- Encourage competition over Kaizen of “*karakuri*” mechanisms to enhance the creativity of the shop floor
- Review operations in non-production departments and introduce IT to improve efficiency and reduce manpower



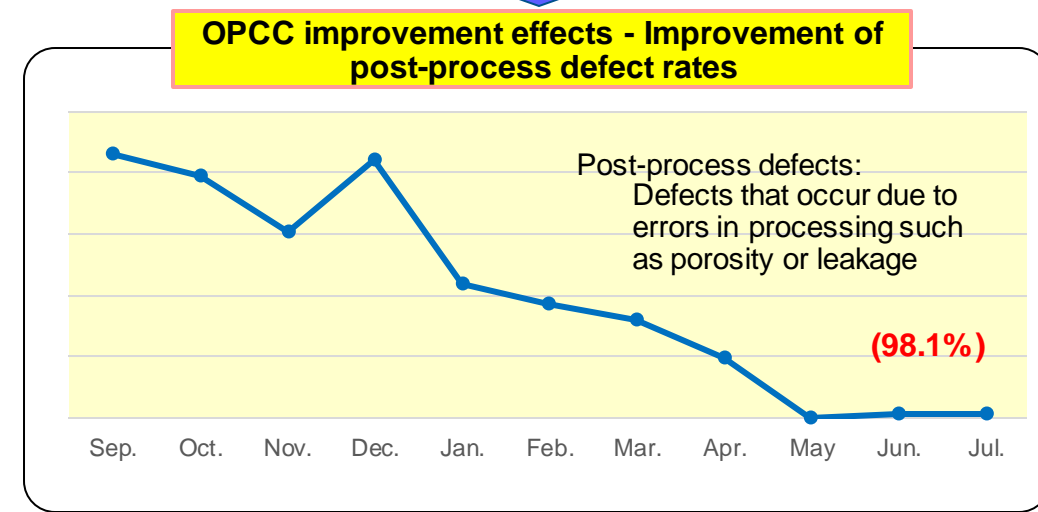
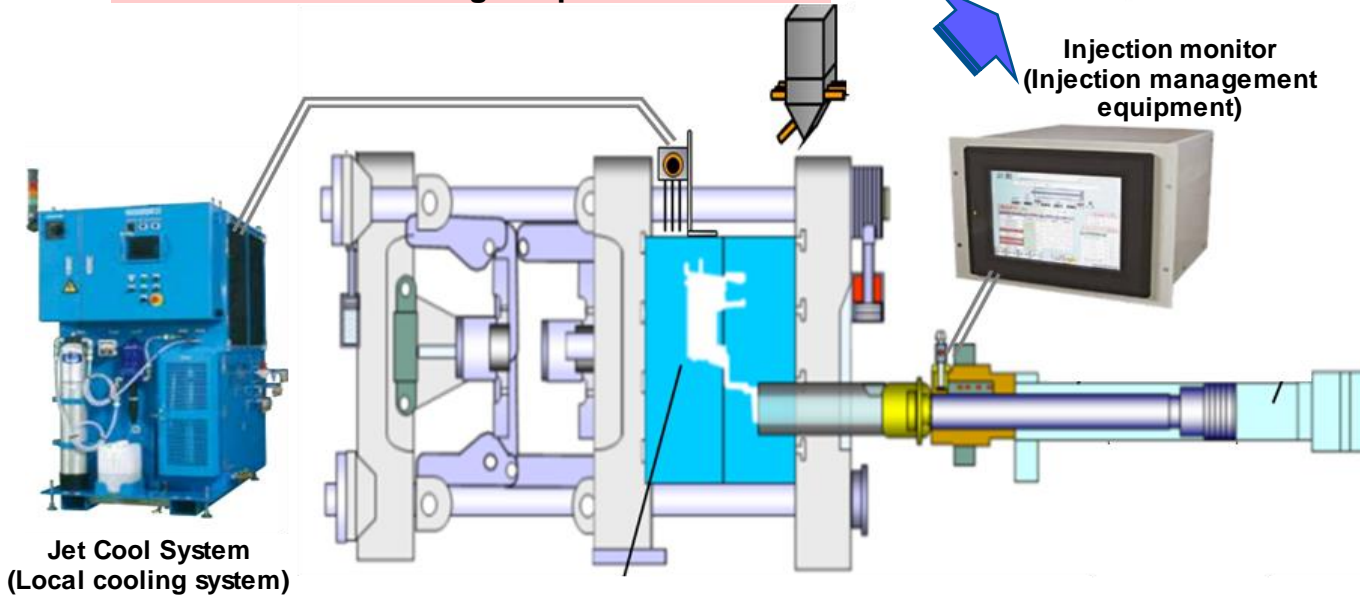
Enhance Earnings Strength (production technologies)

Continuously improve quality and productivity by utilizing measuring instruments produced within the Ahresty Group



Setting optimal manufacturing conditions by using the statistical QC method

Allocation	BxC	A		B	C	AxB	AxC	Experim order
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	
1	1	1	1	1	1	1	1	1
2	1	1	1	2	2	2	2	2
3	1	2	2	1	1	2	2	7
4	1	2	2	2	2	1	1	8
5	2	1	2	1	2	1	2	3
6	2	1	2	2	1	2	1	4
7	2	2	1	1	2	2	1	5
8	2	2	1	2	1	1	2	6
Element		a			a		a	
		b	b			b	b	
				c	c	c	c	
Group 1								
Group 2								
Group 3								



Feedback from Customers

Major awards in FY2020

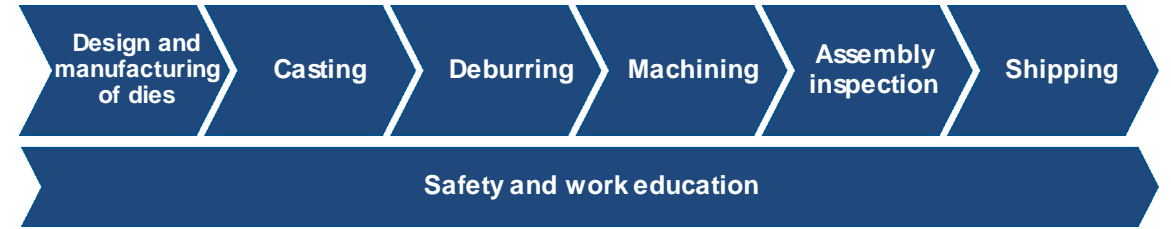
- ◆ SUBARU Corporation “Quality Production Cooperation Award” “Excellent Quality Award”
- ◆ Toyota Motor Corporation “Letter of Appreciation for Quality Control Activities”
- ◆ Nissan Motor Co., Ltd. “Appreciation for Superior Quality”
- ◆ Toyota Kirloskar Motor India
Awarded in three segments: • ZERO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



Enhance Earnings Strength (evolution of production technologies)

■ Use of IoT technologies at production sites

Visualize data in manufacturing processes to clarify problems and solve them, thereby contributing to improvement in productivity and quality, and reduction of costs

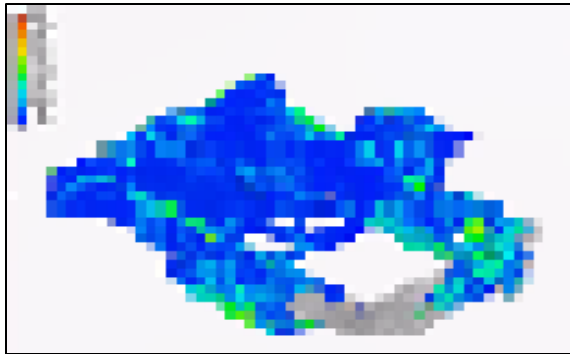


■ Designing dies
Production preparation using 3D simulation

■ Process control
Reducing suspension loss by visualizing operation status

■ Collecting sensing data
Linking manufacturing conditions and quality to reduce the defect rate

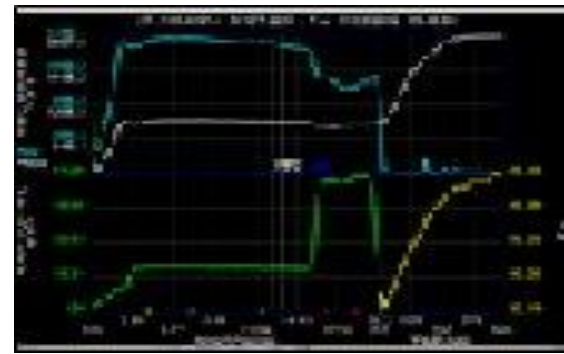
■ Quality inspection
Introducing robots and AI to reduce variations in quality and reduce manpower



Fluidity analysis



Operation monitor



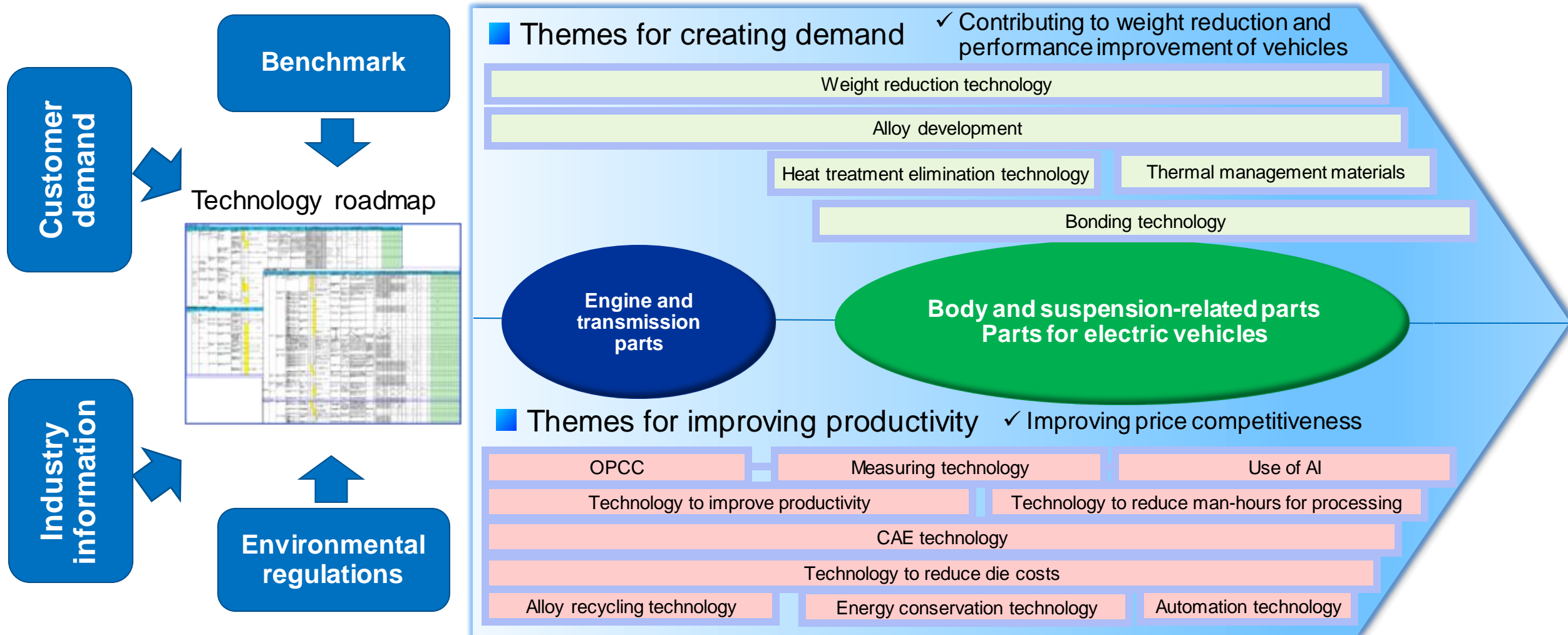
Injection monitor



Automatic appearance inspection

Technology Development for the Future

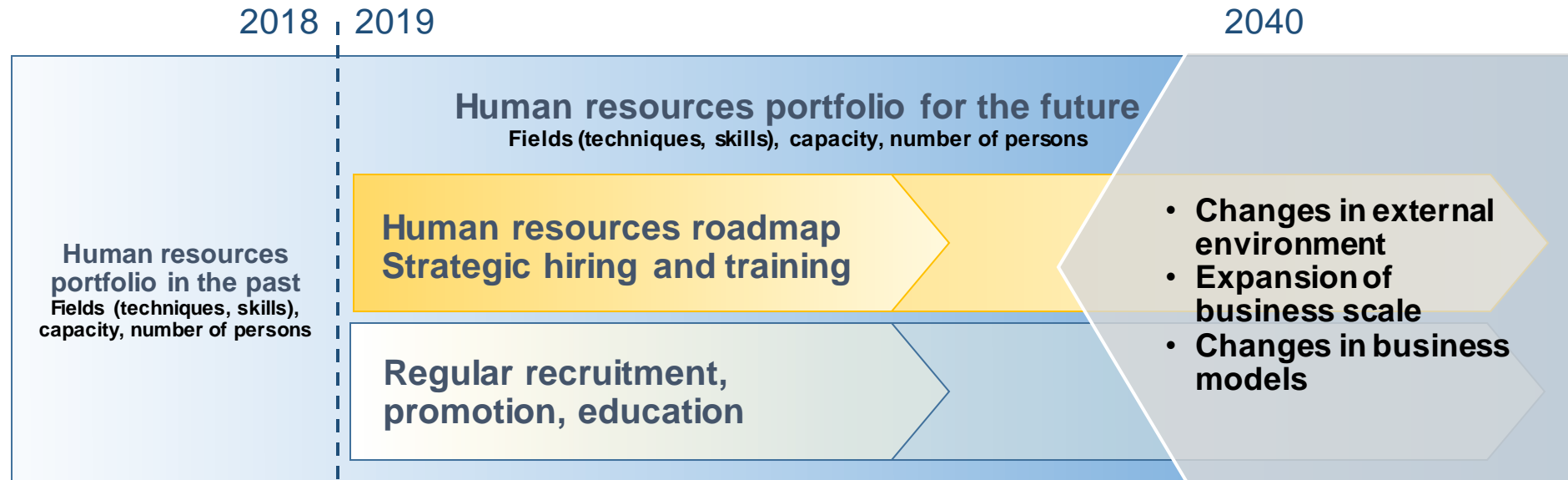
Ahresty's "technology roadmap"



-
- Implement business strategies with an eye on the future automotive market
 - Enhance earnings strength by improving productivity and quality
 - **Develop an environment that underpins sustainable corporate growth**

Development of Human Resources Prepared for the Era of Transformation

- Identify desirable personalities and abilities, and formulate a long-term development plan (roadmap) for strategic hiring and training



- ✓ Headquarters roadmap (10 plans) + Roadmap formulated/operated by each company

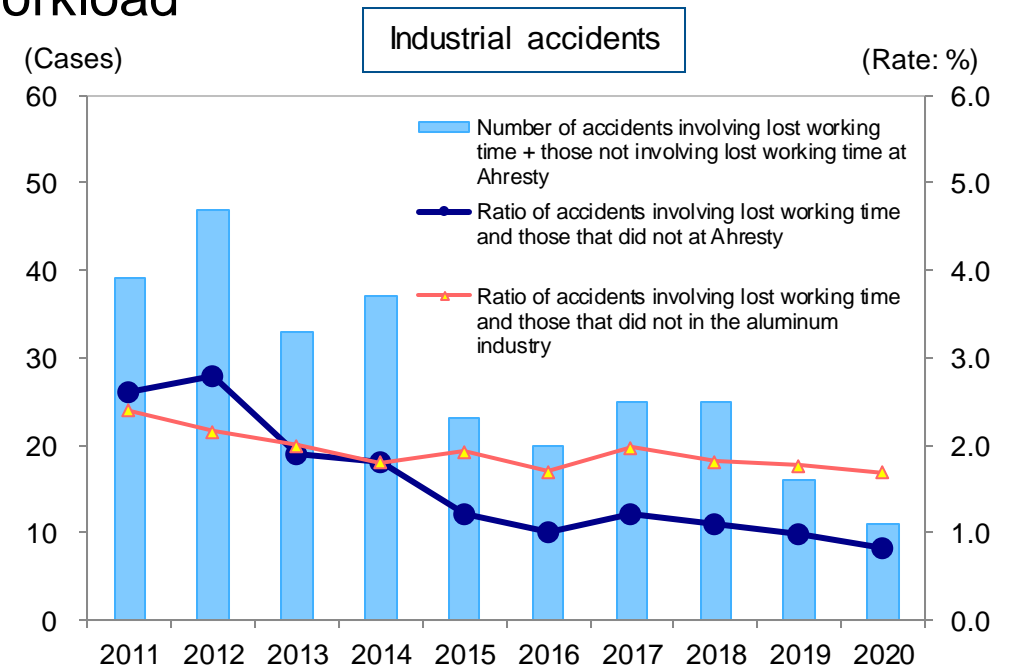
E.g.: Roadmap for next-generation managers and global skilled workers

E.g.: Technology seminars focusing specially on electrification-related themes, such as CASE and electric vehicles
In FY2020, 258 people (129 in Japan and 129 overseas) participated in the seminars.

Creating a Comfortable Workplace

■ Establishing a safe environment with a lighter workload

- ✓ Improving operations with a heavy workload
FY2020: 264 cases
- ✓ Improving the sensory temperature in summer and winter
 - Below 28°C in summer, 10°C or above in winter
- ✓ Improving noise
 - Achieving improvement after conducting improvement simulation based on analysis of noise waveform data
E.g.: Noise of hammering, noise of air blow



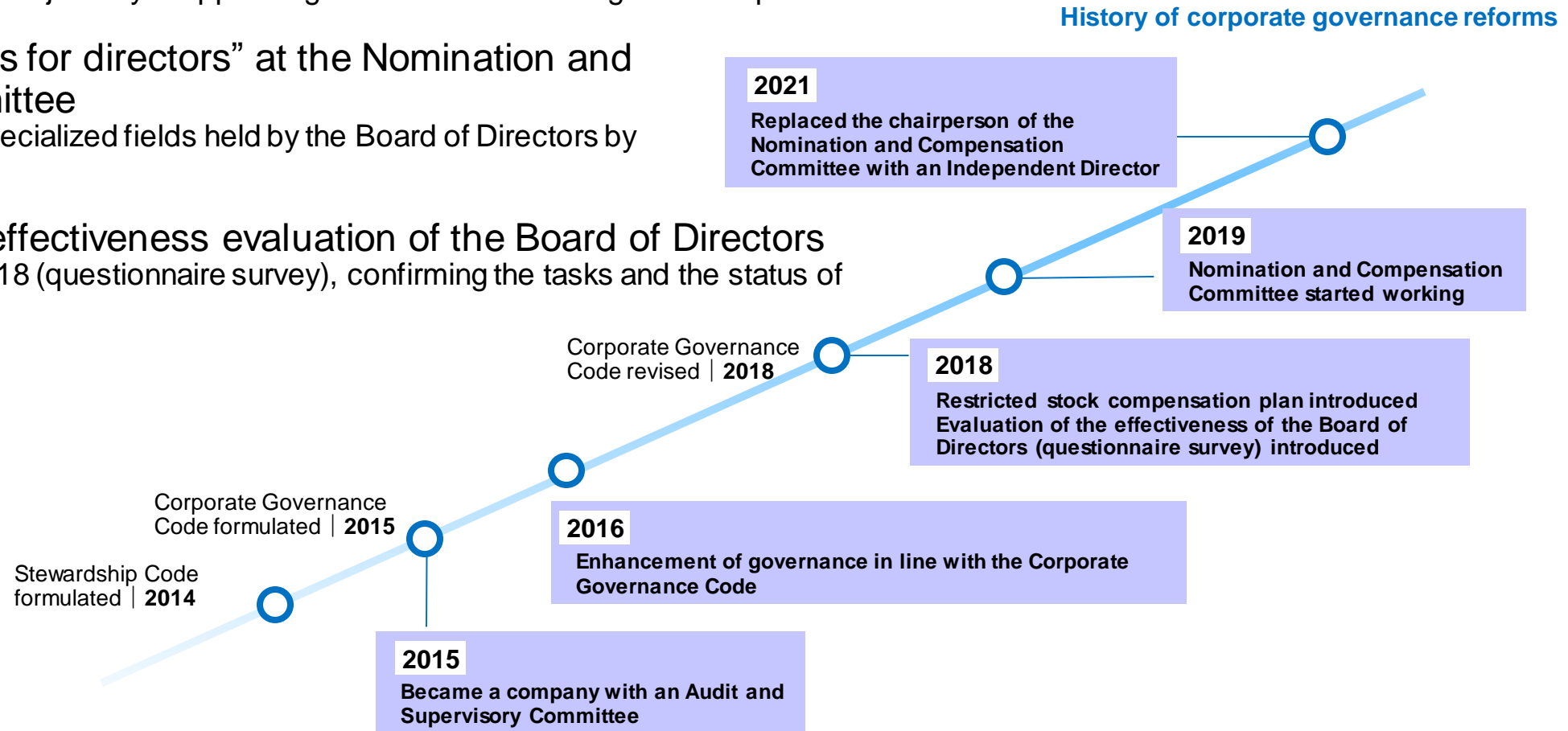
* Rate = Number of accidents × 1,000,000 / Total working hours

* Source: Japan Aluminium Association “Cases of Industrial Accidents”
“Results of Statistical Survey on Industrial Accidents for December 2020”

ESG/SDGs

Actions to Improve Corporate Governance

- Replace the chairperson of the Nomination and Compensation Committee with an Independent Director
Improving transparency and objectivity in appointing directors and deciding their compensations
- Discuss “requirements for directors” at the Nomination and Compensation Committee
Confirming sufficiency of specialized fields held by the Board of Directors by using the skill matrix
- Continue to conduct effectiveness evaluation of the Board of Directors
Since the introduction in 2018 (questionnaire survey), confirming the tasks and the status of improvement



Promoting Diversity & Inclusion

■ Promote the establishment of an environment in which employees feel comfortable taking maternity and childcare leave

- ✓ Percentage of female employees taking maternity leave before and after childbirth and childcare leave: 100%
- ✓ Male employees are also encouraged to take childcare leave.

■ Create a workplace in which diverse people work

- ✓ Established Ahresty Inclusive Service Corporation, a shared service company in charge of personnel and labor affairs, such as salary calculation, retirement benefits, and corporate pension (October 1, 2020)
- ✓ All staff members, including six handicapped employees, play active roles appropriate for their respective aptitudes.



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

Efforts to Achieve SDGs

KPIs for priority tasks

Vision for 2030

Increase the share of parts for electric vehicles in 2030



Improve the energy consumption efficiency of vehicles by providing aluminum die-cast products

Contributing to electrification and weight reduction

Indicators for measured values (KPIs)

Providing parts for electric vehicles (EVs, HEVs, PHEVs, and FCVs)

Among them, providing parts for ZEVs (EVs and FCVs)

Providing body and suspension-related parts

Vision for 2030

Improve energy efficiency in production processes



Reduce the use of fossil fuels by improving energy efficiency, etc.

Reduction of energy consumption

Energy conversion

Indicators for measured values (KPIs)

Promoting energy conservation measures

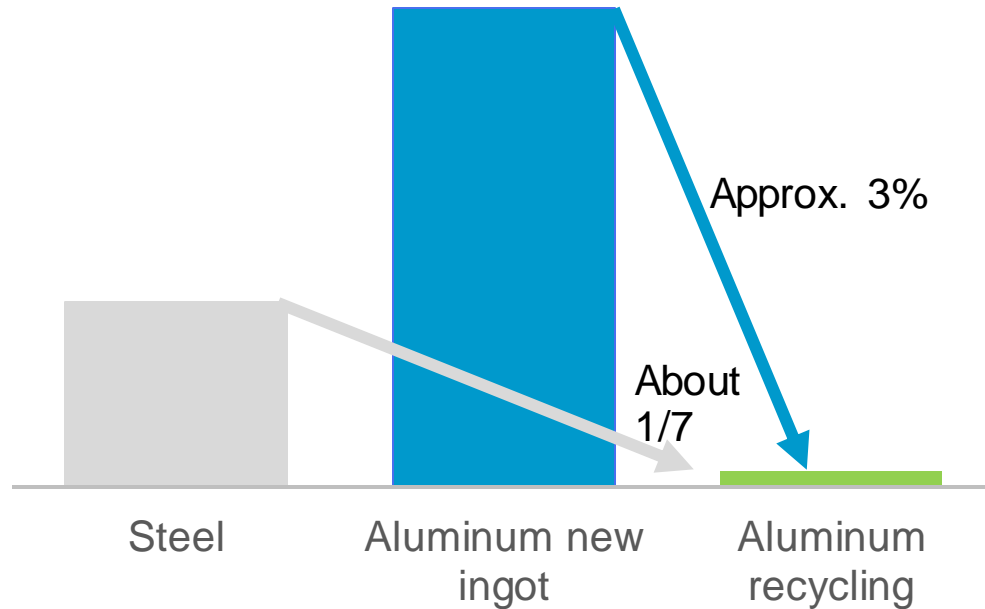
Promoting improvements in productivity

Use of renewable energy and energy that generates less CO₂

Environment and Aluminum Die Casting Business

Emits little CO₂ during production

CO₂ emissions per 1 kg of material



Light

- ✓ Approx. one-third the weight of iron (about a half in terms of products)
- ✓ By reducing weight, the energy consumption efficiency of vehicles can be improved, contributing to the reduction of CO₂ emissions

Recyclable multiple times

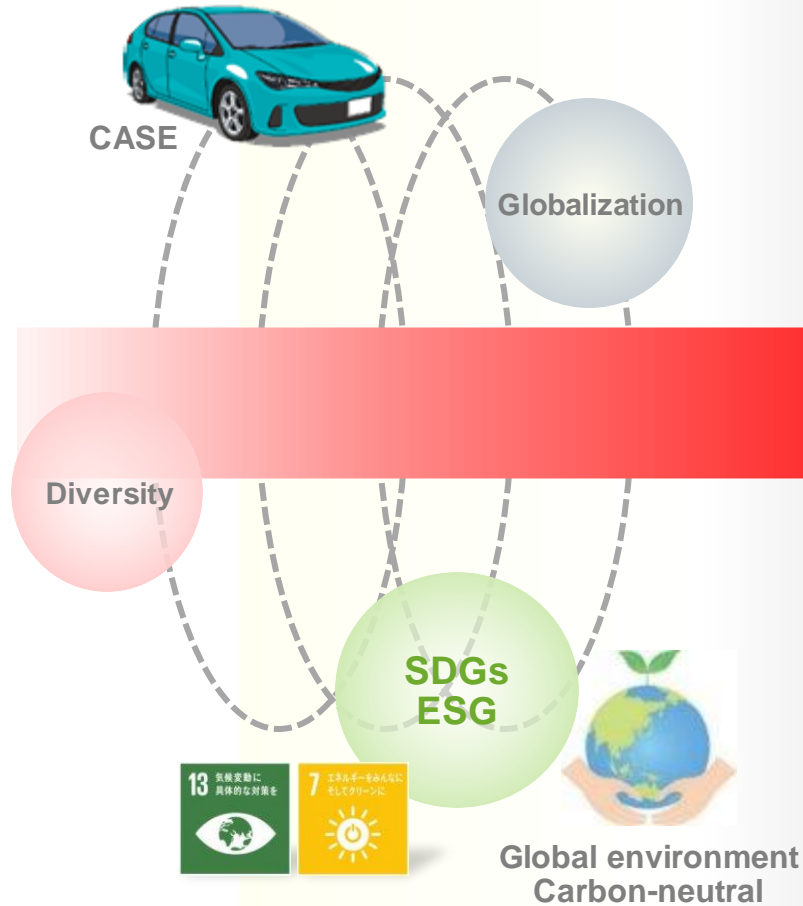
- ✓ Over 90% of raw materials for die casting are recycled metals

We brighten our planet's future with our lightweight technology.

2040 Vision

Vision 2040

Winning absolute customers' trust 2025



Vision 2040

“Our Goal”

Beyond your expectations
2040

We brighten our planet's future with our lightweight technology,

ensure your satisfaction with Ahresty,

and develop pioneering technology through continuous research.

New 10-year Long-term Business Plan

22-24 Medium-Term Management Plan



Casting Our Eyes on the Future

**Contact for inquiries about this document and the Company's IR:
Management Planning Section, Management Planning Department, Ahresty Corporation
Phone: +81-3-6369-8664
E-mail: ahresty_MP0_IR@ahresty.com
URL: <https://www.ahresty.co.jp>**

This document and what has been said in the results briefing include forecasts that the Company has made based on data available when the document was prepared. Actual results could be different from the forecasts for a range of reasons.