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For Immediate Release

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Plan for Conformity to the Continued Listing Requirements in the New Market Segments

Ahresty Corporation (hereinafter, “the Company”) submitted an application to Tokyo Stock Exchange, Inc. (hereinafter, “TSE”) to select the Prime Market in connection with TSE’s restructuring of the market segments scheduled to take place in April 2022. As of the base date for transition (June 30, 2021), the Company had not met the continued listing requirements for this market, and hereby announces its plans to meet the continued listing requirements as follows.

1. Status of the Company’s conformity to the continued listing requirements and target period
The status of the Company’s conformity to the continued listing requirements for the Prime Market as of the base date for transition is as detailed below, and the Company does not meet the requirements for the “tradable share capitalization.” However, we believe that transition to the Prime Market is indispensable for the Company as a global player in order to realize the sustainable growth and improvement of medium- to long-term corporate value. To that end, the Company has decided to promote various initiatives to meet the continued listing requirements concerning the “tradable share capitalization” by March 2025, the end of the final fiscal year of our next 2224 Medium-Term Management Plan (target period: from FY2022 to FY2024). The next 2224 Medium-Term Management Plan will be disclosed in around May 2022 upon formulation.

[Status of the Company’s conformity to the continued listing requirements for the Prime Market]

	No. of shareholders	No. of tradable shares (Units)	Tradable share market capitalization	Tradable share ratio	Average payment of daily transactions	Market capitalization
The Company’s status (As of the base date for transition)	-	192,052	9.2 billion yen	73.6%	850 million yen	-
Continued listing requirements	-	20,000	10 billion yen	35%	20 million yen	-
Items listed in the Plan	-		✓			-

* The Company’s status mentioned above is calculated based on the information on distribution of share certificates, etc. available to TSE as of the base date for transition.

2. Basic policy, challenges and initiatives for measures to be taken to meet the continued listing requirements

(1) Basic policy

With the aim of realizing sustainable growth and raising the medium- to long-term corporate value of the Ahresty Group, the Company will focus on achieving the requirement for tradable share market capitalization by improving and enhancing the profit constitution as well as the continued payment of distribution based on the 10-year Business Plan and the Medium-Term Management Plan, while achieving active dialogue with the markets through timely and appropriate information disclosure. At the same time, we will also consider a reduction of cross-shareholdings by cross-shareholders.

(2) Challenges and initiatives

[Challenges]

Regarding the result that we failed to meet the requirements for “Tradable share market capitalization” while securing a certain number of shareholders and of tradable shares, the Company considers that the poor performances of our “stock price” and “market capitalization” are mainly attributable to our failure to attain the business performance levels required by shareholders and investors, resulting in failure to meet their expectations.

[Initiatives]

We will improve and strengthen our profit constitution, realizing sustainable shareholder return by achieving the currently ongoing “1921 Medium-Term Management Plan” (from FY2019 to FY2021); the “2040 Vision” which we formulated in anticipation of the Company’s 100th anniversary (in 2038), based on which we will formulate the “10-year Business Plan” as the 2030 milestone; and the “Next 2224 Medium-Term Management Plan” (from FY2022 to FY2024). Concurrently, we will improve our corporate value and evaluations in the stock market by enhancing our investor relations (IR) and social responsibility (SR) activities in order to engage in fulfilling dialogues with shareholders and investors. In addition, as a measure to increase the “number of tradable shares,” we will reduce our cross-shareholdings as necessary through confirmation of the purposes of shareholding and dialogue with the relevant shareholders.

The Die Casting Business, our key business, in which automobile-related products account for more than 90% of operating revenues, is significantly susceptible to fluctuations in demand in the automotive market depending on domestic and overseas economic trends. Furthermore, the automotive industry is said to be undergoing a “once-in-a-century” dramatic change, and it is expected that our current key product groups will also change due to the industrial policy and fuel efficiency requirements of each country, along with the changes in the roles of automobiles as mobility as seen in CASE (Connected, Autonomous/Automated, Shared and Electric). Assuming that the components internally manufactured by automobile companies will be outsourced from a short-term perspective, the Company will securely grasp the opportunity for an increase in order receipts, and from a medium- to long-term perspective, the Company will increase the order receipts of not only parts for electric vehicles but also conventional powertrain components, and develop our business to incorporate the vehicle body components group including the body chassis in response to needs to reduce the weight of the vehicle body due to electrification. While currently promoting the 1921 Medium-Term Management Plan, we are focusing on the following three pillars, aiming to become “Ahresty, the company that contributes to automobile weight reduction.”

■ 1921 Medium-Term Management Plan (Target period: from FY2019 to FY2021)

1. Business strategy in view of future automobile markets

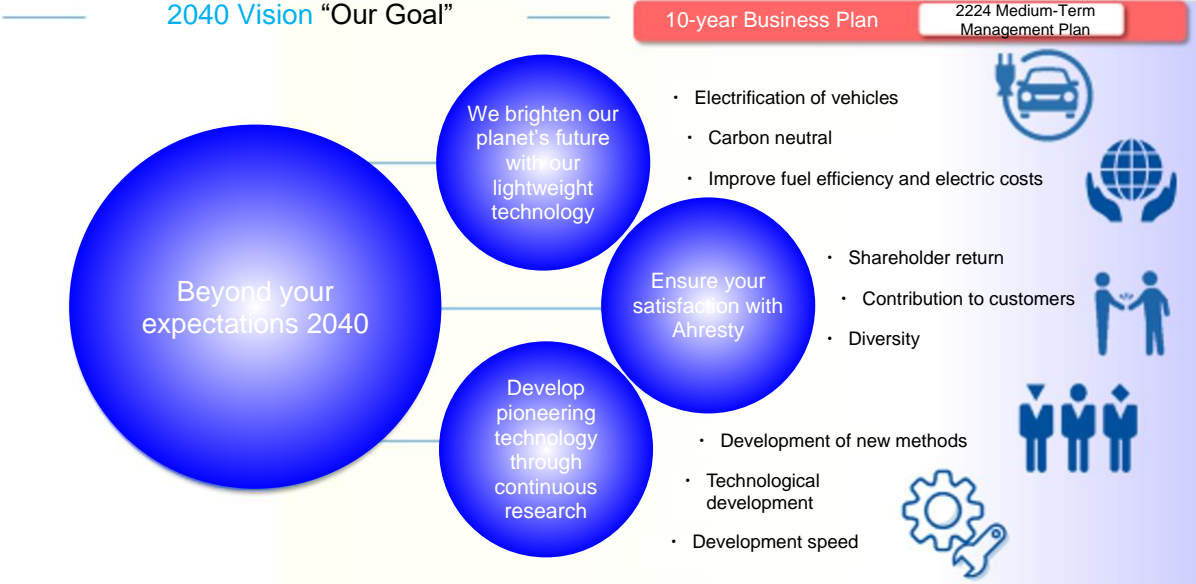
As a result of our efforts to formulate and promote optimum sales strategies responding to the needs of each region and client, we successfully received orders for parts for electric vehicles in addition to conventional powertrain components from our main clients, and started mass production. As a result, the ratio of parts for electric vehicles to new orders received in the first half of FY2021 rose to 65%.

2. Enhance earnings strength by improving productivity and quality
 The Company achieved significant quality improvement of engine parts and transmission parts by pursuing Optimal Process Condition Control (OPCC) for the purpose of efficiently manufacturing quality products. Furthermore, the Company is concentrating its efforts on improving its earnings strength through further improvement of productivity and cost reduction by establishing lean production systems realized by thorough streamlining and manpower reduction, automatization of inspections, and effective use of mechanisms to eliminate various losses and waste in each process.

3. Develop the human resources that underpin corporate growth
 Aiming to become a company that enables employees to grow together with the company while finding their work rewarding and taking pride in it, we promote the development of globally competitive human resources in accordance with our strategic human resources plan (human resources roadmap). At the same time, we are also working to realize disaster- and accident-free workplaces that is safe and healthy for all in terms of mind and body, by improving the work environment toward the realization of a comfortable environment with low workloads (ergonomics).

The management environment surrounding the Ahresty Group is more uncertain than ever due to the impact of a global shortage of semiconductors in addition to the changes in the automotive market and the spread of COVID-19, and we need to continue to watch the trend in the future. Taking this extremely severe management environment as an opportunity for transformation, we have formulated the “2040 Vision” to indicate our path toward the Ahresty Group’s 100th anniversary (in 2038), based on which we are now formulating the “10-year Business Plan” and the “2224 Medium-Term Management Plan.”

- 2040 Vision, 10-year Business Plan, and 2224 Medium-Term Management Plan
 - Positioning
 - 2040 Vision: Established our direction in view of the 100th anniversary (in 2038)
 - 10-year Business Plan: Established the 2030 milestone toward the 2040 Vision
 - 2224 Medium-Term Management Plan: The first action plan for the period from FY2022 to FY2024 in the 10-year Business Plan



- 2040 Vision “Beyond your expectations 2040”
We established the following three visions as Our Goal for the 2040 Vision “Beyond your expectations 2040.”
 - Brighten our planet’s future with our lightweight technology
 - Ensure your satisfaction with Ahresty
 - Develop pioneering technology through continuous research

- 10-year Business Plan

The aluminum die cast products, our key products, are lightweight with outstanding flexibility of design and productivity. In response to the needs for weight reduction of the vehicle body, we believe that they can contribute to an increase in order receipts of not only conventional powertrain components but also parts for electric vehicles, and to the improvement of both fuel efficiency and electric costs through application to the vehicle body components group including body chassis. On the back of a sharp increase in demand for die casts for electric vehicles, the Ahresty Group will promote initiatives to make proposals to clients by strengthening its sales functions for receiving orders of parts for electric vehicles, and formulating strategies and planning. Regarding the portfolio of the Die Casting Business, we will shift from predominantly conventional powertrain components to parts for electric vehicles and the vehicle body components group.

In line with the shift in the portfolio of the Die Casting Business, the Ahresty Group will focus on further improving its MONOZUKURI (manufacturing) capability. We will make effective use of, and apply our own technologies and know-how developed in the manufacturing of conventional powertrain components to, the production of parts for electric vehicles and the vehicle body components group. Based on that, we will realize Optional Process Condition Control (OPCC) to control the processes under the optimum production conditions in the manufacturing of parts for electric vehicles and the vehicle body components group. At the same time, we will also strive to exploit markets by developing technologies including bonding techniques, in addition to realizing both high quality and productivity by the productivity improvement technique using statistical quality control methods and our proprietary technologies.

In the aspect of revenues, we will promote measures to improve and strengthen our profit constitution under the 10-year Business Plan from the perspectives of 1) improving earnings structure (reducing fixed costs); 2) securing profits (cost reduction); and 3) profit management (investment efficiency, etc.). Based on the results, we have set our financial goals for FY2030: net sales of 160 billion yen and an operating margin of 6%.

Concerning profit distribution to shareholders, the Company positions appropriate profit returns as its basic policy while strengthening its financial structure and management base for medium- to long-term business development. Taking into consideration the amount of investments required for corporate growth and the payout ratio, the Company has paid dividends based on the consolidated financial results. Most recently, the dividend paid decreased due to the impact of a sharp deceleration in global production and other factors on the back of the spread of COVID-19. However, we will exert efforts to improve profits as soon as possible under the 10-year Business Plan and its first action plan, the 2224 Medium-Term Management Plan, to realize a payout ratio on a consolidated basis of approximately 35%. Furthermore, we will improve our stock price and PBR by meeting the expectations of shareholders and investors through the recovery of our business performance.

We provide some indicators for the 10-year Business Plan below, including KPIs and target values.

10-year Business Plan	KPI	Target value (FY2030)
Financial targets	Net sales	160 billion yen
	Operating margin	6%

10-year Business Plan	KPI	Target value (FY2030)
Electrification of automobiles	Sales ratio of electric vehicles	55%
Improvement of fuel efficiency and electricity costs	Sales of vehicle body components	4.0 billion yen
Carbon neutral	Reduction of CO ₂ emissions intensity	-50% (vs. FY 2013)
Contribution to clients	Client commendation	Obtain the top evaluation from major clients
Diversity	Diversification of executive managers	Diversification of General Managers and Executive Officers (in terms of women, foreign nationals, job background, age, etc.)
	Ratio of female employees (in Japan)	20% or over *Currently, 13.5%
	Ratio of female managers (in Japan)	10% or over *Currently, 2.8%

The Company also recognizes the significance of initiatives relating to sustainability issues, and promotes sustainability strategies based on materiality analysis concerning SDG monitoring issues including climate change, by establishing the Sustainability Meeting in 2020. In the 10-year Business Plan, “Carbon neutral” is also listed as an issue item, and “CO₂ emissions intensity” is set as a KPI. The Company will implement energy conversion, energy-saving activities and effective use of renewable energy, together with the development of production technology for the promotion of those activities.

Toward the realization of satisfaction with Ahresty felt by our stakeholders, we listed “Winning client commendation,” “Improvement of employee satisfaction” and “Realization of diversity” in the 10-year Business Plan. To realize diversity, we set the above-mentioned KPIs and target values for the diversity of our executive managers, and the ratios of female employees and female managers. Considering that the structure of executive managers who support the Ahresty Group’s global strategy needs to secure diversity including the presence of women and foreign nationals (as well as diversity in terms of job experience and age), we will implement measures to improve human resources systems for the development of potential executives, and establish a system for the appointment of employees at overseas business sites and local executive managers for the purpose of proactively promoting the appointment of overseas employees and female employees to executive positions. At the same time, we will promote measures to establish and operate human resources strategy and provide support for career formation, design a system to realize diversified work styles, and improve the workplace environment. As a consequence, we believe we will be able to secure diversity of the structure of executive managers and raise the ratio of female employees and managers.

- 2224 Medium-Term Management Plan
 - Target period: From FY2022 to FY2024 (Three years)
 - Disclosure: To be disclosed in around May 2022 upon formulation of the plan.

For the purpose of improving the understanding of and trust in the Company by our shareholders and investors, we will promote proactive dialogue with markets through timely and appropriate information disclosure in pursuit of better IR and SR activities. In addition, we will consider a reduction of cross-shareholdings as necessary by promoting active dialogue with the relevant shareholders and respecting their policies concerning cross-shareholdings (such as the purposes and effects of holding shares).