

# Results Briefing for the Year Ended March 31, 2022

June 2, 2022



# **Results of Year ended March 2022 and Released Forecasts for Year ending March 2023**

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# Key Results for the Fiscal Year Ended March 2022

(Million yen)

	Year ended March 2021 Full year	Year ended March 2022				Released figures (Feb. 14)	(Reference) Initial plan (May 18)
		1st half	2nd half	4Q (quarterly)	Full year		
Net sales	92,973	54,647	61,666	32,602	116,313	114,000	110,000
Operating income	(2,554)	(1,943)	(479)	299	(2,422)	(2,500)	1,800
Recurring income	(2,094)	(1,680)	(352)	335	(2,032)	(2,300)	1,600
Net income	(2,843)	(1,780)	(3,409)	1,628	(5,189)	(4,500)	600
Sales weight (In comparison with FY2018 as 100)	68	74 (Initial plan : 77)	73 (Initial plan : 87)	74	74	—	82

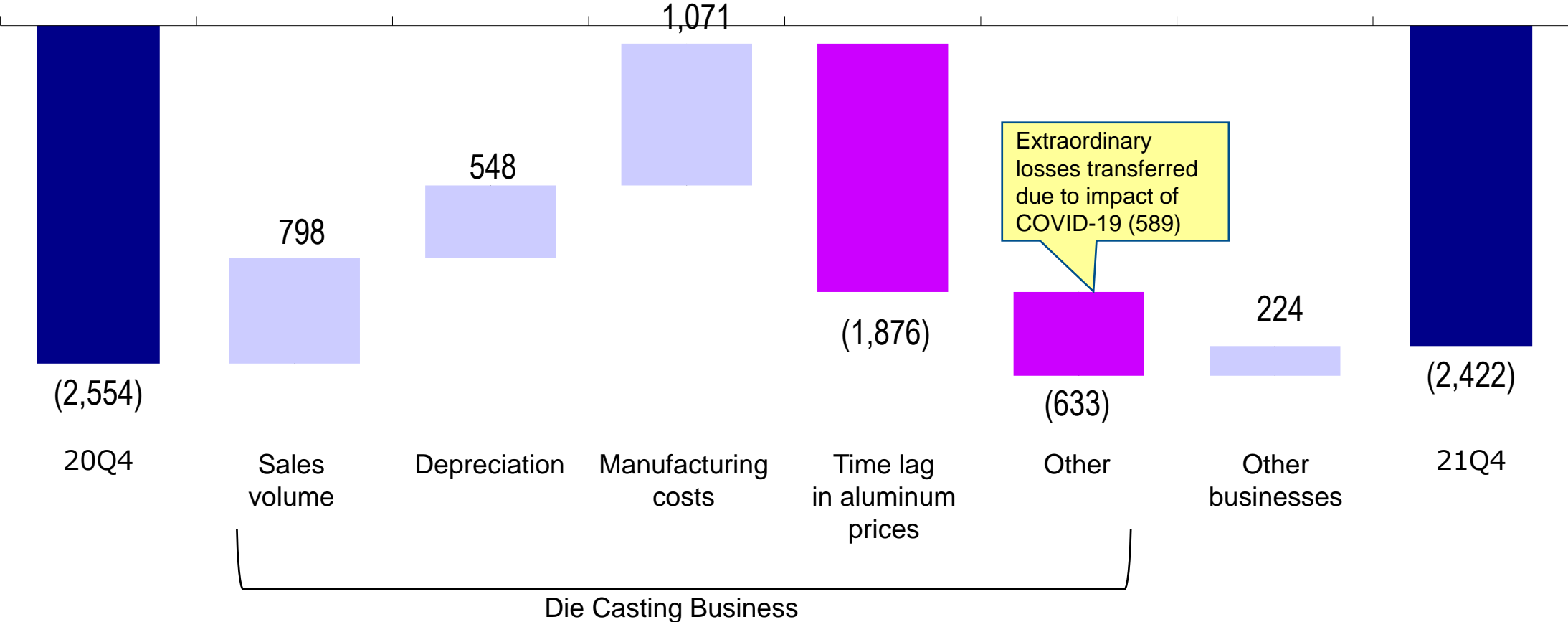
\* FY2022: \*Net sales before application of revisions to accounting standards: 121,633 million yen

## <Overview>

- Net sales: Increased 25% from the previous year to ¥116.3 billion. But in terms of sales weight, the increase was 8% as the impact of the rise in aluminum prices and depreciation of the yen boosted the amount in value terms.
- Operating/Recurring income: Achieved a quarterly profit for 4Q despite the severe environment for profitability due to increases in procurement cost resulting from the soaring aluminum market and in utilities expenses.
- Net income: Recorded ¥4,200 million for an extraordinary loss, including an impairment loss for a US plant, etc., and ¥880 million for deferred income taxes due to reversal of deferred tax assets of the India plant, as well as an extraordinary profit of ¥2,300 million due to sales of cross-held shares. As a result, recorded net loss of ¥5,100 million.

# Factors behind Changes in Consolidated Results

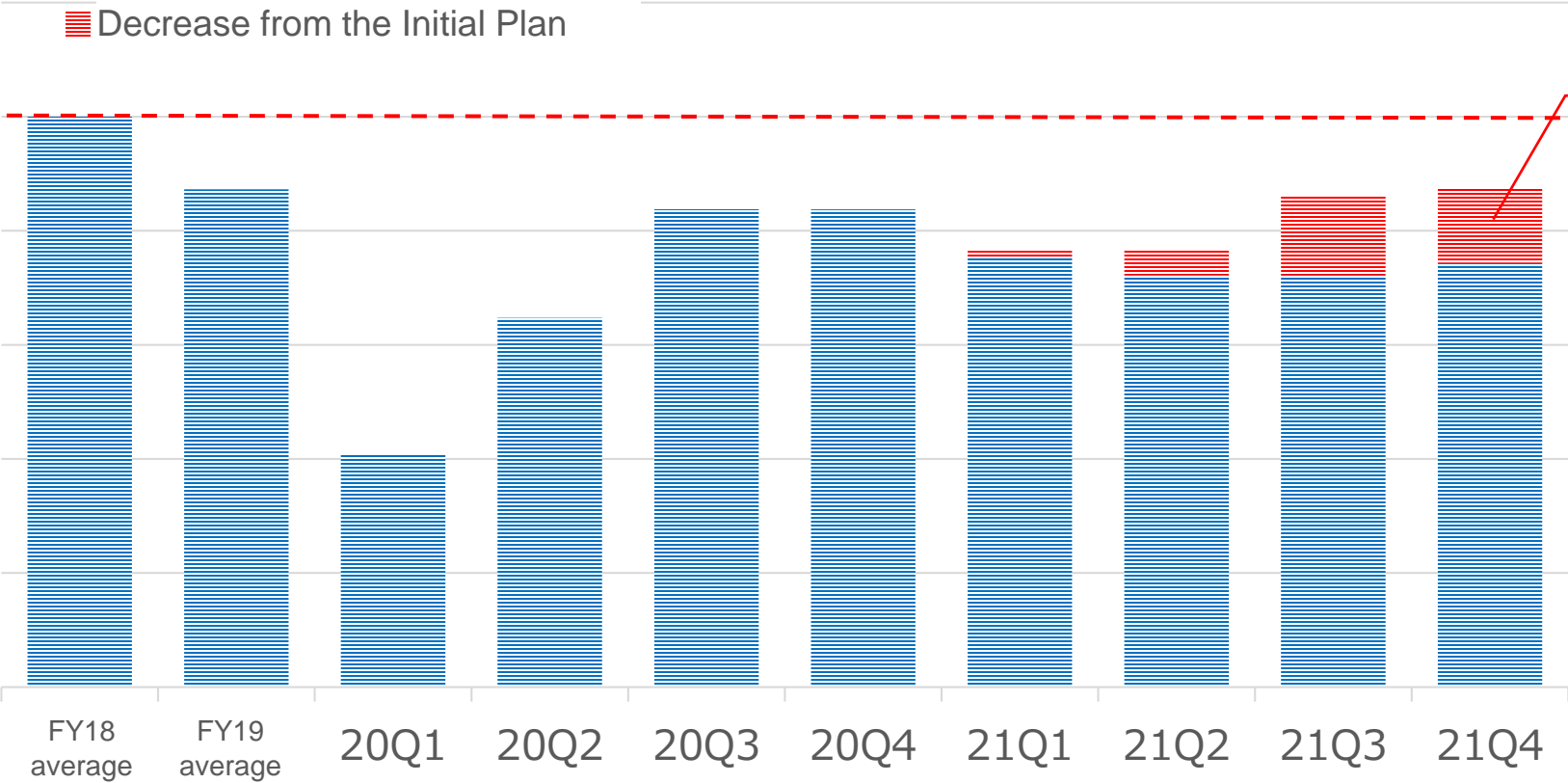
■ Although sales volume increased from the previous fiscal year and the leaner production systems showed a cost reduction effect, soaring aluminum prices overwhelmed these factors, resulting in just a little improvement in profitability from the previous year.



\* Extraordinary losses transferred from COVID-19-related losses, such as fixed costs during the period of operation suspension of plants implemented in response to request from the government, etc. to prevent the spread of COVID-19 in fiscal 2020

# Negative Factor 1 : Global Sales in Weight

In the initial plan for FY2021, the shortage of semiconductors was factored into the plan in the first half, and the sales weight was expected to be slightly higher than the sales in the second half of FY2020 in the second half. However, the impact of the shortage of semiconductors has been prolonged, and it has not reached the level of the second half of 2020.



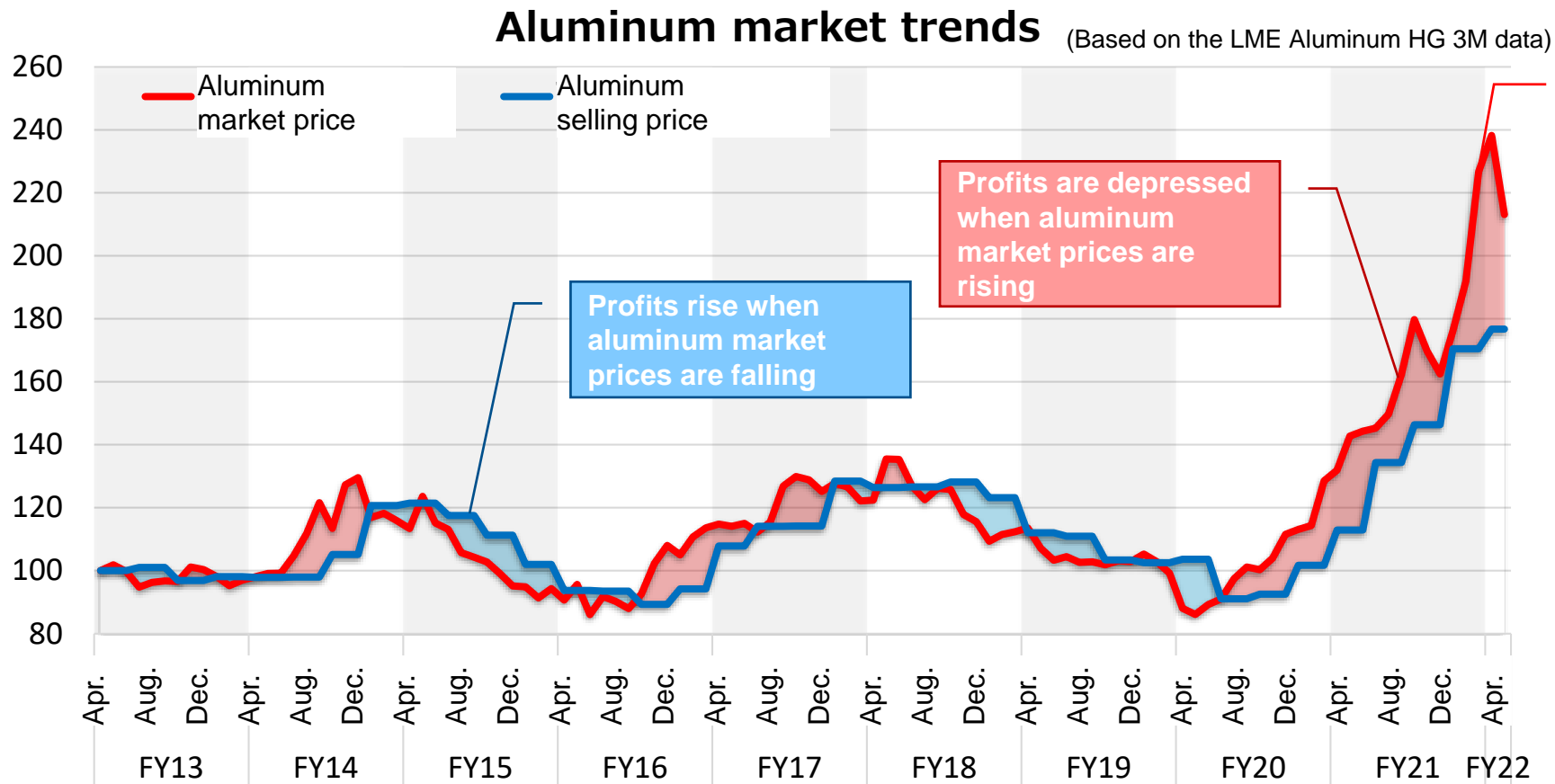
Sales weight was slightly over 10% lower than the initial plan for the year, serving as the largest factor pushing down income.

Impact on profit  
Comparison with initial plan  
**Down 3.4 billion yen**

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

# Negative Factor 2 : Aluminum Prices

- In the initial plan for FY2021, the rise in aluminum prices was factored in to some extent in the first half, but it soared more than expected. The price continued to rise in the second half, and the difference between the aluminum market price and the aluminum selling price did not close.



Aluminum prices hit a record high for the first time since 2008.

Selling prices could not catch up with the continuously soaring aluminum prices, which served as the second factor pushing down income.

Impact on profit  
Comparison  
with initial plan  
**Down 1.5 billion yen**

\* Calculated in comparison with the aluminum market prices in April 2013 set as 100 (in yen terms based on monthly exchange rate)

# Die Casting Business

(Million yen)

		Year ended March 2021 Full year	Year ended March 2022				(Reference) Initial plan (May 18)
			1st half	2nd half	4Q (quarterly)	Full year	
Japan	Net sales	45,584	24,609	27,137	13,782	51,746	50,000
	Segment income/loss	(2,491)	(1,012)	(360)	(66)	(1,372)	0
North America	Net sales	21,628	14,190	13,921	7,298	28,111	28,700
	Segment income/loss	94	(553)	(543)	(48)	(1,096)	1,100
Asia	Net sales	19,931	11,726	14,762	8,214	26,488	24,100
	Segment income/loss	(598)	(643)	96	218	(547)	300

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

# Aluminum Business and Proprietary Products Business

(Million yen)

		Year ended March 2021 Full year	Year ended March 2022				
			1st half	2nd half	4Q (quarterly)	Full year	(Reference) Initial plan (May 18)
Aluminum Business	Net sales	3,483	2,832	3631	2081	6,463	4,500
	Segment income/loss	33	144	121	64	265	200
Proprietary Products Business	Net sales	2,345	1,289	2214	1226	3,503	2,700
	Segment income/loss	320	112	200	127	312	200

## Aluminum Business

- Sales: Increased ¥2,900 million (up 85.6% year on year). Sales increased due to the increase of 19.7% from the previous year in sales weight.
- Segment income: Increased mainly due to an increase in net sales and cost reduction efforts despite soaring aluminum prices.

## Proprietary Products Business

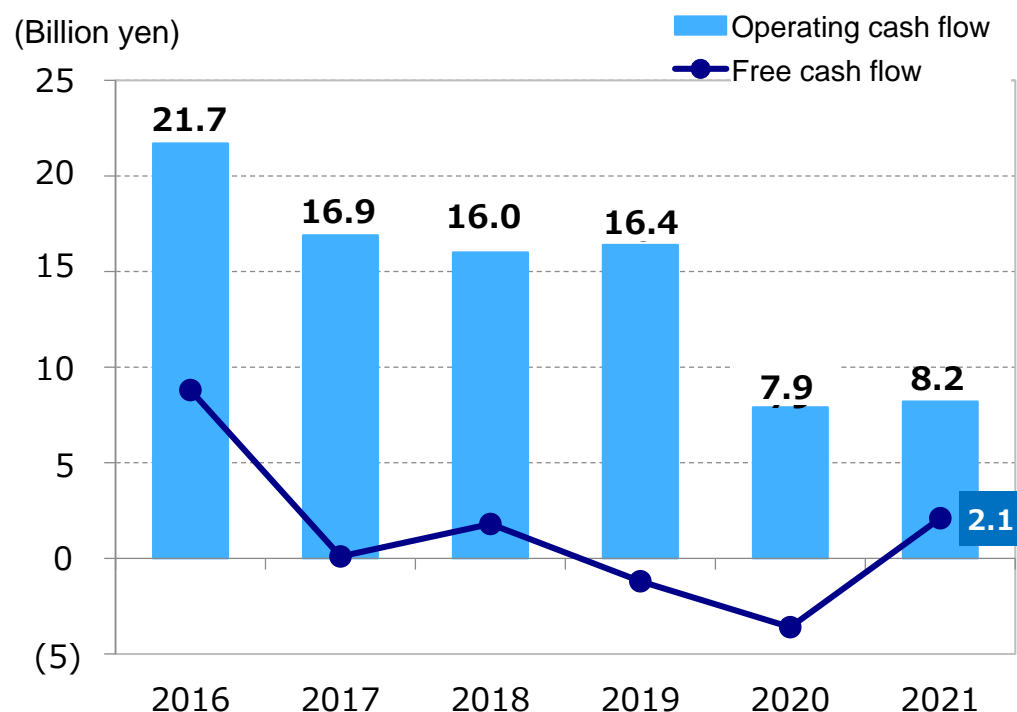
- Sales: In comparison to the previous year, sales increased due to an increase in orders for projects of our main customers, namely a clean room at a semiconductor production company and a data center at a telecommunications company.
- Segment income: Maintained profitability, though income decreased ¥8 million from the previous year due to fluctuations caused by individual projects.

# Financial Performance in the Year Ended March 2022

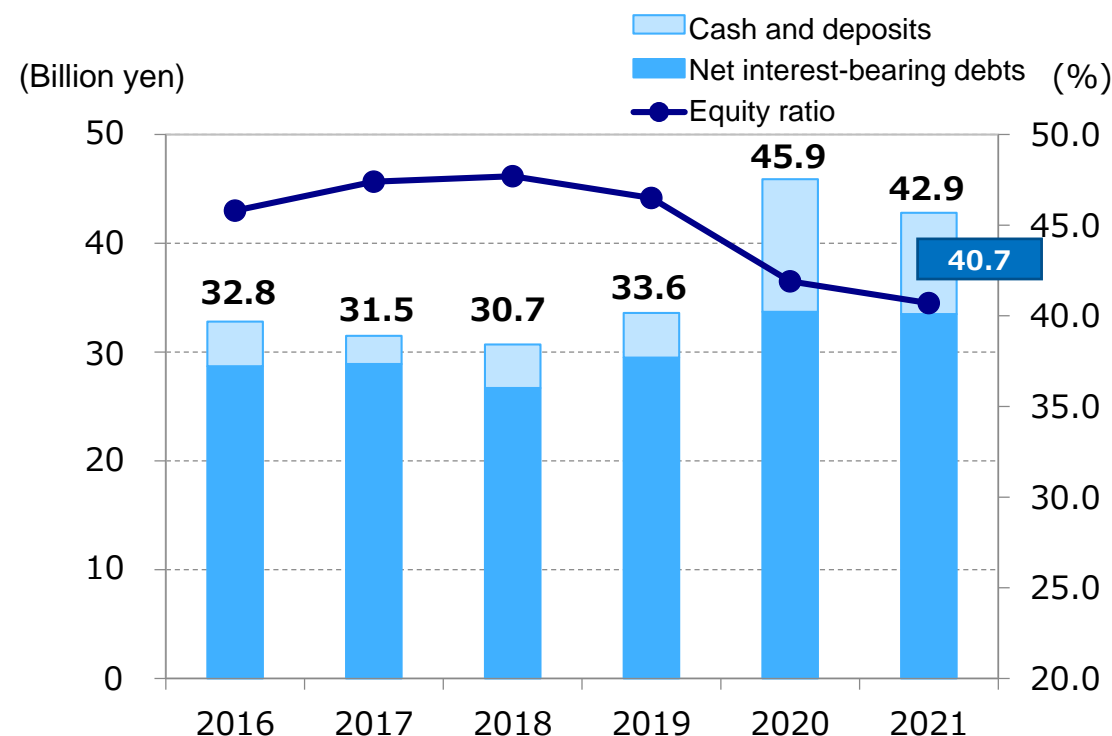
In FY2021, free cash flow turned positive for the first time in two years.

Cash and deposits on hand increased and interest-bearing debt reached ¥42.9 billion (net interest-bearing debt increased ¥0.1 billion from previous year to ¥33.5 billion)

Equity ratio was 40.7%



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



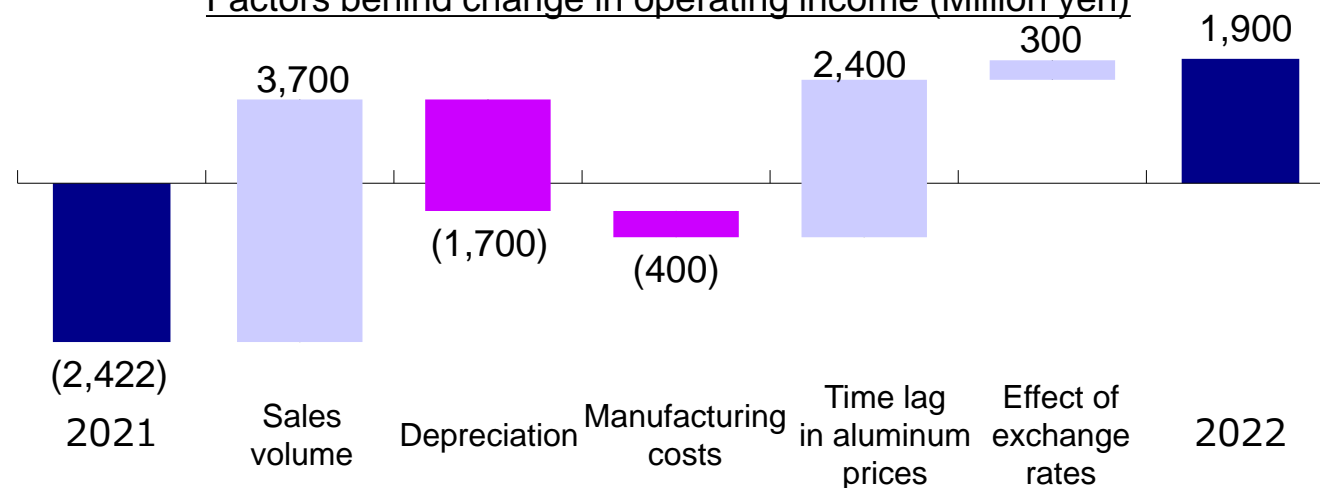
\* Net interest-bearing debts = interest-bearing debts - cash and deposits

# Full-year Plan for Year Ending March 2023

(Million yen)

	Year ended March 2022	Year ending March 2023 (plan)			
		Full year		1st half	2nd half
Net sales	116,313	141,000	—	65,000	76,000
Operating income	(2,422)	1,900	(1.3%)	(500)	2,400
Recurring income	(2,032)	1,450	(1.0%)	(650)	2,100
Net income	(5,189)	900	0.6%	(700)	1,600
Sales weight (In comparison with FY2018 as 100)	74	85	—	79	92

Factors behind change in operating income (Million yen)



- Restrictions on parts supply, such as the shortage of semiconductors, will remain in 1st half. But in 2nd half, sales will increase along with recovery in the volume of car production.
- Fluctuations in aluminum prices from the current level will be limited, decreasing the gap between the market price and selling price.
- A surplus is forecast on a full-year basis.

Actual foreign exchange rates (full-year average): USD: ¥112.88; Mexican peso: ¥109.86; Chinese yuan: ¥17.03; Indian rupee: ¥1.52  
Exchange rate assumptions in plan: USD: ¥125.00; Chinese yuan: ¥19.0; Indian rupee: ¥1.65

# External Environment Assumed for Full-year Plan for Year Ending March 2023

## ■ Recovery in net sales

- Car manufacturers are planning an increase in sales from previous year

Consolidated automobile sales volume figures released by car manufacturers (1,000 units)

	FY21 result	FY22 plan	Year-on-Year
Toyota Motor Corporation	9,512	9,900	4.1%
Nissan Motor	3,876	4,000	3.2%
Honda Motor	4,074	4,200	3.1%
SUBARU	734	940	28.1%
Suzuki	2,707	2,908	7.4%
Mitsubishi Motors	937	938	0.1%

[Concern] Decline in sales in China due to the zero-COVID policy

## ■ Full-year plan for year ending March 2023

- For sales weight, a **15% increase** from FY21 is predicted partly due to launch of newly ordered products.
- Recording of operating income is expected due to ease of factors affecting profit.

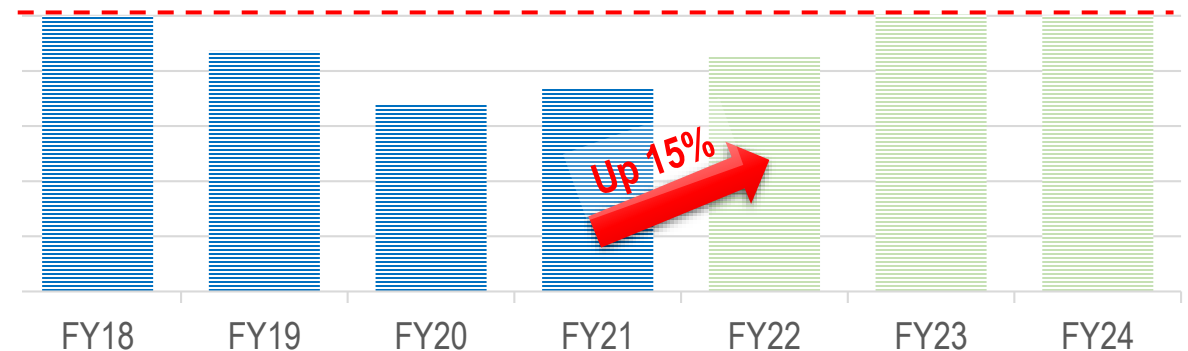
## ■ Sharp rise in aluminum prices will calm down.

- Supply will recover due to ease of shortage of electricity.
- Aluminum demand will decline in China.

⇒ Fluctuations in aluminum prices are estimated to be limited.

## ■ Weak yen will continue.

⇒ 125 yen to a US dollar is assumed.

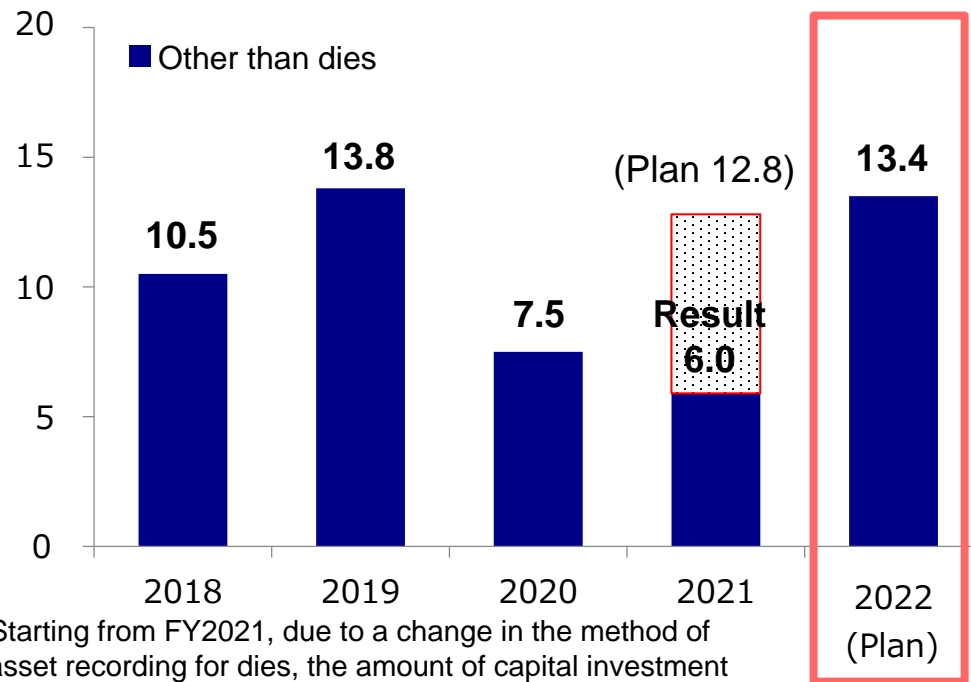


# Trends in Capital Investment, Depreciation and Amortization

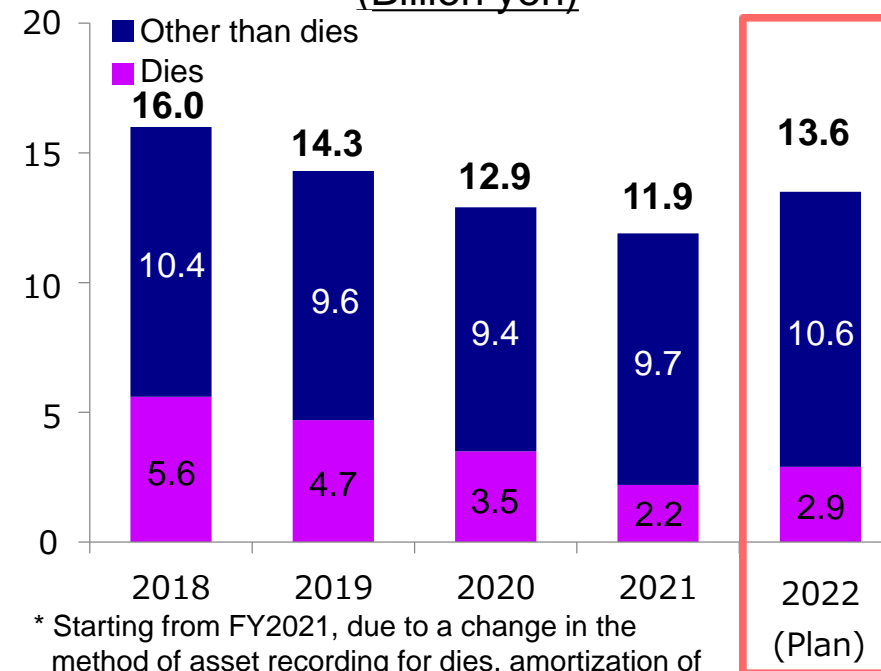
## FY2021 result and FY2022 plan

- Amount of capital investment : FY2021 result was ¥6.0 billion in comparison to ¥12.8 billion in plan. FY2022 plan is ¥13.4 billion.
- Investments: Planned an increase reflecting the substantial reduction in the previous year. Continued efficient investments by making effective use of internal equipment to reduce the amount of increase.
- Depreciation and amortization: FY2022 plan is ¥13.6 billion.

Amount of capital investment (Billion yen)



Amount of depreciation and amortization (Billion yen)

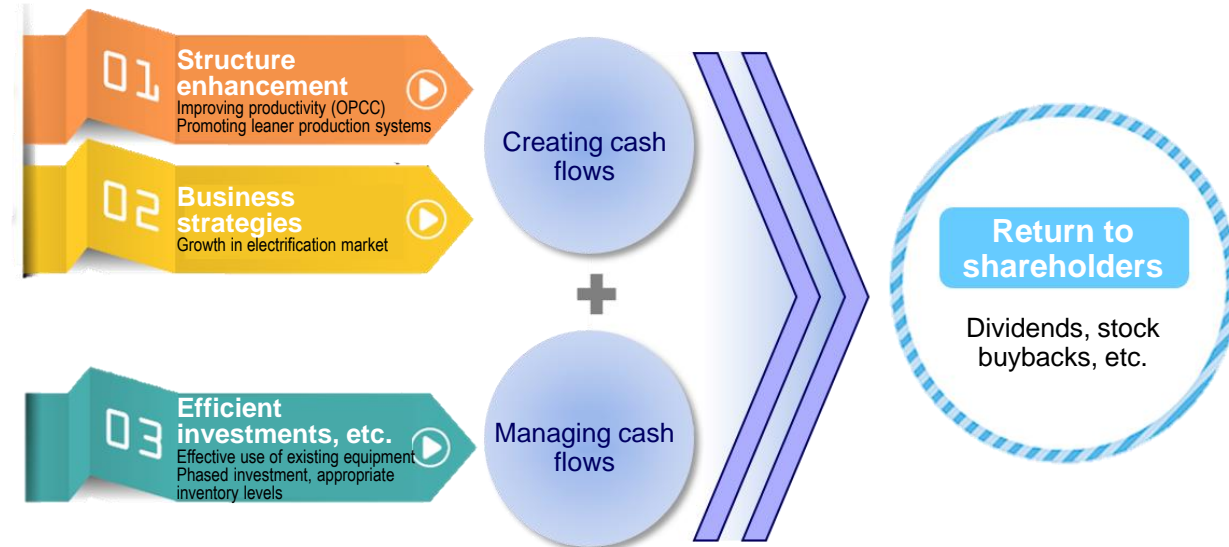


# Dividends

We will work to provide appropriate returns taking into consideration medium- and long-term corporate growth and the payout ratio.

- In FY2021, interim dividend of 5 yen and annual dividend of 10 yen.
- For FY2022, annual dividend of 10 yen is planned.

Dividend per share	Year ended March 2021	Year ended March 2022	Year ending March 2023 Forecast
(Annual total)	5	10	10
Interim dividend	0	5	5
Year-end dividend	5	5	5
Net income per share (consolidated)	(111.06)	(201.23)	35.06
Dividend payout ratio (consolidated)	-	-	28.5%



# **Review of the 1921 Medium-Term Management Plan and the Outlook for the 2224 Medium-Term Management Plan**

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# Summary of 1921 Medium-Term Management Plan

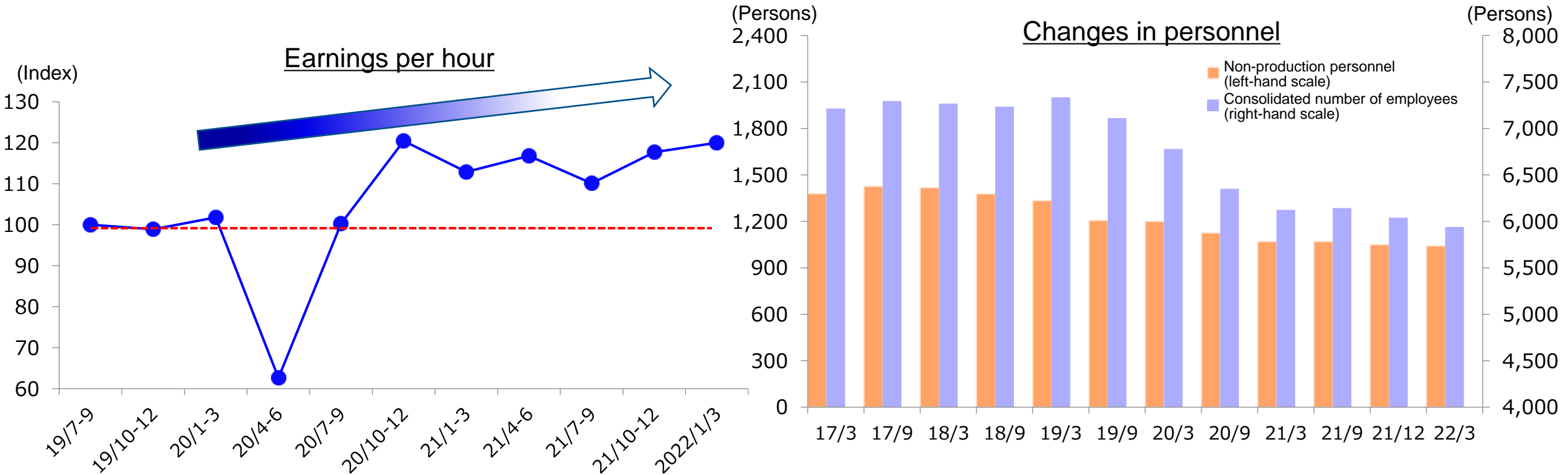
- Due to the significant impact of COVID-19 and other external environmental factors, results did not reach the target figures of the 1921 Medium-Term Management Plan.
- As the measures promoted showed some effects, the enhancement of earnings strength and structural improvement advanced if the impact of the external environment is excluded. Efforts will be made toward further improvement and advancement in 2224 Medium-Term Management Plan.

Results		Year ended March 2019	Year ended March 2022	FY2021 targets
	Net sales (billion yen)	145.4	116.3	155.0
	Operating margin	2.2%	(2.1%)	5.0%
	ROA	0.3%	(3.9%)	3.5%
	ROE	0.7%	(9.5%)	8.0%

Initiatives		Evaluation
Implement business strategies with an eye on the future automotive market	• Securing net sales (FY2021)	×
	• Securing net sales (FY2024)	△
	• Response to electrification market	○
	• Expanding customer base	○
	• Achieving high customer evaluation	○

	Initiatives	Evaluation
Enhance earnings strength by improving productivity and quality	• Changing profit-making structure: Improve BEP	△
	• Changing profit-making structure: Promote leaner production systems	△
	• Improving productivity	△
Develop the human resources that underpin corporate growth	• Strategic hiring and training of human resources	○
	• Using ergonomics to create workplaces where workloads are low	○
	• Developing comfortable working conditions	○
	• Eliminating work-related accidents and injuries	△

# Changing profit-making structure: Promote leaner production systems



Promoted flexible response to fluctuations in the volume of orders and maintained the improvement trend in the FY2020 second half and FY2021.

- Respond to future increase in production volume by efficient allocation of personnel
- Overall, continued to improve efficiency by streamlining production lines and revising work processes
- Consolidated number of employees: Decreased by 1,397 people (March 31, 2019 ⇒ March 31, 2022)

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

# Changing Profit-making Structure: Organizational Restructuring, etc.

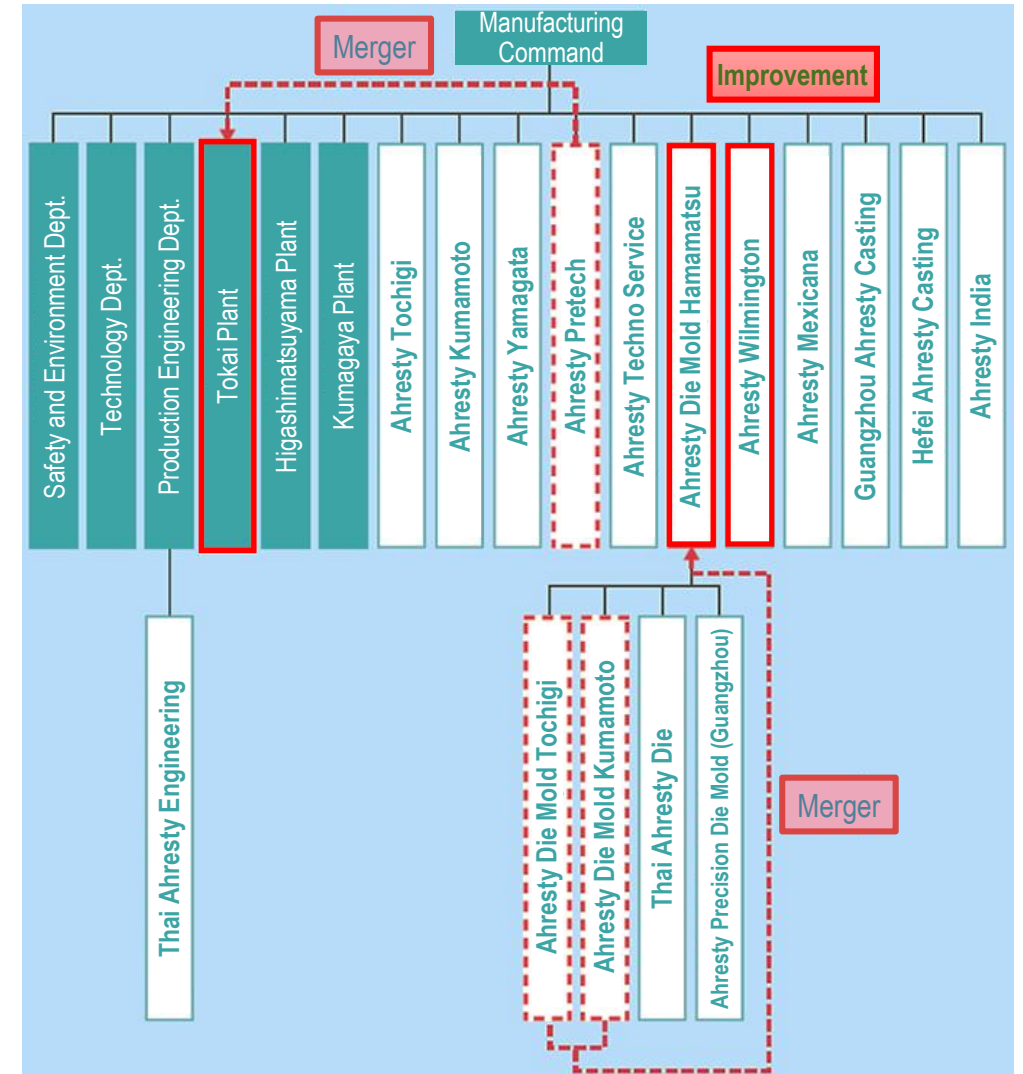
- Fundamental improvement in profitability of Ahresty Wilmington  
With a view to expanding production of electrification-related products, reviewed tangible fixed assets and recorded an impairment loss of 3,794 million yen.

**Effect** → Ease of depreciation cost by approx. USD 5 million annually

- Reorganize operations in Japan to improve organizational flexibility.

- 1) Integration of a casting plant and a processing plant  
Integrate Ahresty Pretech with Ahresty's Tokai Plant
- 2) Integration of die mold plants  
Integrate Ahresty Die Mold Tochigi and Ahresty Die Mold Kumamoto into Ahresty Die Mold Hamamatsu

**Effect** → Reduction of fixed costs by approx. 300 million yen due to improved efficiency and integration



# 2224 Medium-Term Management Plan

2040 Vision

**Beyond your expectations 2040**

## 2224 Medium-Term Management Plan priority tasks

Beyond your expectations 2040

**Establishing low-cost, highly productive MONOZUKURI • Promoting CO<sub>2</sub> reduction**

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

**Achieving a steady shift to a business portfolio  
focused mainly on parts for electric vehicles**

**Develop pioneering technology through continuous research**

**Developing technologies to create demand/improve  
productivity to contribute to net sales**



Ensure your satisfaction with Ahresty

**Creating workplaces where people are happy to work at • Promoting diversity in Japan**

Tasks in 1921 Medium-Term Management Plan:

Securing net sales, improving productivity, enhancing earnings power

# 2224 Target Values

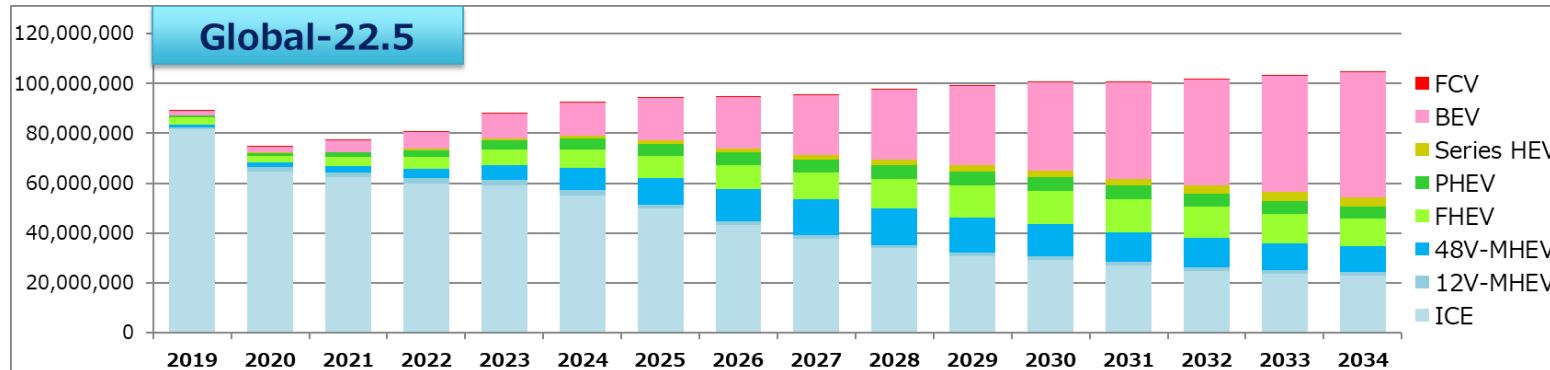
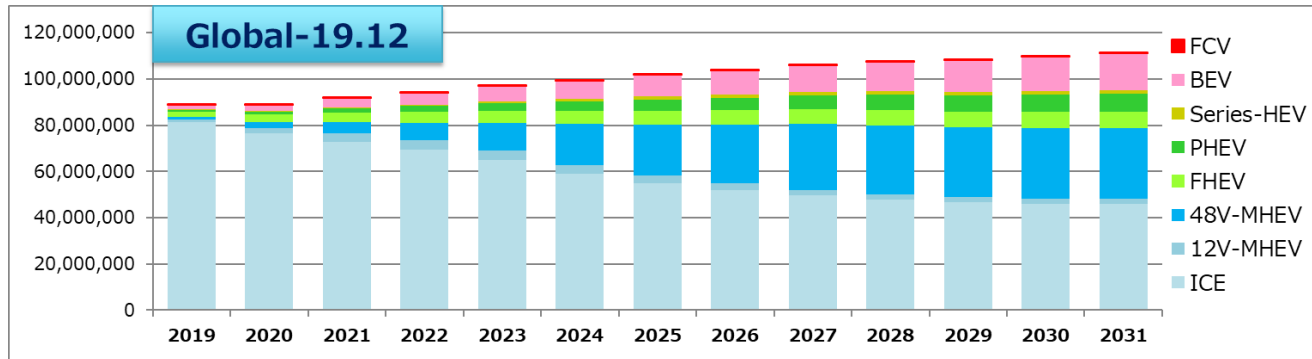
	Year ended March 2022 Full-year results	Year ending March 2023 Full-year plan	Year ending March 2025 Full-year plan	Year ending March 2031	
				Target values	After adjustment*
Net sales (million yen)	116,313	141,000	170,000	160,000	180,000
Operating income (million yen)	(2,422)	1,900	6,500	9,600	10,800
Operating margin	(2.1%)	1.3%	3.8%	6.0%	6.0%
ROA	(3.9%)	0.7%	3.3%	-	-
ROE	(9.5%)	1.6%	7.8%	-	-
Equity ratio	40.7%	40.9%	42.8%	Around 45.0%	
Sales ratio of electric vehicles 	-	30% in FY25	45% in FY27	-	-
Reduction of CO <sub>2</sub> emissions intensity (compared to FY2013) 	-	-13%	-19%	-50%	

FY2027 full-year target  
Rate of electric vehicles: 55% in FY30

\* After adjustment: Figures after adjustment using the actual values of exchange rates and aluminum prices in May 2022

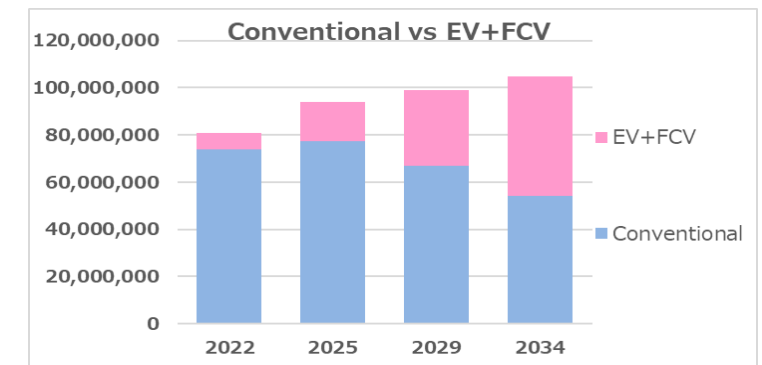
# 2224 External Environment

The external environment has dramatically changed to date since the launch of the 1921 Medium-Term Management Plan.  
Governments released measures for carbon neutrality, accelerating an increase in production of electric vehicles.



	Japan	EU	UK	US	China
2020				Back to Paris Agreement in January 2021	
2030	46% reduction from FY2013 levels toward higher goal of 50% (declared by the PM at Global Warming Prevention HQ and Leaders Summit on Climate)	At least 55% reduction from 1990 (NDC)	At least 68% reduction from 1990 (NDC)	50-52% reduction from 2005 (NDC)	CO <sub>2</sub> emissions to start to decrease by 2030 (speech at UN)
2040					
2050	Carbon Neutral (legislated)	Carbon Neutral (long-term strategy)	Carbon Neutral (legislated)	Carbon Neutral (pledged by the President)	
2060					Carbon Neutral (speech at UN)

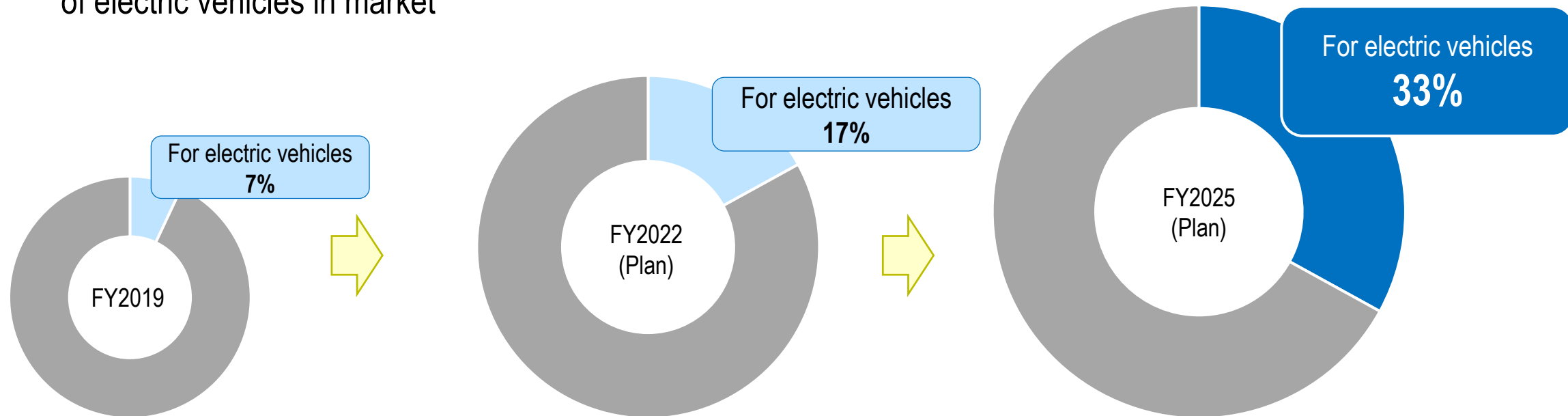
(Source) FY2020 Annual Report on Energy (Energy White Paper 2021)



# Response to Electrification Market

## ■ Share of parts for electric vehicles in net sales

- ✓ FY2019: 7% ⇒ FY2025: 33%
- ✓ Expand the share at the same level as the rate of increase of electric vehicles in market

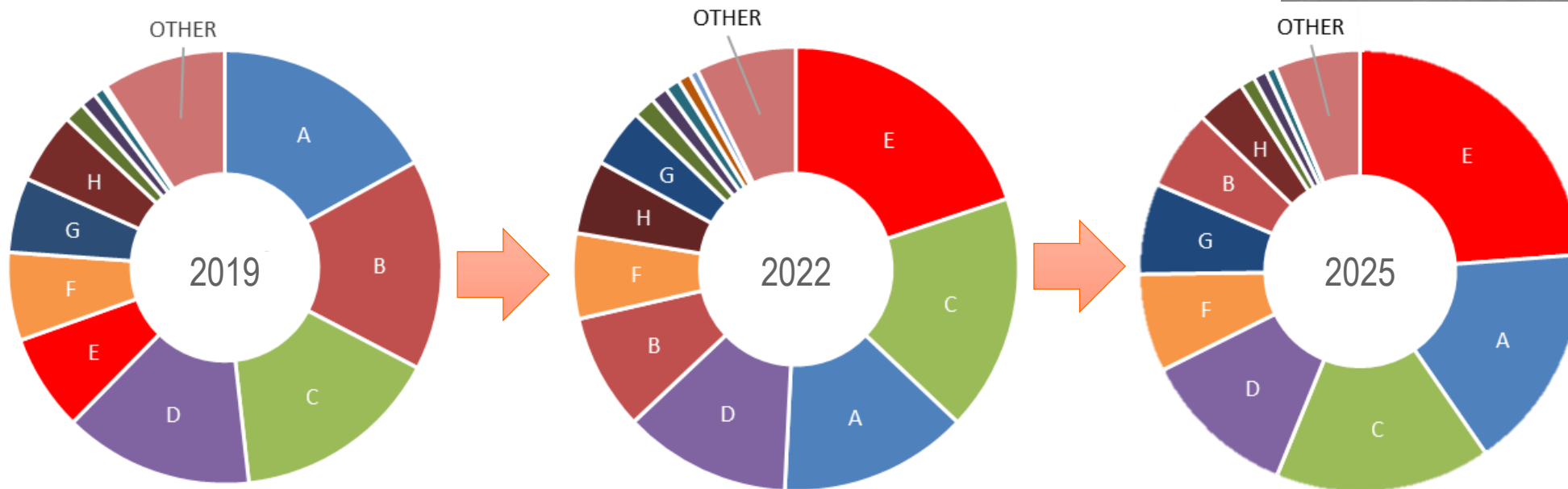


\* Electric vehicles: EVs, HEVs, PHEVs and FCVs (excluding MHEVs)

# Expanding Customer Base

## ■ Expand businesses with customers with advantage in electric vehicles while maintaining relationships with base customers

- As a partner, play a role in customers' strategy to expand sales of electric vehicles and grow together with customers
- Start business with foreign customers with advantage in electric vehicles



# Status of Enhancement of Sales of Parts for Electric Vehicles

- Orders received for parts for electric vehicles are steadily increasing. (In FY2025, around 9 times the level of FY2019)
- Orders received in a well-balanced manner for all the core parts of electric vehicles.

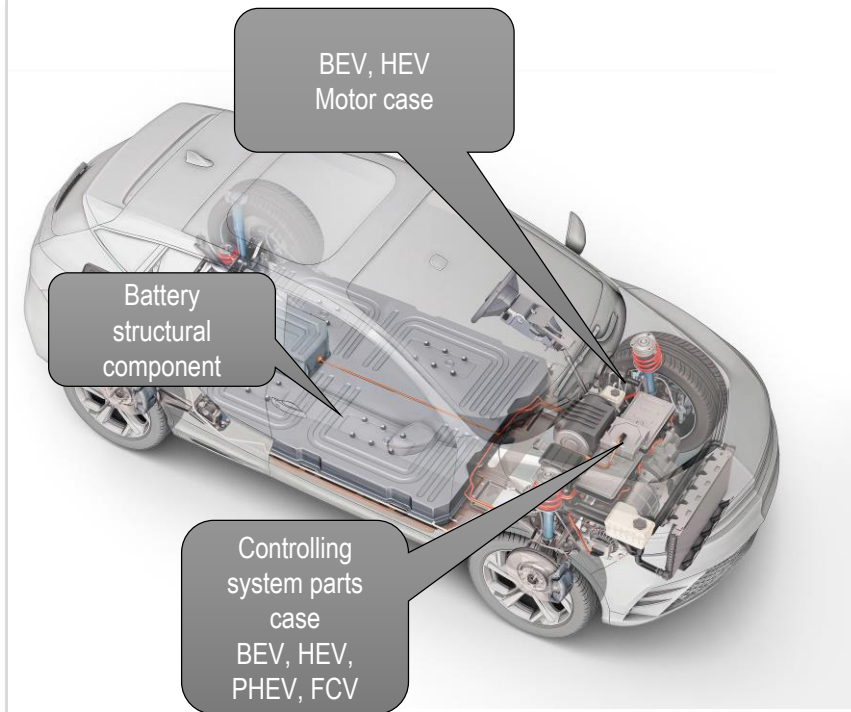
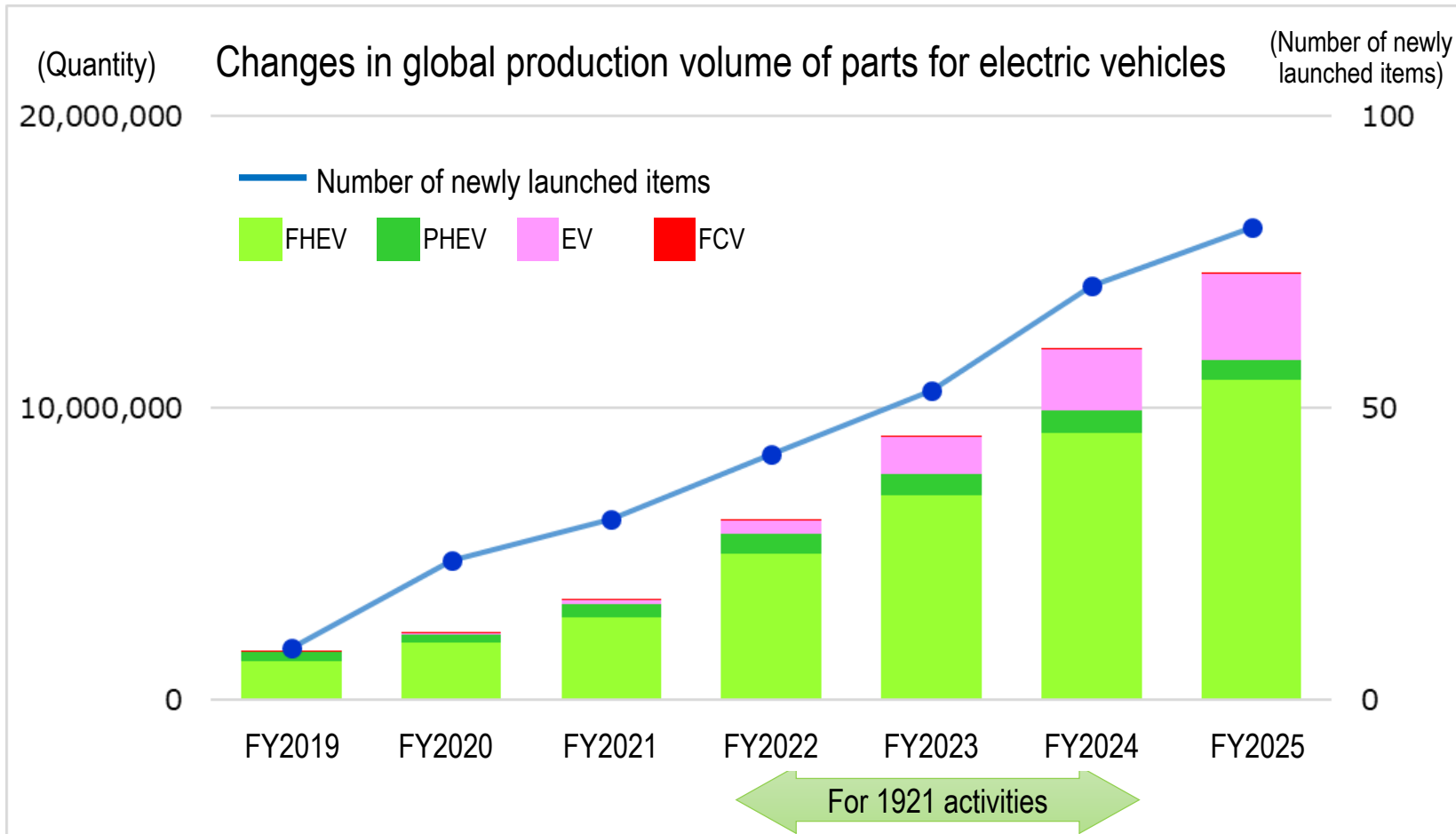
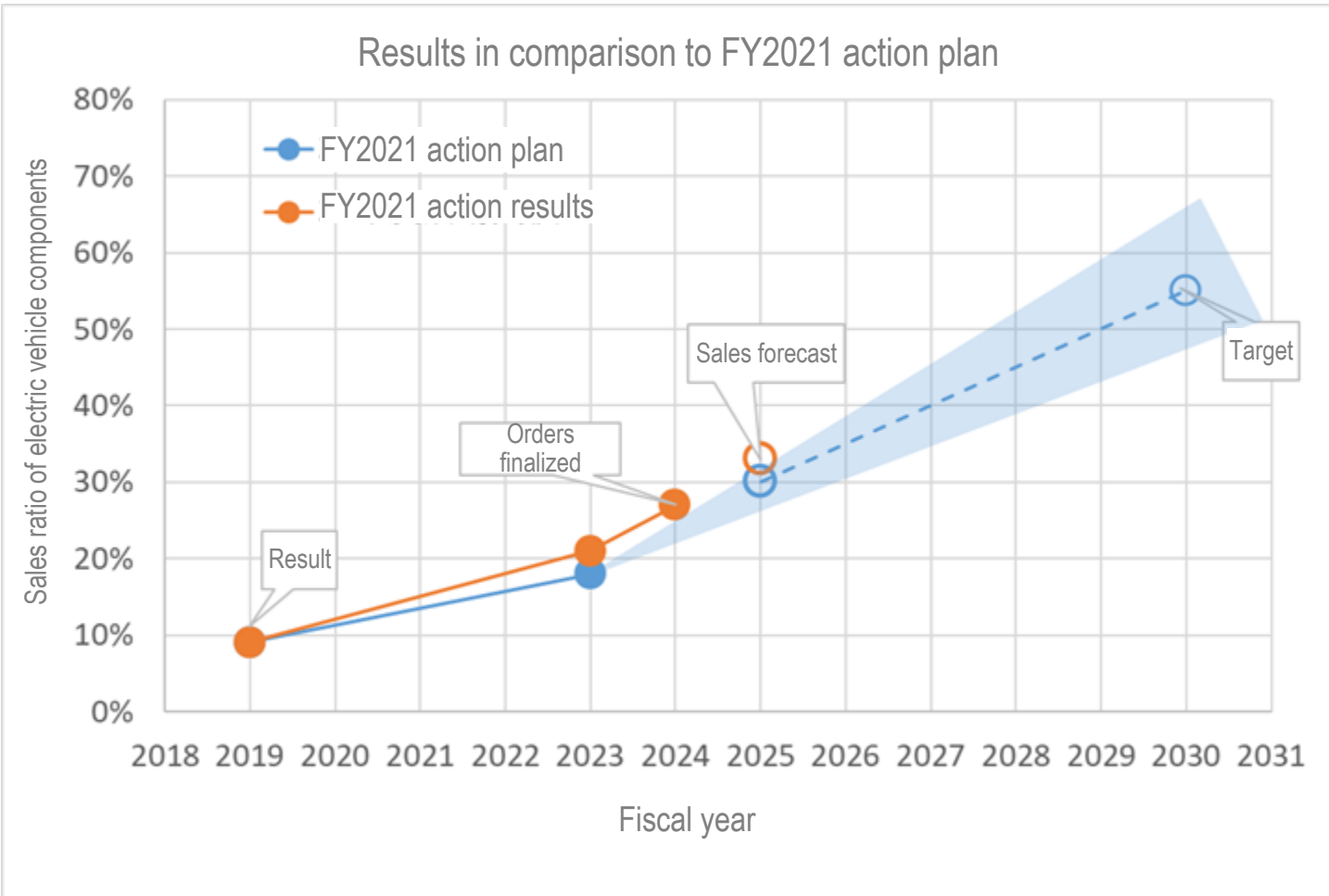
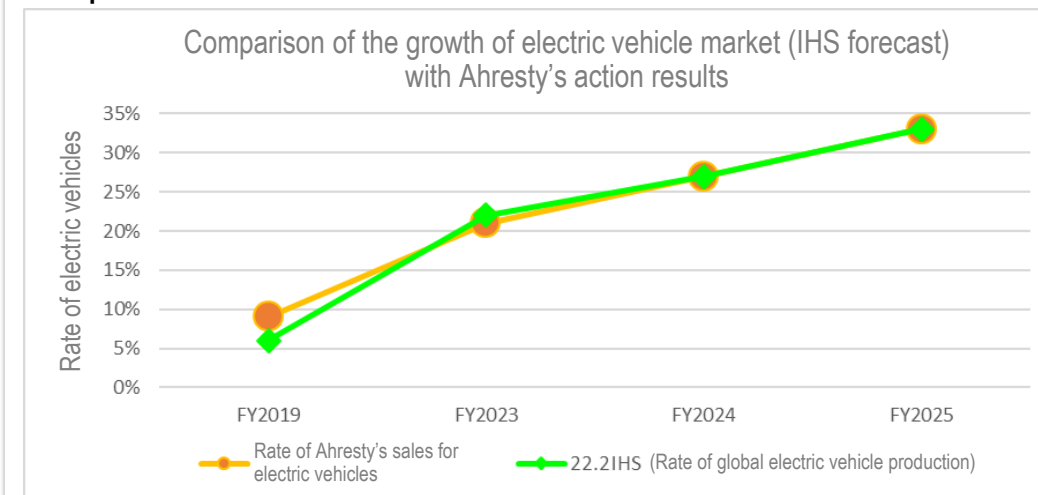


Fig.: Example of parts for electric vehicles to be mass-produced in FY2022 and beyond

# Changes in Sales Ratio of Electric Vehicle Components (Forecast and Target)

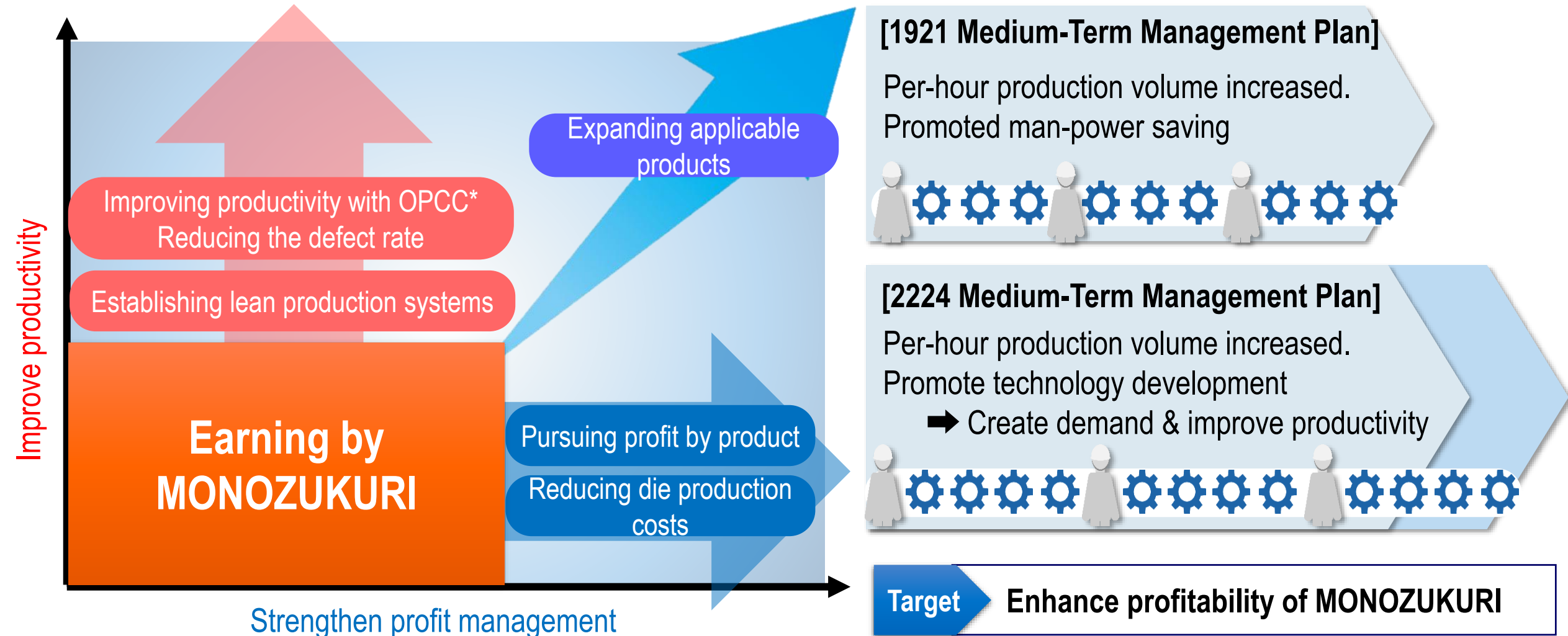


- The share of our sales for electric vehicles has reached the planned target announced at the briefing in November.
- Maintaining about the same level as the global production ratio of electric vehicles forecast by IHS, we have been keeping up with the market trend.
- The above proves that the Company's strategies have made steady achievements according to the plan. We will therefore continue them in 2224.



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# Establishing Low-cost, Highly Productive MONOZUKURI

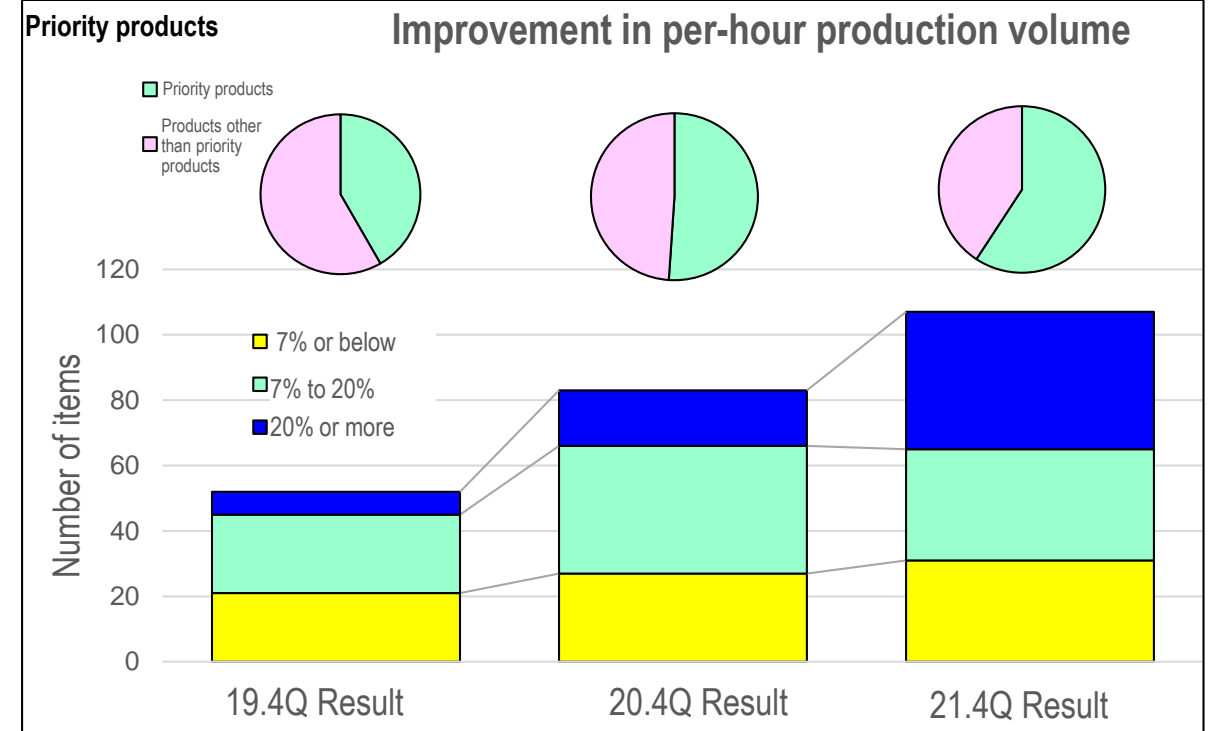
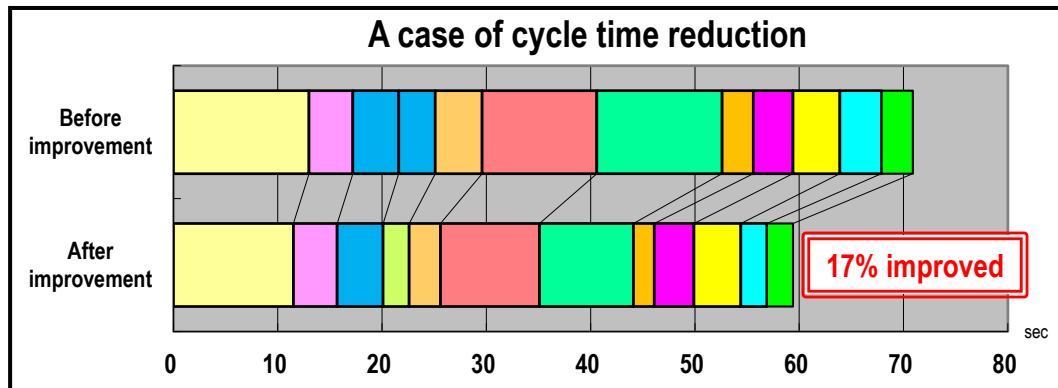
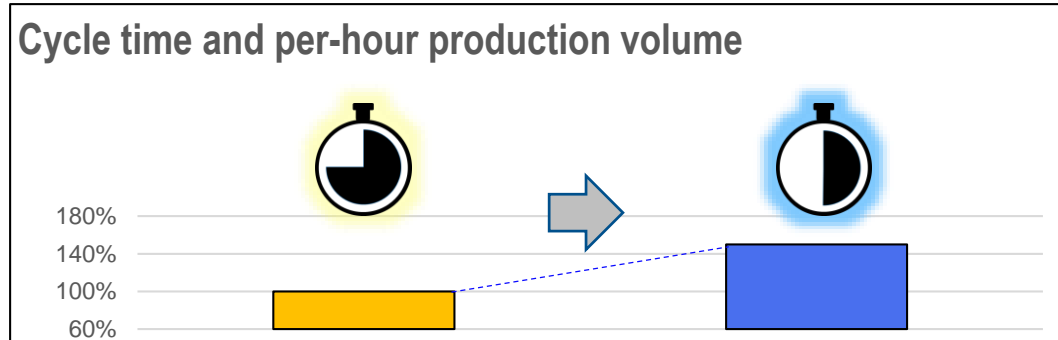


\* OPCC: Optimal Process Condition Control

# Improving Productivity

## Major common measures: Cycle time\* reduction

- ◆ Promoted activities by raising the rate of products requiring focused improvement (= priority products).
- ◆ Improvement advanced for 70% of the priority products, though a little more than 30% of them achieved the target of 20% up for per-hour production.
- ◆ Using the knowledge acquired, continuous efforts will be made in the 2224 Medium-Term Management Plan to expand the improvement effects.



\* Cycle time\*: Time required to make a product unit

# Technology Development to Create Demand

◎ Vehicle weight will increase due to electrification and improvement in safety

## ■ Contributing to weight reduction

⇒ Vehicle body/underbody parts Responding to multi-material needs

☞ Highly ductile materials, various bonding technologies

## ■ Contributing to electric powertrains

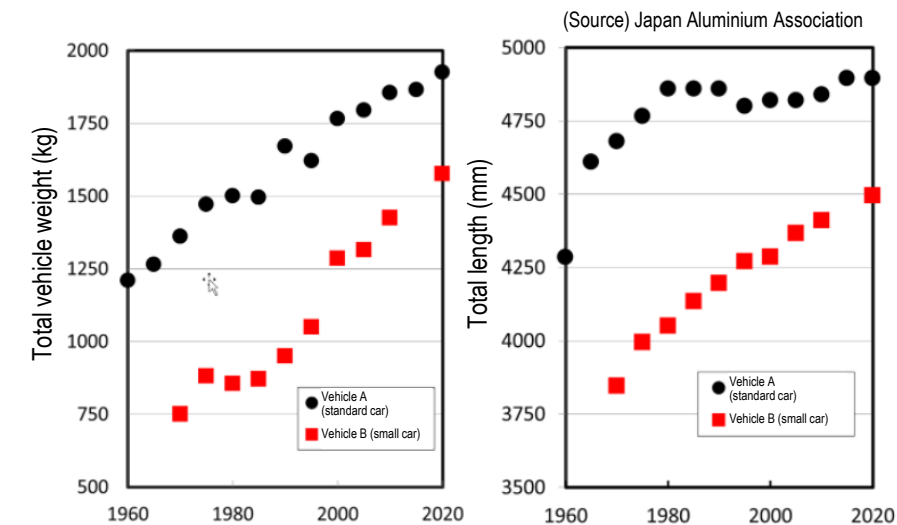
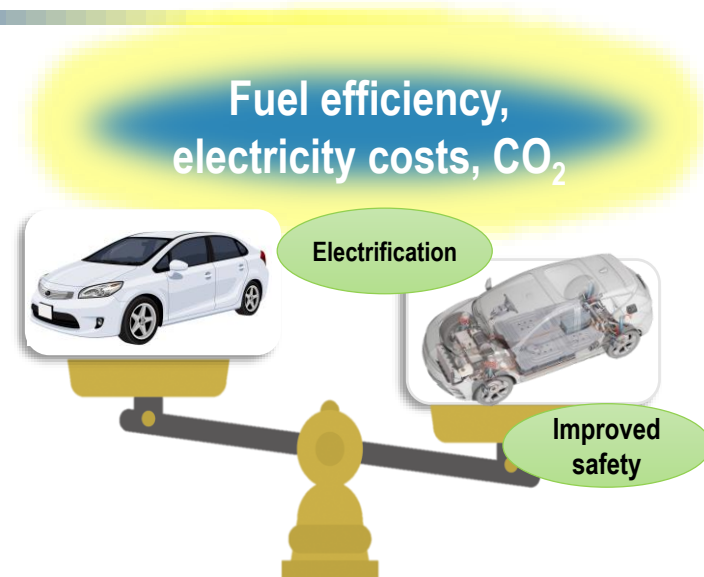
⇒ Parts for electric vehicles Responding to needs for function integration and thermal management

☞ Integration of parts functions

☞ Maximizing surface area, highly thermal conductive materials

Target

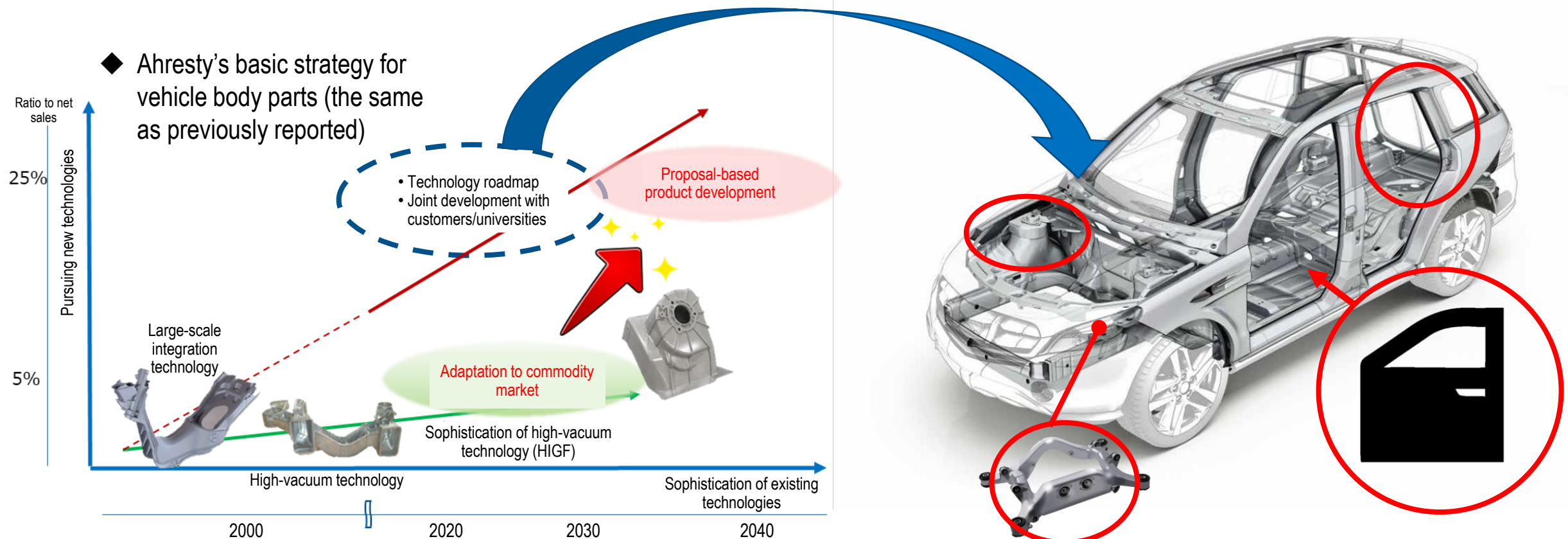
Contributing around 10 billion yen to sales in 2030



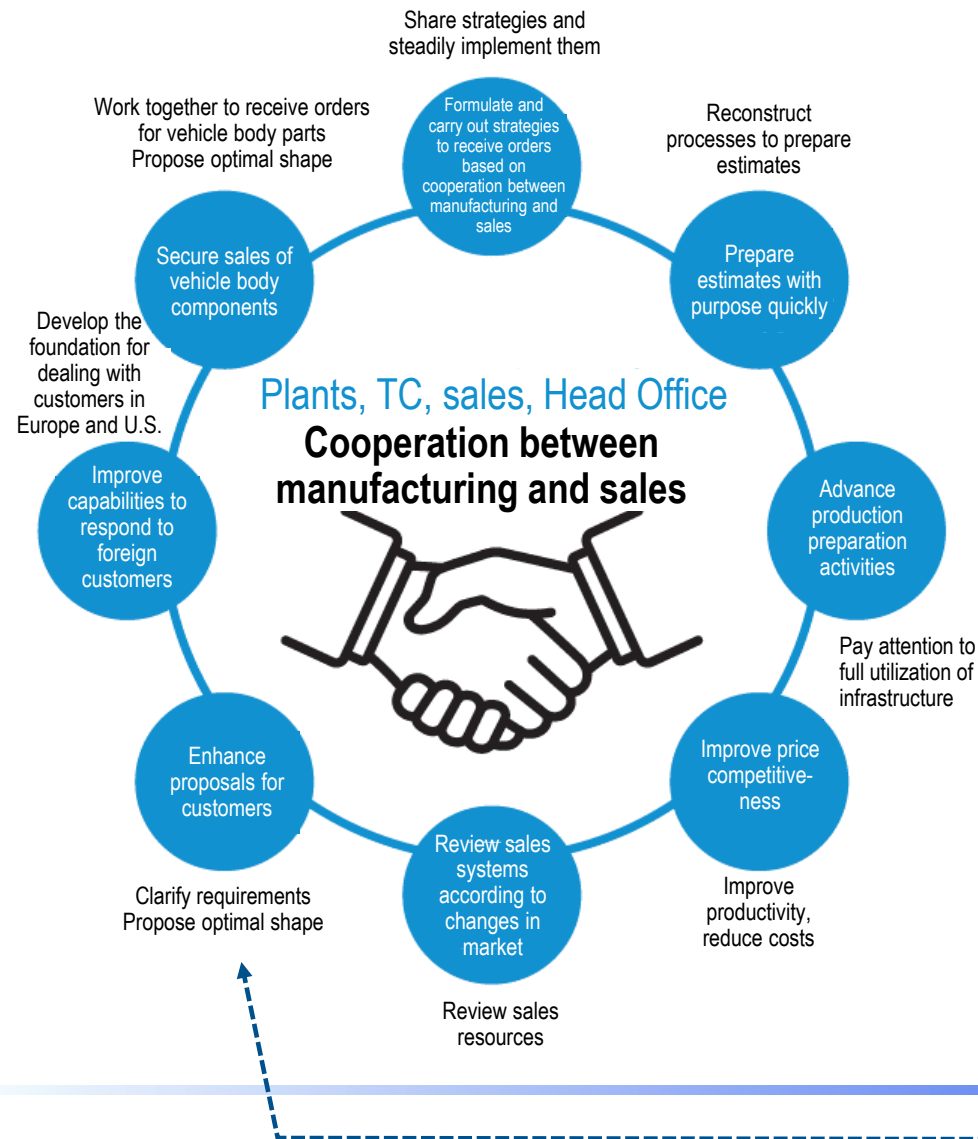
# Technology Development to Create Demand

## Efforts to acquire orders for vehicle body parts

- Aiming at a big leap in 2030 and beyond, hone skills through joint development projects and strengthen ties with customers.
- Start advanced development with customers on vehicle body parts according to the strategy.



# Enhancing Cooperation between Manufacturing and Sales



■ Enhance cooperation between manufacturing and sales to accelerate decision making, thereby responding quickly to changes in external environment.

Integrate analysis and verification functions into former Automobile Body Development Promotion Section

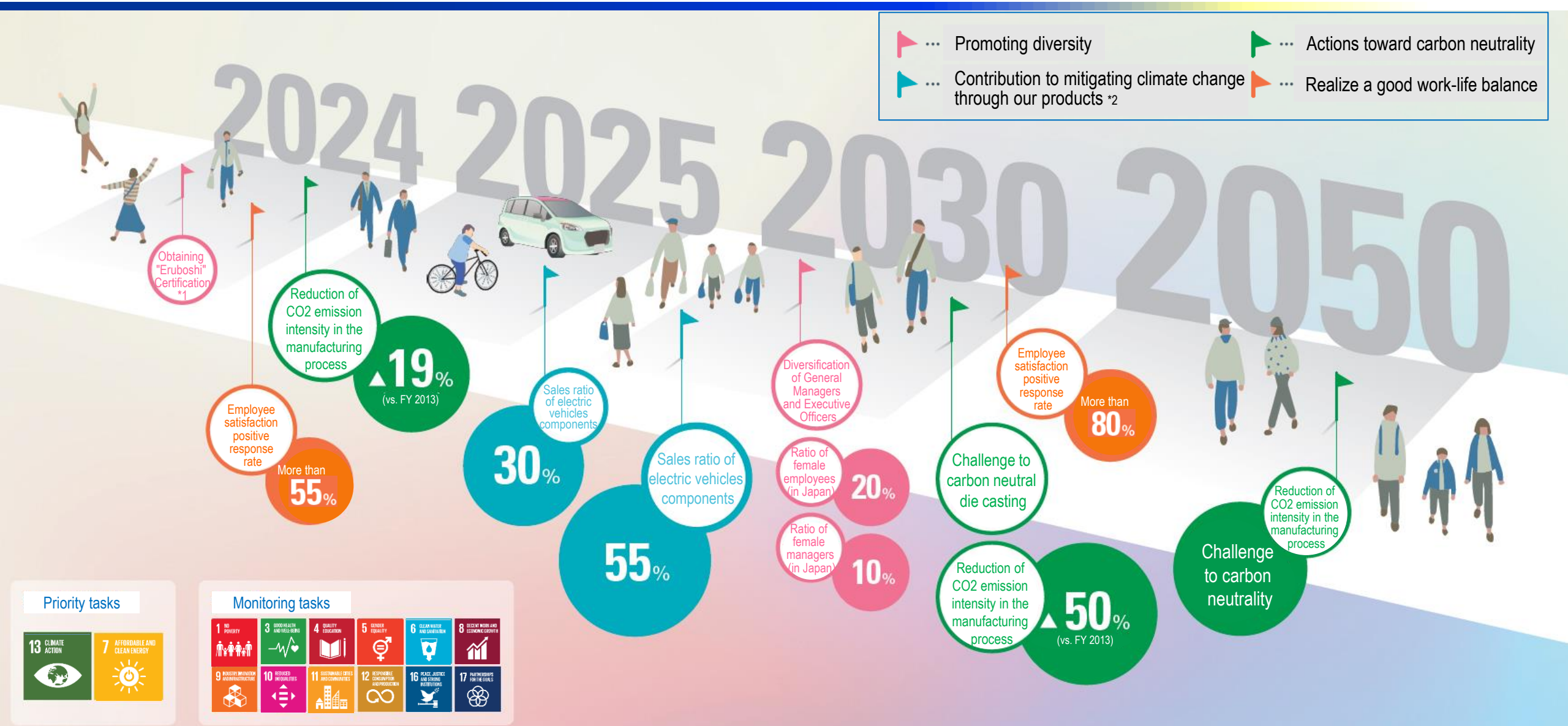
**to set up Advanced Technology Promotion Dept.**

Through approach to technologies related to electrification, weight reduction, and advanced development, provide customers with optimal die-cast proposals.

# Commitment to Sustainability

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# Sustainability Roadmap

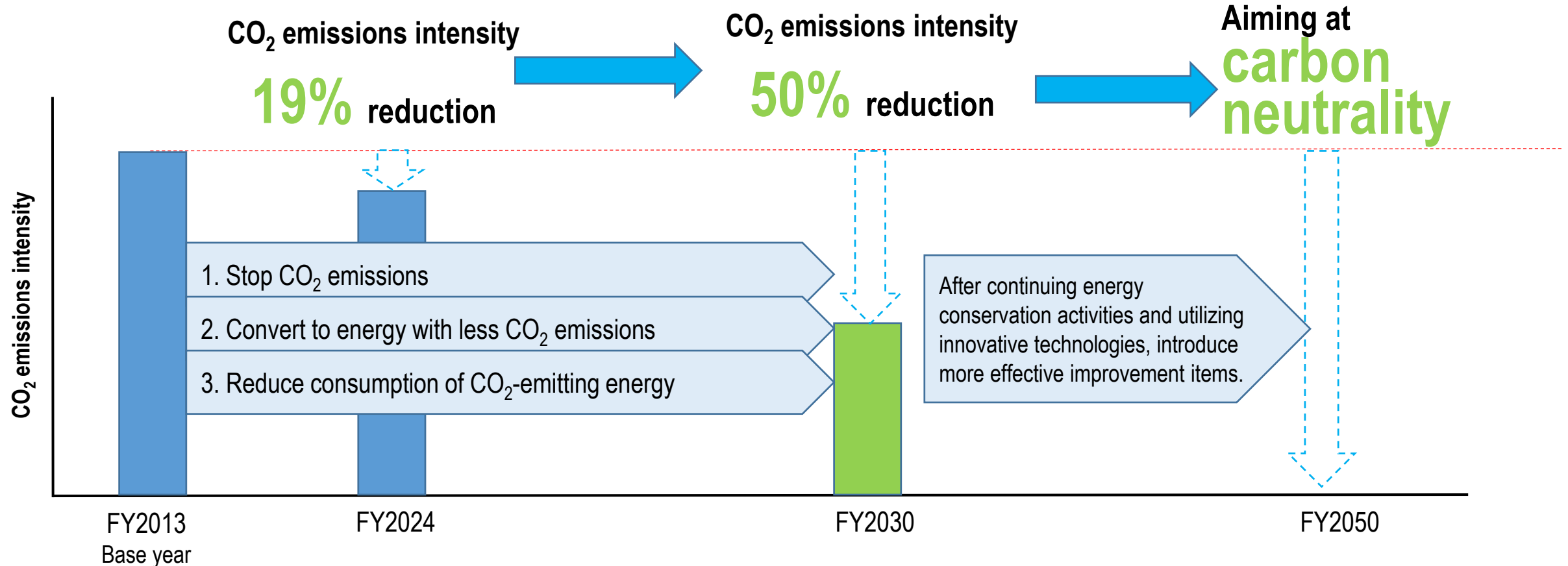


\*1: A program to certify companies that meet certain criteria based on the Act on Promotion of Women's Participation and Advancement in the Workplace and that are excellent in promoting empowerment of women. \*2: By increasing supplies of aluminum die-cast products, which are lighter than iron, the energy consumption efficiency of vehicles can be improved, contributing to the reduction of CO<sub>2</sub> emissions.

# Commitment to Carbon Neutrality -Environment roadmap-

Set target values and promote group-wide efforts to reduce CO<sub>2</sub> emissions

- ✓ Promote activities on three pillars
- ✓ Production technology development for promotion of measures



# Starting Carbon Neutral Die Casting (CNDC) Initiatives

- Aim to develop by 2030 a CNDC model line with net zero emissions which reduces CO<sub>2</sub> emissions while absorbing/removing the emitted gas.

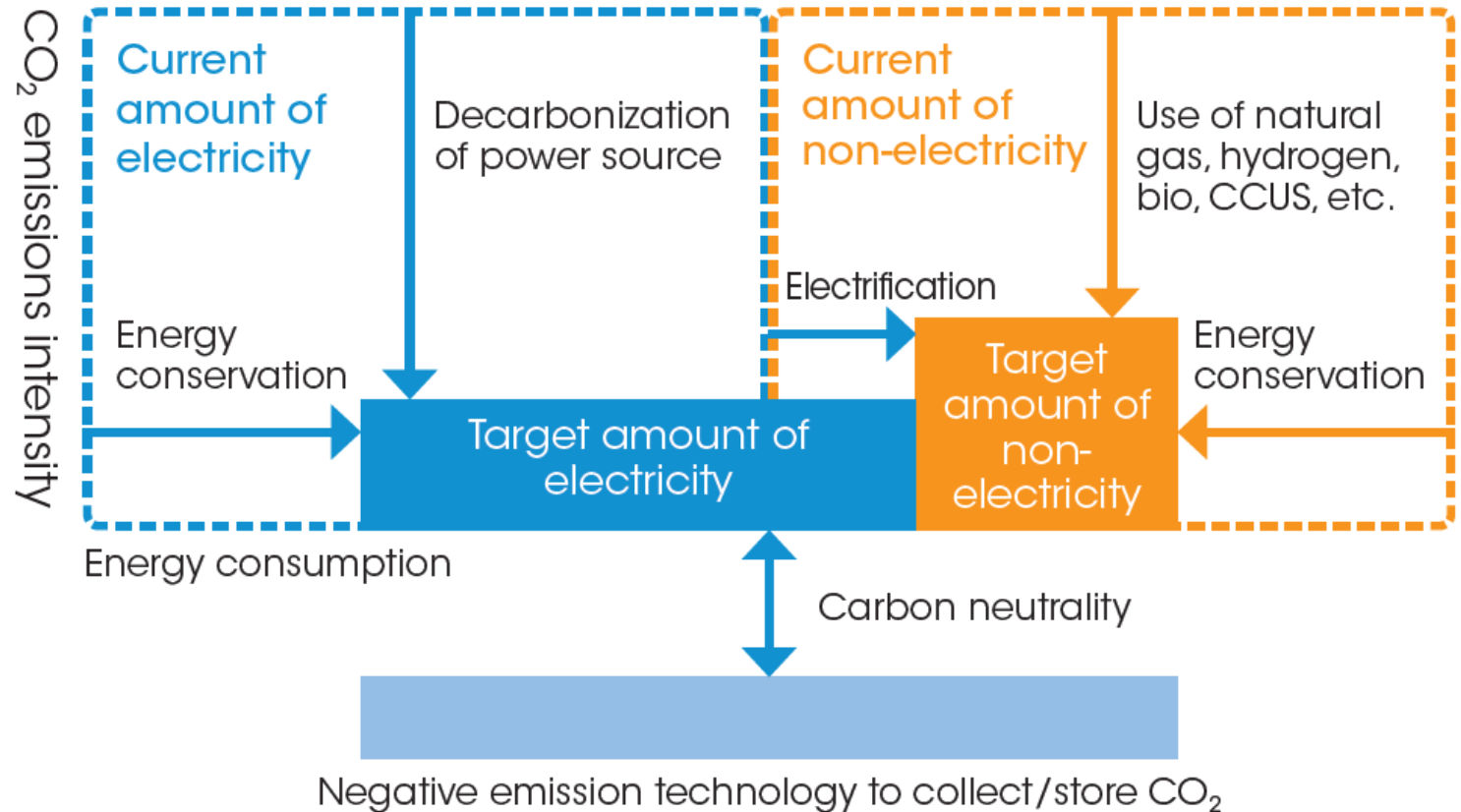
## Themes for CNDC initiatives

“Reduce CO<sub>2</sub> emissions by changing our production and manufacturing styles”

⇒ Reduce CO<sub>2</sub> generated at melting and holding furnaces and the amount of compressor electricity

“Examine the storage method for collected CO<sub>2</sub>, switch to secondary materials with less CO<sub>2</sub> emissions, etc.”

⇒ Examine the possibility of CO<sub>2</sub> collection and storage, and its usage



\* Non-electricity: energy resources other than electricity



# Casting Our Eyes on the Future

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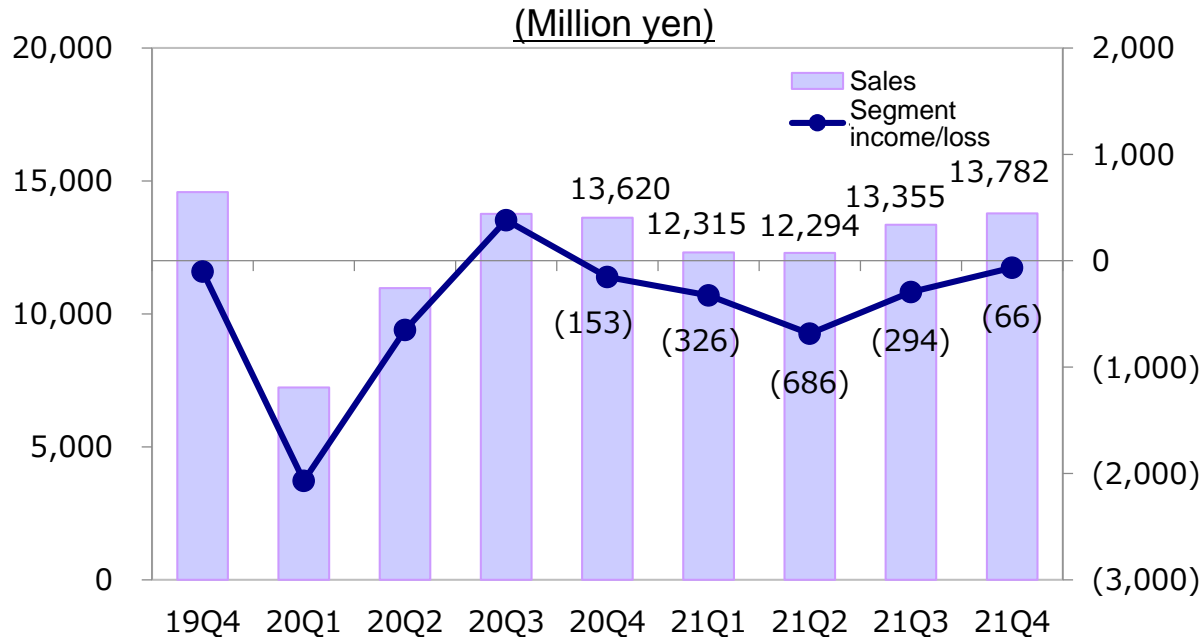
This document and what has been said in the results briefing include forecasts that the Company has made based on data available when the document was prepared. Actual results could be different from the forecasts for a range of reasons.

# Appendix

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# Die Casting in Japan

Changes in sales and segment income in Die Casting Business in Japan



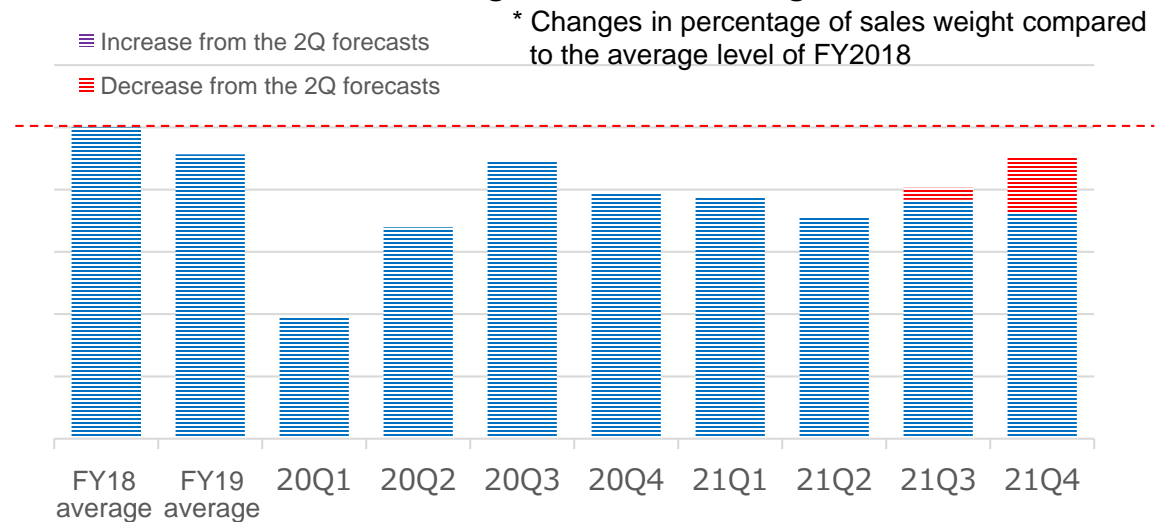
## Full year

- Sales: Increased ¥6,160 million (up 13.5% year on year), though sales weight increased 8.8%
- Income: Improved by ¥1,110 million year on year. Revenue increased along with the increase in sales weight, and the cost increase due to the impact of the increase in energy expenses was minimized by improvement in productivity.

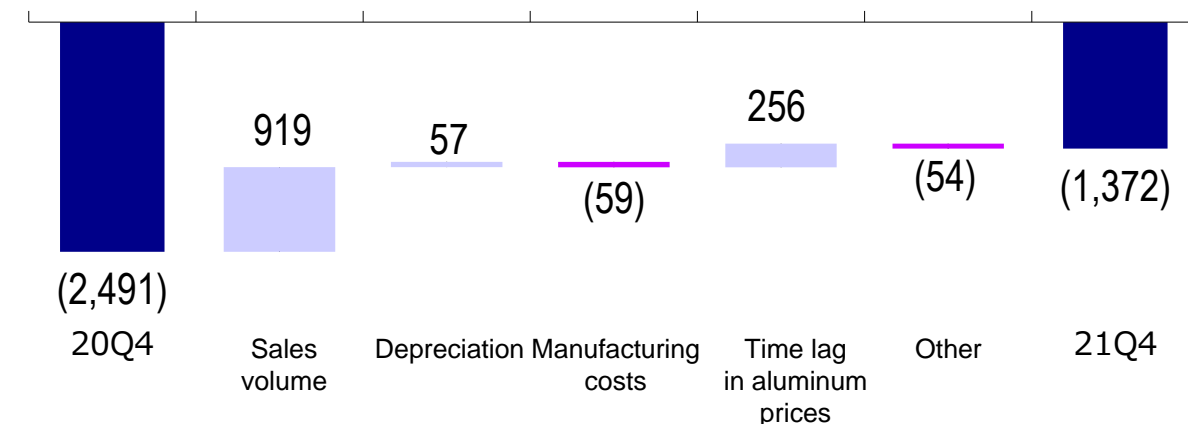
## <4Q>

- Despite expectation of recovery, sales weight declined from 3Q due to shortage of semiconductors.
- Income improved from 3Q due mainly to cost reduction efforts despite an increase in production cost due to an increase in energy costs.

Changes in sales weight

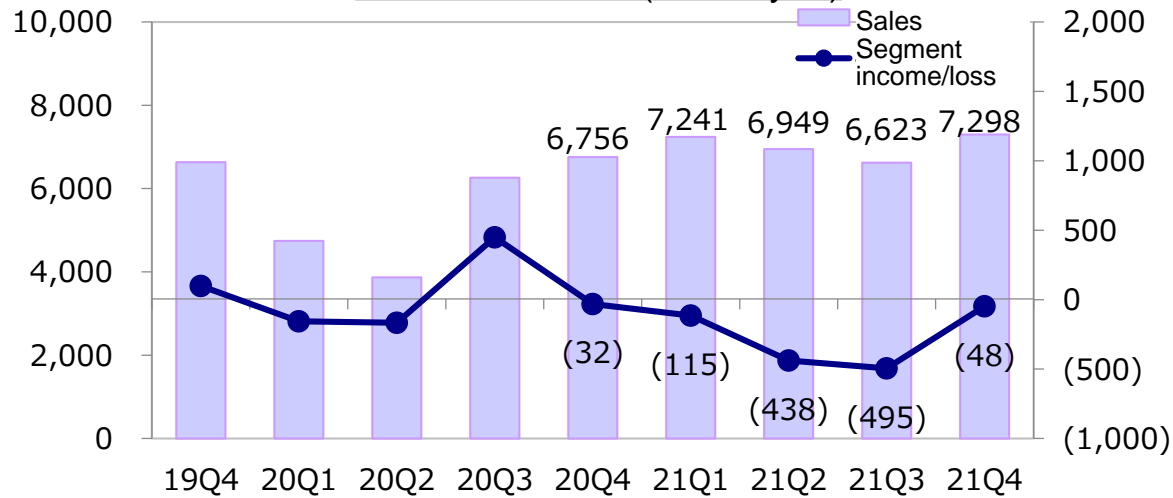


Factors behind change in segment income (Million yen)



# Die Casting in North America

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



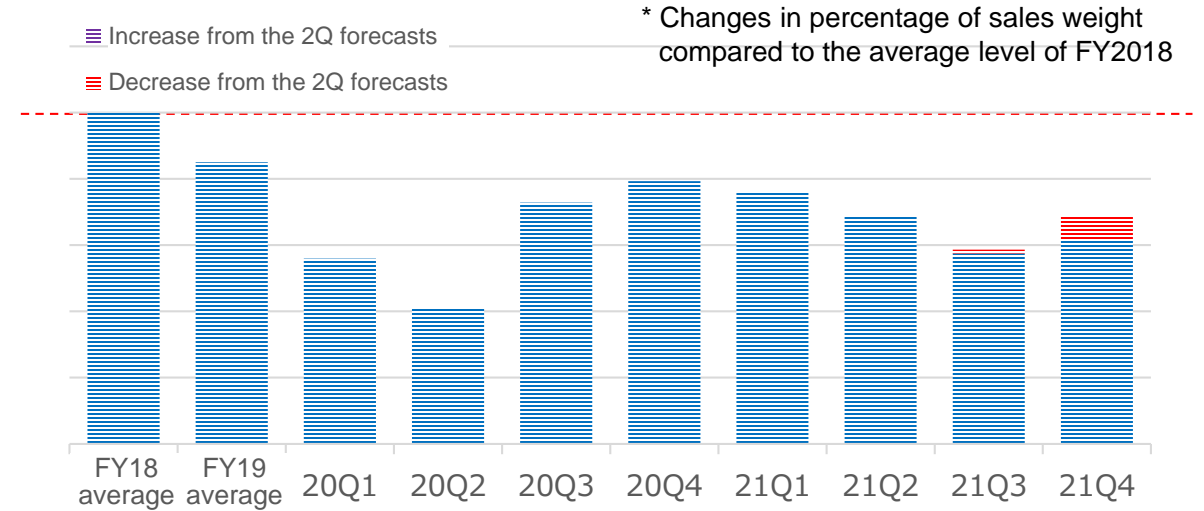
## Full year

- Sales: Increased ¥6,480 million (up 30.0% year on year), though sales weight increased 5.7%
- Income: Worsened by ¥1,190 million year on year, of which ¥550 million is attributable to a special factor resulting from extraordinary losses transferred due to the impact of COVID-19. Aluminum prices affected income.

## <4Q>

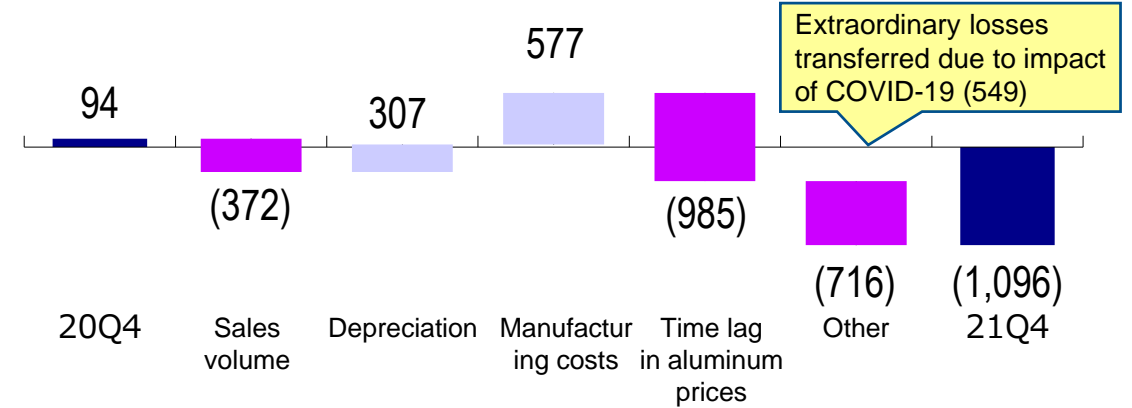
- Sales weight slightly increased from 3Q but did not reach the forecast value due to the impact of production adjustments by customers resulting from the shortage of semiconductors and other auto parts. Income improved from 3Q due to impairment loss recorded for a US plant in 3Q, cost cutting and improved productivity.

Changes in sales weight



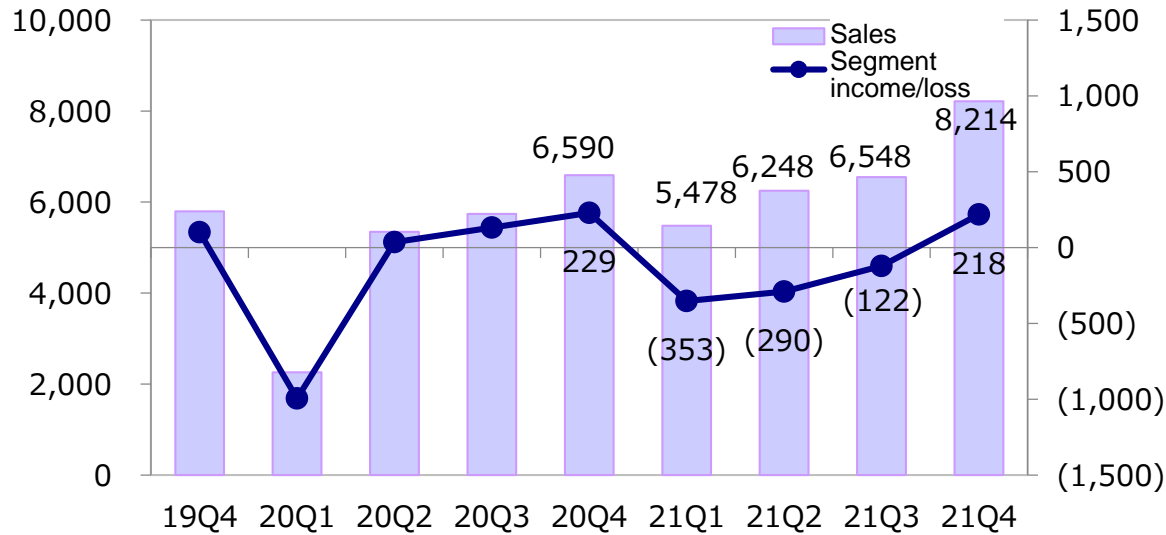
\* Changes in percentage of sales weight compared to the average level of FY2018

Factors behind change in segment income (Million yen)



# Die Casting in Asia

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



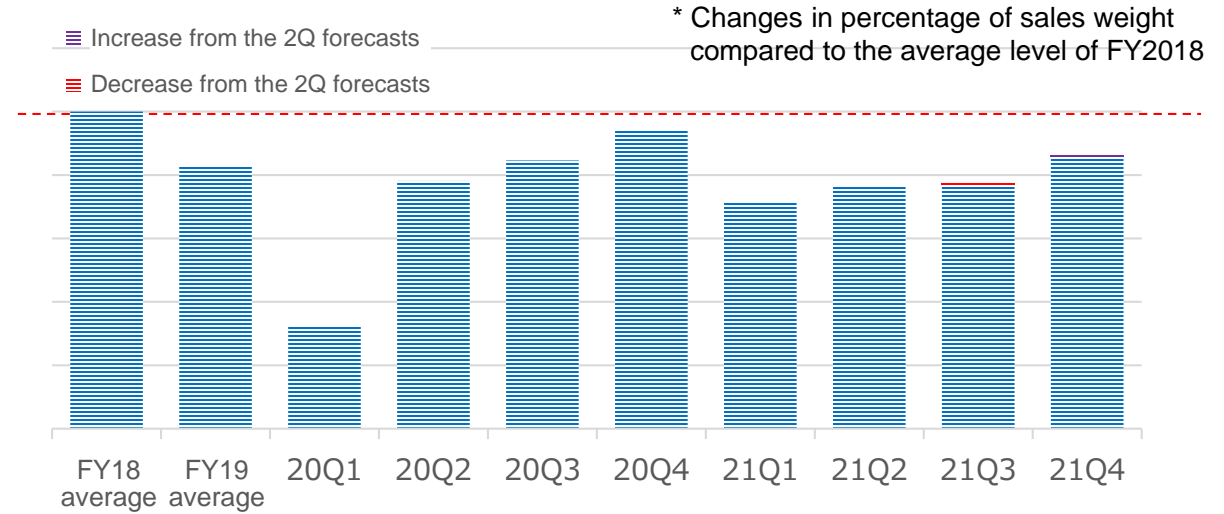
## Full year

- Sales: Increased ¥6,560 million (up 32.9% year on year), though sales weight increased 7.5%.
- Income: Despite the impact of lockdowns due to COVID-19 on our plant in India and an increase in procurement costs due to soaring aluminum prices, etc., earnings improved along with the recovery in sales volume, improvement in productivity, and other factors.

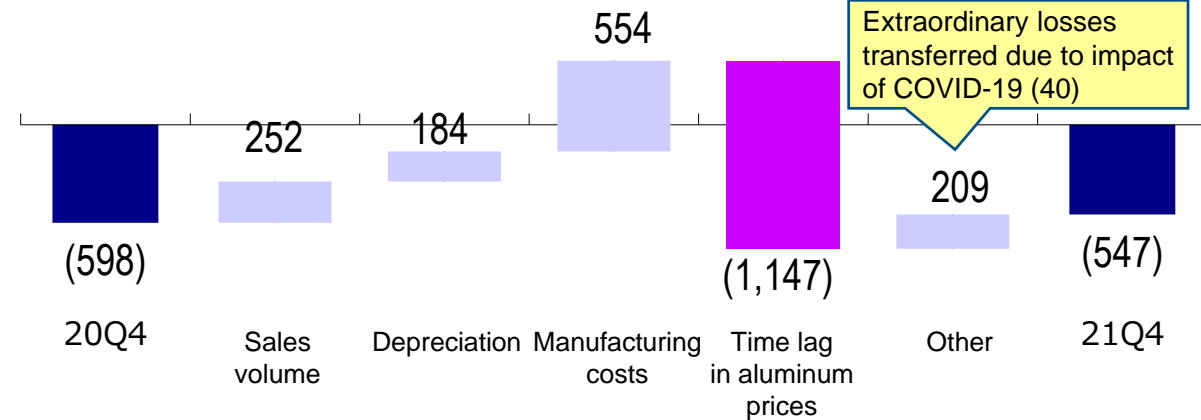
## <4Q>

- Although sales weight recovered as forecast, orders did not reach the informally noticed figure.
- Income returned to black in 4Q on a quarterly basis due mainly to the recovery in the sales volume and improvement in productivity despite the remaining impact of aluminum prices.

Changes in sales weight

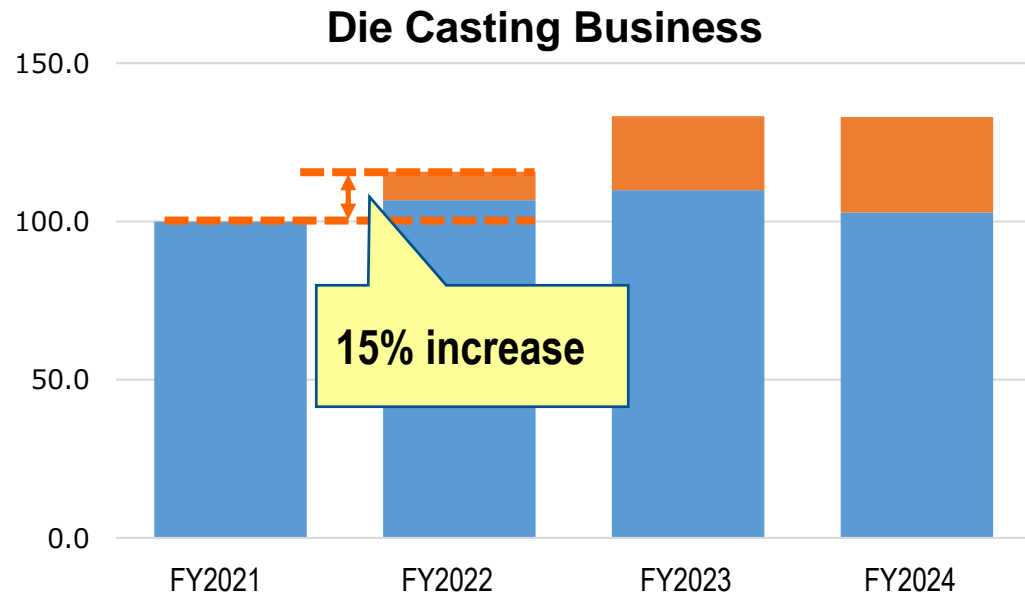


Factors behind change in segment income (Million yen)

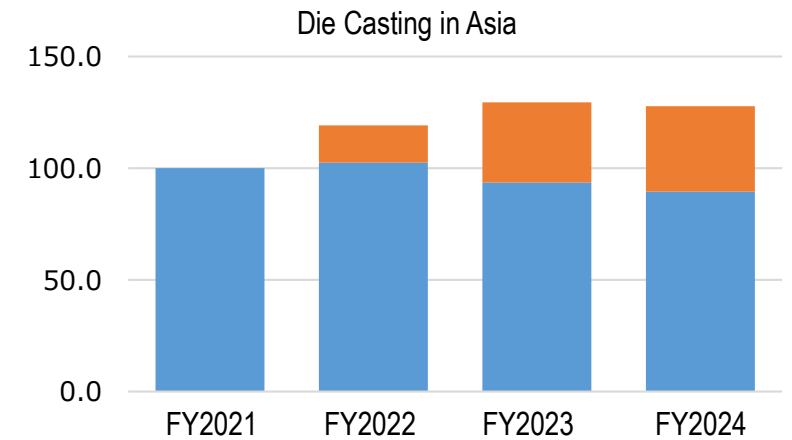
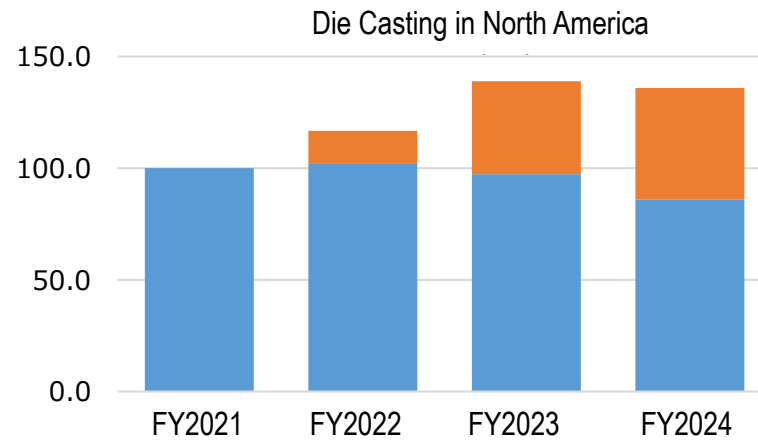
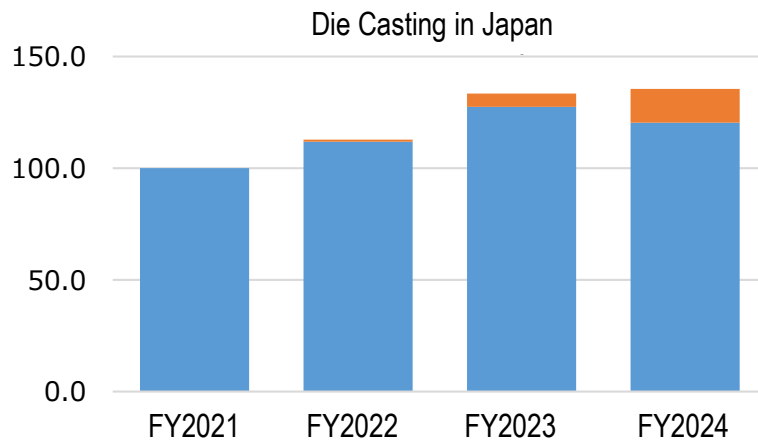


Fiscal year end: December in China; March in India  
 Exchange rate (FY20 ⇒ FY21): Chinese yuan: ¥ 15.44 ⇒ 17.03;  
 Indian rupee: ¥ 1.43 ⇒ 1.52

# Ratio of newly launched products to sales weight



- Of the 15% increase in sales weight forecast for FY2022 compared to FY2021, about 9% is due to the launch of newly ordered products.
- Sales weight of newly launched products after FY2022 is expected to increase, especially in North America and Asia.



# Achieving High Customer Evaluation

## ■ Major awards in FY2021

- ◆ General Motors Company “Supplier Quality Excellence Award”
- ◆ JATCO Mexico,S.A. de C.V. “Best Performance Award” for the 4th consecutive year
- ◆ Suzuki Motor Corporation “Overseas Contribution Award”  
for the 3rd consecutive year
- ◆ SUBARU Corporation “Excellent Quality Award”
- ◆ Nissan Motor Co., Ltd. “Appreciation for Superior Quality”
- ◆ Isuzu Motors Limited “Five Consecutive Years Special Award”
- ◆ JATCO (Guangzhou) Automatic Transmission Ltd. “Special Award”
- ◆ Guangzhou Automobile Group Co., Ltd. “Quality Cooperation Award”

