AHRESTY REPORT 2023

For the year ended March 31, 2023

Ahresty

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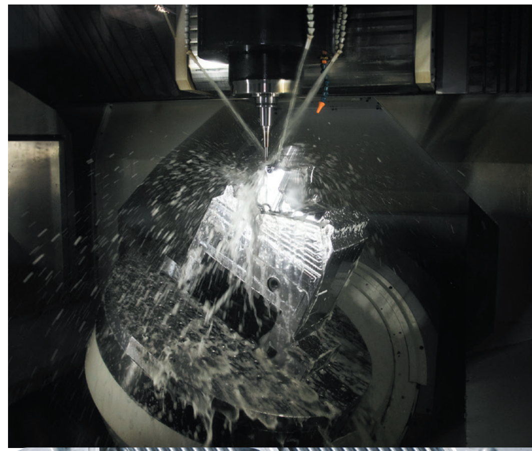
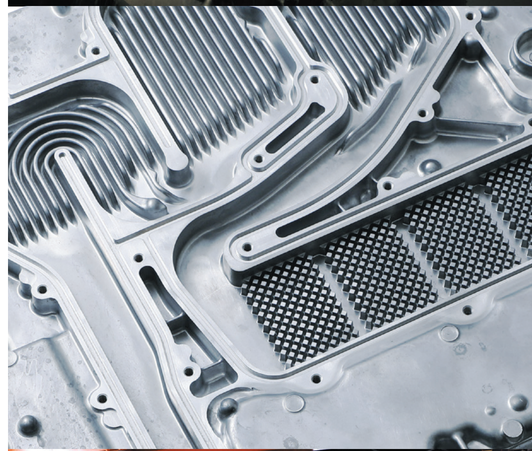




Editorial Policy

The Ahresty Report is intended to help shareholders, investors, and other stakeholders understand Ahresty's initiatives to achieve sustainable growth and enhance its corporate value by providing them with an integrated presentation of Ahresty's financial information, including management strategies, and non-financial information, including environmental, social, and governance (ESG) information. This report was compiled with reference to the "International Integrated Reporting Framework," which is recommended by the IFRS Foundation, and the "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0," which was prepared by the Ministry of Economy, Trade and Industry.

■Period Covered

Fiscal year 2022 (April 1, 2022 - March 31, 2023)

* Some of the information includes disclosure items and business activities that began in and after April 2023.

■Scope of Coverage

Ahresty Corporation and the Ahresty Group

■Cautionary Statement Regarding Future Outlook

This report contains Ahresty's plans for the future and forecasts and projections regarding its performance. Please note that actual results may differ from our projections.

Ahresty's Corporate Philosophy and Vision

Mission

RESEARCH SERVICE TECHNOLOGY

Casting Our Eyes on the Future

Purpose

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

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.

Social Issues Ahresty addresses

Priority tasks

Monitoring tasks

Ahresty's priority tasks are to achieve Goals 13 (mitigating climate change) and 7 (energy) of the Sustainable Development Goals (SDGs), the common goals of the international community decided at the UN Sustainable Development Summit, 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.

Vision

2040 Vision and Our Goal

Beyond your expectations 2040

We brighten our planet's future with our lightweight technology

Ensure your satisfaction with Ahresty

Develop pioneering technology through continuous research

Value

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.

Top Message

Representative Director,
Chairman and CEO
Arata Takahashi

Representative Director,
President and COO
Shinichi Takahashi

Directors

Representative Director,
Senior Managing Executive Officer,
Director in charge of Sales Command,
Chief of Quality Assurance Command
Naoyuki Kaneta

Director,
Managing Executive Officer,
Chief of General Administrative Command
Hideki Nariya

For Stakeholders

Looking back on FY2022 performance

Since the second half of FY2022, the semiconductor shortage and other issues have gradually eased and automobile production has recovered. As a result, our order volume increased from the second half of FY2022, and both sales and operating income improved in the second half of the year, and we were able to return to profitability in operating income for the full fiscal year. However, we recorded a large amount of impairment loss, and were not able to record a net profit. We apologize to our shareholders for this. In FY2023, the entire Group will work together to achieve a further recovery in business performance in anticipation of an increase in order volume due to the continued easing of the semiconductor shortage.

Initiatives and Progress for 2224 Medium-Term Management Plan*

Under these circumstances, we promoted the first-year plan of our 3-year Medium-Term Management Plan from FY2022 to FY2024. In particular, we worked to capture new die casting demand for electric vehicles (EVs, HEVs, PHEVs, and FCVs), thereby shifting our die casting business portfolio. We set the target of 30% for the percentage of electric vehicles parts in die casting sales in FY2025, and the number of orders received is expected to exceed the target. All die casting sites in Japan, North America, China, and India are increasing production of parts related to electrification and receiving new orders. In China, where electrification is progressing and local manufacturers are making great strides, we are aggressively expanding transactions with local manufacturers and global suppliers (Tier 1) in addition to existing customers and cultivating new demand associated with electrification.

Furthermore, in the proprietary products business (MOVAFLOR), sales to semiconductor-related facilities in China and other Asian countries remained strong. Regarding customer satisfaction evaluations (commendations from customers), we received high evaluations for quality and other aspects from four major customers in Japan, four in China, and one in Mexico. To enhance profitability through production efficiency improvement and cost reduction, we continue promoting initiatives to establish a leaner production system throughout the Group. We have completed the integration of our die manufacturing sites in Japan (Tochigi, Hamamatsu, and Kumamoto), and are also currently promoting a plan to integrate the Higashimatsuyama Plant with Ahresty Tochigi.

New Management Structure

Thanks to the cooperation and support of many customers, business partners, and shareholders, as well as the efforts of Ahresty's team members, Ahresty has grown along with the increasing demand for die cast products from automobile manufacturers and the expansion of overseas production. However, since FY2019, we had been in an unfavorable profit situation due to the impact of the COVID-19 pandemic as well as sluggish sales to some of our major customers. Although the environment was very difficult, we have built a leaner production system and integrated our domestic production sites over the past three years. Also, the market environment is finally beginning to show signs of recovery. The automotive industry is undergoing a major transformation at a fast pace. This has created new demand for die cast products. On the management side, we have begun addressing new challenges, such as carbon neutrality, the SDGs, DX and diversity. It is precisely in this period of great change that Ahresty must make a generational shift to vigorously move forward with tackling new challenges. In the past four years, we have completed a generational shift in all of our site managers, and now we have decided to make a generational change in our management team. The average age of the President and the Chiefs of the four Commands (Quality Assurance, Manufacturing, Sales, and General Administrative) has been greatly lowered. With this new structure, we will continue to grow and evolve the new Ahresty.

We sincerely ask all our stakeholders for their continued support.

* 2224 Medium-Term Management Plan: 3-year Medium-Term Management Plan from FY2022 to FY2024

Message from COO

To respond flexibly and continue to grow in the midst of constant change

President and COO
Shinichi Takahashi

I assumed the position of Representative Director, President and Chief Operating Officer of Ahresty Corporation in March 2023. I would like to express my sincere gratitude to all our stakeholders who have supported us since our founding in 1938.

The automotive industry, which had been experiencing steady growth in global demand and production, has changed dramatically over the past five years, with the COVID-19 pandemic, natural disasters, the Russian invasion of Ukraine and other factors making it difficult to predict the future. In an age of VUCA and the era of a major transformation of the automotive industry, I myself will take the initiative in taking on the challenge of continuing to grow and respond flexibly in the midst of constant change.

Carbon Neutrality

Our group is working to "improve the energy consumption efficiency of vehicles by providing aluminum die cast products" and "reduce the use of fossil fuels by improving energy efficiency, etc." The use of aluminum, which has approximately one-third the specific gravity of steel, reduces automobile weight and improves fuel and electricity efficiency. We will continue to develop technologies to manufacture lighter and stronger products. Furthermore, 97% of the aluminum that we use in production is recycled. The amount of CO_2 emissions in the production of recycled aluminum is one-fourth that of steel, and we are working to minimize greenhouse gas and CO_2 emissions throughout the entire cycle by actively promoting the conversion of energy sources during production and reducing the amount of energy used.

⇒P28. Sustainability Roadmap / Environment: An environment-friendly company

Responding to Shift to EVs

The automotive industry is now facing a once-in-a-century transformation. The most important factor affecting our company is the shift to electric vehicles (EVs). From a portfolio that has been dominated by engine and transmission parts, we are increasing the proportion of motors, batteries, and electric components, which are products for hybrid vehicles (HEVs) and other EVs. Aluminum die cast products, which have the four advantages of rigidity, dimensional accuracy, thermal conductivity, and light weight, have great potential for adoption and market expansion and are in demand amid the shift to EVs. In addition to this, we will continue to capture markets by leveraging our global production system that can respond to the rapid shift to EVs, stable quality, and attentive service. In FY2022, we began supplying battery-related structural components to China's Contemporary Amperex Technology Co., Ltd. (CATL), which has the world's largest EV battery installation volume and market share. We are also collaborating with G-TEKT Corporation, a major manufacturer of vehicle body frame components, to jointly develop next-generation vehicle body frame components using aluminum and steel, taking advantage of the strengths of the two companies.

⇒P24. Responding to Shift to EVs

Digital Innovation

It has been 10 years since the Third AI Boom began, and the use of AI has become widespread in the manufacturing industry. Factory automation systems, which until now have been interlocked solely by electronic circuits, have the potential to evolve into something more advanced with the addition of edge computing and network control. At our company, we are working to realize unmanned production by combining factory automation systems, sensing, and AI. Furthermore, we will collect data by utilizing sensing devices to promote productivity improvement by analyzing big data accumulated using statistical methods and AI. Also, in the launch of new products, we will advance our technology toward the realization of a digital twin that allows the production of conforming products from the first prototype stage through the use of simulation.

⇒P26. Digital Innovation

Diversity

Employees are the driving force behind the company's evolution and growth. We aim to be a company where employees respect each other's values and can always work actively and lively, regardless of nationality, age, or gender. We are improving work processes with a focus on ergonomics to create a workplace that is easy to work in, regardless of age or gender. Furthermore, we established a special subsidiary company, Ahresty Inclusive Service Corporation, to expand employment of people with disabilities and promote their development. In the promotion of empowerment of women, we obtained a 3-star "Eruboshi" certification from the Minister of Health, Labour and Welfare. We will promote human capital strategy and management, implementation of career support, and designing of systems to enable diverse work styles.

⇒P27. Human Resources Development and Diversity
⇒P38. Social: Development of a corporate culture in which everyone can work in good health and feel safe

Security and Safety

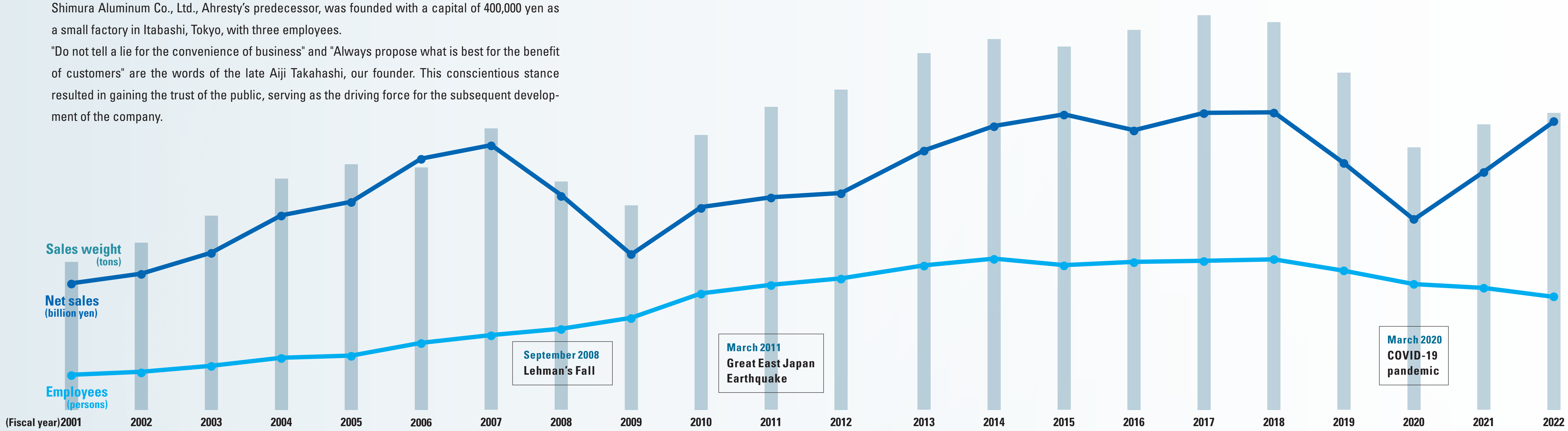
Safety is the most important and highest priority. Unfortunately, we have not been able to achieve zero accidents or injuries. However, we believe that this can be achieved through the development of safe facilities and environments and the training of people. Additionally, information security is important. We will strengthen both tangible and intangible measures to prevent accidents and injuries and create a secure and safe company.

⇒P40. Social: Development of a corporate culture in which everyone can work in good health and feel safe [Occupational Safety and Health]

The Ahresty Group as a whole will continue to take on challenges and move forward to become a company that achieves "Beyond your expectations." We would like to ask all our stakeholders for continued support and encouragement.

Ahresty's History

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.



FY2022

Sales weight
145,543 tons

Net sales
1,409 billion yen

Employees
19 sites in six countries
5,499 persons

1938- Founded

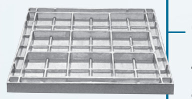
1938
Shimura Aluminum Co., Ltd., Ahresty's predecessor, founded in Itabashi, Tokyo
Started manufacturing aluminum alloy ingots, die cast products and aluminum sand mold castings.


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

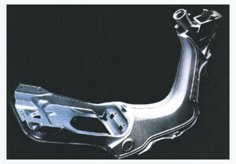
1988- Renamed Ahresty Corporation.

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 scoot-ers first time in the 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.

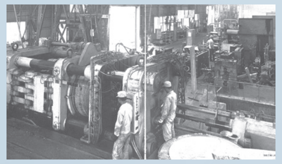
2014
Listing of the shares changed from the Second Section to the First Section of the Tokyo Stock Exchange.

2018
Celebrated the 80th anniversary.

2022
Change in listing of the shares to Prime Market of the Tokyo Stock Exchange

[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.

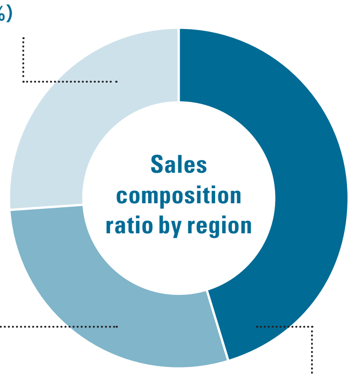
- Thai Ahresty Engineering Co., Ltd. (design / Thailand) established.
- Guangzhou Ahresty Casting Co., Ltd. (China) established.
- Ahresty Corporation merged with Kyoto Die Casting Co., Ltd.
- Ahresty Precision Die Mold (Guangzhou) Co., Ltd. (dies / China) established.
- Pascal Industry Co., Ltd. and 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.
- Merged Ahresty Die Mold Tochigi Corporation and Ahresty Die Mold Kumamoto Corporation with Ahresty Die Mold Hamamatsu Corporation.
- Merged Ahresty Pretech Corporation.

FY2022 at a glance

Die Casting Business

Net sales **129,690** million yen

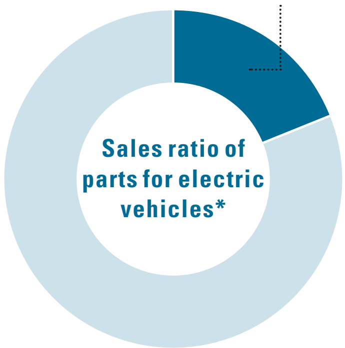
Asia
33,676 million yen
(26%)



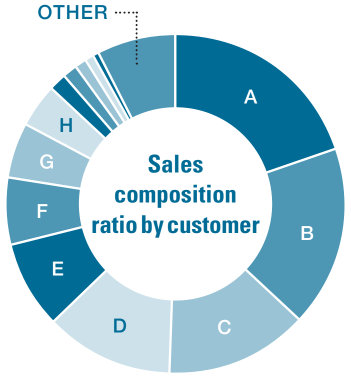
North America
36,995 million yen
(28.5%)

Japan
59,019 million yen
(45.5%)

19%



* Electric vehicles: EVs, HEVs, PHEVs and FCVs



Number of automotive parts produced annually
Approx. **35,010,000**
(Previous year: approx. 34,690,000)

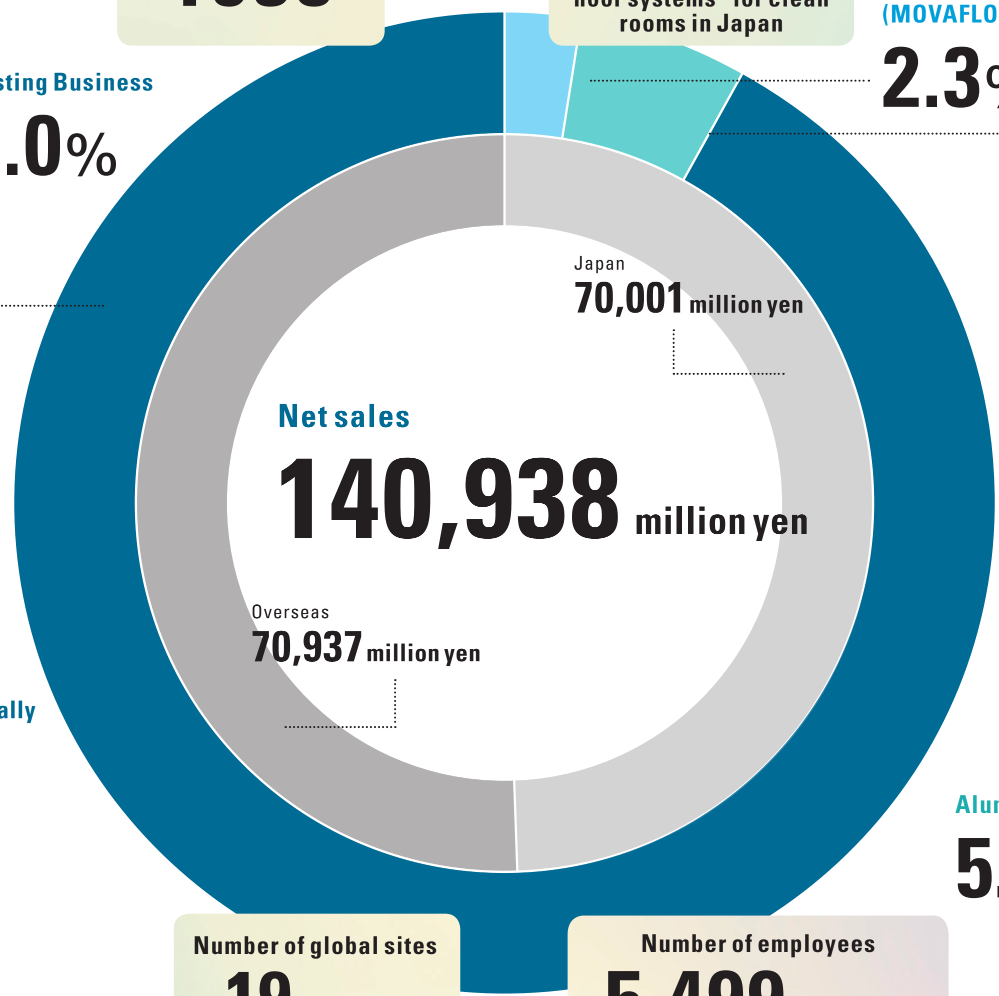
Number of die cast machines owned
Over **200** units

Including **4,000t machine**, the largest class in Japan

Founded
1938

No.1
market share for raised floor systems* for clean rooms in Japan

Die Casting Business
92.0%



Number of global sites
19 sites in **6** countries throughout the world

Number of employees
5,499 (Consolidated)
1,016 (Non-consolidated)

Proprietary products business (MOVAFLOR)
2.3%

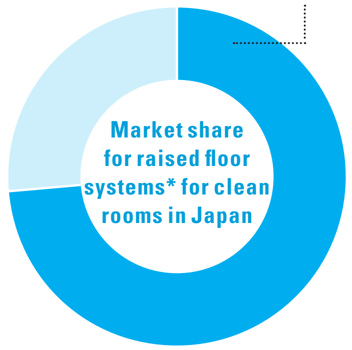
Aluminum business
5.7%

Proprietary Products Business (MOVAFLOR)

Net sales **3,271** million yen

Delivered to 47 prefectures throughout Japan!

73.8%



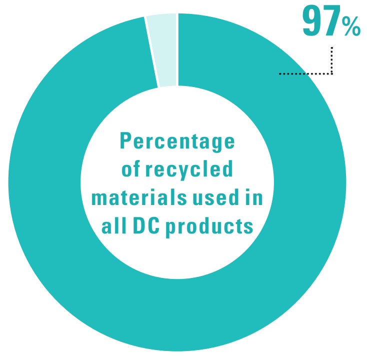
* Aluminum die-casting

Annual total floor area
Japan **136,704**㎡
Overseas **67,780**㎡

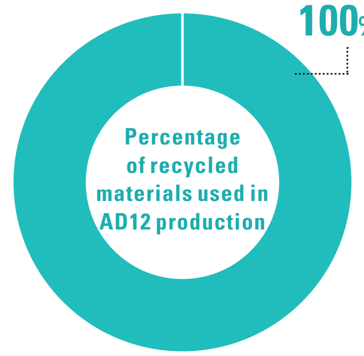
Aluminum Business

Net sales **7,975** million yen

97%



100%



Human Resources Data

Consolidated

Employee ratio
Japan 1,974 (35.9%)
Overseas 3,525 (64.1%)

Employee male/female ratio
Male 4,544 (82.6%)
Female 955名 (17.4%)

Number and male/female ratio of managers
Male 260 (89.7%)
Female 30 (10.3%)

Non-consolidated

- Employee male/female ratio: 865 (85.1%):151 (14.9%)
- Average age: 43 years and 6 months
- Percentage of female employees taking maternity leave before and after childbirth and child care leave: 100%
- Average monthly overtime hours: 10 hours 30 minutes
- Re-employment rate of employees retiring at the age of 60: 83%

Ahresty's Businesses and Strengths

Since its founding, Ahresty has mainly focused its business on manufacturing aluminum die cast products for use in automobiles. Aluminum die casting is a manufacturing process that uses aluminum, a material that is lightweight and easily recyclable, offering wide design flexibility and high productivity. We brighten our planet's future by meeting the needs of vehicle weight reduction to improve fuel and electricity efficiency, CO_2 emissions reduction, and creation of a recycling-oriented society with our lightweight technologies and global production capabilities.

Die Casting Business

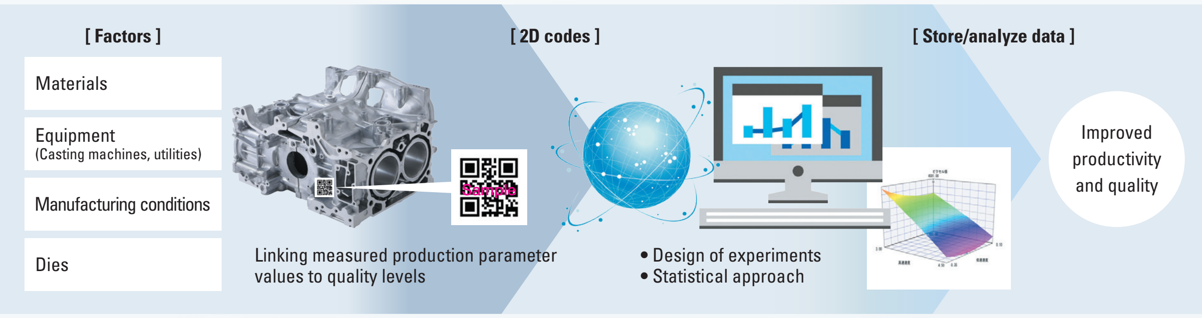
Global presence and one print for multiple locations

In addition to 11 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 produce and supply products of the same quality from a single drawing by sharing their know-how on productivity and quality and having established a system of complementary production. We respond to customer needs with the "one print for multiple locations" approach. In recent years, orders received from leading foreign automotive parts manufacturers that require global supply have been increasing.

Fully integrated production system and proprietary Optimal Process Condition Control (OPCC) technology

Ahresty has a fully integrated production system from aluminum alloy ingot production, design and manufacture of dies, casting, and machine processing to manufacture and sale of peripheral equipment for die cast production. Sensing technology is used to measure, collect, and analyze various data. We conduct OPCC activities to pursue the optimal manufacturing conditions and to improve productivity and quality at all our plants, aiming to provide superior quality products and attentive service.

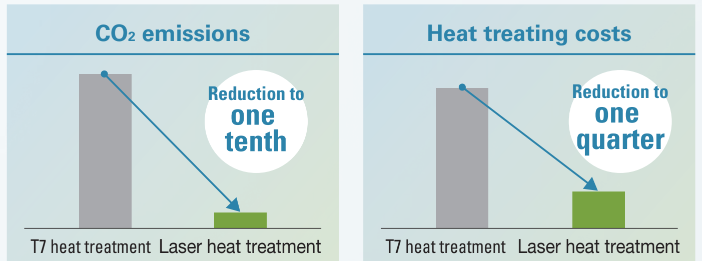
[Using statistical quality control to produce optimal manufacturing conditions]

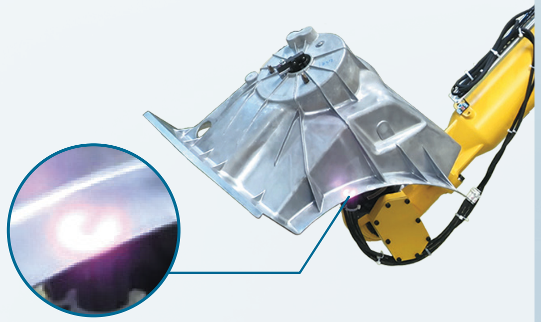


Technologies to contribute to reducing vehicle body weight and brightening our planet's future

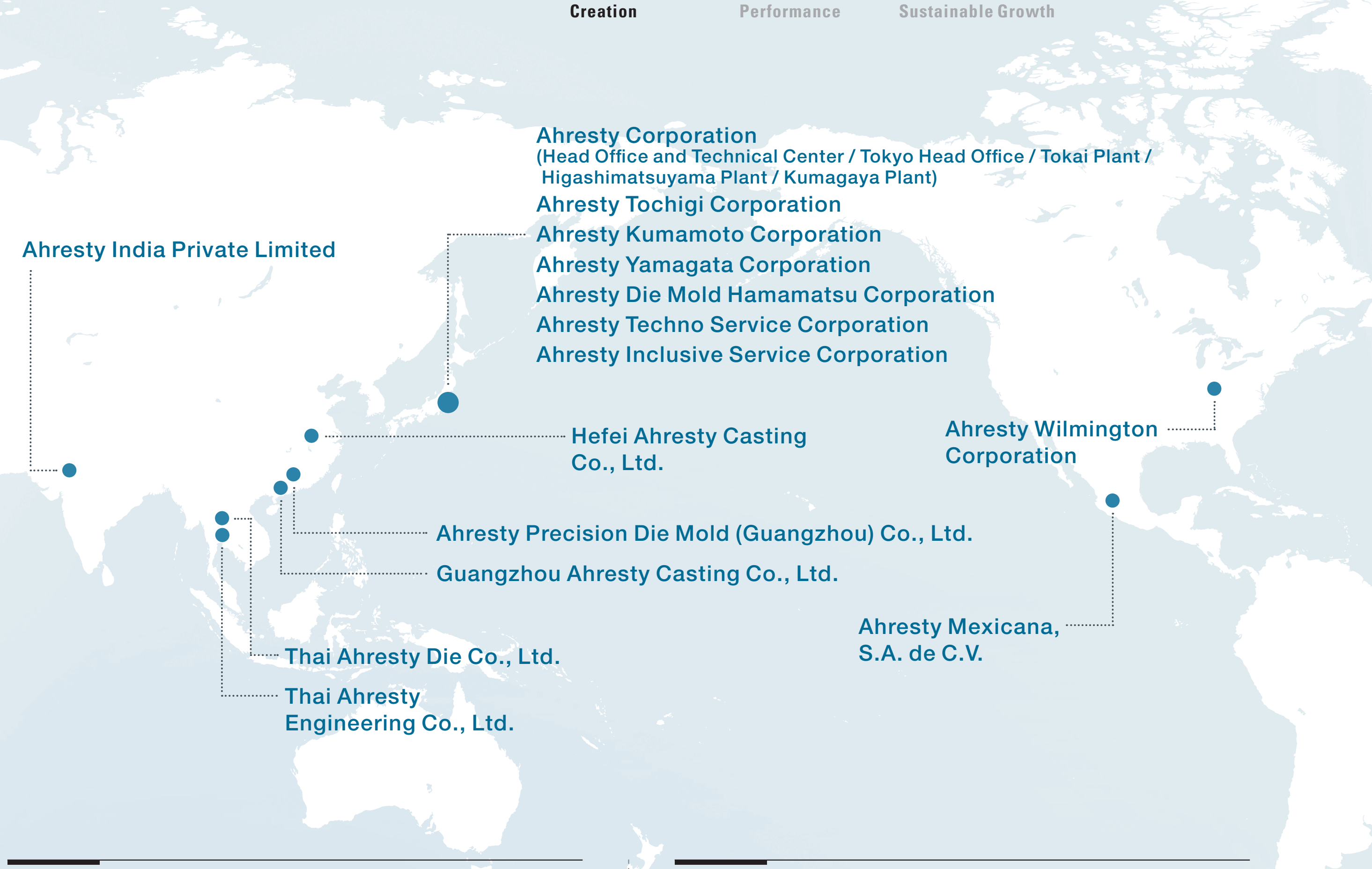
We have technologies that contribute to reducing vehicle body weight and brightening our planet's future, including the joining technology to optimally combine aluminum die castings and dissimilar materials to meet weight and strength requirements; the laser heat treatment technology to reduce CO_2 emissions in the heat treatment process to 1/10; and the joining technology to enable the production of multi-material vehicle bodies.

[Laser heat treatment technology]





Laser heat treatment of shock tower-type product



Dealing with customers across the world

Ahresty does business with customers all over the world.

[Major Customers]

- Aisin Corporation
- Isuzu Motors Limited
- Kubota Corporation
- Jatco Ltd.
- Suzuki Motor Corporation
- Subaru Corporation
- Daihatsu Motor Co., Ltd.
- Denso Corporation
- Toyota Motor Corporation
- Toyota Industries Corporation
- Nissan Motor Co., Ltd.
- Hino Motors, Ltd.
- Honda Motor Co., Ltd.
- Mitsubishi Motors Corporation
- Yamaha Motor Co., Ltd.
- Yanmar Holdings Co., Ltd.
- Univance Corporation
- Yamada Manufacturing Co., Ltd.
- BorgWarner Inc.
- MAGNA Powertrain de Mexico S.A de C.V.
- Shanghai Volkswagen Co., Ltd.
- Guangzhou Qisheng Powertrain Co., Ltd.
- Contemporary Amperex Technology Co., Ltd.

Evaluation by Customers

[Major Awards]

- Award of Appreciation for Excellence (quality category) from Honda Motor Co., Ltd.
- Certificate of Appreciation for Excellent Quality from Nissan Motor Co., Ltd.
- Certificate of Appreciation from Yanmar Global Expert Co., Ltd.
- Regional Special Award from Jatco Ltd.
- Best Performance Award from Jatco Mexico, S.A. de C.V. for five consecutive years
- Special Prize from Jatco (Guangzhou) Automatic Transmission Ltd. for two consecutive years
- Quality Improvement Award from Toyota Motor (Changshu) Auto Parts Co., Ltd. and Toyota Motor Engineering & Manufacturing (China) Co., Ltd.
- Excellent Supplier Award from Dongfeng Liuzhou Motor Co., Ltd. for two consecutive years
- Quality Cooperation Award from Guangzhou Automobile Group Co., Ltd.
- Honda Environmental & Sustainability Award from Honda Development & Manufacturing of America, LLC

Properties and environmental advantages of aluminum

Aluminum's specific gravity is 2.71, which is one-third of that of steel. Increasing the use of aluminum for auto parts may therefore contribute to reducing the weight of vehicles. Also, for 97% of Ahresty's products, secondary aluminum alloy generated by recycling aluminum scrap is used. CO_2 generated in production of the secondary alloy is about one-fourth that for steel. By taking advantage of the excellent environmental properties of aluminum to reduce the weight of vehicles, we will contribute to climate change mitigation.

Aluminum Business

Ahresty produces approximately 40 types of aluminum alloy ingots, including those for die casting (AD series) and casting (AC series) as well as those for special applications. We produce aluminum alloy ingots under strict quality control from raw materials, such as virgin aluminum ingots and additives, as well as aluminum cans and window frames and scrap from disassembled cars collected from all over Japan, and offer industrial ingots of excellent quality.

Development of alloys suited to customer needs with accumulated data and know-how

Ahresty conducts component analysis on its own. We develop and manufacture alloys suited to the characteristics and needs of our customers based on the analysis data that we have collected and accumulated, as well as our own know-how.

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.

⇒P30. Environment:
An environment-friendly company

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Manufacture and sale of peripheral equipment for die cast production

Ahresty Techno Service Corporation manufactures and sells peripheral equipment for die cast production based on the needs of manufacturing sites, such as enhancement of quality and productivity, improvement of working environment and energy saving, and consideration for the global environment. The company supports the evolution of Ahresty's die casting technology with an integrated system that covers equipment design, manufacturing, and installation based on technologies improved and developed through close relationships with manufacturing sites.

No.1 share of the domestic market for die cooling equipment
Peripheral equipment supporting the evolution of die casting technology

Our flagship product, the Jet Cool System series, has the largest share of the domestic market for die cooling equipment. It is also used by many overseas die-casting manufacturers. We offer a variety of models to accommodate different die sizes, number of dies to be cooled, and multiple cooling patterns to meet the needs of our customers, including a model that circulates cooling water for use in regions with unstable water environments.

Jet Cool System (JECSS-M100)

Proprietary Products Business (MOVAFLOR)

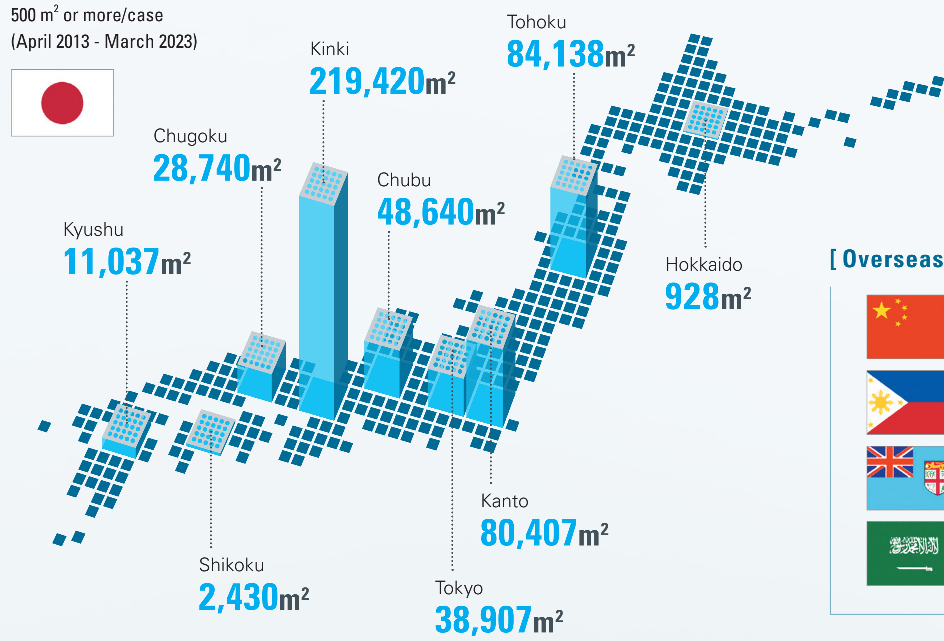
In 1962, Ahresty developed and began marketing "MOVAFLOR," Japan's first aluminum die cast raised floor system. A raised floor system is a double-floor system in which wiring and piping are placed under the floor. Raised floor systems are widely used in general offices, hospitals, and other facilities, and Ahresty is particularly focused on those for clean rooms in semiconductor production plants and computer rooms.

Delivered to a wide range of customers in all 47 prefectures of Japan from Hokkaido to Okinawa Prefecture

MOVAFLOR is delivered to all 47 prefectures of Japan from Hokkaido to Okinawa Prefecture, and is widely used in clean rooms, computer centers, plants, offices, etc.

[Domestic delivery record]

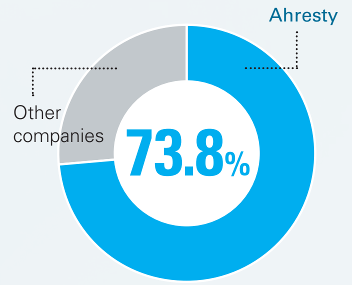
500 m² or more/case
(April 2013 - March 2023)



[Overseas delivery record]

No.1 share for raised floor systems for clean rooms in Japan
Expanding sales in China and other Asian markets

We have maintained the No.1 share of the domestic market for aluminum die cast raised floor systems for clean rooms for more than 10 years. We have received an order for a large-scale clean room project also in China, working to expand sales in the Asian market.



No.1 market share for raised floor systems* for clean rooms in Japan (FY2022 results)

* Aluminum die cast

[Main results in 2022]

Yokkaichi Plant of Kioxia Corporation, a major semiconductor manufacturer, Kitakami Plant of Kioxia Iwate Corporation, etc. (approximately 180,000 panels in total)

Kitakami Plant of Kioxia Iwate Corporation

Ahresty's Value Creation Process

INPUT

Financial capital
Equity attributable to shareholders of Ahresty Corporation: 56.5 billion yen

Human capital
Employees: 5,499 persons

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

Intellectual capital
Technologies and know-how accumulated since founding

Social capital
[Major customers]
Over 330 companies in 9 countries
[Major suppliers]
Over 370 companies

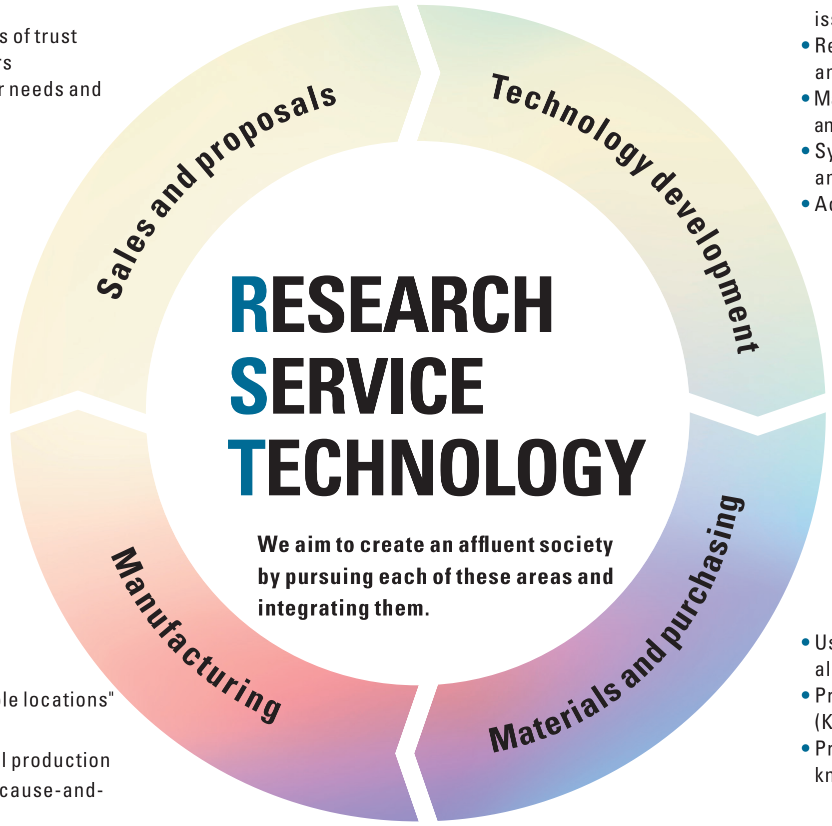
Natural capital
[Water]
746,530m³
[Electricity]
291,270Mwh
[Fuel oil]
12,103KL
[Gas]
14,769 thousand m³

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

Business activities and business models

- Strong relationships of trust with good customers
- Capturing customer needs and making proposals

- Realizing customer needs through joint development
- Technological proposals to help solve issues of customers
- Research and development of materials and production methods
- Material property assessments, observation and analysis of various phenomena
- System that drives meticulous design and analysis
- Achieving optimal shapes through CAE



- "One print for multiple locations" production system
- Establishing optimal production conditions through cause-and-effect management
- Support structure for highly productive manufacturing processes
- Strong partnerships with suppliers

- Use of environment-friendly recycled aluminum
- Production within the Group (Kumagaya Plant)
- Production know-how, accumulated knowledge and data

Business structure supporting Die Casting Business

Aluminum ingot	
Dies	Peripheral equipment

OUTPUT

Products and services
- **Automotive parts**
- **Raised floor systems**
- **Aluminum alloy ingots**
- **Peripheral equipment for die cast production**
- **Die casting dies**

Financial results
- **Cash flow creation**
- **Increase in ROE**
- **Increase in stock price, market capitalization and TSR**
- **Retained earnings for investment in growth**
- **Maintenance of stable rating**

Society and environment
- **Reduction of materials and energy consumption by improving manufacturing processes**
- **Advancement of diversity and inclusion in human resources**
- **Increase of compliance awareness**
- **Avoidance of use of conflict minerals, etc.**

OUTCOME

We brighten our planet's future with our lightweight technology

Ensure your satisfaction with Ahresty

Develop pioneering technology through continuous research

Customers
Employees
Partners
Shareholders, investors
Local communities
Global environment

Sustainable growth

Enhancing Ahresty's strengths
⇒P14. Ahresty's Businesses and Strengths

Solving social issues through business
⇒P28. Initiatives to Support Sustainable Growth

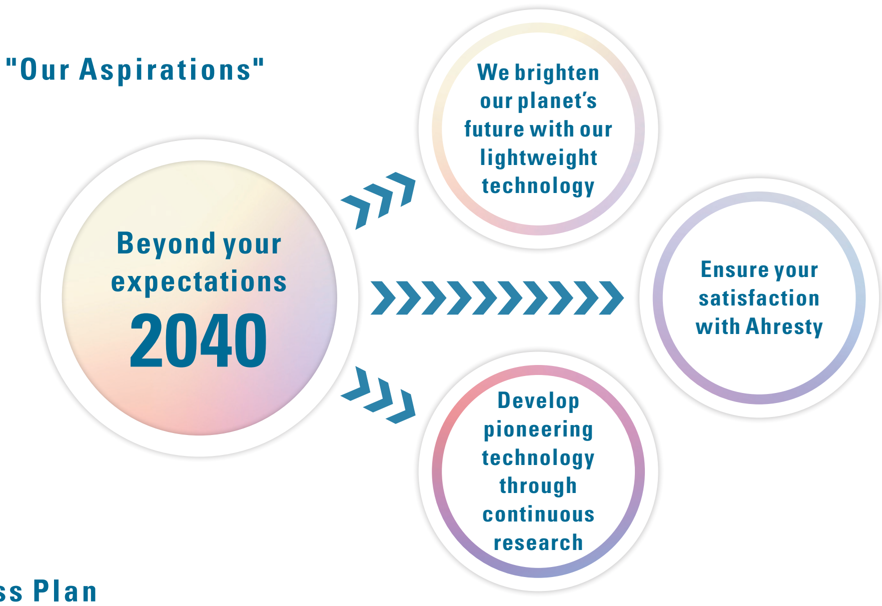
External environment | •Once-in-a-century transformation of the automotive industry •Shift to electric vehicles (EVs) •Achievement of carbon neutrality by 2050 •Advancement in CASE •Promotion of work style reforms

Strategy Viewpoints and Materiality Identification Process

Formulation of 2040 Vision and 10-year Business Plan

Ahresty formulated the "2040 Vision" to become a company going "beyond your expectations" that aims to achieve further sustainable growth toward the 100th anniversary of its founding. To achieve our aspirations, we formulated the "10-year Business Plan," which a long-term management plan that also takes into account viewpoints of the social issues (SDGs) that should be addressed.

2040 Vision and "Our Aspirations"



10-year Business Plan

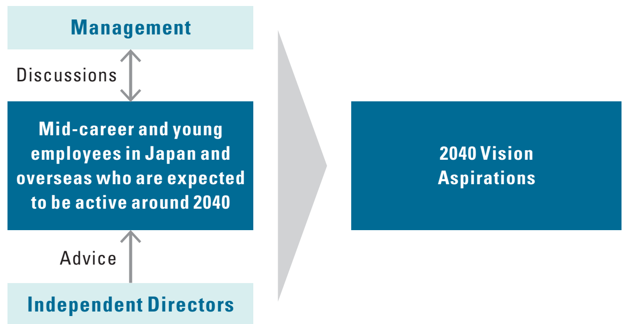
2040 Vision	10-year Business Plan		Main relevant SDGs
	Strategy viewpoints	FY2030 targets	
Beyond your expectations 2040	Enhancing earnings strength and financial structure	Net sales 160 billion yen (180 billion yen after adjustment)*	13 CLIMATE ACTION, 7 AFFORDABLE AND CLEAN ENERGY
		Operating income margin 6%	
	Carbon neutrality	Reduction of CO_2 emissions in Scope 1 and 2 CO_2 -50% (compared to FY2013)	
We brighten our planet's future with our lightweight technology	Shift in the business portfolio	Sales ratio of electric vehicles components 55%	13 CLIMATE ACTION
		Net sales of the vehicle body components 4 billion yen	
Ensure your satisfaction with Ahresty	Enhancing customer satisfaction	Earning the highest grade in important customer evaluations	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH
	Improving diversity	Diversification of executive managers	
		Rate of female employees in Japan 20% or more	
		Rate of female managers in Japan 10% or more	
	Improving employee engagement	Positive evaluation for key items in employee satisfaction survey 80% or more	
Develop pioneering technology through continuous research	Reinforcing technology base for weight reduction, carbon neutrality, and enhancement of competitiveness	Shortening development lead time	13 CLIMATE ACTION, 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		Developing advanced and innovative technology	
		Starting carbon neutral die casting initiatives	

* Figures adjusted to the exchange rates and aluminum prices of FY 2022 at the time of formulating the full-year FY 2024 business plan

Strategy Viewpoints and Materiality Items Identification Process for "10-year Business Plan"

In formulating the "10-year Business Plan," we clearly stated our aspirations in the "2040 Vision" based on our corporate philosophy, Ahresty's strengths, and solutions and contributions to long-term social issues, and positioning the year 2030 as a milestone toward the realization of these aspirations, we identified the strategy viewpoints and materiality items for the "10-year Business Plan" while viewing future changes in the external environment as an opportunity for our reforms. In the process of identifying them, mid-career and young employees in Japan and overseas played a central role in discussion to determine aspirations in the "2040 Vision," while a working group led by the executive officers played a central role in discussion to develop measures for the "10-year Business Plan" to realize these aspirations. The "10-year Business Plan" was formally decided at the Executive Committee and the Board of Directors after company-wide activities.

The process of developing the "aspirations" in the "2040 Vision"

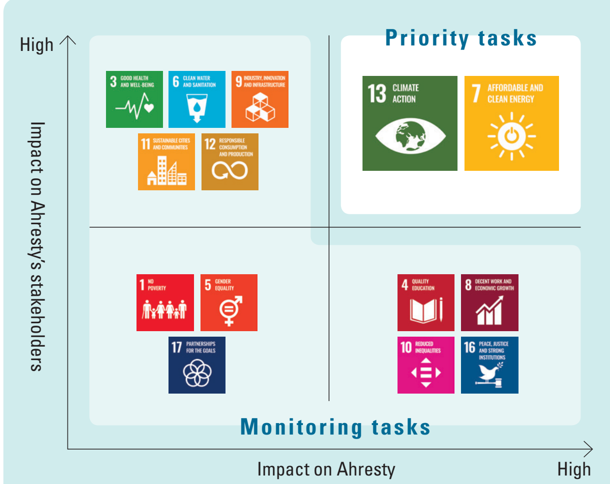


Process of developing measures in the "10-year Business Plan"

Step1	Identification of risks and opportunities due to changes in society in 2040
Step2	Prioritization (Backcasting) Ahresty's strengths, corporate philosophy, solutions and contributions to long-term social issues, etc.
Step3	Consideration/validation of KPIs set as (qualitative and quantitative) targets for 2030
Step4	Discussion on/development of measures by the working group
Step5	Approval by the Board of Directors

Materiality Matrix for SDGs

In terms of social issues to be addressed, we have organized them along two axes: the impact on stakeholders and the impact on Ahresty. Ahresty's priority tasks are to achieve Goals 7 and 13 of the Sustainable Development Goals (SDGs) 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. We conduct activities to achieve the goals in the framework of the 10-year Business Plan.



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

Monitoring tasks
Issues to be promoted in daily work operations

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-re-lated parts

Vision for 2030
Improve energy efficiency in production processes

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

Management Targets

Strategy to Achieve the Management Targets

The Ahresty Group has launched its 10-year Business Plan, a long-term management plan toward fiscal 2030, and has been promoting the 2224 Medium-Term Management Plan as the first action plan of the 10-year Business Plan. Under the 10-year Business Plan, in response to changes in the external environment, such as the acceleration of electrification of automobiles and moves toward carbon neutrality, we set "shifting the business portfolio to predominantly parts for electric vehicles," "establishing low-cost, highly productive MONOZUKURI," and "reducing CO_2 emissions in production," as the pillars of our strategy. Based on these pillars, we are making efforts to secure net sales, improve productivity, and enhance earnings strength by shifting from parts for combustion engines to parts for electric vehicles.

The automobile industry, the customer of the Group's major products, is undergoing a grand transformation. In response to the electrification of automobiles, which has been progressing faster than expected, the Ahresty Group has been working to increase orders for parts for electric vehicles, expand business to vehicle body parts using aluminum for weight reduction, and start or expand businesses with companies with an advantage in parts for electric vehicles both inside and outside Japan. We see the acceleration of electrification as a big chance for the growth of the Group as it will lead to the expansion of demand for die-cast products and an increase in opportunities to acquire new customers. Meanwhile, the automobile industry is in a very fluid situation with uncertainties such as the difference in speed of the shift to electric vehicles and the emergence of new automobile manufacturers.

The Group adopts a business model whereby we receive orders for products for which net sales will be recorded three years later and make advance investments for production equipment for such products. Now, in the period of a grand transformation with many variable factors in the industry, we believe it is important to have a robust balance sheet that enables us to stably receive orders and make investments even if an unexpected change occurs.

We will promote the 10-year Business Plan to achieve a shift to predominantly parts for electric vehicles, and thereby improve our profitability as soon as possible. By promoting operations based on the "Four Pillar Financial Strategies", we aim to improve the price book value ratio.

2040 Vision and 10-year Business Plan

Beyond your expectations 2040

[FY2030 target values]

Net sales: **180** billion yen* Operating income: **10.8** billion yen* Operating margin: **6**%

Business strategies

Shifting the business portfolio to predominantly parts for electric vehicles
• Establishing low-cost, highly productive MONOZUKURI • Reducing CO_2 emissions in production

Financial strategies

ROE	Improve medium- to long-term capital efficiency by achieving a return on equity (ROE) higher than the capital cost	Capital investment	Continue growth investment to capture demand for weight reduction and electrification, develop new customers for parts for electric vehicles, and promote man-power/labor saving
Capital policy	Maintain a sound financial structure to continue flexible order-taking and growth investment	Return to shareholders	Provide returns to shareholders based on consolidated business results

Human resources strategies

Creating workplaces where people are happy to work
• Promoting diversity • Human resources development according to the human resources roadmap

* Figures adjusted to the exchange rates and aluminum prices of FY 2022 at the time of formulating the full-year FY 2024 business plan

Four Pillar Financial Strategies (FY2023 to FY2030)

ROE (Long-term target) 9%	• Recover net sales and sales weight by implementing an electrification strategy, and increase profits by reducing costs and improving productivity • Pursue an optimal financial leverage that enables the achievement of both a sound balance sheet and the ROE target
Capital policy Equity ratio 40% or more	• Maintain an equity ratio that ensures resilience against fluid market trends, such as regional differences in speed of electrification and the emergence of new automobile manufacturers in the automobile market • Pursue an optimal financial leverage that enables the achievement of both a sound balance sheet and the ROE target
Capital investment Approx. ¥140 billion (including investment in dies)	• Create an operating cash flow as the source for implementing growth investment for a shift in business structure • Implement investment for manpower saving in view of the decrease in labor force and the rise in labor costs in the future • At the same time, strengthen investment discipline, such as the criteria for selecting order/investment programs, and improve investment efficiency by making effective use of idle equipment, etc.
Return to shareholders Dividend payout ratio 35% or more	• Create stable profits to ensure a 35% or higher dividend payout ratio • Flexibly purchase treasury shares in view of the conditions of the business environment, capital accumulation, investment, stock prices, etc.

With the four-pillar financial operation, aim to achieve a PBR of 1

Cash Allocation (FY2023 to FY2030)

In view of the business environment of the Group and the characteristics of the Group's businesses, our basic capital and shareholder return policy is to properly return profits to shareholders while making growth investment for electrification and maintaining a sound financial structure. To this end, we have provided shareholders returns based on consolidated business results.

The basic capital and shareholder return policy of providing appropriate returns while bolstering the financial structure and management base for business development in the medium and long terms, we strive to improve the corporate value of the Company.

Creating cash through business growth

Creating cash

Operating cash flow
160 billion yen
✔ Increasing the sales ratio of electric vehicle components
✔ Increasing profits by reducing costs and improving productivity

Further business growth and proper allocation to shareholder returns

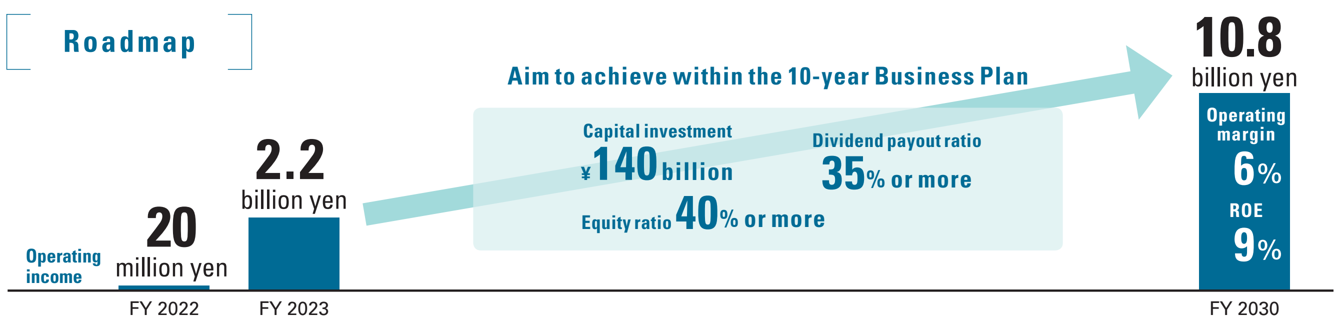
Cash allocation targets

Business investment
Capital investment for growth
140 billion yen

Return to shareholders
Returns to shareholders based on consolidated business results (dividends, share buybacks)
18 billion yen
Reduction in net interest-bearing debts
2 billion yen

Flexibly rebalance the allocation in view of the performance condition and investment needs

Roadmap



Responding to Shift to EVs

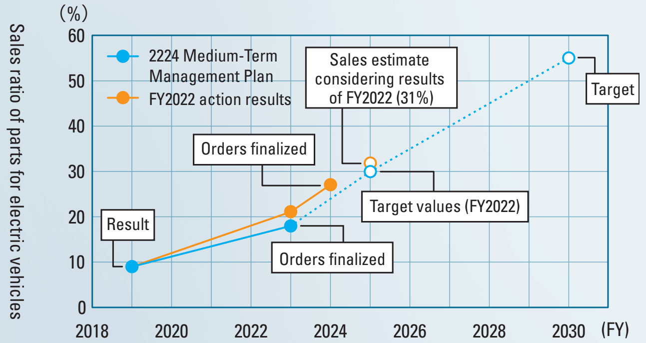
Expansion of sales ratio of parts for electric vehicles

Representative Director,
Senior Managing Executive Officer
Responsible for the Sales Command,
Chief of the Quality Assurance Command

Naoyuki Kaneta

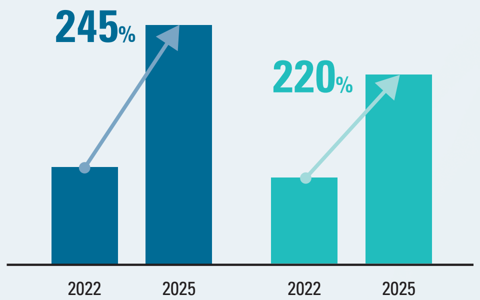
In 2022, global new vehicle sales were about 80 million units, of which 8 million were electric vehicles (EVs), accounting for 10%; however, by 2030, global new vehicle sales are projected to reach 100 million units, of which 35 million will be electric vehicles, accounting for 35% (forecast by LMC Automotive). Regarding our market regions, hybrid vehicles will dominate the market in Japan, while the already forming electric vehicle market will be expanding in North America and China. In India, it is expected that the automobile market itself will grow and the transition from gasoline to electric vehicles will progress slowly. We are developing activities to win orders for parts for electric vehicles based on the sales strategies for each region and customer, with the goal of achieving a 55% sales ratio of parts for electric vehicles by FY2030. In FY2022, the sales ratio of parts for electric vehicles was 19%, and is expected to account for approximately 30% of total sales by FY2025.

[Status of orders received for parts for electric vehicles]



- Enhancement of net sales of parts for electric vehicles is progressing as planned
- Net sales of parts for electric vehicles are expected to increase at a higher rate than market growth

[Ahresty's business for electric vehicles and market growth]



Ahresty's parts for electric vehicles sales (unit: billion yen)

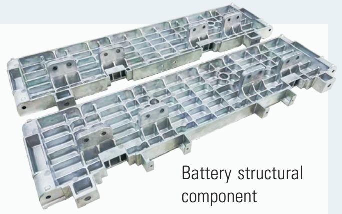
Global number of electric vehicles produced (unit: million units)

Strengths of Aluminum Die Casting and Global Production System

Aluminum die cast products, which have the advantages of rigidity, dimensional accuracy, thermal conductivity, and light weight, have great potential for adoption and market expansion as parts for electric vehicles and vehicle body components and are in high demand. We can produce them using and applying the material, equipment, and technical know-how that we have cultivated for engines and powertrains. Also, we have been working to develop proprietary technologies and actively promoting proposals to our customers. In terms of production system, we have five production sites in Japan with the Technical Center as the center of technology development, and five overseas production sites in four countries, the U.S., Mexico, China, and India. We also have sites for aluminum alloy ingots production, die casting dies production, product design, and manufacture of peripheral equipment for die cast production. We have established a system of complementary production by sharing know-how on safety, quality, and productivity among domestic and overseas die casting plants, thereby meeting the needs of global automotive manufacturers, automotive parts manufacturers, and other customers with the "one print for multiple locations" approach.

Beginning to supply products to CATL, which has the largest share of the global automotive battery market

In FY2022, we began supplying battery-related structural components to China's Contemporary Amperex Technology Co., Ltd. (CATL), which has the world's largest EV battery installation volume and market share.



Battery structural component

Expansion of Business Domain to Vehicle Body Components

Executive Officer
Chief of the Sales Command

Kenichiro Mine

Expansion of the range of products made by die casting

A new concept was added to the die casting of vehicle body components when Tesla, a leading EV manufacturer, integrated and produced the underbody using an ultra-large die casting machine. Many die casting and stamping parts manufacturers in China have already begun mass-producing large car body components by introducing ultra-large die casting machines. With the expansion of the range of products made by die casting, adoption of die casting for car body components is expected to further increase in the future. However, in applying mega casting, it is necessary to fundamentally review the vehicle body design, and we do not see that the current situation will change overnight due to existing infrastructure, investment, reliability of component functions, and other issues. We will conduct thorough research to determine the needs of our customers, market trends, and the necessity and timing of its introduction.

Commitment to multi-material vehicle bodies

Joint development with G-TEKT Corporation

Under such circumstances, for the time being, a multi-material body with a mixture of steel and aluminum stamping parts and die cast parts is definitely a realistic solution. Die cast parts and stamping parts have different functions, and we believe that if they can be successfully combined, we can achieve both functional improvement and weight reduction of the vehicle body at a high level. In July 2022, we agreed with G-TECT Corporation, a major manufacturer of vehicle body frame components, to jointly develop new value creation in vehicle body components and EV-related parts, and started a project. One of our concepts is "no impact on existing processes" in which die cast parts are incorporated without making any changes to customers' existing lines. By leveraging the strengths of both companies, including analysis/development technology for the entire vehicle body and manufacturing technology for large, thin-wall and high-quality die casting, we aim to apply this concept to next-generation EV bodies by realizing the optimal layout of die casting and stamping parts at minimal cost, and we plan to make a concrete proposal to our customers within FY2023.

Ahresty's booth to exhibit vehicle body components, joining technologies, etc. at the "2022 Japan Die Casting Congress & Exposition"

Technology for joining of dissimilar materials

We are researching joining methods used in die casting for the integration of battery cases and automobile body components for EVs. We are benchmarking and compiling a database of die casting and steel sheet joining technologies required for the production of multi-material vehicle bodies, and we are also conducting research and development of proprietary technologies, such as laser heat treatment technology that enables partial heating of only the joining surface during the joining process.

Digital Innovation

Evolution of Ahresty's MONOZUKURI

In this period of great change in the automotive industry, automobiles are evolving into highly functional mobility to carry people and goods safely, securely, and smoothly. With the expansion of automated driving and electrification, drivers' eyes and judgment are being supplemented sensing, communication, and AI; engines and fuel are shifting to motors and batteries; and Ahresty's MONOZUKURI is also shifting toward electric vehicles with an increase in parts for EVs. Furthermore, the need for weight reduction is increasing as vehicle weight increases due to enhanced safety equipment and increased battery capacity for longer electric vehicle range. Amid the ever-changing external environment, we will continue to evolve Ahresty's MONOZUKURI to contribute to the electrification and weight reduction of vehicles by taking advantage of the strengths of aluminum die casting.

Executive Officer
Chief of the Manufacturing Command
Yasutaka Oshima

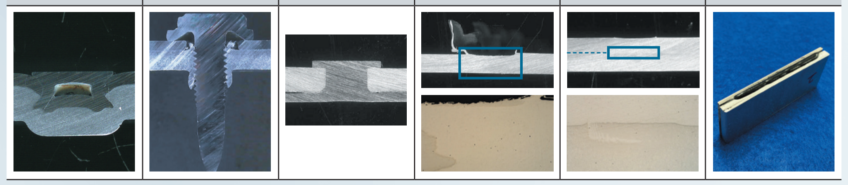
Adapting to vehicle weight reduction by utilizing digital technology

In the area of technology development, we will improve simulation technology and analysis accuracy to contribute to more efficient automobile development through model-based development (MBD). We will continue evolving our technology in the future with the aim of realizing a digital twin that enables the completion of prototype verification in a virtual space. In response to the needs for weight reduction of vehicle body components, such as replacement of parts made from steel with aluminum and resin alternatives, and use of multi-materials, we have been developing technologies for joining dissimilar materials and heat treatment technologies that significantly reduce CO_2 emissions and receiving an increasing number of inquiries regarding advanced development.

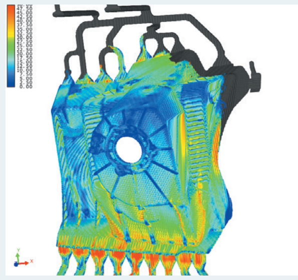
[Efforts to establish technologies for various joining methods to meet market needs]

The key to using aluminum die cast parts for vehicle bodies is joining technology with dissimilar materials.

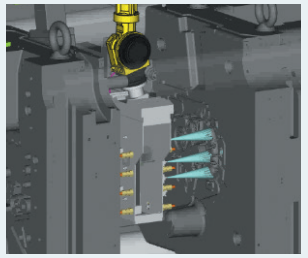
Rivet	Self-drilling screw	Element welding	Solid-state welding		Adhesion
SPR	FDS®	FlexWerd®	FSW		Adhesive technology
			Butt welding	Lap welding	



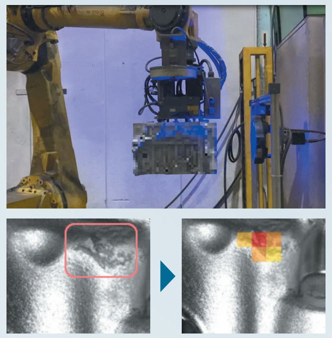
[Toward digital twin]



Fluidity analysis



Robot simulation



Automatic inspection with image judgment and AI

In the mass production field, we are continuously improving productivity and accumulating technical know-how through Optimal Process Condition Control (OPCC) for process control under optimum manufacturing conditions. We also use Business Intelligence (BI) tools to analyze and visualize the operating status of each plant, equipment monitoring data, and forms to improve production efficiency and realize predictive maintenance. In the meanwhile, the inevitable challenge in expanding the application of aluminum die casting to vehicle body components is to reduce manufacturing costs. In addition to achieving overwhelmingly high productivity by using multi-cavity die casting and reducing cycle time, we will promote the reinforcement of a leaner production system that does not rely on human labor, such as automatic product transfer between processes and automatic inspection of product appearance using image judgment and AI.

Human Resources Development and Diversity

Director,
Managing Executive Officer
Chief of the General Administrative Command
Hideki Nariya

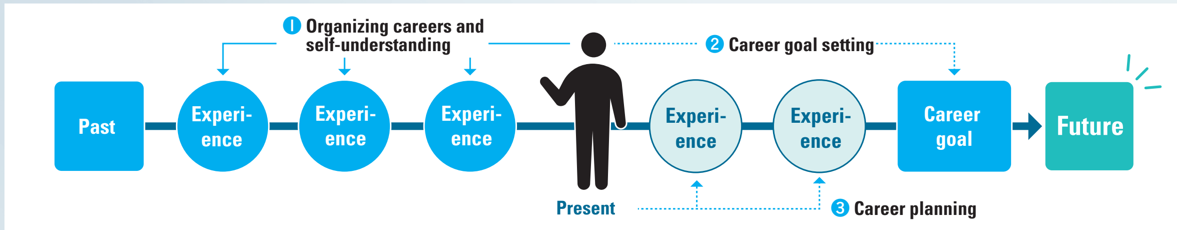
Human Resources Development

Ahresty believes that human resource development is the key to passing on the technology and know-how that have been accumulated since its founding and to providing consistent production quality. We have established the Global RST Learning system that enables all Ahresty Group employees to undergo the same level of educational training globally so that they can systematically learn each program related to MONOZUKURI. In FY2022, 79 programs were offered with a total of 1,232 participants. The knowledge and skills acquired are useful in the MONOZUKURI field. In recent years, with the rapid development of information and communication technology, the importance of data science, which is an approach of processing and analyzing data to utilize useful information in production, has been widely recognized. We are also promoting reinforcement of our digital infrastructure and fostering leaders in data analysis by offering programs on basic statistics and multivariate analysis, holding IoT workshops for engineers, and dispatching personnel to external data science instruction sessions in response to new educational needs at production sites.

Enhancement of career support system

In career planning, we are enhancing our career support system. We register each employee's past career history, strengths and weaknesses, and future aspirations in the human resources database, and, based on this information, provide more opportunities for employees to think about their careers voluntarily through interviews with their supervisors. Through this system, we aim to draw out their latent abilities, promote the placement of the right persons in the right departments, and encourage them to take on challenges while constantly broadening their work perspectives.

[Conceptual drawing of career planning]



Diversity

In our Medium-Term Management Plan that started in FY2022, we are focusing on diversity promotion, especially promoting women's participation in Japan. To promote an appropriate understanding of diversity and to raise awareness of the management level employees, training sessions were held in FY2022 for top management, domestic plant managers, and division managers, including ones introducing advanced initiatives at other companies and for exchanging opinions with our overseas plants that have a high ratio of female employees. In addition, on-site reforms are being implemented to create a workplace that is easy to work in, regardless of age or gender. So far, under the previous Medium-Term Management Plan that started in FY2019, we have made improvements to approximately 500 work items, including tasks of lifting heavy objects and tasks in unergonomic postures. We will develop this activity by surveying the number of positions that can be assigned to female employees at each plant, and identifying issues at each workplace and taking measures against them in the future to create a more comfortable workplace.

Diversity training session

Sustainability Roadmap

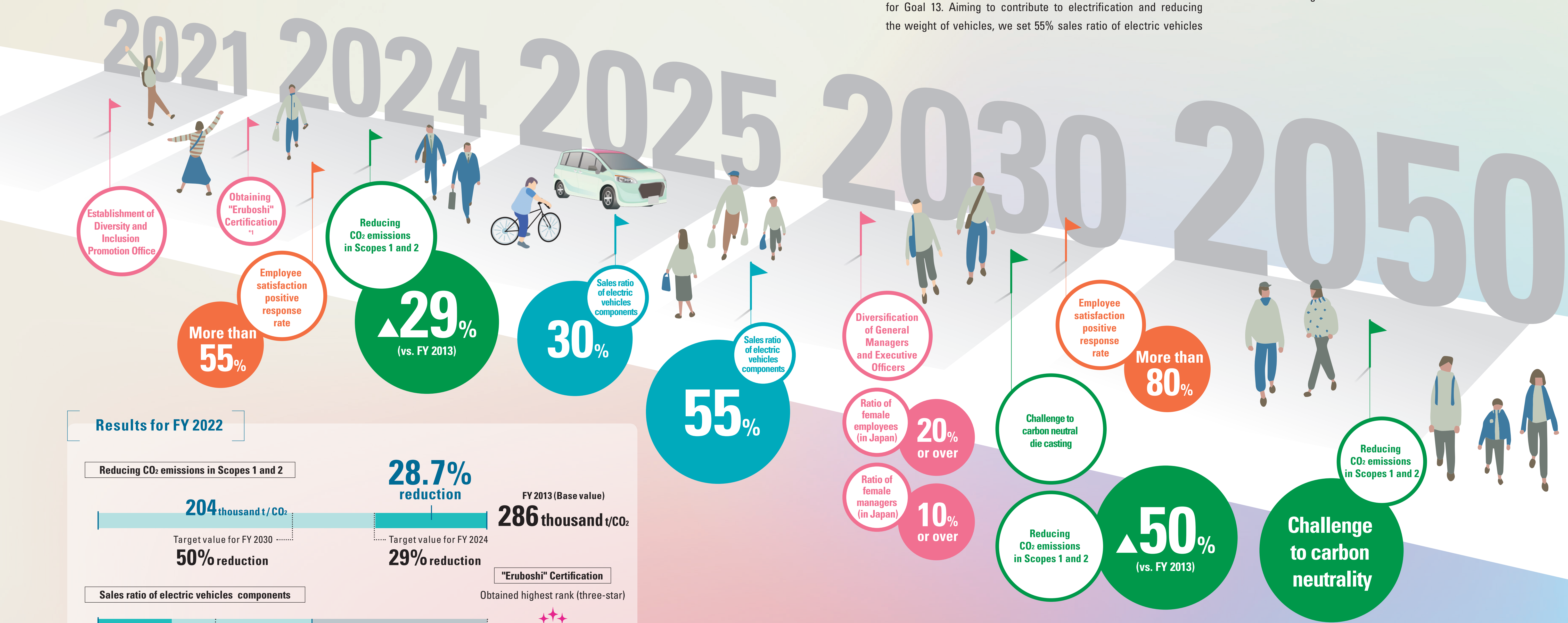
We believe that in order to fulfill our corporate social responsibilities and grow sustainably, it is important for Ahresty to address social issues through its business activities taking advantage of its strengths.

Two priority tasks and Sustainability Roadmap

Ahresty's priority tasks are to achieve Goals 13 (mitigating climate change) and 7 (energy) of the Sustainable Development Goals (SDGs), the common goals of the international community decided at the UN Sustainable Development Summit, 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. We are working to "improve the energy consumption efficiency of vehicles by providing aluminum die-cast products" for Goal 13. Aiming to contribute to electrification and reducing the weight of vehicles, we set 55% sales ratio of electric vehicles components and 4.0 billion yen in sales of vehicle body components as the target for FY2030. Toward carbon neutrality, we are working to "reduce the use of fossil fuels by improving energy efficiency, etc." for Goal 7, and aiming to reduce CO_2 emissions in Scopes 1 and 2 by 50% (compared to FY2013). Monitoring tasks such as promotion of diversity, realization of a good work-life balance, improvement of employee satisfaction, etc. are issues that need to be addressed and we conduct activities to achieve the goals in the framework of the 10-year business plan and medium-term manage-ment plan. We will contribute to solving social issues through our business activities, aiming to enhance trust of our stakeholders and for the sustainable growth.

Sustainability Roadmap

- ··· Promoting diversity
- ··· Contribution to mitigating climate change through our products*2
- ··· Actions toward carbon neutrality
- ··· Realize a good work-life balance



Results for FY 2022

Reducing CO_2 emissions in Scopes 1 and 2

204 thousand t/CO_2 — Target value for FY 2030: 50% reduction

28.7% reduction

Target value for FY 2024: 29% reduction

FY 2013 (Base value): 286 thousand t/CO_2

Sales ratio of electric vehicles components

19%

Target value for FY 2025: 30%

Target value for FY 2030: 55%

"Eruboshi" Certification

Obtained highest rank (three-star)

女性が活躍しています！

*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_2 emissions.

Environment: An environment-friendly company

Environmental Policy

1. We are well 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 national and local governments, stakeholders etc., and establish our own standards within a feasible technical and economical range, and strive for further environmental preservation.
3. We give special priority to the following aspects and make efforts 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 work to prevent global warming by reducing CO_2 emissions with the aim of achieving carbon neutrality.
   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.

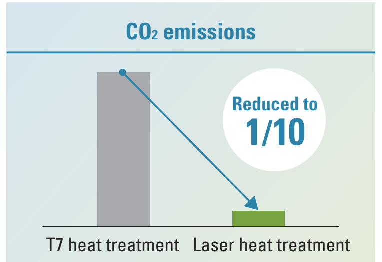
Initiative examples

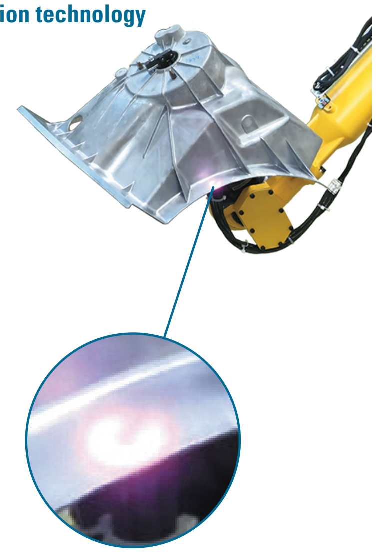
Installation of solar panels / Electric power conversion

In March 2021, we introduced a solar power generation system to the Tokai Plant (Plant 1) and started its operation. We are gradually introducing the system to other plants where it can be installed. In addition, since December 2022, we have switched to electricity derived from renewable energy sources at manufacturing sites of Ahresty Techno Service Corporation. We will continue to promote eco-friendly manufacturing, including energy conversion.

Development of CO_2 emissions reduction technology

Ahresty is promoting technological development that contributes to the future of the global environment, including laser heat treatment technology that reduces the amount of CO_2 emitted when rigid plates and die castings are mechanically joined to one-tenth.





Ahresty Mexicana wins Environmental Sustainability Award

Ahresty Mexicana won the Honda Environmental Sustainability Award from Honda Development and Manufacturing of America for its efforts to reduce water consumption in the production process.

[Efforts to reduce water consumption]

Ahresty Mexicana has improved the automatic device that maintains the appropriate amount of cooling water in the cooling tower to a non-metallic device to prevent corrosion and significantly reduce water consumption (a reduction of 15,286.76 m³ from FY2020).

Disclosure Based on TCFD Recommendations

The Ahresty Group has endorsed the TCFD* recommendations on March, 2023, and will work to enhance disclosure from the perspectives of "Governance," "Strategy," "Risk Management," and "Metrics and Targets."

*TCFD: Task Force on Climate-related Financial Disclosures

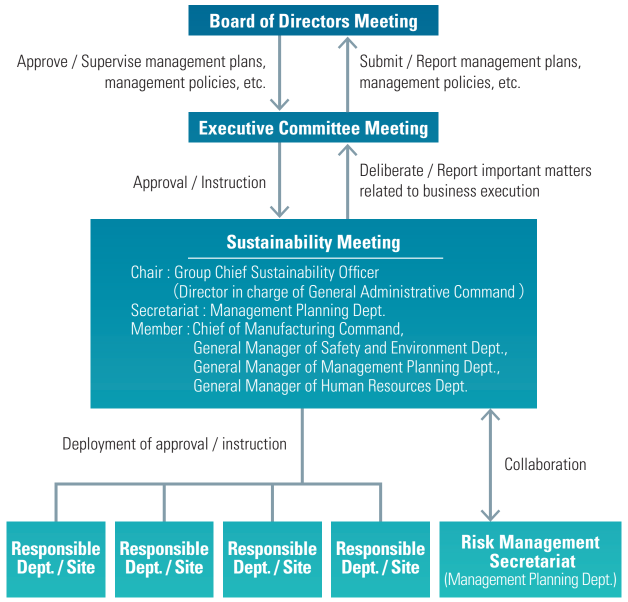
Governance

a) Describe the board's oversight of climate-related risks and opportunities.
b) Describe management's role in assessing and managing climate-related risks and opportunities.

The Ahresty Group identifies climate-related risks and opportunities, analyzes their impacts, and compiles countermeasures at the Sustainability Meeting. Important matters discussed at the Sustainability Meeting are escalated for deliberation and reported at the Executive Committee Meeting, which role is to deliberate or receive reports on important matters related to business management

The Board of Directors Meeting, chaired by the Representative Director and Chairman, receives regular reports on the content of the Executive Committee Meetings and supervises sustainability initiatives, including the status of responses to TCFD recommendations.

Sustainability promotion system



*Responsible department: department or office of Ahresty Corporation that supervises the entire group regarding a specific operation (function) for which it is responsible

Meeting structure and its role in the sustainability promotion system

Board of Directors Meeting

- Approves the medium-term management plan and 3-year management policy
- Regularly receives reports from management and supervises sustainability initiatives, including the status of response to TCFD recommendations
- Oversees management's response to risks which have a significant impact on the company's management, including climate change risk

Executive Committee Meeting

- Deliberates the medium-term management plan, 3-year management policy (including the setting of key performance indicators and targets) and the risk management plan
- Deliberates, makes decisions, or receives reports on important matters related to the Group's sustainability, such as sustainability-related risks and opportunities; activity guidelines and plans; and external communication and disclosure, including those regarding TCFD recommendations

Sustainability Meeting

- Collects information on the social environment, laws and regulations, and trends in peer companies' responses relating to sustainability
- Identifies sustainability-related risks and opportunities, analyzes their impacts, compiles countermeasures, and reports the results at the Executive Committee Meeting
- Communicates and disseminates the decisions to responsible departments, as well as other relevant divisions, departments, and working groups in order to be reflected in the business plan and activities

Risk Management Secretariat

- Incorporates the sustainability-related risks analyzed and identified by the Sustainability Meeting Secretariat into the risk management plan, and formulates an action plan for risk avoidance and reduction in cooperation with the department responsible for each identified risk.
- Formulates a risk management plan, manages its implementation status, and reports to the Executive Committee Meeting and the Board of Directors Meeting

Initiatives to Support Sustainable Growth

04

Strategy

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

The Ahresty Group has created an environmental roadmap and a sustainability roadmap and is working to improve them because the risks related to environmental issues can affect its business activities over a long period of time. In fiscal 2022-2024 which is the period of the medium-term management plan, and looking ahead to fiscal 2030 which is the target year of the 10-year business plan, we examined physical risks such as extreme weather brought about by climate change, and transition risks such as the introduction of new government policies and regulations, and changes in market needs.

Risks and opportunities identified are reflected in the Group's strategy.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

To identify risks and opportunities due to climate change, and in disclosing the impact on its financial plans and the countermeasures to be taken, the Ahresty Group extracts risks and opportunities for fiscal 2030, using the 1.5 to 2°C and 4°C climate warming scenarios published by IEA or IPCC.
IEA···Net Zero Emissions by 2050 Scenario, Sustainable Development Scenario, etc.
IPCC···RCP 2.6, RCP8.5

			Contents	Impact on business and financial results: 2°C or lower scenario	Impact on business and financial results: 4°C scenario	Our response policy
Risks	Transition risks	Policy/ regulation	Increase in procurement costs due to introduction of carbon tax, etc.	Large	Small	• Promote measures to reduce CO_2 emissions (introduction of solar power generation, energy conversion, energy conservation activities, purchase of renewable energy) in the challenge to achieving carbon neutrality in 2050 • R&D of carbon neutral die casting (CNDC) • Collect information on trends in environmental regulations and CO_2 emissions reduction policies, and swiftly reflect the results in business strategies based on impact analysis
Risks	Transition risks	Technology development	Increased costs of carbon offsets (CCUS, carbon credits, CO_2 capture, conversion and storage technologies).	Large	Small	
Risks	Transition risks	Market trend	Decrease in market size due to materials other than aluminum replacing steel	Large	Large	• Ensure the competitiveness of aluminum die-cast products by developing and proposing demand creation technologies that focus on superiority in LCA (low CO_2 emissions, recyclability) and the characteristics (light weight, flexibility in shape, rigidity) of aluminum die-cast products
Risks	Transition risks	Market trend	Increase in procurement costs due to soaring aluminum prices	Large	Small	• Mitigate the impact by devising procurement strategies and negotiating with customers to shorten the time lag in reflecting aluminum market prices to selling prices
Risks	Transition risks	Market trend	Decrease in sales of existing products due to the electrification of vehicles	Large	Small	• Increase orders for parts for electric vehicles (strengthen sales to OEMs, Tier 1 companies, and non Japanese companies that are leading the way in electrification, and formulate and promote order strategies for each region in view of different trends in environmental regulations and the shift to electrification) • Increase orders for vehicle body parts (promote the development of joining technology for dissimilar materials and seek cooperation with companies that have a competitive edge in the production of vehicle body parts) • Strengthen profitability in non-automobile fields (MOVAFLOOR products)
Risks	Transition risks	Market evaluation	Decrease in the acquisition of new customers or suspension of business, etc. (decrease in orders received) due to lack of response to climate change and environmental issues, or lack of disclosure of such activities	Large	Medium	• Multifaceted initiatives (CO_2 reduction, vehicle weight reduction, CNDC development) ongoing as company-wide key strategic items in the 10-year business plan and medium-term 3-year policy • Proactive disclosure and external communication on efforts to reduce CO_2 emissions, the importance of activities as part of business strategies, targets and results, etc. • Foster trust and earn high credit by strengthening engagement with stakeholders • Collect information on trends in environmental regulations and CO_2 emissions reduction policies, and swiftly reflect the results based on impact analysis in business strategies for each region
Risks	Transition risks	Market evaluation	Delays in responding to environmental issues damaging the reputation of stakeholders, discouraging customers from purchasing, making it difficult to raise funds from investors, and affecting investors' ESG investment decisions.	Medium	Small	
Risks	Physical risks	Acute	Damage to production sites and suspension of their operations due to natural disasters, and delays in procurement due to logistics paralysis	Medium	Medium	• Strengthen BCP • Secure emergency power supply (secure emergency power sources and utilize in-house power generation equipment)
Risks	Physical risks	Chronic	Decrease in working hours and uptime rate due to preventive measures against prevailing infectious diseases	Large	Large	• Flexibly establish a crisis center • Prepare infectious disease response manuals, etc., implement infection prevention measures, and mitigate the impact on operations, based on the experience gained in responding to COVID19
Opportunities	Resource efficiency		Growing need for recycled ingots reflecting the need to reduce CO_2 emissions (Reduce the amount of new ingots used and expand the use of recycled materials. Possibility of meeting the needs through the evolution of compounding technology at the Kumagaya Plant) Increasing demand for recycled materials	Large	Small	• Explore compounding and melting technologies • Propose the use of aluminum ingots using recycled materials
Opportunities	Energy source		Decrease in renewable energy procurement costs due to the development of new policies and systems related to renewable energy	Large	Small	• Promote measures to reduce CO_2 emissions (introduction of solar power generation, energy conversion, energy conservation activities, purchase of renewable energy) in the challenge to achieving carbon neutrality in 2050, and accumulate knowledge relating to the use of renewable energy • Collect information on renewable energy procurement routes and the introduction of relevant new policies and systems
Opportunities	Product/Service		Increase in sales of climate change mitigation and adaptation products	Large	Small	• Ensure the competitiveness of aluminum die-cast products by developing and proposing demand creation technologies that focus on the superiority of LCA (low CO_2 emissions, recyclability) and the characteristics (light weight, flexibility in shape, rigidity) of aluminum die-cast products • R&D of CNDC
Opportunities	Product/Service		Sales increase due to increase in orders for ZEV products including EVs and FCVs (e.g. motor cases, E-Axle housings)	Large	Large	• Earn a good track record in receiving orders for electric vehicle parts and secure medium- to long-term competitiveness (expansion of customer base, improvement in competence of sales personnel, enhancement of price (manufacturing cost) competitiveness) • Steadily receive orders for target products through the alignment of manufacturing plant strategies and sales department strategies
Opportunities	Market		Increase in the proportion of aluminum die-cast products in automobile parts due to the need for weight reduction (replacement of steel with aluminum)	Large	Large	• Increase orders for vehicle body parts (targetting of customers to be ranked up as a supplier for BEV parts that require further weight reduction, and collect information on trends in large die castings such as giga presses and changes in the supply chain)

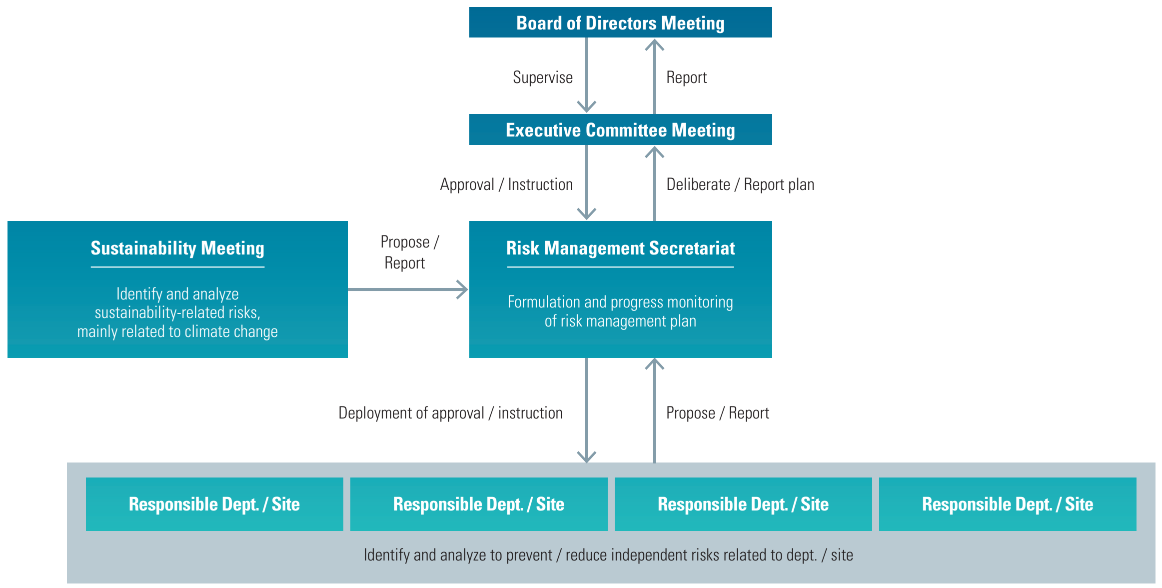
*CNDC = Carbon Neutral Die Casting

Risk Management

a) Describe the organization's processes for identifying and assessing climate-related risks.
b) Describe the organization's processes for managing climate-related risks.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Ahresty identifies climate-related risks and analyzes their impact at the Sustainability Meeting.
Risks that have been analyzed to have a large impact are integrated with other company-wide risks and are subject to evaluation and management by the Risk Management Secretariat.

Risk management process



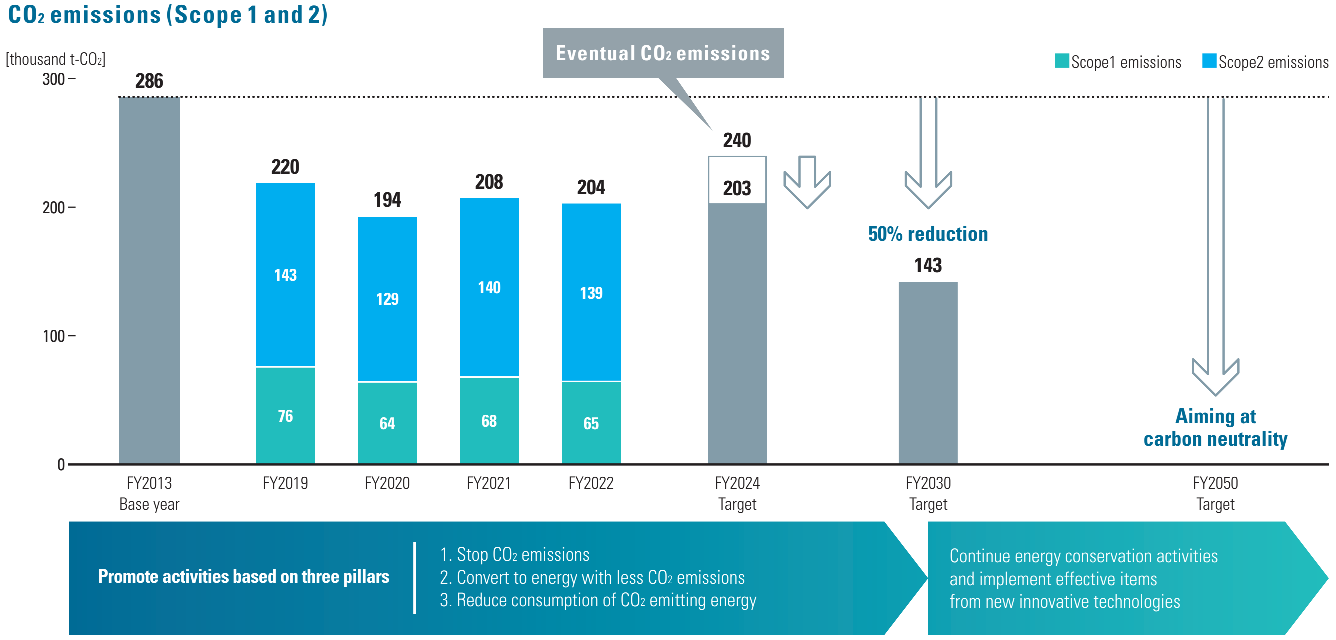
Risk management process	Function	Responsible party
①Risk identification /analysis	Identify risks that may affect Ahresty's management. Analyze the possibility of such risks becoming manifest and impact in the event of manifestation.	Sustainability Meeting
②Risk assessment	Assess risks based on the results of the risk analysis. (Identify the risks that need to be addressed by risk management plans.)	Risk Management Secretariat
③Formulation of risk management plans	For risks assessed to be subject to risk management plans, set goals and activity plans and receive approval at the Executive Committee Meeting.	Risk Management Secretariat
④Promotion of risk avoidance/reduction activities	Promote activities to avoid/reduce identified risks based on risk management plans.	Department responsible for the risk Relevant sites
⑤Monitoring/management/reporting of risk management activities	Monitor the progress status of risk management plans. Report the activity results once a year at the Executive Committee Meeting and the Board of Directors Meeting.	Risk Management Secretariat

Metrics and Targets

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

The Ahresty Group has set reduction targets for CO_2 emissions, which account for more than 90% of its GHG emissions.
Using Scope 1 and 2 CO_2 emissions as metrics, we are working to reduce CO_2 emissions.
We plan to complete the calculation of Scope 3 CO_2 emissions in the first half of fiscal 2023 and make additional disclosures.

CO_2 emissions (Scope 1 and 2)



Scope of aggregation: All domestic manufacturing sites (8 locations) + Head Office/Technical Center, Tokyo Head Office, All overseas manufacturing sites (7 locations)
Reference source: Scope 1: We used the factors according to the purchased energy type specified in the List of Calculation Methods and Emission Factors in the Calculation, Reporting and Publication System, published by the Ministry of Environment.
Scope 2: We used the factors according to the results of each country and each fiscal year specified in the IEA Emission Factors released by IEA.

Participation in the GX League Basic Concept

Ahresty has endorsed the GX (Green Transformation) League Basic Concept announced by the Ministry of Economy, Trade and Industry in January 2023, and has participated in it in association with the full-scale operation of the GX League in April 2023. We have recognized "reducing the use of fossil fuels by improving energy efficiency, etc." as one of the important issues to be addressed. Setting a CO_2 emissions reduction target, we are promoting activities to achieve the target within the framework of the 10-year Business Plan and Medium-Term Management Plan. Our efforts to achieve the target by 2030 and to take on the challenge of achieving carbon neutrality by 2050 are consistent with the purpose of the GX League Basic Concept. By contributing to the realization of a decarbonized society with initiatives through the GX League and other frameworks, we aim to improve our corporate value and realize a sustainable society.

GX League

Environmental targets and results in FY2022

To reduce the environmental impact of our manufacturing processes, we have set specific environmental targets for our production activities. In fiscal 2022, we focused on CO_2 emissions reduction activities and also continued to work to reduce waste and water consumption. The number of business sites that achieved their targets increased over the previous fiscal year. We will continue to advance these activities.

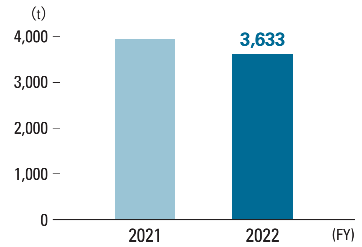
Environmental category	Medium-term target	FY2022 target	FY2022 results	Evaluation*	FY2023 target
Atmosphere, water quality, noise, etc.	Prevent environmental problems, such as atmospheric pollution, water contamination, and noise pollution.	Eliminate non-conforming external leaks and complaints.	There was one non-conforming external leak and one non-conforming complaint about noise. Corrective action was taken in both cases.	1	Eliminate non-conforming external leaks and complaints.
Waste materials	Reduce the total amount of waste materials.	Set an intensity target for each business site. * Continue monitoring and improving the recycling rate.	The target was achieved at eight of the 15 targeted business sites.	3	Set an intensity target for each business site. * Continue monitoring and improving the recycling rate.
Saving energy and natural resources	Reduce the total amount of CO_2 emissions to counter global warming.	CO_2 emissions intensity reduction rate: 13% reduction from FY2013 (global target) * Set an individual target for each business site. * Positioned as priority activities for pursuing our environmental roadmap and policy	The target was achieved at seven of the 16 targeted business sites.	3	CO_2 emissions reduction rate: 25% reduction from FY2013 * Positioned as priority activities for pursuing our environmental roadmap and policy
	Reduce the consumption of water used in processes.	Set a target for each business site. * For overseas business sites, set a reduction target of 1.0% or more compared to FY2021.	The target was achieved at five of the 11 targeted business sites.	3	Set a target for each business site.
Other	Promote 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 refer to community clean-ups, the preservation of Satoyama socio-ecological production landscapes, and other activities.	Social contribution activities were conducted more frequently than in FY2021 at all business sites after the implementation of measures to prevent the spread of COVID-19 infection.	3	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 refer to community clean-ups, the preservation of Satoyama socio-ecological production landscapes, and other activities.

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

Results of initiatives

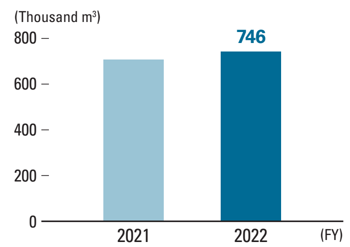
Discharged materials

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.



Initiatives to Support Sustainable Growth

04

Material Flows (Sites in Japan)

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)
23,758t	138,714t	11,913kℓ	115,179 thousand k Wh	3,528t	104,445m³	127,756m³	9,174kg

Cost calculation period: From April 1, 2022 to March 31, 2023 (Unit: thousand yen)

Environmental conservation costs			
Categories	Initiative examples	Costs	
		Investments	Expenses
Pollution prevention costs	Installation, management and updating of wastewater treatment equipment, maintenance and management of waste gas treatment and dust collection equipment, and noise control measures	21,890	45,856
Global environmental conservation costs	Energy (electricity and heavy oil) saving activities, installation of energy saving equipment, greening of the plant environment, and monitoring of electric power consumption	99,147	37,010
Resource recycling costs	Recycling of water, treatment (separation and disposal) of waste, and use of recycled oil	29,509	342,287
	Sales of valuable materials (The amount of income is entered in the costs column.)	0	149,640
Subtotal		150,545	425,154
Upstream and downstream costs	Purchasing of green materials	4,156	22,554
Management activity costs	Company-wide or site Environmental Committee, internal auditing, measuring of the levels of smoke, dioxin, exhaust gas and noise, internal education and training, and maintenance of ISO14001 certification	0	8,644
Research and development costs	Research and development of environmental impact reduction technology, etc.	0	0
Social activities costs	Holding of plant tours, community clean-up activities, community communication activities, volunteer activities, and NPO donations	0	225
Environmental damage countermeasure costs	Pollution load charges	0	1,489
Subtotal		4,156	32,912
Income total			149,640
Total		154,701	308,426

* Investments: Expenditure on items recorded as fixed assets, such as equipment * Expenses: Other expenditure

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)
68,574t	20,930t	59	93,274t-CO_2	76,803m³	1,379t	42t

* For the CO_2 emission factor for electricity in Scope 2, information on IEA emission factors is used.

Acquisition of ISO14001:2015 certification

Ahresty has established an environmental management system based on ISO14001:2015 to actively engage in environmental conservation activities.

EMS Registration JUSE-EG-048
MS CM008
ISO14001:2015 certification acquired

Registered clients

Head Office and Technical Center / Tokyo Head Office / Tokai Plant / Higashimatsuyama Plant / Kumagaya Plant / Tokai Plant Hamamatsu / Tokai Plant Hamakita / Tokai Plant Higashimikata / Tokai Plant Toyohashi / Ahresty Tochigi Corporation / Ahresty Kumamoto Corporation / Ahresty Yamagata Corporation / Ahresty Die Mold Hamamatsu Corporation (Hamamatsu Plant) / Ahresty Techno Service Corporation

Scope of registration:

Manufacture and sales of pressure die castings, gravity die castings, and secondary aluminum alloy ingots; design, manufacture, and appurtenant services of special-purpose machines and peripheral units for die castings; design, development, manufacture, and sales of dies for die castings; design, development, manufacture, and sales of building materials, such as raised floor panels

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 20th Ahresty Green Convention

Sites	Theme
Tokai Plant	Reduction of compressor power consumption
Ahresty Die Mold Hamamatsu	Reduction of CO_2 emissions through the improvement of cooling bush hole machining processes
Ahresty Techno Service	Reducing the number of copy sheets used
Ahresty Kumamoto	Reduction of electricity consumption in the Processing Section
Higashimatsuyama Plant	Reduction of CO_2 emission intensity for the use of heavy oil and casting machines
Kumagaya Plant	Reduction of electricity-derived CO_2 emissions
Ahresty Yamagata	Reduction of energy intensity for melting
Ahresty Tochigi	Reduction of energy intensity for melting in No. 2 furnace

Ahresty eco License

Ahresty has established the Ahresty eco License, a unique internal examination system, to improve its employees' awareness of the environment. Over 80% of the employees have passed the examination to date, and they undertake their daily business activities with a higher level of environmental awareness.

Natural environment protection activities

Ahresty is actively involved in activities to protect the natural environment based on employees' view that they want to contribute to environmental protection outside of work.

Activity examples

- Lake Hamana clean-up campaign
- Volunteer activities in Iwaya Ryokuchi
- Meeting for appreciating the nature of the Arakawa River and Kumagaya
- Clean-up of the Flower Road and Adopt-a-River activities
- Tenryu River clean-up campaign
- "Welcome turtles" clean-up campaign
- 530 (zero waste) campaign in Kumagaya Industrial Park, etc.

Social: Development of a corporate culture in which everyone can work in good health and feel safe

Human Rights

The Ahresty Group aims to realize a prosperous society by pursuing and promoting the integration of Research, Service, Technology. Therefore, we believe it is our responsibility to respect the human rights of all people involved in our business, and hereby establish as our policy to respect human rights the Ahresty Group Human Rights Policy based on the Guiding Principles on Business and Human Rights by the United Nations Human Rights Council.

Ahresty Group Human Rights Policy⇒ https://www.ahresty.co.jp/en/company/csr/human_rights/

Promotion system

For human rights-related activities, the details of our initiatives are checked and reported at the Sustainability Meeting (**see "Sustainability promotion system" on page 31**), which is chaired by the Director of the General Administrative Command.

Initiative examples

In fiscal 2022, we informed our suppliers of our human rights policy. We also conducted a questionnaire survey on labor and human rights, targeting a total of 97 domestic and overseas suppliers related to materials that we had judged to be highly influential on human rights, as part of our human rights due diligence, and confirmed that there were no problems. We have also conducted conflict mineral surveys targeting not only the 3TG minerals (Tantalum, Tin, Tungsten, and Gold) but also cobalt, which poses concerns about the risk of human rights violations, such as child labor and unsafe working environments at mining sites.

We will promote human rights due diligence while assessing the degree of impact on human rights and expanding the targets and scope of our initiatives.

Human rights due diligence

—Implementation of impact assessment, preventive/corrective actions, monitoring, etc.

- Provision of internal education and training
- Supply chain management (implementation of questionnaire surveys on human rights and labor, implementation of conflict minerals surveys, etc.)

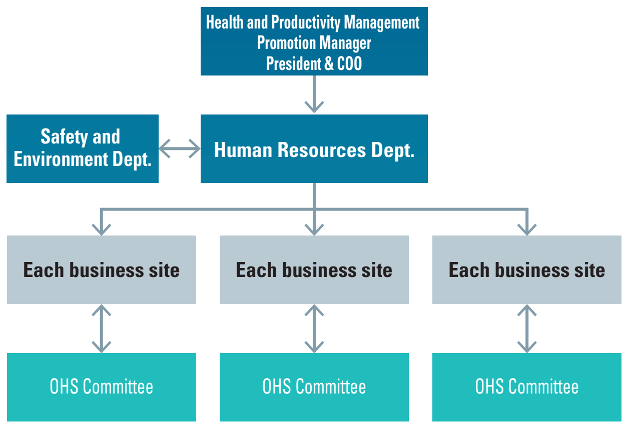
Health and productivity management

Ahresty conducts its corporate activities under its Corporate Philosophy of "Let us take pride in our work, respect theory and experimentation, value originality and invention, and offer superior products and service to our customers," aiming to achieve one of our goals, "ensure your satisfaction with Ahresty," in the 2040 Vision. We are working to offer superior products with quality that exceeds expectations and services that satisfy customer needs. To win the absolute trust of our customers, a daily blending of theory and experimentation and of originality and invention is vital. We believe that all of these can be achieved if each of our employees takes pride in their work.

Based on the belief that the health of employees and their families is essential for the sustainable growth of Ahresty, we position the promotion and maintenance of employee health as one of our important management tasks, and have introduced "health and productivity management."

* Health and Productivity Management is a registered trademark of Nonprofit Organization Kenkokeiei.

System for promoting health and productivity management



- Changes over Time of Ahresty's Health and Productivity Management
- Diversity List of Ahresty's Employees
- Ahresty's Health Map Chart

⇒https://www.ahresty.co.jp/company/csr/safety_health (in Japanese)

Initiative examples

1. Maintenance and improvement of health
   - Encouraging employees to receive medical consultation after health checkups
   - Promoting improvement of lifestyle habits
   - Preventing health problems due to long working hours
2. Creating a comfortable workplace environment
   - Supporting employees in balancing medical treatment and work
   - Ensuring proper working hours
   - Preventing passive smoking
3. Mental health care
   - Encouraging employees to receive stress checks
   - Providing health consultation for employees under high stress
   - Enhancing the consultation system (introducing EAP)

Certified as a Health & Productivity Management Outstanding Organization 2023 (large enterprise category)

Ahresty was recognized as a Certified Health & Productivity Management Outstanding Organization 2023 (large enterprise category) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program hosted jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. This is the second certification it has received, following last year.

■What is the Certified Health & Productivity Management Outstanding Organizations Recognition Program?
This program certifies large enterprises, SMEs, and other corporations that practice particularly excellent health and productivity management based on their initiatives for addressing local health issues and health promotion initiatives promoted by Nippon Kenko Kaigi.

2023 健康経営優良法人 Health and productivity

Granted Silver Certification as an excellent health company

Ahresty renewed and acquired Silver Certification, following 2021, from the Tokyo Federation of Health Insurance Societies as an excellent health company that has made a health company declaration, and is actively working to improve the workplace environment and promote employee health for health and productivity management.

■What is Silver Certification?
Under this certification program, a company that has declared to insurers that the entire company will work to promote good health and has then achieved a certain level of results is certified as an excellent health company.

健康優良企業

Excellent Health Company Certification No.: Kengin No. 1613 (1)
Certification period: July 1, 2022 to June 30, 2023 (renewed certification)

Supporting the participation of women

The Ahresty Group has declared the realization of diversity in the 2040 Vision, and has set "diversification of management (gender, nationality, work history, age, etc.)," "a female employee ratio of at least 20% (domestic)," and "a female managerial position ratio of at least 10% (domestic)" as KGIs (key goal indicators). To achieve these goals, we have formulated the General Employer Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. Aiming to be a company where diverse human resources can play an active role, we are promoting the formulation and operation of human capital strategies, the provision of career support, the establishment of programs that help realize various work styles, and the improvement of workplaces.

Granted the highest rank Eruboshi Certification as a women's empowerment company,

Ahresty acquired the highest rank (three-star) Eruboshi Certification from the Minister of Health, Labour and Welfare based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

■What is Eruboshi Certification?
Under this certification program, the Minister of Health, Labour and Welfare certifies companies that are superior in terms of empowerment of female employees and meet certain criteria based on the Act on Promotion of Women's Participation and Advancement in the Workplace (hereinafter referred to as the "Act on Promotion of Women's Participation").

女性が活躍しています！

Employing persons with disabilities

On October 1, 2020, Ahresty established Ahresty Inclusive Service Corporation to promote the recruitment and training of employees with disabilities and create workplaces in which many different kinds of people work together. Ahresty Inclusive Service Corporation was certified as a special subsidiary company under the Act to Facilitate the Employment of Persons with Disabilities on June 14, 2021. It is a shared service company in charge of clerical operations to help improve the efficiency of administrative work within the Group, where all staff members, including disabled employees, play active roles appropriate for their respective aptitudes.

Certified as an excellent enterprise under the Monisu Certification Program

Ahresty Inclusive Service Corporation was certified as an excellent enterprise under the Monisu Certification Program, which certifies small and medium-sized enterprises excelling in the employment of persons with disabilities, run by the Ministry of Health, Labour and Welfare.

■What is the Monisu Certification Program?
This is a program in which the Minister of Health, Labour and Welfare certifies small and medium-sized enterprises that excel in promoting the employment of people with disabilities and stabilizing their employment.

2022年度

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 workers at the Ahresty Group can work without risk to health and safety.
Top management will also establish an OHS Committee at each site, which reflects any feedback from the workers to the systems to promote continual improvement.

Our Declaration

We at Ahresty will:

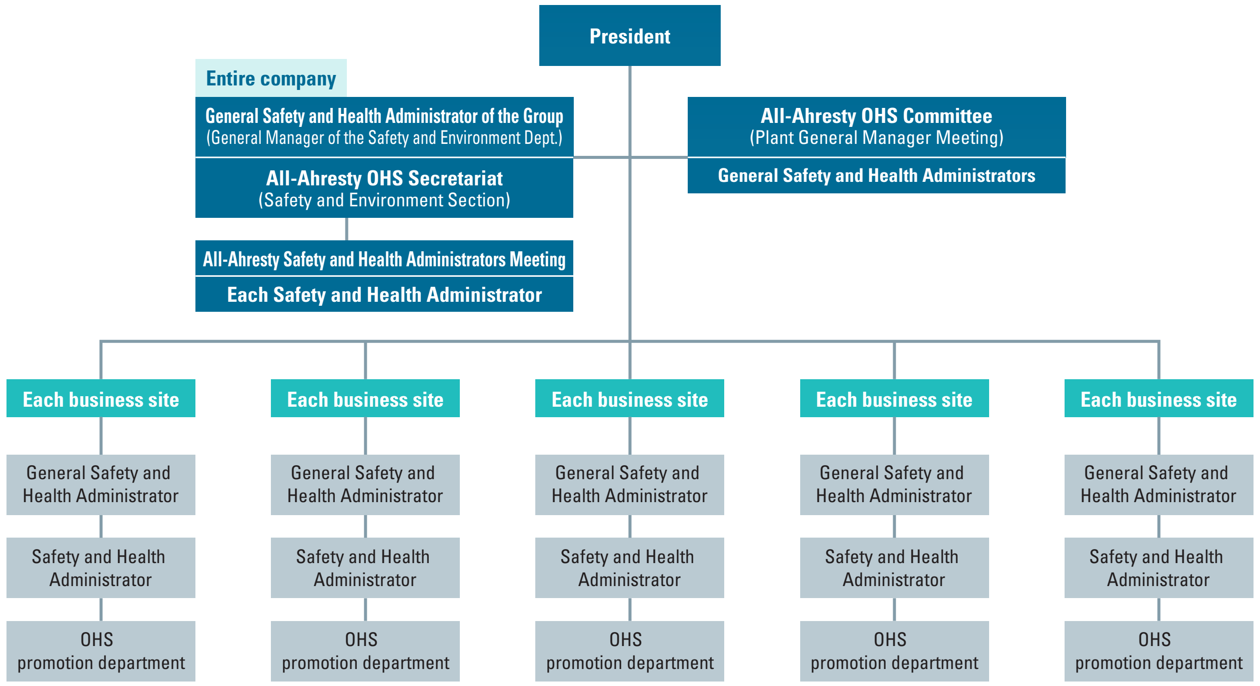
1. work with Ahresty Safety Awareness in mind;
2. work toward occupational safety and health goals to achieve a healthy workplace with zero accidents;
3. comply with occupational safety and health requirements, such as national and local laws and regulations; and
4. strive to develop a safety working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

Ahresty Safety Principles

1. Safety shall be the first priority over any other operations.
2. Safety shall be more important than any other work.
3. Safety shall always take priority over production efficiency.
4. Safety shall begin with organizing and cleaning of work areas.

Each and every one of us shall practice the principles, aiming for zero accidents.

Occupational safety and health management system



* The occupational safety and health organization of each business site shall be based on its organization chart.

Eliminating industrial accidents and injuries

Upholding a safety slogan for the three years from fiscal 2022 to 2024, Ahresty conducts production activities with safety as its top priority.

Safety slogan for the three years from fiscal 2022 to 2024

"Find potential hazards in your workplace! Think and act safely by observing the rules!"

Initiative examples

- Patrolling using a special check sheet
- Promoting machine safety and risk assessment for explosions and fire
- Structuring an ideal form of *anzen-dojo* (intensive safety training)
- Strengthening safety activities by setting monthly themes for safety enhancement
- Providing safety and health education and conducting safety conscious human evaluation
- Improving equipment safety specifications
- Improving fire prevention capabilities through fire prevention self-inspection
- Promoting pedestrian-vehicle separation for forklifts

Ahresty as a whole aims to develop a safe and comfortable working environment by carrying out a variety of safety activities, including restructuring an *anzen-dojo* (intensive safety training) program, which will be the core of our safety training, enhancing patrols and fire prevention, improving equipment safety functions, and strengthening measures to prevent fire and explosions.

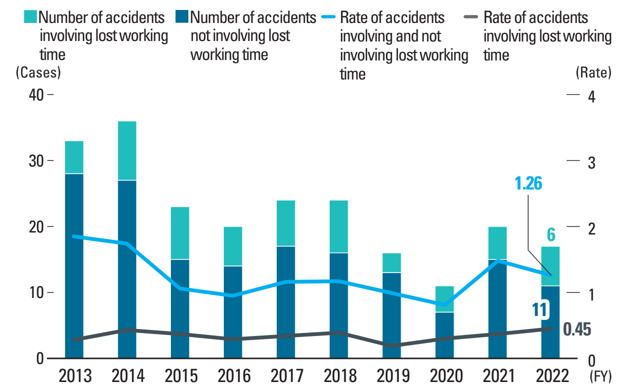
Safety sense training: Blind spots from a forklift

Using ergonomics to create workplaces with low workloads

We continuously improve the workplace environment by reducing operations involving highly physical workloads and making the workplace safe and comfortable for workers. Mainly targeting 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.

Workload reduced by using a hand crane

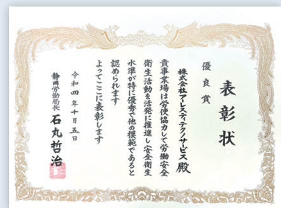
Industrial accidents



* 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

Ahresty Techno Service Corporation granted the Shizuoka Labor Bureau Director's Excellence Award

Ahresty Techno Service Corporation was granted the FY2022 Shizuoka Labor Bureau Director's Excellence Award by the Shizuoka Labor Bureau, as a workplace that has particularly excellent safety and health standards and serves as a model for others. It was highly evaluated for actively promoting occupational safety and health activities, including having a particularly long accident-free period and making efforts to reduce risks in the workplace.



Governance: Improving corporate governance

Corporate Governance

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 setting up the Nomination and Compensation Committee in 2019 to discuss the appointment/dismissal of directors, their remuneration, and requirements for director candidates, and replacing the chairperson of the Committee with an Independent Director in 2021.

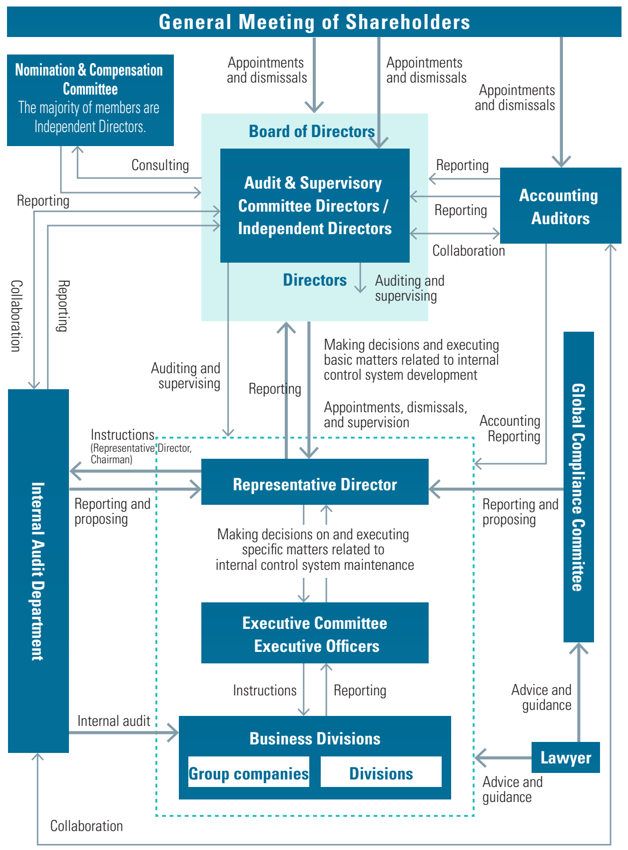
Corporate governance system

Board of Directors (9 directors)	
Directors (excluding directors who are members of the Audit and Supervisory Committee)	4
Directors who are members of the Audit and Supervisory Committee	5 (including 4 Independent Directors)

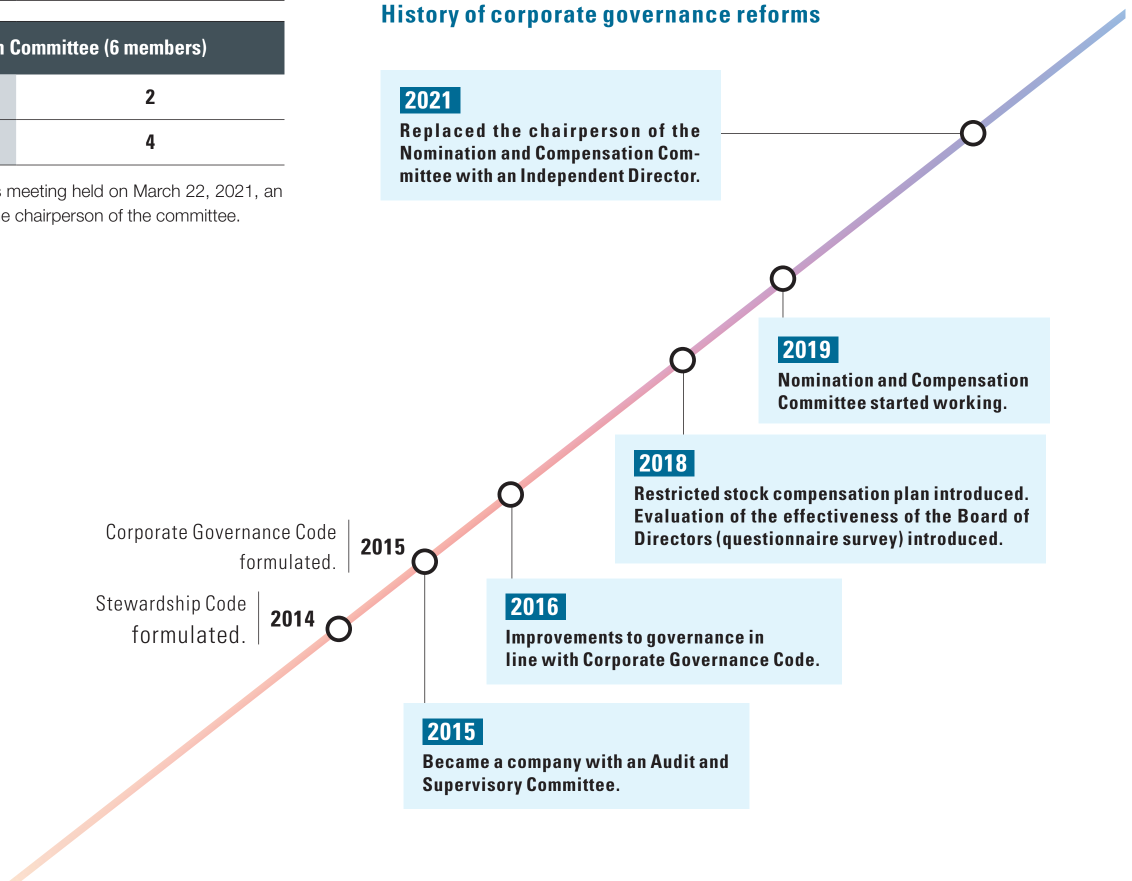
Nomination and Compensation Committee (6 members)	
Inside Directors	2
Independent Directors	4

* 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.

Corporate governance system chart



History of corporate governance reforms



Ensuring the effectiveness of the Board of Directors

Evaluation of the effectiveness of the Board of Directors

Ahresty conducts an evaluation of the effectiveness of the Board of Directors to verify whether the functions expected of the Board of Directors are properly performed and to improve them, aiming to achieve sustainable growth and increase corporate value over the medium to long term. The results of self-evaluation by directors through questionnaires and opinions obtained through dialogue with shareholders and investors are summarized, and the summarization results are reported to the Board of Directors and are used to formulate improvement measures that lead to increased corporate value.

Executive remuneration under the restricted stock compensation plan

Since fiscal 2018, Ahresty has introduced a restricted stock compensation plan in the remuneration system to further promote shared value between executives and stakeholders, to establish greater linkage with medium- to long-term performance goals, and to provide executives with an incentive to continuously improve the corporate value of Ahresty.

Updating the skill matrix of directors

Ahresty has introduced a skill matrix to ensure that the knowledge, experience, and abilities of directors are appropriate. In this fiscal year, we updated the skill matrix so that the skill requirements would match more closely the needs of the times.

Required knowledge, experience, and abilities	Expected image
Manufacturing / Quality / Technology development	Responding to rapid electrification Contributing to world-class manufacturing
Sales / Marketing	Responding to overseas market expansion
Finance / Accounting / Capital policy	Strengthening the Group's profitability and financial base
Legal affairs / Risk management	Advancing management for appropriate risk management
Global (international experience)	Carrying out management corresponding to the expansion of overseas business
Human resources / ESG	Responding to sustainability management

Effectiveness evaluation / Skill matrix

Current position	Name	Full time	Responsibility / Expertise	Manufacturing / Quality / Technology development	Sales / Marketing	Finance / Accounting / Capital policy	Legal affairs / Risk management	Global (international experience)	Human resources / ESG
Chairman & CEO	Arata Takahashi	○	Chief Executive Officer	●	●	●	●	●	●
President & COO	Shinichi Takahashi	○	Chief Operating Officer Manufacturing Command	○		●	●	●	●
Representative Director	Naoyuki Kaneta	○	Sales Command Chief of the Quality Assurance Command	○	●				
Director	Hideki Nariya	○	Chief of the General Administrative Command			●	●	○	●
Director who is a member of the Audit and Supervisory Committee	Kazuyuki Sakai	○		●	●		●	●	●
Director who is a member of the Audit and Supervisory Committee	Shuhei Shiozawa		Doctor of Economics			●		○	●
Director who is a member of the Audit and Supervisory Committee	Akiyoshi Mori		Lawyer				●		
Director who is a member of the Audit and Supervisory Committee	Kimiko Terai		Doctor of Economics			●			●
Director who is a member of the Audit and Supervisory Committee	Toshihiro Matsuba		Corporate manager	●	●			●	

●: Having direct knowledge, experience, ability, etc. ○: Having relevant knowledge, experience, ability, etc.

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 16 risk items as its priority risk management items for fiscal 2022 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.

FY2022 risk management items and initiatives to enhance responses (excerpts)

Risk management item	Measures to ensure business continuity
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.
Regional conflict	Ahresty has collected signs of risks that could affect the Group on a global basis due to regional conflicts. We are working to strengthen our system so that in the event of risks that have a major impact on the Group's production and earnings, relevant departments and sites will work together to promptly consider countermeasures.

Compliance

Ahresty considers the trust of its stakeholders to be the starting point in conducting all of its business activities, and maintains a management philosophy of making constant efforts to raise the Group's corporate value. We have established the Compliance Principles and the Ahresty Group's Code of Conduct as compliance standards to be observed by all employees, including both executives and regular employees. By continuously disseminating them in a timely and appropriate manner, we are working to prevent compliance violations. We will conduct fair and honest business activities while not only observing laws, regulations, and internal rules, but also complying with the corporate ethics demanded by society.

Initiatives for information security

The risk of cyber-attacks targeting companies, which may affect plant operations, has been increasing.
As a company that plays a role in the supply chain, Ahresty recognizes the importance of security issues. We have established internal rules and regulations, strengthened management of information devices, and limited access to information, thereby preventing leakage of information due to internal fraud or external cyber-attacks, etc. In general, the following approaches are promoted.

1. Approach from human perspectives

Ahresty promotes education to enable employees to have knowledge about information security, pay attention not to cause information security-related accidents in their daily operations, and act properly if an information security incident, such as a data leak, occurs.

2. Approach from perspectives of regulations/rules, and devices/equipment

Ahresty has established rules and guidelines on information management and information security, strengthened management of information devices, and limited access to information, thereby preventing leakage of information due to internal fraud or external cyber-attacks, etc. At the same time, Ahresty works to ensure that individuals are informed about these operations so that they can properly manage information.

3. Approach to risk management in teleworking

As changes in workstyles, such as teleworking, have been accelerating since the outbreak of COVID-19, it is increasingly necessary to prevent data leaks and other information risks. Ahresty requires all its employees to raise their awareness of information risks and has reinforced measures such as ensuring compliance with information management rules and prohibiting any act that may be associated with leakage of information.

Introduction of new Independent Directors

Kimiko Terai
Professor at the Faculty of Economics, Keio University

After serving as a researcher at the Research Department of the Tokyo Shisei Chosa Kai (currently the Tokyo Institute for Municipal Research), a visiting scholar at the University of California, Irvine, and Professor at the Faculty of Business Administration, Hosei University, she assumed her current position in 2012. She has deep insight and broad experience as an economist and is familiar with the financial sector, including the social security system.

Contributing to the improvement of corporate value from two perspectives: economics and the empowerment of women

My area of expertise

My major is economics. From the perspective of economics, I have gained knowledge about the magnitude of the impact the automotive industry has on society, the role it is expected to play in the future, and the things that need to be kept in mind as it develops. I would like to make use of this knowledge in my mission.

Roles that can be fulfilled as an Independent Director

I have participated in various governmental activities and academic conferences, and I am aware of information on environmental policies and trends in finance and social security related to environmental issues. I believe that such information can also be used at manufacturing sites from the perspective of social needs.
I would like to make suggestions regarding the implementation of specific measures, such as dialogue with on-site staff, for the promotion of work-life balance and the realization of diversity. I would also like to make use of my experience in working to help women balance their private and work lives, and gradually gain the ability to speak out in a field dominated by men. I believe that if we increase the number of female employees, raise the ratio of female managers, and eventually appoint female directors from within the company, there will be a significant change in terms of diversity. I hope that I will be able to help incorporate the perspectives of women into management.

Expectations for Ahresty

I look forward to seeing Ahresty transform with a sense of urgency in terms of both achieving carbon neutrality at production sites and providing environmentally friendly products. I will fulfill my role as a director so that such transformation will lead to improved corporate value.

Toshihiro Matsuba
Director, Head of the Technology & Development Administration Dept., Nippon Light Metal Holdings Co, Ltd.

After joining Nippon Light Metal Co., Ltd., he worked as Head of the Technology Department of the Shimizu Plant; Head of the Development Department of the Shimizu Plant; Head of the Overseas Operations Department of the Chemicals Division; and Head of the Shimizu Plant. He became Officer and Head of the Chemicals Division in 2017, and Managing Director and Executive Officer of Nippon Light Metal Co., Ltd. and Director and Head of the Technology & Development Administration Department of Nippon Light Metal Holdings Co., Ltd. in 2021.

Striving to ensure effective management decisions from a multifaceted perspective based on my experience

My area of expertise

My major is chemistry. I have cultivated a wide range of knowledge through technology. In addition to being involved in domestic and overseas projects and the start-up of plants, I have worked with various large and small customers to engage in application development and marketing. Overseas, in particular, I have visited more than 20 countries in Asia, Europe, and North America, as well as the Amazon rainforest in Brazil. From my experience of communicating and negotiating with people of different backgrounds from different countries, differing in terms of common sense, ways of thinking, and culture, I believe that the key to success lies in whether we can understand the true needs of customers and how well we can translate them into product characteristics. I believe that this is common to the manufacturing industry.

Roles that can be fulfilled as an Independent Director

I will strive to ensure more efficient and effective management decisions by providing suggestions and examples from a third-party and technical perspective based on my business experience with various people, including those overseas. In particular, since companies tend to be single-minded when it comes to presenting a direction, I would like to suggest that your company be multi-faceted by presenting new perspectives at such times.

Expectations for Ahresty

I believe that the key is how quickly management decisions can be made. Currently, it is questioned how to respond to weight reduction for mobility, which leads to social contribution. I expect your company to firmly grasp the need for weight reduction, leveraging the advantage of die casting, which allows parts with complex shapes to be produced at once.

Interview with an Independent Director

Independent Director (Audit & Supervisory Committee member)
Chairperson of the Nomination and Compensation Committee

Shuhei Shiozawa

Ahresty's corporate governance supporting sustainable growth

The automotive industry is facing a once-in-a-century period of change. In a situation where various changes, such as responses to carbon neutrality and the electrification of powertrains, are progressing at a rapid pace, we asked Mr. Shiozawa's view on corporate governance, which is the foundation that supports the enhancement of Ahresty's corporate value.

What do you think are the characteristics of Ahresty's governance?

I have been a Director and Audit and Supervisory Committee member of Ahresty since 2017, and 2023 will my sixth year in this position. From my experience so far, I believe that Ahresty's governance is steadily evolving, with the establishment of the Nomination and Compensation Committee in 2019 and the appointment of an Independent Director as the chairperson of the Nomination and Compensation Committee in 2021. The Nomination and Compensation Committee is an advisory body that discusses matters, such as the appointment and remuneration of directors and requirements for director candidates. With a majority of Independent Directors, it can make decisions from an objective perspective without being bound to the preconceptions of the company. The view of people inside the company is different from that of those outside the company. In this respect, I believe that the transparency and objectivity of the decision-making process have improved compared to before the establishment of the committee.

As for myself, since I became the chairperson of the Nomination and Compensation Committee, I have had more opportunities to receive briefings from the secretariat before the meetings of the committee and have gained even more information. Although the Board of Directors and the Nomination and Compensation Committee have always had free and open discussion, I am working to improve the quality and depth of discussion as the chairperson.

Currently, the automotive industry is facing a once-in-a-century period of change. In this situation, it is important for the Board of Directors to accurately understand risks, and each member of the Board of Directors needs to be aware of changes, anticipate risks, and consider countermeasures in their respective areas of expertise. We cannot change the probability of occurrence of events, such as the COVID-19 pandemic or Russia's invasion of Ukraine. However, we can predict what will happen after the outbreak of an event and can change our coping strategies. Furthermore, we can change the probability of occurrence of an event if it is attributable to the company, such as a plant accident or a product quality defect. I believe that the role of people outside the company who can take an objective view is to understand what can be changed to ensure that there are no unexpected surprises, while making the most of their respective areas of expertise.

Please give your view on the composition of the Board of Directors in relation to the attributes of Independent Directors.

The Board of Directors consists of nine directors, four of whom are Independent Directors. Its composition, with more than one-third of the members being Independent Directors, allows people outside the company to keep an eye on the company. Here, it is important to discuss whether the knowledge, experience, and abilities of the directors are in line with Ahresty's strategy, and what kind of skill matrix is required of the Board of Directors. For the skill matrix for 2023, human resources and ESG items have been added to strengthen the monitoring function for the company's initiatives aimed at resolving social issues.

The Board of Directors has a division-of-work system that allows each director to make the most of their expertise while demonstrating their strengths as a whole. Under the 10-year Business Plan that started in fiscal 2022, Ahresty is working to expand the use of aluminum die-cast products. The use of aluminum makes vehicles lighter, which indirectly contributes to mitigating the impact of climate change. In order for a company to grow sustainably together with society, it is important to think about how it can make the best contribution through its core business. At the Board of Directors, there is an opinion that discussion should be made based on the knowledge of each member under a business philosophy that aims for a triple-win for the buyer, the seller, and society, and we are having discussions in this direction.

Please tell us about your perceived need to improve governance.

Ahresty is a manufacturing company. You can clearly see the results of manufacturing, such as the quality of products, by looking at manufactured products. Since standards are clear, it is easy to express opinions. I think this is rooted in the corporate culture of Ahresty, which features openness. The Board of Directors is also influenced by this corporate culture. Even now, there are occasional opportunities to exchange views with on-site staff. However, if such opportunities are provided on a regular basis, or if meetings are held for discussion only among Independent Directors, a Board of Directors' meeting will be a place that allows for a more in-depth discussion.

Please tell us about the system for selecting the Directors of Ahresty.

First of all, discussion begins with what kind of human resources are needed. After discussing the desired roles and skills, we proceed to the next processes, such as selecting candidates. Specifically, we prepare a human resources roadmap, determine requirements for the necessary human resources and candidates at each level, and prioritize the training of such candidates. In particular, regarding the selection and training of candidates for a department manager or higher position, we operate a system in which we cultivate their skills as a director step by step (Figure 1). After stepping them up to the position of a department manager, chief, and executive officer in a phased manner, we implement a strategic assignment approach as a measure to train directors. This is a hands-on human resources development measure that provides opportunities for director candidates to gain experience by actually experiencing important posts and projects according to the candidate requirements. Once a year, the Nomination and Compensation Committee examines the skill matrix of candidates created based on the evaluation results of strategic assignments to check if a review is necessary (Figure 2).

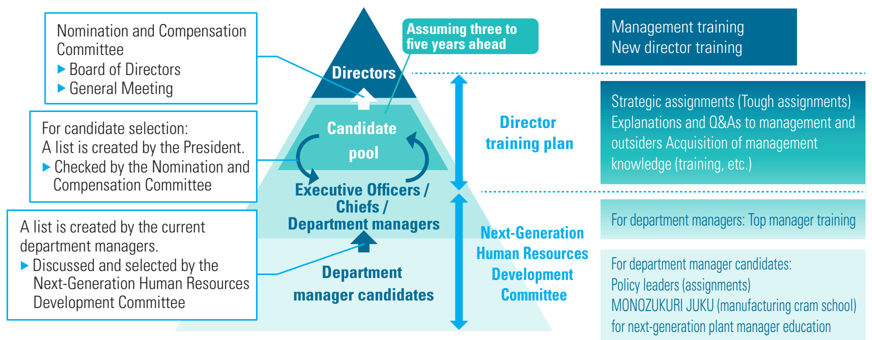
The difficult part of running the PDCA cycle for a candidate training plan is assessing the future potential of candidates after the number of candidates is narrowed down to some extent. It is necessary to gauge whether they can perform as well in their next position as they do now. On the other hand, in the case of Independent Directors, their skills can be objectively assessed based on their backgrounds and qualifications. However, since it is difficult to judge their aptitudes and personalities as directors, we have to meet them in person to make a judgment.

Finally, please tell us what you expect from the new management system that has started since March.

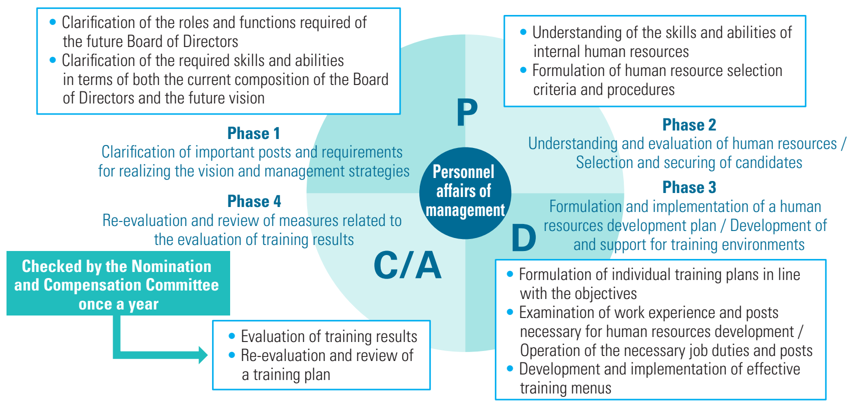
I expect the President to respond flexibly without being constrained by the past. In the rapidly changing automotive industry, it is important to understand risks. In order to respond to risks in changing circumstances, flexibility is a key point. Since the President has held a wide range of responsibilities since joining Ahresty, including serving as Director at a domestic plant and a manufacturing site in the U.S., General Manager of the IT System Department, and Chief of the General Administrative Command, in addition to his experience at a company in the IT industry, I expect that he will be able to respond flexibly without being bound to a narrow industry.

There are limits to what one person can do. It is important how he will use the people around him. I would like him to make good use of the Internal and External Directors.

(Figure 1) Approach to training director candidates



(Figure 2) Director training process



Introduction of Independent Directors

Independent Director
(Audit and Supervisory Committee member)

Shuhei Shiozawa

Councilor and Professor of the Faculty of Economics, Tokyo International University; Former President, Tokyo International University; Professor Emeritus, Keio University; Outside Director, KYB Corporation

Reason for appointment: He was deemed to be qualified for the position because he is a professor of economics specializing in theoretical economics and financial theory, with extensive experience and insight as a university professor of economics and as a president.

Independent Director
(Audit and Supervisory Committee member)

Akiyoshi Mori

Lawyer, Mori & Kikuchi Law Office

Reason for appointment: He was deemed to be qualified for the position because he has extensive experience as a lawyer over many years and specialized knowledge of corporate legal affairs.

Independent Director
(Audit and Supervisory Committee member)

Kimiko Terai

Professor at the Faculty of Economics, Keio University

Reason for appointment: She was deemed to be qualified for the position because she has deep insight and broad experience as an economist, and is an academic expert familiar with the financial sector, including the social security system.

Independent Director
(Audit and Supervisory Committee member)

Toshihiro Matsuba

Director, Head of the Technology & Development Administration Department, Nippon Light Metal Holdings Co., Ltd.

Reason for appointment: He was deemed to be qualified for the position because he has extensive work experience and insight that he has cultivated as a director and executive officer of a non-ferrous metal company.

Key financial, human resources and environmental data for the 10-year period

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating results										
Net sales	126,783	138,727	144,451	136,657	145,167	145,428	120,577	92,973	116,313	140,938
Operating income	4,449	2,521	5,385	6,912	4,718	3,228	764	△2,554	△2,422	23
Operating income margin (%)	3.5	1.8	3.7	5.1	3.3	2.2	0.6	△ 2.7	△2.1	0.0
Recurring income	4,012	1,622	4,077	6,256	4,436	2,905	406	△2,094	△2,032	94
Net income attributable to owners of parent	5,888	332	1,963	4,620	3,450	421	△685	△2,843	△5,189	△84
Comprehensive income	11,895	7,002	△1,310	3,171	3,971	△3,574	△3,175	△1,788	△2,267	3,288
Financial condition										
Total assets	136,816	147,577	139,496	135,044	137,751	128,222	123,054	132,223	131,302	137,069
Net assets	54,175	60,849	59,262	62,053	65,439	61,293	57,364	55,631	53,566	56,649
Interest-bearing debts	43,014	46,838	42,448	32,804	31,552	30,737	33,695	45,920	42,916	43,519
Per share information										
Net assets per share (yen)	2,094.75	2,351.99	2,287.83	2,394.58	2,522.55	2,357.98	2,244.49	2,161.08	2,068.69	2,180.28
Net income per share (yen)	269.52	12.86	75.97	178.77	133.40	16.26	△26.77	△111.06	△201.23	△ 3.26
Dividends per share (yen)	14	12	14	20	26	22	8	5	10	10
Financial index										
Equity ratio (%)	39.5	41.2	42.4	45.8	47.4	47.7	46.5	41.9	40.7	41.2
Return on equity (%)	12.6	0.6	3.3	7.6	5.4	0.7	△1.2	△5.0	△9.5	△0.1
Price-earnings ratio (%)*1	3.2	59.8	9.6	6.4	7.1	38.9	-	-	-	-
Return on assets (%)	4.3	0.2	1.4	3.4	2.5	0.3	△ 0.5	△ 2.2	△ 3.9	△ 0.1
D/E ratio	0.8	0.8	0.7	0.5	0.5	0.5	0.6	0.8	0.8	0.8
Dividend payout ratio (consolidated) (%)*1	5.2	93.3	18.4	11.2	19.5	135.3	-	-	-	-
Cash flows										
Cash flows from operating activities	11,835	12,502	18,062	21,779	16,908	16,018	16,474	7,942	8,259	10,727
Cash flows from investing activities	△12,671	△15,211	△14,648	△12,932	△16,795	△14,150	△17,691	△11,570	△6,083	△6,331
Cash flows from financing activities	3,012	△538	△4,372	△9,004	△1,391	△1,392	2,162	11,940	△5,101	△1,534
Free cash flow	△836	△2,709	3,414	8,847	113	1,868	△1,217	△3,628	2,176	4,396
Year-end balance of cash and cash equivalents	8,791	5,789	4,505	4,100	2,630	2,901	3,732	12,249	9,356	12,991
Capital expenditures and depreciation										
Capital expenditures*2	10,518	9,841	9,064	7,046	10,962	10,595	13,821	7,497	6,044	6,899
Depreciation	11,153	12,956	14,877	13,781	14,899	16,011	14,329	12,901	11,919	12,906

*1 Since the price-earnings ratio and dividend payout ratio (consolidated) for fiscal year ended March 31, 2020, fiscal year ended March 31, 2021, fiscal year ended March 31, 2022, and fiscal year ended March 31, 2023 are not shown due to net loss attributable to owners of parent.

*2 The capital expenditures exclude those for "dies" included in tools, furniture and fixtures.

(Unit: million yen)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Segment information										
Japan segment die casting										
Net sales	62,228	63,226	63,583	63,008	66,818	67,988	59,500	45,584	51,746	59,019
Segment income	3,656	3,230	2,769	2,519	1,458	871	△444	△2,491	△1,372	250
Segment assets	45,433	46,869	48,372	51,614	54,525	54,834	53,773	55,940	51,717	50,832
North America segment die casting										
Net sales	33,906	40,654	45,760	40,854	39,937	39,801	30,633	21,628	28,111	36,995
Segment income	509	△1,295	1,521	2,163	291	123	635	94	△1,096	△676
Segment assets	40,937	47,279	45,272	41,409	38,173	32,954	29,478	29,787	31,064	31,597
Asia segment die casting										
Net sales	24,143	27,584	27,594	26,128	30,422	29,971	23,846	19,931	26,488	33,676
Segment income	180	662	573	1,758	2,378	1,841	3	△598	△547	8
Segment assets	42,635	46,859	40,378	36,995	39,271	37,943	38,291	37,807	42,128	42,163
Aluminum										
Net sales	4,657	5,015	4,921	4,402	4,597	4,679	3,993	3,483	6,463	7,975
Segment income	△6	5	338	274	213	112	169	33	265	274
Segment assets	2,609	3,030	2,527	2,773	3,344	3,019	2,388	2,758	4,350	4,085
Proprietary products										
Net sales	1,848	2,245	2,590	2,263	3,371	2,976	2,603	2,345	3,503	3,271
Segment income	66	83	212	155	392	314	277	320	312	285
Segment assets	1,000	1,397	1,797	1,213	1,997	2,194	1,282	1,018	2,573	3,271
Net sales by region										
Japan	68,856	70,618	70,723	69,288	74,278	75,196	65,699	51,122	61,423	70,001
North America	33,576	40,731	45,827	40,909	40,077	39,916	30,719	21,710	28,195	37,095
Asia	23,806	27,192	27,665	26,248	30,520	30,058	23,890	19,955	26,547	33,709
Other regions	544	185	235	212	290	257	268	185	146	132
Percentage of overseas sales (%)*3										
	45.7	49.1	51.0	49.3	48.8	48.3	45.6	45.0	47.2	50.3
Human resources and environment data										
Consolidated number of employees (persons)	7,044	7,373	7,055	7,215	7,268	7,337	6,780	6,124	5,940	5,499
Percentage of female employees (%)	-	-	-	-	-	-	-	-	-	17.4
Percentage of female managers (%)	-	-	-	-	-	-	-	-	-	10.3
CO_2 emissions (thousand t-CO_2)*5	286	278	271	264	260	249	220	194	208	204

*3 The percentage of overseas sales is categorized by country or region based on the location of each customer.

*4 Figures are after the application of the "Accounting Standard for Revenue Recognition" from fiscal year ended March 31, 2022.

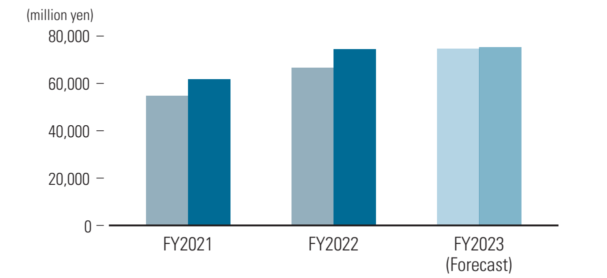
*5 Figures from fiscal year ended March 31, 2014 to fiscal year ended March 31, 2017 do not include those from company cars, cafeterias, and other items with minor impact.

Consolidated Financial Highlights

Net sales

Net sales ■1st half ■2nd half

140,938 million yen

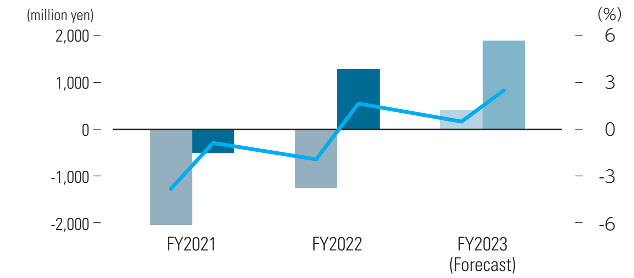


The impact of the semiconductor supply shortage and other factors gradually eased in the second half of the year; however, the decline in automobile production in the first half had a negative impact, and sales volume increased only 2.7% year on year. Sales increased 21% due to higher aluminum ingot prices and a weaker yen.

Operating income / Operating income margin

Operating income ■1st half ■2nd half — Operating income margin

23 million yen / **0.0**%

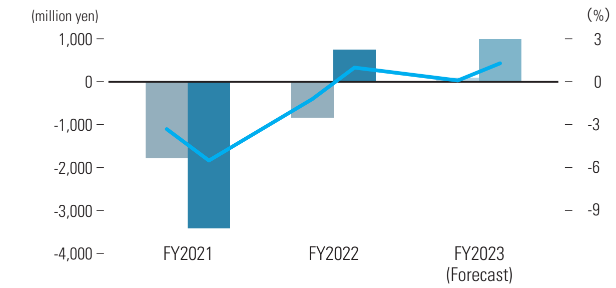


Although due to the semiconductor shortage and the supply network disruption caused by China's zero-COVID policy, the volume of orders received decreased, resulting in an operating loss in the first half, we streamlined our production system, reduced manufacturing costs, and concluded price revisions and cost compensation negotiations with customers in response to soaring energy and other prices in the second half. As a result, we recorded a profit for the full year.

Net income / Net income margin

Net income ■1st half ■2nd half — Net income margin

(84) million yen / **(0.1)**%

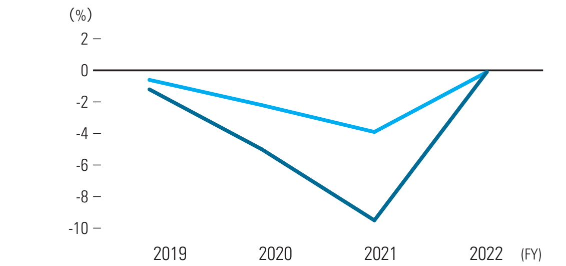


Despite extraordinary gains from the sale of the Higashimatsuyama Plant, we recorded a net loss for the period due to impairment losses on fixed assets at domestic and overseas sites, as well as special retirement benefits associated with the streamlining of production systems at overseas sites.

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

— Return on equity — Return on assets

(0.1)% / **(0.1)**%

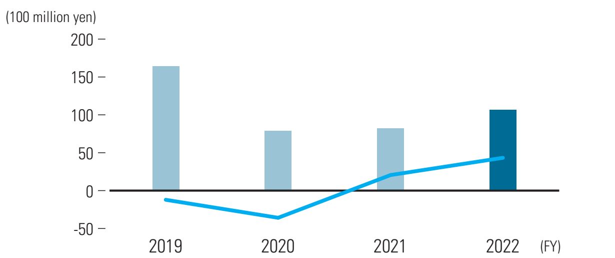


Both ROE and ROA were negative due to the net loss for the period.

Operating cash flow / Free cash flow*2

■Operating cash flow — Free cash flow

10,727 million yen / **4,396** million yen

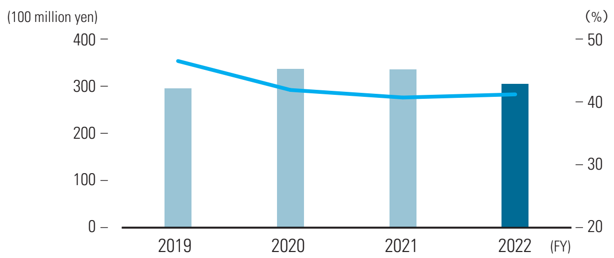


Continuing from the previous fiscal year, we worked to curb capital expenditures and reduce investment cash flow. Free cash flow remained positive due in part to an increase in operating cash flow.

Net interest-bearing debts*3 / Equity ratio

■Net interest-bearing debts — Equity ratio

30,528 million yen / **41.2**%



Despite the uncertainty in the global economy, including the impact of the semiconductor shortage and the situation in Ukraine, we maintained a higher level of cash and cash equivalents on hand than in the past, resulting in a decrease in net interest-bearing debts by 3 billion yen from the previous fiscal year and an equity ratio of 41.2%.

*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 *3 Net interest-bearing debts = Interest-bearing debts - Cash and deposits

Corporate Information

Corporate Profile

Company name	Ahresty Corporation
Capital	6,964 Million
Founded	June 22, 1938
Established	November 2, 1943
Employees	Consolidated: 5,499
	Single Entity : 1,016

Directors

Representative Director, Chairman and CEO
Arata Takahashi

Representative Director, President and COO
Shinichi Takahashi

Representative Director, Senior Managing Executive Officer
Naoyuki Kaneta

Director, Managing Executive Officer
Hideki Nariya

Director (Audit & Supervisory Committee member)
Kazuyuki Sakai

Independent Director (Audit & Supervisory Committee member)
Shuhei Shiozawa

Independent Director (Audit and Supervisory Committee member)
Akiyoshi Mori

Independent Director (Audit and Supervisory Committee member)
Kimiko Terai

Independent Director (Audit and Supervisory Committee member)
Toshihiro Matsuba

Executive Officers

Executive Officer
Koji Arai

Executive Officer
Koichi Asai

Executive Officer
Yasutaka Oshima

Executive Officer
Kenichiro Mine

Executive Officer
Atsushi Shimizu

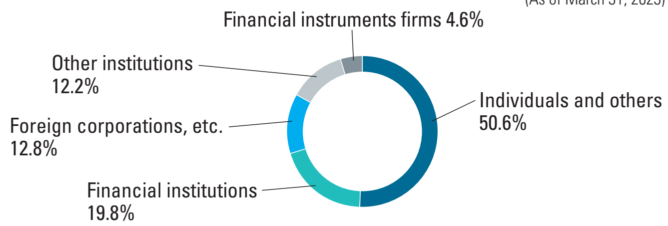
Stock Information

Number of shares and shareholders

Authorized shares: 60,000,000 shares
Issued shares: 26,076,717 shares
Shareholders: 7,108

Distribution by type of shareholder

(As of March 31, 2023)



Sites Information

[Japan]

Head Office and Technical Center
Product Design, Research and Development
ISO 14001 / ISO 9001 (Die Casting Products·Raised Floor)

Tokyo Head Office
ISO 14001 / ISO 9001 (Die Casting Products·Raised Floor)

Tokai Plant
Die Casting, Machining, Part Assembling
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 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

Financial Section

Contents

Overview of Business Performance

Results of Operations

During the consolidated fiscal year under review, the uncertainty in the world economy continued due mainly to high energy and food prices resulting from the Russian invasion of Ukraine, tightening supply of labor and worsening inflation mainly in the U.S., and the zero-COVID policy and subsequent lifting of the policy in China. The central banks of various countries focused their efforts on tightening their monetary policy to suppress inflation. In the U.S., in particular, the FRB has been continuing to raise the policy interest rate. Regarding the future outlook, the economies of Europe and the U.S. are expected to enter a recession phase due to the impact of inflation and rising interest rates resulting from high energy and food prices. The Chinese economy, with the lifting of the zero-COVID policy, is expected to recover gradually mainly from service consumption, though the real estate market will remain stagnant. In Japan, although high commodity prices and the slowdown in the overseas economy are negative factors, the Japanese economy is expected to recover mainly from service consumption and inbound demand and maintain positive growth, while other major advanced countries will suffer negative growth.

Under these economic circumstances, the Ahresty Group made continuous efforts to improve production efficiency, such as flexible adjustment of the number of operating days and personnel placement according to fluctuations in the volume of orders received from automobile companies in each country or region, and the utilization of idle internal facilities to reduce capital investment. However, the shortage in supply of semiconductors and China's zero-COVID policy associated with confusion in supply chains resulted in a significant decline in automobile production, leading to a decrease in the volume of orders received. Moreover, the soaring energy prices boosted production costs. Mainly due to these factors, the first half of the fiscal year under review recorded an operating loss. In the second half of the fiscal year, due to the effect of efforts to improve efficiency in production systems, as well as improvement in the semiconductor supply condition and the settlement of negotiations with major customers on price revisions and cost compensation in response to soaring energy prices, we were able to recover profit, and recorded slight surpluses for operating income and recurring income on a consolidated full-year basis. Moving ahead, although attention needs to be paid to possible risks, such as resurgence of the shortage of semiconductors, intensification of competition between Japanese automobile companies with local manufacturers in the Chinese market, and the impact of the economic slowdown in the U.S. market, we predict that the recovery trend of our business performance will continue.

Starting from the consolidated fiscal year under review, the Ahresty Group has promoted its 10-year Business Plan, a long-term management plan toward fiscal 2030, and the 2224 Medium-Term Management Plan, the milestone plan for the first three years of the 10-year Business Plan. Under the 2224 Medium-Term Management Plan, in response to changes in the external environment, such as the acceleration of electrification of automobiles and moves toward carbon neutrality, we set "establishing low-cost, highly productive MONOZUKURI," "reducing CO_2 emissions in production," and "shifting the business portfolio to predominantly parts for electric vehicles" as the pillars of our strategy. Based on these pillars, we are making efforts to secure net sales, improve productivity, and enhance our earnings strength.

As a result, the Group recorded consolidated net sales of ¥140,938 million (up 21.2% year on year), operating income of ¥23 million (compared to an operating loss of ¥2,422 million for the previous year), and recurring income of ¥94 million (compared to a recurring loss of ¥2,032 million for the previous year). Due to the occurrence of an impairment loss on fixed assets and other factors, net loss attributable to owners of parent turned out to be ¥84 million. (The previous year recorded a net loss attributable to owners of parent of ¥5,189 million.)

Consolidated performance for year ended March 2023 (April 1, 2022–March 31, 2023)

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

(1) Consolidated operating results

(% shows the year-on-year change)

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2023	140,938	21.2	23	–	94	–	(84)	–
Year ended March 2022	116,313	25.1	(2,422)	–	(2,032)	–	(5,189)	–

(Note) Comprehensive income Year ended March 2023 3,288 million yen (_%) Year ended March 2022 (2,267) million yen (_%)

(Reference) EBITDA Year ended March 2023 12,929 million yen (36.1%) Year ended March 2022 9,496 million yen (-8.2%)

* EBITDA = operating income + depreciation and amortization

	Net income per share	Fully diluted net income per share	Return on equity	Return on total assets	Operating income on sales
	yen	yen	%	%	%
Year ended March 2023	(3.26)	–	(0.1)	0.1	0.0
Year ended March 2022	(201.23)	–	(9.5)	(1.5)	(2.1)

(Reference) Investment gain or loss under equity method Year ended March 2023 – million yen Year ended March 2022 – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2023	137,069	56,649	41.2	2,180.28
Year ended March 2022	131,302	53,566	40.7	2,068.69

(Reference) Shareholders' equity Year ended March 2023 56,527 million yen Year ended March 2022 53,426 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 2023	10,727	(6,331)	(1,534)	12,991
Year ended March 2022	8,259	(6,083)	(5,101)	9,356

Outlook for fiscal year ending March 2024

In the fiscal year ending March 2024, economies in Europe and the U.S. are likely to enter a recession phase due to the impact of inflation and rising interest rates resulting from high energy and food prices, while the Chinese economy, with the zero-COVID policy lifted, is expected to recover gradually mainly from service consumption. The Japanese economy is expected to recover mainly from service consumption and inbound demand in line with the spread of the "with COVID" lifestyle, and maintain positive growth. In the automobile market, although the shortage of semiconductors will continue to ease, the improvement is likely to slow down. In addition, we must pay attention to events that may have a negative impact on our business performance, such as the intensification of competition between Japanese car manufacturers, which are our main customers, and Chinese EV manufacturers in the Chinese market, and the ongoing tight labor market in the U.S.

Regarding the performance of the Ahresty Group, the recovery in earnings is likely to slow down in the first half of the year ending March 2024 along with the delay in production recovery of some of our major customers in the Chinese market. On a full-year basis, however, we expect increases in both sales and profits starting from the year ended March 2023, with income returning to the black. In response to the ongoing high energy and labor costs, we will continue to properly reflect them in prices. Furthermore, under the 2224 Medium-term Management Plan, which started from the consolidated fiscal year under review, the Group will work to strengthen its profit-making structure, increase the rate of sales for electric vehicles, and enhance the business in vehicle body components. At the same time, we will promote initiatives toward carbon neutrality.

Under these circumstances, our forecasts for consolidated business results for the year ending March 2024 are as follows. Incidentally, our foreign exchange assumptions are as follows: 130.0 yen to the USD, 19.0 yen to the CNY, 1.60 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 are therefore influenced by the MXN/USD exchange rate.

(Million yen)

	Net sales	Operating income	Recurring income	Net income attributable to owners of parent
Year ending March 2024 forecasts	150,000	2,200	1,600	1,100
Year ended March 2023 results	140,938	23	94	(84)
Difference	9,061	2,176	1,505	1,184
Percentage change (%)	6.43	–	–	–

Segment	Net sales: Year ended March 2023	Net sales: Year ending March 2024	Segment profit: Year ended March 2023	Segment profit: Year ending March 2024
Die casting in Japan	59,019	62,000	250	650
Die casting in North America	36,995	41,000	(676)	900
Die casting in Asia	33,676	34,700	8	50
Aluminum	7,975	7,300	274	200
Proprietary products	3,271	5,000	285	400
Elimination of intersegment transactions	–	–	(120)	–
Total	140,938	150,000	23	2,200

Consolidated Balance Sheets

Note:The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥134.95 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.

		Million yen		Thousands of U.S. dollars
(Assets)		Previous consolidated fiscal year (March 31, 2022)	Consolidated fiscal year under review (March 31, 2023)	Consolidated fiscal year under review (March 31, 2023)
Current assets				
Cash and time deposits		¥9,356	**¥12,991**	**$96,271**
Trade notes and accounts receivable, and contract assets	*1	26,631	**27,140**	**201,116**
Electronically recorded monetary claims – operating		3,207	**4,116**	**30,502**
Merchandise and products		4,228	**6,304**	**46,714**
Partly finished goods		5,450	**5,637**	**41,774**
Raw materials and inventories		3,234	**3,462**	**25,656**
Others		1,459	**1,823**	**13,512**
Allowance for doubtful accounts		(148)	**(176)**	**(1,307)**
Total current assets		53,419	**61,299**	**454,242**
Fixed assets				
Tangible fixed assets				
Buildings and structures		31,600	**32,592**	**241,517**
Accumulated depreciation and impairment loss		(17,409)	**(19,071)**	**(141,321)**
Buildings and structures, net		14,190	**13,521**	**100,196**
Machinery and delivery equipment		135,529	**140,599**	**1,041,861**
Accumulated depreciation and impairment loss		(97,511)	**(104,237)**	**(772,413)**
Machinery and delivery equipment, net		38,018	**36,362**	**269,448**
Tools, furniture and fixtures		35,352	**35,880**	**265,881**
Accumulated depreciation and impairment loss		(28,723)	**(28,941)**	**(214,461)**
Tools, furniture and fixtures, net		6,629	**6,939**	**51,420**
Land		5,454	**5,076**	**37,619**
Lease assets		1,262	**1,703**	**12,625**
Accumulated depreciation and impairment loss		(613)	**(921)**	**(6,828)**
Lease assets, net		648	**782**	**5,797**
Construction in progress		7,387	**7,221**	**53,515**
Total tangible fixed assets		72,328	**69,903**	**517,996**
Intangible fixed assets		1,783	**1,642**	**12,170**
Investments and other assets				
Investment securities	*2	1,281	**1,261**	**9,344**
Net defined benefit asset		263	**–**	**–**
Deferred tax assets		1,816	**2,337**	**17,317**
Others		425	**641**	**4,750**
Allowance for doubtful accounts		(16)	**(15)**	**(117)**
Total investments and other assets		3,770	**4,223**	**31,294**
Total fixed assets		77,883	**75,769**	**561,462**
Total assets		¥131,302	**¥137,069**	**$1,015,704**

	Million yen		Thousands of U.S. dollars
(Liabilities)	Previous consolidated fiscal year (March 31, 2022)	Consolidated fiscal year under review (March 31, 2023)	Consolidated fiscal year under review (March 31, 2023)
Current liabilities			
Notes and accounts payable	¥11,557	**¥11,670**	**$86,478**
Electronically recorded obligations – operating	8,125	**9,144**	**67,759**
Short-term loans	16,714	**18,599**	**137,823**
Current portion of long-term loans	8,381	**10,600**	**78,551**
Accrued income taxes	84	**147**	**1,092**
Bonus allowances	1,559	**1,530**	**11,339**
Provision for product warranties	46	**53**	**393**
Others	6,793	**7,532**	**55,817**
Total current liabilities	53,261	**59,277**	**439,254**
Long-term liabilities			
Long-term loans	17,821	**14,319**	**106,111**
Long-term accounts payable	170	**123**	**912**
Deferred tax liabilities	2,414	**2,234**	**16,557**
Net defined benefit liability	2,918	**3,305**	**24,497**
Others	1,149	**1,159**	**8,588**
Total long-term liabilities	24,474	**21,142**	**156,667**
Total liabilities	77,736	**80,419**	**595,921**
(Net assets)			
Shareholders' equity			
Common stock	6,964	**6,964**	**51,605**
Additional paid-in capital	10,206	**10,206**	**75,628**
Retained earnings	30,834	**30,454**	**225,672**
Treasury stock	(166)	**(58)**	**(431)**
Total shareholders' equity	47,837	**47,566**	**352,474**
Other accumulated comprehensive income			
Difference on revaluation of other marketable securities	549	**538**	**3,991**
Foreign currency translation adjustments	5,593	**9,026**	**66,891**
Remeasurements of defined benefit plans	(555)	**(604)**	**(4,478)**
Total other accumulated comprehensive income	5,588	**8,961**	**66,404**
Share warrants	140	**121**	**903**
Total net assets	53,566	**56,649**	**419,782**
Total liabilities and net assets	¥131,302	**¥137,069**	**$1,015,704**

Consolidated Statements of Income and Statements of Comprehensive Income

(Consolidated Statements of Income)

		Million yen		Thousands of U.S. dollars
		Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)
Net sales	*1	¥116,313	¥140,938	$1,044,375
Cost of goods sold	*2	108,689	130,457	966,710
Gross profit		7,623	10,480	77,665
Selling, general and administrative expenses				
Transportation expenses		1,511	1,652	12,241
Salaries and bonuses		3,190	3,089	22,893
Retirement benefit expenses		205	199	1,478
Provision for bonuses		283	302	2,238
Depreciation and amortization		411	411	3,052
Research and development expenses	*3	556	558	4,140
Other expenses		3,885	4,243	31,447
Total selling, general and administrative expenses		10,046	10,457	77,493
Operating income (or loss)		(2,422)	23	172
Non-operating income				
Interest income		44	51	378
Dividends received		103	44	329
Foreign currency exchange gain		276	355	2,636
Gain on sales of scraps		205	230	1,710
Employment adjustment subsidies		227	147	1,091
Others		82	80	599
Total non-operating income		940	910	6,747
Non-operating expenses				
Interest expenses		505	759	5,627
Others		44	79	591
Total non-operating expenses		550	839	6,219
Recurring income (or loss)		(2,032)	94	700
Extraordinary gains				
Gain on sales of fixed assets	*4	34	3,208	23,772
Gain on sales of investment securities		2,304	–	–
Subsidy income	*5	198	132	980
Total extraordinary gains		2,537	3,340	24,752
Extraordinary losses				
Loss on sales and retirement of fixed assets	*6	245	214	1,588
Impairment loss	*7	4,228	2,378	17,627
Retirement benefit expenses		–	448	3,325
Special retirement expenses		–	368	2,731
Total extraordinary losses		4,473	3,410	25,272
Income (loss) before income taxes and others		(3,968)	24	180
Income taxes and enterprise taxes		357	661	4,904
Deferred income taxes		863	(553)	(4,099)
Total income taxes		1,221	108	805
Net income (loss)		(5,189)	(84)	(625)
Net income (loss) attributable to owners of parent		¥(5,189)	¥(84)	$(625)

(Consolidated Statement of Comprehensive Income)

		(Million yen)		Thousands of U.S. dollars
		Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)
Net income (loss)		¥(5,189)	¥(84)	$(625)
Other comprehensive income				
Difference on revaluation of other marketable securities		(1,596)	(10)	(81)
Foreign currency translation adjustments		4,611	3,432	25,439
Remeasurements of defined benefit plans		(92)	(48)	(362)
Total other comprehensive income	*	2,921	3,373	24,995
Comprehensive income		(2,267)	3,288	24,370
Comprehensive income attributable to:				
Owners of parent		(2,267)	3,288	24,370
Non-controlling interests		¥ –	¥ –	$ –

Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Million 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	¥35,909	¥(278)	¥52,801
Cumulative effect of changes in accounting policy	–	–	394	–	394
Balance at beginning of fiscal year reflecting changes in accounting policy	6,964	10,206	36,303	(278)	53,195
Changes					
Cash dividend from retained earnings	–	–	(257)	–	(257)
Net income (loss) attributable to owners of parent	–	–	(5,189)	–	(5,189)
Purchase of treasury stock	–	–	–	(0)	(0)
Disposal of treasury stock	–	–	(22)	112	89
Changes (net) in non-shareholders' equity items	–	–	–	–	–
Total changes	–	–	(5,469)	111	(5,357)
Balance at end of fiscal year	¥6,964	¥10,206	¥30,834	¥(166)	¥47,837

(Million 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	¥2,146	¥982	¥(462)	¥2,666	¥164	¥55,631
Cumulative effect of changes in accounting policy	–	–	–	–	–	394
Balance at beginning of fiscal year reflecting changes in accounting policy	2,146	982	(462)	2,666	164	56,026
Changes						
Cash dividend from retained earnings	–	–	–	–	–	(257)
Net income (loss) attributable to owners of parent	–	–	–	–	–	(5,189)
Purchase of treasury stock	–	–	–	–	–	(0)
Disposal of treasury stock	–	–	–	–	–	89
Changes (net) in non-shareholders' equity items	(1,596)	4,611	(92)	2,921	(24)	2,897
Total changes	(1,596)	4,611	(92)	2,921	(24)	(2,459)
Balance at end of fiscal year	¥549	¥5,593	¥(555)	¥5,588	¥140	¥53,566

Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)

(Million 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	¥30,834	¥(166)	¥47,837
Changes					
Cash dividend from retained earnings	–	–	(258)	–	(258)
Net income (loss) attributable to owners of parent	–	–	(84)	–	(84)
Purchase of treasury stock	–	–	–	(0)	(0)
Disposal of treasury stock	–	–	(36)	108	71
Changes (net) in non-shareholders' equity items	–	–	–	–	–
Total changes	–	–	(379)	108	(271)
Balance at end of fiscal year	¥6,964	¥10,206	¥30,454	¥(58)	¥47,566

(Million 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	¥549	¥5,593	¥(555)	¥5,588	¥140	¥53,566
Changes						
Cash dividend from retained earnings	–	–	–	–	–	(258)
Net income (loss) attributable to owners of parent	–	–	–	–	–	(84)
Purchase of treasury stock	–	–	–	–	–	(0)
Disposal of treasury stock	–	–	–	–	–	71
Changes (net) in non-shareholders' equity items	(10)	3,433	(48)	3,373	(18)	3,354
Total changes	(10)	3,433	(48)	3,373	(18)	3,083
Balance at end of fiscal year	¥538	¥9,026	¥(604)	¥8,961	¥121	¥56,649

Current consolidated fiscal year (April 1, 2022 through March 31, 2023)

(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	$51,605	$75,628	$228,484	$(1,232)	$354,486
Cumulative effect of changes in accounting policy					
Balance at beginning of fiscal year reflecting changes in accounting policy	51,605	75,628	228,484	(1,232)	354,486
Changes					
Cash dividend from retained earnings			(1,917)		(1,917)
Net income (loss) attributable to owners of parent			(625)		(625)
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock			(270)	802	532
Changes (net) in non-shareholders' equity items					
Total changes			(2,812)	801	(2,011)
Balance at end of current fiscal year	$51,605	$75,628	$225,672	$(431)	$352,474

(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	$4,073	$41,451	$(4,116)	$41,408	$1,039	$396,934
Cumulative effect of changes in accounting policy						
Balance at beginning of fiscal year reflecting changes in accounting policy	4,073	41,451	(4,116)	41,408	1,039	396,934
Changes						
Cash dividend from retained earnings						(1,917)
Net income (loss) attributable to owners of parent						(625)
Purchase of treasury stock						(1)
Disposal of treasury stock						532
Changes (net) in non-shareholders' equity items	(81)	25,439	(362)	24,995	(135)	24,860
Total changes	(81)	25,439	(362)	24,995	(135)	22,848
Balance at end of current fiscal year	$3,991	$66,891	$(4,478)	$66,404	$903	$419,782

Consolidated Statements of Cash Flows

	Million yen		Thousands of U.S. dollars
	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)
Cash flows from operating activities			
Income (loss) before income taxes and others	(3,968)	24	180
Depreciation and amortization	11,919	12,906	95,636
Impairment loss	4,228	2,378	17,627
Increase (decrease) in bonus allowances	(61)	(57)	(429)
Increase (decrease) in provision for product warranties	(34)	4	33
Increase (decrease) in net defined benefit liability	32	330	2,450
Interest and dividend income	(148)	(95)	(708)
Interest expenses	505	759	5,627
Foreign currency exchange loss (gain)	139	(406)	(3,013)
Loss (gain) on sales and retirement of tangible fixed assets	209	(3,003)	(22,259)
Loss (gain) on sales of investment securities	(2,304)	–	–
Subsidy income	(198)	(132)	(980)
Retirement benefit expenses	–	448	3,325
Special retirement expenses	–	368	2,731
Employment adjustment subsidies	(227)	(147)	(1,091)
Decrease (increase) in notes and accounts receivable	(3,470)	(234)	(1,735)
Decrease (increase) in inventories	(1,940)	(1,835)	(13,600)
Increase (decrease) in notes and accounts payable	4,861	718	5,324
Increase (decrease) in accounts payable	212	51	383
Increase (decrease) in accrued consumption taxes and others	(748)	(462)	(3,430)
Increase (decrease) in long-term accounts payable – other	(68)	(47)	(352)
Others	(293)	438	3,248
Subtotal	8,645	12,006	88,967
Interest and dividends received	148	95	708
Interest paid	(527)	(700)	(5,190)
Income taxes paid	(503)	(862)	(6,391)
Income taxes refund	81	25	185
Extra retirement payments	–	(20)	(148)
Proceeds from subsidy income	415	183	1,360
Cash flows from operating activities	8,259	10,727	79,490
Cash flows from investing activities			
Purchase of tangible fixed assets	(9,248)	(9,888)	(73,271)
Proceeds from sales of tangible fixed assets	90	3,648	27,035
Proceeds from sales of investment securities	3,020	–	–
Others	54	(92)	(683)
Cash flows from investing activities	(6,083)	(6,331)	(46,920)
Cash flows from financing activities			
Proceeds from short-term loans	117,253	150,982	1,118,800
Repayment of short-term loans	(120,287)	(149,745)	(1,109,639)
Proceeds from long-term loans	7,057	6,940	51,426
Repayment of long-term loans	(8,570)	(9,137)	(67,711)
Purchase of treasury stock	(0)	(0)	(1)
Dividends paid	(257)	(257)	(1,910)
Others	(295)	(315)	(2,336)
Cash flows from financing activities	(5,101)	(1,534)	(11,372)
Effect of exchange rate changes on cash and cash equivalents	32	774	5,740
Net increase (decrease) in cash and cash equivalents	(2,892)	3,635	26,938
Cash and cash equivalents at beginning of year	12,249	9,356	69,332
Cash and cash equivalents at end of year ※	9,356	12,991	96,271

Notes to Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries consist of 12 companies: Ahresty Tochigi Corporation, Ahresty Kumamoto Corporation, Ahresty Yamagata Corporation, Ahresty Wilmington Corporation, Ahresty Techno Service Corporation, Ahresty Die Mold Hamamatsu Corporation, Thai Ahresty Die Co., Ltd., Guangzhou Ahresty Casting Co., Ltd., Ahresty Mexicana, S.A. de C.V., Ahresty India Private Limited, Hefei Ahresty Casting Co., Ltd. and Ahresty Precision Die Mold (Guangzhou) Co., Ltd.
Ahresty Die Mold Hamamatsu Corporation, a consolidated subsidiary of the Company, absorbed Ahresty Die Mold Tochigi Corporation and Ahresty Die Mold Kumamoto Corporation, which were consolidated subsidiaries of the Company in the previous consolidated fiscal year, on April 1, 2022, and the Company absorbed Ahresty Pretech Corporation on April 1, 2022. As a result, these three companies are excluded from the scope of consolidation.

(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 other than shares that do not have a market value, etc.
Market value method (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)
Shares without market value
Moving average cost method is mainly adopted
(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

Notes to Consolidated Financial Statements

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

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

Details of the major performance obligations in the Ahresty Group's primary businesses and the timing at which revenue is recognized are as follows.

A. Die Casting Business

The Ahresty Group manufactures and sells die-cast products and metal-mold-cast products mainly for automobiles, dies for die casting, etc., and peripheral machinery and equipment, etc. for the manufacture of die-cast products. (Hereinafter, dies for die casting, etc. shall be referred to as "dies, etc." and peripheral machinery and equipment, etc. for the manufacture of die-cast products shall be referred to as "peripheral equipment.")

a. Die-cast products and metal-mold-cast products

Regarding sales of die-cast products and metal-mold-cast products, when a product is delivered inside Japan, the customer acquires control of the product at the time that the product is delivered to the customer and our performance obligation is deemed to have been fulfilled at that time. Therefore, revenue is usually recognized at the time of delivery. However, it takes just a few days from shipment for a product to be delivered, which is a period normally considered reasonable. Therefore, regarding products delivered inside Japan, revenue is recognized at the time of shipment. For products exported overseas, since the Ahresty Group adopts prices including carriage and insurance costs, revenue is recognized at the time of shipment taking into consideration the time when the Group loses its physical possession and the time when the customer bears the risk.

Transaction prices are determined by reflecting the impacts of variable consideration and the consideration payable to the customer (defined later) in the contract price for each performance obligation. In the Ahresty Group, variable consideration refers to the amount of ex-post discounts (lump-sums for cost reduction) that varies depending on the number of orders and the level of achievement of cost reduction within a period set with the customer. The lump-sum expenditure for cost reduction is estimated based on the amount of the cost reduction budget calculated by taking into consideration the ratio of cost reduction to sales or added value demanded by customers or past lump-sum expenditure for cost reduction. Although uncertainty existed during the period because variable consideration was estimated, negotiations with customers on the amount was completed at the end of the fiscal year and therefore the uncertainty has been eliminated.

The consideration payable to the customer refers to the purchase prices of parts that are supplied by the customer for a charge (hereinafter referred to as "charged supply parts") to be cast or assembled in the die-cast products the Ahresty Group manufactures and sells.

Since sales of these products are distinct performance obligations, we do not allocate transaction prices to performance obligations but set the transaction prices as the consideration for the performance obligations. Incidentally, the Ahresty Group guarantees the quality of the products that it has sold to customers. However, since such guarantee is provided only when the customer's specifications are not satisfied and therefore the said guarantee is not deemed as a distinct performance obligation, transaction prices are not allocated thereto.

Since the payment of consideration is made within a year after the performance obligation is satisfied, it does not include any significant financing component.

b. Dies, etc.

Regarding sales of dies, etc., taking into consideration the right to receive consideration and the time when the customer bears risk, our performance obligation is deemed to have been fulfilled at the time when mass production of a die-cast product starts. Therefore, revenue is recognized at the time of the start of mass production of the die-cast products manufactured using the said dies, etc. Transaction prices are determined using the contracted transaction prices.

Since sales of these products are distinct performance obligations, we do not allocate transaction prices to performance obligations but set the transaction prices as the consideration for the performance obligations.

Since the payment of consideration is made within a year after the performance obligation is satisfied, it does not include any significant financing component.

c. Peripheral equipment

Regarding sales of peripheral equipment, the customer acquires control of the product at the time that the product is delivered or its installation work is completed and our performance obligation is deemed to have been fulfilled at that time. Therefore, revenue is recognized at the time of acceptance by the customer. Transaction prices are determined using the contracted transaction prices.

Since delivery and installation of peripheral equipment are not distinct goods or services, we do not allocate transaction prices to performance obligations but set the transaction prices as the consideration for the performance obligations. Since the payment of consideration is made within a year after the performance obligation is satisfied, it does not include any significant financing component.

B. Aluminum Business

The Ahresty Group manufactures and sells mainly secondary alloy ingots for die casting and secondary alloy for castings for automobiles. Regarding the manufacture and sales of these, the customer acquires control of the product at the time that the product is delivered to the customer and our performance obligation is deemed to have been fulfilled at that time. Therefore, revenue is usually recognized at the time of delivery. However, since the Ahresty Group delivers these products only inside Japan, it takes just a few days from shipment for a product to be delivered, which is a period normally considered reasonable. Therefore, revenue is recognized at the time of shipment.

Transaction prices are determined using the contracted transaction prices. Since manufacture and sales of these products are distinct performance obligations, we do not allocate transaction prices to performance obligations but set the transaction prices as the consideration for the performance obligations.

Since the payment of consideration is made within a year after the performance obligation is satisfied, it does not include any significant financing component.

C. Proprietary Products Business

The Ahresty Group is engaged in manufacturing, machining, installation and sales of mainly its "MOVAFLOR" raised floor system, etc. for clean rooms at semiconductor production companies, data centers at telecommunications companies, and offices, etc.

Notes to Consolidated Financial Statements

Regarding installation and sales of the raised floor system, etc., when the contract includes only sales, the customer acquires control of the product after the product is delivered and our performance obligation is deemed to have been fulfilled at that time. Therefore, revenue is recognized at the time of acceptance by the customer.

When the contract includes installation, the performance obligation is deemed to be satisfied over time. Therefore, revenue is recognized based on the progress in satisfaction of the performance obligation. The progress is assessed based on the rate of the area of installation completed by the end of each reporting period to the total installation area planned in contract. For contracts whose period of installation work is very short, revenue is not recognized over time, but revenue is recognized at the point of time when the installation work is completed and the customer accepts the said installed item.

Transaction prices are determined using the contract price in each performance obligation.

Since delivery and installation of the raised floor system are not distinct goods or services, we do not allocate transaction prices to performance obligations but set the transaction prices as the consideration for the performance obligations.

Since the payment of consideration is made within a year after the performance obligation is satisfied, it does not include any significant financing component.

(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

Hedging instruments and hedged items to which hedge accounting is applied are as follows. There were no cases to which hedge accounting was applied during the consolidated fiscal year under review.

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

Application of a group tax sharing system

A group tax sharing system has been applied to the Company and its domestic subsidiaries.

(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 69,903 million yen, of which 69,610 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 50.8% 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. Business assets are grouped by plant unit for which revenues and expenditures are continuously monitored, while idle assets and assets to be disposed of are grouped for each asset, to check whether there are signs of impairment losses.

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 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) *7 Impairment Losses, an impairment loss of 2,378 million yen was recognized at Tokai Plant and Higashimatsuyama Plant of Ahresty Corporation, Ahresty Wilmington Corporation and Thai Ahresty Die Co., Ltd.

Future cash flows, which serve as the basis of the use value employed for recognition and measurement of impairment losses, are estimated according to the business plan. And the net realizable value of the assets in question was calculated based on various information owned by the plants belonging to this business segment, using an external professional evaluation organization, etc.

The major assumption used in the business plan is the planned production weight, which was estimated in consideration of the impacts below.

- The planned production weight was calculated by considering informally disclosed information from customers (expected production volume, expected sales plan volume), market environment forecasts based on external information sources, and trend analysis of business plans formulated in preceding fiscal years and actual figures.
- The impact of COVID-19 was not particularly considered in the formulation of the plan in view of the situation where people's awareness has changed from "zero COVID" to "with COVID" and the economy has been becoming stable worldwide.
- Regarding the impact of the intensification of competition between Japanese car manufacturers, which are our main customers, and Chinese EV manufacturers in the Chinese EV (electric vehicle) market, although accurate estimation is difficult at the moment, it is assumed based on informally disclosed information from customers and other data that a certain decrease is likely in the next consolidated fiscal year and beyond.
- Regarding the impact of the decrease in car production due to the shortage of semiconductors, although it is difficult to accurately determine when it will end, our assumption at the moment is that the situation will gradually recover in the next consolidated fiscal year and beyond though the speed of recovery is slow.
- Regarding the impact of the increase in production costs due to soaring energy costs and the ongoing high labor costs due to the tight labor market, it is difficult to accurately determine when it will end despite our continuous efforts to properly pass on the impact to selling prices. Therefore, our assumption at the moment is that the impact will continue for a certain period of time in the next consolidated fiscal year and beyond.

Please note that the assumptions used for the estimations in the business plan are subject to a high degree of uncertainty. If any changes arise in the preconditions or assumptions based on which the estimations were made, such as the impact of the shortage of semiconductors associated with reduction in car production, an increase in production costs, and the resurgence of COVID-19 infections, an impairment loss may be recognized in the subsequent consolidated fiscal year.

Notes to Consolidated Financial Statements

2. Recoverability of deferred tax assets

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

Deferred tax assets: 2,337 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, the estimation of collectable taxable income is calculated based on the business plan.

The major assumption used in the business plan is the planned production weight, which was estimated in consideration of the impacts below.

- The planned production weight was calculated by considering informally disclosed information from customers (expected production volume, expected sales plan volume), market environment forecasts based on external information sources, and trend analysis of business plans formulated in preceding fiscal years and actual figures.
- The impact of COVID-19 was not particularly considered in the formulation of the plan in view of the situation where people's awareness has changed from "zero COVID" to "with COVID" and the economy has been becoming stable worldwide.
- Regarding the impact of the intensification of competition between Japanese car manufacturers, which are our main customers, and Chinese EV manufacturers in the Chinese EV (electric vehicle) market, although accurate estimation is difficult at the moment, it is assumed based on informally disclosed information from customers and other data that a certain decrease is likely in the next consolidated fiscal year and beyond.
- Regarding the impact of the decrease in car production due to the shortage of semiconductors, although it is difficult to accurately determine when it will end, our assumption at the moment is that the situation will gradually recover in the next consolidated fiscal year and beyond though the speed of recovery is slow.
- Regarding the impact of the increase in production costs due to soaring energy costs and the ongoing high labor costs due to the tight labor market, it is difficult to accurately determine when it will end despite our continuous efforts to properly pass on the impact to selling prices. Therefore, our assumption at the moment is that the impact will continue for a certain period of time in the next consolidated fiscal year and beyond.

Please note that the assumptions used for the estimations in the business plan are subject to a high degree of uncertainty. If any changes arise in the preconditions or assumptions based on which the estimations were made, such as the impact of the shortage of semiconductors associated with reduction in car production, an increase in production costs, and the resurgence of COVID-19 infections, there is a possibility that deferred tax assets will be reduced and tax expenses will be recorded in the subsequent consolidated fiscal year.

(Changes in Accounting Policy)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) has been applied since the beginning of the consolidated fiscal year under review. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, Ahresty has decided to apply the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement in the future. This has no impact on our Consolidated Financial Statements.

(Application of FASB Accounting Standards Codification (ASC) 842 "Leases")

Since the beginning of the consolidated fiscal year under review, ASC 842 "Leases" has been applied to overseas consolidated subsidiaries that have adopted US accounting standards. As a result, all leases of lessees at such overseas consolidated subsidiaries will be recognized on the balance sheet as assets or liabilities, in principle.

In applying the said accounting standards, we adopt the method of recognizing the cumulative effect of the application of the accounting standards on the day of the start of the application, as accepted as a transitional measure.

As a result, as of the beginning of the consolidated fiscal year under review, "Lease assets" included in tangible fixed assets increased ¥138 million, "Lease obligations" in current liabilities increased ¥29 million, and "Lease obligations" in long-term liabilities increased by ¥108 million. The impact of this change on the consolidated income statement for the consolidated fiscal year under review is insignificant.

(Change in the calculation method of retirement benefit liabilities)

The Company absorbed Ahresty Pretech Corporation, a consolidated subsidiary of the Company, on April 1, 2022. Accordingly, the calculation method for retirement benefit liabilities of Ahresty Pretech Corporation, the absorbed company, was changed from the simplified method to the principle method. As a result, net defined benefit liability as of the end of the consolidated fiscal year under review increased ¥448 million, and the same amount was recorded as retirement benefit expenses in extraordinary losses.

(Unapplied accounting standards, etc.)

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022, Accounting Standards Board of Japan)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan)

(1) Overview

ASBJ Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. (hereinafter, "ASBJ Statement No. 28, etc.") was issued in February 2018 and the transfer of the Japanese Institute of Certified Public Accountants' practical guidelines on tax effect accounting to the Accounting Standards Board of Japan was completed. In the course of deliberations on the transfer, however, the two following issues were left to be discussed after the issuance of ASBJ Statement No. 28, etc. As the discussions have been completed, these standards, etc. have been finally released.

- Classification for recording tax expenses (taxes on other comprehensive income)
- Tax effect pertaining to sales of shares of subsidiaries, etc. (shares of subsidiaries or affiliates) when the group taxation regime is applied

(2) Scheduled date of application

The application is scheduled from the beginning of the fiscal year ending March 2025.

(3) Impact of applying these accounting standards, etc.

The impact of applying "Accounting Standard for Current Income Taxes," etc. on the consolidated financial statements is currently under evaluation.

(Changes in presentation methods)

(Notes on Consolidated Statements of Cash Flows)

"Foreign currency exchange loss (gain)," which was included in "Others" under "Cash flows from operating activities" in the previous consolidated fiscal year, was independently recorded starting from the consolidated fiscal year under review because its importance in monetary value had increased. To reflect this change in the method of presentation, reclassification of the financial statements of the previous fiscal year has been conducted. As a result, (154 million yen) presented in "Others" under "Cash flows from operating activities" was reclassified into 139 million yen for "Foreign currency exchange loss" and (293 million yen) for "Others."

Notes to Consolidated Financial Statements

Notes on Consolidated Balance Sheets

*1. The amounts of the receivables and contract assets arising from contracts with customers included in "Trade notes and accounts receivable, and contract assets" are as follows:

	As of March 31, 2022	As of March 31, 2023
Notes receivable	¥1,011 million	¥603 million
Accounts receivable	¥25,620 million	¥26,526 million
Contract assets	– million	¥11 million
Total	¥26,631 million	¥27,140 million

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

	As of March 31, 2022	As of March 31, 2023
Investments in securities (share)	¥56 million	¥56 million

*3. Notes receivable transfer by endorsement

	As of March 31, 2022	As of March 31, 2023
Notes receivable transfer by endorsement	¥524 million	¥469 million

Notes on Consolidated Statements of Income

*1. Revenue from contracts with customers
Regarding net sales, revenue from contracts with customers and other revenues are not presented separately. The amount of revenue from contracts with customers is provided in "Notes (Segment Information, etc.) 3. Information related to net sales, profits or losses, assets, liabilities and amounts for other items by reported segment, and information on the breakdown of revenue."

*2. 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, 2022	As of March 31, 2023
¥389 million	¥735 million

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

As of March 31, 2022	As of March 31, 2023
¥556 million	¥558 million

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

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

	As of March 31, 2022	As of March 31, 2023
Building and structures	¥3 million	¥22 million
Machinery and delivery equipment	¥21 million	¥44 million
Tools, furniture and fixtures	¥10 million	¥19 million
Land	– million	¥3,121 million
Total	¥34 million	¥3,208 million

Gain on sales of land for the consolidated fiscal year under review is mainly due to sale of the land of the Company's Higashimatsuyama Plant.

*5. Subsidy income
Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)
Subsidy income refers mainly to the subsidies granted by the Chinese government for capital investment.

Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)
Subsidy income refers mainly to the subsidies granted by the Chinese government for capital investment.

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

	As of March 31, 2022	As of March 31, 2023
Building and structures	¥20 million	¥11 million
Machinery and delivery equipment	¥169 million	¥81 million
Tools, furniture and fixtures, others	¥55 million	¥121 million
Total	¥245 million	¥214 million

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

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(1)Assets for which an impairment loss was recognized

Location	Use	Type	Impairment loss (millions of yen)
Ahresty Die Mold Hamamatsu Corporation (Nishi-ku, Hamamatsu City, Shizuoka)	Business assets	Buildings and structures	1
		Machinery and delivery equipment	125
		Tools, furniture and fixtures	13
		Land	204
		Intangible fixed assets	7
Ahresty Die Mold Tochigi Corporation (Mibu-machi, Shimotsuga-gun, Tochigi)	Business assets	Buildings and structures	2
		Machinery and delivery equipment	10
		Tools, furniture and fixtures	5
		Intangible fixed assets	0
Ahresty Wilmington Corporation (Ohio, the United States)	Business assets	Buildings and structures	129
		Machinery and delivery equipment	2,414
		Tools, furniture and fixtures	127
		Lease assets	2
		Construction in progress	1,121
Hefei Ahresty Casting Co., Ltd. (Anhui Province, People's Republic of China)	Assets to be disposed of	Construction in progress	62
	Total		4,228

(2) Grouping method
The Ahresty Group groups business assets by business unit for which revenues and expenditures are continuously monitored. Idle assets and assets to be disposed of, etc. are grouped for each asset.

(3) Background of how the Group came to recognize an impairment loss and the calculation
Background of how the Group came to recognize an impairment loss and the calculation
For some of the business assets of Ahresty Die Mold Hamamatsu Corporation, from which the initially anticipated revenues could no longer 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 real estate appraisal value.
For some of the business assets of Ahresty Die Mold Tochigi Corporation, from which the initially anticipated revenues could no longer 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 roadside land prices, etc.
For Ahresty Wilmington Corporation, an impairment test was conducted in accordance with the US accounting standards because of its delay in earnings recovery. As a result, the book value of the business assets it owns

Notes to Consolidated Financial Statements

was written down to the recoverable amount and the reductions recorded as an impairment loss.

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

For Hefei Ahresty Casting Co., Ltd., it was decided to dispose of dies for trial production and dedicated equipment of die-casting products for which the planned mass production was suspended, the book value of the said assets was written down to the recoverable amount, and the reduced amount was recorded as an impairment loss.

For the recoverable value, the net realizable value based on the estimated sale value was used.

Current consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

(1)Assets for which an impairment loss was recognized

Location	Use	Type	Impairment loss (million yen)
Ahresty Corporation Tokai plant (Toyohashi City, Aichi)	Business assets	Buildings and structures	266
		Machinery and delivery equipment	581
		Tools, furniture and fixtures	62
Ahresty Corporation Higashimatsuyama plant (Namegawa-machi, Hiki-gun, Saitama)	Business assets	Buildings and structures	20
		Machinery and delivery equipment	111
		Tools, furniture and fixtures	29
		Construction in progress	9
		Intangible fixed assets	1
Ahresty Wilmington Corporation (Ohio, the United States)	Business assets	Buildings and structures	24
		Machinery and delivery equipment	853
		Tools, furniture and fixtures	55
		Lease assets	6
		Construction in progress	227
Thai Ahresty Die Co., Ltd. (Ayutthaya Province, Thailand)	Business assets	Buildings and structures	28
		Machinery and delivery equipment	83
		Tools, furniture and fixtures	9
		Lease assets	2
		Intangible fixed assets	3
Total			2,378

(2) Grouping method

The Ahresty Group groups business assets by business unit for which revenues and expenditures are continuously monitored. Idle assets and assets to be disposed of, etc. are grouped for each asset.

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

For some of the business assets of Tokai plant, 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.

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

Regarding the Higashimatsuyama plant of Ahresty Corporation, for assets to be disposed of, which have no possibility of use in the future due to closure of the plant, and assets with no reasonable plans for use at the moment, the Company reduced their book value to the recoverable amount and recorded the reductions as an impairment loss.

The recoverable amount was measured based on the net realizable value, which was calculated using memorandum value because their conversion to other purpose or sale is difficult.

For Ahresty Wilmington Corporation, an impairment test was conducted in accordance with the US accounting standards because of its delay in earnings recovery. As a result, the book value of the business assets it owns was written down to the recoverable amount and recorded as an impairment loss.

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

For some of the business assets of Thai Ahresty Die Co., Ltd., 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.

For the recoverable value, the net realizable value based on the appraisal value announced by Thailand is used.

Notes on Consolidated Statements of Comprehensive Income

* Recycling and tax effect relating to other comprehensive income

	As of March 31, 2022	As of March 31, 2023
Valuation difference on available-for-sale securities:		
Amount arising during fiscal year under review	¥(43) million	¥(20) million
Recycling	¥(2,304) million	–
Before tax effect adjustment	¥(2,348) million	¥(20) million
Tax effect	¥751 million	¥9 million
Valuation difference on available-for-sale securities	¥(1,596) million	¥(10) million
Foreign currency translation adjustment:		
Amount arising during fiscal year under review	¥4,611 million	¥3,433 million
Remeasurements of defined benefit plans, net of tax:		
Amount for the current term	¥(186) million	¥(143) million
Reclassification remeasurements	¥93 million	¥94 million
Before tax-effect adjustment	¥(92) million	¥(48) million
Tax-effect	–	–
Remeasurements of defined benefit plans, net of tax	¥(92) million	¥(48) million
Total other comprehensive income	¥2,921 million	¥3,373 million

Notes on Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

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.)	410,044	6,008	165,357	250,695
Total	410,044	6,008	165,357	250,695

Notes: 1. The increase of 6,008 common shares in treasury stock is due to 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 165,357 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.

Notes to Consolidated Financial Statements

2. Share warrants and own share warrants

Classification	Share warrant type	Type of shares underlying share warrants	Number of shares underlying share warrants (number of share)				Balance at end of fiscal year (millions of yen)
			End of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	Number at end of fiscal year	
Submitting company (parent company)	Share warrants as stock options	–	–	–	–	–	140
Total		–	–	–	–	–	140

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 18, 2021	Common share	128	Retained earnings	5	March 31, 2021	June 2, 2021
Meeting of the Board of Directors on November 10, 2021	Common share	129	Retained earnings	5	September 30, 2021	December 3, 2021

(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 18,2022	Common share	129	Retained earnings	5	March 31,2022	June 8,2022

Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

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.)	250,695	65,130	166,003	149,822
Total	250,695	65,130	166,003	149,822

Notes: 1. The increase of 65,130 common shares in treasury stock is due to 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 166,003 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)				Balance at end of fiscal year (millions of yen)
			End of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	Number at end of fiscal year	
Submitting company (parent company)	Share warrants as stock options	–	–	–	–	–	121
Total		–	–	–	–	–	121

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 18, 2022	Common share	129	Retained earnings	5	March 31, 2022	June 8, 2022
Meeting of the Board of Directors on November 14, 2022	Common share	129	Retained earnings	5	September 30, 2022	December 5, 2022

(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, 2023	Common share	129	Retained earnings	5	March 31, 2023	June 6, 2023

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, 2022	As of March 31, 2023
Cash on hand and with banks	¥9,356 million	¥12,991 million
Cash and cash equivalents	¥9,356 million	¥12,991 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

Notes to Consolidated Financial Statements

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

Since variables are taken into consideration when estimating fair value of financial instruments, 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, 2022)

	Carrying amount in the consolidated balance sheets	Fair value	Difference
	(¥ millions)	(¥ millions)	(¥ millions)
Investments in securities	1,219	1,219	–
Total assets	1,219	1,219	–
Long-term loans	26,203	26,185	(17)
Total liabilities	26,203	26,185	(17)
Derivative transactions	–	–	–

Current consolidated fiscal year (March 31, 2023)

	Carrying amount in the consolidated balance sheets	Fair value	Difference
	(¥ millions)	(¥ millions)	(¥ millions)
Investments in securities	1,198	1,198	–
Total assets	1,198	1,198	–
Long-term loans	24,920	24,825	(94)
Total liabilities	24,920	24,825	(94)
Derivative transactions	–	–	–

Notes : 1. "Cash and time deposits" are omitted, as cash is recognized at its carrying amount and book value of time deposits approximates their fair value because of their short-term maturity.

2. Shares that do not have a market value are not included in "Investment securities." The amounts of said financial instruments recorded on the consolidated balance sheet are as follows:

(Million yen)

Item	Previous consolidated fiscal year (March 31, 2022)	Consolidated fiscal year under review (March 31, 2023)
Unlisted shares	5	5
Shares of non-consolidated subsidiaries	56	56

3. 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.

4. Derivative transactions

See "Notes on Derivative Transactions".

5. Schedule of repayment of long-term loans after the consolidated account closing date

Previous consolidated fiscal year (March 31, 2022)

	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)
Long-term loans	8,381	8,719	5,553	2,825	722	–
Total	8,381	8,719	5,553	2,825	722	–

Current consolidated fiscal year (March 31, 2023)

	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)
Long-term loans	10,600	7,222	4,425	2,117	555	–
Total	10,600	7,222	4,425	2,117	555	–

3. Matters regarding the breakdown of financial instruments by each fair value level

The fair value of financial instruments is categorized into the following three levels, in accordance with the observability and importance of the inputs related to the fair value calculation.

Level 1 fair value: Fair value calculated using the market price formed in an active market for the target asset or liability for the fair value calculation

Level 2 fair value: Fair value calculated using observable inputs related to the fair value calculation other than the Level 1 inputs

Level 3 fair value: Fair value calculated using inputs related to the fair value calculation that cannot be observed

In cases where multiple inputs which have a material effect on the calculation of the fair value are used, among the levels to which the respective inputs belong, the fair value is categorized at the level with the lowest priority in the fair value calculation.

(1) Financial instruments that are recorded on the consolidated balance sheet at their fair value

Previous consolidated fiscal year (March 31, 2022)

Item	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities	1,219	–	–	1,219
Total assets	1,219	–	–	1,219

Current consolidated fiscal year (March 31, 2023)

Item	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities	1,198	–	–	1,198
Total assets	1,198	–	–	1,198

Notes to Consolidated Financial Statements

(2) Financial instruments other than financial instruments that are recorded on the consolidated balance sheet at their fair value

Previous consolidated fiscal year (March 31, 2022)

Item	Fair value (million yen) Level 1	Level 2	Level 3	Total
Long-term loans	–	26,185	–	26,185
Total liabilities	–	26,185	–	26,185

Current consolidated fiscal year (March 31, 2023)

Item	Fair value (million yen) Level 1	Level 2	Level 3	Total
Long-term loans	–	24,825	–	24,825
Total liabilities	–	24,825	–	24,825

Note : Explanation of the valuation methods and inputs used in calculating fair value

1. Investment securities
Listed shares are valued using the market price. Because listed shares are traded on active markets, their fair value is categorized as a level 1 fair value.

2. Long-term loans
The fair value of long-term loans is calculated using the discounted cash flow method based on interest rates considering the total amount of the sum of principal and interest, the remaining period of the concerned obligation, and the credit risk for each obligation, and this is categorized as a level 2 fair value.

Notes on Marketable Securities

1. Marketable securities for trading
N/A

2. Securities held to maturity that have market value
N/A

3. Other securities that have market value

Previous consolidated fiscal year (March 31, 2022)

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	1,183	353	830
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	1,183	353	830

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	35	60	(24)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	35	60	(24)
	Total	1,219	413	805

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, 2023)

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	1,165	359	806
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	1,165	359	806

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	32	63	(31)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	32	63	(31)
	Total	1,198	423	775

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, 2021 through March 31, 2022)

	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
(1) Stock	3,020	2,304	–
(2) Bond			
(i) Government bond, local government bond, etc.	–	–	–
(ii) Corporate bond	–	–	–
(iii) Other	–	–	–
(3) Other	–	–	–
Total	3,020	2,304	–

Current consolidated fiscal year (April 1, 2022 through March 31, 2023)

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

Notes on Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

Previous consolidated fiscal year (March 31, 2022)
N/A

Current consolidated fiscal year (March 31, 2023)
N/A

(2) Interest rate

Previous consolidated fiscal year (March 31, 2022)
N/A

Current consolidated fiscal year (March 31, 2023)
N/A

Notes to Consolidated Financial Statements

2. Derivative transactions to which hedge accounting is applied

Interest rate

Previous consolidated fiscal year (March 31, 2022)

N/A

Current consolidated fiscal year (March 31, 2023)

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, a termination allowance plan and defined contribution retirement benefit schemes as our defined benefit systems. Some of its consolidated subsidiaries also adopt a simple method for calculating retirement benefit liabilities. The retirement benefit liabilities of Ahresty Pretech Corporation, which the Company absorbed on April 1, 2022, were conventionally calculated by the simplified method. However, in line with the integration of the retirement benefit regulations after the merger, the calculation method was changed to the principle method from the end of the consolidated fiscal year under review.

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, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Balance of retirement benefit liabilities at the beginning of the current fiscal year	4,388	4,599
Service cost	268	274
Interest expenses	13	16
Actuarial difference	100	117
Retirement benefits payments	(284)	(163)
Past service cost incurred	107	–
Amount of increase due to change from simplified method to principle method	–	720
Others	5	(1)
Balance of retirement benefit liabilities at the end of the current fiscal year	4,599	5,564

(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, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Balance of pension assets at the beginning of the current fiscal year	2,433	2,573
Expected return on pension plan assets	62	47
Actuarial difference	22	(27)
Contributions from the business owner	204	201
Retirement benefits payments	(150)	(137)
Balance of pension assets at the end of the current fiscal year	2,573	2,656

(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, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Balance of net defined benefit liability at the beginning of the current fiscal year	656	628
Retirement benefit expenses	97	90
Retirement benefits payments	(125)	(49)
Amount of transfer due to change from simplified method to principle method	–	(272)
Others	0	–
Balance of net defined benefit liability at the end of the current fiscal year	628	397

(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, 2022)	Current consolidated fiscal year (March 31, 2023)
Retirement benefit liabilities of the funded pension	3,042	3,278
Pension assets	(2,573)	(2,656)
	469	622
Retirement benefit liabilities of the unfunded pension	2,184	2,683
Net liabilities and assets recorded on the consolidated balance sheet	2,654	3,305
Net defined benefit liability	2,918	3,305
Net defined benefit asset	(263)	–
Net liabilities and assets recorded on the consolidated balance sheet	2,654	3,305

(5) Retirement benefit expenses and their breakdown

(¥ millions)	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Service cost	268	274
Interest expenses	13	16
Expected return on pension plan assets	(62)	(51)
Recognized actuarial difference	44	48
Recognized prior service cost	48	48
Retirement benefit expenses calculated by the simple method	95	141
Amount of increase due to change from simplified method to principle method	–	448
Others	157	406
Retirement benefit expenses related to the defined benefit system	566	1,333

Note: "Others" refer to special retirement expenses, including financial compensation, premium retirement allowance, etc., paid on a temporary basis.

(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, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Prior service cost	(59)	48
Actuarial difference	(33)	(97)
Total	(92)	(48)

(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, 2022)	Current consolidated fiscal year (March 31, 2023)
Unrecognized prior service cost	(425)	(376)
Unrecognized actuarial difference	(130)	(227)
Total	(555)	(604)

Notes to Consolidated Financial Statements

(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, 2022)	Current consolidated fiscal year (March 31, 2023)
Bonds	25%	8%
Shares	35%	10%
Insurance assets (general account)	36%	45%
Others	4%	37%
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, 2022)	Current consolidated fiscal year (March 31, 2023)
Discount rate	Primarily 0.2%	Primarily 0.2%
Expected rate of increase	Primarily 3.4%	Primarily 3.3%
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 ¥412 million as the previous consolidated fiscal year and ¥420 million as the current consolidated fiscal year.

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)

Notes to Consolidated Financial Statements

	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)	89
Class and number of shares subject to share warrants (Note 2)	Common stock 8,900 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 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)

	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)	89
Class and number of shares subject to share warrants (Note 2)	Common stock 8,900 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 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)	89
Class and number of shares subject to share warrants (Note 2)	Common stock 8,900 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 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)	94
Class and number of shares subject to share warrants (Note 2)	Common stock 9,400 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 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)

Notes to Consolidated Financial Statements

	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)	194
Class and number of shares subject to share warrants (Note 2)	Common stock 19,400 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 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)	223
Class and number of shares subject to share warrants (Note 2)	Common stock 22,300 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 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)	286
Class and number of shares subject to share warrants (Note 2)	Common stock 28,600 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 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)

	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)	386
Class and number of shares subject to share warrants (Note 2)	Common stock 38,600 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 660 Amount of capitalization 330
Conditions for the exercise of share warrants (Note 2)	(Note 6)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

Notes: 1. Converted to the number of shares

2. Information on the last day of the fiscal year under review (March 31, 2023) is stated. Because there is no change in the information to be stated as of the end of the previous month (May 31, 2023), 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

Notes to Consolidated Financial Statements

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, 2023). 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	8,900	8,900	8,900	12,400	25,600	27,700	35,500	44,900
Granted	–	–	–	–	–	–	–	–	–	–	–	–
Expired	–	–	–	–	–	–	–	–	–	–	–	–
Vested	–	–	–	–	–	–	–	3,000	6,200	5,400	6,900	6,300
Not yet vested	3,500	5,100	10,900	9,800	8,900	8,900	8,900	9,400	19,400	22,300	28,600	38,600
After vesting date (number of share)												
At end of previous fiscal year	–	–	–	–	–	–	–	–	–	–	–	–
Vested	–	–	–	–	–	–	–	3,000	6,200	5,400	6,900	6,300
Exercise of rights	–	–	–	–	–	–	–	3,000	6,200	5,400	6,900	6,300
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)	–	–	–	–	–	–	–	368	368	368	368	368
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, 2022) (¥ millions)	Current consolidated fiscal year (March 31, 2023) (¥ millions)
Deferred tax assets		
Accrued expenses	61	69
Net defined benefit liability	691	802
Accounts payable – other (amount that has not been transferred to defined contribution pension plan)	7	11
Long-term accounts payable – other (amount that has not been transferred to defined contribution pension plan)	41	23
Excess deductible amount in bonus allowances	373	394
Unrealized profits for inventories	83	144
Unrealized profits for fixed assets	854	702
Loss carried forward (Note 2)	4,546	5,063
Over-depreciation	2,888	3,452
Provision for product warranties	20	33
Impairment loss	1,633	2,331
Foreign tax credit carried forward	376	537
Other	987	1,345
Deferred tax assets subtotal	12,566	14,910
Valuation reserve pertaining to tax loss carried forward (Note 2)	(4,095)	(4,649)
Valuation reserve pertaining to the sum of deductible temporary differences	(4,686)	(5,041)
Subtotal of valuation reserves (Note 1)	(8,781)	(9,690)
Deferred tax assets total	3,784	5,219
Deferred tax liabilities		
Property replacement reserve	(763)	(691)
Special depreciation reserve	(41)	(29)
Fixed assets reserve	(734)	(860)
Net unrealized gains on securities	(246)	(236)
Exchange rate differences on non-monetary assets and liabilities of overseas consolidated subsidiaries	(1,118)	(1,895)
Retained earnings of overseas consolidated subsidiaries	(938)	(1,034)
Other	(541)	(367)
Deferred tax liabilities total	(4,383)	(5,117)
Net deferred tax assets	(598)	102

Notes: 1. The amount of valuation allowance increased by 909 million yen from the end of the previous consolidated fiscal year. This increase was attributable primarily to an increase in losses carried forward for taxation purpose at the Company and its consolidated subsidiaries and an increase in the amount of valuation allowance related to deductible temporary difference associated with impairment losses.
2. Amounts of tax loss carried forward and deferred tax assets by the deadline for carrying forward

Previous consolidated fiscal year (March 31, 2022)

	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	79	267	58	121	4,017	(*2) 4,546
Valuation reserve	(2)	(39)	(22)	(4)	(8)	(4,017)	(4,095)
Deferred tax assets	–	39	244	54	112	–	(*2) 450

(*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 ¥4,546 million (an amount obtained by multiplying the effective statutory tax rate), deferred tax assets of ¥450 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.

Notes to Consolidated Financial Statements

Consolidated fiscal year under review (March 31, 2023)

	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)	–	141	54	122	153	4,590	(*2) 5,063
Valuation reserve	–	(1)	(14)	(4)	(37)	(4,590)	(4,649)
Deferred tax assets	–	139	39	117	116	–	(*2) 413

(*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 ¥5,063 million (an amount obtained by multiplying the effective statutory tax rate), deferred tax assets of ¥413 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.

(Changes in presentation methods)

"Foreign tax credit carried forward," which was included in "Others" under "Deferred tax assets," and "Retained earnings of overseas consolidated subsidiaries," which was included in "Others" under "Deferred tax liabilities" in the previous consolidated fiscal year, were independently recorded starting from the consolidated fiscal year under review because their importance in monetary value had increased. To reflect this change in the method of presentation, reclassification of Notes of the previous fiscal year has been conducted.

As a result, 1,363 million yen presented in "Others" under "Deferred tax assets" in Notes in the previous consolidated fiscal year was reclassified into 376 million yen for "Foreign tax credit carried forward" and 987 million yen for "Others," and (1,479 million yen) presented in "Others" under "Deferred tax liabilities" was reclassified into (938 million yen) for "Retained earnings of overseas consolidated subsidiaries" and (541 million yen) for "Others."

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, 2022) (%)	Current consolidated fiscal year (March 31, 2023) (%)
Statutory effective tax rate	30.6	30.6
(adjustments)		
Items that will never be included as losses, such as entertainment expenses	(1.1)	246.6
Items that will never be included as profits, such as dividend revenue	0.2	(11.2)
Per capita residential tax	(0.7)	100.8
Increase (decrease) in valuation allowance	(45.8)	71.6
Difference in statutory tax rates of consolidated subsidiaries	(10.2)	801.7
Deduction on overseas consolidated subsidiaries	0.0	11.4
Retained earnings of overseas consolidated subsidiaries	(3.0)	396.8
Foreign tax credit	1.7	(292.6)
Impact of exchange rate fluctuations at overseas consolidated subsidiaries	(3.4)	(910.6)
Other	0.9	1.1
Burden ratio of corporate tax after application of deferred tax accounting	(30.8)	446.2

(Changes in presentation methods)

"Deduction on overseas consolidated subsidiaries," which was included in "Others" in the previous consolidated fiscal year, was independently recorded starting from the consolidated fiscal year under review because its importance in monetary value had increased. To reflect this change in the method of presentation, reclassification of the items of the previous fiscal year has been conducted.

As a result, "Deduction on overseas consolidated subsidiaries" was reclassified as 0.0 in Notes of the previous consolidated fiscal year.

3. Accounting treatment for national and local corporate income taxes or accounting treatment for tax effect accounting related thereto

Since the beginning of the consolidated fiscal year under review, the group tax sharing system has been applied to the Company and its domestic consolidated subsidiaries. In addition, the accounting treatment and disclosure of accounting treatment for national and local corporate income taxes or accounting treatment for tax effect accounting related thereto are performed in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Solution No. 42, August 12, 2021).

(Notes on business combination)
(Transactions under common control, etc.)
(Absorption of a consolidated subsidiary)

The Company absorbed Ahresty Pretech Corporation, a wholly owned subsidiary of the Company, on April 1, 2022 as resolved at its Board of Directors' meeting held on December 24, 2021.

(1) Outline of the transaction

(i) Name of the constituent enterprise and its business line

Name of the constituent enterprise: Ahresty Pretech Corporation

Business line: Machining and assembly of die-cast products

(ii) Date of business combination: April 1, 2022

(iii) Legal form of business combination

Absorption-type merger with the Company as the surviving company and Ahresty Pretech Corporation as the absorbed company

(iv) Name of the enterprise after business combination

Ahresty Corporation

(v) Other matters related to the outline of the transaction

The purpose of this absorption was to establish an integrated casting and processing system at the Company's Tokai Plant through this organizational restructuring, achieve further cost reduction and improved productivity by integrating management operations and sharing know-how, and realize efficient operation of the organization with concentrated management resources.

(2) Outline of accounting treatment implemented

Based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), it was treated as a transaction under common control.

(Absorption of two second-tier subsidiaries by a consolidated subsidiary)

Ahresty Die Mold Hamamatsu Corporation, a consolidated subsidiary of Ahresty Corporation, absorbed its wholly-owned subsidiaries Ahresty Die Mold Tochigi Corporation and Ahresty Die Mold Kumamoto Corporation on April 1, 2022, as resolved at the Board of Directors' meeting held on October 29, 2021.

(1) Outline of the transaction

(i) Name of the constituent enterprise and its business line

Name of the constituent enterprise: Ahresty Die Mold Tochigi Corporation and Ahresty Die Mold Kumamoto Corporation

Business line: Manufacturing of die-casting dies

(ii) Date of business combination: April 1, 2022

(iii) Legal form of business combination

This was an absorption-type merger with Ahresty Die Mold Hamamatsu Corporation as the surviving company, and Ahresty Die Mold Tochigi and Ahresty Die Mold Kumamoto as the absorbed companies. For this merger, Ahresty Die Mold Hamamatsu Corporation followed the procedure of a simplified merger pursuant to the provision of Article 796 (2) of the Companies Act and Ahresty Die Mold Tochigi Corporation and Ahresty Die Mold Kumamoto Corporation followed the procedure of a short-form merger pursuant to the provision of Article 784 (1) of the Companies Act, thus both without obtaining approval at the shareholders' meeting.

(iv) Name of the enterprise after business combination

Ahresty Die Mold Hamamatsu Corporation

(v) Other matters related to the outline of the transaction

Ahresty decided to merge one of its consolidated subsidiaries and two second-tier subsidiaries in Japan to enhance competitiveness and improve the management efficiency of the Group. The purpose of this merger is to integrate our die-casting mold manufacturing operations in Japan into one site and thereby enhance our competitiveness in die manufacturing in Japan and improve management efficiency, and to eventually improve the corporate value of the entire Ahresty Group.

Notes to Consolidated Financial Statements

(2) Outline of accounting treatment implemented

Based on “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), it was treated as a transaction under common control.

(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.

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, 2021 through March 31, 2022)

(Millions of yen)

	Reported segments					
	Die Casting Business			Aluminum Business	Proprietary Products Business	Total
	Japan	North America	Asia			
Sales						
Revenue from contracts with customers	51,746	28,111	26,488	6,463	3,503	116,313
(1) Customers	51,746	28,111	26,488	6,463	3,503	116,313
(2) Intersegment	2,429	5	1,524	2,035	20	6,015
Total	54,175	28,117	28,012	8,498	3,524	122,328
Segment profits/loss	(1,372)	(1,096)	(547)	265	312	(2,436)
Segment assets	51,717	31,064	42,128	4,350	2,573	131,834
Other items						
Depreciation and amortization	4,145	4,063	3,766	51	1	12,029
Impairment loss	371	3,794	62	–	–	4,228
Increase in tangible fixed assets and intangible fixed assets	3,169	2,870	3,072	54	3	9,171

Current consolidated fiscal year (April 1, 2022 through March 31, 2023)

(Millions of yen)

	Reported segments					
	Die Casting Business			Aluminum Business	Proprietary Products Business	Total
	Japan	North America	Asia			
Sales						
Revenue from contracts with customers	59,019	36,995	33,676	7,975	3,271	140,938
(1) Customers	59,019	36,995	33,676	7,975	3,271	140,938
(2) Intersegment	3,015	15	2,362	1,568	56	7,017
Total	62,034	37,010	36,039	9,544	3,327	147,956
Segment profits/loss	250	(676)	8	274	285	143
Segment assets	50,832	31,597	42,163	4,085	3,271	131,950
Other items						
Depreciation and amortization	4,208	4,361	4,359	56	3	12,990
Impairment loss	1,091	1,174	127	–	–	2,393
Increase in tangible fixed assets and intangible fixed assets	3,819	3,020	3,541	36	0	10,418

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	122,328	147,956
Elimination of intersegment transactions	(6,015)	(7,017)
Net sales in the consolidated financial statement	116,313	140,938

(Millions of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Total profit in reported segments	(2,436)	143
Elimination of intersegment transactions	14	(120)
Operating income / loss in the consolidated financial statement	(2,422)	23

(Millions of yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Total assets in reported segments	131,834	131,950
Elimination of intersegment transactions	(6,820)	(3,923)
Company-wide assets	6,288	9,042
Assets in the consolidated financial statement	131,302	137,069

(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	12,029	12,990	(109)	(84)	11,919	12,906
Impairment loss	4,228	2,393	–	(14)	4,228	2,378
Increase in tangible fixed assets and intangible fixed assets	9,171	10,418	(78)	(47)	9,093	10,370

Related Information

Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

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
70,001	37,095	33,709	132	140,938

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 ¥18,984 million in the United States that make up 10% or more of net sales on the consolidated income statement, net sales of ¥18,110 million in Mexico and net sales of ¥28,105 million in China.

Notes to Consolidated Financial Statements

(2) Tangible fixed assets

(Millions of yen)

Japan	North America	Asia	Total
24,513	18,113	27,276	69,903

(Note) Tangible fixed assets in North America and Asia includes tangible fixed assets of ¥12,525 million in Mexico that makes up 10% or more of tangible fixed assets on the consolidated balance sheet, tangible fixed assets of ¥22,871 million in China.

3. Information by major customers

(Millions of yen)

Name of customer	Sales	Titles of the related segments
Subaru Corporation	15,580	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, 2022 to March 31, 2023)

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	–	Chairman and CEO of the Company	(owned) Direct 4.1	–	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).

Per Share Information

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Net assets per share	2,068.69 yen	2,180.28 yen
Net income or loss per share	(201.23) yen	(3.26) 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, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Net income per share		
Net income or loss attributable to owners of parent (million yen)	(5,189)	(84)
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)	(5,189)	(84)
Average number of shares during the period	25,787,788	25,911,370

Important Subsequent Events

At a meeting of its Board of Directors held on April 27, 2023, the Company resolved to purchase its own shares pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act and the provisions of Article 41 of Articles Incorporation.

1. Reason for the acquisition of own shares

As part of the execution of strategic capital policies aimed at achieving both a sound financial position and shareholder returns, the Company shall set total acquisition price to enable flexible acquisition of its own shares while comprehensively considering factors such as investment opportunities, financial conditions, stock price, etc.

The Company shall utilize the shares acquired through this transition by allotting them as restricted stocks issued through stock compensation policy to suppress stock dilution.

2. Details of the acquisition

(1) Class of shares to acquire The Company's common stock
(2) Total number shares to acquire 900,000 shares (maximum)
(3) Total acquisition price of shares 500 million yen (maximum)
(4) Acquisition period May 19, 2023 to December 31, 2023

(Disposition of treasury shares as stock compensation)

At its meeting held on June 22, 2023, 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 14, 2023
(2) Class and number of shares to be disposed of 85,015 shares of the Company's common stock
(3) Disposition price ¥693 per share
(4) Total amount of disposition ¥58 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):
Four persons; 70,747 shares
Directors who are Audit and Supervisory Committee members (excluding independent directors):
One person; 3,448 shares
Executive officers: Five persons; 10,820 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 22, 2023, 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 ¥58 million in total and 85,015 shares of its common stock based on the resolution made at the Board of Directors meeting held on June 22, 2023 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.

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Increase/(decrease)
Segment	Amount (¥ millions)	Amount (¥ millions)	%
Die Casting Business: Japan	49,389	55,698	12.8
Die Casting Business: North America	28,052	35,965	28.2
Die Casting Business: Asia	27,803	34,612	24.5
Aluminum Business	7,534	8,052	6.9
Proprietary Products Business	1,675	2,566	53.2
Total	114,455	136,895	19.6

Note: Monetary amounts are based on manufacturing costs, as available prior to inter-segment eliminations.

(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.

(3) Sales results

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

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Increase/(decrease)
Segment	Amount (¥ millions)	Amount (¥ millions)	%
Die Casting Business: Japan	51,746	59,019	14.1
Die Casting Business: North America	28,111	36,995	31.6
Die Casting Business: Asia	26,488	33,676	27.1
Aluminum Business	6,463	7,975	23.4
Proprietary Products Business	3,503	3,271	(6.6)
Total	116,313	140,938	21.2

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.

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)		Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)	
Customer	Amount (¥ millions)	%	Amount (¥ millions)	%
Subaru Corporation	12,452	10.7	15,580	11.1

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.

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