

Results Briefing for the First Half of the Year Ending March 31, 2024

November 30, 2023



Results for 1st Half of Year Ending March 2024 and Future Outlook

Key Points of the Financial Results for the First Half of the Year Ending March 2024

(Million yen)

	Year ended March 2023	Year ending March 2024		Year-on-Year	Full year Oct. 25 Revised plan	
	1H					1H
		1Q	2Q			
Net sales	66,536	37,996	39,754	77,750	+11,214	155,000
Operating income	(1,198)	227	374	601	+1,799	2,400
Recurring income	(820)	357	581	938	+1,758	2,200
Net income	(830)	452	448	900	+1,730	1,400
Sales weight*	71	81	85	83	+12	83

* With the FY2018 average set as 100

<Overview>

- Net sales: Increased 16.9% year on year due mainly to the recovery in the volume of orders received and the weakening of the yen. Sales weight increased 14.5%, reflecting the production increase by car manufacturers in line with the easing of the semiconductor shortage.
- Operating income: Despite the impact of the sluggish sales of Japanese car manufacturers in the Chinese market, an increase in the volume of orders received by the Group as a whole and the partial advancement in price negotiations with customers to compensate the rise in energy costs contributed to profit.
- Net income: Increased mainly due to the recording of foreign currency exchange gains resulting from the weakening of the yen.

Exchange rate assumptions

(Initial plan⇒Revised plan) USD ¥130.0 ⇒ ¥140.0 Chinese yuan ¥19.0 ⇒ ¥20.0 Indian rupee ¥1.60 ⇒ ¥1.70



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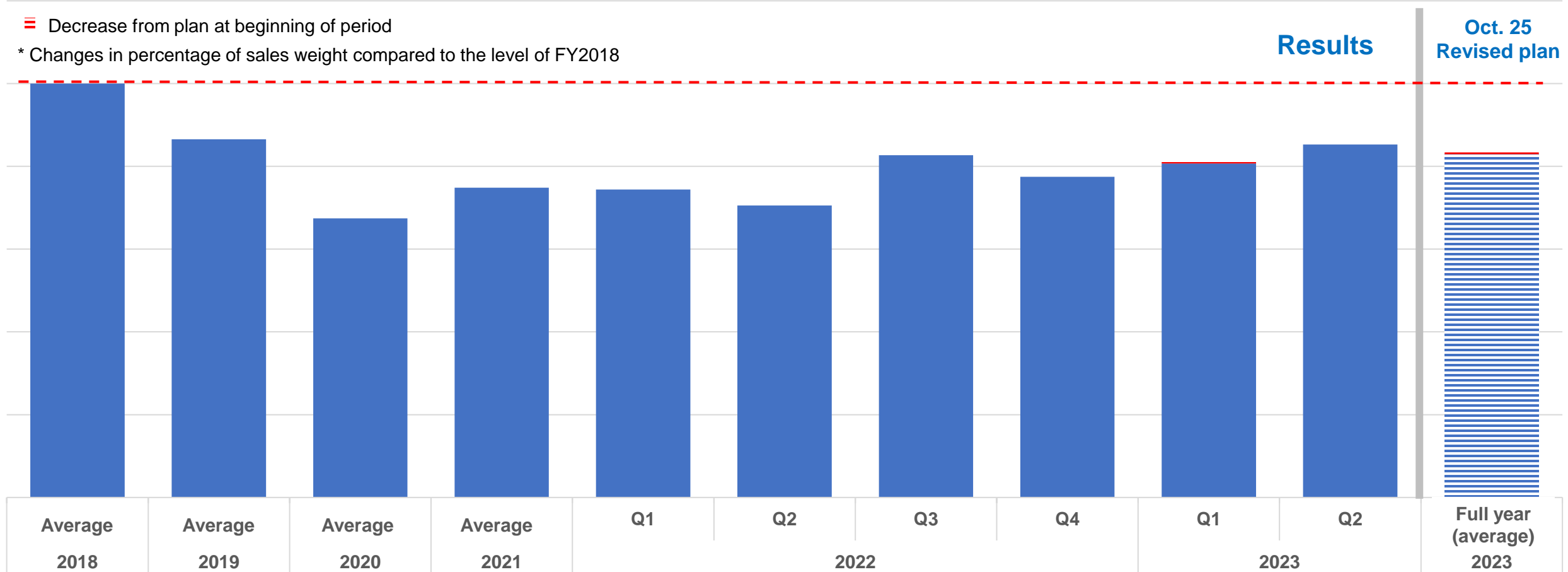
Changes in Sales Weight

Following 1Q, sales weight continued to increase due to stable increase in orders received.

The increase is expected to continue mainly in Japan and North America. But reflecting the decrease in China, the full-year forecast is about the same level as the initial plan in May.

≡ Decrease from plan at beginning of period

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

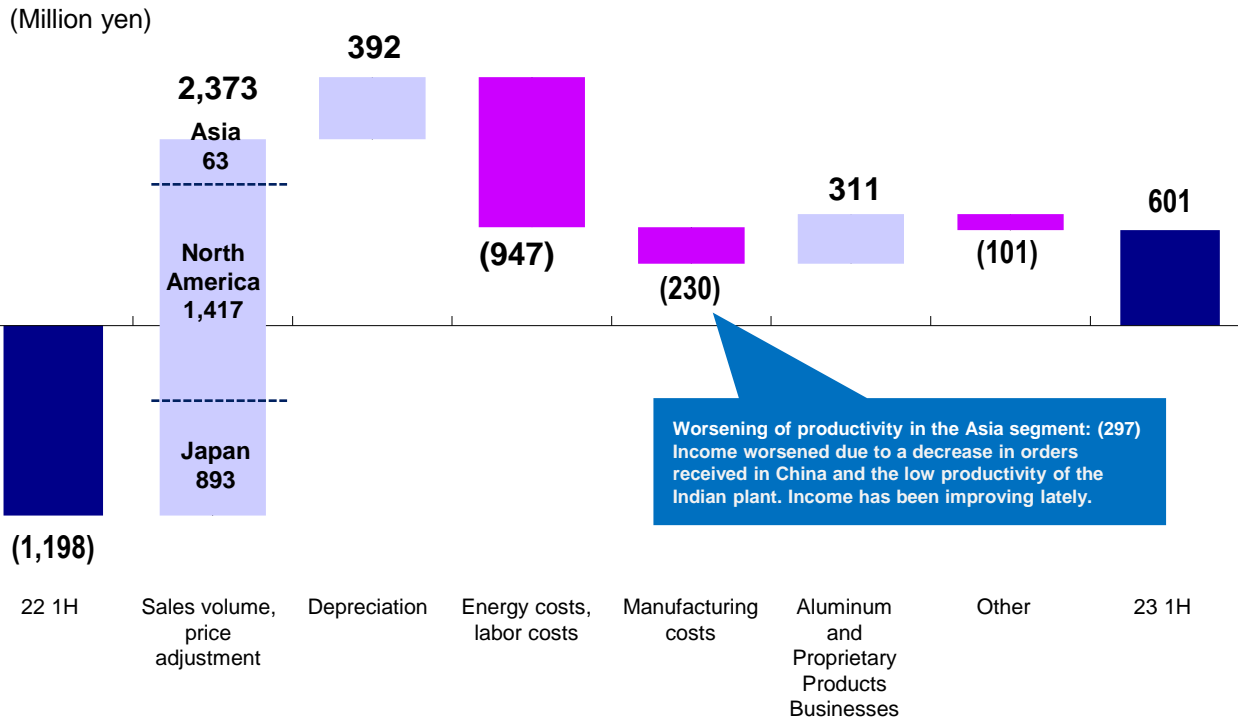


Consolidated Results

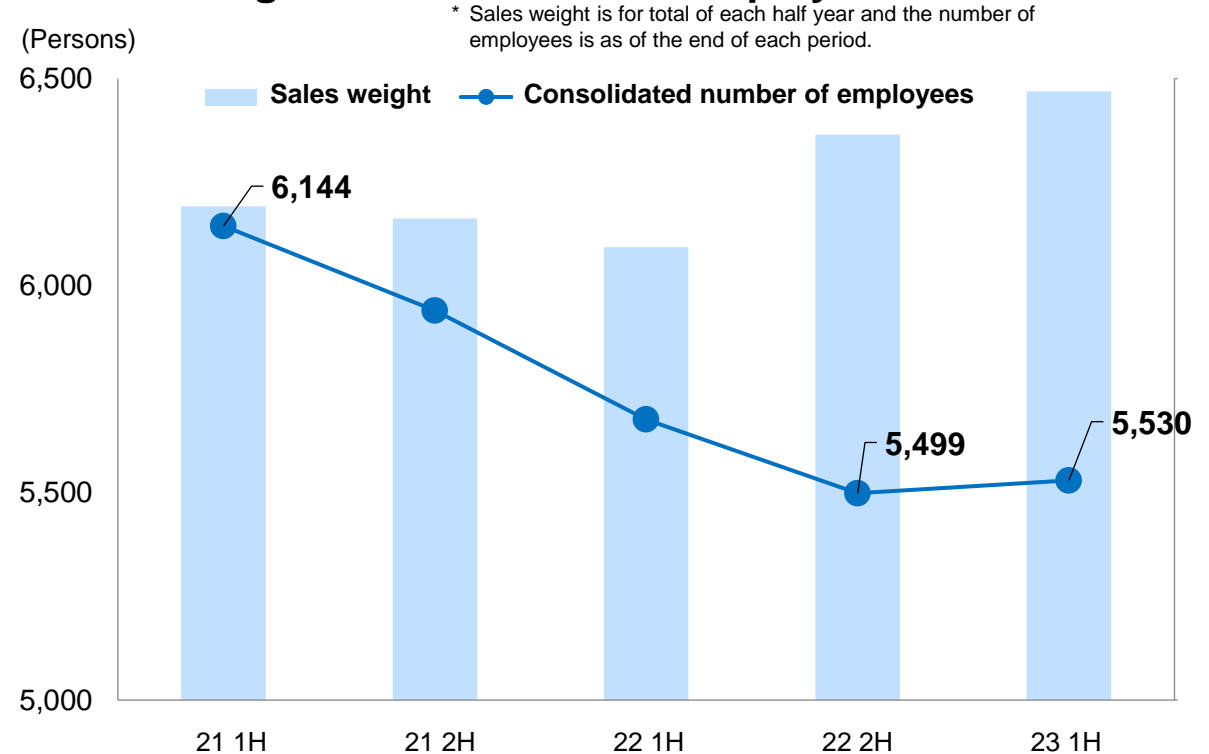
The recovery in sales volume mainly in the Japan and North America segments contributed significantly to income. Manufacturing costs mostly improved except in the Asia segment, achieving a shift to a stage of securing stable profits.

Although optimal allocation of personnel advanced and the sales weight is on a recovery/increasing trend, current staffing levels were maintained and fixed costs were reduced by promoting lean production systems and improving work efficiency to establish a profit-making structure.

Factors behind change in operating income



Changes in the number of employees



Die Casting Business

(Million yen)

		Year ended March 2023	Year ending March 2024		Year-on-Year	Full year Oct. 25 Revised plan	
		1H					1H
			1Q	2Q			
Japan	Net sales	28,109	15,459	15,823	31,282	+3,173	63,500
	Segment income (loss)	(423)	42	139	181	+604	1,000
North America	Net sales	17,016	11,307	11,664	22,971	+5,955	45,000
	Segment income (loss)	(713)	405	288	693	+1,406	1,400
Asia	Net sales	15,695	7,707	8,595	16,302	+607	33,600
	Segment income (loss)	(250)	(617)	(371)	(988)	(738)	(1,200)

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

Aluminum Business and Proprietary Products Business

(Million yen)

		Year ended March 2023	Year ending March 2024		Year-on-Year	Full year Oct. 25 Revised plan	
		1H					
			1Q	2Q			1H
Aluminum Business	Net sales	3,920	1,842	1,667	3,509	(411)	7,000
	Segment income (loss)	152	55	33	88	(64)	200
Proprietary Products Business	Net sales	1,794	1,679	2,005	3,684	+1,890	5,900
	Segment income (loss)	111	174	313	487	+376	800

<Aluminum Business>

- Sales: Decreased due to the impact of a decrease in sales weight and a decline in aluminum prices.
- Income: Decreased mainly due to the decline in sales.

<Proprietary Products Business>

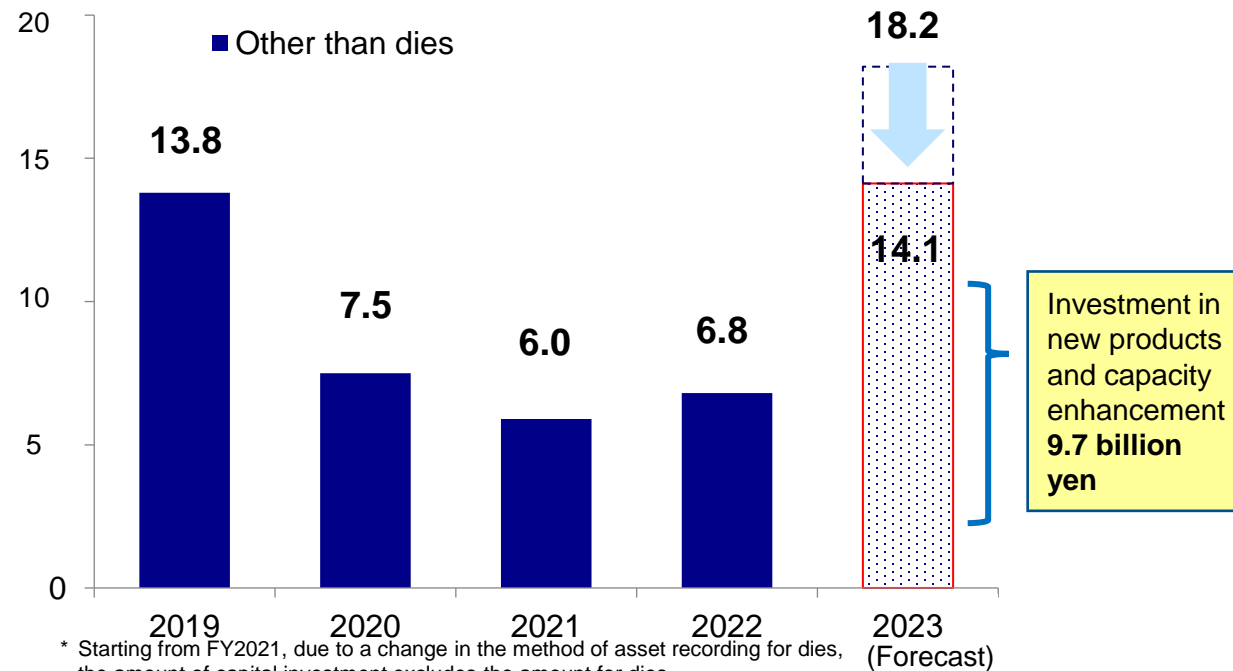
- Sales: Increased due to an increase in orders for clean room projects from a semiconductor production company, our main customer, and the recording of sales of a major project that had been postponed from the previous period.
- Income: Increased mainly due to an increase in net sales. Maintained profitability.

Trends in Capital Investment, Depreciation, and Amortization

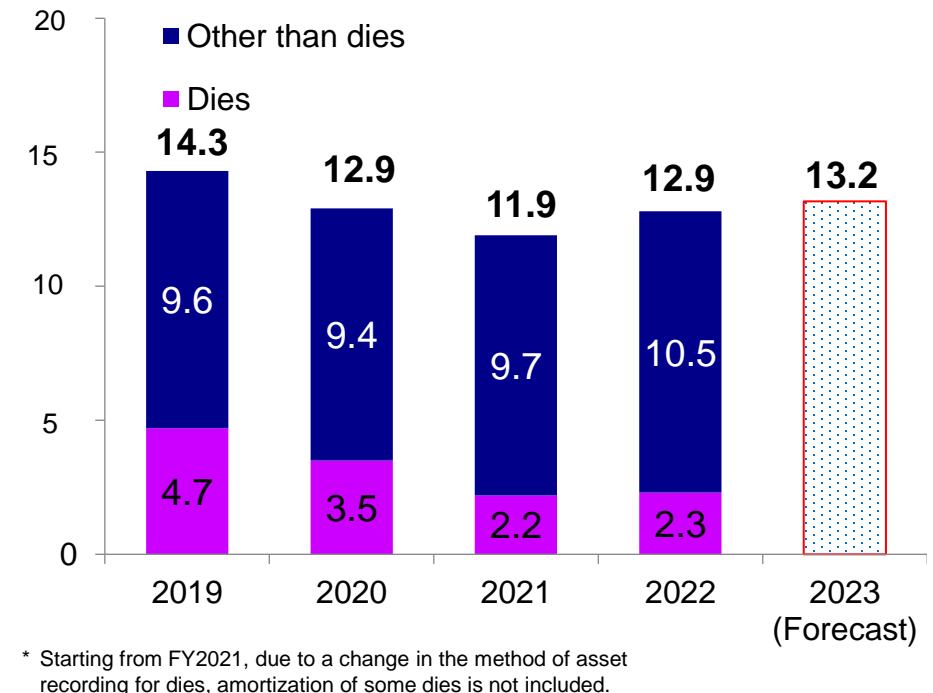
Year ending March 2024 forecasts

- **Amount of capital investment:** Likely to settle at ¥14.1 billion in comparison to ¥18.2 billion in the plan. While investments were reduced in line with the decrease in orders received in China, growth investments for newly ordered products expanded from this fiscal year. Further increase is planned for next fiscal year.
- **Depreciation and amortization:** About the same level as in the previous year

Amount of capital investment (billion yen)

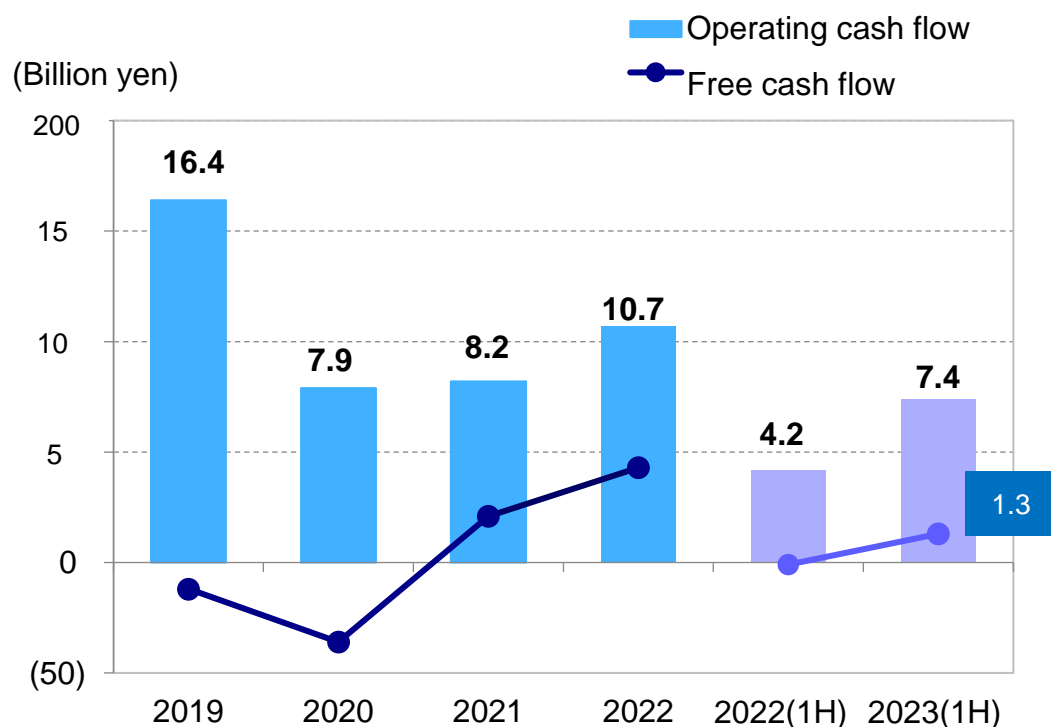


Amount of depreciation and amortization (billion yen)

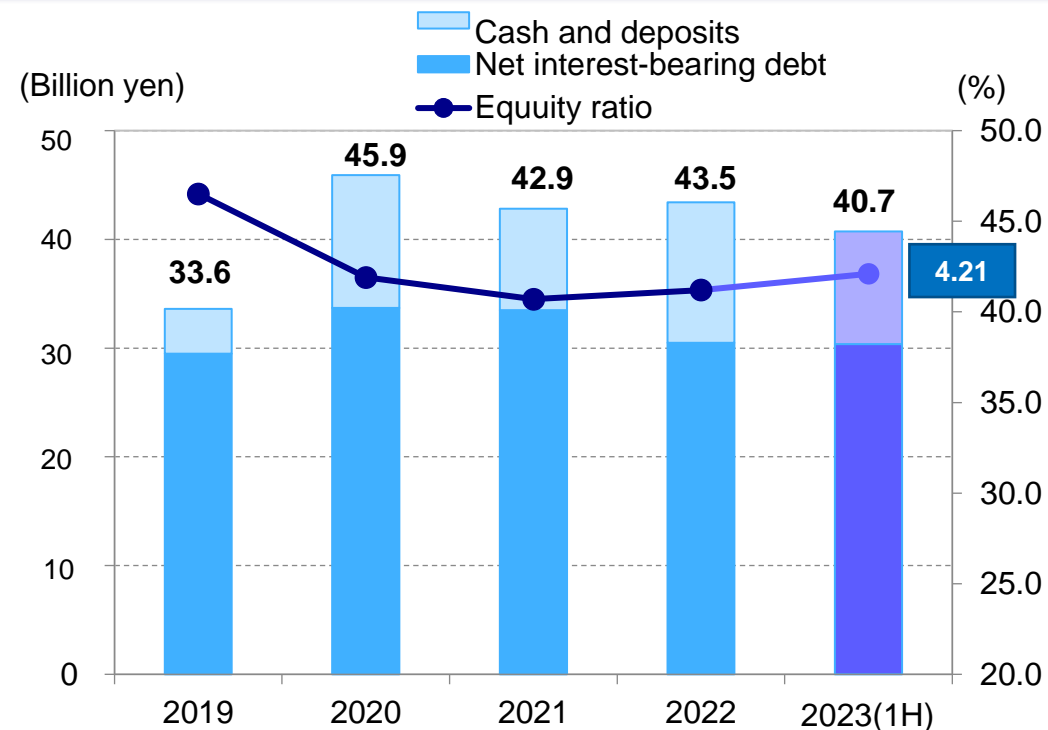


Financial Performance

- Operating cash flows continued to increase. Free cash flow remained positive, absorbing an increase in investment cash flows.
- Cash and deposits on hand continued to remain at a high level while interest-bearing debt was reduced (net interest-bearing debt was ¥30.3 billion).
- The equity ratio was on an increasing trend partly due to the weakening yen.



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



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

Return to Shareholders

In line with the good performance in 1H, increased interim dividend from ¥5 to ¥10

Returning profits to shareholders based on consolidated business results within a range that will not affect the soundness of the financial structure while making growth investment for electrification

Dividend per share	FY2022 Results	FY2023 Initial projection	FY2023 Revised projection
Annual dividend	10	15	20
Interim	5	5	10
Year-end	5	10	10
Net income per share	(3.26)	42.43	54,16
Dividend payout ratio	—	35.4%	36.0%

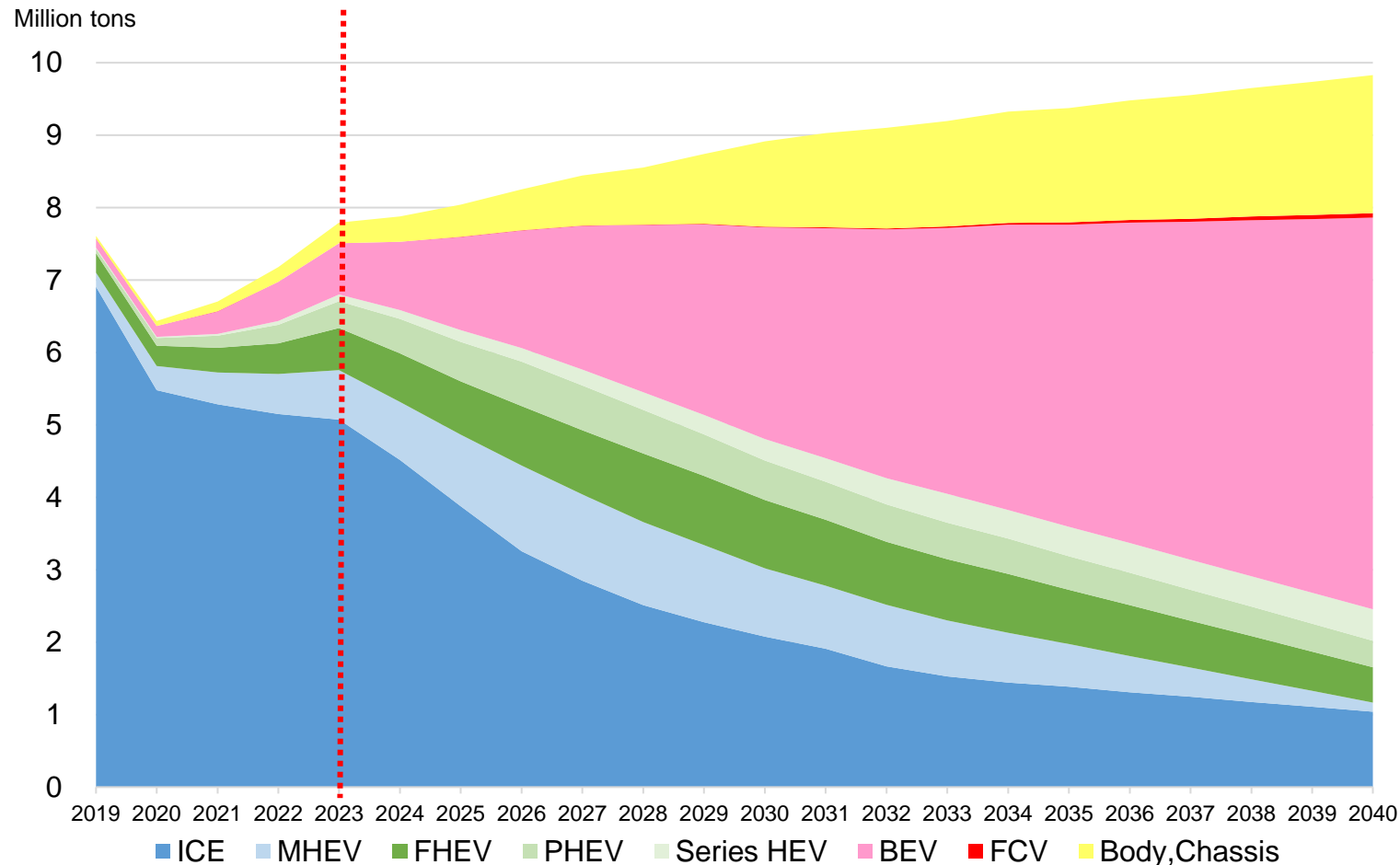
Purchase of treasury stock steadily progressing

Similar to dividend payments, flexibly implementing the acquisition as part of the strategic capital policy in line with our financial strategy, taking into consideration business environment, the financial status, etc.

Treasury stock	Maximum acquisition	As of Oct. 31	Progression rate
Number of shares acquired	900,000	541,800	60.2%
Total amount (million yen)	500	392.8	78.6%
Purchase period	May 19, 2023 to December 31, 2023		

Ahresty's Business Strategies

Forecast of Global Demand for Die-cast Products



* Prepared by Ahresty based on data of S&P Global

- **Overall die-cast demand for automobiles**
 - Will continuously increase until 2040 by 26.1% (compared to 2023)

- **Growth strategies according to growth and changes in the market**
 - Shift to parts for electric vehicles
 - ICEs are decreasing while BEVs will increase significantly
 - Expanding business fields to vehicle body components
 - Shortening development lead time in response to rapid electrification

Expand Business Fields to Vehicle Body Components

Use of existing large DC machines

Production of body parts using existing die casting machines

E.g.: Shock tower, chassis, etc.

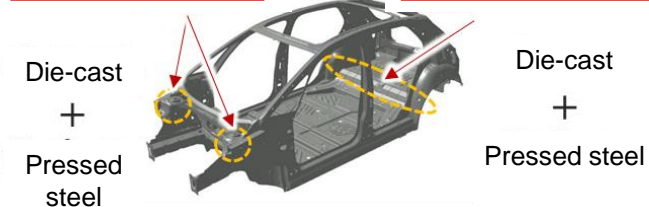


Multi-material bodies

Proposal of bodies that contain both pressed steel and die-cast parts

- ✓ Joint development with G-TECKT Corporation is under way to achieve the best layout of die-cast and pressed parts

Front shock tower Around rear wheel house



Source: G-TECKT Corporation

Gigacasting

Integrated underbody forming using an ultra-large die casting machine

Major issues concerning the introduction (by car manufacturers)

Pro.	<ul style="list-style-type: none">✓ Weight reduction thanks to use of aluminum✓ Reduction in number of underbody parts✓ Simplification of production lines → Reduction in welding processes
Con.	<ul style="list-style-type: none">✓ Limited production locations✓ Lower maintainability and higher repair costs✓ Increase in material costs due to use of aluminum

Ahresty's Approach to Gigacasting

Needs

- Following Tesla and Chinese-owned emerging EV manufacturers, Toyota Motor Corporation announced its entry.
- Possibility of spreading to other car manufacturers?
- The key point is whether demand for specialized manufacturers like Ahresty will increase.

Production technologies

- Ahresty has technologies based on its manufacturing know-how for large products.
- Technology to carry liquid metal to all corners of a die, technology for manufacturing dies, equipment maintenance and management technology, etc.

Long-term business viability

- As a specialized manufacturer, it is necessary to make a huge amount of capital investment and secure sites.
- Cooperation with car manufacturers, our customers, is necessary from the perspectives of profitability and fund procurement.

Ahresty will develop business opportunities that satisfy the above requirements.

Our Growth Strategies - 22-24 Medium-Term Management Plan -

Ratio of parts for electric vehicles in net sales: Target **55%** (FY2030)

2040 Vision

Beyond your expectations 2040

2224 Medium-Term Management Plan priority tasks

Beyond your expectations 2040

Establishing low-cost, highly productive MONOZUKURI • Promoting CO₂ reduction

We brighten our planet's future with our lightweight technology

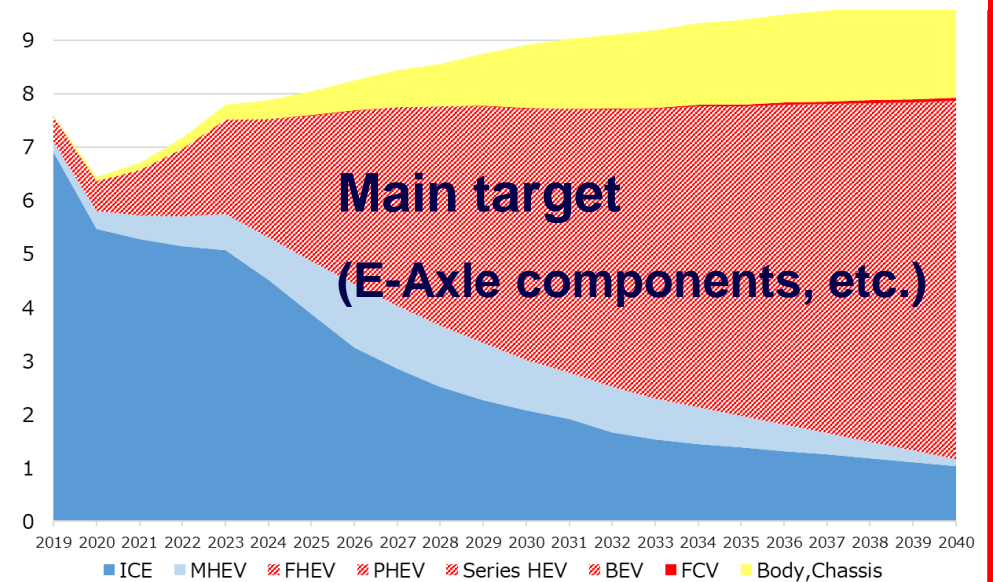
Develop pioneering technology through continuous research

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

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

Ensure your satisfaction with Ahresty

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



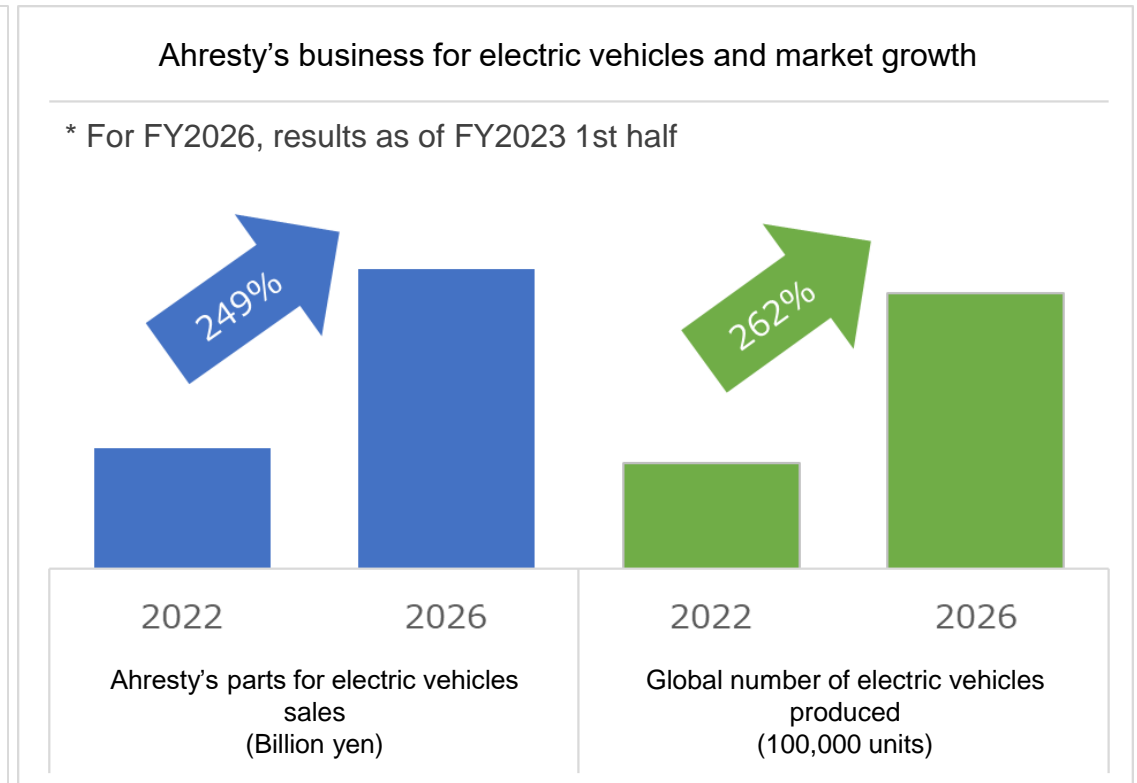
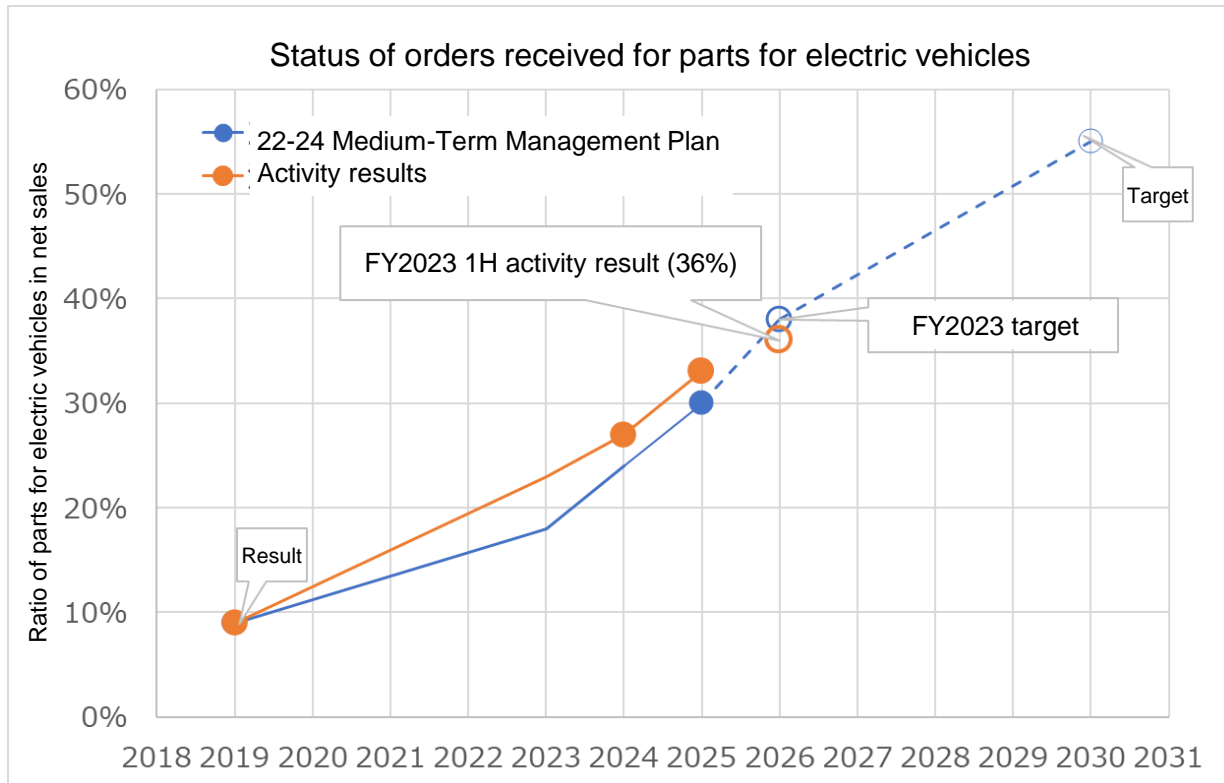
Increasing the Ratio of Parts for Electric Vehicles in Net Sales

FY2023 activities (Orders received for FY2026)

Target: 38%

1st half result: 36%

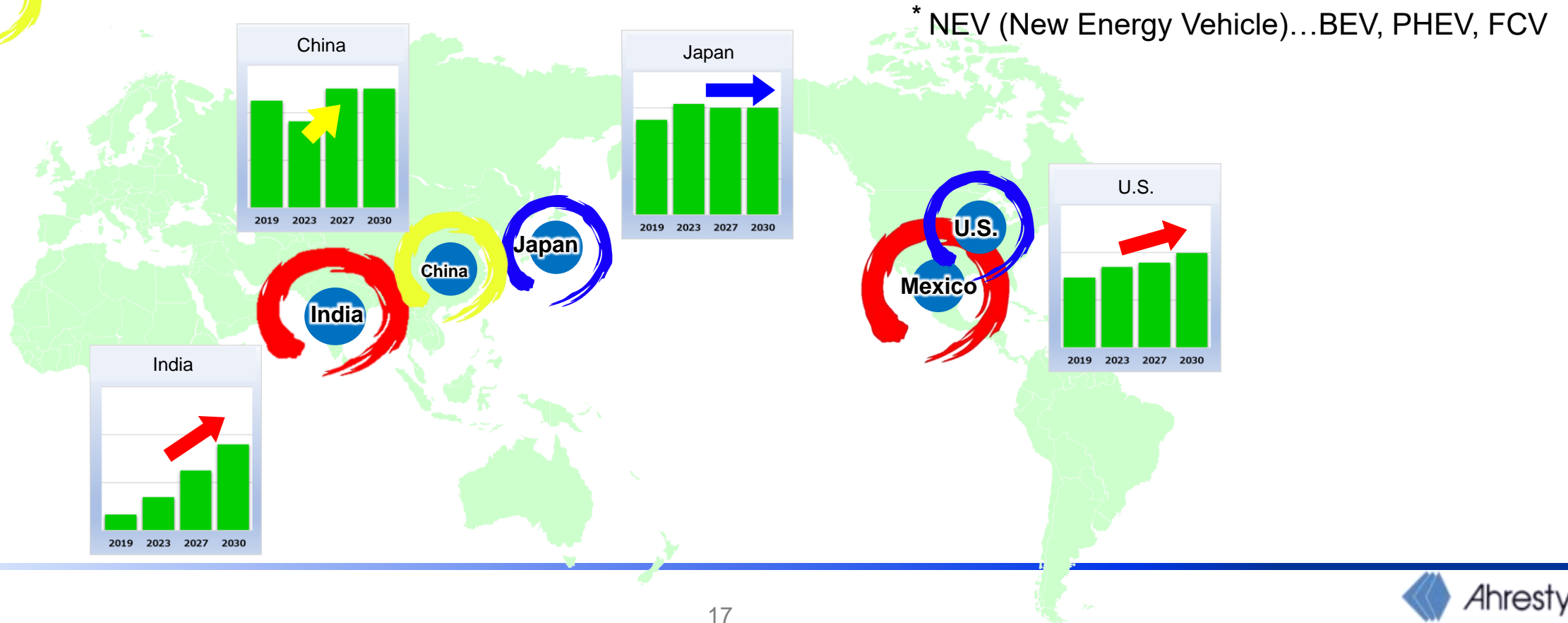
- The ratio of parts for electric vehicles in net sales has been increasing as planned.
- Net sales of parts for electric vehicles have been steadily growing.



Sales Strategies toward Achieving Targets

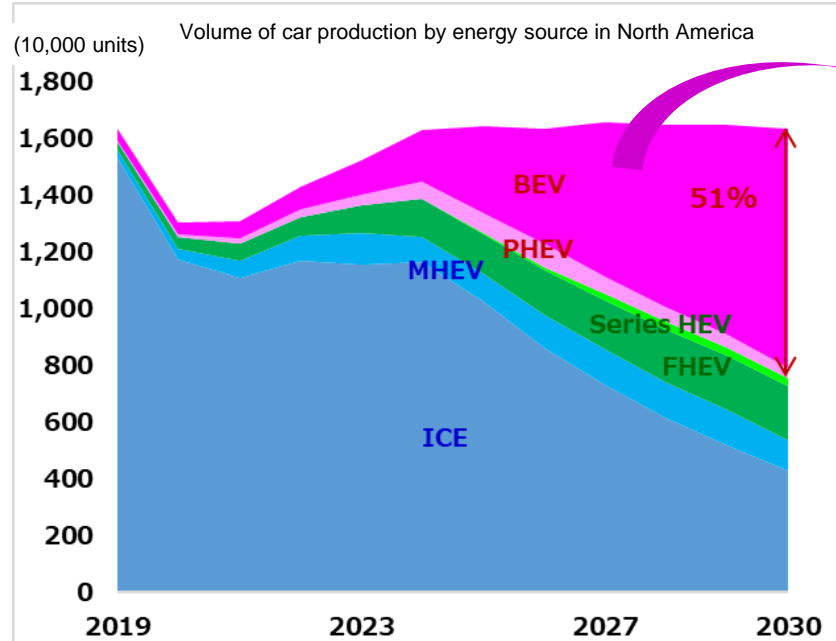
Our Regional Strategies

- **Growth driver regions:** Invest in management resources to expand sales and income ⇒ North America, India
- **Stabilization regions:** Maintain/enhance business foundations to secure stable sales and income ⇒ Japan
- **Recovery regions:** Receive orders from Chinese-owned manufacturers for *NEV parts to recover sales and income ⇒ China

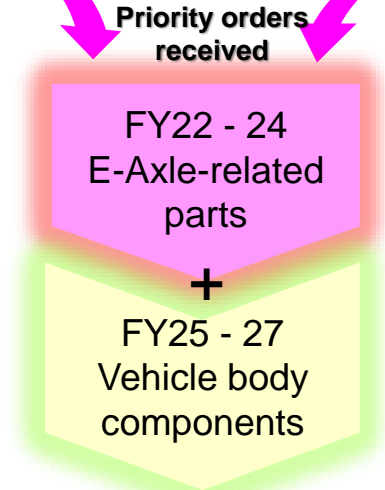
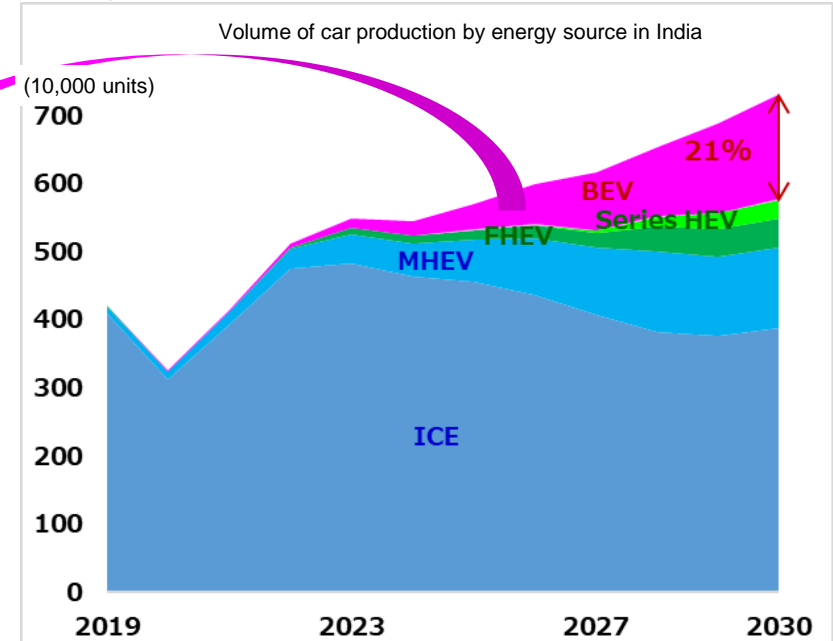


Sales Strategies for Growth Driver Regions

- Mexico has an advantage as an investment location for “near-shoring” in the North America market, where electric vehicles will increase.



- India is the third largest automotive market in the world, which will continue to grow mainly for electric vehicles.



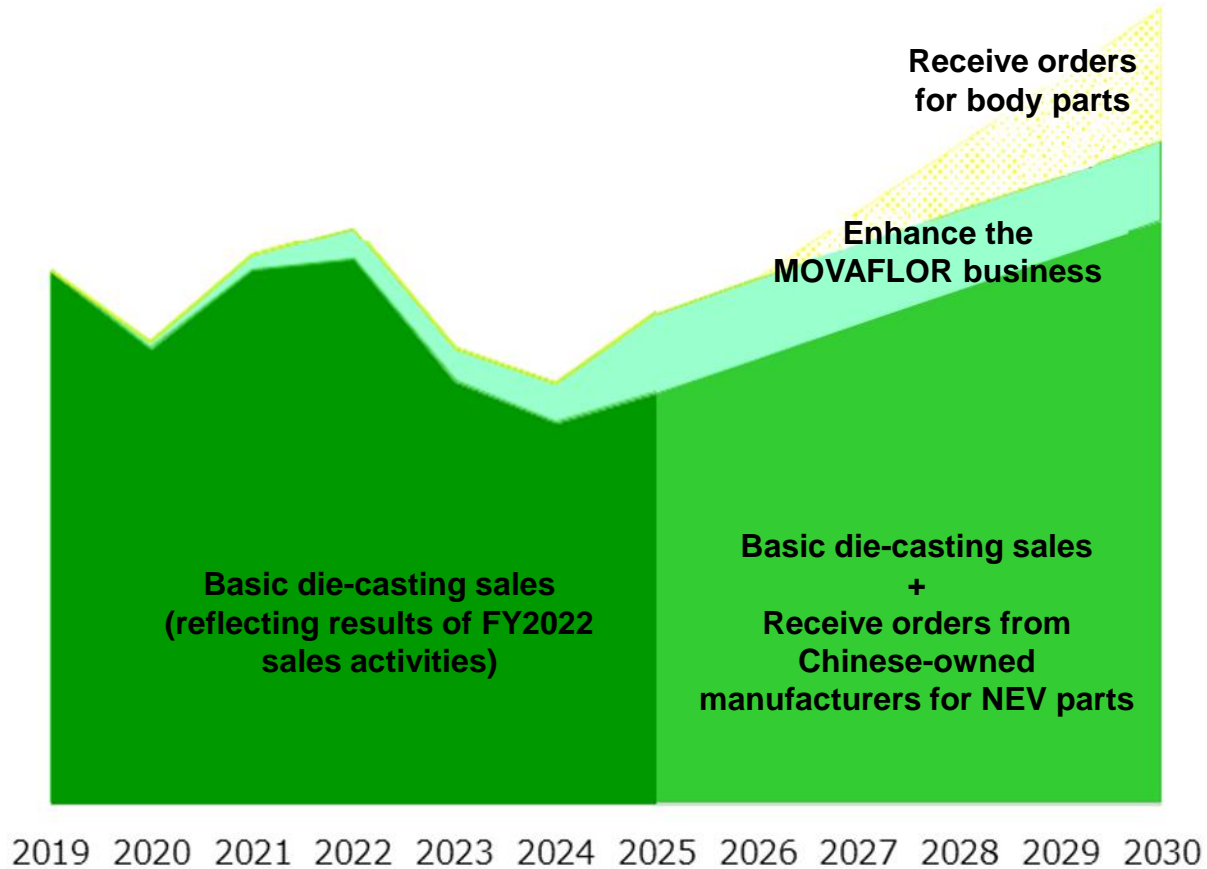
Measures for receiving orders

- Stable supply of high-quality products under the Ahresty Production Way
- Developing human resources that underpin our MONOZUKURI (Global RST Learning)
- Shortening development lead time through DX
- Utilizing achievements from joint development of vehicle body components

* Prepared by Ahresty based on data of S&P Global

Sales Strategies for China Region

Sales trends in China region



Future sales strategies for China

- ③ Receive orders for body parts
- ② Enhance the MOVAFLOR business
- ① Receive orders from Chinese-owned manufacturers for NEV parts

Examples of NEV parts ordered for Chinese-owned manufacturers, T1

Orders for mass production



Engine block for PHEV



Battery structural component for BEV

Orders for development

* No photos because the products are under development

Motor housing for BEV

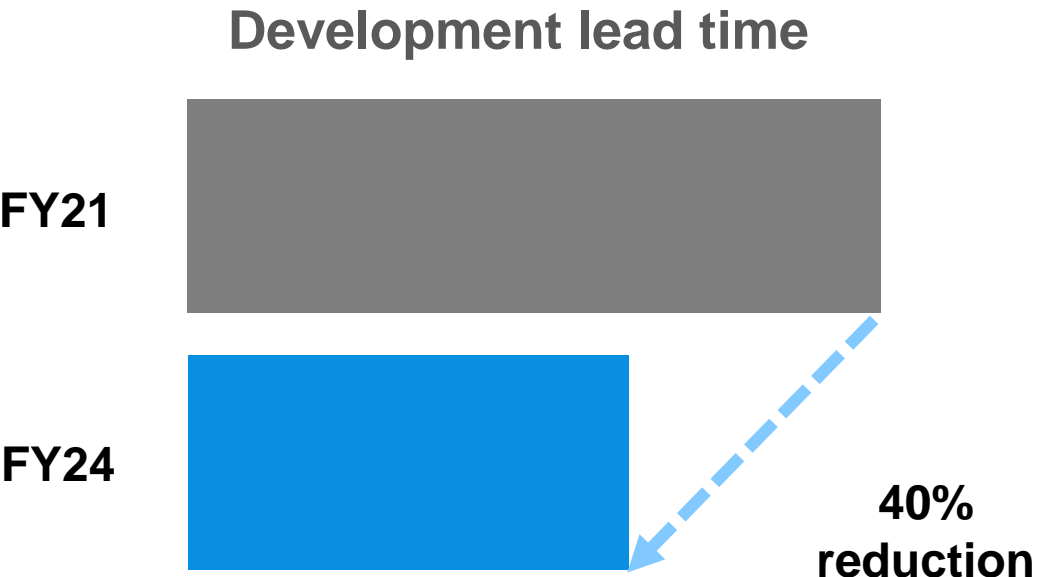
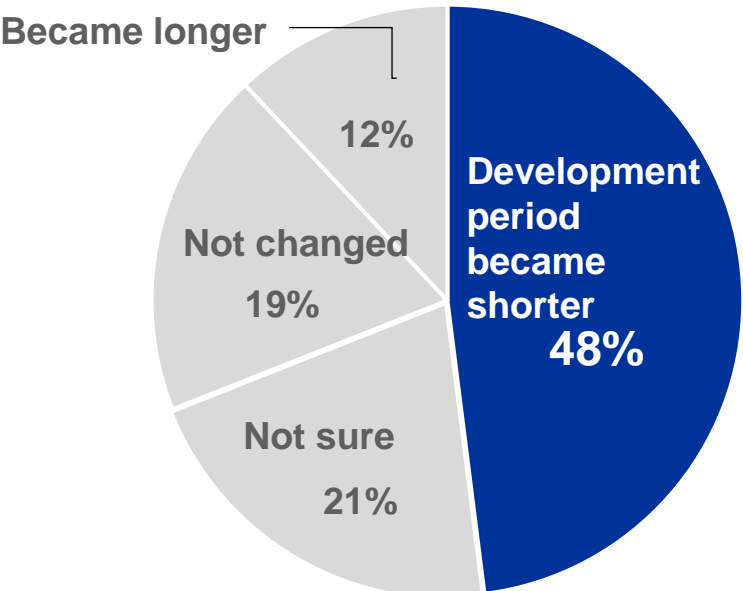
Shortening Development Lead Time through Use of Digital Technologies

Shortening Development Lead Time through Use of Digital Technologies

Shorten development lead time by 40% for newly ordered parts by 2024

Continue efforts to shorten the vehicle development period for the timely launch of new model vehicles in response to diversifying needs

By using **digital technologies**, reduce work hours and streamline human work to shorten the development lead time



* Based on survey data on changes in development methods in the automotive industry by Hitachi Solutions, Ltd.

Shortening Development Lead Time

◎ MONOZUKURI in digital space

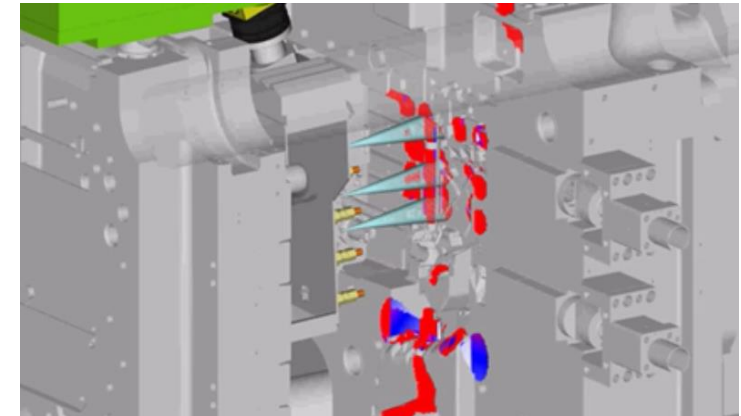
Shortening time for shop floor operations by employing simulations

By simulating robot operation programs in advance, reduce time for preparatory work for trial production by 85%

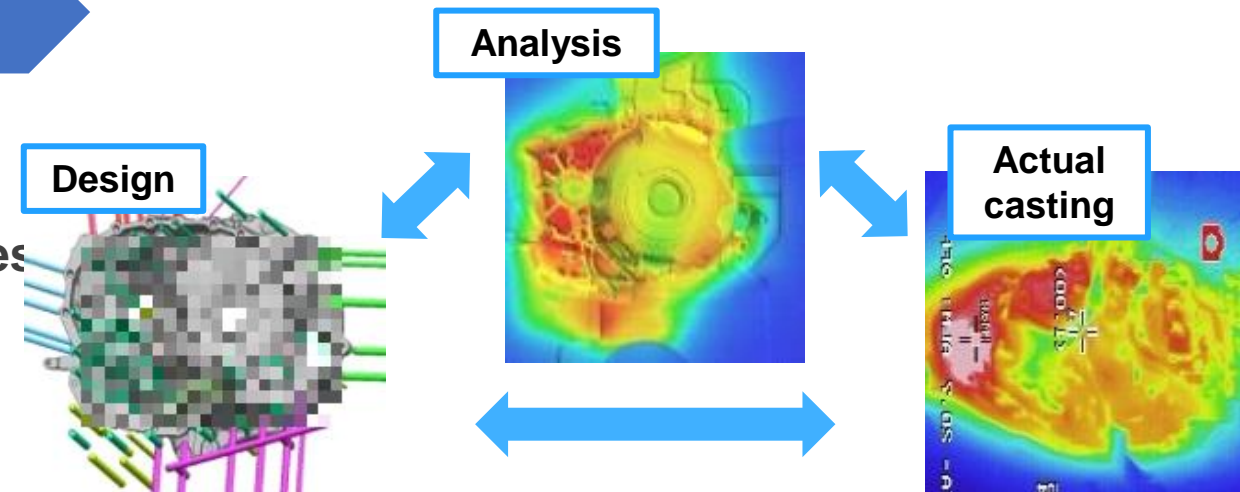
Establishing good production conditions by CAE analysis

By comparing the analysis results at the design stage with the actual casting results, improve analysis accuracy and reduce the number of times trial production and evaluation man-hours

* Through feedback of findings for design, achieve a shift to development in digital space



Simulation of the process of applying mold-release agent

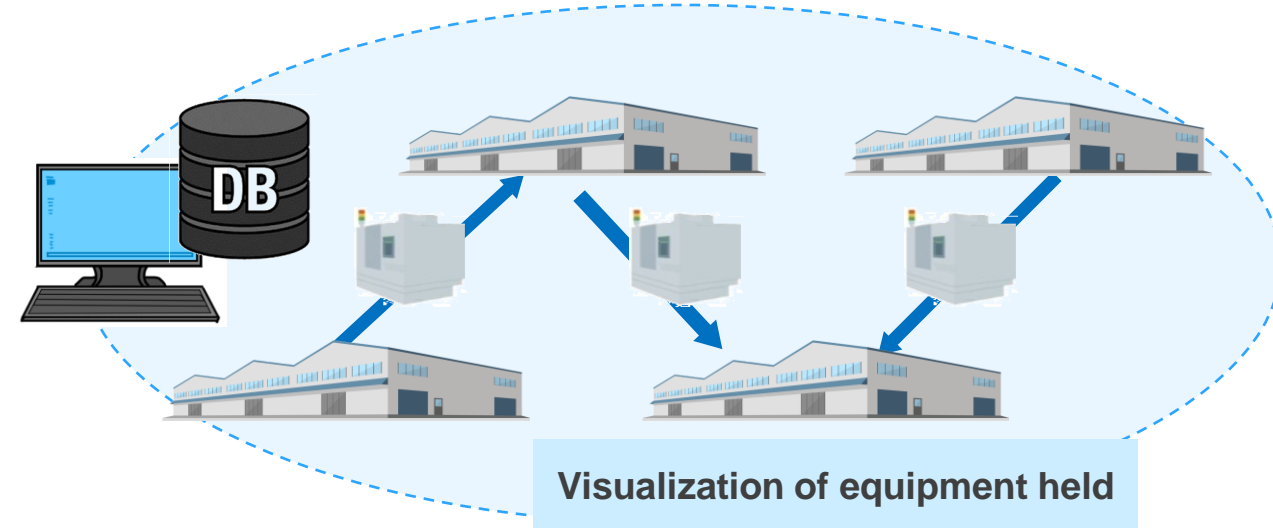


Shortening Development Lead Time

◎ Streamlining man-hours

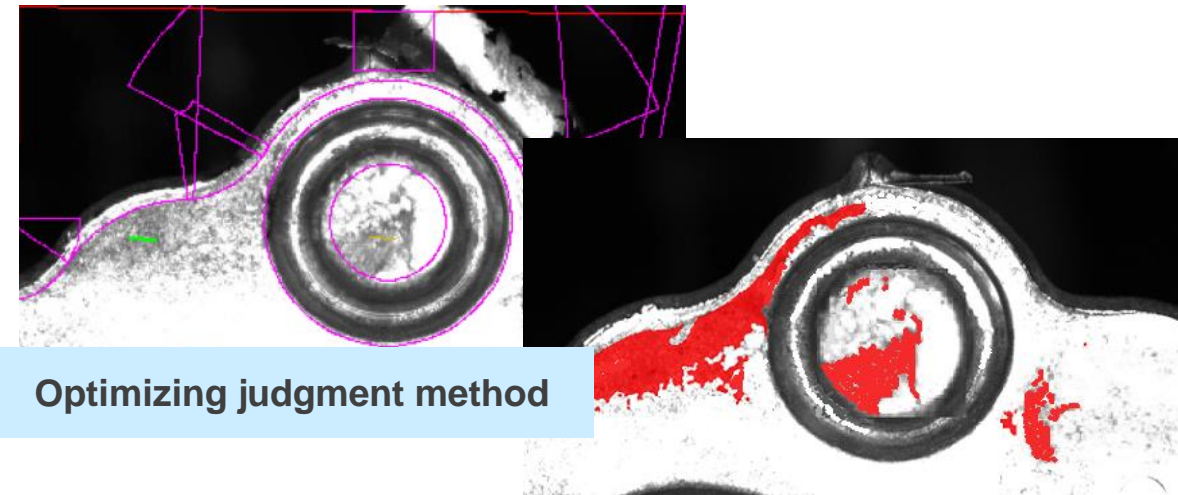
Visualization of the status of equipment use

Visualize the status of use of equipment held globally
⇒ Reduce man-hours relating to decisions on specifications



Development of an automatic appearance inspection device

Reduce human errors and variation in judgment
Reduce time for finding and training inspection personnel
⇒ Deploy the automatic appearance inspection device globally



10-year Business Plan

2040 Vision “Our Goal”

10-year Business Plan

22-24 Medium-Term Management Plan



【FY2030 target values】

Net sales		180 billion yen*
Operating income		10.8 billion yen*
Operating margin		6%
Sales ratio of electric vehicles components		55%
Sales of vehicle body components		4.0 billion yen
Reduction of CO2 Emissions (Scope1,2)		-50% (vs. FY 2013)

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



Casting Our Eyes
on the Future

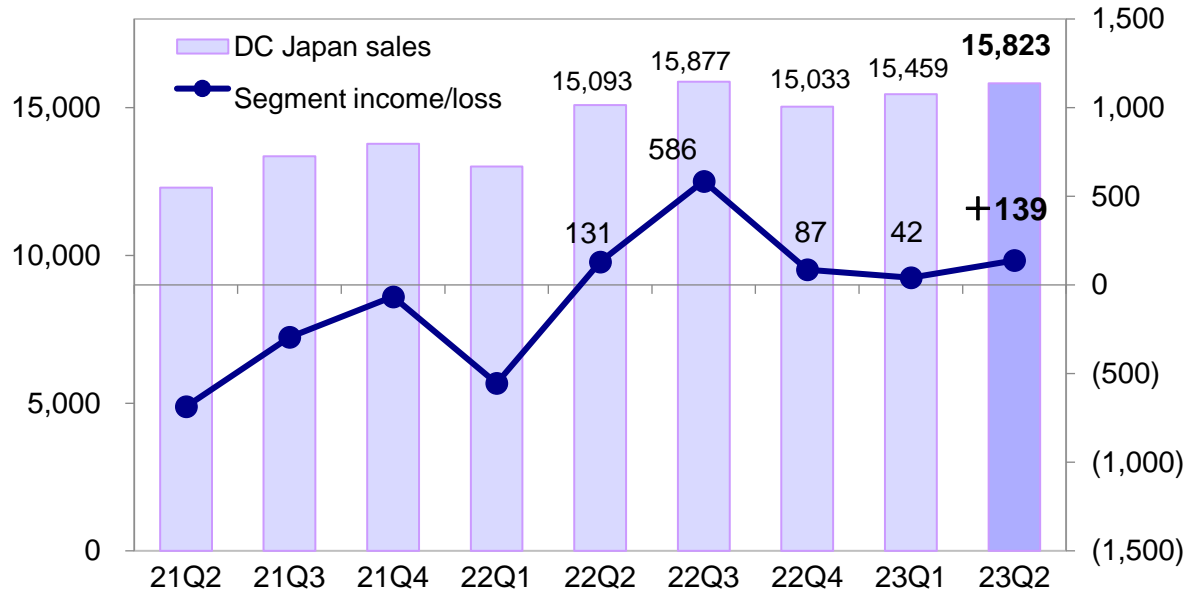
**Contact for inquiries regarding this document and the Company's IR:
Management Planning Section, Management Planning Department, Ahresty Corporation
Phone: +81-3-6369-8664
Email: ahresty_MP0_IR@ahresty.com
URL: <https://www.ahresty.co.jp>**

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

Appendix

Die Casting in Japan

Changes in sales and segment income (million yen)



1st half

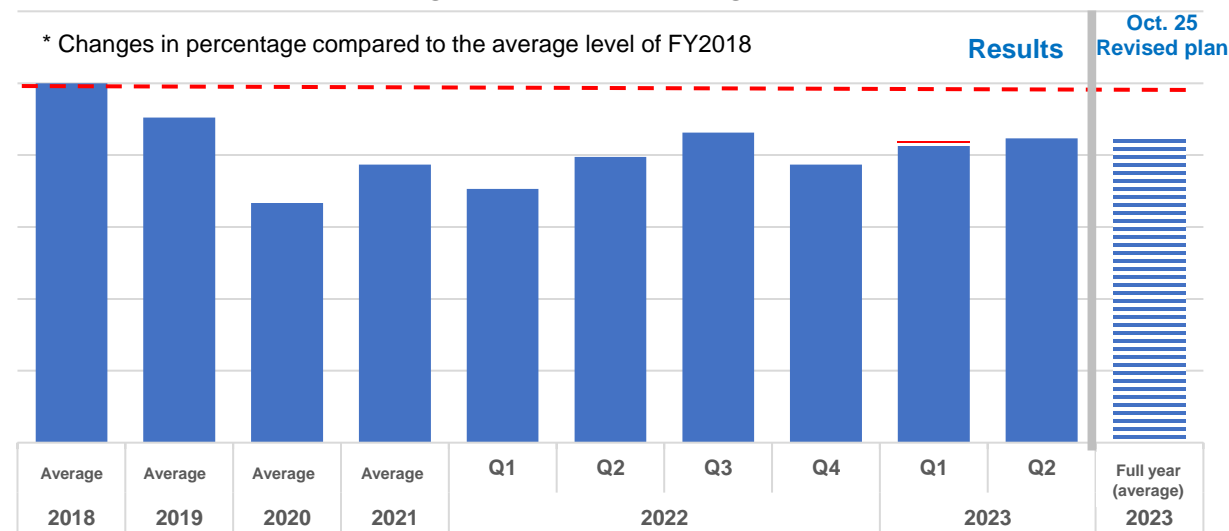
Sales: ¥31,200 million Up ¥3,100 million (11.3%) year on year
Income: ¥180 million Up ¥600 million year on year (returned to the black)

2Q

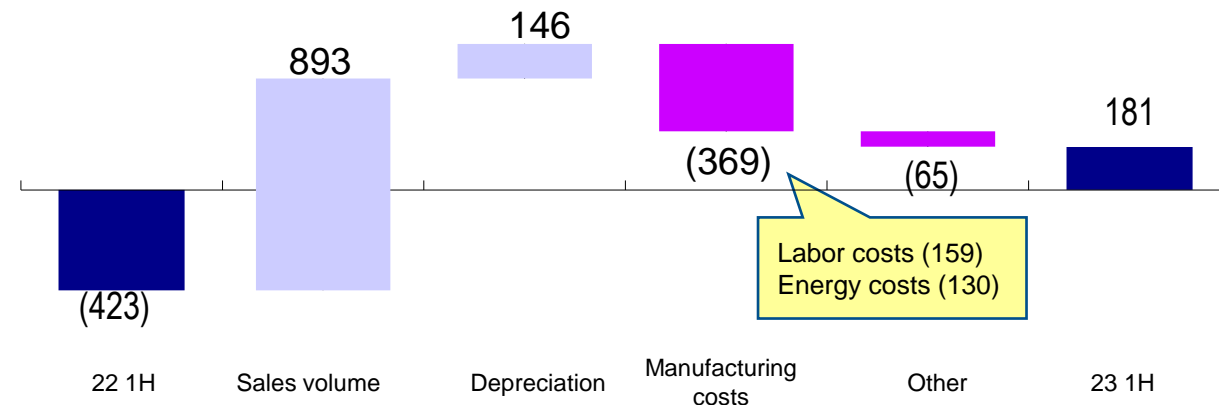
Sales: ¥15,800 million Up ¥800 million (4.8%) year on year
Income: ¥130 million Up ¥0 million (0.6%) year on year

➤ Despite an increase in production costs due to rises in energy and labor costs, etc., income increased in line with the recovery in the volume of orders received and the progress in energy price negotiations.

Changes in sales weight

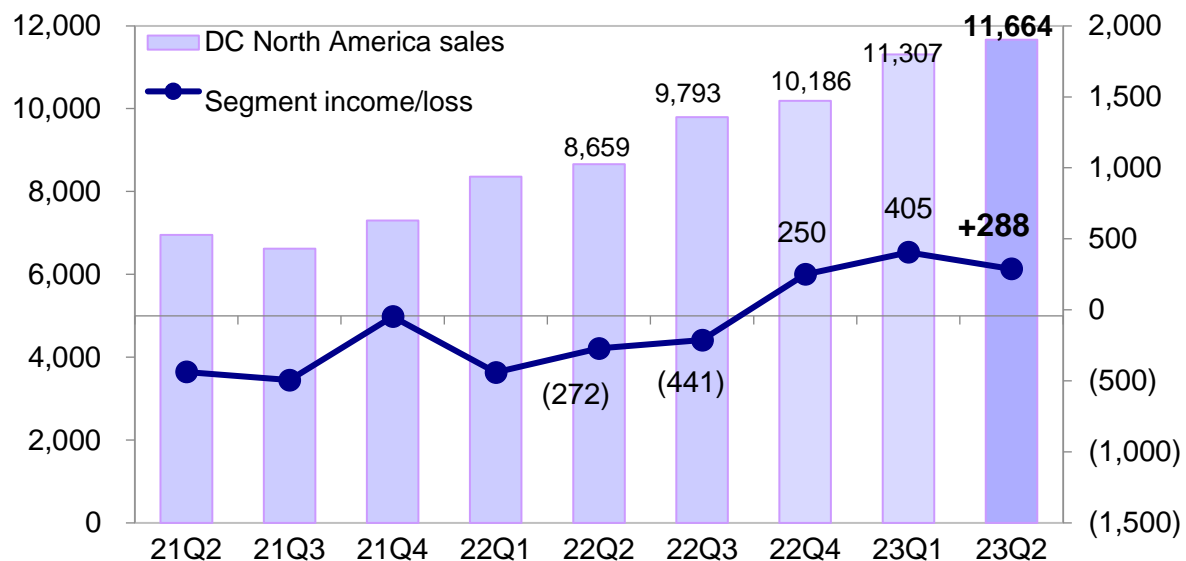


Factors behind change in segment income (million yen)

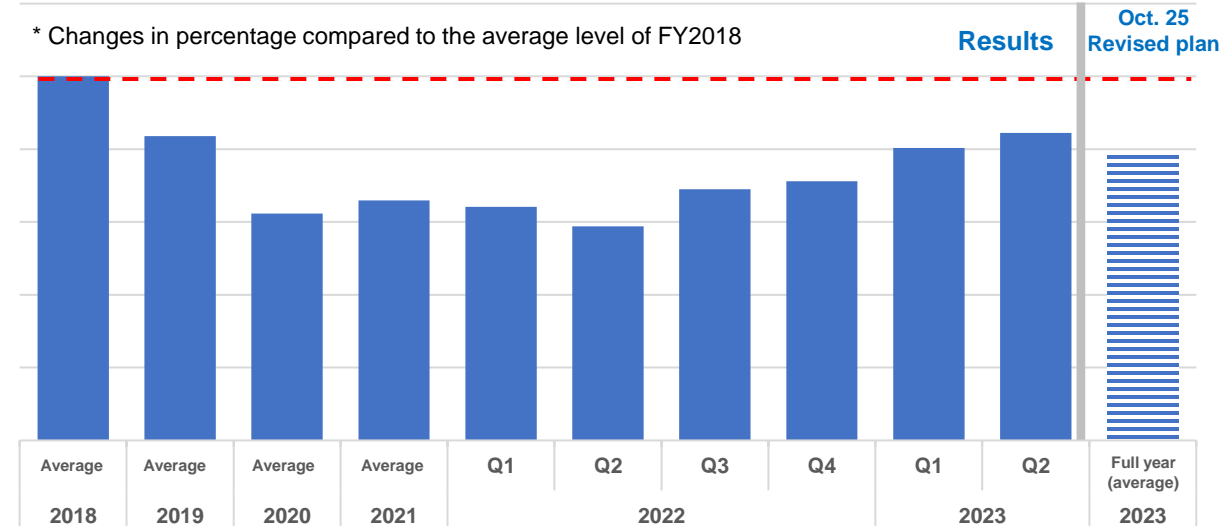


Die Casting in North America

Changes in sales and segment income (million yen)



Changes in sales weight



1st half

Sales: ¥22,900 million Up ¥5,900 million (34.9%) year on year

Income: ¥690 million Up ¥1,400 million year on year (returned to the black)

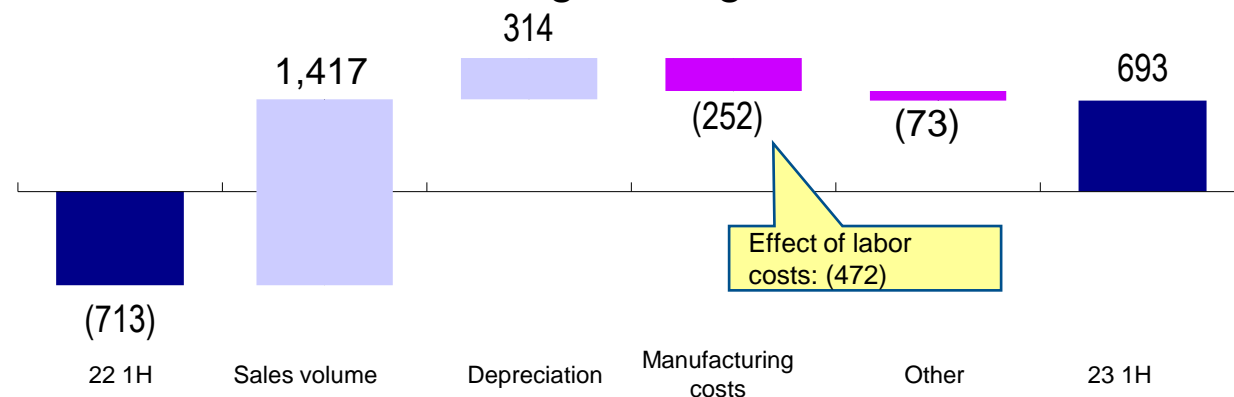
2Q

Sales: ¥11,600 million Up ¥3,000 million (34.7%) year on year

Income: ¥280 million Up ¥500 million year on year (returned to the black)

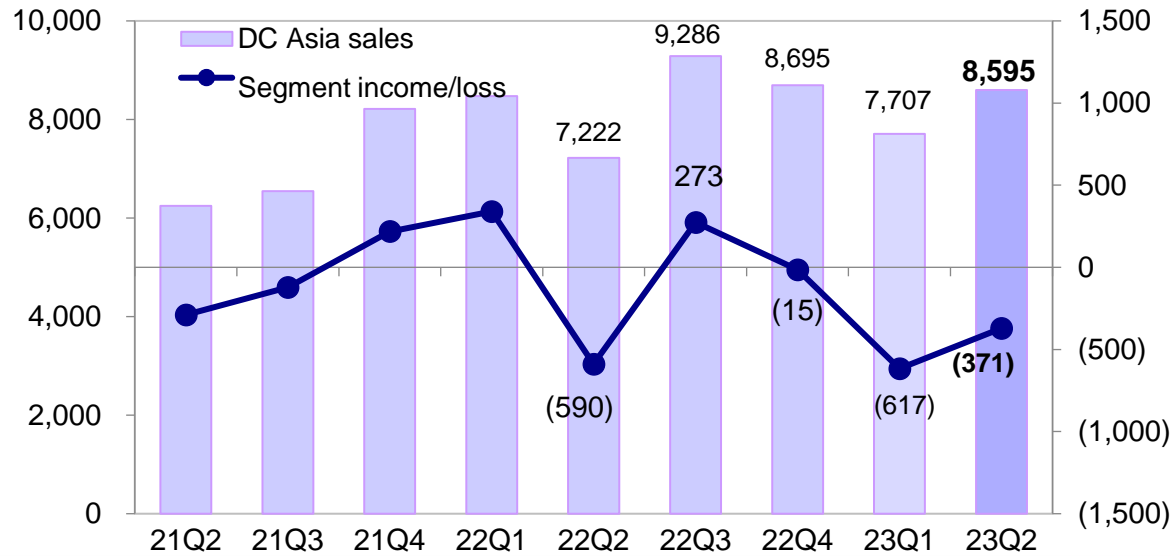
- Sales increased due to an increase in the volume of orders received and the weakening of the yen. Although the rise in labor costs continued to affect revenue, the U.S. plant continued to record a surplus due to the advancement in price negotiations and the effect of cost reduction, contributing to the increase in income.

Factors behind change in segment income (million yen)

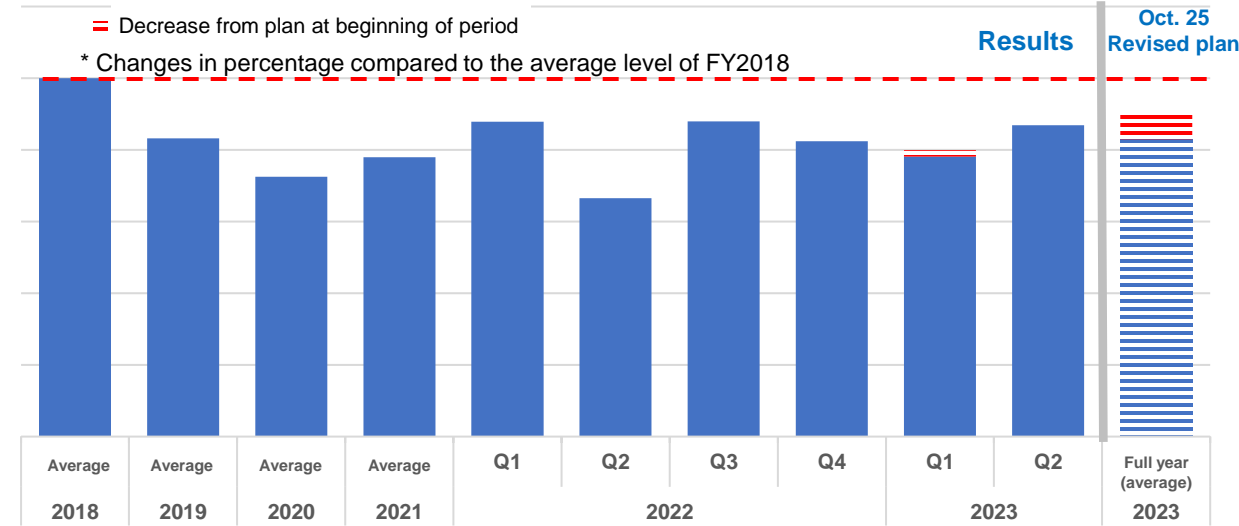


Die Casting in Asia

Changes in sales and segment income (million yen)



Changes in sales weight



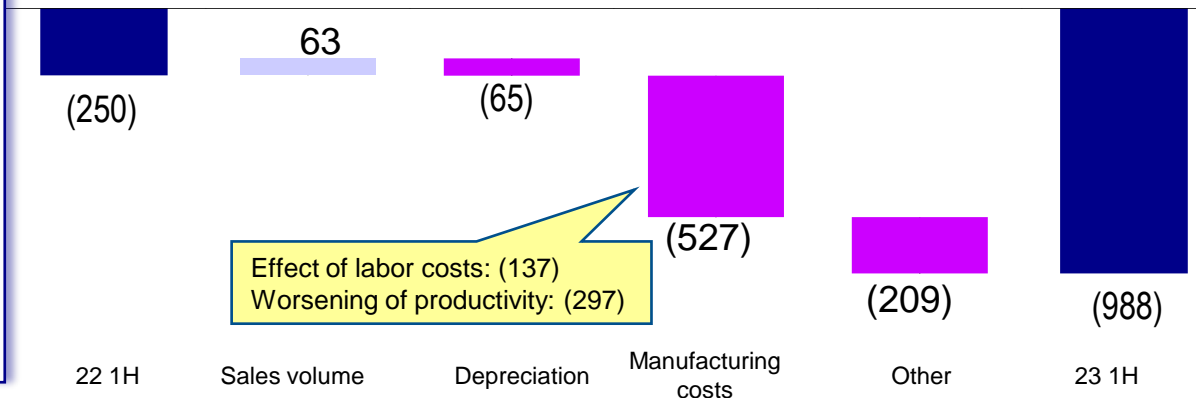
1st half

Sales: ¥16,300 million Up ¥600 million (3.8%) year on year
Income: Loss of ¥980 million Down ¥700 million year on year (loss increased)
2Q

Sales: ¥8,500 million Up ¥1,300 million (19.0%) year on year
Income: Loss of ¥370 million Up ¥200 million (loss decreased)

- Despite the ongoing sluggish sales of our major customers in China, production increase in India and the weak yen contributed to the increase in sales. While efforts were made to reduce fixed costs through optimal allocation of personnel, income worsened due to a decrease in orders received in China and the low productivity of the Indian plant. Income has been improving lately.

Factors behind change in segment income (million yen)



What is Gigacasting?

Definition

The method of integrated forming of car body parts (front and rear underbody) by aluminum casting, using an ultra-large die casting machine

A gigacast generally refers to a large die-casting machine that has a mold clamping force of 6,000 tons or more.

✓ For conventional aluminum casting parts for automobiles, die-casting machines of a 3,500 ton to 4,000 ton class are the largest.

✓ Our largest die cast machine is held at the Tochigi Plant, with a capacity of 4,000 tons.

Tesla applied Gigacasting for mass production for the first time in the world → Model Y, (new) Model 3

