AHRESTY REPORT 2022

For the year ended March 31, 2022

Ahresty

RESEARCH SERVICE TECHNOLOGY

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

Our corporate name, Ahresty, comes from "RST."
It was created by linking together the pronunciation of the first letters in Research, Service, and Technology.
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.

These three areas of Research, Service, and Technology cannot be considered independently.
Both technology and a spirit of service are necessary to accomplish the research involved in R&D.
To explain it in another way, research, service, and technology are intricately linked and each supports the others.
It is an organic relationship in which each component refines the others to produce an end product that is even better than the sum of its components.

We have therefore adopted this concept of integrated Research, Service, and Technology as our corporate philosophy and named the company Ahresty to encompass it in our corporate name.
We intend to use this corporate philosophy, wisely to fulfill our mission of being of service to society in many different ways, through our many products.

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.

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.

CONTENTS

Shifting the focus to parts for EVs and vehicle body components To rebuild the business portfolio and enhance competitiveness and profitability

Looking back on FY2021 performance

With the aim of "contributing to reducing the weight of vehicles" under the 1921 Medium-Term Management Plan, we have promoted reform and initiatives to improve profitability and enhance competitiveness. However, the global COVID-19 pandemic made our business environment for three-year period unprecedentedly severe, causing us to fail to meet the expectations of our shareholders. We apologize to our shareholders for causing anxiety and inconvenience.
In FY2021, our net sales increased by 23.3 billion yen from FY2020 to 116.3 billion yen. However, as reduction in automobile production continued due mainly to the shortage of semiconductors, sales weight of the Ahresty Group declined by 11% from the second half of FY2020, when the impact of COVID-19 eased a little, and by 26% from FY2018, which was before the outbreak of the disease. For fiscal 2022, we expect a slight increase in production in the first half and an increase of about 20% in the second half. Recovery to the level before COVID-19 is likely to be around FY2023.

10-year Business Plan / Initiatives for 2224 Medium-Term Management Plan

In the 10-year Business Plan, we set the targets of 160 billion yen for net sales, 6% for operating income margin, and 55% for the rate of sales for electric vehicles in FY2030. Based on this business plan, the 2224 Medium-Term Management Plan started this fiscal year, under which we have been working to rebuild our business portfolio to place greater focus on parts for electric vehicles and the vehicle body components in view of the rapidly advancing trend of electrification. The buds (results) from the efforts to obtain orders we made during the three-year period of the 1921 Plan have grown and are beginning to bloom.
In each region, inquiries received for parts for HEVs and BEVs have been increasing, and about 40% of the new orders received over the three years are for parts for electric vehicles. In the three years starting from FY2022, we are planning to start mass production of over 60 newly ordered items in all segments of North America, China, India, and Japan. Assuming everything goes as planned, we will see an increase of about 30% in global sales weight in FY2024 from the level of FY2021.
In terms of MONOZUKURI, or manufacturing, aiming to enhance profitability, we continue to promote initiatives to establish leaner production systems across the Group, including effective utilization of equipment, flexible operation capable of quickly responding to fluctuations in orders, and cost reduction by streamlining production lines and promoting appropriate personnel placement according to the production scale. As a result of improvement in productivity and work efficiency, a man-power saving of about 20% in both production and non-production personnel was achieved; from a total of 7,337 employees as of the end of FY2018 to 5,938 as of the end of FY2021.
We also integrated our die manufacturing sites in Japan to enhance competitiveness in cooperation with overseas die manufacturing sites in China and Thailand, and integrated the Tokai Plant, our main plant, with a subsidiary specialized in machining, to establish a fully integrated production system and improve work efficiency.
Aiming to contribute to the global environment, we announced the reduction of CO_2 emissions intensity in manufacturing processes by 50% (compared to FY2013) as the target for FY2030. While promoting energy conversion, conservation and efficient use of energy, and utilization of renewable energy, we will challenge ourselves to develop of carbon neutral die casting. We use recycled aluminum as a raw material for over 90% of our products. The amount of CO_2 emissions in production of recycled aluminum is one-thirtieth that of aluminum new ingots and one-seventh that of steel. Furthermore, aluminum has a specific gravity as low as one-third that of steel. By taking advantage of these environmental properties and advancing our technologies, we believe that we can make vehicles even lighter, contributing to climate change mitigation.
Through these measures, we will advance the enhancement of our competitiveness and profitability and the improvement of our financial structure, with a view to realizing the 10-year Business Plan and achieving the targets. Although facing a rapidly changing business environment, we will make group-wide efforts to enhance our corporate value. We sincerely ask all our stakeholders for further support.

President & CEO
Arata Takahashi

* 1921 Medium-Term Management Plan: 3-year Medium-Term Management Plan from FY2019 to FY2021 / 2224 Medium-Term Management Plan: 3-year Medium-Term Management Plan from FY2022 to FY2024

Directors

Representative Director,
Senior Managing Executive Officer,
Chief, Manufacturing Command
Junji Ito

Representative Director,
Senior Managing Executive Officer,
General Administrative Command
Shinichi Takahashi

Director,
Senior Managing Executive Officer,
Chief, Sales Command
Naoyuki Kaneta

"Creating High Quality Products."
Fully integrated production system and Ahresty's strengths

Since the company was founded in 1938, Ahresty has mainly focused its business on manufacturing aluminum die cast products for use in automobiles. Our streamlined production process improves productivity and maintains quality along the entire process, from aluminum alloy ingot production to design and manufacture of molds, casting, and machine processing. We also manufacture and sell MOVAFLOR, a proprietary raised floor system, and peripheral equipment for die cast production. We have also standardized our systems for quality, production, and maintenance at all locations and provide consistent production quality worldwide.

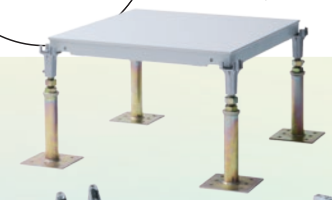
Use of sensing technology to collect, analyze and visualize data

Monitoring the operation status of equipment in each process to improve quality and for preventive maintenance

[Aluminum Alloy Ingot Production]

[Manufacture and Sales of Peripheral Equipment for Die Cast Production]

No.1 share for clean rooms in Japan!

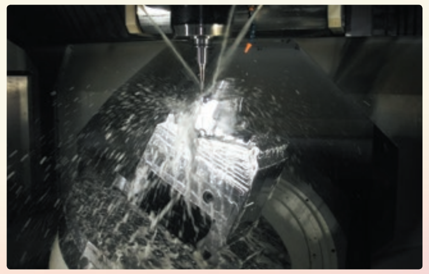


MOVAFLOR proprietary raised floor system

[Ahresty's Production System]

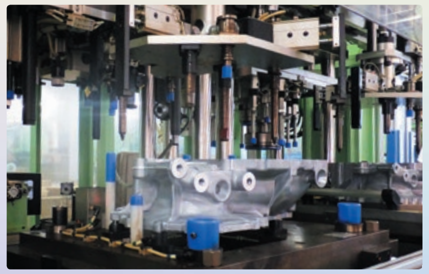
Manufacturing Process

[Designing]

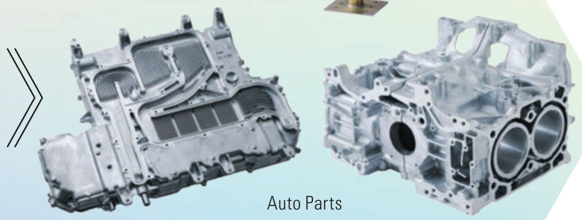


[Die Manufacturing]

[Die Casting]



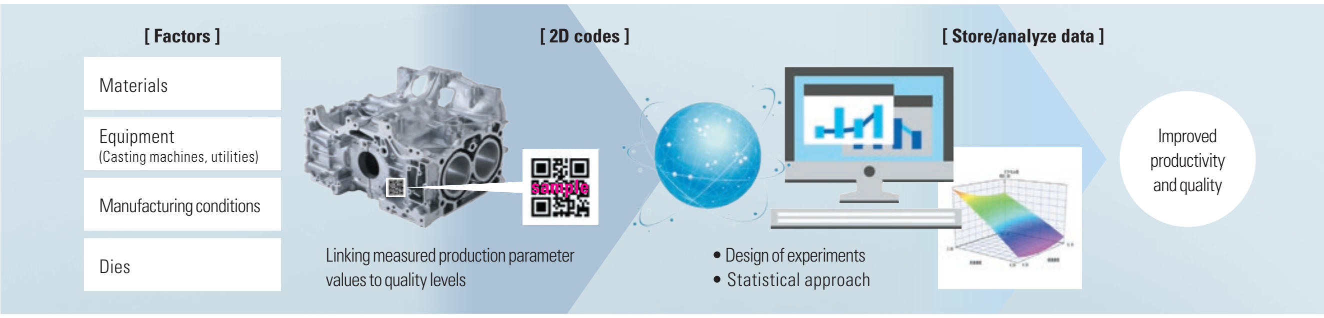
[Machining]



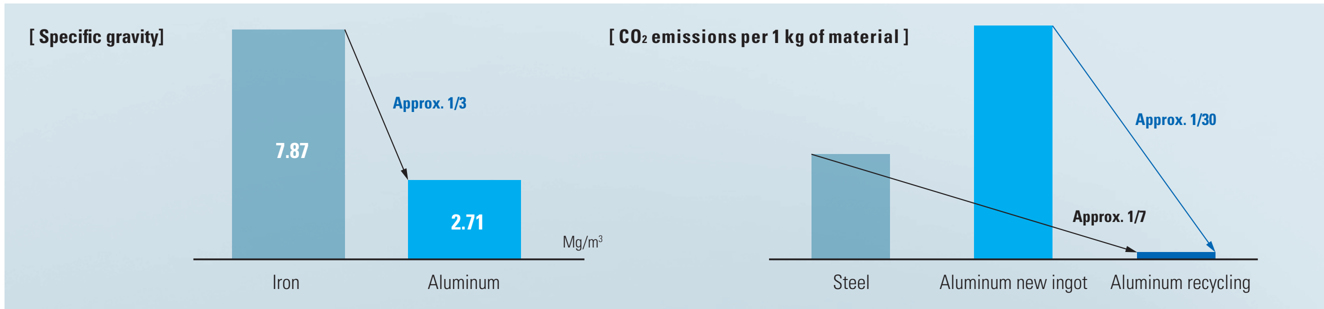
Auto Parts

[Delivery]

[Using statistical quality control to produce optimal manufacturing conditions]



[Properties and environmental advantages of aluminum]



Global presence

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 offer products of the same quality from a single drawing in response to the needs of the automobile industry, where commonization of parts and globalization of production have been accelerating. Our plants in different countries, including Japan, share their know-how on productivity and quality and have established a system of complementary production, capable of responding to customer needs with the "one print for multiple locations" approach.

Improving productivity with OPCC*

Ahresty has introduced Optimal Process Condition Control (OPCC) at all plants to clarify, maintain and manage the conditions necessary to continuously make good products, thereby improving productivity and product quality. Under OPCC, sensing technology is used to measure, collect, and analyze various data to find the optimal manufacturing conditions. For each of the priority products, a 2D code is given in the casting process, so that the measured values of various production parameters correspond to the product quality, to enable a statistical approach to quality control.

* Optimal Process Condition Control

Properties and environmental advantages of aluminum

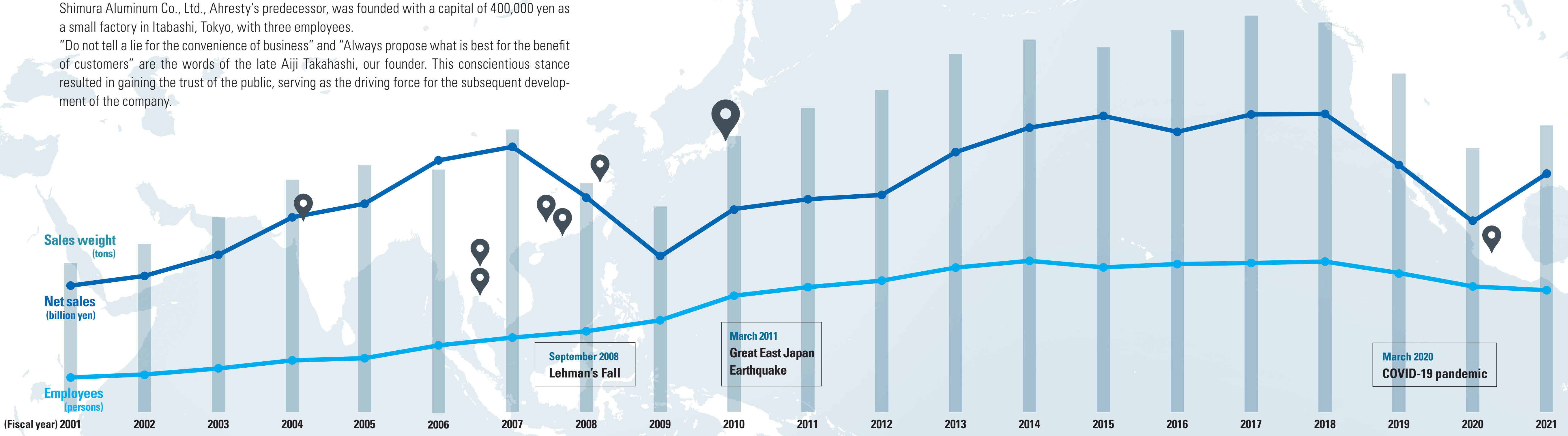
Aluminum's specific gravity is 2.71, which is one-third of that of steel. Increasing the use of aluminum for auto parts may therefore contribute to reducing the weight of vehicles. Also, for over 90% of Ahresty's products, secondary aluminum alloy generated by recycling aluminum scrap is used. CO_2 generated in production of the secondary alloy is about one-seventh 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.

Developing human resources that underpin our MONOZUKURI

Human resources development across the Group is the key to globally improving our technology and quality. Now that the automobile industry is undergoing a once-in-a-century transformation, the Global RST Learning (RST *Gakuen*) system, which allows employees at all sites to receive systematic training of the same quality, offers training programs focused on electrification in response to the accelerating electrification of vehicles. In fiscal 2021, a total of 286 employees (123 in Japan, 163 overseas) participated in these programs.

Aiming to be the most trusted supplier
"Conscientious" is part of the DNA we have inherited

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.



FY2021

Sales weight
139,848 tons

Net sales
116.3 billion yen

Employees
19 sites in six countries
5,938 persons

1938 - Founded

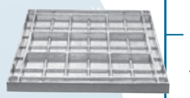
1938
Shimura Aluminum Co., Ltd., Ahresty's predecessor, founded in Itabashi, Tokyo
Started manufacturing aluminum alloy ingots, die cast products and aluminum sand mold castings.


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 scooters started for the first time in the world.

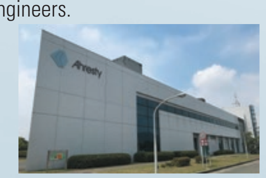
1999
Awarded in NADCA International Die-Casting Awards.

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.

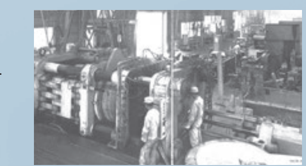


2014
Listing of the shares changed from the Second Section to the First Section of the Tokyo Stock Exchange.

2018
Celebrated the 80th anniversary.

[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.

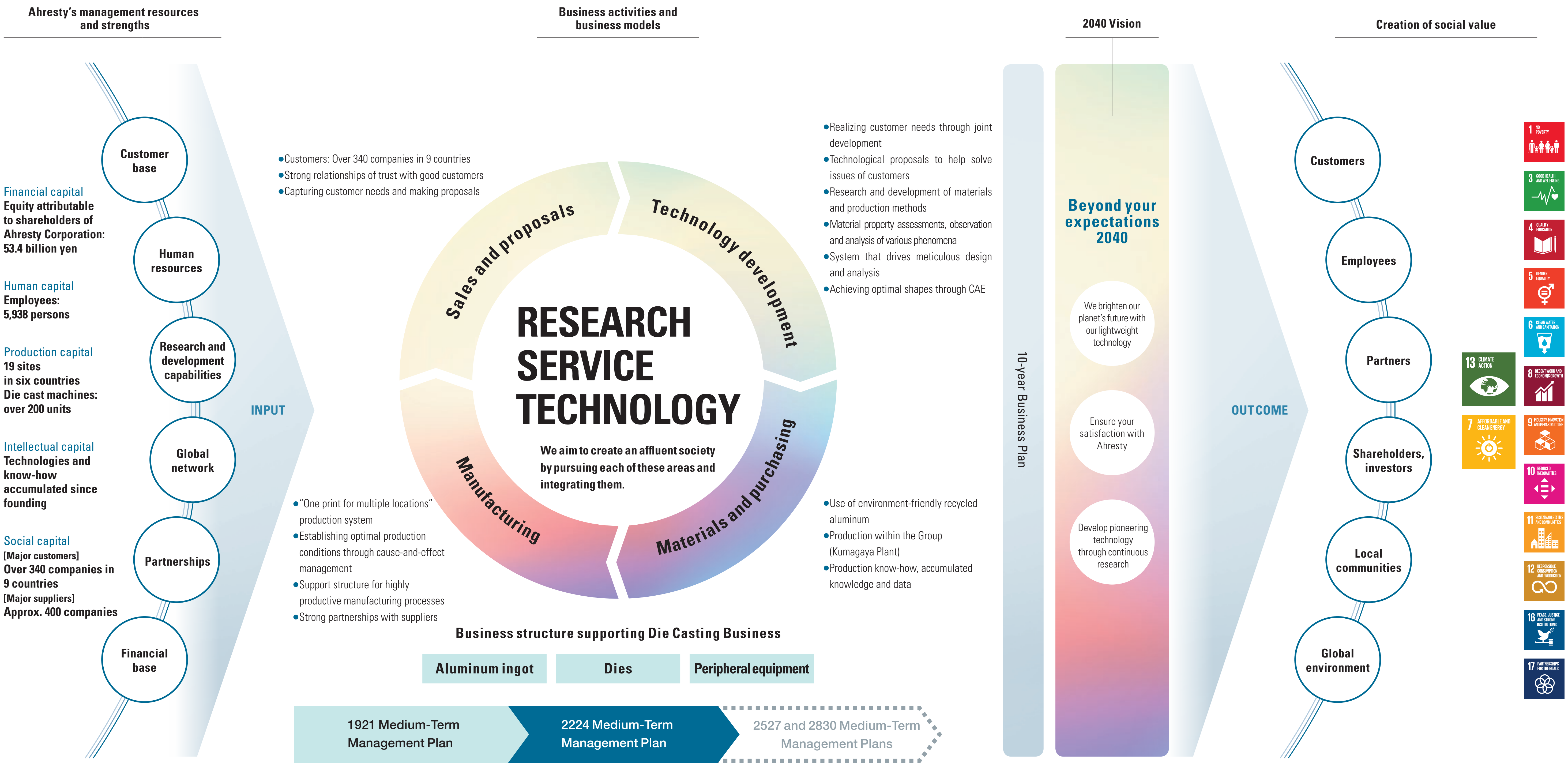


- Ahresty Wilmington Corporation (US) established.

- 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.

Processes for Sustainable Growth



RISK

With economic and social activities returning to normal, responding to remaining uncertainties and changes

In FY2021, car production recovered from the level of FY2020. However, due to prolonging restrictions on parts supply, such as the shortage of semiconductors, sales weight did not reach the target in the initial plan. It is urgently necessary to improve our capabilities to flexibly respond to temporary fluctuations in automobile production.

In the long term, electrification of automobiles has been accelerating in response to anti-climate change policies and tighter fuel economy regulations in many countries. Ahresty will rebuild its business portfolio to place greater focus on parts for electric vehicles and the vehicle body components while responding to rapid changes in the business environment. We are also required to take action corresponding to the global commitment toward carbon neutrality.

CHANCE

Venturing into a new business field created by electrification

For the spread of electric vehicles, it is necessary to improve their electricity consumption efficiency and achieve a cruising distance equivalent to that of gasoline vehicles. To extend the cruising distance, more batteries need to be carried, which makes electric vehicles heavier than gasoline vehicles and inhibits the improvement in electricity consumption efficiency. If the main material for vehicle body components, which account for about 20% of the weight of a vehicle, is changed from steel to aluminum, vehicle weight can be reduced and improvement in electricity consumption efficiency and the cruising distance can be achieved. Seeing the vehicle body components as a new business field, we will offer proposals to customers and work to create new demand. Ahresty will continue its sustainable growth by further advancing its die-casting technology using environment-friendly aluminum.

Toward achieving "Beyond your expectations 2040"

The automotive industry is now undergoing dramatic change. Various changes are progressing rapidly, such as carbon neutrality, electrification of powertrains, and the role of automobiles as mobility.
Taking these changes in the external environment as an opportunity for transformation, the Ahresty Group, whose key business is the automobile-related Die Casting Business, will advance initiatives according to the 2040 Vision and the 10-year Business Plan.

1921 Medium-Term Management Plan (FY2019 to FY2021)

Goal of the plan

Contributing to reducing the weight of electric vehicles

Target values

	FY2021 target	FY2021 result
Net sales (million yen)	155,000	116,313
Operating income (million yen)	7,750	(2,422)
Operating income margin	5.0%	(2.1)%
ROA	3.5%	(3.9)%
ROE	8.0%	(9.5)%
Equity ratio	-	40.7%

Priority strategies

	Initiatives	Evaluation
Implement business strategies with an eye on the future automotive market	Securing net sales (FY2021)	×
	Obtaining sales and orders for FY2024	△
	Response to electrification market	○
	Expanding customer base	○
	Achieving high customer evaluation	○
Enhance earnings strength by improving productivity and quality	Changing profit-making structure: Improve BEP	△
	Changing profit-making structure: Promote leaner production systems	△
	Improving productivity	△
Develop human resources that underpin corporate growth	Strategic hiring and training of human resources	○
	Using ergonomics to create workplaces where workloads are low	○
	Developing comfortable working conditions	○
	Eliminating work-related accidents and injuries	△

2224 Medium-Term Management Plan (FY2022 to FY2024)

Goal of the plan

Shifting the business portfolio to predominantly parts for electric vehicles and the vehicle body components, and improving profitability

Target values

	FY2022 target values	FY2024 target values
Net sales (million yen)	141,000	170,000
Operating income (million yen)	1,900	6,500
Operating income margin	1.3%	3.8%
ROA	0.7%	3.3%
ROE	1.6%	7.8%
Equity ratio	40.9%	42.8%

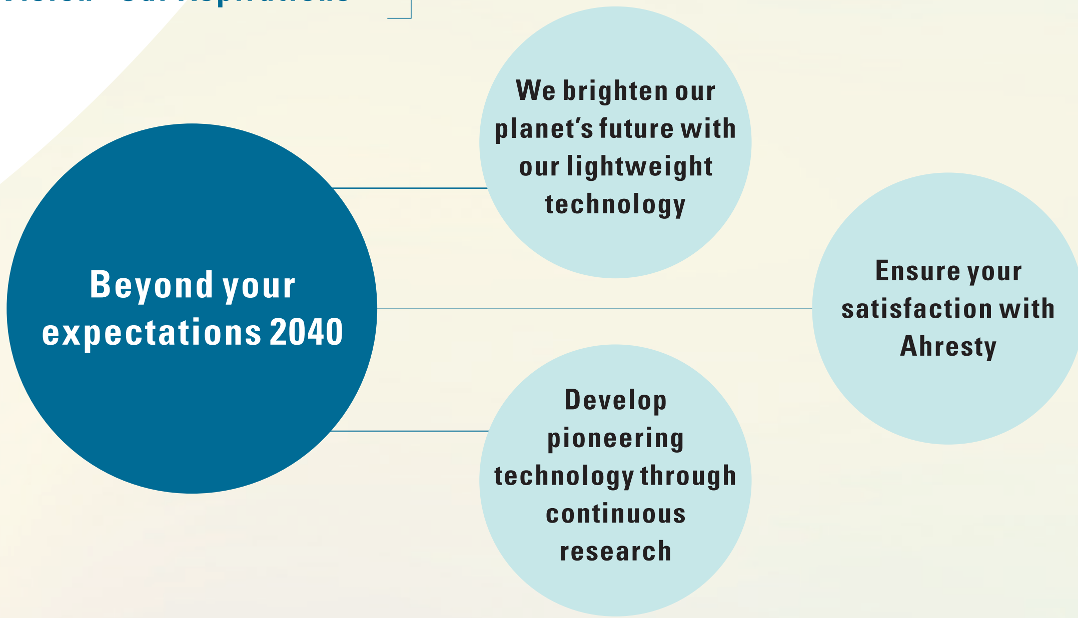
Priority strategies

	Initiatives
Beyond your expectations 2040	Leaner operations at plants through improvement in productivity and cost reduction
	Realizing competitive die costs
	Promoting CO_2 reduction activities
We brighten our planet's future with our lightweight technology	Increasing orders for parts for electric vehicles
	Expanding business and enhancing technology in the field of vehicle body components, such as parts related to suspension and chassis
Ensure your satisfaction with Ahresty	Earning the highest grade in important customer evaluations (quality awards)
	Promoting diversity in the Ahresty Group in Japan
	Improving employee engagement
Develop pioneering technology through continuous research	Shortening development lead time
	Developing advanced and innovative technology
	Starting carbon neutral die casting (CNDC) initiatives

Business Environment

- **Advancement in CASE, such as electrification of automobiles, amid a once-in-a-century transformation of the automobile industry**
- **Growing need for weight reduction due to advancement in electrification, fuel economy regulations, etc.**
- **Production fluctuations of car manufacturers chiefly due to a shortage of semiconductors**
- **Soaring prices of raw materials and energy**
- **Solution/contribution to the SDGs and other social issue**

2040 Vision "Our Aspirations"

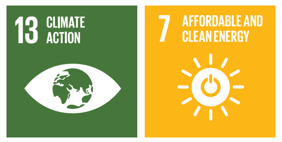


10-year Business Plan

2040 Vision	10-year Business Plan: Strategy viewpoints	10-year Business Plan: FY2030 targets
Beyond your expectations 2040	Enhancing earnings strength and financial structure	Net sales 160 billion yen (180 billion yen after adjustment)*
		Operating income margin 6%
	Carbon neutrality (Sustainability)	Reduction of CO_2 emissions intensity -50% (compared to FY2013)
We brighten our planet's future with our lightweight technology	Shift in the business portfolio	Rate of sales for electric vehicles 55%
		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
	Improving diversity	Diversification of executive managers
		Rate of female employees in Japan 20% or more * Currently 13.5%
		Rate of female managers in Japan 10% or more * Currently 2.8%
	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
		Developing advanced and innovative technology
		Starting carbon neutral die casting initiatives

*Net sales after adjustment using the exchange rates and aluminum prices when the target values of the 2224 Medium-Term Management Plan were set

Priority tasks



Monitoring tasks

Implement business strategies with an eye on the future automotive market

In addition to conventional product groups, we focused efforts on the development and sales of parts for electric vehicles and structural components that satisfy customer needs in response to the accelerating electrification of vehicles and tighter fuel economy regulations. We also aimed to achieve a higher level of quality and productivity by enhancing our technological capabilities in each process, thereby gaining increased trust from customers.

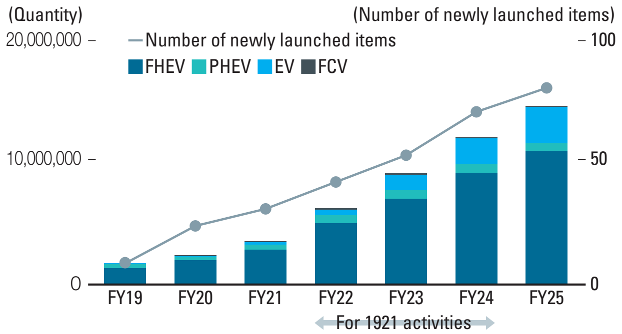
13 CLIMATE ACTION

⇒ P18-19. Aiming to contribute to reducing the weight of vehicles

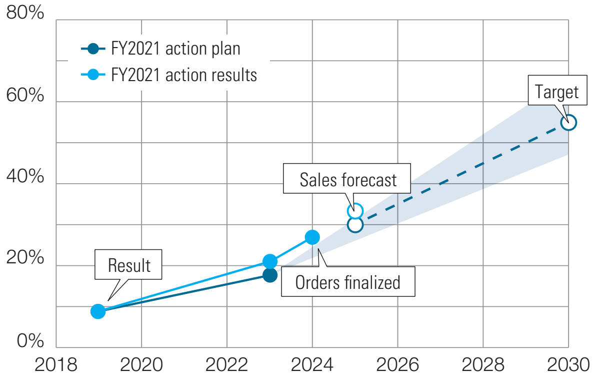
Shifting the business portfolio to predominantly parts for electric vehicles and the vehicle body components

Electrification of automobiles is advancing rapidly in all our market regions: Japan, North America, China and India. In all these regions, we actively worked to obtain orders for parts to be installed in electric vehicles. During the three-year period of the 1921 Plan, we received orders for the core parts, such as controlling parts and drive parts, for different models of EVs, HEVs, PHEVs, and FCVs in a well-balanced manner. After the start of mass production in FY2022, both the production volume and the number of new items to be launched are expected to increase steadily and will reach in FY2025 about nine times those in FY2019. For the vehicle body components, we started joint development projects with several customers. To continue to contribute to the mobility business of automobile manufacturers in the future, Ahresty will focus efforts on increasing sales of parts for electric vehicles and the vehicle body components, targeting 55% for the ratio of sales for electric vehicles in FY2030.

Trends in global production volume of parts for electric vehicles



Trends in the rate of sales for electric vehicles



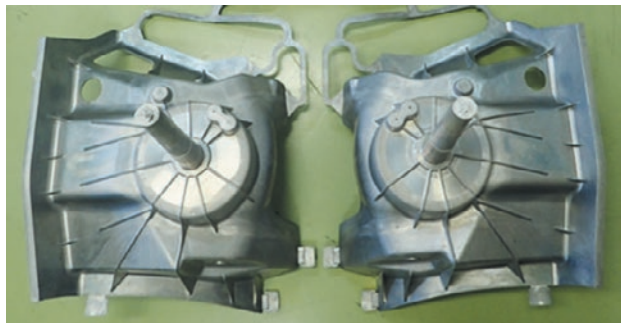
Actions in production of parts for electric vehicles and the vehicle body components

In production of parts for electric vehicles and the vehicle body components items, in addition to promoting the use/application of the material, equipment and technical know-how we have cultivated for engines and powertrains, we have been working to develop unique technologies.

	Engine Powertrains	Parts for electric vehicles	Vehicle body components
	Apply existing technologies and know-how		Develop unique technologies
Materials	Materials of equal quality (ADC12+α)		Materials developed by Ahresty
Equipment	Equipment with equal specifications (+ cleanliness control)		Unique high vacuum DC
Technology	Technologies of equal quality (SQC, Big-Data)		Bonding technology developed by Ahresty

[Use of proprietary technologies for the vehicle body components]

For production of the vehicle body components items, the HiGF method (high vacuum die casting), a unique technology of Ahresty, has been increasingly employed. By improving the sealing of division surfaces of dies to increase the level of vacuum inside the cavity and shorten the time for filling, this method enables production of high-quality die-cast products. Also, by introducing the center gate, which enables liquid metal filling with little pressure and energy, and the multi-cavity, which enables production of multiple units at one injection, production efficiency can be increased.


A vehicle body component (shock tower) produced by the HiGF method, Ahresty's unique technology 2 units/1 injection

Electric vehicle models with our products

[BEV] Mustang Mach-E (FORD)
Inverter case

[BEV] bZ4X (TOYOTA)
ESU upper case, ESU lower case

[BEV] SOLTERRA (SUBARU)
ESU upper case, ESU lower case

[FCV] MIRAI (TOYOTA)
Converter case, reactor cooler case

[PHEV] RAV4 PHV (TOYOTA)
Inverter case, converter case

[PHEV] OUTLANDER PHEV (MITSUBISHI)
Engine block, power generator motor unit parts

[PHEV] ECLIPS CROSS (MITSUBISHI)
Engine block, chain case

[HEV] AQUA (TOYOTA)
Crankcase

[HEV] YARIS/YARIS CROSS (TOYOTA)
Crankcase, base plate

[HEV] VEZEL (HONDA)
TM side cover, PCU cover, PCU case, etc. Total 9 parts

[HEV] FIT (HONDA)
TM side cover, PCU cover, PCU case, etc. Total 7 parts

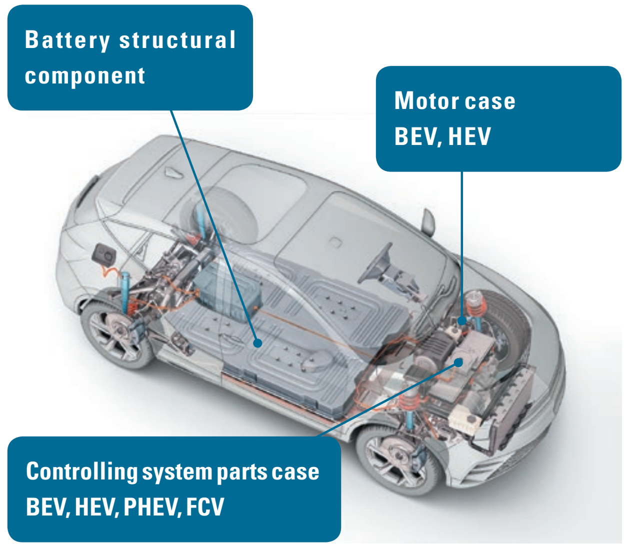

Toyota new Yaris Cross

Major awards in FY2021

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

Examples of parts for electric vehicles to be mass-produced in FY2022 and beyond

Production region	Product type	Mass production start
Japan	HEV/PHEV controlling parts	2022
	Battery parts	2023
	BEV controlling parts	2024
	HEV drive parts (1)	2024
	HEV drive parts (2)	2024
	FCV controlling parts	2024
North America	BEV drive parts (1)	2023
	BEV drive parts (2)	2023
	HEV/PHEV controlling parts	2024
	BEV controlling parts	2024
	HEV controlling parts (1)	2024
	HEV drive parts (2)	2024
China / Asia	BEV controlling parts (1)	2022
	BEV controlling parts (2)	2022
	HEV/PHEV controlling parts	2023
	HEV/PHEV drive parts	2023
	HEV controlling parts	2025



Examples of parts for electric vehicles to be mass-produced in FY2022 and beyond

Enhancing earning strength by improving productivity and quality

We promoted productivity improvements and reduced manufacturing costs by implementing MONOZUKURI with Optimal Process Condition Control (OPCC).
We also introduced streamlining and manpower savings in the production system, inventory reductions and other initiatives to improve our price competitiveness.

Improving productivity with OPCC

To implement MONOZUKURI processes under OPCC, we are working to improve productivity and reduce the defect rate.
In each process, we will identify tasks for cycle time reduction, defect reduction, improvement of utilization rate, maintenance management and other purposes, make them into priorities based on the past activity data, and start implementing measures expected to give greater results, thereby improving the productivity and quality.

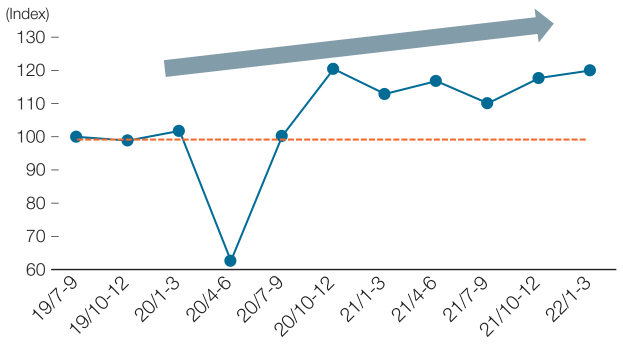
Establishing a leaner production system through comprehensive streamlining

We are working to establish a system to produce good products efficiently, through comprehensive streamlining. We promote initiatives to establish a leaner production system through improving productivity and reducing manufacturing costs, such as effective utilization of equipment, flexible operation capable of quickly responding to fluctuations in orders, and cost reduction by streamlining production lines and promoting appropriate personnel placement according to the production scale. In the three-year period of the 1921 Medium-Term Management Plan, our earnings per hour improved around 20% compared to the FY2019 average.

Integration and reorganization of plants in Japan to enhance competitiveness and improve management efficiency

In April 2022, we integrated our die manufacturing sites in Japan to Ahresty Die Mold Hamamatsu. By advancing division of labor utilizing the Group's network with overseas die manufacturing sites in China and Thailand, we aim to improve productivity and enhance our competitiveness.
We also integrated the Tokai Plant with a processing affiliate (Ahresty Pretech) with the aim of establishing a fully integrated production system, improving work efficiency, and improving management efficiency.

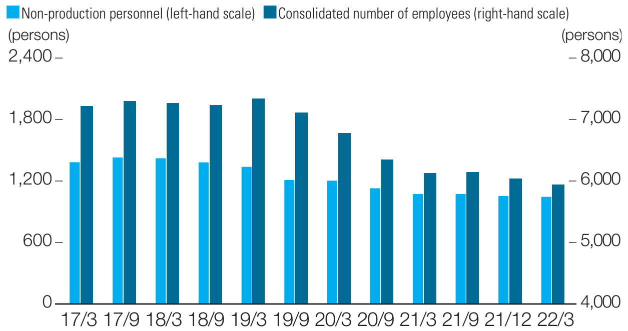
Earnings per hour



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

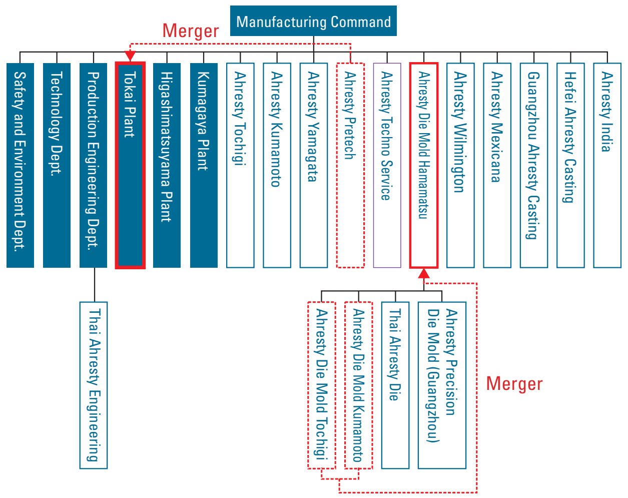
* Earnings per hour = Net sales less direct costs (raw material costs, etc.) / Total hours worked by production personnel at plants

Changes in personnel



- Responded to future increase in production volume by efficient allocation of personnel
- Overall, continued to improve efficiency by streamlining production lines and revising work processes
- Consolidated number of employees: Decreased by 1,399 people (March 31, 2019 ⇒ March 31, 2022)

Ahresty Group Organizational Chart (Manufacturing Command)



Develop the human resources that underpin corporate growth

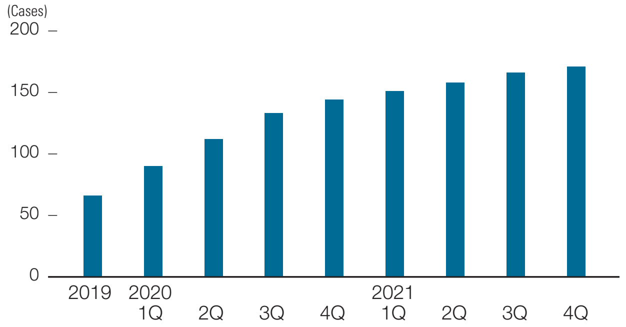
By improving working conditions, we aimed to create workplaces where no work-related accidents or injuries occur and where employees can work safely and comfortably in a healthy mental and physical state.

⇒ P29.Development of a corporate culture in which everyone can work in good health and feel safe

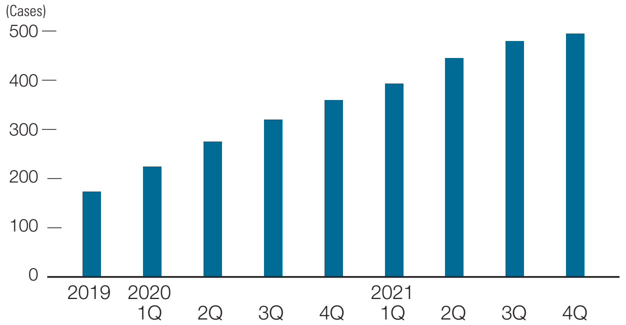
Using ergonomics to create workplaces where workloads are low

We continuously improve the workplace environment by reducing operations involving high physical workloads and making the workplace safe and comfortable for workers.
Targeting mainly 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. To assess the effects of Kaizen improvements, we conduct quantitative evaluations of the workload based on Ahresty's own ergonomics evaluation standards and check the degree of satisfaction that the workers involved have with the improvements.

Cases for improving casting gate removal in three years (result)



Cases for improvements related to heavy materials and unergonomic postures in three years (result)



Developing comfortable working conditions

To develop comfortable working conditions, we improved ambient temperatures by installing air conditioners and other equipment that heats up or cools down the workplace, and reduced noise, including mainly the noise of hammering and air blow in the casting process. We simulate the effect of the improvements based on an analysis of noise waveform data to ensure that they are effective.

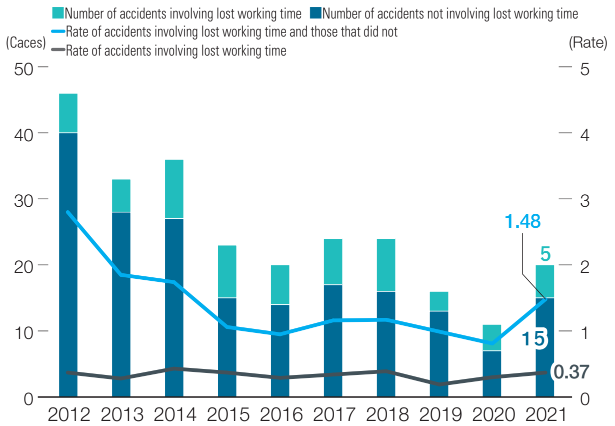
Eliminating industrial accidents and injuries

Ahresty has established an Occupational Safety and Health Policy and Ahresty Safety Principles based on the principle of safety first that applies to all production activities.
Upholding the new 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!," Ahresty as a whole aims to develop a safe and comfortable working environment through carrying out a variety of safety activities, including restructuring *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 explosion.

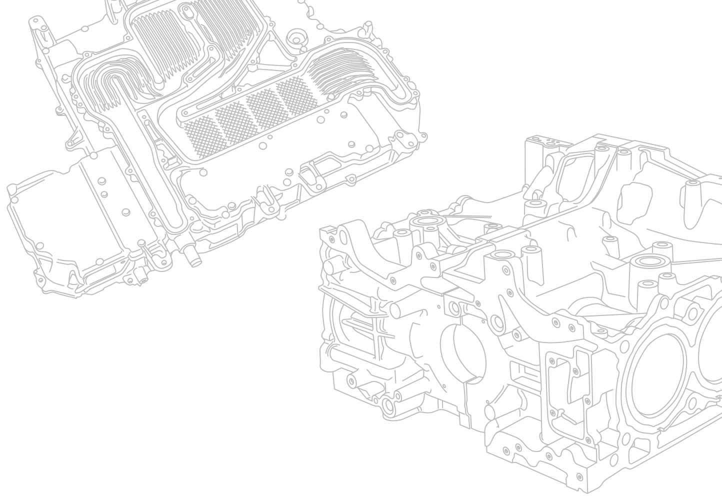
Safety and Health Demonstration Based Training –Risk While Walking Vol. 2–

Ex. Unsafe Condition

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.



Aiming to contribute to reducing the weight of vehicles

Taking advantage of our management resources and strengths mainly in BMSE (Block: engine blocks, Mission: transmission, Structure: structural components, and Electric: parts for electric vehicles), our optimal sales activities are tailored to the needs of each region and customer.
We are also working actively to respond to accelerating electrification in the market.

Business Environment and Market Conditions

During the consolidated fiscal year 2021, as the severe situation due to the impact of the COVID-19 pandemic gradually eased, moves toward recovery continued to progress in the world economy as a whole. In Japan, although similar moves were seen in general, reflecting the expansion of vaccination and the resurgence of the world economy, the pace of recovery was sluggish due to the rise in prices of raw materials and restrictions on supply associated with the rapid resumption of economic activities. In the fourth quarter, the growing tension in Ukraine further boosted raw material prices and accelerated the weakening of the yen.

In response to these circumstances, the Ahresty Group, while implementing measures to prevent the spread of COVID-19 in accordance with the local regulations of each country or region, took various actions, such as production adjustment by controlling operations and revising work shifts according to sales volume and cost reduction by utilization of idle internal facilities to reduce capital investment. However, during the consolidated fiscal year under review, automobile production decreased due to the shortage in the supply of semiconductors and parts worldwide, and procurement costs increased due to soaring raw material prices. These affected our profits, resulting in an operating loss being recorded.

Looking back on 1921 Medium-Term Management Plan

The Ahresty Group, based on its 1921 Medium-term Management Plan, which we have promoted since fiscal 2019, has worked to improve profitability and enhance its corporate structure by cutting costs and raising productivity, as well as to further reduce capital investment and establish an operation system appropriate for the volume of orders received. As a result of these efforts, we saw certain achievements in streamlining production lines and promoting appropriate personnel placement according to the production scale to establish a leaner production system, and in lowering of the break-even point. We also made progress in increasing orders for parts for electric vehicles and expanding sales of the Proprietary Products Business (raised floor system), which is a non-automobile field. To continue and advance these initiatives, the Ahresty Group established in fiscal 2021 the 10-year Business Plan, a long-term management plan of the Group 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 Plan, we will hone our knowledge about "low CO_2-emitting," "light," and "recyclable" aluminum die casting, which we have accumulated over a long time, and aim to rebuild our business portfolio and enhance our earnings power in response to changes in the external environment, such as the acceleration of electrification in the automobile industry and moves toward carbon neutrality.

Results for Fiscal 2021

Regarding the Die Casting Business, in the automobile markets in all regions of Japan, North America and Asia, starting from the second quarter of the previous year, along with the resumption of economic activities in many countries, car manufacturers, our main customers, were putting their global car sales back on a recovery track. During the fiscal year under review, due to the impact of the global shortage of semiconductors and the spread of COVID-19 in Southeast Asia on auto parts production, the volume of orders received by the Ahresty Group, which had been on its way to recovery, declined again from the level of the second half of the previous year (84 in comparison with the FY2018 average set as 100), marking 74 for the full-year level of the consolidated fiscal year under review.

In terms of profitability, coupled with the impact of the decline in the volume of orders received, the prices of aluminum, our Group's key raw material, have been soaring. Since there is a certain delay in reflecting fluctuations in raw material prices in our selling prices, this served as a factor contributing to losses. Starting from the fourth quarter, the volume of orders received remained about the same (74 according to the same index). However, thanks to the advancement in adjustment of customer selling prices and the effect of manufacturing cost reduction, we regained operating income for the fourth quarter period.

As a result of the above, our Die Casting Business recorded in all segments an increase in net sales year on year due to the recovery from the impact of COVID-19 in the volume of orders, the booming aluminum market conditions and the weak yen in the foreign exchange market, but it recorded a segment loss due to the impact of the shortage of semiconductors on automobile production and the aluminum market condition.

Based on these circumstances, the performance of each segment is as follows.

(i) Die Casting Business: Japan

The Die Casting Business in Japan recorded net sales of ¥51,746 million (up 13.5% from the previous year). On the profitability side, the segment recorded a loss of ¥1,372 million. (A segment loss of ¥2,491 million was recorded for the previous year.)

(ii) Die Casting Business: North America

The Die Casting Business in North America recorded net sales of ¥28,111 million (up 30.0% from the previous year). On the profitability side, the segment recorded a loss of ¥1,096 million. (A segment profit of ¥94 million was recorded for the previous year.)

(iii) Die Casting Business: Asia

The Die Casting Business in Asia recorded net sales of ¥26,488 million (up 32.9% from the previous year). On the profitability side, the segment recorded a loss of ¥547 million. (A segment loss of ¥598 million was recorded for the previous year.)

Fiscal 2021 Results by Segment

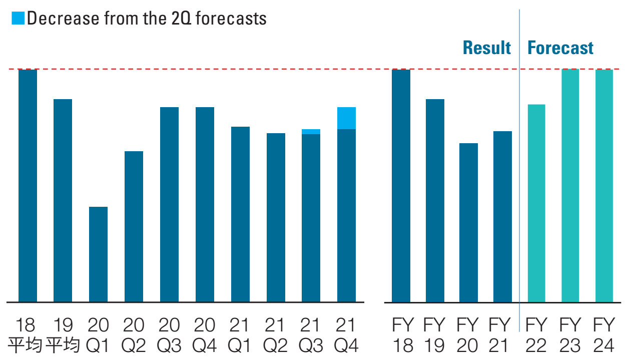
(Unit: Million yen)

FY2021		1st Half	2nd Half	Full year
Japan	Net sales	24,609	27,137	51,746
	Segment income/loss	(1,012)	(360)	(1,372)
North America	Net sales	14,190	13,921	28,111
	Segment income/loss	(553)	(543)	(1,096)
Asia	Net sales	11,726	14,762	26,488
	Segment income/loss	(643)	96	(547)

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

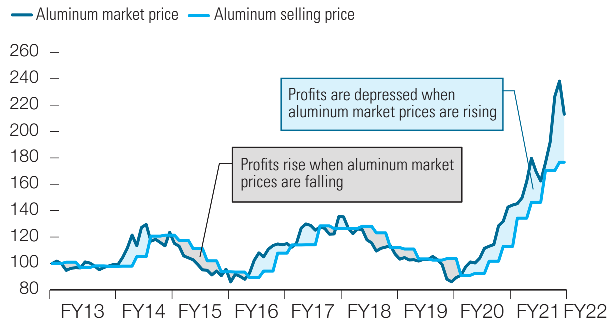
Global Sales in Weight

In comparison to the 2Q forecast, sales weight did not reach the FY2021 4Q forecast due to the spread of COVID-19 mutated variants and a delay in recovery of the car production volume due to the shortage in supply of parts. For FY2022, with remaining uncertainties especially in the first half, conservative forecasts are made for the sales outlook of car manufacturers.



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

Changes in aluminum market prices and selling prices



(Based on the LME Aluminum HG 3M data)
* Calculated in comparison with the aluminum market prices in April 2013 set as 100 (in yen terms based on monthly exchange rate)

Outlook for Fiscal 2022

The share of parts for electric vehicles (EVs, HEVs, PHEVs and FCVs *excluding MHEVs) in net sales of Ahresty is estimated to be 17% in FY2022 and 33% in FY2025. While maintaining relationships with our existing major customers, we are expanding business with new customers with advantage in electric vehicles both inside and outside Japan, such as BorgWarner Inc., a U.S. major auto parts manufacturer with which Ahresty started a new business, with the aim of expanding our customer base. By catching up with the accelerating electrification of vehicles, we are working to increase sales of parts for electric vehicles. For the vehicle body components, we started advanced development projects with several customers. Through joint development, we aim to strengthen relationships of trust with our customers with a view to further expanding our business in FY2030 and beyond.

Moreover, we set up the Advanced Technology Promotion Dept. in the Technical Center in order to quickly respond to changes in the external environment and improve the quality of proposals to customers. Through technologies related to electrification, weight reduction, and advanced development, we will provide customers with optimal die-cast proposals.

Further developing production know-how to create unrivaled alloy plants

Further develop MONOZUKURI technologies by employing accumulated knowledge and data to improve productivity and increase earnings.

Business Environment and Market Conditions

Due to a shortage of semiconductors, logistics constraints and other impact of COVID-19, Japanese car manufacturers are continuing production reduction, delaying recovery in the number of orders received for die cast products. Meanwhile, prices of aluminum have soared to an unprecedented level due to concerns about the impact of the invasion of Ukraine by Russia, a major aluminum exporter, on supply and demand, and anxiety about a shortage of energy. These circumstances have created an imbalanced situation where demand is low while prices are high.

Results for Fiscal 2021

In the Aluminum Business, despite the impact of the production decrease of car manufacturers due mainly to the shortage of semiconductors, sales weight increased by 19.7% year on year, boosting net sales 85.6% from the previous year to ¥6,463 million. On the profitability front, the segment recorded a profit of ¥265 million (up 694.7% from the previous year) due mainly to the increase in net sales associated with the soaring aluminum prices and cost reduction efforts.

Initiatives for 1921 Medium-Term Management Plan Policies and Strategies

In the Aluminum Business, we worked on "improving productivity by employing optimal alloy production plans and melting methods" toward the goal of improving productivity and reducing costs in manufacturing ingots. By improving the blending accuracy of the materials for melting, we have established the optimal melting conditions (materials, temperature, time, etc.) The number of times alloying is conducted for a lot was reduced to the minimum while the melting speed was improved. We also worked to reduce unnecessary operations from all production processes, improving the overall production speed. These initiatives have enabled optimal production planning and resulted in not only shortening of delivery time, reduction of inventory, and saving of man-power but also reduction of energy use, thereby contributing significantly to improved productivity and cost reduction. In FY2021, KPIs set as targets in the 1921 Medium-Term Management Plan were mostly achieved, and we thus made profits despite the severe environment.

Outlook for Fiscal 2022

Supply of secondary aluminum alloy generated by recycling scrap plays an important role in reducing the environmental burden and contributing to a recycling-oriented society. Under the 10-year Business Plan and the 2224 Medium-Term Management Plan, which started from FY2022, the Kumagaya Plant will be engaged in activities to reduce CO_2 emissions in addition to the ongoing initiatives to improve productivity and reduce costs. While sophisticating its production know-how, the Plant will be committed to reducing energy use in production processes and proactively introducing materials with less impact on the environment. We will make continuous efforts to ensure that our alloy plants are unrivaled in MONOZUKURI under the safety-first principle, aiming to contribute to the future of the global environment.

Kumagaya Plant with plenty of greenery

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.

⇒ P26. An environment-friendly company

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Celebrating its 60th anniversary since its development, maintaining top market share for clean rooms in Japan!

Enhancing sales capabilities to expand the share in Japan and increase sales in China and other Asian markets

Business Environment and Market Conditions

In fiscal 2021, the raised floor system (aluminum) market in Japan increased to 133% of the previous year. This is due to an increase in semiconductor-related demand reflecting the acceleration of digitization driven by COVID-19 and the gradual economic recovery, and the establishment or expansion of clean rooms to enhance the supply system. We forecast that demand for aluminum floor systems will continue to increase.

Results for Fiscal 2021

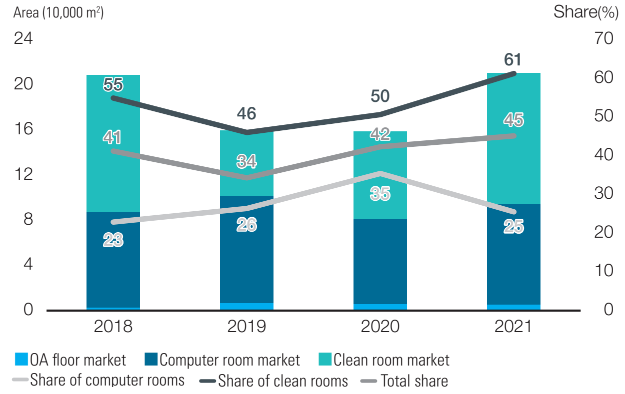
In the Proprietary Products business, net sales increased 49.4% year on year to ¥3,503 million, mainly reflecting an increase in orders for projects of the Company's main customers, namely a clean room at a semiconductor-related company and a data center at a telecommunications company. On the profitability side, segment profit decreased 2.3% year on year to ¥312 million chiefly due to the impact of fluctuations caused by individual projects.

Initiatives for 1921 Medium-Term Management Plan Policies and Strategies

In Japan, we focused efforts on the gathering and analysis of information through such measures as surveys on the raised floor system market and interviews with customers, and human resources development, with the aim of reinforcing our sales capabilities. We aggressively approached new commercial distribution chains, as well as the clean room market, and achieved the sales target. Our share in the raised floor system market increased significantly; 45% (a 3% increase from the previous year) in raised floor systems as a whole and 61% (an 11% increase from the previous year) in raised floor systems for clean rooms.

To expand sales channels in China and Southeast Asia, we developed high-strength, high-performance products manufactured to Chinese market standards and started sales of them in April 2021. By enhancing sales promotion activities with local dealerships, we received several orders for clean room projects for over 10,000 m². Our Hefei Plant in China took the initiative in promoting sales of these products based on interdepartmental collaboration between manufacturing and sales, contributing to an increase in profits.

The raised floor system (aluminum) market shares in Japan



* May 2022 survey by Ahresty

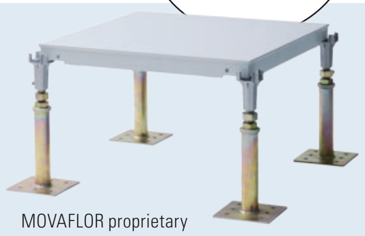
Outlook for Fiscal 2022

We predict that the raised floor system markets both in Japan and overseas will be strong in fiscal 2022. We will therefore make effective use of the production capacity and equipment for MOVAFLOR at our Hefei Plant in China and our Higashimatsuyama Plant to expand sales and market share. We will continue to promote sales mainly for the clean room market while also expanding sales promotion activities in other markets and exploring new commercial distribution chains. Overseas, we will promote sales not only in the Chinese market but also in the Southeast Asian market.

"MOVAFLOR" boasts a wide range of delivery records

Ahresty developed the first raised floor system, "MOVAFLOR", in Japan in 1962 and celebrated its 60th anniversary this year. MOVAFLOR is delivered to all prefectures of Japan from Hokkaido to Okinawa Prefecture, and is widely used in clean rooms, data centers, factories, offices, etc. We are proud to hold the No. 1 market share for clean rooms in Japan for over 10 years. It has applied in the Tokyo Metropolitan Government Building, Tokyo Sky Tree, Yokohama Landmark Tower, Kansai International Airport, etc.

Hold the No.1 share for clean rooms in Japan!

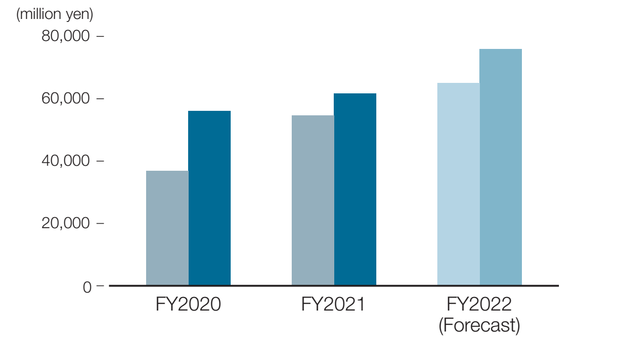


MOVAFLOR proprietary raised floor system

Net sales

Net sales ■1st half ■2nd half

116,313 million yen

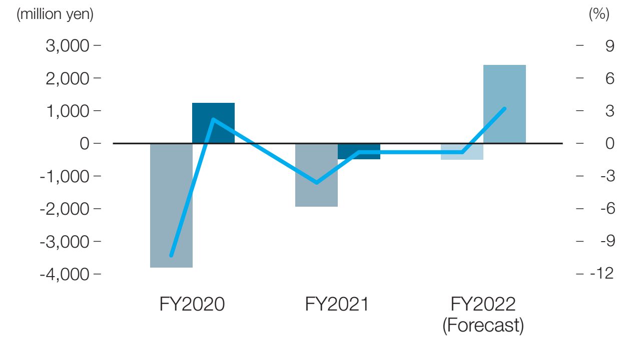


Sales increased 25% from the previous year reflecting the impact of an increase in orders received due to the decline in the impact of COVID-19, a rise in aluminum market prices, and the weakening of the yen. However, due to the prolonging shortage of semiconductors, the volume of sales increased only 8% from the previous year.

Operating income / Operating income margin

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

(2,422) million yen / **(2.1)**%

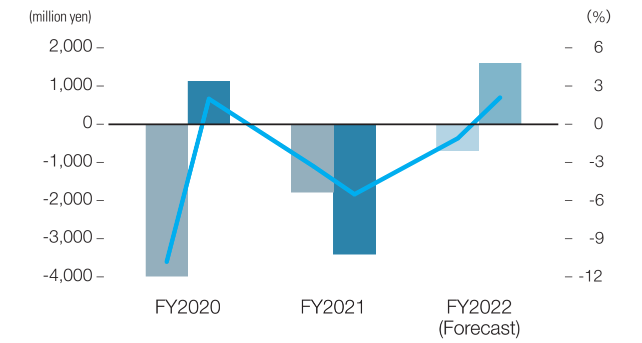


Although an operating loss had to be reported on a full-year basis due to the impact of the shortage of semiconductors, etc. on car production and aluminum market prices, an operating profit was reported for the fourth quarter due to progress in reflecting raw material prices in selling prices and the effect of the reduction of manufacturing costs.

Net income / Net income margin

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

(5,189) million yen / **(4.5)**%

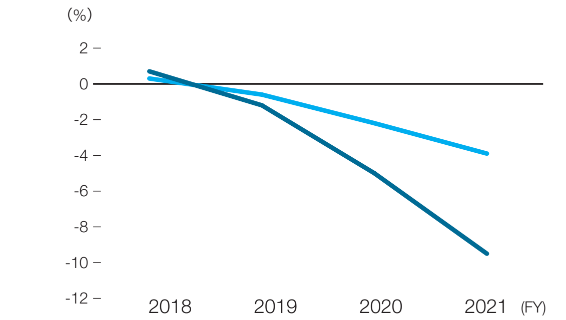


Due to the occurrence of an impairment loss on fixed assets, a rise in tax expenses as a result of partial reversal of deferred tax assets, a gain on sales of investment securities as a result of selling a part of cross-held shares and other factors, net loss attributable to owners of parent was 5,189 million yen.

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

—Return on equity —Return on assets

(9.5)% / **(3.9)**%

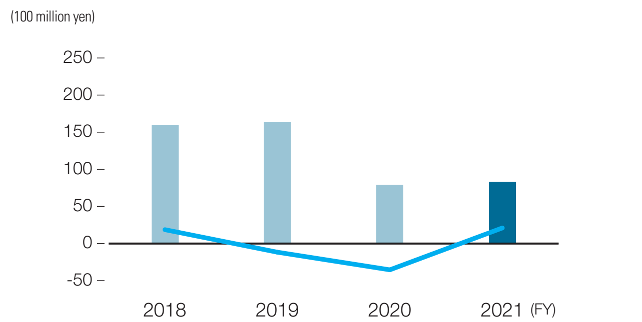


Net loss was recorded due to the operating and extraordinary losses posted, with ROE and ROA both negative.

Operating cash flow / Free cash flow*2

■Operating cash flow —Free cash flow

8,259 million yen / **2,176** million yen

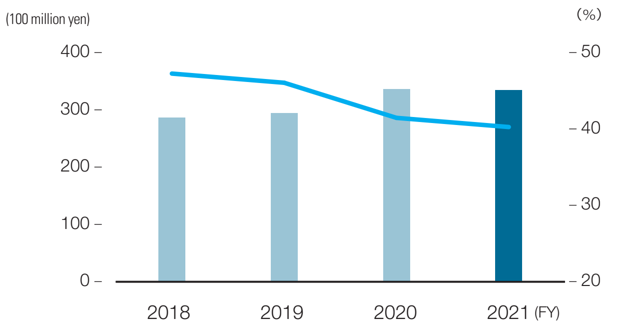


In response to a decrease in operating cash flow, efforts were continued from the previous year to reduce capital investment, thereby reducing investment cash flow. As a result, free cash flow in FY2021 became positive for the first time in two years.

Net interest-bearing debts*3 / Equity ratio

■Net interest-bearing debts —Equity ratio

33,560 million yen / **40.7**%



In response to future uncertainties, such as the COVID-19 pandemic and the conflict in Ukraine, more cash and deposits on hands than usual were maintained, resulting in a decrease of 100 million yen in net interest-bearing debts from the previous year with an equity ratio of 40.7% as of the end of the fiscal year.

*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

Ahresty chose the Prime Market

Ahresty's stock, which had been listed on the First Section of the Tokyo Stock Exchange, was transferred to the Prime Market due to the revision of market segments on April 4, 2022.

Purpose of choosing the Prime Market

Ahresty sees listing on the Prime Market is crucial for the sustainable growth and the medium- to long-term improvement of the corporate value of Ahresty as a company conducting businesses globally. Through constructive dialogue with global investors, we will promote our business activities to become an attractive company for investors.

For Ahresty's transfer to the Prime Market, a transitional measure is applied so that its listed position can be maintained. Although we have not satisfied one of the listing criteria, namely "market capitalization of shares in circulation," we are able to be listed on the Prime Market by submitting a "Plan toward Compliance with the Listing Criteria for New Market Segments." We will advance various measures to satisfy the listing criteria with regard to the market capitalization of shares in circulation by March 2025, which is the end of the final year of our 2224 Medium-Term Management Plan (period covered: from FY2022 to FY2024).

Basic policy for actions to satisfy the listing criteria and their progress

(1) Basic policy

Aiming for the sustainable growth and improved medium- to long-term corporate value of the Ahresty Group, we will promote initiatives to improve and enhance our earnings structure based on the 10-year Business Plan and the Medium-Term Management Plan, thereby improving profitability as soon as possible. Taking into consideration the amount of investment necessary for corporate growth, we will work to ensure that the payout ratio based on consolidated performance is around 35%, while ensuring continuous returns to shareholders and proactively having dialogue with the market through disclosure of information in a timely and appropriate manner. Through these efforts, we aim to raise our stock price and PBR. We will also consider reducing cross-held shares, aiming for satisfying the requirement for the market capitalization of shares in circulation.

(2) Status of progress

We established and released to the public the 10-year Business Plan, along with the 2224 Medium-Term Management Plan as the milestone plan for the first three years of the 10-year Business Plan. To improve asset efficiency and enhance our financial structure by reviewing cross-held shares, we sold a part of our cross-held shares from February to March 2022. As a result of these sales, the balance of the cross-held shares owned by Ahresty was reduced from 4,286 million yen at the end of fiscal 2020 to 1,222 million yen at the end of fiscal 2021.

Status of compliance with listing criteria for the Prime Market

	Number of shares in circulation	Market capitalization of shares in circulation	Ratio of shares in circulation	Average daily trading value
Status of Ahresty (as of the record date of transfer)	192,052 units	9,200 million yen	73.6%	850 million yen
Listing criteria	20,000 units	10,000 million yen	35%	20 million yen
Items provided in the Plan		○		

For Sustainable Growth

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.

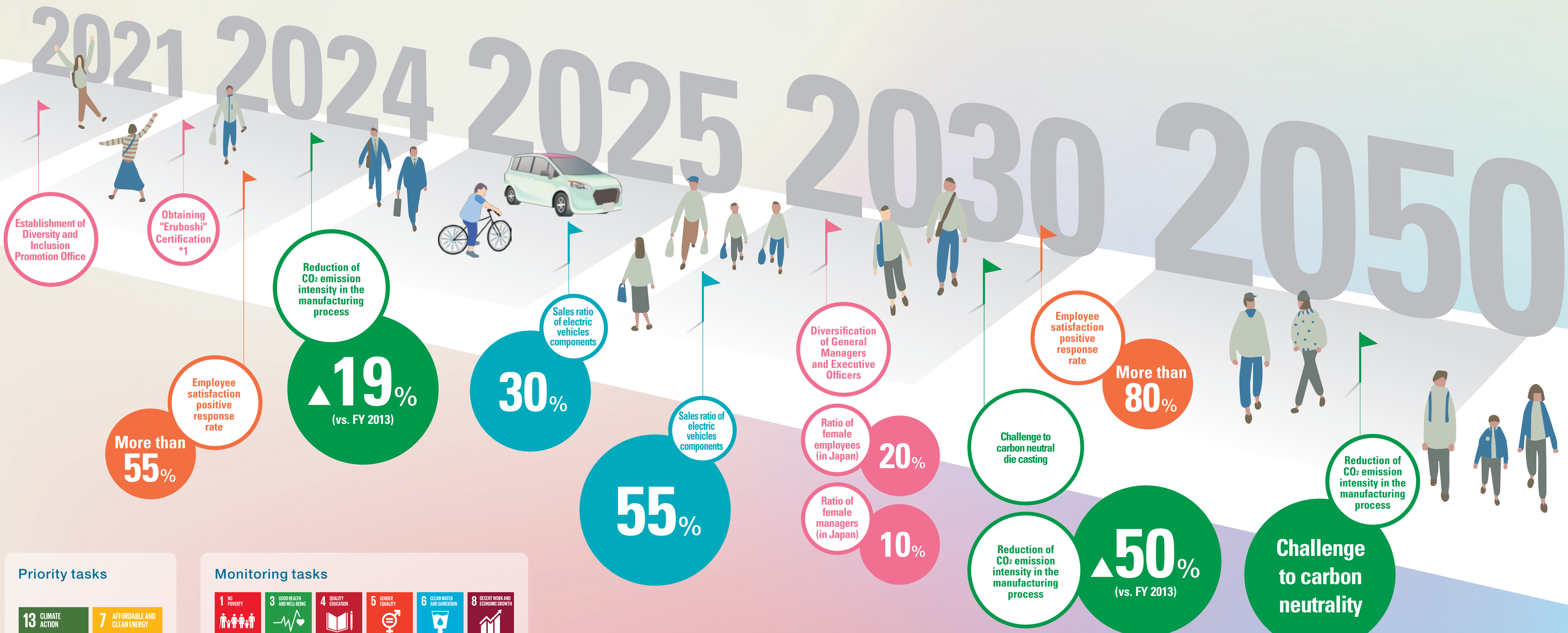
Sustainability Roadmap

··· Promoting diversity

··· Contribution to mitigating climate change through our products *2

··· Actions toward carbon neutrality

··· Realize a good work-life balance



Priority tasks

Monitoring tasks

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 intensity in manufacturing processes 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 management plan.

We will contribute to solving social issues through our business activities, aiming to enhance trust of our stakeholders and for the sustainable growth.

*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.

An environment-friendly company

In creating an environment-friendly company, Ahresty engages in various initiatives to prevent pollution and save energy and resources in its manufacturing processes.

Ahresty Environmental Policy

1. We are 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 federal and local governments, stakeholders etc., and establish our own standards within feasible technical and economical range, and strive for further environmental protection.
3. We give special priority to the following aspects and make effort 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 aim to reduce CO_2 emission, and are conscious of global warming.
   (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.

Environmental targets and results for plants in Japan in fiscal 2021

To reduce the environmental impact of our manufacturing processes, we have set specific environmental targets for our production activities. In fiscal 2021, we continued to promote various improvement activities despite a significant decrease in production volumes mainly due to the impact of COVID-19. As a result, the number of business sites that achieved the targets increased for all management items.
In fiscal 2022, we will further advance the activities.

Environmental category	Medium-term targets	FY2021 target	FY2021 results	Evaluation*	FY2022 targets
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 targets for each business site. * Continue monitoring and improving the recycling rate.	The target was achieved at three out of the 11 targeted business sites.	2	Set targets for each business site. * Continue monitoring and improving the recycling rate.
Saving energy and natural resources	Reduce CO_2 emissions to counter global warming.	Set targets for each business site. * For overseas business sites, set a target reduction of at least 1.0% over FY2019. * Continue monitoring and improving the energy consumption rate calculated by positively evaluating actions to reduce peak electricity demand.	The target was achieved by three out of the 11 targeted business sites. * The power coefficient is fixed.	2	Unit CO_2 emissions target (global target) 13% reduction from FY2013 level * Position as a priority initiative according to the environment roadmap and the action policy, and conduct activities.
	Reduce the consumption of water used in processes	Set targets for each business site. * For overseas business sites, set a target reduction of at least 1.0% over FY2019.	The target was achieved by four out of the seven targeted business sites.	3	Set targets for each business site. * For overseas business sites, set a target reduction of at least 1.0% over FY2021.
Other	Introduce 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 refers to community clean-ups and preservation of *Satoyama*, socio-ecological production landscapes.	Social contribution activities were conducted more frequently than in fiscal 2020 at all business sites after implementing 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 refers to community clean-ups and preservation of *Satoyama*, socio-ecological production landscapes.
	Increase greening of sites.	Introduce greening that improves the landscape at each site, in line with the Ahresty greening guidelines.	Greening that improves the landscape was increased or maintained at all business sites, resulting in active communication both inside and outside the company.	5	Introduce greening that improves the landscape at each business site, in line with the Ahresty greening guidelines.

* Target achievement level: 1 (not achieved) < 5 (achieved)
* Ahresty has also set environmental targets at its overseas plants, including reducing CO_2 emissions and water consumption, in the same target categories as those adopted in Japan to carry out global environmental management.

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 19th Ahresty Green Convention

Location	Theme
Tokai Plant (former Ahresty Pretech)	Energy conservation activities for equipment
Tokai Plant	Early detection of and response to black smoke discharged from a melting plant
Technical Center	Social contribution through greening and electricity saving/collection
Ahresty Kumamoto	Reduction of waste containers for delivery to customers
Higashimatsuyama Plant	Reduction of power consumption by cooling pumps
Ahresty Die Mold Hamamatsu (Ahresty Die Mold Kumamoto)	CO_2 reduction by improving the unmanned electrical discharge time
Ahresty Yamagata	Reduction of power consumption by washers
Kumagaya Plant	Reduction of electric power for ash treatment equipment by improving efficiency of ash removal operation
Ahresty Tochigi	Energy conservation by introducing LED lighting
Tokyo Head Office	Report on social contribution activities at Tokyo Head Office

Ahresty eco License

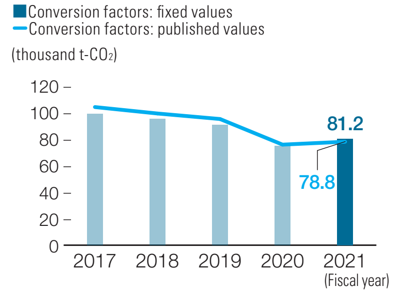
Ahresty has established the Ahresty eco License, a unique internal examination system, to improve its employees' awareness of the environment. Over 80% of the employees have passed the examination to date, and they undertake their daily business activities with a higher level of environmental awareness.

Results of initiatives (plants in Japan)

CO_2 emissions*

The figures show the consumption of fuel and electric power after conversion to CO_2 emissions. The line graph shows the CO_2 emissions calculated using the conversion factors published by the electric power companies.

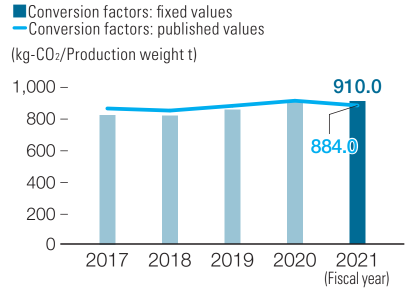
* At the six main plants in Japan



Unit CO_2 emissions*

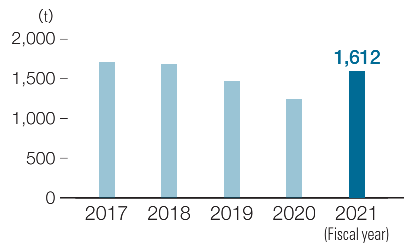
The basic CO_2 emissions unit is calculated by dividing the CO_2 emissions by the production weight, indicating the amount of CO_2 emitted in producing 1 t.

* At the six main plants in Japan
To evaluate the effects of CO_2 emissions reduction activities, CO_2 conversion factors are calculated based on past fixed value.



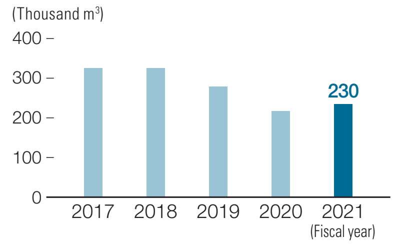
Discharged materials

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.



Yamagata Prefecture's environmental conservation promotion award granted

Ahresty Yamagata received Yamagata Prefecture's FY2021 environmental conservation promotion award from the Yamagata Prefecture Environmental Conservation Council.
Under the initiative of the environment secretariat, Ahresty Yamagata continuously conducted monitoring of energy consumption and implemented measures for improvement toward achieving their energy consumption reduction target. Their system to promote multiple measures, including renewal of melting furnaces, fuel conversion, and reduction of electricity consumption, as well as proactive initiatives were appreciated, resulting in the award.

Material Flows

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)
25,410t	**132,902t**	**12,173kℓ**	**115,555kWh**	**3,536t**	**105,054㎥**	**125,371㎥**	**8,194kg**

Reporting period: From April 1, 2021 to March 31, 2022 (Unit: thousand yen)

Environmental conservation costs				
Categories		**Main initiatives**	**Investments**	**Expenses**
(1) Costs incurred by the business site areas				
Types of costs	**(1) - 1 Pollution prevention costs**	Management, updating and introduction of wastewater treatment facilities, maintenance and management of waste gas treatment and dust collection equipment and noise control measures	59,156	63,532
	(1) - 2 Global environmental conservation costs	Energy (electricity and heavy oil) saving activities, the introduction of energy saving facilities, the greening of the plant environment and the monitoring of electric power consumption	35,049	30,852
	(1) - 3 Resources recycling costs	Recycling of water, treatment (separation a nd disposal) of waste, and use of recycled oil	1,048	192,263
(1) Subtotal			**95,253**	**286,648**
(2) Upstream and downstream costs		Purchasing of green materials	900	36,610
(3) Management activities costs		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	16,107
(4) Research and development costs		Alloy association (environmental conservation theme) and examinations of substances contained in ingots that have a negative environmental impact	0	0
(5) Social activities costs		Holding of plant tours, community cleaning activities, community communication activities, volunteer activities and NPO donations	0	494
(6) Environmental damage countermeasure costs		Pollution load charges	0	2,524
(2) to (6) Subtotal			**900**	**55,735**
(7) (Income) Upstream and downstream cost		Sales of valuable materials (steel scrap, waste plastic, shell, waste oil, waste paper, etc.)	0	155,093
Total			**96,153**	**342,383**

* Investments are those made in fixed assets, such as facilities, and expenses are those incurred with regard to other matters.

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)
65,324t	**23,861t**	**101**	**88,173t-CO_2**	**64,595㎥**	**1,581t**	**30t**

* The latest figure published by the electric power companies (the figure for fiscal year 2020) is used as the CO_2 conversion factor of electric power.

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

Ahresty is committed to developing a corporate culture in which each employee can work in good health both mentally and physically at a safe and comfortable workplace, grow through their work, and have pride and motivation.

Ahresty Group Human Rights Policy

In May 2022, the Ahresty Group Human Rights Policy was established with the approval of the President & CEO, after deliberation at the Sustainability Meeting.

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 (hereinafter "Policy") based on the Guiding Principles on Business and Human Rights by the United Nations Human Rights Council.
All business activities of the Ahresty Group will be subject to compliance with this Policy.

1. Scope of application

This Policy applies to all directors and employees, temporary staff (hereinafter "Employees & Staff") working at the Ahresty Group. Also all of our business partners including suppliers are expected to understand and support this Policy.

2. Compliance with codes, laws and regulations

We support and respect international human rights codes including the International Bill of Human Rights and The International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

We will comply with the laws and regulations of the countries or regions where we conduct business, and in the event that there is a conflict between the laws and regulations of a country or region and internationally accepted human rights codes, we will strive to respect internationally accepted human rights codes to the extent permissible under the laws and regulations of such country or region.

3. Responsibility to respect human rights

We will fulfill our responsibility to respect human rights, by not violating the human rights of people who are affected by our business activities, and by taking appropriate corrective actions in the event our business activities negatively affect human rights.

Also in the event a related party within our supply chain is negatively affecting human rights, we will affirmatively encourage such party to respect human rights.

By conducting human rights due diligence which is an activity to identify, avoid, and mitigate negative effects on human rights, we strive to take appropriate remediation and corrective actions in the event it becomes clear that human rights are being negatively affected or such negative situation is being aggravated.

We will educate our Employees & Staff so that they can get familiarized with this Policy.

Also we will disclose our activities regarding respect for human rights and continue dialogue and consultation with our related stakeholders.

Health and productivity management

Ahresty conducts its corporate activities under its 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," and the 2040 Vision of "Beyond your expectations 2040," aiming to achieve Our aspirations: "We brighten our planet's future with our lightweight technology," "ensure your satisfaction with Ahresty," and "develop pioneering technology through continuous research."
We are working to offer superior products that meet expectations and services that satisfy customer' needs. To win the absolute trust of our customers, a daily blending of theory and experimentation, and originality and invention is necessary. And we believe that all of these can be achieved if each of our employees takes pride in their work. For the health of employees and their families, Ahresty positions promotion and maintenance of the health of employees as one of its important management tasks and has introduced "health and productivity management."

Certified as Health & Productivity Management Outstanding Organization 2022 (large enterprise category)

Ahresty was recognized as a Certified Health & Productivity Management Outstanding Organization 2022 (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.

2022
健康経営優良法人
Health and productivity

Major health and productivity management initiatives

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)

Promoting Diversity & Inclusion

—Creating a workplace where diverse human resources can play active roles—

Setting up the Diversity and Inclusion Promotion Office
In March 2022, Ahresty set up the Diversity and Inclusion Promotion Office as an organization to promote diversity & inclusion and reform the Group's corporate culture and the awareness of employees. The Diversity and Inclusion Promotion Office consists of members from a variety of departments, including both administration departments such as human resources and management planning, and production departments such as safety and plant environment improvement. The aim is to create a workplace where everyone, regardless of gender, age or any other factor, is happy to work at.

Supporting participation of women
At Ahresty, all female employees may take maternity leave before and after childbirth and childcare leave. Male employees are also encouraged to take childcare leave.
To support female employees in playing an active role throughout the different stages of their lives, Ahresty is working to establish an environment in which employees feel comfortable in taking maternity and childcare leave, and which allows them to work reduced hours after their leave until their children are in the third year of elementary school, helping them balance childcare and work. Ahresty has also introduced various other programs to promote flexible workstyles, including a flextime program, teleworking (home working), and a nursing care leave system.

Targets for the percentages of female employees and female managers by FY2030 (in Japan)

Rate of female employees	20% or over *Currently 13.5%
Rate of female managers	10% or over *Currently 2.8%

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 are working. 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 handicapped employees, play active roles appropriate for their respective aptitudes.

Occupational Safety and Health

We believe that in order for Ahresty to fulfill our corporate social responsibilities and grow sustainably, it is essential that each employee be healthy mentally and physically, and create safe and comfortable workplaces.

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 associates at the Ahresty Group can work without risk to health and safety.
Top management will also establish a Safety & Health Management Committee at each site, which reflects associate feedback 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 safety and health activities, such as risk assessment, education and training, HHK and KY activities.

Ahresty Safety Principles

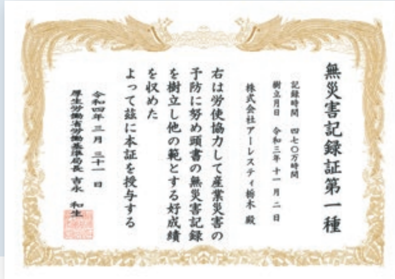
1. Safety must be prioritized more than any other aspect.
2. Safety is more important than any other aspect.
3. Safety is always more important than efficiency of production.
4. Safety starts with arrangement, orderliness and cleaning of workplace.

Each of us will aim at zero accidents by putting this into practice.

Ahresty Tochigi and Ahresty Techno Service granted Type 1 No Accident Record Certificate

Ahresty Tochigi Corporation and Ahresty Techno Service Corporation received the Type 1 No Accident Record Certificate from the Labor Standards Bureau, Ministry of Health, Labour and Welfare. Ahresty Tochigi Corporation marked a record of 4,700,000 accident-free work hours from February 16, 2018 to November 2, 2021. Ahresty Techno Service Corporation marked a record of 3,100,000 accident-free work hours from August 6, 2008 to August 3, 2021.
Ahresty conducts its production activities based on the principle of safety first. To ensure that safety always comes first, we have established the Occupational Safety and Health Policy and Ahresty Safety Awareness codes, under which various safety and health activities, including safety experience training and safety conscious human evaluation, are conducted, making company-wide efforts to make our workplaces safer. Ahresty will actively promote these efforts to continue the no-accident record.


無災害記録証 第一種
記録時間 三一〇万時間
樹立月日 令和三年八月三日
株式会社アーレスティテクノサービス 殿
右は労使協力して産業災害の予防に努め頭書の無災害記録を樹立し他の範とする好成績を収めた
よって茲に本証を授与する
令和四年五月一日
厚生労働省労働基準局長 吉永和生


無災害記録証第一種
記録時間 四七〇万時間
樹立月日 令和三年十一月二日
株式会社アーレスティ栃木 殿
右は労使協力して産業災害の予防に努め頭書の無災害記録を樹立し他の範とする好成績を収めた
よって茲に本証を授与する
令和四年二月二十一日
厚生労働省労働基準局長 吉永和生

Improving Corporate Governance

Ahresty is making efforts to improve its corporate governance, thereby boosting profitability of the entire Ahresty Group and improving its management and capital efficiency and increasing its corporate value.

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. Our basic policy on return of profits to shareholders is to provide appropriate returns while bolstering the financial structure and management base for business development in the medium and long terms. We will continue to work to increase returns to shareholders through enhancing the company's structure by improving productivity and establishing lean production systems, creating cash flows by formulating business strategies to continue to grow our share of the electrification market, and proper management of cash flows by making efficient investments, etc.

Analysis and evaluation of the effectiveness of the Board of Directors, and executive remuneration under the restricted stock compensation plan

To reinforce the supervisory function and increase the effectiveness of the Board of Directors, active discussions are held on various management issues and business execution, while opinions are exchanged with Independent Directors. Since fiscal 2018, Ahresty has conducted evaluation of the effectiveness of the Board of Directors (in a questionnaire format) to identify issues from the results thereof and implement measures for improvement.
Moreover, Ahresty reviewed the remuneration system for executives and introduced a restricted stock compensation plan in fiscal 2018 to (i) provide executives with an incentive to continuously improve the corporate value of Ahresty, (ii) facilitate their sense of sharing value with shareholders and (iii) establish greater linkage with medium- to long-term performance goals.

Enhancing diversity of management and introducing skill matrix for Directors

Ahresty believes that the appropriate number of the members of its Board of Directors is around 10 (including Directors who are members of the Audit and Supervisory Committee) for the purpose of ensuring active discussions while reinforcing the supervisory function of the Board of Directors. In appointing Directors, we recognize the importance of ensuring diversity and nominating persons with the appropriate experience and abilities and necessary knowledge regardless of their nationality, race and gender, thereby promoting diversity in management executives.
To improve the effectiveness of the Board of Directors, we believe that knowledge and experience related to Ahresty's business environment, corporate management and global perspectives, as well as corporate finance, compliance, accounting, etc. are important. We therefore list the knowledge, experience, abilities, etc. of each Director in a skill matrix so that skills of Directors are allocated in a well-balanced manner.

Current position			Responsibility/ expertise	MONOZUKURI	Sales and marketing	Finance, accounting, capital policy	Legal affairs and risk management	Knowledge of overseas business
President & CEO	Arata Takahashi	Full time	Chief Executive Officer	○	○	○	○	○
Representative Director	Junji Ito	Full time	Chief of the Manufacturing Command	○				
Representative Director	Shinichi Takahashi	Full time	General Administrative Command			○	○	○
Director	Naoyuki Kaneta	Full time	Chief of the Sales Command		○			
Director who is a member of the Audit and Supervisory Committee	Kazuyuki Sakai	Full time		○	○		○	○
Director who is a member of the Audit and Supervisory Committee	Akihiko Shido		Corporate manager	○	○		○	○
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	Shuichi Asakuno		Corporate manager	○	○			○

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 2021 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.

FY2021 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.
Measures against COVID-19 infection	Placing the highest priority on the safety of its employees, customers and business partners, and aiming to ensure the continuity of its business, Ahresty has formulated company-wide action guidelines, set up a COVID-19 task force, and implemented other organizational initiatives to prevent infection or prevent the spread of infection.

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.

Corporate Profile

Company name	Ahresty Corporation
Capital	¥6,964 Million
Founded	June 22, 1938
Established	November 2, 1943
Employees	Consolidated : 5,938 Single Entity : 833

Directors

President, CEO
Arata Takahashi

Representative Director,
Senior Managing Executive Officer
Junji Ito

Representative Director,
Senior Managing Executive Officer
Shinichi Takahashi

Director,
Senior Managing Executive Officer
Naoyuki Kaneta

Director
(Audit & Supervisory Committee member)
Kazuyuki Sakai

Independent Director
(Audit & Supervisory Committee member)
Akihiko Shido

Independent Director
(Audit & Supervisory Committee member)
Shuhei Shiozawa

Independent Director
(Audit & Supervisory Committee member)
Akiyoshi Mori

Independent Director
(Audit & Supervisory Committee member)
Shuichi Asakuno

Executive Officers

Managing Executive Officer
Koji Arai

Executive Officer
Hideki Nariya

Executive Officer
Koichi Asai

Executive Officer
Yasutaka Oshima

Executive Officer
Kenichiro Mine

Executive Officer
Atsushi Shimizu

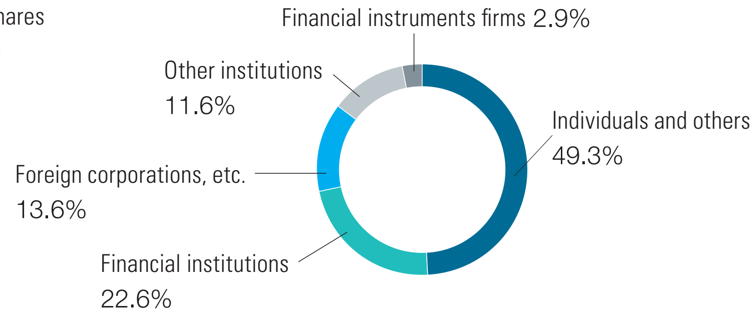
Stock Information

(As of March 31, 2022)

Number of shares and shareholders

Authorized shares: 60,000,000 shares
Issued shares: 26,076,717 shares
Shareholders: 6,715

Distribution by type of shareholder



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

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

Ahresty in numbers

Here is an overview of the Ahresty Group.
For more detailed information, please visit our website.

Ahresty

Founded

June 1938 / 84th year

Global network

(Japan) **11** sites (Overseas) **5** sites in **8** countries

Die cast machines owned: over **200**units Including **4,000**t machines, the largest class in Japan

Workers at Ahresty

Group employees

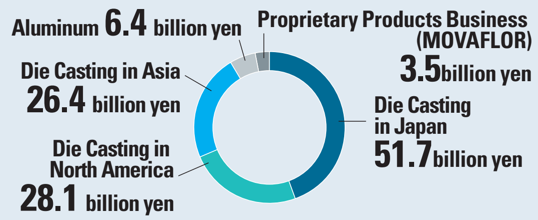
Consolidated **5,938**
Non-consolidated **833**
(Overseas: **3,815** people, **64.2**%)

- Average age **41** years old
- Male/female ratio **85.3**% : **14.7**%
- Percentage of female employees taking maternity leave before and after childbirth and child care leave **100**%
- Average monthly overtime hours **9** hours **39** min.
- Re-employment rate of employees retiring at the age of 60 **75.0**%

* Figures other than the number of Group employees and percentage of overseas employees are nonconsolidated data.

Annual sales

116.3 billion yen
(Previous year: **92.9** billion yen)



Number of auto parts produced annually

Approx. **34,690,000**
(Previous year: **31,670,000**)

MOVAFLOR annual total floor area

94,859m^2
Top market share for clean rooms in Japan! (**61.2**%)

Environment

* Data of business sites in Japan

CO_2 emissions	Discharged materials	Water consumption
88,173 t-CO_2	**1,612** t	**230,425** m^3
Year-on-year (up **3,239** t-CO_2)	Year-on-year (up **363**t)	Year-on-year (up **18,630** m^3)

Financial Section

Contents

Overview of Business Performance

Results of Operations

During the consolidated fiscal year under review, as the severe situation due to the impact of the COVID-19 pandemic gradually eased, moves toward recovery continued to progress in the world economy as a whole. In Japan, although similar moves were seen in general, reflecting the expansion of vaccination and the resurgence of the world economy, the pace of recovery was sluggish due to the rise in prices of raw materials and restrictions on supply associated with the rapid resumption of economic activities. In the fourth quarter, the growing tension in Ukraine further boosted raw material prices and accelerated the weakening of the yen.
In response to these circumstances, the Ahresty Group, while implementing measures to prevent the spread of COVID-19 in accordance with the local regulations of each country or region, took various actions, such as production adjustment by controlling operations and revising work shifts according to sales volume and cost reduction by utilization of idle internal facilities to reduce capital investment. However, during the consolidated fiscal year under review, automobile production decreased due to the shortage in the supply of semiconductors and parts worldwide, and procurement costs increased due to soaring raw material prices. These affected our profits, resulting in an operating loss being recorded.
The Ahresty Group, based on its 1921 Medium-term Management Plan, which we have promoted since fiscal 2019, has worked to improve profitability and enhance its corporate structure by cutting costs and raising productivity, as well as to further reduce capital investment and establish an operation system appropriate for the volume of orders received. As a result of these efforts, we saw certain achievements in streamlining production lines and promoting appropriate personnel placement according to the production scale to establish a leaner production system, and in lowering of the break-even point. We also made progress in increasing orders for parts for electric vehicles and expanding sales of the Proprietary Products Business (raised floor system), which is a non-automobile field. To continue and advance these initiatives, the Ahresty Group established in fiscal 2021 the 10-year Business Plan, a long-term management plan of the Group 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 Plan, we will hone our knowledge about “low CO2-emitting,” “light,” and “recyclable” aluminum die casting, which we have accumulated over a long time, and aim to rebuild our business portfolio and enhance our earnings power in response to changes in the external environment, such as the acceleration of electrification in the automobile industry and moves toward carbon neutrality.
As a result, the Group recorded consolidated net sales of ¥116,313 million (up 25.1% from the previous year), operating loss of ¥2,422 million (operating loss of ¥2,554 million for the previous year), and recurring loss of ¥2,032 million (recurring loss of ¥2,094 million for the previous year). Due to the occurrence of an impairment loss on fixed assets and a rise in tax expenses as a result of partial reversal of deferred tax assets and other factors, net loss attributable to owners of parent turned out to be \5,189 million. (The previous year marked net loss attributable to owners of parent of ¥2,843 million.)

Consolidated performance for year ended March 2022 (April 1, 2021–March 31, 2022)

(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 2022	116,313	25.1	(2,422)	–	(2,032)	–	(5,189)	–
Year ended March 2021	92,973	(22.9)	(2,554)	–	(2,094)	–	(2,843)	–

(Notes) 1.Comprehensive income Year ended March 2022 (2,267) million yen (%) Year ended March 2021 (1,788) million yen (%)
2.Since the beginning of the consolidated fiscal year under review, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. The figures for the fiscal year ended March 2022 are the figures after the said accounting standards have been applied.
(Reference) EBITDA Year ended March 2022 9,496 million yen (-8.2%) Year ended March 2021 10,346 million yen (-31.4%)
* EBITDA = operating income + depreciation and amortization

	Net income per share	Fully diluted net income per share	Return on equity	Return on total assets	Operating profit on sales
	yen	yen	%	%	%
Year ended March 2022	(201.23)	–	(9.5)	(1.5)	(2.1)
Year ended March 2021	(111.06)	–	(5.0)	(1.6)	(2.7)

(Reference) Investment gain or loss under equity method Year ended March 2022 – million yen Year ended March 2021 – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2022	131,302	53,566	40.7	2,068.69
Year ended March 2021	132,223	55,631	41.9	2,161.08

(Reference) Shareholders’ equity Year ended March 2022 53,426 million yen Year ended March 2021 55,467 million yen
(Note) Since the beginning of the consolidated fiscal year under review, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. The figures for the fiscal year ended March 2022 are the figures after the said accounting standards have been applied.

(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 2022	8,259	(6,083)	(5,101)	9,356
Year ended March 2021	7,942	(11,570)	11,940	12,249

(Note) Since the beginning of the consolidated fiscal year under review, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. The figures for the fiscal year ended March 2022 are the figures after the said accounting standards have been applied.

Outlook for fiscal year ending March 2023

In the fiscal year ending March 2023, economic activities are expected to return to normal as the impact of COVID-19 will be eased in line with the advancement of the “with COVID” policies in many countries. Meanwhile, the soaring prices of raw materials and resources and the tightening of monetary policy in major advanced countries are also likely to affect economic activities.
In the automobile market, demand for new cars is so strong in many countries that purchasers have to wait for several months for delivery. As the shortage of semiconductors and other bottlenecks in supply chains will be relieved, automobile production is expected to increase due to potential demand. At present, the volume of orders received by the Ahresty Group is staying low due to the impact of the lockdown in China on car production. However, the impact of the lockdown will be gradually eased (though the impact of the shortage of semiconductors, etc. will remain to some extent), and the volume of orders is expected to recover due also to the launch of new products scheduled in the latter half of the fiscal year. The rise in aluminum prices, which was a major factor decreasing profit of fiscal year ended March 2022, has calmed down. Although there will be some fluctuations in line with the international situation, the customer price modification is expected to return to normal unless the prices soar for a long time.
In terms of the business environment surrounding the Ahresty Group, electrification of automobiles has been accelerating and advancing. In this environment, under the 2224 Medium-term Management Plan, which started this year, the Group will work to strengthen its profit-making structure, increase the rate of sales for electric vehicles, and acquire orders for vehicle body components. Under these circumstances, our forecasts for consolidated business results for the year ending March 2023 are as follows.
Incidentally, our foreign exchange assumptions are as follows: 125.0 yen to the USD, 19.0 yen to the CNY, 1.65 yen to the INR, and 21.0 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 therefore influenced by the MXN/USD exchange rate.

(Millions of Yen)

	Net sales	Operating income	Recurring income	Net income attributable to owners of parent
Year ending March 2023 forecasts	141,000	1,900	1,450	900
Year ended March 2022 results	116,313	(2,422)	(2,032)	(5,189)
Difference	24,686	4,322	3,482	6,089
Percentage change (%)	21.2	–	–	–

(Millions of Yen)

Segment	Net sales		Segment profit	
	Year ended March 2022	Year ending March 2023	Year ended March 2022	Year ending March 2023
Die Casting in Japan	51,746	60,000	(1,372)	1,000
Die Casting in North America	28,111	34,300	(1,096)	0
Die Casting in Asia	26,488	34,400	(547)	450
Aluminum	6,463	8,200	265	200
Proprietary Products	3,503	4,100	312	250
Elimination of intersegment transactions	–	–	14	–
Total	116,313	141,000	(2,422)	1,900

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 ¥112.88 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.

	Millions of yen		Thousands of U.S. dollars
(Assets)	Previous consolidated fiscal year (March 31, 2021)	Consolidated fiscal year under review (March 31, 2022)	Consolidated fiscal year under review (March 31, 2022)
Current assets			
Cash and time deposits	¥12,249	**¥9,356**	**¥82,887**
Trade notes and accounts receivable	20,647	**–**	**–**
Trade notes and accounts receivable, and contract assets ＊1	–	**26,631**	**235,929**
Electronically recorded monetary claims – operating	2,431	**3,207**	**28,411**
Merchandise and products	3,026	**4,228**	**37,457**
Partly finished goods	3,673	**5,450**	**48,287**
Raw materials and inventories	2,453	**3,234**	**28,657**
Others	1,062	**1,459**	**12,929**
Allowance for doubtful accounts	(160)	**(148)**	**(1,319)**
Total current assets	45,384	**53,419**	**473,240**
Fixed assets			
Tangible fixed assets			
Buildings and structures	31,983	**31,600**	**279,950**
Accumulated depreciation and impairment loss	(17,750)	**(17,409)**	**(154,232)**
Buildings and structures, net	14,233	**14,190**	**125,717**
Machinery and delivery equipment	137,500	**135,529**	**1,200,654**
Accumulated depreciation and impairment loss	(100,245)	**(97,511)**	**(863,850)**
Machinery and delivery equipment, net	37,254	**38,018**	**336,803**
Tools, furniture and fixtures	50,535	**35,352**	**313,189**
Accumulated depreciation and impairment loss	(43,211)	**(28,723)**	**(254,461)**
Tools, furniture and fixtures, net	7,324	**6,629**	**58,728**
Land	5,615	**5,454**	**48,317**
Lease assets	1,012	**1,262**	**11,181**
Accumulated depreciation and impairment loss	(445)	**(613)**	**(5,434)**
Lease assets, net	567	**648**	**5,746**
Construction in progress	12,295	**7,387**	**65,444**
Total tangible fixed assets	77,290	**72,328**	**640,758**
Intangible fixed assets	1,872	**1,783**	**15,802**
Investments and other assets			
Investment securities ＊2	4,346	**1,281**	**11,354**
Deferred tax assets	2,596	**1,816**	**16,089**
Others	756	**689**	**6,104**
Allowance for doubtful accounts	(21)	**(16)**	**(145)**
Total investments and other assets	7,677	**3,770**	**33,403**
Total fixed assets	86,839	**77,883**	**689,963**
Total assets	¥132,223	**¥131,302**	**$1,163,203**

	Millions of yen		Thousands of U.S. dollars
(Liabilities)	Previous consolidated fiscal year (March 31, 2021)	Consolidated fiscal year under review (March 31, 2022)	Consolidated fiscal year under review (March 31, 2022)
Current liabilities			
Notes and accounts payable	¥9,458	**¥11,557**	**$102,383**
Electronically recorded obligations – operating	4,677	**8,125**	**71,980**
Short-term loans	19,232	**16,714**	**148,069**
Current portion of long-term loans	8,065	**8,381**	**74,254**
Accrued income taxes	279	**84**	**745**
Bonus allowances	1,573	**1,559**	**13,815**
Provision for product warranties	78	**46**	**415**
Others	7,374	**6,793**	**60,179**
Total current liabilities	50,739	**53,261**	**471,844**
Long-term liabilities			
Long-term loans	18,623	**17,821**	**157,877**
Long-term accounts payable	238	**170**	**1,512**
Deferred tax liabilities	3,051	**2,414**	**21,391**
Net defined benefit liability	2,858	**2,918**	**25,852**
Others	1,079	**1,149**	**10,184**
Total long-term liabilities	25,852	**24,474**	**216,817**
Total liabilities	76,591	**77,736**	**688,662**
(Net assets)			
Shareholders' equity			
Common stock	6,964	**6,964**	**61,695**
Additional paid-in capital	10,206	**10,206**	**90,415**
Retained earnings	35,909	**30,834**	**273,157**
Treasury stock	(278)	**(166)**	**(1,473)**
Total shareholders' equity	52,801	**47,837**	**423,794**
Other accumulated comprehensive income			
Difference on revaluation of other marketable securities	2,146	**549**	**4,869**
Foreign currency translation adjustments	982	**5,593**	**49,556**
Remeasurements of defined benefit plans	(462)	**(555)**	**(4,921)**
Total other accumulated comprehensive income	2,666	**5,588**	**49,504**
Share warrants	164	**140**	**1,242**
Total net assets	55,631	**53,566**	**474,541**
Total liabilities and net assets	¥132,223	**¥131,302**	**$1,163,203**

Consolidated Statements of Income and Statements of Comprehensive Income

(Consolidated Statements of Income)

		Millions of yen		Thousands of U.S. dollars
		Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)
Net sales	*1	¥92,973	**¥116,313**	**$1,030,413**
Cost of goods sold	*2	86,402	**108,689**	**962,875**
Gross profit		6,570	**7,623**	**67,538**
Selling, general and administrative expenses				
Transportation expenses		1,501	**1,511**	**13,394**
Salaries and bonuses		3,032	**3,190**	**28,260**
Retirement benefit expenses		182	**205**	**1,823**
Provision for bonuses		285	**283**	**2,512**
Depreciation and amortization		443	**411**	**3,649**
Research and development expenses	*3	507	**556**	**4,932**
Other expenses		3,172	**3,885**	**34,425**
Total selling, general and administrative expenses		9,124	**10,046**	**88,998**
Operating income (or loss)		(2,554)	**(2,422)**	**(21,459)**
Non-operating income				
Interest income		59	**44**	**394**
Dividends received		76	**103**	**916**
Foreign currency exchange gain		–	**276**	**2,452**
Gain on sales of scraps		85	**205**	**1,823**
Employment adjustment subsidies		901	**227**	**2,014**
Others		97	**82**	**729**
Total non-operating income		1,220	**940**	**8,331**
Non-operating expenses				
Interest expenses		475	**505**	**4,479**
Foreign currency exchange loss		205	**–**	**–**
Others		80	**44**	**393**
Total non-operating income		761	**550**	**4,873**
Recurring income (or loss)		(2,094)	**(2,032)**	**(18,001)**
Extraordinary gains				
Gain on sales of fixed assets	*4	14	**34**	**308**
Gain on sales of investment securities		0	**2,304**	**20,415**
Subsidy income		145	**198**	**1,755**
Total extraordinary gains		160	**2,537**	**22,479**
Extraordinary losses				
Loss on sales and retirement of fixed assets	*5	218	**245**	**2,172**
Impairment loss	*6	88	**4,228**	**37,459**
Loss related to COVID-19		590	**–**	**–**
Total extraordinary losses		897	**4,473**	**39,631**
Income (loss) before income taxes and others		(2,831)	**(3,968)**	**(35,153)**
Income taxes and enterprise taxes		228	**357**	**3,168**
Deferred income taxes		(217)	**863**	**7,648**
Total income taxes		11	**1,221**	**10,816**
Net income (loss)		(2,843)	**(5,189)**	**(45,970)**
Net income (loss) attributable to owners of parent		¥(2,843)	**¥(5,189)**	**$(45,970)**

(Consolidated Statements of Comprehensive Income)

		Millions of yen		Thousands of U.S. dollars
		Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)
Net income (loss)		¥(2,843)	**¥(5,189)**	**$(45,970)**
Other comprehensive income				
Difference on revaluation of other marketable securities		1,220	**(1,596)**	**(14,145)**
Foreign currency translation adjustments		(64)	**4,611**	**40,851**
Remeasurements of defined benefit plans		(101)	**(92)**	**(823)**
Total other comprehensive income	*	1,054	**2,921**	**25,882**
Comprehensive income		(1,788)	**(2,267)**	**(20,088)**
Comprehensive income attributable to:				
Owners of parent		(1,788)	**(2,267)**	**(20,088)**
Non-controlling interests		¥ –	**¥ –**	**$ –**

Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (April 1, 2020 through March 31, 2021)

(Millions of 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	¥38,806	¥(412)	¥55,564
Changes					
Cash dividend from retained earnings	–	–	–	–	–
Net income (loss) attributable to owners of parent	–	–	(2,843)	–	(2,843)
Purchase of treasury stock	–	–	–	(0)	(0)
Disposal of treasury stock	–	–	(54)	133	79
Changes (net) in non-shareholders' equity items	–	–	–	–	–
Total changes	–	–	(2,897)	133	(2,763)
Balance at end of fiscal year	¥6,964	¥10,206	¥35,909	¥(278)	¥52,801

(Millions of 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	¥926	¥1,047	¥(360)	¥1,612	¥187	¥57,364
Changes						
Cash dividend from retained earnings	–	–	–	–	–	–
Net income (loss) attributable to owners of parent	–	–	–	–	–	(2,843)
Purchase of treasury stock	–	–	–	–	–	(0)
Disposal of treasury stock	–	–	–	–	–	79
Changes (net) in non-shareholders' equity items	1,220	(64)	(101)	1,054	(23)	1,030
Total changes	1,220	(64)	(101)	1,054	(23)	(1,732)
Balance at end of fiscal year	¥2,146	¥982	¥(462)	¥2,666	¥164	¥55,631

Current consolidated fiscal year (April 1, 2021 through March 31, 2022)

(Millions of 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

(Millions of 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

Current consolidated fiscal year (April 1, 2021 through March 31, 2022)

(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	$61,695	$90,415	$318,117	$(2,464)	$467,764
Cumulative effect of changes in accounting policy			3,492		3,492
Balance at beginning of fiscal year reflecting changes in accounting policy	61,695	90,415	321,610	(2,464)	471,256
Changes					
Cash dividend from retained earnings			(2,280)		(2,280)
Net income (loss) attributable to owners of parent			(45,970)		(45,970)
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock			(200)	993	792
Changes (net) in non-shareholders' equity items					
Total changes	–	–	(48,452)	991	(47,461)
Balance at end of current fiscal year	$61,695	$90,415	$273,157	$(1,473)	$423,794

(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	$19,015	$8,704	$(4,098)	$23,622	$1,455	$492,841
Cumulative effect of changes in accounting policy						3,492
Balance at beginning of fiscal year reflecting changes in accounting policy	19,015	8,704	(4,098)	23,622	1,455	496,333
Changes						
Cash dividend from retained earnings						(2,280)
Net income (loss) attributable to owners of parent						(45,970)
Purchase of treasury stock						(2)
Disposal of treasury stock						792
Changes (net) in non-shareholders' equity items	(14,145)	40,851	(823)	25,882	(213)	25,669
Total changes	(14,145)	40,851	(823)	25,882	(213)	(21,792)
Balance at end of current fiscal year	$4,869	$49,556	$(4,921)	$49,504	1,242	$474,541

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)
Cash flows from operating activities			
Income (loss) before income taxes and others	(2,831)	(3,968)	(35,153)
Depreciation and amortization	12,901	11,919	105,590
Impairment loss	88	4,228	37,459
Increase (decrease) in bonus allowances	(273)	(61)	(543)
Increase (decrease) in provision for product warranties	30	(34)	(308)
Increase (decrease) in net defined benefit liability	48	32	288
Interest and dividend income	(136)	(148)	(1,311)
Interest expenses	475	505	4,479
Loss (gain) on sales and retirement of tangible fixed assets	203	209	1,855
Loss (gain) on sales of investment securities	(0)	(2,304)	(20,415)
Subsidy income	(145)	(198)	(1,755)
Employment adjustment subsidies	(901)	(227)	(2,014)
Loss related to COVID-19	590	–	–
Decrease (increase) in notes and accounts receivable	(2,558)	(3,470)	(30,742)
Decrease (increase) in inventories	411	(1,940)	(17,190)
Increase (decrease) in notes and accounts payable	(1,129)	4,861	43,068
Increase (decrease) in accrued expenses	(74)	212	1,884
Increase (decrease) in accrued consumption taxes and others	943	(748)	(6,631)
Increase (decrease) in long-term accounts payable - other	(88)	(68)	(603)
Others	(181)	(154)	(1,366)
Subtotal	7,372	8,645	76,587
Interest and dividends received	216	148	1,311
Interest paid	(476)	(527)	(4,675)
Income taxes paid	(463)	(503)	(4,459)
Income taxes refund	268	81	723
Proceeds from subsidy income	1,025	415	3,679
Cash flows from operating activities	7,942	8,259	73,167
Cash flows from investing activities			
Proceeds from withdrawal of time deposits	429	–	–
Purchase of tangible fixed assets	(11,835)	(9,248)	(81,928)
Proceeds from sales of tangible fixed assets	14	90	801
Proceeds from sales of investment securities	1	3,020	26,754
Others	(179)	54	482
Cash flows from investing activities	(11,570)	(6,083)	(53,889)
Cash flows from financing activities			
Proceeds from short-term loans	86,297	117,253	1038,742
Repayment of short-term loans	(77,292)	(120,287)	(1065,627)
Proceeds from long-term loans	11,536	7,057	62,523
Repayment of long-term loans	(8,330)	(8,570)	(75,929)
Purchase of treasury stock	(0)	(0)	(2)
Dividends paid	(0)	(257)	(2,284)
Others	(270)	(295)	(2,615)
Cash flows from financing activities	11,940	(5,101)	(45,193)
Effect of exchange rate changes on cash and cash equivalents	204	32	287
Net increase (decrease) in cash and cash equivalents	8,516	(2,892)	(25,627)
Cash and cash equivalents at beginning of year	3,732	12,249	108,515
Cash and cash equivalents at end of period ※	12,249	9,356	82,887

Notes to Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries consist of 15 companies: Ahresty Tochigi Corporation, Ahresty Kumamoto Corporation, Ahresty Yamagata Corporation, Ahresty Wilmington Corporation, Ahresty Techno Service Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Tochigi Corporation, Ahresty Die Mold Kumamoto Corporation, Thai Ahresty Die Co., Ltd., Guangzhou Ahresty Casting Co., Ltd., Ahresty Pretech Corporation, Ahresty Mexicana, S.A. de C.V., Ahresty India Private Limited, Hefei Ahresty Casting Co., Ltd. and Ahresty Precision Die Mold (Guangzhou) Co., Ltd.

(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

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

Notes to Consolidated Financial Statements

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 and motorcycles, 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 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 and motorcycles. 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.

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

Notes to Consolidated Financial Statements

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
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
(a) Application of a consolidated taxation system
A consolidated taxation system has been applied to the Company and its domestic subsidiaries.
(b) Application of Tax Effect Accounting pertaining to transition from the consolidated taxation system to the group tax sharing system
Starting from the beginning of the next consolidated fiscal year, the group tax sharing system will be applied to the Company and its domestic subsidiaries instead of the consolidated taxation system. Deferred tax liabilities according to the provisions of the tax acts before amended based on the treatment of Paragraph 3 of "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Solutions No. 39, March 31, 2020), instead of applying the provision of Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), regarding the transition to the group tax sharing system established in "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and items for which the non-consolidated taxation system has been reviewed in line with transition to the group tax sharing system.
Starting from the beginning of the next consolidated fiscal year, Ahresty plans to apply "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Solution No. 42, August 12, 2021), which sets forth the accounting treatment of national and local corporate income taxes and tax effect accounting, as well as the handling of disclosure, when the group tax sharing system is applied.

(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 72,328 million yen, of which 72,008 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 54.8% 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.
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) *6 Impairment Losses, an impairment loss of 4,228 million yen was recognized at Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Tochigi Corporation and Ahresty Wilmington Corporation.
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 formulated in view of the information, etc. based on external information sources, including informally disclosed information from customers, and by incorporating the impact of COVID-19 and the impact of the shortage of semiconductors and the rise in raw materials prices, etc. on production. 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.
Please note that the assumption used for the above estimation is subject to a high degree of uncertainty. If the impact of the shortage of semiconductors or reduction in car production or the impact of the re-spread of the COVID-19 infection is prolonged, or any other change arises in preconditions or assumptions based on which the estimation was made, an impairment loss may be recognized in the subsequent consolidated fiscal year.

2. Recoverability of deferred tax assets

(1) Amount recorded in consolidated financial statements for the consolidated fiscal year under review
Deferred tax assets: 1,816 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, for the estimation of

Notes to Consolidated Financial Statements

collectable taxable income, the best possible estimation for the moment has been made based on the above certain assumptains.

As a result, for the consolidated fiscal year under review, after careful examination of the recoverability of deferred tax assets in view of the future business outlook at Ahresty India Private Limited, the Company reduced deferred tax assets and recorded 888 million yen as deferred income taxes.

The time that taxable income arises and the amount thereof may be affected by the future uncertainties in economic circumstances. If the actual time and amount differ from the estimates, it may give a significant impact on the amount of deferred tax assets to be recognized for the subsequent consolidated fiscal year, leading to the possibility of reduction of deferred tax assets and recording of tax expenses.

(Changes in Accounting Policy)

(Application of the Accounting Standard for Revenue Recognition, etc.)
Since the beginning of the consolidated fiscal year under review, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. According to this standard, upon the transfer of control over the promised goods or services to customers, revenue is recognized in the amount that is expected to be received in exchange for such goods or services. Major changes associated with this application are as follows:

(1) Revenue recognition concerning charged supply parts

The die-cast products the Ahresty Group manufactures and sells under contracts with customers include products made by casting or assembling parts that were supplied by customers for a charge (hereinafter referred to as “charged supply parts”). Conventionally, the purchase prices of charged supply parts were recorded as “Cost of goods sold” and the selling prices, including said purchase prices, were recognized as revenue. However, as a result of examination of the calculation of transaction prices in accordance with the Accounting Standard for Revenue Recognition, etc., the Ahresty Group has decided to deduct the purchase price of each of the charged supply parts included in its selling price from the transaction price since the charged supply parts that Ahresty had purchased are the same as the charged supply parts incorporated in the die-cast products that Ahresty manufactured.

In line with the above change, for inventory of charged supply parts, which was conventionally recorded as “Inventories,” the amount of the consideration paid in exchange for the charged supply parts is recognized as a financial asset and recorded in “Others” of “Current assets.”

(2) Revenue recognition concerning sales of die-casting dies to customers under installment contracts

For die-casting dies, etc. that the Ahresty Group sells to customers, there are two types of contracts: one is for one-time payment of the consideration and the other is for payment in installments. For die-casting dies, etc. for which the consideration is collected in installments, revenue was conventionally recognized as the amount of the consideration divided and allocated over the period from the beginning of mass production of the die-cast products using the said dies, etc. to the completion of the payment. Regarding these die-casting dies, etc. for which the consideration is collected in installments, we examined as to when the performance obligation is satisfied in accordance with the Accounting Standard for Revenue Recognition, etc. As a result, we have determined that customers have obtained the benefit from the said dies, etc. at the time of the beginning of mass production of the die-cast products using the dies, etc., and therefore the customers obtain control of the dies, etc. while the Ahresty Group satisfies its performance obligation at that point. Based on this judgment, we have decided to recognize as revenue the full amount of consideration when mass production of die-cast products using said dies, etc. begins.

Accordingly, the die-casting dies, etc. for which consideration is collected in installments, which were conventionally recorded as “Fixed assets,” are included in “Inventories” until mass production starts.

Application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the consolidated fiscal year under review, was added to or subtracted from the beginning balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from the beginning balance.

As a result, net sales for the consolidated fiscal year under review decreased by ¥5,320 million, with the cost of goods sold decreasing by ¥5,343 million. Operating loss, recurring loss, and loss before income taxes and others decreased by ¥22 million each. In addition, the beginning balance of retained earnings increased by ¥394 million.

Due to the application of the Accounting Standard for Revenue Recognition, “Trade notes and accounts receivable,” which were included in “Current assets” in the consolidated balance sheet for the previous fiscal year, are included in “Trade notes and accounts receivable, and contract assets” from the consolidated fiscal year under review. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous consolidated fiscal year have not been restated according to the new method of presentation. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, Notes on Revenue Recognition regarding the previous consolidated fiscal year are not provided.

(Application of the Accounting Standard for Fair Value Measurement, etc.)
The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. have been applied since the beginning of the consolidated fiscal year under review. In accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), Ahresty has decided to apply the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. in the future. These changes had no impact on our Consolidated Financial Statements.

(Unapplied accounting standards, etc.)
Of the accounting standards that were published before the end of the fiscal year under review, those which are not applied to the Group are as described below. A note on insignificant accounting standards is omitted.

1. Overseas Consolidated Subsidiaries

“Leases” (FASB Topic 842)

(1) Overview

These accounting standards demand that a lessee record all leases as assets and liabilities on its balance sheet, in principle. There is no material change in the accounting of the lessor.

(2) Scheduled date of application

FASB Topic 842 is to be applied from the beginning of the fiscal year ending March 31, 2023.

(3) Impact of applying these accounting standards

The impact of applying these accounting standards on the Company’s consolidated financial statements is currently under evaluation.

(Changes in presentation methods)

N/A

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:

	Consolidated fiscal year under review (March 31, 2022)
Notes receivable	¥1,011 million
Accounts receivable	¥25,620 million
Contract assets	– million
Total	¥26,631 million

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

	As of March 31, 2021	As of March 31, 2022
Investments in securities (share)	¥56 million	¥56 million

*3. Notes receivable transfer by endorsement

	As of March 31, 2021	As of March 31, 2022
Notes receivable transfer by endorsement	¥251 million	¥524 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, 2021	As of March 31, 2022
¥336 million	¥389 million

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

As of March 31, 2021	As of March 31, 2022
¥507 million	¥556 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, 2021	As of March 31, 2022
Building and structures	– million	¥3 million
Machinery and delivery equipment	¥12 million	¥21 million
Tools, furniture and fixtures	¥2 million	¥10 million
Total	¥14 million	¥34 million

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

	As of March 31, 2021	As of March 31, 2022
Building and structures	¥24 million	¥20 million
Machinery and delivery equipment	¥174 million	¥169 million
Tools, furniture and fixtures, others	¥19 million	¥55 million
Total	¥218 million	¥245 million

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

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)
(1)Assets for which an impairment loss was recognized

Location	Use	Type	Impairment loss (millions of yen)
Ahresty Die Mold Tochigi Corporation (Mibu-machi, Shimotsuga-gun, Tochigi)	Business assets	Building and structures	16
		Machinery and delivery equipment	62
		Tools, furniture and fixtures	9
	Total		88

(2) Grouping method
The Ahresty Group conducts the grouping of business assets by business unit whose income and expenditures are figured out continuously, and conducts the grouping of idle assets and assets to be disposed of individually.
(3) Background of how the Group came to recognize an impairment loss and the calculation
For some of the business assets of Ahresty Die Mold Tochigi Corporation, 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.
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 relevant roadside land prices, etc.

Current consolidated fiscal year under review (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.

Notes to Consolidated Financial Statements

(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 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.

Notes on Consolidated Statements of Comprehensive Income

＊ Recycling and tax effect relating to other comprehensive income

	As of March 31, 2021	As of March 31, 2022
Valuation difference on available-for-sale securities:		
Amount arising during fiscal year under review	¥1,755 million	¥(43) million
Recycling	–	¥(2,304) million
Before tax effect adjustment	¥1,755 million	¥(2,348) million
Tax effect	¥(535) million	¥751 million
Valuation difference on available-for-sale securities	¥1,220 million	¥(1,596) million
Foreign currency translation adjustment:		
Amount arising during fiscal year under review	¥(64) million	¥4,611 million
Remeasurements of defined benefit plans, net of tax:		
Amount for the current term	¥(167) million	¥(186) million
Reclassification remeasurements	¥65 million	¥93 million
Before tax-effect adjustment	¥(101) million	¥(92) million
Tax-effect	–	¥0
Remeasurements of defined benefit plans, net of tax	¥(101) million	¥(92) million
Total other comprehensive income	¥1,054 million	¥2,921 million

Notes on Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

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.)	602,289	60	192,305	410,044
Total	602,289	60	192,305	410,044

Notes: 1. The increase of 60 common shares in treasury stock is due to the purchase of shares of less than a unit.
2. The decrease of 192,305 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	–	–	–	–	–	164
Total		–	–	–	–	–	164

3. Dividends

(1)Dividend payments

N/A

(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 18,2021	Common share	128	Retained earnings	5	March 31,2021	June 2,2021

Consolidated fiscal year under review (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) End of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	Number at end of fiscal year	Balance at end of fiscal year (millions of yen)
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

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, 2021	As of March 31, 2022
Cash on hand and with banks	¥12,249 million	¥9,356 million
Cash and cash equivalents	¥12,249 million	¥9,356 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 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.

Notes to Consolidated Financial Statements

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, 2021)

	Carrying amount in the consolidated balance sheets (¥ millions)	Fair value (¥ millions)	Difference (¥ millions)
Investments in securities	4,283	4,283	–
Total assets	4,283	4,283	–
Long-term loans	26,689	26,552	(136)
Total liabilities	26,689	26,552	(136)
Derivative transactions	–	–	–

Current consolidated fiscal year (March 31, 2022)

	Carrying amount in the consolidated balance sheets (¥ millions)	Fair value (¥ millions)	Difference (¥ 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	–	–	–

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, 2021)	Consolidated fiscal year under review (March 31, 2022)
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, 2021)

	Within one year (¥ millions)	More than one year, within two years (¥ millions)	More than two years, within three years (¥ millions)	More than three years, within four years (¥ millions)	More than four years, within five years (¥ millions)	More than five years (¥ millions)
Long-term loans	8,065	7,011	6,837	3,593	1,180	–
Total	8,065	7,011	6,837	3,593	1,180	–

Current consolidated fiscal year (March 31, 2022)

	Within one year (¥ millions)	More than one year, within two years (¥ millions)	More than two years, within three years (¥ millions)	More than three years, within four years (¥ millions)	More than four years, within five years (¥ millions)	More than five years (¥ millions)
Long-term loans	8,381	8,719	5,553	2,825	722	–
Total	8,381	8,719	5,553	2,825	722	–

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

Consolidated fiscal year under review (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

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

Consolidated fiscal year under review (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

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 to Consolidated Financial Statements

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, 2021)

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	4,240	960	3,279
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	4,240	960	3,279

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	43	65	(22)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	43	65	(22)
	Total	4,283	1,026	3,257

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, 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.

4. Other marketable securities sold

Previous consolidated fiscal year (April 1, 2019 through March 31, 2021)

	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
(1) Stock	1	0	–
(2) Bond			
(i) Government bond, local government bond, etc.	–	–	–
(ii) Corporate bond	–	–	–
(iii) Other	–	–	–
(3) Other	–	–	–
Total	1	0	–

Current consolidated fiscal year (April 1, 2020 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	–

Notes on Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions
Previous consolidated fiscal year (March 31, 2021)
N/A

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

(2) Interest rate
Previous consolidated fiscal year (March 31, 2021)
N/A

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

2. Derivative transactions to which hedge accounting is applied

Interest rate
Previous consolidated fiscal year (March 31, 2021)
N/A

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

Notes to Consolidated Financial Statements

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 and a termination allowance plan as our defined benefit systems. The company and some of its subsidiaries also have defined contribution retirement benefit schemes. Upon the retirement of employees, there are instances where premium severance payments not covered in the retirement benefit liabilities are made. Some of its consolidated subsidiaries also adopt a simple method for calculating retirement benefit liabilities.

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, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Balance of retirement benefit liabilities at the beginning of the current fiscal year	3,925	4,388
Service cost	242	268
Interest expenses	12	13
Actuarial difference	2	100
Retirement benefits payments	(142)	(284)
Past service cost incurred	349	107
Others	(1)	5
Balance of retirement benefit liabilities at the end of the current fiscal year	4,388	4,599

(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, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Balance of pension assets at the beginning of the current fiscal year	2,043	2,433
Expected return on pension plan assets	97	62
Actuarial difference	191	22
Contributions from the business owner	210	204
Retirement benefits payments	(109)	(150)
Balance of pension assets at the end of the current fiscal year	2,433	2,573

(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, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Balance of net defined benefit liability at the beginning of the current fiscal year	624	656
Retirement benefit expenses	102	97
Retirement benefits payments	(70)	(125)
Others	0	0
Balance of net defined benefit liability at the end of the current fiscal year	656	628

(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, 2021)	Current consolidated fiscal year (March 31, 2022)
Retirement benefit liabilities of the funded pension	3,023	3,042
Pension assets	(2,433)	(2,573)
	589	469
Retirement benefit liabilities of the unfunded pension	2,021	2,184
Net liabilities and assets recorded on the consolidated balance sheet	2,610	2,654
Net defined benefit liability	2,858	2,918
Net defined benefit asset	(248)	(263)
Net liabilities and assets recorded on the consolidated balance sheet	2,610	2,654

(5) Retirement benefit expenses and their breakdown

(¥ millions)	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Service cost	242	268
Interest expenses	12	13
Expected return on pension plan assets	(97)	(62)
Recognized actuarial difference	48	44
Recognized prior service cost	9	48
Retirement benefit expenses calculated by the simple method	103	95
Others	6	157
Retirement benefit expenses related to the defined benefit system	326	566

Note: "Others" refer to 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, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Prior service cost	(339)	(59)
Actuarial difference	237	(33)
Total	(101)	(92)

(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, 2021)	Current consolidated fiscal year (March 31, 2022)
Unrecognized prior service cost	(366)	(425)
Unrecognized actuarial difference	(96)	(130)
Total	(462)	(555)

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, 2021)	Current consolidated fiscal year (March 31, 2022)
Bonds	25%	25%
Shares	36%	35%
Insurance assets (general account)	37%	36%
Others	2%	4%
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, 2021)	Current consolidated fiscal year (March 31, 2022)
Discount rate	Primarily 0.2%	Primarily 0.2%
Expected rate of increase	Primarily 3.4%	Primarily 3.4%
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 ¥389 million as the previous consolidated fiscal year and ¥412 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)	124
Class and number of shares subject to share warrants (Note 2)	Common stock 12,400 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)

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)	256
Class and number of shares subject to share warrants (Note 2)	Common stock 25,600 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 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)	277
Class and number of shares subject to share warrants (Note 2)	Common stock 27,700 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)	355
Class and number of shares subject to share warrants (Note 2)	Common stock 35,500 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 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)	449
Class and number of shares subject to share warrants (Note 2)	Common stock 44,900 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 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, 2022) is stated. Because there is no change in the information to be stated as of the end of the previous month (May 31, 2022), 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

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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, 2021). 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	10,800	12,600	12,600	16,200	33,600	34,700	44,400	48,500
Granted	–	–	–	–	–	–	–	–	–	–	–	–
Expired	–	–	–	–	–	–	–	–	–	–	–	–
Vested	–	–	–	–	1,900	3,700	3,700	3,800	8,000	7,000	8,900	3,600
Not yet vested	3,500	5,100	10,900	9,800	8,900	8,900	8,900	12,400	25,600	27,700	35,500	44,900
After vesting date (number of share)												
At end of previous fiscal year	–	–	–	–	–	–	–	–	–	–	–	–
Vested	–	–	–	–	1,900	3,700	3,700	3,800	8,000	7,000	8,900	3,600
Exercise of rights	–	–	–	–	1,900	3,700	3,700	3,800	8,000	7,000	8,900	3,600
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)	–	–	–	–	–	–	–	–	–	–	–	–
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, 2021) (¥ millions)	Current consolidated fiscal year (March 31, 2022) (¥ millions)
Deferred tax assets		
Accrued expenses	64	61
Net defined benefit liability	698	691
Accounts payable – other (amount that has not been transferred to defined contribution pension plan)	7	7
Long-term accounts payable – other (amount that has not been transferred to defined contribution pension plan)	63	41
Excess deductible amount in bonus allowances	395	373
Unrealized profits for inventories	27	83
Unrealized profits for fixed assets	1,046	854
Loss carried forward (Note 2)	3,129	4,546
Over-depreciation	1,873	2,888
Provision for product warranties	12	20
Impairment loss	710	1,633
Other	1,023	1,363
Deferred tax assets subtotal	9,052	12,566
Valuation reserve pertaining to tax loss carried forward (Note 2)	(2,089)	(4,095)
Valuation reserve pertaining to the sum of deductible temporary differences	(2,611)	(4,868)
Subtotal of valuation reserves (Note 1)	(4,700)	(8,781)
Deferred tax assets total	4,352	3,784
Deferred tax liabilities		
Property replacement reserve	(795)	(763)
Special depreciation reserve	(50)	(41)
Fixed assets reserve	(640)	(734)
Net unrealized gains on securities	(987)	(246)
Exchange rate differences on non-monetary assets and liabilities of overseas consolidated subsidiaries	(966)	(1,118)
Other	(1,366)	(1,479)
Deferred tax liabilities total	(4,806)	(4,383)
Net deferred tax assets	(454)	(598)

Notes: 1. The amount of valuation allowance increased by 4,080 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, 2021)

	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	39	203	190	2,692	(*2) 3,129
Valuation reserve	–	(2)	(39)	(22)	(4)	(2,020)	(2,089)
Deferred tax assets	–	–	–	181	186	672	(*2) 1,040

(*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 ¥3,129 million (an amount obtained by multiplying the effective statutory tax rate), deferred tax assets of ¥1,040 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.

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Consolidated fiscal year under review (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.

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, 2021) (%)	Current consolidated fiscal year (March 31, 2022) (%)
Statutory effective tax rate	30.6	30.6
(adjustments)		
Items that will never be included as losses, such as entertainment expenses	(1.5)	(1.1)
Items that will never be included as profits, such as dividend revenue	0.1	0.2
Per capita residential tax	(0.9)	(0.7)
Tax credits for research and development expenses	0.0	–
Increase (decrease) in valuation allowance	(14.5)	(45.8)
Difference in statutory tax rates of consolidated subsidiaries	(3.7)	(10.2)
Retained earnings of overseas consolidated subsidiaries	1.6	(3.0)
Foreign tax credit	0.2	1.7
Impact of exchange rate fluctuations at overseas consolidated subsidiaries	(11.3)	(3.4)
Other	(1.0)	0.9
Burden ratio of corporate tax after application of deferred tax accounting	(0.4)	(30.8)

(Notes on Business Combination)
Not applicable

(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, 2020 through March 31, 2021)

(Millions of yen)

	Reported segments					
	Die Casting Business			Aluminum Business	Proprietary Products Business	Total
	Japan	North America	Asia			
Sales						
(1) Customers	45,584	21,628	19,931	3,483	2,345	92,973
(2) Intersegment	2,035	10	775	2,038	6	4,865
Total	47,620	21,638	20,706	5,521	2,352	97,839
Segment profits/loss	(2,491)	94	(598)	33	320	(2,641)
Segment assets	55,940	29,787	37,807	2,758	1,018	127,312
Other items						
Depreciation and amortization	5,386	4,083	3,499	50	8	13,030
Impairment loss	88	–	–	–	–	88
Increase in tangible fixed assets and intangible fixed assets	4,329	3,147	3,483	29	–	10,989

Current 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

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	97,839	122,328
Elimination of intersegment transactions	(4,865)	(6,015)
Net sales in the consolidated financial statement	92,973	116,313

(Millions of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Total profit in reported segments	(2,641)	(2,436)
Elimination of intersegment transactions	87	14
Operating income / loss in the consolidated financial statement	(2,554)	(2,422)

(Millions of yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Total assets in reported segments	127,312	131,834
Elimination of intersegment transactions	(5,428)	(6,820)
Company-wide assets	10,339	6,288
Assets in the consolidated financial statement	132,223	131,302

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(Millions of yen)

Other items	Total amount in reported segments: Previous consolidated fiscal year	Total amount in reported segments: Current consolidated fiscal year	Adjustment: Previous consolidated fiscal year	Adjustment: Current consolidated fiscal year	Amount recorded in consolidated financial statements: Previous consolidated fiscal year	Amount recorded in consolidated financial statements: Current consolidated fiscal year
Depreciation and amortization	13,030	12,029	(128)	(109)	12,901	11,919
Impairment loss	88	4,228	–	–	88	4,228
Increase in tangible fixed assets and intangible fixed assets	10,989	9,171	(70)	(78)	10,919	9,093

Related Information

Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

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
61,423	28,195	23,918	2,775	116,313

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 ¥13,958 million in the United States that make up 10% or more of net sales on the consolidated income statement, net sales of ¥14,237 million in Mexico and net sales of ¥23,430 million in China.

(2) Tangible fixed assets

(Millions of yen)

Japan	North America	Asia	Total
26,509	18,331	27,487	72,328

(Note) Tangible fixed assets in North America and Asia includes tangible fixed assets of ¥12,513 million in Mexico that makes up 10% or more of tangible fixed assets on the consolidated balance sheet, tangible fixed assets of ¥22,868 million in China.

3. Information by major customers

(Millions of yen)

Name of customer	Sales	Titles of the related segments
Subaru Corporation	12,452	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, 2021 to March 31, 2022)

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	–	President and CEO of the Company	(owned) Direct 4.0	–	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, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	2,161.08 yen	2,068.69 yen
Net income or loss per share	(111.06) yen	(201.23) 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, 2020 to March 31, 2021)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)
Net income per share		
Net income or loss attributable to owners of parent (million yen)	(2,843)	(5,189)
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)	(2,843)	(5,189)
Average number of shares during the period	25,599,845	25,787,788

Important Subsequent Events

(Disposition of treasury shares as stock compensation)

At its meeting held on June 28, 2022, 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 15, 2022
(2) Class and number of shares to be disposed of 138,203 shares of the Company's common stock
(3) Disposition price ¥387 per share
(4) Total amount of disposition ¥53 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; 108,778 shares
Directors who are Audit and Supervisory Committee members (excluding independent directors):
One person; 6,175 shares
Executive officers: Six persons; 23,250 shares
(6) Other
N/A

Notes to Consolidated Financial Statements

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 28, 2022, 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 ¥53 million in total and 138,203 shares of its common stock based on the resolution made at the Board of Directors meeting held on June 28, 2022 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.

Segment	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022) Amount (¥ millions)	Increase/(decrease) %
Die Casting Business: Japan	43,881	49,389	12.6
Die Casting Business: North America	20,608	28,052	36.1
Die Casting Business: Asia	19,279	27,803	44.2
Aluminum Business	5,124	7,534	47.0
Proprietary Products Business	790	1,675	111.8
Total	89,685	114,455	27.6

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.

Segment	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2021 to March 31, 2022) Amount (¥ millions)	(Decrease) %
Die Casting Business: Japan	45,584	51,746	13.5
Die Casting Business: North America	21,628	28,111	30.0
Die Casting Business: Asia	19,931	26,488	32.9
Aluminum Business	3,483	6,463	85.6
Proprietary Products Business	2,345	3,503	49.4
Total	92,973	116,313	25.1

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.

Customer	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)		Current consolidated fiscal year (From April 1, 2021 to March 31, 2022)	
	Amount (¥ millions)	%	Amount (¥ millions)	%
Subaru Corporation	12,454	13.4	12,452	10.7

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.

Ahresty Corporation

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