

Results Briefing for the First Half of the Year Ending March 31, 2023

November 24, 2022



Results for 1st Half of Year Ending March 2023 and Future Outlook

Summary of Financial Results

■ 2Q results

- Die Casting in Japan: Sales volume recovered from 1Q and returned to the black in 2Q
- Die Casting in North America: Earnings improved from 1Q
- Die Casting in Asia: Operations in China (account settlement in December) declined significantly in 2Q due to the impact of the lockdown in Shanghai, but recovered steadily after the end of the lockdown

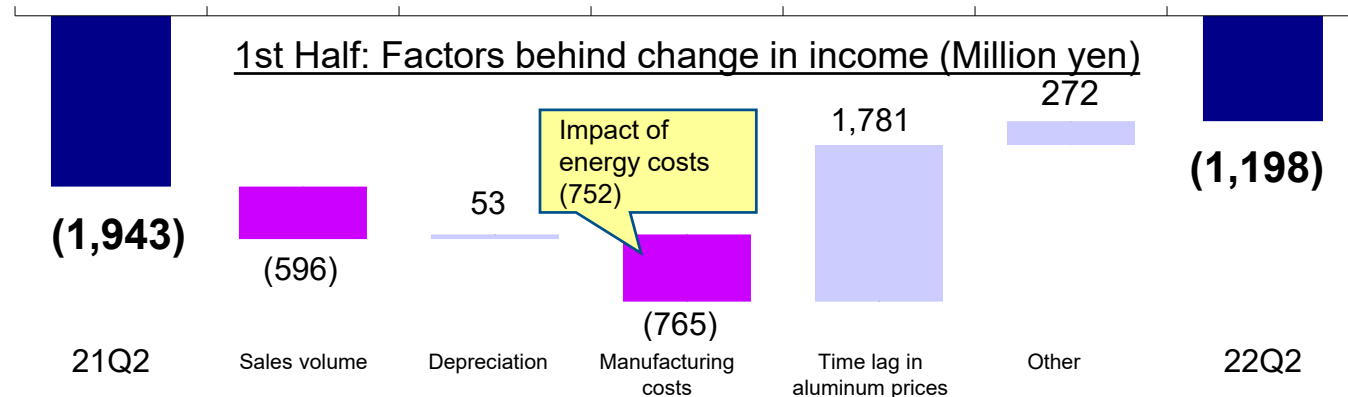
■ Year ending March 2023 forecasts

- **Reflecting the better earnings than the forecast for 1H released on Sep. 30, the year-end results forecasts were revised.**
- **In the second half, a surplus is forecast for the first time since 2H of FY2020 and also on a full-year basis.**
 - Recovery in performance due to efforts to improve efficiency in production systems and reduce costs, and an increase in sales volume
 - Progress in correction of a part of product prices with customers in response to soaring energy costs
 - Dividends: 1st half 5 yen, 2nd half 5 yen (forecast)

Results of 1H of FY2022 in Comparison with Plans

(Million yen)

	1H		2H		Full year	
	Results of previous year	Results	Results of previous year	Revised plan (Nov. 14)	Results of previous year	Revised plan (Nov. 14)
Net sales	54,647	66,536	61,666	79,600	116,313	146,100
Operating income	(1,943)	(1,198)	(479)	2,700	(2,422)	1,500
Recurring income	(1,680)	(820)*	(352)	2,400	(2,032)	1,600
Net income	(1,780)	(830)	(3,409)	1,800	(5,189)	1,000
Dividend	5	5	5	5	10	10
Sales weight (In comparison with FY2018 as 100)	74	71	73	89	74	81



Exchange rate assumptions in revised plan (from 3Q):

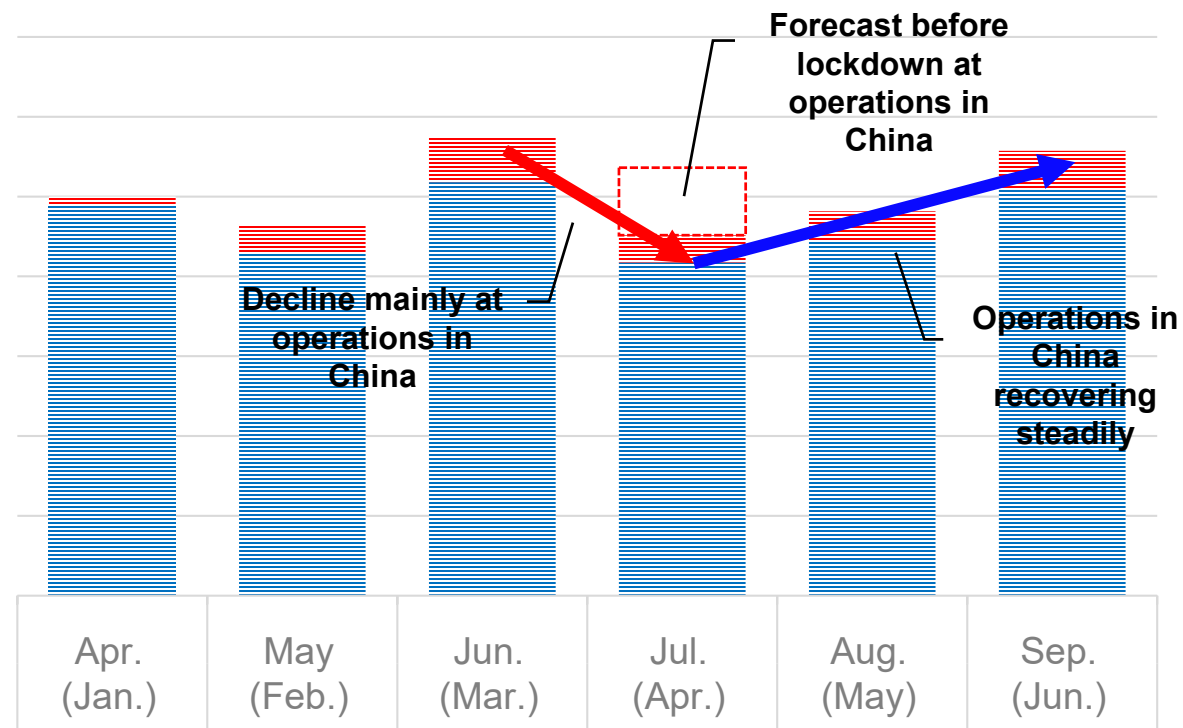
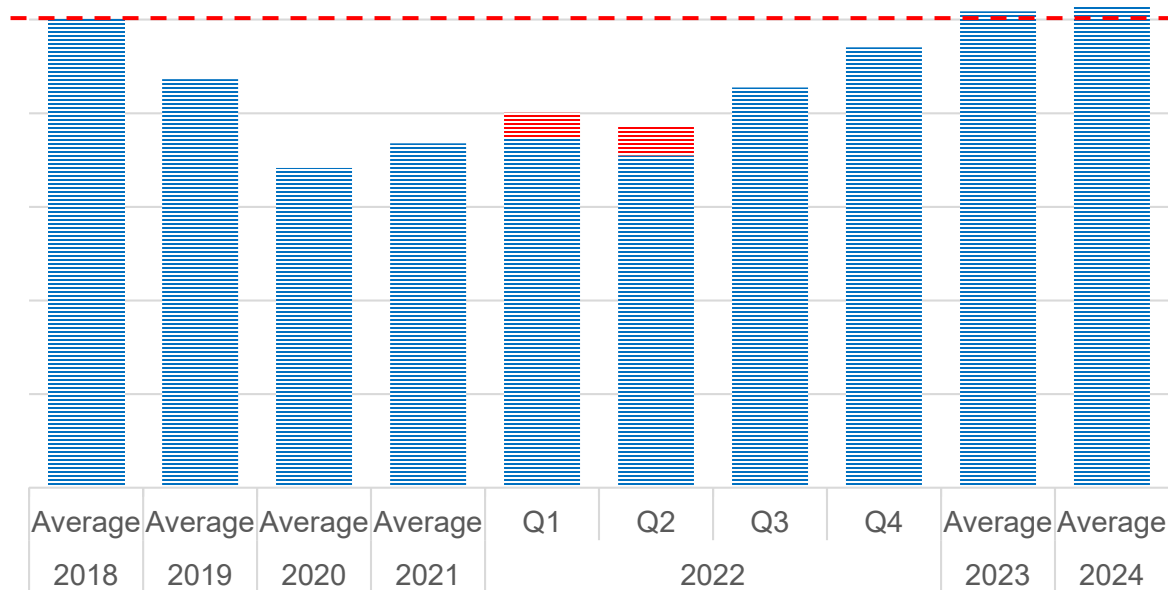
USD: ¥135.0; Chinese yuan: ¥20.0; Indian rupee: ¥1.70

* Recording foreign currency exchange gain of 436 million yen

Changes in Sales Weight

- The sales weight for the first half declined significantly due mainly to the impact of the lockdown in Shanghai on our operations in China (account settlement in December).
- Chinese operations recovered after the end of the lockdown in Shanghai, and overall sales also returned to a recovery trend due mainly to easing of the shortage of semiconductors.

Decrease from plan at beginning of period



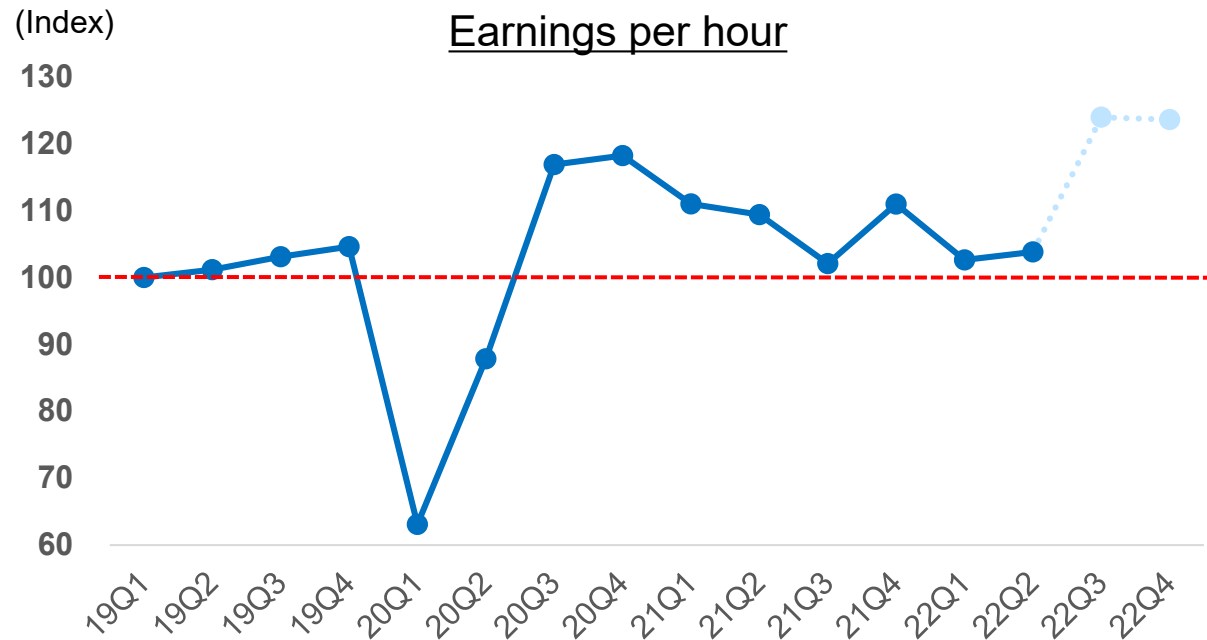
* Changes in percentage of sales weight compared to the level of FY2018

* January to June for companies settling accounts in December

Measures for Securing Profits

■ Stabilizing productivity:

Despite fluctuations in orders received, maintained earnings per hour at the level before COVID-19. In 2H, earnings per hour will significantly improve along with a recovery in the volume of orders received.



■ Responding to cost rise due to soaring energy costs

- ✓ Calculated the amount of impact and negotiation with customers under way
- ✓ Correction of product prices partly advanced in 1H and was reflected in the results
- ✓ The uncorrected prices are not reflected in the plan for 2H

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

* From this material, figures are calculated based on the settlement period.

Die Casting Business

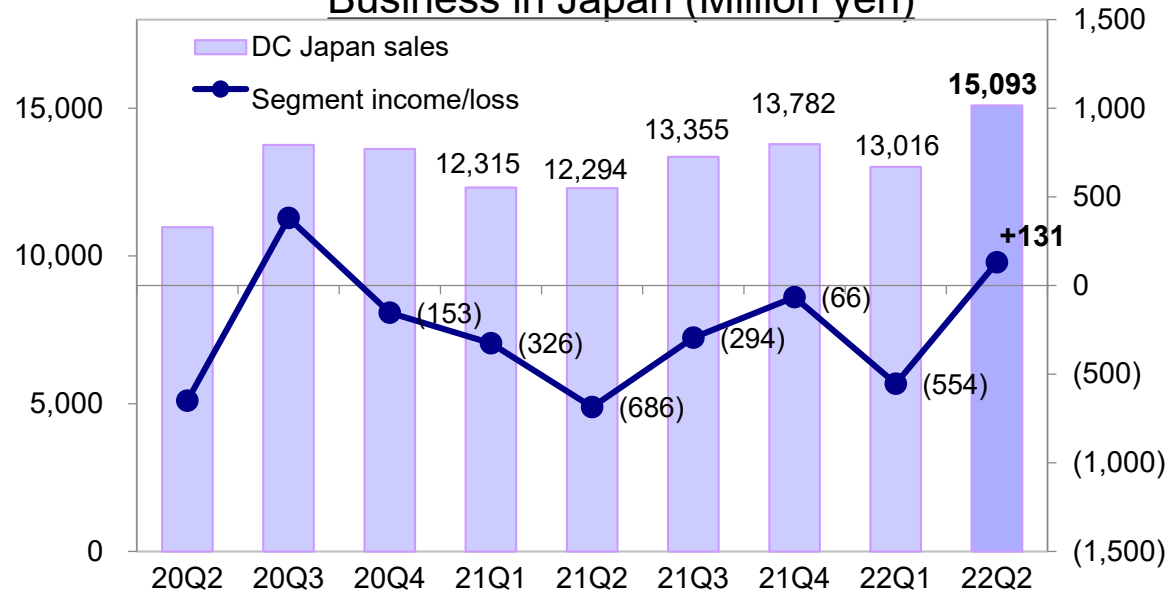
(Million yen)

		1H		2H		Full year	
		Results of previous year	Results	Results of previous year	Revised plan (Nov. 14)	Results of previous year	Revised plan (Nov. 14)
Japan	Net sales	24,609	28,109	27,137	31,600	51,746	59,700
	Segment income/loss	(1,012)	(423)	(360)	950	(1,372)	530
North America	Net sales	14,190	17,016	13,921	21,100	28,111	38,100
	Segment income/loss	(553)	(713)	(543)	550	(1,096)	(160)
Asia	Net sales	11,726	15,695	14,762	20,500	26,488	36,200
	Segment income/loss	(643)	(250)	96	870	(547)	620

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

Die Casting in Japan

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



2Q

Sales: ¥15,000 million Up ¥2,700 million (22.8%) year on year

Income: ¥100 million Up ¥800 million year on year (returned to the black)

- Sales volume recovered along with easing of the impact of the decrease in car production due to shortage of semiconductors, etc. Returned to profitability as the time lag in reflecting soaring aluminum prices in the previous fiscal year was eliminated.

1st half

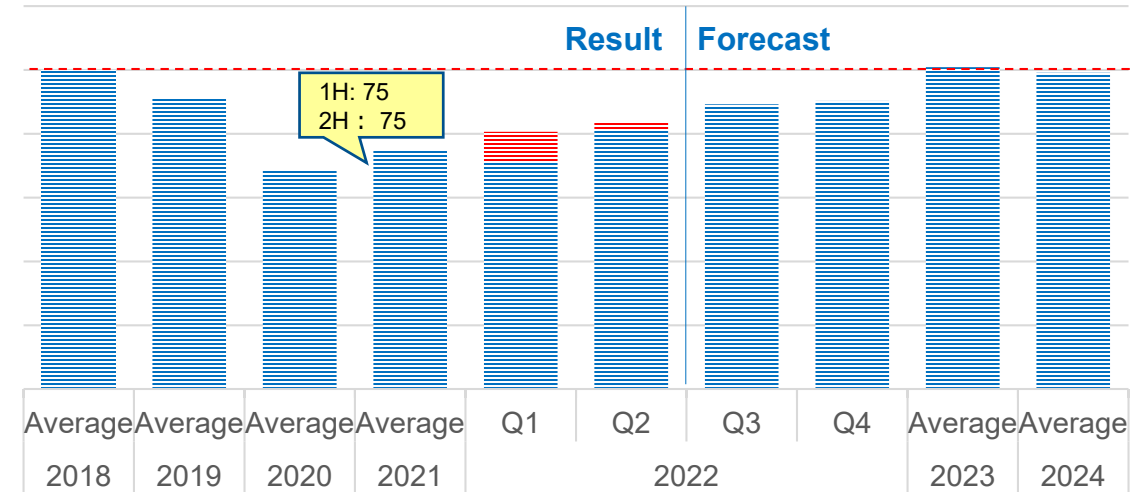
Sales: ¥28,100 million Up ¥3,500 million (14.2%) year on year

Loss: ¥400 million Down ¥500 million year on year (loss reduced)

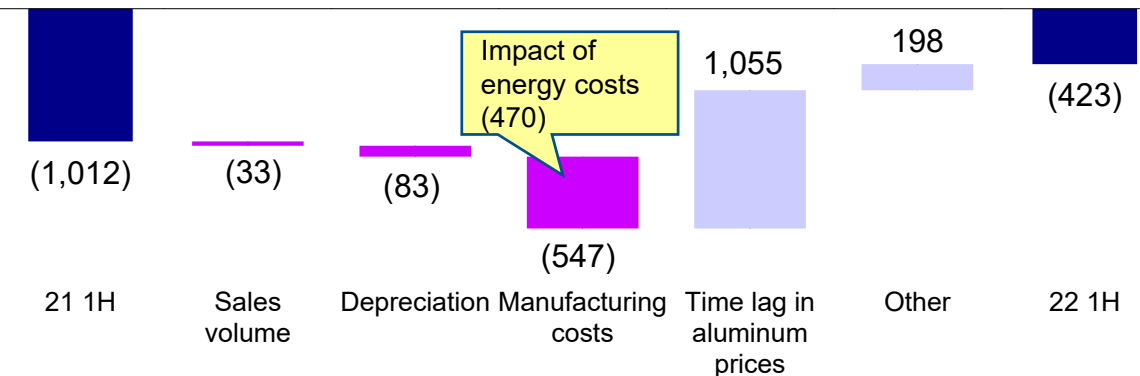
- The sales volume decreased in 1Q, affected by the reduction in car production due to a shortage of semiconductors, as well as logistics constraints resulting from the lockdown in China, but recovered in 2Q to nearly the level in the plan..

Changes in sales weight

* Changes in percentage compared to the average level of FY2018

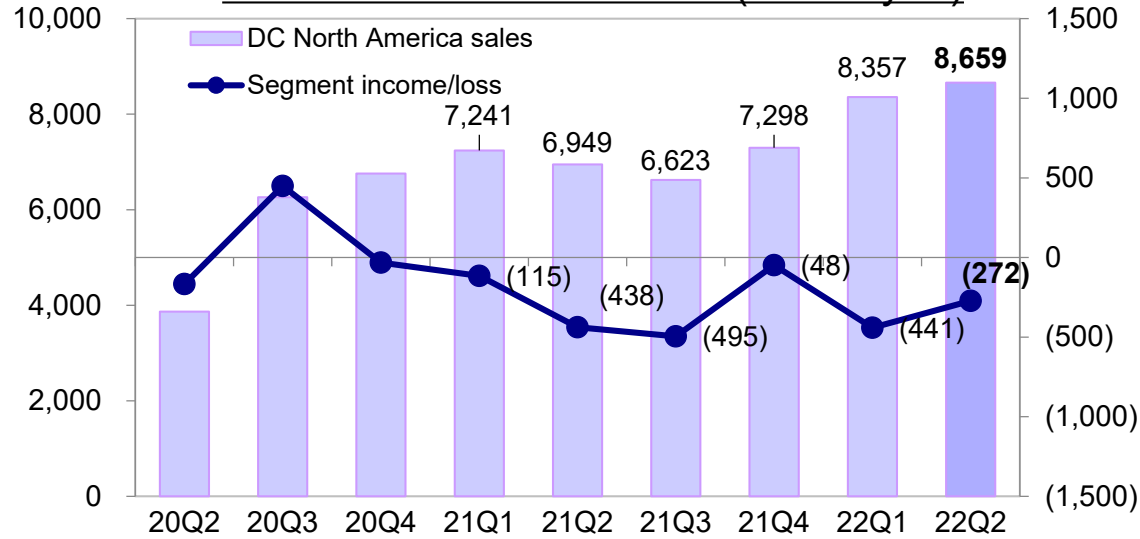


Factors behind change in segment income (Million yen)



Die Casting in North America

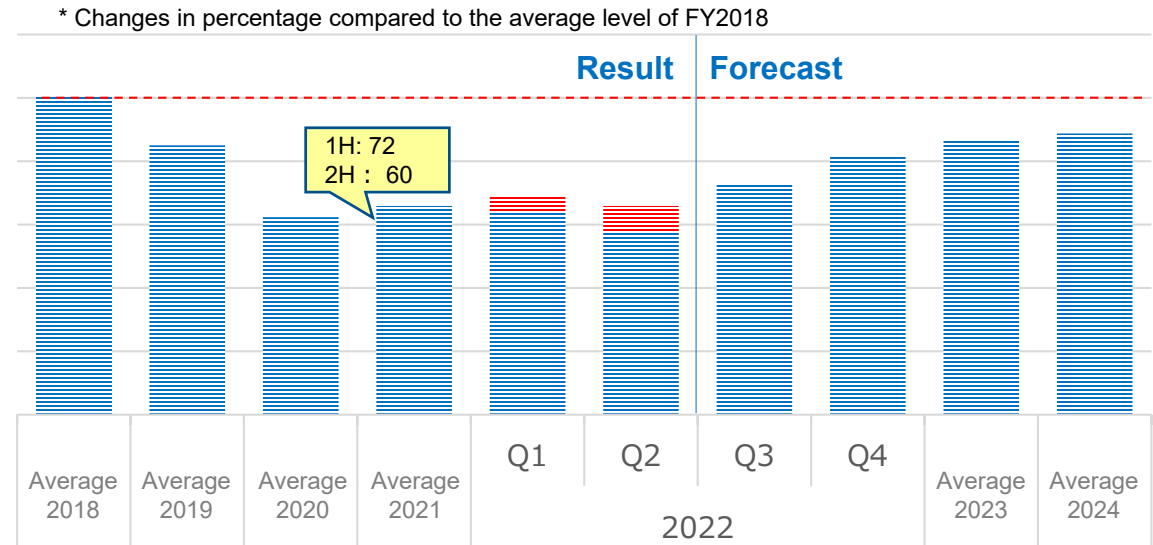
Changes in sales and segment income in Die Casting Business in North America (Million yen)



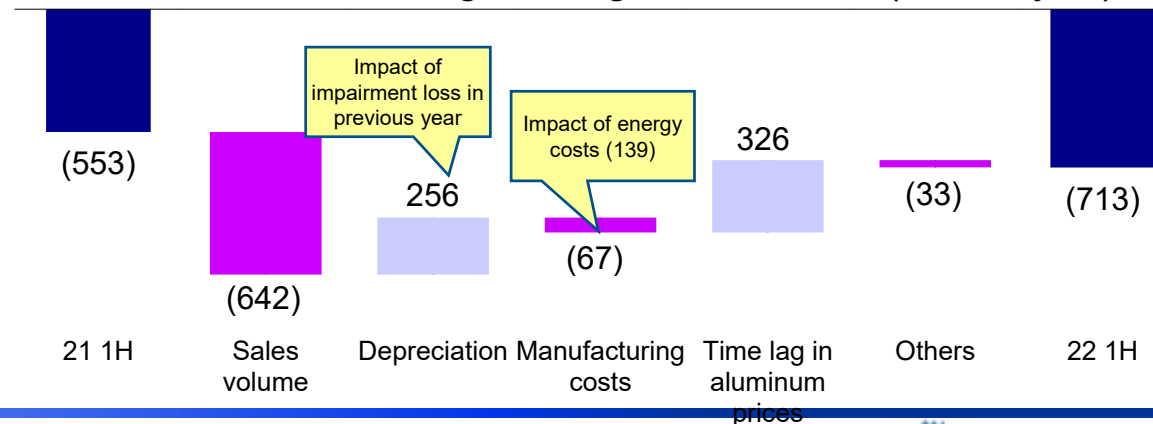
2Q
Sales: ¥8,600 million Up ¥1,700 million (24.6%) year on year
Loss: ¥200 million Down ¥100 million year on year (loss reduced)
 > Net sales increased due mainly to depreciation of the yen, though the sales volume decreased year on year, affected by the reduction in car production chiefly due to a shortage of semiconductors. Loss decreased year on year as a result of cost reduction efforts.

1st half
Sales: ¥17,000 million Up ¥2,800 million (19.9%) year on year
Loss: ¥700 million Up ¥100 million year on year (loss increased)
 > Net sales increased due mainly to the impact of a rise in aluminum prices (1,500 million) and depreciation of the yen (2,500 million), though the sales volume decreased year on year. Profit decreased due to the impact of rises in energy costs and labor costs, in addition to the decrease in sales volume.

Changes in sales weight

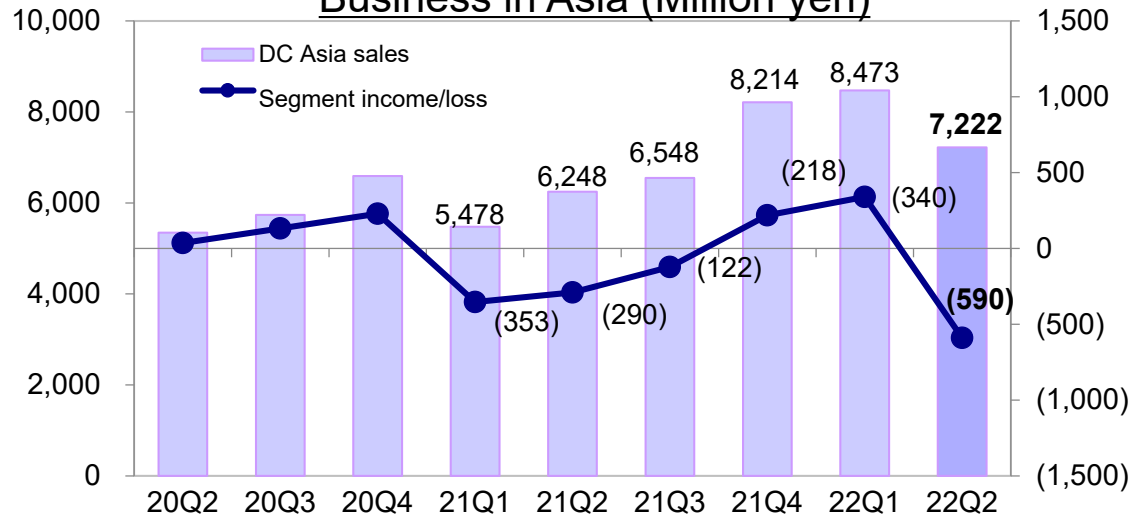


Factors behind change in segment income (Million yen)



Die Casting in Asia

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



2Q

Sales: ¥7,200 million Up ¥900 million (15.6%) year on year

Loss: ¥500 million Up ¥300 million year on year (loss increased)

➤ Due mainly to the impact of the rise in aluminum prices, net sales increased. Profit decreased significantly due to the impact of the lockdown in Shanghai in April and May on our operations in China, where accounts settle in December.

1st half

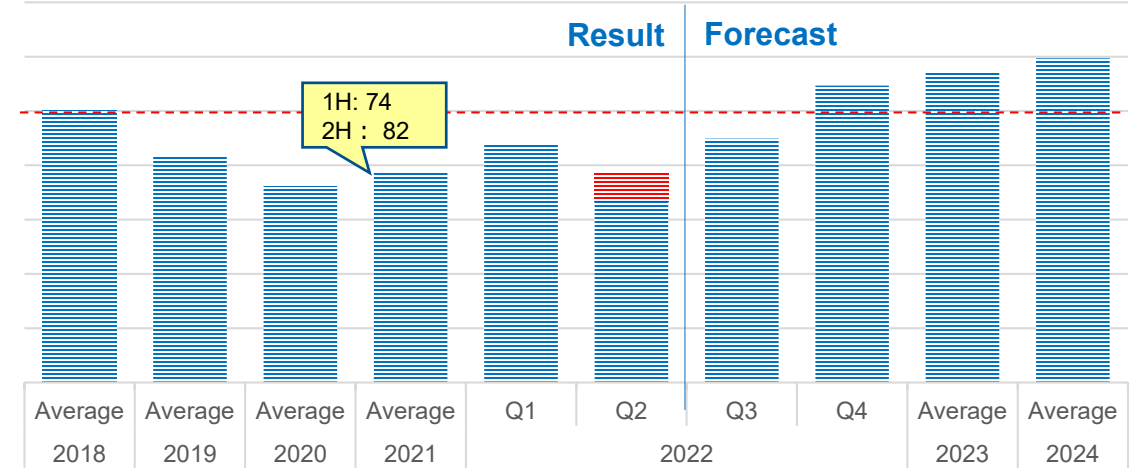
Sales: ¥15,600 million Up ¥3,900 million (33.8%) year on year

Loss: ¥200 million Down ¥300 million year on year (loss reduced)

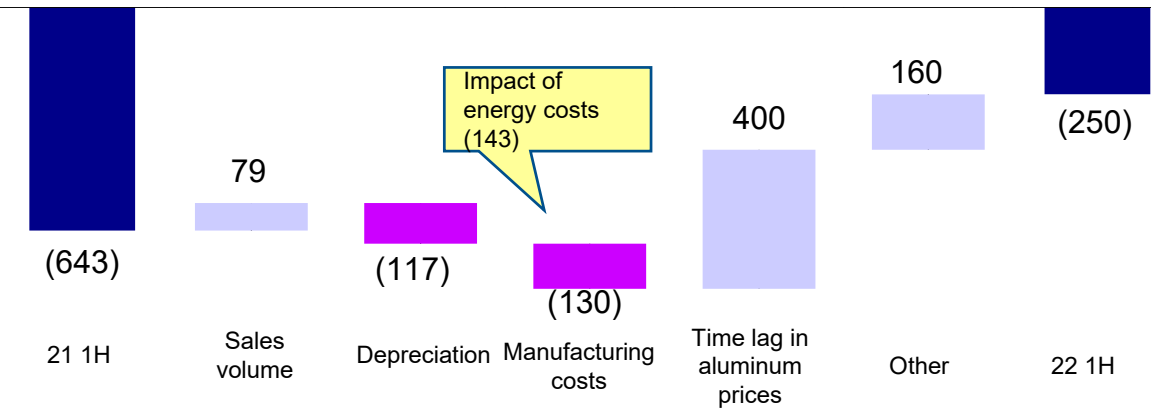
➤ Due mainly to the impact of the rise in aluminum prices and depreciation of the yen, net sales increased. Sales volume decreased from the plan due to the impact of the lockdown in Shanghai but it increased slightly from the same period of the previous year. With the time lag in aluminum prices in the previous fiscal year eliminated, loss decreased.

Changes in sales weight

* Changes in percentage compared to the average level of FY2018



Factors behind change in segment income (Million yen)



Fiscal year end: December in China; March in India

Exchange rate (21Q2 ⇒ 22Q2): Chinese yuan: ¥ 16.64 ⇒ 18.98; Indian rupee: ₹ 1.50 ⇒ 1.70

Aluminum Business and Proprietary Products Business

(Million yen)

		1H		2H		Full year	
		Results of previous year	Results	Results of previous year	Revised plan (Nov. 14)	Results of previous year	Revised plan (Nov. 14)
Aluminum Business	Net sales	2,832	3,920	3,631	3,800	6,463	7,700
	Segment income/loss	144	152	120	180	265	330
Proprietary Products Business	Net sales	1,289	1,794	2,214	2,600	3,503	4,400
	Segment income/loss	112	111	200	140	312	250

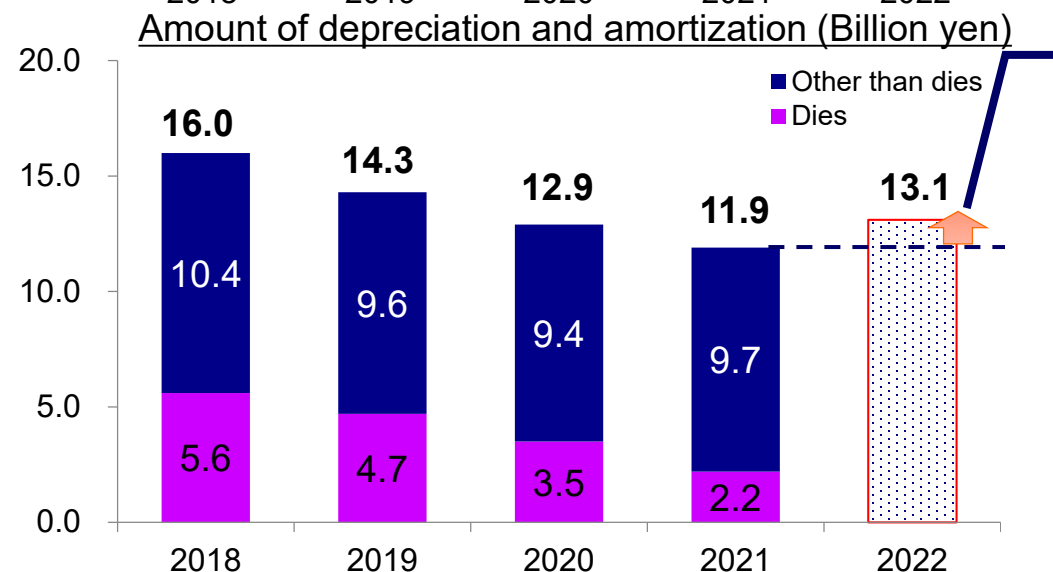
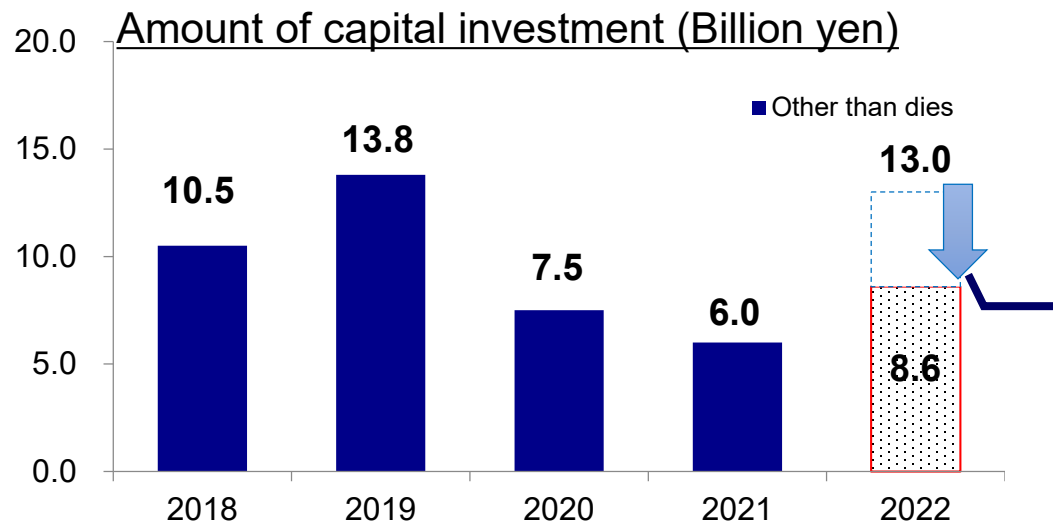
Aluminum Business

- Sales: Although sales volume decreased year on year due to a reduction in car production caused by the prolonged shortage of semiconductors, income increased due to a rise in aluminum prices.
- Income: Due to the positive impact of net sales linked to aluminum market conditions, as well as cost reduction and improved productivity, profitability was maintained.

Proprietary Products Business

- Sales: Sales increased due to an increase in orders for projects of our main customers, namely, a clean room at a semiconductor production company and a data center at a telecommunications company.
- Income: Maintained profitability.

Trends in Capital Investment, Depreciation and Amortization



Year ending March 2023 forecasts

- Amount of capital investment: Likely to settle at ¥8.6 billion in comparison to ¥13.0 billion in plan.
(Decreased by ¥4.4 billion from the plan)
- Depreciation and amortization: Expected to be ¥13.1 billion due to capital investments, etc. for sales expansion

- Reviewing timing of investments
- Effective use of existing equipment to reduce new investments

Maximizing asset turnover

- Equipment for new products
 - Enhancing equipment to increase orders
- Investment for sales expansion
Added to depreciation and amortization costs

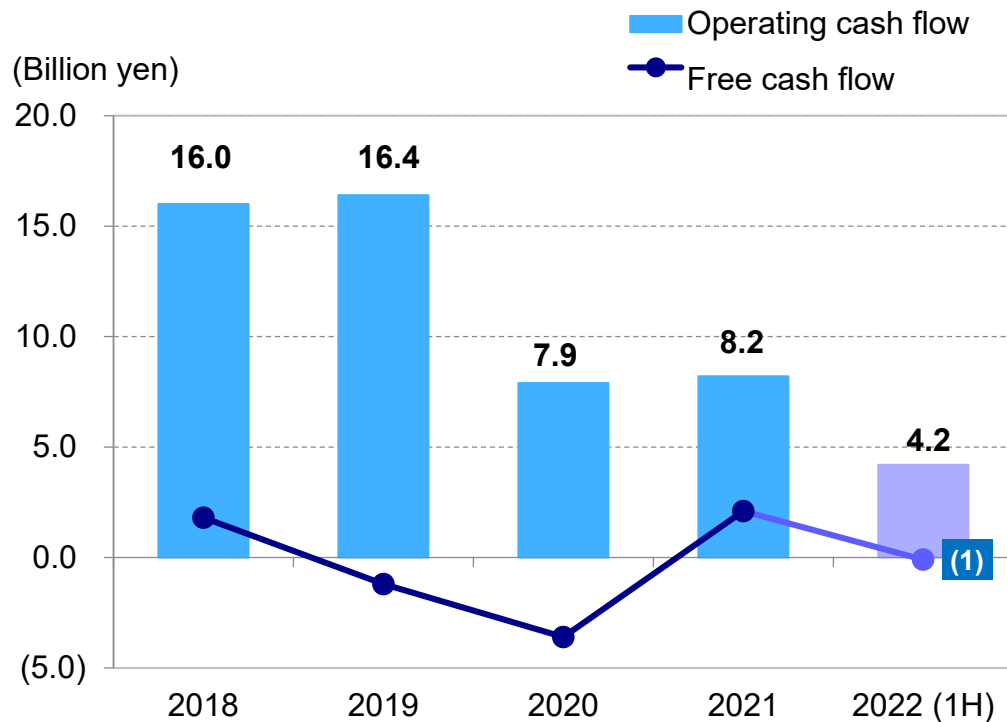
Maximizing investment efficiency

Aim to achieve targets of the Medium-Term Management Plan by maximizing asset and investment efficiency in view of investment costs

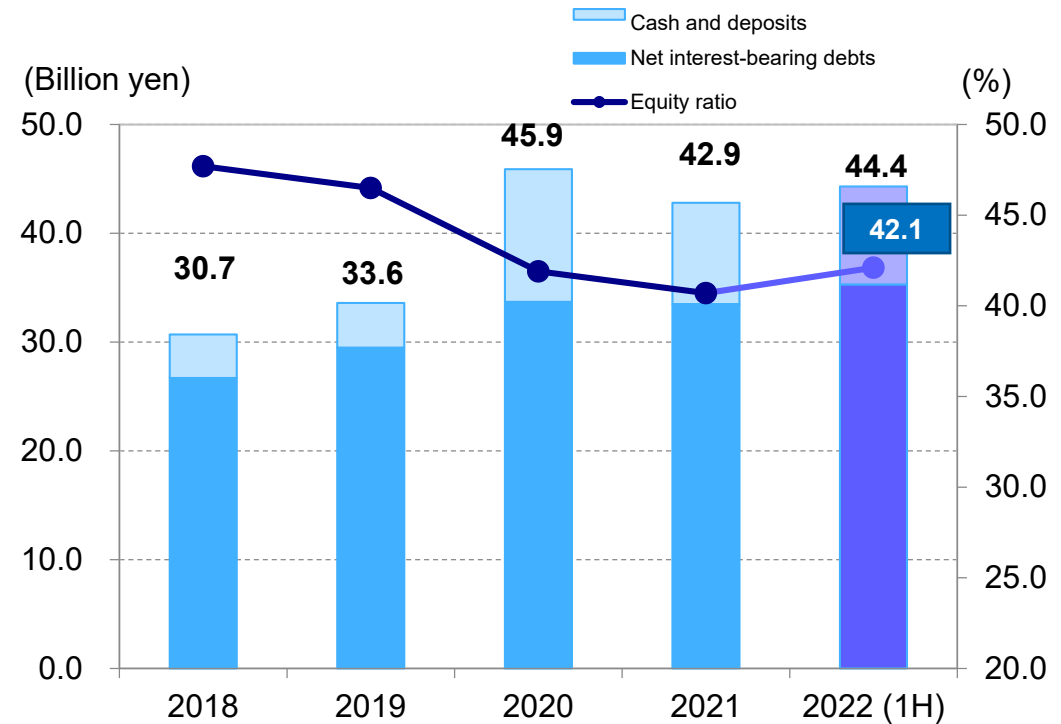
Financial Status in 1H of FY 2022

Negative free cash flow decreased due to reduction in investment.

Cash and deposits on hand maintained at a level higher than before and interest-bearing debt reached ¥44.4 billion (net interest-bearing debt increased ¥1.8 billion from the previous year to ¥35.3 billion).



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



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

TOPICS: Major models with our products in 2022

■ Subaru SOLTERRA / Toyota bZ4X

BEV

Taking advantage of Ahresty's strengths, parts for electric vehicles are produced globally in Japan and China

■ Suzuki GRAND VITARA

Based on the business tie-up between Toyota Motor Corporation and Suzuki Motor Corporation, developed by Suzuki and production started by Toyota Kirloskar Motor Ahresty India produced Toyota's first outsourced blocks.

HEV

■ Nissan X-TRAIL e-POWER

Production of parts for electric vehicles started in Japan

HEV

■ Toyota CROWN

Production started in Japan and scheduled to be installed in subsequent new models

HEV

■ Honda CR-V

Production started in North America and scheduled to be installed in subsequent new models

HEV



GRAND VITARA

Initiatives in Non-Automotive Fields

Proprietary Products Business (MOVAFLOR)

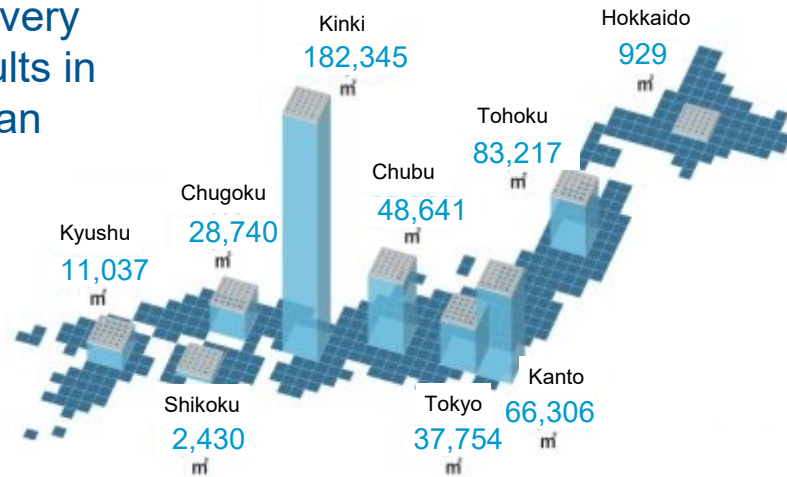
Expand sales in China and other Asian markets while maintaining the top market share in Japan

- ✓ Holding the No. 1 market share in clean rooms in Japan for over 10 years
- ✓ Major FY2022 results:
Major semiconductor manufacturer Kioxia Corporation Yokkaichi Plant, Kioxia Iwate Corporation Kitakami Plant (approx. 180,000 sheets in total), etc.
- ✓ Enhancement of production capacity is planned in response to an increase in demand for clean rooms, such as semiconductor and wafer production plants:
Production in China and Japan Approx. 620,000 sheets/year ⇒ approx. 1,260,000 sheets/year (FY2024)



Kioxia Iwate Corporation
Kitakami Plant

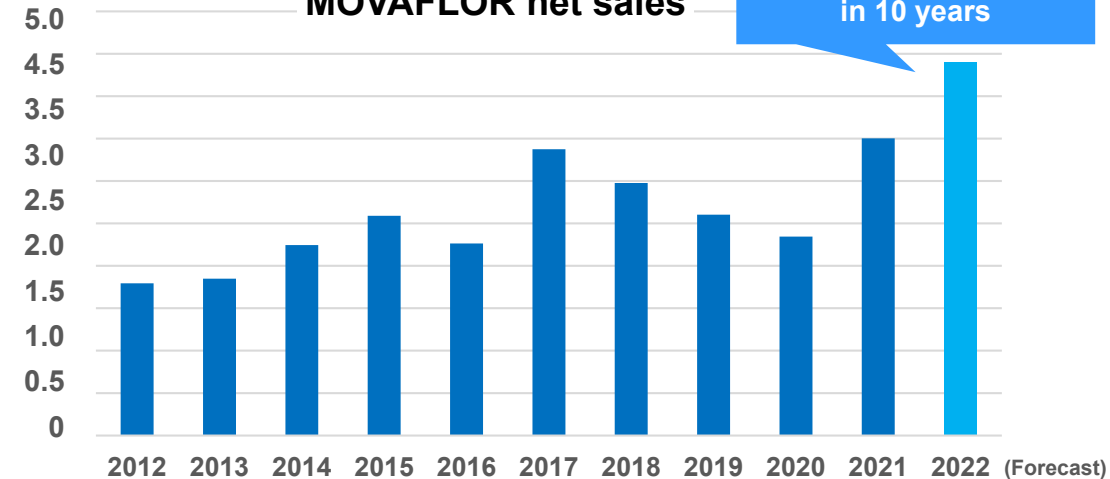
Delivery results in Japan



* 500 m² or more per contract
(From April 2013 to March 2022)

(Billion yen)

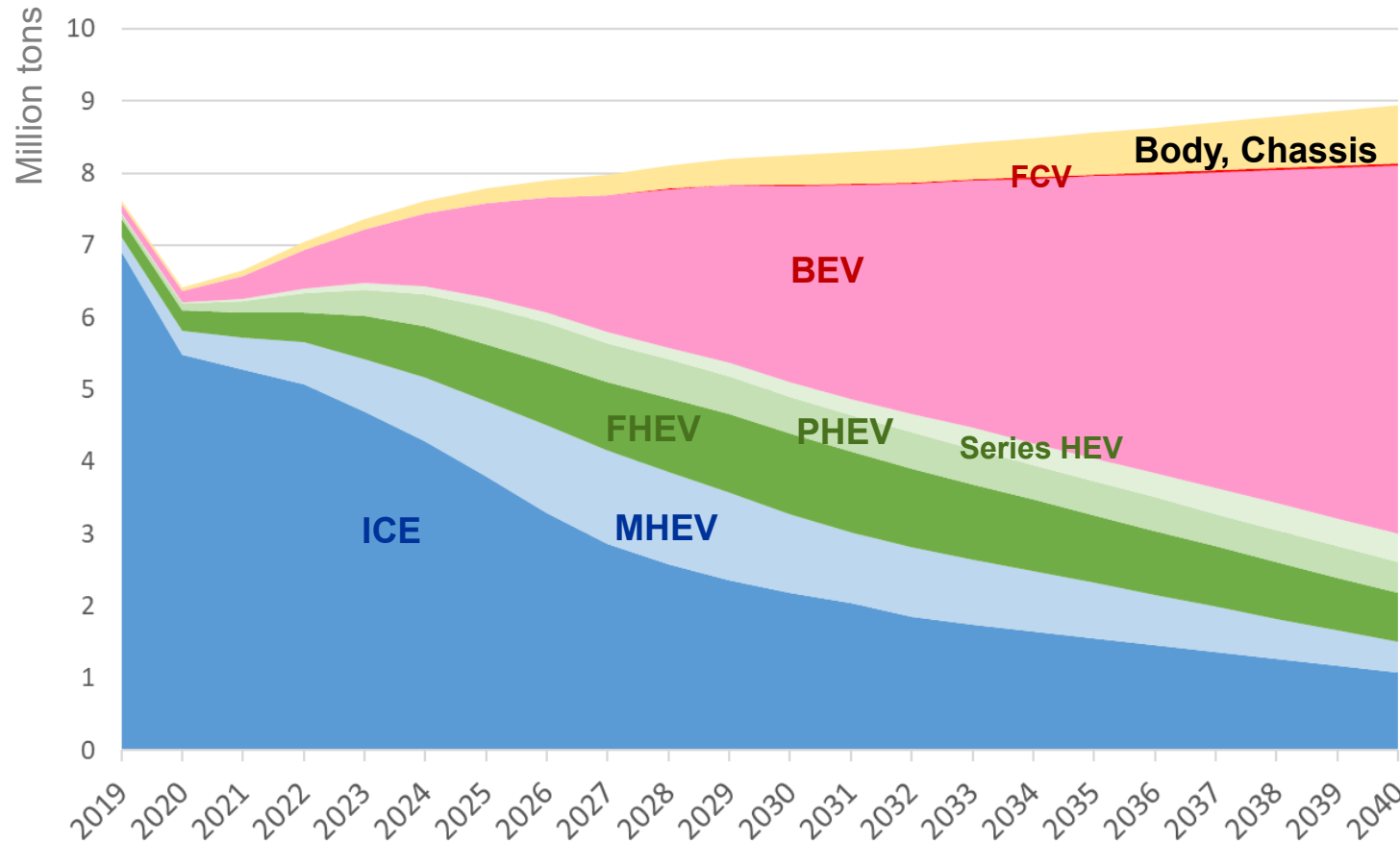
MOVAFLOR net sales



Status of orders received for parts for electric vehicles and efforts to create demand for vehicle body parts

Estimate of the market size for parts for electric vehicles and vehicle body components

Forecast of global demand for die-cast products



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* Prepared by Ahresty based on IHS data

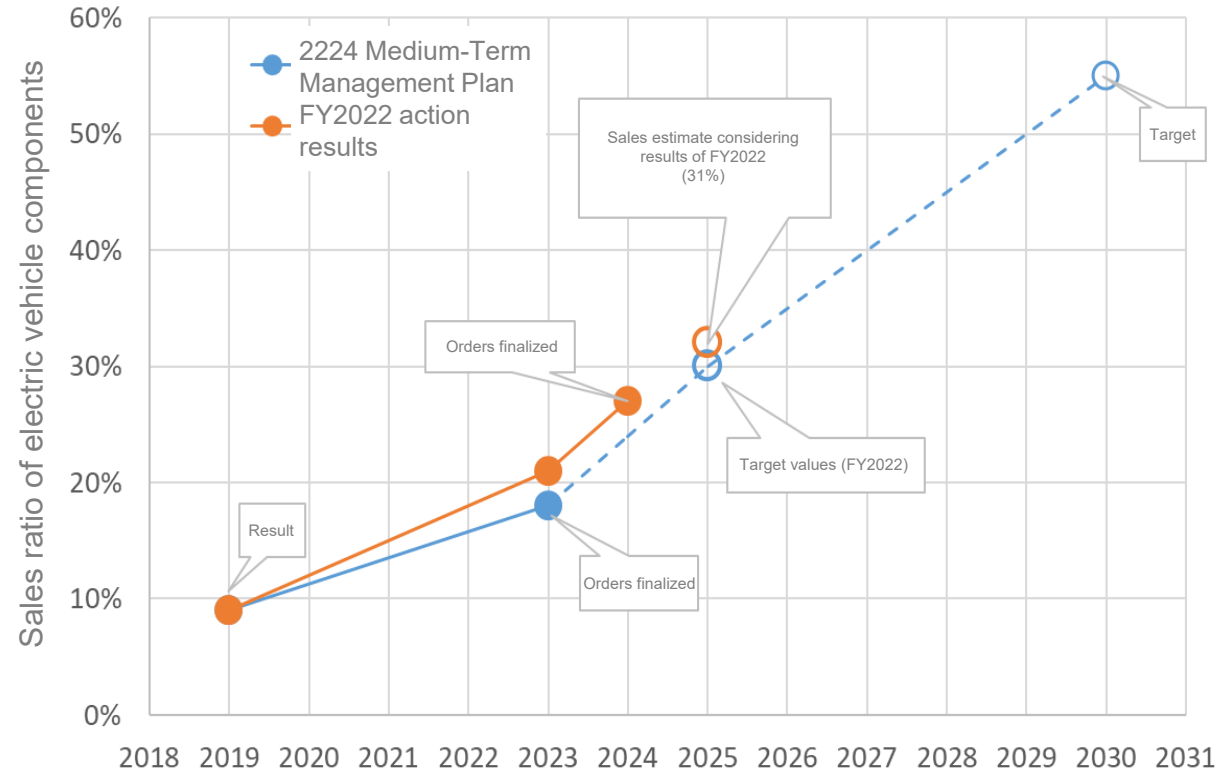
- Total die-cast demand for automobiles will continuously increase.
 - About a 27% increase in 2040 (from the 2022 level)

- Growth strategies according to growth and changes in the market
 - Shift to parts for electric vehicles
 - Expand business fields to vehicle body components

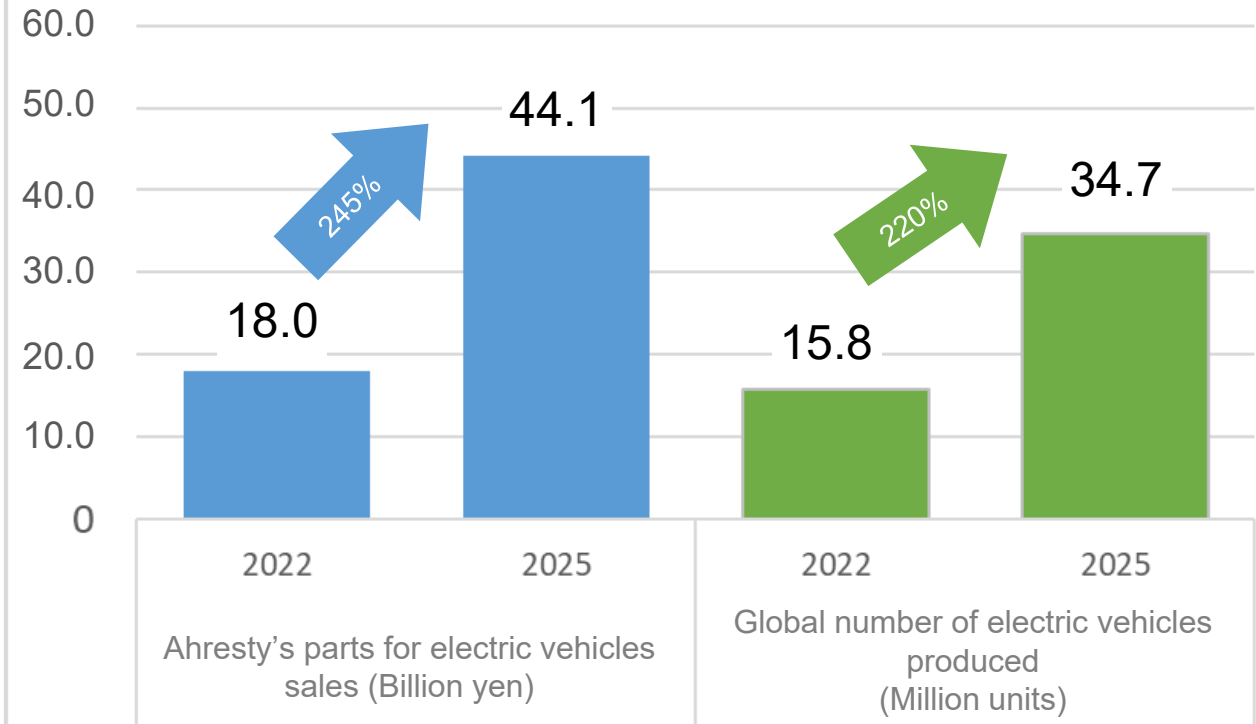
Status of Enhancement of Sales of Parts for Electric Vehicles

- Enhancement of sales of parts for electric vehicles has been progressing as planned
- Net sales of parts for electric vehicles are increasing at a rate equal to or higher than the market growth

Status of orders received for parts for electric vehicles



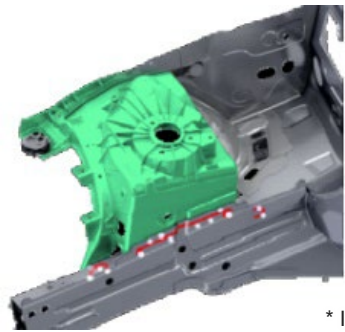
Ahresty's business for electric vehicles and market growth



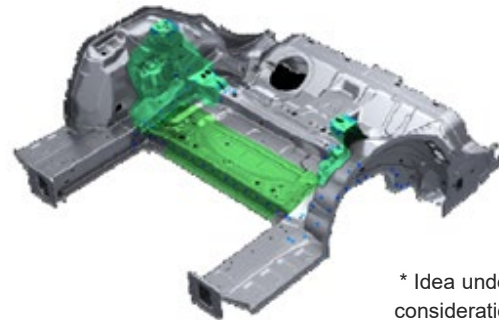
Expand business fields to vehicle body components

- Through joint development with G-TECKT Corporation, create new value by combining die casting and pressing

➤ Optimization of rigidity by die casting



* Idea under consideration

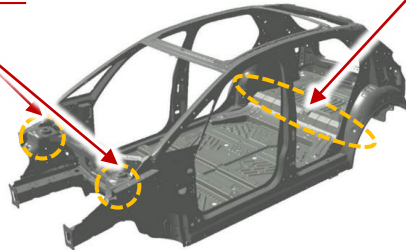


* Idea under consideration

Front shock tower

Around rear wheelhouse

Die casting
+
Steel pressing



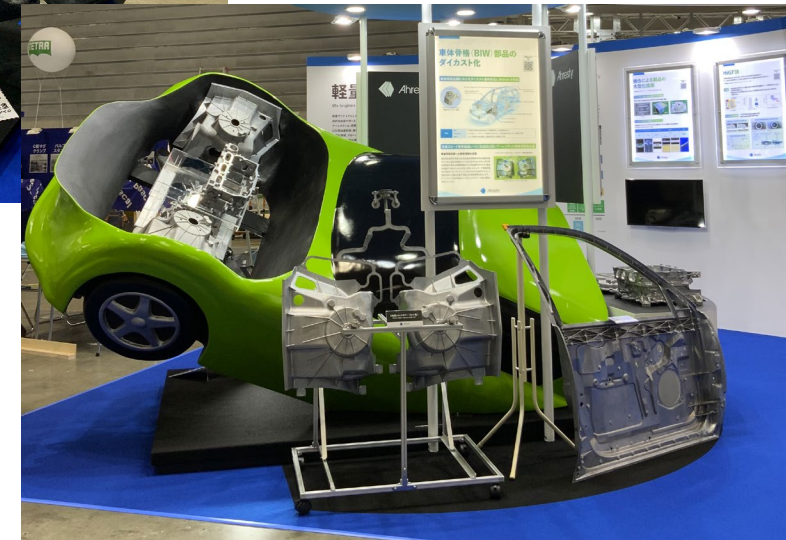
Die casting
+
Steel pressing

- Enhancing promotion activities for vehicle body parts



November 10 to 12
Exhibited at Japan
Die Casting Congress
& Exposition

Conduct PR activities
focused on EV and
vehicle body
components



Technology Development to Create Demand



■ Advantages in LCA*

⇒ Aluminum die casting [recycled ingot] Environment-friendly material

☞ CO₂ emissions 1/4 of steel, 1/18 of aluminum new ingot

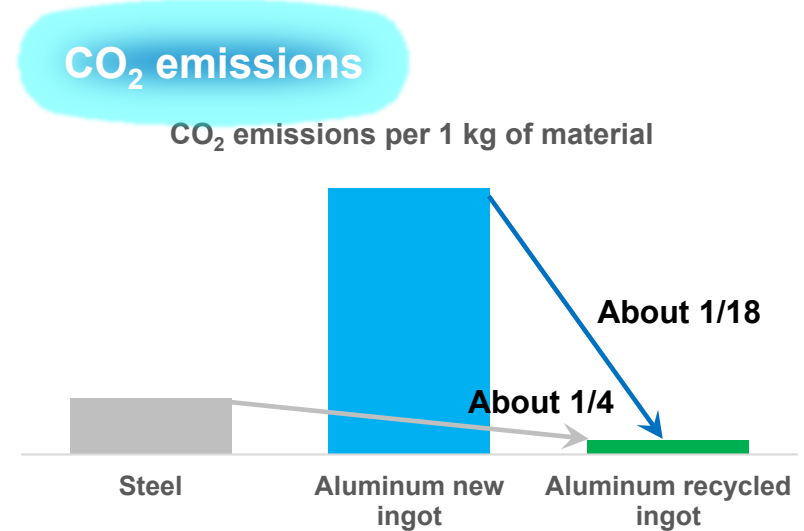
☞ 90% or higher recyclability

■ Contributing to weight reduction

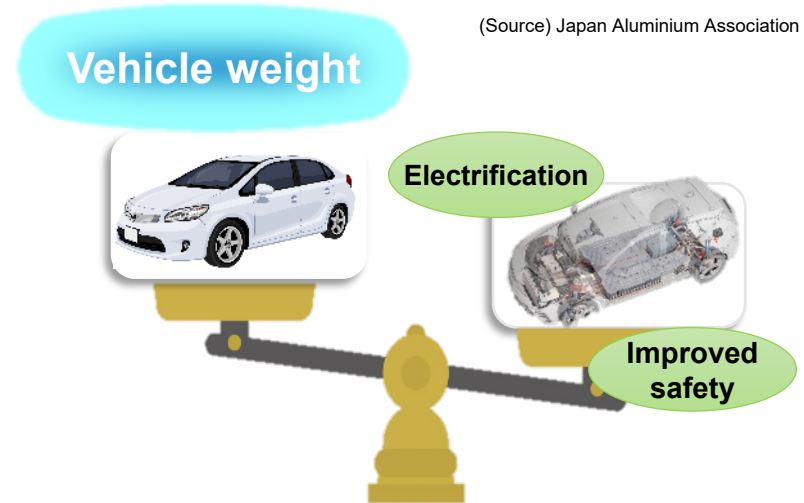
⇒ Vehicle body/underbody parts Responding to multi-material needs

☞ Highly ductile materials, various bonding technologies

◎ Contributing to the global environment through vehicle weight reduction and resource recycling



(Source) Japan Aluminium Association

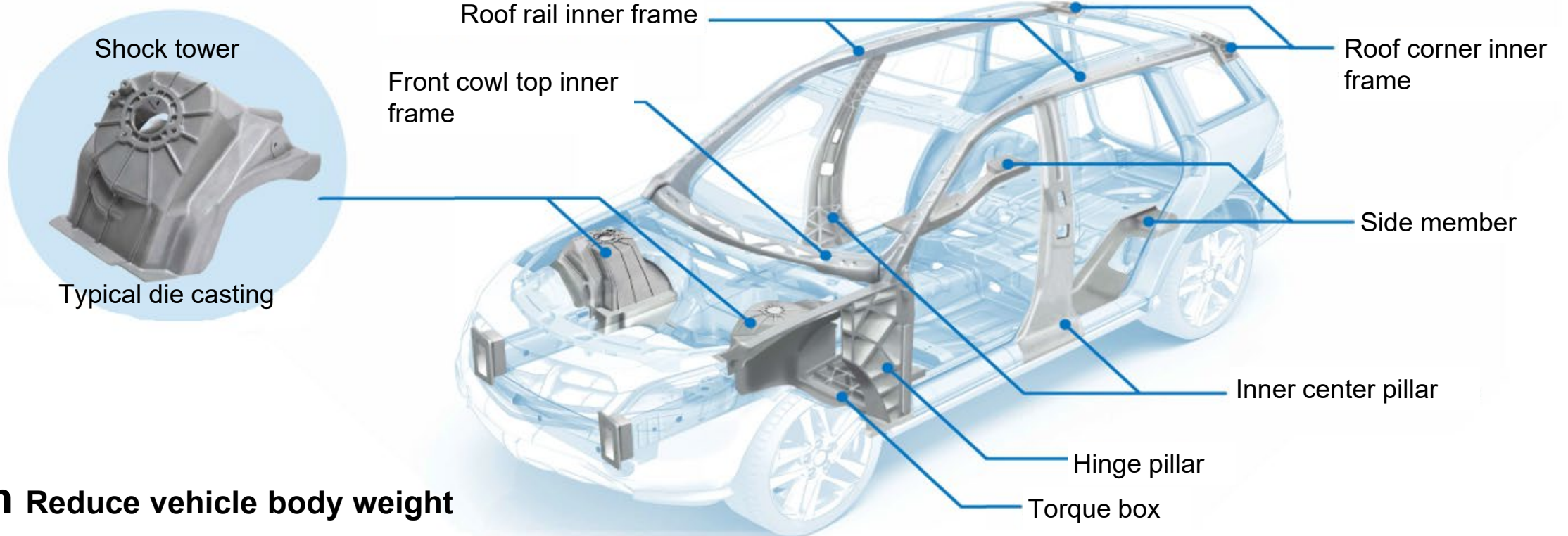


* LCA (Life Cycle Assessment): A technique to quantitatively assess environmental impacts associated with all or each of the stages of the life cycle of a product, etc. (resource extraction; raw material production; manufacture, distribution/consumption, and disposal/recycling of the product)

Market Needs and Target Parts



■ Example of die casting application

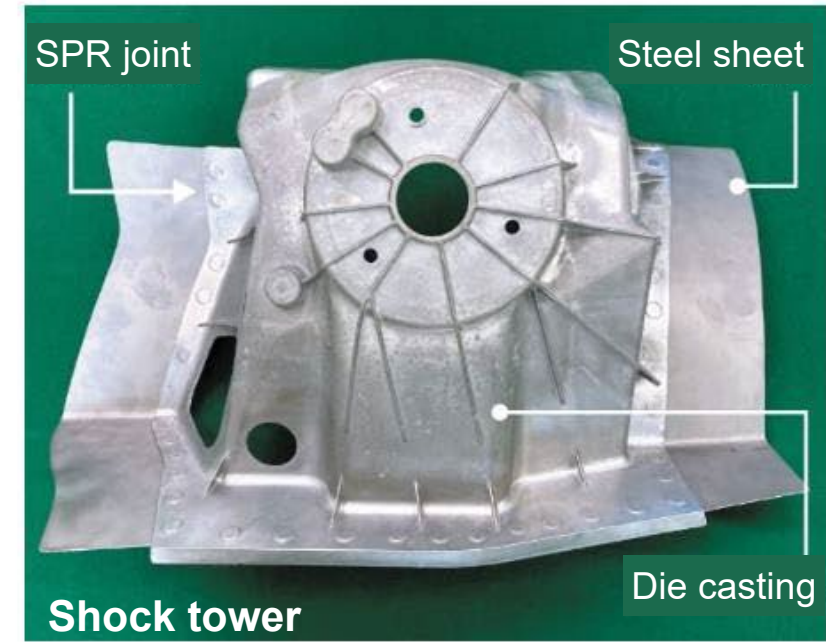
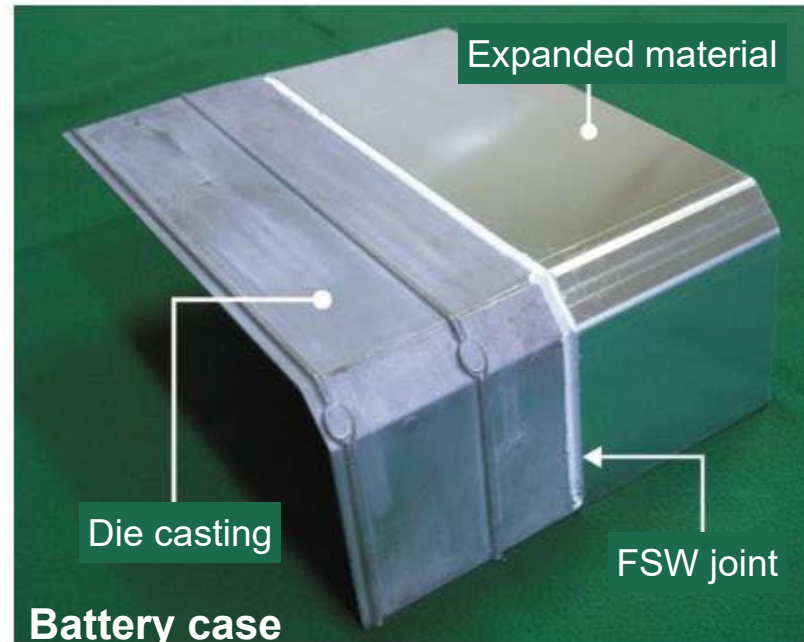
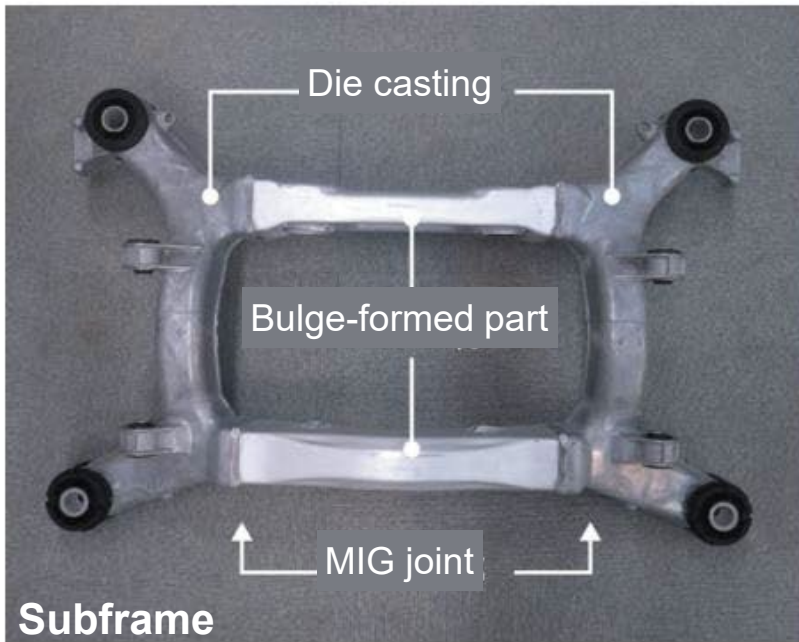
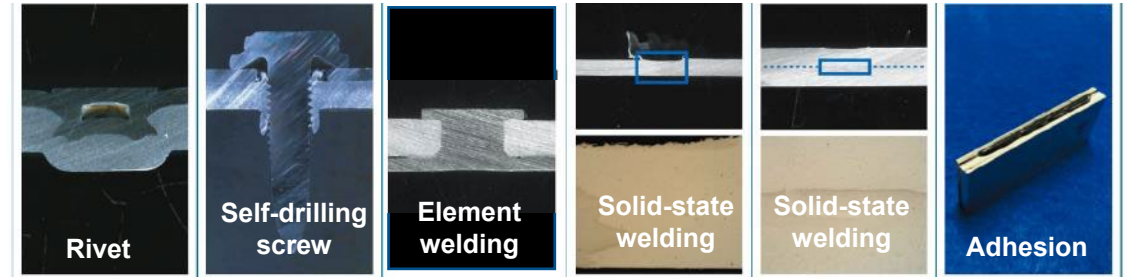


■ Aim Reduce vehicle body weight

- **Weight reduction:** Weight reduction by capitalizing on **specific stiffness and specific strength**
- **Flexibility in shape:** Integral molding by capitalizing on the **flexibility in shape**
- **Improvement in stiffness:** Cross-sectional shapes that capitalize on the **flexibility in rib shape and wall thickness**

Technologies to Realize Needs Various joining technologies

- To adopt aluminum die castings for vehicle bodies, **technology for joining different materials** is the key



© Efforts to establish technologies for various joining methods that meet market needs

Technologies to Realize Needs

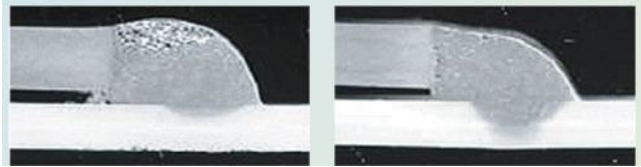
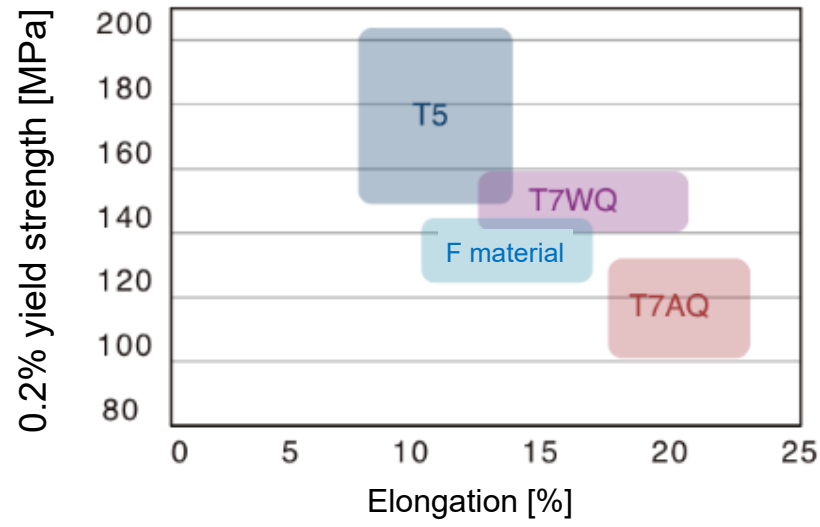
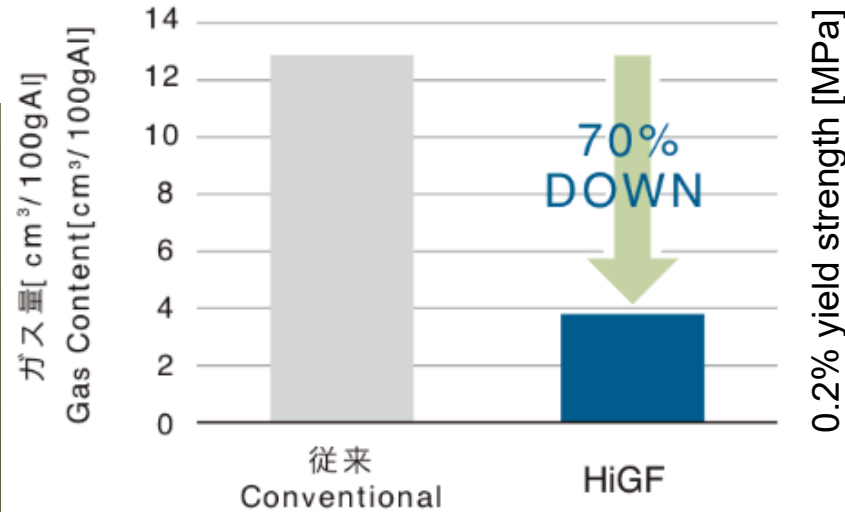
Hi-GF method: High vacuum die casting method unique to Ahresty

■ High quality, high productivity

- Enabling welding joints and rivet joints by combining with heat treatment
- High productivity with the world's top-class speed, achieved by simultaneous production of two pieces/shot



Shock tower adopting multiple cavities



Advantage in parts joints

Technologies to Realize Needs

Laser heat treating

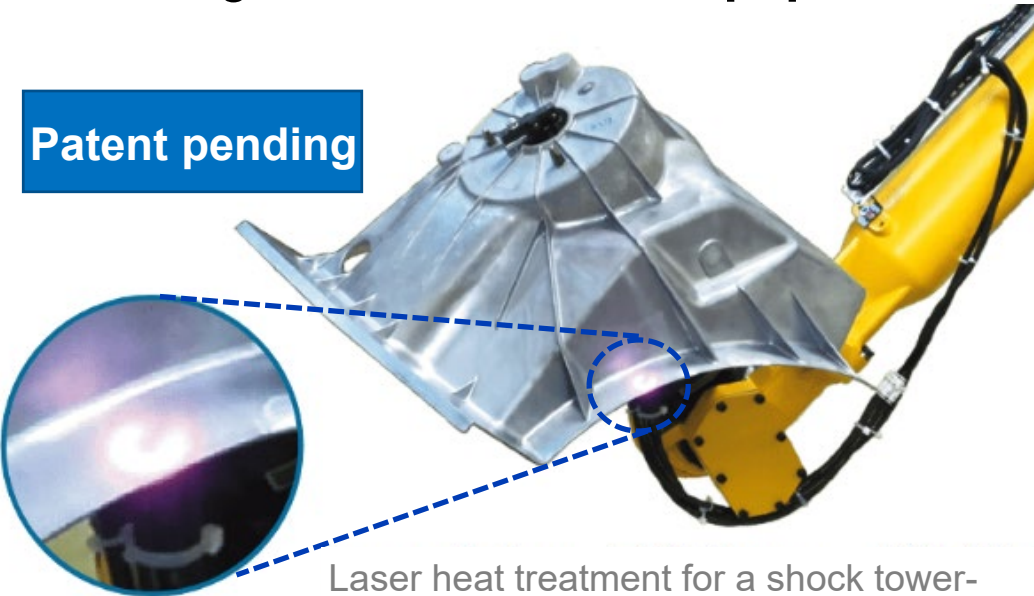


Low-cost heat treatment with little environmental impact

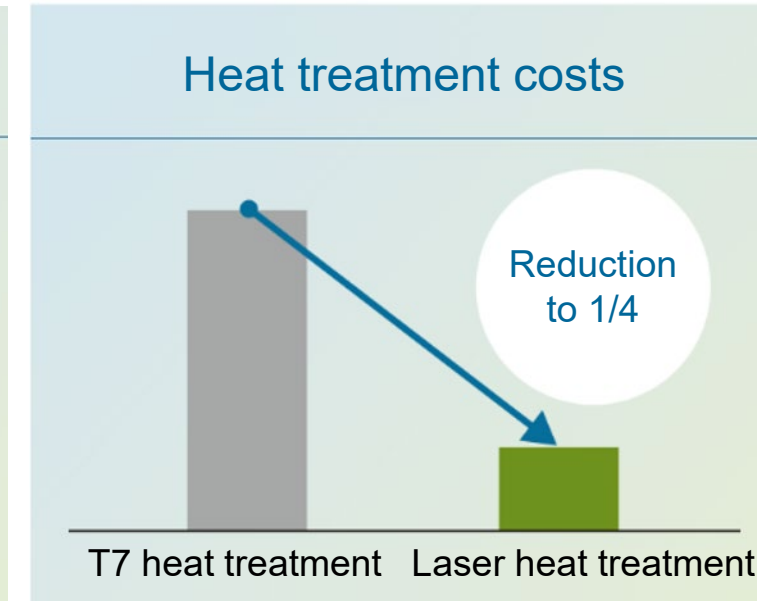
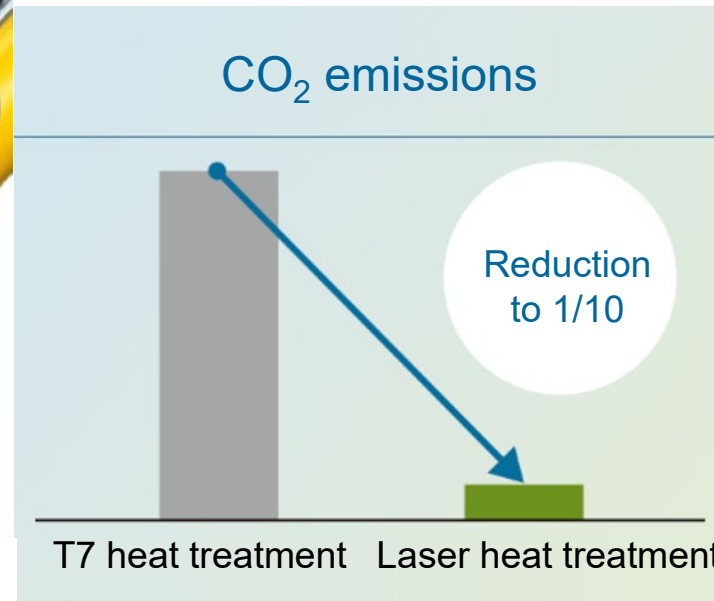
- Heating the necessary points only with a laser for a short period of time
- Large heat treatment equipment not necessary

CO₂ emissions
Heat treating costs } → **Significantly reduced**

Patent pending



Laser heat treatment for a shock tower-shaped product



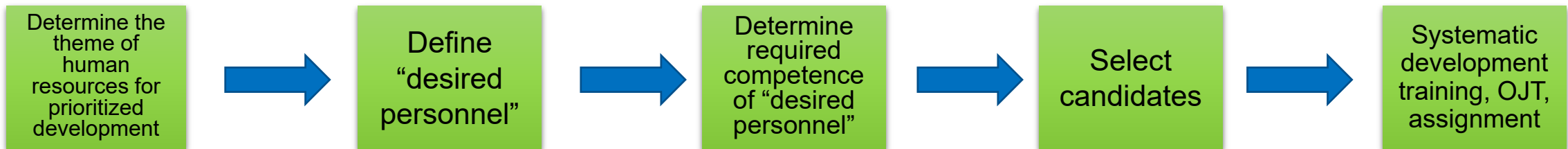
© Improve market competitiveness by developing pioneering technology through continuous research

Initiatives to Enhance Human Capital Management



■ Formulate a company-wide “human resources roadmap” — Coordination between business strategies and human resources development

- ✓ In light of the medium-term business strategies and business environment, [identify requirements for needed human resources and target candidates, and train them systematically and preferentially](#)



■ Creating a company where people are happy to work — Ensure employees’ satisfaction with Ahresty

- ✓ Fundamentally reinforce career support for employees (matching employees’ career development with companies’ development needs)
- ✓ Promote activities to improve the workplace culture and engagement based on the employee survey* results, and promote health and productivity management
- ✓ Efforts to create workplaces with low workloads (using ergonomics) and comfortable working conditions
- ✓ Education and training of work area supervisors, etc. with global curriculums





■ Promoting diversity & inclusion — Utilize diverse values as a new growth driver

- ✓ Increase the percentage of female employees and female managers in Japan (expand gender-free workplaces/jobs, promote work-life balance).
- ✓ Promote diversity of management (develop training and systems to employ diverse human resources for management executives, abandon male- and Japanese-dominant management).
- ✓ Established Ahresty Inclusive Service Corporation, a special subsidy company for employment of persons with disabilities, to create a company where people with disabilities are happy to work

*In Japan, mental health check is included.

2224 Target Values

	Year ending March 2023 Full-year plan	Year ending March 2023 Full-year plan (Revised Nov. 14)	Year ending March 2025 Full-year plan	Year ending March 2031	
				Target values	After adjustment*
Net sales (million yen)	141,000	146,100	170,000	160,000	180,000
Operating income (million yen)	1,900	1,500	6,500	9,600	10,800
Operating margin	1.3%	1.0%	3.8%	6.0%	6.0%
ROA	0.7%	0.7%	3.3%	-	-
ROE	1.6%	1.9%	7.8%	-	-
Equity ratio	40.9%	38.7%	42.8%	Around 45.0%	
Sales ratio of electric vehicles 	30% in FY25	30% in FY25	45% in FY27	-	-
Reduction of CO ₂ emissions intensity (compared to FY2013) 	-13%	-13%	-19%	-50%	

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

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

2224 Medium-Term Management Plan

2040 Vision

Beyond your expectations 2040

2224 Medium-Term Management Plan priority tasks

Beyond your expectations 2040

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

We brighten our planet's future with our lightweight technology

Develop pioneering technology through continuous research

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

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

Ensure your satisfaction with Ahresty

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



Casting Our Eyes on the Future

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