June 22, 2023

For immediate release

Company name: Ahresty Corporation
Representative: Shinichi Takahashi, President & COO
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Progress Status Based on the Plan for Conformity to the Continued Listing Requirements

Ahresty Corporation (hereinafter, the "Company") submitted a plan to conform to the continued listing requirements for the Prime Market on December 24, 2021 and has disclosed its content.
The progress status of the plan and other relevant matters as of March 31, 2023 is as follows:

1. Changes in the status of the Company's conformity to the continued listing requirements and the target period

The status of the Company's conformity to the continued listing requirements for the Prime Market as of March 31, 2023, including changes thereof, is as detailed below, and the Company does not meet the requirements for tradable share capitalization. As shown in the table below, the Company will continue to promote various measures to meet the continued listing requirements concerning tradable share capitalization by the fiscal year ending March 31, 2025.

		No. of shareholders	No. of tradable shares (Units)	Tradable share market capitalization	Tradable share ratio
Company's Status and Changes Thereof	As of June 30, 2021[*1]	5,217	192,052	9.2 billion yen	73.6%
	As of March 31, 2023[*2]	6,032	186,986	9.3 billion yen	71.70%
Continued listing requirements		800	20,000	10 billion yen	35%
Conformity		Yes	Yes	No	Yes
Target period				March 31, 2025	

*1 Calculated based on the information on distribution of share certificates, etc. of the Company available to the

TSE as of June 30, 2021.
*2 Calculated based on the information on distribution of share certificates, etc. of the Company available to the TSE as of March 31, 2023.

2. Basic policy, challenges, and initiatives for measures to be taken to meet the continued listing requirements

(1) Basic policy

With the aim of realizing sustainable growth and raising the medium- to long-term corporate value of the Ahresty Group, the Company will focus on achieving the requirement for tradable share market capitalization by improving and enhancing the earnings structure as well as the continued payment of distributions based on the 10-year Business Plan and the Medium-Term Management Plan, while achieving active dialogue with the markets through timely and appropriate information disclosure. At the same time, we will also consider a reduction in cross-shareholdings by cross-shareholders.

(2) Implementation status and evaluation of initiatives

· Implementation status of initiatives

① Transition to a new management system

The automobile market, to which the Company supplies its major products, is experiencing rapid acceleration of electrification, and new orders and production are also shifting to electrified products. In addition, it is increasingly important for us to respond effectively to changes in the market, such as the increasing market share of mega suppliers that operate globally. In this situation, it is important for us to promote, even more vigorously than before, the development of production technologies and a transformation of sales activities to suit the changing commercial distribution patterns. The Company is also required to increase management efficiency by responding to social issues, such as the SDGs and carbon neutrality, and introducing and utilizing DX and other information and data technologies. For these reasons, we thought that we should adopt a management system that is capable of promoting transformation more quickly and flexibly. The Company has been promoting the 22-24 Medium-Term Management Plan since FY2022 in order to achieve its 10-year Business Plan. In order to accelerate this activity, the Company started, effective March 1, 2023, a new management system whose main feature is the appointment of Shinichi Takahashi as Representative Director and President and the appointment of Arata Takahashi as Representative Director and Chairman. Under the new system, the average age of the heads of the Manufacturing, Sales, Quality Assurance, and Administrative divisions, as well as the President, is 52, down from 63 under the old system, and these leaders aim to manage the Company in an agile manner to respond effectively to changes.

New Management System

■To promote speedy and flexible reforms

- ✓ Accelerating electrification
- ✓ Changes in automobile market, e.g., increase in share of mega suppliers
- ✓ Production engineering development, sales activities according to changes in commercial distribution
- ✓ Response to social issues, e.g., carbon neutrality
- ✓ Improvement of management efficiency through use of DX and data science

■To drive reforms by younger management

Average age: 52←63 (Average age of the President and command chiefs)

Name	Position
Arata Takahashi	Representative Director, Chairman (Chief Executive Officer)
Shinichi Takahashi	Representative Director, President (Chief Operating Officer)
Naoyuki Kaneta	Chief of Quality Assurance Command (Representative Director, Senior Managing Executive Officer)
Hideki Nariya	Chief of Administrative Command (Director, Managing Executive Officer)
Yasutaka Oshima	Chief of Manufacturing Command (Executive Officer)
Kenichiro Mine	Chief of Sales Command (Executive Officer)

② Recovery in consolidated financial results

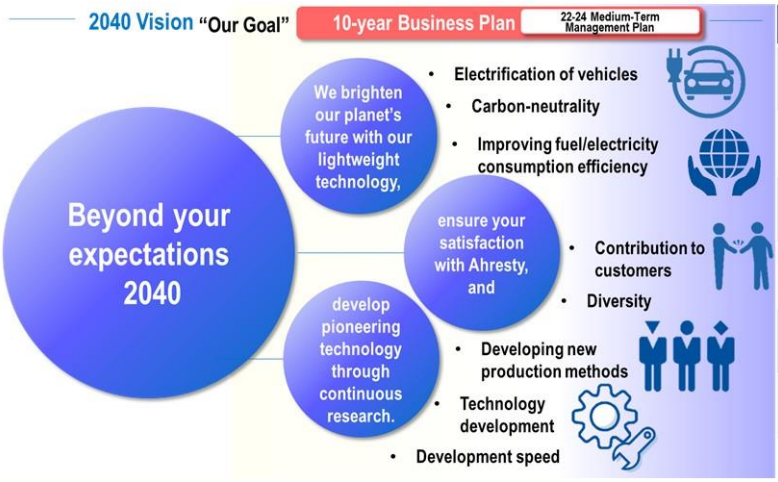
The consolidated financial results of the Group for the first half of the fiscal year ended March 31, 2023 were significantly below expectations due to production cutbacks of major customers on the back of the shortage of semiconductors for automobiles, logistical disruptions caused by lockdowns in China, and soaring energy prices, among other factors. However, financial performance started to recover in the second half of the year, and we have recorded positive operating income and recurring income for the first time in three years. As a result of our concerted group-wide efforts over the last three years to overcome prolonged difficulties, we have started to see positive effects mainly in the areas of productivity improvement, product pricing optimization, and orders received from new customers for electric vehicles. Although the pace of relaxation of the semiconductor shortage in the automotive industry is expected to remain moderate, sales weight is expect to continue to recover going forward partly due to the start of mass production of newly ordered products. As our earnings structure has improved to enable us to break even with sales weight at 76% of the level of FY2019, we predict that our financial results will continue to recover going forward.

③ Promotion of the 10-year Business Plan and the 22-24 Medium-Term Management Plan

As the electrification of automobiles is advancing at a pace faster than previously expected, the Group has adopted, as a main component of our 10-year Business Plan (ending 2030) and 22-24 Medium-Term Management Plan (from FY2022 to FY2024), the restructuring of the portfolio of the Die Casting Business, which is our main business, for a shift from predominantly conventional powertrain components to parts for electric vehicles and the vehicle body components group. More specifically, we are working to increase orders for parts for electric vehicles, strengthen our presence in vehicle body parts using aluminum for weight reduction, and to enter into new transactions and/or expand existing transactions with Japanese and foreign companies that have a strong presence in electric vehicles. The amount of orders for die cast products for FY2025, which was the focal point of our sales activities in FY2022, is largely in line with the plan. In addition, the ratio of parts for electric vehicles in terms of net sales has exceeded the target of 30%, indicating that we continue to catch up steadily with the market shift to electric vehicles. As for the acquisition of new customers, while there has been a shift in our customers from automobile manufacturers to Tier 1 manufacturers (meaning primary parts manufacturers that sell the products directly to automobile manufacturers), the accelerating pace of electrification has increased opportunities for us to acquire new customers. In particular, we have already received orders from new customers in overseas markets, including the start of supply of structural components related to batteries to Contemporary Amperex Technology, a Chinese manufacturer ranked No. 1 in the world in terms of the volume of in-vehicle batteries installed for electric vehicles in 2023. As for efforts to strengthen our presence in vehicle body parts, we reached a basic agreement in July 2022 with G-TEKT Corporation (hereinafter, "G-TEKT") for joint development of vehicle body parts and parts for electric vehicles, aimed at the creation of new value. We aim for the adoption of these parts in mass production models for FY2028 by incorporating aluminum die cast technologies of the Company into vehicle body parts manufactured by G-TEKT, leveraging the "multi-material" feature to combine different materials, such as iron and aluminum.

In the area of sustainability, in recognizing climate change as one of its important management challenges, the Company is promoting activities to reduce CO_2 emissions within the framework of the 10-year Business Plan and the 22-24 Medium-Term Management Plan based on the analysis of expected risks and opportunities. Having endorsed the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD) at the end of March 2023, the Company has realized disclosure that is in line with the recommendations and revised its CO_2 reduction targets from intensity-based targets to gross amount-based targets. In the area of diversity, the Company received 3-star Eruboshi accreditation from the Minister of Health, Labour and Welfare in March 2023. The Company has also nominated one female candidate for Director for the new director structure to start in June 2023, and the election of the candidate was approved at the general meeting of shareholders held today.

10-year Business Plan



【FY2030 target values】	
Net sales	180 billion yen*
Operating income	10.8 billion yen*
Operating margin	6%
Sales ratio of electric vehicles components	55%
Sales of vehicle body components	4.0 billion yen
Reduction of CO2 Emissions (Scope1,2)	-50% (vs. FY 2013)

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

Formulate financial strategies to support the realization of the 10-year Business Plan

④ Efficiency improvements in the production system through reorganization of the production system in Japan

In October 2021, the Company decided to integrate the operations of three die manufacturing subsidiaries in Japan to increase competitiveness in die manufacturing and improve management efficiency. A merger of the three subsidiaries and consolidation of their manufacturing sites was carried out as planned, and the consolidation of manufacturing sites to the site in Hamamatsu, Shizuoka was completed during the previous fiscal year. In addition, through the merger in April 2022 between the Company and Ahresty Pretech Corporation, a wholly-owned subsidiary of the Company that engaged in die casting processing, the Company has promoted cost reduction, productivity improvement, and streamlining of organizational management by integrating the operations of the Tokai Plant, which is our main foundry in Japan located in Aichi Prefecture, and casting processing operations. In order to improve the efficiency of domestic production, we have also decided in June 2022 to transfer to Ahresty Tochigi Corporation, a wholly-owned subsidiary of the Company, certain production processes of the Company conducted at its Higashimatsuyama Plant in Saitama Prefecture. The production processes to be transferred are a process based on a proprietary casting method (an internally developed NI method) and the processing of MOVAFLOR (a raised floor system). In March 2023, we subsequently sold the land occupied by the Higashimatsuyama Plant to an external party to realize a gain on sale of approximately 3.0 billion yen. The Company continues to use the land under a sale-and-leaseback arrangement, and the transfer of the production processes mentioned above is scheduled to be completed by December 2024. As a result of the reorganization of the three production systems mentioned above, we expect a recurring improvement in profitability of approximately 600 million yen per year from FY2024, when all the reorganizations will be completed.

· Evaluation of the initiatives

After falling to 377 yen (closing price on March 31, 2022) partly due to the poor financial results for the first half of the fiscal year ended March 21, 2023, the stock price of the Company recovered to 699 yen (closing price on June 16, 2023), driven by the recovery in the financial results for the second half of the year. The recent tradable share capitalization of the Company (based on the closing price on June 16, 2023) is 13.0 billion yen, satisfying the continued listing requirements for the Prime Market. We believe that this is an indication of steady progress in the plan for conformity to the continued listing requirements. While we take seriously the current stock price level as the price-book value ratio remains below 1, we believe that the recovery in tradable share capitalization has been achieved as a result of the management improvement initiatives stated in "Implementation status of initiatives" above. We will work to raise the stock price level by continuing to promote initiatives to improve management and restore profitability in order to satisfy the tradable share capitalization requirement for the Prime Market on a permanent basis.

(3) Future challenges and initiatives

· Future challenges

The Company currently satisfies the continued listing requirements for the Prime Market as its tradable share capitalization is 13.0 billion yen (based on the closing price on June 16, 2023). In order to achieve further recovery in its stock price and to satisfy the tradable share capitalization requirement on a permanent basis, the Company aims to be recognized as an attractive investment destination. To this end, the Company needs to achieve a return on equity (hereinafter, "ROE") above the cost of capital and maintain a sound financial structure while strengthening investor returns, and achieve further recovery in financial results.

· Initiatives

The Company will continue to promote its 10-year Business Plan, a long-term management plan toward fiscal 2030, and the 22-24 Medium-Term Management Plan as its first action plan of the 10-year Business Plan. Under the 10-year Business Plan, in response to changes in the external environment, such as the acceleration of electrification of automobiles and moves toward carbon neutrality, we have set "shifting the business portfolio to predominantly parts for electric vehicles," "establishing low-cost, highly productive MONOZUKURI," and "reducing CO_2 emissions in production," as the pillars of our strategy. Based on these pillars, we will make efforts to secure net sales, improve productivity, and enhance earnings strength by shifting from parts for combustion engines to parts for electric vehicles.

The Company has also formulated a financial strategy under the 10-year Business Plan through discussions at the meetings of the Board of Directors. In view of the business environment of the Group and the characteristics of the Group's businesses, and aiming to achieve a price-book value ratio above 1, the Company has set four pillars of the financial strategy: (i) Improve medium- to long-term capital efficiency by achieving a return on equity ("ROE") higher than the cost of capital; (ii) Maintain a sound financial structure to continue flexible order-taking and growth investment; (iii) Continue growth investment to capture demand for weight reduction and electrification, develop new customers for parts for electric vehicles, and promote man-power/labor saving; and (iv) Provide returns to shareholders based on consolidated business results. More specifically, the Company aims to achieve a ROE of 9%, maintain the equity ratio at 40% or more as an indicator of soundness, create operating cash flows to enable growth investments of 140 billion yen through 2030, and maintain the dividend payout ratio at 35% or more through a recovery in profit as a shareholder return target. In order to implement this financial strategy, the Company needs to combine an aggressive ordering strategy to secure its presence in a market that is shifting to electrification with the maximization of capital investment efficiency. Therefore, the Company aims to achieve an optimal allocation of generated cash based on the comprehensive analysis of the progress of regional strategies and electrification and projected new orders while strengthening capital investment discipline. By promoting its 10-year Business Plan, 22-24 Medium-Term Management Plan, and the financial strategy that has recently been formulated, the Company will further work to increase net sales and profitability.

Four Pillar Financial Strategies (FY2023 to FY2030)

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

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

Furthermore, it will also strengthen shareholder relations and investor relations activities with the aim of securing a fair evaluation in the stock market. More specifically, it will work to provide timely and appropriate information in its disclosure materials, enhance the content of the integrated report “Ahresty Report,” offer factory tours for investors, and improve systems to promote sustainability-related disclosure. In addition, the Company will work to enhance its organization on an ongoing basis by, for example, bolstering its investor relations staff.

By implementing the initiatives described above, the Company aims to satisfy the tradable share capitalization requirement for the Prime Market on a permanent basis.