

# AHRESTY REPORT 2024

For the year ended March 31, 2024



Ahresty

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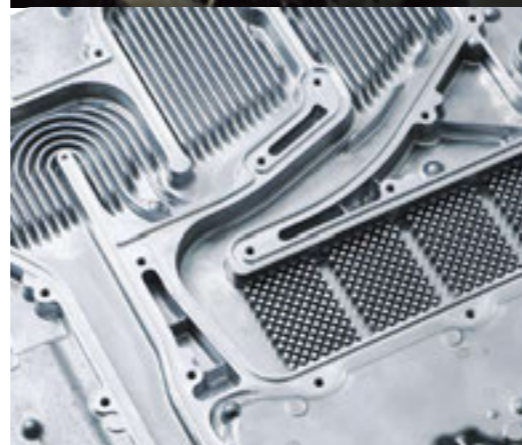
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## Introduction

01

### What is Ahresty?

#### Founded

1938



Shimura Aluminum Co., Ltd., Ahresty's predecessor, was founded in Itabashi, Tokyo.

#### Core business

Manufacturing aluminum die cast products



We are a specialized die casting manufacturer, producing mainly large and complex shaped automotive parts using aluminum, a material that is lightweight and easily recyclable.

#### Company name

Research Service Technology

The name "AHRESTY" is a phonetic representation of the letters R, S, T, standing for: Research, Service, Technology.

#### Customers

Global manufacturers focusing on automobiles and automotive parts



In recent years, as the electrification of automobiles has been progressing, orders received from leading foreign automotive parts manufacturers that require global supply have been increasing.

#### Number of employees

5,590



(As of March 31, 2024)

#### Business locations

10 sites in Japan, 8 sites in 5 countries

In addition to Japan, Ahresty has operations in the United States, Mexico, China, India and Thailand.



For details, please visit the Ahresty website.



### Editorial Policy

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

2.0," which was prepared by the Ministry of Economy, Trade and Industry.

#### ■ Period Covered

Fiscal year 2023 (April 1, 2023 - March 31, 2024)

\* Some of the information includes disclosure items and business activities that began in and after April 2024.

#### ■ Scope of Coverage

Ahresty Corporation and the Ahresty Group

#### ■ Cautionary Statement Regarding Future Outlook

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

# Ahresty's Corporate Philosophy and Vision

Mission

# RESEARCH SERVICE TECHNOLOGY

Purpose

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



Research means continuous research, investigation, and development of new technologies, new markets, and new sales techniques. Service means providing warm, attentive service through personal interaction. Technology means truly excellent technology that incorporates both physical and soft aspects and is highly beneficial for society.

### Social Issues Ahresty addresses

Priority tasks



Monitoring tasks



Ahresty's priority tasks are to achieve Goals 13 (mitigating climate change) and 7 (energy) of the Sustainable Development Goals (SDGs), the common goals of the international community decided at the UN Sustainable Development Summit, that it is hoped will contribute significantly to solving social issues and that are also closely related to manufacturing aluminum die castings, Ahresty's main business.

Vision

2040 Vision and Our Goal



Value

Corporate Philosophy

Let us take pride in our work, respect theory and experimentation, value originality and invention and offer superior products and service to our customers

### RST Way - Five criteria for action

The RST Way's five criteria for action—conscientious, proactive, speedy, learning, and challenge—are the basis of each employee's way of thinking and action to realize the Corporate Philosophy.

<b>Conscientious</b>	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.
<b>Proactive</b>	We are self-driven and enthusiastically strive for success. Each of us takes the initiative so that our actions lead to significant improvements.
<b>Speedy</b>	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.
<b>Learning</b>	We constantly evolve to reach our goals. We advance ourselves by having inquiring minds to achieve expectations.
<b>Challenge</b>	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.

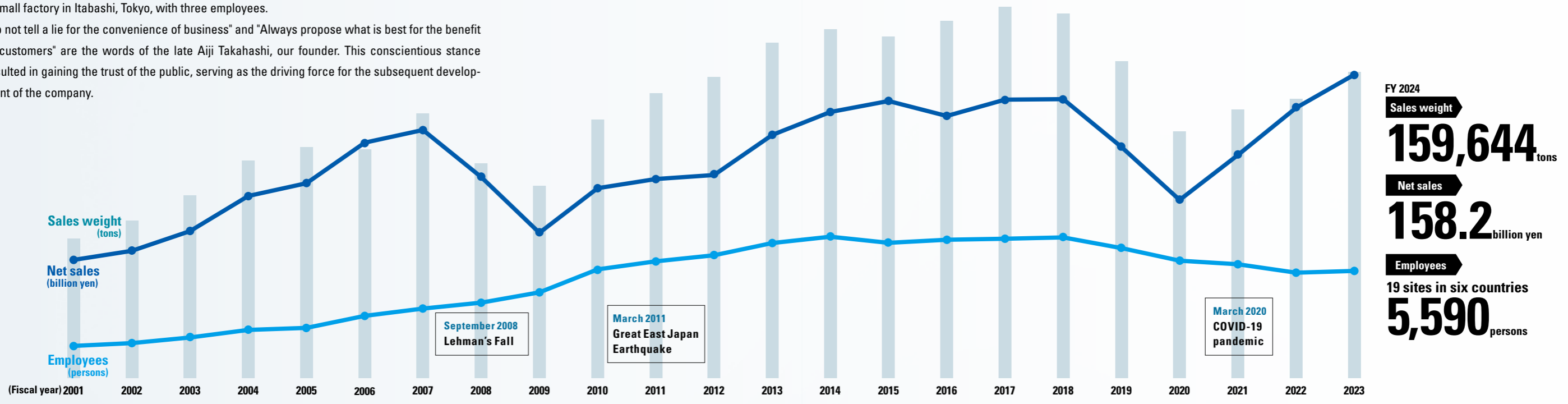


Introduction

# Ahresty's History

Shimura Aluminum Co., Ltd., Ahresty's predecessor, was founded with a capital of 400,000 yen as a small factory in Itabashi, Tokyo, with three employees.

"Do not tell a lie for the convenience of business" and "Always propose what is best for the benefit of customers" are the words of the late Aiji Takahashi, our founder. This conscientious stance resulted in gaining the trust of the public, serving as the driving force for the subsequent development of the company.



## 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.

**1943** Fuso Light Alloys Co., Ltd. (now Ahresty Corporation) established.

**1961** Stock listed on the Second Section of the Tokyo Stock Exchange.

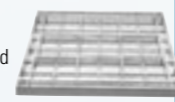
**1962** Launched MOVAFLOR, first raised floor system in Japan.

**1964** ICEPET developed by Fuso Light Alloys won the Champion Award at the International Home Show.

**1983** Corporate Philosophy codified.



Founder: Aiji Takahashi



## 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 first time in the world.

**1999** Awarded in NADCA International Die-Casting Awards.



### [ 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.

## 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. Started mass production of suspension-related parts made of AC4CH alloys with the NI method.

**2004** Started RST Gakuen (academy) aimed at early development of engineers.

**2006** Technical Center opened in Toyo-hashi, Aichi.

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

**2018** Celebrated the 80th anniversary.

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



- 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.

Introduction

FY2023 at a Glance

**Founded 1938**

**Number of global sites 18 sites** in 6 countries throughout the world

**Number of employees 5,590** (Consolidated) | **987** (Non-consolidated)

**Net sales 158,254 million yen**

Japan **75,187 million yen**

Overseas **83,067 million yen**

**Proprietary products business (MOVAFLOR) 3.9%**

**Aluminum business 4.4%**

**Die Casting Business 91.7%**

**Net sales 145,072 million yen**

Asia **35,098 million yen** (24.2%)

North America **47,967 million yen** (33.1%)

Japan **62,007 million yen** (42.7%)

**Sales ratio of parts for electric vehicles\* 21%**

\* Electric vehicles: EVs, HEVs, PHEVs and FCVs

**Number of automotive parts produced annually** \*Except MOVAFLOR  
**Approx. 37,290,000**  
(Previous year: approx. 35,010,000)

**Number of die cast machines owned**  
**Over 200 units** | **Including 4,000t machine**

**Proprietary Products Business (MOVAFLOR)**

**Net sales 6,123 million yen**


**Market share for raised floor systems\* for clean rooms in Japan 46.7%**

**Annual total floor area**

Japan **95,088 m<sup>2</sup>**

Overseas **34,471 m<sup>2</sup>**

\* Aluminum die-casting



**Aluminum Business**

**Net sales 7,057 million yen**

**Percentage of recycled materials used in all DC products 97%**

**Percentage of recycled materials used in AD12 production 100%**

**Human Resources Data**

**Consolidated**

**Employee ratio**

Japan **1,939** (34.7%)

Overseas **3,651** (65.3%)

**Employee male/female ratio**

Male **4,619** (82.6%)

Female **971** (17.4%)

**Number and male/female ratio of managers**

Male **276** (90.5%)

Female **29** (9.5%)

**Non-consolidated**

- Employee male/female ratio: 834(84.5%):153(15.5%)
- Average age: 43 years and 6 months
- Percentage of female employees taking maternity leave before and after childbirth and child care leave: 100%
- Average monthly overtime hours: 10 hours 50 minutes
- Re-employment rate of employees retiring at the age of 60: 92%

## Top Message



Representative Director,  
President and CEO

**Shinichi Takahashi**

## For Stakeholders

### Looking back on FY2023 performance

Fiscal 2023 was a year of continued growth in both sales and production of automobiles. Accordingly, our company's workload also increased 10% from the previous year, and the synergistic effects of price adjustments and cost reduction activities resulted in a 17.3 billion yen increase in net sales and approximately 2.3 billion yen increase in operating income over the previous year. In particular, the Proprietary Products (MOVAFLOR) Business segment achieved record-high sales and operating income thanks to an order received for large-scale project from a semiconductor-related company. However, in line with the sluggish sales of Japanese automobiles in the Chinese market, the volume of business declined sharply in China, which had a significant impact on the performance of our Chinese operations. Despite the efforts to revise our personnel structure, we were unable to secure earnings. And as a result of a review of the recoverable amount of business assets held, we recorded an impairment loss of approximately 9 billion yen and were consequently unable to record a net profit. We sincerely apologize to our shareholders for this situation.

### Three strategies to improve corporate value

Our business strategy, including the 10-year Business Plan and Medium-Term Management Plan, which are formulated and implemented based on the principle of "providing customers globally with reliability and peace of mind backed by high quality and stable production" are focused on responding to the electrification of automobiles as a major theme. The shift in the business portfolio to parts for electric vehicles is steadily progressing, responding to the accelerating speed of new vehicle launches by car manufacturers and shortening product development lead times. In the automobile market, while BEV sales have reached a plateau as early adopter demand has run its course, we expect the number of HEVs and PHEVs to increase in the near term. Since HEVs and PHEVs, which are equipped with both internal combustion engines and EV components, use a large amount of aluminum die castings per vehicle, we expect

an increase in demand for die cast products and the growth in our business in the medium term. We are also actively working to enhance profitability by improving production efficiency and reducing costs. The fact that we were able to increase sales by 12% in FY2023 while limiting the increase in the number of employees to 2% is a result of our efforts to establish a lean production system (improving production efficiency, reviewing operating systems, and devising optimal production lines).

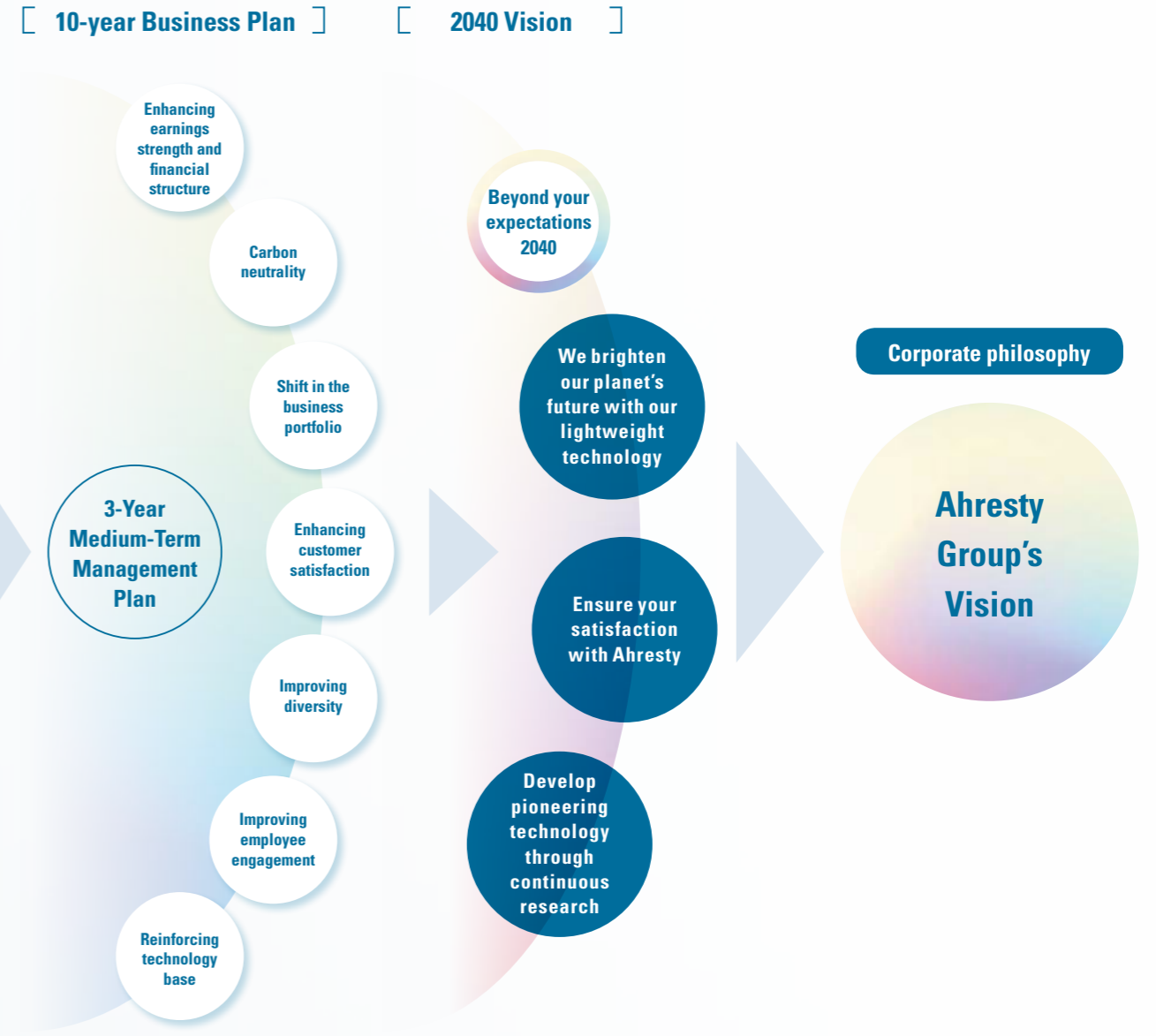
As demand increases, from the financial aspect, we view the balance between investment in growth and shareholder returns as important. Shorter development lead times also shorten the time from investment to monetization, which increases asset efficiency and contributes to higher ROE. Effective utilization of production equipment of existing products for new products also leads to financial soundness. We will continue to generate cash from our business activities to achieve continued growth and return profits to our shareholders, employees, and other stakeholders.

As for issues related to the human capital that supports MONOZUKURI, such as the transmission of MONOZUKURI skills, digital human resources, and response to a declining workforce, we employ a human resources strategy that focuses on "human resources development," "D&I reform," and "engagement reform," with which we aim to realize our business strategy. We are also working to develop the human resources needed to realize our business strategy based on our human resources roadmap, create a comfortable workplace for everyone regardless of nationality or gender, and improve employee engagement by holding town hall meetings to promote understanding of our vision and direction among employees.

In FY2024, automobile sales and production are expected to remain strong and the volume of our business is also likely to increase. We will promote each strategy to realize the 10-year Business Plan and achieve its goals, and we will make group-wide efforts to enhance our corporate value so that we can earn the trust of our stakeholders. We sincerely ask for your continued support.



# Three Strategies to Improve Corporate Value



## Corporate Governance

⇒P58. Governance: Improving Corporate Governance

⇒P14. 10-year Business Plan and Medium-Term Management Plan

⇒P4. Ahresty's Corporate Philosophy and Vision

## Business Environment

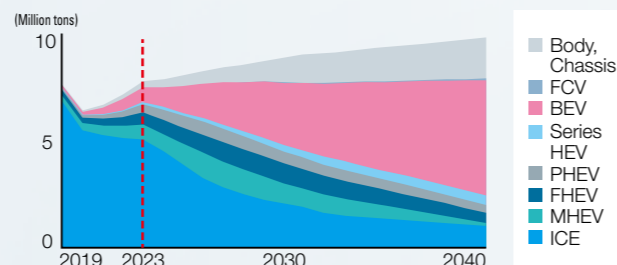
### Electrification of automobiles

#### Overall die-cast demand for automobiles

- Will continuously increase until 2040 +26.1% (from 2023)
- ICEs are decreasing while BEVs will increase significantly
- HEVs and PHEVs will be stable in the near term

(demand for die-cast parts per vehicle: 120% that of ICE vehicles)  
 \* The graph was prepared by Ahresty based on data of S&P Global.

Global demand forecast for automotive die casting



### Demand for lightweight

- Expanding business fields to vehicle body components

### Acceleration of electrification

- Shortening development lead time

### Solving social issues

### Carbon neutrality

### Human capital

#### Shortage of workers

[Shortage of workers in the five years to 2028]

(Ministry of Health, Labour and Welfare and other government data)

Labor shortage(if no measures taken): Down 424,000 people

Improving productivity (use of IT and AI): Up 158,000 people

Review of workplace environment and personnel systems

(participation by women and seniors): Up 93,000 people

Shortage of workers  
 Shortfall of 173,000 people

# 10-year Business Plan and Medium-Term Management Plan

## 10-year Business Plan strategy viewpoints and SDGs materiality items

The "10-year Business Plan" is Ahresty's long-term business strategy with a target year of 2030 as a milestone to realize its 2040 Vision and Our Goal. Backcasting from the risks and opportunities due to changes in society in 2040, such as the electrification of automobiles, carbon neutrality, and the decline in the working-age population, the strategic perspectives, KPIs, and related SDGs materiality items were examined and formulated based on Ahresty's strengths, corporate philosophy, solutions and contributions to long-term social issues, etc.

### Process of developing measures for the "10-year Business Plan"

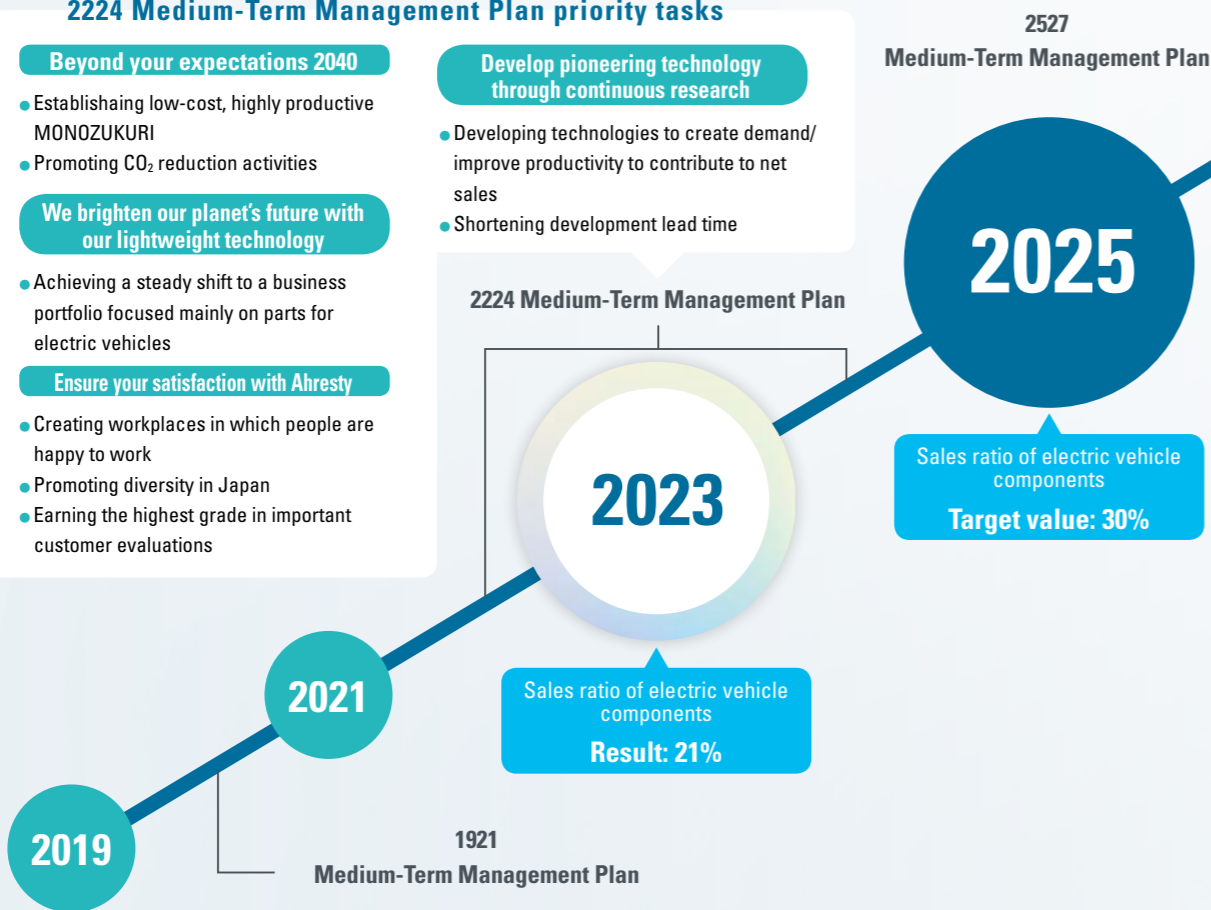
<b>Step1</b>	<b>Identification of risks and opportunities due to changes in society in 2040</b>	<b>Step3</b>	<b>Consideration/validation of KPIs set as (qualitative and quantitative) targets for 2030</b>
<b>Step2</b>	<b>Prioritization</b> Ahresty's strengths, corporate philosophy, solutions and contributions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

### 3-Year Medium-Term Management Plan

Each 3-year Medium-Term Management Plan through 2030 is positioned as the milestone activity for every three years toward achieving the 10-year Business Plan.

### 2224 Medium-Term Management Plan priority tasks

- Beyond your expectations 2040**
  - Establishing low-cost, highly productive MONOZUKURI
  - Promoting CO<sub>2</sub> reduction activities
- We brighten our planet's future with our lightweight technology**
  - Achieving a steady shift to a business portfolio focused mainly on parts for electric vehicles
- Ensure your satisfaction with Ahresty**
  - Creating workplaces in which people are happy to work
  - Promoting diversity in Japan
  - Earning the highest grade in important customer evaluations
- Develop pioneering technology through continuous research**
  - Developing technologies to create demand/improve productivity to contribute to net sales
  - Shortening development lead time



### Financial targets (Four pillars of the financial strategy)

ROE (Long-term target)	9%	Capital investment (including investment in dies)	Approx. ¥140 billion
Capital policy Equity ratio	40% or more	Return to shareholders Dividend payout ratio	35% or more



2040 Vision	10-year Business Plan		Main relevant SDGs
	Strategy viewpoints	FY2030 target	
Beyond your expectations 2040	Enhancing earnings strength and financial structure	Net sales 160 billion yen (180 billion yen after adjustment)* Operating income margin 6%	SDG 1, SDG 13
	Carbon neutrality	Reduction of CO <sub>2</sub> emissions in Scopes 1 and 2 CO <sub>2</sub> -50% (compared to FY2013)	
We brighten our planet's future with our lightweight technology	Shift in the business portfolio	Sales ratio of electric vehicle components 55%	SDG 13
		Net sales of vehicle body components 4 billion yen	
Ensure your satisfaction with Ahresty	Enhancing customer satisfaction	Earning the highest grade in important customer evaluations	SDG 5, SDG 8, SDG 10
	Improving diversity	Diversification of executive managers	
		Ratio of female employees in Japan 20% or more Ratio of female managers in Japan 10% or more	
Develop pioneering technology through continuous research	Reinforcing technology base for weight reduction, carbon neutrality, and enhancement of competitiveness	Improving employee engagement	SDG 13, SDG 17
		Positive evaluation for employee satisfaction (engagement index) 80% or more	
		Shortening development lead time Developing advanced and innovative technology Challenge to carbon neutral die casting	

\* Figure adjusted to the exchange rates and aluminum prices of FY2022 at the time of formulating the full-year FY2024 business plan

Growth

Earnings strength



# Ahresty's Value Creation Process



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

# Business Strategy Die Casting Business

## Ahresty's strengths

### Global presence and one print for multiple locations

In addition to 11 sites in Japan, Ahresty has operations at eight sites in five countries, namely, the United States, Mexico, China, India and Thailand. Our die casting plants have established a mutually complementary system for products, dies, and production equipment by sharing the know-how on productivity and quality, which enables each plant to produce and supply products of the same quality from a single drawing. It is also possible to flexibly respond to long-term regional market forecasts and fluctuations in the volume of orders received.

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

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

### Responding to demand for large and complex-shaped, difficult to make parts for electric vehicles

The "eAxle" or "X in 1" installed in electric vehicles is large and has a complex shape and structure because it integrates multiple components such as the drive motor, inverter, and reducer. With engines and transmissions as its main products, Ahresty is good at producing large, complex-shaped items. By leveraging our accumulated know-how and global production capacity, we will respond to the shift to electrification.

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

We have technologies that contribute to brightening our planet's future, including the joining technology to optimally combine aluminum die castings and dissimilar materials to meet weight and strength requirements, and the laser heat treatment technology to reduce CO<sub>2</sub> emissions in the heat treatment process by 90%.

### Development of die cooling equipment, image inspection equipment, and other equipment supporting the evolution of die casting technology

Our Jet Cool System series has the largest share of the domestic market for die cooling equipment. It is also used by many overseas die-casting manufacturers. We have also developed our own image inspection system that uses AI to automatically perform appearance inspections.

## Using statistical quality control to pursue optimal manufacturing conditions

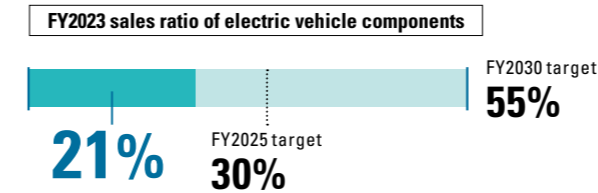


## Properties and environmental advantages of aluminum

Aluminum's specific gravity is 2.71, which is one-third that of steel. Increasing the use of aluminum for auto parts may therefore contribute to reducing the weight of vehicles. Also, for 97% of Ahresty's products, secondary aluminum alloy generated by recycling aluminum scrap is used. CO<sub>2</sub> generated in the production of secondary alloy is about one-fourth that for steel. By taking advantage of the excellent environmental properties of aluminum to reduce the weight of vehicles, we will contribute to climate change mitigation.

## Business strategy: Providing customers globally with reliability and peace of mind backed by high quality and stable production

### Shifting the business portfolio to predominantly parts for electric vehicles



Aluminum die casting uses secondary aluminum alloy, which is excellent in terms of recyclability and energy-saving. By expanding its application from conventional powertrain components to parts for electric vehicles and vehicle body components, we believe we can respond to the need for weight reduction to improve

fuel and electricity efficiency and help reduce CO<sub>2</sub> emissions, thereby contributing to conservation of the environment and the establishment of a recycling-oriented society for the future global environment. To continue to contribute to the mobility business of automobile manufacturers in the future, Ahresty is shifting its product portfolio to predominantly parts for electric vehicles and vehicle body components, with a view to responding to the rapidly progressing trend of electrification. Seeing eAxle components, which account for a large portion of the projected increase in global demand for die castings associated with the shift to electrification, as the main target, we are promoting various measures with the goal of increasing the sales ratio of parts for electric vehicles to 55% by FY2030.

### Overall die-cast demand for automobiles

- Will continuously increase until 2040 +26.1% (from 2023)

### Sales Strategies for Growth Driver Regions

Region Category	Region	Market Outlook	Strategy
Growth driver regions	Mexico	The switch to electric vehicles is significantly advancing. Mexico is attracting attention as a production region for electric vehicle parts, receiving many inquiries.	Invest management resources to expand sales and income
	India	Has grown to become the third largest automotive market in the world. Growth is expected to continue. Net increase in electric vehicles.	
Stabilization regions	Japan, the U.S.	The market is flat. The ratio of electric vehicles will increase.	Maintain/enhance business foundations to secure stable sales and income
Recovery regions	China	BEV production is forecast to increase but domestic demand is slowing. The future is uncertain.	Secure sales through new order-taking activities leveraging high productivity and quality and recover income by re-establishing the optimal business scale

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

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

Priority orders received

+

FY25 - 27 Vehicle body components

**Measures for receiving orders**

- Stable supply of high-quality products through an established MONOZUKURI system
- Development of human resources that support MONOZUKURI (human resources education)
- Shortening development lead time through use of digital technologies (DX)
- Utilizing achievements from joint development of vehicle body components

### Shortening development lead time through use of digital technologies

As various automobile needs exist in different parts of the world, automobile manufacturers are working to shorten the vehicle development time for the timely launch of new vehicle model in response to diversifying needs. Aiming to respond to their expectations, Ahresty is also working to reduce the development lead time by 40% by utilizing digital technology to reduce the number of times of trial production and evaluation man-hours, as well as to reduce man-hours required for manual examination.

#### [ Initiative examples ]

##### MONOZUKURI in digital space

###### Shortening time for shop floor operations by employing simulations

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

###### Establishing good production conditions by CAE analysis

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

##### Streamlining man-hours

###### Visualization of the status of equipment use

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

###### Development of an automatic appearance inspection device

**Reduce** human errors and variation in judgment, **reduce time for finding and training** inspection personnel

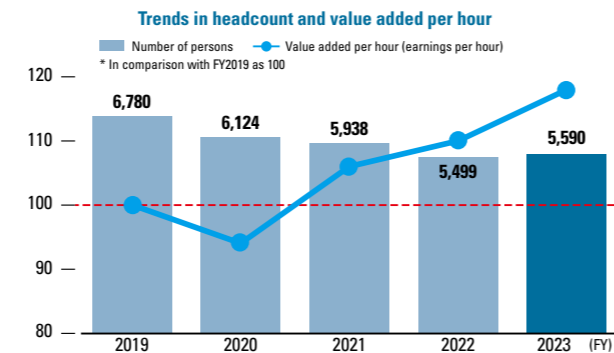
### Establishing low-cost, highly productive MONOZUKURI

#### Improving productivity with OPCC

To implement MONOZUKURI processes under Optimal Process Condition Control (OPCC), we are working to improve productivity and reduce the defect rate. In each process, we 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 both 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; cost reduction by streamlining production lines and promoting appropriate personnel placement according to the production scale; and use of digital technologies to improve work efficiency and promote automation for manpower saving. Since the COVID-19 crisis, we have been promoting optimal personnel allocation throughout the Group. And through manpower-saving measures to control personnel increase even after the number of orders recovered, we have built a lean production system that ensures profitability even when facing rapid fluctuations in orders.



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

### Expanding business fields to vehicle body components

We envision three major directions for the adoption of aluminum die casting for vehicle body components. Among them, Ahresty focuses on multi-material bodies.

#### 1 Use of existing large DC machines

**Production of body parts using existing die casting machines**  
E.g.: Shock tower, chassis, etc.

#### 2 Multi-material bodies

**Proposal of bodies that contain both pressed steel and die-cast parts**  
Joint development with G-TEKT Corporation is under way to achieve the best layout of die-cast and pressed parts at minimum cost.

**Multi-material concept model completed**

- Consolidated 36 pressed parts to 2 parts, achieving significant reduction of parts
- Proposing competitiveness equal to or greater than gigacasting
- Entering the advanced development phase with OEMs with a view to mass production from 2028 onward

	Fe press	Gigacasting	Multi-material
Weight	100%	Approx. 100%	<b>94%</b>
Cost	100%	Up approx. 30%	<b>97%</b>
CO <sub>2</sub>	100%	Up approx. 10%	<b>81%</b>

#### 3 Gigacasting

**Integrated underbody forming using an ultra-large die casting machine** Major issues concerning introduction (by car manufacturers)

Advantages	Disadvantages
Reduction in the number of underbody parts / Simplification of production lines → Reduction in welding processes	Limited production locations / Lower maintainability and higher repair costs / Increase in material costs due to use of aluminum

### Actions to improve profitability

- Optimal personnel system, transformation of profit-making structure**
  - Voluntary retirement offer at two large plants in Japan**
    - Transformation to a profitable structure that is resilient to fluctuations in orders
    - Shift to value-added work by reallocating the right people to the right jobs
  - Launch of a profit reform project**
    - Setting of improvement items by a joint team of members from manufacturing, sales, and administration
    - Promote effective measures focused on improving profitability
  - Promotion of product-specific cost control and price adjustments**
    - Break down cost items for each product and extract abnormal values → Raise cost awareness of shop floor workers and promote improvements
    - Promote cost adjustments to improve profit by product

Expected effect: Approx. 200 million yen/month contribution to income

### Effective utilization of global production capacity

**Promotion of global complementary production**

- Optimal use of products and equipment across sites
- Improve profitability through an optimal production system while taking into account tariffs and other costs  
E.g.: Introduction of complementary production to US plant / Effect: Reduction of new investment in casting machines (450 million yen)

Expected effect: Leveling of production, reduction of capital investment and personnel

### Enhancement of global production preparation activities

**Establishment of the Production Preparation Control Office**

- Promote improvement and standardization of mechanisms in production preparation activities
- Supervise and improve the status of achievement of the following targets before and after the start of mass production → Quality, productivity, cost, delivery time, etc.  
E.g.: Indian plant: Stable production when handling new production increase in the future

Expected effect: Improved profitability due to stable production

### Ahresty India to reinforce production of parts for electric vehicles

Ahresty India will build a new plant and add new production equipment, and will start operation of the new production line in 2025.

- Increased area: Second plant (newly built) 8,256 m<sup>2</sup>
- Additional equipment: 2 large die casting machines
- Completion: End of 2024 (scheduled)





FY2023 performance

Die Casting Business

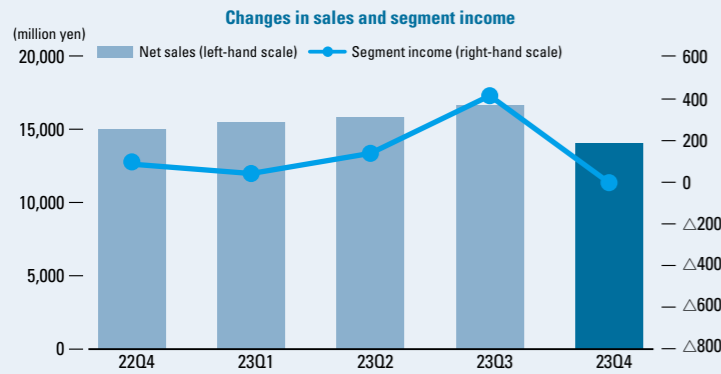
Net sales **145,072** (million yen) Up 11.9% YoY

Japan segment

Net sales **62,007** (million yen)  
Up 5.1% YoY

In the Japanese automobile market, as car production recovered due to the stabilization of the supply of semiconductors, resulting in an increase in the volume of orders received, our net sales increased to ¥62,007 million (up 5.1% year on year).

On the profitability side, the segment recorded a profit of ¥595 million (up 137.6% year on year) due to a recovery in the volume of orders received, as well as steady progress in price adjustments to compensate for higher energy costs, etc.



Full-year total sales

¥62,000 million  
Up ¥2,900 million (5.1%) year on year

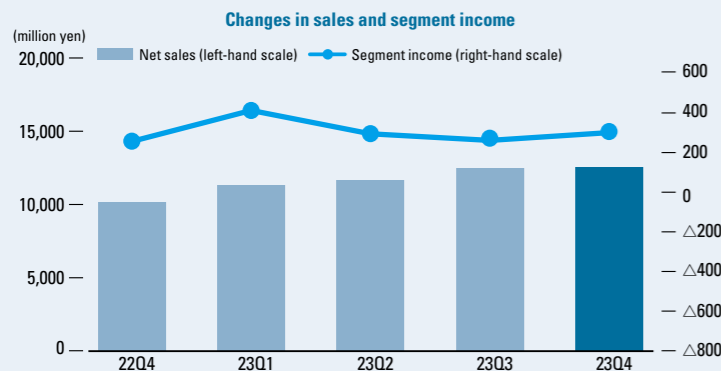
Full-year total income

¥590 million  
Up ¥340 million year on year (surplus expanded)

North America segment

Net sales **47,967** (million yen)  
Up 29.7% YoY

In the automobile market in North America, as car production recovered due to the stabilization of the supply of semiconductors, resulting in an increase in the volume of orders received, our net sales increased to ¥47,967 million (up 29.7% year on year). On the profitability side, despite an increase in manufacturing costs due to the rise in labor costs, etc., the segment recorded a profit of ¥1,242 million (a segment loss of ¥676 million was recorded a year earlier) due to the recovery in orders received, which was associated with a recovery in production.



Full-year total sales

¥47,900 million  
Up ¥10,900 million (29.7%) year on year

Full-year total income

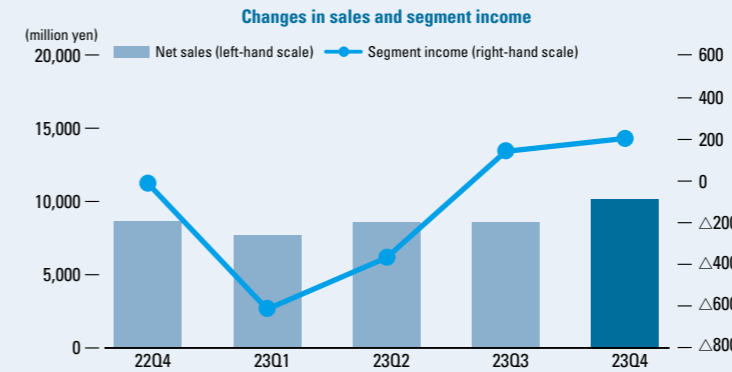
¥1,200 million  
Up ¥1,900 million year on year (returned to the black)

Fiscal year end: March in U.S.; December in Mexico  
Exchange rate (22Q4 ⇒ 23Q4)  
U.S. dollar: 134.95 ⇒ 144.41  
Mexican peso: 130.78 ⇒ 140.55

Asia segment

Net sales **35,098** (million yen)  
Up 4.2% YoY

In the automobile market in Asia, despite a decline in the volume of orders received in China, reflecting stagnant sales of Japanese car manufacturers, our major customers, in the Chinese market, net sales increased 4.2% year on year to ¥35,098 million due to an increase in the volume of orders received thanks to the start of mass production of new products at our plant in India. On the profitability side, the segment recorded a loss of ¥650 million (a segment income of ¥8 million was recorded a year earlier) due to the decrease in orders received associated with a decrease in production in China Plant and the impact of higher costs pertaining to the ongoing instability in production of some products in India Plant. The India Plant is improving productivity and the business performance is expected to recover in FY2024 and beyond.



Full-year total sales

¥35,000 million  
Up ¥1,400 million (4.2%) year on year

Full-year total income

Loss of ¥650 million  
Down ¥650 million year on year (loss)

Fiscal year end: December in China; March in India  
Exchange rate (22Q4 ⇒ 23Q4)  
Chinese yuan: 19.39 ⇒ 19.81  
Indian rupee: 1.68 ⇒ 1.75

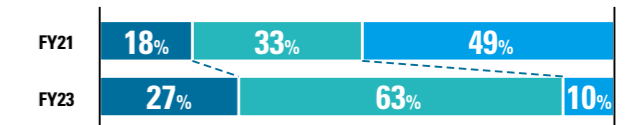
Major awards from customers

- Denso Corporation / Excellent Performance Award
- Toyota Motor (Changshu) Auto Parts Co., Ltd., Toyota Motor Engineering & Manufacturing (China) Co., Ltd. / FY2023 Quality Excellence Award
- Nissan Motor Co., Ltd. / Certificate of Appreciation for Excellent Quality - FY22 Top Rank in Supplier Score Card
- Nissan North America, Inc. / 2023 Regional supplier quality award finalist
- JATCO Ltd. / JATCO Supplier Award 2022 Regional Special Award
- JATCO Mexico, S.A. de C.V. / JATCO Mexico 20th Anniversary Certificate of Appreciation / JATCO Supplier Award 2022 Best Performance Award
- JATCO (Guangzhou) Automatic Transmission Ltd. / JATCO Supplier Award FY2022 Quality Award
- Yanmar Global Expert Co., Ltd. / Certificate of Appreciation
- Dongfeng Liuzhou Motor Co., Ltd. / FY2023 Advanced Supplier Award

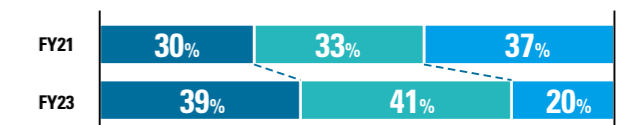


Customer Satisfaction Survey results (comparison of FY2021 and FY2023)

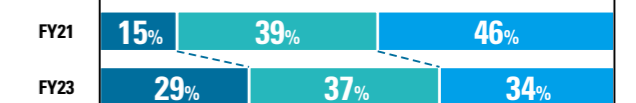
Overall evaluation



Response (sense of speed)



Problem solving, measures for improvement



■ Satisfied ■ Somewhat satisfied ■ Other (Cannot say, somewhat dissatisfied, dissatisfied)

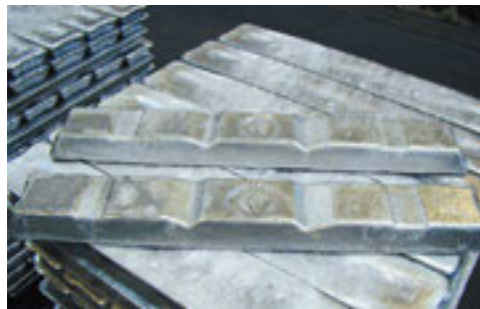
Survey period: From January 2024 to March 2024  
Survey target: Customers in Japan Responses obtained: from 23 companies

# Aluminum Business

## Ahresty's Strengths

### Accumulated data and know-how

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



### Environmentally friendly material, aluminum Contributing to a recycling-oriented society

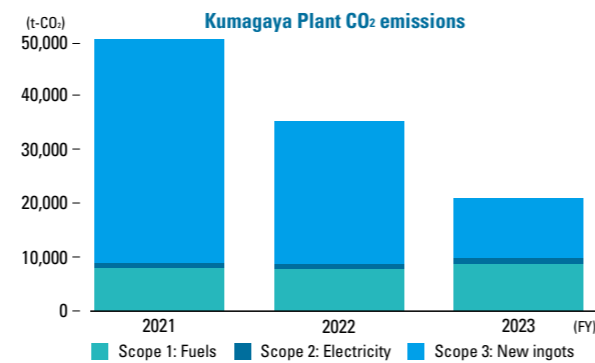
Aluminum is a valuable resource, which can be recycled and reused over and over again. At our Kumagaya plant, die casting products that have been produced in the die casting plant and finished their life on the market, come back to have their life renewed as new material. We have set specific environmental targets for our production activities to reduce the environmental impact of our manufacturing processes.

⇒P44. Environment:  
An Environment-friendly Company



### Development of alloy ingots with less CO<sub>2</sub> emissions

The Ahresty Group is working to reduce CO<sub>2</sub> emissions from the perspectives of Scopes 1, 2, and 3. In alloy ingot production, especially from the perspectives of Scope 3 Category 1 (raw material procurement), we are reducing the use of new ingots, which are associated with a large amount of CO<sub>2</sub> emissions, and expanding the ratio of recycled materials used. We are working to develop and manufacture “alloy ingots with less CO<sub>2</sub> emissions” by evolving our unique compounding technology and replacing new ingots with recycled materials in the production of each type of alloy.



### Received 2023 Excellent Supplier Award from MAHLE Japan Ltd.

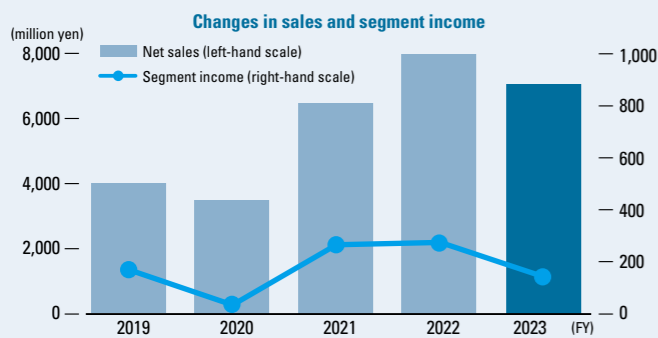
Ahresty received the “2023 Excellent Supplier Award” for its ingenious VA/VE proposals and their implementation.



## FY2023 performance

### Aluminum Business

Net sales **7,057** (million yen) Down 11.5% YoY



In the Aluminum Business, the sales weight decreased 17.2% year on year. Net sales decreased 11.5% year on year to ¥7,057 million due to production reduction at some business partners. On the profitability side, the segment recorded a profit of ¥141 million (down 48.6% year on year) due to the impact of the decrease in sales weight.

# Proprietary Products (MOVAFLOR) Business

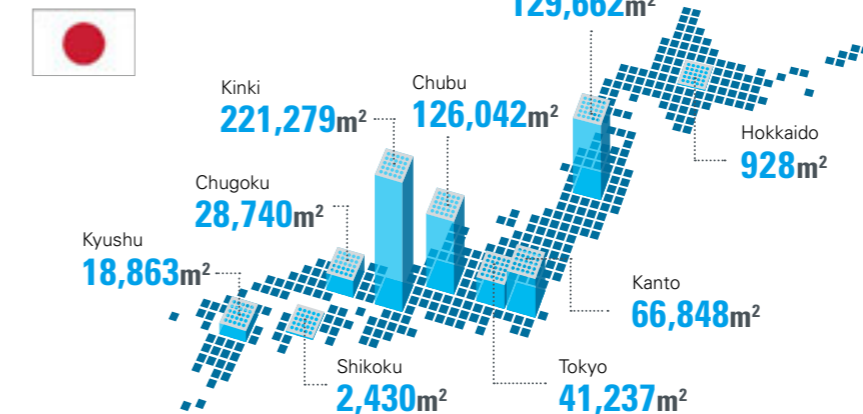
## Ahresty's Strengths

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

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

### [ Domestic delivery record ]

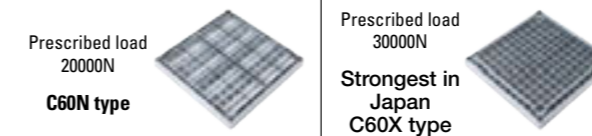
500 m<sup>2</sup> or more/case (April 2013 - March 2024)



### [ Overseas delivery record ]



### Expansion of product lineup of high-strength products for clean rooms



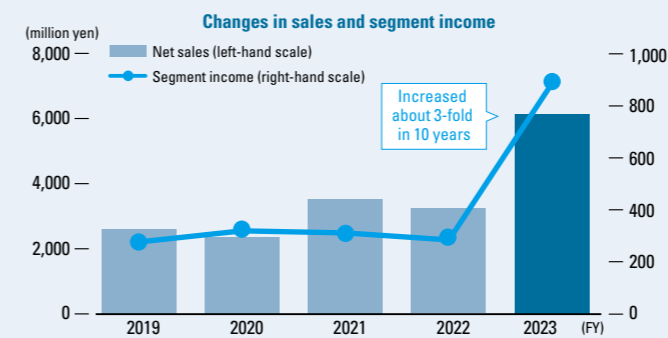
### Expanding sales in Asian markets such as China and Southeast Asia

Received large orders in Beijing, China  
Major semiconductor device manufacturer in China  
Clean room approx. 15,000 m<sup>2</sup> (about 43,000 sheets)

## FY2023 performance

### Proprietary Products (MOVAFLOR) Business

Net sales (in Japan) **6,123** (million yen) Up 87.2% YoY



In the Proprietary Products Business, net sales increased 87.2% year on year to ¥6,123 million, mainly reflecting an increase in orders for projects for the main customers, such as a clean room at a semiconductor-related company. On the profitability front, the segment achieved a stable profit of ¥891 million (up 212.1% year on year) partly due to the increase in net sales.

# Financial Strategy

## Strategy to Achieve the Management Targets

The Ahresty Group has launched its 10-year Business Plan, a long-term management plan toward fiscal 2030, and has been promoting the 2224 Medium-Term Management Plan as the first action plan of the 10-year Business Plan. Under the 10-year Business Plan, in response to changes in the external environment, such as the acceleration of electrification of automobiles and moves toward carbon neutrality, we set "shifting the business portfolio to predominantly parts for electric vehicles," "establishing low-cost, highly productive MONOZUKURI," and "reducing CO<sub>2</sub> emissions in production," as the pillars of our strategy. Based on these pillars, we are making efforts to secure net sales, improve productivity, and enhance earnings strength by shifting from parts for combustion engines to parts for electric vehicles.

The automobile industry, the customer of the Group's major products, is undergoing a grand transformation. In response to the electrification of automobiles, which has been progressing faster than expected, the Ahresty Group has been working to increase orders for parts for electric vehicles, expand business to vehicle body parts using aluminum for weight reduction, and start or expand

businesses with companies with an advantage in parts for electric vehicles both inside and outside Japan. We see the acceleration of electrification as a big chance for the growth of the Group as it will lead to the expansion of demand for die-cast products and an increase in opportunities to acquire new customers. Meanwhile, the automobile industry is in a very fluid situation with uncertainties such as the difference in speed of the shift to electric vehicles and the emergence of new automobile manufacturers.

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

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

## 2040 Vision and 10-year Business Plan

### Beyond your expectations 2040

[ FY2030 target values ]

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

Business strategies	
Shifting the business portfolio to predominantly parts for electric vehicles • Establishing low-cost, highly productive MONOZUKURI • Reducing CO <sub>2</sub> emissions in production	
Financial strategies	
<b>ROE</b>	Improve medium- to long-term capital efficiency by achieving a return on equity (ROE) higher than the capital cost
<b>Capital policy</b>	Maintain a sound financial structure to continue flexible order-taking and growth investment
<b>Capital investment</b>	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
<b>Return to shareholders</b>	Provide returns to shareholders based on consolidated business results
Human resources strategies	
Creating workplaces where people are happy to work • Promoting diversity • Human resources development according to the human resources roadmap	

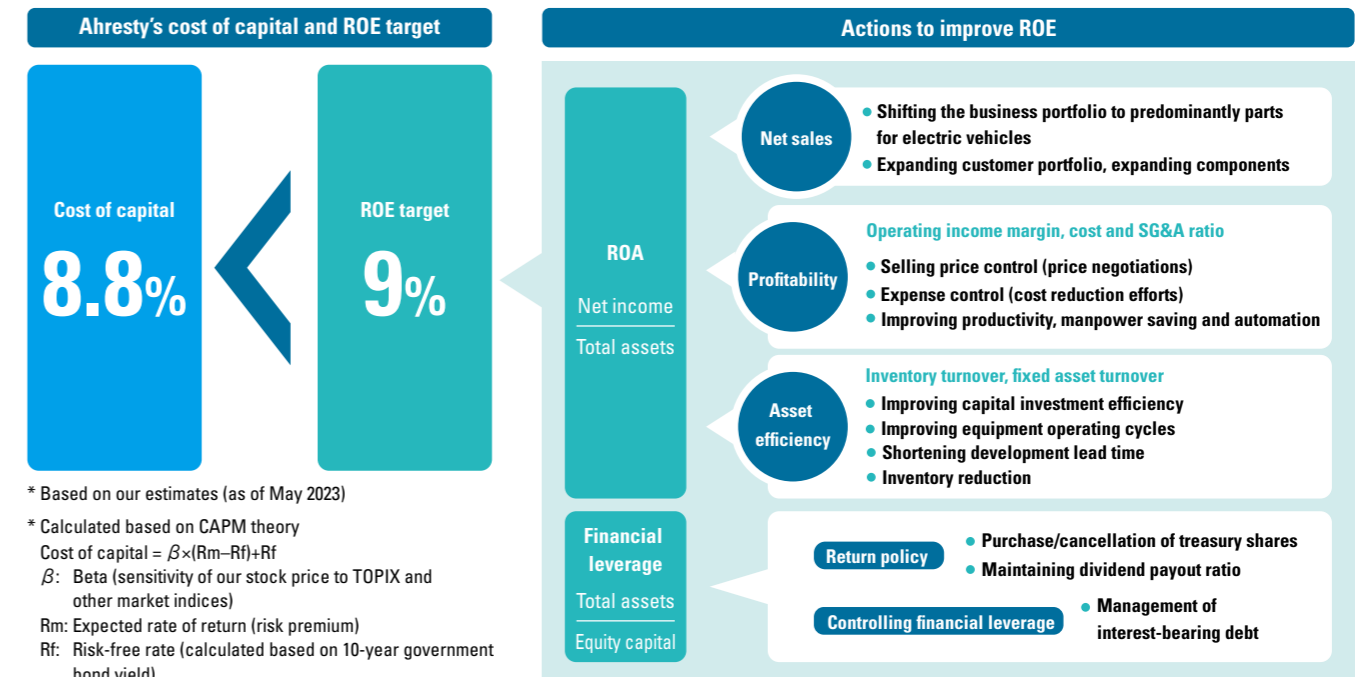
\* Figures adjusted to the exchange rates and aluminum prices of FY 2022 at the time of formulating the full-year FY 2024 business plan

## Four Pillar Financial Strategies (FY2023 to FY2030)

<b>ROE(Long-term target)</b> <b>9%</b>	<ul style="list-style-type: none"> <li>Recover net sales and sales weight by implementing an electrification strategy, and increase profits by reducing costs and improving productivity</li> <li>Pursue an optimal financial leverage that enables the achievement of both a sound balance sheet and the ROE target</li> </ul>
<b>Capital policy</b> Equity ratio <b>40% or more</b>	<ul style="list-style-type: none"> <li>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</li> <li>Pursue an optimal financial leverage that enables the achievement of both a sound balance sheet and the ROE target</li> </ul>
<b>Capital investment</b> <b>Approx. ¥ 140 billion</b> (including investment in dies)	<ul style="list-style-type: none"> <li>Create an operating cash flow as the source for implementing growth investment for a shift in business structure</li> <li>Implement investment for manpower saving in view of the decrease in labor force and the rise in labor costs in the future</li> <li>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.</li> </ul>
<b>Return to shareholders</b> Dividend payout ratio <b>35% or more</b>	<ul style="list-style-type: none"> <li>Create stable profits to ensure a 35% or higher dividend payout ratio</li> <li>Flexibly purchase treasury shares in view of the conditions of the business environment, capital accumulation, investment, stock prices, etc.</li> </ul>
<b>With the four-pillar financial operation, aim to achieve a PBR of 1</b>	

## Cost of capital and ROE

Aiming to realize management that is conscious of the cost of capital and stock price, Ahresty focuses on enhancing corporate value over the medium to long term by achieving an ROE that exceeds the cost of capital. Toward achieving the financial strategy target of 9% ROE, we use an ROE Tree to break down ROE into easier-to-manage monitoring indicators. By incorporating them into specific actions on site, we aim to improve profitability and capital efficiency.



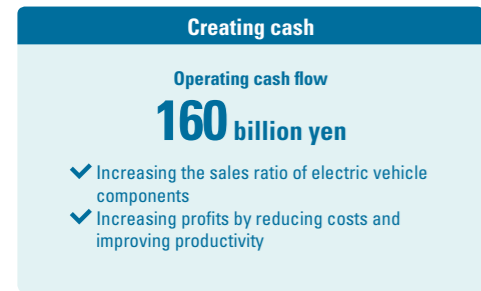


Cash Allocation (FY2023 to FY2030)

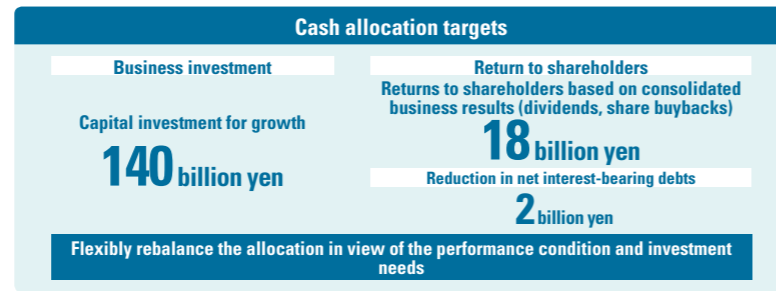
In view of the business environment of the Group and the characteristics of the Group's businesses, our basic capital and shareholder return policy is to properly return profits to shareholders while making growth investment for electrification and maintaining a sound financial structure. To this end,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

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

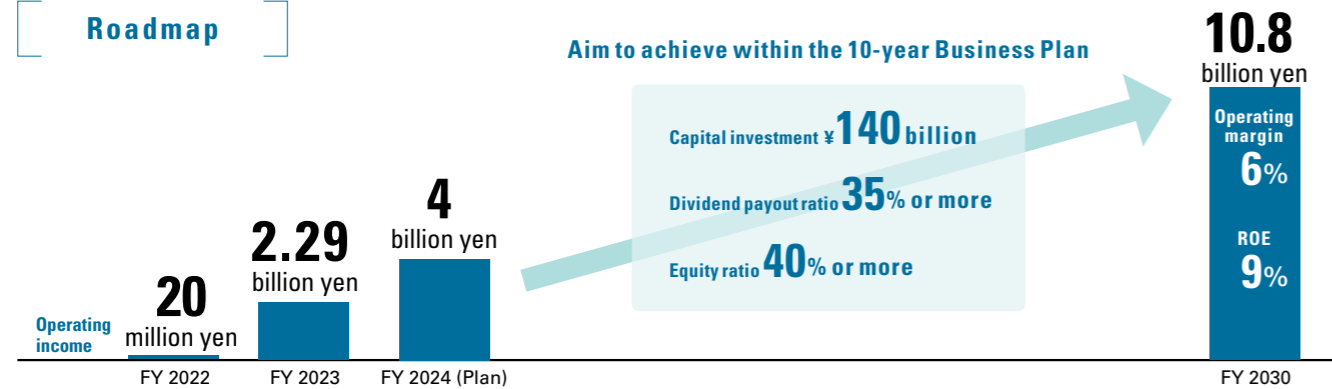
Creating cash through business growth



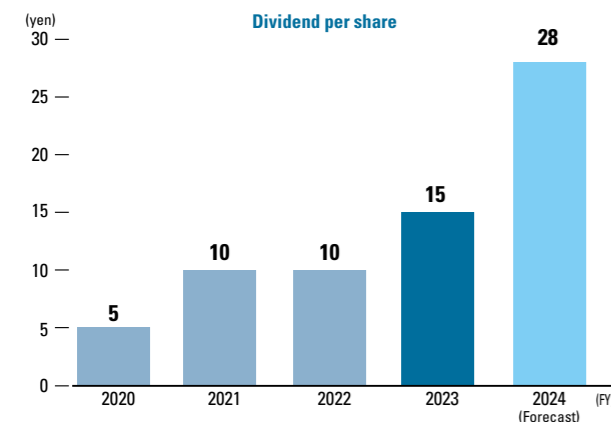
Further business growth and proper allocation to shareholder returns



Roadmap



Return to Shareholders



Acquisition of treasury shares

We flexibly implement the acquisition of our own shares as part of the capital policy in line with our financial strategy, taking into consideration our business environment, financial status, etc.

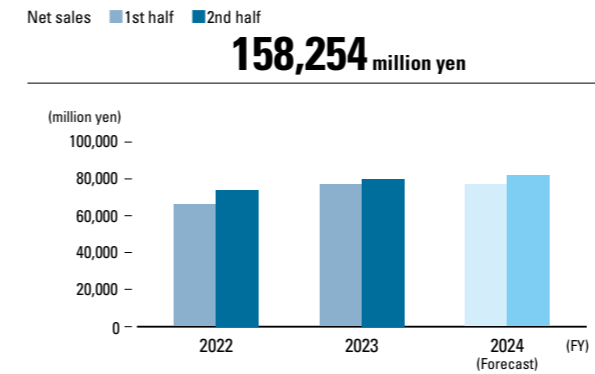
Item	Previous result	Acquisition limit
Number of shares acquired	679,200	600,000
Total amount (million yen)	499.9	500
Purchase period	May 19, 2023 to December 31, 2023	February 19, 2024 to August 31, 2024

\* Implemented cancellation of treasury shares on February 19, 2024: Number of shares cancelled 530,000

\* Number of treasury shares as of March 31, 2024: 337,057

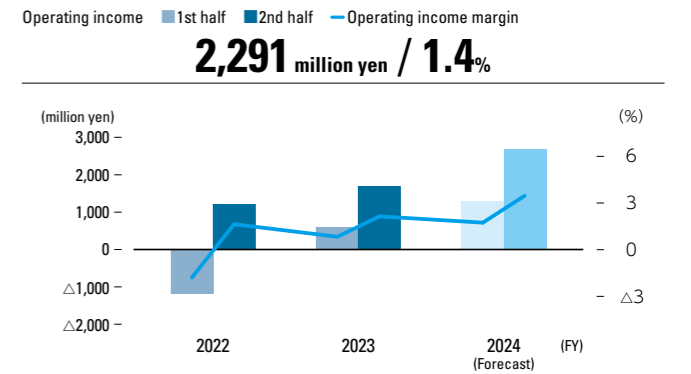
Consolidated Financial Highlights

Net sales



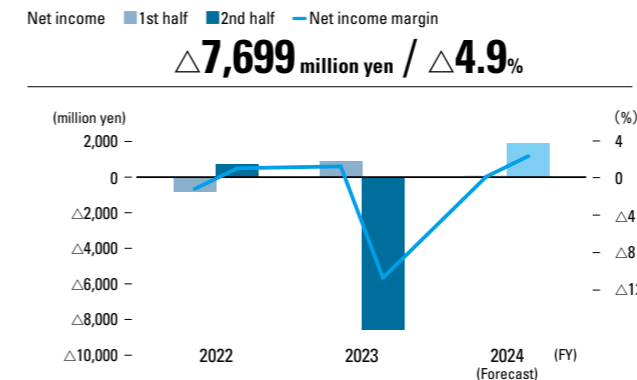
Sales increased 12.2% thanks to the steady recovery in the volume of orders received due to the stabilization of supply of semiconductors and other factors, as well as the impact of the weak yen in the foreign exchange market. Sales volume also increased 9.6%, reflecting the recovery of production by car manufacturers.

Operating income / Operating income margin



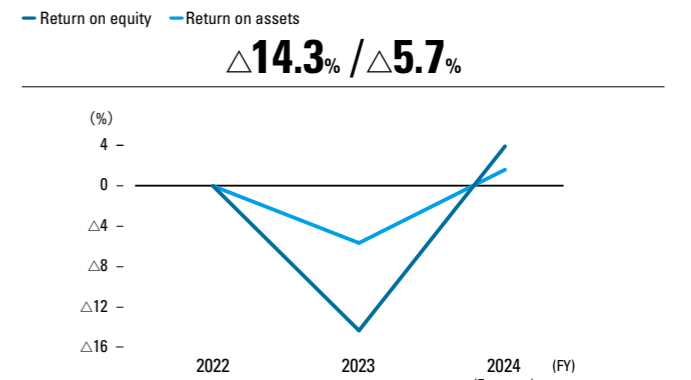
In addition to an increase in the volume of orders received by the Group as a whole, price adjustments to compensate for higher energy costs, etc. steadily progressed. Although the sales of Japanese car manufacturers in China remained sluggish, cost optimization progressed through reduction of fixed costs, etc., resulting in an increase in income.

Net income / Net income margin



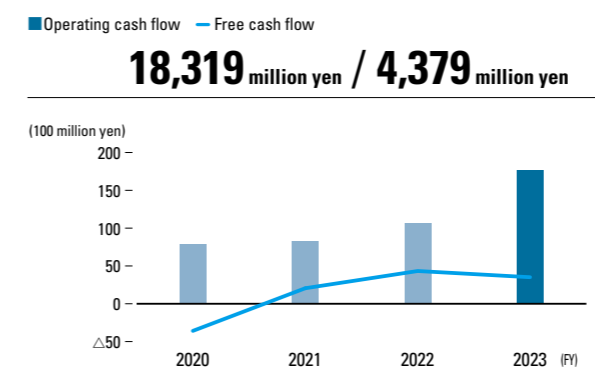
A loss was recorded mainly due to the recording of an impairment loss on the plants in China, occurrence of impairment losses on fixed assets at sites in Japan and overseas, and reversal of deferred tax assets.

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



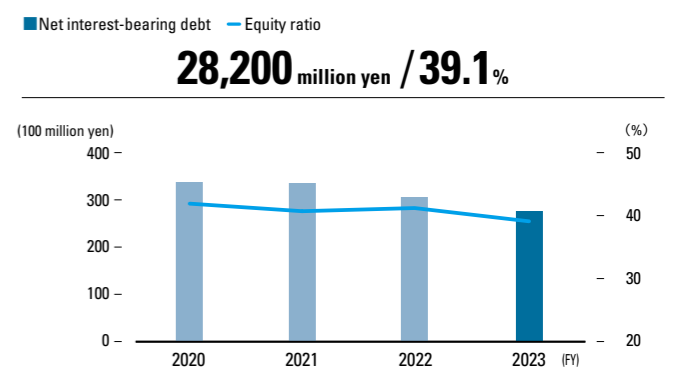
Net loss was recorded, resulting in negative ROE and negative ROA.

Operating cash flow / Free cash flow\*2



Investment cash flow increased due to the resumption of capital investment, which had been restrained, along with the recovery in the volume of orders received. However, free cash flow remained positive as operating cash flow also increased due to the recovery of earnings.

Net interest-bearing debt\*3 / Equity ratio



Net interest-bearing debt decreased by 2.3 billion yen from the previous year due to the reduction of interest-bearing debt while maintaining cash and deposits on hand at a high level. The equity ratio was 39.1% due to a decrease in retained earnings as a result of the recording of impairment losses.

\*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.

\*2 Free cash flow = Cash flows from operating activities - Cash flows from investing activities

\*3 Net interest-bearing debt = Interest-bearing debt - Cash and deposits



## Social: Ahresty's Human Resources Development

### Human capital management / Human resources strategy

As indicated by the fact that Ahresty's Corporate Philosophy begins with "Let us take pride in our work," we believe that human resources are the driving force behind the evolution and growth of the Ahresty Group. We are promoting various measures with the aim of being a company in which employees respect each other's values and take pride in their work regardless of nationality, age, and gender, and of strengthening corporate competitiveness by making the most of our diverse human resources and maximizing their individual abilities, thereby increasing productivity and competitiveness.

### Three pillars of the human resources strategy

As for issues related to the human capital that supports MONOZUKURI, such as the transmission of MONOZUKURI skills, digital human resources, and response to declining workforce, we employ a human resources strategy that focuses on "human resources development," "D&I reform," and "engagement reform," with which we aim to realize our management targets.



### Engagement index evaluation

We have set 80% evaluation in the employee engagement index as a management target for 2030, and are promoting various measures to become a company that ensures satisfaction of its employees. For the engagement index, each operation site picks up "things that employees value" extracted from employee surveys and stress check items, based on which the Ideal State Indicators (ISI) are set. In addition to common measures, measures specific to each business site are also promoted. And an engagement index evaluation is calculated based on the positive response rate for the same survey items.

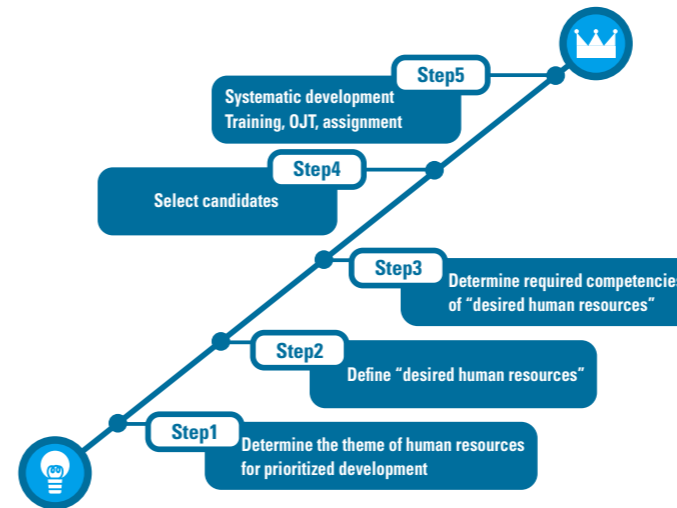
FY2023 engagement index

Positive evaluation : **31.6%~83.0%\***

\* Index varies by site.

### Human resources roadmap

Ahresty has formulated a human resources roadmap to develop the human resources necessary to realize its business strategy. Backcasting from the medium- to long-term business strategies and business environment outlook, we identify desired human resources and required competencies and select candidates with potential while taking into consideration the career plans of individual employees. Through providing training, OJT, and assignments, we systematically develop our human resources.



Examples of human resources themes:

Candidates for next-generation General Managers, candidates for next-generation managers, production engineers capable of realizing the same production/quality globally

### Development of education systems

We have developed education systems to offer courses that allow employees to systematically learn about MONOZUKURI. In order to pass on the technologies and know-how inherited from our founding and to promote the same quality and MONOZUKURI, we provide the same level of education for all of our global operation sites and expand opportunities to acquire and practice the knowledge and skills necessary to perform and improve operations, such as statistical methods and no-programming systems.

### Major education systems

- Global RST Learning (RST *Gakuen*)
- Global Kaizen Meeting
- G/E trainer development
- MONOZUKURI JUKU

Ahresty's human resources development ⇒ [https://www.ahresty.co.jp/en/business/die\\_casting/hr\\_development](https://www.ahresty.co.jp/en/business/die_casting/hr_development)

### Development of digital human resources

We provide various types of training (robot teaching, basic statistics, multivariate analysis courses, various courses and IoT workshops for DX promotion, etc.) necessary in production sites where IoT and automation are advancing. We also focus on strengthening digital infrastructure and developing leaders in data analysis.

### Enhancement of career support system

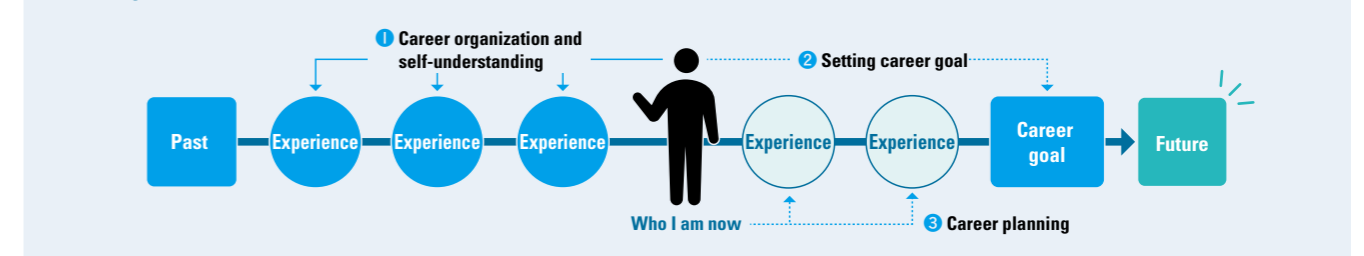
We register each employee's past career history, strengths and weaknesses, and future aspirations in the human resources database, and, based on this information, provide more opportunities for employees to think about their careers voluntarily through interviews with their supervisors. We aim to draw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

### Enhancing career support systems



- Providing career education to learn the idea of career development
- Conducting career interviews

### [ Career planning image ]



# Initiatives to Support Sustainable Growth

## Occupational Health and Safety

### Occupational Health and Safety Policy

#### Top Management's Commitment

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

#### Our Declaration

We at the Ahresty Group will:

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

#### Ahresty Safety Principles

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

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

#### Initiative examples

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



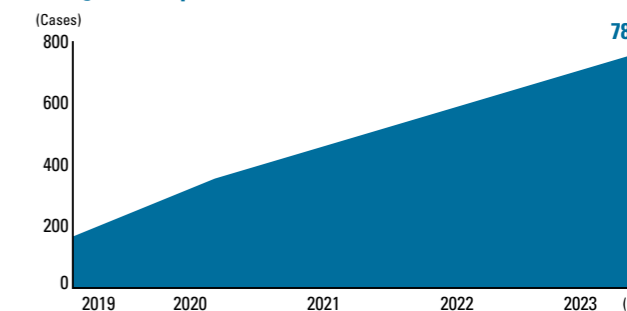
#### Workplace improvement based on ergonomics

We promote workplace improvement based on ergonomics to reduce operations involving high physical workloads. By employing automation and *Karakuri* mechanisms, we promote the expansion of workplaces and work fields that are safe and comfortable for all members to play active roles regardless of their gender and age, as well as the improvement of production efficiency.

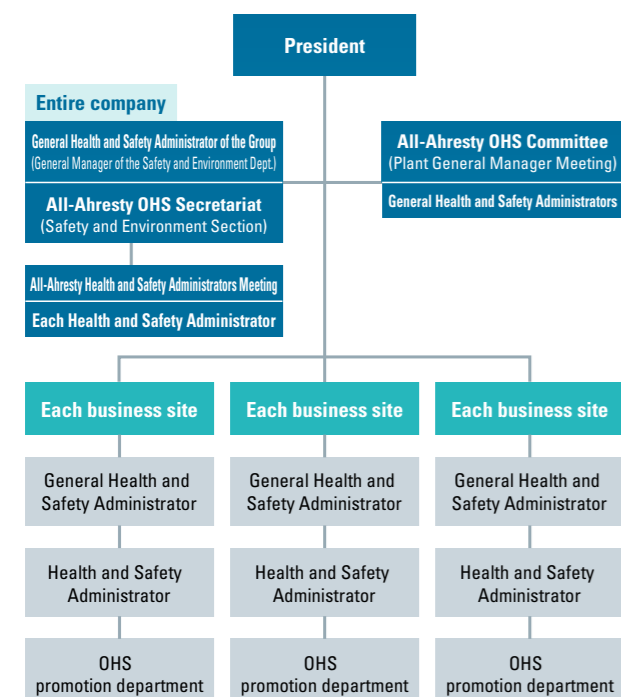


Expansion of workplaces (positions) where women can play an active role

#### Cases for improvements related to heavy materials and unergonomic postures



#### Occupational health and safety management system



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

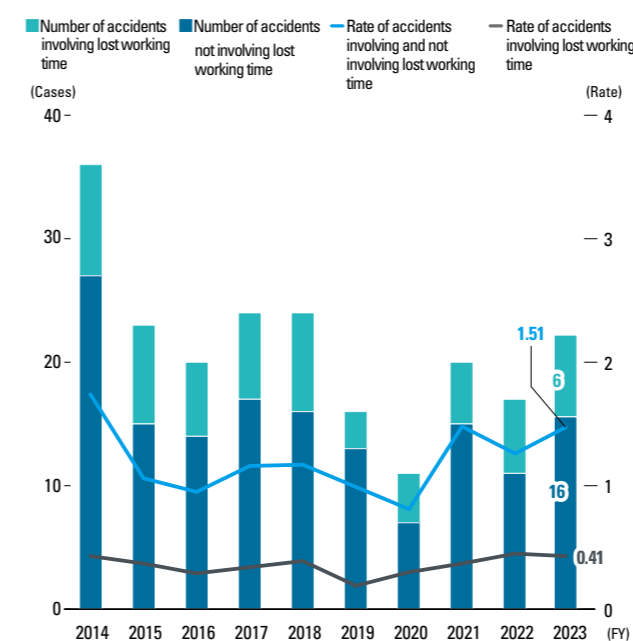
#### Eliminating industrial accidents and injuries

The Ahresty Group upholds a "safety slogan" every three years to eliminate industrial accidents and injuries as a united Ahresty Group. The Ahresty Group as a whole also aims to develop a safe and comfortable working environment through initiatives such as 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 slogan for the three years from fiscal 2022 to 2024

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

#### Industrial accidents

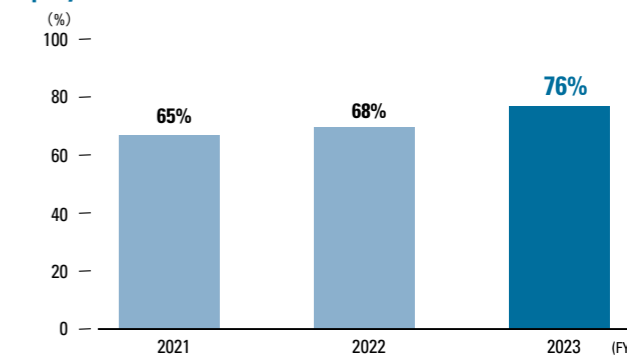


\* Rate = Number of accidents × 1,000,000 / Total working hours  
 \* From FY2017, also includes the number of accidents resulting from poor ergonomics  
 \* From FY2018, also includes the number of accidents on our premises involving contracted construction workers

#### Worker satisfaction with major improvements\* (average): 4.2

\* Worker satisfaction evaluation criteria: Interviewed workers after improvement is implemented  
 5 points: Much better than before, 4 points: Better than before, 3 points: Somewhat better than before and acceptable, 2 points: Not better than before, 1 point: Not better at all

#### Expansion of workplaces (positions) where women can play an active role



\* Percentage of total workplaces (positions)



## Initiatives to Support Sustainable Growth

04

# Development of a Corporate Culture in Which Everyone Can Work in Good Health and Feel Safe

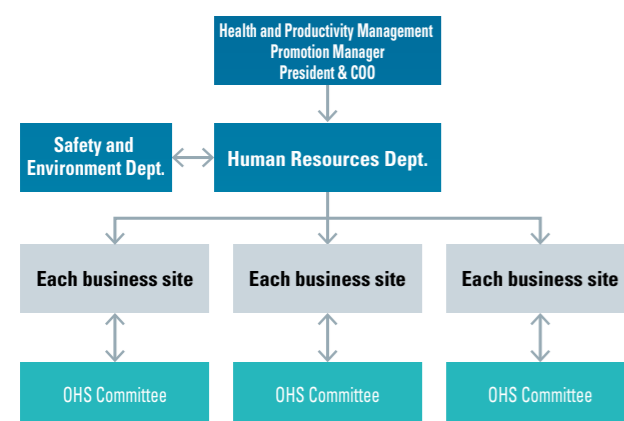
### Health and productivity management

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

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

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

### System for promoting health and productivity management



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

⇒ [https://www.ahresty.co.jp/company/csr/safety\\_health](https://www.ahresty.co.jp/company/csr/safety_health)  
(in Japanese)

### Initiative examples

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

### Certified as a Health & Productivity Management Outstanding Organization 2024 (large enterprise category)

Ahresty was recognized as a Certified Health & Productivity Management Outstanding Organization 2024 (large enterprise category) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program hosted jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. This is the third consecutive certification it has received.

### ■What is the Certified Health & Productivity Management Outstanding Organizations Recognition Program?

This program certifies large enterprises, SMEs, and other corporations that practice particularly excellent health and productivity management based on their initiatives for addressing local health issues and health promotion initiatives promoted by Nippon Kenko Kaigi.



### Granted Silver Certification as an excellent health company

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

### ■What is Silver Certification?

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



Excellent Health Company Certification No.: Kengin No. 1613 (2)  
Certification period: July 1, 2023 to June 30, 2024 (renewed certification)

### Creating workplaces where a good work-life balance can be achieved

We are developing the workplace environment and systems to realize a "work-life balance," a state in which work and life are balanced and both have a positive impact on each other.

### Initiative examples

#### Review of overtime operations, etc.

We reviewed our work contents and methods, and have eliminated meetings on holidays and outside of prescribed working hours, in principle. For Group-wide meetings and events that involve travel or business trips, we are advancing the introduction of hybrid meetings and operational improvements, considering the merits of both the importance of face-to-face contact and the efficiency of online access.

#### Encouraging employees to take childcare leave

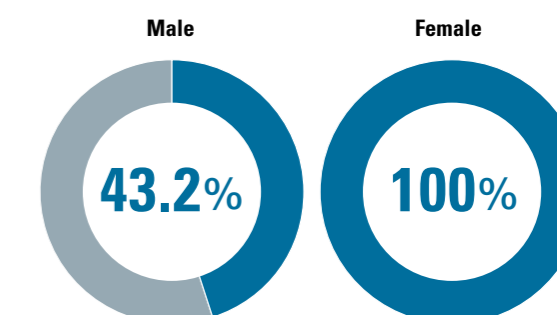
Ahresty encourages both men and women to take childcare leave. We encourage not only female employees but also male employees to take paternal leave (childcare leave at childbirth) or divided childcare leave. Our President presents a message for families and a childcare handbook that provides tips for new fathers as part of the support for balancing work and life events.

#### Response to diversifying workstyles

At Ahresty, 100% of the employees who took childcare leave have returned to work. To support 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 has also introduced systems to help them balance childcare and work after the leave, such as the reduced work hour system that is available until their children graduate from junior high school and the hourly paid leave system. Ahresty has also introduced various other programs to promote flexible workstyles, including a flextime program, teleworking (home working), and a nursing care leave system.

### FY2023 Work-life balance data (Group in Japan)

#### Percentage of employees taking childcare leave



#### Average number of days of childcare leave taken



#### Percentage of employees who returned to work after childcare leave



#### Number of employees working reduced hours



### Town hall meetings - Dialogue between management and employees

Town hall meetings were held from late June to September 2023 at our sites in Japan to promote employees' understanding of the direction Ahresty is moving in under the leadership of new President Shinichi Takahashi. President Takahashi explained the direction of the company, citing five keywords: carbon neutrality, shift to EV, diversity, digital innovation, and safety and security. He also introduced himself, and during the Q&A session, he was asked questions by employees about a variety of issues, such as the introduction of gigacasting, overseas business expansion, and the shortage of human resources.

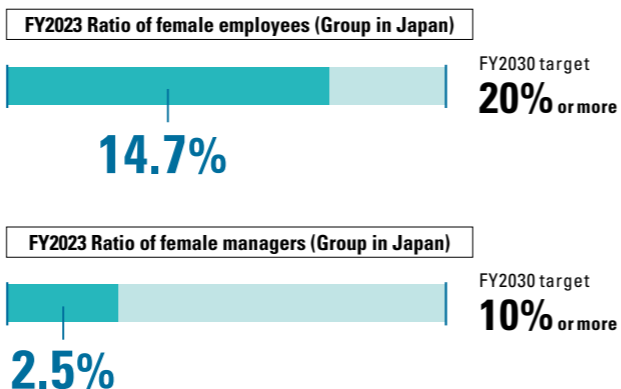


## Initiatives to Support Sustainable Growth

# Diversity & Inclusion

### Supporting the participation of women

Ahresty believes that when people of different nationalities, ages, and genders play active roles, diverse perspectives and values can be utilized and various innovations can be promoted. Especially in Japan, we are increasing the workplaces and job fields in which women can plan an active role at manufacturing sites, where the majority of workers are male, and promoting step-by-step initiatives to increase the ratio of female employees, mainly by hiring new graduates through strategic recruiting activities, and to develop female leaders.



### Increasing the ratio of female employees (hiring new graduates), expanding job fields for women

#### 01 Increase workplaces and work fields

- Jobs that only men are in charge of
- Ergonomics analysis
- Work environment improvement
- Gender-free education

Assigned regardless of gender

#### 02 Increase the ratio of female employees

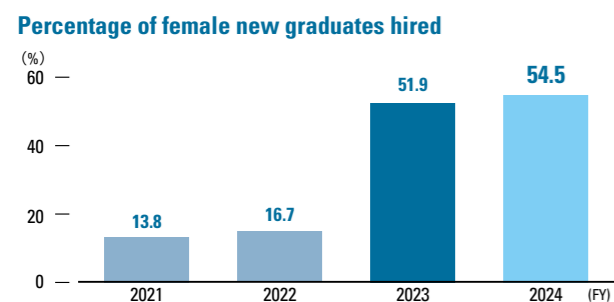
- Women highly motivated to work
- Active recruitment of competent human resources
- Active assignment to expanded workplaces where women are active

Increased women active in the workplace

#### 03 Develop female leaders

- Women with high management abilities
- Enhancing communication for action reform
- Training (knowledge and experience in work)

Increased female leaders



### Initiative examples

- Improving the working environment and systems  
⇒P35. **Creating workplaces where a good work-life balance can be achieved**
- Workplace improvement based on ergonomics  
⇒P33. **Workplace improvement based on ergonomics**
- Exchange meetings and factory tours with leading diversity companies
- Diversity & Inclusion training and education
- Enhancement of the communication of information on women's empowerment

### Establishment of "D&I Community"

In December 2023, Ahresty established the "D&I Community" with the participation of 12 female employees from our operation sites in Japan. Conferences are held to promote understanding of diversity promotion and provide a forum for two-way communication between female employees and the company. Through discussions, issues in career development at the company are identified and solutions thereto are explored from a female perspective.



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

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

#### ■What is Eruboshi Certification?

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



### Diversification of executive managers

Looking ahead to the maturation of the Japanese automobile market, the declining birthrate and aging population in Japan, the globalization of our customers, and the expansion of our sales and employee ratio outside of Japan, limiting the scope of talent management for executive management personnel to Japanese nationals alone means that the potential of non-Japanese human resources is not fully utilized. Based on the recognition that in order to achieve future growth mainly in markets outside of Japan, it is necessary to make maximum use of the Group's human resources, including those of non-Japanese business sites, Ahresty is promoting "diversity in management" and is building a system that enables human resources of diverse nationalities, as well as women, to play active roles as executive managers.



#### Phase 01

### Julio Cesar Doctoriarena Torres appointed President of Ahresty Mexicana, S.A. de C.V. (Ahresty Mexicana) in June 2024



#### Julio Cesar Doctoriarena Torres

Ahresty Mexicana, S.A. de C.V.  
President, Mexican certified public accountant

#### Career history

- December 2009 Joined Ahresty Mexicana's Accounting and Finance Department
- May 2012 General Manager of Administration Department
- May 2015 Director in charge of Administration Department
- May 2020 Director and Vice President
- June 2024 Director and President

#### Expertise and strengths

In my previous position at a major accounting and auditing firm, I was a certified public accountant and was responsible for auditing the accounts of our client companies and assisting them with cost, management, and internal control-related matters. Joining Ahresty Mexicana was my first time working in the manufacturing industry. I learned the connection between manufacturing and finance through communicating with and listening to the shop floor members. Since then, we have continued to promote the strengthening of our administrative structure, including purchasing, safety management, and human resources. My strength lies in my willingness to learn and my desire to improve the company.

#### Aspirations for the future

In order to share our vision and achieve our goals as a member of the Ahresty Group, the first step is to overcome language and cultural differences, maintain close communication with Ahresty Japan and the other overseas sites, and respect each other's positions. Becoming president of Ahresty Mexicana is a great challenge, but I hope to strengthen the team spirit of the Ahresty Mexicana members, which is one of our strengths, and their high motivation to take on all challenges. In addition, we will contribute to the growth of the Ahresty Group as a whole by improving our technical capabilities and productivity at production sites.

## Initiatives to Support Sustainable Growth

### Employing persons with disabilities

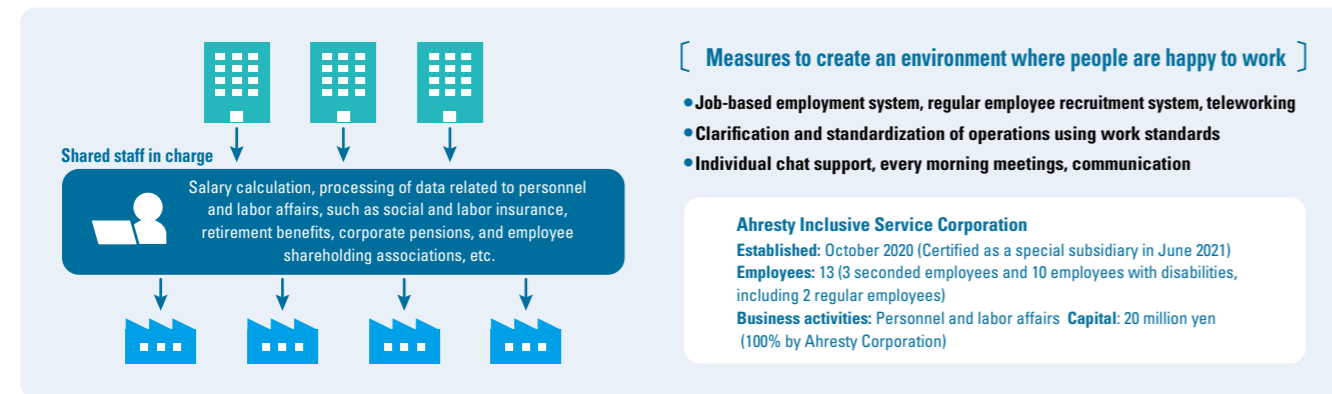
On October 1, 2020, Ahresty established Ahresty Inclusive Service Corporation to promote the recruitment and training of employees with disabilities and create workplaces in which diverse human resources work together. Ahresty Inclusive Service Corporation was certified as a special subsidiary company under the Act to Facilitate the Employment of Persons with Disabilities on June 14, 2021. With the aim of improving the efficiency of administrative work within the Group, personnel and labor affairs, such as salary calculation, social and labor insurance, and retirement benefits, were consolidated, enabling the employment of people with disabilities for PC clerical work by taking advantage of the work breakdown and standardization know-how as a manufacturing company.

### Certified as an excellent enterprise under the Monisu Certification Program

In November 2022, Ahresty Inclusive Service Corporation was certified as an excellent enterprise under the Monisu Certification Program, which certifies small and medium-sized enterprises excelling in the employment of persons with disabilities, run by the Ministry of Health, Labour and Welfare.

#### What is the Monisu Certification Program?

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



### Together with the community

Ahresty has been making continued efforts to ensure that its plants become rooted in the local communities and develop human resources that can initiate leadership in contributing to society. Ahresty is committed to growth together with the local communities.

#### Communication with the Local Communities

Ahresty takes measures to eradicate the sources of problems, including noise generated in the manufacturing process and delivery vehicles at its plants. We visit houses, residents' associations, and companies located near the plants to speak with the people regularly, using this report. We also take part in crime prevention patrols in communities, hold plant tours and various events inviting local residents.

#### Natural environment protection activities

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

#### Activity examples

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



## Respect for Human Rights

### Human Rights

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

Ahresty Group Human Rights Policy ⇒ [https://www.ahresty.co.jp/en/company/csr/human\\_rights/](https://www.ahresty.co.jp/en/company/csr/human_rights/)

### Promotion system

For human rights-related activities, the details of our initiatives are checked and reported at the Sustainability Meeting, which is chaired by the Director of the General Administrative Command.

⇒P43. Sustainability promotion system

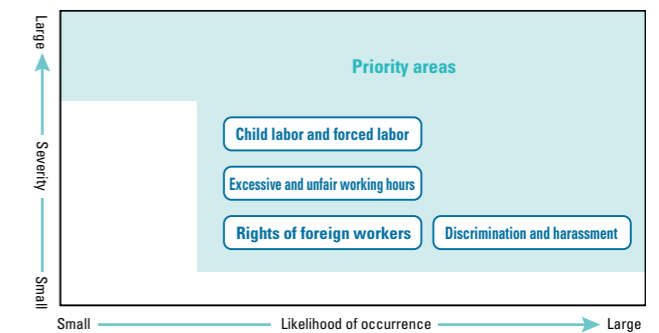
### Initiative examples

Based on the Guiding Principles on Business and Human Rights by the United Nations Human Rights Council, we have initiated human rights due diligence that follows a series of processes to assess, prevent, mitigate, monitor, and disclose information on the negative impacts of Ahresty's business activities on human rights, including its supply chain.

In assessing the negative human rights impacts, we determine the themes to focus on by evaluating the impact of each risk in terms of severity and likelihood of occurrence, based on an overall picture of manifest or potential human rights-related risks.

In FY2024, we focus on four key themes: excessive and unfair working hours, discrimination and harassment, child labor and forced labor, and the rights of foreign workers.

### Human rights impact assessment result

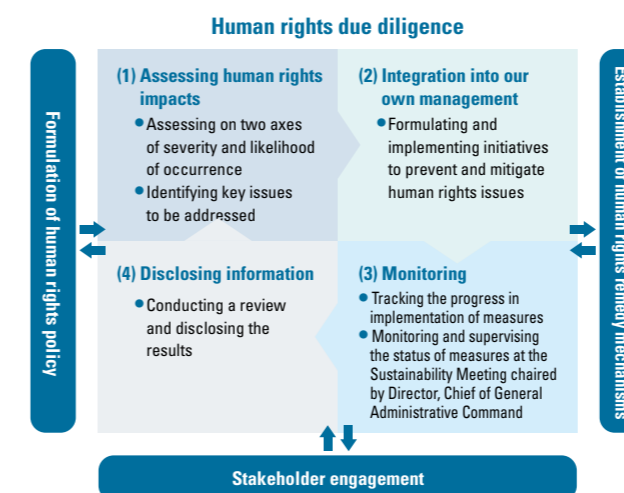


#### Other activity examples

- Disseminating the human rights policy to suppliers both in Japan and overseas
  - Continuation of conflict minerals survey for the 3TG metals plus cobalt
  - Revision of the Ahresty Group Code of Conduct (to fulfill items identified as lacking in the third-party evaluation)
- Added statements regarding prohibition of child labor and forced labor, minimum wage, working hours, and freedom of association and collective bargaining rights

### Thai Ahresty Die certified as a company with Good Labour Practices (GLP)

Thai Ahresty Die was certified as a company with Good Labour Practices (GLP) by the Department of Labour Protection and Welfare of Ayutthaya Province, Thai Ministry of Labour. GLP Guidelines are guidelines for good labor practices to help improve employment and working conditions in Thailand. Thai Ahresty Die was surveyed and evaluated on 11 items, including the labor management system, prohibition of forced labor, working environment for women, wages, and range of benefits, and was certified as a company with good labor practices.

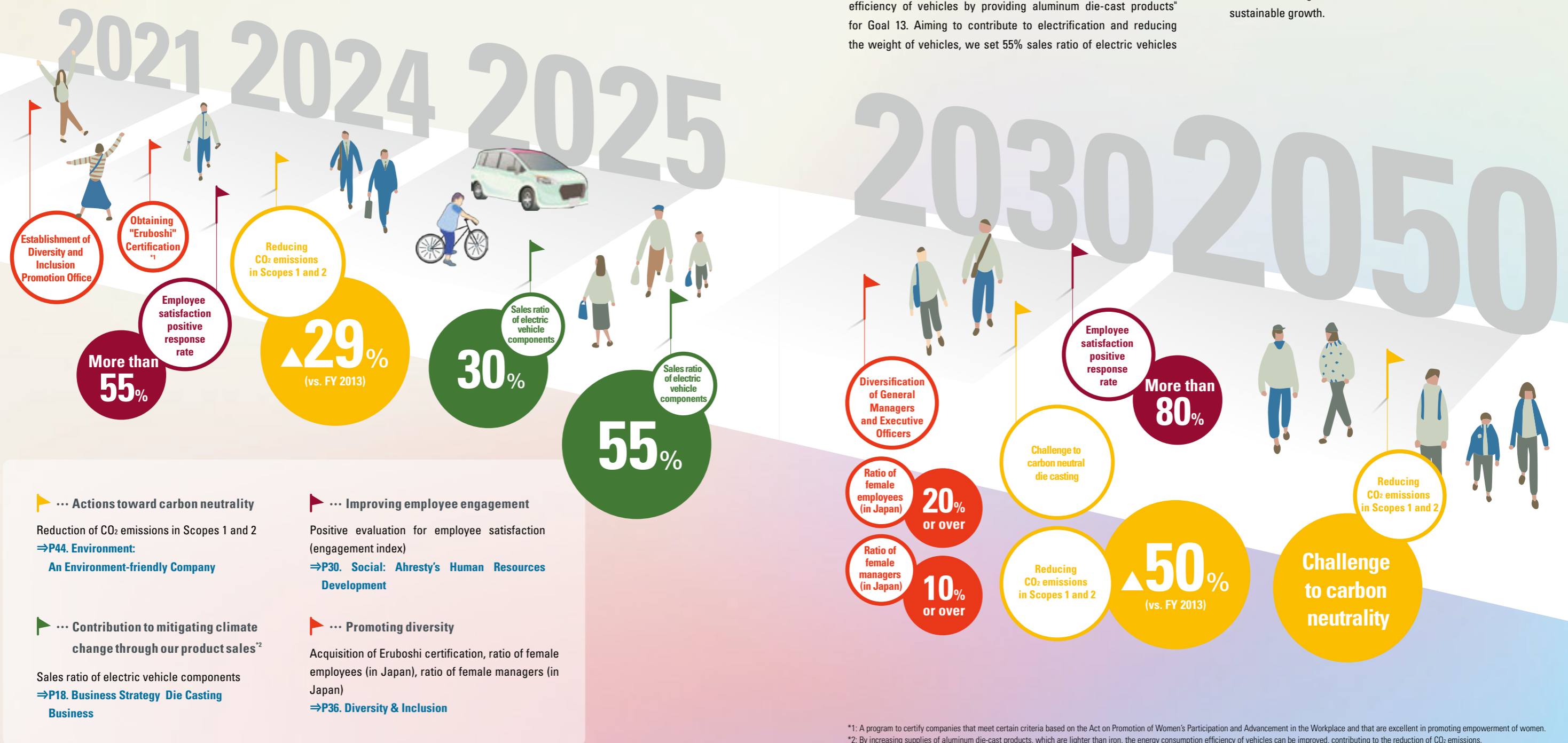




Initiatives to Support Sustainable Growth

Sustainability Roadmap

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



Two priority tasks and Sustainability Roadmap

Ahresty's priority tasks are to achieve Goals 13 (mitigating climate change) and 7 (energy) of the Sustainable Development Goals (SDGs), the common goals of the international community decided at the UN Sustainable Development Summit, that it is hoped will contribute significantly to solving social issues and that are also closely related to manufacturing aluminum die castings, Ahresty's main business. We are working to "improve the energy consumption efficiency of vehicles by providing aluminum die-cast products" for Goal 13. Aiming to contribute to electrification and reducing the weight of vehicles, we set 55% sales ratio of electric vehicles

components and 4.0 billion yen in sales of vehicle body components as the target for FY2030. Toward carbon neutrality, we are working to "reduce the use of fossil fuels by improving energy efficiency, etc." for Goal 7, and aiming to reduce CO<sub>2</sub> emissions in Scopes 1 and 2 by 50% (compared to FY2013). Monitoring tasks such as promotion of diversity, realization of a good work-life balance, improvement of employee satisfaction, etc. are issues that need to be addressed and we conduct activities to achieve the goals in the framework of the 10-year business plan and medium-term 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.

<sup>\*1</sup>: 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.  
<sup>\*2</sup>: 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<sub>2</sub> emissions.

Initiatives to Support Sustainable Growth

# Message from Chair of the Sustainability Meeting



**We contribute to the realization of a sustainable society while communicating with stakeholders and fostering relationships of trust**

Director and Managing Executive Officer  
Chair of Sustainability Meeting  
**Hideki Nariya**

## Social Issues Ahresty addresses

**Priority tasks**



**Monitoring tasks**



### Ahresty's Corporate Philosophy and sustainability

"Research, Service, Technology - We aim to create an affluent society by pursuing and integrating each of these areas." This is the Ahresty's Corporate Philosophy, representing also its mission and purpose. Over the years since its founding, under this corporate philosophy, the entire Ahresty Group has worked for the sustainable development of society through business activities such as the provision of a variety of products and services. We believe that we can contribute to solving social issues as a company playing a part in the supply chain for the global automobile industry.

### Priority tasks and promotion system

In addressing the Sustainable Development Goals (SDGs), which are common goals for the international community, Ahresty evaluated key issues to be addressed (materiality) on two axes of the impact on business and the impact on stakeholders, and has identified

"Improve the energy consumption efficiency of vehicles by providing aluminum die-cast products" (Goal 13: mitigating climate change) and "Reduce the use of fossil fuels by improving energy efficiency, etc." (Goal 7: energy) as the priority tasks. Sustainability is positioned as an important management issue, and various measures to solve the issue are being promoted in conjunction with the goals in the 10-year Business Plan, Medium-Term Management Plan, and other management plans.

The Sustainability Meeting, the sustainability promotion and review organ chaired by the Director in charge of General Administrative Command, started sustainability initiatives with a focus on actions against climate change in FY2020. In response to the recent increase in various social requirements, including not only addressing climate change but also respect for human rights and human capital management, the Chief of Manufacturing Command and General Manager of Human Resources Dept. were added to the members of the Meeting in FY2023 to make the organization a more specialized one. While taking into account the business environment, the

### Materiality Matrix for SDGs

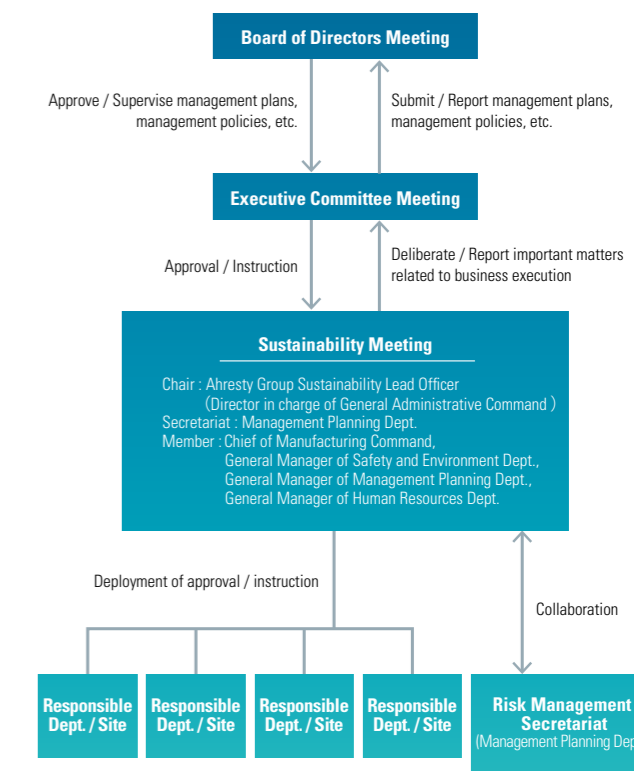


members share information on social issues, analyze risks and opportunities, examine monitoring issues, and confirm the progress and achievement of activities and targets. The contents of the examination and discussions are also reported regularly to the Executive Committee Meeting and the Board of Directors Meeting.

### Initiatives in FY2023

As climate change measures in FY2023, we promoted activities to reduce CO<sub>2</sub> emissions during production, etc., and contribute to weight reduction of vehicles through our products in line with our Medium-Term Management Plan. We also identified and surveyed Scope 3 CO<sub>2</sub> emissions. Regarding Scope 3, aluminum ingots, our major material, have significant impact at two stages: the purchase stage (emissions during ingot production) and the use stage after the ingots are installed as automotive parts (emissions during vehicle operation). We therefore believe that we can contribute significantly to mitigating climate change by expanding the range of use of recycled aluminum ingots with low CO<sub>2</sub> emissions and increasing the sales ratio of parts for electric vehicles. For human

### Sustainability promotion system



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

capital management, each operation site picks up "things that employees value" based on various indicators such as employee satisfaction, and conducts engagement improvement activities that respond to diverse values. As for human rights, we have deployed our established human rights policy to our suppliers in Japan and overseas, and continuously conduct periodic surveys of conflict minerals. We are also working to create an optimal system from a global perspective to promote integrated activities in the Ahresty Group's supply chain, including our business partners. We will continue to strive to contribute to the realization of a sustainable society in response to the social issues we must address as a company, while communicating with our stakeholders and fostering relationships of trust.

⇒P30. Human capital management / Human resources strategy  
⇒P46. Disclosure Based on TCFD Recommendations



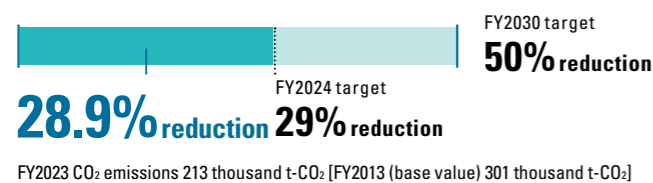


## Environment: An Environment-friendly Company

### Environmental Policy

- We are well aware that our activities of development, production, sales, and disposal are related to and influence the global environment, and we establish our environmental purpose, goal, and implementation plan, revise them as necessary, and constantly strive for improvement in our environmental conservation activities.
- We observe environmental regulations, rules, and agreements of national and local governments, stakeholders etc., and establish our own standards to the extent they are technically and economically feasible, and strive for further environmental preservation.
- We give special priority to the following aspects and make efforts to protect the environment and prevent pollution.
  - We thoroughly manage and constantly improve the facilities and processes related to air pollution and water contamination.
  - We maintain a 100% recycle rate in regard to waste materials.
  - We promote the reduction of the total amount of waste materials, the expansion of aluminum recycling business, and contribute to recycling-oriented society.
  - We work to prevent global warming, focusing on reducing CO<sub>2</sub> emissions through the use of renewable energy and improvement of energy efficiency with the aim of achieving carbon neutrality.
  - We aim to develop and design environmentally friendly products and commodities.
- We stimulate awareness for environmental issues among our employees with respect to environmental protection by constantly providing training and internally communicating the policy.
- As a good corporate citizen, we enhance a harmonious relationship with society by striving toward environmental conservation of the local community.

#### FY2023 Reduction of CO<sub>2</sub> emissions in Scopes 1 and 2



#### Initiative examples

Aiming to reduce CO<sub>2</sub> emissions by 50% by 2030 (compared to FY2013) and further achieve carbon neutrality by 2050, Ahresty is promoting emission reduction activities and measures based on the three pillars of “stop,” “convert,” and “reduce” CO<sub>2</sub> emissions.

#### Introduction of solar power generation

Following the introduction and start of operation at the Tokai Plant (Plant 1) in March 2021, solar power generation systems were introduced and started operation at the Head Office/Technical Center and Ahresty Techno Service in January 2024. For other plants where installation is possible, the systems are being introduced gradually, and installation is scheduled to be completed at all suitable plants in Japan by the end of FY2024.

#### Head Office and Technical Center

Estimated annual power generation use: Approx. 65% of annual electricity use (estimated to reduce approx. 50% of total CO<sub>2</sub> emissions)



#### Ahresty Techno Service

Estimated annual power generation use: Approx. 35% of annual electricity use (estimated to reduce approx. 30% of total CO<sub>2</sub> emissions)

#### Conversion to energy with less CO<sub>2</sub> emissions, energy conservation activities

Ahresty is promoting the conversion of energy used for melting from heavy oil to city gas (LNG) (approx. 29% reduction per calorific value). In addition, each business site sets its own energy conservation targets and implements various measures.

#### Energy conservation activities examples and results

- Application of a small amount of mold-release agent: Reduction of electricity consumption by shortening the time for application, air blow, etc.
- (Ahresty Kumamoto) 26% reduction of Scope 2-derived CO<sub>2</sub> emissions in the casting process of the subject products compared to before the improvement (approx. 7.7 t-CO<sub>2</sub> reduction per year estimated)

#### 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.

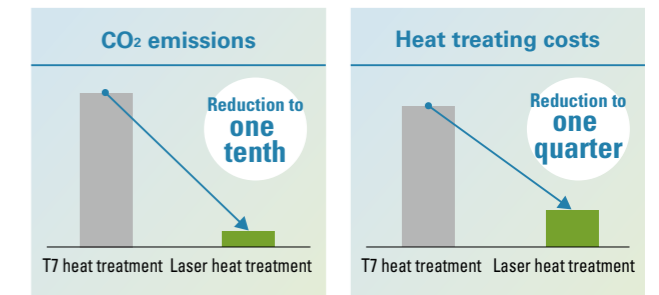
#### Cases of improvements reported at the 21st Ahresty Green Convention

Business site	Theme
Ahresty Wilmington	CO <sub>2</sub> reduction project
Ahresty Mexicana	Reduction of electrical energy consumption by fixing air leaks in processing lines
Tokai Plant	CO <sub>2</sub> reduction activity and greening activity in the Die Section
Kumagaya Plant	Reduction of CO <sub>2</sub> emissions through reduced use of new ingots
Guangzhou Ahresty	Reduction of electricity by reducing air use
Hefei Ahresty	Promotion of CO <sub>2</sub> emissions reduction
Ahresty Die Mold Hamamatsu	Reduction of compressor electricity consumption
Ahresty Tochigi	Reduction of compressor electricity consumption at processing plant
Ahresty India	Reduction of water usage by reusing water
Ahresty Kumamoto	Reduction of CO <sub>2</sub> emissions by application of water-soluble undiluted mold-release agent
Ahresty Yamagata	Reduction of air consumption in processing lines

#### Development of CO<sub>2</sub> emissions reduction technology

Ahresty is promoting technological development that contributes to the future of the global environment, including laser heat treatment technology that reduces the amount of CO<sub>2</sub> emitted when rigid plates and die castings are mechanically joined to one-tenth.

#### [ Laser heat treatment technology ]



Laser heat treatment of shock tower-type product

#### “Laser heat treatment technology” received the Onoda Prize

“Development of a laser heat treatment technology for SPR joints of aluminum die casting that reduces CO<sub>2</sub> emissions to one-tenth,” a study by Ahresty’s Isao Akuzawa, Shunzo Aoyama, Yoshiteru Kondo, and Nobuyuki Sakai, received the Onoda Prize from the Japan Die Casting Association.



#### Ahresty Tochigi received Excellent Prize in Kubota Green Procurement Award

Ahresty Tochigi received Excellent Prize in Kubota Green Procurement Award for its CO<sub>2</sub> emissions reduction activity “Fuel consumption intensity reduction of No.2 Melting Furnace [Reduction of heavy oil usage].”

<Improvement effects>  
 Fuel intensity reduced from 61.1 L/t to 56.1 L/t (5.0 L reduction)  
 CO<sub>2</sub> reduction effect 364.2 t-CO<sub>2</sub>/year





Disclosure Based on TCFD Recommendations

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



\*TCFD: Task Force on Climate-related Financial Disclosures

Governance

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

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

The Board of Directors Meeting, chaired by the Director and Chairman, receives regular reports on the content of the Executive Committee Meetings and supervises sustainability initiatives, including the status of responses to TCFD recommendations.  
⇒P43. Sustainability promotion system

Meeting structure and its role in the sustainability promotion system Board of Directors Meeting

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

Executive Committee Meeting

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

Sustainability Meeting

- Collects information on the social environment, laws and regulations, and trends in peer companies' responses relating to sustainability

- Identifies sustainability-related risks and opportunities, analyzes their impacts, compiles countermeasures, and reports the results at the Executive Committee Meeting
- Communicates and disseminates the decisions to responsible departments, as well as other relevant divisions, departments, and working groups in order to be reflected in the business plan and activities

Risk Management Secretariat

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

Strategy

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

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

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

To identify risks and opportunities due to climate change, and in disclosing the impact on its financial plans and the countermeasures to be taken, the Ahresty Group extracts risks and opportunities for fiscal 2030, using the 1.5 to 2°C and 4°C climate warming scenarios published by IEA or IPCC.

IEA...Net Zero Emissions by 2050 Scenario, Sustainable Development Scenario, etc.  
IPCC...RCP 2.6, RCP8.5

Range of the strategy

The criteria for impact assessment were revised in FY2023 in light of the performance levels.

Impact	Criteria before revision	Revised criteria
Large	Impact on profit 100 million yen or more	Impact on profit 500 million yen or more
Medium	Impact on profit 30 million yen or more and less than 100 million yen	Impact on profit 100 million yen or more and less than 500 million yen
Small	Impact on profit Less than 30 million yen	Impact on profit Less than 100 million yen

	Contents	Impact on business and financial results		Our response policy	
		2°C or lower scenario	4°C scenario		
Risks	Policy/regulation	Increase in procurement costs due to introduction of carbon tax, etc.	Large	Small	<ul style="list-style-type: none"> <li>• Promote measures to reduce CO<sub>2</sub> emissions (introduction of solar power generation, energy conversion, energy conservation activities, purchase of renewable energy) in the challenge to achieving carbon neutrality in 2050</li> <li>• R&amp;D of carbon neutral die casting (CNDC)</li> <li>• Collect information on trends in environmental regulations and CO<sub>2</sub> emissions reduction policies, and swiftly reflect the results in business strategies based on impact analysis</li> </ul>
	Technology development	Increased costs of carbon offsets (CCUS, carbon credits, CO <sub>2</sub> capture, conversion and storage technologies).	Medium	Small	<ul style="list-style-type: none"> <li>• Ensure the competitiveness of aluminum die-cast products by developing and proposing demand creation technologies that focus on superiority in LCA (low CO<sub>2</sub> emissions, recyclability) and the characteristics (light weight, flexibility in shape, rigidity) of aluminum die-cast products</li> </ul>
	Market trend	Decrease in market size due to materials other than aluminum replacing steel	Medium	Medium	<ul style="list-style-type: none"> <li>• Mitigate the impact by devising procurement strategies and negotiating with customers to shorten the time lag in reflecting aluminum market prices to selling prices</li> </ul>
		Increase in procurement costs due to soaring aluminum prices	Medium	Small	<ul style="list-style-type: none"> <li>• Increase orders for parts for electric vehicles (strengthen sales to OEMs, Tier 1 companies, and non Japanese companies that are leading the way in electrification, and formulate and promote order strategies for each region in view of different trends in environmental regulations and the shift to electrification)</li> <li>• Increase orders for vehicle body parts (promote the development of joining technology for dissimilar materials and seek cooperation with companies that have a competitive edge in the production of vehicle body parts)</li> <li>• Strengthen profitability in non-automobile fields (MOVAFL00R products)</li> </ul>
	Market evaluation	Decrease in the acquisition of new customers or suspension of business, etc. (decrease in orders received) due to lack of response to climate change and environmental issues, or lack of disclosure of such activities	Large	Medium	<ul style="list-style-type: none"> <li>• Multifaceted initiatives (CO<sub>2</sub> reduction, vehicle weight reduction, CNDC development) ongoing as company-wide key strategic items in the 10-year business plan and medium-term 3-year policy</li> <li>• Proactive disclosure and external communication on efforts to reduce CO<sub>2</sub> emissions, the importance of activities as part of business strategies, targets and results, etc.</li> <li>• Foster trust and earn high credit by strengthening engagement with stakeholders</li> <li>• Collect information on trends in environmental regulations and CO<sub>2</sub> emissions reduction policies, and swiftly reflect the results based on impact analysis in business strategies for each region</li> </ul>
		Delays in responding to environmental issues damaging the reputation of stakeholders, discouraging customers from purchasing, making it difficult to raise funds from investors, and affecting investors' ESG investment decisions.	Small	Small	
Physical risks	Acute	Damage to production sites and suspension of their operations due to natural disasters, and delays in procurement due to logistics paralysis	Small	Small	<ul style="list-style-type: none"> <li>• Strengthen BCP</li> <li>• Secure emergency power supply (secure emergency power sources and utilize in-house power generation equipment)</li> </ul>
	Chronic	Decrease in working hours and uptime rate due to preventive measures against prevailing infectious diseases	Large	Large	<ul style="list-style-type: none"> <li>• Flexibly establish a crisis center</li> <li>• Prepare infectious disease response manuals, etc., implement infection prevention measures, and mitigate the impact on operations, based on the experience gained in responding to COVID19</li> </ul>
Opportunities	Resource efficiency	Growing need for recycled ingots reflecting the need to reduce CO <sub>2</sub> emissions (Reduce the amount of new ingots used and expand the use of recycled materials. Possibility of meeting the needs through the evolution of compounding technology at the Kumagaya Plant) Increasing demand for recycled materials	Large	Small	<ul style="list-style-type: none"> <li>• Explore compounding and melting technologies</li> <li>• Propose the use of aluminum ingots using recycled materials</li> </ul>
	Energy source	Decrease in renewable energy procurement costs due to the development of new policies and systems related to renewable energy	Medium	Small	<ul style="list-style-type: none"> <li>• Promote measures to reduce CO<sub>2</sub> emissions (introduction of solar power generation, energy conversion, energy conservation activities, purchase of renewable energy) in the challenge to achieving carbon neutrality in 2050, and accumulate knowledge relating to the use of renewable energy</li> <li>• Collect information on renewable energy procurement routes and the introduction of relevant new policies and systems</li> </ul>
	Product/Service	Increase in sales of climate change mitigation and adaptation products	Medium	Small	<ul style="list-style-type: none"> <li>• Ensure the competitiveness of aluminum die-cast products by developing and proposing demand creation technologies that focus on the superiority of LCA (low CO<sub>2</sub> emissions, recyclability) and the characteristics (light weight, flexibility in shape, rigidity) of aluminum die-cast products</li> <li>• R&amp;D of CNDC</li> </ul>
	Market	Sales increase due to increase in orders for ZEV products including EVs and FCVs (e.g. motor cases, E-Axle housings)	Large	Medium	<ul style="list-style-type: none"> <li>• Earn a good track record in receiving orders for electric vehicle parts and secure medium- to long-term competitiveness (expansion of customer base, improvement in competence of sales personnel, enhancement of price (manufacturing cost) competitiveness)</li> <li>• Steadily receive orders for target products through the alignment of manufacturing plant strategies and sales department strategies</li> </ul>
	Market	Increase in the proportion of aluminum die-cast products in automobile parts due to the need for weight reduction (replacement of steel with aluminum)	Medium	Medium	<ul style="list-style-type: none"> <li>• Increase orders for vehicle body parts (targeting of customers to be ranked up as a supplier for BEV parts that require further weight reduction, and collect information on trends in large die castings such as giga presses and changes in the supply chain)</li> </ul>

\*CNDC = Carbon Neutral Die Casting

# Initiatives to Support Sustainable Growth

## Risk Management

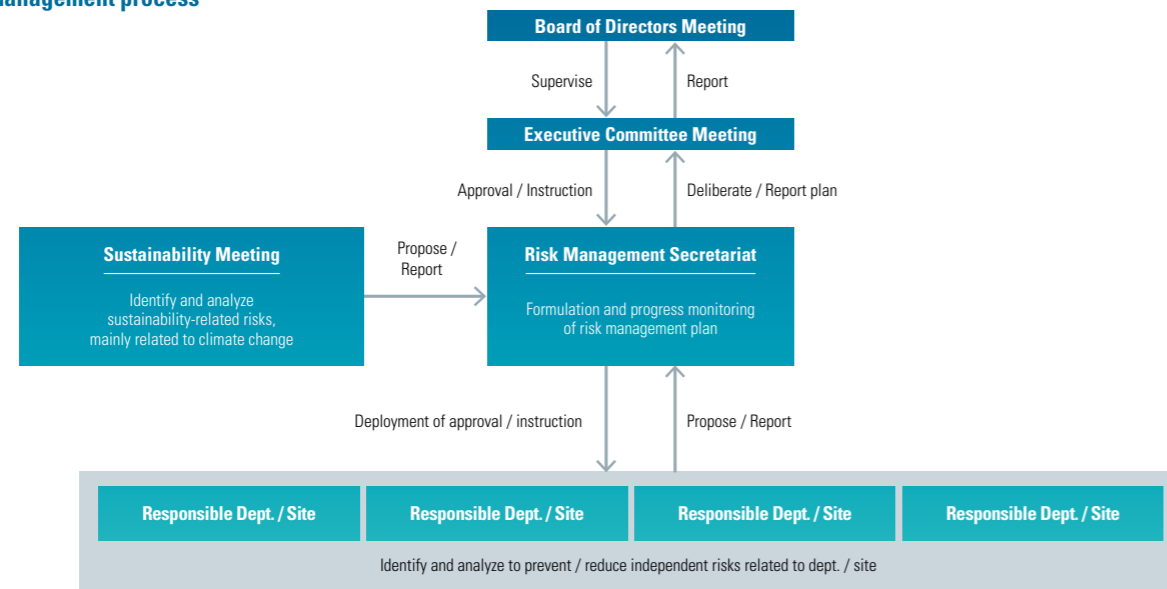
- a) Describe the organization's processes for identifying and assessing climate-related risks.
- b) Describe the organization's processes for managing climate-related risks.
- c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's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

Ahresty identifies climate-related risks and analyzes their impact at the Sustainability Meeting.

Risks that have been analyzed to have a large impact are integrated with other company-wide risks and are subject to evaluation and management by the Risk Management Secretariat.

⇒P63. Risk Management

## Risk management process



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

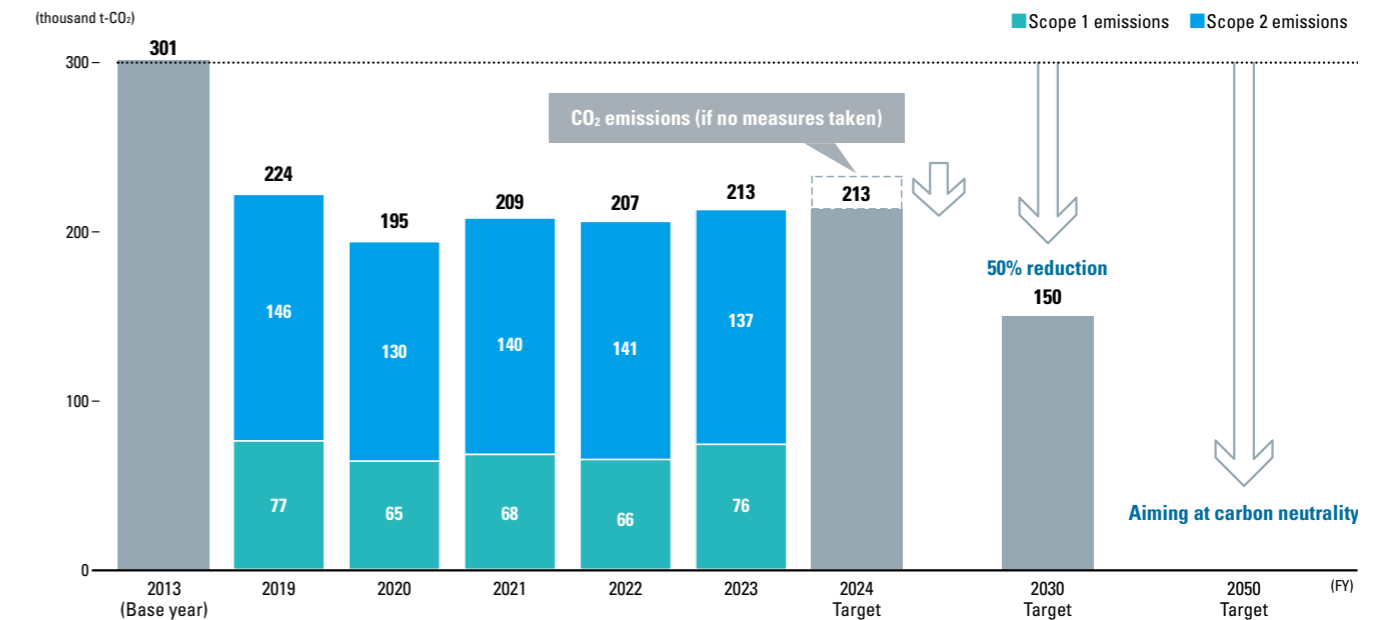
## Metrics and Targets

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

The Ahresty Group has set reduction targets for CO<sub>2</sub> emissions, which account for more than 90% of its GHG emissions. Using Scope 1 and 2 CO<sub>2</sub> emissions as metrics, we are working to reduce CO<sub>2</sub> emissions.

## CO<sub>2</sub> emissions (Scope 1, 2, 3)

### Scope 1,2



### Promote activities based on three pillars

1. Stop CO<sub>2</sub> emissions
2. Convert to energy with less CO<sub>2</sub> emissions
3. Reduce consumption of CO<sub>2</sub>-emitting energy

Continue energy conservation activities and implement effective items from new innovative technologies

\* Reference FY2023 Scope 2 location base: 145 thousand t-CO<sub>2</sub>

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

Scope 2: Market-based / They are the factors published by each electric power company. As market-based has become mainstream in recent years and is more accurate, we changed the disclosure to market-based approach from FY2024.

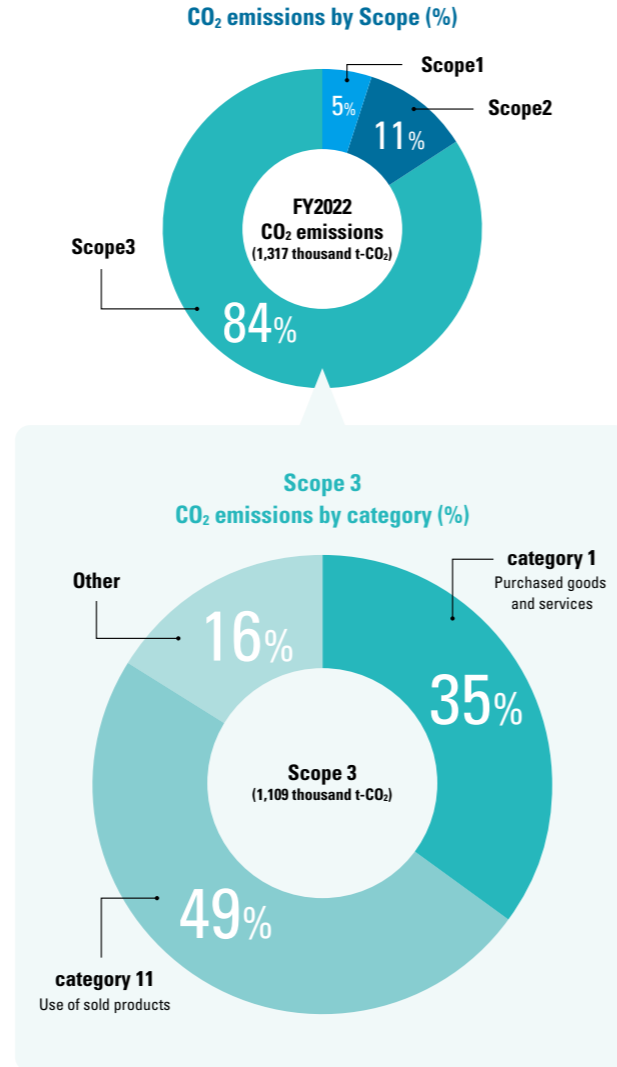
Location-based / Factors based on the "IEA Emission Factors" for each country according to the performance results for each fiscal year.

Scope 3: Calculation based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain" by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

Scope3

FY2022 calculation results

category	Emissions (thousand t-CO <sub>2</sub> )	
category1	Purchased goods and services	386
category2	Capital goods	38
category3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	27
category4	Upstream transportation and distribution	24
category5	Waste generated in operations	0.1
category6	Business travel	0.7
category7	Employee commuting	2
category8	Upstream leased assets	-
category9	Downstream transportation and distribution	-
category10	Processing of sold products	84
category11	Use of sold products	541
category12	End-of-life treatment of sold products	1
category13	Downstream leased assets	-
category14	Franchises	-
category15	Investments	1
<b>Scope 3 total</b>		<b>1,109</b>



Environmental targets and results in FY2023

To reduce the environmental impact of our manufacturing processes, we have set specific environmental targets for our production activities. In fiscal 2023, we focused on CO<sub>2</sub> emissions reduction activities and also continued to work to reduce waste and water consumption. The number of business sites that achieved their targets increased over the previous fiscal year. We will continue to advance these activities.

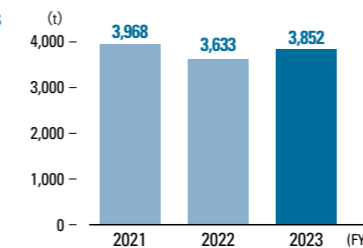
Environmental category	Medium-term target	FY2023 target	FY2023 results	Evaluation*	FY2024 target
<b>Atmosphere, water quality, noise, etc.</b>	Prevent environmental problems, such as atmospheric pollution, water contamination and noise pollution.	Eliminate non-conforming external leaks and complaints.	There was one non-conforming external leak/complaint. Corrective action was taken.	1	Eliminate non-conforming external leaks and complaints.
<b>Waste materials</b>	Reduce the total amount of waste materials.	Set an individual intensity target for each business site. * Continue monitoring and improving the recycling rate.	The target was achieved at eight of the 15 targeted business sites.	3	Set an individual intensity target for each business site. Set the intensity target compared to the year either FY2022 or FY2023 with the best performance.
<b>Saving energy and natural resources</b>	Reduce the total amount of CO <sub>2</sub> emissions to counter global warming.	CO <sub>2</sub> emissions intensity reduction rate: 25% reduction from FY2013 * Positioned as priority activities for pursuing our environmental roadmap and policy	Target was achieved with a 28.9% reduction compared to FY2013.	5	CO <sub>2</sub> emissions intensity reduction rate: 29% reduction from FY2013 * Positioned as priority activities for pursuing our environmental roadmap and policy
	Reduce the consumption of water used in processes.	Set an individual target for each business site.	The target was achieved at four of the 11 targeted business sites.	2	Set an individual intensity target for each business site. Set the intensity target compared to the year either FY2022 or FY2023 with the best performance.
<b>Other</b>	Promote social contribution activities.	Set a target for the number of times each business site should organize social contribution activities related to the environment. (Sites in Japan only) * Social contribution activities related to the environment refer to community clean-ups, preservation of Satoyama, socio-ecological production landscapes, and other activities.	The target was achieved at all business sites. (Excluding cancellations of government events due to rain)	5	Set a target for the number of times each business site should organize social contribution activities related to the environment. * Social contribution activities related to the environment refer to community clean-ups, preservation of Satoyama, socio-ecological production landscapes, and other activities.

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

Results of initiatives

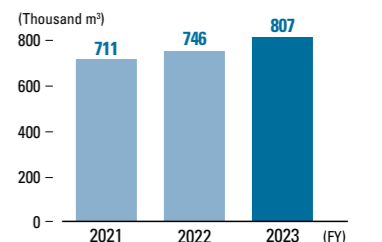
Discharged materials

Discharged materials shows all the materials discharged from business offices, including all valuable materials and waste, except steel and aluminum.



Water consumption

Water consumption shows the amount of clean water and groundwater consumed. Reduction in the use of water resources has been included in our targets since fiscal 2011.



Participation in the GX League Basic Concept

Ahresty has endorsed the GX (Green Transformation) League Basic Concept announced by the Ministry of Economy, Trade and Industry in January 2023, and has participated in the GX League since its full-scale operation start in April 2023. We have recognized "reducing the use of fossil fuels by improving energy efficiency, etc." as one of the important issues to be addressed. Setting a CO<sub>2</sub> emissions reduction target, we are promoting activities to achieve the target within the framework of the 10-year Business Plan and Medium-Term Management Plan. Our efforts to achieve the target by 2030 and to take on the challenge of achieving carbon neutrality by 2050 are consistent with the purpose of the GX League Basic Concept. By contributing to the realization of a decarbonized society with initiatives through the GX League and other frameworks, we aim to improve our corporate value and realize a sustainable society.

GX League Dashboard (inside the GX League website) :<https://dashboard.gx-league.go.jp/company/7011201010490/>



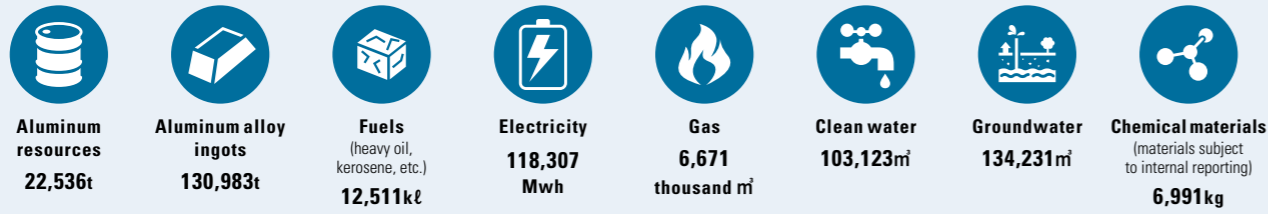


Material Flows (Sites in Japan)

Production activities require energy and materials and involve emissions. Ahresty allocates costs to measures to reduce the environmental impact in its manufacturing processes, including the introduction of equipment for reducing the impact.

\*The figures of Material Flows are based on the sites in Japan.

INPUT (consumption)

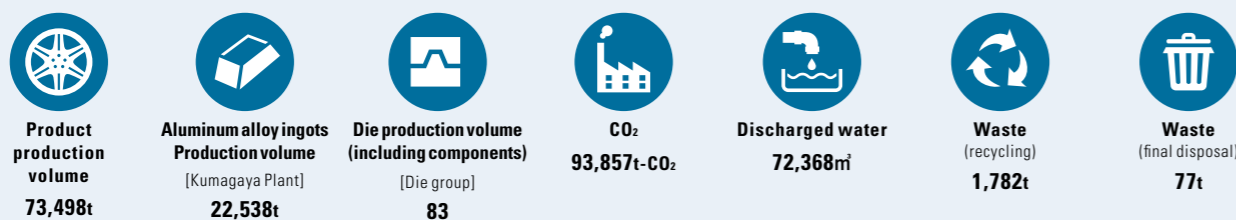


Cost calculation period: From April 1, 2023 to March 31, 2024 (Unit: thousand yen)

Environmental conservation costs			
Categories	Initiative examples	Costs	
		Investments	Expenses
Pollution prevention costs	Installation, management and updating of wastewater treatment equipment, maintenance and management of waste gas treatment and dust collection equipment, and noise control measures	21,440	59,883
Global environmental conservation costs	Energy (electricity and heavy oil) saving activities, installation of energy saving equipment, greening of the plant environment, and monitoring of electric power consumption	108,011	30,258
Resource recycling costs	Recycling of water, treatment (separation and disposal) of waste, and use of recycled oil	2,808	447,881
	Sales of valuable materials (The amount of income is entered in the costs column.)	0	279,870
<b>Subtotal</b>		<b>132,259</b>	<b>538,022</b>
Upstream and downstream costs	Purchasing of green materials	0	42,098
Management activity costs	Company-wide or site Environmental Committee, internal auditing, measuring of the levels of smoke, dioxin, exhaust gas and noise, internal education and training, and maintenance of ISO14001 certification	0	11,438
Research and development costs	Research and development of environmental impact reduction technology, etc.	0	0
Social activities costs	Holding of plant tours, community clean-up activities, community communication activities, volunteer activities, and NPO donations	0	334
Environmental damage countermeasure costs	Pollution load charges	0	2,911
<b>Subtotal</b>		<b>0</b>	<b>56,781</b>
<b>Income total</b>			<b>279,870</b>
<b>Total</b>		<b>132,259</b>	<b>314,933</b>

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

OUTPUT (production and emissions)



\* For the CO<sub>2</sub> emission factor for electricity in Scope 2, information on market-based factors is used.

Acquisition of ISO14001:2015 certification

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



Registered sites

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

Scope of registration

- (1) Manufacture of die castings, aluminum castings, and aluminum alloy ingots
- (2) Design, development, and manufacture of special-purpose machines and peripheral units for die castings
- (3) Design, development, and manufacture of dies for die castings
- (4) Design, development, and manufacture of building materials, such as raised floor panels

Raising environmental awareness

Ahresty hosts various educational events and communication activities related to the environment to raise its employees' environmental awareness.

Ahresty 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.

Green purchasing

Ahresty conducts management activities under its Environmental Policy, declaring that we are well aware that our corporate activities are related to and influence the global environment and that we actively contribute to society by striving toward environmental conservation of the global and local communities. In purchasing, we actively promote "green purchasing," in which materials to be purchased are selected from an environmental perspective in addition to the quality, price, and delivery time. We procure goods and services from suppliers and contractors based on a comprehensive judgment, focusing on both their environmental conservation activities and the environmental conservation status of the goods and services we purchase from them.

Activities to reduce waste and water consumption

Ahresty has also positioned the reduction of waste and water consumption as an important management item, and is continuing reduction activities.

[Reduction of waste materials Common measures]

- Considering ways to change waste into valuables by selecting disposal companies and promoting thorough waste separation
- Reduction of logistics-related waste by reusing and changing materials
- Examining and promoting reuse in various processes
- Formulation of measures based on analysis of FY2023 results

[Reduction of water consumption Common measures]

- Visualization of water consumption
- Water leakage checks and remediation at all utilities

## Initiatives to Support Sustainable Growth

04

### Round-table Discussion on Corporate Governance

**Chairman and Director** (Chair of Board of Directors Meeting) × **Independent Director** (Audit and Supervisory Committee member) × **Director** (Full-time Audit and Supervisory Committee member)

Chairman and Director,  
Chairman and Executive Officer  
**Arata Takahashi**



Independent Director  
(Audit and Supervisory Committee member)  
Lawyer, Mori & Kikuchi Law Office  
**Akiyoshi Mori**



#### Sustainable Growth Ahresty Aims at by Pursuing the Ideal State of the Board of Directors and Improving Its Effectiveness

Independent Director  
(Audit and Supervisory Committee member)  
Professor at the Faculty of Economics,  
Keio University

**Kimiko Terai**



Director  
(Full-time Audit and  
Supervisory Committee  
member)

**Kazuyuki Sakai**



#### Review one year after establishment of the new management system and expectations of Independent Directors

**Mori:** One year has passed since the inauguration of the new management system, and President is more confident in expressing his opinions than when he first took office. This has led to lively exchanges of ideas with other Directors and Executive Officers. I realize that "position makes the person."

**Takahashi:** The appointment of younger members who have been stationed abroad as Chief of the Manufacturing Command and Chief of the Sales Command has lowered the barriers to communication with overseas offices. These organizations have become active and speedy. The appointment of the former Chief of the Sales Command as Chief of the Quality Assurance Command has strengthened the perspective of looking at quality from the customers' point of view. For plants in the U.S., Mexico and India, where new product launches are particularly frequent, he has been taking drastic measures to establish and continually improve a system to ensure high-quality manufacturing.

The most pressing issue is the lack of strength in the recovery of the Group's earnings, even as the automotive market is recovering from the COVID-19 pandemic and the semiconductor shortage. Furthermore, the Board of Directors will need to decide on the direction of how to solve the challenges in the China region.

**Sakai:** Ms. Terai and Mr. Matsuba have been appointed as Independent Directors, and they have contributed greatly to the lively discussions at the Board of Directors Meetings by asking questions and making suggestions from new perspectives. I hope that they will continue to provide us with guidance from an outside perspective and opinions based on their expertise.

**Terai:** Although I often ask basic questions about technical aspects and industry trends, everyone is very polite and sincere in answering any questions that I have

asked, which helps me understand the situation and business environment at Ahresty. I appreciate this very much, as I am responsible for monitoring the situation and business environment at Ahresty closely even though I am a new Independent Director.

**Sakai:** We regularly hold meetings to exchange opinions between the Chairman and President and Independent Directors, and in the future, we hope to have such opportunities with other Directors, and even with candidates for next-generation Directors. This would lead to discussions in greater depth, not just reporting at Board of Directors Meetings. It would also be good for both parties to get to know the personalities and characteristics of Executive Officers.

**Takahashi:** At the General Meeting of Shareholders on June 28, 2024, an Independent Director with management experience in the manufacturing industry was appointed. He was appointed as an Independent Director who is not a member of the Audit and Supervisory Committee. We would like him to provide guidance and opinions from a different and broader perspective on matters that Inside Directors have difficulties noticing and tend to have a narrow perspective on, and to be more deeply involved in day-to-day management.

#### As a member of the Nomination and Compensation Committee

**Sakai:** In terms of Ahresty's sustainable growth, sustainability and corporate value improvement, the Group's growth engine is its overseas operations. The next-generation Directors should be appointed based on a variety of perspectives and transparent measures, including background, qualifications and information sensitivity. We could also go further into the skill matrix to see what perspective is used to certify skills. We should consider diversity while making such mid-term improvements in the director candidate consideration process. What I hope to see, and at the same time consider a current challenge, is that this will make the appointment process more logical, objective, and transparent, especially for foreign personnel.

**Terai:** Regarding the appointment of Directors, in this era, satisfying people within the company is not enough; it is necessary to convince shareholders and other external stakeholders that such appointments are appropriate. I think that the use of the skill matrix mentioned by Director Sakai is easy to realize and effective. Ensuring diversity at the stage of pooling department head candidates will also help raise the awareness of younger generations.

⇒P61. Training of Directors





## Initiatives to Support Sustainable Growth

04



### Evaluation of the effectiveness of the Board of Directors and challenges

**Mori:** The results of the evaluation of the effectiveness showed that the challenge is to keep the Independent Directors up-to-date on internal and external environmental changes in "Monitoring and revision of management and business strategies." In order for Independent Directors to continuously monitor the feasibility of each strategy, I think that it is necessary that we Independent Directors be provided with input on the results of the analysis of changes in the environment and have opportunities to exchange more opinions on how Ahresty should respond to such changes in the future. For example, as we recently discussed the introduction of gigacasting, I believe that we should take up major business environment changes or management issues as board agenda items and discuss them over time.

**Takahashi:** The current Board of Directors has undergone a significant transformation over the past five years; however, the results of the most recent effectiveness evaluation showed that the Board of Directors is still on its way to becoming what it should be. The Board of Directors is responsible for

guiding the company on the right course, pointing out when it is off course and advising it to move in the right direction. We must bring the Board of Directors closer to what it should be. We will improve on areas that are lacking in the development process, including more discussions on major management issues.

**Terai:** In the long run, I believe that diversity on the Board of Directors is a challenge. Ahresty's recruitment website says: "Some students may assume that auto parts manufacturers are a man's world of craftsmanship. However, that was the image of a generation ago." Many people tend to assume that Ahresty is a male-oriented company. The world is changing. I believe that female and foreign human resources should be increased in the Board of Directors, which is the decision-making body.

**Takahashi:** I have seen an increase in the number of talented female human resources in recent years from internal debriefing sessions and other opportunities. We promote leadership training and other programs every year for both male and female employees. Regarding overseas human resources, the first step is to make department managers

at overseas subsidiaries locally hired employees, and the next step is to appoint a foreign Director. To pave the way for making this happen, we are holding Plant managers' meetings attended by senior management from all global sites in English. Although the progress of the meetings is still awkward, we are making solid progress in this way to localize overseas plant managers.

**Sakai:** In the effectiveness evaluation, it is difficult to determine the focus of scoring. In the future, by considering receiving external evaluations to be provided with more objective and transparent evaluations and opinions, we will be able to recognize an external evaluation perspective, and if we use this as a starting point to improve the Board of Directors year by year, it can steadily move closer to its ideal state.

⇒P59. Ensuring the effectiveness of the Board of Directors

### Message from the Chair of Board of Directors Meeting

**Takahashi:** Directors are entrusted by shareholders to manage the company. We must manage our business properly in accordance with its essence. The fleet captain (management) leads the fleet of vessels, Ahresty, and each vessel has its own captain, the department manager. The Board of Directors is the head of the fleet who must manage and supervise the fleet captain and guide the fleet in the right direction. When the Board of Directors functions as it should, the fleet gains momentum. We would like to ask Independent Directors to give us constructive opinions and guidance with the attitude that right is right and wrong is wrong, and to work together with us to guide the fleet. To this end, I believe that it is necessary to have Independent Directors gain a deeper understanding of our situation. We would like to provide them with more input at the Board of Directors so that they can understand our current situation and then participate in discussions together to determine what measures to take to address future issues.

## Introduction of Independent Directors

### New Independent Director



#### Takamitsu Sakamaki

After joining Nissan Diesel Motor Co., Ltd. (Presently UD Trucks Corporation), he worked as General Manager of the Inspection Department; General Manager of the Plant Quality Assurance Department; the General Manager in charge of Volvo Powertrain Japan Production PT Technology; Managing Executive Officer of Volvo Powertrain Operations Japan; Managing Executive Officer of GTO Powertrain Production Japan; and Senior Managing Executive Officer in charge of Production. After serving as President and Senior Managing Executive Officer in charge of Production and Advisor, he retired in March 2023.

**I will be committed to the growth of Ahresty utilizing my management experience in the automotive industry.**

#### My area of expertise

I have experience in all aspects of manufacturing in the automotive industry, including the manufacturing floor, production engineering, inspection and quality assurance. While experiencing firsthand the differences with overseas organizations, I made improvements from a global perspective from a management standpoint. I was conscious of creating an open organization within the company by thoroughly adhering to the Three Reality Principle. I also used external surveys and other external perspectives to objectively understand the company's own position and determine the direction that the company should take. I focused on learning about the company's weaknesses from social trends and promoting improvements. I hope to apply this experience at Ahresty.

#### Roles that can be fulfilled as an Independent Director

Utilizing my management experience in the

automotive industry, I would like to offer advice on whether quality and cost-conscious manufacturing is being carried out, and whether objective views and rational analysis are being made. In addition, forward-looking projections are essential when the direction of the company is considered. To do this, it is first important to listen carefully to stakeholders and understand the gap between their thoughts and our own. I would like to actively support management as a Director while utilizing the objective viewpoint of an Independent Director.

#### Expectations for Ahresty

A company must constantly grow. I believe that it is necessary to calmly analyze what the next strengths are for Ahresty's growth. I am looking forward to working as a Director in the expectation that Ahresty will build on its current strengths while planting the seeds for its next move.



Independent Director (Audit and Supervisory Committee member)

#### Shuhei Shiozawa

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

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



Independent Director (Audit and Supervisory Committee member)

#### Akiyoshi Mori

Lawyer, Mori & Kikuchi Law Office

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



Independent Director (Audit and Supervisory Committee member)

#### Kimiko Terai

Professor at the Faculty of Economics, Keio University

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



Independent Director (Audit and Supervisory Committee member)

#### Toshihiro Matsuba

Senior Executive Officer, Nippon Light Metal Holdings Co., Ltd.

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



04 Initiatives to Support Sustainable Growth



# Governance: Improving Corporate Governance

## Corporate Governance

Ahresty believes that the basic policies of corporate governance should be to clarify its management responsibilities and accountability to all its shareholders and other stakeholders and to establish a management system capable of making decisions promptly with a high level of transparency. Ahresty also focuses its efforts on improving its internal control and risk management systems, and establishing a management system capable of supervising the business activities of the entire Group. Since it became a company with an audit and supervisory committee in 2015, Ahresty has implemented various initiatives to enhance its corporate governance, including setting up the Nomination and Compensation Committee in 2019 to discuss the appointment/dismissal of directors, their remuneration, and requirements for director candidates, and replacing the chairperson of the Committee with an Independent Director in 2021.

### Corporate governance system

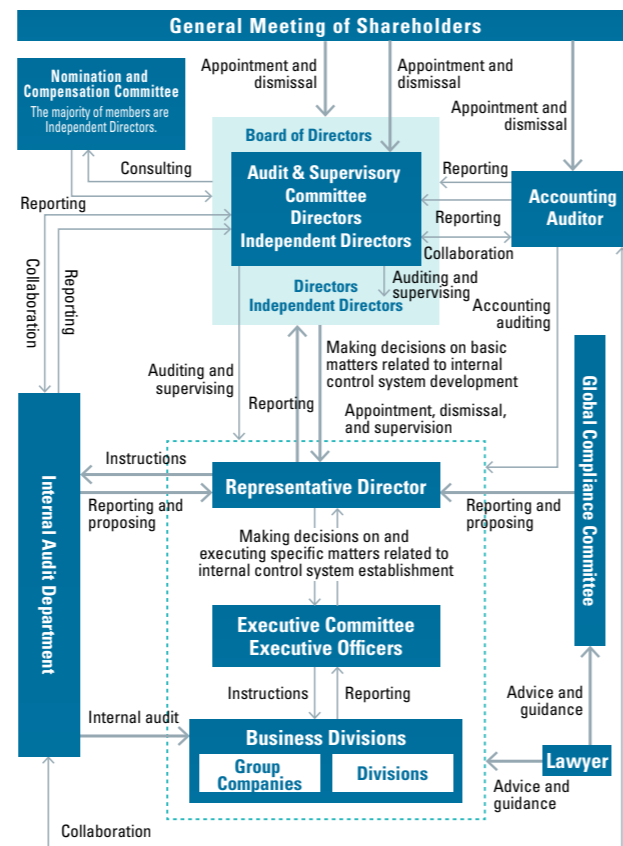
Board of Directors (10 directors)	
Directors (excluding directors who are members of the Audit and Supervisory Committee)	5 (including 1 Independent Director)
Directors who are members of the Audit and Supervisory Committee	5 (including 4 Independent Directors)

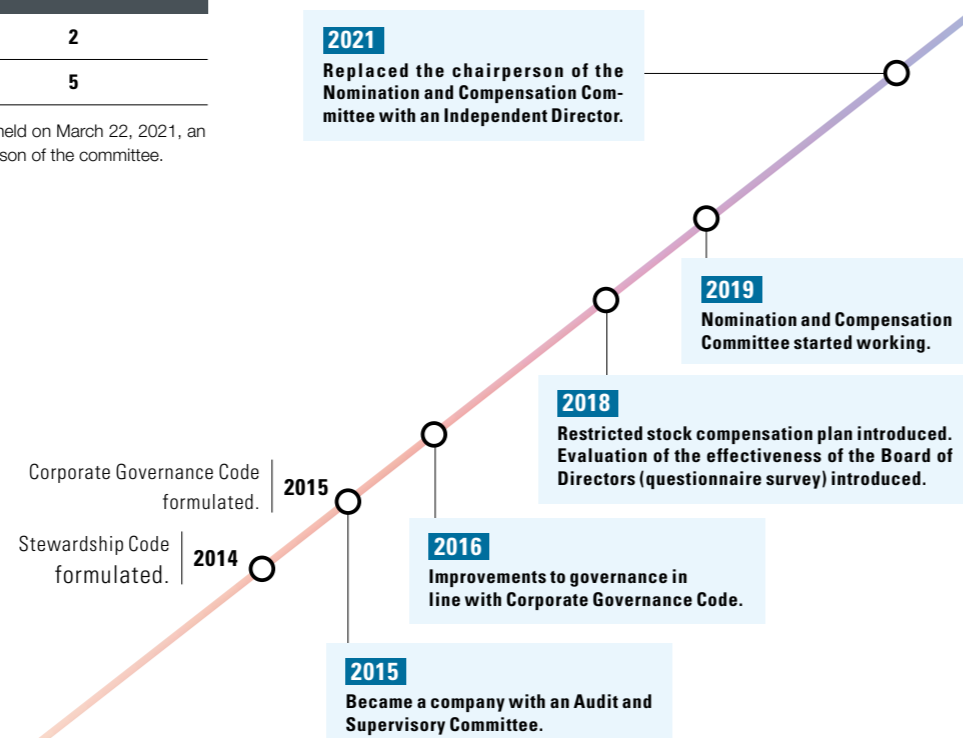
Nomination and Compensation Committee (7 members)	
Inside Directors	2
Independent Directors	5

\* With a resolution at the Board of Directors meeting held on March 22, 2021, an Independent Director was appointed as the chairperson of the committee.

Corporate governance system chart



History of corporate governance reforms



## Ensuring the effectiveness of the Board of Directors

### Evaluation of the effectiveness of the Board of Directors

Toward sustainable growth and medium- to long-term improvement of corporate value, Ahresty evaluates the effectiveness of the Board of Directors in order to verify whether the Board of Directors is appropriately fulfilling the functions expected of it and enhance it.

### Evaluation process

Ahresty evaluates the effectiveness of all Directors, including those who are members of the Audit and Supervisory Committee, in the form of a questionnaire. Evaluation items are reviewed based on issues requested by external stakeholders, opinions from Independent Directors and other factors.

### Summary of evaluation items

The items of the effectiveness evaluation consist of the following major items.

### Evaluation items for the Board of Directors

(1)	<b>Composition and operation of the Board of Directors</b>
1	Member composition based on diversity, knowledge, abilities and experience
2	Frequency and time allocation
3	Appropriate agenda items
4	Lively and effective operations
5	Preliminary preparation and review time
6	Education of Directors
(2)	<b>Management and business strategies</b>
1	Provision of information necessary for deliberation
2	Deliberation time
3	Monitoring and revision of management and business strategies
(3)	<b>Risk and crisis management</b>
1	Timely reporting and handling of risks
(4)	<b>Corporate ethics</b>
1	Monitoring and supervision of conduct code and ethics code
2	Confirmation of reporting system for corporate ethics violations
(5)	<b>Performance monitoring</b>
1	Adequacy of performance monitoring indicators

2	Access to external company evaluations
3	Validity of performance monitoring indicators
(6)	<b>Management evaluation and compensation</b>
	Adequacy of annual goals
1	(1) Management and business strategies
	(2) Goals and vision
	(3) Corporate culture
2	Analysis, evaluation and disclosure of effectiveness evaluation results
3	Formulation, administration and supervision of succession planning
(7)	<b>Dialog with stakeholders</b>
1	Incorporation of dialog with shareholders
2	Response to negative votes at General Meeting of Shareholders
3	Supervision and involvement of disclosed information
4	Stakeholder interests

### Addressing issues identified in the evaluation results

The following corrective measures have been planned and implemented to address issues identified in the effectiveness evaluation for the fiscal year ending March 31, 2023.

(1) Composition and operation of the Board of Directors  
We deliberated on new Director candidates with an eye toward diversity of Directors and expansion of the skill matrix of the Board of Directors. At the General Meeting of Shareholders held in June 2024, one Independent Director (Director who is not a member of the Audit and Supervisory Committee) with management experience was appointed, as requested by institutional investors. Furthermore, we have made arrangements for new Directors to promptly participate in the management of the company by developing an orientation program for candidates for Independent Directors and by making it mandatory for candidates for Directors who are promoted from within the company to take prescribed training courses.

(2) Strengthening provision of information on business environment, etc.

As a means of strengthening the system for the Independent Directors to regularly monitor whether management and business strategies are responding to changes in the business environment surrounding Ahresty, we have created opportunities to regularly provide them with information from each Command.

(3) Strengthening incorporation of external opinions  
As a forum for feeding back opinions of shareholders, institutional investors and other stakeholders to management, we have increased opportunities for regular reporting to and discussion with them.

**Future effectiveness evaluation**

For the purpose of ensuring objectivity in the evaluation of the effectiveness of the Board of Directors, we will continue considering evaluations by a third-party organization.

Based on the results of the effectiveness evaluation, Ahresty will continue striving to improve the effectiveness of the Board of Directors.

**Executive remuneration under the restricted stock compensation plan**

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

**Updating the skill matrix of directors**

Ahresty has introduced a skill matrix to ensure that the knowledge, experience, and abilities of Directors are appropriate. In 2023, we updated the skill matrix so that the skill requirements would match more closely the needs of the times.

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

**Skill matrix of Directors**

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

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

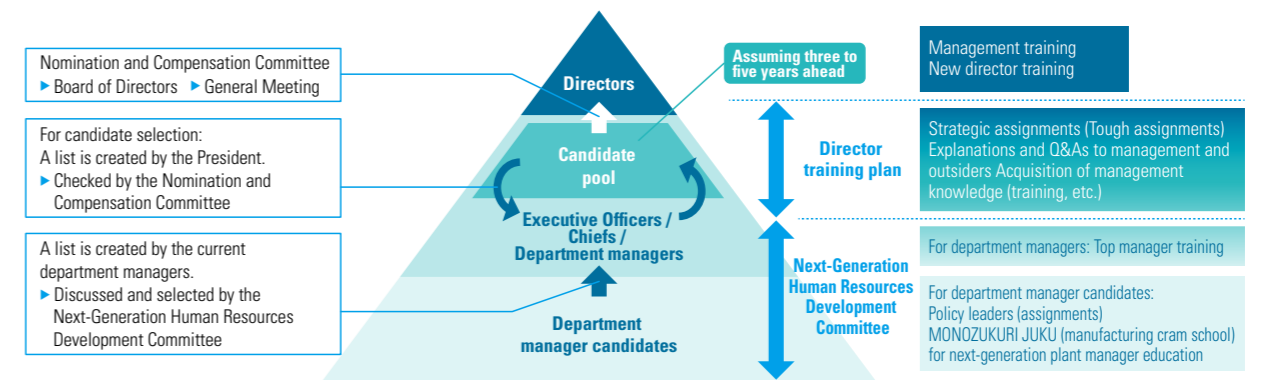
**Training of Directors**

In human resources development, Ahresty prepares and operates a human resources roadmap that defines requirements, candidates, development goals and plans for the necessary human resources at each level in light of the business environment expected over the medium to long term. In particular, regarding the selection and training of candidates for Department Manager or higher positions, we have adopted a system in which we cultivate their skills as a potential future Director step by step. After stepping them up to the position of a Department Manager, Chief, and Executive Officer, we implement a strategic assignment approach as a measure to train Directors. This is a hands-on human resources development measure that provides opportunities for Director candidates to gain actual experience by assigning them important posts and projects according to their requirements. Once a year, the Nomination and Compensation Committee examines the skill matrix of candidates created based on the evaluation results of strategic assignments to check if a review is necessary. In running the PDCA cycle for the candidate training plan, the number of candidates is narrowed

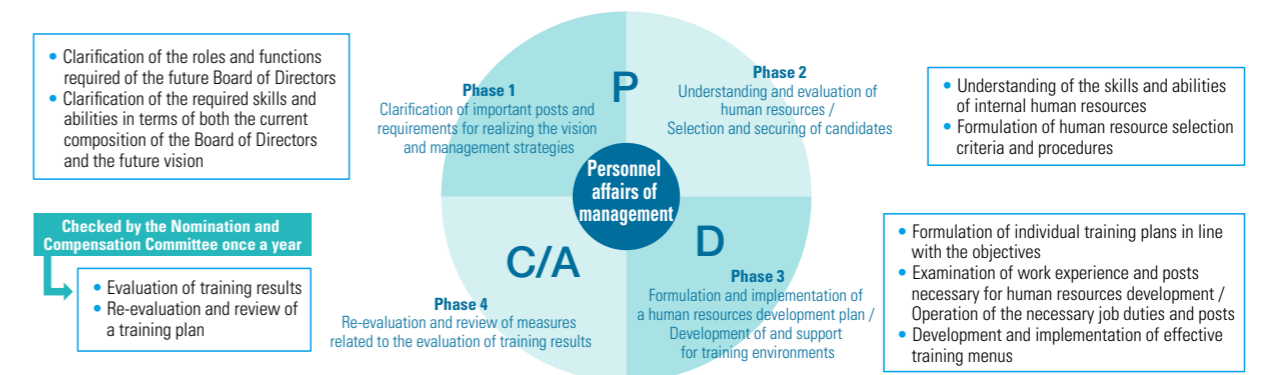
down, their future potential is assessed and whether they can perform as well in their next position as they do now is determined. Directors promoted from within the company are required to undergo governance training at the time of their appointment to improve their understanding of their responsibilities as Directors, as well as other necessary knowledge.

In the case of appointment of Independent Directors, objective skills are ascertained through their backgrounds and qualifications, and their suitability and character as Directors are determined through actual communication. In addition, we have established a system to enable new Independent Directors to participate in discussions at Board of Directors meetings and contribute to management as soon as possible after assuming office, including an orientation program in which they are required to tour our main plants and attend lectures to understand the outline and characteristics of our Group's business, management conditions, organization, major management issues and strategies and other basic information before assuming their positions as Directors.

**Approach to training director candidates**



**Director training process**



**Dialogue with Shareholders**

Ahresty believes that it is important to have constructive dialogue, and establish and maintain the sound relationship with shareholders and investors (hereinafter referred to as "Shareholder etc.") for enhancing sustained growth and medium to long-term corporate value. To cultivate a better understanding, the Company shall conduct the timely and appropriate disclosure of financial and non-financial information in accordance with laws and regulations, and provide information other than the disclosure based on laws and regulations as well. Furthermore, regarding opinions obtained from the dialogue with Shareholders etc., they shall be fed back to the management, and make effective use of improvement of corporate value.

**System to conduct Constructive Dialogue**

The Company President & CEO shall control the whole dialogue with Shareholder etc., and strive to realize constructive dialogue. Regarding the actual dialogue with Shareholder etc., Management Planning Dept. shall examine the response with the Company President & CEO and Chief Administrative Officer, and take appropriate action.

Relative divisions such as Accounting Dept. and Human Resource Dept. shall conduct duties including the creation of disclosure materials and the share of necessary information.

**Enhance a dialogue with Shareholder etc.**

As means of dialogue other than individual meetings with Shareholder etc., the Company shall implement the explanatory session of financial results, briefing of management directives and disclosure of information by website etc., and conduct the activities to enhance the understanding in regard to the Company's management directives / strategies and industry environment.

**Internal Feedback**

Management Planning Dept. shall share and utilize information such opinions and questions from Shareholders etc. by feeding back to Directors, Executive members, and relative divisions timely and appropriately, and lead to increase of corporate value.

**Organizing a plant tour**

In April 2024, we held a plant tour for institutional investors and analysts. The tour was designed to promote understanding of Ahresty by showing the production system for casting and machining of die-cast products, the status of response to parts for BEVs and other electric vehicles, automation, labor saving and improvement of the work environment at its main plant, and production technology and other initiatives at its Technical Center.

**Management of Insider Information**

The Company, as a policy in regard to information disclosure of the Company and the Ahresty Group (hereinafter referred to as "the Company Group") to capital market participants like Shareholder etc., shall establish Disclosure Rule separately, and endeavor to the correct, timely, and fair disclosure of corporate information.

The Company shall restrict the dialogue with shareholders for 3 weeks prior to the announcement of financial report to prevent the leak of the information and secure the fairness.

The Company shall establish "Rule for Prevention of Insider Trading" separately, manage the material information of the Company Group, and take measures for pre-prevention of insider trading through in-house education.

Regarding the stance to the Company's information disclosure, "Disclosure Policy" shall be released in the Company's home page.

**Grasp the composition of shareholders**

The Company shall conduct the investigation of beneficial shareholders regularly to endeavor to grasp the composition of shareholders, and enhance the constructive dialogue with shareholders.

**Formulation and Announcement of Management Strategies and Management Plan**

Upon formulation of management strategies and management plan, the Company shall establish the goal of future benefits and capital efficiency, strategies and measures for distribution of business resources, and strive to explain clearly.

**Status of Dialogue with Shareholders and Investors**

Ahresty actively engages in dialogue with shareholders and institutional investors with the aim of enhancing its corporate value and provides internal feedback on the content of such dialogue and advice received in a timely manner through the Board of Directors' meetings and other means.

**FY 2023 Status of Dialogue with Shareholders and Investors**  
 ⇒[https://www.ahresty.co.jp/en/uploads/E20240606\\_3.pdf](https://www.ahresty.co.jp/en/uploads/E20240606_3.pdf)



**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 materialize, 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, 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 directions, and checks improvements to risk management systems and frameworks for the entire Group.

**Identifying and responding to risks**

Ahresty selected 16 items as its priority risk management items for fiscal 2023, including "stricter environmental regulations" and "strengthening of the information security system," and appointed departments to be responsible for each risk item. By clarifying the degree of impact and causes of each risk item if it materializes, Ahresty has been working to enhance prevention, initial response and measures for recovery.

**FY2023 risk management items and initiatives to enhance responses (excerpts)**

Risk management item	Measures and efforts to ensure business continuity
<b>Disasters (Typhoon, heavy rain)</b>	Formulated guidelines for responses to typhoons and heavy rain, and implemented measures against disasters, such as the introduction of emergency communication devices.
<b>Stricter environmental regulations</b>	In terms of climate change risk, we view the stricter environmental regulations as a company-wide risk, and we are strengthening our systems to collect timely and appropriate information and respond to regulatory requirements in a timely manner throughout the Group, including overseas locations.
<b>Regional conflict</b>	We have collected signs of risks that could affect the Group on a global basis due to regional conflicts. We are working to strengthen our system so that if any risks that have a major impact on the Group's production and earnings materialize, relevant departments and sites will work together to promptly consider countermeasures.

**Compliance**

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

**Strengthening of the information security system**

The Ahresty Group has established the "Information Security Policy" to protect all information entrusted by our stakeholders and our information assets from any threats, to live up to the trust that stakeholders have put in us, and to make our business stable and sustainable. We have also created a structure that enables us to promote, maintain and continuously improve information security. Specifically, as a management system to control information security within the Group, we have appointed a company-wide information management officer and other persons responsible and established a company-wide information management department and an information security committee. In addition, we have established information management officers and other persons responsible to implement information management, including information security, at each organizational unit within the Group, and are strengthening mainly the following systems to prevent information leakage due to internal fraud, external cyber-attacks, etc. and to improve business continuity.

- (1) Establish Group's internal rules that conform to laws and regulations related to information security and ensure compliance with such rules.
- (2) Provide continued education and training to raise awareness of the importance of information security and to familiarize employees with the Group's internal rules.
- (3) Take appropriate measures to deal with any violations of laws and regulations and incidents related to information security, as well as measures to prevent recurrence of such violations and incidents.



## Key Financial, Human Resources and Environmental Data for the 10-year Period

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Operating results</b>										
Net sales	138,727	144,451	136,657	145,167	145,428	120,577	92,973	116,313	140,938	158,254
Operating income	2,521	5,385	6,912	4,718	3,228	764	△2,554	△2,422	23	2,291
Operating income margin (%)	1.8	3.7	5.1	3.3	2.2	0.6	△2.7	△2.1	0.0	1.4
Recurring income	1,622	4,077	6,256	4,436	2,905	406	△2,094	△2,032	94	2,574
Net income attributable to owners of parent	332	1,963	4,620	3,450	421	△685	△2,843	△5,189	△84	△7,699
Comprehensive income	7,002	△1,310	3,171	3,971	△3,574	△3,175	△1,788	△2,267	3,288	△4,106
<b>Financial condition</b>										
Total assets	147,577	139,496	135,044	137,751	128,222	123,054	132,223	131,302	137,069	131,763
Net assets	60,849	59,262	62,053	65,439	61,293	57,364	55,631	53,566	56,649	51,617
Interest-bearing debts	46,838	42,448	32,804	31,552	30,737	33,695	45,920	42,916	43,519	40,523
<b>Per share information</b>										
Net assets per share (yen)	2,351.99	2,287.83	2,394.58	2,522.55	2,357.98	2,244.49	2,161.08	2,068.69	2,180.28	2,042.86
Net income per share (yen)	12.86	75.97	178.77	133.40	16.26	△26.77	△111.06	△201.23	△3.26	△300.55
Dividends per share (yen)	12	14	20	26	22	8	5	10	10	15
<b>Financial index</b>										
Equity ratio (%)	41.2	42.4	45.8	47.4	47.7	46.5	41.9	40.7	41.2	39.1
Return on equity (%)	0.6	3.3	7.6	5.4	0.7	△1.2	△5.0	△9.5	△0.1	△14.3
Price-earnings ratio (%) <sup>*1</sup>	59.8	9.6	6.4	7.1	38.9	-	-	-	-	-
Return on assets (%)	0.2	1.4	3.4	2.5	0.3	△0.5	△2.2	△3.9	△0.1	△5.7
D/E ratio	0.8	0.7	0.5	0.5	0.5	0.6	0.8	0.8	0.8	0.8
Dividend payout ratio (consolidated) (%) <sup>*1</sup>	93.3	18.4	11.2	19.5	135.3	-	-	-	-	-
<b>Cash flows</b>										
Cash flows from operating activities	12,502	18,062	21,779	16,908	16,018	16,474	7,942	8,259	10,727	18,319
Cash flows from investing activities	△15,211	△14,648	△12,932	△16,795	△14,150	△17,691	△11,570	△6,083	△6,331	△13,939
Cash flows from financing activities	△538	△4,372	△9,004	△1,391	△1,392	2,162	11,940	△5,101	△1,534	△5,951
Free cash flow	△2,709	3,414	8,847	113	1,868	△1,217	△3,628	2,176	4,396	4,379
Year-end balance of cash and cash equivalents	5,789	4,505	4,100	2,630	2,901	3,732	12,249	9,356	12,991	11,594
<b>Capital expenditures and depreciation</b>										
Capital expenditures <sup>*2</sup>	9,841	9,064	7,046	10,962	10,595	13,821	7,497	6,044	6,899	10,908
Depreciation	12,956	14,877	13,781	14,899	16,011	14,329	12,901	11,919	12,906	12,797

<sup>\*1</sup> Since the price-earnings ratio and dividend payout ratio (consolidated) for fiscal year ended March 31, 2020, fiscal year ended March 31, 2021, fiscal year ended March 31, 2022, fiscal year ended March 31, 2023, and fiscal year ended March 31, 2024 are not shown due to net loss attributable to owners of parent.

<sup>\*2</sup> The capital expenditures exclude those for "dies" included in tools, furniture and fixtures.

(Unit: million yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Segment information</b>										
<b>Japan segment die casting</b>										
Net sales	63,226	63,583	63,008	66,818	67,988	59,500	45,584	51,746	59,019	62,007
Segment income	3,230	2,769	2,519	1,458	871	△444	△2,491	△1,372	250	595
Segment assets	46,869	48,372	51,614	54,525	54,834	53,773	55,940	51,717	50,832	54,597
<b>North America segment die casting</b>										
Net sales	40,654	45,760	40,854	39,937	39,801	30,633	21,628	28,111	36,995	47,967
Segment income	△1,295	1,521	2,163	291	123	635	94	△1,096	△676	1,242
Segment assets	47,279	45,272	41,409	38,173	32,954	29,478	29,787	31,064	31,597	32,385
<b>Asia segment die casting</b>										
Net sales	27,584	27,594	26,128	30,422	29,971	23,846	19,931	26,488	33,676	35,098
Segment income	662	573	1,758	2,378	1,841	3	△598	△547	8	△650
Segment assets	46,859	40,378	36,995	39,271	37,943	38,291	37,807	42,128	42,163	38,917
<b>Aluminum</b>										
Net sales	5,015	4,921	4,402	4,597	4,679	3,993	3,483	6,463	7,975	7,057
Segment income	5	338	274	213	112	169	33	265	274	141
Segment assets	3,030	2,527	2,773	3,344	3,019	2,388	2,758	4,350	4,085	4,103
<b>Proprietary products</b>										
Net sales	2,245	2,590	2,263	3,371	2,976	2,603	2,345	3,503	3,271	6,123
Segment income	83	212	155	392	314	277	320	312	285	891
Segment assets	1,397	1,797	1,213	1,997	2,194	1,282	1,018	2,573	3,271	2,639
<b>Net sales by region</b>										
Japan	70,618	70,723	69,288	74,278	75,196	65,699	51,122	61,423	70,001	74,841
North America	40,731	45,827	40,909	40,077	39,916	30,719	21,710	28,195	37,095	48,062
Asia	27,192	27,665	26,248	30,520	30,058	23,890	19,955	26,547	33,709	35,214
Other regions	185	235	212	290	257	268	185	146	132	135
<b>Percentage of overseas sales (%)<sup>*3</sup></b>										
	49.1	51.0	49.3	48.8	48.3	45.6	45.0	47.2	50.3	52.7
<b>Human resources and environment data</b>										
Consolidated number of employees (persons)	7,373	7,055	7,215	7,268	7,337	6,780	6,124	5,940	5,499	5,590
Percentage of female employees (%)	-	-	-	-	-	-	-	-	17.4	17.4
Percentage of female managers (%)	-	-	-	-	-	-	-	-	10.3	9.5
Scope 1,2 CO <sub>2</sub> emissions (thousand t-CO <sub>2</sub> ) <sup>*5</sup>	291	284	263	264	256	223	195	208	207	213

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

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

<sup>\*5</sup> Figures from fiscal year ended March 31, 2015 to fiscal year ended March 31, 2018 do not include those from company cars, cafeterias, and other items with minor impact. Refer to the "Metrics and Targets" in "Disclosure Based on TCFD Recommendations" from page 46 for reference guidelines for calculations.

# Corporate Information

## Corporate Profile

<b>Company name</b>	Ahresty Corporation
<b>Capital</b>	6,964 Million
<b>Founded</b>	June 22, 1938
<b>Established</b>	November 2, 1943
<b>Employees</b>	Consolidated: 5,590 Single Entity : 987

## Directors

Chairman and Director, Chairman and Executive Officer <b>Arata Takahashi</b> Representative Director, President and CEO <b>Shinichi Takahashi</b> Representative Director, Senior Managing Executive Officer <b>Naoyuki Kaneta</b> Director, Managing Executive Officer <b>Hideki Nariya</b> Independent Director <b>Takamitsu Sakamaki</b>	Director (Audit & Supervisory Committee member) <b>Kazuyuki Sakai</b> Independent Director (Audit & Supervisory Committee member) <b>Shuhei Shiozawa</b> Independent Director (Audit and Supervisory Committee member) <b>Akiyoshi Mori</b> Independent Director (Audit and Supervisory Committee member) <b>Kimiko Terai</b> Independent Director (Audit and Supervisory Committee member) <b>Toshihiro Matsuba</b>
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## Executive Officers

Executive Officer <b>Koji Arai</b> Executive Officer <b>Yasutaka Oshima</b> Executive Officer <b>Kenichiro Mine</b> Executive Officer <b>Atsushi Shimizu</b> Executive Officer <b>Hirofumi Kondo</b>
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## Business Content

Manufacturing of Die Castings, Aluminum Alloy Ingots, Free Access Floor Panels and Peripheral Equipment for Die Casting Machine.

## Main Customers

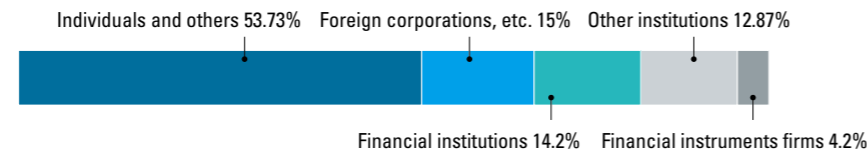
Aichi Machine Industry Co., Ltd.	Hitachi Plant Services Co., Ltd.	MAHLE Engine Components Japan Corporation	Nissan Shatai Co., Ltd.	Takenaka Corporation
Aisin Corporation	Honda Motor Co., Ltd.	Meidensha Corporation	Ntek Inc.	TDK Corporation
BorgWarner Inc.	Honda Trading Corporation	Mitsubishi Electric Mobility Corporation	Obayashi Corporation	Tokyo Roki Co., Ltd.
Contemporary Amperex Technology Co., Ltd.	Isuzu Motors Ltd.	Mitsubishi Motors Corporation	Sanki Engineering Co., Ltd.	Toyota Industries Corporation
Daihatsu Motor Co., Ltd.	Jatco Ltd.	NEC Facilities, Ltd.	Sankosha Corporation	Toyota Motor Corporation
Denso Corporation	Kajima Corporation	Nikkei Sangyo Co., Ltd.	Shanghai Volkswagen Co., Ltd.	Univance Corporation
Fuji Machinery Co., Ltd.	Kawasaki Motors, Ltd.	Nippon Light Metal Company, Ltd.	Shimizu Corporation	Yamada Manufacturing Co., Ltd.
Guangzhou Qisheng Powertrain Co., Ltd.	Komatsu Ltd.	Nippon Shooter Ltd.	Subaru Corporation	Yamaha Motor Co., Ltd.
Hino Motors, Ltd.	Kubota Corporation	Nissan Kohki Co., Ltd.	Sumitomo Riko Co., Ltd.	Yamazaki Corporation
Hitachi Astemo, Ltd.	MAGNA Powertrain de Mexico, S.A. de C.V.	Nissan Motor Co., Ltd.	Suzuki Motor Corporation	Yanmar Global Expert Co., Ltd.
			Taikisha Ltd.	
			Taisei Corporation	

## Stock Information

### Number of shares and shareholders

Authorized shares: 60,000,000 shares  
 Issued shares: 25,546,717 shares  
 Shareholders: 9,367

Distribution by type of shareholder (As of March 31, 2024)



## Sites Information

- Head Office and Technical Center**  
Product Design, Research and Development  
ISO 14001 / ISO 9001 (Die Casting Products-Raised Floor)
- Tokyo Head Office**  
ISO 14001 / ISO 9001 (Die Casting Products-Raised Floor)
- Tokai Plant**  
Die Casting, Machining, Part Assembling  
ISO 14001 / IATF 16949
- 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

- 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
- Guangzhou Ahresty Casting Co., Ltd.**  
Die Casting, Machining, Part Assembling  
ISO 14001 / ISO 45001 / IATF 16949
- 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 India Private Limited**  
Die Casting, Machining, Part Assembling  
ISO 14001 / ISO 45001 / IATF 16949
- Ahresty Wilmington Corporation**  
Die Casting, Machining, Part Assembling  
ISO 14001 / IATF 16949
- Ahresty Mexicana, S.A. de C.V.**  
Die Casting, Machining, Part Assembling, Die Casting Dies  
ISO 14001 / ISO 45001 / IATF 16949



# 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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Issue: September, 2024