Research
Service
Technology

Results Briefing for the First Half of the Year Ending March 31, 2025

November 27, 2024

Ahresty
Ahresty Corporation

Results for 1st Half of Year Ending March 2025

Key Results for the First Half of the Fiscal Year Ending March 2025

(Million yen)

	Year ended March 2024	Year ending March 2025			Year-on-Year
	First half	1Q	2Q	First half	
Net sales	77,750	38,403	39,792	**78,195**	**+445**
Operating income	601	101	(354)	**(253)**	**(854)**
Recurring income	938	693	(1,229)	**(536)**	**(1,474)**
Net income	900	488	(3,184)	**(2,696)**	**(3,596)**

<Overview>

- Net sales: Although net sales increased due partly to the weak yen, the volume of orders received decreased by 3% year on year due to sluggish sales at some major customers, etc.
- Operating income: Although progress was made in reducing fixed costs and adjusting prices in response to the decline in the volume of orders received, an operating loss was recorded due to an increase in procurement costs caused by soaring raw material prices and a decline in productivity at the U.S. plant.
- Net income: Foreign exchange losses due to exchange rate fluctuations, special retirement expenses for the purpose of streamlining the production system, reversal of deferred tax assets due to exchange rate fluctuations mainly at the Mexico Plant, and other expenses were recorded.

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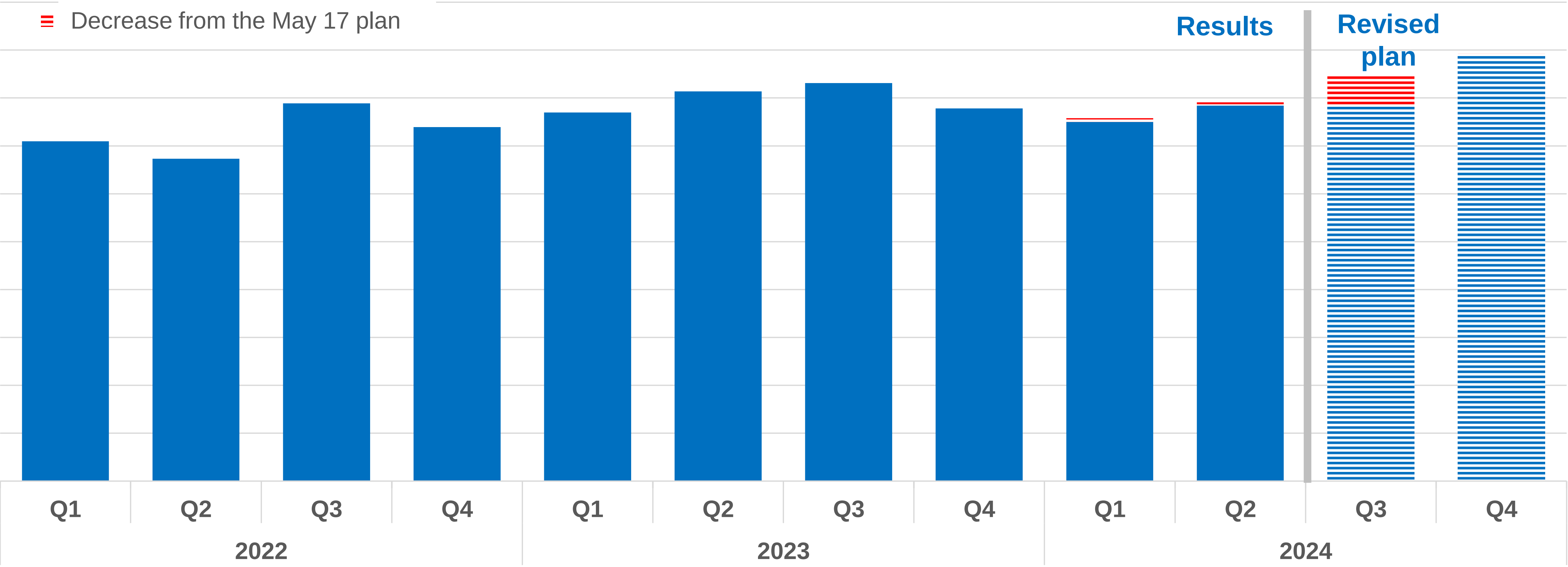
Changes in Sales Weight

Although there are regional differences, the sales weight is expected to slightly decrease from the initial plan in the first half due to sluggish sales at some major customers, etc. However, a gradual recovery is expected from the second half onwards.

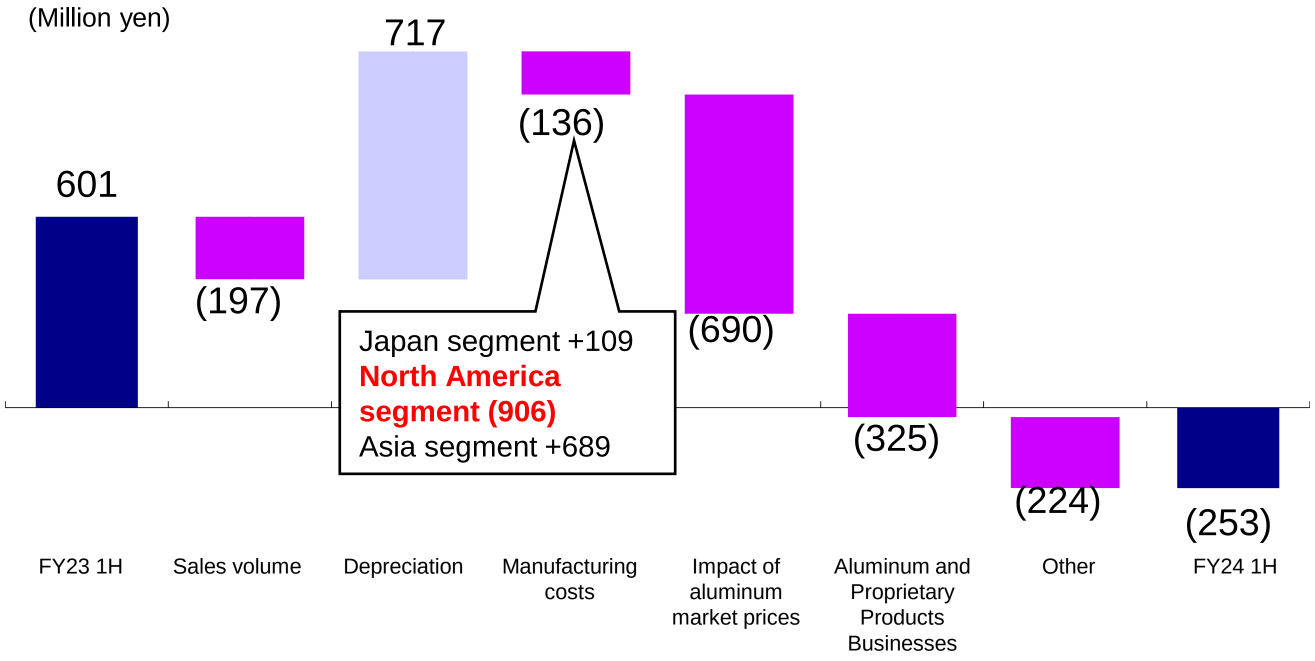


Consolidated Results

Although depreciation and amortization were reduced due to the impairment losses recorded in the previous period, a decline in the volume of orders received and soaring raw material prices squeezed profits. With manufacturing costs significantly affected by the decreased productivity at the U.S. plant, activities are underway to level out production systems.

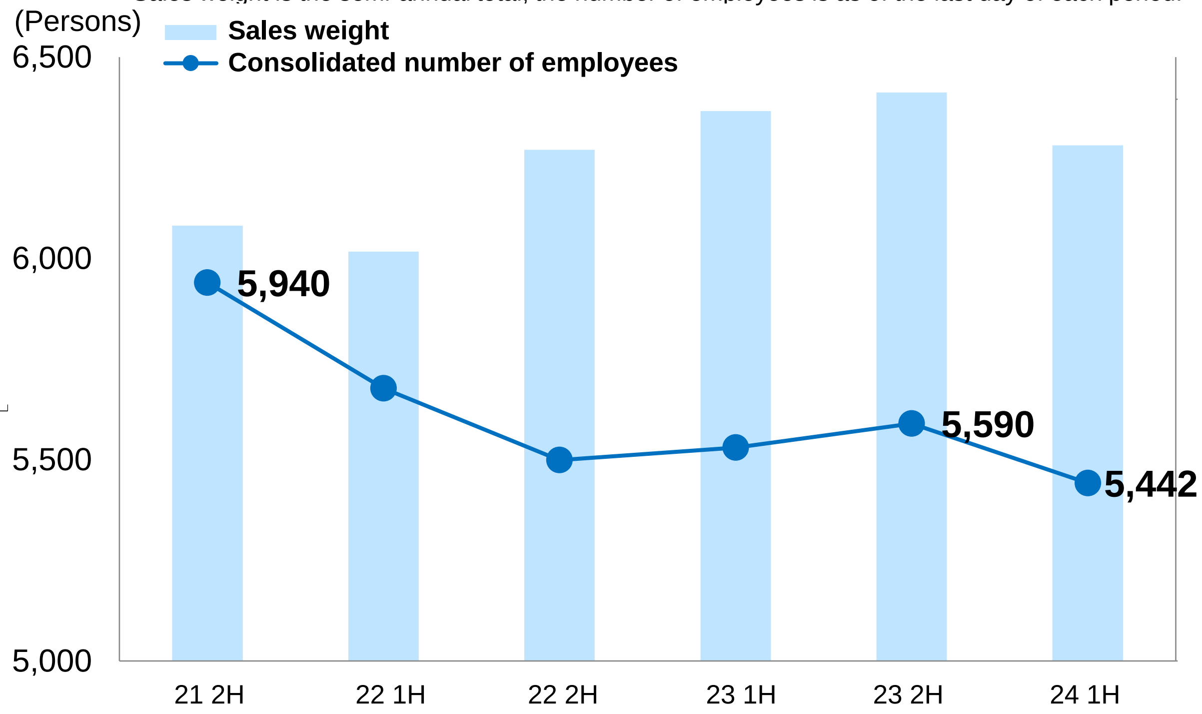
We are promoting lean production systems and operational efficiency by reducing personnel in response to fluctuations in orders received. Even as the volume of orders is expected to recover in the second half of the year and beyond, we will establish a profit-making structure by limiting increases in personnel.

■ Factors behind changes in operating income



■ Changes in sales weight and number of employees

* Sales weight is the semi-annual total; the number of employees is as of the last day of each period.



Details of the Results for the First Half of Fiscal Year Ending March 2025

Recording of Non-operating Expenses, etc. in the First Half

(Million yen)

	Year ended March 2024 First half	Year ending March 2025 First half	Y-o-Y changes
Net sales	77,750	**78,195**	**+445**
Operating income	601	**(253)**	**(854)**
Recurring income	938	**(536)**	**(1,474)**
Net income	900	**(2,696)**	**(3,596)**

Non-operating expense (foreign currency exchange loss): Approx. ¥300 million (previous year: foreign currency gain of approx. ¥400 million)
In connection with the revaluation of foreign currency-denominated claims and debts, foreign exchange losses due to the appreciation of the yen were recorded.

Extraordinary losses (special retirement benefits): Approx. ¥1,000 million
Financial compensation for rationalization of the production system in China: Approx. ¥300 million
Special retirement payment for voluntary retirement in Japan: Approx. ¥700 million

Deferred income taxes (reversal of deferred tax assets): Approx. ¥700 million
Due to the difference between the functional currency (U.S. dollar) for accounting purposes and the local currency (Mexican peso) for tax base calculation for the Mexico plant, a depreciation of the peso against the U.S. dollar results in a positive amount of deferred income taxes and recording of an expense.

Die Casting Business

(Million yen)

		Year ended March 2024	Year ending March 2025			Y-o-Y changes
		First half	1Q	2Q	First half	
Japan	Net sales	31,282	14,053	16,119	**30,172**	**(1,110)**
Japan	Segment income (loss)	181	(299)	150	**(149)**	**(330)**
North America	Net sales	22,971	13,053	12,336	**25,389**	**+2,418**
North America	Segment income (loss)	693	298	(717)	**(419)**	**(1,112)**
Asia	Net sales	16,302	8,710	8,511	**17,221**	**+919**
Asia	Segment income (loss)	(988)	252	4	**256**	**+1,244**

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

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Aluminum Business and Proprietary Products Business

(Million yen)

		Year ended March 2024	Year ending March 2025			Y-o-Y changes
		First half	1Q	2Q	First half	
Aluminum Business	Net sales	3,509	1,699	1,767	**3,466**	**(43)**
	Segment income (loss)	88	15	55	**70**	**(18)**
Proprietary Products Business	Net sales	3,684	887	1,058	**1,945**	**(1,739)**
	Segment income (loss)	487	19	160	**179**	**(308)**

<Aluminum Business>

- Sales: Decreased due to a decrease in sales weight despite an increase in the unit selling price of aluminum.
- Income: Decreased mainly due to the decline in net sales (an increase is expected compared to the initial plan).

<Proprietary Products Business>

- Sales: Decreased year on year due to a decrease in large-order deliveries to semiconductor-related companies during the period, but maintained the level of the initial plan.
- Income: Despite a year on year decline due to the impact of lower sales, stable profit continued to be secured.

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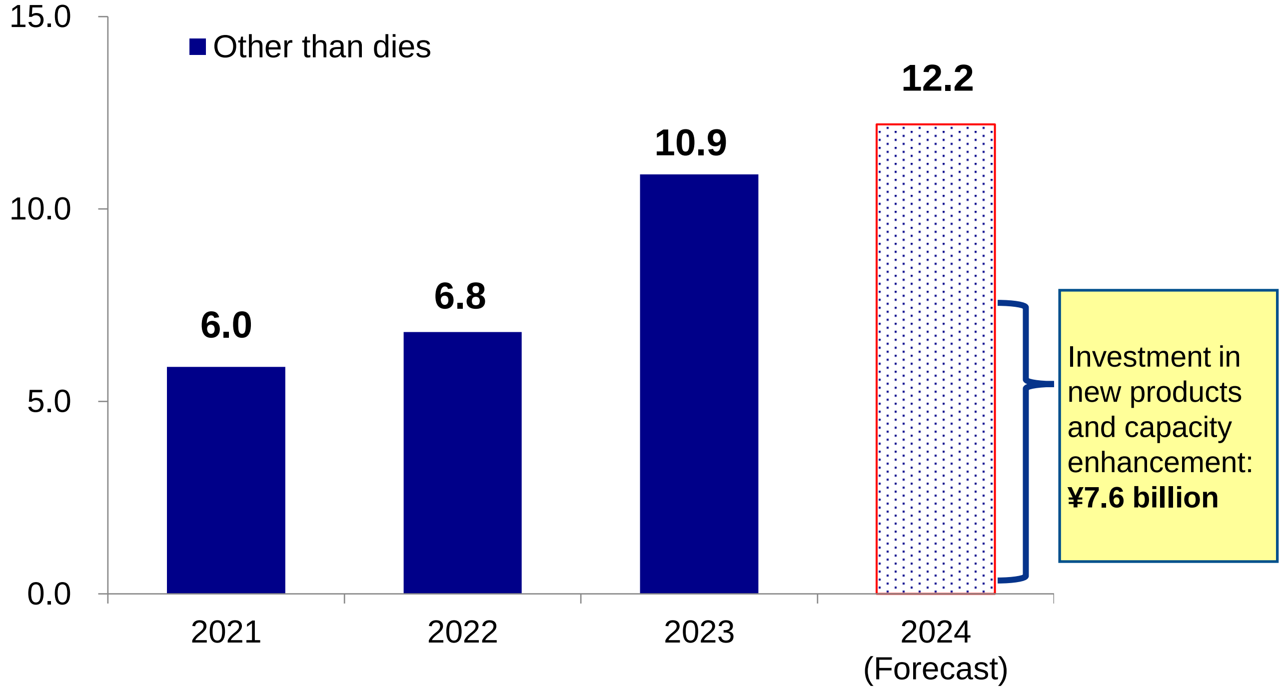
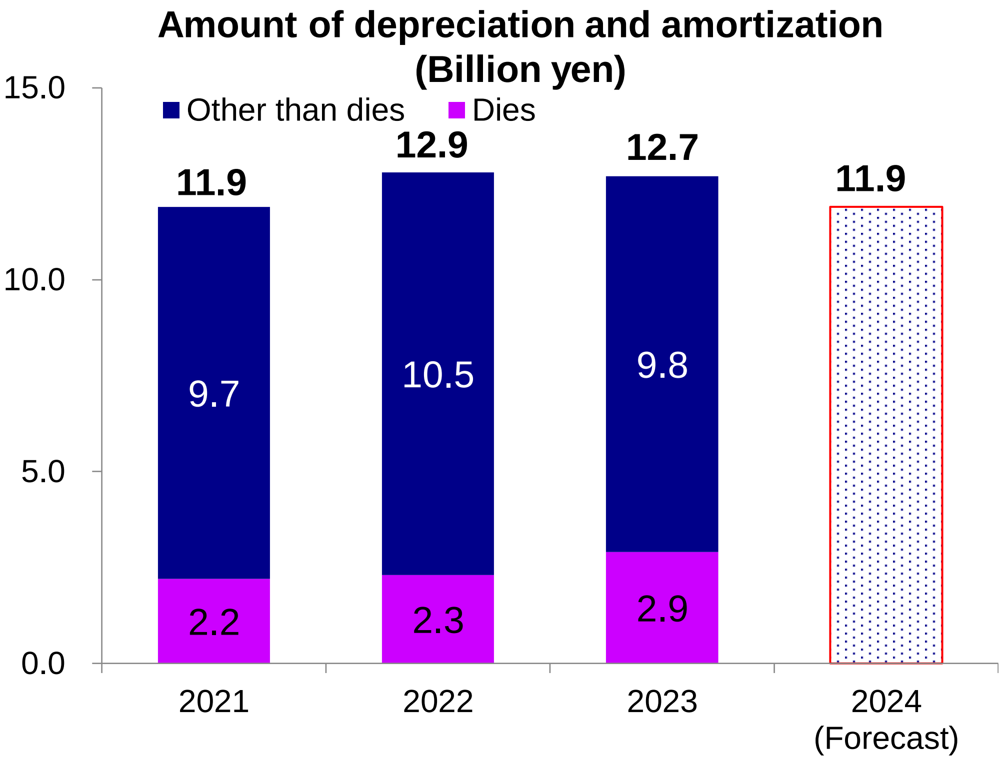
Capital Investment, Depreciation and Amortization

Forecasts for FY2024

- Amount of capital investment: Expected to reach ¥12,200 million, maintaining growth investment in new products, etc., while investment is restrained compared to the initial plan.
- Depreciation and amortization: Expected to decrease partly due to the effect of impairment losses in the previous year.



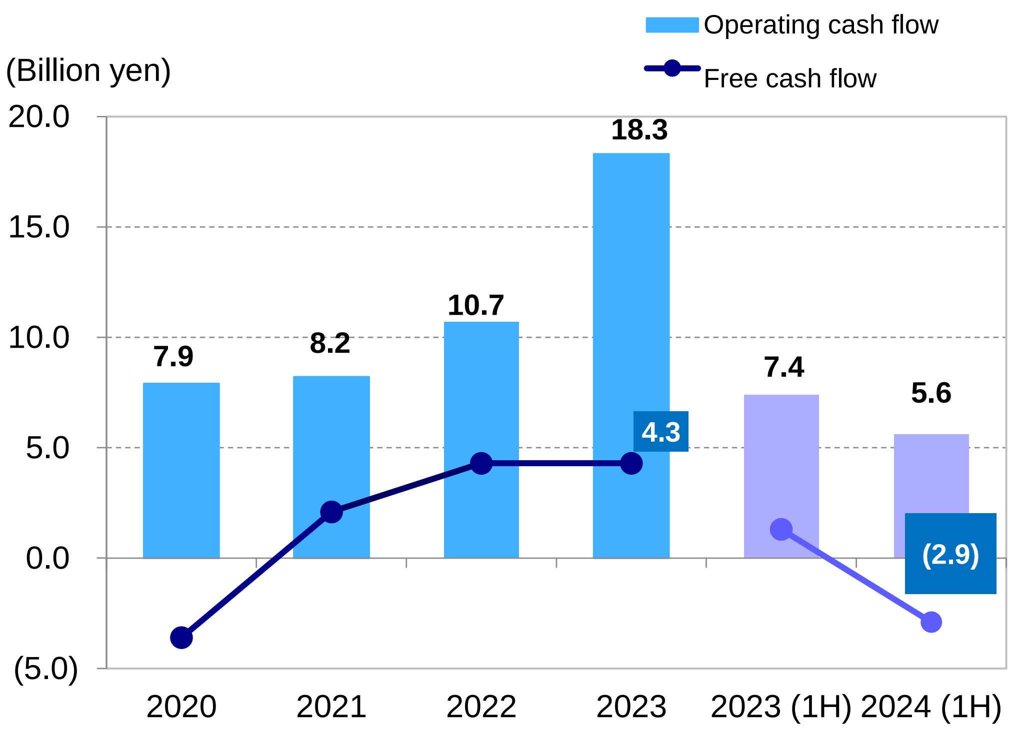
* Starting from FY2021, the capital investment amount excludes the amount for dies due to a change in the method of asset recording for dies.



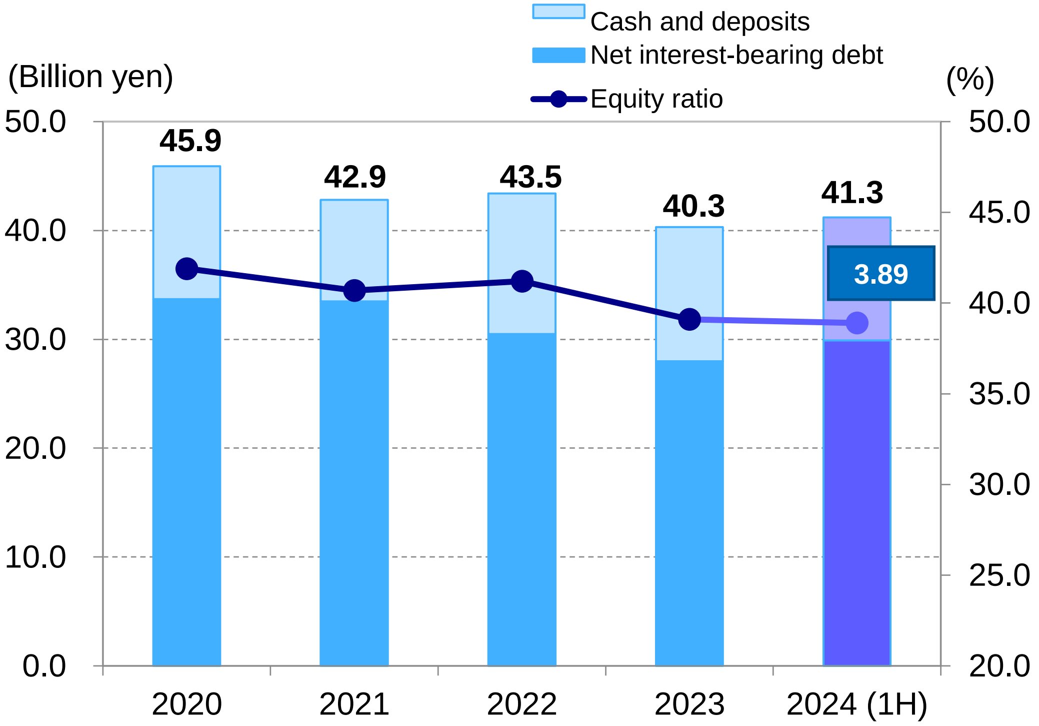
* Starting from FY2021, depreciation for some dies is not included due to a change in the method of asset recording for dies.

Financial Performance

- Cash flows: Operating cash flow declined in 1H due to a drop in earnings, and free cash flow was negative partly due to the expansion of growth investment.
- Interest-bearing debt: Cash and deposits remained at the same level as in the previous year. Net interest-bearing debt was ¥29.9 billion, a decrease of ¥0.4 billion year on year.
  Equity ratio remains stable. We will continue efforts to improve our financial structure.



* Free cash flow (FCF) = Operating CF − Investment CF



* Net interest-bearing debt = Interest-bearing debt − Cash and deposits

Return to Shareholders

Dividend per share	FY2022 results	FY2023 results	FY2024 initial forecast	FY2024 forecast on Nov. 12
Annual dividend	10	15	28	**28**
Interim	5	10	10	**10**
Year-end	5	5	18	**18**
Net income per share	(3.26)	(300.55)	81.27	**4.01**

* Interim dividend has been finalized.

Dividends: No change from the initial forecast (28 yen/year)

- Although the first half was affected by one-time factors such as soaring raw material prices and the recording of special retirement expenses, we have decided to maintain the forecast dividends, based on the expectation that a recovery in the volume of orders received in the second half and a reduction in manufacturing costs due to personnel optimization and other measures will contribute to full-year profit.
- Continue to enhance shareholder returns while maintaining a sound financial position.

Actions to Improve Profitability

Results Forecasts for the Year Ending March 2025

(Million yen)

	Year ended March 2024	Year ending March 2025				Year-on-Year
	Full-year results	1H results	Oct. 29 revised plan for 2H	Oct. 29 revised plan for full year		
Net sales	**158,254**	78,195	82,000	**160,200**	–	**+1,946**
Operating income	**2,291**	(253)	3,300	**3,050**	(1.9%)	**+759**
Recurring income	**2,574**	(536)	3,400	**2,860**	(1.8%)	**+286**
Net income	**(7,699)**	(2,696)	2,800	**100**	(0.1%)	**+7,799**

Foreign exchange rate assumptions in Oct. 29 revised plan: USD: ¥140.00; Chinese yuan: ¥20.0; Indian rupee: ¥1.70

Status of Efforts (1)

Plants in Japan

Cost reduction activities through a revenue reform project

Promoting the activities by a joint team of production, sales, and control

- Reduction of the amount of losses by improving the defect rate of each individual product, etc.
- Reduction of production costs in the processing process
- Reduction of outsourcing costs = Incorporation of added value through in-house production

Promoting price optimization activities

Pass on the rises in costs of energy, labor, distribution, etc. to selling prices to absorb the impact of cost increases

Profit improvement of 1 billion yen in 2H

Voluntary retirement offers at two major plants in Japan (Tokai, Tochigi)

Results: Retirement of 158 persons

- Personnel size optimization in line with business strategies
- Switch to a revenue structure resilient to fluctuations in orders

Approx. 450 million yen of reduction in fixed costs in 2H

Status of Efforts (2)

U.S. Plant

Business environment

Favorable order environment = Increased production volume

Production status

Expansion of necessary personnel size due to increased production volume = Instability in production system

- Intensifying competition in the job market near the plant ▶ Worsening employee retention rate, soaring wages
- High turnover of on-site staff ▶ Insufficient competence of supervisors, an increase in inexperienced workers

Profitability improvement

Expansion of complementing of production = Less reliance on local production systems

Strengthening of on-site management

- Reinforcement of support from Japan
- Educational programs are being reviewed and revised.

Normalization of production to break even in 2H

Status of Efforts (3)

China plants

Securing jobs with a reasonable profit

- Starting mass production of new products (PHEVs) for Chinese OEMs in 4Q of this fiscal year

Restructuring of business portfolio in view of future business environment

- Selling a part of the Guangzhou plants (Plant No. 2) and consolidating the plant locations into one
- Sale of die manufacturing business (Guangzhou Die Plant) is also under consideration.
- Optimization of personnel is in progress.

Cost reduction of 300 million yen/year through plant consolidation
* FY2025 or later

India plant

- Start of mass production of parts for electric vehicles
- Disruption of production systems due to production expansion ▶ Reinforcement of support from Japan, strengthening of on-site management
- Impact of aluminum market prices (factor behind the profit deterioration in 1Q)
  ▶ Pass on to selling prices (shortening of price revision period)

Achieved monthly profitability within 1H
Securing profit in 2H

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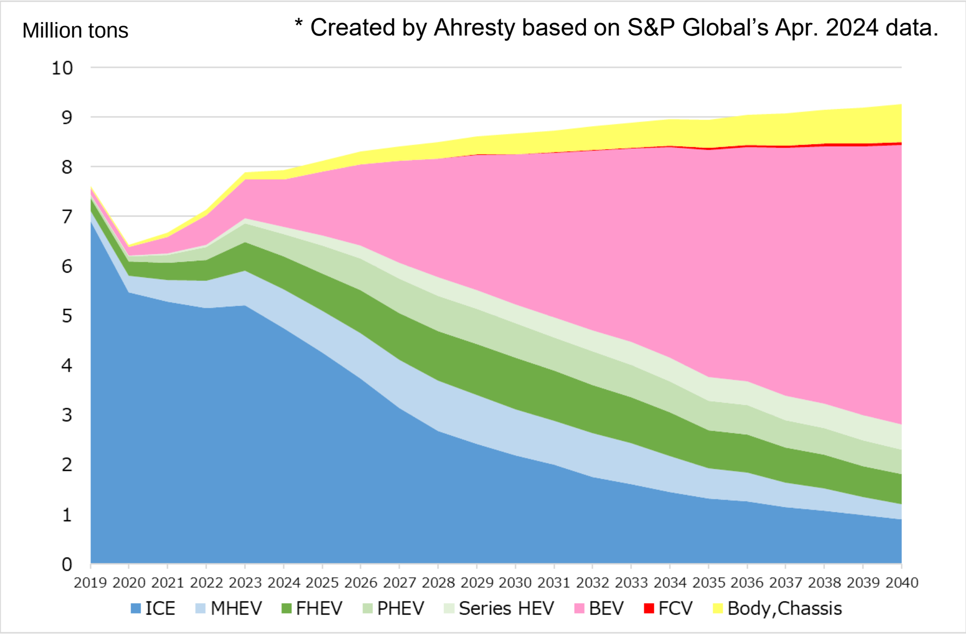
Addressing Changes in the Market Environment (Sales Strategy)

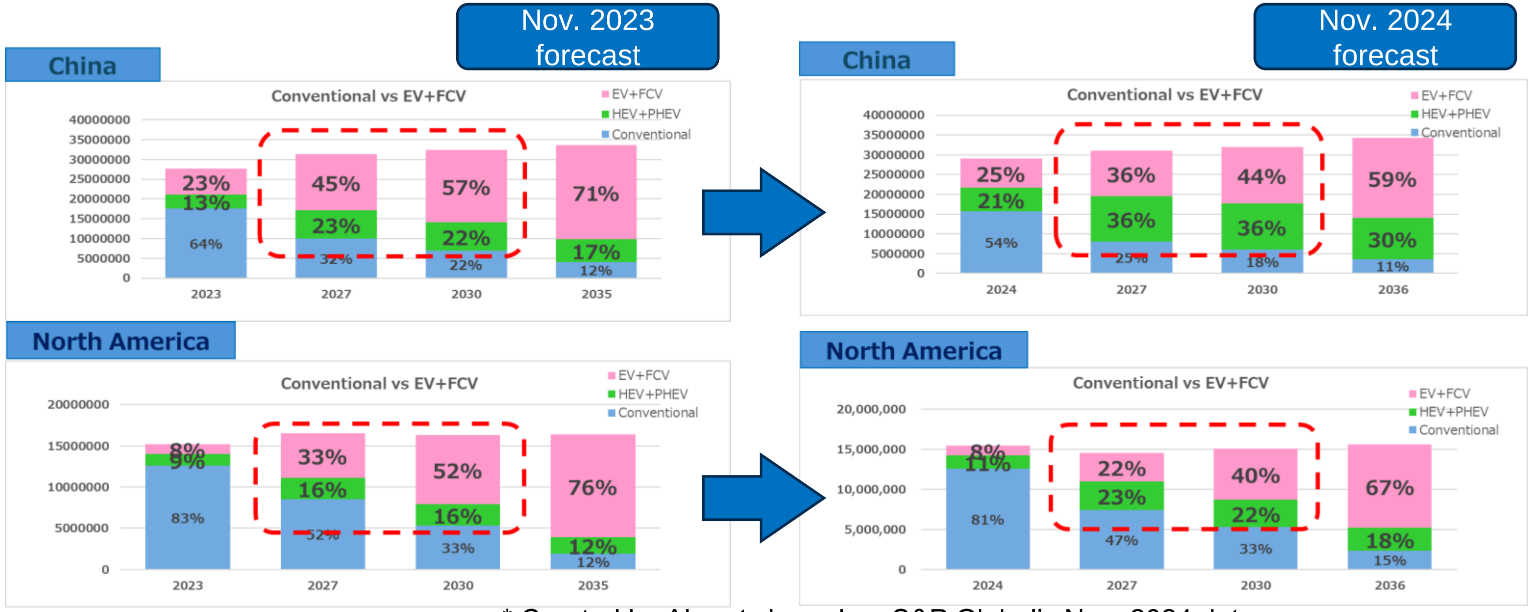
Basic Strategy on Changes in the Automotive Market and on Orders

- Maintain the basic sales strategy of “receiving orders mainly for electric vehicle parts”
- Car production will grow robustly.
- In the long run, electrification of automobile powertrains will continue (centered around BEVs).
- The rate of vehicle conversion to BEVs by 2030 is slowing while HEVs and PHEVs are recovering.

[Global demand forecast for automotive die casting as of Apr. 2024]



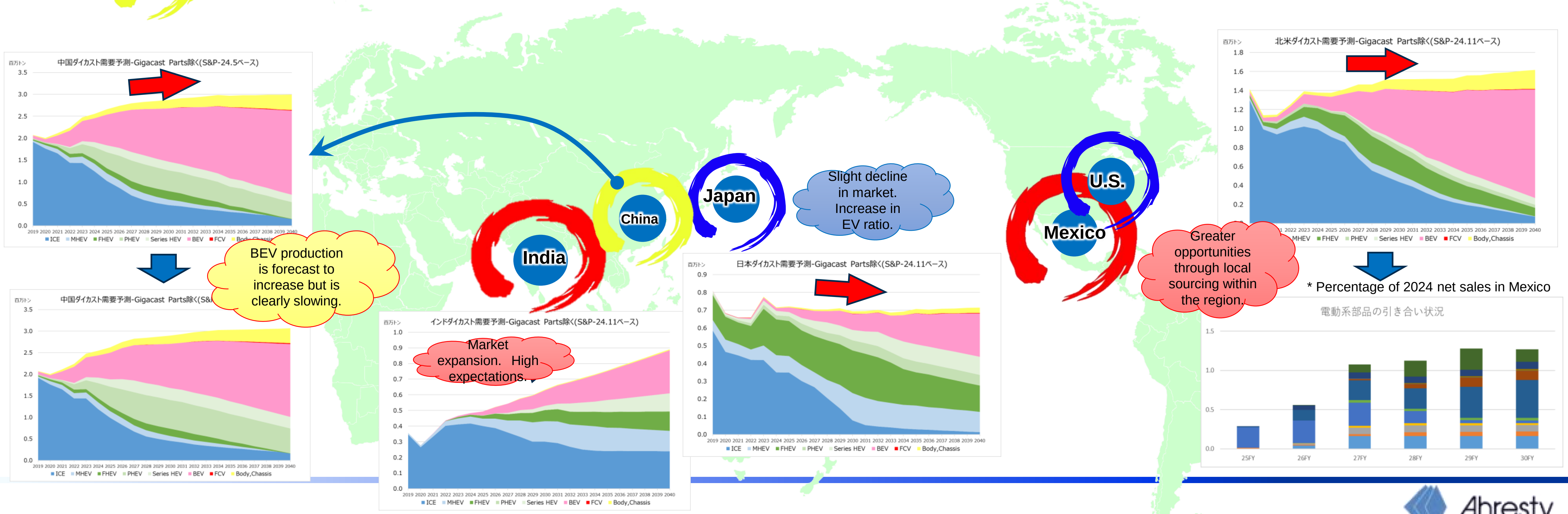
[Changes in car production forecasts for the two major BEV markets]



* Created by Ahresty based on S&P Global’s Nov. 2024 data.

Market Changes and Sales Strategy by Region

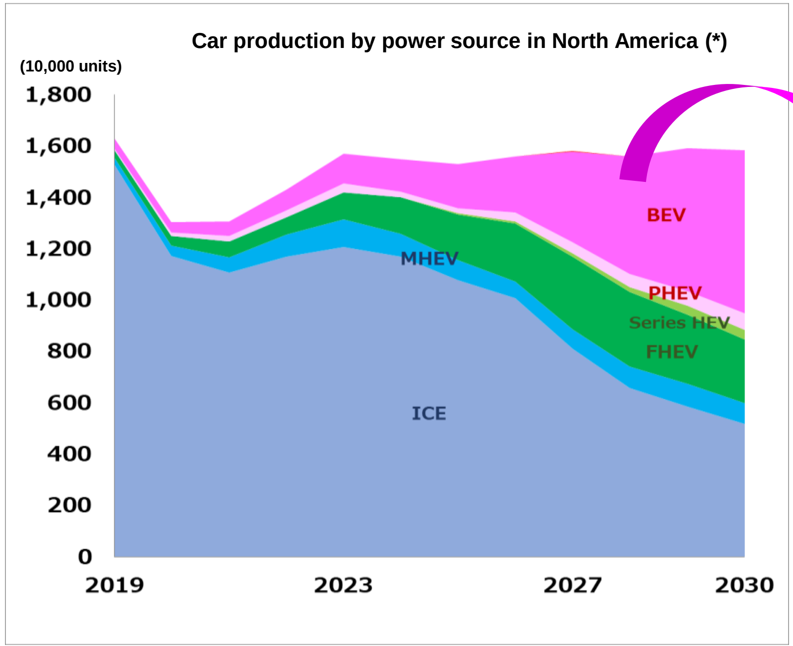
- **Growth driver region: Invest management resources to expand sales and income ⇒ Mexico, India**
- **Stabilization region: Maintain/strengthen business foundation to secure stable sales and income ⇒ Japan, U.S.**
- **Recovery region: Secure sales through new order-receiving activities leveraging high productivity and quality, and restore income by restructuring to the optimal business scale ⇒ China**



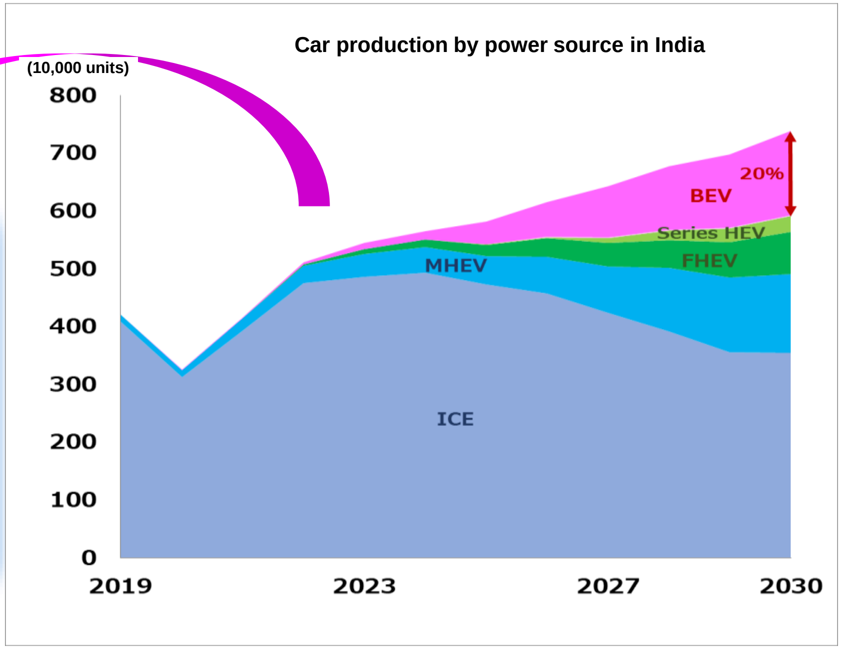
Sales Strategies in Growth Driver Regions

- **Mexico has an advantage as an investment location for "nearshoring" for the U.S. market, where EVs will increase.**

(The impact of the change in administration will be closely monitored.)



- **India is the world's third-largest automotive market and will continue to grow mainly in EVs.**



Parts for priority order intake

FY2022–2024
E-Axle-related parts

FY2025–2027
Vehicle body parts

Selection and concentration

Strengthen existing parts business consistent with regional PT mix

- At U.S. plant, mass production of E-Axle cases (for a Tier 1 European supplier) to start in January 2025
- At Mexico plant, mass production of transfer cases for large pickup trucks (for a Tier 1 US supplier) started in November 2024

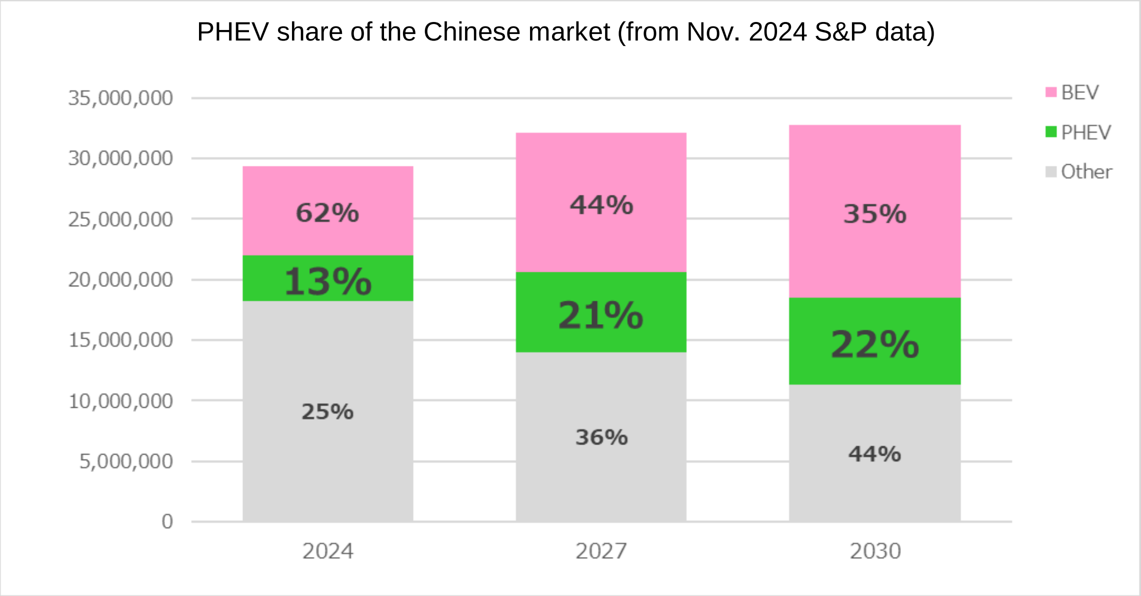
Close-up of the India plant

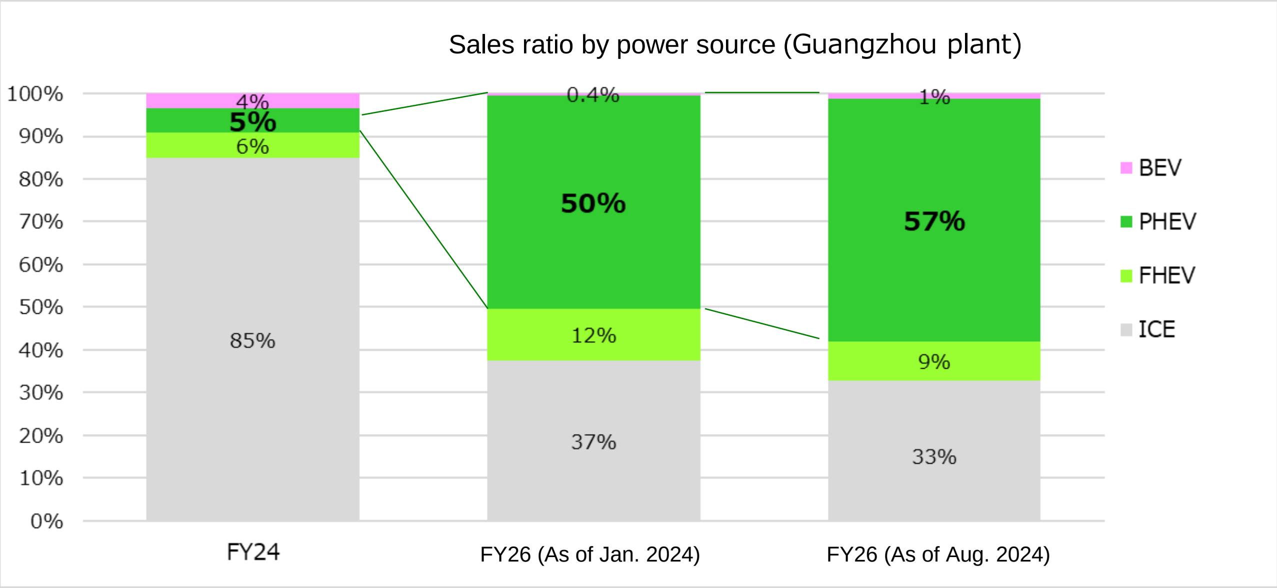
- At India plant, mass production of E-Axle cases (for a Tier 1 Japanese supplier) to start in 2025
  Mass production of battery cases started in September 2024
- Plant expansion due to increased orders
  Completion in December 2024

* Created by Ahresty based on S&P Global's data.

Sales Strategies in China

- The Chinese market is also seeing a slowdown in BEVs and an increase in PHEVs.
- The high quality of our products has also won the trust of Chinese-owned OEM/Tier 1 customers.
  ⇒ The Guangzhou plant has received increasing orders for blocks for PHEVs from several customers.
- The market for PHEVs is promising. Along with the area of E-Axle parts, for which we have begun to receive orders in other regions, we will avoid excessive price competition in areas where quality is a competitive advantage due to the difficulty in product manufacturing.





The Evolution of MONOZUKURI

—Launching new technologies—

Meeting Market Needs

◎ **Technologies to meet the need for vehicle weight reduction due to the expansion of safety features and electrification**

- **SWAD : Spot Weld Able Diecast**
  - Proposing adoption in aluminum body parts to achieve weight reduction of automobiles
- **Joint development with G-TEKT Corporation**
  - Proposing embodiment of multi-material body parts

◎ **Initiatives to reduce environmental impact**

- **Taking on the challenge of achieving carbon neutrality**
  - Introduction of electric melting furnace

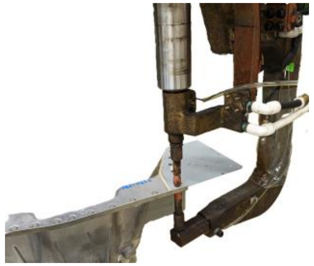
◎ **Customer Evaluations**

SWAD —Spot weldable diecast—

[Patent registration number]
7270056

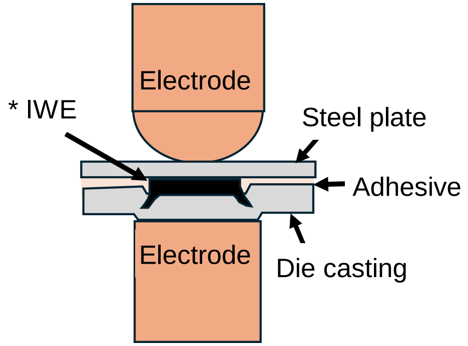
Die-cast products

Spot welding process

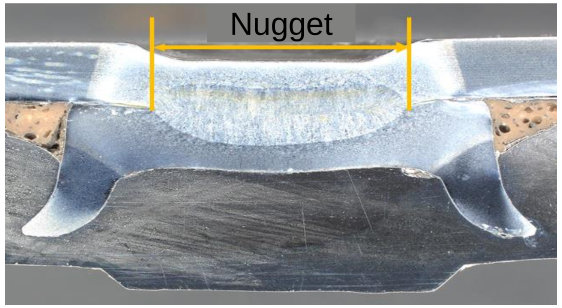


The biggest problem preventing the application of die casting to vehicle bodies

- **Spot welding directly to die castings is not possible.**
  - SPR bonding of relay steel plate and die casting
    → Spot welding via relay steel plate
  - Rivet bonding sub lines and new investment required



* **I**nserted **W**elding **E**lement

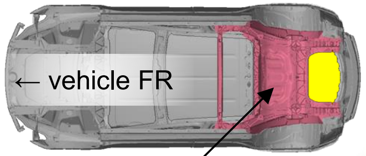


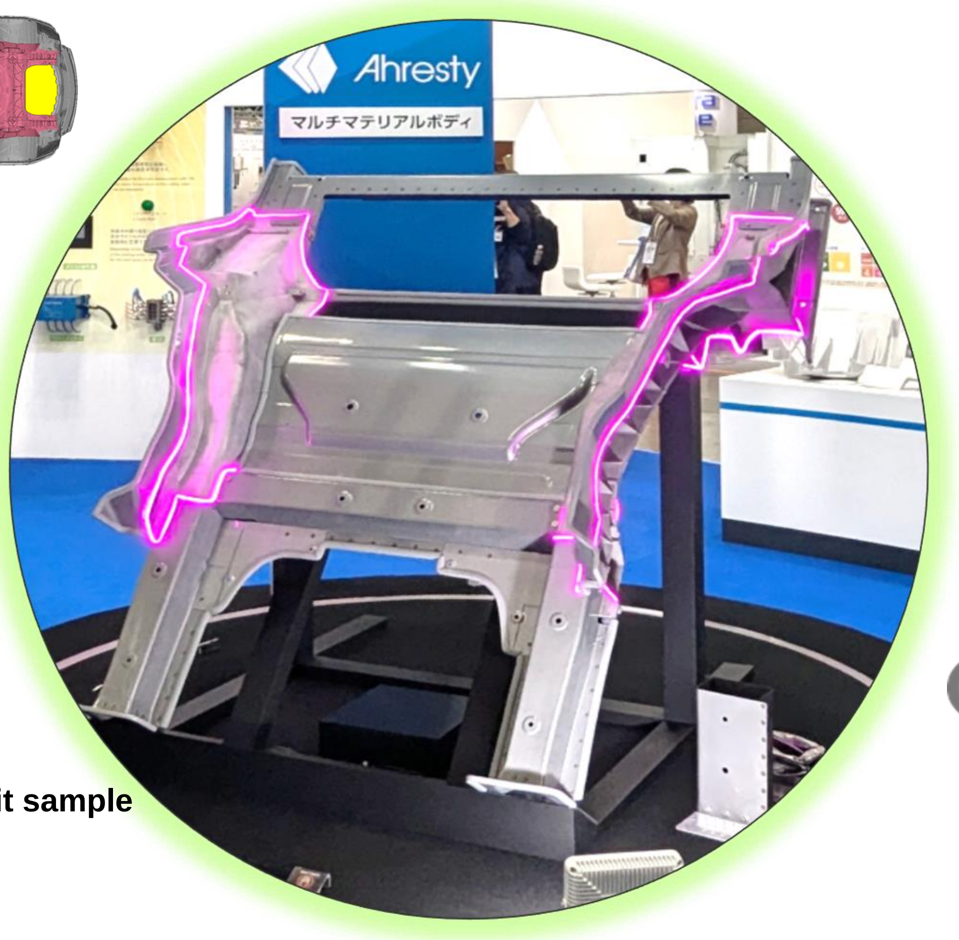
SWAD weld cross section

Spot-welded steel plate product

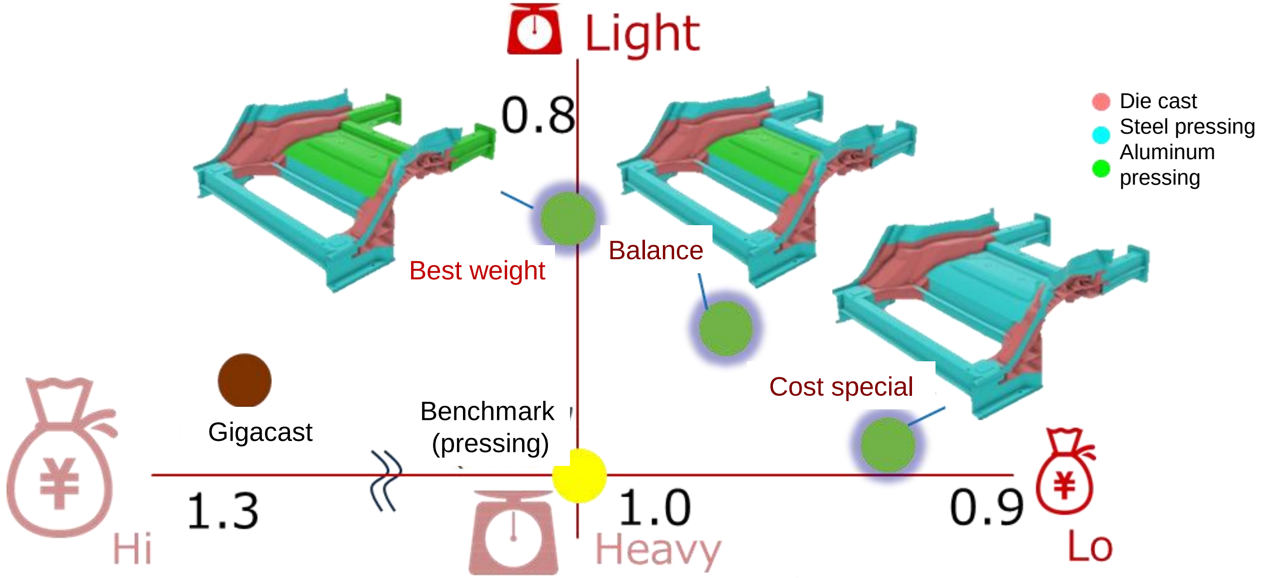
- **Existing spot welding equipment can be used to join steel plates and aluminum die castings.**
- **No need for dedicated equipment such as SPR (self pierce rivet) or capital investment**

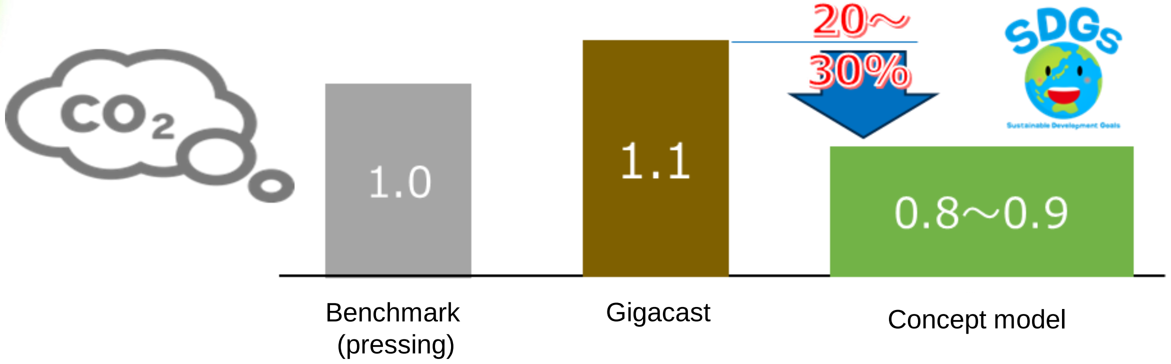
Joint Development with G-TEKT Corporation —Proposing a multi-material body—





J-dec2024 exhibit sample

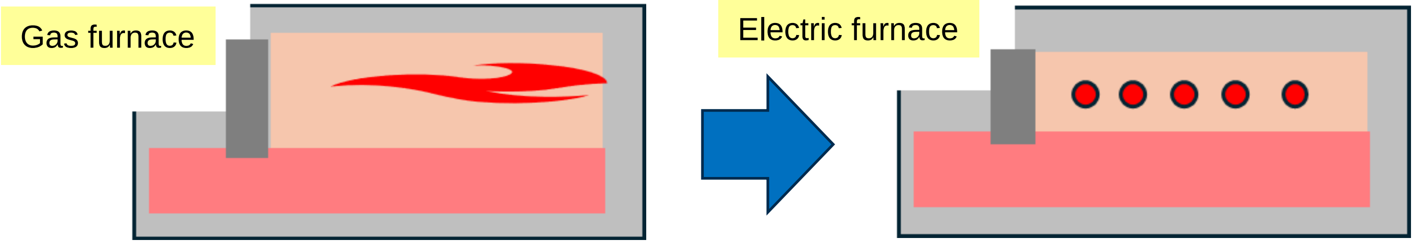


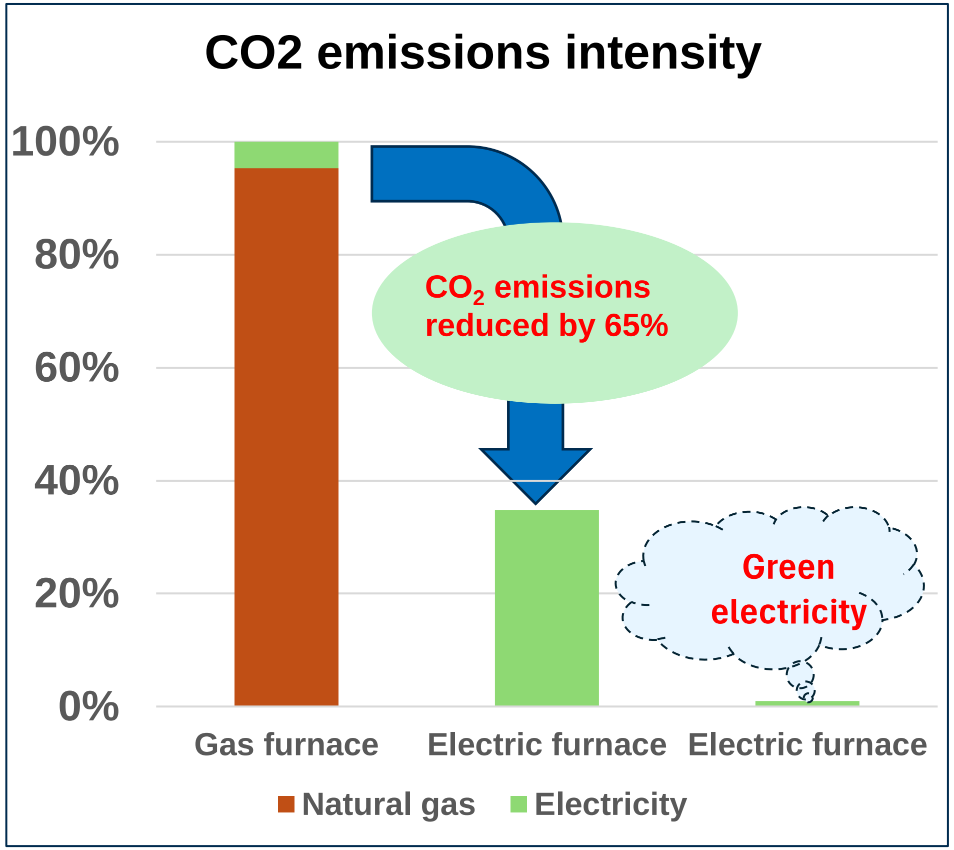


- Proposing a multi-material body that is lighter and less expensive than Gigacast and steel pressings and has superior environmental performance

Taking on the Challenge of Achieving Carbon Neutrality

—Introduction of electric melting furnace—





- **Converting the energy source for the melting process from natural gas burners to electric heaters**

  Reducing CO_2 emissions by 65% and energy costs by 40%

Customer Evaluations

Major awards in the first half of FY2024

- **JATCO Ltd.**
  JATCO Business Partner Award 2023 Regional Special Award (for 2 themes)
- **JATCO Mexico, S.A. de C.V.**
  JATCO Business Partner Award 2024 Best Performance Award (7th consecutive year)
- **DENSO Corporation**
  Excellent Performance Award
- **DENSO International America, Inc.**
  FY2023 Gold Award Quality Performance
- **Aisin (China) Investment Co., Ltd.**
  FY2023 Quality Excellence Award

Casting Our Eyes on the Future

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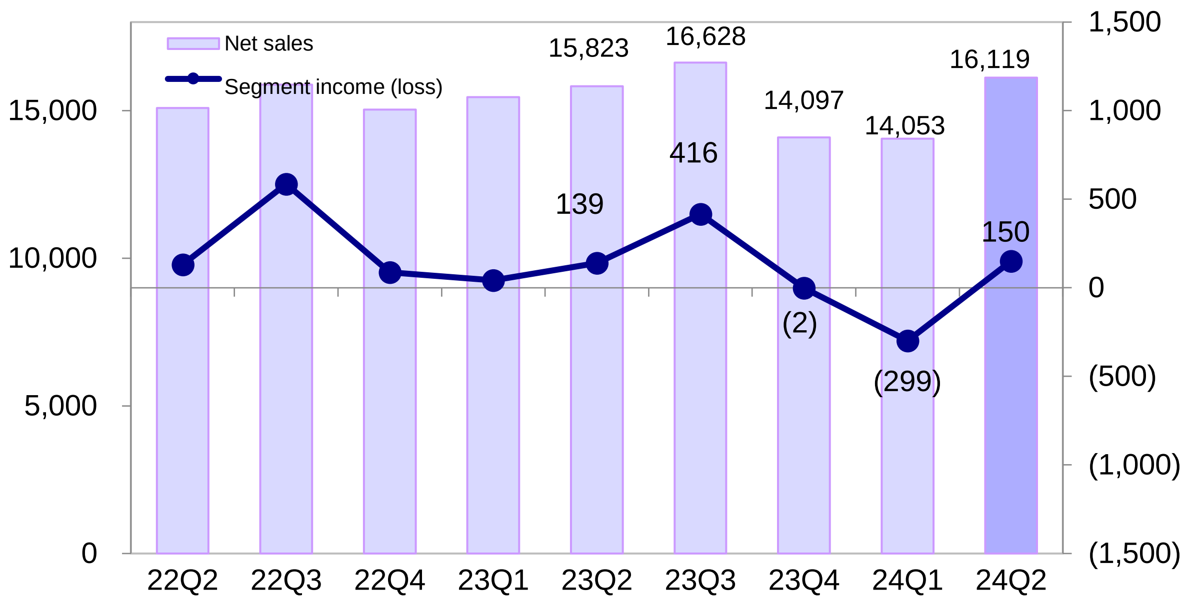
This document and what is said in the results briefing include forecasts that the Company made based on data available when the document was prepared. Actual results could be different from the forecasts for a range of reasons.

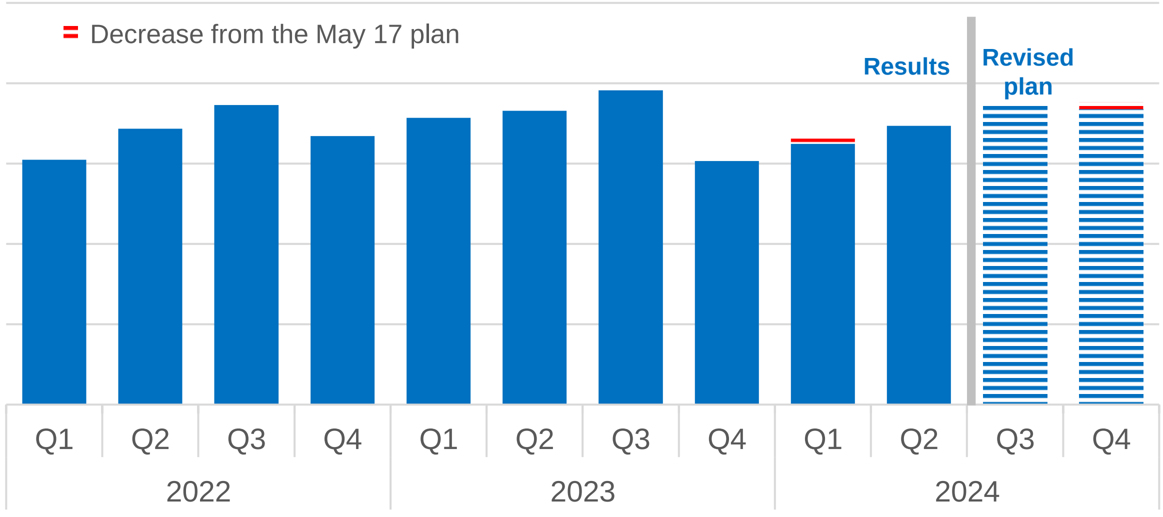
Appendix

Die Casting in Japan

Changes in sales and segment income (million yen)



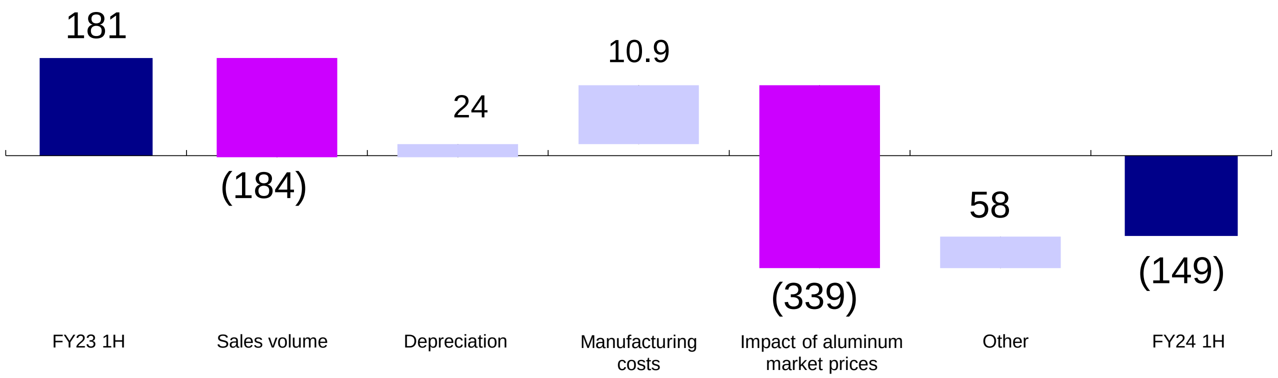
Changes in sales weight



<First half>
Sales: ¥30,100 million Down ¥1,100 million (3.5%) year on year
Income: Loss of ¥140 million Down ¥300 million year on year (loss)
<2Q>
Sales: ¥16,100 million Up ¥200 million (1.9%) year on year
Income: ¥150 million Up ¥10 million (7.9%) year on year

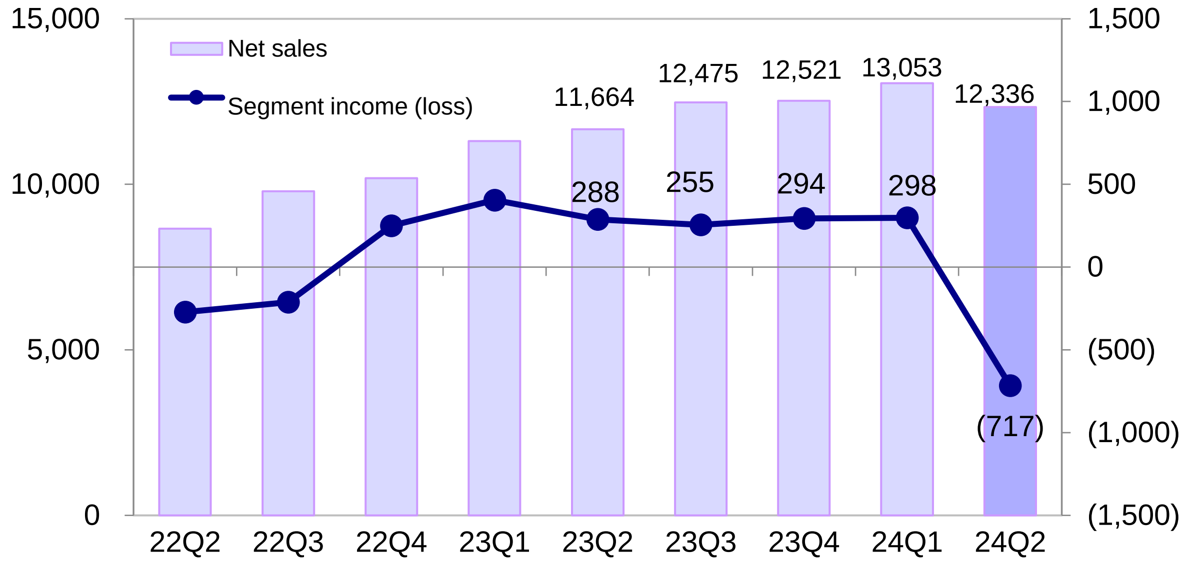
- While the volume of orders has remained sluggish since 4Q of the previous fiscal year, a profit was secured in 2Q due to advancement in manufacturing cost reduction and price adjustments. However, a loss was recorded for the first half due to soaring raw material prices, the impact of the product mix, etc.

Factors behind change in segment income (million yen)

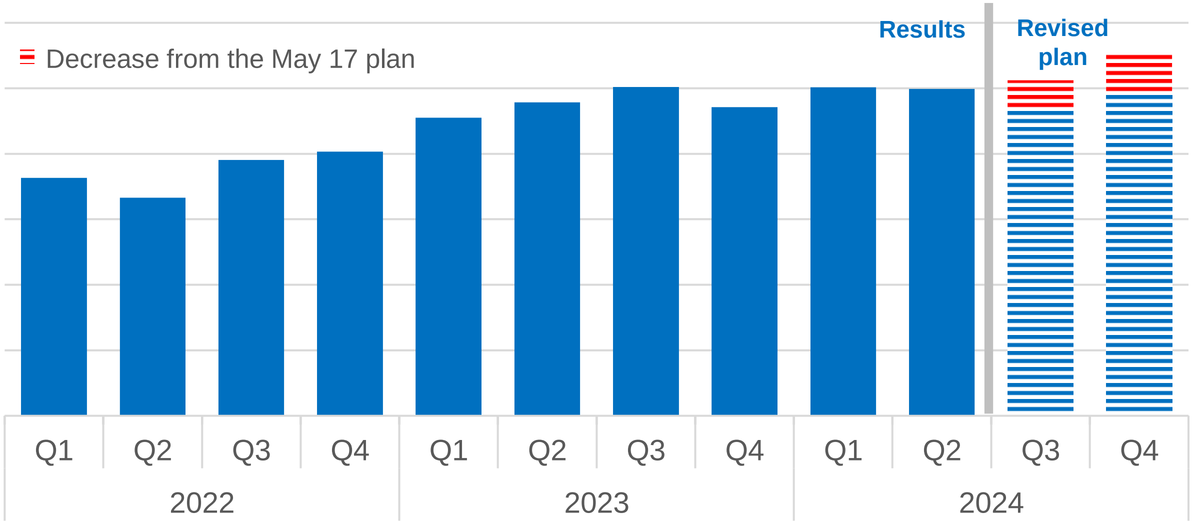


Die Casting in North America

Changes in sales and segment income (million yen)



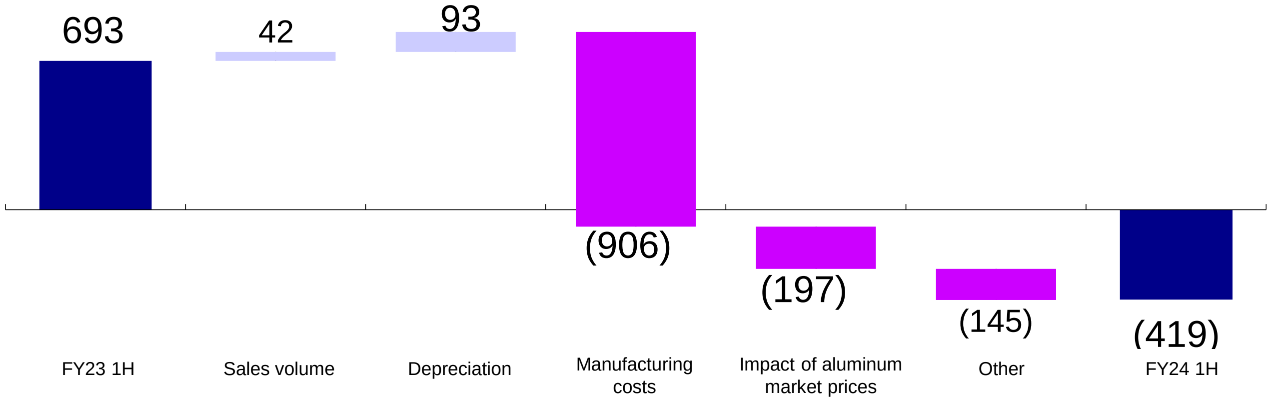
Changes in sales weight



<First half>
Sales: ¥25,300 million Up ¥2,400 million (10.5%) year on year
Income: Loss of ¥400 million Down ¥1,100 million year on year (loss)
<2Q>
Sales: ¥12,300 million Up ¥600 million (5.8%) year on year
Income: Loss of ¥700 million Down ¥1,000 million year on year (loss)

- Although net sales increased due to an increase in orders from solid automobile production in North America and the effect of the weak yen, a loss was recorded due to an increase in manufacturing costs caused by soaring labor costs and worsening productivity at the U.S. plant.

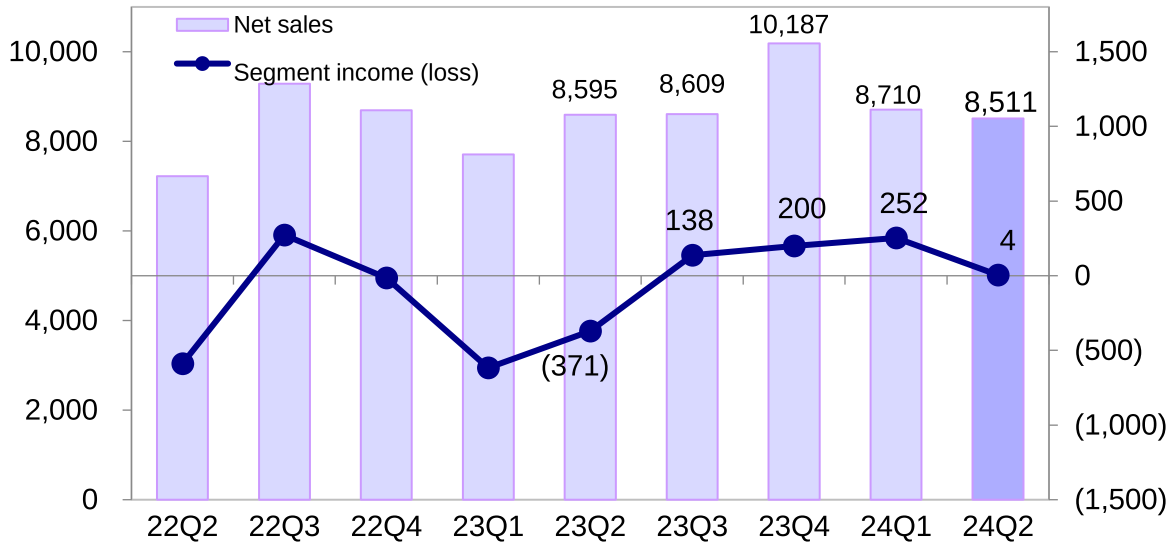
Factors behind change in segment income (million yen)



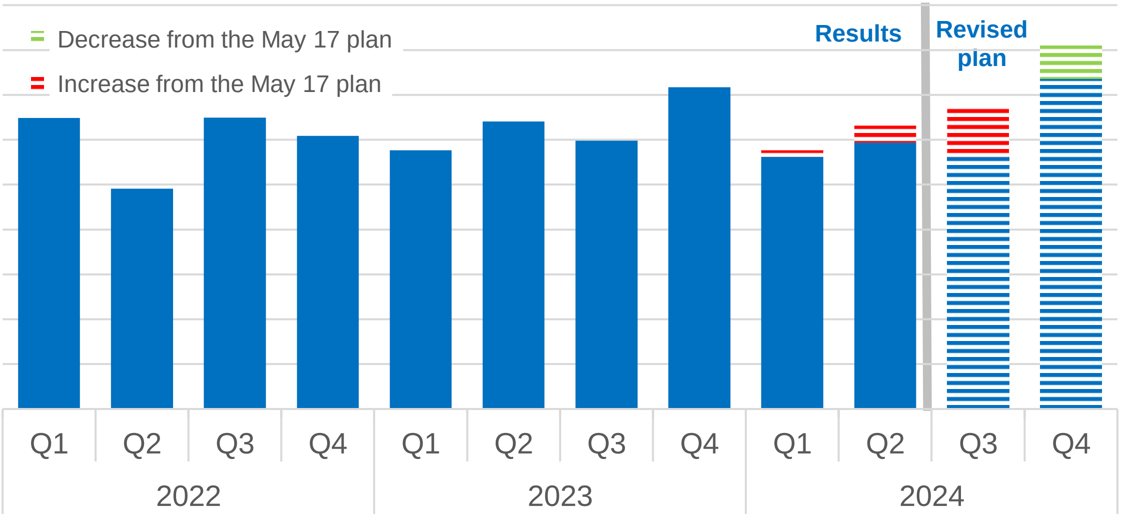
Fiscal year end: March in U.S.; December in Mexico
Exchange rate (23Q2 ⇒ 24Q2): U.S. dollar: ¥141.31 ⇒ 152.34; Mexican peso: ¥135.99 ⇒ 152.33

Die Casting in Asia

Changes in sales and segment income (million yen)



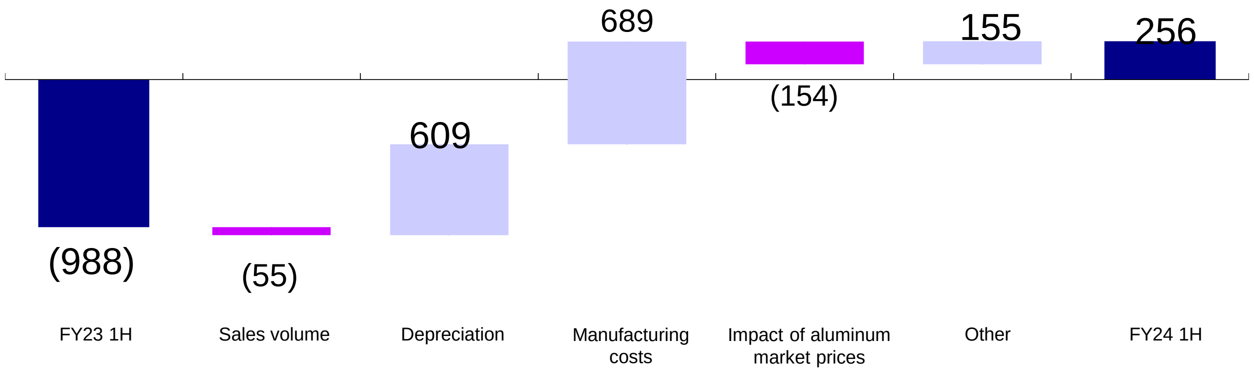
Changes in sales weight



<First half>
Sales: ¥17,200 million Up ¥900 million (5.6%) year on year
Income: ¥200 million Up ¥1,200 million year on year (returned to the black)
<2Q>
Sales: ¥8,500 million Down ¥80 million (1.0%) year on year
Income: ¥4 million Up ¥300 million year on year (returned to the black)

- Although sales continued to be sluggish at major customers in China, net sales increased due to increased production at the India plant and the effect of the weak yen. Income returned to the black due to reduction of fixed costs through the streamlining of production in China, as well as reduction in depreciation expenses resulting from the impairment losses recorded in the previous fiscal year.

Factors behind change in segment income (million yen)



Fiscal year end: December in China; March in India
Exchange rate (23Q2 ⇒ 24Q2): Chinese yuan: ¥19.47 ⇒ 21.07; Indian rupee: ¥1.72 ⇒ 1.82

10-year Business Plan

2040 Vision "Our Goal"

10-year Business Plan | Medium-Term Management Plan

Beyond your expectations 2040

We brighten our planet's future with our lightweight technology,

- Electrification of vehicles
- Carbon-neutrality
- Improving fuel/electricity consumption efficiency

ensure your satisfaction with Ahresty, and

- Contribution to customers
- Diversity

develop pioneering technology through continuous research.

- Developing new production methods
- Technology development
- Development speed

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

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