Consolidated Financial Results (Japanese Accounting Standards) for the First Three Quarters of the Fiscal Year Ending March 31, 2022

February 14, 2022

Company Name:	Ahresty Corporation		Stock Exchange Listing: Tokyo
Code Number:	5852	URL: https://www.ahresty.co.jp	
Representative:	(Title)	President & CEO	(Name) Arata Takahashi
Contact for inquiries:	(Title)	Executive Officer, Chief of General Administrative Command	(Name) Tsuruo Tsuji TEL 03-6369-8660

Planned date for filing of quarterly securities report: February 14, 2022 Planned date for start of dividend payment: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: No

(Amounts of less than 1 million yen are rounded off)

1. Consolidated results for the first three quarters of the year ending March 2022 (from April 1, 2021 to December 31, 2021)

(1) Consolidated operating results (for the nine months ended December 31, 2021) (% shows year-on-year change from previous year)

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First three quarters of year ending March 2022	83,711	29.8	(2,721)	–	(2,367)	–	(6,817)	–
First three quarters of year ended March 2021	64,506	(29.9)	(2,710)	–	(2,146)	–	(3,059)	–

(Notes) 1. Comprehensive income: First three quarters of year ending March 2022: (4,024) million yen (–%)
First three quarters of year ended March 2021: (2,939) million yen (–%)

2. Since the beginning of the first quarter of the consolidated fiscal year, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. The figures for the first three quarters of the fiscal year ending March 2022 are the figures after the said accounting standards have been applied.

(Reference) EBITDA:
First three quarters of year ending March 2022: 6,390 million yen (-5.6%) First three quarters of year ended March 2021: 6,769 million yen (-39.9%)

* EBITDA = operating income + depreciation and amortization

	Net income per share	Fully diluted net income per share
	yen	yen
First three quarters of year ending March 2022	(264.49)	–
First three quarters of year ended March 2021	(119.63)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of December 31, 2021	126,325	51,809	40.9
As of March 31, 2021	132,223	55,631	41.9

(Reference) Shareholders' equity: As of December 31, 2021: 51,668 million yen As of March 31, 2021: 55,467 million yen

(Note) Since the beginning of the first quarter of the consolidated fiscal year, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. The figures for the first three quarters of the fiscal year ending March 2022 are the figures after the said accounting standards have been applied.

2. Dividend payments

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Total
	yen	yen	yen	yen	yen
Year ended March 2021	–	0.00	–	5.00	5.00
Year ending March 2022	–	5.00	–		
Year ending March 2022 (Forecast)				5.00	10.00

(Note) Revisions to dividend forecast published most recently: No

3. Forecast of consolidated results for year ending March 2022 (from April 1, 2021 to March 31, 2022)

(% shows the year-on-year change)

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	114,000	―	(2,500)	―	(2,300)	―	(4,500)	―	(174.59)

(Notes) 1. Revisions to consolidated results forecast published most recently: Yes
For details, please refer to the Notice on Extraordinary Losses and Gains, Support for a Consolidated Subsidiary (debt waiver, capital increase), and Revisions to Consolidated Results Forecast, released today.

2. Starting from the beginning of the year ending March 2022, the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. Since the consolidated results forecast above presents the figures after the said accounting standards are applied, year-on-year changes are not provided.

* Notes:

(1) Significant changes to subsidiaries during the current term (changes for a specified subsidiary accompanying a change in the scope of consolidation): None

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles and changes in or restatement of accounting estimates

(i) Changes in accounting principles associated with revision of accounting standards, etc.: Yes

(ii) Changes in accounting principles other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at end of period (including treasury shares)

As of December 31, 2021: 26,076,717 shares As of March 31, 2021: 26,076,717 shares

(ii) Number of treasury shares at end of period

As of December 31, 2021: 250,605 shares As of March 31, 2021: 410,044 shares

(iii) Average number of shares (for the first nine-month period)

As of December 31, 2021: 25,775,256 shares As of December 31, 2020: 25,577,955 shares

* Quarterly consolidated financial statements are placed outside the scope of quarterly reviews performed by a certified public accountant or an audit corporation.

* Explanation for appropriate use of financial forecasts and other special remarks

The forecasts presented herein are based on information currently available and certain assumptions deemed reasonable by the Company, and actual results may differ significantly from these forecasts due to various factors. For notes on the use of the results forecasts and assumptions as the basis for the results forecasts, please see “1. Qualitative Information on Consolidated Operating Results, etc. for the First Three Quarters (3) Qualitative Information Concerning Consolidated Earnings Forecasts” on page 5 of the accompanying materials.

Accompanying Materials - Contents

1. Qualitative Information on Consolidated Operating Results, etc. for the First Three Quarters

(1) Qualitative Information Concerning Consolidated Operating Results

During the first three quarters of the consolidated fiscal year under review, as the severe situation due to the impact of the COVID-19 pandemic gradually eased, moves toward recovery continued to progress. In Japan, although similar moves were seen in general, reflecting the expansion of vaccination and the resurgence of the world economy, the pace of recovery was sluggish due to the remaining restrictions on supply for production.

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

The Ahresty Group will accelerate measures based on its 1921 Medium-term Management Plan, which we have promoted since fiscal 2019, to improve profitability and enhance our corporate structure by cutting costs and raising productivity, as well as to further reduce capital investment and establish an operation system appropriate for the volume of orders received. Moreover, we formulated the 10-year Business Plan, a long-term management plan of the Group toward fiscal 2030, at the end of last year, and the period of the 2224 Medium-term Management Plan will also start from fiscal 2022. Under these plans, we will make continued efforts to enhance our earnings power by modifying our business portfolio in response to changes in the external environment, such as the advancement of electrification in the automobile industry and moves toward carbon neutrality.

Consequently, for the first three quarters of the consolidated fiscal year under review, the Group recorded consolidated net sales of ¥83,711 million (up 29.8% year on year), operating loss of ¥2,721 million (operating loss of ¥2,710 million for the first three quarters of the previous year), recurring loss of ¥2,367 million (recurring loss of ¥2,146 million for the first three quarters of the previous year) and net loss attributable to owners of parent of ¥6,817 million (net loss attributable to owners of parent of ¥3,059 million in the first three quarters of the previous year).

Operating results by segment are as follows:

Regarding the Die Casting Business, during the previous fiscal year, production adjustments due to the impact of the spread of COVID-19 in the automobile markets in all regions of Japan, North America and Asia resulted in a significant decrease in sales volumes. Starting from the second quarter of the previous year, along with the resumption of economic activities in many countries, car manufacturers, our main customers, were putting their global car sales back on a recovery track. However, during the fiscal year under review, due to the global shortage of semiconductors and the impact of the spread of COVID-19 in Southeast Asia on auto parts production, production of automobiles severely declined. Affected by these factors, the volume of orders received by the Ahresty Group, which had been on its way to recovery, declined again from the second half of the previous fiscal year. In terms of profitability, coupled with the impact of the decline in the volume of orders received, the prices of aluminum, our Group's key raw material, have been soaring. Since there is a certain delay in reflecting fluctuations in raw material prices in our selling prices, this served as a factor contributing to losses. However, although the impact of the shortage of semiconductors is likely to last in the fourth quarter and beyond, we see signs of relaxation of production adjustments by automobile companies. Also, with an increase in new orders, we expect a recovery in sales weight. Moreover, the rise of aluminum prices, which had been soaring since the second half of fiscal 2020, began to decelerate at the end of 2021, and the rise began to be properly reflected in our selling prices. Thus, the impact on our revenue has been gradually decreasing.

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

(i) Die Casting Business: Japan

The Die Casting Business in Japan achieved net sales of ¥37,964 million (up 18.8% year on year) but recorded a segment loss of ¥1,306 million (a segment loss of ¥2,338 million was recorded a year earlier) despite the effect of the reduction of manufacturing costs, etc.

(ii) Die Casting Business: North America

The Die Casting Business in North America achieved net sales of ¥20,813 million (up 39.9% year on year) but recorded a segment loss of ¥1,048 million (a segment loss of ¥126 million was recorded a year earlier).

(iii) Die Casting Business: Asia

The Die Casting Business in Asia recorded net sales of ¥18,274 million (up 37.0% year on year). On the profitability side, the segment recorded a loss of ¥765 million (a segment loss of ¥827 million was recorded a year earlier).

During the period under review, despite the rise in prices of raw materials and the impact of lockdowns due to COVID-19 on our plant in India, the recovery in orders received contributed to a decrease in the segment loss.

(iv) Aluminum Business

In the aluminum business, despite the impact of the production decrease of car manufacturers due mainly to the shortage of semiconductors, sales weight increased by 23.5% year on year, boosting net sales 81.6% year on year to ¥4,382 million. On the profitability side, despite the soaring aluminum prices, the segment recorded a profit of ¥201 million (a segment loss of ¥5 million was recorded a year earlier) due mainly to the increase in net sales and cost reduction efforts.

(v) Proprietary Products Business

In the Proprietary Products business, net sales increased 19.0% year on year to ¥2,277 million, mainly reflecting an increase in orders for projects of the main customers, namely a clean room at a semiconductor-related company and a data center at a telecommunications company. On the profitability front, the segment achieved a stable profit of ¥185 million (down 32.6% year on year) in spite of the impact of fluctuations caused by individual projects.

(2) Qualitative Information Concerning Consolidated Financial Position

(i) Assets, liabilities and net assets

(Assets)

Total assets at the end of the consolidated first three quarters under review decreased ¥5,898 million from the end of the previous consolidated fiscal year to ¥126,325 million. Current assets stood at ¥46,431 million, an increase of ¥1,047 million from the end of the previous consolidated fiscal year. This was mainly due to increases of ¥3,320 million in trade notes and accounts receivable and ¥3,192 million in inventories despite a decrease of ¥6,071 million in cash and time deposits. Fixed assets were ¥79,893 million, down ¥6,946 million from the end of the preceding fiscal year. This was due chiefly to a decrease of ¥6,630 million in tangible fixed assets as a result of the recording of an impairment loss of ¥4,210 million and to a decrease of ¥149 million in investment securities.

(Liabilities)

Liabilities at the end of the consolidated first three quarters under review fell ¥2,075 million from the end of the previous consolidated fiscal year to ¥74,515 million. Current liabilities stood at ¥48,103 million, a decrease of ¥2,635 million from the end of the previous consolidated fiscal year. The principal factors contributing to this result included decreases of ¥4,619 million in short-term loans payable and ¥375 million in obligations for equipment, in contrast to an increase of ¥2,632 million in notes and accounts payable. Long-term liabilities stood at ¥26,412 million, an increase of ¥559 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥430 million in long-term loans payable.

(Net assets)

Net assets at the end of the consolidated third quarter under review decreased ¥3,822 million from the end of the previous consolidated fiscal year to ¥51,809 million. This was attributable primarily to an increase of ¥2,926 million in foreign currency translation adjustments in contrast to a decrease of ¥6,703 million in retained earnings.

As a result, the equity ratio was down from 41.9% at the end of the previous consolidated fiscal year to 40.9%.

(3) Qualitative Information Concerning Consolidated Earnings Forecasts

In view of recent trends in business performance, the Company has revised its consolidated full-year business forecasts released on October 29, 2021. For details, please refer to the Notice on Extraordinary Losses and Gains, Support for a Consolidated Subsidiary (debt waiver, capital increase), and Revisions to Consolidated Results Forecast, released on February 14, 2022.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	Previous consolidated fiscal year (March 31, 2021)	Consolidated first three quarters under review (December 31, 2021)
(Assets)		
Current assets		
Cash and time deposits	12,249	6,177
Trade notes and accounts receivable	20,647	—
Trade notes and accounts receivable, and contract assets	—	23,463
Electronically recorded monetary claims – operating	2,431	2,935
Merchandise and products	3,026	3,902
Partly finished goods	3,673	5,442
Raw materials and inventories	2,453	3,001
Others	1,062	1,663
Allowance for doubtful accounts	(160)	(155)
Total current assets	45,384	46,431
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	14,233	14,088
Machinery and delivery equipment, net	37,254	36,815
Land	5,615	5,429
Construction in progress	12,295	7,447
Others, net	7,891	6,877
Total tangible fixed assets	77,290	70,659
Intangible fixed assets	1,872	1,791
Investments and other assets		
Investment securities	4,346	4,196
Others	3,353	3,266
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	7,677	7,442
Total fixed assets	86,839	79,893
Total assets	132,223	126,325
(Liabilities)		
Current liabilities		
Notes and accounts payable	9,458	9,893
Electronically recorded obligations – operating	4,677	6,875
Short-term loans	19,232	14,612
Current portion of long-term loans	8,065	8,429
Accrued income taxes	279	67
Bonus allowances	1,573	944
Provision for product warranties	78	33
Others	7,374	7,247
Total current liabilities	50,739	48,103
Long-term liabilities		
Long-term loans	18,623	19,053
Long-term accounts payable	238	232
Retirement benefit liability	2,858	2,960
Others	4,130	4,165
Total long-term liabilities	25,852	26,412
Total liabilities	76,591	74,515

(Million yen)

	Previous consolidated fiscal year (March 31, 2021)	Consolidated first three quarters under review (December 31, 2021)
(Net assets)		
Shareholders' equity		
Common stock	6,964	6,964
Additional paid-in capital	10,206	10,206
Retained earnings	35,909	29,205
Treasury stock	(278)	(166)
Total shareholders' equity	52,801	46,209
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,146	2,041
Foreign currency translation adjustments	982	3,909
Remeasurements of defined benefit plans	(462)	(491)
Total other accumulated comprehensive income	2,666	5,459
Share warrants	164	140
Total net assets	55,631	51,809
Total liabilities and net assets	132,223	126,325

(2) Quarterly Consolidated Income Statement and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Income Statement

(First Three Quarters)

(Million yen)

	Nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)
Net sales	64,506	83,711
Cost of goods sold	60,540	78,771
Gross profit	3,965	4,940
Selling, general and administrative expenses	6,676	7,662
Operating income (or loss)	(2,710)	(2,721)
Non-operating income		
Interest income	50	45
Dividends received	73	103
Foreign currency exchange gain	—	210
Gain on sales of scraps	52	144
Employment adjustment subsidies	834	196
Others	78	66
Total non-operating income	1,088	767
Non-operating expenses		
Interest expenses	346	379
Foreign currency exchange loss	120	—
Others	57	33
Total non-operating expenses	523	412
Recurring income (or loss)	(2,146)	(2,367)
Extraordinary gains		
Gain on sales of fixed assets	9	11
Subsidy income	91	159
Total extraordinary gains	100	170
Extraordinary losses		
Loss on sale and retirement of fixed assets	151	109
Loss related to COVID-19	590	—
Impairment loss	—	4,210
Total extraordinary losses	741	4,320
Income (loss) before income taxes and others	(2,787)	(6,517)
Income taxes and enterprise taxes	118	284
Deferred income taxes	154	15
Total income taxes	272	300
Net income (loss)	(3,059)	(6,817)
Net income (loss) attributable to owners of parent	(3,059)	(6,817)

Quarterly Consolidated Statement of Comprehensive Income

(First Three Quarters)

(Million yen)

	Nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)
Net income (loss)	(3,059)	(6,817)
Other comprehensive income		
Difference on revaluation of other marketable securities	942	(104)
Foreign currency translation adjustments	(865)	2,926
Remeasurements of defined benefit plans	42	(29)
Total other comprehensive income	120	2,792
Comprehensive income	(2,939)	(4,024)
Comprehensive income attributable to:		
Owners of parent	(2,939)	(4,024)
Non-controlling interests	—	—

(3) Notes on Going Concern Assumption

Not applicable.

(4) Notes on Significant Change in the Amount of Shareholders' Equity

(Disposal of treasury stock)

The Company resolved at its Board of Directors' meeting held on June 16, 2021 to dispose of treasury shares for delivery as stock compensation, and it disposed of them during the nine-month period of the fiscal year under review. As a result, treasury stock decreased by ¥84 million (124,757 shares).

(5) Additional Information

(Application of Tax Effect Accounting pertaining to transition from the consolidated taxation system to the group tax sharing system)

Ahresty and its consolidated subsidiaries in Japan have calculated the amounts of deferred tax assets and deferred tax liabilities according to the provisions of the tax acts before amendment based on the treatment of Paragraph 3 of "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Solutions No. 39, March 31, 2020) instead of applying the provision of Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), regarding transition to the group tax sharing system established in the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and items for which the non-consolidated taxation system has been reviewed in line with transition to the group tax sharing system.

(Accounting estimates related to the spread of COVID-19)

There have been no significant changes to assumptions, including the timing of the end of the spread of COVID-19, and accounting estimates provided on the securities report for the previous consolidated fiscal year.

(6) Changes in the Accounting Policy

(Application of the Accounting Standard for Revenue Recognition, etc.)

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

(1) Revenue recognition concerning charged supply parts

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

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

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

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

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

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

As a result, net sales for the first half of the consolidated fiscal year under review decreased by ¥4,033 million, with the cost of goods sold decreasing by ¥4,038 million. Operating loss, recurring loss, and loss before income taxes and others decreased by ¥5 million each. In addition, the beginning balance of retained earnings increased by ¥394 million.

Due to the application of the Accounting Standard for Revenue Recognition, "Trade notes and accounts receivable," which were included in "Current assets" in the consolidated balance sheets for the previous fiscal year, are included in "Trade notes and accounts receivable, and contract assets" from the consolidated first quarter. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous consolidated fiscal year have not been restated according to the new method of presentation. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue from contracts with customers for the first three quarters of the previous consolidated fiscal year is not provided.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

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

(7) Segment Information, etc.

Segment information

I. Nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020)

1. Information on sales and income or losses by reported segment

(Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Net sales						
Customers	31,964	14,872	13,341	2,412	1,914	64,506
Intersegment	1,530	0	588	1,483	2	3,605
Total	33,494	14,873	13,929	3,895	1,917	68,111
Segment profit (or loss)	(2,338)	126	(827)	(5)	275	(2,768)

2. Total amount in reported segments, difference from the amount posted in the quarterly consolidated statement of income and important details of the difference (Difference adjustment)

(Million yen)

Profit	Amount
Total in reported segments	(2,768)
Elimination of intersegment transactions	58
Operating income (or loss) in the quarterly consolidated statement of income	(2,710)

3. Impairment losses in fixed assets or goodwill by reported segment

Not applicable.

II. Nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)

1. Information on sales and income or losses by reported segment, and information on the breakdown of revenue

(Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Net sales						
Revenue from contracts with customers	37,964	20,813	18,274	4,382	2,277	83,711
Customers	37,964	20,813	18,274	4,382	2,277	83,711
Intersegment	1,762	4	866	1,584	13	4,232
Total	39,727	20,817	19,141	5,967	2,291	87,943
Segment profit (or loss)	(1,306)	(1,048)	(765)	201	185	(2,732)

2. Total amount in reported segments, difference from the amount posted in the quarterly consolidated statement of income and important details of the difference (Difference adjustment)

(Million yen)

Profit	Amount
Total in reported segments	(2,732)
Elimination of intersegment transactions	10
Operating income (or loss) in the quarterly consolidated statement of income	(2,721)

3. Impairment losses in fixed assets or goodwill by reported segment

(Significant impairment losses on fixed assets)

For some of the business assets of Ahresty Die Mold Hamamatsu Corporation and Ahresty Die Mold Tochigi Corporation in the Die Casting Business Japan segment, from which the initially anticipated revenues became no longer able to be expected due to a fall in the utilization rate, the Company reduced their book value to a recoverable amount and posted the reductions as an impairment loss. For the nine-month period ended December 31, 2021, ¥371 million was recorded as this impairment loss.

For Ahresty Wilmington Corporation in the Die Casting Business North America segment, an impairment test was conducted in accordance with the US accounting standards because of its delay in earnings recovery. As a result, the book value of the business assets it owns was written down to the recoverable amount and recorded as an impairment loss. For the nine-month period ended December 31, 2021, ¥3,777 million was recorded as this impairment loss.

For Hefei Ahresty Casting Co., Ltd. in the Die Casting Business Asia segment, the book value of the assets of which disposal had been decided was written down to the recoverable amount, and the reduced amount was recorded as an impairment loss. For the nine-month period ended December 31, 2021, ¥61 million was recorded as this impairment loss.

(8) Important Subsequent Events

(Sales of investment securities)

The Company sold investment securities (a listed issue) in February 2022.

(1) Reason for sales of investment securities

To improve asset efficiency and enhance financial structure by reviewing cross-held shares in accordance with the Corporate Governance Code

(2) Timing of sales of investment securities

Early February 2022

(3) Details of sales of investment securities

Investment securities for sale: Investment securities owned by the Company

(4) Impact on income

In the fourth quarter of the consolidated fiscal year under review, gain on sales of investment securities of ¥2,040 million yen is scheduled to be recorded as an extraordinary gain.