February 14, 2022

For immediate release

Company Name:	Ahresty Corporation
Representative:	Arata Takahashi, President & CEO
(Code Number:	5852)
Contact for inquiries:	Hideki Nariya Executive Officer and General Manager, Management Planning Department
(TEL	03-6369-8664)

Notice on Extraordinary Losses and Gains, Support for a Consolidated Subsidiary (Debt Waiver, Capital Increase), and Revisions to Consolidated Results Forecast

Ahresty Corporation (“the Company) resolved at the Board of Directors’ meeting held today to record extraordinary losses described below for the consolidated and nonconsolidated financial statements of the third quarters of fiscal year ending March 2022, as well as to write off its loans to Ahresty Wilmington Corporation, our consolidated subsidiary, and underwrite the capital increase by Ahresty Wilmington.

As the Company sold a part of its cross-held shares in early February 2022, we will record the gain on sales of investment securities as an extraordinary gain for both consolidated and nonconsolidated full-year results of fiscal year ending March 2022. Accordingly, the Company has revised its consolidated full-year business forecasts for fiscal year ending March 2022 (from April 1, 2021 to March 31, 2022) released on October 29, 2021 as follows.

1. Recording of extraordinary losses (consolidated and nonconsolidated)

(1) Consolidated results (impairment losses on fixed assets)

Three of the Company’s consolidated subsidiaries, namely, Ahresty Wilmington Corporation, Ahresty Die Mold Hamamatsu Corporation, and Ahresty Die Mold Tochigi Corporation, have been suffering from worsening profitability due to a decline in the plant utilization rate resulting from the spread of COVID-19 and a significant reduction in car production due to the shortage of semiconductors. As a result of a careful examination of the collectability in the future in view of their recent performance trends, we decided to write down the book value of the business assets owned by these consolidated subsidiaries to the recoverable amount and recorded impairment losses of ¥3,777 million, ¥352 million, and ¥19 million, respectively, totaling ¥4,149 million, as extraordinary losses in the consolidated results for the first three quarters of fiscal year ending March 2022.

With this recording of impairment losses, our cost of depreciation and amortization for fixed assets will be eased in the next year and beyond.

(2) Nonconsolidated results (loss on valuation of shares of affiliates)

Since the recording of impairment losses stated in (1) above is associated with a significant decline in the actual value of the shares of Ahresty Wilmington Corporation owned by the Company, the Company has recorded ¥4,053 million of “loss on valuation of shares of affiliates” as an extraordinary loss in the nonconsolidated results for the first three quarters of the year ending March 2022.

2. Debt waiver and capital increase for a consolidated subsidiary

Ahresty Wilmington Corporation, a consolidated subsidiary of the Company, will become insolvent in the third quarter of fiscal year ending March 2022 by recording the impairment loss of ¥3,777 million described in 1. (1) above. However, Ahresty Wilmington is positioned as the Company’s strategically important subsidiary in North America, and it is scheduled to launch mass production of some new parts for electric vehicles, for which orders have been confirmed.

The Company therefore decided to write off USD 10,000,000 of its loans to Ahresty Wilmington as a measure to help them fundamentally improve their profitability and financial structure and stabilize business management as soon as possible. The Company therefore resolved to record “loss on support to affiliates” of 1,150 million yen as an extraordinary loss for the nonconsolidated results for the first three quarters of year ending March 2022. The Company also resolved to underwrite a capital increase of USD 37,000,000 by Ahresty Wilmington, planned in the fourth quarter of year ending March 2022, in order to help eliminate its excess debt and reinforce its financial base.

The loss on valuation of shares of affiliates and the loss on support to affiliates mentioned in 1.(2) and 2. above will be recorded only in nonconsolidated financial statements of the Company and will be eliminated in consolidated accounting. Therefore, they have no impact on our consolidated performance. Incidentally, since Ahresty Wilmington Corporation is already a fully owned subsidiary of the Company, the impact of their capital increase on our consolidated results is insignificant.

(1) Overview of the consolidated subsidiary in question

(i)	Name	Ahresty Wilmington Corporation
(ii)	Location	Ohio, the United States
(iii)	Representative	Satoshi Tagai
(iv)	Business activities	Manufacturing aluminum die castings
(v)	Date of foundation	May 1988
(vi)	Common stock	USD 33,600,000
(vii)	Net assets	USD 11,433,000 (As of March 31, 2021)
(viii)	Total assets	USD 116,680,000 (As of March 31, 2021)
(ix)	Major shareholders and their ownership ratio	Ahresty Corporation 100%

(2) Details of debt waiver

(i)	Type of claim	Loans
(ii)	Amount of claim	USD 10,000,000
(iii)	Effective date	December 31, 2021

3. Recording of extraordinary losses (consolidated and nonconsolidated)

To improve asset efficiency and enhance its financial structure by reviewing cross-held shares in accordance with the Corporate Governance Code, the Company will sell a part of its cross-held shares in early February 2022 and record “gain on sales of investment securities” of 2,040 million yen as an extraordinary gain in both consolidated and nonconsolidated results for the full year ending March 2022.

4. Revisions to business forecasts

(1) Revisions to consolidated results forecasts for the full year ending March 2022 (from April 1, 2021 to March 31, 2022)

	Net sales	Operating income	Recurring income	Net income attributable to owners of parent	Net income per share
Previous forecasts (A)	million yen 114,000	million yen (2,500)	million yen (2,300)	million yen (2,800)	yen (108.74)
Revised forecasts (B)	114,000	(2,500)	(2,300)	(4,500)	(174.59)
Difference (B-A)	—	—	—	(1,700)	
Percentage change (%)	—	—	—	—	
(Ref.) Results of previous year (Year ended March 2021)	92,973	(2,554)	(2,094)	(2,843)	(111.06)

(2) Reasons for revisions

Consolidated net sales, operating income and recurring income are expected to be at about the same level as previously forecast. Net income attributable to owners of parent is estimated to be a loss of 4,500 million yen due to the above-mentioned recording of impairment losses and gain on sales of investment securities, etc.

No changes have been made to the year-end dividend projection announced on May 18, 2021 (5 yen per share).

(Note) 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.