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

November 10, 2021

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:		November 11, 2021	Planned date for start of dividend payment:	December 3, 2021

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes (for securities analysts and institutional investors)

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

1. Consolidated results for the first half of the year ending March 2022 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (for the six months ended September 30, 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 half of year ending March 2022	54,647	48.4	(1,943)	–	(1,680)	–	(1,780)	–
First half of year ended March 2021	36,836	(41.2)	(3,802)	–	(3,150)	–	(3,978)	–

(Notes) 1. Comprehensive income: First half of year ending March 2022: 856 million yen [–%] First half of year ended March 2021: (4,126) 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 half of the fiscal year ending March 2022 are the figures after the said accounting standards have been applied.

(Reference) EBITDA: First half of year ending March 2022: 4,057 million yen [75.2%]; First half of year ended March 2021: 2,316 million yen [(69.4)%]

* EBITDA = operating income + depreciation and amortization

	Net income per share	Fully diluted net income per share
	yen	yen
First half of year ending March 2022	(69.16)	–
First half of year ended March 2021	(155.80)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
First half of year ending March 2022	126,680	56,819	44.7
Year ended March 2021	132,223	55,631	41.9

(Reference) Shareholders' equity: First half of year ending March 2022: 56,678 million yen Year ended March 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 half 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	For the year
	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)	–	(2,800)	–	(108.74)

(Notes) 1. Revisions to consolidated results forecast published most recently: No

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 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

(Note) For details, please see “2. Consolidated Quarterly Financial Statements and Key Notes (7) Changes in the Accounting Policy” on page 11 of the accompanying materials.

(4) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at end of period (including treasury shares)	As of September 30, 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 September 30, 2021	250,533 shares	As of March 31, 2021	410,044 shares
(iii) Average number of shares (for the first six-month period)	As of September 30, 2021	25,749,657 shares	As of September 30, 2020	25,533,323 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 Half (3) Qualitative Information Concerning Consolidated Earnings Forecasts” on page 4 of the accompanying materials.

Accompanying Materials - Contents

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

(1) Qualitative Information Concerning Consolidated Operating Results

During the first half of the consolidated fiscal year under review, although the world economy was still in a severe situation due to the impact of the COVID-19 pandemic, moves toward recovery continued to progress. In Japan, although similar moves were seen in general, affected by the impact of the resurgence of COVID-19, economic recovery slowed down due to a decrease in domestic demand and a slowdown in exports resulting from sluggish economic activities.

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 first half of the fiscal year under review, automobile production decreased due to the shortage of semiconductors worldwide and the impact of COVID-19 in Southeast Asia on auto parts production, while procurement costs increased due to soaring raw material prices. These affected our profits, resulting in an operating loss being recorded.

Although concerns remain about the shortage of semiconductors and the rising prices of raw materials, 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 decided to restructure and integrate our die-casting manufacturing operations in Japan and shift to a global division of labor. We have thus started working on enhancing the Group's competitiveness.

Consequently, for the first half of the consolidated fiscal year under review, the Group recorded consolidated net sales of ¥54,647 million (up 48.4% year on year), operating loss of ¥1,943 million (operating loss of ¥3,802 million for the first half of the previous year), recurring loss of ¥1,680 million (recurring loss of ¥3,150 million for the first half of the previous year) and net loss attributable to owners of parent of ¥1,780 million (net loss attributable to owners of parent of ¥3,978 million in the first half 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 the rise in raw material prices in our selling prices, this served as a factor contributing to losses. As a result, our Die Casting Business recorded an increase in net sales year on year but a segment loss in all segments.

(i) Die Casting Business: Japan

The Die Casting Business in Japan achieved net sales of ¥24,609 million (up 35.2% year on year) but recorded a segment loss of ¥1,012 million (a segment loss of ¥2,719 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 recorded net sales of ¥14,190 million (up 64.8% year on year). On the profitability side, the segment recorded a loss of ¥553 million (a segment loss of ¥323 million was recorded a year earlier).

During the same period a year earlier, however, our Mexico Plant was affected by a lockdown and therefore a part of the fixed costs for the period of their operation suspension (¥519 million) was recorded as an extraordinary loss. Considering this, earnings have improved.

(iii) Die Casting Business: Asia

The Die Casting Business in Asia recorded net sales of ¥11,726 million (up 54.2% year on year) with a segment loss of ¥643 million (a segment loss of ¥959 million was recorded a year earlier) partly due to the impact of COVID-19 associated with the lockdown in India.

(iv) Aluminum Business

The aluminum business recovered from the impact of the production decrease due to the spread of COVID-19 despite the impact of the production decrease of car manufacturers due to the recent shortage of semiconductors. As a result, sales weight increased by 45.3% year on year, boosting net sales 103.1% year on year to ¥2,832 million. On the profitability side, despite the soaring aluminum prices, the segment recorded a profit of ¥144 million (a segment loss of ¥41 million was recorded a year earlier) due mainly to the increase in net sales.

(v) Proprietary Products Business

In the Proprietary Products business, net sales increased 26.0% year on year to ¥1.289 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 profit of ¥112 million (down 24.7% 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 half under review decreased ¥5,543 million from the end of the previous consolidated fiscal year, to ¥126,680 million. Current assets stood at ¥41,814 million, a decrease of ¥3,569 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥8,422 million in cash and time deposits despite increases of ¥1,681 million in trade notes and accounts receivable and ¥2,505 million in inventories. Fixed assets were ¥84,865 million, down ¥1,973 million from the end of the preceding fiscal year. This was due chiefly to a decrease of ¥2,098 million in tangible fixed assets.

(Liabilities)

Liabilities at the end of the consolidated first half under review fell ¥6,730 million from the end of the previous consolidated fiscal year, to ¥69,861 million. Current liabilities stood at ¥43,054 million, a decrease of ¥7,684 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥8,509 million in short-term loans payable, in contrast to an increase of ¥1,526 million in notes and accounts payable. Long-term liabilities stood at ¥26,806 million, an increase of ¥954 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥659 million in long-term loans payable.

(Net assets)

Net assets at the end of the consolidated first half under review increased ¥1,187 million from the end of the previous consolidated fiscal year, to ¥56,819 million. This was attributable primarily to an increase of ¥2,583 million in foreign currency translation adjustments in contrast to a decrease of ¥1,537 million in retained earnings.

As a result, the equity ratio was up from 41.9% at the end of the previous consolidated fiscal year to 44.7%.

(ii) Cash flows

Cash and cash equivalents (“cash”) decreased ¥8,422 million during the first half of the consolidated fiscal year under review from the end of the previous consolidated fiscal year, coming to ¥3,826 million at the end of the first half of the consolidated fiscal year under review.

The status of each of the cash flow segments and contributing factors for the first half of the consolidated fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥4,397 million (net cash provided of ¥625 million in the same period of the previous year). This result was mainly due to factors decreasing cash such as loss before income taxes and others of ¥1,608 million and an increase in inventories of ¥981 million, as well as factors increasing cash such as depreciation and amortization of ¥6,001 million, a decrease in notes and accounts receivable of ¥1,223 million, and an increase in notes and accounts payable of ¥1,214 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥4,523 million (net cash used of ¥6,368 million in the same period of the previous year). This was chiefly due to factors decreasing cash such as expenditures on purchases of tangible fixed assets of ¥4,481 million.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥8,203 million (net cash provided of ¥10,241 million in the same period of the previous year). This result was primarily due to factors increasing cash such as proceeds from short-term loans of ¥49,997 million and long-term loans of ¥4,704 million, in comparison to factors decreasing cash such as expenditures for repayments of short-term loans of ¥58,658 million and long-term loans of ¥3,994 million.

(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 May 18, 2021. For details, please refer to the Notice on Revisions to Business Forecasts released on October 29, 2021.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	Previous consolidated fiscal year (March 31, 2021)	Consolidated first half under review (September 30, 2021)
(Assets)		
Current assets		
Cash and time deposits	12,249	3,826
Trade notes and accounts receivable	20,647	–
Trade notes and accounts receivable, and contract assets	–	22,108
Electronically recorded monetary claims – operating	2,431	2,651
Merchandise and products	3,026	3,459
Partly finished goods	3,673	5,402
Raw materials and inventories	2,453	2,797
Others	1,062	1,736
Allowance for doubtful accounts	(160)	(168)
Total current assets	45,384	41,814
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	14,233	14,291
Machinery and delivery equipment, net	37,254	38,750
Land	5,615	5,631
Construction in progress	12,295	9,616
Others, net	7,891	6,902
Total tangible fixed assets	77,290	75,191
Intangible fixed assets	1,872	1,863
Investments and other assets		
Investment securities	4,346	4,497
Others	3,353	3,334
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	7,677	7,811
Total fixed assets	86,839	84,865
Total assets	132,223	126,680
(Liabilities)		
Current liabilities		
Notes and accounts payable	9,458	8,754
Electronically recorded obligations – operating	4,677	6,908
Short-term loans	19,232	10,723
Current portion of long-term loans	8,065	8,338
Accrued income taxes	279	114
Bonus allowances	1,573	1,519
Provision for product warranties	78	37
Others	7,374	6,659
Total current liabilities	50,739	43,054
Long-term liabilities		
Long-term loans	18,623	19,282
Long-term accounts payable	238	232
Retirement benefit liability	2,858	2,949
Others	4,130	4,341
Total long-term liabilities	25,852	26,806
Total liabilities	76,591	69,861

(Million yen)

	Previous consolidated fiscal year (March 31, 2021)	Consolidated first half under review (September 30, 2021)
(Net assets)		
Shareholders' equity		
Common stock	6,964	6,964
Additional paid-in capital	10,206	10,206
Retained earnings	35,909	34,371
Treasury stock	(278)	(166)
Total shareholders' equity	52,801	51,375
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,146	2,251
Foreign currency translation adjustments	982	3,566
Remeasurements of defined benefit plans	(462)	(514)
Total other accumulated comprehensive income	2,666	5,303
Share warrants	164	140
Total net assets	55,631	56,819
Total liabilities and net assets	132,223	126,680

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

Quarterly Consolidated Income Statements

(First Half)

(Million yen)

	Six months ended September 30, 2020) (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Net sales	36,836	54,647
Cost of goods sold	36,309	51,425
Gross profit	526	3,222
Selling, general and administrative expenses	4,328	5,165
Operating income (or loss)	(3,802)	(1,943)
Non-operating income		
Interest income	38	10
Dividends received	36	52
Foreign currency exchange gain	3	197
Gain on sales of scraps	25	93
Employment adjustment subsidies	746	111
Others	58	43
Total non-operating income	909	509
Non-operating expenses		
Interest expenses	224	222
Others	33	24
Total non-operating expenses	257	246
Recurring income (or loss)	(3,150)	(1,680)
Extraordinary gains		
Gain on sales of fixed assets	6	1
Subsidy income	73	134
Total extraordinary gains	79	135
Extraordinary losses		
Loss on sale and retirement of fixed assets	67	64
Loss related to COVID-19	590	–
Total extraordinary losses	657	64
Income (loss) before income taxes and others	(3,728)	(1,608)
Income taxes and enterprise taxes	73	247
Deferred income taxes	176	(75)
Total income taxes	249	171
Net income (loss)	(3,978)	(1,780)
Net income (loss) attributable to owners of parent	(3,978)	(1,780)

Quarterly Consolidated Statement of Comprehensive Income

(First Half)

(Million yen)

	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Net income (loss)	(3,978)	(1,780)
Other comprehensive income		
Difference on revaluation of other marketable securities	758	105
Foreign currency translation adjustments	(970)	2,583
Remeasurements of defined benefit plans	63	(52)
Total other comprehensive income	(148)	2,636
Comprehensive income	(4,126)	856
Comprehensive income attributable to:		
Owners of parent	(4,126)	856
Non-controlling interests	–	–

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Income (loss) before income taxes and others	(3,728)	(1,608)
Depreciation and amortization	6,118	6,001
Increase (decrease) in bonus allowances	(506)	(78)
Increase (decrease) in provision for product warranties	19	(41)
Increase (decrease) in net defined benefit liability	5	35
Interest and dividend income	(75)	(63)
Interest expenses	224	222
Loss (gain) on sales and retirement of tangible fixed assets	60	62
Subsidy income	(73)	(134)
Employment adjustment subsidies	(746)	(111)
Loss related to COVID-19	590	–
Decrease (increase) in notes and accounts receivable	2,423	1,223
Decrease (increase) in inventories	493	(981)
Increase (decrease) in notes and accounts payable	(4,330)	1,214
Increase (decrease) in accrued expenses	(48)	117
Increase (decrease) in accrued consumption taxes and others	286	(945)
Others	(579)	(297)
Subtotal	133	4,615
Interest and dividends received	129	63
Interest paid	(229)	(227)
Income taxes paid	(323)	(357)
Income taxes refund	268	80
Proceeds from subsidy income	648	223
Net cash provided by (used in) operating activities	625	4,397
Cash flows from investing activities		
Payments into time deposits	(100)	–
Purchase of tangible fixed assets	(6,157)	(4,481)
Proceeds from sales of tangible fixed assets	19	27
Others	(130)	(70)
Net cash provided by (used in) investing activities	(6,368)	(4,523)
Cash flows from financing activities		
Proceeds from short-term loans	43,558	49,997
Repayment of short-term loans	(37,257)	(58,658)
Proceeds from long-term loans	8,715	4,704
Repayment of long-term loans	(4,630)	(3,994)
Purchase of treasury stock	–	(0)
Dividends paid	(0)	(127)
Others	(144)	(124)
Net cash provided by (used in) financing activities	10,241	(8,203)
Effect of exchange rate changes on cash and cash equivalents	(29)	(93)
Net increase (decrease) in cash and cash equivalents	4,469	(8,422)
Cash and cash equivalents at beginning of year	3,732	12,249
Cash and cash equivalents at end of period	8,201	3,826

(4) Notes on Going Concern Assumption
Not applicable.

(5) 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 disposed of them during the six-month period of the fiscal year under review. As a result, treasury stock decreased by ¥84 million (124,757 shares).

(6) 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 "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.

(7) 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 ending March 31, 2022, 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 the 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 ¥2,577 million, with the cost of goods sold decreasing by ¥2,595 million. Operating loss, recurring loss, and loss before income taxes and others decreased by ¥18 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 half 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 ending March 31, 2022. 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.

(8) Segment Information, etc.

Segment information

I. Six months ended September 30, 2020 (April 1, 2020 to September 30, 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	18,204	8,610	7,603	1,394	1,023	36,836
Intersegment	920	0	408	763	1	2,094
Total	19,124	8,610	8,012	2,157	1,024	38,930
Segment profit (or loss)	(2,719)	(323)	(959)	(41)	148	(3,894)

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	(3,894)
Elimination of intersegment transactions	92
Operating income (or loss) in the quarterly consolidated statement of income	(3,802)

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

Not applicable.

II. Six months ended September 30, 2021 (April 2, 2021 to September 30, 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	24,609	14,190	11,726	2,832	1,289	54,647
Customers	24,609	14,190	11,726	2,832	1,289	54,647
Intersegment	1,172	–	462	1,149	10	2,793
Total	25,781	14,190	12,188	3,981	1,299	57,441
Segment profit (or loss)	(1,012)	(553)	(643)	144	112	(1,952)

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	(1,952)
Elimination of intersegment transactions	9
Operating income (or loss) in the quarterly consolidated statement of income	(1,943)

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

Not applicable.