Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2022

May 18, 2022

Company Name: Ahresty Corporation — Stock Exchange Listing: Tokyo
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Planned date for annual shareholders' meeting: June 28, 2022 Planned date for start of dividend payment: June 8, 2022
Planned date for filing of securities report: June 28, 2022
Supplementary documents for financial results: Yes
Financial results briefing: Yes (for securities analysts and institutional investors)

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

1. Consolidated results for year ended March 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results (% shows the year-on-year change)

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2022	116,313	25.1	(2,422)	–	(2,032)	–	(5,189)	–
Year ended March 2021	92,973	(22.9)	(2,554)	–	(2,094)	–	(2,843)	–

(Notes) 1. Comprehensive income Year ended March 2022 (2,267) million yen (_%) Year ended March 2021 (1,788) million yen (_%)
2. Since the beginning 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. The figures for the fiscal year ended March 2022 are the figures after the said accounting standards have been applied.

(Reference) EBITDA Year ended March 2022 9,496 million yen (-8.2%) Year ended March 2021 10,346 million yen (-31.4%)
* EBITDA = operating income + depreciation and amortization

	Net income per share	Fully diluted net income per share	Return on equity	Return on total assets	Operating income on sales
	yen	yen	%	%	%
Year ended March 2022	(201.23)	–	(9.5)	(1.5)	(2.1)
Year ended March 2021	(111.06)	–	(5.0)	(1.6)	(2.7)

(Reference) Investment gain or loss under equity method Year ended March 2022 – million yen Year ended March 2021 – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2022	131,302	53,566	40.7	2,068.69
Year ended March 2021	132,223	55,631	41.9	2,161.08

(Reference) Shareholders' equity Year ended March 2022 53,426 million yen Year ended March 2021 55,467 million yen

(Note) Since the beginning 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. The figures for the fiscal year ended March 2022 are the figures after the said accounting standards have been applied.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Year-end balance of cash and cash equivalents
	million yen	million yen	million yen	million yen
Year ended March 2022	8,259	(6,083)	(5,101)	9,356
Year ended March 2021	7,942	(11,570)	11,940	12,249

(Note) Since the beginning 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. The figures for the fiscal year ended March 2022 are the figures after the said accounting standards have been applied.

2. Dividend payments

	Dividend per share					Total dividend (for year)	Dividend payout ratio (consolidated)	Dividend ratio to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of year	For the year			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 2021	–	0.00	–	5.00	5.00	128	–	0.2
Year ended March 2022	–	5.00	–	5.00	10.00	258	(4.9)	0.5
Year ending March 2023 (Forecast)	–	5.00	–	5.00	10.00		28.7	

3. Forecast of consolidated results for year ending March 2023 (from April 1, 2022 to March 31, 2023)

(% shows the year-on-year change from previous year)

	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
First half	65,000	18.9	(500)	—	(650)	—	(700)	—	(27.14)
Full year	141,000	21.2	1,900	—	1,450	—	900	—	34.90

* Notes:

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

(2) Changes in accounting policies and changes in or restatement of accounting estimates
(i) Changes in accounting policies associated with revision of accounting standards, etc.: Yes
(ii) Changes in accounting policies other than (i): None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at end of period (including treasury shares)	Year ended March 2022	26,076,717 shares	Year ended March 2021	26,076,717 shares
(ii) Number of treasury shares at end of period	Year ended March 2022	250,695 shares	Year ended March 2021	410,044 shares
(iii) Average number of shares during the period	Year ended March 2022	25,787,788 shares	Year ended March 2021	25,599,845 shares

(Reference) Overview of nonconsolidated results

1. Nonconsolidated results for year ended March 2022 (from April 1, 2021 to March 31, 2022)

(1) Nonconsolidated operating results (% shows the year-on-year change)

	Net sales		Operating income		Recurring income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2022	39,631	(26.3)	(706)	—	(67)	—	(6,555)	—
Year ended March 2021	53,764	(22.7)	(1,550)	—	(465)	—	(589)	—

(Note) Since the beginning 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. The figures for the fiscal year ended March 2022 are the figures after the said accounting standards have been applied.

	Net income per share	Fully diluted net income per share
	yen	yen
Year ended March 2022	(254.22)	—
Year ended March 2021	(23.03)	—

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2022	87,369	35,472	40.4	1,368.08
Year ended March 2021	95,398	43,772	45.7	1,699.02

(Reference) Shareholders' equity Year ended March 2022 35,332 million yen Year ended March 2021 43,608 million yen

(Note) Since the beginning 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. The figures for the fiscal year ended March 2022 are the figures after the said accounting standards have been applied.

* This report on consolidated financial results is placed outside the scope of audits 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. Outline of Operating Results, etc. (3) Future Outlook" on page 4 of the accompanying materials.

Accompanying Materials - Contents

1. Outline of Operating Results, etc.

(1) Outline of Operating Results for the Fiscal Year under Review

(Operating results)

During 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 the world economy as a whole. 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 rise in prices of raw materials and restrictions on supply associated with the rapid resumption of economic activities. In the fourth quarter, the growing tension in Ukraine further boosted raw material prices and accelerated the weakening of the yen.

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 consolidated fiscal year 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, based on its 1921 Medium-term Management Plan, which we have promoted since fiscal 2019, has worked to improve profitability and enhance its 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. As a result of these efforts, we saw certain achievements in streamlining production lines and promoting appropriate personnel placement according to the production scale to establish a leaner production system, and in lowering of the break-even point. We also made progress in increasing orders for parts for electric vehicles and expanding sales of the Proprietary Products Business (raised floor system), which is a non-automobile field. To continue and advance these initiatives, the Ahresty Group established in fiscal 2021 the 10-year Business Plan, a long-term management plan of the Group toward fiscal 2030, and the 2224 Medium-term Management Plan, the milestone plan for the first three years of the 10-year Business Plan. Under the 2224 Medium-term Plan, we will hone our knowledge about “low CO2-emitting,” “light,” and “recyclable” aluminum die casting, which we have accumulated over a long time, and aim to rebuild our business portfolio and enhance our earnings power in response to changes in the external environment, such as the acceleration of electrification in the automobile industry and moves toward carbon neutrality.

As a result, the Group recorded consolidated net sales of ¥116,313 million (up 25.1% from the previous year), operating loss of ¥2,422 million (operating loss of ¥2,554 million for the previous year), and recurring loss of ¥2,032 million (recurring loss of ¥2,094 million for the previous year). Due to the occurrence of an impairment loss on fixed assets and a rise in tax expenses as a result of partial reversal of deferred tax assets and other factors, net loss attributable to owners of parent turned out to be ¥5,189 million. (The previous year marked net loss attributable to owners of parent of ¥2,843 million.)

Operating results by segment are as follows:

Regarding the Die Casting Business, in the automobile markets in all regions of Japan, North America and Asia, 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. During the fiscal year under review, due to the impact of the global shortage of semiconductors and the spread of COVID-19 in Southeast Asia on auto parts production, the volume of orders received by the Ahresty Group, which had been on its way to recovery, declined again from the level of the second half of the previous year (84 in comparison with the FY2018 average set as 100), marking 74 for the full-year level of the consolidated fiscal year under review.

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. Starting from the fourth quarter, the volume of orders received remained about the same (74 according to the same index). However, thanks to the advancement in adjustment of customer selling prices and the effect of manufacturing cost reduction, we regained operating income for the fourth quarter period.

As a result of the above, our Die Casting Business recorded in all segments an increase in net sales year on year due to the recovery from the impact of COVID-19 in the volume of orders, the booming aluminum market conditions and the weak yen in the foreign exchange market, but it recorded a segment loss due to the impact of the shortage of semiconductors on automobile production and the aluminum market condition.

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

(i) Die Casting Business: Japan

The Die Casting Business in Japan recorded net sales of ¥51,746 million (up 13.5% from the previous year). On the profitability side, the segment recorded a loss of ¥1,372 million. (A segment loss of ¥2,491 million was recorded for the previous year.)

(ii) Die Casting Business: North America

The Die Casting Business in North America recorded net sales of ¥28,111 million (up 30.0% from the previous year). On the profitability side, the segment recorded a loss of ¥1,096 million. (A segment profit of ¥94 million was recorded for the previous year.)

(iii) Die Casting Business: Asia

The Die Casting Business in Asia recorded net sales of ¥26,488 million (up 32.9% from the previous year). On the profitability side, the segment recorded a loss of ¥547 million. (A segment loss of ¥598 million was recorded for the previous year.)

(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 19.7% year on year, boosting net sales 85.6% from the previous year to ¥6,463 million. On the profitability front, the segment recorded a profit of ¥265 million (up 694.7% from the previous year) due mainly to the increase in net sales associated with the soaring aluminum prices and cost reduction efforts.

(v) Proprietary Products Business

In the Proprietary Products business, net sales increased 49.4% year on year to ¥3,503 million, mainly reflecting an increase in orders for projects of the Company's main customers, namely a clean room at a semiconductor-related company and a data center at a telecommunications company. On the profitability side, segment profit decreased 2.3% year on year to ¥312 million chiefly due to the impact of fluctuations caused by individual projects.

(2) Outline of Financial Position for the Fiscal Year under Review

(i) Assets, liabilities and net assets

(Assets)

Total assets at the end of the consolidated fiscal year under review decreased ¥921 million from the end of the previous consolidated fiscal year to ¥131,302 million. Current assets stood at ¥53,419 million, an increase of ¥8,035 million from the end of the previous consolidated fiscal year. This was mainly due to increases of ¥6,759 million in notes and accounts receivable and ¥3,759 million in inventories despite a decrease of ¥2,892 million in cash and time deposits. Fixed assets were ¥77,883 million, down ¥8,956 million from the end of the preceding fiscal year. This was due chiefly to decreases of ¥4,961 million in tangible fixed assets, ¥3,064 million in investment securities, and ¥780 million in deferred tax assets.

(Liabilities)

Liabilities at the end of the consolidated fiscal year under review increased ¥1,144 million from the end of the previous consolidated fiscal year to ¥77,736 million. Current liabilities stood at ¥53,261 million, an increase of ¥2,522 million from the end of the previous consolidated fiscal year. The principal factors contributing to this result included decreases of ¥2,518 million in short-term loans payable and ¥358 million in obligations for equipment, in contrast to an increase of ¥5,546 million in notes and accounts payable. Long-term liabilities stood at ¥24,474 million, down ¥1,377 million from the end of the previous consolidated fiscal year. The main factors included decreases of ¥802 million in long-term loans payable and ¥636 million in deferred tax liabilities.

(Net assets)

Net assets at the end of the consolidated fiscal year under review decreased ¥2,065 million from the end of the previous consolidated fiscal year to ¥53,566 million. This was attributable primarily to decreases of ¥5,075 million in retained earnings and ¥1,596 million in difference on revaluation of other marketable securities despite an increase of ¥4,611 million in foreign currency translation adjustments.

As a result, the equity ratio was down from 41.9% at the end of the previous consolidated fiscal year to 40.7%.

(ii) Cash flows

Cash and cash equivalents ("cash") decreased ¥2,892 million from the end of the previous fiscal year during the consolidated fiscal year under review, coming to ¥9,356 million.

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

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥8,259 million (net cash provided of ¥7,942 million in the previous fiscal year). This result was mainly due to factors increasing cash, such as depreciation and amortization of ¥11,919 million, an increase in notes and accounts payable of ¥4,861 million and an impairment loss of ¥4,228 million, as well as factors decreasing cash, such as loss before income taxes and others of ¥3,968 million, an increase in notes and accounts receivable of ¥3,470 million, and an increase in inventories of ¥1,940 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥6,083 million (net cash used of ¥11,570 million in the previous fiscal year). This was chiefly due to factors increasing cash, such as proceeds from sales of investment securities of ¥3,020 million, and factors decreasing cash, such as expenditures on purchases of tangible fixed assets of ¥9,248 million.

(Cash flows from financing activities)

Net cash used in financing activities totaled 5,101 million (net cash provided of ¥11,940 million in the previous year). This result was primarily due to factors increasing cash, such as proceeds from short-term loans of ¥117,253 million and long-term loans of ¥7,057 million, in comparison to factors decreasing cash, such as expenditures for repayments of short-term loans of ¥120,287 million and long-term loans of ¥8,570 million.

(Reference) Transition of indexes related to cash flows

	Year ended March 2018	Year ended March 2019	Year ended March 2020	Year ended March 2021	Year ended March 2022
Equity ratio (%)	47.4	47.7	46.5	41.9	40.7
Market-value-based equity ratio (%)	17.7	12.8	7.3	9.4	7.4
Ratio of interest-bearing debt to cash flows (%)	186.6	191.9	204.5	578.2	519.6
Interest coverage ratio	26.0	29.4	38.2	16.7	15.7

Equity ratio: Shareholders' equity / Total assets
Market-value-based equity ratio: Market capitalization / Total assets
Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows
Interest coverage ratio: Cash flows / Interest paid

(Notes) 1. Each indicator is calculated based on consolidated figures.
2. Market capitalization is calculated based on the number of shares issued excluding treasury stock.
3. Cash flows mean cash provided from operating activities.
4. Interest-bearing debt denotes all liabilities bearing interest recorded on the consolidated balance sheet except lease obligations.

(3) Future Outlook

In the fiscal year ending March 2023, economic activities are expected to return to normal as the impact of COVID-19 will be eased in line with the advancement of the "with COVID" policies in many countries. Meanwhile, the soaring prices of raw materials and resources and the tightening of monetary policy in major advanced countries are also likely to affect economic activities.

In the automobile market, demand for new cars is so strong in many countries that purchasers have to wait for several months for delivery. As the shortage of semiconductors and other bottlenecks in supply chains will be relieved, automobile production is expected to increase due to potential demand. At present, the volume of orders received by the Ahresty Group is staying low due to the impact of the lockdown in China on car production. However, the impact of the lockdown will be gradually eased (though the impact of the shortage of semiconductors, etc. will remain to some extent), and the volume of orders is expected to recover due also to the launch of new products scheduled in the latter half of the fiscal year. The rise in aluminum prices, which was a major factor decreasing profit of fiscal year ended March 2022, has calmed down. Although there will be some fluctuations in line with the international situation, the customer price modification is expected to return to normal unless the prices soar for a long time.

In terms of the business environment surrounding the Ahresty Group, electrification of automobiles has been accelerating and advancing. In this environment, under the 2224 Medium-term Management Plan, which started this year, the Group will work to strengthen its profit-making structure, increase the rate of sales for electric vehicles, and acquire orders for vehicle body components.

Under these circumstances, our forecasts for consolidated business results for the year ending March 2023 are as follows.

Incidentally, our foreign exchange assumptions are as follows: 125.0 yen to the USD, 19.0 yen to the CNY, 1.65 yen to the INR, and 21.0 Mexican pesos to the USD*.

* Our consolidated subsidiary in Mexico adopts the U.S. dollar as its functional currency. However, tax expenses of the Mexican subsidiary are calculated based on the Mexican peso and therefore influenced by the MXN/USD exchange rate.

(Million yen)

	Net sales	Operating income	Recurring income	Net income attributable to owners of parent
Year ending March 2023 forecasts	141,000	1,900	1,450	900
Year ended March 2022 results	116,313	(2,422)	(2,032)	(5,189)
Difference	24,686	4,322	3,482	6,089
Percentage change (%)	21.2	—	—	—

Segment	Net sales		Segment profit	
	Year ended March 2022	Year ending March 2023	Year ended March 2022	Year ending March 2023
Die Casting in Japan	51,746	60,000	(1,372)	1,000
Die Casting in North America	28,111	34,300	(1,096)	0
Die Casting in Asia	26,488	34,400	(547)	450
Aluminum	6,463	8,200	265	200
Proprietary Products	3,503	4,100	312	250
Elimination of intersegment transactions	—	—	14	—
Total	116,313	141,000	(2,422)	1,900

(4) Basic Policy on Profit Distribution and Dividends for Current and Next Fiscal Years

The Company views the continuing increase of corporate value as the most important return to shareholders. The Company's basic policy on dividends is to provide appropriate returns while bolstering the financial structure and the management base for business development in the medium and long terms. We pay dividends, taking into consideration the amount of investment necessary for medium- and long-term growth, the payout ratio, and consolidated results.

In principle, we pay dividends twice a year (interim dividend and year-end dividend). The Board of Directors is in charge of determining the dividend of surplus. Based on this policy, the Company decided to pay dividends of ¥10 per share (including an interim dividend of ¥5) for the fiscal year under review.

For fiscal year ending March 2023, we will continue to make Group-wide efforts to improve profitability through raising production efficiency and cost cutting, thereby enhancing our financial structure and ensuring sustainable dividend payments.

Dividends from surplus for the fiscal year under review are as follows.

Date of resolution	Total dividend (million yen)	Dividend per share (yen)
Board of Directors' meeting on November 10, 2021	129	5
Board of Directors' meeting on May 18, 2022	129	5

For the next fiscal year, we plan to pay dividends of 10 yen per share (¥5 yen for interim and ¥5 for year-end dividends).

2. Basic Concept for Choice of Accounting Standards

The Ahresty Group intends to prepare its consolidated financial statements according to Japan's standards at present, considering the comparability of the consolidated financial statements in terms of period and between companies.

Meanwhile, as for the application of IFRS, appropriate action will be taken in consideration of the various conditions in Japan and abroad.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Million yen)

	Previous consolidated fiscal year (March 31, 2021)	Consolidated fiscal year under review (March 31, 2022)
(Assets)		
Current assets		
Cash and time deposits	12,249	9,356
Trade notes and accounts receivable	20,647	—
Trade notes and accounts receivable, and contract assets	—	26,631
Electronically recorded monetary claims – operating	2,431	3,207
Merchandise and products	3,026	4,228
Partly finished goods	3,673	5,450
Raw materials and inventories	2,453	3,234
Others	1,062	1,459
Allowance for doubtful accounts	(160)	(148)
Total current assets	45,384	53,419
Fixed assets		
Tangible fixed assets		
Buildings and structures	31,983	31,600
Accumulated depreciation and impairment loss	(17,750)	(17,409)
Buildings and structures, net	14,233	14,190
Machinery and delivery equipment	137,500	135,529
Accumulated depreciation and impairment loss	(100,245)	(97,511)
Machinery and delivery equipment, net	37,254	38,018
Tools, furniture and fixtures	50,535	35,352
Accumulated depreciation and impairment loss	(43,211)	(28,723)
Tools, furniture and fixtures, net	7,324	6,629
Land	5,615	5,454
Lease assets	1,012	1,262
Accumulated depreciation and impairment loss	(445)	(613)
Lease assets, net	567	648
Construction in progress	12,295	7,387
Total tangible fixed assets	77,290	72,328
Intangible fixed assets	1,872	1,783
Investments and other assets		
Investment securities	4,346	1,281
Deferred tax assets	2,596	1,816
Others	756	689
Allowance for doubtful accounts	(21)	(16)
Total investments and other assets	7,677	3,770
Total fixed assets	86,839	77,883
Total assets	132,223	131,302

(Million yen)

	Previous consolidated fiscal year (March 31, 2021)	Consolidated fiscal year under review (March 31, 2022)
(Liabilities)		
Current liabilities		
Notes and accounts payable	9,458	11,557
Electronically recorded obligations – operating	4,677	8,125
Short-term loans	19,232	16,714
Current portion of long-term loans	8,065	8,381
Accrued income taxes	279	84
Bonus allowances	1,573	1,559
Provision for product warranties	78	46
Others	7,374	6,793
Total current liabilities	50,739	53,261
Long-term liabilities		
Long-term loans	18,623	17,821
Long-term accounts payable	238	170
Deferred tax liabilities	3,051	2,414
Net defined benefit liability	2,858	2,918
Others	1,079	1,149
Total long-term liabilities	25,852	24,474
Total liabilities	76,591	77,736
(Net assets)		
Shareholders' equity		
Common stock	6,964	6,964
Additional paid-in capital	10,206	10,206
Retained earnings	35,909	30,834
Treasury stock	(278)	(166)
Total shareholders' equity	52,801	47,837
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,146	549
Foreign currency translation adjustments	982	5,593
Remeasurements of defined benefit plans	(462)	(555)
Total other accumulated comprehensive income	2,666	5,588
Share warrants	164	140
Total net assets	55,631	53,566
Total liabilities and net assets	132,223	131,302

(2) Consolidated Income Statement and Statement of Comprehensive Income

(Consolidated Income Statement)

(Million yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)
Net sales	92,973	116,313
Cost of goods sold	86,402	108,689
Gross profit	6,570	7,623
Selling, general and administrative expenses		
Transportation expenses	1,501	1,511
Salaries and bonuses	3,032	3,190
Retirement benefit expenses	182	205
Provision for bonuses	285	283
Depreciation and amortization	443	411
Research and development expenses	507	556
Other expenses	3,172	3,885
Total selling, general and administrative expenses	9,124	10,046
Operating income (or loss)	(2,554)	(2,422)
Non-operating income		
Interest income	59	44
Dividends received	76	103
Foreign currency exchange gain	—	276
Gain on sales of scraps	85	205
Employment adjustment subsidies	901	227
Others	97	82
Total non-operating income	1,220	940
Non-operating expenses		
Interest expenses	475	505
Foreign currency exchange loss	205	—
Others	80	44
Total non-operating expenses	761	550
Recurring income (or loss)	(2,094)	(2,032)
Extraordinary gains		
Gain on sales of fixed assets	14	34
Gain on sales of investment securities	0	2,304
Subsidy income	145	198
Total extraordinary gains	160	2,537
Extraordinary losses		
Loss on sales and retirement of fixed assets	218	245
Impairment loss	88	4,228
Loss related to COVID-19	590	—
Total extraordinary losses	897	4,473
Income (loss) before income taxes and others	(2,831)	(3,968)
Income taxes and enterprise taxes	228	357
Deferred income taxes	(217)	863
Total income taxes	11	1,221
Net income (loss)	(2,843)	(5,189)
Net income (loss) attributable to owners of parent	(2,843)	(5,189)

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)
Net income (loss)	(2,843)	(5,189)
Other comprehensive income		
Difference on revaluation of other marketable securities	1,220	(1,596)
Foreign currency translation adjustments	(64)	4,611
Remeasurements of defined benefit plans	(101)	(92)
Total other comprehensive income	1,054	2,921
Comprehensive income	(1,788)	(2,267)
Comprehensive income attributable to:		
Owners of parent	(1,788)	(2,267)
Non-controlling interests	—	—

(3) Consolidated Statement of Changes in Net Assets

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	6,964	10,206	38,806	(412)	55,564
Changes					
Cash dividend from retained earnings	—	—	—	—	—
Net income (loss) attributable to owners of parent	—	—	(2,843)	—	(2,843)
Purchase of treasury stock	—	—	—	(0)	(0)
Disposal of treasury stock	—	—	(54)	133	79
Changes (net) in non-shareholders' equity items	—	—	—	—	—
Total changes	—	—	(2,897)	133	(2,763)
Balance at end of fiscal year	6,964	10,206	35,909	(278)	52,801

	Other accumulated comprehensive income				Share warrants	Total net assets
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at beginning of fiscal year	926	1,047	(360)	1,612	187	57,364
Changes						
Cash dividend from retained earnings	—	—	—	—	—	—
Net income (loss) attributable to owners of parent	—	—	—	—	—	(2,843)
Purchase of treasury stock	—	—	—	—	—	(0)
Disposal of treasury stock	—	—	—	—	—	79
Changes (net) in non-shareholders' equity items	1,220	(64)	(101)	1,054	(23)	1,030
Total changes	1,220	(64)	(101)	1,054	(23)	(1,732)
Balance at end of fiscal year	2,146	982	(462)	2,666	164	55,631

Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	6,964	10,206	35,909	(278)	52,801
Cumulative effect of changes in accounting policy	—	—	394	—	394
Balance at beginning of fiscal year reflecting changes in accounting policy	6,964	10,206	36,303	(278)	53,195
Changes					
Cash dividend from retained earnings	—	—	(257)	—	(257)
Net income (loss) attributable to owners of parent	—	—	(5,189)	—	(5,189)
Purchase of treasury stock	—	—	—	(0)	(0)
Disposal of treasury stock	—	—	(22)	112	89
Changes (net) in non-shareholders' equity items	—	—	—	—	—
Total changes	—	—	(5,469)	111	(5,357)
Balance at end of fiscal year	6,964	10,206	30,834	(166)	47,837

	Other accumulated comprehensive income				Share warrants	Total net assets
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at beginning of fiscal year	2,146	982	(462)	2,666	164	55,631
Cumulative effect of changes in accounting policy	—	—	—	—	—	394
Balance at beginning of fiscal year reflecting changes in accounting policy	2,146	982	(462)	2,666	164	56,026
Changes						
Cash dividend from retained earnings	—	—	—	—	—	(257)
Net income (loss) attributable to owners of parent	—	—	—	—	—	(5,189)
Purchase of treasury stock	—	—	—	—	—	(0)
Disposal of treasury stock	—	—	—	—	—	89
Changes (net) in non-shareholders' equity items	(1,596)	4,611	(92)	2,921	(24)	2,897
Total changes	(1,596)	4,611	(92)	2,921	(24)	(2,459)
Balance at end of fiscal year	549	5,593	(555)	5,588	140	53,566

(4) Consolidated Statement of Cash Flows

(Million yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Income (loss) before income taxes and others	(2,831)	(3,968)
Depreciation and amortization	12,901	11,919
Impairment loss	88	4,228
Increase (decrease) in bonus allowances	(273)	(61)
Increase (decrease) in provision for product warranties	30	(34)
Increase (decrease) in net defined benefit liability	48	32
Interest and dividend income	(136)	(148)
Interest expenses	475	505
Loss (gain) on sales and retirement of tangible fixed assets	203	209
Loss (gain) on sales of investment securities	(0)	(2,304)
Subsidy income	(145)	(198)
Employment adjustment subsidies	(901)	(227)
Loss related to COVID-19	590	—
Decrease (increase) in notes and accounts receivable	(2,558)	(3,470)
Decrease (increase) in inventories	411	(1,940)
Increase (decrease) in notes and accounts payable	(1,129)	4,861
Increase (decrease) in accrued expenses	(74)	212
Increase (decrease) in accrued consumption taxes and others	943	(748)
Increase (decrease) in long-term accounts payable - other	(88)	(68)
Others	(181)	(154)
Subtotal	7,372	8,645
Interest and dividends received	216	148
Interest paid	(476)	(527)
Income taxes paid	(463)	(503)
Income taxes refund	268	81
Proceeds from subsidy income	1,025	415
Cash flows from operating activities	7,942	8,259
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	429	—
Purchase of tangible fixed assets	(11,835)	(9,248)
Proceeds from sales of tangible fixed assets	14	90
Proceeds from sales of investment securities	1	3,020
Others	(179)	54
Cash flows from investing activities	(11,570)	(6,083)
Cash flows from financing activities		
Proceeds from short-term loans	86,297	117,253
Repayment of short-term loans	(77,292)	(120,287)
Proceeds from long-term loans	11,536	7,057
Repayment of long-term loans	(8,330)	(8,570)
Purchase of treasury stock	(0)	(0)
Dividends paid	(0)	(257)
Others	(270)	(295)
Cash flows from financing activities	11,940	(5,101)
Effect of exchange rate changes on cash and cash equivalents	204	32
Net increase (decrease) in cash and cash equivalents	8,516	(2,892)
Cash and cash equivalents at beginning of year	3,732	12,249
Cash and cash equivalents at end of year	12,249	9,356

(5) Notes

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policy)

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

Since the beginning 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 fiscal year under review, was added to or subtracted from the beginning balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from the beginning balance.

As a result, net sales for the consolidated fiscal year under review decreased by ¥5,320 million, with the cost of goods sold decreasing by ¥5,343 million. Operating loss, recurring loss, and loss before income taxes and others decreased by ¥22 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 sheet for the previous fiscal year, are included in "Trade notes and accounts receivable, and contract assets" from the consolidated fiscal year under review. 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 89-3 of the Accounting Standard for Revenue Recognition, Notes on Revenue Recognition regarding the previous consolidated fiscal year are 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 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 Financial Statements for the consolidated fiscal year under review.

(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 consolidated fiscal year under review. As a result, treasury stock decreased by ¥84 million (124,757 shares).

(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 the "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 the "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)

In the consolidated fiscal year under review, it is still difficult to predict exactly how COVID-19 will spread and when it will end. However, for accounting treatment that requires estimation of future cash flows and future taxable income, such as valuation of impairment losses on fixed assets and recoverability of deferred tax assets, we have adopted the assumption that economic activities both inside and outside Japan will recover over the medium to long term.

(Segment Information, etc.)

[Segment Information]

1. Overview of reported segments

The reported segments of the Company are those units for which separate financial information can be obtained among the constituent units of the Company and for which the Board of Directors of the Company regularly carries out examinations to determine the allocation of management resources and assess the business performance.

The Company manages the Die Casting Business, the Aluminum Business, and the Proprietary Products Business.

In the Die Casting Business, the Company develops comprehensive strategies by region, Japan, North America, and Asia, and is engaged in business activities accordingly.

As a result, the Company has five reported segments: Die Casting Business: Japan, Die Casting Business: North America, Die Casting Business: Asia, Aluminum Business, and Proprietary Products Business.

In the Die Casting Business, the Company is mainly engaged in the manufacturing and sales of auto parts, general engine parts, industrial machinery parts, and dies in Japan, North America and Asia. In the Aluminum Business, the Company is engaged in the smelting and sales of aluminum alloy ingots. In the Proprietary Products Business, it sells free access floors and accessories.

2. Methods for calculating net sales, profits or losses, assets, liabilities and amounts for other items by reported segment

The methods of accounting treatment for the reported segments are the same as provided in the "material matters that serve as the basis for preparation of consolidated financial statements."

Profits in the reported segments are figures based on operating income.

Intersegment sales and transfers are based on current market values.

3. Information related to net sales, profits or losses, assets, liabilities and amounts for other items by reported segment, and information on the breakdown of revenue

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Net sales						
Customers	45,584	21,628	19,931	3,483	2,345	92,973
Intersegment	2,035	10	775	2,038	6	4,865
Total	47,620	21,638	20,706	5,521	2,352	97,839
Segment profit (or loss)	(2,491)	94	(598)	33	320	(2,641)
Segment assets	55,940	29,787	37,807	2,758	1,018	127,312
Other items						
Depreciation and amortization	5,386	4,083	3,499	50	8	13,030
Impairment loss	88	-	-	-	-	88
Increase in tangible fixed assets and intangible fixed assets	4,329	3,147	3,483	29	-	10,989

(Note) In accordance with the transitional treatment prescribed in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, Notes on Revenue Recognition regarding the previous consolidated fiscal year are not provided.

Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)

(Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Net sales						
Revenue from contracts with customers	51,746	28,111	26,488	6,463	3,503	116,313
Customers	51,746	28,111	26,488	6,463	3,503	116,313
Intersegment	2,429	5	1,524	2,035	20	6,015
Total	54,175	28,117	28,012	8,498	3,524	122,328
Segment profit (or loss)	(1,372)	(1,096)	(547)	265	312	(2,436)
Segment assets	51,717	31,064	42,128	4,350	2,573	131,834
Other items						
Depreciation and amortization	4,145	4,063	3,766	51	1	12,029
Impairment loss	371	3,794	62	-	-	4,228
Increase in tangible fixed assets and intangible fixed assets	3,169	2,870	3,072	54	3	9,171

4. Total amount in reported segments, difference from the amount posted in consolidated financial statements and important details of the difference (Difference adjustment)

(Million yen)

Net sales	Previous consolidated fiscal year	Consolidated fiscal year under review
Total in reported segments	97,839	122,328
Elimination of intersegment transactions	(4,865)	(6,015)
Net sales in the consolidated financial statement	92,973	116,313

(Million yen)

Profit	Previous consolidated fiscal year	Consolidated fiscal year under review
Total in reported segments	(2,641)	(2,436)
Elimination of intersegment transactions	87	14
Operating income (or loss) in the consolidated financial statement	(2,554)	(2,422)

(Million yen)

Assets	Previous consolidated fiscal year	Consolidated fiscal year under review
Total in reported segments	127,312	131,834
Elimination of intersegment transactions	(5,428)	(6,820)
Company-wide assets	10,339	6,288
Total assets in the consolidated financial statement	132,223	131,302

(Million yen)

Other items	Total in reported segments		Adjustment		Amount recorded in consolidated financial statements	
	Previous consolidated fiscal year	Consolidated fiscal year under review	Previous consolidated fiscal year	Consolidated fiscal year under review	Previous consolidated fiscal year	Consolidated fiscal year under review
Depreciation and amortization	13,030	12,029	(128)	(109)	12,901	11,919
Impairment loss	88	4,228	-	-	88	4,228
Increase in tangible fixed assets and intangible fixed assets	10,989	9,171	(70)	(78)	10,919	9,093

[Related Information]

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

1. Information by product and service

   It is omitted here because similar information is disclosed in the segment information section.

2. Information by region

   (1) Net sales

(Million yen)

Japan	North America	Asia	Others	Total
51,122	21,710	19,955	185	92,973

(Notes) 1. Net sales are classified by country or region based on the location of customers.

2. Net sales of North America and Asia include net sales of ¥10,680 million in the United States, ¥11,030 million in Mexico, and ¥17,484 million in China, which account for over 10% of the net sales recorded in the consolidated income statement.

   (2) Tangible fixed assets

(Million yen)

Japan	North America	Asia	Total
30,644	21,407	25,238	77,290

(Note) Tangible fixed assets of North America and Asia include ¥8,542 million in the United States, ¥12,864 million in Mexico and ¥21,155 million in China, which account for over 10% of the tangible fixed assets recorded on the consolidated balance sheet.

3. Information by major customer

(Million yen)

Name of customer	Net sales	Related segment
SUBARU Corporation	12,454	Die Casting Business: Japan

Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)

1. Information by product and service

   It is omitted here because similar information is disclosed in the segment information section.

2. Information by region

   (1) Net sales

(Million yen)

Japan	North America	Asia	Others	Total
61,423	28,195	23,918	2,775	116,313

(Notes) 1. Net sales are classified by country or region based on the location of customers.

2. Net sales of North America and Asia include net sales of ¥13,958 million in the United States, ¥14,237 million in Mexico, and ¥23,430 million in China, which account for over 10% of the net sales recorded in the consolidated income statement.

(2) Tangible fixed assets

(Million yen)

Japan	North America	Asia	Total
26,509	18,331	27,487	72,328

(Note) Tangible fixed assets of North America and Asia include ¥12,513 million in Mexico and ¥22,868 million in China, which account for over 10% of the tangible fixed assets recorded on the consolidated balance sheet.

3. Information by major customer

(Million yen)

Name of customer	Net sales	Related segment
SUBARU Corporation	12,452	Die Casting Business: Japan

[Information on impairment losses on fixed assets by reported segment]

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Million yen)

	Japan	North America	Asia	Aluminum Business	Proprietary Products Business	Corporate/ Elimination	Total
Impairment loss	88	–	–	–	–	–	88

(Note) The amount of "Corporate/Elimination" mainly comes from the amount of elimination of unrealized gains on intersegment transactions.

Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)

(Million yen)

	Japan	North America	Asia	Aluminum Business	Proprietary Products Business	Corporate/ Elimination	Total
Impairment loss	371	3,794	62	–	–	–	4,228

(Note) The amount of "Corporate/Elimination" mainly comes from the amount of elimination of unrealized gains on intersegment transactions.

[Information on the amortization amount of goodwill and the unamortized balance by reported segment]

Not applicable.

[Information on gain from negative goodwill by reported segment]

Not applicable.

(Per Share Information)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)
Net assets per share	2,161.08	2,068.69
Net income per share (loss)	(111.06)	(201.23)
Fully diluted net income per share	—	—

(Notes) 1. For fully diluted net income per share, no figure is recorded for the fiscal year under review as it is a net loss per share, although latent shares exist.
2. The basis of the calculation of net income (loss) per share is as follows:

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 to March 31, 2022)
Net income per share (loss)		
Net income (loss) attributable to owners of parent (million yen)	(2,843)	(5,189)
Amount that does not belong to ordinary shareholders (million yen)	—	—
Net income (loss) attributable to owners of parent (related to common shares) (million yen)	(2,843)	(5,189)
Average number of shares during the period	25,599,845	25,787,788

(Important Subsequent Events)

Not applicable.