Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2023

May 18, 2023

Company name: Ahresty Corporation — Stock Exchange Listing: Tokyo
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Planned date for annual shareholders' meeting: June 22, 2023 — Planned date for start of dividend payment: June 6, 2023
Planned date for filing of securities report: June 22, 2023
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 2023 (from April 1, 2022 to March 31, 2023)

(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 2023	140,938	21.2	23	―	94	―	(84)	―
Year ended March 2022	116,313	25.1	(2,422)	―	(2,032)	―	(5,189)	―

(Note) Comprehensive income Year ended March 2023 3,288 million yen (_%) Year ended March 2022 (2,267) million yen (_%)

(Reference) EBITDA Year ended March 2023 12,929 million yen (36.1%) Year ended March 2022 9,496 million yen (-8.2%)

* 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 2023	(3.26)	―	(0.1)	0.1	0.0
Year ended March 2022	(201.23)	―	(9.5)	(1.5)	(2.1)

(Reference) Investment gain or loss under equity method Year ended March 2023 ―million yen Year ended March 2022 ―million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2023	137,069	56,649	41.2	2,180.28
Year ended March 2022	131,302	53,566	40.7	2,068.69

(Reference) Shareholders' equity Year ended March 2023 56,527 million yen Year ended March 2022 53,426 million yen

(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 2023	10,727	(6,331)	(1,534)	12,991
Year ended March 2022	8,259	(6,083)	(5,101)	9,356

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 2022	―	5.00	―	5.00	10.00	258	(4.9)	0.5
Year ended March 2023	―	5.00	―	5.00	10.00	259	―	0.5
Year ending March 2024 (Forecast)	―	5.00	―	10.00	15.00		35.4	

3. Forecast of consolidated results for year ending March 2024 (from April 1, 2023 to March 31, 2024)

(% shows 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	74,700	12.3	400	—	100	—	100	—	3.86
Full year	150,000	6.4	2,200	—	1,600	—	1,100	—	42.43

* Notes:

(1) Significant changes to subsidiaries during the current term (changes for a specified subsidiary accompanying a change in the scope of consolidation): Yes

New: , Exception: 1 company (Company name) Ahresty Pretech Corporation

(Note) For details, please see “3. Consolidated Financial Statements and Key Notes (5) Notes (Significant Changes to Subsidiaries during the Consolidated Fiscal Year under Review)” on page 13 of the accompanying materials.

(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 2023	26,076,717 shares	Year ended March 2022	26,076,717 shares
(ii) Number of treasury shares at end of period	Year ended March 2023	149,822 shares	Year ended March 2022	250,695 shares
(iii) Average number of shares during the period	Year ended March 2023	25,911,370 shares	Year ended March 2022	25,787,788 shares

(Reference) Overview of nonconsolidated results

1. Nonconsolidated results for year ended March 2023 (from April 1, 2022 to March 31, 2023)

(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 2023	46,176	16.5	660	—	1,054	—	(3,314)	—
Year ended March 2022	39,631	(26.3)	(706)	—	(67)	—	(6,555)	—

	Net income per share	Fully diluted net income per share
	yen	yen
Year ended March 2023	(127.93)	—
Year ended March 2022	(254.22)	—

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2023	87,276	31,941	36.5	1,227.26
Year ended March 2022	87,369	35,472	40.4	1,368.08

(Reference) Shareholders’ equity Year ended March 2023 31,819 million yen Year ended March 2022 35,332 million yen

* This report on consolidated financial results is 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.

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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, the uncertainty in the world economy continued due mainly to high energy and food prices resulting from the Russian invasion of Ukraine, tightening supply of labor and worsening inflation mainly in the U.S., and the zero-COVID policy and subsequent lifting of the policy in China. The central banks of various countries focused their efforts on tightening their monetary policy to suppress inflation. In the U.S., in particular, the FRB has been continuing to raise the policy interest rate. Regarding the future outlook, the economies of Europe and the U.S. are expected to enter a recession phase due to the impact of inflation and rising interest rates resulting from high energy and food prices. The Chinese economy, with the lifting of the zero-COVID policy, is expected to recover gradually mainly from service consumption, though the real estate market will remain stagnant. In Japan, although high commodity prices and the slowdown in the overseas economy are negative factors, the Japanese economy is expected to recover mainly from service consumption and inbound demand and maintain positive growth, while other major advanced countries will suffer negative growth.

Under these economic circumstances, the Ahresty Group made continuous efforts to improve production efficiency, such as flexible adjustment of the number of operating days and personnel placement according to fluctuations in the volume of orders received from automobile companies in each country or region, and the utilization of idle internal facilities to reduce capital investment. However, the shortage in supply of semiconductors and China's zero-COVID policy associated with confusion in supply chains resulted in a significant decline in automobile production, leading to a decrease in the volume of orders received. Moreover, the soaring energy prices boosted production costs. Mainly due to these factors, the first half of the fiscal year under review recorded an operating loss. In the second half of the fiscal year, due to the effect of efforts to improve efficiency in production systems, as well as improvement in the semiconductor supply condition and the settlement of negotiations with major customers on price revisions and cost compensation in response to soaring energy prices, we were able to recover profit, and recorded slight surpluses for operating income and recurring income on a consolidated full-year basis. Moving ahead, although attention needs to be paid to possible risks, such as resurgence of the shortage of semiconductors, intensification of competition between Japanese automobile companies with local manufacturers in the Chinese market, and the impact of the economic slowdown in the U.S. market, we predict that the recovery trend of our business performance will continue.

Starting from the consolidated fiscal year under review, the Ahresty Group has promoted its 10-year Business Plan, a long-term management plan 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 Management Plan, in response to changes in the external environment, such as the acceleration of electrification of automobiles and moves toward carbon neutrality, we set "establishing low-cost, highly productive MONOZUKURI," "reducing CO_2 emissions in production," and "shifting the business portfolio to predominantly parts for electric vehicles" as the pillars of our strategy. Based on these pillars, we are making efforts to secure net sales, improve productivity, and enhance our earnings strength.

As a result, the Group recorded consolidated net sales of ¥140,938 million (up 21.2% year on year), operating income of ¥23 million (compared to an operating loss of ¥2,422 million for the previous year), and recurring income of ¥94 million (compared to a recurring loss of ¥2,032 million for the previous year). Due to the occurrence of an impairment loss on fixed assets and other factors, net loss attributable to owners of parent turned out to be ¥84 million. (The previous year recorded a net loss attributable to owners of parent of ¥5,189 million.)

Operating results by segment are as follows:

(i) Die Casting Business: Japan

In the Japanese automobile market, despite the ongoing reduction in car production due to the shortage in supply of semiconductors and parts, our net sales increased to ¥59,019 million (up 14.1% year on year) due to recovery in the volume of orders received by the Group and a rise in aluminum market prices. On the profitability side, despite the impact of the rise in various costs, such as energy and logistics, we recorded a segment profit of ¥250 million (a segment loss of ¥1,372 million was recorded a year earlier) due to a recovery in the volume of orders received, as well as the advancement of efforts to improve production efficiency and reduce costs, and also in the shift of the rise in raw material prices to selling prices.

(ii) Die Casting Business: North America

In the automobile market in North America, due to the shortage of semiconductors associated with supply chain disruptions and the temporary wild fluctuations in the volume of orders received, the total volume of orders received by the Mexico Plant, which settles its accounts in December, decreased year by year. However, net sales increased to ¥36,995 million (up 31.6% year on year) due to the gradual recovery in the volume of orders received by the U.S. plant, as well as a rise in aluminum market prices and the weaker yen. On the profitability side, although the effects of structural reform and cost reduction activities were seen, the segment recorded a loss of ¥676 million (a segment loss of ¥1,096 million was recorded a year earlier) due to sluggish recovery in the volume of orders received, as well as an increase in production costs associated with rises in costs of energy and labor, etc.

(iii) Die Casting Business: Asia

In the automobile market in Asia, while signs of recovery in the volume of car sales began to be seen partly due to the effects of the significant reduction of automobile-related taxes and fees in China, orders received by our plants in China, which settle their accounts in December, decreased significantly in the second quarter due to the impact of the lockdown in Shanghai under the zero-COVID policy. However, from the third quarter, the volume of orders gradually recovered, and the segment recorded net sales of ¥33,676 million (up 27.1% year on year). On the profitability side, the segment recorded a profit of ¥8 million despite wild fluctuations in the volume of orders received. (A segment loss of ¥547 million was recorded for the previous year.)

(iv) Aluminum Business

In the Aluminum Business, while the sales weight remained about the same level as the previous year, net sales increased 23.4% year on year to ¥7,975 million due to a rise in aluminum prices. On the profitability side, the segment recorded a profit of ¥274 million (up 3.4% year on year) due to the increase in net sales associated with soaring aluminum prices.

(v) Proprietary Products Business

In the Proprietary Products Business, net sales decreased 6.6% year on year to ¥3,271 million because some of the projects of the main customers, such as a clean room at a semiconductor-related company, were postponed to the next year, although the volume of orders increased. On the profitability front, the segment achieved a stable profit of ¥285 million (down 8.7% year on year), though the profitability differs among 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 increased ¥5,766 million from the end of the previous consolidated fiscal year to ¥137,069 million. Current assets stood at ¥61,299 million, an increase of ¥7,880 million from the end of the previous consolidated fiscal year. This was mainly due to increases of ¥3,635 million in cash and time deposits, ¥1,418 million in notes and accounts receivable, and ¥2,490 million in inventories. Fixed assets were ¥75,769 million, down ¥2,113 million from the end of the previous fiscal year. This was due chiefly to a decrease of ¥2,425 million in tangible fixed assets.

(Liabilities)

Liabilities at the end of the consolidated fiscal year under review increased ¥2,683 million from the end of the previous consolidated fiscal year to ¥80,419 million. Current liabilities stood at ¥59,277 million, an increase of ¥6,015 million from the end of the previous consolidated fiscal year. The principal factors contributing to this result included increases of ¥1,132 million in notes and accounts payable, ¥1,885 million in short-term loans payable, ¥643 million in accrued expenses, ¥2,218 million in the current portion of long-term loans, and ¥107 million in accounts payable. Long-term liabilities stood at ¥21,142 million, a decrease of ¥3,332 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥3,501 million in long-term loans payable.

(Net assets)

Net assets at the end of the consolidated fiscal year under review increased ¥3,083 million from the end of the previous consolidated fiscal year to ¥56,649 million. This was attributable primarily to an increase of ¥3,433 million in foreign currency translation adjustments despite a decrease of ¥379 million in retained earnings.

As a result, the equity ratio was up from 40.7% at the end of the previous consolidated fiscal year to 41.2%.

(ii) Cash flows

Cash and cash equivalents (“cash”) increased ¥3,635 million from the end of the previous fiscal year during the consolidated fiscal year under review, coming to ¥12,991 million.

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

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥10,727 million (compared to net cash provided of ¥8,259 million in the previous fiscal year). This result was mainly due to factors decreasing cash, such as an increase in notes and accounts receivable of ¥234 million, an increase in inventories of ¥1,835 million, and income taxes paid of ¥862 million, as well as factors increasing cash, such as income before income taxes and others of ¥24 million, depreciation and amortization of ¥12,906 million, impairment loss of ¥2,378 million, and an increase in notes and accounts payable of ¥718 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥6,331 million (compared to net cash used of ¥6,083 million in the previous fiscal year). This was chiefly due to factors increasing cash, such as proceeds from sales of tangible fixed assets of ¥3,648 million, and factors decreasing cash, such as expenditures on purchases of tangible fixed assets of ¥9,888 million.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥1,534 million (compared to net cash used of ¥5,101 million in the previous year). This result was primarily due to factors increasing cash, such as proceeds from short-term loans of ¥150,982 million and long-term loans of ¥6,940 million, in comparison to factors decreasing cash, such as expenditures for repayments of short-term loans of ¥149,745 million and long-term loans of ¥9,137 million.

(Reference) Transition of indexes related to cash flows

	Year ended March 2019	Year ended March 2020	Year ended March 2021	Year ended March 2022	Year ended March 2023
Equity ratio (%)	47.7	46.5	41.9	40.7	41.2
Market-value-based equity ratio (%)	12.8	7.3	9.4	7.4	9.8
Ratio of interest-bearing debt to cash flows (%)	191.9	204.5	578.2	519.6	405.7
Interest coverage ratio	29.4	38.2	16.7	15.7	15.3

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 2024, economies in Europe and the U.S. are likely to enter a recession phase due to the impact of inflation and rising interest rates resulting from high energy and food prices, while the Chinese economy, with the zero-COVID policy lifted, is expected to recover gradually mainly from service consumption. The Japanese economy is expected to recover mainly from service consumption and inbound demand in line with the spread of the "with COVID" lifestyle, and maintain positive growth. In the automobile market, although the shortage of semiconductors will continue to ease, the improvement is likely to slow down. In addition, we must pay attention to events that may have a negative impact on our business performance, such as the intensification of competition between Japanese car manufacturers, which are our main customers, and Chinese EV manufacturers in the Chinese market, and the ongoing tight labor market in the U.S.

Regarding the performance of the Ahresty Group, the recovery in earnings is likely to slow down in the first half of the year ending March 2024 along with the delay in production recovery of some of our major customers in the Chinese market. On a full-year basis, however, we expect increases in both sales and profits starting from the year ended March 2023, with income returning to the black. In response to the ongoing high energy and labor costs, we will continue to properly reflect them in prices. Furthermore, under the 2224 Medium-term Management Plan, which started from the consolidated fiscal year under review, the Group will work to strengthen its profit-making structure, increase the rate of sales for electric vehicles, and enhance the business in vehicle body components. At the same time, we will promote initiatives toward carbon neutrality.

Under these circumstances, our forecasts for consolidated business results for the year ending March 2024 are as follows.

Incidentally, our foreign exchange assumptions are as follows: 130.0 yen to the USD, 19.0 yen to the CNY, 1.60 yen to the INR, and 20.0 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 are 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 2024 forecasts	150,000	2,200	1,600	1,100
Year ended March 2023 results	140,938	23	94	(84)
Difference	9,061	2,176	1,505	1,184
Percentage change (%)	6.43	—	—	—

Segment	Net sales		Segment profit	
	Year ended March 2023	Year ending March 2024	Year ended March 2023	Year ending March 2024
Die casting in Japan	59,019	62,000	250	650
Die casting in North America	36,995	41,000	(676)	900
Die casting in Asia	33,676	34,700	8	50
Aluminum	7,975	7,300	274	200
Proprietary products	3,271	5,000	285	400
Elimination of intersegment transactions	—	—	(120)	—
Total	140,938	150,000	23	2,200

(4) Basic Policy on Profit Distribution and Dividends for the 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 2024, 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 14, 2022	129	5
Board of Directors' meeting on May 18, 2023	129	5

For the next fiscal year, we plan to pay dividends of 15 yen per share (¥5 for interim and ¥10 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, 2022)	Consolidated fiscal year under review (March 31, 2023)
(Assets)		
Current assets		
Cash and time deposits	9,356	12,991
Trade notes and accounts receivable, and contract assets	26,631	27,140
Electronically recorded monetary claims – operating	3,207	4,116
Merchandise and products	4,228	6,304
Partly finished goods	5,450	5,637
Raw materials and inventories	3,234	3,462
Others	1,459	1,823
Allowance for doubtful accounts	(148)	(176)
Total current assets	53,419	61,299
Fixed assets		
Tangible fixed assets		
Buildings and structures	31,600	32,592
Accumulated depreciation and impairment loss	(17,409)	(19,071)
Buildings and structures, net	14,190	13,521
Machinery and delivery equipment	135,529	140,599
Accumulated depreciation and impairment loss	(97,511)	(104,237)
Machinery and delivery equipment, net	38,018	36,362
Tools, furniture and fixtures	35,352	35,880
Accumulated depreciation and impairment loss	(28,723)	(28,941)
Tools, furniture and fixtures, net	6,629	6,939
Land	5,454	5,076
Lease assets	1,262	1,703
Accumulated depreciation and impairment loss	(613)	(921)
Lease assets, net	648	782
Construction in progress	7,387	7,221
Total tangible fixed assets	72,328	69,903
Intangible fixed assets	1,783	1,642
Investments and other assets		
Investment securities	1,281	1,261
Net defined benefit asset	263	—
Deferred tax assets	1,816	2,337
Others	425	641
Allowance for doubtful accounts	(16)	(15)
Total investments and other assets	3,770	4,223
Total fixed assets	77,883	75,769
Total assets	131,302	137,069

(Million yen)

	Previous consolidated fiscal year (March 31, 2022)	Consolidated fiscal year under review (March 31, 2023)
(Liabilities)		
Current liabilities		
Notes and accounts payable	11,557	11,670
Electronically recorded obligations – operating	8,125	9,144
Short-term loans	16,714	18,599
Current portion of long-term loans	8,381	10,600
Accrued income taxes	84	147
Bonus allowances	1,559	1,530
Provision for product warranties	46	53
Others	6,793	7,532
Total current liabilities	53,261	59,277
Long-term liabilities		
Long-term loans	17,821	14,319
Long-term accounts payable	170	123
Deferred tax liabilities	2,414	2,234
Net defined benefit liability	2,918	3,305
Others	1,149	1,159
Total long-term liabilities	24,474	21,142
Total liabilities	77,736	80,419
(Net assets)		
Shareholders' equity		
Common stock	6,964	6,964
Additional paid-in capital	10,206	10,206
Retained earnings	30,834	30,454
Treasury stock	(166)	(58)
Total shareholders' equity	47,837	47,566
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	549	538
Foreign currency translation adjustments	5,593	9,026
Remeasurements of defined benefit plans	(555)	(604)
Total other accumulated comprehensive income	5,588	8,961
Share warrants	140	121
Total net assets	53,566	56,649
Total liabilities and net assets	131,302	137,069

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

(Million yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)
Net sales	116,313	140,938
Cost of goods sold	108,689	130,457
Gross profit	7,623	10,480
Selling, general and administrative expenses		
Transportation expenses	1,511	1,652
Salaries and bonuses	3,190	3,089
Retirement benefit expenses	205	199
Provision for bonuses	283	302
Depreciation and amortization	411	411
Research and development expenses	556	558
Other expenses	3,885	4,243
Total selling, general and administrative expenses	10,046	10,457
Operating income (or loss)	(2,422)	23
Non-operating income		
Interest income	44	51
Dividends received	103	44
Foreign currency exchange gain	276	355
Gain on sales of scraps	205	230
Employment adjustment subsidies	227	147
Others	82	80
Total non-operating income	940	910
Non-operating expenses		
Interest expenses	505	759
Others	44	79
Total non-operating expenses	550	839
Recurring income (or loss)	(2,032)	94
Extraordinary gains		
Gain on sales of fixed assets	34	3,208
Gain on sales of investment securities	2,304	—
Subsidy income	198	132
Total extraordinary gains	2,537	3,340
Extraordinary losses		
Loss on sales and retirement of fixed assets	245	214
Impairment loss	4,228	2,378
Retirement benefit expenses	—	448
Special retirement expenses	—	368
Total extraordinary losses	4,473	3,410
Income (loss) before income taxes and others	(3,968)	24
Income taxes and enterprise taxes	357	661
Deferred income taxes	863	(553)
Total income taxes	1,221	108
Net income (loss)	(5,189)	(84)
Net income (loss) attributable to owners of parent	(5,189)	(84)

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)
Net income (loss)	(5,189)	(84)
Other comprehensive income		
Difference on revaluation of other marketable securities	(1,596)	(10)
Foreign currency translation adjustments	4,611	3,432
Remeasurements of defined benefit plans	(92)	(48)
Total other comprehensive income	2,921	3,373
Comprehensive income	(2,267)	3,288
Comprehensive income attributable to:		
Owners of parent	(2,267)	3,288
Non-controlling interests	—	—

(3) Consolidated Statement of Changes in Net Assets

Previous consolidated fiscal year (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

Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)

(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	30,834	(166)	47,837
Changes					
Cash dividend from retained earnings	–	–	(258)	–	(258)
Net income (loss) attributable to owners of parent	–	–	(84)	–	(84)
Purchase of treasury stock	–	–	–	(0)	(0)
Disposal of treasury stock	–	–	(36)	108	71
Changes (net) in non-shareholders' equity items	–	–	–	–	–
Total changes	–	–	(379)	108	(271)
Balance at end of fiscal year	6,964	10,206	30,454	(58)	47,566

	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	549	5,593	(555)	5,588	140	53,566
Changes						
Cash dividend from retained earnings	–	–	–	–	–	(258)
Net income (loss) attributable to owners of parent	–	–	–	–	–	(84)
Purchase of treasury stock	–	–	–	–	–	(0)
Disposal of treasury stock	–	–	–	–	–	71
Changes (net) in non-shareholders' equity items	(10)	3,433	(48)	3,373	(18)	3,354
Total changes	(10)	3,433	(48)	3,373	(18)	3,083
Balance at end of fiscal year	538	9,026	(604)	8,961	121	56,649

(4) Consolidated Statement of Cash Flows

(Million yen)

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Income (loss) before income taxes and others	(3,968)	24
Depreciation and amortization	11,919	12,906
Impairment loss	4,228	2,378
Increase (decrease) in bonus allowances	(61)	(57)
Increase (decrease) in provision for product warranties	(34)	4
Increase (decrease) in net defined benefit liability	32	330
Interest and dividend income	(148)	(95)
Interest expenses	505	759
Foreign currency exchange loss (gain)	139	(406)
Loss (gain) on sales and retirement of tangible fixed assets	209	(3,003)
Loss (gain) on sales of investment securities	(2,304)	—
Subsidy income	(198)	(132)
Retirement benefit expenses	—	448
Special retirement expenses	—	368
Employment adjustment subsidies	(227)	(147)
Decrease (increase) in notes and accounts receivable	(3,470)	(234)
Decrease (increase) in inventories	(1,940)	(1,835)
Increase (decrease) in notes and accounts payable	4,861	718
Increase (decrease) in accounts payable	212	51
Increase (decrease) in accrued consumption taxes and others	(748)	(462)
Increase (decrease) in long-term accounts payable – other	(68)	(47)
Others	(293)	438
Subtotal	8,645	12,006
Interest and dividends received	148	95
Interest paid	(527)	(700)
Income taxes paid	(503)	(862)
Income taxes refund	81	25
Extra retirement payments	—	(20)
Proceeds from subsidy income	415	183
Cash flows from operating activities	8,259	10,727
Cash flows from investing activities		
Purchase of tangible fixed assets	(9,248)	(9,888)
Proceeds from sales of tangible fixed assets	90	3,648
Proceeds from sales of investment securities	3,020	—
Others	54	(92)
Cash flows from investing activities	(6,083)	(6,331)
Cash flows from financing activities		
Proceeds from short-term loans	117,253	150,982
Repayment of short-term loans	(120,287)	(149,745)
Proceeds from long-term loans	7,057	6,940
Repayment of long-term loans	(8,570)	(9,137)
Purchase of treasury stock	(0)	(0)
Dividends paid	(257)	(257)
Others	(295)	(315)
Cash flows from financing activities	(5,101)	(1,534)
Effect of exchange rate changes on cash and cash equivalents	32	774
Net increase (decrease) in cash and cash equivalents	(2,892)	3,635
Cash and cash equivalents at beginning of year	12,249	9,356
Cash and cash equivalents at end of year	9,356	12,991

(5) Notes

(Notes on Going Concern Assumption)

Not applicable

(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 28, 2022 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 ¥89 million (138,203 shares).

(Significant Changes to Subsidiaries during the Consolidated Fiscal Year under Review)

During the first quarter of the consolidated fiscal year under review, the Company absorbed Ahresty Pretech Corporation, a specified subsidiary of the Company, on April 1, 2022. As a result, Ahresty Pretech Corporation is no longer a specified subsidiary of the Company and therefore has been excluded from the scope of consolidation since the beginning of the consolidated first quarter.

(Changes in Accounting Policy)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) has been applied since the beginning of the first quarter of the consolidated fiscal year under review. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, Ahresty has decided to apply the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement in the future. This has no impact on our Consolidated Financial Statements.

(Application of the FASB Accounting Standards Codification (ASC) 842 "Leases")

Since the beginning of the consolidated fiscal year under review, the ASC 842 "Leases" has been applied to overseas subsidiaries that have adopted U.S. accounting standards. As a result, all leases at such overseas subsidiaries will be recognized on the balance sheet as assets or liabilities by borrowers, in principle.

In applying the said accounting standards, we adopt the method of recognizing the cumulative effect of the application of the accounting standards on the day of the start of the application, as accepted as a transitional measure.

As a result, as of the beginning of the consolidated fiscal year under review, "Lease assets" included in tangible fixed assets increased ¥138 million, "Lease obligations" in current liabilities increased ¥29 million, and "Lease obligations" in long-term liabilities increased ¥108 million. Incidentally, the impact of this change on the consolidated income statement is insignificant.

(Additional Information)

(Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

Starting from the beginning of the first quarter of the consolidated fiscal year under review, the group tax sharing system has been applied to the Company and its domestic subsidiaries instead of the consolidated taxation system. Accordingly, regarding the accounting treatment and the disclosure of national and local corporate income taxes and tax effect accounting, Ahresty follows the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Solution No. 42, August 12, 2021). Pursuant to Paragraph 32 (1) of Practical Solution No. 42, we consider that there is no impact from changes in the accounting policy associated with the application of Practical Solution No. 42.

(Change in the calculation method of retirement benefit obligations)

The Company absorbed Ahresty Pretech Corporation, a consolidated subsidiary of the Company, on April 1, 2022.
Accordingly, the calculation method for retirement benefit obligations of Ahresty Pretech Corporation, the absorbed company, was changed from the simplified method to the principle method. As a result, net defined benefit liability as of the end of the consolidated fiscal under review increased ¥448 million, and the same amount was recorded as retirement benefit expenses in extraordinary losses.

(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: the Die Casting Business: Japan; the Die Casting Business: North America; the Die Casting Business: Asia; the Aluminum Business; and the 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 those 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, information on the breakdown of revenue

Previous consolidated fiscal year (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
Sales to external customers	51,746	28,111	26,488	6,463	3,503	116,313
Intersegment sales or transfers	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

Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)

(Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Net sales						
Revenue from contracts with customers	59,019	36,995	33,676	7,975	3,271	140,938
Sales to external customers	59,019	36,995	33,676	7,975	3,271	140,938
Intersegment sales or transfers	3,015	15	2,362	1,568	56	7,017
Total	62,034	37,010	36,039	9,544	3,327	147,956
Segment profit (or loss)	250	(676)	8	274	285	143
Segment assets	50,832	31,597	42,163	4,085	3,271	131,950
Other items						
Depreciation and amortization	4,208	4,361	4,359	56	3	12,990
Impairment loss	1,091	1,174	127	-	-	2,393
Increase in tangible fixed assets and intangible fixed assets	3,819	3,020	3,541	36	0	10,418

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	122,328	147,956
Elimination of intersegment transactions	(6,015)	(7,017)
Net sales in the consolidated financial statement	116,313	140,938

(Million yen)

Profit	Previous consolidated fiscal year	Consolidated fiscal year under review
Total in reported segments	(2,436)	143
Elimination of intersegment transactions	14	(120)
Operating income (or loss) in the consolidated financial statement	(2,422)	23

(Million yen)

Assets	Previous consolidated fiscal year	Consolidated fiscal year under review
Total in reported segments	131,834	131,950
Elimination of intersegment transactions	(6,820)	(3,923)
Company-wide assets	6,288	9,042
Total assets in the consolidated financial statement	131,302	137,069

(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	12,029	12,990	(109)	(84)	11,919	12,906
Impairment loss	4,228	2,393	-	(14)	4,228	2,378
Increase in tangible fixed assets and intangible fixed assets	9,171	10,418	(78)	(47)	9,093	10,370

[Related Information]
Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)
1. Information by product and service
This 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	26,547	146	116,313

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

Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)
1. Information by product and service
This 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
70,001	37,095	33,709	132	140,938

(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 ¥18,984 million in the United States, ¥18,110 million in Mexico, and ¥28,105 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
24,513	18,113	27,276	69,903

(Note) Tangible fixed assets of North America and Asia include ¥12,525 million in Mexico and ¥22,871 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	15,580	Die Casting Business: Japan

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

Previous consolidated fiscal year (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.

Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)

(Million yen)

	Japan	North America	Asia	Aluminum Business	Proprietary Products Business	Corporate/Elimination	Total
Impairment loss	1,091	1,174	127	－	－	(14)	2,378

(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, 2021 to March 31, 2022)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)
Net assets per share	2,068.69	2,180.28
Net income per share (loss)	(201.23)	(3.26)
Fully diluted net income per share	yen	yen

(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, 2021 to March 31, 2022)	Consolidated fiscal year under review (April 1, 2022 to March 31, 2023)
Net income per share (loss)		
Net income (loss) attributable to owners of parent (million yen)	(5,189)	(84)
Amount that does not belong to ordinary shareholders (million yen)	―	―
Net income (loss) attributable to owners of parent (related to common shares) (million yen)	(5,189)	(84)
Average number of shares during the period	25,787,788	25,911,370

(Important Subsequent Events)

(Acquisition of own shares)

The Company resolved at its Board of Directors' meeting held on April 27, 2023 to purchase its own shares pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act and Article 41 of the Articles of Incorporation of the Company, and is scheduled to implement the acquisition of its own shares as follows.

1. Reason for the acquisition of its own shares
   As part of the execution of strategic capital policies aimed at achieving both a sound financial position and shareholder returns, the Company shall launch share buyback programs to enable flexible acquisition of its own shares while comprehensively considering factors such as investment opportunities, financial conditions, stock price, etc.
   The Company has introduced a restricted stock compensation plan. For the shares to be issued under this plan, the Company allocates the acquired treasury shares so as to suppress stock dilution.

2. Details of the acquisition
   (1) Type of shares to be purchased: Common stock of the Company
   (2) Number of shares to be purchased: 900,000 at maximum
   (3) Total acquisition price of shares: 500 million yen at maximum
   (4) Period of acquisition of own shares: May 19, 2023 to December 31, 2023