



Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending March 31, 2024

August 10, 2023

Company Name: Ahresty Corporation

Stock Exchange Listing: Tokyo

Code Number: 5852 URL: <https://www.ahresty.co.jp>

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Planned date for filing of quarterly securities report: August 10, 2023 Planned date for start of dividend payment: —

Supplementary documents for quarterly results: Yes

Quarterly results briefing: No

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

1. Consolidated results for the first quarter of the year ending March 2024 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results (for the three months ended June 30, 2023) (% shows year-on-year change from previous year)

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of year ending March 2024	37,996	14.7	227	—	357	—	452	—
First quarter of year ended March 2023	33,113	22.1	(553)	—	(424)	—	(649)	—

(Notes) 1. Comprehensive income: First quarter of year ending March 2024: 1,662 million yen (-25.1%) First quarter of year ended March 2023: 2,218 million yen (60.8%)
(Reference) EBITDA: First quarter of year ending March 2024: 3,309 million yen (30.9%) First quarter of year ended March 2023: 2,529 million yen (9.0%)
* EBITDA = operating income + depreciation and amortization

	Net income per share	Fully diluted net income
	yen	yen
First quarter of year ending March 2024	17.44	17.33
First quarter of year ended March 2023	(25.15)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
First quarter of year ending March 2024	137,579	58,099	42.1
Year ended March 2023	137,069	56,649	41.2

(Reference) Shareholders' equity: First quarter of year ending March 2024: 57,981 million yen Year ended March 2023: 56,527 million yen

2. Dividend payments

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	For the year
	yen	yen	yen	yen	yen
Year ended March 2023	—	5.00	—	5.00	10.00
Year ending March 2024	—	—	—	—	—
Year ending March 2024 (Forecast)	—	5.00	—	10.00	15.00

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

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. Revisions to consolidated results forecast published most recently: No

* Notes:

(1) Significant changes to subsidiaries during the current term (changes for a specified subsidiary accompanying a change in the scope of consolidation): No

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: No

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

- (i) Changes in accounting policies associated with revision of accounting standards, etc.: No
- (ii) Changes in accounting policies other than (i): No
- (iii) Changes in accounting estimates: No
- (iv) Restatement: No

(4) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at end of period (including treasury shares)	1Q of year ending March 2024	26,076,717 shares	Year ended March 2023	26,076,717 shares
(ii) Number of treasury shares at end of period	1Q of year ending March 2024	273,342 shares	Year ended March 2023	149,822 shares
(iii) Average number of shares (for first quarter)	1Q of year ending March 2024	25,911,898 shares	1Q of year ended March 2023	25,826,273 shares

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

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

(Note on forward-looking statements)

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

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

(1) Explanation of Operating Results

During the first quarter of the consolidated fiscal year under review, although restrictions on economic and social activities due to COVID-19 were lifted and the shortage of semiconductors eased, the world economy continued to stagnate under high interest rates and high inflation. In the U.S., while the rapid raising of the policy interest rate affected the overall economy, inflation continued due to the tightening supply of labor, and the U.S. economy is expected to slow down in the latter half of this year. In China, the rapid demand recovery along with the resumption of economic activities has come to an end, and the economy has been seeing slowdown due to weak private investment and prolonging real estate market adjustments. In Japan, despite the ongoing consumption recovery mainly in the service industry, the slowdown in the U.S. economy and the high commodity prices, which diminished the effect of wage hikes, are putting downward pressure on the Japanese economy. Therefore, the gradual economic recovery is expected to continue. In addition to these economic conditions in major countries, the heightening geopolitical risks against the backdrop of the prolonged Russian invasion of Ukraine and the U.S.-China trade conflict are causing the outlook of the business environment to remain uncertain.

Under these economic circumstances, the Ahresty Group continued efforts to improve production efficiency by automating production lines, etc. and reduce capital investment by promoting the utilization of idle internal facilities, etc., while also working to start or expand businesses with companies with an advantage in parts for electric vehicles. In Asia, we faced difficulty due to the impact of the spread of infection following the lifting of the zero-COVID policy in China and the intensification of competition between Japanese automobile companies and local manufacturers in the Chinese market. However, we were able to record surpluses for operating income, recurring income, and net income thanks to the recovery in the volume of orders received in line with the global easing of the shortage of semiconductors in car production as a whole.

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 CO₂ 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. Furthermore, we formulated financial strategies for the 10-year Business Plan in June this year, aiming to achieve, in addition to the income targets that have already been released, an equity ratio of 40%, a dividend payout ratio of 35%, capital investment of 140 billion yen, and an ROE of 9% as the four pillar financial targets for the period of the 10-year Business Plan.

Consequently, for the first quarter of the consolidated fiscal year under review, the Group recorded net sales of ¥37,996 million (up 14.7% year on year), operating income of ¥227 million (operating loss of ¥553 million for the first quarter of the previous year), recurring income of ¥357 million (recurring loss of ¥424 million for the first quarter of the previous year), and net income attributable to owners of parent of ¥452 million (net loss attributable to owners of parent of ¥649 million in the first quarter of the previous year).

Operating results by segment are as follows:

(i) Die Casting Business: Japan

In the Japanese automobile market, as car production recovered due to the stabilization of supply of semiconductors, resulting in an increase in the volume of orders received, our net sales increased to ¥15,459 million (up 18.8% year on year). On the profitability side, despite the rise in energy prices, etc., the segment recorded a profit of ¥42 million (a segment loss of ¥554 million was recorded a year earlier) due to the impact of the recovery in production associated with an increase in orders received

(ii) Die Casting Business: North America

In the automobile market in North America, as car production recovered due to the stabilization of supply of semiconductors, resulting in an increase in the volume of orders received, our net sales increased to ¥11,307 million (up 35.3% year on year). On the profitability side, the segment recorded a profit of ¥405 million (a segment loss of ¥441 million was recorded a year earlier) due to the impact of the recovery in production associated with an increase in orders received.

(iii) Die Casting Business: Asia

In the automobile market in Asia, despite an increase in sales in line with the start of mass production by a major customer in India, net sales decreased 9.0% year on year to ¥7,707 million due to the impact of the spread of infection following the lifting of the zero-COVID policy in China and the intensification of competition between Japanese automobile companies and local manufacturers in the Chinese market. On the profitability side, the segment recorded a loss of ¥617 million (a segment loss of ¥340 million was recorded a year earlier) due to the decrease in production associated with a decrease in orders received and the impact of higher costs pertaining to the ongoing instability in production of some products.

(iv) Aluminum Business

In the Aluminum Business, the sales weight decreased by 5.0% year on year due to the decrease in automobile-related delivery, and net sales decreased 12.3% year on year to ¥1,842 million due to the decline in the aluminum market from high prices resulting from the conflict in Ukraine in the first quarter of the previous year. On the profitability side, the segment recorded a profit of ¥55 million (down 32.6% year on year) due to the impact of the decrease in sales.

(v) Proprietary Products Business

In the Proprietary Products Business, net sales increased 44.1% year on year to ¥1,679 million, mainly reflecting an increase in orders for projects of the main customers, such as a clean room at a semiconductor-related company. On the profitability front, the segment achieved a stable profit of ¥174 million (up 93.3% year on year), though the profitability differs among individual projects.

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the consolidated first quarter under review increased by ¥510 million from the end of the previous consolidated fiscal year, to ¥137,579 million. Current assets stood at ¥59,636 million, a decrease of ¥1,663 million from the end of the previous consolidated fiscal year. This was mainly due to decreases of ¥3,443 million in cash and time deposits and ¥471 million in inventories despite increases of ¥1,712 million in trade notes and accounts receivable and ¥261 million in prepaid expenses included in Others. Fixed assets were ¥77,943 million, up ¥2,174 million from the end of the preceding consolidated fiscal year. This was due chiefly to increases of ¥1,608 million in tangible fixed assets, ¥72 million in investment securities, and ¥399 million in deferred tax assets included in Others.

(Liabilities)

Liabilities at the end of the consolidated first quarter under review fell ¥939 million from the end of the previous consolidated fiscal year, to ¥79,480 million. Current liabilities stood at ¥57,291 million, a decrease of ¥1,985 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥3,947 million in short-term loans payable, in contrast to increases of ¥1,367 million in notes and accounts payable and ¥641 million in bonus allowances. Long-term liabilities stood at ¥22,188 million, up ¥1,046 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥1,038 million in long-term loans payable.

(Net assets)

Net assets at the end of the consolidated first quarter under review increased by ¥1,449 million from the end of the previous consolidated fiscal year, to ¥58,099 million. This was attributable primarily to increases of ¥323 million in retained earnings and ¥1,130 million in foreign currency translation adjustments.

As a result, the equity ratio was up from 41.24% at the end of the previous consolidated fiscal year to 42.14% at the end of the consolidated first quarter under review.

(3) Explanation of Consolidated Earnings Forecasts and Other Information for Future Outlook

No changes have been made to the consolidated financial forecasts for the first half and the full year announced on May 18, 2023.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	Previous consolidated fiscal year (March 31, 2023)	Consolidated first quarter under review (June 30, 2023)
(Assets)		
Current assets		
Cash and time deposits	12,991	9,548
Trade notes and accounts receivable, and contract assets	27,140	29,600
Electronically recorded monetary claims – operating	4,116	3,369
Merchandise and products	6,304	6,164
Partly finished goods	5,637	5,562
Raw materials and inventories	3,462	3,206
Others	1,823	2,371
Allowance for doubtful accounts	(176)	(185)
Total current assets	61,299	59,636
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	13,521	13,749
Machinery and delivery equipment, net	36,362	36,367
Land	5,076	5,106
Construction in progress	7,221	8,679
Others, net	7,721	7,609
Total tangible fixed assets	69,903	71,511
Intangible fixed assets	1,642	1,639
Investments and other assets		
Investment securities	1,261	1,333
Others	2,978	3,474
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	4,223	4,792
Total fixed assets	75,769	77,943
Total assets	137,069	137,579
(Liabilities)		
Current liabilities		
Notes and accounts payable	11,670	12,683
Electronically recorded obligations – operating	9,144	9,498
Short-term loans	18,599	14,651
Current portion of long-term loans	10,600	9,731
Accrued income taxes	147	171
Bonus allowances	1,530	2,172
Provision for product warranties	53	109
Others	7,532	8,273
Total current liabilities	59,277	57,291
Long-term liabilities		
Long-term loans	14,319	15,357
Long-term accounts payable	123	123
Net defined benefit liability	3,305	3,330
Others	3,393	3,376
Total long-term liabilities	21,142	22,188
Total liabilities	80,419	79,480

(Million yen)

	Previous consolidated fiscal year (March 31, 2023)	Consolidated first quarter under review (June 30, 2023)
(Net assets)		
Shareholders' equity		
Common stock	6,964	6,964
Additional paid-in capital	10,206	10,207
Retained earnings	30,454	30,776
Treasury stock	(58)	(138)
Total shareholders' equity	47,566	47,809
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	538	592
Foreign currency translation adjustments	9,026	10,157
Remeasurements of defined benefit plans	(604)	(578)
Total other accumulated comprehensive income	8,961	10,171
Share warrants	121	117
Total net assets	56,649	58,099
Total liabilities and net assets	137,069	137,579

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

(Million yen)

	Three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)
Net sales	33,113	37,996
Cost of goods sold	31,096	34,968
Gross profit	2,017	3,027
Selling, general and administrative expenses	2,570	2,799
Operating income (or loss)	(553)	227
Non-operating income		
Interest income	9	27
Dividends received	23	24
Foreign currency exchange gain	111	213
Gain on sales of scraps	67	48
Employment adjustment subsidies	61	—
Others	10	23
Total non-operating income	284	338
Non-operating expenses		
Interest expenses	152	191
Others	2	17
Total non-operating expenses	155	208
Recurring income (or loss)	(424)	357
Extraordinary gains		
Gain on sales of fixed assets	21	5
Subsidy income	23	27
Total extraordinary gains	45	33
Extraordinary losses		
Loss on sales and retirement of fixed assets	35	53
Total extraordinary losses	35	53
Income (loss) before income taxes and others	(414)	337
Income taxes and enterprise taxes	291	261
Deferred income taxes	(56)	(376)
Total income taxes	234	(115)
Net income (loss)	(649)	452
Net income (loss) attributable to owners of parent	(649)	452

Quarterly Consolidated Statement of Comprehensive Income
(First Quarter)

(Million yen)

	Three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)
Net income (loss)	(649)	452
Other comprehensive income		
Difference on revaluation of other marketable securities	(101)	53
Foreign currency translation adjustments	2,945	1,130
Remeasurements of defined benefit plans	23	25
Total other comprehensive income	2,868	1,210
Comprehensive income	2,218	1,662
Comprehensive income attributable to:		
Owners of parent	2,218	1,662
Non-controlling interests	—	—

(3) Notes

(Notes on Going Concern Assumption)

Not applicable.

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

(Acquisition of own shares)

The Company resolved at its Board of Directors' meeting held on April 27, 2023 to purchase its own shares (purchase period: from May 19, 2023 to December 31, 2023), and purchased 83 million yen of its treasury stock (129,800 shares) during the three-month period of the consolidated fiscal year under review.

(Reversal of general reserve)

The Company resolved at its Board of Directors' meeting held on May 18, 2023 to reverse its general reserve for the purpose of enabling shareholder returns in response to changes in the future business environment and flexible capital policies, and implemented a reversal of 2,000 million yen in general reserve on the same day to complement a loss of retained earnings brought forward.

This has no impact on the total amount of shareholders' equity.

(Segment Information, etc.)

Segment Information

I. Three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

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

(Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Net sales						
Revenue from contracts with customers	13,016	8,357	8,473	2,100	1,165	33,113
Sales to external customers	13,016	8,357	8,473	2,100	1,165	33,113
Intersegment sales or transfers	607	—	772	314	2	1,696
Total	13,624	8,357	9,245	2,415	1,167	34,810
Segment profit (or loss)	(554)	(441)	340	82	90	(482)

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

(Million yen)

Profit	Amount
Total in reported segments	(482)
Elimination of intersegment transactions	(70)
Operating income (or loss) in quarterly consolidated statement of income	(553)

3. Impairment losses in fixed assets or goodwill by reported segment
Not applicable.

II. Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

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

(Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Net sales						
Revenue from contracts with customers	15,459	11,307	7,707	1,842	1,679	37,996
Sales to external customers	15,459	11,307	7,707	1,842	1,679	37,996
Intersegment sales or transfers	787	0	575	586	19	1,969
Total	16,247	11,307	8,283	2,429	1,698	39,965
Segment profit (or loss)	42	405	(617)	55	174	59

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

(Million yen)

Profit	Amount
Total in reported segments	59
Elimination of intersegment transactions	167
Operating income in quarterly consolidated statement of income	227

3. Impairment losses in fixed assets or goodwill by reported segment
Not applicable