



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

November 14, 2023

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 Code Number: 5852 URL: <https://www.ahresty.co.jp>
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 Planned date for filing of quarterly securities report: November 14, 2023
 Planned date for start of dividend payment: December 5, 2023
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for securities analysts and institutional investors)

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

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

(1) Consolidated operating results (for the six months ended September 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 half of year ending March 2024	77,750	16.9	601	—	938	—	900	—
First half of year ended March 2023	66,536	21.8	(1,198)	—	(820)	—	(830)	—

(Notes) 1. Comprehensive income: First half of year ending March 2024: 4,290 million yen (-19.6%)
 First half of year ended March 2023: 5,335 million yen (—%)

(Reference) EBITDA:

First half of year ending March 2024: 6,885 million yen (37.2%) First half of year ended March 2023: 5,019 million yen (23.7%)

* EBITDA = operating income + depreciation and amortization

	Net income per share	Fully diluted net income per share
	yen	yen
First half of year ending March 2024	34.82	34.59
First half of year ended March 2023	(32.08)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
First half of year ending March 2024	143,630	60,587	42.1
Year ended March 2023	137,069	56,649	41.2

(Reference) Shareholders' equity: First half of year ending March 2024: 60,469 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	—	10.00	—	—	—
Year ending March 2024 (Forecast)	—	—	—	10.00	20.00

(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 the year-on-year change)

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	155,000	10.0	2,400	—	2,200	—	1,400	—	54.16

(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)	2Q 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	2Q of year ending March 2024	455,282 shares	Year ended March 2023	149,822 shares
(iii) Average number of shares (for first half)	2Q of year ending March 2024	25,851,313 shares	2Q of year ended March 2023	25,895,763 shares

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

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

The forecasts presented herein are based on information currently available and certain assumptions deemed reasonable by the Company, and actual results may differ significantly from these forecasts due to various factors. For notes on the use of the business forecasts and assumptions as the basis for the results forecasts, please see “1. Qualitative Information on Consolidated Operating Results, etc. for First Half (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 Half

(1) Explanation of Operating Results

During the first half of the consolidated fiscal year under review, the world economy saw a further slowdown due to negative factors such as the ongoing high raw material and energy prices resulting from the situation in Ukraine and other geopolitical tensions, the interest rate hike led by central banks of many countries to curb inflation, and the stagnant recovery in the Chinese economy. In the U.S., the significant raising of the interest rate affected the overall economy, increasing the possibility that the U.S. economy will slow down in the first half of next year. At the same time, inflation continued due to the tightening supply of labor, and the policy interest rate is expected to be left unchanged till the end of this year. In China, although the prolonged adjustments in the real estate market contributed to the slowdown in the Chinese economy, the pace of slowdown is expected to be moderate thanks to infrastructure investments and service consumption, which supported the economy. In the Japanese economy, despite the ongoing recovery in service consumption and inbound demand, growth is likely to be low in the second half of this fiscal year due to the slowdown in overseas economies, which negatively affected external demand.

Under these economic circumstances, during the first half of the consolidated fiscal year under review, the Ahresty Group's business performance got back on a steady recovery track due to the recovery in the volume of orders received in line with the global easing of the shortage of semiconductors in car production. In Asia, we faced difficulty due to the impact of the intensification of competition between Japanese automobile companies and local manufacturers in the Chinese market. However, overall, we were able to record surpluses for operating income, recurring income, and net income thanks to the advancement in the shift of the rise in energy prices into selling prices and the recording of foreign currency exchange gains resulting from the weakening of the yen. Seeing the volume of orders recovering, the Ahresty Group continued efforts to establish an efficient production system, reduce capital investment by promoting the utilization of idle internal facilities, etc., and strengthen its business structure through starting or expanding businesses with companies with an advantage in parts for electric vehicles.

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 half of the consolidated fiscal year under review, the Group recorded net sales of ¥77,750 million (up 16.9% year on year), operating income of ¥601 million (an operating loss of ¥1,198 million for the first half of the previous year), recurring income of ¥938 million (a recurring loss of ¥820 million for the first half of the previous year), and net income attributable to owners of parent of ¥900 million (a net loss attributable to owners of parent of ¥830 million in the first half 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 ¥31,282 million (up 11.3% year on year). On the profitability side, despite the ongoing high energy prices, etc., the segment recorded a profit of ¥181 million (a segment loss of ¥423 million was recorded a year earlier) due to the recovery in orders received, which was associated with a recovery in production.

(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 ¥22,971 million (up 35.0% year on year). On the profitability side, despite an increase in manufacturing costs due to the rise in labor costs, etc., the segment recorded a profit of ¥693 million (a segment loss of ¥713 million was recorded a year earlier) due to the recovery in orders received, which was associated with a recovery in production.

(iii) Die Casting Business: Asia

In the automobile market in Asia, despite the impact of a decrease in the volume of orders received reflecting stagnant sales of our major customers in the Chinese market, net sales increased 3.9% year on year to ¥16,302 million due to an increase in the volume of orders received thanks to the start of mass production of new products at our plant in India. On the profitability side,

the segment recorded a loss of ¥988 million (a segment loss of ¥250 million was recorded a year earlier) due to the decrease in orders received associated with a decrease in production in China and the impact of higher costs pertaining to the ongoing instability in production of some products in India.

(iv) Aluminum Business

In the Aluminum Business, the sales weight decreased 3.6% year on year. Net sales decreased 10.5% year on year to ¥3,509 million due to the decline in aluminum prices. On the profitability side, the segment recorded a profit of ¥88 million (down 42.1% year on year) due to the impact of the decrease in the sales volume and the soaring raw material costs.

(v) Proprietary Products Business

In the Proprietary Products Business, net sales increased 105.4% year on year to ¥3,684 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 ¥487 million (up 337.7% year on year) partly due to the increase in net sales.

(2) Explanation of Financial Position

(i) Assets, liabilities and net assets

(Assets)

Total assets at the end of the consolidated first half under review increased by ¥6,561 million from the end of the previous consolidated fiscal year, to ¥143,630 million. Current assets stood at ¥63,627 million, an increase of ¥2,327 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥5,146 million in notes and accounts receivable despite decreases of ¥2,618 million in cash and time deposits and ¥774 million in inventories. Fixed assets were ¥80,002 million, up ¥4,233 million from the end of the preceding fiscal year. This was due chiefly to increases of ¥3,260 million in tangible fixed assets and ¥801 million in deferred tax assets included in Others.

(Liabilities)

Liabilities at the end of the consolidated first half under review increased by ¥2,623 million from the end of the previous consolidated fiscal year to ¥83,043 million. Current liabilities stood at ¥60,996 million, an increase of ¥1,719 million from the end of the previous consolidated fiscal year. The principal factors contributing to this result included increases of ¥2,566 million in notes and accounts payable, ¥557 million in obligations for equipment included in Others, ¥441 million in accounts payable also included in Others, ¥350 million in accrued expenses, ¥392 million in accrued consumption taxes and others, and ¥124 million in deposits received in contrast to a decrease of ¥3,235 million in short-term loans payable. Long-term liabilities stood at ¥22,046 million, an increase of ¥904 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥840 million in long-term loans payable.

(Net assets)

Net assets at the end of the consolidated first half under review increased ¥3,937 million from the end of the previous consolidated fiscal year, to ¥60,587 million. This was attributable primarily to increases of ¥770 million in retained earnings and ¥3,265 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 42.10%.

(ii) Cash flows

Cash and cash equivalents (“cash”) decreased ¥3,041 million during the first half of the consolidated fiscal year under review from the end of the previous consolidated fiscal year, coming to ¥9,949 million at the end of the first half of the consolidated fiscal year under review.

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

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥7,442 million (net cash provided of ¥4,265 million in the same period of the previous year). This result was mainly due to factors decreasing cash, such as an increase in notes and accounts receivable of ¥4,108 million, as well as factors increasing cash, such as income before income taxes and others of ¥529 million, depreciation and amortization of ¥6,284 million, a decrease in inventories of ¥1,466 million, an increase of notes and accounts payable of ¥2,007 million, an increase of accounts payable of ¥396 million, and an increase of accrued consumption taxes and others of ¥456 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥6,105 million (net cash used of ¥4,457 million in the same period of the previous year). This was chiefly due to factors decreasing cash such as payments into time deposits of ¥412 million and expenditures on purchases of tangible fixed assets of ¥5,678 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥4,612 million (net cash used of ¥1,091 million in the same period of the previous year). This result was primarily due to factors decreasing cash such as expenditures for repayments of short-term loans of ¥57,739 million and long-term loans of ¥6,489 million, in comparison to factors increasing cash such as proceeds from short-term loans of ¥54,328 million and long-term loans of ¥6,100 million.

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

In view of recent trends in business performance, the Company has revised its consolidated full-year business forecasts released on May 18, 2023. For details, please refer to the “Notice on Recording of Non-operating Income and an Extraordinary Loss, and Revisions to Consolidated Business Forecasts (First Half and Full Year) and Dividend Projection for Fiscal Year Ending March 2024” released on October 25, 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 half under review (September 30, 2023)
(Assets)		
Current assets		
Cash and time deposits	12,991	10,372
Trade notes and accounts receivable, and contract assets	27,140	31,581
Electronically recorded monetary claims – operating	4,116	4,822
Merchandise and products	6,304	5,440
Partly finished goods	5,637	5,655
Raw materials and inventories	3,462	3,532
Others	1,823	2,420
Allowance for doubtful accounts	(176)	(197)
Total current assets	61,299	63,627
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	13,521	13,979
Machinery and delivery equipment, net	36,362	36,883
Land	5,076	5,139
Construction in progress	7,221	9,359
Others, net	7,721	7,802
Total tangible fixed assets	69,903	73,163
Intangible fixed assets	1,642	1,653
Investments and other assets		
Investment securities	1,261	1,340
Others	2,978	3,860
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	4,223	5,185
Total fixed assets	75,769	80,002
Total assets	137,069	143,630
(Liabilities)		
Current liabilities		
Notes and accounts payable	11,670	14,051
Electronically recorded obligations – operating	9,144	9,330
Short-term loans	18,599	15,363
Current portion of long-term loans	10,600	10,203
Accrued income taxes	147	187
Bonus allowances	1,530	1,623
Provision for product warranties	53	65
Others	7,532	10,171
Total current liabilities	59,277	60,996
Long-term liabilities		
Long-term loans	14,319	15,160
Long-term accounts payable	123	121
Net defined benefit liability	3,305	3,348
Others	3,393	3,415
Total long-term liabilities	21,142	22,046
Total liabilities	80,419	83,043

(Million yen)

	Previous consolidated fiscal year (March 31, 2023)	Consolidated first half under review (September 30, 2023)
(Net assets)		
Shareholders' equity		
Common stock	6,964	6,964
Additional paid-in capital	10,206	10,223
Retained earnings	30,454	31,224
Treasury stock	(58)	(294)
Total shareholders' equity	47,566	48,117
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	538	611
Foreign currency translation adjustments	9,026	12,292
Remeasurements of defined benefit plans	(604)	(553)
Total other accumulated comprehensive income	8,961	12,351
Share warrants	121	117
Total net assets	56,649	60,587
Total liabilities and net assets	137,069	143,630

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

(Million yen)

	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Net sales	66,536	77,750
Cost of goods sold	62,585	71,397
Gross profit	3,950	6,353
Selling, general and administrative expenses	5,148	5,752
Operating income (or loss)	(1,198)	601
Non-operating income		
Interest income	19	55
Dividends received	23	24
Foreign currency exchange gain	436	466
Gain on sales of scraps	118	132
Employment adjustment subsidies	113	—
Others	20	53
Total non-operating income	731	732
Non-operating expenses		
Interest expenses	335	374
Others	19	20
Total non-operating expenses	354	394
Recurring income (or loss)	(820)	938
Extraordinary gains		
Gain on sales of fixed assets	55	12
Gain on sales of investment securities	—	34
Subsidy income	69	73
Total extraordinary gains	125	119
Extraordinary losses		
Loss on sales and retirement of fixed assets	63	107
Loss related to Chinese business	—	422
Total extraordinary losses	63	529
Income (loss) before income taxes and others	(759)	529
Income taxes and enterprise taxes	254	212
Deferred income taxes	(182)	(583)
Total income taxes	71	(370)
Net income (loss)	(830)	900
Net income (loss) attributable to owners of parent	(830)	900

Quarterly Consolidated Statement of Comprehensive Income
(First Half)

(Million yen)

	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Net income (loss)	(830)	900
Other comprehensive income		
Difference on revaluation of other marketable securities	(111)	73
Foreign currency translation adjustments	6,230	3,265
Remeasurements of defined benefit plans	47	51
Total other comprehensive income	6,166	3,390
Comprehensive income	5,335	4,290
Comprehensive income attributable to:		
Owners of parent	5,335	4,290
Non-controlling interests	—	—

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Income (loss) before income taxes and others	(759)	529
Depreciation and amortization	6,217	6,284
Increase (decrease) in bonus allowances	(100)	77
Increase (decrease) in provision for product warranties	1	9
Increase (decrease) in net defined benefit liability	63	80
Interest and dividend income	(42)	(80)
Interest expenses	335	374
Foreign currency exchange loss (gain)	(415)	(155)
Loss (gain) on sales and retirement of tangible fixed assets	7	95
Loss (gain) on sales of investment securities	—	(34)
Subsidy income	(69)	(73)
Employment adjustment subsidies	(113)	—
Loss related to Chinese business	—	422
Decrease (increase) in notes and accounts receivable	265	(4,108)
Decrease (increase) in inventories	(90)	1,466
Increase (decrease) in notes and accounts payable	(302)	2,007
Increase (decrease) in accounts payable	(89)	396
Increase (decrease) in accrued consumption taxes and others	(344)	456
Others	149	257
Subtotal	4,714	8,006
Interest and dividends received	35	80
Interest paid	(322)	(375)
Income taxes paid	(319)	(292)
Income taxes refund	15	156
Special retirement payments	—	(170)
Proceeds from subsidy income	142	38
Net cash provided by (used in) operating activities	4,265	7,442
Cash flows from investing activities		
Payments into time deposits	—	(412)
Purchase of tangible fixed assets	(4,465)	(5,678)
Proceeds from sales of tangible fixed assets	53	17
Proceeds from sales of investment securities	—	50
Others	(45)	(82)
Net cash provided by (used in) investing activities	(4,457)	(6,105)
Cash flows from financing activities		
Proceeds from short-term loans	79,703	54,328
Repayment of short-term loans	(82,532)	(57,739)
Proceeds from long-term loans	6,440	6,100
Repayment of long-term loans	(4,439)	(6,489)
Purchase of treasury stock	(0)	(282)
Deposit for purchase of treasury stock	—	(218)
Dividends paid	(128)	(129)
Others	(134)	(181)
Net cash provided by (used in) financing activities	(1,091)	(4,612)
Effect of exchange rate changes on cash and cash equivalents	936	233
Net increase (decrease) in cash and cash equivalents	(346)	(3,041)
Cash and cash equivalents at beginning of year	9,356	12,991
Cash and cash equivalents at end of period	9,009	9,949

(4) 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 282 million yen of its treasury stock (391,200 shares) during the six-month period of the consolidated fiscal year under review.

(Disposal of treasury stock)

The Company resolved at its Board of Directors' meeting held on June 22, 2023 to dispose of treasury shares for delivery as stock compensation, and disposed of them during the six-month period of the fiscal year under review. As a result, treasury stock decreased by ¥43 million (85,015 shares).

(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. Six months ended September 30, 2022 (April 1, 2022 to September 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	28,109	17,016	15,695	3,920	1,794	66,536
Sales to external customers	28,109	17,016	15,695	3,920	1,794	66,536
Intersegment sales or transfers	1,408	11	1,278	761	2	3,462
Total	29,518	17,028	16,973	4,681	1,796	69,998
Segment profit (or loss)	(423)	(713)	(250)	152	111	(1,122)

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

(Million yen)

Profit	Amount
Total in reported segments	(1,122)
Elimination of intersegment transactions	(75)
Operating income (or loss) in the quarterly consolidated statement of income	(1,198)

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

Not applicable.

II. Six months ended September 30, 2023 (April 1, 2023 to September 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	31,282	22,971	16,302	3,509	3,684	77,750
Sales to external customers	31,282	22,971	16,302	3,509	3,684	77,750
Intersegment sales or transfers	1,624	2	891	1,294	25	3,838
Total	32,906	22,973	17,194	4,803	3,710	81,589
Segment profit (or loss)	181	693	(988)	88	487	462

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	462
Elimination of intersegment transactions	138

Profit	Amount
Operating income in quarterly consolidated statement of income	601

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

In the Die Casting Business: Asia segment, an impairment loss of ¥324 million on tangible fixed assets, including dies for the die-cast products for which the planned mass production was suspended, was recorded.