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For immediate release

Company name:	Ahresty Corporation
Representative:	Shinichi Takahashi, President & COO
(Code number:	5852 Tokyo Stock Exchange Prime)
Contact for inquiries:	Atsushi Shimizu, Executive Officer and General Manager, Management Planning Department
(Phone:	+81-3-6369-8664)

Notice on Recording of Extraordinary Losses (consolidated and nonconsolidated), Reversal of Deferred Tax Assets (consolidated), and Revisions to Consolidated Full-year Results Forecasts and Dividend Projection

Ahresty Corporation ("the Company") hereby announces that, upon settlement of its consolidated and nonconsolidated full-year results for the fiscal year ended March 2024 (April 1, 2023 to March 31, 2024), it expects to record extraordinary losses and reversal of deferred tax assets as described below.

Also, in view of recent trends in business performance, the Company has decided to revise its consolidated full-year results forecasts and dividend projection for the fiscal year ended March 2024 released on October 25, 2023, as follows.

1. Recording of impairment losses, reversal of deferred tax assets (consolidated), and recording of a loss on valuation of shares of affiliates (nonconsolidated), etc.

(1) Recording of impairment losses on fixed assets and reversal of deferred tax assets (consolidated)

The Ahresty Group's Die Casting Business in China has been significantly affected by the reduction in production due to the intensifying competition between Japanese automobile manufacturers, the Company's major customers, and Chinese EV (electric vehicle) manufacturers in line with the rapid changes in the structure of the automobile market. In order to put the business back on a growth track as early as possible, we have started considering review of the business portfolio and strategic investments in growth areas, as well as the optimization of our production capacity.

Under these circumstances, regarding the business assets owned by Guangzhou Ahresty Casting Co., Ltd. and Hefei Ahresty Casting Co., Ltd., our consolidated subsidiaries, as a result of careful examination of their collectability in the future, we have decided to write down their book value to the recoverable amount and record an impairment loss of approximately 9.0 billion yen. In addition, as a result of careful examination of the collectability of deferred tax assets, taking into comprehensive consideration the outlook for future business performance in China, the Company expects to reverse approximately 700 million yen of said assets.

Furthermore, regarding the business assets owned by the Company and other consolidated subsidiaries, as a result of careful examination of their collectability in the future in view of recent trends in business performance, we expect to write down their book value to the recoverable amount and record an impairment loss of approximately 2.3 billion yen.

Although the fiscal year ended March 2024 records a net loss, we will further stabilize our business operations by optimizing the balance sheet in line with the business environment in the next fiscal year and beyond.

(2) Loss on valuation of shares of affiliates (nonconsolidated)

The Company expects to record approximately 1.3 billion yen of loss on valuation of shares of affiliates with respect to overseas sites owned by the Company as an extraordinary loss in the nonconsolidated accounts.

Since this loss on valuation of shares of affiliates will be eliminated in consolidated accounting, it has no impact on our consolidated results.

2. Revisions to business forecasts

(1) Revisions to consolidated full-year results forecasts (from April 1, 2023 to March 31, 2024)

	Net sales	Operating income	Recurring income	Net income attributable to owners of parent	Net income per share
Previous forecasts (A)	million yen 155,000	million yen 2,400	million yen 2,200	million yen 1,400	yen 54.16
Revised forecasts (B)	158,000	2,200	2,500	(9,000)	(351.26)
Difference (B-A)	3,000	(200)	300	(10,400)	
Percentage change (%)	1.9	(8.3)	13.6	—	
(Ref.) Results of previous year (Year ended March 2023)	140,938	23	94	(84)	(3.26)

(2) Reasons for revisions

The consolidated full-year results forecasts for net sales, operating income, and recurring income for the fiscal year ended March 2024 are expected to be at about the same level as previously forecast.

Net income attributable to owners of parent is expected to be lower than the level of the previous forecast due to the recording of impairment losses and reversal of deferred tax assets described in 1. above as extraordinary losses and deferred income taxes.

3. Revisions to dividend projection

(1) Revisions to dividend projection

	Dividend per share		
Record date	End of second quarter	End of year	Total
Previous forecasts		10.00 yen	20.00 yen
Revised forecasts		5.00 yen	15.00 yen
Results of year ended March 2024	10.00 yen		
Results of year ended March 2023	5.00 yen	5.00 yen	10.00 yen

(2) Reasons for revisions

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 line with the above revisions to full-year business forecasts, we deeply regret that we have decided to revise the year-end dividend downward by 5 yen per share from the previous projection of 10 yen per share to 5 yen per share. Consequently, the annual dividend per share for the fiscal year ended March 2024 is expected to be 15 yen per share.

We express our heartfelt apology to our shareholders, and we will make our utmost efforts to improve profitability through the early recovery of our business performance and business growth. We sincerely ask for your understanding and continued support.

(Note) 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.