



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

February 8, 2024

Company name: Ahresty Corporation Stock Exchange Listing: Tokyo
 Code Number: 5852 URL: <https://www.ahresty.co.jp>
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 Chief of General Administrative Command
 Planned date for filing of quarterly securities report: February 8, 2024 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 three quarters of the year ending March 2024 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (for the nine months ended December 31, 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 three quarters of year ending March 2024	118,812	13.8	1,642	—	1,813	—	1,255	—
First three quarters of year ended March 2023	104,379	24.7	(466)	—	(118)	—	(475)	—

(Notes) 1. Comprehensive income: First three quarters of year ending March 2024: 5,664 million yen (-7.9%)

First three quarters of year ended March 2023: 6,151 million yen (—%)

(Reference) EBITDA:

First three quarters of year ending March 2024: 11,172 million yen (22.0%) First three quarters of year ended March 2023: 9,155 million yen (43.3%)

* EBITDA = operating income + depreciation and amortization

	Net income per share	Fully diluted net income per share
	yen	yen
First three quarters of year ending March 2024	48.79	48.47
First three quarters of year ended March 2023	(18.36)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
First three quarters of year ending March 2024	142,259	61,486	43.1
Year ended March 2023	137,069	56,649	41.2

(Reference) Shareholders' equity: First three quarters of year ending March 2024: 61,368 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)	3Q 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	3Q of year ending March 2024	744,415 shares	Year ended March 2023	149,822 shares
(iii) Average number of shares (for first three quarters)	3Q of year ending March 2024	25,725,483 shares	3Q of year ended March 2023	25,906,263 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 Three Quarters (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 Three Quarters

(1) Qualitative Information on Operating Results

During the first three quarters of the consolidated fiscal year under review, the world economy continued to see a slowdown due to factors such as the ongoing high raw material and energy prices, continued tight monetary policies by central banks of various countries, and the stagnant recovery of the Chinese economy. In the U.S., while the significant raising of the interest rate affected the overall economy, workforce shortages in the labor market and supply constraints in the supply chain eased, simultaneously accelerating the normalization of economic activities and the rapid slowdown of inflation. The U.S. economy is therefore expected to avoid negative growth despite the ongoing slowdown trend. As for the Chinese economy, a slowdown in growth seems inevitable against the backdrop of the prolonged weakness in consumer confidence, the U.S.-China conflict, and adjustments in the real estate sector. The Japanese economy is also expected to recover only moderately due to a lull in the recovery in service consumption and inbound demand, as well as a slowdown in overseas economies and sluggish growth in net employment compensation.

Under these economic circumstances, during the first three quarters of the consolidated fiscal year under review, the Ahresty Group's business performance continued to be on a 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 achieved surpluses in all segments for the third quarter alone. In addition, 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. Seeing the recovery in the volume of orders received, 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 previous consolidated fiscal year, 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 last year, aiming to achieve, in addition to the income targets that had 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 three quarters of the consolidated fiscal year under review, the Group recorded net sales of ¥118,812 million (up 13.8% year on year), operating income of ¥1,642 million (an operating loss of ¥466 million for the first three quarters of the previous year), recurring income of ¥1,813 million (a recurring loss of ¥118 million for the first three quarters of the previous year), and net income attributable to owners of parent of ¥1,255 million (a net loss attributable to owners of parent of ¥475 million in the first three quarters 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 ¥47,910 million (up 8.9% year on year).

On the profitability side, despite the ongoing high energy prices, etc., the segment recorded a profit of ¥598 million (up 266.0% year on year) due to the recovery 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 ¥35,447 million (up 32.2% 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 ¥948 million (a segment loss of ¥926 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 an increase in the volume of orders received thanks to the start of mass production of new products at our plant in India, net sales decreased 0.3% year on year to ¥24,912 million due to a decline in the volume

of orders received in China, reflecting stagnant sales of our major customers in the Chinese market. On the profitability side, the segment recorded a loss of ¥850 million (a segment income of ¥23 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 12.0% year on year. Net sales decreased 10.1% year on year to ¥5,417 million due to the decline in aluminum prices. On the profitability side, the segment recorded a profit of ¥130 million (down 44.5% year on year) due to the impact of the decrease in sales weight.

(v) Proprietary Products Business

In the Proprietary Products Business, net sales increased 99.1% year on year to ¥5,125 million, mainly reflecting an increase in orders for projects for the main customers, such as a clean room at a semiconductor-related company. On the profitability front, the segment achieved a stable profit of ¥741 million (up 370.1% year on year) partly due to the increase in net sales.

(2) Qualitative Information on Financial Position

(i) Assets, liabilities and net assets

(Assets)

Total assets at the end of the consolidated third quarter under review increased by ¥5,189 million from the end of the previous consolidated fiscal year, to ¥142,259 million. Current assets stood at ¥62,320 million, an increase of ¥1,020 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥3,381 million in notes and accounts receivable despite decreases of ¥2,102 million in cash and time deposits and ¥294 million in inventories. Fixed assets were ¥79,938 million, up ¥4,169 million from the end of the previous consolidated fiscal year. This was due chiefly to an increase of ¥3,117 million in tangible fixed assets.

(Liabilities)

Liabilities at the end of the consolidated third quarter under review increased ¥353 million from the end of the previous consolidated fiscal year to ¥80,773 million. Current liabilities stood at ¥58,952 million, a decrease of ¥324 million from the end of the previous consolidated fiscal year. The principal factors contributing to this result included increases of ¥2,484 million in notes and accounts payable, ¥987 million in advances received included in Others, ¥843 million in obligations for equipment also included in Others, ¥476 million in accrued consumption taxes and others, ¥414 million in accrued expenses, and ¥378 million in accounts payable, in contrast to decreases of ¥4,689 million in short-term loans payable, ¥726 million in the current portion of long-term loans payable, and ¥477 million in bonus allowances. Long-term liabilities stood at ¥21,820 million, an increase of ¥677 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥531 million in long-term loans payable.

(Net assets)

Net assets at the end of the consolidated third quarter under review increased ¥4,836 million from the end of the previous consolidated fiscal year, to ¥61,486 million. This was attributable primarily to increases of ¥869 million in retained earnings and ¥4,275 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 43.14%.

(3) Qualitative Information on Consolidated Earnings Forecasts and Other Information for Future Outlook

No changes have been made to the consolidated financial forecasts announced on October 25, 2023 for the full-year forecasts for the fiscal year ending March 31, 2024.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	Previous consolidated fiscal year (March 31, 2023)	Consolidated first three quarters under review (December 31, 2023)
(Assets)		
Current assets		
Cash and time deposits	12,991	10,889
Trade notes and accounts receivable, and contract assets	27,140	30,179
Electronically recorded monetary claims – operating	4,116	4,459
Merchandise and products	6,304	5,194
Partly finished goods	5,637	6,274
Raw materials and inventories	3,462	3,640
Others	1,823	1,816
Allowance for doubtful accounts	(176)	(133)
Total current assets	61,299	62,320
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	13,521	13,744
Machinery and delivery equipment, net	36,362	37,173
Land	5,076	5,122
Construction in progress	7,221	9,061
Others, net	7,721	7,918
Total tangible fixed assets	69,903	73,021
Intangible fixed assets	1,642	1,663
Investments and other assets		
Investment securities	1,261	1,319
Others	2,978	3,949
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	4,223	5,253
Total fixed assets	75,769	79,938
Total assets	137,069	142,259
(Liabilities)		
Current liabilities		
Notes and accounts payable	11,670	13,434
Electronically recorded obligations – operating	9,144	9,864
Short-term loans	18,599	13,910
Current portion of long-term loans	10,600	9,873
Accrued income taxes	147	242
Bonus allowances	1,530	1,052
Provision for product warranties	53	58
Others	7,532	10,516
Total current liabilities	59,277	58,952
Long-term liabilities		
Long-term loans	14,319	14,851
Long-term accounts payable	123	120
Net defined benefit liability	3,305	3,363
Others	3,393	3,485
Total long-term liabilities	21,142	21,820
Total liabilities	80,419	80,773

(Million yen)

	Previous consolidated fiscal year (March 31, 2023)	Consolidated first three quarters under review (December 31, 2023)
(Net assets)		
Shareholders' equity		
Common stock	6,964	6,964
Additional paid-in capital	10,206	10,223
Retained earnings	30,454	31,323
Treasury stock	(58)	(513)
Total shareholders' equity	47,566	47,997
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	538	595
Foreign currency translation adjustments	9,026	13,302
Remeasurements of defined benefit plans	(604)	(527)
Total other accumulated comprehensive income	8,961	13,370
Share warrants	121	117
Total net assets	56,649	61,486
Total liabilities and net assets	137,069	142,259

(2) Quarterly Consolidated Income Statement and Quarterly Consolidated Statement of Comprehensive Income
Quarterly Consolidated Income Statement
(First Three Quarters)

(Million yen)

	Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Net sales	104,379	118,812
Cost of goods sold	97,056	108,470
Gross profit	7,322	10,341
Selling, general and administrative expenses	7,789	8,699
Operating income (or loss)	(466)	1,642
Non-operating income		
Interest income	34	88
Dividends received	44	47
Foreign currency exchange gain	463	344
Gain on sales of scraps	180	216
Employment adjustment subsidies	127	—
Others	47	60
Total non-operating income	898	756
Non-operating expenses		
Interest expenses	509	557
Others	42	28
Total non-operating expenses	551	586
Recurring income (or loss)	(118)	1,813
Extraordinary gains		
Gain on sales of fixed assets	75	19
Gain on sales of investment securities	—	34
Subsidy income	113	137
Total extraordinary gains	189	191
Extraordinary losses		
Loss on sales and retirement of fixed assets	158	184
Loss related to Chinese business	—	426
Total extraordinary losses	158	610
Income (loss) before income taxes and others	(88)	1,393
Income taxes and enterprise taxes	412	446
Deferred income taxes	(25)	(308)
Total income taxes	387	138
Net income (loss)	(475)	1,255
Net income (loss) attributable to owners of parent	(475)	1,255

Quarterly Consolidated Statement of Comprehensive Income
(First Three Quarters)

(Million yen)

	Nine months ended December 31, Nine months ended December 31,	
	2022	2023
	(April 1, 2022 to December 31, 2022)	(April 1, 2023 to December 31, 2023)
Net income (loss)	(475)	1,255
Other comprehensive income		
Difference on revaluation of other marketable securities	(65)	57
Foreign currency translation adjustments	6,621	4,275
Remeasurements of defined benefit plans	70	76
Total other comprehensive income	6,627	4,409
Comprehensive income	6,151	5,664
Comprehensive income attributable to:		
Owners of parent	6,151	5,664
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 499 million yen of its treasury stock (679,200 shares) during the nine-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 nine-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 had no impact on the total amount of shareholders' equity.

(Segment Information, etc.)

Segment Information

I. Nine months ended December 31, 2022 (April 1, 2022 to December 31, 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	43,986	26,809	24,981	6,027	2,574	104,379
Sales to external customers	43,986	26,809	24,981	6,027	2,574	104,379
Intersegment sales or transfers	2,126	14	1,739	1,272	25	5,178
Total	46,112	26,824	26,721	7,300	2,599	109,558
Segment profit (or loss)	163	(926)	23	235	157	(345)

2. Total amount of profit or loss 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	(345)
Elimination of intersegment transactions	(120)
Operating income (or loss) in the quarterly consolidated statement of income	(466)

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

Not applicable.

II. Nine months ended December 31, 2023 (April 1, 2023 to December 31, 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	47,910	35,447	24,912	5,417	5,125	118,812
Sales to external customers	47,910	35,447	24,912	5,417	5,125	118,812
Intersegment sales or transfers	2,697	6	1,424	1,966	16	6,112
Total	50,608	35,453	26,337	7,383	5,141	124,925
Segment profit (or loss)	598	948	(850)	130	741	1,568

2. Total amount of profit or loss 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	1,568
Elimination of intersegment transactions	74
Operating income in quarterly consolidated statement of income	1,642

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

In the Die Casting Business: Asia segment, an impairment loss of ¥327 million on tangible fixed assets, including dies for the die-cast products for which the planned mass production was suspended, was recorded.

(Important Subsequent Events)

(Acquisition and cancellation of treasury shares)

At its Board of Directors' meeting held on February 8, 2024, the Company resolved matters related to acquisition of treasury 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 also resolved matters related to cancellation of treasury shares pursuant to the provision of Article 178 of the Companies Act. The acquisition and cancellation of treasury shares are scheduled to be implemented as follows.

1. Reason for the acquisition and cancellation of treasury shares

Based on its long-term management plan "10-Year Business Plan" and its financial strategies, the Company has been promoting the execution of strategic capital policies aimed at achieving both a sound financial position and shareholder returns. As part of this effort, 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.

At the same time, for the purpose of raising the ratio of shares in circulation and further improving its capital efficiency, the Company will implement the cancellation of treasury shares.

2. Details of the acquisition

- | | |
|--|--------------------------------------|
| (1) Type of shares to be purchased: | Common stock of the Company |
| (2) Number of shares to be purchased: | 600,000 at maximum |
| (3) Total acquisition price of shares: | 500 million yen at maximum |
| (4) Period of acquisition of own shares: | February 19, 2024 to August 31, 2024 |

3. Details of the cancellation

- | | |
|--|---|
| (1) Type of shares to be canceled: | Common stock of the Company |
| (2) Number of shares to be canceled: | 530,000 (2.03% of the total number of shares outstanding before cancellation) |
| (3) Scheduled date of cancellation | February 19, 2024 |
| (4) Total number of shares outstanding after cancellation: | 25,546,717 shares |