



Consolidated Financial Results (Japanese Accounting Standards) for the Three Months Ended June 30, 2024

August 9, 2024

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 Planned date for start of dividend payment: —
 Supplementary documents for financial results: Yes
 Financial results briefing: No

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

1. Consolidated results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative) (% 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 | % |
| Three months ended June 30, 2024 | 38,403 | 1.1 | 101 | (55.5) | 693 | 94.0 | 488 | 8.1 |
| June 30, 2023 | 37,996 | 14.7 | 227 | — | 357 | — | 452 | — |

(Note) Comprehensive income: Three months ended June 30, 2024: 2,749 million yen (65.4%) Three months ended June 30, 2023: 1,662 million yen (-25.1%)
 (Reference) EBITDA: Three months ended June 30, 2024: 2,922 million yen (-11.7%) Three months ended June 30, 2023: 3,309 million yen (30.9%)
 * EBITDA = operating income + depreciation and amortization

| | Net income per share | Fully diluted net income |
|--------------------|----------------------|--------------------------|
| Three months ended | yen | yen |
| June 30, 2024 | 19.50 | 19.38 |
| June 30, 2023 | 17.44 | 17.33 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|----------------------|--------------|-------------|--------------|
| | million yen | million yen | % |
| As of June 30, 2024 | 136,903 | 54,023 | 39.4 |
| As of March 31, 2024 | 131,763 | 51,617 | 39.1 |

(Reference) Equity: Three months ended June 30, 2024: 53,906 million yen Three months ended June 30, 2023: 51,499 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 2024 | — | 10.00 | — | 5.00 | 15.00 |
| Year ending March 2025 | — | — | — | — | — |
| Year ending March 2025 (Forecast) | — | 10.00 | — | 18.00 | 28.00 |

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

3. Forecast of consolidated results for year ending March 2025 (from April 1, 2024 to March 31, 2025)

(% 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 | 77,000 | (1.0) | 1,300 | 53.8 | 1,000 | 6.1 | 100 | (800.0) | 3.90 |
| Full year | 159,000 | 0.5 | 4,000 | 42.7 | 3,500 | 26.4 | 2,000 | — | 78.07 |

(Note) Revisions to consolidated results forecast published most recently: No

* Notes:

(1) Significant changes in the scope of consolidation during the current term: 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.: | Yes |
| (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) | June 30, 2024 | 25,546,717 shares | March 31, 2024 | 25,546,717 shares |
| (ii) Number of treasury shares at end of period | June 30, 2024 | 639,207 shares | March 31, 2024 | 337,057 shares |
| (iii) Average number of shares (cumulative) | Three months ended June 30, 2024 | 25,046,873 shares | Three months ended June 30, 2023 | 25,911,898 shares |

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by a certified public accountant or an audit corporation: No

* 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 Three Months Ended June 30, 2024 (3) Explanation of Consolidated Earnings Forecasts and Other Information for Future Outlook" on page 5 of the accompanying materials.

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1. Qualitative Information on Consolidated Operating Results, etc. for Three Months Ended June 30, 2024

(1) Explanation of Operating Results

During the three months ended June 30, 2024, the world economy continued on a moderate deceleration trend under fluctuations in financial and capital markets and price increases as central banks of various countries maintained monetary tightening, resource and raw material prices remained at high levels, and the prolonged unstable international situation and fluctuations in exchange rates, etc. In the U.S., while the labor market and consumer spending will continue to slow down in the second half of 2024 due to the effects of cumulative monetary tightening, supported by increased profits due mainly to large tech companies and strong consumption among high-income earners through stock prices, the economy is expected to trend towards a moderate recovery in 2025. In the Chinese economy, the growth rate is expected to continue to slow due to ongoing structural downward pressures, such as prolonged adjustments in the real estate sector, population decline, and the U.S.-China conflict. In Japan, although consumer spending was weak as people became more conscious of protecting their livelihoods due to rising prices due to soaring energy and food prices, a moderate recovery is expected to continue with the backdrop of high corporate earnings and improvement in real wages.

Under these economic circumstances, although we have made flexible adjustments of days of operation, personnel structure, etc. in accordance with changes in sales volume for automobile companies in various countries and regions, and worked on reflecting the effects of rising energy prices on prices, due to increased procurement costs due to soaring raw material prices and intensification of competition between Japanese automobile companies and local manufacturers, operating income decreased year on year. Recurring income and net income increased year on year mainly due to the recording of foreign currency exchange gain due to the weakening of the yen.

Starting from FY2022, 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 boost 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 been released, an equity ratio of 40%, a dividend payout ratio of 35%, capital investment of ¥140,000 million, and an ROE of 9%, as the four pillar financial targets for the period of the 10-year Business Plan. Although we recorded a net loss for the previous consolidated fiscal year, we continue to see a recovery trend in our basic profitability and will continue to strengthen our business structure by building an efficient production system and expanding new and existing business relationships with customers who are strong in electric vehicle parts.

Consequently, for the three months ended June 30, 2024, the Ahresty Group recorded net sales of ¥38,403 million (up 1.1% year on year), operating income of ¥101 million (down 55.5% year on year), recurring income of ¥693 million (up 94.0% year on year), and net income attributable to owners of parent of ¥488 million (up 8.1% year on year).

Operating results by segment are as follows:

(i) Die Casting Business: Japan

In the Japanese automobile market, as orders significantly decreased due to the decline in domestic car production, our net sales decreased to ¥14,053 million (down 9.1% year on year). On the profitability side, the segment recorded a loss of ¥299 million (a segment profit of ¥42 million was recorded a year earlier) due to the promotion of the improvement of cost ratio and the reduction of selling, general and administrative expenses in response to the decrease in orders received as not enough to cover the decline in sales.

(ii) Die Casting Business: North America

In the automobile market in North America, as North American car production recovered, resulting in recovery in the volume of orders received, as well as the continued depreciation of the yen in the exchange market, our net sales increased to ¥13,053 million (up 15.4% year on year). On the profitability side, the segment recorded a profit of ¥298 million (down 26.4% year on year) due to the continued rise in manufacturing costs such as labor costs, etc.

(iii) Die Casting Business: Asia

In the automobile market in Asia, despite a decline in the volume of orders received in China Plant, reflecting stagnant sales from our major customers, net sales increased 13.0% year on year to ¥8,710 million thanks to an increase in the volume of orders received in India Plant, due to the start of mass production of new products and the continued depreciation of the yen in the exchange rate market. On the profitability side, the segment recorded a profit of ¥252 million (a segment loss of ¥617 million was recorded a year earlier) due to reducing fixed costs associated with the streamlining of the production system in China Plant, a decrease in depreciation and amortization due to the recording impairment loss in the previous period, etc., despite the impact of higher costs pertaining to the ongoing instability in production of some products in India Plant.

(iv) Aluminum Business

In the Aluminum Business, net sales decreased 7.8% year on year to ¥1,699 million despite the impact of rising aluminum bullion market prices and the sales weight decreasing by 30.7% year on year. On the profitability side, the segment recorded a profit of ¥15 million (down 71.5% year on year) due to a decrease in sales weight and soaring raw material prices.

(v) Proprietary Products Business

In the Proprietary Products Business, net sales decreased 47.2% year on year to ¥887 million, mainly reflecting a decrease in the number of large-scale orders from semiconductor-related companies compared to the same period last year. On the profitability front, the segment saw a profit of ¥19 million (down 88.7% year on year) due to the decrease in net sales.

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the three months ended June 30, 2024 increased by ¥5,139 million from the end of the previous consolidated fiscal year to ¥136,903 million. Current assets stood at ¥64,173 million, an increase of ¥2,395 million from the end of the previous consolidated fiscal year. This was mainly due to increases of ¥2,848 million in cash and deposits and ¥615 million in inventories despite a decrease of ¥1,187 million in notes and accounts receivable. Fixed assets were ¥72,730 million, up ¥2,744 million from the end of the preceding consolidated fiscal year. This was due chiefly to an increase of ¥2,544 million in property, plant and equipment.

(Liabilities)

Liabilities at the end of the three months ended June 30, 2024 increased ¥2,733 million from the end of the previous consolidated fiscal year to ¥82,879 million. Current liabilities stood at ¥61,320 million, an increase of ¥1,578 million from the end of the previous consolidated fiscal year. The principal factors contributing to this result included increases of ¥1,598 million in short-term loans payable, ¥403 million in bonus allowances, ¥328 million in the current portion of long-term loans payable, and ¥323 million in obligations for equipment included in Others, in contrast to decreases of ¥1,277 million in notes and accounts payable. Long-term liabilities stood at ¥21,559 million, an increase of ¥1,155 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥1,122 million in long-term loans.

(Net assets)

Net assets at the end of the three months ended June 30, 2024 increased by ¥2,406 million from the end of the previous consolidated fiscal year to ¥54,023 million. This was attributable primarily to increases of ¥362 million in retained earnings and ¥2,239 million in foreign currency translation adjustments.

As a result, the equity ratio was up from 39.08% at the end of the previous consolidated fiscal year to 39.38% at the end of the three months ended June 30, 2024.

(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 17, 2024.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

| | Previous consolidated fiscal year (March 31, 2024) | Three months ended June 30, 2024 (June 30, 2024) |
|--|---|--|
| (Assets) | | |
| Current assets | | |
| Cash and deposits | 12,323 | 15,172 |
| Trade notes and accounts receivable, and contract assets | 28,243 | *2 27,724 |
| Electronically recorded monetary claims – operating | 4,015 | 3,347 |
| Merchandise and products | 5,279 | 5,205 |
| Partly finished goods | 6,009 | 6,791 |
| Raw materials and supplies | 3,822 | 3,730 |
| Others | 2,193 | 2,320 |
| Allowance for doubtful accounts | (110) | (119) |
| Total current assets | 61,777 | 64,173 |
| Fixed assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 13,226 | 13,463 |
| Machinery and delivery equipment, net | 30,908 | 31,179 |
| Land | 5,128 | 5,168 |
| Construction in progress | 9,057 | 11,000 |
| Others, net | 5,517 | 5,569 |
| Total property, plant and equipment | 63,838 | 66,382 |
| Intangible fixed assets | 1,571 | 1,573 |
| Investments and other assets | | |
| Investment securities | 1,541 | 1,538 |
| Others | 3,049 | 3,250 |
| Allowance for doubtful accounts | (15) | (15) |
| Total investments and other assets | 4,576 | 4,773 |
| Total fixed assets | 69,985 | 72,730 |
| Total assets | 131,763 | 136,903 |
| (Liabilities) | | |
| Current liabilities | | |
| Notes and accounts payable | 12,707 | 12,512 |
| Electronically recorded obligations – operating | 9,422 | 8,339 |
| Short-term loans | 15,638 | 17,236 |
| Current portion of long-term loans | 9,895 | 10,224 |
| Accrued income taxes | 265 | 358 |
| Bonus allowances | 1,506 | 1,910 |
| Provision for product warranties | 206 | 205 |
| Others | 10,099 | 10,532 |
| Total current liabilities | 59,741 | 61,320 |
| Long-term liabilities | | |
| Long-term loans | 14,990 | 16,112 |
| Long-term accounts payable | 107 | 103 |
| Net defined benefit liability | 3,034 | 3,040 |
| Others | 2,272 | 2,303 |
| Total long-term liabilities | 20,404 | 21,559 |
| Total liabilities | 80,146 | 82,879 |

(Million yen)

| | Previous consolidated fiscal year (March 31, 2024) | Three months ended June 30, 2024 (June 30, 2024) |
|--|---|--|
| (Net assets) | | |
| Shareholders' equity | | |
| Common stock | 6,964 | 6,964 |
| Additional paid-in capital | 10,206 | 10,206 |
| Retained earnings | 22,021 | 22,384 |
| Treasury stock | (246) | (463) |
| Total shareholders' equity | 38,945 | 39,091 |
| Other accumulated comprehensive income | | |
| Difference on revaluation of other marketable securities | 754 | 759 |
| Foreign currency translation adjustments | 11,901 | 14,141 |
| Remeasurements of defined benefit plans | (101) | (85) |
| Total other accumulated comprehensive income | 12,554 | 14,814 |
| Share warrants | 117 | 117 |
| Total net assets | 51,617 | 54,023 |
| Total liabilities and net assets | 131,763 | 136,903 |

(2) Quarterly Consolidated Income Statement and Quarterly Consolidated Statement of Comprehensive Income
Quarterly Consolidated Income Statement
(Three months ended June 30, 2024)

(Million yen)

| | Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023) | Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024) |
|--|---|---|
| Net sales | 37,996 | 38,403 |
| Cost of goods sold | 34,968 | 35,376 |
| Gross profit | 3,027 | 3,027 |
| Selling, general and administrative expenses | 2,799 | 2,926 |
| Operating income | 227 | 101 |
| Non-operating income | | |
| Interest income | 27 | 42 |
| Dividends received | 24 | 21 |
| Foreign currency exchange gain | 213 | 576 |
| Gain on sales of scraps | 48 | 113 |
| Others | 23 | 26 |
| Total non-operating income | 338 | 781 |
| Non-operating expenses | | |
| Interest expenses | 191 | 171 |
| Others | 17 | 18 |
| Total non-operating expenses | 208 | 189 |
| Recurring income | 357 | 693 |
| Extraordinary gains | | |
| Gain on sales of fixed assets | 5 | 22 |
| Gain on sales of investment securities | — | 40 |
| Subsidy income | 27 | 26 |
| Total extraordinary gains | 33 | 90 |
| Extraordinary losses | | |
| Loss on sales and retirement of fixed assets | 53 | 43 |
| Total extraordinary losses | 53 | 43 |
| Income before income taxes and others | 337 | 740 |
| Income taxes and enterprise taxes | 261 | 169 |
| Deferred income taxes | (376) | 82 |
| Total income taxes | (115) | 252 |
| Net income | 452 | 488 |
| Net income attributable to owners of parent | 452 | 488 |

Quarterly Consolidated Statement of Comprehensive Income
(Three months ended June 30, 2024)

(Million yen)

| | Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023) | Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024) |
|--|---|---|
| Net income | 452 | 488 |
| Other comprehensive income | | |
| Difference on revaluation of other marketable securities | 53 | 4 |
| Foreign currency translation adjustments | 1,130 | 2,239 |
| Remeasurements of defined benefit plans | 25 | 15 |
| Total other comprehensive income | 1,210 | 2,260 |
| Comprehensive income | 1,662 | 2,749 |
| Comprehensive income attributable to: | | |
| Owners of parent | 1,662 | 2,749 |
| 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 February 8, 2024 to purchase its own shares (purchase period: from February 19, 2024 to August 31, 2024), and purchased ¥216 million of its treasury stock (302,100 shares) during the three-month period of the consolidated fiscal year under review.

(Notes on Quarterly Consolidated Balance Sheet)

1. Trade notes endorsement transfer

| | Previous consolidated fiscal year (March 31, 2024) | Three months ended June 30, 2024 (June 30, 2024) |
|----------------------------------|---|---|
| Trade notes endorsement transfer | 245 million yen | 397 million yen |

*2. Notes due on the last day of the consolidated quarter

For the accounting treatment for notes due on the last day of the consolidated quarter, settlement processing is conducted on the note clearing date. Furthermore, as the last day of the consolidated quarter under review was not a business day for financial institutions, notes due on the last day of the next consolidated quarter are included in the balance at the end of the consolidated quarter.

| | Previous consolidated fiscal year (March 31, 2024) | Three months ended June 30, 2024 (June 30, 2024) |
|-------------|---|---|
| Trade notes | 25 million yen | 36 million yen |

(Notes on Quarterly Consolidated Statement of Cash Flows)

A quarterly consolidated statement of cash flows has not been prepared for the three months ended June 30, 2024. Furthermore, depreciation and amortization (including amortization related to intangible fixed assets excluding goodwill) for the three months ended June 30, 2024 and 2023 are as follows.

| | Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023) | Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024) |
|-------------------------------|--|--|
| Depreciation and amortization | 3,081 million yen | 2,821 million yen |

(Notes on Changes in Accounting Policies)

(Application of "Accounting Standard for Current Income Taxes" and others)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27 of October 28, 2022. Hereinafter, "2022 Revised Accounting Standards") and others have been applied since the beginning of the three months ended June 30, 2024.

Regarding the revisions to the recording of classification of income taxes (taxation of other comprehensive income), the transitional treatment specified in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standards and the proviso to Paragraph 65-2, Item (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28 of October 28, 2022. Hereinafter, "2022 Revised Accounting Guidance") have been followed. In addition, there is no impact on the quarterly consolidated financial statements due to changes in this accounting policy.

(Notes on Segment Information, etc.)

Segment Information

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

1. Information on net sales and profits 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 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 | 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.

II. Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

1. Information on net sales and profits 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 | 14,053 | 13,053 | 8,710 | 1,699 | 887 | 38,403 |
| Sales to external customers | 14,053 | 13,053 | 8,710 | 1,699 | 887 | 38,403 |
| Intersegment sales or transfers | 1,563 | — | 461 | 795 | 8 | 2,829 |
| Total | 15,616 | 13,053 | 9,171 | 2,495 | 896 | 41,232 |
| Segment profit (or loss) | (299) | 298 | 252 | 15 | 19 | 287 |

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 | 287 |
| Elimination of intersegment transactions | (185) |
| Operating income in quarterly consolidated statement of income | 101 |

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