October 29, 2024

For immediate release

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

Notice on Recording of Non-operating Expense, Extraordinary Losses, and Deferred Income Taxes and Revisions to Consolidated Results Forecasts (First Half and Full Year) for the Year Ending March 2025

Ahresty Corporation ("the Company") hereby announces that it will record the following non-operating expense, extraordinary losses, and deferred income taxes for the first half of the year ending March 2025 (from April 1, 2024 to September 30, 2024), and that in view of recent trends in business performance and other factors, it has revised its consolidated results forecasts (first half and full year) for the year ending March 2025 released on May 17, 2024 as follows.

1. Recording of non-operating expense (foreign currency exchange loss)

Due to changes in foreign exchange rates, we will record a foreign currency exchange loss of approximately 900 million yen as a non-operating expense for the second quarter of the current consolidated fiscal year (July 1, 2024 to September 30, 2024). This came as a result of revaluation of the foreign currency-denominated claims and debts held by the Ahresty Group, based on the exchange rates at the end of the second quarter. However, the value of these claims and debts may change depending on future exchange rates. Because we recorded a foreign currency exchange gain of approximately 600 million yen for the first quarter of the current consolidated year (from April 1, 2024 to June 30, 2024), we will record a foreign currency exchange loss of approximately 300 million yen as a non-operating expense in the consolidated income statement for the first half of the current consolidated fiscal year (from April 1, 2024 to September 30, 2024).

2. Recording of extraordinary losses (special retirement benefits)

As stated in "Notice Regarding Results of Voluntary Retirement Offer and Recording of Extraordinary Losses" released on September 24, 2024, we will provide approximately 700 million yen as special retirement benefits in connection with the voluntary retirement offer implemented for the purpose of optimizing the workforce at our domestic sites. Furthermore, in light of the prospect of future fluctuations in demand in the Chinese automobile market, we will also provide approximately 300 million yen as special retirement benefits to early retirees at our Chinese sites for the purpose of streamlining our production structure. Therefore, we will record the total of approximately 1 billion yen as extraordinary losses for the first half of the current consolidated fiscal year.

3. Recording of deferred income taxes (reversal of deferred tax assets)

Ahresty Mexicana SA de CV, in its calculation of deferred taxes (tax effect accounting) under IAS 12 (Income Taxes), recognizes deferred tax assets and liabilities as temporary differences between the amount (closing date rate) obtained by translating the local currency-denominated tax base amount (Mexican peso) of non-monetary assets and liabilities into the functional currency-denominated amount (U.S. dollar) and the accounting book amount (acquisition date rate), on the grounds that the accounting functional currency (U.S. dollar) and the local currency used to calculate the tax base amount (Mexican peso) are different. However, due to significant fluctuations in the applicable exchange rate (U.S. dollar / Mexican peso), we will reverse a portion of the deferred tax assets and record approximately 700 million yen as deferred income taxes for the first half of the current consolidated fiscal year. This amount may change depending on future exchange rates.

4. Revisions to business forecasts

(1) Revisions to consolidated results forecasts for the first half of the year ending March 2025 (from April 1, 2024 to September 30, 2024)

	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
Previous forecasts (A)	77,000	1,300	1,000	100	3.90
Revised forecasts (B)	78,200	(250)	(540)	(2,700)	(108.20)
Difference (B-A)	1,200	(1,550)	(1,540)	(2,800)	
Percentage change (%)	1.6	(119.2)	(154.0)	—	
(Ref.) Results for first half of previous year	77,750	601	938	900	34.82

(First half of year ended March 2024)					

(2) Revisions to consolidated results forecasts for the full year ending March 2025 (from April 1, 2024 to March 31, 2025)

	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
Previous forecasts (A)	159,000	4,000	3,500	2,000	78.07
Revised forecasts (B)	160,200	3,050	2,860	100	4.01
Difference (B-A)	1,200	(950)	(640)	(1,900)	
Percentage change (%)	0.8	(23.8)	(18.3)	(95.0)	
(Ref.) Results of previous year (Year ended March 2024)	158,254	2,291	2,574	(7,699)	(300.55)

(3) Reasons for revisions

Net sales in the first half are expected to have been at the same level as the previous forecast. This was because although there was a decline in the volume of orders received in the Die Casting Business in Japan and Asia, reflecting stagnant sales of major customers, the yen's exchange rate during the period was lower than the rate we had forecast.

Operating income is expected to have been lower than the level of the previous forecast. This is because although we made progress with streamlining our production structure, reducing fixed costs, and trimming selling, general and administrative expenses, productivity deteriorated and manufacturing costs such as personnel expenses increased in the Die Casting Business in North America (U.S. plant), and this was compounded by higher procurement costs across the entire Group due to soaring raw material prices resulting from rising aluminum ingot prices.

Recurring income and net income attributable to owners of parent are expected to have been lower than the level of the previous forecasts due to the decrease in operating income and such factors as the foreign currency exchange loss, special retirement benefits (approximately 300 million yen at Chinese sites), and deferred income taxes described above.

We have also revised our full-year consolidated results forecasts. In addition to reflecting our business performance up to the end of the second quarter (first half) and the latest outlook for each business segment, the revisions incorporate our expectations that the aluminum ingot market will settle down in the second half of the year and that productivity improvements and efforts to correct prices will produce results to a certain degree. Furthermore, they incorporate our expectation of a gain on sales of fixed assets of approximately 700 million yen, which will be recorded under extraordinary gains. Details are provided in "Notice Regarding the Transfer of Fixed Assets of a Consolidated Subsidiary and the Recording of Extraordinary Gain" released today.

No changes have been made to the dividend projection (10 yen per share for interim and 18 yen per share for year-end dividends: total of 28 yen per share) in conjunction with these revisions to business forecasts.

(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.

Supplementary Materials on Business Forecasts

Segment information of consolidated results forecasts for the full year

Segment	Net sales (million yen)			Segment profit (million yen)		
	Previous forecasts	Revised forecasts	Difference	Previous forecasts	Revised forecasts	Difference
Die Casting Business: Japan	61,700	62,720	1,020	700	1,410	710
Die Casting Business: North America	50,300	50,080	(220)	1,600	200	(1,400)
Die Casting Business: Asia	35,100	35,630	530	1,100	1,020	(80)
Aluminum Business	7,300	7,270	(30)	100	160	60
Proprietary Products Business	4,600	4,500	(100)	500	450	(50)
Elimination of intersegment transactions	—	—	—	—	(190)	(190)

Foreign exchange rate assumption (from 3Q: 140.0 yen to USD, 20.0 yen to CNY, 1.70 yen to INR)

(Previous forecast: 140.0 yen to USD, 20.0 yen to CNY, 1.70 yen to INR)