



Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2024

November 12, 2024

Company Name: Ahresty Corporation

Stock Exchange Listing: Tokyo

Code Number: 5852 URL: <https://www.ahresty.co.jp>

Representative: (Title) President & CEO (Name) Shinichi Takahashi

Contact for Director and Managing Executive

inquiries: (Title) Officer, Chief of General Administrative Command (Name) Hideki Nariya TEL 03-6369-8660

Planned date for filing of semi-annual securities report: November 12, 2024 Planned date for start of dividend payment: December 5, 2024

Supplementary documents for financial results: Yes

Financial results briefing: Yes (for securities analysts and institutional investors)

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

1. Consolidated results for the six months ended September 30, 2024 (from April 1, 2024 to September 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	%
Six months ended September 30, 2024	78,195	0.6	(253)	—	(536)	—	(2,696)	—
September 30, 2023	77,750	16.9	601	—	938	—	900	—

(Note) 1. Comprehensive income: Six months ended September 30, 2024: 1,293 million yen (-69.9%) Six months ended September 30, 2023: 4,290 million yen (-19.6%)
(Reference) EBITDA: Six months ended September 30, 2024: 5,465 million yen (-20.6%) Six months ended September 30, 2023: 6,885 million yen (37.2%)
* EBITDA = operating income + depreciation and amortization

	Net income per share	Fully diluted net income
Six months ended	yen	yen
September 30, 2024	(108.08)	—
September 30, 2023	34.82	34.59

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2024	134,346	52,500	38.9
As of March 31, 2024	131,763	51,617	39.1

(Reference) Equity: Six months ended September 30, 2024: 52,383 million yen Year ended March 2024: 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	—	10.00	—	—	—
Year ending March 2025 (Forecast)	—	—	—	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
Full year	160,200	1.2	3,050	33.1	2,860	11.1	100	—	4.01

(Note) 1. 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 semi-annual 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)	September 30, 2024	25,546,717 shares	March 31, 2024	25,546,717 shares
(ii) Number of treasury shares at end of period	September 30, 2024	745,447 shares	March 31, 2024	337,057 shares
(iii) Average number of shares (cumulative)	Six months ended September 30, 2024	24,952,877 shares	Six months ended September 30, 2023	25,851,313 shares

* Semi-annual financial results reports are exempt from interim audit conducted by certified public accountants or an audit firm.

* 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 results forecasts and assumptions as the basis for the results forecasts, please see "1. Qualitative Information on Consolidated Operating Results, etc. for Six Months Ended September 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 Six Months Ended September 30, 2024

(1) Explanation of Operating Results

During the six months ended September 30, 2024, the world economy continued to see a slowdown due to factors such as China's economic slowdown, high interest rates in Europe and the U.S., and persistently high resource and raw material prices. In the U.S., the Fed implemented its first interest rate cut in four years in September, responding to concerns about worsening employment and a slowdown in inflation. This easing of pressure from previous cumulative monetary tightening has raised the likelihood of a soft landing for the economy. In the Chinese economy, business sentiment remains sluggish, and in response to weak domestic demand, authorities have introduced successive economic stimulus measures, with efforts underway to assess the effectiveness of these policies. In Japan, core consumer price growth has slowed due to the government's reintroduction of support measures against high prices, and a moderate recovery is expected to continue with the backdrop of high corporate earnings, inbound demand, and improvement in real wages.

Under these economic circumstances, although we have continuously worked on effectively utilizing existing production facilities to lower the break-even point, restraining the increase in labor costs, and worked on reflecting the effects of rising energy prices on prices, due factors such as to increased procurement costs from soaring raw material prices, reduced orders following sluggish sales by some automotive customers, and a decline in productivity at certain production plants within the Ahresty Group, we were forced to record an operating loss. For net income, we recorded a net loss attributable to owners of the parent, primarily due to the special additional retirement payments from the voluntary retirement program conducted in Japan and foreign exchange losses resulting from exchange rate fluctuations.

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. Towards realizing these strategies, we 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 six months ended September 30, 2024, the Ahresty Group recorded net sales of ¥78,195 million (up 0.6% year on year), operating loss of ¥253 million (an operating income of ¥601 million was recorded a year earlier), recurring loss of ¥536 million (a recurring income of ¥938 million was recorded a year earlier), and net loss attributable to owners of parent of ¥2,696 million (a net income attributable to owners of parent of ¥900 million was recorded a year earlier).

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 ¥30,172 million (down 3.5% year on year). On the profitability side, the segment recorded a loss of ¥149 million (a segment profit of ¥181 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 addition to procurement costs increasing due to soaring raw material prices following the rise in aluminum bullion prices, 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 was steady, resulting in an increase in the volume of orders received, as well as the impacts of the exchange market, our net sales increased to ¥25,389 million (up 10.5% year on year). On the profitability side, the segment recorded a loss of ¥419 million (a segment profit of ¥693 million was recorded a year earlier) due to the continued rise in manufacturing costs such as raw material prices, labor costs, etc., in addition to the decline in productivity at U.S. Plant.

(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 5.6% year on year to ¥17,221 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 impacts of the exchange rate market. On the profitability side, the segment recorded a profit of ¥256 million (a segment loss of ¥988 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 1.2% year on year to ¥3,466 million due to increased sales unit prices despite the sales weight decreasing by 10.5% year on year. The segment recorded a profit of ¥70 million (down 20.1% year on year).

(v) Proprietary Products Business

In the Proprietary Products Business, net sales decreased 47.2% year on year to ¥1,945 million, mainly reflecting a decrease in the number of deliveries during the period for large-scale orders from semiconductor-related companies compared to the same period last year. On the profitability front, the segment saw a profit of ¥179 million (down 63.1% year on year) due to the decrease in net sales.

(2) Explanation of Financial Position

(i) Assets, liabilities, and net assets

(Assets)

Total assets at the end of the six months ended September 30, 2024 increased by ¥2,583 million from the end of the previous consolidated fiscal year to ¥134,346 million. Current assets stood at ¥60,692 million, a decrease of ¥1,085 million from the end of the previous consolidated fiscal year. This was mainly due to decreases of ¥947 million in cash and deposits, ¥97 million in notes and accounts receivable, and ¥68 million in inventories. Fixed assets were ¥73,654 million, up ¥3,668 million from the end of the preceding consolidated fiscal year. This was due chiefly to an increase of ¥4,544 million in property, plant and equipment, despite decreases of ¥593 million in deferred tax assets included in Others and ¥220 million in investment securities.

(Liabilities)

Liabilities at the end of the six months ended September 30, 2024 increased ¥1,699 million from the end of the previous consolidated fiscal year to ¥81,845 million. Current liabilities stood at ¥61,603 million, an increase of ¥1,861 million from the end of the previous consolidated fiscal year. The principal factors contributing to this result included increases of ¥1,178 million in short-term loans payable, ¥863 million in obligations for equipment included in Others, and ¥857 million in accounts payable also included in Others, in contrast to decreases of ¥547 million in current portion of long-term loans payable, ¥271 million in notes and accounts payable, ¥217 million in accrued consumption taxes and others included in Others, and ¥125 million in deposits received also included in Others. Long-term liabilities stood at ¥20,242 million, a decrease of ¥161 million from the end of the previous consolidated fiscal year. This was mainly due to decreases of ¥258 million in net defined benefit liability and ¥116 million in long-term lease obligations included in Others, despite an increase of ¥204 million in long-term loans.

(Net assets)

Net assets at the end of the six months ended September 30, 2024 increased by ¥883 million from the end of the previous consolidated fiscal year to ¥52,500 million. This was attributable primarily to an increase of ¥4,104 million in foreign currency translation adjustments, despite decreases of ¥2,823 million in retained earnings and ¥145 million in difference on revaluation of other marketable securities.

As a result, the equity ratio was down from 39.08% to 38.99% at the end of the previous consolidated fiscal year.

(ii) Cash flows

Cash and cash equivalents (“cash”) decreased ¥1,556 million from the end of the previous fiscal year during the six months ended September 30, 2024, coming to ¥10,037 million at the end of the six months ended September 30, 2024.

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

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥5,602 million (compared to net cash provided of ¥7,442 million in the previous fiscal year). This result was mainly due to factors decreasing cash, such as loss before income taxes and others of ¥1,466 million and a decrease of ¥536 million in notes and accounts payable, as well as factors increasing cash, such as depreciation and amortization of ¥5,718 million, special retirement expenses of ¥1,005 million, and a decrease of ¥1,219 million in notes and accounts receivable.

(Cash flows from investing activities)

Net cash used in investing activities was ¥8,554 million (compared to net cash used of ¥6,105 million in the previous fiscal year). This was mainly due to factors decreasing cash, such as expenditures on purchase of tangible fixed assets of ¥8,064 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥858 million (compared to net cash used of ¥4,612 million in the previous fiscal year). This was mainly due to factors decreasing cash, such as repayment of short-term loans of ¥80,278 million and repayment of long-term loans of ¥5,688 million, in comparison to factors increasing cash, such as proceeds from short-term loans of ¥81,671 million and proceeds from long-term loans of ¥5,500 million.

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

With regard to the consolidated earnings forecasts for the full year, we have revised the consolidated earnings forecasts for the full year announced on May 17, 2024, reflecting recent financial trends.

For details, please refer to the “Notice Regarding the Recording of Non-Operating Expenses, Extraordinary Losses, and Deferred Income Taxes, and Revisions to Consolidated Earnings Forecasts (Semi-Annual and Full-Year)” announced on October 29, 2024.

2. Consolidated Semi-Annual Financial Statements and Key Notes

(1) Semi-Annual Consolidated Balance Sheet

(Million yen)

	Previous consolidated fiscal year (March 31, 2024)	Six months ended September 30, 2024 (September 30, 2024)
(Assets)		
Current assets		
Cash and deposits	12,323	11,376
Trade notes and accounts receivable, and contract assets	28,243	29,114
Electronically recorded monetary claims – operating	4,015	3,047
Merchandise and products	5,279	4,849
Partly finished goods	6,009	6,470
Raw materials and supplies	3,822	3,724
Others	2,193	2,226
Allowance for doubtful accounts	(110)	(115)
Total current assets	61,777	60,692
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	13,226	13,077
Machinery and delivery equipment, net	30,908	31,096
Land	5,128	5,152
Construction in progress	9,057	13,148
Others, net	5,517	5,906
Total property, plant and equipment	63,838	68,382
Intangible fixed assets	1,571	1,405
Investments and other assets		
Investment securities	1,541	1,320
Others	3,049	2,559
Allowance for doubtful accounts	(15)	(14)
Total investments and other assets	4,576	3,865
Total fixed assets	69,985	73,654
Total assets	131,763	134,346
(Liabilities)		
Current liabilities		
Notes and accounts payable	12,707	13,007
Electronically recorded obligations – operating	9,422	8,850
Short-term loans	15,638	16,816
Current portion of long-term loans	9,895	9,347
Accrued income taxes	265	151
Bonus allowances	1,506	1,484
Provision for product warranties	206	235
Others	10,099	11,708
Total current liabilities	59,741	61,603
Long-term liabilities		
Long-term loans	14,990	15,194
Long-term accounts payable	107	102
Net defined benefit liability	3,034	2,775
Others	2,272	2,169
Total long-term liabilities	20,404	20,242
Total liabilities	80,146	81,845

(Million yen)

	Previous consolidated fiscal year (March 31, 2024)	Six months ended September 30, 2024 (September 30, 2024)
(Net assets)		
Shareholders' equity		
Common stock	6,964	6,964
Additional paid-in capital	10,206	10,206
Retained earnings	22,021	19,198
Treasury stock	(246)	(529)
Total shareholders' equity	38,945	35,838
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	754	608
Foreign currency translation adjustments	11,901	16,006
Remeasurements of defined benefit plans	(101)	(70)
Total other accumulated comprehensive income	12,554	16,544
Share warrants	117	117
Total net assets	51,617	52,500
Total liabilities and net assets	131,763	134,346

(2) Semi-Annual Consolidated Income Statement and Semi-Annual Consolidated Statement of Comprehensive Income
Semi-Annual Consolidated Income Statement

(Million yen)

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Net sales	77,750	78,195
Cost of goods sold	71,397	72,512
Gross profit	6,353	5,683
Selling, general and administrative expenses	5,752	5,937
Operating income (or loss)	601	(253)
Non-operating income		
Interest income	55	91
Dividends received	24	21
Foreign currency exchange gain	466	—
Gain on sales of scraps	132	215
Others	53	60
Total non-operating income	732	389
Non-operating expenses		
Interest expenses	374	323
Foreign currency exchange loss	—	308
Others	20	40
Total non-operating expenses	394	672
Recurring income (or loss)	938	(536)
Extraordinary gains		
Gain on sales of fixed assets	12	27
Gain on sales of investment securities	34	40
Subsidy income	73	77
Total extraordinary gains	119	146
Extraordinary losses		
Loss on sales and retirement of fixed assets	107	70
Loss related to Chinese business	422	—
Special retirement expenses	—	1,005
Total extraordinary losses	529	1,076
Income (loss) before income taxes and others	529	(1,466)
Income taxes and enterprise taxes	212	326
Deferred income taxes	(583)	903
Total income taxes	(370)	1,230
Net income (loss)	900	(2,696)
Net income (loss) attributable to owners of parent	900	(2,696)

Semi-Annual Consolidated Statement of Comprehensive Income

(Million yen)

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Net income (loss)	900	(2,696)
Other comprehensive income		
Difference on revaluation of other marketable securities	73	(145)
Foreign currency translation adjustments	3,265	4,104
Remeasurements of defined benefit plans	51	31
Total other comprehensive income	3,390	3,990
Comprehensive income	4,290	1,293
Comprehensive income attributable to:		
Owners of parent	4,290	1,293
Non-controlling interests	—	—

(3) Semi-Annual Consolidated Statement of Cash Flows

(Million yen)

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Income (loss) before income taxes and others	529	(1,466)
Depreciation and amortization	6,284	5,718
Increase (decrease) in bonus allowances	77	(40)
Increase (decrease) in provision for product warranties	9	12
Increase (decrease) in net defined benefit liability	80	(237)
Interest and dividend income	(80)	(113)
Interest expenses	374	323
Foreign currency exchange loss (gain)	(155)	98
Loss (gain) on sales and retirement of tangible fixed assets	95	42
Loss (gain) on sales of investment securities	(34)	(40)
Subsidy income	(73)	(77)
Special retirement expenses	—	1,005
Loss related to Chinese business	422	—
Decrease (increase) in notes and accounts receivable	(4,108)	1,219
Decrease (increase) in inventories	1,466	572
Increase (decrease) in notes and accounts payable	2,007	(536)
Increase (decrease) in accounts payable	396	817
Increase (decrease) in accrued consumption taxes and others	456	(292)
Others	257	(731)
Subtotal	8,006	6,274
Interest and dividends received	80	92
Interest paid	(375)	(332)
Income taxes paid	(292)	(432)
Income taxes refund	156	81
Extra retirement payments	(170)	(108)
Proceeds from subsidy income	38	28
Cash flows from operating activities	7,442	5,602
Cash flows from investing activities		
Payments into time deposits	(412)	(1,029)
Proceeds from withdrawal of time deposits	—	521
Purchase of tangible fixed assets	(5,678)	(8,064)
Proceeds from sales of tangible fixed assets	17	42
Proceeds from sales of investment securities	50	51
Others	(82)	(75)
Cash flows from investing activities	(6,105)	(8,554)
Cash flows from financing activities		
Proceeds from short-term loans	54,328	81,671
Repayment of short-term loans	(57,739)	(80,278)
Proceeds from long-term loans	6,100	5,500
Repayment of long-term loans	(6,489)	(5,688)
Purchase of treasury stock	(282)	(337)
Increase (decrease) in deposit for purchase of treasury stock	(218)	317
Dividends paid	(129)	(125)
Others	(181)	(200)
Cash flows from financing activities	(4,612)	858
Effect of exchange rate changes on cash and cash equivalents	233	537
Net increase (decrease) in cash and cash equivalents	(3,041)	(1,556)
Cash and cash equivalents at beginning of year	12,991	11,594
Cash and cash equivalents at end of year	9,949	10,037

- (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 February 8, 2024 to purchase its own shares (purchase period: from February 19, 2024 to August 31, 2024), and purchased ¥337 million of its treasury stock (478,100 shares) during the six-month period of the consolidated fiscal year under review.

(Disposal of own shares)

The Company resolved at its Board of Directors' meeting held on June 28, 2024 to dispose its own shares for delivery as stock compensation, and disposed of them during the six-month period of the consolidated fiscal year under review. As a result, treasury stock decreased by ¥53 million (74,425 shares).

(Notes on Semi-Annual Consolidated Balance Sheet)

1. Trade notes endorsement transfer

	Previous consolidated fiscal year (March 31, 2024)	Six months ended September 30, 2024 (September 30, 2024)
Trade notes endorsement transfer	245 million yen	555 million yen

*2. Notes due on the last day of the consolidated six months

For the accounting treatment for notes due on the last day of the consolidated six months, settlement processing is conducted on the note clearing date.

Furthermore, as the last day of the previous consolidated fiscal year was not a business day for financial institutions, notes due on the last day of the next previous consolidated fiscal year are included in the balance at the end of the previous consolidated fiscal year.

	Previous consolidated fiscal year (March 31, 2024)	Six months ended September 30, 2024 (September 30, 2024)
Trade notes	25 million yen	- million yen

(Notes on Semi-Annual Consolidated Income Statement)

*1 The main items and amounts within selling, general and administrative expenses are as follows.

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Transportation expenses	868 million yen	903 million yen
Salaries and bonuses	1,530	1,628
Retirement benefit expenses	90	98
Provision for bonuses	306	294
Depreciation and amortization	206	228
Research and development expenses	325	333

*2 Special retirement expenses

Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Not applicable.

Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

The special retirement expenses consist of ¥670 million in additional retirement allowances associated with a voluntary retirement program aimed at optimizing personnel levels at our Tokai Plant and Ahresty Tochigi Corporation, as well as ¥335 million in special retirement expenses for early retirees at Guangzhou Ahresty Casting Co., Ltd. and Ahresty Precision Die Mold (Guangzhou) Co., Ltd., aimed at streamlining the production structure in light of anticipated fluctuations in demand.

(Notes on Semi-Annual Consolidated Statement of Cash Flows)

* The relationship between the balance of cash and cash equivalents at the end of the six-month period and the amounts listed under items in the Semi-Annual Consolidated Balance Sheet are as follows.

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Cash and deposits account	10,372 million yen	11,376 million yen
Time deposits with a deposit period exceeding three months	(422)	(1,338)
Cash and cash equivalents	9,949	10,037

(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 semi-annual consolidated financial statements due to changes in this accounting policy.

(Notes on Segment Information, etc.)

Segment Information

I. Six months ended September 30, 2023 (April 1, 2023 to September 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	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 of profit or loss in reported segments, difference from the amount posted in the semi-annual 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
Operating income in semi-annual consolidated income statement	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 was recorded on tangible fixed assets, including molds related to die-cast products for which mass production plans were discontinued.

II. Six months ended September 30, 2024 (April 1, 2024 to September 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	30,172	25,389	17,221	3,466	1,945	78,195
Sales to external customers	30,172	25,389	17,221	3,466	1,945	78,195
Intersegment sales or transfers	2,916	1	899	2,094	11	5,923
Total	33,089	25,390	18,120	5,560	1,956	84,118
Segment profit (or loss)	(149)	(419)	256	70	179	(61)

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	(61)
Elimination of intersegment transactions	(191)
Operating income (or loss) in semi-annual consolidated income statement	(253)

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

(Notes on Important Subsequent Events)

(Transfer of fixed assets in a consolidated subsidiary)

The Company's consolidated subsidiary, Guangzhou Ahresty Casting Co., Ltd., resolved at its Board of Directors' meeting on August 27, 2024 to transfer fixed assets, and concluded a sales contract as outlined below.

(1) Reasons for the Transfer

To respond to future environmental changes in the Chinese automotive market and with the aim of streamlining the production system, reducing fixed costs, etc., we have decided to transfer one of the plants at Guangzhou Ahresty Casting Co., Ltd.

(2) Profile of the Consolidated Subsidiary

Name	Guangzhou Ahresty Casting Co., Ltd.
Address	No.7 Xinfeng St., Yonghe Economic District Guangzhou Economic & Technological Development District, P.R.China 511356
Representative	Atsushi Takeda
Business Content	Manufacturing of aluminum die-cast products, machining, and assembly of parts
Capital	543,326 thousand yuan

(3) Details of Transferred Assets

Name and address of assets	Gain on transfer	Current status
Guangzhou Ahresty Casting Co., Ltd., Second plant Land area: 17,691 m ² , Building area: approximately 8,900 m ² , Office area: approximately 750 m ² Address: No.16 Yongsheng St., Yonghe Economic District Guangzhou Economic & Technological Development District, P.R.China 511356	Approximately 0.7 billion yen	Plant

(Note) Although the transfer price is undisclosed due to a nondisclosure agreement with the transferee, the gain on transfer indicated is the estimated amount of the book value after eliminating projected expenses associated with the transfer, etc.

(4) Transferee

Although the transferee is an overseas business entity, disclosure of further details will be refrained from due to arrangements with the transferee. Furthermore, there are no noteworthy matters concerning capital relationships, personnel relationships, business partner relationships, or related parties between the transferee and the Company.

(5) Date of Transfer

Date contract was concluded: September 5, 2024

Date property was transferred: October 31, 2024

(6) Future Outlook

The gain on transfer arising from the transfer of the fixed assets will be recorded in extraordinary gains (gain on sales of fixed assets) in the consolidated financial statements for the twelve months ending March 31, 2025, as the consolidated subsidiary closes its accounts in December.