

This document is a translation of the original in Japanese prepared for the sole purpose of convenience for readers outside Japan. In the event of any discrepancies between this translation and the Japanese original, the latter shall prevail.



## Consolidated Financial Results for the Six Months Ended September 30, 2021 [J-GAAP]

November 10, 2021

Name of listed company: OHASHI TECHNICA INC.

Listed exchange: Tokyo Stock Exchange

Securities code: 7628

URL: <https://www.ohashi.co.jp/en/>

Representative: Mamoru Shibasaki, President & CEO

Contact: Yoshiji Nakamura, Director and General Manager, Corporate Planning Division Telephone: +81-3-5404-4420

Scheduled date for filing of quarterly securities report: November 12, 2021

Scheduled date of commencing dividend payments: December 6, 2021

Availability of supplementary briefing materials on quarterly financial results: Yes

Holding of quarterly financial results briefing: None

(Amounts of less than millions of yen are truncated)

### 1. Consolidated performance for the six months ended September 30, 2021 (April 1, 2021-September 30, 2021)

(1) Consolidated operating results (% of change from the same quarter of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2021	16,788	36.5	1,397	214.5	1,522	195.7	1,015	225.1
Six months ended September 30, 2020	12,296	(33.8)	444	(75.4)	515	(72.8)	312	(77.1)

Note: Comprehensive income

Six months ended September 30, 2021: 2,031 million yen [-%]

Six months ended September 30, 2020: (75) million yen [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	71.68	—
Six months ended September 30, 2020	21.33	—

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) has been applied from the beginning of the three months ended June 30, 2021, and the figures for the six months ended September 30, 2021 are shown after application of this accounting standard.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2021	43,828	33,134	74.6
As of March 31, 2021	42,138	31,672	74.2

Reference: Equity As of September 30, 2021: 32,711 million yen

As of March 31, 2021: 31,266 million yen

## 2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	—	20.00	—	32.00	52.00
Year ending March 31, 2022	—	26.00			
Year ending March 31, 2022 (forecast)			—	31.00	57.00

Note 1. Revision from the most recent announcement of cash dividends forecasts: None

Note 2. Breakdown of year-end dividend for the year ending March 31, 2022 (forecast)

Ordinary dividend: 26.00 yen      Commemorative dividend for the Company's 70th anniversary: 5.00 yen

## 3. Consolidated performance forecast for the year ending March 31, 2022 (April 1, 2021-March 31, 2022)

(Percentages show year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	36,000	20.9	2,700	28.2	2,900	27.1	2,000	29.9	141.20

Note: Revision from the most recent announcement of consolidated financial forecasts: None

**\*Notes**

(1) Changes in significant subsidiaries during the period: None

(2) Application of particular accounting procedures to the preparation of quarterly financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to revisions in accounting standards, etc.: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

*Note:* For details, please see “(4) Notes to quarterly consolidated financial statements; *Changes in accounting policies*” under “2. Quarterly consolidated financial statements and principal notes” on page 9 of the attachment.

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares):	September 30, 2021:	14,759,080 shares
	March 31, 2021:	14,759,080 shares
2) Number of treasury shares at the end of the period:	September 30, 2021:	594,703 shares
	March 31, 2021:	534,274 shares
3) Average number of shares during the period:	Six months ended September 30, 2021:	14,167,391 shares
	Six months ended September 30, 2020:	14,646,285 shares

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

\* Guide to appropriate use of performance forecasts and other notes

***Notes on forward-looking descriptions, etc.***

Forward-looking descriptions including performance forecasts in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and are not a guarantee on their realization.

Actual results, etc. may differ significantly due to various factors. For more notes on the use of performance forecasts, please see “(2) Explanation of consolidated financial results forecast and other forward-looking information” under “1. Qualitative information on quarterly financial results” on page 3 of the attachment.

***Supplementary briefing materials on quarterly financial results***

Financial results briefing materials are scheduled to be posted on the Company’s website on November 10, 2021.

## Table of contents to the attachment

1. Qualitative information on quarterly financial results .....	2
(1) Explanation of operating results .....	2
(2) Explanation of consolidated financial results forecast and other forward-looking information .....	3
2. Quarterly consolidated financial statements and principal notes .....	4
(1) Quarterly consolidated balance sheets .....	4
(2) Quarterly consolidated statements of income and comprehensive income .....	6
Quarterly consolidated statements of income for the six months ended September 30, 2021 .....	6
Quarterly consolidated statements of comprehensive income for the six months ended September 30, 2021 .....	7
(3) Quarterly consolidated statements of cash flows .....	8
(4) Notes to quarterly consolidated financial statements .....	9
<i>Notes on going concern assumption</i> .....	9
<i>Notes in case of significant changes in shareholders' equity</i> .....	9
<i>Changes in accounting policies</i> .....	9
<i>Additional information</i> .....	9
<i>Segment information, etc.</i> .....	10
<i>Significant subsequent events</i> .....	11
3. Other .....	11

## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

During the six months ended September 30, 2021, the world economy began on a recovery trend from the significant decline caused by the rapid spread of COVID-19 in the previous period. However, production adjustments moved into full swing in various manufacturing industries due to the resurgence of infections by coronavirus variants and the emergence of shortages of semiconductors and other parts. In addition, improvement in corporate earnings has been greatly hindered by raw material price hikes and soaring ocean freight costs stemming from the reopening of the economy. COVID-19 is showing signs of ending in more countries due to expanded vaccine access, but the outlook of the world economy still remains uncertain.

In the automotive industry in which OHASHI TECHNICA INC. (the “Company”) and its subsidiaries (collectively, the “Group”) operate business, both overseas and domestic production at automobile manufacturers increased from a year earlier when there were plant shutdowns and significant cutbacks in production. However, production volume has not improved to the level prior to the spread of COVID-19, and a full recovery has not yet been achieved.

Under these circumstances, the Group strived to strengthen its business foundations and improve management efficiency through expense reductions and other efforts. As a result, consolidated net sales increased year-on-year due to the recovery of production at automobile manufacturers that are major clients of the Group. Our consolidated operating profit also increased year-on-year, despite suffering the effects of soaring raw material costs and overseas logistics costs.

In the six months ended September 30, 2021, on a consolidated basis, the Company posted net sales of 16,788 million yen (up 36.5% year on year), operating profit of 1,397 million yen (up 214.5% year on year), ordinary profit of 1,522 million yen (up 195.7% year on year) and profit attributable to owners of parent of 1,015 million yen (up 225.1% year on year).

Application of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020) (the “Revenue Recognition Standard”) caused net sales and cost of sales both to decrease by 71 million yen. There was no impact on the various profit results.

Operating results by segment are as described below. (Segment profit is adjusted with operating profit on the quarterly consolidated statements of income.)

#### [Japan]

Despite the effects of production adjustments due to semiconductor shortages and a standstill in parts supply from Southeast Asia, automobile manufacturers of our major clients recovered from the production decline following the spread of COVID-19 in the previous year. As a result, net sales were 9,080 million yen (up 32.1% year on year). Segment profit was 738 million yen (up 236.9% year on year) owing to the increase in net sales and the improvement of manufacturing costs due to the increase in production.

Application of the Revenue Recognition Standard caused net sales to decrease by 71 million yen. There was no impact on segment profit.

#### [Americas]

Production at automobile manufacturers in the U.S. has been impacted by the worldwide semiconductor supply shortage and a standstill in ocean shipping. However, production recovered to higher levels than the previous year when it sharply declined due to shutdowns in response to the spread of COVID-19. As a result, net sales were 3,412 million yen (up 37.5% year on year). Despite the effects of higher ocean shipping costs, segment profit was 165 million yen (up 147.6% year on year) owing to the increase in net sales and the improvement of manufacturing costs due to the increase in production.

[China]

The global semiconductor supply shortage has affected production at automobile manufacturers of our major clients. However, compared with the previous year when production was heavily impacted by urban lockdowns due to the spread of COVID-19, production at automobile manufacturers of our major clients was significantly higher. As a result, net sales were 2,541 million yen (up 47.3% year on year). Segment profit was 378 million yen (up 85.4% year on year) owing to the increase in net sales and the improvement of manufacturing costs due to the increase in production.

[ASEAN]

The global semiconductor supply shortage has affected production at automobile manufacturers of our major clients. However, automobile manufacturers of our clients have recovered from last year's production decline due to the spread of COVID-19. As a result, net sales were 1,256 million yen (up 43.3% year on year). Segment profit was 229 million yen (up 331.6% year on year) owing to the increase in net sales, improved production efficiency, and the improvement of manufacturing costs due to the increase in production.

[Europe]

Net sales were 496 million yen (up 46.3% year on year), owing to the recovery of production at automobile manufacturers of our major clients, compared with the previous year's decline due to the spread of COVID-19. Segment loss was 51 million yen (a segment loss of 78 million yen in the six months ended September 30, 2020) mainly due to a rise in marine freight costs and cost of sales from soaring raw material costs, and cost reductions arising from consolidating locations. Since a delay in future sales recovery owing to a semiconductor supply shortage and further soaring marine freight costs and raw material expenses were expected to emerge going forward, the recoverable amount of business-use assets fell below the book value. Consequently, the Group recognized an impairment loss (extraordinary loss) of 51 million yen on property, plant and equipment.

[Taiwan]

OHASHI TECHNICA TAIWAN CO., LTD., which transacts business with companies of the Group only, has no net sales to external customers. Exports for companies of the Group increased, but marine freight costs rose significantly, resulting in segment loss of 6 million yen (a segment profit of 15 million yen in the six months ended September 30, 2020).

(2) Explanation of consolidated financial results forecast and other forward-looking information

There is no change to the consolidated financial results forecast for the year ending March 31, 2022 from the forecast in the Consolidated Financial Results for the Year Ended March 31, 2021 published on May 13, 2021.

## 2. Quarterly consolidated financial statements and principal notes

### (1) Quarterly consolidated balance sheets

(Thousand yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	21,361,928	21,815,702
Notes and accounts receivable – trade	7,036,480	–
Notes and accounts receivable – trade and contract assets	–	6,527,825
Merchandise and finished goods	3,871,528	5,087,658
Work in process	412,077	537,976
Raw materials and supplies	585,777	617,863
Other	529,277	355,015
Allowance for doubtful accounts	(8,328)	(8,847)
<b>Total current assets</b>	<b>33,788,740</b>	<b>34,933,194</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,925,795	4,960,147
Accumulated depreciation	(2,419,602)	(2,468,433)
Buildings and structures, net	2,506,193	2,491,714
Machinery, equipment and vehicles	7,674,706	8,394,037
Accumulated depreciation	(6,590,403)	(6,916,825)
Machinery, equipment and vehicles, net	1,084,303	1,477,212
Tools, furniture and fixtures	3,518,631	3,603,059
Accumulated depreciation	(3,157,615)	(3,244,404)
Tools, furniture and fixtures, net	361,015	358,654
Land	1,387,496	1,391,055
Construction in progress	391,354	411,485
<b>Total property, plant and equipment</b>	<b>5,730,362</b>	<b>6,130,122</b>
Intangible assets		
Software	165,579	152,634
Other	48,766	51,428
<b>Total intangible assets</b>	<b>214,346</b>	<b>204,062</b>
Investments and other assets		
Investment securities	1,700,377	1,813,245
Deferred tax assets	218,807	259,179
Other	487,625	490,083
Allowance for doubtful accounts	(2,200)	(1,700)
<b>Total investments and other assets</b>	<b>2,404,609</b>	<b>2,560,809</b>
<b>Total non-current assets</b>	<b>8,349,318</b>	<b>8,894,994</b>
<b>Total assets</b>	<b>42,138,059</b>	<b>43,828,189</b>

(Thousand yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	3,075,600	3,111,668
Electronically recorded obligations – operating	5,247,818	5,196,384
Income taxes payable	274,345	415,192
Provision for bonuses	187,662	216,152
Provision for bonuses for directors (and other officers)	27,100	24,000
Short-term borrowings	65,329	116,330
Other	744,503	825,710
Total current liabilities	9,622,359	9,905,438
Non-current liabilities		
Long-term borrowings	43,552	—
Retirement benefit liability	619,069	617,026
Other	180,815	171,448
Total non-current liabilities	843,437	788,474
Total liabilities	10,465,797	10,693,912
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,825,671	1,825,671
Capital surplus	1,611,240	1,611,240
Retained earnings	28,338,005	28,897,938
Treasury shares	(811,559)	(907,480)
Total shareholders' equity	30,963,356	31,427,369
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	328,397	382,192
Foreign currency translation adjustment	(59,449)	871,116
Remeasurements of defined benefit plans	33,978	30,953
Total accumulated other comprehensive income	302,925	1,284,262
Non-controlling interests	405,979	422,644
Total net assets	31,672,261	33,134,277
Total liabilities and net assets	42,138,059	43,828,189



## (2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income for the six months ended September 30, 2021

(Thousand yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Net sales	12,296,830	16,788,102
Cost of sales	9,520,793	12,730,038
Gross profit	2,776,036	4,058,063
Selling, general and administrative expenses	2,331,694	2,660,491
Operating profit	444,342	1,397,571
Non-operating income		
Interest income	14,253	16,686
Dividend income	15,486	16,029
Share of profit of entities accounted for using equity method	—	28,220
Gain on sale of scraps	11,095	31,811
Subsidy income	93,613	56,550
Other	13,403	10,119
Total non-operating income	147,852	159,418
Non-operating expenses		
Interest expenses	3,873	3,749
Share of loss of entities accounted for using equity method	9,687	—
Foreign exchange losses	26,348	4,977
Business commencement expenses	25,974	25,041
Other	11,242	376
Total non-operating expenses	77,126	34,144
Ordinary profit	515,067	1,522,845
Extraordinary income		
Gain on sale of non-current assets	46	1,594
Gain on sale of investment securities	17,334	—
Total extraordinary income	17,381	1,594
Extraordinary losses		
Loss on sale of non-current assets	493	—
Loss on retirement of non-current assets	457	1,490
Impairment loss	—	51,692
Total extraordinary losses	951	53,182
Profit before income taxes	531,497	1,471,257
Income taxes – current	269,324	503,799
Income taxes – deferred	(51,919)	(61,881)
Total income taxes	217,405	441,918
Profit	314,091	1,029,338
Profit attributable to non-controlling interests	1,726	13,758
Profit attributable to owners of parent	312,365	1,015,580

Quarterly consolidated statements of comprehensive income for the six months ended September 30, 2021

(Thousand yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Profit	314,091	1,029,338
Other comprehensive income		
Valuation difference on available-for-sale securities	74,711	53,171
Foreign currency translation adjustment	(461,862)	951,352
Remeasurements of defined benefit plans, net of tax	(2,213)	(3,024)
Share of other comprehensive income of entities accounted for using equity method	(344)	623
Total other comprehensive income	(389,709)	1,002,123
Comprehensive income	(75,617)	2,031,462
Comprehensive income attributable to		
Owners of parent	(63,920)	1,996,917
Non-controlling interests	(11,697)	34,544

## (3) Quarterly consolidated statements of cash flows

(Thousand yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	531,497	1,471,257
Depreciation	436,528	415,447
Impairment loss	—	51,692
Increase (decrease) in provision for bonuses	(36,283)	28,123
Increase (decrease) in provision for bonuses for directors (and other officers)	(15,600)	(3,100)
Increase (decrease) in allowance for doubtful accounts	262	(506)
Increase (decrease) in retirement benefit liability	(7,332)	(6,689)
Interest and dividend income	(29,739)	(32,716)
Subsidy income	(93,613)	(56,550)
Interest expenses	3,873	3,749
Share of loss (profit) of entities accounted for using equity method	9,687	(28,220)
Loss (gain) on sale of investment securities	(17,334)	—
Loss (gain) on sale of non-current assets	447	(1,594)
Loss on retirement of non-current assets	457	1,490
Decrease (increase) in trade receivables	1,524,164	677,790
Decrease (increase) in inventories	(299,173)	(1,149,907)
Increase (decrease) in trade payables	(2,635,668)	(208,866)
Decrease (increase) in other investments	(2,354)	—
Other, net	(122,535)	248,542
Subtotal	(752,717)	1,409,941
Interest and dividends received	29,750	32,715
Interest paid	(3,873)	(3,749)
Subsidies received	186,182	78,482
Income taxes paid	(406,354)	(375,585)
Net cash provided by (used in) operating activities	(947,012)	1,141,805
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(400,656)	(656,464)
Proceeds from sale of property, plant and equipment	977	8,455
Purchase of intangible assets	(20,038)	(17,208)
Purchase of investment securities	(4,551)	(4,842)
Proceeds from sale of investment securities	36,424	—
Loan advances	—	(3,254)
Proceeds from collection of loans receivable	1,420	1,797
Net cash provided by (used in) investing activities	(386,423)	(671,518)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	113,342	—
Repayments of lease obligations	(43,587)	(45,004)
Purchase of treasury shares	(299,969)	(95,252)
Dividends paid	(383,736)	(455,646)
Dividends paid to non-controlling interests	(18,601)	(17,878)
Net cash provided by (used in) financing activities	(632,551)	(613,781)
Effect of exchange rate change on cash and cash equivalents	(290,274)	597,269
Net increase (decrease) in cash and cash equivalents	(2,256,262)	453,774
Cash and cash equivalents at beginning of period	21,843,866	21,361,928
Cash and cash equivalents at end of period	19,587,604	21,815,702

#### (4) Notes to quarterly consolidated financial statements

##### *Notes on going concern assumption*

Not applicable.

##### *Notes in case of significant changes in shareholders' equity*

The Company acquired 60,000 shares of treasury stock based on the resolution made at the meeting of the Board of Directors held on February 9, 2021. As a result, treasury stock increased by 95,920 thousand yen in the six months ended September 30, 2021, and stood at 907,480 thousand yen as of September 30, 2021.

##### *Changes in accounting policies*

###### (Application of Accounting Standard for Revenue Recognition)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29; March 31, 2020) (the "Revenue Recognition Standard") from the beginning of the three months ended June 30, 2021. Revenue is recognized as the amount expected to be received in exchange for promised goods or services when control of said goods or services is transferred to the customer.

The changes resulting from application of the Revenue Recognition Standard, etc. are as follows.

- Paid supply transactions

If a supplier has an obligation to buy back supplied goods from a customer, ownership does not transfer to the customer at the time of supply, and paid supply goods are not recognized as extinguished. Accordingly, for paid supply transactions with buyback obligations, the Company has changed to a method of recognizing actual manufacturing costs on a net basis as revenue.

With regard to the application of the Revenue Recognition Standard, in accordance with the transitional treatment stipulated in the proviso to Paragraph 84 of the Revenue Recognition Standard, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the three months ended June 30, 2021, has been added to or subtracted from retained earnings at the beginning of the three months ended June 30, 2021, and the new accounting policy has been applied from the beginning of said period. However, the method stipulated in Paragraph 86 of the Revenue Recognition Standard has been applied, and the new accounting policy has not been retroactively applied to contracts for which the amounts of almost all revenue had been recognized prior to the beginning of the three months ended June 30, 2021, in accordance with the previous accounting policy. In addition, the method stipulated in proviso (1) to Paragraph 86 of the Revenue Recognition Standard has been applied. After conducting accounting procedures based on the contract conditions after reflecting all changes in contracts made prior to the beginning of the three months ended June 30, 2021, the cumulative effect is added to or subtracted from retained earnings at the beginning of the three months ended June 30, 2021.

As a result, net sales and cost of sales for the six months ended September 30, 2021, both decreased by 71,642 thousand yen. There was no impact on retained earnings at the beginning of said period.

Due to the application of the Revenue Recognition Standard, "Notes and accounts receivable – trade," which were included in "Current assets" in the consolidated balance sheets for the previous fiscal year, are included in "Notes and accounts receivable – trade and contract assets" from the three months ended June 30, 2021. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Standard, figures for the previous fiscal year have not been reclassified in accordance with the new approach to presentation. In addition, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12; March 31, 2020), information showing a breakdown of revenue earned from contracts with customers for the six months ended September 30, 2020, is not presented.

###### (Application of the Accounting Standard for Fair Value Measurement)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30; July 4, 2019) (the "Fair Value Standard") from the beginning of the three months ended June 30, 2021. New accounting policies based on the Fair Value Standard have been applied prospectively in accordance with the transitional treatment in Paragraph 19 of the Fair Value Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10; July 4, 2019). There is no impact on the quarterly consolidated financial statements.

##### *Additional information*

###### (Impact of COVID-19 on accounting estimates)

As described in "Accounting Estimates" under "5. Financial Information, Notes" in the Annual Securities Report for the previous fiscal year, there are no material changes in assumptions relating to the spread of COVID-19 in the six months ended September 30, 2021. However, in light of the results for the six months ended September 30, 2021, some estimate calculations have been reviewed.

In addition, if the spread of COVID-19 in the future causes changes that significantly impact the Group's business, it may affect estimates of impairment loss on non-current assets, recoverability of deferred tax assets, and so forth.

Segment information, etc.

Segment information

I. For the six months ended September 30, 2020

1. Information on amounts of net sales and profit (loss) by reportable segment

	Reportable segments							Adjustments (Note) 1	Consolidated (Note) 2
	Japan	Americas	China	ASEAN	Europe	Taiwan	Total		
Net sales									
Net sales to external customers	6,872,001	2,482,736	1,726,189	876,661	339,240	—	12,296,830	—	12,296,830
Inter-segment sales or transfers	1,151,179	1,054	51,716	13,603	886	383,378	1,601,820	(1,601,820)	—
Total	8,023,181	2,483,791	1,777,906	890,265	340,127	383,378	13,898,650	(1,601,820)	12,296,830
Segment profit (loss)	219,085	66,738	204,217	53,178	(78,238)	15,973	480,954	(36,612)	444,342

Notes: 1. Adjustment of segment profit (loss) of (36,612) thousand yen consists of inter-segment eliminations.

2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated financial statements.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

Not applicable.

II. For the six months ended September 30, 2021

1. Information on amounts of net sales and profit (loss) by reportable segment

	Reportable segments							Adjustments (Note) 1	Consolidated (Note) 2
	Japan	Americas	China	ASEAN	Europe	Taiwan	Total		
Net sales									
Net sales to external customers	9,080,872	3,412,924	2,541,951	1,256,188	496,165	—	16,788,102	—	16,788,102
Inter-segment sales or transfers	1,454,731	3,871	61,400	22,702	—	625,825	2,168,531	(2,168,531)	—
Total	10,535,603	3,416,796	2,603,352	1,278,891	496,165	625,825	18,956,633	(2,168,531)	16,788,102
Segment profit (loss)	738,127	165,265	378,589	229,503	(51,303)	(6,161)	1,454,020	(56,448)	1,397,571

Notes: 1. Adjustment of segment profit (loss) of (56,448) thousand yen consists of inter-segment eliminations.

2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated financial statements.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

	Reportable segments							Adjustments	Consolidated
	Japan	Americas	China	ASEAN	Europe	Taiwan	Total		
Impairment loss	—	—	—	—	51,692	—	51,692	—	51,692

Note: An impairment loss was recognized for Europe as a result of the recoverable amount of leased assets, etc., falling below the book value due to a decline in profitability, mainly owing to a delay in future sales recovery primarily caused by a semiconductor shortage and rising marine freight costs at OHASHI TECHNICA UK, LTD., the Company's consolidated subsidiary in the UK.

3. Changes in reportable segments

As described in (*Changes in accounting policies*), the Revenue Recognition Standard has been applied from the beginning of the three months ended June 30, 2021, and as such, the method of accounting for revenue recognition has changed. Therefore, the method for calculating segment profit (loss) likewise has changed.

Compared with the previous method, this change caused a decrease of 71,642 thousand yen in net sales in Japan for the six months ended September 30, 2021. There was no impact on segment profit or loss.

### *Significant subsequent events*

#### (Acquisition of treasury shares)

The Company resolved at the meeting of the Board of Directors held on November 10, 2021, to acquire treasury shares pursuant to the provisions of Article 156 of the Companies Act applied by replacing the terms and phrases pursuant to the provisions of Article 165, Paragraph 3 of said Act.

##### 1. Reason for acquiring treasury shares

To enhance shareholder returns and improve capital efficiency

##### 2. Details of the acquisition

(1) Type of shares to be acquired	Common shares of the Company
(2) Total number of shares to be acquired	700,000 shares (maximum)
(3) Total acquisition cost	1,050 million yen (maximum)
(4) Acquisition period	From November 12, 2021 to September 22, 2022
(5) Acquisition method	Market purchase on the Tokyo Stock Exchange

#### (Cancellation of treasury shares)

The Company resolved at the meeting of the Board of Directors held on November 10, 2021, to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act.

##### 1. Reason for cancellation

To further promote shareholder interests by decreasing the number of shares issued

##### 2. Details of the cancellation

(1) Type of shares to be cancelled	Common shares of the Company
(2) Number of shares to be cancelled	580,120 shares (3.93% of the total number of shares issued (including treasury shares prior to the cancellation))
(3) Cancellation date	November 25, 2021

### 3. Other

#### *U.S. job protection measures relating to COVID-19*

Short-term borrowings as of September 30, 2021 consist of funds obtained by U.S. subsidiary OHASHI TECHNICA U.S.A., INC. through the U.S. government's Paycheck Protection Program. This is reported as borrowings, but if it is used for purposes that satisfy the specified conditions, such as to pay employee salaries to protect jobs, repayment will be waived.

After September 30, 2021, said subsidiary received notice that repayment will be waived for part of these borrowings. As a result, in the nine months ending December 31, 2021, a gain on forgiveness of debts (extraordinary income) of 105,347 thousand yen is expected to be recorded.