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## Consolidated Financial Results for the Six Months Ended September 30, 2022 [J-GAAP]

November 10, 2022

Name of listed company: OHASHI TECHNICA INC.

Listed exchange: Tokyo Stock Exchange

Securities code: 7628

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

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Scheduled date for filing of quarterly securities report: November 11, 2022

Scheduled date of commencing dividend payments: December 5, 2022

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, 2022 (April 1, 2022–September 30, 2022)

(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, 2022	16,582	(1.2)	976	(30.1)	1,127	(25.9)	794	(21.8)
Six months ended September 30, 2021	16,788	36.5	1,397	214.5	1,522	195.7	1,015	225.1

Note: Comprehensive income

Six months ended September 30, 2022: 3,584 million yen [76.5%]

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	58.64	–
Six months ended September 30, 2021	71.68	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	44,145	36,196	81.0
As of March 31, 2022	43,352	33,448	76.3

Reference: Equity As of September 30, 2022: 35,759 million yen

As of March 31, 2022: 33,060 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, 2022	–	26.00	–	31.00	57.00
Year ending March 31, 2023	–	28.00			
Year ending March 31, 2023 (forecast)			–	29.00	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 ended March 31, 2022

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, 2023 (April 1, 2022–March 31, 2023)

(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	34,500	6.0	2,500	10.0	2,700	6.4	1,900	6.1	141.12

Note: Revision from the most recent announcement of performance forecasts: None

#### \*Notes

(1) Changes in significant subsidiaries during the period (changes of specified subsidiaries resulting in changes in the scope of consolidation): 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.: None

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares):	September 30, 2022:	14,178,960 shares
	March 31, 2022:	14,178,960 shares
2) Number of treasury shares at the end of the period:	September 30, 2022:	715,342 shares
	March 31, 2022:	412,473 shares
3) Average number of shares during the period:	Six months ended September 30, 2022:	13,549,132 shares
	Six months ended September 30, 2021:	14,167,391 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, 2022.

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## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

During the six months ended September 30, 2022, the world economy, despite some signs of recovery, still remained unstable since it is expected to take some time before soaring raw material costs, resource and energy prices, and ocean freight costs are brought under control due to the worsening international situation in Ukraine and other factors in addition to the effects of the Shanghai lockdown and the supply shortage of semiconductors and other parts that has been continuing since the previous fiscal year.

In the automotive industry in which OHASHI TECHNICA INC. (the “Company”) and its subsidiaries (collectively, the “Group”) operate business, global production at Japanese automobile manufacturers was lower than the previous year due to continued production adjustments and stoppages, mainly caused by supply shortages of semiconductors and other parts.

Under these circumstances, although the Group strived to strengthen its business foundations and improve management efficiency through expense reductions and other efforts, consolidated net sales decreased year on year due to the significant impact of production adjustments by automobile manufacturers caused by supply shortages of semiconductors and other parts in Japan, despite the positive effect of foreign currency translation resulting from the yen’s depreciation overseas. Consolidated operating profit also decreased year on year due to the significant impact of lower sales in Japan, soaring raw material prices, and ocean freight costs staying at high levels.

In the six months ended September 30, 2022, on a consolidated basis, the Company posted net sales of 16,582 million yen (down 1.2% year on year), operating profit of 976 million yen (down 30.1% year on year), ordinary profit of 1,127 million yen (down 25.9% year on year) and profit attributable to owners of parent of 794 million yen (down 21.8% year on year).

Operating results by segment are as described below. (Segment net sales are net sales to external customers, and segment profit is adjusted with operating profit on the quarterly consolidated statements of income.)

#### [Japan]

Due to the significant impact of production adjustments at passenger car manufacturers caused by the shortage of semiconductors and stagnant component supplies from Southeast Asia and China, as well as cutbacks in production at commercial vehicle manufacturers that are major clients of the Group, net sales were 8,549 million yen (down 5.9% year on year). Segment profit was 341 million yen (down 53.7% year on year) due to the continued impact of lower sales and higher raw material prices.

#### [Americas]

Production at automobile manufacturers of our major clients in the U.S. has been impacted by the worldwide semiconductor supply shortage. However, due to the contribution of new orders and the effect of currency translation resulting from the yen’s depreciation, net sales were 3,602 million yen (up 5.5% year on year). Segment profit was 106 million yen (down 35.4% year on year) mainly due to an increase in selling and administrative expenses.

#### [China]

Due to the significant impact of production adjustments at automobile manufacturers of our major clients in China caused by the worldwide semiconductor supply shortage and the Shanghai lockdown, net sales were 2,352 million yen (down 7.4% year on year). Segment profit was 238 million yen (down 36.9% year on year) due to the impact of lower sales.

#### [ASEAN]

Due to the recovery of production at our major clients and the contribution of new orders, net sales were 1,462 million yen (up 16.4% year on year). Segment profit was 234 million yen (up 2.1% year on year) due to the increase in net sales.

#### [Europe]

Production at automobile manufacturers of our major clients in Europe has been impacted by the worldwide semiconductor supply shortage. However, due to the contribution of new orders and the effect of currency translation resulting from the yen’s depreciation, net sales were 616 million yen (up 24.3% year on year). Segment profit was 112 million yen (a segment loss of 51 million yen in the six months ended September 30, 2021) due to improved transaction terms with major clients.

#### [Taiwan]

OHASHI TECHNICA TAIWAN CO., LTD., which transacts business with companies of the Group only, has no net sales to external customers.

Although there was a decrease in exports for companies of the Group, segment profit was 16 million yen (a segment loss of 6 million yen in the six months ended September 30, 2021) due to a review of terms and conditions of export and other factors.

(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, 2023 from the forecast in the Consolidated Financial Results for the Year Ended March 31, 2022 published on May 12, 2022.

## 2. Quarterly consolidated financial statements and principal notes

### (1) Quarterly consolidated balance sheets

(Thousand yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	20,209,010	19,316,544
Notes and accounts receivable - trade, and contract assets	6,514,852	6,988,886
Merchandise and finished goods	5,874,528	6,408,655
Work in process	585,706	674,766
Raw materials and supplies	789,212	1,026,858
Other	634,632	425,410
Allowance for doubtful accounts	(6,986)	(9,405)
Total current assets	34,600,956	34,831,717
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,114,731	5,549,510
Accumulated depreciation	(2,638,692)	(2,996,206)
Buildings and structures, net	2,476,039	2,553,303
Machinery, equipment and vehicles	8,677,350	9,733,253
Accumulated depreciation	(7,198,719)	(8,111,433)
Machinery, equipment and vehicles, net	1,478,630	1,621,819
Tools, furniture and fixtures	3,706,101	3,833,655
Accumulated depreciation	(3,338,823)	(3,469,841)
Tools, furniture and fixtures, net	367,278	363,814
Land	1,392,174	1,449,811
Construction in progress	375,833	644,734
Total property, plant and equipment	6,089,955	6,633,483
Intangible assets		
Software	127,986	107,097
Other	53,244	58,577
Total intangible assets	181,231	165,674
Investments and other assets		
Investment securities	1,712,029	1,720,406
Deferred tax assets	280,483	304,612
Other	489,434	491,637
Allowance for doubtful accounts	(1,600)	(2,000)
Total investments and other assets	2,480,347	2,514,655
Total non-current assets	8,751,534	9,313,814
Total assets	43,352,490	44,145,531

(Thousand yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,864,862	3,003,641
Electronically recorded obligations - operating	4,805,599	2,686,503
Income taxes payable	387,358	275,396
Provision for bonuses	180,878	187,750
Provision for bonuses for directors (and other officers)	44,100	29,200
Other	864,813	988,329
<b>Total current liabilities</b>	<b>9,147,612</b>	<b>7,170,820</b>
Non-current liabilities		
Deferred tax liabilities	621	—
Retirement benefit liability	615,864	613,959
Other	139,824	164,157
<b>Total non-current liabilities</b>	<b>756,311</b>	<b>778,117</b>
<b>Total liabilities</b>	<b>9,903,923</b>	<b>7,948,938</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,825,671	1,825,671
Capital surplus	1,611,240	1,611,240
Retained earnings	28,398,043	28,765,322
Treasury shares	(567,932)	(959,023)
<b>Total shareholders' equity</b>	<b>31,267,022</b>	<b>31,243,210</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	293,984	287,437
Foreign currency translation adjustment	1,464,438	4,196,247
Remeasurements of defined benefit plans	34,981	32,945
<b>Total accumulated other comprehensive income</b>	<b>1,793,404</b>	<b>4,516,630</b>
Non-controlling interests	388,139	436,753
<b>Total net assets</b>	<b>33,448,566</b>	<b>36,196,593</b>
<b>Total liabilities and net assets</b>	<b>43,352,490</b>	<b>44,145,531</b>

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

Quarterly consolidated statements of income for the six months ended September 30, 2022

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	16,788,102	16,582,892
Cost of sales	12,730,038	12,749,438
Gross profit	4,058,063	3,833,454
Selling, general and administrative expenses	2,660,491	2,856,636
Operating profit	1,397,571	976,817
Non-operating income		
Interest income	16,686	16,392
Dividend income	16,029	17,817
Share of profit of entities accounted for using equity method	28,220	10,216
Foreign exchange gains	—	30,348
Gain on sale of scraps	31,811	37,250
Subsidy income	56,550	34,754
Other	10,119	13,172
Total non-operating income	159,418	159,954
Non-operating expenses		
Interest expenses	3,749	5,542
Foreign exchange losses	4,977	—
Business commencement expenses	25,041	—
Other	376	3,366
Total non-operating expenses	34,144	8,908
Ordinary profit	1,522,845	1,127,863
Extraordinary income		
Gain on sale of non-current assets	1,594	318
Total extraordinary income	1,594	318
Extraordinary losses		
Loss on retirement of non-current assets	1,490	742
Impairment losses	51,692	—
Total extraordinary losses	53,182	742
Profit before income taxes	1,471,257	1,127,440
Income taxes - current	503,799	341,960
Income taxes - deferred	(61,881)	(20,548)
Total income taxes	441,918	321,412
Profit	1,029,338	806,028
Profit attributable to non-controlling interests	13,758	11,526
Profit attributable to owners of parent	1,015,580	794,501



Quarterly consolidated statements of comprehensive income for the six months ended September 30, 2022

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	1,029,338	806,028
Other comprehensive income		
Valuation difference on available-for-sale securities	53,171	(6,775)
Foreign currency translation adjustment	951,352	2,787,285
Remeasurements of defined benefit plans, net of tax	(3,024)	(2,036)
Share of other comprehensive income of entities accounted for using equity method	623	229
Total other comprehensive income	1,002,123	2,778,702
Comprehensive income	2,031,462	3,584,730
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,996,917	3,517,727
Comprehensive income attributable to non-controlling interests	34,544	67,003

## (3) Quarterly consolidated statements of cash flows

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,471,257	1,127,440
Depreciation	415,447	417,615
Impairment losses	51,692	—
Increase (decrease) in provision for bonuses	28,123	2,716
Increase (decrease) in provision for bonuses for directors (and other officers)	(3,100)	(14,900)
Increase (decrease) in allowance for doubtful accounts	(506)	1,987
Increase (decrease) in retirement benefit liability	(6,689)	(11,623)
Interest and dividend income	(32,716)	(34,210)
Subsidy income	(56,550)	(34,754)
Interest expenses	3,749	5,542
Share of loss (profit) of entities accounted for using equity method	(28,220)	(10,216)
Loss (gain) on sale of non-current assets	(1,594)	(318)
Loss on retirement of non-current assets	1,490	742
Decrease (increase) in trade receivables	677,790	(143,525)
Decrease (increase) in inventories	(1,149,907)	(30,805)
Increase (decrease) in trade payables	(208,866)	(2,282,152)
Other, net	248,542	261,790
<b>Subtotal</b>	<b>1,409,941</b>	<b>(744,673)</b>
Interest and dividends received	32,715	33,774
Interest paid	(3,749)	(5,542)
Subsidies received	78,482	34,754
Income taxes paid	(375,585)	(433,307)
<b>Net cash provided by (used in) operating activities</b>	<b>1,141,805</b>	<b>(1,114,994)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(656,464)	(406,950)
Proceeds from sale of property, plant and equipment	8,455	385
Purchase of intangible assets	(17,208)	(1,754)
Purchase of investment securities	(4,842)	(5,178)
Loan advances	(3,254)	(940)
Proceeds from collection of loans receivable	1,797	1,149
<b>Net cash provided by (used in) investing activities</b>	<b>(671,518)</b>	<b>(413,287)</b>
<b>Cash flows from financing activities</b>		
Repayments of lease liabilities	(45,004)	(48,343)
Purchase of treasury shares	(95,252)	(390,630)
Dividends paid	(455,646)	(427,223)
Dividends paid to non-controlling interests	(17,878)	(18,390)
<b>Net cash provided by (used in) financing activities</b>	<b>(613,781)</b>	<b>(884,587)</b>
Effect of exchange rate change on cash and cash equivalents	597,269	1,520,403
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>453,774</b>	<b>(892,466)</b>
Cash and cash equivalents at beginning of period	21,361,928	20,209,010
Cash and cash equivalents at end of period	21,815,702	19,316,544

(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 302,500 shares of treasury stock based on the resolution made at the meeting of the Board of Directors held on November 10, 2021. As a result, treasury stock increased by 391,090 thousand yen in the six months ended September 30, 2022, and stood at 959,023 thousand yen as of September 30, 2022.

*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, 2022.

However, 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, 2021

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

(Thousand yen)

	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

(Thousand yen)

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

Note: In the six months ended September 30, 2021, impairment losses were 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.

II. For the six months ended September 30, 2022

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

(Thousand yen)

	Reportable segments							Adjustments (Note) 1	Consolidated (Note) 2
	Japan	Americas	China	ASEAN	Europe	Taiwan	Total		
Net sales									
Net sales to external customers	8,549,141	3,602,110	2,352,607	1,462,235	616,798	–	16,582,892	–	16,582,892
Inter-segment sales or transfers	974,360	833	55,686	75,909	–	431,492	1,538,282	(1,538,282)	–
Total	9,523,501	3,602,943	2,408,293	1,538,145	616,798	431,492	18,121,175	(1,538,282)	16,582,892
Segment profit	341,547	106,835	238,743	234,381	112,635	16,740	1,050,883	(74,065)	976,817

Notes: 1. Adjustment of segment profit of (74,065) thousand yen consists of inter-segment eliminations.

2. Segment profit 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.

Significant subsequent events

Not applicable.