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## Consolidated Financial Results for the Six Months Ended September 30, 2023 [J-GAAP]

November 8, 2023

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 9, 2023

Scheduled date of commencing dividend payments: December 4, 2023

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, 2023 (April 1, 2023-September 30, 2023)

#### (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, 2023	18,753	13.1	662	(32.2)	815	(27.7)	185	(76.7)
Six months ended September 30, 2022	16,582	(1.2)	976	(30.1)	1,127	(25.9)	794	(21.8)

Note: Comprehensive income Six months ended September 30, 2023: 1,956 million yen [(45.4)%]

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	13.74	—
Six months ended September 30, 2022	58.64	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	46,318	37,113	79.2
As of March 31, 2023	43,649	35,565	80.5

Reference: Equity As of September 30, 2023: 36,672 million yen

As of March 31, 2023: 35,139 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, 2023	–	28.00	–	29.00	57.00
Year ending March 31, 2024	–	30.00			
Year ending March 31, 2024 (forecast)			–	30.00	60.00

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

## 3. Consolidated performance forecast for the year ending March 31, 2024 (April 1, 2023–March 31, 2024)

(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	37,500	7.2	2,250	9.1	2,500	4.3	1,500	16.9	111.42

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, 2023:	13,678,960 shares
March 31, 2023:	13,678,960 shares

2) Number of treasury shares at the end of the period:

September 30, 2023:	215,964 shares
March 31, 2023:	215,664 shares

3) Average number of shares during the period:

Six months ended September 30, 2023:	13,463,157 shares
Six months ended September 30, 2022:	13,549,132 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 8, 2023.

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## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

During the six months ended September 30, 2023, the outlook of the world economy remained uncertain owing to the protracted situation in Ukraine, soaring resource and energy prices, remaining high inflation, a slowdown of the Chinese economy, and other factors, while the normalization of economic activities underpinned a gradual economic recovery.

In the automotive industry in which OHASHI TECHNICA INC. (the “Company”) and its subsidiaries (collectively, the “Group”) operate business, Japanese automobile manufacturers’ production volume decreased in China where the electric vehicle market was rapidly expanded and local manufacturers expanded their market shares. On the other hand, in overseas countries other than China, and in Japan, global production volume at Japanese automobile manufacturers exceeded that of the previous year since production adjustments have been gradually eliminated by the easing of the shortage of semiconductors.

Under these circumstances, the Group has been promoting activities with specific measures that will contribute to the pursuit of economic value by further enhancing the Group’s four key functions (development, manufacturing, procurement, and global functions) and to the creation of social value in the materiality of the environment, society, and governance in the second year of its four-year Medium-Term Business Plan: Mission 2025.

In the six months ended September 30, 2023, on a consolidated basis, the Company posted net sales of 18,753 million yen (up 13.1% year on year) due to the recovery of production at automobile manufacturers of our major clients, the contribution of new orders to sales, and the positive effect of foreign currency translation resulting from the yen’s depreciation, despite the impact of a downturn in the Chinese economy and the continued cutbacks in production at some commercial vehicle manufacturers. On the other hand, consolidated operating profit was 662 million yen (down 32.2% year on year) due to the significant impact of soaring purchase, raw material, and energy prices and lower sales in China. Ordinary profit was 815 million yen (down 27.7% year on year), and profit attributable to owners of parent was 185 million yen (down 76.7% year on year) due to the recording of an extraordinary loss on fund leakage at an overseas subsidiary in the first quarter ended June 30, 2023.

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]

Despite the impact of the continued cutbacks in production at some commercial vehicle manufacturers, due to the recovery of production at automobile manufacturers of our major clients and the contribution of new orders to sales, net sales were 9,351 million yen (up 9.4% year on year). Segment profit was 265 million yen (down 22.4% year on year) due to soaring purchase, raw material, and energy prices, the increase in personnel-related expenses, and other factors, despite higher sales.

#### [Americas]

Due to the recovery of production at automobile manufacturers of our major clients, the contribution of new orders to sales, and the positive effect of foreign currency translation resulting from the yen’s depreciation, net sales were 5,605 million yen (up 55.6% year on year). Segment profit was 157 million yen (up 47.6% year on year) due to soaring purchase, raw material, and energy prices, the increase in personnel-related expenses, and other factors, despite higher sales.

#### [China]

The share of electric and plug-in hybrid vehicles sold by local manufacturers in total automobile sales volume has been rapidly increasing, and production and sales by Japanese automobile manufacturers, whose flagship products are gasoline engine and hybrid vehicles, stagnated, thus resulting in net sales of 1,649 million yen (down 29.9% year on year). Segment loss was 29 million yen (segment profit of 238 million yen in the six months ended September 30, 2022) due to the significant impact of lower sales.

#### [ASEAN]

Due to the impact of production adjustments at automobile manufacturers of our major clients, despite the contribution of new orders to sales and the positive effect of foreign currency translation resulting from the yen’s depreciation, net sales were 1,457 million yen (down 0.3% year on year). Segment profit was 167 million yen (down 28.7% year on year) due to rising manufacturing costs.

#### [Europe]

Due to the recovery of production at automobile manufacturers of our major clients, the contribution of new orders to sales, and the positive effect of foreign currency translation resulting from the yen’s depreciation, net

sales were 688 million yen (up 11.6% year on year). Segment profit was 7 million yen (down 93.3% year on year) due to rising purchase prices.

[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 an increase in exports for companies of the Group, segment profit was 13 million yen (down 18.7% year on year) 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, 2024 from the forecast in the Consolidated Financial Results for the Year Ended March 31, 2023 published on May 11, 2023.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	19,820,308	21,158,201
Notes and accounts receivable - trade, and contract assets	7,313,682	8,169,420
Merchandise and finished goods	5,548,121	5,341,619
Work in process	704,384	720,118
Raw materials and supplies	1,080,448	1,133,365
Other	414,062	425,460
Allowance for doubtful accounts	(9,891)	(14,769)
Total current assets	34,871,115	36,933,415
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,378,560	5,743,745
Accumulated depreciation	(2,990,137)	(3,274,603)
Buildings and structures, net	2,388,423	2,469,141
Machinery, equipment and vehicles	9,664,542	10,411,260
Accumulated depreciation	(8,117,400)	(8,689,482)
Machinery, equipment and vehicles, net	1,547,142	1,721,777
Tools, furniture and fixtures	3,886,499	4,054,998
Accumulated depreciation	(3,518,449)	(3,631,673)
Tools, furniture and fixtures, net	368,050	423,324
Land	1,359,355	1,395,585
Construction in progress	417,696	478,448
Total property, plant and equipment	6,080,667	6,488,278
Intangible assets		
Software	71,752	69,717
Other	54,194	55,769
Total intangible assets	125,947	125,486
Investments and other assets		
Investment securities	1,884,983	2,093,963
Deferred tax assets	192,121	180,654
Other	496,067	497,331
Allowance for doubtful accounts	(1,100)	(1,100)
Total investments and other assets	2,572,072	2,770,849
Total non-current assets	8,778,687	9,384,614
Total assets	43,649,803	46,318,030

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,079,241	3,536,504
Electronically recorded obligations - operating	2,776,289	3,226,313
Income taxes payable	178,147	219,024
Provision for bonuses	152,424	189,671
Provision for bonuses for directors (and other officers)	57,400	34,600
Other	941,886	1,031,619
<b>Total current liabilities</b>	<b>7,185,389</b>	<b>8,237,732</b>
Non-current liabilities		
Deferred tax liabilities	37,761	47,232
Retirement benefit liability	669,546	671,831
Other	192,068	247,830
<b>Total non-current liabilities</b>	<b>899,375</b>	<b>966,893</b>
<b>Total liabilities</b>	<b>8,084,764</b>	<b>9,204,626</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,825,671	1,825,671
Capital surplus	1,611,240	999,611
Retained earnings	28,204,211	28,609,961
Treasury shares	(287,187)	(287,662)
<b>Total shareholders' equity</b>	<b>31,353,935</b>	<b>31,147,581</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	397,785	521,241
Foreign currency translation adjustment	3,345,879	4,965,642
Remeasurements of defined benefit plans	42,398	38,505
<b>Total accumulated other comprehensive income</b>	<b>3,786,064</b>	<b>5,525,388</b>
Non-controlling interests	425,039	440,433
<b>Total net assets</b>	<b>35,565,039</b>	<b>37,113,404</b>
<b>Total liabilities and net assets</b>	<b>43,649,803</b>	<b>46,318,030</b>

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

Quarterly consolidated statements of income for the six months ended September 30, 2023

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	16,582,892	18,753,064
Cost of sales	12,749,438	15,104,555
Gross profit	3,833,454	3,648,508
Selling, general and administrative expenses	2,856,636	2,986,179
Operating profit	976,817	662,328
Non-operating income		
Interest income	16,392	23,739
Dividend income	17,817	23,147
Share of profit of entities accounted for using equity method	10,216	42,952
Foreign exchange gains	30,348	–
Gain on sale of scraps	37,250	35,701
Subsidy income	34,754	24,234
Other	13,172	17,074
Total non-operating income	159,954	166,849
Non-operating expenses		
Interest expenses	5,542	3,508
Foreign exchange losses	–	10,138
Other	3,366	322
Total non-operating expenses	8,908	13,969
Ordinary profit	1,127,863	815,208
Extraordinary income		
Gain on sale of non-current assets	318	902
Total extraordinary income	318	902
Extraordinary losses		
Loss on retirement of non-current assets	742	874
Loss on fund leakage at foreign subsidiary	–	297,899
Total extraordinary losses	742	298,773
Profit before income taxes	1,127,440	517,337
Income taxes - current	341,960	346,135
Income taxes - deferred	(20,548)	(18,076)
Total income taxes	321,412	328,058
Profit	806,028	189,279
Profit attributable to non-controlling interests	11,526	4,269
Profit attributable to owners of parent	794,501	185,009



Quarterly consolidated statements of comprehensive income for the six months ended September 30, 2023

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	806,028	189,279
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,775)	122,589
Foreign currency translation adjustment	2,787,285	1,648,015
Remeasurements of defined benefit plans, net of tax	(2,036)	(3,893)
Share of other comprehensive income of entities accounted for using equity method	229	866
Total other comprehensive income	2,778,702	1,767,577
Comprehensive income	3,584,730	1,956,856
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,517,727	1,924,334
Comprehensive income attributable to non-controlling interests	67,003	32,522

## (3) Quarterly consolidated statements of cash flows

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,127,440	517,337
Depreciation	417,615	422,095
Increase (decrease) in provision for bonuses	2,716	33,836
Increase (decrease) in provision for bonuses for directors (and other officers)	(14,900)	(22,800)
Increase (decrease) in allowance for doubtful accounts	1,987	4,293
Increase (decrease) in retirement benefit liability	(11,623)	(9,011)
Interest and dividend income	(34,210)	(46,887)
Subsidy income	(34,754)	(24,234)
Interest expenses	5,542	3,508
Share of loss (profit) of entities accounted for using equity method	(10,216)	(42,952)
Loss (gain) on sale of non-current assets	(318)	(902)
Loss on retirement of non-current assets	742	874
Decrease (increase) in trade receivables	(143,525)	(605,441)
Decrease (increase) in inventories	(30,805)	598,812
Increase (decrease) in trade payables	(2,282,152)	682,757
Other, net	261,790	1,211
Subtotal	(744,673)	1,512,498
Interest and dividends received	33,774	46,904
Interest paid	(5,542)	(3,508)
Subsidies received	34,754	24,234
Income taxes paid	(433,307)	(302,196)
Net cash provided by (used in) operating activities	(1,114,994)	1,277,932
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(406,950)	(395,676)
Proceeds from sale of property, plant and equipment	385	7,882
Purchase of intangible assets	(1,754)	(13,437)
Purchase of investment securities	(5,178)	(5,349)
Loan advances	(940)	(920)
Proceeds from collection of loans receivable	1,149	1,795
Net cash provided by (used in) investing activities	(413,287)	(405,706)
<b>Cash flows from financing activities</b>		
Repayments of lease liabilities	(48,343)	(74,911)
Purchase of treasury shares	(390,630)	–
Dividends paid	(427,223)	(390,887)
Dividends paid to non-controlling interests	(18,390)	(17,128)
Net cash provided by (used in) financing activities	(884,587)	(482,927)
Effect of exchange rate change on cash and cash equivalents	1,520,403	948,593
Net increase (decrease) in cash and cash equivalents	(892,466)	1,337,892
Cash and cash equivalents at beginning of period	20,209,010	19,820,308
Cash and cash equivalents at end of period	19,316,544	21,158,201

(4) Notes to quarterly consolidated financial statements

*Notes on going concern assumption*

Not applicable.

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

Not applicable.

Segment information, etc.

Segment information

I. 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	Consolidation (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.

II. For the six months ended September 30, 2023

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

(Thousand yen)

	Reportable segments							Adjustments (Note) 1	Consolidation (Note) 2
	Japan	Americas	China	ASEAN	Europe	Taiwan	Total		
Net sales									
Net sales to external customers	9,351,721	5,605,133	1,649,643	1,457,959	688,605	–	18,753,064	–	18,753,064
Inter-segment sales or transfers	1,132,001	1,049	57,980	39,036	–	565,563	1,795,631	(1,795,631)	–
Total	10,483,723	5,606,183	1,707,624	1,496,996	688,605	565,563	20,548,696	(1,795,631)	18,753,064
Segment profit (loss)	265,132	157,659	(29,623)	167,045	7,544	13,606	581,365	80,963	662,328

Notes: 1. Adjustment of segment profit (loss) of 80,963 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.

### *Significant subsequent events*

#### *(Acquisition and cancellation of treasury shares)*

At the meeting of the Board of Directors held on November 8, 2023, the Company approved a resolution to acquire treasury shares pursuant to the provisions of Article 156 of the Companies Act applied pursuant to the provisions of Article 165, Paragraph 3 of the said Act, and cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act.

1. Reason for acquisition and cancellation of treasury shares  
To increase shareholder returns and enhance capital efficiency
  
2. Description of matters pertaining to acquisition
  - (1) Type of shares to be acquired  
Common shares of the Company
  - (2) Number of shares to be acquired  
300,000 shares (maximum)  
(2.23% of the total number of shares issued (excluding treasury shares))
  - (3) Total amount of share acquisition cost  
500 million yen (maximum)
  - (4) Period of acquisition of treasury shares  
From November 9, 2023 through May 31, 2024
  - (5) Acquisition method  
Market purchase at the Tokyo Stock Exchange
  
3. Description of matters pertaining to cancellation
  - (1) Type of shares to be cancelled  
Common shares of the Company
  - (2) Total number of shares to be cancelled  
200,000 shares  
(1.46% of the total number of shares issued (including treasury shares) before cancellation)
  - (3) Total number of shares issued after cancellation  
13,478,960 shares
  - (4) Scheduled date of cancellation  
November 24, 2023

### 3. Others

#### *Loss on fund leakage at a foreign subsidiary*

For the six months ended September 30, 2023 (April 1, 2023-September 30, 2023)

This is a loss on the fund leakage at the Company's consolidated subsidiary, OHASHI TECHNICA MEXICO, S.A. DE C.V.