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## Consolidated Financial Results for the Nine Months Ended December 31, 2023 [J-GAAP]

February 8, 2024

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

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Scheduled date for filing of quarterly securities report: February 9, 2024

Scheduled date of commencing dividend payments: –

Availability of supplementary briefing materials on quarterly financial results: None

Holding of quarterly financial results briefing: None

(Amounts of less than millions of yen are truncated)

### 1. Consolidated performance for the nine months ended December 31, 2023 (April 1, 2023-December 31, 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	%
Nine months ended December 31, 2023	28,998	12.8	1,148	(25.9)	1,408	(23.2)	585	(55.3)
Nine months ended December 31, 2022	25,710	4.3	1,550	(14.6)	1,834	(8.6)	1,311	(8.5)

Note: Comprehensive income Nine months ended December 31, 2023: 2,788 million yen [(39.6)%]

Nine months ended December 31, 2022: 4,621 million yen [87.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	43.55	–
Nine months ended December 31, 2022	96.99	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	47,287	37,376	78.1
As of March 31, 2023	43,649	35,565	80.5

Reference: Equity As of December 31, 2023: 36,921 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	39,000	11.5	1,500	(27.2)	1,800	(24.9)	850	(33.8)	63.85

Note: Revision from the most recent announcement of performance forecasts: Yes

For details on the revision of the consolidated financial results forecast, please see the “Notice of Revision to Financial Results Forecast” announced today (February 8, 2024).

### \*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):	December 31, 2023:	13,478,960 shares
	March 31, 2023:	13,678,960 shares
2) Number of treasury shares at the end of the period:	December 31, 2023:	108,778 shares
	March 31, 2023:	215,664 shares
3) Average number of shares during the period:	Nine months ended December 31, 2023:	13,452,731 shares
	Nine months ended December 31, 2022:	13,520,500 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.

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## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

During the nine months ended December 31, 2023, the outlook of the world economy remained uncertain owing to the protracted situation in Ukraine, growing tensions in the Middle East, 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 new energy vehicle (NEV) market was rapidly expanding 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 nine months ended December 31, 2023, on a consolidated basis, the Company posted net sales of 28,998 million yen (up 12.8% 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 market and the continued cutbacks in production at some commercial vehicle manufacturers. On the other hand, consolidated operating profit was 1,148 million yen (down 25.9% year on year) due to the significant impact of soaring purchase, raw material, and energy prices, increased personnel-related expenses in the United States, and lower sales in China. Ordinary profit was 1,408 million yen (down 23.2% year on year), and profit attributable to owners of parent was 585 million yen (down 55.3% 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 14,516 million yen (up 12.2% year on year). Segment profit was 582 million yen (up 22.7% year on year) due to higher sales and new orders.

#### [Americas]

Due to the significant 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 8,638 million yen (up 46.7% year on year). Segment profit was 272 million yen (up 17.3% 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 NEVs (battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs)) 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 vehicles and hybrid electric vehicles (HEVs), stagnated, thus resulting in net sales of 2,562 million yen (down 31.3% year on year).

Segment loss was 57 million yen (segment profit of 383 million yen in the nine months ended December 31, 2022) due to the significant impact of lower sales.

#### [ASEAN]

Due to the contribution of new orders to sales and the positive effect of foreign currency translation resulting from the yen’s depreciation, net sales were 2,268 million yen (up 2.6% year on year). Segment profit was 266 million yen (down 23.5% 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 1,014 million yen (up 7.5% year on year). Segment profit was 18 million yen (down 87.7% 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 23 million yen (down 5.8% 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

Considering the consolidated financial results for the nine months ended December 31, 2023 and the future financial results forecast, the consolidated financial results forecast for the year ending March 31, 2024 has been revised from the forecast published on May 11, 2023.

For details, please see the "Notice of Revision to Financial Results Forecast" published today (February 8, 2024).

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	19,820,308	21,001,568
Notes and accounts receivable - trade, and contract assets	7,313,682	8,670,995
Merchandise and finished goods	5,548,121	5,493,734
Work in process	704,384	770,061
Raw materials and supplies	1,080,448	1,109,140
Other	414,062	708,162
Allowance for doubtful accounts	(9,891)	(17,812)
Total current assets	34,871,115	37,735,850
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,378,560	5,797,502
Accumulated depreciation	(2,990,137)	(3,321,019)
Buildings and structures, net	2,388,423	2,476,482
Machinery, equipment and vehicles	9,664,542	10,710,268
Accumulated depreciation	(8,117,400)	(8,881,918)
Machinery, equipment and vehicles, net	1,547,142	1,828,350
Tools, furniture and fixtures	3,886,499	4,088,583
Accumulated depreciation	(3,518,449)	(3,679,024)
Tools, furniture and fixtures, net	368,050	409,558
Land	1,359,355	1,400,119
Construction in progress	417,696	556,151
Total property, plant and equipment	6,080,667	6,670,662
Intangible assets		
Software	71,752	73,020
Other	54,194	56,666
Total intangible assets	125,947	129,687
Investments and other assets		
Investment securities	1,884,983	2,060,516
Deferred tax assets	192,121	173,008
Other	496,067	519,193
Allowance for doubtful accounts	(1,100)	(1,016)
Total investments and other assets	2,572,072	2,751,702
Total non-current assets	8,778,687	9,552,052
Total assets	43,649,803	47,287,903

(Thousand yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,079,241	3,778,544
Electronically recorded obligations - operating	2,776,289	3,644,853
Income taxes payable	178,147	127,981
Provision for bonuses	152,424	166,951
Provision for bonuses for directors (and other officers)	57,400	51,900
Other	941,886	1,180,345
<b>Total current liabilities</b>	<b>7,185,389</b>	<b>8,950,576</b>
Non-current liabilities		
Deferred tax liabilities	37,761	35,827
Retirement benefit liability	669,546	672,189
Other	192,068	252,581
<b>Total non-current liabilities</b>	<b>899,375</b>	<b>960,599</b>
<b>Total liabilities</b>	<b>8,084,764</b>	<b>9,911,175</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	28,204,211	27,725,923
Treasury shares	(287,187)	(183,117)
<b>Total shareholders' equity</b>	<b>31,353,935</b>	<b>30,979,718</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	397,785	491,639
Foreign currency translation adjustment	3,345,879	5,413,987
Remeasurements of defined benefit plans	42,398	36,558
<b>Total accumulated other comprehensive income</b>	<b>3,786,064</b>	<b>5,942,186</b>
Non-controlling interests	425,039	454,823
<b>Total net assets</b>	<b>35,565,039</b>	<b>37,376,727</b>
<b>Total liabilities and net assets</b>	<b>43,649,803</b>	<b>47,287,903</b>

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

Quarterly consolidated statements of income for the nine months ended December 31, 2023

(Thousand yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	25,710,020	28,998,895
Cost of sales	19,822,221	23,292,343
Gross profit	5,887,798	5,706,552
Selling, general and administrative expenses	4,336,969	4,557,731
Operating profit	1,550,829	1,148,821
Non-operating income		
Interest income	62,363	79,523
Dividend income	37,355	45,805
Share of profit of entities accounted for using equity method	10,099	42,948
Foreign exchange gains	64,793	–
Gain on sale of scraps	54,209	55,607
Subsidy income	48,116	24,443
Other	17,763	22,391
Total non-operating income	294,702	270,720
Non-operating expenses		
Interest expenses	8,549	7,026
Foreign exchange losses	–	2,625
Other	2,834	1,080
Total non-operating expenses	11,383	10,732
Ordinary profit	1,834,147	1,408,809
Extraordinary income		
Gain on sale of non-current assets	321	2,170
Total extraordinary income	321	2,170
Extraordinary losses		
Loss on retirement of non-current assets	756	1,352
Loss on fund leakage at foreign subsidiary	–	313,019
Other	590	–
Total extraordinary losses	1,347	314,372
Profit before income taxes	1,833,121	1,096,607
Income taxes - current	489,847	515,665
Income taxes - deferred	13,420	(14,463)
Total income taxes	503,267	501,201
Profit	1,329,853	595,405
Profit attributable to non-controlling interests	18,487	9,516
Profit attributable to owners of parent	1,311,365	585,888



Quarterly consolidated statements of comprehensive income for the nine months ended December 31, 2023

(Thousand yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	1,329,853	595,405
Other comprehensive income		
Valuation difference on available-for-sale securities	30,413	93,194
Foreign currency translation adjustment	3,264,105	2,105,503
Remeasurements of defined benefit plans, net of tax	(3,054)	(5,840)
Share of other comprehensive income of entities accounted for using equity method	(131)	658
Total other comprehensive income	3,291,332	2,193,517
Comprehensive income	4,621,186	2,788,923
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,549,264	2,742,010
Comprehensive income attributable to non-controlling interests	71,921	46,912

### (3) 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 92,700 treasury shares based on the resolution made at the meeting of the Board of Directors held on November 8, 2023. The Company also canceled 200,000 treasury shares on November 24, 2023. Accordingly, retained earnings decreased by 268,922 thousand yen, and treasury shares decreased by 104,069 thousand yen in the nine months ended December 31, 2023.

As a result, retained earnings and treasury shares stood at 27,725,923 thousand yen and 183,117 thousand yen, respectively, as of December 31, 2023.

#### *Additional information*

##### (Establishment of a specified subsidiary)

The Company approved the establishment of a specified subsidiary at the meeting of the Board of Directors held on July 28, 2023, as stated in the section *Significant subsequent events* of the Consolidated Financial Results for the Three Months Ended June 30, 2023. Based on the resolution made by the Board of Directors, the Company established OHASHI TECHNICA PRECISION PARTS (GUANGZHOU) CO., LTD. as of January 12, 2024, completing its investment in the subsidiary on the same day.

The subsidiary falls under a specified subsidiary of the Company, as the amount of its share capital is 10% or more of that of the Company's share capital.

#### Outline of the new company

1) Name	OHASHI TECHNICA PRECISION PARTS (GUANGZHOU) CO., LTD.
2) Location	No. 7 of Yongsheng Road, Yonghe Subdistrict, Guangzhou Economic & Technological Development District, Guangzhou City, Guangdong Province, China
3) Name and title of the representative person	Makoto Terai, President & CEO
4) Details of business	Purchasing, sales, import and export of automotive-related components
5) Share capital	4,000 thousand USD (equivalent to approximately 582 million yen)
6) Investment ratio	OHASHI TECHNICA INC.: 100%
7) Date of establishment	January 12, 2024

*Segment information, etc.*

Segment information

I. For the nine months ended December 31, 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	12,938,003	5,888,260	3,728,594	2,211,694	943,467	–	25,710,020	–	25,710,020
Inter-segment sales or transfers	1,499,142	4,399	101,830	98,129	–	709,145	2,412,647	(2,412,647)	–
Total	14,437,146	5,892,660	3,830,424	2,309,823	943,467	709,145	28,122,668	(2,412,647)	25,710,020
Segment profit	474,670	232,094	383,397	348,460	150,290	24,655	1,613,570	(62,740)	1,550,829

Notes: 1. Adjustment of segment profit of (62,740) 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 nine months ended December 31, 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	14,516,275	8,638,023	2,562,281	2,268,115	1,014,199	–	28,998,895	–	28,998,895
Inter-segment sales or transfers	1,870,575	7,046	69,693	69,240	–	874,478	2,891,032	(2,891,032)	–
Total	16,386,850	8,645,069	2,631,974	2,337,356	1,014,199	874,478	31,889,927	(2,891,032)	28,998,895
Segment profit (loss)	582,506	272,188	(57,980)	266,438	18,544	23,233	1,104,931	43,890	1,148,821

Notes: 1. Adjustment of segment profit (loss) of 43,890 thousand yen consists of inter-segment eliminations of (14,501) thousand yen and adjustment of inventories of 58,391 thousand yen.

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*

Not applicable

3. Others

*Loss on fund leakage at a foreign subsidiary*

For the nine months ended December 31, 2023 (April 1, 2023-December 31, 2023)

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