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Consolidated Financial Results for the Three Months Ended June 30, 2024 [J-GAAP]

August 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: Masaya Hirose, President & CEO

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Scheduled date of commencing dividend payments: –

Availability of supplementary briefing materials on financial results: None

Holding of financial results briefing: None

(Amounts of less than millions of yen are truncated)

1. Consolidated performance for the three months ended June 30, 2024 (April 1, 2024-June 30, 2024)

(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	%
Three months ended June 30, 2024	9,967	7.4	321	(9.2)	460	16.0	314	–
Three months ended June 30, 2023	9,278	12.1	353	(36.5)	397	(37.5)	(23)	–

Note: Comprehensive income

Three months ended June 30, 2024: 1,398 million yen [190.4%]

Three months ended June 30, 2023: 481 million yen [(70.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	23.85	–
Three months ended June 30, 2023	(1.71)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	47,286	38,157	79.7
As of March 31, 2024	46,522	37,260	79.1

Reference: Equity

As of June 30, 2024: 37,682 million yen

As of March 31, 2024: 36,807 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, 2024	—	30.00	—	30.00	60.00
Year ending March 31, 2025	—				
Year ending March 31, 2025 (forecast)		34.00	—	34.00	68.00

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

3. Consolidated performance forecast for the year ending March 31, 2025 (April 1, 2024-March 31, 2025)

(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	41,000	4.6	2,100	27.9	2,500	25.4	1,800	78.8	136.46

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

*Notes

(1) Significant changes in the scope of consolidation 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 “(3) Notes to quarterly consolidated financial statements, *Changes in accounting policies*” under “2. Quarterly consolidated financial statements and principal notes” on page 8 of the attachment.

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares):	June 30, 2024:	13,478,960 shares
	March 31, 2024:	13,478,960 shares
2) Number of treasury shares at the end of the period:	June 30, 2024:	304,500 shares
	March 31, 2024:	239,678 shares
3) Average number of shares during the period:	Three months ended June 30, 2024:	13,190,693 shares
	Three months ended June 30, 2023:	13,463,232 shares

*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

*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 “(3) Explanation of consolidated financial results forecast and other forward-looking information” under “1. Overview of operating results, etc.” on page 3 of the attachment.

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1. Overview of operating results, etc.

(1) Overview of operating results for the three months ended June 30, 2024

During the three months ended June 30, 2024, while the overall global economy continued its gradual recovery, the outlook remained uncertain owing to the ongoing war in Ukraine, prolonged fighting in the Middle East, the slowdown of the Chinese economy, and other factors.

In the automotive industry in which OHASHI TECHNICA INC. (the “Company”) and its subsidiaries (collectively, the “Group”) operate, sales by Japanese automobile manufacturers remained strong in North America, but global production volume at Japanese automobile manufacturers declined year on year due to further expansion of EV sales in China led by local manufacturers and production cutbacks in Japan caused by certification irregularities at some manufacturers.

Under these circumstances, the Group promoted activities in the third year of its four-year Medium-Term Business Plan: Mission 2025, which started in the fiscal year ended March 31, 2023. The Group continued to work on the pursuit of economic value by further enhancing its four key functions—development, manufacturing, procurement, and global functions—while also promoting specific measures that contribute to the creation of social value in the fields of the environment, society, and governance.

Consequently, in the three months ended June 30, 2024, consolidated net sales amounted to 9,967 million yen (up 7.4% year on year) due to the continued recovery of production in North America, the contribution of new orders to sales in Japan and overseas, and the positive impact of the yen’s depreciation, despite the impact of the cutbacks in production at commercial vehicle manufacturers and some passenger car manufacturers in Japan, as well as production cutbacks in China. On the other hand, consolidated operating profit was 321 million yen (down 9.2% year on year) due to the ongoing rise in purchase and raw material prices, despite efforts to pass them on to selling prices, and because the Chinese business continued to post an operating loss. Ordinary profit was 460 million yen (up 16.0% year on year), and profit attributable to owners of parent was 314 million yen (loss attributable to owners of parent of 23 million yen in the three months 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 production cutbacks caused by certification irregularities at some manufacturers, due to the solid production at automobile manufacturers that are our major clients and the contribution of new orders to sales, net sales were 4,675 million yen (up 3.7% year on year). Segment profit was 162 million yen (up 112.0% year on year) due to higher sales and an improved gross profit margin resulting from price pass-through.

[Americas]

Due to the continued recovery of production at automobile manufacturers that are 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 3,473 million yen (up 24.7% year on year). Segment profit was 85 million yen (up 41.0% year on year) due to higher sales and an improved gross profit margin from passing on higher costs to prices.

[China]

While local manufacturers have increased their share of the EV market, production by Japanese automobile manufacturers has continued to decline, thus resulting in net sales of 687 million yen (down 17.7% year on year). Segment loss was 20 million yen (segment profit of 0 million yen in the three months ended June 30, 2023) due to the significant impact of lower sales.

[ASEAN]

Automobile manufacturers that are our major clients continued to cut production due to sluggish automobile sales caused by the slowdown in the Thai economy and stricter auto loan policies. As a result, net sales were 757 million yen (down 3.1% year on year), despite the positive effect of foreign currency translation resulting from the yen’s depreciation. Segment profit was 103 million yen (up 7.3% year on year) due to revised selling prices, improved production efficiency and cost reductions, despite the impact of lower sales.

[Europe]

Despite production cutbacks at automobile manufacturers that are our major clients, 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 372 million yen (up 2.3% year on year). Segment profit was 12 million yen (up 712.1% year on year) mainly due to revised selling prices and lower purchase prices resulting from the appreciation of the British pound.

[Taiwan]

OHASHI TECHNICA TAIWAN CO., LTD., which transacts business with companies of the Group only, has no net sales to external customers. Segment profit was 10 million yen (up 32.0% year on year) due to increased exports for companies of the Group.

(2) Overview of financial position for the three months ended June 30, 2024

At the end of the three months ended June 30, 2024, assets amounted to 47,286 million yen, up 764 million yen from the end of the previous fiscal year, mainly due to increases in cash and deposits, merchandise and finished goods, and property, plant and equipment.

Liabilities amounted to 9,128 million yen, down 133 million yen from the end of the previous fiscal year, mainly due to a decrease in notes and accounts payable - trade.

Net assets amounted to 38,157 million yen, up 897 million yen from the end of the previous fiscal year, mainly due to an increase in foreign currency translation adjustment.

(3) 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, 2025 from the forecast in the Consolidated Financial Results for the Year Ended March 31, 2024 published on May 14, 2024.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	20,797,663	21,369,919
Notes and accounts receivable - trade, and contract assets	8,261,877	7,864,853
Merchandise and finished goods	5,200,299	5,521,688
Work in process	701,277	745,313
Raw materials and supplies	1,005,803	979,134
Other	561,954	425,180
Allowance for doubtful accounts	(17,673)	(21,302)
Total current assets	36,511,203	36,884,787
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,701,791	5,793,660
Accumulated depreciation	(3,321,541)	(3,369,408)
Buildings and structures, net	2,380,250	2,424,252
Machinery, equipment and vehicles	10,806,126	11,311,393
Accumulated depreciation	(8,788,151)	(8,906,762)
Machinery, equipment and vehicles, net	2,017,974	2,404,631
Tools, furniture and fixtures	4,115,798	4,203,301
Accumulated depreciation	(3,729,023)	(3,798,420)
Tools, furniture and fixtures, net	386,774	404,880
Land	1,400,675	1,408,830
Construction in progress	554,916	366,669
Total property, plant and equipment	6,740,590	7,009,264
Intangible assets		
Software	69,651	73,354
Other	54,916	56,736
Total intangible assets	124,568	130,090
Investments and other assets		
Investment securities	2,545,946	2,617,082
Deferred tax assets	104,372	147,791
Other	523,764	528,682
Allowance for doubtful accounts	(28,355)	(31,114)
Total investments and other assets	3,145,728	3,262,442
Total non-current assets	10,010,888	10,401,797
Total assets	46,522,091	47,286,584

(Thousand yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,523,699	3,314,390
Electronically recorded obligations - operating	3,238,798	3,265,195
Income taxes payable	278,995	150,423
Provision for bonuses	202,415	158,098
Provision for bonuses for directors (and other officers)	67,700	14,850
Other	916,848	1,168,637
Total current liabilities	8,228,457	8,071,596
Non-current liabilities		
Deferred tax liabilities	135,065	174,167
Retirement benefit liability	649,918	657,025
Other	248,428	225,824
Total non-current liabilities	1,033,412	1,057,018
Total liabilities	9,261,870	9,128,614
Net assets		
Shareholders' equity		
Share capital	1,825,671	1,825,671
Capital surplus	1,611,240	1,611,240
Retained earnings	28,146,968	28,063,841
Treasury shares	(416,710)	(519,443)
Total shareholders' equity	31,167,170	30,981,309
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	820,355	856,404
Foreign currency translation adjustment	4,770,528	5,797,514
Remeasurements of defined benefit plans	49,767	47,610
Total accumulated other comprehensive income	5,640,652	6,701,529
Non-controlling interests	452,399	475,131
Total net assets	37,260,221	38,157,970
Total liabilities and net assets	46,522,091	47,286,584

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income for the three months ended June 30, 2024

(Thousand yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	9,278,562	9,967,892
Cost of sales	7,409,851	7,956,443
Gross profit	1,868,710	2,011,449
Selling, general and administrative expenses	1,515,012	1,690,319
Operating profit	353,697	321,130
Non-operating income		
Interest income	12,962	65,997
Dividend income	21,786	27,168
Share of profit of entities accounted for using equity method	3,332	8,659
Foreign exchange gains	—	11,236
Gain on sale of scraps	14,246	23,975
Subsidy income	5,918	20
Other	6,169	6,611
Total non-operating income	64,416	143,670
Non-operating expenses		
Interest expenses	1,757	1,035
Foreign exchange losses	18,965	—
Provision of allowance for doubtful accounts	99	2,453
Other	27	325
Total non-operating expenses	20,849	3,813
Ordinary profit	397,264	460,986
Extraordinary income		
Gain on sale of non-current assets	793	611
Total extraordinary income	793	611
Extraordinary losses		
Loss on retirement of non-current assets	296	2,023
Loss on fund leakage at foreign subsidiary	281,451	2,327
Total extraordinary losses	281,748	4,351
Profit before income taxes	116,309	457,246
Income taxes - current	127,635	161,689
Income taxes - deferred	6,936	(25,992)
Total income taxes	134,571	135,696
Profit (loss)	(18,261)	321,550
Profit attributable to non-controlling interests	4,786	7,014
Profit (loss) attributable to owners of parent	(23,048)	314,536

Quarterly consolidated statements of comprehensive income for the three months ended June 30, 2024

(Thousand yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit (loss)	(18,261)	321,550
Other comprehensive income		
Valuation difference on available-for-sale securities	132,607	36,077
Foreign currency translation adjustment	370,604	1,042,703
Remeasurements of defined benefit plans, net of tax	(1,946)	(2,157)
Share of other comprehensive income of entities accounted for using equity method	(1,542)	(28)
Total other comprehensive income	499,722	1,076,595
Comprehensive income	481,461	1,398,145
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	464,691	1,375,413
Comprehensive income attributable to non-controlling interests	16,769	22,732

(3) Notes to quarterly consolidated financial statements

Changes in accounting policies

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter “Revised Accounting Standard 2022”) and other standards from the beginning of the three months ended June 30, 2024.

With respect to the amendment related to the classification for recording current income taxes (taxes on other comprehensive income), the Company follows the transitional treatment provided for in the proviso to paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment provided for in the proviso to paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policies has no impact on the quarterly consolidated financial statements.

Notes on segment information, etc.

I. For the three months ended June 30, 2023

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

	Reportable segments							Adjustments	Consolidation
	Japan	Americas	China	ASEAN	Europe	Taiwan	Total	(Note) 1	(Note) 2
Net sales									
Net sales to external customers	4,509,644	2,786,520	835,686	782,050	364,661	–	9,278,562	–	9,278,562
Inter-segment sales or transfers	502,897	622	30,302	15,173	–	291,557	840,553	(840,553)	–
Total	5,012,541	2,787,143	865,988	797,223	364,661	291,557	10,119,116	(840,553)	9,278,562
Segment profit	76,767	60,593	378	96,751	1,588	8,326	244,405	109,292	353,697

Notes: 1. Adjustment of segment profit of 109,292 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 three months ended June 30, 2024

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

	Reportable segments							Adjustments	Consolidation
	Japan	Americas	China	ASEAN	Europe	Taiwan	Total	(Note) 1	(Note) 2
Net sales									
Net sales to external customers	4,675,579	3,473,557	687,908	757,955	372,891	–	9,967,892	–	9,967,892
Inter-segment sales or transfers	620,075	13,425	18,046	16,261	–	316,834	984,644	(984,644)	–
Total	5,295,655	3,486,982	705,955	774,216	372,891	316,834	10,952,537	(984,644)	9,967,892
Segment profit (loss)	162,756	85,434	(20,397)	103,792	12,898	10,988	355,473	(34,343)	321,130

Notes: 1. Adjustment of segment profit (loss) of (34,343) thousand yen includes inter-segment eliminations of 812 thousand yen and inventory adjustment of (35,155) 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.

Notes in case of significant changes in shareholders' equity

The Company acquired 64,700 treasury shares based on the resolution made at the meeting of the Board of Directors held on November 8, 2023. Accordingly, treasury shares increased by 102,733 thousand yen in the three months ended June 30, 2024, bringing treasury shares to 519,443 thousand yen as of June 30, 2024.

Notes on going concern assumption

Not applicable.

Notes to consolidated statements of cash flows

Quarterly consolidated statements of cash flows for the three months ended June 30, 2024 have not been prepared. Depreciation (including amortization of intangible assets) for the three months ended June 30, 2024 is as follows.

	(Thousand yen)	
	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	198,215	217,289

Notes on significant subsequent events

Not applicable.