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Consolidated Financial Results for the Year Ended March 31, 2023 [J-GAAP]

May 11, 2023

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 of ordinary general meeting of shareholders: June 23, 2023

Scheduled date of commencing dividend payments: June 26, 2023

Scheduled date of filing annual securities report: June 23, 2023

Availability of supplementary briefing materials on financial results: Yes

Holding of financial results briefing: None

(Amounts of less than millions of yen are truncated)

1. Consolidated performance for the year ended March 31, 2023 (April 1, 2022-March 31, 2023)

(1) Consolidated operating results

(Percentages show year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2023	34,974	7.5	2,061	(9.3)	2,396	(5.5)	1,283	(28.4)
Year ended March 31, 2022	32,545	9.3	2,272	7.9	2,536	11.2	1,791	16.3

Note: Comprehensive income

Year ended March 31, 2023: 3,331 million yen [1.5%]

Year ended March 31, 2022: 3,281 million yen [165.3%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating margin
	Yen	Yen	%	%	%
Year ended March 31, 2023	95.00	—	3.8	5.5	5.9
Year ended March 31, 2022	127.17	—	5.6	5.9	7.0

Reference: Share of profit of entities accounted for using equity method

Year ended March 31, 2023: 17 million yen Year ended March 31, 2022: 54 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	43,649	35,565	80.5	2,610.06
As of March 31, 2022	43,352	33,448	76.3	2,401.52

Reference: Equity

As of March 31, 2023: 35,139 million yen

As of March 31, 2022: 33,060 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2023	601	(734)	(1,314)	19,820
Year ended March 31, 2022	567	(992)	(1,664)	20,209

2. Dividends

	Annual dividends					Total dividends	Consolidated payout ratio	Consolidated dividend on net assets
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2022	—	26.00	—	31.00	57.00	795	44.8	2.5
Year ended March 31, 2023	—	28.00	—	29.00	57.00	768	60.0	2.3
Year ending March 31, 2024 (forecast)	—	30.00	—	30.00	60.00		53.9	

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	111.41

*Notes

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

(2) 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 “(5) Notes to consolidated financial statements: Changes in accounting policies” under “3. Consolidated financial statements and principal notes” on page 16 of the attachment.

(3) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares):	March 31, 2023:	13,678,960 shares
	March 31, 2022:	14,178,960 shares
2) Number of treasury shares at the end of the period:	March 31, 2023:	215,664 shares
	March 31, 2022:	412,473 shares
3) Average number of shares during the period:	Year ended March 31, 2023:	13,506,418 shares
	Year ended March 31, 2022:	14,086,366 shares

Reference: Overview of non-consolidated performance

1. Non-consolidated performance for the year ended March 31, 2023 (April 1, 2022-March 31, 2023)

(1) Non-consolidated operating results (Percentages show year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2023	18,382	(5.0)	699	(49.6)	1,093	(40.4)	(1,329)	—
Year ended March 31, 2022	19,354	10.2	1,388	10.8	1,833	12.2	1,315	10.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2023	(98.35)	—
Year ended March 31, 2022	93.26	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	25,163	19,705	78.3	1,461.98
As of March 31, 2022	29,687	22,127	74.5	1,605.57

Reference: Equity As of March 31, 2023: 19,705 million yen As of March 31, 2022: 22,127 million yen

*These financial results are outside the scope of audits by certified public accountants or audit firms.

*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.

Supplementary briefing materials on financial results

Financial results briefing materials are scheduled to be posted on the Company's website on May 11, 2023.

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review (the year ended March 31, 2023), the outlook of the world economy remained uncertain due to the effects of the lockdown in China caused by the re-expansion of COVID-19, soaring resource and energy prices and rising consumer prices due to Russia's invasion of Ukraine, sharp exchange rate fluctuations and other factors.

In the automotive industry in which OHASHI TECHNICA INC. (the "Company") and its subsidiaries (collectively, the "Group") operate business, global production volume at Japanese automobile manufacturers remained largely unchanged from the previous year, which has not yet recovered to pre-COVID-19 levels, due to continued production adjustments at automobile manufacturers, mainly caused by supply shortages of semiconductors and other parts.

Under these circumstances, the Group launched its four-year Medium-Term Business Plan: Mission 2025, which began in the fiscal year under review, and started 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 this situation in the fiscal year under review, on a consolidated basis, the Company posted net sales of 34,974 million yen (up 7.5% year on year) due to the contribution of new orders to sales and the positive effect of foreign currency translation from the yen's depreciation, despite the impact of production adjustments by automobile manufacturers of our clients and cutbacks in production at commercial vehicle manufacturers that are major clients of the Group. On the other hand, consolidated operating profit was 2,061 million yen (down 9.3% year on year) due to a decrease in revenue in the domestic business division, soaring raw material prices and sustained high ocean freight costs, and increased ESG-related costs such as human investment. Ordinary profit was 2,396 million yen (down 5.5% year on year), and profit attributable to owners of parent was 1,283 million yen (down 28.4% year on year) due to the recording of impairment losses of 410 million yen based on the "Accounting Standard for Impairment of Fixed Assets" in line with the deteriorating profitability of domestic consolidated subsidiaries.

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 consolidated statements of income.)

[Japan]

Although new orders contributed to net sales, production adjustments at automobile manufacturers of our clients, mainly due to 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, resulted in net sales of 17,592 million yen (down 1.3% year on year). Segment profit was 621 million yen (down 52.7% year on year) due to lower sales and soaring purchase and raw material prices.

[Americas]

Production adjustment at automobile manufacturers of our clients in the U.S. have continued due to supply shortages of semiconductors and other parts. However, due to the contribution of new orders to sales and the positive effect of currency translation resulting from the yen's depreciation, net sales were 8,099 million yen (up 22.4% year on year). Segment profit was 275 million yen (down 8.9% year on year) due to soaring raw material prices and an increase in hiring-related expenses caused by labor shortages.

[China]

Due to the positive effect of foreign currency translation resulting from the yen's depreciation, despite the impact of production stoppages and adjustments at automobile manufacturers of our clients in China caused by supply shortages of semiconductors and other parts, and the lockdowns in Shanghai and other locations owing to the spread of COVID-19, net sales were 5,031 million yen (up 4.7% year on year). Segment profit was 469 million yen (down 15.4% year on year) due to soaring raw material prices and other factors.

[ASEAN]

The impact of supply shortages of semiconductors and other parts was relatively minor, and due to the recovery of production at automobile manufacturers of our major clients and the contribution of new orders to sales, net sales were 2,961 million yen (up 22.4% year on year). Segment profit was 478 million yen (up 20.1% year on year) owing to the increase in sales.

[Europe]

Production plans at automobile manufacturers in Europe were impacted by the supply shortages of semiconductors and other parts. However, due to the increase in sales to our major clients and improved transaction terms, net sales were 1,289 million yen (up 47.8% year on year). Segment profit was 174 million yen (segment loss of 120 million yen in the previous fiscal year).

[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 34 million yen (a segment loss of 42 million yen in the previous fiscal year) due to a review of terms and conditions of export and other factors.

(2) Overview of financial position for the fiscal year under review

At the end of the fiscal year under review, assets amounted to 43,649 million yen, up 297 million yen from the end of the previous fiscal year, mainly due to increases in notes and accounts receivable - trade, and contract assets, and investment securities, and the implementation of investment in non-current assets, despite decreases in cash and deposits, and non-current assets due to impairment.

Liabilities amounted to 8,084 million yen, down 1,819 million yen from the end of the previous fiscal year, mainly due to a decrease in electronically recorded obligations - operating as a result of shortened payment terms.

Net assets amounted to 35,565 million yen, up 2,116 million yen from the end of the previous fiscal year, mainly due to increases in foreign currency translation adjustment and valuation difference on available-for-sale securities, as well as profit attributable to owners of parent, despite dividends paid and the purchase of treasury shares.

Treasury shares amounted to 287 million yen, with an increase of 391 million yen due to new acquisitions but a decrease of 672 million yen due to cancellation of existing holdings.

(3) Overview of cash flows for the fiscal year under review

At the end of the fiscal year under review, cash and cash equivalents (“funds”) amounted to 19,820 million yen, down 388 million yen from the end of the previous fiscal year.

The status of cash flows per category for the fiscal year under review and their factors are as follows:

Cash flows from operating activities

Funds provided by operating activities were 601 million yen (an inflow of 567 million yen in the previous fiscal year).

This was mainly attributable to recording profit before income taxes of 2,033 million yen and depreciation of 899 million yen, offsetting a decrease in trade payables of 2,091 million yen due to shortened payment terms and income taxes paid of 863 million yen.

Cash flows from investing activities

Funds used in investing activities were 734 million yen (an outflow of 992 million yen in the previous fiscal year).

This is mainly attributable to purchase of property, plant and equipment of 763 million yen.

Cash flows from financing activities

Funds used in financing activities were 1,314 million yen (an outflow of 1,664 million yen in the previous fiscal year).

This is mainly attributable to dividends paid of 804 million yen and purchase of treasury shares of 390 million yen.

Reference: Trends in cash flow indicators

	68th term Year ended March 31, 2020	69th term Year ended March 31, 2021	70th term Year ended March 31, 2022	71st term Year ended March 31, 2023
Equity ratio (%)	74.4	74.2	76.3	80.5
Equity ratio at fair value (%)	46.4	53.0	41.1	48.5
Cash flow vs interest-bearing debt (%)	7.0	13.7	27.6	36.6
Interest coverage ratio (times)	554.9	262.2	73.9	58.9

*Equity ratio: Equity/Total assets

Equity ratio at fair value: Market capitalization/Total assets

Cash flow vs interest-bearing debt: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest payment

1. All indicators are calculated based on financial figures on a consolidated basis.
2. Market capitalization is calculated based on the number of shares issued excluding treasury shares.
3. Cash flow indicates cash flows from operating activities.
4. Interest-bearing debt covers all liabilities that bear interest recorded on the consolidated balance sheets.

(4) Future outlook

The growth rate of the world economy is expected to slow down due to continued high international inflationary pressure and tight monetary policy in the U.S. and Europe, as well as the effects of the fragmentation of global economic activities caused by the situation in Ukraine and the tension between the U.S. and China.

The Japanese economy is expected to recover moderately through the latter half of the next fiscal year, boosted by the resumption of economic activities following the end of COVID-19 and a recovery in inbound demand.

In the automotive industry, production adjustments at Japanese automobile manufacturers due to shortages of semiconductors and components that have continued since the previous fiscal year are expected to last for some time, but a gradual recovery from these supply constraints is projected.

Under these circumstances, with regard to the consolidated performance forecast for the year ending March 31, 2024, the Group is forecasting net sales of 37,500 million yen (up 7.2% year on year), operating profit of 2,250 million yen (up 9.1% year on year), ordinary profit of 2,500 million yen (up 4.3% year on year), and profit attributable to owners of parent of 1,500 million yen (up 16.9% year on year).

The next fiscal year (ending March 31, 2024) will be the second year of the Medium-Term Business Plan: Mission 2025 announced in March 2022. The Group will steadily proceed with specific measures that will contribute to the pursuit of economic value by further enhancing the Group's four key functions and the creation of social value in the materiality of the environment, society, and governance.

With regard to the foreign exchange rates for major currencies used as the basis of assumptions, the Group is predicting on the premise of 1 USD = 131.00 yen, 1 RMB = 19.50 yen, 1 THB = 3.75 yen, 1 GBP = 161.00 yen, and 1MXN = 6.50 yen.

Furthermore, the above performance forecast has been prepared based on information available as of the announcement date of this document. Actual results may vary from the forecasted figures due to various factors in the future.

(5) Dividend policy and dividends for the current and next fiscal years

The Company deems enhancing corporate value over the medium to long term and returning profits to shareholders an important management task.

The Company plans to pay a year-end dividend of 29 yen per share for the fiscal year under review (the year ended March 31, 2023), based on the above policy and upon comprehensively taking into account factors including performance for the fiscal year under review and financial base. The resulting annual dividend will be 57 yen per share including the interim dividend of 28 yen per share paid in December 2022.

As for dividends for the next fiscal year (the year ending March 31, 2024), the Company plans to pay an ordinary annual dividend of 60 yen per share (an interim dividend of 30 yen per share and a year-end dividend of 30 yen per share).

2. Basic policy on selection of accounting standards

The Group's policy is to prepare its consolidated financial statements based on accounting standards generally accepted in Japan (J-GAAP) for the meantime to enable comparison of consolidated financial statements between different periods and companies. The Group will appropriately deal with the application of international accounting standards upon monitoring various developments in Japan and overseas.

3. Consolidated financial statements and principal notes

(1) Consolidated balance sheets

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	20,209,010	19,820,308
Notes and accounts receivable - trade, and contract assets	*2 6,514,852	*2 7,313,682
Merchandise and finished goods	5,874,528	5,548,121
Work in process	585,706	704,384
Raw materials and supplies	789,212	1,080,448
Other	634,632	414,062
Allowance for doubtful accounts	(6,986)	(9,891)
Total current assets	34,600,956	34,871,115
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,114,731	5,378,560
Accumulated depreciation	(2,638,692)	(2,990,137)
Buildings and structures, net	2,476,039	2,388,423
Machinery, equipment and vehicles	8,677,350	9,664,542
Accumulated depreciation	(7,198,719)	(8,117,400)
Machinery, equipment and vehicles, net	1,478,630	1,547,142
Tools, furniture and fixtures	3,706,101	3,886,499
Accumulated depreciation	(3,338,823)	(3,518,449)
Tools, furniture and fixtures, net	367,278	368,050
Land	1,392,174	1,359,355
Construction in progress	375,833	417,696
Total property, plant and equipment	6,089,955	6,080,667
Intangible assets		
Software	127,986	71,752
Other	53,244	54,194
Total intangible assets	181,231	125,947
Investments and other assets		
Investment securities	1,712,029	1,884,983
Deferred tax assets	280,483	192,121
Other	489,434	496,067
Allowance for doubtful accounts	(1,600)	(1,100)
Total investments and other assets	2,480,347	2,572,072
Total non-current assets	8,751,534	8,778,687
Total assets	43,352,490	43,649,803

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,864,862	3,079,241
Electronically recorded obligations - operating	4,805,599	2,776,289
Income taxes payable	387,358	178,147
Provision for bonuses	180,878	152,424
Provision for bonuses for directors (and other officers)	44,100	57,400
Other	* ₃ 864,813	* ₃ 941,886
Total current liabilities	9,147,612	7,185,389
Non-current liabilities		
Deferred tax liabilities	621	37,761
Retirement benefit liability	615,864	669,546
Other	139,824	192,068
Total non-current liabilities	756,311	899,375
Total liabilities	9,903,923	8,084,764
Net assets		
Shareholders' equity		
Share capital	1,825,671	1,825,671
Capital surplus	1,611,240	1,611,240
Retained earnings	28,398,043	28,204,211
Treasury shares	(567,932)	(287,187)
Total shareholders' equity	31,267,022	31,353,935
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	293,984	397,785
Foreign currency translation adjustment	1,464,438	3,345,879
Remeasurements of defined benefit plans	34,981	42,398
Total accumulated other comprehensive income	1,793,404	3,786,064
Non-controlling interests	388,139	425,039
Total net assets	33,448,566	35,565,039
Total liabilities and net assets	43,352,490	43,649,803

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Thousand yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Net sales	32,545,378	34,974,647
Cost of sales	*5 24,866,627	*5 27,106,583
Gross profit	7,678,750	7,868,063
Selling, general and administrative expenses	*1,*2 5,406,165	*1,*2 5,806,388
Operating profit	2,272,585	2,061,675
Non-operating income		
Interest income	56,554	72,772
Dividend income	43,726	49,399
Share of profit of entities accounted for using equity method	54,168	17,677
Foreign exchange gains	—	65,500
Gain on sale of scraps	70,456	70,514
Subsidy income	78,154	48,499
Other	19,216	23,505
Total non-operating income	322,277	347,869
Non-operating expenses		
Interest expenses	7,685	10,212
Foreign exchange losses	21,041	—
Business commencement expenses	25,532	—
Other	3,983	2,860
Total non-operating expenses	58,242	13,072
Ordinary profit	2,536,619	2,396,472
Extraordinary income		
Gain on sale of non-current assets	*3 1,597	*3 49,478
Gain on sale of investment securities	2,676	—
Gain on forgiveness of debts	*6 106,609	—
Total extraordinary income	110,884	49,478
Extraordinary losses		
Loss on retirement of non-current assets	*4 1,541	*4 759
Impairment losses	*7 56,387	*7 410,411
Other	—	1,677
Total extraordinary losses	57,929	412,847
Profit before income taxes	2,589,575	2,033,103
Income taxes - current	832,179	645,193
Income taxes - deferred	(50,250)	81,315
Total income taxes	781,929	726,509
Profit	1,807,645	1,306,593
Profit attributable to non-controlling interests	16,343	23,489
Profit attributable to owners of parent	1,791,302	1,283,104

Consolidated statements of comprehensive income

(Thousand yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Profit	1,807,645	1,306,593
Other comprehensive income		
Valuation difference on available-for-sale securities	(34,936)	103,840
Foreign currency translation adjustment	1,507,584	1,913,241
Remeasurements of defined benefit plans, net of tax	1,003	7,416
Share of other comprehensive income of entities accounted for using equity method	523	(39)
Total other comprehensive income	1,474,175	2,024,460
Comprehensive income	3,281,821	3,331,053
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,281,781	3,275,763
Comprehensive income attributable to non-controlling interests	39	55,290

(3) Consolidated statements of changes in equity

For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,825,671	1,611,240	28,338,005	(811,559)	30,963,356
Changes during period					
Dividends of surplus			(824,299)		(824,299)
Profit attributable to owners of parent			1,791,302		1,791,302
Purchase of treasury shares				(646,907)	(646,907)
Cancellation of treasury shares			(890,533)	890,533	—
Change in scope of consolidation			(16,430)		(16,430)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	60,038	243,626	303,665
Balance at end of period	1,825,671	1,611,240	28,398,043	(567,932)	31,267,022

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	328,397	(59,449)	33,978	302,925	405,979	31,672,261
Changes during period						
Dividends of surplus						(824,299)
Profit attributable to owners of parent						1,791,302
Purchase of treasury shares						(646,907)
Cancellation of treasury shares						—
Change in scope of consolidation						(16,430)
Net changes in items other than shareholders' equity	(34,413)	1,523,888	1,003	1,490,479	(17,839)	1,472,639
Total changes during period	(34,413)	1,523,888	1,003	1,490,479	(17,839)	1,776,305
Balance at end of period	293,984	1,464,438	34,981	1,793,404	388,139	33,448,566

For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,825,671	1,611,240	28,398,043	(567,932)	31,267,022
Changes during period					
Dividends of surplus			(804,632)		(804,632)
Profit attributable to owners of parent			1,283,104		1,283,104
Purchase of treasury shares				(391,559)	(391,559)
Cancellation of treasury shares			(672,305)	672,305	—
Change in scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(193,832)	280,745	86,913
Balance at end of period	1,825,671	1,611,240	28,204,211	(287,187)	31,353,935

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	293,984	1,464,438	34,981	1,793,404	388,139	33,448,566
Changes during period						
Dividends of surplus						(804,632)
Profit attributable to owners of parent						1,283,104
Purchase of treasury shares						(391,559)
Cancellation of treasury shares						—
Change in scope of consolidation						—
Net changes in items other than shareholders' equity	103,801	1,881,440	7,416	1,992,659	36,899	2,029,559
Total changes during period	103,801	1,881,440	7,416	1,992,659	36,899	2,116,472
Balance at end of period	397,785	3,345,879	42,398	3,786,064	425,039	35,565,039

(4) Consolidated statements of cash flows

(Thousand yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,589,575	2,033,103
Depreciation	852,451	899,718
Increase (decrease) in provision for bonuses	(7,578)	(30,392)
Increase (decrease) in provision for bonuses for directors (and other officers)	17,000	13,300
Impairment losses	56,387	410,411
Increase (decrease) in allowance for doubtful accounts	(2,601)	1,761
Increase (decrease) in retirement benefit liability	(1,850)	58,494
Interest and dividend income	(100,280)	(122,172)
Gain on forgiveness of debts	(106,609)	—
Subsidy income	(78,154)	(48,499)
Interest expenses	7,685	10,212
Share of loss (profit) of entities accounted for using equity method	(54,168)	(17,677)
Loss (gain) on sale of non-current assets	(1,597)	(49,478)
Loss on retirement of non-current assets	1,541	759
Loss (gain) on sale of investment securities	(2,676)	—
Decrease (increase) in trade receivables	766,917	(591,436)
Decrease (increase) in inventories	(1,975,246)	490,818
Increase (decrease) in trade payables	(856,400)	(2,091,389)
Other, net	29,792	334,397
Subtotal	1,134,183	1,301,930
Interest and dividends received	100,331	124,553
Interest paid	(7,685)	(10,212)
Subsidies received	100,220	48,499
Income taxes paid	(759,264)	(863,307)
Net cash provided by (used in) operating activities	567,785	601,463
Cash flows from investing activities		
Purchase of property, plant and equipment	(974,922)	(763,454)
Proceeds from sale of property, plant and equipment	14,073	53,264
Purchase of intangible assets	(32,563)	(10,855)
Purchase of investment securities	(9,736)	(10,255)
Proceeds from sale of investment securities	11,525	—
Loan advances	(3,254)	(5,299)
Proceeds from collection of loans receivable	2,811	2,563
Net cash provided by (used in) investing activities	(992,066)	(734,037)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9,721)	—
Repayments of lease liabilities	(101,225)	(100,400)
Purchase of treasury shares	(645,957)	(390,630)
Dividends paid	(824,299)	(804,632)
Repayments to non-controlling shareholders	(65,880)	—
Dividends paid to non-controlling interests	(17,878)	(18,390)
Net cash provided by (used in) financing activities	(1,664,963)	(1,314,053)
Effect of exchange rate change on cash and cash equivalents	936,326	1,057,924
Net increase (decrease) in cash and cash equivalents	(1,152,917)	(388,702)
Cash and cash equivalents at beginning of period	21,361,928	20,209,010
Cash and cash equivalents at end of period	* 20,209,010	* 19,820,308

(5) Notes to consolidated financial statements

Notes on going concern assumption

Not applicable.

Significant basis of preparing consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 13

Names of consolidated subsidiaries

OHASHI GIKEN, INC.

OHASHI LOGISTICS, INC.

OHASHI TECHNICA U.S.A., INC.

OHASHI TECHNICA U.S.A. MANUFACTURING, INC.

OHASHI TECHNICA MEXICO,S.A. DE C.V.

OHASHI TECHNICA PRECISION PARTS (SHANGHAI) CO., LTD.

OHASHI TECHNICA PRECISION PARTS (GUANGZHOU) CO., LTD.

OHASHI NAKAHYO PRECISION PARTS (GUANGZHOU) CO., LTD.

OHASHI TECHNICA (SHANGHAI) CO., LTD.

OHASHI TECHNICA (THAILAND) CO., LTD.

OHASHI SATO (THAILAND) CO., LTD.

OHASHI TECHNICA UK, LTD.

OHASHI TECHNICA TAIWAN CO., LTD.

(2) Name, etc. of major non-consolidated subsidiaries

There are no non-consolidated subsidiaries.

2. Scope of equity method

Number of associates accounted for using equity method: 2

Names of associates accounted for using equity method

TK Co. Ltd.

NAKAHYO Co., Ltd.

3. Fiscal years of consolidated subsidiaries

The fiscal years of the two consolidated subsidiaries in Japan close on the same date as the closing date of the consolidated fiscal year of the Company. The fiscal years of the 11 overseas consolidated subsidiaries close on December 31.

In the preparation of consolidated financial statements, financial statements as of December 31 are used for the overseas consolidated subsidiaries, provided that adjustments are made with respect to material items that have occurred from January 1 to the consolidation closing date of March 31.

4. Accounting policies

(1) Valuation basis and valuation method for significant assets

(a) Securities

Available-for-sale securities

Securities other than shares that do not have a market price

Stated at fair value based on the market price quoted as of the end of the fiscal year (Valuation differences are recorded in net assets, with the cost of securities sold to be calculated by the moving-average method.)

Shares that do not have a market price

Stated at cost by the moving-average method

(b) Derivatives

Stated at fair value

- (c) Inventories
 - (i) Merchandise

Stated at cost by moving-average method (the value on the balance sheet is written down for a decline in profitability) for the domestic consolidated subsidiaries, and by the lower of cost or market method with the first-in-first-out (FIFO) method for the overseas consolidated subsidiaries
 - (ii) Finished goods, work in process and raw materials

Stated at cost by the first-in-first-out (FIFO) method (the value on the balance sheet is written down for a decline in profitability) for the domestic consolidated subsidiaries, and by the lower of cost or market method with the first-in-first-out (FIFO) method for the overseas consolidated subsidiaries
 - (iii) Supplies

Stated at the last purchase price method
- (2) Depreciation and amortization method for significant depreciable and amortizable assets
 - (a) Property, plant and equipment (excluding leased assets)

Depreciated primarily by the declining-balance method for the Company and the domestic consolidated subsidiaries (provided that the buildings, excluding facilities attached to buildings, acquired on or after April 1, 1998 and the structures and the facilities attached to buildings acquired on or after April 1, 2016 are depreciated by the straight-line method), by the straight-line method for some of the domestic subsidiaries, and by the straight-line method for the overseas consolidated subsidiaries based on accounting standards prevailing in their respective countries

The principal useful lives of these assets are as summarized below.

 - Buildings and structures: 10 to 50 years
 - Machinery, equipment and vehicles: 4 to 12 years
 - Tools, furniture and fixtures: 2 to 10 years
 - (b) Intangible assets (excluding leased assets)

Amortized by the straight-line method for the Company and the domestic consolidated subsidiaries, and by the straight-line method for the overseas consolidated subsidiaries based on accounting standards prevailing in their respective countries

Software used in house by the Company and the domestic consolidated subsidiaries is amortized by the straight-line method over the internally estimated useful life (5 years).
 - (c) Leased assets

Leased assets in finance lease transactions that do not involve transfer of ownership

Amortized by the straight-line method with the lease term equal to the useful life of each asset and the residual value of zero
 - (d) Long-term prepaid expense

Amortized by the straight-line method for the Company and the domestic consolidated subsidiaries
- (3) Accounting standards for significant allowances
 - (a) Allowance for doubtful accounts

For the Company and the domestic consolidated subsidiaries to cover possible bad debt expenses on notes and accounts receivable – trade, etc., allowance for doubtful accounts is recorded as the uncollectable amount estimated based on the historical default rate for normal accounts receivable, while allowance for doubtful accounts is recorded as the uncollectable amount estimated by taking into account collectability on a case-by-case basis for certain accounts receivable such as doubtful accounts of receivable with higher possibility of default.

For the overseas consolidated subsidiaries, allowance for doubtful accounts is recorded as the necessary amount estimated according to collectability of each account by referring to internal standards set by each of the overseas consolidated subsidiaries.
 - (b) Provision for bonuses

For the Company, the domestic consolidated subsidiaries and some of the overseas consolidated subsidiaries to prepare for the payment of bonuses to employees, provision is recorded as the amount of the portion of the estimated amount of bonuses to be paid that should be attributed to the consolidated fiscal year under review.
 - (c) Provision for bonuses for directors (and other officers)

For the Company to prepare for the payment of bonuses to directors and other officers, provision is recorded as the amount of the payment estimated at the end of the fiscal year under review.

(4) Accounting standards for significant revenue and expenses

The performance obligation of the Group is primarily to supply automotive-related components to customers. The Group considers the performance obligation for each component to have been satisfied when control of the component passes to the customer in delivery, and therefore recognizes revenue from the sale of the component at that point of time, provided however, that for the case where the period from the time of shipment to the time of the passing of control is of normal length, the Group recognizes the revenue at the time of shipment.

The Group considers that in paid supply transactions, if a supplier has an obligation to buy back supplied goods from a customer, neither does the customer have control of the supplied goods nor does the inventory of the supplied goods pass from the supplier to the customer at the time of supply. Accordingly, the transaction is recorded as contract assets in the case of when the Company is the customer, and as contract liabilities in the case of when the Company is the supplier. In addition, the total value of the supplied goods is not recorded as revenue or purchase at the time of provision, and only actual manufacturing costs on a net basis as revenue or purchase at the time of delivery of final goods.

The Company and the consolidated subsidiaries recognize revenue and expenses by the following 5-step approach:

Step 1: Recognize a contract with a customer.

Step 2: Identify performance obligations under the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to each of the performance obligations.

Step 5: Recognize revenue when the performance obligations are satisfied (or according to the extent to which the performance obligations are satisfied).

(5) Accounting method for retirement benefit

(a) Method of attributing the projected amount of retirement benefit to accounting periods

In the calculation of retirement benefit obligations, the straight-line method is used to attribute the projected amount of retirement benefits to the consolidated fiscal year under review.

(b) Method of amortization of actuarial differences and past service costs

Actuarial differences are amortized, from the consolidated fiscal year immediately following the consolidated fiscal year when they are incurred, by using the straight-line method over a period of time within the average remaining service period of employees as of the time when they are incurred (10 years). Past service costs are amortized as a lump-sum expense in the year incurred.

(c) Application of a simplified accounting method by small-sized companies

In the calculation of retirement benefit liability and retirement benefit expenses, some of the domestic consolidated subsidiaries apply a simplified accounting method which considers the assumed amount of benefits to be paid for voluntarily retired employees at the end of each consolidated fiscal year as retirement benefit obligations.

(6) Standards for conversion of significant foreign currency assets or liabilities into Japanese yen

Foreign currency monetary assets and liabilities are converted into Japanese yen at the spot exchange rate prevailing on the closing date of each consolidated fiscal year, and the resulting conversion difference are credited or charged to income. For the overseas consolidated subsidiaries, assets and liabilities are converted into Japanese yen at the spot exchange rate prevailing on the closing date and revenue and expenses are converted into Japanese yen at the average exchange rate for each fiscal year, and the resulting conversion differences are included in the accounts of foreign currency conversion adjustment and non-controlling interests.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows comprise cash at hand, at-call bank deposits, and short-term investments that become mature three months or less from the date of acquisition, are readily convertible to cash and are subject to only an insignificant risk of changes in value.

Changes in accounting policies

(Application of FASB Accounting Standards Codification ASC 842, “Leases”)

Foreign consolidated subsidiaries that apply U.S. GAAP have applied ASC 842, “Leases,” from the end of the consolidated fiscal year under review.

As a result of the application, all leases of lessees in such foreign consolidated subsidiaries are, in principle, recorded as assets and liabilities on the balance sheet.

In applying this accounting standard, the cumulative effect of applying the standard is recognized as of the date on which the application began, as permitted by transitional measures.

As a result, property, plant and equipment increased 92,795 thousand yen, “Other” in current liabilities increased 38,141 thousand yen, and “Other” in non-current liabilities increased 54,654 thousand yen as of the end of the consolidated fiscal year under review. There is no effect on profit and loss for the consolidated fiscal year under review.

Additional information

(Revision of retirement benefit system)

At the meeting of the Board of Directors held on January 26, 2023, the Company approved a resolution to revise the lump-sum retirement benefit system in conjunction with the extension of the retirement age from 60 to 65, effective April 1, 2023.

As a result of this system revision, retirement benefit obligations increased by 60,028 thousand yen and a past service cost of the same amount was incurred as of the end of the consolidated fiscal year under review.

Notes to consolidated balance sheets

*1 Guarantee obligations

The Company provides debt guarantee for a bank loan taken out by a company that is not a consolidated subsidiary as follows:

	(Thousand yen)	
	As of March 31, 2022	As of March 31, 2023
TK Co. Ltd.	196,826	154,922

*2 Of “Notes and accounts receivable – trade, and contract assets,” the amounts of the receivables and contract assets arising from the contracts with customers are as follows:

	(Thousand yen)	
	As of March 31, 2022	As of March 31, 2023
Notes receivable	62,296	44,827
Accounts receivable	6,442,529	7,262,327
Contract assets	10,026	6,527

*3 Of “Other,” the amount of contract liabilities is as follows:

	(Thousand yen)	
	As of March 31, 2022	As of March 31, 2023
Contract liabilities	44,690	119,555

Notes to consolidated statements of income

*1 Major items and amounts under selling, general and administrative expenses are as follows:

	(Thousand yen)	
	For the year ended March 31, 2022	For the year ended March 31, 2023
Packing and transportation costs	865,206	832,345
Salaries and allowances	1,894,558	2,034,883
Provision for bonuses	148,246	132,585
Provision for bonuses for directors (and other officers)	44,100	57,400
Retirement benefit expenses	50,645	115,096

*2 Total amount of research and development expenses is as follows:

	(Thousand yen)	
	For the year ended March 31, 2022	For the year ended March 31, 2023
General and administrative expenses	51,485	70,359

*3 Details of the gain on sale of non-current assets are as follows:

	(Thousand yen)	
	For the year ended March 31, 2022	For the year ended March 31, 2023
Machinery, equipment and vehicles	1,597	499
Tools, furniture and fixtures	—	323
Land	—	48,655
Total	1,597	49,478

*4 Details of the loss on retirement of non-current assets are as follows:

(Thousand yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Machinery, equipment and vehicles	1,330	0
Tools, furniture and fixtures	211	407
Software	0	352
Total	1,541	759

*5 Year-end inventories are amounts after write down due to decline in profitability, and the following loss on valuation of inventories (gain on reversal) are included in cost of sales:

(Thousand yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
	67,765	70,301

*6 Gain on forgiveness of debts

For the year ended March 31, 2022

OHASHI TECHNICA U.S.A., INC., a consolidated subsidiary of the Company in the U.S., applied for the Paycheck Protection Program, a U.S. government policy measure for the protection of employment implemented in response to the COVID-19 pandemic, under which the company borrowed funds. As the company used the funds for the purposes designated as conditions for forgiveness of debts, such as payment of employee salaries for protecting their employment, the debt was forgiven.

For the year ended March 31, 2023

Not applicable.

*7 Impairment losses

For the year ended March 31, 2022

The Group recorded impairment losses for the following asset group:

Use	Location	Type	Amount (Thousand yen)
Business-use assets	Europe (OHASHI TECHNICA UK, LTD.)	Buildings and structures, etc.	56,387

The Group's business-use assets are grouped into the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For the consolidated fiscal year under review, impairment losses have been recognized for the business-use assets of OHASHI TECHNICA UK, LTD., a consolidated subsidiary of the Company in the U.K., which include leased assets, whose recoverable amount fell below the book value as expected delay in recovery of sales due to semiconductor shortage and other factors, as well as increasing ocean freight costs, caused a decline in profitability.

Of the impairment losses, buildings and structures account for 34,803 thousand yen, machinery, equipment and vehicles for 10,936 thousand yen, and tools, furniture and fixtures for 10,646 thousand yen.

The recoverable amount of these business-use assets were measured at the value in use, but has been reduced to zero because future cash flow is expected to be negative.

For the year ended March 31, 2023

The Group recorded impairment losses for the following asset group:

Use	Location	Type	Amount (Thousand yen)
Business-use assets	Japan (OHASHI GIKEN, INC.)	Buildings and structures	98,012
		Machinery, equipment and vehicles	209,905
		Land	80,469
		Other	22,024
Total			410,411

The Group's business-use assets are grouped into units of assets or factories and offices.

For the consolidated fiscal year under review, impairment losses have been recognized for the business-use assets of OHASHI GIKEN, INC., a consolidated subsidiary, based on a review of profit/loss arising from business activities and consideration of future recoverability, in light of recent business performance trends and the decline in profitability due to changes in the business environment, including a delay in future sales recovery due to the shortage of semiconductors and soaring raw material prices.

The recoverable amount of these business-use assets were measured based on their net realizable value. The net realizable value of buildings and structures, and land, is based on their net realizable value, which is reasonably calculated by using the appraisal value based on real estate appraisal standards, while the recoverable amount of machinery, equipment and vehicles and other assets is based on their disposal value.

Notes to consolidated statements of changes in equity

For the year ended March 31, 2022

1. Class and number of shares issued and of treasury shares

(Shares)

	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at the end of period
Shares issued				
Common shares	14,759,080	—	580,120	14,178,960
Total	14,759,080	—	580,120	14,178,960
Treasury shares				
Common shares	534,274	458,319	580,120	412,473
Total	534,274	458,319	580,120	412,473

Notes: 1. Decreases in number of common shares issued and number of common shares under treasury shares

Cancellation of treasury shares based on the resolution at the Board of Directors meeting on November 10, 2021 580,120 shares

2. Breakdown of the increase of 458,319 shares in the number of common shares under treasury shares

Acquisition of treasury shares based on the resolution at the Board of Directors meeting on February 9, 2021 60,000 shares

Acquisition of treasury shares based on the resolution at the Board of Directors meeting on November 10, 2021 397,500 shares

Increase in the Company's interest in the treasury shares (shares of the Company) acquired by equity-method associate TK Co. Ltd. 190 shares

Increase in the Company's interest in the treasury shares (shares of the Company) acquired by equity-method associate NAKAHYO Co., Ltd. 569 shares

Increase due to repurchase of odd-lot shares 60 shares

2. Share acquisition rights and treasury share acquisition rights

Not applicable.

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2021	Common shares	455,646	32	March 31, 2021	June 28, 2021
Board of Directors meeting on November 10, 2021	Common shares	368,652	26	September 30, 2021	December 6, 2021

(2) Dividends with record dates in the year ended March 31, 2022 and effective dates falling in the next fiscal year

Resolution	Class of shares	Total dividends (Thousand yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2022	Common shares	427,223	Retained earnings	31	March 31, 2022	June 27, 2022

For the year ended March 31, 2023

1. Class and number of shares issued and of treasury shares

(Shares)

	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at the end of period
Shares issued				
Common shares	14,178,960	—	500,000	13,678,960
Total	14,178,960	—	500,000	13,678,960
Treasury shares				
Common shares	412,473	303,191	500,000	215,664
Total	412,473	303,191	500,000	215,664

Notes: 1. Decreases in number of common shares issued and number of common shares under treasury shares

Cancellation of treasury shares based on the resolution at the Board of Directors meeting on February 9, 2023 500,000 shares

2. Breakdown of the increase of 303,191 shares in the number of common shares under treasury shares

Acquisition of treasury shares based on the resolution at the Board of Directors meeting on November 10, 2021 302,500 shares

Increase in the Company's interest in the treasury shares (shares of the Company) acquired by equity-method associate TK Co. Ltd. 196 shares

Increase in the Company's interest in the treasury shares (shares of the Company) acquired by equity-method associate NAKAHYO Co., Ltd. 474 shares

Increase due to repurchase of odd-lot shares 21 shares

2. Share acquisition rights and treasury share acquisition rights

Not applicable.

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2022	Common shares	427,223	31	March 31, 2022	June 27, 2022
Board of Directors meeting on November 10, 2022	Common shares	377,408	28	September 30, 2022	December 5, 2022

(2) Dividends with record dates in the year ended March 31, 2023 and effective dates falling in the next fiscal year

The following resolution is scheduled.

Resolution	Class of shares	Total dividends (Thousand yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 23, 2023	Common shares	390,887	Retained earnings	29	March 31, 2023	June 26, 2023

Notes to consolidated statements of cash flows

* A reconciliation between the year-end balance of cash and cash equivalents and the amount recorded on the consolidated balance sheets

(Thousand yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Cash and deposit accounts	20,209,010	19,820,308
Time deposits of more than three months	—	—
Cash and cash equivalents	20,209,010	19,820,308

Segment information, etc.

Segment information

1. Overview of reportable segments

The Company's reportable segments are units composing the Group for which separate financial information is available and are the subject of regular review by the Board of Directors to determine the allocation of management resources and evaluate performance.

The Group develops, manufactures and sells mainly automotive parts and other components as a global supplier. Business activities are conducted in each region by the Company, its subsidiaries and associates in Japan, and by local subsidiaries in the Americas (the U.S., Mexico), China, ASEAN (Thailand), Europe (the U.K.), and Taiwan, overseas.

Therefore, the Group consists of six regional segments based on the manufacturing and sales structure, namely, Japan, the Americas, China, ASEAN, Europe and Taiwan.

2. Information on method of calculating amounts of net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting of business segments reported apply mutatis mutandis accounting principles and procedures adopted for preparing consolidated financial statements.

Profits of reportable segments are amounts based on operating profit.

Inter-segment sales and transfers are based on prevailing market prices.

3. Information on amounts of net sales, profit (loss), assets, liabilities and other items by reportable segment

For the year ended March 31, 2022

(Thousand yen)

	Reportable segments							Adjustments (Note) 1	Consolidation (Note) 2
	Japan	Americas	China	ASEAN	Europe	Taiwan	Total		
Net sales									
Net sales to external customers	17,827,579	6,618,070	4,807,159	2,420,531	872,037	—	32,545,378	—	32,545,378
Inter-segment sales or transfers	2,885,083	3,207	129,109	78,996	—	1,158,641	4,255,038	(4,255,038)	—
Total	20,712,662	6,621,278	4,936,268	2,499,528	872,037	1,158,641	36,800,416	(4,255,038)	32,545,378
Segment profit (loss)	1,313,171	302,877	554,901	398,658	(120,161)	(42,272)	2,407,174	(134,589)	2,272,585
Segment assets	32,308,075	8,818,859	6,782,258	3,707,432	1,249,911	476,016	53,342,553	(9,990,063)	43,352,490
Other items									
Depreciation	461,687	129,106	160,765	87,627	21,311	3,253	863,752	(11,301)	852,451
Investments in equity-method associates	339,405	—	—	—	—	—	339,405	—	339,405
Increases in property, plant and equipment and intangible assets	350,913	171,095	503,059	29,783	9,513	3,056	1,067,422	—	1,067,422

Notes: 1. Details of adjustments are as follows:

- (1) Adjustment of segment profit (loss) of (134,589) thousand yen includes inter-segment eliminations of 34,899 thousand yen and inventory adjustment of (169,488) thousand yen.
- (2) Adjustment of segment assets of (9,990,063) thousand yen includes inter-segment eliminations of (9,519,309) thousand yen, inventory adjustment of (606,508) thousand yen, and other adjustment of 135,754 thousand yen.

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

For the year ended March 31, 2023

(Thousand yen)

	Reportable segments							Adjustments (Note) 1	Consolidation (Note) 2
	Japan	Americas	China	ASEAN	Europe	Taiwan	Total		
Net sales									
Net sales to external customers	17,592,486	8,099,685	5,031,395	2,961,832	1,289,247	—	34,974,647	—	34,974,647
Inter-segment sales or transfers	1,929,636	6,827	131,254	119,487	—	937,991	3,125,198	(3,125,198)	—
Total	19,522,123	8,106,513	5,162,650	3,081,320	1,289,247	937,991	38,099,845	(3,125,198)	34,974,647
Segment profit	621,346	275,924	469,243	478,808	174,187	34,090	2,053,600	8,074	2,061,675
Segment assets	27,406,142	10,261,311	7,251,081	4,504,633	1,135,732	587,482	51,146,384	(7,496,580)	43,649,803
Other items									
Depreciation	445,164	168,965	187,478	95,081	392	3,448	900,530	(811)	899,718
Investments in equity-method associates	354,745	—	—	—	—	—	354,745	—	354,745
Increases in property, plant and equipment and intangible assets	327,735	351,788	169,469	89,201	1,827	3,465	943,488	—	943,488

Notes: 1. Details of adjustments are as follows:

- (1) Adjustment of segment profit of 8,074 thousand yen includes inter-segment eliminations of (31,172) thousand yen and inventory adjustment of 39,247 thousand yen.
- (2) Adjustment of segment assets of (7,496,580) thousand yen includes inter-segment eliminations of (7,007,202) thousand yen, inventory adjustment of (580,772) thousand yen, and other adjustment of 91,394 thousand yen.

2. Segment profit is adjusted with operating profit in the consolidated financial statements.

Per share information

	As of and for the year ended March 31, 2022	As of and for the year ended March 31, 2023
Net assets per share	2,401.52 yen	2,610.06 yen
Basic earnings per share	127.17 yen	95.00 yen

Notes: 1. Diluted earnings per share is not provided as there were no potential shares.

2. The basis of calculation of basic earnings per share is as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	1,791,302	1,283,104
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousand yen)	1,791,302	1,283,104
Average number of common shares outstanding during the period (Shares)	14,086,366	13,506,418

Significant subsequent events

An incident occurred at an overseas subsidiary of the Company in which a malicious third party misled the subsidiary by giving false instructions, causing funds to flow out of the subsidiary.

Shortly after the outflow of funds, the Company and the relevant overseas subsidiary realized that the instructions were false and determined that there was a strong possibility that they had become victim to crime. We immediately formed an internal investigation and response team, including lawyers, and reported the damage to the local investigative authorities.

The loss will be recorded as an extraordinary loss in the next consolidated fiscal year.

<Outline of the incident>

Estimated loss: 280 million yen

Date of occurrence: March 30, 2023 to April 3, 2023