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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]

May 8, 2024

Company name: OCHI Holdings Co., Ltd.
 Listing: Tokyo Stock Exchange and Fukuoka Stock Exchange
 Securities code: 3166
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 Scheduled date of Annual General Meeting of Shareholders: June 25, 2024
 Scheduled date to commence dividend payments: June 4, 2024
 Scheduled date to file annual securities report: June 26, 2024
 Preparation of supplementary materials on annual financial results: Yes
 Holding of annual financial results briefing: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Consolidated Operating Results (Percentages indicate changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	113,366	(1.9)	2,155	(26.8)	2,731	(22.7)	2,093	(15.7)
March 31, 2023	115,613	3.3	2,946	(3.8)	3,531	(0.4)	2,484	(28.0)

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥2,434 million [(2.0)%]
 For the fiscal year ended March 31, 2023: ¥2,485 million [(24.6)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2024	161.84	–	9.3	4.2	1.9
March 31, 2023	192.82	–	12.0	5.5	2.5

Reference: Equity in earnings of affiliates For the fiscal year ended March 31, 2024: ¥– million
 For the fiscal year ended March 31, 2023: ¥– million

- With the introduction of the Board Benefit Trust (BBT) and the introduction of the Trust-type Employee Shareholding Incentive Plan, the Company's shares held by the respective trusts, which are recorded as treasury shares in shareholders' equity, are included in treasury shares that are deducted in the calculation of the average number of shares outstanding during the period for the purpose of calculating basic earnings per share.

(2) Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2024	66,337	23,345	35.1	1,799.32
March 31, 2023	64,531	21,557	33.4	1,667.88

Reference: Equity As of March 31, 2024: ¥23,315 million
 As of March 31, 2023: ¥21,530 million

- With the introduction of the Board Benefit Trust (BBT) and the introduction of the Trust-type Employee Shareholding Incentive Plan, the Company's shares held by the respective trusts, which are recorded as treasury shares in shareholders' equity, are included in treasury shares that are deducted in the calculation of the total number of shares issued at the end of the period for the purpose of calculating net assets per share.

(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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	3,385	(1,539)	(1,289)	14,560
March 31, 2023	1,856	364	(376)	14,004

2. Cash Dividends

	Annual dividends per share					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended March 31, 2023	Yen –	Yen 25.00	Yen –	Yen 27.00	Yen 52.00	Million yen 683	% 27.0	% 3.2
Fiscal year ended March 31, 2024	–	27.00	–	27.00	54.00	709	33.4	3.1
Fiscal year ending March 31, 2025 (forecast)	–	27.00	–	27.00	54.00		33.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 – March 31, 2025)

(Percentages indicate 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
First half	62,000	9.5	1,400	12.8	1,700	10.9	1,050	7.0	81.03
Full year	125,000	10.3	2,800	29.9	3,400	24.5	2,100	0.3	162.06

* Notes:

(1) Changes in significant subsidiaries during the period: None

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly included: – (), Excluded: – ()

(2) Changes in accounting policies, changes in accounting estimates, and restatements:

1) Changes in accounting policies due to revisions of accounting standards and other regulations: None

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

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of issued shares (common shares):

1) Total number of shares issued at the end of the period (including treasury shares):

As of March 31, 2024 13,610,970 shares

As of March 31, 2023 13,610,970 shares

2) Total number of treasury shares at the end of the period:

As of March 31, 2024 653,086 shares

As of March 31, 2023 702,208 shares

3) Average number of shares outstanding during the period:

Fiscal year ended March 31, 2024 12,937,290 shares

Fiscal year ended March 31, 2023 12,887,163 shares

- The total number of treasury shares at the end of the period includes the number of shares of the Company held by the Board Benefit Trust (BBT) as trust assets (93,700 shares as of March 31, 2024, and 103,300 shares as of March 31, 2023). The number of treasury shares deducted in the calculation of the average number of shares outstanding during the period includes the number of the Company's shares held by the trust (96,086 shares for the fiscal year ended March 31, 2024, and 104,920 shares for the fiscal year ended March 31, 2023).

- The total number of treasury shares at the end of the period includes the number of shares of the Company held by a trust established exclusively for the OCHI Holdings Employee Shareholding Association (E-Ship Trust) as trust assets (85,200 shares as of March 31, 2024, and 124,800 shares as of March 31, 2023). The number of treasury shares deducted in the calculation of the average number of shares outstanding during the period includes the number of the Company's shares held by the trust (103,461 shares for the fiscal year ended March 31, 2024, and 144,840 shares for the fiscal year ended March 31, 2023).

<Reference> Summary of Non-consolidated Financial Results

Non-consolidated financial results for the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Non-consolidated Operating Results (Percentages indicate changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	2,612	(3.3)	1,883	(9.1)	1,861	(8.8)	1,879	(6.3)
March 31, 2023	2,701	30.4	2,072	39.2	2,041	37.0	2,006	35.2

Fiscal year ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
March 31, 2024	145.29		–	
March 31, 2023	155.66		–	

- With the introduction of the Board Benefit Trust (BBT) and the introduction of the Trust-type Employee Shareholding Incentive Plan, the Company's shares held by the respective trusts, which are recorded as treasury shares in shareholders' equity, are included in treasury shares that are deducted in the calculation of the average number of shares outstanding during the period for the purpose of calculating basic earnings per share.

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2024	19,482	11,827	60.7	912.80
March 31, 2023	18,518	10,595	57.2	820.82

Reference: Equity As of March 31, 2024: ¥11,827 million
As of March 31, 2023: ¥10,595 million

- With the introduction of the Board Benefit Trust (BBT) and the introduction of the Trust-type Employee Shareholding Incentive Plan, the Company's shares held by the respective trusts, which are recorded as treasury shares in shareholders' equity, are included in treasury shares that are deducted in the calculation of the total number of shares issued at the end of the period for the purpose of calculating net assets per share.

* These consolidated financial results are outside the scope of review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

(Cautions on forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. The Company makes no warranty as to the feasibility of its projections. Actual results may differ significantly from these forecasts due to a wide range of factors. For assumptions underlying the financial results forecast and precautions regarding their use, please refer to “(4) Future Outlook” under “1. Overview of Results of Operations” on page 4 of the attachment.

(How to obtain supplementary materials on annual financial results)

The Company plans to hold an annual financial results briefing for institutional investors and analysts on Monday, June 3, 2024. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

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1. Overview of Results of Operations

(1) Overview of Results of Operations for the Current Fiscal Year

During the fiscal year ended March 31, 2024, the Japanese economy indicated a modest recovery trend as the government downgraded COVID-19 to a Category V Infectious Disease and eased restrictions on activities in Japan and entry of people from abroad, moving on to the normalization of economic activities. However, the economic outlook remains uncertain for a number of downside economic risks, including the surge in energy and raw materials prices, and the increased geopolitical risks in Ukraine and the Middle East.

In the housing industry, we faced challenges, such as price hikes in housing construction due to increases in construction materials and housing equipment prices, and undermined consumer sentiment for purchasing a home caused by rising living costs. As a result, new housing starts for the fiscal year ended March 31, 2024 decreased by 7.0% year on year to 800,000 units. Meanwhile, the number of housing starts for owner-occupied houses and built-for-sale detached houses, which represent the main targets for the Group, registered a 10.0% year-on-year decline.

Against this backdrop, the Group pursued business opportunities with a focus on growth fields by promoting sales of products aimed at achieving carbon neutrality, capturing remodeling/renovation demand, and reaching out to non-housing markets, among other efforts.

As a result, in the fiscal year ended March 31, 2024, net sales decreased by 1.9% year on year to 113,366 million yen. Operating profit decreased by 26.8% year on year to 2,155 million yen, ordinary profit decreased by 22.7% year on year to 2,731 million yen, and profit attributable to owners of parent decreased by 15.7% year on year to 2,093 million yen.

Results by segment were as follows:

<Construction Materials Business>

The Group focused on expanding sales of products aimed at achieving carbon neutrality, including solar power generation systems, storage batteries, and high-efficiency water heaters, capturing demand for remodeling/renovation to enhance comfort in wet areas and improve air quality, and promoting the introduction of wooden structures and wooden interior decorations to non-housing buildings.

In May 2023, we acquired TRESSA Co., Ltd. and made it a new subsidiary, aiming to strengthen the construction function. The company, headquartered in Nagasaki City, is engaged in housing construction work, mainly on exterior wall work, and sales of housing materials. Furthermore, in January 2024, we acquired Ai-build Corporation and made it a new subsidiary. The company, headquartered in Kita-ku, Tokyo and having bases throughout Japan, is engaged mainly in exterior wall work and installation work of solar power panels.

However, due to factors such as the decline in new construction starts for owner-occupied houses and built-for-sale detached houses, net sales of this business decreased by 1.7% year on year to 69,927 million yen and operating profit decreased by 38.5% year on year to 807 million yen.

<Air-conditioning, Heating and Cooling, and Household Products Business>

Net sales of this business increased by 2.7% year on year to 17,769 million yen and operating profit increased by 38.3% year on year to 271 million yen, due to strong performance in sales and installation work of freezing and refrigeration equipment and air-conditioning equipment.

<Pre-cut Lumber Business>

We made greater efforts to win orders for non-housing projects, including offices, shops, and other facilities, in addition to detached houses, our mainstay. However, due to lower lumber prices as well as the decline in new construction starts for owner-occupied houses and built-for-sale detached houses, net sales of this business decreased by 21.3% year on year to 14,729 million yen and operating profit decreased by 46.1% year on year to 850 million yen.

<Engineering Business>

Net sales of this business increased by 46.3% year on year to 8,258 million yen and operating profit increased by 133.7% year on year to 833 million yen, because All Japan Data Service, Co., Ltd. and Hagaya Construction Co., Ltd., which both became our subsidiaries in the previous fiscal year, contributed to the performance of this business, and construction sales at existing subsidiaries were also robust.

<Other>

The business of Taihei Shoko Co., Ltd., which sells industrial materials, is classified into the Other Business that is not included in any reportable segment.

Net sales of this business decreased by 7.7% year on year to 3,142 million yen and operating profit decreased by 9.0% year on year to 120 million yen, due to declines in automotive-related sales and sales of electric insulating materials for industrial use.

(2) Overview of Financial Position for the Current Fiscal Year

(Assets)

Current assets decreased by 696 million yen, or 1.6%, from the previous fiscal year-end to 43,947 million yen. This was mainly attributable to a decrease of 1,618 million yen in notes and accounts receivable - trade, and contract assets, with increases of 459 million yen in electronically recorded monetary claims - operating and 452 million yen in cash and deposits.

Non-current assets increased by 2,501 million yen, or 12.6%, from the previous fiscal year-end to 22,389 million yen. This was mainly attributable to increases of 1,453 million yen in land, 556 million yen in other under investments and other assets, 514 million yen in buildings and structures, net, and 288 million yen in investment securities, with decreases of 149 million yen in construction in progress, 104 million yen in other under intangible assets, and 101 million yen in leased assets under intangible assets.

(Liabilities)

Current liabilities decreased by 576 million yen, or 1.5%, from the previous fiscal year-end to 37,921 million yen. This was mainly attributable to decreases of 1,072 million yen in notes and accounts payable - trade, 248 million yen in accrued consumption taxes, and 110 million yen in income taxes payable, with increases of 625 million yen in electronically recorded obligations - operating and 214 million yen in short-term borrowings.

Non-current liabilities increased by 594 million yen, or 13.3%, from the previous fiscal year-end to 5,071 million yen. This was mainly attributable to increases of 408 million yen in deferred tax liabilities, 251 million yen in provision for retirement benefits for directors (and other officers), and 144 million yen in bonds payable, with decreases of 110 million yen in long-term borrowings and 106 million yen in lease liabilities.

(Net assets)

Net assets increased by 1,787 million yen, or 8.3%, from the previous fiscal year-end to 23,345 million yen. This was mainly attributable to increases of 1,384 million yen in retained earnings and 288 million yen in valuation difference on available-for-sale securities.

(3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents at the end of the fiscal year ended March 31, 2024 increased by 556 million yen, or 4.0%, from the previous fiscal year-end to 14,560 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities for the fiscal year ended March 31, 2024 was 3,385 million yen (compared with 1,856 million yen provided in the previous fiscal year). This was mainly attributable to profit before income taxes of 3,346 million yen, a decrease in trade receivables of 1,889 million yen, and depreciation of 821 million yen, with a decrease in trade payables of 1,044 million yen and income taxes paid of 1,020 million yen.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year ended March 31, 2024 was 1,539 million yen (compared with 364 million yen provided in the previous fiscal year). This was mainly attributable to purchase of property, plant and equipment of 2,043 million yen and purchase of shares of subsidiaries resulting in a change in scope of consolidation of 677 million yen, with proceeds from sale of investment property of 693 million yen and proceeds from sale and redemption of investment securities of 411 million yen.

(Cash flows from financing activities)

Net cash used in financing activities for the fiscal year ended March 31, 2024 was 1,289 million yen (compared with 376 million yen used in the previous fiscal year). This was mainly attributable to repayments of

long-term borrowings of 1,414 million yen and dividends paid of 709 million yen, with proceeds from long-term borrowings of 800 million yen.

<Reference> Historical changes in cash flow-related indicators

	Fiscal year ended Mar. 31, 2020	Fiscal year ended Mar. 31, 2021	Fiscal year ended Mar. 31, 2022	Fiscal year ended Mar. 31, 2023	Fiscal year ended Mar. 31, 2024
Equity ratio (%)	29.1	30.1	31.5	33.4	35.1
Equity ratio based on market value (%)	37.4	30.2	26.2	24.6	33.0
Interest-bearing debt to cash flow ratio (annual)	1.9	2.8	1.6	3.3	1.9
Interest coverage ratio (times)	111.5	80.5	156.0	82.4	169.2

Equity ratio: Equity/Total assets

Equity ratio based on market value: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest expenses

- (Notes)
1. All these indicators are calculated on the basis of consolidated figures.
 2. Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of shares issued at the end of the period (excluding treasury shares).
 3. Cash flow above refers to cash flows from operating activities recorded on the consolidated statement of cash flows.
 4. Interest-bearing debt includes all interest-bearing liabilities that are recorded on the consolidated balance sheet. Interest expenses represent the amount of Interest expenses recorded on the statement of cash flows.

(4) Future Outlook

With respect to future outlook, economic conditions are expected to show a modest recovery supported by improvements in income environment owing to pay raise by companies and expected pick-up in consumer spending. However, the economic outlook remains uncertain, given several factors, such as the prolonged yen's depreciation, the energy and raw materials prices staying high, and the increased geopolitical risks in Ukraine and the Middle East.

In the housing industry, the number of housing starts for owner-occupied houses and built-for-sale detached houses, which are the main targets for the Group, is expected to decline commensurately, due to higher housing construction cost and concerns over a possible rise in mortgage rates with the end of the negative interest rate policy. In addition, logistics and outsourcing expenses are expected to increase due to the 2024 problem in the transportation and construction industries.

Against this backdrop, we will strive to build a corporate structure invulnerable to fluctuations in housing demand by transforming our business portfolio based on the current medium-term management plan. We will also engage in sales activities, focusing on growth fields, such as promoting sales of products aimed at achieving carbon neutrality, capturing remodeling/renovation demand, and reaching out to non-housing markets, among others. Furthermore, we will focus on a growth in productivity through DX (digital transformation) promotion and developing talents to offset the increase in expenses.

As a result, for the next fiscal year, we expect to record net sales of 125,000 million yen (up 10.3% year on year), operating profit of 2,800 million yen (up 29.9% year on year), ordinary profit of 3,400 million yen (up 24.5% year on year), and profit attributable to owners of parent of 2,100 million yen (up 0.3% year on year).

2. Basic Approach to the Selection of Accounting Standards

Considering the comparability of consolidated financial statements between periods and between companies, the Group has determined to prepare its consolidated financial statements based on Japanese accounting standards for the time being.

The Company will examine the possibility of adopting the International Financial Reporting Standards (IFRS) in the future based on trends in accounting standards both in Japan and abroad.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	14,146	14,598
Notes and accounts receivable - trade, and contract assets	20,701	19,083
Electronically recorded monetary claims - operating	2,702	3,162
Merchandise	4,460	4,526
Costs on construction contracts in progress	1,662	1,645
Other	994	973
Allowance for doubtful accounts	(24)	(43)
Total current assets	44,644	43,947
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,294	3,808
Machinery, equipment and vehicles, net	756	755
Land	8,441	9,894
Leased assets, net	93	97
Construction in progress	149	—
Other, net	85	117
Total property, plant and equipment	12,822	14,673
Intangible assets		
Goodwill	1,021	1,035
Leased assets	231	130
Other	363	258
Total intangible assets	1,616	1,424
Investments and other assets		
Investment securities	1,903	2,192
Deferred tax assets	318	294
Retirement benefit asset	233	331
Guarantee deposits	593	646
Investment property, net	2,112	2,014
Other	302	859
Allowance for doubtful accounts	(16)	(47)
Total investments and other assets	5,448	6,291
Total non-current assets	19,887	22,389
Total assets	64,531	66,337

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,650	13,577
Electronically recorded obligations - operating	16,173	16,798
Short-term borrowings	3,837	4,051
Current portion of bonds payable	—	33
Lease liabilities	144	147
Income taxes payable	528	418
Accrued consumption taxes	527	279
Provision for bonuses	674	665
Other	1,960	1,948
Total current liabilities	38,497	37,921
Non-current liabilities		
Bonds payable	—	144
Long-term borrowings	2,017	1,906
Lease liabilities	193	86
Deferred tax liabilities	647	1,056
Provision for retirement benefits for directors (and other officers)	399	650
Provision for share awards for directors (and other officers)	59	54
Retirement benefit liability	633	627
Other	524	543
Total non-current liabilities	4,476	5,071
Total liabilities	42,974	42,992
Net assets		
Shareholders' equity		
Share capital	400	400
Capital surplus	997	997
Retained earnings	20,483	21,867
Treasury shares	(731)	(669)
Total shareholders' equity	21,150	22,596
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	395	684
Remeasurements of defined benefit plans	(15)	34
Total accumulated other comprehensive income	380	719
Non-controlling interests	27	29
Total net assets	21,557	23,345
Total liabilities and net assets	64,531	66,337

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	115,613	113,366
Cost of sales	99,995	97,814
Gross profit	15,617	15,551
Selling, general and administrative expenses		
Freight-out	2,089	2,087
Salaries and allowances	4,445	4,649
Bonuses	469	503
Provision for bonuses	519	515
Retirement benefit expenses	182	178
Provision for retirement benefits for directors (and other officers)	21	21
Provision for share awards for directors (and other officers)	12	9
Provision of allowance for doubtful accounts	—	26
Depreciation	392	427
Amortization of goodwill	206	266
Other	4,331	4,709
Total selling, general and administrative expenses	12,671	13,395
Operating profit	2,946	2,155
Non-operating income		
Interest income	2	3
Dividend income	57	60
Purchase discounts	201	181
Rental income from real estate	164	154
Sunlight selling income	79	74
Sponsorship money income	9	1
Miscellaneous income	198	191
Total non-operating income	714	666
Non-operating expenses		
Interest expenses	22	20
Loss on disposal of inventories	16	—
Rental expenses on real estate	41	31
Depreciation	25	24
Miscellaneous losses	23	14
Total non-operating expenses	129	90
Ordinary profit	3,531	2,731
Extraordinary income		
Gain on sale of non-current assets	83	489
Gain on sale of investment securities	158	225
Gain on bargain purchase	91	—
Total extraordinary income	333	715
Extraordinary losses		
Loss on sale of non-current assets	1	1
Loss on retirement of non-current assets	0	4
Loss on sale of investment securities	3	0
Impairment losses	11	68
Restructuring expenses	—	25
Total extraordinary losses	16	100
Profit before income taxes	3,848	3,346
Income taxes - current	1,297	1,079
Income taxes - deferred	63	171
Total income taxes	1,360	1,251
Profit	2,487	2,095
Profit attributable to non-controlling interests	2	2
Profit attributable to owners of parent	2,484	2,093

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	2,487	2,095
Other comprehensive income		
Valuation difference on available-for-sale securities	3	288
Remeasurements of defined benefit plans, net of tax	(5)	50
Total other comprehensive income	(1)	338
Comprehensive income	2,485	2,434
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,483	2,432
Comprehensive income attributable to non-controlling interests	2	2

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023 (April 1, 2022–March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	400	997	18,786	(791)	19,392
Changes during period					
Dividends of surplus			(788)		(788)
Profit attributable to owners of parent			2,484		2,484
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				60	60
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,696	60	1,757
Balance at end of period	400	997	20,483	(731)	21,150

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	392	(10)	381	40	19,814
Changes during period					
Dividends of surplus					(788)
Profit attributable to owners of parent					2,484
Purchase of treasury shares					(0)
Disposal of treasury shares					60
Net changes in items other than shareholders' equity	3	(5)	(1)	(12)	(14)
Total changes during period	3	(5)	(1)	(12)	1,743
Balance at end of period	395	(15)	380	27	21,557

For the fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	400	997	20,483	(731)	21,150
Changes during period					
Dividends of surplus			(709)		(709)
Profit attributable to owners of parent			2,093		2,093
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				61	61
Net changes in items other than shareholders' equity					
Total changes during period			1,384	61	1,446
Balance at end of period	400	997	21,867	(669)	22,596

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	395	(15)	380	27	21,557
Changes during period					
Dividends of surplus					(709)
Profit attributable to owners of parent					2,093
Purchase of treasury shares					(0)
Disposal of treasury shares					61
Net changes in items other than shareholders' equity	288	50	338	2	341
Total changes during period	288	50	338	2	1,787
Balance at end of period	684	34	719	29	23,345

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,848	3,346
Depreciation	749	821
Impairment losses	11	68
Amortization of goodwill	206	266
Increase (decrease) in allowance for doubtful accounts	(5)	25
Increase (decrease) in provision for bonuses	(30)	(22)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(97)	(18)
Increase (decrease) in provision for share awards for directors (and other officers)	2	(5)
Increase (decrease) in retirement benefit liability	(31)	(5)
Interest and dividend income	(60)	(63)
Interest expenses	22	20
Loss (gain) on sale of non-current assets	(81)	(488)
Loss on retirement of non-current assets	0	4
Loss (gain) on sale of investment securities	(155)	(224)
Restructuring expenses	—	25
Gain on bargain purchase	(91)	—
Decrease (increase) in trade receivables	1,012	1,889
Decrease (increase) in inventories	221	103
Decrease (increase) in other current assets	(16)	(113)
Decrease (increase) in other non-current assets	(6)	(3)
Increase (decrease) in trade payables	(1,417)	(1,044)
Increase (decrease) in accrued consumption taxes	93	(250)
Increase (decrease) in other current liabilities	(353)	37
Increase (decrease) in other non-current liabilities	(34)	18
Other, net	(1)	(0)
Subtotal	3,784	4,386
Interest and dividends received	60	63
Interest paid	(22)	(20)
Income taxes paid	(1,965)	(1,020)
Payments for business restructuring	—	(24)
Net cash provided by (used in) operating activities	1,856	3,385

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(30)	(35)
Proceeds from withdrawal of time deposits	39	142
Decrease (increase) in short-term loans receivable	(0)	2
Purchase of property, plant and equipment	(138)	(2,043)
Payments for retirement of property, plant and equipment	—	(2)
Proceeds from sale of property, plant and equipment	4	13
Purchase of intangible assets	(55)	(45)
Purchase of investment securities	(38)	(45)
Proceeds from sale and redemption of investment securities	201	411
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(206)	(677)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	319	—
Proceeds from cancellation of insurance funds	8	35
Long-term loan advances	—	(0)
Proceeds from collection of long-term loans receivable	0	0
Purchase of investment property	(1)	(7)
Proceeds from sale of investment property	232	693
Other, net	29	17
Net cash provided by (used in) investing activities	364	(1,539)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	666	119
Proceeds from long-term borrowings	1,300	800
Repayments of long-term borrowings	(1,457)	(1,414)
Repayments of lease liabilities	(136)	(137)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	54	52
Dividends paid	(787)	(709)
Dividends paid to non-controlling interests	(15)	—
Net cash provided by (used in) financing activities	(376)	(1,289)
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	1,845	556
Cash and cash equivalents at beginning of period	12,158	14,004
Cash and cash equivalents at end of period	14,004	14,560

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Revenue recognition)

Information on the disaggregation of revenue from contracts with customers is presented in “Notes (Segment information, etc.).”

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group’s reportable segments are those of its constituent units for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and to assess performance.

The Group is engaged in five businesses within Japan: Construction Materials Business; Air-Conditioning, Heating and Cooling, and Household Products Business; Pre-Cut Lumber Business; Engineering Business; and Other Business. We have the following four reportable business segments.

The Construction Materials Business, our core business unit, accounts for the majority of the Group’s business results. In this segment, we purchase housing equipment principally from domestic building materials manufacturers, distributors, and trading companies and sell it to domestic buyers, such as building materials and lumber dealers, house builders, general contractors, construction companies, and home centers.

The Air-conditioning, Heating and Cooling, and Household Products Business is a wholesale and sales business that covers products aimed at creating a comfortable environment. The products including commercial and household air-conditioning and heating equipment are purchased primarily from domestic manufacturers and distributors.

The Pre-cut Lumber Business refers to the business of processing, assembling, and selling structural frames, mostly for wooden houses. Materials such as lumber are mainly purchased from domestic manufacturers, distributors, and trading companies. This segment seeks to differentiate itself from other companies.

The Engineering Business is composed of the construction of commercial facilities, civil engineering works for public projects, interior work for condominiums and office buildings, and diagnosis and inspection for civil structures. This segment includes the nursing care business, which provides rental housing exclusively for senior citizens, and other services offered by the group company that belongs to the Engineering Business.

2. Method for calculating net sales, profit (loss), assets, liabilities, and other items for each reportable segment

The accounting treatment and methods for the reportable segments are the same as those used in the consolidated financial statements.

Intersegment sales or transfers are based on prevailing market price.

3. Information on net sales and profit (loss), assets, liabilities and other item, and information on disaggregation of revenue, by reportable segments

For the fiscal year ended March 31, 2023 (April 1, 2022–March 31, 2023)

(Million yen)

	Reportable segments					Other (Note 1)	Adjustment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Construction Materials Business	Air- conditioning, Heating and Cooling, and Household Products Business	Pre-cut Lumber Business	Engineering Business	Total			
Net sales								
Revenue from sale of merchandise	63,405	16,357	17,505	353	97,622	3,405	–	101,027
Revenue from construction work	7,401	947	907	4,785	14,042	–	–	14,042
Other revenue	37	0	–	505	543	–	–	543
Revenue from contracts with customers	70,844	17,305	18,413	5,644	112,207	3,405	–	115,613
Sales to external customers	70,844	17,305	18,413	5,644	112,207	3,405	–	115,613
Intersegment sales or transfers	273	1	297	–	573	0	(573)	–
Total	71,118	17,306	18,711	5,644	112,780	3,405	(573)	115,613
Segment profit	1,311	196	1,578	356	3,442	131	(628)	2,946
Segment assets	29,979	10,995	9,955	9,030	59,962	1,901	2,668	64,531
Other items								
Depreciation	215	91	298	83	689	9	15	713
Increase in property, plant and equipment and intangible assets	57	22	297	727	1,104	28	1	1,134

(Notes) 1. “Other” comprises business segments not included in reportable segments and contains sales of industrial materials.

2. Adjustments are as follows:

- 1) Adjustments for segment profit of (628) million yen include corporate expenses of (629) million yen that are not allocated to reportable segments. Corporate expenses primarily consist of general and administrative expenses that are not attributable to any reportable segments.
- 2) Adjustments for segment assets of 2,668 million yen include investment property of 2,112 million yen not allocated to each reportable segment, assets of the owners of parent of 686 million yen, and other adjustment of (130) million yen.
- 3) Adjustments for increase in property, plant and equipment and intangible assets of 1 million yen include an increase of 0 million yen related to assets of the owners of parent and an increase of 1 million yen in investment property that are not allocated to reportable segments.

3. Segment profit is reconciled with operating profit in the consolidated statements of income.

For the fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)

(Million yen)

	Reportable segments					Other (Note 1)	Adjustment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	Construction Materials Business	Air- conditioning, Heating and Cooling, and Household Products Business	Pre-cut Lumber Business	Engineering Business	Total			
Net sales								
Revenue from sale of merchandise	62,089	16,334	13,556	383	92,364	3,139	–	95,503
Revenue from construction work	7,571	1,429	954	7,365	17,320	–	–	17,320
Other revenue	32	0	–	509	541	–	–	541
Revenue from contracts with customers	69,693	17,763	14,510	8,258	110,226	3,139	–	113,366
Sales to external customers	69,693	17,763	14,510	8,258	110,226	3,139	–	113,366
Intersegment sales or transfers	233	6	218	–	457	2	(460)	–
Total	69,927	17,769	14,729	8,258	110,684	3,142	(460)	113,366
Segment profit	807	271	850	833	2,763	120	(727)	2,155
Segment assets	33,587	11,220	9,054	8,322	62,184	1,765	2,386	66,337
Other items								
Depreciation	235	98	337	89	760	14	14	790
Increase in property, plant and equipment and intangible assets	1,852	58	228	28	2,167	7	7	2,182

- (Notes)
1. “Other” comprises business segments not included in reportable segments and contains sales of industrial materials.
 2. Adjustments are as follows:
 - 1) Adjustments for segment profit of (727) million yen include corporate expenses of (730) million yen that are not allocated to reportable segments. Corporate expenses primarily consist of general and administrative expenses that are not attributable to any reportable segments.
 - 2) Adjustments for segment assets of 2,386 million yen include investment property of 2,014 million yen not allocated to each reportable segment, assets of the owners of parent of 498 million yen, and other adjustments of (126) million yen.
 - 3) Adjustments for increase in property, plant and equipment and intangible assets of 7 million yen include an increase of 0 million yen related to assets of the owners of parent and an increase of 7 million yen in investment property that are not allocated to reportable segments.
 3. Segment profit is reconciled with operating profit in the consolidated statements of income.

[Related information]

For the fiscal year ended March 31, 2023 (April 1, 2022–March 31, 2023)

1. Information by products and services

This information is omitted since similar information is disclosed in segment information.

2. Information by geographic areas

(1) Net sales

Not applicable since there is no sales amount to external customers outside Japan.

(2) Property, plant and equipment

Not applicable since there are no property, plant and equipment located outside Japan.

3. Information by major customers

Not applicable since there is no sales amount of specific customers within the external customers that accounts for 10% or more of sales amount recorded in the consolidated statements of income.

For the fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)

1. Information by products and services

This information is omitted since similar information is disclosed in segment information.

2. Information by geographic areas

(1) Net sales

Not applicable since there is no sales amount to external customers outside Japan.

(2) Property, plant and equipment

Not applicable since there are no property, plant and equipment located outside Japan.

3. Information by major customers

Not applicable since there is no sales amount of specific customers within the external customers that accounts for 10% or more of sales amount recorded in the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segments]

For the fiscal year ended March 31, 2023 (April 1, 2022–March 31, 2023)

(Million yen)

	Reportable segments					Other (Note)	Corporate/ Eliminations	Total
	Construction Materials Business	Air- conditioning, Heating and Cooling, and Household Products Business	Pre-cut Lumber Business	Engineering Business	Total			
Impairment loss	—	1	9	—	11	—	—	11

(Note) “Other” comprises business segments not included in reportable segments and contains sales of industrial materials.

For the fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)

(Million yen)

	Reportable segments					Other (Note)	Corporate/ Eliminations	Total
	Construction Materials Business	Air- conditioning, Heating and Cooling, and Household Products Business	Pre-cut Lumber Business	Engineering Business	Total			
Impairment losses	68	—	—	—	68	—	—	68

(Note) “Other” comprises business segments not included in reportable segments and contains sales of industrial materials.

[Information on amortization and outstanding balance of goodwill by reportable segments]

For the fiscal year ended March 31, 2023 (April 1, 2022–March 31, 2023)

(Million yen)

	Reportable segments					Others (Note)	Corporate/ Eliminations	Total
	Construction Materials Business	Air- conditioning, Heating and Cooling, and Household Products Business	Pre-cut Lumber Business	Engineering Business	Total			
(Goodwill)								
Amortization for the period	—	51	15	140	206	—	—	206
Balance at the end of the period	—	268	—	753	1,021	—	—	1,021

(Note) “Other” comprises business segments not included in reportable segments and contains sales of industrial materials.

For the fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)

(Million yen)

	Reportable segments					Others (Note)	Corporate/ Eliminations	Total
	Construction Materials Business	Air- conditioning, Heating and Cooling, and Household Products Business	Pre-cut Lumber Business	Engineering Business	Total			
(Goodwill)								
Amortization for the period	10	51	—	204	266	—	—	266
Balance at the end of the period	269	217	—	548	1,035	—	—	1,035

(Note) “Other” comprises business segments not included in reportable segments and contains sales of industrial materials.

[Information on gain on bargain purchase by reportable segments]

For the fiscal year ended March 31, 2023 (April 1, 2022–March 31, 2023)

On October 28, 2022, the Company acquired shares of Hagaya Construction Co., Ltd., which resulted in gain on bargain purchase of 91 million yen recorded in the Engineering Business.

For the fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)

Not applicable.

(Per share information)

Items	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	1,667.88 yen	1,799.32 yen
Basic earnings per share	192.82 yen	161.84 yen

- (Notes)
- Diluted earnings per share are not provided as there are no potential shares with dilutive effect.
 - The Company’s shares held by the Board Benefit Trust (BBT) as trust assets, which are recorded as treasury shares in shareholders’ equity, are included in the number of treasury shares that are deducted in the calculation of the average number of shares outstanding during the period for the purpose of calculating basic earnings per share, and in the number of treasury shares that are deducted from the total number of shares issued at the end of the period to calculate the net assets per share. The average number of treasury shares during the period that was deducted to calculate basic earnings per share was 104,920 for the previous fiscal year, and 96,086 for the fiscal year ended March 31, 2024. The number of treasury shares at the end of the period that was deducted to calculate net assets per share was 103,300 for the previous fiscal year, and 93,700 for the fiscal year ended March 31, 2024.
 - The Company’s shares held by a trust established exclusively for the OCHI Holdings Employee Shareholding Association (E-Ship Trust) as trust assets, which are recorded as treasury shares in shareholders’ equity, are included in the number of treasury shares that are deducted in the calculation of the average number of shares outstanding during the period for the purpose of calculating basic earnings per share, and in the number of treasury shares that are deducted from the total number of shares issued at the end of the period to calculate the net assets per share. The average number of treasury shares during the period that was deducted to calculate basic earnings per share was 144,840 for the previous fiscal year, and 103,461 for the fiscal year ended March 31, 2024. The number of treasury shares at the end of the period that was deducted to calculate net assets per share was 124,800 for the previous fiscal year, and 85,200 for the fiscal year ended March 31, 2024.

4. The basis for calculating net assets per share is as follows.

Items	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Total net assets (million yen)	21,557	23,345
Amount excluded from total net assets Non-controlling interests (million yen)	27	29
Net Assets attributable to common shares (million yen)	21,530	23,315
Number of common shares issued (shares)	13,610,970	13,610,970
Number of treasury shares outstanding (shares)	702,208	653,086
Number of common shares outstanding calculated under net assets per share (share)	12,908,762	12,957,884

5. The basis for calculating basic earnings per share is as follows.

Items	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Profit attributable to owners of parent (million yen)	2,484	2,093
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent relating to common shares (million yen)	2,484	2,093
Average number of common shares outstanding during the period (shares)	12,887,163	12,937,290

(Significant subsequent events)

Not applicable.