

FY2024

Financial Results Presentation

OCHI Holdings Co., Ltd.



June 3, 2024

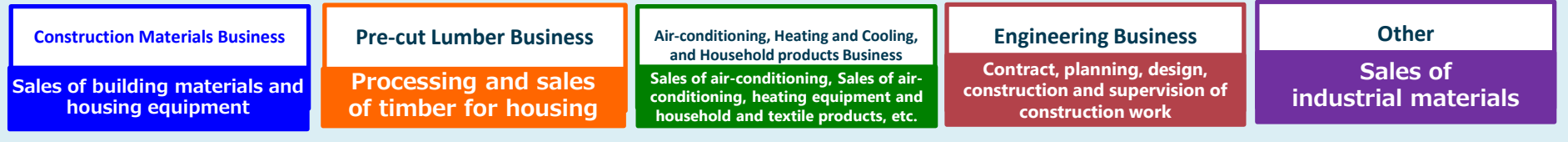
Company Overview

Purpose

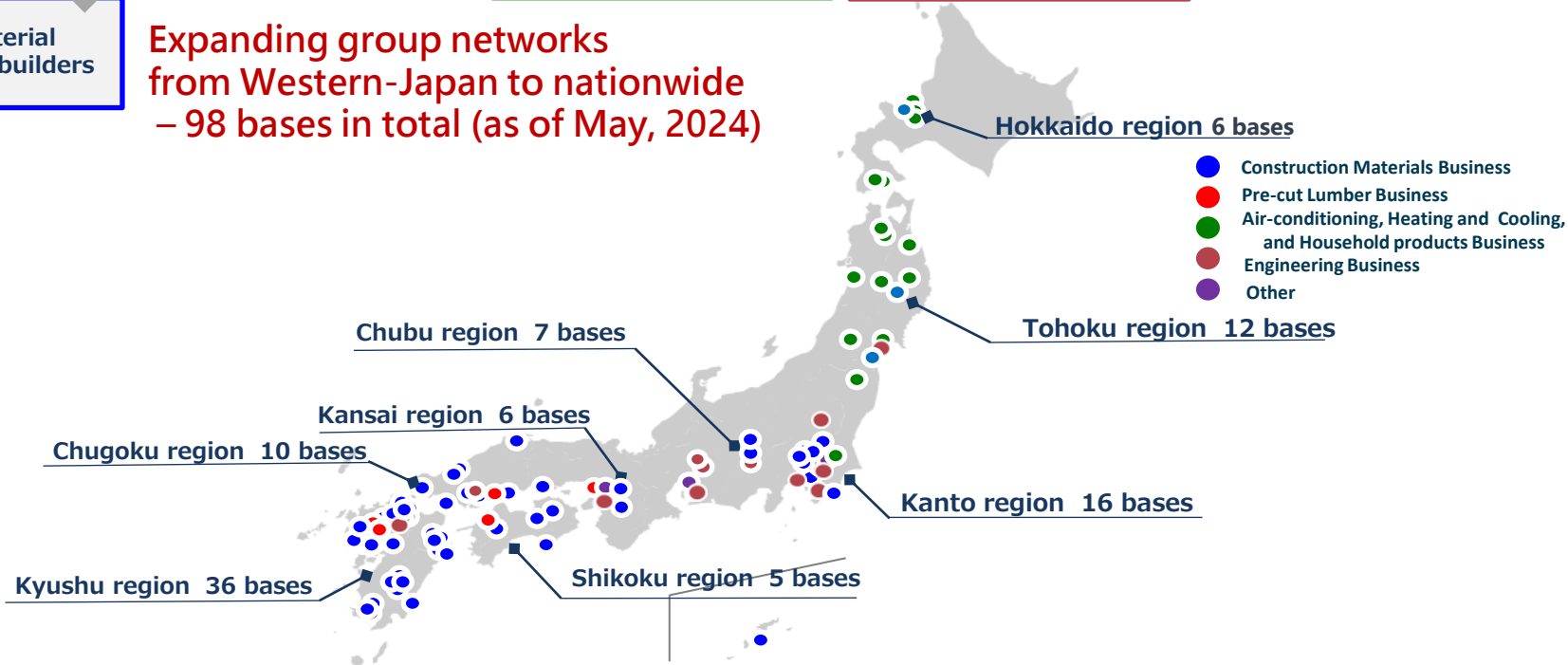
To create safe, secure and sustainable society

Company Profile		History	
Representative	Michihiro Ochi	May 1955	Opened Ochi Shoten in Fukuoka City for the purpose of selling construction materials such as wood and plywood
Head Office	3-12-20 Nanotsu, Chuo-ku, Fukuoka 810-0071, Japan	October 1958	Established Ochi Shoten Co., Ltd.
Established	October 1, 2010	June 1970	Changed the company name to Ochi Sangyo Co., Ltd.
Capital	400 million yen	February 1996	Listed on the Fukuoka Stock Exchange
Number of Shares Issued	13,610,970	October 2010	Established OCHI Holdings Co., Ltd. through stock transfer of Ochi Sangyo Co., Ltd., shifted to a holding company structure and listed on the Fukuoka Stock Exchange
Business Outline	Wholesale trade	November 2013	Listed on the Second Section of the Tokyo Stock Exchange
Securities Code	3166 (Tokyo Standard • Fukuoka)	November 2014	Changed the market to the First Section of the Tokyo Stock Exchange
Stock Abbreviation	OCHIHD	April 2022	Moved to the Prime Market of the Tokyo Stock Exchange
Stock Trading Unit	100	May 2023	Acquired TRESSA Co., Ltd. as a subsidiary, which conducts housing construction work and sales of housing materials
Number of Employees	1,624 (as of March 31, 2024)	October 2023	Moved to the Standard Market of the Tokyo Stock Exchange
		January 2024	Acquired Ai-build Corporation as a subsidiary, which conducts exterior wall work and installation work of solar power panels

Business Segments and Geographical Locations

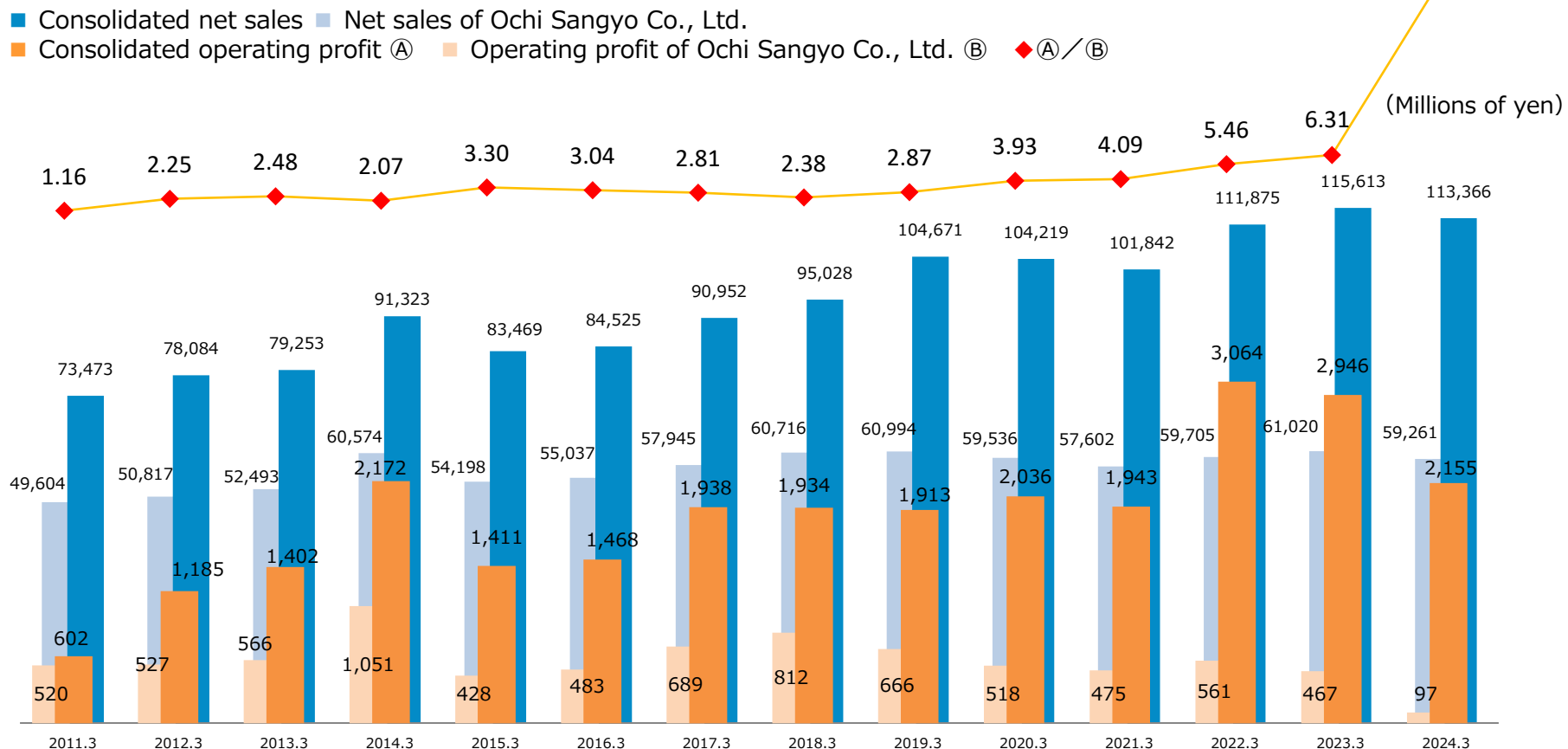


Expanding group networks from Western-Japan to nationwide – 98 bases in total (as of May, 2024)



Consolidated financial results tend to expand through M&A

In FY2024, the decrease in operating profit of Ochi Sangyo Co., Ltd. was offset by that of non-residential fields, the business scale of which has been expanding through M&A



M & A History

Jan. 2011 Yodo Ply Co., Ltd. became a subsidiary	May 2016 Nishinohon Precut Center Co., Ltd. became a subsidiary	Jul. 2021 Marumitsu Toyo Co., Ltd. became a subsidiary
	Oct. 2016 Taihei Shoko Co., Ltd. became a subsidiary	Oct. 2021 Terada Co., Ltd. became a subsidiary
Jun. 2013 Business transfer from Soken Limited Company	Jul. 2020 IMTEC Co., Ltd. became a subsidiary	Jul. 2022 All Japan Date Service, Co., Ltd. became a subsidiary
Dec. 2014 DS Tokai Co., Ltd. became a subsidiary	Jul. 2020 Chouhou Construction Co., Ltd. became a subsidiary	Oct. 2022 Hagaya Construction Co., Ltd. became a subsidiary
Nov. 2015 Sakaguchikenzai Co., Ltd. became a subsidiary	Feb. 2018 Marutaki Co., Ltd. became a subsidiary	May 2023 TRESSA Co., Ltd. became a subsidiary
	Apr. 2018 Takemoku Co., Ltd. became a subsidiary	Jan. 2024 Ai-build Corporation became a subsidiary
	May 2018 Ehime Precut Co., Inc. became a subsidiary	
	Aug. 2018 Taiyo-Sangyo Co., Ltd. became a subsidiary	

Summary of Financial Results for FY 2024

Achieved the target in profit attributable to owners of parent, despite decrease both in net sales and in operating profits due to the decline in housing starts

Net sales

113,366 million yen

vs FY2023 98.1%

vs Plan 94.5%

- New construction starts for owner-occupied and built-for-sale detached houses in FY2024 decreased by 10.0% year on year
- 1.9% decrease year on year, 3.9% decrease excluding the contribution of M&A
- Reached the target in 'Engineering Business'

Operating profit

2,155 million yen

vs FY2023 73.2%

vs Plan 78.4%

- 26.8% decrease year on year due to decrease in profits of 'Construction Materials Business' and 'Pre-cut Lumber Business', and increase in SG&A expenses
- 28.4% decrease excluding the contribution of M&A
- Reached the targets in 'Air-conditioning, Heating and Cooling, and Household products Business', 'Engineering Business' and 'Other'

Profit attributable to owners of parent

2,093 million yen

vs FY2023 84.3%

vs Plan 102.1%

- Achieved the target despite the decrease by 15.7% year on year
- Recorded gain on sale of non-current assets of 489 million yen and gain on sale of investment securities of 225 million yen as extraordinary income

Statement of Income

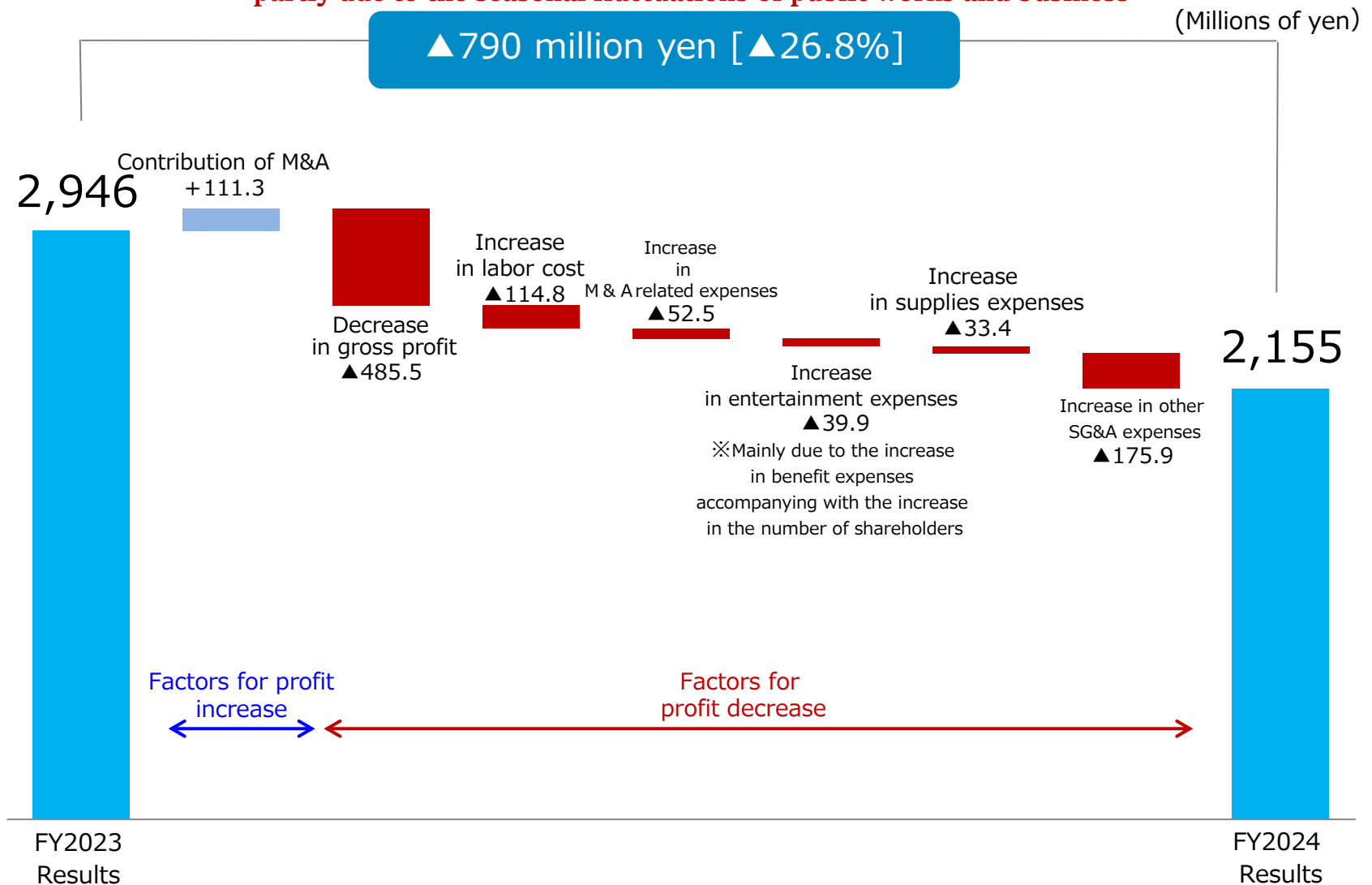
Millions of Yen
() represent composition figures

	FY2023	FY2024					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	115,613 (100.0%)	113,366 (100.0%)	▲2,246	98.1%	120,000 (100.0%)	▲6,633	94.5%
Gross Profit	15,617 (13.5%)	15,551 (13.7%)	▲66	99.6%	16,110 (13.4%)	▲558	96.5%
SG&A Expenses	12,671 (11.0%)	13,395 (11.8%)	724	105.7%	13,360 (11.1%)	35	100.3%
Operating Profit	2,946 (2.5%)	2,155 (1.9%)	▲790	73.2%	2,750 (2.3%)	▲594	78.4%
Ordinary Profit	3,531 (3.1%)	2,731 (2.4%)	▲800	77.3%	3,200 (2.7%)	▲468	85.4%
Profit attributable to owners of parent	2,484 (2.1%)	2,093 (1.8%)	▲391	84.3%	2,050 (1.7%)	43	102.1%

	FY2023	FY2024	Remarks
Gain on sale of non-current assets	83	489	Sale of investment property
Gain on sale of investment securities	158	225	Part of reduction in cross-shareholdings
Gain on bargain purchase	91	—	FY2023 : Relating to the acquisition of Hagaya Construction Co., Ltd. as a subsidiary
Total extraordinary income	333	715	
Impairment losses	11	68	Impairment of buildings and structures
Restructuring expenses	—	25	Due to the closure of Onomichi branch of Yodo Ply Co., Ltd.
Total extraordinary loss	16	100	

Decrease in operating profit
due to decline in gross profit and increase in SG&A expenses

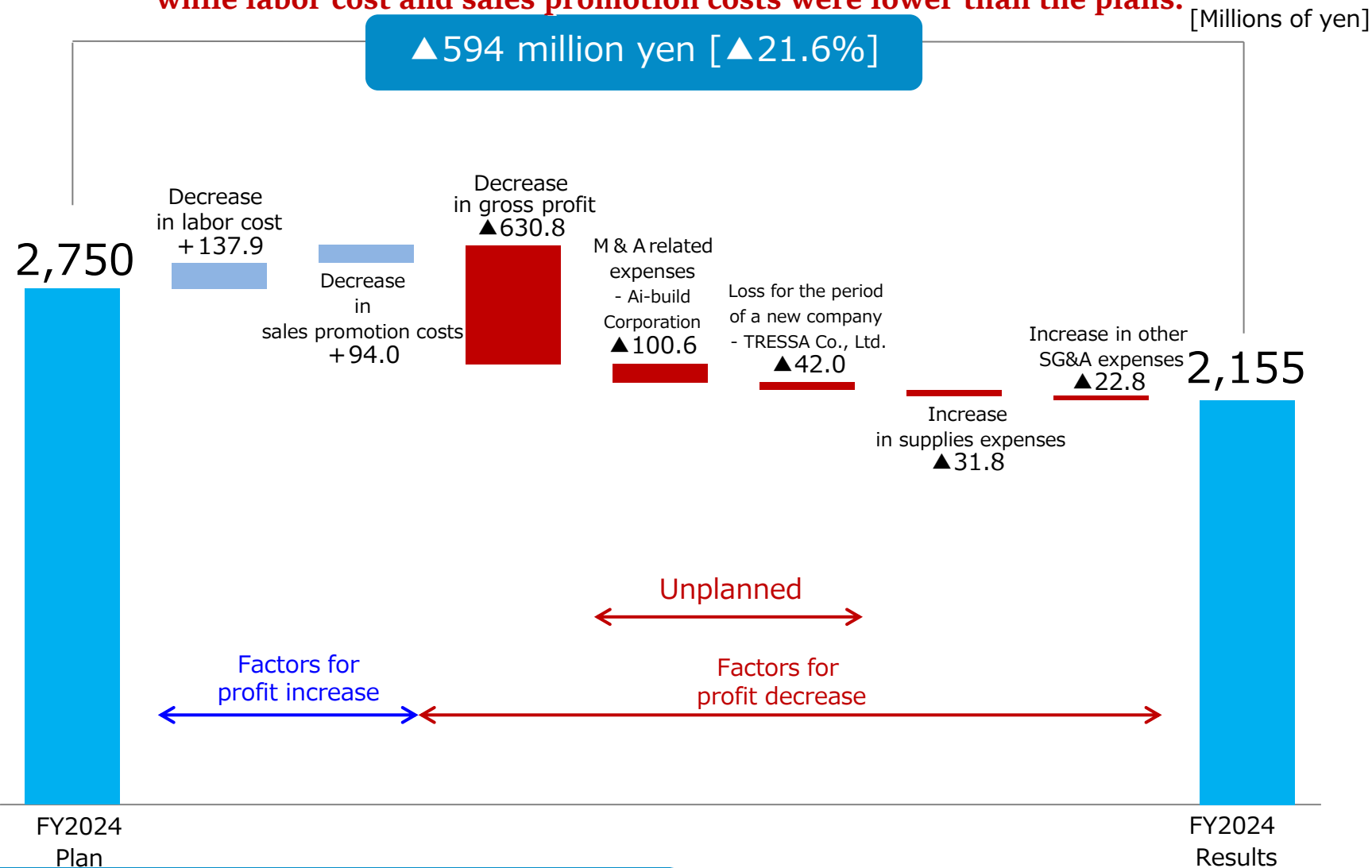
Contribution of M&A decreased compared to that in the first half of the fiscal year
 partly due to the seasonal fluctuations of public works and business



Operating profit decreased due to the decline in gross profit

Overall SG&A expenses were mostly as planned.

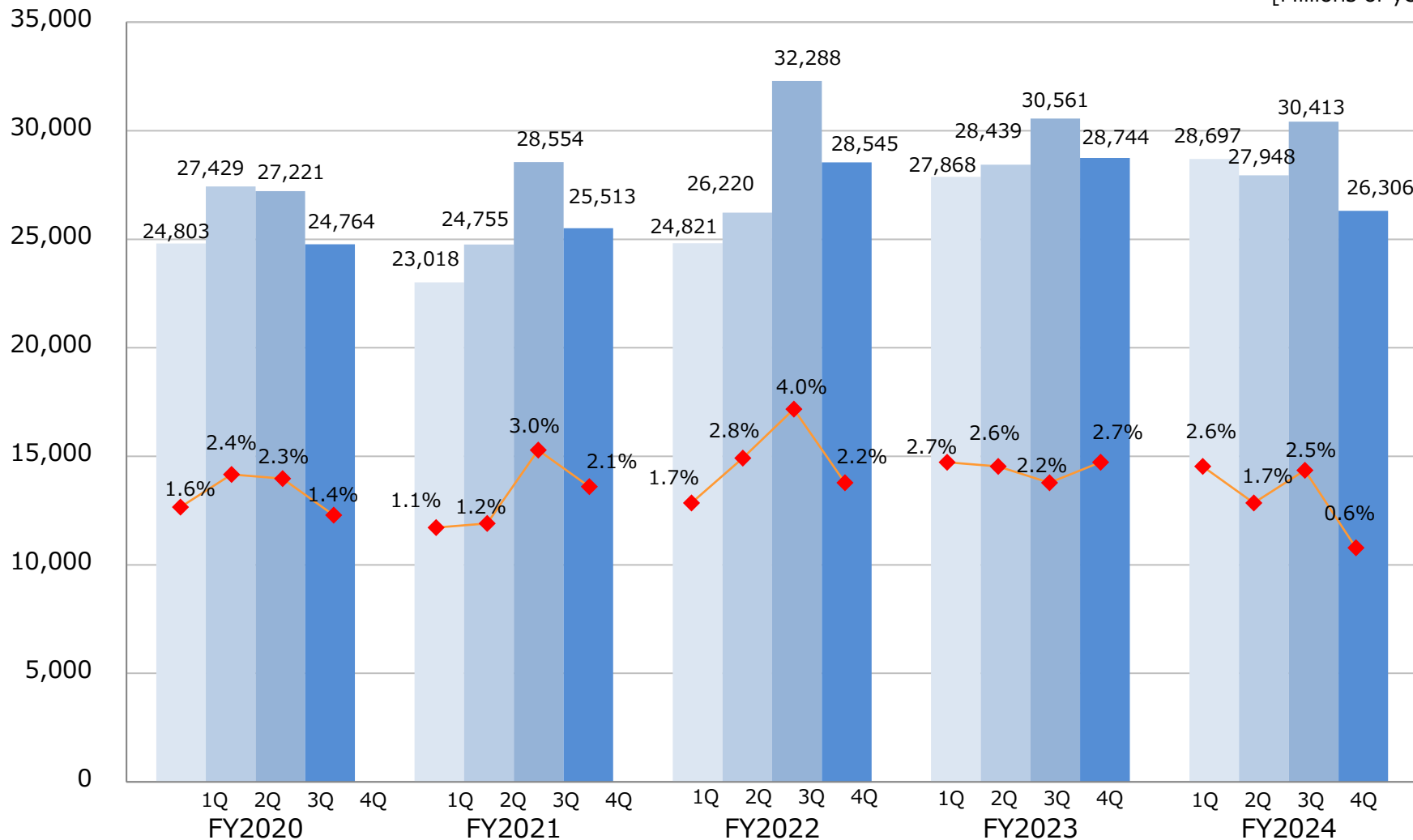
M&A related expenses were incurred, while labor cost and sales promotion costs were lower than the plans.



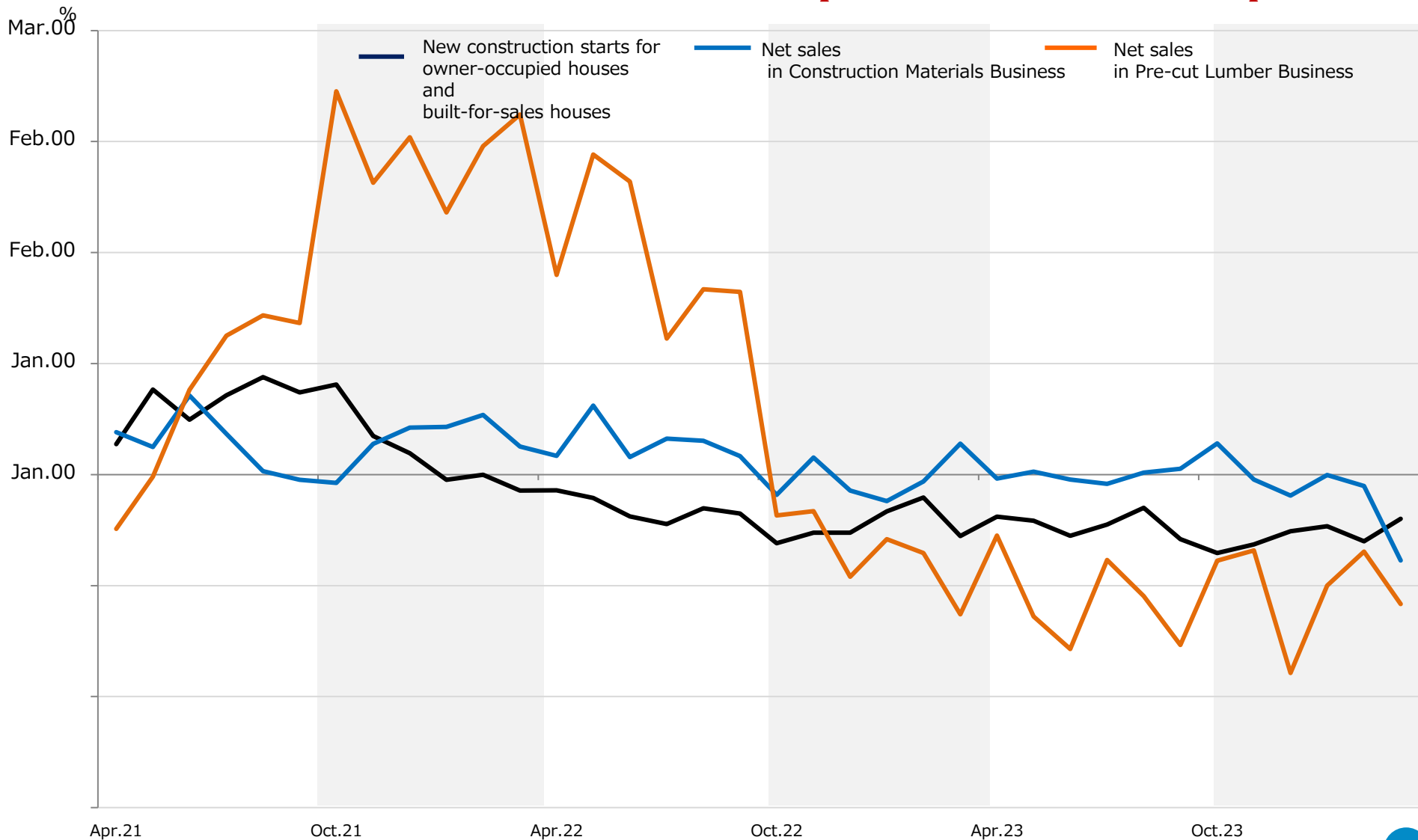
Trends in Net Sales for Each Quarter

■ 1st Quarter ■ 2nd Quarter ■ 3rd Quarter ■ 4th Quarter ◆ Operating profit margin

[Millions of yen]



Construction Materials Business secured almost the same amount of net sales as that in the previous fiscal year, while the number of housing starts declined. Net sales of Pre-cut Lumber Business decreased due to the continued impact of decline in lumber sales price.



※ As for the figures in 2021, excluding the impact of applying revenue recognition accounting standards

Profit and Loss by Segment

Millions of yen, Figures in () represent composition ratios
 Figures in < > represent operating profit margin of each segment

	FY2023	FY2024					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	115,613 (100.0%)	113,366 (100.0%)	▲2,246	98.1%	120,000 (100.0%)	▲6,633	94.5%
Construction Materials Business	71,118 (61.5%)	69,927 (61.7%)	▲1,191	98.3%	73,568 (61.3%)	▲3,641	95.1%
Pre-cut Lumber Business	18,711 (16.2%)	14,729 (13.0%)	▲3,981	78.7%	17,566 (14.6%)	▲2,837	83.8%
Air-conditioning, Heating and Cooling, and Household products Business	17,306 (15.0%)	17,769 (15.7%)	462	102.7%	18,027 (15.0%)	▲257	98.6%
Engineering Business	5,644 (4.9%)	8,258 (7.3%)	2,614	146.3%	8,021 (6.7%)	236	103.0%
Other	3,405 (2.9%)	3,142 (2.8%)	▲263	92.3%	3,312 (2.8%)	▲169	94.9%
Inter-business coordination	▲573	▲460	112	—	▲495	34	—
Operating Profit	2,946 (2.5%)	2,155 (1.9%)	▲790	73.2%	2,750 (2.3%)	▲594	78.4%
Construction Materials Business	1,311 <1.8%>	807 <1.2%>	▲504	61.5%	1,365 <1.9%>	▲558	59.1%
Pre-cut Lumber Business	1,578 <8.4%>	850 <5.8%>	▲727	53.9%	1,237 <7.0%>	▲386	68.8%
Air-conditioning, Heating and Cooling, and Household products Business	196 <1.1%>	271 <1.5%>	75	138.3%	179 <1.0%>	91	150.9%
Engineering Business	356 <6.3%>	833 <10.1%>	476	233.7%	527 <6.6%>	306	158.2%
Other	131 <3.9%>	120 <3.8%>	▲11	91.0%	110 <3.3%>	9	109.0%
Inter-business coordination	▲628	▲727	▲99	—	▲669	▲57	—

Millions of yen,
Figures in () represent composition ratios

	FY2023	FY2024					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	71,118	69,927	▲1,191	98.3%	73,568	▲3,641	95.1%
Gross Profit	7,750 (10.9%)	7,699 (11.0%)	▲50	99.3%	8,075 (11.0%)	▲375	95.3%
Operating Profit	1,311 (1.8%)	807 (1.2%)	▲504	61.5%	1,365 (1.9%)	▲558	59.1%


Y on Y Change

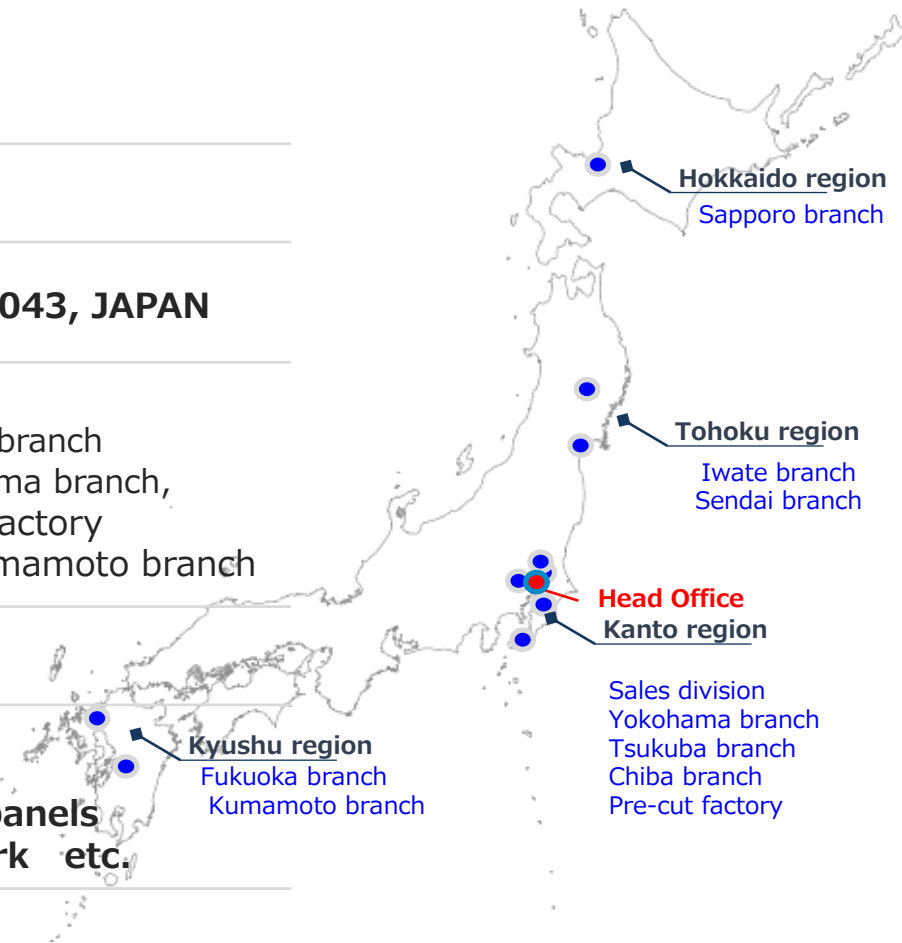
- We focused on expanding sales of products aimed at achieving carbon neutrality, capturing demand for remodeling/renovation and promoting the introduction of wooden structures and wooden interior decorations to non-housing buildings, while new housing starts for owner-occupied houses and built-for-sale detached houses decreased. Furthermore, we acquired TRESSA Co., Ltd., headquartered in Nagasaki City in May 2023, and Ai-build Corporation, having bases throughout Japan in January 2024. Net sales decreased by 1.7% year on year.
- Operating profit decreased by 38.5% year on year due to the increase in SG&A expenses such as labor cost and so on.

Result vs Plan

- Both net sales and operating profit fell short of the targets due to the decrease in the number of new starts for owner-occupied houses and built-for-sale detached houses.
- The profit and loss of TRESSA Co., Ltd. is recorded on the consolidated financial results from the six-month period and Ai-build Corporation is consolidated only in terms of the balance sheet.

Company Profile

Trade Name	 Ai-build Corporation
Established	March 1, 1991
Head Office	1-18-4, Kamaya Kita-Ku, Tokyo 1150043, JAPAN
Business Locations	<p>Hokkaido region: Sapporo branch</p> <p>Tohoku region: Iwate branch, Sendai branch</p> <p>Kanto region: Sales division, Yokohama branch, Tsukuba branch, Chiba branch, Pre-cut factory</p> <p>Kyushu region: Fukuoka branch, Kumamoto branch</p>
Capital	20 million yen
Business Outline	<ul style="list-style-type: none"> • Housing exterior wall work • Roof and gutter work • Installation work of solar power panels • Wooden building construction work etc.
Number of Employees	116 (as of July, 2023)
Net Sales	4,932 million yen (FY2023 ended July)



Millions of yen,
Figures in () represent composition ratios

	FY2023	FY2024					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	18,711	14,729	▲3,981	78.7%	17,566	▲2,837	83.8%
Gross Profit	3,524 (18.8%)	2,751 (18.7%)	▲772	78.1%	3,164 (18.0%)	▲413	86.9%
Operating Profit	1,578 (8.4%)	850 (5.8%)	▲727	53.9%	1,237 (7.0%)	▲386	68.8%

Y on Y Change

- We made greater efforts to win orders from non-housing projects, including offices, shops, and other facilities, in addition to detached houses, our mainstay. However, net sales of this business decreased by 21.3% year on year, due to lower lumber prices as well as the decline in new construction starts for owner-occupied houses and built-for-sale detached houses.
- Operating profit decreased by 46.1% year on year, despite the efforts to maintain gross profit. However, we secured operating profit level before 2021-2023 lumber shortage (Re: 835 million yen for FY2020, 704 million yen for FY2021).
- We closed Onomichi branch (formerly Nishinohon Precut Center Co., Ltd.) of Yodo Ply Co., Ltd. in September 2023, due to the difficulties in expanding production scale.

Result vs Plan

- Both net sales and operating profit fell short of targets, due to lower lumber prices as well as the decline in new construction starts.

Millions of yen,
Figures in () represent composition ratios

	FY2023	FY2024					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	17,306	17,769	462	102.7%	18,027	▲257	98.6%
Gross Profit	2,674 (15.5%)	2,783 (15.7%)	109	104.1%	2,890 (16.0%)	▲107	96.3%
Operating Profit	196 (1.1%)	271 (1.5%)	75	138.3%	179 (1.0%)	91	150.9%

Y on Y Change

- Net sales increased by 2.7% year on year because sales and installation work of freezing and refrigeration equipment and air-conditioning equipment grew steadily.
- Operating profit increased by 38.3% year on year.

Result vs Plan

- Net sales fell short of the target due to undermined consumer sentiment caused by rising living costs and so on in vendor business for mass retailers.
- Operating profit achieved the target due to strong performance in sales and installation work of freezing and refrigeration equipment and air-conditioning equipment, and the reduction of SG&A expenses by streamlining logistics and so on in vendor business for mass retailers.

Millions of yen,
Figures in () represent composition ratios

	FY2023	FY2024					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	5,644	8,258	2,614	146.3%	8,021	236	103.0%
Gross Profit	1,136 (20.1%)	1,780 (21.6%)	644	156.7%	1,449 (18.1%)	330	122.8%
Operating Profit	356 (6.3%)	833 (10.1%)	476	233.7%	527 (6.6%)	306	158.2%

Y on Y Change

- Net sales increased by 46.3% year on year due to the contribution of All Japan Data Service, Co., Ltd. and Hagaya Construction Co., Ltd., which both became our subsidiaries in the previous fiscal year, and steady construction sales in the existing companies.
- Operating profit increased by 133.7% year on year.

Result vs Plan

- Net sales achieved the target.
- Operating profit achieved the target conspicuously, through the improvement of gross profit rate.

Millions of yen,
Figures in () represent composition ratios

	FY2023	FY2024					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	3,405	3,142	▲263	92.3%	3,312	▲169	94.9%
Gross Profit	535 (15.7%)	541 (17.2%)	5	101.1%	536 (16.2%)	4	100.8%
Operating Profit	131 (3.9%)	120 (3.8%)	▲11	91.0%	110 (3.3%)	9	109.0%

Y on Y Change

- Net sales decreased by 7.7% year on year due to declines in automotive-related sales and sales of electric insulating materials for industrial use.
- Operating profit decreased by 9.0% year on year due to the increase of SG&A expenses such as labor cost, despite the efforts to improve gross profit rate.

Result vs Plan

- Net sales fell short of the target.
- Operating profit achieved the target, through the improvement of gross profit rate.

Balance Sheet

[Millions of yen]

	FY2023	FY2024	
			Change
Cash and deposits	14,146	14,598	452
Notes and accounts receivable - trade	23,404	22,246	▲1,158
Merchandise	4,460	4,526	66
Costs on construction contracts in progress	1,662	1,645	▲17
Other current assets	994	973	▲20
Allowance for doubtful accounts	▲24	▲43	▲18
Current Assets	44,644	43,947	▲696
Property, plant and equipment	12,822	14,673	1,851
Intangible assets	1,616	1,424	▲192
Investments and other assets	5,448	6,291	842
Non-current Assets	19,887	22,389	2,501
Total Assets	64,531	66,337	1,805

	FY2023	FY2024	
			Change
Notes and accounts payable-trade	30,823	30,376	▲447
Short-term borrowings	3,837	4,084	247
Other current liabilities	3,837	3,459	▲377
Long-term borrowings	2,017	2,050	33
Retirement benefit liability	633	627	▲5
Other non-current liabilities	1,825	2,392	566
Liabilities	42,974	42,992	18
Shareholders' equity	21,150	22,596	1,446
Accumulated other comprehensive income	380	719	338
Non-controlling interests	27	29	2
Net Assets	21,557	23,345	1,787
Total Liabilities and Net Assets	64,531	66,337	1,805
Capital adequacy ratio	33.4%	35.1%	1.7%

Statement of Cash Flows

[Millions of yen]

	FY2023	FY2024	Major Factors
Cash flows from operating activities	1,856	3,385	Profit before income taxes +3,346 Decrease in accounts receivable +1,889 Decrease in accounts payable ▲1,044 Corporate income taxes ▲1,020
Cash flows from investing activities	364	▲1,539	Proceeds from the sales of investment property +693 Proceeds from sale of investment securities +411 Purchase of property, plant and equipment ▲2,043 Expenditures for the acquisition of subsidiary shares accompanying changes in scope of consolidation ▲677
Free cash flow	2,221	1,845	
Cash flows from financing activities	▲376	▲1,289	Proceeds from long-term borrowings +800 Repayments of long-term borrowings ▲1,414 Dividends paid ▲709
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	

Financial Forecast for FY2025

We expect increase both in net sales and in operating profit, through expanding sales in non-housing markets, capturing remodeling demand, promoting wooden structure construction and contribution from M&A in the previous fiscal year.

Millions of yen,
Figures in () represent composition ratios

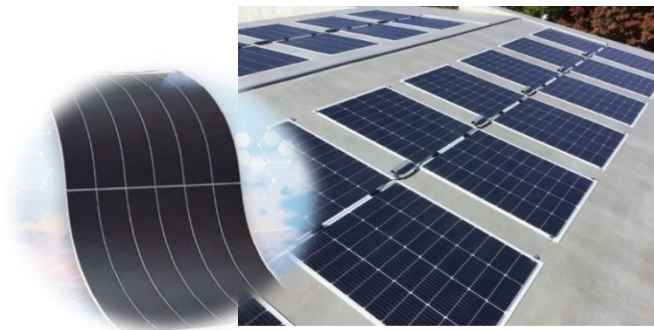
	FY2024	FY2025		
		Forecast	Change Amount	Change %
Net Sales	113,366 (100.0%)	125,000 (100.0%)	11,633	110.3%
Gross Profit	15,551 (13.7%)	17,588 (14.1%)	2,036	113.1%
SG&A Expenses	13,395 (11.8%)	14,788 (11.8%)	1,392	110.4%
Operating Profit	2,155 (1.9%)	2,800 (2.2%)	644	129.9%
Ordinary Profit	2,731 (2.4%)	3,400 (2.7%)	668	124.5%
Profit attributable to owners of parent	2,093 (1.8%)	2,100 (1.7%)	6	100.3%
R O E	9.3%	8.7%	▲0.6%	—

■ **Profitability improvement in our mainstay**
– **“Construction Materials Business” and “Pre-cut Lumber Business”**

● **Nationwide expansion of solar power generation business**

- We develop solar power installation services and promote ZEH and Long-life Quality Housing with major housing makers, in accordance with mandatory installation of solar power generation in new housing aimed at achieving carbon neutrality.
- We expand sales and installation work of solar power generation facilities within the whole Ochi group, centering on Ochi Sangyo Co., Ltd. and Ai-build Corporation in ‘Construction Materials Business’, and Taiyo-Sangyo Co., Ltd. in ‘Air-conditioning, Heating and Cooling, and Household products Business’.
- We try to capture broad demand for solar power installation service, cooperating with wide-area builders, general contractors and so on.

“Flexible” High-output and ultra-lightweight type of solar panel
Being light and applicable on curved surfaces,
it can be attached to carports or walls etc.

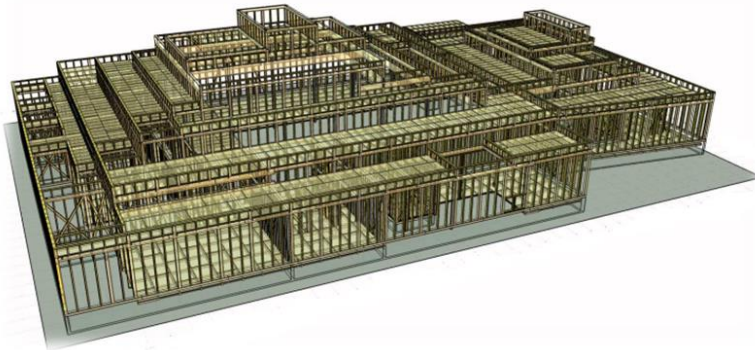


Installed by Ai-build Corporation in Dec. 2023

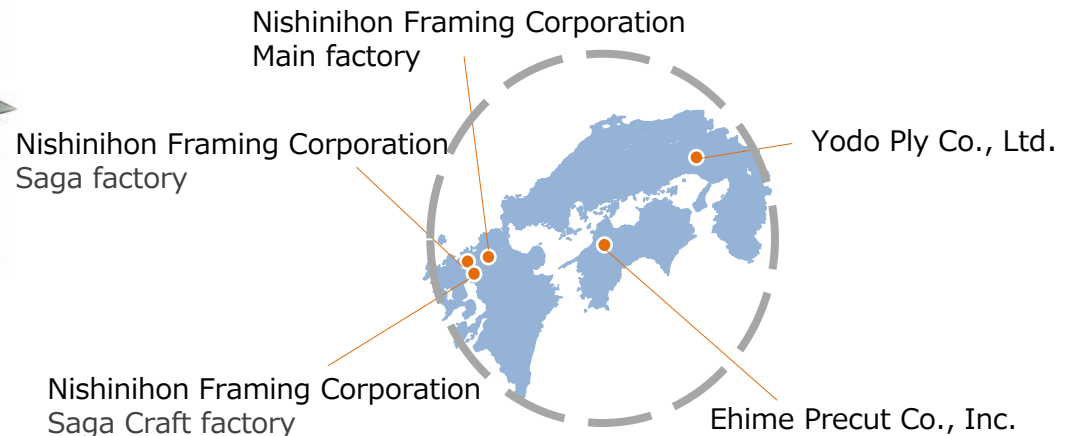
■ **Profitability improvement in our mainstay**
– “Construction Materials Business” and “Pre-cut Lumber Business”

● **Expanding non-housing business**

- We promote to construct non-housing buildings such as hospitals, elderly care facilities, kindergartens etc. with wooden structures, and try to win more orders for non-housing buildings, and make this business a new pillar alongside new-starts and remodeling.
- We enhance group synergy through cross-sectional collaboration in ‘Construction Material Business’, ‘Pre-cut Lumber Business’ and ‘Engineering Business’, and increase the sales composition for non-housing field within Ochi group as a whole.



**To pre-cut at 5 factories
of 3 companies within Ochi Group**



■ Profitability improvement in our mainstay – “Construction Materials Business” and “Pre-cut Lumber Business”

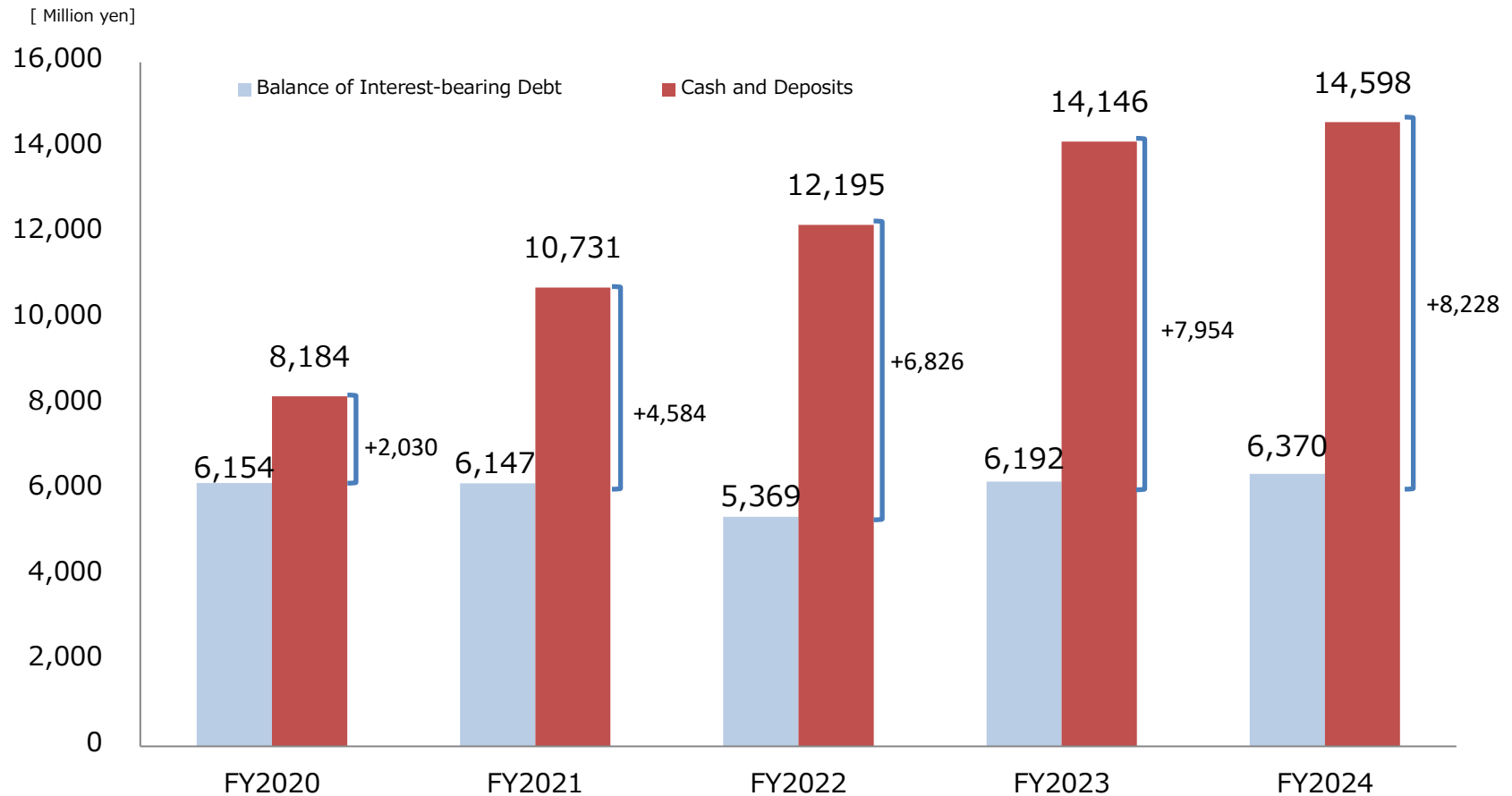
● Improving productivity

- We promote DX to realize improvement of productivity and work efficiency.
- We start to use tools for online product proposal.
- We promote to use RPA for the purpose of workload reduction and operational improvement.
- We newly establish **Logistics Operations Department** to respond to market changes. The department promotes delivery optimization by improving efficiency of product inspection work, etc.



Changes of Balance between Interest-bearing Debt and Cash and Deposits

■ We keep healthy cash position while conducting aggressive M&A

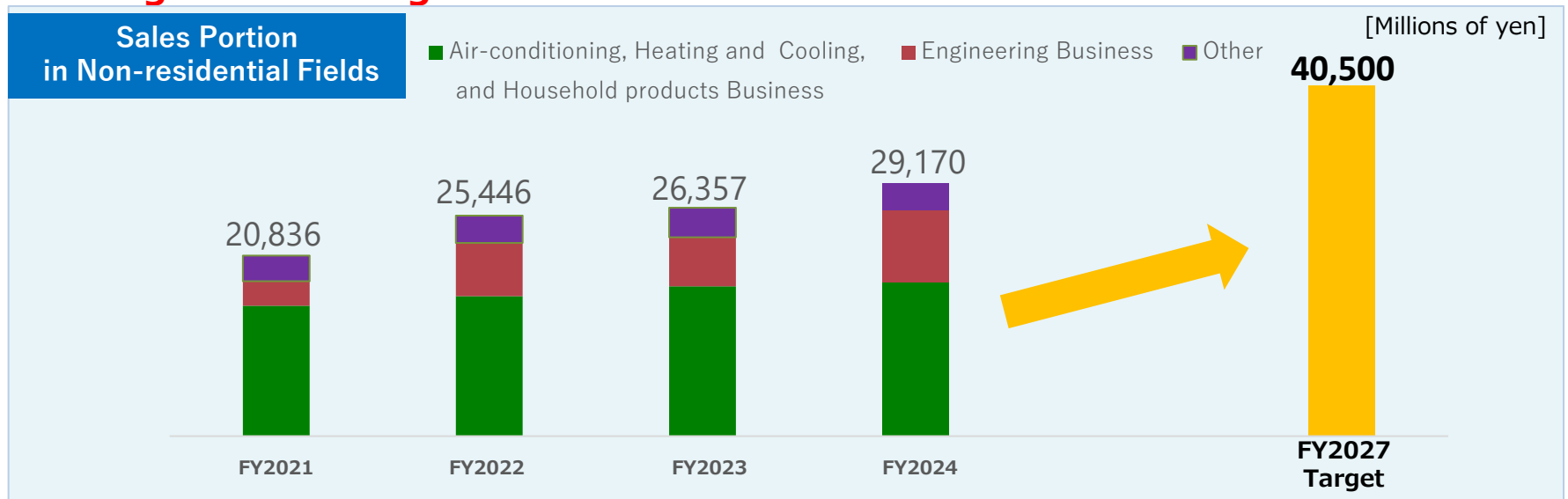


■ Investment to growth fields, using operating cash flow

● Pursuit of aggressive M&A

- We continue to acquire new companies in highly profitable growth fields, using operating cash flow.
- We plan to increase the proportion of non-residential fields to consolidated net sales to 30% or more.

■ We plan to establish corporate structure which is less susceptible to changes in housing demand



Construction Materials Business

Millions of yen,
Figures in () represent composition ratios

	FY2024 Result	FY2025	
		Plan	Change % Y on Y
Net Sales	69,927	79,141	113.2%
Gross Profit	7,699 (11.0%)	9,408 (11.9%)	122.2%
Operating Profit	807 (1.2%)	1,383 (1.7%)	171.4%

- We plan to increase sales and profits by expanding sales in non-housing field, newly cultivating and deepening relationships with builders, strengthening construction functions, expanding sales channels for civil engineering related products, promoting sales of products aimed at achieving carbon neutrality and capturing remodeling/renovation demand, etc.
- We anticipate that TRESSA Co., Ltd. and Ai-build Corporation, which we acquired in the previous fiscal year, will contribute to the performance of this business.

Pre-cut Lumber Business

Millions of yen,
Figures in () represent composition ratios

	FY2024 Result	FY2025	
		Plan	Change % Y on Y
Net Sales	14,729	16,144	109.6%
Gross Profit	2,751 (18.7%)	3,132 (19.4%)	113.9%
Operating Profit	850 (5.8%)	1,193 (7.4%)	140.3%

- We intend to increase sales and profits, by further capturing non-housing properties and demand for rental houses, developing new customers, taking initiatives to construct wooden structure buildings in collaboration with Engineering Business and Construction Materials Business.

Full-year Plan by Segment

Air-conditioning, Heating and Cooling, and Household products Business

Millions of yen,
Figures in () represent composition ratios

	FY2024 Result	FY2025	
		Plan	Change % Y on Y
Net Sales	17,769	17,542	98.7%
Gross Profit	2,783 (15.7%)	2,768 (15.8%)	99.5%
Operating Profit	271 (1.5%)	198 (1.1%)	73.2%

- In the sales of household and textile products, we strengthen e-commerce section for B to C in addition to vender business for mass retailers.
- We anticipate decrease in profitability, expecting the increase of labor and logistics costs, etc.

Engineering Business

Millions of yen,
Figures in () represent composition ratios

	FY2024 Result	FY2025	
		Plan	Change % Y on Y
Net Sales	8,258	9,436	114.3%
Gross Profit	1,780 (21.6%)	1,754 (18.6%)	98.6%
Operating Profit	833 (10.1%)	721 (7.6%)	86.5%

- We expand sales of civil engineering related products in cooperation with Construction Materials Business, promoting initiatives for converting non-housing buildings to wooden structures, and wooden structure construction.
- We anticipate decline in profitability, expecting surge in materials and increase in labor and outsourcing costs.

Other

Millions of yen,
 Figures in () represent composition ratios

	FY2024 Result	FY2025	
		Plan	Change % Y on Y
Net Sales	3,142	3,595	114.4%
Gross Profit	541 (17.2%)	565 (15.7%)	104.4%
Operating Profit	120 (3.8%)	122 (3.4%)	102.0%

- We aim to increase both sales and profits by expanding the range of dealing products in domestic industrial materials (electric insulating materials for industrial use, thermal insulators).

Progress on Medium-term Management Plan (FY2023~FY2027)



Purpose

To create safe, secure and sustainable society

Action Philosophy

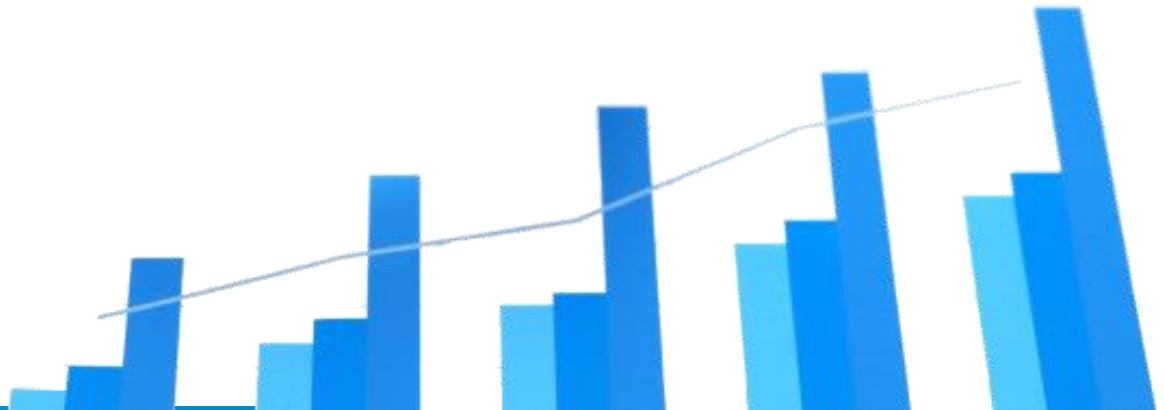
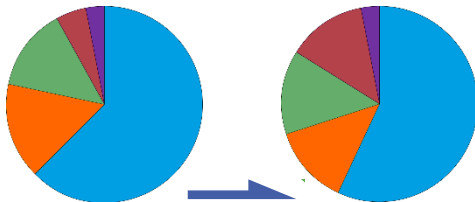
Positivity

Sincerity

Stability

Basic Policy

- ① Transformation of business portfolio for sustainable growth
- ② Development of sales activities focusing on growth fields
- ③ Establishment of a management platform underpinning stable growth



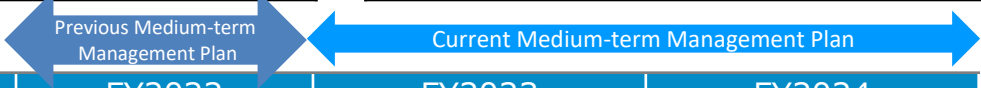
1. Transformation of business portfolio for sustainable growth

Measures (for Medium-term management plan)

- Establishing corporate structure less susceptible to changes in residential demand, and increasing sales ratio of non-residential fields up to 30% and more by the end of FY2027
- Expanding business scale through active M&A promotion

Progress and special remarks

- In May 2023, we acquired **TRESSA Co., Ltd.** as a subsidiary, which, headquartered in Nagasaki City, is engaged in housing wall work and sales of housing materials.
【Construction Materials Business】
- In January 2024, we acquired Ai-build Corporation, which, headquartered in Kita-ku, Tokyo, is mainly engaged in exterior wall work and installation work of solar power panels nationwide.
【Construction Materials Business】
- Percentage of non-residential fields to consolidated net sales is shown in the table below:



	FY2022 Result	FY2023 Result	FY2024 Result
Air-conditioning, Heating and Cooling, and Household products Business (A)	16,144	17,306	17,769
Engineering Business (B)	6,146	5,644	8,258
Other (C)	3,156	3,405	3,142
Sales in non-residential fields (A) + (B) + (C)	25,446	26,357	29,170
Percentage of sales in non-residential fields to consolidated net sales	22.7%	22.7%	25.7%

[Millions of yen]

FY2027 Target
40,500
30.3%

2. Development of sales activities focusing on growth fields

Construction Materials Business

Measures (for Medium-term management plan)

- Promoting sales of products aimed at achieving carbon neutrality
- Capturing remodeling/renovation demand
- Reaching out to non-housing markets

Pre-cut Lumber Business

- Reaching out to non-housing markets
- Strengthening construction functions

Progress and special remarks

- Net sales of solar panel generation equipment increased by **161.3%** in comparison with FY2022 at Ochi Sangyo Co., Ltd.
- Net sales of ZEH related products increased by **9.8%** in comparison with FY2022 at Ochi Sangyo Co., Ltd.
- In May 2023, we acquired **TRESSA Co., Ltd.**, which, headquartered in Nagasaki City, was engaged in housing wall work and sales of housing materials.
- In January 2024, we acquired **Ai-build Corporation**, which, headquartered in Kita-ku, Tokyo, was mainly engaged in exterior wall work and installation work of solar power panels nationwide.
- Net sales for non-housing buildings increased by **10.2%** in comparison with FY2022 in Construction Materials Business
- In February 2024, we organized “**Wooden Structure Project**” to strengthen the initiatives for constructing non-housing buildings with wooden structures.

- Sales for non-housing buildings increased by **23.5%** in comparison with FY2022 in Pre-cut Lumber Business
- Focusing on sales with construction in Pre-cut Lumber Business

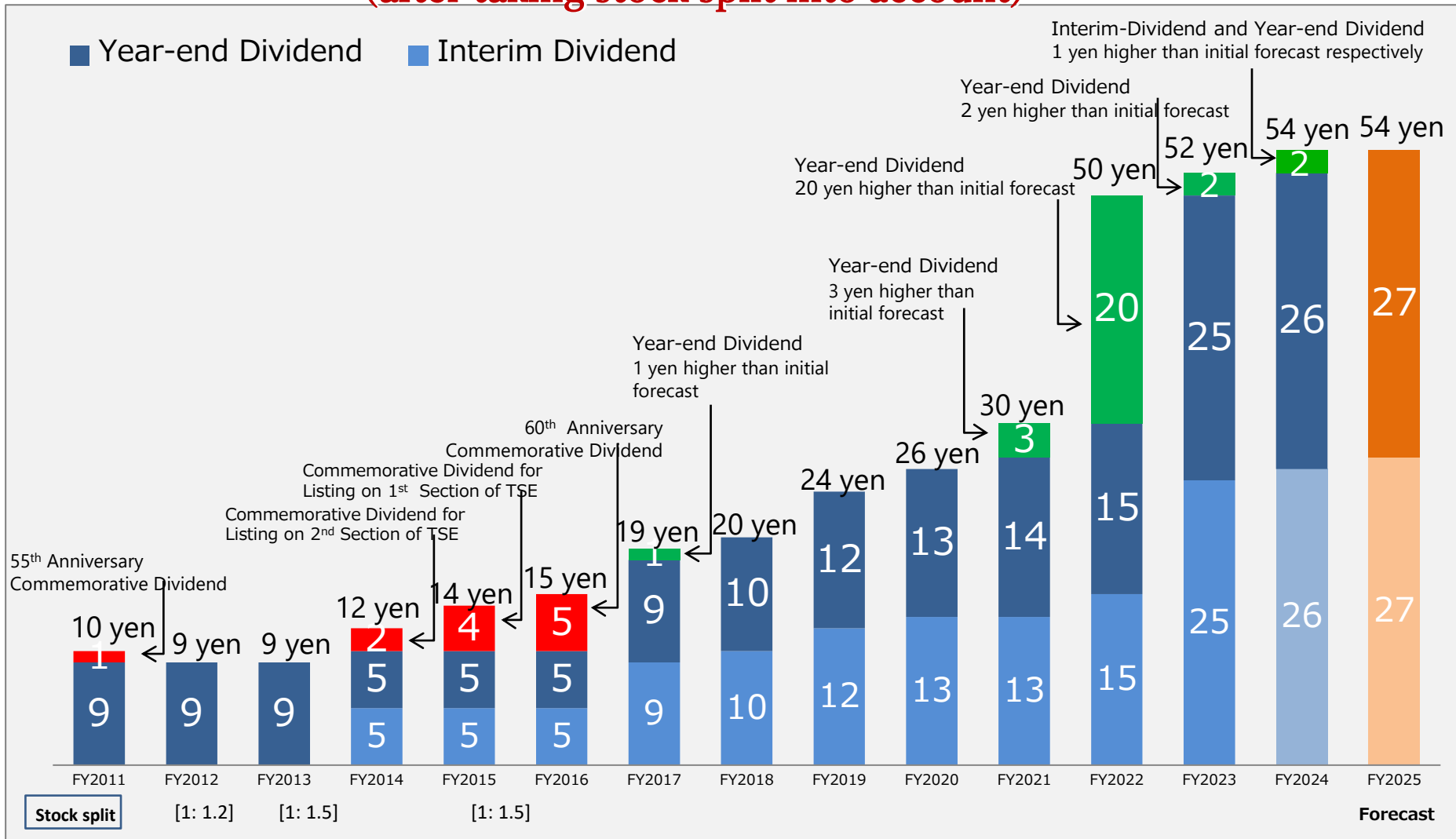
2. Development of sales activities focusing on growth fields

Measures (for Medium-term management plan)		Progress and special remarks
Air-conditioning, Heating and Cooling, and Household products Business	<ul style="list-style-type: none"> ● Strengthening the construction system ● Developing e-commerce market 	<ul style="list-style-type: none"> ● At Taiyo-Sangyo Co., Ltd., orders for installation work of refrigeration/freezing equipment increased by strengthening construction system. ● Terada Co., Ltd. expanded sales of clothing, etc. on its e-commerce site. ● Matsui Co., Ltd. opened an e-commerce site in FY2024 and promoted market cultivation.
Engineering Business	<ul style="list-style-type: none"> ● Establishing construction network by promoting further M&A ● Handling civil engineering-related products in cooperation with Construction Materials Business 	<ul style="list-style-type: none"> ● With the acquisition of Ai-build Corporation in January 2024, we strengthened our network with its construction department. ● We strive to develop eco-friendly civil engineering-related products in cooperation with Construction Materials Business. ● In February 2024, we organized “Wooden Structure Project” to strengthen the initiatives for constructing non-housing buildings with wooden structures.
Other	<ul style="list-style-type: none"> ● Transformation of sales composition in view of EV conversion of automobiles ● Sales expansion of domestic industrial materials 	<ul style="list-style-type: none"> ● Sales composition rate in the automobile field decreased partly due to the influence of production adjustments in automobile related manufacturing industry. ● We expanded product lines of domestic materials such as electric insulation materials (Tokron, etc.) and fire-proof sealing materials, etc., and promoted to sell these products.

3. Establishment of a management platform underpinning stable growth

Measures (for Medium-term management plan)	Progress and special remarks
<ul style="list-style-type: none"> ● DX promotion ● Strengthening the initiatives for sustainability ● Developing and securing human resources ● Reinforcing corporate governance 	<ul style="list-style-type: none"> ● Since April 2022, we have introduced a new sales management system common to Construction Materials Business into 3 companies, bringing the total number of companies introduced this system to 6. ● In April 2023, we newly established “Information System Department” to promote DX (such as operational efficiency improvement through RPA and electronic FAX). ● In May 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). ● In April 2023, we established Sustainability Committee. ● We set the reduction target for greenhouse gas emissions within the group at 30% for 10-year period from 2021 to 2030. ● In June 2023, we formulated “OCHI group Human Rights Policy”. ● In March 2024, we conducted an engagement survey to improve the internal environment based on Human Rights Policy. ● We implement the disclosure of the essential documents (Notices of Convocation and Resolution, Consolidated Financial Results and Financial Presentation Materials) in English since April 2022, in response to the corporate governance code.

Achieved 13th consecutive year of dividend increase (after taking stock split into account)

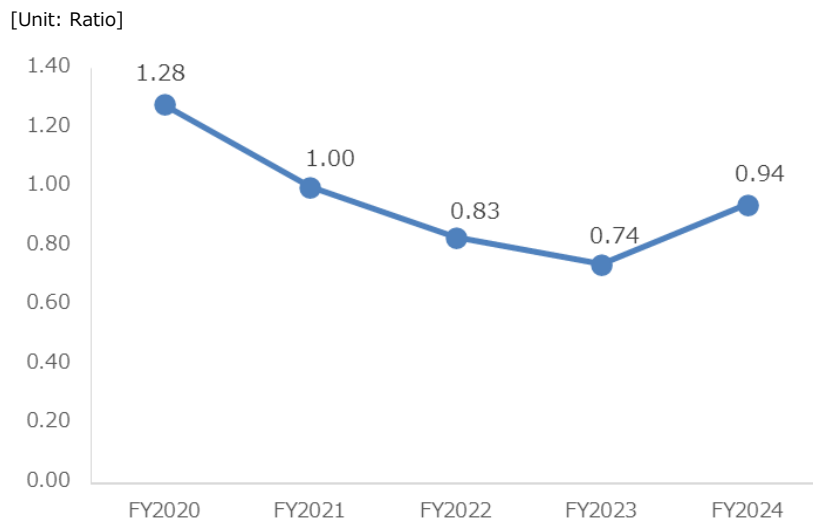


Payout Ratio 7.9% 4.7% 6.2% 7.3% 16.9% 17.4% 18.4% 19.6% 22.9% 23.7% 21.8% 18.8% 27.0% 33.4% **33.3%**

Actions to Implement Management that is Conscious of Cost of Capital and Stock Price

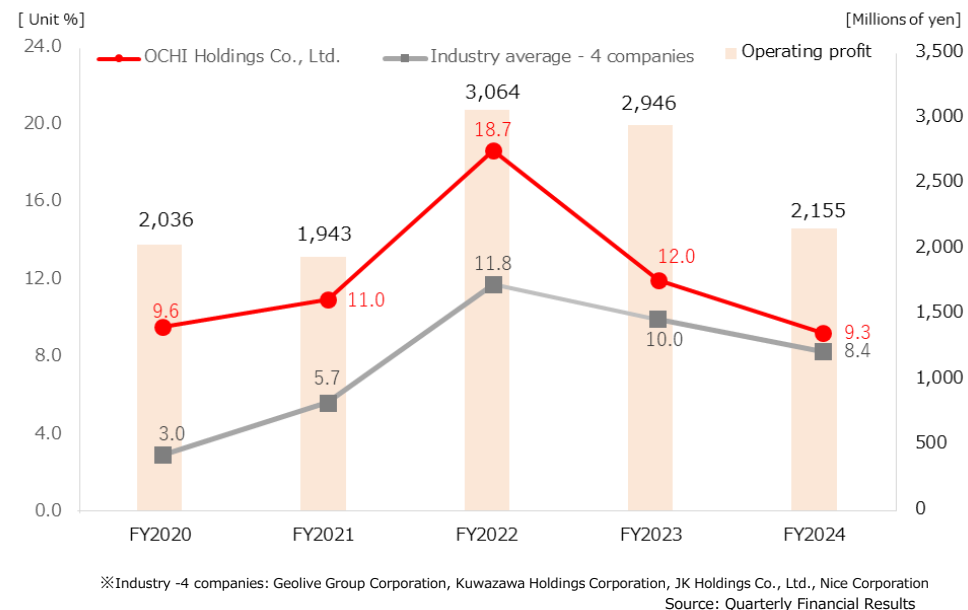
PBR

• Since the end of FY2022, PBR ratio had been below 1 x, however, it improved to 0.94 as of the end of FY2024



ROE

• ROE had peaked in FY2022 and it declined to 9.3% as of the end of FY2024



Improvement of capital profitability

We strive to strengthen consolidated profitability while promoting development of sales activities focused on growth fields, and conducting M&A with an emphasis on profitability.

Transformation of business portfolio

We plan to expand business scale by promoting M&A in the profitable growth fields, for increasing profits within the entire group.

Enhancement of shareholder returns

The basic policy is to strive to maintain stable dividend payments, and to pay dividends taking into account consolidated financial results, with a target consolidated dividend payout ratio of 30% or more.

Improvement in liquidity of our shares

Trends in the tradable shares ratio of the company - FY2021 : 23.3%、 FY2022 : 25.5%、 FY2023 : 32.5%、 FY2024 : 33.8%

Strengthening corporate governance

We plan to select three (3) female directors out of seven(7) outside directors in the general meeting of shareholders in June 2024.

11 Directors will be consisted of four(4) inside directors and seven(7) outside directors.

Sustainability

We established sustainability committee and set the reduction target for greenhouse gas emissions within the group at 30% for 10-year period from FY2021 to FY2030.

- We acquired Ai-build Corporation as a subsidiary in January 2024.
- We achieved 13th consecutive year of dividend increase (After taking account of stock split).
- Regarding dividend payout ratio, we aim to conduct 30% or more of dividend payment.
- We improve capital profitability (ROE - 10% or higher)
 - We plan to improve profitability in our main businesses - 'Construction Materials Business' and 'Pre-cut Lumber Business'.
 - We plan to invest in growth fields, using operating cash flow.



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Disclaimer Regarding Forward-looking Statements

These presentation materials contain forward-looking statements based on the assumptions and expectations in light of the information currently available.

Certain risks, uncertainties and various factors may cause the company's actual results to differ materially from any projections presented here.

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