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## Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]

February 6, 2023

Company name: OCHI Holdings Co., Ltd.  
 Listing: Tokyo Stock Exchange and Fukuoka Stock Exchange  
 Securities code: 3166  
 URL: <https://www.ochiholdings.co.jp>  
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 Scheduled date to file quarterly securities report: February 7, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary materials  
     on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 1, 2022 - December 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2022	86,868	4.2	2,170	(11.3)	2,614	(6.3)	1,851	(38.8)
December 31, 2021	83,330	9.2	2,446	73.8	2,790	74.3	3,027	112.8

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥1,825 million [(37.7)%]  
 Nine months ended December 31, 2021: ¥2,930 million [82.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2022	143.75	—
December 31, 2021	232.45	—

- With the introduction of the Board Benefit Trust (BBT) and the introduction of the Trust-type Employee Shareholding Incentive Plan in February 2022, 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 average number of shares during the period for the purpose of calculating basic earnings per share.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	66,395	20,884	31.4	1,616.93
As of March 31, 2022	62,834	19,814	31.5	1,537.51

(Reference) Equity: As of December 31, 2022: ¥20,857 million  
 As of March 31, 2022: ¥19,774 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 total number of issued shares at the end of the period for the purpose of calculating net assets per share.

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	15.00	—	35.00	50.00
Fiscal year ending March 31, 2023	—	25.00	—		
Fiscal year ending March 31, 2023 (Forecast)				25.00	50.00

(Note) Revision to the forecast for dividends announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	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	115,500	3.2	2,700	(11.9)	3,150	(11.2)	2,000	(42.0)	155.51

(Note) Revision to the financial results forecast announced most recently: None

**\* Notes:**

- (1) Changes in significant subsidiaries during the period: Yes  
(Changes in specified subsidiaries resulting in changes in scope of consolidation):  
Newly included: 1 (Hagaya Construction Co., Ltd.), Excluded: – ( )
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements:  
None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
- |  |      |
|--|------|
| 1) Changes in accounting policies due to the revision of accounting standards: | Yes  |
| 2) Changes in accounting policies other than 1):                               | None |
| 3) Changes in accounting estimates:  | None |
| 4) Restatements:   | None |
- (4) Total number of shares issued (common shares)
- |  |                   |
|--|-------------------|
| 1) Total number of shares issued at the end of the period (including treasury shares): |                   |
| December 31, 2022:   | 13,610,970 shares |
| March 31, 2022:  | 13,610,970 shares |
| 2) Total number of treasury shares at the end of the period:                           |                   |
| December 31, 2022:   | 711,658 shares    |
| March 31, 2022:  | 749,828 shares    |
| 3) Average number of shares during the period:   |                   |
| Nine months ended December 31, 2022:   | 12,880,990 shares |
| Nine months ended December 31, 2021:   | 13,025,088 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 (103,300 shares as of December 31, 2022 and 109,800 shares as of March 31, 2022). The number of treasury shares deducted in the calculation of the average number of shares during the period includes the number of the Company's shares held by the trust (105,450 shares for the nine months ended December 31, 2022 and 111,884 shares for the nine months ended December 31, 2021).
  - 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 (134,300 shares as of December 31, 2022 and 166,000 shares as of March 31, 2022). The number of treasury shares deducted in the calculation of the average number of shares during the period includes the number of the Company's shares held by the trust (150,498 shares for the nine months ended December 31, 2022 and – shares for the nine months ended December 31, 2021).

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

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

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, and are not intended as a guarantee by the Company that they will be achieved. 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 “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” under “1. Qualitative Information on Quarterly Financial Results for the Period” on page 3 of the attachment.

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## 1. Qualitative Information on Quarterly Financial Results for the Period

### (1) Explanation of Operating Results

During the nine months ended December 31, 2022, the impact of COVID-19 continued, and the Japanese economic activities and trends showed signs of recovery as the transition toward coexisting with COVID-19 progressed over time. However, the economic outlook remains uncertain due to the surge in energy and raw materials prices caused by Russia's invasion of Ukraine, rising prices caused by the depreciation of the yen, and other factors.

In the housing industry, challenges still persist, such as price hikes in housing construction due to increases in construction materials and housing equipment prices. As a result, new housing starts for the nine-month period decreased by 1.0% year-on-year. 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 7.9% 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.

In July 2022, we acquired All Japan Data Service, Co., Ltd. and made it a new subsidiary. The company, headquartered in Itabashi-ku, Tokyo, is mainly engaged in the diagnosis and investigation of civil engineering structures such as bridges and other facilities in various areas from the Tohoku region to the Kyushu region. Moreover, in October 2022, we acquired Hagaya Construction Co., Ltd. and made it a new subsidiary. The company, headquartered in Utsunomiya City, Tochigi Prefecture, is mainly engaged in construction and civil engineering works. We aim to expand the Engineering Business and further pursue synergy within the Group, in a bid to realize sustainable growth.

As a result, in the nine-month period, net sales increased by 4.2% year-on-year to 86,868 million yen. Operating profit decreased by 11.3% year-on-year to 2,170 million yen, ordinary profit decreased by 6.3% year-on-year to 2,614 million yen, and profit attributable to owners of parent decreased by 38.8% year-on-year to 1,851 million yen, mainly due to increases in labor and logistics costs.

Results by segment were as follows:

#### <Construction Materials Business>

While new construction starts for owner-occupied houses and built-for-sale detached houses were on the decline, the Group focused on expanding sales of products aimed at achieving carbon neutrality, including solar power generation systems, storage batteries, high-efficiency water heaters, and LED lighting, 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 addition to focusing on online sales promotion, via members-only websites, online conference systems, and other means, we organized "I Love Home Fair," an exhibition of construction materials and housing equipment in Nagasaki Prefecture in September 2022 for the first time in about three years, to reinforce sales by creating demand, such as stimulating new demand and capturing remodeling demand.

As a result, net sales of this business increased by 3.2% year-on-year to 53,089 million yen. Operating profit decreased by 5.8% year-on-year to 905 million yen, mainly due to increases in labor and logistics costs.

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

In the Air-conditioning, Heating and Cooling, and Household Products Business, which mainly operates in the Hokkaido, Tohoku, and Kanto regions, sales and installation work of air-conditioning equipment grew steadily, and Terada Co., Ltd., which became a subsidiary in October 2021, contributed to the performance of this business.

As a result, net sales of this business increased by 9.3% year-on-year to 13,441 million yen and operating profit increased by 108.3% year-on-year to 195 million yen.

#### <Pre-cut Lumber Business>

As lumber prices, which had previously been high, showed signs of a slight decline, we continued to do our utmost to sell lumber products at reasonable prices. At the same time, we made greater efforts to win orders for non-housing projects, including nursing homes, shops, and other facilities, in addition to detached houses, our mainstay.

As a result, net sales of this business increased by 16.6% year-on-year to 14,755 million yen and operating profit increased by 0.9% year-on-year to 1,321 million yen.

<Engineering Business>

In the Engineering Business, we construct commercial facilities and other properties, engage in interior work for condominiums, office buildings, and other structures, and provide civil engineering services for public works projects. Net sales of this business decreased by 28.8% year-on-year to 3,514 million yen and operating profit decreased by 73.7% year-on-year to 118 million yen, partly because of delayed construction schedule.

The profits and loss of All Japan Data Service, Co., Ltd., which became our subsidiary in July 2022, are recorded on the consolidated financial results from the nine-month period. Hagaya Construction Co., Ltd., which became our subsidiary in October 2022, is consolidated only in terms of the balance sheet as of December 31, 2022, and its profit and loss will be recorded on the consolidated financial results from the twelve months ending March 31, 2023.

<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 increased by 5.9% year-on-year to 2,513 million yen and operating profit increased by 59.9% year-on-year to 99 million yen because of a rise in sales of electric insulating materials for industrial use.

(2) Explanation of Financial Position

Total assets rose by 3,561 million yen, or 5.7%, from the previous fiscal year-end to 66,395 million yen. This was mainly attributable to increases of 1,505 million yen in cash and deposits, 896 million yen in costs on construction contracts in progress, 510 million yen in goodwill, 403 million yen in merchandise, and 355 million yen in electronically recorded monetary claims - operating.

Total liabilities increased by 2,491 million yen, or 5.8%, from the previous fiscal year-end to 45,511 million yen. This was mainly attributable to decreases of 341 million yen in income taxes payable and 225 million yen in provision for bonuses, and increases of 1,077 million yen in other under current liabilities, 859 million yen in short-term borrowings, 510 million yen in notes and accounts payable - trade, and 452 million yen in long-term borrowings.

Total net assets rose by 1,070 million yen, or 5.4%, from the previous fiscal year-end to 20,884 million yen. This was mainly attributable to an increase of 1,063 million yen in retained earnings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There are no changes to the consolidated financial results forecast for the fiscal year ending March 31, 2023 from the earlier forecast announced on May 10, 2022.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	12,195	13,701
Notes and accounts receivable - trade, and contract assets	21,061	21,108
Electronically recorded monetary claims - operating	3,332	3,687
Merchandise	5,107	5,510
Costs on construction contracts in progress	731	1,627
Other	834	942
Allowance for doubtful accounts	(30)	(28)
Total current assets	43,231	46,549
Non-current assets		
Property, plant and equipment		
Land	8,354	8,441
Other, net	4,403	4,226
Total property, plant and equipment	12,757	12,667
Intangible assets		
Goodwill	579	1,089
Other	724	641
Total intangible assets	1,303	1,730
Investments and other assets		
Retirement benefit asset	241	241
Other, net	5,316	5,222
Allowance for doubtful accounts	(15)	(16)
Total investments and other assets	5,541	5,448
Total non-current assets	19,602	19,846
Total assets	62,834	66,395

(Million yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	15,479	15,989
Electronically recorded obligations - operating	16,481	16,656
Short-term borrowings	3,223	4,083
Income taxes payable	796	454
Provision for bonuses	657	432
Other	2,035	3,112
Total current liabilities	38,673	40,729
Non-current liabilities		
Long-term borrowings	1,663	2,115
Provision for retirement benefits for directors (and other officers)	434	457
Provision for share awards for directors (and other officers)	57	55
Retirement benefit liability	653	633
Other	1,537	1,519
Total non-current liabilities	4,346	4,782
Total liabilities	43,019	45,511
<b>Net assets</b>		
Shareholders' equity		
Share capital	400	400
Capital surplus	997	997
Retained earnings	18,786	19,849
Treasury shares	(791)	(743)
Total shareholders' equity	19,392	20,504
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	392	359
Remeasurements of defined benefit plans	(10)	(6)
Total accumulated other comprehensive income	381	352
Non-controlling interests	40	27
Total net assets	19,814	20,884
<b>Total liabilities and net assets</b>	<b>62,834</b>	<b>66,395</b>



(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Net sales	83,330	86,868
Cost of sales	72,051	75,222
Gross profit	11,278	11,646
Selling, general and administrative expenses	8,832	9,476
Operating profit	2,446	2,170
Non-operating income		
Interest income	3	1
Dividend income	40	52
Purchase discounts	108	156
Rental income from real estate	130	124
Other	141	205
Total non-operating income	424	540
Non-operating expenses		
Interest expenses	17	16
Rental expenses on real estate	28	29
Depreciation	21	19
Other	15	31
Total non-operating expenses	81	96
Ordinary profit	2,790	2,614
Extraordinary income		
Gain on sale of non-current assets	1	81
Gain on sale of investment securities	80	148
Gain on bargain purchase	1,223	91
Total extraordinary income	1,305	321
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	0	0
Loss on sale of investment securities	–	0
Loss on valuation of investment securities	8	–
Total extraordinary losses	8	2
Profit before income taxes	4,086	2,933
Income taxes - current	979	896
Income taxes - deferred	76	182
Total income taxes	1,056	1,079
Profit	3,029	1,853
Profit attributable to non-controlling interests	2	2
Profit attributable to owners of parent	3,027	1,851

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Profit	3,029	1,853
Other comprehensive income		
Valuation difference on available-for-sale securities	(102)	(32)
Remeasurements of defined benefit plans, net of tax	3	3
Total other comprehensive income	(99)	(28)
Comprehensive income	2,930	1,825
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,928	1,822
Comprehensive income attributable to non-controlling interests	2	2

### (3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Guidance") from the beginning of the first quarter of the fiscal year. Accordingly, the Company will prospectively apply the new accounting policies stipulated in the Fair Value Measurement Guidance in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Guidance. This change will not have any impact on the quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

Information on net sales and profit, and information on disaggregation of revenue, by reportable segment

(Million yen)

	Reportable segments					Other (Note 1)	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statements of income (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	46,172	10,962	11,695	265	69,094	2,373	—	71,467
Revenue from construction work	5,070	1,330	803	4,246	11,449	—	—	11,449
Other revenue	29	—	—	383	412	—	—	412
Revenue from contracts with customers	51,271	12,292	12,498	4,894	80,957	2,373	—	83,330
Sales to external customers	51,271	12,292	12,498	4,894	80,957	2,373	—	83,330
Intersegment sales or transfers	164	0	160	41	366	0	(366)	—
Total	51,436	12,292	12,658	4,936	81,323	2,373	(366)	83,330
Segment profit	961	93	1,309	451	2,815	61	(430)	2,446

- (Notes) 1. "Other" comprises business segments not included in reportable segments and contains sales of industrial materials.
2. Adjustment for segment profit of (430) million yen includes corporate expenses of (432) 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.
3. Segment profit is reconciled with operating profit in the quarterly consolidated statements of income.

For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

1. Information on net sales and profit, and information on disaggregation of revenue, by reportable segment

(Million yen)

	Reportable segments					Other (Note 1)	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statements of income (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	47,809	12,862	13,771	257	74,701	2,512	—	77,214
Revenue from construction work	5,060	577	735	2,876	9,248	—	—	9,248
Other revenue	24	—	—	381	405	—	—	405
Revenue from contracts with customers	52,894	13,440	14,506	3,514	84,355	2,512	—	86,868
Sales to external customers	52,894	13,440	14,506	3,514	84,355	2,512	—	86,868
Intersegment sales or transfers	195	1	248	—	445	0	(445)	—
Total	53,089	13,441	14,755	3,514	84,800	2,513	(445)	86,868
Segment profit	905	195	1,321	118	2,540	99	(469)	2,170

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

2. Adjustment for segment profit of (469) million yen includes corporate expenses of (473) 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.

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

2. Information on impairment losses of non-current assets or goodwill, and other items, by reportable segment  
(Significant changes in the amount of goodwill)

On July 7, 2022, the Company acquired shares of All Japan Data Service, Co., Ltd., which resulted in goodwill of 631 million yen incurred in the Engineering Business.

(Significant gain on bargain purchase)

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.

(Business combinations)

(Business combination via share acquisition)

At the Board of Directors' meeting held on October 27, 2022, the Company passed a resolution to acquire all of the issued shares excluding treasury shares of Hagaya Construction Co., Ltd. (hereinafter "Hagaya Construction") and make it the Company's consolidated subsidiary. The Company acquired the shares of Hagaya Construction on October 28, 2022.

(1) Outline of the business combination

1) Name of acquired company and its business outline

Name of acquired company: Hagaya Construction Co., Ltd.

Business outline: Construction business and civil engineering business

2) Main reason for business combination

Hagaya Construction was founded in Utsunomiya City, Tochigi Prefecture in 1931 under the name of Hagaya Lumber Shop. Since its establishment, Hagaya Construction has expanded its businesses and is mainly engaged in construction and civil engineering works. Hagaya Construction has set a company goal to develop the land of Tochigi Prefecture and improve the safety and convenience of the people's lives there, and has built up a firm position in the local community based on its technological capabilities accumulated over the years.

After the combination, we aim to expand the Engineering Business in the Kanto region and further pursue synergy within the Group, in a bid to realize sustainable growth.

3) Date of business combination

October 28, 2022

4) Legal form of business combination

Share acquisition in consideration for cash

5) Name of company after the combination

No change

6) Percentage of voting rights acquired

100%

7) Major basis for determining the acquirer

It is based on the fact that the Company acquired shares in consideration for cash.

(2) Period of the acquired company's financial results included in the quarterly consolidated statements of income for the quarterly consolidated accounting period

As the deemed acquisition date is September 30, 2022, only the balance sheet as of the said date is consolidated for the nine months ended December 31, 2022.

(3) Acquisition cost of the acquired company and related details of each class of consideration

The acquisition cost is not disclosed due to the confidentiality required under the provisions of the share transfer agreement.

(4) Amount of gain on bargain purchase and reasons for the gain on bargain purchase incurred

1) Amount of gain on bargain purchase

91 million yen

2) Reasons for the gain on bargain purchase incurred

The net amount of assets received and liabilities assumed exceeded the acquisition cost.

(Revenue recognition)

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

(Significant subsequent events)

Not applicable.