

# **FY2024 Interim Report**

## **( Financial Results for the Six Months Ended September 30, 2023)**

**OCHI Holdings Co., Ltd.**



**December 4, 2023**

# Company Overview

Purpose	
<b>To create safe, secure and sustainable society</b>	
Company Profile	
Representative	Michihiro Ochi
Head Office	3-12-20 Nanotsu, Chuo-ku, Fukuoka 810-0071, Japan
Established	October 1, 2010
Capital	400 million yen
Number of Shares Issued	13,610,970
Business Outline	Wholesale trade
Securities Code	3 1 6 6 (Tokyo Standard · Fukuoka)
Stock Abbreviation	O C H I H D
Stock Trading Unit	1 0 0
Number of Employees	1,514 (as of September 30, 2023)

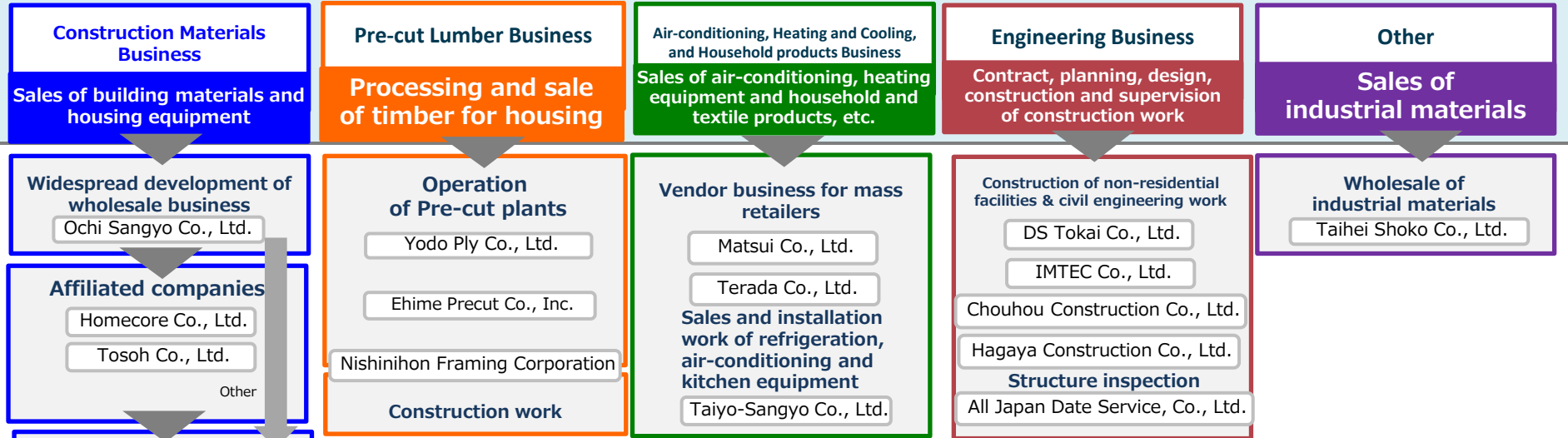
History	
May, 1 9 5 5	Opened Ochi Shoten in Fukuoka City for the purpose of selling construction materials such as wood and plywood
October, 1 9 5 8	Established Ochi Shoten Co., Ltd.
June, 1 9 7 0	Changed the company name to Ochi Sangyo Co., Ltd.
February, 1 9 9 6	Listed on the Fukuoka Stock Exchange
October, 2 0 1 0	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
November, 2 0 1 3	Listed on the Second Section of the Tokyo Stock Exchange
November, 2 0 1 4	Changed the market to the First Section of the Tokyo Stock Exchange
April, 2 0 2 2	Moved to the Prime Market of the Tokyo Stock Exchange
July, 2 0 2 2	Acquired All Japan Date Service, Co., Ltd. as a subsidiary, which conducts diagnosis and investigation of civil engineering structures
October, 2 0 2 2	Acquired Hagaya Construction Co., Ltd. as a subsidiary, which conducts construction and civil engineering business
May, 2 0 2 3	Acquired TRESSA Co., Ltd. as a subsidiary, which conducts housing construction work and sales of housing materials
October, 2 0 2 3	Moved to the Standard Market of the Tokyo Stock Exchange

## Housing materials wholesale ranking

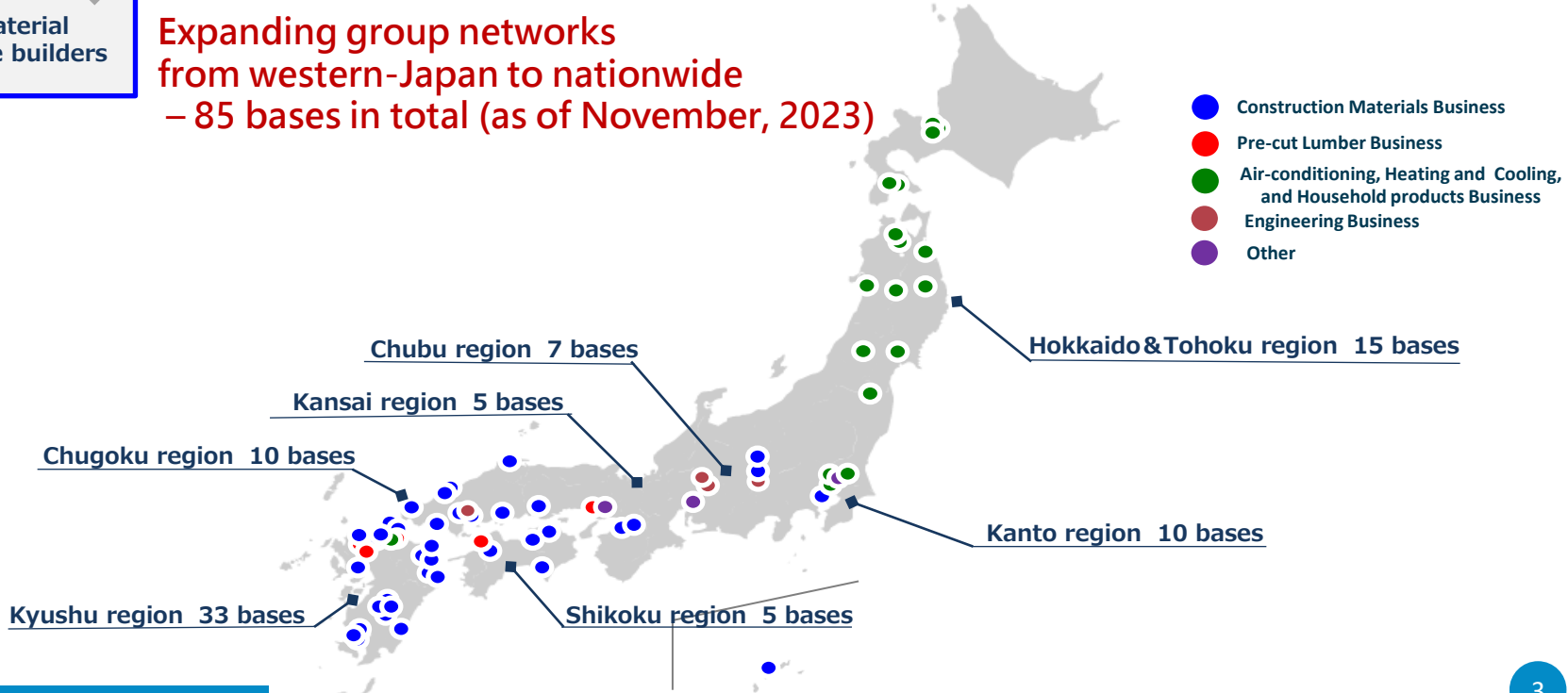
(Millions of yen)

		Consolidated Financial Results for FY2023			Financial Results for the first half of FY2024		
		Net Sales	Operating Profit	Operating Profit Margin	Net Sales	Operating Profit	Operating Profit Margin
Ranking	Company Name						
1	JK Holdings Co., Ltd.	407,022	9,723	2.4%	191,165	4,133	2.2%
2	Nice Corporation	236,329	5,292	2.2%	102,100	388	0.4%
3	GEOLIVE Group Corporation	182,768	3,462	1.9%	83,295	998	1.2%
4	<b>OCHI Holdings Co., Ltd.</b>	<b>115,613</b>	<b>2,946</b>	<b>2.5%</b>	<b>56,645</b>	<b>1,240</b>	<b>2.2%</b>
5	KUWAZAWA Holdings Corporation	64,308	853	1.3%	32,406	448	1.4%

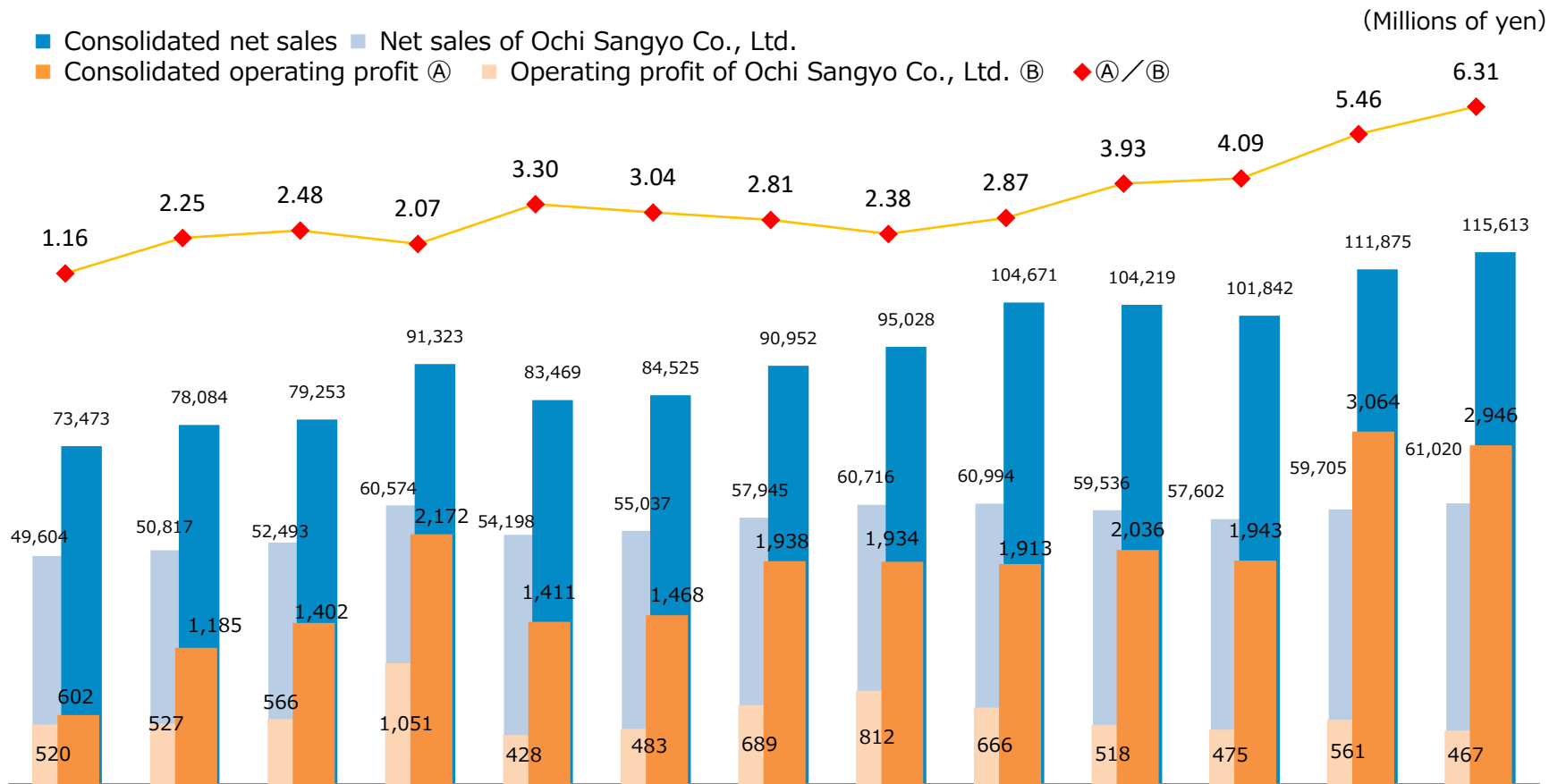
# Business Segments and Geographical Locations



Expanding group networks from western-Japan to nationwide  
 – 85 bases in total (as of November, 2023)



## Consolidated financial results are expanding continuously through M&A



### M & A History

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

# **Summary of Financial Results for First-Half (1H) of FY 2024**

## Net sales increased through M&A effects, but operating profit decreased due to the decline in new housing starts

### Net sales

**56,645** million yen

vs. FY2023 100.6%

vs. Plan 94.4%

- New construction starts for owner-occupied and built-for-sale detached houses from April to September, 2023 decreased by 8.9% year on year
- 0.6% increase year on year. 3.3% decrease excluding the contribution of M&A
- Reached the target in 'Engineering Business'

### Operating profit

**1,240** million yen

vs. FY2023 83.1%

vs. Plan 93.3%

- 16.9% decrease year on year due to the decline of profits in Construction Materials Business and Pre-cut Lumber Business, and the increase of selling, general and administrative expenses
- 30.5% decrease year on year, excluding the contribution of M&A
- Reached the targets in 'Engineering Business' and 'Other'

### Profit attributable to owners of parent

**981** million yen

vs. FY2023 80.9%

vs. Plan 95.3%

- Recorded 61 million yen gain on sale of investment securities (148 million yen in the same period of the previous year)

# Statement of Income

Millions of Yen  
[ ] represent composition figures

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	56,307 [100.0%]	56,645 [100.0%]	338	100.6%	60,000 [100.0%]	▲3,354	94.4%
Gross Profit	7,658 [13.6%]	7,882 [13.9%]	224	102.9%	8,093 [13.5%]	▲210	97.4%
SG&A Expenses	6,164 [10.9%]	6,641 [11.7%]	477	107.7%	6,763 [11.3%]	▲121	98.2%
Operating Profit	1,493 [2.7%]	1,240 [2.2%]	▲252	83.1%	1,330 [2.2%]	▲89	93.3%
Ordinary Profit	1,792 [3.2%]	1,532 [2.7%]	▲260	85.5%	1,570 [2.6%]	▲37	97.6%
Profit attributable to owners of parent	1,213 [2.2%]	981 [1.7%]	▲231	80.9%	1,030 [1.7%]	▲48	95.3%

## Major extraordinary income/loss

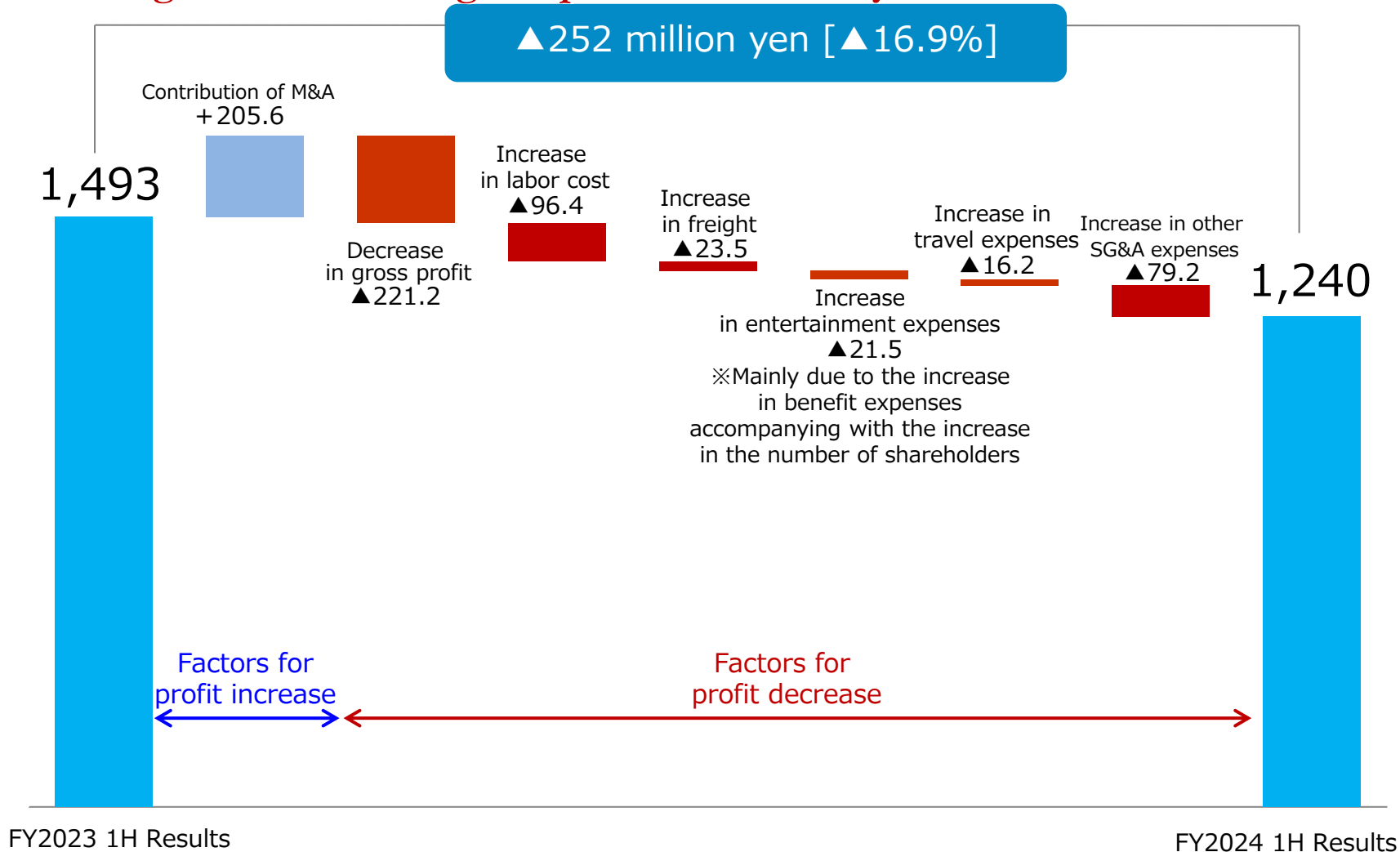
	FY2023 First Half	FY2024 First Half	Remarks
Gain on sale of investment securities	148	61	Sale of cross-shareholdings
Total extraordinary income	150	62	
Business reorganization costs	—	5	Due to the closure of Onomichi branch of Yodo Ply Co., Ltd.
Total extraordinary loss	1	8	



(Millions of yen)

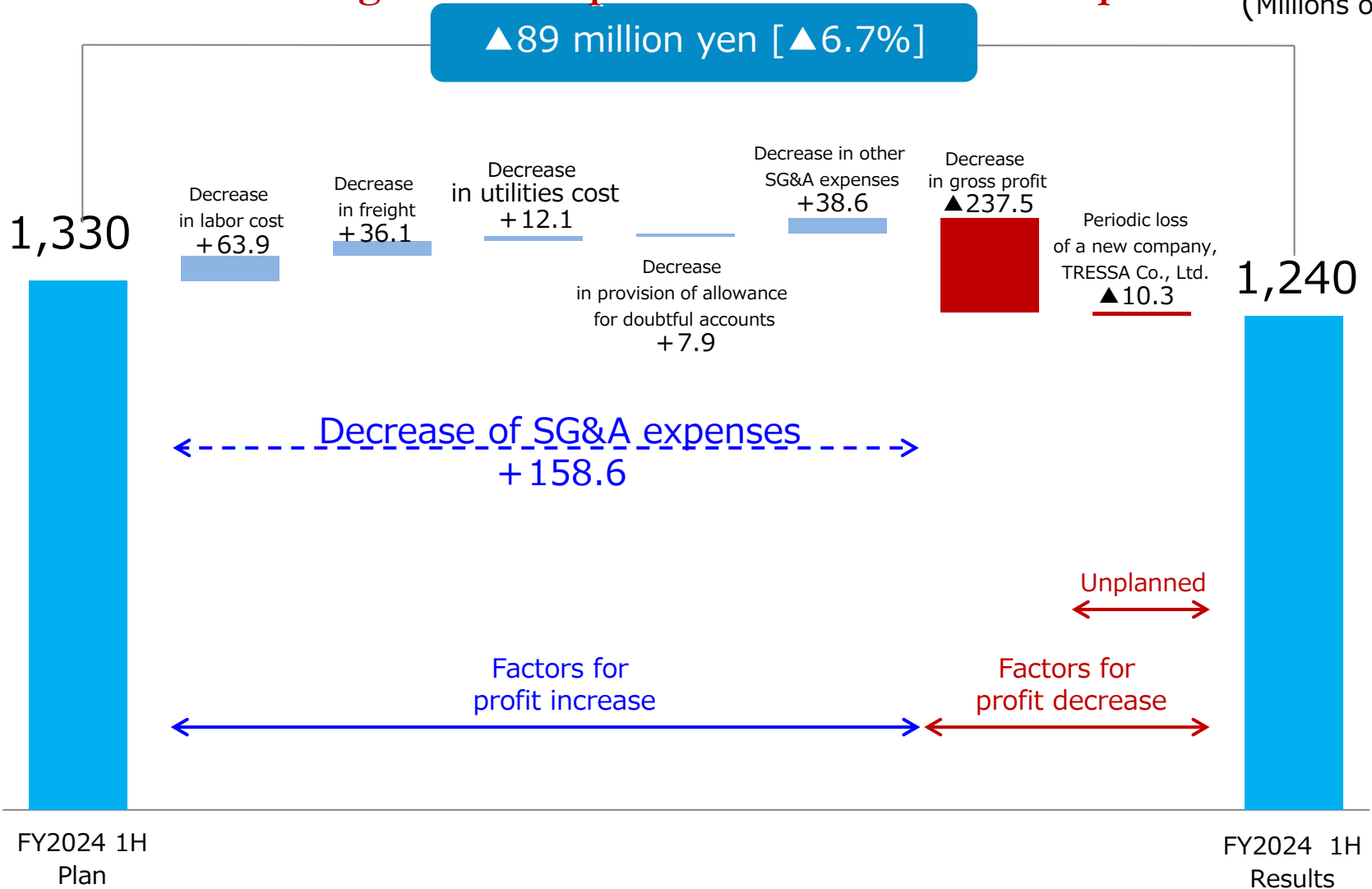
**Operating profit decreased due to the increase in SG&A expenses, though the decline in gross profit was offset by the contribution of M&A**

▲ 252 million yen [▲ 16.9%]

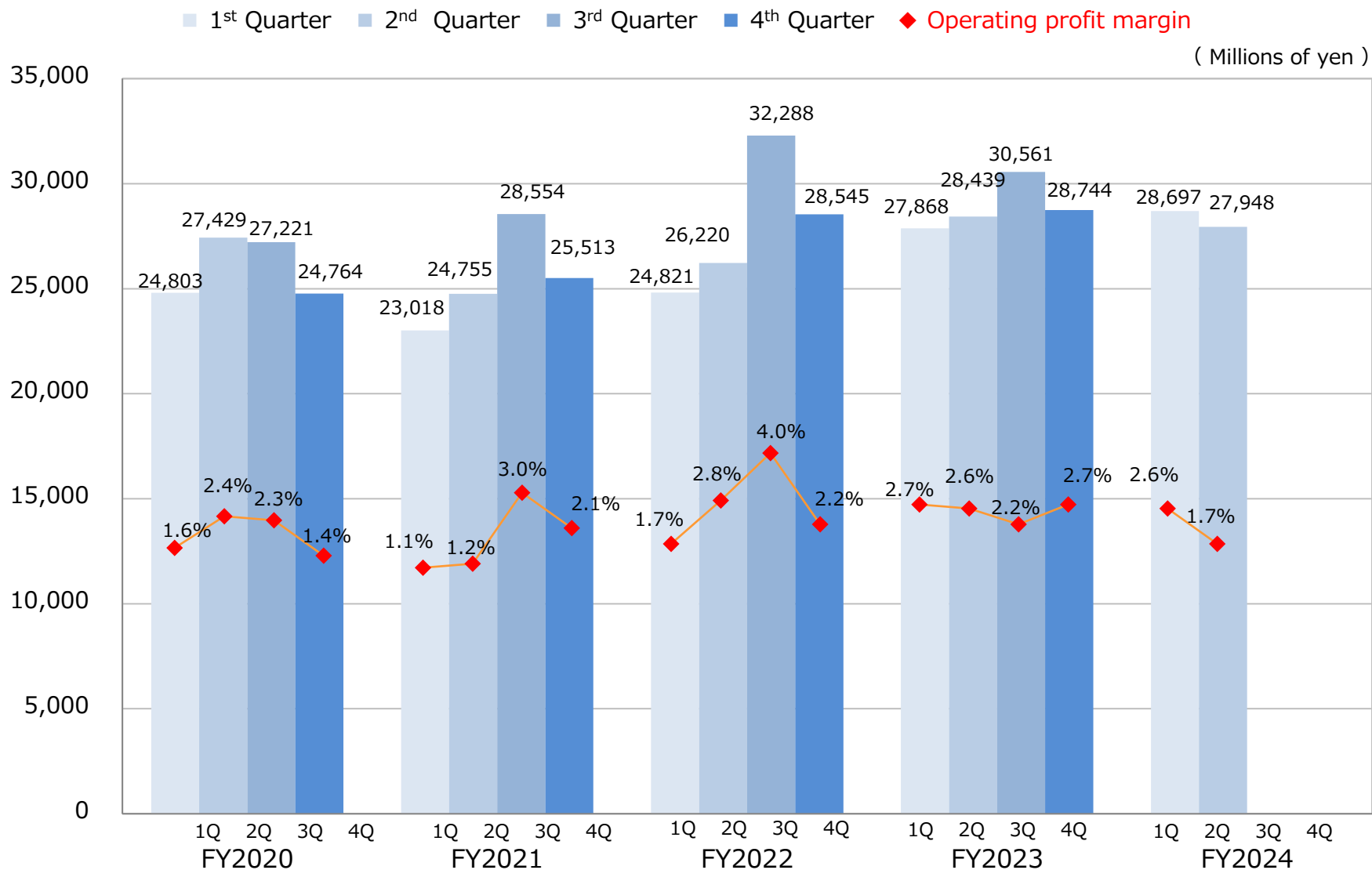


Operating profit decreased due to the decline in gross profit, though SG&A expenses were lower than the plan

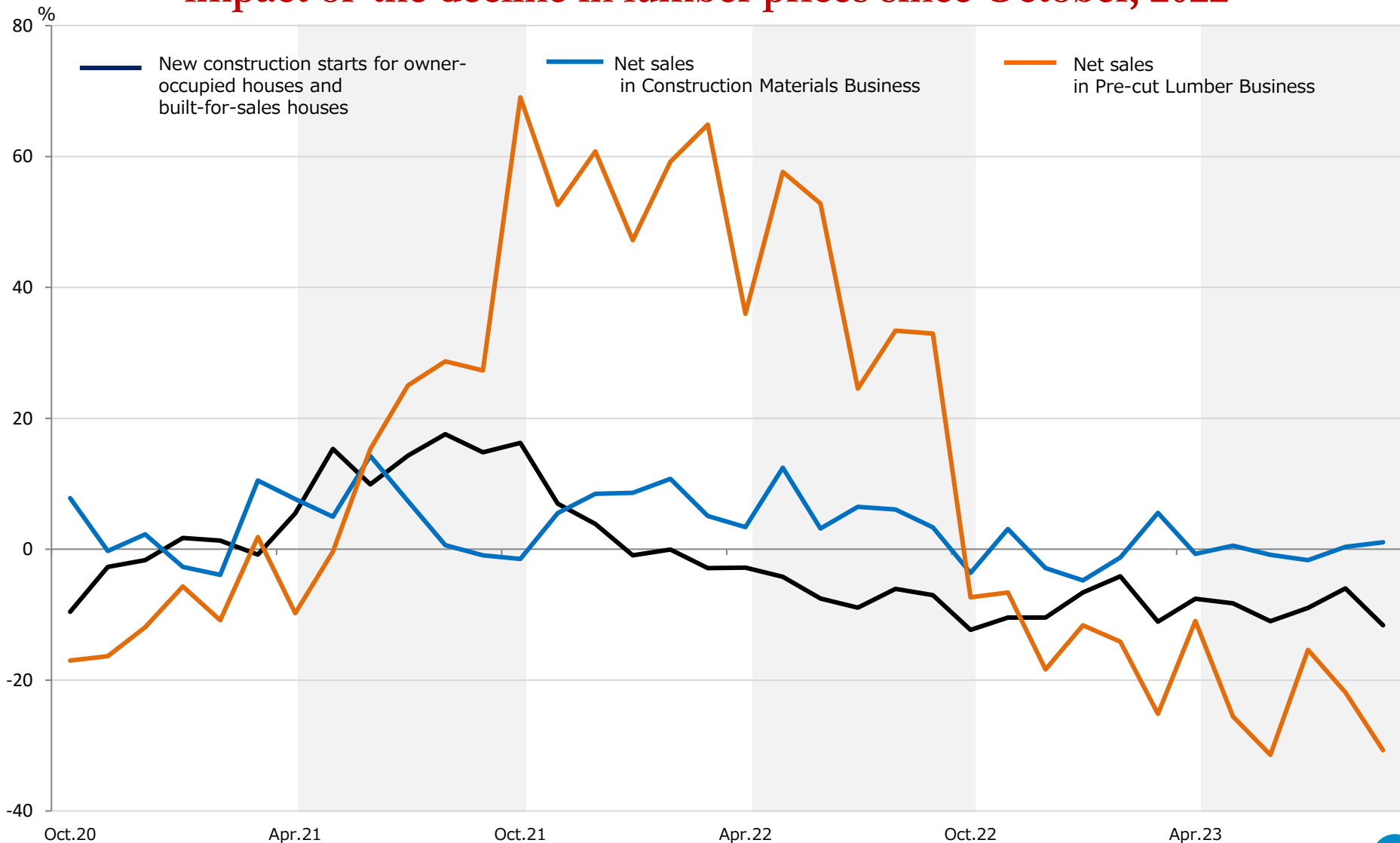
(Millions of yen)



# Trends in Net Sales for Each Quarter



## Net sales of Pre-cut Lumber Business decreased due to the continuous impact of the decline in lumber prices since October, 2022



※ 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

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
<b>Net Sales</b>	56,307 [100.0%]	56,645 [100.0%]	338	100.6%	60,000 [100.0%]	▲3,354	94.4%
Construction Materials Business	34,485 [61.2%]	34,403 [60.7%]	▲82	99.8%	36,358 [60.6%]	▲1,955	94.6%
Pre-cut Lumber Business	9,763 [17.3%]	7,572 [13.4%]	▲2,191	77.6%	8,703 [14.5%]	▲1,130	87.0%
Air-conditioning, Heating and Cooling, and Household products Business	8,491 [15.1%]	8,695 [15.3%]	203	102.4%	9,144 [15.2%]	▲449	95.1%
Engineering Business	2,262 [4.0%]	4,593 [8.1%]	2,331	203.0%	4,548 [7.6%]	45	101.0%
Other	1,567 [2.8%]	1,615 [2.9%]	47	103.1%	1,625 [2.7%]	▲10	99.4%
Inter-business coordination	▲262	▲233	28	—	▲379	146	—
<b>Operating Profit</b>	1,493 [2.7%]	1,240 [2.2%]	▲252	83.1%	1,330 [2.2%]	▲89	93.3%
Construction Materials Business	610 <1.8%>	516 <1.5%>	▲94	84.5%	646 <1.8%>	▲130	79.9%
Pre-cut Lumber Business	845 <8.7%>	482 <6.4%>	▲363	57.1%	594 <6.8%>	▲111	81.2%
Air-conditioning, Heating and Cooling, and Household products Business	98 <1.2%>	90 <1.0%>	▲8	91.8%	99 <1.1%>	▲8	91.0%
Engineering Business	217 <9.6%>	469 <10.2%>	251	215.5%	301 <6.6%>	168	156.0%
Other	45 <2.9%>	59 <3.7%>	13	129.5%	45 <2.8%>	14	131.1%
Inter-business coordination	▲325	▲377	▲52	—	▲356	▲21	—

Millions of yen,  
 Figures in [ ] represent composition ratios

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	34,485	34,403	▲82	99.8%	36,358	▲1,955	94.6%
Gross Profit	3,785 [11.0%]	3,826 [11.1%]	40	101.1%	3,987 [11.0%]	▲161	96.0%
Operating Profit	610 [1.8%]	516 [1.5%]	▲94	84.5%	646 [1.8%]	▲130	79.9%

### 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, in May 2023, we acquired TRESSA Co., Ltd. and made it a new subsidiary. Thus we secured almost the same amount of net sales as that of the first half of FY2023.
- Gross profit increased by 1.1% year on year. On the other hand, operating profit decreased by 15.5% year on year due to the increase in 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 or loss of TRESSA Co., Ltd. is consolidated from the second quarter of FY2024.  
 (Ref.: P9)

**Business Locations**



**Construction Materials Business**

<b>Trade Name</b>	TRESSA Co., Ltd.
<b>Established</b>	2004
<b>Capital</b>	10 million yen
<b>Number of Employees</b>	18 (as of September, 2023)
<b>Head Office</b>	831-5, Kinkaitoneharamachi, Nagasaki City, Nagasaki 851-3211, Japan
<b>Business Locations</b>	<ul style="list-style-type: none"> <li>• Head Office</li> <li>• Northern business office (Arita-cho, Nishimatsuura-gun, Saga)</li> <li>• Oita business office (Beppu City, Oita)</li> </ul>
<b>Business Outline</b>	<ul style="list-style-type: none"> <li>• Housing exterior wall work</li> <li>• Sealing work</li> <li>• Sales of construction and housing materials</li> </ul>
<b>Net Sales</b>	717 million yen (FY2023 ended July 2023)

Millions of yen,  
Figures in [ ] represent composition ratios

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	9,763	7,572	▲2,191	77.6%	8,703	▲1,130	87.0%
Gross Profit	1,800 [18.4%]	1,445 [19.1%]	▲355	80.3%	1,562 [18.0%]	▲117	92.5%
Operating Profit	845 [8.7%]	482 [6.4%]	▲363	57.1%	594 [6.8%]	▲111	81.2%

#### 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 22.4% 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 42.9% year on year, despite the efforts to improve gross profit rate.
- We closed Onomichi branch (formerly Nishinihon 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

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	8,491	8,695	203	102.4%	9,144	▲449	95.1%
Gross Profit	1,330 [15.7%]	1,388 [16.0%]	57	104.3%	1,493 [16.3%]	▲104	93.0%
Operating Profit	98 [1.2%]	90 [1.0%]	▲8	91.8%	99 [1.1%]	▲8	91.0%

Y on Y Change

- Net sales increased by 2.4% year on year due to the inclusion of the results for seven months of Terada Co., Ltd., which has changed its accounting period.
- Operating profit decreased by 8.2% year on year, mainly due to a slight decline in the profit margin on sales and installation work of freezing equipment.

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 also fell short of the target.

Millions of yen,  
Figures in [ ] represent composition ratios

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2022					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	2,262	4,593	2,331	203.0%	4,548	45	101.0%
Gross Profit	489 [21.6%]	950 [20.7%]	460	194.1%	786 [17.3%]	164	120.9%
Operating Profit	217 [9.6%]	469 [10.2%]	251	215.5%	301 [6.6%]	168	156.0%

#### Y on Y Change

- Net sales increased by 103.0% 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.
- Operating profit increased by 115.5% year on year.

#### Result vs Plan

- Net sales was almost as planned.
- Operating profit achieved the target, due to the gross profit rate exceeding the plan, even though there are variations among subsidiaries concerning gross profit rates.

Millions of yen,  
Figures in [ ] represent composition ratios

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023					
		Result	Change Amount Y on Y	Change % Y on Y	Plan	Change Amount (Result vs Plan)	Change % (Result vs Plan)
Net Sales	1,567	1,615	47	103.1%	1,625	▲10	99.4%
Gross Profit	251 [16.1%]	272 [16.9%]	20	108.3%	265 [16.3%]	7	102.8%
Operating Profit	45 [2.9%]	59 [3.7%]	13	129.5%	45 [2.8%]	14	131.1%

#### Y on Y Change

- Net sales increased by 3.1% year on year because of an increase in sales of putty and sealing materials for ships and construction.
- Operating profit increased by 29.5% year on year through the improvement of gross profit rate.

#### Result vs Plan

- Net sales slightly fell short of the target.
- Operating profit achieved the target.

# Balance Sheet

Millions of yen

	FY2023	As of September 30, 2023	
			Change
Cash and deposits	14,146	14,018	▲128
Notes and accounts receivable - trade	23,404	22,183	▲1,220
Merchandise	4,460	4,985	524
Costs on construction contracts in progress	1,662	1,003	▲658
Other current assets	994	993	▲0
Allowance for doubtful accounts	▲24	▲23	1
<b>Current Assets</b>	<b>44,644</b>	<b>43,162</b>	<b>▲1,481</b>
Property, plant and equipment	12,822	12,854	32
Intangible assets	1,616	1,440	▲176
Investments and other assets	5,448	5,606	157
<b>Non-current Assets</b>	<b>19,887</b>	<b>19,901</b>	<b>13</b>
<b>Total Assets</b>	<b>64,531</b>	<b>63,063</b>	<b>▲1,468</b>

	FY2023	As of September 30, 2023	
			Change
Notes and accounts payable-trade	30,823	30,301	▲522
Short-term borrowings	3,837	3,221	▲615
Other current liabilities	3,837	3,034	▲802
Long-term borrowings	2,017	1,635	▲382
Retirement benefit liability	633	623	▲10
Other non-current liabilities	1,825	1,873	48
<b>Liabilities</b>	<b>42,974</b>	<b>40,689</b>	<b>▲2,284</b>
Shareholders' equity	21,150	21,813	663
Accumulated other comprehensive income	380	531	151
Non-controlling interests	27	28	0
<b>Net Assets</b>	<b>21,557</b>	<b>22,373</b>	<b>815</b>
<b>Total Liabilities and Net Assets</b>	<b>64,531</b>	<b>63,063</b>	<b>▲1,468</b>
Capital adequacy ratio	33.4%	35.4%	2.0%

# Statement of Cash Flows

Millions of yen

		Six Months Ended September 30, 2022	Six Months Ended September 30, 2023	Major Factors
	Cash flows from operating activities	544	1,797	Profit before income taxes +1,586 Decrease in accounts receivable +1,288 Decrease in accounts payable ▲569 Income taxes paid ▲545
	Cash flows from investing activities	▲244	▲348	Purchase of property, plant and equipment ▲443
Free cash flow		300	1,449	
Cash flows from financing activities		117	▲1,582	Repayments of long-term borrowings ▲822 Decrease in short-term borrowings ▲365 Dividends paid ▲354
Net increase(decrease) in cash and cash equivalents		417	▲133	
Cash and cash equivalents at beginning of period		12,158	14,004	
Cash and cash equivalents at end of period		12,576	13,871	

# Financial Forecast for FY2024

• We continue to focus on sales in non-housing markets in Construction Materials Business and Pre-cut Lumber Business, and aim to build up profits in businesses other than the two businesses.

Millions of yen,  
Figures in [ ] represent composition ratios

	FY2023	FY2024			
		1H Result	Progress Ratio vs Forecast	FY Forecast	Progress Ratio Y on Y
Net Sales	115,613 [100.0%]	56,645 [100.0%]	47.2%	120,000 [100.0%]	103.8%
Gross Profit	15,617 [13.5%]	7,882 [13.9%]	48.9%	16,110 [13.4%]	103.2%
SG&A Expenses	12,671 [11.0%]	6,641 [11.7%]	49.7%	13,360 [11.1%]	105.4%
Operating Profit	2,946 [2.5%]	1,240 [2.2%]	45.1%	2,750 [2.3%]	93.3%
Ordinary Profit	3,531 [3.1%]	1,532 [2.7%]	47.9%	3,200 [2.7%]	90.6%
Profit attributable to owners of parent	2,484 [2.1%]	981 [1.7%]	47.9%	2,050 [1.7%]	82.5%

## Construction Materials Business

Millions of yen,  
Figures in [ ] represent composition ratios

	FY 2023	FY2024			
		1H Result	Progress Ratio vs Forecast	FY Forecast	Progress Ratio Y on Y
Net Sales	71,118	34,403	46.8%	73,568	103.4%
Gross Profit	7,750 [10.9%]	3,826 [11.1%]	47.4%	8,075 [11.0%]	104.2%
Operating Profit	1,311 [1.8%]	516 [1.5%]	37.8%	1,365 [1.9%]	104.1%

## Pre-cut Lumber Business

	FY 2023	FY2024			
		1H Result	Progress Ratio vs Forecast	FY Forecast	Progress Ratio Y on Y
Net Sales	18,711	7,572	43.1%	17,566	93.9%
Gross Profit	3,524 [18.8%]	1,445 [19.1%]	45.7%	3,164 [18.0%]	89.8%
Operating Profit	1,578 [8.4%]	482 [6.4%]	39.0%	1,237 [7.0%]	78.4%



# Full-year Plan by Segment (2)

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

Millions of yen,  
Figures in [ ] represent composition ratios

	FY 2023	FY2024			
		1H Result	Progress Ratio vs Forecast	FY Forecast	Progress Ratio Y on Y
Net Sales	17,306	8,695	48.2%	18,027	104.2%
Gross Profit	2,674 [15.5%]	1,388 [16.0%]	48.0%	2,890 [16.0%]	108.1%
Operating Profit	196 [1.1%]	90 [1.0%]	50.4%	179 [1.0%]	91.6%

## Engineering Business

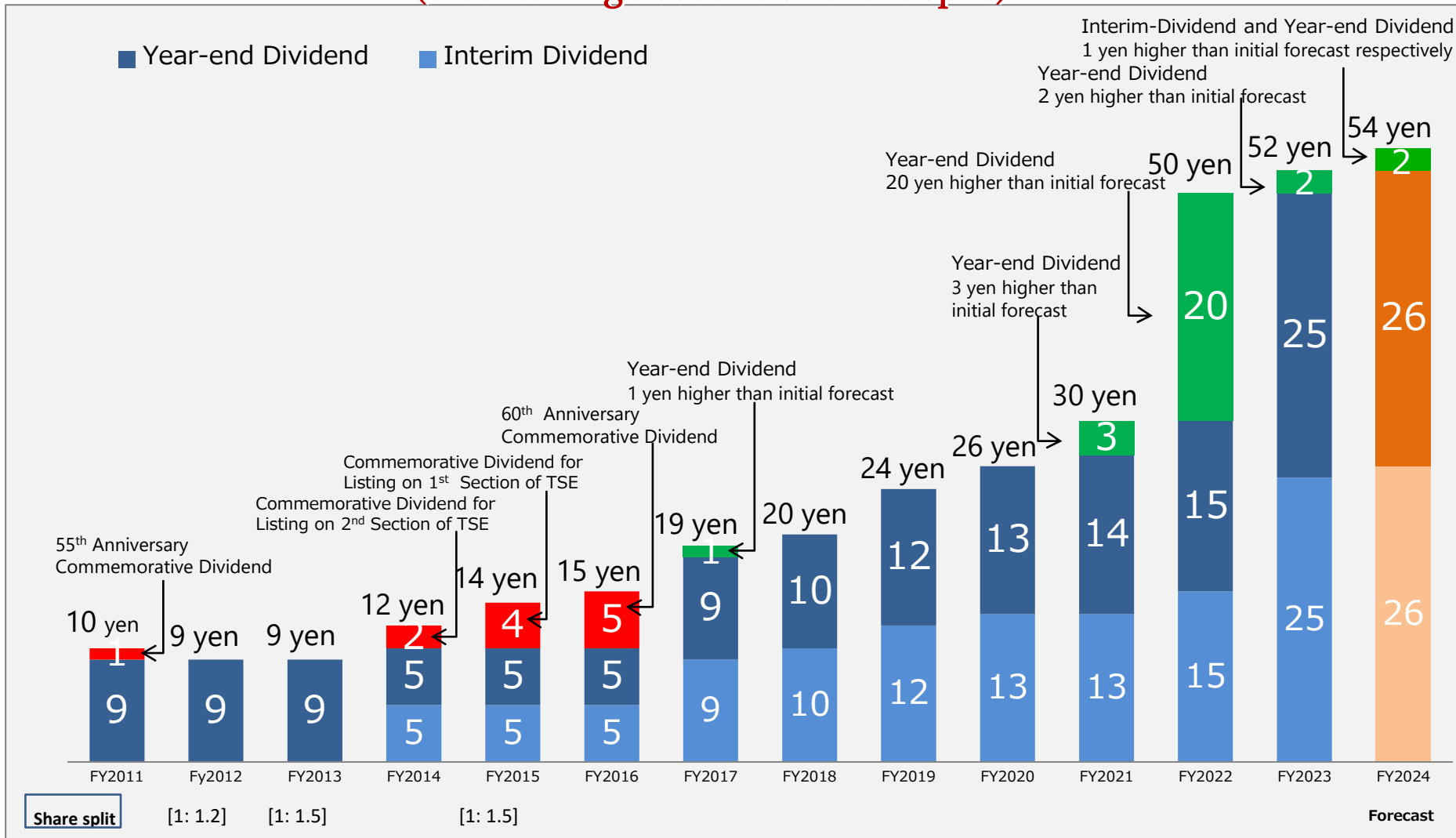
	FY 2023	FY2024			
		1H Result	Progress Ratio vs Forecast	FY Forecast	Progress Ratio Y on Y
Net Sales	5,644	4,593	57.3%	8,021	142.1%
Gross Profit	1,136 [20.1%]	950 [20.7%]	65.6%	1,449 [18.1%]	127.6%
Operating Profit	356 [6.3%]	469 [10.2%]	89.1%	527 [6.6%]	147.7%

## Other

Millions of yen,  
Figures in [ ] represent composition ratios

	FY 2023	FY2024			
		1H Result	Progress Ratio vs Forecast	FY Forecast	Progress Ratio Y on Y
Net Sales	3,405	1,615	48.8%	3,312	97.2%
Gross Profit	535 [15.7%]	272 [16.9%]	50.8%	536 [16.2%]	100.2%
Operating Profit	131 [3.9%]	59 [3.7%]	53.7%	110 [3.3%]	83.5%

## Expecting 13<sup>th</sup> consecutive year of dividend increase (after taking account of share split)



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%	34.0%
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【 Company 】 OCHI Holdings Co., Ltd.  
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【 Telephone 】 Corporate Planning Department 092-732-8959  
Finance Department 092-711-9173

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## **Disclaimer Regarding Forward-looking Statements**

These presentation materials contain forward-looking statements based on the current 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.

The Company undertakes no obligation to publicly update any forward-looking statements.

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