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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 4, 2025

Company name: OCHI Holdings Co., Ltd.
Listing: Tokyo Stock Exchange and Fukuoka Stock Exchange
Securities code: 3166
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Scheduled date to commence dividend payments: –
Preparation of supplementary materials on financial results: None
Holding of 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, 2024 (April 1, 2024 – December 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	87,728	0.8	995	(50.0)	1,369	(43.7)	815	(49.1)
December 31, 2023	87,059	0.2	1,991	(8.2)	2,431	(7.0)	1,602	(13.5)

(Note) Comprehensive income: For the nine months ended December 31, 2024: ¥667 million [(61.3)%]
For the nine months ended December 31, 2023: ¥1,726 million [(5.4)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	62.88	—
December 31, 2023	123.90	—

- 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

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	73,390	23,344	31.8	1,794.78
As of March 31, 2024	66,337	23,345	35.1	1,799.32

(Reference) Equity: As of December 31, 2024: ¥23,313 million
As of March 31, 2024: ¥23,315 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.

2. Cash Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	27.00	–	27.00	54.00
Fiscal year ending March 31, 2025	–	27.00	–		
Fiscal year ending March 31, 2025 (Forecast)				27.00	54.00

(Note) Revisions to the forecast of cash dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (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
Full year	115,000	1.4	1,500	(30.4)	2,100	(23.1)	1,150	(45.1)	88.65

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

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 3 (Yumita Construction Co., Ltd. and other 2 companies), 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 revisions of accounting standards and other regulations: Yes
2) Changes in accounting policies other than 1): None
3) Changes in accounting estimates: None
4) Restatements: None
(Note) For details, please refer to "(3) Notes to the Quarterly Consolidated Financial Statements (Notes on changes in accounting policies)" under "2. Quarterly Consolidated Financial Statements and Primary Notes" on page 8 of the attachment.

(4) Number of issued shares (common shares):
1) Total number of shares issued at the end of the period (including treasury shares):
As of December 31, 2024: 13,610,970 shares
As of March 31, 2024: 13,610,970 shares

2) Total number of treasury shares at the end of the period:
As of December 31, 2024: 621,286 shares
As of March 31, 2024: 653,086 shares

3) Average number of shares outstanding during the period:
Nine months ended December 31, 2024: 12,973,213 shares
Nine months ended December 31, 2023: 12,931,048 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 December 31, 2024, and 93,700 shares as of March 31, 2024). 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 (93,700 shares for the nine months ended December 31, 2024, and 96,876 shares for the nine months ended December 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 (53,400 shares as of December 31, 2024, and 85,200 shares as of March 31, 2024). 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 (69,871 shares for the nine months ended December 31, 2024, and 108,930 shares for the nine months ended December 31, 2023).

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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. 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 "(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" under "1. Overview of Results of Operations" on page 3 of the attachment.

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1. Overview of Results of Operations

(1) Overview of Results of Operations for the Nine Months Ended December 31, 2024

During the nine months ended December 31, 2024, the Japanese economy indicated a modest recovery trend, underpinned by demand from inbound tourists and the improvement of income environment due to corporate wage hikes. However, the economic outlook remains uncertain for such reasons as weak personal consumption growth due to lingering inflation, prolonged depreciation of the yen, and geopolitical risks in Ukraine and the Middle East.

In the housing industry, we faced challenges, such as price hikes in housing construction and concerns over a possible rise in mortgage rates. As a result, new housing starts for the nine-month period decreased by 1.3% year on year. In addition, 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 5.0% year-on-year decline.

Against this backdrop, the Group pursued business opportunities with a focus on growth fields by winning orders for non-housing projects and capturing remodeling/renovation demand, among other efforts.

In addition, to strengthen our Engineering Business, we acquired Yumita Construction Co., Ltd., a Fukushima Prefecture-based company engaged in businesses such as civil engineering, paving, real estate development and housing construction in the Tohoku region, and its two subsidiaries and made them our new subsidiaries in October 2024.

As a result, in the nine-month period, net sales increased by 0.8% year on year to 87,728 million yen due to the effect of corporate acquisitions that took place in the previous fiscal year. However, operating profit decreased by 50.0% year on year to 995 million yen, ordinary profit decreased by 43.7% year on year to 1,369 million yen, and profit attributable to owners of parent decreased by 49.1% year on year to 815 million yen due to the significant impact of the decline in the number of housing starts for owner-occupied houses and built-for-sale detached houses as well as acquisition-related expenses.

Results by segment were as follows:

<Construction Materials Business>

Amid the decline in the number of housing starts for owner-occupied houses and built-for-sale detached houses, the Group focused on such efforts as increasing sales in non-housing fields, capturing remodeling/renovation demand, promoting sales of products aimed at achieving carbon neutrality, and strengthening the construction function.

As a result, net sales of this business increased by 3.1% year on year to 54,727 million yen because TRESSA Co., Ltd. and Ai-build Corporation, which both became our subsidiaries in the previous fiscal year, contributed to the performance of this business. However, operating profit decreased by 35.0% year on year to 524 million yen due to increases in logistics cost and other factors.

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

Net sales of this business decreased by 3.9% year on year to 13,644 million yen due to a decline in the sales of household heating and air-conditioning equipment, household goods, and textiles to mass retailers. However, operating profit increased by 2.0% year on year to 298 million yen, supported by sales and installation work of commercial freezing and refrigeration equipment and air-conditioning equipment.

To improve management efficiency, Matsui Co., Ltd. and Terada Co., Ltd. were merged in December 2024.

<Pre-cut Lumber Business>

We made greater efforts to win orders for non-housing projects, including nursing homes, offices, and other facilities, in addition to detached houses, our mainstay. However, due to the decline in new construction starts for owner-occupied houses and built-for-sale detached houses, net sales of this business decreased by 5.2% year on year to 10,921 million yen and operating profit decreased by 21.2% year on year to 584 million yen.

<Engineering Business>

Net sales of this business increased by 0.8% year on year to 6,259 million yen. Operating profit decreased by 73.2% year on year to 160 million yen due to a slight decline in the profit margin and expenses related to the acquisition of subsidiary Yumita Construction Co., Ltd.

We acquired Yumita Construction Co., Ltd. and its two subsidiaries and made them our subsidiaries in October 2024. However, only the balance sheets for these three companies have been consolidated for the nine months ended December 31, 2024.

<Other>

The businesses of Taihei Shoko Co., Ltd., which sells industrial materials, and Hit-il Co., Ltd., which engages in the worker dispatching business, are classified into the Other Business that is not included in any reportable segment.

Net sales of this business increased by 10.3% year on year to 2,666 million yen, aided by the results of Hit-il Co., Ltd. (Fukuoka City), which became our subsidiary in May 2024. Operating profit decreased by 9.3% year on year to 92 million yen because of the expenses related to the acquisition of Hit-il Co., Ltd.

(2) Overview of Financial Position for the Nine Months Ended December 31, 2024

Total assets increased by 7,053 million yen, or 10.6%, from the previous fiscal year-end to 73,390 million yen. This was mainly attributable to increases of 2,063 million yen in notes and accounts receivable - trade, and contract assets, 1,917 million yen in cash and deposits, 1,142 million yen in other, net under property, plant and equipment, 754 million yen in goodwill, and 586 million yen in electronically recorded monetary claims - operating.

Total liabilities increased by 7,053 million yen, or 16.4%, from the previous fiscal year-end to 50,045 million yen. This was mainly attributable to increases of 2,795 million yen in notes and accounts payable - trade, 2,358 million yen in long-term borrowings, 1,207 million yen in other under current liabilities, and 518 million yen in provision for retirement benefits for directors (and other officers).

Total net assets declined by 0 million yen, or 0.0%, from the previous fiscal year-end to 23,344 million yen. This was mainly attributable to a decrease of 148 million yen in valuation difference on available-for-sale securities, with an increase of 106 million yen in retained earnings.

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

There are no changes to the full-year consolidated financial results forecast for the fiscal year ending March 31, 2025 from the earlier forecast announced on October 28, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	14,598	16,516
Notes and accounts receivable - trade, and contract assets	19,083	21,147
Electronically recorded monetary claims - operating	3,162	3,749
Merchandise	4,526	4,891
Costs on construction contracts in progress	1,645	1,953
Other	973	819
Allowance for doubtful accounts	(43)	(54)
Total current assets	43,947	49,024
Non-current assets		
Property, plant and equipment		
Land	9,894	10,147
Other, net	4,779	5,921
Total property, plant and equipment	14,673	16,068
Intangible assets		
Goodwill	1,035	1,789
Other	389	286
Total intangible assets	1,424	2,076
Investments and other assets		
Retirement benefit asset	331	340
Other, net	6,006	5,925
Allowance for doubtful accounts	(47)	(44)
Total investments and other assets	6,291	6,221
Total non-current assets	22,389	24,366
Total assets	66,337	73,390

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,577	16,372
Electronically recorded obligations - operating	16,798	16,956
Short-term borrowings	4,051	4,188
Current portion of bonds payable	33	150
Income taxes payable	418	371
Provision for bonuses	665	494
Other	2,375	3,583
Total current liabilities	37,921	42,117
Non-current liabilities		
Bonds payable	144	150
Long-term borrowings	1,906	4,265
Provision for retirement benefits for directors (and other officers)	650	1,169
Provision for share awards for directors (and other officers)	54	62
Retirement benefit liability	627	639
Other	1,687	1,641
Total non-current liabilities	5,071	7,927
Total liabilities	42,992	50,045
Net assets		
Shareholders' equity		
Share capital	400	400
Capital surplus	997	997
Retained earnings	21,867	21,973
Treasury shares	(669)	(627)
Total shareholders' equity	22,596	22,744
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	684	535
Remeasurements of defined benefit plans	34	33
Total accumulated other comprehensive income	719	569
Non-controlling interests	29	31
Total net assets	23,345	23,344
Total liabilities and net assets	66,337	73,390

(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, 2023	For the nine months ended December 31, 2024
Net sales	87,059	87,728
Cost of sales	75,080	75,712
Gross profit	11,979	12,016
Selling, general and administrative expenses	9,987	11,020
Operating profit	1,991	995
Non-operating income		
Interest income	2	2
Dividend income	56	52
Purchase discounts	139	137
Rental income from real estate	119	97
Other	188	179
Total non-operating income	506	470
Non-operating expenses		
Interest expenses	15	26
Rental expenses on real estate	24	22
Depreciation	17	19
Other	8	27
Total non-operating expenses	66	96
Ordinary profit	2,431	1,369
Extraordinary income		
Gain on sale of non-current assets	17	179
Gain on sale of investment securities	134	0
Total extraordinary income	152	180
Extraordinary losses		
Loss on sale of non-current assets	1	1
Loss on retirement of non-current assets	2	2
Loss on sale of investment securities	0	–
Loss on valuation of investment securities	–	2
Impairment losses	24	9
Restructuring expenses	25	–
Total extraordinary losses	55	16
Profit before income taxes	2,528	1,533
Income taxes - current	746	876
Income taxes - deferred	178	(160)
Total income taxes	924	715
Profit	1,603	817
Profit attributable to non-controlling interests	1	1
Profit attributable to owners of parent	1,602	815

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	1,603	817
Other comprehensive income		
Valuation difference on available-for-sale securities	120	(148)
Remeasurements of defined benefit plans, net of tax	2	(1)
Total other comprehensive income	122	(150)
Comprehensive income	1,726	667
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,724	665
Comprehensive income attributable to non-controlling interests	1	1

(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.

(Notes on changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

We have applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter the "Revised Accounting Standard of 2022") and other standards from the beginning of the first quarter under review.

As for the revision of accounting classification of income taxes (imposed on other comprehensive income), we follow the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022, as well as the transitional treatment stipulated in the proviso of Paragraph 65-2, Item 2 of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). These changes in accounting policies do not have any impact on the quarterly consolidated financial statements.

(Notes on statements of cash flows)

Quarterly consolidated statements of cash flows were not prepared for the nine months ended December 31, 2024. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the nine months ended December 31, 2023 and 2024 were as follows:

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	613	611
Amortization of goodwill	199	233

(Business combinations)

(Business combination via share acquisition)

At the Board of Directors' meeting held on September 25, 2024, the Company passed a resolution to acquire all of the issued shares, excluding treasury shares, of Yumita Construction Co., Ltd. (hereinafter "Yumita Construction") and turn Yumita Construction and its subsidiaries, Takahashi Construction Co., Ltd. and Yumita Life Support Service Co., Ltd., into consolidated subsidiaries of the Company. The Company acquired the shares of Yumita Construction on October 25, 2024.

1. Outline of the business combination

(1) Name of acquired company and its business outline

Name of acquired company: Yumita Construction Co., Ltd. and other 2 companies

Business outline: Building construction, civil engineering works, housing construction, real estate leasing, etc.

(2) Main reason for business combination

Yumita Construction, whose shares the Company recently acquired, was founded in Aizuwakamatsu City, Fukushima Prefecture in April 1979 and incorporated in 1982. With a history of more than 40 years, Yumita Construction is mainly engaged in construction work, and is involved in a broad range of businesses, including civil engineering, paving, real estate development and housing construction, backed by high technical capabilities. It is capable of handling everything from public works to remodeling.

We aim to further improve corporate value and realize sustainable growth by adding Yumita Construction and its two subsidiaries into the Group, expanding the domestic network of the Engineering Business to the Tohoku region, and strengthening our efforts in non-housing fields.

(3) Date of business combination

October 25, 2024

(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 financial results of the acquired company included in the quarterly consolidated statements of income for the period

For the nine months ended December 31, 2024, only the balance sheets have been consolidated.

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

Consideration for acquisition	Cash and deposits	2,200 million yen
Acquisition cost		2,200 million yen

4. Main acquisition-related expenses and their amount

Advisory fees, etc. 206 million yen

5. Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization

(1) Amount of goodwill incurred

987 million yen

The amount of goodwill is a provisionally calculated amount, as the allocation of acquisition costs has not been completed as of December 31, 2024.

(2) Reasons for the goodwill incurred
Goodwill was incurred in connection with the future excess earning potential expected from future business development.

(3) Method and period of amortization
Straight-line method over five years

(Notes on segment information, etc.)
[Segment information]

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

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

(Million yen)

	Reportable segments					Other (Note 1)	Adjustments (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	47,323	12,898	10,562	289	71,073	2,418	–	73,491
Revenue from construction work	5,544	1,289	790	5,540	13,164	–	–	13,164
Other revenue	20	–	–	381	402	–	–	402
Revenue from contracts with customers	52,888	14,188	11,352	6,211	84,641	2,418	–	87,059
Sales to external customers	52,888	14,188	11,352	6,211	84,641	2,418	–	87,059
Intersegment sales or transfers	182	5	168	–	356	0	(357)	–
Total	53,071	14,193	11,521	6,211	84,997	2,418	(357)	87,059
Segment profit	807	293	741	597	2,439	101	(549)	1,991

(Notes) 1. "Other" comprises business segments not included in reportable segments and contains sales of industrial materials.
2. Adjustments for segment profit of (549) million yen include corporate expenses of (550) 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, 2024 (from April 1, 2024 to December 31, 2024)

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

(Million yen)

	Reportable segments					Other (Note 1)	Adjustments (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	45,680	12,280	10,041	275	68,278	2,377	–	70,655
Revenue from construction work	8,761	1,360	667	5,607	16,396	–	–	16,396
Other revenue	17	–	–	377	394	282	–	677
Revenue from contracts with customers	54,459	13,640	10,708	6,259	85,068	2,660	–	87,728
Sales to external customers	54,459	13,640	10,708	6,259	85,068	2,660	–	87,728
Intersegment sales or transfers	268	3	212	–	484	6	(491)	–
Total	54,727	13,644	10,921	6,259	85,553	2,666	(491)	87,728
Segment profit	524	298	584	160	1,568	92	(665)	995

(Notes) 1. "Other" comprises business segments not included in reportable segments and contains sale of industrial materials, etc.
2. Adjustments for segment profit of (665) million yen include corporate expenses of (666) 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 change in the amount of goodwill)

In the Engineering Business, the Company acquired the shares of Yumita Construction Co., Ltd. on October 25, 2024, and Yumita Construction Co., Ltd. and its two subsidiaries became consolidated subsidiaries. As a result, goodwill in the amount of 987 million yen was recognized during the nine months ended December 31, 2024.

The amount of goodwill is a provisionally calculated amount, as the allocation of acquisition costs has not been completed.

(Revenue recognition)

Information on the disaggregation of revenue from contracts with customers is as presented in "(3) Notes to the Quarterly Consolidated Financial Statements (Notes on segment information, etc.)" under "2. Quarterly Consolidated Financial Statements and Primary Notes."

(Significant subsequent events)

Not applicable.