

Translation

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Summary of Consolidated Financial Results for the Six Months Ended November 30, 2022 (Based on Japanese GAAP)

January 12, 2023

Company name: OHBA CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 9765 URL <http://www.k-ohba.co.jp>
 Representative: Representative Director,President Shigeru Tsujimoto
 Inquiries: Senior Executive Officer Hirofumi Katayama TEL 03-5931-5888
 Scheduled date to file Quarterly Securities Report: January 12, 2023
 Scheduled date to commence dividend payments: February 2, 2023
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended November 30, 2022	6,161	(1.4)	428	59.4	473	56.9	291	89.1
Six months ended November 30, 2021	6,245	47.0	268	–	301	–	154	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended November 30, 2022	18.12		17.73	
Six months ended November 30, 2021	9.51		9.32	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2022	15,016	10,313	66.1
As of May 31, 2022	14,426	10,229	68.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended May 31, 2022	–	8.00	–	15.00	23.00
Year ending May 31, 2023	–	11.00			
Year ending May 31, 2023 (Forecast)			–	11.00	22.00

3. Forecast of consolidated financial results for the year ending May 31, 2023 (from June 1, 2022 to May 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	16,000	4.2	1,600	1.1	1,650	(0.3)	1,100	1.3	68.73

4. Notes

- (1) Changes in significant subsidiaries during the six months ended November 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of November 30, 2022	17,500,000 shares	As of May 31, 2022	17,500,000 shares
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Number of treasury shares at the end of the period

As of November 30, 2022	1,324,047 shares	As of May 31, 2022	1,378,147 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended November 30, 2022	16,107,430 shares	Six months ended November 30, 2021	16,224,938 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	1,955,831	1,417,732
Notes and accounts receivable - trade, and contract assets	4,833,386	6,276,049
Costs on service contracts in progress	252,424	237,671
Real estate for sale	5,634	5,634
Other	575,523	192,349
Total current assets	7,622,800	8,129,437
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,990,384	1,994,715
Accumulated depreciation	(826,709)	(860,539)
Buildings and structures, net	1,163,675	1,134,176
Machinery, equipment and vehicles	770,888	771,181
Accumulated depreciation	(500,470)	(521,660)
Machinery, equipment and vehicles, net	270,417	249,521
Land	2,659,018	2,659,018
Other	900,370	895,075
Accumulated depreciation	(727,714)	(746,200)
Other, net	172,655	148,875
Total property, plant and equipment	4,265,766	4,191,591
Intangible assets		
Software	111,784	93,292
Other	1,658	1,947
Total intangible assets	113,443	95,239
Investments and other assets		
Investment securities	1,120,223	1,136,238
Retirement benefit asset	945,759	1,089,737
Deferred tax assets	10,771	19,947
Other	386,252	392,965
Allowance for doubtful accounts	(38,168)	(38,168)
Total investments and other assets	2,424,838	2,600,719
Total non-current assets	6,804,047	6,887,550
Total assets	14,426,848	15,016,987

(Thousands of yen)

	As of May 31, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	1,026,721	795,926
Short-term borrowings	–	1,600,000
Income taxes payable	330,154	194,022
Advances received on service contracts in progress	1,116,404	1,017,440
Provision for bonuses	501,080	90,787
Provision for loss on orders received	30	769
Provision for shareholder benefit program	17,349	–
Other	497,601	279,717
Total current liabilities	3,489,341	3,978,665
Non-current liabilities		
Retirement benefit liability	14,536	15,038
Asset retirement obligations	251,647	252,006
Deferred tax liabilities	435,804	452,446
Other	5,712	5,712
Total non-current liabilities	707,701	725,204
Total liabilities	4,197,043	4,703,869
Net assets		
Shareholders' equity		
Share capital	2,131,733	2,131,733
Capital surplus	532,933	532,933
Retained earnings	7,448,995	7,484,382
Treasury shares	(798,125)	(784,445)
Total shareholders' equity	9,315,536	9,364,603
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	349,041	397,466
Remeasurements of defined benefit plans	174,600	165,448
Total accumulated other comprehensive income	523,642	562,914
Share acquisition rights	390,626	385,600
Total net assets	10,229,804	10,313,118
Total liabilities and net assets	14,426,848	15,016,987

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Net sales	6,245,919	6,161,055
Cost of sales	4,552,823	4,266,108
Gross profit	1,693,095	1,894,946
Selling, general and administrative expenses	1,424,521	1,466,804
Operating profit	268,574	428,141
Non-operating income		
Interest income	13	9
Dividend income	21,663	23,992
Insurance claim and dividend income	2,874	15,840
Gain on sale of securities	5,017	1,611
Other	9,031	14,226
Total non-operating income	38,600	55,680
Non-operating expenses		
Interest expenses	665	942
Guarantee commission	1,493	888
Delinquency charges	3,227	–
Restoration expenses on facilities	–	8,360
Other	11	0
Total non-operating expenses	5,397	10,191
Ordinary profit	301,777	473,630
Extraordinary income		
Gain on sale of non-current assets	–	90
Total extraordinary income	–	90
Extraordinary losses		
Loss on sale of non-current assets	1,405	–
Loss on retirement of non-current assets	1,006	0
Loss on valuation of investment securities	14,795	–
Expenses related to the 100th anniversary of foundation	45,000	35,554
Total extraordinary losses	62,207	35,554
Profit before income taxes	239,569	438,166
Income taxes	85,240	146,268
Profit	154,328	291,897
Profit attributable to owners of parent	154,328	291,897

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Profit	154,328	291,897
Other comprehensive income		
Valuation difference on available-for-sale securities	(21,751)	48,424
Remeasurements of defined benefit plans, net of tax	(8,315)	6,572
Total other comprehensive income	(30,066)	54,997
Comprehensive income	124,262	346,895
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	124,262	346,895
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Cash flows from operating activities		
Profit before income taxes	239,569	438,166
Depreciation	117,820	109,254
Loss on retirement of non-current assets	1,006	0
Loss (gain) on sale of non-current assets	1,405	(90)
Expenses related to the 100th anniversary of foundation	45,000	35,554
Share-based payment expenses	96,119	82,200
Increase (decrease) in provision for bonuses	(311,739)	(410,293)
Increase (decrease) in provision for shareholder benefit program	(15,955)	(17,349)
Increase (decrease) in provision for loss on orders received	1,040	739
Increase (decrease) in allowance for doubtful accounts	(300)	–
Increase (decrease) in retirement benefit liability	(178,819)	(156,667)
Interest and dividend income	(21,676)	(24,000)
Interest expenses	665	942
Loss (gain) on sale of securities	(5,017)	(1,611)
Loss (gain) on valuation of investment securities	14,795	–
Decrease (increase) in trade receivables	(1,065,455)	(1,442,663)
Increase (decrease) in advances received on service contracts in progress	104,148	(98,963)
Decrease (increase) in inventories	(582,442)	14,752
Increase (decrease) in trade payables	13,392	(230,794)
Increase (decrease) in accrued consumption taxes	(677,681)	285,238
Other, net	(130,945)	(172,982)
Subtotal	(2,355,071)	(1,588,568)
Interest and dividends received	14,382	15,968
Interest paid	(784)	(1,094)
Income taxes paid	(423,759)	(290,237)
Net cash provided by (used in) operating activities	(2,765,233)	(1,863,930)
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,673)	(24,362)
Proceeds from sale of property, plant and equipment	1,915	90
Purchase of intangible assets	(22,266)	(550)
Purchase of investment securities	(12,942)	(1,693)
Proceeds from sale of securities	17,612	55,875
Payments of leasehold deposits	(967)	(7,636)
Proceeds from refund of leasehold deposits	1,242	855
Other, net	(10,685)	(5,122)
Net cash provided by (used in) investing activities	(62,765)	17,455
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,150,000	1,600,000
Repayments of long-term borrowings	(30,000)	–
Purchase of treasury shares	(100,659)	(50,101)
Proceeds from disposal of treasury shares	35	172
Dividends paid	(130,732)	(241,695)
Net cash provided by (used in) financing activities	888,643	1,308,375
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(1,939,355)	(538,099)
Cash and cash equivalents at beginning of period	3,002,039	1,955,831
Cash and cash equivalents at end of period	1,062,683	1,417,732