

Translation

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Summary of Consolidated Financial Results for the Year Ended May 31, 2023 (Based on Japanese GAAP)

July 13, 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: Managing Executive Officer Hirofumi Katayama TEL 03-5931-5888
 Scheduled date of ordinary general meeting of shareholders: August 25, 2023
 Scheduled date to file Securities Report: August 25, 2023
 Scheduled date to commence dividend payments: August 28, 2023
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

(1) Consolidated operating results

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	%
Year ended May 31, 2023	15,647	(1.8)	1,714	8.3	1,787	8.1	1,075	(0.9)
Year ended May 31, 2022	15,933	0.4	1,582	18.6	1,654	19.9	1,085	27.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended May 31, 2023	66.74	63.94	10.6	11.7	11.0
Year ended May 31, 2022	66.98	64.17	11.4	11.7	9.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2023	16,117	10,930	65.4	657.93
As of May 31, 2022	14,426	10,229	68.2	610.30

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended May 31, 2023	2,294	573	(619)	4,205
Year ended May 31, 2022	(345)	(178)	(521)	1,955

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended May 31, 2022	—	8.00	—	15.00	23.00	371	34.3	4.0
Year ended May 31, 2023	—	11.00	—	13.00	24.00	386	36.0	3.8
Year ending May 31, 2024 (Forecast)	—	17.00	—	17.00	34.00		47.4	

3. Forecast of consolidated financial results for the year ending May 31, 2024 (from June 1, 2023 to May 31, 2024)

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	17,000	8.6	1,800	5.0	1,850	3.5	1,150	6.9	71.75

4. Notes

(1) Changes in significant subsidiaries during the year ended May 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of May 31, 2023	17,250,000 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 May 31, 2023	1,222,012 shares	As of May 31, 2022	1,378,147 shares
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Average number of shares during the period

Year ended May 31, 2023	16,112,761 shares	Year ended May 31, 2022	16,206,688 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2022	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	1,955,831	4,205,305
Notes and accounts receivable - trade, and contract assets	4,833,386	4,802,853
Costs on service contracts in progress	252,424	503,299
Real estate for sale	5,634	5,634
Other	575,523	170,458
Allowance for doubtful accounts	–	(44,824)
Total current assets	7,622,800	9,642,727
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,990,384	1,229,006
Accumulated depreciation	(826,709)	(247,836)
Buildings and structures, net	1,163,675	981,170
Machinery, equipment and vehicles	770,888	771,446
Accumulated depreciation	(500,470)	(542,307)
Machinery, equipment and vehicles, net	270,417	229,139
Land	2,659,018	1,961,889
Other	900,370	819,911
Accumulated depreciation	(727,714)	(680,461)
Other, net	172,655	139,450
Total property, plant and equipment	4,265,766	3,311,649
Intangible assets		
Software	111,784	79,775
Other	1,658	1,885
Total intangible assets	113,443	81,660
Investments and other assets		
Investment securities	1,120,223	1,208,021
Long-term lease and deposits on golf	324,195	367,329
Distressed receivables	38,168	–
Retirement benefit asset	945,759	1,373,352
Deferred tax assets	10,771	9,472
Other	23,887	123,050
Allowance for doubtful accounts	(38,168)	–
Total investments and other assets	2,424,838	3,081,226
Total non-current assets	6,804,047	6,474,536
Total assets	14,426,848	16,117,264

(Thousands of yen)

	As of May 31, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,026,721	1,257,393
Income taxes payable	330,154	92,537
Advances received on service contracts in progress	1,116,404	1,428,187
Provision for bonuses	501,080	551,675
Provision for loss on orders received	30	3,116
Provision for shareholder benefit program	17,349	19,061
Other	497,601	919,774
Total current liabilities	3,489,341	4,271,746
Non-current liabilities		
Retirement benefit liability	14,536	33,200
Asset retirement obligations	251,647	280,572
Deferred tax liabilities	435,804	596,556
Other	5,712	4,381
Total non-current liabilities	707,701	914,710
Total liabilities	4,197,043	5,186,457
Net assets		
Shareholders' equity		
Share capital	2,131,733	2,131,733
Capital surplus	532,933	532,933
Retained earnings	7,448,995	7,940,953
Treasury shares	(798,125)	(746,407)
Total shareholders' equity	9,315,536	9,859,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	349,041	448,410
Remeasurements of defined benefit plans	174,600	237,583
Total accumulated other comprehensive income	523,642	685,993
Share acquisition rights	390,626	385,600
Total net assets	10,229,804	10,930,806
Total liabilities and net assets	14,426,848	16,117,264

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Net sales	15,933,022	15,647,518
Cost of sales	11,095,417	10,467,540
Gross profit	4,837,605	5,179,977
Selling, general and administrative expenses	3,254,784	3,465,062
Operating profit	1,582,821	1,714,914
Non-operating income		
Interest income	20	15
Dividend income	40,913	43,962
Insurance claim and dividend income	12,063	16,848
Gain on sale of securities	10,767	3,890
Other	18,408	23,984
Total non-operating income	82,173	88,701
Non-operating expenses		
Interest expenses	5,114	5,333
Guarantee commission	2,335	1,833
Delinquency charges	3,227	8,360
Other	11	113
Total non-operating expenses	10,689	15,641
Ordinary profit	1,654,304	1,787,974
Extraordinary income		
Gain on sale of non-current assets	–	90
Gain on bargain purchase	–	210,100
Total extraordinary income	–	210,191
Extraordinary losses		
Loss on sale of non-current assets	1,405	–
Loss on retirement of non-current assets	1,006	1,364
Impairment losses	–	432,040
Loss on valuation of investment securities	–	14,149
Loss on valuation of golf club membership	10,960	–
Expenses related to the 100th anniversary of foundation	46,454	49,495
Total extraordinary losses	59,827	497,049
Profit before income taxes	1,594,477	1,501,116
Income taxes - current	577,463	343,262
Income taxes - deferred	(68,498)	82,464
Total income taxes	508,964	425,727
Profit	1,085,512	1,075,389
Profit attributable to owners of parent	1,085,512	1,075,389

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Profit	1,085,512	1,075,389
Other comprehensive income		
Valuation difference on available-for-sale securities	(36,724)	99,368
Remeasurements of defined benefit plans, net of tax	15,725	62,982
Total other comprehensive income	(20,998)	162,351
Comprehensive income	1,064,514	1,237,741
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,064,514	1,237,741
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended May 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,131,733	771,471	6,475,454	(939,040)	8,439,619
Cumulative effects of changes in accounting policies			191,319		191,319
Restated balance	2,131,733	771,471	6,666,774	(939,040)	8,630,939
Changes during period					
Dividends of surplus			(259,941)		(259,941)
Profit attributable to owners of parent			1,085,512		1,085,512
Purchase of treasury shares				(162,224)	(162,224)
Disposal of treasury shares		1,698		19,551	21,250
Cancellation of treasury shares		(283,587)		283,587	–
Transfer from retained earnings to capital surplus		43,350	(43,350)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(238,538)	782,220	140,914	684,597
Balance at end of period	2,131,733	532,933	7,448,995	(798,125)	9,315,536

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	385,765	158,875	544,640	315,722	9,299,982
Cumulative effects of changes in accounting policies					191,319
Restated balance	385,765	158,875	544,640	315,722	9,491,302
Changes during period					
Dividends of surplus					(259,941)
Profit attributable to owners of parent					1,085,512
Purchase of treasury shares					(162,224)
Disposal of treasury shares					21,250
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity	(36,724)	15,725	(20,998)	74,904	53,905
Total changes during period	(36,724)	15,725	(20,998)	74,904	738,502
Balance at end of period	349,041	174,600	523,642	390,626	10,229,804

Fiscal year ended May 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,131,733	532,933	7,448,995	(798,125)	9,315,536
Changes during period					
Dividends of surplus			(419,763)		(419,763)
Profit attributable to owners of parent			1,075,389		1,075,389
Purchase of treasury shares				(199,348)	(199,348)
Disposal of treasury shares		(14,682)		102,080	87,398
Cancellation of treasury shares		(148,986)		148,986	–
Transfer from retained earnings to capital surplus		163,668	(163,668)		–
Net changes in items other than shareholders' equity					
Total changes during period		–	491,957	51,718	543,676
Balance at end of period	2,131,733	532,933	7,940,953	(746,407)	9,859,212

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	349,041	174,600	523,642	390,626	10,229,804
Changes during period					
Dividends of surplus					(419,763)
Profit attributable to owners of parent					1,075,389
Purchase of treasury shares					(199,348)
Disposal of treasury shares					87,398
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity	99,368	62,982	162,351	(5,025)	157,325
Total changes during period	99,368	62,982	162,351	(5,025)	701,002
Balance at end of period	448,410	237,583	685,993	385,600	10,930,806

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,594,477	1,501,116
Depreciation	256,083	219,564
Loss on retirement of non-current assets	1,006	1,364
Loss (gain) on sale of non-current assets	1,405	(90)
Impairment losses	–	432,040
Gain on bargain purchase	–	(210,100)
Loss on valuation of golf club membership	10,960	–
Expenses related to the 100th anniversary of foundation	46,454	49,495
Share-based payment expenses	96,119	82,200
Increase (decrease) in provision for loss on orders received	30	3,086
Increase (decrease) in allowance for doubtful accounts	(513)	44,824
Increase (decrease) in retirement benefit liability	(319,315)	(335,426)
Increase (decrease) in provision for bonuses	108,944	50,594
Increase (decrease) in provision for shareholder benefit program	1,393	1,712
Interest and dividend income	(58,941)	(43,978)
Interest expenses	5,114	5,333
Loss (gain) on sale of securities	(10,767)	(3,890)
Loss (gain) on valuation of investment securities	–	14,149
Decrease (increase) in trade receivables	(937,083)	79,186
Increase (decrease) in advances received on service contracts in progress	222,982	305,648
Decrease (increase) in inventories	(202,946)	(228,953)
Increase (decrease) in trade payables	157,453	202,984
Increase (decrease) in accrued consumption taxes	(659,136)	731,136
Other, net	(2,491)	(64,952)
Subtotal	311,231	2,837,046
Interest and dividends received	57,446	44,362
Interest paid	(5,063)	(5,333)
Income taxes paid	(709,505)	(581,278)
Net cash provided by (used in) operating activities	(345,891)	2,294,797
Cash flows from investing activities		
Purchase of property, plant and equipment	(129,974)	(54,290)
Proceeds from sale of property, plant and equipment	1,915	499,115
Purchase of intangible assets	(29,057)	(1,308)
Purchase of investment securities	(14,168)	(5,912)
Proceeds from sale of securities	27,223	67,641
Payments of leasehold deposits	(1,959)	(23,403)
Proceeds from refund of leasehold deposits	1,764	6,071
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	151,531
Other, net	(34,634)	(65,480)
Net cash provided by (used in) investing activities	(178,891)	573,965

(Thousands of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Cash flows from financing activities		
Repayments of long-term borrowings	(60,000)	–
Proceeds from disposal of treasury shares	35	172
Purchase of treasury shares	(200,523)	(199,905)
Dividends paid	(260,935)	(419,555)
Net cash provided by (used in) financing activities	(521,424)	(619,288)
Net increase (decrease) in cash and cash equivalents	(1,046,207)	2,249,474
Cash and cash equivalents at beginning of period	3,002,039	1,955,831
Cash and cash equivalents at end of period	1,955,831	4,205,305