

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 |
|--------------------|-------------------|--------------------|-------------------|

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 |
|--------------------|------------------|--------------------|------------------|

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 |
|-------------------------|-------------------|-------------------------|-------------------|

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 |