



Translation

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 (Code: 9765, Prime Market of the Tokyo Stock Exchange)
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Progress in compliance with listing maintenance standards based on plans

On December 9, 2021, we submitted a plan to comply with the listing requirements of the prime market and disclosed the details of such plan. We are pleased to inform you that we have now prepared the following information on the progress of the plan as of the end of May 2022.

○Transition and planning period for the status of compliance with our listing maintenance standards

As of the end of May 2022, our status of compliance with the prime market listing maintenance criteria is as follows, including the transition, and the market capitalization of outstanding shares has not yet met the criteria. As shown in the table below, we will continue to make various efforts to extend the initial planned period (the end of May 2022) for the market capitalization of shares in circulation and to meet the listing maintenance criteria by the end of May 2023.

		Number of Shareholders (People)	Number of Shares Outstanding (1 unit: 100 shares)	Outstanding Shares Market Capitalization	Outstanding Shares Ratio (%)	Daily Average Trading Value	Market Capitalization
Our Compliance Status and Trends	As of the end of May 2020	—	117,838 units	9.54 billion yen	64.5%	0.03 billion yen	—
	As of the end of May 2022	—	113,687 units	8.44 billion yen	64.9%	—	—
Listing Maintenance Criteria		—	20,000 units	10.0 billion yen	35%	0.02 billion yen	—
As Described in the Original Plan Planning Period		—	—	2022 End of May	—	—	—

*Our compliance status was calculated based on the distribution of our stock certificates as of the record date of the Tokyo Stock Exchange.

○Status and Evaluation of Initiatives to Ensure Compliance with the Listing Maintenance Standards (December 2021 to May 2022)

[Market capitalization of outstanding shares]

We are working to clarify the issues that need to be addressed from the viewpoint of obtaining a better understanding of the market by conveying our basic policy for meeting the market capitalization standards for outstanding shares to shareholders and investors in an easy-to-understand manner. In particular, we are striving to (1) improve stock prices in line with the expansion of business performance, (2) increase the number of outstanding shares, and (3) enhance shareholder returns.

(1) As measures to improve stock prices in conjunction with the expansion of business performance, the Company has steadily implemented the expansion of its construction consulting business and the growth of its business solutions business as stated in the medium-term management plan announced in July 2019 (the period from May 2020 to May 2023). As a result, both sales and profits increased, and net income per share (EPS) improved to 66.98 yen, and net assets per share (BPS) improved to 610.30 yen.

Operating income surpassed the revised 1,500 million forecast for the previous fiscal year (ended May 31, 2022) to 1,582 million, marking the 11th consecutive year of earnings growth. We also achieved operating income (plan) of 1,400 million in the final year of the medium-term management plan, one year ahead of schedule.

Under the Medium-Term Management Plan, we are working to further improve our technological capabilities by increasing the number of people with technical qualifications and utilizing new technologies. At the same time, we are reinforcing our efforts in consulting services, such as agency services and civil engineering management, with the aim of expanding profit opportunities. The essence of our sustainable growth is the improvement of our technological capabilities. The number of engineers with technical qualifications: Professional Engineers; RCCM (Civil Consulting Managers); First Class Architects; and APEC Engineers, which are the foundation of our growth, has steadily increased every fiscal year, reaching 461 in the previous fiscal year (the fiscal year ended May 31, 2022), and we are now in the process of building a system of 500 engineers with technical qualifications in the final year of the Medium-Term Management Plan.

(2) As a measure to increase the number of outstanding shares, we asked our major shareholders (particularly ordinary domestic banks, insurance companies, business corporations, etc.) to sell our shares held by each major shareholder on the trading market, and as a result of our efforts to further increase the ratio of outstanding shares, the ratio of outstanding shares rose to 64.9%.

(3) As stated in the Medium-Term Management Plan, the Group's policy on shareholder returns is to maintain a total return ratio of approximately 50% for the foreseeable future, and to decide on the content of returns for each fiscal year in consideration of the economic situation, financial conditions, and performance outlook for each fiscal year. In the fiscal year ended May 31, 2022, the Company paid an annual dividend of ¥23 per share (comprising an ordinary dividend of ¥19 per share and a commemorative dividend of ¥4 per share), purchased treasury stock of ¥162 million, and retired treasury stock of 500,000 shares, as a result of the flexible consideration of dividend increases, share buybacks, and share retirements, and efforts to increase shareholder profits.

○Future issues and details of initiatives based on the situation to date for items that do not comply with the listing maintenance standards

[Market capitalization of outstanding shares]

As described above, we have steadily achieved results in our basic policy to satisfy the market capitalization standard for outstanding shares by tackling the following issues: (1) improving stock prices in line with business growth; (2) increasing the number of outstanding shares; and (3) enhancing shareholder returns. Going forward, we will continue to do our utmost to address these issues. For the fiscal year ending May 31, 2023, we are striving to achieve operating income (earnings forecast) of ¥1,600 million.

We are convinced that our strength lies in enhancing the technological capabilities of each and every employee by promoting the acquisition of technical qualifications and improving our IT

capabilities through investments in human capital and other means.

To accelerate the pace of growth, the Group will actively consider acquisitions that contribute to the enhancement of corporate value by utilizing its own network, as well as its financial institutions and M&A intermediaries.

In addition, in order to build a long-term relationship of trust with our shareholders, we will further strengthen our IR activities, such as by enhancing the explanations of financial results (via our website, etc.) and responding to interviews (from investors, media, etc.). We will utilize the information and knowledge gained through constructive dialogue in corporate management, and proactively provide information necessary for making investment decisions.

The period of the plan, including the period of the medium-term management plan, will be the end of May 2023.

■ Medium-Term Management Plan (Fiscal 2020 to Fiscal 2023)

http://www.k-ohba.co.jp/pdf/english/about/plan_201906_202303.pdf

	Fiscal year ended May 31, 2015 (Reference)	Fiscal year ending May 31, 2020 (Results)	Fiscal year ending May 31, 2021 (Results)	Fiscal year ending May 31, 2022 (Results)	Fiscal year ending May 31, 2023 (Forecast)	Fiscal year ending May 31, 2023 (Plan)
Consolidated Net Sales (Millions of yen)	15,402	15,202	15,862	15,933	16,000	17,500
Consolidated Operating Income (Millions of yen)	790	1,144	1,334	1,582	1,600	1,400
Interest-Bearing Debt (Millions of yen)	2,437	120	60	0	0	0
Net Income Per Share (yen)	45.05	49.32	52.04	66.98	68.23	—
Net Assets Per Share (yen)	334.26	487.56	551.48	610.30	—	—
Annual Dividend (yen)	12.00	14.00	15.00	23.00	22.00	—
(Commemorative Dividends)	0.00	0.00	0.00	4.00	0.00	—
Engineering Qualification Holders	298	395	385	461	500	500
(Professional Engineers)	(145)	(195)	(205)	(217)	(230)	(230)
Stock Price at End of Period (yen)	520	656	779	741	—	—

*Individuals with technical qualifications: Professional Engineers, RCCM (Civil Consulting Managers), Grade 1 Architects, APEC Engineers