



### Translation

**Notice:** This document is an excerpt translation of the original Japanese document and is for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

July 13, 2023

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(Code: 9765, Prime Market of the Tokyo Stock Exchange)  
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### **Notice of Formulation of Medium-Term Management Plan**

At the meeting of the Board of Directors held today, we announced that we have formulated a medium-term management plan covering the five-year period from the fiscal year ending May 31, 2024 (the current fiscal year) to the fiscal year ending May 31, 2028.

#### 1. Period Covered

- Fiscal Year Ending May 2024 - 2028 (5 years)
- Development Stage of the Next 100 Years [Next Century] initiative
- First Stage of the [Challenge] and [Leap Forward] initiatives

#### 2. Basic Policy

- The essence of achieving sustainable growth and enhancing corporate value over the medium to long-term lies in enhancing our technological capabilities.
- Our employees are the representatives leading our technological capabilities, and we will continue to actively invest in human capital and other areas to ensure that our company and employees will grow together.

#### 3. Quantitative Targets

	Fiscal Year Ended May 31, 2023 (Actual)	Fiscal Year Ending May 31, 2024 (Forecast)	Fiscal Year Ending May 31, 2028 (Medium-Term Management Plan)
Consolidated Net Sales	JPY 15.647 billion	JPY 17 billion	JPY 20 billion
Consolidated Operating Income	JPY 1.714 billion	JPY 1.8 billion	JPY 2.4 billion
Consolidated Operating Income Margin	11%	-	12%
ROE	10.6%	-	12%
ROIC	11.1%	-	12%

#### 4. Specific Measures

- (i) Expanding orders
- (ii) Further improving technological capabilities
- (iii) Solving social issues
- (iv) Investing in human capital, etc.
- (v) Promoting digital transformation (DX)
- (vi) Examining M&A and business alliance opportunities
- (vii) Increasing shareholder returns
- (viii) Strengthening corporate governance

For further details, please refer to the attached materials.

The data and future forecasts disclosed in this document are based on judgments made as of the date of this document and information available on such date. As these forecasts are subject to change due to various factors, including changes in economic conditions and market trends, the Company cannot guarantee the achievement of the stated targets and forecasts or its future performance.

# Medium-Term Management Plan

FY5/24 (90th period) to FY5/28 (94th period)



OHBA & CO.

URBAN DEVELOPMENT &  
CIVIL ENGINEERING, CONSULTANTS

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# 1. Towards a new 100 years 'NEXT CENTURY'(1)

- Looking toward a new 'NEXT CENTURY' we will value our employees, who are the driving force behind our technological capabilities, and actively invest in human capital and other resources so that our company and employees can build on their dreams and grow together.
- Based on our history and achievements to date, we will determine what we must protect and what we must change. We will steadily grow our core business centered on “urban development” and take on the challenge of developing new markets and new businesses to solve social issues and make further strides.

## Topic ①

### Celebrated 100th anniversary in 2022



We celebrated our 100th anniversary in October 2022, thanks to our customers, shareholders, employees and all other stakeholders

## Topic ②

### Operating profit up for 12 consecutive periods



With “urban development” as the core of Ohba’s strengths, our operating profit has risen for 12 consecutive periods, fulfilling our previous medium-term management target one year ahead of schedule, and our profitability has steadily improved

## Topic ③

### Repaid debt and reduced interest-bearing debt to zero



Thanks to our improved earnings and the sale of our headquarters building, we repaid our debt and reduced our interest-bearing debt to zero, thereby making more efficient use of management resources and strengthening our financial position

## Topic ④

### Establishing an organization of 500 holders of technical qualifications



We have generally succeeded in establishing an organization of 500 holders of technical qualifications (certified engineers, RCCMs (civil consulting managers), 1st class architects and APEC engineers), which we have been working on as part of our efforts to improve our technical capacity. We would like further to increase the number of holders of technical qualifications, and to develop polyvalent technicians (promotion of multi-skilled workers).

## Topic ⑤

### Improve shareholder returns with a change in our shareholder returns policy



We have made a total shareholder return ratio of around 50% and a dividend payout ratio of around 35% for each financial year based on our stable dividend policy. As the company’s profitability and technological capabilities have steadily improved along with its growth, and its financial position has been further enhanced, we would like to improve shareholder returns further and aim for a total shareholder return ratio of around 60% and a dividend payout ratio of around 50%.

# 1. Towards a new 100 year 'NEXT CENTURY'(2)

- Looking toward the NEXT CENTURY, we will value our employees, who are the driving force behind our technological capabilities, and actively invest in human capital and other resources so that our company and employees can build on their dreams and grow together.
- Based on our history and achievements to date, we will determine what we need to protect and what needs to be changed. We will steadily grow our traditional business centered on “urban development” and take on the challenge of developing new markets and new businesses to solve social issues and make further strides.

## The first stage of “taking on challenges” and “making strides” into the future

### ■ Improve technological capabilities

The key to achieving sustainable growth and increasing our corporate value over the medium to long term is to improve our technological capabilities for a new 100 years, the NEXT CENTURY.

### ■ Invest in human capital, etc.

We value our employees, who are the driving force behind our technological capabilities, and actively invest in human capital and other resources, share with them the vision we aspire to, and grow together with them.

### ■ Develop new markets and new businesses to solve social issues

Based on our history and achievements to date, we will determine what we must protect and what we must change. We will steadily grow our core business centered on “urban development” and take on the challenge of developing new markets and new businesses to solve social issues and make further strides.

## 2. Summary of the Previous Medium-Term Management Plan (1)

- Achieved consolidated operating profit target one year ahead of schedule, increased profit for 12 consecutive periods and improved profitability
- Improved technological capabilities by building an organization with 500 qualified personnel, etc.
- Changed shareholder return policy, maintaining a total return ratio of approx. 50% and raising the dividend payout ratio to approx. 35% (placing greater emphasis on dividends)

### < Quantitative Targets >

[Consolidated Sales] : ¥**17.5** billion (target) ⇒ ¥ **15.6** billion (actual)

[Consolidated Operating Profit] : ¥**1.4** billion (target) ⇒ ¥ **1.7** billion yen (actual)

#### ■ Performance (¥ million)

	FY5/20 (actual)	FY5/21 (actual)	FY5/22 (actual)	FY5/23 (actual)	FY5/23 (target)
Consolidated Sales	15,202	15,862	15,933	<b>15,647</b>	17,500
Consolidated Operating Profit	1,144	1,334	1,582	<b>1,714</b>	1,400

- Earthquake reconstruction-related work peaked out and we missed our consolidated sales target, but this was offset by growth in other government and private-sector work
- Achieved consolidated operating profit target one year ahead of schedule, increased profit for 12 consecutive periods, and improved profitability

## 2. Summary of the Previous Medium-Term Management Plan (2)

- Achieved consolidated operating profit target one year ahead of schedule, increased profit for 12 consecutive periods and improved profitability
- Improved technological capabilities by building an organization with 500 qualified personnel, etc.
- Changed shareholder return policy, maintaining a total return ratio of approx. 50% and raising the dividend payout ratio to approx. 35% (placing greater emphasis on dividends).

### < Basic Policy >

- Provide high-quality service by further improving technological capabilities (increase in the number of qualified personnel, use of new technologies, etc.)
  - Improved technological capabilities by building an organization with **500** qualified personnel, etc.
  - Qualified personnel: **353** in FY5/19 (actual) ⇒ **488** in FY5/23 (actual)
- Step up efforts in consulting-related businesses, such as outsourcing and civil engineering management, to expand earnings opportunities
  - Boosted earnings opportunities by expanding business solutions operations
  - Business solutions orders received :  
¥**1,049** million in FY5/23 (actual)
- Execute productivity reforms through BPR (Business Process Reform) and strategic IT investments
  - Reformed work styles and improved productivity by introducing new services, reviewing network configuration, strengthening lines and building a remote work environment, etc.

### < Shareholder Returns >

- Change shareholder return policy
  - Maintained a total return ratio of approx. **50%**
  - Raised the dividend payout ratio to approx. **35%** (placing greater emphasis on dividends)
  - Expanded shareholder returns through dividend increases, share repurchases, and treasury share retirement, etc.



### 3. Environment Surrounding Our Company

- Operating profit has increased for 12 consecutive periods, and core business operations have shown stable growth.
- In addition, there are new fields with potential for market expansion driven by solving social issues, etc.
- Specific examples include disaster prevention/mitigation, national land resilience, return of manufacturing to Japan, expansion of foreign companies into Japan, defense civil engineering, etc.

#### < Social Issues >

Disaster prevention/mitigation, national land resilience, return of manufacturing to Japan, defense reinforcement, reconstruction of aging condominiums

Sustainability management, SDGs, ESG, environment, climate change, decarbonized society, carbon neutral, renewable energy

Human capital investment, work style reform, diversity, women's advancement, human resource development, reskilling, wage increases, benefits improvement, health management

Strengthen corporate governance, achieve sustainable growth and increase corporate value over the medium to long-term and disclose non-financial information

Digital Transformation (DX), use of AI, cybersecurity risk

Enhance job satisfaction, fulfillment, and engagement

Age of centenarians, declining birthrates, aging populations, pension issues, asset building, moving from savings to investments

#### < Trends in the Industry >

Steady public investment in disaster prevention/mitigation, national land resilience, etc

Recovery of private capital investment, inbound investment, etc

Intensifying competition for human resources, industry restructuring, mergers and acquisitions (M&A, etc.)

#### Our Understanding of the Environment

- Japanese companies will return their manufacturing operations to Japan, and foreign companies will enter the Japanese market.
- Demand for defense civil engineering will increase as the defense budget increases.
- Earthquake reconstruction-related demand is decreasing, but disaster prevention/mitigation and national land resiliency-related demand will grow.

- Market for zoning and business outsourcing will be large, especially in the Tohoku region following its incorporation of urbanization zones.
- Sustainability initiatives, human capital investment, etc. are essential.
- Securing and developing human resources is essential to achieve our targets, amidst intensifying competition for human resources.

## 4-1. Ohba's Strengths [Overall]

- History, tradition and achievement as a 100-year-old company, trust built on the spirit of our company motto: Sincerity, Positivity, Harmony
- Urban development at the core (expertise, knowledge, accumulated experience). One-stop solutions through comprehensive construction consulting
- Operating profit expected to increase for 12th consecutive period, improved gross profit margin, organization with 500 qualified personnel, and debt-free foundation



History, tradition and achievement as a 100-year-old company



Trust built on the spirit of our company motto: Sincerity, Positivity, Harmony



Urban development at the core (expertise, knowledge, accumulated experience)



One-stop solutions through comprehensive construction consulting



Excellence in the private sector  
(Government: Private sector ratio of 6:4)



Improved profitability (operating profit to increase for 12th consecutive period, improved gross profit margin)



Improved technological capabilities  
(built an organization of 500 qualified personnel)



Strengthened financial position (debt-free, strong capital structure)

## 4-2. Ohba's Strengths [Urban Development]

Ohba's unique strengths in urban development



- ① Urban Development Technological Capabilities
- ② One-Stop Support Capabilities
- ③ Consensus Building Capabilities
- ④ Comprehensive Capabilities

Ohba's unique strengths in urban development

Urban Development Technological Capabilities

that cover town planning, landscaping, large-scale development, rezoning, disaster prevention and mitigation, etc.

One-Stop Support Capabilities

to provide total support for client urban development needs, from upstream processes (survey and planning) to downstream processes (design, construction management and project completion)

Consensus Building Capabilities

that bring together local residents, government, business owners and other stakeholders to drive urban development

Comprehensive Capabilities

built on Ohba's four segments, including urban development, design, geospatial and environment

## 4-3. Ohba's Strengths [Finance, Valuation]

- ROE, ROIC, and ROA reflect high profitability among listed companies
- Share price valuations are among the highest in the industry
- Shareholder returns remain high among listed companies
- Financial strength is advantageous for securing orders, recruiting human resources, also expanding options for management strategies, such as M&A

### < Performance >

- Sales growth is modest, but profit margins are high

### < Valuation >

- ROE, ROIC, and ROA reflect high profitability among listed companies
- Share price valuations are among the highest in the industry

### < Productivity >

- Industry-leading sales per employee and operating profit per employee

### < Shareholder returns >

- Shareholder returns remain high among listed companies

(unit: %)	Ohba	Industry Avg.
OP Margin	11.0	9.6

(unit: %)	Ohba	Industry Avg.	TSE Prime Avg.
ROE	10.6	10.9	9.2
ROIC	11.1	8.4	5.4

(unit: ¥ mn)	Ohba	Industry Avg.
Sales per employee	28.1	22.2
OP per employee	3.1	2.1

(unit: %)	Ohba	Industry Avg.	Listed company Avg.
Dividend payout ratio	36.0	25.3	34.6
Total return ratio	54.5	34.9	60.3

\* Calculated based on various disclosure materials for the most recent fiscal year



- Financial strength is advantageous for securing orders, recruiting human resources, also expanding options for management strategies, such as M&A
- Need a strategy that ensures further growth and engages in constructive dialogue with investors to gain further market recognition

## 5. Target Period/Quantitative Targets (1)

- Target period: FY5/24–FY5/28 (5 years)
- Positioning: Drive forward into the Next Century; the first stage of “taking on challenges” and “making strides” into the future
- Quantitative targets: Net sales of ¥20 billion, consolidated operating profit of ¥2.4 billion, consolidated operating margin of 12%, ROE of 12%, ROIC of 12%

### Target period

FY5/24–FY5/28 (5 years)

### Positioning

- Drive forward into the Next Century
- The first stage of “taking on challenges” and “making strides” into the future

### Quantitative target

- Consolidated net sales FY5/28 (plan): ¥**20,000** million\* (¥ **15,647** million)
- Consolidated operating profit FY5/28 (plan): ¥**2,400** million (¥ **1,714** million)

- Stable growth of core businesses + development of new markets and new businesses to solve social issues
- ⇒ (1) **Improve profitability** (promoted from the previous medium-term management plan, profit from scale, etc.) +  
(2) **Improve top line** (boost number of technicians, revise technician prices, improve productivity, etc.)

- Consolidated operating margin FY5/28 (plan): **12%** (11.0%)
- ROE FY5/28 (plan): **12%** (10.6%)
- ROIC FY5/28 (plan): **12%** (11.1%)

Figures in parentheses are FY5/23 results

## 5. Target Period/Quantitative Targets (2)

- Target period: FY5/24–FY5/28 (5 years)
- Positioning: Drive forward into the Next Century; the first stage of “taking on challenges” and “making strides” into the future
- Quantitative targets: Net sales of ¥20 billion, consolidated operating profit of ¥2.4 billion, consolidated operating margin of 12%, ROE of 12%, ROIC of 12%

### Shareholder returns

- Total payout ratio for FY5/28 (plan): **60%** (54.5%)
- Dividend payout ratio for FY5/28 (plan): **50%** (36.0%)

As the company’s profitability and technological capabilities have steadily improved, and its financial position has been further enhanced, we would like to improve shareholder returns further and aim for a total shareholder return ratio of approx. 60% and a dividend payout ratio of approx. 50%.

### Other

Figures in parentheses are FY5/23 results

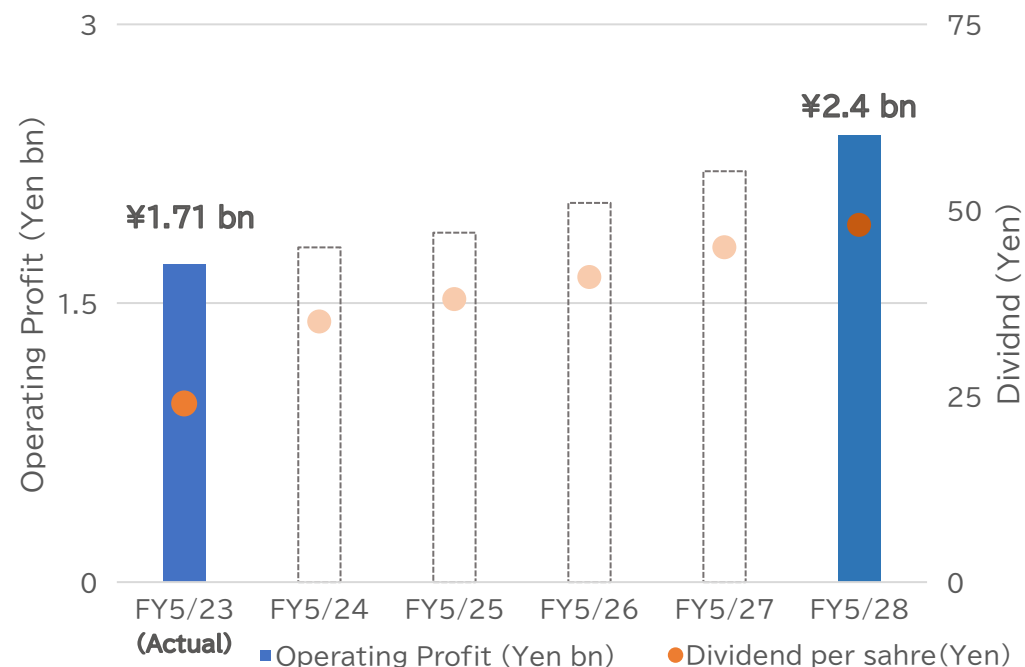
- Consolidated employee headcount in FY5/28 (plan): **650** (556)
- Consolidated qualified personnel headcount in FY5/28 (plan): **650** (488) \*

Figures in parentheses are FY5/23 results

- Technicians: 430 (376), certified engineers: 300 (233), RCCM: 270 (205), first-class architects: 30 (22) APEC: 50 (28)

Figures in parentheses are FY5/23 results

Image of dividend increases during the medium-term management plan period



## 6. Basic Policy

- Improving our technological capabilities is the key to achieving the sustainable growth that our customers, shareholders and employees expect of us, and to increasing our corporate value over the medium to long-term.
- Our employees are the driving force behind our technological capabilities, and we will actively invest in human capital, etc., so that both the company and our employees can grow together.
- We will help build an even more beautiful Japan by focusing on our core strengths in safe, secure and sustainable urban development.

### < Outline of policy >

**Improving our technological capabilities** is the key to achieving sustainable growth and to increasing our corporate value over the medium to long-term.

Our employees are the driving force behind our technological capabilities, and we will actively invest in human capital, etc., so that both the company and our employees can grow together.

- ① We aim to **make the company even more attractive and trusted by customers and shareholders** by further improving our technological capabilities, which is the key to sustainable growth and medium to long-term corporate value enhancement.
- ② We will **create a workplace** where employees including seniors who are the driving force behind our technological capabilities, are valued, and where each and every employee **can work enthusiastically** with a sense of satisfaction and fulfillment.
- ③ We will **help to build an even more beautiful Japan** by focusing on our core strengths in safe, secure and sustainable urban development.
- ④ We will **drive forward into the Next Century** as a 100-year-old company by continuing to cherish the spirit of our corporate motto of Sincerity, Positivity, Harmony, and by continuing to refine our civil engineering technologies.

# 7-1. Specific Measures [Overall] (1)

- ① Boost orders
- ② Further improve technological capabilities
- ③ Solve social issues
- ④ Invest in human capital
- ⑤ Improve shareholder returns
- ⑥ Strengthen corporate governance

## ① Boost orders

### • Expand construction consulting services

- Expand government work: general consulting, disaster prevention/mitigation, national land resilience, land readjustment (Tohoku region, etc.), defense civil engineering, etc.
- Expand private-sector work: general consulting, development activities (production bases, logistics facilities, etc.), land readjustment, undergrounding, etc.

### • Grow business solutions business

- Civil engineering management, business outsourcing (land readjustment), real estate consulting, new business initiatives (consulting for reconstruction of aging condominiums, etc.), M&A, etc.

## ② Further improve technological capabilities

### • Increase qualified personnel headcount

- Promote certifications, build an organization of 650 qualified personnel (including 300 professional engineers)

### • Develop multi-talented engineers (promote multi-skilled workers)

- Encourage acquisition of multiple certifications, build broad business experience and broad and sophisticated perspectives, and improve compliance awareness

### • Improve IT capabilities and promote DX

- Learn and incorporate new technologies (through various training programs, etc.)



Post-reconstruction townscape in Onagawa station area, Miyagi Prefecture



Prologis Park Kyotanabe, Tanabe City, Kyoto Prefecture



# 7-1. Specific Measures [Overall] (2)

- ① Boost orders
- ② Further improve technological capabilities
- ③ Solve social issues

- ④ Invest in human capital
- ⑤ Improve shareholder returns
- ⑥ Strengthen corporate governance

## ③ Solve social issues

### • Urban development, infrastructure, environment

- Provide location optimization plans (e.g., compact cities), infrastructure facility maintenance and management, and disaster prevention measures
- Environmental assessment, soil contamination control, town master plans, etc.

### • Renewable energy

- Energy cycle planning (solar power, wind power, etc.)

## ④ Invest in human capital

### • Coordinate management strategy with human resource strategy

- Continuously recruit new graduates, strengthen mid-career recruitment, utilize seniors, promote women's advancement
- Develop professional human resources, improve treatment (wage increase, etc.), work sharing, etc.

## ⑤ Improve shareholder returns

### • Changes to shareholder return policy

- Total return ratio: approx. 60%, dividend payout ratio: approx. 35%

### • Changes to the shareholder benefits program

- Expansion of chocolate confectionery gifts, CHOCOLABO to shareholders holding more than 2,500 shares.

## ⑥ Strengthen corporate governance

### • Improve effectiveness of the Board of Directors

- Board of Directors: Majority independent outside directors
- Executive Nomination and Compensation Committee: Majority independent outside directors
- Board Effectiveness Assessment: Use third-party assessments

### • Strengthen IR and SR activities

- Enhance earnings briefings (General Meeting of Shareholders, video distribution of business reporting, etc.), proactively respond to interviews (investors, media, etc.)
- Provide English-language disclosure (notices of convocation, financial statements, timely disclosures, etc.)
- Provide non-financial disclosures (e.g., sustainability initiatives, human capital investments, etc.)

## 7-2. Specific Measures [Resolving Social Issues] (1)

### ■ Solving social issues

- ① Disaster prevention/mitigation, national land resilience
- ② Defense civil engineering
- ③ Urban development
- ④ Urban reconstruction
- ⑤ Environment and building a decarbonized society
- ⑥ Smart city/urban development DX
- ⑦ Business solutions and civil engineering management (reconstruction of aging condominiums, etc.)

#### ① Disaster prevention/mitigation, national land resilience

- National Land Resilience Plan
- Advanced reconstruction urban development plan (secure orders for guidelines to make advanced reconstruction preparations mainstream)
- Undergrounding-related work (secure orders for guidelines to move utility poles underground in urban development projects)
- Compensation survey for infrastructure development
- Inspection and asset management for roads, bridges, and other infrastructure facilities
- Basin flood-control related work
- Investigation and restoration work in the event of natural disasters
- Hazard investigation and analysis of foundation survey, etc. based on the Specific Fill Regulation Act.

#### ② Defense civil engineering

- Survey and design work for optimizing bases and garrisons to strengthen Self-Defense Force facilities

#### ③ Urban development

- Develop industrial and logistics sites with the return of production bases to Japan and the entry of foreign investment
- Develop land along high-standard main highways
- New town land readjustment projects resulting from the incorporation of urbanization zones
- Former US military base sites
- Conversion of land use of former large factories, etc.

#### ④ Urban reconstruction

- Rebuilding of existing town areas using land readjustment methods such as town sponging measures and small-scale land readjustment (secure orders for guidelines for sponging measures and small-scale land readjustment)
- Enter into combined land and building projects (e.g., multilevel land conversion, town redevelopment projects, etc.)
- Compact plus network related business  
(location optimization plans, regional public transportation plans, walkability, etc.)

## 7-2. Specific Measures [Resolving Social Issues] (2)

### ■ Solving social issues

- ① Disaster prevention/mitigation, national land resilience
- ② Defense civil engineering
- ③ Urban development
- ④ Urban reconstruction
- ⑤ Environment and building a decarbonized society
- ⑥ Smart city/urban development DX
- ⑦ Business solutions and civil engineering management (reconstruction of aging condominiums, etc.)

#### ⑤ Environment and building a decarbonized society

- Urban green infrastructure aimed at achieving carbon neutrality
- Survey and design work related to renewable energy (wind power generation, etc.)

#### ⑥ Smart city/urban development DX

- Creating new public-private model associated with the shift to open data,
- Implementation of smart city planning
- Digital transformation of infrastructure deterioration diagnostics, compensation surveys, disaster assessments, etc. through 3D data measurement, analysis, and model creation

#### ⑦ Business solutions and civil engineering management

- Business outsourcing
- Consulting for reconstruction of aging condominiums
- Inheritance tax, real estate utilization consulting
- Maintenance and management of public and private idle land
- Survey and measurement
- Support for sale and disposal

## 7-3. Specific Measures [Investment in Human Capital, etc.] (1)

- Boost headcount ⇒ (employee recruitment)
  - ① Step-up recruitment of new graduates ② Step-up recruitment of mid-career professionals
- Improve employee motivation ⇒
  - ① Improve treatment ② Accelerate promotion to managerial positions ③ Promote women's advancement ④ Improve compensation for senior employees ⑤ Career development
  - ⑥ Work-life balance ⑦ Enhance welfare system
- Third-party certification ⇒ Eruboshi (2 levels) , Platinum Kurumin, Hataraku Yell (Welfare Promotion Organization)

### Boost headcount

- Step-up hiring of new graduates (recruitment of women)
  - Hire approx. 30-35 people per year, actively recruit women
- Step-up hiring of mid-career professionals (employee recruitment)
  - Hire approx. 80 people during the medium-term management plan period (70 in engineering, 10 in sales and administrative divisions), and encourage use of human resource agencies, etc.

### Improve employee motivation

- Improve treatment
  - Announced plans to increase wages by 3% or more YoY for the second consecutive period
  - Raise wages of young employees (Continue raising base pay consistently) →Lifted starting salaries over the three-year period from FY5/21 to FY5/23, and plan to continue from FY5/24 onward
  - Accelerate promotion for younger employees
  - Raise technological allowances in line with measures aimed at improving technological capabilities
- Accelerate promotion to managerial positions
  - Promote early active participation of young employees (in their 30s)

## 7-3. Specific Measures [Investment in Human Capital, etc.] (2)

- Boost headcount ⇒ (employee recruitment)
  - ① Step-up recruitment of new graduates
  - ② Step-up recruitment of mid-career professionals
- Improve employee motivation ⇒
  - ① Improve treatment
  - ② Accelerate promotion to managerial positions
  - ③ Promote women's advancement
  - ④ Improve compensation for senior employees
  - ⑤ Career development
  - ⑥ Work-life balance
  - ⑦ Enhance welfare system
- Third-party certification⇒ Eruboshi (2 levels) , Platinum Kurumin, Hataraku Yell (Welfare Promotion Corporation)

### • Promote women's advancement

- Encourage promotion to management positions

### • Improve compensation for continued employment with senior

- Introduce performance bonus system for senior-employees
- Increase regular bonuses for senior-employees

### • Career development

- Introduce career consultation system (understand each employee's wishes through career consultation and promote appropriate human resource allocation)

### • Work-life balance

- Promote flexible workstyles that are efficient and conducive to work-life balance by utilizing remote working and flextime systems

### • Enhance welfare system

- Enhance welfare system from various perspectives to help motivate employees

#### Third-party certification

- Eruboshi (2 levels) , Platinum Kurumin, Hataraku Yell (Welfare Promotion Corporation)



Eruboshi Level 2  
2019



Platinum Kurumin  
2022



Hataraku Yell  
2022

## 7-4. Specific Measures [DX Promotion]

Establish a DX Promotion Office within the Technology Division to actively promote urban development DX (offensive DX) and productivity improvement (defensive DX).

① Promote urban development DX (offensive DX) ⇒ Promote DX to further enhance technological, one-stop support and consensus-building capabilities to differentiate from the competition

② Improve productivity (defensive DX) ⇒ Promote DX, reform work styles, further streamline business processes, and improve productivity

### Promote urban development DX (offensive DX)

• Promote DX in urban development operations, further improve technological, one-stop support and consensus-building capabilities to differentiate from the competition

- Streamline and accelerate urban development operations by utilizing DX to streamline and facilitate design verification, urban policy proposals, and consensus building.
- Further boost competitive advantage by automating and speeding up business processes in core competencies such as zoning projects and development permits.
- Promote infrastructure DX related to survey, design, maintenance and management of roads, bridges, rivers, etc., as well as disaster response.

### Improve productivity (defensive DX)

• Promote DX, reform work styles, streamline business processes and improve productivity in the production system

- Achieve diverse work styles by creating a digital workplace environment.
- Automate routine tasks, streamline production control, quality control, and order management, and speed up decision-making.
- Promote cross-branch technician utilization and increase production efficiency by visualizing technological and production capabilities.
- Establish mechanism to accumulate, utilize, and pass on technological assets.
- Visualize technological qualifications, work performance, production contribution, etc., to objectively evaluate performance, develop human resources, and strengthen organizational capabilities.
- Further strengthen IT infrastructure and develop DX human resources.

## 7-5. Specific Measures [M&A, Business Alliance]

- ① M&A within the same industry      ... Expand business through M&A deals with other companies in the same industry
  - ② Business alliances with different industries (architectural design offices, etc.)      ... Expand business areas through business alliances with other industries
- ⇒ Expect further growth

### M&A within the same industry

- Expand business through M&A deals with other companies in the same industry

- Increase in engineers and qualified personnel through addition of personnel
- Synergy effects from expanding business areas
  - Made Ohba Research and Land Surveys Co., Ltd. a subsidiary (in May 2023). Analyze growth markets and open areas, consider expansion, etc.
- Streamline by effectively utilizing management resources within the Group



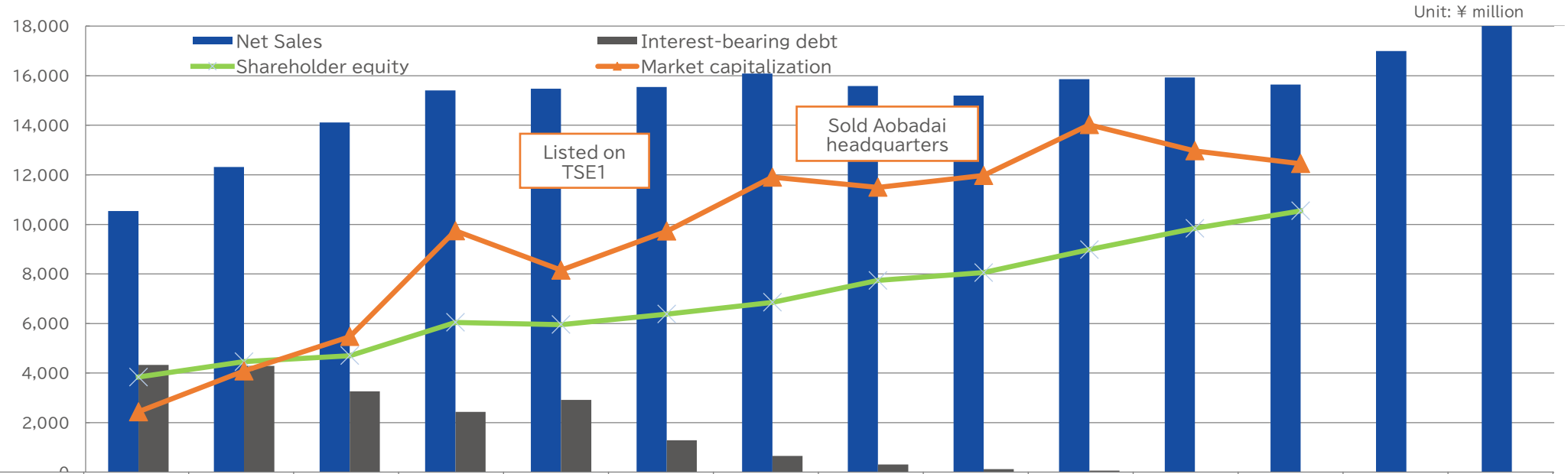
Expect further growth

### Business alliances with other industries

- Expand business areas through business alliances with other industries (architectural design offices, etc.)

- Expand from land development to redevelopment by leveraging track record and expertise in land development

# Reference 1: Sustainable Growth and Improving Corporate Value Over the Medium to Long-Term



	FY5/12	FY5/13	FY5/14	FY5/15	FY5/16	FY5/17	FY5/18	FY5/19	FY5/20	FY5/21	FY5/22	FY5/23	FY5/24 (Plan)	FY5/28 (Target)
<b>Net sales</b>	10,534	12,312	14,112	15,402	15,479	15,542	16,086	15,581	15,202	15,862	15,933	15,647	17,000	20,000
<b>Operating profit</b>	171	317	583	790	915	1,045	1,073	1,104	1,144	1,334	1,582	1,714	1,800	2,400
<b>Operating margin</b>	1.6%	2.6%	4.1%	5.1%	5.9%	6.7%	6.7%	7.1%	7.5%	8.4%	9.9%	11.0%	10.6%	12.0%
<b>Profit</b>	39	229	512	811	746	702	744	1,715	823	852	1,085	1,075	1,150	
<b>Interest-bearing debt</b>	4,333	4,286	3,265	2,437	2,918	1,291	658	312	120	60	0	0	0	0
<b>Shareholder equity</b>	3,838	4,462	4,702	6,044	5,955	6,378	6,852	7,738	8,055	8,984	9,839	10,545		
<b>Equity ratio</b>	37.7%	37.4%	39.5%	52.3%	46.9%	57.5%	60.6%	62.8%	62.1%	65.7%	68.2%	65.4%		
<b>Return on equity (ROE)</b>	1.0%	5.5%	11.2%	15.1%	12.4%	11.4%	11.3%	23.5%	10.4%	10.0%	11.4%	10.6%		12.0%
<b>Share price</b>	130	218	292	520	435	523	640	618	656	779	741	722		
<b>Market capitalization</b>	2,436	4,085	5,471	9,744	8,151	9,729	11,905	11,496	11,972	14,022	12,967	12,454		

\*Sales of real estate for sale of ¥2,050 million (gain on sale of ¥230 million) are included for the 84th period.

\*Gain on sale of commercial real estate (extraordinary income) of ¥1,409 million is included for the 85th period.

\*The share price and market capitalization are based on the closing price at the end of the respective periods.



## Reference 2: Results of The Previous Medium-Term Management Plan

### Medium-Term Management Plan (FY5/2020-FY5/2023)

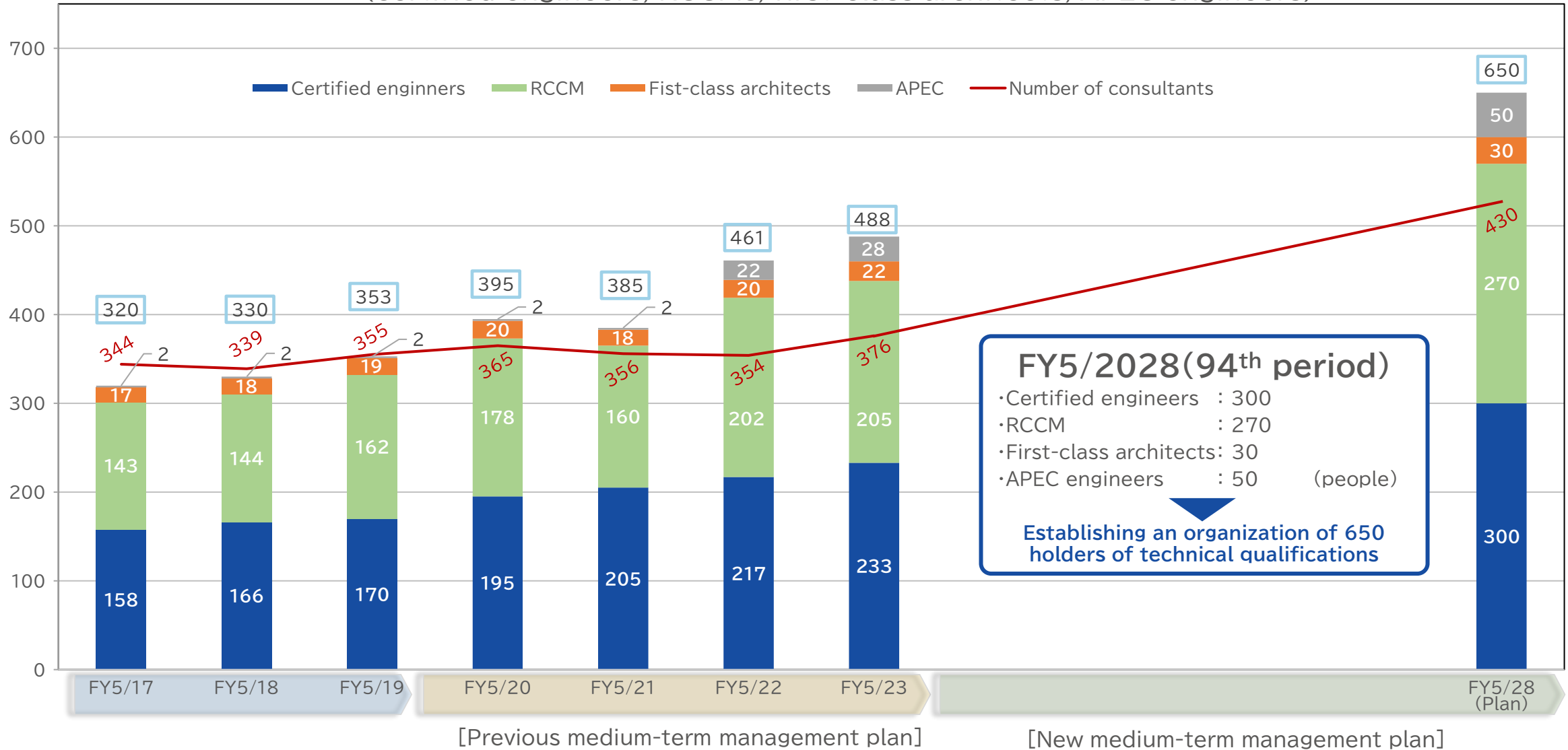
[http://www.k-ohba.co.jp/pdf/english/about/plan\\_201906\\_202303.pdf](http://www.k-ohba.co.jp/pdf/english/about/plan_201906_202303.pdf)

	FY5/15 (reference)	FY5/20 (actual)	FY5/21 (actual)	FY5/22 (actual)	FY5/23 (actual)	FY5/23 (target)
Consolidated net sales (¥ million)	15,402	15,202	15,862	15,933	15,647	17,500
Consolidated operating profit (¥ million)	790	1,144	1,334	1,582	1,714	1,400
Interest-bearing debt (¥ million)	2,437	120	60	0	0	0
Earnings per share (¥)	45.05	49.32	52.04	66.98	66.74	—
Net assets per share (¥)	334.26	487.56	551.48	610.30	657.93	—
Annual dividend (¥)	12.00	14.00	15.00	23.00	24.00	—
(of which are commemorative dividends)	0.00	0.00	0.00	4.00	0.00	—
Technological qualification holders (people)	298	395	385	461	488	500
(of which are professional engineers)	(145)	(195)	(205)	(217)	(233)	(230)
Year-end share price (¥)	520	656	779	741	722	

\* Technological qualification holders (people): Certified engineers, RCCMs (civil consulting managers), first-class architects, APEC engineers

# Reference 3: Number of Qualified Personnel

Number of qualified personnel  
(certified engineers, RCCMs, first-class architects, APEC engineers)



# Reference 4: Sustainability, Human Capital Investment (excerpts from the Corporate Governance Report)

## [Supplementary Principle 3.1.3] Responding to issues surrounding sustainability, investing in human capital and intellectual property

- The Company's Board of Directors recognizes that addressing sustainability issues, including addressing global environmental issues such as climate change, respect for human rights, fair and appropriate treatment of employees and their health and working environment, fair and appropriate transactions with suppliers, and risk management for natural disasters, are important management issues that not only reduce risks but also lead to earnings opportunities. Accordingly, we are actively and positively addressing these issues from the perspective of improving our corporate value over the medium to long term.
- In addition, we focus on human resource development for each and every employee with the understanding that investment in human capital and intellectual property is an important issue for expanding orders and accurately responding to the needs of construction consultants. As such, we will continue to recruit new graduates and hire technicians with specialized knowledge, experience, and qualifications in order to secure human resources, while improving our technological capabilities by promoting the acquisition of technical qualifications, learning new technologies, and presenting the results of our work and research externally.
- Specifically, as an "urban development solutions company," we provide various planning services such as optimal site planning for sustainable and compact urban development, maintenance and management of infrastructure facilities that contribute to sustainable national land development, and disaster prevention services. We also help to ensure safe, secure, and sustainable urban development through environmental surveys and assessments, soil contamination prevention measures, environmental facility planning that improves water quality and waste disposal, water and energy cycle planning, and town environmental master plans that take the global environment into consideration.
- Under the medium-term management plan, we are further improving our technological capabilities by expanding the number of technologically qualified personnel and utilizing new technologies, while strengthening our efforts in consulting services such as business outsourcing and civil engineering management in order to expand earnings opportunities. The key to our company's sustainable growth lies in improving our technological capabilities. Each fiscal year, we have steadily increased our technical personnel (professional engineers, RCCMs (civil consulting managers), first-class architects, and APEC engineers), which are essential to our growth, and we aim to build an organization with 500 qualified personnel by the final year of our medium-term management plan.
- The progress of our medium-term management plan is described in "Progress under Plan toward Compliance with Listing Maintenance Criteria".  
( "Progress under Plan toward Compliance with Listing Maintenance Criteria": <http://www.k-ohba.co.jp/ohba/wp-content/uploads/2022/08/Progress-in-compliance-with-listing-maintenance-standards-based-on-plans.pdf> )
- We do not collect or analyze data on the impact of climate change-related risks and opportunities on our business activities, earnings, etc., due to the nature of our business and the size of our company. Going forward, we will consider how to respond to these matters based on their importance and necessity.

# Reference 5: Sustainable Development Goals (SDGs)



## < Ensuring access to affordable, reliable, sustainable and modern energy for all >

- Plan and design solar power generation facilities
- Participate in solar power generation business
- Propose energy-saving heavy machinery design
- Energy-saving activities (hybrid vehicles, participation in Cool Biz program, turning off power at lunchtime, setting air conditioner temperatures, reducing overtime work)



## < Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster technological innovation >

- Develop sustainable and resilient infrastructure development
- Support and research on asset management
- Incorporate new technologies in the design field (UAV, MMS, BIM/CIM)
- Develop mobile-phone base stations as social infrastructure
- Promote and support acquisition of qualifications



## < Make cities and habitats inclusive, safe, resilient and sustainable >

- Support public organizations by developing appropriate site selection plans, support town revitalization projects, reconstruction urban development projects, and private-sector urban development to achieve safe, secure, and sustainable urban development
- Work related to disaster prevention, mitigation, and national land resilience
- Social infrastructure maintenance and management through inspection, diagnosis, useful life enhancement planning, and stock management
- Utilize productive green areas

### Examples

- Fujisawa Sustainable Smart Town (Fujisawa SST) , Kashiwanoha Smart City ... Goal 7, Goal 9, Goal 11
- Solar power generation, wind power generation project support, operation of in-house solar power plants (4 locations) ... Goal 7



KASHIWANOHA Aqua Terrace