



Translation

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 (Code: 9765, Prime Market of the Tokyo Stock Exchange)  
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**Progress under the Plan for Compliance with the Listing Maintenance Standards**

On December 9, 2021, OHBA initially submitted a plan to comply with the maintenance standards for listing on the prime market. On August 4, 2022, we subsequently disclosed the progress of the plan as of the end of May 2022.

We are now pleased to announce that we have prepared the following plan as of the end of May 2023. Based on the results of the previous medium-term management plan and the details of the new medium-term management plan, we have decided to make the plan as of the end of May 2025 in consideration of the prospects of achieving our targets under the conformance plan.

**○ Changes in status of compliance with our listing maintenance standards and planning period**

As of the end of May 2023, our compliance with the listing maintenance standards for the prime market was as follows, with the market capitalization of the outstanding shares not yet reaching the standards.

As shown in the table below, we will continue to exert various efforts to extend the initial plan period (end of May 2023) with respect to our outstanding market capitalization, as well as to meet the listing maintenance standards by the end of May 2025.

		Number of Shareholders (People)	Number of Shares in Circulation (1 unit: 100 shares)	Market Capitalization Of Outstanding Shares (Billions of yen)	Outstanding Shares Ratio (%)	Daily Average Trading Value (Billions of yen)
Our compliance status And changes therein (*1)	As of the end of May 2020	7,841	117,838 units	9.54 billion yen	64.5%	30 million yen
	As of the end of May 2022	7,763	113,687 units	8.44 billion yen	64.9%	27 million yen (*2)
	As of the end of May 2023	8,406	112,788 units	8.6 billion yen (*3)	65.3%	-

Listing maintenance standards	800	20,000 units	10 billion yen	35%	20 million yen
Planning period	-	-	End of May, 2025	-	-

\*1 Our calculation of conformity is based on the distribution status table of our stock certificates, etc. as of the record date set by the Tokyo Stock Exchange (TSE).

\*2 Average daily trading value (January to December 2022) is based on notifications from the TSE.

\*3 If we calculate the total market value of outstanding shares based on the closing share price on July 31, 2023 (¥906), the market value is ¥10.21 billion.

## ○ Status of implementation and evaluation of efforts to comply with listing maintenance standards (June 2022 to May 2023)

### **[Market capitalization of outstanding shares]**

We have clarified our basic policy for meeting the outstanding shares market capitalization standards in an easy-to-understand manner for our shareholders and investors; and from the perspective of obtaining market understanding, we are working toward: (1) improving share prices in line with business expansion; (2) increasing the number of outstanding shares in the market; and (3) expanding shareholder returns.

#### **(i) Measures to Improve Stock Prices In Line With Business Expansion**

We have been working toward improving profitability by steadily implementing the [expansion of construction consulting services and the growth of business solution services] as outlined in the medium-term management plan (FY May 2020 to FY May 2023) announced in July 2019. Earnings per share (EPS) remained almost unchanged from the previous fiscal year at ¥66.74 due to a one-time impairment loss on the sale of the Tohoku Branch Building. However, net assets per share (BPS) increased to ¥657.93.

Operating income surpassed the ¥1.6 billion forecast for the previous fiscal year (ending May 31, 2023) and reached ¥1.714 billion, marking the 12th consecutive year of profit growth. At the same time, we achieved the operating income (forecast) target of ¥1.4 billion for the final year of the Medium-Term Management Plan (ending May 31, 2023), one year ahead of schedule (by the fiscal year ending May 31, 2022), and significantly exceeded the forecast for the previous fiscal year.

Under the Medium-Term Management Plan, the Group worked to further improve its technological capabilities by increasing the number of employees with technical qualifications and by utilizing new technologies. At the same time, the Group strengthened its efforts to provide consulting services, such as business agency and civil engineering management, with the aim of expanding profit opportunities. The essence of our sustainable growth lies in the improvement of our technological capabilities. The number of engineers with technical qualifications (engineers, RCCM (civil consulting managers), first-class architects, and APEC engineers), who form the foundation of our efforts, has steadily increased every fiscal year, reaching 488 in the previous fiscal year (ended May 31, 2023). We have thereby already been able to essentially build a system of 500 technicians with technical qualifications leading into the final year of the Medium-Term Management Plan.

#### **(ii) Measures to Increase Number of Outstanding Shares**

We asked the major shareholders (especially domestic ordinary banks, insurance companies, business corporations, etc.) who hold our shares to sell our shares held by each major shareholder on the trading market, and our efforts to further improve the outstanding share ratio resulted in the outstanding share ratio rising to 65.3%.

#### **(iii) Measures to Expand Shareholder Returns**

In accordance with our policy on shareholder returns, we have set a total shareholder return ratio of around 50% as our immediate goal, and we decide on the details of returns for each fiscal year by comprehensively taking into account economic conditions, financial conditions, business performance outlook, and other factors at the time. In the previous fiscal year (the fiscal year

ended May 31, 2023), we increased dividends and flexibly considered share buybacks and the cancellation of treasury stock. As a result of our efforts to increase shareholder profits, we paid an annual dividend of 24 yen (ordinary dividend), repurchased 199 million yen of treasury stock, and cancelled 250,000 shares of treasury stock (total return ratio: 54.5%, payout ratio: 36.0%).

#### (iv) Other Measures

We are engaged in comprehensive construction consulting services with urban development at their core, and there is no overlap between the customer base and operations of Ohba Research and Land Surveys Co., Ltd., which is mainly engaged in surveying services. We expect a wide range of synergy effects, and have accordingly acquired all of the shares of the company and made it a wholly owned subsidiary with the aim of strengthening group management.

#### ■ Results of Previous Medium-Term Management Plan (Fiscal Years Ended May 31, 2020 to May 31, 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)

	FY May 2015 (Reference)	Year ended May 31, 2020 (Actual)	Year ended May 31, 2021 (Actual)	Fiscal year ended May 31, 2022 (Actual)	Year ended May 31, 2023 (Actual)	Year ended May 31, 2023 (Plan)
Consolidated Net Sales (Millions of yen)	15,402	15,202	15,862	15,933	15,647	17,500
Consolidated Operating Income (Millions of yen)	790	1,144	1,334	1,582	1,714	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	66.74	-
Net assets per share (yen)	334.26	487.56	551.48	610.30	657.93	-
Annual dividend (yen)	12.00	14.00	15.00	23.00	24.00	-
(Commemorative dividend)	0.00	0.00	0.00	4.00	0.00	-
Technical Qualification Holders	298	395	385	461	488	500
(Professional engineers)	(145)	(195)	(205)	(217)	(233)	(230)
Year-end share price (yen)	520	656	779	741	722	-

\* Technical Qualifications: Professional Engineers, RCCM (Civil Consulting Managers), First Level Architects, APEC Engineers

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

##### [Market capitalization of outstanding shares]

As described above, we have been steadily achieving our basic policy to satisfy the outstanding shares market capitalization standard by tackling issues such as: (1) improving stock prices in line with business expansion; (2) increasing the number of shares in circulation; and (3) enhancing shareholder returns. Going forward, we will continue to make every effort to achieve these goals.

#### (i) Measures to improve stock prices in line with business expansion

We have recently formulated a medium-term management plan covering the five-year period from the fiscal year ending May 31, 2024 to the fiscal year ending May 31, 2028, with the current fiscal year as the first year.

Looking toward the next 100 years NEXT CENTURY, we will value our employees, who are the leaders of our technological capabilities, actively invest in human capital and other areas, share our aspirations with our employees, and grow together.

Based on our history and achievements to date, we will identify what we need to protect and what we need to change. We will stably grow our core operations with Urban Development at their core. At the same time, we will take on the challenge of cultivating new markets and new businesses to resolve social issues and aim for further growth.

Our quantitative targets for the fiscal year ending May 31, 2028 are net sales of ¥20 billion, operating income of ¥2.4 billion, a consolidated operating income margin of 12%, ROE of 12%, and ROIC of 12%.

In addition to stable growth in core operations, the Group will strive to improve profitability by improving the top-line through an increase in the number of engineers, etc. and improving productivity, etc. in order to develop new markets and new businesses aimed at resolving social issues.

In the fiscal year ending May 31, 2024, the first year of the plan, we are striving to achieve net sales of ¥17 billion and operating income of ¥1.8 billion.

As part of our efforts to improve our technological capabilities, we will further increase the number of employees with technical qualifications to 650 employees, and strive to train polyvalent engineers (by promoting the existence of multi-skilled workers).

We are confident that our strengths include promoting the acquisition of technical qualifications and enhancing IT capabilities through investment in human capital and other means, as well as enhancing the technical capabilities of each employee.

#### **(ii) Measures to increase the number of outstanding shares**

Our efforts to date have resulted in a steady improvement in the outstanding share ratio. We will continue to request the major shareholders who hold our shares to sell our shares held by each major shareholder on the trading market, and we will strive to further improve the outstanding share ratio.

#### **(iii) Measures to Expand Shareholder Returns**

In line with our recent growth, we have steadily improved our profitability and technological capabilities, and have further enhanced our financial position. Accordingly, we have further strengthened shareholder returns and changed our policy to target a total return ratio of around 60% (approximately 50% of consolidated net income is used as the source of dividends) (total return ratio: 50%→60%, payout ratio: 35%→50%).

The dividend forecast for FY May 2024 is as follows: an interim dividend of 17 yen, a year-end dividend of 17 yen, an annual dividend of 34 yen per share (ordinary dividend)

The CHOCOLABO (AOH) is the nation's first welfare chocolate workshop established in 2012 with the aim of creating workplaces for people with disabilities and raising wages for people with disabilities. We endorse the CHOCOLABO program, and as part of our Social Contribution Activities, we have been offering chocolate confectionery to shareholders who own 5,000 shares or more, regardless of the number of years held.

In order to strengthen our Social Contribution Activities, we are expanding the scope of awards to include shareholders who hold 2,500 shares or more, in light of shareholder requests (for gifts: 5,000 shares or more → 2,500 shares or more).

#### **(iv) Other measures**

With the aim of strengthening our Group management, we will maximize the synergies of Ohba Research and Land Surveys Co., Ltd., which was made a wholly owned subsidiary in the previous fiscal year, and actively consider acquisitions that contribute to enhancing corporate value, while utilizing financial institutions and M&A intermediaries in addition to our own network, in order to promote M&A with the aim of accelerating growth speed.

In addition, in order to build up long-term relationships of trust with our shareholders, we will further strengthen our IR activities by enhancing our briefings on our financial results (briefings, websites, etc.), responding to IR meetings and interviews (investors, media, etc.), and make use of the information and knowledge gained through constructive dialogue in our corporate management. At the same time, we will actively provide information necessary for making investment decisions.

## ■ Overview of the New Medium-Term Management Plan (FY5/24 to FY5/28)

Medium-Term Management Plan (90th to 94th Period) (k-ohba.co.jp) ([http://www.k-ohba.co.jp/pdf/english/about/plan\\_%20\(90th~94th\).pdf](http://www.k-ohba.co.jp/pdf/english/about/plan_%20(90th~94th).pdf))

### 1. Toward a New 100 Years NEXT CENTURY

- Looking toward the next 100 years NEXT CENTURY, we will value our employees, who are the leaders of our technological capabilities, actively invest in human capital, etc., share our aspirations with our employees, and grow together.
- Based on our history and achievements to date, we will identify what we need to protect and what we should change. We will continue to stably grow our core business centered on Urban Development and take on the challenge of developing new markets and new businesses to solve social issues, with the aim of achieving an even greater leap forward.

### 2. Period Covered

- FYE May 2024 - FYE May 2028 (5 years)
- Strong development for next 100 years Next Century
- First Stage of Challenge and Leap Forward

### 3. Basic Policy

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

### 4. Quantitative Targets

	Year ended May 31, 2023 (Actual)	Fiscal year ended May 31, 2024 (Forecast)	Year ended May 31, 2028 (Medium-Term Management Plan)
Consolidated net sales	15.647 billion yen	17 billion yen	20 billion yen
Consolidated operating income	1.714 billion yen	1.8 billion yen	2.4 billion yen
Consolidated operating income margin	11.0%	-	12%
ROE	10.6%	-	12%
ROIC	11.1%	-	12%

### 5. Specific Measures

#### (i) Expanding Orders

Expansion of construction consulting services and growth in business solution services

#### (ii) Further Improvement of Technological Capabilities

Increase in the number of qualified personnel (500→650) and the training of polyvalent engineers (promotion of multi-skilled workers)

#### (iii) Resolving Social Issues

Disaster prevention and mitigation, national resilience, defense civil engineering, urban development, urban reconstruction, environmental and decarbonisation society building, Smart City Urban Development DX, Solutions and Civil Engineering Property (Rebuilding of aging condominiums, etc.)

#### (iv) Investment in Human Capital, etc.

Linking our management strategy to our personnel strategy, increasing the number of employees, and improving the motivation of our employees

#### (v) DX Promotion

Promoting DX for urban development (aggressive DX) and improving productivity (defensive DX)

(v) M&A, Business Alliances

M&A within the same industry and business alliances with other industries

(vii) Strengthening Shareholder Returns

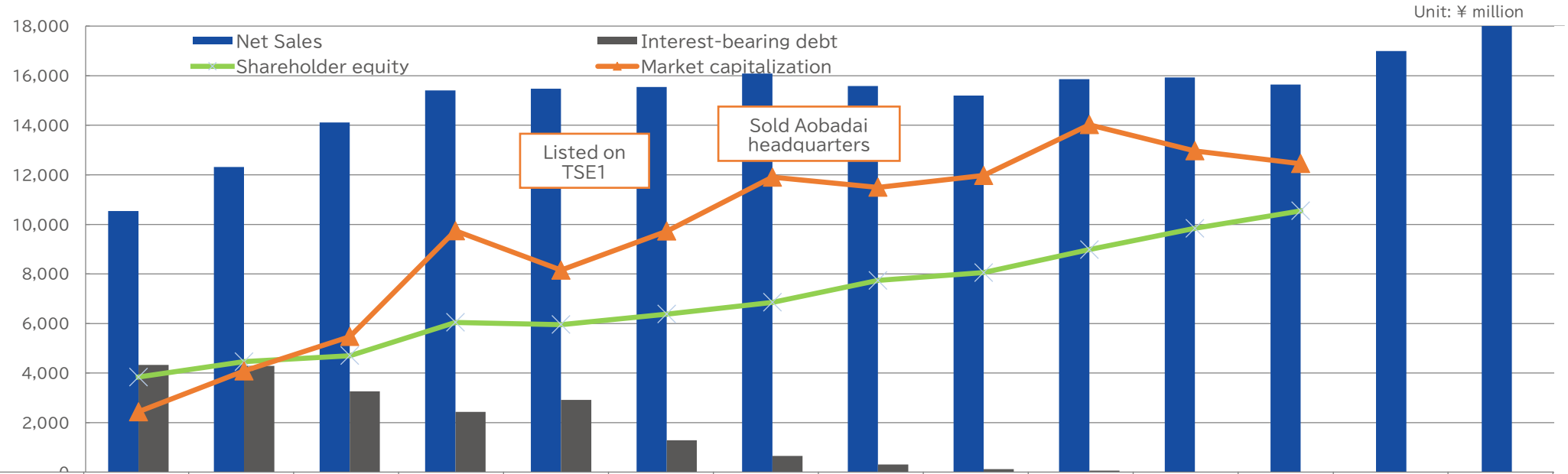
Change in shareholder return policy (Total return ratio: 50%→60%, Payout ratio: 35%→50%)

Change in shareholder benefit program (eligibility for chocolate confectionery gift: 5,000 shares or more → 2,500 shares or more)

(viii) Strengthening Corporate Governance

Improving the effectiveness of the Board of Directors and strengthening SR and IR activities

# 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 in the amount of ¥2,050 million (gain on sale of ¥230 million) are included for the FY5/18 period.

\*Gain on sales of commercial real estate (extraordinary income) of ¥1,409 million is included for the FY5/19 period.

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

# Reference 2: Improving technological capabilities

Number of qualified personnel  
(Certified engineers, RCCMs, First-class architects, APEC engineers)

