



Translation

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

December 9, 2021

Company Name: OHBA CO., LTD.
 Representative: Shigeru Tsujimoto, Representative Director & President
 (Code: 9765, First Section of the Tokyo Stock Exchange)
 Contact: Hirofumi Katayama, Senior Executive Officer
 (Tel. 03-5931-5888)

New Market Segments Listing Maintenance Standards Compliance Plan

As of today, we have submitted an application to select the Prime Market for the market classification review at the Tokyo Stock Exchange, Inc. scheduled for April 2022. Please be informed that, as of the transition record date (June 30, 2021), we have not met the listing maintenance criteria for the relevant market. Therefore, we have prepared the following plan to comply with the listing maintenance criteria for the new market segments.

○Our compliance with the listing maintenance standards and the planning period

Our compliance status with the listing maintenance criteria for the Prime Market as of the transition date is as follows, and the market capitalization of the outstanding shares does not yet meet the relevant criteria. We will exert various efforts to meet the listing maintenance criteria for the market capitalization of the outstanding shares by 2022.

	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 Situation (as of the Transition Record Date)	—	117,838 units	9.54 billion yen	64.5%	0.03 billion yen	—
Listing Maintenance Criteria	—	20,000 units	10.0 billion yen	35%	0.02 billion yen	—
Items Listed in the Plan	—		○			—

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

○Basic policies, issues, and details of initiatives to ensure compliance with the listing maintenance standards

Our basic policy for meeting the market capitalization standard for outstanding shares is to address the following two main issues: (i) an increase in the number of outstanding shares; and (ii) an increase in share prices in line with business expansion.

(i) As a measure to increase the number of shares in circulation, we will request major shareholders who hold our shares (especially ordinary banks, insurance companies, business corporations, etc.) to sell our shares held thereby on the trading market and strive to further increase the ratio of shares in circulation.

(ii) As a measure to improve stock prices in conjunction with the expansion of business

performance, we will steadily implement the “expansion of construction consulting business and growth of business solutions business” as set forth in the medium-term management plan announced in July 2019 (the period from May 2020 to May 2023). Through these measures, we will aim to increase both sales and profits and increase net income per share (EPS).

At the operating income level, we have achieved 10 consecutive years of profit growth until the previous fiscal year (ending May 2021). In terms of earnings forecasts for the fiscal year under review (ending May 2022), we forecast operating income of 1,400 million yen and are therefore striving to achieve the planned operating income of 1,400 million yen for the final year of the medium-term management plan (ending May 2023), 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, and the number of engineers with technical qualifications (i.e. (i) Professional Engineers, (ii) RCCM (Civil Consulting Managers), and (iii) First-Class Architects)) is steadily increasing every fiscal year. We are aiming to build a system of 500 engineers with technical qualifications in the final year of the Medium-Term Management Plan.

In order to further accelerate growth, the Group will actively consider corporate acquisitions (both horizontal and vertical M&A) that will contribute to the enhancement of corporate value, while making use of its own network, the financial institutions that it does business with, and M&A intermediaries, in addition to promoting M&A activities.

Moreover, in order to bolster the long-term relationship of trust with our shareholders, we will further strengthen our IR activities by holding financial results briefings, responding to interviews, etc. We will utilize the information and knowledge gained through constructive dialogue in corporate management and proactively provide information necessary for making investment decisions.

As stated in the Medium-Term Management Plan, we aim to achieve a total return ratio of around 50% for the time being. We will strive to increase shareholder profits by flexibly considering and implementing dividend increases, share buybacks and cancellation of treasury shares, while comprehensively taking into account the economic situation at the time, the financial conditions and the business outlook.

■ Medium-Term Management Plan (FY2020/5-2023/5)

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

(Millions of yen)

	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 (Forecast)	Fiscal Year ending May 31, 2023 (Final year of the plan)
Consolidated Net Sales	15,402	15,202	15,862	16,000	17,500
Consolidated Operating Income	790	1,144	1,334	1,400	1,400
Interest-Bearing Debt	2,437	120	60	0	0
Technicians	296	393	385	420	500
(Qualified Engineers)	(145)	(195)	(205)	(217)	(250)

*Qualified Engineers: (1) Professional Engineers; (2) RCCM (Civil Consulting Managers); and (3) First-Class Architects