

## In addition to favorable 3Q results, OHBA announced share buyback and increased dividend payment

On April 11, 2024, OHBA announced its 3Q results for FY2024/5. In addition to the favorable financial results, the Company's progress in its "Action to Implement Management that is Conscious of Cost of Capital and Stock Price such as dividend payment increase, new share buyback program, and cancellation of treasury stock holdings, made a positive impression.

### Earnings Summary

In the 3Q results (cumulative, June 2023 - February 2024), net sales increased to ¥10.76 bn (+10.1% YoY), and operating profit rose to ¥1.05 bn (+20.1% YoY). Although it should be noted that 4Q is usually a busy period for the Company, the progress toward the full-year plan for FY2024/5 (net sales of ¥17.0 bn, +8.6% YoY, and operating profit of ¥1.8 bn, +5.0% YoY) was solid as planned.

One of the highlights of the latest quarter (December 2023 - February 2024) was the improvement in gross profit margin to **34.2%**, **+2.0ppt** from 32.2% in 3Q. Since the 2Q (September 2023 - November 2023) saw a slight decline of **0.5 ppt** YoY to **31.0%**, it was positive to see the robustness of the structural gross margin improvement, such as the continued rise in the unit price of engineers for design work, etc., calculated by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), as well as the improved sales mix, etc.

As announced by the MLIT on February 16, 2024, the unit price of engineers for design work, etc., came into effect in March 2024, and the simple average for all occupations was 46,880 yen/day, (+5.5% YoY). It will be a factor that will contribute to continued improvement in profitability from FY2025/5 onward.

### Implementation of management that is conscious of cost of capital and stock price

When the earnings announcement was made, the Company announced: (i) that it would raise its year-end dividend payment from 17.0 yen to 20.0 yen (from 34.0 yen to 37.0 yen for the full year); (ii) that it had set a new limit of ¥150 mn (200,000 shares) for share buybacks; and (iii) that it would cancel a total of 250,000 shares of treasury stock as of the end of April 2024.

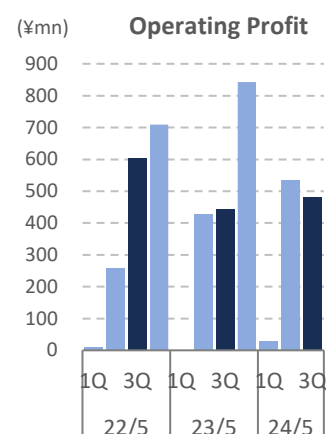
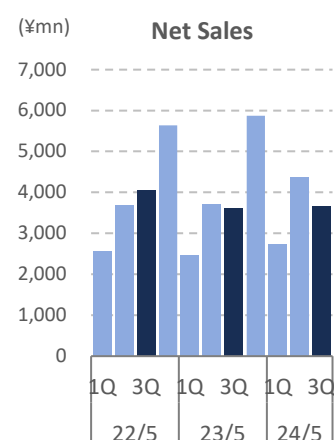
This is an additional shareholder return policy in line with the Company's "Shareholder Return Policy, which aims for a total return ratio of around 60% and a dividend payout ratio

Item	Unit	23/5	23/5	23/5	23/5	24/5	24/5	24/5
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	¥mn	2,463	3,698	3,613	5,873	2,727	4,362	3,669
	YoY	%	(4.1)	0.6	(10.8)	4.2	10.8	18.0
Construction consultant	¥mn	2,294	3,505	3,347	5,619	2,431	4,167	3,462
	YoY	%	(6.8)	3.7	(9.4)	9.5	5.9	18.9
Orders Received	¥mn	5,573	3,758	2,587	3,713	6,114	3,632	2,489
	YoY	%	12.5	11.8	7.3	15.7	9.7	-3.3
Order Backlog	¥mn	10,035	10,286	9,526	7,622	11,309	10,770	9,796
	YoY	%	(21.3)	(30.4)	(40.7)	12.8	12.7	4.7
Business Solutions	¥mn	143	167	242	92	273	171	182
	YoY	%	78.7	(39.5)	(26.8)	(79.9)	91.7	2.6
Orders Received	¥mn	379	133	428	109	240	147	539
	YoY	%	129.9	(91.3)	328.4	(44.8)	(36.6)	10.4
Order Backlog	¥mn	1,855	1,798	1,960	1,812	1,752	1,708	2,041
	YoY	%	78.1	(23.1)	(17.6)	10.3	(5.5)	-5.0
Lease rental income, etc.	¥mn	26	26	24	25	23	24	24
Cost of sales	¥mn	1,734	2,532	2,449	3,753	1,864	3,012	2,413
Gross profit	¥mn	728	1,167	1,164	2,121	863	1,351	1,257
	sales ratio	%	29.6	31.5	32.2	36.1	31.6	34.2
SG&A Expenses	¥mn	728	739	721	1,278	835	815	774
Operating Profit	¥mn	0	428	444	843	29	536	482
	sales ratio	%	0.0	11.6	12.3	14.4	1.0	13.1

Source: Compiled by SIR from the Company's IR materials.

## 3Q Flash

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of around 50%.” As it was known before the announcement of the financial results that the value of dividend payment forecast and share buybacks would not have been sufficient to meet the 60% total return ratio, the announcement of an additional shareholder return policy had been expected in the stock market. Still, actualizing management with an awareness of capital efficiency into action will be highly appreciated by the market. On the same day, the Company also announced the candidates for new director as of August 23, (which comes after the general shareholders' meeting). Although some members will be replaced, most of the board members will continue to be outside directors (5 outside directors out of a total of 9).

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