

Interview with Mr. Shigeru Tsujimoto, Representative Director & President

- **Century-old company responsible for the next generation of urban development**
- **Strengthening shareholder returns through continuous dividend increases, share buybacks and share cancellations**

OHBA (9765P), which celebrated its 100th anniversary in 2022, is engaged in consulting services such as planning, research and design, which are the foundation of urban planning for both the government and private companies. Prior to World War II, OHBA was mainly responsible for private residential land development such as surveying and design, but the high economic growth during the post-war period saw OHBA move into supporting community development associated with urban redevelopment from behind the scenes. We asked Shigeru Tsujimoto, Representative Director & President of OHBA (see photo), about the next generation of urban development that will undergo a transformation to expand from the business of the conventional “hard” work sector, such as the design of land readjustment, into the business of the “soft” work sector, such as acting as an intermediary between the government and residents.

-- Operating profits have increased for 12 consecutive fiscal years through the previous fiscal year. What are the strengths of OHBA?

Our main strength lies in our know-how in the core business of urban development, particularly in terms of increasing the added value of land through the development of infrastructure such as roads, bridges, and water supply and sewerage systems, including consulting to create revitalized towns. In a society which is seeing a declining birthrate and aging society that will accelerate in the future, the demand from the ordering side will change, and we are eager to improve our know-how in response to the needs of the times. In addition, we firmly believe that sensitivity unique to women will become even more important for community development in the future.

In terms of our growth strategy, OHBA is working to resolve social issues in our medium-term management plan. Government agencies have been strengthening their defense civil engineering efforts and we have successfully won orders for work to formulate basic policies and create master plans in line with the optimization of SDF facilities. In the private sector, we have received orders for development permits and civil engineering and engineering work related to the construction of a first-stage plant for Kumamoto

JASM/TSMC (Taiwan Semiconductor Manufacturing Company) and an adjacent Sony Semiconductor Plant, against the backdrop of increased private-sector demand, including the return of production bases (manufacturing) to the domestic market and support services for the development of industrial sites and land for logistics due to the entry of foreign capital. We will continue to strengthen these efforts.

-- Please tell us your numerical targets in terms of performance.

The medium-term plan targets sales of ¥20 billion in FY5/27 (vs. ¥17 billion in FY5/24) and operating profit of ¥2.4 billion (vs. ¥1.8 billion in FY5/24). The main drivers for this are disaster prevention and mitigation, national resilience, including defense civil engineering, depreciation of the yen, and a return to domestic production bases due to geopolitical risks. The fact that the unit price of engineers in the Ministry of Land, Infrastructure, Transport and Tourism has risen by about 50% over the past 12 years also greatly contributes to our earnings. The desire to exceed our record stock price of 2,780 yen and highest profit of 2.331 billion yen, both recorded in fiscal 1993, are also always front of mind.

However, OHBA recognizes that the hurdle is high for us to achieve sales of ¥20 billion based on our current employee scale. In addition to the annual recruitment of more than 30 new graduates, we will continue to strengthen the mid-career recruitment of talented civil engineering engineers. We are also keen to promote M&A in regions where the market areas do not overlap.

On April the 11th, OHBA announced a share buyback, the cancellation of shares, and an increase in the dividend for the current fiscal year, and we are taking aggressive actions to strengthen shareholder returns.

Last July, our total return ratio was raised from 50% to 60%, due to the realization of debt-free loans and the enhancement of our equity ratio to 70%. Q3 results were also favorable, leading to the announcement that we would repurchase up to 200,000 shares, or ¥150 million (maximum) of our outstanding shares, or 1.25% of other outstanding shares, and cancel 250,000 shares of our own stock, which raised the annual dividend from the initial target of ¥34 to ¥37. Going forward, we will continue to focus on our Action to Implement Capital Cost and Stock Price Conscious Management.

-- The shareholder gift program that presents Quo cards is well received.

Approximately half of OHBA's shareholders are individual shareholders. Moving forward, we will continue to strive to provide attractive benefits for our individual shareholders. The benefit program is designed to give preferential treatment to long-term shareholders. In addition, as part of our social contribution, OHBA presents shareholders holding at least 2,500 shares with confectionery from CHOCOLABO, a chocolate workshop providing employment opportunities to the disabled.

-- Finally, I would like to ask you for a message to investors.

I think that the vital part of construction consultancy lies in the concept of assisting behind the scenes to build a society that contributes to improving people's welfare. We believe that a modest and honest attitude is the essence of achieving sustained growth and greatly increases the amount of intangible assets that are not recorded on the balance sheet. We are also eagerly awaiting the declaration that the scourge of deflation has finally been overcome. It is my sincere hope that the "animal spirits" of companies that have been bottled up for the last 30 years will once again be released into the market.

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