



## Key short-term focus points are the MLIT engineer price and shareholder return trends

### Q2 Flash

#### Earnings Result Summary

• On January 10, 2025, OHBA announced its H1 FY2025/5 results. For the period of Jun-Nov 2024, the Company reported net sales of JPY 8,377 mn (+18.2% YoY) and operating profit of JPY 792 mn (+40.3% YoY). H1 performance appeared solid as the Company recorded one-time lump-sum earnings in Q1 in the Business Solutions segment, where it leverages its balance sheet to act as a business agent in rezoning land. H1 progress against full-year forecasts came in below 50%, with progress in net sales at 47.9% and operating profit at 40.6%. This is steady progress, as the seasonal nature of the business causes earnings to be skewed toward H2.

• On the other hand, performance for the period of Sep-Nov 2024 was lackluster, with net sales coming in at JPY 4,418 mn (+1.3% YoY), gross profit margin at 30.0% (-1.0 ppt YoY), operating profit at JPY 518 mn (-3.4% YoY). Although H1 orders fell 1.6% YoY, the mainstay City Planning segment increased 6.4% YoY. The Construction Consultant segment fell 3.0%. Given that small variations easily stand out during the slow season, there is no cause for undue concern, but SIR plans to look into the underlying factors through interviews with the Company.

• The first key short-term focus point is the average engineer price for design work outsourcing disclosed by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) every February. Although this directly defines daily workload\* per head for public works projects undertaken by the MLIT, it also used as a standard for local governments and private-sector projects to determine prices based on the supply-demand balance. This figure increased 5.4% YoY in FY2023 and 5.5% YoY in FY2024. The macro trend of wage growth has not slowed and will likely continue increasing in FY2025.

• Another focus point is shareholder returns. The Company has a total shareholder return ratio target of 60%, but its current dividend forecast and completed share buybacks have not reached the target yet. The Company may announce additional shareholder returns when it gains more confidence in hitting its FY2025/5 earnings forecast targets.

Item	Unit	24/5 Q1	Q2	Q3	Q4	25/5 Q1	Q2
<b>Sales</b>	<b>JPY mn</b>	<b>2,727</b>	<b>4,362</b>	<b>3,669</b>	<b>5,727</b>	<b>3,959</b>	<b>4,418</b>
YoY	%	10.8	18.0	1.6	-2.5	45.2	1.3
<b>Construction Consultant</b>	<b>JPY mn</b>	<b>2,431</b>	<b>4,167</b>	<b>3,462</b>	<b>5,580</b>	<b>2,572</b>	<b>4,193</b>
YoY	%	5.9	18.9	3.4	-0.7	5.8	0.6
Geospatial Information	JPY mn	662	1,075	832	1,240	620	967
YoY	%	15.4	35.9	-0.2	-5.2	-6.4	-10.1
Environment	JPY mn	125	204	200	283	202	204
YoY	%	19.0	11.1	32.7	16.1	61.9	-0.0
Urban Planning	JPY mn	1,017	1,665	1,375	2,626	1,128	1,910
YoY	%	5.5	14.0	1.7	11.7	11.0	14.7
Civil Engineering	JPY mn	627	1,223	1,055	1,431	622	1,111
YoY	%	-3.8	14.2	4.4	-16.6	-0.9	-9.1
<b>Orders Received</b>	<b>JPY mn</b>	<b>6,114</b>	<b>3,632</b>	<b>2,489</b>	<b>4,028</b>	<b>6,245</b>	<b>3,503</b>
YoY	%	9.7	-3.3	-3.8	8.5	2.2	-3.6
<b>Order Backlog</b>	<b>JPY mn</b>	<b>11,309</b>	<b>10,770</b>	<b>9,796</b>	<b>8,244</b>	<b>11,980</b>	<b>11,227</b>
YoY	%	12.7	4.7	2.8	8.2	5.9	4.2
<b>Business Solutions</b>	<b>JPY mn</b>	<b>273</b>	<b>171</b>	<b>182</b>	<b>123</b>	<b>1,364</b>	<b>202</b>
YoY	%	91.7	2.6	-24.9	-46.3	399.1	18.0
<b>Lease Rental Income, etc.</b>	<b>JPY mn</b>	<b>23</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>23</b>
<b>Cost of Sales</b>	<b>JPY mn</b>	<b>1,864</b>	<b>3,012</b>	<b>2,413</b>	<b>3,674</b>	<b>2,895</b>	<b>3,093</b>
sales ratio	%	68.4	69.0	65.8	64.2	73.1	70.0
<b>Gross Profit</b>	<b>JPY mn</b>	<b>863</b>	<b>1,351</b>	<b>1,257</b>	<b>2,053</b>	<b>1,064</b>	<b>1,325</b>
sales ratio	%	31.6	31.0	34.2	35.8	26.9	30.0
<b>SG&amp;A Expenses</b>	<b>JPY mn</b>	<b>835</b>	<b>815</b>	<b>774</b>	<b>1,257</b>	<b>790</b>	<b>808</b>
sales ratio	%	30.6	18.7	21.1	22.0	19.9	18.3
<b>Operating Profit</b>	<b>JPY mn</b>	<b>29</b>	<b>536</b>	<b>482</b>	<b>796</b>	<b>275</b>	<b>518</b>
sales ratio	%	1.0	12.3	13.1	13.9	6.9	11.7

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



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