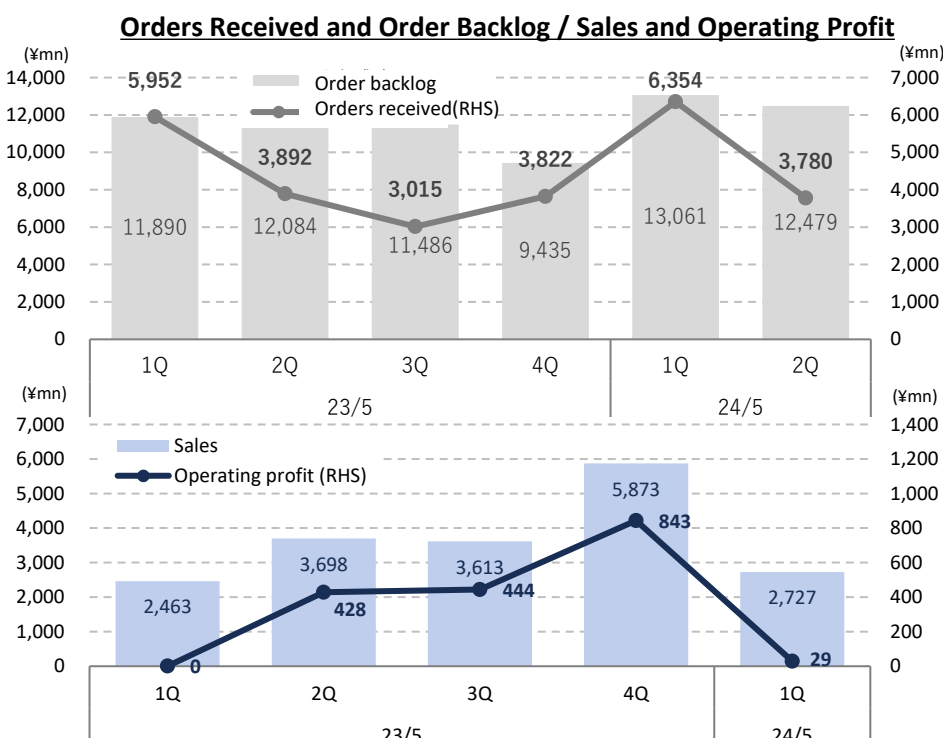


Shareholder returns, technician price, and reconstruction support are the short-term points of focus

- **Earnings Trends:** 2Q FY24/5 results showed a steady increase in orders and earnings, following the 1Q results. The company has been securing orders for disaster prevention and mitigation, defense civil engineering, and other priority areas. Given 1H results and an order backlog of ¥12.48 bn as of the end of November, SIR believes the Company's chances of achieving its targets have improved considerably.
- **Catalyst:** SIR is looking at the following three points as short-term factors that may trigger a rerate in the near term prior to 3Q or full-year results announcement.
 - (1) Enhanced shareholder returns: OHBA's shareholder return policy calls for a total return ratio of 60% and a dividend payout ratio of 50%. However, the dividend payout and share buybacks announced and executed so far have been slightly below this target. Should FY24/5 results meet or exceed the Company's forecast, it may announce some sort of plan to boost shareholder returns.
 - (2) Technician price: As in past years, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) is expected to announce its technician price for design work outsourcing in mid-February. While a certain amount of the price increase will be reflected in labor costs, the size of the increase is directly tied to the Company's operating profit margin forecast, and if the increase is greater than last year (+5.4%), this may be viewed positively by the market.
 - (3) Noto Peninsula Earthquake Reconstruction Support: Although the company will likely refrain from specifying the benefits of the reconstruction support efforts out of respect for the damage and the people affected, there is a good chance that the company will be involved in the reconstruction support efforts to some capacity, as was the case with the Great East Japan Earthquake. In the short term, we believe investors should keep in mind the possibility of higher valuations for construction consulting stocks as a whole, in addition to the earnings contribution.



Source: Compiled by SIR from the Company's IR materials. Note: The 24/5CE figures indicate the Company's forecast.

2Q Follow-up

URBAN DEVELOPMENT & CIVIL ENGINEERING, CONSULTANTS
OHBA & CO.

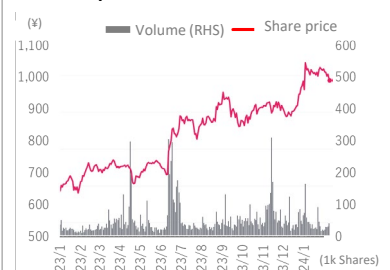
Focus Points:

General construction consulting firm boasting a leading market share in the field of urban development. The Company has aggressively worked to improve profitability under its current mid-term management plan ending in FY23/5, and investors will likely pay close attention to its business strategies that capitalize on improved cash flow generation capabilities from FY24/5 onward.

Key Indicators

Share price (2/13)	1,003
YH (1/15)	1,048
YL (1/4)	921
10YH (24/1/15)	1,048
10YL (16/2/12)	317
Shrs out. (mn shrs)	17.25
Mkt cap (¥ bn)	17.30
EV(¥ bn)	15.27
Shr equity ratio (23/5/31)	67.8%
24/5 P/E (CE)	13.98x
23/5 P/B (act)	1.52x
24/5 DY (CE)	3.4%

Share price and volume since 2023



Source: SPEEDA

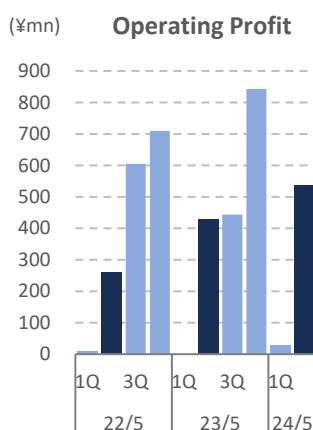
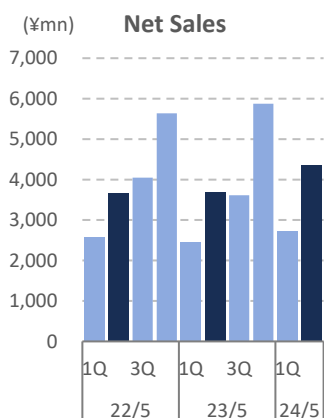
Shohei Hasegawa Analyst

research@sessapartners.co.jp



This report was prepared by Sessa Partners on behalf of the subject company. Please refer to the legal disclaimer at the end for details.

FY24/5 2Q Results



Record Growth in Net Sales of 15.1% and Operating Profit of 31.9% for 1H

Earnings Summary

OHBA announced its 2Q results for FY24/5 on January 12. OHBA posted firm 2Q (Sept.–Nov. 2023) results, net sales of ¥4.36 bn (+18.0% YoY) and operating profit of ¥540 mn (+25.3% YoY). The company also recorded 1H (Jun.–Nov. 2023) net sales of ¥7.09 bn (+15.1% YoY) and operating profit of ¥560 mn (+31.9% YoY), revealing that it has made strong progress toward achieving its full-fiscal-year forecast of YoY growth in net sales of 8.6% (¥17.00 bn) and operating profit of 5.0% (¥1.80 bn). Because of seasonal factors, the company records a large percentage of its earnings in 4Q, and considering that as of the end of November, the company had an order backlog of ¥12.48 bn, it appears rather likely that it will achieve its earnings guidance. In its core fields of disaster prevention/mitigation and defense civil engineering, OHBA is steadily winning new projects.

OHBA has also been able to improve its operating profit margin, which rose to 12.3% in 2Q FY24/5 from 11.6% in the same period in the previous fiscal year. Although it's the business model does not boast a high marginal profit margin, the company is making progress in reducing its fixed-cost burden as its work volume grows. The company's gross profit margin, however, fell slightly from 31.5% to 31.0% over the same period, but according to an interview with the company, this was probably because of a fluctuation in short-term earnings, not for any particularly noteworthy reasons. The company's gross profit margin will continue to trend upward for a couple of reasons. (1) Increase in the unit price of engineers in parallel with continuous increases in the unit price of engineers for design work outsourcing, etc. set by the Ministry of Land, Infrastructure, Transport, and Tourism (MLIT), and (2) a decrease in low-profit Great East Japan Earthquake reconstruction-related business coupled with an improving project mix from the increase in highly profitable primary government projects.

OHBA expressed a shareholder return policy that targets a total return ratio of 60% and dividend payout ratio of 50%. As for the share buyback conducted through the latter part of July, which was decided in January 2023, it is important to keep in mind that shares purchased in June and July will count toward the FY24/5 total payout ratio, but the company will likely announce additional steps to boost the return at some point in time because it will not achieve a total return ratio of 60% with only the measures that it has already announced and implemented. Focus should be on related moves because this could be a catalyst for a rerating of the Company's share price.

Quarterly Trends in Sales and Orders Received

Item	Unit	21/5 1Q	2Q	3Q	4Q	22/5 1Q	2Q	3Q	4Q	23/5 1Q	2Q	3Q	4Q	24/5 1Q
Sales	¥mn	1,615	2,632	1,403	10,211	2,569	3,677	4,049	5,638	2,463	3,698	3,613	5,873	2,727
YoY	%	-	-	-	-	59.0	39.7	188.5	(44.8)	(4.1)	0.6	(10.8)	4.2	10.8
Construction consultant	¥mn	1,568	2,491	1,175	10,033	2,461	3,379	3,696	5,132	2,294	3,505	3,347	5,619	2,431
YoY	%	-	-	-	-	56.9	35.7	214.6	(48.9)	(6.8)	3.7	(9.4)	9.5	5.9
Orders Received	¥mn	5,376	3,237	2,516	3,528	4,952	3,361	2,412	3,209	5,573	3,758	2,587	3,713	6,114
YoY	%	-	-	-	-	(7.9)	3.8	(4.1)	(9.0)	12.5	11.8	7.3	15.7	9.7
Order Backlog	¥mn	13,009	13,756	15,097	8,592	12,747	14,771	16,074	6,758	10,035	10,286	9,526	7,622	11,309
YoY	%	-	-	-	-	-2.0	7.4	6.5	(21.4)	(21.3)	(30.4)	(40.7)	12.8	12.7
Business Solutions	¥mn	47	141	229	178	80	276	331	458	143	167	242	92	273
YoY	%	-	-	-	-	68.9	95.4	44.8	156.9	78.7	(39.5)	(26.8)	(79.9)	91.7
Orders Received	¥mn	109	234	73	166	165	1,539	100	197	379	133	428	109	240
YoY	%	-	-	-	-	50.8	557.4	37.6	18.9	129.9	(91.3)	328.4	(44.8)	(36.6)
Order Backlog	¥mn	1,002	1,095	939	926	1,042	2,338	2,380	1,644	1,855	1,798	1,960	1,812	1,752
YoY	%	-	-	-	-	3.9	113.6	153.5	77.4	78.1	(23.1)	(17.6)	10.3	(5.5)
Lease rental income, etc.	¥mn	-	-	-	-	28	22	22	49	26	26	24	25	23
Cost of sales	¥mn	1,135	1,888	1,036	7,100	1,862	2,691	2,746	3,797	1,734	2,532	2,449	3,753	1,864
Gross profit	¥mn	481	745	368	3,111	707	986	1,303	1,842	728	1,167	1,164	2,121	863
sales ratio	%	29.8	28.3	26.2	30.5	27.5	26.8	32.2	32.7	29.6	31.5	32.2	36.1	31.6
SG&A Expenses	¥mn	684	745	670	1,271	698	727	698	1,132	728	739	721	1,278	835
Operating Profit	¥mn	(203)	(0)	(302)	1,840	9	260	605	710	0	428	444	843	29
sales ratio	%	(12.6)	(0.0)	(21.5)	18.0	0.3	7.1	14.9	12.6	0.0	11.6	12.3	14.4	1.0

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

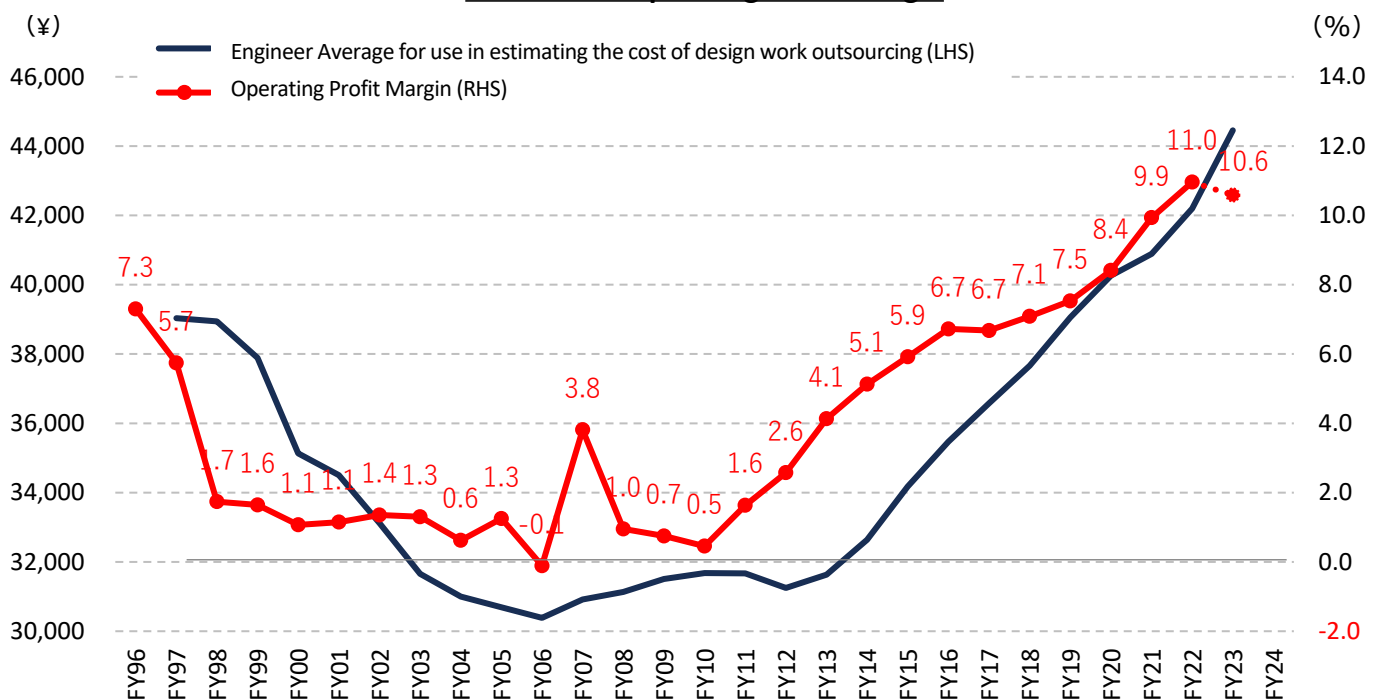
Highlights

Two macro events are the key highlights in the short- to medium-term Technician price for design work outsourcing

One of the most important factors to watch in the short term is the technician price for design work outsourcing that will come into effect in March 2024. The technician price set and announced annually by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) is directly related to the manpower price of public works projects awarded by the MLIT, but it is also the standard used for determining prices for local governments and private works in light of the supply-demand situation, and directly affects the overall manpower price of construction consulting firms. Since the announcement is made in mid-February each year, it will presumably be made soon in 2024 (for reference, the announcements for 2022 and 2023 were made on February 18 and February 14, respectively).

Part of the change in the standard price per engineer is passed on to changes in labor costs, but the remainder is directly tied to the earnings of construction consulting firms. Comparing the very long term trends of technician prices and the Company's operating profit margin shows a certain degree of correlation. It is not hard to imagine a scenario where the standard price rises further, given that (1) the government is pushing for a continuous increase in the standard price as part of its efforts to raise wages, which is one of its top priorities, (2) the momentum for wage increases is growing across the country in response to cost-push inflation from 2022, and (3) construction investment is gradually rising. It is not difficult to imagine that the standard unit price will rise further. However, SIR believes that whether the price increase accelerates beyond the 5.4% rise seen in the previous year will be an important factor in gauging profitability in the medium term going forward.

Long-term Trends in Technical Price for Design Work Outsourcing (Standard Daily Rate) and OHBA's Operating Profit Margin



Source: Compiled by SIR from the Company's IR materials and the "Technician Price for Commissioned Design Work, etc." report by the Ministry of Land, Infrastructure, Transport and Tourism.

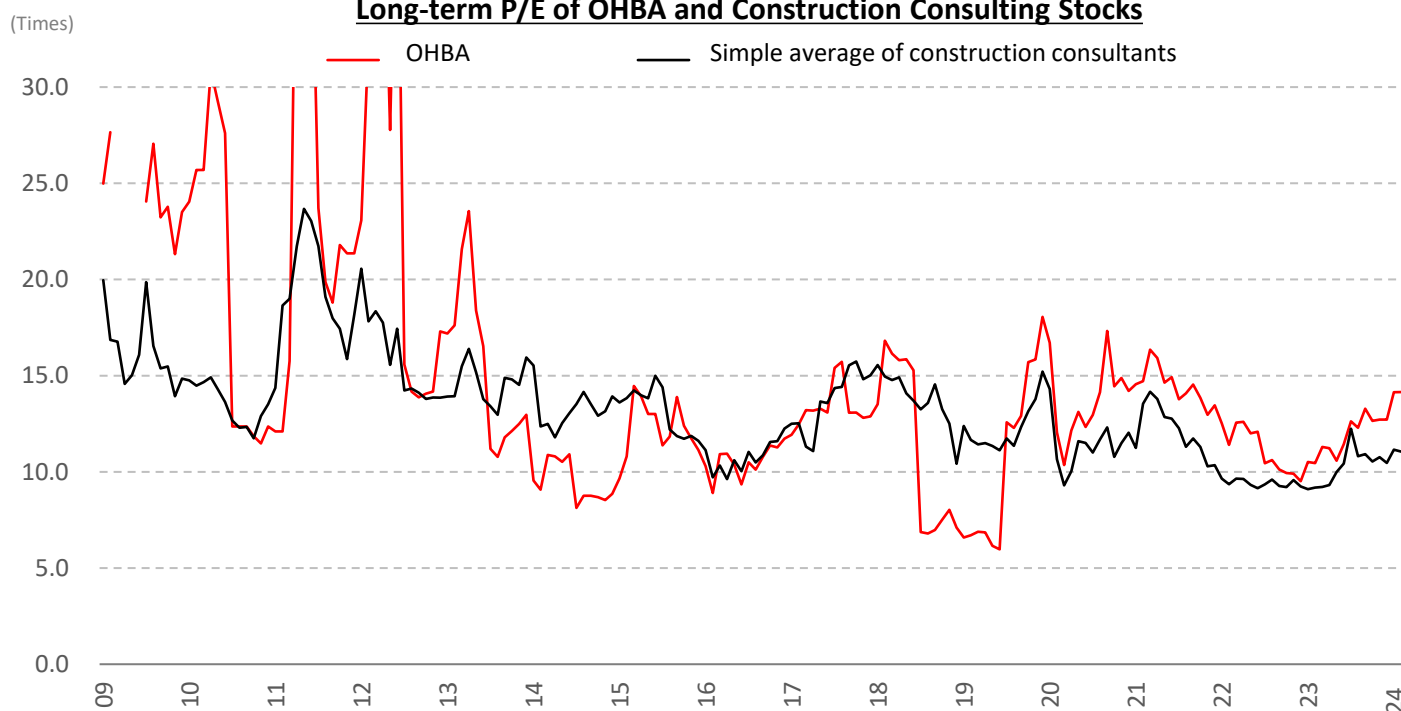
Note: Figures refer to simple averages of standard daily rates for all occupations.

<Noto Peninsula Earthquake Reconstruction Demand>

In the short-to-medium term, SIR believes that the Company's earnings will likely rise as a result of its involvement in part of the reconstruction efforts following the Noto Peninsula earthquake that struck on January 1, 2024. Although it is unlikely that the company will disclose the effects of its involvement out of respect for the damage and the people affected, in the case of the Great East Japan Earthquake that occurred in March 2011, the company recorded several hundred million to several billion yen in reconstruction-related sales each year for a long period of time through FY22/5. However, as was the case with the Great East Japan Earthquake reconstruction support, investors should keep in mind the possibility that the project mix may deteriorate as the profitability of these projects may be lower than other projects, and that the company may not be able to fully capture the earnings from the reconstruction effort owing to a lack of construction consultant resources, including for subcontractors.

In addition to the earnings, investors should also keep in mind the possibility that valuations could rise. In the case of the Great East Japan Earthquake in March 2011, the average P/E of construction consultant stocks rose immediately after the earthquake, but with the Kumamoto Earthquake in April 2016, valuation multiples gradually recovered through 2018, when the actual earnings impact began to surface (the Kumamoto earthquake was only one factor, as there were other factors that likely contributed to the rise in valuations, such as the government's land resiliency measures and increased demand for the Tokyo Olympics, which took place around the same time). Investors should take note that OHBA shares already have a relatively high P/E ratio thanks to the Company's steady earnings growth and subsector-leading shareholder return approach. At the same time, it is also important to be cognizant of a potential further rerate as the average P/E ratio of the subsector rises.

Long-term P/E of OHBA and Construction Consulting Stocks



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

Note: The simple average of construction consulting companies incorporates the P/E ratio for 17 companies, including Nippon Koei (1954) / EJ Holdings (2153; formerly Eight Consultants (formerly 4742) / NJS (2325) / Oriental Consultants Holdings (2498) / Kitac Corporation (4707) / Triis (4840) / Wesco Holdings (6091) / Founder's Consultants Holdings (6542) and one of its predecessors, Fukuyama Consultants (formerly 9608) / Meiho Holdings (7369) / DN Holdings (7377) and one of its predecessors, Dainippon Consultant (9797) / Pasco (9232) / Asia Air Survey (9233) / People, Dreams, and Technologies Group (9248) and one of its predecessors, Chodai (formerly 9624) / CTI Engineering (9621) / Kyowa Engineering Consultants (9647) / OYO Corporation (9755) / Idea Consultants (9768). In addition, outliers with P/Es exceeding 50 were excluded from the average value calculation.

Valuation Table of Construction Consultant Companies

Code	Company	EOFY	Stock price	Market value	P/E			PBR	Net Cash	Ord. Profit	Ord. Profit margin		
			(2/2)	(2/2)	FY21	FY22	FY23E	Most recent FY	Most recent FY	FY21	FY21	FY22E	FY23E
-	-	-	yen	¥mn			X	X	¥mn				%
9765	OHBA	May	1,016	17,526	15.2	15.2	14.2	1.54	4,205	1,654	19.9	8.1	3.5
-	Construction Consultants Average		-	-	11.7	11.5	10.4	1.06	-	-	19.1	10.5	3.3
9161	ID&E Holdings (Nippon Koei)	Jun.	3,590	54,136	8.2	17.5	7.6	0.67	(24,970)	9,065	27.2	(32.9)	82.6
2153	E·J Holdings	May	1,690	27,173	8.6	8.6	8.3	0.96	16,683	4,706	16.1	(1.5)	3.5
2325	NJS	Dec.	2,726	27,391	13.5	15.1	11.9	1.13	13,979	2,859	14.0	(29.6)	11.8
2498	Oriental Consultants HD	Sep.	2,930	18,035	9.9	6.2	6.9	0.92	(1,641)	3,476	37.0	24.7	(12.4)
4707	KITAC CORPORATION	Oct.	376	2,244	67.6	23.3	12.1	0.70	(977)	36	(86.4)	280.6	35.0
4840	Triis Incorporated	Dec.	317	2,631	(10.4)	5.3	(128.3)	0.47	808	(222)	TR	RS	BE
6091	Wesco Holdings	Jul.	535	9,482	10.2	10.2	11.7	0.52	6,664	1,057	19.2	17.8	(8.7)
6542	FC Holdings	Jun.	882	6,050	6.4	6.3	6.9	0.93	960	1,161	23.6	3.5	0.7
7369	Meiho Holdings	Jun.	2,738	4,283	19.1	15.8	14.3	2.02	784	397	(1.5)	24.9	6.9
7377	DN Holdings	Jun.	1,505	12,672	8.0	6.9	7.1	1.22	3,165	2,202	-	6.9	4.1
9232	PASCO	Mar.	1,864	26,875	11.5	6.6	6.0	0.99	(11,005)	3,935	(15.3)	65.8	(23.4)
9233	Asia Air Survey	Sep.	1,047	19,489	10.9	11.0	10.2	1.11	3,293	2,563	12.2	7.1	2.8
9248	People, Dreams & Technologies Group	Sep.	1,891	17,806	-	7.2	14.0	0.84	6,187	-	-	-	(37.0)
9621	CTI Engineering	Dec.	5,770	81,698	18.2	13.9	11.5	1.72	19,700	7,118	36.5	15.7	19.0
9647	KYOWA ENGINEERING CONSULTANTS	Nov.	4,680	2,743	10.1	8.4	6.8	0.94	1,632	463	45.6	18.6	19.5
9755	OYO	Dec.	2,180	55,948	19.3	28.9	21.8	0.75	17,672	4,179	32.8	(27.4)	2.2
9768	IDEA Consultants	Dec.	1,911	14,331	6.5	6.3	8.2	0.67	3,019	2,107	(0.1)	55.6	(21.9)

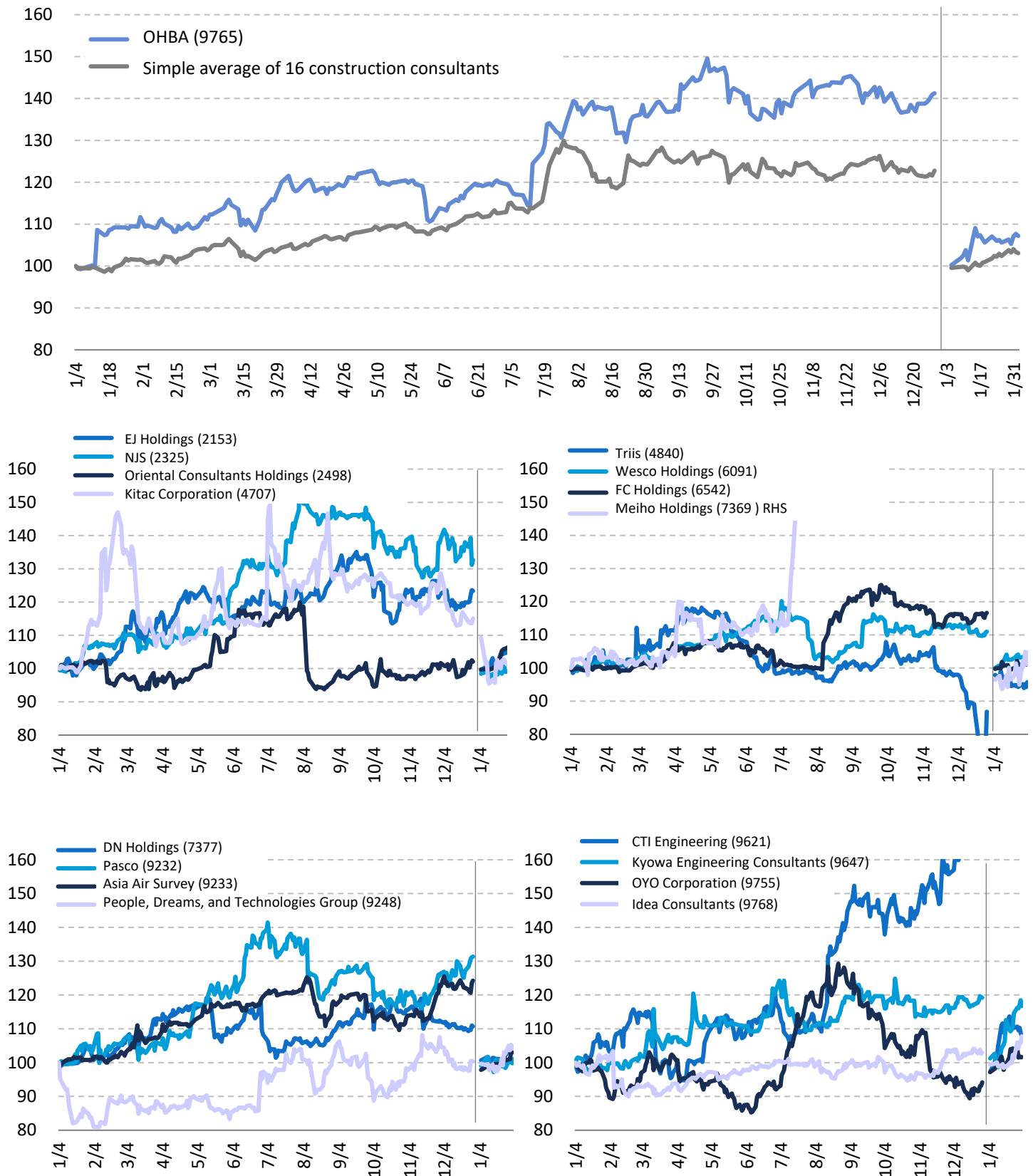
Code	Company	EOFY	ROE		Ord. Profit Margin		Asset Turnover		Equity Ratio		Payout Ratio		Dividend Yield
			FY21	FY22E	FY21	FY22E	FY21	FY22E	FY21	FY22E	FY21	FY22E	Current Period
-	-	-	%		%		Times		%		%		%
9765	OHBA	May	11.5	10.6	10.4	11.4	1.13	1.02	68.2	65.4	34.3	36.0	3.35
-	Construction Consultants Average		10.8	10.8	8.9	9.1	1.04	1.06	57.8	60.6	21.8	27.5	2.60
9161	ID&E Holdings (Nippon Koei)	Jun.	8.8	3.9	6.9	4.3	0.79	0.77	44.9	41.4	28.6	60.9	3.48
2153	E·J Holdings	May	11.8	10.7	12.8	12.4	0.96	0.96	70.2	76.2	21.8	25.5	3.25
2325	NJS	Dec.	9.3	7.8	14.8	10.5	0.73	0.69	78.0	81.7	32.1	41.4	3.12
2498	Oriental Consultants HD	Sep.	13.1	16.6	5.1	5.6	1.40	1.47	28.0	33.9	17.0	15.4	2.47
4707	KITAC CORPORATION	Oct.	1.2	3.2	1.4	5.1	0.47	0.47	48.7	50.6	89.9	30.9	1.33
4840	Triis Incorporated	Dec.	(5.5)	10.1	(22.1)	(29.0)	0.16	0.11	63.2	84.4	(39.5)	0.0	TBD
6091	Wesco Holdings	Jul.	5.5	5.2	7.7	7.9	0.71	0.79	73.7	75.1	30.4	30.4	2.99
6542	FC Holdings	Jun.	13.8	12.5	13.6	14.0	0.93	0.95	67.6	76.1	18.2	19.3	2.83
7369	Meiho Holdings	Jun.	12.7	13.6	6.5	6.7	1.80	1.88	50.1	51.2	0.0	0.0	0.00
7377	DN Holdings	Jun.	15.2	16.1	6.9	7.2	1.64	1.60	50.6	56.3	37.1	32.0	4.32
9232	PASCO	Mar.	10.4	16.1	7.0	10.5	0.82	0.88	33.7	38.3	24.7	15.8	2.68
9233	Asia Air Survey	Sep.	10.6	9.8	7.9	8.1	1.14	1.11	59.1	57.7	26.1	29.3	2.87
9248	People, Dreams & Technologies Group	Sep.	-	11.8	-	10.3	-	1.12	-	59.0	0.0	25.2	2.12
9621	CTI Engineering	Dec.	12.3	13.6	9.6	9.9	1.10	1.15	53.8	64.8	19.0	24.1	2.60
9647	KYOWA ENGINEERING CONSULTANTS	Nov.	11.8	12.2	6.3	7.1	1.04	1.09	33.7	40.8	6.5	5.4	0.64
9755	OYO	Dec.	4.2	2.7	8.1	5.1	0.61	0.67	81.0	78.3	40.7	63.7	2.29
9768	IDEA Consultants	Dec.	10.8	9.5	10.2	14.2	0.76	0.75	74.1	72.7	12.0	14.9	2.62

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

Note: Operating profit is shown in place of ordinary profit for Nippon Koei, which uses IFRS accounting. In calculating the construction consulting average, Kitac and Triis are excluded, as their recent earnings have not been stable. TR=Turn red. RS= Red shrink. BE=Break even.

Daily stock price movements of construction consultant companies since the beginning of the year

(Index with the value on January 4, 2024 set as 100)



Source: Compiled by SIR from SPEEDA data.

Note: ID&E Holdings (9161, formerly Nippon Koei (1954)), which was listed in July 2023 as part of a company reorganization, is excluded from the table and from the construction consultant average.

Income Statement

Item	Unit	Act 14/5	15/5	16/5	17/5	18/5	19/5	20/5	21/5	22/5	23/5	CE 24/5
Net Sales	¥mn	14,113	15,402	15,480	15,542	16,086	15,581	15,203	15,862	15,933	15,647	17,000
YoY	%	14.6	9.1	0.5	0.4	3.5	(3.1)	(2.4)	4.3	0.4	(1.8)	8.6
Orders Received	¥mn	-	-	-	-	16,918	15,377	15,752	15,239	15,936	16,680	-
Government and private sector, etc.	¥mn	-	-	-	-	11,906	12,883	14,294	14,304	15,421	-	-
Earthquake reconstruction-related	¥mn	-	-	-	-	2,920	2,494	1,457	935	514	-	-
Sales of Company-owned Real Estate	¥mn	-	-	-	-	2,092	0	0	0	0	-	-
Construction consultant	¥mn	12,662	13,402	13,613	13,847	13,417	14,936	14,123	15,267	14,668	-	-
YoY	%	17.6	5.8	1.6	1.7	(3.1)	11.3	(5.4)	8.1	(3.9)	-	-
Geospatial Information	¥mn	2,830	2,785	2,949	2,575	2,794	2,898	3,138	3,619	3,577	-	-
YoY	%	20.5	(1.6)	5.9	(12.7)	8.5	3.7	8.3	15.3	(1.2)	-	-
Environment	¥mn	1,226	744	1,092	1,056	588	758	657	596	670	-	-
YoY	%	17.8	(39.3)	46.8	(3.3)	(44.3)	29.0	(13.3)	(9.3)	12.5	-	-
Urban Planning	¥mn	6,125	7,143	6,742	6,952	6,620	6,910	5,908	6,611	6,149	-	-
YoY	%	21.9	16.6	(5.6)	3.1	(4.8)	4.4	(14.5)	11.9	(7.0)	-	-
Civil Engineering	¥mn	2,480	2,729	2,831	3,264	3,415	4,369	4,420	4,441	4,272	-	-
YoY	%	5.7	10.1	3.7	15.3	4.7	27.9	1.2	0.5	(3.8)	-	-
Orders Received	¥mn	12,763	13,516	13,778	14,106	14,262	14,573	14,417	14,657	13,934	15,631	-
Geospatial Information	¥mn	2,778	2,886	2,580	2,865	2,839	2,961	4,048	3,019	3,255	3,950	-
Environment	¥mn	1,541	1,188	1,346	747	654	593	535	525	809	872	-
Urban Planning	¥mn	5,868	6,854	7,091	6,965	6,719	6,461	5,758	6,911	5,397	6,570	-
Civil Engineering	¥mn	2,575	2,589	2,762	3,528	4,050	4,559	4,077	4,203	4,473	4,240	-
Order Backlog	¥mn	7,495	7,609	8,166	8,425	9,271	8,908	9,202	8,592	6,758	7,622	-
Geospatial Information	¥mn	1,536	1,637	1,383	1,673	1,719	1,782	2,691	2,091	1,476	1,917	-
Environment	¥mn	1,005	978	990	682	748	582	460	389	480	669	-
Urban Planning	¥mn	3,791	3,922	4,463	4,476	4,575	4,126	3,975	4,276	3,070	3,512	-
Civil Engineering	¥mn	1,163	1,072	1,329	1,594	2,229	2,418	2,075	1,837	1,732	1,524	-
Business Solutions	¥mn	1,451	2,000	1,866	1,695	2,670	645	1,079	595	1,145	-	-
YoY	%	(6.3)	37.8	(6.7)	(9.2)	57.5	(75.8)	67.3	(44.8)	92.3	-	-
Orders Received	¥mn	1,848	1,811	1,672	986	2,656	804	1,334	582	2,001	1,049	-
Order Backlog	¥mn	1,633	1,444	1,249	540	526	685	940	926	1,644	1,812	-
Lease Rental Income, etc.	¥mn	0	0	0	0	0	0	0	0	120	-	-
Cost of Sales	¥mn	11,119	11,944	11,775	11,835	12,361	11,520	11,012	11,158	11,095	10,468	-
sales ratio	%	78.8	77.5	76.1	76.2	76.8	73.9	72.4	70.3	69.6	66.9	-
Cost of Sales (Non-consolidated)	¥mn	10,715	11,506	11,421	11,521	11,972	11,109	10,630	10,649	10,643	-	-
sales ratio	%	79.4	77.7	76.4	76.7	77.3	74.5	72.9	70.5	69.9	-	-
Material Cost	¥mn	299	348	251	278	243	241	272	394	732	-	-
sales ratio	%	2.2	2.3	1.7	1.9	1.6	1.6	1.9	2.6	4.8	-	-
Labor Cost	¥mn	2,967	3,587	3,668	3,807	3,800	3,890	3,624	3,442	3,410	-	-
sales ratio	%	22.0	24.2	24.5	25.4	24.5	26.1	24.9	22.8	22.4	-	-
Outsourcing cost	¥mn	4,937	6,178	6,564	6,038	5,605	5,655	5,602	4,854	5,520	-	-
sales ratio	%	36.6	41.7	43.9	40.2	36.2	37.9	38.4	32.1	36.3	-	-
Other Costs	¥mn	1,176	1,186	1,164	1,164	1,069	1,325	1,245	982	992	-	-
sales ratio	%	8.7	8.0	7.8	7.8	6.9	8.9	8.5	6.5	6.5	-	-
Other Increase(Decrease) in inventory, etc.	¥mn	1,336	208	-226	235	1,256	(2)	(113)	978	(11)	-	-
sales ratio	%	9.9	1.4	(1.5)	1.6	8.1	0.0	(0.8)	6.5	(0.1)	-	-
Cost of Sales*	¥mn	405	438	353	314	388	411	382	509	453	-	-
sales ratio	%	66.2	73.1	65.6	59.6	65.8	61.1	61.4	67.0	64.1	-	-
Gross Profit	¥mn	2,994	3,458	3,705	3,707	3,725	4,061	4,191	4,704	4,838	5,180	-
sales ratio	%	21.2	22.5	23.9	23.8	23.2	26.1	27.6	29.7	30.4	33.1	-
SG&A Expenses	¥mn	2,411	2,668	2,789	2,661	2,652	2,957	3,046	3,370	3,255	3,465	-
sales ratio	%	17.1	17.3	18.0	17.1	16.5	19.0	20.0	21.2	20.4	22.1	-
Salary Allowance	¥mn	1,164	1,326	1,347	1,249	1,275	1,349	1,453	1,548	1,616	-	-
sales ratio	%	8.2	8.6	8.7	8.0	7.9	8.7	9.6	9.8	10.1	-	-
Other	¥mn	1,247	1,342	1,442	1,412	1,377	1,608	1,593	1,822	1,638	-	-
sales ratio	%	8.8	8.7	9.3	9.1	8.6	10.3	10.5	11.5	10.3	-	-
Operating Profit	¥mn	583	790	916	1,045	1,074	1,104	1,145	1,334	1,583	1,715	1,800
sales ratio	%	4.1	5.1	5.9	6.7	6.7	7.1	7.5	8.4	9.9	11	10.6
Non-Operating Income	¥mn	128	143	118	81	66	65	59	91	82	89	-
Non-Operating Cost	¥mn	100	69	50	29	20	19	27	45	11	16	-
Ordinary Profit	¥mn	611	865	984	1,097	1,120	1,151	1,177	1,380	1,654	1,788	1,850
sales ratio	%	4	6	6	7	7	8	9	10	11	11	-
Special Interest	¥mn	21	22	2	0	0	1,420	1	0	0	210	-
Extraordinary Loss	¥mn	17	6	53	120	6	145	10	19	60	497	-
Income Before Income Taxes	¥mn	615	881	932	977	1,115	2,426	1,168	1,361	1,594	1,501	-
Total Income Taxes	¥mn	102	68	186	274	370	711	344	509	509	426	-
Effective Tax Rate	%	17	8	20	28	33	29	29	37	32	28	-
Net Income	¥mn	513	812	747	703	745	1,715	824	852	1,086	1,075	-
Non-Controlling Interests	¥mn	0	0	0	0	0	0	0	0	0	0	-
Net Profit ATOP	¥mn	513	812	747	703	745	1,715	824	852	1,086	1,075	1,150

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

KPI / Balance Sheet

Item	Unit	Act 14/5	15/5	16/5	17/5	18/5	19/5	20/5	21/5	22/5	23/5	CE 24/5
EPS	¥	28.5	45.1	41.4	39.2	42.1	99.5	49.3	52	67	66.7	71.8
Diluted EPS	¥	28.2	44.4	40.7	38.6	41.4	97.4	47.9	50.2	64.2	63.9	-
BPS	¥	261.1	334.3	333	358.7	390.7	460.1	487.6	551.5	610.3	657.9	-
DPS	¥	7	12	12	12	12	18	14	15	23	24	34.0
Payout Ratio	%	24.6	26.6	29	30.6	28.5	18.1	28.4	28.8	34.3	36	47.4
ROE	%	11.2	15.1	12.4	11.4	11.3	23.5	10.4	10	11.5	10.6	-
ROA (Operating profit)	%	4.9	6.7	7.5	8.8	9.6	9.3	9	10	11.3	11.2	-
Operating Profit Margin	%	4.1	5.1	5.9	6.7	6.7	7.1	7.5	8.4	9.9	11	10.6
Asset Turnover	time s	1.18	1.31	1.28	1.31	1.43	1.32	1.2	1.19	1.13	1.02	-
Equity Ratio	%	39.5	52.3	46.9	57.5	60.4	62.8	62.1	65.7	68.2	65.4	-
EBITDA	¥mn	750	1,014	1,155	1,245	1,249	1,308	1,398	1,601	1,839	1,934	-
sales ratio	%	5.3	6.6	7.5	8	7.8	8.4	9.2	10.1	11.5	12.4	-
Capital Expenditures	¥mn	477	160	426	115	220	2,071	345	707	136	-	-
Total Assets	¥mn	11,900	11,550	12,703	11,085	11,353	12,332	12,979	13,675	14,427	16,117	-
Current Assets	¥mn	7,890	7,451	8,405	7,013	6,918	6,928	7,525	6,894	7,623	9,643	-
Cash and Deposits	¥mn	1,443	864	771	1,101	1,610	2,007	2,337	3,002	1,956	4,205	-
Notes and Accounts Receivable	¥mn	2,532	3,005	3,909	2,220	3,129	2,847	2,879	2,764	4,833	4,803	-
Inventory	¥mn	1,847	1,494	1,614	3,403	2,059	1,952	2,132	1,008	258	509	-
Other	¥mn	2,068	2,088	2,111	289	120	121	177	119	576	126	-
Non-Current Assets	¥mn	3,990	4,088	4,292	4,070	4,435	5,404	5,454	6,781	6,804	6,475	-
Property, Plant and Equipment	¥mn	2,577	2,655	2,809	2,721	2,783	3,913	3,925	4,368	4,266	3,312	-
Intangible Assets	¥mn	68	52	42	37	52	42	141	139	113	82	-
Investments and Other Assets	¥mn	1,345	1,381	1,441	1,312	1,600	1,450	1,388	2,274	2,425	3,081	-
Total Liabilities	¥mn	7,169	5,448	6,652	4,637	4,402	4,439	4,693	4,375	4,197	5,186	-
Current Liabilities	¥mn	4,319	3,912	5,560	3,429	3,523	3,348	3,800	3,672	3,489	4,272	-
Trade Payables	¥mn	953	721	925	773	816	862	944	869	1,027	1,257	-
Short-Term Interest-Bearing Debt	¥mn	1,588	1,240	2,370	626	346	192	60	60	0	0	-
Income Taxes Payable	¥mn	60	263	172	245	84	293	138	462	330	93	-
Other	¥mn	1,717	1,689	2,093	1,784	2,277	2,000	2,658	2,281	2,132	2,922	-
Non-current liabilities	¥mn	2,850	1,535	1,093	1,208	879	1,091	893	703	708	915	-
Long-term Interest-bearing Debt	¥mn	1,677	1,198	548	665	312	120	60	0	0	0	-
Other	¥mn	1,173	337	544	543	567	971	833	703	708	915	-
Total Net Assets	¥mn	4,731	6,103	6,050	6,448	6,950	7,893	8,286	9,300	10,230	10,931	-
Shareholders' Equity	¥mn	4,702	5,546	5,994	6,388	6,776	7,701	7,999	8,440	9,316	9,859	-
Accumulated Other Comprehensive Income	¥mn	0	499	-38	-9	77	38	56	545	524	686	-
Share Acquisition Rights	¥mn	25	58	95	69	98	154	231	316	391	386	-
Non-Controlling Interests	¥mn	3	0	0	0	0	0	0	0	0	0	-

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

Cash Flow Statement

Item	Unit	Act 14/5	15/5	16/5	17/5	18/5	19/5	20/5	21/5	22/5	23/5	CE 24/5
Cash Flows from Operating Activities	¥mn	1,767	263	369	2,304	1,697	1,500	1,260	1,994	(346)	2,295	-
Pretax Profit	¥mn	615	881	932	977	1,115	2,426	1,168	1,361	1,594	1,501	-
Depreciation	¥mn	166	224	239	200	176	204	253	267	256	220	-
Increase (decrease) in working capital	¥mn	719	(790)	(429)	1,375	957	76	218	546	(760)	359	-
Other, net	¥mn	353	38	18	54	(182)	(1,032)	64	68	(727)	797	-
Income Taxes	¥mn	(87)	(89)	(391)	(301)	(369)	(174)	(443)	(247)	(710)	(581)	-
Cash Flows from Investing Activities	¥mn	(662)	93	(641)	13	(191)	39	(212)	(848)	(179)	574	-
Increase (Decrease) of Property, Plant and Equipment	¥mn	(421)	(116)	(407)	(118)	(7)	54	(140)	(765)	(128)	445	-
Increase (Decrease) of Intangible Assets	¥mn	(24)	(12)	(19)	(10)	(33)	(7)	(121)	(30)	(29)	-	-
Other, net	¥mn	(217)	220	(216)	141	(151)	(8)	49	(52)	(22)	129	-
Free Cash Flows	¥mn	1,105	356	(272)	2,317	1,506	1,539	1,047	1,147	(525)	2,869	-
Cash Flows From Financing Activities	¥mn	(1,111)	(945)	182	(1,986)	(997)	(1,135)	(718)	(481)	(521)	(619)	-
Increase (Decrease) of Interest-Bearing Debt	¥mn	(1,021)	(828)	480	(1,626)	(633)	(346)	(192)	(60)	(60)	-	-
Cash Dividends Paid	¥mn	(89)	(125)	(217)	(216)	(213)	(312)	(318)	(231)	(261)	(420)	-
Increase (Decrease) in Equity	¥mn	0	8	(82)	(144)	(150)	(476)	(208)	(190)	(200)	(200)	-
Other, net	¥mn	0	0	0	0	0	0	0	0	0	0	-
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥mn	2	10	(2)	(1)	0	0	0	0	0	0	-
Net Increase (Decrease) in Cash and Cash Equivalents	¥mn	(4)	(579)	(93)	330	509	397	329	665	(1,046)	2,249	-
Cash and Cash Equivalents at Beginning of Period	¥mn	1,447	1,443	864	771	1,101	1,610	2,007	2,337	3,002	1,956	-
Cash and Cash Equivalents at End of Period	¥mn	1,443	864	771	1,101	1,610	2,007	2,337	3,002	1,956	4,205	-

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

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