

Consolidated Financial Results (Japanese Accounting Standards) for the First Six Months of the Fiscal Year Ending December 31, 2022

July 29, 2022

Company name: Okabe Co., Ltd. Stock exchange listing: Prime Market of the Tokyo Stock Exchange
 Stock code: 5959 URL: <https://www.okabe.co.jp/>
 Representative: Hirohide Kawase, Representative Director, President and Chief Executive Officer
 Contact: Yasushi Hosomichi, Director and Senior Managing Executive Officer in charge of Administrative Division and International Division
 Tel. +81-3-3624-5119

Scheduled date for filing of quarterly report: August 10, 2022
 Scheduled date of commencement of dividend payment: September 5, 2022
 Supplementary documents for quarterly results: None
 Quarterly results briefing: Yes

(Figures are rounded down to the nearest one million yen.)

1. Consolidated Financial Results for the First Six Months Ended June 30, 2022 (January 1, 2022 – June 30, 2022)

(1) Consolidated Results of Operations (Accumulated Total)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
June 30, 2022	36,267	17.5	2,446	19.8	2,555	18.8	2,137	94.1
June 30, 2021	30,870	(0.9)	2,041	5.5	2,150	5.5	1,101	17.6

(Note) Comprehensive income: 3,358 million yen (110.6%) for the six months ended June 30, 2022
 1,594 million yen (169.6%) for the six months ended June 30, 2021

	Profit per share (basic)		Profit per share (diluted)	
	Yen		Yen	
Six months ended				
June 30, 2022	45.07		–	
June 30, 2021	22.67		–	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of						
June 30, 2022	96,945		62,797		64.8	
December 31, 2021	92,018		60,369		65.6	

(Reference) Shareholders' equity: As of June 30, 2022: 62,781 million yen
 As of December 31, 2021: 60,354 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen				
Year ended December 31, 2021	–	10.00	–	10.00	20.00
Year ending December 31, 2022	–	12.00			
Year ending December 31, 2022 (forecasts)			–	12.00	24.00

(Note) Revisions to dividend forecasts published most recently: Yes

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2022 (January 1, 2022 – December 31, 2022)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	75,850	17.0	5,200	20.0	5,400	14.2	3,850	46.5	81.25	

(Note) Revisions to financial forecasts published most recently: Yes

* Notes

- (1) Changes in important subsidiaries during the period
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes
One new entity: (name) PT. Okabe Hardware Indonesia
- (2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: Yes
(Note) Please refer to “Application of particular accounts procedures to the preparation of quarterly consolidated financial statements” on page 8 for details.
- (3) Changes in accounting policies, accounting estimates and restatement
- | | |
|--|------|
| (i) Changes in accounting policies caused by revision of accounting standards: | Yes |
| (ii) Changes in accounting policies other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatement: | None |
- (4) Number of shares outstanding (common shares):
- | | |
|---|-------------------|
| (i) Number of shares outstanding at end of period (including treasury shares) | |
| As of June 30, 2022: | 49,290,632 shares |
| As of December 31, 2021: | 50,690,632 shares |
| (ii) Number of treasury shares at end of period | |
| As of June 30, 2022: | 1,950,607 shares |
| As of December 31, 2021: | 2,737,124 shares |
| (iii) Average number of shares outstanding during the period | |
| Six months ended June 30, 2022: | 47,427,104 shares |
| Six months ended June 30, 2021: | 48,574,231 shares |
- (Note) The number of treasury shares at the end of each period includes the shares of the Company held by the stock-granting ESOP trust (183,097 shares as of June 30, 2022, and 187,674 shares as of December 31, 2021). The shares of the Company held by the stock-granting ESOP trust are included in the treasury shares deducted in the calculation of the average number of shares outstanding during each period (six months) (184,438 shares for the six months ended June 30, 2022, and 193,492 shares for the six months ended June 30, 2021).

* This financial summary is not subject to the statutory quarterly review by a certified public accountant or an audit corporation.
This financial summary is not subject to the statutory quarterly review by a certified public accountant or an audit corporation, and the review of the quarterly consolidated financial statements under the Financial Instruments and Exchange Act has not been completed at the time of the disclosure of this financial summary. Therefore, the figures of the financial statements may change.

○ Index for Supplementary Information

1. Qualitative Information Regarding Results of Operations for the First Six Months Ended June 30, 2022	2
(1) Explanation Regarding Results of Operations	2
(2) Explanation Regarding Forecast for Fiscal Year Ending December 31, 2022.....	3
2. Quarterly Consolidated Financial Statements and Key Notes	4
(1) Quarterly Consolidated Balance Sheet.....	4
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	6
Quarterly Consolidated Statement of Income	
First six-month period.....	6
Quarterly Consolidated Statement of Comprehensive Income	
First six-month period.....	7
(3) Notes to Quarterly Consolidated Financial Statements.....	8
Note to going concern assumptions	8
Note to significant changes in shareholders' equity	8
Application of particular accounts procedures to the preparation of quarterly consolidated financial statements	8
Changes in accounting policies	8
Additional information.....	9
Segment information.....	10

1. Qualitative Information Regarding Results of Operations for the First Six Months Ended June 30, 2022

(1) Explanation Regarding Results of Operations

During the first six months of the fiscal year under review (January 1, 2022 to June 30, 2022), the Japanese economy was in the process of normalization with full precautions to prevent the spread of COVID-19. Nonetheless, the outlook remained uncertain due to the Ukraine conflict and other risk factors.

In the Japanese construction industry, where the Okabe Group's core customers operate, the environment remained difficult given rising steel prices, despite signs of a recovery in private investment and solid public investment.

In this business environment, the Okabe Group strove to achieve the sustainable growth of the Company and enhance corporate value, focusing on SDG-based management, including decarbonization, use of digital transformation, and acceleration of globalization, which are initiatives set out in the medium-term management plan, NEXT100-PHASE2.1, of which the final year is the year ending December 31, 2024.

Results of operations by business segment are as follows:

(a) Construction-related products

In civil engineering products, sales of products used for the prevention of landslide disasters, among other products, were weak mainly as a result of a decline in disaster recovery projects.

Of building structural products, sales of the Base Pack, an earthquake-resistant product, were firm chiefly due to an increase in steel-framed building starts (floor area).

Sales of building products and materials (overseas) were firm on the back of a recovery from demand contraction due to the pandemic and a recovery in the housing market. The expansion of the construction-related products segment as a result of the acquisition of a building products manufacturing business in the United States in October 2021 also contributed to the increase in sales.

As a result, sales in the construction-related products segment increased 18.1% year on year, to 29,497 million yen, and operating profit increased 38.8% year on year, to 2,384 million yen.

(b) Automotive products

Net sales increased 6.5% year on year, to 4,762 million yen, reflecting solid sales of bolts and nuts for trucks/trainers in the United States as well as the effects of the weaker yen. Meanwhile, an operating loss of 107 million yen was posted (compared with an operating profit of 219 million yen for the same period of the previous year) chiefly due to the posting of expenses related to environmental impact monitoring, which were posted in extraordinary losses until the first half of the previous year, in cost of sales and selling, general and administrative expenses.

(c) Other businesses

Mainly because of the delivery of large projects using floating reef products in the marine business, net sales came to 2,007 million yen (up 42.0% year on year), and operating profit came to 169 million yen, (up 63.1% year on year).

Consequently, consolidated net sales for the first six months of the fiscal year under review increased 17.5% year on year, to 36,267 million yen, and consolidated operating profit increased 19.8 % year on year, to 2,446 million yen. Consolidated ordinary profit rose 18.8% year on year, to 2,555 million yen. Profit attributable to owners of parent grew 94.1% year on year, to 2,137 million yen, attributable to the recording of a gain on sale of investment securities as extraordinary income.

(For reference)

Net sales by business segment and product category (consolidated)

(Yen in millions, rounded down)

		Previous consolidated first six months (Jan. 1, 2021 – Jun. 30, 2021)		Consolidated first six months under review (Jan. 1, 2022 – Jun. 30, 2022)		Change
		Amount	Proportion	Amount	Proportion	
Construction-related products	Temporary building and formwork products	3,162	10.2	3,311	9.1	4.7
	Civil engineering products	3,496	11.3	3,442	9.5	(1.5)
	Building structural products	9,013	29.2	9,306	25.7	3.2
	Building materials	5,727	18.6	5,990	16.5	4.6
	Subtotal – Japan	21,399	69.3	22,050	60.8	3.0
	Building products and materials (Note 2)	3,586	11.6	7,447	20.5	107.6
	Subtotal – overseas	3,586	11.6	7,447	20.5	107.6
	Subtotal – segment	24,986	80.9	29,497	81.3	18.1
Automotive products		4,470	14.5	4,762	13.1	6.5
Other businesses (Note 3)		1,413	4.6	2,007	5.6	42.0
Total		30,870	100.0	36,267	100.0	17.5

- (Notes) 1. For information about the main operations of each business segment, please refer to “Segment information” on page 10.
2. In Building products and materials, OCM Manufacturing LLC, a consolidated subsidiary of the Company, started to manufacture building products in October 2021.
3. Other businesses include those for diversification that do not form part of the Company’s core businesses, i.e., construction-related products and automotive products. This segment includes, among other things, the manufacture and sale of marine materials, the manufacture and sale of fishing sinkers in the United States, and the manufacture and sale of industrial machinery products.

(2) Explanation Regarding Forecast for Fiscal Year Ending December 31, 2022

Revision of consolidated results forecast for the fiscal year ending December 31, 2022 (Jan. 1, 2022 – Dec. 31, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	72,500	5,100	5,300	3,450	71.94
Revised forecast (B)	75,850	5,200	5,400	3,850	81.25
Change (B - A)	3,350	100	100	400	
Change (%)	4.6	2.0	1.9	11.6	
(Reference) Results of previous fiscal year (full year ended December 2021)	64,829	4,334	4,726	2,627	54.13

The Company now anticipates that net sales, operating profit and ordinary profit for the fiscal year ending December 31, 2022 will surpass the original forecasts on a consolidated basis, because sales of building structural products and temporary building and formwork products in the construction-related products segment are expected to increase solidly and because sales of building materials in the United States will likely be brisk in the latter half of the fiscal year, in light of the business performance of the first six months of the fiscal year under review.

In addition, profit attributable to owners of parent is forecast to be higher than the initial assumption because the Company sold shares that it held for cross-shareholding purposes to improve the efficiency of its assets and bolster its financial situation.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	Fiscal year ended December 31, 2021 (As of December 31, 2021)	Second quarter ended June 30, 2022 (As of June 30, 2022)
ASSETS		
Current assets		
Cash and deposits	23,575	20,791
Notes and accounts receivable - trade	21,396	-
Notes and accounts receivable - trade, and contract assets	-	21,214
Merchandise and finished goods	8,269	11,542
Work in process	1,809	2,023
Raw materials and supplies	2,356	3,087
Other	1,442	1,380
Allowance for doubtful accounts	(25)	(23)
Total current assets	58,825	60,017
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,658	13,920
Machinery, equipment and vehicles, net	4,349	4,106
Land	4,269	4,417
Other, net	1,322	2,570
Total property, plant and equipment	21,600	25,015
Intangible assets		
Goodwill	2,089	3,701
Other	358	332
Total intangible assets	2,448	4,034
Investments and other assets		
Investment securities	7,387	6,142
Other	1,797	1,745
Allowance for doubtful accounts	(47)	(46)
Total investments and other assets	9,138	7,841
Total non-current assets	33,187	36,891
Deferred assets		
Bond issuance cost	5	36
Total deferred assets	5	36
Total assets	92,018	96,945

(Million yen)

	Fiscal year ended December 31, 2021 (As of December 31, 2021)	Second quarter ended June 30, 2022 (As of June 30, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	5,181	5,402
Electronically recorded obligations - operating	8,924	9,007
Short-term borrowings	4,318	4,385
Income taxes payable	438	1,052
Other	2,850	3,003
Total current liabilities	21,712	22,852
Non-current liabilities		
Bonds payable	1,000	2,750
Long-term borrowings	4,997	4,771
Provision for share awards	125	136
Retirement benefit liability	1,933	1,963
Asset retirement obligations	54	54
Other	1,825	1,619
Total non-current liabilities	9,935	11,295
Total liabilities	31,648	34,147
NET ASSETS		
Shareholders' equity		
Share capital	6,911	6,911
Capital surplus	5,983	5,983
Retained earnings	46,724	47,396
Treasury shares	(1,953)	(1,418)
Total shareholders' equity	57,666	58,873
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,982	1,398
Foreign currency translation adjustment	698	2,504
Remeasurements of defined benefit plans	6	5
Total accumulated other comprehensive income	2,688	3,908
Non-controlling interests	15	15
Total net assets	60,369	62,797
Total liabilities and net assets	92,018	96,945

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(First six-month period)

(Million yen)

	First six months ended June 30, 2021 (Jan. 1, 2021 – Jun. 30, 2021)	First six months ended June 30, 2022 (Jan. 1, 2022 – Jun. 30, 2022)
Net sales	30,870	36,267
Cost of sales	22,211	26,561
Gross profit	8,658	9,706
Selling, general and administrative expenses	6,616	7,259
Operating profit	2,041	2,446
Non-operating income		
Interest income	10	4
Dividend income	84	100
Proceeds from sale of scrap	41	64
Other	58	37
Total non-operating income	194	206
Non-operating expenses		
Interest expenses	50	51
Other	34	45
Total non-operating expenses	85	97
Ordinary profit	2,150	2,555
Extraordinary income		
Gain on sale of non-current assets	48	64
Gain on sale of investment securities	–	709
Total extraordinary income	48	774
Extraordinary losses		
Impairment losses	–	195
Environmental expenses	191	–
Loss on money transfer fraud at overseas subsidiaries	155	–
Other	47	62
Total extraordinary losses	394	258
Profit before income taxes	1,803	3,070
Income taxes - current	708	995
Income taxes - deferred	(6)	(61)
Total income taxes	701	933
Profit	1,102	2,137
Profit attributable to non-controlling interests	0	(0)
Profit attributable to owners of parent	1,101	2,137

(Quarterly Consolidated Statement of Comprehensive Income)
(First six-month period)

(Million yen)

	First six months ended June 30, 2021 (Jan. 1, 2021 – Jun. 30, 2021)	First six months ended June 30, 2022 (Jan. 1, 2022 – Jun. 30, 2022)
Profit	1,102	2,137
Other comprehensive income		
Valuation difference on available-for-sale securities	(97)	(583)
Foreign currency translation adjustment	585	1,806
Remeasurements of defined benefit plans, net of tax	4	(1)
Total other comprehensive income	492	1,221
Comprehensive income	1,594	3,358
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,592	3,357
Comprehensive income attributable to non-controlling interests	2	0

(3) Notes to Quarterly Consolidated Financial Statements

(Note to going concern assumptions)

None

(Note to significant changes in shareholders' equity)

(i) Purchase of treasury shares

The Company repurchased 702,100 treasury shares based on the resolution of Board of Directors' meeting held on November 17, 2021. As a result, treasury shares increased 520 million yen in the first six months of the consolidated fiscal year under review.

(ii) Cancellation of treasury shares

On March 10, 2022, the Company cancelled 1,400,000 treasury shares based on the resolution of Board of Directors' meeting held on February 22, 2022. As a result, retained earnings and treasury shares decreased by 992 million yen respectively, in the first six months of the consolidated fiscal year under review.

(Application of particular accounts procedures to the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Taxes are calculated by multiplying profit before income taxes by a reasonable estimate of the effective tax rate after adjustments for tax-effect accounting for profit before income taxes in the current fiscal year.

(Changes in accounting policies)

(Adoption of the Accounting Standard for Revenue Recognition, etc.)

The Company started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter the "Revenue Recognition Accounting Standard"), etc. at the beginning of the first three months of the fiscal year under review. Accordingly, it recognized revenue in the amount expected to be received in exchange for promised goods and services at points where control over such goods or services is transferred to customers.

Major changes attributable to the application of the Revenue Recognition Accounting Standard, etc. are as follows.

(i) Construction

The Company applied the completed contract method to account for construction sales. From the fiscal year under review, the Company is applying the method of recognizing revenue in a certain period according to the fulfillment of performance obligations except for very short term contracts.

(ii) Consideration paid to customers, such as a rebate

The Company recorded a consideration paid to the customers, such as a rebate, in selling, general and administrative expenses. From the fiscal year under review, the Company is reducing it from the transaction price.

The Revenue Recognition Accounting Standard, etc. is applied according to the provisional measures stipulated in the proviso in Paragraph 84 of the standard. With respect to the application of a new accounting policy, it is applied to the balance of retained earnings at the beginning of the first three months of the fiscal year under review. This balance of retained earnings is obtained through calculation using the cumulative amount of the impact from retrospective application of the new accounting policy to periods prior to the beginning of the first three months, either by adding it to or deducting it from the retained earnings. However, applying the method stipulated in Paragraph 86 of the Revenue Recognition Accounting Standard, the Company does not retroactively apply the new accounting policy to the contracts almost all of whose revenue was recognized in compliance with the conventional method before the beginning of the first three months of the fiscal year under review. In addition, the Company accounts for all contract changes made prior to the beginning of the first three months of the fiscal year under review by applying the method prescribed in (1) of Paragraph 86 of the Revenue Recognition Accounting Standard based on the contract terms, after reflecting all contract changes, and added or subtracted their cumulative effect to or from retained earnings at the beginning of the first three months of the fiscal year under review.

The effect of the application of this accounting standard on the quarterly consolidated financial statements is minor.

With the application of the Revenue Recognition Accounting Standard, etc., notes and accounts receivable - trade posted under current assets on the consolidated balance sheet of the previous fiscal year is included in notes and accounts receivable - trade and contract assets starting in the first three months of the fiscal year under review. An amount that fell into contract liabilities of advances received included in other in current

liabilities in the consolidated balance sheet in the previous fiscal year is stated as contract liabilities, which is included in other in current liabilities in the first three months of the fiscal year under review.

In accordance with the transitional treatment stipulated in Article 89-2 of the Revenue Recognition Accounting Standard, figures for the previous fiscal year have not been restated in accordance with the new methods of indication. Moreover, in accordance with the provisional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information that decomposes revenue from contracts with customers for the first six months of the previous fiscal year is not stated.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; “Fair Value Measurement Accounting Standard”) and other standards at the beginning of the first three months of the fiscal year under review and will apply the new accounting policies described in the Fair Value Measurement Accounting Standard, etc. in future periods in accordance with the transitional procedures set out in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments. The effect of the application of this accounting standard on the quarterly consolidated financial statements is minor.

(Additional information)

(Accounting estimates associated with the COVID-19 pandemic)

There is no significant change in the assumptions for the accounting estimate on the impact of the COVID-19 pandemic stated in (Additional Information) in the annual securities report for the previous fiscal year.

(Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts)

The Company has introduced the stock-granting ESOP trust system, a trust-type employee incentive plan under which the Company’s own shares are issued to its employees for the purpose of encouraging the motivation of the employees of the Company and the Okabe Group and enhancing the welfare program.

(i) Transaction overview

This program adopts the system called the stock-granting employee stock ownership plan (“ESOP Trust”). The ESOP Trust is an employee incentive plan inspired by the U.S. ESOP system, under which shares bought back by the ESOP Trust are issued to employees who have met the requirements prescribed in the Shares Issuance Regulations established in advance.

The “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts (ASBJ Practical Issue Task Force (PITF) No. 30, March 26, 2015)” applies to the accounting treatment of this program.

(ii) Treasury shares remaining in the trust

The Company’s shares remaining in the trust are recorded at the book value (excluding all incidental expenses) in the section of net assets as treasury shares in the trust. The book value of the treasury shares is 168 million yen for the previous consolidated fiscal year and 164 million yen for the first six months of the fiscal year under review. The number of treasury shares at the end of the term is 187,674 shares for the previous consolidated fiscal year and 183,097 shares for the first six months of the fiscal year under review.

(Restricted stock compensation program)

In accordance with the resolution adopted at the 78th Ordinary General Meeting of Shareholders that took place on March 30, 2022, the Company has introduced a restricted stock compensation plan as a compensation plan for the Company’s Directors, excluding those who also serve as Audit & Supervisory Committee Members and Outside Directors, and Operating Officers who do not serve as Directors for the purposes of giving them the incentive to continuously increase the Company’s corporate value and stepping up value sharing with shareholders.

The Board of Directors’ meeting on March 30, 2022 adopted a resolution for the disposal of treasury shares and payment reached completion on April 27, 2022.

(Segment information)

[Segment information]

I. First six months ended June 30, 2021 (January 1, 2021 – June 30, 2021)

1. Net sales and profit (loss) for each reportable business segment

(Million yen)

	Reportable segments				Adjustment	Amounts in quarterly consolidated statements of income (Note)
	Construction-related products	Automotive products	Other businesses	Total		
Net sales						
Sales to external customers	24,986	4,470	1,413	30,870	–	30,870
Intersegment internal sales and transfers	–	–	–	–	–	–
Total	24,986	4,470	1,413	30,870	–	30,870
Segment profit	1,717	219	103	2,041	–	2,041

(Note) Segment profit matches the operating profit in the quarterly consolidated statements of income.

2. Non-current assets impairment losses, goodwill and other information for each reportable segment

None

II. First six months ended June 30, 2022 (January 1, 2022 – June 30, 2022)

1. Net sales and profit (loss) for each reportable segment and the breakdown of revenue

(Million yen)

	Reportable segments				Adjustment	Amounts in quarterly consolidated statements of income (Note)
	Construction-related products	Automotive products	Other businesses	Total		
Net sales						
Temporary building and formwork products	3,311	–	–	3,311	–	3,311
Civil engineering products	3,442	–	–	3,442	–	3,442
Building structural products	9,306	–	–	9,306	–	9,306
Building products and materials	13,438	–	–	13,438	–	13,438
Battery parts, etc.	–	3,718	–	3,718	–	3,718
Bolts and nuts, etc.	–	1,043	–	1,043	–	1,043
Other	–	–	2,007	2,007	–	2,007
Revenue from contracts with customers	29,497	4,762	2,007	36,267	–	36,267
Other revenue	–	–	–	–	–	–
Sales to external customers	29,497	4,762	2,007	36,267	–	36,267
Intersegment internal sales and transfers	–	–	–	–	–	–
Total	29,497	4,762	2,007	36,267	–	36,267
Segment profit (loss)	2,384	(107)	169	2,446	–	2,446

(Note) Segment profit (loss) matches the operating profit in the quarterly consolidated statements of income.

2. Non-current assets impairment losses, goodwill and other information for each reportable segment

(Significant impairment losses in non-current assets)

An impairment loss in non-current assets is posted in the automotive products segment. The impairment loss recorded in the first six months of the fiscal year under review was 195 million yen.

(Significant changes in the amount of goodwill)

OCM Manufacturing LLC, a consolidated subsidiary, acquired part of the business of Vimco Inc. in the first three months of the fiscal year under review, and as a result, goodwill of 14,830 thousand U.S. dollars (1,640 million yen) was recorded in the construction-related products segment.

3. Matters concerning changes in reportable segments

As described in the “Change in accounting policies,” the Company has applied the Revenue Recognition Accounting Standard, etc. from the beginning of the first three months of the fiscal year under review and changed the accounting method for revenue recognition. Reflecting this change, it has modified the calculation method for reportable segments in the same manner. The impact of change on the reportable segments is minor and insignificant.