



June 22, 2023

For Immediate Release

Company name: Okabe Co., Ltd.
Representative: Hirohide Kawase, Representative Director,
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(Securities Code: 5959, TSE Prime Market)
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Notice of Litigation Against Okabe and its US Subsidiaries

This disclosure is to announce that Okabe subsidiary Water Gremlin Company (based in Minnesota, United States; wholly owned by Okabe*; “WG,” hereinafter), Okabe Holding USA, Inc. (based in Illinois, United States; wholly owned by Okabe) and Okabe Co., Ltd. (hereinafter collectively referred to as “the Companies”) are the subject of a lawsuit filed with the Second Judicial District Court of Minnesota on January 17, 2023 (local time). Okabe has not yet been officially served with the complaint as of June 22, 2023 (local time).

* Indirectly owned by Okabe

1. Cause and Background of the Litigation

In July 2018, at a plant (“the Plant” hereinafter) located in the US state of Minnesota operated by WG, which manufactures and sells automotive products, an internal investigation found that the harmful air pollutant (HAP) trichloroethylene (TCE) had been released in excess of standards established by the Minnesota Pollution Control Agency (for details see the attached timely disclosure materials released on March 4, 2019, “Notice Regarding the Resumption of Operations of Production Facilities of Overseas Subsidiary (Updated Disclosure).” In January 2023, 95 residents living in the vicinity of the Plant filed suit for damages against the Companies, claiming damages caused by TCE emissions that exceeded standards.

2. Overview of the Parties Filing the Litigation

95 residents living in the vicinity of the Plant (Minnesota State residents)

3. Details of the Litigation and the Amount of Damages Claimed

The plaintiffs claim damages of at least \$50,000 per plaintiff (totaling approximately \$4,750,000) from the Companies as compensation for damages incurred due to the release by WG of TCE in excess of standards.

4. Future Outlook

For its part, as mentioned above, Okabe has not yet been officially served with the complaint and disputes the causal relationship between the TCE emissions and alleged damages. Going forward we will carefully examine the details of the complaint and take appropriate action once it has been officially served. We expect to incur an extraordinary loss of 620 million yen in the fiscal year ending December 31, 2023 as attorney fees required to carefully examine and respond to this matter. Please refer to the news release that was disclosed today, “Notice of Revisions to Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023.”

March 4, 2019

Company name: Okabe Co., Ltd.
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(First Section of the Tokyo Stock Exchange)
Contact: Yasushi Hosomichi,
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Resumption of Operation of Production Equipment at Overseas Subsidiary **(Disclosure on Progress)**

The Company hereby makes a disclosure on progress with respect to the temporarily suspended operation of certain production equipment at an overseas subsidiary, which was announced in timely disclosures on February 1, 2019 and March 1, 2019. Details are as follows.

1. Discussion with the Minnesota Pollution Control Agency and agreement on corrective measures

Water Gremlin Company (“WG”), a consolidated subsidiary of the Company that manufactures and sells automotive products in the United States, had found, through its internal investigation, violations of standards, such as the emission of trichloroethylene (hereinafter “TCE”), a hazardous air pollutant (HAP), at a level that exceeded the standards stipulated by the Minnesota Pollution Control Agency (hereinafter the “Authority”). As a result of discussions with the Authority on corrective measures for this issue, WG recently concluded an agreement with the Authority regarding the details of corrective measures, among other matters.

The agreement identifies violations, such as the emission of TCE in excess of standards, and covers the details of corrective measures, such as the payment of approximately 656 million yen in total as a civil penalty, contribution to environmental protection activities (afforestation, etc.) conducted by the State of Minnesota and the implementation of environmental monitoring. The Authority announced the agreement on March 1, 2019 (local time). As already announced in the material disclosed on March 1, 2019, the amount to be paid has been posted as an extraordinary loss (environmental expenses) for the previous consolidated fiscal year of the Company (consolidated fiscal year ended December 31, 2018).

2. Resumption of operation

WG had suspended the operation of certain production equipment for nearly a month and a half since January 14, 2019 (local time). Now, with the conclusion of the aforementioned agreement and the approval of the Authority with respect to the resumption of operation following confirmation that laws, regulations and other requirements stipulated by the Authority were fully satisfied, WG finally resumed operation.

3. Impact on business performances and measures to be taken going forward

The Company is in the process of reviewing the impact on the consolidated financial results for the fiscal year ending December 31, 2019. At the present time, there will be no change in forecasts for consolidated results for the fiscal year ending December 31, 2019 or dividend forecasts.

Going forward, WG will establish a system to ensure compliance with local laws and regulations and implement a range of corrective actions specified in the abovementioned agreement as corrective measures. In addition, it will ensure that measures are taken that protect the conditions of local residents and the surrounding environment by avoiding the use of TCE and instead using a solvent with a low environmental impact.

Further, the Company will work on fundamental measures on a Group-wide basis to prevent recurrences by globally reviewing systems for compliance with laws and regulations.

4. Outline of the subsidiary

(1)	Trade name	Water Gremlin Company
(2)	Location	Minnesota, United States
(3)	Representative	President, Junya Inoue
(4)	Details of main businesses	Manufacturing/sales of terminals of automotive batteries
(5)	Capital	18,796 thousand U.S. dollars
(6)	Company's stake in the subsidiary	100% (indirect holding through Okabe Holding USA, Inc. in which the Company has a 100% stake)

5. Operating results of the subsidiary

(Thousands U.S. dollars)

	FY2016/9	FY2017/9	FY2018/9
Net sales	59,372	56,618	57,899
Operating profit	10,629	5,844	4,878