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For Immediate Release

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Notice of Revisions to Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023

Okabe Co., Ltd. (the “Company”) hereby announces that, in light of its recent business performance, it has revised its consolidated financial results forecast for the fiscal year ending December 31, 2023, announced on February 10, 2023. Details are as follows.

1. Revision to the consolidated financial results forecast for the fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023)

	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)	82,000	5,700	5,800	3,890	83.05
Revised forecast (B)	79,300	4,100	4,200	2,320	50.12
Change (B - A)	(2,700)	(1,600)	(1,600)	(1,570)	
Change (%)	(3.3)	(28.1)	(27.6)	(40.4)	
(Reference) Actual results for previous fiscal year (Fiscal year ended December 31, 2022)	76,854	5,271	5,471	3,848	81.30

2. Reason for the revision

Although net sales in the construction-related products business in Japan are mostly in line with forecasts, in the United States selling prices are lower than expected as a result of falling materials prices and sales of construction materials for housing are also more sluggish than anticipated due to a decline in the housing market as a result of interest rate hikes.

In light of such circumstances, net sales are expected to be less than initially forecast.

In terms of profitability, although profit in the construction-related products business in Japan is mostly in line with expectations, profit in the construction-related products business in the United States will be lower than expected as a result of the decline in sales explained earlier and costs are also higher than forecast, with increased labor costs due to labor shortages and higher delivery charges.

Meanwhile, in the automotive products business in the United States, the business of manufacturing and selling battery terminal products (the “battery terminal business in the United States”), factors such as a decline in sales, rising labor costs and expenses for monitoring the environmental impact have prevented generation of the level of profit anticipated.

Moreover, legal expenses for responding to legal action which is being taken in connection with the battery terminal business in the United States are expected to increase, leading to the posting of extraordinary losses (approximately 620 million yen).

In light of such circumstances, the Company expects that operating profit, ordinary profit and profit attributable to owners of parent will be lower than initially anticipated.

3. Possibility of impairment losses in battery terminal business in the United States and future policy

Since the profitability of the battery terminal business in the United States has significantly declined as explained above, the Company expects to incur extraordinary losses as a result of the impairment of some or all of the non-current assets of this business. Details such as the amount of impairment losses to be recognized are being determined and the Company will disclose information promptly when more details become clear. With the battery terminal business in the United States now in this situation, the Company recognizes this business as an unprofitable business from a business portfolio perspective and intends to implement radical measures going forward.

4. Dividend forecast

There are no changes to the Company's initial forecasts for the interim dividend (12.50 yen per share) and the year-end dividend (12.50 yen per share) for the current fiscal year (full-year dividend of 25 yen per share).

5. (Reference) Financial results forecasts by segment

(Million yen)

	FY2022 results	FY2023 initial forecast	FY2023 revised forecast
Net sales	76,854	82,000	79,300
■ Construction-related products	63,081	67,810	65,380
<Japan>			
- Temporary building and formwork products	7,075	7,420	7,420
- Civil engineering products	7,266	7,490	7,490
- Building structural products	19,949	21,670	21,670
- Building materials	11,945	11,520	11,520
(Subtotal - Japan)	46,237	48,100	48,100
<Overseas>			
- Building products and materials	16,843	19,710	17,280
(Subtotal - overseas)	16,843	19,710	17,280
■ Automotive products	9,914	10,470	10,100
■ Diversification business	3,859	3,720	3,820
Operating profit	5,271	5,700	4,100
■ Construction-related products	5,098	5,020	4,010
■ Automotive products	(144)	440	(230)
■ Diversification business	317	240	320
Ordinary profit	5,471	5,800	4,200
Ordinary profit ratio	7.1%	7.1%	5.3%
Profit	3,848	3,890	2,320

(Notes)

1. The amount of extraordinary losses to be posted as a result of the impairment of non-current assets whose profitability has significantly declined in the battery terminal business in the United States described above is being determined and is not included in this table.
2. Forward-looking statements in this document, including forecasts, are based on information available at the time of disclosure and on certain assumptions deemed reasonable by the Company. Actual results may differ materially from forward-looking statements due to a number of factors.