

## Consolidated Financial Results (Japanese Accounting Standards) for the First Six Months of the Fiscal Year Ending December 31, 2023

July 28, 2023

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Scheduled date for filing of quarterly report: August 10, 2023  
 Scheduled date of commencement of dividend payment: September 4, 2023  
 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, 2023 (January 1, 2023 – June 30, 2023)

## (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, 2023	38,021	4.8	2,042	(16.5)	2,074	(18.8)	(116)	–
June 30, 2022	36,267	17.5	2,446	19.8	2,555	18.8	2,137	94.1

(Note) Comprehensive income: -1,132 million yen (–%) for the six months ended June 30, 2023  
 3,358 million yen (110.6%) for the six months ended June 30, 2022

	Profit per share (basic)		Profit per share (diluted)	
	Yen		Yen	
Six months ended				
June 30, 2023	(2.50)		–	
June 30, 2022	45.07		–	

## (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of						
June 30, 2023	99,260		64,902		65.4	
December 31, 2022	103,894		67,111		64.6	

(Reference) Shareholders' equity: As of June 30, 2023: 64,885 million yen  
 As of December 31, 2022: 67,092 million yen

## 2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2022	–	12.00	–	12.00	24.00
Year ending December 31, 2023	–	12.50			
Year ending December 31, 2023 (forecasts)			–	12.50	25.00

(Note) Revisions to dividend forecasts published most recently: None

## 3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2023 (January 1, 2023 – December 31, 2023)

(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	79,300	3.2	4,100	(22.2)	4,200	(23.2)	950	(75.3)	20.52	

(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): None

(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, 2023: 49,290,632 shares

As of December 31, 2022: 49,290,632 shares

(ii) Number of treasury shares at end of period

As of June 30, 2023: 3,131,913 shares

As of December 31, 2022: 2,453,507 shares

(iii) Average number of shares outstanding during the period

Six months ended June 30, 2023: 46,401,540 shares

Six months ended June 30, 2022: 47,427,104 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 (176,163 shares as of June 30, 2023, and 179,594 shares as of December 31, 2022). 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) (177,747 shares for the six months ended June 30, 2023, and 184,438 shares for the six months ended June 30, 2022).

\* 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.

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## 1. Qualitative Information Regarding Results of Operations for the First Six Months Ended June 30, 2023

### (1) Explanation Regarding Results of Operations

During the first six months of the fiscal year under review (January 1, 2023 to June 30, 2023), the Japanese economy remained unpredictable due to concerns about an economic downturn caused by global monetary tightening and rising prices, despite the easing of restrictions associated with COVID-19 and moves toward the normalization of economic activities.

In the Japanese construction industry, where the Okabe Group's core customers operate, private investment continued to pick up, but the environment remained challenging due to soaring labor costs caused by a chronic shortage of construction workers, continued high steel material prices, and prolonged high electricity and fuel costs.

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

Sales of temporary building and formwork products, civil engineering products and building structural products marketed under the house brand were buoyant, chiefly as a result of the proper incorporation of rising costs into prices, the appropriate response to demand for products used for the prevention of landslide disasters and a focus on capturing demand from redevelopment projects in the Tokyo Metropolitan area.

Sales of building products and materials (overseas) increased due to the effect of the weaker yen on foreign exchange rates, although sales growth of construction materials was sluggish due to the slowdown in the U.S. housing market as a result of interest rate hikes. However, operating profit dropped due to increases in personnel expenses, packing and transportation costs and other factors.

As a result, sales in the construction-related products segment increased 5.0% year on year, to 30,979 million yen, and operating profit decreased 16.8% year on year, to 1,983 million yen.

#### (b) Automotive products

Net sales increased 6.9% year on year, to 5,089 million yen, reflecting the effect of the weaker yen on foreign exchange rates, although sales growth of automotive battery terminal products was sluggish on the back of deteriorating business confidence in the United States. However, operating loss of 51 million yen was posted (compared with an operating loss of 107 million yen for the same period of the previous year) chiefly due to a fall in the gross profit margin associated with a lower factory utilization rate.

#### (c) Other businesses

Net sales decreased 2.8% year on year, to 1,952 million yen, mainly due to a decline in large projects in the marine business, although sales of industrial machinery products remained firm. Operating profit decreased 34.4% year on year, to 111 million yen.

Consequently, consolidated net sales for the first six months of the fiscal year under review increased 4.8% year on year, to 38,021 million yen, consolidated operating profit declined 16.5% year on year, to 2,042 million yen, and consolidated ordinary profit decreased 18.8% year on year, to 2,074 million yen. Non-current assets of the business manufacturing and selling battery terminal products in the automotive products business in the United States became subject to impairment due to the severe deterioration of its profitability. Thus, impairment losses of 1,805 million yen were posted as extraordinary losses, resulting in a loss attributable to owners of parent of 116 million yen (profit attributable to owners of parent of 2,137 million yen for the same period in the previous fiscal year).

(For reference)

Net sales by business segments and product category (consolidated)

(Yen in millions, rounded down)

		Previous consolidated first six months (Jan. 1, 2022 – Jun. 30, 2022)		Consolidated first six months under review (Jan. 1, 2023 – Jun. 30, 2023)		Change
		Amount	Proportion	Amount	Proportion	
Construction-related products	Temporary building and formwork products	3,311	9.1	3,551	9.3	7.3
	Civil engineering products	3,442	9.5	3,525	9.3	2.4
	Building structural products	9,306	25.7	10,002	26.3	7.5
	Building materials	5,990	16.5	5,957	15.7	(0.5)
	Subtotal – Japan	22,050	60.8	23,037	60.6	4.5
	Building products and materials	7,447	20.5	7,941	20.9	6.6
	Subtotal – overseas	7,447	20.5	7,941	20.9	6.6
	Subtotal – segment	29,497	81.3	30,979	81.5	5.0
Automotive products		4,762	13.1	5,089	13.4	6.9
Other businesses (Note 2)		2,007	5.6	1,952	5.1	(2.8)
Total		36,267	100.0	38,021	100.0	4.8

- (Notes) 1. For information about the main operations of each business segment, please refer to “Segment information” on page 10.  
2. 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, 2023

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)	79,300	4,100	4,200	2,320	50.12
Revised forecast (B)	79,300	4,100	4,200	950	20.52
Change (B - A)	0	0	0	(1,370)	
Change (%)	0.0	0.0	0.0	(59.1)	
(Reference) Results of previous fiscal year (full year ended December 2022)	76,854	5,271	5,471	3,848	81.30

The forecasts for net sales, operating profit and ordinary profit have not been changed from the consolidated financial results forecast for the fiscal year ending December 31, 2023 announced on June 22, 2023. However, profit attributable to owners of parent is now expected to fall substantially below the initial forecast as a result of the posting of extraordinary losses. For details, please refer to “Notice on Recording of Extraordinary Losses, Difference between Consolidated Financial Results Forecast and Results for the First Six Months of Fiscal Year Ending December 31, 2023 and Revision of Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023” announced on the same date.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheet

(Million yen)

	Fiscal year ended December 31, 2022 (As of December 31, 2022)	Second quarter ended June 30, 2023 (As of June 30, 2023)
<b>ASSETS</b>		
Current assets		
Cash and deposits	18,156	18,357
Notes and accounts receivable - trade, and contract assets	17,538	16,208
Electronically recorded monetary claims - operating	5,864	5,711
Merchandise and finished goods	13,799	12,080
Work in process	1,992	2,008
Raw materials and supplies	4,795	4,420
Other	1,395	1,727
Allowance for doubtful accounts	(28)	(22)
<b>Total current assets</b>	<b>63,515</b>	<b>60,490</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,013	13,839
Machinery, equipment and vehicles, net	5,365	3,881
Land	6,185	5,907
Other, net	1,403	1,395
<b>Total property, plant and equipment</b>	<b>27,968</b>	<b>25,024</b>
Intangible assets		
Goodwill	3,811	3,477
Other	357	341
<b>Total intangible assets</b>	<b>4,168</b>	<b>3,818</b>
Investments and other assets		
Investment securities	6,094	7,492
Other	2,158	2,449
Allowance for doubtful accounts	(43)	(43)
<b>Total investments and other assets</b>	<b>8,209</b>	<b>9,898</b>
<b>Total non-current assets</b>	<b>40,347</b>	<b>38,741</b>
Deferred assets		
Bond issuance costs	32	28
<b>Total deferred assets</b>	<b>32</b>	<b>28</b>
<b>Total assets</b>	<b>103,894</b>	<b>99,260</b>

(Million yen)

	Fiscal year ended December 31, 2022 (As of December 31, 2022)	Second quarter ended June 30, 2023 (As of June 30, 2023)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	5,085	4,805
Electronically recorded obligations - operating	9,782	9,216
Short-term borrowings	5,865	4,487
Provision for loss on liquidation of subsidiaries and associates	21	-
Income taxes payable	1,245	750
Other	4,402	4,633
<b>Total current liabilities</b>	<b>26,402</b>	<b>23,893</b>
Non-current liabilities		
Bonds payable	1,750	1,750
Long-term borrowings	4,605	4,359
Provision for share-based remuneration	149	162
Retirement benefit liability	2,141	2,186
Asset retirement obligations	54	55
Other	1,680	1,951
<b>Total non-current liabilities</b>	<b>10,381</b>	<b>10,464</b>
<b>Total liabilities</b>	<b>36,783</b>	<b>34,358</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Share capital	6,911	6,911
Capital surplus	5,983	5,987
Retained earnings	48,536	47,856
Treasury shares	(1,774)	(2,290)
<b>Total shareholders' equity</b>	<b>59,656</b>	<b>58,464</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,443	2,350
Foreign currency translation adjustment	6,095	4,171
Remeasurements of defined benefit plans	(102)	(101)
<b>Total accumulated other comprehensive income</b>	<b>7,436</b>	<b>6,420</b>
Non-controlling interests	18	16
<b>Total net assets</b>	<b>67,111</b>	<b>64,902</b>
<b>Total liabilities and net assets</b>	<b>103,894</b>	<b>99,260</b>

(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, 2022 (Jan. 1, 2022 – Jun. 30, 2022)	First six months ended June 30, 2023 (Jan. 1, 2023 – Jun. 30, 2023)
Net sales	36,267	38,021
Cost of sales	26,561	27,718
Gross profit	9,706	10,302
Selling, general and administrative expenses	7,259	8,260
Operating profit	2,446	2,042
Non-operating income		
Interest income	4	22
Dividend income	100	98
Proceeds from sale of scrap	64	63
Other	37	37
Total non-operating income	206	222
Non-operating expenses		
Interest expenses	51	159
Other	45	30
Total non-operating expenses	97	190
Ordinary profit	2,555	2,074
Extraordinary income		
Gain on sales of non-current assets	64	2
Gain on sale of investment securities	709	–
Reversal of provision for loss on liquidation of subsidiaries and associates	–	8
Total extraordinary income	774	11
Extraordinary losses		
Impairment losses	195	1,805
Other	62	143
Total extraordinary losses	258	1,949
Profit before income taxes	3,070	136
Income taxes - current	995	710
Income taxes - deferred	(61)	(457)
Total income taxes	933	252
Profit (loss)	2,137	(116)
Loss attributable to non-controlling interests	(0)	(0)
Profit (loss) attributable to owners of parent	2,137	(116)



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

(Million yen)

	First six months ended June 30, 2022 (Jan. 1, 2022 – Jun. 30, 2022)	First six months ended June 30, 2023 (Jan. 1, 2023 – Jun. 30, 2023)
Profit (loss)	2,137	(116)
Other comprehensive income		
Valuation difference on available-for-sale securities	(583)	907
Foreign currency translation adjustment	1,806	(1,924)
Remeasurements of defined benefit plans, net of tax	(1)	0
Total other comprehensive income	1,221	(1,016)
Comprehensive income	3,358	(1,132)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,357	(1,131)
Comprehensive income attributable to non-controlling interests	0	(1)

(3) Notes to Quarterly Consolidated Financial Statements

(Note to going concern assumptions)

None

(Note to significant changes in shareholders' equity)

None

(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)

(Application of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842 "Leases")

ASC 842 "Leases" has been applied from the beginning of the first three months of the fiscal year at overseas consolidated subsidiaries that have adopted US GAAP. As a result, all lease transactions of lessees at overseas consolidated subsidiaries are, in principle, recorded as assets and liabilities on the balance sheet.

Consequently, "Other (net)" in "Property, plant and equipment" increased 204 million yen, "Other" in "Current liabilities" increased 68 million yen, and "Other" in "Non-current liabilities" increased 139 million yen in the quarterly consolidated balance sheet as of the end of the first six months of the fiscal year under review. The effect of this change on the quarterly consolidated statement of income for the first six months of the fiscal year under review is minor.

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company adopted the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021; "Guidance") at the beginning of the first three months of the fiscal year under review, and decided to apply the new accounting policies described in the Guidance in future periods in accordance with the transitional procedures set out in Paragraph 27-2 of the Guidance. There is no effect of the application of this accounting standard on the quarterly consolidated financial statements.

(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 161 million yen for the previous consolidated fiscal year and 158 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 179,594 shares for the previous consolidated fiscal year and 176,163 shares for the first six months of the fiscal year under review.

(Restricted stock compensation program)

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, 2023 adopted a resolution for the disposal of treasury shares and payment reached completion on April 24, 2023.

(Segment information)

[Segment information]

I. 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.

II. First six months ended June 30, 2023 (January 1, 2023 – June 30, 2023)

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	3,551	–	–	3,551	–	3,551
Civil engineering products	3,525	–	–	3,525	–	3,525
Building structural products	10,002	–	–	10,002	–	10,002
Building products and materials	13,899	–	–	13,899	–	13,899
Battery parts, etc.	–	3,928	–	3,928	–	3,928
Bolts and nuts, etc.	–	1,161	–	1,161	–	1,161
Other	–	–	1,952	1,952	–	1,952
Revenue from contracts with customers	30,979	5,089	1,952	38,021	–	38,021
Other revenue	–	–	–	–	–	–
Sales to external customers	30,979	5,089	1,952	38,021	–	38,021
Intersegment internal sales and transfers	–	–	–	–	–	–
Total	30,979	5,089	1,952	38,021	–	38,021
Segment profit (loss)	1,983	(51)	111	2,042	–	2,042

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

(Significant events after the reporting period)

None