



October 27, 2023

Company name: Okabe Co., Ltd.
Representative: Hirohide Kawase, Representative Director,
President and Chief Executive Officer
(Securities Code: 5959, TSE Prime Market)
Contact: Yasushi Hosomichi, Director and
Senior Managing Executive Officer
in charge of Administrative Division and
International Division
(TEL. +81-3-3624-5119)

Notice of Filing for Chapter 11 by our US Subsidiaries

Okabe Co., Ltd. (“we” or the “Company”) announces that our subsidiaries Water Gremlin Company (“WG” hereinafter) and its holding company Water Gremlin Holdings, Inc. (“Holdings” hereinafter) resolved on October 26, 2023 (local time) to file for Chapter 11 bankruptcy under the United States Bankruptcy Code and filed for Chapter 11 bankruptcy on October 27, 2023 (local time) with the United States Bankruptcy Court for the District of Delaware.

Please note that WG and Holdings have agreed on the terms of DIP financing with a financial institution. Further, WG and Holdings are in discussions with a potential purchaser regarding the sale of their businesses. WG and Holdings are scheduled to sell their businesses to a purchaser after completing a bidding process and obtaining court approval. Therefore, the business operations of WG, such as production and sales, will continue as before.

1. Reason for Filing

As we announced on July 28, 2023, in consideration of the fact that the profitability of the battery terminal business in the United States has severely deteriorated, we have identified the battery terminal business in the United States as an unprofitable business from a business portfolio perspective and have been developing and implementing significant measures regarding this business. Further, as we announced on June 22, 2023, residents near WG’s factory in Minnesota initiated litigation against WG and Holdings alleging that they have incurred damages caused by emissions by WG of the harmful air pollutant (HAP) trichloroethylene (TCE) exceeding environmental standards. Such litigation may ultimately result in WG and Holdings incurring substantial liability. The boards of directors of WG and Holdings determined to file for Chapter 11 bankruptcy after considering how to restructure their businesses, as well as their estimated cash flow, maintenance of their business value and other potential future scenarios.

2. Total Debts of WG and Holdings

WG: 36,603 thousand USD (as of June 30, 2023)

Holdings: 6 thousand USD (as of June 30, 2023)

3. Future Outlook

WG and Holdings are scheduled to restructure their businesses under the United States Bankruptcy Code through the Chapter 11 process. WG and Holdings have agreed on the terms of DIP financing with a financial institution. Further, WG and Holdings are in discussions with a potential purchaser regarding the sale of their business. Therefore, the business operations of WG, such as production and sales, will continue as before.

Please note that we do not intend to make additional investments in WG and Holdings by being a sponsor during the process of their restructuring.

4. Effect on our Business Results

WG and Holdings are in discussions with a potential purchaser regarding the sale of their businesses. WG and Holdings are scheduled to sell their businesses to a purchaser after completing a bidding process and obtaining court approval. However it is not possible at this stage to estimate the effect of this matter on the Company, as this will largely depend on the sale price to be determined in the bidding process and the details of the reorganization plan to be finalized in the course of the Chapter 11 bankruptcy proceedings. As necessary, we will promptly make future announcements regarding the effect of this matter on the Company after carefully reviewing the progress of the Chapter 11 process.

5. Summary of WG and Holdings

1) WG

1) Company Name	Water Gremlin Company	
2) Headquarters	White Bear Township, Minnesota, United States	
3) Name of Representative	Bradley Hartsell (President and Director)	
4) Business Outline	Manufacture and Sales of Automobile Battery Terminals	
5) Stated Capital	18,796,000USD	
6) Date of Establishment	November 10, 1949	
7) Relationship with the Company	Capital Relationship	Wholly owned by Holdings, which is wholly owned by the Company
	Personnel Relationship	One of the Company's directors concurrently serves as a chairman and director of WG and one of the Company's executive officers also concurrently serves as a director of WG. Further, one of the Company's employees is seconded to WG and serves as a director of WG.
	Business Relationship	Not applicable
	Debt and Liabilities	The Company provides a financial guarantee for WG.
	Applicability of Affiliated Party	WG is an affiliated party since WG is a consolidated subsidiary of the Company.

2) Holdings

1) Company Name	Water Gremlin Holdings, Inc.	
2) Headquarters	Grayslake, Illinois, United States	
3) Name of Representative	Yasushi Hosomichi (President and Director)	
4) Business Outline	Holding Company of WG	
5) Stated Capital	51,200,000USD	
6) Date of Establishment	May 20, 2004	
7) Relationship with the Company	Capital Relationship	Wholly owned by the Company
	Personnel Relationship	One of the Company's directors concurrently serves as a president and director of Holdings and two of the Company's executive officers also concurrently serve as directors of Holdings. Further, one of the Company's employees is seconded to Holdings and serves as a director of Holdings.
	Business Relationship	Not applicable
	Debt and Liabilities	Not applicable
	Applicability of Affiliated Party	Holdings is an affiliated party since Holdings is a consolidated subsidiary of the Company.

3) Operating performance and financial condition of WG and Holdings over the past three years

a) WG

(unit: thousands USD)

	FY2020	FY2021	FY2022
Net Assets	47,563	44,535	32,584
Total Assets	85,063	76,317	66,912
Net Sales	43,427	50,858	46,801
Operating Loss (△)	△12,321	△3,474	△5,771
Net Loss (△)	△7,485	△3,027	△11,951

b) Holdings

(unit: thousands USD)

	FY2020	FY2021	FY2022
Net Assets	65,961	79,231	64,564
Total Assets	65,996	79,231	64,564
Net Sales	—	—	—
Operating Loss (△)	△36	△1	△106
Net Loss (△)	△35	△714	△10,843

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