

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Year Ended December 31, 2023

February 19, 2024

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

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Scheduled date of Annual General Meeting of Shareholders: March 28, 2024

Scheduled date of commencement of dividend payment: March 14, 2024

Scheduled date of filing of Annual Securities Report: March 28, 2024

Supplementary materials for annual financial results: None

Information meeting for annual financial results: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)

(1) Consolidated Results of Operations (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	%
Year ended								
December 31, 2023	78,152	1.7	4,082	(22.5)	4,303	(21.3)	(7,097)	–
December 31, 2022	76,854	18.5	5,271	21.6	5,471	15.8	3,848	46.5

(Note) Comprehensive income: -7,675 million yen (–%) for the year ended December 31, 2023
8,598 million yen (150.8%) for the year ended December 31, 2022

	Profit per share (basic)	Profit per share (diluted)	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended					
December 31, 2023	(153.32)	–	(11.1)	4.5	5.2
December 31, 2022	81.30	–	6.0	5.6	6.9

(Reference) Equity in earnings (losses) of affiliates: Year ended December 31, 2023: – million yen
Year ended December 31, 2022: – million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	88,792	60,435	68.0	1,308.78
As of December 31, 2022	103,894	67,111	64.6	1,432.47

(Reference) Shareholders' equity: As of December 31, 2023: 60,417 million yen
As of December 31, 2022: 67,092 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended				
December 31, 2023	6,202	(1,632)	(8,567)	12,683
December 31, 2022	1,975	(8,202)	(18)	18,156

2. Dividends

	Dividend per share					Total amounts of dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
Year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2022	–	12.00	–	12.00	24.00	1,134	29.5	1.8
December 31, 2023	–	12.50	–	12.50	25.00	1,159	–	1.8
Year ending December 31, 2024 (forecasts)	–	15.00	–	15.00	30.00		49.5	

(Notes) 1. Revisions to dividend forecasts published most recently: None

2. The year-end dividend per share for the year ended December 31, 2023 and the figures and indicators related to it are forecasts. When the figures are determined by resolution of the Board of Directors, the Company will disclose them promptly.

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2024 (January 1, 2024 – December 31, 2024)

(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
First half	33,240	(12.6)	1,820	(10.9)	1,950	(6.0)	1,200	–	25.99
Full year	70,000	(10.4)	4,100	0.4	4,400	2.2	2,800	–	60.65

* Notes

(1) Changes in important subsidiaries during the period
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes
The following three companies were excluded from the scope of consolidation:
Water Gremlin Holdings, Inc., Water Gremlin Company, and Water Gremlin Aquila Company S.p.A.

(2) 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

(3) Number of shares outstanding (common shares):
(i) Number of shares outstanding at end of period (including treasury shares)
As of December 31, 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 December 31, 2023: 3,127,693 shares
As of December 31, 2022: 2,453,507 shares
(iii) Average number of shares outstanding during the period
Fiscal year ended December 31, 2023: 46,290,355 shares
Fiscal year ended December 31, 2022: 47,329,267 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 (282,563 shares as of December 31, 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 (193,124 shares for the year ended December 31, 2023, and 182,579 shares for the year ended December 31, 2022).

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)

(1) Non-Consolidated Results of Operations

(Percentages represent year-on-year changes.)

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	47,257	2.1	3,731	(3.9)	4,180	(10.7)	(978)	–
December 31, 2022	46,286	4.2	3,884	29.7	4,681	18.7	3,890	33.4

Year ended	Profit per share (basic)		Profit per share (diluted)	
	Yen	Yen	Yen	Yen
December 31, 2023	(21.14)	–	–	–
December 31, 2022	82.21	–	–	–

(2) Non-Consolidated Financial Position

As of	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen	Million yen	Million yen	Million yen	%	Yen	Yen	
December 31, 2023	79,699	54,855	54,855	54,855	68.8	1,188.30	1,188.30	
December 31, 2022	83,245	56,288	56,288	56,288	67.6	1,201.80	1,201.80	

(Reference) Shareholders' equity: As of December 31, 2023: 54,855 million yen
As of December 31, 2022: 56,288 million yen

* Summaries of consolidated financial results are not subject to audit by certified public accountants or audit corporations.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

(Notes regarding forward-looking statements)

The forward-looking statements in these materials, including financial prospects included in this report, are based on information available to the Company when this report was prepared and assumptions that the management considers reasonable, which do not guarantee the achievement of such projected results. Actual results may differ significantly from these statements for a number of reasons.

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1. Overview of Results of Operations, Etc.

(1) Overview of Results of Operations for the Fiscal Year under Review (January 1, 2023 to December 31, 2023)

During the fiscal year under review, the Japanese economy remained unpredictable chiefly due to unstable conditions overseas, price increases, and trends in financial markets, despite the ongoing post-COVID-19 normalization of social and economic activities and a moderate economic recovery.

In the Japanese construction industry, where the Okabe Group's core customers operate, public investment was firm, but the recovery of private investment slowed. The environment remained challenging chiefly due to soaring labor costs caused by a chronic shortage of construction workers and continued high steel material prices.

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.

Results of operations by business segment are as follows:

[Construction-related products]

Looking at domestic sales of construction-related products by product category, sales of temporary building and formwork products rose 3.0% year on year on firm sales due to the Group's capturing the demand resulting from an increase in reinforced concrete building starts (floor area). Sales of civil engineering products increased 2.2% year on year due to the appropriate response to demand for products used to prevent landslide disasters. Sales of building structural products climbed 2.5% year on year, reflecting the Group's focus on capturing demand from redevelopment projects in urban areas.

Sales of construction-related products increased 1.9% year on year 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 1.7% year on year, to 64,128 million yen, and operating profit fell 20.2% year on year, to 4,066 million yen.

[Automotive products]

Water Gremlin Holdings, Inc., Water Gremlin Company, and Water Gremlin Aquila Company S.p.A., which primarily engage in the manufacturing and sale of automotive products, were excluded from the scope of consolidation during the fiscal year under review. The three companies' statements of income for the period before their exclusion are consolidated. Water Gremlin Holdings, Inc. and Water Gremlin Company filed a petition for reorganization proceedings with Delaware's federal bankruptcy court under Chapter 11 of the United States Bankruptcy Code on October 27, 2023 (U.S. time). After receiving permission from the court, Water Gremlin Company will transfer its business to a third party, and Water Gremlin Holdings, Inc. will transfer the shares of Water Gremlin Aquila Company S.p.A., its subsidiary, to a third party.

In this situation, net sales increased 0.8% year on year, to 9,996 million yen due to the effect of exchange rates reflecting the weaker yen, although growth in sales of automotive battery terminal products was sluggish in the United States. The operating loss stood at 300 million yen (compared with an operating loss of 144 million yen for the same period of the previous year), reflecting the effect of the filing of a petition for reorganization proceedings under Chapter 11 of the U.S. Bankruptcy Code.

[Other businesses]

Net sales came to 4,028 million yen, up 4.4% year on year, due to strong sales of industrial machinery products and the delivery of large projects in the marine business in the second half of the fiscal year. Operating profit was 316 million yen, down 0.4% year on year, due to weak sales of fishing sinkers at Water Gremlin Company.

Consequently, consolidated net sales for the fiscal year under review increased 1.7% year on year, to 78,152 million yen, and consolidated operating profit decreased 22.5% year on year, to 4,082 million yen. Consolidated ordinary profit decreased 21.3% year on year, to 4,303 million yen. The Company posted extraordinary losses of 10,307 million yen primarily due to a deterioration of the profitability of the business of manufacturing and selling battery terminal products in the automotive products segment, changes in consolidated subsidiaries as a result of the filing of a Chapter 11 bankruptcy petition, attorney fees to deal with lawsuits, and goodwill impairment losses related to OCM Manufacturing LLC, which manufactures building materials in the United States. These losses led to a loss attributable to owners of parent, which amounted to 7,097 million yen (compared with a profit attributable to owners of parent of 3,848 million yen in the previous fiscal year).

(For reference) Net sales by business segments and product category (consolidated)

(Yen in millions, rounded down)

		Previous fiscal year (Jan. 1, 2022 – Dec. 31, 2022)		Fiscal Year under review (Jan. 1, 2023 – Dec. 31, 2023)		Change (%)
		Amount	Proportion (%)	Amount	Proportion (%)	
Construction-related products	Temporary building and formwork products	7,075	9.2	7,288	9.3	3.0
	Civil engineering products	7,266	9.5	7,428	9.5	2.2
	Building structural products	19,949	26.0	20,450	26.2	2.5
	Building materials	11,945	15.5	11,799	15.1	(1.2)
	Subtotal – Japan	46,237	60.2	46,967	60.1	1.6
	Building products and materials	16,843	21.9	17,160	22.0	1.9
	Subtotal – overseas	16,843	21.9	17,160	22.0	1.9
	Subtotal – segment	63,081	82.1	64,128	82.1	1.7
Automotive products (Note 2)		9,914	12.9	9,996	12.8	0.8
Other businesses (Note 3)		3,859	5.0	4,028	5.1	4.4
Total		76,854	100.0	78,152	100.0	1.7

- (Notes) 1. For information about the main operations of each business segment, please refer to “Segment information” on page 19.
2. During the fiscal year under review, Water Gremlin Holdings, Inc., Water Gremlin Company, and Water Gremlin Aquila Company S.p.A. were excluded from the scope of consolidation. The three companies’ statements of income for the period before their exclusion are consolidated.
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 others, the manufacture and sale of marine materials, the manufacture and sale of industrial machinery products and the tenant leasing business. The manufacture and sale of fishing sinkers in the United States will not be included in other businesses from the next fiscal year due to the exclusion of Water Gremlin Company from the scope of consolidation.

(2) Overview of Financial Position for the Fiscal Year under Review

[Assets]

Current assets at the end of the fiscal year amounted to 51,236 million yen, a decrease of 12,278 million yen from the previous fiscal year-end, due mainly to a decrease in cash and deposits.

Non-current assets declined 2,816 million yen from the previous fiscal year-end to 37,530 million yen, primarily owing to decreases in buildings and structures, and machinery, equipment and vehicles.

As a result, total assets decreased 15,102 million yen from the previous fiscal year-end, to 88,792 million yen.

[Liabilities]

Current liabilities decreased by 8,225 million yen from the previous fiscal year-end, to 18,177 million yen due to a decrease in short-term borrowings.

Non-current liabilities decreased by 201 million yen from the previous fiscal year-end, to 10,179 million yen, largely due to a decrease in long-term borrowings.

As a result, total liabilities decreased 8,426 million yen from the previous fiscal year-end to 28,356 million yen.

[Net assets]

Net assets decreased 6,675 million yen from the previous fiscal year-end to 60,435 million yen. The shareholders’ equity ratio was 68.0%, up 3.4 percentage points from the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year totaled 12,683 million yen, a decrease of 5,473 million yen from the end of the previous fiscal year.

The following is a summary of cash flows and major factors for the fiscal year under review.

[Cash flows from operating activities]

Net cash provided by operating activities during the fiscal year came to 6,202 million yen (compared with net cash provided by operating activities of 1,975 million yen in the previous fiscal year). The major factor was a decrease in inventories.

[Cash flows from investing activities]

Net cash used in investing activities during the fiscal year was 1,632 million yen (compared with net cash used in investing activities of 8,202 million yen in the previous fiscal year). The major factor was a decrease in payments for the acquisition of businesses.

[Cash flows from financing activities]

Net cash used in financing activities during the fiscal year was 8,567 million yen (compared with net cash used in financing activities of 18 million yen in the previous fiscal year). The major factor for this was an increase in repayments of short-term borrowings.

(4) Future Outlook

[Okabe Corporate Vision 2040]

Up to now, and into the future,

we are striving to be a global solutions provider that provides safety and security in the lives of people around the world by cultivating Creativity × Connectivity × People Power as a manufacturer of earthquake-resistant construction materials that support construction.

Principles behind “Okabe Corporate Vision 2040”

(i) Creativity

We will strive to be a company that supports the safety and security of buildings and people through our creative technological capabilities, and will continue to utilize new technologies to create solutions for automation of construction work, zero emissions, and more.

(ii) Connectivity

This represents the power to connect with people, which is created through communication with customers, shareholders/investors, subcontractors/suppliers, employees, and local communities, and the power to connect critical components and materials used in construction sites to enhance safety.

(iii) People Power

As stated in our corporate creed, “We will endeavor to cultivate human resources for sustainable development,” and “The Group will be a workplace that employees will not regret devoting their lives to,” we believe that the foundation of everything we do lies in “People Power,” and this will remain unchanging even in 2040. Underlying these three strengths is our desire to “contribute to society by providing safety and security.” While we envision various changes in our external environment, we are committed to being a company that can contribute to a sustainable society as a member of the global community so that the global environment and humankind can change for the better.

[OX-2026 (okabe Transformation 2026), a Medium-term Management Plan]

To achieve okabe Corporate Vision 2040, the Group has identified the next three years as a period of transformation, during which it aims to create a new earnings base. To accomplish this, the Group developed the new okabe Transformation 2026 (OX-2026) medium-term management plan. The plan describes the concrete steps that the Group will take to achieve the transformation.

Guided by OX-2026, the Group views the changes in the business environment and risks as opportunities. Based on this perspective, the Group will provide solutions to address material issues in Japan and overseas, review its business portfolio, focus management resources for sustainable growth, and promote sustainability management practices.

Below are the main points of the business strategies and major initiatives in OX-2026:

(i) Customer-centric initiatives (prioritizing the development of a system to solve customers' problems and the implementation of initiatives to solve them)

- Developing products that solve issues faced by customers and society
- Developing new products and creating new businesses to meet emerging needs
- Establishing a product & solution planning department that specializes in construction in Japan
- Offering solutions suitable for the North American and ASEAN markets to accelerate the global expansion of the construction business
- Launching a business focused on blue carbon in the marine business

(ii) Implementing human capital management and strengthening the foundation of management

- Setting challenging non-financial key performance indicator (KPI) targets, especially for KPIs related to human capital, and working to achieve them
- Improving the governance of overseas subsidiaries

(iii) Promoting digital transformation

- Upgrading core systems and transforming business processes
- Promoting digital transformation to differentiate the Group from its competitors, creating new business opportunities and considering and implementing initiatives that will increase sales
- Establishment of IT Strategy Department

[Business environment and priorities]

In the Japanese economy, public investment will likely remain firm, and capital investments in the private sector are expected to recover, reflecting strong corporate earnings. However, uncertainty will persist given unstable conditions overseas, price increases, monetary tightening worldwide, changes in exchange rates and other factors.

Based on these assumptions regarding the external environment, the Group will focus on reducing costs and increasing return on assets by promoting digital transformation, taking into account the conditions of customers and markets, guided by okabe Transformation 2026 (OX-2026) during the fiscal year ending December 31, 2024. Additionally, the Group will strive to propose products that will help solve customer issues and achieve decarbonization and the SDGs at work sites. Overseas, the Group will strengthen governance and streamline its business portfolio to accelerate global expansion.

The Company has made the following consolidated results forecasts for the fiscal year ending December 31, 2024.

(Yen in millions, rounded down)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ended December 31, 2023 (Actual)	78,152	4,082	4,303	(7,097)
Fiscal Year ending December 31, 2024 (Forecasts)	70,000	4,100	4,400	2,800
Change (%)	(10.4%)	0.4%	2.2%	-%

(5) Basic Policy for Dividends and Dividends for the Fiscal Year under Review and the Next Fiscal Year

The Company's basic policy is to maintain stable dividends, a payout ratio of 30% or more, to enhance the return of profits to shareholders. The dividend is also linked to consolidated business results and comprehensively reflects the need to bolster internal reserves to strengthen the Company's financial position and fund future business operations, among other needs. The Company's basic policy for dividends of surplus is to pay both an interim dividend and a year-end dividend each year.

The Company will effectively use internal reserves for capital expenditures and corporate acquisitions to expand its business.

Although profit attributable to owners of parent is expected to be significantly lower than expected due to the recording of extraordinary losses, etc., steady business growth is expected going forward as business results are generally progressing as expected, excluding special factors such as extraordinary losses. Therefore, with respect to the year-end dividend forecast for the current fiscal year, we plan to pay 12.50 yen per share based on the basic policy. With the interim dividend of 12.50 yen per share that has already been paid, this will result in an annual dividend for the fiscal year under review of 25 yen per share.

The Company has changed its shareholder return policy. The new policy will be implemented beginning with the commencement of the new okabe Transformation 2026 (OX-2026) medium-term management plan. Following this new policy, next fiscal year, the Company plans to pay a dividend of 30 yen per share, the sum of the interim and year-end dividends that will be 15 yen each, and the payout ratio will be 49.5%. The dividend on equity (DOE) ratio will be 2.3%.

[Reason for the change in the shareholder return policy]

Our Group has a policy of determining the dividend of surplus in consideration of the consolidated financial results, the strengthening of the corporate structure, the increase of retained earnings in preparation for future business expansion and other factors. Meanwhile, we follow a basic principle of maintaining stable dividends. From the next fiscal year, while maintaining its current basic policy, the Company will focus more on achieving sustainable growth and promoting the long-term interests of shareholders. The Company aims to raise the dividend on equity (DOE) ratio in the medium to long term to enhance the stability of dividends.

The Company will maintain consistent dividend payments in the medium to long term with a target payout ratio of 30% or more, taking into account various factors such as the dividend on equity (DOE) ratio, the business environment and future business development. The Company is committed to returning profits to shareholders and will take active steps to achieve this goal.

We will not change our policy on the purchase of treasury shares. We will purchase them as appropriate on the basis of compressive consideration and judgments regarding the share price, the need to carry out flexible and prompt capital policies, the impact of the purchase of treasury shares on our financial position and other factors.

[Change in the shareholder return policy]

(Before change)

The Company's basic policy is to maintain stable dividends, a payout ratio of 30% or more, to enhance the return of profits to shareholders. The dividend is also linked to consolidated business results and comprehensively reflects the need to bolster internal reserves to strengthen the Company's financial position and fund future business operations, among other needs.

The Company's basic policy for dividends of surplus is to pay both an interim dividend and a year-end dividend each year.

(After change)

The Company considers shareholder returns to be a crucial aspect of management and acknowledges the significance of capital efficiency. In principle, the Company intends to distribute its profit based on its operating results while maintaining its financial soundness. Its basic policy is to consistently increase the dividend, considering the dividend on equity (DOE) ratio, by achieving sustainable growth. The Company aims to maintain a payout ratio of 30%.

The Company's basic policy for dividends of surplus is to pay both an interim dividend and a year-end dividend each year.

2. Corporate Group

The Okabe Group (Okabe Co., Ltd. and its associated companies) consists of Okabe Co., Ltd. (“the Company”), 11 subsidiaries (10 of which are consolidated) and 4 affiliated companies. These companies are engaged primarily in the manufacture and sale of construction materials and equipment. The Group is also focusing on expanding operations in other business fields.

The positioning of the Company and its key associated companies and their relationship with the business segments are as follows.

[Construction-related products]

(Temporary building and formwork products)

The Company develops associated construction methods and develops, manufactures and sells products used with these methods. Subsidiary OMM Co., Ltd. manufactures temporary building and formwork products ordered by the Company. Fukuoka Form Tie Co., Ltd. purchases temporary building and formwork products mainly from the Company and sells them in Kyushu.

(Civil engineering products)

The Company develops associated construction methods and develops, manufactures and sells products used with these methods.

(Building structural products)

The Company develops associated construction methods and develops, manufactures and sells products used with these methods. FUJI BOLT Manufacturing Co., Ltd. is engaged in the development, manufacture and marketing of building structural products, and the Company sells products sourced from FUJI BOLT Manufacturing Co., Ltd. PT Fujibolt Indonesia, which is a local manufacturing subsidiary of FUJI BOLT Manufacturing Co., Ltd. in Indonesia, is engaged in the manufacture of building structural products, and FUJI BOLT Manufacturing Co., Ltd. purchases products from PT Fujibolt Indonesia and processes and sells them within the country.

(Building materials)

The Company uses its sales network to sell building materials that are purchased from other companies.

(Building products and materials (overseas))

U.S.

In addition, OCM, Inc. purchases products sold by the Company in Japan and products compatible with local construction methods in and outside the U.S. and sells them mainly in the U.S. OCM Manufacturing LLC is a manufacturing subsidiary of OCM, Inc. Okabe Real Estate Holdings LLC manages commercial real estate, which is necessary for the building materials manufacturing business.

Indonesia

PT. Okabe Hardware Indonesia purchases building materials from other companies and sells them for use on construction sites. PT. Okabe Retail Indonesia purchases building materials from other companies and sells them at stores. PT. FUJIBOLT INDONESIA primarily manufactures and sells building products and materials in Indonesia.

[Automotive products]

U.S subsidiary Okabe Co., Inc. is engaged mainly in the design and sale of automotive bolts and screw nuts in the U.S.

[Other businesses]

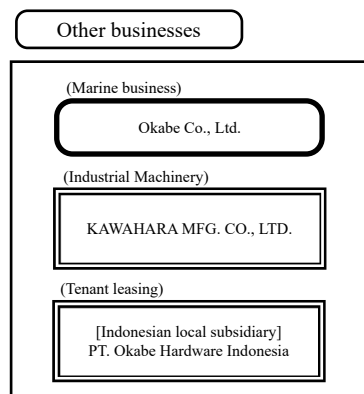
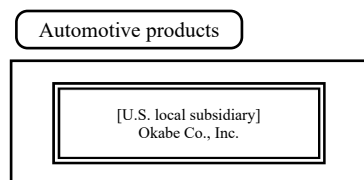
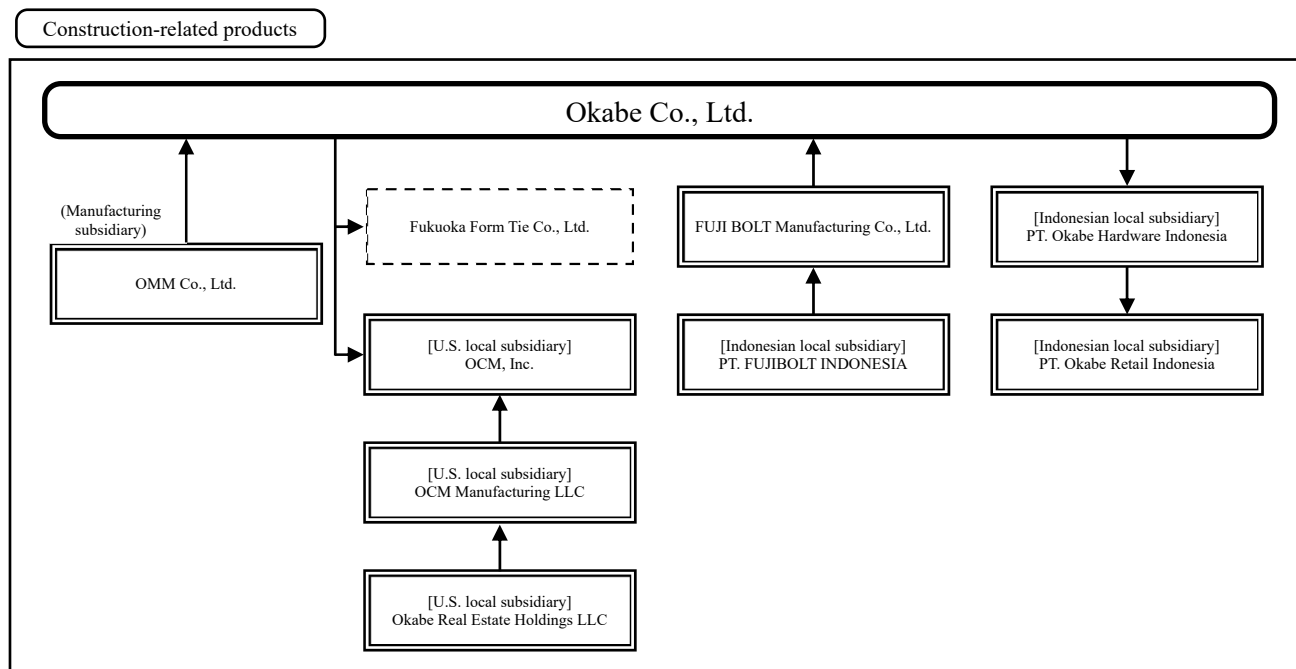
KAWAHARA MFG. CO., LTD. manufactures and sells industrial machinery products.

The Company’s marine business involves the development, manufacture and sale of marine materials.

PT. Okabe Hardware Indonesia, whose main business is purchasing and selling building products and materials, is operating the tenant leasing business, a non-construction-related products business.

[Business Flow Diagram]

The following diagram summarizes the business operations listed above.



← Products (including real estate leasing) and OEM



- (Notes)
1. The liquidation proceedings for Okabe China were completed on August 25, 2023.
 2. PT. Okabe Hardware Indonesia established PT. Okabe Retail Indonesia on November 23, 2022. The company has been included in the scope of consolidation from the fiscal year ended December 31, 2023.
 3. Water Gremlin Holdings, Inc., Water Gremlin Company, and Water Gremlin Aquila Company S.p.A., which primarily engage in the manufacture and sale of automotive products, were excluded from the scope of consolidation during the fiscal year under review. Water Gremlin Holdings, Inc. and Water Gremlin Company filed a petition for reorganization proceedings with Delaware’s federal bankruptcy court under Chapter 11 of the United States Bankruptcy Code on October 27, 2023 (U.S. time). After receiving permission from the court, Water Gremlin Company will transfer its business to a third party, and Water Gremlin Holdings, Inc. will transfer the shares of Water Gremlin Aquila Company S.p.A., its subsidiary, to a third party.

3. Basic Approach to Selection of Accounting Standards

The Okabe Group's policy is to prepare its consolidated financial statements based on Japanese Accounting Standards for the present time, taking the comparability of the consolidated financial statements between terms and between companies into consideration.

The Group plans to examine application of the International Financial Reporting Standards (IFRS) in the future, based on consideration of a number of factors in Japan and overseas.

4. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Million yen)

	Previous fiscal year (As of December 31, 2022)	Fiscal year under review (As of December 31, 2023)
ASSETS		
Current assets		
Cash and deposits	18,156	12,683
Notes and accounts receivable - trade, and contract assets	17,538	14,824
Electronically recorded monetary claims - operating	5,864	6,766
Merchandise and finished goods	13,799	10,747
Work in process	1,992	1,512
Raw materials and supplies	4,795	3,521
Other	1,395	1,204
Allowance for doubtful accounts	(28)	(24)
Total current assets	63,515	51,236
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,151	19,955
Accumulated depreciation	(8,137)	(7,764)
Buildings and structures, net	15,013	12,191
Machinery, equipment and vehicles	19,623	11,781
Accumulated depreciation	(14,257)	(9,230)
Machinery, equipment and vehicles, net	5,365	2,551
Land	6,185	5,535
Leased assets	1,200	1,394
Accumulated depreciation	(659)	(709)
Leased assets, net	541	685
Construction in progress	479	564
Other	2,026	1,946
Accumulated depreciation	(1,643)	(1,537)
Other, net	383	408
Total property, plant and equipment	27,968	21,937
Intangible assets		
Goodwill	3,811	1,721
Other	357	308
Total intangible assets	4,168	2,029
Investments and other assets		
Investment securities	6,094	11,218
Deferred tax assets	220	436
Other	1,937	1,951
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	8,209	13,562
Total non-current assets	40,347	37,530
Deferred assets		
Bond issuance cost	32	25
Total deferred assets	32	25
Total assets	103,894	88,792

(Million yen)

	Previous fiscal year (As of December 31, 2022)	Fiscal year under review (As of December 31, 2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	5,085	4,169
Electronically recorded obligations - operating	9,782	9,448
Short-term borrowings	5,865	1,035
Provision for loss on liquidation of subsidiaries and associates	21	–
Income taxes payable	1,245	519
Other	4,402	3,003
Total current liabilities	26,402	18,177
Non-current liabilities		
Bonds payable	1,750	1,750
Long-term borrowings	4,605	4,133
Deferred tax liabilities	479	677
Provision for share awards	149	163
Retirement benefit liability	2,141	2,058
Asset retirement obligations	54	55
Other	1,200	1,341
Total non-current liabilities	10,381	10,179
Total liabilities	36,783	28,356
Net assets		
Shareholders' equity		
Share capital	6,911	6,911
Capital surplus	5,983	5,990
Retained earnings	48,536	42,946
Treasury shares	(1,774)	(2,289)
Total shareholders' equity	59,656	53,559
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,443	2,652
Foreign currency translation adjustment	6,095	4,288
Remeasurements of defined benefit plans	(102)	(82)
Total accumulated other comprehensive income	7,436	6,857
Non-controlling interests	18	18
Total net assets	67,111	60,435
Total liabilities and net assets	103,894	88,792

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated statements of income)

(Million yen)

	Previous fiscal year (Jan. 1, 2022 – Dec. 31, 2022)	Fiscal year under review (Jan. 1, 2023 – Dec. 31, 2023)
Net sales	76,854	78,152
Cost of sales	56,199	56,875
Gross profit	20,655	21,277
Selling, general and administrative expenses	15,383	17,194
Operating profit	5,271	4,082
Non-operating income		
Interest income	14	64
Dividend income	189	233
Proceeds from sale of scrap	141	135
Other	68	137
Total non-operating income	414	571
Non-operating expenses		
Interest expenses	143	303
Other	70	46
Total non-operating expenses	213	350
Ordinary profit	5,471	4,303
Extraordinary income		
Gain on sale of non-current assets	81	41
Gain on sale of investment securities	709	3
Reversal of provision for loss on liquidation of subsidiaries and associates	–	8
Other	–	0
Total extraordinary income	790	54
Extraordinary losses		
Impairment losses	392	3,469
Loss on liquidation of business	–	6,320
Other	103	517
Total extraordinary losses	495	10,307
Profit (loss) before income taxes	5,767	(5,950)
Income taxes - current	1,943	1,510
Income taxes - deferred	(24)	(362)
Total income taxes	1,919	1,147
Profit (loss)	3,847	(7,097)
Profit (loss) attributable to non-controlling interests	(0)	(0)
Profit (loss) attributable to owners of parent	3,848	(7,097)

(Consolidated statements of comprehensive income)

(Million yen)

	Previous fiscal year (Jan. 1, 2022 – Dec. 31, 2022)	Fiscal year under review (Jan. 1, 2023 – Dec. 31, 2023)
Profit (loss)	3,847	(7,097)
Other comprehensive income		
Valuation difference on available-for-sale securities	(539)	1,209
Foreign currency translation adjustment	5,399	(1,806)
Remeasurements of defined benefit plans, net of tax	(109)	19
Total other comprehensive income	4,751	(577)
Comprehensive income	8,598	(7,675)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,595	(7,675)
Comprehensive income attributable to non-controlling interests	3	0

(3) Consolidated Statements of Changes in Equity
 Previous fiscal year (Jan. 1, 2022 – Dec. 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	6,911	5,983	46,724	(1,953)	57,666
Cumulative effects of changes in accounting policies			8		8
Restated balance	6,911	5,983	46,733	(1,953)	57,675
Changes during period					
Dividends of surplus			(1,051)		(1,051)
Profit (loss) attributable to owners of parent			3,848		3,848
Purchase of treasury shares				(880)	(880)
Disposal of treasury shares			(0)	66	66
Cancellation of treasury shares			(992)	992	–
Change in scope of consolidation					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	1,802	178	1,981
Balance at end of period	6,911	5,983	48,536	(1,774)	59,656

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	1,982	698	6	2,688	15	60,369
Cumulative effects of changes in accounting policies				–		8
Restated balance	1,982	698	6	2,688	15	60,378
Changes during period						
Dividends of surplus				–		(1,051)
Profit (loss) attributable to owners of parent				–		3,848
Purchase of treasury shares				–		(880)
Disposal of treasury shares				–		66
Cancellation of treasury shares				–		–
Change in scope of consolidation				–		–
Net changes in items other than shareholders' equity	(539)	5,396	(109)	4,747	3	4,750
Total changes during period	(539)	5,396	(109)	4,747	3	6,732
Balance at end of period	1,443	6,095	(102)	7,436	18	67,111

Fiscal year under review (Jan. 1, 2023 – Dec. 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	6,911	5,983	48,536	(1,774)	59,656
Cumulative effects of changes in accounting policies					–
Restated balance	6,911	5,983	48,536	(1,774)	59,656
Changes during period					
Dividends of surplus			(1,143)		(1,143)
Profit (loss) attributable to owners of parent			(7,097)		(7,097)
Purchase of treasury shares				(659)	(659)
Disposal of treasury shares		7		144	151
Cancellation of treasury shares					–
Change in scope of consolidation			2,650		2,650
Net changes in items other than shareholders' equity					–
Total changes during period	–	7	(5,589)	(514)	(6,097)
Balance at end of period	6,911	5,990	42,946	(2,289)	53,559

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,443	6,095	(102)	7,436	18	67,111
Cumulative effects of changes in accounting policies				–		–
Restated balance	1,443	6,095	(102)	7,436	18	67,111
Changes during period						
Dividends of surplus				–		(1,143)
Profit (loss) attributable to owners of parent				–		(7,097)
Purchase of treasury shares				–		(659)
Disposal of treasury shares				–		151
Cancellation of treasury shares				–		–
Change in scope of consolidation		(2,113)		(2,113)		537
Net changes in items other than shareholders' equity	1,209	306	19	1,535	0	1,535
Total changes during period	1,209	(1,806)	19	(578)	0	(6,675)
Balance at end of period	2,652	4,288	(82)	6,857	18	60,435

(4) Consolidated Statement of Cash Flows

(Million yen)

	Previous fiscal year (Jan. 1, 2022 – Dec. 31, 2022)	Fiscal year under review (Jan. 1, 2023 – Dec. 31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	5,767	(5,950)
Depreciation	2,508	2,449
Amortization of goodwill	382	375
Impairment losses	392	3,469
Increase (decrease) in allowance for doubtful accounts	(3)	(0)
Increase (decrease) in retirement benefit liability	44	7
Interest and dividend income	(204)	(297)
Interest expenses	143	303
Loss on retirement of non-current assets	5	17
Loss (gain) on investments in investment partnerships	15	(4)
Loss (gain) on sales of investment securities	(709)	–
Loss on liquidation of business	–	6,320
Decrease (increase) in trade receivables	(300)	793
Decrease (increase) in other current assets	2	(523)
Decrease (increase) in inventories	(5,389)	2,285
Increase (decrease) in trade payables	565	(754)
Increase (decrease) in other current liabilities	(91)	61
Increase (decrease) in other non-current liabilities	(19)	10
Decrease (increase) in consumption taxes refund receivable	(169)	(33)
Increase (decrease) in accrued consumption taxes	225	(135)
Other	91	55
Subtotal	3,255	8,449
Income taxes paid	(1,280)	(2,455)
Income taxes refund	–	377
Loss on liquidation of business	–	(168)
Net cash provided by (used in) operating activities	1,975	6,202
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,774)	(1,653)
Purchase of intangible assets	(60)	(129)
Purchase of investment securities	(101)	(102)
Proceeds from sale of investment securities	1,334	52
Payments for acquisition of businesses	(6,872)	–
Purchase of insurance funds	(205)	(219)
Proceeds from maturity of insurance funds	175	–
Interest and dividends received	205	296
Other	96	122
Net cash provided by (used in) investing activities	(8,202)	(1,632)

(Million yen)

	Previous fiscal year (Jan. 1, 2022 – Dec. 31, 2022)	Fiscal year under review (Jan. 1, 2023 – Dec. 31, 2023)
Cash flows from financing activities		
Proceeds from short-term borrowings	68,923	142,886
Repayments of short-term borrowings	(66,598)	(147,802)
Proceeds from long-term borrowings	100	–
Repayments of long-term borrowings	(2,238)	(484)
Purchase of treasury shares	(500)	(437)
Proceeds from issuance of bonds	1,716	–
Redemption of bonds	–	(1,000)
Dividends paid	(1,052)	(1,141)
Interest paid	(142)	(306)
Repayments of lease obligations	(225)	(283)
Net cash provided by (used in) financing activities	(18)	(8,567)
Effect of exchange rate change on cash and cash equivalents	827	184
Net increase (decrease) in cash and cash equivalents	(5,419)	(3,812)
Cash and cash equivalents at beginning of period	23,575	18,156
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(1,660)
Cash and cash equivalents at end of period	18,156	12,683

(5) Notes for Consolidated Financial Statements

(Note to going concern assumptions)

None

(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 fiscal year under review 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 160 million yen, “Other” in “Current liabilities” increased 46 million yen, and “Other” in “Non-current liabilities” increased 118 million yen in the quarterly consolidated balance sheet as of the end of the fiscal year under review. The effect of this change on the consolidated statement of income for 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 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 consolidated financial statements.

(Additional information)

(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 outstanding was 161 million yen at the end of the previous consolidated fiscal year and 237 million yen at the end of the consolidated fiscal year under review. The number of treasury shares outstanding was 179,594 shares at the end of the previous consolidated fiscal year and 282,563 shares at the end of the consolidated fiscal year under review.

(Segment information)

[Segment information]

1. Description of reporting segments

Reporting segments of the Okabe Group are individual units for which separate financial information is available and that are subject to a periodic review by the Board of Directors for the purposes of evaluating performance and determining the allocation of resources.

The Group is engaged in the construction-related products business and business activities in several other industries. Comprehensive strategies are established and business activities conducted for products and services in Japan and other countries for each major business that is categorized based on the type of industry.

Consequently, there are three reporting segments for major business activities categorized by industry: construction-related products, automotive products and other businesses.

Construction-related products includes manufacture and sales of temporary building and formwork products, civil engineering products and building structural products and sale of building materials.

Automotive products includes manufacture and sales of automotive products. Water Gremlin Holdings, Inc., Water Gremlin Company, and Water Gremlin Aquila Company S.p.A., which engaged in the manufacture and sale of automotive products, were excluded from the scope of consolidation during the fiscal year under review, but the three companies' statements of income for the period before the exclusion are consolidated. Water Gremlin Holdings, Inc. and Water Gremlin Company filed a petition for reorganization proceedings with Delaware's federal bankruptcy court under Chapter 11 of the United States Bankruptcy Code on October 27, 2023 (U.S. time). After receiving permission from the court, Water Gremlin Company will transfer its business to a third party, and Water Gremlin Holdings, Inc. will transfer the shares of Water Gremlin Aquila Company S.p.A., its subsidiary, to a third party. No assets at Water Gremlin Holdings, Inc., Water Gremlin Company, or Water Gremlin Aquila Company S.p.A. are recorded in the segment assets of the automotive products as of December 31, 2023.

Other businesses engage in operations such as the manufacture and sale of marine materials, the manufacture and sale of fishing sinkers, the manufacture and sale of industrial machinery products and operations in tenant leases. The manufacture and sale of fishing sinkers in the United States will not be included in the other businesses from the next fiscal year due to the exclusion of Water Gremlin Company from the scope of consolidation.

2. Methods for calculating sales, profit (loss), assets, liabilities and other items by reportable segment

Accounting methods for the reported business segments are almost the same as those used for the preparation of consolidated financial statements.

Reportable segment profit (loss) is presented based on operating profit (loss).

Intersegment sales or transfers of funds are presented based on actual market prices.

3. Information regarding sales, profit (loss), assets, liabilities and other items and a breakdown of sales for each reportable business segment

Previous fiscal year (Jan. 1, 2022 – Dec. 31, 2022)

(Million yen)

	Reportable segments				Adjustment (Note 1)	Amounts in consolidated financial statements (Note 2)
	Construction- related products	Automotive products	Other businesses	Total		
Net sales						
Temporary building and formwork products	7,075	–	–	7,075	–	7,075
Civil engineering products	7,266	–	–	7,266	–	7,266
Building structural products	19,949	–	–	19,949	–	19,949
Building products and materials	28,789	–	–	28,789	–	28,789
Battery parts, etc.	–	7,574	–	7,574	–	7,574
Bolts and nuts, etc.	–	2,339	–	2,339	–	2,339
Other	–	–	3,859	3,859	–	3,859
Revenue from contracts with customers	63,081	9,914	3,859	76,854	–	76,854
Other revenue	–	–	–	–	–	–
Sales to external customers	63,081	9,914	3,859	76,854	–	76,854
Intersegment internal sales and transfers	–	–	–	–	–	–
Total	63,081	9,914	3,859	76,854	–	76,854
Segment profit (loss)	5,098	(144)	317	5,271	–	5,271
Segment assets	77,471	15,849	5,623	98,944	4,950	103,894
Other items						
Depreciation	1,904	523	81	2,508	–	2,508
Amortization of goodwill	201	28	152	382	–	382
Increase in property, plant and equipment and intangible assets	7,936	273	336	8,546	–	8,546

(Notes)

1. The adjustment consists of the following items.

The adjustment of 4,950 million yen for segment assets consists of a deduction of 312 million yen for intersegment transactions and an addition of 5,262 million yen for corporate assets that cannot be allocated to a particular segment.

The main components of corporate assets are long-term investments (investment securities).

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

Fiscal year under review (Jan. 1, 2023 – Dec. 31, 2023)

(Million yen)

	Reportable segments				Adjustment (Note 1)	Amounts in consolidated financial statements (Note 2)
	Construction- related products	Automotive products	Other businesses	Total		
Net sales						
Temporary building and formwork products	7,288	–	–	7,288	–	7,288
Civil engineering products	7,428	–	–	7,428	–	7,428
Building structural products	20,450	–	–	20,450	–	20,450
Building products and materials	28,959	–	–	28,959	–	28,959
Battery parts, etc.	–	7,576	–	7,576	–	7,576
Bolts and nuts, etc.	–	2,420	–	2,420	–	2,420
Other	–	–	4,028	4,028	–	4,028
Revenue from contracts with customers	64,128	9,996	4,028	78,152	–	78,152
Other revenue	–	–	–	–	–	–
Sales to external customers	64,128	9,996	4,028	78,152	–	78,152
Intersegment internal sales and transfers	–	–	–	–	–	–
Total	64,128	9,996	4,028	78,152	–	78,152
Segment profit (loss)	4,066	(300)	316	4,082	–	4,082
Segment assets	70,026	4,284	4,809	79,120	9,671	88,792
Other items						
Depreciation	1,893	496	59	2,449	–	2,449
Amortization of goodwill	222	–	152	375	–	375
Increase in property, plant and equipment and intangible assets	1,498	519	19	2,037	–	2,037

(Notes)

1. The adjustment consists of the following items.

The adjustment of 9,671 million yen for segment assets consists of a deduction of 611 million yen for intersegment transactions and an addition of 10,283 million yen for corporate assets that cannot be allocated to a particular segment.

The main components of corporate assets are long-term investments (investment securities).

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

[Related information]

Previous fiscal year (from January 1, 2022 to December 31, 2022)

1. Information by products and services

Omitted because similar information is presented in segment information

2. Information by geographical areas

(1) Net sales

(Million yen)

Japan	North America	Others	Total
49,643	23,928	3,282	76,854

(Note) Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(2) Property, plant and equipment

(Million yen)

Japan	North America	Others	Total
13,879	11,136	2,952	27,968

3. Information on a major customer

The information is omitted because net sales to major customers are less than 10% of consolidated net sales.

Fiscal year under review (from January 1, 2023 to December 31, 2023)

1. Information by products and services

Omitted because similar information is presented in segment information

2. Information by geographical areas

(1) Net sales

(Million yen)

Japan	North America	Others	Total
50,701	23,246	4,205	78,152

(Note) Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(2) Property, plant and equipment

(Million yen)

Japan	North America	Others	Total
13,239	6,302	2,395	21,937

3. Information on a major customer

The information is omitted because net sales to major customers are less than 10% of consolidated net sales.

[Segment information for impairment of non-current assets]

Previous fiscal year (from January 1, 2022 to December 31, 2022)

(Million yen)

	Reportable segments				Company-wide / Eliminations	Total
	Construction- related products	Automotive products	Other businesses	Total		
Impairment losses	–	212	179	392	–	392

Fiscal year under review (from January 1, 2023 to December 31, 2023)

(Million yen)

	Reportable segments				Company-wide / Eliminations	Total
	Construction- related products	Automotive products	Other businesses	Total		
Impairment losses	1,637	4,908	252	6,798	–	6,798

(Notes)

1. Impairment losses in automotive products include impairment losses of 3,127 million yen that are presented as loss on liquidation of business.
2. Impairment losses in other businesses include impairment losses of 201 million yen that are presented as loss on liquidation of business.

[Information on amortization of goodwill and unamortized balance by reportable segment]

Previous fiscal year (from January 1, 2022 to December 31, 2022)

(Million yen)

	Reportable segments				Company-wide / Eliminations	Total
	Construction- related products	Automotive products	Other businesses	Total		
Amortization of goodwill	201	28	152	382	–	382
Balance at end of period	2,092	–	1,718	3,811	–	3,811

(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.

Fiscal year under review (from January 1, 2023 to December 31, 2023)

(Million yen)

	Reportable segments				Company-wide / Eliminations	Total
	Construction- related products	Automotive products	Other businesses	Total		
Amortization of goodwill	222	–	152	375	–	375
Balance at end of period	155	–	1,565	1,721	–	1,721

(Significant changes in the amount of goodwill)

A goodwill impairment loss was posted in the construction-related products segment, which resulted in a significant change in the amount of goodwill. Goodwill decreased 11,864 thousand U.S. dollars (1,762 million yen) due to the impairment loss.

[Information on gain on bargain purchase by reportable segment]

Previous fiscal year (from January 1, 2022 to December 31, 2022)

None

Fiscal year under review (from January 1, 2023 to December 31, 2023)

None

(Per-share information)

(Yen)

	Previous fiscal year (Jan. 1, 2022 – Dec. 31, 2022)	Fiscal year under review (Jan. 1, 2023 – Dec. 31, 2023)
Net assets per share	1,432.47	1,308.78
Profit (loss) per share	81.30	(153.32)

- (Notes)
1. Diluted profit per share at the end of the previous consolidated fiscal year is not stated because there is no dilutive share. Diluted profit per share at the end of the consolidated fiscal year under review is not stated because a loss per share is recorded and there is no dilutive share.
 2. The Company's own shares that remain in the stock-granting ESOP trust and are recorded as treasury shares in shareholders' equity are included in treasury shares that will be deducted in the calculation of the number of shares outstanding at the end of period to calculate net profit (loss) per share (179,594 shares for the previous consolidated fiscal year; 282,563 shares for the consolidated fiscal year under review).
 3. The Company's own shares that remain in the stock-granting ESOP trust and are recorded as treasury shares in shareholders' equity are included in treasury shares that will be deducted in the calculation of the average number of shares outstanding during the period to calculate profit (loss) per share (182,579 shares for the previous consolidated fiscal year; 193,124 shares for the consolidated fiscal year under review).
 4. The basis for calculation of profit (loss) per share is as stated below.

Item	Previous fiscal year (Jan. 1, 2022 – Dec. 31, 2022)	Fiscal year under review (Jan. 1, 2023 – Dec. 31, 2023)
Profit (loss) per share (basic)		
Profit (loss) attributable to owners of parent (million yen)	3,848	(7,097)
Amount not attributable to common shareholders (million yen)	–	–
Profit (loss) attributable to owners of parent pertaining to common stock (million yen)	3,848	(7,097)
Average number of shares of common stock outstanding during the period (shares)	47,329,267	46,290,355

(Significant events after the reporting period)

None