

## Consolidated Financial Results (Japanese Accounting Standards) for the First Three Months of the Fiscal Year Ending December 31, 2024

April 26, 2024

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 Stock code: 5959 URL: <https://www.okabe.co.jp/>  
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Scheduled date for filing of quarterly report: May 15, 2024  
 Scheduled date of commencement of dividend payment: –  
 Supplementary documents for quarterly results: None  
 Quarterly results briefing: None

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

## 1. Consolidated Financial Results for the First Three Months Ended March 31, 2024 (January 1, 2024 – March 31, 2024)

## (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	%
Three months ended								
March 31, 2024	15,671	(16.1)	801	(17.3)	854	(11.3)	578	8.5
March 31, 2023	18,671	6.2	968	(19.1)	962	(22.0)	533	(24.9)

(Note) Comprehensive income: 284 million yen (–%) for the three months ended March 31, 2024  
 –1,433 million yen (–%) for the three months ended March 31, 2023

	Profit per share (basic)	Profit per share (diluted)
	Yen	Yen
Three months ended		
March 31, 2024	12.54	–
March 31, 2023	11.46	–

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of			
March 31, 2024	87,107	61,767	70.9
December 31, 2023	89,885	62,060	69.0

(Reference) Shareholders' equity: As of March 31, 2024: 61,749 million yen  
 As of December 31, 2023: 62,042 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, 2023	–	12.50	–	12.50	25.00
Year ending December 31, 2024	–				
Year ending December 31, 2024 (Forecasts)		15.00	–	15.00	30.00

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

## 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

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

\* 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: None

(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 March 31, 2024: 49,290,632 shares

As of December 31, 2023: 49,290,632 shares

(ii) Number of treasury shares at end of period

As of March 31, 2024: 3,123,686 shares

As of December 31, 2023: 3,127,693 shares

(iii) Average number of shares outstanding during the period

Three months ended March 31, 2024: 46,164,963 shares

Three months ended March 31, 2023: 46,577,325 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 (278,556 shares as of December 31, 2024, and 282,563 shares as of December 31, 2023). 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 (three months) (280,539 shares for the three months ended March 31, 2024, and 178,537 shares for the three months ended March 31, 2023).

\* 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 Three Months Ended March 31, 2024

### (1) Explanation Regarding Results of Operations

During the first three months of the fiscal year under review (January 1, 2024 to March 31, 2024), the Japanese economy recovered modestly, reflecting progress in the normalization of social and economic activities following the COVID-19 pandemic. Meanwhile, there were risk factors that put downward pressure on the economy, such as the ongoing price increases, global credit crunch, and unstable international situation. In addition, there were concerns over the impact of the Noto Peninsula Earthquake.

In the Japanese construction industry, where the Okabe Group's core customers operate, public investment was firm, and private investment showed signs of recovery. However, the industry saw ongoing increase in construction-related costs, including soaring labor costs caused by a chronic shortage of construction workers and continued high steel material prices.

In this business environment, the Okabe Group formulated OX-2026 (Okabe Transformation 2026), the medium-term management plan for fiscal year ending December 31, 2024 through fiscal year ending December 31, 2026. As the main points of business strategies in the plan, the Group set customer-centric initiatives (prioritizing the development of a system to solve customers' problems and the implementation of initiatives to solve them), implementing human capital management and strengthening the foundation of management, and promoting digital transformation.

Based on this plan, the Group views the changes in the business environment and risks as opportunities. The Group has been providing solutions to address material issues (issues faced by society and customers) in Japan and overseas and focusing management resources, such as reviewing its business portfolio, for achieving sustainable growth, thus promoting sustainability management practices.

Results of operations by business segment are as follows:

#### (a) Construction-related products

Building structural products were affected by a decrease in medium- and small-scale construction projects. However, sales of various labor-saving products for reinforced concrete buildings and steel-framed buildings remained strong compared to the year-ago level, mainly because the Group tapped into demand for large-scale construction projects.

Sales of temporary building and formwork products

and building products and materials decreased year on year, chiefly reflecting a decrease in steel-framed building starts (floor area).

In civil engineering products, sales of products including those used for prevention of landslide disasters were sluggish, mainly because public investment projects showed signs of waning compared to the same period of the previous fiscal year.

Among building products and materials (overseas), sales of construction materials declined year on year because sales prices were pressed down in the U.S. reflecting a decrease in steel material prices.

As a result, sales in the construction-related products segment fell 6.1% year on year, to 14,225 million yen, and operating profit decreased 37.1% year on year, to 643 million yen.

#### (b) Other businesses

Sales of industrial machinery products were weak compared to the same period of the previous fiscal year, when an order was received for a large-scale project.

Starting in the first three months of the consolidated fiscal year under review, automotive products are included in other businesses. Further, in these businesses, there was a change from the previous fiscal year in the scope of consolidation. (See the (Note) to "(For reference) Net sales by business segments and product category (consolidated)" below.)

As a result, net sales decreased 59.0% year on year, to 1,446 million yen, and operating profit was 157 million yen (compared with an operating loss of 54 million yen for the same period of the previous year).

Consequently, consolidated net sales for the first three months of the fiscal year under review decreased 16.1% year on year, to 15,671 million yen, and consolidated operating profit declined 17.3% year on year, to 801 million yen. Consolidated ordinary profit decreased 11.3% year on year, to 854 million yen, and profit attributable to owners of parent increased 8.5% year on year, to 578 million yen.

(For reference)

Net sales by business segments and product category (consolidated)

(Yen in millions, rounded down)

		Previous consolidated first three months (Jan. 1, 2023 – Mar. 31, 2023)		Consolidated first three months under review (Jan. 1, 2024 – Mar. 31, 2024)		Change (%)
		Amount	Proportion (%)	Amount	Proportion (%)	
Construction-related products	Temporary building and formwork products	1,735	9.3	1,684	10.8	(2.9)
	Civil engineering products	1,843	9.9	1,618	10.3	(12.2)
	Building structural products	4,628	24.8	4,692	29.9	1.4
	Building materials	2,925	15.6	2,632	16.8	(10.0)
	Subtotal – Japan	11,132	59.6	10,627	67.8	(4.5)
	Building products and materials	4,014	21.5	3,597	23.0	(10.4)
	Subtotal – overseas	4,014	21.5	3,597	23.0	(10.4)
	Subtotal – segment	15,147	81.1	14,225	90.8	(6.1)
Other businesses (Note)		3,524	18.9	1,446	9.2	(59.0)
Total		18,671	100.0	15,671	100.0	(16.1)

(Note) Other businesses do not form part of the Company's core business, i.e. construction-related products. This segment includes, among others, the manufacture and sale of marine materials, sale of bolts and screw nuts for trucks and trailers in the U.S., the manufacture and sale of industrial machinery products, and the tenant leasing business.

During the previous fiscal year, Water Gremlin Holdings, Inc., Water Gremlin Company, and Water Gremlin Aquila Company S.p.A., which were operating core businesses in automotive products, were excluded from the scope of consolidation. (The three companies' statements of income for the period before their exclusion are consolidated.)

This means that the segment of automotive products has been downsized, now only including the sale of bolts and screw nuts for trucks and trailers. As a result, starting in the first three months of the fiscal year under review, automotive products are included in other businesses instead of being presented as a single segment.

In addition, the segment information for the first three months of the previous fiscal year has been restated based on the reportable segments for the first three months of the fiscal year under review.

(2) Explanation Regarding Forecast for Fiscal Year Ending December 31, 2024

There are no changes to the consolidated results forecasts for the first half and the full year of the fiscal year ending December 31, 2024 that were announced on February 19, 2024.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheet

(Million yen)

	Fiscal year ended December 31, 2023 (As of December 31, 2023)	First three months ended March 31, 2024 (As of March 31, 2024)
<b>ASSETS</b>		
Current assets		
Cash and deposits	12,683	12,093
Notes and accounts receivable - trade, and contract assets	14,824	14,021
Electronically recorded monetary claims - operating	6,766	5,573
Merchandise and finished goods	10,747	10,733
Work in process	1,512	1,693
Raw materials and supplies	3,521	3,399
Other	1,204	1,189
Allowance for doubtful accounts	(24)	(22)
<b>Total current assets</b>	<b>51,236</b>	<b>48,681</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,191	11,798
Machinery, equipment and vehicles, net	2,551	2,159
Land	5,535	5,446
Other, net	1,658	1,832
<b>Total property, plant and equipment</b>	<b>21,937</b>	<b>21,237</b>
Intangible assets		
Goodwill	1,721	1,678
Other	308	289
<b>Total intangible assets</b>	<b>2,029</b>	<b>1,968</b>
Investments and other assets		
Investment securities	11,218	12,070
Other	3,480	3,169
Allowance for doubtful accounts	(43)	(43)
<b>Total investments and other assets</b>	<b>14,655</b>	<b>15,196</b>
<b>Total non-current assets</b>	<b>38,622</b>	<b>38,402</b>
Deferred assets		
Bond issuance cost	25	24
<b>Total deferred assets</b>	<b>25</b>	<b>24</b>
<b>Total assets</b>	<b>89,885</b>	<b>87,107</b>

(Million yen)

	Fiscal year ended December 31, 2023 (As of December 31, 2023)	First three months ended March 31, 2024 (As of March 31, 2024)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	4,169	4,327
Electronically recorded obligations - operating	9,448	7,650
Short-term borrowings	1,035	569
Income taxes payable	519	296
Provision for bonuses	–	270
Other	3,003	2,721
<b>Total current liabilities</b>	<b>18,177</b>	<b>15,835</b>
Non-current liabilities		
Bonds payable	1,750	1,750
Long-term borrowings	4,133	4,020
Provision for share awards	163	167
Retirement benefit liability	2,058	2,051
Asset retirement obligations	55	55
Other	1,487	1,459
<b>Total non-current liabilities</b>	<b>9,647</b>	<b>9,503</b>
<b>Total liabilities</b>	<b>27,824</b>	<b>25,339</b>
Net assets		
Shareholders' equity		
Share capital	6,911	6,911
Capital surplus	5,990	5,990
Retained earnings	44,571	44,570
Treasury shares	(2,289)	(2,286)
<b>Total shareholders' equity</b>	<b>55,184</b>	<b>55,185</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,652	3,370
Foreign currency translation adjustment	4,288	3,274
Remeasurements of defined benefit plans	(82)	(80)
<b>Total accumulated other comprehensive income</b>	<b>6,857</b>	<b>6,563</b>
Non-controlling interests	18	18
<b>Total net assets</b>	<b>62,060</b>	<b>61,767</b>
<b>Total liabilities and net assets</b>	<b>89,885</b>	<b>87,107</b>

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income  
(Quarterly Consolidated Statement of Income)  
(First three-month period)

(Million yen)

	First three months ended March 31, 2023 (Jan. 1, 2023 – Mar. 31, 2023)	First three months ended March 31, 2024 (Jan. 1, 2024 – Mar. 31, 2024)
Net sales	18,671	15,671
Cost of sales	13,674	10,850
Gross profit	4,997	4,821
Selling, general and administrative expenses	4,028	4,019
Operating profit	968	801
Non-operating income		
Interest income	10	15
Dividend income	29	32
Proceeds from sale of scrap	31	33
Other	25	19
Total non-operating income	97	99
Non-operating expenses		
Interest expenses	81	16
Loss on investments in investment partnerships	11	19
Other	10	10
Total non-operating expenses	103	46
Ordinary profit	962	854
Extraordinary income		
Gain on sale of non-current assets	1	31
Gain on sale of investment securities	–	30
Other	–	2
Total extraordinary income	1	64
Extraordinary losses		
Loss on money transfer fraud at overseas subsidiaries	–	76
Other	14	17
Total extraordinary losses	14	93
Profit before income taxes	950	824
Income taxes - current	419	278
Income taxes - deferred	(2)	(33)
Total income taxes	416	245
Profit	533	579
Profit (loss) attributable to non-controlling interests	(0)	0
Profit attributable to owners of parent	533	578



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

(Million yen)

	First three months ended March 31, 2023 (Jan. 1, 2023 – Mar. 31, 2023)	First three months ended March 31, 2024 (Jan. 1, 2024 – Mar. 31, 2024)
Profit	533	579
Other comprehensive income		
Valuation difference on available-for-sale securities	348	717
Foreign currency translation adjustment	(2,317)	(1,014)
Remeasurements of defined benefit plans, net of tax	0	2
Total other comprehensive income	(1,967)	(294)
Comprehensive income	(1,433)	284
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,431)	284
Comprehensive income attributable to non-controlling interests	(2)	(0)

(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.

(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 is 237 million yen for the previous consolidated fiscal year and 234 million yen for the first three months of the fiscal year under review. The number of treasury shares at the end of the term is 282,563 shares for the previous consolidated fiscal year and 278,556 shares for the first three months of the fiscal year under review.

(Segment information)

[Segment information]

I. First three months ended March 31, 2023 (January 1, 2023 – March 31, 2023)

As indicated in "II. First three months ended March 31, 2024 (Changes in reportable segments)"

II. First three months ended March 31, 2024 (January 1, 2024 – March 31, 2024)

Segment information is omitted because the Group has only one segment, construction-related products.

(Changes in reportable segments)

In the first three months of the fiscal year under review, the reportable segment structure was changed from the previous structure consisting of three segments, namely construction-related products, automotive products, and other businesses, to a structure with a single segment, construction-related products.

This change was made for the following reason. During the previous fiscal year, Water Gremlin Holdings, Inc., Water Gremlin Company, and Water Gremlin Aquila Company S.p.A. were excluded from the scope of consolidation. This has diminished the quantitative importance of automotive products and other businesses, so the Group judged that the disclosure of information about the single reportable segment better reflects facts about its business and its decision-making process.

As a consequence of this change, the Group has only one segment, construction-related products, so segment information is omitted in conjunction with the results for the first three months of the previous fiscal year and those for the first three months of the fiscal year under review.

(Significant events after the reporting period)

None