

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Year Ended December 31, 2024

February 14, 2025

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

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Scheduled date of Annual General Meeting of Shareholders:

March 28, 2025

Scheduled date of commencement of dividend payment:

March 12, 2025

Scheduled date of filing of Annual Securities Report:

March 28, 2025

Supplementary documents for financial results:

None

Financial results briefing:

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, 2024 (January 1, 2024 – December 31, 2024)

(1) Consolidated Results of Operations

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	67,806	(13.2)	4,194	2.7	4,422	2.8	(874)	–
December 31, 2023	78,152	1.7	4,082	(22.5)	4,303	(21.3)	(5,472)	–

(Note) Comprehensive income:

(1,309) million yen (–%) for the year ended December 31, 2024

(6,050) million yen (–%) for the year ended December 31, 2023

	Profit per share	Profit per share (diluted)	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Year ended	Yen	Yen	%	%	%
December 31, 2024	(18.91)	–	(1.4)	5.0	6.2
December 31, 2023	(118.22)	–	(8.5)	4.4	5.2

(Reference) Equity in earnings (losses) of affiliates:

Year ended December 31, 2024:

– million yen

Year ended December 31, 2023:

– 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, 2024	86,993	59,541	68.4	1,286.99
As of December 31, 2023	89,885	62,060	69.0	1,343.98

(Reference) Shareholders' equity:

As of December 31, 2024:

59,523 million yen

As of December 31, 2023:

62,042 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
Year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2024	3,729	(2,423)	(2,413)	11,364
December 31, 2023	6,202	(1,769)	(8,567)	12,539

2. Dividends

	Dividend per share					Total dividend (annual)	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, 2023	–	12.50	–	12.50	25.00	1,159	–	1.8
December 31, 2024	–	15.00	–	20.00	35.00	1,628	–	2.7
Year ending December 31, 2025 (Forecasts)	–	20.00	–	21.00	41.00		60.8	

(Notes) 1. Revisions to dividend forecasts published most recently: Yes

2. The year-end dividend per share for the fiscal year ending December 31, 2024 has been changed from 15 yen to 20 yen (breakdown: ordinary dividend 15 yen, special dividend 5 yen). For details, please refer to the “Notice of Change in Shareholder Return Policy (Dividend Policy), Revision of Year-End Dividend Forecast for the Fiscal Year Ending December 31, 2024 (Dividend Increase) and Decision on Matters Related to Purchase of Treasury Shares” released today (February 14, 2025).

3. The year-end dividend per share for the year ended December 31, 2024 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.

4. Breakdown of dividend at the end of the second quarter of the fiscal year ending December 31, 2025 (forecast) Ordinary dividend: 15 yen
Special dividend: 5 yen

Breakdown of year-end dividends for the fiscal year ended December 31, 2025 (forecast): Ordinary dividend: 16 yen; Special dividend: 5 yen

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2025 (January 1, 2025 – December 31, 2025)

(Percents 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	34,600	8.8	1,950	10.1	2,000	3.4	1,350	0.8	29.19
Full year	72,500	6.9	4,700	12.0	4,800	8.5	3,120	–	67.46

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) 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

(3) Number of shares outstanding (common shares):

- (i) Number of shares outstanding at end of period (including treasury shares)
 - As of December 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 December 31, 2024: 3,040,747 shares
 - As of December 31, 2023: 3,127,693 shares
- (iii) Average number of shares outstanding during the period
 - Year ended December 31, 2024: 46,221,122 shares
 - Year ended December 31, 2023: 46,290,355 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 (270,127 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 (275,963 shares for the year ended December 31, 2024, and 193,124 shares for the year ended December 31, 2023).

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)

(1) Non-Consolidated Results of Operations (Percents represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended								
December 31, 2024	45,526	(3.7)	3,110	(16.6)	3,414	(18.3)	(1,625)	–
December 31, 2023	47,257	2.1	3,731	(3.9)	4,180	(10.7)	(978)	–

	Profit per share	Profit per share (diluted)
	Yen	Yen
Year ended		
December 31, 2024	(35.16)	–
December 31, 2023	(21.14)	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	76,077	52,396	68.9	1,132.90
As of December 31, 2023	79,699	54,855	68.8	1,188.30

(Reference) Shareholders' equity: As of December 31, 2024: 52,396 million yen
As of December 31, 2023: 54,855 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, 2024 to December 31, 2024)

During the consolidated fiscal year under review, the Japanese economy showed a gradual recovery trend as consumer spending and capital investment picked up against the backdrop of an improved employment and income environment due to sustained wage increases. On the other hand, the outlook remained uncertain due to risk factors that put downward pressure on the economy, such as continuous price hikes associated with the weak yen, soaring resource prices, global monetary tightening, and unstable international conditions.

In the Japanese construction industry, where the Okabe Group's core customers operate, public investment was firm, and the recovery of private investment showed a trend of recovery. However, 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 formulated OX-2026 (Okabe Transformation 2026), the medium-term management 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. With these three strategies as the cornerstones of our business strategy, we have been working toward the sustainable development of the company and the enhancement of its corporate value.

Operating results by business category of the Group are as follows.

The results of the Group's business activities are presented by business category, because this financial summary does not include any segment information.

[Construction-related products]

Looking at domestic net sales of construction-related products by product, net sales of temporary building and formwork products decreased due to sluggish sales of temporary construction materials, etc., reflecting a significant decrease in the floor area of reinforced concrete construction projects. However, net sales of temporary building and formwork products decreased only 3.2% from the previous fiscal year as a result of efforts to expand sales of products related to the "Formwork method with single pipe," a new construction method that contributes to weight reduction of materials and simplification of construction methods.

Despite strong demand related to disaster reconstruction and disaster prevention/mitigation, due to sluggish growth in net sales of products used in the prevention of landslides as a result of construction delays caused by a shortage of on-site workers. As a result, net sales of products used for landslide prevention decreased 7.2% from the previous fiscal year.

Building structural products decreased 1.2% from the previous fiscal year as a result of a decrease in the number of small and medium-sized properties and the postponement of plans for large-scale properties due to a shortage of construction workers, despite efforts to expand market share by strengthening the lineup of earthquake-resistant products, the mainstay of the segment.

Overseas net sales of construction-related products decreased 4.9% from the previous consolidated fiscal year as a result of sluggish sales of construction materials in the U.S. due to sales price adjustment pressure resulting from the decline in steel prices. As a result, sales in the construction-related products segment decreased 4.1% year on year, to 61,485 million yen, and operating profit fell 15.2% year on year, to 3,448 million yen.

[Other businesses]

In industrial machinery products, net sales decreased due to the reorganization of the products lineup, but the profit margin improved from the previous consolidated fiscal year as a result of efforts to expand sales of high value-added products.

In the marine business, net sales remained strong as shipments of large projects that had been postponed proceeded without delay. 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 consolidated fiscal year in the scope of consolidation. (See the (Note) to "(For reference) Net sales by business segments and product category (consolidated)" below.) Automotive products contributed to net sales in the same period of the previous fiscal year, and an operating loss was recorded for these products. The change in the scope of consolidation has thus reduced net sales and increased operating profit.

As a result, sales in the construction-related products segment decreased 54.9% year on year, to 6,321 million yen, and operating profit was 746 million yen from 16 million yen in the same period of the previous fiscal year.

Consequently, consolidated net sales for the fiscal year under review decreased 13.2% year on year, to 67,806 million yen, and consolidated operating profit increased 2.7% year on year, to 4,194 million yen. Consolidated ordinary profit increased 2.8% year on year, to 4,422 million yen. The Company recorded 5,918 million yen as extraordinary losses, including payment of a settlement and a loss on valuation of investment securities due to a basic agreement reached on a settlement related to a lawsuit in the U.S. As a result, loss attributable to owners of the parent amounted to 874 million yen (loss attributable to owners of the parent of 5,472 million yen in the previous consolidated fiscal year).

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

(Yen in millions, rounded down)

		Previous fiscal year (Jan. 1, 2023 – Dec. 31, 2023)		Fiscal year under review (Jan. 1, 2024 – Dec. 31, 2024)		Change (%)
		Amount	Proportion (%)	Amount	Proportion (%)	
Construction-related products business	Temporary building and formwork products	7,288	9.3	7,057	10.4	(3.2)
	Civil engineering products	7,428	9.5	6,892	10.2	(7.2)
	Building structural products	20,450	26.2	20,207	29.8	(1.2)
	Building materials	11,799	15.1	11,011	16.2	(6.7)
	Subtotal – Japan	46,967	60.1	45,167	66.6	(3.8)
	Building products and materials	17,160	22.0	16,318	24.1	(4.9)
	Subtotal – overseas	17,160	22.0	16,318	24.1	(4.9)
Subtotal – segment		64,128	82.1	61,485	90.7	(4.1)
Other businesses (Note)		14,024	17.9	6,321	9.3	(54.9)
Total		78,152	100.0	67,806	100.0	(13.2)

(Note) Other, net is a business that does not belong to our core business of construction-related products, and is engaged in manufacturing and sales of industrial machinery products, manufacturing and sales of marine material products, sales of bolts and nuts for automobiles, and leasing of tenants. Other, net is a business that does not belong to the Company's core business of construction-related products.

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.)

As a result, the scale of the business under Automotive products has been reduced to only sales operations of bolts and nuts for automobiles, and as a result, this business is no longer presented as a stand-alone segment but is included in the Other, net business from the first quarter of the fiscal year. In addition, the figures for the previous fiscal year have been reclassified to conform to the segment structure of the current fiscal year.

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

[Assets]

Current assets at the end of the fourth quarter of the fiscal year under review amounted to 48,824 million yen, a decrease of 2,412 million yen from the previous fiscal year-end, due mainly to a decrease in cash and deposits.

Non-current assets decreased 474 million yen from the previous fiscal year-end, to 38,148 million yen, primarily owing to a decrease in investment securities.

As a result, total assets decreased 2,891 million yen from the previous fiscal year-end, to 86,993 million yen.

[Liabilities]

Current liabilities at the end of the fiscal year amounted to 18,329 million yen, an increase of 152 million yen from the previous fiscal year-end, mainly due to an increase in accounts payable - other.

Non-current liabilities decreased by 524 million yen from the previous fiscal year-end, to 9,122 million yen, largely due to a decrease in long-term borrowings.

As a result, total liabilities decreased 372 million yen from the previous fiscal year-end to 27,452 million yen.

[Net assets]

Net assets decreased 2,519 million yen from the previous fiscal year-end to 59,541 million yen. The shareholders' equity ratio was 68.4%, down 0.6 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 11,364 million yen, a decrease of 1,175 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 3,729 million yen (compared with net cash provided by operating activities of 6,202 million yen in the previous fiscal year). This was mainly due to an increase in Inventories and a decrease in Accounts Payable.

[Cash flows from investing activities]

Net cash used by investing activities during the fiscal year was 2,423 million yen (compared with net cash used in financing activities of 1,769 million yen in the previous fiscal year). The major factor was an increase in purchase of property, plant and equipment.

[Cash flows from financing activities]

Net cash used in financing activities during the fiscal year was 2,413 million yen (compared with net cash used in financing activities of 8,567 million yen in the previous fiscal year). This was mainly due to a decrease in proceeds from short-term borrowings and an increase in repayments of short-term borrowings.

(4) Future Outlook

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, the business environment is still expected to remain challenging, as soaring labor costs and high steel prices continue to require close monitoring.

In this business environment, the Okabe Group has formulated a medium-term management plan, “OX-2026 (okabe Transformation 2026),” starting with the fiscal year ending December 31, 2024. The plan outlines three business strategies: “customer-centric” (development of systems and implementation of initiatives to solve customer issues with the highest priority), “human capital management” and strengthening of the management foundation, and “DX” (Digital Transformation).

In the fiscal year ending December 31, 2025, in Japan, we will further accelerate the implementation of our growth strategy in the fields of temporary formwork, structural materials and civil engineering by focusing on proposing products that contribute to solving social issues such as labor saving, disaster prevention and mitigation, and environmental measures. Overseas, we will focus on strengthening our operating base and governance in North America and Indonesia.

The Group aims to strengthen its earnings base and sustainably increase corporate value through strategic investments for growth, and to quickly achieve a P/B ratio of more than 1x by improving capital efficiency and strengthening shareholder returns.

Consolidated results for the fiscal year ending December 31, 2025 are projected as follows.

(Yen in millions, rounded down)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ended December 31, 2024 (Actual)	67,806	4,194	4,422	(874)
Fiscal year ending December 31, 2025 (Forecasts)	72,500	4,700	4,800	3,120
Change (%)	6.9%	12.0%	8.5%	—%

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

Although profit attributable to owners of parent was significantly lower than expected due mainly to the posting of the extraordinary loss, steady business growth is expected going forward as business performance is progressing as expected, excluding special factors such as the extraordinary loss. Therefore, with respect to the ordinary dividend, the Company plans to maintain the initial forecast (15 yen per share) for the fiscal year ended December 31, 2024. Although the year-end dividend for the fiscal year ended December 31, 2024 will be based on the existing dividend policy, the Company plans to pay a special dividend of 5 yen per share (increased dividend) as part of its efforts to improve capital efficiency and enhance profit distribution, in order to rapidly implement measures to raise ROE and quickly achieve a P/B ratio of over 1x through optimization of capital structure in conjunction with strengthening profitability.

As a result of the above, we plan to pay a year-end dividend of 20 yen per share for the current fiscal year. With the interim dividend of 15 yen per share that has already been paid, this will result in an annual dividend for the fiscal year under review of 35 yen per share.

As part of the Company's efforts to accelerate its corporate value enhancement strategy, the Company has renamed its shareholder return policy (dividend policy). Following this new policy, next fiscal year, the Company plans to pay a dividend of 41 yen per share, the sum of the interim and year-end dividends that will be 20 yen and 21 yen respectively, and the payout ratio will be 60.8%. The dividend on equity (DOE) ratio will be 3.2%.

In the next fiscal year and beyond, we will consider paying special dividends in a flexible manner in order to improve ROE and achieve a P/B ratio of over 1x as soon as possible.

[Reason for the change in the shareholder return policy]

In the medium-term management plan OX-2026 (okabe Transformation 2026) formulated in February 2024, the Company changed its dividend policy with the aim of raising the level of dividend on equity (DOE) over the medium to long term to increase the stability of the dividend amount, with an emphasis on the Company's sustainable growth and long-term benefits to shareholders. Subsequently, the Company took the opportunity of reaching a settlement agreement on the lawsuit in the U.S. to re-examine its management issues and reaffirmed that it is essential to improve ROE and achieve a P/B ratio of over 1x. In light of this, the Company has decided to recast its shareholder return policy (dividend policy) in order to further enhance corporate value by practicing management that is more conscious of cost of capital and return on capital, while working to strengthen profitability through growth investments. As a new shareholder return policy (dividend policy), the Company will raise the dividend payout ratio (from 30% to 40%) and set a specific target for the dividend on equity (DOE) ratio (3%). The Company will also implement special dividends and purchase of treasury shares as appropriate to optimize the capital structure while aiming for a stable increase in ordinary dividends over the medium to long term.

[Change in the shareholder return policy]

(Before change)

The Company considers shareholder returns to be a crucial aspect of management and acknowledges the significance of capital efficiency. In principle, it intends to distribute its profit based on its business performance while maintaining its financial soundness. In addition, based on its basic policy, it seeks to consistently increase dividends by achieving sustainable growth while also taking into consideration the dividend on equity (DOE) ratio, with an eye on maintaining a payout ratio of 30% or higher.

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, it intends to distribute its profit based on its business performance while maintaining its financial soundness. In addition, based on its basic policy, it seeks to consistently increase dividends over the medium to long term by achieving sustainable growth while also taking into consideration the dividend on equity (DOE) ratio, with an eye on maintaining a payout ratio of 30% or higher.

In principle, the Company aims for a dividend payout ratio of at least 40% and a dividend on equity (DOE) ratio of at least 3% for each fiscal year.

In addition, the Company will implement a special dividend and purchase of treasury shares based on a comprehensive judgment, taking into consideration the level of the stock price, the need to implement a flexible capital policy, and the impact on its financial position, in order to improve ROE and achieve a P/B ratio of over 1x by optimizing its capital structure in conjunction with strengthening earning power.

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.

[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.

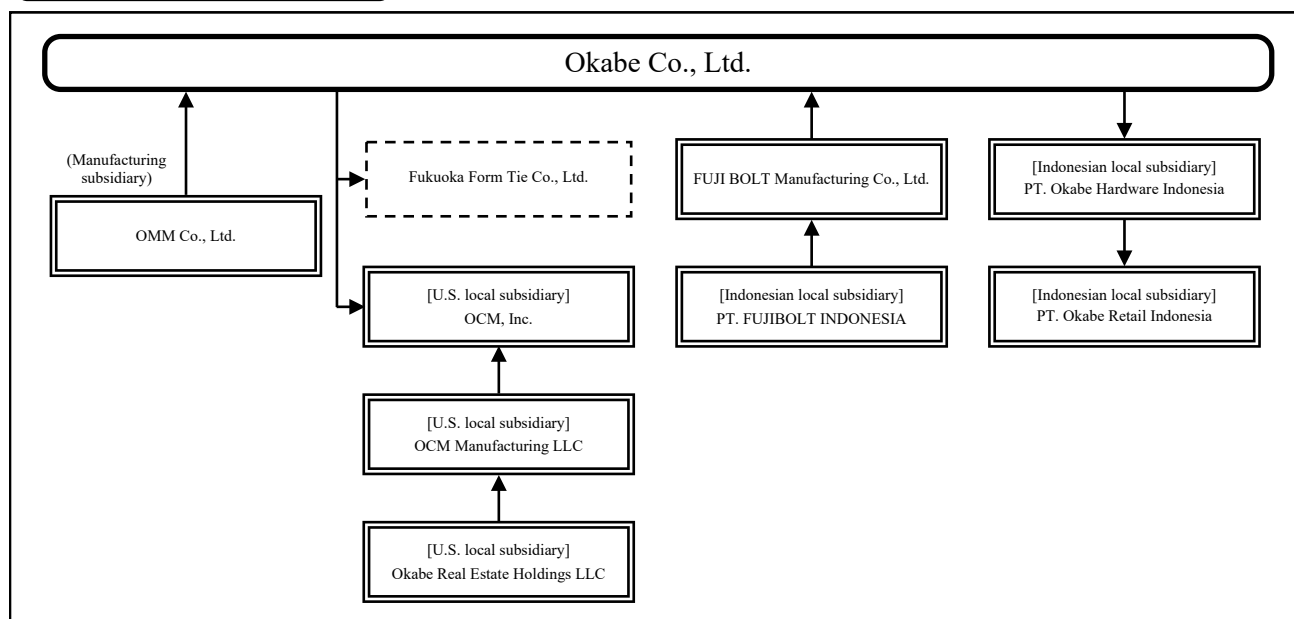
U.S subsidiary Okabe Co., Inc. is engaged mainly in the design and sale of automotive bolts and screw nuts in the U.S.

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.

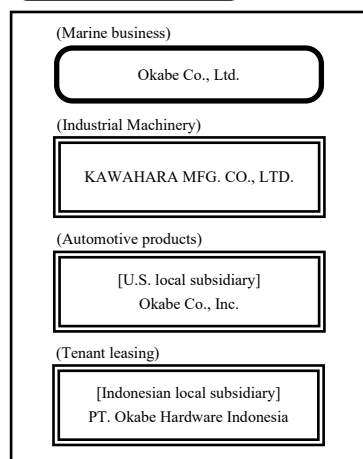
[Business Flow Diagram]

The following diagram summarizes the business operations listed above.

Construction-related products business



Other businesses



← Products (including real estate leasing) and OEM



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, 2023)	Fiscal year under review (As of December 31, 2024)
ASSETS		
Current assets		
Cash and deposits	12,683	11,477
Notes and accounts receivable - trade, and contract assets	14,824	13,850
Electronically recorded monetary claims - operating	6,766	6,826
Merchandise and finished goods	10,747	10,768
Work in process	1,512	1,837
Raw materials and supplies	3,521	3,100
Other	1,204	996
Allowance for doubtful accounts	(24)	(32)
Total current assets	51,236	48,824
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,955	20,733
Accumulated depreciation	(7,764)	(8,428)
Buildings and structures, net	12,191	12,305
Machinery, equipment and vehicles	11,781	11,910
Accumulated depreciation	(9,230)	(9,923)
Machinery, equipment and vehicles, net	2,551	1,987
Land	5,535	5,425
Leased assets	1,394	1,340
Accumulated depreciation	(709)	(696)
Leased assets, net	685	643
Construction in progress	564	1,752
Other	1,946	2,120
Accumulated depreciation	(1,537)	(1,675)
Other, net	408	444
Total property, plant and equipment	21,937	22,558
Intangible assets		
Goodwill	1,721	1,550
Other	308	378
Total intangible assets	2,029	1,929
Investments and other assets		
Investment securities	11,218	8,344
Deferred tax assets	1,529	3,299
Other	1,951	2,171
Allowance for doubtful accounts	(43)	(154)
Total investments and other assets	14,655	13,660
Total non-current assets	38,622	38,148
Deferred assets		
Bond issuance cost	25	20
Total deferred assets	25	20
Total assets	89,885	86,993

(Million yen)

	Previous fiscal year (As of December 31, 2023)	Fiscal year under review (As of December 31, 2024)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	4,169	3,781
Electronically recorded obligations - operating	9,448	6,579
Short-term borrowings	1,035	680
Accounts payable - other	1,545	4,388
Income taxes payable	519	674
Other	1,458	2,225
Total current liabilities	18,177	18,329
Non-current liabilities		
Bonds payable	1,750	1,750
Long-term borrowings	4,133	3,700
Deferred tax liabilities	145	149
Provision for share awards	163	185
Retirement benefit liability	2,058	2,020
Asset retirement obligations	55	55
Other	1,341	1,261
Total non-current liabilities	9,647	9,122
Total liabilities	27,824	27,452
Net assets		
Shareholders' equity		
Share capital	6,911	6,911
Capital surplus	5,990	5,994
Retained earnings	44,571	42,419
Treasury shares	(2,289)	(2,225)
Total shareholders' equity	55,184	53,100
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,652	3,042
Foreign currency translation adjustment	4,288	3,442
Remeasurements of defined benefit plans	(82)	(62)
Total accumulated other comprehensive income	6,857	6,422
Non-controlling interests	18	18
Total net assets	62,060	59,541
Total liabilities and net assets	89,885	86,993

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

(Million yen)

	Previous fiscal year (Jan. 1, 2023– Dec. 31, 2023)	Fiscal year under review (Jan. 1, 2024– Dec. 31, 2024)
Net sales	78,152	67,806
Cost of sales	56,875	46,646
Gross profit	21,277	21,160
Selling, general and administrative expenses	17,194	16,966
Operating profit	4,082	4,194
Non-operating income		
Interest income	64	46
Dividend income	233	222
Proceeds from sale of scrap	135	115
Other	137	104
Total non-operating income	571	488
Non-operating expenses		
Interest expenses	303	57
Provision of allowance for doubtful accounts	–	113
Loss on investments in investment partnerships	11	43
Other	35	46
Total non-operating expenses	350	260
Ordinary profit	4,303	4,422
Extraordinary income		
Gain on sale of non-current assets	41	37
Gain on sale of investment securities	3	30
Reversal of provision for loss on liquidation of subsidiaries and associates	8	–
Refund of tariffs for past fiscal years	–	167
Other	0	–
Total extraordinary income	54	235
Extraordinary losses		
Loss on liquidation of business	6,320	–
Loss on valuation of investment securities	–	3,332
Settlement payments	–	2,283
Other	3,987	302
Total extraordinary losses	10,307	5,918
Loss before income taxes	(5,950)	(1,260)
Income taxes - current	1,510	1,584
Income taxes - deferred	(1,987)	(1,971)
Total income taxes	(477)	(386)
Loss	(5,472)	(873)
Profit (loss) attributable to non-controlling interests	(0)	0
Loss attributable to owners of parent	(5,472)	(874)

(Consolidated statements of comprehensive income)

(Million yen)

	Previous fiscal year (Jan. 1, 2023– Dec. 31, 2023)	Fiscal year under review (Jan. 1, 2024– Dec. 31, 2024)
Loss	(5,472)	(873)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,209	390
Foreign currency translation adjustment	(1,806)	(845)
Remeasurements of defined benefit plans, net of tax	19	19
Total other comprehensive income	(577)	(435)
Comprehensive income	(6,050)	(1,309)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(6,050)	(1,309)
Comprehensive income attributable to non-controlling interests	0	0

(3) Consolidated Statements of Changes in Equity

Previous fiscal year (from January 1, 2023 to December 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,911	5,983	48,536	(1,774)	59,656
Changes during period					
Dividends of surplus			(1,143)		(1,143)
Loss attributable to owners of parent			(5,472)		(5,472)
Purchase of treasury shares				(659)	(659)
Disposal of treasury shares		7		144	151
Change in scope of consolidation			2,650		2,650
Net changes in items other than shareholders' equity					—
Total changes during period	—	7	(3,964)	(514)	(4,472)
Balance at end of period	6,911	5,990	44,571	(2,289)	55,184

	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
Changes during period						
Dividends of surplus				—		(1,143)
Loss attributable to owners of parent				—		(5,472)
Purchase of treasury shares				—		(659)
Disposal of treasury shares				—		151
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	(5,050)
Balance at end of period	2,652	4,288	(82)	6,857	18	62,060

Fiscal year under review (from January 1, 2024 to December 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,911	5,990	44,571	(2,289)	55,184
Changes during period					
Dividends of surplus			(1,278)		(1,278)
Loss attributable to owners of parent			(874)		(874)
Purchase of treasury shares					—
Disposal of treasury shares		4		64	68
Change in scope of consolidation					—
Net changes in items other than shareholders' equity					—
Total changes during period	—	4	(2,152)	64	(2,084)
Balance at end of period	6,911	5,994	42,419	(2,225)	53,100

	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	2,652	4,288	(82)	6,857	18	62,060
Changes during period						
Dividends of surplus				—		(1,278)
Loss attributable to owners of parent				—		(874)
Purchase of treasury shares				—		—
Disposal of treasury shares				—		68
Change in scope of consolidation				—		—
Net changes in items other than shareholders' equity	390	(845)	19	(435)	0	(434)
Total changes during period	390	(845)	19	(435)	0	(2,519)
Balance at end of period	3,042	3,442	(62)	6,422	18	59,541

(4) Consolidated Statement of Cash Flows

(Million yen)

	Previous fiscal year (Jan. 1, 2023 – Dec. 31, 2023)	Fiscal year under review (Jan. 1, 2024 – Dec. 31, 2024)
Cash flows from operating activities		
Loss before income taxes	(5,950)	(1,260)
Depreciation	2,449	1,961
Amortization of goodwill	375	170
Increase (decrease) in allowance for doubtful accounts	(0)	122
Increase (decrease) in retirement benefit liability	7	(8)
Interest and dividend income	(297)	(268)
Interest expenses	303	52
Loss on retirement of non-current assets	17	1
Loss (gain) on valuation of investment securities	–	3,332
Loss (gain) on investments in investment partnerships	(4)	43
Loss (gain) on sales of investment securities	–	(30)
Loss on money transfer fraud at overseas subsidiaries	–	77
Refund of tariffs for past fiscal years	–	(167)
Litigation expenses	–	172
Settlement payments	–	2,283
Loss on liquidation of business	6,320	–
Decrease (increase) in trade receivables	793	790
Decrease (increase) in other current assets	(523)	257
Decrease (increase) in inventories	2,285	(254)
Increase (decrease) in trade payables	(754)	(3,215)
Increase (decrease) in other current liabilities	61	1,232
Increase (decrease) in other non-current liabilities	10	(32)
Decrease (increase) in consumption taxes refund receivable	(33)	(24)
Increase (decrease) in accrued consumption taxes	(135)	8
Other, net	3,525	(45)
Subtotal	8,449	5,199
Income taxes paid	(2,455)	(1,374)
Income taxes refund	377	–
Payments for loss on money transfer fraud at overseas subsidiaries	–	(77)
Refund of tariffs for past fiscal years	–	167
Litigation and other related expenses paid	–	(165)
Settlement paid	–	(20)
Loss on liquidation of business	(168)	–
Net cash provided by (used in) operating activities	6,202	3,729
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,653)	(2,866)
Proceeds from sales of property, plant and equipment	116	316
Purchase of intangible assets	(129)	(146)
Purchase of investment securities	(102)	(101)
Proceeds from sale of investment securities	52	198
Payments into time deposits	(136)	(114)
Proceeds from withdrawal of time deposits	–	142
Purchase of insurance funds	(219)	(228)
Proceeds from maturity of insurance funds	–	121
Interest and dividends received	296	267
Other, net	6	(12)
Net cash provided by (used in) investing activities	(1,769)	(2,423)

(Million yen)

	Previous fiscal year (Jan. 1, 2023 – Dec. 31, 2023)	Fiscal year under review (Jan. 1, 2024 – Dec. 31, 2024)
Cash flows from financing activities		
Proceeds from short-term borrowings	142,886	5,697
Repayments of short-term borrowings	(147,802)	(6,008)
Repayments of long-term borrowings	(484)	(472)
Purchase of treasury shares	(437)	–
Redemption of bonds	(1,000)	–
Dividends paid	(1,141)	(1,277)
Interest paid	(306)	(52)
Repayments of lease obligations	(283)	(300)
Net cash provided by (used in) financing activities	(8,567)	(2,413)
Effect of exchange rate change on cash and cash equivalents	177	(68)
Net increase (decrease) in cash and cash equivalents	(3,956)	(1,175)
Cash and cash equivalents at beginning of period	18,156	12,539
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,660)	–
Cash and cash equivalents at end of period	12,539	11,364

(5) Notes for Consolidated Financial Statements

(Note to going concern assumptions)

Not applicable

(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.

(1) 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.

(2) 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 237 million yen at the end of the previous consolidated fiscal year and 227 million yen at the end of the consolidated fiscal year under review. The number of treasury shares outstanding was 282,563 shares at the end of the previous consolidated fiscal year and 270,127 shares at the end of the consolidated fiscal year under review.

(Note to segment information)

[Segment information]

1. Description of reporting segments

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

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

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

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

Previous fiscal year (from January 1, 2023 to December 31, 2023)

As stated in the current consolidated fiscal year (Matters related to changes in reportable segments, etc.)

Fiscal year under review (from January 1, 2024 to December 31, 2024)

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

(Changes in reportable segments)

In 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 previous fiscal year and those for the fiscal year under review.

[Related information]

Previous fiscal year (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.

The North America segment includes 23,091 million yen in the United States.

(2) Property, plant and equipment

(Million yen)

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

(Note) North America segment is wholly owned by the U.S.

The Southeast Asia segment is entirely Indonesia.

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, 2024 to December 31, 2024)

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
48,903	18,358	545	67,806

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

The North America segment includes 18,285 million yen in the United States.

(2) Property, plant and equipment

(Million yen)

Japan	North America	Southeast Asia	Total
12,689	7,533	2,336	22,558

(Note) North America segment is wholly owned by the U.S.

The Southeast Asia segment is entirely Indonesia.

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]

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

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

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

[Information on gain on bargain purchase by reportable segment]

Not applicable

(Per-share information)

(Yen)

	Previous fiscal year (Jan. 1, 2023 – Dec. 31, 2023)	Fiscal year under review (Jan. 1, 2024 – Dec. 31, 2024)
Net assets per share	1,343.98	1,286.99
Profit per share	(118.22)	(18.91)

- (Notes)
1. 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 assets per share (282,563 shares for the previous consolidated fiscal year; 270,127 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 loss per share (193,124 shares for the previous consolidated fiscal year; 275,963 shares for the consolidated fiscal year under review).
 4. The basis for calculation of loss per share is as stated below.

Item	Previous fiscal year (Jan. 1, 2023 – Dec. 31, 2023)	Fiscal year under review (Jan. 1, 2024 – Dec. 31, 2024)
Profit per share		
Loss attributable to owners of parent (million yen)	(5,472)	(874)
Amount not attributable to common shareholders (million yen)	–	–
Loss attributable to owners of parent pertaining to common stock (million yen)	(5,472)	(874)
Average number of shares of common stock outstanding during the period (shares)	46,290,355	46,221,122

(Significant events after the reporting period)

Not applicable