

## Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Year Ended December 31, 2020

February 12, 2021

Company name: Okabe Co., Ltd. Stock exchange listing: First Section of the Tokyo Stock Exchange  
 Stock code: 5959 URL: <https://www.okabe.co.jp/>  
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Scheduled date of Annual General Meeting of Shareholders: March 26, 2021  
 Scheduled date of commencement of dividend payment: March 29, 2021  
 Scheduled date of filing of Annual Securities Report: March 26, 2021  
 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, 2020 (January 1, 2020 – December 31, 2020)

## (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, 2020	63,127	(3.5)	4,496	(15.1)	4,702	(16.3)	2,685	(19.6)
December 31, 2019	65,409	1.0	5,294	(1.0)	5,619	0.3	3,342	6.8

(Note) Comprehensive income: 2,469 million yen (-15.9%) for the year ended December 31, 2020  
 2,937 million yen (98.7%) for the year ended December 31, 2019

	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, 2020	54.90	–	4.6	5.3	7.1
December 31, 2019	67.07	–	5.9	6.4	8.1

(Reference) Equity in earnings (losses) of affiliates: Year ended December 31, 2020: – million yen  
 Year ended December 31, 2019: – 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, 2020	89,650	58,363	65.1	1,202.49
As of December 31, 2019	88,652	57,869	65.3	1,161.31

(Reference) Shareholders' equity: As of December 31, 2020: 58,363 million yen  
 As of December 31, 2019: 57,869 million yen

## (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended				
December 31, 2020	4,881	(1,742)	(1,979)	21,982
December 31, 2019	3,963	(5,093)	(1,924)	20,604

## 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, 2019	–	14.00	–	14.00	28.00	1,397	41.7	2.4
December 31, 2020	–	7.00	–	10.00	17.00	829	31.0	1.4
Year ending December 31, 2021 (forecasts)	–	10.00	–	10.00	20.00		31.8	

(Note) Revisions to dividend forecasts published most recently: Yes

## 3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2021 (January 1, 2021 – December 31, 2021)

(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	31,100	(0.1)	2,000	3.3	2,050	0.6	1,010	7.9	20.81
Full year	65,000	3.0	4,900	9.0	5,000	6.3	3,050	13.6	62.84

\* Notes

(1) Changes in important subsidiaries during the period  
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): 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, 2020: 53,790,632 shares  
As of December 31, 2019: 53,790,632 shares  
(ii) Number of treasury shares at end of period  
As of December 31, 2020: 5,255,622 shares  
As of December 31, 2019: 3,958,938 shares  
(iii) Average number of shares outstanding during the period  
Fiscal year ended December 31, 2020: 48,923,967 shares  
Fiscal year ended December 31, 2019: 49,830,597 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 (196,292 shares as of December 31, 2020, and 93,908 shares as of December 31, 2019). 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 (173,235 shares for the year ended December 31, 2020, and 95,005 shares for the year ended December 31, 2019).

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 (January 1, 2020 – December 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended								
December 31, 2020	45,823	(4.0)	4,115	(6.2)	4,545	(6.0)	3,158	(1.2)
December 31, 2019	47,709	(0.2)	4,388	2.0	4,836	3.6	3,196	(10.6)

	Profit per share (basic)		Profit per share (diluted)	
	Yen		Yen	
Year ended				
December 31, 2020	64.56		–	
December 31, 2019	64.15		–	

(2) Non-Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of December 31, 2020	79,353		53,209		67.1		1,096.31	
As of December 31, 2019	78,835		52,122		66.1		1,045.98	

(Reference) Shareholders' equity:  
As of December 31, 2020: 53,209 million yen  
As of December 31, 2019: 52,122 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.

○ Index for Supplementary Information

1. Overview of Results of Operations, Etc. ....	2
(1) Overview of Results of Operations for the Fiscal Year under Review (January 1, 2020 to December 31, 2020) .....	2
(2) Overview of Financial Position for the Fiscal Year under Review .....	3
(3) Overview of Cash Flows for the Fiscal Year under Review .....	4
(4) Future Outlook .....	4
(5) Basic Policy for Dividends and Dividends for the Fiscal Year under Review and the Next Fiscal Year .....	4
2. Corporate Group .....	6
3. Basic Approach to Selection of Accounting Standards .....	8
4. Consolidated Financial Statements and Key Notes .....	9
(1) Consolidated Balance Sheets .....	9
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	11
Consolidated statements of income .....	11
Consolidated statements of comprehensive income .....	12
(3) Consolidated Statements of Changes in Equity .....	13
(4) Consolidated Statements of Cash Flows .....	15
(5) Notes to Consolidated Financial Statements .....	17
Note to going concern assumptions .....	17
Additional information .....	17
Information related to the consolidated balance sheets .....	18
Information related to the consolidated statements of income .....	19
Segment information .....	20
Per-share information .....	24
Significant events after the reporting period .....	24

## 1. Overview of Results of Operations, Etc.

### (1) Overview of Results of Operations for the Fiscal Year under Review (January 1, 2020 to December 31, 2020)

In the fiscal year under review, the environment faced by the Japanese economy was challenging, and there were significant constraints such as declining capital investment associated with the COVID-19 pandemic.

The Japanese construction industry, which includes the core customers for the Okabe Group, faced a difficult environment, including a significant decrease in the floor area of construction from the level in the previous fiscal year due to the impact of COVID-19, although public investment remained solid.

In this business environment, based on its management policy of ensuring the health and safety of its employees and their families, the Okabe Group has established a “new normal business operation system” that is capable of flexibly responding to infections or emergency situations after a disaster. The Group strove to maintain its supply chain and continued to supply products to fulfill its responsibility to customers.

Results of operations by business segment are as follows:

#### [Construction-related products]

A breakdown of sales for construction-related products shows that sales of temporary building and formwork products decreased 5.4% year on year as a result of weak sales of main products mainly due to a fall in the floor area of the construction that commenced during the fiscal year under review.

Sales of civil engineering products increased 15.5% year on year as a result of steady sales of products used for the prevention of landslide disasters mainly due to the emphasis on disaster prevention, disaster mitigation and national resilience policies.

Sales of building structural products decreased 6.8% year on year as a result of weak sales of Base Pack chiefly due to a significant fall in the floor area of steel frame construction.

Sales of building materials in Japan fell 4.9% year on year as a result of weak sales due to a decrease in the floor area of construction that commenced during the fiscal year under review.

Sales of building materials overseas rose 1.9% year on year as a result of firm sales primarily because the impact of COVID-19 on construction demand was limited in the United States.

As a result, sales in the construction-related products segment decreased 2.4% year on year, to 52,384 million yen, and operating profit fell 9.3% year on year, to 4,537 million yen.

#### [Automotive products]

Sales of automotive battery terminal products remained weak due to a significant fall in automobile production because of the spread of COVID-19. As a result, net sales decreased 16.3% year on year, to 7,374 million yen, and an operating loss was 193 million yen (compared with operating profit of 133 million yen in the previous fiscal year) as a result of a rise in costs to address environmental issues.

#### [Other businesses]

Net sales came to 3,368 million yen, up 15.3% year on year, due to the delivery of large projects using floating reef products in the marine business. Operating profit was 152 million yen, down 1.9% year on year, as a result of the generation of an operating loss due to weak sales of fishing sinkers.

For KAWAHARA MFG. CO., LTD., which became a subsidiary after the Company acquired all of its shares on January 31, 2019, results for the nine months from April 1, 2019 to December 31, 2019 were posted for the fiscal year ended December 31, 2019, while results for 12 months from January 1, 2020 to December 31, 2020 were recorded for the fiscal year ended December 31, 2020.

Consequently, consolidated net sales for the fiscal year under review decreased 3.5% year on year, to 63,127 million yen, and consolidated operating profit dropped 15.1% year on year, to 4,496 million yen. Consolidated ordinary profit fell 16.3% year on year, to 4,702 million yen, and profit attributable to owners of parent shrank 19.6% year on year, to 2,685 million yen.

(For reference)

Net sales by business segments and product category (consolidated)

(Yen in millions, rounded down)

		Previous fiscal year (Jan. 1, 2019 – Dec. 31, 2019)		Fiscal year under review (Jan. 1, 2020 – Dec. 31, 2020)		Change (%)
		Amount	Proportion (%)	Amount	Proportion (%)	
Construction-related products	Temporary building and formwork products	7,072	10.8	6,690	10.6	(5.4)
	Civil engineering products	6,517	9.9	7,526	11.9	15.5
	Building structural products	21,046	32.2	19,613	31.1	(6.8)
	Building materials (Japan)	12,412	19.0	11,799	18.7	(4.9)
	Subtotal – Japan	47,049	71.9	45,629	72.3	(3.0)
	Building materials (Overseas)	6,628	10.1	6,755	10.7	1.9
	Subtotal – overseas	6,628	10.1	6,755	10.7	1.9
	Subtotal – segment	53,678	82.0	52,384	83.0	(2.4)
Automotive products		8,809	13.5	7,374	11.7	(16.3)
Other businesses (Note 2)		2,922	4.5	3,368	5.3	15.3
Total		65,409	100.0	63,127	100.0	(3.5)

(Notes) 1. For information about the main operations of each business segment, please refer to “Segment information” on page 20.

2. Other businesses include those for diversification that do not form part of the Company’s core businesses, i.e. construction related products and automotive products. This segment includes, among others, the manufacture and sale of marine materials and the manufacture and sale of fishing sinkers in the U.S.

In addition, the results of KAWAHARA MFG. CO., LTD., which manufactures and sells industrial machine products, have been posted since April 1, 2019.

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

[Assets]

Current assets at the end of the fiscal year amounted to 55,728 million yen, an increase of 2,322 million yen from the previous fiscal year-end, due mainly to an increase in cash and deposits.

Non-current assets decreased by 1,320 million yen from the previous fiscal year-end, to 33,913 million yen, largely due to a decrease in long-term loans receivable.

As a result, total assets increased 998 million yen from the previous fiscal year-end to 89,650 million yen.

[Liabilities]

Current liabilities decreased by 4,628 million yen from the previous fiscal year-end, to 19,090 million yen due to a decrease in short-term borrowings.

Non-current liabilities increased by 5,133 million yen from the previous fiscal year-end, to 12,196 million yen owing to an increase in long-term borrowings.

As a result, total liabilities increased 505 million yen from the previous fiscal year-end to 31,287 million yen.

[Net assets]

Net assets increased 493 million yen from the previous fiscal year-end to 58,363 million yen. The shareholders’ equity ratio was 65.1%, down 0.2 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 21,982 million yen, an increase of 1,377 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 4,881 million yen (compared with net cash provided by operating activities of 3,963 million yen in the previous fiscal year). The major factor was an increase in other current liabilities and an increase of other in current liabilities.

(Cash flows from investing activities)

Net cash provided by investing activities during the fiscal year was 1,742 million yen (compared with net cash used in financing activities of 5,093 million yen in the previous fiscal year). The major factor was a decrease in purchase of shares of subsidiaries resulting in change in scope of consolidation.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year was 1,979 million yen (compared with net cash used in financing activities of 1,924 million yen in the previous fiscal year). The major factor was an increase in purchase of treasury shares.

### (4) Future Outlook

It is feared that the Japanese economy will suffer due to a fall in consumer spending, decreases in capital investment, housing construction and corporate earnings and the deterioration of employment conditions without the containment of COVID-19.

In the construction industry, which includes the core customers of the Okabe Group, public investment is expected to remain firm. However, delays in some constructions or cancellations due to the COVID-19 pandemic have been seen, and there has been a concern that these may impact the Group's business performance.

In the automotive products segment, the COVID-19 pandemic has not been contained in the United States and Europe, and automotive demand is expected to decline due to a fall in consumer spending, and this may impact the Group's business performance.

Foreseeing this changing external environment, with the goal of achieving sustainable growth together with society, the Group will seek to become a resilient company able to respond to changes in the external environment through steps such as SDG-based management, the review of workstyles and globalization (the acceleration of local production and local sales) as established in the Group's medium-term management plan, NEXT100-PHASE2, which announced in February 2020.

In the fiscal year ending December 31, 2021, the Group will work to expand sales of high value-added products that contribute to the reduction of labor and shorter working hours in the area of building structural products that support the load-bearing capacity of buildings and the area of civil engineering products involved in the construction of infrastructure, such as slope protection. The Group will also work to secure profit by improving productivity and reducing SG&A expenses.

The Company will execute capital investment plans and the like based on a more cautious examination from the perspective of maintaining its cash position to prepare for sudden changes in conditions due to causes including the COVID-19 pandemic.

Recognizing this, the Company has made the following consolidated results forecasts for the fiscal year ending December 31, 2021.

(Yen in millions, rounded down)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ended December 31, 2020 (Actual)	63,127	4,496	4,702	2,685
Fiscal year ending December 31, 2021 (Estimate)	65,000	4,900	5,000	3,050
Change (%)	3.0%	9.0%	6.3%	13.6%

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

The Group's basic policy is to maintain stable dividends 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 Group'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.

On July 30, 2020 the Company announced its forecast of the year-end dividend for the fiscal year under review of 7 yen per

share, set from the perspective of maintaining its cash position for the time being in preparation for sudden changes in the situation due to the COVID-19 pandemic. In accordance with this basic policy, the Company now plans to pay a 10 yen per share year-end dividend for the fiscal year under review after closely examining its results forecasts for the fiscal year ending December 31, 2021 and after and given that the financial results for the fiscal year ended December 31, 2020 were better than expected. With the interim dividend of 7 yen per share that has already been paid, this will result in an annual dividend for the fiscal year under review of 17 yen per share, and a payout ratio of 31.0%.

For the next fiscal year, the Company plans to pay a dividend of 20 yen per share, the sum of interim and year-end dividends that will be 10 yen each, and the payout ratio will be 31.8%.

Dividends at the end of the fiscal year ended December 31, 2020

	Revisions this time	Immediately preceding dividend forecast (announced on July 30, 2020)	Actual results for the previous year (End of the fiscal year ended December 31, 2019)
Record date	(As of December 31, 2020)	Same as left	(As of December 31, 2019)
Dividend per share	10 yen	7 yen	14 yen
Total dividend	487 million yen	—	698 million yen
Effective date	March 29, 2021	—	March 30, 2020
Source of funds for distribution	Retained earnings	—	Retained earnings

## 2. Corporate Group

The Okabe Group (Okabe Co., Ltd. and its associated companies) consists of Okabe Co., Ltd. (“the Company”), 12 subsidiaries (9 of which are consolidated) and 3 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. In addition, the Company sells products in China by using its sales subsidiary Okabe China Co., Ltd.

#### (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 subsidiary of FUJI BOLT Manufacturing Co., Ltd. in Indonesia, is engaged in the development, manufacture and marketing of building structural products, and FUJI BOLT Manufacturing Co., Ltd. purchases, processes and sells products from PT Fujibolt Indonesia.

The Company conducted an absorption-type merger on January 1, 2021, with FUJI KIZAI Co., Ltd., which executes seismic reinforcement work, etc.

#### (Building materials)

The Company uses its sales network to sell building materials that are purchased from other companies. In addition, U.S. subsidiary 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 in the U.S.

### [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. Another U.S. subsidiary, Water Gremlin Co., develops, manufactures, and sells automotive battery parts in the U.S. market. Italian subsidiary Water Gremlin Aquila Co. S.p.A. develops, manufactures, and sells automotive battery parts in Europe.

Okabe Holding USA, Inc. is a holding company that owns all the shares of Water Gremlin Co. and Water Gremlin Aquila Co. S.p.A.

### [Other businesses]

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

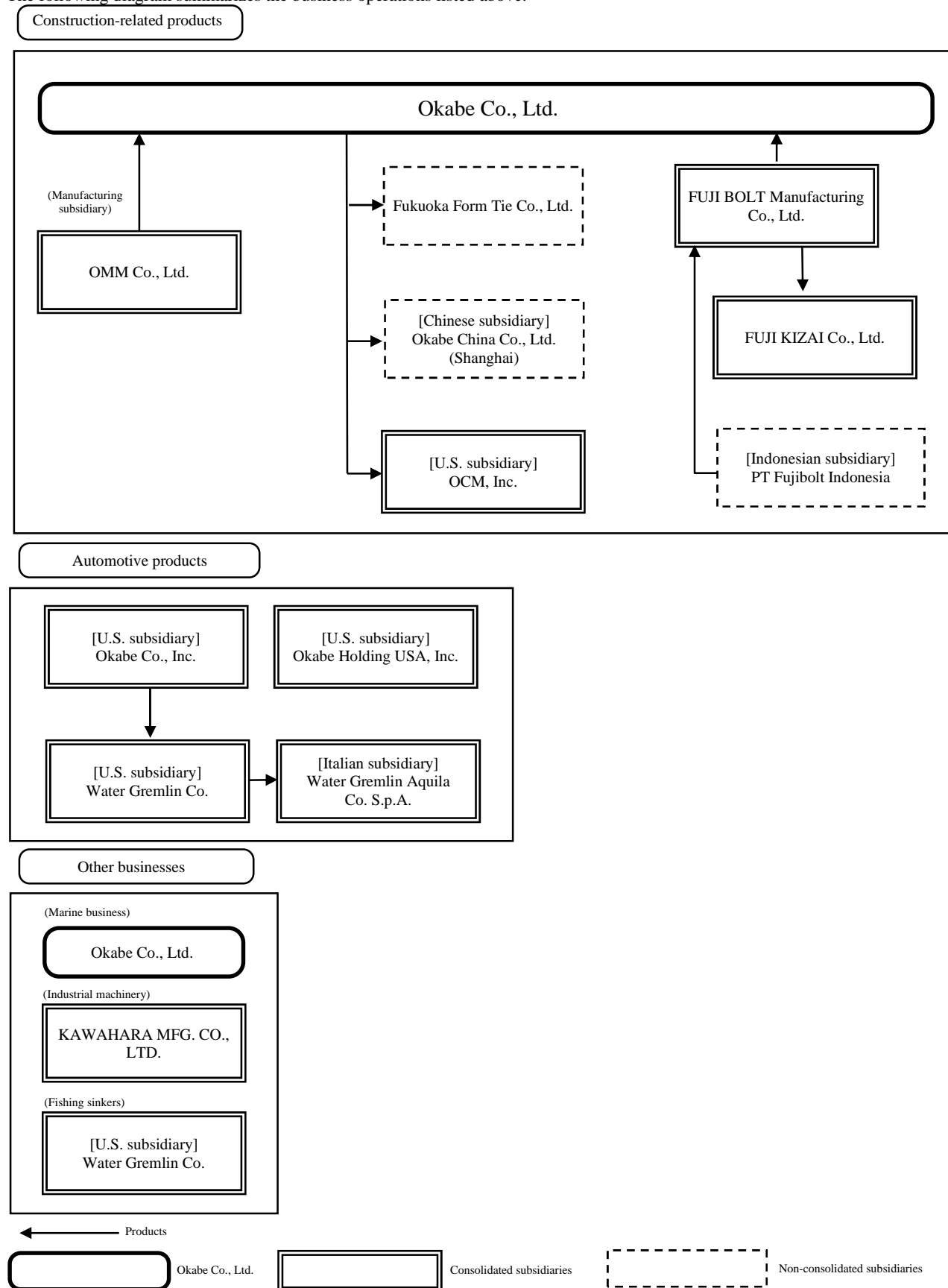
The Company’s marine business involves the development, manufacture and sale of marine materials.

Water Gremlin Co., which is engaged mainly in the manufacture and sale of automotive products, also manufactures and sells fishing sinkers, which are non-automotive products.



[Business Flow Diagram]

The following diagram summarizes the business operations listed above.



(Notes) 1. The Company conducted an absorption-type merger on January 1, 2021, with FUJI KIZAI Co., Ltd., which executes seismic reinforcement work, etc.

2. PT Fujibolt Indonesia was included in the scope of consolidation on January 1, 2021.

### 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, 2019)	Fiscal year under review (As of December 31, 2020)
<b>ASSETS</b>		
Current assets		
Cash and deposits	20,664	21,982
Notes and accounts receivable - trade	21,686	20,868
Merchandise and finished goods	7,427	7,492
Work in process	1,500	1,318
Raw materials and supplies	1,697	1,877
Other	452	2,211
Allowance for doubtful accounts	(23)	(23)
Total current assets	53,406	55,728
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,885	17,830
Accumulated depreciation	(6,173)	(6,663)
Buildings and structures, net	10,711	11,167
Machinery, equipment and vehicles	14,518	15,762
Accumulated depreciation	(10,578)	(11,383)
Machinery, equipment and vehicles, net	3,940	4,378
Land	4,239	4,270
Leased assets	1,127	1,135
Accumulated depreciation	(425)	(519)
Leased assets, net	702	615
Construction in progress	1,837	770
Other	1,732	1,912
Accumulated depreciation	(1,395)	(1,526)
Other, net	337	385
Total property, plant and equipment	21,768	21,588
Intangible assets		
Goodwill	2,560	2,549
Leased assets	0	-
Other	259	374
Total intangible assets	2,820	2,924
Investments and other assets		
Investment securities	7,262	7,508
Long-term loans receivable	1,198	110
Deferred tax assets	386	90
Other	1,896	1,785
Allowance for doubtful accounts	(98)	(94)
Total investments and other assets	10,645	9,400
Total non-current assets	35,234	33,913
Deferred assets		
Bond issuance costs	11	8
Total deferred assets	11	8
Total assets	88,652	89,650

(Million yen)

	Previous fiscal year (As of December 31, 2019)	Fiscal year under review (As of December 31, 2020)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	4,691	4,341
Electronically recorded obligations - operating	8,591	8,280
Short-term borrowings	7,419	3,126
Lease obligations	185	177
Income taxes payable	651	931
Other	2,178	2,233
Total current liabilities	23,718	19,090
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	2,400	7,193
Lease obligations	530	461
Deferred tax liabilities	276	526
Provision for share-based remuneration	77	102
Retirement benefit liability	1,874	2,012
Asset retirement obligations	41	41
Other	862	858
Total non-current liabilities	7,063	12,196
Total liabilities	30,782	31,287
<b>NET ASSETS</b>		
Shareholders' equity		
Share capital	6,911	6,911
Capital surplus	6,062	6,083
Retained earnings	45,502	47,175
Treasury shares	(2,712)	(3,697)
Total shareholders' equity	55,763	56,473
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,024	1,941
Foreign currency translation adjustment	97	(20)
Remeasurements of defined benefit plans	(15)	(31)
Total accumulated other comprehensive income	2,106	1,889
Total net assets	57,869	58,363
Total liabilities and net assets	88,652	89,650

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

(Million yen)

	Previous fiscal year (Jan. 1, 2019 – Dec. 31, 2019)	Fiscal year under review (Jan. 1, 2020 – Dec. 31, 2020)
Net sales	65,409	63,127
Cost of sales	46,912	45,509
Gross profit	18,496	17,618
Selling, general and administrative expenses	13,202	13,121
Operating profit	5,294	4,496
Non-operating income		
Interest income	31	16
Dividend income	163	151
Proceeds from sale of scrap	63	43
Surrender value of insurance policies	–	63
Reversal of provision for loss on litigation	135	–
Other	82	99
Total non-operating income	476	374
Non-operating expenses		
Interest expenses	65	122
Foreign exchange losses	20	–
Other	65	45
Total non-operating expenses	151	167
Ordinary profit	5,619	4,702
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	132	0
Total extraordinary income	132	0
Extraordinary losses		
Loss on valuation of investment securities	0	139
Loss on sales of investment securities	65	–
Loss on factory closure	60	–
Environmental expenses	351	810
Other	127	177
Total extraordinary losses	605	1,127
Profit before income taxes	5,147	3,576
Income taxes - current	1,839	319
Income taxes - deferred	(34)	570
Total income taxes	1,805	890
Profit	3,342	2,685
Profit attributable to owners of parent	3,342	2,685

(Consolidated statements of comprehensive income)

(Million yen)

	Previous fiscal year (Jan. 1, 2019 – Dec. 31, 2019)	Fiscal year under review (Jan. 1, 2020 – Dec. 31, 2020)
Profit	3,342	2,685
Other comprehensive income		
Valuation difference on available-for-sale securities	307	(82)
Foreign currency translation adjustment	(719)	(117)
Remeasurements of defined benefit plans, net of tax	7	(16)
Total other comprehensive income	(404)	(216)
Comprehensive income	2,937	2,469
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,937	2,469

## (3) Consolidated Statements of Changes in Equity

Previous fiscal year (from January 1, 2019 to December 31, 2019)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,911	6,062	43,563	(2,715)	53,822
Changes in items during period					
Dividends of surplus			(1,347)		(1,347)
Profit attributable to owners of parent			3,342		3,342
Purchase of treasury shares					–
Disposal of treasury shares				2	2
Change in scope of consolidation			(55)		(55)
Change in scope of consolidation - foreign currency translation adjustment					–
Net changes in items other than shareholders' equity					–
Total changes in items during period	–	–	1,938	2	1,940
Balance at end of period	6,911	6,062	45,502	(2,712)	55,763

	Accumulated other comprehensive income				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	1,716	816	(22)	2,510	56,333
Changes in items during period					
Dividends of surplus				–	(1,347)
Profit attributable to owners of parent				–	3,342
Purchase of treasury shares				–	–
Disposal of treasury shares				–	2
Change in scope of consolidation				–	(55)
Change in scope of consolidation - foreign currency translation adjustment		55		55	55
Net changes in items other than shareholders' equity	307	(775)	7	(460)	(460)
Total changes in items during period	307	(719)	7	(404)	1,536
Balance at end of period	2,024	97	(15)	2,106	57,869

Fiscal year under review (from January 1, 2020 to December 31, 2020)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,911	6,062	45,502	(2,712)	55,763
Changes in items during period					
Dividends of surplus			(1,040)		(1,040)
Profit attributable to owners of parent			2,685		2,685
Purchase of treasury shares				(1,059)	(1,059)
Disposal of treasury shares		21		75	96
Change in scope of consolidation			27		27
Change in scope of consolidation - foreign currency translation adjustment					-
Net changes in items other than shareholders' equity					-
Total changes in items during period	-	21	1,672	(984)	709
Balance at end of period	6,911	6,083	47,175	(3,697)	56,473

	Accumulated other comprehensive income				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	2,024	97	(15)	2,106	57,869
Changes in items during period					
Dividends of surplus				-	(1,040)
Profit attributable to owners of parent				-	2,685
Purchase of treasury shares				-	(1,059)
Disposal of treasury shares				-	96
Change in scope of consolidation	(8)			(8)	19
Change in scope of consolidation - foreign currency translation adjustment				-	-
Net changes in items other than shareholders' equity	(74)	(117)	(16)	(208)	(208)
Total changes in items during period	(82)	(117)	(16)	(216)	493
Balance at end of period	1,941	(20)	(31)	1,889	58,363



## (4) Consolidated Statement of Cash Flows

(Million yen)

	Previous fiscal year (Jan. 1, 2019 – Dec. 31, 2019)	Fiscal year under review (Jan. 1, 2020 – Dec. 31, 2020)
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,147	3,576
Depreciation	1,693	1,772
Amortization of goodwill	206	240
Increase (decrease) in allowance for doubtful accounts	(2)	(11)
Increase (decrease) in retirement benefit liability	61	62
Interest and dividend income	(194)	(167)
Interest expenses	65	122
Loss on retirement of non-current assets	67	58
Loss (gain) on valuation of investment securities	0	139
Loss on factory closure	60	–
Environmental expenses	351	810
Decrease (increase) in trade receivables	1,448	1,555
Decrease (increase) in other current assets	218	(697)
Decrease (increase) in inventories	(895)	104
Increase (decrease) in trade payables	(856)	(791)
Increase (decrease) in other current liabilities	(972)	178
Increase (decrease) in other non-current liabilities	(7)	16
Increase (decrease) in accrued consumption taxes	152	(135)
Other	7	(63)
<b>Subtotal</b>	<b>6,551</b>	<b>6,770</b>
Income taxes paid	(2,175)	(1,078)
Environmental expenses paid	(351)	(810)
Loss on factory closure paid	(60)	–
<b>Net cash provided by (used in) operating activities</b>	<b>3,963</b>	<b>4,881</b>
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	–	60
Purchase of property, plant and equipment	(1,787)	(1,671)
Purchase of intangible assets	(143)	(204)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,821)	–
Purchase of insurance funds	(157)	(131)
Proceeds from maturity of insurance funds	–	64
Loan advances	(1,259)	(19)
Collection of loans receivable	986	20
Interest and dividends received	192	172
Other	(103)	(33)
<b>Net cash provided by (used in) investing activities</b>	<b>(5,093)</b>	<b>(1,742)</b>

(Million yen)

	Previous fiscal year (Jan. 1, 2019 – Dec. 31, 2019)	Fiscal year under review (Jan. 1, 2020 – Dec. 31, 2020)
Cash flows from financing activities		
Proceeds from short-term borrowings	5,342	6,676
Repayments of short-term borrowings	(4,710)	(5,260)
Proceeds from long-term borrowings	850	6,100
Repayments of long-term borrowings	(1,785)	(7,174)
Purchase of treasury shares	–	(1,059)
Dividends paid	(1,347)	(1,041)
Interest paid	(65)	(110)
Repayments of lease obligations	(208)	(203)
Other	0	93
Net cash provided by (used in) financing activities	(1,924)	(1,979)
Effect of exchange rate change on cash and cash equivalents	(104)	54
Net increase (decrease) in cash and cash equivalents	(3,158)	1,213
Cash and cash equivalents at beginning of period	23,762	20,604
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	164
Cash and cash equivalents at end of period	20,604	21,982

(5) Notes for Consolidated Financial Statements

(Notes for ongoing concern assumptions)

None

(Additional information)

(Accounting estimates)

The impact of COVID-19 is unclear but may be significant for the Okabe Group's consolidated financial statements in and after the following fiscal year. However, the Group identified no material influence from COVID-19 in its accounting estimates.

(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 86 million yen at the end of the previous consolidated fiscal year and 176 million yen at the end of the consolidated fiscal year under review. The number of treasury shares outstanding was 93,908 shares at the end of the previous consolidated fiscal year and 196,292 shares at the end of the consolidated fiscal year under review.

(Information related to the consolidated balance sheets)

\*1 Assets provided as security (Million yen)

	Previous fiscal year (As of December 31, 2019)	Fiscal year under review (As of December 31, 2020)
Buildings and structures	1,636	2,071
Land	188	188
Total	1,825	2,260

Obligations corresponding to the properties described above (Million yen)

	Previous fiscal year (As of December 31, 2019)	Fiscal year under review (As of December 31, 2020)
Long-term borrowings	1,750	1,750

\*2 Those related to non-consolidated subsidiaries and affiliated companies are as follows. (Million yen)

	Previous fiscal year (As of December 31, 2019)	Fiscal year under review (As of December 31, 2020)
Investment securities (shares)	355	599

\*3 Accounting of matured notes as of the last day of the consolidated fiscal year

In the accounting of matured notes as of the last day of the consolidated fiscal year, settlement is deemed to have been made on the date of maturity because the last day of the consolidated fiscal year under review fell on a bank holiday. Matured notes as of the last day of the consolidated fiscal year under review are as follows.

	Previous fiscal year (As of December 31, 2019)	Fiscal year under review (As of December 31, 2020)
Notes receivable – trade	422	325
Notes payable - trade	–	18

\*4 Overdraft agreement

The Company and its consolidated subsidiaries have executed overdraft agreements with eight banks with which they have accounts for the efficient raising of operating funds. The amount of possible borrowings that may be provided under the credit line granted as of the end of the consolidated fiscal year under those agreements is as follows.

	Previous fiscal year (As of December 31, 2019)	Fiscal year under review (As of December 31, 2020)
Overdraft limit	7,000	9,366
Outstanding borrowings	1,223	2,639
Difference	5,777	6,727

(Information related to the consolidated statements of income)

\*1 The main items of selling, general and administrative expenses and the amounts thereof are as follows.

	(Million yen)	
	Previous fiscal year (As of December 31, 2019)	Fiscal year under review (As of December 31, 2020)
Depreciation	552	587
Employee salaries and allowances	3,700	3,747
Retirement benefit expenses	215	217
Provision for share-based remuneration	24	21
Freightage and packing expenses	2,342	2,424
Commission expenses	1,307	1,314
Provision of allowance for doubtful accounts	-	20

\*2 The breakdown of the gain on sales of non-current assets is as follows.

	(Million yen)	
	Previous fiscal year (As of December 31, 2019)	Fiscal year under review (As of December 31, 2020)
Machinery, equipment and vehicles	0	0
Property, plant and equipment "Other"	0	-
Total	0	0

\*3 The breakdown of the loss on disposal of non-current assets is as follows.

	(Million yen)	
	Previous fiscal year (As of December 31, 2019)	Fiscal year under review (As of December 31, 2020)
Buildings and structures	46	50
Machinery, equipment and vehicles	19	7
Property, plant and equipment "Other"	1	1
Intangible assets "Other"	0	-
Total	67	58

\*4 Total sum of research and development expenses included in general and administrative expenses and manufacturing costs for the fiscal year under review

	(Million yen)	
	Previous fiscal year (As of December 31, 2019)	Fiscal year under review (As of December 31, 2020)
	655	647

\*5 Environmental expenses

The Company's consolidated subsidiary, Water Gremlin Co., was found to have emitted an amount of hazardous air pollutants that exceeded the limit specified by the environmental authorities of the State of Minnesota in the U.S.A., and the Company posted expenses incurred for the shutdown of some of its production facilities, etc.

(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.

Other businesses engage in operations such as the manufacture and sale of marine materials, the manufacture and sale of fishing sinkers in the United States and the manufacture and sale of industrial machinery products.

2. 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 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 for each reportable business segment  
Previous fiscal year (from January 1, 2019 to December 31, 2019)

(Million yen)

	Reportable segments				Adjustment (Note 1)	Amounts in consolidated financial statements (Note 2)
	Construction- related products	Automotive products	Other businesses	Total		
Net sales						
Sales to external customers	53,678	8,809	2,922	65,409	–	65,409
Intersegment internal sales and transfers	–	–	–	–	–	–
Total	53,678	8,809	2,922	65,409	–	65,409
Segment profit (loss)	5,005	133	155	5,294	–	5,294
Segment assets	56,847	11,693	5,957	74,498	14,153	88,652
Other items						
Depreciation	1,154	468	69	1,693	–	1,693
Amortization of goodwill	–	76	129	206	–	206
Increase in property, plant and equipment and intangible assets	1,259	911	30	2,201	–	2,201

(Notes)

1. The adjustment consists of the following items.

The adjustment of 14,153 million yen for segment assets consists of a deduction of 257 million yen for intersegment transactions and an addition of 14,411 million yen for corporate assets that cannot be allocated to a particular segment.

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

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

Fiscal year under review (from January 1, 2020 to December 31, 2020)

(Million yen)

	Reportable segments				Adjustment (Note 1)	Amounts in consolidated financial statements (Note 2)
	Construction- related products	Automotive products	Other businesses	Total		
Net sales						
Sales to external customers	52,384	7,374	3,368	63,127	–	63,127
Intersegment internal sales and transfers	–	–	–	–	–	–
Total	52,384	7,374	3,368	63,127	–	63,127
Segment profit (loss)	4,537	(193)	152	4,496	–	4,496
Segment assets	57,389	12,904	5,559	75,852	13,797	89,650
Other items						
Depreciation	1,237	471	63	1,772	–	1,772
Amortization of goodwill	17	50	172	240	–	240
Increase in property, plant and equipment and intangible assets	1,098	548	52	1,699	–	1,699

(Notes)

1. The adjustment consists of the following items.

The adjustment of 13,797 million yen for segment assets consists of a deduction of 395 million yen for intersegment transactions and an addition of 14,192 million yen for corporate assets that cannot be allocated to a particular segment.

The main components of corporate assets are investments of unused funds (deposits) and 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, 2019 to December 31, 2019)

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
49,268	12,708	3,432	65,409

(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
15,359	5,733	675	21,768

3. Information by a major customer

(Million yen)

Name of customer	Net sales	Name of relevant segment
MM & KENZAI Corporation	7,246	Construction-related products

Fiscal year under review (from January 1, 2020 to December 31, 2020)

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
48,537	11,415	3,174	63,127

(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
15,210	5,716	661	21,588

3. Information by a major customer

(Million yen)

Name of customer	Net sales	Name of relevant segment
MM & KENZAI Corporation	6,393	Construction-related products

(Per-share information)

(Yen)

	Previous fiscal year (Jan. 1, 2019 – Dec. 31, 2019)	Fiscal year under review (Jan. 1, 2020 – Dec. 31, 2020)
Net assets per share	1,161.31	1,202.49
Profit per share	67.07	54.90

- (Notes)
1. Diluted profit per share is not stated because there is no dilutive share.
  2. The Company's own shares that remain in the stock-granting ESOP trust and 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 (93,908 shares for the previous consolidated fiscal year; 196,292 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 per share (95,005 shares for the previous consolidated fiscal year; 173,235 shares for the consolidated fiscal year under review).
  4. Basis of calculation
    - (1) Net assets per share

Item	Previous fiscal year (As of December 31, 2019)	Fiscal year under review (As of December 31, 2020)
Total amount in NET ASSETS (million yen)	57,869	58,363
Net assets pertaining to common stock (million yen)	57,869	58,363
Amount that will be deducted from the total amount in NET ASSETS (million yen)	–	–
Number of shares of common stock issued (shares)	53,790,632	53,790,632
Number of treasury shares of common stock (shares)	3,958,938	5,255,622
Number of shares of common stock used for the calculation of net asset per share (shares)	49,831,694	48,535,010

## (2) Profit per share

Item	Previous fiscal year (Jan. 1, 2019 – Dec. 31, 2019)	Fiscal year under review (Jan. 1, 2020 – Dec. 31, 2020)
Profit per share		
Profit attributable to owners of parent (million yen)	3,342	2,685
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent pertaining to common stock (million yen)	3,342	2,685
Average number of shares of common stock outstanding during the period (shares)	49,830,597	48,923,967

(Significant events after the reporting period)

None