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For Immediate Release

Company name: Okabe Co., Ltd.
Representative: Makoto Hirowatari, Representative Director,
President and Chief Executive Officer
Code: 5959 (First Section of the Tokyo Stock Exchange)
Contact: Yasushi Hosomichi, Director and Managing
Executive Officer in charge of
Administrative Division
(TEL. +81-3-3624-5119)

Notice Concerning the Status of the Response to COVID-19 and Its Impact, etc.
(Report on Progress)

We wish to offer our heartfelt condolences to the families, friends, and everyone who has lost a love one to the COVID-19 coronavirus and express our sincerest sympathies to everyone who has been infected. The Okabe Group's response to COVID-19 and its impact, etc. are described below.

1. Response aimed at mitigating the risk of infection

The Okabe Group's top priority is ensuring the health and safety of our customers, business partners, employees of the Group and their families and is taking measures to mitigate the risk of infection as follows.

- Promote and recommend teleworking, staggered commuting, etc.
- Postpone or cancel non-essential or non-urgent meetings, etc.
- Carry out activities to raise employee awareness to encourage body temperature checks and health management.

The Okabe Group will continue to flexibly take the measures necessary to reduce the risk of infection.

2. Impact on corporate activities, etc. in the fiscal year ended December 31, 2020

Construction-related products

In Japan, the revision of plans, delays in construction starts and other changes occurred in some construction projects. These changes became the chief cause of a sales decline for construction-related products. However, the effect was insignificant.

In the United States, pandemic conditions remained more serious than in Japan, causing the revision of plans, delays in construction starts and the like in some construction projects. However, these changes did not materially impact the Company's business results because their effects on construction demand were limited. Nevertheless, these developments became the primary factor behind a slowdown in the growth rate for the Company's construction materials business in the United States, which had been growing in leaps and bounds.

Automotive products

This segment develops, manufactures and markets automotive battery products, etc. in the U.S. and Italy. Demand for automobiles is decreasing worldwide due to COVID-19. The pandemic was a factor behind a sales decline for automotive battery products and the like.

For more information, please see the Summary of Consolidated Financial Results for the Year Ended December 31, 2020, a timely disclosure material dated today.

3. Potential risk of the spread of COVID-19 in the future

(1) Impact on corporate activities

In the event that an employee of the Okabe Group becomes infected with COVID-19 or that a relevant government makes a request, etc., we may temporarily suspend our corporate activities.

(2) Impact on trends in demand, etc. in the construction-related product business

Regarding trends in demand in the construction market in Japan and the United States, a major source of demand for the construction-related product business, the level of investment in

construction in the private sector may decline as a result of a business slowdown, or there may be delays in the progress of construction work primarily due to outbreaks of infection among construction workers. However, the effects of the state of emergency currently declared in 10 prefectures have been limited.

(3) Impact on trends in demand, etc. in the automotive-related product business

The automotive market, the major source of demand for the automotive-related product business, may face a prolonged decrease in automotive sales mainly due to a decline in personal consumption.

4. Impact on business results for the fiscal year ending December 31, 2021 and medium- and long-term business results

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
Year ending December 31, 2021 (forecast)	65,000	4,900	5,000	3,050
Change (%)	3.0%	9.0%	6.3%	13.6%

Should the risk described in “3. Potential risk of the spread of COVID-19 in the future” arise, the Company may implement revision of its earnings forecasts, etc.

The Company, for the time being, withdrew the medium-term performance targets (targets for the fiscal year ending December 31, 2022) disclosed in NEXT100 – PHASE 2, its medium-term management plan that was announced in February 2020, and the targets are yet to be determined. Having a cautious estimation of external conditions, the Company will announce performance targets for the fiscal year ending December 31, 2022 and subsequent periods promptly after examining and determining them based on changes in the consolidated business results for the fiscal year ending December 31, 2021.

5. Stock dividends

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%. Please refer to the Notice of the Revision of the Dividend Forecast for the Fiscal Year Ending December 31, 2020, a timely disclosure material dated today, for details.

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%.

Should the risk described in "3. Potential risk of the spread of COVID-19 in the future" arise, the Company may revise its dividend forecast.