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For Immediate Release

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### **Notice Concerning Status of Response to COVID-19 Coronavirus and Its Impact, etc.**

We wish to offer our heartfelt condolences to those who lost their lives due to infection to COVID-19 coronavirus and express our sincerest sympathy to all sufferers.

The Okabe Group's response to the new coronavirus and its impact, etc. are as described below.

#### **1. Response aimed at mitigating the risk of infection**

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

- Promote and recommend telework, staggered commuting, etc.
- Postpone or cancel non-essential or non-urgent meetings, etc.
- Carry out enlightenment activities for employees to encourage body temperature checks and health management.

The Okabe Group will continue to flexibly carry out measures necessary for mitigating the risk of infection in the future.

#### **2. Impact on corporate activities, etc. at present time**

##### Construction-related products

In the domestic business, there have been plan revisions, delays in construction starts, etc. in part of the construction projects, which was a factor in the decline in sales of construction-related products.

In the U.S. business, the spread of COVID-19 is more serious than in Japan and there have been plan revisions, delays in construction starts, etc. in part of the construction projects. However, the impact on construction demand has been limited and there is no material impact on the Company's business results at the present time.

#### Automotive products

This segment develops, manufactures and markets automotive battery products, etc. in the United States and Italy. Demand for automobiles is decreasing worldwide due to COVID-19, which was a factor for the decline in sales of automotive battery products, etc. in the first six months of the fiscal year ending December 31, 2020.

### **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 there is a request, etc. from the relevant government, we may temporarily suspend our corporate activities.

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

With regard to 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.

#### **(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 prolonged decreases in automotive sales mainly due to a decline in personal consumption.

### **4. Consolidated financial results forecast for the fiscal year ending December 31, 2020**

As described in the timely disclosure materials released today, “Notice of Revisions to Consolidated Financial Results Forecast, Dividends of Surplus (Interim Dividend) and Dividend Forecast for the Fiscal Year Ending December 31, 2020,” the Company disclosed its consolidated financial results forecast for the fiscal year ending December 31, 2020, which it had previously withdrawn and left undecided, because the spread of COVID-19 made it difficult to formulate reasonable earnings projections.

The forecast has been formulated by taking into consideration the consolidated results for the first six months of the fiscal year under review, the impact of COVID-19 at the present time and future prospects.

The direct impact of COVID-19 is currently as described in “2. Impact on corporate activities, etc. at present time” above. In addition, future prospects have been formulated based on information currently available and certain assumptions, including the one that COVID-19 will not be contained

by the end of the fiscal year.

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

## **5. Stock dividends**

As described in the timely disclosure materials released today, “Notice of Revisions to Consolidated Financial Results Forecast, Dividends of Surplus (Interim Dividend) and Dividend Forecast for the Fiscal Year Ending December 31, 2020,” the Company disclosed interim dividends and year-end dividend forecast for the fiscal year ending December 31, 2020, which it had previously withdrawn and left undecided, because the spread of COVID-19 made it difficult to formulate reasonable earnings projections. For details, refer to the timely disclosure materials.

Should the risk that is described in “3. Potential risk of the spread of COVID-19 in the future” arise, the Company may implement another revision of its dividend forecast.

## **6. Impact on the medium-term management plan**

### **(1) Medium-term performance targets**

As described in “3. Potential risk of the spread of COVID-19 in the future,” the Company recognizes the possibility that the situation of COVID-19 may cause significant impact on the Okabe Group’s corporate activities and demand trends in the Group’s major business segments. Although the Company has been collecting information regarding COVID-19 and implementing responses, thereby endeavoring to minimize its impact, the outlook for the future remains uncertain. Given these circumstances, the Company has elected not to publish medium-term performance targets under NEXT100 — PHASE 2, the medium-term management plan announced in February 2020. It will cautiously make projections on the external environment surrounding the Company’s business and examine medium-term performance targets while closely observing the consolidated business performance trend for the fiscal year ending December 31, 2020. It will announce medium-term performance targets promptly after they are determined.

### **(2) Outline of the medium-term management plan and initiatives**

Taking into consideration the COVID-19 situation, the Company examined the necessity of reviewing the outline and initiatives under the medium-term management plan, NEXT100 — PHASE 2.

Initiatives of the medium-term management plan, NEXT100 — PHASE 2, include Sustainable Development Goals’ (SDGs) business management, improvement of workstyles and globalization (accelerated local production and marketing). The Company reaffirms that through the implementation of these initiatives, it will be a resilient company that can respond to a variety of changes in the external environment and achieve sustained growth with society. Accordingly,

the Company will make no major changes to the outline and initiatives under the medium-term management plan, NEXT100 — PHASE 2, and will continue to positively strive for the achievement of the plan.

In addition, from the perspective of securing its cash position to cope with sudden changes in the environment, the Company will cautiously examine and implement the capital investment plan, etc. incorporated in the medium-term management plan.