

okamura

Okamura Group

Integrated Report 2023

Realizing a society where people can thrive

The vitality of every individual will lead to a sustainable society.
With this belief and a sense of purpose,
Okamura will realize a society in which all people can work
and live with vitality and smiles.

Okamura's Mission

“Contribute to society
by creating environments where
people can thrive with rich ideas
and reliable quality.”





Carrying on the Okamura Spirit

A desire and passion to manufacture high-quality products and teamwork
that makes it possible

Three core strengths developed through loving people

By refining these three core strengths, which are centered on loving people, we will create a virtuous cycle which begins with a thriving workforce and ends with thriving customers and society.

Ability to solve customers' issues

Okamura's Core Strengths

Relationships of trust with customers

Reliable manufacturing



Creating new demand

We want to be a company that can constantly provide interesting solutions for customers and society.

Design and proposal capabilities that can bring shape to the necessary products and services, and advanced production technologies that can guarantee quality and the ability to ensure stable supplies—by further enhancing these capabilities, we will strive to provide new value.



Publication of the Okamura Group Integrated Report 2023

At the Okamura Group, although to date we have published a Sustainability Report containing both financial and non-financial information, alongside this information we felt the need to disclose information on the Group's management policies and strategies in an integrated manner. As such, in line with the start of our new Midterm Management Plan 2025 this fiscal year, we determined to publish our first Integrated Report.

In compiling this report, our foremost priority was to enhance understanding of the Group's activities among our shareholders, investors, and wide range of other stakeholders. Centered on the Okamura Group's Purpose, we made every effort to showcase how our history and accumulated strengths are linked to our medium- to long-term business strategies and growth strategies in an easy-to-understand manner.

For the publication of the report, we set up a cross-departmental project team and hosted regular meetings. We moved forward with discussions based on interim reports from the Sustainability Committee and advice from Outside Auditors.

The Integrated Report focuses on our business strategies for value creation over the medium to long term, while the Sustainability Report highlights our sustainability activities and ESG data. The information contained within both reports is linked, and so we look forward to our stakeholders using both tools to enhance their understanding of the Group's activities.

We hope this Integrated Report will serve to further improve our dialogue with our many stakeholders.



General Manager,
Corporate Communications
Department

Emi Suzuki

Information Disclosure System

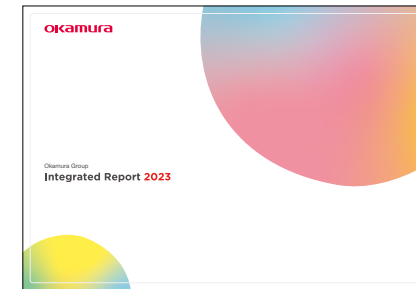
Financial Information

Non-financial Information

Integrated Report

An integrated report comprising financial and non-financial information, including management policies and business strategies aimed at value creation over the mid- to long-term

- Message from the CEO
- Value Creation Story
- Strategies for Growth
- Corporate Governance



<https://ir.okamura.co.jp/en/library/integrated-report/2023.html>

IR Information (Website)

Disclosure of business overviews, financial information and stock information, mainly for shareholders and investors

- Securities report
- Financial results
- Financial results briefing materials
- Midterm management plan materials
- Stock information
- Corporate governance report



<https://ir.okamura.co.jp/en/>

Sustainability Report

Disclosure of non-financial information, including activities aimed at sustainability, for our wide range of stakeholders

- Promotion of sustainability
- Stakeholder engagement
- Global environmental initiatives
- Initiatives for safe, high-quality products and services
- Initiatives for human resources
- Corporate governance
- Respect for human rights
- ESG data



https://www.okamura.co.jp/corporate/sustainability/pdf/2023/Okamura_SR_2023_EN.pdf

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The Okamura Group's Growth Intentions	Unraveling the Group's Value Creation Mechanisms	Medium- to Long-term Growth Strategies and Achievements	Corporate Governance to Support the Improvement of Corporate Value	
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Reference Guidelines

- International Integrated Reporting Council (IIRC): International Integrated Reporting Framework
- The Ministry of Economy, Trade and Industry: Guidance for Collaborative Value Creation

Reporting Period

- FY2022 (April 1, 2022–March 31, 2023)
- *For some activities, the information includes that of activities from April 2023 onwards

Scope of Reporting

- Okamura Group (Okamura Corporation and its subsidiaries and associates)
- Please see here for information on subsidiaries and associates
 - ▶ <https://www.okamura.co.jp/company/outline/group.html>

Terminology

- Okamura Group: Okamura Corporation and its subsidiaries and associates
- Okamura: Okamura Corporation or the Okamura brand

Notes on Forward-looking Statements

The predictions, forecasts, and plans contained in this report relating to the future of the Okamura Group are based on assumptions or judgements made in line with information available at the time, and thus contain some uncertainties. Please understand that actual results may differ from the forecasts contained in the report due to a range of factors, including economic conditions and exchange rates.

01

Message from the CEO

The Okamura Group strives to supply society with outstanding products and services to tackle customers' issues. In this section, Representative Director Masayuki Nakamura talks about the DNA of the Okamura Group, which is at the crux of the Okamura Way management philosophy system, unraveling the strengths we have accumulated since our founding, and highlighting the direction of our new Midterm Management Plan, through which we aim to become a demand creating company.

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Message from the CEO

Pioneering new markets and new cultures by accelerating our transformation to a demand creating company through loving people and creating environments where people can thrive

Representative Director,
President and Chief Executive Officer



Message from the CEO

The Okamura Group's Origins

Developing a spirit of endeavor and teamwork through a Cooperative Industry approach across generations

At the Okamura Group, we provide high-quality products and services for offices, educational facilities, medical facilities, research facilities, commercial facilities, logistics facilities, and various other people-centered spaces. Since our founding in 1945, we have earned the trust of a wide range of customers through our refined technologies and quality while pursuing the possibility of manufacturing, and have continued to pioneer new markets. Here I would like to look back on our history of value propositions and our contribution to developments both in society and industry.

Our founder Kenjiro Yoshiwara initially worked at a wartime factory belonging to Japan Aircraft Manufacturing Co., Ltd. With Japan's defeat in 1945, however, the factory stopped operating and Yoshiwara lost his job. In the same year, the Okamura Manufacturing Facility, a cooperative industry, was set up by Yoshiwara, together with his colleagues and junior employees, manufacturing everyday products using iron and aluminum. This is the origin of the Okamura Group. With no one to invest in the launch of the business, it was set up using the savings and retirement benefits of the founding members—that is, the engineers of aircraft manufacturing. Using their capital, technological capabilities, and manpower, the company commenced production. At the time, Yoshiwara had been reading the *Gläserne Wunder*, a book by F. Scheffel on the history of German optical products manufacturer Carl Zeiss. Inspired by the term “Cooperative Industry” from one section of the book, Yoshiwara declared his intent to treat all employees equally upon the company's founding. This approach to equal treatment is one of our most important values and one that we have continued to protect to the present day.

Our basic management policy has remained unchanged since our founding, and clarifies three notions regarding our employees: Employees work with us to ensure the company prospers and are key members of our team; Employees constantly recognize that teamwork yields the greatest results and cooperate with one another; and Employees are evaluated based on performance, assigned to suitable posts, and treated fairly in appointment regardless of age, educational background, or length of service. Teamwork at the Okamura Group is based on this Cooperative

Industry, and this approach has been cultivated over many years through our basic management policy.

As former aircraft engineers, the founding members had a strong desire to manufacture mechanical products. After initially producing everyday products, the company moved onto producing steel furniture for U.S. Forces Japan, before manufacturing N-52, the first domestically produced post-war aircraft, and Mikasa, Japan's first automatic car made using the company's proprietary torque converter. In these and other ways the company boldly took on challenges in advanced fields. It is these initiatives that paved the way for the Okamura Group's development and frontline capabilities.



The N-52 in successful flight



Mikasa, Japan's first automatic car

Later, with the complete withdrawal of U.S. occupation forces in Japan in 1958 and the ensuing changes in business environments, Okamura determined to transform its direction and begin manufacturing products for places where people gather, including offices, stores, factories, warehouses, and homes. Despite this change in direction, the company kept with the basic policy it had established at its founding, maintaining competitive technologies and levels of quality even in international markets. Of course, at the time the majority of the company's business was conducted in Japan, but from this early stage it had decided to ensure and promote world-class technologies and quality.

Since these transitions, in capturing the needs of places where people gather we have expanded the scope of our value propositions while developing the Office Furniture business, the Store Displays business, the Material Handling Systems business, and the Powertrain business, which is built on our proprietary torque converters. These initiatives have continued to stay ahead of industry trends, and



The Okamura Group's History

▶ P.20-21



Mikasa History

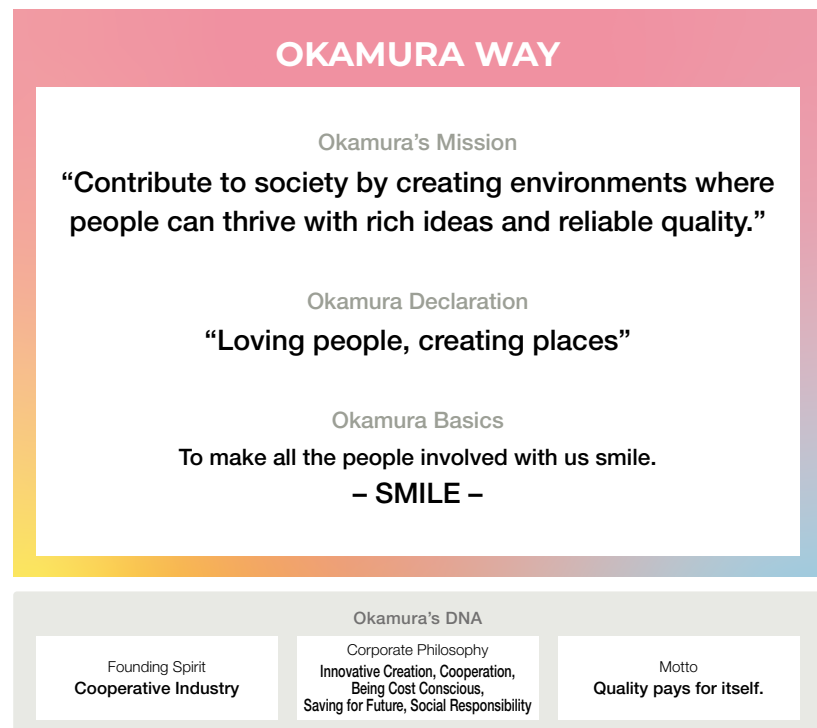
▶ <https://www.okamura.co.jp/company/history/mikasa/index.html>

Message from the CEO

our constant pursuit of being the very best has enhanced the growth capabilities of both the company and our employees.

In 2018, aiming for greater uniformity between our company name and brand, as well to promote our reform into a total solutions company, we changed our trade name in Japan, showcasing our intent to exceed the boundaries of manufacturing to create new value.

Moreover, in 2021, we reorganized our management philosophy into a single system—Okamura Way—to realize a society where people can thrive. Okamura Way is centered on our Mission to “Contribute to society by creating environments where people can thrive with rich ideas and reliable quality.” The Okamura Way approach is a continuation of our Cooperative Industry DNA and will serve to carry us further into the future.



Business Model Characteristics

Building resilience to overcome crises by developing differing value proposition concepts into an advantage

At the Okamura Group, we have three core strengths: Our ability to solve customers' issues that allow us to tackle the problems they cannot solve alone, reliable manufacturing to support these solutions, and the ensuing relationships of trust with our customers.

By reliable manufacturing we mean the ability to accurately understand the requirements of spaces where people can thrive, and the design capabilities and advanced production technologies that bring shape to the necessary products. We use our long-accumulated processing technologies and state-of-the-art systems and tools to commercialize designs that provide social value. While ensuring strict management of quality and safety, we ensure the stable supply of these products through highly efficient production and logistics functions. Through this business model, we ensure greater comfort, convenience, and cost efficiency in the use of space, while at the same time reducing our environmental impact. Providing our customers with outstanding value like this ensures we can continue to expand our business domains.

We believe that our competitive superiority comes not from the difference in quality of our products and services compared to our rivals, but from our differing value proposition concepts. We recognize that this constant search of differing concepts leads to the creation of entirely new markets, various new products, and ultimately the expansion of our businesses.

One example is our “right-sizing” of offices, a concept we developed while under the impact of the COVID-19 pandemic. Specifically, right-sizing is the optimization of office functions and size. Since the outbreak of the pandemic, various companies have put restrictions on attending offices, instead introducing remote work systems and so-called satellite offices. Offices were also downsized, and there were concerns surrounding a drastic drop in demand for office furniture. At the Okamura Group, however, we saw this as an opportunity for new office proposals and came up with the right-sizing concept. Through this concept, we successfully created demand for office renewals through drape and TELECUBE by OKAMURA, two kinds of work booths for online meetings. We reinforced our made-to-order



Management Philosophy
Okamura Way

▶ P.28



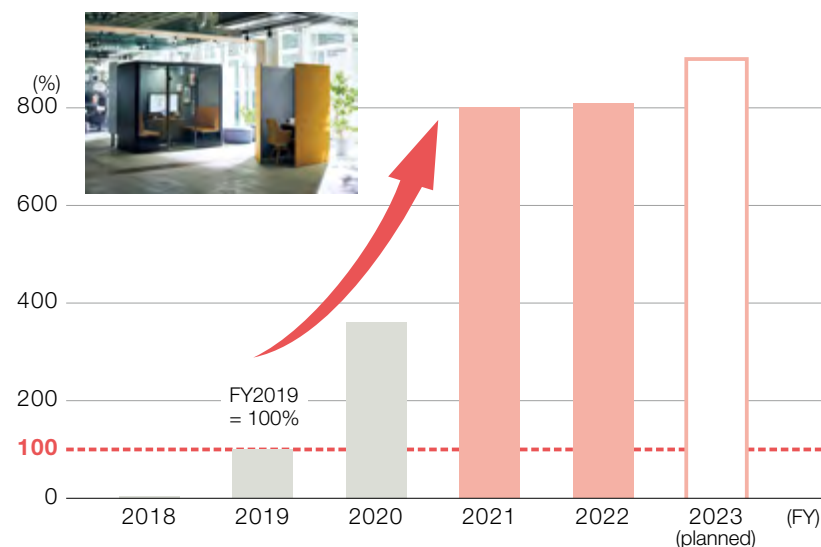
Three Accumulated Strengths

▶ P.22-23

Message from the CEO

production system for these highly profitable new products and reviewed our supply chain as necessary. In addition, in FY2020 we quickly captured demand stemming from the government's GIGA School Concept, and as a result achieved record high profits.

Work booth sales



When looking back on our past results, even in FY2008 when we experienced a significant drop in sales due to the global financial crisis, we saw the challenging 50% drop in production as a chance for reform. We shifted to a made-to-order production method which led to significant improvements in efficiency and later a stronger competitive advantage. Changes in economies and societies generate opportunities to capture new demand, and at the same time chances for us to changes our corporate structure. We can therefore say that the Okamura Group has built the resilience to overcome crises by transforming critical situations into opportunities.

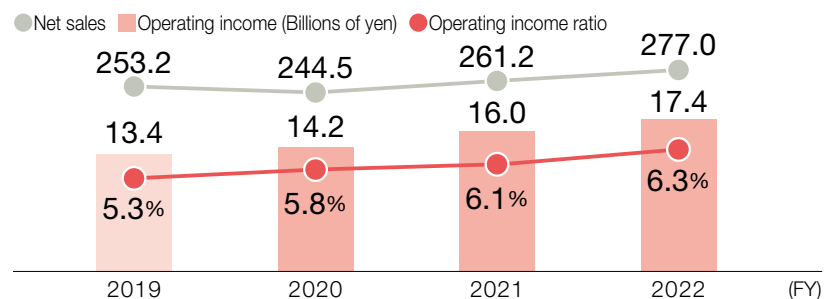
External Environment and Management Issues

Overcoming adversity by transforming environmental changes into opportunities for new proposals Creating new demand and driving business structure reforms

Our Midterm Management Plan 2022, which ran from FY2020 to FY2022, has ended. In terms of the external environment during this period, from the first year of the plan we were overwhelmed by the spread of the COVID-19 pandemic, which led to a complete slowdown in all social and economic activities as well as supply chain disruptions. Meanwhile, as society engaged in thorough measures to prevent the spread of infection, there were major changes in our Office Furniture, Store Displays, and Material Handling Systems businesses. More recently, the situation in Ukraine has caused various costs to rise, with soaring energy and raw material prices and the tight supply of components and materials.

Against this backdrop, from the start of FY2020 we had prepared for a significant drop in business performance due to concerns surrounding shrinking demand for our products and services. However, as above with our right-sizing example, we transformed these environmental changes into opportunities for new proposals, and while expanding sales of our new products and reinforcing our made-to-order production system we were able to overcome the crisis. Major changes in societies and economies will always lead to discontinuous yet new demand. These experiences made me once again realize that new proposals and product developments are paramount to developing and driving demand.

Midterm Management Plan 2022 performance



Note: Stated rounded off to the nearest unit

GIGA School Concept

An initiative by the Ministry of Education, Culture, Sports, Science and Technology to equip every pupil and student with one computer and a high-speed network.



Midterm Management Plan Trends

▶ P.30

Message from the CEO

As a result, in the Midterm Management Plan 2022, as per our basic policy we were able to proceed as planned with creating new demand and reforming our business structure. We overcame adversities in supply chain disruptions and the soaring prices of equipment and materials, achieving record highs in net sales for the second consecutive fiscal year and operating income for the fourth consecutive fiscal year.

In creating new demand, our response to hybrid work styles and digitalization via our office products was a success. In addition to establishing our own recycling infrastructure and releasing a fully recycled product, we racked up various successes in development, such as the development of labor- and energy-saving store display fixtures and equipment and material handling systems equipment using robotics technologies.

In terms of reforming our business structure, we decided on the direction of our supply chain reforms as we seek to transition to a high-mix, variable-volume production system to cater to diversifying customer needs and changes in trends. Moreover, to create high-added-value products and services and improve the efficiency of our operations by utilizing advanced technology, we built a learning platform to help enhance digital literacy across the company. Elsewhere, to reinforce our overseas business by securing access to ASEAN and Chinese markets, we acquired the design and interior construction company DB&B Holdings Pte. Ltd., whose head office is in Singapore, while in China we established a joint venture for office seating factories and material handling systems.

In our Midterm Management Plan 2025, on which I will go into more detail later, we will continue with similar initiatives and link them to major successes.

Commencement of Our New Midterm Management Plan

Three years to accelerate our transformation to a demand creating company
Achieving more than 300 billion yen in net sales and 24 billion yen in operating income

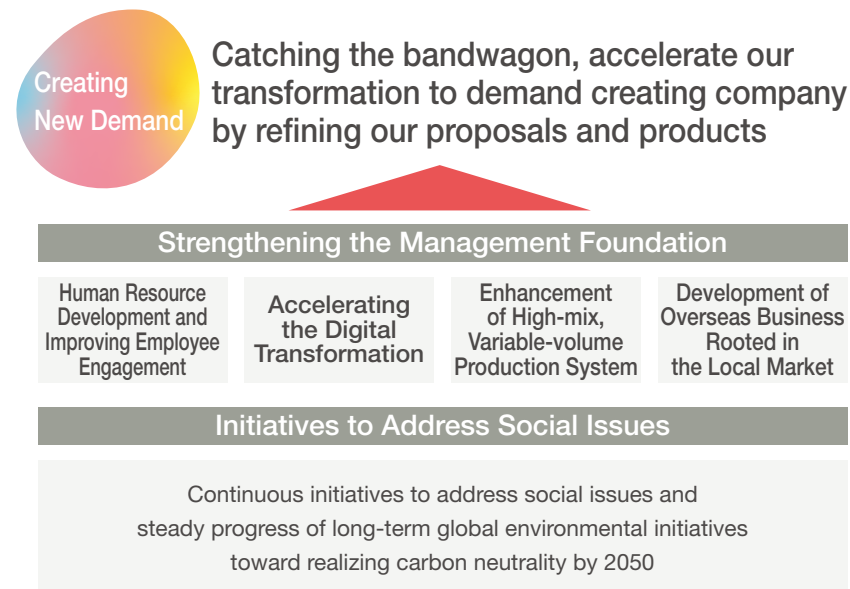
The Midterm Management Plan 2025 began in FY2023. We have positioned these three years as a period in which to create new demand, and in which to catch the bandwagon and refine our proposal and product capabilities to accelerate our

transformation to a demand creating company. In our initiatives to create demand, rather than simply creating good-quality products, we will work to develop entirely new cultures. We will seek to gauge in which direction and at what speed the waves of the times are turning, and quickly ride the crest of these waves to uncover new demand. To do so, it is essential that we do not fear failure and that we continue working to generate innovation.

Moreover, as one measure to tackle social issues through our business activities, we are aiming to reduce our impact on the global environment. In this area, we will steadily implement measures based on GREEN WAVE 2030, our long-term environmental vision which defines GHG emissions reduction targets for 2030, and in turn contribute to the creation of a sustainable society.

We have also set forth four themes to reinforce our management foundation: human resource development and improving employee engagement; accelerating the digital transformation; enhancement of high-mix, variable-volume production system; and development of overseas business rooted in the local market.

■ Aims of the Midterm Management Plan 2025



Review of the New Midterm Management Plan

▶ P.31-32

Message from the CEO

At the Okamura Group, we aim for our employees and the company to grow together. We have defined our ideal employee traits within the tagline: Okamura Basics – SMILE – (Shine, More, Imagine, Link, Expert). By enhancing our in-house training systems, utilizing external educational organizations, improving systems to acquire management and specialist personnel, and ensuring more effective appointments, our approach is to improve employee fulfillment and promote self-growth to boost teamwork. For digital transformations, we will shift to the implementation and application stage and accelerate transformations in the three areas of business, work, and management. We will also focus on the development of human resources and the reinforcement of system foundations to support these transformations. As we seek to respond to demand for high-mix, variable-volume production, to transform our production and logistics capabilities into competitive advantages, we will seek to reform our production system into one that ensures reliable quality and that is flexible to environmental changes. In doing so, we will create a reliable production and supply system that provides customers with peace of mind. Aiming to expand the overseas business, with North America, China, and ASEAN countries as priority markets, we will engage in partnerships and joint ventures with local business partners and conduct M&As to transition from a product export business to a business rooted in local markets that creates products for local consumption.

Through these initiatives, in the final year of the plan in FY2025, we are aiming for net sales of more than 300 billion yen, operating income of 24 billion yen, operating income ratio of 8%, and ROE of 10%. Anticipating sales of 15 to 20 billion yen in non-strategic assets and the acquisition of 68 billion yen in basic cashflow, our capital allocation policy for the next three years is as follows: 50 billion yen on strategic investments (reinforcement of existing and overseas businesses, R&D, digital transformation, etc.), 20 billion yen on maintenance and renewal investments, and a dividend payout ratio of more than 40% for shareholder returns (excluding the repurchase of shares).

FY2025 Financial Targets

	FY2022	FY2025 Goal	FY2022 to FY2025
Net sales (Billions of yen)	277.0	300.0 or more	+23.0 or more
Operating income ratio	6.3%	8.0%	+1.7%
Operating income (Billions of yen)	17.4	24.0	+6.6
ROE	8.8%*	10.0%	+1.2%

*Excluding gain on sales of securities (Before exclusion: 10.8%)

Ahead of Our Targets for FY2025

Reinforcing profitable businesses and expanding scale of growth businesses to build even more robust value creation processes

In the Midterm Management Plan 2025, we are aiming to reinforce the profitability of the Office Furniture and Store Displays businesses and expand the scale of the Material Handling Systems and Powertrain businesses. In doing so we anticipate the creation of an even more diverse and balanced business portfolio. Specifically, we will strengthen the Store Displays business so that it becomes the second pillar of the company after the Office Furniture business, and ensure that both turn steady profits. Meanwhile, to plant the seeds for sustainable growth, we will also focus on the development of the Material Handling Systems and Powertrain businesses. It is important that we do not stop at simply planting these seeds but develop them until they bloom. To ensure that we can keep generating profit in future generations, we will thoroughly move forward with efforts aimed at product development and system building.

Our operating income target for FY2025 is 24 billion yen. Breaking this down, we are targeting 19 billion yen in the Office Furniture business, 6 billion yen in the Store Displays business, 1.3 billion yen in the Material Handling Systems business, and 0.5 billion yen in the Powertrain business for a total of 26.8 billion yen. Our target of 24 billion yen takes into account our investments in human resources and development as corporate expenses to achieve growth beyond the next Midterm Management Plan.

Now for market trends and key strategies in each business. In the Office Furniture business, hybrid work styles are becoming more established, and we anticipate that companies will face issues in co-creation, innovation, and improved productivity. In line with these trends, we will reinforce our design and interior construction, and DX proposals to respond to increasingly diverse office requirements and enhance the range of our consulting functions. Through these efforts, while increasing net sales and profit we will contribute to the growth of our customers and improvement of worker fulfillment.

In the Store Displays business, as measures to tackle labor shortages in the retail industry and in stores advance, such as through labor-saving and automation solutions, we also expect demand for environmentally friendly, energy-saving store facilities and equipment to grow. In this area, at the Okamura Group we will seek to strengthen our efforts in store planning and interior design, and at the same time build a system for the provision of integrated services covering everything from



Message from the Chief HR Officer

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Message from the Chief DX Officer

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Message from the Chief Financial Officer

▶ P.55-56



Message from the Chief Environment Officer

▶ P.50-51



Strategies for Each Business

▶ P.33-43

Message from the CEO

proposals to after-sales service. This will enable us to proactively support the development of future-oriented stores.

In the Material Handling Systems business, in addition to catering to the growing EC market and the increasing speed of online shopping, we must respond to urgent issues including the shortage of workers on logistics frontlines and the so-called 2024 problem (caused by the introduction of regulations on truck driver overtime). At the Okamura Group, we will work to enhance the capabilities and versatility of our core products, including rotary racks, conveyors, and autonomous mobile robots, and provide products and services that can achieve smart logistics so that we can offer solutions to our customers' challenges.

In the Powertrain business, meanwhile, the market for industrial vehicles is being impacted by growing needs for environmentally friendly solutions and labor-saving solutions on premises and in facilities. Elsewhere, an increasing number of domestic forklift manufacturers are engaging in local overseas production. In light of these trends, using our core technologies in powertrain manufacturing, we will aim to provide environmentally friendly products for industrial vehicles in a wide range of fields on a global scale.

Key to upholding these business strategies will be design and proposal capabilities that can bring shape to the necessary products and services, alongside advanced production technologies that can guarantee quality and the ability to ensure stable supplies. At the Okamura Group, we have developed these capabilities over many years. To further enhance these capabilities, we will place even greater focus on the development of our human resources.

Through these initiatives we will seek to create even more robust value creation processes and keep pushing forward toward the realization of a society where people can thrive.

To Our Stakeholders

Serving society by tackling customers' issues through the value proposition

Developing into a company that provides interesting solutions

Companies are said to follow in the shadow of their founders. In this way, companies' futures are built on the platform built by their founders. Personally, when I look

back on the history of the Okamura Group, this phrase rings true. On the other hand, there are no right answers in management, and so it is important to determine your own targets and achieve them independently. A company's true value is exposed in adversity. Organizations expend huge amounts of energy when surviving through drops in business performance, but it is the unity of its employees that provides the strength required. At the Okamura Group, it is the teamwork of our employees that enabled us to overcome the challenges presented by the global financial crisis and the COVID-19 pandemic. While building this unity among our employees, serving society by tackling customers' issues through the value proposition will ultimately help to increase net sales and profit. This, I believe, is how management should be conducted.

Our aim at the Okamura Group is to develop into a company that can constantly provide interesting solutions for its customers and for society. My dream as a manager is to create the world's most comfortable chair. Moving forward, we will make every effort to become a company that make numerous, charming dreams like this come true.



**Value Creation
Story Overview**

▶ P.27



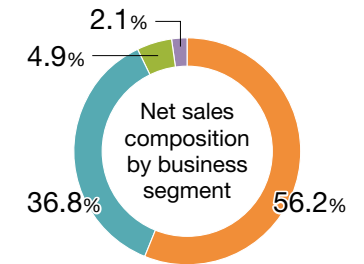
The Okamura Group's Businesses

The Okamura Group provides society with high-quality products and services for offices, educational facilities, medical facilities, research facilities, commercial facilities, logistics facilities, and various other people-centered spaces.

Performance by business segment in FY2022

Note: Stated rounded off to the nearest unit

Business	Net sales	Operating income
Office Furniture	155.8 billion yen	15.9 billion yen
Store Displays	101.8 billion yen	2.7 billion yen
Material Handling Systems	13.6 billion yen	(1.2) billion yen
Powertrain and Others	5.8 billion yen	0 billion yen
Total	277.0 billion yen	17.4 billion yen

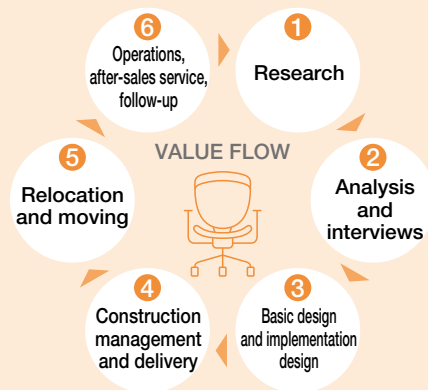


Office Furniture Business



Areas in which the business provides value

- Offices
- Schools and educational facilities
- Facilities for healthcare and the elderly
- Security systems

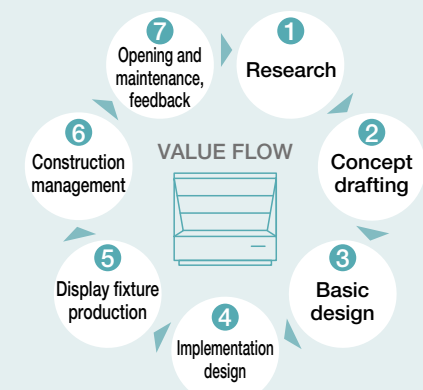


Store Displays Business



Areas in which the business provides value

- Supermarkets
- Convenience stores
- Drugstores
- Apparel
- Home centers

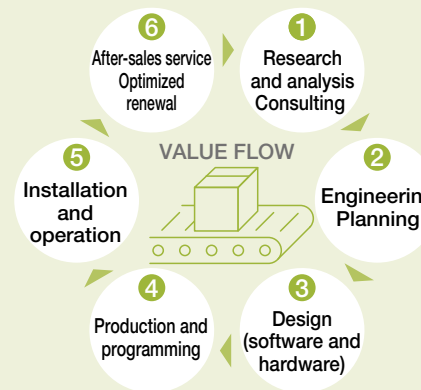


Material Handling Systems Business



Areas in which the business provides value

- Rotary racks
- Transfer and sorting equipment
- Autonomous mobile robots
- Piece picking robots
- Robot storage systems

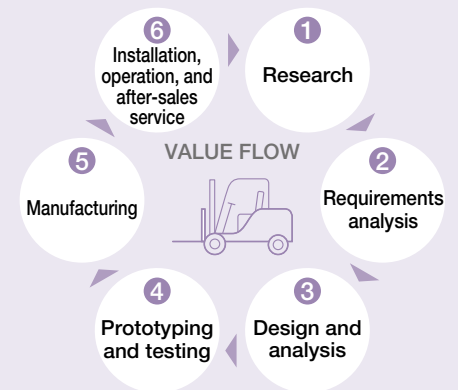


Powertrain Business



Areas in which the business provides value

- Torque converter type transmission for forklifts
- Transmissions for snow removal vehicles



At a Glance

Okamura in Numbers

Net Sales (Consolidated)

277.0 billion yen

(Fiscal year ended March 31, 2023)

No. of Patents Held

1,341

Operating Income (Consolidated)

17.4 billion yen

(Fiscal year ended March 31, 2023)

No. of Design Registrations Held

2,119

ROE (Consolidated)

10.8%

(Fiscal year ended March 31, 2023)

No. of Trademarks Held

877

No. of Employees (Consolidated)

5,492

(As of March 31, 2023)

No. of Employees with National Technical Skills Qualifications

A total of **870**

Recognition from Society

Human resource strategies

Message from the Chief HR Officer  P.46

- White 500



- Eruboshi Certification (second tier)



- Kurumin Certification



- D&I AWARD 2022



DX strategies

Message from the Chief DX Officer  P.48

- DX Certification



Environmental strategies

Message from the Chief Environment Officer  P.50

- ESG Finance Award



- SBT Certification



- CDP Climate Change Score (A-)



- EcoVadis (GOLD)



02

Value Creation Story

What is the Okamura Group's Purpose?

What enables the Okamura Group to realize a society where people can thrive?

How can it realize a society where people can thrive?

In this section, based on these three questions, we unravel the Okamura Group's value creation mechanisms.

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The Okamura Group's Purpose

Q

What is the Okamura Group's Purpose?

A

It is to realize a society where people can thrive.

Since our founding, we at Okamura Group have developed our business with high aspirations for manufacturing, and created a variety of places, from offices and commercial and logistics facilities to hospitals, schools and factories.

We believe that the vitality of every individual will lead to a sustainable society. It is essential to the creation of such vitality not only to increase material wealth, but also to develop spiritual wealth, and to be true to ourselves, choosing our own ways of working and living while respecting one another.

With this belief and a sense of purpose, Okamura Group will realize a society in which all people can work and live with vitality and smiles.

Okamura's Mission

“Contribute to society by creating environments where people can thrive with rich ideas and reliable quality.”

The value of “where people can thrive”

The phrase “where people can thrive” expresses the idea that each person works at their best when they demonstrate their individuality.

The phrase also represents a state of co-creation of new value through good relationships with all the people and organizations around them.

In other words, if each of us can make the most of ourselves and make the most of each other, then our work, our company, and society as a whole will come alive.

Based on this idea of “where people can thrive,” we at Okamura are committed to contributing to society through the realization of a sustainable society.

The Okamura Group's Strengths

Q

How can the Okamura Group be able to create a society in which people can thrive?

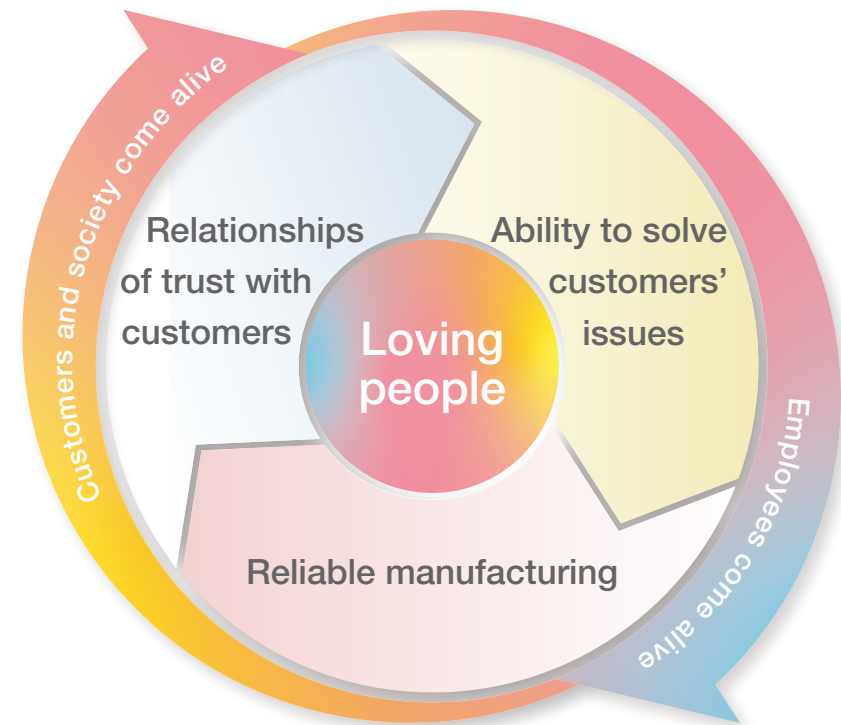
A

It is because that we have cultivated our three core strengths by loving people.

The value creation of the Okamura Group begins with loving people, something that has been important to us since our foundation.

We have relationships of trust with our customers, cultivated through our ties to a broad range of industries and people. Because of this trust, our customers come to us first with consultations. Also, we have gained the ability to solve customers' issues as the result of our tackling the many challenges our customers have faced and our rich creativity. In addition, we have reliable manufacturing, backed by our dedication to quality and our advanced technical skills. We leverage these three distinctive core strengths to create new value by creating places where people can thrive.

The Okamura Group employees work energetically, producing a virtuous cycle in which both customers and society come alive.



The Okamura Group's History

The Okamura Group uses its high quality products and services to provide support for various situations in which people can thrive. The wellspring of our value creation is the philosophy that our Group has carried on through the years. What is the message that we, as a demand creating company that paves the way to the new era, are sharing with the future? The answer lies in our own history.

From our founding in 1945 to the 1950s: The origins of the Okamura Group

The Okamura Group's Origins

The Okamura Manufacturing Facility, a cooperative industry, was established in 1945 in Okamura-cho, Isogo-ku, Yokohama, Kanagawa, by a group of aircraft engineers united by their affirmation of the ideals of Okamura's founder. These engineers pooled their funds, skills, and labor to create Okamura. This is the origin of the Okamura Group.

Initially, the company made goods used in everyday life, like steel and aluminum pots. It then began manufacturing steel furniture for U.S. military clubs, which led to its manufacture of steel office furniture such as desks and chairs. It used its steel furniture manufacturing skills to create steel product display fixtures, replacing the wooden ones that were common at the time, and it began manufacturing Steel Gondola display fixtures. The passion and ambition for developing "mechanical products" of the founder

and the engineers that were with the company from its foundation led to Okamura researching and developing torque converters starting in 1948. It demonstrated exceptional technical strengths and quality in advanced fields through its development of the N-52 domestically made aircraft, the first to receive manufacturing approval from the Minister of International Trade and Industry following the war, and the Mikasa, Japan's first torque converter automatic transmission car. The technologies it used in the development of these "mechanical products" led to the technologies now used to manufacture material handling system equipment and torque converters.

The Okamura Group's main business segments are now the Office Furniture business, Store Displays business, Material Handling Systems business, and Powertrain business segments. The foundations of these business segments were established in the early days of Okamura through the various challenges it took on and its reliable technical strengths.



Garden table and chairs



Office chair



Steel Gondola display fixtures



Torque converter



N-52, domestically manufactured aircraft



Mikasa, Japan's first automatic car

Loving people and teamwork

The term "Cooperative Industry," used when Okamura was founded, represented the belief that all employees were equals and that each was a member of a team whose aim was the success of the company. The teamwork that the Okamura Group now uses to create new value is rooted in this founding spirit.

As our business has grown, we have been able to passionately take on new challenges, maintain our dedication to quality, polish our manufacturing strengths, and increase the value of the Okamura brand. This must have been due to our spirit of loving people and our teamwork, which we have cultivated since our foundation. We will further leverage these strengths to reach new heights.



Okamura Plant (circa 1955)

The Okamura Group's History

1960s and 1970s: Promotion of technical collaborations with overseas companies

Due to our desire to sell products with exceptional functions and designs, we entered a technology partnership with the LA Darling Company (U.S., system gondolas) in 1963, and we began manufacturing and selling display fixtures and movable partitions. We later entered technology partnerships with Allsteel Inc. (U.S., desks and chairs), Holzapfel Inc. (West Germany, storage furniture), Tyler Refrigeration Corp. (U.S., refrigerated showcases), and Palmer Shale Company (U.S., pallet racks). In 1970, we developed and launched the first Japanese-made boltless rack system, the Type-63 Lightweight Shelving.

- 1960** IBM punch card system introduced, allowing for mechanization of office work
- 1969** Industrial robots developed
- 1970** Okamura listed on the First Section of the Tokyo Stock Exchange
Type-63 Lightweight Shelving launched, the first Japanese-made boltless rack system
- 1975** Manufacturing of system kitchen began
- 1976** RC-04 type pneumatic robot developed
Ferro Wall movable partitions launched
Okamura Multiple Unit Display System (OMUDIS) launched
- 1977** 20 Series chair launched
- 1978** No-defrost refrigerated showcase system launched
Rotary Rack launched



20 Series chair



G Series display fixtures



Rotary Rack

1980s and 1990s: Developing office automation products and improving design and production capacity

In 1980, Okamura played a central role in leading-edge design by launching the Office Research Center (currently, the Work Design Research Institute), which researches how people work. We developed ergonomic chairs, office systems, and more as work styles and offices changed through the adoption of office automation. In our Store Displays business, we launched the Fontana, a refrigerated showcase with a sophisticated design, transforming the conventional images people had of products. We also expanded our production locations to increase our production capacity.

- 1980** Office Research Center opened
OA-compatible head office opened to various visits/
press coverage
- 1984** D-10 Series desk system launched
- 1986** 28 Series ergonomic chair launched
- 1988** *New Office* published
- 1990** Tsukuba Plant completed in Ibaraki
- 1996** *Workplace Strategy* published
- 1997** Nakai Plant completed in Kanagawa
Profice next generation office system launched
- 1998** Fontana refrigerated showcases announced



Profice next generation office system



New Office



Fontana refrigerated showcase

2000s and beyond: Transformation into a total solutions company and global growth

In 2002, we announced the Contessa, our flagship ergonomic mesh chair. In 2018, we changed our name to Okamura Corporation as part of our efforts to transform into a total solutions company and achieve global growth. We are developing entirely new products, like work booths, and proposing office spaces aligned with changing work styles. In our Store Displays and Material Handling Systems businesses, we are providing labor-saving solutions.

- 2002** Products displayed for the first time at ORGATEC 2002 (Germany) and Contessa announced
- 2008** Visplay display fixtures system launched
- 2009** Okamura Chair Museum opened
- 2014** AutoStore robot storage system launched
- 2015** Swift height-adjustable table launched
CYBISTOR pallet storage system launched
- 2018** Changed name to Okamura Corporation*
TELECUBE by OKAMURA work booth launched
- 2021** OC portable battery launched
- 2022** ORV autonomous mobile robot launched



Contessa ergonomic mesh chair



CYBISTOR pallet storage system



Swift height-adjustable table

* Company name changed (Japanese only)

Three Accumulated Strengths

The Okamura Group has developed three core strengths through loving people: “relationships of trust with customers,” “ability to solve customers’ issues,” and “reliable manufacturing.” We are further refining these three distinctive strengths to create a virtuous cycle that enables our employees, customers, and society itself to come alive.

Our relationships of trust with customers are

the relationships we have built that lead our customers to come to us first with consultations.

The Okamura Group has extensive customer contact points, and we have tackled a wide assortment of customer issues. This track record that we have established has earned us the trust of our customers and made us the Group they turn to first. We are using the cutting-edge knowledge we have accrued to build even stronger relationships of trust with our customers.

Our ability to solve customers’ issues is

an ability to persistently tackle the issues our customers face and to solve them using our rich creativity.

The Okamura Group works closely with customers, identifying the core essence of their issues and proposing diverse solutions that get at the heart of customer issues. We can offer solutions such as these because it is in our DNA to use ingenuity to take on challenges and because the Okamura Group has built up a wealth of technologies and know-how.

Our reliable manufacturing is

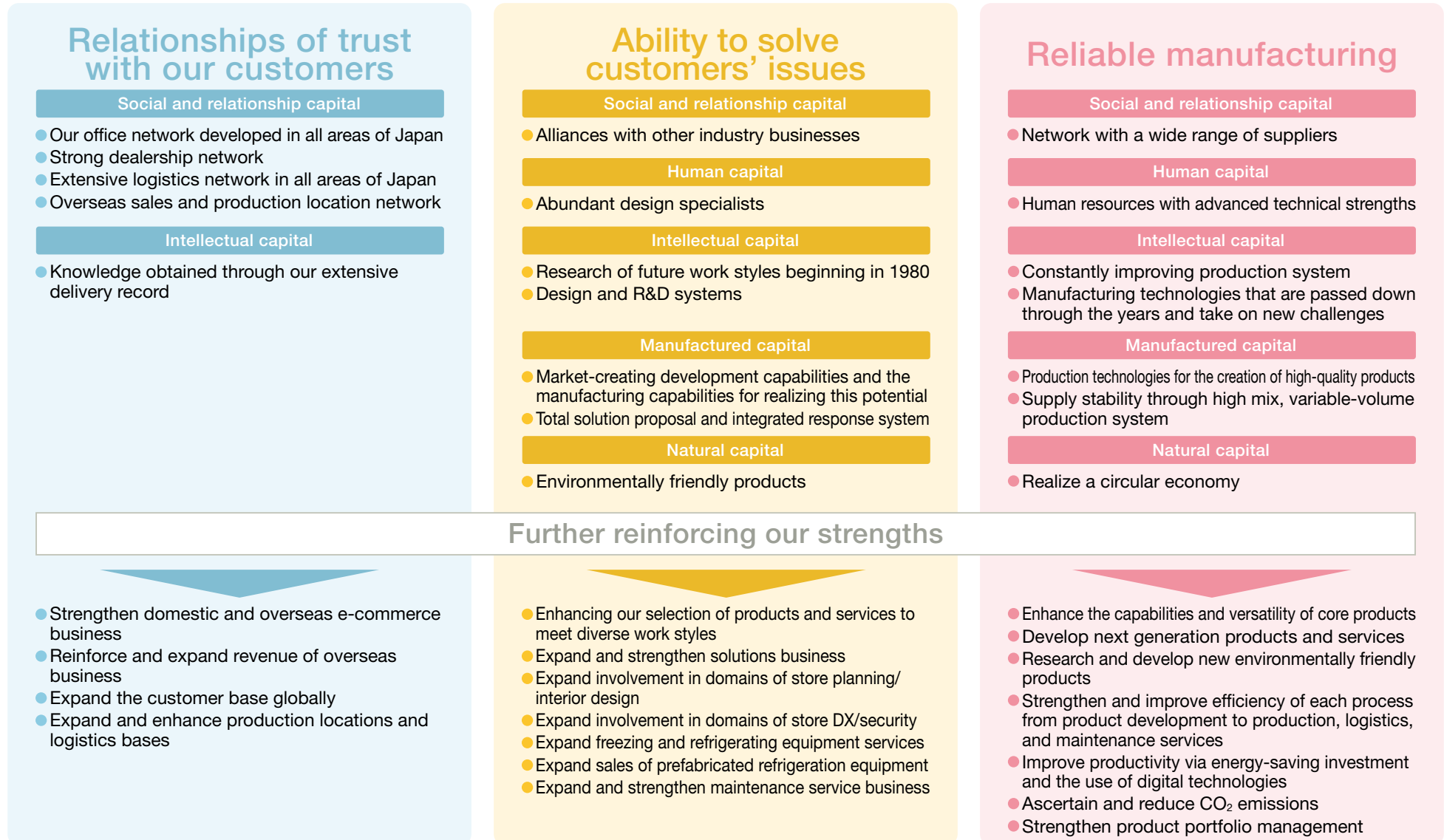
manufacturing backed by our advanced technological capabilities and our dedication to quality.

We create better products and services by applying our advanced technological capabilities and our diligent approach to manufacturing, always thinking deeply about the people who use our products.



Three Accumulated Strengths

Further Reinforcing Our Three Strengths



Management Policy

Q

How will Okamura create a society where people can thrive?

A

We will refine our three core strengths and accelerate our transformation to a demand creating company. We will bring about a society in which people can thrive by supplying new customer value and social value.

To achieve the Okamura Group's goal of realizing a society where people can thrive, we believe that it will be essential to solve social problems such as Japan's stagnating productivity, reduced global competitiveness, shrinking labor force, diversifying work styles, rising focus on wellbeing, and global environmental problems like climate change. We will continue to address our changing times and further apply our cycle to refine our three core strengths, thereby improving our proposal and product strengths and accelerating our transformation to new demand creating company.

The age of selling products to meet demand has ended. We can now grow only if we propose new value and create demand ourselves.

We will rapidly identify the issues our customers face, propose comprehensive solutions, and provide high quality products and services to turn customer issues into new demand.

This new value creation will lead to our ability to sustainably provide value in the future.

Through the spaces where people can thrive that are created by the Okamura Group, we will provide customer and social value and strive to realize a society where people can thrive.

Management Policy

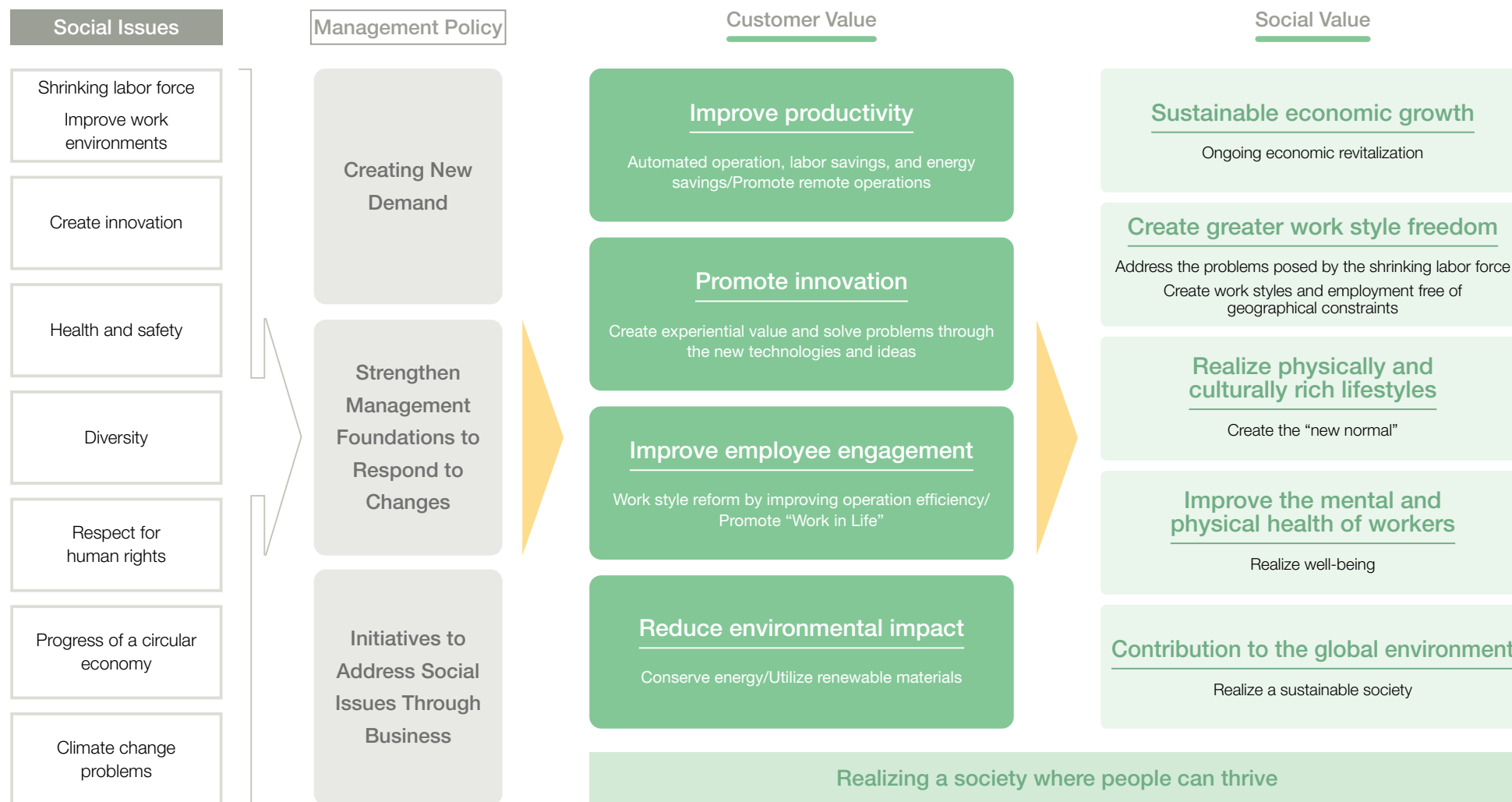
Creating New Demand

Strengthen Management Foundations to Respond to Changes


Initiatives to Address Social Issues Through Business


Social Issues to Tackle and Value Propositions

The Okamura Group tackles social issues through its business activities, helping realize a society where people can thrive through customer and social value it supplies.



The Okamura Group's Materiality (Material Management Issues)

 P.57-58
Materiality KPIs and Progress

 Sustainability Report 2023
P.11-15 The Okamura Group's Materiality

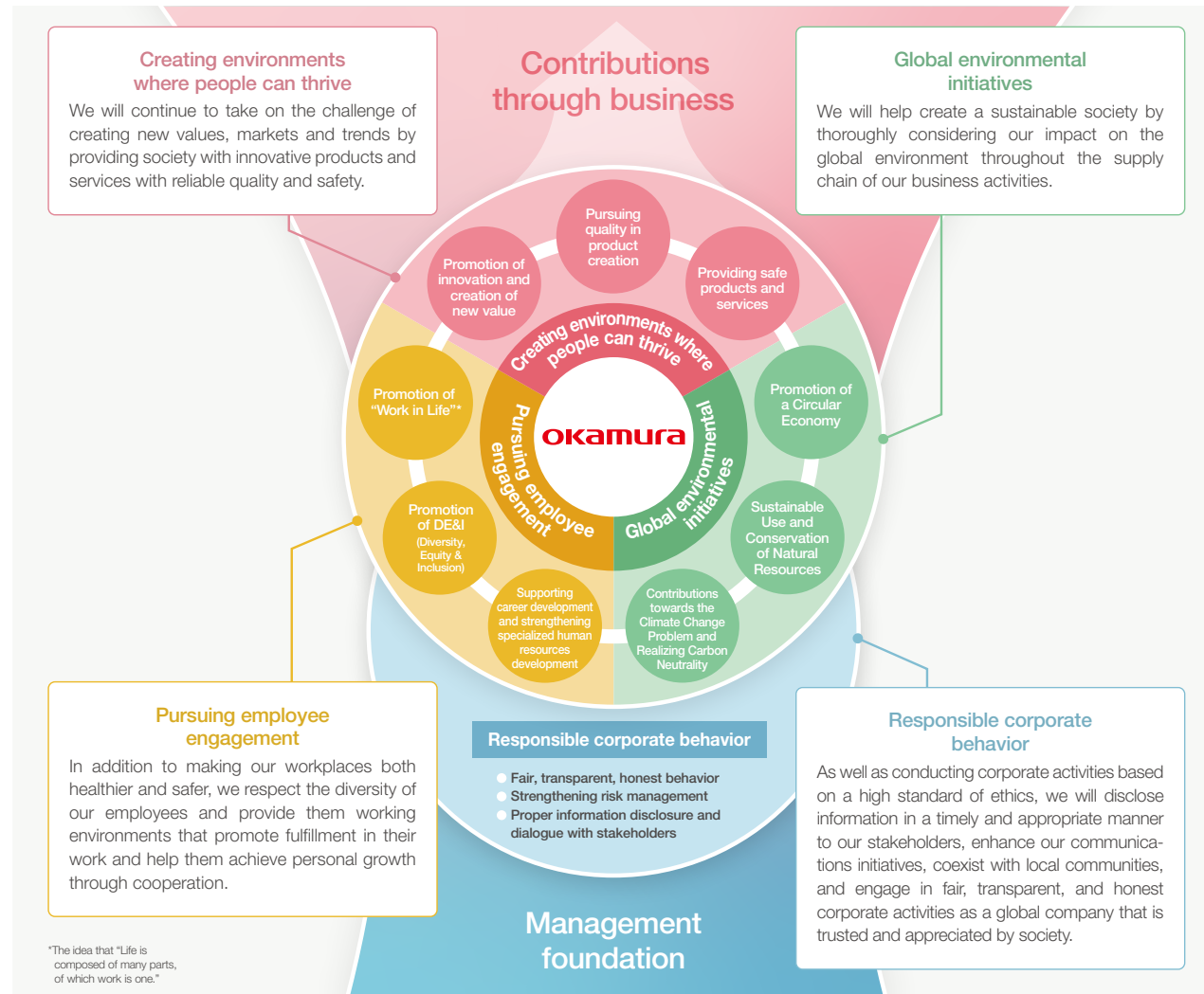
The Okamura Group identifies material issues and promotes initiatives in four areas to help realize a society where people can thrive.

Based on our management principle of responsible corporate behavior, we are committed to reducing the environmental burden throughout our supply chain. This is possible by motivating our employees and ensuring their lives are fulfilled through pursuing employee engagement, and by implementing our global environmental initiatives.

Through our business activities, we will contribute to the realization of a society where people can thrive.

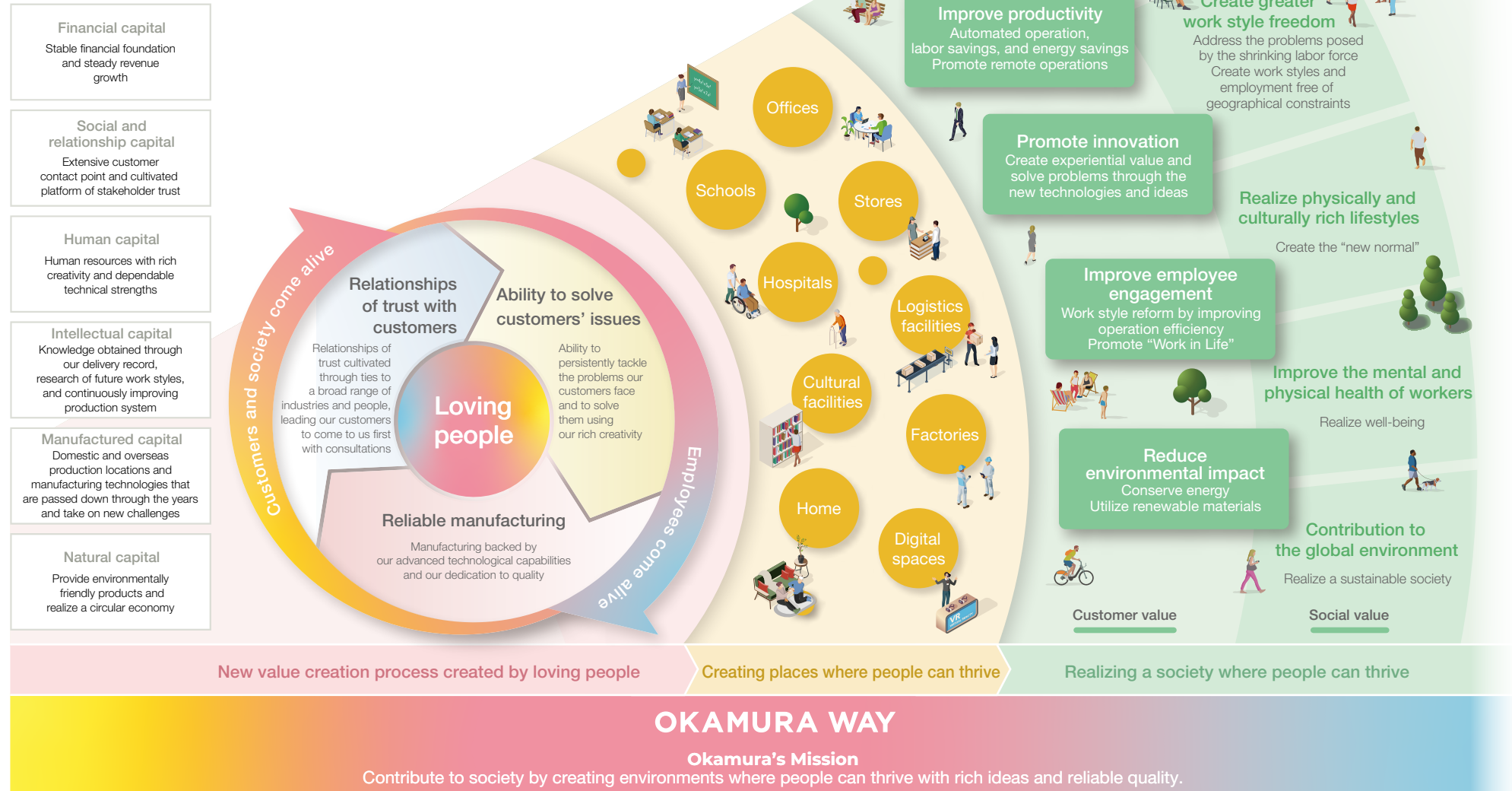
Identifying material issues, promote initiatives to realize a society where people can thrive

The Okamura Group identified material issues for sustainability in 2019. Subsequently, given the ever-increasing importance of sustainability, we conducted a review in 2023, in light of major changes in the external environment and in conjunction with the formulation of our new Midterm Management Plan. We are taking this as an opportunity to place greater emphasis on strengthening our ability to respond to business risks, and have repositioned them as material management issues, instead of material sustainability issues. For each material issue, we are aware of the social issues relevant to our business activities, examine the main risks and opportunities for the Okamura Group arising from the impact of such social issues, and clarify our approach to each issue.



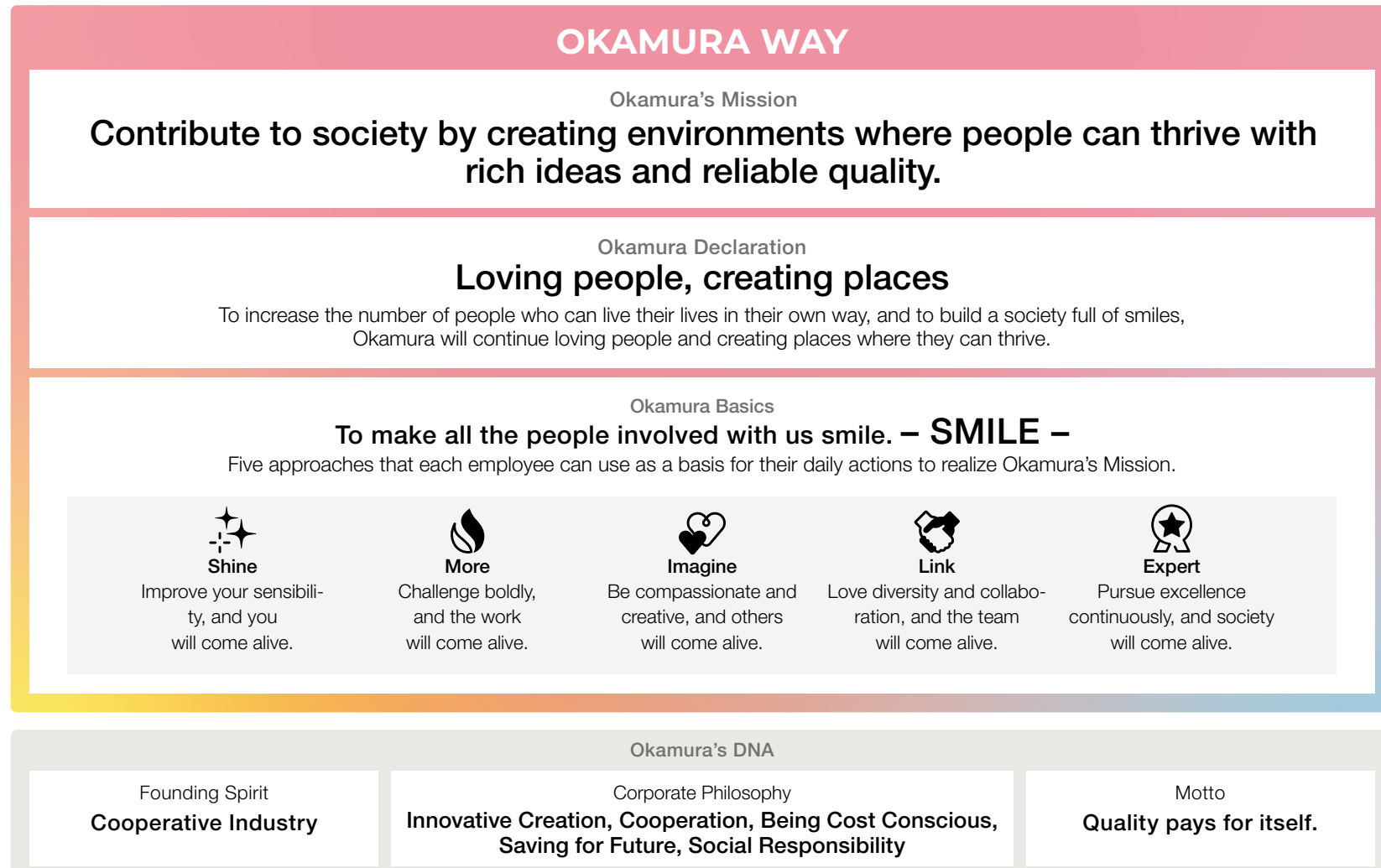
Value Creation Story Overview

To realize a society where people can thrive, as set out in the Okamura Group's Purpose, we leverage our unique values and strengths while creating new value, based on the foundation of the Okamura Way, our philosophy cherished and shared by all employees.



Management Philosophy: Okamura Way

The Okamura Way is the philosophy that we cherish and share as we strive to achieve our Purpose of realizing a society in which people can thrive. The Okamura Way comprises Okamura’s Mission, the Okamura Declaration, and Okamura Basics. Okamura’s DNA including our Founding Spirit, Corporate Philosophy, and Motto, lies at the root of our culture.



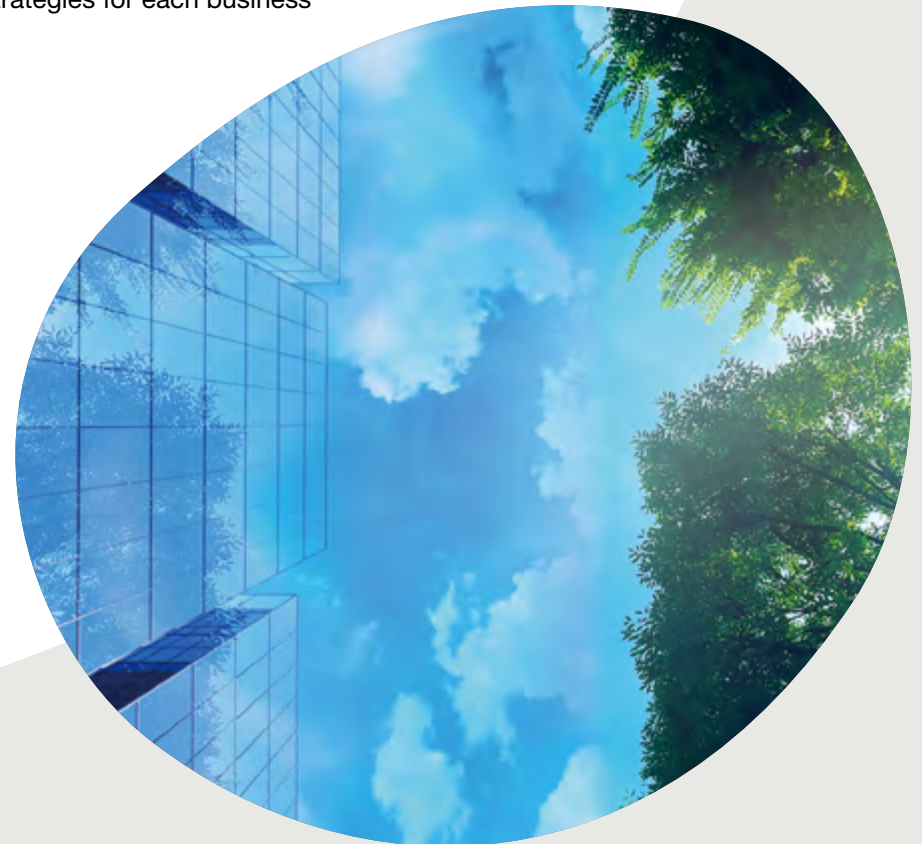
03

Strategies for growth

In our Midterm Management Plan 2025, which began in FY2023, we will refine our proposal and product capabilities in line with the times to accelerate our reform into a demand creating company. In this section, the Officers in charge of respective business segments will talk about the strategies for each business and the reinforcement of our management foundation as we aim to achieve our goal.

Contents

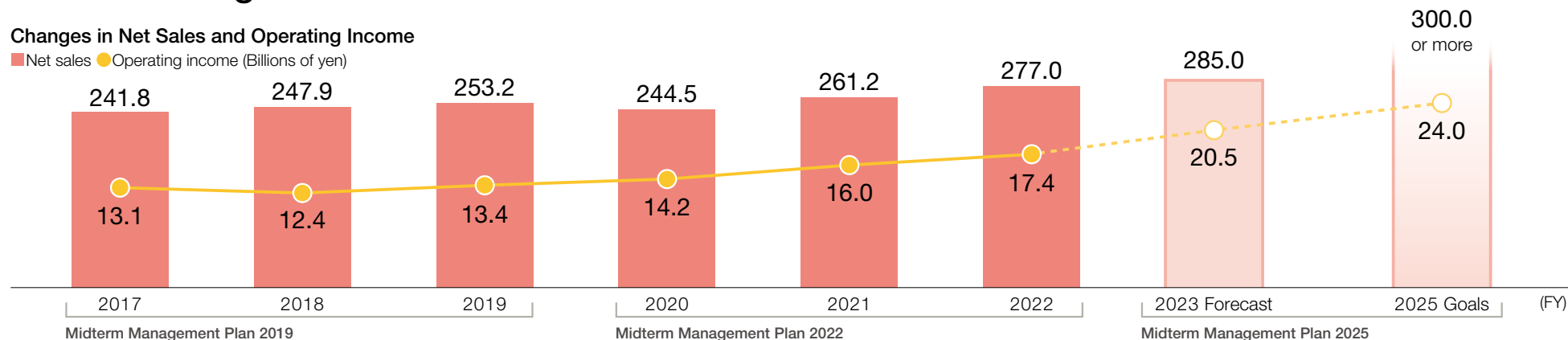
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Midterm Management Plan Trends

Changes in Net Sales and Operating Income

■ Net sales ● Operating income (Billions of yen)



Note: Stated rounded off to the nearest unit

Midterm Management Plan 2019

Basic Policy

- ① Improvements in competitiveness
- ② Strengthening of the domestic business base
- ③ Global market expansion

Achievements and Challenges

- Enhanced proposal capabilities contributed greatly to higher profitability while delay in responding to rising cost considerably offset it.
- The Company achieved greater operational efficiency by actively introducing and utilizing ICT.
- The goal of expanding the office-related furniture business and developing the overseas market further was only half achieved.

Midterm Management Plan 2022

Basic Policy

Aim to enhance the corporate value through continued growth and active ESG initiatives by creating new demands, achieving greater operational efficiency, and promoting globalization.

Achievements and Challenges

- Summary**
- The seeds for the future were steadily sown while adapting to changes in society caused by such as the COVID-19 pandemic and labor shortages.
 - The basic policy of “Creating New Demand” and “Reforming Our Business Structure” progressed as planned.
- Major Achievements**
- Creating New Demand**
- Development of new products for hybrid work and the digital age
 - Development of display fixtures and equipment for labor and energy saving
 - Development of material handling system equipment using robotic technologies
- Reforming Our Business Structure**
- Steady progress toward supply chain reforms responding to demand for high-mix, variable-volume production
 - Construction of a company-wide platform to improve digital literacy
 - Secure access to high-end office markets such as the Chinese and ASEAN markets through M&A
- Challenges**
- Quick response to surge in various material prices
 - Human resource development and improving employee engagement
 - Implementation of measures for supply chain reforms and reaping the rewards
 - Strengthening risk management

Midterm Management Plan 2025



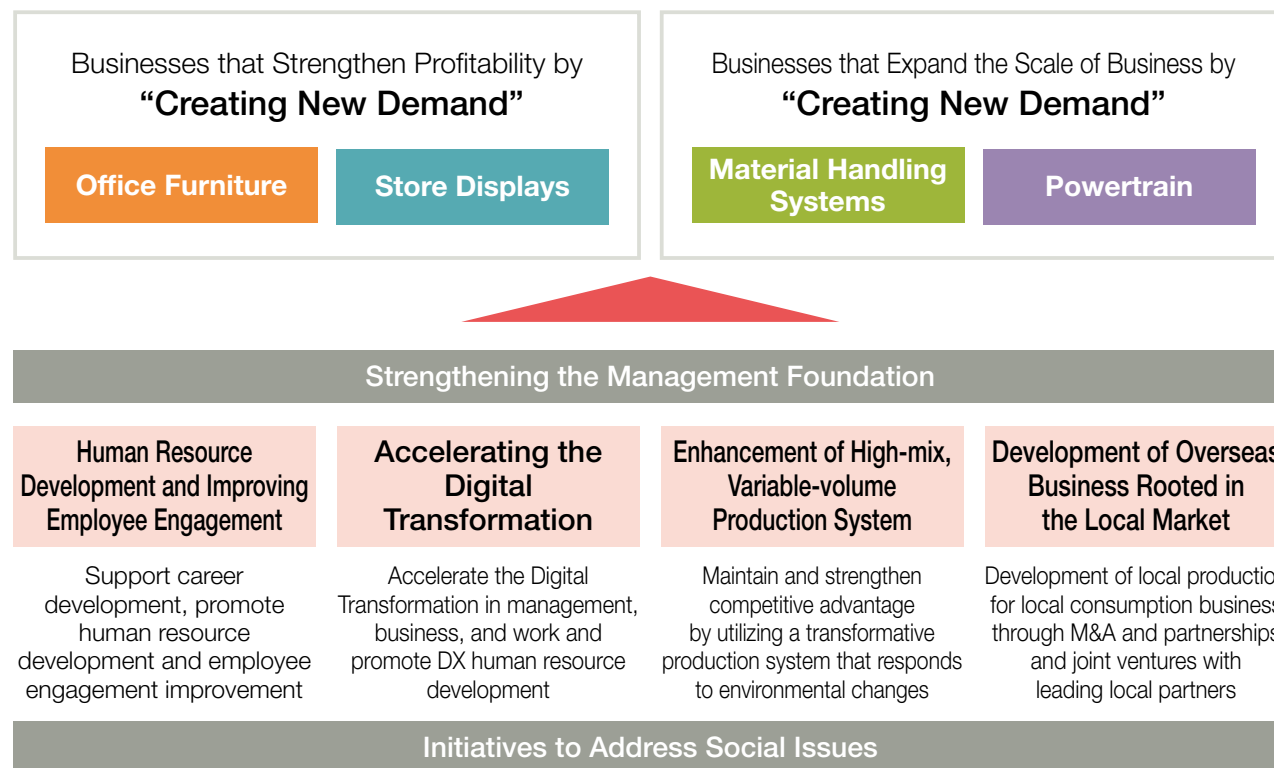
New Midterm Management Plan
▶ P.31

Overview of the New Midterm Management Plan

Aims of the Midterm Management Plan 2025



Catching the bandwagon, accelerate our transformation to a demand creating company by refining our proposal and product capabilities



In the Midterm Management Plan 2025, which covers the three years from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026, as we aim to create new demand, we will refine our proposal and product capabilities in line with the times to accelerate our reform into a demand creating company.

Through the creation of new demand, we will position the Office Furniture business and Store Displays business as those that strengthen profitability and the Material Handling Systems business and Powertrain business as those that expand the scale of business. While reaping the rewards of our strategic investments under the Midterm Management Plan 2022, we will move forward with management to create new demand by proposing ideas for new markets for the future.

We have also set forth four themes to reinforce our management foundation that supports our businesses: human resource development and improving employee engagement; accelerating the digital transformation; enhancement of high-mix, variable-volume production system; and development of overseas business rooted in the local market.

Furthermore, together with initiatives to address social issues through our businesses, at the Okamura Group we will help create a sustainable society by thoroughly considering our impact on the global environment throughout our supply chain. Moreover, with the aim of realizing the Long-term Environmental Vision "GREEN WAVE 2030," which sets target values for 2030 such as GHG emissions reduction amount, we will make steady progress with our three-year midterm plan.

In addition, we will push ahead with further investment in developing human resources and changing mindsets to enhance the engagement of employees for supporting sustainable growth. We aspire to build a "Strong Okamura" by enabling all of our employees to work with vitality in their own individual styles.

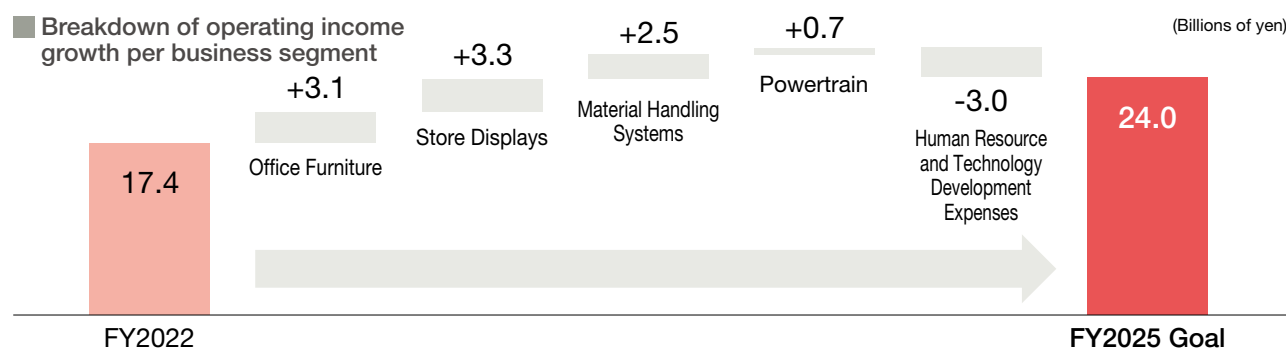
Continuous initiatives to address social issues and steady progress of long-term global environmental initiatives toward realizing carbon neutrality by 2050

Overview of the New Midterm Management Plan

Financial Targets

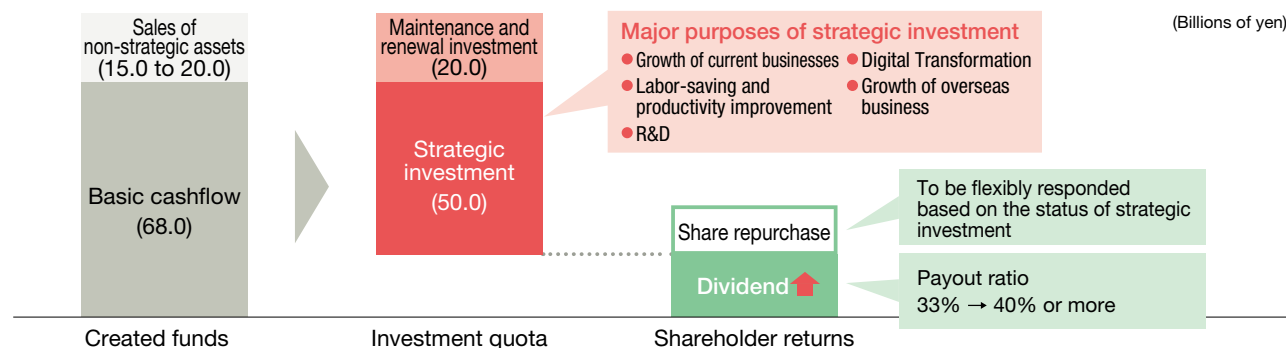
	FY2022	FY2025 Goals	FY2022 to FY2025
Net sales (Billions of yen)	277.0	300.0 or more	+23.0 or more
Operating income ratio	6.3%	8.0%	+1.7%
Operating income (Billions of yen)	17.4	24.0	+6.6
ROE	8.8%*	10.0%	+1.2%

*Excluding gain on sales of securities (Before exclusion: 10.8%)



In FY2025, the final year of the Midterm Management Plan 2025, we are aiming for net sales of more than 300 billion yen, operating income of 24 billion yen, operating income ratio of 8%, and ROE of 10%. For the operating income of 24 billion yen, our plan by business is targeting 19 billion yen (a 3.1 billion yen increase compared to FY2022) in the Office Furniture business, 6 billion yen (a 3.3 billion yen increase compared to FY2022) in the Store Displays business, 1.3 billion yen (a 2.5 billion yen increase compared to FY2022) in the Material Handling Systems business, and 0.5 billion yen (a 0.7 billion yen increase compared to FY2022) in the Powertrain business. This also takes into account 3 billion yen in human resource and technological development expenses for future growth.

Distribution Policy for Investments and Shareholder Returns



In terms of investments and shareholder returns, in the three years of the plan we aim to generate 68 billion yen in basic cashflow* and between 15 to 20 billion yen from sales of non-strategic assets, and we will ensure balanced distribution of this cash to both growth investments and shareholder returns. Following on from the previous Midterm Management Plan, we have set aside 50 billion yen for strategic investment, and will proactively make investments to accelerate growth. We will also aim to reinforce our shareholder returns by increasing our dividend payout ratio from 33% to 40% or more.

Our aim is to ensure a thorough cycle of value creation and reinvestment to enhance corporate value.

*Profit after tax + depreciation ± non-cash profit or loss

Strategies for Each Business: Office Furniture Business

Basic Policy

Contribute to improving worker engagement and achieving corporate growth by enhancing our selection of products and services, working to understand the corporate cultures and climates of our customers, and creating future-proof office environments.

Drivers for Revenue Growth

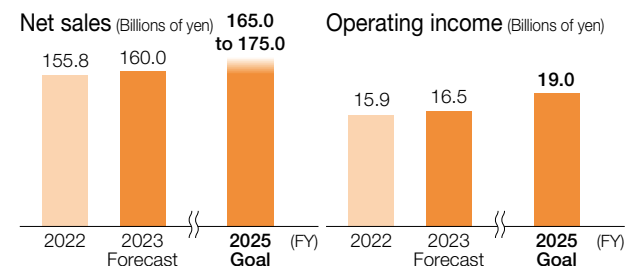
- Expand solutions business
- Strengthen e-commerce business
- Expand revenue of overseas business

Strategic Challenge

- Further strengthen consulting functions that take advantage of research findings on work styles and the extensive orders received thus far
- Strengthen designs, interior construction work, and DX proposals that meet the diverse needs of offices
- Strengthen BtoC business through improved products supporting remote work
- Expand target areas of environments where people can thrive

Review for FY2022

We benefited from strong demand for office renewals arising from the redesigning of central office functions in response to the spread of hybrid work. DB&B, a company acquired in the previous fiscal year, also delivered a strong sales performance. As a result, net sales reached a record high. As the impact of rising material prices was offset by the wider acceptance of passing increased costs onto selling prices as well as reduction in production and logistics costs, operating income reached a record high.



Note: Stated rounded off to the nearest unit

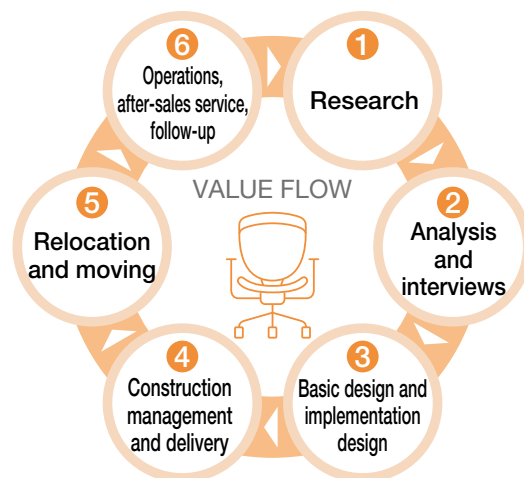
Movements in the World Surrounding Office Furniture

- Hybrid work styles are gaining acceptance
- Co-creation, innovation, and productivity improvement are becoming corporate issues
- Increasing influence and impact demonstrated by key players in upstream areas (consultants, designers)

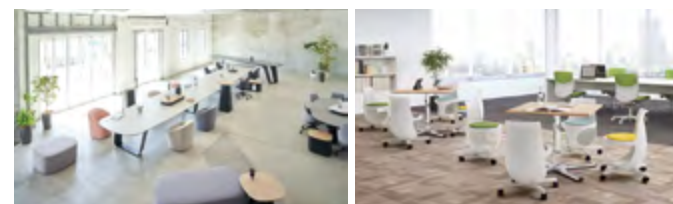
The Okamura Group's Strengths

- Strong connection with customers through our office network and influential local agents developed in all areas of Japan
- Proposal ability to respond to customer issues grounded in research findings and knowledge on future work styles from the Work Design Research Institute
- Product development capabilities focused on anticipating changes and creating new demand
- Capabilities in production technology and ensuring stable supply for the creation of high-quality products

Value Creation Flow



Areas in Which the Business Provides Value



Offices

Schools and educational facilities



Facilities for healthcare and the elderly

Security systems

Strategies for Each Business: Office Furniture Business

Message from the Officer in Charge of Division Management

Creating attractive offices with the aim of achieving our Purpose of realizing a society where people can thrive

Seeing Office Refurbishments as Investments Rather than Costs

In the Office Furniture business, in addition to delivering furniture to not only offices, but also a wide range of areas such as schools, hospitals, research centers, and public facilities, Okamura has also offered work style consulting, project management, and spatial design services, taking part in various development phases to help create a large number of spaces. These industry-leading achievements have helped to improve our interviewing skills, problem-solving capabilities, proposal capabilities, and on-site response capabilities, which we have accumulated as expertise to create even better spaces. In 1980, we established the Office Research Center (currently, the Work Design Research Institute), and since then we have continued to conduct basic research on work styles and workplaces. To date, we have set research themes by ascertaining changes in social trends and people's awareness, and worked with researchers in various fields from universities and research organizations to explore future work styles and workplaces. The results of this research have been put to good use in the development of new proposals, such as measurements of optimal office sizes during the COVID-19 pandemic. Moreover, as the industry's leading company, we have anticipated changes and engaged in product development as a demand creating company to resolve social and management issues.

As one recent result of these efforts, we developed and launched TELECUBE by OKAMURA in 2018, Japan's first work booth conforming to the Fire Service Act. The COVID-19 pandemic caused a paradigm shift in promotion of work style reforms, and our products were adopted by numerous companies as concentration booths and web meeting booths for

hybrid work styles that became common during this time. They helped to improve worker engagement and productivity by providing more comfortable working environments. They have also been used by many customers in public spaces such as stations, airports, office building lobbies, and commercial facilities, and in doing so are playing a key role in the spread of remote work styles in Japan.

With the spread of human capital management and health management, in recent years there has been increasing demand for the facilitation of flexible work styles and the promotion of improvement in worker engagement, human resource development, and well-being. All of this can be achieved by improving office environments, and managers have started to see office refurbishments as investments rather than costs. Based on our "Loving people, creating spaces" declaration, we will strive to create attractive offices by aligning ourselves with our customers and providing products and services that make people thrive to improve worker engagement and achieve future growth.



Work booths set up in a public space



An office promoting well-being through greenery and standing work



Office facilities that promote human resource development

Enabling Employees to Work with Vitality to Realize a Society Where People Can Thrive

With the growing importance of human capital management to maximize corporate value, in which personnel is considered as capital that can be grown with investments rather than as resources, we believe it is essential to enable our employees to work with vitality in order to realize a society where people can thrive, and so our policy moving forward will be to proactively invest in our human resources. We are working on human resource development with various approaches such as offering educational programs throughout the Company to develop future management level human resources, supportive leaders who can help employees work with vitality, and spatial and product designers, and to promote active participation of female employees, as well as overseas and other external training programs and dispatch programs. We also conduct the DX human resources development program, DX Learning Platform, for which we received the excellence award at the Platinum Career Award, an initiative supported by the Ministry of Health, Labour and Welfare. Through this program, we provide motivated employees with opportunities to learn digital technologies and design concepts, and it has already led to the implementation of new digital-based projects and numerous operational reforms in the Office Furniture business. In addition, in our first intra-preneurship initiative, we have set up NovolBa, a company that provides workplaces as a service to support the growth of startups. Moving forward, we will continue to roll out measures that motivate our employees.

Senior General Manager,
Office Furniture Division and
Office Furniture Sales Division

Naoki Kono



Strategies for Each Business: Office Furniture Business

Case Study

We Labo—Laboratory-style offices where workers can maximize their mutual skills

When considering work styles, Okamura focuses on the people who are working. To enable each individual to maximize their skills, we believe it is essential to comprehensively reform three areas of systems/operations, ICT and other technologies, and workplaces/environments. We have implemented various work style reforms and worked to reflect our achievements and experiences into customer solutions. For example, we became the first in the industry to open LABO Offices, for which we position our own offices as places for making experiments to demonstrate work style reforms. Through these Lab Offices, we have implemented and experimented with various layouts and advanced equipment and services. The data we have acquired from this trial-and-error process is being put to use in various reports and customer proposals.

In December 2022, we refurbished and renewed our HEADQUARTERS OFFICE on the 24th to the 26th floors of Hotel New Otani Garden Court, in Kioicho, Chiyoda-ku, Tokyo, opening it under the name of We Labo. We Labo embodies “People Thriving,” the value at the core of the Okamura Way, which is the reorganization of our management philosophy into a single system. It is an office that trials and demonstrates work styles that enable us to demonstrate our identity to maximum effect by transforming differences such as roles, titles, generations, and genders into strengths and linking different personalities. We have termed this Okamura’s identity as “We-dentity,” which is the origin of the name of We Labo.

We Labo comprises three separate floors based on differing concepts. The concept for the 26th floor is “Eyes—Watching the link between tradition and the future.” Centered on an area for company officers, the floor showcases the future work styles and visions of leaders. The space combines our accumulated expertise with cutting edge of the times to lead us into the future. The 25th floor with the concept of “Ears—Listening to the times and people’s opinions” features workspaces based on open plan seating for individuals and groups and visitor meeting rooms. It enables people to work in a healthy manner while allowing teams to function effectively to ensure high-quality work and results. It is a space that utilizes diversity and inspires new ideas among employees. The concept for the 24th floor is “Hands—Creating products and services.” While valuing time spent alone for careful thinking, the space also facilitates the sharing of feelings and emotions to generate creative ideas as in a workshop. We will implement activity-based working (ABW), allowing workers to select the optimal work location from these three floors in line with the objectives and nature of their task, regardless of their department or job title. By allowing each employee to demonstrate their individuality and flexibly connect with their colleagues, we will aim to create



comfortable working environments through communication and achieve a work style in which workers can maximize their mutual skills.

Outside of the Tokyo area, Okamura also operates LABO Offices in Sendai, Nagoya, Osaka, and Fukuoka. The concepts for these offices differ by location, and include the CO-RiZ LABO, which aims to facilitate teamwork in a comfortable manner and maximize achievements, and the CO-Dō LABO, which promotes independent thinking and action by each employee. These LABO Offices are open to visitors, and through tours we showcase actual ways in which Okamura employees work, introducing to customers office layouts, operational methods, and expertise from our experience. These LABO Offices are used by customers who are thinking about relocating or refurbishing, or who are concerned about their office operations, to collect the relevant information.

Strategies for Each Business: Store Displays Business

Basic Policy

Utilize our ability to offer an integrated service, from proposals to after-sale services, in order to support store development of the future and to address issues faced by retailers and respond to social demands.

Drivers for Revenue Growth

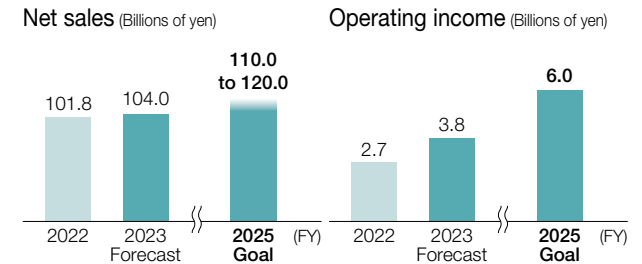
- Expand involvement in domains of store/interior design and store DX/security
- Increase sales of refrigerated showcases and expand service business
- Expand sales of prefabricated refrigeration equipment

Strategic Challenge

- Expand involvement in domains of store planning/interior design
- Expand sales of freezing and refrigerating equipment, form alliances with related businesses, and digitize maintenance services
- Providing functionality, products, and services to solve social issues faced by retailers

Review for FY2022

Despite a temporary decline in store investments due to rising electricity rates, renovation demand, particularly for supermarkets and drugstores, remained firm throughout the year, and net sales remained unchanged. Even while experiencing the impact of rising material prices, operating income remained unchanged because reduced production and logistics costs and passing increased costs onto selling prices started to gradually gain wider acceptance from the second half of the year.



Note: Stated rounded off to the nearest unit

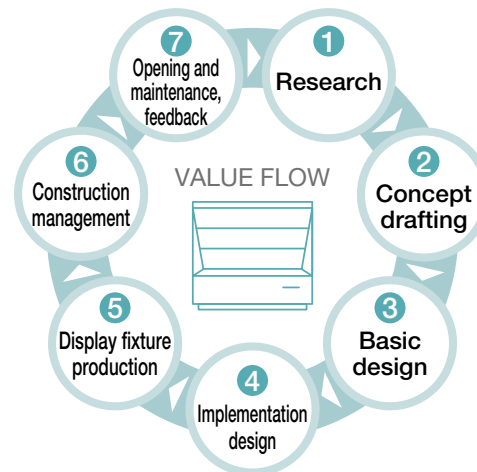
Movements in the World of Retailers and Stores

- Progress of labor-saving and automation arising from labor shortages in stores
- Eco-friendly and energy-saving features are becoming requirements for store facilities/equipment
- Progress in digitalization and personalization of consumer behaviors

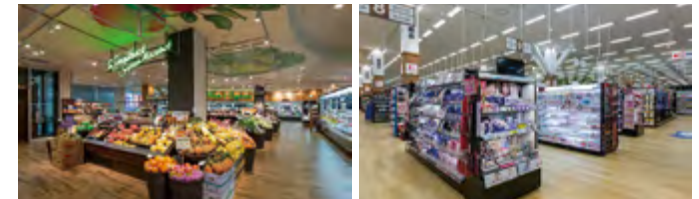
The Okamura Group's Strengths

- Broad customer base covering all industries and business formats
- Integrated support system spanning from proposals to after-sales services
- Design and R&D systems for store development

Value Creation Flow



Areas in Which the Business Provides Value



Supermarkets

Drugstores



Apparel

Home centers

Strategies for Each Business: Store Displays Business

Message from the Officer in Charge of Division Management

Creating a richer future through store development and solving six social issues through our business

Finding Solutions to Customers' Social Issues

Our customers in the retail industry are experiencing significant change, including transformations in social structure caused by population declines and the advancement of AI and other state-of-the-art technologies. Moreover, their presence as a key part of social infrastructure is growing further, and therefore they are facing various social issues along with these changes.

In the Store Displays business, we have identified six social issues facing the retail industry with the aim of showcasing our intent both inside and outside the Company to contribute to solving various social issues by clarifying such issues. In our efforts to create comfortable store working environments and contribute to local communities, we provide support from the planning and design stage for various roles including store design. In doing so, we can propose store development plans that cater to the issues facing our customers, by providing easy-to-operate equipment, spaces where local communities can gather, and other solutions. In line with the recent increase in frequency of natural disasters, we are developing quake-absorbing and earthquake-resistant display fixtures and creating a system to ensure speedy recovery work by our installation departments to ensure that stores do not lose the ability to


function as key community infrastructure during disasters. In our efforts to lower environmental impact and reduce product waste, reflecting the feedback from a number of customers, we are continuing to engage in product development and improvement to increase our lineup of products, including refrigerated showcases with lower environmental impact and that ensure minimal deterioration in product quality. We are also ensuring sustainable production and procurement activities through use of renewable energy at our production sites.

The Store Displays business covers all elements of store development, from planning and design to production, installation, and maintenance, and boasts a large workforce nationwide. Especially for store designs, our in-house spatial designers propose store development designs tailored to customer needs. Moreover, in addition to design, we also verify store plans through analysis of the flow of people in stores, working alongside our customers to take on new store developments. Employees working in the Store Displays business have access to a wide range of specialist education programs. Moving forward, we will continue to carefully deal with the increasingly diverse issues in the retail industry across every value chain.

Aiming to Become the Only One Company That Creates a Prosperous Future Through Its Store Creation

At the Store Displays business, our vision (ambition) is to become the only one company that creates a prosperous future through its store creation, and this is something we have shared with all employees related to the business. To achieve this future, we believe that sustainable business activities that can solve the social issues facing our customers are essential. The environment surrounding our business is being impacted by the same factors affecting our customers: labor shortages, soaring costs, advancements in state-of-the-art technologies, and other significant changes. Amid these changes, we are implementing initiatives to provide value to our customers by enhancing our strengths, namely our comprehensive capabilities in store development, design proposal capabilities, and rich product lineup. We are also hosting cross-organizational workshops and overseas inspections to ensure that anyone in the company can make high-quality proposals to our customers. In terms of open innovation for research on future store development and initiatives geared toward DX in store development, we have begun activities to analyze the flow of people in stores and to automate the creation of drawings and estimates. Moving forward, we will pour further efforts into these activities to ensure that customers and employees can feel value firsthand. Meanwhile, to further increase our share of the market, in FY2024 we will begin construction of a refrigerated showcase plant in Suzaka City in Nagano Prefecture. While balancing activities geared toward the future with activities to reinforce the foundation of our current business, we will make every effort to achieve our vision for the future together with our stakeholders.

■ Six Social Issues in the Retail Industry

<p>01 Reduction in environmental impact </p> <p>People- and environment-friendly store development in consideration of reduction in environmental impact</p>	<p>02 Contribution to local communities </p> <p>Store development to bring joy to local communities where store visitors live</p>	<p>03 Comfortable working environments </p> <p>Store development that promotes comfortable and efficient work</p>
<p>04 Elimination of product waste </p> <p>Store development that incorporates product and food waste countermeasures to eliminate food waste</p>	<p>05 Sustainable procurement </p> <p>Store development through highly sustainable and transparent procurement</p>	<p>06 Increasingly diverse social issues </p> <p>Store development in consideration of social issues along with the stores</p>

Senior General Manager, Store Displays Division and Store Displays Sales Division

Ken Inoue



Strategies for Each Business: Store Displays Business

Case Study

Solving the social issues facing our customers

In supermarkets and drugstores, product displays are important operations, which include timely product replenishments to capture sales opportunities and product changes corresponding to seasons, events, and new product launches. Product replenishment or display is one of the more time-consuming in-store operations, as well as one that comes with significant physical burden. In response to these challenges, in 1993 Okamura launched display fixtures with a sliding function using its more than 60 years of experience in developing and selling in-store display fixtures. The individual shelves on this product can be pulled out like a drawer, helping to reduce the time spent on product displays by around 82% compared to fixed shelves (according to in-house research). In December 2021, we launched the SUG Slide Rail Shelf with a sliding function that can be unlocked at any position of the backside of a shelf board along the near side, which enables us to pull out the shelves smoothly with a lighter force due to its stable operability. We shortened assembly time with a tool-less structure and reviewed the components and overall structure to achieve lighter weight. This has ensured that the position of the shelves can be changed comparatively easily.

We developed the Fontana-Neo refrigerated showcase focusing on four key points: energy-saving, freshness control, product appearance in display, and labor-saving. In addition, through air curtain and control method improvements, we reduced refrigeration load by 15% compared to previous products. The product is equipped with functionalities necessary for future store development, such as a lineup of Smart Defrost Cases that defrost displayed products while maintaining their freshness, improvement of cabinet colors, enhancement of LED lighting, and expansion of labor-saving attachments. In addition,

through showcase navigation systems that support the reduction of power consumption in the whole store including showcases, refrigerators, lighting, and air conditioning, as well as cloud services that ensure the safe and reliable management of various data collected from these systems, we will support the reduction of environmental impact and greater efficiency in store operations.

At Okamura, as a store development partner, we are using these products to support our customers' sustainability transformation (SX) efforts. When FRESTA Co., Ltd., a company operating supermarkets in the Chugoku and Shikoku areas, opened a new store, we proposed the use of wood from Hiroshima Prefecture in interior store design and a Fresta Forest kids' space to learn about wood, based on the keyword "regional sustainability." We have supported FRESTA's store development activities while engaging in discussions with the prefecture's forestry section and other specialist organizations. We have also installed our OSCOM showcase navigation systems at FRESTA's several stores, and in doing so have helped to save energy in store operations. Okamura will support its customers in solving their business issues through



Fresta Forest—A kids' space to learn about wood

store development, as a partner working with customers for the next-generation store environment.

Design capabilities and store development tailored to customer needs

We offer total support from the store planning stage through to store opening, proposing ways to ensure attractive store development as customers wish. After the store's opening, we inspect display fixtures and conduct equipment maintenance, utilizing our findings in the refurbishment of existing stores and the next store openings. Moreover, our nationwide sales, spatial design, installation management, logistics, and manufacture of display fixtures at factories are all conducted by our employees in Japan. Therefore, we can minimize any burden on our customers, such as contacting with related partner companies and conducting complicated clerical work.

More recently, we have started a new project in which we use AI cameras to analyze the flow of people and visualize current customer issues to utilize the data in store planning. The visualized information is analyzed by Okamura's spatial designers with considerable knowhow and expertise in store development, who use the information to support for improvement plans, future store layout plans, and verification of effectiveness after store openings.



Fontana-Neo refrigerated showcase



OSCOM Alto showcase navigation system



Total support from spatial design to construction

Strategies for Each Business: Material Handling Systems Business

Basic Policy

Develop and provide products and services that are unique to Okamura, leading to the enhancement of the capabilities and versatility of existing core products and the realization of smart logistics.

Drivers for Revenue Growth

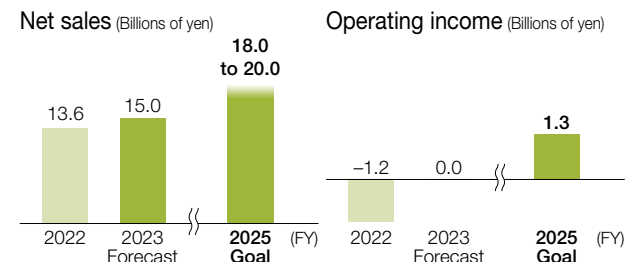
- Increased sales and improved profitability resulting from the recovery of supply chains
- Expand maintenance service business
- Establish/expand joint venture business in China

Strategic Challenge

- Enhance the capabilities and versatility of existing core products such as rotary racks, conveyors, and ORV
- Develop picking robots and other new products and services
- Full-scale establishment of a joint venture business in China and achievement of profitability at an early stage

Review for FY2022

Net sales increased due to a steady recovery of orders received, which had temporarily experienced a significant decrease on the back of slower sales negotiations and postponed projects under the COVID-19 pandemic. However, due to rising material prices, the cost to sales ratio for many projects was significantly worse than the projections made at the time the orders were received, and operating income decreased accordingly.



Note: Stated rounded off to the nearest unit

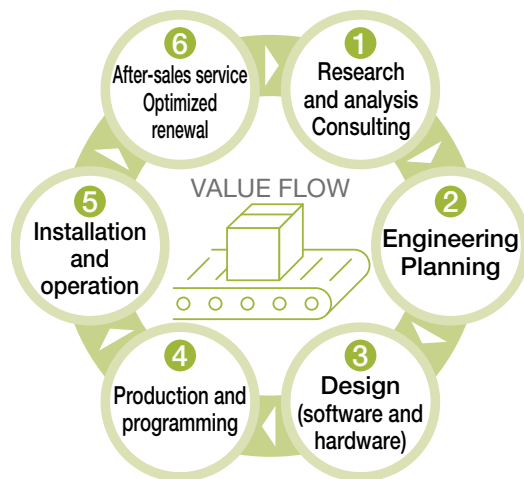
Movements in the World Surrounding Logistics Industry and Production Facilities

- Expanding EC market and acceleration of Internet shopping
- Employee shortages faced by distribution sites and the “2024 logistics problem”
- Progress of automation and robotization for logistics facility equipment

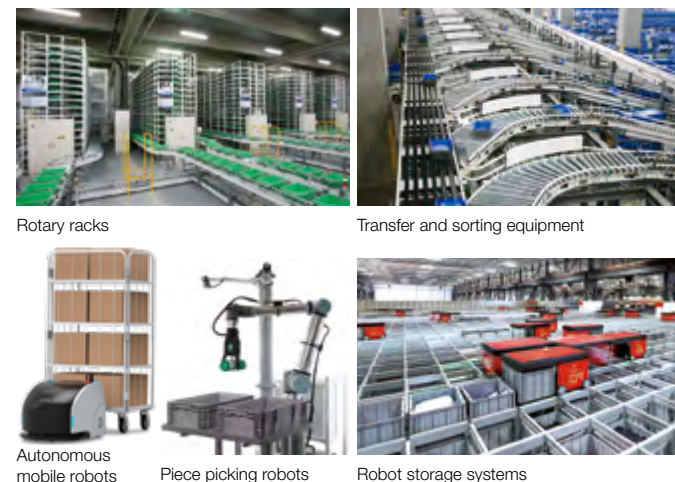
The Okamura Group's Strengths

- Integrated response system spanning from improvement proposals for material handling systems to software development, equipment installation/operational support, and after-sales services
- Development capabilities for products that anticipate customer needs starting with the carousel storage system, “Rotary Rack H”
- Relationship with influential local business partners in the Chinese market

Value Creation Flow



Areas in Which the Business Provides Value



Robot storage systems

Strategies for Each Business: Material Handling Systems Business

Message from the Officer in Charge of Division Management

Provide a total solution with the aim of optimizing material handling systems “Transforming viewpoints. Exceeding solutions.”

Integrated Support System Spanning from Improvement Proposals to After-Sales Services

At the Material Handling Systems Division, we offer total logistics support using an integrated system to provide customers with the optimal logistics environments, which covers everything from improvement proposals based on investigations and analyses to software development, equipment manufacturing and installation, and after-sales services. We listen to customers' opinions and align ourselves with them to find high-level solutions to the increasingly diverse and sophisticated issues facing logistics environments.

Okamura's Initiatives to Provide Solutions to Issues in Logistics

When looking back on our previous Midterm Management Plan (FY2020–FY2022), net sales decreased due to the stagnation of business discussions with customers caused by the COVID-19 pandemic, while revenue also fell due to sharp exchange rate fluctuations, soaring material prices, and global procurement difficulties with electrical components, bringing



Material Handling Systems Showroom “LUX”

about a severe business environment. On the other hand, we achieved some positive results such as the acquisition of new customers and an increase in net sales at large logistics centers. Moreover, at the Material Handling Systems Showroom “LUX” we opened in

2020, every month we hold tours for customers who are thinking about introducing logistics systems equipment into their business. To date, we have welcomed more than 2,300 customers to the showroom to offer them opportunities to feel and experience our products in action.

In terms of our business environment, in addition to the expansion of the e-commerce market and faster online shopping, there are growing needs for larger-scale logistics facilities to cater to the rise in warehouse inventory caused by COVID-induced supply chain disruptions, as well as for labor-saving and automation solutions in line with labor shortages at logistics sites. In addition, responding to the 2024 logistics problem, the introduction of an upper limit in truck drivers' annual overtime, is a pressing issue. It has become absolutely indispensable to ensure greater efficiency in all logistics operations.

To resolve these social issues, we will provide the optimal logistics systems to our customers using our extensive lineup of automated warehouse and transport equipment developed and produced in house. As a material handling systems integrator, we propose a total range of solutions to optimize logistics as a whole by achieving unstoppable logistics operations through such initiatives as proposing high-density storage solutions, high-performance automated warehouses, and high-speed conveyor systems, developing automated conveying robots, and promoting use of IoT to enable remote monitoring and predictive maintenance.

“Transforming viewpoints. Exceeding solutions.”

In the Midterm Management Plan 2025, we are aiming to expand the scale of the Material Handling Systems business through the creation of new demand. To this end, we will work to improve the capability and versatility of our existing logistics system products (rotary racks, conveyors, ORV, etc.) and aim



PROGRESS ONE

for quick practical application of our hybrid automated logistics solution PROGRESS ONE to provide products and services unique to the Okamura Group that lead to the realization of smart logistics. In China, we have set up a joint venture with an influential local business partner. We will focus on reinforcing and expanding our business through mutual cooperation. We are continuing to ask ourselves how we look at ways to provide solutions that exceed customers' expectations by discovering their true issues as their logistics partner, and how we clarify the future beyond their implementing our solutions. We will communicate this approach through our new business brand message, “Transforming viewpoints. Exceeding solutions.” At the Material Handling Systems business, we will thoroughly align ourselves with our customer needs through movement and linking technologies and propose unparalleled logistics systems in order to tackle new business possibilities together and create an exciting future society and a future in which people can thrive.

Senior Executive Officer
Senior General Manager,
Material Handling Systems
Division

Makoto Tajiri



Strategies for Each Business: Material Handling Systems Business

Case Study

Solving logistics issues through state-of-the-art robotics and material handling technologies

Requirements and challenges for logistics continue to grow, which include rise in amount of goods handled and labor shortages associated with the expansion of the e-commerce market. Especially, with the upcoming 2024 logistics problem, shippers are required to reduce the time that transport companies spend waiting.

Shortening order processing time using Rotary Rack H

Rotary Rack H is an automated warehouse system for high-speed receiving/shipping that can be used for various purposes ranging from storage to sorting with its structure that enables each of the levels to independently rotate horizontally. It is a long-selling product that enables automation, labor-saving, and space-saving at production and logistics sites in various industries and businesses both in Japan and overseas.

SUNCO INDUSTRIES CO., LTD. is a specialized trading company that handles approximately 1.8 million screws and fastening components of various sizes under its motto of offering any kind of screws, and one of its strengths is an extensive product lineup and a rapid delivery system. At its logistics centers, however, the company is facing issues with finding storage space arising from an increase in the number of items handled, and issues with the time that drivers spent waiting for cargos because it cannot finish shipping operations in time for the collection of transport companies. To resolve these issues, in 2022 we installed one of the largest kinds of Rotary Rack H in Japan in its new unit 5 building at the Higashi-Osaka Logistics Center. This has helped to double productivity in picking operations



Rotary Rack H (built for use at SUNCO INDUSTRIES CO., LTD.)

and complete shipment at the predetermined collection time of transport companies without changing the deadline for orders. Whereas previously picking operations were conducted manually while walking to pick items, Rotary Rack H enables goods-to-person (GTP) operation in which the relevant products are carried at the workers' hand. Rotary Rack H has also reduced the burden on workers during warehousing operations by eliminating the need to walk around and find products, or carry heavy cardboard boxes weighing 20 kg in receiving/shipping operations. Moreover, by using the ultra-high-rise Rotary Rack H, the company now manages ever-increasing inventory in accordance with its business expansion, with approximately 330 m² of floor space, which account for around 20% of the space required when using horizontal racks.

In addition to responding to the 2024 logistics problem facing shipping companies, Okamura facilitates the creation of logistics systems that support their business growth.

More than 50 orders for AutoStore systems in Japan, achieving an overwhelming domestic market share

AutoStore can be considered the pioneer of robotics-based automated warehouse systems. At Okamura, we

formed a sales agreement with the Norway-based company AutoStore in 2014, and since commencing sales we have delivered a total of 44 systems to 37 companies (as of the end of March 2023). The number of systems rises to 50 when including orders received. Okamura is the top supplier of AutoStore not only in Japan but also throughout Asia.

With its outstanding storage and operational efficiency, AutoStore tends to be thought of a system geared toward industries in e-commerce and online stores. However, approximately 30% of its users in Japan are in the manufacturing industry, with the system being used for the management of manufacturing components and storage of after-sales service parts. It is also used widely in 3PL (third party logistics), which requires a fast return on investment. As many companies seek to respond to the 2024 logistics problem by increasing the warehouse inventory at their logistics sites, AutoStore provides three times as much storage space than horizontal racks in the same floor space, and is therefore an effective solution to the problem.

Moving forward, using the latest robotics and material handling technologies, Okamura will proceed with initiatives to achieve further automation and labor-saving in logistics facility operations.



AutoStore

Strategies for Each Business: Powertrain Business

Basic Policy

Provide environmentally friendly products for industrial vehicles that take advantage of core technologies in powertrain manufacturing in a wide range of fields globally.

Drivers for Revenue Growth

- Increased sales from recovery in demand and development of new points of sales in the North American market
- Start sales of environmentally friendly clutch units
- Expand revenue of joint venture business in China

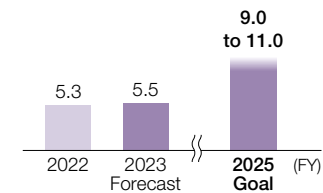
Strategic Challenge

- Start sales of environmentally friendly clutch units that are currently in development at an early stage
- Expand the field of environmentally friendly clutch units
- Expand the customer base globally centered on North America and China

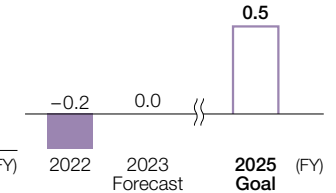
Review for FY2022

Although the joint venture business in China performed strongly, operating income decreased due to impacts from the suspension of shipments to major customers resulting from the delay in acquiring legal certifications.

Net sales (Billions of yen)



Operating income (Billions of yen)



Note: Stated rounded off to the nearest unit

Movements in the World Surrounding Industrial Vehicles

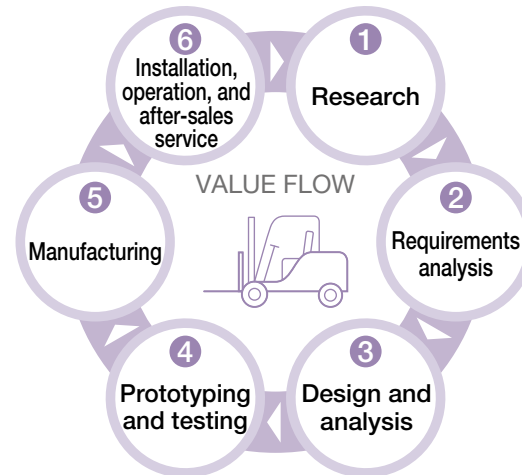
- Step-by-step progress of industrial vehicles responding to environmental demand
- Progress of local overseas production of Japanese forklift manufacturers
- Rising labor-saving and automation needs in duties on-premises and within facilities

The Okamura Group's Strengths

- Production technology of torque converters and transmissions accumulated over the years after developing "Mikasa"
- Industrial position as a torque converter manufacturer for industrial vehicles
- Relationship with influential local business partners in the Chinese market

*Japan's first automatic front wheel drive car

Value Creation Flow



Areas in Which the Business Provides Value



Torque converter type transmission for forklifts



Transmissions for snow removal vehicles



Strategies for Each Business: Powertrain Business

Message from the Officer in Charge of Division Management

Providing value to ensure the safe and enjoyable use of vehicles working worldwide

Powertrains That Support the Hub of Working Vehicles

The Powertrain business is a long-standing business that has continued since our founding, and is responsible for the manufacture of torque converters and transmissions. Through a range of vehicle manufacturers, our products are used in countries and regions across the world. For torque converters, we boast a detailed and rich product lineup for different purposes. We offer various torque converters to cater to diverse vehicle types, as well as to the characteristics of various vehicle manufacturers.

Our products are mounted in working vehicles such as industrial vehicles and construction machinery. As such, we believe we can help people thrive through the provision of value that enables working individuals to use vehicles safely and enjoyably. In this area, our activities have received wide acclaim from customers.

Accelerating Product Development Based on Eco-friendliness and Reduced Burden on Workers

In the previous fiscal year, net sales by the Division were at a low level in Japan due to impacts from various problems facing domestic vehicle manufacturers, including the semiconductor supply shortage. Meanwhile, production volumes at our production sites in China continued to grow. The forklift market, which is a key part of our business, is on a growing trend globally, and therefore we anticipate strong demand moving forward.

The usage of forklifts can be largely separated into two categories: indoor logistics operations mainly by small vehicles, and outdoor logistics operations mainly by medium to large vehicles. In indoor logistics operations, the ratio of

electrification is increasing to create more comfortable indoor working environments. On the other hand, in outdoor logistics operations, in consideration of procurement costs for batteries and other related equipment, as well as performance, engine-powered forklifts are still more commonly used than electric ones. For indoor logistics, at the Okamura Group we are working on the development of products for vehicles such as electric and reach forklifts, on which our products are not conventionally installed. For outdoor logistics, we are engaging in product development for hybrid vehicles as one way to make engine-powered forklifts more environmentally friendly. In addition to lower emissions and greater fuel efficiency, hybrid vehicles enable electric operation in locations without charging facilities. In this way, we are moving forward with value proposals in line with the circumstances of special vehicle operations.

In terms of logistics equipment, there are issues surrounding the reduction of operator burden and automatic operations. To reduce the burden on operators, we are developing automatic gear shifting technology. Taking this one step further, we will continue to work on building electronic control technologies to facilitate operational monitoring and automated operations.

Director and
Managing Executive Officer
Senior General Manager,
Production Division

Kazumi Arakawa



General Manager,
Powertrain Division,
Production Division

Akihiko Ando



Case Study

Commercial cleaning robots to tackle labor shortages



The Powertrain Division is working on the development of the commercial cleaning robot STRIVER for the building maintenance industry. Labor shortages are becoming a serious issue in the building maintenance industry, and in 2021 we entered the market to address the social issue.

STRIVER is equipped with a commercial vacuum cleaner and operates automatically using various sensors and robotics-based control technologies. It can clean building floors by moving closely up to 1 cm from the wall. We have conducted various demonstration experiments and are currently working on further product developments and improvements to provide a labor-saving, efficient solution for building cleaning work.

While this is a different business domain to industrial vehicles, the underlying technologies are the same, as are the issues that will face industrial vehicles in the future. We will therefore seek to enhance these technologies to tackle issues facing the Powertrain Division. Looking ahead, we will strive to provide value that enables working people to use in a safe and enjoyable manner.

Overseas Business

Introducing a “Quality Brand” worldwide

Under the Midterm Management Plan 2025, we continue to engage in company-wide efforts to reinforce our overseas business, carrying on from the previous Midterm Management Plan. Our overall policy is to expand the business from “product export business” to “local production for local consumption business rooted in the local market.” To this end, we will develop products with functions and designs that cater to the needs of each market, while at the same time building a production and supply system to ensure delivery times and prices in line with market needs.

With North America, China, and ASEAN countries as priority markets, we will engage in partnerships and joint ventures with leading local business partners and conduct M&As. We will also set up management organizations in each region for faster rollout of our strategies, thereby striving for quicker growth. By sharing functions within the region, we also aim to optimize management and boost profitability.

Furthermore, through the organization of a supply chain that prioritizes the local production for local consumption, we will consider reducing environmental impact in transport and other areas.

In addition to our strengths in offering high-quality products born from our extensive manufacturing experience, we are also committed to high quality in every stage that we provide value. We will seek to develop this Quality Brand of Okamura on a global scale to expand our overseas business.



Senior Executive Officer
Senior General Manager,
International Sales and Marketing Division

Yoshihito Ohno

Overseas Business Strategy Development of Overseas Business Rooted in the Local Market

Work styles have significantly changed since the COVID-19 pandemic, with hybrid work styles combining office and remote work becoming popular both in Japan and other countries across the world. The objectives for working at offices are becoming much clearer, and workplace designs are also changing. Increasing importance is also being placed on office workers' wellness and mental health.

For many years Okamura has researched office spaces and work styles, and has developed high-quality products that meet global standards. We will continue to supply products and services in a suitable manner for each market. Moreover, through the industry's largest tradeshows, including NeoCon in the U.S., we proactively showcase our products, services, and concepts to communicate the value of the Okamura brand.

For the Office Furniture business, the North America and China are the largest markets in the world. In the North American market, we will proceed with full-scale market entry through M&As and joint ventures. In the Chinese market, meanwhile, using the manufacturing subsidiary (Hangzhou Okamura Furniture Co., Ltd.) we established in the country last year, we will aim for local growth through the creation of new dealerships and the reinforcement of our existing dealership networks. In the ASEAN market, centered on our plant (Siam Okamura Steel) in Thailand, we have organized a production and supply system and shifted to a region-based management structure together with sales bases in each country. In doing so, we have enabled optimal, region-wide management operations, and will use this to maximize growth in the ASEAN market.

We anticipate that widespread remote work will continue, in accordance with the transition to hybrid work styles. As can be seen from the global growth of the EC market, it is more important than ever before to capture demand from individual customers. In line with these changes, Okamura plans to strengthen its sales in both the retail and e-commerce businesses.

To promote growth in our overseas business, we will strengthen the development and employment of global human resources and build a robust organizational structure. Moreover, through the emphasis on legal compliance and corporate ethics, we will aim to earn a high level of trust and acclaim from global markets. We will strive for further growth and development with the aim of expanding the overseas business rooted in local markets.



NeoCon 2023

Production and Supply System

Responding to changes in product mix and transforming our frontline capabilities into a company-wide competitive advantage

The external environment surrounding the Okamura Group is changing drastically, such as the diversification of workstyles including hybrid workstyles brought on by workstyle reforms, global supply chain disruptions in the procurement of materials, and the 2024 logistics problem. In addition, there are various challenges facing our production and logistics departments. They must respond to chronic labor shortages, changes in the product mix in the Office Furniture business, and energy- and labor-saving (unmanned operation) requirements in the Store Displays business. There are also changing market quality requirements, soaring material and energy costs, and the urgent need to develop a production and logistics system that can support our future growth.

Against this backdrop, we will aim to reinforce and maintain the commitment to manufacturing and the technological capabilities we have accumulated since our founding as a manufacturer, as well as Okamura's manufacturing DNA which is shown in our motto of "quality pays for itself." We will also work to strengthen our product planning capabilities to create new markets; manufacturing capabilities to make designs a reality; world-class manufacturing by leveraging our development capabilities, which is one of the strengths of our Office Furniture business; and the ability of our Store Displays business to supply the whole of Japan

and respond to customer requirements. Through the establishment of a high-mix, variable-volume production system, we will reinforce our production and logistics systems and our manufacturing technologies to ensure stable supplies, and at the same time prioritize the development of human resources who can realize these activities.

Director and
Managing Executive Officer
Senior General Manager,
Production Division

Kazumi Arakawa



Moreover, to contribute to the achievement of a decarbonized society and response to climate change crisis, we are aiming for net-zero CO₂ emissions by FY2050. To this end, we will proactively implement measures for the reduction of Scope 1, 2, and 3 emissions to achieve our emissions reduction target of 50% by FY2030 compared to FY2020.

● Response to Changes in Product Mix and Quality Improvements

In line with changing market environments in each business, there have also been changes in types of existing products, and as a result the importance of high-mix, variable-volume production is increasing. While engaging in new product development, improving our existing products, and bringing production in-house, we will conduct new capital investments and try new processing technologies. In addition, we will reorganize the leading product groups at each production site to create a stable supply system. Moreover, we will develop a company-wide quality control system and review the items to be carried out in the production and logistics department to build a new management system and implement a functional operational system.

● Development of Okamura Smart Factories and Smart Logistics

Through the development of a future-oriented production and logistics system, we will provide our customers with stability and reliability. We will move forward company-wide with the establishment of production system and the organizational development including consolidation of our bases in line with the Midterm Management Plan. While reinforcing and maintaining our technological capabilities and reorganizing corporate functions to ensure our supply chain becomes a competitive advantage, we will develop human resources who are capable of strongly promoting these initiatives.

● Coexistence and Coprosperity with Supply Chain Partners

We will strive to build strong relationships of trust with our supply chain partners through fair and appropriate transactions.

Case Study

Thirty years since the introduction of the Okamura Production System (OPS)

This year marks thirty years since the Okamura Production System (OPS) was introduced. In 1997, under the guidance of Toyota Industries Corporation, the production department introduced the Toyota Production System (TPS) to transform methods of selling, purchasing, and manufacturing in preparation for future generations. Through TPS, we began to improve workplaces and develop human resources, and proceeded with our OPS activities, named by adding the "O" of Okamura to TPS.

To begin with, instructors from Toyota Industries Corporation worked on individual workplace improvements at the Oppama and Fuji Plants. Later, similar initiatives were rolled out to the other plants, subsidiaries and associates. From 2011, OPS activities were conducted independently in-house, and it was around this time that a new theme for OPS activities was established: transforming our frontline capabilities into a company-wide competitive advantage. Since then, we have engaged in OPS activities that directly lead to improving our competitive advantage in the market. Through these OPS activities, we once again recognized the importance of education and in response established and began activities at the Technical Skills Training Center. This center is symbolized by its activities such as our participation in the National Skills Competition and becoming the first in the industry to be awarded the certification for Outstandingly Skilled Workers (Contemporary Master Craftsman).

We continue to implement OPS activities to date.

- ① Development of human resources who can make improvement
- ② Linking improvements directly to market competitiveness

We will steadily and certainly promote OPS activities based on these two approaches.

Message from the Chief HR Officer



Managing Executive Officer **Yoshikazu Sato**

Understanding That a Company Is Only as Good as Its People

In these past few years there has been a focus on human capital management, but why now?

Human capital management is a management method that views human resources as management capital, and seeks to generate maximum value from this capital to improve corporate value over the medium to long term. It is the belief that improving corporate value requires the enhancement of the value of human resources. This approach is a result of managers' and investors' realization that, for companies to break through the low growth of the Japanese economy, which is said to be lost for 40 years, it is important to view human resources as management capital, and the value of these human resources would help to secure competitiveness and lead directly to the enhancement of corporate value.

From the outset, Japanese companies have understood that a company is only as good as its people. They have hired new graduates, educating and training them in-house to develop them into human resources who can play active roles in the workplace. During Japan's period of high economic growth,

We aim for our employees and the company to grow together by providing opportunities to develop capabilities and skills and improving engagement.

Japanese companies were able to spend money on employee wages, education and training. During the economic slump, however, many companies saw the money spent on personnel as expenses and focused on how to minimize these costs. As a result, their competitiveness dropped, and it became difficult for them to acquire talented human resources.

People-Centered Management to Allow Human Resources to Thrive

When describing our approach to human resource development, it is first important to introduce our Basic Policy that we have maintained since our founding. "Employees are collaborators in our business and have come together as members of the company by chance. Employees work with us to ensure the prosperity of the company and are key members of our team." Meanwhile, our Corporate Philosophy is "Innovative Creation, Cooperation, Being Cost Conscious, Saving for Future, Social Responsibility," and we have conducted management with people at our core. In line with this Founding Spirit, we have set "People Thriving" as our new Management Philosophy. To ensure that the employees who support our sustainable growth can work with vitality, we are moving forward with human resource development and employee engagement improvement as we aim to enhance engagement.

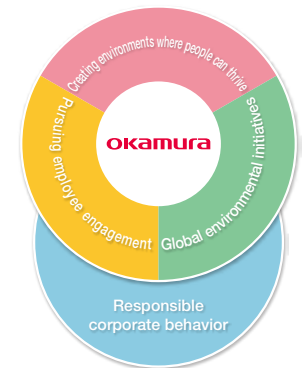
The Pursuit of Employee Engagement as a Key Theme

One of the Okamura Group's Materiality is "Pursuing employee engagement." In line with this, we are striving to create workplaces that consider the health and safety of our employees, and environments that respect their diversity, give them job satisfaction, and provide them with platforms for mutual support and personal growth.

Specifically, we are pursuing employee satisfaction through three pillars: the promotion of Work in Life*, the promotion of diversity, equity, and inclusion (DE&I), and supporting career development and strengthening specialized human resources development.

Moreover, we have positioned health management at the foundation of our Work in Life, and based on the Okamura Health Management Declaration and the Okamura Health Management Approach, we have built a Health Management Promotion System comprising Board Members in charge, the Human Resources Department, the Okamura Labor Union, and the Okamura Group Health Insurance Association. Through this system, we are offering various health checks, enhancing our illness prevention measures, promoting the acquisition of annual paid leave, and engaging in various other initiatives to create workplaces that ensure the health of our employees. We are also providing health literacy education and communicating health-related information to enhance awareness among employees of the importance of health and enable them to engage in activities to improve their own health. In recognition of these efforts, we have been certified as a White 500 company in the Health & Productivity Management Outstanding Entities Recognition Program for six consecutive years. Going forward, we will aim to maintain and improve the physical and mental health of each of our employees, while at the same time proposing healthy workstyles to our customers to become a company that is trusted by society.

* Work in Life: The idea that "life is composed of many parts, of which work is one"



Human Resource Development in Which Employees and the Company Can Grow Together

I would now like to introduce some initiatives that we have engaged in based on this approach. In 2020, we opened our in-house university, the Okamura University, to allow employees to engage in autonomous learning. Every year since then we have increased the number of courses available

Message from the Chief HR Officer

and enhanced their content. In FY2020, we began the trial of “one-on-one” activities, which aim to improve mutual understanding between managers and their employees, promote employees’ growth, and boost the performance of the organization. In FY2022 we officially launched these activities across the Group. We have also set up domestic language exchange program as a new language study program to improve the language capabilities of those enrolled in our global human resources development system, through which we are aiming to nurture personnel who can support the expansion into overseas markets. Employees in the program step away from their regular duties, and attend a language school to focus on learning and improving their language skills. High achievers then have the opportunity to attend language schools overseas or gain business experience at overseas subsidiaries. This helps to enhance their adaptability to global operations and has led to real success stories. We also have in place the DX Learning Platform, which aims to develop human resources with high levels of DX literacy across the Okamura Group’s many domains to create a culture in which DX ideas are naturally generated from the frontlines. Through the platform, we invite employees interested in DX to take part, equipping them with digital technologies and design concepts so that they can make proposals on new businesses and operational improvements. Outstanding proposals are presented to the President and Board Members and made into projects for actualization.

Furthermore, we offer next-generation leader training and the Okamura Business School, for the purpose of developing human resources who can lead the future management. Through these and various other measures, we are providing employees with the opportunity to enhance their mutual understanding, continue with their learning, and take on new challenges. In doing so, we have been promoting human resource development in which employees and the Company can grow together.

Human Resource Development and Employee Engagement Improvement are the Two Pillars

Our basic policies for human resource measures going forward are as follows:

1. Through the creation of environments that enable employees to work with vitality and achieve WiL-BE*, we will aim to enhance engagement and generate the best results possible to improve the corporate value of Okamura.

2. We will build the required human resource portfolio to achieve our management strategies, and promote the growth and career development of each employee through a human resource cycle that covers employment, development, assessment, treatment, and appointment.
3. We will build an organization and appoint human resources to optimal roles to maximize companywide performance, and achieve our management targets through promotion of the Okamura Way and enhancement of teamwork.

In this way, we will proceed with human capital management based on the two pillars of human resource development and employee engagement improvement.

For the development of human resources, we will focus on developing employees with the ability to find solutions to problems without clear answers in today’s ever-changing society. We will invest more time and money on their development than ever before, and at the same time, promote the appointment and selection of young employees for important positions. Specifically, we have defined the Okamura Career Journey, through which each employee continues to shape their future career and achieve continuous growth through diverse experiences, and we have introduced a talent management system for the utilization of employees’ diverse expertise, skills, and other important human resource information which we consider to be management assets.

By further improving this system in the future, we will maximize the performance of our employees and the organization and improve talent liquidity to ensure every employee is assigned in the right place. We will also use the system to enable employees to regularly review their careers to date, be it their transfers, promotions, roles, or achievements, and independently think about how they want to achieve growth going forward.

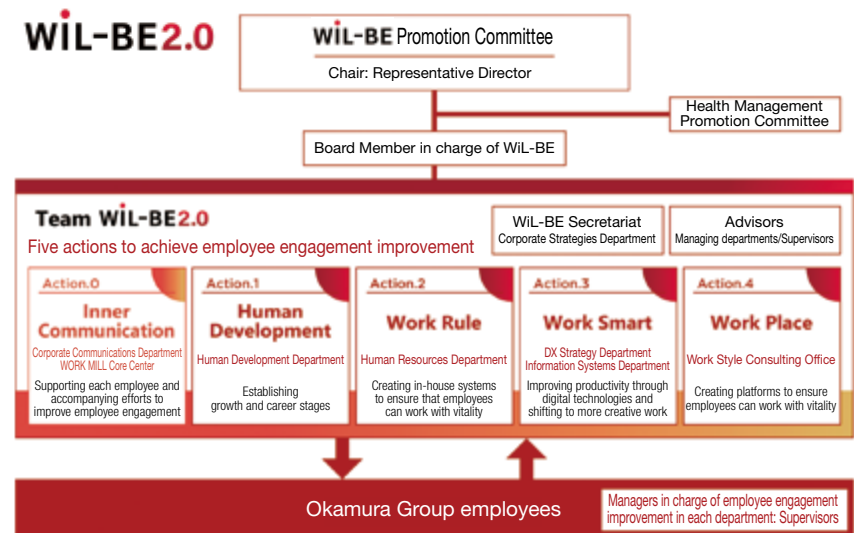
In terms of employee engagement improvement, aiming to enable each employee to work with vitality in their own unique way, we have evolved our WiL-BE workstyle reform that we have been promoting since June 2018, into WiL-BE 2.0 Project for Improving

Employee Engagement. Specifically, while in FY2022, we conducted activities to create a trend to improve employee engagement and a trend to support employee engagement, from this fiscal year, in order to vitalize internal communication, we will hold Employee Engagement Meetings as a place for enhancing mutual understanding regarding employee engagement, with department managers responsible for implementing the meetings. Moreover, as a system for facilitating dialogue between employees and management, in January 2023, we began the “Tell me, Masa-san !” initiative, in which Representative Director Masayuki Nakamura responds directly to employees’ questions. Elsewhere, in April 2023, we revised operation of our existing proposal system, allowing a wider range of employees to make proposals. In these ways, we are aiming to revitalize in-house communication. From this fiscal year, we have introduced an engagement survey for all employees to solve workplace issues and improve engagement.

Going forward, we will roll out various initiatives as we aim for employee and company growth with our two pillars of human resource development and employee engagement improvement.

*Okamura is promoting workstyle reforms under the name “WiL-BE.”

WiL-BE 2.0 Promotion System



Message from the Chief DX Officer



Director and Managing Executive Officer **Kenichi Yamaki**

Okamura's History of Transformation

In an era where future predictions are difficult, changes take place at dizzying speed, and digital technologies are rapidly developing and gaining popularity. Our workstyles and lifestyles have also undergone huge change. For us to quickly and flexibly respond to new needs and issues that emerge one after another, it is essential that we use digital technologies and transform ourselves in line with social changes.

At the Okamura, we have a long history of transformation. In 1966, when the term "office automation" was still relatively unknown, we introduced a nationwide online system using a dedicated line to create an integrated system that covers everything from production and sales to distribution. Okamura has always experienced transformation using the latest technologies. This has established a culture in which we are always trying new things and constantly adapting to the latest operational systems.

Okamura's DX strategies to further promote the creation of environments where people can thrive

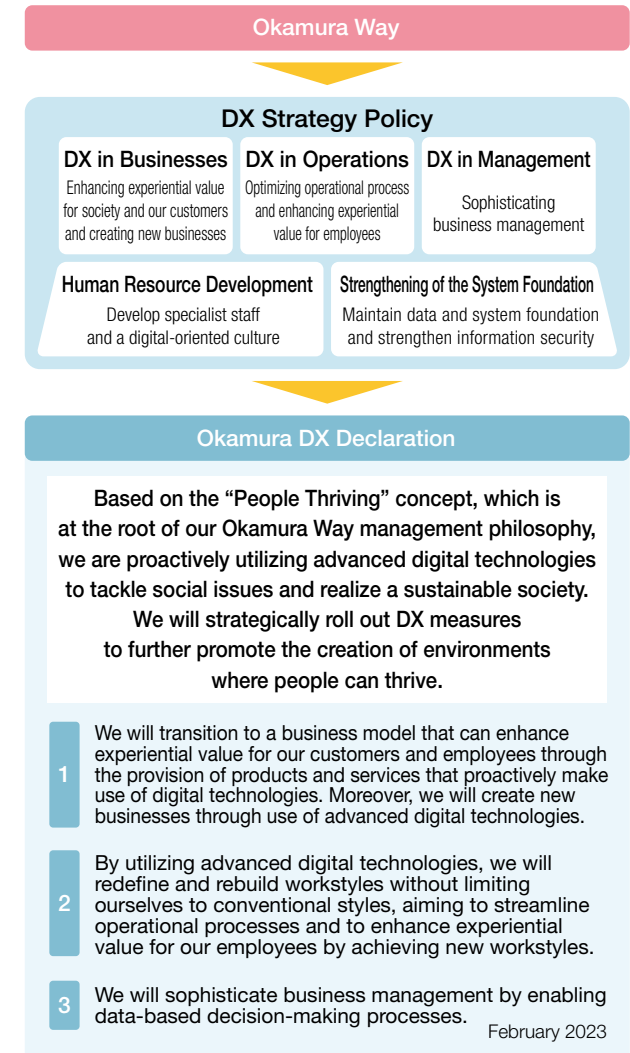
In August 2021, we announced our DX Declaration stating that, "we will reinforce our promotion of DX as one part of our management strategies." Later, in February 2023, we formulated the DX Strategy Policy and positioned it at the center of Okamura's DX strategies to further promote the creation of an environment where people can thrive, based on our "People Thriving" concept, rooted in the Management Philosophy: Okamura Way. At Okamura, we are proactively using advanced digital technologies as we aim to tackle society's issues and realize a sustainable society.

Okamura's DX Strategy Policy

Okamura's DX Strategy Policy comprises five main elements. DX in Business, DX in Operations, and DX in Management are the three pillars of the policy. The two foundations of Human Resource Development and Strengthening of the System Foundation support these efforts.

For DX in Business, we are working to transition to a business model that can enhance experiential value for society and our customers through provision of products and services that proactively make use of digital technologies, while we are also aiming to create new businesses through the use of advanced digital technologies. For DX in Operations, we redefine and rebuild workstyles without limiting ourselves to conventional styles, aiming to enhance experiential value for our employees. To do so, in addition to creating flexible and reliable infrastructure to support diverse workstyles, we are also engaging in operational reforms and improvements. Through DX in Business and DX in Operations, we have clarified our efforts to enhance experiential value for society, our customers, and our employees, aiming for the creation of environments where all people concerned with Okamura can thrive.

For DX in Management, we are moving forward with efforts to sophisticate business management by enabling data-based decision-making processes. For Human Resource



Message from the Chief DX Officer

Development, we are developing DX specialist staff with the knowledge, skills, and mindsets to utilize digital technologies as well as the sense to connect new ideas to business and work. Moreover, we are continuously educating all employees and management to improve DX literacy and develop a digital-oriented culture. Finally, for the Strengthening of the System Foundation, we are using digital technologies to maintain data and system foundation and strengthen information security to further promote DX.

As a result of these initiatives, on May 1, 2023, we were recognized as a DX Certified Business Operator as part of the Ministry of Economy, Trade and Industry's Digital Transformation (DX) Certification initiative.



Human Resource Development to Create a DX Culture in Which Ideas Are Generated from the Frontlines

In an ever-changing society, tomorrow's workstyles may differ to today's. In a society where continuous change is the norm, in order to sustain flexible business management, it is essential that we have an organizational culture that facilitates continuous learning.

At Okamura, our vision for the development of DX personnel is to create a company in which every employee continues to generate new ideas, and at which they can propose solutions that utilize digital technologies and actualize their ideas by themselves. As a specific initiative, in 2021 we launched the DX Learning Platform (DXLP) for employees, a program to develop DX personnel. The aim of DXLP is to develop business designers for the Okamura Group's wide-ranging business domains, and to develop a DX culture in which ideas for new businesses and operational reforms are generated from the frontlines. We define business designers as human resources who have specialist knowledge and experience at each department, have the ability to carefully examine business issues through a deep understanding of Okamura's businesses and come up with an idea that combine digital

technologies to enhance experiential value for society, customers, and employees, as well as the ability to promote and achieve this independently. Participation in the program is based on a candidate system, and every time we have more applicants than the quota. We strongly feel the high interest and a desire to learn more about DX among employees. Through DXLP, employees from across various business domains come together to learn business skills, digital literacy, and mindset, and then propose ideas for new businesses or operational reforms. The program has already produced more than 100 proposals, and outstanding proposals are presented to the President and Board Members and made into projects for actualization. The individual responsible for the proposal then works with the relevant departments to drive the project forward.

As a result of these initiatives, at the 5th Platinum Career Award held in June 2023 (hosted by Mitsubishi Research Institute, Inc. with cooperation from Toyo Keizai Inc., and support from the Ministry of Health, Labour and Welfare, and the Tokyo Stock Exchange), we received the "Excellence Award for Implementing Learnings Into Business Projects."

DXLP initiatives continue to take root across the Company and are the key to promoting DX in Okamura. We understand that developing people and accumulating value creation experiences can kickstart the creation of a DX culture. Therefore, increasing opportunities for human resource development and widening our circle of activities is one of my key missions as the Board Member in charge of DX.



Achievements to Date and Our Future Course of Action

DXLP activities have yielded numerous projects with significant results: streamlining of the creation of quotes proposed by a sales staff, streamlining of the creation of drawings proposed

by a space designer, new management methods for in-house knowledge proposed by a research staff, a new easier way of using new systems without the use of manuals proposed by an operational staff, and we have also seen the hosting of events and new businesses in the metaverse. These ideas have all been unique to a workforce that goes about its work in earnest on a day-to-day basis, with a desire to bring shape to operational ideals and to start new businesses.

Elsewhere, we have quickly developed and released Okamura AI Chat for the safe internal use of generative AI, streamlined quality inspections at our factories, and rolled out various other DX measures.

Moreover, in July 2023, we formed a capital and business alliance with AI solutions provider Cinnamon Co., Ltd. Through cooperation and co-creation with Cinnamon, we will strive to create new value. We aim to enhance experiential value for society and our customers and create new businesses through the achievement of DX in Business, as well as to optimize operational processes and enhance experiential value for employees through DX in Operations.

Going forward, to further promote the creation of environment where people can thrive, we will promote digital transformations to improve experiential value for society, our customers, and our employees.



Message from the Chief Environment Officer



Director and Managing Executive Officer **Kenichi Yamaki**

History of Our Environmental Initiatives

As a manufacturing company, at the Okamura Group, we use natural capital such as steel, wood, and oil in our business activities, and therefore there is a high possibility that our GHG emissions and waste will have a negative impact on the environment. As such, we have engaged in initiatives to reduce our environmental impact from an early stage.

In the 1960s, we established a department related to pollution control, while in the 1980s, our Takahata Plant in Yamagata received the Energy Conservation Minister of International Trade and Industry Award. In the 2000s, we completed the registration for company-wide integrated review of ISO 14001 environmental management systems.

As part of global environmental initiatives, which is one of our four Materiality issues, we have positioned “contributions towards the climate change problem and realizing carbon neutrality” as our key issue. We are promoting global warming countermeasures at each stage of our business activities, taking our supply chain into consideration. However, it is our early creation of company-wide environmental organizations and environmental management systems in line with ISO 14001, and the implementation of related initiatives, that have led to our current reputation in society.

Achieving a sustainable society through thorough reduction of impact on the global environment

Toward the Achievement of Carbon Neutrality

At the Okamura Group, our targets for Scope 1 and 2 GHG emissions are to achieve a 50% reduction by FY2030 compared to FY2020, and to achieve net-zero emissions in real terms by 2050. For Scope 3, we have set the target of a 25% reduction by FY2030 compared to FY2020. These are targets we set in FY2021.

These targets have received SBT Certification from SBTi (Science Based Targets initiative), an international initiative, as science-based targets that are in line with the Paris Agreement’s goal to limit global temperature rises to 1.5°C compared to pre-industrial levels.

We are increasing our use of renewable energy to further accelerate our efforts to achieve these targets, and we have joined RE100, an international initiative that aims to ensure companies to use 100% renewable energy in their business activities.

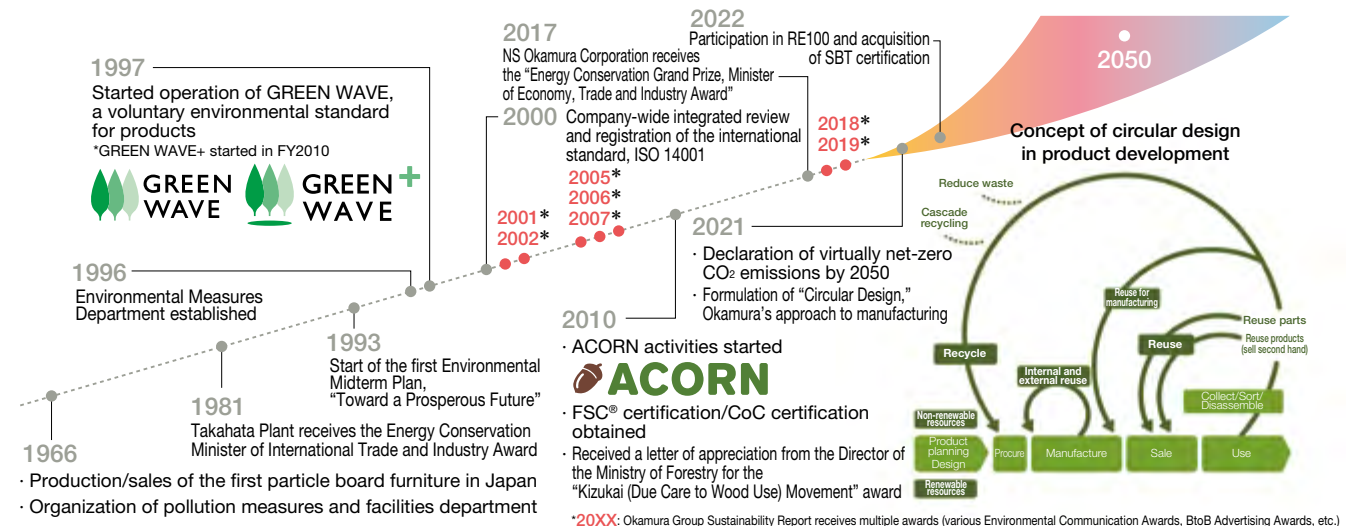
Two years have passed since we recorded our GHG emissions in FY2020 (reference value 40,402 t), and our GHG emissions in FY2022 was 30,771 t, achieving an approximately 24% decrease.

Just under 90% of our Scope 1 and 2 GHG emissions are generated from business activities at our production plants. As such, activities to reduce GHG emissions at our production plants are incredibly important. At some of these plants, we are carefully gauging energy consumption and installing energy meters (for electricity, etc.) on each of our major equipment to help us implement countermeasures.

We have already begun the switch to hydro-powered electricity at our production plants and other sites, which has significantly contributed to the reduction of GHG emissions. In addition to this, we are also introducing solar power generation equipment through PPAs* and switching to energy-saving, high-efficiency production equipment.

As we work to achieve carbon neutrality by 2050, we will systematically move forward with the introduction of renewable energy and the switch to energy-saving equipment.

*PPA (Power Purchase Agreement): A system whereby power producers install solar power generation equipment on the grounds of companies and other customers at their own expense, taking responsibility for the ownership and management of the equipment and supplying the electricity generated from the equipment to the customer.



Message from the Chief Environment Officer

Long-term Environmental Vision “GREEN WAVE 2030”

At the Okamura Group, we have put together the Okamura Group Environmental Policy and the GREEN WAVE concept, through which we aim to create and ride a green (environmentally friendly) wave. Based on this concept, we formulated a long-term environmental vision each decade and medium-term plans each three years to outline the course of action for our goals. With these, we are utilizing our management resources to reduce the environmental impact in all of our business activities.

In 1993, we started our first Midterm Environmental Plan. Thirty years have passed since then, and we are now on our tenth plan. Since the very first plan until today, we have continued to engage in initiatives that consider the global environment.

More recently, we formulated our Long-term Environmental Vision “GREEN WAVE 2030,” which looks ahead to FY2030, in April 2021 and have since been engaging in relevant initiatives. GREEN WAVE 2030 sets quantitative targets for the reduction of GHG emissions, the improvement of energy productivity, the reduction of water resource consumption, and the reduction of per-unit production-related waste. We have also established qualitative targets for the reduction of our environmental impact in product development and sales.

At our biannual Sustainability Committee meetings, we manage our progress in achieving these targets and implement follow-ups and additional measures as necessary.

Product Development Based on Circular Design Concept

In a linear society based on mass production, mass consumption, and mass waste, not only are there challenges with the depletion of natural resources, the generation of waste, and other resource recycling issues, but it is causing various negative impacts on the global environment. This includes climate change induced by an increase in GHG emissions and the loss of biodiversity due to the large-scale extraction of natural resources.

At the Okamura Group, we have positioned eco-design as a key viewpoint in product development, and we are working to ensure lower environmental impact throughout our

products’ lifecycles. We conduct product assessments at every stage, including planning and design, to develop products with minimal environmental impact. We do so by reducing the use of raw materials, using recycled materials, ensuring easy-to-recycle structures, promoting longevity through improved durability, avoiding the use of hazardous substances, and supporting energy-saving functions.

In 1997, we formulated GREEN WAVE, our own environmental product standards, and have worked to expand our range of environmentally conscious products. In 2010, we formulated GREEN WAVE+ to take our environmentally conscious products to the next level and have since displayed its marks in our product catalogs.

In FY2022, GREEN WAVE and GREEN WAVE+ products accounted for 87.8% and 71.8% of our product sales (excluding purchased products) in the Office Furniture business and Store Displays business, respectively, which indicates our product developments are in line with customer needs.

Moreover, at the Okamura Group, based on the circular economy concept, which aims to use resources in a sustainable manner, we have put together our own concept of Circular Design. While reducing the volume of resources used and consumed throughout the product’s entire lifecycle and making effective use of stockpile, we will generate added value through the creation of services, maximize the value of resources and products, minimize resource consumption, reduce generation of waste, and proactively engage in other circular activities.

Through further promotion of these initiatives, we are striving to provide products with lower environmental impact.

Reduction in GHG Emissions Throughout the Supply Chain, a Challenge for the Future

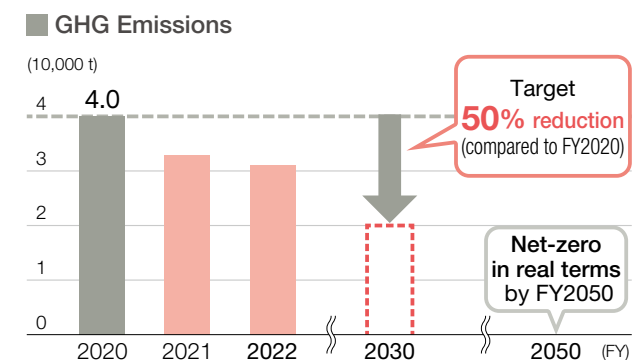
At the Okamura Group, GHG emissions in supply chains (Scope 3) account for around 98% of our total emissions. Moreover, of this 98%, more than 90% of emissions come from two categories: Steel, steel pipes, and other raw materials used in our mainstay products, and purchased components and products (“Category 1”) and refrigerant (fluorocarbons) used by customers and electricity consumed through the use of products (“Category 11”).

In Category 1, it is essential that product development, procurement, design, manufacturing, and various other departments work together. Externally, cooperation with our suppliers is also important. Various measures, including interviews to understand circumstances surrounding suppliers’ reduction of GHG emissions and requests for further energy-saving measures, will be necessary in the future.

For Category 11, the refrigerants (fluorocarbons) used in the refrigerated showcases provided by the Store Displays business account for a significant volume of our emissions. In line with the relevant laws and regulations, changing the refrigerants we use will be incredibly important for both reducing GHG emissions, as well as for our businesses. At the same time, products with outstanding energy-saving performance are expected in order to reduce electricity used by customers.

In both categories, while we must of course engage in our own initiatives taking into account our characteristics as a manufacturing company, we also believe it is important to work with our suppliers and other clients.

As we aim to achieve carbon neutrality by 2050, we will first work to realize our must-achieve target for 2030 and reduce GHG emissions by 50% compared to 2020. To do so, we will continue to engage in the relevant initiatives in a systematic and continuous manner.



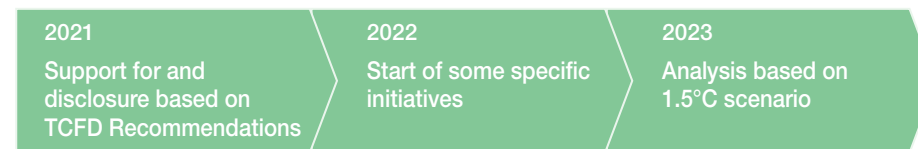
 **Okamura Group Climate Change Information Disclosure**
https://www.okamura.co.jp/corporate/sustainability/report/pdf/2023/TCFD_open_230627.pdf

Information Disclosure Based on TCFD Recommendations

At the Okamura Group, we recognize that assessing the impact of risks and opportunities related to climate change on our businesses, setting KPIs based on these assessments, and formulating specific response are essential to ensuring the sustainability of both society and our business operations. As such, we announced our support for the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations in 2021 and began disclosing information. In 2022, we started product development and related initiatives grounded in the idea of circular design, which is based on the circular economy concept. Moreover, in 2023, we revised our risks and opportunities related to climate change based on analysis of the 1.5°C scenario, moving one step ahead of the previous 2°C scenario.



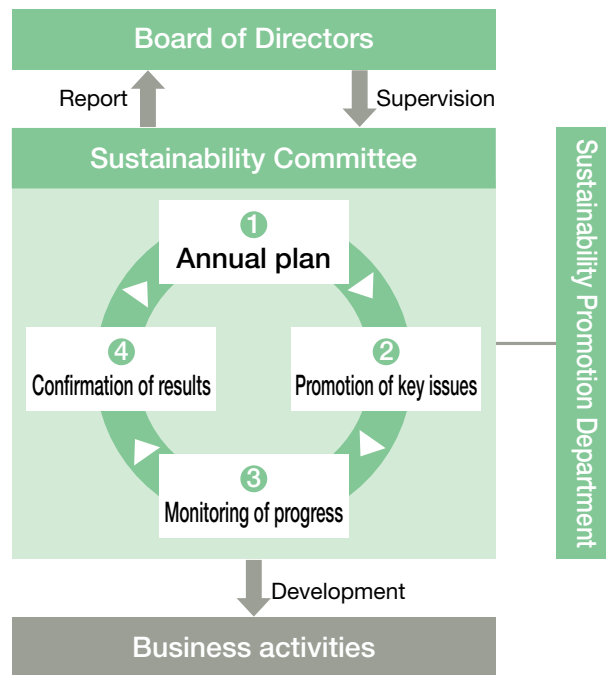
Status of Initiatives Based on TCFD Recommendations



Governance

At the Okamura Group, we have established the Sustainability Committee to ensure the appropriate management of the formulation and promotion of sustainability strategies.

The Sustainability Committee is responsible for identifying important sustainability risks and opportunities, including response to climate change, formulating annual plans for response to these risks and opportunities, and promoting and supporting Group-wide initiatives related to key issues. It also monitors progress and develops initiatives to related departments. The committee is chaired by the President and CEO, with the General Manager of the Sustainability Promotion Department appointed as the officer in charge of climate change. They work to promote initiatives related to climate change risks, including response to TCFD recommendations. The results of these initiatives are regularly reported to the Board of Directors, which manages and supervises the reported matters.



Strategies

Step 1 Identification and Assessment of Importance of Risks and Opportunities Related to Climate Change

Having predicted trends in 2030 regarding society, regulations, and others, we identified risks and opportunities related to climate change across the value chain that could impact our businesses and finance, from a medium- to long-term perspective, including periods covered by our short to Midterm Management Plans. We classified the matters we identified as risks into transition risks (policies/laws and regulations, technologies, markets, reputation) and physical risks (acute, chronic), and the matters we identified as beneficial to our businesses as opportunities. We also assessed the importance of the identified risks and opportunities based on their likelihood to occur and their financial impact.

Information Disclosure Based on TCFD Recommendations

Step 2 Selection of Scenarios

At the Okamura Group, we have set our GHG emissions reduction targets to limit global temperature rises to 1.5°C and have acquired SBT Certification, an international initiative. In analyzing risks and opportunities related to climate change, in addition to the 1.5°C scenario that aligns with our own GHG emissions reduction targets, we have selected the following scenarios.

Reference Scenarios

1.5°C	4°C	Source
NZE: Zero Emissions by 2050 Scenario	STEPS: Stated Policies Scenario	IEA (2022)
RCP1.9	RCP8.5	IPCC (2021)

Step 3 Business Impact Assessment

Following discussions between sustainability divisions, management planning divisions, risk management divisions, general affairs divisions, and human resources divisions, we qualitatively organized and integrated the impacts on our businesses from the risks and opportunities identified in Step 1, and calculated the financial impact of each.

Step 4 Examination and Implementation of Response Measures

After discussions with business departments on important risks and opportunities, we examined response measures and have put them into action. Moreover, as necessary, we recognize the risks discussed and identified by the Sustainability Committee as priority risks, and plan and implement specific response measures.

Assumed Financial Impact in 2030 and Our Response Policy

Financial impact Assumed period
 Minor : Less than 0.3 billion yen Short-term : In less than 1 year
 Moderate: Less than 1.0 billion yen Medium-term : In less than 5 years
 Major : 1.0 billion yen or more Long-term : In 5 years or more

Scenario	Category	Details	Financial impact	Assumed period	Response policy
1.5°C Scenario	Transition Risks	Policy and Regulation	Moderate	Moderate	<ul style="list-style-type: none"> Monitoring of trends in carbon pricing policies Switch to renewable energy and introduction of solar power generation equipment for self-consumption Switch to energy-saving and highly efficient facilities
		Increase in costs due to introduction of carbon tax and other regulations			
		Increase in costs associated with response to new regulations	Major	Short to medium-term	<ul style="list-style-type: none"> Monitoring of trends in environmental regulations Switch to energy-saving refrigerated showcases and implementation of alternative measures for CFCs
	Technologies	Risk of litigation from shareholders and other stakeholders due to insufficient disclosure of information related to climate change issues and lack of incorporation into business strategies	Major	Short to medium-term	<ul style="list-style-type: none"> Implementation of initiatives to tackle social issues through business and regular monitoring of their progress
		Increase in costs to ensure stable procurement after switch to environmentally friendly materials and supplies	Minor	Short to medium-term	<ul style="list-style-type: none"> Stable procurement through multiple suppliers and regions and procurement at fair prices Examination of switch to alternative products and manufacturers
	Markets	Risk of losing orders due to other companies taking the lead in developing new technologies such as CFC-free refrigerated showcases and capturing customers	Major	Medium to long-term	<ul style="list-style-type: none"> Switch to energy-saving refrigerated showcases and implementation of alternative measures for CFCs
	Reputation	Increase in procurement costs due to rises in steel and aluminum prices	Moderate	Moderate	<ul style="list-style-type: none"> Monitoring of raw material manufacturers and industry market trends and examination of alternative raw materials
	Drop in customer trust due to delays in environmental initiatives and insufficient explanations	Major	Short to medium-term	<ul style="list-style-type: none"> Promotion of initiatives in line with the Long-term Environmental Vision "GREEN WAVE 2030" 	

Information Disclosure Based on TCFD Recommendations

Scenario	Category	Details	Financial impact	Assumed period	Response policy	
4°C Scenario	Physical Risks	Chronic	Risk of instability and inability of the supply of wood materials derived from natural resources due to changes in vegetation and ecosystems caused by temperature rises and other climate changes	Moderate	—	● Stable procurement through multiple suppliers and regions
			Risk of heatstroke for employees due to worsening labor conditions in logistics centers and factories, and risk of difficulties in securing human resources	Moderate	—	● Improvement of workplace environments and promotion of work style reform
1.5°C Scenario	Opportunities	Resource Efficiency	Decrease in costs due to efficient transport	Major	Medium to long-term	● Achievement of efficient transport through maintenance of optimal inventory levels ● Improvement of transport and distribution efficiency through reorganization of logistics network and switch to energy-efficient vehicles
			Development of products using materials recycled from used products and discarded components. Achievement of a circular economy and contribution to lower environmental impact	Major	Medium to long-term	● Contribution to the achievement of a circular economy through closed recycling ● Strengthen cooperation with supply chain corporations ● Enhancement of product lifespan, improvement of reuse and recycling ratios, and reduction of resource usage
	Energy Source		Reduction in risks related to usage of fossil energy	Moderate	Medium to long-term	● Switch to renewable energy and introduction of solar power generation equipment for self-consumption ● Switch to energy-saving and highly efficient facilities
			Customer attraction through improvement of renewable energy ratios (improvement of corporate reputation)	Major	Medium to long-term	● Systematic switch to renewable energy and introduction of solar power generation equipment for self-consumption
	Products/ Services	Expansion of sales of products that help to mitigate climate change and that are adapted to climate change	Major	Medium to long-term	● Expansion of environmentally friendly GREEN WAVE products based on our in-house environmental standards	
	Resilience	BCP response measures in line with the construction and expansion of factories	Major	Medium to long-term	● Strengthen the capacity for stable supply supporting responsiveness to changes in production items and growth	

Risk Management

At the Okamura Group, we recognize sustainability-related risks that could impact the achievement of our business objectives. After identifying, analyzing, and assessing these risks, we take action to control these risks in a reasonable manner and work as an organization to minimize any losses they may induce, while also working to maximize any opportunities that arise.


Moreover, to ensure organic links between our sustainability activities and risk management and enhance their effectiveness, the Sustainability Committee determines basic risk management policies, company-wide risks that require priority response, countermeasures, and risk owners, while assessing the effectiveness of risk management systems. In particular, the Committee provides reports to the Board of Directors on how climate-related risks are being integrated into organizational risk management.

 Risk Management ▶ P.71-74

Indicators and Targets

We have formulated the Okamura Group Environmental Policy and under the GREEN WAVE concept, we put together a long-term environmental vision each decade to outline the course of action for our goals. With these, we are utilizing our management resources to reduce the environmental impact in all of our business activities.

We formulated our Long-term Environmental Vision “GREEN WAVE 2030,” which looks ahead to FY2030 and have been engaged in the relevant initiatives since April 2021.

 GREEN WAVE 2030 ▶ P.51

For Scope 1 and 2, we are aiming for a 50% reduction by 2030 compared to 2020, and virtually net-zero emissions by 2050. For Scope 3, we are targeting a 25% reduction by 2030 compared to 2020. In October 2022, we received SBT Certification from SBTi (Science-Based Targets initiative), an international initiative.

By promoting activities to reduce CO₂ emissions, such as using renewable energy, energy-saving technologies, and new technologies, we will aim to achieve carbon neutral by 2050.

GHG Emissions Reduction Targets and Results

Item	Scope	Base value	Target year	Target details	2022 results	Increase/decrease
Scope 1, 2	Global	40,402 t-CO ₂ (2020)	2030	50% reduction	30,771t-CO ₂	23.8% reduction
			2050	Net-zero		
Scope 3	Global	1,351,937 t-CO ₂ (2020)	2030	25% reduction	1,523,303t-CO ₂	12.7% reduction

Message from the Chief Financial Officer



Financial and Investment Strategies in the New Midterm Management Plan - Implementing Strategic Investments worth 50 Billion Yen and Enhancing Shareholder Returns

In our Midterm Management Plan 2025, which began this fiscal year, our main goal is to refine our proposal and product capabilities in line with the times to accelerate our transformation to a demand-creation company. To make steady progress towards this goal, we will engage in company-wide activities to transform both our organizational capabilities and businesses.

Transforming our organizational capabilities entails reinforcing our management foundation into one that can cater to change. Our priorities in this area are (1) human resource development and improving employee engagement; (2) acceleration of the use of DX technologies (in management, business, and administration); (3) enhancement of high-mix, variable-volume production system; and (4) development of overseas business rooted in the local market that creates products for local consumption.

In efforts to transform our businesses, we first created two categories: Businesses that strengthen profitability by creating new demand (Office Furniture and Store Displays businesses) and businesses that expand the scale of business (Material Handling Systems and Powertrain business). After reassessing the competitive advantage of each business, we decided on priority businesses and markets to create. We believe that the growth of each business around these pillars and the maximization of business value will eventually lead to the enhancement of the Okamura Group's corporate value.

Review of Previous Midterm Management Plan - Basic Policies of the Creation of New Demand and Business Structure Reform Promoted as Planned

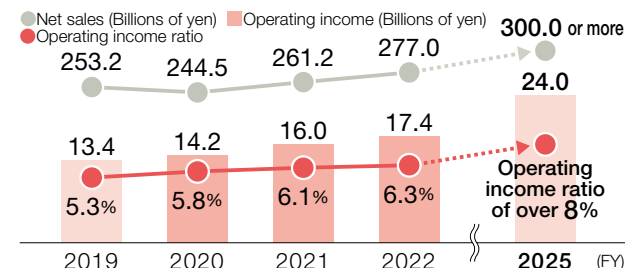
In the three-year period of our previous Midterm Management Plan (FY2020-2022), we were faced with extremely severe headwinds including soaring material prices and supply strains due to the spread of COVID-19, supply chain disruptions, and crisis in Ukraine. However, our performance was strong and we achieved record numbers in sales for two consecutive years, and record highs in operating income and ordinary income for four consecutive years.

When comparing results to our FY2022 targets, net sales reached 277.0 billion yen compared to 280.0 billion yen, while operating income stood at 17.4 billion yen compared to 18.0 billion yen. Although the results were slightly below our target on the surface, when considering the 4.6 billion yen in net

sales deferred to the following year in line with the application of revenue recognition standards, as well as the 0.8 billion yen increase in the ratio of personnel expenses to net sales (investment in human resources), which we had not considered when formulating the plan, it can be said that we exceeded our targets, and we felt that our performance was strong.

Moreover, as a result of us viewing crises as opportunities and reinforcing our resilience to overcome any crises that occurred, we were able to flexibly respond to social changes and achieve growth through the creation of new demand. It is very reassuring to know that our frontline employees have a thorough understanding of their role and its importance, and a strong commitment to working hard every day so as to achieve both company-wide and business-specific targets. We will continue to value this approach as one of the strengths of the Okamura Group.

Performance Trends and Financial Targets for the New Midterm Management Plan



Note: Stated rounded off to the nearest unit

Message from the Chief Financial Officer

Our financial targets for FY2050 are net sales of 300.0 billion yen and operating income of 24.0 billion yen. While this may look like a one-year delay compared to the previous plan, net sales target was set taking into account revenue recognition standards and current environmental changes. Moreover, although operating income target appears to have dropped by 1.0 billion yen, we have actually increased it to 27.0 billion yen then incorporated 0.3 billion yen of expenses for human resource and technological development. When excluding these factors, the target is at the same level as before. Elsewhere, while we have already achieved ROE of 10% for two consecutive years, we have planned for achievement of the target excluding gain on sales of securities.

At the Okamura Group, our priority is to ensure an optimal balance between the enhancement of our corporate value through medium- to long-term growth and the distribution of profits. Our basic financial policy is to maintain a sound financial balance while enhancing our capital efficiency. In the previous midterm management plan, although we have set 40.0-50.0 billion yen for strategic investments, these were slightly delayed due to the pandemic and various other uncertainties. As such, investments were confined to 30.0 billion yen decided by the Company, of which 10.0 billion yen comprised cash-outs.

Meanwhile, in our new Midterm Management Plan, following on from the previous plan we have again set aside 50.0 billion yen for strategic investments. We plan to ensure balanced distribution of 68.0 billion yen* in basic cashflow to be earned during the plan's term and 15.0-20.0 billion yen generated from sales of non-strategic assets to both growth investments and shareholder returns. Separate to the 20.0 billion yen we have set aside for maintenance and renewal investments, we are considering to allocate 50.0 billion yen in strategic investments to reinforce our existing businesses, enhance labor-saving efforts and productivity, promote R&D initiatives, utilize DX technologies, and strengthen overseas business. Together with the 20.0 billion yen carried over from the previous plan, we have accumulated strategic investment projects up to the value of around 45.0 billion yen. We will disclose more detailed information when they have been finalized.

For the sales of non-strategic assets, in line with trends such as developments in the Corporate Governance Code and Tokyo Stock Exchange reforms, we have worked diligently to reorganize our capital structure and cut back on policy investments since the previous midterm management plan. In the past three years, we have reduced the number of stocks held by 60 companies, selling off a total of 16.0 billion yen. Proceeds from the sale were used to repurchase treasury stock. Moreover, our consolidated net assets ratio, a focus of a proxy adviser, has improved from 29.6% at the end of

FY2018 to the current 16.5% and we are making progress as planned. Of course, as the capital policies of other parties must also be taken into account, we are feeling that there are difficulties in making progress alone. That said, we will continuously engage in dialogue with other parties and, including some off-balances, we will aim to bring this down under 10% during the term of our new Midterm Management Plan.

Moreover, we expect a steady increase in cashflow, thanks to the results of strategic investments from the previous plan emerging in the new plan, and therefore have clarified the

enhancement of shareholder returns as a new capital allocation policy. Specifically, we are aiming to increase our payout ratio from around 33.3% and maintain a stable level of 40% or more. We will also flexibly repurchase treasury stock in line with investment trends. This shows those outside the Company that we have a strong ambition to ensure that the Okamura Group continues to be a growth industry.

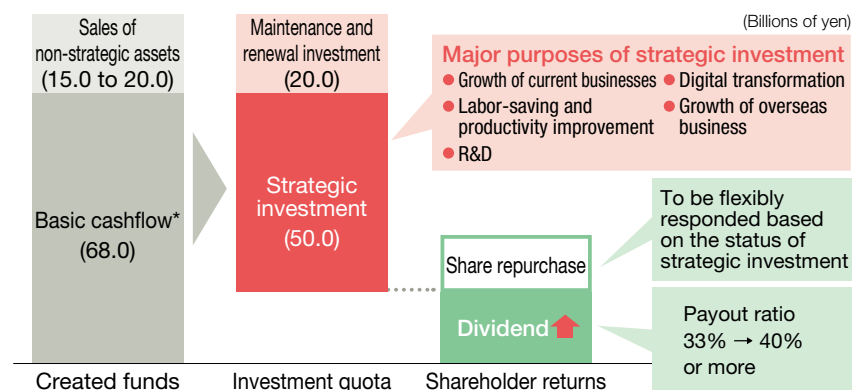
Maximizing Corporate Value Through a Cycle of Value Creation and Reinvestment

As of the end of FY2022, our price-to-book value ratio was a low 0.86x. However, we believe that one reason for this was the market's inability to fully appreciate the Okamura Group's growth potential. In addition to enhancing our information disclosure and improving dialogue with shareholders and investors, we will work to improve expectations for our future profitability by steadily building up positive results.

With the recent changes in social structures and values, the factors that make up corporate value are becoming increasingly diverse. Although decisions on investments are becoming more difficult as a result, we will optimize our resources and invest capital in growth businesses without hesitation. Our aim is to ensure a thorough cycle of value creation and reinvestment. If we can maximize long-term profit through these actions, we believe that we will be able to further meet the expectations of our stakeholders.


Moreover, the Okamura Group will tackle social issues and create new value through its business activities, and contribute to the creation of an environmentally friendly, sustainable society. Recognizing the economic, social, and environmental impact of our business activities, we are working to fulfill our corporate social responsibility based on the Okamura Group Sustainability Policy. In terms of financial operations, as part of our efforts to achieve a decarbonized society, we issued 5.0 billion yen in sustainability-linked bonds for institutional investors in June last year, for which conditions change based on the level of achievement of predetermined sustainability targets. In addition to simply providing cost-competitiveness in our products and services, by becoming a company that provides interesting solutions to customers' essential issues and continuously create high-added value, we will aim to create a virtuous cycle that leads to even greater growth.

Distribution Policy for Investments and Shareholder Returns



*Profit after tax + depreciation ± non-cash profit or loss



Materiality KPIs and Progress

 Sustainability Report 2023 P136-144: Sustainability Promotion Data



The Sustainability Action Plan was reviewed in conjunction with the materiality review (material management issues). The Sustainability Action Plan consists of the Okamura Group’s materiality (material management issues) and other social issues. For each issue, the relevant departments set KPIs to measure the degree of achievement, set annual targets, and develop initiatives. Sustainability Committee and the Sustainability Promotion Project monitor the progress of initiatives.

■ Sustainability Action Plan (Material Issues)

Areas	Material Issues	KPIs	Fiscal 2023 Targets	Mid- to Long-Term Targets	Fiscal 2022 Results
Creating environments where people can thrive	Pursuing quality in product creation Promotion of innovation and creation of new value 7 8 9 12	<ul style="list-style-type: none"> Please see the Midterm Management Plan 2025 <div style="border: 1px solid #ccc; padding: 5px; margin-top: 10px;">  Midterm Management Plan 2025, disclosed on May 10, 2023 Explanatory materials: https://contents.xj-storage.jp/xcontents/AS00990/5952b385/2e44/4ce9/b9be/e808720f87b/20230915142700883s.pdf </div>	<ul style="list-style-type: none"> Provide solutions that support corporate growth and diverse work styles Resolve social problems faced by retailers, and conduct research and development on how stores will be constructed in the future Develop products and services that contribute to smart logistics Develop environmentally friendly products for industrial vehicles 	<ul style="list-style-type: none"> Realize a society where people can thrive by providing new value to customers and society 	<ul style="list-style-type: none"> Office Furniture business Store Displays business Material Handling Systems business <div style="border: 1px solid #ccc; padding: 5px; margin-top: 10px;">  Midterm Management Plan 2025 Review of the Midterm Management Plan 2022 https://contents.xj-storage.jp/xcontents/AS00990/5952b385/2e44/4ce9/b9be/e808720f87b/20230915142700883s.pdf </div>
	Providing safe products and services 9 12	<ul style="list-style-type: none"> Number of serious product accidents <small>*Definition of serious product accident: Accidents caused by Okamura products that result in serious damage to life or body, and accidents caused by Okamura products that result in serious damage, such as fires, to property other than the product at fault.</small>	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> — 	<ul style="list-style-type: none"> 0
Global environmental initiatives	Promotion of a circular economy 3 6 7 9 12 13 14 15 17	<ul style="list-style-type: none"> Promote resource recycling through resource saving and waste reduction Promote environmentally conscious planning and design in product development 	<ul style="list-style-type: none"> Reduce emissions of production-related waste per unit of in-house finished product by 1% year on year Expand proportion of GREEN WAVE and GREEN WAVE+ products developed 	<ul style="list-style-type: none"> Reduce emissions per unit of production-related waste by 9% in fiscal 2030, compared to fiscal 2020 — 	<ul style="list-style-type: none"> Reduced production-related waste per unit by 4.1% year on year — *
	Sustainable use and conservation of natural resources 6 12 13 14 15 17	<ul style="list-style-type: none"> Promote sustainable use of forest resources Reduce environmental impact 	<ul style="list-style-type: none"> Collect data on our timber usage rate based on the Timber Use Policy Reduce water resource usage per unit by 1% year on year 	<ul style="list-style-type: none"> — Reduce water resource usage by 10% in fiscal 2030 (compared to fiscal 2020) 	<ul style="list-style-type: none"> Expanded use of domestic and local timber Reduced use of water resources per unit by 14.4% year on year
	Contributions towards the climate change problem and realizing carbon neutrality 7 9 13 15 17	<ul style="list-style-type: none"> Promotion of measures to prevent global warming <ul style="list-style-type: none"> Reduce greenhouse gas emissions Reduce fuel-related energy consumption Increase energy productivity 	<ul style="list-style-type: none"> Reduce emissions for the entire Group by 1,000 t-CO₂/year Reduce industrial fuel consumption by 1% on average over 5 fiscal years Reduce vehicle fuel consumption by 5% on average over 5 fiscal years Increase energy productivity by 1% year on year 	<ul style="list-style-type: none"> Reduce greenhouse gas emissions by 50% in fiscal 2030 (compared to fiscal 2020); aim to achieve carbon neutrality by fiscal 2050 Improve energy productivity by 10% in fiscal 2030 (compared to fiscal 2020) 	<ul style="list-style-type: none"> Increased energy productivity by 5.2% year on year Reduced consumption by 4.2% at production-related sites Reduced consumption at offices by 4% Reduced CO₂ emissions per unit in logistics by 7.2% Reduced greenhouse gas emissions by 3,140 t/year Reduced industrial fuel by 11.2% Reduced vehicle fuel by 16.5%

The numbers above indicate the related SDGs. *New target from FY2023

Materiality KPIs and Progress

Areas	Material Issues	KPIs	Fiscal 2023 Targets	Mid- to Long-Term Targets	Fiscal 2022 Results
Pursuing employee engagement*1	Promotion of "Work in Life" 3 8	<ul style="list-style-type: none"> ● Improve employee satisfaction and engagement 	<ul style="list-style-type: none"> ● Implement measures to improve engagement ● Carry out engagement surveys 	● —	<ul style="list-style-type: none"> ● Updated to "work engagement reform" ● Implemented e-learning on work engagement reform for all employees ● Provided opportunities for dialogue with top management
	Promotion of DE&I (Diversity, Equity & Inclusion) 5 8 10	<ul style="list-style-type: none"> ● Percentage of female employees 	● (By fiscal 2024: 22%)	● By fiscal 2024: 22%	● 21%
		<ul style="list-style-type: none"> ● Percentage of female managers 	● 6.5%	● By fiscal 2024: 7%	● 5.9%
		<ul style="list-style-type: none"> ● Percentage of female new graduates hired (university graduates) 	● (By fiscal 2024: 40–50%)	● By fiscal 2024: 40–50%	● 45.8%
		<ul style="list-style-type: none"> ● Percentage of male employees taking childcare leave 	● 65%	● —	● — *2 Note: Due to interviews to ascertain intentions and measures to allow fathers take post childbirth paternity leave and work during paternity leave, the number of employees who took paternity leave doubled to 35
	<ul style="list-style-type: none"> ● Percentage of employees with disabilities 	● 2.50%	● —	● As of June 1, 2023 2.46%	
	Supporting career development and strengthening specialized human resources development 4 8	<ul style="list-style-type: none"> ● Implementation rate of skill development interviews 	● 100%	● —	● 91.2%
<ul style="list-style-type: none"> ● Implement various measures for specialized jobs to further foster specialist skills 		● Identify technologies and skills for specialized jobs	● —	● — *2	
<ul style="list-style-type: none"> ● Survey on participation in the Okamura University, "Towards Your Future Career" 		● Satisfaction rate of 80%	● —	● 83.1 points (FY2022 targets were based on points)	
Responsible corporate behavior	Fair, transparent, honest behavior 5 8 10 16 17	<ul style="list-style-type: none"> ● Implementation rate of sustainable procurement surveys 	● 67% based on transaction value	● —	<ul style="list-style-type: none"> ● Conducted surveys of 524 suppliers 70% based on transaction value
		<ul style="list-style-type: none"> ● Implementation rate of sustainable procurement on-site audits 	● 100% for high-risk suppliers	● —	● — *2
		<ul style="list-style-type: none"> ● Implement and reinforce in-house human rights education, and achieve synergistic effect with sustainable procurement 	● Provide training to departments related to purchasing	● —	● — *2
		<ul style="list-style-type: none"> ● Implementation rate for compliance education conducted at time of hire and for newly appointed executives 	● 100%	● —	● Implementation of 100% , online and face-to-face
		<ul style="list-style-type: none"> ● Expand compliance training 	● Implement various types of compliance training	● —	<ul style="list-style-type: none"> ● Conducted company-wide compliance training (4 times/year) ● Distributed and promoted the use of educational materials to raise awareness on contracts and legal affairs
	<ul style="list-style-type: none"> ● Establish a Business Continuity Plan (BCP) for disasters ● Manage personal information in line with the requirements of the countries within which we operate 	<ul style="list-style-type: none"> ● Review hazard maps (for earthquakes and floods) ● Comply with laws and regulations regarding personal information management in other countries within which we operate 	● —	<ul style="list-style-type: none"> ● Planning and review stage ● Began revising privacy policy based on risk analysis 	
Proper information disclosure and dialogue with stakeholders 16 17	<ul style="list-style-type: none"> ● Continue dialogue with stakeholders and reflect this in our initiatives 	<ul style="list-style-type: none"> ● Conduct stakeholder dialogues with various external ESG-related experts 	● —	<ul style="list-style-type: none"> ● Departments in charge routinely met with and exchanged opinions with experts in the fields of environment, human rights, and sustainability promotion 	

The numbers above indicate the related SDGs. *1 Scope of coverage: Okamura Corporation only *2 New target from FY2023

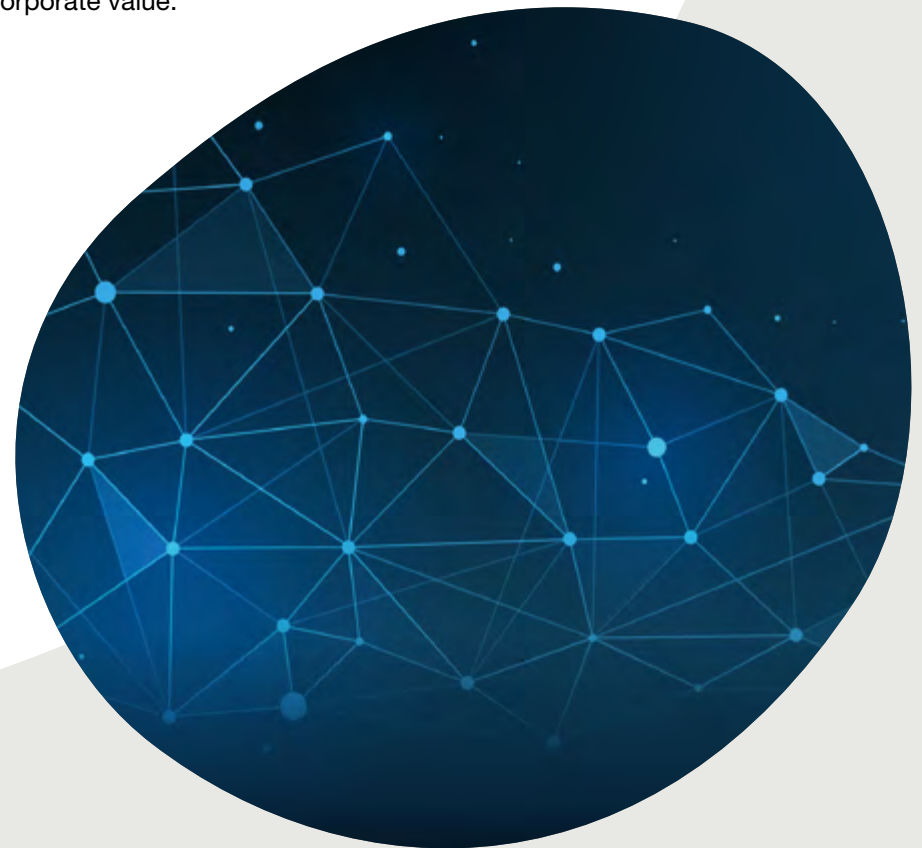
04

Management Foundation

We believe that strengthening corporate governance is one of the most important management issues. We are thus working to enhance the management structure of the Group, while also strengthening our relationships with stakeholders as we strive to maximize our corporate value. In addition to introducing our corporate governance initiatives, we asked Outside Directors to talk about refining governance as a means of increasing corporate value.

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Company Officers (As of June 27, 2023)

Directors



Masayuki Nakamura

**Representative Director
President and Chief Executive Officer**
● Member of the Nomination Committee
● Member of the Compensation Committee

Since joining the Company in 1973, he has been engaged mainly in the office furniture-related business. After assuming the office of Director in 1996, he has served as Senior General Manager of Planning Division and Senior General Manager of Production Division, and has been in his current position since 2012.

Naoki Kono

**Director and
Senior Managing Executive Officer**
**Corporate Functional Officer, Office
Furniture Division and Office
Furniture Sales Division**

Since joining the Company in 1989, he has been engaged mainly in the office furniture-related business. After assuming the office of Director in 2021, he has served as Corporate Functional Officer and Senior General Manager of Office Furniture Division.

Kenichi Yamaki

**Director and
Managing Executive Officer**
Corporate Functional Officer

Since joining the Company in 1980, he has been engaged mainly in the production and information system-related businesses. After assuming the office of Director in 2012, he has served as Senior General Manager of Production Division and Corporate Functional Officer.

Ken Inoue

**Director and
Managing Executive Officer**
**Senior General Manager, Store
Displays Division and Store
Displays Sales Division**

Since joining the Company in 1979, he has been engaged mainly in the store displays-related business. After serving as Senior General Manager of Store Displays Division, he assumed the office of Director in 2021.

Kazumi Arakawa

**Director and
Managing Executive Officer**
**Senior General Manager,
Production Division**

Since joining the Company in 1987, he has been engaged mainly in the production and marketing-related businesses. After serving as Senior General Manager of Marketing Division and Senior General Manager of Production Division, he assumed the office of Director in 2023.

Sakae Fukuda

**Director and
Executive Officer**
Chief Financial Officer

He joined Mitsubishi Bank, Ltd. (current MUFG Bank, Ltd.) in 1990, after which he has served as General Manager at the Marunouchi Branch Office of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.) since 2017. He joined the Company in 2019 and assumed the office of Director in the same year, as well as the position of Chief Financial Officer.



Hiroyoshi Ito

Outside Director **Independent Officer**

● Chairperson of the Nomination Committee
● Member of the Compensation Committee

He has served as Representative Director, Executive Vice President of Mitsubishi Estate Co., Ltd. and President and Representative Director of Mitsubishi Real Estate Services Co., Ltd., and has been in his current position since 2017.

— **Significant concurrent position** —
External Auditor of Keystone Partners Co., Ltd.

Mari Kano

Outside Director **Independent Officer**

● Member of the Nomination Committee
● Member of the Compensation Committee

She has held positions including General Manager at the Milano Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.), Managing Director of Center for International Exchange, and Specially Appointed Professor at Center for University-wide Education of Showa Women's University, and has been in her current position since 2020.

— **Significant concurrent positions** —
Specially Appointed Professor at Center for University-wide Education of Showa Women's University
Outside Director of TOKYO ROPE MFG. CO., LTD.
Outside Director of Tokio Marine Asset Management Co., Ltd.

Tsutomu Kamiji

Outside Director **Independent Officer**

● Member of the Nomination Committee
● Chairperson of the Compensation Committee

He has successively held positions of President and Representative Director as well as Chairman and Representative Director of Sapporo Holdings Limited, in addition to holding positions including President and Representative Director of Sapporo Beverage Co., Ltd. (current POKKA SAPPORO Food & Beverage Ltd.), and has been in his current position since 2021.

— **Significant concurrent positions** —
Outside Director of Imperial Hotel, Ltd.
Outside Director of Tohoku Electric Power Co., Inc.

Misako Kikuchi

Outside Director **Independent Officer**

● Member of the Nomination Committee
● Member of the Compensation Committee

She has held positions including General Manager of Environmental · Social Contribution Division of Mitsui & Co., Ltd. and President & CEO of Mitsui Bussan Forest Co., Ltd., and has been in her current position since 2022.

— **Significant concurrent positions** —
Full-time Auditor of St. Luke's International University
Outside Director of KOMERI Co., Ltd.

Nobuko Mizumoto

Outside Director **Independent Officer**

● Member of the Nomination Committee
● Member of the Compensation Committee

She has held positions including Executive Officer and Director, Managing Executive Officer of IHI Corporation, and has been in her current position since 2023.

— **Significant concurrent positions** —
External Director of Tokuyama Corporation
Outside Director of Taikisha Ltd.

Hitoshige Tambo

Outside Director **Independent Officer**

● Member of the Nomination Committee
● Member of the Compensation Committee

He has held positions including Managing Executive Officer of Mitsui Sumitomo Insurance Company, Limited and Representative Director, President of Mitsui Sumitomo Aioi Life Insurance Co., Ltd. and MSK Insurance Center Co., Ltd., and has been in his current position since 2023.

Company Officers

Auditors



Noriyuki Nagai

Auditor

Since joining the Company in 1981, he has been engaged mainly in the office furniture-related business, serving as General Manager of Planning and Research Department. He has been in his current position since 2020.

Keiichi Hagiwara

Auditor

Since joining the Company in 1984, he has been engaged mainly in the office furniture business and general affairs, serving as General Manager of Planning and Research Department and General Manager of General Affairs Department. He has been in his current position since 2023.



Yuichi Suzuki

Outside Auditor **Independent Officer**

After working as a Prosecutor at the Tokyo District Public Prosecutors Office, he established Yaesu Sogo Law Office. Registered as attorney-at-law. He has been in his current position since 2004.

Keiko Kishigami

Outside Auditor **Independent Officer**

She is a Certified Public Accountant at Ernst & Young ShinNihon LLC. She has been in her current position since 2019.
 — **Significant concurrent positions** —
 Outside Director of Sony Group Corporation
 External Director and Audit and Supervisory Committee Member of Sumitomo Seika Chemicals Company, Limited
 Outside Audit & Supervisory Board Member of DIC Corporation

Executive Officers

President and Chief Executive Officer

Masayuki Nakamura

Senior Managing Executive Officer

Naoki Kono

Senior General Manager, Office Furniture Division and Office Furniture Sales Division

Managing Executive Officer

Kenichi Yamaki

Corporate Functional Officer [Information Systems Department, DX Strategy Department, Purchasing Department, and Sustainability Promotion Department]

Managing Executive Officer

Ken Inoue

Senior General Manager, Store Displays Division and Store Displays Sales Division

Managing Executive Officer

Yoshikazu Sato

Chief HR Officer [Corporate Strategies Department, General Affairs Department, Human Resources Department, Human Development Department, Customer Service Office, Corporate Communications Department, Secretarial Office]

Managing Executive Officer

Kazumi Arakawa

Senior General Manager, Production Division

Senior Executive Officer

Makoto Tajiri

Senior General Manager, Material Handling Systems Division

Senior Executive Officer

Hiroshi Makino

Senior General Manager, Telecom Sales Division, Office Furniture Sales Division, Office Furniture Division

Senior Executive Officer

Shinji Sakatoku

Senior General Manager, Retail Solutions Division, Store Displays Division

Senior Executive Officer

Yoshihito Ohno

Senior General Manager, International Sales and Marketing Division

Executive Officer

Sakae Fukuda

Chief Financial Officer [Accounting and Finance Department, Legal Affairs and Risk Management Department, Internal Audit Department, and Shared Services Department]

Executive Officer

Takefumi Kondo

General Manager, Life Science Division, Office Furniture Sales Division, Office Furniture Division

Executive Officer

Harunori Sato

Senior General Manager, Tokyo Regional Sales Office, Office Furniture Sales Division, Office Furniture Division

Executive Officer

Shinji Ariyoshi

General Manager, Kansai Regional Sales Office, Office Furniture Sales Division, Office Furniture Division

Executive Officer

Iku Teranishi

Senior General Manager, Tokyo Regional Sales Office, Store Displays Sales Division, Store Displays Division

Executive Officer

Tatsuya Kato

General Manager, Plant Department II, Production Division

Executive Officer

Hiroyuki Hishinuma

General Manager, Plant Department I, Production Division

Executive Officer

Hiroyuki Sanada

Senior General Manager, Marketing Division, Office Furniture Division

Corporate Governance

To remain a company trusted and loved by stakeholders, we must always perform sound and highly-transparent management. The Okamura Group, deeming corporate governance enhancement as one of its top priority issues, works to strengthen its group management structure and its relationships with stakeholders, thereby seeking to maximize its corporate value.

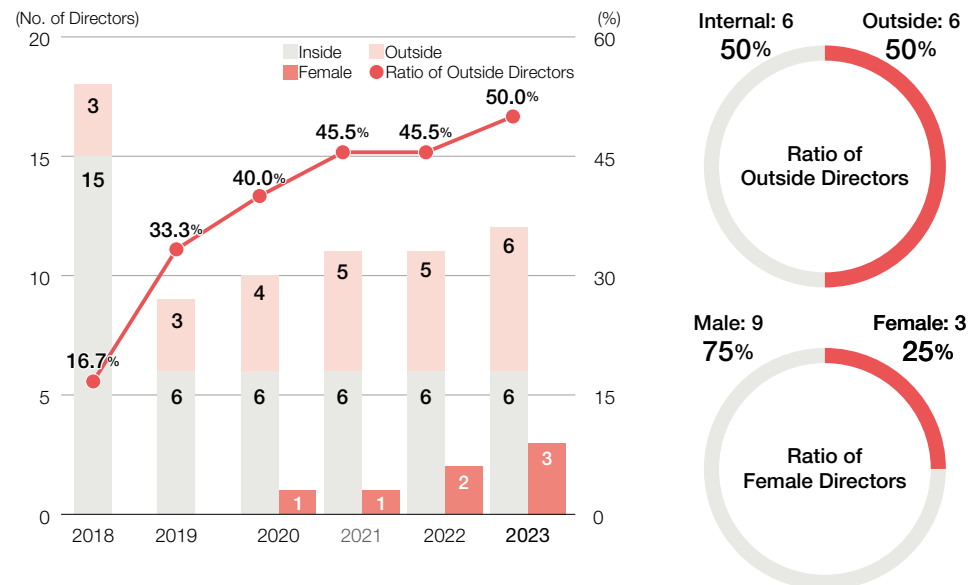
Characteristics of Okamura's Governance

- 50% of Directors are Outside Directors
- Established the Nomination Committee and the Compensation Committee, chaired by Independent Outside Directors
- Continued evaluation of the effectiveness of the Board of Directors since 2015

■ Timeline of Measures to Enhance Corporate Governance

2019	<ul style="list-style-type: none"> ● Introduced an executive officer system and reduced the number of Directors (from 18 to 9). ● Established the Nomination Committee and the Compensation Committee as voluntary advisory bodies to the Board of Directors
2020	<ul style="list-style-type: none"> ● Increased the number of Outside Directors (4 out of 10) ● Appointment of a female Outside Director
2021	<ul style="list-style-type: none"> ● Okamura Way established ● Increased the number of Outside Directors (5 out of 11) ● Abolished anti-takeover measures ● Established the Sustainability Committee
2022	<ul style="list-style-type: none"> ● Increased the number of female Outside Directors (from 1 to 2)
2023	<ul style="list-style-type: none"> ● Increased the number of Directors (from 11 to 12) ● Increased the number of Outside Directors (6 out of 12) ● Increased the number of female Outside Directors (from 2 to 3)

■ Changes in the Number of Directors and Composition of the Board of Directors (as of June 27, 2023)

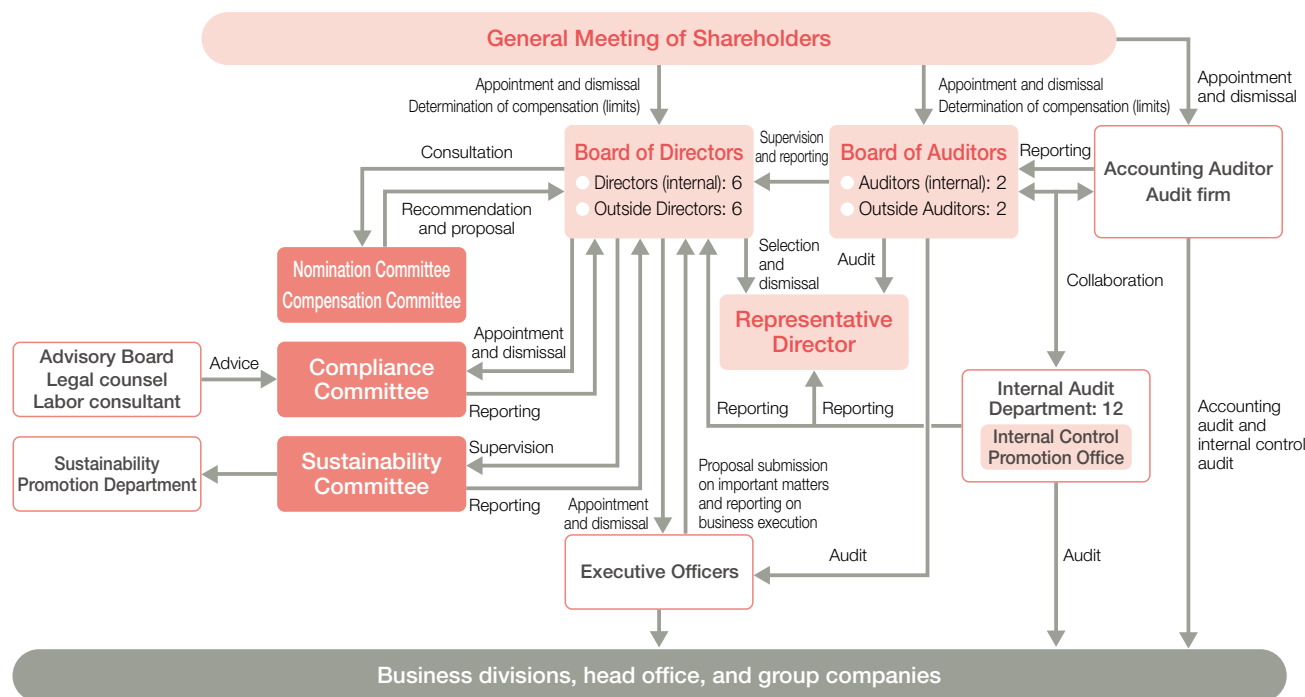


Corporate Governance

Corporate Governance System

Okamura has introduced an executive officer system for the purpose of ensuring flexibility of management and to enhance the monitoring functions of the Board of Directors, in order to create a system in which executive officers execute operations based on the instructions of the Representative Director, and in which the Board of Directors makes decisions on important management issues and monitor the execution of operations. In addition to appointing outside directors to the Board of Directors, by establishing a nomination committee and compensation committee, chaired by and composed mainly of independent outside directors, as arbitrary advisory bodies to the Board of Directors, we ensure the objectivity and transparency of the appointment process for directors and executive officers, as well as the determination process for compensation and other matters. Segregation of Duty Rules and Job Authority Rules stipulate the duties and authority of each position and ensure appropriate and efficient execution of duties. Furthermore, Okamura has a board of corporate auditors that conduct strict audits of the execution of duties by directors and executive officers.

■ Corporate Governance Structure (as of June 27, 2023)



Operation of the Board of Directors

Composition	Six Inside Directors, six Outside Directors, two Standing Auditors, and two Outside Auditors
Chairperson	President
Number of meetings held	12
Attendance rate	100%

The main role of the Board of Directors is to make important management decisions and supervise business execution with an aim to enhance its monitoring capabilities. With regard to matters that require a resolution by the Board of Directors, the Company has established the Regulations of the Board of Directors and “Matters for Resolution by the Board of Directors,” as appended in the Regulations of the Board of Directors, and has set monetary standards, etc., for each matter according to the extent of impact on management, in addition to those stipulated in laws, regulations, and the Company’s Articles of Incorporation. Other matters are delegated to the management team.

■ Main Topics of Discussion

- Formulation of Midterm Management Plan 2025
- Strategic investment projects, such as the construction of a new plant for refrigerated showcases

Corporate Governance

Board Composition and Skill Matrix

The Board of Directors of the Company identifies the important expertise and experience Directors should possess as a skillset in order to enhance corporate value over the medium to long term and realize the Midterm Management Plan. The overall structure is thus arranged to ensure an optimal balance of knowledge, experience, and capabilities.

	Name	Board of Directors	Nomination Committee	Compensation Committee	Expertise and experience									
					Corporate management	Business strategy of the Company	Finance & accounting	Legal affairs & compliance	ESG	Personnel & HR training	Marketing & development	Manufacturing & technology	IT & DX	Sales
Directors	Masayuki Nakamura	◎	○	○	●	●		●	●	●	●	●		●
	Naoki Kono	○			●	●						●	●	
	Kenichi Yamaki	○			●	●		●	●	●	●			
	Ken Inoue	○			●	●							●	
	Kazumi Arakawa	○			●	●				●	●			
	Sakae Fukuda	○			●	●	●	●	●				●	
	Hiroyoshi Ito	Outside Independent Officer	○	◎	○	●		●	●	●	●		●	
	Mari Kano	Outside Independent Officer	○	○	○			●	●	●				●
	Tsutomu Kamijo	Outside Independent Officer	○	○	◎	●		●	●		●		●	●
	Misako Kikuchi	Outside Independent Officer	○	○	○	●		●	●	●			●	●
	Nobuko Mizumoto	Outside Independent Officer	○	○	○	●			●	●		●	●	
	Hitoshige Tambo	Outside Independent Officer	○	○	○	●		●	●		●		●	
Auditors	Noriyuki Nagai	○						●					●	
	Keiichi Hagiwara	○						●					●	
	Yuichi Suzuki	Outside Independent Officer	○					●						
	Keiko Kishigami	Outside Independent Officer	○					●	●					●

◎: Chairperson

Corporate Governance

Activity Status of the Nomination Committee

Composition	Six Outside Directors and one Inside Director (President)
Chairperson	Outside Director
Number of meetings held	1
Attendance rate	100%

The Nomination Committee, chaired by an Independent Outside Director, was established as a voluntary advisory committee to the Board of Directors with the aim of ensuring objectivity and transparency in the processes of appointing/ electing or dismissing Directors, Representative Directors, Executive Officers, and Auditors, and further strengthening the corporate governance function of the Group.

■ Main Topics of Discussion

- (1) Details of proposals for the General Meeting of Shareholders regarding the election and dismissal of Directors and Auditors of the Company
- (2) Matters related to the appointment and dismissal of Representative Directors of the Company
- (3) Matters related to the nomination of Executive Officers of the Company
- (4) Matters related to the formulation and operation of the successor plan for the President and Chief Executive Officer of the Company
- (5) Matters incidental to or related to the preceding items (1) through (4) that are deemed necessary by the Nomination Committee
- (6) Other matters the Board of Directors consulted with the Nomination Committee

Activity Status of the Compensation Committee

Composition	Six Outside Directors and one Inside Director (President)
Chairperson	Outside Director
Number of meetings held	1
Attendance rate	100%

The Compensation Committee, chaired by an Independent Outside Director, was established as a voluntary advisory committee to the Board of Directors with the aim of ensuring objectivity and transparency in the processes of determining compensation, etc., for Directors and Executive Officers and further strengthening the corporate governance function of the Group.

■ Main Topics of Discussion

- (1) Matters concerning compensation, etc., for Directors (including Representative Directors) and Executive Officers of the Company
 - (2) Details of proposals for the General Meeting of Shareholders regarding the compensation, etc., of Directors of the Company
 - (3) Matters incidental to or related to the preceding items (1) and (2) that are deemed necessary by the Compensation Committee
 - (4) Other matters the Board of Directors consulted with the Compensation Committee
- Of the matters set forth in item (1) of the preceding paragraph, the Board of Directors shall delegate the authority to determine the amount of compensation, etc., for each individual Director (including Representative Director) and Executive Officer of the Company to the Compensation Committee, which shall make decisions based on said delegation.

Activity Status of the Board of Auditors

Composition	Two Standing Auditors and two Outside Auditors
Chairperson	Standing Auditor
Number of meetings held	12
Attendance rate	95.8%

Auditors attend important meetings of the Company such as Board of Director meetings to monitor business execution by Directors, and audit business execution through reports received from Directors, the Internal Audit Department, etc.

In addition, Auditors receive reports from the Accounting Auditor on the procedures for accounting audits and internal control audits, as well as reports providing an overview of audit results, and also exchange opinions.

■ Main Topics of Discussion

- Deliberated on topics including the formulation of audit policies and plans, preparation of audit reports, appointment of the Accounting Auditor, compensation for the Accounting Auditor, auditing of the matters to be submitted to the Annual General Meeting of Shareholders, and the selection of Standing Auditors.
- In addition to attending important meetings such as internal management meetings as necessary, Standing Auditors also visited branches and other business locations, where they inspected documents requesting for approval and attended audits by the Internal Audit Department, and attended inventory counts.

Corporate Governance

Officer Compensation

Basic Policy

At the 71st Annual General Meeting of Shareholders of the Company held on June 29, 2006, it was resolved that compensation for Directors shall not exceed 500 million yen per year, and that compensation for Auditors shall not exceed 80 million yen per year. However, the amount of compensation does not include employee salaries for Directors who concurrently serve as employees.

Basic Approach to Director Compensation*

1. Should serve as motivation to help the Group achieve sustainable growth and increase corporate value over the medium to long term, thereby achieving business performance targets.
2. Should be highly consistent with Okamura's corporate culture and corporate philosophy
3. Should be a highly competitive compensation system, so that the Company can secure highly skilled human resources who will be responsible for its management
4. Should be a transparent, rational, and fair compensation system that fulfills accountability to shareholders, employees, and other stakeholders

*Includes Executive Officer compensation for Directors who concurrently serve as Executive Officers.

Determination Process

In order to ensure the objectivity and transparency of the processes for determining Director compensation, the authority to determine compensation for individual Directors shall be delegated to the Compensation Committee, which consists of Independent Outside Directors and the Representative Director, based on a resolution of the Board of Directors. This authority covers deciding on the amount of fixed compensation and performance-linked compensation for each Director after conducting company-wide performance evaluations and individual evaluations. To ensure that this authority is properly exercised by the Compensation Committee, said committee shall be chaired by an Independent Outside Director, and a majority of its members shall consist of Independent Outside Directors.

Composition of Compensation

The compensation for Officers of the Company consists of fixed compensation and performance-linked compensation. However, compensation for Outside Directors and Auditors only consists of fixed compensation.

Fixed Compensation

Fixed compensation is paid monthly, and is decided by adjusting the base amount, set in accordance with the relevant position^{*1}, to reflect individual evaluations based on the responsibilities and duties^{*2} of each Director. In addition, we have a system under which Directors (excluding Outside Directors) must contribute an amount set for each position from the fixed compensation to purchase the Company's shares, in order to motivate them to contribute to the enhancement of corporate value over the medium to long term.

Performance-Linked Compensation

Performance-linked compensation is paid at a specific time each year and is calculated based on a pre-established formula. The formula uses a base amount determined in reference to company-wide performance evaluation, and takes into account individual evaluation determined in reference to segment-based performance evaluation and qualitative evaluation, both of which are based on the responsibilities and duties of each Director.

Performance Evaluation

In order to measure the extent to which Directors have contributed to the Company as a whole, and to further clarify the segmental executive responsibility of Directors in charge of specific business segments, Director performance is evaluated based on consolidated ordinary income and consolidated operating income (companywide and by segment), important management indicators used to evaluate the Company's performance.

Qualitative Assessment

Assessment is based on the extent to which targets for priority measures, including those related to SDGs, have been achieved.

The ratio of performance-linked compensation to be paid upon achievement of set targets is 20% to 40% of total compensation, and Directors with greater authority and responsibility have greater performance-linked benefits in order to clarify executive responsibility. As for the level of Director compensation of the Company, the objectivity and appropriateness of the compensation amount is examined by taking into account the external and market environments and using data from external research organizations.

*1 When a Director concurrently serves as an Executive Officer, this includes their position as an Executive Officer.

*2 When a Director concurrently serves as an Executive Officer, this includes the responsibilities and duties of an Executive Officer.

For reference: Total amount of compensation, etc., for Directors and Auditors (FY2022)

Officer category	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc., by type (Millions of yen)		Number of eligible officers (Persons)
		Fixed compensation	Performance-linked compensation	
Directors (excluding Outside Directors)	305	204	100	6
Auditors (excluding Outside Auditors)	48	48	—	2
Outside Officers	74	74	—	8

Note: In addition to the above, the Company paid 17 million yen in employee salaries for Directors who concurrently serve as employees.

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

Each year, the Chairman of the Board of Directors takes the lead in compiling the self-evaluations of each Director, which are used to analyze and evaluate the effectiveness of the Board. In the most recent evaluation, it was determined that the Board of Directors is generally operating effectively. However, some issues were brought to light regarding matters to be discussed by the Board of Directors and the provision of information to Outside Officers. Based on these results, we will review the Board of Directors' deliberation standards and establish a new Investment and Loan Council, as well as conduct training sessions for Officers and hold information exchange meetings between Outside Officers, and exchange with next-generation employees with an eye to enhancing the provision of information to Outside Officers to deepen their understanding of the Company, thereby promoting initiatives to ensure further effectiveness.

The effectiveness of the Board of Directors is evaluated by conducting questionnaires that contain questions in accordance with the Corporate Governance Code as well as open-ended questions, to be answered by all Board of Director meeting attendees. We obtained valid responses from all of respondents. Based on the analysis and evaluation results, proposals for annual measures aimed at enhancing governance were prepared and reported to the Board of Directors.

Cross-Shareholdings

For each company we hold cross-shareholdings in, the Board of Directors determines and verifies the appropriateness of holding such shares, including the possibility of reducing shareholdings, while comprehensively taking into account the investment's yield and other benefits, expected returns, and the importance in terms of business strategy based on the Company's cost of capital.

If, as a result of the verification, holding the shares is deemed unreasonable, the Company sells them while taking into consideration the impact on the stock market, among

other factors. In FY2022, the Board of Directors examined the Company's cross-shareholdings, such as during its meeting held on September 14, 2022, while taking the above factors into consideration. As a result, the Company sold off 17 specified investment stocks and two stocks held for pure investment purposes.

Going forward, we will continue to reduce the number of cross-shareholdings by taking into consideration the rationality of holding such shares, based on the recommended criteria (ratio of less than 10% to net assets) of a proxy adviser.

Funds generated from share sales

To be allocated to growth investments and shareholder returns

Strategic investment track record

Midterm Management Plan 2022

Decided to allocate approx. 30 billion yen to strategic investments

Midterm Management Plan 2025

Set 50 billion yen quota for strategic investments

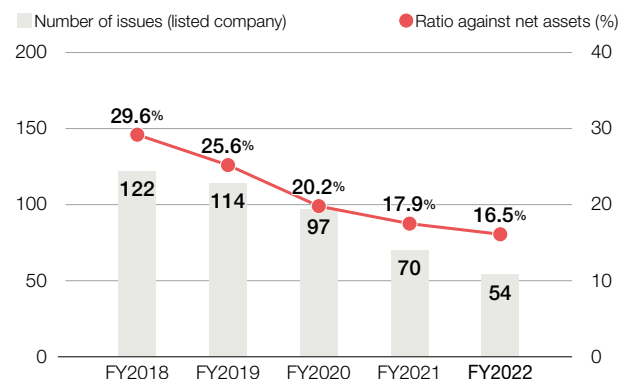
Recent share repurchases

FY2020: Approx. 8.83 billion yen

FY2021: Approx. 3.53 billion yen

FY2022: Approx. 4.07 billion yen

Number of Cross-Shareholdings in Listed Companies and the Ratio against Net Assets



Succession Planning

Okamura is developing the next generation of management-level human resources that can bring about transformation in order to enhance the sustainable growth of the Company and its ability to respond to the ever-changing business environment. Through training, we are developing measures in three stages to refine employees' experience, knowledge, and intuition, and to enable management personnel to develop their own career journeys and devote themselves to their studies. In the first stage, the Next-Generation Leader Training program for non-managerial employees is conducted over nine months, in which case studies are used to practice business skills, and the trainees propose solutions to company issues to the Representative Director and Officers through action learning (97 people have undergone this training so far). The second stage is the Okamura Business School, which is designed for managerial employees and was opened in 2022 (13 students in the first term), where external lecturers and internal and external Officers give lectures, draw up management issues, and take actions to solve them. Themes for lectures are set from a wide range of categories, such as corporate management, and face-to-face classes are conducted once a month for one year, whereby students receive the guidance of an external consultant. In the third stage, some of the employees that have completed the earlier stages of training are sent to receive external training or to attend business schools in Japan. This provides them with opportunities to share diverse knowledge, both inside and outside the Company, and to hone their management intuition, with the aim of enabling them to demonstrate the knowledge they have acquired at their respective workplaces.

Roundtable Discussion with Outside Directors



Outside Director

Hiroyoshi Ito

Served as Representative Director, Executive Vice President of Mitsubishi Estate Co., Ltd. and President and Representative Director of Mitsubishi Real Estate Services Co., Ltd. Currently serving as an External Auditor of Keystone Partners Co., Ltd. Serving as an Outside Director of the Company since June 2017.

Outside Director

Mari Kano

After joining The Mitsubishi Bank, Ltd. (current MUFG Bank, Ltd.), worked in the United States and Australia, and served as General Manager of the Milano Branch and other positions. Currently serving as a Specially Appointed Professor at Showa Women's University and an Outside Director of TOKYO ROPE MFG. CO., LTD. and Tokio Marine Asset Management Co., Ltd. Serving as an Outside Director of the Company since June 2020.

Eyeing a more sophisticated governance system that leads to increased corporate value

The Group strives to effectively implement and enhance corporate governance as a foundation that supports growth in corporate value over the medium to long term.

Outside Directors Hiroyoshi Ito and Mari Kano discussed their views toward the series of initiatives the Company is carrying out with the aim of further enhancing governance, future issues, and other topics.

Q What is your perception of the roles and functions expected of Outside Directors?

Mr. Ito: I believe that the function of Outside Directors is to supervise management in light of normal social conventions from a standpoint that is not influenced by the corporate culture, and at the same time provide advice that contributes to the enhancement of corporate value based on their respective specialized knowledge. I worked for many years at a developer handling logistics facilities as well as mixed-use buildings combining office buildings and commercial facilities. I will strive to utilize this experience to support the Company's aggressive growth from the perspective of creating environments where people can thrive.

Ms. Kano: I consider the main roles expected of Outside Directors to be advisory functions and management oversight functions that utilize objective and multi-faceted perspectives, as stated in the Corporate Governance Code principles. Based on our fiduciary responsibility and accountability to shareholders, we carefully examine proposals and provide opinions from an independent standpoint in an effort to appropriately reflect the wide perspectives of our stakeholders. I worked at a financial institution for many years, and was involved in business and organizational management in a global environment in particular. I would like to use my extensive experience gained on the frontline and the hardships I experienced to help the Group manage risks and formulate strategies. I will also contribute to the expansion of DE&I (Diversity, Equity & Inclusion).

Q What is your assessment of the current governance system?

Mr. Ito: In the six years since I took up my position in 2017, the Company's governance system has improved significantly, including the introduction of an executive officer system and gender diversity in the Board of Directors. In Japan, importance is placed on "kata," or detailed choreographed patterns of movements, in various forms of martial arts. In a similar way, the Group's governance started out with the first set of necessary steps. It has since been working to flesh out the content of this system over time. The establishment of the

Roundtable Discussion with Outside Directors

Investment and Loan Council has also led to the clarification of the matters to be deliberated by the Board of Directors.

Ms. Kano: In particular, at this year's Board of Directors meetings, there was an equal number of internal Directors and Outside Directors, and there were three female Directors, making the ratio of female Directors 25%. Of course, steady progress is also being made in terms of diversity in skill sets and backgrounds. I believe that a governance system should be an appropriate structure according to the company's growth stage, such as the scale of its operations and its business development. In this regard, I think it is safe to say that the Group's governance structure has reached a level that is appropriate for its current business through constant improvement and upgrade. As for Board of Directors meetings, we receive explanations in advance, which enables us to attend meetings with an understanding of the content, and also fosters an atmosphere in which we can easily express our opinions without having to read between the lines of the management team. I think this is why we are able to have active discussions.

Mr. Ito: Questionnaires on the effectiveness of the Board of Directors are conducted as a means to improve this effectiveness. As a result, the Council of Outside Directors, a place where only Outside Directors gather and exchange opinions, is also held on a regular basis.

Ms. Kano: Exactly. Over the past three years alone, we have implemented a number of measures based on the results of the evaluation of the effectiveness of the Board of Directors, including the enhancement of training sessions for Officers and the clarification of the Board skills matrix. For example, for the Council of Outside Directors, the exchange of opinions with the

senior manager of the Corporate Strategies Department regarding the recent formulation of the new Midterm Management Plan proved very useful as it allowed us to have candid discussions and gain an understanding of the actual situation. I think we need to further enhance agendas and meeting content going forward.



Q Please tell us about the initiatives and issues for the voluntary Nomination Committee and Compensation Committee.

Mr. Ito: The Okamura Business School was launched with the aim of developing human resources who will be responsible for future management. This move marked the first step in designing the succession plan system to be carried out by the Nomination Committee. Outside Directors also participate as lecturers, providing us a good opportunity to communicate with the employees that will lead the next generation.

Ms. Kano: That's right. I can feel the Okamura Business School participants' passion toward working together to grow the Company further, and I also felt the Company's strong intent to invest in human capital. Measures to instill the Okamura Way into employees have also led to improved employee motivation. I believe that employees will be able to demonstrate leadership through such endeavors, resulting in an increase in the number of talented human resources that will lead the future of the Company.

Mr. Ito: As chairman of the Compensation Committee, I have the heavy responsibility of making final decisions on the compensation of individual Directors based on drafts prepared by the Secretariat. I believe it is important for the growth of a company to consider the design of various systems with a view to increasing the ratio of the performance-linked portion in total compensation, and to create a virtuous cycle in which members of management and employees that have produced good results are fairly rewarded in the form of compensation.

Ms. Kano: As for the role of the Nomination Committee, I believe it is particularly important to evaluate management, check progress in the development of management human resources, and ensure the effectiveness of the appointment and dismissal process. With regard to performance-linked compensation, in addition to keeping a good balance between fixed and variable compensation, I think we need to constantly review the system design that incorporates new perspectives, such as promoting sustainability that leads to increased corporate value. I hope that the committee will discuss how to update the system design in a timely and appropriate manner, with an awareness of promoting company-wide ESG initiatives and strengthening employee engagement.



Q What are your thoughts on discussions on the Midterm Management Plan and on further enhancing corporate value?

Mr. Ito: The COVID-19 pandemic hit at the start of the previous Midterm Management Plan (FY2020-2022), causing the Company to face dramatic changes in the operating environment for its core businesses, such as the spread of remote work. Against this backdrop, the Company developed new products that adapt to changes in the environment, such as the TELECUBE by OKAMURA and the OC portable battery. This growth generated solid earnings and demonstrated the resilience of our employees. In addition to business growth over the past three years, funds generated from the reduction of cross-shareholdings, etc., have been used to enhance shareholder returns and invest in future growth. This has led to improvement in ROE, the operating income ratio, and capital efficiency, thereby strengthening the Company's management foundation and increasing corporate value. The new Midterm Management Plan 2025 actively incorporates measures that address social issues and are conscious of sustainability. I therefore expect Okamura to implement ambitious plans as a demand creating company that views major market changes as new business opportunities.

Ms. Kano: I also positively view the plan formulation process, as the diverse opinions that we Outside Directors expressed during the formulation of the new Midterm Management Plan were also reflected in the plan's ambitious quantitative targets. In the acquisition of DB&B Holdings, a step toward strengthening the Company's overseas businesses, we were able to gather knowledge and conduct a multifaceted risk analysis, thereby gaining an understanding of the points to

Roundtable Discussion with Outside Directors

keep in mind with post-merger integration. I think it was also meaningful that we were able to discuss Plan Bs, including exit criteria, in other investment projects.

Mr. Ito: With regard to digital transformation (DX), the Company is stepping up DX promotion as part of its management strategy by utilizing cutting-edge digital technologies such as AI, IoT, and robotics, in addition to the development of DX human resources. Okamura is on the lookout for new possibilities, such as introduction of cyber-attack countermeasures and collaborations with IT start-ups. In the era of VUCA (Volatility, Uncertainty, Complexity, Ambiguity), I believe having such an open and forward-looking attitude will help beef up the resilience of the Company's operations.

Ms. Kano: The new Midterm Management Plan also calls for the development of overseas businesses rooted in the local market. I look forward to making further progress with diversity, which is essential for expansion into the global market.

Q And finally, could you give a message to stakeholders?

Mr. Ito: The Company's strength lies in its credibility backed by its design and technological capabilities, which can also be said to be the brand power of the Okamura Group. Based on these strengths, employees can continue to work with confidence and pride, thereby increasing corporate and shareholder value. Outside Directors do not wish to be in the limelight. The most important thing is enabling employees to focus on their work. I will fully supervise management and fulfill my responsibilities as an Outside Director so as not to raise concerns from the capital markets.

Ms. Kano: Okamura's spirit of Cooperative Industry, which was founded out of nothing after World War II by engineers coming together and pooling their resources, continues to this day. The trust people place in Okamura-brand products, and the trust of its shareholders and employees, must be passed onto the next generation as an important legacy from the past. I will soundly fulfill my responsibilities as an Outside Director aware not only of the perspectives of shareholders, but of all organically-linked stakeholders.

Message from an Outside Auditor



I will monitor integrated thinking practices, going beyond the perspective of lawful auditing

Outside Auditor
Keiko Kishigami

Certified Public Accountant at Ernst & Young ShinNihon LLC.
Also a Board Member for WWF Japan. Serving as an Outside Auditor of the Company since June 2019.

I think the Okamura Way was borne from the Company's aim to create environments where people can thrive by placing emphasis on both goods (quality) and experiences (service), and the spirit of cooperation that still lives on, stemming from the engineers that each provided funds to establish Okamura.

The business environment has undergone significant changes, including rapid changes in work styles and offices triggered by the COVID-19 pandemic as well as geopolitical changes that have led to soaring raw material costs, exchange rate fluctuations, semiconductor shortage, and logistics disruptions. However, thanks to our swift response which aligns with the medium- to long-term directions based on Okamura Way, we continue to maintain strong performance.

This Integrated Report reflects content from active discussions at Board of Directors meetings and two-way communication between executives and employees regarding the Company's Purpose and management policies conducted under the spirit of cooperation.

Based on this, it is important that through their work, each and every employee, including the management team, holds further dialogue with the stakeholders with whom they are involved, including shareholders and investors, business partners such as suppliers, customers, end users, local communities, and the global environment that is being destroyed. In doing so, they need to step up efforts to create environments where people can thrive, and practice integrated thinking.

In my previous job, I was as an accountant working for an audit firm. In addition to auditing, I was involved in corporate reporting at the Japanese Institute of Certified Public Accountants, including international accounting standards and non-financial reporting including integrated reporting. From the perspective of corporate reporting, statutory disclosure is important in terms of comparability with other companies. In addition to this, I believe that integrated reporting is also important in conveying the creation of corporate value specific to that company. Conventionally, company auditors are mainly responsible for monitoring the compliance of statutory and other matters. We will go beyond that to monitor whether executives and employees are putting the integrated thinking outlined in the Integrated Report into practice.

Risk Management

Sustainability Report 2023
P.114-115 Risk Management

The Okamura Group recognizes the possibility of influencing the achievement of its business objectives (including both positive and negative effects) as a risk, and after identifying, analyzing and assessing such risks, systematically works to rationally control the risk in order to minimize losses or maximize opportunities presented by risks.

Risk Management System

In order to improve the effectiveness of risk management by organically linking risk management, a systematic approach for risk, with the Group's sustainability activities, the Sustainability Committee determines various matters related to risk management of the Okamura Group, evaluates effectiveness, and provides guidance for improvement. To develop and operate this system, the Okamura Group has established Risk Management Rules to be followed as part of risk management during normal times, and Emergency Response Rules to be upheld as part of crisis management during emergencies.

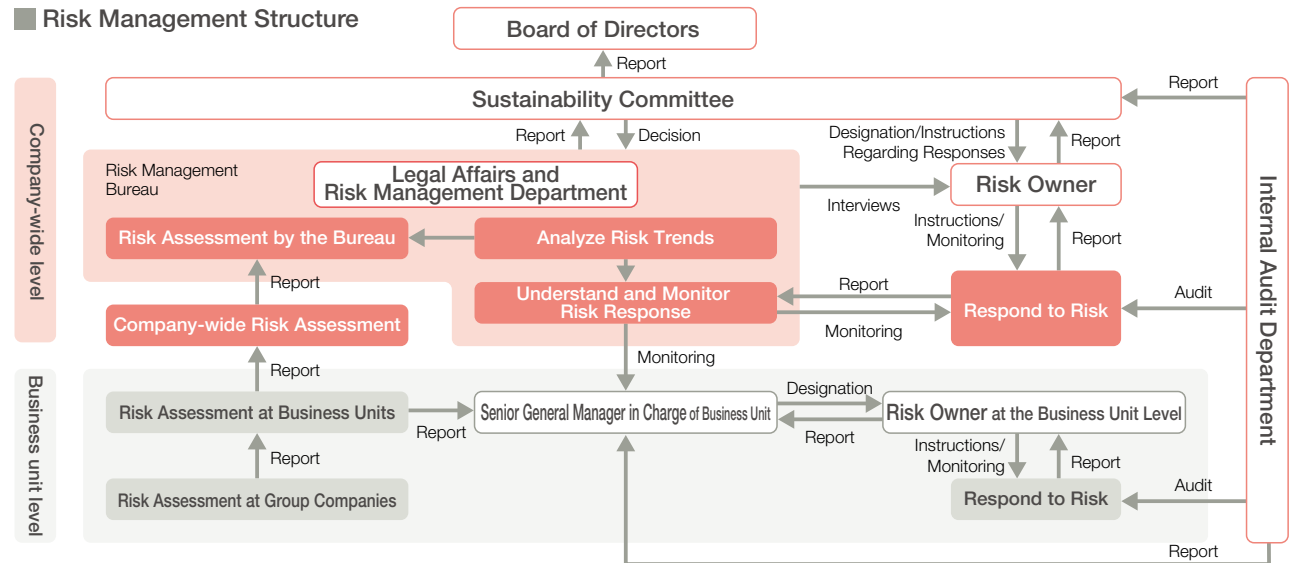
Risk Assessment

In assessing risks, we first identify risks, analyze them from the perspective of the likelihood of occurrence and the degree of impact using a risk matrix, and then evaluate them.

Risk assessments are conducted twice a year at the company-wide level, and once a year at the business unit level, after which priority risks are identified based on the assessment results.

For each priority risk, the risk owner analyzes the degree of impact the risk would have on the applicable business when it is materialized, formulates countermeasures, and strives to implement them. In addition, the risk owners and the Risk Management Bureau monitor response efforts, and if issues are identified, the risk owners work to correct or improve them.

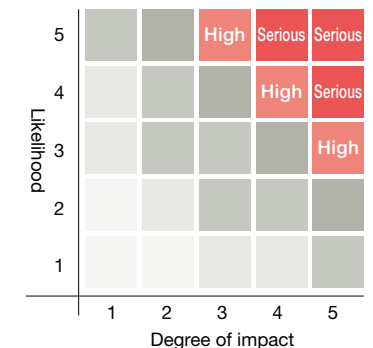
Risk Management Structure



Impact Scale

Level	A	B	C (Overall management)	D (Finance)	E (Health and safety)
5	Extreme	Huge impact Catastrophic impact	Major, prolonged impact on management	Huge financial impact that will persist into the future	Death of an employee or member of the general public
4	Major	Very significant impact	Impact on management for several months	Significant financial impact	Hospitalization required or several severely ill persons
3	Moderate	Significant impact	Noticeable temporary impact on management	Noticeable financial impact	One seriously injured person or several people with minor injuries
2	Minor	Minor impact	Small temporary impact on management	Small financial impact	One person with a minor injury
1	Negligible	Almost no impact	Little to no impact on management	Almost no impact on profits	Does not affect health and safety

Risk Matrix



Risk Management

Priority Risks

4 Material management issues	Major risks		Countermeasures
<p>Creating environments where people can thrive</p>	<p>Maintain and improve the quality of products and services <Priority Risks> Quality of products and services</p>	<p>Although each product is manufactured according to a globally recognized quality standard (ISO 9001), there is no guarantee that all products will be free of accidents or future complaints. Although we have product liability insurance, there is no guarantee that insurance will adequately cover the Group's total compensation liability. Product defects may affect the Group's reputation and adversely affect the Group's business performance and financial position.</p>	<p>The quality control targets to be addressed are becoming increasingly diverse and complex due to business changes, such as the provision of new value to customers, the expansion of sales from goods to services, and the expansion of total sales not only for in-house manufactured products but also for externally-procured products, contracted construction, and services. Under the recognition that quality maintenance may not be able to keep up with the pace of business growth, and that quality control activities may be insufficient, we constantly review our quality control activities to maintain and improve quality.</p>
<p>Pursuing employee engagement</p>	<p>Human capital and diversity <Priority Risks> Human resources, health and safety, labor, human rights</p>	<p>Failure to effectively gather, develop, and secure the human resources needed to conduct and grow our business runs the risk of impeding the capabilities critical to executing, managing, and supervising our business activities, thereby hindering the achievement of our performance targets as planned. In the event that efforts to develop human resources are not adequately implemented due to lacking human capital investments, sufficient consideration is not given to the health and safety of employees, or the psychological safety of the workplace is not ensured and the workplace environment becomes unpleasant, this may lead to a decline in morale, poor physical health, or employee resignations. A decline in productivity may also adversely affect the Group's business performance and financial position. Violations of laws and regulations related to health and safety may not only result in penalties and compensation payments, but also affect the Group's reputation, which may adversely affect business performance and financial position.</p>	<p>Since the Company's founding, our basic management policy has focused on people, treating our employees as collaborators and team members that help the company thrive. In keeping with our Founding Spirit, we have incorporated "People Thriving" into our Management Philosophy. While staying true to this philosophy, we will push ahead with further human resource development and initiatives to enhance work fulfillment with the aim of improving engagement of employees who help our sustainable growth. We aspire to build a "Strong Okamura" capable of addressing environmental changes by enabling all of our employees to work with vitality in their own individual styles.</p> <p>P.46-47 Message from the Chief HR Officer</p>
<p>Global environmental initiatives</p>	<p>Climate change <Priority Risks> Climate change and the transition to a resource recycling-oriented society</p>	<p>Delays in climate change measures, conflicts with relevant laws and regulations, or failure to shift business activities to the resource recycling-oriented approach demanded by society may not only hinder the Group's contribution to the creation of a sustainable society, but may also damage the Group's social credibility and adversely affect earnings due to exclusion from customer selection criteria.</p>	<p>We will create added value through servitization, etc., while minimizing resource input and consumption alongside the effective utilization of stock, and actively promote to maximize the value of resources and products, minimize resource consumption, and prevent waste generation. Through such moves, we will steadily work toward achieving carbon neutrality by 2050.</p> <p>P.52-54 Information Disclosure Based on TCFD Recommendations</p>
<p>Responsible corporate behavior</p>	<p>Supply chain disruption <Priority Risks> Large-scale natural disasters, the spread of infectious diseases, procurement of materials and raw materials, accidents and man-made disasters</p>	<p>The Group's business performance may be adversely affected by suspended business activities, lost business opportunities, and restoration cost burdens stemming from supply chain disruptions owing to natural disasters such as earthquakes and floods, fires and other accidents, epidemics of new infectious diseases, trade friction between the U.S. and China, and other policy trends in various countries. If we are unable to adequately address issues such as higher material prices or difficulties procuring raw materials stemming from heightened geopolitical risks and rising energy prices, etc., this may result in the loss of opportunities for business activities and the incurrence of procurement cost burdens, which in turn may adversely affect the Group's business performance.</p>	<p>In addition to establishing Emergency Response Rules that stipulate how to respond to emergencies that pose potential dangers to people's lives or bodies, or may seriously affect society or the Company's business activities, we have also set forth detailed procedures in a manual, and are prepared to prevent situations from spreading and bring them under control at an early stage through swift and appropriate action.</p> <p>As for disaster countermeasures, we strive to ensure that all employees are able to take appropriate actions to assure safety in the event of a disaster, thereby minimizing the impact on our business activities. To this end, not only do we distribute and raise awareness of disaster response manuals, but we also conduct comprehensive measures, such as making preparations in advance and carrying out drills.</p>
	<p>Governance and compliance <Priority Risks> Governance, credibility, legal and regulatory compliance, labor</p>	<p>Although we need to foster awareness of compliance and carry out thoroughgoing efforts across the Group, we cannot guarantee the appropriateness of all corporate activities or of the words and actions of officers and employees, or that problematic behavior will not occur in the future, including in cases where Group company controls do not function properly. Failure to meet the expectations of society may cause the credibility of the Group to decline, which may adversely affect our business performance and financial position. We also recognize that inappropriate behavior, deterioration in credibility, and deterioration in business performance across the Group may negatively impact suppliers as well and lead them to bankruptcy, and thus we may be supposed to take a social responsibility for it.</p>	<p>Deterioration in communication and psychological safety within the organization may lead to delays in the detection of risks and problems, incorrect business operations due to misidentification or unilateral judgment, and misconduct or improper handling unreported, even if it is noticed. As such, we have established the internal, external, and overseas helplines to work to resolve concerns at an early stage, as well as regularly conduct awareness surveys of all Group employees to analyze changes in attitudes over time and carry out improvement activities.</p>
	<p>Information security <Priority Risks> Information security</p>	<p>If the confidentiality, availability, and integrity of our information system is neglected, the security of said system cannot be ensured. This could lead to unauthorized access, unauthorized access going undetected, the inability to identify the individual responsible even if unauthorized access is detected, and other security risks. This runs the risk of information being leaked, altered, destroyed, or lost. In addition, unauthorized external access or virus intrusion could result in the threat of information leakage, alteration, destruction or loss, or could threaten our information security. This, in turn, could lead to operations being suspended for a certain period of time. A serious information security incident could lead to deterioration in our social credibility or the suspension of operations, thereby adversely affecting the Group's business performance.</p>	<p>We appropriately handle personal information in accordance with the PrivacyMark System. We are also stepping up measures to prevent the occurrence of information security incidents, such as virus infections and unauthorized access due to cyberattacks, etc., and are also implementing measures to minimize damage in the event of an information security incident through the Computer Security Incident Response Team (CSIRT) established in 2020.</p> <p>In addition, we continuously conduct educational activities to raise awareness of information security risks in daily work by providing training via e-learning programs and targeted attack e-mail drills for employees, and by calling for attention when employees access the intranet and start up their PCs.</p>
<p>Changes in financial position, operating results, and cash flows other than those stated above</p>	<p>Financial situation <Priority Risks> Changes in the economic environment</p>	<p>Domestic sales account for over 90% of the Group's total sales. Reduced capital investment, accompanied by a downturn in the domestic economy, could lead to decreased demand, thereby adversely affecting the Group's business performance and financial position.</p>	<p>We strive to obtain timely information on changes in the economic environment through communication with external stakeholders and internal meetings and reporting procedures. We collect and organize this information centrally, then analyze and assess the potential short-term and medium- to long-term impact on our business with an eye to flexibly reviewing our business activities.</p>

Risk Management

Initiatives for Priority Risks

Compliance

The Okamura Group works to thoroughly spread awareness of our Code of Conduct among all employees in order to pursue responsible corporate activities based on our Basic Policy, which follows our Corporate Philosophy comprised of the five phrases, “Innovative Creation, Cooperation, Being Cost Conscious, Saving for Future, and Social Responsibility.”

The mindset and behavioral attitude demanded in our corporate activities are compiled in the ten items of the Code of Conduct. The Code outlines matters that all employees should observe in their day-to-day work, including respect for human rights and ethical behavior as members of society, and matters aimed at preventing corruption such as fair transactions and maintaining a sound relationship with political and governmental entities.

We revised our Code of Conduct in October 2022, given our efforts to respond to globalization, the establishment of various policies in line with social values that have changed in recent years, and the intention inherent in the Okamura Way, which is a systematic compilation of our management philosophy.



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P.119-122 Promoting Compliance

P.123-125 Respect for Human Rights

Initiatives

In May 2022, we established the Okamura Group Human Rights Policy, and have since been conducting human rights due diligence. In June 2022, we held a workshop to identify and assess the negative human rights impacts of the Okamura Group, attended by a total of 19 people from the relevant departments across each division.

The first half consisted of a study session in which external experts explained global trends in business and human rights to update the knowledge for the participants. In the second half, discussions were held on human rights themes related to Okamura’s business to identify and summarize potential human rights themes across the entire value chain, taking into consideration changes in social demands. Based on the results of this workshop, we determined the priority issues for the Okamura Group (human rights for foreign technical intern trainees and procurement) and implemented measures to address them.

Information Security

At the Okamura Group, the Information System Department is responsible for supervising and promoting efforts to improve information security for the Group as a whole. It also implements security measures and provides guidance regarding control for each Group company, mainly regarding computers, servers, and networks that form the system infrastructure.

As measures to prevent information leaks, we are moving forward with encrypting computer data, collecting computer operation logs, and introducing website filtering systems, in addition to conducting regular employee education and training.

Appropriate security measures are also in place to authenticate individuals who use the system and to control physical access to the office.

The Okamura Group considers information security risks as risks to be prioritized for business continuity, and established the Okamura Group Information Security Policy in 2022.



Sustainability Report 2023

P.117-118 Information Security Measures

Initiatives

The Okamura Group conducts information security risk assessments as part of its risk management activities.

We also perform comprehensive self-assessments based on the Ministry of Economy, Trade and Industry’s cybersecurity management guidelines, and analyze information security risks from organizational, human, physical, and technical perspectives.

Through such risk analysis, we clarify priorities and implement measures.

In order to raise employee awareness of information security, the Okamura Group educates employees through e-learning and targeted attack email training on a company-wide basis. In addition, by displaying alerts on the intranet and upon startup of the computer, we continue to enlighten our employees about the need to be mindful of information security risks in their day-to-day operations.

Risk Management

Quality of Products and Services

The Okamura Group regards the provision of safe products and services as a material management issue, and aims to provide products and services that lead to enhanced customer satisfaction. We have established a company-wide promotion system aimed at quality improvement, and are working to ensure thorough quality control through the operation of a quality management system as well as an assessment system.

Through these efforts, we strive to provide safe and high-quality products.

We work to ensure consistent quality from procurement to production, distribution, and installation work.

In addition to working on quality issues in each department, we are strengthening cross-departmental collaboration as well. In order to raise our standards further, we have established the Quality Assurance Committee and subcommittees that promote quality initiatives across the entire company, and strive to improve quality throughout the supply chain.



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P. 39-40 Provision of Safe and High-Quality Products and Services

Initiatives

The Okamura Group standardizes the product development process—from product planning, design, manufacturing and sales to after-sales service, incorporates customer feedback, and conducts rigorous screening and verification regarding safety and quality. We ensure a high level of quality by meticulously conducting tests and predictive verifications based on the various ways customers may use our products.

In order to ensure thorough quality control throughout the Okamura Group and enhance customer satisfaction, it is important for each employee to be aware of the importance of providing safe and high-quality products and services as well as our corporate responsibility, and to practice this in the course of their duties. In order to foster quality awareness and improve management capabilities, we provide basic quality training for skilled workers and practical quality control (QC) training for managers.

Human Capital and Diversity

In line with the Okamura's Founding Spirit, we have set "People Thriving" as our new Management Philosophy. To ensure that each employee, who supports our sustainable growth, can work with vitality, we are moving forward with human resource development and employee engagement improvement as we aim to enhance engagement.

Based on the following concepts, we are working to foster mutual growth of our employees and the company by providing opportunities to develop capabilities and skills and improving engagement.

- Increase corporate value by creating an environment where each and every employee can thrive and achieve WIL-BE, thereby enhancing engagement and maximizing results.
- Build a human capital portfolio needed to realize management strategies, and promote the growth and career development of each employee through the human capital cycle of recruitment, development, evaluation, treatment, and appointment.
- Achieve management targets by building an organization and allocating human resources in a way that allows for maximized performance across the entire company, along with the promotion of the Okamura Way and the strengthening of teamwork.



Sustainability Report 2023

P.73-76 Okamura Group Human Resource Strategy

Initiatives

We are working to maximize employee engagement under the theme of "setting the stage for growth and careers." The two specific activities to be undertaken by fiscal 2025 are "Strengthening the Organization Through Mutual Understanding" and "Carving Out Your Own Career".

"Strengthening the Organization Through Mutual Understanding" is an initiative based on the idea that improving the quality of the relationship between the individual employee and the team/company serves as the basis of corporate activities. In fiscal 2022, activities included revamping the discussion system and conducting one-on-one workshops for section managers and site managers.

"Carving Out Your Own Career" is an initiative that encourages employees to manage their careers autonomously, through the creation of an environment that enables each employee to chart his or her own career journey. Measures on this front include the establishment of in-house university "Okamura University (abbreviation: OkaUni)," the renewal of the challenge system and global human resources development system, and the introduction of a talent management system to help employees visualize their career path.

Stakeholder Engagement

The Okamura Group aims to be a company trusted and appreciated by society through communicating with a wide range of stakeholders, and incorporating their opinions and expectations, thereby improving our management and initiatives. We consider customers, dealerships, suppliers, shareholders and investors, employees and their families, and society and government to be particularly important stakeholders, and engage in communication with them based on our basic stance.



Stakeholders	Basic Stance	Main Activities/Communication Tools	Frequency/Number of Cases/ Number of Times	Incorporation into Management, Products or Services
Customers	Customer satisfaction can only increase when the products supplied are of superior quality and functionality, and are delivered with high quality service. The Okamura Group clearly states the “provision of safe and high-quality products and services” in its Code of Conduct* and aims to provide products and services that lead to increased customer satisfaction.	Customer Service Office	Routinely (Number of inquiries in fiscal 2022: 21,500)	● Improve products and services based on feedback and suggestions received
		After-sales maintenance (inspections and repairs)	Routinely	
		Communicating product information Publishing installation examples and information magazines	Routinely	
Dealerships	The Okamura Group not only sells its products directly, but also sells its products through dealerships, to allow us to better accommodate the diverse needs of our customers. As dealerships are not only our partners but also our customers, Okamura will work with them to increase mutual corporate value toward the common goal of maximizing customer satisfaction.	Dealership associations by handled products	Routinely	● Improve products and services based on feedback and suggestions received ● Improve measures for various dealerships
		Various workshops	Routinely	
		Information website for dealerships	Routinely	
Suppliers	The Okamura Group clearly states in its Basic Purchasing Policy, that “transactions are fundamentally based on free competition, and we should work toward coexistence and mutual prosperity with suppliers based on an equal footing and mutual trust”. We have also established Sustainable Procurement Guidelines. Based on this perspective and the premise of fair and impartial business with suppliers, we will strive to improve business through mutual collaboration, as well as practice procurement that emphasizes sustainability.	Information and technical exchange meetings	Routinely	● Reinforce activities aimed at improving business and procurement focused on sustainability through mutual collaboration
		Regular interviews and visits	Routinely	
		Electronic network system	Routinely	
Shareholders and investors	We will strive to increase shareholder value by growing our business and continually increasing corporate value. In addition to conducting timely and proper disclosure of information to gain even greater trust from shareholders and investors, we will actively disclose information considered useful for shareholders and investors and aim for highly transparent management by expanding communication.	General Meeting of Shareholders	Once a year	● Enhance management transparency by expanding communication
		Financial Results Briefings	Twice a year	
		Information magazine and website	As needed	
		Individual meetings	As needed	
		Facility tours	Once a year	
Employees and their families	At the Okamura Group, we consider employees to be collaborators and team members who work together to help the company prosper. We aim to achieve even greater results through business activities that emphasize mutual collaboration among employees. We are moving forward with creating workplaces where each employee can realize their potential based on a fair labor-management relationship, linking this to the growth of the company and improving the lives of employees.	Discussions between employees and management	Routinely	● Nurture talent aimed to improve employee engagement, and carry out measures to promote job engagement reform
		Initiatives to realize employees’ “Work in Life”	Routinely	
		Activities promoting diversity, equity and inclusion	Routinely	
Society and government	We strive to coexist with communities where we operate, by actively interacting with local residents, government agencies, companies, and organizations, as well as the younger generation who will be the torch-bearers of the future.	Dialogue with government agencies	As needed	● Incorporate findings aimed at building better relationships with local communities and reflect them in various measures
		Various forms of communication with local governments where production plants are located	Routinely	
		Activities contributing to local communities	As needed	
		Disseminating information through publications and websites	Routinely	

05

Financial/Company Data

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Five-year Consolidated Financial Summary

FY			2018	2019	2020	2021	2022
Operating Results (for fiscal year) ^(Note 1)	Net sales	(Millions of yen)	247,925	253,170	244,454	261,175	277,015
	Gross profit	(Millions of yen)	78,924	81,748	80,113	83,587	89,005
	Selling, general and administrative expenses	(Millions of yen)	66,506	68,357	65,937	67,614	71,632
	Operating income	(Millions of yen)	12,418	13,391	14,175	15,972	17,372
	Ordinary income	(Millions of yen)	13,677	14,712	15,377	17,491	18,924
	Profit attributable to owners of parent	(Millions of yen)	10,234	9,851	11,971	14,992	15,906
Financial Positions (end of fiscal year) ^(Note 1)	Total assets	(Millions of yen)	229,276	236,327	245,473	245,372	252,914
	Net assets	(Millions of yen)	130,403	135,497	139,776	144,121	152,702
Cash Flows ^(Note 1)	Cash flows from operating activities	(Millions of yen)	9,464	14,501	26,921	5,328	13,491
	Cash flows from investing activities	(Millions of yen)	(5,436)	(5,661)	(833)	(2,264)	(6,660)
	Cash flows from financing activities	(Millions of yen)	(3,860)	(4,388)	(13,073)	(8,601)	(9,485)
	Cash and cash equivalents at end of period	(Millions of yen)	26,133	31,497	44,419	39,186	36,999
	Balance of loans payable and bonds payable at end of period	(Millions of yen)	22,530	22,140	21,721	21,594	21,159
Per Share Data	Basic earnings per share (EPS)	(Yen)	92.92	89.44	112.51	151.26	163.15
	Net assets per share (BPS)	(Yen)	1,179.63	1,219.18	1,381.61	1,459.34	1,592.79
	Annual dividends per share	(Yen)	28.00	32.00	32.00	40.00	55.00
Financial Indicators	Ratio of operating income to net sales	(%)	5.0	5.3	5.8	6.1	6.3
	Return on equity (ROE)	(%)	8.0	7.5	8.8	10.7	10.8
	Return on assets (ROA)	(%)	5.9	6.3	6.4	7.1	7.6
	Equity ratio	(%)	56.7	56.8	56.5	58.1	59.6
	Payout ratio	(%)	30.1	35.8	28.4	26.4	33.7
	Total payout ratio	(%)	30.1	35.8	101.6	49.8	58.7
Other	Number of employees (consolidated)	(Persons)	4,987	5,145	5,204	5,406	5,492

Notes 1: These figures have been rounded down to the nearest unit displayed.

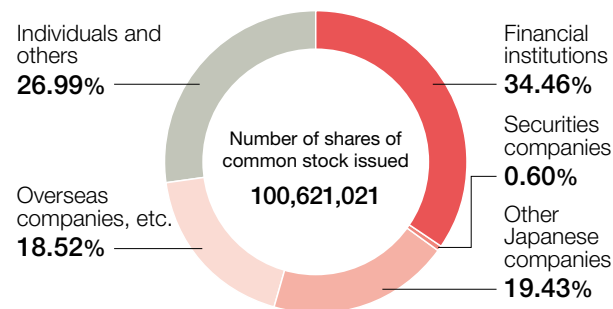
2: The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. from the beginning of FY2021. The main management indicators, etc., for FY2021 and beyond reflect the adoption of said accounting standard.

Company Information/Stock Information (As of March 31, 2023)

Company Data

Company name	OKAMURA CORPORATION
Head office	Tenri Bldg., 1-4-1, Kitasaiwai Nishi-ku, Yokohama, Kanagawa 220-0004, Japan
Foundation	October 1945
Paid-in capital	18,670 million yen
Number of employees	5,492 (consolidated) / 3,844 (non-consolidated)
Subsidiaries and associates	43 companies ▶ https://www.okamura.co.jp/company/outline/group.html
Number of shares of common stock issued	100,621,021 (including 5,783,091 shares of treasury stock)
Trading units (shares)	100
Number of shareholders	7,290
Securities code	7994
Fiscal year end	March 31
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Stock listing	Prime Market of Tokyo Stock Exchange
Accounting auditor	KPMG AZSA LLC

Stock Distribution Status by Owner

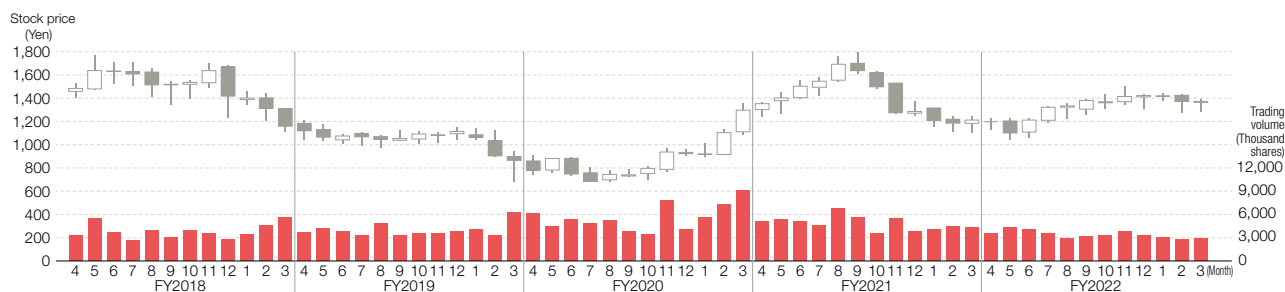


Major Shareholders

Shareholder	(Thousand shares)	(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,020	11.62
Okamura Group Employees Stock Ownership Plan	5,813	6.13
Custody Bank of Japan, Ltd. (Trust Account)	5,582	5.89
Nippon Steel Corporation	5,313	5.60
Meiji Yasuda Life Insurance Company	4,892	5.16
MUFG Bank, Ltd.	4,350	4.59
Okamura Cooperation Companies Stock Ownership Plan	3,789	4.00
Mitsui Sumitomo Insurance Company, Limited	3,036	3.20
The Bank of Yokohama, Ltd.	2,853	3.01
Okamura Dealer Kyoei-Kai	1,700	1.79

Notes: 1. The number of shares held is rounded down to the nearest thousand.
2. The holding ratio excludes 5,783,091 shares of treasury stock held by the Company.

Stock Price Performance and Trading Volume



Stock-Related Data

		End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2022
Period-end stock price	(Yen)	1,159	865	1,297	1,212	1,364
Price-to-earnings ratio (P/E)	(X)	12.5	9.7	11.5	8.0	8.4
Price-to-book value ratio (P/B)	(X)	0.98	0.71	0.94	0.83	0.86
Total shareholder return (TSR)* over the last five years	(%)	81.9	63.8	95.8	92.7	107.0
(Comparison index: TOPIX Total Return)		(95.0)	(85.9)	(122.1)	(124.6)	(131.8)

*Refers to the rate of return on an investment factoring in both capital gains and dividends. Calculated based on the formula stipulated by a Cabinet Office Ordinance, using the closing price at the end of FY2017 as the baseline for the start of investment.

