

okamura

Okamura Group

Integrated Report 2024

The Okamura Group's Purpose

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

In 1945, a group of engineers pooled their funds, skills, and labor to launch the company as the Okamura Manufacturing Facility, a cooperative industry. Adopting the motto that “quality pays for itself,” we demonstrate passion and teamwork as we boldly take on challenges.

We develop our Office Furniture business, Store Displays business, Material Handling Systems business, and Powertrain business, and provide society with high-quality products and services.

Okamura's Core Strengths

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.

Relationships
of trust with
customers

Ability to solve
customers' issues

Reliable
manufacturing





Management Policy

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 2024

Since 2023, the Okamura Group has published the Okamura Group Integrated Report that presents financial and non-financial information as well as the Group's management policies and strategies in an integrated manner, in addition to a Sustainability Report.

In compiling the Okamura Group Integrated Report, our foremost priority was to further enhance understanding of the Group's activities among all our shareholders, investors, and wide range of other stakeholders. Centered on the Group's Purpose of "Realizing a society where people can thrive," 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.

The Okamura Group Integrated Report 2024 reports on the progress made on the Midterm Management Plan 2025 announced in May 2023, and also describes the value creation process for the Group's sustainable growth, the specific strategies of each business, and initiatives and systems that support them.

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 in order to facilitate the use of both publications by our stakeholders.

We will continue to deepen the understanding of the Group by our wide range of stakeholders by communicating through appropriate dissemination of information, and work on initiatives to further raise corporate value and solve social issues.

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

Information Disclosure System

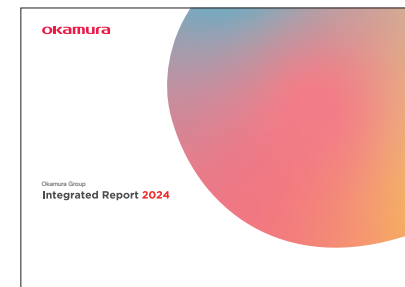
Financial Information

Non-financial Information

Integrated Report

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

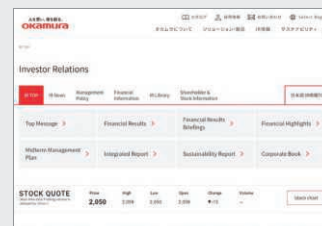
- Message from the CEO
- Value Creation Story
- Strategies for Growth
- Corporate Governance



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

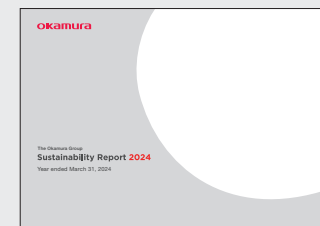


<https://ir.okamura.co.jp/en/>

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/2024/Okamura_SR_2024_EN.pdf

Contents

Introduction “Loving people, creating places”

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	
1	2	3	4	5
Message from the CEO	Value Creation Story	Strategies for Growth	Management Foundation	Financial/Company Data
8 Message from the CEO 15 The Okamura Group's Businesses 16 Okamura in Numbers 17 Recognition from Society	19 The Okamura Group's Purpose 20 Management Philosophy: Okamura Way 21 The Okamura Group's Strengths 22 The Okamura Group's History 24 Three Accumulated Strengths 26 Management Policy 27 Social Issues to Tackle and Value Propositions 28 Value Creation Story Overview 29 The Okamura Group's Materiality	31 Overview of the Midterm Management Plan 2025 34 Strategies for Each Business 34 Office Furniture Business 37 Store Displays Business 40 Material Handling Systems Business 43 Powertrain Business 45 Overseas Business 46 Production and Supply System 47 Message from the Chief HR Officer 49 Message from the Chief DX Officer 51 Message from the Chief Environment Officer 54 Message from the Chief Financial Officer	57 Company Officers 59 Corporate Governance 65 Roundtable Discussion with Outside Directors 67 Message from an Outside Auditor 68 Risk Management 74 Stakeholder Engagement	76 Materiality KPIs and Progress 78 Five-year Consolidated Financial Summary 79 Company Information/ Stock Information

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

- FY2023 (April 1, 2023–March 31, 2024)
For some activities, the information includes that of activities from April 2024 onwards

Scope of Reporting

- Okamura Group (Okamura Corporation and its subsidiaries and associates)
Please see here for information on subsidiaries and associates (Japanese)
▶ <https://www.okamura.co.jp/corporate/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.

1

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 Group's direction for growth and future outlook.

Contents

- 8** Message from the CEO
- 15** The Okamura Group's Businesses
- 16** Okamura in Numbers
- 17** Recognition from Society

Message from the CEO

Providing value to advance
into the future as
a demand creating company
that sees through major changes
in eras

Representative Director,
President and Chief Executive Officer

Masayuki Nakamura



Message from the CEO

The Okamura Group began its three-year Midterm Management Plan 2025. In the first year of the plan, results exceeded forecasts, and much progress was made on our transformation into a demand creating company. In addition to sharing my thoughts on the management of the company, I will also explain our direction for growth and future outlook, based on the changes in the business environment in the recent years.

The Company's Origins and Thoughts on Management

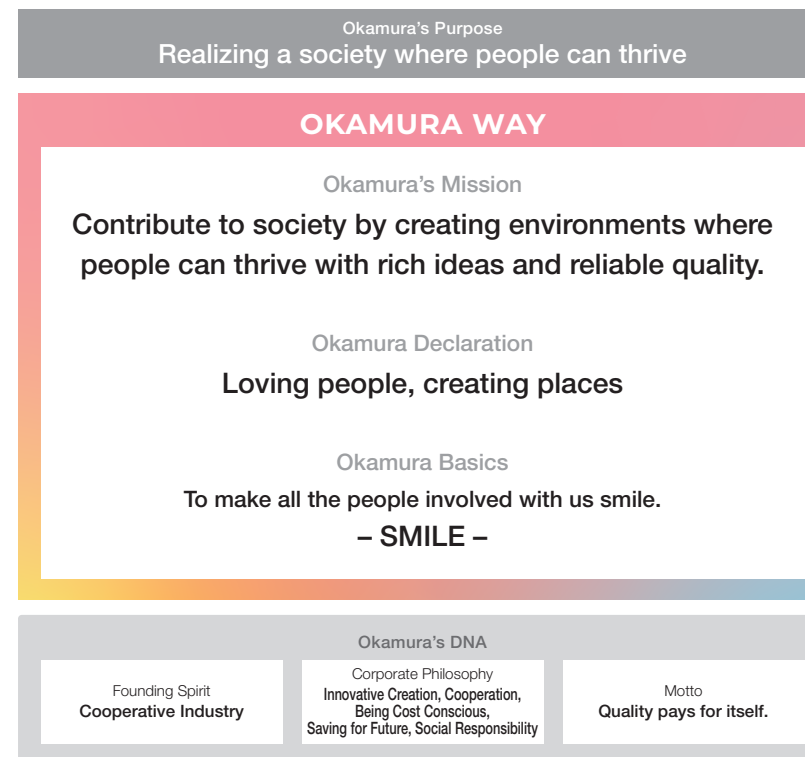
Carrying out our Mission while changing the company with the times

The Okamura Group, with its Purpose of “Realizing a society where people can thrive,” is a company that has grown to its current scale by providing high-quality products and services for offices, commercial and logistics centers, and various other spaces where people are active. In the Okamura Way, which is a systematic compilation of our management philosophy, we have expressed that it is our Mission to “Contribute to society by creating environments where people can thrive with rich ideas and reliable quality.” Through the process of carrying out this Mission, we have adapted with the times to be where we are today. In other words, the Okamura Group would not have been able to exist in today's society if we had not adapted with the times and failed to fulfil our Mission.

As a manager, I regard two principles as being of utmost importance. The first is that if we do not change what needs to be changed with the times, the company will eventually become unable to survive. The transformations that the business has undergone since its founding are a testament to this.

Our founder Kenjiro Yoshiwara initially worked at a wartime factory belonging to Japan Aircraft Manufacturing Co., Ltd. In 1945, immediately after the war and with Japan's defeat, 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 who were aircraft engineers, with each of them contributing savings, retirement money, and other funds as well as engineering and labor capabilities. Alongside the manufacturing of everyday products and steel furniture for U.S Forces Japan using iron and aluminum, the company also struck out into developing the N-52, which was to be the first domestically made post-war aircraft, and Mikasa, Japan's first automatic car, honing its development and frontline capabilities. From 1958, when U.S. Forces Japan withdrew completely, in response to changes in business

environments, Okamura altered course and began manufacturing products for places where people gather, including offices, stores, factories, warehouses, and homes. We have changed with the times since our founding, capturing the needs of places where people gather and expanding the scope of our value propositions while establishing a business portfolio around the main pillars of the Office Furniture, Store Displays, and Material Handling Systems.



Management
Philosophy
Okamura Way

▶ P.20



The Okamura
Group's History

▶ P.22-23



Mikasa History
(Japanese)

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

Message from the CEO

In 2018, my sixth year as President, we removed “Manufacturing Facility” from our trade name in Japanese signaling our transformation into a total solutions company that exceeded the boundaries of manufacturing.

The social and market environments surrounding our value proposition has undergone tremendous changes in recent years. In particular, since FY2020 of the COVID-19 pandemic, the Office Furniture, Store Displays, and Material Handling Systems businesses have been in the midst of unprecedented transformation. As I think about how to respond to these extreme changes and deliberate over major management decisions, I find myself returning to the basic policy since our founding, that is to say, the origin of our Okamura Way. Our basic management policy 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. Cooperative Industry is the origin of the Okamura Group’s teamwork. As we change what needs to be changed to adapt with the times so that the company can continue and grow, this origin will be deeply important.

A Demand Creating Business Model

Providing new value by creating demand itself and contributing to society

The second important principle as a manager is to bring out the joy of work from employees and to reward them as a company. To put it another way, this means treating our employees’ happiness as important. As for why, this is because drawing out our employees’ joy in working is directly connected to the Okamura Group’s strengths.

In my message in last year’s Integrated Report, I laid out the three core strengths of the Okamura Group: 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. In order to cultivate this ability to solve customers’ issues, which is the starting point of

these strengths, each of our employees must continue to take notice of the slightest change in his or her own situation, identify the issues, and draw out the wisdom needed to solve them. The growth and development gained from doing this work that contributes to creation, renewal, and improvement is, in essence, the joy in working. I believe that providing opportunities for such work and improving employee satisfaction through rewards such as salary, bonuses, and treating them well will entrench our strengths even further.

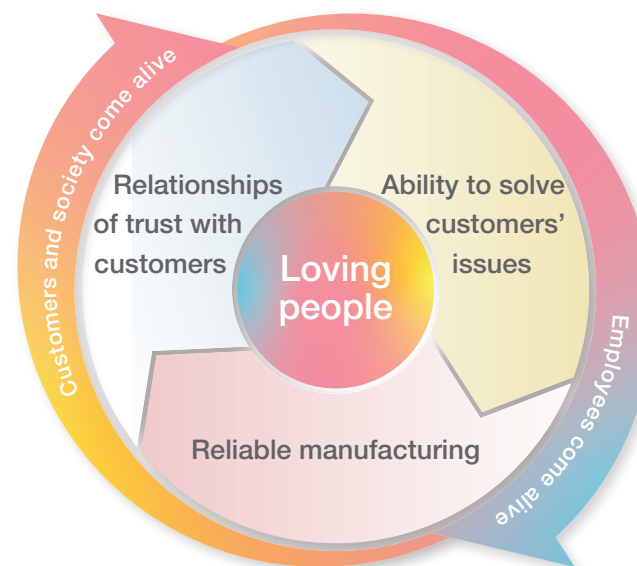
Based on our strengths, we will grasp the shifts taking place around the world, create demand on our own, and develop markets. We recognize that this is the greatest feature of our business model. The products we provide, from office furniture to other items, are meant to be used for a long time and not to be easily consumed. However, this does not mean we simply sell new products. Unless we create a demand itself, the business will not grow.



Three
Accumulated
Strengths

► P.24-25

■ The Okamura Group’s Three Strengths



Message from the CEO

■ Aims of the Midterm Management Plan 2025



When a stone is thrown into the pond, ripples spread across the surface of the water. Comparing it to that situation, the stone is the product, and the ripples are the demand. In order for the ripples to spread far and wide, we must have the capabilities to catch hold of shifts and various trends in society and markets, advancements in technology, and people's values and lifestyles, forecast what lies ahead, and present the value of new products to customers in a visible form. To achieve the Okamura Group's goal of transformation to a demand creating company involves innovation that "creates 1 from 0," but innovation that "turns 1 into 1000" is also very important.

In the Office Furniture business, in FY2020, when the impact of the COVID-19 pandemic spread, various companies had 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. However, we saw this as an opportunity for new office proposals and

came up with the right-sizing concept, involving the optimization of office features and floor area. Through this concept, we successfully created demand for office renewals through providing products such as work booths for online meetings.

And today, with the COVID-19 pandemic having calmed down, the new keywords for demand are "The Office You Want To Go To" with businesses being increasingly concerned about a dilution in intra-office communication as a result of work styles having changed in response to previous restrictions on going to the office. Okamura's OC portable battery for powering PCs and other devices is selling well as Activity Based Working offices (in which employees may choose when and where to work based on the type of work they are doing) and open offices (with minimal pillars and walls for more dynamic communication) become mainstream. Investments in attracting people to offices will be increasingly vigorous as we head towards an era of population implosion.

In the Store Displays business, demand for replacement cash registers and similar products is on the rise as more small retail stores adopt automated registers in response to labor shortages. Riding this wave of change, the Okamura Group is collaborating with electrical appliance manufacturers to jointly develop a shopping cart with a weight sensing function as well as automated cash register features. In addition, we are focusing on creating new demand for digital signage as subsector competition intensifies among small retailers, and will solve customers' issues with proposals that match their stores.

In the Material Handling Systems business, while many logistics centers have been constructed around urban areas in response to the expansion of e-commerce transactions, the need for full automation from receiving to shipping is growing,



Overview of the Midterm Management Plan 2025

▶ P.31-33



An office co-creation space



OC portable battery

Message from the CEO

due to the need to address labor shortages and improve productivity. The Okamura Group continues to transform, leveraging its strengths that combine the integrator function of making comprehensive logistics centers proposals and the supplier function of providing products.

In this way, we build our competitive superiority based not on the difference in quality of our products and services compared to our rivals, but on our differing value proposition concepts, grasping market changes from a distinct angle, creating new demand, and encouraging its spread. Our value proposition as a demand creating company is not merely in office furniture nor store and logistics facilities; it is in bringing out the best roles and functions of infrastructure indispensable to society, and is a contribution to the world that we are extremely proud of.

Progress in the First Year of the Midterm Management Plan

An increase in sales and profits, exceeding the plan at the beginning of the period Achieved record highs in net sales and profits

The Midterm Management Plan 2025 (FY2023 to FY2025) is currently underway. We have positioned these three years as a period in which to catch the bandwagon and refine our proposal and product capabilities to accelerate our transformation to a demand creating company. This is an initiative to gauge the direction in and speed at which the waves of the times are turning to quickly ride the crest of these waves to uncover new demand. We must challenge ourselves to innovate without fear of failure.

In FY2023, the first year of the plan, the COVID-19 pandemic calmed down following the previous fiscal year. There was a large increase in inbound demand as various social activities and people flows recovered. However, the year was marked by a deteriorating costs environment with the continued depreciation of the yen, soaring energy and material prices, and rising logistics and personnel expenses. Labor shortages due to the shrinking labor force reached extreme levels, and each business is continuing to invest in measures for labor-saving and improving productivity, while we raise wages in efforts to maintain and retain human resources.

Amid these circumstances, the Okamura Group achieved an increase in sales and profits that exceeded the plan at the beginning of the period and record highs

in net sales and all kinds of profits. In particular, operating profit reached a record high for the fifth consecutive fiscal year, demonstrating strong growth in profits. Each of the Office Furniture business, the Store Displays business, and the Material Handling Systems business achieved net sales and profits that exceeded that of the previous fiscal year. The Store Displays business saw a particularly large increase in profits, while the return to profitability of the Material Handling Systems business contributed to boosting overall profits. While soaring material prices affected profits, these cost increases were covered by cost savings and the passing of increased costs onto selling prices.

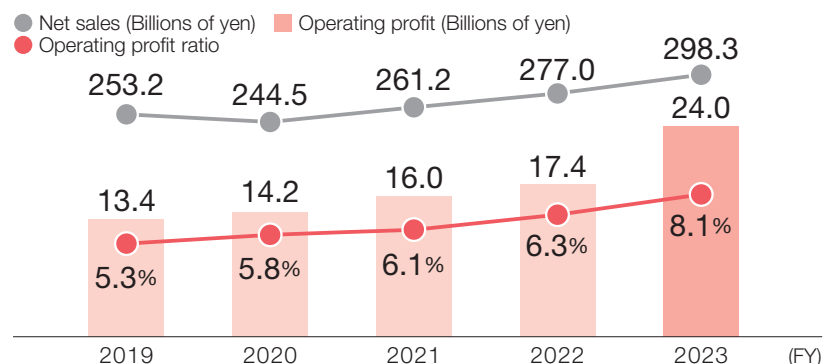
To sum up, starting from FY2022 when the COVID-19 pandemic began to calm down, people's mindsets and values changed significantly, and the Okamura Group's proposals proved to be a solid match for them. On the whole, I would like to say that it has been a positive first year of the plan, with the theme of accelerating our transformation into a demand creating company making steady progress, as within the Group, each business is taking tangible actions that go beyond departmental boundaries to grow the business as a whole. Measures such as passing increased costs onto selling prices are also a significant achievement for the Group's management, as the entire organization came together to work in the same direction, enabling us to build up our profits.



Overview of
the Midterm
Management
Plan 2025

▶ P.31-33

■ Performance



Note: Stated rounded off to the nearest unit

Message from the CEO

Revised the Midterm Management Plan Targets Upwards

To 325.0 billion yen in net sales and 27.0 billion yen in operating profit Focusing on human resource development as a means of strengthening the management foundation

In the first year of the Midterm Management Plan 2025, as we have achieved net sales close to the target for the final year (FY2025) of the plan and have already met the targets for operating profit, operating profit ratio, and ROE, we have revised these targets upwards. The new targets are “net sales of more than 325.0 billion yen,” “operating profit of 27.0 billion yen and operating profit ratio of 8.0% or more,” and “ROE of 10.0% or more.” While changes in the quality of the market suggest strong conditions in favor of achieving these revised targets relating to net sales, in terms of profits, we recognize that difficult hurdles lie ahead. Our performance in FY2023 showed areas of discontinuous growth, and in addition to soaring materials prices, we expect personnel expenses and incidental expenses to rise.

FY2025 Financial Targets

	FY2022	FY2025 Goal	FY2022 to FY2025
Net sales (Billions of yen)	277.0	325.0 or more	+48.0 or more
Operating profit ratio	6.3%	8.0% or more	+1.7% or more
Operating profit (Billions of yen)	17.4	27.0	+9.6
ROE	8.8%*	+10.0% or more	+1.2% or more

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

Investment execution during the plan period is assumed to be 20.0 billion yen for maintenance and renewal investment and 50.0 billion yen quota for strategic investments over the three-year period. Of the strategic investments, a total of approximately 11.3 billion yen has been allocated to constructing a new factory wing for the Tsukuba Plant (Tsukuba City, Ibaraki) which produces work booths, storage, and other office furniture products. Construction work began in November 2023. Another investment totaling more than approximately 11.0 billion yen has been allocated to the construction of the Suzaka Plant (Suzaka City, Nagano Prefecture) which will manufacture refrigerated showcases and other store display products. Construction is scheduled to begin in January 2025.

In addition to these two plants, in July 2024, we acquired additional shares in Singapore company DB&B Holdings Pte. Ltd. and converted it into a wholly owned subsidiary. DB&B Holdings is a medium-sized design and interior construction company specializing in offices. The company has operations not only in Singapore, where its head office is located, but also in China and the Philippines. We aim to establish a system that can leverage DB&B's business platform and local business know-how as a strategic foundation for future expansion in China and Southeast Asia.

In the plan, 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. In the area of human resource development, we have implemented initiatives as Group, with the concept of the Okamura Career Journey as our main focus. The philosophy is that providing space for each employee to challenge themselves through gaining diverse experience will help them achieve their unique ideal careers, and lead to growth of our business. As for training, we opened the Okamura University in 2020 as a space for employees to engage in autonomous learning. In 2022, we set up the Okamura Business School and began to develop managers responsible for the next generation.

While such company measures and systems are necessary for developing human resources, it is also critical that employees each have a vision of what kind of person they want to become, to integrate the methods and knowledge relevant to their work, and take ownership of their dreams. Personally, I respect the late Mr. Masao Ishiwata, the second President of Okamura Corporation, and have worked hard to train myself to learn his business sense and keen eye for product aesthetics. I believe that it is important to make use of encounters with outstanding individuals in the course of work, be ready to voraciously learn from such experiences, and spur your own growth and development.



Message from
the Chief
HR Officer

▶ P.47-48



Message from
the Chief
DX Officer

▶ P.49-50



Message from
the Chief
Environment Officer

▶ P.51-53



Message from
the Chief
Financial Officer

▶ P.54-55



Strategies for
Each Business

▶ P.34-44

Message from the CEO



The Okamura Group's Future Outlook

To be a company that gives back to society and supports the cycle of prosperity for the future

Looking at the medium- to long-term business environment, we expect the current situation to continue for the next five years or so after major changes in the market due to the calming down of the COVID-19 pandemic. In Japan, redevelopment is continuing in major cities such as several sites in Tokyo, both sides of Osaka's Umeda-Midosuji, the Nagoya station area and Sakae district, and Fukuoka's so-called Tenjin Big Bang project. As the supply of large-scale office expands, demand for relocations by companies seeking offices that adapt to changes in work styles will increase further.

I believe that the coming market changes will be born from an evolution of the industry's structure as a result of technological innovation. Everything from individuals' work styles to how retail and distribution industries operate will certainly change. We must recognize that we are on the threshold of an era of great transformation. What we must proceed with now is to strengthen the management foundation for the next phase of growth and enhance our resilience and responsiveness to change through initiatives designed to improve our business structure and productivity.

At the beginning of this message, I mentioned that for the company to survive, it is important for it to adapt with the times and continuously transform. The people who lead this change are the middle-tier employees, who unite the organization. While the President certainly plays a part in our transformation, there is a limit to what the President can achieve. Can the approximately 5,500 employees of the Okamura Group come together and transform in the same direction? What we now need is for middle-tier employees to each uncover what needs to be changed, communicate this to the organization as a whole, and implement the changes.

Meanwhile, we consider giving back to society to support a cycle of prosperity for the future a priority as practices of Social Responsibility, one of the components of our Corporate Philosophy. One such initiative is the establishment of the JEES • Okamura Scholarship for the Development of the Next Generation, a grant without repayment obligations intended to support the development of promising human resources who can be an active participant in the future design industry. The reason we chose to support design students is that masterpieces are regarded as such because of their beautiful design, and Okamura considers design an extremely important aspect of our products. While generating profits for stakeholders by providing value to society remains our highest priority as a business, we will continue our efforts to grow the business so that we may continue with such initiatives to give back to society.

My ideal vision of the Okamura Group is that of a company that delivers dreams. This means becoming a company that creates culture, a business that invents something every day that is different from yesterday, and that is always building something new.

There's something good about the Okamura brand. If you ask Okamura, they will surely have a good response. In this way, we hope to be a company that can constantly provide interesting solutions for its customers and for society. At the same time, we will continue to transform ourselves and move forward, aiming to be a company that is expected and loved by many people.



Value Creation
Story Overview

▶ P.28

The Okamura Group's Businesses

Strategies for Each Business
P.34-44

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 for the fiscal year ended March 31, 2024

Net sales

298.2 billion yen

Ordinary profit

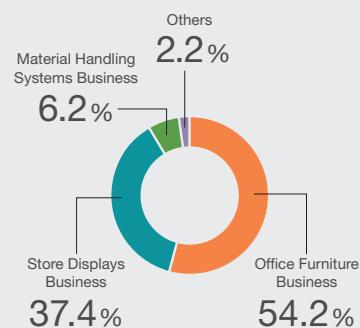
26.2 billion yen

Profit*

20.2 billion yen

*Profit attributable to owners of parent

Net sales composition by business segment



Note: Figures are rounded down to the nearest 0.1 billion yen.



Office Furniture Business

Areas in which the business provides value

- Offices
- Educational and cultural facilities
- Research and healthcare facilities
- Local government offices



Net sales **161.6** billion yen

Operating profit **17.6** billion yen



Store Displays Business

Areas in which the business provides value

- Supermarkets
- Convenience stores
- Drugstores
- Clothes shops
- Home centers



Net sales **111.6** billion yen

Operating profit **5.1** billion yen



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



Net sales **18.3** billion yen

Operating profit **0.9** billion yen



Powertrain Business

Areas in which the business provides value

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



Net sales **6.0** billion yen

Operating profit **0.1** billion yen

Okamura in Numbers

*Figures are as of October 2024 unless otherwise noted



Recognition from Society

EcoVadis (GOLD)

The Okamura Group received the Gold rating in EcoVadis' 2023 assessment for the second consecutive year since 2022, as one of the top 5% of approximately 100,000 companies assessed. EcoVadis is an international body that performs sustainability assessments for companies. (November 2023)



CDP Climate Change Score (A)

Okamura was selected as an A List company in the FY2023 scoring by CDP (an international NGO that implements surveys), as a leading company in climate change initiatives and information disclosure. Okamura has submitted responses to the CDP climate change questionnaire since FY2021. (February 2024)

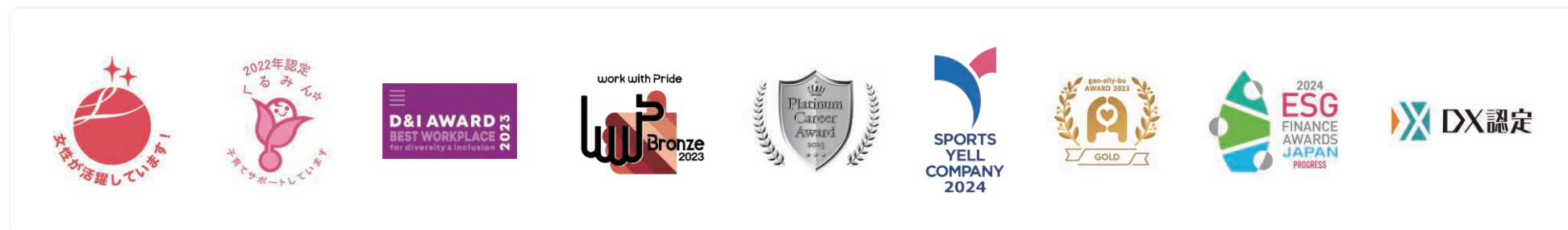


2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program (White 500)

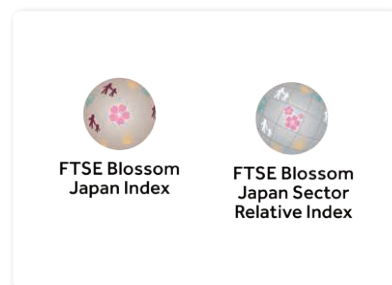
Okamura was certified as a "White 500" enterprise, being among the top of the 2,988 organizations under the large enterprise category recognized in the Certified KENKO Investment for Health Outstanding Organizations selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. 2024 is the seventh consecutive year that Okamura has been certified as a White 500 enterprise. (March 2024)



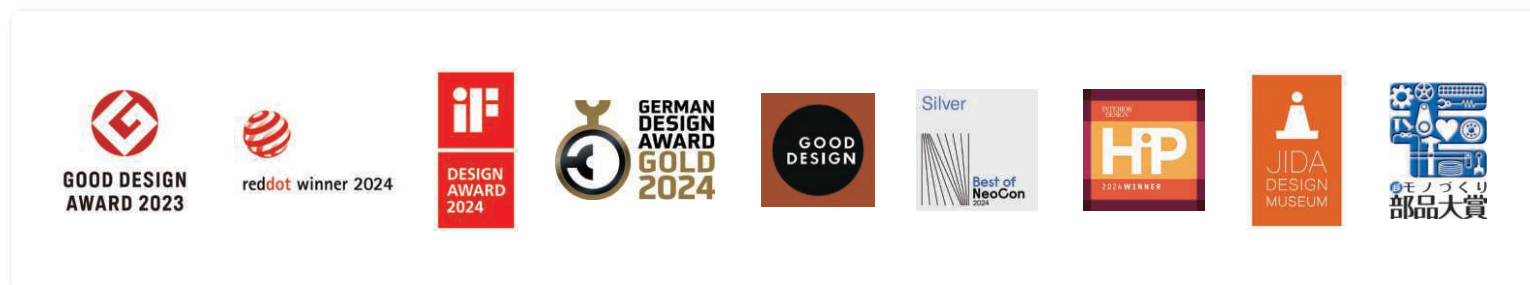
Sustainability Related



ESG Investment Indices



Domestic and International Design Awards



FTSE Russell confirms that OKAMURA CORPORATION has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are used by a wide variety of market participants to create and assess responsible investment funds and other products.

2

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.

Contents

- | | |
|--|--|
| 19 The Okamura Group's Purpose | 26 Management Policy |
| 20 Management Philosophy: Okamura Way | 27 Social Issues to Tackle and Value Propositions |
| 21 The Okamura Group's Strengths | 28 Value Creation Story Overview |
| 22 The Okamura Group's History | 29 The Okamura Group's Materiality |
| 24 Three Accumulated Strengths | |

The Okamura Group's Purpose

What is the Okamura Group's Purpose?

It is “Realizing 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.”

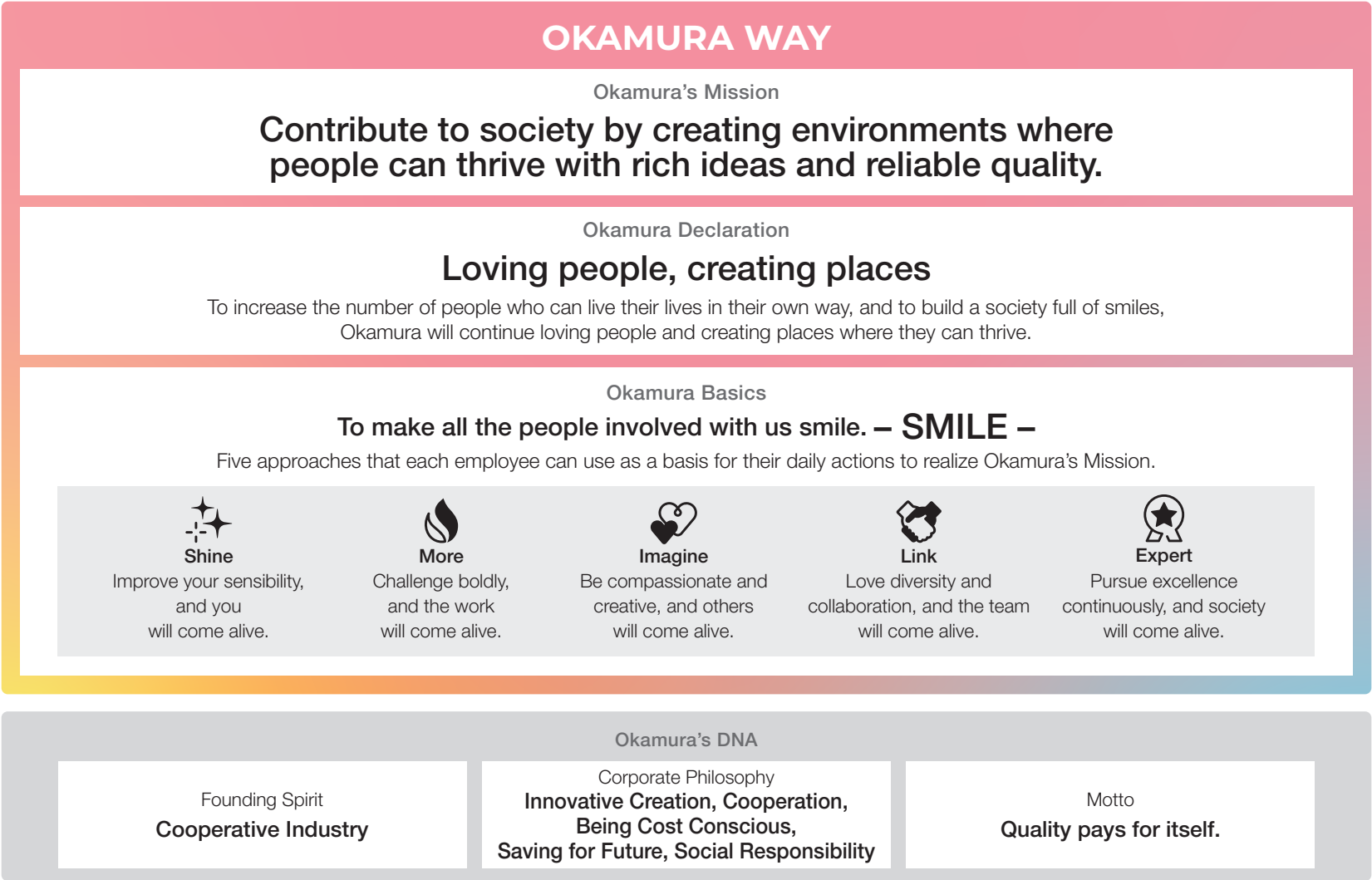
The value of “where people can thrive”

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 Purpose

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.

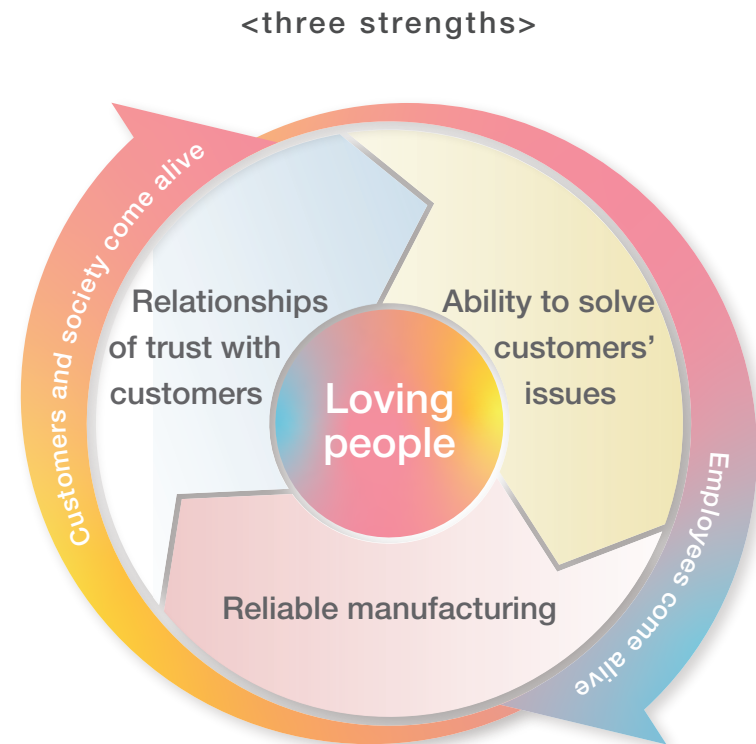


The Okamura Group's Strengths

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

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 Strengths

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 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.

1945 Okamura founded on October 10

1947 Manufacture of garden table and chairs

1948 Torque converter R&D started

1951 Production started on steel desks and chairs

1953 The N-52, Japan's first postwar airplane, completed

1955 Mikasa, Japan's first automatic front wheel drive car, developed

1957 Gondola store shelving launched



Garden table and chairs



Torque converter



N-52, domestically manufactured aircraft



Office chair



Steel Gondola display fixtures



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 Strengths: 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
- 1965** G Series display fixtures launched
- 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** Ferro Wall movable partitions launched
Manufacturing of system kitchen began
- 1976** RC-04 type pneumatic robot developed
- 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 in Japanese 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 business and Material Handling Systems business, 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

* Japanese only

The Okamura Group's Strengths

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.

The Okamura Group's Strengths: Three Accumulated Strengths

Further Reinforcing Our Three Strengths

Relationships of trust with customers

Social and relationship capital

- Our office network developed in all areas of Japan
- Strong dealership network
- Extensive logistics network in all areas of Japan
- Overseas sales and production location network

Intellectual capital

- Knowledge obtained through our extensive delivery record

Ability to solve customers' issues

Social and relationship capital

- Alliances with other industry businesses

Human capital

- Abundant design specialists

Intellectual capital

- Research of future work styles beginning in 1980
- Design and R&D systems

Manufactured capital

- Market-creating development capabilities and the manufacturing capabilities for realizing this potential
- Total solution proposal and integrated response system

Natural capital

- Environmentally friendly products

Reliable manufacturing

Social and relationship capital

- Network with a wide range of suppliers

Human capital

- Human resources with advanced technical strengths

Intellectual capital

- Continuously improving production system
- Manufacturing technologies that are passed down through the years and take on new challenges

Manufactured capital

- Production technologies for the creation of high-quality products
- Supply stability through high mix, variable-volume production system

Natural capital

- Realize a circular economy

Further reinforcing our strengths

- Strengthen domestic and overseas e-commerce business
- Reinforce and expand revenue of overseas business
- Expand the customer base globally
- Expand and enhance production locations and logistics bases

- Enhancing our selection of products and services to meet diverse work styles
- Expand and strengthen solutions business
- Expand involvement in domains of store planning/interior design
- Expand involvement in domains of store DX/security
- Expand freezing and refrigerating equipment services
- Expand sales of prefabricated refrigeration equipment
- Expand and strengthen maintenance service business

- Enhance the capabilities and versatility of core products
- Develop next generation products and services
- Research and develop new environmentally friendly products
- Strengthen and improve efficiency of each process from product development to production, logistics, and maintenance services
- Improve productivity via energy-saving investment and the use of digital technologies
- Ascertain and reduce CO₂ emissions
- Strengthen product portfolio management

Management Policy

How will Okamura create a society where people can thrive?

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

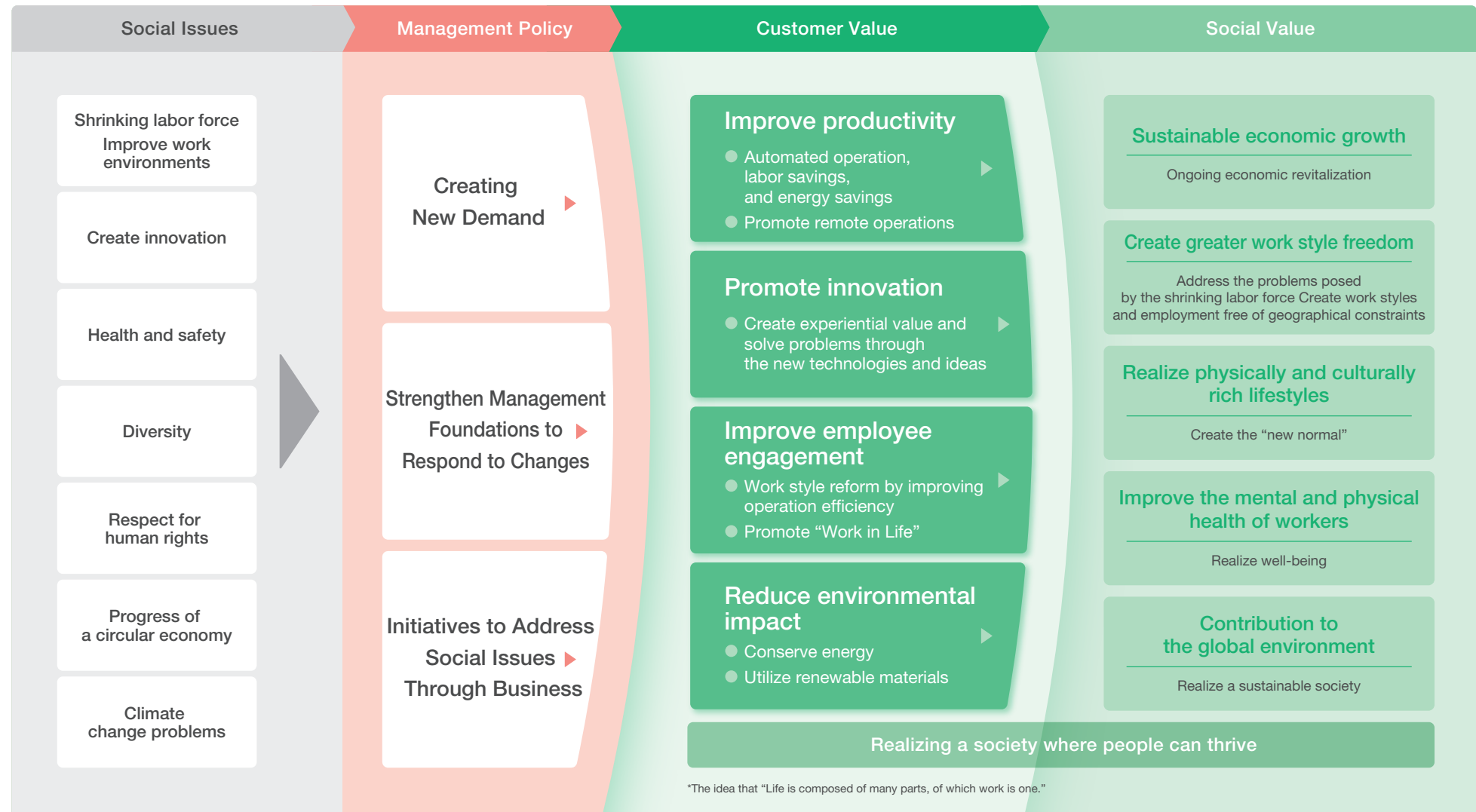
Strengthen Management
Foundations to
Respond to Changes

Initiatives to Address
Social Issues Through Business

Management Policy

Social Issues to Tackle and Value Propositions

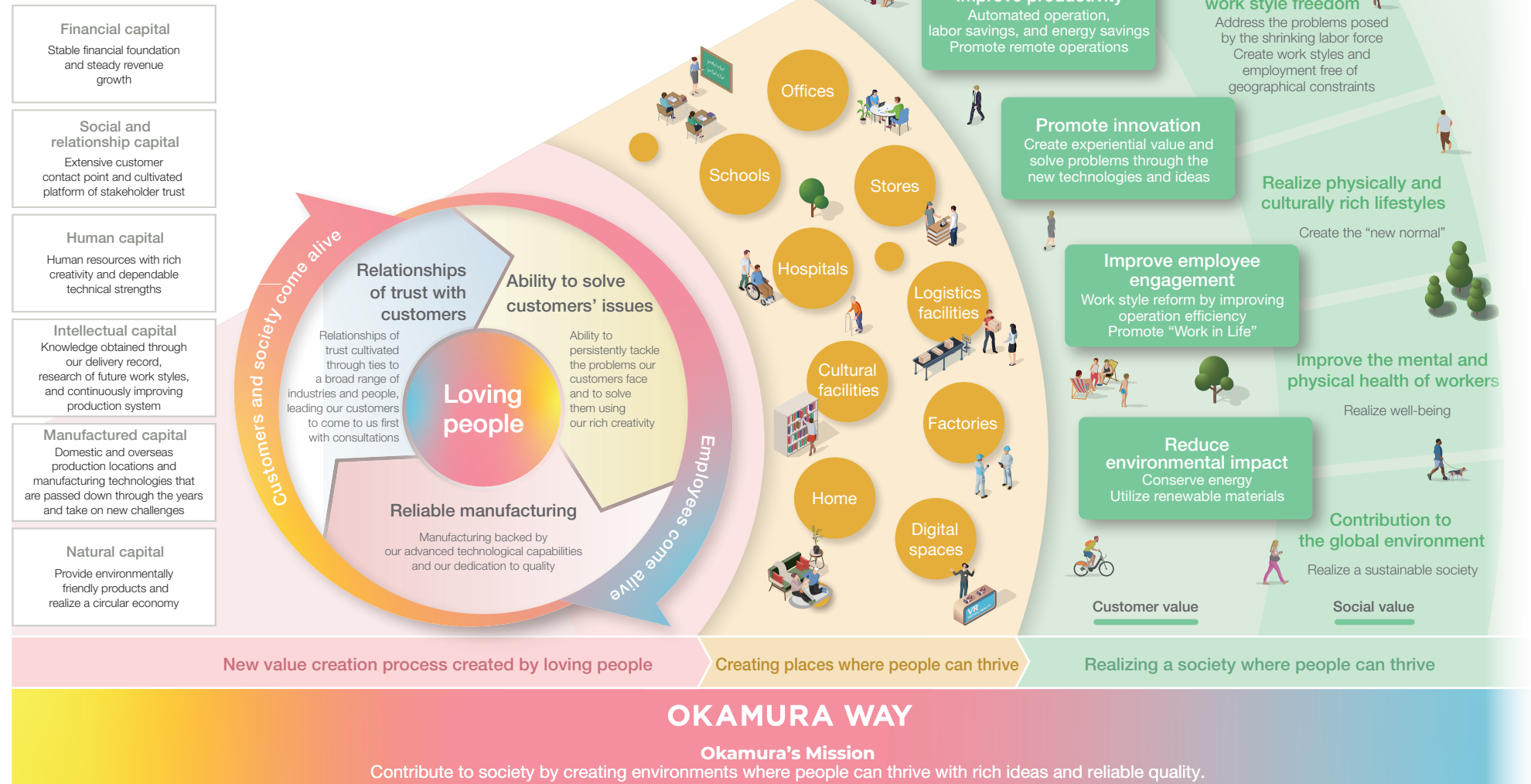
The Okamura Group tackles social issues through its business activities, helping realize a society where people can thrive through customer and social value it supplies.



Management Policy

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.



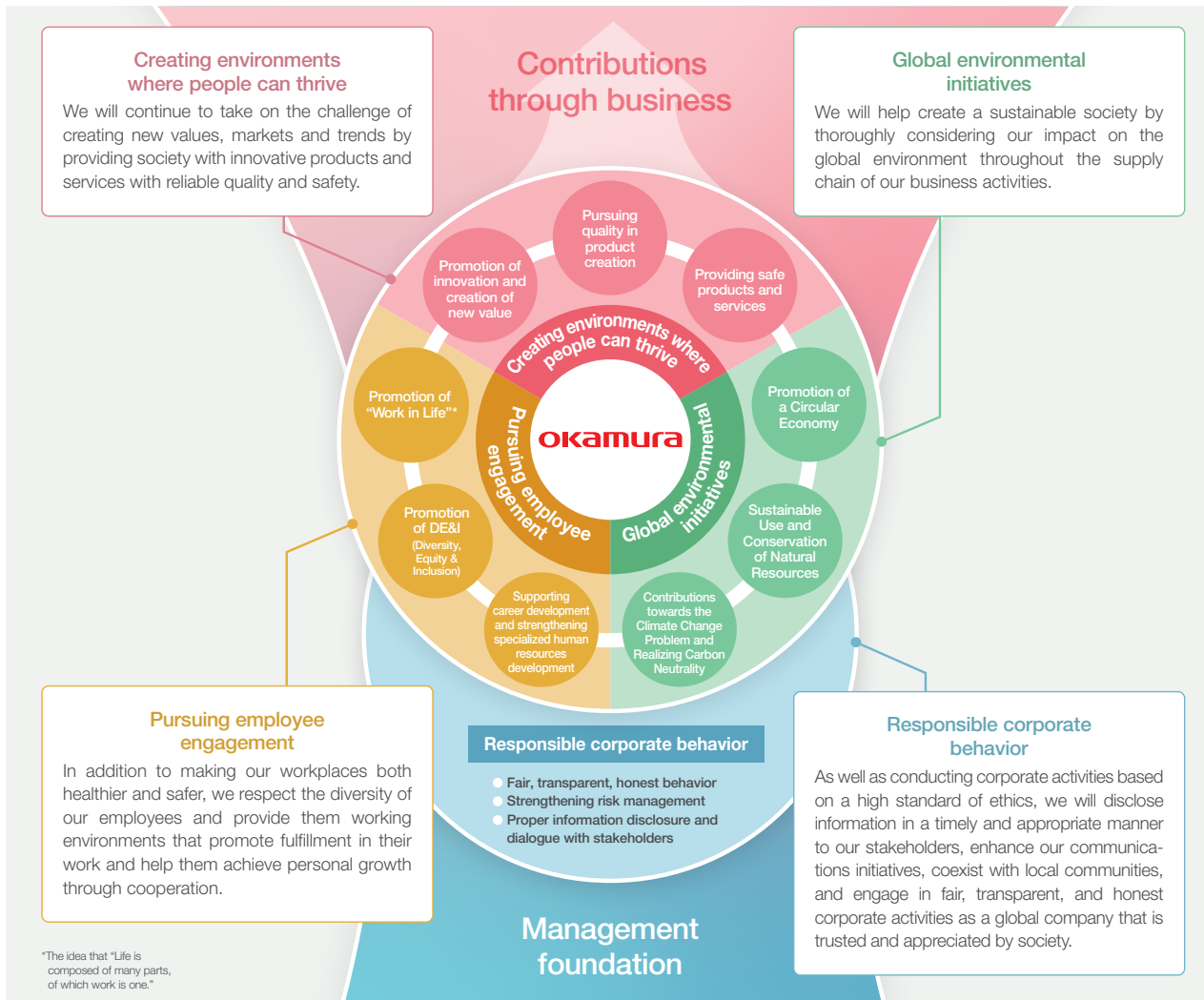
Management Policy

The Okamura Group's Materiality (Material Management Issues)

The Okamura Group identifies material management issues (materiality) in four areas, recognizing the importance of business activities that put sustainability at the center in order to 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.

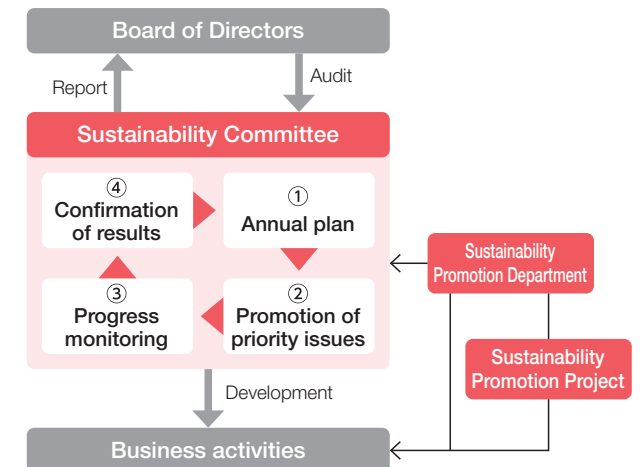
 Sustainability Report 2024
Basic Approach ▶ P.11-14

 **Materiality KPIs and Progress**
▶ P.76-77



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

At the Okamura Group, we have established the Sustainability Committee to ensure the appropriate management of the formulation and promotion of materiality (material management issues). The Sustainability Committee is responsible for identifying important risks and opportunities relating to materiality (material management issues), formulating, deliberating on and approving annual plans for response to these risks and opportunities, and developing initiatives for related departments. It also promotes and supports Group-wide initiatives and monitors progress. The results of these initiatives are regularly reported to the Board of Directors, which manages and supervises the reported matters.



3

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

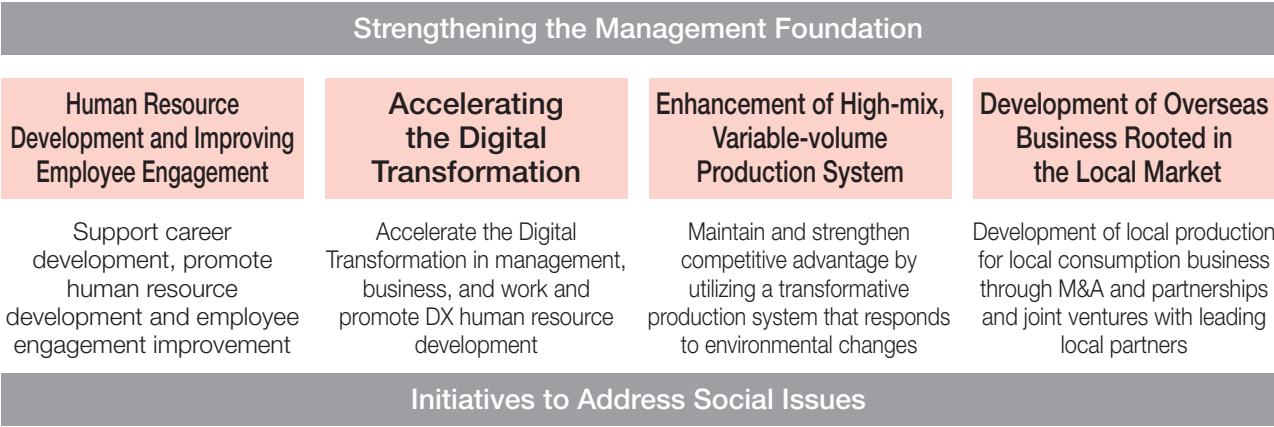
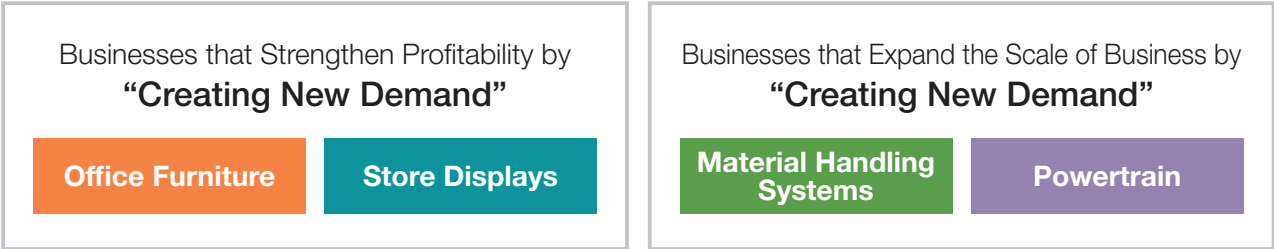
- | | |
|--|--|
| 31 Overview of the Midterm Management Plan 2025 | 46 Production and Supply System |
| 34 Strategies for Each Business | 47 Message from the Chief HR Officer |
| 34 Office Furniture Business | 49 Message from the Chief DX Officer |
| 37 Store Displays Business | 51 Message from the Chief Environment Officer |
| 40 Material Handling Systems Business | 54 Message from the Chief Financial Officer |
| 43 Powertrain Business | |
| 45 Overseas Business | |

Overview of the Midterm Management Plan 2025

Aims of the Midterm Management Plan 2025

Creating
New Demand

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



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

In the Midterm Management Plan 2025, which covers the three years from the fiscal year ended 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.

Overview of the Midterm Management Plan 2025

Summary of the First Year

In FY2023, the first year of the Midterm Management Plan 2025, we pushed ahead with efforts to transfer the surge in material prices onto selling prices and reduce costs. We focused on the creation of new demand by capturing significant social and market changes such as changes in the environment after the COVID-19 pandemic and the decline in the working population. As a result, we achieved net sales of 298.3 billion yen and operating profit of 24.0 billion yen. Operating profit reached a record high for the fifth consecutive fiscal year.

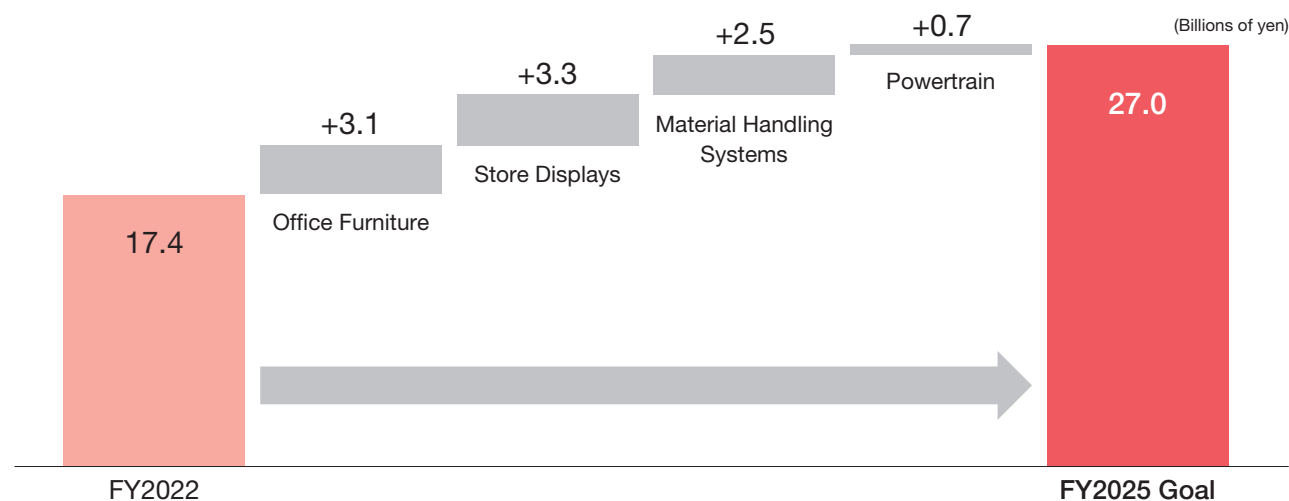
Based on this performance trend, we have revised our financial targets upwards for FY2025, the final year of the Midterm Management Plan 2025. We now aim for net sales of more than 325.0 billion yen, operating profit of 27.0 billion yen, operating profit ratio of 8.0% or more, and ROE of 10.0% or more. Looking ahead, we anticipate an increase in costs due to the surging prices of materials and logistics expenses, as well as human capital management, but we believe we can absorb these costs by capturing the robust demand in the industry. For the operating profit of 27.0 billion yen, our plan by business is targeting 19.0 billion yen (a 3.1 billion yen increase compared to FY2022) in the Office Furniture business, 6.0 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.

FY2025 Financial Targets

	FY2022	FY2025 Goals (Revised)	FY2022 to FY2025
Net sales (Billions of yen)	277.0	325.0 or more	+48.0 or more
Operating profit ratio	6.3%	8.0% or more	+1.7% or more
Operating profit (Billions of yen)	17.4	27.0	+9.6
ROE	8.8%*	10.0% or more	+1.2% or more

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

Breakdown of operating profit growth per business segment



Overview of the Midterm Management Plan 2025

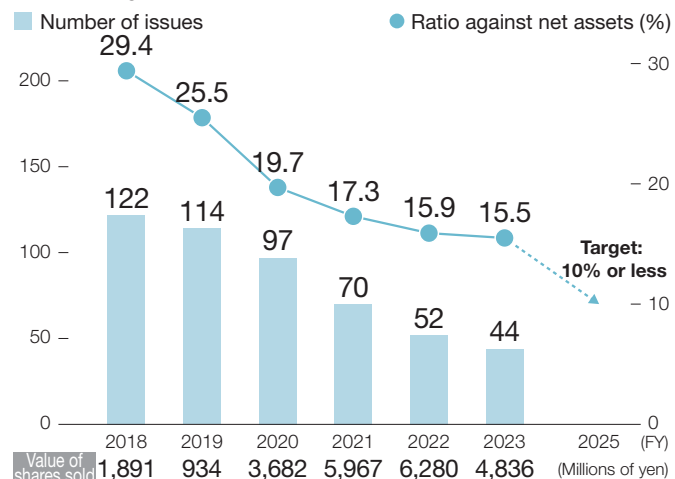
Basic Policy for Investments and Shareholder Returns

Aiming to ensure a thorough cycle of value creation and reinvestment to enhance corporate value

Reduction of Cross-Shareholdings

We will strive to reduce our cross-shareholdings, targeting a ratio of less than 10% to net assets by the end of the fiscal year ending March 31, 2026, with reference to the recommended criteria of a proxy adviser. The cash generated from the sale of cross-shareholdings (listed shares) will be allocated to growth investments and shareholder returns.

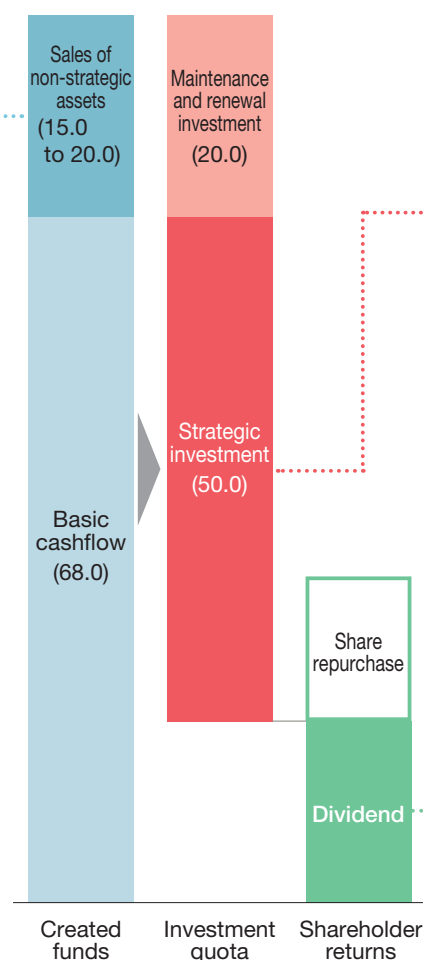
<Number of Cross-Shareholdings in Listed Companies and the Ratio against Net Assets>



<Number of Listed Issues and Value of Shares Sold>

	Number of issues	Value of shares sold (Millions of yen)		Number of issues	Value of shares sold (Millions of yen)
FY2018	122	1,891	FY2021	70	5,967
FY2019	114	934	FY2022	52	6,280
FY2020	97	3,682	FY2023	44	4,836

(Billions of yen)



Basic Policy for Strategic Investment

We will set a 50.0 billion yen quota for strategic investments and invest with a good balance of maintaining and strengthening the strengths of current businesses and developing new markets and businesses.

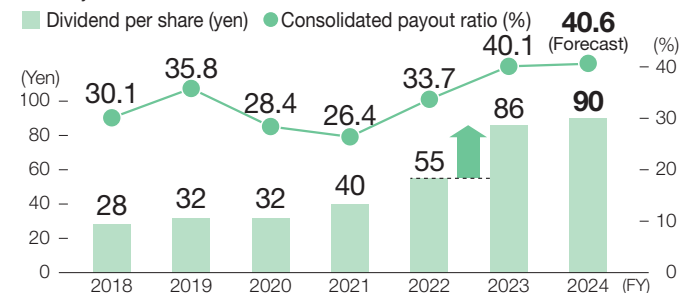
- Growth of current businesses
- Labor-saving and productivity improvement
- R&D
- Digital transformation
- Growth of overseas business

<Strategic Investment Track Record>

- New wing of the Tsukuba Plant: Total investment: Approx. 11.3 billion yen (depreciation: 0.43 billion yen/year)
- Expanded production of work booths, storage, etc.
- Suzaka Plant: Total investment: Approx. 11.0 billion yen or more
- Expanded production of refrigerated showcase, built-in cases, etc.
- Acquisition of DB&B as a wholly owned subsidiary: Acquired 70% of the issued shares of DB&B Holdings Pte. Ltd. in 2021, making it a subsidiary
- Acquired the remaining 30% of issued shares
- Gained an excellent business platform in the China and ASEAN markets

Shareholder Returns Policy

We will reinforce our shareholder returns by increasing our dividend payout ratio from 33% to 40% or more of profit after tax and maintaining it stably at this level.



We will also flexibly repurchase treasury stock based on factors such as the status of investment and the external environment.

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

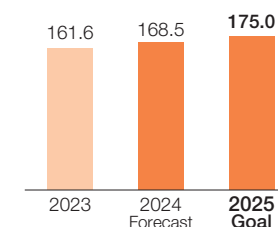
Strategic Challenge

- 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

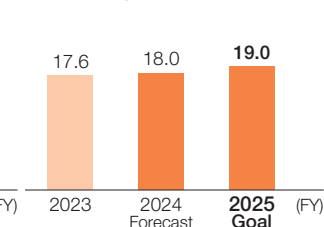
Review for FY2023

We benefited from strong demand for office renewals from companies and local governments nationwide, aimed at spreading hybrid work and securing human resources. As the impact of rising material prices was offset through the promotion of proposal-based sales capturing customer needs, as well as the wider acceptance of passing increased costs onto selling prices, net sales and operating profit reached a record high for the third consecutive fiscal year.

Net sales (Billions of yen)



Operating profit (Billions of yen)



Note: Figures are rounded down to the nearest 0.1 billion yen.

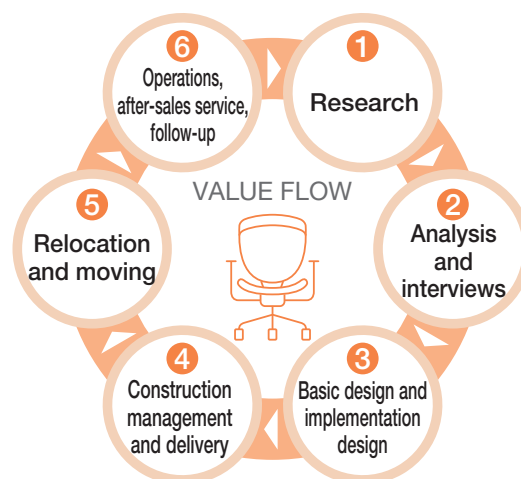
Movements in the World Surrounding Office Furniture

- 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



Educational and cultural facilities

Local government offices

Strategies for Each Business: Office Furniture Business

Message from the Officer in Charge of Division Management

Aiming to realize a society where people can thrive through the creation of spaces that bring customers' aspirations to life

Creating "The Office You Want To Go To" by Using Design Capabilities as a Strength

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 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 strength of our proposal activities is our ability to conduct interviews with both senior management and employees regarding their ideal work styles, identify the design requirements, and leverage our extensive practical experience and the latest research results to reflect these inputs in the ultimate design.

Moreover, as the industry's leading company, we anticipate changes and engage in product development as a demand creating company to resolve social and management issues. Based on the circular design concept we established in 2021, we design products to be environmentally friendly throughout each stage of the product lifecycle. In 2022, we launched the Potam task seating, combining functionality with sustainability. This seating features a number of innovations that contribute to achieving a sustainable society. It uses recycled legs made

from used chair legs that have been collected, disassembled, pulverized, and remade, and utilizes upholstery fabric created from discarded cloth offcuts. Through disassembled delivery of the chair back and seat, it also improves the truck transport loading efficiency by 50%. The OC portable battery, launched in 2021, can be carried around the office to provide power to computers and other devices, enabling more diverse work styles and working locations. Its outstanding product design has received various design awards and it has been lauded as a product that designs work styles.

In recent years, with the spread of human capital management and health management in the context of shrinking labor force, 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. For this reason, 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 "The Office You Want To Go To" by aligning ourselves with our customers and providing products and services that make people thrive to improve worker engagement and achieve future growth.



Potam task seating



OC portable battery

Improving Our Own Engagement to Realize a Society Where People Can Thrive

To realize a society where people can thrive, our Purpose, we believe it is also important for us, as employees, to work with vitality. Under our internal project, WiL-BE 2.0, we hold Employee Engagement Meetings



An Employee Engagement Meeting

where we discuss what "engagement" means to each employee, deepening mutual understanding. We also promote initiatives to help each employee feel a sense of engagement, such as the introduction of Thanks Points, which employees can give each other with everyday messages of gratitude and can be used as shopping points to make actual purchases. We also pursue a range of company-wide development programs such as the development of management-level human resources, supportive leaders, and spatial and product designers, as well as external training, including overseas, and external secondment. We also conduct the DX human resources development program, DX Learning Platform. 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 projects and numerous operational reforms. In one of these projects, we created a system that uses AI image recognition technology to calculate the personnel capacity of furniture, streamlining the complex work of estimation and reducing operational burden by approximately 30%. Moving forward, we will continue to roll out measures that motivate our employees and lead to greater engagement.

Director and Senior Managing Executive Officer
Senior General Manager, Office Furniture Division
and Office Furniture Sales Division

Naoki Kono



Strategies for Each Business: Office Furniture Business

Case Study

CO-EN LABO—LABO Office that enhance well-being and employee engagement

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 LABO 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.

One of these LABO Offices, CO-EN LABO, is located on the 44th floor of Shibuya Scramble Square, with direct access from the station. It was established in July 2020 and reopened after renovations in January 2024. The office



concept is “*co-en* (interactions and connections).” Based on the keywords “edges, curves, circular, fluid, connecting lines,” the office achieves spaces where people can engage in their work with vitality and a sense of the green, natural surroundings. This office emphasizes personal interactions and the connections between people both within and outside the company. Before the renovations, the office had many tables and sofas, without many sub-monitors or task seating, which placed a burden on the bodies of workers. There was also insufficient group seating and meeting spaces, making team communication difficult. After renovation, task chairs were added to the office to reduce physical burden and the space was made seamless with good visibility to encourage interaction. Spaces are separated by furniture instead of walls, and multiple-user workspaces double as meeting rooms.

Aiming to be the ultimate well-being office, CO-EN LABO was the first in the industry to receive a Platinum rating under WELL Building Standard™ v2 (WELL certification v2), a system for the performance-based measurement, evaluation, and certification of various features that impact human health and well-being (physical, mental, and social benefits). This office was built with a consciousness of the 24 factors, such as “heart” and “exercise,” needed for WELL certification v2. For example, we have considered both the physical and mental health of

workers, with 50% or more of the workstations feature electric height-adjustable tables and plentiful use of art and indoor plants. Going forward, we will conduct office productivity surveys and surveys of worker happiness, hold workshops and events to deepen workers’ mutual understanding of well-being, analyze seat booking data, and operate a self-governing body to continually improve the office environment. By continuing our activities after office construction through measures such as these, updating workers’ minds as well as physical spaces and surroundings, we aim to create an environment that maintains the well-being of everyone working at this office.

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 We Labo, where workers can flexibly connect with their colleagues and maximize their mutual skills, and CO-RiZ LABO, which aims to facilitate teamwork in a comfortable manner and maximize achievements. 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

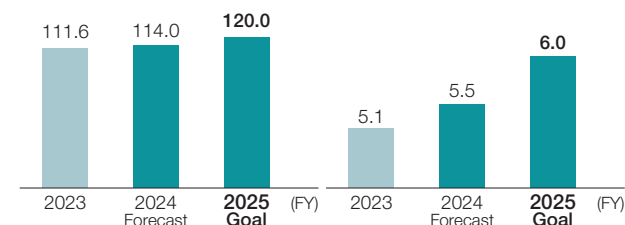
- Expand involvement in domains of store planning/interior design
- Expand sales of freezing and refrigerating equipment, form alliances with related businesses, and digitize maintenance services
- Providing functionality, products, and services to solve social issues faced by retailers

Review for FY2023

Demand for store renewals remained firm against the backdrop of competition between business formats and expectations of a recovery in inbound demand. We focused on capturing total orders, including for various forms of construction, through proposals that leverage the strength of our comprehensive capabilities. Even while experiencing the impact of rising material prices, both net sales and operating profit reached record highs through the reduction of production and logistics costs and wider acceptance of passing increased costs onto selling prices.

Net sales (Billions of yen)

Operating profit (Billions of yen)



Note: Figures are rounded down to the nearest 0.1 billion yen.

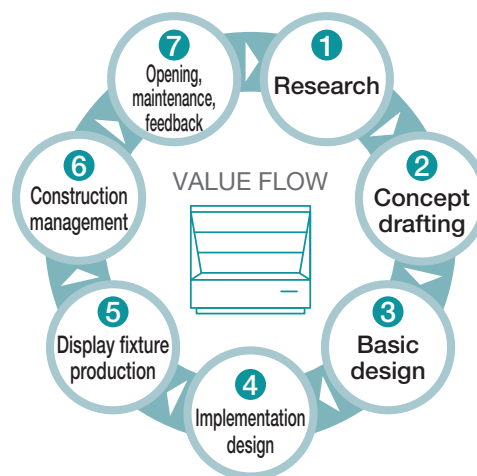
Movements in the World of Retailers and Stores

- 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



Outdoor supplies shop / Clothes shop



Home centers

Strategies for Each Business: Store Displays Business

Message from the Officer in Charge of Division Management

Resolving customers' social issues through store development to realize a society where people can thrive

Taking the Challenge to Address Social Issues in the Retail Industry

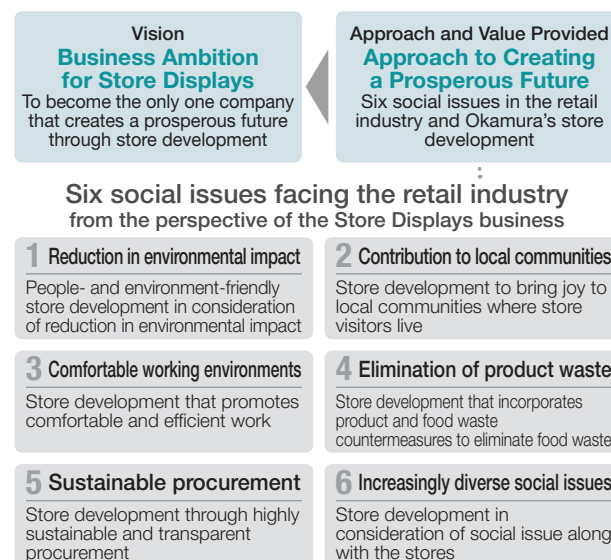
The retail industry where we do business has, like other industries, been significantly impacted by changes in the natural environment and social issues. I feel that in times of disaster, such as earthquakes or torrential rain, retail stores take on an extremely important role as key community infrastructure. Moreover, in terms of the social issues of declining birthrates and the aging population, while stores are facing a shortage of operating staff, they are increasingly expected to take on the role of local community spaces. In these circumstances, we have reconsidered the way we approach our business activities to achieve the Okamura Group's Purpose of "Realizing a society where people can thrive." Through this process, in the retail industry where we do business, we have identified the challenges involved in creating environments where both shoppers and store staff can act with vitality in their own individual styles. Beyond these challenges, we have established our own vision for the future.

We have identified six social issues facing the retail industry from the perspective of Okamura's Store Displays business, and we are striving to solve these issues. In our efforts to create comfortable store working environments and contribute to local communities, we leverage the store development know-how we have built up

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

through business activities spanning approximately 70 years to provide support from the planning and design stage. In doing so, we can propose store development plans that cater to the issues facing our customers, by providing easy-to-operate equipment, creating spaces where local communities can gather, and other solutions. We are also developing quake-absorbing and earthquake-resistant display fixtures and creating a system to ensure speedy recovery work by our installation personnel to ensure that stores do not lose the ability to function as key community infrastructure in the event of a disaster. In our efforts to lower environmental impact and reduce product waste, we are continuing to engage in product development and improvement

Vision for the Store Displays Business



to increase our lineup of refrigerated showcases with lower environmental impact and that ensure minimal deterioration in product quality. We are also ensuring sustainable production and procurement activities through initiatives such as the use of renewable energy at our production sites. Through these efforts, we will promote business activities to solve social issues and contribute to realizing a society where people can thrive.

To Become the Only One Company that Creates Through the Power of Design

Beyond the resolution of social issues in the retail industry, our vision (business ambition) is to become the only one company that creates a prosperous future through its store development, and this is something we have shared with all employees related to the business. To achieve this vision, we have focused on grasping the issues that face our customers and developing the functions needed to solve them. Store design, especially, is a vital function for problem-solving. We believe it is the source of the value we provide, and we are working to strengthen it.

For human resources education and development, we conduct overseas tours and hold design seminars to keep up with the latest trends and maintain up-to-date information. In April 2024, we also launched "Research Lab that Creates the Future of Stores (nicknamed MISEIKU LAB)" as a new initiative. Here, we will engage in activities aimed at open communication to develop stores for the future in collaboration with our customers, technology companies and other partners from different industries.

We have also established an organization that uses technology to solve social issues in the retail industry and create new businesses. Our business environment is undergoing significant changes, as is the environment for our customers. In this context, we will push ahead with 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. In addition, to further increase our share of the market, in FY2024 we will construct a new refrigerated showcase plant in Suzaka City in Nagano Prefecture. While balancing activities geared toward the future with the strengthening of our current business base, we will strive to move closer to our vision together with our stakeholders.

Strategies for Each Business: Store Displays Business

Case Study

Initiatives by the Store Design Department (education, next-generation design methods, etc.)

A beautiful space and the latest fixtures: is this really all that is needed to boost the attractiveness of stores? If we can make shoppers and store staff excited, we will be able to bring out more of the intrinsic power of the store. Okamura values dialogue with customers, works together with them to discover their vision, and brings shape to it.



Okamura's five strengths that bring shape to visions



Partner

We value dialogue with our customers and become a partner in finding the "ideal state" of the store together.



Experience

We leverage our extensive achievements and experience to provide designs to suit each store.



Idea

Designers work with customers to consider the issues facing each store and propose ways to solve them.



Realize

We realize customers' visions through integrated designs, from layout plans to implementation plans.



Lab

We research all aspects of store development to provide even better designs.

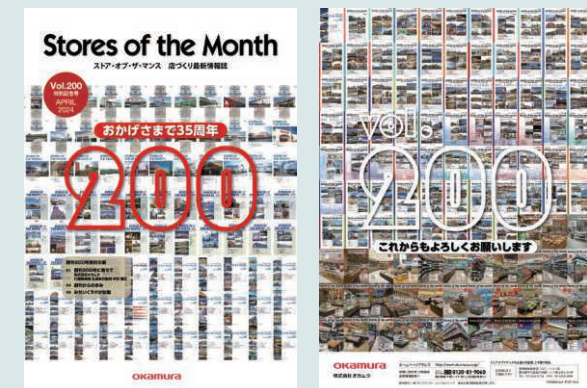
Research Lab that Creates the Future of Stores "MISEIKU LAB"

At the Research Lab that Creates the Future of Stores (nickname: MISEIKU LAB), launched in April 2024, we engage in the collaborative development of stores by considering the value of going to a store and creating the future of stores. Throughout its history, Okamura has provided products and services that draw on the needs of customers as they change and develop with each new era. At "MISEIKU LAB," we will carry out our own unique investigative research and design a high-definition vision of stores of the future through co-creation with people

from a wide range of different standpoints. We will generate innovations that lead to new businesses... Capturing future social trends, we aim to create new eras together with our customers.

Introducing *Stores of the Month*

We have published *Stores of the Month* continuously for 35 years since 1989. The magazine celebrated its 200th edition in April 2024. At Okamura, we have always emphasized providing the latest information in addition to physical products. *Stores of the Month* is more than simply a forum for presenting practical examples of our products; rather, we focus on providing customers with information including selling methods and designs. Going forward, we will continue to incorporate new plans, provide information on outstanding stores, and communicate PR information useful for customer store development, to make *Stores of the Month* an even more meaningful information tool for our customers.



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

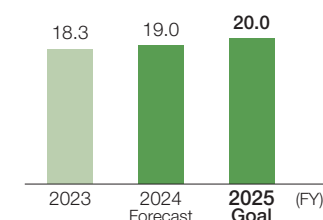
Strategic Challenge

- 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

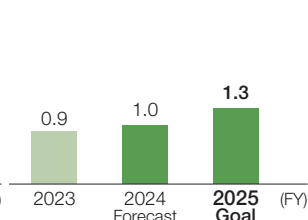
Review for FY2023

We focused on strengthening sales and alliances targeting integrators and succeeded in capturing large-scale projects, achieving record-high sales. Despite the impact of rising materials prices and procurement difficulties, we recovered from the loss recorded in the previous fiscal year to achieve a substantial profit thanks to higher revenue and the passing of increased costs onto selling prices.

Net sales (Billions of yen)



Operating profit (Billions of yen)



Note: Figures are rounded down to the nearest 0.1 billion yen.

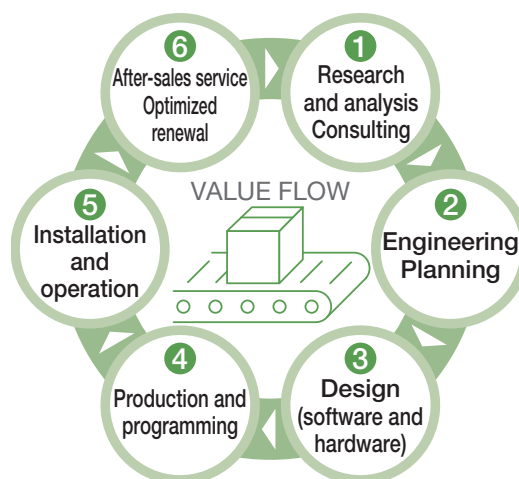
Movements in the World Surrounding Logistics Industry and Production Facilities

- 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



Strategies for Each Business: Material Handling Systems Business

Message from the Officer in Charge of Division Management

Achieving sustainable logistics through the automation and streamlining of logistics facilities

Aiming to Realize a Society Where People Can Thrive by Solving Social Issues in Logistics

Ever since we began the manufacture and sale of conveyors and automated storage systems at the Material Handling Systems Division in the 1970s, we have engaged in automation and labor saving at production and logistics sites across a wide range of industries and business formats. Today, we offer total logistics support using an integrated system, covering not only the manufacture and sale of material handling systems equipment but also everything from logistics process proposals based on investigations and analyses to industrial software design and development, equipment installation, and after-sales services.

While our business environment is showing a spreading awareness of logistics as an essential business in the wake of the COVID-19 pandemic, there is also evidence of a decline in investment appetite in some areas due to the impact of a weak yen, price hikes, and a rise in personnel expenses. Meanwhile, the 2024 logistics problem, the introduction of an upper limit in truck drivers' annual overtime, requires not only the trucking industry but also shippers to reduce the time spent waiting for freight. In addition, the shortage of workers on logistics frontlines is becoming more serious due to declining birthrates and the aging population. Soaring personnel expenses have made it even more essential for logistics centers to achieve greater efficiency, automation, and labor saving. To resolve these social issues, we have pioneered the domestic market for robot storage systems that achieve high-density storage and highly efficient picking operations, in addition to our extensive lineup of automated storage systems and transport equipment developed and produced in-house, to provide optimal logistics systems to our customers.

As a material handling systems integrator, we aim to realize a society where people can thrive by solving social issues in logistics. We strive to enhance efficiency and productivity while also creating logistics environments where everyone can work in comfort with vitality. Among other initiatives, we promote well-being by reducing heavy and dangerous work through the improvement of logistics bases and encouraging diversity by creating workplace environments without physical restrictions.



Rotary racks and conveyors

“Think anew, Go beyond solutions.”

Under the Midterm Management Plan 2025, we aim to expand the Material Handling Systems business by creating new demand.

Amid the rise in large-scale logistics facilities due to the growth of the e-commerce market and higher required service levels, we will expand our service domain from partial optimization proposals focused on our own products to facility-wide optimization proposals using a diverse range of material handling equipment, not limited to our own products. To this end, we have increased our investment in our existing capital alliance partner GROUND Inc. to reinforce our relationship, aiming to strengthen our capabilities in the key consulting and software domains. For maintenance services, we will use our IoT service infrastructure to expand our remote monitoring and preventative maintenance services. We also aim to create new demand through the provision and analysis of operating data.



Demonstration experiment of PROGRESS ONE

In terms of our own products, we will pursue initiatives aimed not only at enhancing the capabilities and versatility of existing products but also the internal development of automated conveying robots and the quick practical application of our hybrid automated logistics solution PROGRESS ONE, which utilizes autonomous control using AI and remote operation by human personnel. Only goal is not simply full automation. We believe the vision for the future that we should pursue is to realize logistics bases where people can work with vitality, coexisting with material handling systems and robots. To this end, we ask ourselves how to look at ways to provide solutions that exceed customers' requirements by discovering the true nature of issues as their logistics partner, and how we clarify the future beyond their implementing our solutions. We continue to communicate this aspiration both internally and externally through our business message, “Think anew, Go beyond solutions.”

By thoroughly aligning ourselves with our customer needs through movement and linking technologies and providing unparalleled logistics systems, we hope to contribute to solving the labor shortage that faces the logistics industry and create 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

In recent years, logistics has become increasingly important, taking on the role of a key part of social infrastructure. While the industry faces labor shortages due to the decline in the working population and work style reforms at logistics sites, logistics services have become more sophisticated, including a shift to more frequent, smaller scale shipments, even in the BtoB format. As a result, there is a rising need for automation and labor saving in logistics facility operations.

Rotary Rack H: 1.9 Times the Storage Capacity and Zero Overtime

Nihon Pisco Co., Ltd. is mainly engaged in the development, manufacture, and sale of pneumatic equipment used in the production facilities operating at major manufacturing plants. Pneumatic equipment is used across all industries and contributes to factory automation in all industry sectors, including automotive, semiconductors, household appliances, food and medical, agriculture, fishing, hobbies, leisure, space exploration, etc.

Rotary Rack H is an automated storage 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. Since launching Rotary Rack H in the 1990s, Nihon Pisco has engaged in the automation of logistics.

However, an increase in goods volume due to sales growth has resulted in a shortage of storage locations and an increase in workload, making it difficult to achieve same-day ordering and shipment. For this reason, it became necessary to



Rotary Rack H (built for use at Nihon Pisco Co., Ltd.)

upgrade the material handling system to achieve further sales growth.

This upgrade was subject to an extremely large number of constraints, as it involved the installation of the new system while the old system continued to process shipments. However, the new system was successfully launched, improving storage capacity by approximately 1.9 times and the capacity of picking operations by approximately 4 times. Rotary Rack H, with its tray structure, also achieved the simultaneous acceptance of cardboard boxes and containers. Before the new system began operation, around 2,000 cardboard boxes were usually stacked up inside the warehouse. All of these were stored systematically inside Rotary Rack H, almost entirely eliminating overtime by workers.

Enhancing consulting capabilities to support customers' business growth

TORANOANA Inc. is engaged in the consignment distribution and sales business for manga, anime, self-published manga, character goods, and other merchandise, as a bridge between creators and users. It has experienced a dramatic rise in demand for mail-order sales from the time of the COVID-19

pandemic, which was difficult to handle through its existing logistics center. It therefore relocated to a new logistics center to achieve an increase in productivity, a reduction in the floorspace required for storage, and 24-hour operation.

Our capital alliance with GROUND Inc. was integral to launching operations at the new logistics base, Toranoana Logistics Center (TLC), with GROUND Inc. providing consulting services and Okamura installing the AutoStore robot storage system. This has reduced the workload for picking operations, enabling TLC to achieve 24-hour shipping. Moreover, AutoStore's high-efficiency storage, utilizing vertical space, has enabled a reduction in warehouse floorspace to approximately 11,570 m² on a single floor, compared to approximately 18,181 m² in the old logistics center, together with a reduction in the number of operating staff.

TORANOANA Inc. plans to use the excess capacity at TLC to enter the logistics consignment business, storing other companies' products and shipping them to order.

By thoroughly unearthing customers' aspirations, Okamura approaches issues from a new perspective, providing material handling systems that go beyond the solutions envisaged by customers. We hope to work together with our customers to tackle new business possibilities and create an exciting future society and a future in which people can thrive.



AutoStore (built for use at TORANOANA Inc.)

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

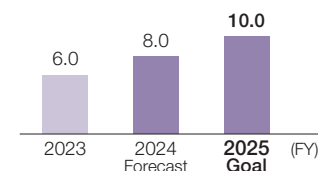
- Start sales of environmentally friendly clutch units that are currently in development at an early stage
- Expand the field of environmentally friendly clutch units
- Expand the customer base globally centered on North America and China

Review for FY2023

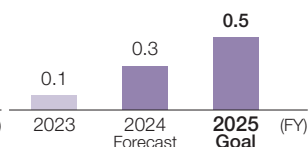
Shipments of products to major customers had been suspended in the previous fiscal year, but these were recommenced in the second half, leading to an increase in net sales and net income.

In China, our business was impacted by the issue of improper engine certification, but we were able to maintain a similar level of results to the previous fiscal year, supported by solid sales from our joint venture partner.

Net sales (Billions of yen)



Operating profit (Billions of yen)



Note: Figures are rounded down to the nearest 0.1 billion yen.

Movements in the World Surrounding Industrial Vehicles

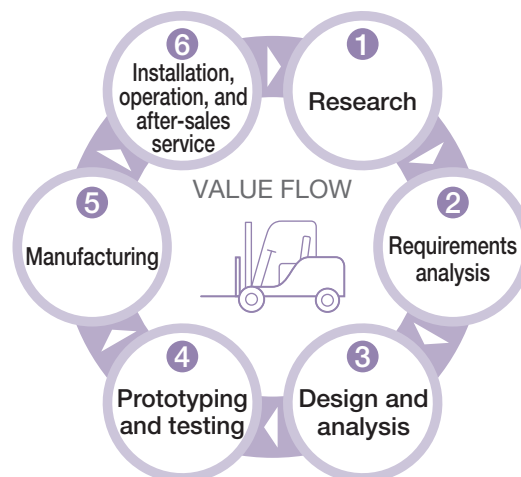
- Step-by-step progress of industrial vehicles responding to environmental demand
- Progress of local overseas production of Japanese forklift manufacturers
- Rising labor-saving and automation needs in duties on-premises and within facilities

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

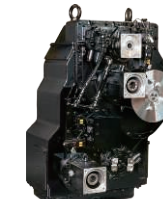
Value Creation Flow



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 reliable use of vehicles working worldwide

Powertrains That Support Working Vehicles Around the World

The Powertrain business is a long-standing business that has continued since our founding. The products we provide to our customers, including a range of vehicle manufacturers, are used in countries and regions around 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. In this area, the products we develop, produce, and provide have received wide acclaim from customers, contributing to the creation of environments where people can thrive.

Promoting Product Development to Expand the Business

FY2023 was a year of great volatility in production, impacted by automakers' engine certification issues. Shipments to North America recommenced in the second half of the fiscal

year, and performance saw a continuing recover compared to the previous fiscal year.

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.

At the Okamura Group, we are working on the development of products for vehicles such as electric and reach forklifts used in indoor logistics operations, on which our products are not conventionally installed, in addition to products for conventional engine-powered forklifts. For outdoor logistics, too, we are engaging in product development for hybrid vehicles as one way to make engine-powered forklifts more environmentally friendly. We are also working to unearth demand for transmissions in areas outside the industrial vehicles industry.

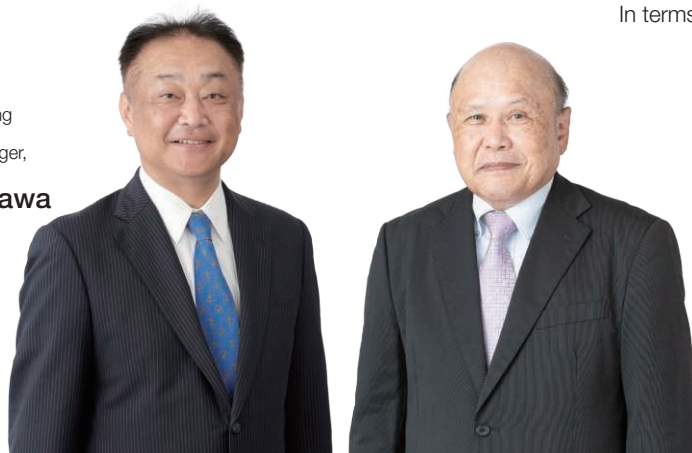
In terms of logistics equipment, there are issues surrounding the reduction of operator burden and automatic operations. We will develop automatic gear shifting technology to solve these issues. Taking this one step further, we will also continue to work on building electronic control technologies to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

General Manager, Powertrain Division,
Production Division

Akihiko Ando

Director and Managing
Executive Officer
Senior General Manager,
Production Division

Kazumi Arakawa



Case Study

Adding new functions to cleaning robots to further tackle labor shortages



Demonstration
experiment of STRIVER
elevator linkage

We have developed the commercial cleaning robot STRIVER for the cleaning service industry, including building maintenance, and are engaged in improving product development. Increasingly severe labor shortages are becoming a more serious issue year-by-year in the building maintenance industry. In 2021, we entered the market to address the social issue.

Autonomous drive control using various sensors and robots forms the core technology of STRIVER. The main issues we face include further improving the autonomous drive precision and improving the ease of operation to enable anybody to operate it. We have participated in the joint testing of STRIVER together with major construction companies and developers since last year. These include demonstration experiments where STRIVER uses elevators to automatically move between floors, with several units working together to clean an entire building, and tests of human-robot coexistence such as collective management with various robots that have different uses (delivery robots, security robots, etc.).

Through activities such as these, we contribute to creating environments where people can thrive, aiming for a society where people and robots can coexist.

Overseas Business

Aiming to be the world's No. 1 seating manufacturer

Strengthening the overseas business continues to be a company-wide key issues. We aim to begin by becoming the world leader in seating, our main field of expertise. 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.

We believe that these initiatives will enable us to realize a society where people can thrive, the Purpose of the Okamura Group, overseas as well as in Japan. By supplying products that feature an outstandingly comfortable seating feel and excellent usability, developed through our history of manufacturing, we believe we can create environments that enable people around the world to work with vitality.

Last year, we launched “To the last detail.” as our global brand concept. This phrase expresses the way that our brand provides products and services with attention even to details that are too small to be apparent. This year, we will focus on

expanding this concept around the world and enabling more people to come in contact with Okamura's products and services.



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

Yoshihito Ohno

Overseas Business Strategy

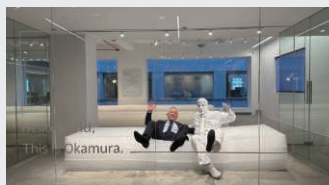
Four Keywords for the Expansion of the Overseas Business: Products, Human Resources, Branding, and Alliances

With the spread of ABW (Activity Based Working) and hybrid work that combines office attendance with working from home, as well as the continuing shift to living room-style offices and lounge-style offices, communication within offices is growing increasingly important.

At the same time, the value of task seating is undergoing a reassessment in the context of the recent movement to return to offices, as well as the conventional perspectives of sustainability and employee health. Amid these trends, customers are demanding a broad lineup of products and services, including well-designed sofas and concentration spaces in addition to conventional desk and seating.

Major manufacturers in Europe and the U.S. are tending to strengthen their portfolios of these products by actively pursuing alliances, joint ventures, and M&A activities with quality brands already in the market, as well as through product development using their own brands.

In this business environment, the Okamura Group's overseas business will focus on the following four issues, aiming to be the world's No. 1 seating manufacturer.



Our displays at NeoCon

① Products

We will make maximum use of our plants, not only in Japan but also Thailand and China, to provide products tailored to the needs of each region. In this way, we aim to swiftly provide products compatible with the market characteristics of each region, boosting customer satisfaction.

② Human Resources

By actively developing and promoting human resources with a close understanding of the local culture and business environment and promoting organizational globalization, we will build competitive sales structures more firmly rooted in the market.

③ Branding

We will strive to enhance recognition of our global brand concept: “To the last detail.” This brand message represents our attitude of utter dedication to the finest detail. It expresses Okamura's high standards for all the processes through which we provide value, not limited to product quality and design. We consistently communicate this message around the world through NeoCon in the U.S. and other tradeshows, as well as various other events and promotions.

④ Alliances

We aim to strengthen our business through alliances with leading manufacturers. By integrating Okamura's strengths — advanced technological capabilities and the business bases of partners that are closely familiar with the markets — we will further expand our presence in overseas markets.

In this way, the Okamura Group aims to expand overseas businesses rooted in local markets. We will achieve further growth and development by winning high levels of trust and reputation in global markets.

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 Okamura's 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 promotion of creation

of workplaces where people can thrive and 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 the 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.

Developing 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 2025. 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

Through fair and appropriate transactions, we will strive to build strong relationships of trust with the supply chain partners that support the business activities of the Okamura Group.

Case Study

Human resource development to support manufacturing

As of this year, 28 years have passed since the introduction of the Okamura Production System (OPS). 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 replacing the "T" in TPS with "O" for Okamura.

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 production 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. We will steadily and certainly promote OPS activities based on the following two approaches: ① Development of human resources who can make improvements and ② Linking improvements directly to market competitiveness.

Message from the Chief HR Officer

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



Managing Executive Officer Yoshikazu Sato

People-Centered Management to Allow Human Resources to Thrive

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

When describing the Okamura Group's 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 consistently conducted management with people at our core. In line with this Founding Spirit, we have set "People Thriving" as our new Management Philosophy. We will further promote initiatives aimed at human resource development and employee engagement improvement to enhance the engagement of the employees who support our sustainable growth. We aspire to build a "Strong Okamura" that can adapt to a changing environment by enabling all of our employees to work with vitality in their own individual styles.

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,*¹ 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 Group Health

Insurance Association, and the Okamura Labor Union. 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 seven 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.

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



The Two Pillars of Human Resource Development and Employee Engagement Improvement

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*², 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

Message from the Chief HR Officer

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.

*2 Okamura is promoting workstyle reforms under the name "WiL-BE."

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

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.

I would now like to introduce some initiatives that we have engaged. 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 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, leading 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.

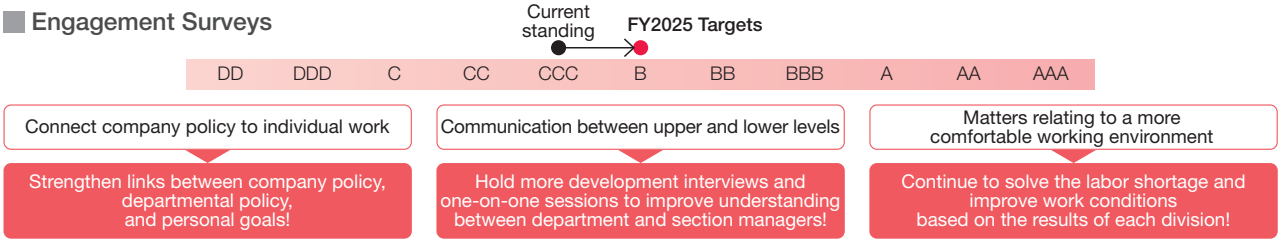
Furthermore, we offer next-generation leader training and the Okamura Business School, for the purpose of developing human resources who can lead the future management. Through these and various other measures, we provide employees with the opportunity to enhance their mutual understanding, continue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

Employee Engagement Improvement to Enable Everyone to Work with Vitality in Their Own Individual Styles

In terms of employee engagement improvement, we have promoted WiL-BE workstyle reform since June 2018 with the aim of enabling all of our employees to work with vitality in their own

individual styles. Since April 2023, we have evolved this initiative into the WiL-BE 2.0 Project for Improving Employee Engagement to achieve a situation where all of our employees can work every day with vitality and a sense of engagement, aiming to realize a society where people can thrive: the Purpose of the Okamura Group. In FY2023, we implemented various measures to improve employee engagement. We held Employee Engagement Meetings led by department managers where individual employees of Okamura may think about what employee engagement means to them personally. Participants recalled past experiences that had given them a personal sense of engagement, providing an opportunity for everyone to expand their understanding of differing perspectives on engagement. We also held WiL-BE 2.0 CARAVAN 2023-2025, where members of the team that promotes WiL-BE 2.0 visit locations across Japan and hold discussions with employees to further the understanding and widespread acceptance of employee engagement improvement. 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 July 2023, we relaunched the "President's Caravan," which was suspended due to the impact of the COVID-19 pandemic, holding events at various locations in Japan and overseas, which were attended by many employees. In August 2023, we carried out our first engagement survey of all employees. The survey response rate was 97.7% and the average score for all Group companies was CCC on a scale of A to D. Going forward, we will implement action plans aimed at resolving issues at each workplace and improving employee engagement.

At the Okamura Group, 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.



Message from the Chief DX Officer

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



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 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.

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.

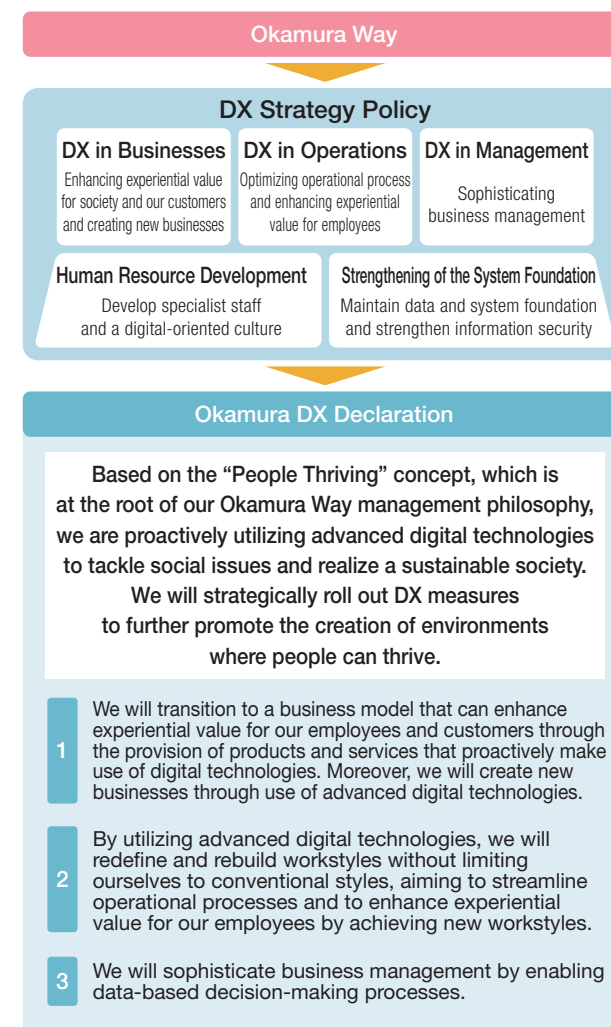
Okamura's DX Strategy Policy

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 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



Message from the Chief DX Officer

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, we were recognized as a DX Certified Business Operator in 2023.



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. Many graduates have been born in a range of divisions, including Group companies. The fourth generation of graduates is already actively engaged in work. 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, participants 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.



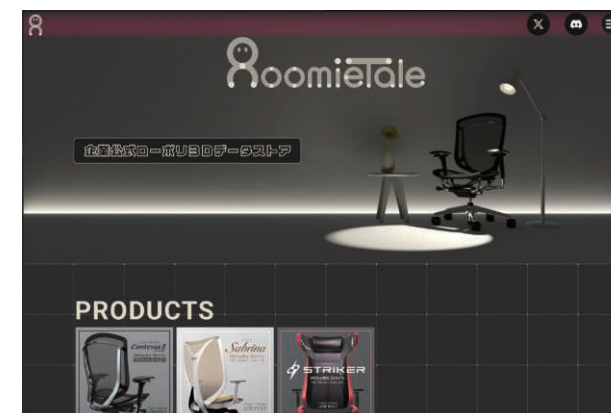
Achievements to Date and Our Future Course of Action

Many of the projects proposed in the first and second terms of DXLP have already achieved substantial success or are in the process of preparing for release. In particular, the system proposed by a DXLP graduate to streamline the creation of quotes, based on many years of experience as a member of the sales staff, has been adopted at an even greater rate than initially hoped. All the projects have been inspired by our employees' unique aspirations to find a more optimal form for business tasks or start a new business, arising from their day-to-day work at Okamura. In the third term, DXLP participants launched projects such as a citizen development project to spread the internal use of no-code programming tools. This will help expand our vision for DX human resources development, where employees actualize their ideas by themselves, to others who do not participate in DXLP. It is expected to achieve a significant step forward in transforming the company.

The program has also led to the birth of new businesses. A project which proposed entry into the metaverse in the first term, has opened an official corporate 3D data sales site called RoomieTale. By providing the lightweight, safe, high-quality 3D data sought after by creators and metaverse users, this service enriches life in virtual space.

Elsewhere, we have quickly developed and utilized Okamura AI Chat for the safe internal use of generative AI. A project is also underway, proposed in the third term, to input internal knowledge such as product information into the chat service. The scope of feasible proposals is expanding due to advances in generative AI and other technologies, and we expect a wealth of new ideas to emerge in the fourth term and beyond. 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.

Going forward, to further promote the creation of environments where people can thrive, we will promote digital transformations to improve experiential value for society, our customers, and our employees to realize a society where people can thrive, the Purpose of the Okamura Group.



Message from the Chief Environment Officer

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



Director and Managing Executive Officer **Kenichi Yamaki**

Environmental Policy and Promotion System

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. Our early creation of company-wide environmental organizations and environmental management systems in line with ISO 14001, and the implementation of related initiatives, have led to our current reputation in society.

Our top management has expressed its overall intentions and direction regarding environmental initiatives in the Okamura Group Environmental Policy, and we work on environmental activities under a common environmental policy as the Okamura Group. In doing so, we are improving the environmental performance and reducing the environmental impact of the entire group.

Long-term Environmental Vision “GREEN WAVE 2030”

At the Okamura Group, we have put together 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 every 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.

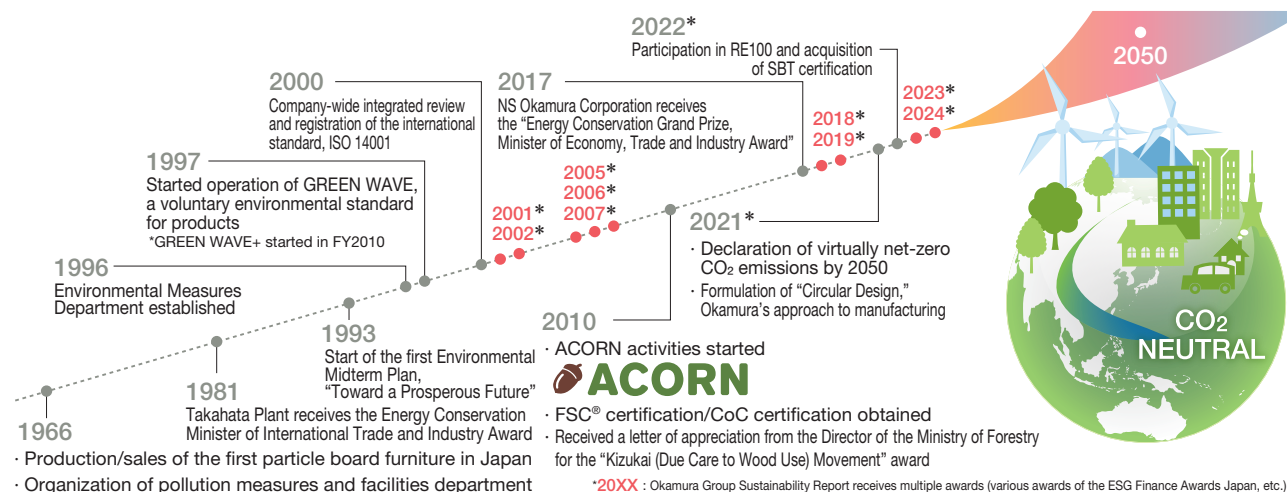
In 1993, we started our first Midterm Environmental Plan. Thirty years have passed since then, and we are now on our

eleventh 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. In GREEN WAVE 2030, we set quantitative targets for initiatives such as the reduction of GHG emissions, the reduction of water resource consumption, the reduction of waste per unit of production, and the conservation of biodiversity. At our biannual Sustainability Committee meetings, we manage our progress in achieving these targets and implement follow-ups and additional measures as necessary.

We plan to expand our activities for biodiversity and disclose related information with reference to the recommendations of the TNFD (Taskforce on Nature-related Financial Disclosures).

Toward Carbon Neutrality in 2050

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 certification from SBTi (Science Based Targets initiative), an



Message from the Chief Environment Officer

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.

Three years have passed since we recorded our GHG emissions in FY2020 (reference value 40,402 t-CO₂), and our GHG emissions in FY2023 were 28,619 t-CO₂, achieving an approximately 30% decrease. Since 2021, we have evaluated the impact of the risks and opportunities associated with climate change on our business and appropriately disclosed information based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). In our disclosure for June 2024, we engaged in a more concrete consideration of our transition plan aimed at achieving carbon neutrality by FY2050 and visualized our roadmap to reducing CO₂ emissions.

● Okamura's Current Initiatives

Just under 90% of our Scope 1 and 2 GHG emissions are generated from business activities at our production plants. As such, we believe that activities to reduce GHG emissions at our production plants are incredibly important. We are especially conscious of the importance of reducing emissions from production processes, and we are promoting initiatives from a

range of perspectives such as equipment and operations. We have prepared energy conservation plans at each production plant and are progressively upgrading to energy-saving equipment and switching to high-efficiency lighting. In terms of operations, we are pursuing the lateral deployment of effective, Group-wide emissions countermeasures. These include continuing activities such as improving air leakage and revising equipment operating times.

● Reducing GHG Emissions

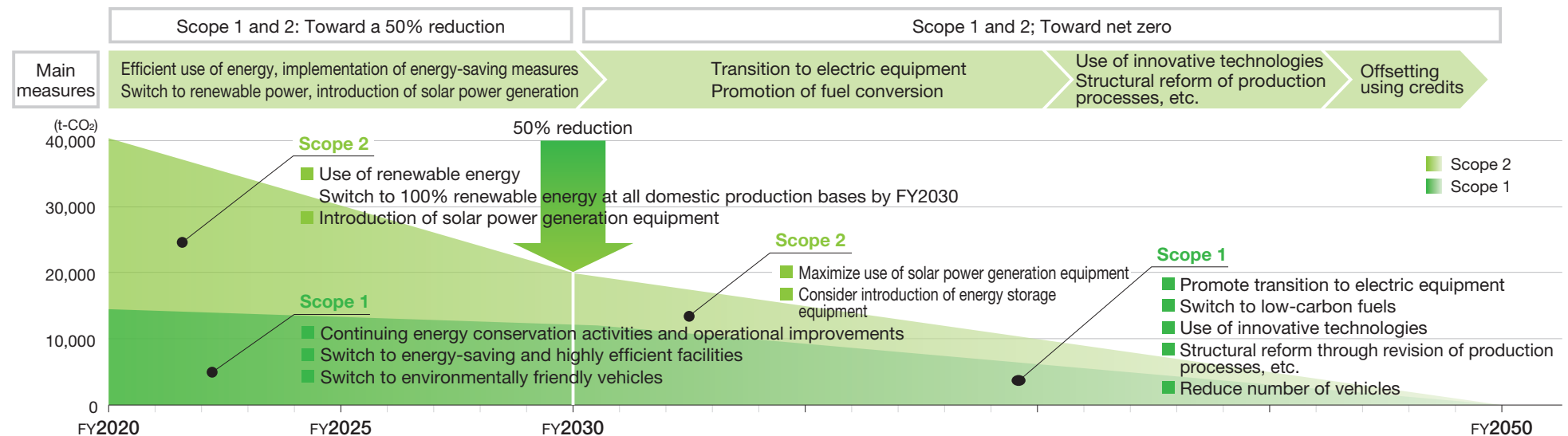
We have established a GHG emissions reduction roadmap (emissions trends and future initiatives) to achieve our target for Scope 1 and 2 GHG emissions of a 50% reduction by FY2030 compared to FY2020. In addition to switching completely to renewable energy-sourced power at all our production bases in Japan by 2030, we will promote the introduction of solar power generation equipment. From 2030 to 2050, we will promote measures such as the transition to electricity-powered equipment, the switch to low-carbon fuels, and the utilization of innovative technologies to achieve the goal of net-zero emissions by 2050.

We will strive to steadily implement our GHG emissions reduction roadmap.

Action for Scope 3 Reduction

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 initiatives in 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,

■ GHG Emissions Reduction Roadmap (Emissions Trends and Future Initiatives)



Message from the Chief Environment Officer

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.

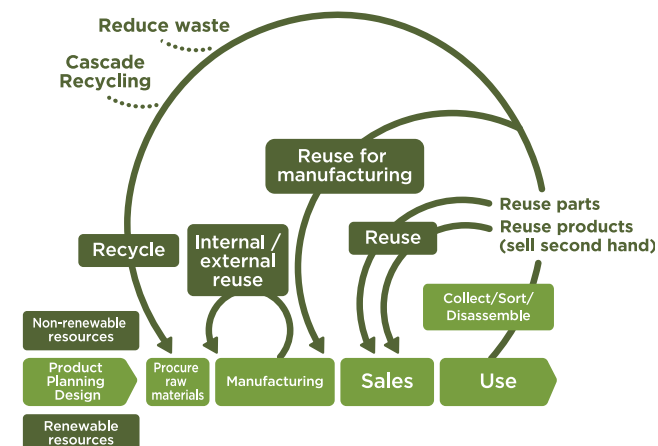
Going forward, we will implement specific initiatives aimed at reducing Scope 3 emissions. For Category 1, these include ascertaining procurement results on a volume basis for each raw and processed material, gaining the cooperation of suppliers and obtaining first-hand data, efficiently using raw materials (improving yield, etc.), and manufacturing that effectively utilizes resources and minimizes waste. For Category 11, in the Store Displays business, we will engage in initiatives such as promoting energy-saving refrigerated showcases, optimizing power consumption through remote control, implementing measures to reduce CFC leakage when using refrigerant products, switching to the use of refrigerants with low global warming potential in refrigerated showcases, and developing refrigerated showcases that reduce the need for defrosting.

Product Development Based on Circular Design

In pursuing initiatives for Scope 3 reduction, we believe it is vital to address Category 1 (raw materials and purchased components and products), which accounts for a high proportion of emissions, as a priority. 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. In 1997, we formulated GREEN WAVE, our own environmental product standards, and have worked to expand our range of environmentally conscious products. Through further promotion of these initiatives, we are striving to provide products with lower environmental impact. We will engage in reducing environmental impact throughout the product lifecycle.

Concept of Circular Design in Product Development

We aim to help make society more sustainable by giving full consideration to the local environment



Support for and 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 responses are essential to ensuring the sustainability of both society and our business operations. As such, we announced our

support for the TCFD recommendations in April 2021 and began disclosing information.

In FY2022, we started product development and related initiatives grounded in the idea of Circular Design, which is based on the circular economy concept. Moreover, in FY2023, we revised our risks and opportunities related to climate change based on analysis of the 1.5°C scenario, a more ambitious target than the previous 2°C scenario. In our disclosure for

FY2024, we engaged in a more concrete consideration of our transition plan aimed at achieving carbon neutrality by 2050 and visualized our roadmap to reducing GHG emissions.



Please refer to Okamura Group Climate Change Information Disclosure regarding the TCFD recommendations.



Okamura Group Climate Change Information Disclosure (Japanese)

https://www.okamura.co.jp/corporate/sustainability/report/pdf/2024/TCFD_open_240625.pdf

FY2021
Support for and disclosure based on TCFD Recommendations

FY2022
Start of specific initiatives

FY2023
Analysis based on 1.5°C scenario

FY2024
Transition planning
Preparation of GHG emissions reduction roadmap

Message from the Chief Financial Officer

Raising the Financial Targets for Midterm Management Plan 2025



Director and Executive Officer **Sakae Fukuda**

Basic Policies

Creation of New Demand and Business Structure Reform Promoted as Planned

The fiscal year ended March 31, 2024 was the first fiscal year of the Midterm Management Plan 2025 (the “current plan”). While promising signs emerged in terms of economic activity, such as the relaxation of movement restrictions implemented during the COVID-19 pandemic and a recovery in inbound demand, the current plan was launched in a mixed and unpredictable economic environment, with geopolitical risks associated with the situations in Ukraine and the Middle East, concerns over the outlook for the Chinese economy, interest rate and exchange rate volatility resulting from global monetary tightening, and persistently high materials prices.

As a result, we set a new record for the highest-ever net sales in all of our three businesses. On a company-wide basis,

too, our concerted efforts are paying off, with our highest-ever level of net sales for the third consecutive fiscal year and our highest-ever operating profit and ordinary profit for the fifth straight fiscal year. We definitely did not set our goals conservatively; rather, we strived for ambitious targets amid a rapid rise in materials prices that reached 10.0 billion yen over two fiscal years, as well as many uncertain factors such as the dramatic depreciation of the yen and business conditions overseas, and we believe that we have skillfully captured changes in the market to achieve outstanding results.

In comparison with the milestones established under the current plan, we achieved net sales of 298.3 billion yen, only slightly short of more than 300.0 billion yen, our target for the final year of the plan in FY2025. Our operating profit of 24.0 billion yen matched the target. In other words, we have almost cleared the final-year targets in the first fiscal year of the plan. We recorded an ROE of 12.6% (10.7% excluding gain on sales of securities), also exceeding our target of 10% for the third consecutive fiscal year.

Given these results, we have revised our financial targets upwards for FY2025, the final year of the Midterm Management Plan 2025, to net sales of more than 325.0 billion yen and operating profit of 27.0 billion yen.

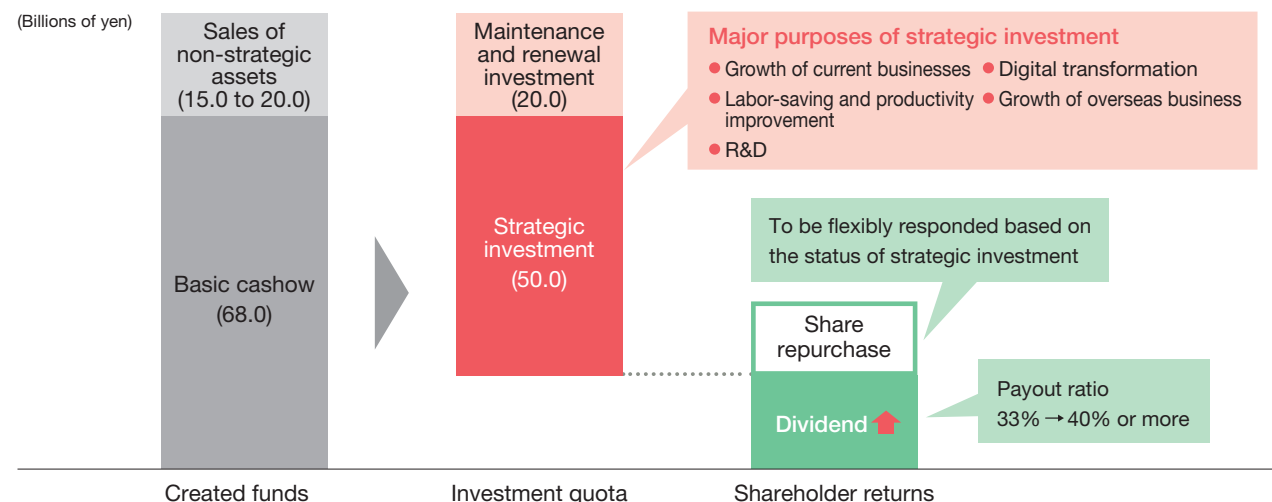
Moreover, as a result of us viewing crises as opportunities and reinforcing our resilience to overcome any crises that occurred, we were able to flexibly respond to social changes and bring about sustainable growth by creating new demand. It is very reassuring to know that our frontline employees have 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.

Financial Policy and Investment Plans

Current Status of the Strategic Investment Quota of 50.0 Billion Yen and Cash Allocation

At Okamura, 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.

■ Distribution Policy for Investments of Created Funds and Shareholder Returns



Message from the Chief Financial Officer

Our basic financial policy is to maintain a sound financial balance while enhancing our capital efficiency. Although decisions on investments are becoming more difficult in this era of VUCA, we intend to optimize our resources and continue to invest capital in growth businesses without hesitation. Our aim is to ensure a thorough cycle of value creation and reinvestment. If we can maximize medium- and long-term corporate value through these actions, we believe that we will be able to further meet the expectations of our stakeholders.

Under the current plan, we have set aside 50.0 billion yen for strategic investments, and we have already built up a total of around 45.0 billion yen in investment projects. The associated cash outflow in the first fiscal year of the plan was approximately 11.0 billion yen. We will disclose details of the remaining portion as soon as these are finalized.

We reviewed our cash allocation for the second year of the current plan, but there have been no major changes at present. The basic cashflow we expect to earn during the term of the current plan has been increased by around 8.0 billion yen to 76.0 billion yen, but we anticipate that this increase will be almost completely offset by an increase in dividends of profit (assuming a payout ratio of 40%). At present, we believe we can make these strategic investments through internal cash management, without seeking additional financing. However, should an attractive, efficient investment opportunity emerge that exceeds the current investment quota, we would not hesitate to consider external financing and utilize leverage.

We believe it is appropriate to keep a level of cash and deposits on hand equivalent to 1.5 months of net sales (30.0 billion yen), as we have secured ample liquidity including dedicated overdraft facilities in addition to a commitment line of 20.0 billion yen from financial institutions. In view of the principles of the Declaration of Partnership Building, we are considering allocating a portion of the cash and deposits on hand that exceed this level to the expected increase in working capital that will arise from shortening the usance we receive from our subcontractors.

Capital Strategy

Reorganizing Capital Structure, Cutting Back on Policy Investments, and Enhancing Shareholder Returns

At Okamura, we have worked diligently to reorganize our capital structure and cut back on policy investments since the

previous midterm management plan in line with trends such as developments in the Corporate Governance Code and Tokyo Stock Exchange reforms. Regarding the reorganization of capital structure, we are taking account of the risk that shareholding in the Company by financial institutions and other companies will decline in the context of the trend toward eliminating cross-shareholdings. At the same time, we are strengthening IR activities and implementing various measures with an awareness of strengthening interest from institutional and individual investors, primarily overseas, which could potentially take on the shareholdings relinquished by financial institutions and other companies.

Regarding our efforts to cut back on policy investments, over the past four years, we have reduced the number of stocks held by 70 companies, selling off a total of 20.8 billion yen (of which 16.4 billion yen was used to repurchase treasury stock). Moreover, our consolidated net assets ratio, a focus of a proxy adviser, has improved from 29.4% at the end of FY2018 to the current 15.5% and we are making progress largely as planned, with steady reductions despite the high share price.

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 and, including some off-balances, we aim to bring this down to under 10% during the term of the current plan.

We expect a steady increase in cash generated, and we have therefore revised the payout ratio from 33.3% to a steady 40% or more under the current plan, to enhance shareholder returns. Based on this policy, we increased the annual dividend for the fiscal year ended March 31, 2024 by 31 yen to 86 yen per share. This fiscal year, we plan to increase the annual dividend by a further 4 yen to 90 yen per share. This dividend policy shows those outside the Company that we have a strong ambition to ensure that Okamura continues to be a growth company.

Initiatives to Increase Corporate Value

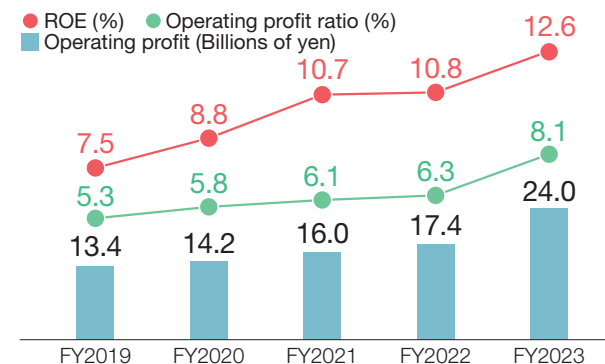
Action to Implement Management that is Conscious of Cost of Capital and Stock Price

As of March 31, 2022, Okamura's PBR (price-to-book ratio) was only 0.86. In the fiscal year ended March 31, 2023, we

achieved a record-high share price of 2,150 yen, and the price has remained firm at around this level, resulting in a PBR of around 1.2 at the present time. Our analysis of the current situation and initiatives to increase corporate value have steadily borne fruit, as described in the materials for the investors' briefing on May 13, 2024. However, we believe that Okamura's growth potential is still insufficiently understood by market participants at present.

Going forward, we will strive to achieve our next target of raising the PER (price-to-earnings ratio) to the average level among Prime Market-listed companies. To this end, we will continue to promote business growth through the steady implementation of strategic investments together with initiatives aimed at improving return on capital. We also believe that it is crucial to raise expectations for Okamura's future profitability through even more substantial dialogue with shareholders and investors.

Performance



PBR, ROE, and PER at Fiscal Year-end

	FY2019	FY2020	FY2021	FY2022	FY2023
PBR	0.71	0.94	0.83	0.86	1.25
ROE (%)	7.5	8.8	10.7	10.8	12.6
PER	9.7	11.5	8.0	8.4	10.6

4

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.

Contents

57 Company Officers

59 Corporate Governance

65 Roundtable Discussion with Outside Directors

67 Message from an Outside Auditor

68 Risk Management

74 Stakeholder Engagement

Company Officers (As of June 25, 2024)

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
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 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 Kamijo

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 position** —
External Member of the Board, TAISEI CORPORATION

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 (Audit & Supervisory Committee Member) of Tokuyama Corporation
Outside Director of The Japan Steel Works, 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.



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

Shintaro Miyazaki

Outside Auditor Independent Officer

He is an attorney at law, Counsel of Tokiwa-LawOffice. He has been in his current position since 2024.
— Significant concurrent position —
Senior Managing Director and Representative Director, the Corporation for Revitalizing Earthquake-Affected Business

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

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, Public Facilities & Solutions Business Department, 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.

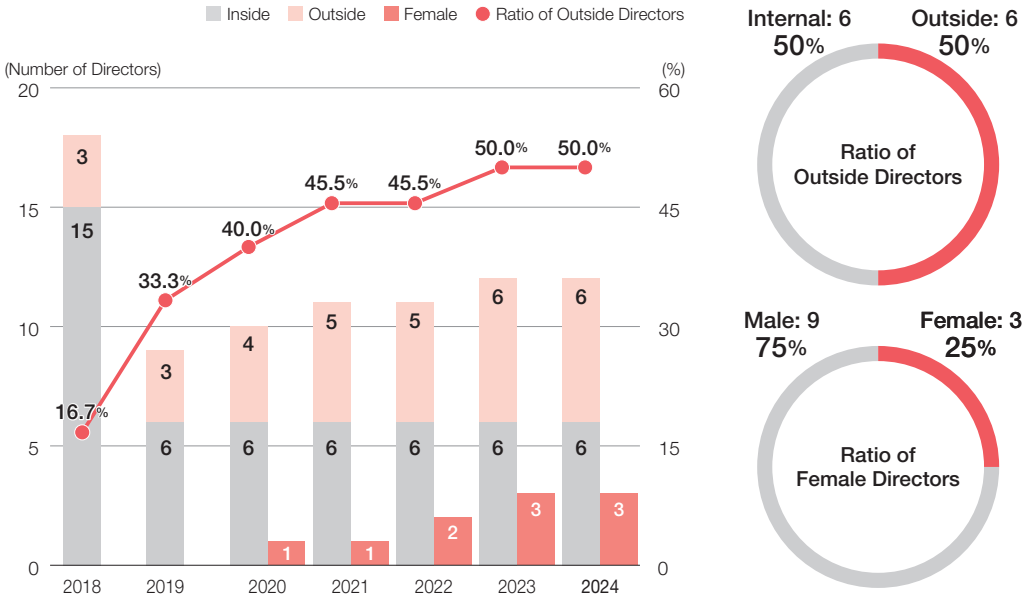
Characteristics of Okamura's Governance

- 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 25, 2024)

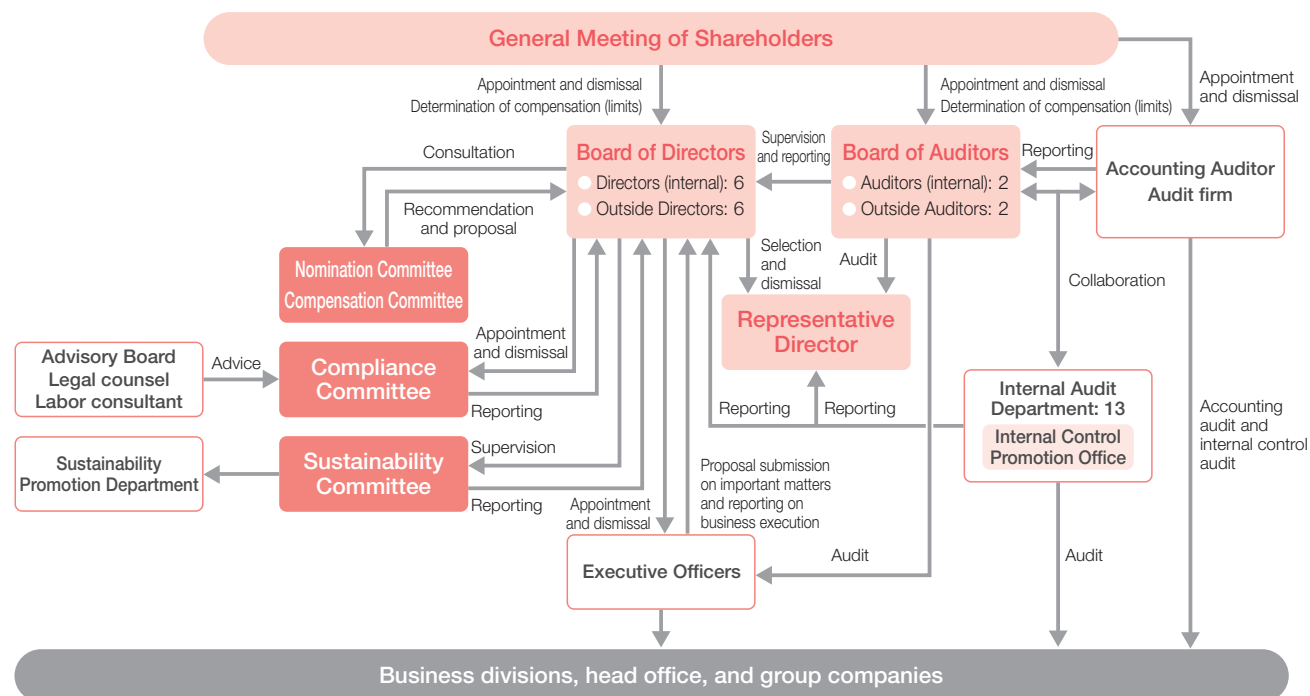


Corporate Governance

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 25, 2024)



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	14
Attendance rate	99.0% *Attendance rate for Directors only

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

- Preparation of Integrated Report
- Strategic investment projects, such as the acquisition of new factories and sites for warehouses

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	<div>Outside Independent Officer</div>	○	◎	○	●		●	●	●	●		●	
	Mari Kano	<div>Outside Independent Officer</div>	○	○	○			●	●	●	●			●
	Tsutomu Kamijo	<div>Outside Independent Officer</div>	○	○	◎	●		●	●		●		●	●
	Misako Kikuchi	<div>Outside Independent Officer</div>	○	○	○	●		●	●	●			●	●
	Nobuko Mizumoto	<div>Outside Independent Officer</div>	○	○	○	●			●	●		●	●	
	Hitoshige Tambo	<div>Outside Independent Officer</div>	○	○	○	●			●	●	●		●	
Auditors	Noriyuki Nagai	○						●					●	
	Keiichi Hagiwara	○						●	●				●	
	Keiko Kishigami	<div>Outside Independent Officer</div>	○				●		●					●
	Shintaro Miyazaki	<div>Outside Independent Officer</div>	○			●		●	●					●

◎ : 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	11
Attendance rate	94.5%

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 profit and consolidated operating profit (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 (FY2023)

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)	338	194	144	7
Auditors (excluding Outside Auditors)	44	44	—	3
Outside Officers	82	82	—	9

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 insufficiencies in the levels of interaction with Outside Officers and opportunities for them to acquire knowledge relating to the Company's business. Based on these results, we will continue to conduct training sessions for Officers and to hold information exchange meetings between Outside Officers with an eye to enhancing the provision of information to Outside Officers to deepen their understanding of the Company, thereby proceeding with 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 FY2023, the Board of Directors examined the Company's cross-shareholdings, such as during its meeting held on June 27, 2023, while taking the above factors into consideration. As a result, the Company sold off three specified investment stocks and two stocks held for pure investment purposes.

In addition, one stock was sold as a result of a TOB. 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.

 Overview of the Midterm Management Plan 2025 ▶ P.31-33

 Message from the Chief Financial Officer ▶ P.54-55

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 training programs in three stages to refine employees' experience, knowledge, and intuition, and to enable management personnel candidates 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 (114 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 and 16 students in the second 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.

In order to cultivate a broad perspective of management in tandem with the training programs, we create opportunities for young human resources to accumulate management experience in the form of successes and failures from an early stage, by assigning them in the right place, such as management in subsidiaries and overseas sites.

Roundtable Discussion with Outside Directors



Outside Director

Tsutomu Kamijo

Served as President and Representative Director as well as Chairman and Representative Director of Sapporo Holdings Limited, President and Representative Director of Sapporo Beverage Co., Ltd. (current POKKA SAPPORO Food & Beverage Ltd.), and other positions. Serving as an Outside Director of the Company since 2021. Currently, concurrently serving as an External Member of the Board, TAISEI CORPORATION.

Outside Director

Misako Kikuchi

Served as General Manager of Environmental, Social Contribution Division of Mitsui & Co., Ltd. and President & CEO of Mitsui Bussan Forest Co., Ltd. Serving as an Outside Director of the Company since 2022. Currently, concurrently serving as Full-time Auditor of St. Luke's International University and Outside Director of KOMERI Co., Ltd.

Towards enhancement of Okamura's corporate value and transformation to a demand creating company

As the Midterm Management Plan 2025 made a good start, Outside Directors Tsutomu Kamijo and Misako Kikuchi discussed their views of their challenge recognition of Creating New Demand set as a goal of the current Midterm Management Plan, the future outlook, and the role of Outside Directors for further increasing corporate value.

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

Mr. Kamijo: The prevailing view is that Outside Directors are responsible for supervising a company's management. Personally, an Outside Director's role involves being concerned with how to help the company achieve healthy growth. While leveraging my career as one of the few Outside Directors of the Company to come from a manufacturing background, I always try to make recommendations in relation to matters that I notice in the course of management.

Ms. Kikuchi: An Outside Director's role is often summed up as supervising management from an external, independent view. I approach my work by asking how I can contribute to the company's growth and creation of corporate value using my unique, varied background. To date, I have spent long stints in advertising and branding, environmental response, DE&I and other sustainability matters in general trading companies that develop various global businesses. As an Outside Director, I tap on this experience of having a bird's eye perspective on overall management.

Q What is your analysis and assessment of the status of the Company's current governance?

Ms. Kikuchi: I feel that the Board of Directors' discussions on various agenda items are free and open and that the membership of the Board is diverse, as there is an equal number of Internal and Outside Directors, half of the latter of whom are female. In addition, I also appreciate the educational opportunities provided to us, such as on-site inspections, as well as the efforts to further strengthen governance through a thorough review of the results of questionnaires on the effectiveness of the Board of Directors. On the other hand,

Roundtable Discussion with Outside Directors



improvements can be made in the selection of agenda items for Board of Directors' discussions. In addition, I believe that monitoring of execution of resolved proposal items is becoming increasingly important in order to further improve the level of deliberations. Corporate governance is an issue that requires continuous action to keep pace with diverse, changing values. It is not merely about complying with the Corporate Governance Code; what is needed is to enhance governance so we can measure up to the

standards of society as they shift from day to day.

Mr. Kamijo: Simply put, governance covers the domains of risk and compliance, and I understand there have been no major problems in either area. To the first point, governance, as Ms. Kikuchi has said, ensuring diversity in structure and roles is part of this. Ensuring observance of laws and regulations is part of compliance. As for risk, as the Company's products are used by a range of customers, I believe it is important to avoid injuries, accidents, or incidents, no matter how large or small, arising from the use of the Company's products.

Q What are your thoughts on discussions on further enhancing the Company's corporate value?

Mr. Kamijo: In order to further enhance corporate value, more discussions are necessary on how to showcase the Okamura brand to society. I give my feedback on presentation methods to the relevant departments when I go to visit exhibitions for inspections and notice things. If I could give my blunt opinion,

manufacturers often think that their products will sell because the products are good. Therefore, they must promote themselves properly without hesitation in order for others to understand their merits.

Ms. Kikuchi: I completely agree with Mr. Kamijo. I think it will be important for the entire company to rethink what the Okamura brand is once again, including what sets it apart from other companies, and confidently appeal to society. It is a great pity that the solid performance in its Store Displays business, Material Handling Systems business, and Powertrain business (which together account for nearly half of the Company's net sales) does not receive much recognition.

Mr. Kamijo: The Company is in a position where it finds itself fending off competing companies and competing over price. This is precisely why it must create new demand and stay at the forefront of the industry, and what supports that is its brand. I believe that very few people have a negative image of the Company's brand. Further, Okamura's products are all strong in their own right. I hope that Okamura will promote itself without hesitation. In addition, there is the question of how the Company can use its plentiful cash to lay a strategic foundation for the future, to further raise its corporate value and expand further.

Ms. Kikuchi: Mr. Kamijo has mentioned the Company's abundant cash. A specific example I would like to highlight is the Okamura Digital Collection of digital furniture optimized for the metaverse, as well as the "Research Lab that Creates the Future of Stores (MISEIKU LAB)." I see these as representing the first step in making solid progress on the initiatives needed to create new demand in the future. I have also received reports that the PROGRESS ONE AI-equipped autonomous picking robot combined with a remote control system is currently under development and demonstration experiments, but it is highly effective. I have high expectations for its future rollout.

Q What will be important for connecting the active participation of human resources with creating new demand and enhancing corporate value?

Mr. Kamijo: In order to pursue Creating New Demand, fundamentally, each employee must constantly be scanning for problems around them. Paying attention to problems in life and at work is important. At the same time, when management members take up the matters noticed by employees to management level, the creation of new demand begins and the market expands. As part of this process, I believe that the next generation of management should be given such as manager of subsidiaries and divisions so that they can gain experience in various kinds of business and corporate management. This is also connected to the issue of successor training. As for employees, as companies around the world are now actively investing in creating comfortable working environments, this is a good opportunity to encourage them to work hard at their jobs as they scan for social issues. The Board of Directors will strive to have more free and open discussions so that matters noticed by employees are taken up for discussion at the management level.

Ms. Kikuchi: To further refine proposal capabilities, manufacturing capabilities and product capabilities, having an intuition for problems at sites is extremely important. I hope all employees can visit sites in person and acquire the skill of sensing and picking up on social problems. Amid rising expectations to respond to the social issues of climate change problems and the environment, it is important for each individual to always be thinking about how these various social issues could



Roundtable Discussion with Outside Directors

be solved through business activities. I expect the relevant departments to promote education that fosters such awareness. As for management members, it is critical to constantly be thinking about training their respective successors. Speaking from my experience to date, I believe that this is essential for the Company's sustainable growth.

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

Ms. Kikuchi: Amid the numerous complex currents that society has traversed to date, what is needed is for the Company to show its comprehensive abilities and produce products that are distinct to Okamura. The Company has the ability to demonstrate its comprehensive abilities to an even higher degree that it is already doing. I will do my best to provide support and guidance so that the Company can transcend the divisional boundaries with employees from different departments interacting and vitalizing the business, and let its comprehensive capabilities shine. Finally, from the perspective of sustainability, it is necessary to take a proactive approach to sustainability initiatives, exploring how each and every chair, for example, can lead to solving a social issue, and I also hope to be of support in this regard.

Mr. Kamijo: The Company has set a truly wonderful goal of Creating New Demand. This is the aspect of the Company that I find the most impressive. My previous company's business was B to C in nature, in which a reduction in the volume of C would result in a market shrinkage. However, the Company's goal of creating new demand involves growing the market regardless of changes in the external environment. I firmly believe that Creating New Demand can be achieved if the Company comes together as one to discover insights with a strong mindset for identifying the problems faced by customers or what is missing from a space from the perspective of a consumer. The approach of drawing knowledge out from employees will certainly lead to creating new demand.

Message from an Outside Auditor



I will support the overseas expansion of the Okamura Group which aims to become a demand creating company from the standpoint of an Outside Auditor

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.

The management direction of the Okamura Group has continued to be effective as it prioritizes both products and services with the aim of "Realizing a society where people can thrive," and the CEO's message of providing value to advance into the future as a demand creating company has reached all corners of the Company.

Major changes continue to take place in the business environment, ranging from rapid transformations in work styles and offices, the geopolitical situation, soaring prices, fluctuating exchange rates, chaotic logistics conditions, labor shortages due to declining birthrates and changing attitudes, and sustainability-related disclosure requirements. In the midst of these, one highlight is that the flow of inbound labor to Japan is accelerating with the calming down of the COVID-19 pandemic and exchange rate movements, and Japanese society and culture are receiving more attention.

I think that the Okamura Group is a company that has grown its business primarily by adapting to the Japanese market and the overseas expansion of Japanese companies. That said, with the recent acquisition of Singapore company DB&B Holdings Pte. Ltd. as a wholly owned subsidiary, the Company has begun to lay a foundation for future expansion into China and Southeast Asia. In addition, the Company's brand is starting to achieve steady recognition, given the several international design awards it has won, such as the Silver Award in the Best of NeoCon 2024 Awards at NeoCon, North America's largest trade interior design exhibition, the German Red Dot Award, and the iF DESIGN AWARD. Important stakeholders now have their eye on the overseas perspective as well, and the Board of Directors' discussions also reflect this shift.

Doing business and building relationships overseas entails risk, as it involves cultures and market backgrounds different from those of Japan. I expect the executives to make solid efforts and will monitor them as an auditor.

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.

Sustainability Report 2024
Risk Management ▶ P.126-130

Securities report
Business and Other 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.

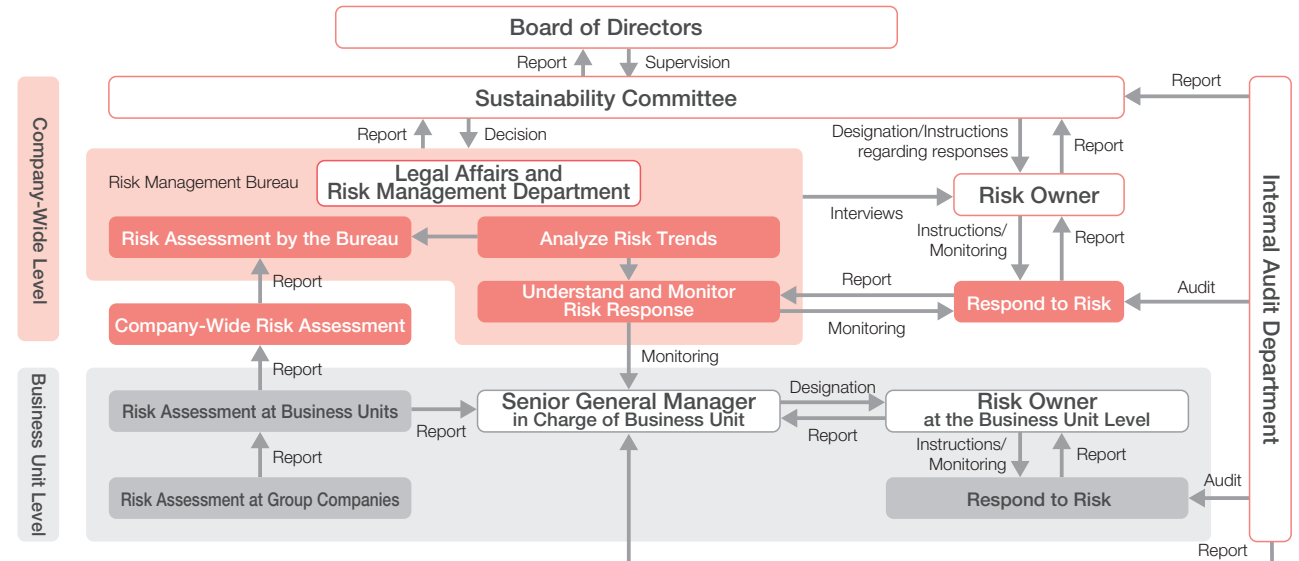
Risk Assessment

In risk assessment, risks are first identified, and then evaluated after analyzing the identified risks in terms of its likelihood of occurring and its degree of impact using risk maps.

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.

Diagram of the Risk Management System



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 Map

	1	2	3	4	5
5			High	Serious	Serious
4				High	Serious
3					High
2					
1					
	1	2	3	4	5
Degree of Impact					

Risk Management

Priority Risks

4 Material management issues	Major risks		Countermeasures
Creating environments where people can thrive	Develop products and services <Priority Risks> Development of products and services	If our development of products and services does not keep up with the pace of change in customer preferences and we are unable to provide products and services that exceed customer expectations in a timely manner, we may be impacted by a resulting decline in customer satisfaction. Moreover, the Group belongs to a highly competitive industry, and the Group's business performance may be adversely affected if our competitors copy the Group's product designs or technologies and sell these at a lower price, or if they increase their market share through more sophisticated designs and technologies.	The Group believes 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, and recognizes that this constant search of differing concepts leads to the creation of entirely new markets. We leverage our reliable manufacturing backed by the advanced ability to solve customers' issues, and the design capabilities and advanced production technologies that bring shape to the necessary products, to build strong relationships of trust with customers and expand our business domains.
	Maintain and improve the quality of products and services <Priority Risks> Quality of products and services	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. Although the Group manufactures each product in accordance with 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.	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 have established management systems for safety and product quality across the entire supply chain, including the establishment of the Quality Assurance Committee. We identify more detailed risks, including the possibility of serious accidents and defects, as well as promoting and supporting the formulation of annual plans and activities to address these risks and monitoring the progress of these plans and activities. We also provide practical quality control training, incorporating case studies, at each stage in the supply chain through cooperative relationships with our suppliers. We constantly review our quality control approach and activities to maintain a robust approach, striving to maintain and improve quality through ongoing quality control and improvement activities.
Pursuing employee engagement	Human capital and diversity <Priority Risks> Human resources, health and safety, labor, human rights	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.	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 this 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.  Message from the Chief HR Officer ▶ P.47-48
Global environmental initiatives	Climate change <Priority Risks> Climate change and the transition to a resource recycling-oriented society	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.	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.  Support for and Information Disclosure Based on TCFD Recommendations ▶ P.53

Risk Management

Priority Risks

4 Material management issues	Major risks		Countermeasures
Responsible corporate behavior	Supply chain disruption <Priority Risks> Large-scale natural disasters, procurement of materials and raw materials, accidents and man-made disasters	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.	In the Emergency Response Rules, we have set forth the Group's response in the event of an emergency that may seriously affect society and or the Company's business activities. We have also established manuals that describe detailed procedures and are prepared to prevent situations from spreading and bring them under control at an early stage through swift and appropriate action. Through mutual collaboration with suppliers, we are striving to improve business through mutual collaboration, as well as practice procurement that emphasizes sustainability.
	Governance and compliance <Priority Risks> Governance, credibility, legal and regulatory compliance	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.	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.
	Information security <Priority Risks> Information security	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. If our countermeasures and response measures fail to keep pace with the increasingly sophisticated cyberattacks, etc., it could result in a serious information security incident that could lead to deterioration in our social credibility or the suspension of operations, thereby adversely affecting the Group's business performance.	The Group has established the Confidential Information Management Rules on the handling of confidential information and holds in strict confidence all confidential information, including electronic data. We have also signed agreements with suppliers regarding the protection of confidential information to implement appropriate information management. We appropriately handle personal information in accordance with the PrivacyMark System. We are stepping up measures to prevent the occurrence of information security incidents, such as virus infections and unauthorized access due to cyberattacks, etc., based on the Information Security Policy we have established for the purposes of protecting critical information assets and maintaining their confidentiality, integrity, and availability. This includes establishing new rules concerning information security management. We 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. In addition, for employees, we have established appropriate information usage methods in our Rules for Using Internal Information Systems. 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.
Changes in financial position, operating results, and cash flows other than those stated above	Financial situation <Priority Risks> Changes in the economic environment	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.	The Group strives 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.

Risk Management

Initiatives for Various 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.

Initiatives

● Revised the Code of Conduct in October 2022

We revised the Code 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.

● Implemented the Work Environment Improvement Program

We implemented this program for Okamura Corporation in FY2022 and for all domestic Group companies in FY2023.
We aim to eliminate all forms of behavior that harm psychological safety from the workplace, including but not limited to sexual harassment and power harassment.

● Implemented various kinds of training for employees

In addition to compliance training for new employees and newly appointed executives, we hold e-learning training for all employees four times a year. We also work to raise compliance awareness through topical training, annual training and training on role-specific compliance issues.

Sustainability Report 2024
Promoting Compliance ▶ P.131-134
Respect for Human Rights ▶ P.135-136

Initiatives for human rights

The Okamura Group aims to realize a society in which all people can work and live with vitality and smiles. In May 2022, we established the Okamura Group Human Rights Policy with the purpose of fulfilling our responsibility to respect the humans rights of all people who are impacted by our business activities.

In formulating the policy, we commissioned a desktop study by Caux Round Table (CRT) Japan and held workshops in which the persons in charge of relevant departments participated to deepen their understanding of the Okamura Group and human rights and establish the human rights policy.

Okamura Group Human Rights Policy
▶ https://www.okamura.co.jp/company/sustainability/policy/human_rights_policy_en.pdf

Identification of Okamura Group human rights risks

Method for identifying risks	Results identified	Setting priority issues
<ul style="list-style-type: none">● Desktop study by Caux Round Table (CRT) Japan● Identifying issues through a workshop involving 19 employees from 10 human resources, purchasing, and other departments● Sorting issues according to the value chain	<ul style="list-style-type: none">● Procurement, manufacturing, logistics, and construction<ul style="list-style-type: none">・ Foreign labor force (including technical intern trainees)● Across the value chain as a whole<ul style="list-style-type: none">・ Occupational safety and health・ Long working hours・ Various types of harassment and discrimination	<ul style="list-style-type: none">● Human rights issues for foreign technical intern trainees● Supply chain human rights issues <p>The relevant departments will work to address issues other than priority issues on a continuous basis</p>

Risk Management

Initiatives for Various Risks



Sustainability Report 2024
Information Security Measures
▶ P.130

Information Security

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. In order to implement suitable and organization-wide information security measures, we established the Information Security Management Rules that serve to prevent information security accidents before they occur, and to minimize harm in the event of such accidents. We also implement security measures and provide guidance regarding control for each Group company mainly regarding computers, servers, and networks that form the system infrastructure, such as introducing data encryption on personal computers, collection of personal computer operational logs, and website filtering systems.

Initiatives

● Information security promotion system

We launched OKAMURA-CSIRT in October 2020. With a Corporate Functional Officer as the responsible person in charge, the body engages in day-to-day activities to prevent information security accidents and prepare for a scenario where such an accident occurs, working primarily with relevant departments such as general affairs, legal affairs, information systems, public relations, and customer service offices.

● Assessment of information security risks

As part of our risk management activities, we perform comprehensive self-assessments based on the Ministry of Economy, Trade and Industry's cybersecurity management guidelines. We analyze information security risks from organizational, human, physical, and technical perspectives, clarify our priorities, and implement measures.

● Implemented various kinds of training for employees

In order to raise awareness of information security, the Okamura Group educates employees through e-learning and targeted attack email training. 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.



Sustainability Report 2024
Provision of Safe and High-Quality Products and Services
▶ P.41-42

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.

Initiatives

● For providing safe and high-quality products and services


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.

● Implementation of various kinds of training for employees

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.

Risk Management

Initiatives for Various Risks

 Sustainability Report 2024
Okamura Group Human Resource
Strategy ▶ P.73-78

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 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.

Initiatives

We proceed with human capital management based on the two pillars of human resource development and employee engagement improvement.

Human resource development	We are currently implementing 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 launch of in-house university “Okamura University (abbreviation: OkaUni)” which holds courses open to all who work in the Okamura Group, including part-time and temporary workers and employees of subsidiaries and associates, to improve their skills and think about their career. In addition, we renewed the in-house open application challenge system and global human resources development system, and introduced a talent management system to help employees visualize their career path.
Employee engagement improvement	In August 2023, we implemented an engagement survey using an external organization in order to measure employee engagement from a fixed reference point. The survey response rate was 97.7% and the average score for all Group companies was CCC on a scale of A to D. Based on the results, we identified the following priority challenges and are working on specific measures to address the same: strengthening the connection between company policy and employee’s work, strengthening communication between management and regular employees, and pursuing a comfortable working environment.

Implementation of Employee Engagement Meetings

Since FY2023, Okamura has held Employee Engagement Meetings led by department managers where individual employees may think about what employee engagement means to them personally. The theme for these meetings in FY2023 was, “why it is necessary to consider employee engagement now.” 95% of all Okamura departments held Employee Engagement Meetings, of which 97% of department managers responded that they felt it was meaningful in a questionnaire distributed.

The theme in FY2024 was “Okamura’s current employee engagement improvement,” for which department managers gave a presentation on the social backdrop, Okamura’s Purpose and Mission, and the company’s serious efforts geared at making employees come alive.

We held a workshop as an internal department discussion to improve employee engagement, at which the results of the engagement survey implemented in August 2023 were used to identify organizational strengths and weaknesses and discuss an action plan for raising employee engagement as a department.

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, towards achieving its Purpose of “Realizing a society where people can thrive.” 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.



Sustainability Report 2024

Stakeholder Engagement ▶ P.23-24

Stakeholders	Basic Stance	Main Activities/Communication Tools	Frequency/Number of Cases/ Number of Times	Incorporation into Management, Products or Services
Customers	We will continue to take on the challenge of creating new values, markets and trends by providing society with innovative products and services with reliable quality and safety, working towards “Realizing a society where people can thrive.” We clearly state the “provision of safe and high-quality products and services” in our Code of Conduct, and aim to provide products and services that lead to increased customer satisfaction.	Customer Service Office After-sales maintenance (inspections and repairs) Communicating product information Publishing installation examples and information magazines	Routinely (Number of inquiries in fiscal 2023: 18,727) Routinely Routinely	● Improve products and services based on feedback and suggestions received ● Provide suggestions on new value and trends
Dealerships	Not only do we sell our products directly, but we also sell our 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 Various workshops Information website for dealerships	Routinely Routinely Routinely	● Improve products and services based on feedback received ● Improve measures for various dealerships
Suppliers	We clearly state in our 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,” and we promote initiatives to strengthen cooperative relationships. We have established Sustainable Procurement Guidelines, and on 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 Regular interviews and visits Electronic network system	Routinely Routinely Routinely	● Reinforce activities aimed at improving business and procurement focused on sustainability through mutual collaboration
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 Financial Results Briefings Publication of Integrated Report Individual meetings Small meetings and facility tours, etc. Information magazine and website Questionnaires for individual shareholders and individual investors	Once a year Twice a year Once a year As needed (123 meetings in fiscal 2023) As needed (4 times in fiscal 2023) As needed As needed	● Enhance management transparency by expanding communication
Employees and their families	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 work vibrantly based on a fair labor-management relationship, linking this to the growth of the company and “Work in Life” of employees.	Discussions between employees and management Initiatives to realize employees “Work in Life” Activities promoting diversity, equity and inclusion	Routinely Routinely Routinely	● Nurture talent aimed to improve employee engagement, and carry out measures to promote job engagement reform
Society and government	We strive to contribute to building a sustainable society and 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, as a form of Social Responsibility, one of the pillars of our Corporate Philosophy.	Dialogue with government agencies Various forms of communication with local governments where production plants are located Activities contributing to local communities Disseminating information through publications and websites	As needed Routinely As needed Routinely	● Incorporate findings aimed at building better relationships with local communities and reflect them in various measures

5

Financial/Company Data

Contents

- 76 Materiality KPIs and Progress
- 78 Five-year Consolidated Financial Summary
- 79 Company Information/Stock Information

Materiality KPIs and Progress



Sustainability Report 2024
Sustainability Action Plan (Material Issues) ▶ P.20-22

SUSTAINABLE DEVELOPMENT GOALS



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. The progress of initiatives is monitored by organizational units responsible for their implementation, such as Sustainability Committee and the Sustainability Promotion Project.

■ Sustainability Action Plan (Material Issues)

Areas	Material Issues	KPIs	Fiscal 2023 Targets	Fiscal 2023 Results	Fiscal 2024 Targets	Mid-to Long-Term Targets
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 May 10, 2023 Disclosure Midterm Management Plan 2025 Explanatory materials: ▶ https://ir.okamura.co.jp/en/library/managementplan/ 	<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"> Disclosed on May 13, 2024, Financial Results Briefing material for the fiscal year ending March 2024 Disclosed on May 13, 2024, Financial Results Briefing material for the fiscal year ending March 2024 ▶ https://contents.xj-storage.jp/xcontents/AS00990/a1bef89c/bc47/4113/b4db/075f83341e4d/20240628184442308s.pdf 	<ul style="list-style-type: none"> Continue with fiscal 2023 targets 	<ul style="list-style-type: none"> Realize a society where people can thrive by providing new value to customers and society
	Providing safe products and services 9 12	<ul style="list-style-type: none"> Number of serious product accidents* 	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> —
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 conserving resources and reducing waste Promote environmentally conscious planning and design in product development 	<ul style="list-style-type: none"> Reduce production-related waste generation by 1% YoY per in-house finished product unit Expand proportion of GREEN WAVE and GREEN WAVE+ products developed 	<ul style="list-style-type: none"> Fell short of target with 3.1% YoY increase in generation of production-related waste, etc. per unit Currently working to increase the proportion of products developed 	<ul style="list-style-type: none"> Reduce generation of production-related waste, etc. by 1.0% YoY per in-house finished product unit Set management indicators for environmentally conscious products sold and have an accurate grasp of their performance 	<ul style="list-style-type: none"> Reduce production-related waste generation per unit by 9% in fiscal 2030 compared to fiscal 2020 —
	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 the impact on the environment 	<ul style="list-style-type: none"> Aggregate utilization rate based on the Timber Use Policy Reduce water consumption per unit by 1% YoY 	<ul style="list-style-type: none"> Currently complying with the Timber Use Policy Achieved target by reducing water consumption per unit by 5.8% YoY 	<ul style="list-style-type: none"> Reconfirm legality based on the Timber Use Policy Reduce use of water consumption by 1.0% YoY per in-house finished product unit 	<ul style="list-style-type: none"> — Reduce water consumption by 10% in fiscal 2030 (compared to fiscal 2020)
	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 	<ul style="list-style-type: none"> Reduce emissions by 1,000 t-CO₂/year across the entire Group <ul style="list-style-type: none"> Reduce industrial fuel consumption by 1% on average over 5 fiscal years Reduce vehicle fuel consumption by 5% on average over 5 fiscal years 	<ul style="list-style-type: none"> Reduced emissions by 1,264 t-CO₂/year across the entire Group <ul style="list-style-type: none"> Achieved target by reducing industrial fuel consumption by a five-year average of 6.5% Achieved target by reducing vehicle fuel consumption by a five-year average of 15.7% 	<ul style="list-style-type: none"> Reduce Scope 1 + 2 emissions by 20% compared to fiscal 2020 across the entire Group <ul style="list-style-type: none"> Reduce industrial fuel consumption by 1.0% on average over 5 fiscal years Reduce vehicle fuel consumption by 5.0% on average over 5 fiscal years 	<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
		<ul style="list-style-type: none"> Increase energy productivity 	<ul style="list-style-type: none"> Increase energy productivity by 1% YoY 	<ul style="list-style-type: none"> Fell short of target due to decrease in energy productivity by 0.6% YoY 	<ul style="list-style-type: none"> Efficient use of energy in compliance with the Energy Conservation Act Reduce production-related unit energy consumption per in-house finished product by 1.1% YoY Maintain office-related energy consumption per unit of all employees 	<ul style="list-style-type: none"> Improve energy productivity by 10% in fiscal 2030 (compared to fiscal 2020)

The numbers above indicate the related SDGs.

*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.

Materiality KPIs and Progress

Areas	Material Issues	KPIs	Fiscal 2023 Targets	Fiscal 2023 Results	Fiscal 2024 Targets	Mid-to Long-Term Targets
Pursuing employee engagement*	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"> Rating as a results of engagement survey:CCC (See P.48 for reference) 	<ul style="list-style-type: none"> Improve the engagement score Designate priority items for improvement 	<ul style="list-style-type: none"> Achieve rating of B by fiscal 2025
	Promotion of DE&I (Diversity, Equity & Inclusion) 5 8 10	<ul style="list-style-type: none"> Percentage of female employees 	<ul style="list-style-type: none"> (By fiscal 2024: 22%) 	<ul style="list-style-type: none"> 22% 	<ul style="list-style-type: none"> 23% 	<ul style="list-style-type: none"> —
		<ul style="list-style-type: none"> Percentage of female managers 	<ul style="list-style-type: none"> 6.5% 	<ul style="list-style-type: none"> 6.8% 	<ul style="list-style-type: none"> 7% 	<ul style="list-style-type: none"> —
		<ul style="list-style-type: none"> Percentage of female new graduates hired (university graduates) 	<ul style="list-style-type: none"> (By fiscal 2024: 40-50%) 	<ul style="list-style-type: none"> 47.9% 	<ul style="list-style-type: none"> 40-50% 	<ul style="list-style-type: none"> —
		<ul style="list-style-type: none"> Percentage of male employees taking childcare leave 	<ul style="list-style-type: none"> 65% 	<ul style="list-style-type: none"> 63.3% 	<ul style="list-style-type: none"> 65% 	<ul style="list-style-type: none"> —
		<ul style="list-style-type: none"> Percentage of male employees taking childcare leave + spousal maternity leave 	<ul style="list-style-type: none"> — Target tracked from fiscal 2024 	<ul style="list-style-type: none"> 92.4% 	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> —
		<ul style="list-style-type: none"> Percentage of employees with disabilities 	<ul style="list-style-type: none"> 2.50% 	<ul style="list-style-type: none"> 2.55% 	<ul style="list-style-type: none"> 2.58% 	<ul style="list-style-type: none"> Fiscal 2025: 2.7%
	Supporting career development and strengthening specialized human resources development 4 8	<ul style="list-style-type: none"> Implementation rate of skill development interviews 	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> 96.4% 	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> —
		<ul style="list-style-type: none"> Implement various measures for specialized jobs to further foster specialist skills 	<ul style="list-style-type: none"> Identify technologies and skills for specialized jobs 	<ul style="list-style-type: none"> Promoted the acquisition of knowledge and national certifications, etc. to strengthen capabilities 	<ul style="list-style-type: none"> Build systems and schemes for planning and managing programs for specialized human resources development in line with each Division's strategies 	<ul style="list-style-type: none"> —
		<ul style="list-style-type: none"> Survey on participation in the Okamura University, "Towards Your Future Career" 	<ul style="list-style-type: none"> Degree of satisfaction: 80% 	<ul style="list-style-type: none"> 89.6% of participants answered that it would help their future career 	<ul style="list-style-type: none"> 95% of participants answering that it would help their future career 	<ul style="list-style-type: none"> —
Responsible corporate behavior	Fair, transparent, honest behavior 5 8 10 16 17	<ul style="list-style-type: none"> Implementation rate of sustainable procurement surveys 	<ul style="list-style-type: none"> 67% based on transaction amount 	<ul style="list-style-type: none"> 71% based on transaction amount 	<ul style="list-style-type: none"> 70% based on transaction amount 	<ul style="list-style-type: none"> —
		<ul style="list-style-type: none"> Implementation rate of sustainable procurement on-site audits 	<ul style="list-style-type: none"> 100% for high-risk suppliers 	<ul style="list-style-type: none"> 100% implemented 	<ul style="list-style-type: none"> 100% for high-risk suppliers 	
		<ul style="list-style-type: none"> Implement and expand in-house human rights education for synergy effect with sustainable procurement 	<ul style="list-style-type: none"> Provide training to departments related to purchasing 	<ul style="list-style-type: none"> 57 people in 20 departments 	<ul style="list-style-type: none"> Continue to provide training to departments related to purchasing 	
		<ul style="list-style-type: none"> Implementation rate for compliance education conducted at time of hire and for newly appointed executives 	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> 100% 	
		<ul style="list-style-type: none"> Expand compliance training 	<ul style="list-style-type: none"> Implement various types of compliance training 	<ul style="list-style-type: none"> Conducted company-wide compliance training (4 times/year) Conducted other issue-specific training 	<ul style="list-style-type: none"> Expand compliance training 	
	Strengthening risk management 10 11 16	<ul style="list-style-type: none"> Establish a Business Continuity Plan (BCP) for disasters 	<ul style="list-style-type: none"> Review hazard maps (for earthquakes and floods) 	<ul style="list-style-type: none"> The database of each business location has been linked to the hazard map portal site (Ministry of Land, Infrastructure, Transport and Tourism) 	<ul style="list-style-type: none"> Review the disaster response manuals Establish a Business Continuity Plan (BCP) for disasters 	<ul style="list-style-type: none"> —
		<ul style="list-style-type: none"> Manage personal information in line with the requirements of the countries within which we operate 	<ul style="list-style-type: none"> Comply with laws and regulations regarding personal information management in other countries within which we operate 	<ul style="list-style-type: none"> Revised privacy policy to meet the requirements of regulations 	<ul style="list-style-type: none"> — (Excluded from monitoring as a target from fiscal 2024) 	<ul style="list-style-type: none"> —
	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 	<ul style="list-style-type: none"> Conduct stakeholder dialogues with various external ESG-related experts 	<ul style="list-style-type: none"> —

The numbers above indicate the related SDGs.

*Scope of coverage: Okamura Corporation only

Five-year Consolidated Financial Summary

FY			2019	2020	2021	2022	2023
Operating Results (for fiscal year)	Net sales	(Millions of yen)	253,170	244,454	261,175	277,015	298,295
	Gross profit	(Millions of yen)	81,748	80,113	83,587	89,005	99,772
	Selling, general and administrative expenses	(Millions of yen)	68,357	65,937	67,614	71,632	75,735
	Operating profit	(Millions of yen)	13,391	14,175	15,972	17,372	24,036
	Ordinary profit	(Millions of yen)	14,712	15,377	17,491	18,924	26,227
	Profit attributable to owners of parent	(Millions of yen)	9,851	11,971	14,992	15,906	20,280
Financial Positions (end of fiscal year)	Total assets	(Millions of yen)	236,327	245,473	245,372	252,914	282,118
	Net assets	(Millions of yen)	135,497	139,776	144,121	152,702	174,795
Cash Flows	Cash flows from operating activities	(Millions of yen)	14,501	26,921	5,328	13,491	21,351
	Cash flows from investing activities	(Millions of yen)	(5,661)	(833)	(2,264)	(6,660)	(12,248)
	Cash flows from financing activities	(Millions of yen)	(4,388)	(13,073)	(8,601)	(9,485)	(8,200)
	Cash and cash equivalents at end of period	(Millions of yen)	31,497	44,419	39,186	36,999	38,215
	Balance of loans payable and bonds payable at end of period	(Millions of yen)	22,140	21,721	21,594	21,159	20,862
Per Share Data	Basic earnings per share (EPS)	(Yen)	89.44	112.51	151.26	163.15	214.27
	Net assets per share (BPS)	(Yen)	1,219.18	1,381.61	1,459.34	1,592.79	1,821.10
	Annual dividends per share	(Yen)	32.00	32.00	40.00	55.00	86.00
Financial Indicators	Ratio of operating profit to net sales	(%)	5.3	5.8	6.1	6.3	8.1
	Return on equity (ROE)	(%)	7.5	8.8	10.7	10.8	12.6
	Return on assets (ROA)	(%)	6.3	6.4	7.1	7.6	9.8
	Equity ratio	(%)	56.8	56.5	58.1	59.6	61.1
	Payout ratio	(%)	35.8	28.4	26.4	33.7	40.1
	Total payout ratio	(%)	35.8	101.6	49.8	58.7	40.1
Other	Number of employees (consolidated)	(Persons)	5,145	5,204	5,406	5,492	5,491

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

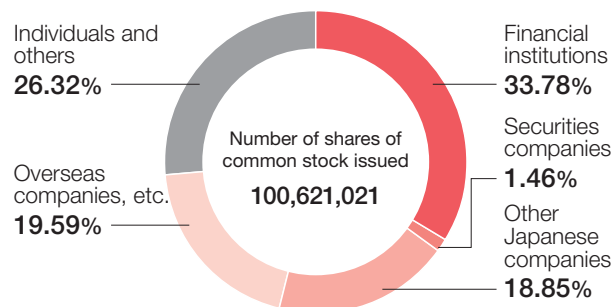
The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020), etc. from the beginning of FY2021. The main management indicators, etc., for FY2021 and beyond reflect the adoption of said accounting standard.

Company Information/Stock Information (As of March 31, 2024)

Company Data

Company name	OKAMURA CORPORATION
Head office	Tenri Bldg.19F, 1-4-1, Kitasaiwai Nishi-ku, Yokohama, Kanagawa 220-0004, Japan
Foundation	October 1945
Paid-in capital	18,670 million yen
Number of employees	5,491(consolidated) / 3,940 (non-consolidated)
Subsidiaries and associates	42 companies ▶ https://www.okamura.co.jp/corporate/outline/group.html (Japanese)
Number of shares of common stock issued	100,621,021 (including 5,783,947 shares of treasury stock)
Trading units (shares)	100
Number of shareholders	10,202
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

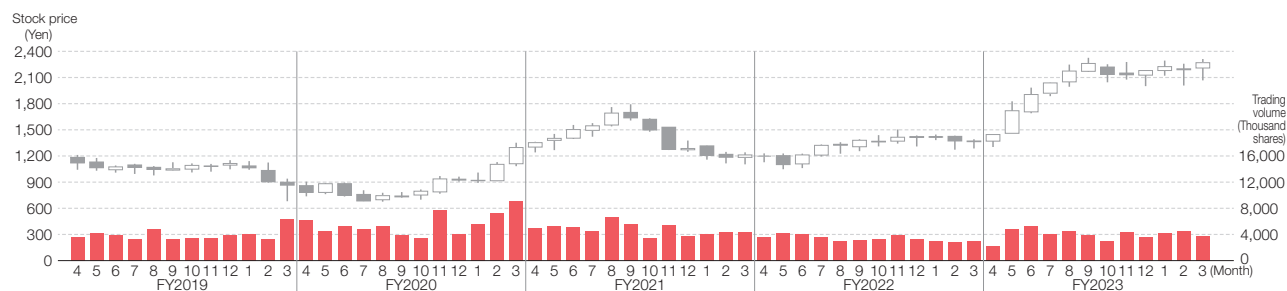


Major Shareholders

Shareholder	(Thousand shares)	(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,911	11.51
Custody Bank of Japan, Ltd. (Trust Account)	5,342	5.63
Nippon Steel Corporation	5,313	5.60
Okamura Group Employees Stock Ownership Plan	5,255	5.54
Meiji Yasuda Life Insurance Company	4,892	5.16
MUFG Bank, Ltd.	4,350	4.59
Okamura Cooperation Companies Stock Ownership Plan	3,811	4.02
Mitsui Sumitomo Insurance Company, Limited	3,036	3.20
The Bank of Yokohama, Ltd.	2,853	3.01
GOVERNMENT OF NORWAY	1,812	1.91

Notes: The number of shares held is rounded down to the nearest thousand.
The holding ratio excludes 5,783,947 shares of treasury stock held by the Company.

Stock Price Performance and Trading Volume



Stock-Related Data

		End of FY2019	End of FY2020	End of FY2021	End of FY2022	End of FY2023
Period-end stock price	(Yen)	865	1,297	1,212	1,364	2,270
Price-to-earnings ratio (P/E)	(X)	9.7	11.5	8.0	8.4	10.6
Price-to-book value ratio (P/B)	(X)	0.71	0.94	0.83	0.86	1.25
Total shareholder return (TSR)* over the last five years (Comparison index: TOPIX Total Return)	(%)	63.8 (85.9)	95.8 (122.1)	92.7 (124.6)	107.0 (131.8)	217.0 (196.2)

*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.

