

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

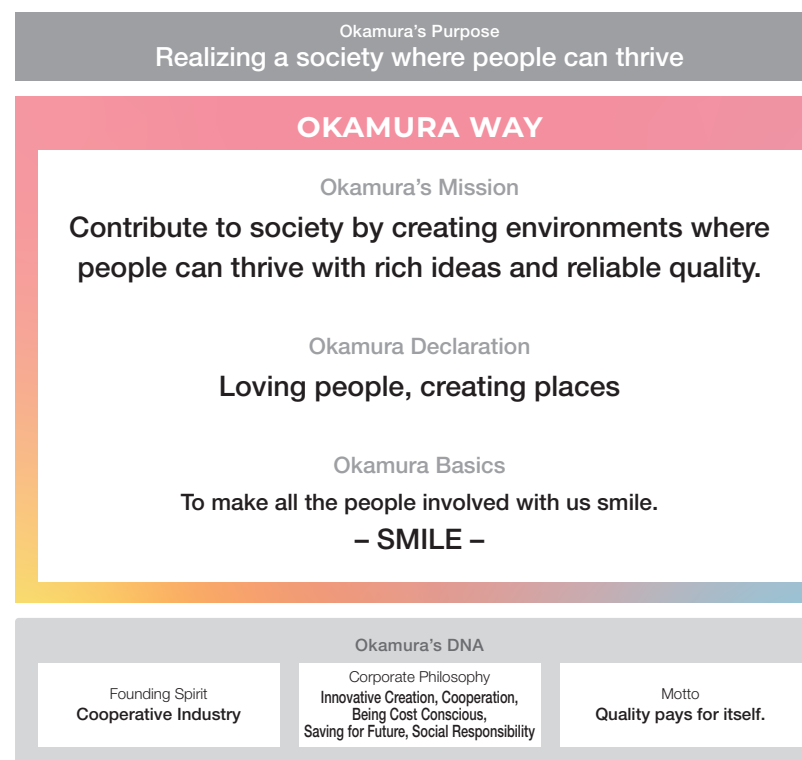
Carrying out our Mission while changing the company with the times

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.

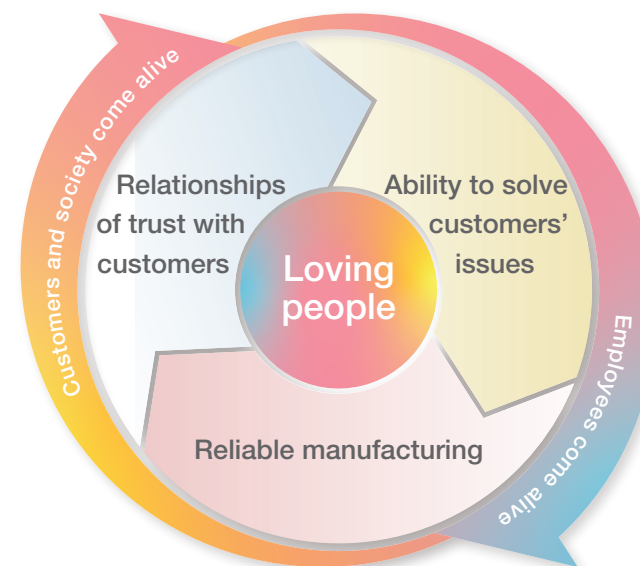
Based on our strengths, we will grasp the shifts taking place around the world, create demand on our own, and develop markets. We recognize that this is the greatest feature of our business model. The products we provide, from office furniture to other items, are meant to be used for a long time and 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

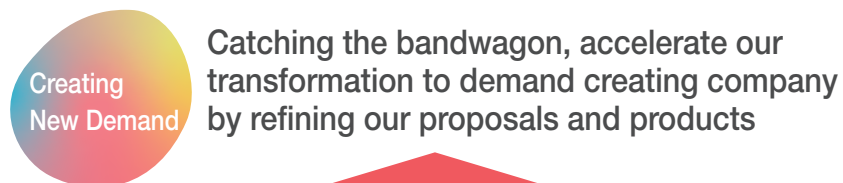
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■ The Okamura Group’s Three Strengths



Message from the CEO

■ Aims of the Midterm Management Plan 2025



Strengthening the Management Foundation

Human Resource Development and Improving Employee Engagement

Accelerating the Digital Transformation

Enhancement of High-mix, Variable-volume Production System

Development of Overseas Business Rooted in the Local Market

Initiatives to Address Social Issues

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

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.

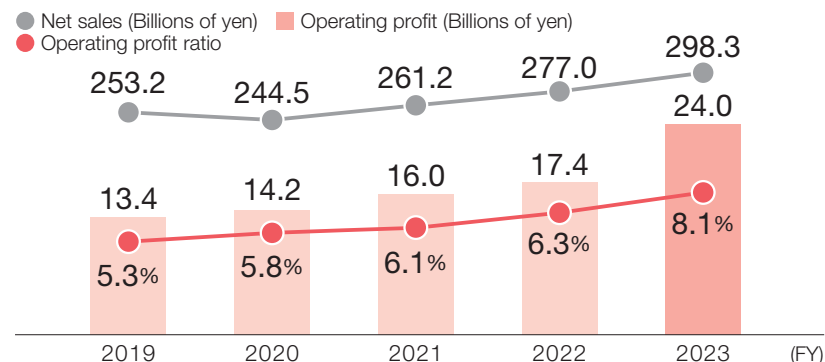
To sum up, starting from FY2022 when the COVID-19 pandemic began to calm down, people's mindsets and values changed significantly, and the Okamura Group's proposals proved to be a solid match for them. On the whole, I would like to say that it has been a positive first year of the plan, with the theme 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

Business Segment	Percentage
Office Furniture Business	54.2%
Store Displays Business	37.4%
Material Handling Systems Business	6.2%
Others	2.2%



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



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

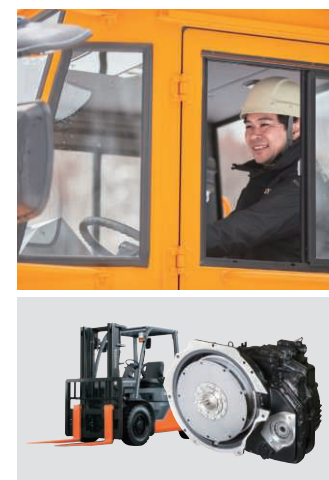


Store Displays Business

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



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

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

Okamura in Numbers

*Figures are as of October 2024 unless otherwise noted

Year of Foundation

1945

Initiatives Relating to the Global Environment

Began in **1966**

Initiatives for Carbon Neutrality

A reduction of around **30%**

*Compared to FY2020

Number of Employees (Consolidated)

5,491

*As of March 31, 2024

Ratio of Childcare Leave Consumed

73.4%

(Male: 63.3%; female: 100.0%)

*From March 21, 2023 to March 20, 2024

Total Training and Education Expenses

Approx. **240** million

*From March 21, 2023 to March 20, 2024

Number of Design Awards Received

756

Units of Flagship Chair “Contessa” Sold

753,000

*Aggregated domestic and international sales of Contessa and Contessa II as of August 2024

Number of Stores that Have Installed Our Store Displays

Over **9,000**

*FY2023

Number of Sites that Have Installed Our Material Handling Systems

Over **100**

*FY2023

Number of Countries Using Our Powertrains

Over **100**

Number of Patents Held

1,403

*As of September 2024

Number of Design Registrations Held

2,277

*As of September 2024

National Skills Competition Japan

Since 2013 Participated for **11 consecutive years**

Number of Production Locations

16

(Domestic: 12; overseas: 4)

Number of Logistics Bases

27

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)

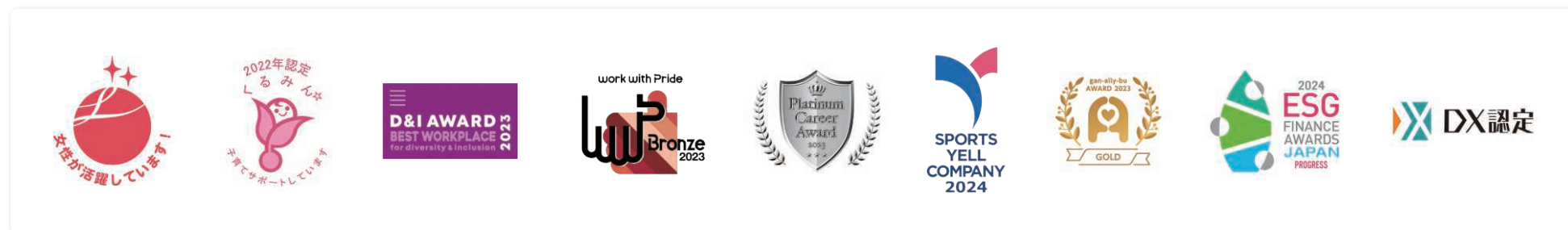


2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program (White 500)

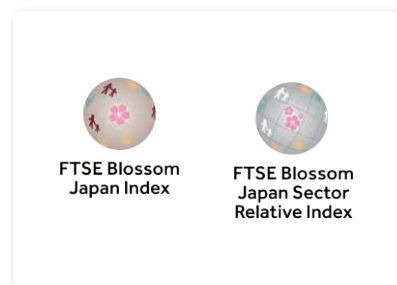
Okamura was certified as a "White 500" enterprise, being among the top of the 2,988 organizations under the large enterprise category recognized in the Certified KENKO Investment for Health Outstanding Organizations selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. 2024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



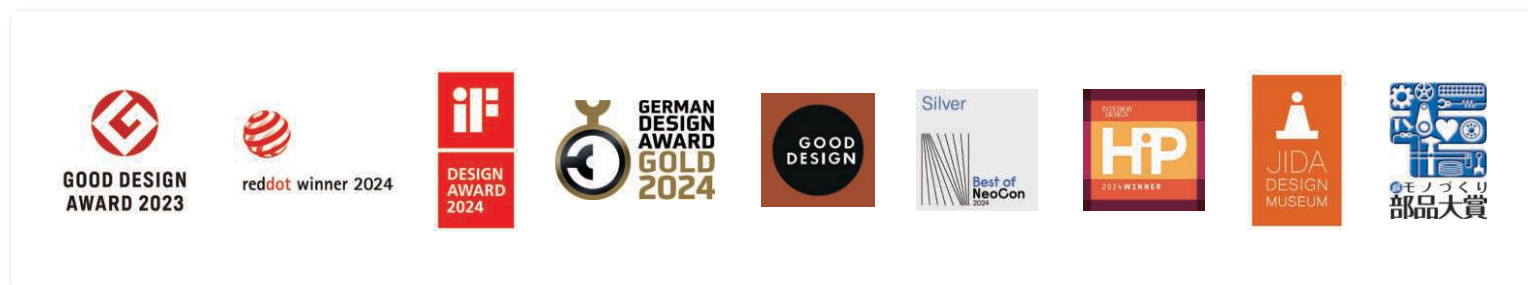
Sustainability Related



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.