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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

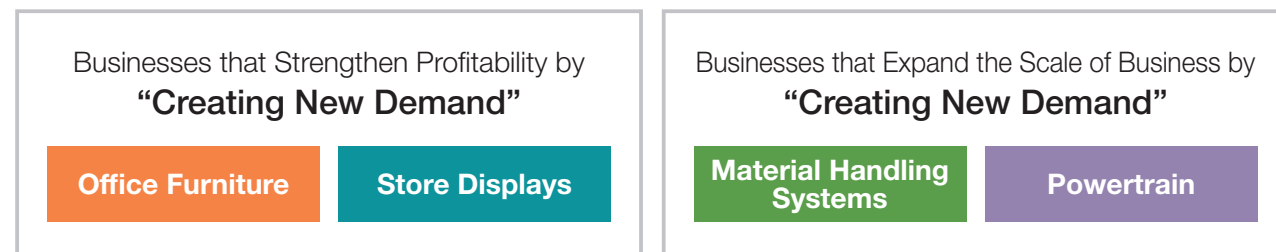
- | | |
|--|--|
| 31 Overview of the Midterm Management Plan 2025 | 46 Production and Supply System |
| 34 Strategies for Each Business | 47 Message from the Chief HR Officer |
| 34 Office Furniture Business | 49 Message from the Chief DX Officer |
| 37 Store Displays Business | 51 Message from the Chief 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



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



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
Support career development, promote human resource development and employee engagement improvement	Accelerate the Digital Transformation in management, business, and work and promote DX human resource development	Maintain and strengthen competitive advantage by utilizing a transformative production system that responds to environmental changes	Development of local production for local consumption business through M&A and partnerships and joint ventures with leading local partners

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

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.

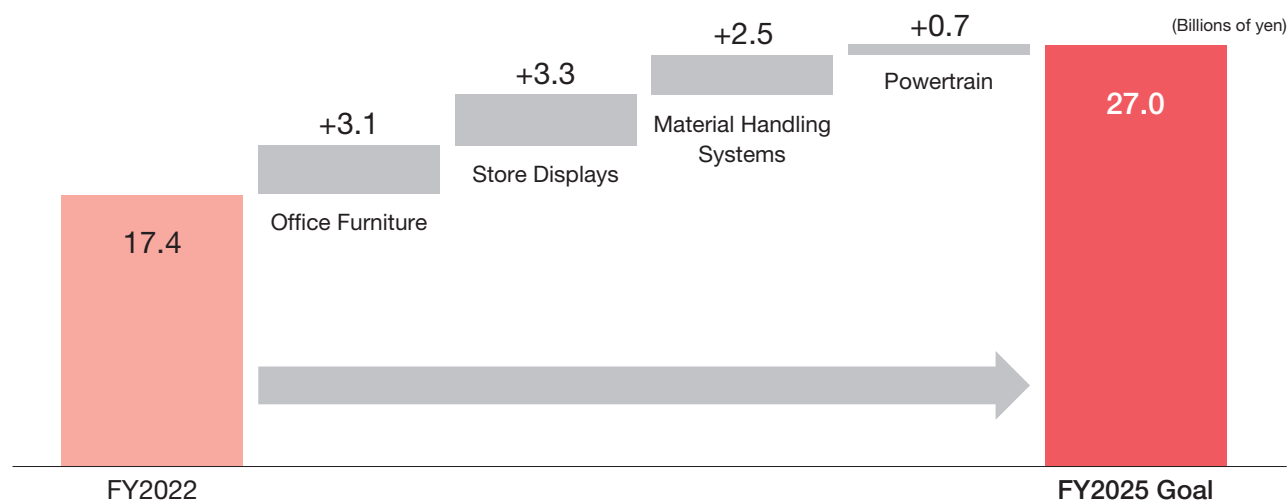
Based on this performance trend, we have revised our financial targets upwards for FY2025, the final year of the Midterm Management Plan 2025. We now aim for net sales of more than 325.0 billion yen, operating profit of 27.0 billion yen, operating profit ratio of 8.0% or more, and ROE of 10.0% or more. 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%)

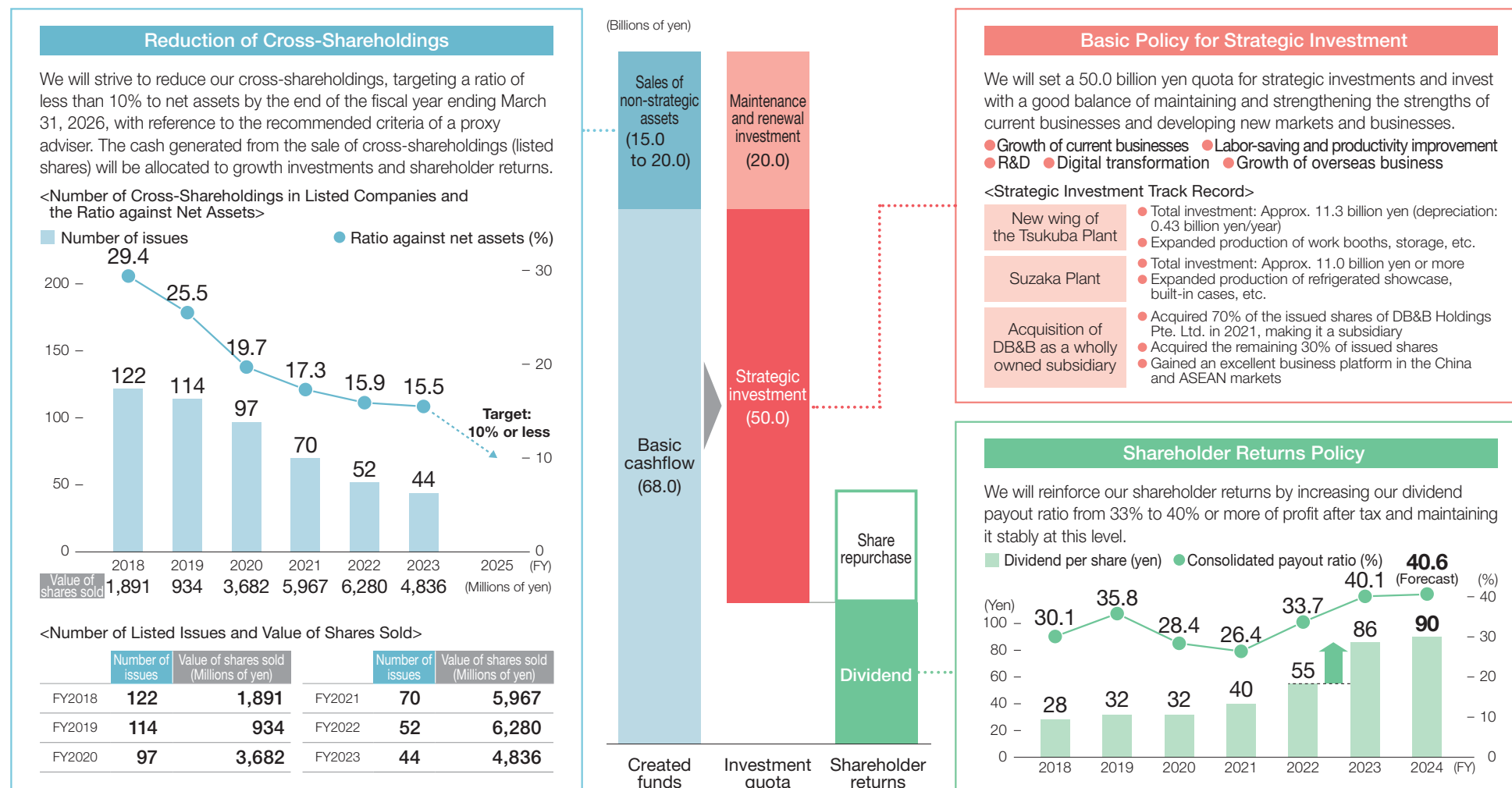
Breakdown of operating profit growth per business segment



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



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

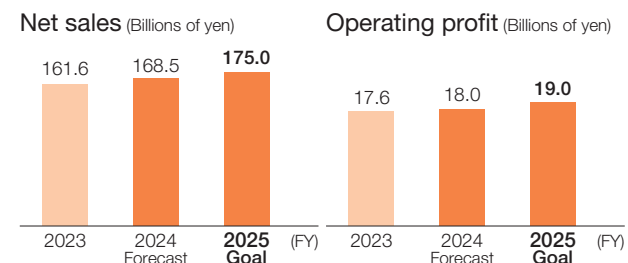
- Expand solutions business
- Strengthen e-commerce business
- Expand revenue of overseas business

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.



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

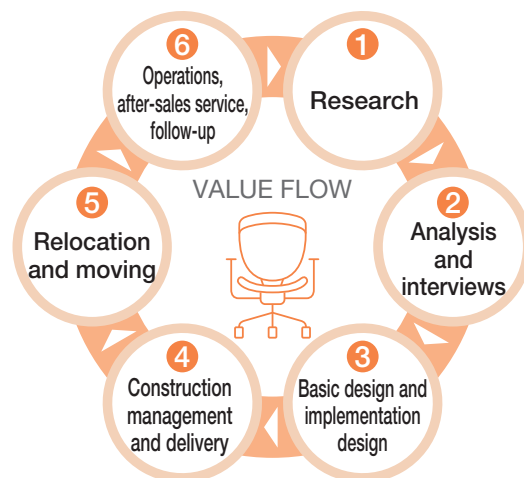
Movements in the World Surrounding Office Furniture

- 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

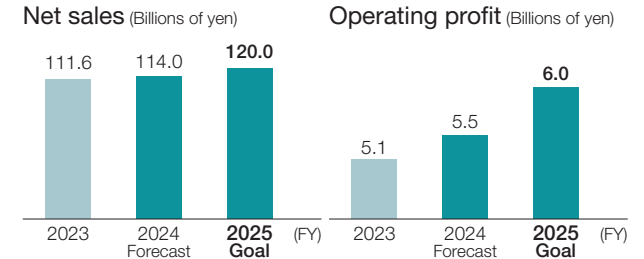
- Expand involvement in domains of store/interior design and store DX/security
- Increase sales of refrigerated showcases and expand service business
- Expand sales of prefabricated refrigeration equipment

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.



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

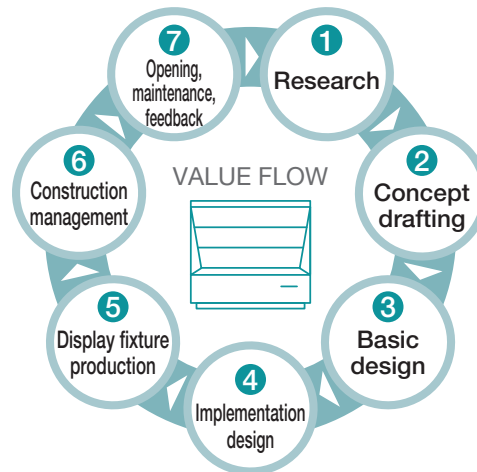
Movements in the World of Retailers and Stores

- 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

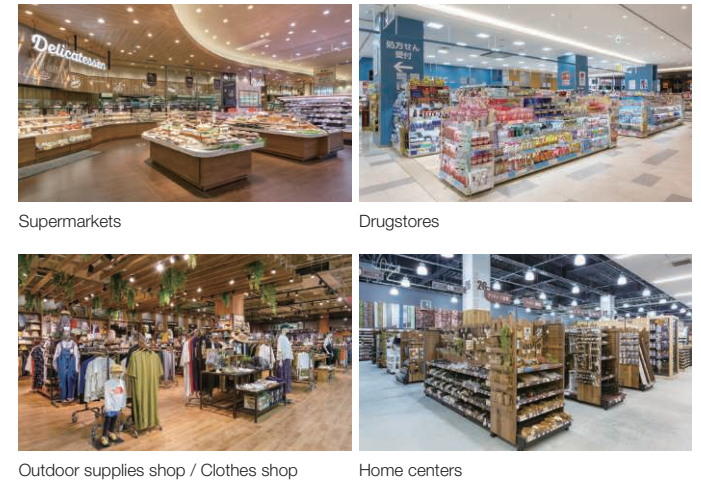
The Okamura Group's Strengths

- 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



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"

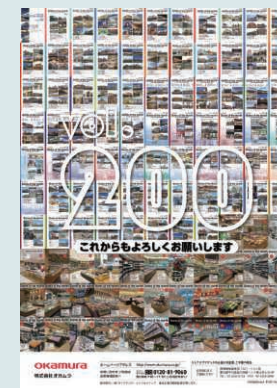
At the Research Lab that Creates the Future of Stores (nickname: MISEIKU LAB), launched in April 2024, we engage in the collaborative development of stores by considering the value of going to a store and creating the future of stores. Throughout its history, Okamura has provided products and services 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

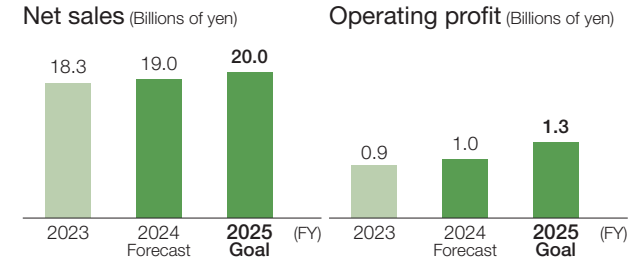
- Increased sales and improved profitability resulting from the recovery of supply chains
- Expand maintenance service business
- Establish/expand joint venture business in China

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.



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

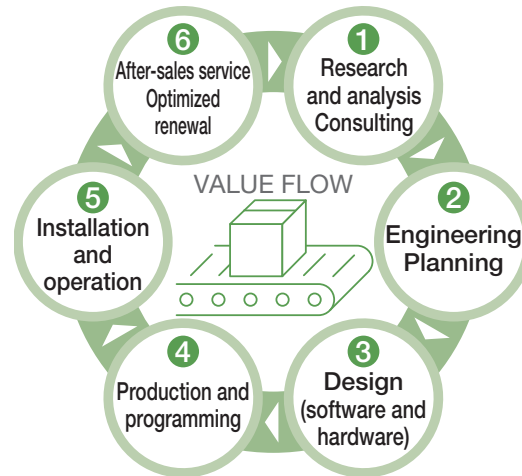
Movements in the World Surrounding Logistics Industry and Production Facilities

- 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

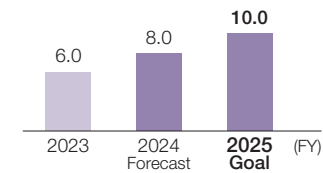
- Start sales of environmentally friendly clutch units that are currently in development at an early stage
- Expand the field of environmentally friendly clutch units
- Expand the customer base globally centered on North America and China

Review for FY2023

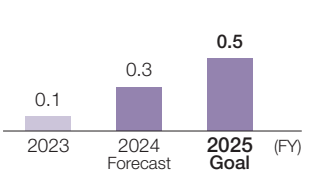
Shipments of products to major customers had been suspended in the previous fiscal year, but these were recommenced in the second half, leading to an increase in net sales and net income.

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

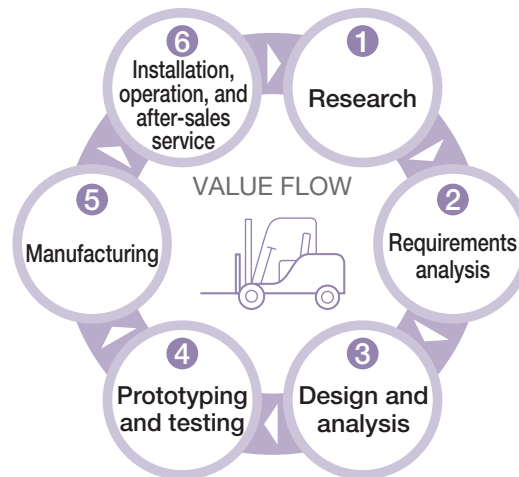
- Step-by-step progress of industrial vehicles responding to environmental demand
- Progress of local overseas production of Japanese forklift manufacturers
- Rising labor-saving and automation needs in duties on-premises and within facilities

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

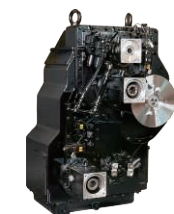
Value Creation Flow



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.

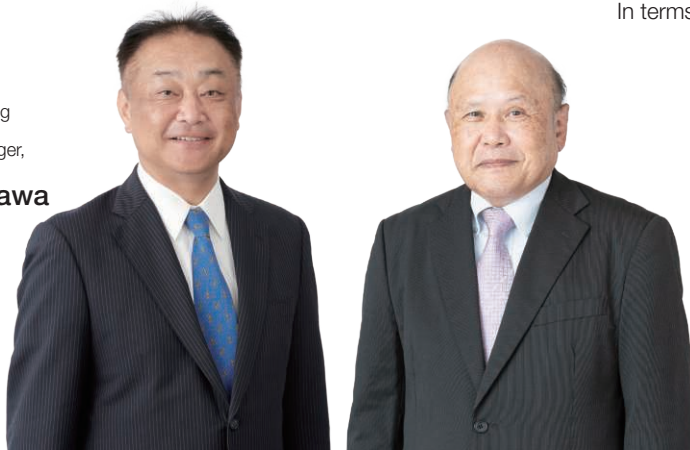
In terms of logistics equipment, there are issues surrounding the reduction of operator burden and automatic operations. We will develop automatic gear shifting technology to solve these issues. Taking this one step further, we will also continue to work on building electronic control technologies to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

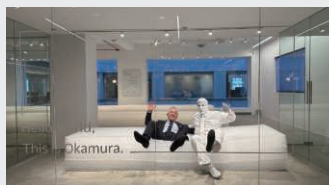
Four Keywords for the Expansion of the Overseas Business: Products, Human Resources, Branding, and Alliances

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.

- 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.

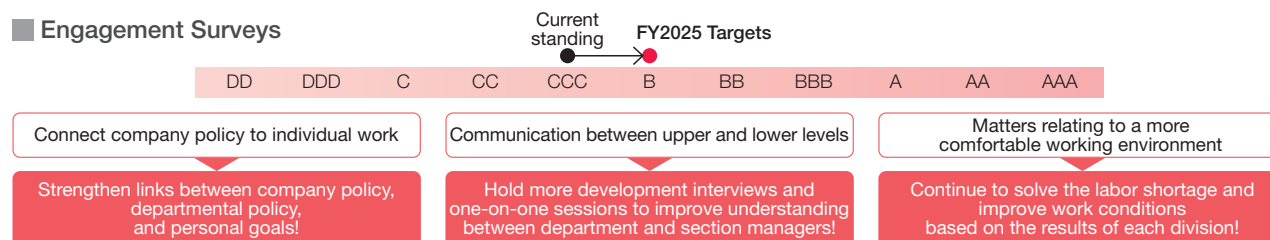
Employee Engagement Improvement to Enable Everyone to Work with Vitality in Their Own Individual Styles

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.

Engagement Surveys



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.

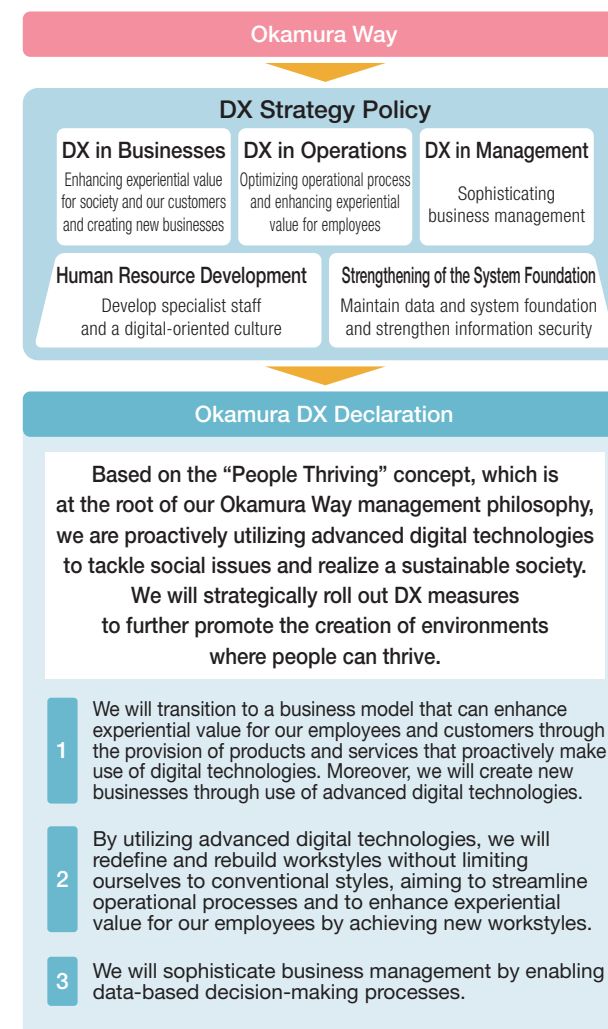
Okamura's DX Strategy Policy

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.



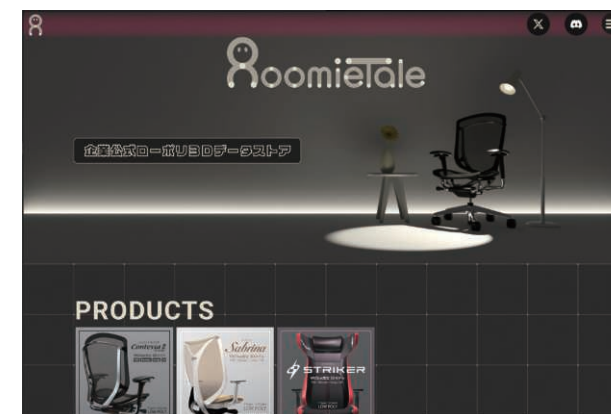
Achievements to Date and Our Future Course of Action

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.

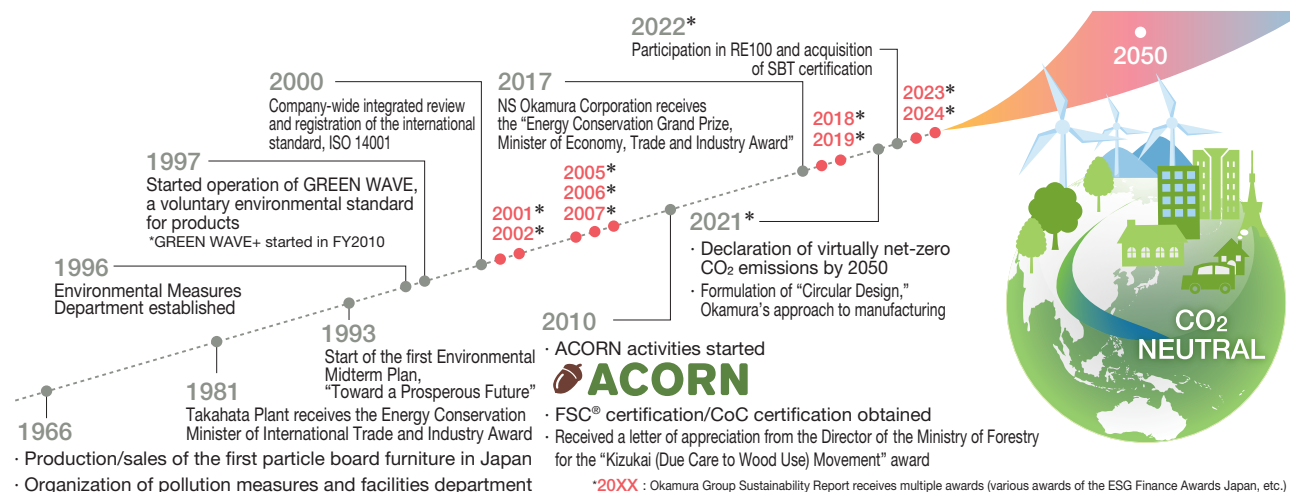
In 1993, we started our first Midterm Environmental Plan. Thirty years have passed since then, and we are now on our

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

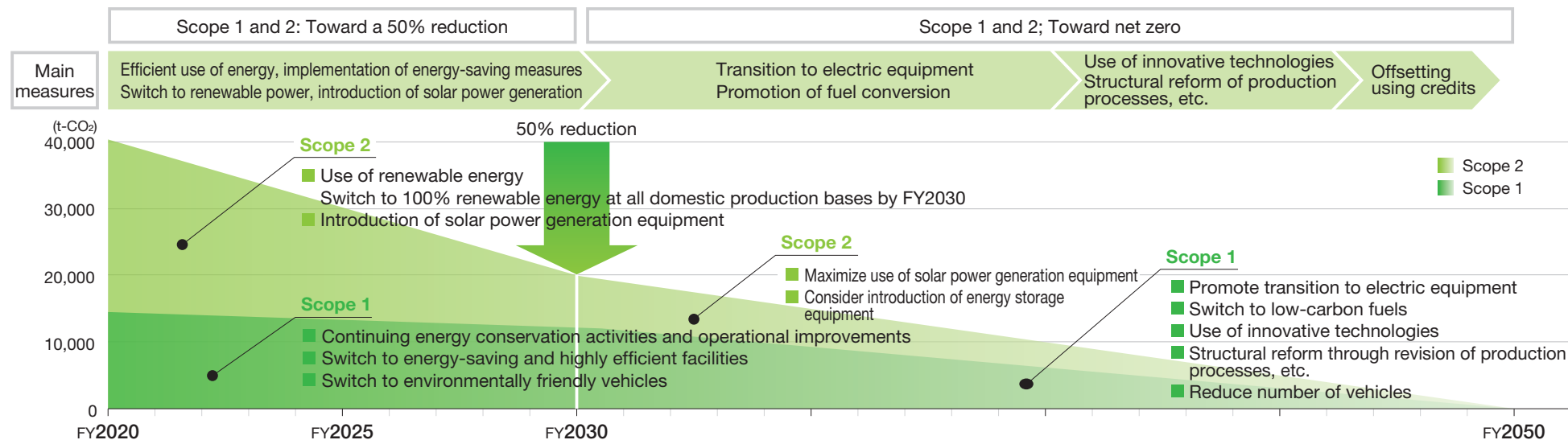
We have established a GHG emissions reduction roadmap (emissions trends and future initiatives) to achieve our target for Scope 1 and 2 GHG emissions of a 50% reduction by FY2030 compared to FY2020. In addition to switching completely to renewable energy-sourced power at all our production bases in Japan 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.

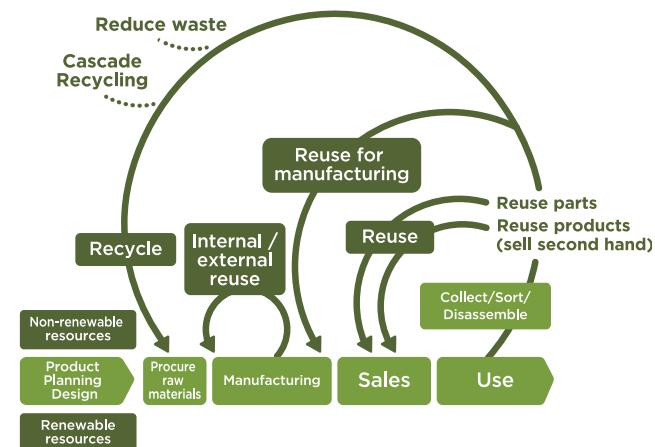
Going forward, we will implement specific initiatives aimed at reducing Scope 3 emissions. For Category 1, these include ascertaining procurement results on a volume basis for each raw and processed material, gaining the cooperation of suppliers and obtaining first-hand data, efficiently using raw materials (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



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.

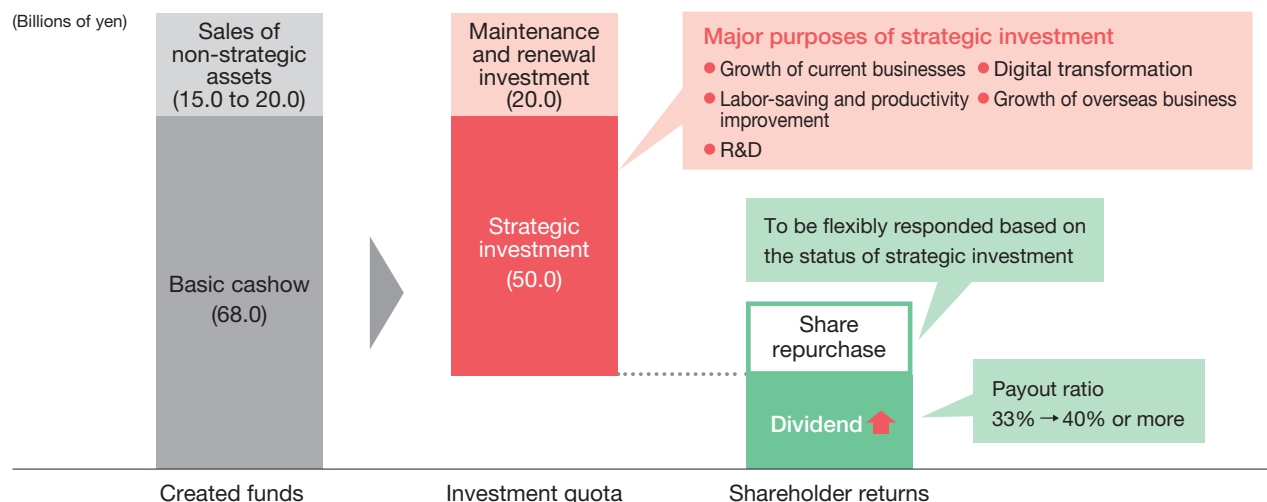
Moreover, as a result of us viewing crises as opportunities and reinforcing our resilience to overcome any crises that occurred, we were able to flexibly respond to social changes and bring about sustainable growth by creating new demand. It is very reassuring to know that our frontline employees have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

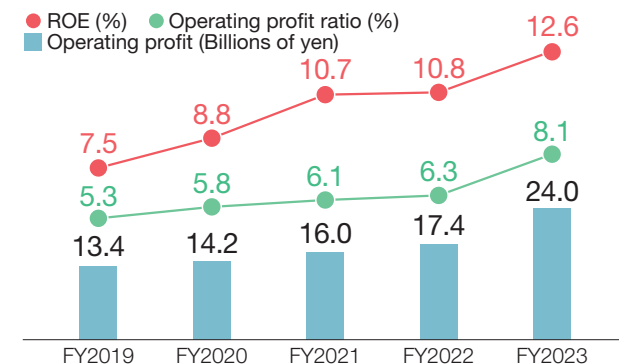
Action to Implement Management that is Conscious of Cost of Capital and Stock Price

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