



**In the New Midterm Management Plan, Aiming for
an Operating Income Ratio of 7% or more and a ROE of 10%**

— Sales and operating income reached record highs
in FY ended March 2020 —

FY ended March 2020 Financial Results Briefing

May 18, 2020

Masayuki Nakamura,
Representative Director,
President and CEO

Corporate Profile

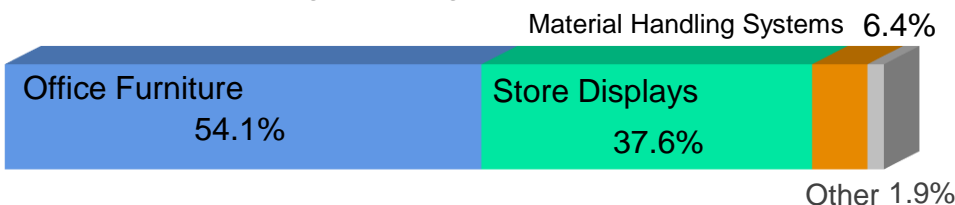
■ Company outline

Establishment October 1945
 Head office Tenri Building, 1-4-1 Kitasaiwai, Nishi-ku,
 Yokohama, Kanagawa

■ Main business (by segment)

Office Furniture	Store Displays	Material Handling Systems
Manufacture and sale of and contract installation and interior work for the following: <ul style="list-style-type: none"> • Office furniture • Furniture for public facilities • Furniture for R&D facilities • Safe facilities for financial institutions • Waterproof facilities • Office security systems • SOHO furniture • Partitions 	Manufacture and sale of and contract installation and interior work for the following: <ul style="list-style-type: none"> • Display fixtures • Refrigerated showcases • Store counters • Store carts • Store security systems as well as contract store maintenance services	Manufacture and sale of and contract installation work for the following: <ul style="list-style-type: none"> • Storage shelves for factories and warehouses • Automated warehousing equipment
		Others
		<ul style="list-style-type: none"> • Manufacture and sale of torque converters for industrial vehicles and construction equipment • Leasing of the Company's real estate

■ Sales percentage by segment



■ Consolidated business highlights

	FY ended Mar. 2019	FY ended Mar. 2020
Net sales	247.9 billion	253.2 billion
Total assets	229.3 billion	236.3 billion
Net assets	130.4 billion	135.5 billion
Capital stock	18.7 billion	18.7 billion
Number of employees	4,987 persons	5,145 persons

Note: These figures have been rounded off to the nearest unit displayed.

■ Status of shares

Maximum number of issuable shares	400,000,000
Total number of issued shares at year-end (excluding treasury shares)	110,147,878
Number of shareholders	5,692

■ Plants: 14

Japan: 12, Overseas: 2

■ Affiliated companies: 36 (including 27 consolidated subsidiaries)

Japan: 24, Overseas: 12 (China, Thailand, Singapore, Hong Kong, Indonesia, Malaysia, Vietnam)

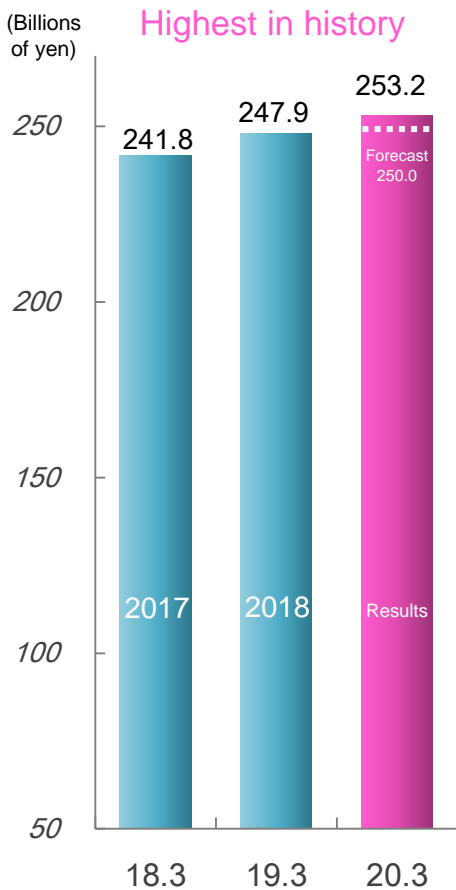
■ Domestic dealerships

105 dealers associated with the Daiya Association, 420 dealers associated with the Pearl Association, 56 dealers associated with the Pegasus Association, 62 dealers associated with the Ruby Association, 98 dealers associated with the Mercury Club, 30 dealers associated with the Sirius Association

Note: Some dealers are associated with more than one association or club.

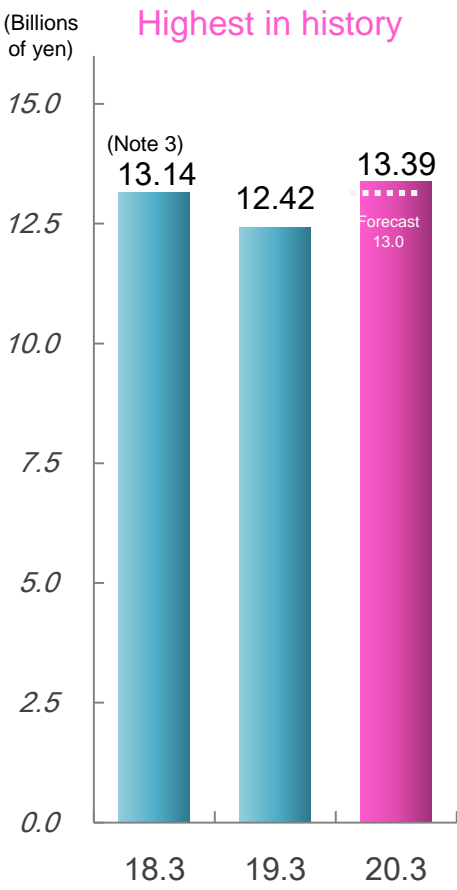
***Financial review of
FY ended March 2020***

Net sales



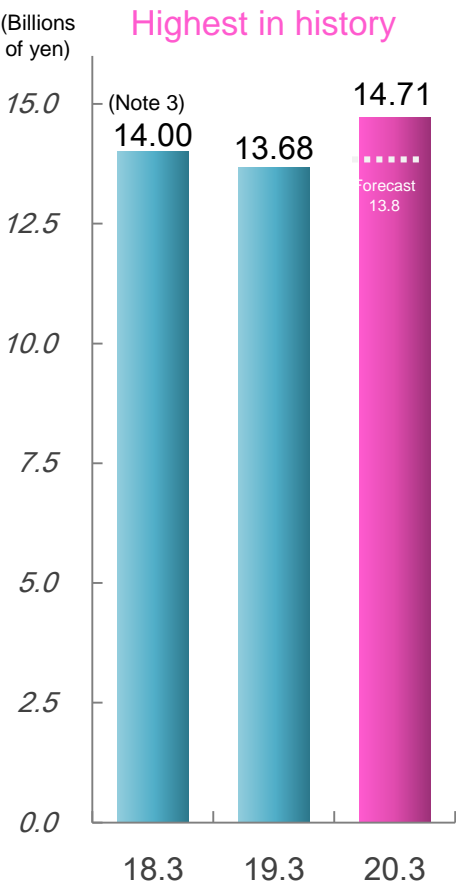
Compared to forecast: 101.3%
Year-over-year: 102.1%

Operating income



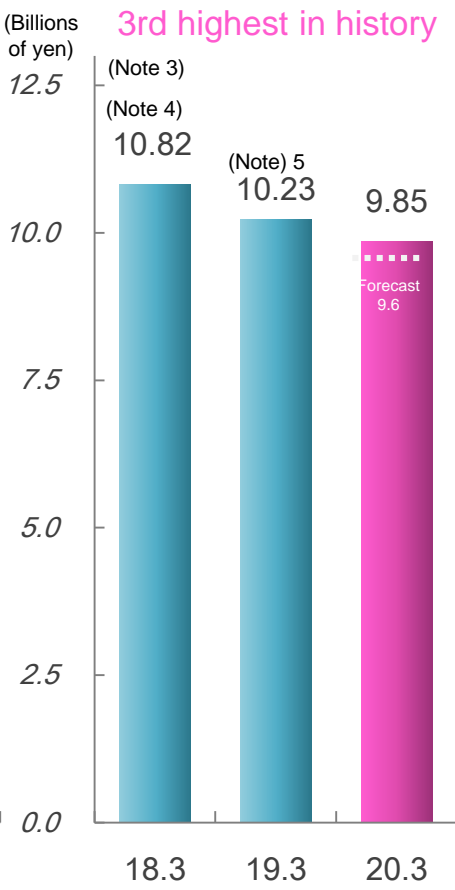
Compared to forecast: 103.0%
Year-over-year: 107.8%

Ordinary income



Compared to forecast: 106.6%
Year-over-year: 107.6%

Profit (Note 2)

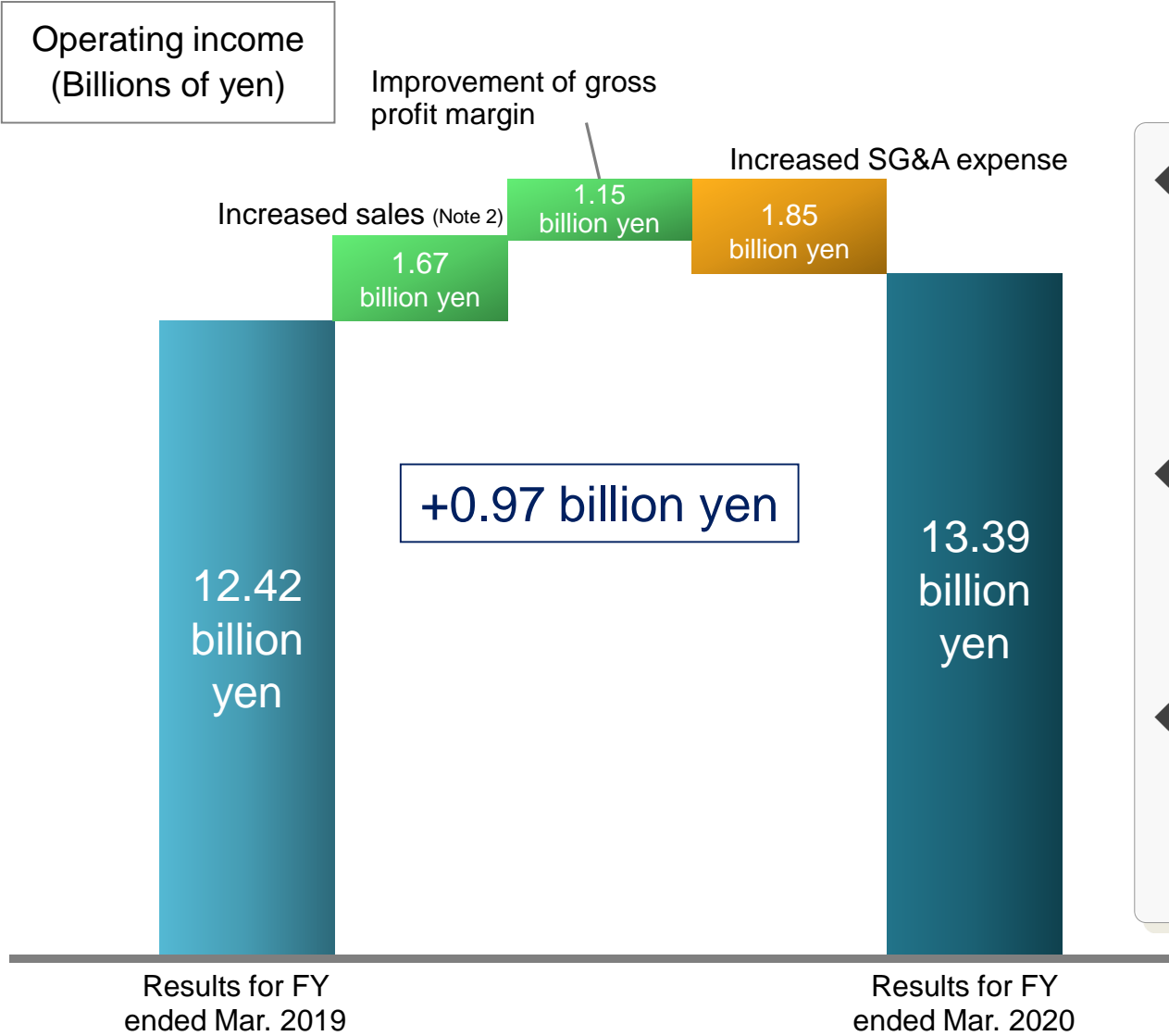


Compared to forecast: 102.6%
Year-over-year: 96.3%

Note 1: These figures have been rounded off to the nearest unit displayed.
Note 2: The profit represents "profit attributable to owners of parent."

Note 3: For FY ended March 2018, the Company's corporate pension plan was revised due to a revision to its retirement benefit plan (change in accounting estimates). *Effect: 0.71 billion yen (profit increase)
Note 4: For FY ended March 2018, 1.98 billion yen (before tax) was recorded as a gain on the revision to retirement benefit plan (extraordinary income).
Note 5: Includes a gain on sales of investment securities of 1.24 billion yen (before tax).

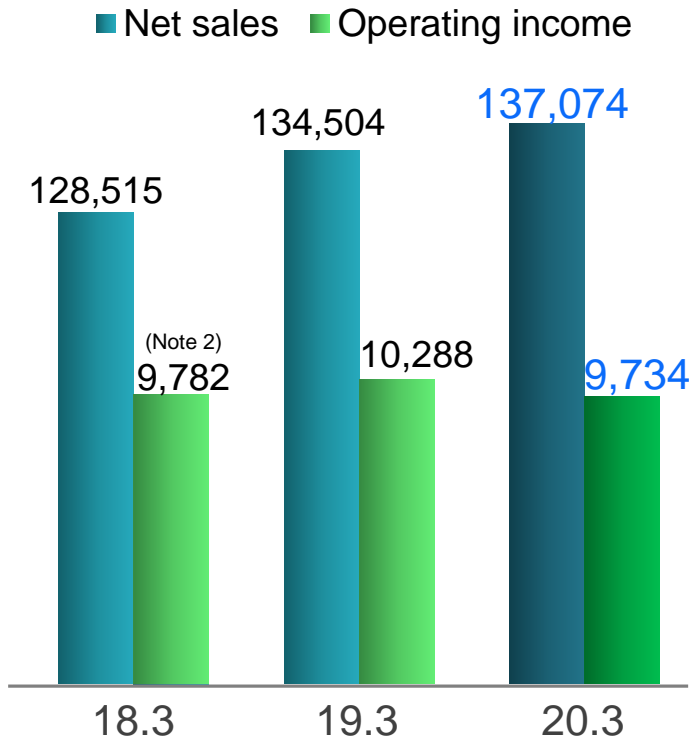
Factors affecting operating income



- ◆ The impact of the coronavirus emerged in the fourth quarter, but it was immaterial. Sales increased significantly with higher profits.
- ◆ The gross profit margin was improved by passing delivery costs, design costs, etc., on to prices.
- ◆ Of SG&A expenses, personnel expenses and distribution costs (including warehouse rent) increased.

Note 1: These figures have been rounded off to the nearest unit displayed. (The sum figures may not tally exactly.)
 Note 2: Increased/decreased sales = Difference in net sales × Gross profit ratio of the previous year

Results for FY ended March 2020



(Millions of yen)

	Results for FY ended Mar. 2019	Results for FY ended Mar. 2020	Compared to forecast	Year-over-year
Net sales	134,504	137,074	101.9%	101.9%
Operating income	10,288	9,734	97.3%	94.6%
(Percentage)	7.6%	7.1%		

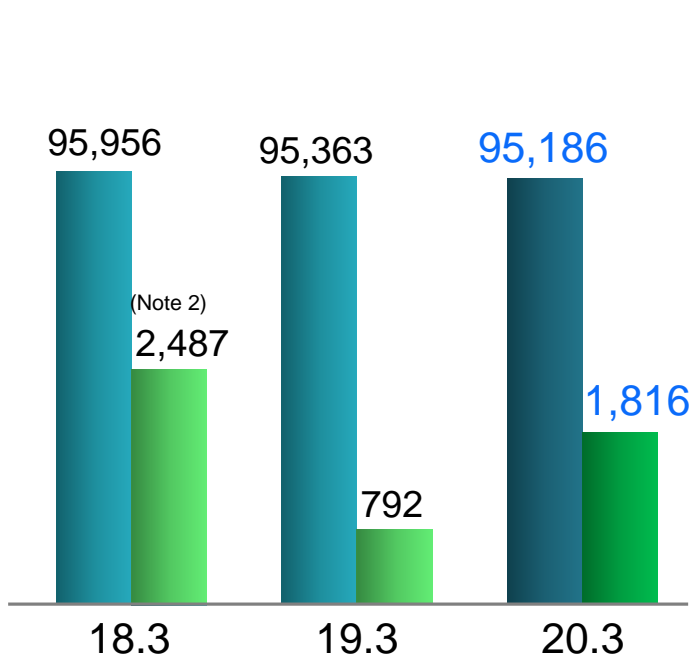
Note 1: Amounts less than one million yen have been omitted.

Note 2: For FY ended March 2018, the Company's corporate pension plan was revised due to a revision to its retirement benefit plan (change in accounting estimates). *Effect: 0.48 billion yen (profit increase)

- ◆ Newly-completed large-scale office building projects in Tokyo's 23 wards and western Japan gained momentum. Therefore, net sales reached a record high as the Company captured demand for office-related investments in response to work style reforms through proposal marketing.
- ◆ Operating income decreased, because increases in SG&A expenses, such as an increase in personnel expenses to strengthen proposal/sales capabilities and a rise in distribution costs, could not be absorbed.

Results for FY ended March 2020

■ Net sales ■ Operating income



(Millions of yen)

	Results for FY ended Mar. 2019	Results for FY ended Mar. 2020	Compared to forecast	Year-over-year
Net sales	95,363	95,186	99.2%	99.8%
Operating income	792	1,816	129.7%	229.2%
(Percentage)	0.8%	1.9%		

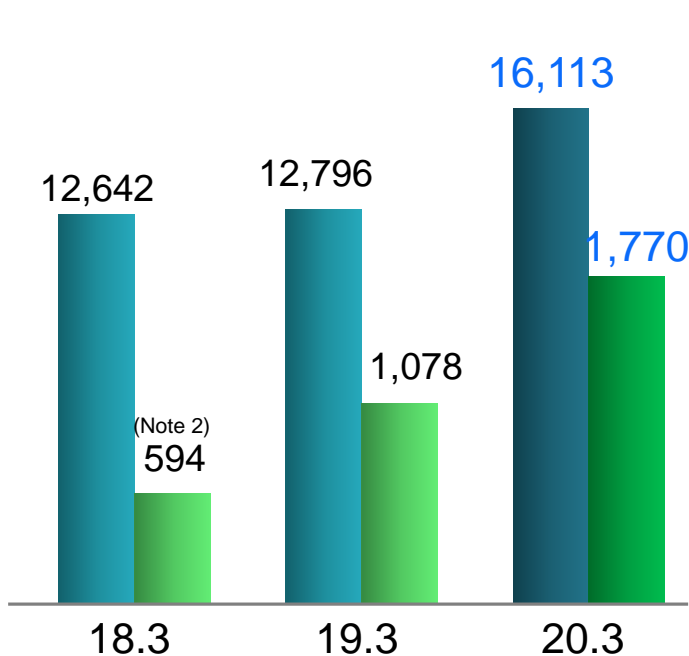
Note 1: Amounts less than one million yen have been omitted.

Note 2: For FY ended March 2018, the Company's corporate pension plan was revised due to a revision to its retirement benefit plan (change in accounting estimates). *Effect: 0.18 billion yen (profit increase)

- ◆ The Store Displays business won more orders by capturing demand for labor-saving arising from labor shortages. Although the number of new store openings in retailers was kept under control as a whole, net sales were flat since orders from strongly performing industries and companies were obtained.
- ◆ Operating income increased significantly thanks to the improved profitability through recovering expenses, such as delivery costs, and improved business processes.

Results for FY ended March 2020

■ Net sales ■ Operating income



(Millions of yen)

	Results for FY ended Mar. 2019	Results for FY ended Mar. 2020	Compared to forecast (Note 3)	Year-over-year
Net sales	12,796	16,113	— %	125.9%
Operating income	1,078	1,770	— %	164.1%
(Percentage)	8.4%	11.0%		

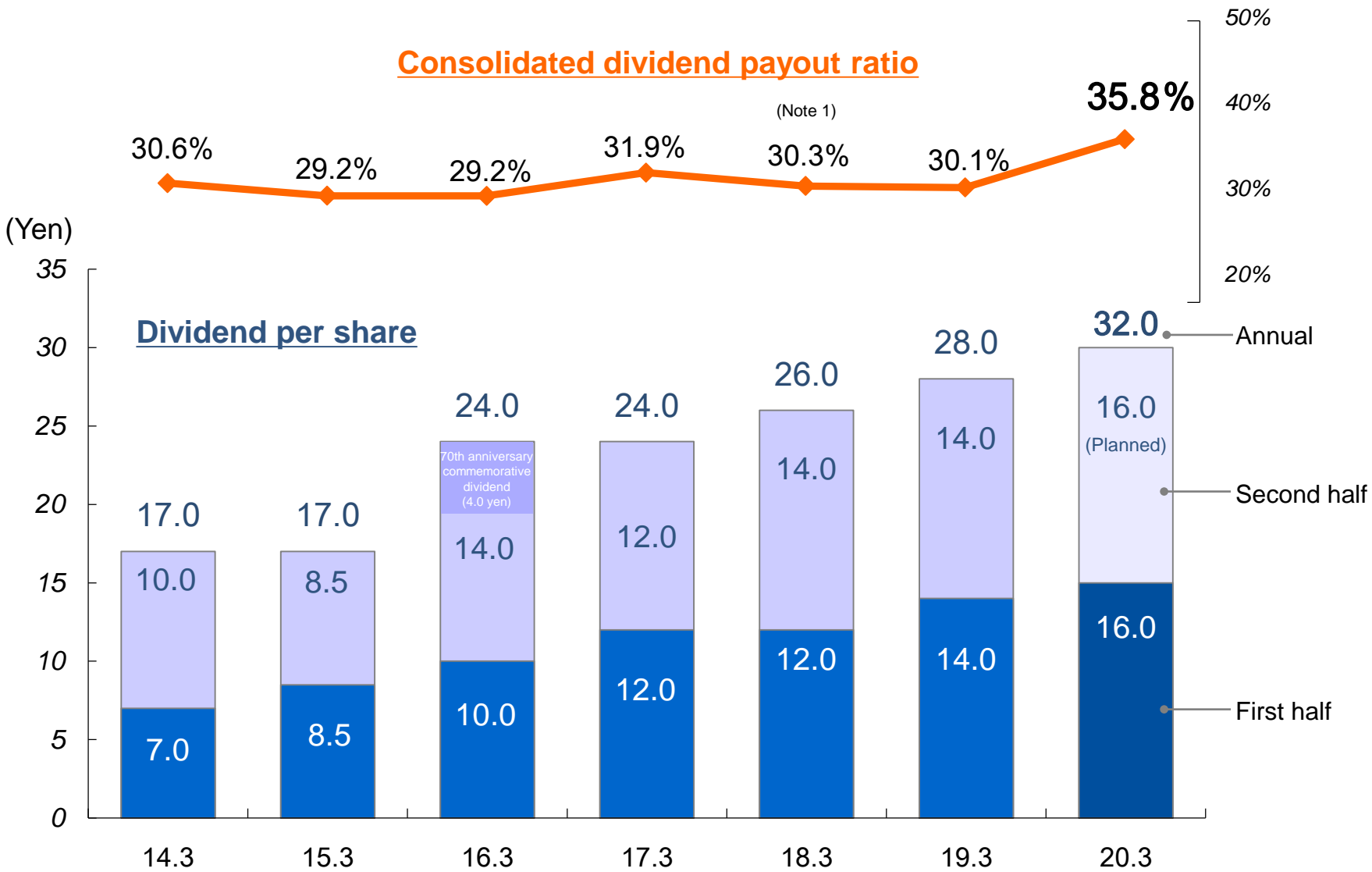
Note 1: Amounts less than one million yen have been omitted.

Note 2: For FY ended March 2018, the Company's corporate pension plan was revised due to a revision to its retirement benefit plan (change in accounting estimates). *Effect: 0.05 billion yen (profit increase)

Note 3: As the Material Handling Systems segment is disclosed independently since FY ended March 2020, "Compared to forecast" is not applicable.

- ◆ Net sales reached a record high as the ongoing demand for labor-saving and automation was high and orders for products that satisfy customer needs increased.
- ◆ Operating income also reached a record high thanks to the increase in net sales, as well as due to the effects of the thorough project management, standardization, etc.

Dividend per share and payout ratio

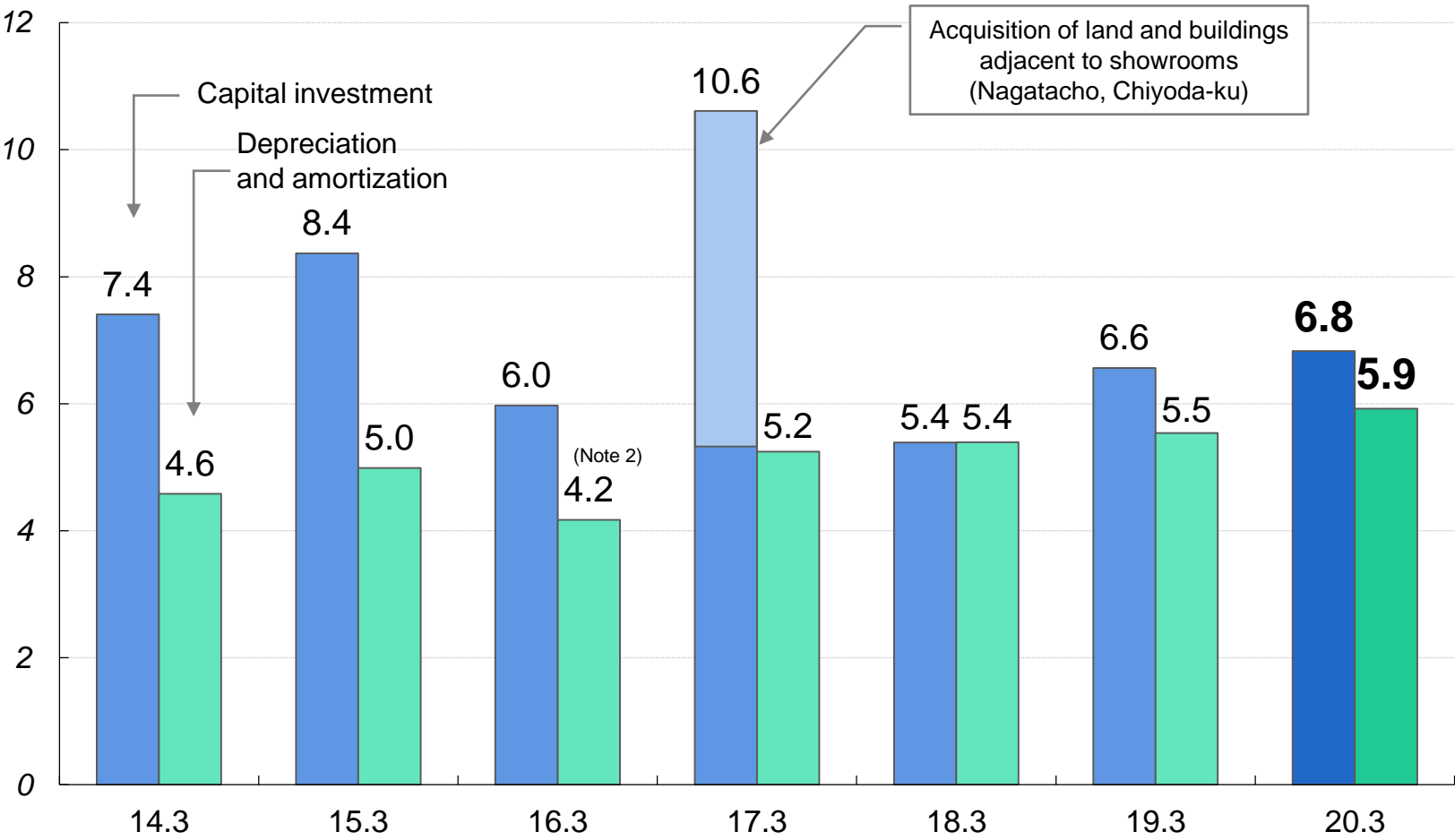


Note 1: The figures for FY ended March 2018 were computed on a real basis excluding 1.98 billion yen (1.37 billion yen after tax) recorded as a gain on revision to retirement benefit plan (extraordinary income).

Capital investment / Depreciation and amortization

Steady implementation of capital investment to improve competitiveness

(Billions of yen)



Note 1: Capital investment is represented by deducting goodwill from increase in property, plant and equipment and intangible assets.
 Note 2: The effect of a change in the depreciation method for FY ended March 2016 (from the declining-balance method to the straight-line method), a reduction of 1.33 billion yen, is included.

***Forecast for
FY ending March 2021***

2. Dividend

	Annual dividend					Total dividends amount	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY ended March 2019	–	14.00	–	14.00	28.00	3,089	30.1	2.4
FY ended March 2020	–	16.00	–	16.00	32.00	3,530	35.8	2.7
FY ending March 2021 (forecast)	–	–	–	–	–		–	

Note: At this time, the dividend for FY ending March 2021 has not yet been forecast.

3. Forecast of Consolidated Performance for FY Ending March 2021 (from April 1, 2020 to March 31, 2021)

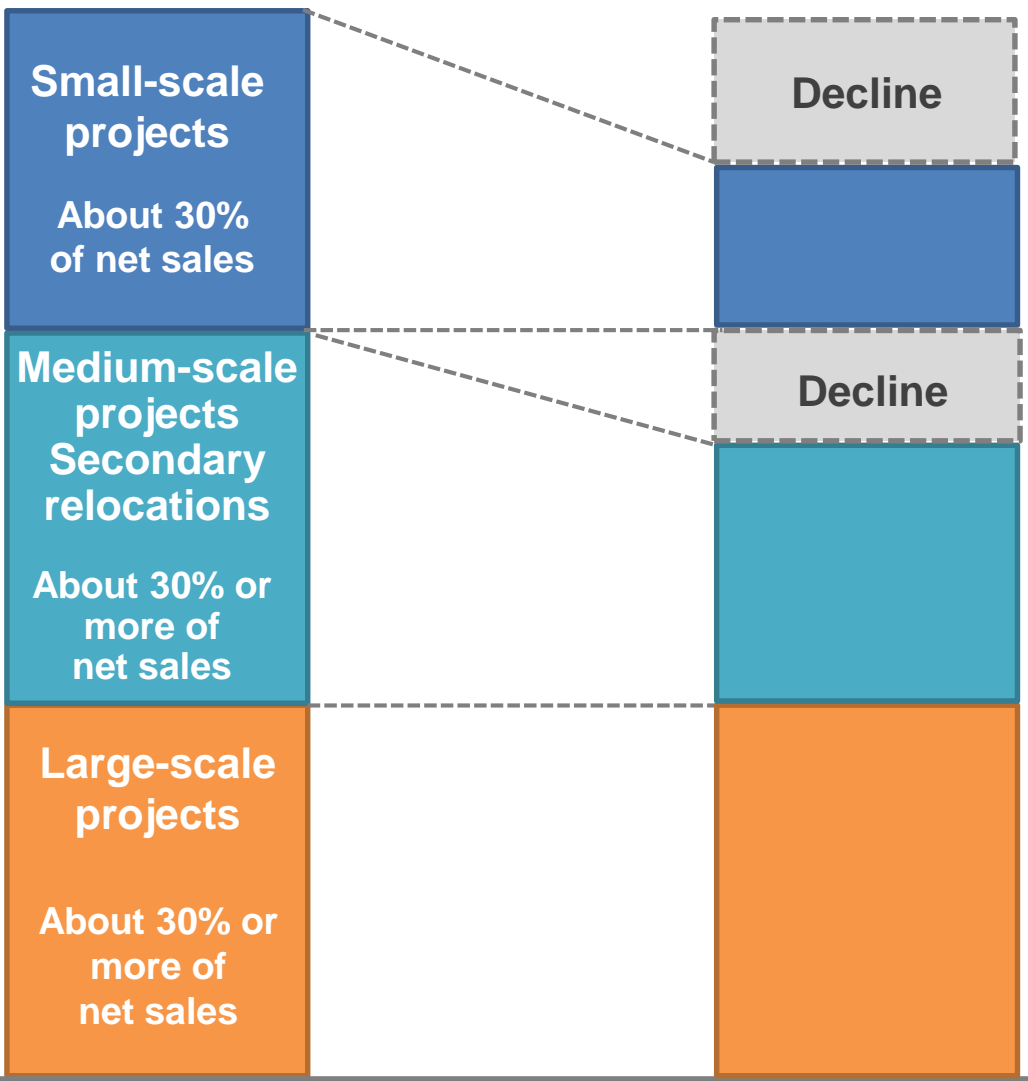
The forecasts of the consolidated performance for FY ending March 2021 have not yet been prepared as it is difficult to reasonably assess the impact of the novel coronavirus pandemic at this point in time. We will announce the forecasts as soon as it becomes possible to reasonably estimate its impact.

These are excerpts from the Company's Financial Results summary issued on May 13, 2020.

Image of the current situation: Office Furniture

Impact of coronavirus on business

- As scheduled
- Plan will be postponed
- Impact will be significant



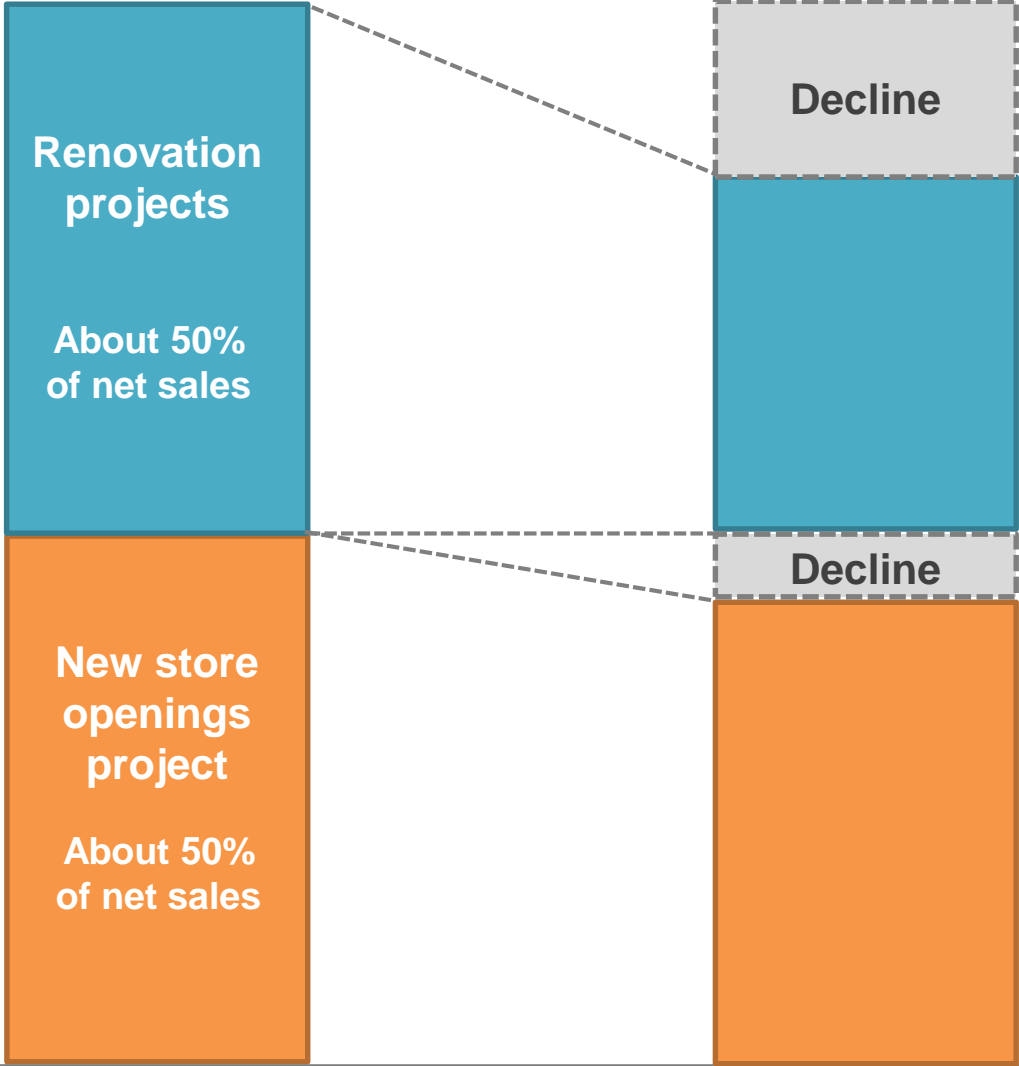
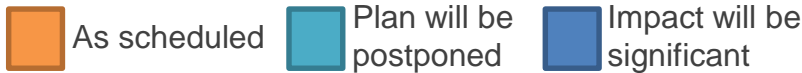
Small-scale projects will decline from April. The impact of voluntary restraint (e.g., staying-at-home) will be significant.

Renovations and secondary relocations are likely to be postponed.

Since it is difficult to postpone large-scale relocations, many such projects are likely to be implemented as scheduled.

Image of the current situation: Store Displays

Impact of coronavirus on business



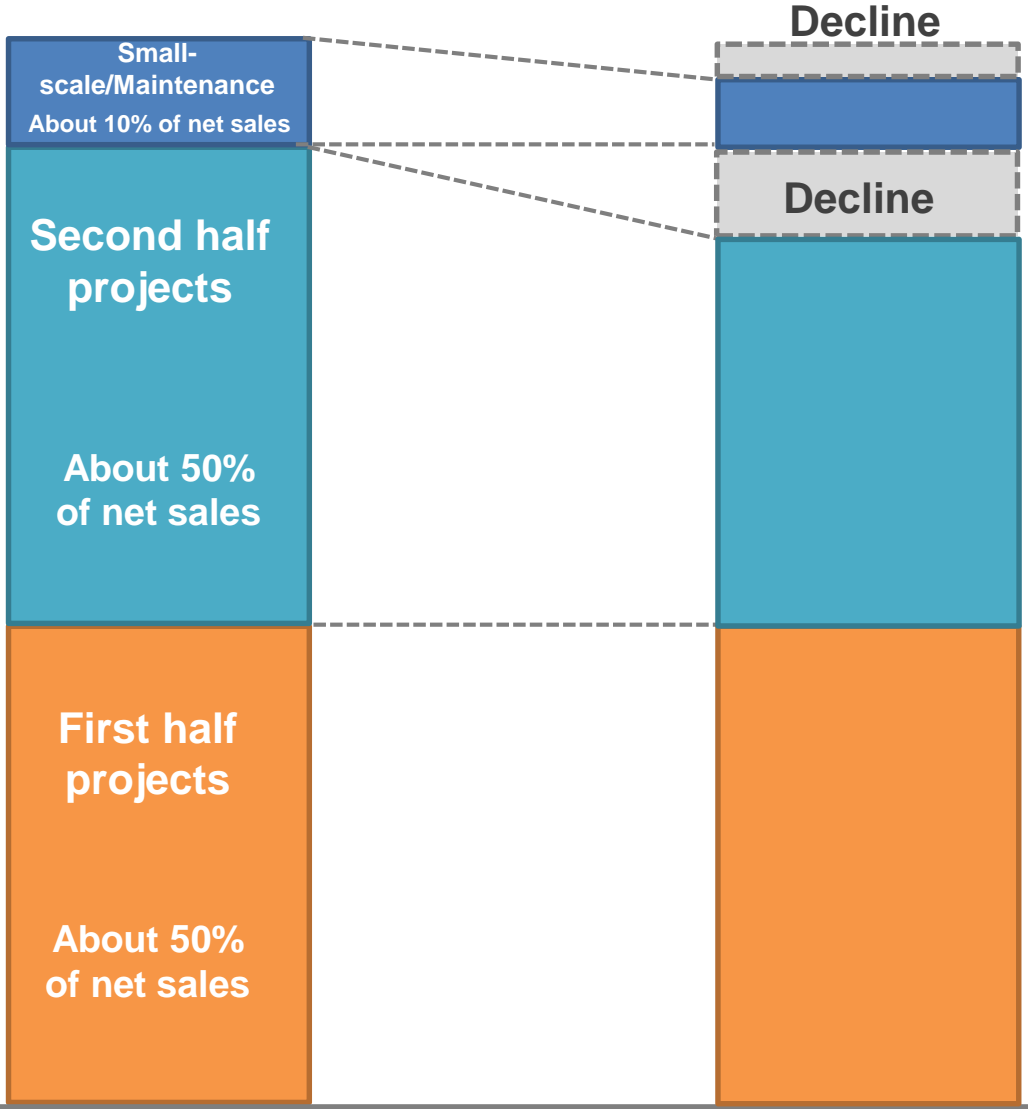
Although renovation demand is high, many projects are likely to be postponed because stores etc., that handle daily necessities will be too busy.

Although new store openings projects are being implemented as scheduled relatively, some projects have been postponed.

Image of the current situation: Material Handling Systems **OKAMURA**

Impact of coronavirus on business

- As scheduled (Orange)
- Plan will be postponed (Teal)
- Impact will be significant (Blue)



Maintenance demand will decline throughout the year due to the suspension of operations at warehouses, etc.

Although demand in the second half will be steady, there are concerns that plans will be suspended due to the postponement of meetings.

Projects in the first half will be implemented as scheduled thanks to the delivery of orders that have already been received.

***Midterm Management Plan
FY ended March 2020 to
FY ending March 2022***

Mission

We serve society by creating environments for dynamic interaction through innovative ideas and proven quality.

Company vision

We aim to become a trusted leading company by continuing to provide high-quality products and services and take on the challenge of creating new value, markets, and trends.

Value creation

As the society pursues new values in order to preserve (or secure) its sustainability, the Okamura Group considers it important to focus on ESG in its business operations as it strives to achieve sustainable growth. In order to fulfill its mission, the Group has set the following four themes and priority tasks to work on in its business activities from the viewpoint of its businesses and diverse stakeholders, including future ones.

Creating spaces for people to come together

Pursuing employee satisfaction

Implementing global environmental initiatives

Conducting responsible corporate activities

Basic policy

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

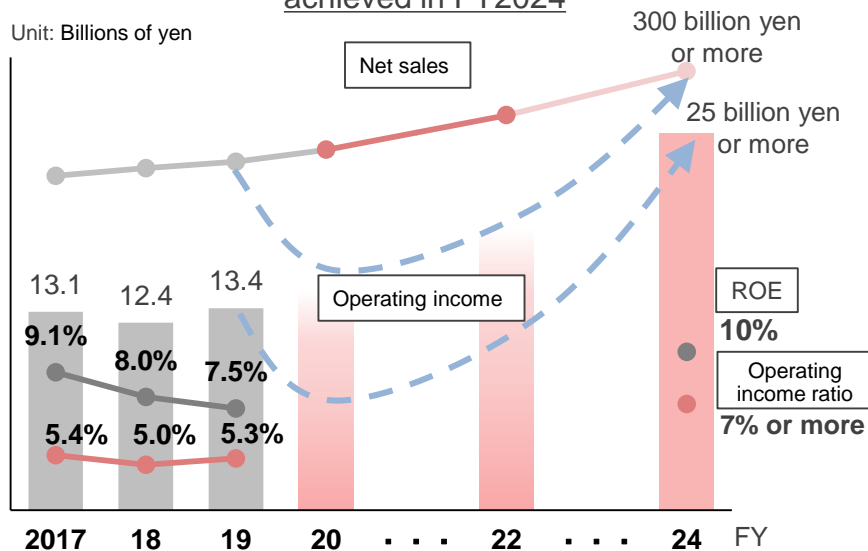
Financial Targets (FY2024)

Setting financial targets to be achieved in five years (FY2024). Aim to produce quantitative effects one at a time over the next five years by taking various measures during the period of the mid-term management plan.

Specific goals

Operating income ratio: 7% or more
ROE: 10%

Conceptual diagram of the quantitative growth to be achieved in FY2024



Management Themes

In order to meet environmental changes, the Company will change its business structure and work on the three priority tasks listed below on a Company-wide basis.

Supply chain reforms

Reform the supply chain to be suitable for manufacturing a wide variety of products flexibly, in an effort to respond to diversifying customer needs and changing market trends.

Promotion of digital transformation

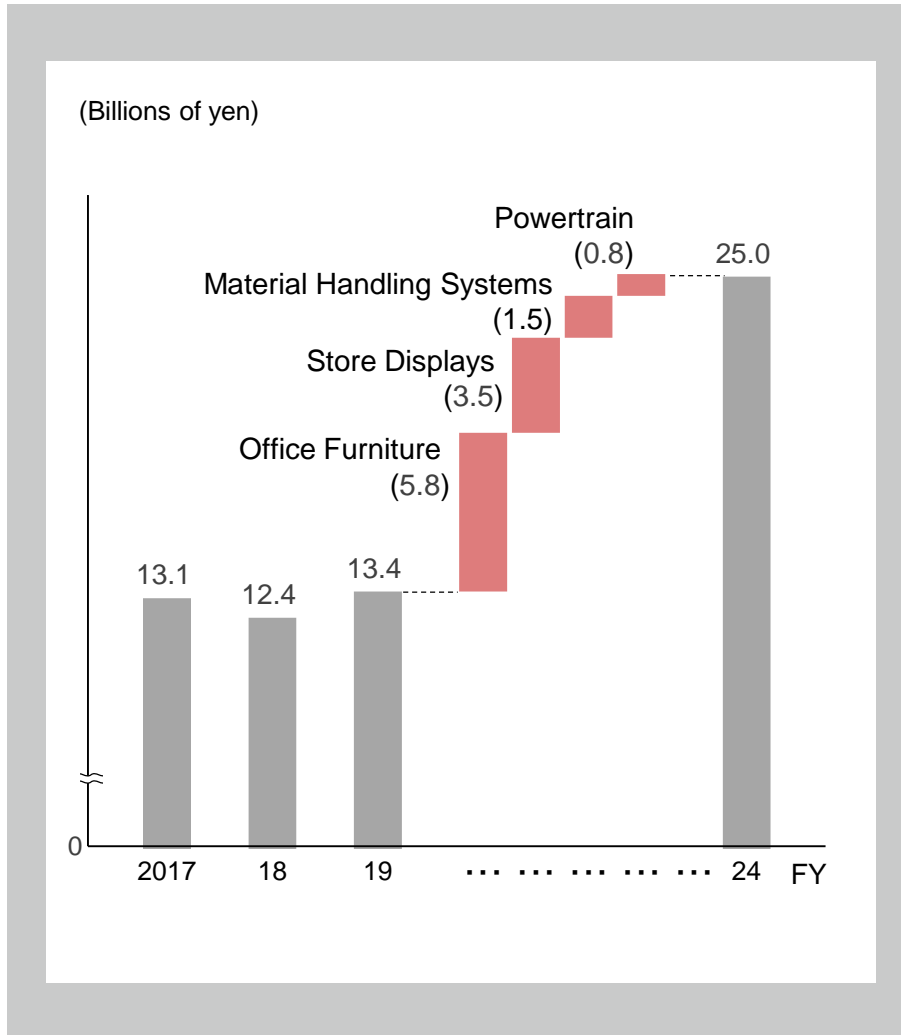
Add greater value to products and services by making the most of advanced digital technologies such as AI, IoT, and robotics; and achieve greater overall operational efficiency.

Strengthening of overseas business

Strengthen overseas business by setting priority markets in ASEAN countries where economic growth, an increase in high-income earners, and urbanization are expected.

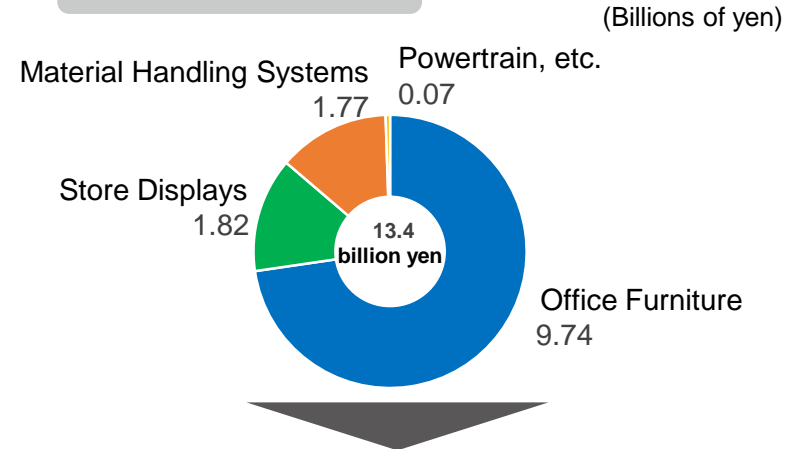
Breakdown of Financial Targets (Operating Income) in Five Years

By business segment

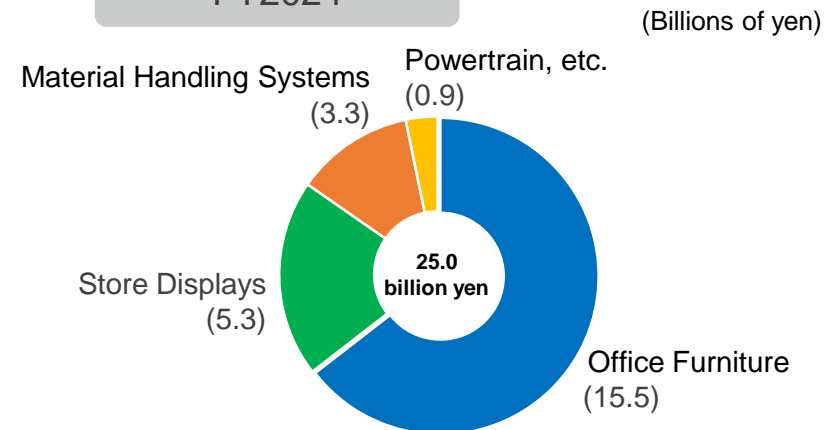


Component (or Breakdown)

FY2019 (results)



FY2024



Investment policy

Basic policy

Make active investments that are essential to achieve the goals for Midterm Management Plan.

Select right investment projects from a perspective of strategic fit and financial efficiency.

Scale of investment

Set ¥20 billion to invest in the maintenance and renewal of production equipment, IT, and so forth; and ¥40–50 billion for strategic investments such as strengthening existing businesses, creating new businesses, and working on priority tasks for three years from FY2020 to FY2022.

Financial policy

Basic policy

Maintain a rating of A- (see note) or higher and a net worth ratio of 45% or higher by making the investments required to grow through operating cash flows, asset rearrangement (reduction of policy-based equity holdings), and well-balanced external financing.

(Note) Long-term issuer credit rating by Japan Credit Rating Agency, Ltd.

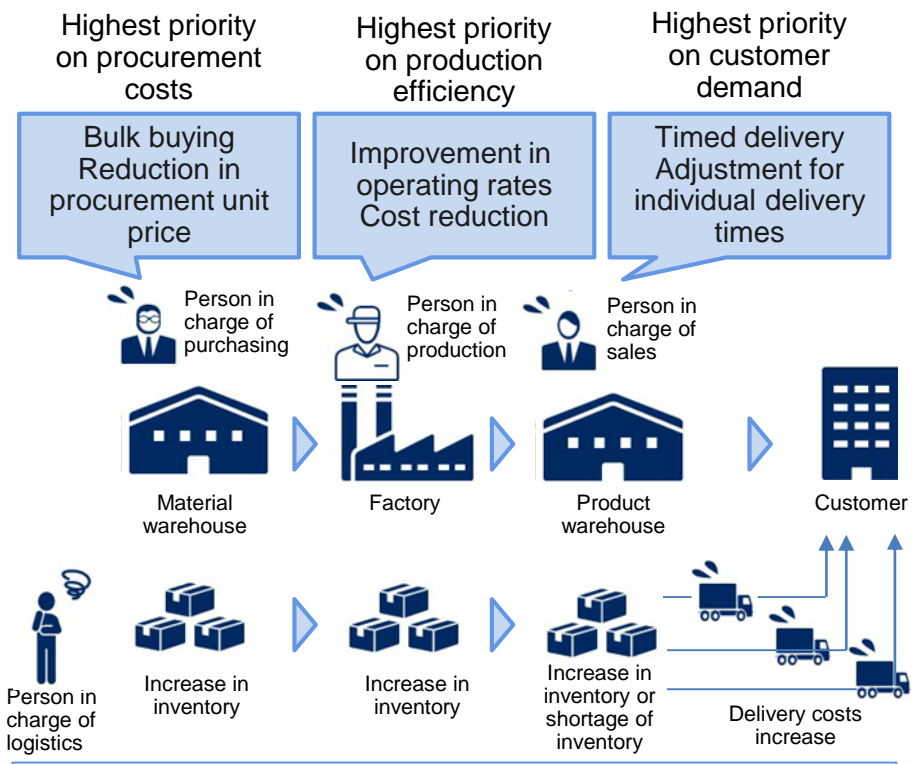
Return to shareholders

Maintain a stable payout ratio with one third of the after-tax income as a guideline.

Return profits to shareholders flexibly while taking into account the investment cash flow and the progress in achieving the target ROE.

Reform the supply chain to be suitable for manufacturing a wide variety of products flexibly, in an effort to respond to diversifying customer needs and changing market trends.

Rebuild a totally optimized supply chain, tackling changing social needs in advance



Negative impacts of unoptimized supply chains appear in logistics

Source (Translated by Okamura): Yasushi Torii, "Why is 'logistics reform' imperative in the supply chain management of a manufacturing industry," business leaders square wisdom, March 26, 2018

Aim of the reform

1. Optimization of in-house production and external procurement, and relocation of production items by base/plant.
2. Streamlining of receipt of orders, production and delivery processes, and improvement in inventory (finished goods and work in process) turnover.
3. Improvement of capabilities to respond to changes in demand by renewing production management systems (using AI).

Amid the rapid digitalization, the Company will develop its own new businesses and further reforms its operations.

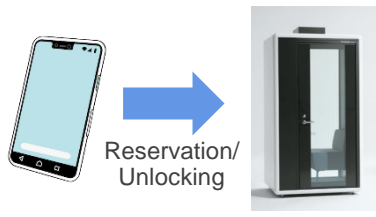
New products and services in response to work style reforms

Promotion of strategic facility management through sensing and digitalization



OKAMURA Office IoT
Collaboration with Microsoft Japan Co., Ltd. and Sato Corporation.
Scheduled to start services in 2021.

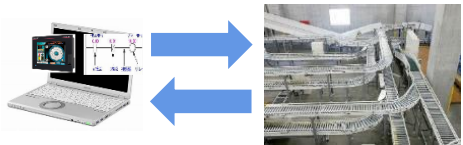
Billing/charging service for telework



Operated by Telecube Services Co., Ltd.
Scheduled to start services in 2019.

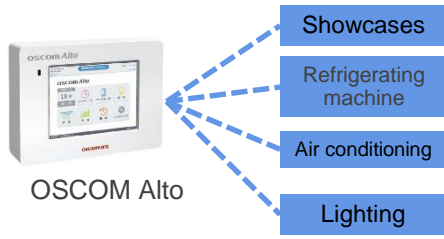
Expansion of maintenance service business by digital technologies

Remote monitoring of the operation of logistics systems



From monitoring of the operation to preventive maintenance

Management of electric power and freshness of stores



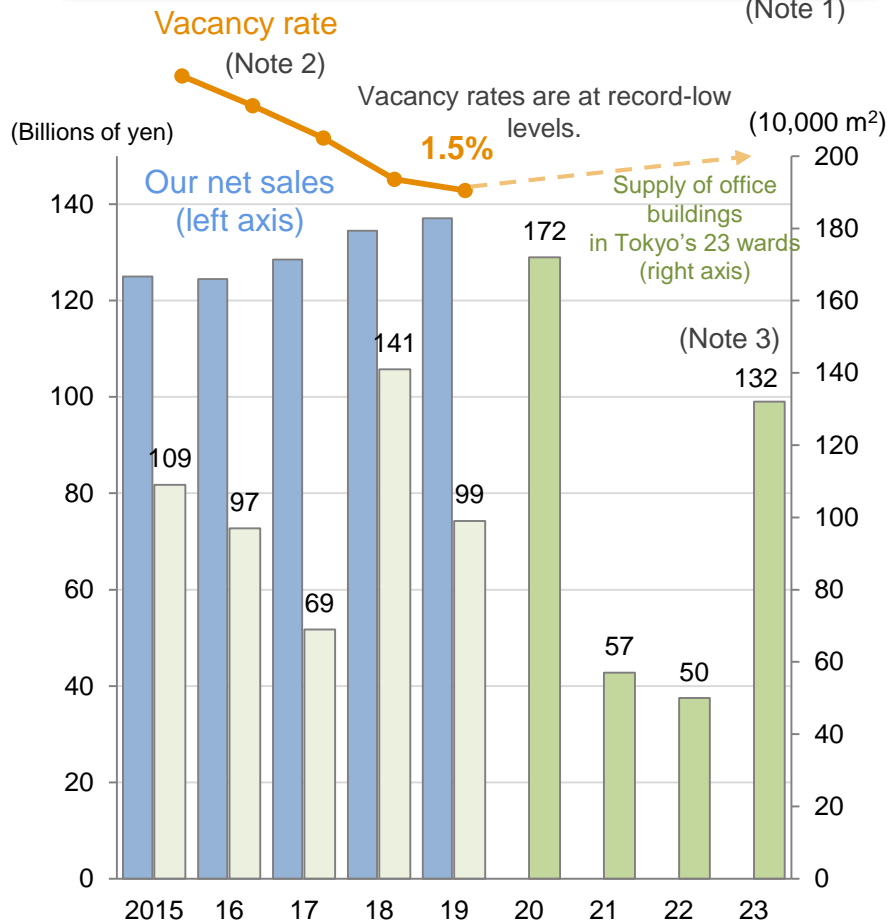
Aim of the reform

1. Highly value-added products and services
 - ◆ Review of new products and services
 - ◆ Expansion of the maintenance service business
2. Improvement in the efficiency of business processes
 - ◆ Strengthening of sales capabilities by using data
 - ◆ Thorough reduction and automation of indirect operations
3. Quick and high-level management judgments
 - ◆ Visualization of important information in business decisions
 - ◆ Improvement in ability to analyze and to deal with issues

Midterm Management Plan Action Plan by Segment

Supply of offices in the center of Tokyo and changes in the Company's net sales

(Note 1)



Note 1: Figures of net sales (fiscal year), completion amount (calendar year) and vacancy rates (end of fiscal year) are actual results.

Note 2: Tokyo's 5 wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards)
Source: "Office Building Market Conditions by Area" by Miki Shoji, as of the end of March 2020

Note 3: Floor area of the office section in new buildings with total floor area of 10,000 m² or more.
Source: "Market Trend Survey of the Large-scale Office Buildings in Tokyo's 23 Wards" by Mori Building, April 16, 2019

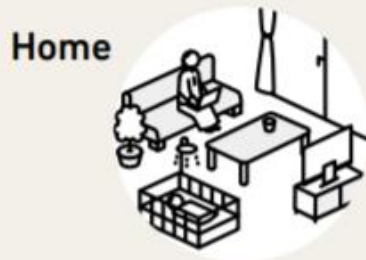
Business environment

- ◆ In terms of new large office buildings to be completed in the metropolitan area, the market will remain sluggish in 2021 and 2022, but secondary and tertiary relocation and work style reforms will keep demand strong.
- ◆ An exemplified by the emergence of non-stereotyped offices, diversifying work styles will create diverse needs for offices and furniture among customers.
- ◆ PM firms, design offices, and general contractors will have greater presence as office coordinators in the market.

Business strategy

- ◆ Enhanced ability to make value-adding proposals and offer appealing products to meet the diversification of work styles and work environments.
- ◆ Develop products and services that enable the Company to maintain a stable revenue by remaining in contact with customers after sales
- ◆ Expand sales in adjacent market areas (such as health care) and for emerging enterprises.
- ◆ Reinforce the business basis in the ASEAN market.

A style where a place to work is selected in line with the content or purpose of the work.



Needs in the office will become diversified and new needs outside the office will emerge.

Initiatives for work style reforms

Improvement in productivity

Diversity

Health-focused management

Spread of teleworking

Diversification of work styles will develop as work style reforms are promoted.



Offices will change due to diversification of work styles

- Activity Based Working (ABW)
A work style where a place to work is changed according to the work style.
- Offices that do not look like offices will emerge.
Offices that look like a café, living room, camp site, etc.
- New factors, such as health-focused management, teleworking, etc.

A diverse product lineup is necessary in response to a wide range of specifications and new demand for office furniture.

1. Reorganization of product development and production systems

A wide variety of products suitable for ABW

A wide range of specifications (CMF)

Establishment of a flexible production system specializing in manufacturing a wide variety of products

Create a variety of spaces in line with the work content



One-on-one meeting in a work booth



Loose furniture on which you can relax



A wide range of CMF responds to various needs, such as not only colors but also textures.

*CMF = Color, Material, Finish

2. Strengthening of proposal capabilities

Development and increase of designers who have proposal capabilities

Accumulation of know-how on work style reforms within the Company

The digital transformation

LABO Office

Installation of demonstration experiment offices by concept. Feedback of the data acquired into proposals.



Open innovation

Through open innovation events with other industries, the Company is aiming to develop new services using IoT.

OKAMURA Office IoT



A demonstration experiment is being conducted at the shared office “point 0 marunouchi.”

3. Products for developing new markets

Fully-closed type work booths

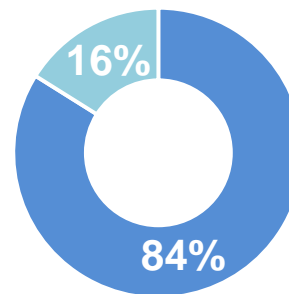
Started sales in November 2018



As a space for concentration task in office (Easy installation, easy transfer)

Services for teleworking in a public spaces

Launched a subscription service



Breakdown of delivery records

- Within the office/Office fixtures
- For service business operators as well as public spaces, such as stations and airports

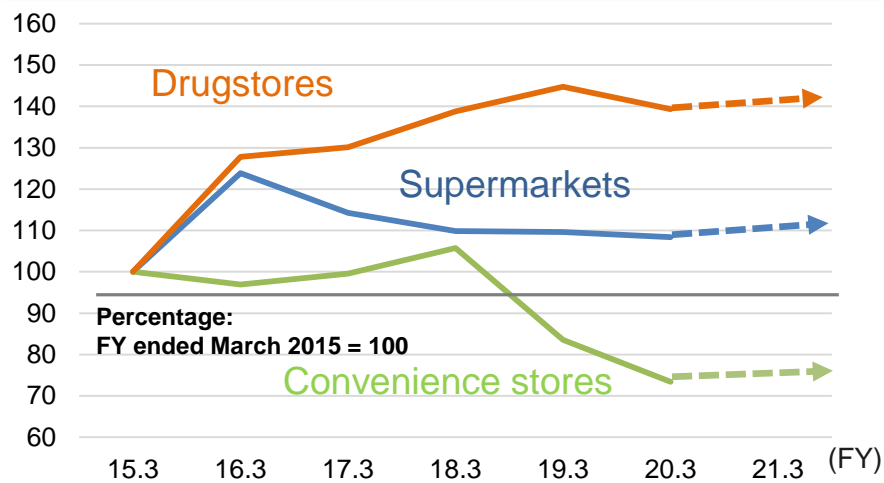
BAGGAGE KEEPER



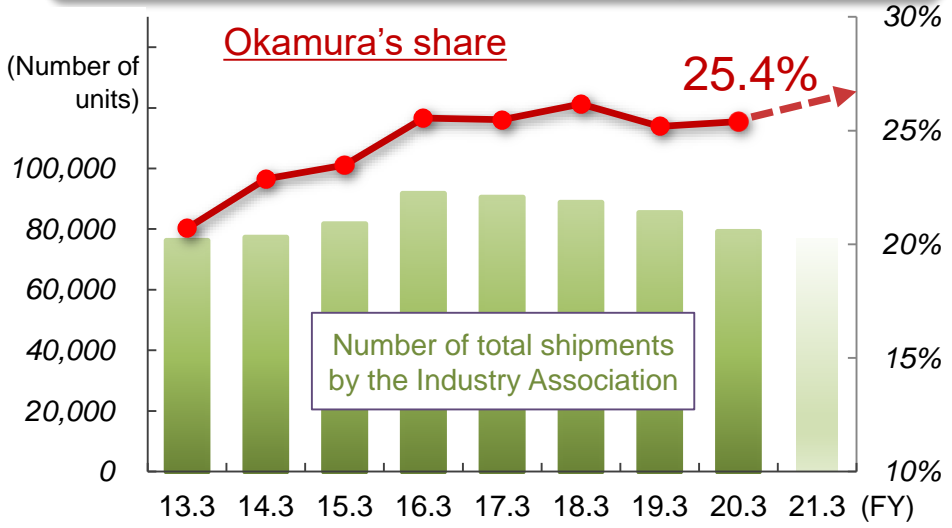
Overcome the shortage of baggage lockers (“coin lockers”) and baggage rooms in a public space.

Started sales in April 2020

Change in our net sales by industry



Changes in share of Okamura's refrigerated showcases (separately-installed general type)



Note: Okamura's estimate is based on actual shipment results prepared by the Japan Refrigeration and Air Conditioning Industry Association, etc. (as of end of March 2020)

Business environment

- ◆ The opening of new stores will slow down mainly due to a sluggish growth in the domestic retail market and labor shortages. As a result, restructuring, consolidation, and competition among different types of retail will intensify.
- ◆ The promotion of digital transformation for store operation and merchandising will progress and be accelerated.
- ◆ Environmental measures taken by the retail industry, including energy conservation, reduction in plastic usage, and reuse of food ingredients to be discarded, will become more important.

Business strategy

- ◆ Shift from sales of store displays and appliances to store development.
- ◆ Optimize the procurement mix between products manufacture in-house and those procured externally.
- ◆ Strengthen profit management and achieve greater operational efficiency through integrated process reforms.

Issues in the retail industry

Intensifying competition among different industries	Diversification of products handled
Industry reorganization	Labor shortages



Proposals to increase the competitiveness of stores are becoming more and more important.

Design/planning

At the stage of planning a store opening, a proposal is required that incorporates the concept of the store and realizes that concept.

Products/services

A wide variety of products and services are required, considering digital technologies that resolve various problems of not only cost-related issues, but also labor shortages, energy-saving, etc.



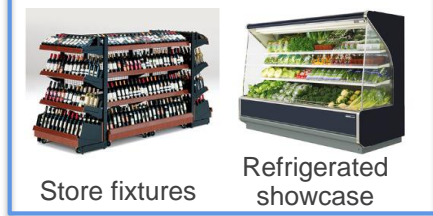
1. Fostering an increase in orders by strengthening proposal capabilities

Increase in the number of designers and strengthening of proposal capabilities

Involvement in store openings and renovation projects at early stages

Proposal for total solutions by leveraging a wide range of products and services

Provide support from planning through to maintenance



Labor-saving Energy-saving

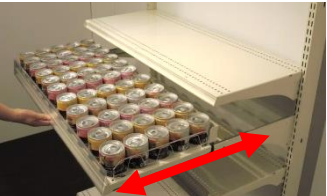
2. Profitability management through operational reforms

Cost reductions by strengthening project management

Improvement in efficiency through reviewing the division of operational responsibilities

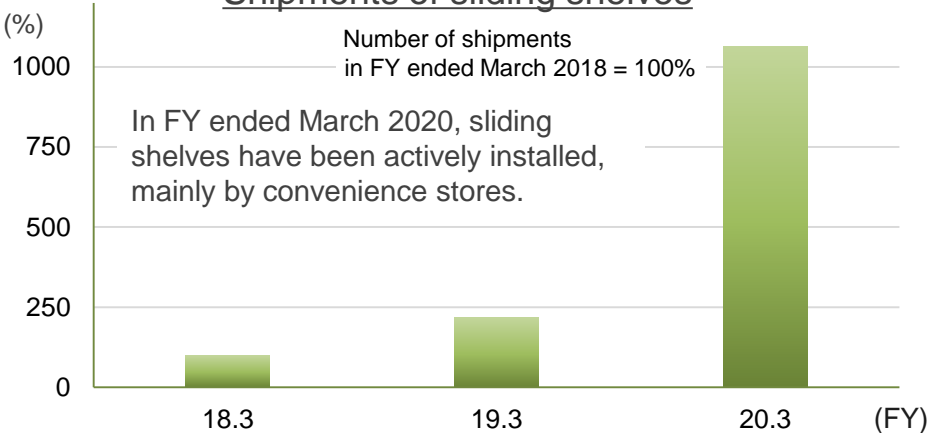
3. Response to labor-saving

Sliding shelves



Shorten goods display task time by up to 82% or so (compared with fixed shelves). Used by attaching to Store fixtures and Refrigerated.

Shipments of sliding shelves



Full self-checkout registers



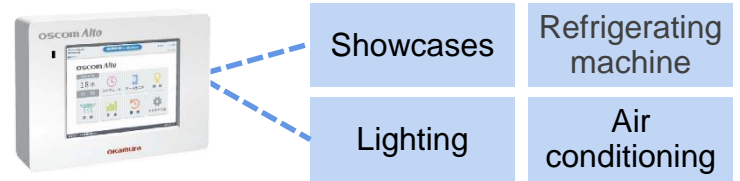
Actively installed mainly by supermarkets.

- Superiority in supply capacity to meet demand
- Development of products that meet requirements of POS systems manufacturers

4. Response to the revised Food Sanitation Act

Proposal for remote support

OSCOM Alto



- Comprehensively manage electricity and temperature at a store by remote operation.
- Possible to collaborate with products of other manufacturers.
- Expand to new service forms.

Cases with doors

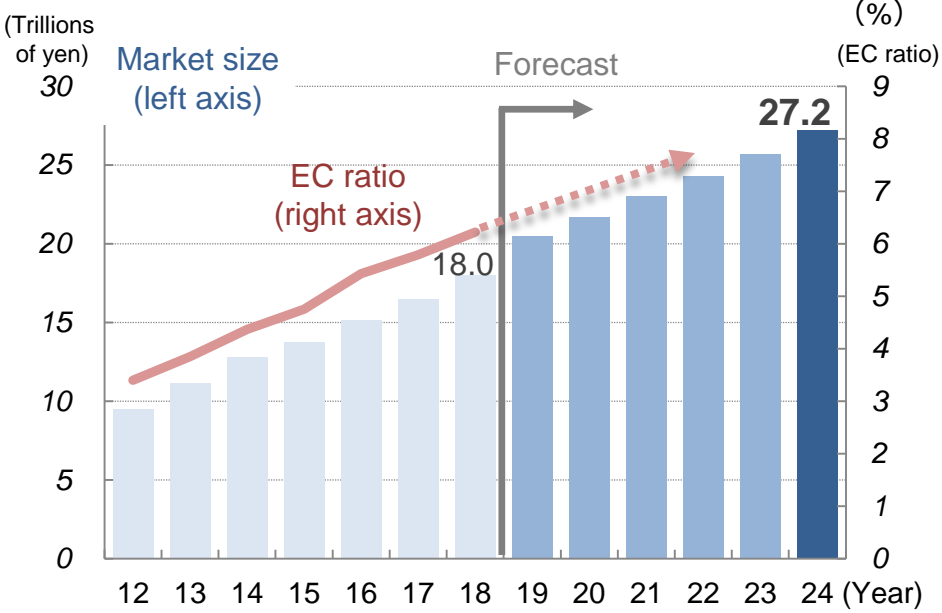
Improve the energy-saving effect of refrigerated showcases.

Give consideration to food sanitation for prepared foods, etc.



Demand for logistics system equipment remains steady

Market size of e-commerce in Japan



Source: (Results) "Market Survey on e-Commerce" by METI, May 16, 2019
 (Forecast) Report by Nomura Research Institute on December 6, 2018

- The vacancy rates of logistics facilities in the metropolitan area are at record-low levels.
- The shortage of warehouse workers continues.

Expanding products and services is necessary to capture demand for more labor-saving products and services.

Business environment

- ◆ Demand for logistic facilities will grow backed by the expansion of the e-commerce market.
- ◆ Due to labor shortages, the need to save manpower and automation at logistic facilities will grow.

Business strategy

- ◆ Expand product and service lineups to meet the need of labor saving.
- ◆ Build value-added service business model by taking advanced digital technology into material handling system.
- ◆ Enter to growing markets overseas by collaborating and merging with local enterprises with technological prowess.

Strengthening of proposals by differentiated products and services

Development of robotics-type logistics system



Storage system

ORV

Development of highly competitive products, leading to acquisitions of orders.

Increase in the amount of orders via peripheral products



Conveyer

Warehouse fixtures

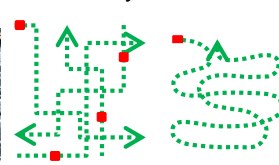
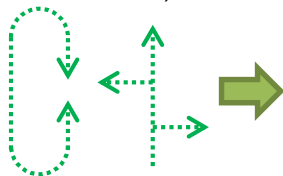
By promoting standardization:
 • Cost reduction
 • Improvement in ability to meet delivery deadlines

Development of logistics system equipment using advanced technologies

Improvement in performance by using machine learning and updating algorithms

Image of orbits of traditional logistics systems (constant orbit/in orbit)

Multiple orbits/no orbit
 Algorithm is optimized daily.



RightPick

A master-free autonomous picking system with machine learning. The degree of accuracy improves through learning from daily picking works.

Net sales of AutoStore are making steady progress

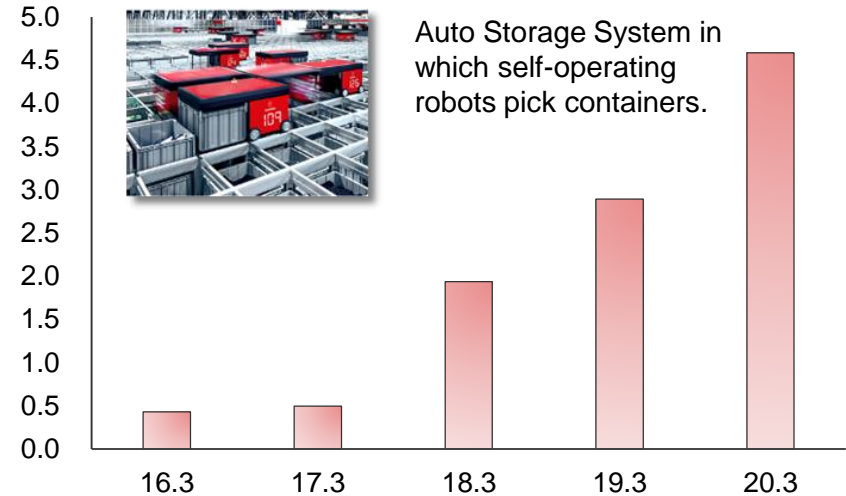
Cumulative net sales

(Billions of yen)

*Sales of products only



Auto Storage System in which self-operating robots pick containers.



Promotion of digital transformation

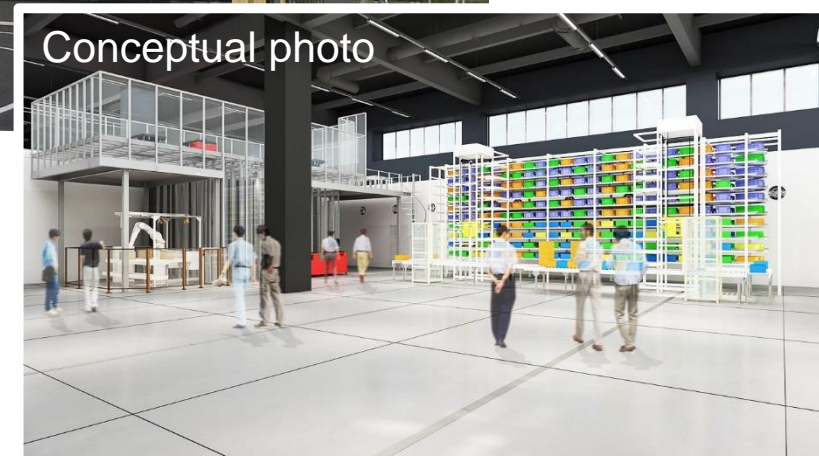
Improve maintenance services through remote monitoring of the operational status of systems.

Bolster our internal structure

- Expand production facilities.
- Secure maintenance and engineering staff.
- Conduct thorough project management.



The showroom for logistics system equipment is scheduled to open in June 2020.



Aim to Create New Markets

Midterm Management Plan

Basic policy

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

Management Themes

Supply chain reforms

Promotion of digital transformation

Strengthening of overseas business

Financial Targets (FY2024)

Operating income ratio: 7% or more
ROE: 10%

Business strategy

Office Furniture business

Enhanced ability to make value-adding proposals and offer appealing products to meet the diversification of work styles and work environments.

Store Display business

Shift from sales of store displays and appliances to store development.

Material Handling Systems business

Expand product and service lineups to meet the need of labor saving.

Earnings forecasts, objectives, plans, strategies, etc. are included in this document; however, they were prepared in accordance with judgments and assumptions made by the Company based on information currently available, and they are subject to the effects of uncertainties such as the future economic environment and business operating conditions.

We remind you that actual business results and other data may differ from the forecasts provided here.



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