



Full-year forecasts for FY ending March 2021 revised upward, solidifying the path to meeting Midterm Management Plan targets

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—All three core businesses to achieve profit growth in 2Q of this year onwards—

# First Half of FY ending March 2021 Financial Results Briefing

November 9, 2020

Masayuki Nakamura,  
Representative Director,  
President and CEO

# *Corporate profile*

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# Corporate overview (as of September 30, 2020) **OKAMURA**

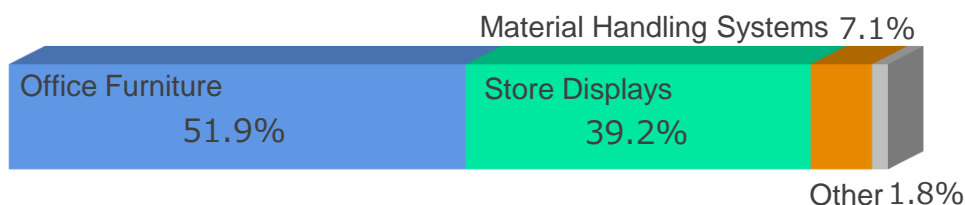
## ■ Company outline

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

## ■ Sales percentage by segment



## ■ Consolidated business highlights

	FY ended Mar. 2020	First half of FY ending Mar. 2021
Net sales	253.2 billion	105.3 billion
Total assets	236.3 billion	226.1 billion
Net assets	135.5 billion	140.4 billion
Capital stock	18.7 billion	18.7 billion
Number of employees	5,145 persons	5,298 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)	110,137,595
Number of shareholders	5,639

## ■ Plants: 14

Japan: 12, Overseas: 2

## ■ Affiliated companies: 34

(including 25 consolidated subsidiaries)

Japan: 22,

Overseas: 12 (China, Thailand, Singapore, Indonesia, Malaysia, Vietnam)

## ■ Domestic dealerships

105 dealers associated with the Daiya Association,  
 414 dealers associated with the Pearl Association,  
 54 dealers associated with the Pegasus Association,  
 62 dealers associated with the Ruby Association,  
 99 dealers associated with the Mercury Club,  
 31 dealers associated with the Sirius Association

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

## The Okamura Group's value creation story

We will continue to create new value in order to fulfill our mission

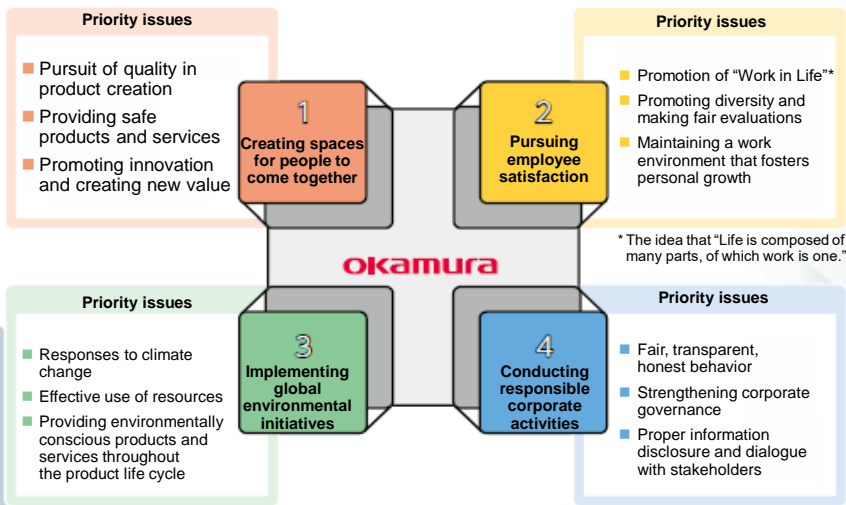
### Business environment

- Shrinking labor force
- Diversification of working styles and environment
- Changes in social environment and values due to advances in digital technology
- Expansion of high-income groups and increased consumption in emerging countries
- Development of the sharing economy
- Advances in models for subscriptions and recurring business
- Expansion of new business creation potential through open innovation

### Social issues

- An increasing global population and decreasing domestic population
- Super-aging society
- Climate change mitigation and adaptation
- Biodiversity loss and ecosystem collapse
- Resource depletion
- Large-scale natural disasters
- IT risks including cyber attacks
- Expansion of disparities between generations and regions

## Our four sustainability priority issues



### Stakeholders

- Customers
- Dealerships
- Suppliers
- Shareholders and investors
- Employees and their families
- Society and government

## Providing value

### Mission

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

### Vision

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

### Contribution to SDGs



In agreement with the international goals set by the United Nations to realize a sustainable world by 2030 in its Sustainable Development Goals (SDGs), Okamura will contribute to achieving these goals through our service to business and society.

## Midterm Management Plan

### Basic policy

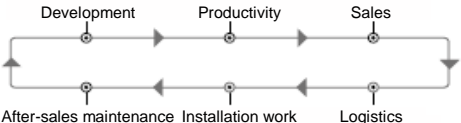
Aim to enhance corporate value through continued growth and active ESG initiatives by creating new demands, achieving greater operational efficiency, and promoting globalization.

**Financial targets (FY2024)** Operating income ratio: **7%** or more ROE: **10%**

### Management themes

- Supply chain reforms
- Promotion of digital transformation
- Strengthening of overseas business

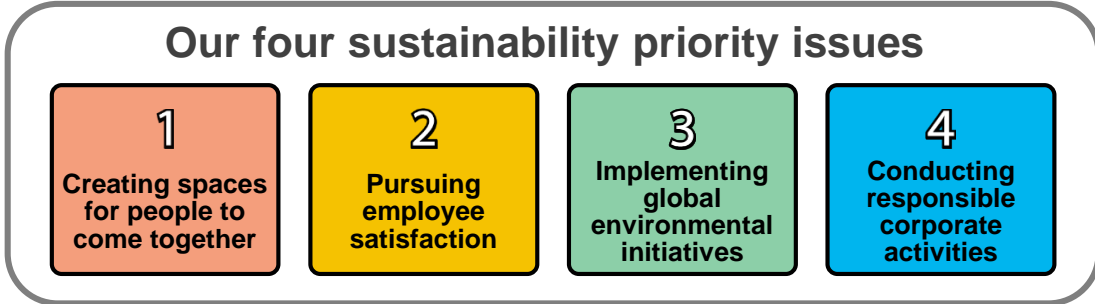
- Office Furniture
- Store Displays
- Material Handling Systems



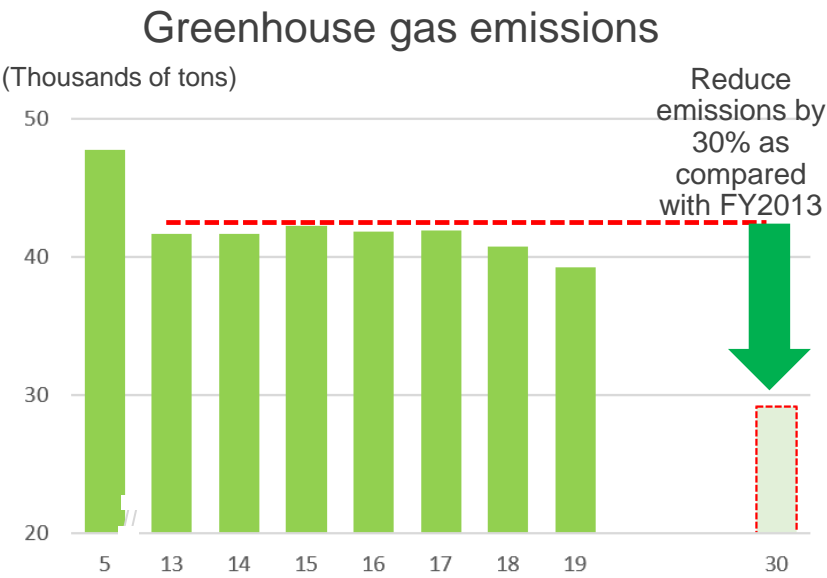
Source: Okamura Group Sustainability Report 2020

**Toyo Keizai ESG Company Ranking: 129th place (2nd place in the "other products" sector)**

The Okamura Group strives to enhance corporate value by recognizing ESG as a high-priority management issue and actively promoting ESG initiatives.



## Implementing global environmental initiatives



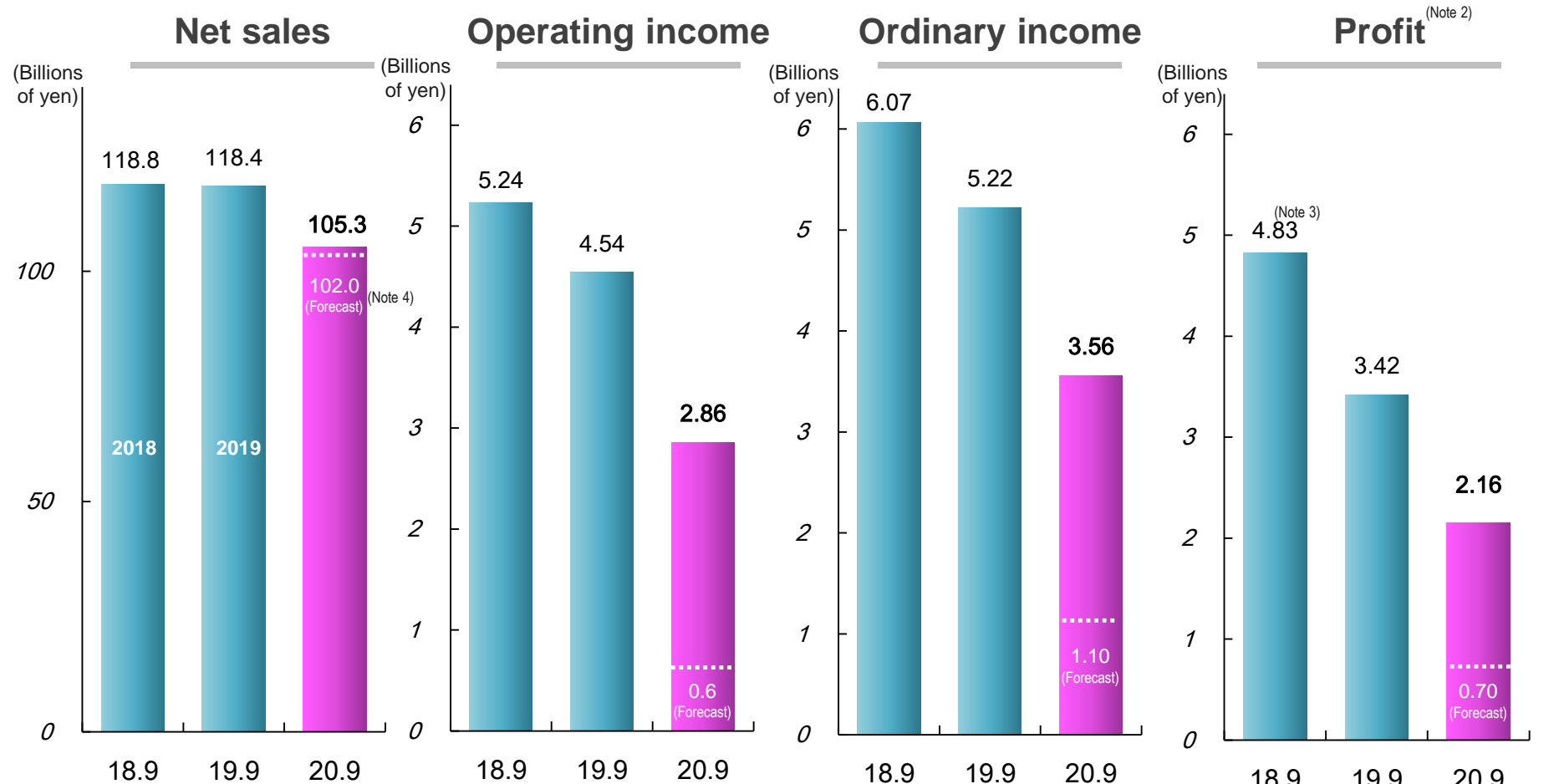
### Long-term environmental vision “GREEN WAVE 2030”

Item	FY2030 targets
1. Responses to climate change	Reduce CO <sub>2</sub> emissions by 30% (as compared with FY2013) Increase energy productivity by 10% (as compared with FY2020)
2. Measures to reduce chemical substances	Reduce specified chemical substances (PRTR) Reduce the consumption rate by 10% (as compared with FY2020)
3. Water resource preservation measures	Reduce the consumption rate by 10% (as compared with FY2020)

***Financial review for first half  
of FY ending March 2021***

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# Financial highlights for first half of FY ending March 2021 OKAMURA



(Note 4)  
 Actual-to-forecast ratio: 103.2%  
 Year-over-year: 88.9%

Actual-to-forecast ratio: 476.6%  
 Year-over-year: 63.0%

Actual-to-forecast ratio: 323.8%  
 Year-over-year: 68.2%

Actual-to-forecast ratio: 307.9%  
 Year-over-year: 63.0%

2Q year-over-year: 96.0%

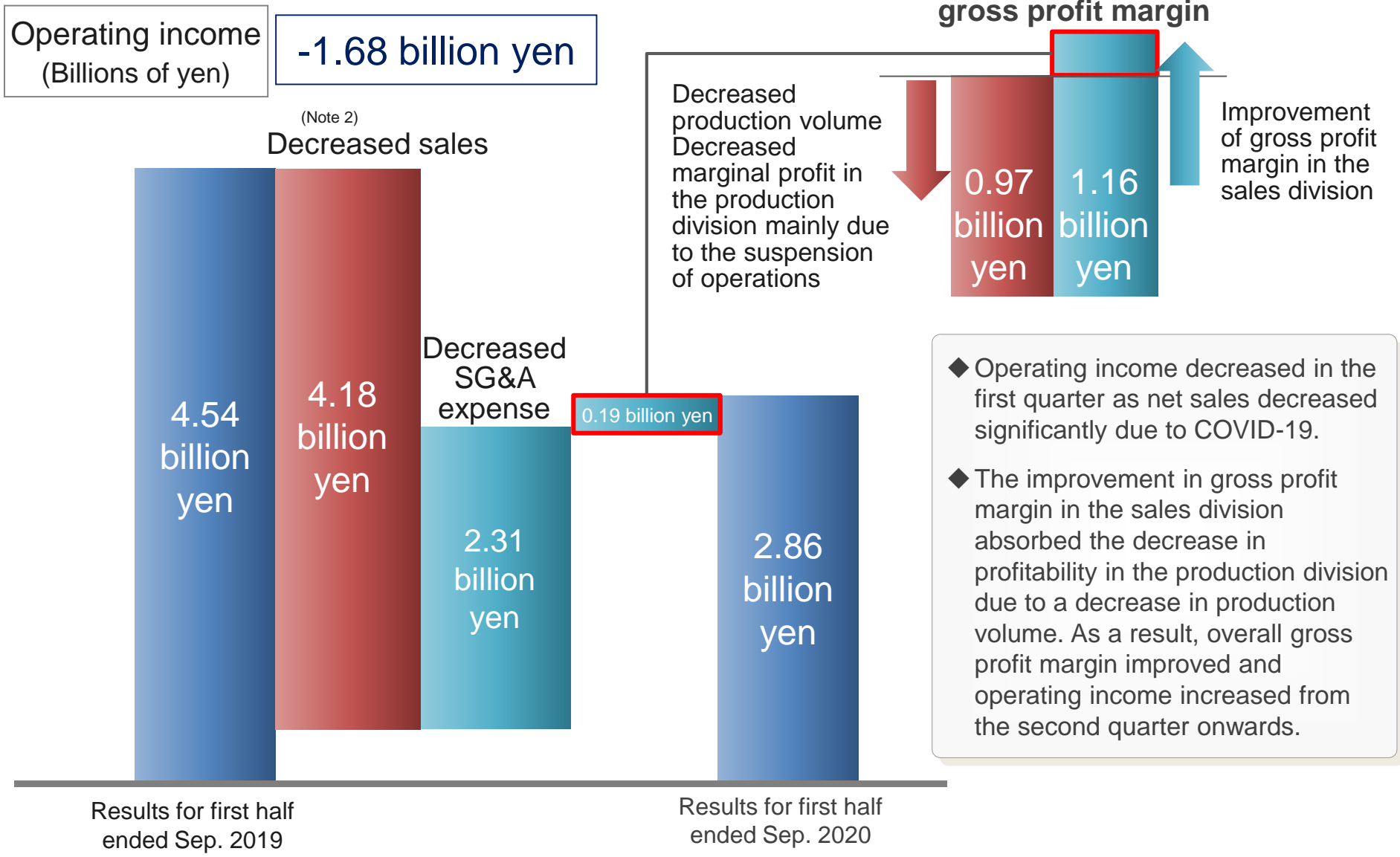
2Q year-over-year: 127.0%

2Q year-over-year: 132.2%

2Q year-over-year: 168.8%

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: The profit for the first half of FY ended March 2019 included 1.2 billion in gain on sales of investment securities.  
 Note 4: Forecast represents the financial forecasts announced on August 4, 2020.

# Factors affecting operating income

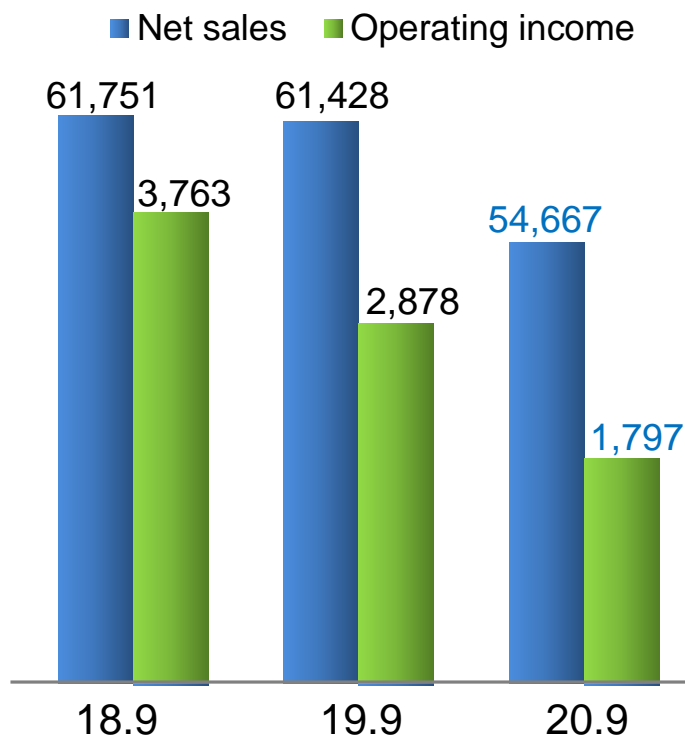


- ◆ Operating income decreased in the first quarter as net sales decreased significantly due to COVID-19.
- ◆ The improvement in gross profit margin in the sales division absorbed the decrease in profitability in the production division due to a decrease in production volume. As a result, overall gross profit margin improved and operating income increased from the second quarter onwards.

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 first half of FY ending March 2021



(Millions of yen)

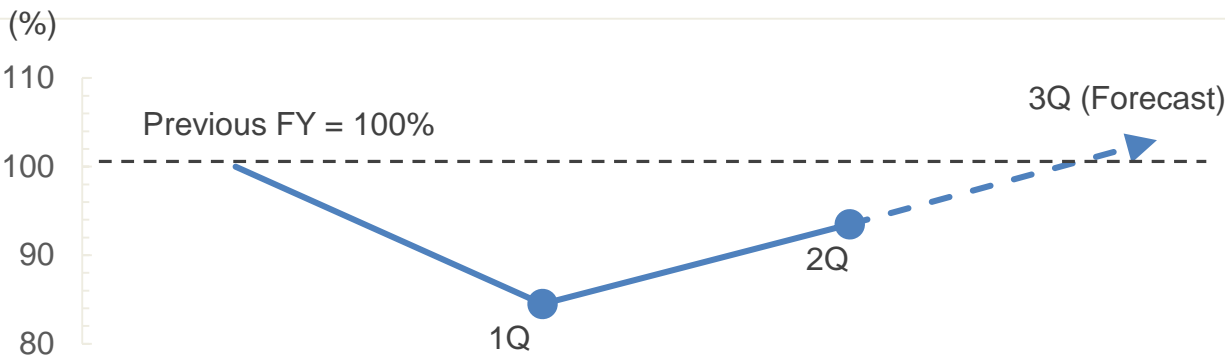
		Results for first half ended Sep. 2019	Results for first half ended Sep. 2020	Year-over-year
Net sales	1Q	30,679	25,910	84.5%
	2Q	30,748	28,756	93.5%
	Total	61,428	<b>54,667</b>	89.0%
Operating income (Percentage)	1Q	1,494 (4.9)	329 (1.3)	22.0%
	2Q	1,384 (4.5)	1,468 (5.1)	<b>106.1%</b>
	Total	2,878 (4.7)	<b>1,797 (3.3)</b>	62.4%

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

- ◆ While new large-scale office building projects were firm, small- to medium-sized transactions decreased significantly due to COVID-19. In spite of the existence of home-related demand and the emergence of demand related to new work styles from the second quarter onwards, net sales for the first half decreased year-over-year.
- ◆ The increase in operating income in the second quarter owing to strong sales efforts, including profitability improvement in large-scale projects, was not sufficient to absorb the decrease in net sales. As a result, operating income for the first half decreased year-over-year.

# Impact of COVID-19: Office Furniture

## Quarterly net sales compared to the previous fiscal year



Orders received significantly decreased in the first quarter, partly due to restrictions on working in the office. After taking a wait-and-see stance, corporate customers started to gradually increase office-related investments from the second quarter onwards.

### Small-scale projects

Demand for small-scale projects decreased significantly. Demand has been increasing moderately since the second quarter.

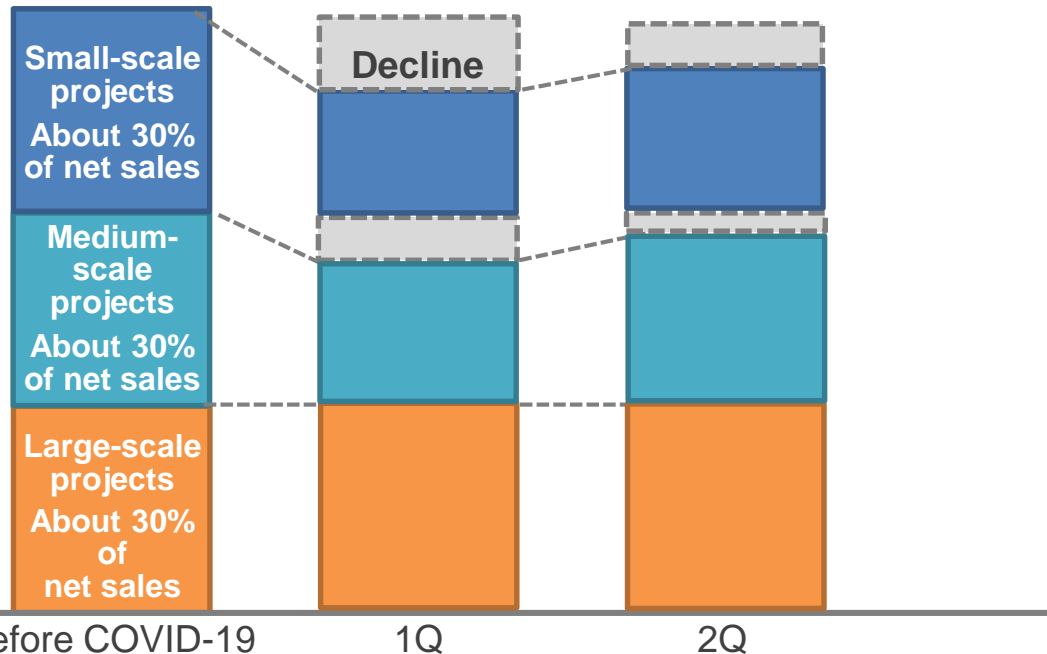
### Medium-scale projects

Renovations and secondary relocations that had been postponed were gradually resumed. Demand related to new work styles also increased from the second quarter onwards.

### Large-scale projects

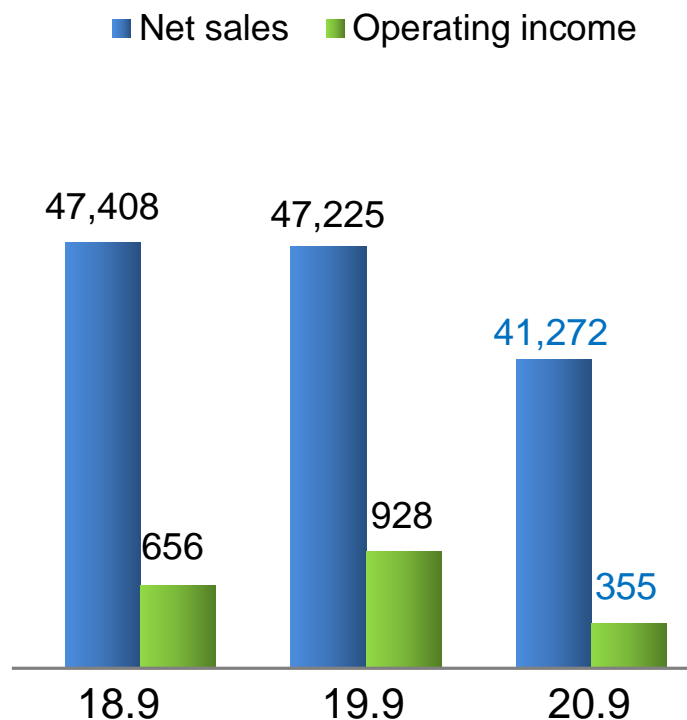
Large-scale relocations were implemented as scheduled.

## Impact of COVID-19 on business



## Results for first half of FY ending March 2021

(Millions of yen)

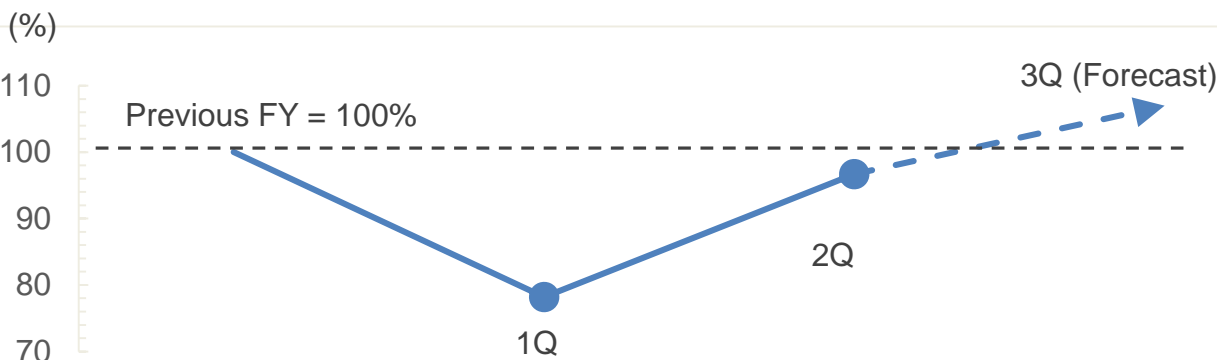


		Results for first half ended Sep. 2019	Results for first half ended Sep. 2020	Year-over-year
Net sales	1Q	23,703	18,534	78.2%
	2Q	23,521	22,738	96.7%
	Total	47,225	<b>41,272</b>	87.4%
Operating income (Percentage)	1Q	547 (2.3)	-333 (--)	--%
	2Q	380 (1.6)	689 (3.0)	<b>181.2%</b>
	Total	928 (2.0)	<b>355 (0.9)</b>	38.3%

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

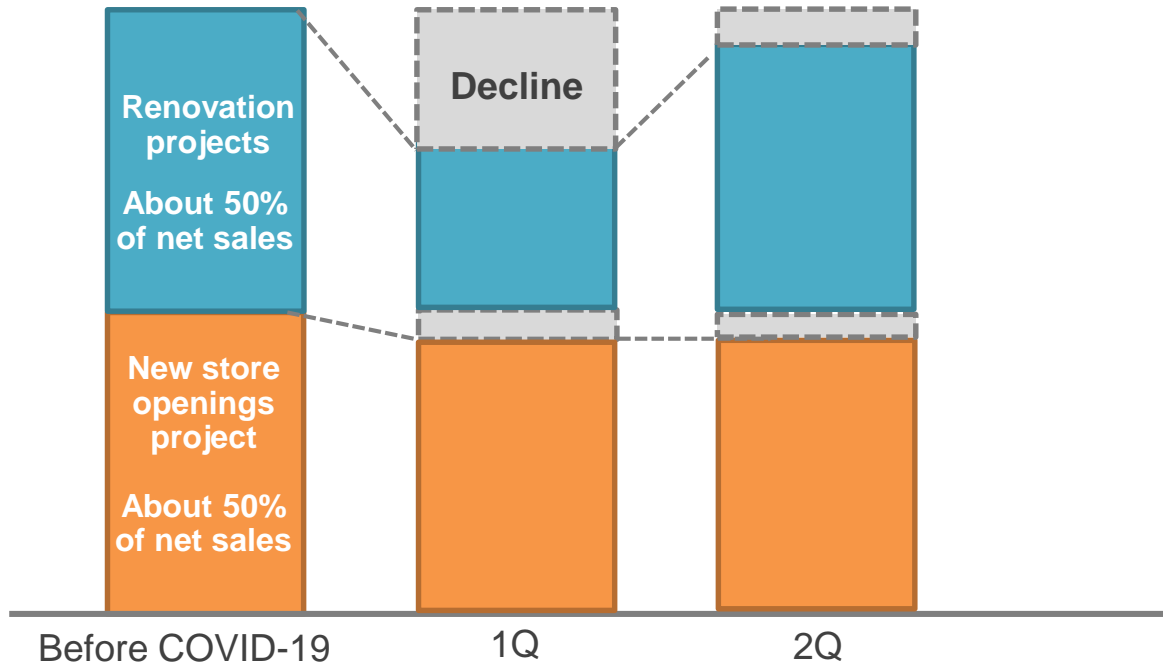
- ◆ Renovation projects scheduled for the first quarter were postponed as retail stores were extremely busy in responding to COVID-19, which resulted in a decrease in net sales.
- ◆ The increase in operating income from the second quarter onwards due to the resumption of construction work and the effect of ongoing profitability improvement efforts was not sufficient to absorb the decrease in net sales. As a result, operating income for the first half decreased year-over-year.

## Quarterly net sales compared to the previous fiscal year



In the first quarter, it was difficult to carry out renovations as scheduled because stores were too busy. Renovations will be resumed gradually in and after the second quarter and demand is expected to rebound through the third quarter.

## Impact of COVID-19 on business



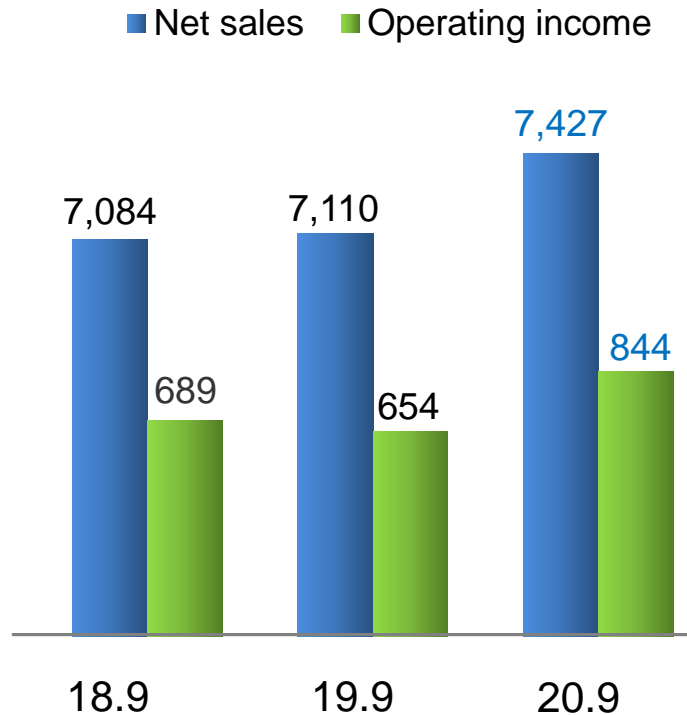
### Renovation projects

As supermarkets and drugstores return to normal from the extremely busy situation, renovations postponed up to the second quarter and onwards have been restarted.

### New store openings project

Projects for new store openings were relatively unaffected.

## Results for first half of FY ending March 2021



(Millions of yen)

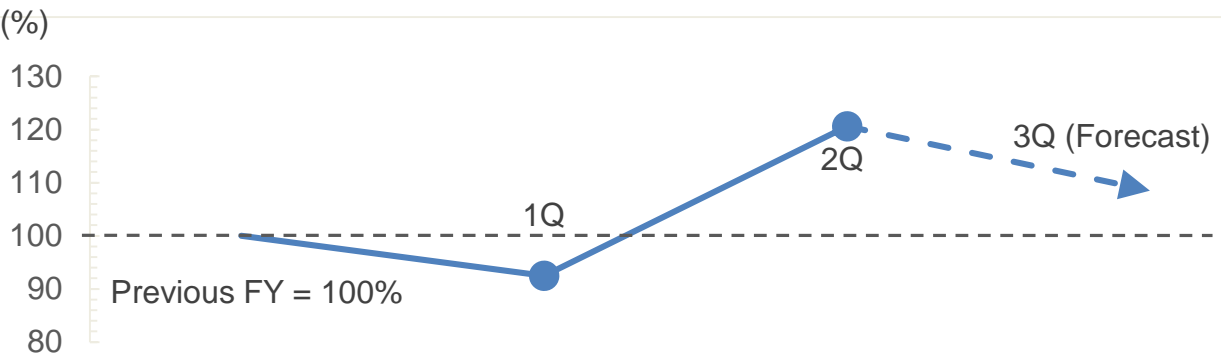
		Results for first half ended Sep. 2019	Results for first half ended Sep. 2020	Year-over-year
Net sales	1Q	4,075	3,768	92.5%
	2Q	3,035	3,659	120.6%
	Total	7,110	<b>7,427</b>	104.5%
Operating income (Percentage)	1Q	433 (10.6)	434 (11.5)	100.4%
	2Q	221 (7.3)	409 (11.2)	<b>184.9%</b>
	Total	654 (9.2)	<b>844 (11.4)</b>	129.0%

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

- ◆ Labor-saving demand was strong and COVID-19 had only a slight impact on projects that had already been ordered, which resulted in record-high net sales.
- ◆ Operating income also increased to a record-high level due to the effect of increased net sales, as well as strict project management, standardization, and other efforts.

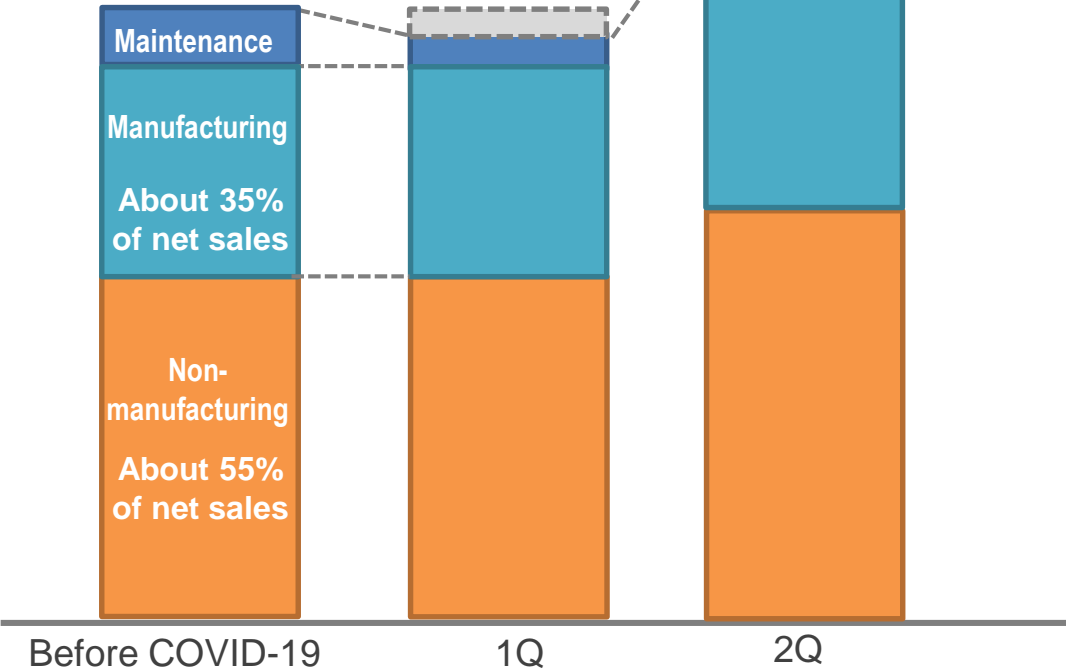
# Impact of COVID-19: Material Handling Systems **OKAMURA**

## Quarterly net sales compared to the previous fiscal year



Deliveries and installation work for projects that had been ordered in the previous fiscal year were implemented without delay, and we achieved record-high net sales for the first half.

## Impact of COVID-19 on business



### Maintenance

Demand for regular maintenance services disappeared temporarily due to the suspension of operations at warehouses.

### Manufacturing

### Non-manufacturing

Projects in the first half were implemented as scheduled. Net sales for the fourth quarter onwards are expected to dip temporarily due to the effect of delays in business negotiations in the first quarter.

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

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# Earnings forecast for FY ending March 2021 **OKAMURA**

(Billions of yen)

	Results for FY ended Mar. 2020	Results for first half of FY ending Mar. 2021	Forecast for FY ending March 2021		
			Second half	Full year	Year-over-year
Net sales	253.2	105.3 (118.4)	130.7 (134.7)	236.0 (253.2)	93.2%
Operating income	13.4	2.9 (4.5)	8.4 (8.8)	11.3 (13.4)	84.4%
Ordinary income	14.7	3.6 (5.2)	8.9 (9.5)	12.5 (14.7)	85.0%
(Note 2) Profit	9.9	2.2 (3.4)	6.5 (6.4)	8.7 (9.9)	88.3%

\* Figures in parentheses represent actual results for the previous year.

Note 1: These figures have been rounded off to the nearest unit displayed.

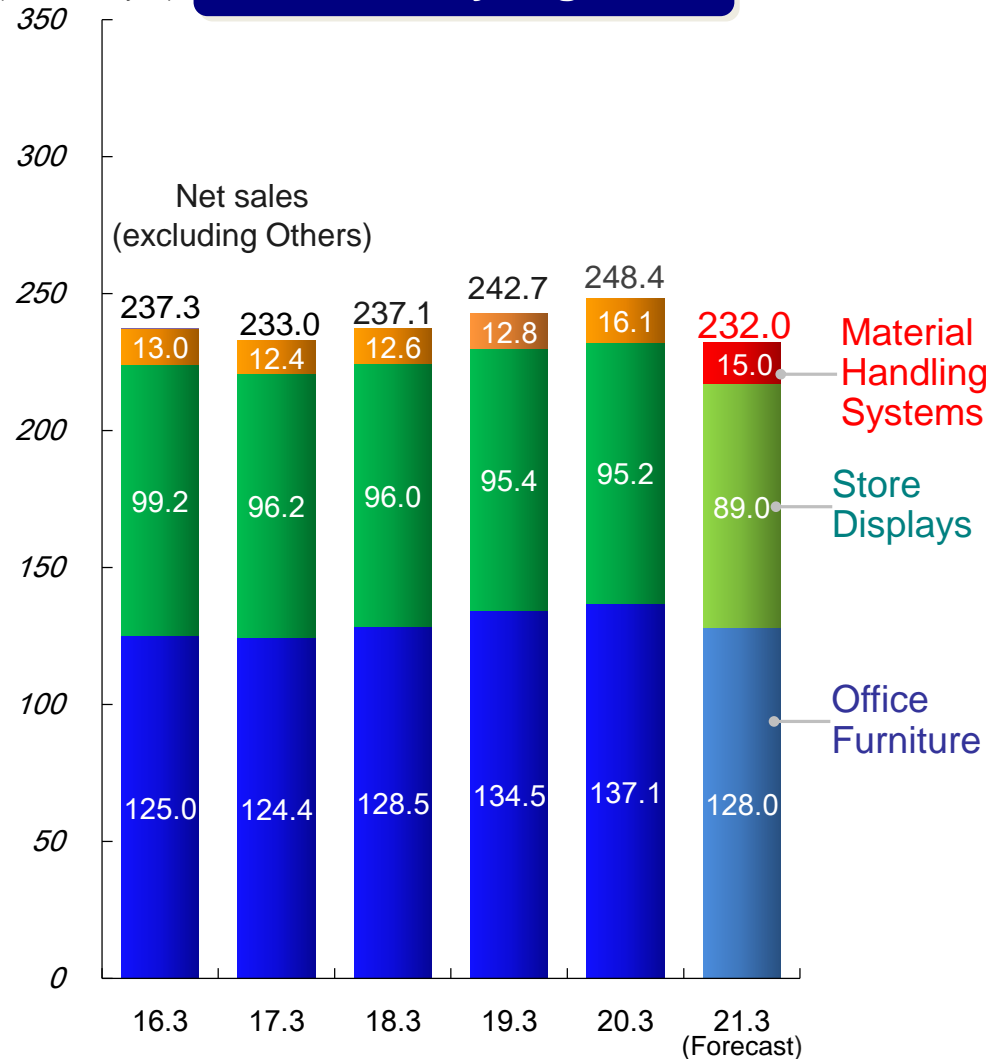
Note 2: The profit represents "profit attributable to owners of parent."



# Financial forecasts for FY ending March 2021 by segment **OKAMURA**

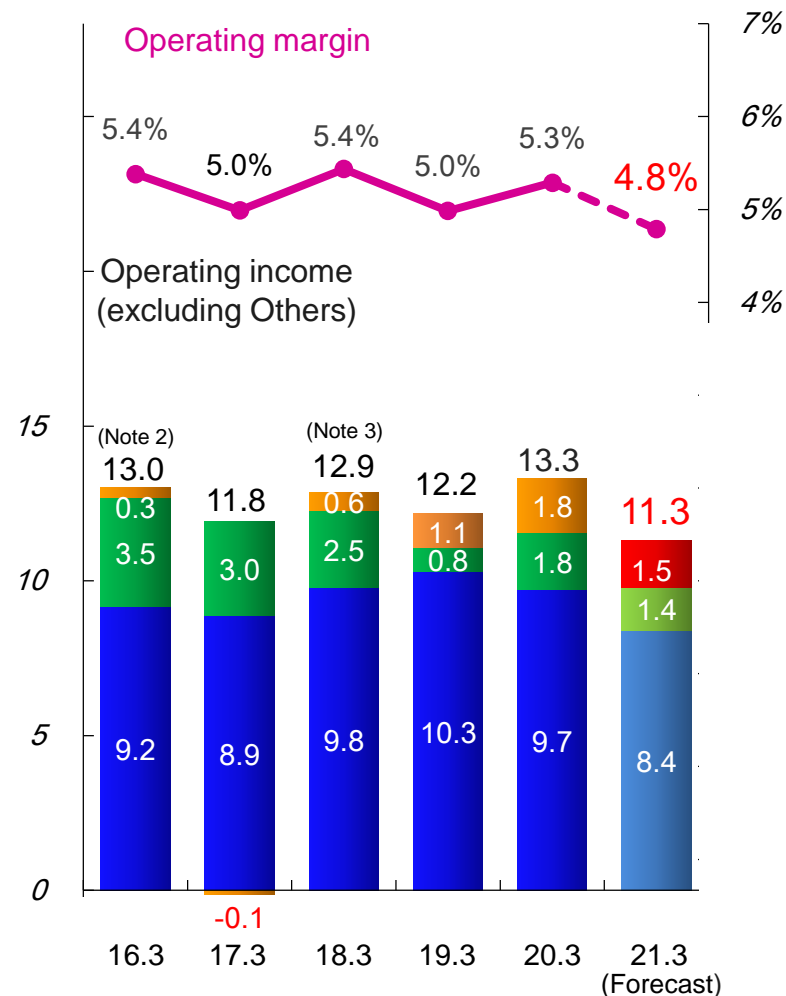
(Billions of yen)

## Net sales by segment



(Billions of yen)

## Operating income by segment

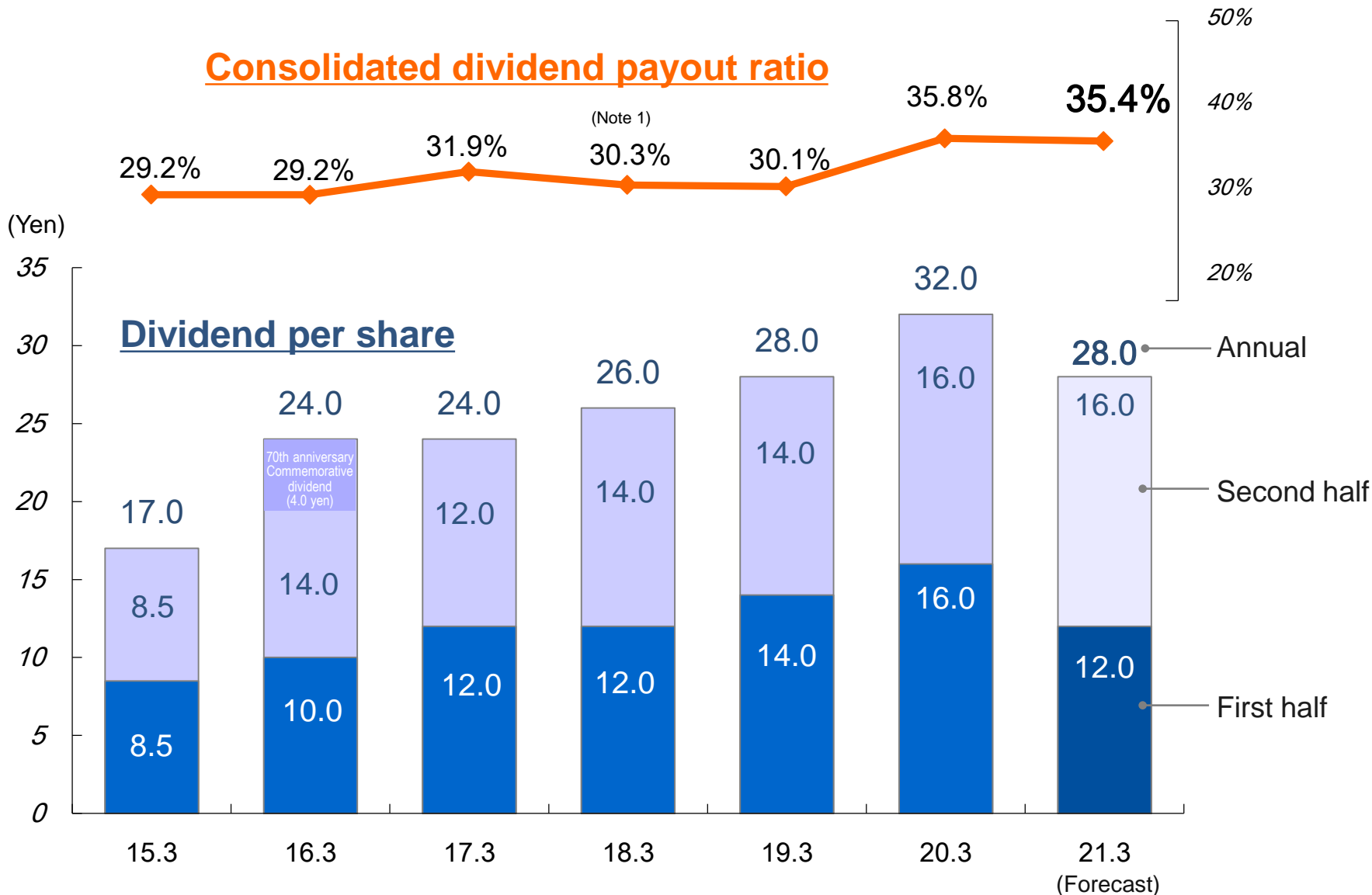


Note 1: These figures have been rounded off to the nearest unit displayed.

Note 2: The effect of a change in the depreciation method for FY ended March 2016, 1.33 billion yen (profit increase), is included.

Note 3: For FY ended March 2018, a revision to the Company's corporate pension plan due to a revision to its retirement benefit plan (change in accounting estimates) had an effect of 0.71 billion yen (profit increase).

# Dividend per share and payout ratio

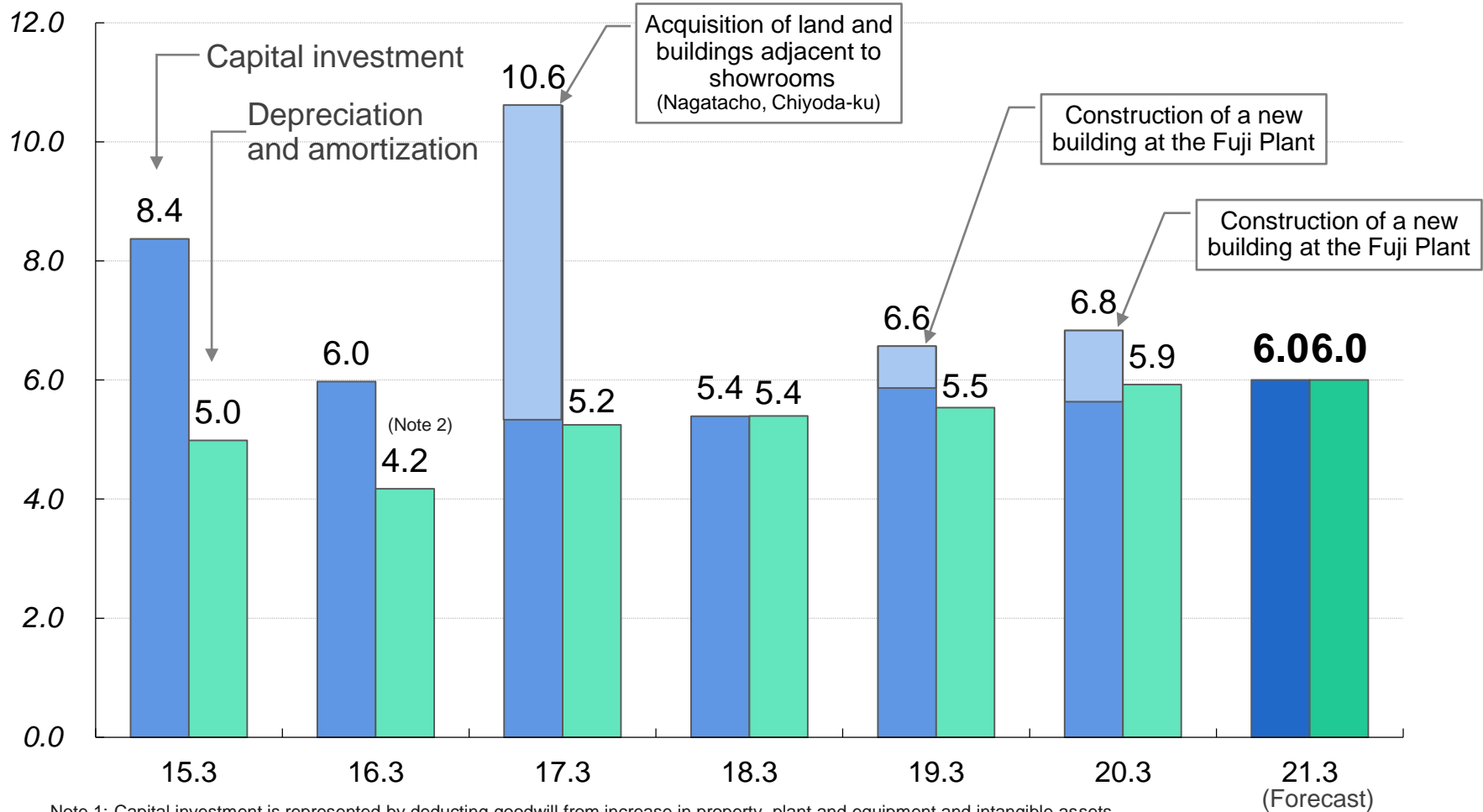


Note 1: The figures for FY ended March 2018 were computed on a real basis excluding 1.98 billion yen (1.37 billion yen after tax) recorded as a gain on revision to retirement benefit plan (extraordinary income).

## 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.

# *Midterm Management Plan*

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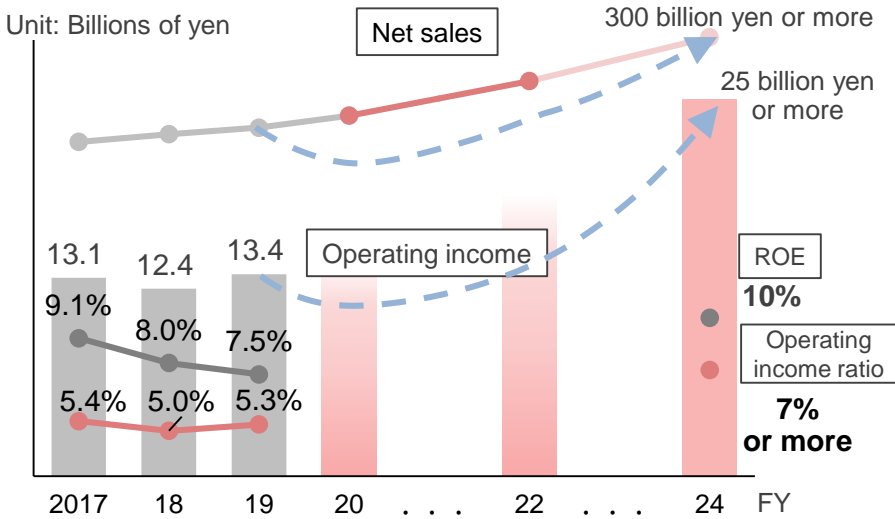
**Basic policy** Aim to enhance the corporate value through continued growth and active ESG initiatives by creating new demands, achieving greater operational efficiency, and promoting globalization.

## 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.

Source: Midterm Management Plan announced on May 13, 2020

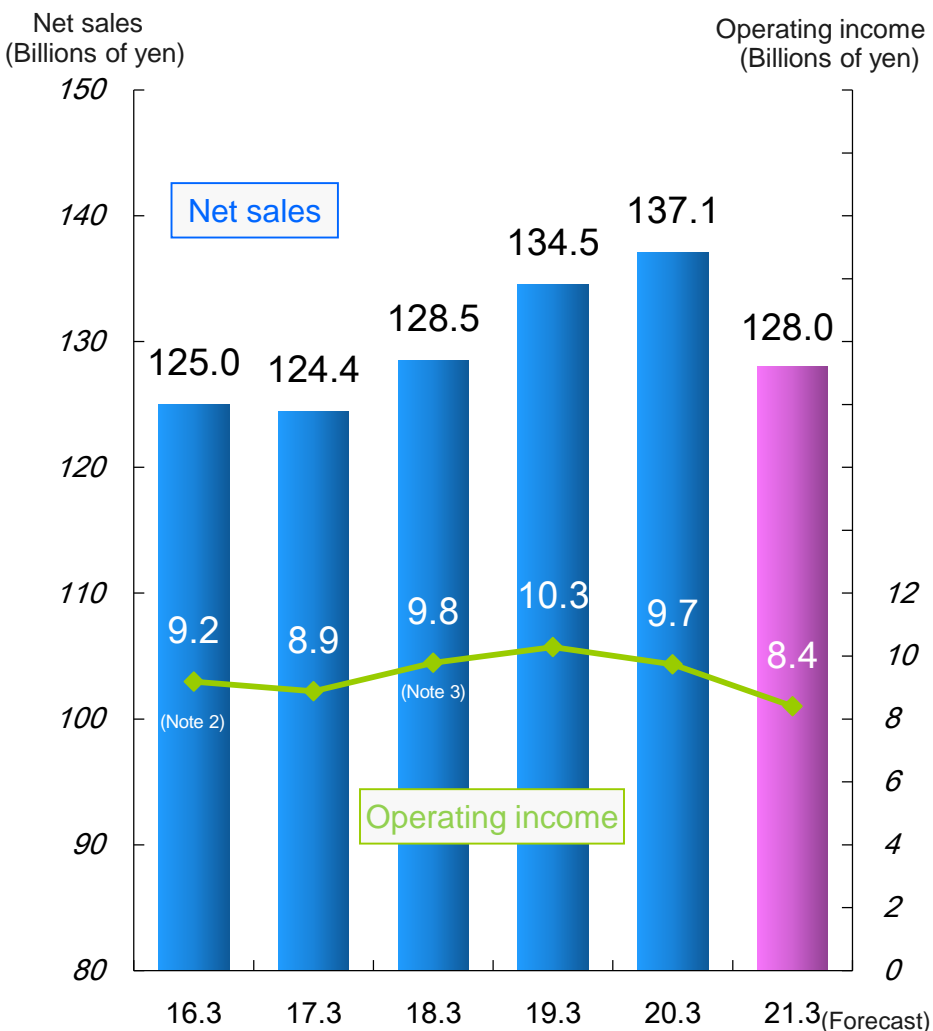
# ***Situation by business segment***

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# *Office Furniture business*

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## Sales/operating income forecast



Note 1: These figures have been rounded off to the nearest unit displayed.  
 Note 2: The effect of a change in the depreciation method for FY ended March 2016, 0.87 billion yen (profit increase), is included.  
 Note 3: For FY ended March 2018, a revision to the Company's corporate pension plan due to a revision to its retirement benefit plan (change in accounting estimates) had an effect of 0.48 billion yen (profit increase).

## 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

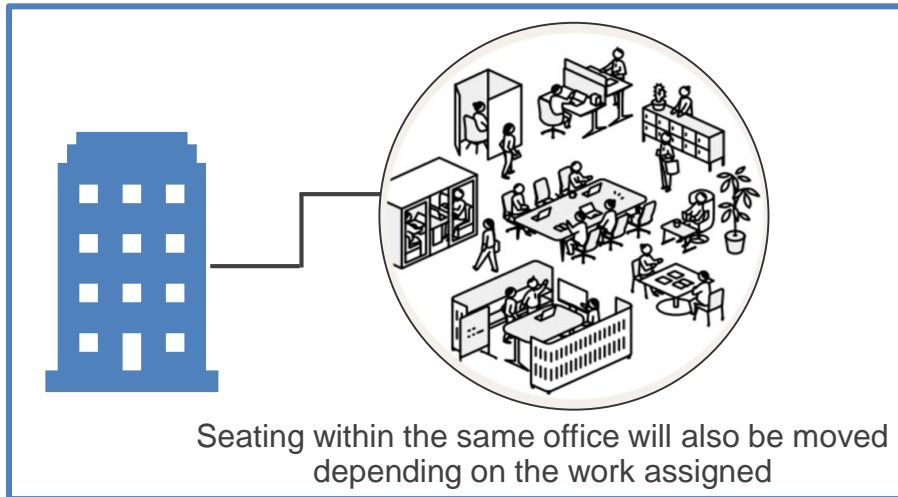
- ◆ Enhanced ability to make value-adding proposals and offer appealing products to meet the diversification of work styles and work environments.
- ◆ Develop products and services that enable the Company to maintain a stable revenue by remaining in contact with customers after sales.
- ◆ Expand sales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



## Work style changes

Work styles will be more diverse and workplaces will be more distributed as more people work remotely

### Central office



### + Working remotely



## Right-sizing of offices

### Space reallocation

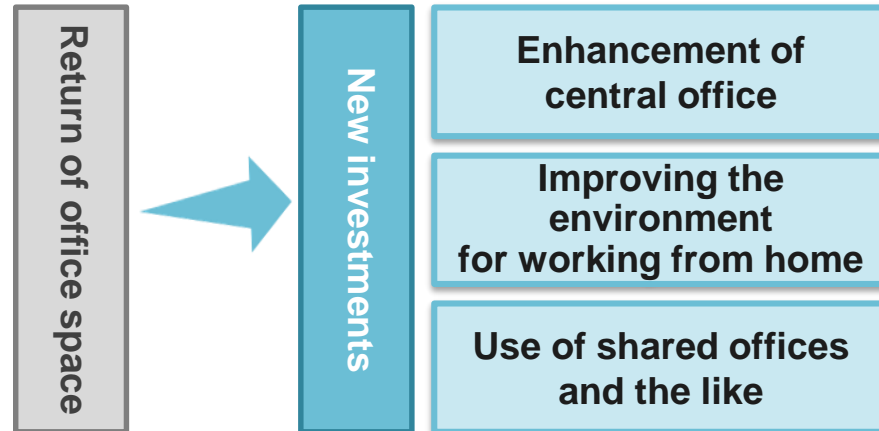
Before



New Normal



### Cost reallocation



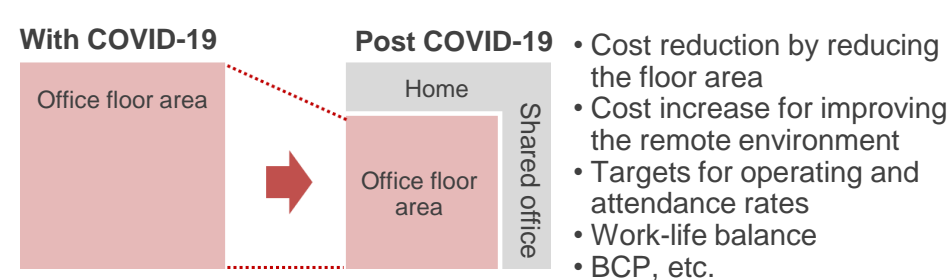
Space and cost will be reallocated to achieve an optimal balance at each company.

## Proposal to adopt a new work style

### Right-sizing consulting

Propose an optimal solution for reallocating the office floor area of a company more quickly based on attendance surveys and employee questionnaires.

### Examination of optimal balance



### Office location analysis



Select the best location for the central office and satellite offices from survey data to reduce commuting time and transportation expenses.

Provide advice on expense reduction based on survey data, as well as cost simulations based on multiple scenarios.

## Demonstrating and experimenting with work style reforms

### LABO Office

Provide the customer with feedback on collected knowledge from verification tests on work style reform, using the customer's own office, designed around such concepts as "efficiency" and "health"



### Shibuya CO-EN LABO

Introduced ABW focusing on sales activities to create an office with no conference room to enhance "comfort" and "networking."

### Open innovation

Aim to develop new work style solutions such as IoT-based services through open innovation with other industries.

Conduct verification tests for solutions owned by participating companies through the operation of members only co-working spaces



point 0 marunouchi



OKAMURA Office IoT

## Product lineup to meet the needs for new-style offices



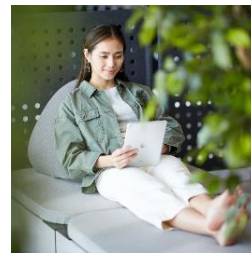
### Autonomy

#### Functional space you can select as a reason to go to the office

- An environment that is more productive than working from home (can totally concentrate, do not get tired so easily, etc.)
- An environment in which one can concentrate on video conferences
- A stress-free working environment



Working in a comfortable environment  
“REGAS”



Working in a relaxed manner  
“PARK WORK”



Working with concentration  
“co-comori”



### Emotion

#### A place to benefit from in-person communication

- A place to loosely connect with colleagues
- A place to have an active discussion with colleagues
- A place to touch analogue information and things
- A place providing opportunities to meet diverse people



Being immersed in team discussion  
“Lives Shelf”



Having a heated discussion  
“SPRINT”



### Culture

#### A place to enhance internal and external engagement

- A place to express a corporate brand
- A place to instill a culture
- A place to develop human resources
- A place from which to send or protect information



Sharing the details of various projects with others  
“Bresta”



Working in a unique and idea-rich environment  
“PARK WORK”

# “Work by Day” to realize the DX of work style

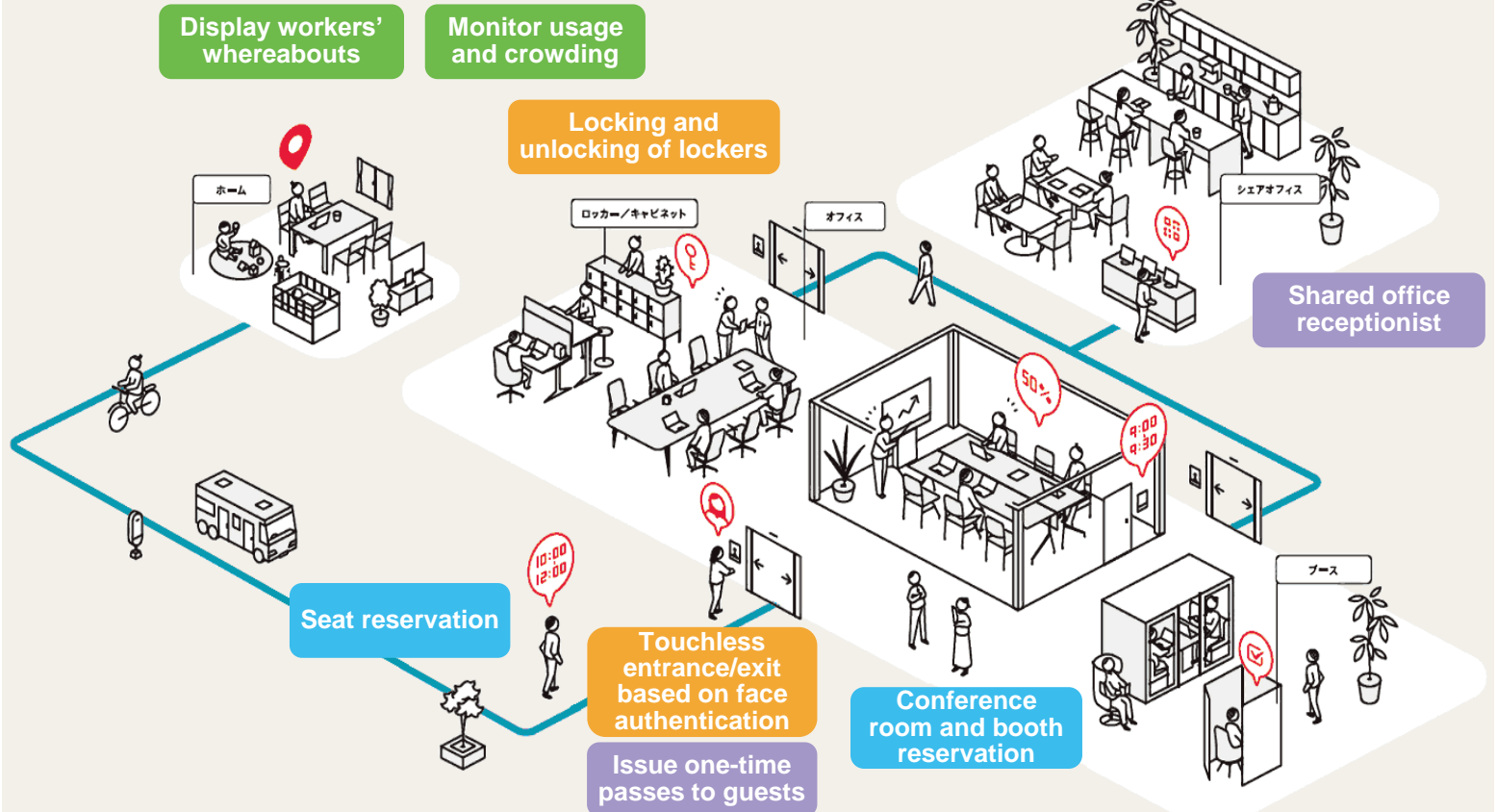
Formed a capital and business alliance with Bitkey Inc. in October 2020.  
Scheduled to start a new service in November based on Bitkey’s platform “workhub.”

## Reservation system

One-stop reservation to cover everything “from searching to using”

## Smart face authentication system

Interoperation with physical security and new authentication methods



## Guest management system

Build an operation system also convenient for guests to use

## Visualization tool (dashboard)

Optimize both work style and facility management through “data visualization”

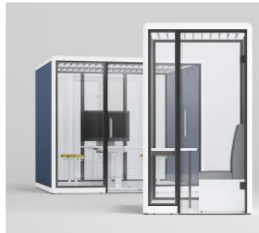
# Increasing demand for work booths for the new work styles

## Demand has increased sharply under the new normal

**TELECUBE** by OKAMURA



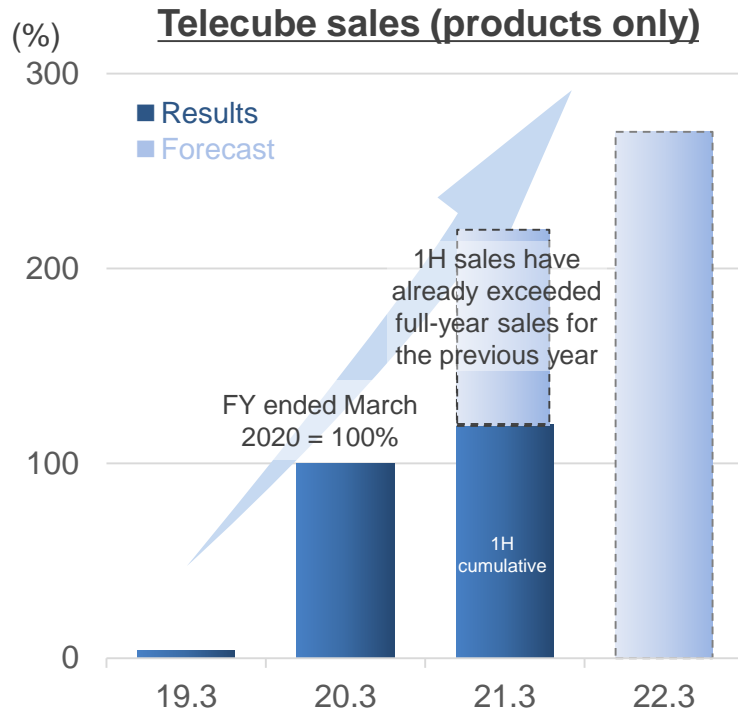
**SnowHut**



**drape**



Work booth inquiries have increased sharply as more meetings and other business activities are conducted remotely rather than in person and to implement social distancing



## Telecube in demand outside central offices

Installed in increasingly diverse places due to distributed workplaces.

[Installation locations]

Stations, common areas in buildings, shared offices, apartments, commercial facilities, event venues, etc.



Businesses and business operators who use Telecube, such as pay-as-you-go services based on hourly usage, are increasing

## Businesses that utilize Telecube



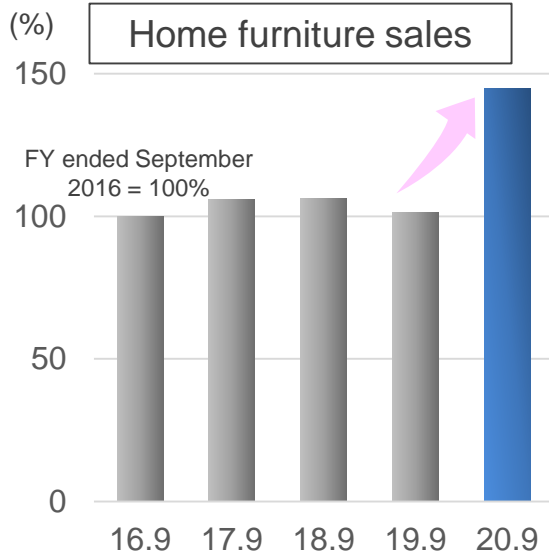
### **Telecube Web Conference Center**

Two such centers were opened by Telecube Services Co., Ltd. and four other companies in the Shin-Marunouchi Building and Toyosu Foresia in October 2020.

Fully equipped with tablets and Wi-Fi. A person with a reservation can conduct a web conference empty-handed.

## Increasing demand for home furniture

- Demand is increasing on the back of the rapid shift to working from home.
- In some cases, companies are bearing purchase costs as part of their employee health and welfare programs.



**Focus on B to B to E business to leverage our strengths**

- Established products for **office** workers
- Broad sales channels to corporate customers

**A home furniture shopping website for corporate customers "Okamura for e-Biz" to open in October 2020**

## Strong demand for device storage for GIGA<sup>(Note)</sup> schools

Note: GIGA = Global and Innovation Gateway for All  
 Ministry of Education, Culture, Sports, Science and Technology:  
 "One device for each child and student"  
 With purchases of charging storage for computer devices in elementary, junior high, and special needs schools all over Japan, local governments are holding competitive biddings

Trays are used to ensure social distancing while taking devices out.



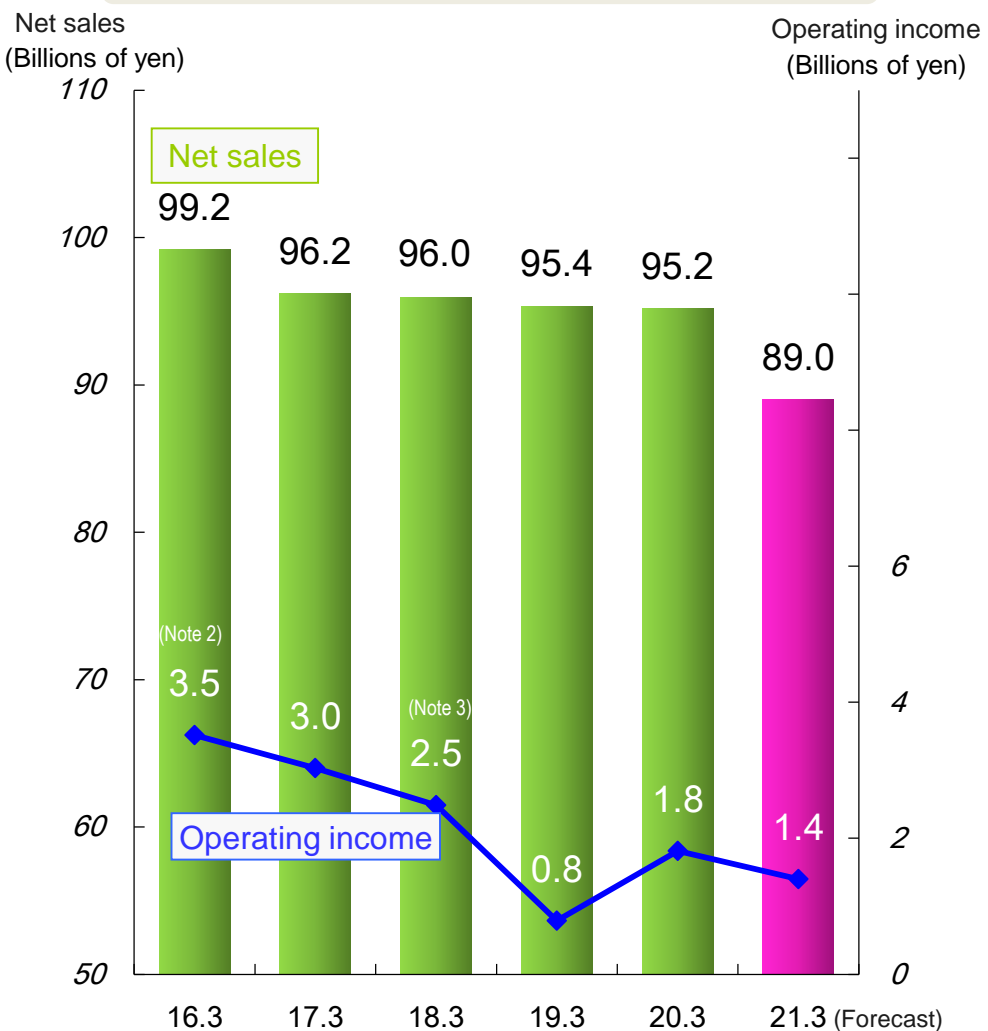
**Deliveries started in September**

# ***Store Displays business***

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# Earnings forecast for the Store Displays business **OKAMURA**

## Sales/operating income forecast



Note 1: These figures have been rounded off to the nearest unit displayed.  
 Note 2: The effect of a change in the depreciation method for FY ended March 2016, 0.36 billion yen (profit increase), is included.  
 Note 3: For FY ended March 2018, a revision to the Company's corporate pension plan due to a revision to its retirement benefit plan (change in accounting estimates) had an effect of 0.18 billion yen (profit increase).

## 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.



## 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

## 2. Profitability management through operational reforms

- Cost reductions by strengthening project management
- Improvement in efficiency through reviewing the division of operational responsibilities

## 3. Strengthening the labor/energy-saving product lineup

Sliding shelves



Self-checkout registers



Cases with doors



## 4. Expanding maintenance service business

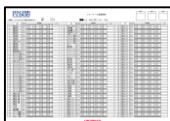


Showcases



OSCOM Alto

Report preparation and printing services



Cloud services



Central office

## Proposing total solutions and winning orders

Early involvement in projects brings competitive advantages

Design planning

Store development technology

Displays and appliances

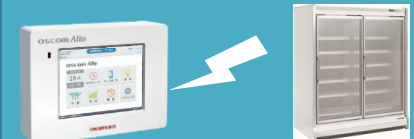


Equipment

Interior furnishings

Digital technology

Energy saving, remote management



Data analysis, use of cloud technology

Security

Maintenance service

Strengthen competitiveness by proposing total solutions and aim to increase sales by securing orders for such solutions.

Implement various improvement activities with model branches/customers  
Aim to roll them out in the whole company in a phased manner

Seek to optimize our system for division of labor (sales activities, cost management, construction work, etc.) through reorganization

## Initiatives to strengthen proposal and to win orders

### Sales and marketing reform

Strengthen customer analysis

Strengthen product and solution development

### Strengthening capabilities to win orders for total solutions

Strengthen our sales support system, including the creation of and other tasks relating to price estimates

Strengthen our ability to handle interior furnishings and construction work



**Model branches won three times as many orders for total solutions as last year**

## Initiatives to reduce cost

### Cost reduction

Always purchase on a competitive basis

Optimize our order placement process

### Improve project profitability

Optimize our processes and reduce costs in repeat projects

Strengthen our ability to handle difficult projects



**Achieved a 3% or more cost reduction on average for target customers**

# Orders increased for labor-saving products and refrigerated showcases

## Labor-saving products sold well

Demand increased as customers took countermeasures against labor shortages

Semi-self checkout registers

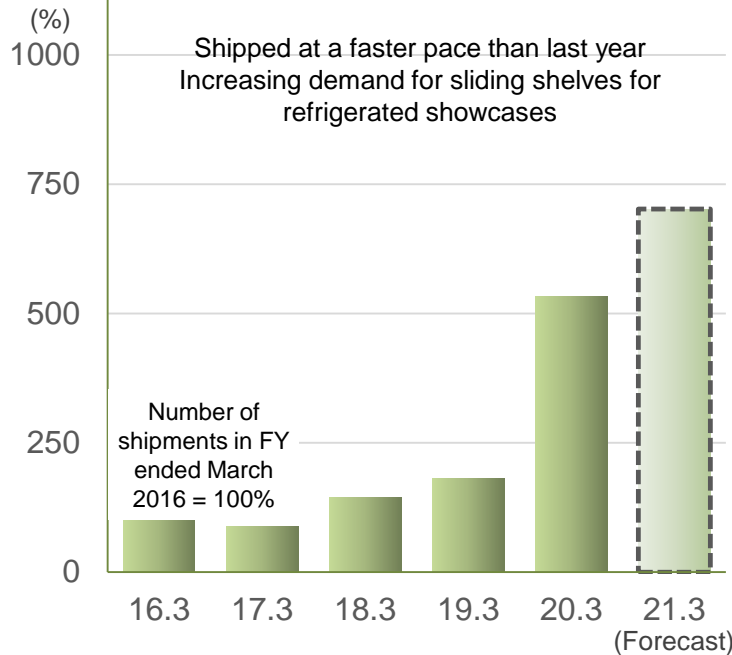


Sliding shelves



Reduce goods display workload significantly  
Can also be attached to refrigerated showcases and the products of other companies

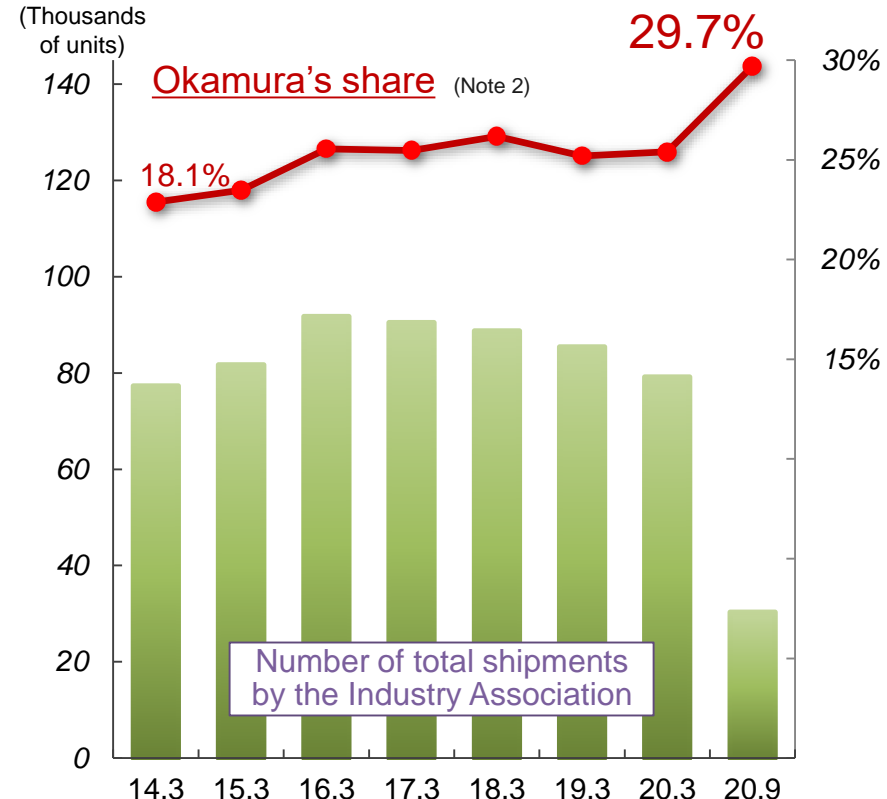
## Shipments of sliding shelves



## Changes to Okamura's share in refrigerated showcases (separately-installed general type) and number of total shipments by the Industry Association

Demand for refrigerated showcase temperature management is strong as customers respond to the mandatory implementation of HACCP<sup>(Note 1)</sup>.

Note 1: One of the management techniques to ensure food safety. The implementation is mandatory effective June 2020 under the Food Sanitation Act as amended in June 2018.

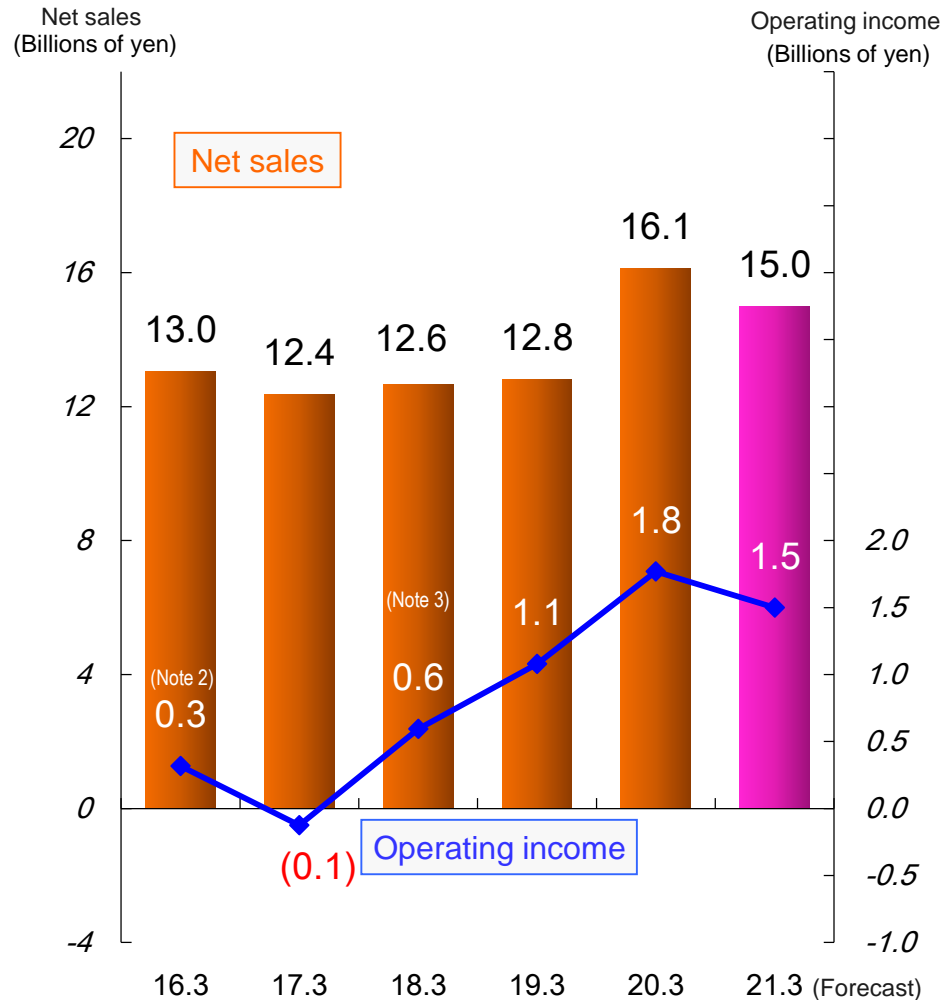


Note 2: Okamura's estimate is based on actual shipment results prepared by the Japan Refrigeration and Air Conditioning Industry Association, etc. (as of end of September 2020)

# ***Material Handling Systems business***

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## Sales/operating income forecast



Note 1: These figures have been rounded off to the nearest unit displayed.  
 Note 2: The effect from a change in the depreciation method for FY ended March 2016, 0.1 billion yen (profit increase), is included.  
 Note 3: For FY ended March 2018, a revision to the Company's corporate pension plan due to a revision to its retirement benefit plan (change in accounting estimates) had an effect of 0.05 billion yen (profit increase).

## Business environment

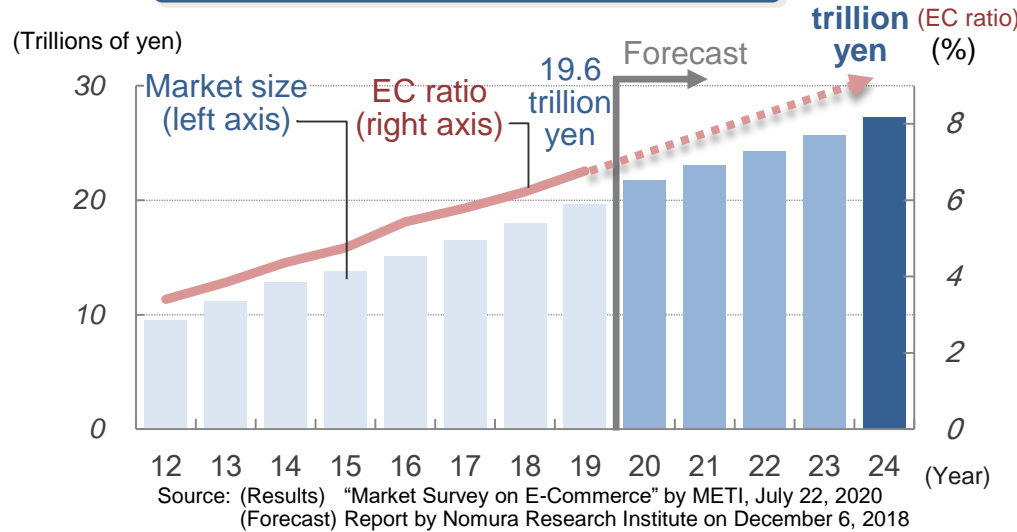
- ◆ Demand for logistic facilities will grow backed by the expansion of the e-commerce market.
- ◆ Due to labor shortages, the need to save manpower and automation at logistic facilities will grow.

## Business strategy

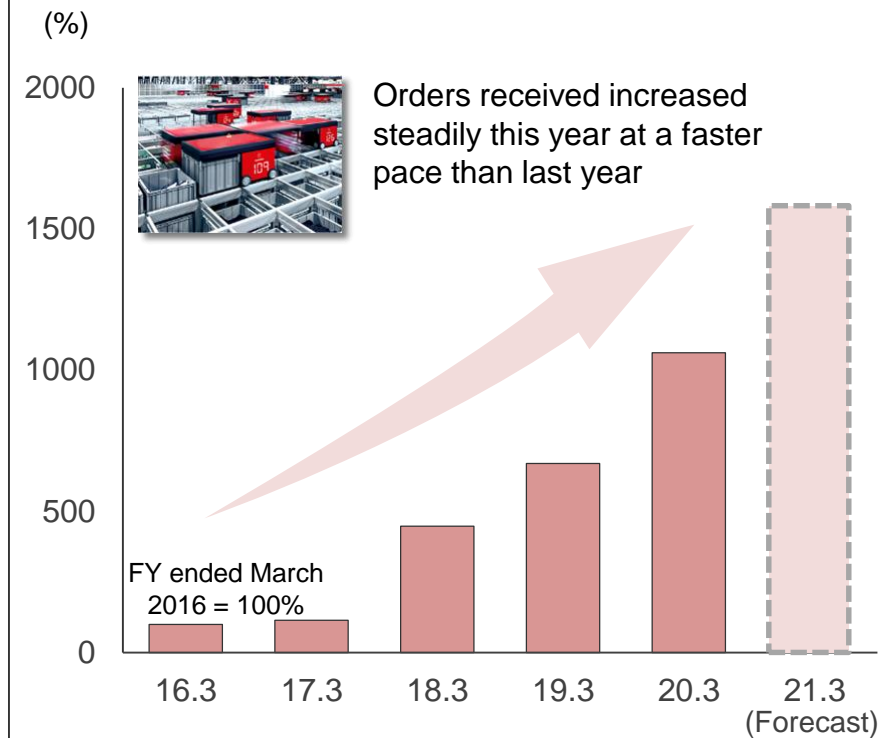
- ◆ Expand product and service lineups to meet the need of labor saving.
- ◆ Build value-added service business model by taking advanced digital technology into material handling system.
- ◆ Enter to growing markets overseas by collaborating and merging with local enterprises with technological prowess.

# Demand is firm although plans are postponed due to COVID-19

## Market size of E-commerce in Japan

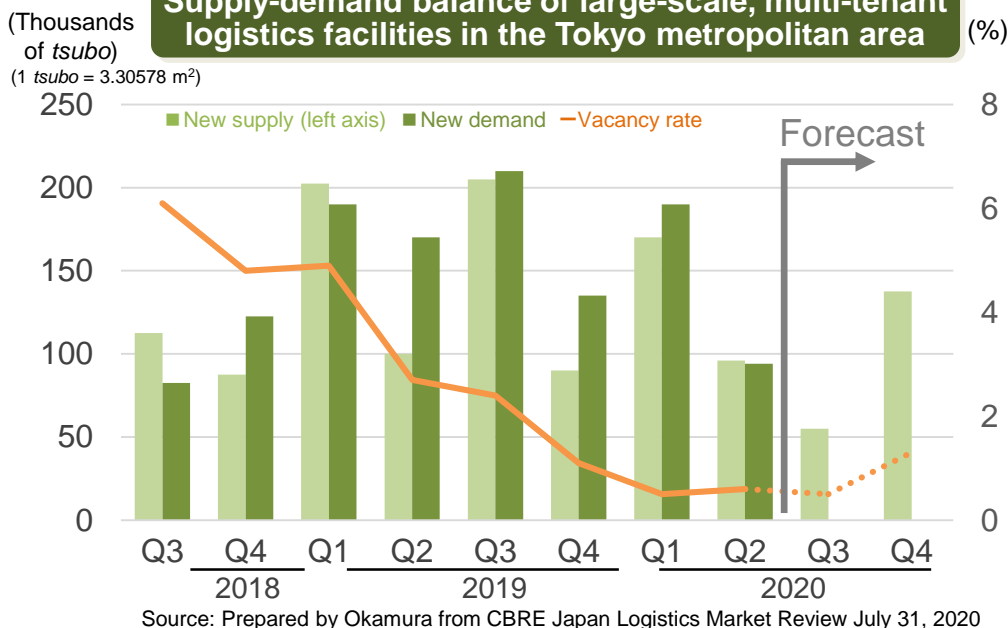


## Cumulative net sales of AutoStore



- The EC market grew further due to COVID-19, and demand for distribution warehouses will remain firm going forward.
- Demand for labor saving **with material handling systems** is increasing due to social distancing measures in addition to labor shortages.

## Supply-demand balance of large-scale, multi-tenant logistics facilities in the Tokyo metropolitan area



## In anticipation of the expansion of the logistics robot market

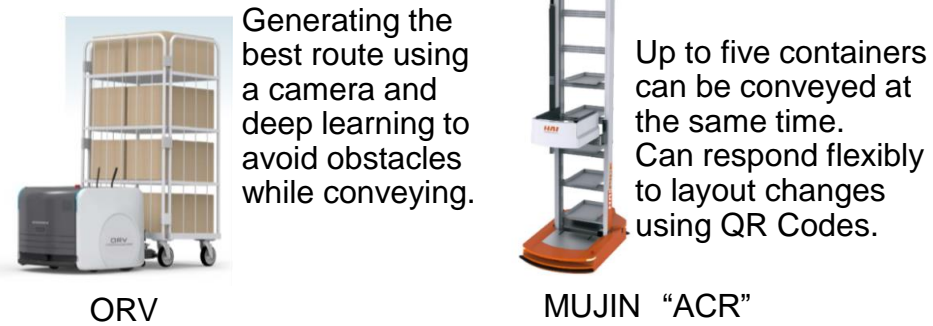
We expect demand to increase for products that operate autonomously based on machine learning partly due to the need to prevent infection.

We will enhance our product lineup through both internal development and joint development with other companies.

### Labor saving with picking robots

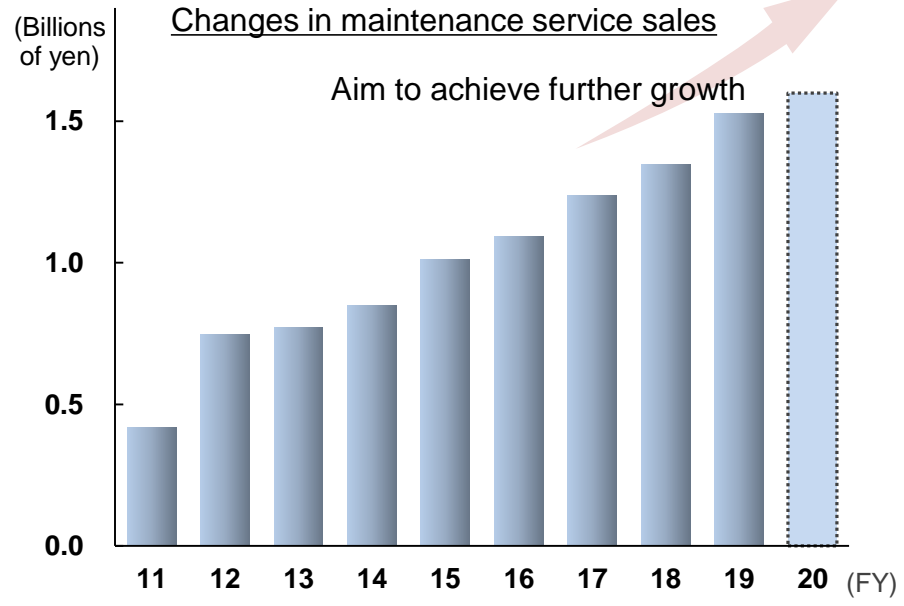
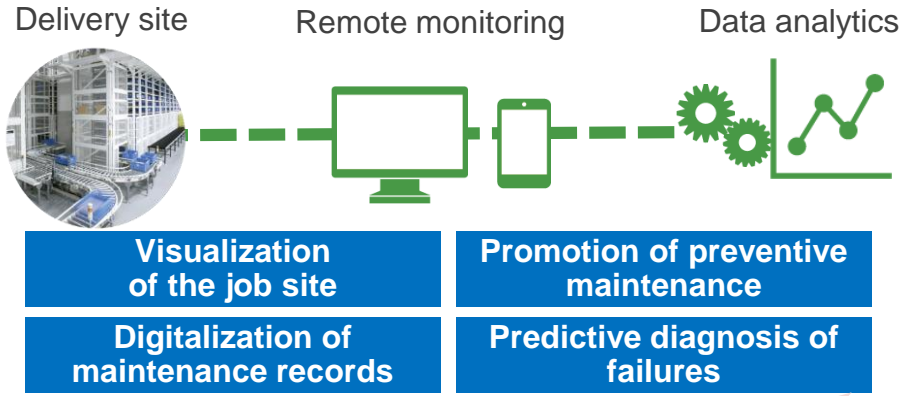


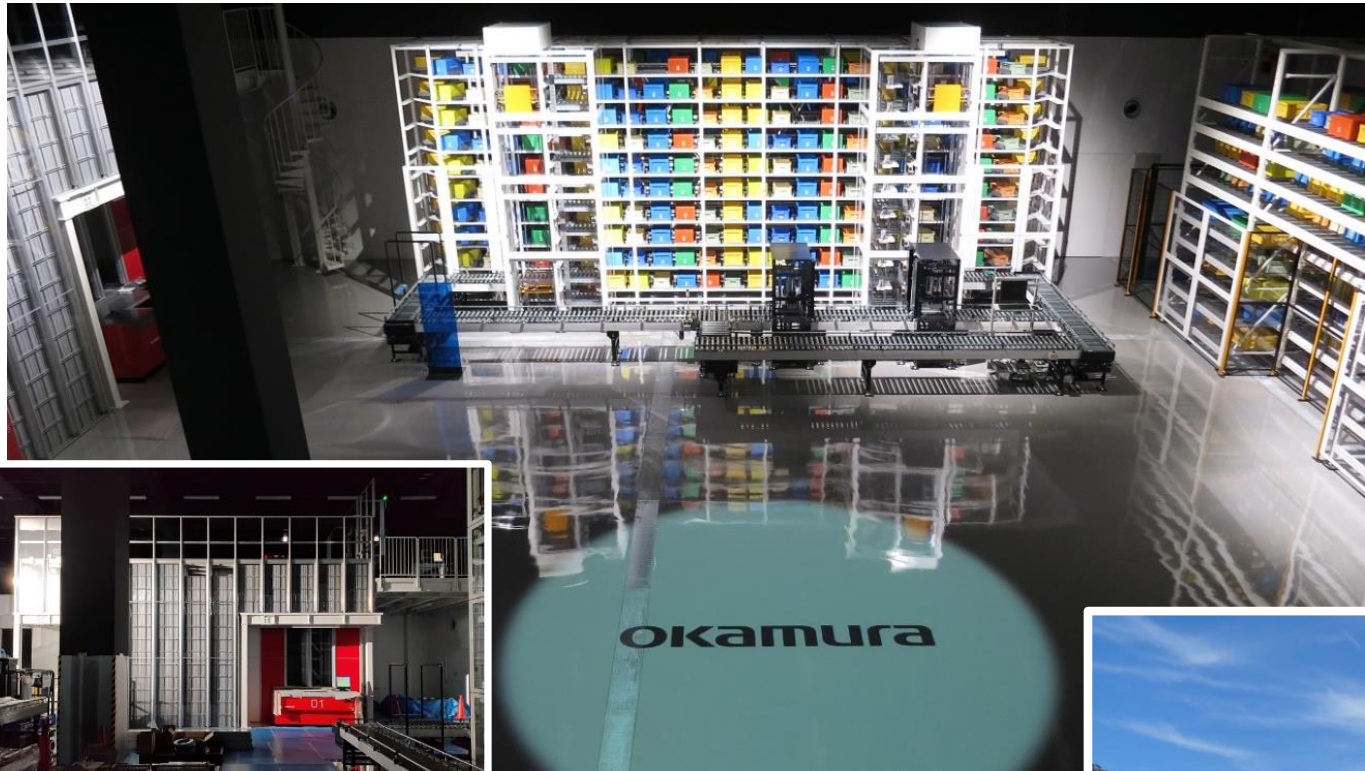
### Labor saving with automatic conveyances



## Expansion of maintenance services with wider IoT applications

A mechanism of remote monitoring using digital technologies to enable quick responses and the prevention of failures





**A logistics system showroom was opened in the new building at our Fuji Plant in June 2020.**





## Key points

Solidifying the path to meeting our targets in the Midterm Management Plan

New normal responses in the three core businesses

Office Furniture business

Creation of new office-related demand in the new normal era

Store Displays business

Shift from sales of store displays and appliances to store development  
Initiatives to strengthen proposal capabilities and to improve profitability

Material Handling Systems business

Capturing demand for labor-saving products and services  
Challenge of expanding the logistics robot market and maintenance business

## Earnings forecast for FY ending March 2021

	Earnings forecast for FY ending Mar. 2021	
Net sales	236.0	(93.2%)
Operating income	11.3	(84.4%)
Ordinary income	12.5	(85.0%)
Profit	8.7	(88.3%)

(Billions of yen) (Year-over-year)

Note 1: The profit represents "profit attributable to owners of parent."

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.