

* Notes

(1) Changes in the number of material subsidiaries during the quarter under review (This indicates whether there have been changes in the number of specified subsidiaries involving changes in the scope of consolidation): None

New — company(ies) (—)
 Excluded — company(ies) (—)

(2) Adoption of a special accounting method applicable to the preparation of consolidated quarterly financial statements: None

(3) Changes in accounting policy or accounting estimates, or restatement

- ① Changes in accounting policy in accordance with revisions to accounting standards: None
- ② Changes other than those in ① above in accounting policy: None
- ③ Changes in accounting estimates: None
- ④ Restatement: None

(4) Number of shares of stock (common stock)

- ① Number of shares issued (including treasury stock) at the end of the term
- ② Number of shares of treasury stock at the end of the term
- ③ Average number of shares during the term (cumulative quarters)

3Q of FY ending March 2019	112,391,530	FY ended March 2018	112,391,530
3Q of FY ending March 2019	2,241,967	FY ended March 2018	2,238,845
3Q of FY ending March 2019	110,151,026	3Q of FY ended March 2018	110,155,792

* The Summary of Quarterly Financial Results is not subject to quarterly audit by a Certified Public Accountant or an audit firm.

* Explanation of Appropriate Use of Performance Forecasts and Other Issues Requiring Particular Mention

- The performance forecasts and other forward-looking statements contained herein are based on the information available to the Company at the time, and contain certain assumptions that the Company considers to be reasonable. They are subject to diverse factors that may cause actual results of operations and other items to differ significantly from the statements and forecasts. For a description of the assumptions underlying the performance forecasts and the points to note when using the performance forecasts in this document, etc., please refer to (3) Explanation of the performance forecast in 1. Qualitative Information Concerning Consolidated Quarterly Financial Results on page 3 of the Appendix.

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1. Qualitative Information Concerning Consolidated Quarterly Financial Results

(1) Explanation of the progress in (consolidated) operating results

During the third quarter of the consolidated fiscal year under review, corporate profits and the employment situation in the country continued to expand, placing the Japanese economy on a moderate expansion track.

Under these circumstances, the Okamura Group strove to develop new market potential, increase our market share in each of our business segments, and cultivate new customer bases by creating distinctive products and offering total solutions. The Group also endeavored to improve productivity and accelerate the cost reduction.

As a result of the above, during the third quarter of the consolidated fiscal year under review, the Company posted net sales of ¥178,613 million (a year-over-year increase of 4.6%), operating income of ¥6,604 million (a year-over-year increase of 7.0%), ordinary income of ¥7,859 million (a year-over-year increase of 11.2%), and profit attributable to owners of parent of ¥6,024 million (a year-over-year increase of 26.1%).

Performance results by segment are discussed below.

Segment name	Net sales (Millions of yen)			Segment income (Millions of yen)		
	Third quarter of FY ended March 2018	Third quarter of FY ending March 2019	Increase/decrease	Third quarter of FY ended March 2018	Third quarter of FY ending March 2019	Increase/decrease
Office Furniture	87,056	92,015	4,958	3,698	4,442	743
Store Displays	71,875	72,419	544	2,128	942	(1,186)
Others	11,812	14,178	2,365	347	1,220	872
Total	170,744	178,613	7,868	6,174	6,604	429

Note: The total of segment income corresponds to the operating income on Consolidated Quarterly Statements of Income.

Office Furniture

In the Office Furniture segment, the number of large office relocation projects increased alongside the steady supply of large-scale office buildings in central Tokyo, and demand for office relocations and office renovation, mainly by companies with strong business results, remained robust. Under these circumstances, the Company made active efforts to popularize proposals on how to create new office environments in response to work style reform in offices and growing interest in health, which lead to an increase in the number of high-value added major projects, resulting in considerable increases in both net sales and income compared to the results for the same quarter in the previous fiscal year.

As a result, net sales in this segment amounted to ¥92,015 million (a year-over-year increase of 5.7%), and the segment income amounted to ¥4,442 million (a year-over-year increase of 20.1%).

Store Displays

In the Store Displays segment, the Company stepped up efforts to deliver total solutions, mainly to retailers with strong business results (such as grocery stores and drugstores) for display fixtures, store carts, store security products, and the like by leveraging the organization's comprehensive capabilities. The Company also focused on increasing its market share in refrigerated showcases and on reducing costs. Despite these efforts, net sales remained flat while income decreased compared to the same quarter in the previous fiscal year, unable to fully absorb increases in costs for materials, contract installation work and logistics.

As a result, net sales in this segment amounted to ¥72,419 million (a year-over-year increase of 0.8%), and the segment income amounted to ¥942 million (a year-over-year decrease of 55.7%).

Others (including Material Handling Systems)

In the Material Handling Systems segment, the Company focused its efforts on distribution warehouses, which are housing an increasing volume of goods to be sold over the Internet. The Company also engaged in aggressive sales activities by making the most of its solution-proposal capabilities and its products, which stand out from the others due to their superiority, in response to labor-saving needs arising from labor shortages. Additionally, the Company strengthened its internal engineering structure and improved profitability. As a result, both net sales and income increased significantly compared to the same quarter in the previous fiscal year.

As a result, net sales in this segment amounted to ¥14,178 million (a year-over-year increase of 20.0%), and the segment income amounted to ¥1,220 million (3.5 times as much as in the same period of the previous fiscal year).

(2) Explanation of the changes in (consolidated) financial position

The Company's consolidated financial position at the end of the third quarter of the fiscal year under review is as follows:

Total assets amounted to ¥220,459 million, down ¥12,650 million compared with the end of the previous consolidated fiscal year. Current assets decreased by ¥5,912 million, mainly because of an increase in cash and deposits and a decrease in notes and accounts receivable-trade, and non-current assets decreased by ¥6,738 million, mainly because of a decrease in investment securities.

Liabilities amounted to ¥96,088 million, down ¥11,436 million over the end of the previous fiscal year, mainly because of an increase in short-term loans payable and decreases in notes and accounts payable-trade, income taxes payable, and provision for bonuses.

Net assets amounted to ¥124,370 million, down ¥1,214 million over the end of the previous fiscal year, mainly because of an increase in retained earnings and a decrease of valuation difference on available-for-sale securities. The equity ratio amounted to 56.3%, up 2.6 percentage points.

A review of cash flows for the third quarter of the current fiscal year is as follows:

Operating activities generated a net cash increase of ¥8,241 million (an increase of ¥13,001 million in the same period of the previous fiscal year), reflecting inflows including profit before income taxes for the quarter of ¥8,797 million, depreciation and amortization of ¥4,126 million, and a decrease in notes and accounts receivable-trade of ¥13,854 million. Outflows included an increase in inventories of ¥3,663 million, and decreases in notes and accounts payable-trade of ¥9,098 million and income taxes paid of ¥4,451 million.

Investment activities resulted in a net cash outflow of ¥3,011 million (versus a net cash outflow of 5,652 million in the same period of the previous fiscal year), reflecting inflows including proceeds from sales and redemption of investment securities of ¥1,892 million and outflows including disbursements of ¥3,557 million for the purchase of property, plant and equipment and ¥804 million for the purchase of intangible assets.

Financing activities resulted in a net cash outflow of ¥1,161 million (an increase of ¥448 million in the same period of the previous fiscal year), reflecting inflows including an increase in short-term loans payable of ¥2,466 million and outflows including cash dividends paid of ¥2,902 million.

Consequently, consolidated cash and cash equivalents at the end of the current fiscal year's third quarter increased by ¥3,969 million from the end of the previous fiscal year (an increase of ¥7,881 million in the same period of the previous fiscal year) to ¥30,091 million.

(3) Explanation of the performance forecast

The consolidated performance forecasts for the fiscal year ending March 2019 remain the same as those that were announced on November 2, 2018.

2. Consolidated Quarterly Financial Statements and Important Notes

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	Previous fiscal year (As of March 31, 2018)	Third quarter of the current fiscal year (As of December 31, 2018)
Assets		
Current assets		
Cash and deposits	27,452	31,538
Notes and accounts receivable-trade	68,015	54,161
Short-term investment securities	–	500
Merchandise and finished goods	11,579	14,260
Work in process	1,658	2,145
Raw materials and supplies	4,464	4,960
Other	2,579	2,266
Allowance for doubtful accounts	(78)	(73)
Total current assets	115,671	109,759
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,666	14,206
Land	27,892	27,892
Other, net	13,784	14,234
Total property, plant and equipment	56,343	56,333
Intangible assets		
Goodwill	5	–
Other	4,039	3,878
Total intangible assets	4,045	3,878
Investments and other assets		
Investment securities	49,414	43,034
Other	7,670	7,509
Allowance for doubtful accounts	(35)	(55)
Total investments and other assets	57,049	50,488
Total non-current assets	117,438	110,700
Total assets	233,110	220,459

(Millions of yen)

	Previous fiscal year (As of March 31, 2018)	Third quarter of the current fiscal year (As of December 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	28,764	21,198
Electronically recorded obligations-operating	20,283	18,360
Short-term loans payable	6,190	8,651
Current portion of long-term loans payable	1,503	477
Current portion of bonds	5,000	5,000
Income taxes payable	3,010	988
Provision for bonuses	3,850	2,035
Other	6,256	6,762
Total current liabilities	74,858	63,473
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	5,307	5,927
Net defined benefit liability	15,502	16,297
Other	6,856	5,389
Total non-current liabilities	32,666	32,614
Total liabilities	107,525	96,088
Net assets		
Shareholders' equity		
Capital stock	18,670	18,670
Capital surplus	16,766	16,766
Retained earnings	78,991	81,926
Treasury stock	(2,429)	(2,434)
Total shareholders' equity	111,999	114,929
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,103	9,879
Foreign currency translation adjustment	236	136
Remeasurements of defined benefit plans	(1,116)	(929)
Total accumulated other comprehensive income	13,223	9,085
Non-controlling interests	362	355
Total net assets	125,585	124,370
Total liabilities and net assets	233,110	220,459

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

Consolidated Quarterly Statements of Income
[Third Quarter of Current Fiscal Year]

(Millions of yen)

	Third quarter of FY ended March 2018 (From April 1, 2017 to December 31, 2017)	Third quarter of FY ending March 2019 (From April 1, 2018 to December 31, 2018)
Net sales	170,744	178,613
Cost of sales	118,305	122,793
Gross profit	52,439	55,820
Selling, general and administrative expenses		
Packing and transportation expenses	7,381	7,665
Salaries and allowances	15,745	16,268
Provision for bonuses	1,318	1,489
Rent expenses	5,873	6,530
Other	15,945	17,262
Total selling, general and administrative expenses	46,264	49,216
Operating income	6,174	6,604
Non-operating income		
Interest income	13	22
Dividends income	604	854
Equity in earnings of affiliates	223	268
Other	524	529
Total non-operating income	1,367	1,675
Non-operating expenses		
Interest expenses	149	130
Loss on sales and retirement of non-current assets	161	122
Other	162	167
Total non-operating expenses	473	421
Ordinary income	7,068	7,859
Extraordinary income		
Gain on sales of investment securities	–	1,242
Compensation received	–	15
Total extraordinary income	–	1,258
Extraordinary loss		
Impairment loss	–	18
Loss on disaster	–	298
Loss on valuation of golf club membership	1	3
Total extraordinary loss	1	319
Profit before income taxes	7,067	8,797
Income taxes-current	1,453	2,553
Income taxes-deferred	802	215
Total income taxes	2,256	2,769
Profit	4,810	6,028
Profit attributable to non-controlling interests	33	3
Profit attributable to owners of parent	4,777	6,024

Consolidated Quarterly Statements of Comprehensive Income
[Third Quarter of Current Fiscal Year]

(Millions of yen)

	Third quarter of FY ended March 2018 (From April 1, 2017 to December 31, 2017)	Third quarter of FY ending March 2019 (From April 1, 2018 to December 31, 2018)
Profit	4,810	6,028
Other comprehensive income		
Valuation difference on available-for-sale securities	4,322	(4,190)
Foreign currency translation adjustment	65	(124)
Remeasurements of defined benefit plans, net of tax	(61)	186
Share of other comprehensive income of entities accounted for using equity method	35	(19)
Total other comprehensive income	4,361	(4,147)
Comprehensive income	9,172	1,880
Details:		
Comprehensive income attributable to owners of parent	9,143	1,886
Comprehensive income attributable to non- controlling interests	28	(5)

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Third quarter of FY ended March 2018 (From April 1, 2017 to December 31, 2017)	Third quarter of FY ending March 2019 (From April 1, 2018 to December 31, 2018)
Net cash provided by (used in) operating activities		
Profit before income taxes	7,067	8,797
Depreciation and amortization	4,044	4,126
Impairment loss	–	18
Equity in (earnings) losses of affiliates	(223)	(268)
Increase (decrease) in allowance for doubtful accounts	(65)	14
Increase (decrease) in provision for bonuses	(1,749)	(1,815)
Increase (decrease) in net defined benefit liability	475	1,046
Interest and dividends income	(618)	(877)
Interest expenses	149	130
Loss (gain) on sales of investment securities	–	(1,242)
Decrease (increase) in notes and accounts receivable-trade	12,464	13,854
Decrease (increase) in inventories	(2,798)	(3,663)
Increase (decrease) in notes and accounts payable-trade	(2,878)	(9,098)
Increase (decrease) in accrued consumption taxes	22	(290)
Other, net	540	1,194
Subtotal	16,429	11,925
Interest and dividends income received	635	892
Interest expenses paid	(152)	(125)
Income taxes paid	(3,910)	(4,451)
Net cash provided by (used in) operating activities	13,001	8,241
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,164)	(1,027)
Proceeds from withdrawal of time deposits	883	908
Purchase of property, plant and equipment	(3,198)	(3,557)
Purchase of intangible assets	(674)	(804)
Purchase of investment securities	(1,537)	(585)
Proceeds from sales and redemption of investment securities	10	1,892
Other, net	27	162
Net cash provided by (used in) investing activities	(5,652)	(3,011)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,999	2,466
Proceeds from long-term loans payable	609	1,000
Repayment of long-term loans payable	(1,048)	(1,408)
Proceeds from issuance of bonds	5,000	–
Redemption of bonds	(5,000)	–
Purchase of treasury stock	(0)	(1)
Cash dividends paid	(2,482)	(2,902)
Payments due to such acquisition of shares in subsidiary as does not involve a change in the scope of consolidation	(236)	–
Other, net	(391)	(315)
Net cash provided by (used in) financing activities	448	(1,161)
Effect of exchange rate change on cash and cash equivalents	84	(99)
Net increase (decrease) in cash and cash equivalents	7,881	3,969
Cash and cash equivalents at the beginning of the fiscal year	25,461	26,122
Cash and cash equivalents at the end of the quarter term	33,343	30,091

(4) Notes regarding Consolidated Quarterly Financial Statements

Note regarding the assumption of going concern

There is no information that needs to be disclosed herein.

Note regarding occurrence of significant change in amount of shareholders' equity

There is no information that needs to be disclosed herein.

Supplemental information

"Partial Revision of the 'Accounting Standards Related to Tax Effect Accounting'" (ASBJ No. 28, issued February 16, 2018) has been reflected starting from the beginning of the subject quarter's accounting period. As a result, deferred tax assets have been categorized under investments and other assets, while deferred tax liabilities have been categorized under non-current liabilities.

Segment information

Third quarter of FY ended March 2018 (from April 1, 2017 to December 31, 2017)

1. Information concerning net sales and income or loss amounts by reportable segment

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Consolidated Quarterly Statements of Income (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	87,056	71,875	158,932	11,812	170,744	–	170,744
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	87,056	71,875	158,932	11,812	170,744	–	170,744
Segment income	3,698	2,128	5,827	347	6,174	–	6,174

Notes: 1. The category "Others" aggregates those business segments that do not meet the definition of reportable segments, and includes Material Handling Systems, Industrial Machinery and Others.

2. The total of segment income corresponds to the operating income on Consolidated Quarterly Statements of Income.

Third quarter of FY ending March 2019 (from April 1, 2018 to December 31, 2018)

1. Information concerning net sales and income or loss amounts by reportable segment

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment	Amount recorded on Consolidated Quarterly Statements of Income (Note 2)
	Office Furniture	Store Displays	Total				
Net sales							
Net sales to external customers	92,015	72,419	164,434	14,178	178,613	–	178,613
Internal sales or transfers between segments	–	–	–	–	–	–	–
Total	92,015	72,419	164,434	14,178	178,613	–	178,613
Segment income	4,442	942	5,384	1,220	6,604	–	6,604

Notes: 1. The category "Others" aggregates those business segments that do not meet the definition of reportable segments, and includes Material Handling Systems, Industrial Machinery and Others.

2. The total of segment income corresponds to the operating income on Consolidated Quarterly Statements of Income.

2. Information about impairment loss on non-current assets by segment

Significant impairment loss on non-current assets

An impairment loss on non-current assets has been included in the "Office Furniture" segment. The impairment loss during this quarter totals ¥18 million.