

We “KING JIM” will be enhancing your work and personal life, and focusing on the originality.



**Akira Miyamoto**

President & CEO

### “Surprise, Comfort, Work and Life”

KING JIM was founded in 1927 in the Higashi-Kanda district of Tokyo. The founder, Eitaro Miyamoto was a local inventor who liked to create things that are helpful to people. He invented a product called *Jinmeibo* (name directory) that cuts out the name and address portions of postcards, and organizes them as an address book. The idea of “developing products that have never before existed” has been part of KING JIM’s DNA since the time of its founding, all the way to the present day.

Following *Jinmeibo*, we expanded our product lineup to include stationery and office supplies such as notebooks, binders, and files. In 1961, the company name was changed from MEIKANDO CO., LTD. to KING JIM CO., LTD. In 1964, we launched our hit product KING FILE, which is still used in many offices to this day, and our sales grew steadily.

In the 1980s, office automation progressed in Japan, and society as a whole began to call for paperless operations. As a result, a sense of urgency began to emerge within the company. With the aim of creating a business that can respond to the new era, we launched an electronic product development project, known within the Company as the “E Project.” When the E Project team was developing electronic products for the first time, they wondered if it would be possible to make electronic stationery using their know-how regarding filing. They came up with the idea of “doing something to write titles on the spines of files,” and settled on the concept of making a product that can easily print text on a tape-like object. This led to a series of trial and error for the project members, who had never before worked on the development of an electronic product. However, they managed to overcome the myriad challenges that arose, in collaboration with another company that joined in the development of the product, and in 1988 we launched the label printer, TEPPA. Like KING FILE, TEPPA is still used by many people, and has grown into a core business that supports the Company.

The next major turning point for our company was the 2008 launch of the digital memo, POMERA. POMERA is an electronic device that is dedicated to text input. In an era when everyone has their own personal computer, there were debates at development meetings regarding whether a product that only allows text input would be in demand. Just when the mood seemed to indicate that the plan would be rejected, one person in attendance praised the idea, saying that POMERA was just the product he had been waiting for. This person traveled a lot and had to write things down frequently. So, rather than a

PC that had many functions, and was capable of connecting to the Internet and playing music, what he really wanted was a device that was specialized for text input, and which was light enough to carry and could be activated immediately when he needed to input text. POMERA was successfully commercialized specifically because there was one such person who enthusiastically supported the idea. Immediately after the product was launched, it garnered a strong response on the Internet due to its focus on a single feature, and became widely known as a product in a new genre that had never previously existed. Many fans have been using this product for a long time since then, and it has been upgraded repeatedly, with the latest model launched in July 2022.

Looking back on the history of our company, we have definitely continued to embody our management philosophy of “DEVELOPING ORIGINAL PRODUCTS AND CREATING A NEW CULTURE TO CONTRIBUTE TO SOCIETY.” Our philosophy has taken root in all of our employees, and serves as the starting point for all of their actions. We will continue to pursue the KING JIM style under our management philosophy.

In July 2021, we established the corporate message, “Surprise, Comfort, Work and Life.” Our main business was originally making stationery and office supplies used in “work” settings, such as KING FILE and TEPPA. However, the proportion of Group sales occupied by the interior lifestyle business developed by our Group companies is increasing, and our business domain is expanding. This represents our desire to provide more comfort than ever in “life” settings. The “surprise” part of our corporate message is the KING JIM style. We will continue to actively develop products that do not yet exist, and products that are based on brand new ideas.

### Fiscal Year Ended June 20, 2022: A Year of Great Adversity

The consolidated financial results for the fiscal year ended June 20, 2022 showed an increase in sales, but a decrease in profit. While there was a gradual return to normal from the contraction of economic activity caused by COVID-19, sales of the stationery and office supply business decreased due to shrinking demand for files caused by an accelerating shift to paperless operations. In our interior lifestyle business, there was a downward rebound from our especially strong performance in the fiscal year ended June 20, 2021, mainly due to stay-at-home demand during the COVID-19 pandemic. However, sales of the new Group member, Life on Products, Inc. contributed to an increase in sales. As a result, while the Group as a whole secured increased



sales, profits decreased due to major changes in the business environment.

The most critical factor behind the decrease in profits was a sharp rise in costs due to the precipitous depreciation of the yen combined with soaring raw materials prices. Because the ratio of the Group's purchases from overseas to its overall purchases is larger than the ratio of the Group's overseas sales to its overall sales, the structure of our business makes it such that our profits decrease when the yen is weak. It has become difficult to maintain prices through our own efforts alone, so we have revised the prices of some of our products.

In addition, TEPRAs have remained out of stock for a long time due to the semiconductor shortage. We are seeking countermeasures for this problem, such as making design changes. However, it seems that it will take time to achieve a stable supply.

In Vietnam and Malaysia, where KING FILE is manufactured, lockdowns have been enforced due to the spread of COVID-19. Due to delays in production, we ran out of stock during a period of high demand, which seriously inconvenienced our customers. Currently, the production situation has recovered, and inventory has also recovered to an adequate level.

The interior lifestyle business suffered a backlash from the decline of stay-at-home demand, but is currently in an upward trend. In November 2021, we welcomed Life on Products, Inc. into the Group. This company handles interior products such as household appliances, everyday goods, and room fragrances, and has established a solid position for itself in the market. We believe that the joint development and procurement of products, among other measures, will contribute greatly to growth in the performance of the interior lifestyle business and to the future development of the Group.

### Growth as a Group toward 10th Medium-Term Management Plan and Beyond

In July 2021, we announced the 10th Medium-Term Management Plan (from the fiscal year ended June 20, 2022 to the fiscal year ending June 20, 2024). In the final year of the plan, we aim to achieve net sales of ¥48.0 billion, and an ordinary profit of ¥3.4 billion.

The world has changed dramatically since 2020, due to the spread of COVID-19. Remote work has become widespread, and paperless operations and digitalization are progressing rapidly. People are being required to pursue new lifestyles, and values in daily life are changing. On the other hand, because people are spending more time at home, new business opportunities are also emerging, such as stay-at-home demand and an expansion of the E-commerce market.

In our 10th Medium-Term Management Plan, we have stated two policies: focus on growth fields and further strengthen core businesses. Through these policies, we aim to break away from a profit structure that relies on files and expand our business domains.

Our strength lies in our flexible development system based on freedom of ideas, which we have cultivated since the time of our founding. The Group has grown by developing new products that provide "surprise" and "comfort." With society changing at an unprecedented speed, we will continue to focus on developing products that meet the needs of the world, by quickly ascertaining these changes. In particular, the fields of hygiene and health products, office and living environment products, and interior lifestyles are growth fields where demand continues to be strong. Therefore, the entire Group will promote the planning and development of new products, and an expansion of sales.

In order to further strengthen core businesses, we will work to stimulate demand by proposing new uses and functions for, and promoting awareness of TEPRAs and stationery. In addition, we will work on the mutual utilization of a wide

range of sales channels within the Group and sales growth in the E-commerce business, for which the market is expected to grow.

We will also actively consider M&As as a means of expanding our business domains. By adding new business partners to the Group, we will be able to expand the scope of our business, which will lead to a stronger management structure in an era of uncertainty regarding the future. We will promote Group management by mutually utilizing management resources for sales, development, and procurement and creating synergies with companies that we have welcomed into the Group.

Furthermore, we anticipate medium- to long-term challenges due to the declining population of Japan, as well as the rapid progress of IT. As such, we aim to develop the entire Group by leveraging the strengths of each Group company, in order to mutually complement their management resources. The Group views changes as opportunities, and has overcome a variety of obstacles thus far, by developing new products that offer "surprise" and "comfort." We will continue to work together as a Group to build a solid management base.

### Initiatives to Improve Sustainability

We believe that solving social issues is an important mission, as part of our corporate activities. As stated in our management philosophy of "DEVELOPING ORIGINAL PRODUCTS AND CREATING A NEW CULTURE TO CONTRIBUTE TO SOCIETY," we have contributed to society by providing new value through our products. Based on this philosophy, we will continue our activities to realize a sustainable society.

In September 2021, we appointed an executive in charge of sustainability, established a Sustainability Committee, and put a promotion system in place to implement initiatives to improve sustainability. After discussions in meetings of the Sustainability Committee and the management conference, in March 2022, the Board of Directors formulated the "Basic Sustainability Policy of the KING JIM Group" and identified materiality (priority issues). In addition, we are also undertaking various initiatives to improve the sustainability awareness of our executives and employees.

### Environment

For more than 20 years, we have been collecting used TEPRAs tape cartridges. Collected tape cartridges are reborn through the process of recycling and reuse.

We also have a wide lineup of environmentally friendly products, including KING FILE, which allows users to easily remove the cover and

binding parts. We will continue to develop products that use materials and technologies which have a small environmental impact.

### Society

In order to enhance our human capital, we are focusing on creating a better working environment. We introduced telework in order to prevent the spread of COVID-19, and this work style has now taken root in the Company. By combining telework with staggered working shifts, employees can choose their own work styles.

We are also promoting diversity, and aiming to create an environment where all employees can work comfortably, regardless of gender, age, and other characteristics. We are actively promoting the appointment of female managers, and while the ratio is still low, everyone is active in their respective workplaces. As of September 2022, 5 of 11 Directors (including External Directors) are women, and 4 of 5 External Directors are women.

As part of our communication with employees, we started holding "Tea with the President" in 2021. Due to the COVID-19 pandemic, we are holding this event online with employees who wish to participate. These are friendly meetings, where participants are welcome to discuss work as well as other topics.

### Governance

Our Board of Directors aims to create an open environment, where lively discussions are held, and added stimulation is provided by the candid opinions of External Directors, from a third-party perspective. In addition, we regularly evaluate the effectiveness of the Board of Directors, provide feedback on the results, and strive to improve the way in which the Board of Directors operates, as needed.

### To Our Shareholders and Investors

Our motto for product development is to be the "first penguin." The "first penguin" is the penguin that leaves the group and dives into the ocean first to hunt for fish. It is risky to be the first to dive into an ocean where there may be natural predators. However, the penguin that is brave enough to do so may also be the first to catch a large fish. We will continue to boldly take on challenges without fear of risk, with the aim of being a pioneer, just like the first penguin.

While valuing the "KING JIM style," the Group will strive to further improve our corporate value, so that we are able to meet the expectations of our shareholders, investors, customers, business partners, and other stakeholders of the Group.

Going forward, we humbly request your continued support.