KING JIM

Integrated Report 2024

Management Philosophy

Developing original products and creating a new culture to contribute to society

Guidelines for Action

Locate Markets, Rethink Customs and Find New Ways of Thinking

Regarding Our Customers:

Our products and our services must fully satisfy our customers. We must develop new products through creative planning to open new markets. Product quality must be maintained consistent with the standards demanded by our customers and pricing must be appropriate.

Regarding Our Employees:

A working environment must be maintained in which the capabilities of our employees are brought to life, abilities are developed while respecting the individuality of the employee, and proposals and ideas can be freely and frankly expressed. Treatment of our employees must be fair and appropriate, and must correspond to their skills and achievements.

Regarding Our Shareholders:

Information must be disclosed in a positive fashion so that we may always gain the trust and understanding of our shareholders. We must strive to expand the value of our company and return profits to our shareholders. We must strengthen corporate governance and operate under management that demonstrates a high degree of fairness and transparency.

Regarding Society:

Our products must be such that they can contribute to the advancement of culture. We must further develop our internal compliance system, and maintain our consciousness and morality as a member of society. Through our products and corporate activities, we must always strive to protect the environment and our resources.

Table of Contents and Editorial Policy

Introduction

Value Creation Story

Growth Strategy

Sustainability

Information

Editorial Policy

This integrated report is published with the purpose of helping our shareholders, investors, and all other stakeholders of King Jim Co.,Ltd. (the Company) to understand our initiatives to create value with a focus on the 11th Medium-Term Management Plan, as well as our activities for solving ESG challenges through our business. In the process of editing this report, we referred to, among other standards and guidelines, the "Guidance for Collaborative Value Creation" published by the Ministry of Economy, Trade and Industry (METI), and the "International Integrated Reporting Framework" published by the International Integrated Reporting Council (IIRC).

Organizations Covered in the Report:
King Jim Co.,Ltd. and its consolidated subsidiaries

Reporting Period:
Fiscal Year Ended June 20, 2024 (June 21, 2023 to June 20, 2024)
* Some contents before and after the above period are also included.

Disclaimer
The business forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable as of the date of publication of this document, and are not intended as a guarantee by the Company that they will be achieved. Actual results may differ significantly from these forecasts due to a wide range of factors.

History of Value Creation

For 97 years since our founding in 1927, we have developed products that respond to the times and continued to create a stationery culture and evolve our business. We are committed to proposing new forms of value that go beyond stationery and office supplies, taking advantage of the experience we have accumulated over the course of our history.

Stationery and office supplies business

Creation of file culture

Creation of labeling culture

Creation of new markets

Response to new lifestyles

Involvement in raising money to benefit organizations as part of ESG activities

1927
Company founder Eitaro Miyamoto launches "patented address book" and "seal impression book."

1964
KING FILE G is launched.

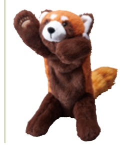
1976
Clear File is launched.

1988
TEPRA label printer is launched.

2008
POMERA digital memo is launched.

2019
Tette automatic hand sanitizer dispenser is launched.

2022
Pouzoo Pen Pouch is launched.



2022
The company acquires HIM Co., Ltd. (merged in February 2023)

Company Development

1948
Meikando Co., Ltd. is established.

1961
The company name is changed to King Jim Co., Ltd

1996
PT. King Jim Indonesia is established in Indonesia.

1998
King Jim (Malaysia) Sdn. Bhd. is established in Malaysia.

2002
Shanghai king Jim makino trading Co., Ltd. is established in China, currently King Jim (Shanghai) trading Co., Ltd.

2007
King Jim (Vietnam) Co., Ltd. is established in Vietnam.

2012
King Jim (HK) Co., Limited is established in Hong Kong.

2018
King Jim (Shenzhen) trading Co., Ltd. is established in China.

Lifestyle products business

Response to diverse lifestyles

Adaptation to climate change

2001
The company acquires Nagashima & Co., Ltd., currently Ladonna Co., Ltd.

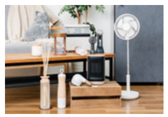
2008
The company acquires Asca Co., Ltd.

2014
The company acquires Bon Furniture Co., Ltd.

2015
Bon Furniture Co., Ltd. launches a service delivering already assembled knock-down furniture.

2020
The company acquires Wincess Corporation.

2021
The company acquires Life on Products, Inc.

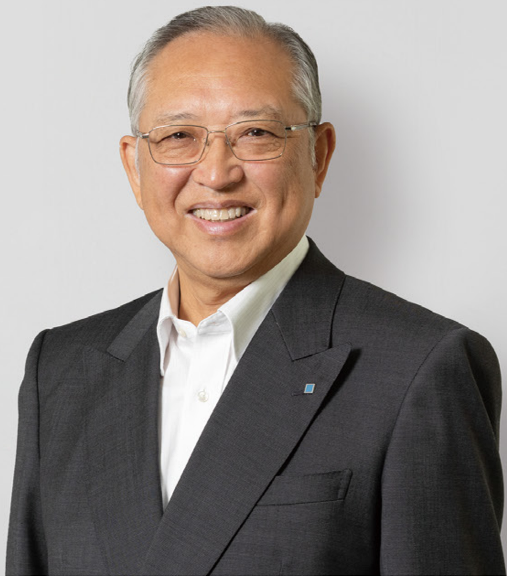


2021
Ladonna Co., Ltd. releases Toffy Half Hot Sandwich Maker.

2024
Life on Products, Inc. releases Umbrella Clip Fan.

Surprise, Comfort, Work and Life

Message from the Chairman



As a creative company, King Jim is working to unlock greater growth ahead of its 100th anniversary

Akira Miyamoto Chairman & Director

Passing on the foundation that I have built as president to the next generation

I served as President of King Jim for 32 years since 1992. In September 2024, I took on the role of Chairman of the Board. I am deeply grateful for the support and cooperation I have received from everyone up until now. This has been the driving force behind my own personal development and the development of King Jim.

When I became president at the age of 38, King Jim had already established a solid position in the stationery and office supplies industry with hit products such as TEPRA and files. However, I also remember the struggles, including falling into the red despite expectations that we would continue to perform well. Later, in 2005, King Jim was listed on the First Section of the Tokyo Stock Exchange and today we are listed on the Prime Market. I still vividly remember my elation in fulfilling a long-held promise of listing the company I had made to my father, who was then honorary chairman at the time of the First Section listing.

Although I still have a fervent desire to continue in management, I turned 70 this year. Just as my father retired from his role as president at the same age, I have decided to hand over the reins of management to the next generation. As chairman without representative authority, I will step back and fulfill my duties. The new president, Miyoko Kimura, has been my business partner since I was president. Even back then, she was an excellent, hard negotiator with a consistent way of thinking. She is a talented person who we welcomed after much deliberation in 2022. I believe she is the right person to lead King Jim into the future as the company moves towards a new stage of growth.

This will also be the first time that a person outside of the founding family has been appointed as President. This will mark King Jim's transformation from a family-run company into a true public company. What I highly value about Ms. Kimura is that since being appointed as Director and Managing Executive Officer and General Manager of the R&D Division in 2022, she has taken the lead in getting those around her involved and building a team while working on various projects. I am confident that she will demonstrate leadership as the new president and help King Jim unlock greater growth.

Continuing to create products that never existed before

King Jim was founded in 1927 and over the years, we have developed a number of innovative products. 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.

Message from the Chairman

In 1964, after we launched our hit product KING FILE, our sales grew steadily. In the 1980s, however, the trend toward paperless operations began to accelerate in society as a whole. 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.

When developing electronic products for the first time, the development team explored how to use their know-how of filing. As a result, 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 tape-like product for easily printing text. This led to a series of trial and error for the project members, who had never before been involved in the development of an electronic product. However, they managed to overcome the myriad challenges that arose, in collaboration with a partner that joined in the development, and in 1988 we launched the label printer, TEPRA. Like KING FILE, TEPRA is still used by many people, and has grown into a core business that supports the Company.

Pursuing King Jim style, transforming and being unafraid of failure

In the fiscal year ended June 20, 2024, operating profit and profit attributable to owners of parent were in the red because of the increase in devaluation of some retained goods consisting mainly of COVID-19 related products and higher selling, general and administrative expenses, along with an impairment loss on goodwill related to the Latuna business, which sells products online. However, the forecast for the next fiscal year calls for increased sales driven by various measures in line with the fundamental policies of the 11th Medium-Term Management Plan. For this reason, we expect to turn a profit.

Given this situation, we must return to our roots and regain our willingness to take on new challenges. We must reexamine all of our business operations, transform without fear of failure, and take on new challenges to break away from the current sense of stagnation.

One bright spot recently is the positive results of the stationery and office supplies business. In particular, products with added value in terms of design and functionality, such as KORI JIRUSHI clear stamps, which allow precise adjustment of the stamping position, and the KING MINI Series of practical miniature stationery, are performing particularly well. In the interior lifestyle business, lighting and children's storage items, which Bon Furniture Co., Ltd. launched as new categories, are in the spotlight. At Life on Products Inc., new summer-geared household appliances, such as handy fans and circulators, have performed well, too. In particular, sales of Umbrella Clip Fans and Clear Fans with seven-color LED lights that automatically change are growing. These products have been featured in many media outlets, including on television and in magazines, attracting a great deal of attention.

Developing products with new value has been our forte and ingrained in our corporate DNA since our founding. These examples show that the current market still holds immense potential as long as we sincerely pursue our founding spirit. We also believe that creating products that solve social issues is an important mission as a way to improve sustainability.

Looking back on our history, we have definitely continued to embody our management philosophy of Developing Original Products and Creating a New Culture to Contribute to Society. This philosophy has taken root in all our employees and is the starting point for all our actions. We will continue to pursue the King Jim style under our management philosophy.

Unlocking greater growth ahead of King Jim's 100 anniversary

The Group always embraces new challenges. Recently, our sales have grown but our profits have declined, which is due to the major impacts of foreign exchange rates. Nevertheless, we have sufficient financial strength and the Group as a whole is growing steadily. For these reasons, we believe that the low level of profits is temporary.

As chairman & Director, I will oversee the overall management and provide full support to the new management team so that they can make more creative decisions with greater freedom. I will also work to strengthen governance, primarily through the Board of Directors, to ensure that King Jim remains a company that is highly trusted by shareholders, investors, and other stakeholders.

King Jim will celebrate its 100th anniversary in 2027. Under the leadership of our new president, the Group will continue to take on new challenges and strive to unlock greater growth. We will continue to provide new value that meets and exceeds the expectations of stakeholders. I ask for your unwavering support as we move forward.

December 2024

Akira Miyamoto
Chairman & Director, King Jim Co., Ltd.

Sharing King Jim's mission with all employees while implementing a growth strategy inspired by a new direction

Miyoko Kimura
Representative Director, President

Appointed as president after a preparatory period

I have been leading product development since joining King Jim in 2022. One day, former President Akira Miyamoto approached me about taking over his role. It was a bolt from the blue and I remember my surprise. After careful consideration, I decided to accept the offer, on the condition that I would be involved in formulating the next medium-term management plan. Having been entrusted with this important role, I was inspired to embark on a new journey as president.

The year or so leading up to my appointment was a valuable time for me to review our strengths and challenges through projects such as formulating our next medium-term management plan. As a result, I gradually began to develop a sense of awareness and responsibility that I would soon be leading King Jim.

Growing by feeding off failures

From my perspective gained from working at other companies, King Jim's greatest strength is its team of employees with unique and original ideas, and who feel attached to and proud of the company. The spirit of taking on new challenges fostered by Chairman Miyamoto is also deeply ingrained. That is, "Even if you only get one hit out of ten, it's fine as long as that one hit is a home run." Everyone embraces new challenges and each workplace is defined by its good teamwork. King Jim is a company where each individual employee can shine, regardless of gender or years of service.

While inheriting these strengths, I would like to instill in King Jim the idea of "customer-centric marketing" that I have cultivated during the course of my career. Failures that arise in the process of taking on new challenges should not end as mere "strikeouts" or "bad hits," but rather provide the groundwork for learning from and turning these failures into success.

In addition, we used to think of retailers as "customers," but if we continue to think this way, our growth may plateau, so we tell our employees to think of retailers as important "partners" who help us deliver our products to consumers. By working closely with retailers, we will provide unique added value and emotional experiences that cannot be found anywhere else to our true customers, the end users.

As I mentioned, each of King Jim's organizations has already fostered a sense of trust as a team and there is a high level of employee engagement. Therefore, I am confident that King Jim can become a stronger company by sharing the current challenges with everyone and working together toward common goals.

Gleaning the truth from frontline operations

I recognize that using my experience in the marketing of office supplies is one of the roles expected of me. Throughout my career, I have always been conscious of Monozukuri that is "half a step ahead" of the times. I will focus on planning and developing original products that directly solve the problems of our customers, with a clear idea of how products are actually used. I also believe that the truth can be gleaned from frontline operations and I am proud to have put this belief into practice. In order to avoid falling into the trap of armchair theory, I will place importance on the fields of business where King Jim products are used, stores, and retailers, and I will create more opportunities to visit various frontline operations.

Regarding the positions of General Manager, R&D Division and Chief Marketing Officer (CMO), which I have held until now, I will not be appointing a successor for the time being, and instead continue leading the company's marketing efforts. I intend to carefully address cases of product development failures along with opinions and requests received after release, and work as a team to restore past performance. In the process, as a leader of product development and head of the company, I will do my best to gain the understanding and support of customers and sales partners.

Crisis brings opportunity

Our performance during the 10th Medium-Term Management Plan fell short of the quantitative targets set at the beginning of the plan. In particular, in the final year, the fiscal year ended June 20, 2024, we were affected by such factors as the greater than expected depreciation of the yen, resulting in an operating loss and loss attributable to owners of parent. However, a bigger factor than exchange rate fluctuations was our inability to respond to major changes taking place in the world. For example, the diversification of working styles and the sudden shift to paperless systems since the COVID-19 pandemic, led to a decline in demand for files. Reflecting on this, we have formulated and announced the 11th Medium-Term Management Plan (from the fiscal year ending June 20, 2025 to the fiscal year ending June 20, 2027). During the formulation process, in addition to executives and corporate planning, members of a wide range of ages from various departments were assigned to incorporate new ideas and diverse perspectives. While the plan covers a three-year period, it is based on our long-term theme and mission looking about 10 years into the future.

The new medium-term management plan has been given the project name "Let's go, KJ!" It lays out a new strategy and fundamental policies inspired by a new direction.

Frankly speaking, I regret that during the three years of the previous medium-term management plan, we, the management team and employees supporting frontline operations, lacked a sense of urgency about our delayed response to social changes. However, since the start of the new medium-term management plan, in addition to sharing a sense of urgency, a new mindset that views the current difficulties as an opportunity has penetrated each workplace. I am confident that we can become a team with greater vitality.

Message from the President

Tapping into new business fields and markets

The overall picture of the 11th Medium-Term Management Plan calls for strengthening our existing businesses while maximizing King Jim's management resources and tapping into new business fields and markets based on the three fundamental policies.

Strengthening our existing businesses

We will strengthen King Jim's existing businesses, focusing on stationery and office supplies, in terms of both sales and development.

In our sales strategy, we have established a new Demand Chain Creation Department that combines the functions of development and sales. This department will play a pivotal role in maintaining existing sales channels while simultaneously cultivating ones suited to customer and product characteristics and promoting market-oriented product development.

In our development strategy, we will expand development areas in response to ongoing social changes. Our existing businesses have been focused mainly on offices within the B-to-B market, but we have established two new priority areas for the new medium-term management plan period. The first is product groups that support telework from home, which has become widespread since the COVID-19 pandemic. The second is product groups that help to improve the productivity of people working in medical institutions, construction sites, the service industry, factories, and other locations.

Fundamental policies

With a strong awareness of rapidly evolving technologies and global market, we aim to tap into new business fields and markets. To this end, we will implement the following three fundamental policies.

1 Leverage design and digital technology to create new services

We are drawing up a plan to better understand the needs for displays in various workplaces and link them to business. For example, we aim to provide an innovative service that combines design and digital technology, based on the office staple TEPRA. We are currently in the process of considering monetization methods, building schemes, and details of the service. In the future, we will incorporate AI technology and ideas from external designers to develop an original King Jim style business.

2 Expansion of the lifestyle field

Until now, we have welcomed new operating companies into the Group through M&A and gradually expanded our business domain. Under the new medium-term management plan, we will accelerate entry into markets in areas we know, focusing on lifestyle products such as kitchen appliances, everyday goods, and storage furniture. Furthermore, to increase Groupwide synergies in the lifestyle field, we will establish the Group Management Committee where the executives of each company will meet regularly. From January 2025, we plan to share success stories, hold seminars by inviting external lecturers, and launch joint projects as necessary.

3 Strengthening of overseas business

Currently, the Group's overseas sales ratio stands at only 4%, but we plan to raise this to around 10% by the final year of the new medium-term management plan (the ratio is based on consolidated net sales for the fiscal year ended June 20, 2024). Specifically, we will bolster overseas sales, focusing on China and ASEAN countries, including Vietnam. Reflecting on the fact that we did not have a local development team in the past and were unable to sell localized products, we will now look for local designers and develop products that will be popular with customers in each country. Designers and young developers who have built a track record in Japan have already begun working locally, which will allow us to accelerate our global expansion.

We have also begun to bolster our production capacity by utilizing existing overseas offices and production bases. For example, our factories in Vietnam and Indonesia, where we manufacture our main product, KING FILE, have ample production capacity, and their quality control systems and highly skilled employees are major strengths. Utilizing these excellent resources, we have begun manufacturing lifestyle products that take advantage of the unique features of each factory, such as Bon Furniture Co., Ltd.'s wooden knockdown furniture and kitchen goods. In the future, to further expand our use of overseas resources, we plan to dispatch personnel from Japan to conduct interviews on local conditions.

Growth of employees and contributions to society

The key to our sustainable growth is human capital. Among the materiality (priority issues) we selected in 2022, we are focusing most of our efforts on creating and implementing measures that contribute to the promotion of diverse human resources. Our goal is to realize a virtuous cycle in which the company and employees grow together, and improve society while generating sufficient profits. We want to continue to provide employees with many opportunities to improve their own capabilities and an environment in which they can clearly understand why they work and how they contribute to the world. To that end, in addition to the job rotations already implemented, we are reviewing our training system and personnel system. This will further increase opportunities for employees to develop their individual strengths across departments and career stages.

In addition, environmental consideration, one of our priority issues, is essential for creating a sustainable society. We are focusing on this area by setting indicators and quantitative targets. In particular, during the product development phase, we strive to develop products that are environmentally friendly, affordable to customers, and have original King Jim style. In 2023, in collaboration with Ito en, Ltd., we commercialized a paper holder made from tea leaf paper, which is made by upcycling* tea leaves discarded during the manufacturing process of Japanese tea beverages. We began selling this product in December 2023. This reduces paper usage and gives off a subtle tea scent, making it a product with added value for both the environment and customers.

In product development meetings, we always try to incorporate one of the 17 SDGs. We have also improved the design of TEPRA and files in the KING FILE line to make them easier to recycle, and about 70% of our main products have been made environmentally friendly. We will continue to work toward resolving priority issues, while keeping in mind the quantitative targets we want to achieve by the fiscal year ending June 20, 2030, such as the reduction rate of CO_2 emissions and recycling rate.

*Upcycling does not simply mean turning materials into raw materials or reusing them, but rather creating products that are of higher value than the original product.

Paper holder (upcycled from tea leaf paper) jointly developed with ITO EN, LTD.

Toward a new King Jim that continuously innovates in creative ways

Going forward, we will continue to strive to disclose information in a concise and timely manner to meet the expectations of our shareholders, investors, customers, business partners, and other stakeholders. We will reflect important insights gleaned from dialogue with all stakeholders in our management policies. We will continue to proactively communicate with our employees, including updates on daily events, so that they can understand our determination to execute the policies and strategies set out in the new medium-term management plan.

We have inherited the DNA of perceiving changes in the times as an opportunity, and the management and employees work together to innovate our businesses in a unique and creative way. We strongly feel that now is exactly the time when bold change is required. We look forward to meeting and beating your expectations as we transform into the new King Jim.