

## 10th Medium-Term Management Plan in Retrospect


Under our 10th Medium-Term Management Plan, which concluded in the fiscal year ended June 20, 2024, our policy was to focus on growth fields and further strengthen core businesses. Toward this end, we implemented a number of measures, but ultimately fell short of our quantitative management targets.

### Initial forecast

Focus on growth fields and further strengthen core businesses

Build a foundation for the post-COVID-19 era

#### Targets

<b>Net Sales</b>	<b>¥48.0 billion</b>	 <ul style="list-style-type: none"> <li>Stationery and office supplies business ¥30.5 billion</li> <li>Interior lifestyle business ¥12.5 billion</li> <li>M&amp;A ¥5.0 billion</li> </ul>
Ordinary Profit	¥3.4 billion	
Ordinary Profit Ratio	7%	
ROE	9%	

#### Strategy

##### 1) Expand the business domain

- Develop products for new work styles and ways of working.
- Shift from paper storage to stuff storage. Expand sundry and household goods.
- Further develop the Group through mergers and acquisitions.

##### 2) Enhance the competitiveness of three overseas factories

- Bring in production technologies for products other than stationery.
- Expand the variety of production items.

##### 3) Sustainability initiatives

- Contribute to society through products that make life and business convenient and comfortable.
- Environmentally conscious procurement, design, and development. Respond to climate change.
- Promote diversity and realize diverse working styles.

### Results

- **Net Sales fell short of the initial target, reaching ¥39.5 billion in FY6/24 (82.4% of the target)**
- **Ordinary profit fell far short, totaling ¥130 million in FY6/24 (3.8% of target), with ROE at -1.3%**

#### Net Sales \*Net sales for FY6/24 include M&A in the interior lifestyle business and stationery and office supplies business

Billions of yen	2019	2020	2021	2022	2023	2024	Billions of yen	Initial target	Result	Difference
Interior lifestyle business	34.3	33.4	36.3	36.6	39.3	39.5	Stationery and office supplies business	30.5	25.0	-5.5
	7.5	6.7	8.6	10.5	13.4	13.3	Interior lifestyle business	12.5	9.0	-3.5
Stationery and office supplies business	26.7	26.7	27.6	26.0	25.9	26.2	M&A	5.0	5.5	+0.5
							Total	48.0	39.5	-8.5

#### Reasons for falling short of the net sales target

- Sales of files are declining due to the promotion of paperless systems and digital transformation
- Sales of TEPPA, which depend on strong demand for file title creation, similarly show little growth
- Many Group companies also fell short of their targets as stay-at-home demand due to the COVID-19 pandemic subsided.

#### Ordinary Profit · ROE

	2019	2020	2021	2022	2023	2024	Initial target	Result	Difference	
ROE (%)	4.5	5.0	8.6	3.3	1.7	-1.3	Ordinary profit	¥3.4 billion	¥0.13 billion	¥-3.2 billion
Ordinary profit (Billion yen)	1.6	1.4	2.7	1.3	0.6	0.1	ROE	9.0%	-1.3%	-10.3 percentage points

#### Reasons for falling far short of the ordinary profit target

- The weak yen and the soaring cost of raw materials and logistics led us to fall far short of the target
- Although we aimed to improve profitability by revising prices, we fell short of the profit target

\*As of FY6/25, the interior lifestyle business has changed its name to the lifestyle products business.

## 11th Medium-Term Management Plan

King Jim will undergo a bold transformation to continue adapting to the changing times. In response to social issues such as the declining birthrate and aging population, the acceleration of digital transformation, changes in work styles, and ESG management, we will focus on three fundamental policies eyeing future development and taking the next steps in our growth story.

We will take the wave of social change as an opportunity to move toward new growth and aim to build a sustainable future.

### Themes and Mission

Taking the wave of social change as an opportunity to move toward new growth

#### Customer-driven

We will develop and provide products and services based on user needs. We will prioritize customer satisfaction and reflect it in our business strategies and decision-making.

#### Into “neighboring areas”

Under this strategy, we seek to expand into new markets or areas neighboring existing markets or business domains. By expanding into fields where there is a clear chance of success, we can maximize synergistic effects and promote growth.

#### A global marketplace

This initiative involves reviewing overseas market strategies, exploring new market opportunities from a market-oriented perspective, and strengthening our competitiveness. We will focus on growth in China and ASEAN countries centered on Vietnam.

### Fundamental policies

**Expansion into the service business**

**Expansion of the lifestyle field**  
→ For details, see page 21

**Strengthening of overseas business**  
→ For details, see page 20

### Resources

**Overseas factories**  
→ For details, see page 20

**Communication with our fans**  
→ For details, see page 32

**Human capital**  
→ For details, see pages 30–31

**Sustainability**  
→ For details, see pages 28–29

### Strengthening Our Existing Business

**Sales strategy**  
Sales channels to match the unique properties of customers and products  
→ For details, see page 19

**Development areas**  
Meet the needs of workplaces and living in response to social changes  
→ For details, see page 19

**Design**  
Ideas and design that create fans  
→ For details, see page 15

Design and brand committee concept  
→ For details, see page 15

### Management Targets for the Fiscal Year Ending June 20, 2027

**Net Sales**  
**¥52.0 billion**

The breakdown is ¥31.1 billion from the stationery and office supplies business, ¥16.9 billion from the lifestyle products business, and ¥4 billion from new M&A.

**Ordinary Profit**  
**¥2.8 billion**

**Ordinary Profit Ratio**  
**5.4 %**

We aim to increase sales and profits by using various measures to grow sales, improving the cost of sales ratio by revising the prices of some products, and controlling selling, general and administrative expenses.

**ROE 8.0%**

We aim to increase ROE by improving profit margins through better profitability, investing in growth areas, and making strategic investments to improve productivity and efficiency.

## Strengthening Our Existing Business

We will bolster design capabilities in our existing businesses.  
By combining our strength of original ideas with design, we will increase corporate value.

### Ideas and design that create fans

We will improve brand engagement internally and externally by designing the entire lineup of products and services with a consistent philosophy based on three guiding principles that demonstrate what King Jim-ness is all about; namely, Innovative / Original Design, Emotional / Inspiring Design, Intuitive / Bold Design. We will respond to diversifying user needs and products while respecting the emotional value of shared impressions and values and establishing a King Jim style that is appropriate for the times.



#### Innovative / Original Design

##### Door Notification Light

A light that alerts the user that someone is on the other side of the door. Its frameless design makes it easy to see from all directions.



#### Emotional / Inspiring Design

##### Pouzoo

A series of animal-shaped pouches that come with skeletal parts allowing the user to pose them however they like.



#### Intuitive / Bold Design

##### Visual Bar Timer

A timer with large scale display that visualizes the remaining time for the user at a glance.



### Design and brand committee concept

We established the King Jim Creative Center in order to bolster our design capabilities. Our design seeks to develop a design platform that not only relies on in-house designs but also involves creators in Japan and overseas, working in collaboration with PR and sales promotion departments. In the future, we will comprehensively produce creation and communication for the King Jim Group, including overseas bases and affiliated companies.



#### Messages from Members of King Jim Creative Center

I joined the company with the aim of maximizing corporate value through the power of design, harnessing my knowledge as a creative director in my previous job. This year, I have supported King Jim in clarifying their design philosophy objectively. I have also been able to provide advice on the company's design organization. I am very pleased that this has culminated in the establishment of the King Jim Creative Center.



**Mr. Tomoaki Takuma**  
Professor  
Tama Art University

Stationery brand HITOTOKI has been creating products that are not only functional but also offer a soothing design and are highly collectible. Utilizing this perspective, we are venturing into other fields such as fashion and lifestyle in an effort to continue providing new value. I hope to incorporate this experience in King Jim's designs.



**Hopakipa**  
HITOTOKI  
Art Director

## King Jim continues to take on challenges to strengthen profitability and accelerate growth strategy, aimed at increasing corporate value

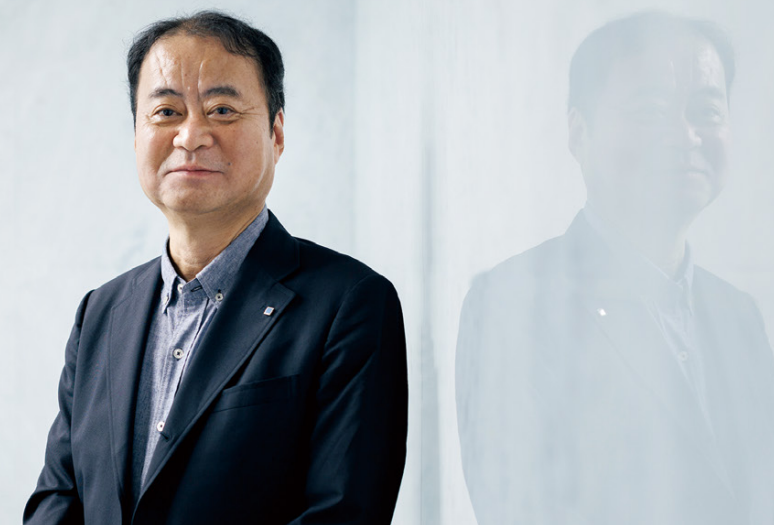
### 10th Medium-Term Management Plan in Retrospect

In the previous medium-term management plan, we expanded our business domain through M&As, one of the growth drivers, aiming to break away from the file-dependent earnings structure. On the other hand, we failed to achieve our quantitative management targets as sales of our mainstay products fell due to contraction of the stationery and office supplies market caused by the acceleration of DX and changes in the labor environment and work styles. While we recorded our highest ever net profit in the fiscal year ended June 20, 2021, in the subsequent two fiscal years (ended in June 20, 2022 and 2023, respectively) of the plan we saw profits decline caused by the sudden depreciation of the yen, and increases in the cost of sales ratio and selling, general and administrative expense ratio resulting from soaring raw material prices and distribution costs, and other factors. In the fiscal year ended June 20, 2024, we recorded not only a downturn in ordinary profit, but also an operating loss and a net loss attributable to owners of the parent. This was owing to the further depreciation of the yen and one-off factors such as

an increase in devaluation of some retained goods and the discontinuation of some products under development. We view strengthening profitability as our top financial priority.

### Strengthening profitability and unlocking new growth with M&A

In light of the current situation, we formulated the 11th Medium-Term Management Plan, concluding in the fiscal year ending June 20, 2027, with the theme of taking the wave of social change as an opportunity to move toward new growth. While strengthening our existing businesses, we are working on three fundamental policies; namely, expansion into the service business, expansion of the



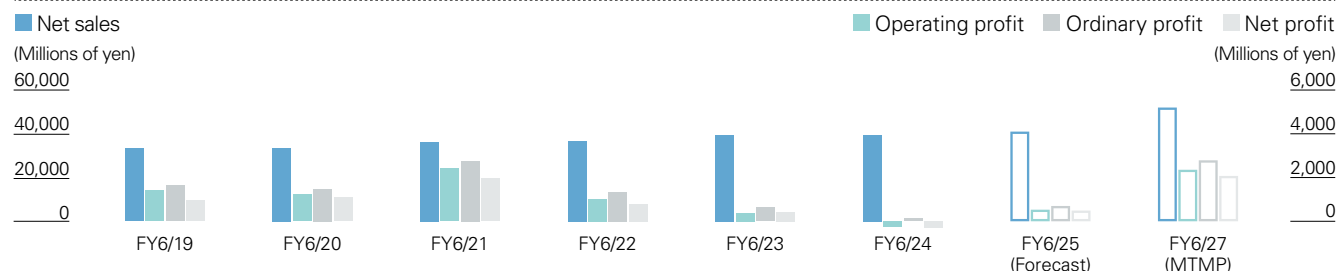
**Shinichi Harada**

Director and Senior Managing Executive Officer  
General Manager, Administration Division & CFO &  
General Manager, Overseas Division & In Charge of  
Overseas Sales Subsidiaries

lifestyle field, and strengthening of overseas business. At the same time, we are pursuing cost reductions to strengthen profitability, which has been a challenge for us. Inventories of our products have remained at elevated levels since March 2022, building up to ¥6,107 million (up ¥885 million year-on-year) on a non-consolidated basis for King Jim in the fiscal year ended June 20, 2023. In order to review total logistics costs in addition to reduction of inventories, we launched the cross-functional Distribution Cost Reduction Project in 2023, led by the Logistics Department and Corporate Planning Department. As a result of such efforts as setting an appropriate number of inventory months, reviewing warehouse contract methods, and reducing storage fees, inventories for the fiscal year ended June 20, 2024 decreased to ¥5,096 million, down ¥1,010 million from the previous year.

We will also take measures to address foreign exchange rates, which have been a major negative factor in recent years. Since we procure raw materials and products from overseas and sell them in the domestic market, our structure is such that profits decrease when the yen weakens. To cope with foreign exchange risk, we hedge about half of actual demand for foreign currency

### Trends in Net Sales, Operating Profit, Ordinary Profit, and Net Profit



purchases with forward exchange contracts. In order to fundamentally transform our business structure susceptible to foreign exchange rates, we need to drastically expand our overseas sales ratio, which currently stands at only about 4% of total consolidated net sales. We will aggressively implement measures to expand our overseas business to achieve this goal.

In addition, the purchase of all shares of Life on Products, Inc. and HIM Co., Ltd. and the increase in inventories significantly elevated the level of borrowings to ¥5,705 million in the fiscal year ended June 20, 2024, up ¥5,521 million from the previous fiscal year. To address this situation, we have reduced borrowings on a consolidated basis and have begun pooling funds among the Group for more efficient management within the Group. Bon Furniture Co., Ltd., which has a surplus of funds, has been lending to King Jim, and King Jim has been lending to Ladonna Co., Ltd. We intend to expand this inter-company lending to other group companies. In the current fiscal year, King Jim (Malaysia) Sdn. Bhd. and King Jim (Vietnam) Co., Ltd. have also paid out dividends. In terms of systems, we will also consider reducing borrowings through the use of a bank pooling system.

While our equity ratio had trended around 80% up to the fiscal year ended June 20, 2021, it fell to 69.1% as of the end of the fiscal year ended June 20, 2024 due to stock acquisition through M&As. However, even considering these developments, the debt/equity ratio remains at 0.23, and we still have sufficient fund procurement capacity. We have set aside an investment budget of ¥3.5 billion in order to continue to actively invest in expanding our business domain, overseas areas, and sales channels. As candidates for M&A, we will give

top priority to Japanese stationery manufacturers or lifestyle products companies with a high ratio of overseas sales, including exports, and in overseas markets, we will focus especially on companies operating in the stationery and office supplies business in Asia. Moreover, we plan to invest ¥2 billion in new product development and production facilities and about ¥1 billion in launching and promoting new service businesses. We have also allocated about ¥1.2 billion for DX investments to improve efficiency and revamp various internal systems.

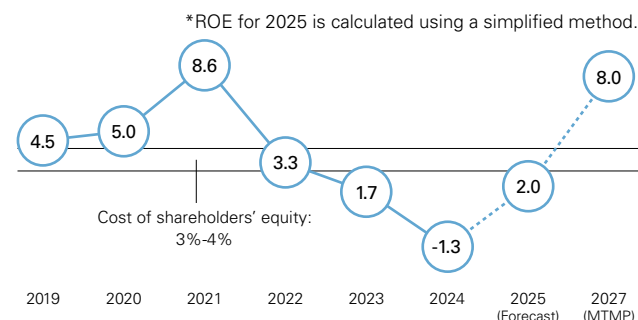
## Working toward management that is conscious of cost of capital and stock price

To achieve a stable price-book-ratio (PBR) of 1x or more, we need to improve both price-earnings ratio (PER) and return on equity (ROE). ROE exceeded 8% in the fiscal year ended June 20, 2021, which was the highest ever, but has been below the cost of shareholders' equity in the last two fiscal years. To achieve ROE of 8% in the fiscal year ending June 20, 2027, under the 11th Medium-Term Management Plan, while strengthening our existing businesses, we will implement the three fundamental

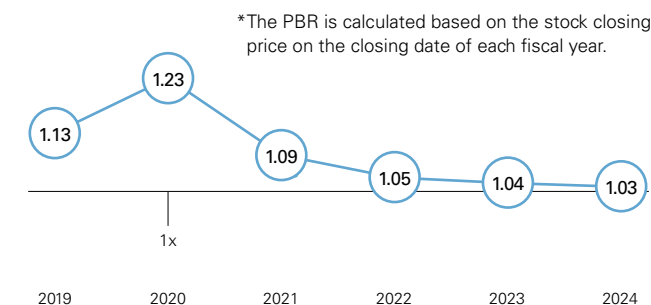
policies of expansion into the service business, expansion of the lifestyle field and strengthening of overseas business. We will also work on measures to increase PER by strengthening appropriate capital policies, shareholder returns, and investor relations. We aim to provide stable dividends to shareholders by strengthening our financial base, with a payout ratio of 40% as the benchmark. We cancelled treasury shares in April 2021 to increase returns to shareholders and alleviate concerns about future dilution. As for share buybacks, a large shareholder requested and sold 470,000 shares back to the Company. As a result, the ratio of treasury stock to the Company's total outstanding shares is now more than 10%, and we believe that for the time being the Company should refrain from simply buying back shares. We will consider effective use of treasury stock, such as acquisitions through share exchanges in the event of M&As or strategic capital and business alliances.

Going forward, we will continue to aim for steady growth while maintaining a balance between offense and defense, and engaging in dialogue with all of our stakeholders. As such, we ask for your continued support and hopeful expectations as we move forward.

### ROE over time (Unit: %)



### PBR over time (Unit: expressed as a multiple)



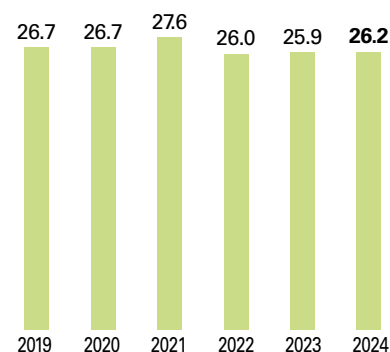


## Strategy by Business: Stationery and Office Supplies Business

With the highly recognized brands KING FILE and label printerTEPRA as core offerings, King Jim supplies products that transcend the conventional stationery and office supplies domain, encompassing office, living environment and storage products.

### Overview of financial results

Net sales **¥26.2 billion**



### POINT

- Net sales were up slightly driven by growth of the EC business
- Recorded an operating loss because of the greater than expected depreciation of the yen, devaluation of some retained goods, the decision to discontinue some products under development, and an increase in selling, general and administrative expenses

### Prospects of the stationery business in Japan

#### New value creation tied to change

Existing products in the domestic stationery market are shrinking, but new demand and applications are constantly emerging in response to changes in the social environment and customer needs. We are adapting to these changes by developing and marketing products that make “work” and “living” more comfortable. For example, our Door Alarm Light, which alerts workers to the danger of someone being on the other side of a factory or office door, improves safety in the workplace. KORI JIRUSHI, a transparent stamp completely made of transparent material that looks like ice and is easy to stamp, adds color to daily life. In response to diverse needs, we will continue to contribute to society by providing new value that goes beyond conventional stationery, and by being close to “work” and “living.”



**Sotaro Takahashi**

Senior Executive Officer  
In Charge of Corporate  
Planning Department &  
Audit Section



In our core stationery and office supplies business, we strived to expand sales by proposing new uses and renewing products to stimulate demand. As for TEPRA, we carried out various sales promotion and advertising activities aggressively to stimulate demand for labeling. In digital stationery, we released Visual Bar Timer, which has been well received for its support of time management, as its large horizontal scale allows users to see the remaining time at a glance. In stationery, we launched the new KING MINI Series of practical and endearing miniature-sized stationery.

TEPRA sales are on a recovering and our E-commerce business is also growing, resulting in net sales of ¥26,222.8 million, up 1.0% from the previous fiscal year. However, due to the greater than expected depreciation of the yen, devaluation of some retained goods, mainly COVID-19-related supplies, the decision to discontinue some products under development, and higher selling, general and administrative expenses for the former HIM Co., Ltd. (Latuna business), which was acquired in February 2023, we recorded an operating loss of ¥421.74 million, compared to a ¥20.07 million operating loss in the previous fiscal year.

### Situation and prospects of the overseas stationery business

#### Creating more King Jim fans overseas

At our overseas business sites in China, Vietnam, and other countries, expatriates and local staff work together to aggressively market and sell products. In recent years, we have been actively participating in exhibitions and various events to expand sales in China, ASEAN countries, and the U.S. HITOTOKI products such as KITTA have been well received overseas, especially by women, and many customers have come to our store events and become fans through experiencing our products. Cross-border orders are also steadily increasing, and online interactions are gradually expanding, as evidenced by the many responses we have received on Instagram. We will continue our activities so that more and more people around the world become fans of our products.



**Shinichi Harada**

Director and Senior Managing  
Executive Officer: General  
Manager, Administration Division  
& CFO; General Manager,  
Overseas Division & In Charge of  
Overseas Sales Subsidiaries

## Strategy by Business: Stationery and Office Supplies Business

### Strategy for the Domestic Market

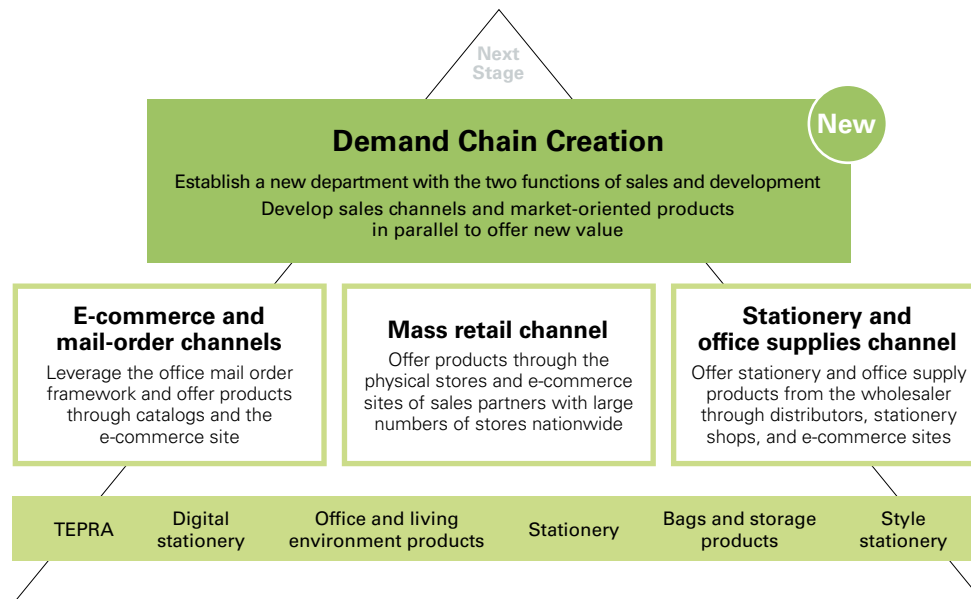
#### Sales strategy

##### Sales channels best suited to the unique properties of customers and products

King Jim offers a number of buzzworthy and long-lasting products. Yet, purchasing patterns are changing along with the social environment. We are diversifying our sales channels so that we can always offer our products in the most appropriate form. In order to correctly capture customer needs in the future, in addition to the existing stationery and office supply, e-commerce and mail order, and mass retail sales channels, we have established the new Demand Chain Creation Department that combines sales and

development. This department will be responsible for developing new and existing sales channels, marketing new genres, and developing new products from the customer's point of view.

In domestic sales, our basic strategy is to provide new customer experience value through sales channels best suited to the characteristics of our customers and products, and to present the best possible problem-solving solutions.



#### Development areas

##### Meet the needs of workplaces and living in response to social changes

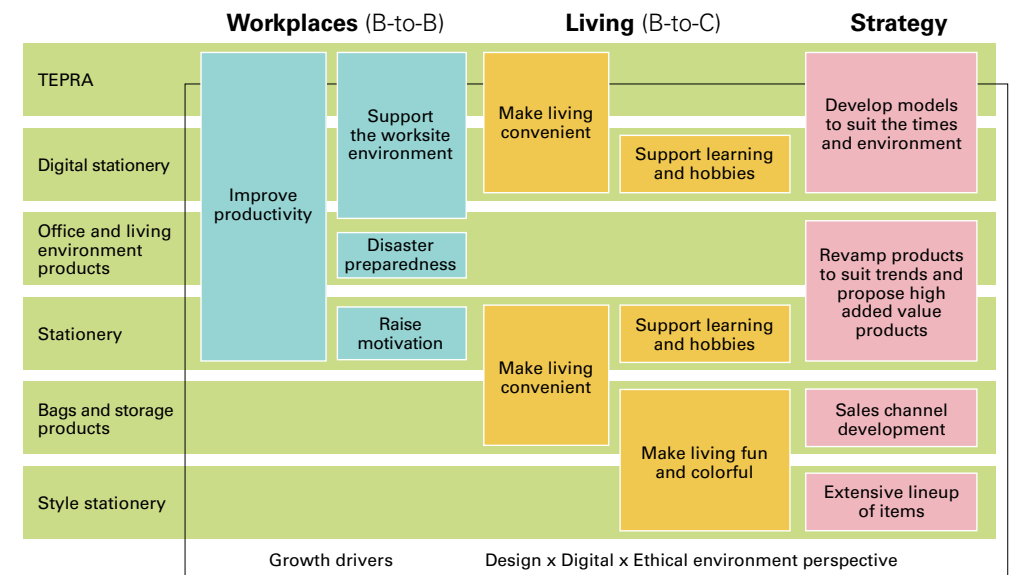
In product development, we will focus on two areas: B-to-B (workplace solutions) and B-to-C (lifestyle products).

In terms of workplaces, we not only focus on offices, our forte, but also thoroughly analyze workplaces other than offices, such as manufacturing, medical institutions, and educational facilities, and introduce products to the market that are suited to the type of industry. We plan and develop products based on four key themes: improve productivity, support the worksite environment, disaster preparedness, and raise motivation.

preparedness, and raise motivation.

As for living, our planning is customer centric and unpretentious to deliver exciting products that solve minor day-to-day frustrations. We place importance on the perspectives of make living convenient, make living fun and colorful, and support learning and hobbies.

In addition, for existing products, we will develop models to suit the times and environment as well as revamp products to suit trends.



# Strategy by Business: Stationery and Office Supplies Business

## Strategy for Overseas Markets

### Strengthen development and sales strategies

#### Develop market-oriented products for overseas markets

Net sales from the overseas business in the fiscal year ended June 20, 2024 totaled approximately ¥1.5 billion. We aim to grow this to ¥4 billion by the fiscal year ending June 20, 2027, the final year of the 11th Medium-Term Management Plan. To achieve this goal, from a development perspective, we will switch to a market-oriented approach to development and promote the introduction of products that will be embraced by local customers. We have designated China, where we have a base, and the ASEAN countries centered on Vietnam as our most important regions, and have dispatched and increased the number of employees with development backgrounds to local subsidiaries. In China, we have engaged outside consultants to plan several B-to-C products based on analysis of big data. The first of our market-oriented products, KELITA washi tape, was designed by four well-known local creators and attracted much attention even before its

release. In the future, we will promote planning and development of a wide range of products, not limited to stationery.

Our local subsidiary in Vietnam is growing sales by acquiring new customers locally, mainly for B-to-B products such as TEPRAs and lever arch files manufactured at our local base, as well as by expanding exports to neighboring countries. In cooperation with the Overseas Business Division in Japan, we are carefully interviewing partners in-person in Thailand and the Philippines about their product needs in order to expand sales channels in the ASEAN region.

We will also actively consider M&A opportunities outside of Japan. During the period of this medium-term management plan, we will further strengthen our overseas business, aiming to raise the sales composition ratio in China from approximately 29% to approximately 38% and in Southeast Asia from approximately 17% to approximately 20%, respectively.



KELITA washi tape launched in China



Subsidiaries identifying local culture and needs

### Utilizing overseas factories

#### Becoming file & lifestyle products factories

At our overseas factories, which have mainly produced files, we are now promoting production of products in new fields that take advantage of their respective features. PT. King Jim Indonesia has mainly produced plastic files, but is now promoting the production of wooden knockdown furniture because demand for files is declining amid changes in the social environment. Although wooden products are a different field from what it has been producing, the factory is manufacturing them by utilizing the abundant wood resources in Indonesia and introducing woodworking equipment, while taking advantage of the production and quality control know-how cultivated over the years. Currently, the factory produces TV stands, closet organizers, and other products in cooperation with our Group company Bon

Furniture Co., Ltd., which has strengths in furniture e-commerce and mail order sales.

King Jim Vietnam Co., Ltd., engages in the production of a wide range of files and stationery products, centering on our mainstay product, KING FILE. On the other hand, as a countermeasure to the recent decline in demand for office files due to the paperless office environment and changes in work styles, the company has started production of kitchen goods, leveraging its in-house production know-how of molded parts used for files. The company has started sales through Ladonna Co., Ltd., a Group company with strengths in lifestyle products. The company will continue to work with Group companies to develop production plans that match trends.



Wooden products produced at our Indonesia factory



Toffy Handy Chopper Slim kitchenware produced at our Vietnam factory



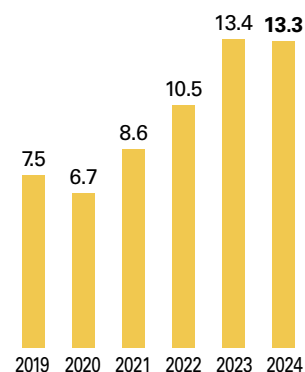
## Strategy by Business: Lifestyle Products Business

The five companies that became part of the King Jim Group through M&A—Ladonna Co., Ltd., Asca Co., Ltd., Bon Furniture Co., Ltd., Winess Corporation, and Life on Products, Inc.—plan and sell a range of products, including everyday goods, household appliances, furniture, artificial flowers, and gloves.



### Overview of financial results

Net sales  
¥ **13.3** billion



#### POINT

- Sluggish performance of Group companies in Japan other than Life on Products, Inc., which saw favorable results
- Cost of sales ratio improved somewhat thanks to price increases and introduction of new products
- Downturn in profits caused by the greater than expected depreciation of the yen and higher selling, general and administrative expenses

Bon Furniture faced a challenging situation. This was due to price revisions in response to surging costs caused by exchange rate fluctuations and the slowdown in growth of shopping malls where it operates stores. Nevertheless, the company posted stronger sales on Amazon and for lighting products, while it saw strong performance also from children's storage items, a new category it launched. Life on Products, recorded strong sales of new summer household appliances. In particular, sales of Clear Fan, which features seven-color LED lights, and Umbrella Clip Fan rose. These products were also featured in a number of media. At Ladonna sales of mainstay kitchen appliances and photo frames fell sharply amid consumers' increasing tendency to save money and conserve electricity, as well as price revisions due to exchange rates. This led

to consumers dialing back purchases. Nevertheless, the company did achieve results that will pave the way for the next fiscal year and beyond, including an increase in television shopping projects and growth in online sales. At Asca, sales remained strong, mainly for flowers geared toward bridal-related uses and decorative plants for offices.

As a result, while Life on Products performed well, other Group companies in Japan recorded weaker results, leading to net sales of ¥13.35 billion, down 0.8% from the previous fiscal year. In addition, although the cost of sales ratio improved slightly owing to price increases and the introduction of new products, selling, general and administrative expenses rose, resulting in operating profit of ¥150 million, down 60.0% from the previous year.

### Overview and prospects of the lifestyle products business

#### Future of the lifestyle products business seeking to strengthen synergies

Since its entry into lifestyle products market through M&As 20 years ago, King Jim has grown the business together with five Group companies. Net sales have risen from about ¥700 million when we first entered the business to ¥13.3 billion this fiscal year. Our business domain is diverse, including photo frames, clocks, kitchen goods and appliances, artificial flowers, seasonal appliances, room fragrances, and gloves, while our sales channels are expanding accordingly. We will continue to expand our reach by making inroads into neighboring areas that we know through aggressive M&A. This business is susceptible to trends and seasonality, and demand fluctuates greatly in short cycles. For example, while sales of summer household appliances have been

strong due to the extreme heat recently, warmer winters have meant sluggish sales of winter household appliances. In the past, we have also experienced a sudden reversal of the decline in store demand due to the impact of COVID-19 and reaped the benefits of stay-at-home demand. Even with such changes in the business environment, each Group company's frontline operations have made decisions and responded quickly and flexibly, building valuable experience for the future. Going forward, we will establish the Group Management Committee with the aim of promoting the growth of each company, strengthening Groupwide synergies, and enhancing cooperation within the Group more than ever before. Through the committee, we plan to share the sales channels and know-how of each company using presentations and training, and to promote joint ventures and projects as necessary. Through such efforts, we will seek out greater growth by enhancing Groupwide synergies for new product development and sales channel expansion.



**Junya Tamura**

Executive Officer Deputy In  
Charge of Domestic  
Subsidiaries Coordination  
Department

## Strategy

### Expansion of the lifestyle field

#### Enhancing the growth and synergies of Group companies

The strengths of Group companies in Japan include flexible and rapid adaptability to market environments and trends, procurement capabilities for wider product coverage, and data driven manufacturing systems. Currently, though, Group companies are facing issues of limited growth potential in existing businesses. These include the recoil from pandemic-induced stay-at-home demand, dependence on seasonal products

that are affected by the weather, sluggish performance of retail stores, and a structure that is susceptible to exchange rates. In order to resolve these issues and expand the lifestyle products business, it is necessary for each company to grow further and strengthen Groupwide synergies.

In light of the current slump in same store sales and weaker profitability caused by exchange rates, the key to each Group

company's growth strategy going forward is expanding sales channels for corporate clients and direct-selling routes to consumers. Additionally, since each Group company operates in an industry other than stationery and office supplies, they need to grow their headcount of full-time employees. We will create a system that allows the right people to be assigned to the right position across the Group, further supporting the flexibility and rapid response that are the hallmarks of Group companies. Our aim is to create an environment in which each Group company unlock even greater growth.

In order to achieve growth across the entire Group, we must strengthen Groupwide synergies including collaboration within the Group, find areas where cooperation is possible, and share know-how. We will work to strengthen sales of Group company products, utilize overseas manufacturing subsidiaries as production bases, and improve efficiency by sharing resources.

Toward the realization of this strategy, we have begun to reorganize the existing businesses and positions of each Group company in Japan. We seek to further expand the scope of the lifestyle products business by cultivating neighboring areas that we know, including through M&A.



#### Establish a Group Management Committee

We will establish the new Group Management Committee in order to build the foundation for a Groupwide strategy that will help us achieve the 11th Medium-term Management Plan and unlock the Group's long-term growth. This committee will bring together Group company presidents and key personnel regularly, along with full-time employees from Group companies in Japan, for debriefings and training sessions to share internal and external knowledge on best practices, strengths, and challenges. It will also promote joint ventures and projects when necessary. Group companies will learn together and share know-how, and while balancing the centrifugal and centripetal forces of the Group, we will promote each Group company's growth and strengthen Groupwide synergies, aiming to grow both net sales and profits of the lifestyle products business.





## Discussing King Jim's Future

King Jim will see major changes in the fiscal year ending June 20, 2025 including the announcement of a new medium-term management plan and organizational changes including a change in president. With this in mind, we organized a roundtable discussion involving employees active on the frontline of King Jim's operations. This section presents an overview of this talk about the future of the company.



### Ms. Togami

Stationery Development  
Department

In addition to developing office supplies, Ms. Togami is involved in product planning and development for the stationery brand HITOTOKI, which makes everyday moments enjoyable.

### Mr. Okumura

Manager, Overseas Sales Section  
Overseas Business Promotion  
Department

Immediately after joining the company as a mid-career hire, Mr. Okumura was assigned to a local subsidiary in Hong Kong. After returning to Japan, he has been involved in overseas business and currently engages in sales to local subsidiaries with the aim of expanding business.

### Mr. Kojima

Senior Executive Officer  
General Manager, HR & DX  
Division

After working on many systems development projects in the Information Systems Department, Mr. Kojima moved to the Human Resources Department where he gained a wide range of work experience. He currently serves as CHRO and CIO.

### Ms. Suzuki

Manager, Planning Section  
Wide Area Sales Department

Ms. Suzuki works for the department responsible for sales at mass retailers and in mail order channels, where she engages in sales management, including analysis and promotion planning.

### Ms. Aoyagi

Human Resources Section,  
Human Resources Department

After gaining experience in sales, where she was involved in sales activities for stationery agents and retailers and planning sales strategies, Ms. Aoyagi transferred to the Human Resources Department, where she is involved in in-house training, employee benefits, and the promotion of DE&I.

### Ms. Koda

General Manager, Demand Chain  
Creation Department

Ms. Koda has extensive experience in sales and currently leads the Demand Chain Creation Department, which integrates product development with sales and marketing.

### Mr. Kameda

Director and Managing Executive  
Officer

Since joining the company, Mr. Kameda has been involved in product development for many years, including TEPPA. He is currently in charge of the Public Relations & Advertising Section, E-commerce Department, and Quality Management.



## Discussing King Jim's Future

### Current issues facing King Jim in the first fiscal year of the 11th Medium-Term Management Plan

**Suzuki:** Perhaps because our products are used in everyday life, King Jim employees have a wide variety of hobbies, while many of them are intellectually and playfully curious, as well as kind and considerate. On the other hand, they tend to be cautious and passive in their work. I feel that employees have been slow to respond to the changes in society that have accelerated significantly since the COVID-19 pandemic. For that reason, I view our internal slogan for the 11th Medium term Management Plan, "Let's go, KJ!," as a way to transform our mindset and bring about change with



greater initiative.

**Koda:** The external environment is changing dramatically, and we need to think about how to respond. While some things can and must be changed, others must be kept the same. We need to strike a balance between the two, while preserving our original King Jim style product development and employees' commitment, and further accelerate the pace of reforms.

**Kameda:** The sense that we must not change is a sign of the cautiousness that defines King Jim style, but I think it is also an aspect of quality control. The work we do on a daily basis is unglamorous, yet reliable products greatly benefit our corporate image.

**Kojima:** In the Information Systems Department that I oversee, we must urgently respond to the digital transformation that is happening around the world. Digital is one of the keywords in the 11th Medium-Term Management Plan. Our response requires that employees increase their IT literacy.

**Suzuki:** One of our main customers is a mail order company specializing in office supplies. Since stationery stores and mass retailers are also actively increasing their e-commerce sales ratio, we need to hasten our response on the sales side as well.

**Koda:** With the rapid growth of e-commerce and social media, the number of places to buy has increased. Some say this is making it harder to create hit products. As a sales representative, I'm aware that addressing this issue is

becoming more challenging every year.

**Suzuki:** Preferences are changing depending on the consumer generation, such as Generation Z, and it's hard to pinpoint what kind of products to propose and where to reach end customers. Given this, there are limitations to product-oriented development. While planning products based on the developer's ideas is King Jim style, I think it will be important in the future to use social media and other tools to deepen connections with each individual customer.

**Togami:** In that sense, social media and online stores have driven HITOTOKI's steady growth, in addition to traditional channels such as stationery stores and mass retailers. We are particularly focusing on Instagram, which makes customer reactions and statistics useful for subsequent product planning and development. Instagram also allows us to reach a wider range of customers, not just stationery lovers.

**Kojima:** This means that the distance between developers and the individual end users has become closer, right?

**Togami:** HITOTOKI's original concept was to develop stationery that makes personal time more enjoyable by adding a little something special to it. The trend of increased stay-at-home consumption during the COVID-19 pandemic has also provided a tailwind. We try to post on social media in a way that incorporates these trends.

**Kameda:** Products that deeply connect



with individual tastes and preferences, along with products that deeply resonate with individuals, will become increasingly important in the future. Until now, we have released new products and sold them to customers in a passive way that asks, "Is this okay?" In the future, though, we will need to plan and promote products while continuing to engage customers.

**Okumura:** The challenge for our overseas business is that its share of total sales is rather low. We aim to increase this from 4% to 10%, but especially since the COVID-19 pandemic, the ratio of brick-and-mortar to online channels has become a major focus in overseas markets. While the online channel is highly valued in the vast expanses of the United States and China, there are signs that in-person sales events and pop-ups are becoming more popular in each locality regardless of country. Going forward, we need to implement more detailed measures for each country and region in order to redevelop our market

## Discussing King Jim's Future

strategy. This is also stated in the 11th Medium-Term Management Plan.

### Current measures based on awareness of challenges, their results, and further issues

**Suzuki:** Responding to diversifying consumer needs and purchasing behavior since the COVID-19 pandemic, as well as the shift to e-commerce sales channels, is a company-wide challenge. Based on this shared awareness, the 11th Medium-Term Management Plan has adopted the theme of "customer driven." In this sense, we are aiming to base our development and sales activities on customer feedback. Like HITOTOKI, we also want to use social media and other tools to get closer to our customers. At the same time, in B-to-B, we face the issue of not fully understanding the end

users beyond customers. We plan to work with other departments within the company to analyze which products are best suited to which customers, in an effort to optimize sales and marketing.

**Kameda:** When I talk to people outside the company, I find quite a few are not just consumers, but also fans of King Jim the company. The 11th Medium-Term Management Plan calls for placing greater importance on engagement with these fans, and we should deliver more information to these people.

**Kojima:** In the context of being "customer-driven," we launched the new Demand Chain Creation Department (DCC) with both sales and development functions. The goal is to make the most of the advantages of product-orientated development while also flexibly modifying the organization under the 11th Medium-Term Management Plan. DCC will simultaneously tap into new sales channels and develop market-oriented products.

**Koda:** Until now, sales has sold products created by development. DCC will create a system that reflects customer needs and handles everything from development to sales. We also aim to establish a circular model that utilizes customer feedback after sales to provide even better products. As a new department, DCC wants to take on this challenge boldly.

**Kameda:** I'm thinking about "expansion into the service business," one of the fundamental policies of the 11th



Medium-Term Management Plan. For example, there is a project using TEPPA. With the slogan "From the King Jim of TEPPA to the King Jim of visual communication," this project seeks to build a platform to expand the "labeling" function of TEPPA into a number of new areas.

**Kojima:** In terms of increasing IT literacy, we have assigned DX specialists in each department and are rolling efforts out across the company as we continue to provide training. At the same time, we are quickly implementing measures to advance DX as a means to improve work efficiency and reduce the amount of labor required. We are using the power of IT to make the work of people more efficient and less labor-intensive. The time freed up can then be utilized to pursue more creative ventures. By knowing what is possible with IT, we can increase our product development capabilities and the potential for innovation.

**Okumura:** In the overseas business, we are working to increase the number of

globally minded human resources in order to conduct detailed marketing. Since the ratio of non-Japanese employees is small given the size of the company, we are first aiming to increase the number of expatriates.

**Kojima:** With this in mind, we are sending our hit makers to Shanghai and Vietnam and putting a lot of effort into localized product planning, not just sales. We are also conducting overseas training. Starting this year, we are having trainees share their one-year results with all employees in video form. The hope is that this will lead to more employees becoming interested in the overseas business in the future.

**Togami:** Recently, at HITOTOKI, we have been engaging with overseas sales staff. We have begun to hold specific discussions about what kinds of measures would be effective in overseas markets and what kinds of novelties would be well received.

**Kameda:** We are not only increasing our





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dealings with King Jim in Japan and overseas, but also with Group companies. The 11th Medium-Term Management Plan has the theme of "Into neighboring areas." We would like to create synergies through personnel exchanges across the entire Group, including our Group companies overseas, with the goal to unlock growth in terms of both our people and the company.

**Aoyagi:** To create value while proactively interacting with others in this way, from a human resources perspective we have promoted diversity, equity and inclusion (DE&I) and have started new training according to employment grade to enable employees of various backgrounds to grow without giving up their careers. Also, since the COVID-19 pandemic, teleworking and staggered working hours have become possible, allowing for more flexible work styles. However, I think there are still many people who are struggling to balance work with childcare, elderly care, or medical treatment. I think King Jim needs to continue to create an environment that provides more support for work styles and ease of working.

**Koda:** Since joining the company, I have found that gender has nothing to do with work. Yet, there are very few female managers at King Jim. I'm currently trying to balance work with childcare, and now that I'm in a managerial position, I've realized how easy it is to work here. I also enjoy thinking about how to work efficiently. I hope more women will aspire to become managers.

### Thoughts toward and determination for King Jim's future growth

**Aoyagi:** Up until now, I've felt that the medium-term management plans have been a little distant from me, but the 11th Medium-term Management Plan contains the message that each individual can bring about change by taking action. This makes me feel closer to the plan and take it as something that concerns me. I believe it is important to make a series of small changes to bring about big changes, and now is a good opportunity to reexamine my daily work. As the Human Resources Department has a big impact on employee values and work styles, I intend to carefully consider whether each role benefits an employee and then work on developing and educating employees who can proactively bring about change.



**Koda:** Although the business environment and King Jim's performance face challenges, I wanted the 11th Medium-Term Management Plan to inspire hope, especially among young employees, by giving them the opportunity to put their ideas into practice. I often tell myself to have a broad perspective and a high point of view, and when a young employee contacted me to share their involvement at work, I was happy that this thought had been heard.

**Suzuki:** I think it's a big step forward that the plan has become interesting to young employees. Unfortunately, after the announcement of previous medium-term management plans, not much attention was given to the plan in daily work. By having more employees regard it as their own problem, the results and challenges become visible in real time. I would like to continue to pay close attention to the progress of the 11th Medium-Term Management Plan, including verifying my own results.

**Okumura:** As I mentioned earlier, in my case, I would like to work hard to bolster the ratio of overseas sales by steadily increasing globally minded talent and improving diversity.

**Togami:** The reason I joined King Jim was because it is an attractive company that makes a lot of unique things that other companies don't, in a good way. However, I feel like that aspect has been toned down a bit recently. In that context, the 11th Medium-Term Management Plan, which aims to restore King Jim's



interesting style, is very appealing to me as the person in charge of development. There is a lot of pressure, but I hope to create new fields and items that will help make the King Jim name even bigger.

**Kojima:** King Jim has a workforce of truly talented people. If we can create an environment where employees can perform to the best of their abilities, I think the company will naturally grow. Therefore, I want to create an environment where everyone can work comfortably and easily ask for advice.

**Kameda:** I also feel King Jim is an "attractive company" as Ms. Togami mentioned. I want people to continue to look at us from the outside and think King Jim is a good, interesting company. To do that, we have to create an environment where people inside the company can work happily. I want to make King Jim a company that creates unique products, making it a truly exciting workplace.