

KOKUYO

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# INTEGRATED REPORT

Kokuyo Group  
Integrated Report

2025



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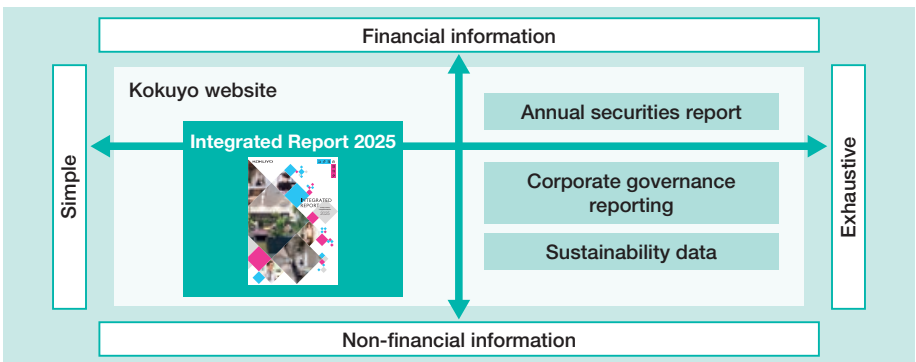
Period to which this report pertains

This report pertains to the fiscal year ended December 31, 2024, but it also includes information that predates or postdates that fiscal year. Note that while we changed the profit and loss presentation method for certain rental and other real estate properties starting in fiscal 2025, the sales, gross profit, operating income, and EBITDA for fiscal 2024 and earlier in this report are based on figures before this change.

Disclaimer on forward-looking statements

This report contains performance forecasts and other forward-looking statements. Such statements are based on information available and on assumptions considered reasonable at the time of compilation. They should NOT be taken as assurances that the forward-looking statements will prove accurate. Actual results or future events could diverge markedly from forecasts for a variety of reasons.

Disclosures



Main content

Integrated reporting (this report)	Systematic reporting about our business activities and the value we deliver to society
Corporate governance reporting	Corporate governance information that we file to the TSE in accordance with the Corporate Governance Code Includes our approach to corporate governance and information about our corporate governance structures
Sustainability data	Detailed ESG data (detailed data on environmental, social, and governance aspects of sustainability) ( <a href="https://www.kokuyo.co.jp/sustainability/index.html">https://www.kokuyo.co.jp/sustainability/index.html</a> )

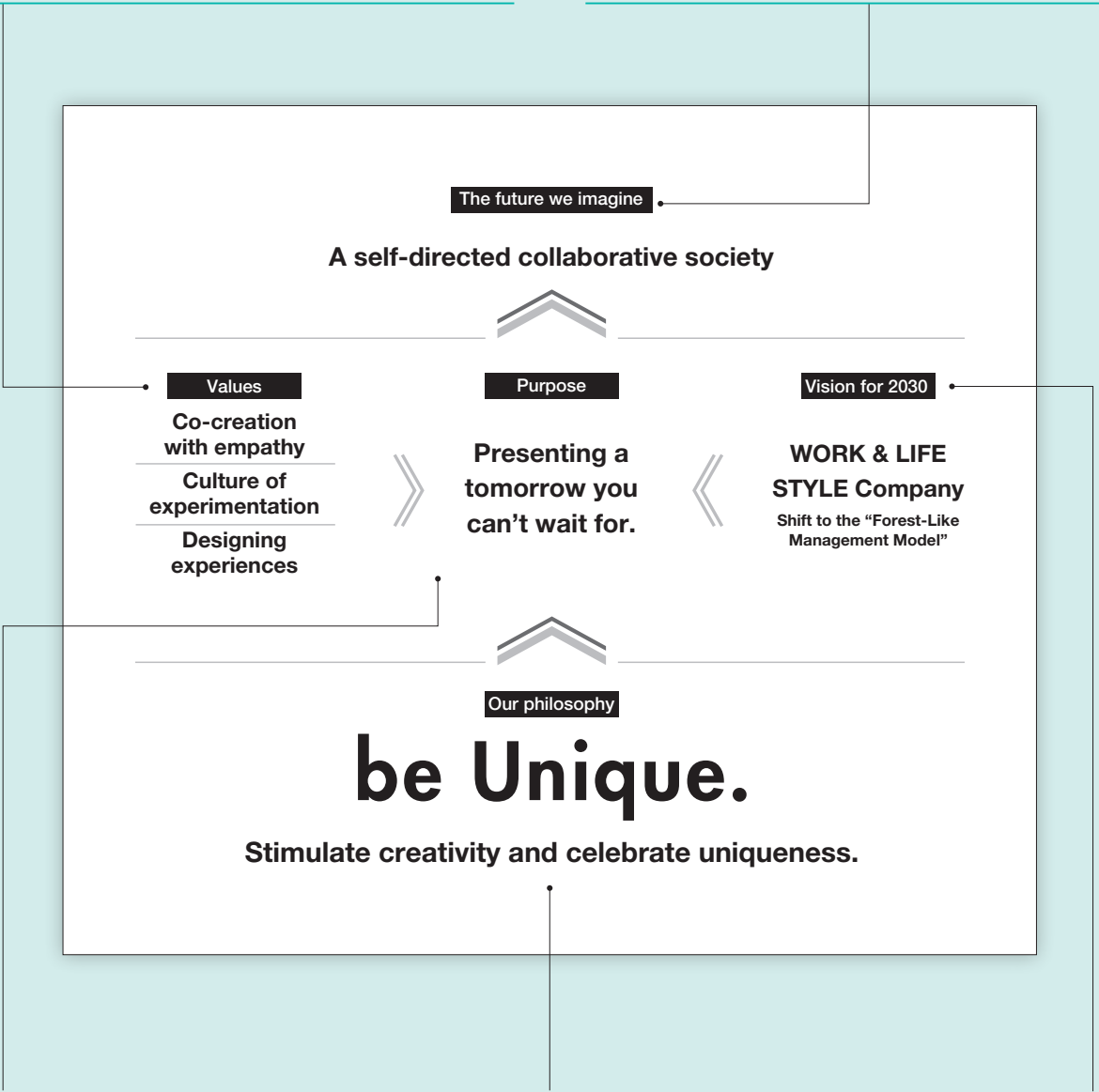
# Value System

Values

To present a future you can't wait for, we have cultivated three strengths. The first is co-creation with empathy, the ability to empathize with customers' issues and co-create value with customers. The second is designing experiences—in other words, our ability to visualize customers' experiences. The third is our culture of experimentation, in which we keep trying out new ideas, without fear of failure.

The future we imagine

The future we imagine is one in which diverse values are respected, in which personal fulfillment is balanced with helping and supporting others, in which everyone lives life to the full, and in which people are connected in their work life, study life, and private life—a circular economy and a harmonious society. This is the future society we want to help build, and we have named it the "self-directed, collaborative society."



Purpose

Our vision of a self-directed, collaborative society is no easy feat. The world has grown more complex than ever and we may always face uncertainties and fears about the future. Nonetheless, we believe that a better tomorrow will come if creativity and diversity are flourish. That is why we keep pitching new ways of working and living—a future you can't wait for.

Our philosophy

Ever since its foundation, Kokuyo has always followed a philosophy of making a positive impact through its products. While this philosophy remains central to our entrepreneurial spirit, we now use the phrase "be Unique" to express our philosophy and value-creating ethos in a way that is relevant to today's challenges. "be Unique" expresses the idea that we produce products and services that deliver experience value, inspiring creativity and empower uniqueness.

Vision for 2030

Our long-term vision, CCC 2030,\* sets out the goal of reaching 500 billion yen in net sales by 2030 through the Forest-Like Management Model. Aspiring to be a diverse ecosystem of businesses for sustainable growth, we commit to a fundamental transformation of our corporate culture, our organizational approaches (including human resources), and our way of empowering individuals.  
\* CCC stands for "change, challenge, create."



## Our Forte: A Wow-Factor Creation Cycle

Ever since it was founded in 1905, Kokuyo has always placed utmost importance on listening to the customer and seeing from the customer's perspective. Guided over the years by this corporate DNA, Kokuyo expanded its range of products from binders for Japanese-style ledgers (wacho) to Western-style ledgers, office goods, office design and construction, stationery, and everyday goods. All throughout that time, Kokuyo maintained a cycle of experience-value creation, in which it listens to customers to identify their unmet needs and in which empathy and co-creation with customers is combined with our culture of experimentation, generating ideas for the future. The 4th medium-term plan uses the phrase "wow-factor creation cycle" to describe this forte shared across the Kokuyo Group. The plan also commits us to using this wow-factor creation cycle to create experience value in Japan and other countries.



Stationery



Office Furniture



Office space design



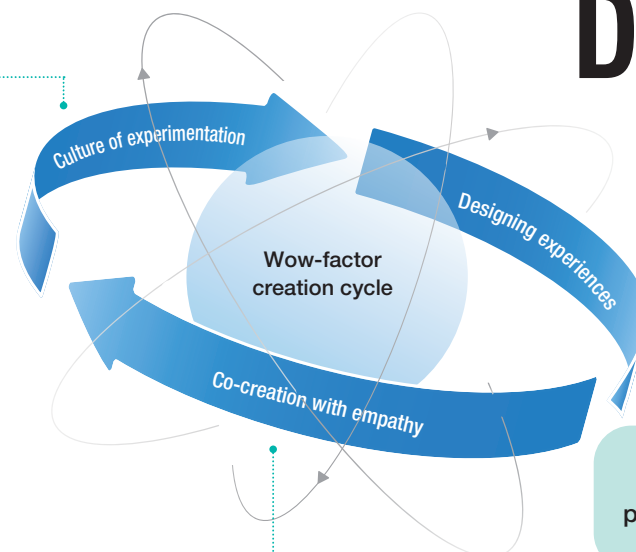
Office mail order

The unique talent

# Diligent

Pitching visionary ideas  
for the near future

A live office for showcasing  
workstyles for the near future  
THE CAMPUS



Wow-factor designs  
combining tangible  
products with intangible  
solutions

Nice and flat Campus notebook



Exciting experiences  
with customers

Occasions to try out exciting ideas  
together at pop-up stores and  
directly managed retail  
stores overseas



## Expanding the reach of our experience value

## The Hidden Resources Driving the Cycle (non-financial capital)

driving the cycle

# and quirky\*

\* This is a phrase Kokuyo uses to describe its employees. It expresses how the employees are diligent about meeting the customer's needs and how, to that end, they will engage their creative thinking to such an extent that they appear nerdy and quirky.

Brand recognition

# 90%\*

## Brand, customer base

Our resolutely customer-oriented and creative approach has generated added value, culminating in a strong brand identity and customer base. These resources serve as a foundation for continually honing our other resources (e.g. pioneership) for generating a steady cash flows, which we can then use to invest in fresh challenges.

\* Brand recognition for student stationery in Japan 2023 in-house survey of junior and senior highschool students

## Pioneership

Always listening to the customer and seeing from the customer's perspective, we have developed an entrepreneurial culture founded on co-creation with empathy—taking a user perspective to identify unmet needs and then meet them. This will serve as a driving force for a market-oriented approach by which we will capture opportunities for expanding the reach of business fields during the three years of the 4th medium-term plan.

## Creativity

This resource is the ability of the Kokuyo team to draw on Kokuyo's culture of experimentation and map unmet needs to a product or service that embodies Kokuyo's differentiated value. Kokuyo employees unlock huge potential for expanding the reach of the fields when they use their creativity to create intangible value connected with a tangible product.



IoT-powered stationery "Otonano Yaruski Pen"

## Agile integration

(network building)

We have formidable experience in business planning (including policies for expanding business fields and scaling up production as efficiently as possible while minimizing fixed costs and investment risks) and in optimizing our supply chain, including our networks of retailers and OEMs. With an asset-lite business model that emphasizes planning, we can expand from tangible products into intangible value and integrate our own resources with external resources. In other words, we have the agility to scale up for success.

## Wide-ranging market connections

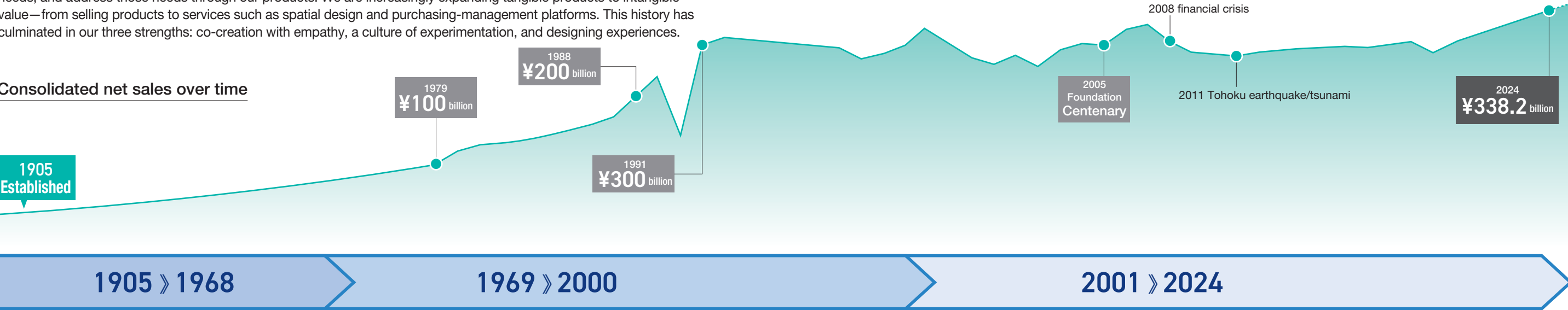
(a diverse portfolio)

We have developed a diverse portfolio with broad market connections, a culmination of a history of expanding our corporate functions and portfolio to address unmet needs. These market connections enable us to deliver experience value of all kinds and to advance our Forest-Like Management Model, creating steady cash flows that make us more resilient against external changes.

The History Behind Our Strengths

Having started out by selling binders for Japanese-style ledgers (wacho), Kokuyo expanded over the years by adapted with the changing demand landscape, going from brush pens to other types of pen, from wacho to notepads and notebooks, and then to office furniture. In the process, it became our second nature to listen to customers, discover their needs, and address those needs through our products. We are increasingly expanding tangible products to intangible value—from selling products to services such as spatial design and purchasing-management platforms. This history has culminated in our three strengths: co-creation with empathy, a culture of experimentation, and designing experiences.

Consolidated net sales over time



Early years, groundwork for growth

Kokuyo traces its history back to 1905. In that year, our founder opened a shop in Osaka, believing that any business will succeed as long as it provides something useful. Initially, he produced binders for Japanese-style ledgers (wacho) under contract. Adapting to changing demand, Kokuyo expanded into stationery. The stationery business created a solid foundation that endures to this day.

Business expansion, rapid growth

Building on the stationery business, Kokuyo entered the office furniture business with its line of filing cabinets. Rather than simply selling office goods, Kokuyo expanded its reach from tangibles to intangibles, offering all-encompassing solutions for spatial design. With these solutions adding more value and differentiation, Kokuyo entered a period of sharp growth.

Field expansion: From tangibles to intangibles, into Asian markets

During this period, Kokuyo expanded to mail-order sales of office goods and started penetrating China and other markets, culminating in Kokuyo's current portfolio. Kokuyo also expanded its core businesses: In furniture, we started offering office interior design services. In stationery, we started developing products for untapped user needs. In this way, we honed our three strengths—co-creation with empathy, a culture of experimentation, and designing experiences.

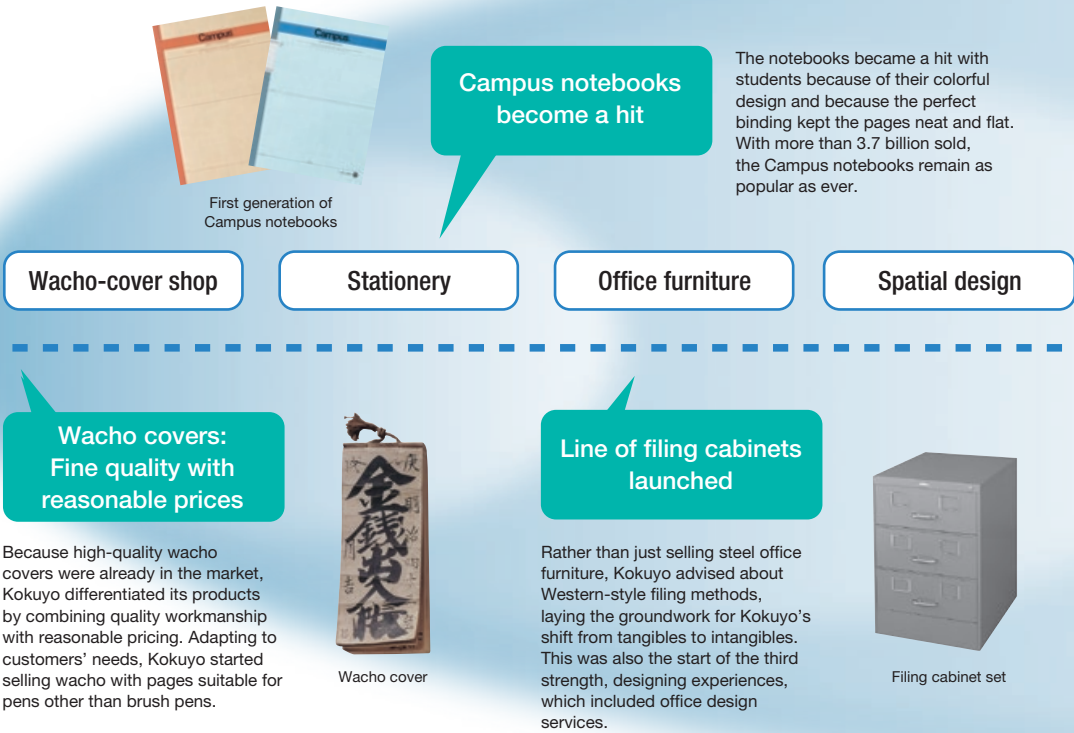
The  
three  
strengths we have  
built up over the  
years

Co-creation  
with empathy

Culture of  
experimentation

Designing  
experiences

Portfolio landmarks

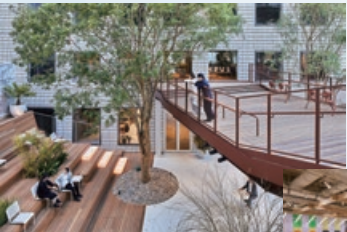


Kaunet and Benri Net expanded

Around the year 2000, demand surged for online solutions for streamlining purchasing of office supplies. We launched services to meet this demand. One was Benri Net, a system for managing the purchasing of office supplies. Another was Kaunet, a comprehensive online and catalog sales of office supplies.



Kaunet's inaugural issue



THE CAMPUS

THE CAMPUS opened

In the 1960s, we started running live offices to improve our added value and lineup for spatial design services. Continuing this culture of experimentation, we opened THE CAMPUS in 2021. THE CAMPUS serves as a lab for testing out ideas for work life, home life, and study life.



# The Runup to the 4th Medium-Term Plan

Having developed solid strategic assets during our first three medium-term plans, we are now ready to embrace the challenges of our 4th medium-term plan, Unite for Growth 2027, which commits us to transforming our portfolio.

1st medium-term plan (FY2016–FY2018)

Self-reform focusing on value creation

Basic policy

1. Transform operation model to create customer-oriented value  
2. Achieve profitable manufacturing model, with resources and revenue structure for sustained medium- and long-term growth

The 1st medium-term plan focused on delivering better profitability and growth rate by improving our added value. It committed us to making our manufacturing and distribution operations deliver better value to the customer so that we could improve our market share and gross profit, establishing a business model for long-term business success. The target for gross profit ratio was 35% or more, which would be an all-time high for the company.

Outcomes

Quantitative results

	Initial target	Result	Target met?
Net sales	≥ ¥310.0 billion	¥315.1 billion	Yes
Gross profit ratio	≥ 35%	35.7%	Yes
Operating margin	≥ 5%	5.8%	Yes

Qualitative results

- Changes and improvements became noticeable within company and garnered praise from external stakeholders.
- Gross profit ratio improved with a higher percentage of national brands.
- Japanese furniture business gained a larger share in the domestic market.
- We ceded the store business to focus resources on the furniture business in the Greater Tokyo Area.
- Kaunet's percentage of private brands increased and we implemented workstyle reform in the Shinagawa SST office.

Outstanding tasks

- Improve profitability further to break free from low growth (a long-term task), further improve efficiency (seeing as ROE was no more than 4.5%)
- Capitalize on demand for high-quality stationery in ASEAN markets and other Asian markets
- Shift focus from tangibles to intangibles to adapt to changing demand landscape

2nd medium-term plan (FY2019–FY2021)

Enabling sustainable growth

Basic policy

1. Diversify revenue in order to smarten our earning power  
2. Improve operational efficiency to sustain long-term business growth

The 2nd medium-term plan focused on diversifying revenue in order to smarten our earning power and improving operational efficiency to sustain long-term business growth. The plan committed us to identifying the businesses with the best prospects for long-term growth and then enhancing and growing these businesses. To help us shift focus from tangibles to intangibles, we delineated three business domains: spatial value, business supply, and global stationery.

Outcomes

Quantitative results

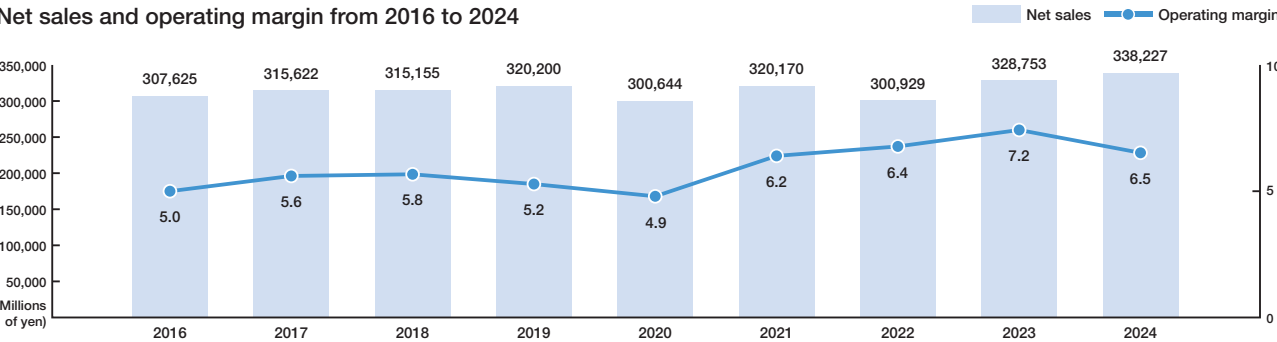
	Initial target	Result	Target met?
Net sales	≥ ¥346.0 billion	¥320.1 billion	No
Gross profit ratio	≥ 37%	36.1%	No
Operating margin	≥ 6.2%	6.2%	Yes

Qualitative results

- While we fell short of our initial targets because of the pandemic, we transformed employee management, significantly improving profitability across the group as a whole.
- We focused on offering added value in the spatial value domain. Bolstering our value chain, we capitalized on the demand for office renovations.
- We transformed organizational structures and built a stronger customer base to improve the business supply domain's prospects of long-term success. We made headway in migrating the entire supply chain.
- We penetrated new sectors with bright growth prospects to gain a larger global share of the stationery market. Alongside this, we streamlined the stationery business in Japan, making it more profitable.

Outstanding tasks

- Adapt to the huge changes in work styles and study styles brought by the pandemic and by digitalization
- Amid all the talk of the death of the office and the concerns about falling demand for stationery, long-term business success still rests upon us expanding the reach of the business fields



Long-term vision, CCC 2030, unveiled

CCC 2030 commits us to building a world that is self-directed and collaborative, a world that celebrates people's independence and individuality but in which everyone respects each other and works together as a community. It also commits us to shifting to the Forest-Like Management Model and to shifting focus from tangibles to intangibles to offer a greater range of customer experience value, unlocking opportunities for business expansion and growth. Our financial target for 2030, the end year of CCC 2030, is ¥500 billion or more in net sales.

Forest-Like Management Model, updated

The updated CCC 2030 clarifies that our forte lies in a wow-factor creation cycle. It also commits us to improving knowledge integration so that we can use wow-factor creation cycle more effectively to drive global expansion.

3rd medium-term plan (FY2022–FY2024)

Accelerating Field Expansion

Basic policy

Take actions under the following four themes to accelerate efforts to expand the reach of the business fields in line with CCC 2030.

1. Dynamic investment, with a growth investment fund of ¥30 billion  
2. Empowered talent  
3. Active innovation  
4. Social value and business value

Outcomes

Quantitative results

	Initial target	Result	Target met?
Net sales	¥360.0 billion	¥338.2 billion	No
Gross profit ratio	39.9%	39.3%	No
Operating margin	7.6%	6.5%	No

Qualitative results

Japan

Better growth and profits, especially in the furniture business

Outstanding tasks

- Allocate cash effectively to improve long-term value creation

Overseas

% of total sales

8% → 13%

New business development

8 startups underway

- Huge room for efficiency-improvements among production facilities and distribution centers in Japan
- Unleash untapped synergistic potential by sharing talent, knowledge, and other resources

# Unite for Growth 2027

The 4th medium-term plan commits us to accelerating field expansion and increasing the value of our organization, guided by a framework for increasing the value of our organization and by the Forest-Like Management Model.

Going Global in Experience Value—  
Kokuyo Will Look Very Different in 2027



Message from the CEO

Hidekuni Kuroda  
President and CEO

My Task as CEO

Kokuyo Group is now on its 4th medium-term plan, Unite for Growth 2027, which runs from 2025 to 2027. Let me tell you about the background and strategic context in which we developed this plan.

Kokuyo traces its history back to 1905, when Zentaro Kuroda opened a shop selling binders for Japanese-style ledgers (*wacho*). Initially producing just binders, Kuroda started producing his own *wacho* with built-in binders and then started producing Western-style ledgers. After Japan entered its period of high economic growth, Kuroda launched a range of other products, including the iconic Campus notebooks and other stationery. He also expanded into office design and installation, offering goods such as steel cabinets. As Kuroda's company expanding in this way, it remained true to its underlying ethos—Kuroda's belief in creating a positive social impact, encapsulated in his maxim that any business will succeed as long as it provides something useful. This ethos was then incorporated into Kokuyo's code of conduct, which emphasized listening to customers and empathizing with their needs. This philosophy inspired Kokuyo to create unique products. However, it started becoming overshadowed by something else: In the process of prioritizing business expansion and competitiveness, Kokuyo established a business model that involved selling through a distribution network across Japan. This model served the company well for many years, but it also meant that Kokuyo became a little too focused on the needs and competition trends among its retail partners, and not focused enough on end users. The problem with this approach became apparent in the 2008 financial crisis. Amid the crisis, office furniture and stationery became increasingly homogenous, leading to intense price competition that narrowed profit margins.

When I became president of Kokuyo in 2015, I was assigned a tough task by the Nominating & Compensation Committee at that time: I was to lead a radical transformation in Kokuyo to create a high-profit business portfolio that would deliver sustained growth in the long-term value of our organization—and I was to do so without damaging the confidence of employees and supply chain partners. I had no illusions about the toughness of such an undertaking, as I knew just how conservative the company's culture was and how its Campus notebooks had delivered stable sales for many years. I started by reorganizing our corporate structure in Japan. Back in 2004, Kokuyo had formed a corporate group by spinning off its businesses and establishing a holdings company. This structure had left us in a suboptimal situation, impeding effective communication and decision-making. I believed that unifying Kokuyo into one organization would help us coordinate resources and pursue a bolder vision. On this basis, I adopted a policy of focusing on adding value to avoid price wars and focusing on gross profit ratio



as the key performance indicator. The first stop in this agenda was to understand our customers.

A new corporate culture to support business transformation

We could never avoid a price war just by targeting the obvious needs. I decided that the secret to stimulating customers’ creativity would be to target niche unmet needs along with ones that are emerging but not yet prevalent. For these needs, we would deliver experience value—an added value proposition that would set apart the Kokuyo brand. To deliver experience value, we would need to shift our focus from our sales channels to the end user. Needless to say, committing to this approach would also benefit our retail partners.

It had become apparent that a top-down approach was ill-suited to the challenges of the new age of uncertainty. Believing that employee autonomy would be the driving force of experience value, I focused on ending the insular, conservative, and top-down culture and building in its place a culture that would unleash each employee’s creativity. I particularly wanted to create an open, speak-up culture.

When the COVID-19 pandemic struck in 2020, it sparked rapid changes in people’s values and workstyles along with calls for an end to office attendance. Many spoke of a decline in demand for stationery. A sense of alarm rose in Kokuyo too, and this alarm motivated everyone in the company to commit to my program of reform. Employees shared their perspectives and ideas, and we incorporated this feedback into a long-term vision, which we unveiled in 2021 under the title CCC 2030.

CCC 2030 committed us to building a world that is self-directed and collaborative. Suited to an age of diversity, this is a world that celebrates people’s independence and individuality but in which everyone respects each other and works together as a community. Guided by this vision, we committed to a business model suited to delivering experience value. Under this deepened model, known as the Forest-Like Management Model, employees were to act autonomously and reach out across divisional boundaries



All-glass CEO office toward becoming “the world’s most open company”

to create one example of value after the other. CCC 2030 included a financial goal for 2030: 500 billion yen in net sales. The vision presented two challenges: First, if we were to meet the need for unique value in an age that celebrates individuality, then Kokuyo employees would have to be unique themselves. Second, if we were to shift from a business model focused on mass producing a small number of items to one focused on mass producing a wide variety of items, then we would have to do something to prevent inefficiencies. The solution, I concluded, was to change practices right across the value chain—including production and sales as well as planning, design, and development. That is why we updated our philosophy, which had remained the same for over a century, to the new philosophy statement, “be Unique.”

The first part of this long journey was our 3rd medium-term plan, called Field Expansion 2024, which ran from 2022 to 2024.

3rd medium-term plan: Laying the foundation for a more adventurous Kokuyo

The 3rd medium-term plan had set two strategic priorities: improving profit growth and efficiency in our existing businesses in Japan and expanding our revenue streams overseas. We fell short of our targets for FY 2024, the final year of the plan, after experiencing headwinds from economic adversities in China. However, we did make headway in gearing up our corporate resources for going forward in the Forest-like Management Model. We grew net sales and improved profitability in our furniture business and other businesses and used M&As and other means to build stronger business assets overseas. In 2022, we made Hong Kong furniture maker HNI Hong Kong Limited (now Kokuyo Hong Kong) a fully consolidated subsidiary. This acquisition gave us furniture production function targeting Mainland China and other markets. It also gave us Lamex, a popular furniture brand in the region. By transferring production to Lamex, we expanded our production capacity. By gaining Lamex’s knowhow, we improved production efficiency. In this way, we have gained a firm foothold for further global expansion. We have also hired outside experts in business administration to gear up our corporate functions for the next step.

The cultural transformation now has tangible manifestations. In one example, we renovated a disused company dormitory into THE CAMPUS FLATS TOGOSHI. Kokuyo’s first co-living space, THE CAMPUS FLATS TOGOSHI embodies our new organizational culture in which employees think and act independently and proactively. Employees have spontaneously developed ideas for business projects. One is the Office Renovation Project and another is the Tokushima Future Convenience Store, but there are many other examples, too numerous to list. I also have a palpable sense of the progress we have



made toward a more open culture. The change is clear from our monthly questionnaire on employee engagement. Most strikingly, for the item measuring the degree to which employees feel we have a culture that empowers challenge-taking, the score has gone from 63 in 2021 to as high as 71 in March 2025. This finding reinforces my faith in the actions we have taken. By reinforcing our corporate assets, we have created a solid platform for going forward in the 4th medium-term plan.

Updating the Forest-Like Management Model for Better Group Coordination

Back in 2021, we renovated our office in Shinagawa, Tokyo, turning it into THE CAMPUS. To date, THE CAMPUS has received some 270,000 visitors. We keep tweaking and improving the site, including its greenery, lighting, and size of art installations. We also keep monitoring data on how employee-friendly the environment is and the extent to which it is facilitating communication. THE CAMPUS serves as a laboratory in which employees, taking a customer perspective, experiment with interior design ideas for workstyles and organizational setups that align with our vision of a self-directed, collaborative society.

We apply this culture in our strategy for tangible

products, including our iconic, long-selling Campus notebooks. Listening to customer feedback, we identify unmet needs, experiment with product samples, and observe the settings in which customers use the products, with a view to refining the products. We take the same approach when designing office furniture. Taking the perspective of the person who will use the furniture, we consider subtle design touches in areas that might not be obvious but that will make a big difference to the user.

As these examples illustrate, we develop future-oriented experience value through a culture of experimentation underpinned by emotional empathy and co-creation with the customer. Our longstanding commitment to this creative cycle has enabled us to expand the reach of our business fields. The 4th medium-term plan uses the phrase “wow-factor creation cycle” to describe this cycle and identifies it as a forte of Kokuyo Group. The plan also commits us to using this cycle to expand the scope of the experience value we offer. In overseas markets, we can draw on our experience value to differentiate ourselves from the competition, enabling us to expand overseas without getting dragged into price wars over tangible products.

While each of our businesses has its own separate set of products, each also has a body of best practices and knowledge in relation to the same wow-factor creation

cycle. If such business-level knowledge is shared and channeled, we can update our Forest-Like Management Model (incorporating the idea of the wow-factor creation cycle) and identify specific ways to transform our business portfolio. That is exactly what we have committed to doing in the 4th medium-term plan.

4th medium-term plan: The phase for portfolio transformation

Over the years, we have built up our business assets and have seen decent growth in our performance. However, our portfolio has remained largely the same, and overseas sales have only ever represented only a small share of total revenue. The three years of the 4th medium-term plan will be a phase for far-reaching changes in the portfolio. With these changes, Kokuyo will look very different in 2027 to how it looks now. For this transformation, we have increased the growth investment budget from 30 billion yen of the previous medium-term plan to about 70 billion yen. We will spend this budget both on projects to fortify our existing businesses in Japan and overseas markets and on inorganic, M&A-led growth. To give our shareholders and other investors confidence in our commitment to increasing the value of our stock, we have made our quantitative targets as precise as possible and established a framework

for improving the value of our organization. Instead of prioritizing annual operating income as we have done previously, we will focus on minimizing capital costs while also prioritizing the medium- and long-term cashflows (or EBITDA) to support our investing activities (►see Financial Strategy, page 45). For 2027, the final year of the plan, our targets are as follows: Net sales of 430 billion yen (27% higher than in 2024), an EBITDA of 43 billion yen (39% higher than in 2024), and an EBITDA margin of 10%.

With these targets in mind, we clarified our portfolio strategy. That is, we plotted our businesses onto a matrix of four quadrants and committed to two modes of growth for each business: top-line growth (growth in net sales) and bottom-line growth (improvement in profitability). As the matrix indicates, the business with the highest strategic priority is the furniture business. Kokuyo entered the interior design market as early as 1969, with a nationwide network of live offices. Over the decades since then, we have accumulated industry-leading expertise in interior design. Harnessing this expertise, we will create synergies between interior design, human capital, renovation, and other upstream needs in order to expand the scope of our experience value (►see Business Strategies, page 75). Likewise, in our investment strategy, we will focus on generating cash flows from our existing businesses in the Japanese furniture market and then use these cash flows to

fund adventurous growth opportunities such as M&A deals and new business ventures (►see Investment Strategy, page 38). A key theme for such adventurous growth opportunities will be overseas businesses.

Going global in experience value

In our global expansion, we will focus resources on Asian and ASEAN markets. These markets will continue to enjoy economic growth, but we can only achieve business growth in them if we understand what the consumers want and then add distinctive value. Part of our value proposition is the quality associated with our brand. In Japan, Kokuyo has history of craftsmanship going back over a century. In overseas markets, we will uphold this heritage to build a brand identity and penetrate the market. However, no matter how high the quality of our products is, we will succumb to price competition if we rely on exporting the products from Japan. We must therefore localize production. There are several options for localizing production, including establishing our own plants, closing M&A deals, and collaborating with local partners. We will pick the options that are best suited to the markets in question. Such localization will enable us to deliver differentiated experience value. CSO Toshio Naito will explain our business-specific strategies for overseas markets. I will therefore briefly discuss the strategic backdrop to the stationery business, which has a key role to play in our global expansion.

With Chinese consumers increasingly prizing design flare and functionality, Japanese stationery has grown popular among Chinese schoolgirls thanks in part to social media. Meanwhile, the student market in China has diversified, with a rise in exploratory learning, cooperative learning, and individualization. To respond to these diversified needs, we shifted to a direct-to-consumer model, in which we bypass retailers and sell directly to consumers online or at directly run stores, increasing our touchpoints with end users. This approach proved successful. Between 2017 and 2023, we achieved an annual growth rate of 15% and increased our gross profit margin by 10 percentage points.

But the thing is, this kind of student market for stationery exists only in Japan, China, and South Korea, which have similar exam prep practices. Student markets around the world remain largely untouched. We made a start in targeting India’s student market in 2011 with the acquisition of Camlin Limited (present Kokuyo Camlin), a company covering the whole of India. By replicating this process in ASEAN markets, we can steal a march from our competitors in building global business assets. We will insource a higher percentage of stationery products for global markets, with a focus on writing and drawing tools, and build up our overall momentum with a view to becoming the top player in Asian student markets by 2027.

To enable such global expansion, we need a workforce

savvy in the global markets concerned. We can go some way in acquiring local talent through M&As, but we will also hire such talent and train up a globally fluent workforce.

Diversity as driving force toward a self-directed, collaborative society

I always keep two things in mind. The first is the need to keep listening to objective opinions. In 2024, we transitioned our governance structure to that of a “company with a nominating committee and other committees.” Such a structure is globally standard and befits an organization committed to going global. Another reason we shifted to this structure is that it more clearly separates monitoring from business execution, enabling swifter decision-making. On our Board of Directors, five of the eight members are company outsiders. These outside directors bring a range of professional insights and are unafraid of giving constructive criticism. I listen to their feedback. Such company outsiders tend to raise many concerns when the company is about to take a risk. I welcome such constructive criticism because it increases our chance of success. Let me share an example. For the 3rd medium-term plan, we had a growth investment budget of 30 billion yen. Ultimately, we spent only 11 billion yen of the budget. We were considering some potential M&A deals that would have put us over budget. However, we decided against these deals following a multiangled, intricate risk analysis, which considered the valuation of the companies in question as well as the prospects for a return on investment and post-merger integration. We could only have undertaken such a rigorous analysis because we were able to draw on the expertise of the outside directors.

Another example is embedding a long-term perspective in our business strategy. A long-term perspective is crucial in creating sustained value for our organization and all our stakeholders. It is my duty as a leader to take a long-term perspective, review the longstanding culture and practices that an organization with a long history as ours has, and then clear away that which is not worth keeping while retaining and upholding that which is. One thing I certainly want to keep is Kokuyo’s unique workforce, which is full of what I call “diligent and quirky” employees—employees who are diligent about meeting the customer’s needs and who will engage their creative thinking to the full in order to do so. Such a workforce is a core asset for the sustained creation of experience value. I respect the ideas and opinions of the employees and want to build the world’s most open, speak-up corporate culture so that employees feel confident about taking challenges.

The year 2025 marks Kokuyo’s 120th anniversary. With diversity as our driving force, we envisage the shape of world in the next 100 years and press on in our journey toward the self-directed, collaborative society we believe in. I hope you will share in this journey.

