

Business Strategies

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POINTS

- How we are expanding experience value overseas in the furniture and stationery businesses
- How we are establishing a purchasing platform in the business supply distribution business
- How we are expanding the customer base in interior retail business



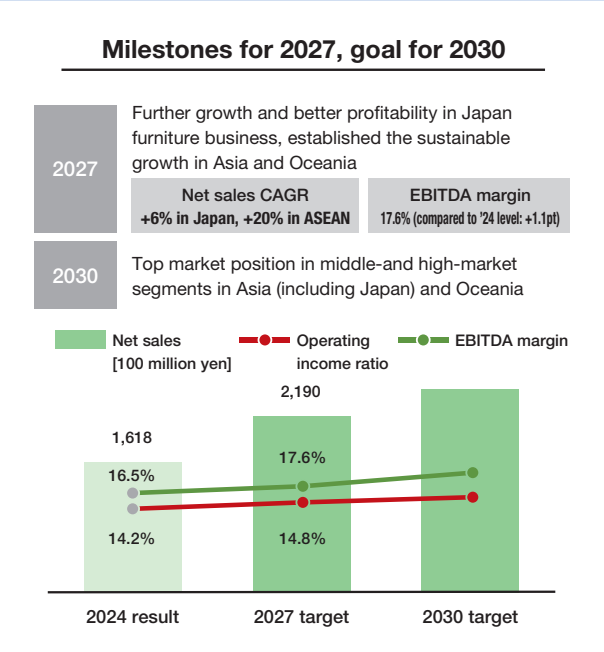
Business Strategies

FURNITURE

Market Outlook, Changing needs

In Japan, demand for office layouts will remain brisk with the decline in the working population mitigated by more women entering the workforce and a later retirement age. New office buildings are being built and renovation demand remains high in the Greater Tokyo Area. Alongside this, we are seeing an increasing appetite among businesses to spend on offices as an investment in human capital. This situation gives us an opportunity to increase price per contract. We will therefore work to increase our market share and improve our profitability.

While economic adversities will persist in Mainland China and Hong Kong, ASEAN markets are set to grow on the back of rising investment from Western firms. On the assumption that the office furniture market will grow with the increasing participation of multinational companies that prioritize workstyle reform, we will be more aggressive in targeting the middle- and high-market segment in the ASEAN area and expand in Australia and India, which have bright growth prospects. Our goal for 2030 is to gain a top share of the middle-and high-market segments in Asia (including Japan) and Oceania.



Toward the Milestone: Our Strengths, Aspects to Strengthen

Our Strengths

With an industry-leading designer team, we have **spatial design excellence**.

- Size of spatial design team: At least 300 members
- Design awards won in past 5 years: 191

With an integrated manufacturing-sales value chain, we have ability to **improve profitability**.

- Japan: Change in key products’ share of total sales in past 10 years: 40%→73% (+33pt)
- Japan: Improvement in gross profit over past 10 years: +12pt

Lamex’s product lineup, production system, and customer base

- Products: 125 series
- Target territories: At least 20 countries

Aspects to Strengthen

Field expansion: Develop strategy to leverage spatial design excellence and talent

- Start offering building renovation services, strengthen construction functions
- Develop office services (e.g. team performance evaluations)

Develop **globally standard products**

Invest in largescale PP&E to **strengthen capacity to take on contracts**

- Transform productivity in furniture and building-material plants
- Localize production of components

Build growth model for **ASEAN markets**

- Transform ASEAN supply chain
- Use Lamex’s resources to strengthen pitching process and merchandise

* Key products: The products we focus on selling the most. These mainly include high-value furniture product series and new products (products launched in past three years).

Channeling Our Strengths into Strategies: Growth Strategies

To further improve market share and profitability in Japan, we will leverage our strengths to expand the business fields and generate synergies with existing businesses. We will also channel our strengths in Japan into overseas business to deliver the experience value that aligns with needs in the target countries.

Strategy to leverage spatial design excellence and talent, glocal workstyle strategy

We will mount a strategy for leveraging our spatial design excellence and talent to expand the reach of the business field. We will also mount a glocal workstyle strategy to establish a growth model for ASEAN markets. In this way, we will deliver customer experience value across the whole of the office life cycle (upstream to downstream). Our goal is to establish a business model for forging lasting relationships with customers in Japan and in the Asia and Oceania regions.

For our interior and talent optimization strategy, we will draw on our industry-leading spatial design excellence and the area coverage we have from our local sales companies. Channeling these strengths, we will expand the reach of the business field into building renovation services and office services such as team performance evaluations. We will target upstream needs related to human capital and renovation to achieve steady organic growth and better productivity.

For our glocal workstyle strategy, we will draw on Lamex’s product lineup and production system. Channeling these strengths, we will improve workstyle research and the process for deriving spatial ideas and products from live office layouts. To build a growth model for ASEAN markets, we will develop products catering to the needs of the middle-and high-market segments in ASEAN.

Global product strategy

We will develop global products underpinned by design and quality excellence and improve production efficiency by establishing local product-assembly sites.

Drawing upon our ability to design homeware with high experience value, we will bolster our system for developing designer’s-choice global products for the Japanese market and Asian markets.

In Japan, we will invest in production and logistics PP&E to boost capacity. We will also overhaul our global production network to achieve the QCD performance necessary to expand in ASEAN. For example, we will transform productivity in furniture and building-material plants and localize the production of components.

Global products introduced to Japanese and overseas markets

Concentrated production and export of core components

Specialized for assembly, enabling quick turnaround times

Localized production and assembly of components

Capacity boosted with investment in production and logistics PP&E

● Mother plant
● Sub-plant
● Hub plant

Growth Strategies (Penetrate Australia and India)

We will capture growth opportunities in Australia and India, where the economy and population continue to grow. Combining our strengths with local partners, we will pursue a market strategy aligned with local needs. Specifically, we will improve our research and workplace consultancy functions to offer spatial solutions and products with design excellence.

	Australia	India
Market conditions	Office-furniture market is worth ¥140 billion, with a CAGR of +2.9%. A frontrunner in workstyles, Australia has a relatively high percentage of high-segment offices.	Office-furniture market is worth ¥600 billion, with a CAGR of +6%. Many companies have tight purse strings, but tier 1 cities and service offices are increasingly home to companies that are willing to pay more for high quality. Serviced offices have shown striking growth, with a CAGR of +14%.
Opportunities for Kokuyo	<ul style="list-style-type: none">• While many companies are seeking new, post-pandemic lifestyles, few players are offering solutions that integrate workstyle with workplace and furniture.• By leveraging the customer touchpoints of local partners, we have excellent prospects to market our Japanese solutions and products. <p>Photo: Robert Walsh</p>	<ul style="list-style-type: none">• While the market has been bifurcated between expensive Western furniture and low-price local furniture, middle-and high-market segments are now emerging.• It is likely that local companies will desire Chinese-and ASEAN-produced furniture that offers a good balance between design and price.• We can gain insights into the Indian market by tapping into the local knowledge and experience of Kokuyo Camlin (local stationery subsidiary).• In April 2025, purchased shares in HNI Office India Limited, making the company a subsidiary.

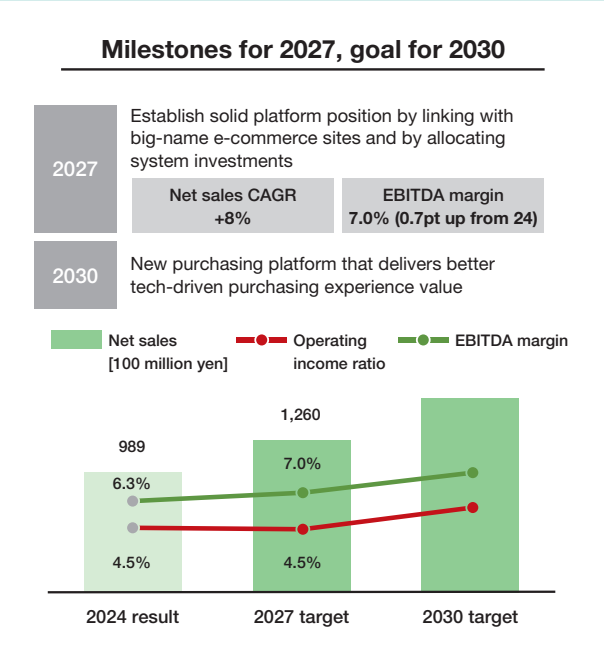
Business Strategies

BUSINESS SUPPLY DISTRIBUTION

Market Outlook, Changing needs

In the B2B e-commerce market, demand among SMEs will remain poor, while competition will continue to increase over large enterprise. We expect that the market will grow as the categories of goods on offer broadens. Pricing will remain crucial, but it seems increasingly likely that the B2B e-commerce market will change dramatically with the rise in tech-driven solutions for business-process productivity.

With understaffing becoming a major problem for clients of all sizes and industrial categories, there is a growing need for streamlining of purchasing and for purchasing controls to prevent malpractice. Purchasing management needs are diversifying. Technological advances are making it possible to deliver personalized customer experiences. We will expand our lineup and capitalize on Fujitsu Coworco's clientele following the transfer of its business to us. In 2027, we will use system investment to enhance Benri Net, our system for purchase management, to build a customer base in runup to 2030.



Drawing on Our Strengths: A Purchase Management Platform Strategy

With Benri Net as the core platform for purchase-management services, we will improve linkage with all manner of e-commerce sites to develop a huge lineup. We will offer tech-driven personalized/optimized purchasing experience.

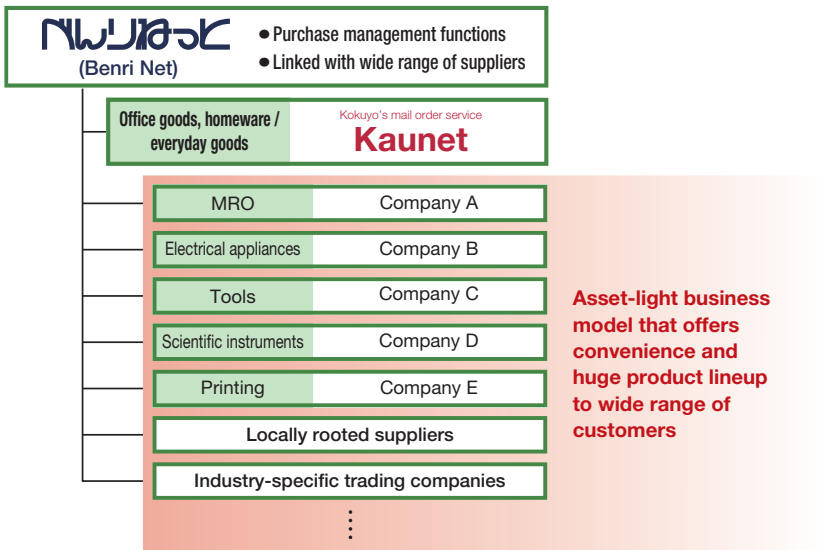
Enhancing platform functions by linking with big-name e-commerce sites



Overview of Benri Net

A system for large enterprises
It unifies and visually represents purchasing processes
Its purchase-management functions cover a wide range of needs

- We will enhance the linkage of the core platform of Benri Net which offers formidable purchase-management function, with big name e-commerce sites and trading companies. We will expand our lineup and capitalize on Fujitsu Coworco's clientele following the transfer of its business to us.



Toward the Milestone: Our Strengths, Aspects to Strengthen

Our Strengths

A purchase-management platform (Benri Net)
linkable with any e-commerce site

- Linked e-commerce sites: Approx 700
- No. of largescale corporate customers (for Benri Net and With Kaunet): Approx 6,000

A huge data source
Purchase history + shopping behavior + customer feedback

- Excellence in data-driven marketing, using e-commerce purchasing data and community website (Kaunet Monika)

A multi-business model combining e-commerce and wholesale functions with robust national network of retail outlets

- Retail outlets driving Kaunet business: Approx 2,700
- We have retail support models (KISPA, @Office)

Aspects to Strengthen

Improve linkage with big-name e-commerce sites to **develop huge lineup**

- Strengthen links with product-specific suppliers and locally rooted suppliers

Use AI and other tech to **personalize/optimize customer experience**

- Offer bespoke shopping experiences

Train up digital talent to **improve Kokuyo Group's digital excellence**

- Improve digital excellence through Kokuyo Digital Academy (cumulative total of 1,228 employees have completed the course)*

*As of end of October 2024

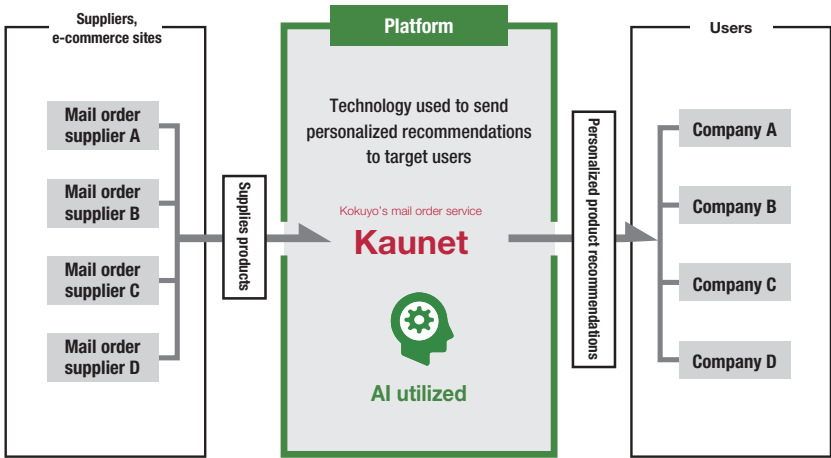
Using AI to enhance customer experience value



Overview of Kaunet

An office supplies mail order service for SMEs
Kaunet has a huge lineup, with more than 20 million products (including those linked from other companies' websites)
Its authorization function enables up to 100 user accounts.

- To increase share of wallet, we will use AI to derive industry- and customer-specific recommendations for products selected from the largest B2B merchandise lineup.
- We will use AI to improve the user experience. For example, product recommendations will be sent at the necessary times based on purchase history, reducing purchasing time.



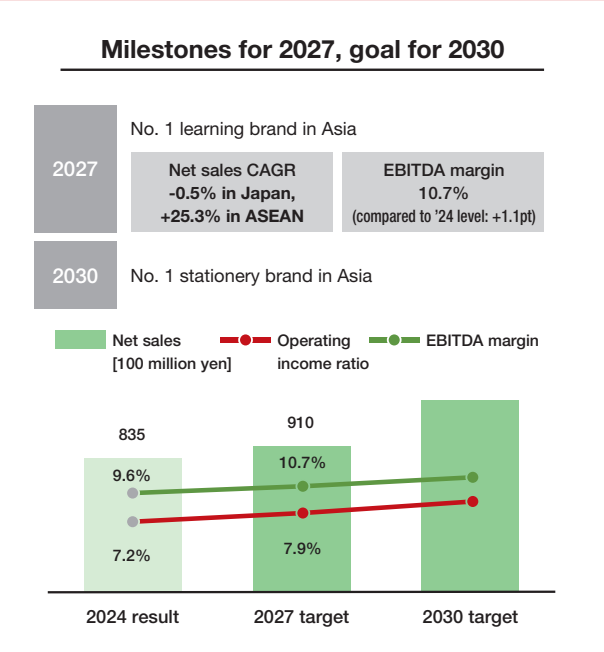
Business Strategies

STATIONERY

Market Outlook, Changing needs

The Japanese stationery market is on a shrinking trend amid digitalization, the shrinking population, and changes in the distribution environment.

Overseas, economic adversities persist in China, but growth prospects are strong in India. They are also strong in ASEAN markets, where the population is rising and the economy is growing. Students' demand for stationery will remain unsaturated as learning/study settings diversify (from one-size-fits-all learning to self-driven learning, coactive learning and personalization). In newly rising countries especially, student's interest in learning and stationery is burgeoning. Students in ASEAN countries have similar needs to those in Japan and China, meaning there is a demand for value-added stationery. Against this backdrop, we will launch the following actions in 2025. In Japan, we will rebrand Campus. Primarily in ASEAN, we will use the Campus brand to win new customers. The goal of these actions is to be the no. 1 stationery brand in Asia by 2030.

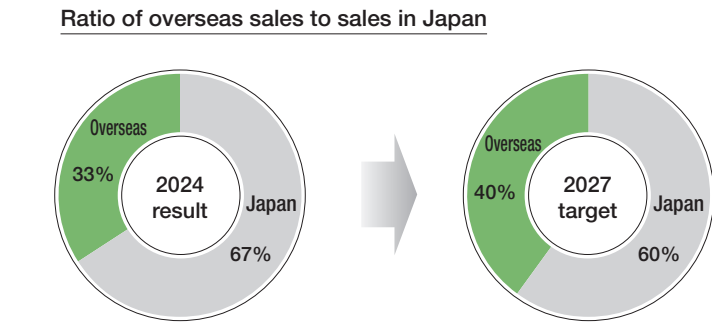


Drawing on Our Strengths: Campus Brand Strategy

We will mount a Campus brand strategy that positions Campus at the fulcrum of our unique value proposition for learning styles, with the goal of becoming no. 1 in the Asian stationery business. In 2025, we will start creating global products and insourcing their production. We will also invest in projects related to these actions. We will accelerate business growth in India and expand our share in ASEAN markets to increase overseas sales share (percentage of total sales). We will also transition our existing business portfolio into a more profitable enterprise by reducing COGS in products for developing globally.

Area portfolio transition

- We will penetrate new areas and grow existing overseas businesses to raise overseas sales share from 33% to 40% and reduce our dependency on certain areas.
- In India, while continuing to market painting equipment to kids and adults, we will supplement this by building an audience among students.
- In ASEAN, we will build sales partnerships for Campus-brand products. We will also use social media and events to build brand recognition and trust. Our goal is to get Campus products into more than 1,000 stores by the end of 2027.



Toward the Milestone: Our Strengths, Aspects to Strengthen

Our Strengths

Strong brand recognition (90%*)
in Japan as stationery for study

A value chain that enables us to manage a wide range of merchandise as a general stationery maker

- Procurement capacity (approx 380 transactions in 2023)
- Skilled at negotiating with sales agents
- Excellent quality management

Excellence in product development
identifying needs and satisfying them at a high level

- Ability to create experience value by identifying and serving needs, standardized process and knowledge in product development

Aspects to Strengthen

Insource writing instruments and other stationery products for **developing globally**

- Use insourcing to improve writing instruments category, increase insourcing rate in products for developing globally to reduce COGS

Grow sales in India and expand ASEAN share to increase overseas share of total sales

- Expand merchandise for Indian market to gain more customers and sales channels, forge sales partnerships in ASEAN for value-added products

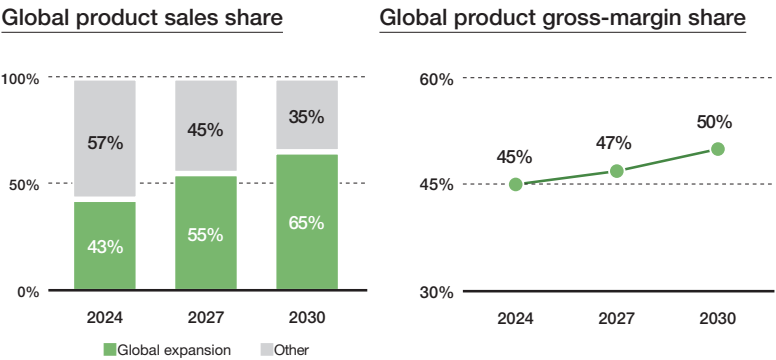
Strengthen customer touchpoints, the fulcrum of experience value creation and area strategy

- Research global learning styles, improve retailing (e.g. shop-in-shop, direct-run stores) of Campus-brand merchandise

Product portfolio transition

- We will standardize global products (including writing instruments) across all areas and increasing insourcing to reduce COGS.
- We will transition to a more profitable structure by raising the share of our sales of high-margin global products. In 2024, gross profit margin was 45%. The 2030 target for gross profit margin is 50%.
- To maintain or improve the competitiveness of the Campus brand, we will improve touchpoints with customers who research and verify experience value in learning styles.

We will insource global stationery products to improve products in the writing instrument category and increasing insourcing to reduce cost of goods sold, thereby improving gross profit margin.



*Our own survey of Japanese secondary school students in 2023

Business Strategies

INTERIOR RETAIL

Market Outlook, Changing needs

In the post-Covid world, people’s values and corporate activities have changed significantly. People increasingly seek wealth in the true sense (not just consumption of tangible products). Shoppers increasingly favor forms of shopping that provide digitally driven personal communication and optimized experiences—this is becoming the standard way of shopping. E-commerce is gaining momentum year by year in the furniture industry with technological advances such as augmented reality. Demand for interior retail is set to recover moderately, maintaining current volume trends.

In 2024, operating income decreased amid the low yen, but revenue increased as a result of sales promotions. With this in mind, our actions in 2025 will include using our experience in interior solutions and our extensive lineup to generate business growth in e-commerce and new sectors. We will offer solutions in Japan for better quality homelife, become a crucial partner in an elegant and meticulous homelife.



Channeling Our Strengths into Strategies: Strategy to Expand Customer Base

To expand our customer base, we will step up efforts in growing areas outside offline retail (e-commerce, B2B, residential). To sustain growth, we will transform our business portfolio by strengthening our partnerships.

Use partnerships to expand into office sector

- By strengthening partnership between Kokuyo and Actus, we will enhance sales and product development, with a 2030 goal of a 7-fold increase (from 2024 level) in office-related sales.
- At Orgatec Tokyo 2024 (a trade fair for office furniture), Actus exhibited a booth that recreated a live office. We will start using this booth for sales promotion. In November 2024, we opened an Actus exhibition space in our Tokyo showroom. We will use it to showcase our services to our corporate customers. Actus will intensify efforts to expand into the office sector.

To expand into the office sector, we will facilitate co-creation between Kokuyo and Actus, utilizing Actus’s interior design assets—its design excellence, design functions, and extensive lineup.



Actus booth at Orgatec Tokyo 2024

Actus exhibition space at Kokuyo's Tokyo showroom

Toward the Milestone: Our Strengths, Aspects to Strengthen

Our Strengths

Longstanding experience in **interior solutions**

- Interior solutions pitched: Approx 7,000 / year
- % of employees with internal qualification: 78.6%

Exclusive sales rights for premium European brands

- Brands for which we have exclusive sales rights: 8

Extensive lineup with excellent design and functionality enabling integrated/comprehensive interior solutions

- Items in lineup: Approx 50,000

Aspects to Strengthen

Strengthen partnerships in B2B sector

- Increase B2B sales staff by 40% between 2024 and 2027

In residential business: Improve design office's accounts

- Increase residence sales staff by 80% between 2024 and 2027

Use digital transformation to merge offline stores with e-commerce and improve productivity

- Use digital transformation investments to drive OMO strategy

Expand into residential sector with premium brands

- Actus is exclusive importer of Poliform. Poliform is an upper-market Italian brand and world leader in interior design. With this compelling brand, we will expand into the residential sector.
- We will focus on bolstering design office accounts. To accelerate the growth of the residential business, we will increase residence sales staff by 80% between 2024 and 2027. The goal for 2030 is to win deals in approximately 60 premium apartment complexes (the target segment).



With people increasingly seeking authentic prosperity, the residential sector has bright growth prospects. To capitalize on this opportunity, we will expand into the sector along with global brands and build a customer base.

Poliform



2023: Conceptual photograph of system delivered in Azabudai Hills Residence