July 30, 2025

KOKUYO CO., LTD.
FINANCIAL RESULTS
(Consolidated)

Interim results for the six months ended June 30, 2025

Company name: KOKUYO Co., Ltd.
Stock listings: Tokyo Stock Exchange (Prime)
Stock code: 7984 (URL https://www.kokuyo.com)
Representative: Hidekuni Kuroda, President and CEO
For further information, please contact: Hitoshi Honda (Executive Officer, Manager of Finance and Accounting Division)
Telephone: +81-6-6976-1221 (general)
Date for submission of securities report: August 7, 2025
Commencement date for dividend payments: September 4, 2025
Supplemental material for interim results: Yes
Briefing about interim results: Yes (for institutional investors and securities analysts)

(Figures less than ¥1 million have been omitted)

1. Results for the six months ended June 30, 2025, (January 1 to June 30, 2025)

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income	
	Millions of yen	Year-on-year change (%)	Millions of yen	Year-on-year change (%)	Millions of yen	Year-on-year change (%)
Six months ended June 30, 2025	185,207	3.5	17,690	11.1	17,443	(3.0)
Six months ended June 30, 2024	178,986	–	15,929	–	17,974	4.1

(Note) Comprehensive income:
For the six months ended June 30, 2025 ¥10,478 million [(46.2%)]
For the six months ended June 30, 2024 ¥19,488 million [10.3%]

	Profit attributable to owners of parent		Earnings per share	Diluted earnings per share
	Millions of yen	Year-on-year change (%)	Yen	Yen
Six months ended June 30, 2025	13,810	(11.6)	30.57	–
Six months ended June 30, 2024	15,625	33.0	34.43	–

(Notes) 1 In the period under review, we changed the method for presenting rental income and expenses in some cases. Previously, such items were included in non-operating income and non-operating expenses. Now, they are included in net sales and cost of sales. We have retroactively applied the new method and restated the net sales and operating income items for the comparative period (the six months ended June 30, 2024). Accordingly, we have omitted the percentage year-on-year change (%) in net sales and operating income for the comparative period (the six months ended June 30, 2024).

2 On July 1, 2025, we conducted a 4-for-1 split of common stock. Earnings per share for the six months ended June 30, 2024, is stated on the hypothetical basis that the stock split occurred at the start of the previous fiscal year (ended December 30, 2024).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2025	351,098	265,533	74.6	585.94
December 31, 2024	362,959	264,062	71.8	574.85

(Reference) Equity:
June 30, 2025 ¥262,077 million
December 31, 2024 ¥260,552 million

(Note) On July 1, 2025, we conducted a 4-for-1 split of common stock. Net assets per share for the six months ended June 30, 2024, is stated on the hypothetical basis that the stock split occurred at the start of the previous fiscal year (ended December 30, 2024).

2. Dividends

	Dividend per share				
	March 31	June 30	September 30	Year-end dividend	Full-year dividend
	Yen	Yen	Yen	Yen	Yen
Fiscal period ended December 31, 2024	–	38.00	–	39.00	77.00
Fiscal period ending December 31, 2025	–	46.00			
Fiscal period ending December 31, 2025 (forecast)			–	11.50	–

(Note) Revisions to estimated dividends published most recently: Yes
On July 1, 2025, we conducted a 4-for-1 split of common stock. In the above table, the dividend amounts reflect the impact of this stock split. We have omitted the full-year dividend (forecast) for the year ending December 31, 2025. If the stock split were not taken into account, the forecasted year-end dividend would be 46.00 yen and the full-year dividend would be 92.00 yen.

3. Consolidated Forecasts for the Fiscal Period Ending December 31, 2025 (January 1 to December 31, 2025)

	Net sales		Operating income		Ordinary income	
	Millions of yen	Year-on-year change (%)	Millions of yen	Year-on-year change (%)	Millions of yen	Year-on-year change (%)
Full-year forecast (Jan–Dec 2025)	357,000	5.4	25,000	11.0	24,800	1.6

	Profit attributable to owners of parent		Earnings per share
	Millions of yen	Year-on-year change (%)	Yen
Full-year forecast (Jan–Dec 2025)	20,500	(5.9)	46.33

(Note) Revisions to financial forecasts published most recently: Yes
In the period under review, we changed the method for presenting rental income and expenses in some cases. Previously, such items were included in non-operating income and non-operating expenses. Now, they are included in net sales and cost of sales. The above forecasts have been restated to reflect this change. The year-on-year change in the above forecasts have been restated on the hypothetical basis that the above method was applied in the previous year (ended December 2024).
On July 1, 2025, we conducted a 4-for-1 split of common stock. The stock split was taken into account when stating the full-year forecast for earnings per share.

*** Others**

(1) Significant changes in subsidiaries during the period under review: Yes

New:

1 company added to scope of consolidation:
HNI Office India Limited

Removed: –

(2) Application of particular accounts procedures to the preparation of interim consolidated financial statements: Yes

Note: See page 15 of the reference document (2. Consolidated Financial Statements, (4) Notes on the Consolidated Statements: Changes in Presentation Method).

(3) Changes or restatements in accounting principles, procedures and methods of presentation relating to preparation of the consolidated financial statements

1) Changes due to revision of accounting standards: Yes
2) Changes other than those stated above: None
3) Changes in accounting estimates: None
4) Restatements: None

(Note) See page 15 of the reference document (2. Consolidated Financial Statements, (4) Notes on the Consolidated Statements: Changes in Presentation Method).

(4) Number of shares of common stock issued

1) Number of shares of common stock (including treasury stock) issued at:

June 30, 2025	462,969,852
December 31, 2024	462,969,852

2) Number of shares of treasury stock held at:

June 30, 2025	15,696,532
December 31, 2024	9,715,332

3) Number of shares of average stock during a term held at:

June 30, 2025	451,801,168
June 30, 2024	453,810,212

(Note) On July 1, 2025, we conducted a 4-for-1 split of common stock. We have stated the number of shares of common stock (including treasury stock), number of shares of treasury stock, and number of shares of average stock during a term on the hypothetical basis that the stock split occurred at the start of the previous fiscal year (ended December 31, 2024).

* These interim financial statements are not subject to a review by a certified public accountant or independent auditor.

* Advice relating to appropriate use of financial forecasts and other relevant information

This document contains performance forecasts and other forward-looking statements. Such statements are based on information available at the time and, in part, on what are deemed to be reasonable assumptions. They are not guarantees of future performance. Actual results may differ markedly from what the forward-looking statements suggest due to a plethora of variables. See page 7of the reference document (1. Activity Report, (3) Qualitative Information Related to Consolidated Forecasts) for information about the assumptions underlying the financial forecasts and disclaimers about using the financial forecasts.

1. Interim Activity Report

All forward-looking statements herein are based on assumptions deemed reasonable as of the period under review.

(1) Business results in period under review

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025	Year-on-year change (%)
Net sales	178,986	185,207	+3.5
Operating income	15,929	17,690	+11.1
Ordinary income	17,974	17,443	(3.0)
Profit attributable to owners of parent	15,625	13,810	(11.6)

During the fiscal period under review (January 1 to June 30, 2025), the Japanese economy traced a moderate recovery path, with improved corporate earnings, employment situation, and personal income. However, the economic outlook was mired by an economic downturn overseas amid economic uncertainties in China, US policy, and inflation.

Against this backdrop, we made a start on Unite for Growth 2027, our fourth medium-term plan aligned with our long-term vision, CCC 2030. Unite for Growth 2027 sets out a strategy of combining the knowledge assets in each of our businesses with the strengths that our group has cultivated to date to create inter-business synergy, grow our existing businesses, and expand the reach of the business fields.

The business climate had changed dramatically, but we maintained our competitiveness by flexibly adapting to the changing business conditions and shifting customer needs.

Net sales reached ¥185.2 billion (up 3.5% year on year). This year-on-year growth reflects the success of the furniture business in capitalizing on the brisk demand for office relocations and office renovations. Gross profit increased to ¥75.7 billion (up 6.0% year on year), reflecting sales price revisions, which more than offset the high raw material prices. Gross profit ratio came to 40.9% (1.0 points up year on year). Selling, general and administrative expenses increased to ¥58.0 billion (up 4.5% year on year), reflecting strategic expenditures and organizational bolstering for expanding the business fields. Expense ratio (selling, general, and administrative expenses to net sales) came to 31.3% (up 0.3 points year on year).

Reflecting these results, operating income reached ¥17.6 billion (up 11.1% year on year). Ordinary income reached ¥17.4 billion (down 3.0% year on year) as a result of exchange loss. Profit attributable to owners of parent was ¥13.8 billion, down 11.6% year on year. The decrease was relative to the spike in the comparative period, when we recorded gain from the sale of current assets.

Segment

As part of our long-term vision, CCC 2030, we have redefined our role in society as that of a "Work & Life Style Company," and committed to being an organization that creates life-affirming solutions, alongside tangible stationery and furniture, in the domain of work and the domain of learning and daily life.

While we changed our two-category structure (workstyle field and lifestyle field) to enable greater flexing of our strengths across the group and to maximize the sharing of knowledge assets between businesses, the four-segment structure (furniture, business-supply distribution, stationery, interior retail) remains the same.

The following table shows the segment-specific results for the period under review.

(Millions of yen)

		Six months ended June 30, 2024	Six months ended June 30, 2025	Year-on-year change (%)
Furniture	Net sales	86,621	91,841	+6.0
	Operating income	14,290	16,653	+16.5
Business supply distribution	Net sales	51,570	53,098	+3.0
	Operating income	2,708	2,658	(1.9)
Stationery	Net sales	44,828	42,882	(4.3)
	Operating income	4,165	4,070	(2.3)
Interior retail	Net sales	10,462	11,769	+12.5
	Operating income	300	410	+36.9
Others	Net sales	202	279	+38.6
	Operating income	(239)	(221)	–
Reconciliation	Net sales	(14,698)	(14,664)	–
	Operating income	(5,295)	(5,881)	–
Total	Net sales	178,986	185,207	+3.5
	Operating income	15,929	17,690	+11.1

Furniture businesses

For our furniture businesses, we target the burgeoning demand for office renovation driven by the diversification of working styles. We are also channeling Hong Kong resources and our Japanese excellence in special design to drive business expansion overseas. In this way, the business drives earnings growth for our organization as a whole.

In Japan, we continue seeing brisk demand for new office builds (office relocations) and office renovations.

To capitalizing on this demand, we are working to expand the business and improve profitability by tailoring workstyle solutions to customers' strategic issues more effectively and by streamlining workflows.

In China, the market remained sluggish amid the economic malaise, but Kokuyo Hong Kong Limited performed well in winning contracts. In ASEAN, we stepped up marketing efforts middle-and high-market segments.
Under such circumstances, the segment's net sales increased to ¥91.8 billion (up 6.0% year on year). Operating income increased to ¥16.6 billion (up 16.5% year on year).

In the period under review, we changed our presentation method. See 2. Consolidated Financial Statements (4) Notes on the Consolidated Statements: Changes in Presentation Method.

Business supply distribution

In this business area, we use technological innovation to deliver personalized shopping experiences through Benri Net, a platform for purchase-management services.

During the period under review, we worked to expand our customer base following the acquisition of a business from Fujitsu Coworco Limited and roll out our solutions system for large-scale corporate clients (Benrinet With Kaunet), but we were unable to make up for the delay in schedule.

Under these circumstances, the segment’s net sales came to ¥53.0 billion (up 3.0% year on year). Operating income decreased to ¥2.6 billion (down 1.9% year on year).

Stationery businesses

We are positioning the Campus as a brand whose value proposition centers on learning styles as part of an effort to transition the stationery business globally into a business that will inspire people to embrace challenges.

In Japan, we have revised sales prices, rebranded Campus, and expanded our e-commerce business.

In China, with our stationery for secondary school girls remaining in strong demand, we opened more retail outlets and attracted more fans, but performance was adversely affected by the economic malaise in China.

In India, we focused on expanding the range of new products and launched value-added products. However, performance was adversely affected by inflation and intensifying competition in India.
Under these circumstances, the segment’s net sales decreased to ¥42.8 billion (down 4.3% year on year). Operating income decreased to ¥4.0 billion (down 2.3% year on year).

Interior retail businesses

In the interior retail businesses, we are building a network of offline and online stores, channeling the customer connections and marketing prowess developed in our existing interior retail businesses. We are also working closer with partners to expand our business reach in the B2B sector as part of a business portfolio shift that will contribute to long-term growth.

During the period under review, we made steady progress in in-store and online sales. We also increased orders in the B2B sector.

Under these circumstances, the segment’s net sales increased to ¥11.7 billion (up 12.5% year on year). Operating income increased to ¥0.4 billion (up 36.9% year on year).

(2) Financial Performance During Period Under Review

1) Assets, liabilities, and net assets

Total assets at June 30, 2025, amounted to ¥351.0 billion, down ¥11.8 billion from the level in December 31, 2024, the end of the previous fiscal year.

Current assets decreased by ¥9.3 billion to ¥243.5 billion. The main factors were a decrease of ¥4.7 billion in cash and deposits, a decrease of ¥4.6 billion in notes and accounts receivable and contract assets, and a decrease of ¥0.6 billion in merchandise and finished goods. The decrease was partially offset by an increase of ¥1.9 billion in real estate for sale in progress.

Non-current assets decreased by ¥2.5 billion to ¥107.5 billion. The main factors were a decrease of ¥3.0 billion in investment securities and a decrease of ¥0.8 billion in land. The decrease was partially offset by an increase of ¥0.9 billion in intangible assets.

Liabilities at June 30, 2025, amounted to ¥85.5 billion, down ¥13.3 billion from the level in December 31, 2024, the end of the previous fiscal year. The main factors were an increase of ¥4.5 billion in provision for bonuses, offset by a decrease of ¥11.7 billion in notes and accounts payable and a ¥1.7 billion decrease in income taxes payable.

Net assets at June 30, 2025, came to a total of ¥265.5 billion, up ¥1.4 billion from the level in December 31, 2024, the end of the previous fiscal year. The main factors were an increase of ¥9.3 billion in retained earnings, partially offset by a decrease of ¥4.5 billion in purchase of treasury shares, a decrease of ¥1.7 billion in foreign currency translation adjustment, and a decrease of ¥1.3 billion in valuation difference on available-for-sale securities.

2) Cash Flows

As of the end of the interim period under review (June 30, 2025), consolidated cash and cash equivalents (hereafter referred to as cash) totaled ¥127.2 billion, a decrease of ¥4.7 billion from the level in December 31, 2024.

Cash flows from operating activities

Net cash provided by operating activities was ¥8.5 billion (down ¥9.7 billion year on year). Inflows included ¥20.0 billion in profit before income taxes, ¥5.5 billion in decrease in notes and accounts receivable - trade , ¥4.5 billion in increase in provision for bonuses, adjustment for non-financial gain/loss (e.g. ¥3.7 billion in depreciation). Outflows included ¥11.7 billion in decrease in notes and accounts payable – trade, ¥7.8 billion in income taxes paid, ¥1.9 in increase in real estate for sale in progress, ¥1.5 billion in gain on sales of investment securities, and ¥1.0 billion in gain on sales of non-current assets.

Cash flows from investing activities

Net cash used by investing activities was ¥1.9 billion (compared to ¥2.9 billion earned the same period last year). Inflows included ¥2.7 billion in proceeds from sales of investment securities and ¥2.0 billion in proceeds from sales of property, plant and equipment. Outflows included ¥5.4 billion in capital expenditure and ¥0.8 billion in purchase of shares resulting in changes in scope of consolidation.

Cash flows from financing activities

Net cash used in financing activities was ¥10.4 billion (up ¥0.5 billion year on year). Outflows included ¥4.6 billion in purchase of treasury shares, ¥4.4 billion in cash dividends paid, and ¥0.6 billion in repayments of lease obligations.

(3) Qualitative Information Related to Consolidated Forecasts

We are committed to growing each business in the year ending December 2025, the first year of the fourth medium-term plan.

While our furniture business led growth on the back of brisk office demand in Japan, our business supply distribution business made less progress than initially expected in expanding its client base following the acquisition of a business from Fujitsu Coworco Limited, suggesting that we are unlikely to meet our target for consolidated net sales. On the other hand, profitability has improved overall, suggesting that we will exceed profit targets.

Thus, we have downgraded our annual (for the year ending December 2025) net sales forecast and upgraded three of our annual profit forecasts from the levels we announced on February 14, 2025.

Consolidated performance forecasts (January 1 to December 31, 2025)

(Millions of yen)

	Initial forecast (A)	Latest forecast (B)	Numerical change (B-A)	Percentage change (%)	For reference: 2024 result
Net sales	366,000	357,000	(9,000)	(2.5)	338,837
Operating income	24,000	25,000	1,000	+4.2	22,531
Ordinary income	24,500	24,800	300	+1.2	24,410
Profit attributable to owners of parent	20,100	20,500	400	+2.0	21,787
Earnings per share	45.43	46.33	―	―	48.04

Note: On July 1, 2025, we conducted a 4-for-1 split of common stock. The stock split is reflected in the earnings per share forecasts.

Performance forecasts by segment (January 1 to December 31, 2025)

(Millions of yen)

		Initial forecast (A)	Latest forecast (B)	Numerical change (B-A)	Percentage change (%)	For reference: 2024 result
Furniture	Net sales	172,300	176,000	+3,700	+2.1	162,415
	Operating income	26,600	27,000	+400	+1.5	23,459
Business supply distribution	Net sales	111,500	104,000	(7,500)	(6.7)	98,935
	Operating income	4,800	4,100	(700)	(14.6)	4,471
Stationery	Net sales	86,100	82,000	(4,100)	(4.8)	83,575
	Operating income	6,400	6,600	+200	+3.1	5,993
Interior retail	Net sales	23,000	23,000	-	-	21,238
	Operating income	800	800	-	-	521
Other	Net sales	700	700	-	-	476
	Operating income	(500)	(500)	-	-	(479)
Inter-segment reconciliation	Net sales	(27,600)	(28,700)	(1,100)	-	(27,803)
	Operating income	(14,100)	(13,000)	+1,100	-	(11,434)
Total	Net sales	366,000	357,000	(9,000)	(2.5)	338,837
	Operating income	24,000	25,000	+1,000	+4.2	22,531

Changes to Dividends of Surplus and Dividend Forecasts

Committed to long-term value creation, we work to deliver sustained business growth and an increasing dividend for shareholders. The fourth medium-term plan sets out, as the shareholder returns policy, the principle of delivering an increasing dividend, meaning an annual dividend (excluding any special dividend) that is at least as high as the previous year’s dividend, with a consolidated payout ratio of 50%. In view of the upgraded profit forecasts, we will make the following changes to the dividends for the year ending December 2025: We will increase the per-share interim dividend from the level previously announced and upgrade the forecast for our annual dividend.

For more information, see today’s press release titled Kokuyo to Increase Dividends of Surplus and Upgrade Annual Dividend Forecast.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	102,238	97,464
Notes and accounts receivable and contract assets	75,383	70,709
Securities	30,106	30,091
Merchandise and finished goods	29,956	29,348
Work in process	2,766	2,686
Raw materials and supplies	6,130	5,728
Real estate for sale in progress	–	1,913
Other	6,312	5,648
Allowance for doubtful accounts	(10)	(29)
Total current assets	252,884	243,561
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,282	21,876
Land	27,440	26,591
Other, net	13,518	13,841
Total property, plant and equipment	63,241	62,309
Intangible assets		
Goodwill	471	422
Other	12,490	13,519
Total intangible assets	12,961	13,942
Investments and other assets		
Investment securities	22,362	19,296
Retirement benefit asset	5,965	6,093
Other	5,993	6,291
Allowance for doubtful accounts	(449)	(396)
Total investments and other assets	33,872	31,285
Total non-current assets	110,075	107,536
Total assets	362,959	351,098

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	54,357	42,633
Short-term loans payable	3,955	3,775
Current portion of long-term loans payable	120	73
Income taxes payable	8,371	6,645
Provision for bonuses	977	5,482
Other	19,960	17,022
Total current liabilities	87,742	75,632
Non-current liabilities		
Long-term loans payable	101	78
Retirement benefit liability	245	236
Other	10,807	9,616
Total non-current liabilities	11,154	9,932
Total liabilities	98,896	85,564
Net assets		
Shareholders' equity		
Capital stock	15,847	15,847
Capital surplus	18,139	18,166
Retained earnings	216,230	225,623
Treasury shares	(4,027)	(8,624)
Total shareholders' equity	246,190	251,012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,393	6,000
Deferred gains or losses on hedges	74	(30)
Foreign currency translation adjustment	5,705	4,004
Remeasurements of defined benefit plans	1,189	1,090
Total accumulated other comprehensive income	14,362	11,064
Non-controlling interests	3,509	3,456
Total net assets	264,062	265,533
Total liabilities and net assets	362,959	351,098

(2) Consolidated Interim Statements of Income and Comprehensive Income

Consolidated Interim Statements of Income

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Net sales	178,986	185,207
Cost of sales	107,517	109,477
Gross profit	71,469	75,730
Selling, general and administrative expenses	55,539	58,040
Operating income	15,929	17,690
Non-operating income		
Interest income	135	184
Dividend income	446	211
Real estate rent	90	88
Share of profit of entities accounted for using equity method	240	215
Foreign exchange gains	1,166	–
Other	262	124
Total non-operating income	2,342	824
Non-operating expenses		
Interest expenses	126	85
Rent expenses on real estate	41	45
Exchange loss	–	771
Other	130	169
Total non-operating expenses	297	1,071
Ordinary income	17,974	17,443
Extraordinary income		
Gain on sales of non-current assets	4,867	1,004
Gain on sales of investment securities	225	1,542
Gain on bargain purchase	–	111
Reversal of allowance for doubtful account	–	59
Reversal of provision for loss on business of subsidiaries and associate	2	14
Total extraordinary income	5,095	2,733
Extraordinary losses		
Provision of allowance for doubtful accounts	19	29
Extra redundancy pay expense	–	53
Provision for loss on guarantees	–	57
Total extraordinary losses	19	140
Profit before income taxes	23,050	20,035
Income taxes - current	7,279	6,112
Profit	15,770	13,923
Profit attributable to non-controlling interests	144	112
Profit attributable to owners of parent	15,625	13,810

Consolidated Interim Statements of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Profit	15,770	13,923
Other comprehensive income		
Valuation difference on available-for-sale securities	374	(1,337)
Deferred gains or losses on hedges	146	(105)
Foreign currency translation adjustment	3,255	(1,906)
Remeasurements of defined benefit plans, net of tax	(63)	(98)
Share of other comprehensive income of entities accounted for using equity method	3	2
Total other comprehensive income	3,717	(3,445)
Comprehensive income	19,488	10,478
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,089	10,513
Comprehensive income attributable to non-controlling interests	398	(34)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	23,050	20,035
Depreciation	3,885	3,788
Amortization of long-term prepaid expenses	211	216
Amortization of goodwill	352	48
Extra redundancy pay expense	–	53
Increase (decrease) in allowance for doubtful accounts	(51)	(47)
Increase (decrease) in provision for bonuses	4,563	4,511
Increase or decrease in net defined benefit asset and liability	(209)	(270)
Increase (decrease) in provision for loss on business of subsidiaries and associates	(2)	(14)
Allowance for loan losses or losses on guarantees	–	57
Interest and dividend income	(582)	(395)
Interest expenses	126	85
Share of loss (profit) of entities accounted for using equity method	(240)	(215)
Loss (gain) on sales of non-current assets	(4,865)	(1,006)
Loss on retirement of non-current assets	8	26
Loss (gain) on sales of investment securities	(231)	(1,543)
Decrease (increase) in notes and accounts receivable - trade	82	5,578
Decrease (increase) in inventories	3,534	827
Increase (decrease) in notes and accounts payable - trade	(3,388)	(11,764)
Increase (decrease) in real estate for sale	–	(1,913)
Other	(2,034)	(1,957)
Subtotal	24,205	16,100
Interest and dividend income received	658	403
Interest expenses paid	(140)	(84)
Income taxes paid	(6,400)	(7,823)
Extra retirement payments	–	(45)
Net cash provided by (used in) operating activities	18,322	8,550
Cash flows from investing activities		
Net decrease (increase) in time deposits	247	(3)
Net decrease (increase) in short-term loans receivable	70	(0)
Purchase of property, plant and equipment	(1,903)	(2,685)
Proceeds from sales of property, plant and equipment	5,573	2,074
Purchase of intangible assets	(1,286)	(2,748)
Purchase of investment securities	(1)	(2)
Proceeds from sales and redemption of investment securities	791	2,756
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(880)
Collection of long-term loans receivable	–	90
Payments of long-term loans receivable	(240)	(120)
Other	(260)	(450)
Net cash provided by (used in) investing activities	2,990	(1,969)

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(145)	(274)
Repayments of lease obligations	(756)	(672)
Repayments of long-term loans payable	(5,119)	(70)
Purchase of treasury shares	(1,647)	(4,631)
Decrease (increase) in cash segregated as deposits for purchase of treasury shares	1,685	(372)
Cash dividends paid	(3,888)	(4,409)
Cash dividends paid to non-controlling interests	(26)	(20)
Net cash provided by (used in) financing activities	(9,898)	(10,451)
Effect of exchange rate change on cash and cash equivalents	1,220	(921)
Net increase (decrease) in cash and cash equivalents	12,634	(4,792)
Cash and cash equivalents at beginning of period	115,161	132,080
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	2,650	–
Cash and cash equivalents at end of period	130,446	127,288

(4) Notes on the Consolidated Statements

Changes in Accounting Policy

Application of Accounting Standard for Current Income Taxes

As of the start of the period under review, Kokuyo now applies ASBJ Statement No. 27 (October 28, 2022), titled Accounting Standard for Current Income Taxes.

In adopting the new accounting categories for current income taxes (taxes on total accumulated other comprehensive income), we follow the transitional dispensation provided for in a proviso for Article 20-3 in ASBJ Statement No. 27 and the transitional dispensation provided for in a proviso for Article 65-2-2 in ASBJ Guidance No. 28 (October 28, 2022), titled Guidance on Accounting Standard for Tax Effect Accounting. This change in accounting policy has no impact on the consolidated financial statements.

As of the start of the period under review, Kokuyo now follows ASBJ Guidance No. 28 in applying new treatments to the consolidated financial statements in the case of tax-purpose deferrals of gains or losses on the sale of shares between consolidated companies. We have retroactively applied the changes in accounting policy to previous periods. Thus, the changes apply to the consolidated statements for the comparative period in the previous fiscal year and the consolidated statements for the previous consolidated fiscal year as a whole. This change in accounting policy has no impact on the quarterly consolidated financial statements for the previous fiscal year or the consolidated statements for the previous consolidated fiscal year as a whole.

Particular Accounts Procedures for the Preparation of Interim Consolidated Financial Statements

Tax expenses

When calculating tax expenses, we adhere to the stipulations of paragraph 15 of the "Implementation Guidance for the Application of Tax Effect Accounting in Interim Financial Statements, etc." (method based on the statutory effective tax rate) in accordance with the provisions of paragraph 18 of the "Implementation Guidance on Accounting Standard for Interim Financial Reporting."

Changes in Presentation Method

Previously, we included key items of rent expenses in “real estate rent” under non-operating income and key items of rent expenses in “rent expenses on real estate” under non-operating expenses. As of the period under review, rent income is in some cases now included in net sales and rent expenses is now included in some cases in cost of sales.

In February 2021, we unveiled our long-term vision, CCC 2030, redefined our role as that of a Work & Life Style Company, and committed to expanding the reach of our fields beyond tangible products such as stationery and furniture. In fiscal 2025, we embarked on our fourth medium-term plan, Unite for Growth 2027. Under this plan, we are leveraging our strengths in furniture business to expand the reach of our fields and generate more synergies between our existing businesses. The value proposition of our furniture business has centered on office fixtures and fittings. Recently, however, we started considering ways of utilizing some of our real-estate assets, and we transferred some rental properties to the furniture business in the period under review, necessitating the above changes.

We have retroactively applied the above changes and restated the interim consolidated financial statements for the comparative period (the six months ended June 30, 2024) as follows:

The ¥304 million in real estate rent previously included in non-operating income is now included in net sales instead. The ¥51 million in rent expenses on real estate, previously included in non-operating expenses, is now included in cost of sales instead. With these restatements, operating income in the comparative period is now ¥253 million higher than it was before the restatements, but this change has no impact on ordinary income or profit before income taxes.

Segment information

I. Comparative period (six months ended June 30, 2024)

1 Information regarding net sales and profit (or loss) by reportable segment

(Millions of yen)

	Reportable segments				Other *1	Total	Reconciliation *2	Consolidated *3
	Furniture	Business supply distribution	Stationery	Interior retail				
Net sales								
Sales to customers	85,492	48,570	34,391	10,433	98	178,986	–	178,986
Intra – company sales transfers	1,129	2,999	10,436	28	103	14,698	(14,698)	–
Total	86,621	51,570	44,828	10,462	202	193,684	(14,698)	178,986
Segment profit (loss)	14,290	2,708	4,165	300	(239)	21,225	(5,295)	15,929

(Notes)

1. The Other category includes showrooms and other items not included in reportable segments.
2. Reconciliation of segment profit (loss) (¥5,295 million) includes the elimination of intersegment transactions and corporate expenses.
   The corporate expenses mostly consist of such expenses as those relating to administration departments of the parent company headquarters that are not attributable to reportable segments.
3. Segment profit (loss) is reconciled to the operating income stated in the Interim Consolidated Statements of Income.

II. Period under review (six months ended June 30, 2025)

1 Information regarding net sales and profit (or loss) by reportable segment

(Millions of yen)

	Reportable segments				Other *1	Total	Reconciliation *2	Consolidated *3
	Furniture	Business supply distribution	Stationery	Interior retail				
Net sales								
Sales to customers	90,864	50,106	32,331	11,756	148	185,207	–	185,207
Intra – company sales transfers	977	2,992	10,550	12	131	14,664	(14,664)	–
Total	91,841	53,098	42,882	11,769	279	199,872	(14,664)	185,207
Segment profit (loss)	16,653	2,658	4,070	410	(221)	23,572	(5,881)	17,690

(Notes)

1. The Other category includes showrooms and other items not included in reportable segments.
2. Reconciliation of segment profit (loss) (¥5,881 million) includes the elimination of intersegment transactions and corporate expenses.
   The corporate expenses mostly consist of such expenses as those relating to administration departments of the parent company headquarters that are not attributable to reportable segments.
3. Segment profit (loss) is reconciled to the operating income stated in the Interim Consolidated Statements of Income.

2 Changes to Reportable Segments

As stated in (4) Notes on the Consolidated Statements: Changes in Presentation Method, key items of rent expenses were previously included in “real estate rent” under non-operating income and key items of rent expenses were previously included in “rent expenses on real estate” under non-operating expenses, but as of the period under review, rental income is in some cases now included in net sales and rent expenses is now included in some cases in cost of sales.

To reflect these changes, we have restated the segment information for the comparative period (the six months ended June 30, 2024). With these restatements, the furniture business’s net sales in the comparative period is ¥304 million higher than it was before the restatements, and segment profit in the comparative period is ¥253 million higher than it was before such

Material changes in shareholders' equity

Repurchase of Shares

On February 14, 2025, the Board of Directors approved a plan to buy back shares pursuant to Article 459, Paragraph 1, of the Companies Act of Japan and Article 34 of the company's Articles of Incorporation. Under the plan, up to 8.5 million shares, or up to 20 billion yen in shares, will be repurchased between April 16 and December 31, 2025, on the open market (the shares will be purchased on the Tokyo Stock Exchange).

During the period under review, we bought back 1,515,400 shares for 4,629 million yen. Consequently, as of the end of the period under review, treasury shares total 8,624 million yen.

On July 1, 2025, we conducted a 4-for-1 split of common stock. The above share amounts indicate the share amounts prior to the stock split.

Relating to Assumptions Regarding the Successor Company

None

Information Related to the Accounting Standard for Revenue Recognition

Breakdown of revenue from contracts with customers

I. Comparative period (six months ended June 30, 2024)

(Millions of yen)

	Reportable segment				Other *2	Total
	Furniture	Business supply distribution	Stationery	Interior retail		
Location of sale (main regional category)						
Japan	78,390	48,570	19,421	10,431	45	156,860
Overseas	7,102	–	14,969	2	9	22,083
Revenue from contracts with customers	85,492	48,570	34,391	10,433	55	178,944
Other revenue	–	–	–	–	42	42
Sales to customers	85,492	48,570	34,391	10,433	98	178,986

(Notes)

1. Location of sale is generally defined as the location of the customer.
2. The Other category includes showrooms and other items not included in reportable segments.

II. Period under review (six months ended June 30, 2025)

(Millions of yen)

	Reportable segment				Other *2	Total
	Furniture	Business supply distribution	Stationery	Interior retail		
Location of sale (main regional category)						
Japan	84,953	50,106	18,243	11,734	114	165,152
Overseas	5,910	–	14,088	22	–	20,021
Revenue from contracts with customers	90,864	50,106	32,331	11,756	114	185,173
Other revenue	–	–	–	–	34	34
Sales to customers	90,864	50,106	32,331	11,756	148	185,207

(Notes)

1. The location of a sale is generally defined as the location of the customer.
2. The Other category includes showrooms and other items not included in reportable segments.
3. As stated in (4) Notes on the Consolidated Statements: Changes in Presentation Method, key items of rental

income were previously included in “real estate rent” under non-operating income and key items of rent expenses were previously included in “rent expenses on real estate” under non-operating expenses, but as of the period under review, rental income is in some cases now included in net sales and rent expenses is now included in some cases in cost of sales.
To reflect these changes, we have restated the amount attributable to revenue from contracts with customers in the segment information for the comparative period (the six months ended June 30, 2024).

Subsequent significant changes

Stock Split and Accompanying Changes to Articles of Incorporation At a meeting held on May 30, 2025, the Board of Directors approved a proposal to split stock and a change to the Articles of Incorporation to reflect the stock split.

1. Purpose of stock split

   By lowering the amount per investment unit through a stock split, the Company aims to create an environment that makes it easier for investors to invest, which will further improve the liquidity of the Company's shares and expand the investor base.
   .

2. Summary of stock split

(1) Method of stock split

With June 30, 2025 as the record date, the Company will split into four all common shares held by shareholders on final shareholder register as of that date.

(2) Increase in number of shares due to stock split

Total issued shares before stock split:	115,742,463
Increase in number of shares due to this stock split:	347,227,389
Total issued shares after stock split:	462,969,852
Authorized shares after stock split	1,592,000,000

(3) Schedule of stock split

Date of announcement of record date:	June 13, 2025
Record date:	June 30, 2025
Effective date:	July 1, 2025

3. Effect on per-share information

   Effect on per-share information is stated in the relevant section.

4. Amendment to Articles of Incorporation

(1) Reason for amendment

In connection with this stock split, the Company will amend its Articles of Incorporation by resolution of the Board of Directors and pursuant to Article 184, Paragraph 2, of the Companies Act of Japan, with the amendment taking effect July 1, 2025.

(2) Details of amendment

(Changed part is underlined)

Before change	After change
Chapter 2: Shares (Authorized shares) Article 6: The total number of authorized shares of the Company shall be <u>398,000,000</u> shares.	Chapter 2: Shares (Authorized shares) Article 6: The total number of authorized shares of the Company shall be <u>1,592,000,000</u> shares.

5. Other

   The stock split has no effect on the company's capital.