

KOKUYO CO., LTD.

FINANCIAL RESULTS

(Consolidated)

Results for the three months ended March 31, 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)

Commencement date for dividend payments: –

Supplemental material for results: Yes

Briefing about results: Yes (for institutional investors and securities analysts)

(Figures less than ¥1 million have been omitted.)

1. Results for the three months ended March 31, 2025 (January 1 to March 31, 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 (%)
3 months ended March 31, 2025	99,484	3.5	13,484	14.4	13,029	3.7
3 months ended March 31, 2024	96,087	–	11,791	–	12,565	12.0

(Note) Comprehensive income:

For the three months ended March 31, 2025 ¥6,831 million [(51.6%)]

For the three months ended March 31, 2024 ¥14,112 million [52.4%]

	Profit attributable to owners of parent		Earnings per share	Diluted earnings per share
	Millions of yen	Year-on-year change (%)	Yen	Yen
3 months ended March 31, 2025	10,012	(16.4)	88.36	–
3 months ended March 31, 2024	11,978	56.0	105.48	–

(Note) 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 three months ended March 31, 2024). Accordingly, we have omitted the percentage year-on-year change (%) in net sales and operating income for the comparative period (the three months ended March 31, 2024).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2025	359,598	266,468	73.2	2,321.96
December 31, 2024	362,959	264,062	71.8	2,299.39

(Reference) Equity:

March 31, 2025 ¥263,109 million

December 31, 2024 ¥260,552 million

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	—				
Fiscal period ending December 31, 2025 (forecast)		45.50	—	45.50	91.00

(Note) Revisions to estimated dividends published most recently: None

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 (%)
June 30, 2025 interim period	191,000	6.7	16,000	0.4	16,400	(8.8)
Full-year forecast (Jan–Dec 2025)	366,000	8.0	24,000	6.5	24,500	0.4

	Profit attributable to owners of parent		Earnings per share
	Millions of yen	Year-on-year change (%)	Yen
June 30, 2025 interim period	12,100	(22.6)	107.32
Full-year forecast (Jan–Dec 2025)	20,100	(7.7)	181.70

(Note) Revisions to financial forecasts published most recently: None

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 changes (numeric and percentage) in the above forecasts have been restated on the hypothetical basis that the above method was applied in the previous year (ended December 2024).

*** Others**

(1) [Have there been any] significant changes in subsidiaries during the period under review: None
New: – Removed: –

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

Note: See page 14 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 14 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:

March 31, 2025	115,742,463
December 31, 2024	115,742,463

2) Number of shares of treasury stock held at:

March 31, 2025	2,429,173
December 31, 2024	2,428,833

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

March 31, 2025	113,313,495
March 31, 2024	113,561,013

* Have these quarterly consolidated financial statements been reviewed by a certified public accountant or independent auditor: No

* 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 7 of the reference document (1. Activity Report, (3) Qualitative Information Related to Consolidated Forecast) for information about the assumptions underlying the financial forecasts and disclaimers about using the financial forecasts.

1. 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)

	3 months ended March 31, 2024	3 months ended March 31, 2025	Year-on-year change (%)
Net sales	96,087	99,484	+3.5
Operating income	11,791	13,484	+14.4
Ordinary income	12,565	13,029	+3.7
Profit attributable to owners of parent	11,978	10,012	(16.4)

During the fiscal period under review (January 1 to March 31, 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 ¥99.4 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 ¥42.4 billion (up 7.4% year on year), reflecting sales price revisions, which more than offset the high raw material prices. Gross profit ratio came to 42.7% (1.6 points up year on year). Selling, general and administrative expenses increased to ¥28.9 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 29.1% (up 0.3 points year on year).

Reflecting these results, operating income reached ¥13.4 billion (up 14.4% year on year). Ordinary income reached ¥13.0 billion (up 3.7% year on year). Profit attributable to owners of parent was ¥10 billion, down 16.4% year on year. The decrease was relative to the spike in the comparative period, when we recorded gain from the sale of non-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)

		3 months ended March 31, 2024	3 months ended March 31, 2025	Year-on-year change (%)
Furniture	Net sales	49,515	53,827	+8.7
	Operating income	10,467	12,543	+19.8
Business supply distribution	Net sales	26,773	26,535	(0.9)
	Operating income	1,361	1,347	(1.1)
Stationery	Net sales	22,897	21,807	(4.8)
	Operating income	2,338	2,124	(9.1)
Interior retail	Net sales	5,078	5,389	+6.1
	Operating income	173	153	(11.6)
Others	Net sales	140	153	+9.8
	Operating income	(80)	(74)	—
Reconciliation	Net sales	(8,317)	(8,228)	—
	Operating income	(2,468)	(2,609)	—
Total	Net sales	96,087	99,484	+3.5
	Operating income	11,791	13,484	+14.4

• Furniture businesses

For our furniture businesses, we target the burgeoning demand for office renovation driven by the diversification of working styles. Meanwhile, we pursue growth overseas by channeling Kokuyo Hong Kong's resources and applying the interior design expertise we demonstrated in Japan. 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 economic adversities, but Kokuyo Hong Kong made progress in growing order volume.

In ASEAN, we stepped up efforts to target middle and high market segments.

Under such circumstances, the segment's net sales increased to ¥53.8 billion (up 8.7% year on year). Operating income increased to ¥12.5 billion (up 19.8% 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-based service for purchase management.

During the period under review, we worked to expand our clientele and offer our solutions systems (Benri Net and With Kaunet) to large-scale clients, but we experienced delays in the process of inhering Fujitsu Coworco's business.

Under these circumstances, the segment's net sales came to ¥26.5 billion (down 0.9% year on year). Operating income decreased to ¥1.3 billion (down 1.1% year on year).

- Stationery businesses

In this business area, we are shifting to a strategy that involves capitalizing on the global momentum for positive study/learning experiences. To this end, we are positioning our Campus brand as a brand that delivers value in study/learning.

In Japan, we revised sales prices and made progress in rebranding Campus and developing our e-commerce business.

In China, with our stationery for secondary school girls remaining in strong demand, we opened retail locations and grew our fanbase, but performance was adversely affected by the economic malaise in the country.

In India, we expanded 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 ¥21.8 billion (down 4.8% year on year). Operating income decreased to ¥2.1 billion (down 9.1% year on year).

- Interior retail businesses

In this business area, we 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 progress in growing sales in our offline stores and the online store and in growing order volume in the B2B sector.

Under these circumstances, the segment's net sales increased to ¥5.3 billion (up 6.1% year on year). Operating income decreased to ¥0.1 billion (down 11.6% year on year).

(2) Financial Performance During Period Under Review

1) Assets, liabilities, and net assets

Total assets at March 31, 2025, amounted to ¥359.5 billion, down ¥3.3 billion from December 31, 2024, the end of the previous fiscal year.

Current assets increased by ¥0.8 billion to ¥253.7 billion. The main factors were an increase of ¥11.4 billion in notes and accounts receivable and contract assets, an increase of ¥2.0 billion in real estate for sale in progress, and an increase of ¥1.9 billion in merchandise and finished goods, partially offset by a decrease of ¥12.7 billion in cash and deposits.

Non-current assets decreased by ¥4.2 billion to ¥105.8 billion. The main factors were a decrease of ¥3.5 billion in investment securities and a decrease of ¥1.0 billion in property, plant and equipment.

Liabilities at March 31, 2025, amounted to ¥93.1 billion, down ¥5.7 billion from December 31, 2024, the end of the previous fiscal year. The main factors were an increase of ¥2.0 billion in provision for bonuses, offset by a decrease of ¥3.4 billion in income taxes payable and a ¥1.2 billion decrease in notes and accounts payable.

Net assets at March 31, 2025, came to a total of ¥266.4 billion, up ¥2.4 billion from December 31, 2024, the end of the previous fiscal year. The main factors were an increase of ¥5.5 billion in retained earnings, offset by a decrease of ¥1.6 billion in valuation difference on available-for-sale securities and a decrease of ¥1.2

billion in foreign currency translation adjustment.

2) Cash Flows

On a consolidated basis, cash and cash equivalents (hereafter referred to as cash) as of March 31, 2025, totaled ¥119.3 billion, a decrease of ¥12.7 billion from the previous fiscal year-end.

Cash flows from operating activities

Net cash used from operating activities was ¥7.8 billion (up ¥6.7 billion year on year). The main positive cash flows were ¥14.5 billion in profit before income taxes, ¥2.0 billion in increase in provision for bonuses and an increase in reconciliation of non-cash profit/loss, which included ¥1.8 billion in depreciation. The main negative cash flows were ¥11.7 billion in increase in notes and accounts receivable – trade, ¥7.9 billion in income taxes paid, ¥2.0 billion in increase in real estate for sale, ¥1.8 billion in increase in inventories, ¥0.9 billion in decrease in notes and accounts payable – trade, and ¥1.5 billion in gain on sale of investment securities not included in operating cash flows.

Cash flows from investing activities

Net cash earned by investing activities was ¥0.3 billion (down ¥4.2 billion year on year). The main positive cash flow was ¥2.7 billion in proceeds from sale of investment securities. The main negative cash flow was ¥2.2 billion in capital expenditure.

Cash flows from financing activities

Net cash used in financing activities was ¥4.5 billion (up ¥0.8 billion year on year). The main positive cash flow was ¥0.2 billion in increase in short-term loans payable. The main negative cash flows were ¥4.4 billion in cash dividends paid and ¥0.3 billion in repayments of lease obligations.

(3) Qualitative Information Related to Consolidated Forecasts

The forecasts for the fiscal period ending December 31, 2025, remain unchanged from those announced on February 14, 2025.

If we do have to change the forecasts, we will disclose the details without delay.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	102,238	89,498
Notes and accounts receivable and contract assets	75,383	86,823
Securities	30,106	30,092
Merchandise and finished goods	29,956	31,947
Work in process	2,766	2,283
Raw materials and supplies	6,130	5,998
Real estate for sale in progress	–	2,005
Other	6,312	5,120
Allowance for doubtful accounts	(10)	(10)
Total current assets	252,884	253,759
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,282	21,690
Land	27,440	27,416
Other, net	13,518	13,069
Total property, plant and equipment	63,241	62,176
Intangible assets		
Goodwill	471	446
Other	12,490	12,767
Total intangible assets	12,961	13,213
Investments and other assets		
Investment securities	22,362	18,768
Retirement benefit asset	5,965	6,023
Other	5,993	6,119
Allowance for doubtful accounts	(449)	(462)
Total investments and other assets	33,872	30,448
Total non-current assets	110,075	105,838
Total assets	362,959	359,598

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	54,357	53,146
Short-term loans payable	3,955	4,189
Current portion of long-term loans payable	120	93
Income taxes payable	8,371	4,948
Provision for bonuses	977	3,053
Other	19,960	17,749
Total current liabilities	87,742	83,179
Non-current liabilities		
Long-term loans payable	101	86
Retirement benefit liability	245	231
Other	10,807	9,632
Total non-current liabilities	11,154	9,949
Total liabilities	98,896	93,129
Net assets		
Shareholders' equity		
Capital stock	15,847	15,847
Capital surplus	18,139	18,139
Retained earnings	216,230	221,819
Treasury shares	(4,027)	(4,028)
Total shareholders' equity	246,190	251,777
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,393	5,741
Deferred gains or losses on hedges	74	(36)
Foreign currency translation adjustment	5,705	4,486
Remeasurements of defined benefit plans	1,189	1,140
Total accumulated other comprehensive income	14,362	11,331
Non-controlling interests	3,509	3,359
Total net assets	264,062	266,468
Total liabilities and net assets	362,959	359,598

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income for the Three Months Ended March 31, 2025

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Net sales	96,087	99,484
Cost of sales	56,585	57,054
Gross profit	39,502	42,430
Selling, general and administrative expenses	27,710	28,945
Operating income	11,791	13,484
Non-operating income		
Interest income	68	82
Dividend income	69	34
Real estate rent	45	45
Share of profit of entities accounted for using equity method	45	10
Foreign exchange gains	494	–
Other	161	55
Total non-operating income	883	227
Non-operating expenses		
Interest expenses	54	40
Rent expenses on real estate	18	19
Exchange loss	–	560
Other	37	62
Total non-operating expenses	110	682
Ordinary income	12,565	13,029
Extraordinary income		
Gain on sales of non-current assets	4,867	–
Gain on sales of investment securities	112	1,542
Reversal of provision for loss on business of subsidiaries and associate	–	14
Total extraordinary income	4,979	1,557
Extraordinary losses		
Provision of allowance for doubtful accounts	13	19
Provision for loss on business of subsidiaries and affiliates	0	–
Extra redundancy pay expense	–	37
Total extraordinary losses	14	56
Profit before income taxes	17,530	14,530
Income taxes - current	5,493	4,506
Profit	12,036	10,023
Profit attributable to non-controlling interests	58	11
Profit attributable to owners of parent	11,978	10,012

Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2025

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Profit	12,036	10,023
Other comprehensive income		
Valuation difference on available-for-sale securities	566	(1,642)
Deferred gains or losses on hedges	83	(112)
Foreign currency translation adjustment	1,451	(1,389)
Remeasurements of defined benefit plans, net of tax	(31)	(49)
Share of other comprehensive income of entities accounted for using equity method	5	0
Total other comprehensive income	2,075	(3,192)
Comprehensive income	14,112	6,831
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,980	6,981
Comprehensive income attributable to non-controlling interests	132	(150)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	17,530	14,530
Depreciation	1,915	1,871
Amortization of long-term prepaid expenses	98	109
Amortization of goodwill	171	24
Extra redundancy pay expense	–	37
Increase (decrease) in allowance for doubtful accounts	(72)	16
Increase (decrease) in provision for bonuses	2,057	2,081
Increase or decrease in net defined benefit asset and liability	(121)	(134)
Increase (decrease) in provision for loss on business of subsidiaries and associates	0	(14)
Interest and dividend income	(137)	(116)
Interest expenses	54	40
Share of loss (profit) of entities accounted for using equity method	(45)	(10)
Loss (gain) on sales of non-current assets	(4,862)	(0)
Loss on retirement of non-current assets	1	9
Loss (gain) on sales of investment securities	(117)	(1,543)
Decrease (increase) in notes and accounts receivable - trade	(17,875)	(11,779)
Decrease (increase) in inventories	(964)	(1,831)
Increase (decrease) in notes and accounts payable - trade	8,089	(999)
Increase (decrease) in real estate for sale	–	(2,005)
Other	(684)	(278)
Subtotal	5,039	6
Interest and dividend income received	168	111
Interest expenses paid	(58)	(36)
Income taxes paid	(6,290)	(7,945)
Extra retirement payments	–	(34)
Net cash provided by (used in) operating activities	(1,141)	(7,898)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1)	9
Collection of long-term loans receivable	–	90
Payments of long-term loans receivable	(240)	(120)
Purchase of property, plant and equipment	(908)	(1,093)
Proceeds from sales of property, plant and equipment	5,568	4
Purchase of intangible assets	(437)	(1,135)
Purchase of investment securities	(0)	(1)
Proceeds from sales and redemption of investment securities	612	2,755
Other	26	(123)
Net cash provided by (used in) investing activities	4,618	386

	Three months ended March 31, 2024	Three months ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	578	273
Repayments of lease obligations	(368)	(338)
Repayments of long-term loans payable	(64)	(42)
Purchase of treasury shares	(1,646)	(0)
Decrease (increase) in cash segregated as deposits for purchase of treasury shares	1,685	—
Cash dividends paid	(3,900)	(4,427)
Net cash provided by (used in) financing activities	(3,716)	(4,536)
Effect of exchange rate change on cash and cash equivalents	499	(693)
Net increase (decrease) in cash and cash equivalents	260	(12,742)
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	118,072	119,338

(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. Applying the ASBJ Statement No. 27 with these dispensations 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 and restated the consolidated statements for the comparative quarterly period in the previous fiscal year and the consolidated statements for the previous consolidated fiscal year as a whole. Applying the ASBJ Statement No. 28 with these dispensations has no impact on the quarterly consolidated financial statements for the previous fiscal year and the consolidated statements for the previous consolidated fiscal year as a whole.

Particular Accounts Procedures for the Preparation of Quarterly 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 19 of the "Implementation Guidance on Accounting Standard for Quarterly 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 expenses 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 at the start of the period under review, necessitating the above changes.

We have retroactively applied the above changes and restated the quarterly consolidated financial statements for the comparative period (the three months ended March 31, 2024) as follows:

The ¥152 million in real estate rent previously included in non-operating income is now included in net sales instead. The ¥25 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 ¥126 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. For the three months ended March 31, 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	48,894	24,728	17,310	5,066	88	96,087	–	96,087
Intra – company sales transfers	621	2,045	5,587	11	51	8,317	(8,317)	–
Total	49,515	26,773	22,897	5,078	140	104,405	(8,317)	96,087
Segment profit (loss)	10,467	1,361	2,338	173	(80)	14,260	(2,468)	11,791

(Notes)

- 1 The Other category includes showrooms and other items not included in reportable segments.
2. Reconciliation of segment profit (loss) (¥2,468 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 quarterly Consolidated Statements of Income.

II. For the three months ended March 31, 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	53,318	24,627	16,064	5,383	90	99,484	–	99,484
Intra – company sales transfers	509	1,907	5,742	5	62	8,228	(8,228)	–
Total	53,827	26,535	21,807	5,389	153	107,713	(8,228)	99,484
Segment profit (loss)	12,543	1,347	2,124	153	(74)	16,093	(2,609)	13,484

(Notes)

1. The Other category includes showrooms and other items not included in reportable segments.
2. Reconciliation of segment profit (loss) (¥2,609 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 quarterly 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 three months ended March 31, 2024). With these restatements, the furniture business’s net sales in the comparative period is ¥152 million higher than it was before the restatements, and segment profit in the comparative period is ¥126 million higher than it was before such.

Material changes in shareholders' equity

None

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. For the three months ended March 31, 2024

(Millions of yen)

	Reportable segment				Other *2	Total
	Furniture	Business supply distribution	Stationery	Interior retail		
Location of sale (main regional category)						
Japan	46,894	24,728	10,428	5,065	62	87,178
Overseas	2,000	—	6,881	1	2	8,885
Revenue from contracts with customers	48,894	24,728	17,310	5,066	65	96,064
Other revenue	—	—	—	—	23	23
Sales to customers	48,894	24,728	17,310	5,066	88	96,087

(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. For the three months ended March 31, 2025

(Millions of yen)

	Reportable segment				Other *2	Total
	Furniture	Business supply distribution	Stationery	Interior retail		
Location of sale (main regional category)						
Japan	51,542	24,627	9,554	5,364	72	91,161
Overseas	1,775	—	6,509	19	—	8,304
Revenue from contracts with customers	53,318	24,627	16,064	5,383	72	99,466
Other revenue	—	—	—	—	18	18
Sales to customers	53,318	24,627	16,064	5,383	90	99,484

(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 three months ended March 31, 2024).