

KOKUYO CO., LTD. FINANCIAL RESULTS (Consolidated)

Results for the nine months ended September 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

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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 nine months ended September 30, 2025, (January 1 to September 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 (%)
Nine months ended September 30, 2025	265,650	5.4	21,490	20.1	21,793	13.5
Nine months ended September 30, 2024	252,006	–	17,890	–	19,197	(11.4)

(Note) Comprehensive income:

For the Nine months ended September 30, 2025 ¥14,290 million [(12.7%)]

For the Nine months ended September 30, 2024 ¥16,369 million [(22.6%)]

	Profit attributable to owners of parent		Earnings per share	Diluted earnings per share
	Millions of yen	Year-on-year change (%)	Yen	Yen
Nine months ended September 30, 2025	16,723	2.1	37.31	–
Nine months ended September 30, 2024	16,374	10.1	36.09	–

- (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 nine months ended September 30, 2024). Accordingly, we have omitted the percentage year-on-year change (%) in net sales and operating income for the comparative period (the nine months ended September 30, 2024).
- 2 On July 1, 2025, we conducted a 4-for-1 split of common stock. Earnings per share for the nine months ended September 30, 2024, is stated on the hypothetical basis that the stock split occurred at the start of the previous fiscal year (ended December 31, 2024).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2025	332,068	254,906	75.7	575.22
December 31, 2024	362,959	264,062	71.8	574.85

(Reference) Equity:

September 30, 2025 ¥251,404 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 nine months ended September 30, 2024, is stated on the hypothetical basis that the stock split occurred at the start of the previous fiscal year (ended December 31, 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: None

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: 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 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 (now known as Kokuyo Workplace India Limited)
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 Accounting Policy).
- (4) Number of shares of common stock issued
1) Number of shares of common stock (including treasury stock) issued at:
September 30, 2025 462,969,852
December 31, 2024 462,969,852
2) Number of shares of treasury stock held at:
September 30, 2025 25,908,506
December 31, 2024 9,715,332
3) Number of shares of average stock during a term held at:
September 30, 2025 448,253,502
September 30, 2024 453,645,055
(Note) On July 1, 2025, we conducted a 4-for-1 split of common stock. We have stated the number of shares of outstanding shares (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).

* Has a public accountant or independent auditor reviewed the appended consolidated statements? 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. Interim 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 in this document are based on assumptions deemed reasonable as of the end of the period under review.

(1) Business results in period under review

	(Millions of yen)		
	Nine months ended September 30, 2024	Nine months ended September 30, 2025	Year-on-year change (%)
Net sales	252,006	265,650	+5.4
Operating income	17,890	21,490	+20.1
Ordinary income	19,197	21,793	+13.5
Profit attributable to owners of parent	16,374	16,723	+2.1

During the fiscal period under review (January 1 to September 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 ¥265.6 billion (up 5.4% 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 ¥107.7 billion (up 7.6% year on year), reflecting sales price revisions, which more than offset the high raw material prices. Gross profit ratio came to 40.6% (0.8 points up year on year). Selling, general and administrative expenses increased to ¥86.2 billion (up 4.9% 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 32.5% (down 0.2 points year on year).

Reflecting these results, operating income reached ¥21.4 billion (up 20.1% year on year). Ordinary income reached ¥21.7 billion (up 13.5% year on year). Profit attributable to owners of parent was ¥16.7 billion, up 2.1% year on year.

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)

		Nine months ended September 30, 2024	Nine months ended September 30, 2025	Year-on-year change (%)
Furniture	Net sales	118,959	128,840	+8.3
	Operating income	17,297	20,987	+21.3
Business supply distribution	Net sales	74,614	77,634	+4.0
	Operating income	3,470	3,454	(0.5)
Stationery	Net sales	63,625	62,282	(2.1)
	Operating income	5,102	5,496	+7.7
Interior retail	Net sales	15,611	17,462	+11.9
	Operating income	397	541	+36.3
Others	Net sales	304	408	+34.3
	Operating income	(373)	(342)	—
Reconciliation	Net sales	(21,108)	(20,978)	—
	Operating income	(8,005)	(8,646)	—
Total	Net sales	252,006	265,650	+5.4
	Operating income	17,890	21,490	+20.1

• 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.

Under such circumstances, the segment's net sales increased to ¥128.8 billion (up 8.3% year on year). Operating income increased to ¥20.9 billion (up 21.3% 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.

In the period under review, we made progress with our solutions system for large-scale corporate clients (Benrinet With Kaunet), albeit less progress than initially expected, narrowing the gap with our revised target.

Under these circumstances, the segment's net sales came to ¥77.6 billion (up 4.0% year on year). Operating income decreased to ¥3.4 billion (down 0.5% 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 revised sales prices, rebranded Campus, and made headway in expanding our B2C e-commerce business.

In China, the market remained sluggish amid the economic malaise, but we achieved success with our strategy focusing on stationery demand among secondary school girls, opened more retail outlets, expanded our e-commerce business, and attracted more fans.

While performance in India was adversely affected by inflation and intensifying competition, we continued expanding the range of new products and launched value-added products.

Under these circumstances, the segment's net sales decreased to ¥62.2 billion (down 2.1% year on year). Operating income increased to ¥5.4 billion (up 7.7% 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 ¥17.4 billion (up 11.9% year on year). Operating income increased to ¥0.5 billion (up 36.3% year on year).

(2) Financial Performance During Period Under Review

1) Assets, liabilities, and net assets

As of September 30, 2025, total assets amounted to ¥332.0 billion, down ¥30.8 billion from December 31, 2024, (the end of the previous fiscal year).

Current assets decreased by ¥29.2 billion to ¥223.5 billion. The main factors were a decrease of ¥23.0 billion in cash and deposits and a decrease of ¥9.0 billion in notes and accounts receivable and contract assets. The decrease was partially offset by an increase of ¥1.9 billion in real estate for sale in progress, an increase of ¥0.4 billion in work in progress, and an increase of ¥0.2 billion in merchandise and finished goods.

Non-current assets decreased by ¥1.6 billion to ¥108.4 billion. The main factors were a decrease of ¥2.7 billion in investment securities and a decrease of ¥0.8 billion in land. The decrease was partially offset by an increase of ¥1.3 billion in intangible assets.

As of September 30, 2025, liabilities amounted to ¥77.1 billion, down ¥21.7 billion from December 31, 2024. The main factors were an increase of ¥2.2 billion in provision for bonuses, offset by a decrease of ¥13.8 billion in notes and accounts payable and a ¥6.5 billion decrease in income taxes payable.

As of September 30, 2025, net assets totaled ¥254.9 billion, ~~down~~^{up} ¥9.1 billion from December 31, 2024. The main factors were an increase of ¥7.1 billion in retained earnings, partially offset by an outflow of ¥13.8 billion resulting from the purchase of treasury shares, a decrease of ¥1.2 billion in foreign currency translation adjustment, and a decrease of ¥1.0 billion in valuation difference on available-for-sale securities.

2) Cash Flows

As of September 30, 2025, consolidated cash and cash equivalents (hereafter referred to as cash) totaled ¥109.0 billion, a decrease of ¥23.0 billion from December 31, 2024.

Cash flows from operating activities

Net cash provided by operating activities was ¥7.7 billion (down ¥1.8 billion year on year). Inflows included ¥24.3 billion in profit before income taxes, ¥9.9 billion in decrease in notes and accounts receivable – trade, adjustment for non-financial gain/loss (e.g. ¥5.8 billion in depreciation), and ¥2.2 billion in increase in provision for bonuses. Outflows included ¥14.0 billion in income taxes paid, ¥13.9 billion in decrease in notes and accounts payable – trade, ¥1.9 billion in decrease 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 ¥4.0 billion (compared to ¥0.7 billion earned the same period last year). Inflows included ¥3.0 billion in proceeds from sales of investment securities and ¥2.0 billion in proceeds from sales of property, plant and equipment. Outflows included ¥7.7 billion in capital expenditure.

Cash flows from financing activities

Net cash used in financing activities was ¥26.1 billion (up ¥11.4 billion year on year). Outflows included ¥13.9 billion in purchase of treasury shares, ¥9.5 billion in cash dividends paid, and ¥1.0 billion in increase in cash segregated as deposits for purchase of treasury shares.

(3) Qualitative Information Related to Consolidated Forecasts

Performance forecasts for the year ending December 2025 remain unchanged from what we announced on July 30, 2025. We will promptly disclose any changes in the performance forecasts.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2024	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	102,238	79,237
Notes and accounts receivable and contract assets	75,383	66,323
Securities	30,106	29,966
Merchandise and finished goods	29,956	30,188
Work in process	2,766	3,181
Raw materials and supplies	6,130	6,238
Real estate for sale in progress	–	1,914
Other	6,312	6,575
Allowance for doubtful accounts	(10)	(30)
Total current assets	252,884	223,596
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,282	21,681
Land	27,440	26,607
Other, net	13,518	14,072
Total property, plant and equipment	63,241	62,360
Intangible assets		
Goodwill	471	398
Other	12,490	13,940
Total intangible assets	12,961	14,338
Investments and other assets		
Investment securities	22,362	19,659
Retirement benefit asset	5,965	6,249
Other	5,993	6,284
Allowance for doubtful accounts	(449)	(419)
Total investments and other assets	33,872	31,773
Total non-current assets	110,075	108,472
Total assets	362,959	332,068

	As of December 31, 2024	As of September 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	54,357	40,549
Short-term loans payable	3,955	3,578
Current portion of long-term loans payable	120	49
Income taxes payable	8,371	1,815
Provision for bonuses	977	3,233
Other	19,960	17,766
Total current liabilities	87,742	66,992
Non-current liabilities		
Long-term loans payable	101	70
Retirement benefit liability	245	254
Other	10,807	9,844
Total non-current liabilities	11,154	10,169
Total liabilities	98,896	77,162
Net assets		
Shareholders' equity		
Capital stock	15,847	15,847
Capital surplus	18,139	18,166
Retained earnings	216,230	223,383
Treasury shares	(4,027)	(17,910)
Total shareholders' equity	246,190	239,485
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,393	6,318
Deferred gains or losses on hedges	74	54
Foreign currency translation adjustment	5,705	4,503
Remeasurements of defined benefit plans	1,189	1,041
Total accumulated other comprehensive income	14,362	11,918
Non-controlling interests	3,509	3,502
Total net assets	264,062	254,906
Total liabilities and net assets	362,959	332,068

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income for the Nine Months Ended September 30, 2025

(Millions of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Net sales	252,006	265,650
Cost of sales	151,888	157,881
Gross profit	100,118	107,769
Selling, general and administrative expenses	82,228	86,278
Operating income	17,890	21,490
Non-operating income		
Interest income	206	305
Dividend income	454	276
Real estate rent	135	131
Share of profit of entities accounted for using equity method	257	242
Foreign exchange gains	270	–
Other	413	342
Total non-operating income	1,738	1,299
Non-operating expenses		
Interest expenses	165	123
Rent expenses on real estate	61	58
Exchange loss	–	477
Other	203	336
Total non-operating expenses	431	996
Ordinary income	19,197	21,793
Extraordinary income		
Gain on sales of non-current assets	4,867	1,004
Gain on sales of investment securities	225	1,545
Gain on bargain purchase	–	111
Reversal of allowance for doubtful account	–	56
Reversal of provision for loss on business of subsidiaries and associates	0	14
Total extraordinary income	5,093	2,732
Extraordinary losses		
Loss on valuation of investment securities	52	–
Provision of allowance for doubtful accounts	17	30
Extra redundancy pay expense	–	74
Provision for loss on guarantees	–	43
Total extraordinary losses	69	149
Profit before income taxes	24,221	24,375
Income taxes - current	7,684	7,507
Profit	16,536	16,867
Profit attributable to non-controlling interests	162	144
Profit attributable to owners of parent	16,374	16,723

Consolidated Statements of Comprehensive Income for the Nine Months Ended September 30, 2025
(Millions of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Profit	16,536	16,867
Other comprehensive income		
Valuation difference on available-for-sale securities	(744)	(1,067)
Deferred gains or losses on hedges	(72)	(18)
Foreign currency translation adjustment	739	(1,352)
Remeasurements of defined benefit plans, net of tax	(94)	(147)
Share of other comprehensive income of entities accounted for using equity method	5	9
Total other comprehensive income	(166)	(2,577)
Comprehensive income	16,369	14,290
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,124	14,279
Comprehensive income attributable to non-controlling interests	244	11

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	24,221	24,375
Depreciation	5,850	5,821
Amortization of long-term prepaid expenses	323	326
Amortization of goodwill	531	72
Extra redundancy pay expense	–	74
Increase (decrease) in allowance for doubtful accounts	(44)	(25)
Increase (decrease) in provision for bonuses	2,091	2,259
Increase or decrease in net defined benefit asset and liability	(364)	(483)
Increase (decrease) in provision for loss on business of subsidiaries and associates	(0)	(14)
Allowance for loan losses or losses on guarantees	–	43
Interest and dividend income	(660)	(582)
Interest expenses	165	123
Share of loss (profit) of entities accounted for using equity method	(257)	(242)
Loss (gain) on sales of non-current assets	(4,870)	(1,009)
Loss on retirement of non-current assets	11	64
Loss (gain) on sales of investment securities	(231)	(1,558)
Loss (gain) on valuation of investment securities	52	–
Decrease (increase) in notes and accounts receivable - trade	10,921	9,926
Decrease (increase) in inventories	1,444	(875)
Increase (decrease) in notes and accounts payable - trade	(16,774)	(13,953)
Increase (decrease) in real estate for sale	–	(1,914)
Other	(3,055)	(1,052)
Subtotal	19,352	21,377
Interest and dividend income received	731	590
Interest expenses paid	(171)	(124)
Income taxes paid	(10,348)	(14,066)
Extra retirement payments	–	(63)
Net cash provided by (used in) operating activities	9,564	7,713
Cash flows from investing activities		
Net decrease (increase) in time deposits	246	(5)
Net decrease (increase) in short-term loans receivable	70	(0)
Purchase of property, plant and equipment	(2,978)	(4,086)
Proceeds from sales of property, plant and equipment	5,584	2,086
Purchase of intangible assets	(2,062)	(3,644)
Purchase of investment securities	(2)	(14)
Proceeds from sales and redemption of investment securities	891	3,025
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)
Payment for business acquisition	(300)	–
Other	(422)	(523)
Net cash provided by (used in) investing activities	786	(4,073)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(195)	(472)
Repayments of lease obligations	(1,090)	(966)
Repayments of long-term loans payable	(5,158)	(101)
Purchase of treasury shares	(1,648)	(13,916)
Decrease (increase) in cash segregated as deposits for purchase of treasury shares	1,685	(1,098)
Cash dividends paid	(8,215)	(9,572)
Cash dividends paid to non-controlling interests	(49)	(20)
Net cash provided by (used in) financing activities	(14,673)	(26,148)
Effect of exchange rate change on cash and cash equivalents	360	(513)
Net increase (decrease) in cash and cash equivalents	(3,960)	(23,021)
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	113,850	109,059

(4) Notes on the Consolidated Statements

Changes in Accounting Policy

Application of Accounting Standard for Current Income Taxes

As of the start of the consolidated 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 consolidated 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 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 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. Since the first quarter of the year ending December 2025, 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 first quarter of the year ending December 2025, necessitating the above changes.

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

The ¥457 million in real estate rent previously included in non-operating income is now included in net sales instead. The ¥77 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 ¥379 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 (nine months ended September 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	117,449	70,124	48,725	15,566	141	252,006	–	252,006
Intra – company sales transfers	1,510	4,489	14,900	45	163	21,108	(21,108)	–
Total	118,959	74,614	63,625	15,611	304	273,115	(21,108)	252,006
Segment profit (loss)	17,297	3,470	5,102	397	(373)	25,895	(8,005)	17,890

(Notes)

1. The Other category includes showrooms and other items not included in reportable segments.
2. Reconciliation of segment profit (loss) (¥8,005 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. Period under review (nine months ended September 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	127,483	73,197	47,366	17,422	180	265,650	–	265,650
Intra – company sales transfers	1,356	4,436	14,916	40	228	20,978	(20,978)	–
Total	128,840	77,634	62,282	17,462	408	286,628	(20,978)	265,650
Segment profit (loss)	20,987	3,454	5,496	541	(342)	30,137	(8,646)	21,490

(Notes)

1. The Other category includes showrooms and other items not included in reportable segments.
2. Reconciliation of segment profit (loss) (¥8,646 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 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 since the first quarter of the year ending December 2025, 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 nine months ended September 30, 2024). With these restatements, the furniture business’s net sales in the comparative period is ¥457 million higher than it was before the restatements, and segment profit in the

comparative period is ¥379 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 34 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 16,270,800 shares for 13,914 million yen. Consequently, as of the end of the period under review, treasury shares total 17,910 million yen.

On July 1, 2025, we conducted a 4-for-1 split of common stock. The above share amounts indicate the share amounts after 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 (nine months ended September 30, 2024)

(Millions of yen)

	Reportable segment				Other *2	Total
	Furniture	Business supply distribution	Stationery	Interior retail		
Location of sale (main regional category)						
Japan	108,001	70,124	26,611	15,563	67	220,368
Overseas	9,448	–	22,113	2	18	31,582
Revenue from contracts with customers	117,449	70,124	48,725	15,566	85	251,951
Other revenue	–	–	–	–	55	55
Sales to customers	117,449	70,124	48,725	15,566	141	252,006

(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 (nine months ended September 30, 2025)

(Millions of yen)

	Reportable segment				Other *2	Total
	Furniture	Business supply distribution	Stationery	Interior retail		
Location of sale (main regional category)						
Japan	118,674	73,197	25,754	17,399	131	235,158
Overseas	8,809	–	21,611	22	–	30,443
Revenue from contracts with customers	127,483	73,197	47,366	17,422	131	265,601
Other revenue	–	–	–	–	48	48
Sales to customers	127,483	73,197	47,366	17,422	180	265,650

(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 since the first quarter of the year ending December 2025, 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 September 30, 2024).