

# **nf10**

**NAKAYAMAFUKU NEXT10**

**A 10-year growth strategy leading up to our 100th anniversary**

**Phase 2**

**May 13, 2021**

**Nakayamafuku Co., Ltd.**

In May 2016, we announced “Nakayamafuku NEXT10,” a growth strategy for the years leading up to the 100th anniversary of our founding. Having reached our 90th anniversary in March of 2015, we adopted Nakayamafuku NEXT10 as our strategy for thriving in our second century. The following is a progress report.

Although our Management Philosophy and Management Vision remain untouched, we have amended our Business Strategy to reflect changes in the business environment.

# A Look Back on the 75th Term, and Our Way Forward (1)

In the 75th Term, which occurs during the second year of Phase 2 of “Nakayamafuku NEXT10” (FYE March 2020 to FYE March 2022), the effects of the novel coronavirus (COVID-19) spread not only to corporate activities, but also to economic activities in various other sectors, leaving a sizeable impact on production as well as consumption. In such an environment, together with implementing business operation measures that included avoiding the “Three Cs” (Closed Spaces, Crowded Places and Close Contact) by requesting our employees to refrain from venturing outdoors, report for work in staggered shifts and telecommute, the Nakayamafuku Group endeavored to preserve and establish stable logistics and sales systems, strengthen sales of highly lucrative merchandise, and focused on transforming its earnings structure. As a result, against the backdrop of so-called “stay-at-home consumption” as exhibited by the transformation of personal spending behavior due to the penetration of “new modes of living,” net sales came to ¥47,800 million, operating income to ¥872 million, and ordinary income to ¥1,273 million for the entire Nakayamafuku Group.

## A Look Back on the 75th Term, and Our Way Forward (2)

In the 76th Term, comprising the third year of Phase 2 of “Nakayamafuku NEXT10,” our situation will reflect the presence of numerous risks that are difficult to predict, such as the restructuring of the home center industry and rising manufacturing and purchasing costs due to increases in the price of raw materials. However, we will continue to pursue our Four Business Strategies just as we did in the 75th Term.

We are targeting net sales of ¥70,000 million in the 79th Term ending in March 2025, which will mark the 100th anniversary of our founding, and intend to continue promoting the augmentation of our earning capacity based on our business strategies under “Nakayamafuku NEXT10.”

# Outlook for the Medium-term Management Plan

## Management Philosophy

Coexist with society, and use our business activities as a means of contributing to society by helping our shareholders, suppliers, customers, employees, and other parties we deal with to achieve happiness.

## Management Vision

Nakayamafuku aims to develop markets, grow as a company, and enrich the environment in which people live through the home products we sell and the information we distribute.



## Business Strategy

Strengthen manufacturing business, enhance wholesale business,  
Restructure and strengthen logistics systems, ready foundation for business abroad



## Medium-term Management Target

Targeting net sales of ¥70,000 million in the 79th Term ending March 2025, the year marking the 100th anniversary of our founding

# Four Business Strategies

## 1. Strengthen manufacturing business

We will invest management resources in our endeavors to bolster sales of our original brand “Bestco,” and focus on the transformation of our earnings structure. We will also thoroughly promote our cooperative relationship with GREENPAL CO., LTD., INTERFORM INC. and ENICY CO., LTD.

## 2. Enhance wholesale business

Alongside closely managing profit in our existing markets and bolstering our management framework, we will also focus on discovering new merchandise and seeking new customers.

## 3. Restructure and strengthen logistics systems

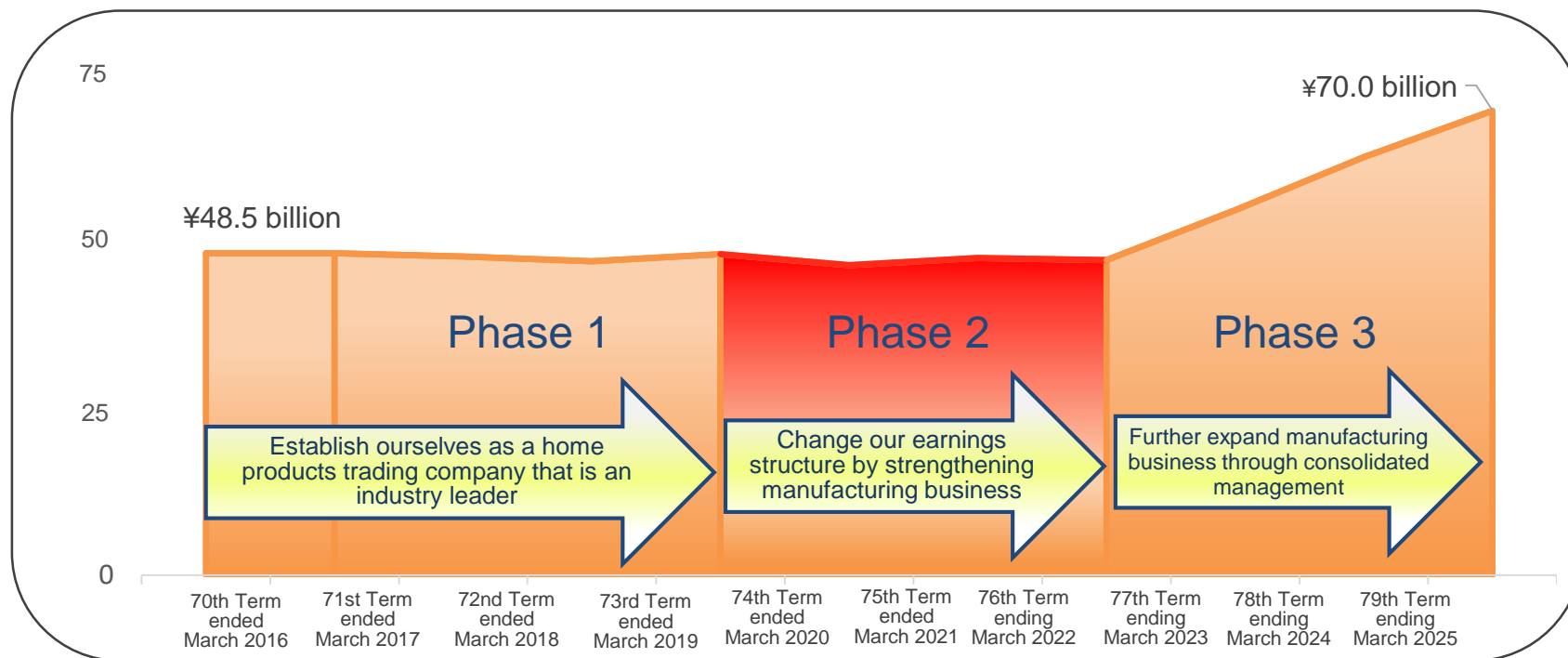
While focusing on enhancing warehouse space at the Joso Branch, we will promote more advanced and efficient logistics systems throughout the Kanto and Tohoku areas as we aim to establish a stable logistics network.

## 4. Ready foundation for business abroad

While we will place top priority on preserving our business with existing customers in the immediate term, we will focus on readying and reinforcing our sales systems in order to assume an aggressive stance once the COVID-19 pandemic has subsided.

# Roadmap for Our 100th Anniversary

For the last nine years leading up to our 100th anniversary, we have been pursuing a growth strategy in three phases (medium-term plans).



We plan to shift our attention toward an Action Strategy with the primary goal of changing our earnings structure by strengthening manufacturing business in Phase 2 (April 2019 to March 2022), and building a foundation for growth in Phase 3 and beyond.

### **Precaution on future outlooks**

Forecasts of business results contained herein are based on economic conditions, market trends, and plans foreseen at the time of writing. We cannot guarantee the accuracy of this material or whether planned figures and/or policies will be achieved in future. Actual business results may vary due to a wide range of factors going forward.



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**As we approach our 100th anniversary, becoming  
a company fit to survive the next 100 years**