

Financial Results for FY Ended December 2023 and the Material for Briefing a New Medium-term Management Plan

Itoki Corporation (Tokyo Stock Exchange Prime Market: 7972)

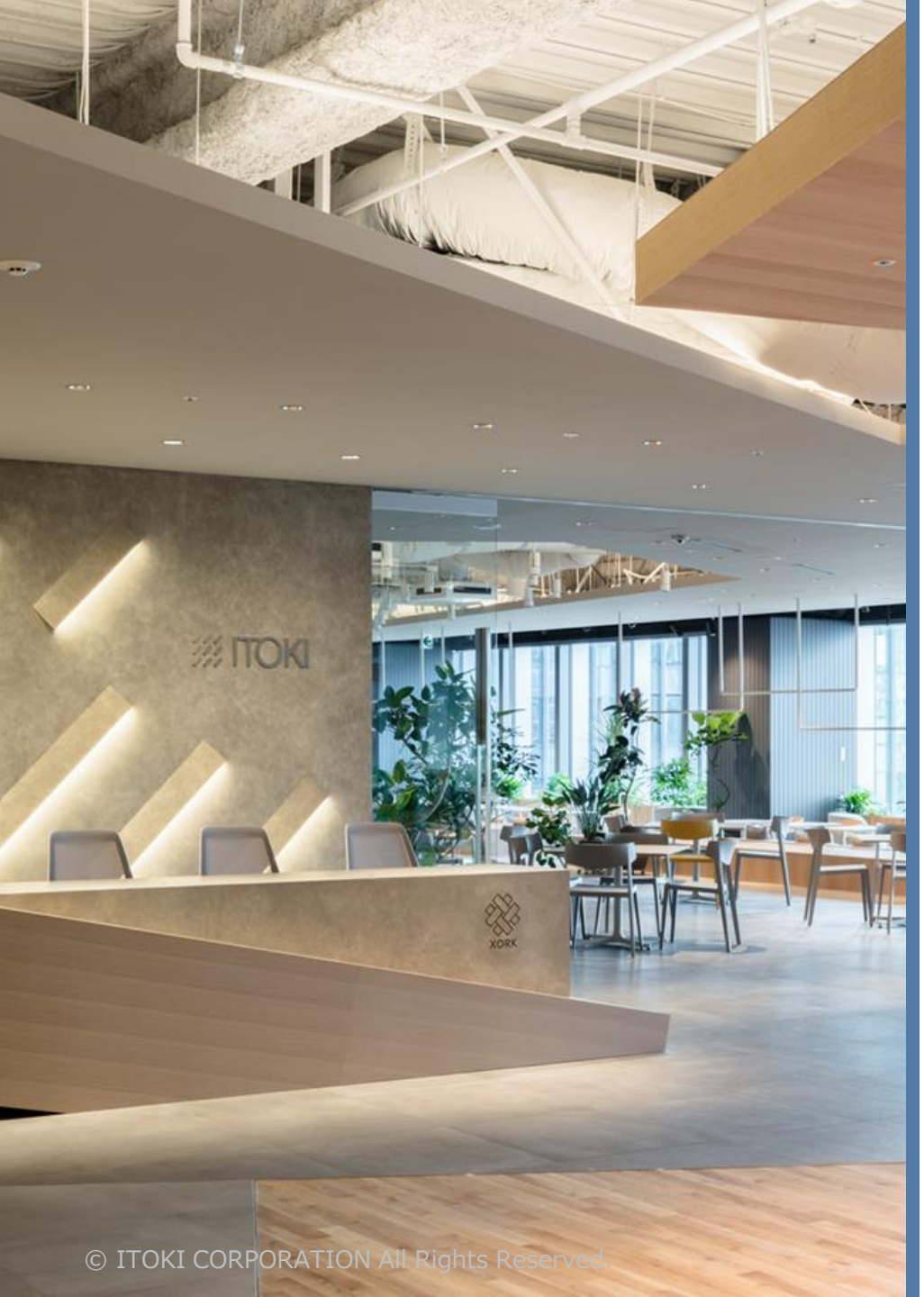
(February 14, 2024)

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Summary

Full-year results for FY 12/23	• Sales were healthy, mainly thanks to renovation projects, office relocation, etc. • Profit increased considerably, due to the sales growth and the rise in profit margin through the improvement of value we provide. • Sales and operating profit hit record highs.
New Medium-term Management Plan	• As management figures for 2026, Sales 150 billion yen, operating income 14 billion yen, operating profit margin 9%, ROE 15%, and aim for a dividend payout ratio of 40%.
Earnings forecast for FY 12/24	• As the first year of the medium-term management plan, by implementing the key strategy: 7 Flags, consolidated sales is expected to be +3.4% (workplace +5.0%, equipment/public +0.4%). Consolidated operating income is expected to increase by 17.3%, 10 billion yen.

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1. Full-year results for FY ended December 2023

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Highlights of the Full-year Results

Sales, operating profit, Ordinary profit, Net income hit record highs.

Sales

132.9 billion yen

+7.8% YoY

Operating profit

8.5 billion yen

+86.0% YoY

Operating margin

6.4%

+2.7pts YoY

ROE

11.3%

+5pts YoY

Actual basis excluding extraordinary gains and Losses for the previous fiscal year

PBR

1.11

(as of Dec. 29, 2023)

+0.56pts YoY

Payout ratio

32.2%

+0.6pts YoY

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Summary of the Consolidated Financial Statements

Sales were healthy, mainly thanks to renovation projects, office relocation, etc. Profit increased considerably, due to the sales growth and the rise in profit margin through the improvement of value we provide.

Jan. 1 to Dec. 31, 2023 Unit: 100 million yen

	Results for FY 12/22		Results for FY 12/23		Increase/decrease		Revised full-year forecast (disclosed on Aug. 7)	
	Amount	Ratio to sales	Amount	Ratio to sales	Amount	Increase rate	Amount	Achievement rate
Sales	1,233	—	**1,329**	**—**	+96	+7.8%	1,300	102.3%
Cost of sales	775	62.9%	**807**	**60.7%**	+31	+4.1%	—	—
Gross profit	457	37.1%	**522**	**39.3%**	+64	+14.2%	—	—
SGA	411	33.4%	**437**	**32.9%**	+25	+6.2%	—	—
Operating profit	45	3.7%	**85**	**6.4%**	+39	+86.0%	75	113.6%
Ordinary profit	41	3.4%	**85**	**6.4%**	+43	+104.8%	75	114.1%
Profit attributable to owners of parent	52	4.3%	**59**	**4.4%**	+6	+11.5%	48	123.0%

Overview of the consolidated B/S	End of Dec. 2022	End of Dec. 2023	Increase/ decrease	Remarks
Current assets	710	733	23	Increase in accounts receivable due to strong sales
Fixed assets	442	441	-1	Decrease due to depreciation, etc.
Total assets	**1,152**	**1,174**	**22**	
Current liabilities	490	473	-17	Decrease due to payment of income taxes and bonuses
Fixed liabilities	162	150	-12	Decrease due to repayment of long-term debts
Total liabilities	**653**	**624**	**-29**	
Total shareholders' equity	**491**	**534**	**+43**	
Total net assets	**499**	**549**	**+50**	

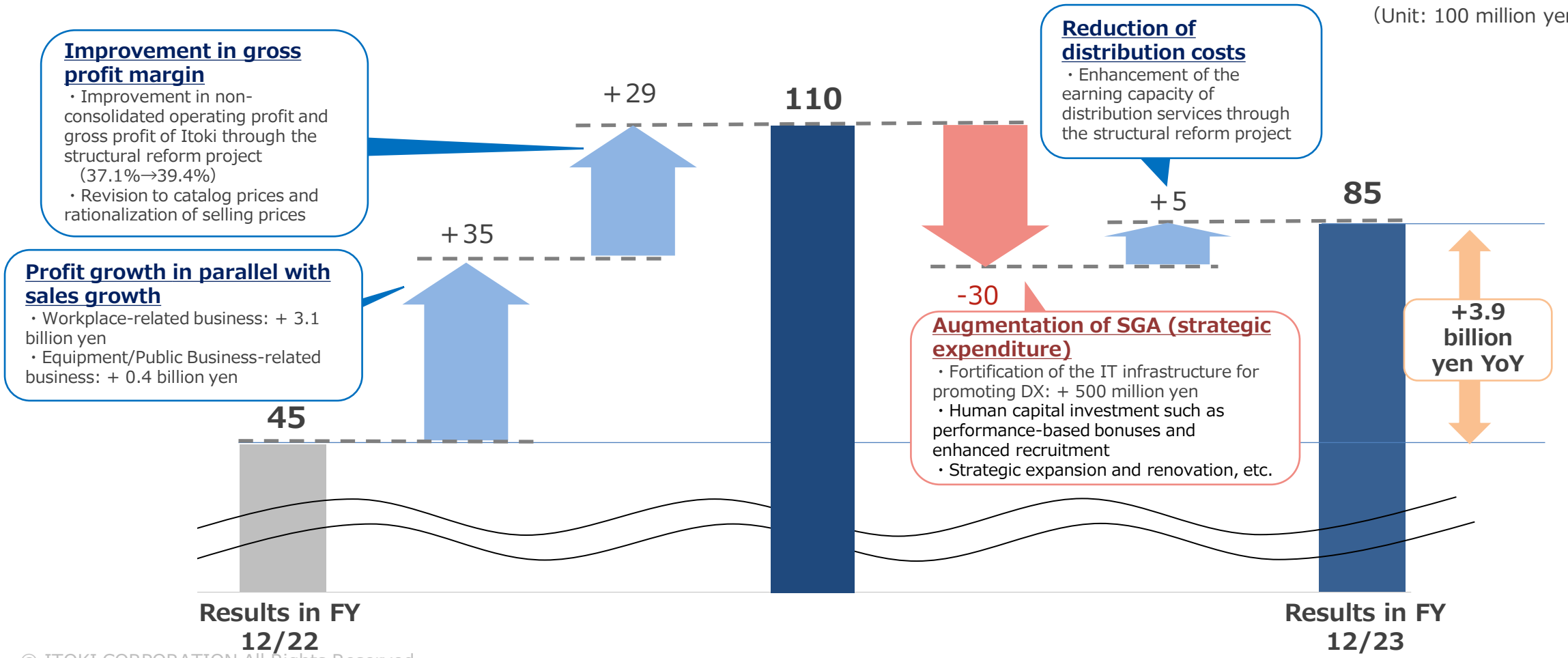
Overview of the consolidated cash flow statement	End of Dec. 2023	Remarks
Cash flow from operating activities	63	Increase due to quarterly net profit before taxes and other adjustments, etc.
Cash flow from investment activities	-40	Strategic expenditure for renovation of ITOKI TOKYO XORK, etc.
Free cash flow	23	
Cash flow from financial activities	-41	Decrease due to payment of dividends and repayment of loans
Change in cash and cash equivalents	-17	
Year-end balance of cash and cash equivalents	236	

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Factors in Increasing/Decreasing Operating Profit (Analysis of Results in FY 2022 and FY 2023)

Sales growth, the improvement in gross profit margin due to the structural reform project, the reduction of distribution costs offset the augmentation of strategic expenditure, so profit grew considerably.

(Unit: 100 million yen)



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Performance of Each Segment

■ Workplace-related business

- Sales were healthy, mainly thanks to renovation projects, office relocation, etc. for new hybrid workstyles.
- Profit increased considerably, due to the sales growth and the rise in profit margin through the improvement of value we provide.

■ Equipment/public business-related business

- Sales were healthy, thanks to the demand for equipment for public and distribution facilities, such as showcases of museums and art museums, and digital signages.
- Profit rose significantly, thanks to the rise in profit margin through the improvement of value we provide for equipment for public facilities.

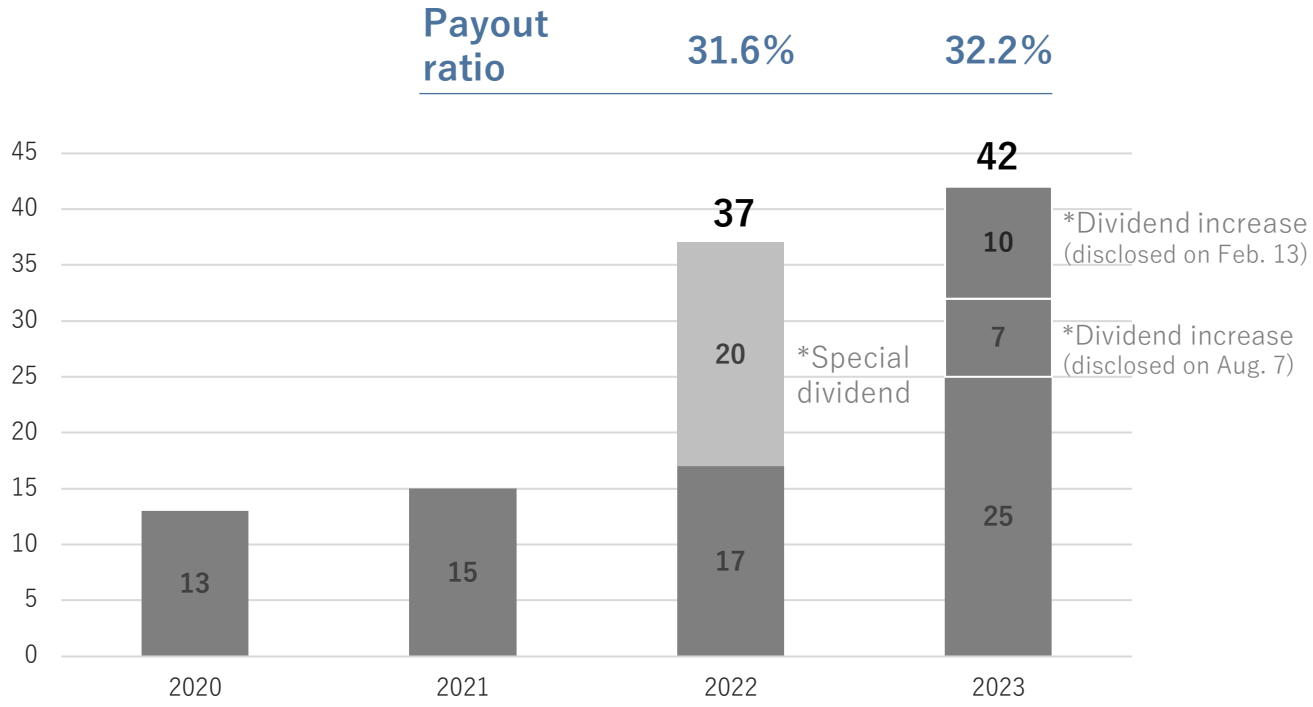
Jan. 1 - Dec. 31, 2023

Unit: 100 million yen		Results for FY 12/22	Results for FY 12/23	Increase/decrease	
				Amount	Increase rate
Workplace-related	Sales	859	942	+83	+9.7%
	Operating profit	25	61	+35	+137.6%
	〔Operating margin〕	〔3.0%〕	〔6.5%〕	—	〔+3.5pts〕
Equipment/public business-related	Sales	356	368	+11	+3.3%
	Operating profit	14	19	+4	+28.6%
	〔Operating margin〕	〔4.2%〕	〔5.2%〕	—	〔+1.0pts〕
IT/sharing	Sales	16	17	+1	+7.7%
	Operating profit	4	4	-0	-1.1%
	〔Operating margin〕	〔27.6%〕	〔25.4%〕	—	〔-2.2pts〕

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Return to Shareholders (Dividends for FY Ended December 2023)

Following the shareholder return policy, we paid a dividend of 42 yen/share for FY ended December 2023.
(initial dividend forecast: 25 yen; up 7 yen on Aug. 7; up 10 yen on Feb. 13)



Shareholder return policy

Our company recognizes the distribution of profit as one of priority management policies, and pay dividends to shareholders continuously and stably with the aim of achieving a payout ratio of over 30%, while considering corporate earnings, the enrichment of internal reserve, future business operation, etc. comprehensively from the long-term viewpoint.
We will utilize internal reserve efficiently for mainly strategic investment in R&D, which is indispensable for future growth, and growing fields.

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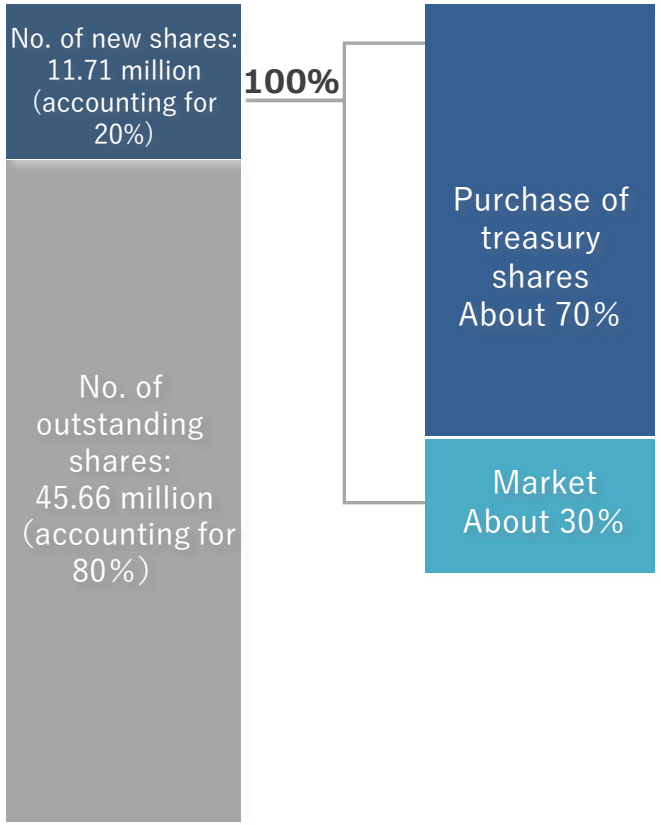
2. Termination of the Business Alliance

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Regarding the Termination of the Business Alliance with Advantage Advisors Co., Ltd.

- Timely disclosure on February 13, 2024
  "Notification on the completion of exercise of the first share acquisition right through the allocation to third parties, changes of major shareholders and the largest shareholder, changes in purposes of use of funds, and the cancellation of the business alliance contract with Advantage Advisors Co., Ltd."

Item	Description
Corporate name	Advantage Advisors Co., Ltd.
Business description	Management consultancy
The contract was concluded in	June 2020
Purposes of the contract	To improve corporate value and achieve sustainable growth
Support for our company	1. Reform of our marketing system 2. Reform of our supply system 3. Reform of our product development system 4. Efficient utilization of assets we own 5. Increase of profitability of business segments other than office furniture business 6. Reinforcement of the organizational base
Consultation fee	Allocation of share acquisition rights to the fund to which AA offers services - No. of share acquisition rights: 113,771 - No. of shares issued: 11,718,413 (103 shares per share acquisition right)



✓ "After reconsidering the purposes of use of funds while taking into account the current financial status of our company, we set a plan to acquire treasury shares which account for about 70% of issued shares with the aim of reducing the impact of share dilution due to the capital increase through the exercise of share acquisition rights on shareholders, and decided to allocate the funds procured this time to this plan."

✓ "We confirmed with allocatees that they will sell shares swiftly with a method that would not cause significant disturbance in the stock market, to meet our request for the distribution of shares to the market so that the liquidity of shares of our company will improve."

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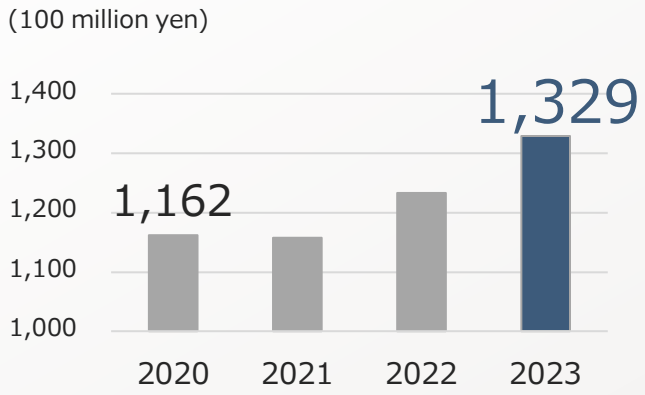
3. New Medium-term Management Plan

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We achieved the goals of the previous Medium-term Plan “RISE ITOKI 2023,” marking record-high sales and operating profit.*

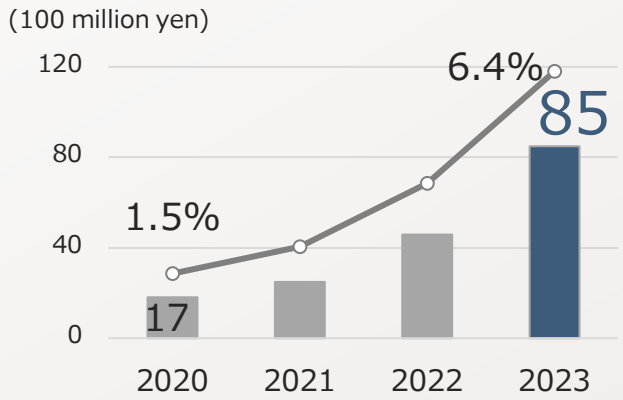
* Since 2005, when Itoki Crebio Co., Ltd. and Itoki Corporation merged

Sales



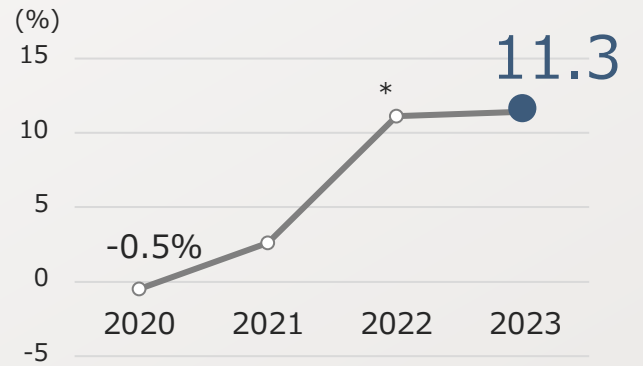
Goal: 133 billion yen
Results: 132.9 billion yen (achievement rate: 99%)
- Compound annual growth rate (CAGR): 4.6%

Operating profit and its margin



Goal: 6 billion yen
Results: 8.5 billion yen (achievement rate: 141%)
- Operating margin rose over 4 points over the past 3 years.

R O E

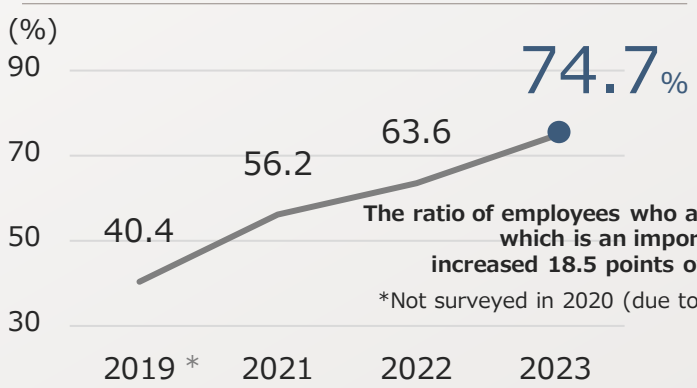


*FY 12/22: The posting of extraordinary gain contributed. (If extraordinary gain/loss is excluded, it is 6%.)

Goal: 7.0%
Results: 11.3% (+4.3 points from the goal)
- ROE rose over 9 points over the past 3 years.

Employees became more proud of our company, and external evaluation of our company improved significantly.

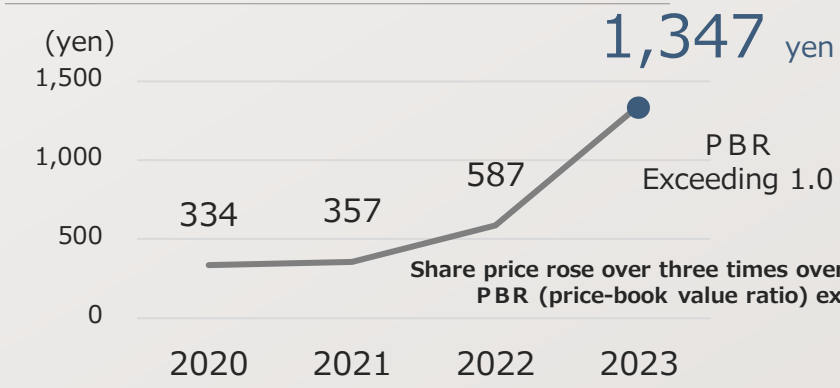
Results of a survey on employees’ engagement



The ratio of employees who are proud of our company, which is an important indicator, increased 18.5 points over the past 3 years.

*Not surveyed in 2020 (due to the spread of COVID-19)

Share price



Share price rose over three times over the past 3 years
PBR (price-book value ratio) exceeded 1.0.

(as of Dec. 29, 2023)

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Chance

Opportunities

- Growth of interest in human capital-centered management
- Diversification of lifestyles and workstyles
- Acceleration of digitalization
- Market growth through the improvement of workplaces

RISE TO GROWTH 2026

Challenge

Endeavors

- To bring out the full potential of workers
- To contribute to value creation through spaces
- To innovate office development by combining real and digital items

Domain

Major business domains



Strength

Forte

Tech × Design
based on
PEOPLE

TECH	・Manufacturing technology ・Know-how and experience ・Data-driven
DESIGN	・Product ・Interior ・UX (user experience)
PEOPLE	・Pride ・Motivation ・Professionalism

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VISION STATEMENT

To invigorate people and also the earth

MISSION STATEMENT

To design tomorrow's "workstyles"

«Expansion/creation phase»

To establish new value as a new Itoki

2027-2029

«Profitability enhancement phase»

To hone the capacity for sustainable growth

RISE TO GROWTH 2026

2024-2026

«Reform phase»

To develop an earning structure

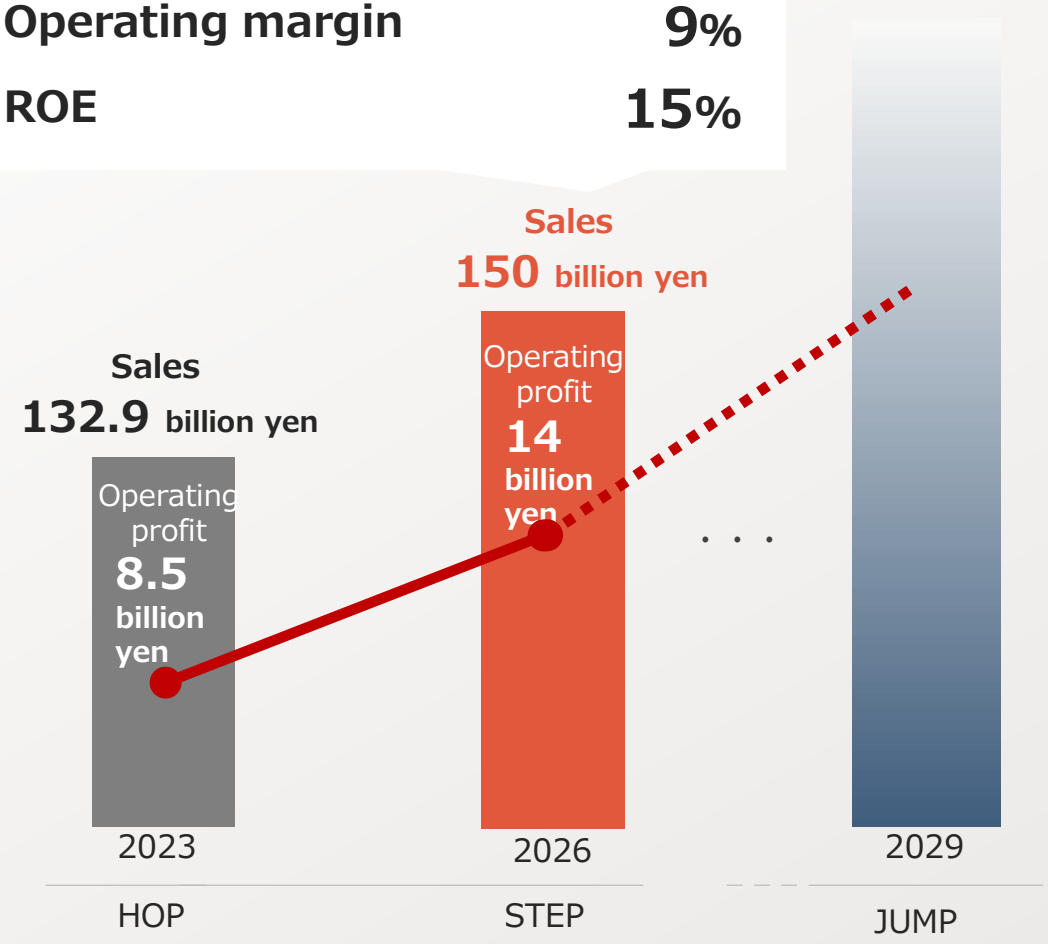
RISE ITOKI 2023

2021-2023

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Numerical goals for 2026

Sales	150 billion yen
Operating profit	14 billion yen
Operating margin	9%
ROE	15%



Forecast for each segment

		2023	2024	2026	2023-2026	
		Results	Forecast	Forecast	Increase/ decrease	Growth rate
Workplace-related business	Sales	942	990	1,060	+117	+12%
	Operating profit	61	80	110	+48	+80%
	Margin	6%	8%	10%	+4pts	
Equipment/public business-related business	Sales	368	370	420	+52	+20%
	Operating profit	19	20	30	+10	+57%
	Margin	5%	5%	7%	+2pts	
Consolidated	Sales	1,329	1,375	1,500	+170	+13%
	Operating profit	85	100	140	+55	+64%
	Margin	6%	7%	9%	+3pts	

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Key strategies 7 Flags

1	**Office 1.0／2.0 Area***	**Itoki will strengthen value-added proposals for new work styles and the office spaces for implementation of those work styles, and thereby ensure the sales and profit base.**
2	**Office 3.0 Area***	**Itoki will utilize spatial sensing and IoT embedded to office furniture in order to develop services that provide data-driven and optimal work styles and office spaces.**
3	**Specialized Facility Area**	**Itoki will prioritize allocation of resources to R&D and engineering in the logistics facility area and research facility area, and develop those areas into the second pillar.**
4	**High Profitability**	**Itoki will improve production and operational efficiency by reorganizing the Group's production and supply system and renovating the internal IT infrastructure.**
5	**Group Synergy**	**Itoki will apply the successes of the structural reform project carried out by Itoki individually, and implement them horizontally to Group companies, and thereby pursue Group synergy.**
6	**Human capital**	**Itoki will promote proactive and dynamic “creativity and ingenuity” in each employee, mainly through reform of the human resources system.**
7	**Financial strategy**	**From a medium-to-long-term perspective, Itoki will invest in growth strategy and implement employee returns and shareholder returns in a planned manner.**

* Office 1.0: Product-based sales business; Office 2.0: Space-based product solution business
* Office 3.0: Workstyle-based office DX business

E Environment

Contribution to the achievement of a society that has zero negative impact on the ecosystem.

S Society

To help maximize social human capital through our business

G Governance

To establish a governance system for the entire Group from the consolidated perspective

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Itoki will strengthen value-added proposals for new work styles and the office spaces for implementation of those work styles, and thereby ensure the sales and profit base.

01

KPI

Office 1.0-2.0 Product & Solution

2026 Sales

+10% from 2023

2026 Operating profit margin

10%

Measure 1: To enhance product competitiveness, and advertise the value of experience《Office 1.0》



・To improve brand presence by polishing designs

Redevelopment of brands of in-house products/utilization of overseas brands and external designers



・Development of furniture fused with digital devices

Development of new products suited for hybrid work, and sales expansion



・Reform of overseas sales structures

Sales expansion mainly in the ASEAN region

Measure 2: To propose added value along with spaces 《Office 2.0》



・To strengthen the business structure for the spatial design domain

To increase opportunities to develop young creators/enhance the capability of disseminating trends



・To expand and pursue the consulting domain

DX of office spaces/provision of knowledge to meet the needs of the times, such as the diversification and



・To expand sales of products for constructio and interior finishing while proposing spaces too

Development of new building materials and sales expansion

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Itoki will utilize spatial sensing and IoT embedded to office furniture in order to develop services that provide data-driven and optimal work styles and office spaces.

02

KPI

Sales in 2026

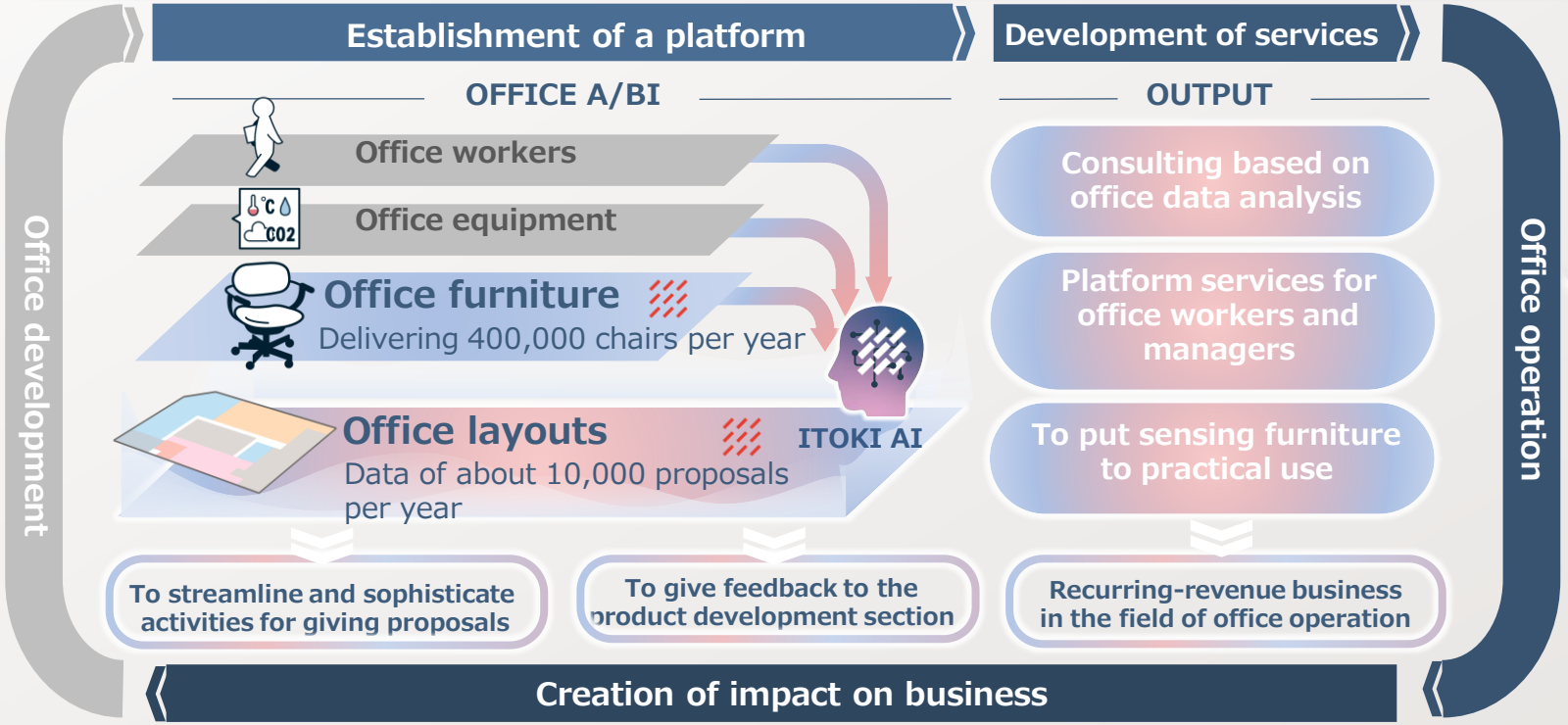
3 billion yen

Cumulative investment amount in 3 years

2.5 billion yen

*excluding personnel expenses

Measure 1: To develop new data services《Office 3.0》



Data-Driven &Agile



Assessment with data before office development
Optimization of operation after office development
⋮
Office that keeps evolving in response to changes in business

Measure 2: Collaboration and capital alliances with AI enterprises

・To create new value with start-up firms that possess advanced AI technologies, including image processing, natural language processing, and optimization simulation

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Released today「Data Trekking」

Data Trekking

Provides a consistent program from data collection and analysis to implementation

Data collection
Collect data, necessary for analysis

Data analysis
Analyze the collected data

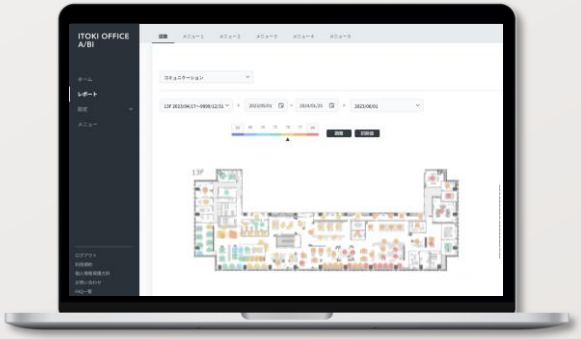
Interpretation/ evaluation
Data Analyst
Planner Designer
Interpretation/ evaluation

Recommend measures
Recommend measures based on data

Execute measures
※Separate contract

Realizing a new worldview of Office 3.0 First new service

Data Trekking



To continuously evolve office construction and operation, we will continue to walk together with our customers, using data as a guidepost

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Itoki will prioritize allocation of resources to R&D and engineering in the logistics facility area and research facility area, and develop those areas into the second pillar.

03

KPI

2026
Dedicated facility domain
(Sum of sales in mechatronics, airflow control, and machinery domains)

Sales
30 billion yen
(+40% from 2023)

Operating profit
2 billion yen
(+40% from 2023)

2026
Fortification of development and engineering systems
+50 or more

Measure 1: To expand the dedicated facility domain

《Distribution facilities》 To operate various SAS*1 for distribution



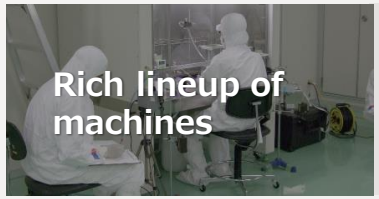
・Development for the frozen food market, where demand is expanding
・Downsizing suited for automation of various facilities
・Application to automated warehouses in ASEAN countries, etc.

《Research facilities》
To expand our market share by releasing new products



・To strengthen a touch point with customers
・Application to facilities in ASEAN countries, etc.

《Drug development/healthcare and semiconductor manufacturing》
To establish a business in a growing field



・To establish a clean equipment business in the drug development/healthcare field
・To enhance sale of automatic cleaning devices in the semiconductor manufacturing field

* 1 SAS: a shuttle-type automated multilevel warehousing system for which speed and compactness have been pursued
* 2 Mechatronics: the general term for control technologies for allowing complex movements of machines with electronic circuits
* 3 Airflow control: control of work spaces at the time of handling raw materials with a draft chamber for safety, health, and quality management

Measure 2: To establish a maintenance business

《Distribution facilities》 ・To develop prediction and maintenance services utilizing data and IoT

《Research facilities》 ・To establish a maintenance service business based on the construction and air conditioning-related technologies

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Itoki will improve production and operational efficiency by reorganizing the Group's production and supply system and renovating the internal IT infrastructure.

04

KPI

2026
Manufacturing cost + Distribution expenses (consolidated)

Down 5% from 2023

2026
Increase in operating profit per person

Up 50% from 2023

Cumulative investment in in-company IT (DX) in 3 years

8 billion yen

Measure 1: To optimize the supply chain

・To streamline operations and reduce costs through the reform of production systems





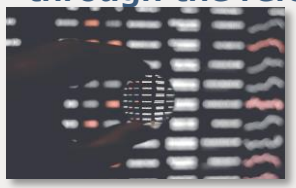
Optimization of production in the entire Itoki group

-To manufacture a wide array of products
-To restructure 11 factories in Japan
-To expand licensed manufacturing and OEM

Review of procurement and cementing of cooperation with suppliers

-Joint procurement of materials through external cooperation

・To streamline operations and reduce distribution costs through the reform of distribution systems





To establish a foundation for supporting the reform of SCM* in the medium/long term

-Visualization of distribution costs
-Revamping of systems to make them compatible with advanced ERP

*Supply Chain Management

To improve the distribution and construction systems of the entire Itoki group

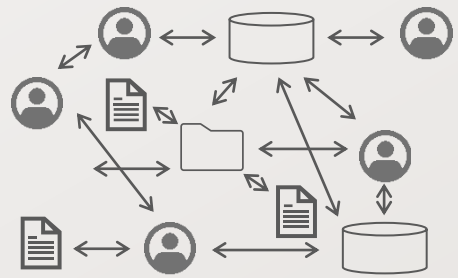
-Optimization of distribution and delivery bases
-Improvement of delivery efficiency with pallets

Measure 2: To “standardize, simplify, and automate” operations

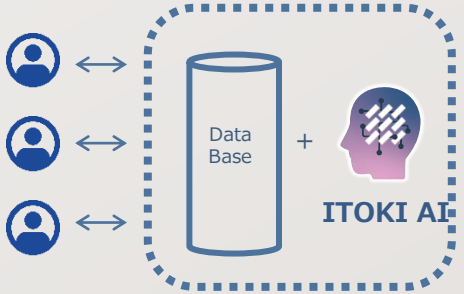
・To adopt advanced ERP for IT infrastructure

-To improve the precision of production and distribution plans
-To conduct the settlement of accounts earlier than before (to disclose the results within the month)
-To streamline processing with AI

Until now



From now on



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05

Itoki will apply the successes of the structural reform project carried out by Itoki individually, and implement them horizontally to Group companies, and thereby pursue Group synergy.

KPI

2026
Consolidated group companies* Operating margin

Up 2% from 2023

*Sum of results of consolidated group companies, excluding Itoki

2026
Cash outflow from the Itoki group

Down 3 billion yen

*Amount of transactions with external enterprises out of cost of sales of group companies (including Itoki)

Measure 1: To apply the structural reform method to group companies



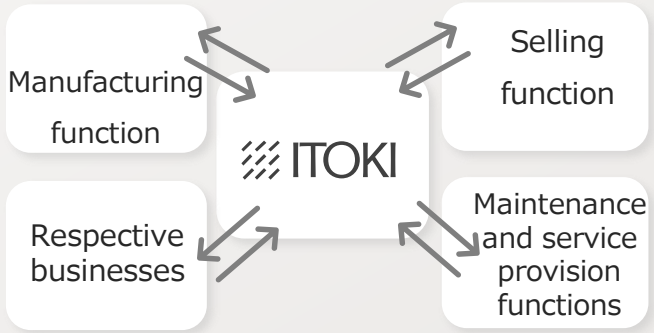
Outline of the structural reform project for 2021-2023

-Marketing system reform project
-Production and supply system reform project
-Project for streamlining the use of assets
-Project for making building materials more profitable
-Product development strategy project
-Project for HR and evaluation systems
-Project for DX/IT strategies

》》 **Application to group companies**



Measure 2: To promote the cooperation among group companies for sharing functions



Concrete cases of cooperation for sharing functions

- **Construction function:** Integration of engineering functions and enhancement of cooperation in the Itoki group for the domestic office market and the market of distribution and research facilities
- **Manufacturing function:** Cementing of cooperation among group companies, including DALTON
- **Overseas sales function:** Enhancement of sale of logistic SAS and products for research facilities through the sales channels in the overseas office market

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Itoki will promote proactive and dynamic “creativity and ingenuity” in each employee, mainly through reform of the human resources system.

06

KPI

2026
Results of a survey on employees’ engagement*

85%

*Ratio of employees who have answered that they are proud of their company, which is an important indicator

2026
Ratio of female managers

13%

Measure: To reform the HR system

Professional
To hone expertise to realize continuous business growth

×

Retention
Personnel who strongly hope to contribute can keep working vigorously

×

Pay for Performance
Favorable treatment of personnel who perform well

Whole picture of human capital strategy

MISSION STATEMENT: To design tomorrow’s “workstyles”

① Vision	② Theme	③ Action	④ Output	⑤ Outcome
Ideal human resources	**Professional** **Retention** **Pay for Performance**	To operate a new HR system To recruit specialized personnel To recruit global personnel To enrich training systems To train next-generation leaders To invest in facilities To foster in-company communities	Improvement in engagement Good performance of diverse personnel Increase of opportunities to grow Increase of female managers Attractive “working” environment Rise in the ratio of employees who have taken each kind of leave	**Improvement in ES** The ratio of employees who answered that they are proud of their company, which is a specified indicator: 85% or over **Improvement in CS** Sales: 150 billion yen Operating profit: 14 billion yen ROE: 15%
Challenges ・To secure personnel ・To hone expertise ・To motivate employees to contribute to their organizations ・To improve productivity ・To empower women	**Workplace×DE&I**			
Completion of the Medium-term Management Plan				

The improvement of human capital would help attain management goals.

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From a medium-to-long-term perspective, Itoki will invest in growth strategy and implement employee returns and shareholder returns in a planned manner.

07

Strategic investment/R&D/capital investment (including strategic expenditure)

Strategic investment ··· Investment in development for new business and business expansion, investment in DX, M&A, etc.

R&D ··· Expenses for surveys, tests, and research at R&D Dept.

Capital investment ··· Installation/update of equipment for optimizing production, molds for new products, investment in other infrastructure, etc.

Investment in human capital

Investment in the working environment ··· ITOKI TOKYO XORK (head office), R&D, revamping of marketing, production, and distribution bases

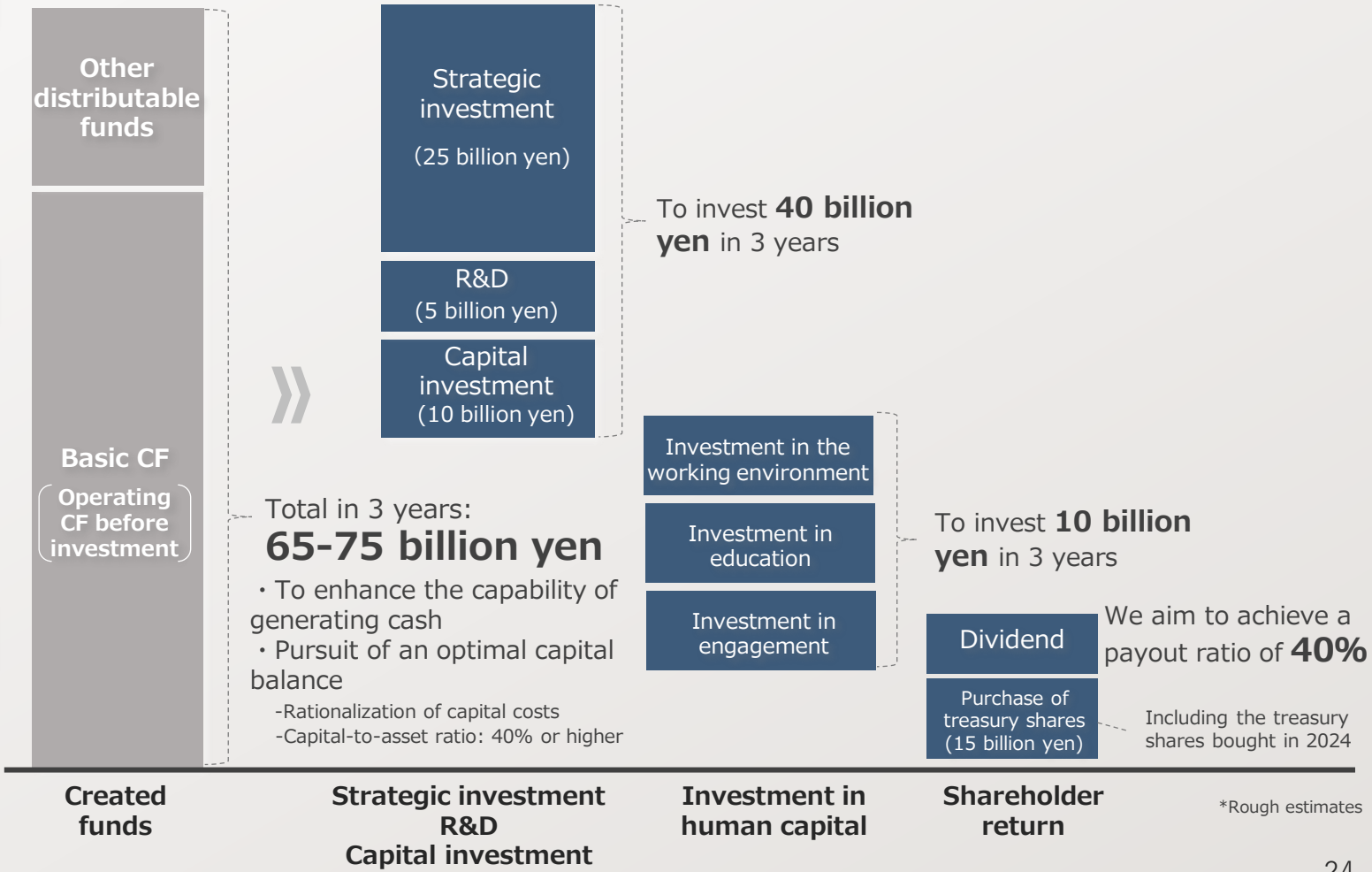
Investment in education ··· Skill development and reskilling

Investment in engagement ··· Strategic expenditure for improving employees' engagement
(Enhancement of inner communication, incentives for employees, etc.)

Shareholder Return

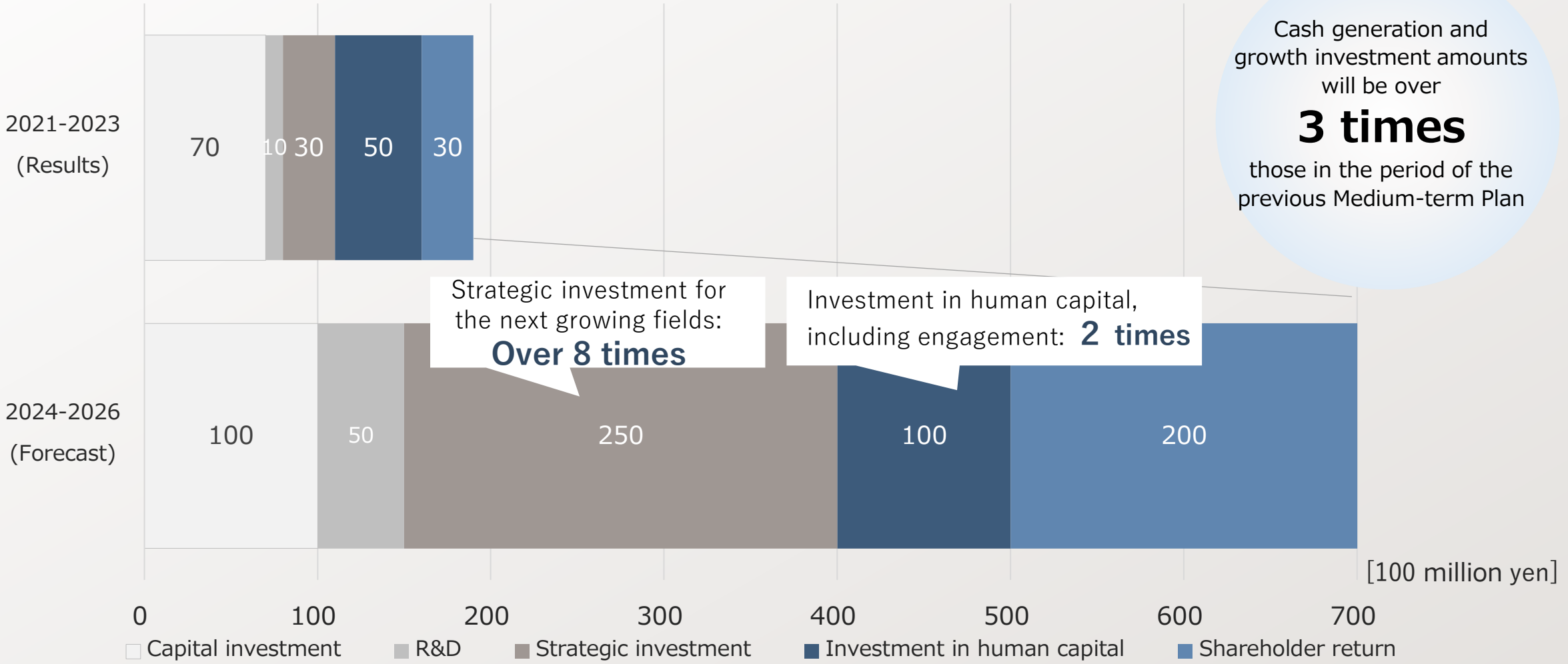
Dividend policy ··· We aim to keep paying dividends stably and achieve a payout ratio of 40%.

Purchase of treasury shares ··· We think of buying treasury shares swiftly.



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Comparison with the cash allocation in the past 3 years

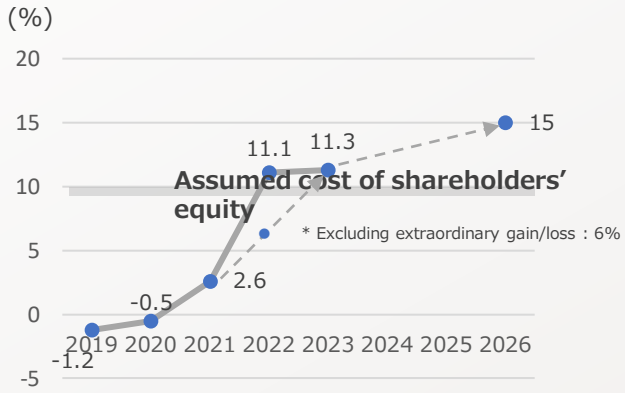


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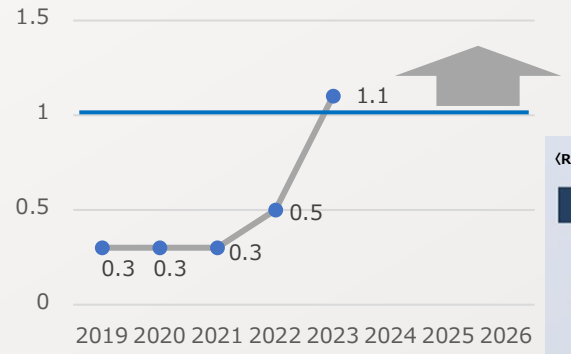
Measures for realizing business administration conscious of capital costs and share price

- Cost of shareholders' equity was calculated not only with the capital asset pricing model (CAPM), but also based on earnings yield from the viewpoint of investors (assumed shareholders' equity cost: 9-10%)
- ROE rose significantly as business performance improved thanks to the structural reform in the previous medium-term plan. The structural reform will be continued in the New Medium-term Plan.
- PBR increased from 0.5 to over 1 as we worked on IR in addition to the structural reform.

Variation in ROE



Variation in PBR



〈Relations among PBR, ROE, and cost of shareholders' equity〉

$$PBR = ROE \times PER$$

$$= 1 + \frac{\text{(Equity spread) } ROE - \text{Capital cost}}{\text{Capital cost} - \text{Internal reserve ratio}} \quad ROE$$

Measures for improving ROE and curtailing cost of shareholders' equity

*Implemented based on the key strategies 7 Flags

Improvement in corporate value (PBR: 1 or over)

- **Improvement in ROE (15% in 2026)**
  - Improvement in profitability → To enhance the profit earning capability → 7Flags.ALL
  - Improvement in profitability of use of assets → To reduce total assets and streamline the use of them → 7Flags.04-05
  - Financial leverage control → To manage business while considering capital cost, and optimize cash allocation → 7Flags.07
- Improvement of equity spread
- **Curtailment of cost of shareholders' equity (9-10% assumed)**
  - Reduction of business risks → To strengthen our business Portfolio to pursue synergy among group companies → 7Flags.03-05
  - Reduction of business risks → To sophisticate sustainability-orien business administration → ESG
  - Improvement in expected growth rate → To stir up demand for investment in offices as one form of investment in human capital → ESG

"To enhance the engagement with investors through strategic IR" and "enrichment of disclosed information"

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4. Earnings Forecast for FY ending December 2024

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Earnings Forecast for FY ending December 2024

- As the first year of the medium-term management plan, by implementing the key strategy: 7 Flags Consolidated sales are expected to be +3.4% (workplace +5.0%, equipment/public +0.4%)Consolidated operating income is expected to increase by 17.3% to 10 billion yen

Jan. 1 - Dec. 31, 2024　　Unit: 100 million yen

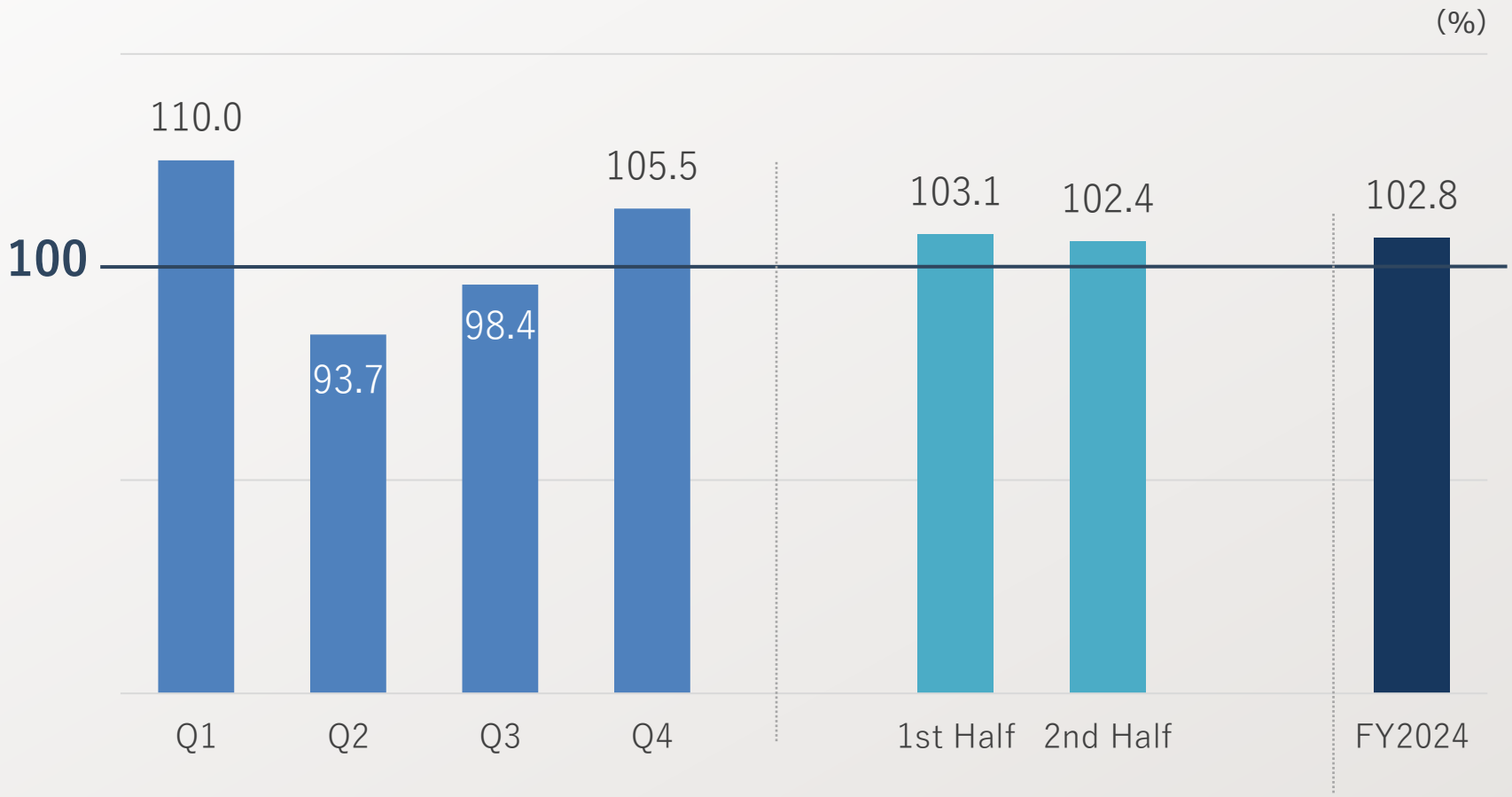
[Consolidated]	Results for FY 12/23	Forecast for FY 12/24	Increase/decrease	
			Amount	Increase rate
Sales	1,329	**1,375**	+45	+3.4%
Operating profit	85	**100**	+14	+17.3%
Ordinary profit	85	**100**	+14	+16.9%
Profit attributable to owners of parent	59	**70**	+10	+18.5%
〔Operating margin〕	〔6.4%〕	**〔7.3%〕**	—	+0.9pts

[Segment]		Results for FY 12/23	Forecast for FY 12/24	Increase/decrease	
				Amount	Increase rate
Workplace-related	Sales	942	**990**	+47	+5.0%
	Operating profit	61	**80**	+18	+30.5%
	〔Operating margin〕	〔6.5%〕	**〔8.1%〕**	—	〔+1.6pts〕
Equipment/public business-related	Sales	368	**370**	+1	+0.4%
	Operating profit	19	**20**	+0	+4.9%
	〔Operating margin〕	〔5.2%〕	**〔5.4%〕**	—	〔+0.2pts〕

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Status of held business negotiations

・Status of held business negotiations as of the beginning of February 2024, ratio of held business negotiations in the current period when the held deal amount for the same period of the previous year is set as 100
・Total of workplace business and equipment public business



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Regarding the Enhancement of Shareholder Return

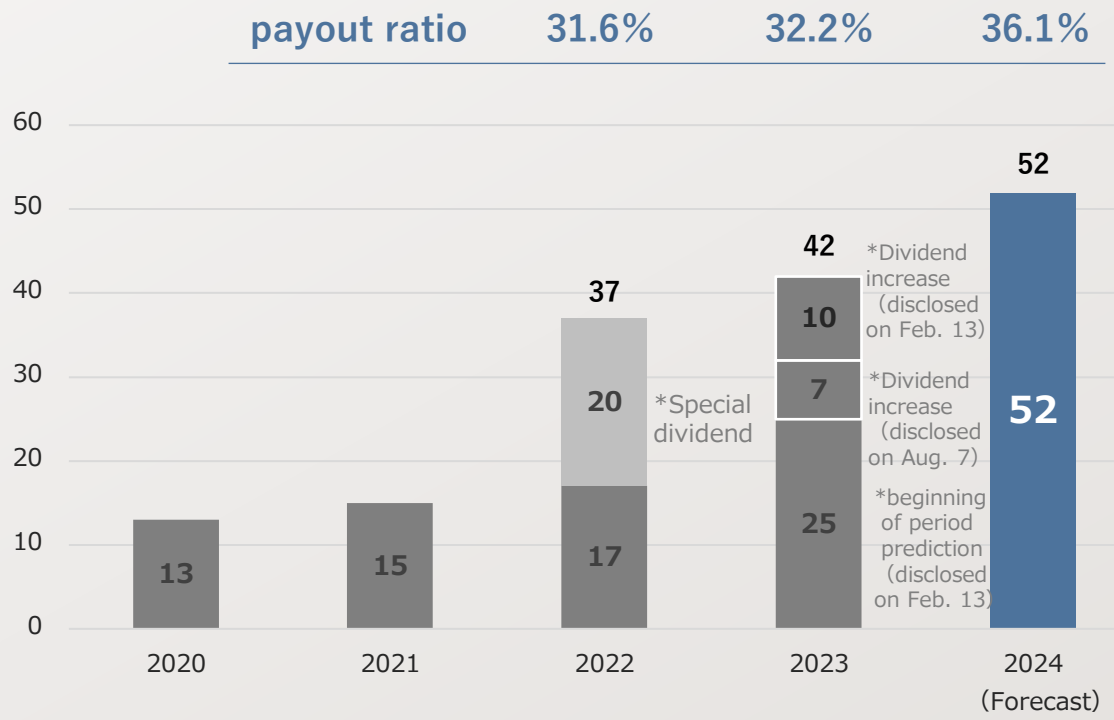
Shareholder return policy

Our company recognizes the distribution of profit as one of priority management policies, and pay a year-end dividend to shareholders once a year continuously and stably while considering corporate earnings, the enrichment of internal reserve, future business operation, etc. comprehensively from the long-term viewpoint.

We will implement dividend policies with **the aim of achieving a payout ratio of 40%** while pursuing business administration focused on shareholders and considering consolidated performance in addition to stable dividends.

We will utilize internal reserve efficiently for mainly strategic investment in R&D, which is indispensable for future growth, and growing fields in order to improve corporate value.

Variation in annual dividend per share [yen]



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Return on the investment in offices (investment in human capital)

HR costs vs Facility costs

The investment in facilities for motivating employees is more effective than the increase of personnel expenses (the investment can be leveraged more effectively)

HR costs : Facility costs = **10 : 1**

12 million yen	1.44 million yen

<Assumption> Place: Marunouchi, rent: 40,000 yen/tsubo (≒ 3.3 m²) per month, required area per person: 3 tsubo (≒ 10 m²), facility cost: 1.44 million yen/person per year (40,000 yen × 3 tsubo × 12 months). HR cost of a company that has an office in Marunouchi: 12 million yen/employee (average salary: 8 million yen + social insurance premiums, etc.)

Changes in the interest in the investment in offices

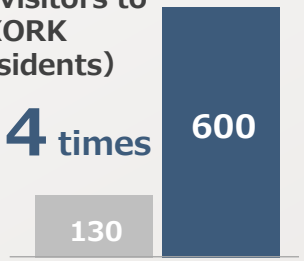
No. of visitors to XORK

3 times



No. of visitors to XORK (presidents)

4 times



About **2-3 presidents** visit XORK per day

*In 2022, XORK on the 12th floor was renovated. In 2023, XORK on the 13th floor was renovated.
*The figures are rough estimates.

Effects of investment in offices that would contribute to business administration focused on human capital

Internship application rate

HR data *1

+40%

Experienced personnel recruitment rate

HR data *2

+10%

Turnover rate of employees in their 20s and 30s

HR data *2

-40%

Engagement ratio (pride) *2

Comparison between the engagement survey results before renovation and those after renovation

+10pt

Positive effect on performance (comparison between renovated and un-renovated bases) *2

+10%

Recognition of productivity *3

Ratio of employees who answered "I am working with high productivity."

+44%

*1 Comparison between students who would graduate in 2024 and those who would graduate in 2025
*2 Comparison between 2022 and 2023
*3 Comparison between Riesman survey results in 2017 (before relocation) and those in June 2022 (relocation in 2019 and renovation in 2022)

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To design tomorrow's "workstyles"

We Design Tomorrow.
We Design WORK-Style.











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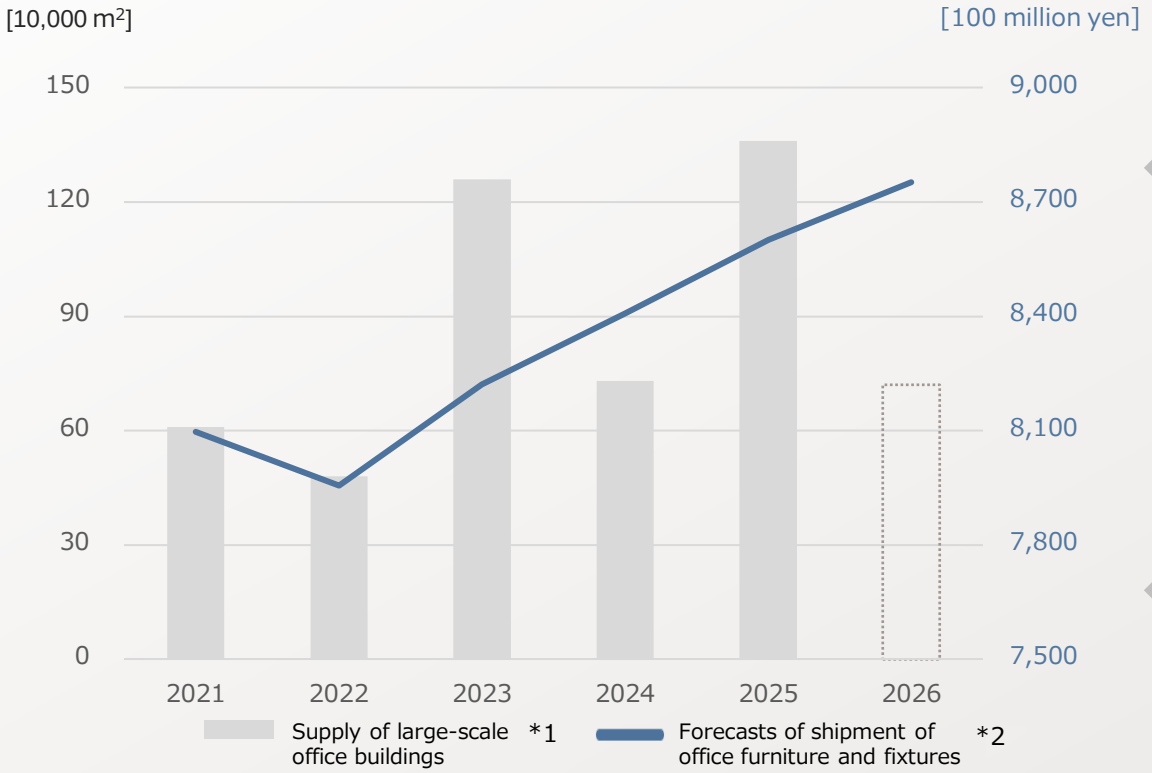


APPENDIX

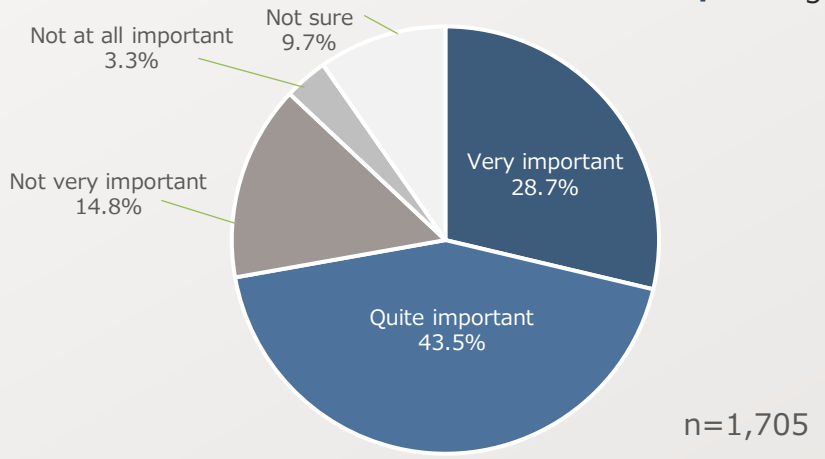
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As the diversification of workplaces and the investment in offices as part of business administration focused on human capital are now recognized as management issues, the market of renovation, etc. is expected to grow healthily.

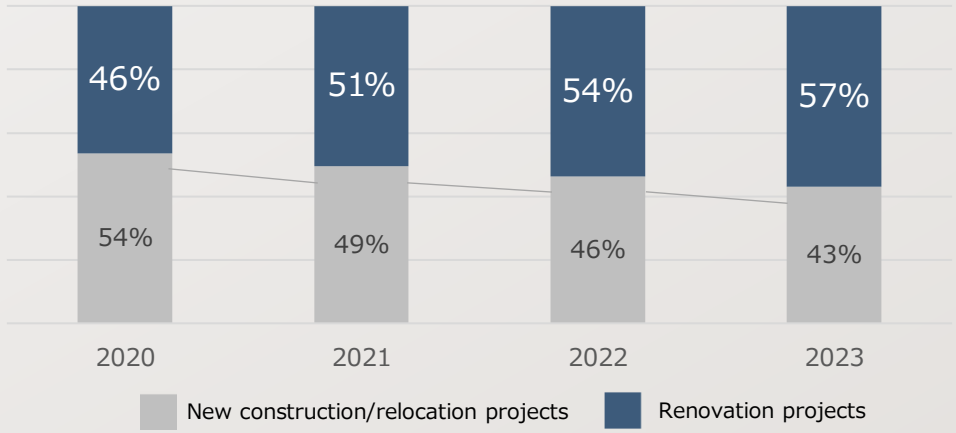
Forecasts of large-scale office buildings supplied and shipment of office furniture and fixtures



Opinions about workplace strategy from the viewpoints of securing of personnel and business administration focused on human capital *3



Composition of business talks in Itoki (new construction/relocation and renovation) *4



*1 Taken from “Survey on the large-scale office building market in 23 wards of Tokyo in 2023” by Mori Building
*2 Estimation by Itoki
*3 Taken from “Survey on demand for offices in metropolitan areas in the fall of 2023” by XYMAX Corporation
*4 Non-consolidated results of Itoki

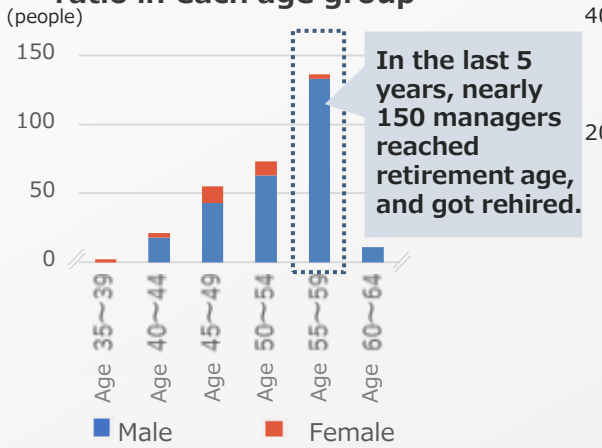
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Initiatives for diversity

Distribution of employees of Itoki

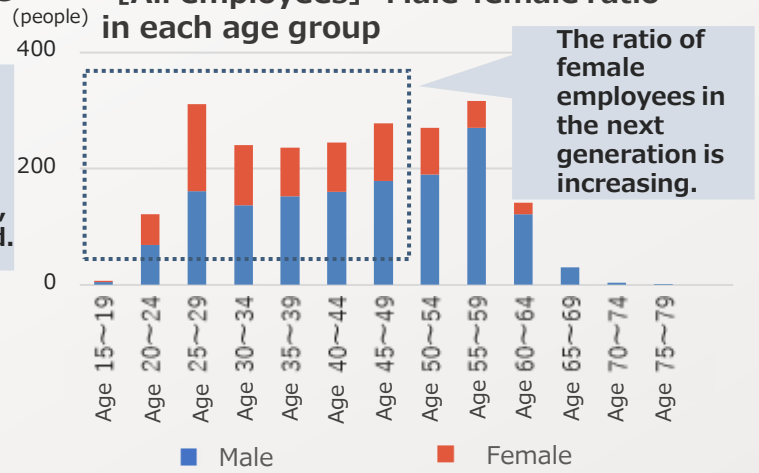
Personnel will become more diverse through the change of generations.

[Managerial posts] Male-female ratio in each age group



In the last 5 years, nearly 150 managers reached retirement age, and got rehired.

[All employees] Male-female ratio in each age group

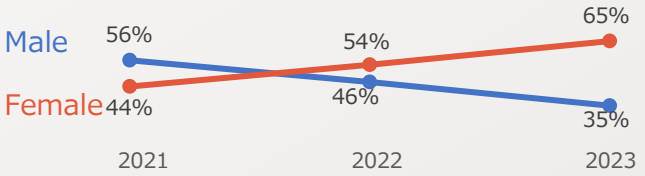


The ratio of female employees in the next generation is increasing.

*Produced from information on employees as of Nov. 2023, excluding the information on directors and auditors.

Active recruitment of women

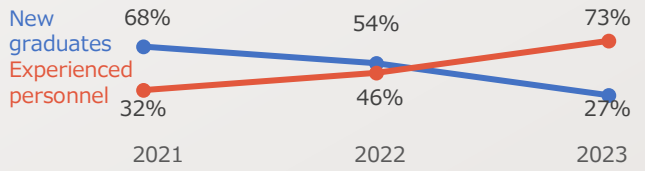
[New graduates] Variations in the ratios of male and female new graduates employed



Ratio between male and female employees new graduates in 2023:
1 : 2

Active recruitment of experienced personnel

[Recruitment] Variations in the ratios of new graduates and experienced workers hired



Ratio between new graduates and experienced workers hired:
7:3⇒3:7

Empowerment of women

To establish the in-house community “SPLi” for empowering women, and conduct various activities for supporting career development

Recruitment of overseas personnel

Through the partnership with Hanoi University of Science and Technology, Vietnam, we recruited two competent people in 2023, and will recruit about 10 competent people in 2024.

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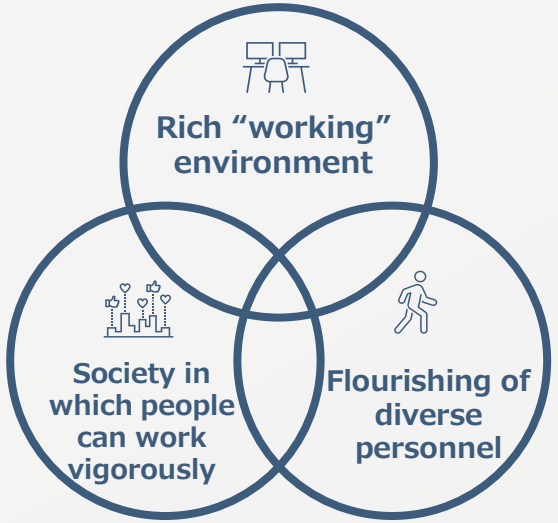
To contribute to the realization of a society that produces no negative impact on ecosystems under “ITOKI Ecosystem Initiative toward 2050－coexistence with nature”



Contribution to the coexistence of people and nature



To contribute to the maximization of human capital by introducing our company as a place for demonstration experiments of investment in a “working” environment and promoting the design of workstyles for core businesses



Itoki’s business
Development of a working environment ＝ Maximization of human capital

Offices help create value



To redevelop our management base from the non-consolidated and consolidated viewpoints, to tighten the governance of the entire corporate group



Strengthening of consolidated group management

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Data-driven business administration

To evolve and promote the slogan: “To design tomorrow’s ‘workstyles’,” by realizing flexible “ways of working” and creating new value through the utilization of digital technologies and data

1. Data business

To improve the value of experience of society and customers, and create new business

- To improve consulting services for reforming workstyles based on data
- To operate data-driven business, which can be realized with Office 3.0
- To realize “ITOKI Smart Campus”* by utilizing metaverse technology, results of AI-based analysis of group work, etc.

2. Streamlining of operations

To streamline business processes, and improve the value of experience of employees

- To practice activity-based working (ABW) by utilizing the latest digital technologies, such as cloud computing and mobile infrastructure
- To develop foundations for business operations and data with Cloud ERP (real-time data visualization, review of business processes and rules, and strengthening of compliance)

3. Sophistication of management

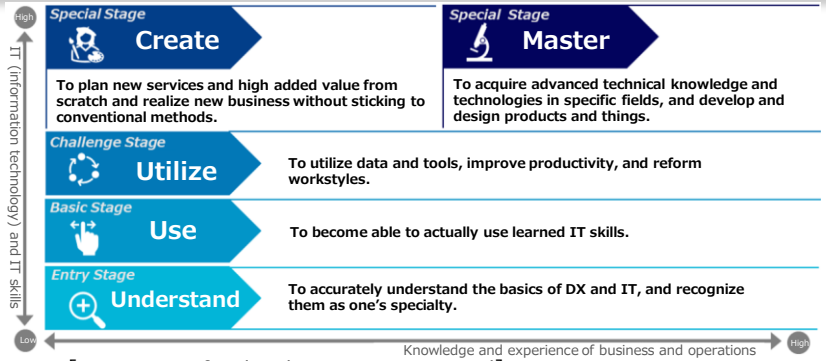
Real-time business administration and decision making based on data

- To develop a data base that can be utilized for designing and executing strategies, by linking the KPIs of financial affairs and business operations to the insight extracted from data
- To support real-time decision making at each of management, department, and section levels.

4. Training and securing of DX personnel

Development of specialized personnel and fostering of corporate climate

- To develop personnel versed in DX, who can consider digital technologies and data as their specialty and utilize data and tools for improving operations and productivity and creating new value
- To define five stages for developing DX personnel, establish systems for allowing employees to move up in their career at their own pace, and foster corporate climate



[Five stages for developing DX personnel]

5. Development and fortification of the DX base

Development of foundations for data and systems, and strengthening of information security measures

- Step-by-step development of a system base for utilizing digital technologies and data
- Fortification of IT governance in the entire corporate group based on “Risk Control Committee” chaired by the president

*New standards for “learning styles” realized by educational DX “Tech × Design” envisioned by Itoki.
Learning environment where people can pursue something, cooperate, and co-create something anywhere, anytime.

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Major topics < Awards >

Received the highest award “Gold” in “PRIDE Index 2023”

We received the highest award “Gold” in “PRIDE Index,” which evaluates the initiatives for sexual minorities, including LGBTQ, at workplaces.



work with Pride Gold 2023

*Display at the entrance of ITOKI TOKYO XORK

Received “D&I AWARD” at “D&I AWARD 2023.” Recognized as the highest rank “Best Workplace” for 2 consecutive years.

Our company was recognized as the “Best Workplace,” which indicates the highest evaluation, at “D&I AWARD 2023,” Japan’s largest awarding event for certifying enterprises that focus on diversity and inclusion, which is organized by JobRainbow Co., Ltd. Furthermore, we received “D&I AWARD” in the section of enterprises with 301-3000 employees.

D&I AWARD SEMI-GRAND PRIZE for diversity & inclusion 2023

D&I AWARD BEST WORKPLACE for diversity & inclusion 2023

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Major topics ＜ PR ＞

Holding of a ceremony for signing the written confirmation for forming a partnership with Hanoi University of Science and Technology

A ceremony for signing the written confirmation for friendly exchanges and a partnership in advanced human resources with Hanoi University of Science and Technology was held at Kansai Factory of Itoki (Ōmihachiman-shi, Shiga Prefecture).
The primary purpose of this partnership is to enable the students of the university to become familiar with Japanese climate, culture, customs, and business through this program and increase their career options, while expecting to recruit overseas personnel.



Release of “WORKPLACE DATA BOOK 2024” for introducing office space issues and analyses based on data

We released “WORKPLACE DATA BOOK 2024,” which analyzes the current issues with office spaces facing enterprises in each era and visualizes the results.
This data book includes the results of analysis of detailed data on 121 cases of office renovation and relocation projects in which Itoki was involved, including various business categories and forms and small to large scales.



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Major topics <Introduction of products>

vertebra[03] WOOD



"vertebra[03] WOOD," which includes the warmth of wood and ergonomic features unique to Itoki, is the anticipated latest model in this series, which will extend the office environment and workers' mindsets, which are changing with the times, in more freewheeling and more flexible ways.

JOYCOLOR ／ Camomille ／ Leamo



Release of new models of the 3 popular series of desks for learning activities.
Considering the diversification of needs for desks for learning activities, such as designs, shapes, and colors, we added new shapes to the 3 series with different design tastes, to increase the degree of freedom for customers.

hako

Portable batteries with simple beauty that fits in spaces and does not take your space.
Their output is as large as 115 Wh, so that each battery can recharge a PC, a tablet, and a smartphone at the same time.



KS32 ／ KS5

Released 2 new models of high-end chairs for kids' learning activities. They support kids in maintaining a correct posture during long-time learning with unique features, such as "smart locking."



MAGBIT

Released by the group company DALTON.
We pursued the comfort for researchers and comfortable lab spaces. Draft chambers and laboratory furniture were revamped.



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Points of note:

- **Our consolidated financial statements are prepared according to Japanese accounting standards.**
- **Our performance forecast and other figures are based on the information that we currently possess and on certain presumptions that can be deemed logical. Actual performance may deviate from these due to various risks, uncertainties, and other factors.**

For IR related inquiries:
IR Division, Corporate Communication Control Dept., Itoki Corporation

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E-mail: itk-ir@itoki.jp
https://www.itoki.jp/ir/

明日の「働く」を、デザインする。

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