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May 13, 2024

Consolidated Financial Results for the First Three Months of the Year Ending December 31, 2024 <Under Japanese GAAP>

Company name: **ITOKI CORPORATION**
Listing: Tokyo Stock Exchange
Stock code: 7972
URL: https://www.itoki.jp/
Representative: Koji Minato, President & Representative Director
Inquiries: Yoshiaki Moriya, Director, Managing Executive Officer, General Manager of Administrative Division
TEL: +81-3-6910-3910 (from overseas)

Scheduled date to file Quarterly Report: May 13, 2024
Scheduled date to commence dividend payments: —
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first three months of the fiscal year ending December 31, 2024 (from January 1, 2024 to March 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months of the fiscal year ending December 31, 2024	40,918	10.7	6,039	26.4	6,015	24.7	4,101	24.4
First three months of the fiscal year ended December 31, 2023	36,965	4.6	4,777	20.5	4,824	21.4	3,296	(2.7)

Note: Comprehensive income
First three months of the fiscal year ending December 31, 2024 4,596 million yen (30.8%)
First three months of the fiscal year ended December 31, 2023 3,515 million yen (6.7%)

	Quarterly net profit per share	Quarterly diluted net profit per share
	Yen	Yen
First three months of the fiscal year ending December 31, 2024	85.71	—
First three months of the fiscal year ended December 31, 2023	72.80	67.70

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First three months of the fiscal year ending December 31, 2024	127,459	45,860	35.9	933.15
Fiscal year ended December 31, 2023	117,437	54,999	46.8	1,210.96

Reference: Equity
First three months of the fiscal year ending December 31, 2024: 45,818 million yen
Fiscal year ended December 31, 2023: 54,915 million yen

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	—	0.00	—	42.00	42.00
Fiscal Year Ending December 2024	—				
Fiscal year ending December 31, 2024 (Forecast)		0.00	—	52.00	52.00

Note: Revision to the forecast of cash dividends most recently announced: None

3. Consolidated performance forecast for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year (ending December 31, 2024)	137,500	3.4	10,000	17.3	10,000	16.9	7,000	18.5	144.12

Note: Revision to the consolidated performance forecast most recently announced: None

* Notes

(1) Changes in significant subsidiaries during the first three months of the fiscal year ending December 31, 2024: None

(changes in specified subsidiaries accompanying changes in scope of consolidation)

New: －companies / Exceptions: －companies

(2) Application of special accounting methods for preparing the consolidated quarterly financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: None

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	53,382,850 shares
As of December 31, 2023	45,664,437 shares

b. Number of treasury shares at the end of the period

As of March 31, 2024	4,282,323 shares
As of December 31, 2023	316,174 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of March 31, 2024	47,849,765 shares
As of March 31, 2023	45,282,688 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews conducted by certified public accountants or an audit corporation

* Explanation concerning proper use of earnings forecasts and other specific matters

All forward-looking statements (earnings forecasts, etc.) in this document are prepared based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ significantly from the forecast figures due to various factors. For notes on assumptions for the earnings forecasts and notes on usage of the earnings forecasts, please refer to “1. Qualitative Information on Quarterly Financial Results” - “(3) Explanation of Forward Looking Information for Earnings Forecasts, Etc.” on page 4 of the appendix.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

In the current fiscal year, which is the first year of the Medium-term Management Plan "RISE TO GROWTH 2026," the Group is implementing various measures based on the key strategy "7 Flags." During the three months ended March 31, 2024, in order to enhance sustainable growth potential, the Group has worked to expand sales and profits by proposing value-added proposals for new work styles and office spaces that employ them, as well as by deploying sales activities that focus on value enhancement.

Furthermore, in conjunction with the new Medium-term Management Plan, the IT and Sharing Business, previously a reportable segment, has been reorganized into two new segments, the Workplace Business and the Equipment and Public Works-Related Business.

(Millions of yen)

	First three months of fiscal year ended December 31, 2023	First three months of fiscal year ending December 31, 2024	Increase/decrease (amount)	Increase/decrease (%)
Net sales	36,965	40,918	3,953	10.7%
Gross profit	14,748	16,372	1,624	11.0%
Selling, general and administrative expenses	9,970	10,333	362	3.6%
Operating profit	4,777	6,039	1,261	26.4%
Non-operating income	125	78	(47)	(37.8%)
Non-operating expenses	79	102	22	28.7%
Ordinary profit	4,824	6,015	1,191	24.7%
Extraordinary income	1	0	(0)	(41.6%)
Extraordinary losses	21	10	(10)	(51.5%)
Profit before income taxes	4,804	6,006	1,201	25.0%
Total income taxes	1,506	1,901	395	26.2%
per share	3,297	4,104	806	24.5%
Profit attributable to owners of parent	3,296	4,101	804	24.4%

(i) Net sales

Net sales were 40,918 million yen, an increase of 3,953 million yen (10.7%) year-on-year.

- The Workplace Business performed well mainly due to renovation projects, office relocations, etc., to fit new hybrid work styles.
- In the Equipment and Public Works-Related Business, demand for equipment for public facilities, such as display cases for museums and art galleries, which was strong in the same period of the previous year, showed a downturn within expectations, but demand for equipment for research facilities remained strong, on a par with the previous year.

(ii) Gross profit

Gross profit was 16,372 million yen, an increase of 1,624 million yen (11.0%) year-on-year.

- In the Workplace Business, despite the expected impact of higher raw material prices, profit increased significantly due to an improved profit margin resulting from increased revenue and an improvement in value provided.
- In the Equipment and Public Works-Related Business, while predicting the impact of soaring raw material prices, profit remained at a similar level to the previous year, a result of higher revenue caused by increased demand and stronger sales of equipment for research facilities, and due to an improved profit margin.

(iii) Selling, general and administrative expenses

Selling, general and administrative expenses were 10,333 million yen, an increase of 362 million yen (3.6%) year-on-year. In addition to wage increases and hiring of specialized personnel as part of human capital investment, this increase was the result of factors such as the planned implementation of strategic expenditures for future leaps in performance, such as strengthening IT infrastructure to promote DX. This figure also reflects efforts to control selling, general and administrative expenses, such as continuing to cut logistics costs through the structural reform project.

(iv) Operating profit

As a result of the above, operating profit was 6,039 million yen, an increase of 1,261 million yen (26.4%) year-on-year.

- In the Workplace Business, profit increased significantly due to an improved profit margin as the effect of increased revenue and an improvement in value provided.
- In the Equipment and Public Works-Related Business, profit increased significantly due to an improved profit margin as the effect of increased revenue for equipment in research facilities and an improvement in value provided.

(v) Non-operating income

Non-operating income was 78 million yen, a decrease of 47 million yen (37.8%) year-on-year. This decrease was due to factors such as the foreign exchange gains recorded in the same period of the previous fiscal year.

(vi) Non-operating expenses

Non-operating expenses were 102 million yen, an increase of 22 million yen (28.7%) year-on-year, mainly due to an increase in interest expenses resulting from higher borrowings.

(vii) Ordinary profit

As a result of the above, ordinary profit was 6,015 million yen, an increase of 1,191 million yen (24.7%) year-on-year.

(viii) Extraordinary income

Extraordinary income was 0 million yen, with no change year-on-year.

(ix) Extraordinary losses

Extraordinary losses were 10 million yen, a decrease of 10 million yen (51.5%) year-on-year, mainly due to losses on retirement of fixed assets in the same period of the previous year.

(x) Profit attributable to owners of parent

As a result of the above, profit attributable to owners of parent was 4,101 million yen, an increase of 804 million yen (24.4%) year-on-year.

Segment results were as follows.

(Millions of yen)

Name of segment		First quarter-end 2022 consolidated cumulative period	First quarter-end 2023 consolidated cumulative period	Increase/decrease (amount)	Increase/decrease (%)
Workplace Business	Net sales	27,796	31,778	3,982	14.3%
	Operating profit	4,089	5,256	1,166	28.5%
Equipment and Public Works-Related Business	Net sales	8,789	8,778	(10)	(0.1%)
	Operating profit	553	748	195	35.3%
Reportable segment total	Net sales	36,585	40,557	3,972	10.9%
	Operating profit	4,642	6,004	1,361	29.3%
Other	Net sales	379	361	(18)	(5.0%)
	Operating profit	134	35	(99)	(73.9%)
Total	Net sales	36,965	40,918	3,953	10.7%
	Operating profit	4,777	6,039	1,261	26.4%

(2) Explanation of Financial Position

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024	Increase/decrease (amount)	Increase/decrease (%)
Assets	117,437	127,459	10,022	8.5%
Liabilities	62,437	81,598	19,161	30.7%
Net assets	54,999	45,860	(9,139)	(16.6%)

(Assets)

Total assets were 127,459 million yen, an increase of 10,022 million yen compared to the previous fiscal year. The increase was due to factors such as an increase in notes and accounts receivable - trade, and contract assets, and electronically recorded monetary claims - operating resulting from strong orders.

(Liabilities)

Total Liabilities were 81,598 million yen, an increase of 19,161 million yen compared to the previous fiscal year. The increase

was due to factors such as an increase in short-term borrowings for the purchase of treasury shares.

(Net assets)

Net assets decreased by 9,139 million yen from the end of the previous fiscal year to 45,860 million yen due to the acquisition of treasury stock, although share capital and capital surplus each increased due to the exercise of share acquisition rights. The equity ratio was 35.9%, a decrease of 10.9 points from the end of the previous fiscal year.

(3) Explanation of Forward Looking Information for Earnings Forecasts, Etc.

At the current point in time, there are no changes to the full-year consolidated business forecast that was announced in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 on February 13, 2024. Going forward, we will promptly disclose the occurrence of any matters that make revision necessary.

2. Consolidated Quarterly Financial Statements and Main Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Previous fiscal year (ended December 31, 2023)	First three months of the current consolidated accounting period (ended March 31, 2024)
Assets		
Current assets		
Cash and deposits	24,795	24,751
Notes and accounts receivable - trade, and contract assets	31,158	37,599
Electronically recorded monetary claims - operating	4,547	5,871
Merchandise and finished goods	4,845	5,275
Work in process	1,740	2,193
Raw materials and supplies	3,146	3,409
Other	3,284	3,019
Allowance for doubtful accounts	(213)	(198)
Total current assets	73,304	81,922
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,032	11,886
Land	8,436	8,436
Other (net)	4,323	4,412
Total property, plant and equipment	24,792	24,735
Intangible assets		
Goodwill	341	983
Other	1,950	2,372
Total intangible assets	2,292	3,355
Investments and other assets		
Investment securities	5,835	6,384
Deferred tax assets	2,127	1,442
Retirement benefit assets	1,691	1,708
Other	7,861	8,354
Allowance for doubtful accounts	(467)	(443)
Total investments and other assets	17,048	17,446
Total non-current assets	44,132	45,537
Total assets	117,437	127,459

(Millions of yen)

	Previous fiscal year (ended December 31, 2023)	First three months of the current consolidated accounting period (ended March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,218	14,027
Electronically recorded obligations - operating	8,490	6,002
Notes payable - facilities	88	58
Current portion of bonds payable	-	14
Short-term borrowings	8,487	30,188
Current portion of long-term borrowings	1,789	4,697
Income taxes payable	916	1,624
Accrued consumption taxes	1,377	1,230
Provision for bonuses	3,619	1,272
Provision for bonuses for officers (and other officers)	321	25
Provision for loss on business of subsidiaries and associates	119	92
Other	9,911	9,942
Total current liabilities	47,340	69,174
Non-current liabilities		
Corporate bonds	-	23
Long-term borrowings	6, 007	3,160
Lease obligations	570	580
Deferred tax liabilities	351	364
Provision for retirement benefits for officers	75	68
Provision for loss on voluntary recall of products	83	83
Retirement benefit liabilities	3,821	3,945
Asset retirement obligations	1,284	1,287
Other	2,903	2,911
Total non-current liabilities	15,096	12,424
Total liabilities	62,437	81,598
Net assets		
Shareholders' equity		
Share capital	5,294	7,351
Capital surplus	9,665	11,692
Retained earnings	38,617	33,111
Treasury shares	(111)	(8,278)
Total shareholders' equity	53,465	43,877
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	678	1,129
Foreign currency translation adjustment	638	665
Remeasurements of defined benefit plans	132	146
Total accumulated other comprehensive income	1,449	1,940
Share acquisition rights	45	-
Non-controlling interests	39	42
Total net assets	54,999	45,860
Total liabilities and net assets	117,437	127,459

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

Consolidated Quarterly Statements of Income

First three months of the consolidated cumulative period

(Millions of yen)

	First three months of the previous consolidated cumulative period (January 1, 2023 to March 31, 2023)	First three months of the current consolidated cumulative period (January 1, 2024 to March 31, 2024)
Net sales	36,965	40,918
Cost of sales	22,216	24,545
Gross profit	14,748	16,372
Selling, general and administrative expenses	9, 970	10,333
Operating profit	4,777	6,039
Non-operating income		
Interest income	1	2
Dividend income	22	13
Share of gain of entities accounted for using equity method	2	-
Other	98	61
Total non-operating income	125	78
Non-operating expenses		
Interest expenses	38	51
Other	40	50
Total non-operating expenses	79	102
Ordinary profit	4,824	6,015
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on sale of non-current assets	-	0
Loss on retirement of non-current assets	20	4
Losses due to disaster	-	5
Other	0	0
Total extraordinary losses	21	10
Profit before income taxes	4,804	6,006
Income taxes — current	1,050	1,285
Income taxes — deferred	456	615
Total income taxes	1,506	1,901
Quarterly net profit	3,297	4,104
Profit attributable to non-controlling interests	1	2
Profit attributable to owners of parent	3,296	4,101

Consolidated Quarterly Statements of Comprehensive Income

First three months of the consolidated cumulative period

(Millions of yen)

	First three months of the previous consolidated cumulative period (January 1, 2023 to March 31, 2023)	First three months of the current consolidated cumulative period (January 1, 2024 to March 31, 2024)
Quarterly net profit	3,297	4,104
Other comprehensive income		
Valuation difference on available-for-sale securities	60	450
Foreign currency translation adjustment	97	26
Remeasurements of defined benefit plans, net of tax	59	14
Total other comprehensive income	217	491
Quarterly comprehensive income	3,515	4,596
(Breakdown)		
Comprehensive income attributable to owners of parent	3,514	4,593
Comprehensive income attributable to non-controlling interests	1	3

(3) Notes on the Consolidated Quarterly Financial Statements

(Notes on Assumption of Going Concern)

None.

(Notes in the Event of Significant Fluctuations in the Amount of Shareholders' Equity)

(Exercise of share acquisition rights)

Due to the exercise of share acquisition rights, during the first three months of the current consolidated cumulative period, share capital and capital reserve each increased by 2,057 million yen.

(Purchase of treasury shares)

The Company repurchased 7,965,900 shares of treasury shares as per a resolution passed at the Board of Directors meeting held on February 13, 2024. As a result, treasury shares increased by 15,899 million yen during the first three months of the current consolidated cumulative period.

(Cancellation of treasury shares)

The Company cancelled 4,000,000 shares of treasury shares on March 8, 2024 as per a resolution passed at the Board of Directors' meeting held on February 13, 2024. As a result, capital surplus and treasury shares each decreased by 7,733 million yen in the first three months of the current consolidated cumulative period. As a result of the cancellation of treasury shares, the balance of other capital surplus became a negative value; therefore, other capital surplus was set to zero and the negative value was reduced from other retained earnings.

As a result, the balance of share capital at the end of first three months of the current consolidated cumulative period was 7,351 million yen, the balance of capital surplus was 11,692 million yen, the balance of retained earnings was 33,111 million yen and the balance of treasury shares was 8,278 million yen.

(Segment information, etc.)

[Segment information]

I First three months of the previous consolidated cumulative period (January 1, 2023 to March 31, 2023)

1. Information on the amount of net sales and profit (loss) by reportable segment, and disaggregated information on earnings

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments	Amount recorded in consolidated quarterly statements of income (Note 2)
	Workplace Business	Equipment and Public Works-Related Business	Subtotal				
Net sales							
Japan	24,431	8,740	33,171	343	33,514	—	33,514
Asia	3,219	5	3,224	—	3,224	—	3,224
Other	145	43	188	—	188	—	188
Earning from contracts with customers	27,796	8,789	36,585	343	36,928	—	36,928
Other earnings	—	—	—	36	36	—	36
Sales to external customers	27,796	8,789	36,585	379	36,965	—	36,965
Intersegment sales or transfers	35	8	43	116	159	(159)	—
Subtotal	27,831	8,797	36,628	496	37,124	(159)	36,965
Reportable profit	4,089	553	4,642	134	4,777	—	4,777

(Note) 1. “Other” is for business segments not included in reportable segments. It includes IT system-related business, etc.

2. Total segment income is consistent with operating profit in the consolidated quarterly statements of income.

II First three months of the current consolidated cumulative period (January 1, 2024 to March 31, 2024)

1. Information on the amount of net sales and profit (loss) by reportable segment, and disaggregated information on earnings

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments	Amount recorded in consolidated quarterly statements of income (Note 2)
	Workplace Business	Equipment and Public Works-Related Business	Subtotal				
Net sales							
Japan	27,236	8,663	35,899	330	36,230	—	36,230
Asia	4,451	44	4,495	—	4,495	—	4,495
Other	91	70	161	—	161	—	161
Earnings from contracts with customers	31,778	8,778	40, 557	330	40,888	—	40,888
Other earnings	—	—	—	30	30	—	30
Sales to external customers	31,778	8,778	40,557	361	40,918	—	40,918
Intersegment sales or transfers	40	4	44	126	171	(171)	—
Subtotal	31,818	8,783	40,601	488	41,089	(171)	40,918
Reportable profit	5,256	748	6,004	35	6,039	—	6,039

(Note) 1. “Other” is for business segments not included in reportable segments. It includes IT system-related business, etc.
2. Total segment income is consistent with operating profit in the consolidated quarterly statements of income.

2. Matters related to changes in reportable segments, etc.

In accordance with the policy of the Company's Medium-term Management Plan “RISE TO GROWTH 2026” announced on February 13, 2024, the Company has revised the classification method of its reportable segments effective from the first quarter of the current consolidated cumulative fiscal year. The office sharing-related business included in the “IT and Sharing Business” was transferred to the “Workplace Business,” and the reportable segments were changed to the two segments of “Workplace Business” and “Equipment and Public Works-Related Business.” In addition, IT system-related businesses are classified as “Other.”

The segment information for the first three months of the previous consolidated cumulative period is presented based on the classification method after the change.

(Significant events after the reporting period)

None.