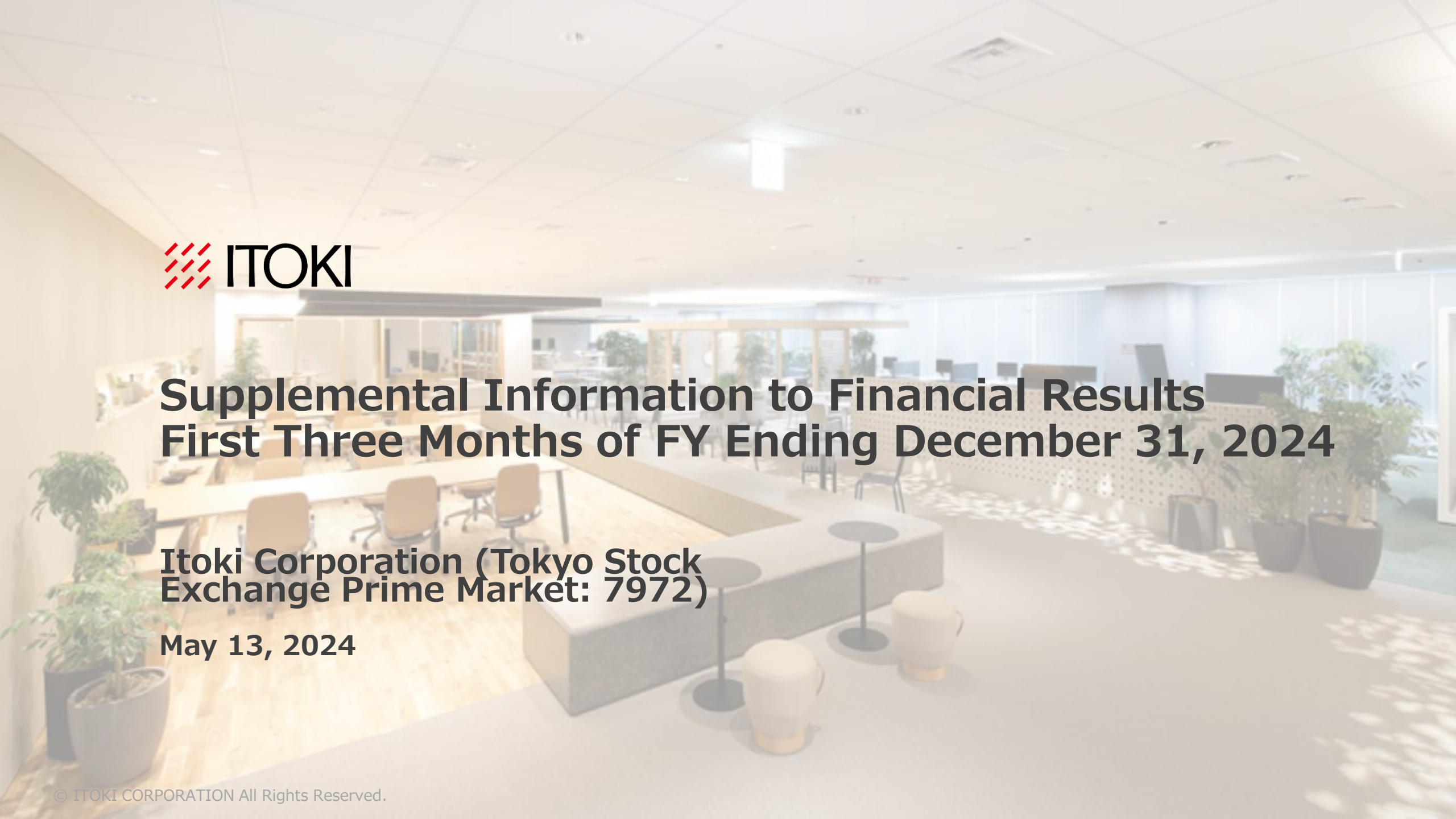

Supplemental Information to Financial Results First Three Months of FY Ending December 31, 2024

Itoki Corporation (Tokyo Stock Exchange Prime Market: 7972)

May 13, 2024

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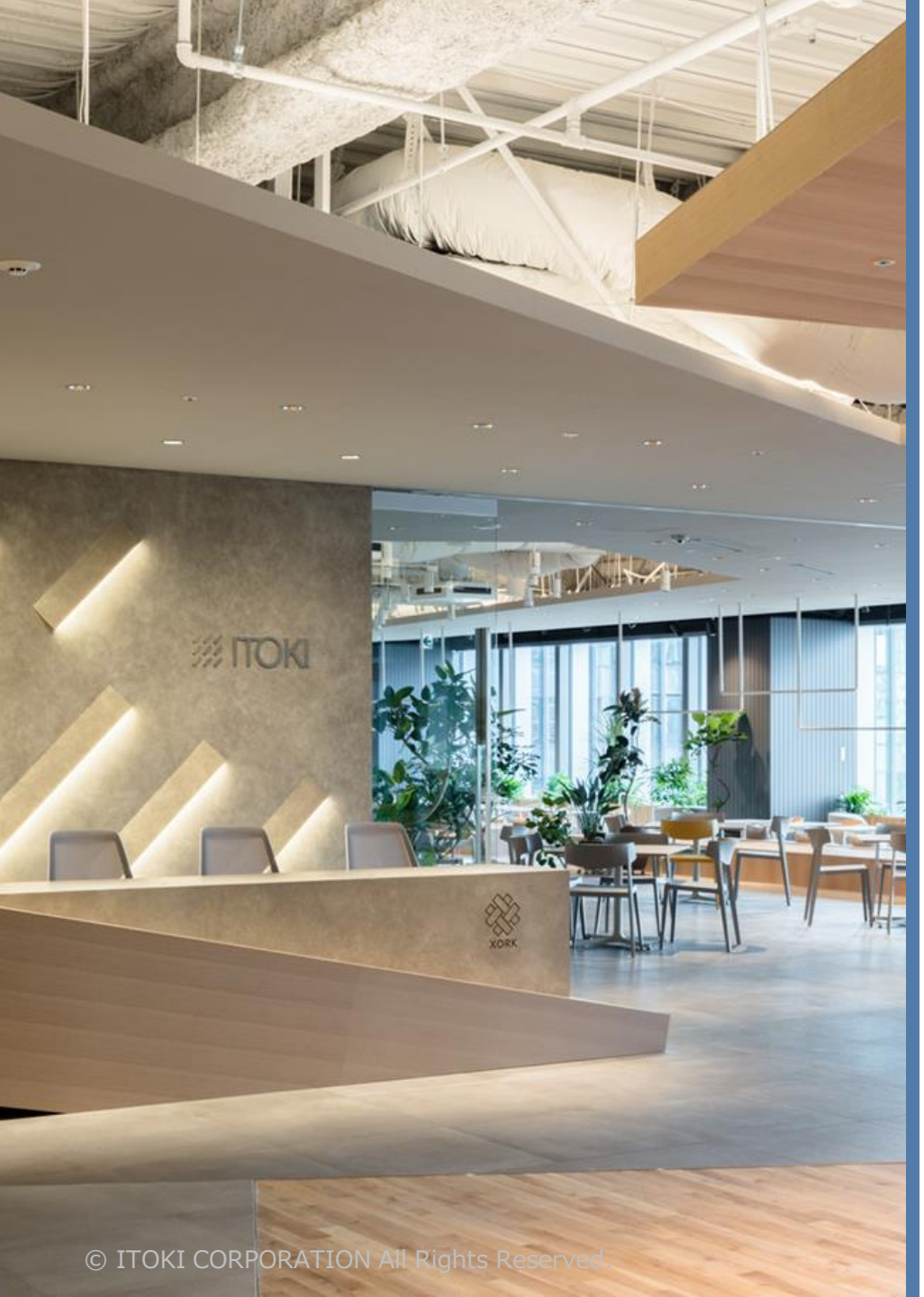

Contents

1. First Quarter Consolidated Performance

2. Performance by Segment

3. Forecast for Fiscal Year Ending Dec. 31, 2024

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1. First Quarter Consolidated Performance

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Q1: Consolidated Performance Summary

Net sales were strong, primarily from renovation projects and office relocations. Improved profit margin due to the effect of increased revenues and greater value delivered resulted in significantly higher profit.

Workplace Business	- **Net sales were strong** primarily from renovation projects to accommodate new hybrid work styles and office relocations. - Improved profit margin due to the effect of increased revenues and greater value delivered resulted **in significantly higher profit**.
Equipment & Public Works-Related Business	- Although the demand for equipment for public facilities, such as display cases of museums and art museums, declined from the same period of the previous year, in which the demand was high, as assumed, the demand for equipment for research facilities was healthy, so **sales were unchanged year on year**. - Profit margin improved due to the effect of increased revenues and greater value delivered for research facilities, resulting **in significantly higher profit**.

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Q1: Consolidated Performance

Jan. 1- Mar. 31, 2024

(Unit: ¥100 million)	Dec 2023 First quarter		Dec 2024 First quarter		Increase (decrease)		Year forecast	
	Amount	% of sales	Amount	% of sales	Amount	% increase	Amount	Progress
Net sales	369	—	409	—	+39	+10.7%	1,375	29.8%
Cost of sales	222	60.1%	245	60.0%	+23	+10.%	—	—
Gross profit	147	39.9%	163	40.0%	+16	+11.0%	—	—
SG&A expenses	99	27.0%	103	25.3%	+3	+3.6%	—	—
Operating profit	47	12.9%	60	14.8%	+12	+26.4%	100	60.4%
Ordinary profit	48	13.1%	60	14.7%	+11	+24.7%	100	60.2%
Profit attributable to owners of parent	32	8.9%	41	10.0%	+8	+24.4%	70	58.6%

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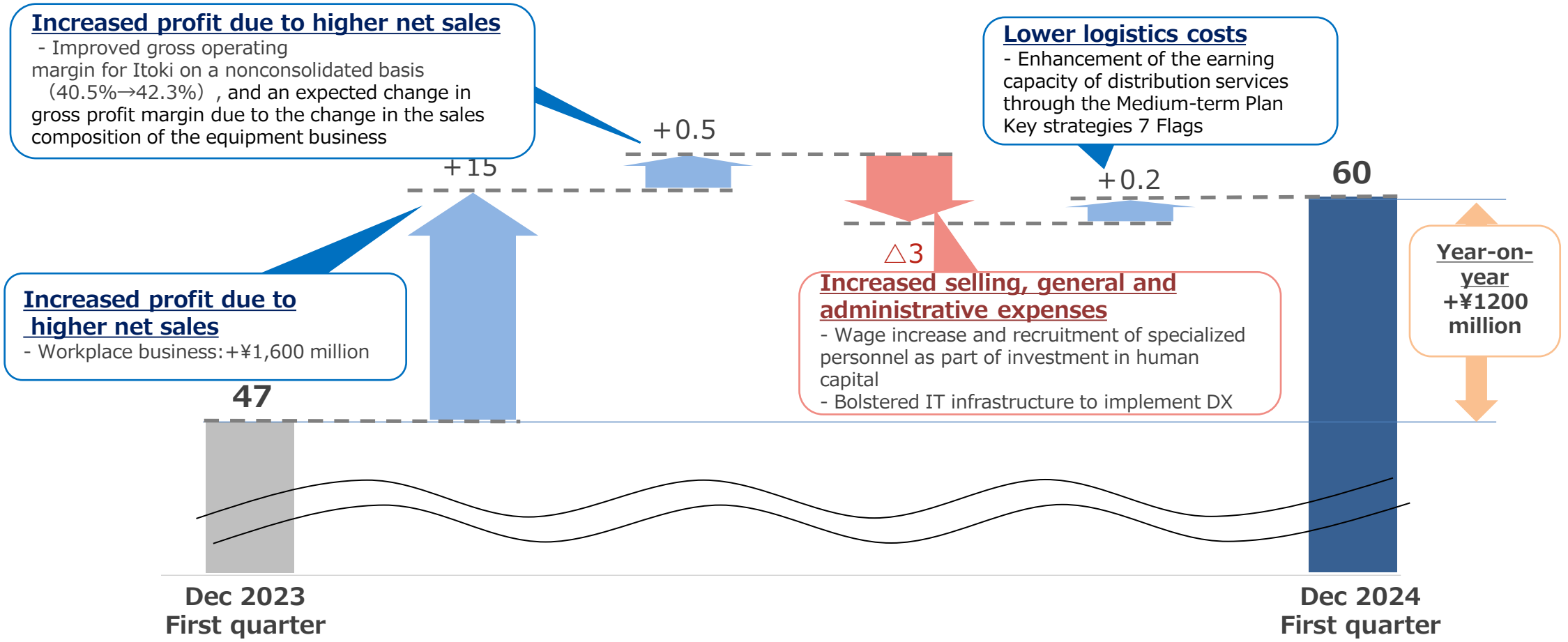
Operating Profit Change Factors (Year-on-Year Analysis)

Profit increased significantly, as increased expenditures from strategic expenses were absorbed by increased net sales, improved gross profit margin from the Medium-term Plan Key strategies 7 Flags.

(Unit: ¥100 million)



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2. Performance by Segment

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Performance by Segment

■ Workplace Business

・ Sales were strong primarily from renovation projects to accommodate new hybrid work styles and office relocations.
・ profit increased significantly due to an improved profit margin from the effect of increased revenues and greater value provided.

■ Equipment and Public Works-Related Business

・ Although the demand for equipment for public facilities, such as display cases of museums and art museums, declined from the same period of the previous year, in which the demand was high, as assumed, the demand for equipment for research facilities was healthy, so sales were unchanged year on year.
・ Profit margin improved due to the effect of increased revenues and greater value delivered for research facilities, resulting in significantly higher profit.

Jan. 1- Mar. 31, 2024

(Unit: ¥100 million)		Dec 2023 First quarter	Dec 2024 First quarter	Increase (decrease)	
				Amount	% increase
Workplace	Net sales	277	317	+39	+14.3%
	Operating profit	40	52	+11	+28.5%
	[Operating margin]	〔14.7%〕	〔16.5%〕	—	〔+1.8pts〕
Equipment and Public Works-Related	Net sales	87	87	△0	△0.1%
	Operating profit	5	7	+1	+35.3%
	[Operating margin]	〔6.3%〕	〔8.5%〕	—	〔+2.2pts〕

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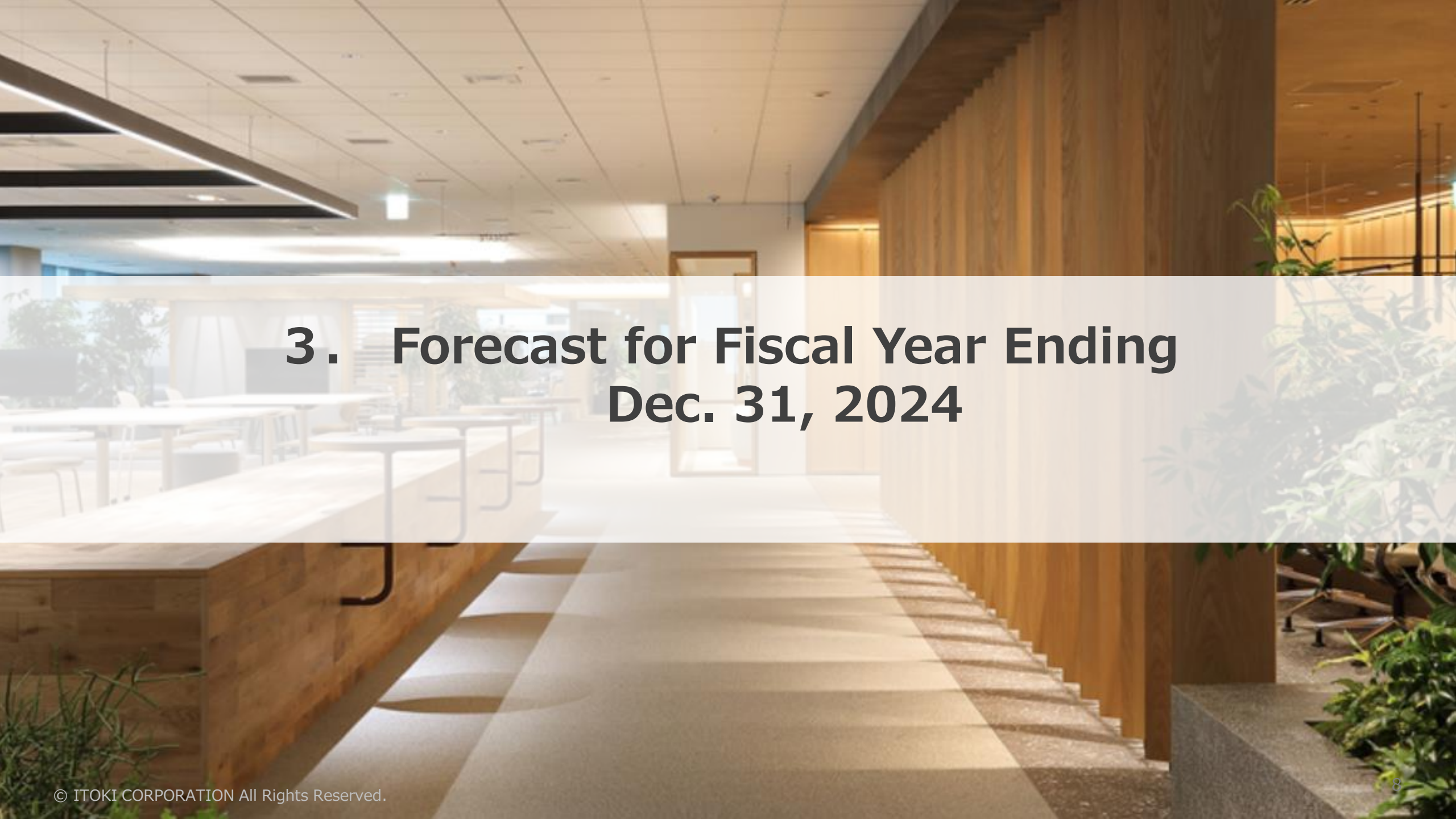

3. Forecast for Fiscal Year Ending Dec. 31, 2024

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Forecast for Fiscal Year Ending Dec. 31, 2024

- In the first fiscal year of the Medium-term Plan, we will implement the Key strategies 7 Flags. Accordingly, consolidated sales are expected to grow 3.4% (up 5.0% in the Workplace business, and up 0.4% in the Equipment & Public Works-related business).
- Consolidated operating profit is forecast to be 10 billion yen, up 17.3% year on year.

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

【 Consolidated 】	FY ended December 31, 2023 Actual	FY ending December 31, 2024 Forecast	Increase (decrease)	
			Amount	% increase
Net 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%

【 Segment 】		FY ended December 31, 2023 Actual	FY ending December 31, 2024 Forecast	Increase (decrease)	
				Amount	% increase
Workplace	Net sales	942	**990**	+47	+5.0%
	Operating profit	61	**80**	+18	+30.5%
	[Operating margin]	〔6.5%〕	**〔8.1%〕**	—	〔+1.6pts〕
Equipment & Public Works-Related	Net 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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Return to Shareholders (Dividends for FY Ending December 31, 2024)

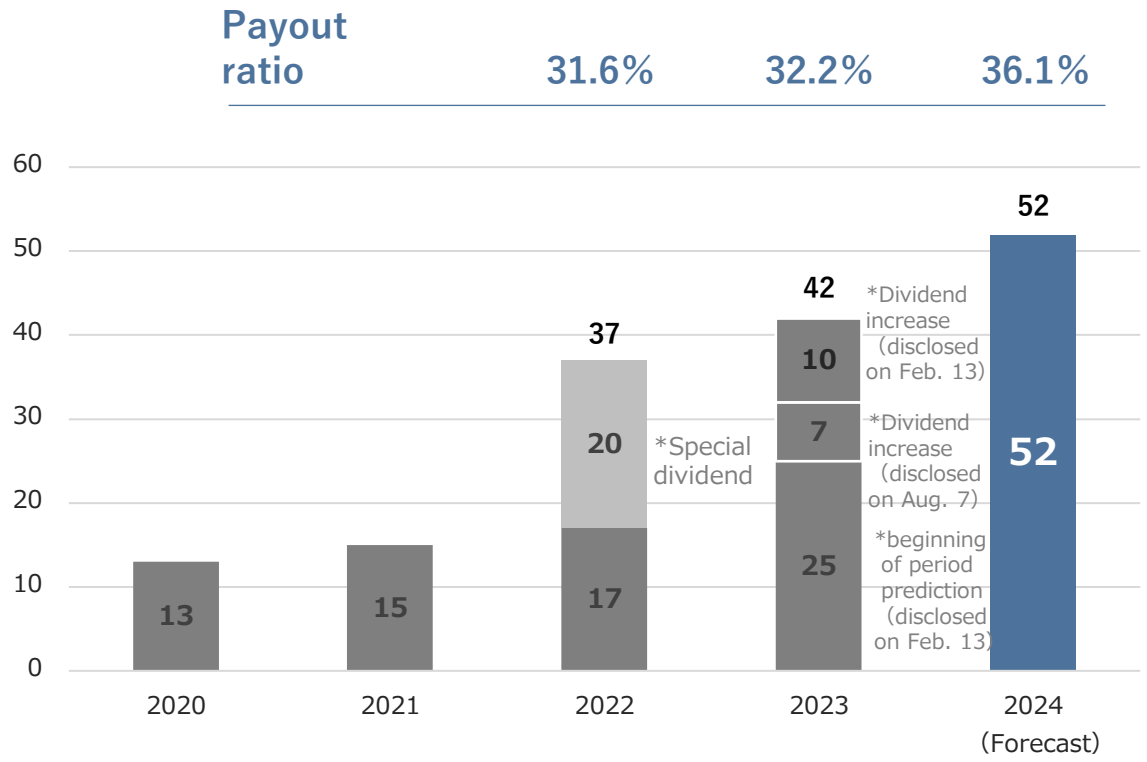
Shareholder return policy

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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APPENDIX

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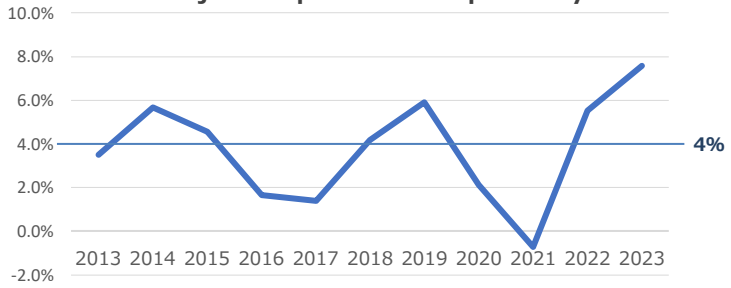
Marketability of office business in Japan

10 years of office business Sales increase rate of four major companies

Average growth rate is about 4%

Revenue increase rate trends about office businesses of Four major companies in the past 10 years

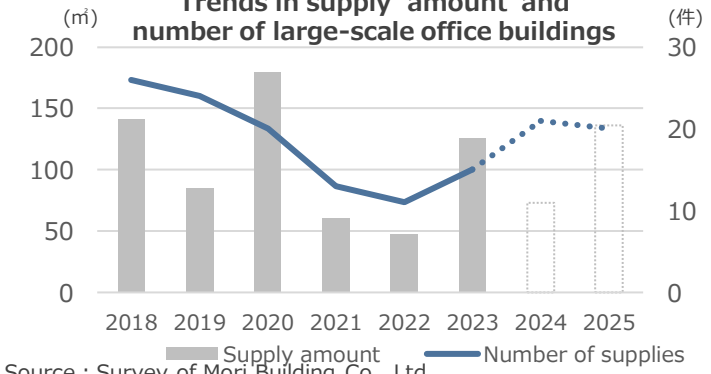


Source : Financial summary of each company

New construction demand forecast By Mori Building Co., Ltd.

In FY2024, the supply amount will decrease, but the number of supplies will increase.

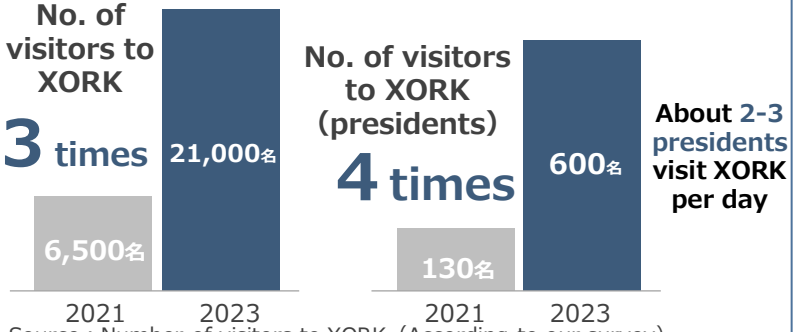
Trends in supply amount and number of large-scale office buildings



Source : Survey of Mori Building Co., Ltd.

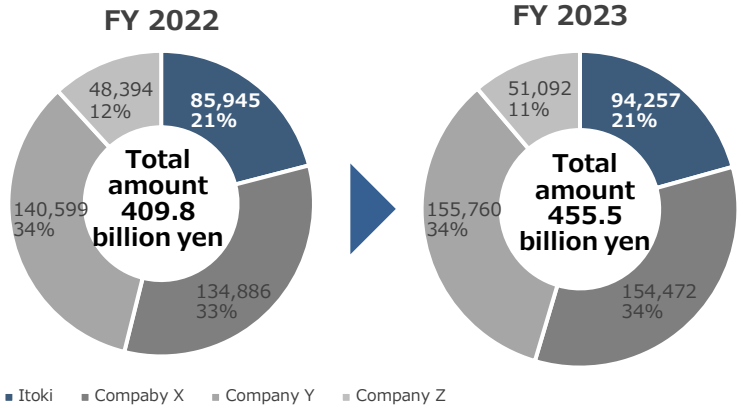
Changes in awareness about investment in office

There has been a significant increase in the number of managers considering office investment as a way to use human capital.



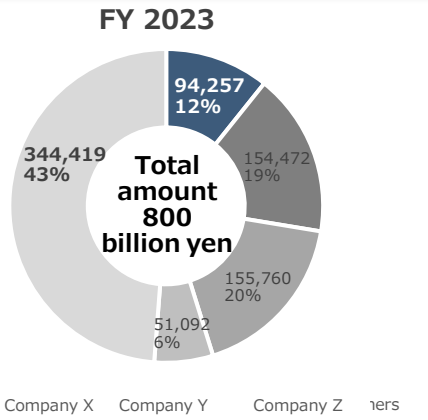
Source : Number of visitors to XORK (According to our survey)

Market share status (Total of 4 companies)



Source : Financial summary of each company

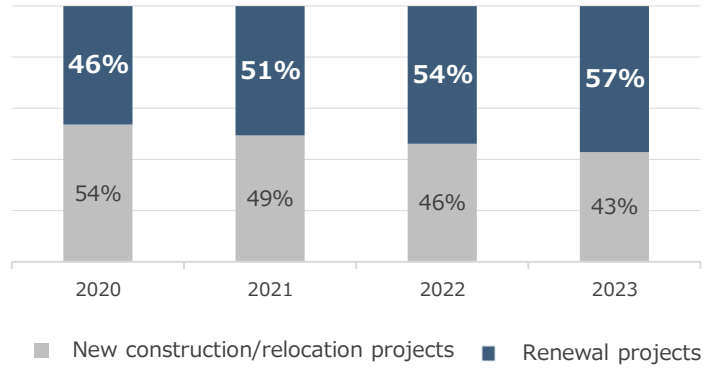
Market share status (Total of member companies of Japan Office Institutional Furniture Association)



Source : Financial summary of each company, Business report by JOIFA

Opportunity ratio in Itoki (New construction・Transfer／Renewal)

*100% stacked column chart (changes in sales composition)



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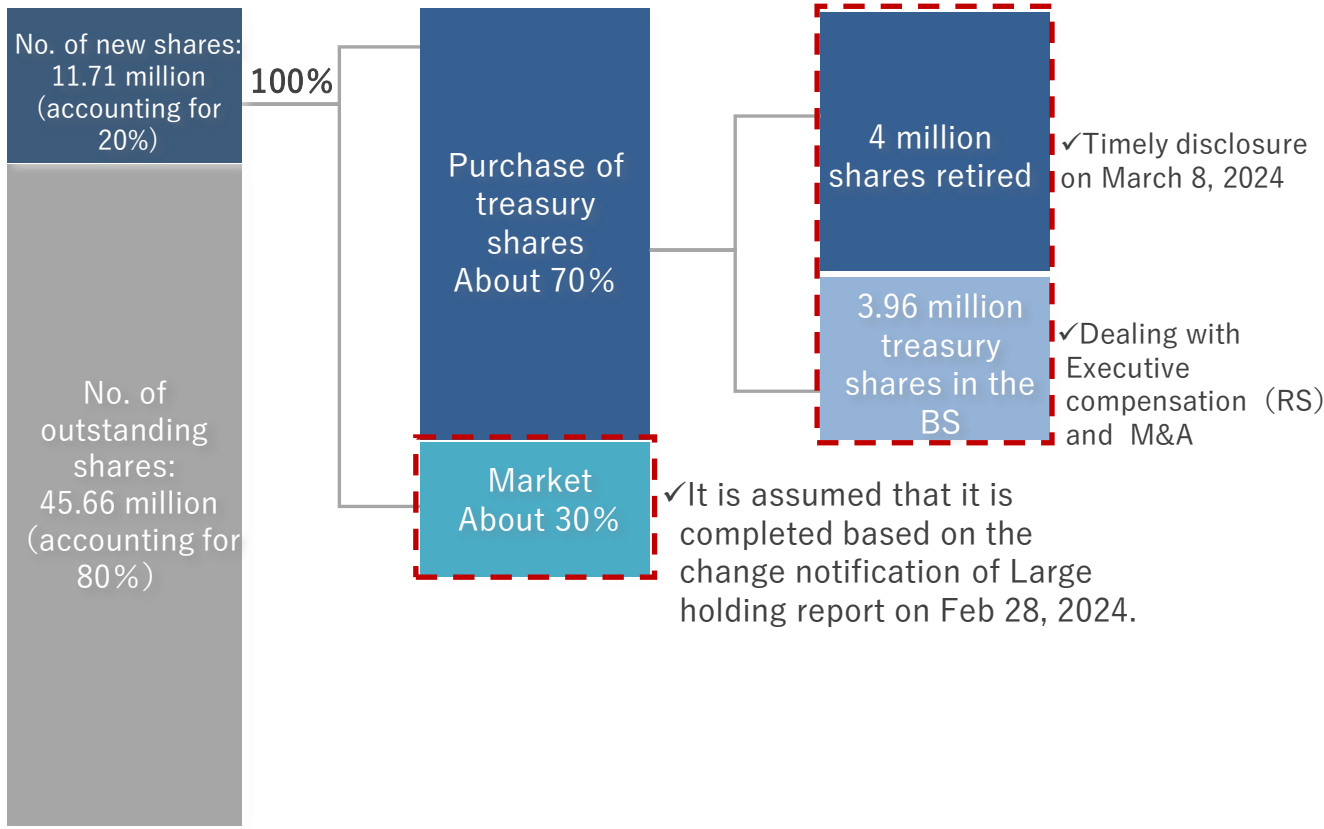
Regarding the Termination of the Business Alliance with Advantage Advisors Co., Ltd.

- 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)



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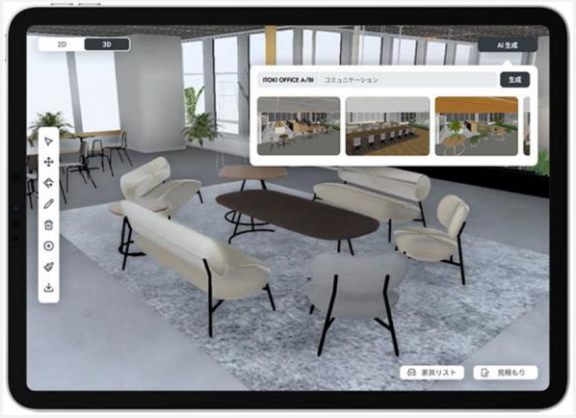
Main topics ＜ PR ＞

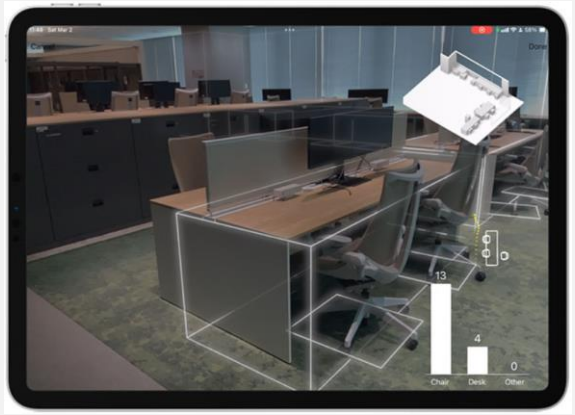


Conclusion of a contract for joint development of generative AI utilizing office data with the AI start-up company Akari

We started developing applications related to AI for automatically producing office designs as part of activities of “ITOKI OFFICE A/BI SERVICE.”
By instantly building a digital twin of each office with the space scanning technology of Akari and utilizing the office data we have accumulated, we aim to realize an application for simulating office designs instantly.



Building a digital twin through space scanning



Proposing designs with AI for automatically producing office designs

Reference: Video for a press release about the application for automatically producing office designs (provisional title)

Large-scale renovation of Kyobashi office Lab &Working showroom「CILK」



Renewal of Nagoya office 「ITOKI NAGOYA DELA」



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Main Topics＜ PR ＞

“vertebra03 WOOD” received “Best of the Best,” the highest award at “Red Dot Design Award 2024.”



“vertebra03 WOOD” received “Best of the Best,” an award for commending the most excellent design, in the product design section of “Red Dot Design Award 2024,” which is one of globally prestigious design awards. In addition, “common furniture / Partition” and “Feels” received “Red Dot Design Award 2024.”

Three products received “iF Design Award 2024,” one of the three major design awards in the world.



“torteU, “inSAIL,” and “common furniture / Partition” received “iF Design Award 2024,” one of internationally prestigious design awards.

Certified as one of “White 500 in the section of large corporations of Excellent Corporations in Health-oriented Business Administration 2024” eight years in a row for the first time in this industry!

2024
健康経営優良法人
Health and productivity
ホワイト500

Our company was certified as one of “White 500 in the section of large corporations of Excellent Corporations in Health-oriented Business Administration 2024,” which are jointly selected by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.
We received this certification for the eighth consecutive year for the first time among enterprises that operate office furniture business.

We have opened our upgraded corporate websites.



So that visitors to our websites can have more valuable experiences, we organized and enriched information, and reconstructed our websites into the three sites: “a website for corporate clients,” “a website for individual customers,” and “a website for our corporate information.”

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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:
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https://www.itoki.jp/ir/

明日の「働く」を、デザインする。

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