



**First Six Months of FY Ending
December 31, 2023
Supplemental information to
financial results**

**Itoki Corporation
(Tokyo Stock Exchange Prime Market: 7972)**

(August 7, 2023)

Financial results for the first six months of FY ending December 31, 2023

- 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 higher-than-anticipated profit.
- First six months of FY ending December 31, 2023 Net sales: Record high, Operating profit: Highest profit (in 16 years)

Forecast for FY ending December 31, 2023

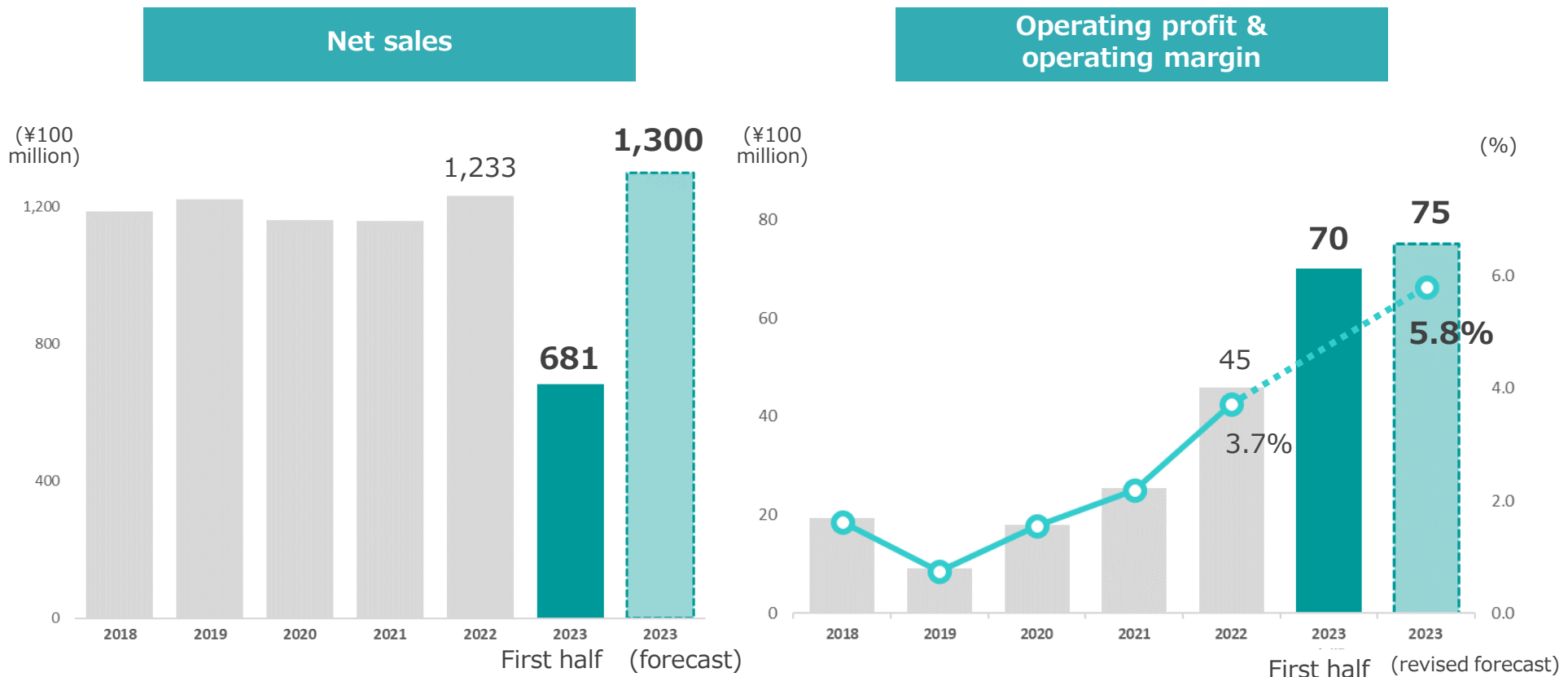
- Revised the full-year earnings forecast and dividends forecast together with the release of financial results for the first six months
- Based on our policy of return to shareholders, revised the forecasted dividends per share for FY ending December 31, 2023 upwards by ¥7, from ¥25 to ¥32
- Net sales were generally in line with the initial plan
- Revised the forecast for operating profit to ¥7.5 billion, exceeding the ¥6.5 billion target that was initially disclosed. Recorded highest profit in the last 33 fiscal years
- As priority initiatives in the second half, will focus on further strengthening investment in human capital, promoting DX, and increasing asset efficiency
- Currently formulating the new Medium-term Management Plan (scheduled for release in February 2024)

- 1. Financial results for the first six months of FY ending December 31, 2023**
- 2. Forecast for fiscal year ending December 31, 2023**

1. Financial results for the first six months of FY ending December 31, 2023

2. Forecast for fiscal year ending December 31, 2023

First six months of FY ending December 31, 2023 Net sales: Record high, Operating profit: Highest profit (in 16 years)
FY ending December 31, 2023 Net sales: Record high, Operating profit: Highest profit (in 33 years)



* FY ended Dec. 31, 2020 and FY ended Dec. 31, 2021 were impacted by the COVID-19 pandemic.

Q2: Summary of Consolidated Statements of Income



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 higher-than-anticipated profit.

Jan. 1- June 30, 2023

Unit: ¥100 million	Dec. 2022 Second quarter		Dec. 2023 Second quarter		Increase (decrease)		Full-year initial forecast	
	Amount	% of sales	Amount	% of sales	Amount	% increase	Amount	Progress
Net sales	637	-	681	-	+44	+7.0%	1,300	52.5%
Cost of sales	395	62.0%	411	60.4%	+16	+4.2%	-	-
Gross profit	242	38.0%	270	39.6%	+27	+11.5%	-	-
SG&A expenses	198	31.2%	200	29.4%	+1	+0.7%	-	-
Operating profit	43	6.9%	70	10.3%	+26	+60.2%	65	107.7%
Ordinary profit	44	6.9%	70	10.4%	+26	+60.7%	65	109.2%
Profit attributable to owners of parent	36	5.8%	47	6.9%	+10	+28.1%	37	127.2%

Summary of Consolidated Balance Sheets and Statements of Cash Flows



Jan. 1- June 30, 2023

Unit: ¥100 million

(1) Overview of consolidated balance sheets	As of December 31, 2022	As of June 30, 2023	Increase (decrease)	Remarks
Current assets	710	687	(23)	Decrease in cash and deposits due to payment of income taxes, etc., and bonuses
Non-current assets	442	429	(13)	Decrease in deferred tax assets, etc., due to payment of bonuses, etc.
Total assets	1,152	1,116	(36)	
Current liabilities	490	425	(65)	Decrease due to payment of income taxes, etc., and bonuses
Non-current liabilities	162	157	(5)	Decrease due to repayments of long-term borrowings
Total liabilities	653	582	(71)	
Total shareholders' equity	491	522	+31	
Total net assets	499	534	+35	
Overview of consolidated statements of cash flows	Fiscal year ending December 31, 2023 Q2 results		Remarks	
Net cash provided by (used in) operating activities	40		Increase due to profit before income taxes, etc.	
Net cash provided by (used in) investing activities	(32)		Strategic expenditures for renovation of Itoki Tokyo Xork, etc.	
Free cash flows	8			
Cash flows from financing activities	(32)		Decrease due to payment of dividends	
Net increase (decrease) in cash and cash equivalents	(24)			
Cash and cash equivalents at end of period	229			

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

Profit increased significantly, as increased strategic expenditures were absorbed by increased net sales, improved gross profit margin from the structural reform project, and lower logistics costs

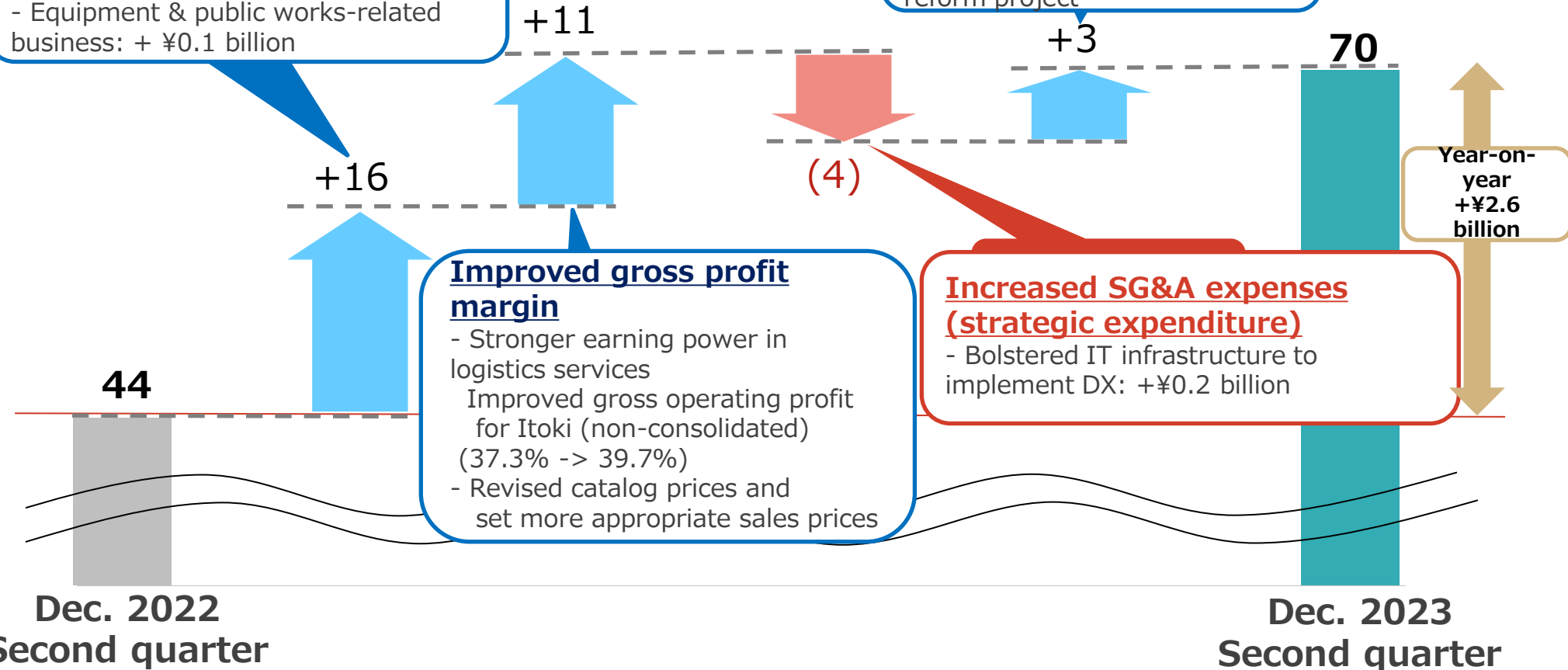
Increased profit due to higher net sales

- Workplace business: + ¥4.2 billion
- Equipment & public works-related business: + ¥0.1 billion

Lower logistics costs

- Stronger earning power in logistics services as a result of the structural reform project

(Unit: ¥100 million)



Improved gross profit margin

- Stronger earning power in logistics services
- Improved gross operating profit for Itoki (non-consolidated) (37.3% -> 39.7%)
- Revised catalog prices and set more appropriate sales prices

Increased SG&A expenses (strategic expenditure)

- Bolstered IT infrastructure to implement DX: +¥0.2 billion

Performance by Segment

■ 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 and Public Works-Related Business

- Net sales were strong in conjunction with demand for equipment in public facilities, including for museum/gallery exhibition cases and digital signage.
- Profit margin improved due to the effect of increased revenues and greater value delivered for public facilities, resulting in higher profit.

Jan. 1- June 30, 2023

Unit: ¥100 million		Dec. 2022 Second quarter	Dec. 2023 Second quarter	Increase (decrease)	
				Amount	% increase
Workplace	Net sales	447	490	+42	+9.5%
	Operating profit	26	52	+25	+95.3%
	[Operating margin]	[6.0%]	[10.6%]	-	[+4.6 pt]
Equipment & Public Works-related	Net sales	181	182	+0.9	+0.5%
	Operating profit	14	15	+0.4	+3.3%
	[Operating margin]	[8.1%]	[8.3%]	-	+0.2 pt
IT & Sharing	Net sales	7	8	+0.7	+9.8%
	Operating profit	2	2	+0.0	+3.4%
	[Operating margin]	[27.1%]	[25.4%]	-	[-1.7pt]

Steady success and results have led to profit. We will continue with these initiatives.

Sales reform initiatives



Increase earnings power through high value-added proposals



Enhance and expand consulting services



Optimize shipping systems



Instill the use of performance indicators

Production/supply initiatives



Operation of AP Center as new assembly production base



Strengthen relationships with supply chains in the development of new products



Construct manufacturing systems which contribute to reducing cost prices

Asset efficiency initiatives



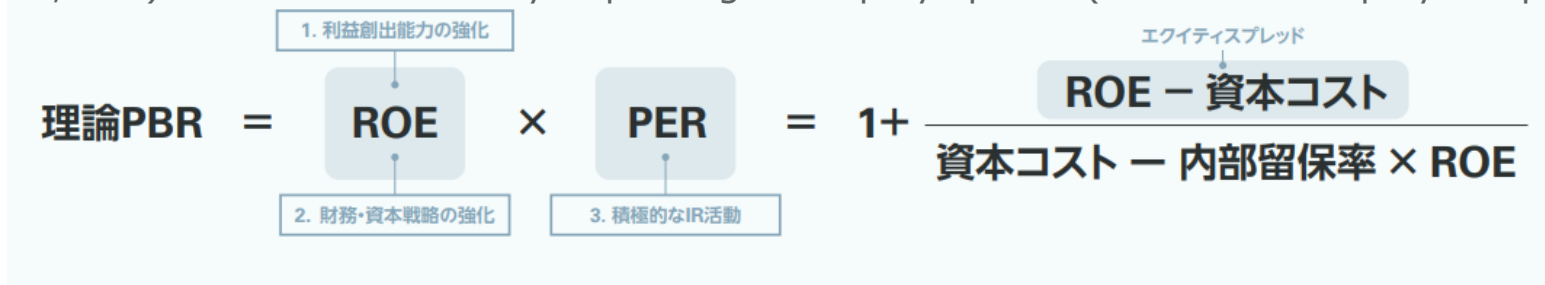
Promote improved asset efficiency and effective utilization of assets, including disposal of non-business assets



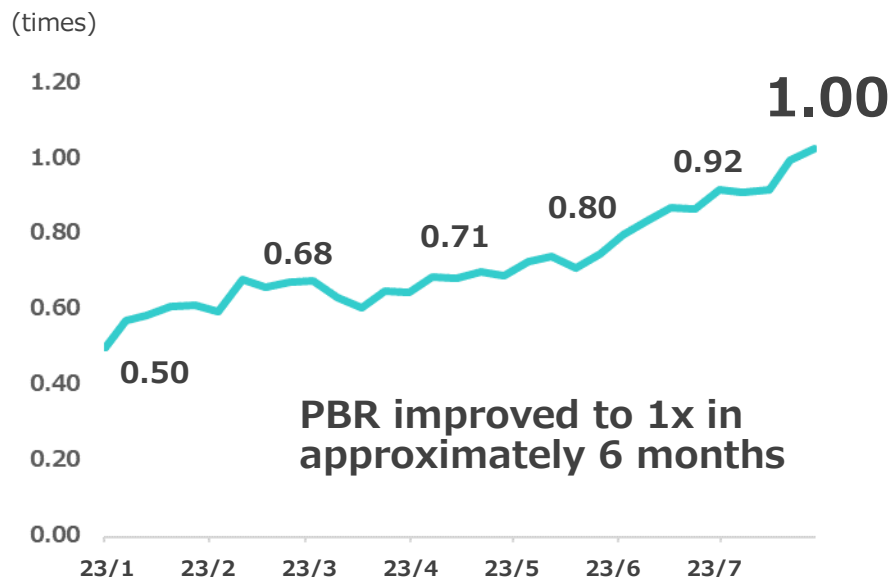
Reduce cross-shareholdings

Financial strategy (management with focus on capital cost)

In addition to further strengthening earnings power, we will steadily implement reform measures for capital cost (for example, timely and appropriate disclosure of information including ESG, capital measures, etc.) and increase PBR by improving the equity spread (= return on equity - capital cost).



Changes in PBR over last 6 months



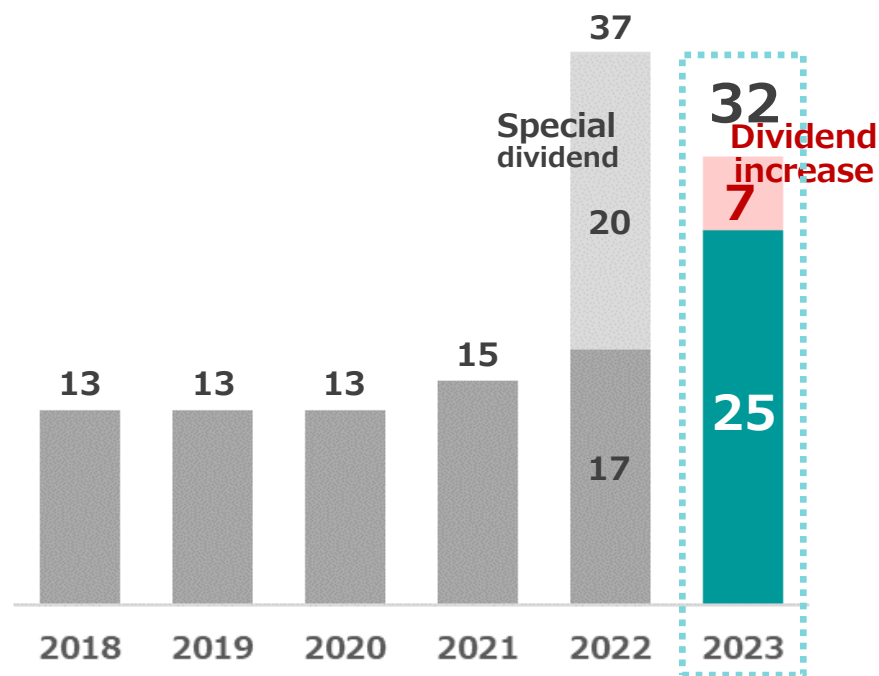
Priority Themes

1. Strengthen profit creation power
2. Strengthen financial/capital strategy
3. Proactively conduct IR activities

Disclosed on May 12, 2023
 Toward the Realization of Management With Focus on Capital Cost and Share Price
<https://ssl4.eir-parts.net/doc/7972/tdnet/2276883/00.pdf>

Based on our policy of return to shareholders, revised the forecasted dividends per share for FY ending December 31, 2023 upwards by ¥7, from ¥25 to ¥32

[Change in annual dividends per share (¥)]



Policy for Return to Shareholders

We recognize profit distribution as one of our important managerial issues. Our basic policy is to continuously and stably pay dividends to our shareholders, aiming for a dividend payout ratio of more than 30%, based on comprehensive and long-term consideration of factors such as the Company's income, enhancement of internal reserves, and future business growth.

We will efficiently utilize internal reserves mainly for strategic investment in R&D that is essential for future growth and in growth fields.

1. Financial results for the first six months of FY ending December 31, 2023

2. Forecast for fiscal year ending December 31, 2023

Forecast for Fiscal Year Ending Dec. 31, 2023

- Net sales were generally in line with the initial plan
- Revised the forecast for operating profit to ¥7.5 billion, exceeding the ¥6.5 billion target that was initially disclosed
- In the second half, although we expect to strengthen human capital investment (investment in education, improvement of office environment, etc.) in anticipation of future growth strategies and to engage in strategic investment such as promoting DX, we expect profit to be higher than the previous FY due to the continued effect of structural improvements up to the first half

Jan. 1- Dec. 31, 2023

Unit: ¥100 million	FY ended December 31, 2022 Actual	FY ending December 31, 2023 Initial forecast	FY ending December 31, 2023 Revised forecast	Increase (decrease)	
				Year-on-year	Compared to initial forecast
Net sales	1,233	1,300	1,300	+67 [+5.4%]	+0 [+0.0%]
Operating profit	45	65	75	+30 [+63.7%]	+10 [+15.4%]
Ordinary profit	41	65	75	+34 [+79.5%]	+10 [+15.4%]
Profit attributable to owners of parent	52	37	48	(4) [-9.3%]	+11 [+29.7%]
[Operating margin]	[3.7%]	[5.0%]	[5.8%]	+2.1pt	+0.8pt

Expect more than double operating profit compared to second half of previous FY

July 1- Dec. 31, 2023

Unit: ¥100 million	FY ended December 31, 2022 second half results	FY ending December 31, 2023 second half forecast	Increase (decrease)	
			Amount	% increase
Net sales	595	618	+22	+3.8%
Operating profit	2	5	+3	+136.9%
Ordinary profit	(2)	4	+6	-
Profit attributable to owners of parent	16	1	(15)	(93.6%)

*Quarterly profit for FY ended December 31, 2022: Contributions from recording of extraordinary income (Sale of non-business non-current assets, etc.: ¥6.5 billion gain on sale of former Neyagawa Plant site)

We issued the Integrated Report 2023, focused on structural reforms achieved through managerial developments



The Integrated Report 2023 expresses the DNA that has been passed down since our founding as “Tech x Design,” and reports on the steady progress toward the final year of our Medium-term Management Plan “RISE ITOKI 2023” from a variety of perspectives. In addition to expanding information on both financial and non-financial initiatives, we created new special features focusing on active participation by women, research on new materials, and DX promotion, and expressed our attitude of taking on the challenge of creating value that is unique to the Company.

 [Integrated Report 2023](#)

■ Three Initiatives Contributing to Management Reform (Special Feature)

特集① 女性活躍推進

**多彩な輝きが、
会社をより良く変えていく**

マブリー
—SPLiによる企業文化変革への挑戦—

イトーキは、リーダーシップをもった女性の活躍推進を通じて、さらなる多様性の巻き込みと、オープン・フリー・フラットな企業文化の醸成を目指すという変革を進めており、リーダーシップを発揮するための知識・スキルの習得や、継続的なキャリアデベロップメントをサポートするコミュニティ(SPLi)を構築させました。
今回は5名のリーダーが、コミュニティの活動について語りました。

特集② 新素材研究

**“気づき”と“出会い”から始まった
サーキュラー・エコノミーへの挑戦**

—コーヒーの豆粕を家具にする—

イトーキでは、これまで世界になかった新素材の可能性を追求し、技術開発部隊での研究を推進しています。
今回は、コーヒー豆粕を利用して家具素材にするプロジェクトに関して、木質バイオマス研究の第一人者である野中教授、グループ会社ダイトンの滝井執行役員と当社2名で、研究の現状や将来の可能性などを語っていただきました。

MIE UNIVERSITY × DAITON × ITOKI

株式会社イトーキ 常務取締役兼新素材開発部長 野中 亮
株式会社ダイトン 執行役員 新素材開発部長兼環境・社会貢献部長 滝井 直哉

特集③ DX推進

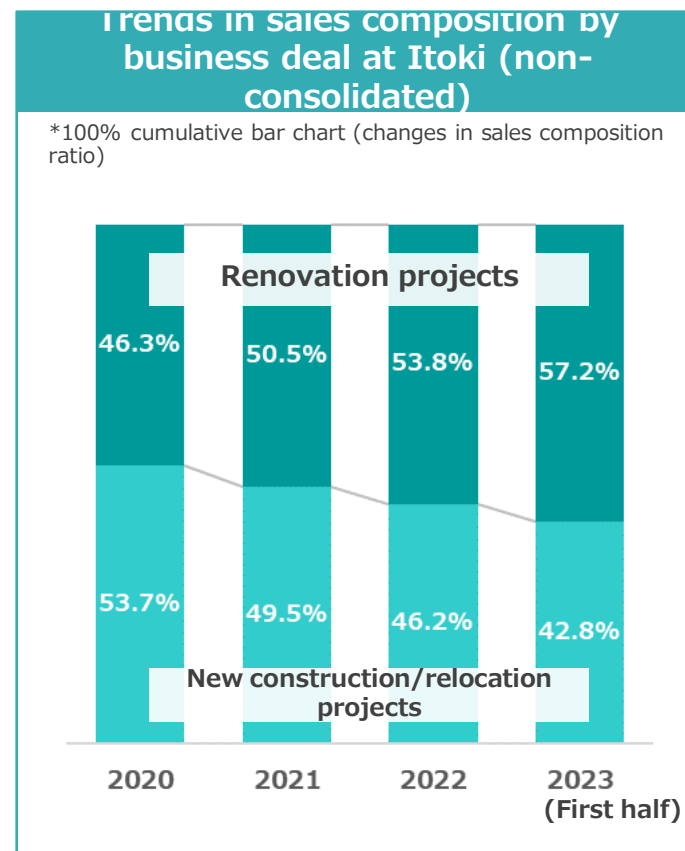
**イトーキの
ビジネスを
強く太くする
DX**

革新的なスマートオフィス商品の開発とDXをツールとして活用することにより、社員が会社から離れた場所でも仕事を完結できるように、イトーキならではのデータサービスにより、お客さまとつながり続ける関係性を構築しています。

常務取締役 大月 剛
常務取締役兼スマートオフィス推進部長 長尾 和芳

Continue to be strong in second half

Unit: ¥100 million	Dec. 2022 Actual	Dec. 2023 Initial forecast	Dec. 2023 Revised forecast	Increase (decrease)	
				Year-on-year	Compared to initial forecast
Net sales	859	927	927	+67 [+7.9%]	+0 [+0.0%]
Operating profit	25	45	53	+27 [106.7%]	+8 [17.7%]
[Operating margin]	[3.0%]	[4.9%]	[5.7%]	+2.7pt	+0.8pt



Orgatec Tokyo 2023



Orgatec Tokyo 2023 Event Overview

Asia's largest office furniture trade fair, originated in Germany. Attended by over 120 brands and manufacturers from around the world.

Dates: April 26-28, 2023
Venue: Tokyo Big Sight

- ✓ Re-opening of Itoki Tokyo Xork
- ✓ (Office furniture + Digital Equipment) / 2 : Proceeding smoothly
- ✓ Office × Data : Proceeding smoothly





**Demand increase for equipment in public facilities,
including for museum/gallery exhibition cases and digital signage**

Unit: ¥100 million	Dec. 2022 Actual	Dec. 2023 Initial forecast	Dec. 2023 Revised forecast	Increase (decrease)	
				Year-on-year	Compared to initial forecast
Net sales	356	355	355	(1) [(0.5%)]	+0 [+0.0%]
Operating profit	14	14	16	+1 [+8.0%]	+2 [+14.3%]
[Operating margin]	[4.2%]	[3.9%]	[4.5%]	+0.3pt	+0.6pt

**New exhibition case
Artivista**



Delivery to the Tokyo National Museum

Structural Reform Project in Second Half

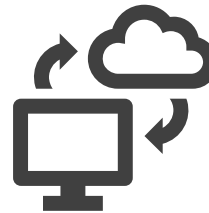
Important initiatives in second half

Further strengthening investment in human capital



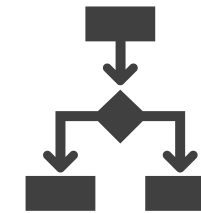
- Office renovation
- Enhancement of human resources
- Investment in education (DX training, elective training, etc.)
- Expansion of employee benefits (Performance-based bonuses, strengthening of systems for enhancing personnel, etc.)

DX promotion

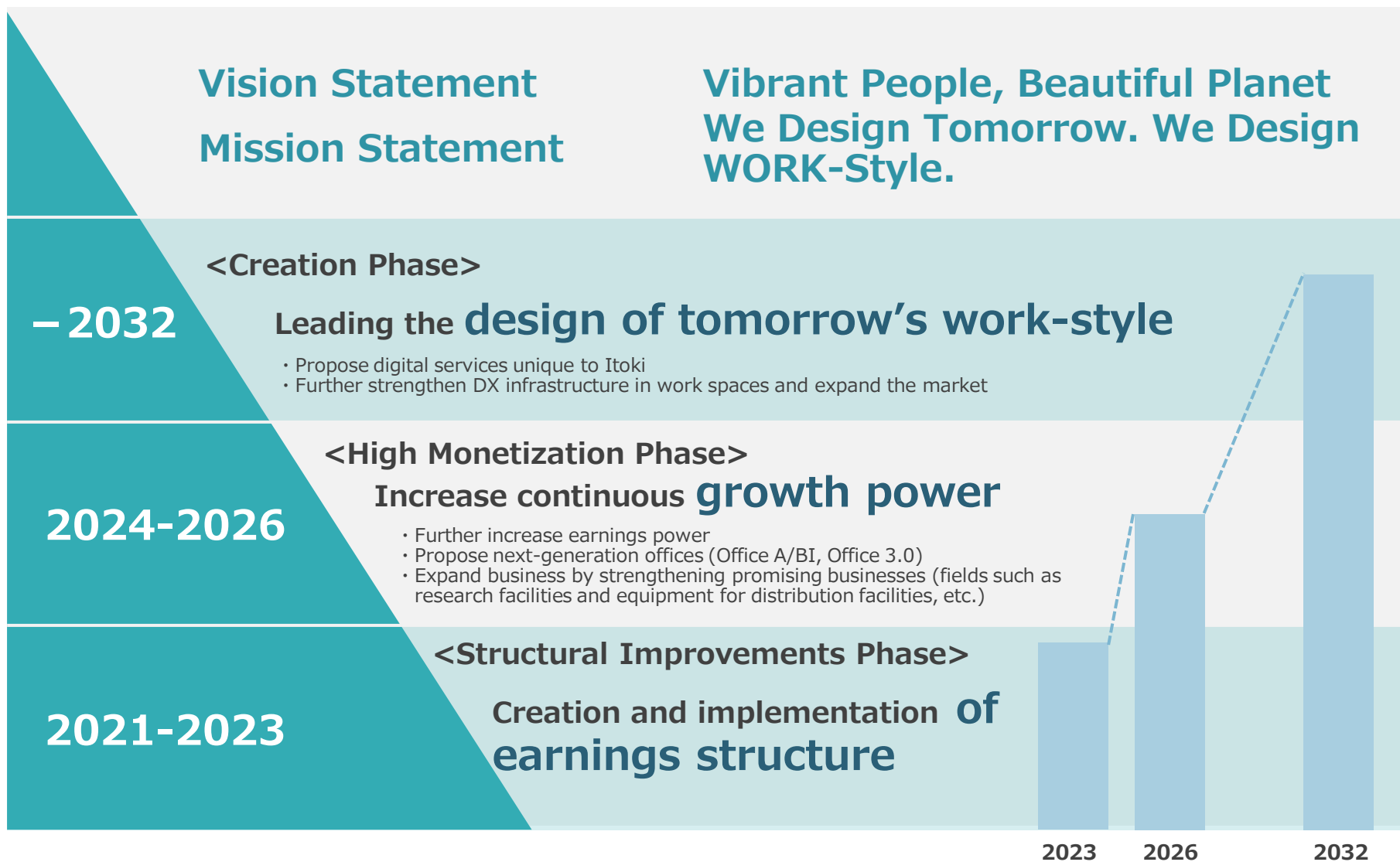


- Shift to cloud for core systems
 - Countermeasures for hardware deterioration
 - Definition of requirements/design of systems
(plan to start services in October 2024)
- System investment in AI, etc.

Asset efficiency



- Review of distribution bases
 - Maximization of delivery efficiency for delivery in the Tokyo metropolitan area
 - Implementation of more effective distribution operations
 - BCP and environmental measures



Appendix

Won the Red Dot Design Award 2023, one of the world's three largest design competitions

Three of Itoki's products (Olika chair, torteU chair, and inSAIL) won the Red Dot Design Award 2023 in the Product Design category. This German award is one of the world's most distinguished design awards.



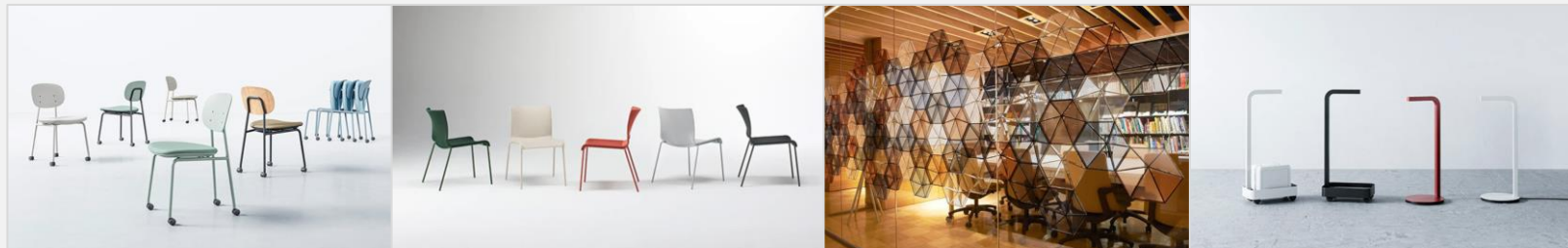
Olika chair

torteU chair

inSAIL

Won the iF Design Award 2023, one of the world's three largest design competitions

Four of Itoki's products (Olika chair, LINEA chair, iwasemi-HX α, and carry tap) won the iF Design Award 2023. This German award is one of the world's most distinguished design awards.



Olika chair

LINEA chair


iwasemi-HX α

carry tap

Integrated Report 2023



This book comprehensively presents the Itoki Group's corporate value and its medium- to long-term vision from financial and non-financial perspectives.

 [Integrated Report 2023](#)

ESG DATA BOOK 2023



It includes a detailed presentation on the status of achievement of KPIs for materialities, as well as accomplishments in the environment, society, and government.

 [ESG DATA BOOK 2023](#)

Developed a Virtual STEAM Classroom utilizing the metaverse and established a classroom at Shizuoka Seiko Gakuin



Flip Flap Chair used as chair for leaders at main meeting of G7 Summit in Hiroshima



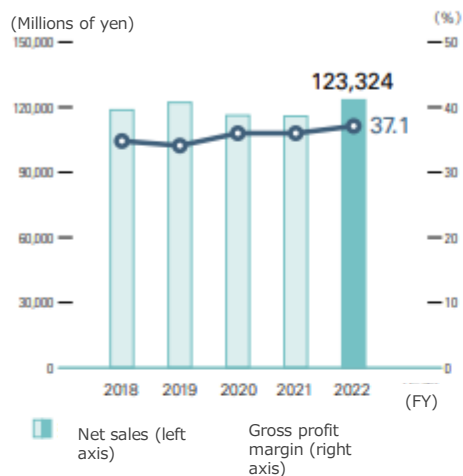
Held a marketplace using J-Credits, the first such marketplace in Japan by a private company



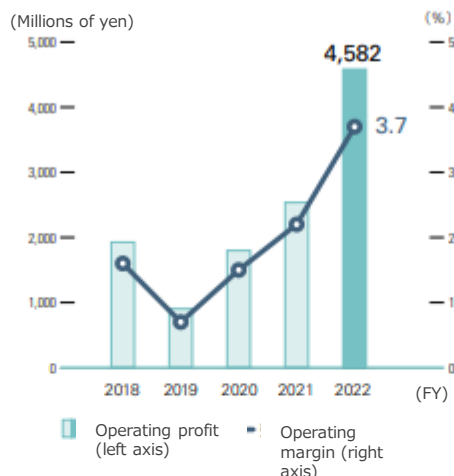
Financial Highlights(FY ended December 31, 2022)

Results

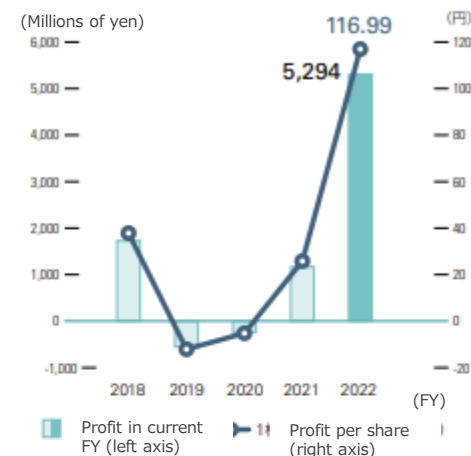
Net sales/Gross profit margin



Operating profit/Operating margin

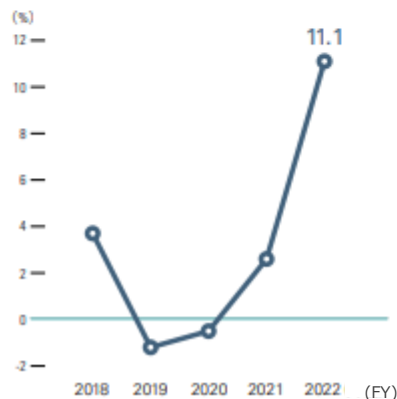


Profit attributable to owners of parent/Profit per share

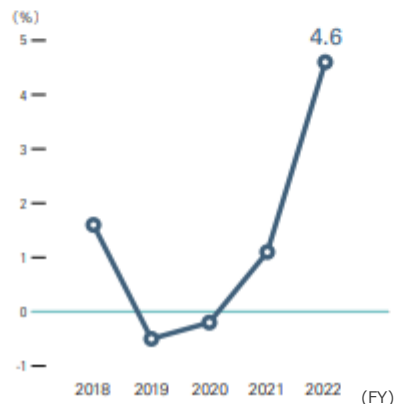


Indices of profitability/efficiency

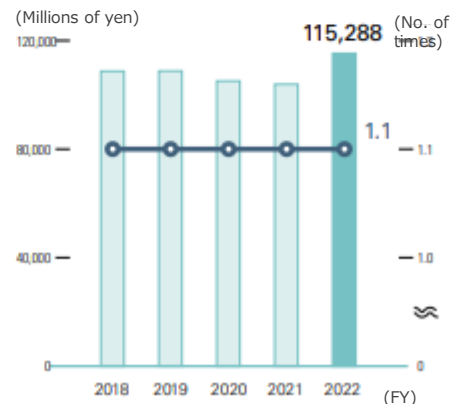
ROE



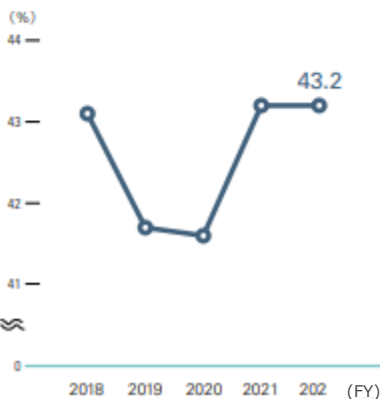
ROA



Total assets/Total assets turnover



Equity ratio

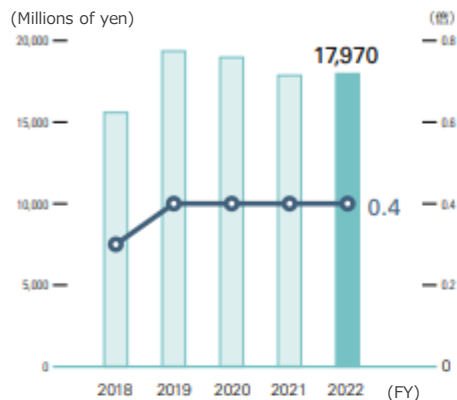


Financial Highlights(FY ended December 31, 2022)



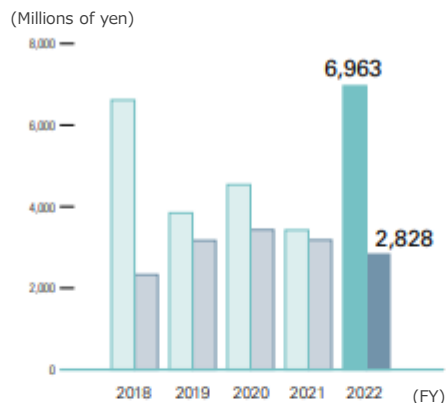
Growth investment

Interest-bearing debt/Debt-to-equity ratio



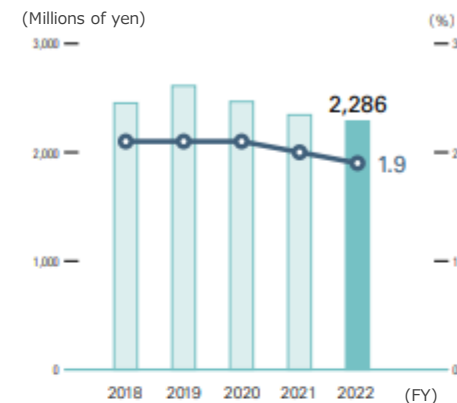
Interest-bearing debt (left axis) Debt-to-equity ratio (right axis)

Facilities investment/Depreciation



Facilities investment Depreciation

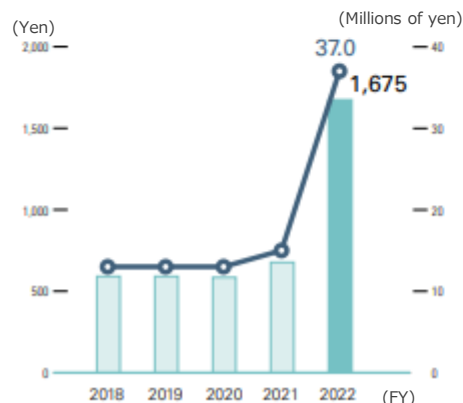
R&D expenses/Sales-to-R&D ratio



R&D expenses (left axis) Sales-to-R&D ratio (right axis)

Return to shareholders

Dividends per share/Total dividends

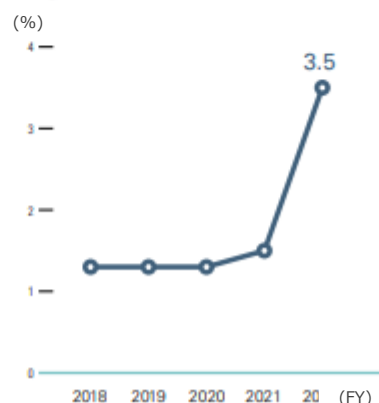


Dividends per share (left axis) Total dividends (right axis)

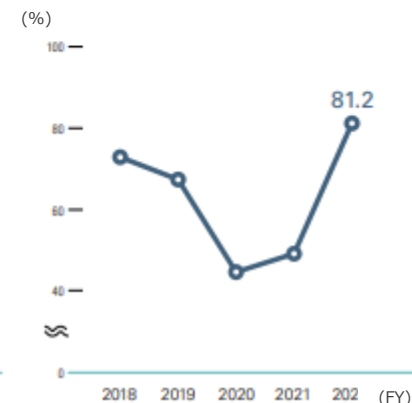
Total shareholder return ratio for purchase of stock



DOE



TSR



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.

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