

We Design Tomorrow.
We Design WORK-Style.

Office design holds transformative power
that can reshape society.
Realizing data-driven support for office operations.
Pursuit of operational excellence.

Investing in office space is an investment
in human capital.
Riding the wave of increased office investment,
the integrated production
and sales model is a key driver of profitability.



Engagement is the engine that drives
corporate growth.
Enhancing emotional capital to
maximize corporate value.

Pursuing growth by becoming a company
that shapes the way people work.

ITOKI DESIGN HOUSE



integrated report 2025

ITOKI DESIGN HOUSE

**We Design Tomorrow.
We Design WORK-Style.**





In an era when the meaning of work is changing,
what is Itoki's vision for its own work and how should it act?
From future design to human resources and ESG, this is a story of the
evolution of work expressed by our executives in their own words.
A story where ideas and strategies intersect for the future.

This year's integrated report is divided into two parts: a future-oriented "Special Feature Section" and a "Main Text" that compiles a comprehensive summary of our corporate information.

This part is the Special Feature Section of the Itoki Integrated Report 2025. In this Special Feature Section, the management team presents, in its own words, Itoki's strategy for creating future value based on its Mission Statement: We Design Tomorrow. We Design WORK-Style. Please discover how Itoki will evolve and take on new challenges through the vision of its leaders at the forefront of transformation.

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Itoki's future design (purpose)

With a new workplace strategy that enhances human capital management, We Design Tomorrow. We Design WORK-Style.

The concept of "work" in Japan is beginning to change.

The business environment is undergoing rapid changes, including a decline in the working-age population, an aging society with a declining birthrate, and advances in teleworking and information and communication technologies. As a result, the way we define 'work' is likely to continue evolving in the future. In an era where the simple formula "value = output × productivity" is being questioned, what kinds of work styles will be necessary? As more and more managers of human capital come to realize that office investments enhance their human capital management, what kinds of talent should companies be looking for, and what kinds of workplace should they provide them? A workplace strategy that enables even more diverse work styles than now will be necessary.

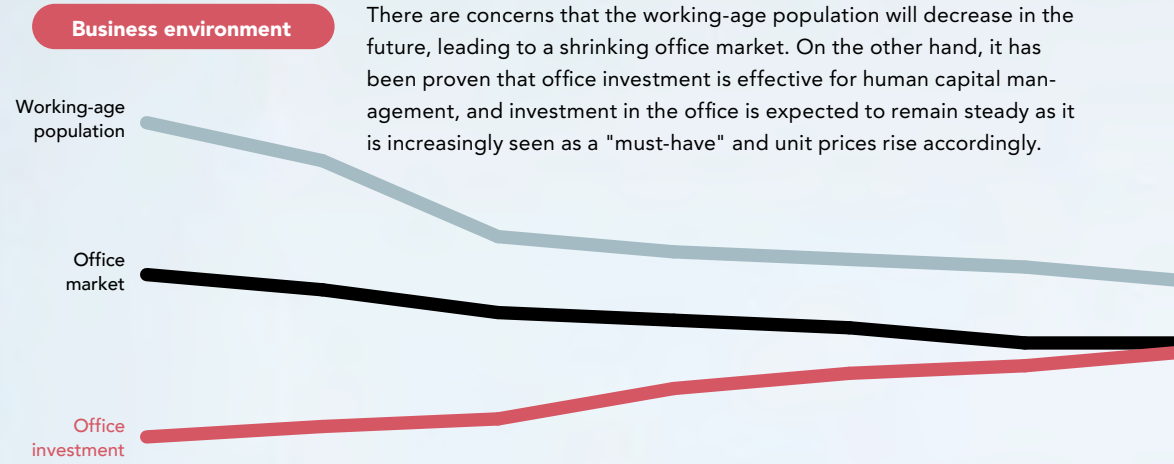
That's why we believe it's important to have a more people-focused business. The importance of the concept of "the office" will increase as its role changes: from the company's perspective, the office will be something that contributes to improving productivity and engagement, while from the employee's perspective, it will be something that sustains their well-being and long-term employment.

Our contribution is to make the customer's dream a reality through spatial design. Furthermore, as the importance of the office spreads from major metropolitan areas to regional cities, our contribution will extend to improving employee engagement and enhancing employee recruitment outcomes. By focusing primarily on renovations, we aim to not only increase profitability but also offset the impact of differences in the composition of quarterly profits and economic fluctuations.

Furthermore, in preparation for the decline in the working-age population in Japan, we are taking on the challenge of establishing a new business model that contributes to improving customer productivity through Office 3.0 (the data business), and we are starting to focus on overseas markets, including ASEAN countries.

We will also reform the management of the equipment & public works-related business and establish it as our second business pillar.

We believe that Itoki's purpose is to contribute to long-term customer productivity through office operations.



Itoki's ideas & strategies for the future business environment

Now

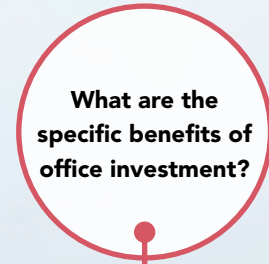
Ideas & strategies in Itoki's first pillar



Office space Design skills

Contribute to what the customer wants to achieve through spatial design. To achieve this, we will increase the number of spatial designers to 180.

Key areas of value provision and strengths of the Itoki Group: Main Text page 27



Effective for recruiting

Office investments increase employee engagement and help with recruiting.

Labor costs: Facility costs: Main text page 15



Contribute to improving labor productivity

In preparation for the coming population decline, we are contributing to improving our customers' productivity through Office 3.0 (the data business).



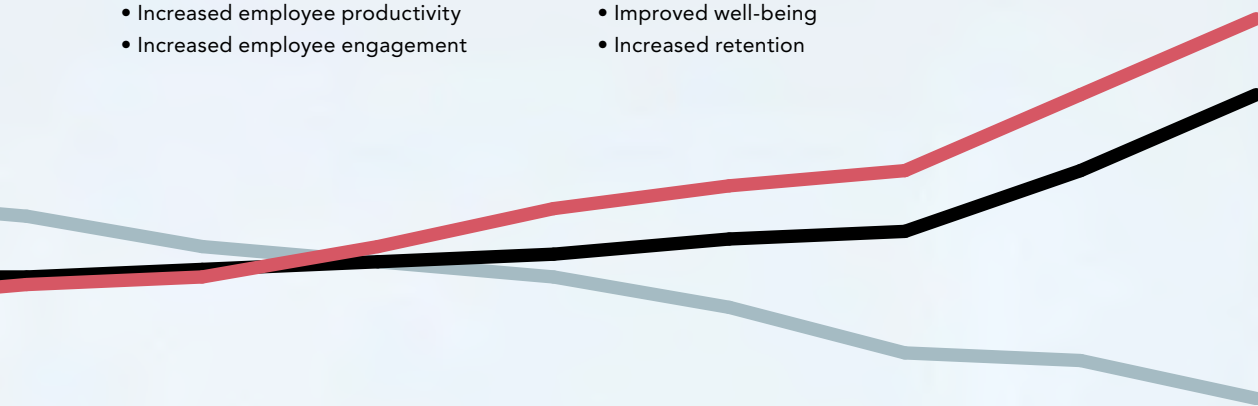
Changing corporate attitudes toward office investment: Office investment impacts human capital management

Concerns of corporate management

- Increased employee productivity
- Increased employee engagement

Concerns of employees

- Improved well-being
- Increased retention



Ideas & strategies in Itoki's second pillar

Itoki's long-term vision

Future

Realizing our purpose

MISSION STATEMENT

We Design Tomorrow. We Design WORK-Style.

Aren't most office investments made when a building is completed?

Target renovations

Itoki aims to target office renovations over new office construction to offset the impact of economic fluctuations.

▶ Accelerating profitability in the workplace business: Main Text page 11

Even so, won't the Japanese market shrink?

Focus on overseas markets too

Begin full-scale expansion into ASEAN, Singapore, and China, where future market growth is expected.

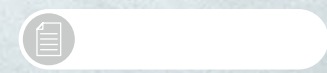
▶ Overseas strategy: Main Text page 30

Does Itoki have a second business pillar after office furniture?

Equipment & public works-related business

Reform the management of the equipment & public works-related business and establish it as our second business pillar after the workplace business.

▶ Equipment & public works-related business: Main Text page 31



President's message


Evolving into a company that proposes ways of working to reach the next level

Entering an era where the real challenge comes after the office is built

Up until now, offices have been designed based on data and experience from the past. Going forward, however, I believe it will be important to verify how offices created based on hypotheses are actually being used and to make continuous improvements accordingly. We define this domain as "Office 3.0." Achieving Office 3.0, in which we work alongside customers to implement the PDCA cycle for office improvements, will allow us to shift from a non-recurring business model to a recurring revenue business model with more stable earnings power. Furthermore, because offices are used by people, the way they are used is constantly changing. If we can visualize these changes with data, we will enter an era where the real challenge comes after the office is built. From fiscal 2025 onwards, we will begin to fully implement this transformation of our business model.

There is a goal beyond employee engagement

While the priority issues for fiscal 2025 are summed up by the four keywords "Digital, Design, Group, and Compliance," my ultimate task is to ensure that every employee understands and embodies our mission: "We Design Tomorrow. We Design WORK-Style." I believe that we are making good progress in this area, not only because of our positive employee engagement score for "pride in the company," but also because of the sharp rise in our employees' positive feelings for ITOKI, job satisfaction, and hope for the future. To continue maximizing employee engagement, we will aim even higher while staying vigilant to keep the momentum of reform moving forward.

 President's message: Main text page 9

Koji Minato

President and
Representative
Director



Message from Executive Manager of Corporate Administration Division

**Further improving our
equity spread to meet
the expectations of our
shareholders and investors**



Yumi Tanaka

Managing Executive Officer
Executive Manager of
Corporate Administration
Division

Management Focused on Capital Cost and Shareholder Value

We are firmly committed to enhancing shareholder value by integrating capital cost considerations into our management decisions. Our disclosed estimated cost of shareholders' equity (CAPM) is set relatively high at 9 to 10%, which means that we commit to delivering on the high expectations of our shareholders and investors. With the aim of expanding our equity spread we have set the following financial targets for fiscal 2026, which is the final year of the current medium-term management plan RISE TO GROWTH 2026 and positioned as a high profitability phase: ROE of 15%, operating income margin of 9%, sales of ¥150.0 billion, and operating income of ¥14.0 billion (amounts in absolute terms).

We remain dedicated to maximizing corporate value by strengthening ROE by driving profitability and asset efficiency, while building a solid foundation for reliable cash generation

With regard to the balance sheet, as our business expands, working capital management is becoming more important. We have started to implement company-wide initiatives to improve working capital firstly focused on accounts receivable and inventory management. By improving asset efficiency, we aim to achieve positive free cash flow so that we can deliver sustainable, long-term returns to our shareholders. In terms of investment, we continue to invest in digital transformation (DX) aimed at improving operational efficiency and will also strategically invest in production facilities not only to address aging equipment replacement but also to invest in improving production efficiency.

In addition to investing in new businesses expected to generate further profits, strengthening our business portfolio through M&A will be in scope. We will continue to pursue an optimal allocation of investments.



▶ Message on financial and capital strategy from Executive Manager of Corporate Administration Division:
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Souichiro Higuchi

Executive Officer
Executive Manager of Corporate
Governance Division

Akio Hosoda

Executive Officer
Executive Manager of
Engineering Division

Compliance

Dialogue on compliance

In 2024, Itoki was found to have committed two compliance issues, namely, two instances of anti-competitive behavior: one involving a logistics operator in Japan and the other a subsidiary in Singapore. While we have been working to strengthen compliance, this prompted a thorough review of our compliance systems. Going forward, we will address the root causes of the violations while also working to become a company that we can be proud of in society in which we operate.

For details, please refer to the press release:

https://www.itoki.jp/en/company/news/2024/1128_info/



Compliance can only be strengthened by continuing to act with simple honesty

Higuchi Legal violations and governance issues were at the root of the two misconducts that occurred in 2024. The root causes are believed to be a lack of awareness of local laws and ethics, insufficient education, and inadequate involvement from the headquarters. This was particularly evident in the case in Singapore. In particular, I deeply regret that the weak management system for Itoki Group companies may have made it difficult to detect and respond to risks at an early stage.

For this reason, the Corporate Governance Division, while proceeding with measures to deal with the incidents, is at the same time enhancing on-site visits, conducting regular meetings, and reviewing the audit system, with the aim of solving the root problem. Rather than conducting mere formal management, we place importance on building relationships of trust with the operational front lines and creating an environment where negative information can easily be shared. The goal is to prevent recurrence and promote the healthy growth of the organization. This requires instilling on-site understanding based on the so-called “Sangen Principle” (which emphasizes the three “reals”—namely, real places, real things, and real facts) along with a compliance-oriented attitude.

That being said, changes in the cultural aspects, such as building trust and creating an environment where negative information is easily shared, are not something that can happen overnight. If you continue to act with simple honesty, things will change before you know it, so I will approach this with a steady and focused commitment.

Aiming to achieve the industry’s No. 1 QCD (quality, cost, and delivery)

Hosoda As a measure to strengthen compliance, the Engineering Division, which was involved in the logistics operator incident in Japan, reorganized our organizational structure to ensure strict compliance with laws and regulations. Based

We are actively working to raise compliance awareness among all Group executives and employees

on this foundation of legal and regulatory compliance, we are currently continuing our efforts to achieve our vision of becoming a leading company by achieving the industry’s No. 1 QCD (quality, cost, and delivery) while striving to balance a sense of trust with a spirit of challenge. Meanwhile, in terms of compliance, we will earn the trust of society through employee education and strict enforcement of rules, and we will maximize synergies across the Group and achieve sustainable growth by strengthening our capabilities in construction, logistics, and human resources.

In pursuit of sustainable growth, we are reorganizing the structure of our distribution centers and also reviewing the way we in the Engineering Division work with the Production Department for the goal of aligning with changes in the business model. This is an important initiative that will be essential for future growth. Following on from the restructuring already underway in the Kanto region, we have now begun restructuring in the Kansai region, aiming to unify operations across Japan and make more effective use of assets. Through the reorganization, we are transitioning to an operational structure where the 3PL (third-party logistics) services* that were previously outsourced are gradually being brought in-house. In this way, we will enhance our agility and cost competitiveness, thereby enabling swifter decision-making. By breaking away from our dependence on external parties in logistics and leveraging the Group’s collective strengths, we will further enhance not only our engineering system but also the competitiveness of Itoki as a whole.

* Arrangement under which a third party other than the merchant assumes full responsibility for logistics operations, including planning, designing, and managing the logistics.

External directors are essential to strengthening governance

Higuchi For us, the presence of external directors is essential to strengthening governance. By incorporating external perspectives, we can increase the transparency and soundness of management and stimulate more lively discussions at meetings of the Board of Directors. Those of us on the execution side of the business must promptly report any negative information to the external directors, thereby encouraging sound judgment and appropriate disclosure based on an external perspective. The introduction of this kind of external perspective is essential for open corporate management and the restoration of trust. Itoki aims to achieve sustainable corporate value by strictly adhering to the principle of “doing the obvious things with simple honesty.”

Hosoda We in the Engineering Division believe that the way to ensure appropriate profits is to improve the efficiency of our internal operations, and that providing stable work and income to partner companies will improve the working conditions of drivers and craftsmen and contribute to creating an environment where jobs in this industry are chosen as attractive options. Going forward, I would like to continue working together with our partner companies to improve engagement, build trust, and take on new challenges.



G O V E R N A N C E

Roundtable discussion on governance



Yoshiaki Moriya

Full-time Audit & Supervisory Board Member



Eiji Funahara

Full-time Audit & Supervisory Board Member



Mariko Bando

External Director



Shiro Nitnai

External Director

The Itoki Group is working to increase trust in the Company and enhance its corporate value by strengthening corporate governance through strict compliance, improved transparency and fairness of management, and proactive information disclosure. To discuss our measures in response to the compliance incidents that occurred last year, and initiatives related to promoting sustainability, including empowerment of women, a discussion was held among two external directors, Mr. Nitnai and Ms. Bando, as well as two full-time Audit & Supervisory Board members, Mr. Funahara and Mr. Moriya.

Taking the two incidents seriously to strengthen compliance

Funahara In 2024, two distinct but significant compliance incidents occurred: a notice of violation of competition law concerning TARKUS INTERIORS PTE LTD in Singapore, and an investigation by the Fair Trade Commission into a logistics operator in Japan. In the case of TARKUS, when we received the notification, I thought that above all, prompt

and accurate fact-checking was important, given that the incident occurred overseas. In cooperation with the external Audit & Supervisory Board members, we aimed to quickly establish an investigation committee centered on local experts with independence and expertise, and to establish a system for cooperation with the Audit & Supervisory Board. Meanwhile, in the case of the incident in Japan, we were involved from the very beginning of the



investigation, putting in place a system, periodically monitoring its progress, and formulating measures to prevent recurrence.

Through these measures, we are working to strengthen the current compliance system. To strengthen the foundation for compliance, it is essential to create an environment where people on the operational front lines can feel free to discuss their concerns and to utilize the internal reporting system. At the same time, increasing sensitivity to changes in social norms is important. I believe this should be an ongoing part of education and training.

Moriya The two incidents that occurred in 2024 have once again highlighted the importance of Group governance. Itoki itself is currently working to improve its governance structure by establishing a new Corporate Governance Division and strengthening its human resources, and the Group as a whole will also make improvements based on the lessons learned from these incidents. The current challenge is that information gathering from Group companies is not enough, and there is room for improvement in the early detection and response to risks through accurate and prompt understanding of the situation. To address this, we are strengthening our response to risks through support from the head office, cooperation with the auditors of Group companies, and direct on-site audits by the Audit & Supervisory Board members of the head office. Going forward, we aim to leverage the expertise of the head office to implement a control system based on the “three lines model” across the entire Group, thereby establishing a framework to protect all stakeholders.

Given the remarkable improvement in the Company’s performance and growth, I would like to enhance both “offensive governance” and “defensive governance” in a balanced manner by closely collaborating with the Internal Auditing Department and external directors.

The empowerment of women, which has started to show results, should now focus on respecting individual abilities and aptitudes

Bando Since the two of you have focused on compliance, I would like to discuss an important theme related to sustainability, which is the empowerment of women.

Currently, at Itoki, thanks to the strong commitment of management to promoting the empowerment of women, results are gradually beginning to appear, such as an increase in the ratio of female managers. That said, when it comes to establishing a genuine pipeline for producing female managers, we are not quite there yet, and when it comes to instilling awareness on the operational front lines, we are only halfway there. The challenge for the empowerment of women lies in how well we can provide three elements—expectations, training, and opportunities—to those on the verge of becoming managers. Going forward, promotions which respect individual abilities and aptitudes, rather than just numerical targets, will be required. We will also focus on unconscious bias—not only of men, but of the women themselves—and help create a company-wide culture that encourages confidence and taking on challenges.

Becoming a company that creates sustainable value by deploying a wide range of advanced initiatives related to sustainability

Nitanai When it comes to sustainability and ESG in general, I would say that Itoki is making advanced and fundamental efforts in understanding and practicing sustainability, as exemplified by its Integrated Report winning a Nikkei Award. In particular, we are sincerely and ambitiously working to create workplaces from the perspective of “We Design Tomorrow. We Design WORK-Style.” Our approach of providing offices that maximize human capital not only for our own Company but also for our clients, which are Japanese companies, can be said to directly address the “S” (Social) challenge of ESG. I believe that healthy, comfortable, and productive working styles should be highly valued from a “for people” perspective. This can be said to be a perfect combination of problem-solving and business. At the same time, from a “for planet” perspective, we are also making steady progress in resolving issues such as reducing environmental impact and transitioning to a recycling-oriented society. The challenge going forward is to spread these principles and cutting-edge initiatives throughout the Group and to our partner companies. I hope we will continue to evolve as a company that leverages the practical knowledge gained from ITOKI DESIGN HOUSE to create sustainable value for both the environment and people.

Message from newly appointed external directors in 2025



Yasuyuki Kawasaki
External Director

Further increasing corporate value through management that focuses on the cost of capital and efficiency

I joined the Board of Directors in March of this year. In the medium to long term, our stock price is on an upward trend thanks to improved business performance. However, I believe there is room for further improvement in corporate value by balancing growth strategies such as Office 2.0 and 3.0 with greater awareness of capital efficiency. I hope to contribute in whatever small way I can to this effort in my capacity as a director.



Toshie Tanaka
External Director

Trust from society is the foundation of business

Without social trust, there can be no business growth. Going forward, in addition to steadfastly implementing measures to prevent recurrence of last year’s incidents, we will be required to continuously review our business practices in light of changes in laws, regulations, and social attitudes to ensure there are no further compliance issues.



Workplace Business

Riding the tailwind of increased office investment, we will leverage our advantages in integrated manufacturing and sales to grow revenues



Ichiro Washio

Managing Executive Officer
General Manager of
Sales Division



Nobuyuki Hirao

Managing Executive Officer
General Manager of Production
Division

The Workplace Business is Itoki's core business, accounting for more than 70% of both sales and operating income. We provide a wide range of products and services to create workplaces best suited to the way each customer works and in keeping with our mission statement: We Design Tomorrow. We Design WORK-Style. Our strength lies in the fact that we have adopted an "integrated manufacturing and sales" system, which allows us to coordinate manufacturing and sales to quickly provide products that meet customer needs by the desired delivery date. As people's working styles change and office investments grow in response to these changes, we will leverage our advantages in integrated manufacturing and sales to grow revenues.

To capture expanding office investment, our marketing is focused on three themes

Washio Demand for flexible workspaces is rapidly increasing due to the adoption of hybrid work. This movement, which started in the Tokyo metropolitan area, has now spread to other regions of Japan, in particular the government-designated large cities. Office investment has also increased among small and medium-sized enterprises and regional offices.

There is growing recognition that improving the office environment not only reduces turnover and increases employee engagement, but can even help with recruiting new talent. As a result, office investment is





expected to continue to increase in the future, and we anticipate continued steady growth.

Based on this trend, Itoki is focusing its marketing on three themes: shifting from individual product sales to office space proposals, shifting from new construction to renovations, and expanding our target area from the Tokyo metropolitan area to all of Japan.

We will restructure our production system and optimize prices

Hirao To beat the competition, you need to get the price right. This is why the Production Division has been working on restructuring the production system. In the previous medium-term management plan, we closed our main factory site in Neyagawa and consolidated production to the factory in Shiga Prefecture, where we built a new assembly facility, and made decisions about whether to produce in-house, outsource production, or undertake OEM contracts. Looking ahead to the future, in the face of demand for high-mix, low-volume production, we are transitioning

to a scheme that balances optimal procurement with quality assurance while carrying out design and development in-house. We are currently reconstructing an optimal production system for the entire Group, taking into account the reorganization of Group companies while making maximum use of existing facilities. I believe that these efforts will lead to price optimization and enhanced responsiveness across the entire Group, as well as the creation of added value through reviews that start from the design stage.

Washio In sales, I believe that differentiation will become even more important in the future. In the past, offices were often created based on intuition and the experience of designers, but going forward, I believe there will be a shift toward a scientific approach based on theory and evidence.

Itoki's competitive advantage created by integrated manufacturing and sales

Washio One of Itoki's major strengths is its



integrated manufacturing and sales. This goes beyond just sharing data between manufacturing and sales; it means quickly communicating customer needs and market trends to the production side through daily communication.


Hirao One of the strengths unique to integrated manufacturing and sales is the ability to directly obtain market feedback from the sales department, such as what products are in demand or what problems have occurred. Based on this information, we can implement a cycle of improvement to prevent the same problems from occurring again and to create better products.

Washio Having an in-house manufacturing department allows us to flexibly handle projects that are difficult for other companies. We are able to meet delivery deadlines thanks to the trust that is built up daily between our sales and factory teams and their speedy cooperation.

Hirao We gave more than 100 factory tours in 2024. There is growing interest in working styles and the environment in factories,

and we are working on various initiatives to improve employee satisfaction and secure skilled workers for our factories. I would like to strengthen our communications originating from the factory floor about Itoki's craftsmanship. I would also like to further increase our advantage in integrated manufacturing and sales by creating a culture where the sales team can share the passion and pride that the development and production teams have for their products.



 Workplace Business: Main Text page 28



New ways of working

ITOKI DESIGN HOUSE

Office 1.0-2.0

Hiroataka Tako
Executive Officer
Chief Creative Director
Product Development
Division

Sachiko Kayama
Senior General Manager
Work Style Design Unit

Office space proposals



It is important to seamlessly connect the space and the product

Kayama Spatial designers tend to approach design from a macro perspective, while product designers tend to approach design from a micro perspective. What is important, however, is to transcend those boundaries and ensure that the space and the product are seamlessly connected. This allows us to create products that fit the latest work styles and trends, have functional and aesthetic details typical of Itoki, and fill the available space.

Tako I agree with you. This is because what ultimately remains in the minds of people who work in an office is how they experience the office. An office is a space with a clear purpose: to work. I believe that to provide value, everything needs to work together, including the space, products and even the sound.

Kayama Speaking of the office experience, at Itoki's Tokyo headquarters, which doubles as a showroom, we have been conducting pioneering proof-of-concept experiments to stay one step ahead of our customers.

Putting a "design-led, try-it-out spirit" into practice

Tako The features of Itoki that are most



Office design has the power to transform society as a whole



notable to me, coming from outside the Company, are its nimbleness and its strong willingness to try things. For designers, this spirit of experimentation is very appealing.

Kayama Indeed. At Itoki, there is a culture of letting the designers run free. It may seem like the design is being driven by a try-anything approach, but in reality, it is thoroughly data-driven, considering questions like what work style is best and what the optimal utilization rate of the layout should be for this purpose. We value designs that appeal to the senses without making this rationality too obvious.



The individuality of its designers brightens the future of Itoki

Kayama Itoki employs more than 180 spatial designers. I would like to support them in becoming a strong design team as a group by respecting their individual characteristics and bringing their individual personalities to the forefront.

Tako I see great potential in Itoki and in the office category itself. Office spaces have very interesting characteristics as spaces where people gather with a purpose and produce results, and there is a lot of room for design to contribute. That's why it's worth taking on the challenge. We want our design work to continue nonstop in such an environment where both work styles and work spaces continue to be updated in accordance with changes in society. With that in mind, we created the name ITOKI DESIGN HOUSE to refer to the entire platform for design proposals. Itoki is truly a house of design and each brand, as well as Itoki itself, will be positioned as part of the ITOKI DESIGN HOUSE



umbrella. Digital solutions are also one of our strengths, and I am confident that when the spatial, product, and digital aspects work together seamlessly, Itoki will be in a very good position indeed.

Kayama I think our work is very similar to "corporate reform" in the sense that changing the office changes the very nature of the company. That's how powerful office design is. That's why I believe office design is not just about reorganizing the office—it has the power to transform society as a whole.



ITOKI DESIGN HOUSE 11F

Itoki's Tokyo headquarters, which doubles as a showroom, embodies its Mission Statement: We Design Tomorrow. We Design WORK-Style. This is where we pursue the optimal office environment that integrates technology and design, and where visitors from Japan and abroad come to catch a glimpse of the future of work.



Office 3.0

Achieving data-driven office operation support



Hiroaki Fujita

General Manager of
Marketing Department
Solution Business
Development Division

Kazuyoshi Nagao

Managing Executive
Officer
Head of Solutions
Business Development
Division

Yoshiko Yagi

Executive Officer
Executive General Manager of
Solution Development Unit
Solution Business
Development Division

Office 3.0 as a strategic investment in human capital

Nagao In response to Japan's structural challenges of a declining workforce and stagnant productivity, business leaders are shifting their focus from tangible assets such as factories and equipment to investments in intangible assets such as human capital.

Office 3.0 is a means to acquire and retain top talent and maximize productivity through investment in the workplace, and the key to achieving this is optimal work styles and work spaces. Investors in human capital, like all investors, want evidence of a return on their investment. With Office 3.0, you can set KPIs and get data-driven visualizations to clearly see the return on your investment. I also believe that the office is no longer something that is simply "built and done"; rather, by contributing to the ongoing operation of the office and its continuous improvement, we can provide a system to maintain and improve the value of the office over time. I am convinced that this is precisely what it means to implement sustainable human capital management in this era of rapid change.

Contributing to solving customer problems with data-driven consulting services

Nagao Office 3.0 offers subscription-based services to help optimize day-to-day operations, such as location-based applications that are essential for space reservations and employee findings in hot desking system. Through

regular reports and consulting based on analyses that combine usage data with subjective employee data, we will identify new issues and use them to develop additional proposals. This model aims to gradually increase revenue by building long-term relationships with customers, not just through initial implementation, but also through daily operations and ongoing proposals for improvement. This business is only possible because Itoki has built up trust with customers through its Office 1.0 and 2.0 businesses and accumulated data. At the same time, the Office 3.0 model feeds back into the Office 1.0 and 2.0 businesses, producing spillover effects.



on how people work and how they use the office, it is clear that both the challenges and the keys to improving productivity vary for each customer. I feel that we have earned the trust of these customers by being able to provide them with tailored, optimized operational support.

As a result, Data Trekking received 60 orders, significantly exceeding our target of 40 orders in fiscal 2024. We learned that the demand from our customers to see data, visualize it, and use it to improve operations was higher than we had anticipated. The customers who have adopted the system so far are at the cutting edge, but we believe that this need will become more widespread in the future, so we have set a target to receive more orders in fiscal 2025 than in the previous year.

startups to utilize cutting-edge knowledge and technology. For example, in addition to UTEcon, we are collaborating with the AI startup Akari Inc., which is engaged in construction DX, and RF Locus., which tracks the locations of objects using RFID technology. Together with startups like these, we co-create everything from proof of concept to implementation and development. We will continue to deepen and expand our collaboration with external partners and work on developing new solutions while incorporating technologies that we do not have.

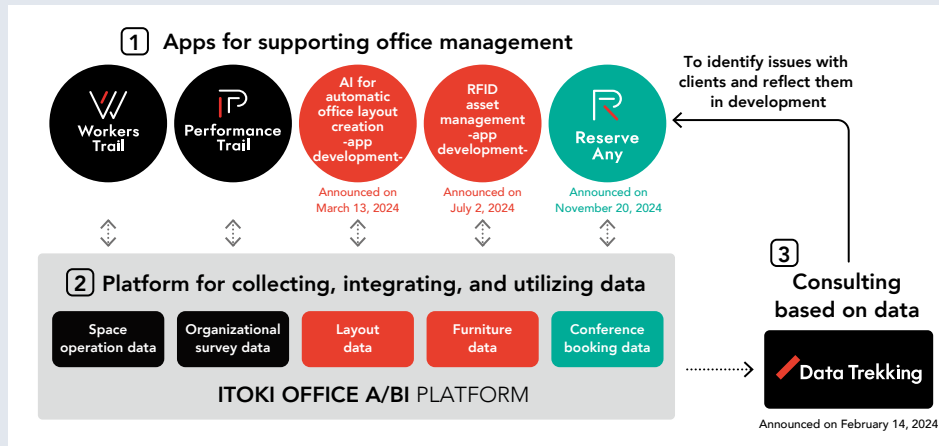
Standardize data-driven proposals and establish a new winning formula for business

Nagao As part of its vision for Office 3.0, Itoki has set a clear goal of achieving sales of 3 billion yen by 2026. To achieve this, we aim to standardize our data-driven proposals and establish a new winning formula in the office business. We are moving away from the traditional “built and done” model and building a new business model that stays in continuous contact with customers, leading to the next renovation proposal.

In this way, we aim to deepen the trust of our customers, build long-term partnerships, and become a force that can change the very rules of competition in the industry. For the time being, we will focus on strengthening our influence in our domestic market in Japan and improving the completeness of our business model.

Fujita We also released a new application in fiscal 2025. Its centerpiece, Reserve Any, is an advanced solution that optimizes reservations for conference rooms, private booths, and similar spaces. We are collaborating with UTEcon (The University of Tokyo Economic Consulting inc.), an economics consulting firm established by the University of Tokyo, to develop algorithms that apply market design theory. An advantage of our approach is that, same as previous solutions, we provide it to customers only after implementing our real workplace and improvement them within our company and visualizing the quantitative benefits.

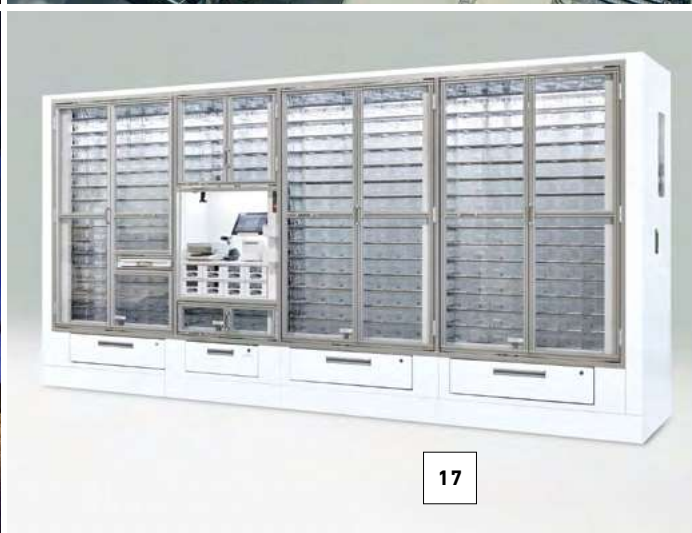
We are actively collaborating with



Yagi We have received high praise for our Data Trekking service, which makes proposals based on customer-specific data analysis and is powered by the OFFICE A/BI PLATFORM, the platform underlying Office 3.0. If you look at data

Equipment & Public works-related Business

The equipment & public works-related business offers a wide variety of products, including equipment for research facilities, large display cases for public facilities such as libraries and art museums, logistics equipment such as Shuttle Cart Type Automated Warehouse System, and special doors for nuclear power-related facilities. As Japan's labor shortage has intensified in recent years, demand for our products has been growing sharply, and we are working to strengthen our profitability by enhancing our product development capabilities and establishing a maintenance business.



Strengthening product development capabilities and establishing a maintenance business that will grow into a second pillar of our business

Rolling out a wide range of products based on advanced technical expertise

I moved from the Human Resources Department to become the General Manager of the Equipment Division. I had sensed this before I became the General Manager, but after taking on the role, I realized that we have many excellent products developed based on our advanced technical expertise.

For example, consider the success of our Systema Streamer SAS, our Shuttle Cart Type Automated Warehouse System. Demand for automated warehouses is expanding due to their ability to operate stably even in temperatures as low as -25°C, and in particular for frozen automated warehouses, which are growing due to the trend toward higher-end frozen foods. I also think that the fact that we win orders from major automobile manufacturers, which have extremely strict standards, is a testament to the high reliability of our products, and this will provide momentum for us to win future orders. We have other unique products that are the result of our advanced technical expertise, including DAP with MediMonitor, an automatic drug picking system for pharmacies that helps them offset the pharmacist shortage, and BOUNCEBACK doors, which are specially designed for nuclear power plants and underground shelters. Going forward, we will continue to develop products that meet the needs of our customers, including the development of a wide variety of SAS products.

Developing a predictive maintenance system to establish a maintenance business

We are also working to develop new products and establish a maintenance business. We are currently developing a predictive maintenance

system for our SAS products. For customers, the maintenance business offers the advantage of preventing shipping losses due to sudden breakdowns, and for Itoki, it offers the advantage of enabling more efficient operation, since the necessary parts can be selected and prepared in advance based on data such as the wear and tear of parts and their frequency of use.

In terms of organizational structure, we are moving toward centralizing maintenance that was previously conducted separately by each department to achieve overall optimization. I believe that the maintenance business will be an efficient and profitable business in the long run, and we will continue to focus on it.


Securing development and engineering talent is the key to growth

The current challenge for this division is that the speed of our new product development is slower than that of our competitors. In response to this challenge, we are addressing the shortage of human resources while also advancing investment in human resource development, including the transfer of skills.

As one way to address the labor shortage, we have partnered with Hanoi University of Science and Technology in Vietnam and have begun recruiting its graduates. The students are very talented and I hope to continue recruiting them in the future. Meanwhile, we have begun an initiative to encourage our engineers to obtain patents in order to increase their motivation. In 2024, we were able to file 20 patent applications, exceeding our target of 15. Going forward, we will continue to strengthen human capital investment to establish a competitive advantage.

Achieving growth by leveraging the global labor shortage

Due to the global labor shortage, demand for this division's logistics equipment is expected to continue growing. Taking advantage of this momentum, we aim to grow this business into a second business pillar for Itoki. Furthermore, looking ahead, I feel that making only tangible physical products can be limiting in terms of business growth. Our products have very long life cycles, so we need to think several years ahead. In the future, a major goal for us, and one I believe will be the key to growth, will be to advance into more upstream areas, including through M&A, to establish a system that allows us to make proposals, including for overall design and project management.

 Equipment & public works-related business: Main Text page 31



Motoki Nakamura

Managing Executive Officer
Executive Manager of Facilities
Equipment Business Division





Tadashi Sawada

President and Representative Director

DALTON

Management reforms of Dalton

Over the course of our more than 80-year history, Dalton has worked closely with research teams and manufacturing sites to create value across a wide range of fields, including research facilities (labs), powder machinery, cleanroom equipment, and semiconductor manufacturing equipment. With the launch of a new management structure in fiscal 2025, we are accelerating fundamental structural reforms by introducing successful models from the parent company and leveraging Itoki Group synergies.

For more information about Dalton, please visit the website.



Tomoyuki Uchida

Director and Managing Executive Officer
Executive Manager of Corporate Planning Division



New slogan: "Dalton: By Far the Best"

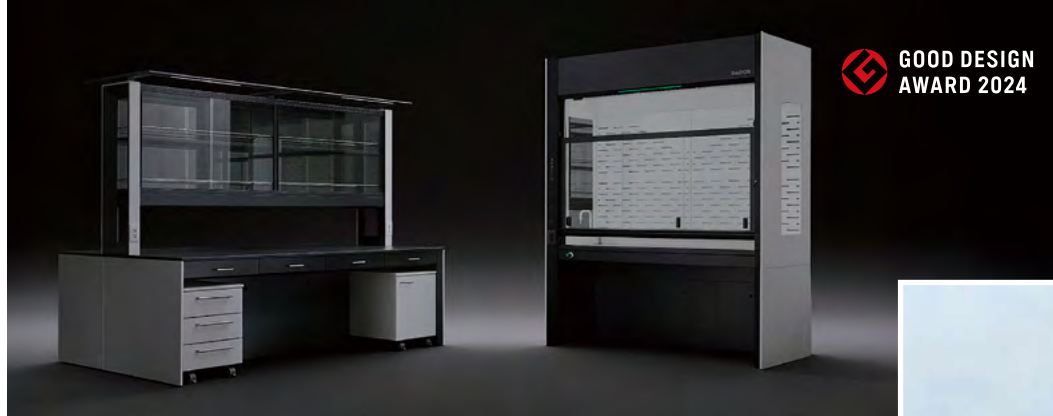
Sawada Coming to Dalton from Itoki's Equipment Division, what surprised me most was the company's outstanding technical capabilities. I want our employees to take pride in that first and foremost, so we have adopted the slogan "Dalton: By Far the Best." While we receive a lot of inquiries about our products, we face clear challenges such as insufficient supply capacity, a lack of upstream sales activities, and a low in-house production ratio. By addressing these issues head-on, I believe we can transform Dalton into a markedly stronger company.

Uchida Through prudent management, we have built a business capable of generating profits, but at the same time, I feel we have developed a somewhat cautious corporate culture when it comes to investing for the future. Regarding human capital investment, in particular, I think we have missed growth opportunities, with personnel shortages becoming a bottleneck. In addition to growth areas such as cleanroom equipment and semiconductors, our facility equipment and powder machinery businesses also have significant potential. I want to invigorate these businesses and set a growth cycle in motion through active investment.



Isolator that meets the high containment requirements of the pharmaceutical research and manufacturing fields





**GOOD DESIGN
AWARD 2024**

MAGBIT: a new laboratory system brand designed to improve researcher convenience and create a comfortable lab environment

Proposing complete lab solutions from upstream to raise in-house production ratios and improve productivity

Uchida First, we will make full use of the manufacturing lines and production technologies within the Group to promote in-house production. In addition to strengthening design and



Satoshi Tanaka
Senior Executive Officer
General Manager of Facilities
Equipment Division

production capabilities as part of our Group synergies, we will improve profitability by capturing profits that previously flowed outside the Group.

Second, with the spatial designers dispatched from Itoki, we will evolve our model beyond downstream product delivery to one in which we engage from the upstream stage and propose complete lab space designs that also take into account work styles. Furthermore, we will revise our HR system and enhance our IT environment to improve productivity and boost employee motivation to take on new challenges.

Tanaka Dalton has many repeat projects, and I believe we are highly regarded by the end users who actually use our products. On the other hand, we are not always able to fully



Yume Katsuyama
Sales Section 2,
Sales Management
Department Osaka Branch,
Facilities Equipment
Division

convey our strengths when the selection process is handled by general affairs or procurement departments, or when we take on a subcontractor role, and this sometimes draws us into price competition or weakens our presence. In that sense, being able to engage from the upstream by leveraging the resources of the Itoki Group is an enormous advantage. I believe we are now seeing true synergy take shape, and I want Dalton to strengthen its presence within the Itoki Group.

Katsuyama Dalton's greatest strength lies in its ability to listen to customer needs, create products tailored specifically for them, and deliver strong customer satisfaction. On top of that, we can now draw on the expertise of the Itoki Group to make more comprehensive proposals. We will broaden our perspective and proactively pursue sales from the upstream. Dalton is now moving forward with a real sense of speed, and employee expectations are higher than ever. I look forward to embracing these changes.

Rolling out the Office 3.0 concept to laboratories

Tanaka Soon after Itoki's spatial designers joined our team, we were actually able to win several design consulting projects, which frankly came as a surprise to me. From here on, rather than taking a passive stance, we will actively position ourselves to take on entire projects.

Sawada As part of our strategy going forward, we aim to be able to propose what type of laboratory would be most productive and how many of each type of draft chamber would be needed, based on behavioral data of researchers.



Human Resources Strategy

integrated with management strategy



Yoshihito Yamamura

Director and Managing
Executive Officer
Executive Manager of
Human Resources Division

Engagement is the engine driving

It all began with improvements in engagement

For nearly 10 years, the Company was unable to sustain a growth trajectory. In 2022, our newly appointed president, Koji Minato, who was recruited from outside the Company for the first time, communicated the message at the beginning of his tenure that improving employee engagement would be our top priority. This was based on the belief of management that motivated employees with a strong sense of loyalty do good work, ultimately leading to positive results. We have been working on engagement for about three years, and I believe that the essence of engagement lies in thinking and acting independently, which positively influences those around us and leads to appreciation. This, in turn, contributes to personal growth and ultimately to the growth of the Company.

Promoting human capital management integrated with management strategy

I have consistently discussed human capital management integrated with our management strategy with the Company's senior management. For us in the HR Division, how we achieve this will be incorporated into our HR activities. I believe that our approach of not treating recruitment, development, and placement as separate activities, but rather considering how to implement them to achieve our management strategy,

has contributed to positive results.

As part of our human resources strategy, we are emphasizing expertise and diversity, establishing a desired talent profile, identifying challenges, and aiming to realize a departure from equality and uniformity, with "professionalism," "pay for performance," and "retention" as our basic policies. Since this is a policy developed in collaboration with the management team, I believe having a solid foundation is very significant.

HR work has a delayed action. The effects do not appear immediately; they emerge after some time. Hiring and training people does not yield immediate results or effects. Rather, the outcomes become evident several years later. I believe it is very important for us to firmly hold onto the core aspects of why we are doing something and what we aim to achieve, and to patiently continue communicating, even in the face of various criticism and feedback, that we are doing it for a certain purpose as part of our HR activities.

Developing an environment where motivated employees can grow

Going forward, I hope to raise the quality of engagement. At the stage where engagement has increased, I want to focus on how the awareness and behaviors of employees change, and what specific actions they are able to take. Right



the Company's growth

now, we are seeing positive examples emerging from changes in the previously identified issues of following precedents, equality and uniformity, and waiting for instructions. We have also started working on a self-nomination system, and I believe it is quite significant that examples of employees taking action, such as making preparations to acquire a qualification or undertake studies as part of their career plans, as well as new business proposals, have emerged from the employees themselves. I think that the returns on investment in HR development are often difficult to discern. However, I think we must abandon the mindset of expecting that investing in employees will yield immediate returns for the Company.

We have communicated to our employees that we want them to become individuals with high market value. As such, we want to create an environment where motivated employees can achieve growth.

Facing new challenges

There are mountains of issues that we need to address.

We have started by implementing a talent management system, but we need to further improve its accuracy and create a framework that allows managers and the Company to utilize it substantially. We have only just begun data-driven human resources management.

Also, in a society where there is a trend of

viewing management positions as a form of "punishment," we will continue to make various demands of managers. However, we need to consider how to alleviate their burdens and highlight aspects that make them feel that being in a management position is worthwhile. It would be pleasing to see more individuals aspiring to be in a management position as a career, so figuring out how to address this is also a challenge.

And then there is Group integration. While the situation at ITOKI CORPORATION itself is quite favorable in terms of engagement and recruitment, I realize that we face a significant challenge in how to elevate the level of the Group overall, including at our regional Group companies.

A highly engaged group can turn changes into opportunities

No matter how nice the office is or how excellent the facilities are, all business activities ultimately depend on people. Business improvements, as well as new business plans like the ones mentioned earlier, are aspects that can only be accomplished by people. Our business itself is centered on the theme of how the office environment and human capital influence each other. Moreover, I think engagement is the engine that drives the Company's growth. I believe that regardless of any changes in the environment, a highly engaged group can turn those changes into opportunities. We will continue to pursue this kind of engagement moving forward.

CASE STUDY

Nurturing personnel who learn from each other and can thrive globally



Minami Matsuda
Overseas Strategy Planning Dept.
Overseas Business Division

I want to embrace new challenges and establish my own strengths

I wanted to try something new, and after being invited to help launch API, that led to my transfer to the Overseas Business Control Section. At Itoki, there is a culture of being supported as individuals and as a team. Although my department is small, I want to establish my strengths while gaining experience in a wide range of tasks.

I want to add my own unique color to my career

Through my interactions with foreign nationals via API*, my desire to add my own unique color to my career has grown stronger, leading me to decide to take on the challenge of being stationed in Shanghai. I think Itoki is becoming a company where those who want to take on challenges can raise their hands and be recognized for it. As a spatial designer, I also want to give back to Itoki, which has supported me in achieving results.



Hana Sato
Overseas Business Control Section
Overseas Business Division

*A community for employees aimed at promoting the development of global human resources, based on respect for employee autonomy.

M E S S A G E

**Don't be afraid of failure
—be the nail that sticks out!**

As our division made a decision to push into overseas markets by highlighting our strengths in spatial design, I wish Ms. Matsuda all the best in demonstrating her abilities in Shanghai, a city of the future. Ms. Sato has utilized her knowledge of domestic sales and wasted no time in creating a wonderful brochure with her colleagues. It will be a tremendous challenge for both of them, but I hope they will not be afraid of failure and instead become the "nail that sticks out."

Masaki Uchino
Executive Manager of Overseas Business Division



Internal Communication



Saeko Kawashima
Senior General Manager
Corporate
Communication Unit



Aiko Kondo
Manager
Public Relations Section
Corporate Communication Unit

Internal communication to enhance emotional capital for improving corporate value

At Itoki, we promote various communication activities aimed at enhancing engagement and motivation as part of our management strategy. The internal communication activities we especially focus on are guided by the spirit of leaving no employee behind, under the slogan of ONE ITOKI. These activities play an integral role in promoting an understanding of our administrative policies, strategies, philosophy, and vision, as well as facilitating information sharing and collaboration across departments.





Kawashima When I joined Itoki in 2019 as a mid-career hire, earnings were weak, and the positive response rate for one of the key questions in the engagement survey of whether employees feel proud to work for Itoki was only 40.4%. Also, the score for the question of whether employees have hope for the Company's future was a dismal 24.3%. In fact, I remember well that there were many challenges concerning internal collaboration when we conducted communication activities—we basically started from a situation where finding topics for internal and external communication proved tricky.

Under those circumstances, in March 2022, Koji Minato was appointed as President and Representative Director, and for several months leading up to his appointment, we held town hall meetings together at branches and factories all over Japan.

Kondo As we traveled across the country with President Minato, I realized that there were so many talented employees who were buried deep in the organization and whom we could not have noticed on our own.

Therefore, we decided to overhaul the digital content of our internal newsletter with the hope of shining a light on the employees working diligently behind the scenes, thereby encouraging them to step boldly into the spotlight, and inspiring other employees to gain insights from their colleagues' efforts.

Kawashima The Company has a history of integrating sales and manufacturing, and due to a multitude of factors, including the difficulty in seeing what other departments were doing and the rapid changes in working style brought about by the COVID-19 pandemic, interdepartmental collaboration had been really inactive. Therefore, we started to address this issue by organizing a team specialized in internal communication within the department and established a community of so-called "plant ambassadors" composed of members working in factories who would serve as a bridge between work sites and public relations.

Kondo When we first launched a special feature in the newsletter that focuses on production site workers based on information provided by the plant ambassadors, many employees were hesitant about being featured prominently. However, due to the positive reactions to the articles and the strong commitment from leadership to internal communication activities, an atmosphere of mutual appreciation among employees began to develop. The following year, we also launched a series called the Faces of ITOKI, which focused on sales employees.



01

Shining a light on the production floor and fostering a culture of mutual appreciation



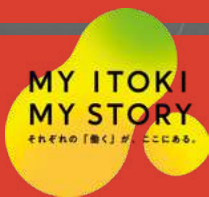


Kawashima At the beginning, digital communication was our primary focus partly because of the COVID-19 pandemic. However, we have gradually increased real-life communication activities. In fiscal 2024, we gathered 1,000 employees together, which is half of all employees, and staged an event called OUR ITOKI OUR STORY. The purpose of the event was not only to introduce each department's activities, but also to have each speaker share their thoughts about taking on challenges, thus providing an opportunity for everyone to reflect on the significance of working at Itoki with their very own MY ITOKI MY STORY.



02

Keywords of MY ITOKI MY STORY



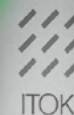
Kondo Currently, we are implementing internal communication initiatives with the keywords of MY ITOKI MY STORY, and we are always mindful of having a clear intention and theme in our planning to appeal to the emotions of our employees. That said, it is not just about being energized or getting along with others; the basis of this initiative is that we want employees to understand the thinking of the management team.

As a result of these initiatives, we have been able to facilitate vertical and horizontal communication, and a culture of "nurturing the nail that sticks out" has become quite entrenched.



OUR ITOKI OUR STORY video

OUR ITOKI
OUR STORY
それぞれの「僕」が、ここにあり。





Kawashima It is often said that a company's assets are its people, goods, and money, but we place additional emphasis on emotional capital. In simple terms, it refers to the motivation and passion of our employees. I believe that through low-key internal communication activities, the layered thoughts of each employee will enhance emotional capital and become the driving force behind Itoki's development.

Kondo If money were everything, there would be countless other companies with better conditions. Even so, we work at Itoki because we feel great value in the "something" we aspire to achieve alongside our colleagues. Each individual at Itoki discovers their own "something" and contributes to enhancing the Company's corporate value—this is the sentiment embedded in Itoki's internal communication.

Kawashima I believe the next challenge we ought to set our sights on is to have all employees thoroughly understand the core values of their respective organizations and be able to embody those values in their own "work." Our organization also embodies the core value of "designing communication" in order to realize Itoki's mission statement: We Design Tomorrow. We Design WORK-Style.



03

Having employees embody the core values of one's organization in their own "work"



INTELLECTUAL PROPERTY STRATEGY

INTEGRATED WITH MANAGEMENT STRATEGY



Junsei Shinada

Director and Managing
Executive Officer
Executive Manager of
Corporate Planning
Division

Kenji Nakano

Deputy Executive Manager
Work Style Design Unit

Izumi Hashimoto

Manager
Intellectual Property
Planning Section
Corporate Planning Unit
Corporate Planning Division

Takahide Koga

Manager
Intellectual Property
Promotion Section
Corporate Planning Unit
Corporate Planning Division



Driving Itoki's growth with the founder's DNA of a pioneering spirit that we continue to inherit, plus an IP strategy that refines the strength of Tech × Design based on PEOPLE

Intellectual property is Itoki's DNA

Shinada Itoki was founded to popularize patented inventions, and we have long continued to inherit a DNA that values intellectual property. At present, Itoki has the Intellectual Property Department within the Planning Division, positioned as a strategic organization. Intellectual property is hidden not only in technologies, such as the structures of products, but also in spatial design and various other business processes. While intellectual property requires a risk management perspective, I feel we need to strengthen how we strategically utilize it.

Koga In recent years, we have been focusing on acquiring IP rights in the spatial design domain of Office 2.0, and also in the Office 3.0 domain, where we aim to provide data-driven services.

Major change in IP mindset

Hashimoto The two basic activities of the Intellectual Property Department are "offensive" activities to strategically acquire intellectual property rights to create competitive advantages, and "defensive" activities to prevent infringements on third-party intellectual property rights in an effort to avoid potential damages to the Company. At Itoki, we have established a system in which the Intellectual Property Department is involved from the top end of the development process.

By participating from the early stages of product planning and conducting patent clearance, we ensure that there are no setbacks in the process, and we actively file patent and

design applications for promising ideas. In addition, we think the option of being able to register interior designs, which became possible in 2020, presents new opportunities, so to that end, we are advancing collaboration with spatial designers. As a result, we currently boast the highest number of registered interior designs in Japan.

Koga To enhance Itoki's IP capabilities, we are also implementing measures to elevate the intellectual property mindset across the entire Company. We run an invention award system to honor inventors who create innovative inventions, which boosts their motivation to invent, and we also disseminate patent information that is useful for sales representatives. Also, we run a Company-wide initiative to solicit innovative ideas called the Patto Challenge Project, which to date has received a total of 150 idea submissions. Itoki's corporate philosophy tells us to maintain a pioneering spirit, create new value, and aim to be number one in the industry. We are working to strongly instill this mindset among all employees, pursuing the value that only we can deliver, and contributing to a positive cycle of developing industry-leading products and services.

Nakano Thanks to the activities of the Intellectual Property Department, more employees are thinking about presenting the ideas they have been nurturing, so an IP-oriented mindset is definitely growing. Previously, most people thought that patents and designs had nothing to do with them, but this has changed significantly since the launch of the Patto Challenge Project.

Hashimoto We are also engaged in open patent activities to license out patents and other intellectual property that we are not utilizing in-house, in collaboration with local governments and other organizations across Japan. We believe that this contributes to the revitalization of local industries and enhances the inventive motivation of Itoki employees.

Koga On the topic of our open patent activities, Itoki's patent was utilized by Koyoju Plywood Corporation to release the standing nap box known as giraffenap®* in 2024. That has created a buzz in Japan and overseas, which has pleased the inventors and other stakeholders. In this way, there is a growing movement around how to effectively utilize intellectual property instead of simply holding onto it.

*giraffenap is a registered trademark of Koyoju Plywood Corporation.

Designs that integrate spaces and products


Nakano Recently, the fusion between spaces and products has advanced significantly. In the past, there were often gaps between the spaces that spatial designers wanted to create and newly developed products. More recently, however, we have seen products developed from the perspective of spatial designers, which I think is leading to positive changes.

Hashimoto From our point of view as the Intellectual Property Department, we are also focused on the protection of design, and in recent years, we have been keenly aware of the importance of acquiring rights not only from a

product perspective but also from a spatial perspective. This explains why we have such a high number of registered interior designs, as I mentioned earlier.

Nakano I think the close collaboration between the Intellectual Property Department and spatial designers is a distinctive feature of Itoki. We spatial designers are also actively focused on acquiring design rights for interior designs. Acquiring rights on spatial designs not only allows us to showcase Itoki's originality to customers as proof of designing something that does not exist in the world, but it also contributes to enhancing the motivation of designers.

Shinada Our strength, Tech × Design based on PEOPLE, is a policy for turning technology and design into intellectual property and strategically utilizing it to improve corporate value, and for firmly establishing a culture where all employees - or people - create intellectual property. For Itoki, the link between spaces and products revolves around how people work, and intellectual property that takes this into account will be the key to growth. Therefore, I believe it is important that we adopt a perspective that integrates spaces and products rather than considering them separately. Also, we must promote an aggressive intellectual property strategy not only for office spaces, but also in such areas as automated warehouses and research facilities, in a bid to convert such efforts to a competitive advantage.

 Intellectual property strategy integrated with management strategy: Main Text page 47



DX STRATEGY AND INFORMATION SECURITY LINKED TO MANAGEMENT STRATEGY

Pursuing operational excellence

Today's Itoki was formed in 2005 from the merger of manufacturing company Itoki Crebio and sales company Itoki. Around 20 years have passed since then, but we had continued to use the core systems from that time, resulting in data related to accounting, order management, and logistics being dispersed across the organization. This meant we were unable to utilize the data we needed instantly. Accordingly, we have upgraded the legacy systems to the latest cloud-based ERP, which came online in June 2025.



Yoriaki Saito

General Manager of Digital
Transformation Department
DX Unit
DX Promotion Division

Takashi Takeuchi

Executive Officer
Senior General Manager of
DX Unit
DX Promotion Division

Tsuyoshi Otsuki

Senior Managing
Executive Officer
Executive Manager of
DX Promotion Division

Management strategy to grow the business

Otsuki The latest cloud-based ERP is now operational, but the transformation is yet to come. We are currently in the phase of establishing the foundation of our internal systems that will support this transformation. To begin with, we will integrate all of our information into a single system and build an environment where the data we need can be retrieved immediately. Following that, next year and in the next medium-term management plan, we will aim to utilize data that transcends the distinction between internal and external, including in the Office 3.0 domain. There is no doubt that data holds the key to business transformation in the future office industry. That is why we are positioning the upgrade of our core systems as a management strategy to grow our business.

Takeuchi As the new system only came online in June, it will take until fiscal 2026 at the earliest to verify its effectiveness. That said, our shift to a paperless office should progress rapidly. Dealings with customers that were previously conducted on paper will be largely streamlined. For example, tasks such as scanning and saving paper-based documents that were filled out and returned to us will be eliminated,



Operational excellence is the realization of Company-wide optimization that goes beyond standardization and efficiency

helping to lower costs. We also expect to be able to close monthly accounts more quickly and improve the accuracy of production and sales plans.

Centralized management of data is key

Saito I believe there to be three main reasons behind our decision to adopt an ERP system.

First, as the current systems become outdated and black-boxed, it has become difficult to continue implementing upgrades.

Secondly, related to this, integration between systems has become problematic, making seamless connectivity difficult. Since the old systems are interconnected, attempting to modify one system affects all those connected to it as well.

The final reason is the concern that when we take on the challenge of a new business, the inability to modify our systems may become a hindrance and impede future growth.

The value of this project lies in the integration of Itoki's activity data into a single system. I believe our mission is not only to support daily business operations, but also to provide a foundation that allows management, supervisors, and general employees to share the same data, enabling all employees to understand the purpose of the

strategies outlined by management and take action accordingly.

Otsuki When I joined Itoki, I was immediately surprised by how well-developed and consistently utilized the systems were. At the same time, if there really was a culture of challenging ourselves and fully utilizing resources, I believed we could boldly transition to a cloud-based ERP in a single bound. Of course, our decision also took into account the advantage of storing normalized data in an Oracle database, which allows for flexible utilization in the future.

Takeuchi I certainly felt that there are plenty of things we could do. However, I think it is important to envision the future at least five years from now, and consider which functions to introduce in what order and how to make changes.

Establishing a CSIRT to reinforce information security

Otsuki Although we do not emphasize it much, information security is also an important subject. We are entering a phase where we will handle customer information and utilize it for business purposes. Business cannot be sustained without information security. Like risk management and compliance,

it should be positioned at the core of management.

For this reason, I set up a CSIRT*. As all data and documents collected in our core systems should be protected as part of information security, we aim to reach a state where the purpose of information security can be shared without needing to state it.

*Computer Security Incident Response Team

Initiatives for moving forward into the future

Saito It is very challenging to apply an ERP system to Itoki's business because of our high volume of made-to-order production and wide variety of transactions.

To address such complex operations, I feel we have a culture in which agreements can be reached through discussions across departments. As someone who has joined Itoki from another company, I am really grateful for that aspect.

Takeuchi Various departments are involved at each stage of the process, from estimating and receiving orders to procurement, delivery, sales, and coordination on-site. We are making changes to these processes in line with the ERP, so everyone will need to become accustomed to the new procedures. At the same time, to reduce

man-hours and streamline operations, we must establish a method for quantitatively evaluating work before and after the changes, so this is something we are also organizing.

Otsuki If we only stop at standardization and efficiency, we cannot say that we are fully utilizing the system. It is more important to consider what proposals we can make based on the data available. Operational excellence is the realization of Company-wide optimization that goes beyond standardization and efficiency. That is why it is necessary for everyone to have access to the same up-to-date data. Both production sites and management can then engage in discussions based on the same data. I think such an environment represents the very pursuit of operational excellence.

For example, one of the challenges many companies face is interdepartmental collaboration. In that sense, it is vital that we consolidate data into a single system. In the next medium-term management plan, we will set our sights on how best to leverage this integrated data for business purposes. I believe that what we are doing now is not about "protecting" but about "moving forward into the future."



Sustainability in Action

Value creation with sustainable materials

The Itoki Group is actively promoting environmental conservation activities, including addressing climate change, as well as initiatives related to business and human rights. These activities are aimed at preventing the deterioration of corporate value. At the same time, we are taking the lead in efforts to increase corporate value while enhancing sustainability. In particular, we have been promoting the research, development, and design of furniture from sustainable materials, and in the past few years, some of these designs have been turned into products. We spoke with Satoshi Kan, Senior General Manager of the Development Design Unit, Production Division in the Production Division, and Shunya Shimizu, the Executive Manager of the Central Research Institute, about their current initiatives and what the future may hold. (Interviewer: Minako Suzuki, General Manager of Corporate Planning Department)



Shunya Shimizu

Executive Officer,
Executive Manager of
Central Research Institute

Satoshi Kan

Executive Officer,
Senior General Manager of
Development Design Unit,
Production Division

Minako Suzuki

General Manager of
Corporate Planning
Department

Interview

Executive Officer, Senior General Manager of
Development Design Unit, Production Division | Satoshi Kan

— I gather that Itoki has been engaged in sustainable manufacturing for quite some time.

We have been working on products from an eco-friendly perspective since about 20 years ago. For example, chair seats are often made of urethane, but urethane is a petroleum-based material that is difficult to recycle. We thought about how to reduce the amount of urethane used without changing the comfort of the seat, and have achieved this with our proprietary technology called a “float bending” seat. This shows that we have been aware of and working

on environmentally friendly manufacturing from a fairly early stage.

— Nowadays, Itoki is focused on the use of so-called sustainable materials, right?

Our customers often find that their production processes leave behind large amounts of the same material as waste, and many of them are wondering if there is a way to reduce this waste. One example is our recent re-use of plastic waste from an automobile manufacturer. Even prior to that, we had been experimenting with using natural materials such as coffee bean

Interview

Executive Officer, Executive Manager of
Central Research Institute | Shunya Shimizu

— The Itoki Central Research Institute opened in 2023 and is now in its third year.

At the Central Research Institute, we identify challenges in office development and work to solve them from a long-term perspective. Going forward, we will likely see more frequent changes in offices to match the business environment. While improvements to the office are desirable for the employees, a certain amount of office furniture is discarded during relocations or renovations. The goal is an “agile office” that can change continuously to fit the situation. However, along with deciding

what kind of office to create, there is also the question of what to do with the furniture that is no longer needed. The Central Research Institute is working to solve these challenges and exploring unique material recycling methods for discarded office furniture.

— Material recycling is the process of reusing materials like metals and waste paper, which have been used once, as raw materials for new products. Why is the Central Research Institute focused on plastic?

The most common materials used in office



Development perspective and approach

grounds, peanut and almond skins, and eggshells in our office furniture, including tabletops. In the case of tabletops and other boards, most of them are mass-produced industrial products, but when we recycle company-specific waste, this creates a new narrative and new value. In addition to the product development, the process of co-discovery of that narrative with the customer is also fascinating.

— How will Itoki's initiatives evolve going forward?

If our customers have materials that are difficult

to handle and dispose of, and if they consult with Itoki, we will come up with some ideas. I want Itoki to be able to respond to such inquiries saying, "We can handle anything." In fact, the staff tasked with these development projects works on them with great enthusiasm. It's rewarding to see our technology and actions contribute to solving the challenges faced by our customers and society. We hope to use Itoki's technology to give shape to our customers' concerns and aspirations, thereby increasing the corporate value of both our customers and Itoki.

Research with an eye on future possibilities

furniture are steel and plastic. Given the circulation of materials on Earth, steel can eventually return to the soil. Plastic, in contrast, cannot. As a user of plastic, it is our responsibility to consider how to recycle it, which is essential for sustainability.

— Having achieved material recycling, how long will it take to turn this into a product?

We have reached the stage of creating a prototype, and in 2024 we produced a work table in collaboration with Keio University's Digital Manufacturing and Design Research

Center for Emergent Circularity. Using the Center's large-format 3D printer as a new technology for plastic molding, we designed a work table that is lightweight, easy to move, and made of a single material, making it easier to recycle after use. It's the perfect fit for an agile office.

This year, we launched a full-fledged lab where we hope to create a series of products like this going forward.

case study

Collaboration with Toyota Motor Corporation's TOYOTA UPCYCLE project

"Upcycling" is an initiative that adds new value to discarded materials and recycles them into higher-value products. Itoki is collaborating on joint development with Toyota Motor Corporation's TOYOTA UPCYCLE project.

In this project, the nylon purge material generated during the manufacturing of hydrogen tanks installed in fuel cell vehicles such as the Toyota Mirai has been scraped out and then transformed into side tables and stools. In addition to this project, Itoki is also working on developing furniture using waste materials discharged from its own factories. We collect purge material generated in the chair manufacturing process and then design and produce stools made from the material.

These products have been installed at the entrance and inside the offices of Toyota Motor Corporation's headquarters in Aichi Prefecture as part of this initiative.

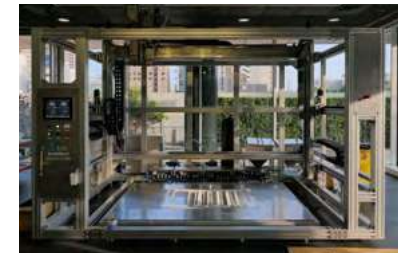


case study

Central Research Institute's "Machikoba" starts operation

In June 2025, the Itoki Central Research Center opened its own full-fledged research facility in Koto Ward, Tokyo. It is named "Machikoba," meaning "factory in town." It may look unassuming, like an old-style factory in town, but it houses the essential technology and infrastructure that supports manufacturing. This is the concept under which the facility was created. We installed a 3D printer big enough to mold large-scale products. It enables production independent of quantity, making it easier to prototype and customize.

It is expected that the new facility will create a circular business model in which, in addition to supplying office furniture, discarded office furniture will be collected and used to make new office furniture.



Installation of large-format 3D printer





Factory Craftsmanship



Itoki's custom-crafted, sustainability-conscious gifts for shareholders (ITOKI Sustainable Gift)

Itoki's shareholder gift program

We established a new shareholder gift program in fiscal year 2024. The goal of the program is not only to express our gratitude for ongoing support from our shareholders, but to further deepen their understanding of our products and business.

Itoki's factory in Omihachiman City, Shiga Prefecture (Kansai plant) engages in environmentally conscious manufacturing, and also creates original goods with a focus on sustainability. As our shareholder gifts in fiscal year 2024, we created the ITOKI Sustainable Gift Set, which included pouches and a scarf made at the Kansai plant and, in collaboration with a partner company, aromatic wood made from upcycled scraps and an aroma mist and aroma oil made from distilled essential oils from thinned wood that would otherwise be discarded.

Comments from an employee who produced the shareholder gifts

All of our staff are very pleased to have been involved in the production of the ITOKI Sustainable Gift Set, a special gift for our shareholders. Two of the special gifts delivered to shareholders, the "monoiRe." pouches and the "Re.versible" knit ITO scarf made from reeds, were created through diligent work by all the staff at every step: planning, material selection, prototyping, sewing, finishing, and packaging. The items offered this time utilize the chair fabric left over from the cutting process in order to reduce waste, thereby making a solid contribution to the UN sustainable development goal "responsible consumption and production." We have paid careful attention to every detail in crafting these products so that when they reach our shareholders, they will find the products "easy to use." I hope that our efforts make an impression and that our shareholders will continue to use these products for a long time. For all of the staff, this effort has been an honor and a privilege.

Hiroyoshi Takami, Assistant Manager of Manufacturing Section 4, Shiga No. 2 Manufacturing Department, Kansai Factory, Production Division



ITOKI Sustainable Gift Set (fiscal year 2024)



monoiRe.
A set of two pouches, one large and one small, made from leftover chair upholstery. The Japanese word *monoiRe* means "a place to put things." Our recycled version, *monoiRe.*, was born from the perspective of effective use of resources, specifically by asking how furniture and scraps can be recycled.



Re.versible knit reed ITO scarf
The threads in this scarf are made from reeds that grow in the Yodo River system (Lake Biwa and Yodo River) and Japanese *washi* paper, reflecting our craftsmanship that emphasizes the use of natural and local materials.





ITOKI DESIGN HOUSE

Cover visual concept

"undulation - Groundswell"



Miki Reza
 Graphic Designer
 Work Style Design Lab Brand Design Team
 Itoki Corporation

Itoki proposes fresh values and designs and is on an upward trend in terms of business performance.

These qualities are captured in this year's cover, which expresses Itoki's momentum in the form of dynamic "undulations." This chain of undulations captures the successive groundswells of excitement generated by innovations such as the creation of ITOKI DESIGN HOUSE and the launch of the new brand NII.



E Joined Itoki Corporation in 2023.
 L Joined Work Style Design Lab Brand Design Team in 2025.
 I Currently engaged mainly in the production of office signs, facility logos, and concepts.
 O Handled signs, logos, etc. for OTEMACHI TRANSIT CAFE and Salesian International
 R School Setagaya Smart Library LIBERA, and won Itoki's New Office Award twice, among
 A other awards.



We Design Tomorrow. We Design WORK-Style.

ITOKI CORPORATION

<https://www.itoki-global.com/>



 **ITOKI**

Integrated Report 2025

*Tech by design
based on people*



Itoki Integrated Report 2025: Reading Guide



How does Itoki create value?

Why does Itoki exist? What is its view of the world? What are its strengths and how can they be developed? What is the overall picture of Itoki's value creation and how does it define materiality? What vision does the top management have, and how will they steer Itoki towards its realization? The answers are summarized in a concise story.



What strategy is Itoki executing to achieve its vision?

This section details the progress of the current medium-term management plan RISE TO GROWTH 2026, the areas where Itoki provides value and has competitive advantages, the past and future of our mainstay workplace business and our up-and-coming equipment & public works-related business, and our overseas strategy.



How does Itoki incorporate intangible assets into its management strategy and use them to increase corporate value?

This section shows how the HR strategy, DX, information security, and intellectual property strategy are integrated with the management strategy and details our initiatives to address climate change, promote sustainable procurement, improve quality, and enhance the effectiveness of governance.




Where can I find short-term and long-term financial data and basic corporate data?

This section presents a variety of quantitative data, including an 11-year summary, quarterly data, and corporate data.

This year's integrated report is divided into two parts: a future-oriented "Special Feature Section" and a "Main Text" that compiles a comprehensive summary of our corporate information.

This part is the Main Text of the Itoki Integrated Report 2025.

The Main Text provides a comprehensive introduction to Itoki's value creation process, financial and non-financial initiatives, ESG activities, governance structure, and more, similar to Itoki's previous integrated reports. Read together, the Main Text and the Special Feature Section give a more holistic understanding of Itoki's current position and future outlook.

 [▶ Special Feature Section is here](#)



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Using the link buttons



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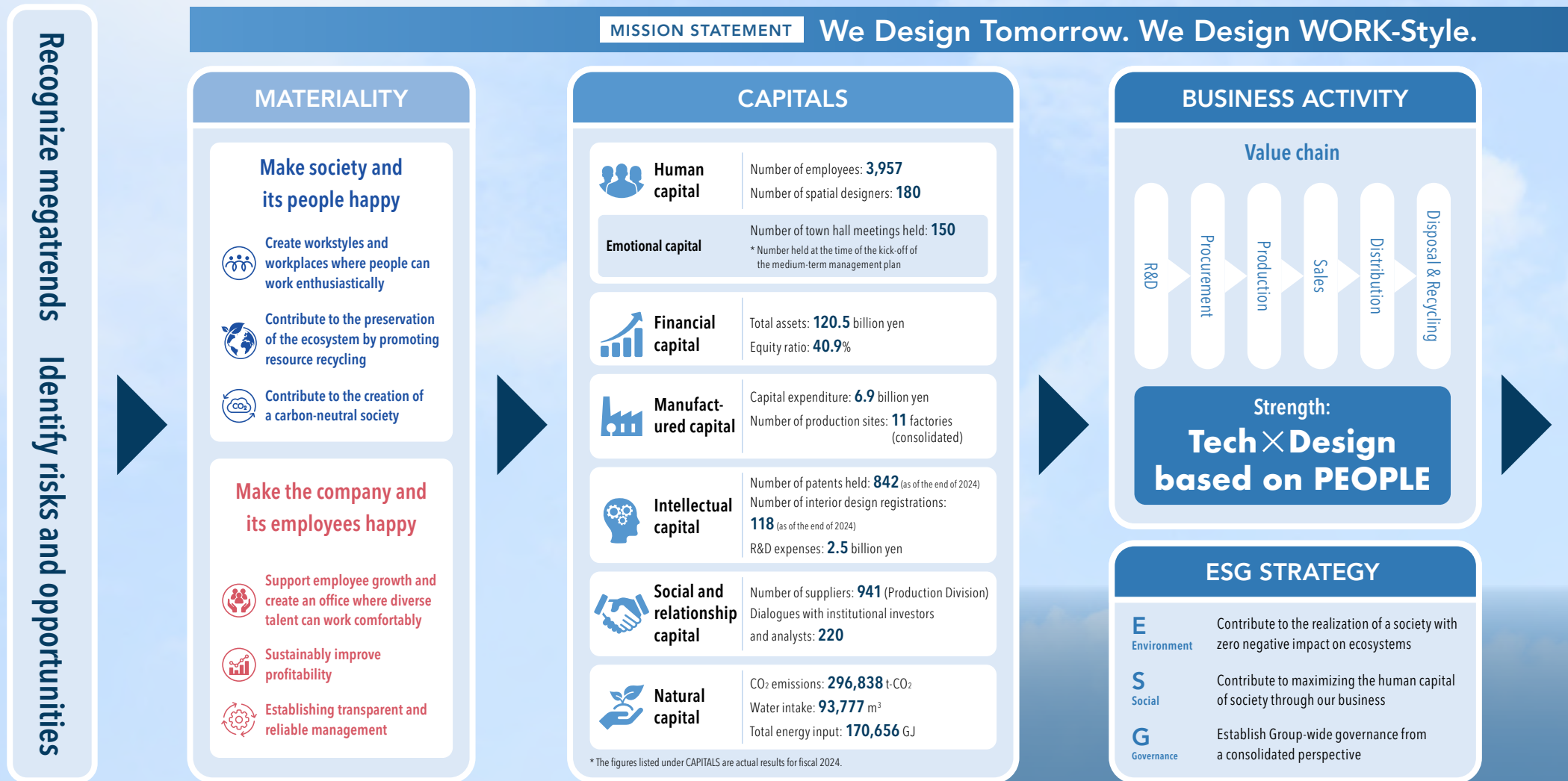
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Follow the link within the part of the Integrated Report.



Value creation process

MISSION STATEMENT We Design Tomorrow. We Design WORK-Style.



▶ Corporate value and materiality: P7

▶ Six capitals: P5, 6

▶ Human resources strategy integrated with management strategy: P37-46

▶ Intellectual property strategy integrated with management strategy: P47-49

▶ Intangible asset strategy linked to management strategy (DX, information security): P34-36

Management platform (DX Corporate governance Security Compliance Risk management)

DNA Pioneering spirit



Value creation process





Six capitals

Social and economic value is converted into six different forms of capital: human capital, financial capital, manufactured capital, intellectual capital, social and relationship capital, and natural capital, thereby enhancing Itoki's overall capital.




This section describes the materiality associated with each form of capital, the vision we wish to achieve, our results so far, the "gaps" in capital that our results reveal, and the steps we are taking to fill these gaps, all with the goal of creating further corporate value for Itoki.

Capitals	Related materiality	Aims	Performance	Challenges (gaps in capital)	Future direction	
<p>Human capital</p>	<p>Support employee growth and create an office where diverse talent can work comfortably</p> <p>Sustainably improve profitability</p>	<p>Human resources are the source of the Itoki Group's competitiveness. We aim to be a company where every employee has a high level of engagement in their work by strengthening employee training and expertise in line with our management strategy, establishing corresponding systems, and creating an office environment in which a diverse workforce can thrive.</p>	<p>Results of employee engagement surveys</p> <p>82.5% (+7.8pts YoY)</p> <p>Ratio of female managers</p> <p>10.7% (+0.4pts YoY)</p> <p>Number of spatial designers</p> <p>180</p>	<p>Number of town hall meetings held</p> <p>150</p> <p>* Number held at the time of the kick-off of the medium-term management plan</p> <p>Number of participants in training sessions</p> <p>2,053 (63% increase over previous year)</p>	<ul style="list-style-type: none"> • More growth opportunities for Employees • Workplace environment that further enhances human capital • Group-wide advancement of human capital management • Data-driven human resource management 	<p>With the personnel system reform that began in fiscal 2024 at the core, we will focus on strengthening expertise and diversity to realize the ideal talent profile we aim for. We will also continue to implement succession plans aimed at developing the next generation of managers.</p>
			<p>Emotional capital</p> <p>Recognizing that employee engagement is the engine that drives company growth, Itoki uses its employee engagement scores as a key indicator. We have strengthened internal communication and revised our personnel systems with the aim of becoming a company where all employees can take pride in providing value as members of Itoki. Going forward, we will continue to link the individual strengths of our employees to the strengths of the organization and work towards improving outcomes and performance.</p>			
<p>Financial capital</p>	<p>Establishing transparent and reliable management</p>	<p>In the leadup to 2026, the final year of our medium-term management plan, we will seek to establish the strongest financial position in Itoki's history. By achieving our key strategies (the 7 Flags), we will reinforce our profit-generating capabilities, optimize cash allocation, improve asset efficiency, and appropriately control financial leverage. With an expected shareholder equity cost of 9%–10%, we will set ROE of 15% as a KPI, further improve the equity spread, and promote management that is mindful of capital costs and the share price.</p>	<p>Operating income</p> <p>10.0 billion yen (+18.2% YoY)</p> <p>Operating income margin</p> <p>7.3% (+0.9 pts YoY)</p> <p>ROE</p> <p>13.8% (+2.5 pts YoY)</p>	<ul style="list-style-type: none"> • More accurate and faster forecasting • Better Group-wide asset efficiency • Improving the cash conversion cycle • Introducing and disseminating ROIC for each company and business 	<p>We will make business management more sophisticated by installing ERP software and will accelerate financial settlement and forecasting to support faster management decisions. We will introduce and disseminate ROIC for each company and business, build management practices around the use of ROIC, and work on strengthening our business portfolio.</p>	
<p>Manufactured capital</p>	<p>Create workstyles and workplaces where people can work enthusiastically</p> <p>Sustainably improve profitability</p>	<p>Manufactured capital is the foundation for generating value in the manufacturing industry. By leveraging our know-how accumulated over many years, our day-to-day improvement activities, and our state-of-the-art manufacturing technologies, we will continue to provide high value-added products that are superior in terms of QCD (quality, cost, delivery).</p>	<p>Capital expenditure</p> <p>6.9 billion yen (+3.2 bn yen YoY)</p> <p>Number of production sites</p> <p>11 factories (consolidated)</p>	<ul style="list-style-type: none"> • High-mix, low-volume production system to meet changing customer needs • Optimal production policies for 11 factories in Japan • IT infrastructure that contributes to standardization, simplification, and automation of work tasks 	<p>By restructuring the group's production and supply system, we will support high-mix production, expand licensed and OEM production, and we will work to improve production and business efficiency by installing an advanced ERP system for our internal IT infrastructure, and to optimize costs by revamping the design and development stages.</p>	

Scope of data • Ratio of female managers, number of designers, and number of sales personnel: Non-consolidated data • Positive response rate for questions about "pride" in engagement surveys: Aggregate for companies that conducted the surveys • Others: Itoki and consolidated Group companies



Six capitals

Capitals	Related materiality	Aims	Performance	Challenges (gaps in capital)	Future direction
 <p>Intellectual capital</p>	<ul style="list-style-type: none"> Create workstyles and workplaces where people can work enthusiastically Sustainably improve profitability 	<p>Proprietary technological development and intellectual property contributes to our sustained competitive advantage. Based on the foresight inherited from the DNA of our pioneering spirit, as well as intangible assets such as our capacity for innovation based on the wealth of data accumulated through research, prototyping, and experimentation, we aim to engage in research and development that will shape the future of work.</p>	<p>Number of patents held 842 (as of the end of 2024)</p> <p>Number of registered interior designs 118 (ranked first in Japan as of the end of 2024)</p> <p>R&D expenses 2.5 billion yen (-0.2 bn yen YoY)</p>	<ul style="list-style-type: none"> New technology for realizing the office 3.0 concept Research that contributes to medium-to-long term business growth Promotion of patent and design applications in the Equipment & Public Works-related Business 	<p>Having earmarked a certain amount to be invested in R&D for future growth, we are focusing our efforts on generating new technologies and intellectual property. Along with promoting in-house awareness (fostering an intellectual property mindset) for the effective use of intellectual property rights, we are working to create the future of office design and office furniture manufacturing, centered around our Central Research Center established in 2023.</p>
 <p>Social and relationship capital</p>	<ul style="list-style-type: none"> Create workstyles and workplaces where people can work enthusiastically Sustainably improve profitability 	<p>Collaboration with various stakeholders is key if we are to provide new value, meet customer expectations, and build deep relationships of trust. As a supplier of products and as a buyer of raw materials, we aim to achieve mutual development with stakeholders from both positions. To that end, we continue to establish strong relationships.</p>	<p>Number of suppliers 941 (Production Division)</p> <p>Dialogues with investors and analysts 220</p>	<ul style="list-style-type: none"> Product appeal and proposal capabilities to meet the changing needs of customers Group-wide optimized procurement system Evidence-driven office space design proposals based on Office 3.0 	<p>We are strengthening our structure with the aim of promoting experiential value through the enhanced appeal of our products and proposing added value for integrated spaces. We will also work to build a stable supply chain network by promoting joint purchasing of materials and sustainable procurement practices through external collaboration.</p>
 <p>Natural capital</p>	<ul style="list-style-type: none"> Contribute to the preservation of the ecosystem by promoting resource recycling Contribute to the creation of a carbon-neutral society 	<p>Companies have close relationships with natural capital, such as water, soil, air, and a wide range of living organisms, and therefore must optimize and sustain their use throughout the entire value chain. The Itoki Group aims to reduce the impact of its business activities on the environment on multiple fronts and contribute to a sustainable global environment.</p>	<p>CO₂ emissions (Scopes 1, 2, and 3) 296,838 t-CO₂ (+ 22% YoY)</p> <p>Water intake 93,777 m³ (+ 20% YoY)</p>	<ul style="list-style-type: none"> Permanently available natural resources Circular business model 	<p>In addressing the urgent issue of climate change, we are continuing with, and stepping up, our usual energy-saving activities, and introducing renewable energy equipment at various business sites, as we work towards our medium- to long-term CO₂ emission reduction targets. We will also implement initiatives in different areas, such as water resources, biodiversity, and the recycling of resources.</p>

Scope of data • CO₂ emissions and water usage: Itoki (non-consolidated), 13 domestic Group companies, and two overseas Group companies • Others: Itoki (non-consolidated)




Corporate value and materiality

Itoki has identified materiality (key issues) and key themes to address various challenges surrounding the workplace. They represent the long-term vision of Itoki, and serve as the foundation of its business activities. The specific strategies for achieving the key themes are the 7 Flags and ESG strategy. These two strategies, which are closely linked, are set forth in the RISE TO GROWTH 2026 medium-term management plan.

Materiality identification process Itoki's materiality

In 2018, we identified and evaluated a wide range of themes, including ESG themes, from both the risk and opportunity perspectives in order to identify materiality (key issues) among them. The process was based on international guidelines such as ISO 26000, social issues, and stakeholder opinions. In 2022, the COVID-19 pandemic triggered changes in workstyles, and the importance of human capital management, digital transformation, and climate change response increased. We therefore revised our materiality and restructured key themes along two axes: "making society and its people happy" and "making the company and its employees happy." Furthermore, in 2024, when the new medium-term management plan was formulated, we redefined the position of materiality from a medium- to long-term perspective and strengthened its connection with the medium-term management plan.



 Medium-term management plan: Progress on 7 Flags KPIs: P22



Value chain


Itoki's vision statement is "Vibrant People, Beautiful Planet." We propose and provide new workstyle solutions and office spaces. With our foresight and anticipation of the needs of society and our customers, we deliver a high standard of safety and peace of mind across the entire value chain, generated by our honest and hard-working corporate culture.

	R&D	Procurement	Production	Sales	Distribution	Disposal & recycling
Initiative	<p>Future manufacturing and the expansion of the data business</p> <p>Having established a central research center, we study recycled materials and new manufacturing technologies. We endeavor to strengthen our ability to respond to a highly diverse community. And we continue to expand our data business and collaborate with universities and startups. We have released numerous applications, and we aim to provide data-driven, optimized work styles and office spaces.</p>	<p>Stronger supply chains and centralized management</p> <p>We strengthen new business partnerships to accommodate a diverse range of products. We centrally manage business partner information using a proprietary system that enables the rapid selection of suppliers according to new product specifications and procurement conditions. We have produced a sustainable procurement guidebook and undertake procurement activities in consideration of human rights, the environment, and BCP.</p>	<p>Manufacturing system for a wide range of products</p> <p>In 2022, we built the AP Center in the Shiga region to centralize the storage, assembly, and shipment of products and established a production system capable of flexibly handling numerous product variations. We endeavor to expand production categories from traditional products. We employ AI-based testing systems. We aim to reduce employee workloads and provide stable product quality.</p>	<p>Market expansion and enhanced ability to propose solutions</p> <p>We use marketing automation (MA) to widely disseminate information about Itoki. We engage in inside sales according to access information to gain new customers. Also, we are stepping up the mid-career hiring of salespersons and spatial designers to strengthen our ability to offer solutions to customer issues.</p>	<p>Building a sound and stable distribution system and environment</p> <p>We are building a safe and secure distribution system and environment in compliance with relevant laws and regulations. By utilizing delivery management and logistics systems, we have strengthened our system for efficiently delivering products. We also reorganized our logistics warehouses in the Tokyo metropolitan area and the Kansai region, our largest markets, to optimize delivery routes. By improving delivery efficiency, we also contribute to reducing our environmental impact.</p>	<p>Reducing waste and creating new value</p> <p>We are promoting waste reduction by developing 100% recyclable chair cushion material and setting up schemes to send donations of used furniture overseas. We are also turning waste material into new value by creating promotional merchandise with factory offcuts from the production process at factories in an effort to enhance our connection with customers.</p>
Value created	<ul style="list-style-type: none"> Environmentally friendly materials products New genre of business combining data with office environments Provision of new value to customers with the use of data Research into new ecosystems for office design and office furniture manufacturing Circular economy-based society 	<ul style="list-style-type: none"> Increase in new genre products Stable supply system during times of emergency Sustainability-oriented supply chain network 	<ul style="list-style-type: none"> Production of a wide range of products Products that create new value Reduction in employee workloads Stable product quality 	<ul style="list-style-type: none"> Products and services that meet customer needs Products and services to support the new work styles of customers Customer service capabilities powered by Group-wide collaboration Increased sales 	<ul style="list-style-type: none"> Stable distribution system Efficient warehouse administration and management Environmentally friendly distribution 	<ul style="list-style-type: none"> Reduction of waste volume Winning Itoki fans through communication focused on environmental conservation Fostering of an environmentally conscious mindset
Corresponding item of materiality	 	 	 	 	 	

Create workstyles and workplaces where people can work enthusiastically
 Contribute to the preservation of the ecosystem by promoting recycling of resources
 Contribute to the creation of a carbon-neutral society
 Ensuring transparent, reliable management
 Support employee growth and create an office where diverse talent can work comfortably
 Sustainably improve profitability applies to the entire value chain



President's message



Evolving into a company
that proposes ways of
working to reach
the next level

President and
Representative Director

Kiyohito Minato



President's message

Becoming an enterprise (company) that is trusted and respected by society

Let me start by once again expressing my deepest apologies for the concern and inconvenience caused to our stakeholders when Itoki received administrative guidance (a warning) from the Japan Fair Trade Commission on November 28, 2024 for potentially violating regulations in the outsourcing of logistics operations. In this regard, we have taken corrective measures to ensure fair trade practices with logistics companies, and we completed our report to the Japan Fair Trade Commission on March 17, 2025.

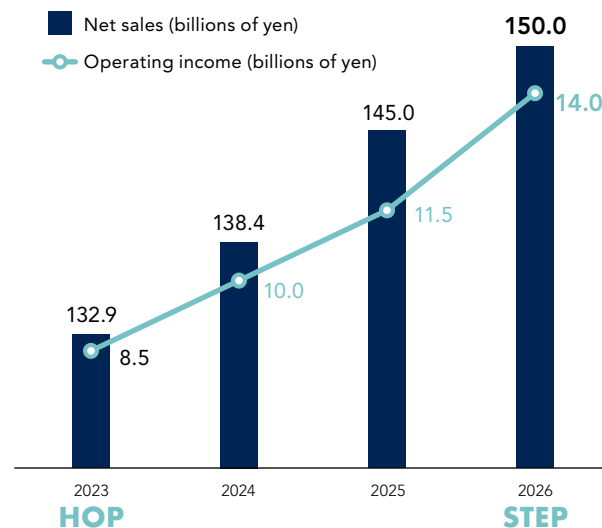
Dialogue on compliance: Special Feature Section P7

My message to employees has been consistent: we must be an enterprise (company) that is respected by society. It is my belief that if profits are gained by violating the rules, then they are meaningless, and such an enterprise (company) cannot last long no matter how good its business performance may be.

Nevertheless, the main reason this happened was that we were not sensitive enough to changes in society and were unable to change bad business practices that needed to be changed, and for this I am deeply sorry. It goes without saying that all employees, starting with the management team, will build a stronger compliance system than ever before, and we will continue to thoroughly implement measures to prevent recurrence and raise awareness of compliance with laws and regulations, including Japan's Antimonopoly Act.

Operating income passes long-awaited 10 billion yen milestone

In fiscal 2024, the first year of our medium-term management plan RISE TO GROWTH 2026, we achieved record highs at every stage from net sales to net profit, and our operating income, which I regard as one of the key management indicators, surpassed 10 billion yen. I believe this is due to the effects of our structural reforms as well as the fact that office construction is now widely recognized



as a form of human capital investment, and the office market is becoming more active, allowing us to steadily improve the value we provide.

As a result, ROE increased to 13.8% and PBR was well above 1x. Itoki's non-financial corporate value has also steadily increased. For example, as a result of various initiatives, our employee engagement score (pride in the company), another important management indicator, rose to 82.5%, putting us on a par with other outstanding companies around the world.

I expect to see increased sales and profits in fiscal 2025 as well, and I am determined to achieve the final targets of this medium-term management plan, which are operating income of 14 billion yen and ROE of 15%. We will continue to practice management that is conscious of cost of capital and stock price, with the goal of improving corporate value while also taking into account the protection of minority shareholders.

The office market is a "blue ocean"

As population decline accelerated and telecommuting became entrenched, there were concerns that the office business market had passed its peak and would begin to decline. It is true that the domain of furniture sales is what they call a "red ocean"—a closed, zero-sum market that is increasingly commoditized, making differentiation difficult. Before I became president, Itoki was struggling, unable to escape from this situation. But that is now a thing of the past.

With the end of the COVID-19 pandemic, executives have started to seriously consider the type of office environment that would make their employees, who have grown accustomed to working from home, want to return



President's message

to the office. Recently, there has been a rapid shift in how office facilities are viewed—not as a cost, but as an investment in human capital to enhance productivity.

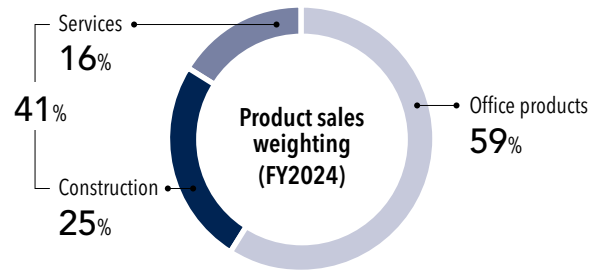
In addition, labor shortages are becoming more serious due to the declining birthrate and aging population. The biggest problems are in regional areas rather than big cities, and in small- and medium-sized companies rather than large companies. Executives at these smaller companies in regional areas are also beginning to realize that offices play an important role in solving hiring and turnover issues. As a result, office construction, which was traditionally a target for cost reduction, has begun to attract attention from a different perspective.

Moreover, what business owners are seeking is not just a comfortable office, but an office that enhances employee motivation and productivity. If office investment is to be seen as an investment in human capital, then it is necessary to clarify the causal relationship between office space, work styles, and productivity utilizing scientific evidence such as digital data, rather than relying on intuition, and to continuously improve the space according to the characteristics of each company. In other words, the office is no longer something that is simply “built and done”; rather, the office market is becoming a “blue ocean”—uncontested waters where opportunities are wide open. It's no longer a matter of using surplus money to make the office luxurious; we are now in an era where companies are judged by their office, which reflects their corporate philosophy, corporate culture, and even whether they value their employees.

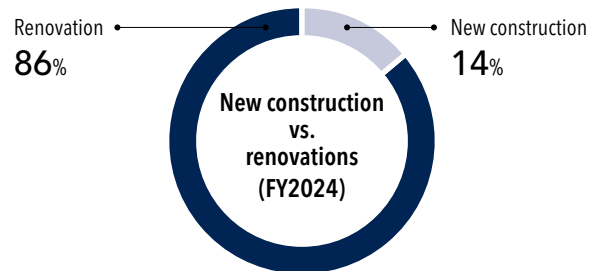
 Office market trends: P29

 Itoki's future design (purpose): Special Feature Section P3

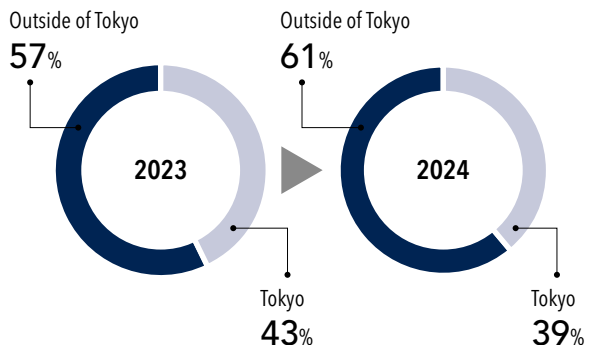
Shift from individual product sales to office space proposals



Steady increase in renovation projects



Hiring challenges are driving increase in projects outside Tokyo



Accelerating profitability in the workplace business

The gross profit margin of our mainstay workplace business is further improving after a V-shaped recovery. One of the reasons for this is the effect of the price revisions implemented in July 2024. When I came to Itoki, I felt that the company was cannibalizing its own value by selling at low prices in a sales-first mindset. We broke away from that mindset, increased our original value proposition, and properly appealed such increased value, and this shift has paid off. That said, I'm now eyeing more fundamental changes.

We define sales of office furniture as the Office 1.0 domain, and this currently accounts for 60% of sales in the workplace business. At first glance, this might suggest that furniture sales remain the main source of our sales, but in fact this figure reflects the increasing contribution of the Office 2.0 domain, which includes spatial design and interior construction.

In the Office 2.0 domain, the standard approach is for our spatial designers to propose office layouts that realize optimal working styles determined through discussions with the customer, as well as office furniture that meets the customer's specifications, and for Itoki to then undertake the interior construction work. This shift from a model of selling furniture to a model of selling the very style of work itself—starting from the upstream design of the office—has led to high profitability in the workplace business. What is essential in this domain is the presence of the spatial designer. In the sterile world of function and technology, logic takes precedence, but the world of design, which appeals to the customer's sensibilities, is a different story. To also break away from price competition,



President's message



I want to hone our design skills so that Itoki is chosen for design considerations in addition to logical considerations. That's why, over the past three years, we have significantly increased the number of designers from 120 to 180 and reorganized them into a department directly under the president. In addition, to promote the product brand strategy, we recruited former Sony employee Hirotaka Tako and launched a new product brand, "NII," in June 2025.

Another point is that renovation projects account for more than 80% of our sales. In contrast to new construction, which is susceptible to price competition during the bidding stage, renovations make it easier to create added value for us as the prime contractor, which makes the gross profit margin per project significantly higher than

for new construction. Moreover, in the case of projects for regional small- and medium-sized companies, which have been increasing in number recently, it is not uncommon for us to be involved in the upstream process and then entrusted with the entire project. In addition, rising material prices have led an increasing number of customers to switch from new construction to renovation projects.

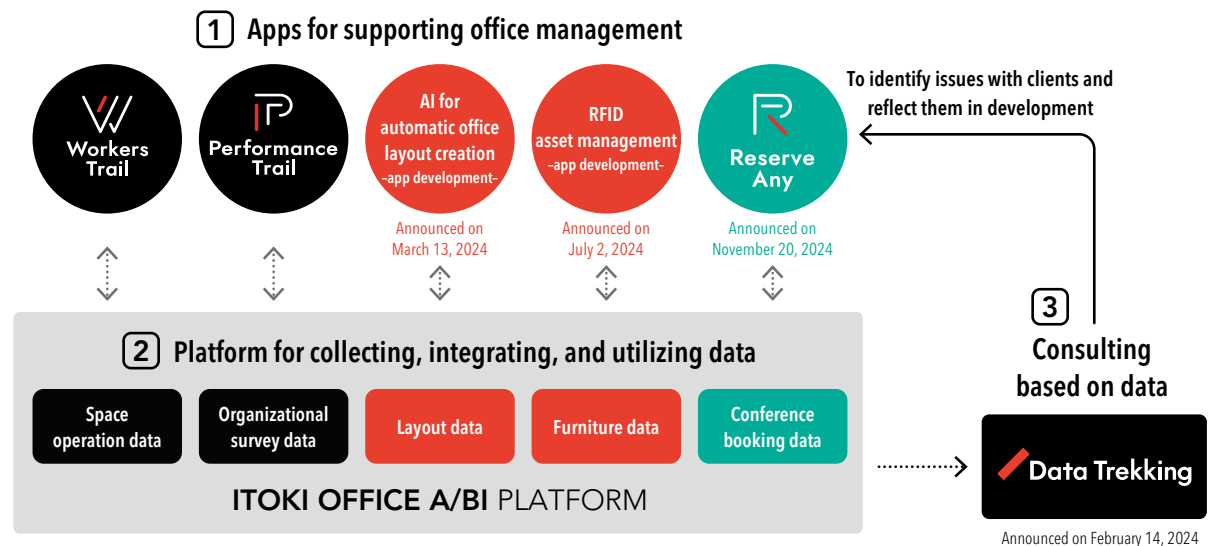
While price revisions have had a major impact on improving gross profit margins in the short term, I believe that in the medium- to long-term, the main factors will be an increase in the proportion of Office 2.0 sales and an increase in renovation projects for regional and small- and medium-sized enterprises. Therefore, as a new challenge, we are considering a flexible and efficient system to cover

all of Japan so that focusing resources on metropolitan areas does not become a bottleneck.

Entering an era where the real challenge comes after the office is built

Up until now, offices have been designed based on data and experience from the past. Going forward, however, I believe it will be important to verify how offices created based on hypotheses are actually being used and to make continuous improvements accordingly.

At Itoki, we define this domain as "Office 3.0." We released our Data Trekking solution, which analyzes data





President's message



obtained through monitoring, identifies issues in the office, and proposes and implements improvement measures to address them. Last fiscal year, we set a target of 40 orders, but we have received 60 orders, exceeding our expectations, and I am feeling a positive reaction to the solution from our customers.

The Office 3.0 domain is not just a matter of adding new products. The business model up to Office 2.0 has been a non-recurring revenue model in which the transaction terminates upon delivery. In contrast, achieving Office 3.0, in which we work alongside customers to implement the PDCA cycle for office improvements, will allow us to shift from a non-recurring model to a recurring revenue model with more stable earnings power. Furthermore, because offices are used by people, the way they are used is constantly changing. If we can visualize these changes with data, we will enter an era where the real challenge comes after the office is built. From fiscal 2025 onwards, we will begin to fully implement this transformation of our business model.

Equipment & public works-related business is also growing

In fiscal 2024, the performance of the equipment & public works-related business was a little lackluster. The results fell short of plan due to delays in construction work at the delivery site caused by labor shortages and rising material costs.

Even so, there has been no change in the trend toward automation and labor savings in warehouse facilities, and there are increasing customer inquiries about our SAS trolley-type shuttle automated storage systems. Therefore, we are well positioned to achieve the planned operating income of 3 billion yen in fiscal 2026, when the delayed projects will hit all at once.

The key to this will be the reform of the revenue structure of Dalton, a consolidated subsidiary that provides experimental equipment to research facilities. To support the reform of Dalton, which accounts for more than half of sales in the equipment & public works-related business, we are applying a value-added model that starts from the upstream stage and implementing personnel exchanges with Itoki. Dalton has always had great potential, and the

effects of these reforms are already showing, with the number of projects starting to increase, and my hopes are high for future growth.

One issue for the equipment & public works-related business has been securing development and engineering talent. To address this, we are making steady progress in recruiting talented students from Hanoi University of Science and Technology in Vietnam.

Encouraging women to be “the nail that sticks out”

In fiscal 2024, we introduced a new personnel system based on the principles of Professionalism, Pay for Performance, and Retention, with the goal of creating an environment that supports the growth of each and every employee and encourages them to take on new challenges. The new personnel system is a declaration that we have moved away from the habits of the past—following precedent, treating everyone as equal and uniform, and waiting for instructions—in favor of developing professional human resources, rewarding employees who

OUR ITOKI
OUR STORY
社名と社史、中身と心をつなぐ





President's message

achieve results, and enabling diverse human resources to work with energy and vitality. To put this into practice, we have set aside 10 billion yen for human capital investment in the current medium-term management plan.

In fiscal 2024, after announcing our medium-term management plan, we held a company-wide event, OUR ITOKI OUR STORY, in which approximately 1,000 employees participated, under the slogan, "Everyone's work is here." The event, which aimed to make everyone in the company aware of people who are working hard and doing a good job, was a great success, as participants took to the stage to give their own personal presentations about what their work means to them. Let me emphasize that my true intention is to foster a culture in which employees think about what they can do for the company (not what the company can do for them), challenge themselves, and grow. This is because I believe that developing such human resources will be a driver for increasing corporate value.

As we continue these efforts, I feel that the results of promoting the empowerment of women are becoming clearer. When we invited applicants for promotion from general to managerial positions, the percentage of female applicants increased significantly, and women accounted for 40% of successful applicants. Naturally, there is no consideration of gender when appointing managers. The other day, I showed up for the training of new section managers, and I could clearly see a new sparkle in the eyes of the female employees, which I thought was a wonderful change.

Human resources strategy integrated with management strategy: P39

Starting a succession plan

We are also making fundamental changes to our governance. For a company to grow sustainably, its board of directors must maintain the proper level of alertness. If a manager emerges who wields power and takes control of the company for their own personal gain, there must be a system in place to remove them. Therefore, starting in fiscal 2025, we increased the number of external directors to match the number of internal directors. Furthermore, to increase the effectiveness of the Board of Directors, we revamped the membership of our external directors based on the skills currently needed at Itoki. To help ensure thorough compliance, we welcomed Toshie Tanaka, former deputy commissioner of the Tokyo Metropolitan Police Department, and we also welcomed Mr. Yasuyuki Kawasaki, who has held important positions at Sumitomo Mitsui Financial Group. I expect Mr. Kawasaki to be a driving force behind management that is conscious of cost of capital and stock price.



Furthermore, as I enter my fourth year as president, I think the time has come to start grooming my successors. We have therefore established a Next Generation Executive Academy consisting of 16 selected managers in their 40s who are very close to becoming executive officers. In fiscal 2025, we will also launch a succession plan to build a pipeline of solid management talent so that we do not get caught off guard by vacancies.

Human resources strategy integrated with management strategy: P43

Priority issues for fiscal 2025: Digital, Design, Group, and Compliance

I can summarize the priority issues for fiscal 2025 in just four words: Digital, Design, Group, and Compliance. The first word, "Digital," is about achieving results in the Office 3.0 domain and leveraging the cloud, where we moved our core systems in June, to pursue operational excellence. The second word, "Design," is about strengthening efforts to make Itoki a "design first" company. The third word, "Group," refers to deploying the successful models implemented at the parent company to Group companies to increase our profitability on a consolidated basis. Specifically, we will strengthen our business portfolio by bringing a sense of urgency to the reforms at Group companies such as Dalton and Itoki Market Space that have a definite impact on consolidated performance. As for the fourth word, "Compliance," this is the priority issue I covered at the beginning of this message.



President's message

There is a goal beyond employee engagement

Finally, let me express my aspirations for the future. I recognize that my ultimate task is to ensure that every employee understands and embodies our mission: "We Design Tomorrow. We Design WORK-Style." I believe that we are making good progress in this area, not only because of our positive employee engagement score for "pride in the company," but also because of the sharp rise in our employees' positive feelings for Itoki, job satisfaction, and hope for the future. To continue maximizing employee engagement, we will aim even higher while staying vigilant to keep the momentum of reform moving forward.

President and Representative Director

▶ Human resources strategy integrated with management strategy: P38

Personnel costs: Facility costs

Personnel costs VS Facility costs

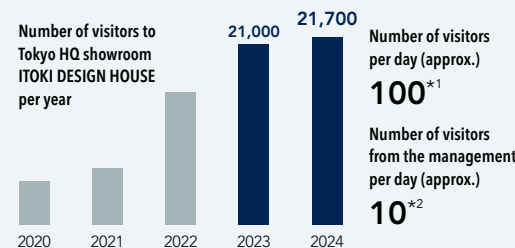
Motivating employees by investing in facilities is more efficient than raising personnel costs (effective leverage)



<Reasoning> Location: Marunouchi, rent: 40,000 yen/month per 3.3 m², floor area necessary per person: 9.9 m². Based on this premise, facility costs would be 1.44 million yen annually (40,000 yen x 9.9 m² x 12 months). Assuming that personnel costs of a company whose office is located in Marunouchi would be 12 million yen/employee (adding social insurance, etc. to the average salary of 8 million yen)

Changes in awareness concerning office investment

Office investment has been drawing attention after COVID-19, bringing over 20,000 visitors to ITOKI DESIGN HOUSE for two consecutive years



*1 Renovated the 12th floor in 2022, the 13th floor in 2023 and the 11th floor in 2024. The count is approximate.

*2 The management includes chairmen, presidents, CEOs and directors. The count is approximate.

Benefits of office investment contributing to human capital management

Engagement score "Pride"

82.5%



Engagement survey "Would recommend to family and friends" score Non-renovated sites → renovated sites^{*1}



Number of internship applications Before renovation → after renovation^{*3}



Regional operating income margin Non-renovated sites → renovated sites^{*2}



Interns hired as full-time employees Before renovation → after renovation^{*3}



*1 Compared to fiscal 2024

*2 Operating income margin for sales offices and unrenovated sites outside of Tokyo that were renovated from the second half of 2022 to the first half of 2024. Compared to fiscal 2024.

*3 March 2024 graduates vs. March 2025 graduates. Comparison of internship sites before and after renovation.



Message on financial and capital strategy from Executive Manager of Corporate Administration Division

Further improving our equity spread to meet the expectations of our shareholders and investors

Yumi Tanaka

Managing Executive Officer
Executive Manager of Corporate Administration Division



On becoming Executive Manager of Corporate Administration Division

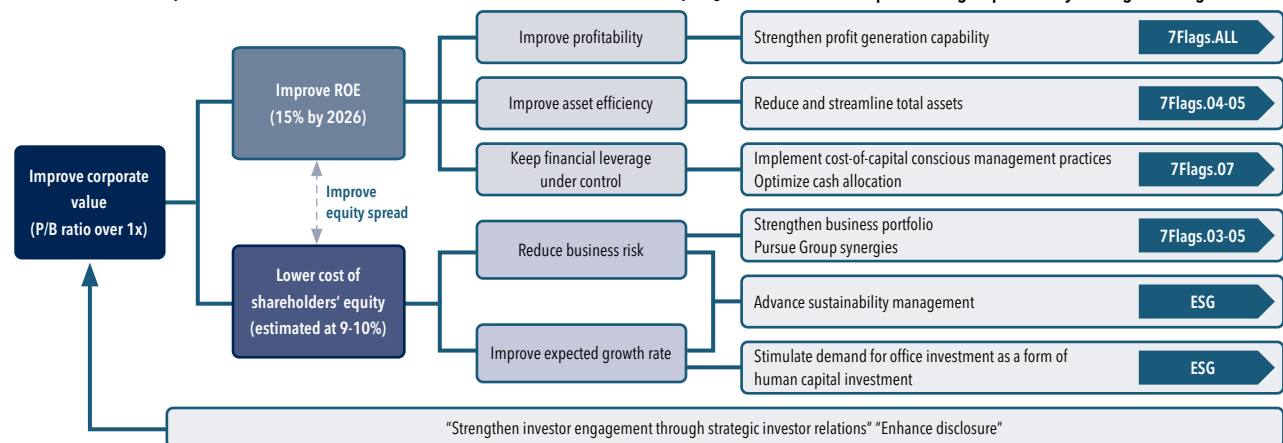
My name is Yumi Tanaka and starting in fiscal year 2025 I assumed the position of Managing Executive Officer and Executive Manager of Corporate Administration Division. Even from my perspective as an outsider, I sensed that President Minato's policies have been well embedded across the organization, and I believe that the company has fostered a strong culture of profitability. However, currently awareness of the balance sheet is limited in the organization, and I would like to contribute to maximizing corporate value by focusing not only on the income statement but also on the balance sheet. Furthermore, in cooperation with Mr. Kawasaki appointed as an external director, I would also like to play an active role in integrating capital cost consideration into management decisions.

Management Focused on Capital Cost and Shareholder Value

At the core of our financial strategy is a clear focus on capital cost, aimed at driving sustainable growth in corporate value. Our disclosed estimated cost of shareholders' equity (CAPM) is set relatively high at 9 to 10%, which means that we commit to delivering on the high expectations of our shareholders and investors. With the aim of expanding our equity spread we have set the following financial targets for fiscal 2026, which is the final year of the current mid-term plan RISE TO GROWTH 2026 and positioned as a high profitability phase: ROE of 15%, operating income margin of 9%, sales of ¥150.0 billion, and operating income of ¥14.0 billion (amounts in absolute terms).

Initiatives to improve ROE and lower the cost of shareholders' equity

* Implementing as part of key strategies 7 Flags





Message on financial and capital strategy from Executive Manager of Corporate Administration Division

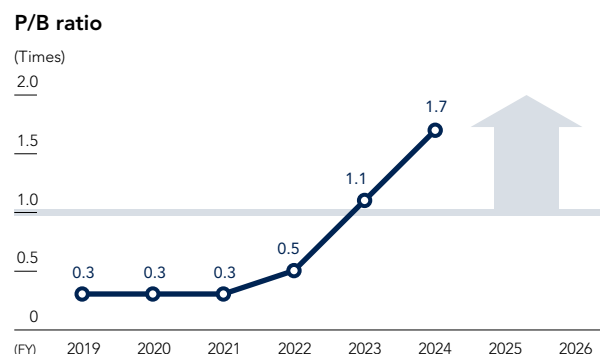
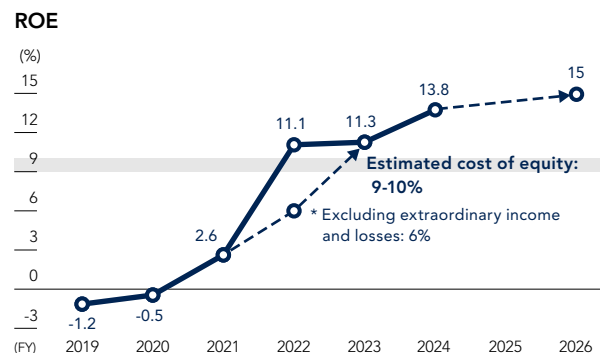
In alignment with our 7Flags and ESG strategies, which are the key pillars of the current mid-term plan, we are working to further improve our equity spread. I was told that, in the past, the company fell short of our earnings forecasts for six consecutive years, during which our share price experienced a continuous decline. Therefore, we are strongly committed to delivering on the targets we set and will continue to enhance the accuracy of our forecasts.

Review of FY2024 results

In fiscal year 2024, by capitalizing on demand from office renovations and relocations, sales reached 138.4 billion yen (up 4.1% year-on-year), marking the third consecutive year of revenue growth and thanks to the structural reforms, we posted record-high profits for the second consecutive year. Operating income in particular increased by 1.5 billion yen from the previous fiscal year, reaching the long-awaited 10-billion-yen milestone. Gross profit increased by 2.9 billion yen, allowing us to absorb an increase of 1.4 billion yen in SG&A expenses including wage increases, DX costs and office renovation costs, which led to the reopening of our Head Office being served as a showroom.

The increase in gross profit in proportion to sales growth was 2.1 billion yen, so we can say that around 800 million yen was brought by profitability improvement. By segment, the equipment & public works-related business posted declines in both revenue and profit due to the postponement of projects, but our mainstay workplace business drove the growth. On the negative side, we recorded 150 million yen as compensation for past actual work performed by logistics companies in Japan, and 570 million yen for the payment of fines by our subsidiary Tarkus Interior Pte Ltd in Singapore. However, we recorded extraordinary income brought by asset sales, and net income reached 7.1 billion yen (up 1.6% year-on-year). We ensure that the impact of the compliance issues, which have caused inconvenience to our stakeholders, does not carry over into fiscal year 2025 performance.

On the balance sheet, intangible fixed assets increased due to DX investments. Reflecting our dialogue with the capital markets, share repurchases were made, which led to an increase in our financial leverage. As a result, net assets



decreased by 5.6 billion yen from the end of the previous fiscal year to 49.3 billion yen, and the equity ratio declined to 40.9% (down 5.0 points). ROE reached 13.8% (an increase of 2.5 points) through increasing our financial leverage from 2.1x in the previous fiscal year to 2.4x and improving the net profit margin from 4.4% to 5.2%. ROE improvement expanded the equity spread and lifted P/B ratio to 1.7x. Furthermore, a significant increase in total shareholder return (TSR) was achieved through the cash dividend increase. Looking at the stock price, not only did our P/B ratio increase but also our PER has reached double digits, I believe that the market is gradually reassessing company's growth potential though this may not be sufficient yet. We also value financial stability, so we will manage leverage appropriately.

ROIC and business portfolio management

We set a hurdle rate (i.e., weighted average cost of capital (WACC)) of around 8% to evaluate investments to increase ROIC. To increase further asset efficiency, we continue to optimize cross-shareholding structure and sell non-core assets. The ROIC for fiscal year 2024 was 9.1%. We have not managed ROIC by segment yet. Our ROA for the workplace segment is 12.2% (up 1.4 points year-on-year) and 6.9% for the equipment & public works-related business (up 0.8 points year-on-year) (see page 79 for financial and non-financial data (previous 11 years)). In the future, we aim to establish a subscription model for Office 3.0 and evolve into a business model serving higher asset profitability. From fiscal year 2025 onwards, we will focus on Office 3.0 aiming to increase the profitability of our workplace segment. Therefore, our business portfolio will become even more dependent on the workplace business. However, I believe that the stability of our profit generation will improve as more sales come from Office 2.0 and Office 3.0. Furthermore, given that we are investing capital in structural reforms at our consolidated subsidiary, Dalton Corporation, which accounts for more than half of sales in the equipment & public works-related business, I expect the business portfolio to be strengthened in the next mid-term plan, even on segment basis.

Cash allocation

In the current mid-term plan, we have allocated 25 billion yen to strategic investments including M&A, 5 billion yen to R&D, 10 billion yen to production facilities investments, and 10 billion yen to human capital investments. We also intend to further strengthen shareholder returns. We continue to invest in digital transformation (DX) aimed at improving operational efficiency and will also strategically invest in production facilities not only to address aging equipment replacement but also to invest in improving production efficiency. We will also consider strategic investments for business expansion.

For the data business associated with Office 3.0, we are currently building a monetization model with the goal of achieving sales of 3 billion yen in fiscal year 2026. In addition

Please see page 19 for supplementary material on the second quarter (first six months) of the fiscal year ending December 31, 2025.



Message on financial and capital strategy from Executive Manager of Corporate Administration Division

to investing in new businesses expected to generate further profits, strengthening our business portfolio through M&A will be in scope. We will continue to pursue an optimal allocation of investments. With regards to strategic investments, we aim to conduct thorough risk analysis and execute investments with a strong emphasis on returns.

Operating cash flow for fiscal year 2024 was negative 1 billion yen due to the complete abolition of trade notes payable during the previous fiscal year and the shortening of payment terms in accordance with The Subcontract Act. However, the payable turnover is expected to level out by the end of fiscal year 2025. In terms of the balance sheet, we have started to implement company-wide initiatives to improve working capital firstly focused on accounts receivable and inventory management. We will also promote cash management on group basis. We will review our capital management practices and strive to maximize capital efficiency as a group. We aim to improve cash flow and optimize capital by shifting from the current system where each subsidiary manages its capital individually to a system where capital can be managed across the entire group.

Ideally, we should generate operating cash flow that exceeds investments, which increases free cash flow so that we secure stable shareholder returns. However, since the company is in a period of major transformation, I do not think it would be a good idea to curtail investments. We will

manage our finances to ensure that we can allocate funds to growth investments while maintaining financial soundness from a short-term, medium-term, and long-term perspective.

Obtaining credit rating and takeover defense measure

In fiscal year 2024, we obtained a credit rating from R&I. The rating of A- (high creditworthiness) has been provided supported by improved profitability. Furthermore, as our financials has strengthened and our market capitalization has increased, we have belatedly abolished our takeover defense measures.

Financial outlook for FY2025

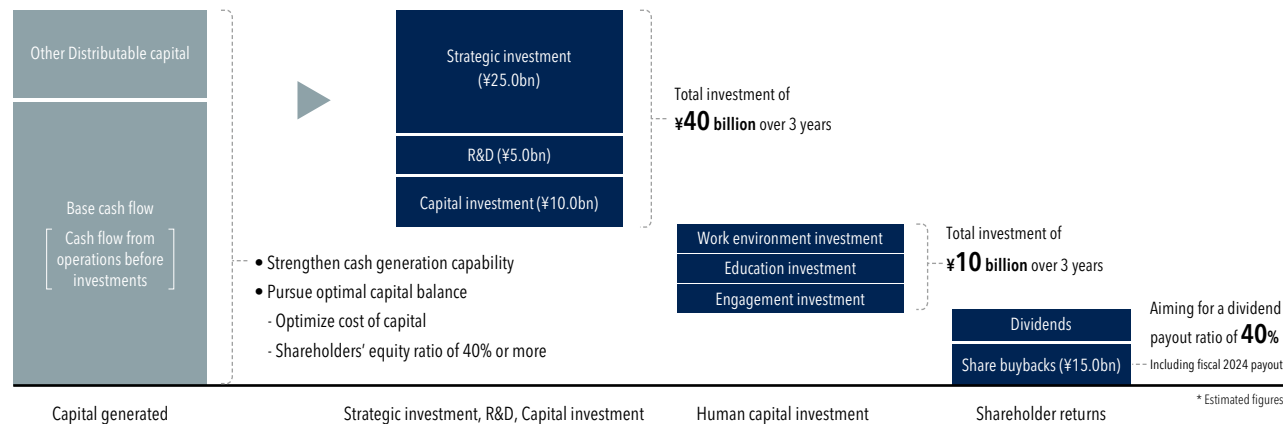
For fiscal year 2025, we forecast net sales of 145 billion yen (up 4.7% year-on-year) and operating income of 11.5 billion yen (up 14.1% year-on-year). Operating income in the work-place business is expected to increase by 19.3% to 9.6 billion yen. Considering the status of business negotiations, we expect sales to continue to grow, and we believe that profitability will further increase, driven by the increase in the proportion of Office 2.0 sales and the addition of Office 3.0 sales. In the equipment & public works-related business, on the other hand, although we are seeing positive demand,

operating income is expected to decline 3.1% to 1.8 billion yen due to prolonged delivery delays caused by labor shortages in the construction industry and rising material costs.

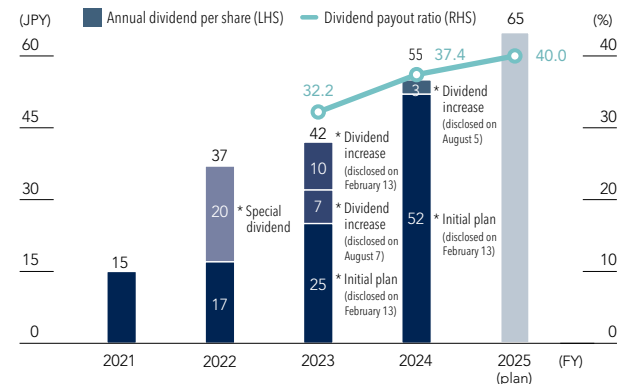
Shareholder returns and economic value

Regarding shareholder returns in fiscal year 2024, due to the increase in net income, we raised the dividend payout ratio to 37.4%, and the annual dividend per share was set at 55 yen (an increase of 13 yen from the previous fiscal year). In fiscal year 2025, we will raise our target dividend payout ratio to 40% ahead of schedule, aiming for an annual dividend of 65 yen. Regarding share repurchases, we intend to execute them flexibly, considering our cash generation capabilities and financial situation.

I believe that if the company is moving to a recurring revenue model by expanding business in Office 3.0, the company is well positioned to mitigate the risks arising from changes in the office market environment. Moreover, we seek to improve ROE by reinforcing segment-based business management, thereby enhancing profitability and asset efficiency across our overall business portfolio. We are shaping an equity story that aims to significantly expand the equity spread and enhance shareholder value.



Dividend per share





Responsible dialogue with stakeholders (management conscious of stock price)

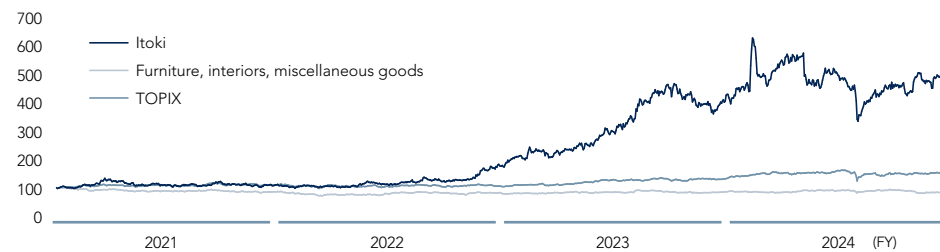
Status of interviews (total number held this year)

Dialogues with institutional investors and analysts: **220** times * including various briefings

Main responders

Interviews with investors	President
Conferences sponsored by securities companies	Managing Executive Officer
Small meetings	Managing Executive Officer
Financial results briefings	Corporate Communications Division Executive Manager
Business briefings	General Manager, IR/SR Department IR Section

Stock price (relative stock price assuming that the price at the end of December of 2020 was 100)



Macro trend analysis

- Gradual economic recovery after the COVID-19 pandemic
- Increasing demand for office renovations due to the spread of human capital management and the challenge of securing talent
- Diversification of office furniture needs due to the spread of remote work and video conferencing
- Impact of trends in the global economy and international affairs

Analysis of business performance and individual companies

- Average growth of 4% of revenue growth rate for the four major office business companies over the past 10 years
- Growing office demand driven by human capital management and spread to regional areas
- Leveraging design as an advantage, Itoki is offering added value to offices based on services, focusing on renovation projects

In 2024, operating income reached 10 billion yen, marking five consecutive years of profit growth and setting a new record high for the second consecutive year. We are making steady progress toward our medium-term management plan, and our profitability has been enthusiastically embraced by shareholders and investors. Going forward, we will continue to communicate our potential for sustained growth by engaging in dialogue on topics such as the growth potential of office demand, including outside of major cities, driven by human capital management; the advantages of a business model that provides high-value-added office environments centered around renovations; and new growth drivers such as the Office 3.0 domain.

Main Themes and Shareholder Interests

- Progress in the first year of the medium-term management plan
- Expansion of office investment to regional areas
- Future projections for the offices market and our direction
- Status of renovation and new construction projects
- Progress of key strategies under the medium-term management plan
- Progress in building the Office 3.0 business model
- Business model strengths and characteristics
- Details of the equipment & public works-related business
- State of management leadership
- Background to improving internal engagement

Feedbacks to management

Quarterly IR status report

Summarize comments from interviews with investors and analysts held after the announcement of financial results, and report on challenges and next steps

Stock price indicators/stock price information

Report analysis of market conditions, our stock price, trading volume, etc.

Feedback to the Board of Directors

Semi-annual shareholder composition

Report on dialogue with shareholders and investors, semi-annual shareholder composition, investor expectations, and issues to be addressed

Management that is conscious of capital costs and the stock price

Submit to the Board of Directors for timely disclosure in supplementary explanatory materials in conjunction with the disclosure of fiscal year financial results

Aiming to enhance medium to long term corporate value by increasing transparency and trust

With the commitment of top management, we place great importance on communication activities to build good relationships with our stakeholders. In our communications, we are particularly mindful of immediacy, fairness, and clarity. Our goal is to increase trust and empathy for our company by being highly transparent and accountable, and to increase our corporate value over the medium to long term.

Mitsuru Koba
General Manager
IR/SR Department
Corporate Communications Unit



Enhancing corporate value through IR communication and disclosure

Amid demands that companies enhance their Investor Relations (IR) regimes to build relationships with shareholders and investors, Itoki recognizes that IR carries a large responsibility with regard to management that is conscious of cost of capital and stock price, and also with regard to human capital management and disclosure. We will strive to achieve an appropriate stock price through accurate and timely information disclosure and dialogue with shareholders and investors, and we will work to improve corporate value through feedback of their concerns to management.

Takuya Yamazaki
IR Section Manager
IR/SR Department
Corporate Communications Unit





Strategy for Realizing Our Vision





Overview of RISE TO GROWTH 2026 and progress on management targets

High profitability phase

Increase sustainable growth potential



Overview

The business environment is at a major turning point in terms of “work,” driven by the COVID-19 pandemic, which has accelerated digitalization, diversified work styles, advanced human capital investment, and altered the nature and role of offices as drivers of engagement and productivity.

In addition to responding to these changes, we have formulated our medium-term management plan RISE TO GROWTH 2026 under the theme of enhancing sustainable growth, guided by our mission statement: We Design Tomorrow. We Design WORK-Style.

The plan sets forth the key strategies “7 Flags” and an ESG strategy, and through the implementation of these measures, aims to achieve sales of ¥150 billion, operating income of ¥14 billion, and ROE of 15% by 2026.

Management targets (consolidated KPIs)

	FY2024	FY2026
Sales	¥138.4 bn	¥150.0 bn
Operating income	¥10.0 bn	¥14.0 bn
Operating income margin	7%	9%
ROE	13%	15%

▶ For more information on RISE TO GROWTH 2026, please visit our website. For segment-specific targets, please refer to P23.

Key strategies 7Flags

Along with advancing the structural reform project and addressing problems, we have positioned the 7 Flags as key strategies to respond to environmental changes and enhance sustainable growth. Flags 1, 2, and 3 mainly represent revenue, while Flags 4 and 5 represent costs. Flag 6 represents human capital (reform of HR systems and investment in human capital), the foundation for medium- and long-term growth. Flag 7 represents cash allocation and management that is conscious of capital costs and the stock price. Through these strategies we will strengthen our business portfolio. Note that Flag 2 aims to build a unique business model utilizing data and AI to change the rules of competition in the office industry.

Flag 1	Office 1.0/2.0 domain*1	For new ways of working and the office spaces that implement those ways of working, Strengthen value-added proposals and secure a base for sales and profits
Flag 2	Office 3.0 domain*2	With the IoT of office furniture and spatial sensing, develop services that provide optimal working styles and office spaces
Flag 3	Specialized facilities domain	In the areas of logistics facilities and research facilities allocate resources to development and engineering to develop it into the second pillar of our business
Flag 4	High profitability	By restructuring the group’s production and supply system and revamping the company’s internal IT infrastructure, Improve production and business efficiency
Flag 5	Group synergy	Through structural reform projects implemented by Itoki alone we will spread our success stories to group companies and pursue group synergy
Flag 6	Human capital	With personnel system reform at the core, encourage proactive and proactive “creativity and ingenuity”
Flag 7	Financial strategy	From a medium- to long-term perspective, plan and implement growth strategy investments, employee returns, and shareholder returns

*1 Office 1.0: product-based sales business / Office 2.0: office space-based product solutions business

*2 Office 3.0: work style-based office DX business



Overview of RISE TO GROWTH 2026 and progress on management targets

Medium-term management plan: Progress on 7 Flags KPIs

	KPIs in 2026	2024 results	2025 direction	Reference page	Related materiality
Flag 1	Office 1.0/2.0 Domain <ul style="list-style-type: none"> Sales: up 10% from 2023 Operating profit margin: 10% 	<ul style="list-style-type: none"> Operating profit margin: 7.9% (6.5% in FY2023) +1.3pts Reopened ITOKI DESIGN HOUSE (our head office, which doubles as a showroom) after renovations Won large-scale business deals based on supply chain reforms 	<ul style="list-style-type: none"> Based on the idea that office investment is effective for human capital management, capture demand for renovations, including outside of major cities, in addition to new construction Create attractive office spaces through the seamless integration of spatial design and product design 	▶ Special Feature Section P13-14	
Flag 2	Office 3.0 Domain <ul style="list-style-type: none"> Annual sales: 3 billion yen Cumulative investment amount in 3 years: 2.5 billion yen 	<ul style="list-style-type: none"> Launched "Data Trekking" consulting service Partnered with startups Akari and RF Locus 	<ul style="list-style-type: none"> Develop business model Start selling "Reserve Any" meeting room shortage solution (July 2025) 	▶ Special Feature Section P15-16	
Flag 3	Domain of specialized facilities <ul style="list-style-type: none"> Sales: 30 billion yen Operating profit: 2 billion yen To strengthen our development system by employing over 50 more staff members 	<ul style="list-style-type: none"> Launched new MAGBIT brand for research facilities (Dalton) Recruited talent from Hanoi University of Science and Technology Developed special disaster preparation doors and automatic dispensing stocker 	<ul style="list-style-type: none"> Strengthen business negotiations for equipment for specialized facilities Start of sales of automatic dispensing stockers, Japan-wide rollout of special disaster preparation doors 	▶ Special Feature Section P17-18	
Flag 4	Profitability improvement <ul style="list-style-type: none"> To reduce manufacturing and distribution costs by 5% from 2023 To increase operating profit per person by 50% from 2023 Cumulative IT investment amount: 8 billion yen 	<ul style="list-style-type: none"> Absorbed Itoki Engineering Service Corporation into Itoki itself, made SOUA Co., Ltd. a subsidiary, launched Engineering Division Decided to merge Itoki All Steel, Dalton Corporation, and Fuji Paudal Co., Ltd. 	<ul style="list-style-type: none"> Advance production, logistics and engineering systems Advance various reorganizations associated with merger of Itoki All Steel, Dalton Corporation, and Fuji Paudal Co., Ltd. SCM system goes live (June 2025) 	▶ Special Feature Section P11-12	
Flag 5	Synergy among group companies <ul style="list-style-type: none"> To improve the operating profit margin of consolidated group companies by 2% from 2023 To reduce the cash outflow from the Itoki group by 3 billion yen 	<ul style="list-style-type: none"> Started Dalton structural reform project Started study of expansion of in-house production of Dalton products 	<ul style="list-style-type: none"> Deepen management reform of Dalton 	▶ Special Feature Section P19-20	
Flag 6	Human capital <ul style="list-style-type: none"> Employees' engagement: 85% Ratio of female managers: 13% 	<ul style="list-style-type: none"> Employee engagement: 82.5% Ratio of female managers: 13.2% (as of February 2025) Appropriate placement through transfers within the Group 	<ul style="list-style-type: none"> Employee engagement: 85% Ratio of female managers: 13% 	▶ Special Feature Section P21-22	
Flag 7	Financial strategy <ul style="list-style-type: none"> Cash allocation Strategic investment/R&D/investment in equipment: 40 billion yen Investment in human capital: 10 billion yen We aim to achieve a payout ratio of 40%. 	<ul style="list-style-type: none"> Dividend payout ratio: 37.4% (increased by 10 yen during fiscal year) Started shareholder gift program Obtained A- credit rating 	<ul style="list-style-type: none"> Consider various financing options Anticipate dividend payout ratio of 40% 	▶ P16-18	
E	Environment <ul style="list-style-type: none"> Items listed in the Mid-Term Environmental Plan ▶ Itoki Group's Mid-Term Environmental Plan 2026: P51 	<ul style="list-style-type: none"> Items listed in the Mid-Term Environmental Plan ▶ Please refer to the Mid-Term Environmental Plan 2026 (2024-2026) 	<ul style="list-style-type: none"> Items related to environmental initiatives ▶ Environmental initiatives: P51 	▶ P51	
S	Social <ul style="list-style-type: none"> Number of lost-time accidents: 0 Number of non-lost-time accidents: 0 Number of human rights workshops held by the Itoki Group: 3 per year Human rights response rate in supply chain investigations: 75% 	<ul style="list-style-type: none"> Number of lost-time accidents: 0 Number of non-lost-time accidents: 3 Number of human rights workshops held by the Itoki Group: 1 per year Human rights response rate in supply chain investigations: 75% 	<ul style="list-style-type: none"> Continue information sharing and discussions at Company-wide Health & Safety Committee meetings Expand implementation scope of safety audits and patrolling (at our business sites and Group companies) Expand human rights workshops to Group companies Consider providing e-learning opportunities to suppliers 	▶ P63	
G	Governance <ul style="list-style-type: none"> Complaint rate: below Company-internal target value Number of legal violations: 0 Number of significant risk incidents*1: 0 	<ul style="list-style-type: none"> Complaint rate: below Company-internal target value Number of legal violations: 0 Number of significant risk incidents*1: 2*2 	<ul style="list-style-type: none"> Prevent quality problems from occurring or recurring and respond quickly when they do occur Improve quality skills Enhance Group risk management Implement measures to improve risk sensitivity, such as compliance training Strengthen legal systems, including contract review system Strengthen audit functions 	▶ P69	

*1 Risks that qualify as timely disclosure events

*2 Administrative guidance (warning) from the Japan Fair Trade Commission regarding logistics operations, and fine levied against our consolidated subsidiary Tarkus Interiors Pte Ltd. by the Competition and Consumer Commission of Singapore



Business Strategy

As a leading office furniture company, Itoki is committed to helping its customers create value through its Workplace and Equipment & Public Works-Related businesses. Together with our customers, we build the future of workplace environments.

Overview of the two businesses (business portfolio) and business domain

▶ P24-26

This section explains ITOKI's current business portfolio, the revenue structure for the final year of the medium-term management plan, and the various places where ITOKI's products and services are used.

Key areas of value provision and the Itoki Group's strengths

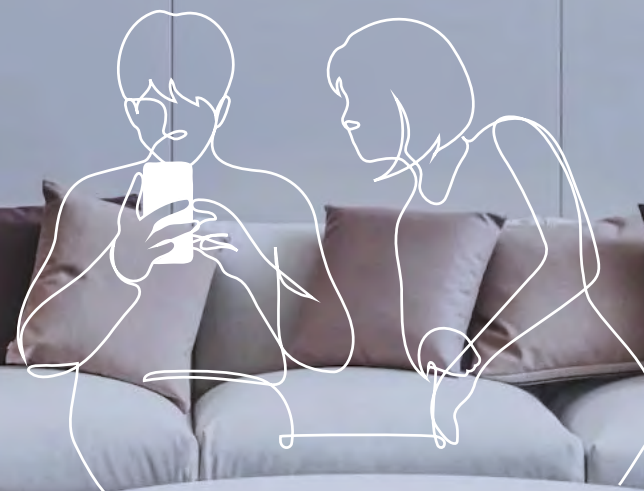
▶ P27

This section explains the value provided by the Itoki Group, built on the strengths we have honed for more than 130 years.

Two businesses, office market trends, and overseas strategy

▶ P28-32

This section presents the key points of the business strategies in the Workplace and Equipment & Public Works-Related businesses, a review of what we have achieved in the first year of the medium-term management plan, a SWOT analysis, trends in the office market, and our overseas strategy.





Overview of the two businesses (business portfolio)

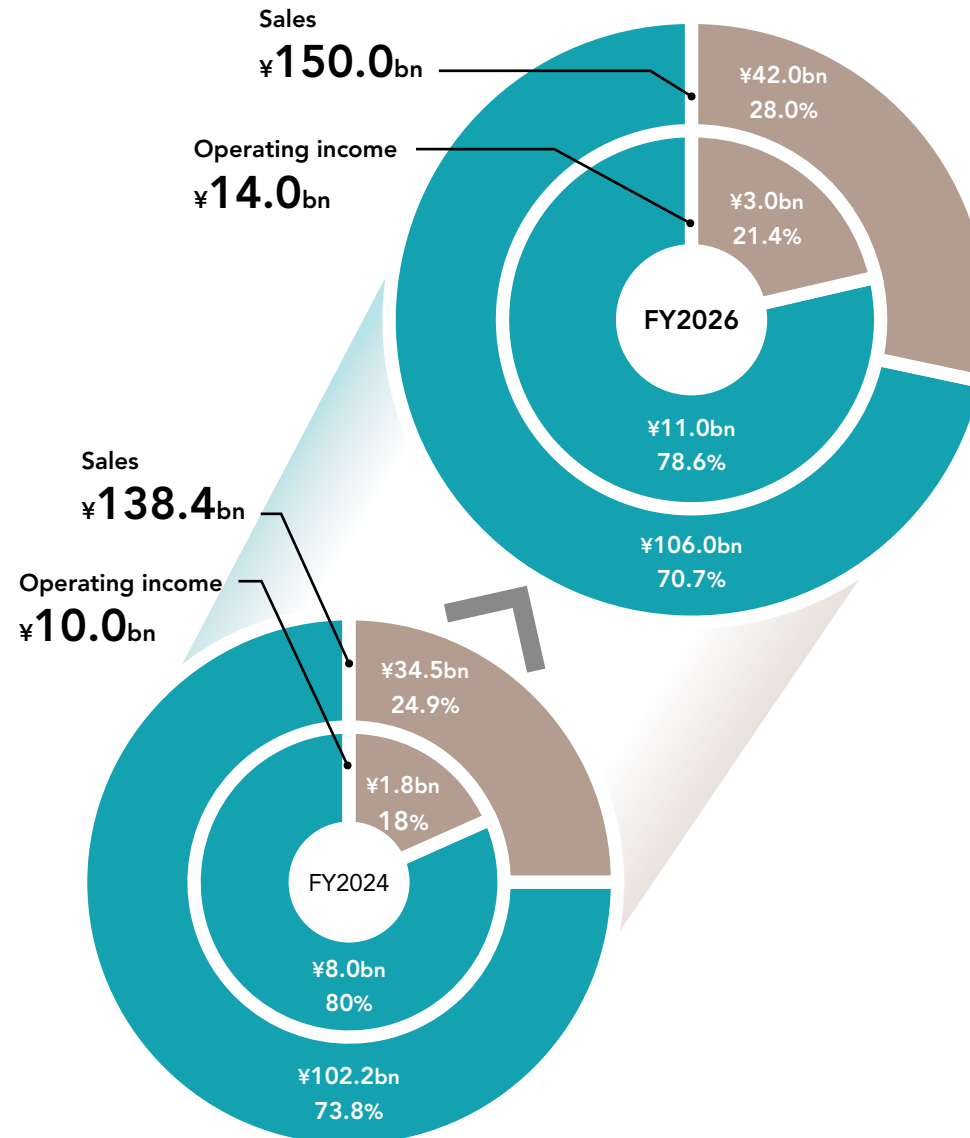
In our two business domains, the Workplace Business and the Equipment & Public Works-Related Business, we support the various challenges faced by companies, organizations, and individuals in all environments that envelop people's lives by leveraging our comprehensive proposal capabilities with "work" at the center.

Workplace business

FY2024 results
Sales
 ¥102.2bn
Operating income
 ¥8.0bn

In this business, we lead the creation of working environments for the next generation by providing products and services to realize workplaces best suited to the way each customer works and in keeping with our mission statement: We Design Tomorrow. We Design WORK-Style.

We support the creation of working environments in all kinds of spaces by providing products and services to help create places where workers can work en masse, products that support decentralized working environments, such as home furnishings to facilitate remote work and home learning, and comprehensive survey and consulting services to help client companies develop work style strategies and provide better workplace environments.



Equipment & public works-related business

FY2024 results
Sales
 ¥34.5bn
Operating income
 ¥1.8bn

In this business, we contribute to social and economic development by providing safe and appealing products to manufacturers and logistics facilities to support social infrastructure, as well as public facilities where people gather. We provide products that improve the safety and well-being of workers and society in general in all kinds of value-creation settings. We also contribute to the revitalization of communities with products and services that support the creation of appealing environments and spaces in public facilities.

Lineup of equipment we provide: P32



Business domain

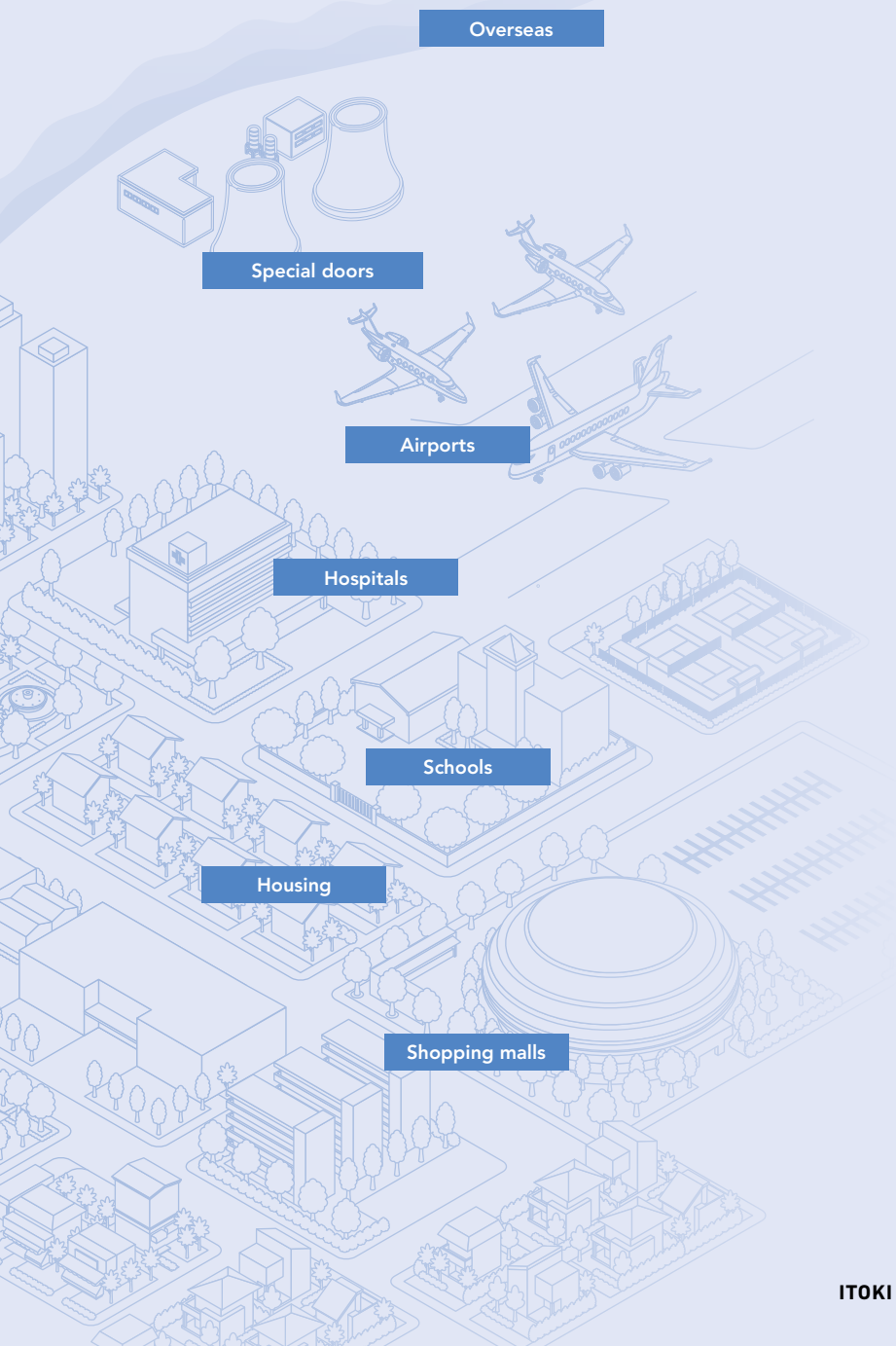
ITOKI's mission statement, "We Design Tomorrow. We Design WORK-Style," defines our domain as creating optimal working environments tailored to each customer's unique work style. Building on the strength of "Tech×Design based on PEOPLE" that we have developed over the years, we will continue cultivating this domain, bringing the data business to life in Office 3.0, and expanding our reach.



For more information, click on a thumbnail to open our website.



Business domain



Hospitals

We design waiting areas, hospital staff stations, and examination rooms.

Airports

We design lounge spaces.

Overseas

We specialize in interior construction.

Schools

Classrooms

We design active learning areas, classrooms, and other such spaces.

Backpacks

We design backpacks for children to support their bright futures.

Signage

We develop digital signage for schools, public transportation, commercial facilities, and public spaces.

Housing

We develop home furniture designed for working, learning, and relaxing.

Shopping malls

We design commercial spaces for stores in shopping malls.

Special doors

We produce a variety of doors, including screened, watertight, airtight, and reinforced doors.

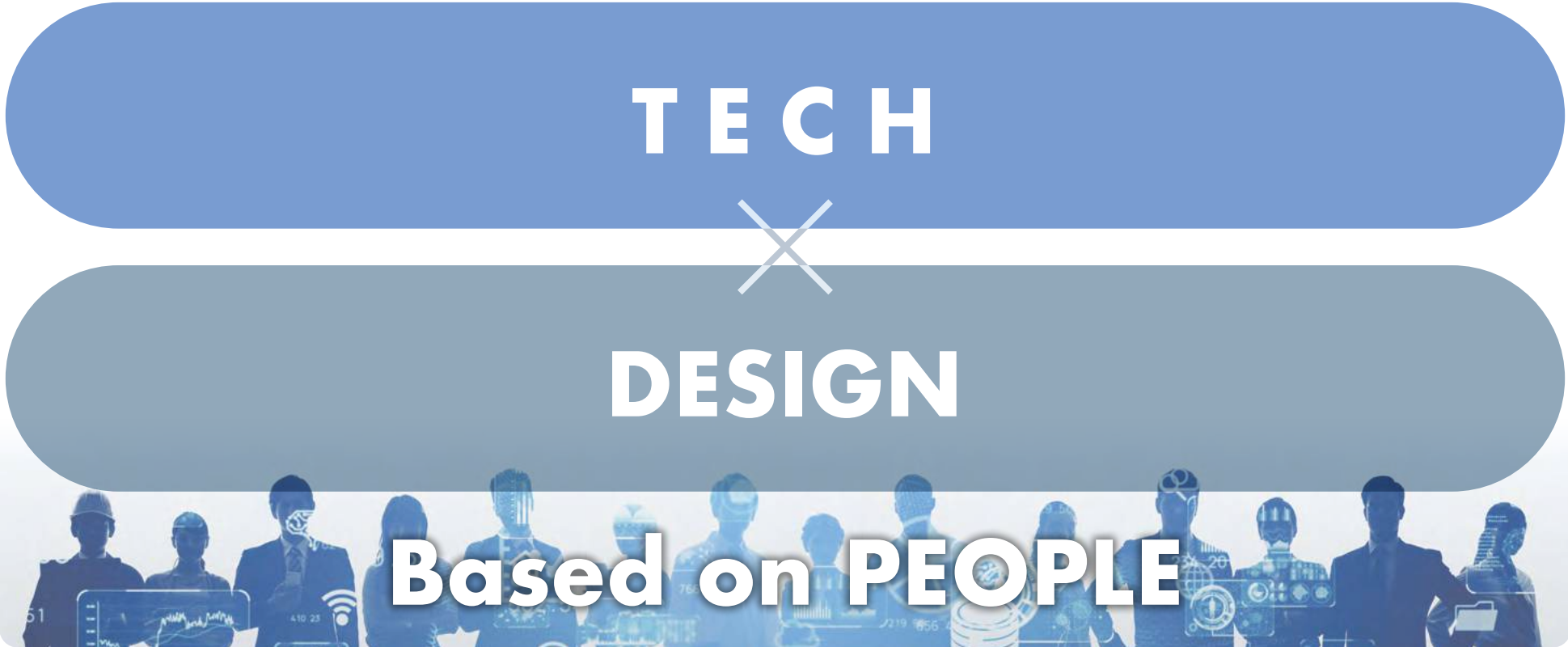


Key areas of value provision and the Itoki Group's strengths

The Itoki Group's strengths lie in its spirit of taking on challenges to disseminate new and useful products to society since its founding; its track record and know-how to pass down to a diverse workforce a tradition of originality and ingenuity and to carry out various pioneering initiatives; and the trust it has built up over more than 130 years. This is expressed as "Tech×Design based on PEOPLE."



Leveraging the strengths of Tech×Design to solve social issues related to work



* Abbreviation for Color, Materials, and Finish, which form the appearance of the product

For more information, click on a strength (in the circles) to open our website.



Workplace business

Key points of business strategy

Office 1.0/2.0 Domain: Strengthen value-added proposals and secure a base for sales and profits for new ways of workstyle and the office spaces that implement those ways of working

Measure 1: Pursue experience value through enhanced product appeal

- Improve brand presence through improved design
- Develop furniture that integrates with digital devices
- Review overseas sales structure

Measure 2: Propose added value as an integrated space

- Enhance the system in the domain of spatial design
- Expand and deepen the consulting domain

Office 3.0 Domain: Develop services that provide data-driven, optimal work styles and office spaces through the application of IoT to office furniture and spatial sensing

Measure 1: Develop new data services

Measure 2: Collaborate and form capital alliances with AI companies

Review of what we have achieved in the first year of the medium-term management plan

Outcomes

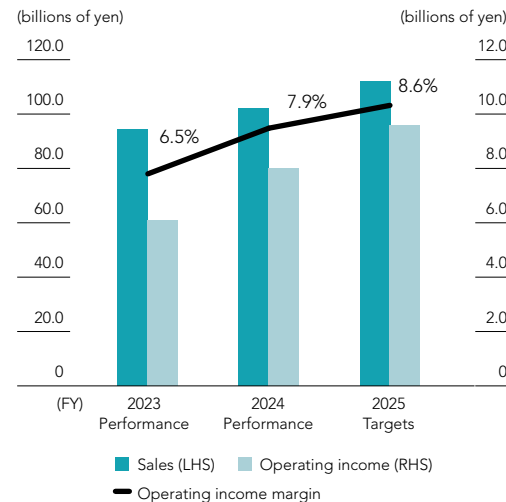
- Greater earnings power by virtue of high value-added proposals
- Bigger and better consulting services
- Strengthening of sales capabilities and profitability through the reconstruction of the one-stop system (such as the merger of Itoki Engineering Service Corporation)
- Establishment of a manufacturing system that contributes to reducing costs

Issues

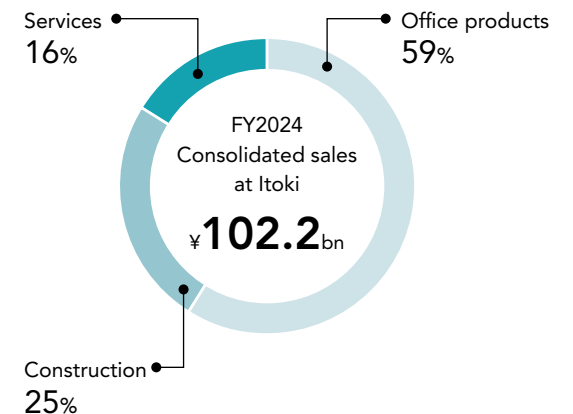
- Maximizing the value provided through enhanced branding
- Building of a data business (Office 3.0) platform
- Reducing factory cost ratios through the use of smart factories
- Reducing costs by strengthening procurement functions

<h3>S</h3> <p>Strengths</p>	<ul style="list-style-type: none"> • Tech×Design based on PEOPLE • Developing and proposing products and services based on the Smart Office Concept • Office space design consulting • Consulting for new ways of working and enhancing productivity based on ABW 	<h3>O</h3> <p>Opportunities</p>	<ul style="list-style-type: none"> • Promoting an understanding of new work styles that are conscious of human capital investment, productivity improvement, and engagement • Office investment recognized by management as a business challenge, shifting from cost to investment • New office building construction in the vibrant Tokyo metropolitan area, secondary relocations, and regional urban redevelopment • Growing number of office renovations in regional cities against the backdrop of recruiting difficulties
<h3>W</h3> <p>Weaknesses</p>	<ul style="list-style-type: none"> • Cultivation of overseas markets • Reduction of SG&A ratio 	<h3>T</h3> <p>Threats</p>	<ul style="list-style-type: none"> • Higher production cost ratio owing to sky-high raw material prices • Rising logistics costs • Trends in the global economy • Suppression of the economy by pandemics

Sales/Operating income/ Operating income margin



Product sales weighting



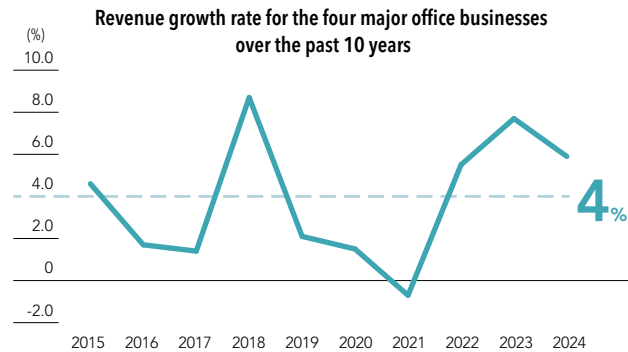


Trends in the Office Market

Japan's office market is said to be worth around 840 billion yen. It is predicted to continue performing well in the future, backed by forecasts of demand for new buildings and investment in human capital. Major market participants that are listed companies account for more than 50% of the market, and they are expected to further grow going forward. Itoki offers proposals of high-value-added office spaces, starting from spatial design and planning, especially for renovation projects. In recent years, we see growing demand for office renovation from regional areas from the perspective of securing talent.

Revenue growth rate for the four major office business companies over the past 10 years

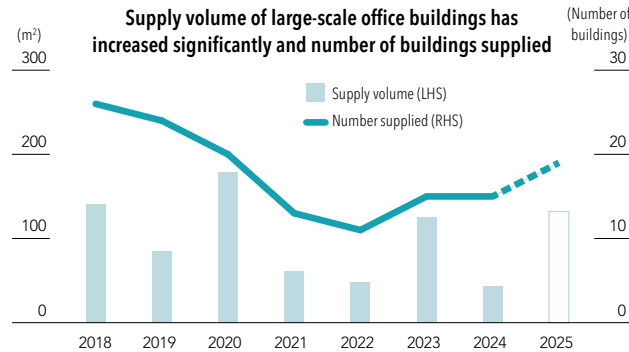
Average growth of 4%



Source: Financial results summaries of each company

Forecast demand for new construction by Mori Building

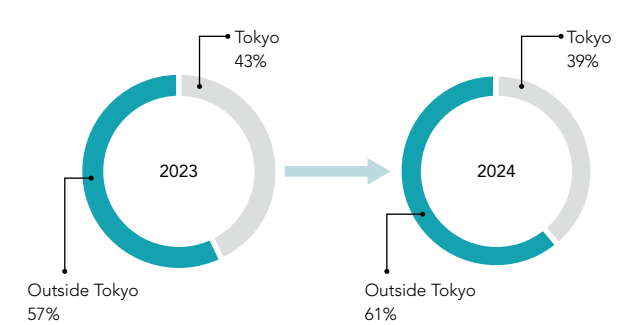
Both the volume and number of supplied buildings to be increased in FY2025



Source: 2025 Survey of Large-scale Office Buildings in Tokyo's 23 Wards, by Mori Building Co., Ltd.

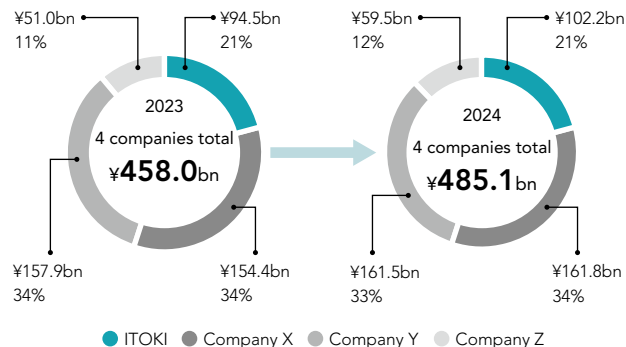
Office demand (Tokyo and Outside Tokyo, FY2024 Itoki actual results)

Recruitment challenges lead to an increase in jobs outside Tokyo



Market share status

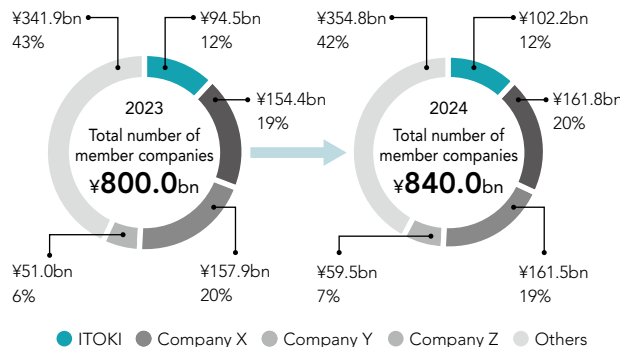
(total sales of the four companies)



Source: Financial results summaries of each company

Market share status

(Japan Office and Institutional Furniture Association (JOIFA) members)

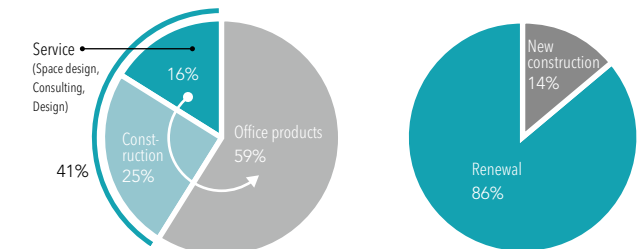


Source: Summary of financial results of each company, Business report by Japan Office and Institutional Furniture Association reference

Office business structure (FY2024 Itoki actual results)

Providing added value for offices based on services

Focus on renewal projects



Source: Supplementary materials for financial results for the fiscal year ended December 2024



Overseas strategy

The Itoki Group’s overseas business is primarily focused on Southeast Asia and China, with sales accounting for just under 10% of consolidated net sales. Up ahead, we will aim to achieve further growth primarily in the ASEAN member states where market expansion can be expected due to population growth, while also promoting stronger compliance at overseas subsidiaries from the perspective of global governance.

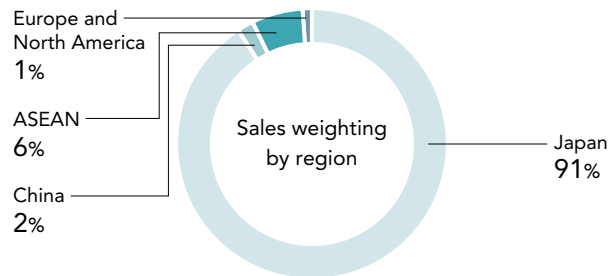
Overseas (ASEAN/China)

Unearthing new sources of earnings for the next growth phase

- Strengthening product development for overseas markets and opening up sales channels
- Strengthening and expanding operations at Tarkus (Singapore)
- Reinforcing collaboration with partner firms and exploring new alliances

Thoroughgoing management that is conscious of costs

- Rebuilding production and sales structures in China
- Optimal production locations with a focus on the global market



Expanding operations mainly in Southeast Asia and China

While our business presence overseas is primarily in Southeast Asia and China, the majority of current operations are interior finishing work projects undertaken by Tarkus, our consolidated subsidiary based in Singapore. In addition, the office furniture business mainly caters to Japanese companies. In the last few years, the situation has been challenging, due in part to the impact of the COVID-19 pandemic, but we believe that with creativity, we can grow this business.

Growth in business not only to Japanese companies, but also to local enterprises will be crucial to expanding the overseas business. To this end, we are currently employing a design-focused approach that highlights our strengths in office space design, starting with initiatives in Shanghai, China.

Strengthening Group governance alongside business expansion

In the overseas business, we are simultaneously advancing business growth and strengthening compliance. In 2024, Tarkus was ordered by local authorities to pay a fine for violating competition laws.

In response to this incident, we are implementing exhaustive measures to prevent a recurrence. More specifically, we are strengthening our governance system to more closely monitor the situation at Tarkus in a timely manner so as to prevent issues before they arise. We are also stepping up our involvement with other affiliated companies to strengthen the governance system across the entire Group.



Masaki Uchino
Executive Officer
Executive Manager of
Overseas Business Division

Dramatic growth in the overseas business is essential for Itoki’s longer-term growth

Dramatic growth in the overseas business is essential for Itoki’s medium-to-long-term growth. It is important that we plan and press ahead with a focus on Asian countries as our main target, such as Vietnam and Indonesia, where population growth continues, and China, which has purchasing power, while also considering forays into other regions. To achieve this, we will shift our focus from single-year earnings to a more dynamic approach that includes upfront investments and M&As, planning and driving forward initiatives that are expected to yield significant profits in five years. Furthermore, we believe the key to growth lies in demonstrating our presence from upstream processes by expanding our Office 2.0 and Office 3.0 businesses, which are currently being developed in Japan, to overseas markets, instead of just focusing on office furniture sales.

The overseas business has enormous future growth potential. We want to nail down our long-term winning strategy and have the overseas business account for 30%–40% of Company-wide sales in 10 years from now. With this enthusiasm, we want to create a business that inspires employees to say they want to work in the Overseas Business Division and realize their plans for self-fulfillment outside of Japan.



Equipment & public works-related business

Key points of business strategy

We will play a key role in the third strategy of the 7Flags, the key strategies of the medium-term management plan. By allocating our resources mainly to development and engineering in the logistics and research facilities domain, we will cultivate the domain into our second pillar business.

Logistics facilities

Wide variety of SAS for logistics

- Development for the growing frozen food market
- Compact size allows automation in various fields
- Expansion into automated warehouses in ASEAN and other countries

Establishing a maintenance business

- Development of predictive maintenance services using data/IoT

Research facilities

Expanding market share by introducing new products at research facilities

- Strengthening customer touch points
- Expansion to ASEAN and other countries

Establishing growth business areas

- Establishing a clean equipment business in the pharmaceutical/medical fields, and strengthening sales of automatic cleaning equipment in the semiconductor manufacturing field

Establishing a maintenance business

- Establishment of a maintenance service business backed by architectural and air conditioning related technologies

Review of what we have achieved in the first year of the medium-term management plan

Outcomes

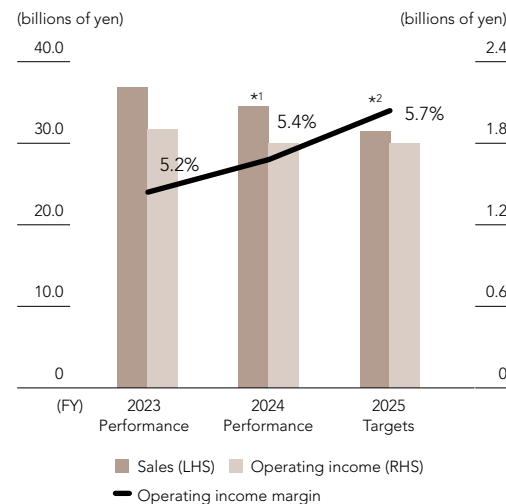
- Growth in SAS sales network
- Launch of a new brand for research facilities
- Joint development of an automated medication picking system for dispensing pharmacies

Issues

- Establishment of a maintenance and support system as a Group
- Secure enough engineers to develop new products and handle special orders

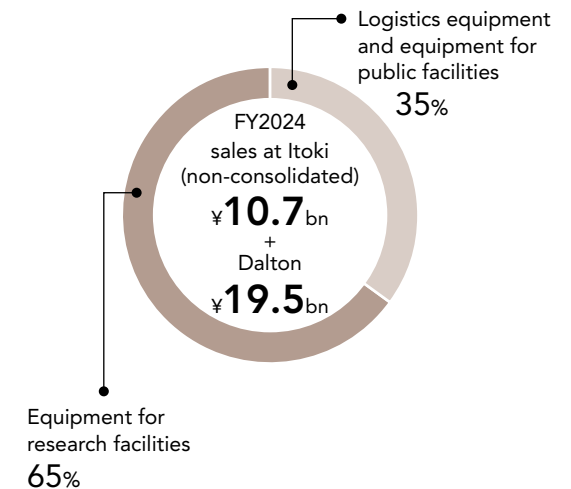
S Strengths	<ul style="list-style-type: none"> • Tech×Design based on PEOPLE • Reliability and customization capabilities through the accumulation of mechatronics technology • Systema Streamer SAS-R, a highspeed and compact multi-level shuttle automated storage system • Equipment and devices for R&D with a high market share, fixtures for public facilities such as large display cases, and special doors 	O Opportunities	<ul style="list-style-type: none"> • Trends toward automation and labor savings in the logistics market • Steady investments in R&D in Japan
W Weaknesses	<ul style="list-style-type: none"> • Efforts to expand into overseas markets are still in their infancy • Securing enough engineers 	T Threats	<ul style="list-style-type: none"> • Higher production cost ratio owing to sky-high raw material prices • Rising logistics costs • Trends in the global economy • Suppression of the economy by pandemics

Sales/Operating income/ Operating income margin



*1, *2 Impact of delays in the commencement and completion of customer facilities due to skyrocketing material costs primarily in equipment for logistics facilities

Product sales weighting





Lineup of equipment we provide

The equipment products group can be divided into seven categories, with research equipment accounting for 50%–60% of the total. We command a leading position in products for museums and art galleries and have supplied large display cases to the Tokyo National Museum. In logistics and rack products, we have supplied automated warehousing solutions to many logistics facilities for more than 35 years now. In fact, our high-speed multi-level automated sorting machine, the SAS, is ranked number one in terms of shipment volume for small to medium-sized equipment. Recently, we have applied these technologies to expand into new fields, such as automated dispensing machines and specialized doors for disaster prevention.

Research equipment



**Draft chamber
(local ventilation equipment)**

This draft chamber is used for safety when hazardous gases are produced through a chemical experiment or the like.



**Continuous granulation
equipment**

Equipment for producing high quality pills. This realizes a high yield at low cost and reduces production costs.

Products for public facilities



**Equipment for art museums
and other museums**

We design cases for protecting, displaying, and preserving cultural assets according to the items to be displayed.



Furniture for libraries

We supply functional and fashionable furniture for libraries.

Digital signages



Digital signages

They have been installed in a broad range of facilities, including public transportation means, commercial facilities, and public facilities.

Logistics equipment and racks



SAS (rapid sorting equipment)

A three-dimensional high-speed picking and sorting machine that effectively utilizes vertical space for sorting operations.



Racks and movable shelves

A wide range of storage systems, from heavy-duty shelves to light and medium-duty shelves. The movable shelves, both electric and manual, have been designed for dense storage use.

Financial security equipment



Bank vault wall

A bank vault door is a symbol of "safety" and "reliability" of financial institutions. It boasts robust security.

Office security equipment



Entry control

Only recognized people are allowed to enter an office, to secure safety.



Storage security

The authority to use a storage cabinet is set and usage logs are recorded, to protect important information.

Special doors



Special doors

We are a leader in the industry for special doors, since our technology is highly regarded even for use in nuclear power plants, where safety is of utmost importance.



Management Platform Strategy





Intangible asset strategy linked to management strategy (DX, information security)

President's message

The Itoki Group aims to achieve medium- to long-term improvements in corporate value and help solve social issues in line with our mission statement: We Design Tomorrow. We Design WORK-Style.

Our medium-term management plan running from 2024 to 2026 calls for data-driven management utilizing digital technology and data, and we are pressing ahead with the development of products and services in anticipation of changes in society and the market, the establishment of new business models, and structural reforms supported by a review of our existing operations. We are advancing DX in each business based on our Office 3.0 concept by utilizing cutting-edge technologies such as AI and IoT, enhancing operational processes and business management, developing DX personnel, and establishing platforms. We will further evolve our strength of "Tech x Design based on PEOPLE," responding flexibly and dynamically to changes while realizing new value creation and sustained growth.

April 30, 2024

Koji Minato




President and Representative Director

DX declaration

The Itoki Group will further evolve its strength of Tech x Design based on PEOPLE, based on our mission statement of "We Design Tomorrow. We Design WORK-Style," and will realize the creation of new businesses and operational improvements through our DX strategy utilizing cutting-edge technology and data.

DX strategy

Through the use of digital technology and data, we will realize a flexible way of working and create new value, thereby fulfilling and advancing our mission: We Design Tomorrow. We Design WORK-Style.

SYSTEM	DATA	OFFICE WORKER
 <p>Standardization, simplification, and automation</p> <ul style="list-style-type: none"> Integration of main masters Systems that can cope with changes Stronger collaboration with suppliers 	 <p>Interoperability, searchability, and platformization</p> <ul style="list-style-type: none"> Accessible by anyone, anytime Improvement in searchability, visibility, and manipulability Fresh data available at all times Improvement in the accuracy of each forecast For use on platforms for future AI utilization 	 <p>Creativity, flexibility, and fairness</p> <ul style="list-style-type: none"> Focus on core work without being overwhelmed by complex processes Transition to more flexible working styles through paper reduction and time savings Standardization of systems and operations to enable anyone to handle tasks correctly

Data-driven management Using data to make faster decisions

DX Promotion	Data business Enhancement of social and customer experience value and creation of new businesses	Operational efficiency Streamlining of work processes and enhancement of employee experience value	Advance management Advance business management
	DX human resources Development of specialists and fostering of culture	DX infrastructure Establishment of data and systems infrastructure and strengthening of information security measures	

- ▶ For more information, please visit the DX Strategy page on our website.
- ▶ DX strategy and information security linked to management strategy: Special Feature Section P29



Intangible asset strategy linked to management strategy (DX, information security)

What we can achieve with DX

Data business

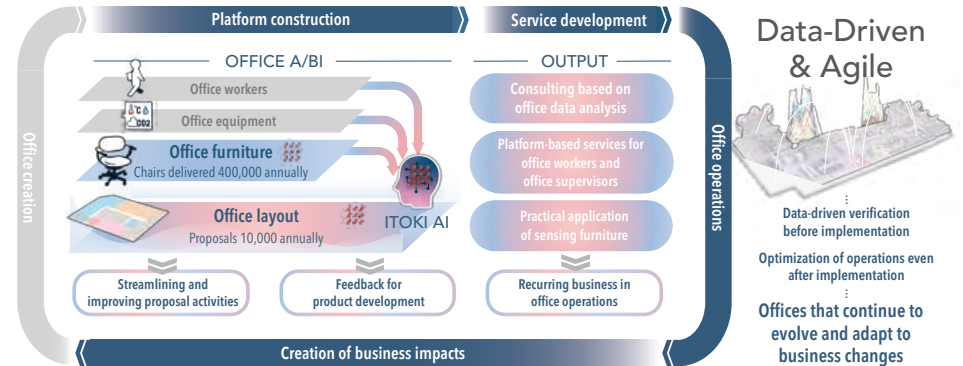
Data-driven work style reform consulting

Development of data-driven businesses enabled by Office 3.0

Realization of ITOKI Smart Campus

The new standard of "learning style" realized through Itoki's concept of education DX and Tech x Design. A learning environment where exploration, collaboration, and co-creation can occur anytime and anywhere

- Educational applications of metaverse technology
- AI analysis of group work
- Co-creation with universities



Operational efficiency

Operational efficiency

Utilizing the latest digital technology to streamline siloed operations and reforming the way employees work.

Implementing ABW (Active Based Working)

A new way of working in which the office worker chooses for themselves where, when, and with whom they work in order to be most productive

Building an environment that is not tied to a specific place of work, introducing communication tools, and developing mobile infrastructure

- Improved employee satisfaction +10%
- Perceived productivity +15%
- Sharing of ideas and knowledge +74%
- Reduction of office costs 10%–15%

Sharing information and improving work efficiency through digital transformation at each site

Pursuing a comfortable working environment for employees

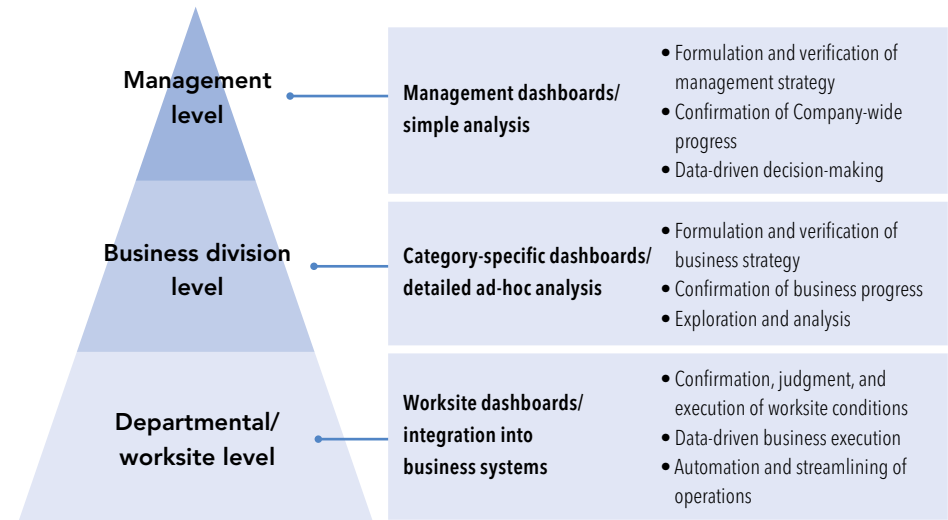
Establish a foundation for operations and data with Cloud ERP

Each site can work towards greater efficiency and improvement together

Introduction of a system that reduces the man-hours required for data input, checking, and sharing, enabling departments to focus on collaboration and core business operations

Advance management

We will build an integrated data platform to support real-time decision-making at the management, headquarters, and department levels. We will set our sights on achieving faster and sounder management.





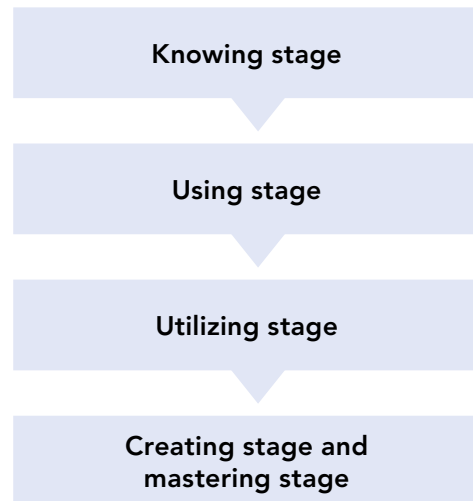
Intangible asset strategy linked to management strategy (DX, information security)

DX platform development and system

DX human resources

The Company as a whole will develop human resources who regard digital technology and data as their own, utilize data and tools effectively, and can improve productivity and create new value through business improvements.

Five stages have been defined for employees to progress at their own pace



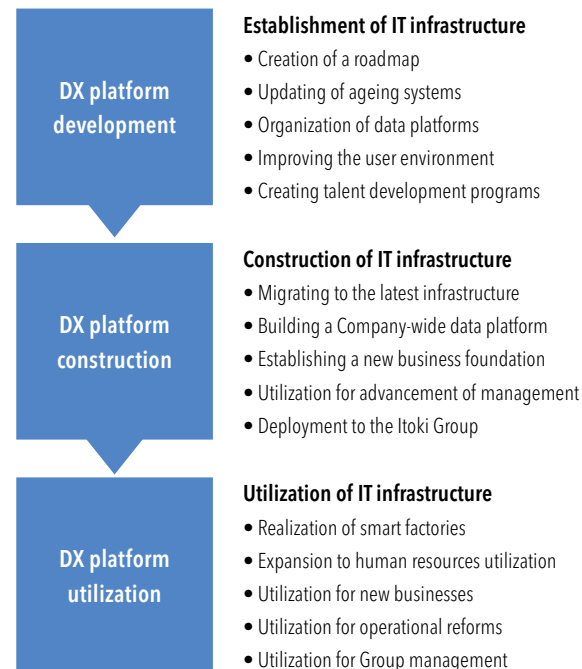
1. Career self-expression
2. Work style reform
3. Improving productivity through work improvements
4. Proposing the creation of new value

DX platform

We are gradually working on the establishment of a system environment for the utilization of digital technology and data, as well as strengthening information security measures.

DX platform development

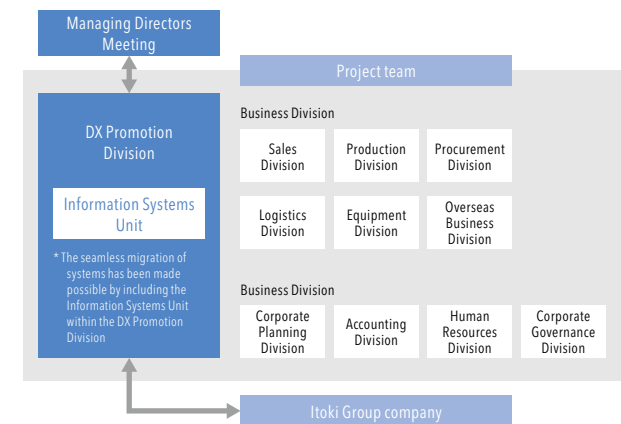
We are gradually driving forward the establishment of an environment for promoting DX by creating a roadmap, migrating systems to the cloud, and upgrading the user environment.



DX promotion system

In 2022, we reorganized the DX Promotion Center. It works with each business division and corporate division to improve management, accounting, and the supply chain.

Itoki's DX pursues overall optimization through an inclusive, participatory approach involving everyone.



Information security and cybersecurity

The Risk Management Committee chaired by the president has been established to receive regular monitoring updates and reports regarding information security and cybersecurity from the DX Promotion Division and the Information Systems Unit.

We consider information security to be one of the greatest risks to business continuity and are working on implementing security measures across the entire Itoki Group, including Group companies.

- Risk Management Committee
- Updates to various regulations on information security
- Group IT governance



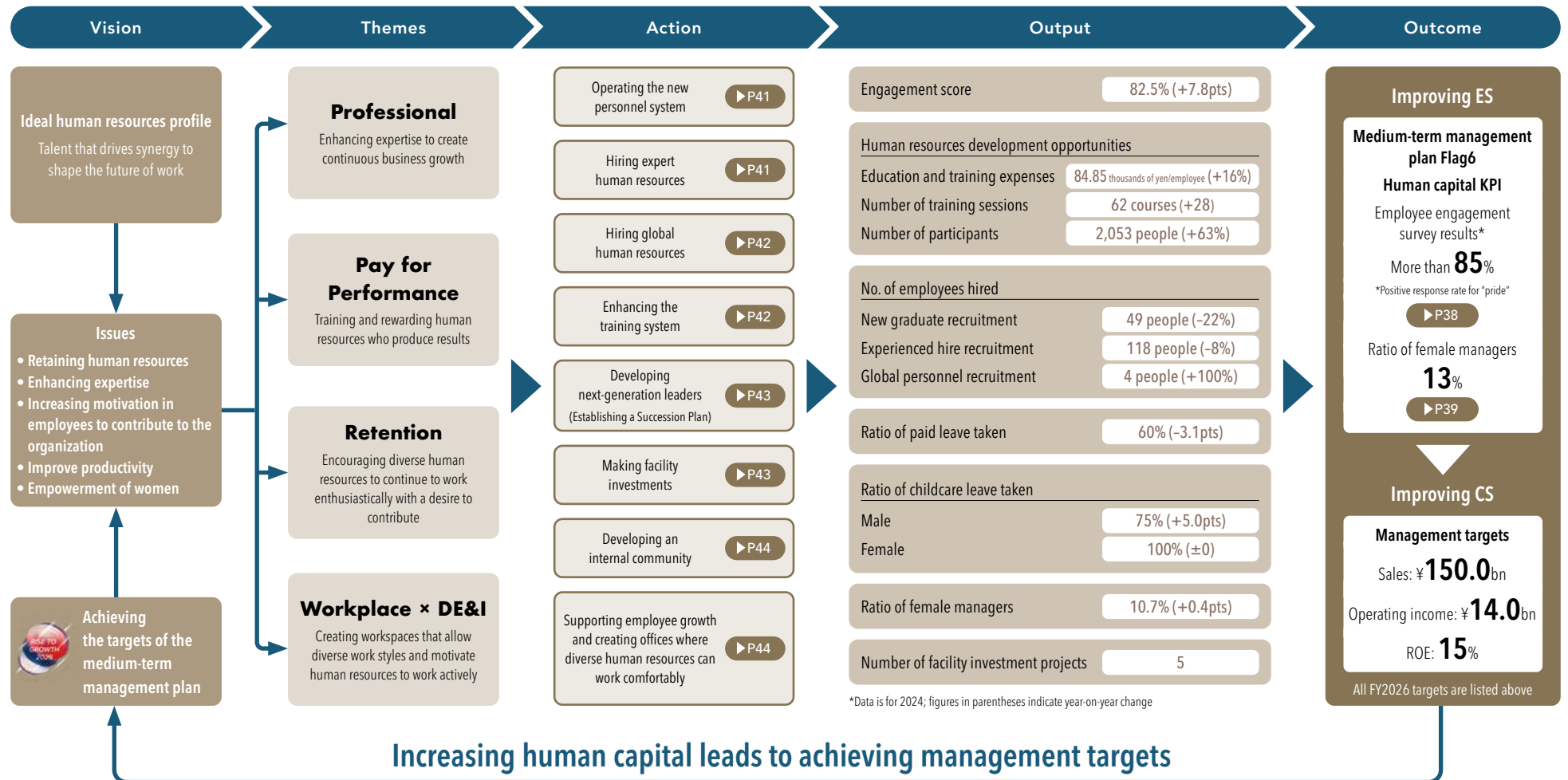
Human resources strategy integrated with management strategy

At Itoki, we are promoting a human resources strategy that leverages expertise and diversity, centered on human capital management where employees play a central role. This page presents the strategic framework that forms the core of our approach and clarifies the vision we have for people and the organization. This framework, which we restructured in the previous fiscal year, aims to enhance sustainable corporate value by creating an environment that supports the growth and challenges of each and every employee. On the following pages, we provide more details on the specific known challenges and the progress of our actions based on this strategy. [▶ Human resources strategy integrated with management strategy: Special Feature Section P21](#)

MISSION STATEMENT

Overview of Human Capital Strategy

We Design Tomorrow. We Design WORK-Style.



*Data is for 2024; figures in parentheses indicate year-on-year change



Human resources strategy integrated with management strategy

Q1 Have the KPIs for Flag 6 [Human Capital] in the medium-term management plan been achieved?

Engagement score improvement

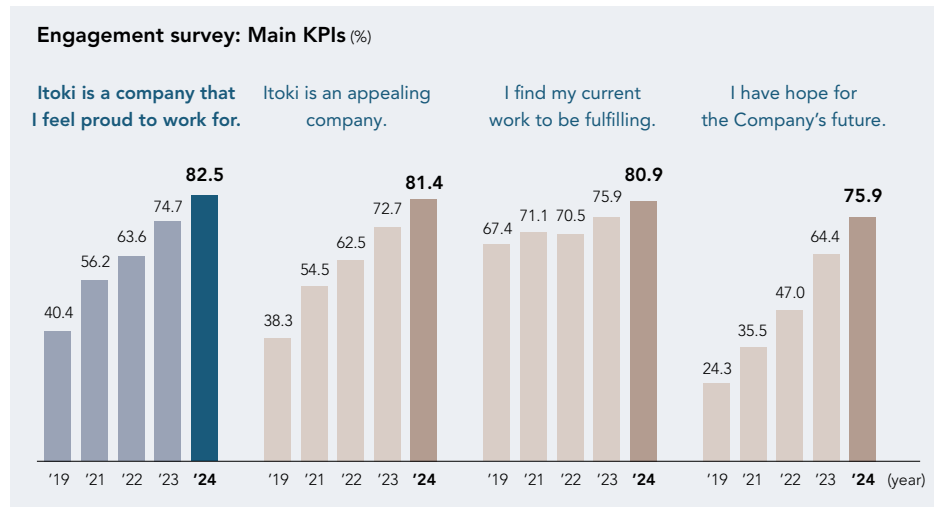
Positive response for the particular indicator "Pride"

FY2024: **82.5%** (+7.8pts)

FY2026 target: **More than 85%**

Record-high engagement score

At Itoki, we have set the employee engagement score, which measures how proud employees feel about the Company, as one key management indicator, in addition to net sales, operating income, and ROE. We conduct a survey of all employees every year. In fiscal 2024, this score exceeded our target of 80%, reaching 82.5%, which is an increase of 7.8 points compared to the previous fiscal year and marks the highest score to date. In addition, the main KPIs such as the "appeal of Itoki," "fulfillment in one's work," and "hope for Itoki's future" all increased by more than five points, reaching all-time highs. As a result, all four of our main KPIs hit record highs. Also, the positive response rate to the question about *whether the Company has established a training system for skill development* in the engagement survey has also increased, which suggests that our educational initiatives are aligning with the needs of employees. In fact, the number of training participants has doubled over the past two years, and the interest in self-directed development is steadily increasing.



Deepening HR measures through engagement score analysis

In terms of some background to the improvement in the engagement score, we had performed analyses from multiple perspectives, such as department, position, and age group, and implemented initiatives based on those analyses. For example, in the equipment and production departments, work for which results are hard to visualize and are therefore not properly commended had emerged, while in the quality assurance and DX departments, a culture of being taken for granted and easily blamed when problems arise also impacted the low scores. By position, concerns about the high workload and evaluating performances were recognized as issues among the assistant managers and supervisors.

In response to these issues, we added engagement score improvement into the performance goals of department heads, thereby facilitating the implementation of on-site initiatives that take departmental characteristics into account. Furthermore, we strengthened support for middle management through follow-up training sessions and meetings.

Currently, the engagement score is at a high level, but we will promote a shift from "quantity" to "quality" moving forward. By enhancing the quality of dialogue, strengthening leadership, and fostering workplace culture, we will create an environment where each employee can experience not only favorable working conditions but also fulfillment in their work, which will lead to genuine improvements in engagement. On top of that, we will incorporate the concept of well-being and further the creation of a workplace where employees can work in good physical and mental health. Up ahead, we will expand cases of success at the parent company to each Group company and aim to improve engagement across the entire Group with a flexible approach tailored to each company's culture and business characteristics.

Engagement scores by division (%)	2022	2024	FY24-22	Engagement score by position (%)	2022	2024	FY24-22
	Overall	63.6	82.5		18.9	Overall	63.6
Sales Division	68.4	85.7	17.3	Team leaders	57	79.9	22.9
Equipment Division	58.1	80	21.9	Assistant managers	50	84.6	34.6
Production Division	51.8	80.8	29	Directors	100	85.7	-14.3
Quality Assurance Division	61.5	88.5	27	Supervisors	44.4	75	30.6
Product Development Division	57.4	75.3	17.9	Office managers	80	91.2	11.2
Planning Division	75.6	90.9	15.3	Branch managers	86	100	14
HR Division	65	84.4	19.4	Center managers	86.7	100	13.3
International Division	83.3	90.9	7.6	Managers	78	98.6	20.6
Administrative Division	68.8	90.7	21.9	Department Managers	81.8	98.2	16.4
DX Promotion Division	59.6	78.9	19.3	Presidents (Group companies)	87.5	100	12.5
Web Business Management Department	63.2	84.2	21	Executive managers	93.8	100	6.2
Engineering Division	—	71.5	—	Division managers	83.3	100	16.7
Corporate Governance Division	—	87.9	—				
Corporate Communications Division	—	83.3	—				



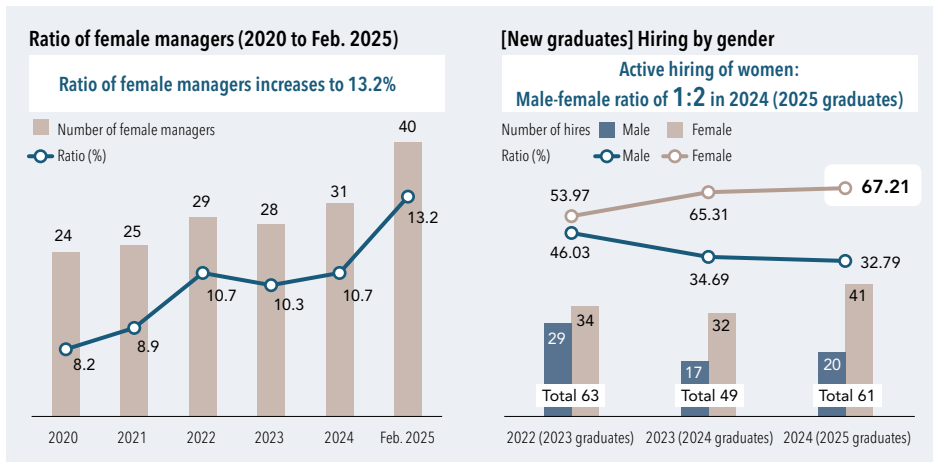
Human resources strategy integrated with management strategy



Steady progress on ratio of female managers

As nearly 150 of our managers will reach retirement age over the next four years, the active participation of our diverse pool of human resources, including women, will hold the key to corporate growth. Since 2024, we have steadily advanced initiatives on women in the workplace, with the ratio of female managers rising from 10.7% at the end of 2024 to 13.2% as of February 2025. Approximately 160 members have joined the Company's voluntary women's empowerment community known as SPLI, and the engagement score for women has significantly improved from 62.9% to 73.6%. The percentage of women who responded that they do not want to hold a managerial position has improved by 10.7 points, from 42.8% in 2021 to 32.1% in 2024, indicating steady progress in the development of the next generation of female managers. The gender wage gap is showing signs of improvement, with women's wages in fiscal 2024 reaching 74.2% of men's, a narrowing of 3.8 points from the previous year. The main factors contributing to the gap are thought to be the lower proportion of women in managerial positions and more women for region-specific hiring quotas. With the abolishment of area-specific positions and the standardization of compensation levels due to the 2024 personnel system reform, a further narrowing of the gap can be expected in the future.

▶ For further details about SPLI, please refer to our 2023 integrated report.

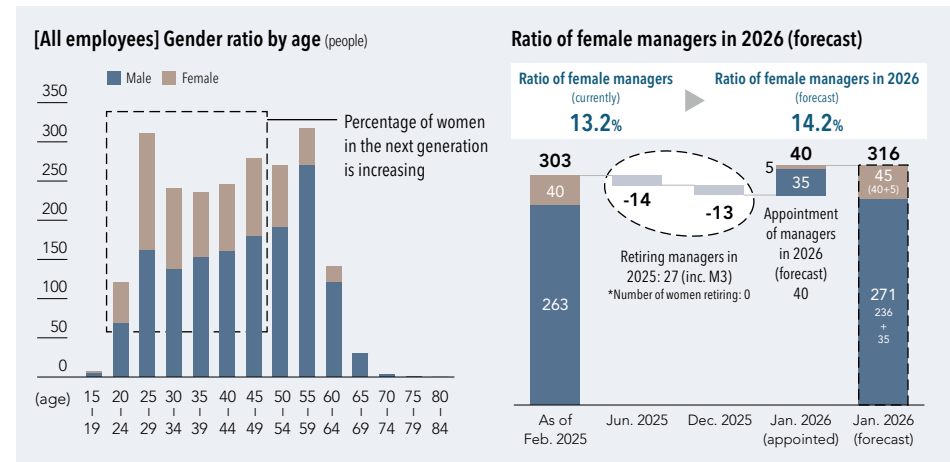
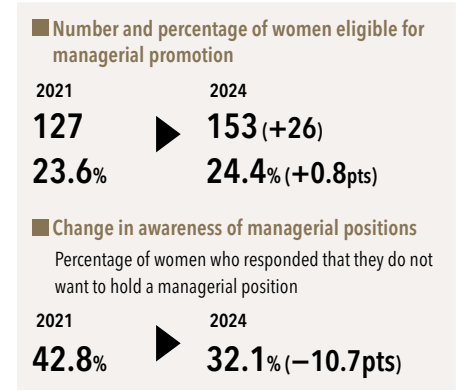


Changing mindsets to create more opportunities

The target for the ratio of female managers is 13% by 2026. As of February 2025, we have already reached 13.2%, and projections indicate a steady increase to 14.2%. The number of women in positions of executive manager and above has increased from zero in 2022 to four currently, which demonstrates that steady progress is being made.

At Itoki, we place great importance on fostering a culture that recognizes different working styles and career paths. In our efforts to improve the ratio of female managers, we have also focused on transforming the mindset of not only the women themselves, but also of managers and executives. As a result, the percentage of women in positions eligible for managerial promotion has increased by 0.8 points over the past three years, and employee awareness is gradually changing as well.

We are currently at the stage of expanding opportunities for female managers. Going forward, it will be necessary to have awareness of focusing on each individual's potential, regardless of gender, from the time they are hired, and encouraging them to develop themselves. It will also be necessary to strengthen specific initiatives that further promote the empowerment of women.





Human resources strategy integrated with management strategy

Q2 What is the image of Itoki's ideal human resources profile and what do you want to achieve?

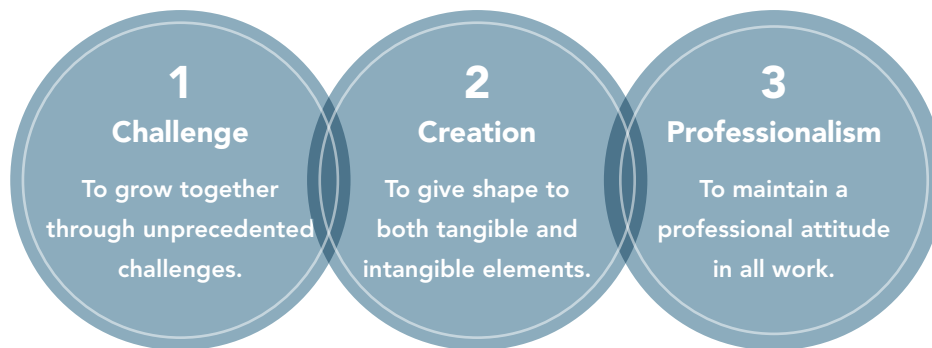
Ideal human resources profile	Talent that drives synergy to shape the future of work
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Policy

It has now been 135 years since Itoki was founded, but nevertheless, generating synergies through the context of "work" is indispensable to realizing our mission statement: We Design Tomorrow. We Design WORK-Style. What is needed to achieve this is "abilities." In other words, we value and welcome the "individuality" that each person possesses. In order to express this individuality, we ask for three behaviors.

The three behaviors we seek

Having defined the type of people we are looking for, we have outlined three key behaviors/mindsets required in the personnel necessary for Itoki's future business growth. Through these behaviors, we want each employee to express their individuality and become a catalyst for synergy in the future of "work." To realize this ideal talent profile, we are identifying the challenges that obstruct this goal and connecting them to concrete actions.



Q3 What are the specific issues?

Issues	<ul style="list-style-type: none"> Retaining human resources Enhancing expertise Increasing motivation in employees to contribute to the organization 	<ul style="list-style-type: none"> Improving productivity Empowerment of women
---------------	--	--

At Itoki, we understand that the driving force behind sustained growth is "people," which is why we have positioned our human resources strategy as an important management issue. As Japan's population declines, securing and enabling the success of talented human resources is vital for business growth. In particular, as business grows increasingly sophisticated, we must recruit and nurture highly specialized personnel. It is also important that we create an environment that heightens each and every employee's motivation to contribute voluntarily and boosts productivity. Plus, with the increase in female hires, establishing an environment that encourages the active participation, retention, and advancement of women has become an urgent issue. By strategically tackling these issues, we aim to maximize our human capital.

Issues	Background	Main initiatives
Retaining human resources	As competition for recruitment grows increasingly intense due to Japan's shrinking population, securing a diverse pool of talent is necessary.	Increased hiring of mid-career and global human resources ▶ P41-42
Enhancing expertise	With business operations becoming more sophisticated, more in-depth expertise and skills are required.	Providing opportunities for self-directed learning, holding career-design training, and implementing department-specific training ▶ P42-43
Increasing motivation in employees to contribute to the organization	Improved quality in self-driven career building and engagement is required.	Establishment of a new personnel system ▶ P41 Developing an internal community ▶ P44 Engagement improvement measures ▶ P43 Promoting health management ▶ P45
Improving productivity	A working style that maximizes results with limited resources needs to be realized.	Promotion of work-life management ▶ P45 Making facility investments ▶ P43
Empowerment of women	As we continue to hire female personnel, an environment geared towards empowerment, retention, and advancement needs to be put in place.	Career support ▶ P42-43 Promotion of DE&I ▶ P44



Human resources strategy integrated with management strategy

Q4 What progress has been made on the actions in the human resources strategy?

Action 1 Establishment of new personnel system operations

Based on the three basic policies of “professional,” “pay for performance,” and “retention,” we overhauled our job-grading, compensation, and performance evaluation systems in January 2024. This fiscal year marks the second year following the system reforms. Regarding the performance evaluation system, in particular, which was the most challenging of the three reforms, we moved away from the previous centralized evaluation approach and took steps to diversify the results of evaluations with the use of newly formulated assessment guidelines. As a result, we have made progress on rewarding employees in line with the pay for performance principle. In addition, through the process of reviewing the performance evaluation system, the importance of dialogue between evaluators and those being evaluated was highlighted once again, so we recognize that it will be an important issue in how the system is managed going forward. On top of that, the early appointment of top talent is also something we need to consider in the future based on our basic policies. The recent system overhauls targeted full-time employees. Going forward, we plan to extend the same policies to contract employees and senior employees. In this first fiscal year of the systems’ implementation, we will respond flexibly to findings and issues arising from the frontlines while steadily setting the PDCA cycle in motion with the aim of establishing more effective HR systems.

**Increase employee motivation and maximize their individual abilities.
Tie this into the management strategy and achieve the vision together.**



We formulated basic policies aimed at moving away from equality and uniformity; at the same time, we are delegating responsibility and authority to the frontlines.

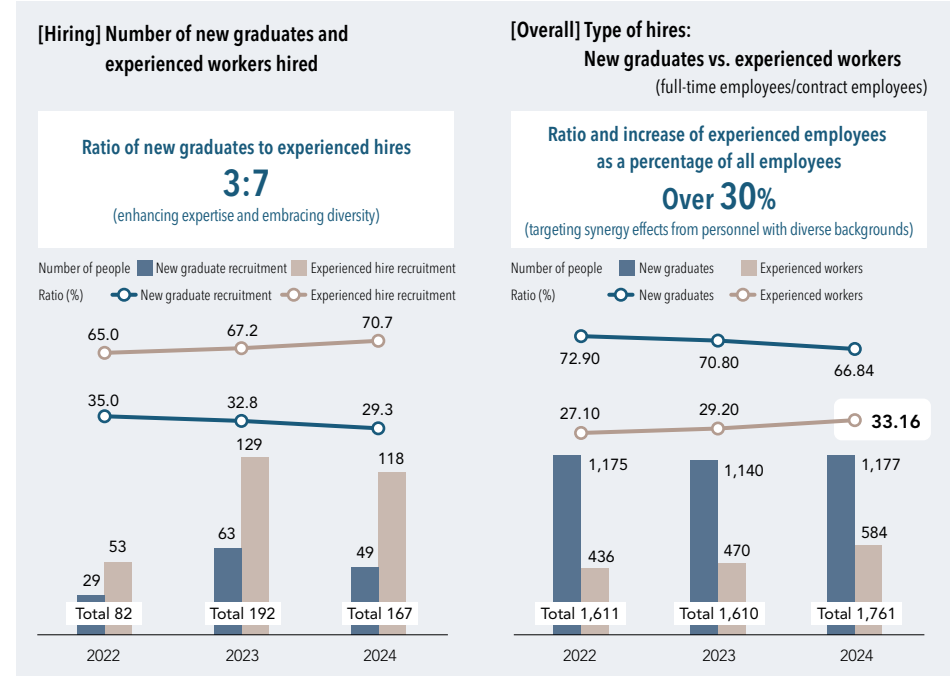
Key points of personnel system reform at Itoki

- | | | |
|--|--|---|
| <p>Job grading system</p> <ul style="list-style-type: none"> Review job grade for younger employees Add performance evaluation to requirements for promotion to management Expand specialist roles | <p>Compensation system</p> <ul style="list-style-type: none"> Raise maximum bonus amount Increase variability of bonuses based on performance | <p>Performance evaluation system</p> <ul style="list-style-type: none"> Distribute people into five levels of evaluation to provide a more balanced performance-based compensation Early appointment of high performers (top talent) |
|--|--|---|

Action 2 Hiring

Hiring expert human resources

To further evolve our strength of Tech x Design based on PEOPLE, we are working on the development of new products and new businesses utilizing cutting-edge technology and data, as well as promoting internal digital transformation (DX). We are strategically driving forward the recruitment of specialists to support these efforts, disseminating information to media aimed at IT professionals, utilizing dedicated platforms, and strengthening our referral-based hiring activities by leveraging employee networks. As a result, the number of specialists hired has increased by 59% year on year (12 people in 2023 versus 19 in 2024). Beyond specialists, we are also expanding the hiring of workers with experience. Going forward, development and retention support with a focus on their success after recruitment will be important themes.

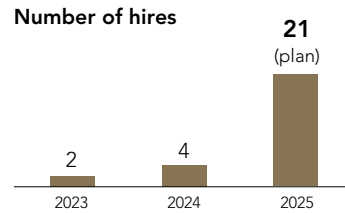




Human resources strategy integrated with management strategy

Hiring global talent

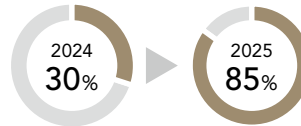
To acquire highly specialized personnel, we continue to participate in job fairs at Hanoi University of Science and Technology in Vietnam, expanding our connections with talented science and engineering professionals. After running a one-month internship program for the purpose of facilitating technical practice and cultural experiences in Japan for students from the university, a total of six individuals had joined the Company by the end of December 2024. In the future, we will continue to secure personnel from a global perspective and promote the development of organizations equipped with diversity and technical expertise.



New graduate recruitment

For recruiting new graduates, we are working to improve our internship programs so that prospective employees have a better idea of what to expect after joining the Company. We promote understanding of our operations by having interns accompany sales visits, gain work experience at the headquarters, and participate in factory tours at production sites. We also create opportunities for interaction with senior employees, making it easier for interns to feel first-hand what it would be like to work at Itoki. Moreover, we regularly hold office tours, so as to increase their understanding and awareness of Itoki.

Internship programs increased by 50%
Ratio of job offers via internships



Action 3 Training

Proactive career development

To maximize employee performance and support career autonomy, we are focused on providing opportunities for voluntary learning. In our selective training program, approximately 24% of general staff employees have attended sessions (a YoY increase of 160%), and over 90% provided positive feedback regarding the applicability of the training to their work. We are also enhancing e-learning to enrich our learning content. In addition, we are offering career design training sessions tailored to different age groups in a bid to support the self-determined efforts of employees of all ages to build a career.

Development support for specialists

For the purpose of enhancing expertise, we hold department-specific training session which is selective skill acquisition training on a departmental basis. In fiscal 2024, 43.2% of all departments applied, and the number of participants exceeded 20% of all employees. By implementing training on a departmental basis, a common language has been established, and the content of the training sessions is being effectively utilized in practical settings. Up ahead, we will continue to promote development support that emphasizes the connections between expertise and practical application.

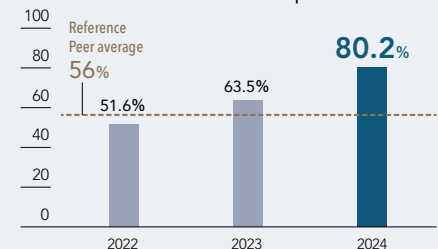


Engagement survey: Higher positive response rate for training

Aggressive investments have driven up the positive response rate

Question (proportion of positive responses)

Q: Does the Company have a training system in place for business execution and skill development?



TOPICS

Redesign of new graduate recruitment site

Itoki's strength comes from the vibrant personalities of its workforce. Visitors to our recruitment site can sense the passion our employees have for their work when reading through various stories, including roundtable discussions with younger employees, project histories, and messages from our recruiters.

[New graduate recruitment site](#)





Human resources strategy integrated with management strategy

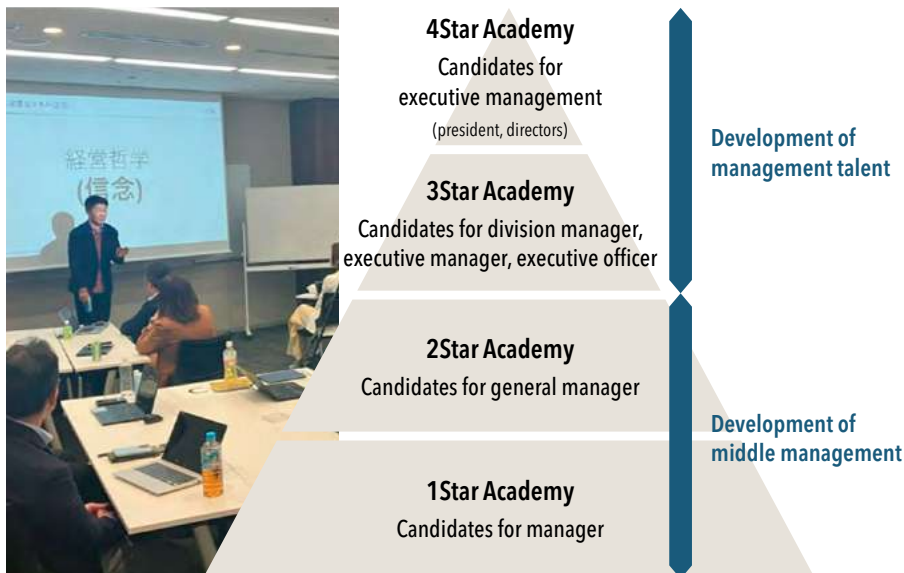
Developing next-generation leaders

To develop the next generation of management executives, in fiscal 2024 we launched the 4Star Academy. Sixteen employees considered to be "top talent" were selected to participate in a business skills training program over eight months, focusing on improving their self-understanding and practical capabilities. The training provided opportunities for objective self-reflection through multi-faceted assessments and team workshops and enabled participants to acquire knowledge about what drives behavioral change. The program also promoted learning from others through lectures about having a management mindset, which were presented by external instructors.

Assessments conducted before and after the training program have confirmed a certain level of skill improvement. Tangible results have also been observed. Next fiscal year, we plan to hold team-based management presentations as a way to develop the program as a more practical learning opportunity.

[Next-generation development] Selective focused training

16 candidates were selected for training at the 4Star Academy (for senior management)



Action 4 Making facility investments

As a leading company in the creation of workplace environments, we consider facility investments to be a key initiative in human capital management. That is why we continue to make such investments in our organization. We believe that continuous investment in a productive, safe, and secure office environment directly contributes to enhancing the value of human capital. In fact, we have achieved the results shown below. In 2024, we carried out renovations and relocations at five locations, including the Nihonbashi office in Tokyo. We are making the most of our facilities by holding events such as employee initiation ceremonies and recruitment briefings at own offices. We previously conducted these events at external venues.



- Recruitment briefings
- Office tours
- Initiation ceremonies
- Meetings with prospective employees
- Internships

Benefits of office investment contributing to human capital management

Engagement score "Pride"

82.5%



Engagement survey
Score for "Willingness to recommend Itoki to family and friends"
Non-renovated location -> renovated location*1

+11 pts

Internship applicants
Before renovation -> after renovation*2

+50%

Full-time hiring rate of interns
Before renovation -> after renovation*2

2.4 timests

*1 Fiscal 2024 single-year comparison

*2 March 2024 graduates vs. March 2025 graduates Comparison before and after the renovation of internship locations

► For details of the benefits of office investment: P15



Human resources strategy integrated with management strategy

Action 5 Developing an internal community

As part of our efforts to create a culture that encourages challenges, we are strengthening internal communication with a focus on individuals. In our newsletter, we have launched a series of articles that highlights and visualizes the challenges of individual employees making an impact at locations across the country. As a result, the positive mindset of wanting to take on challenges has spread among others, helping to foster mutual understanding and a sense of unity, and reinvigorating the entire organization.



● Voluntary relationships driving transformation

To foster a culture that respects employee autonomy and diversity, we have built an internal community based on voluntary participation. At the community, we are undertaking activities on various themes, including the empowerment of women, global talent development, and factory revitalization. A culture where employees think and act independently is steadily taking root, and becoming a driving force for transformation from within the organization.



● In-house events fostering a sense of unity

To coincide with the announcement of the medium-term management plan in 2024, we organized a kickoff event at the Company's headquarters and held over 150 town hall meetings nationwide. These events were run voluntarily by employees, and by having a range of different employees take the stage, we were able to promote a sense of ownership in the plan. In addition, through employee-led events such as Family Day at both office and factory locations, and a factory improvement contest to encourage creativity and innovation (*Chiekuri Kaizen*) on the frontlines, a sense of unity and shared understanding is steadily being cultivated.



Action 6 Creating offices that allow diverse human resources to excel

Promotion of DE&I

Guided by the commitment of Itoki's management team, we respect employees from all walks of life, irrespective of differences in gender, age, nationality, disability, terms of employment, work style, and values. We want every individual in this diverse workforce to thrive and capitalize on their unique attributes, thereby enhancing corporate value and achieving sustained growth.

[Main initiatives by theme]

■ Promoting active participation of women and global talent

- With the aim of having female employees demonstrate leadership, we established SPLi, a women's empowerment community, to carry out our measures.
- We launched a community called API to promote global talent, collaborate with overseas universities, and provide support for local hiring.



■ LGBTQ inclusion

- We have promoted a culture of understanding, by hosting the ITOKI x LGBTQ Ally Exhibition at our business sites and factories nationwide.



■ DE&I x workplace environment

- We have produced handbooks and held seminars to incorporate DE&I perspectives into office design.



■ Supporting a balance between childcare/nursing care and work

- With the aim of creating an organization where balancing work and family life is the norm, we actively promote a workplace culture where employees can easily take childcare leave, in addition to providing support for a work-life balance.
- In preparation for an era of extensive caregiving, we regularly share knowledge and important information about balancing work with family care.

■ Supporting the participation of employees with disabilities

- Not only do we seek to increase our rate of employment for people with disabilities, we also create opportunities to deepen understanding of disabilities.



TOPICS

Recognized externally on multiple fronts



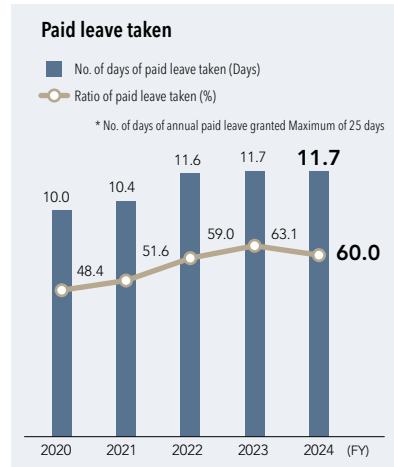
Human resources strategy integrated with management strategy

▶ Please visit our website for further details about our human resources initiatives.



Work-life management

We are pressing ahead with the development of flexible working styles and leave policies so that each employee can embody our mission statement: We Design Tomorrow. We Design WORK-Style. In addition to telecommuting and flexible working hours, in fiscal 2024 we introduced leave that employees can use during ongoing medical treatment as outpatient. We aim to support a balance between regular hospital visits and work for those with chronic illnesses or undergoing fertility treatment. Also, we have introduced two sick leave systems so that employees can continue to work even when full-time work is challenging. One involves shorter working hours, while the other is shift work. Through internal communications and briefing sessions aimed at promoting an understanding of these systems, we are working to create an environment where everyone can continue to work with peace of mind.



Various work-life management programs

General	Childcare	Nursing care
<ul style="list-style-type: none"> • My Place work system*1 • Staggered working hours • Flexible working hours • Compensatory leave in half-day units • Hourly-based annual paid leave • Accrued paid leave*2 • Healthcare leave*3 	<ul style="list-style-type: none"> • Paternity leave*4 • Childcare leave at birth • Childcare leave • Child nursing care leave • Shorter working hours for childcare • Shift work for childcare 	<ul style="list-style-type: none"> • Nursing care leave of absence • Nursing care leave • Shorter working hours for nursing care • Shift work for nursing care
		Injury or illness
		<ul style="list-style-type: none"> • Ongoing medical treatment leaves as outpatient • Shorter working hours for injury or illness • Shift work for injury or illness

*1 Telecommuting system that allows work from locations other than home
 *2 Accumulation system for expired annual paid leave

*3 Leave system available for secondary examinations following a health check-up
 *4 Also applicable to de facto relationships or same-sex partners

▶ For further details, please visit our website.

Promoting health management

Outstanding Health & Productivity Management Organization

Percentage of employees undergoing regular physical examinations 2024 **100%** +/0 compared to previous fiscal year
 Percentage of employees undergoing a secondary medical examination 2024 **86.1%** 0.8% increase over previous fiscal year

Since publishing a Health Management Declaration in 2017, we have continued our efforts to support the health of employees and their families through the Health Management Promotion Committee, which is a collaboration among management, internal organizations, the Company's health insurance association, and labor unions. In 2025, we were recognized for the ninth year running with our selection in the White 500 as an organization having outstanding health and productivity management. At Itoki, the participation rate for regular health check-ups is 100%, while the percentage of employees undergoing a secondary medical examination is also high, at 86.1%. As such, health awareness among employees has improved and our system for promoting health is well-entrenched.



Visualization of well-being and results

With our very own survey called Performance Trail, every year we visualize employee conditions (the state necessary to perform their abilities) and performance (the degree of ability demonstrated). We conducted the Company-wide survey again in 2024 to quantitatively assess the results and challenges of health management and well-being. We utilize the results to identify and improve the factors hindering good health, thereby supporting organizational productivity and sustainable growth.



TOPICS

Recognized by the Tokyo Metropolitan Government as a model company for promoting sports

Continuing from last year, we have again been selected as a model company for the promotion of sports by the Tokyo Metropolitan Government in fiscal 2024 (from the viewpoint of whether the company encourages its employees to do sports). At our head office in Tokyo's Chuo Ward, which is the target of their assessment, we have incorporated features into the office environment that encourage regular exercise, such as pathways that naturally increase step counts, mid-level stairs, and height-adjustable desks that encourage standing work. As a result, we have been commended for our efforts to create an environment that promotes health while working.





Human resources strategy integrated with management strategy

COLUMN — We Design Tomorrow. We Design WORK-Style. Voice from the **production floor!**

Workplace environment improvements



Making our work spaces more comfortable by ourselves!

Production Division / Production Management Department / ES & CS Promotion Section / ES & CS Promotion Unit

Yoshinori Murasaki,
Section Manager (pictured center)

Yuki Yamamoto,
Assistant Manager (pictured right)

Mirai Matsuya,
(pictured left)

ES & CS (Employee and Customer Satisfaction) Promotion Section and Management Section were newly established in 2024. They are working together to improve workplace environments based on feedback from the frontlines. By collecting layout and interior design ideas for the renovation of offices and break rooms, we have achieved spaces of our own that balance functionality and comfort. In addition, we have introduced water dispensers and fan-equipped work uniforms as measures against heatstroke, and improved commuting convenience by operating a commuter bus service. The ad-wrapped bus designed by employees is also boosting corporate PR. These initiatives are also contributing to improvements in employee engagement.



Characters created by employees



Unique training program of the Production Division



Visualizing skills and providing training to achieve a positive cycle of learning and improvement

Production Division / Production Management Department / Production Technology Department / TPS Safety & Environment Promotion Section

Hiroshi Kitaura, Section Manager

In the Production Division, we have clarified the necessary skill requirements using a job- and grade-specific competency evaluation chart for the past four years, and by aligning goals during personnel interviews, we are improving both employee motivation and technical levels. Furthermore, we have introduced interdepartmental training to learn from other departments with the aim of improving specialist knowledge. We continuously review the training content based on feedback from worksites and link it to skill requirements. As part of our TPM (total productive maintenance) activities, we deepen our understanding of equipment structure through equipment maintenance, which leads to increased interest and greater knowledge among younger employees. We have received feedback that line stoppages due to equipment issues have decreased, leading to improved production efficiency and higher yields. This enhances a sense of achievement and motivation on the production floor. With this series of initiatives, a positive cycle of learning and improvement has emerged.



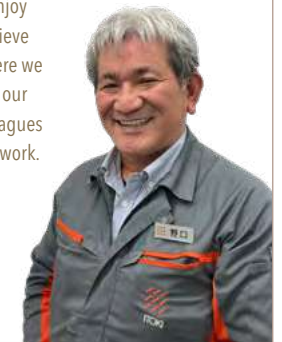
Employee engagement score in Production Division (%)

	2022	2024	FY24-22
Production Division	51.8	80.8	+ 29.0
Company-wide	63.6	82.5	+18.9

Transforming the production floor and changing mindsets
—Background to improved engagement—

Previously, there was a tendency for employees to simply do what they were told, but now, the mindset that the employees themselves can change work practices by seizing the initiative has taken root. Through bottom-up initiatives such as TPM activities, the *chiekuri kaizen* concept, and plant ambassadors, the awareness on the production floor has really changed in recent years. Recently, initiatives aimed at improving the satisfaction of factory visitors have kicked off, starting with the awareness of issues among employees. Personally, I urge everyone on the production floor to enjoy themselves at work. I believe that an environment where we can work with a smile on our faces alongside our colleagues ultimately leads to good work.

Takeshi Noguchi,
Plant Manager,
Kansai Factory,
Production Division



- ▶ Chiekuri kaizen
- ▶ Plant ambassadors



Intellectual property strategy integrated with management strategy

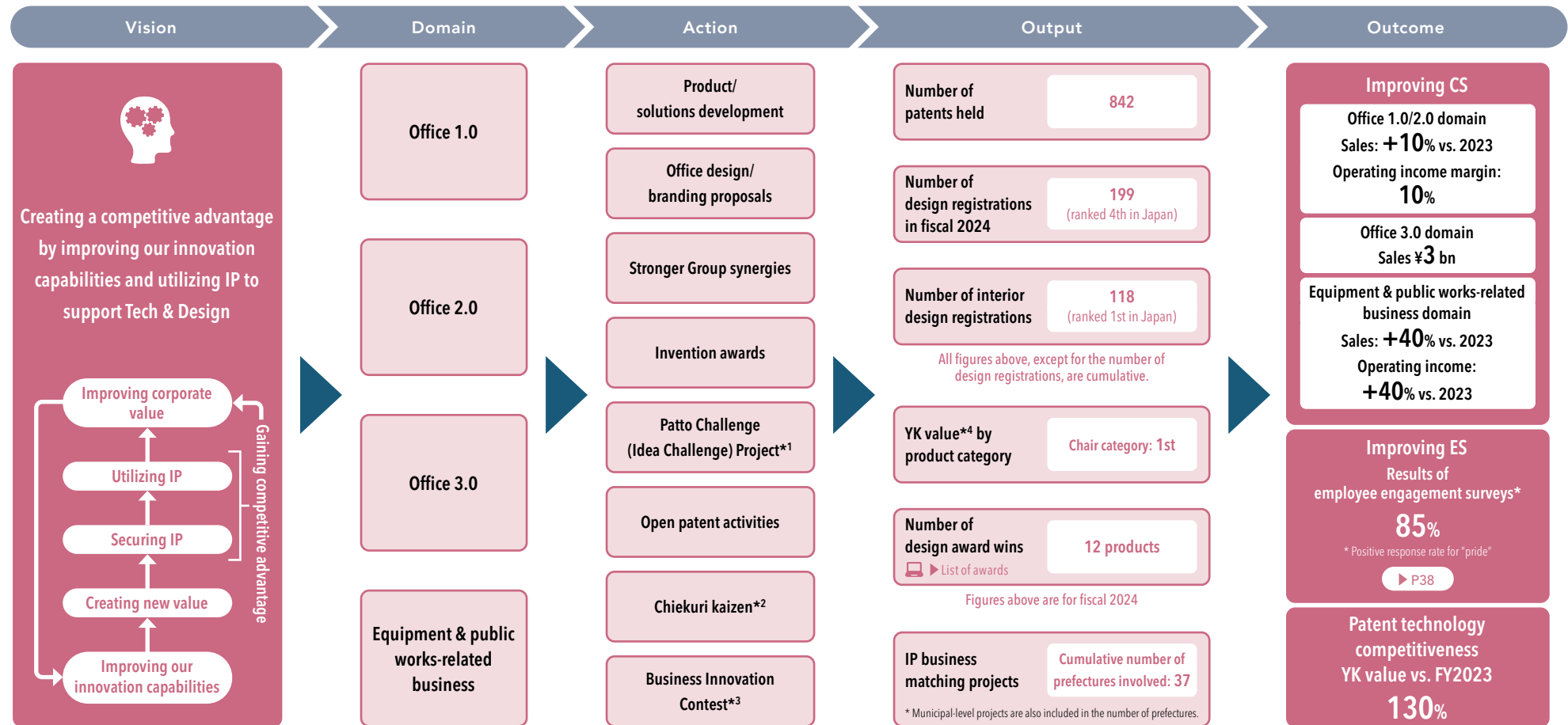
At Itoki, our intellectual property functions are positioned under the umbrella of the Corporate Planning Functions in order to integrate them into our management strategy. By strategically turning the new value created through product development and office space design proposals into intellectual property and utilizing it, we are enhancing the Company's presence and value and competitive advantage in our business activities.

▶ Intellectual property strategy integrated with management strategy: Special Feature Section P27

MISSION STATEMENT

Overview of Intellectual Property Strategy

We Design Tomorrow. We Design WORK-Style.



*1 Project that encourages all employees to submit spontaneously generated ideas for the company to turn them into patents
 *2 Improvement activities on the production floor that emphasizes the pooling of wisdom to make work easier by using as little new power as possible
 *3 A contest that solicits and awards initiatives for improving daily operations in back-office departments
 *4 A patent technology competitiveness index that measures the strength of a patent's exclusivity, as determined by Kudo & Associates



Intellectual property strategy integrated with management strategy

Focus measures

Leveraging design to reinforce differentiation and competitiveness

Number of design registrations in fiscal 2024

199

4th among Japanese companies

Interior designs (among all design rights)

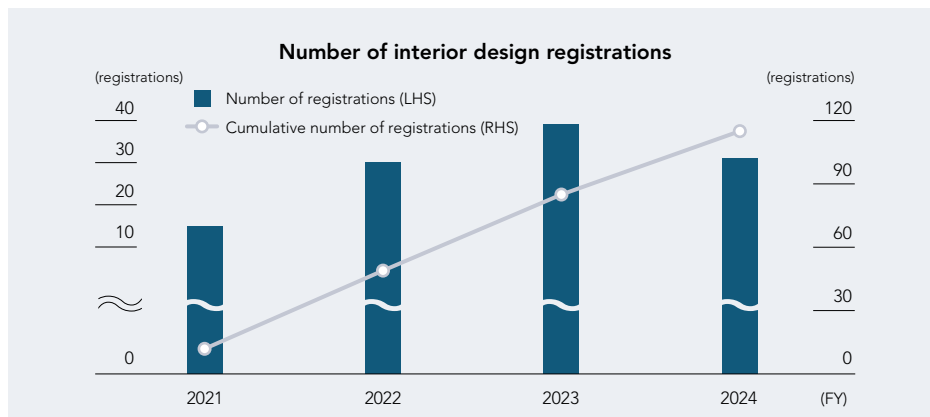
Number of registrations in Japan: **1st**

(as of April 2025)

We are advancing product development, solutions development, and office space design proposals in line with our mission: We Design Tomorrow. We Design WORK-Style. As part of these activities, while we take third-party intellectual property rights into consideration, we actively seek to acquire intellectual property rights for the new value we create in-house in a bid to strengthen our competitive edge in the market. In recent years, the number of patent and design applications has increased, and we are particularly focused on using design rights to enhance the protection of Itoki's strengths in the area of product/office space design. In fiscal 2024, we registered 199 new designs, the fourth*1 most among Japanese companies. As a result of amendments to Japan's Design Act in 2019, the number of interior design registrations we have been able to acquire reached 116 on a cumulative basis as of the end of 2024, which means we are ranked number one*2 in Japan.

*1 Japan Patent Office Status Report 2025

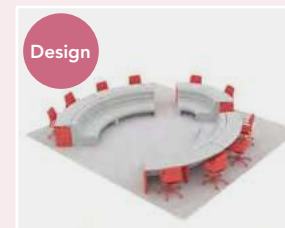
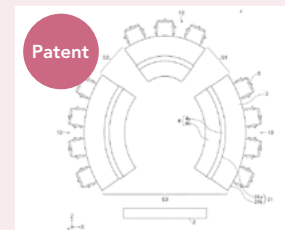
*2 Based on Itoki's data



case study

IP mix initiatives (combining patents with design rights)

In recent years, we have strengthened the collaboration between product development and office space design to deliver further impetus toward the creation of new ways of working from both furniture and space perspectives. We are strategically working on acquiring intellectual property rights on a daily basis from the perspective of integrating patent rights (a problem-solving approach) with design rights (a design approach). As for our existing businesses, we are strengthening our market competitiveness by utilizing patent rights and design rights in both the product development domain of Office 1.0 and the office space design domain of Office 2.0.

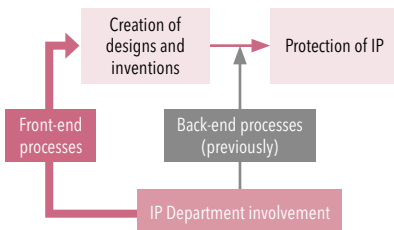
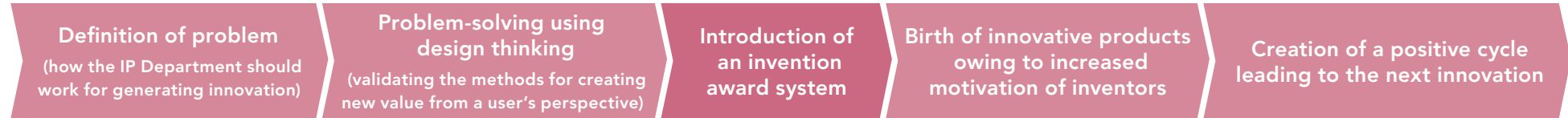


The diagrams above illustrate a new concept for a conference room, where units with sofas in the front and tables behind them are arranged in a circular layout. This example from the Office 2.0 domain integrates both the problem-solving approach and the office space design approach, for which we have applied for both patent rights and design rights.



Intellectual property strategy integrated with management strategy

Focus measures Positive cycle of innovation born from a review of the IP Department's structure



As a new way for the IP Department to be involved, we are validating their approaches in the **front-end processes** of innovation



Discussion based on the five processes of design thinking: Empathize → Define the problem → Express ideas → Prototype → Test



Sound Parasol – enables spontaneous meetings in open spaces without disturbing others
This product has created a buzz as an iconic product both technically and from a design perspective

Invention awards born from design thinking

We have introduced an invention award system that honors innovative inventions, as a mechanism to enhance innovation.

This system was developed by the IP Department through the practice of design thinking, focusing on the theme of how the department can contribute to improving innovation. This system to promote innovation was built by deeply exploring the essential needs of designers and development members (users) who are closely involved in innovation, and by engaging in discussions through the five processes of Empathize → Define the problem → Express ideas → Prototype → Test, while also enhancing user satisfaction.

Creation of new value through increased motivation

Under the invention award system, we recognize novel inventions (those with originality, creativity, etc.) that have the potential to enhance corporate value, from patent applications related to new products. Since inventions are awarded while they are still fresh, this system enhances the motivation of recipients to create new innovations, thereby establishing a positive cycle for generating new value.

Next product development

In a landscape where services and products that have never existed before are continuously created and consumed, ongoing innovation is essential for enhancing corporate value. The basis of this is the intangible intellectual property of human creativity. We will continue to give tangible shape to this and enhance our corporate value.

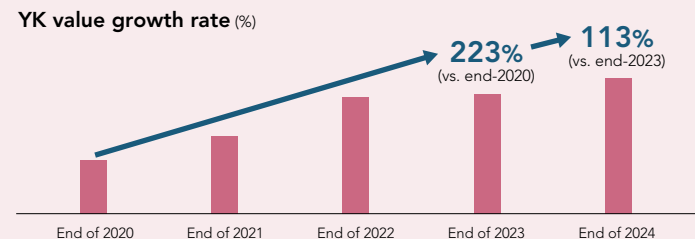


The Sound Parasol product has evolved into the Sound Sofa, which blends seamlessly into the office environment

TOPICS

Patent technology competitiveness index (YK value)

At Itoki, we use the YK value* as an objective indicator of technological competitiveness. The growth rate of the YK value during the previous medium-term management plan period from the end of 2020 to the end of 2023 was 223%. More recently, it was 113% from the end of 2023 to the end of 2024. In terms of the YK value by product category, we have maintained the number one position in the chair category since 2023 (as of April 30, 2025).



* The YK value is a patent technology competitiveness index that evaluates the strength of a patent's exclusivity, as determined by Kudo & Associates.



ESG

Environment, Social, and Governance

Itoki Group ESG policy

The Itoki Group has in place its ESG policy with the aim of realizing “Vibrant People, Beautiful Planet” in society.

The Itoki Group, as a company that creates people’s “Working Environment,” shall strive to solve problems to achieve a sustainable society while addressing environmental issues.

E Environment ▶ P51

The Itoki Group shall continue to practice environmental conservation activities in its business activities, including the manufacture of products and provision of services, in order to create a “Lively Earth” society.

S Social ▶ P63

The Itoki Group, including its supply chain, shall strive to improve the working environment, including respect for human rights and the elimination of harassment, in order to create a society in which “people can also be vibrant.” We shall also make efforts to enable our diverse human resources to perform at their fullest potential.

▶ [Human capital management: P37-46](#)

▶ [Intellectual property strategy: P47-49](#)

G Governance ▶ P69

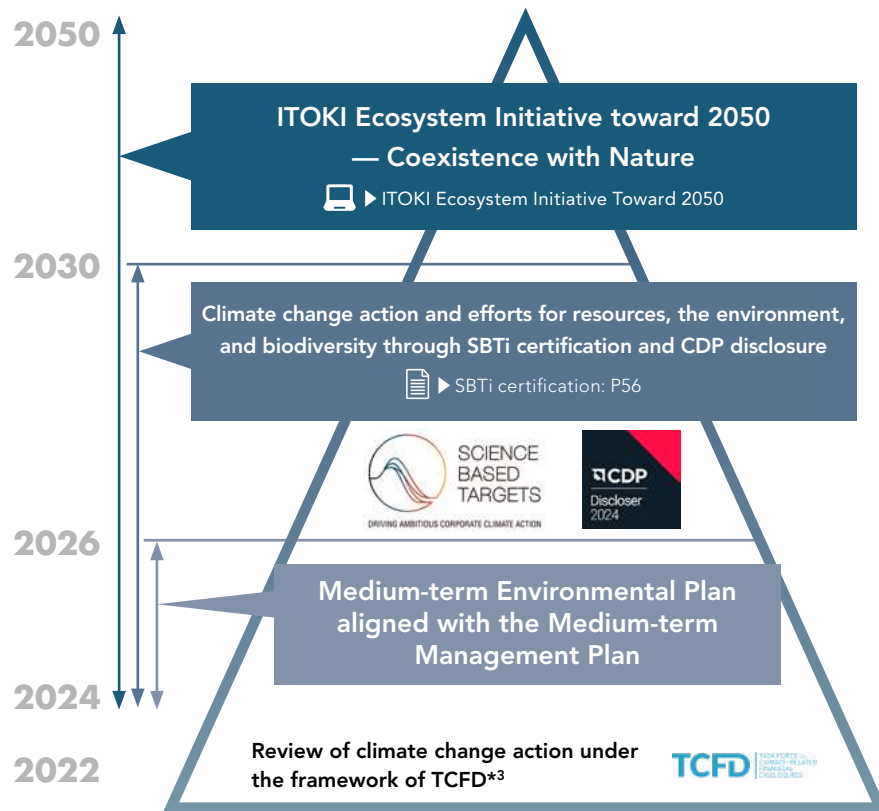
The Itoki Group shall commit to transparent and reliable management for sustainable business growth, comply with relevant laws and regulations and compliance, and ensure thorough information security. In addition, we shall emphasize dialogue with stakeholders to ensure the continuation of sound business operations based on diverse external perspectives.



Environmental initiatives

Basic approach

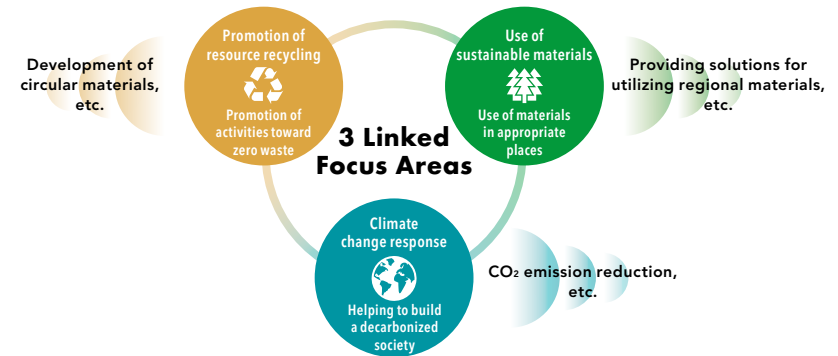
The Itoki Group has launched the ITOKI Ecosystem Initiative toward 2050 – Coexistence with Nature, aiming to help create a society with zero negative impact on ecosystems by 2050. For responding to climate change, we are pursuing our 2030 greenhouse gas reduction targets certified by SBTi*1. For promoting resource circulation and conserving biodiversity, we are working toward our 2030 goals through CDP*2 disclosure. To ensure steady progress of these initiatives, annual targets are managed under our Medium-term Environmental Plan.



*1 SBTi (Science Based Targets initiative): An international framework that helps companies set science-based greenhouse gas reduction targets
 *2 CDP: An international non-profit organization that discloses and evaluates environmental information of companies and municipalities
 *3 TCFD (Task Force on Climate-related Financial Disclosure): An international framework that encourages companies to disclose how risks and opportunities from climate change affect their business

ITOKI Ecosystem Initiative toward 2050 – Coexistence with Nature

Contributing to realize a society with zero negative impact on ecosystems



Itoki Group's Medium-term Environmental Plan 2026 (Target items)

Classification	Target items	2022 results	Metrics	Targets for the Medium-term Environmental Plan			2030 targets
				2024	2025	2026	
Climate change	CO2 emission reduction (Scope 1)	6,081.2 (t-CO ₂)	Compared to 2022 (%)	-10.7	-16.0	-21.3	-42.7
	CO2 emission reduction (Scope 2)	8,397.2 (t-CO ₂)	Compared to 2022 (%)	-10.7	-16.0	-21.3	-42.7
	CO2 emission reduction (Scope 3)	255,050.3 (t-CO ₂)	Compared to 2022 (%)	-6.3	-9.4	-12.5	-25.0
Promotion of resource recycling	Reduction of total energy input	188,474.2 (GJ)	Compared to 2022 (%)	-8.0	-15.4	-22.1	-
	Reduction of waste emissions	6,003 (t)	Compared to 2022 (%)	-6.0	-11.6	-16.9	-
Biodiversity	Promotion of recycling	85.3 (%)	Recycling rate (%)	85.0	85.0	85.0	-
	Reduction of water withdrawal	97,510.0 (m ³)	Compared to 2022 (%)	-9.0	-17.2	-24.6	-

Medium-term Environmental Plan



Environmental initiatives

Initiatives to Date

Since earning ISO 14001 certification in 1998, Itoki has advanced environmental initiatives such as promoting modal shifts and introducing solutions that use locally sourced materials. We will continue driving creative efforts into the future.

FY	Major initiatives by Itoki
1998	Initiating ISO 14001 certification
2000	Implementing of modal shift
2004	Establishing a group company for the reuse and recycling of used furniture
2009	Introducing solar power generation for electricity sales
2010	Launching the regional material utilization solution Econifa
2011	Launching a carbon offset service business
2018	Signing the United Nations Global Compact
2019	Declaring commitment to the SDGs
2020	Expressing support for the TCFD recommendations Introducing low-temperature coating equipment
2021	Implementing solar power generation for in-house consumption
2025	Obtaining SBTi certification

External initiatives

The Itoki Group actively engages in initiatives on climate change and resource circulation. Through such initiatives as supporting the TCFD recommendations, responding to CDP, obtaining SBTi certification, and endorsing the Japan Climate Initiative (JCI), we advance Climate change response while working to further enhance transparency in our disclosures.

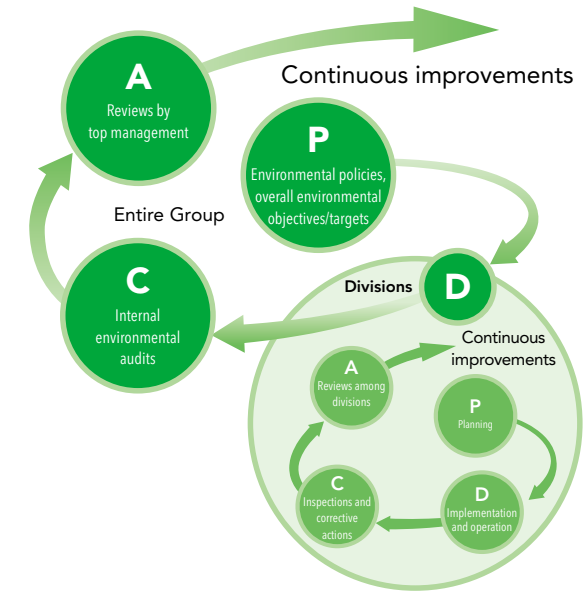


Environmental management system

We drive group-wide environmental activities involving all employees by linking the PDCA cycle of each division and group company with that of the Itoki Group as a whole. With this approach, we engage in improving environmental performance and ensuring regulatory compliance, and through internal audits and external reviews, we continually evaluate and improve activities across the organization.

Through these efforts, we steadily reduce environmental risks, strengthen compliance, and contribute to building a sustainable society.

Itoki Environmental Management (Cycle)



case study

Product development informed by processing facility inspections

The product development Function visits processing facilities to assess how easily each component can be recycled. This insight is then applied to designing products that use more recyclable components. Recognized as best practice during the external ISO 14001 examination, these PDCA initiatives are helping to advance our environmental efforts.



Processing facility inspection



Climate change response —Disclosure in line with TCFD Recommendations—

Basic approach

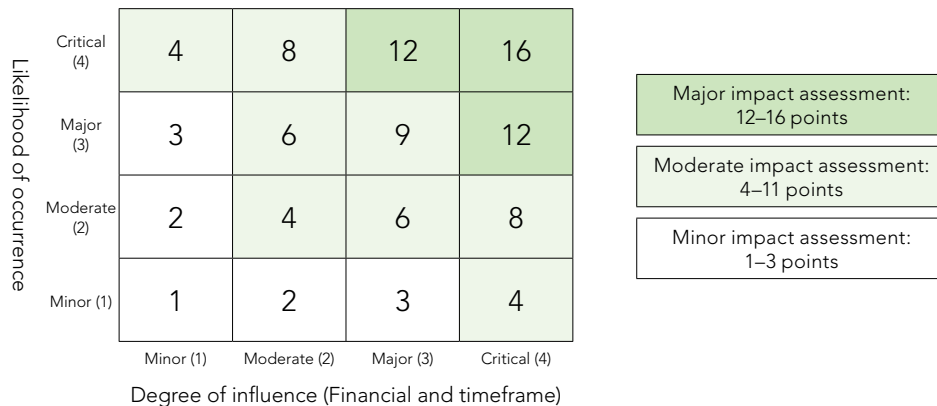
We view global warming as an urgent challenge for business. In response to recent climate trends and technological advances, we established our climate change response in 2021 and reviewed it in 2022 through internal discussions guided by the TCFD disclosure framework. The Itoki Group is committed to steadily advancing Climate change response throughout our supply chain.

Governance

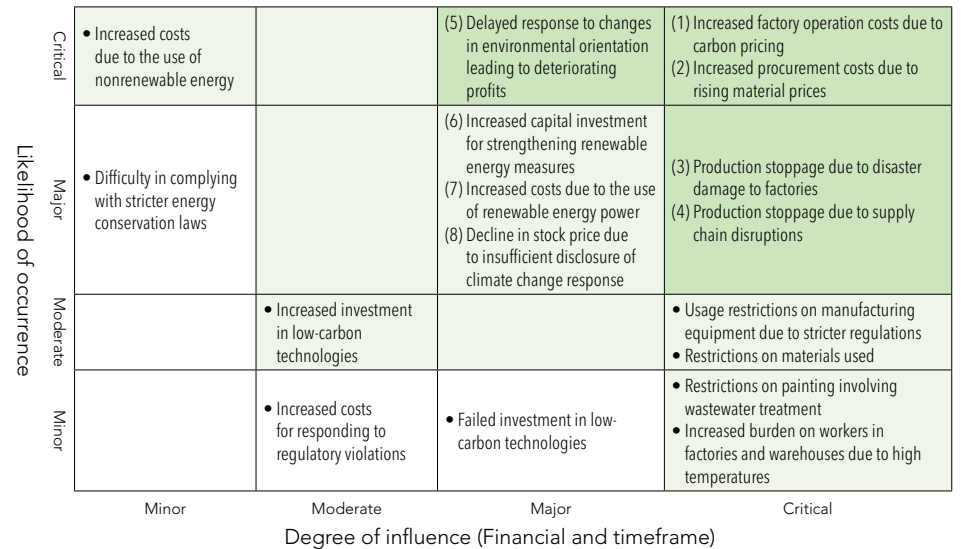
Policies and strategies related to climate change response are overseen by the Director and Managing Executive Officer and Executive Manager of Planning Division. Within this framework, the Sustainability Promotion Section under the Corporate Planning Department is responsible for formulating and managing initiatives. As appropriate, these are discussed and reported at the Managing Executive Officers' Meeting via the responsible officer, and supervised by the Board of Directors.

Risk management

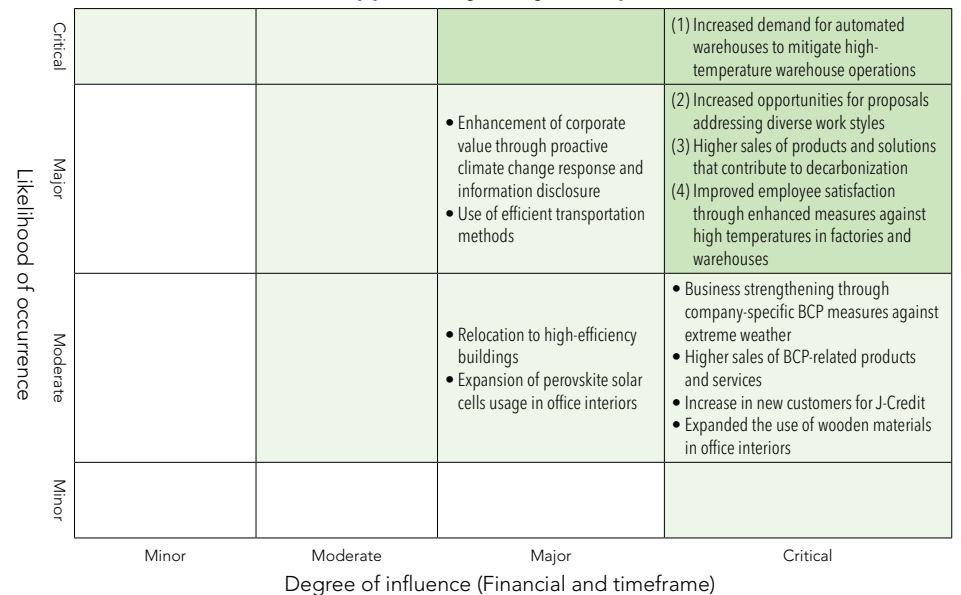
We identified and mapped climate change risks and opportunities following the TCFD recommendations. Impact assessments were categorized as major, moderate, or minor. Items evaluated as major were automatically recognized as risks or opportunities. Items that scored nine points within the moderate category were discussed among stakeholders and determined accordingly. The identified risks are shown in the risk analysis map (items (1) to (8)), and the identified opportunities are shown in the opportunity analysis map (items (1) to (4)).



Risk analysis map



Opportunity analysis map





Climate change response —Disclosure in line with TCFD Recommendations—

Strategy

For each identified risk and opportunity, we worked with external experts to develop countermeasures in line with the TCFD recommendations, considering temperature scenarios, timeframes, financial impact, and likelihood.

Risk countermeasures

Identified risks were categorized as transition risks or physical risks. Countermeasures for transition risks were developed under the 1.5°C scenario, while those for physical risks were considered under the 4°C scenario.

	Scenario	Item	Timeline	Risk (No. corresponds to the risk map)	Impact assessment	Expected financial impact	Countermeasures	
Transition risks	1.5°C	Policies and regulations	Introduction of carbon tax	Medium term	(1) Increased factory operation costs due to carbon pricing (2) Increased procurement costs due to rising material prices	Major	500 million yen or more	<ul style="list-style-type: none"> Execution of the CO₂ emission reduction roadmap Continuous energy-saving activities CO₂ emission reduction through collaboration with suppliers Switching to low-carbon alternative raw materials
			Change in energy mix	Medium term	(6) Increased capital investment for strengthening renewable energy measures (7) Increased costs due to the use of renewable energy power	Moderate	10 million yen or more and less than 500 million yen	<ul style="list-style-type: none"> Exploring renewable energy procurement methods proportional to usage Expanding in-house energy generation facilities Introducing on-site PPA
		Market	Contraction of existing markets	Medium to long term	(5) Delayed response to changes in environmental orientation leading to deteriorating profits	Major	10 million yen or more and less than 500 million yen	<ul style="list-style-type: none"> Rapid and accurate understanding of market changes Accurate information gathering on customer needs
		Assessment	Reputation damage among investors, etc.	Medium to long term	(8) Decline in stock price due to insufficient disclosure of climate change response	Moderate	1 million yen or more and less than 10 million yen	<ul style="list-style-type: none"> Strengthening climate change countermeasures Active disclosure of initiatives
Physical risks	4°C	Acute / chronic	Increasingly frequent and severe natural disasters	Short to long term	(3) Production stoppage due to disaster damage to factories (4) Production stoppage due to supply chain disruptions	Major	10 million yen or more and less than 500 million yen	<ul style="list-style-type: none"> Regular review of BCP Multiple sourcing of critical components Requesting suppliers to implement risk countermeasures

Opportunity countermeasures

Opportunities identified in the opportunity analysis map were considered under both the 1.5°C and 4°C scenarios. As a result, countermeasures such as “strengthening the development of environmentally friendly products and workstyle solutions” and “strengthening product development and solution sales that support diverse workstyles” were formulated.

Scenario	Item	Timeline	Risk (No. corresponds to the risk map)	Impact assessment	Expected financial impact	Countermeasures
1.5°C	Products and services	Behavioral changes to mitigate climate change	(3) Higher sales of products and solutions that contribute to decarbonization	Major	10 million yen or more and less than 500 million yen	<ul style="list-style-type: none"> Strengthening the development of environmentally friendly products and workstyle solutions
		Behavioral changes to adapt to climate change	(2) Increased opportunities for proposals addressing diverse work styles	Major	500 million yen or more	<ul style="list-style-type: none"> Strengthening product development and solution sales that support diverse workstyles
4°C	Resilience	Avoiding work in overheated warehouses	(1) Increased demand for automated warehouses to mitigate high-temperature warehouse operations	Major	500 million yen or more	<ul style="list-style-type: none"> Increasing the appeal of products such as automated warehouses
		Improving overheated work environments	(4) Improved employee satisfaction through enhanced measures against high temperatures in factories and warehouses	Major	500 million yen or more	<ul style="list-style-type: none"> Improving labor conditions in production and delivery sites

* The timeframes are defined as short term: 0 to 1 year, medium term: 1 to 3 years, and long term: 3 to 10 years.

* Impact assessments represent the scores from the risk and opportunity analysis maps.

Metrics and targets

As outlined in the Medium-term Environmental Plan 2026 (target items) on p.51, we have established metrics for five key areas: CO₂ emission reduction, reducing total energy input, reducing waste volume, promoting recycling, and reducing water withdrawal.

Metrics and targets



Climate change response —Preventing global warming—

Basic approach

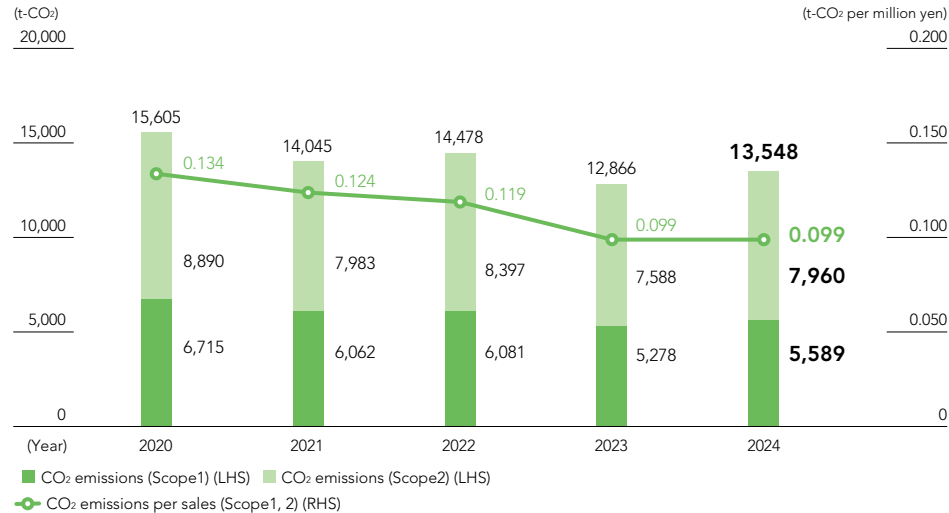
The Itoki Group is committed to reducing greenhouse gas (GHG) emissions in Scope 1, 2, and 3 as part of our efforts to combat global warming. Our reduction targets are science-based, as they are certified by the SBTi. To achieve them, we promote initiatives for each scope, including energy conversion, the introduction of renewable energy, and collaboration with suppliers.

Goals and achievements

Scope 1 and 2 results

For both Scope 1 and 2, we set a reduction target of 10.7% compared with fiscal 2022. In fiscal 2024, actual reductions reached 8.1% for Scope 1 and 5.2% for Scope 2, falling short of the targets. CO₂ emissions per unit of sales (Scope 1 and 2) fell by 0.020 from 0.119 t-CO₂ per million yen in 2022 to 0.099 t-CO₂ per million yen. The main reason for not meeting the target was increased net sales.

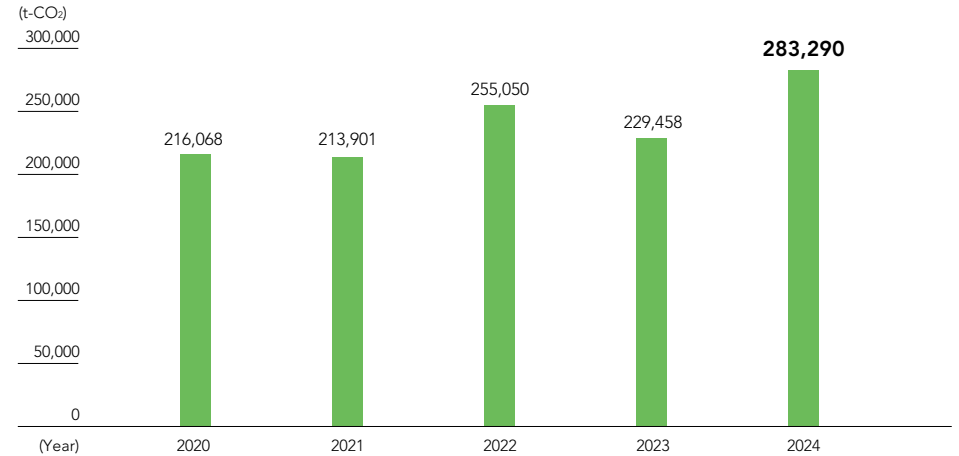
CO₂ emissions and CO₂ emissions per sales (Scope1,2)



Scope 3 results

For Scope 3, we targeted a 6.3% reduction compared with fiscal 2022; however, in fiscal 2024, emissions rose by 11.1%, missing the target. CO₂ emissions per unit of sales decreased by 0.024 from 2.103 t-CO₂ per million yen in 2022 to 2.079 t-CO₂ per million yen. The main reason for the shortfall was increased net sales.

CO₂ emissions (Scope3)





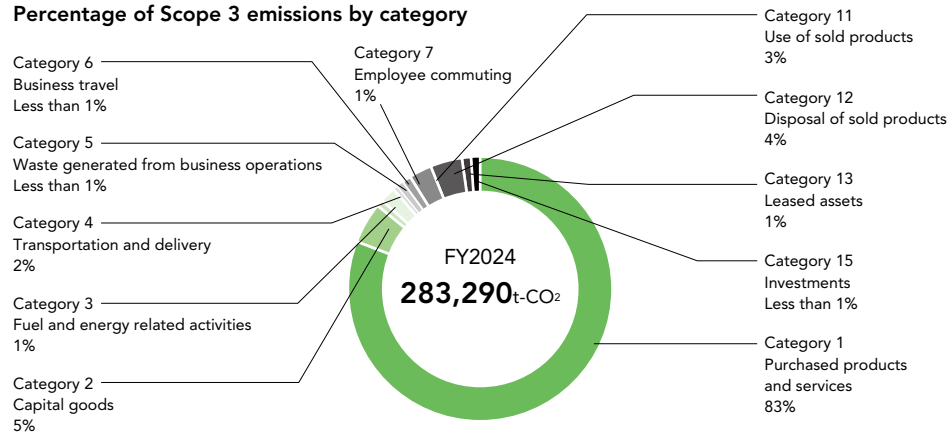
Climate change response —Preventing global warming—

SBTi Certification

In May 2025, the Itoki Group’s GHG emission reduction targets for fiscal 2030 were certified by the Science Based Targets initiative (SBTi) as science-based targets consistent with the Paris Agreement. The certified reduction targets for each scope are shown below.

	GHG Emission Reduction Targets for FY2030 (compared with FY2022)	FY2022 Results (unit: t-CO ₂)
Scope1	42.7% reduction	6,081
Scope2	42.7% reduction	8,397
Scope3	25.0% reduction	255,050

Percentage of Scope 3 emissions by category

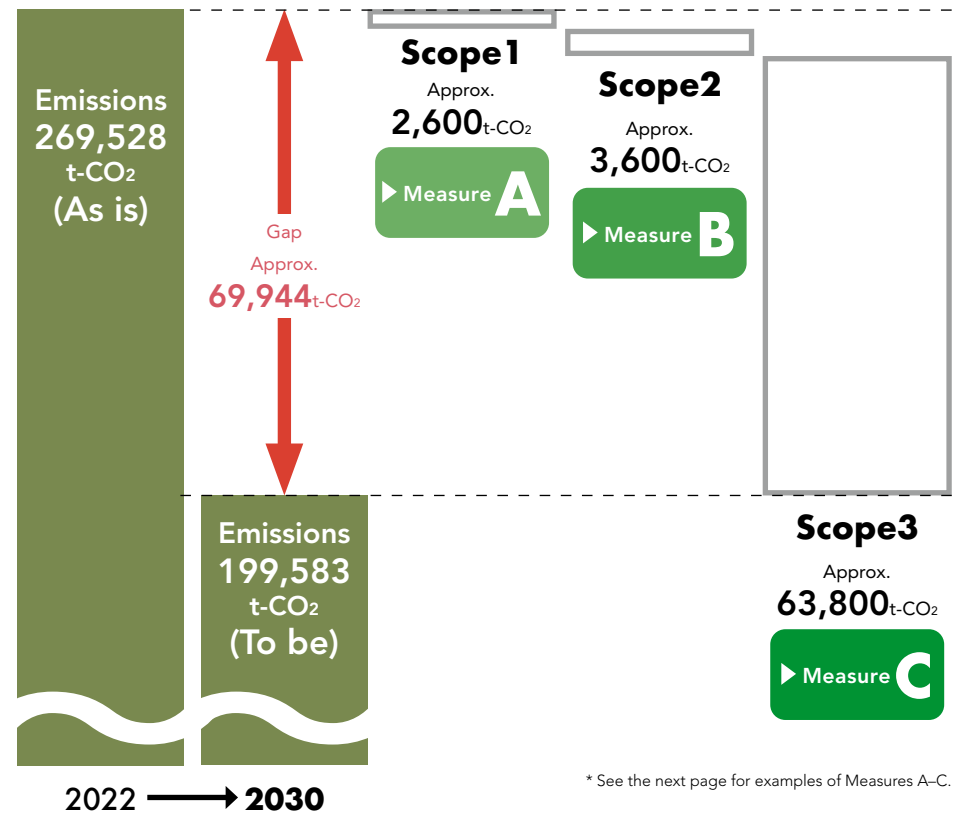


Under our GHG reduction targets, about 90% of the total required reduction comes from Scope 3, making this area a key focus. In fiscal 2024, Category 1 ‘Purchased products and services’ accounted for the largest share of Scope 3 emissions, representing 83% of the total.

With this emissions profile in mind, we have designated Category 1 as a priority for achieving our SBTi-certified Scope 3 target for fiscal 2030. We will work with major suppliers to visualize and reduce emissions, and drive greenhouse gas reductions across the entire value chain.

GHG reduction initiatives

To meet our SBTi-certified fiscal 2030 GHG reduction target, we must cut 69,944 t-CO₂—the shortfall compared with 2022 results—over the next eight years. As shown in the examples on the following page, we will identify and implement effective measures for each of Scope 1, 2, and 3 to ensure steady progress toward the goal.



* See the next page for examples of Measures A–C.



SBTi (Science Based Targets initiative) is an international framework launched in 2015 by four organizations—CDP (an international NGO focused on environmental disclosure), the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). It encourages companies to set reduction targets which is aligned with the Paris Agreement goal of limiting the rise in global average temperature to 1.5°C above pre-industrial levels. The framework independently reviews and certifies their validity.



Climate change response —Preventing global warming—

Specific measures

Measure A (Scope 1)

Lowering drying process temperatures by changing paint

At the Kanto Factory, we replaced the powder coating paint with a type that can be dried at lower temperatures. This reduced city gas consumption on the coating line by approximately 19%, cutting CO₂ emissions from city gas use.



Powder coating

Measure C (Scope 3)

Enhancing logistics efficiency

In 2023, we reorganized our logistics centers in Saitama Prefecture, splitting operations between the Itoki Tokyo Logistics Center (Soka City, Saitama) and the Itoki Tokyo BASE (Koto-ku, Tokyo). This optimized delivery distances to the Tokyo area and reduced contracted logistics volume (ton-kilometer basis) in this section by about 17%.



Itoki Tokyo BASE

Measure B (Scope 2)

Introducing more an onsite PPA method

In March 2024, we installed a solar power generation system using the onsite PPA method at Itoki All Steel Co., Ltd., followed by Fuji Living Industry Co., Ltd. in August. We will continue to reduce CO₂ emissions through the promotion of renewable energy.



Solar panels at Itoki All Steel Co., Ltd.

Measure C (Scope 3)

Converting waste into valuable materials

At the Itoki Tokyo BASE, one of our logistics centers, expanded polystyrene cushioning material previously sent for disposal is now melted down by melting machine into plastic raw material, thereby reducing CO₂ emissions from waste disposal. This initiative is scheduled for rollout to all logistics centers in fiscal 2025.



Melting machine



Plastic raw material made from expanded polystyrene



Promotion of resource recycling —Water—

Basic approach

Many Itoki Group production sites are located in Class A river basins, placing on us a responsibility to use these abundant, biodiversity-supporting water resources effectively. We work to protect them through water conservation and upgrading wastewater treatment facilities to maintain water quality.

Goals and achievements

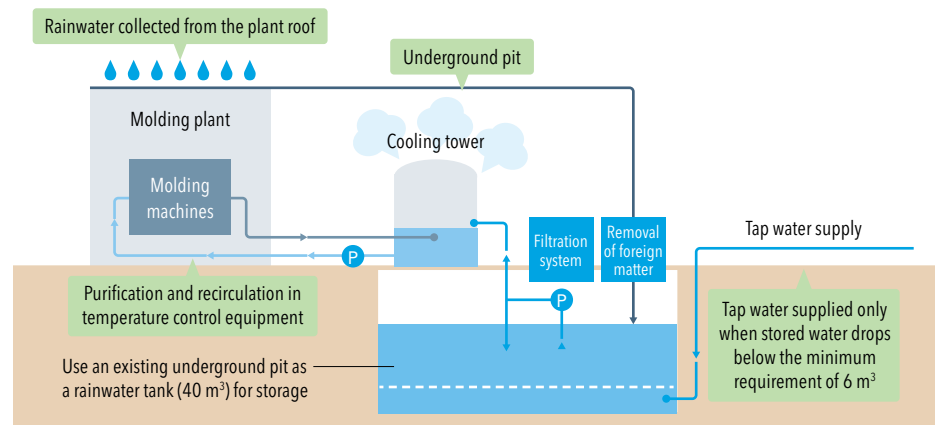
	2022 performance	2024	Compared with FY2022 (Target)	Compared with FY2022 (Result)
Water withdrawal	97,510m ³	93,777m ³	-9.0%	-3.8%*

* The main reason for missing the target was increased production volume.

Specific initiatives

Rainwater utilization to reduce tap water use

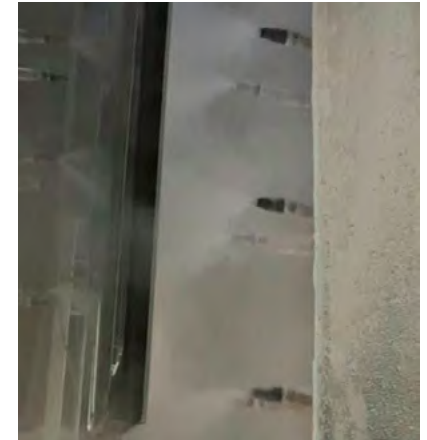
In 2018, the Shiga Manufacturing Department, Kansai Factory at our Kansai Plant introduced a Rainwater Storage Utilization System to make better use of water resources. Since then, they have been using the system. Under the system, rainwater collected from the plant roof is purified through filtration and stored in an underground tank. This reduces tap water usage at the plant.



Water savings through powder coating

Furniture painting once relied on water-based and solvent-based paints. Since 2004, we have shifted to powder coating. This has cut water consumption in the painting process and reduced VOC (volatile organic compound) use.

Initially introduced by ITOKI Corporation (non-consolidated), the powder coating process is now in place at all office furniture plants across the Group, further reducing water use on a group basis.



Powder coating

TOPICS

Protecting Lake Biwa's water resources through volunteer activities on Okishima

In the Lake Biwa adjacent to Omihachiman City where our Shiga Factory is located lies Okishima, one of the world's rare inhabited lake islands. In 2024, Itoki volunteers conducted a cleanup around Okishima, helping to prevent waste inflow, protect water quality, and reduce negative impacts on the lake's ecosystem.



Cleanup activity



View of Okishima

Challenges and measures

The Itoki Group sets voluntary wastewater standards stricter than legal requirements to ensure clean water discharge from our plants. Going forward, we will consider tightening these standards further during regular reviews to maintain water quality at appropriate levels and protect basin resources.

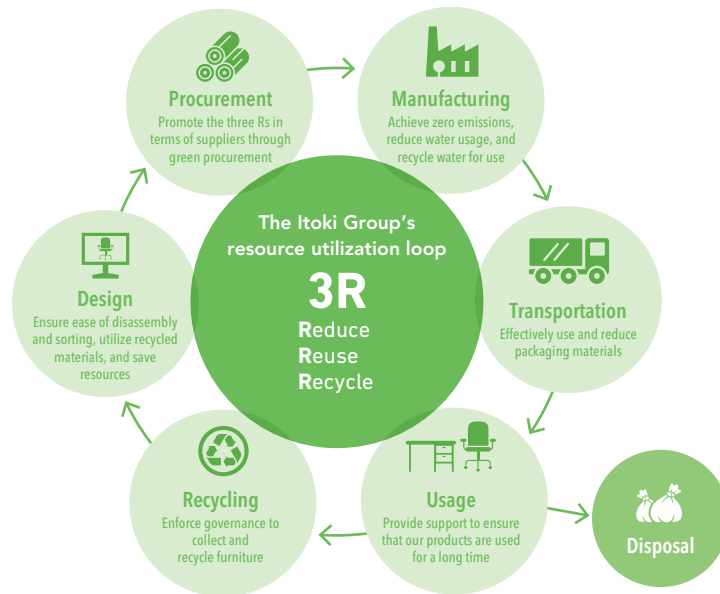


Promotion of resource recycling —Waste and Chemical Substances—

Basic approach

The Itoki Group works to reduce waste by promoting a resources utilization rule called the 3Rs across the entire product life cycle. We have also established guidelines for proper chemical substance management and design safe products that comply with both domestic and international regulations.

The Itoki Group's resource utilization loop



Goals and achievements

	2022 performance	2024	Compared with FY2022 (Target)	Compared with FY2022 (Result)
Waste volume	6,003t	5,633t	-6.0%	-18%

▶ Waste data

Specific initiatives

Turning waste into valuable materials

Since fiscal 2024, our logistics centers in Tokyo and Okayama have been converting packaging vinyl—once treated as waste—into valuable materials by implementing thorough separation.

This initiative has enabled the recycling of 11,096 kg of packaging vinyl annually.

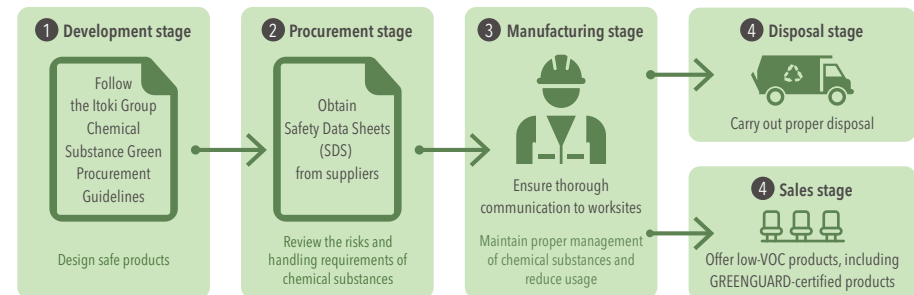


Sorting of vinyl and other materials at the Itoki Tokyo BASE

Chemical substance management based on guidelines

We previously managed chemical substances in compliance with Japanese domestic laws only. With the global expansion of our products, we established the Itoki and Itoki Group Green Procurement Guidelines for Chemical Substances, which also address overseas regulations, ensuring comprehensive management throughout the product life cycle.

Itoki Group Chemical Substance Management



▶ Chemical substance data

Challenges and measures

For both waste and chemical substances, we are strengthening compliance through the development of guidelines and the systemization of management. Even so, a thorough understanding of procedures by all parties involved is essential. We will continue to enhance training for stakeholders, helping to ensure business activities with a lower environmental impact.



Biodiversity —Forest conservation—

Basic approach

Forests provide more than timber; they are vital to preserving ecosystems, supplying water resources, and capturing CO₂, all of which sustain the global environment. As a company that uses wood in its products, Itoki is committed to forest conservation and to developing and offering products that make use of locally and domestically sourced timber.

Biodiversity policies

The Itoki Group adopts “biodiversity policies” for the conservation and sustainable use of biodiversity and implements measures to those ends.

Biodiversity policies

Specific initiatives

Forest creation in Osaka, our founding location

Since 2015, in Osaka, where Itoki was founded, we have been creating forests through the Osaka Prefecture Adopt Forest Program. In fiscal 2024, 18 Itoki employees carried out cypress thinning work, helping restore healthy, beautiful forests.



Thinning work

Helping revitalize satoyama (hills and woods near a village or town) through the use of fast-growing broadleaf Sendan

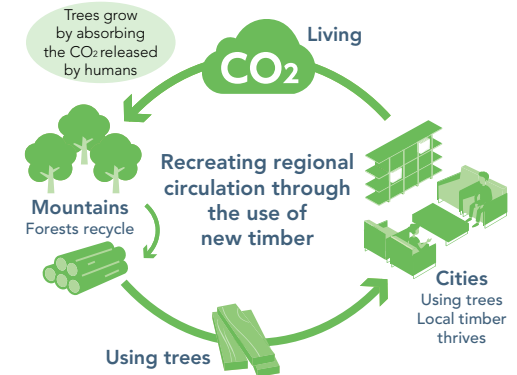
We incorporate Sendan, a fast-growing broadleaf tree, which is actively promoted by the Forestry Agency, into our silta-brand table products. Sendan’s short growth cycle supports quicker felling and replanting, while broadleaf forests foster diverse habitats, aiding biodiversity conservation and satoyama restoration (traditional rural landscapes).



silta

Continued development of the “Econifa” regional timber utilization solution

Econifa is a solution that transforms locally sourced timber from Japan’s forests into stylish, high-quality furniture for offices and other spaces. Promoting proper forest harvesting and management through Econifa helps create habitats that support diverse life. Through the advancement of Econifa, which brings vitality to both forests and cities, we contribute to protecting the global environment and addressing social challenges.



Econifa

Challenges and measures

For the past decade, Itoki has carried out forest conservation activities in Itoki no Mori (Itoki Forest) in Osaka Prefecture, but the scale of these efforts has remained limited. Looking ahead, we will seek to expand their scope by re-evaluating our forest creation activities and promote greater use of locally sourced and domestically produced timber in our products.

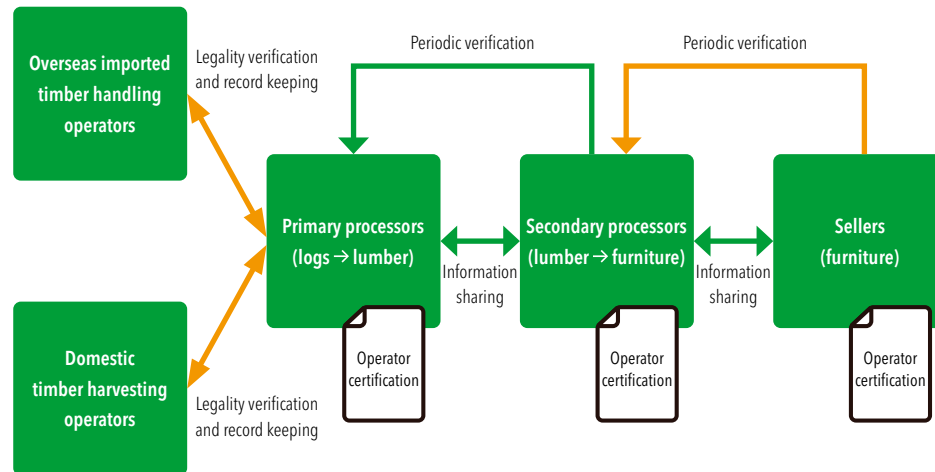


Procuring sustainable timber

Basic approach

The Itoki Group uses wood in a wide range of products, from furniture to other items. As a company that relies on wood, we have established the Itoki Group Timber Procurement Standards to promote sustainable timber sourcing, taking into account biodiversity and social considerations such as eliminating illegal timber.

Traceability in the timber supply chain



In the supply chain, Itoki acts as both a furniture seller and a secondary processor manufacturing furniture from lumber and holds operator certification as proof of handling legally sourced timber. To obtain this certification, we verify - through legality checks - whether our suppliers, both primary and secondary processors, are certified operators. If they are not, we confirm legality through on-site inspections. Primary processors engaged in lumbering must have legality records from timber handling operators to prove compliance, and this chain of verification ensures traceability across the entire supply chain.

Specific initiatives

Ensuring traceability through certification

Itoki holds an FSC® certification and a PEFC Chain of Custody (CoC) certification, which are international forest certification labels, and offers certified products. These products use wood from responsibly managed forests, ensuring full timber traceability from sourcing through manufacturing to sales. We will continue to leverage certification systems to help protect biodiversity and mitigate negative social impacts.



The mark of responsible forestry



Legality checks of suppliers

Itoki conducts annual legality checks on its timber suppliers in accordance with relevant laws and regulations. These checks help prevent the risk of procuring illegally logged timber and ensure traceability in our timber sourcing. We will continue working with suppliers to safeguard legality and support the sustainability of our operations.



To maintain traceability, different types of timber are kept separate (left: temporary outdoor storage; right: indoor storage).



Environmentally friendly products —Our manufacturing approach—

Basic approach

The Itoki Group consumes a lot of resources in its manufacturing, including plastic and wood. We conduct evaluations that include environmental considerations, starting from the product planning and design stage, and then in the procurement and manufacturing stage, we actively engage in environmentally friendly green procurement, thereby reducing environmental impact throughout the entire product lifecycle.

Please see our website for details.

Specific initiatives

Redefining the definition and standards for environmentally friendly products

Itoki has long maintained its own standards for creating products designed with consideration for human health and environmental sustainability. Amid the situation where environmental issues are becoming more serious every year, and in response to such changes in external environments, we reviewed and updated our definition and criteria for environmentally friendly products in 2024.

	Level 1	Level 2	Level Gold
Reducing greenhouse gas emissions		<ul style="list-style-type: none"> Track the CO₂ emissions throughout the product lifecycle 	<ul style="list-style-type: none"> Reduce greenhouse gas emissions across the entire product lifecycle
Using fewer resources and more recyclable materials	<ul style="list-style-type: none"> Use recycled materials Design products for easy disassembly and sorting Use single-material construction 		<ul style="list-style-type: none"> Employ advanced materials and manufacturing techniques Integrate cutting-edge recycling methods
Producing zero waste	<ul style="list-style-type: none"> Implement systems for long-term use through part replacements, etc. Minimize excessive packaging 		<ul style="list-style-type: none"> Adopt innovative reuse and repair practices Provide disassembly instructions Generate minimal waste during manufacturing
Emitting no hazardous substances	<ul style="list-style-type: none"> Reduce formaldehyde emissions Use safe paints and coating methods 		<ul style="list-style-type: none"> Decrease VOC emissions Use certified timber, such as FSC
Reducing energy usage	<ul style="list-style-type: none"> Cut energy usage throughout the product lifecycle 		<ul style="list-style-type: none"> Promote advanced local production for local consumption initiatives

• Green text indicates mandatory items for each level • Black text indicates optional items for each level (one of which must be satisfied)
 • Level Gold meets the standards up to Level 2 and satisfies at least one additional item

[Itoki's guidelines for environmentally friendly products](#)

Level Gold product launch

In June 2025, Itoki released Act2, a next-generation task chair certified by the Level Gold standard for environmentally friendly products. The seat features Respitech, a 100% recyclable, new material developed by Itoki, replacing conventional urethane, which is difficult to recycle.

[Act2](#)



Functionality comparison with urethane

	Cushioning	Breathability	Durability	Environmental compatibility
Respitech	○	○	○	○
Molded urethane	○	×	△	×

Challenges and measures

To expand our range of environmentally friendly products, more items must meet the requirement of quantifying CO₂ emissions over their entire lifecycle. We will work with suppliers to advance CFP* calculations toward this goal.

* CFP (Carbon Footprint of Products): An indicator of greenhouse gas emissions generated at each stage of a product or service's supply chain.



Respect for human rights

Basic approach

The Itoki Group is committed to ensuring that everyone can live active and fulfilling lives. To achieve this, we conduct human rights due diligence based on the United Nations' "Guiding Principles on Business and Human Rights." We prioritize the respect for human rights in all our business activities and throughout our entire supply chain.

Human rights policy

In 2018, we established the Itoki Group Human Rights Policy outlined below. Since then, we have continually reviewed and updated our employment regulations to improve them in line with this policy.

The Itoki Group Human Rights Policy (key points only)

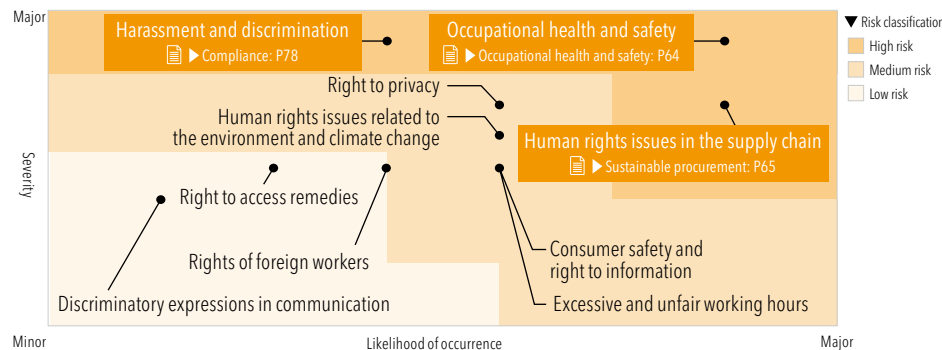
1. Respect for human rights
2. Prohibition of discrimination
3. Prohibition of harassment
4. Respect for employees' fundamental rights
5. Ensuring safety and security
6. Prohibition of forced labor and child labor
7. Promotion of education

[▶ The Itoki Group Human Rights Policy](#)

Human rights risk assessment

In 2023, our human rights risk assessment identified three high-risk areas: occupational health and safety, human rights issues in the supply chain, and harassment and discrimination. Because these risks could negatively affect our medium- to long-term corporate value through factors such as employee turnover and brand damage, we work closely with the company-wide risk management division to prevent and mitigate them. We will continue to monitor these risks and review our human rights risk assessment as needed, further strengthening our human rights due diligence.

Human rights risk assessment map



Issues and initiatives

▶ KPIs and progress of the medium-term management plan: P22

Issues

- Further raising employees' awareness about human rights
- Expanding human rights due diligence to group companies
- Establishing and operating a consultation helpline where people can feel safe reporting
- Strengthening efforts to respect human rights in the supply chain

Example initiatives

- Providing human rights education through e-learning, holding "Respecting Human Rights" workshops
- Providing human rights training as part of legal training for group companies
 - ▶ Group governance: P75
- Increasing the number of users by raising awareness of a consultation helpline
 - ▶ Number of whistleblowing reports
- Implementing sustainable procurement with the supply chain
 - ▶ Sustainable procurement: P65

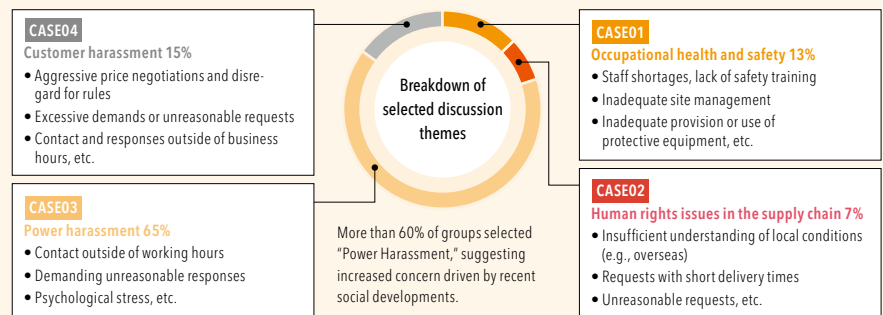
TOPICS

Fourth year of holding "Respecting Human Rights" workshops

Since 2021, Itoki has held annual "Respecting Human Rights" workshops for all employees to raise awareness about human rights. In the 2024 workshop, we presented several recent human rights cases and had employees choose themes for group discussions. This enabled participants to discuss potential issues within our company and share insights on important considerations, helping them see human rights as a personal concern. A total of 2,574 participants from 389 groups took part in 2024, representing nearly 100% of Itoki employees.*



* Number of employees at Itoki Corporation: 2,427 (as of the end of December 2024)





Occupational health and safety

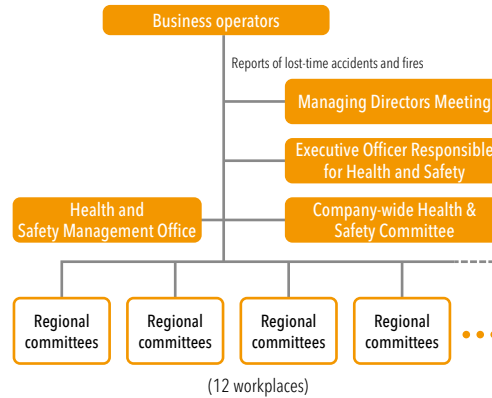
Basic approach

Ensuring health and safety is a fundamental responsibility for any business—and ensuring employees' health and safety is essential to sustainable development of the business. By implementing appropriate safety measures, we aim to improve the work environment, prevent occupational accidents, and boost productivity. These goals guide our daily activities.

▶ General Safety and Sanitation Policy

Health and Safety Management System

Guided by our principle of “Creating environments where people are the main focus,” we strive to establish workplace environments in which employees can work safely and with peace of mind. Recognizing that safety is the foundation of all corporate activity, we promote health and safety initiatives company-wide to prevent workplace accidents. In addition to safety and health committees at each worksite, we have established a Company-wide Health and Safety Committee to align and strengthen efforts under a unified policy.



This committee also serves as a bridge between management and frontline teams to build a sustainable, robust safety management system by reflecting safety issues in management strategy. Furthermore, audits and training programs help raise employee awareness and foster a culture of safety led by those on the ground.

Issues and initiatives

Issues

- **Improving communication** | bridging gaps in risk perception and ensuring safety measures are fully understood and implemented
- **Embedding safety awareness on-site** | avoiding the mere formalization of policies and safety measures, and improving their effectiveness
- **Strengthening talent development** | increasing opportunities to train personnel with expertise and experience in health and safety
- **Enhancing collaboration between worksites and management** | strengthening collaboration for ensuring proper allocation of people and resources

Example initiatives

Establishment of Company-wide Health & Safety Committee

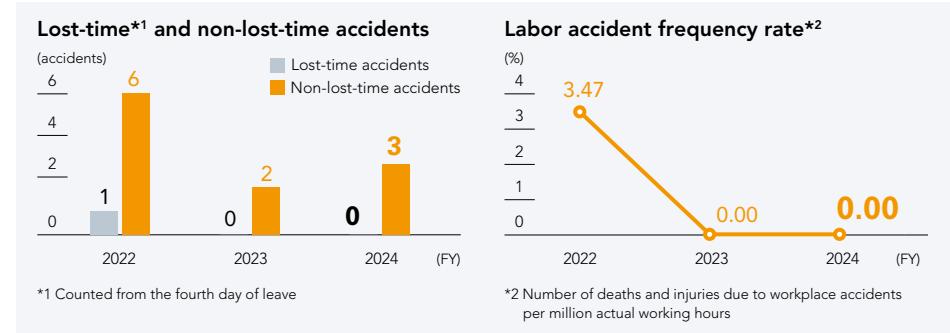
We established a Company-wide Health and Safety Committee to unify General Safety and Sanitation Policy and initiatives across the organization and to foster a workplace where employees actively engage in safety efforts. By revitalizing this committee, we aim to build a more efficient and sustainable safety management system.

Expansion of implementation location of safety audits

We have expanded the locations where safety audits are conducted to include not only manufacturing sites but also sales offices and group companies. As employees visit different locations for audits, their safety awareness increases, leading to more proactive involvement in safety initiatives.

Performance data

▶ KPIs and progress of the medium-term management plan: P22



TOPICS

First-ever company-wide vote for safety slogans and posters!

We invited all employees to take part in a company-wide safety slogan and poster contest. The top entries were selected through a company-wide vote, and the winning slogan was adopted as the next safety slogan, helping to build a stronger sense of unity.

Total entries: Safety slogans: 404 employees (807 entries)

Posters: 55 employees (49 entries)

Total votes cast: 352



President's Award:
Winning Poster



Sustainable procurement

Basic approach

The Itoki Group promotes sustainable procurement in partnership with suppliers, with a focus on environmental and human rights considerations, as part of our commitment to fulfilling our social responsibilities through procurement.

Promoting sustainable procurement

To ensure sustainable practices from the early stages of product and service development, the Itoki Group has adopted dedicated procurement policies. In 2019, we published the Itoki Group Sustainable Procurement Guidebook to encourage and support supplier participation in these efforts.

- Procurement policies
- Sustainable Procurement Guidebook

Specific initiatives

Sustainable procurement survey

To assess the implementation of the Itoki Group Procurement Guidelines, we conduct sustainable procurement surveys targeting key suppliers. These suppliers are divided into three groups, with one group surveyed each year on a three-year rotation.

In 2024, we sent the survey to 51 suppliers and received responses from 41. These partners include our top suppliers by procurement volume as well as key suppliers that handle tasks like painting and wood processing. The response rate reached 86.7%, exceeding our target of 85%.

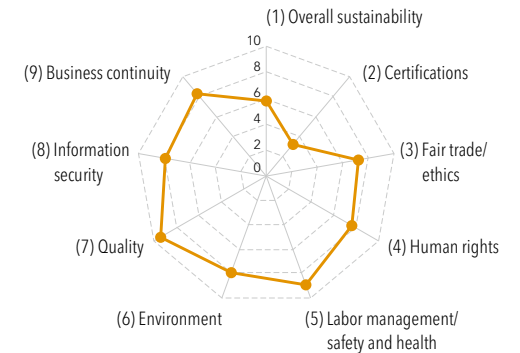
Itoki standalone

Fiscal year	Requests	Responses	Procurement volume by percentage	High risk
FY2022	84	75	66.3%	0
FY2023	153	141	80.3%	0
FY2024	51	41	86.7%	0

2024 Survey Results

The 2024 survey revealed that suppliers are taking strong measures in “labor, safety and health,” “quality,” and “business continuity.” Although responses varied across suppliers in the areas of “human rights” and “environment,” Itoki recognizes these as priority issues and will continue to promote wider adoption of initiatives in these areas. No high-risk suppliers were identified based on the overall results.

Average score by category



Joint presentation with suppliers

To further enhance our business partners’ awareness of quality, Itoki hosts an annual joint presentation to share the results of quality improvement initiatives. These sessions go beyond quality and supply risk topics to include sustainability themes such as reducing environmental impact and improving human rights and working conditions. This collaborative approach helps accelerate the development of a sustainable procurement system with our suppliers.



Issues and initiatives

As part of the ESG strategy in our medium-term management plan, we have established “human rights response rate” as one of our KPIs, and we monitor progress through the Sustainable Procurement Survey. As societal expectations for corporate responsibility continue to evolve due to changes in social issues, we will strengthen our supply chain’s ability to respond by offering targeted training on specific themes.

- KPIs and progress of the medium-term management plan: P22



Pursuing higher quality

Basic approach

To ensure quality throughout the product lifecycle and provide safety and peace of mind to our customers, we are committed to manufacturing guided by the motto “Quality First, Customer First.”

Quality First

Guaranteeing safety and reliability

- Reflection of customer feedback in quality assurance improvements and the manufacturing of attractive products
- Compliance with quality-related laws/regulations and safety standards
- Exhaustive quality verification of new products from the planning and development stages to eliminate defects

Customer First

Improving customer satisfaction

- Handling of problems and complaints from customers
- Explanations on proper usage
- Improvements in the quality of after-sales service

Quality policy

Based on our corporate philosophy, we have established the following quality policy. **“We provide products and services that meet customer needs and societal expectations, and inspire excitement.”**

- ▶ Corporate philosophy
- ▶ Quality policy

Quality Management System

Based on ISO9001, our quality management system ensures that quality is maintained and continuously improved from the perspective of customer satisfaction. A defining feature of the Itoki Group’s system is the active involvement of all employees in its operation. Senior management also takes part in management reviews, clearly demonstrating their commitment to quality both internally and externally.

Issues and initiatives

Issues

- Thorough predictive management and preventive measures of quality risks (Quality First)
- Enhancing the quality improvement cycle from the customer’s perspective (Customer First)

- ▶ KPIs and progress of the medium-term management plan: P22

Example initiatives

Quality First

Eliminating major complaints and legal violations

Maintaining and enhancing quality standards in critical processes

We define processes essential to product safety and reliability, such as welding and resin molding, as “critical processes” and have built a continuous management system to maintain and improve their quality.

- **Special audits:** Regularly assess and address the quality levels of critical processes
- **Skills assessments:** Maintain and manage the skills of workers, particularly in welding processes closely tied to safety



Worksite-driven improvements to reduce human error

To address human error, a root cause of many quality issues, we promote improvement activities that emphasize on-site awareness and understanding rather than mere rule enforcement.

- **Recognizing the value of your own work:** By attending response sites and hearing directly from customers, employees become more aware of the importance of their role
- **Understanding the reason behind each task:** To move beyond a manual-driven mindset, workers are involved in discussions to help solve problems



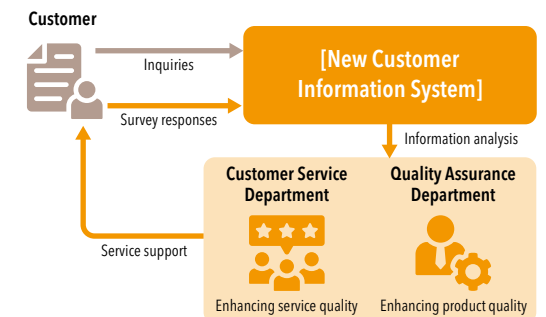
Customer First

Striving to deliver the best service and experience in the industry to turn customers into fans

To improve both product safety and service reliability from the customer’s perspective, we upgraded our Customer Information System.

Key improvements

- Analyze product defect information based on customer inquiries to drive further quality improvements
- Collect and analyze authentic feedback from survey responses to enhance service quality





Engagement with stakeholders

The Itoki Group places great importance on dialogue with a diverse range of stakeholders—customers, distributors, suppliers, shareholders and investors, employees and their families, educational institutions, and communities. We listen sincerely to the expectations and feedback we receive through everyday communication and incorporate them into our business activities to create new value for society. This page introduces some of our key initiatives with each stakeholder group.

	Customers	Distributors	Suppliers	Shareholders and investors	Employees and their families	Educational institutions and students	Communities
Objectives	We are committed to manufacturing from the perspective of our customers, and we strive to provide products and services while engaging in repeated dialogue with our customers.	We will build a collaborative system and act as an important partner in terms of delivering value to our customers.	We will engage in socially responsible procurement activities through interoperation.	We will aim to earn the trust of our shareholders and investors while also improving our corporate value through fair, sound corporate management.	We will set up programs and establish workplace environments that motivate each of our employees and enable them to work vigorously and fully demonstrate their abilities.	We will conduct fair hiring activities. We will create new value through next-generation nurturing—including the acceptance of company visits— and joint research.	We will conduct environmentally and socially friendly business activities to contribute to the formation of better communities as a responsible corporate citizen.
Main dialogue opportunities	<ul style="list-style-type: none"> Daily sales activities Exhibitions Customer service center 	<ul style="list-style-type: none"> Daily sales activities Meetings with the presidents of nationwide distributors Special distributor websites 	<ul style="list-style-type: none"> Daily procurement activities Supplier information sessions Sustainable procurement activities 	<ul style="list-style-type: none"> General Meeting of Stockholders Integrated reports Investor information sessions 	<ul style="list-style-type: none"> Personnel evaluations and conferences Labor-management council Family tours 	<ul style="list-style-type: none"> Hiring activities Joint research Industry-academia joint lessons 	<ul style="list-style-type: none"> Participating in local activities

Multi-Stakeholder Policy Value chain: P8

Episode 01 Dialogue Through Office and Factory Tours

To help customers experience our products and services firsthand, we invite them to tour our offices and factories. In 2024, more than 20,000 people visited our Tokyo headquarters showroom, ITOKI DESIGN HOUSE, for the second year in a row. Visits to our factories have also steadily increased. Insights gained through these interactions with customers and business partners are applied to improving our products and services, enabling us to deliver even greater value.



*1 Renovations: 12th floor (2022), 13th floor (2023), 11th floor (2024). Figures are approximate.
*2 Executive level includes chairpersons, presidents, CEOs, directors, and similar roles. Figures are approximate.

Episode 02 Conference for the presidents of distributors across Japan

We organize various opportunities for interaction with our dealers—our most important partners in delivering value to customers. In order to strengthen partnerships, we invite the presidents of our dealers from across Japan to a conference held every year. In 2024, we welcomed visitors in conjunction with our participation in “ORGATEC TOKYO 2024,” offering them an opportunity to experience Itoki’s vision for the future of work.

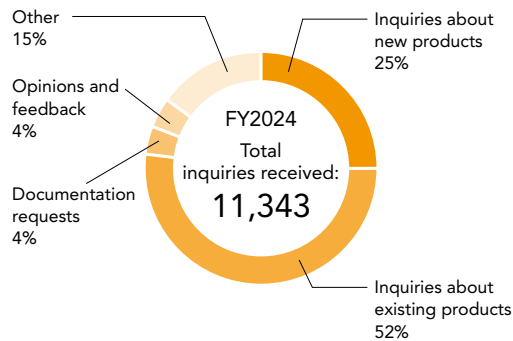




Engagement with stakeholders

Episode03 Dialogue with customers

At our Customer Consultation Office, we strive to maintain and improve the quality of our responses to ensure customer satisfaction and build trust. We also share the feedback we receive internally to drive improvements and better utilization of our products and services.



Episode04 Establishing labor-management relations

To maximize the value of our human capital, we prioritize dialogue with the labor union, which represents our employees. Beyond negotiating wages and bonuses, we regularly engage with the union at multiple levels, from directors and general managers to workplace managers, to ensure that employee voices are openly and promptly reflected in management decisions and to foster a better workplace environment.

(Photo courtesy of Labor-management council)



Episode05 Welcoming high school students to our offices

To help students better understand Itoki's business, we host educational visits. In 2024, we welcomed students from two high schools and introduced them to our workstyle, health and productivity management initiatives, and sustainability efforts through guided tours of our offices. We will continue to support the learning and development of the next generation.



Episode06 Contributing to local communities

As a company that uses wood and resin in its products, Itoki regularly engages in volunteer activities such as community cleanups to support environmental improvement. In 2024, we picked up litter around our factories as well as marine debris from the shores of Lake Biwa and nearby coastlines. One participant in the coastal cleanup shared, "Seeing the microplastics firsthand made me rethink how I approach manufacturing and consumption." We will continue promoting environmental efforts rooted in our local communities.



Realizing Itoki-style sustainability management

At Itoki, we have identified two core materialities: "make society and people happy" and "make the company and its employees happy." Through the strategic initiatives outlined in our medium-term management plan, we are working to realize these goals. In 2024, we launched a Sustainability Advisory Board composed of internal and external directors to integrate sustainability into our overall management approach. At the same time, we accelerated our efforts in resource circulation and decarbonization by implementing new environmentally friendly standards and securing SBTi certification. Itoki will continue to pursue both sustainable society and corporate growth guided by a perspective that is uniquely our own.

Shingo Naito
Sustainability Promotion Section Manager
Corporate Planning Department



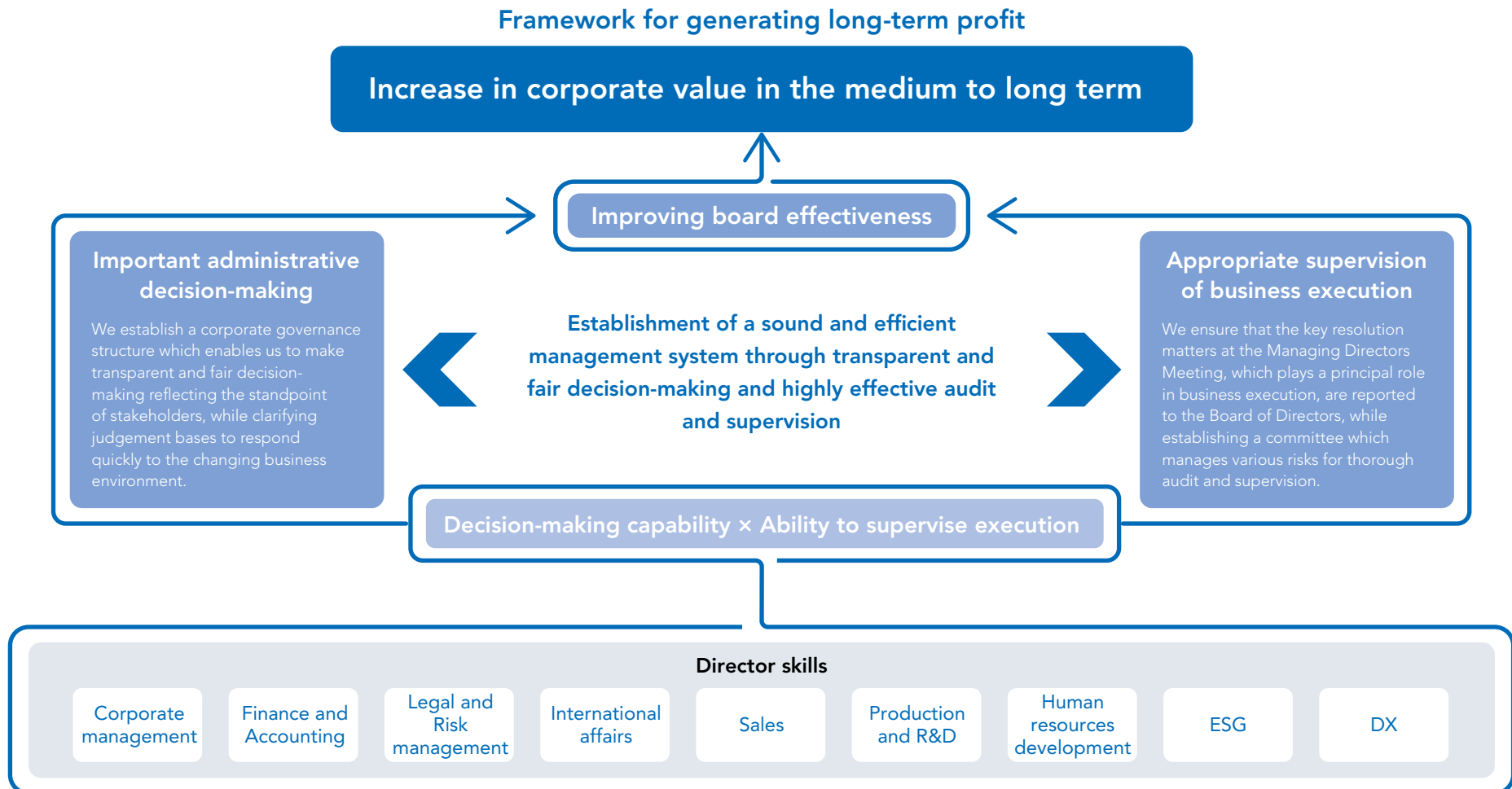


Corporate governance

Basic concept of corporate governance

Itoki ensures compliance, administrative transparency, and fair management based on business ethics and strict compliance with laws. In addition, Itoki establishes corporate governance to increase trust in the Company, to achieve sustainable growth, and to increase its medium- to long-term corporate value through prompt disclosure of information based on the Corporate Governance Code and proactive discussion with shareholders and investors.

[▶ Corporate Governance Basic Policy](#) ▶ [Corporate Governance Report](#)



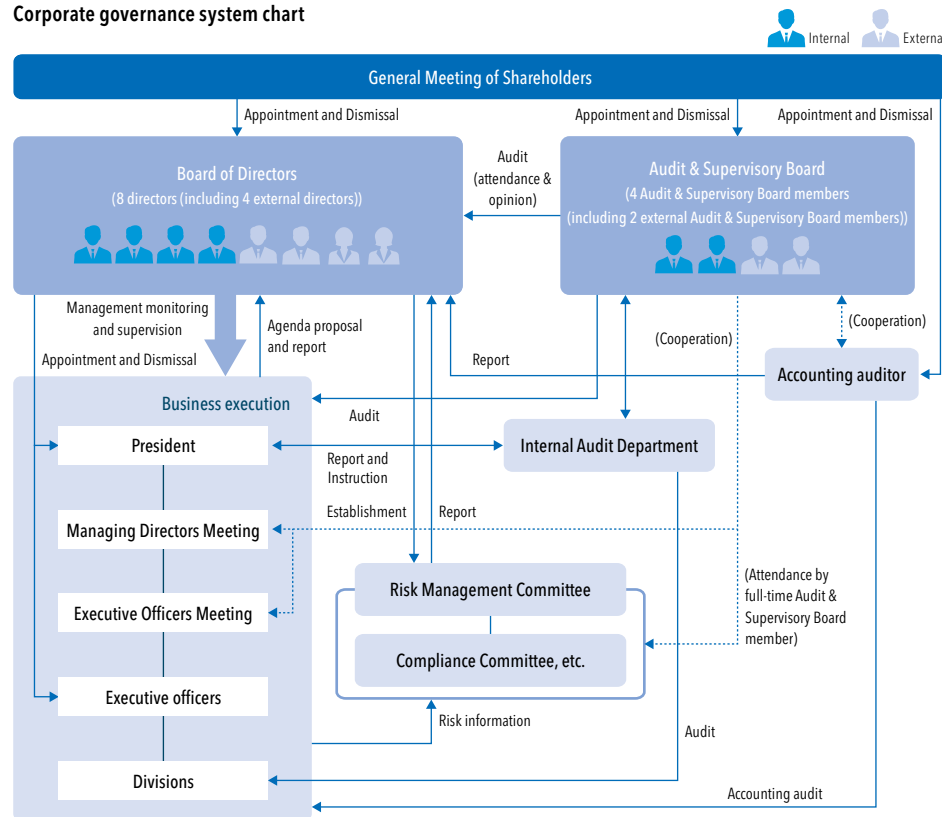


Corporate governance

Corporate governance system

Itoki has adopted the Audit & Supervisory Board system, with the Board of Directors responsible for making management decisions and supervising business execution. To complement the functions of the Board of Directors, the Managing Directors Meeting and the Executive Officers Meeting are convened to deliberate on important resolution matters, ensure thorough dissemination of management policies, and confirm the progress of business operations. To further strengthen business execution functions and improve management efficiency, the Company has introduced the Executive Officer System. Audit & Supervisory Board members attend the Board of Directors and other meetings to audit the status of directors' execution of duties, while the Audit & Supervisory Board, in cooperation with accounting auditors and the Internal Audit Department which is independent of business execution divisions, strives to conduct comprehensive and efficient audits. The Internal Audit Department enhances internal auditing across the entire Group by carrying out audits in a planned manner.

Corporate governance system chart



Board of Directors

Number of meetings held in FY2024: 12

Itoki's Board of Directors has established a structure in which strategic decision-making and objective supervision work in sync to achieve both the creation of sustainable corporate value and management transparency. Directors with executive responsibilities, who are well-versed in business activities and capable of making prompt execution decisions, and external directors, who possess advanced expertise and a broad perspective, each play their respective roles, thereby maintaining sound management while ensuring agile decision-making. In principle, the Board of Directors meets once a month to decide on matters stipulated by laws and the Articles of Incorporation, as well as other key management issues, while also supervising business execution and sustainability initiatives.

Key items discussed at the Board of Directors meetings

- Matters concerning the General Meeting of Shareholders (convocation of the meeting, and determination of meeting agenda, etc.)
- Matters concerning board members, organization, personnel changes (appointment and dismissal of board members, etc.)
- Matters concerning overall management of the Group (formulation of annual management policies, compliance matters, etc.)
- Matters concerning financial results and finance (approval of financial results [year end and quarterly], etc.)
- Matters concerning dialogue with shareholders and investors (such as semiannual reports on shareholder composition, investor expectations, and issues)

Excerpt of discussions from the Board of Directors: P73

Audit & Supervisory Board

Number of meetings held in FY2024: 13

Audits are conducted based on the audit standards, audit implementation plans, and the division of duties set by the Audit & Supervisory Board. The purpose of audits is to oversee and audit management. The Audit & Supervisory Board receives explanations of audit plans and regular reports on the conducting of audits from the accounting auditor, as well as reports on audit plans and the conducting of audits from the Auditing Department. It then submits opinion statements on the audit results as part of an established system to timely and appropriately understand the Company's situation in collaboration with the accounting auditor and the Auditing Department. Regular and ad hoc opinion exchanges are also held with directors and other officers.

Key audit items in the fiscal year

- 1) Promotion of compliance-based management
- 2) Maintenance and operation of management system for the internal control system
- 3) Communication for the introduction of KAM (Key Audit Matters)

Approach to internal control



Corporate governance

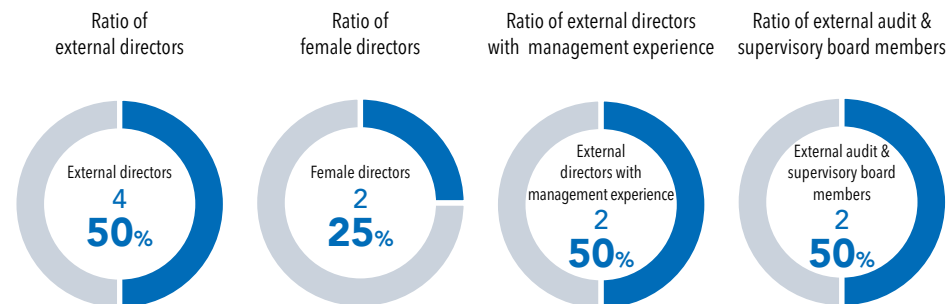
Director diversity

Itoki places great importance on diversity on the Board of Directors, which is why the Company's first female director was appointed in 2023. Consideration is also given to an appropriate number of Board members to ensure high-quality discussions, so in order to maintain a balanced composition overall, the Board of Directors consists of executive directors who are familiar with the Company's operations and capable of agile business execution, and external directors who possess highly specialized knowledge and can provide advice and supervision from a broad perspective. Of the four external directors, two have management experience at other companies, while one has leadership experience in the fields of government and education.

Reasons for appointing external directors

Name	Reasons for appointment
Shiro Nitanei	Appointed as an external director based on his extensive experience and deep insight into corporate management and facility design, which are expected to enable him to provide valuable advice and independent supervision for the Company's management.
Mariko Bando	Appointed as an external director based on her extensive experience and deep insight into the fields of government and education, which are expected to enable her to provide specialized advice and independent supervision regarding the promotion of diversity and human resources development.
Yasuyuki Kawasaki	Appointed as an external director based on his extensive experience and expertise gained over many years in corporate management at financial institutions, which are expected to enable him to provide useful advice and independent supervision on corporate management.
Toshie Tanaka	Appointed as an external director based on her extensive experience and broad insight gained through many years in police administration, including overall public administration, large-scale organizational management, and domestic and international risk management, which are expected to enable her to offer advice from a specialized and objective standpoint and contribute to further strengthening corporate governance, compliance, and risk management.

None of the four external directors falls under any of the conditions that require additional disclosures concerning their independence, and they have held no business interests with the management of the Company from the past to the present. It was therefore judged that there would be no conflicts of interest with general shareholders of the Company.



Standards for independence of external directors

Itoki has established its own standards for independence of external directors to contribute to the sustainable growth of the Company and the increase in its medium- and long-term corporate value and disclosed it in the section concerning independent officers in the Corporate Governance Report. Only those persons who fulfil Itoki's own standards for independence, in addition to the standards set out in the Companies Act and by Stock Exchanges, are selected as independent external directors.

[Standards for independence]

The Company's external directors shall not be:

1. A person who executes or has executed the business of the Company or a subsidiary or an affiliate thereof currently or for the past 10 years
2. A major shareholder that has 10% or more of the Company's voting rights or a person who executes the business for the shareholder
3. A person who executes the business of a major customer of the Company to which the Company's annual sales exceed 2% of the Company's consolidated net sales or of a major supplier of the Company from which the Company's annual purchases exceed 2% of the supplier's consolidated net sales
4. A person who executes the business of a major lender for the Company – a financial institution from which the Company's annual borrowings exceed 2% of the Company's total assets; or
5. A professional, such as a consultant, an accountant, or a lawyer, who receives from the Company cash or other forms of property being worth ¥10 million or more a year, aside from directors' compensation from the Company



Corporate governance

Skills matrix for Directors and Audit & Supervisory Board members and reasons for selection of skills

Itoki selects the knowledge, experience, and competencies necessary for management as skill categories to contribute to sustainable growth and the enhancement of corporate value over the medium and long term. Directors and Audit & Supervisory Board members who possess advanced expertise, extensive experience, and deep insight into each field are responsible for the Company's management.

To further enhance the supervisory function and diversity of the Board of Directors, new external directors with advanced expertise in the areas of finance and accounting, and legal affairs and risk management, have been appointed to further strengthen the governance system.

Skills matrix for Directors and Audit & Supervisory Board members

	Name	Corporate management	Finance and Accounting	Legal affairs and Risk management	International affairs	Sales	Production and R&D	Human resources development	ESG	DX	
Directors	Internal	Masamichi Yamada	●	●		●	●		●		
		Koji Minato	●			●	●		●	●	
		Junsei Shinada	●				●				
		Yoshihito Yamamura	●				●		●		
	External	Shiro Nitnai	●			●				●	
		Mariko Bando	●		●	●			●	●	
		Yasuyuki Kawasaki	●	●	●	●					
	Toshie Tanaka			●	●			●	●		
Audit & Supervisory Board members	Full-time	Eiji Funahara					●		●		
		Yoshiaki Moriya	●	●	●	●	●		●		
	External	Osamu Ishihara			●	●			●		
		Hisashi Shirahata		●		●					

Reasons for selection of skills

Skills category	Reasons for selection
Corporate management	Given the major changes in the operating environment, we regard management experience as either a CEO or COO to be crucial in appropriately fulfilling the role of spearheading business transformations from a long-term perspective and appropriately overseeing the management of the Itoki Group. We therefore selected corporate management as a skills category.
Finance and Accounting	We regard extensive knowledge and experience of finance and accounting to be essential to evaluating business growth and profitability, maintaining financial soundness, and achieving a high level of capital efficiency. We therefore selected finance and accounting as a skills category.
Legal affairs and Risk management	We regard extensive knowledge and experience of legal affairs, risk management, and compliance to be important in accurately recognizing management risks and making legitimate and beneficial decisions for the Company. We therefore selected legal affairs and risk management as a skills category.
International affairs	We regard extensive knowledge and experience in overseas business management and local operating environments to be essential in leading the Itoki Group's international business activities. We therefore selected international affairs as a skills category.
Sales	To drive the transformation of business by expanding sales resources and engaging in new sales activities with the use of DX tools, we regard extensive knowledge and experience in sales and marketing to be key. We therefore selected sales as a skills category.
Production and R&D	In order to improve production efficiency and generate stronger earnings through the reorganization of the Group's production and supply system, and to lead business transformations, we regard extensive knowledge and experience in manufacturing and development to be essential. We therefore selected production and R&D as a skills category.
Human resources development	So that each and every employee can find their jobs rewarding, work with enthusiasm, and fully unleash their capabilities in lockstep with their career trajectory, we regard extensive knowledge and experience in the area of HR development to be crucial. We therefore selected human resources development as a skills category.
ESG	So that we can avoid, in advance, the various risks faced by businesses and society and respond swiftly to opportunities, we regard extensive knowledge and experience of ESG and the SDGs—areas in which companies are obligated to take action—to be important. We therefore selected ESG as a skills category.
DX	In order to undertake new sales activities with the use of DX tools and AI, propel the transformation of business, and solve the numerous challenges faced by corporations and society in general, we regard extensive knowledge and experience of DX and AI to be key. We therefore selected DX as a skills category.



Corporate governance

Evaluation of the effectiveness of the Board of Directors

Itoki conducts an annual analysis and evaluation of the overall effectiveness of the Board of Directors to ensure that corporate governance functions effectively and on an ongoing basis. Specifically, the Company confirms the effectiveness of the Board by evaluating and discussing whether meeting procedures and agenda setting are appropriate. Itoki also identifies issues for future initiatives and implements improvements to further enhance the functions of the Board of Directors.

Evaluation overview

Persons evaluated	All directors and Audit & Supervisory Board members
Timing	January 2025
Method	1. Review of progress on initiatives for issues identified in fiscal 2024 2. Discussion and evaluation of the effectiveness of initiatives addressing those issues 3. Discussion of future initiatives for further improvement

Initiatives addressing issues identified in January 2024

Issues identified in fiscal 2024	Enhancing the capabilities of external directors and Audit & Supervisory Board members	Addressing ESG issues	Reviewing risk management	Development and diversification of human resources
Major initiatives in fiscal 2024	<ul style="list-style-type: none"> Information liaison meeting between directors and Audit & Supervisory Board members held in April, June, August, September, and December 2024 Consideration of diversifying external directors and strengthening the structure of full-time Audit & Supervisory Board members Enhancement of audit functions Established the Audit & Supervisory Board Members Support Office to expand the structure and strengthen audits through collaboration between Audit & Supervisory Board members and the Internal Audit Department 	<ul style="list-style-type: none"> ESG training for directors conducted in April and November 2024 Sustainability Advisory Board established in October 2024 Held, in principle, once per quarter as a forum for two external directors and one internal director to engage in focused discussions on sustainability Further strengthening of management conscious of capital cost and share price Supplemental explanatory materials on financial results used for discussion and disclosure at the time of earnings approval 	<ul style="list-style-type: none"> Risk management reports provided in April and August 2024 (Information liaison meeting between directors and Audit & Supervisory Board members) Annual risk management report provided in December 2024 (Board of Directors and information liaison meeting between directors and Audit & Supervisory Board members) Risk management-related case reports submitted to the Board of Directors in June, August, October, and December 2024 (4 times) 	<ul style="list-style-type: none"> Report on diversity initiatives presented in September 2024 (Information liaison meeting between directors and Audit & Supervisory Board members) Implementation of the next-generation executive development program "4Star Academy" Development of female management candidates Recruitment and development based on the partnership agreement with Hanoi University of Science and Technology

Initiatives to further enhance the effectiveness of the Board of Directors

- Enhancing the capabilities of external directors and Audit & Supervisory Board members**
Oversight and understanding of the actual conditions and latest developments in business domains by expanding the themes of information liaison meeting between directors and Audit & Supervisory Board members
- Expanded involvement in the next-generation executive development plan**
Oversight and understanding of education and training content, effectiveness, and evaluation from the perspective of human capital and human resources development



Excerpt of discussions from the Board of Directors in 2024 (Initiatives to strengthen compliance)

	Instructions	Response
Administrative guidance (warning) from the Japan Fair Trade Commission	<p>[Investigation by the Japan Fair Trade Commission]</p> <ul style="list-style-type: none"> Promptly establish an internal investigation structure, accurately understand the facts, and report the findings truthfully and transparently to the Japan Fair Trade Commission. Take the Commission's findings seriously and respond with sincerity. Reconfirm, not only within the Logistics Operations but across the entire Itoki Group, that fair trade practices are being observed. <p>[Administrative guidance (warning) from the Japan Fair Trade Commission]</p> <ul style="list-style-type: none"> The administrative guidance (warning) must be taken extremely seriously. Efforts to build proper relationships with partner companies made thus far must be further strengthened and rigorously enforced. In addition, promptly disclose to internal and external stakeholders that administrative guidance (warning) has been issued, and conduct re-training within the Company. Upon completion of initiatives to ensure proper transactions with contracted logistics providers, provide appropriate explanations and reports to the Japan Fair Trade Commission. 	<ul style="list-style-type: none"> The Engineering Division and the Corporate Governance Division took the lead in establishing the structure and conducting a fact-finding investigation. Full and sincere cooperation and response were provided to the Japan Fair Trade Commission's investigation. A task force was launched to promote initiatives aimed at ensuring fair trade throughout the supply chain involving the Company.
Violation of competition law by Singapore subsidiary	<p>[Violation of competition law by Tarkus Interiors Pte Ltd, Singapore subsidiary]</p> <ul style="list-style-type: none"> Improvements are needed to ensure that Tarkus Interiors promptly reports to Itoki without delay. Strengthen audits in 2025. Reaffirm to all Group companies that reportable matters must be reported promptly and appropriately. Rigorously enforce measures to prevent recurrence. 	<ul style="list-style-type: none"> Upon receipt of the formal administrative guidance (warning) document, a notice titled "Administrative Guidance (Warning) from the Fair Trade Commission" was promptly published on the Company's website. On the same day, a video message from the President was released explaining the content, background, and future actions related to the warning, and training was provided to all employees. In March 2025, a progress report was submitted to the Japan Fair Trade Commission outlining specific initiatives to ensure proper transactions with contracted logistics providers. The Commission responded that all initiatives had been appropriately promoted and improved, and that reporting obligations were considered fulfilled.



Corporate governance

Compensation for directors and Audit & Supervisory Board members

Compensation for directors (excluding external directors) consists of (1) fixed compensation, (2) performance-linked variable compensation, and (3) restricted stock compensation (non-cash compensation) aimed at promoting the sustainable enhancement of corporate value and sharing value with shareholders. The following is an overview of each compensation component. Compensation for external directors consists of fixed compensation and restricted stock compensation.

Type of compensation	Overview
(1) Fixed compensation	Paid monthly as monetary compensation in accordance with the position-based monthly compensation table approved by the Board of Directors, with the appropriateness of the compensation level verified
(2) Variable compensation (linked to performance)	Calculated and paid based on the director's position and linked to the Company's operating income for the fiscal year, taking individual performance into account, as an incentive to contribute to the improvement in corporate earnings.
(3) Restricted stock compensation	Granted based on the director's position as a medium-term performance incentive, provided on the condition that the director remains in office

Compensation amount of directors and Audit & Supervisory Board members in FY2024

Classification	Total compensation, etc. (millions of yen)	Total compensation, etc., by type (millions of yen)			Number of eligible directors and Audit & Supervisory Board members
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (of which, external directors)	319 (30)	153 (18)	124 (9)	40 (2)	8 (3)
Audit & supervisory board members (of which, external audit & supervisory board members)	36 (14)	30 (13)	— (—)	5 (1)	4 (2)
Total	355	183	124	46	12

Revision of director compensation

The compensation limit for directors was approved at the Ordinary General Meeting of Shareholders in March 2001 as “no more than 25 million yen per month” (excluding salaries for employee duties) and has remained unchanged since then. However, in light of changes in the economic situation and environment, as well as the increasing responsibilities and roles expected of directors, the executive compensation system was reviewed. With approval at the Ordinary General Meeting of Shareholders in March 2025, the compensation limit for directors was revised to “no more than 50 million yen per month” (of which no more than 10 million yen per month is allocated to external directors, excluding salaries for employee duties).

[▶ Compensation for directors and Audit & Supervisory Board members: Corporate Governance Report P11](#)

Development of management personnel

At Itoki, future management personnel are being systematically developed to support sustainable growth and the enhancement of corporate value.

In fiscal year 2024, 16 next-generation management leader candidates were selected to participate in the next-generation executive development program “4Star Academy,”** which consists of three components: training, learning from others, and learning from experience. In addition to training, candidates are assigned to key organizational positions to promote the mindset and behavioral transformation required of executives and to apply the knowledge gained directly to their work.

Furthermore, each division is working to identify and appoint future leadership candidates, while division managers prepare succession plans for their respective organizations. The Human Resources Department provides support from a talent management perspective, helping each department actively discover and develop outstanding personnel, thereby strengthening the pipeline of future executive talent.

* [▶ Developing next-generation leaders: P43](#)

Sustainability governance

Sustainability-related matters, including responses to climate change and human rights, fall under the responsibility of the Director and Managing Executive Officer in charge of the Planning Division. Activities in this area are deliberated and reported as needed at the Managing Directors Meeting and are subject to supervision by the Board of Directors.

In the second half of 2024, the Sustainability Advisory Board was established as a forum for focused discussions on sustainability. Comprising two external directors and one director, the Sustainability Advisory Board meets once per quarter to engage in dialogue on Itoki’s approach to sustainability and provide candid recommendations.



Sustainability Advisory Board members
Shiro Nitanaï, External Director; Mariko Bando, External Director;
Junsei Shinada, Director and Managing Executive Officer



Corporate governance

Group governance

At Itoki, establishing and strengthening governance structures at each Group company is positioned as a key management issue for achieving sustainable value creation as a unified Group. To advance Group-wide management, the Company has built a support system centered on its Corporate Functions of Tokyo HQ, promoting optimization of Group-wide management and strengthening of risk management systems.

Key initiatives for strengthening Group governance

- Improvement of the Group Company Legal and Governance Concierge program
- Optimization of compliance committees of Group companies
- Enhancement of risk management and occupational health and safety management systems

Specific examples of governance enhancement initiatives

Since 2011, the Company has continuously conducted the “Group Company Legal Concierge” program as a legal training framework for Group companies, targeting executives and operational staff. This program has supported the provision of information on legal revisions and the development of internal rules. Beginning in 2024, the program evolved into the “Group Company Legal and Governance Concierge,” expanding beyond legal matters to cover a broader range of governance-related topics, with the aim of further embedding governance across Group companies.

Examples of themes

- Training on the Construction Business Act
- Compliance and information security training
- Training on business and human rights
- Training on environment and ISO 14001 compliance



We implement the PDCA cycle in our activities to strengthen Group governance.

These ongoing initiatives have further heightened governance awareness at each Group company, enabling them to independently plan and implement their own governance enhancement measures tailored to their respective business characteristics.

[Roundtable discussion on governance: Special Feature Section P9](#)

Policy regarding cross-shareholdings

Itoki has a basic policy of engaging in a cross-shareholding only when it is judged that it will contribute to Itoki Group’s economic growth and increased corporate value over the medium and long term from the viewpoint of maintaining and strengthening the relationship with our business partners. Every year, the Board of Directors verifies whether it is reasonable to continue holding each cross-shareholding, in other words, whether the benefit is worth the capital cost. If any cross-shareholding is judged unreasonable, we will proceed with the selling of those shares in question. There were two such cases in fiscal year 2024. As to the exercise of voting rights concerning cross-shareholdings, we will not unconditionally accept the proposals from the companies that we hold the shares of. Our policy is to exercise voting rights based on individual judgements whether such exercise will contribute to the increase in the corporate value of the Company.

Number of cross-shareholdings and value on the Balance Sheet (as of December 31, 2024)

	Number of cross-shareholdings	Total value on the Balance Sheet (millions of yen)
Unlisted shares	26	550
Shares other than unlisted shares	18	2,660

Number of cross-shareholdings sold and weighting as a percentage of consolidated net assets

	2019	2020	2021	2022	2023	2024
Number of cross-shareholdings sold	0	12	14	3	5	2
Percentage of consolidated net assets	6.8	3.9	4.1	3.5	3.8	6.4

Takeover defense measures

Itoki introduced takeover defense measures in 2008, and most recently, their continuation through 2026 was approved at the Ordinary General Meeting of Shareholders in 2023. However, the Company determined that steadily advancing initiatives under the medium-term management plan, achieving stable and sustainable growth, and further strengthening the corporate governance system would contribute more effectively to enhancing corporate value and securing the shared interests of shareholders. Accordingly, at the Board of Directors meeting in February 2025, a decision was made to abolish the measures before their expiration. Going forward, the Company will continue to pursue management focused on long-term value creation while enhancing reliability and transparency as a corporation.



Board of Directors

[Detailed biographies of the executives](#)

Directors

Masamichi Yamada

Representative Director and Chairperson



Jun. 2005 Director of the Company
Jun. 2007 Chairman of the Company (current)

Number of shares held 851,735
Board meeting attendance All 12 meetings

Koji Minato

President and Representative Director



Sep. 2021 Joined ITOKI CORPORATION; Senior Advisor
Mar. 2022 President of the Company (current)

Number of shares held 77,673
Board meeting attendance All 12 meetings

Junsei Shinada

Director and Managing Executive Officer
(Executive Manager of Corporate Planning
Division)



Apr. 1985 Joined the former ITOKI Co.,Ltd. ("former ITOKI")
Mar. 2023 Director and Managing Executive Officer and General Manager,
Planning Division of the Company (current)

Number of shares held 16,951
Board meeting attendance All 12 meetings

Yoshihito Yamamura

Director and Managing Executive Officer
(Executive Manager of HR Division)



Nov. 1990 Joined the former ITOKI Co.,Ltd. ("former ITOKI")
Mar. 2025 Director and Managing Executive Officer and General Manager,
HR Division of the Company (current)

Number of shares held 18,811
Board meeting attendance -

Shiro Nitanei

External Director



May 2019 Representative, Facility Design Lab (current)
Mar. 2020 External Director of the Company (current)

Number of shares held 8,000
Board meeting attendance All 12 meetings

Mariko Bando

External Director



Jul. 2016 Chancellor (Socho), Showa Women's University (current)
Mar. 2023 External Director of the Company (current)

Number of shares held 4,296
Board meeting attendance All 12 meetings

Yasuyuki Kawasaki

External Director



Apr. 2021 Representative Director and Chairman, SMBC Nikko Securities Inc.
Mar. 2025 External Director of the Company (current)

Number of shares held 0
Board meeting attendance -

Toshie Tanaka

External Director



Aug. 2023 Deputy Superintendent General, Tokyo Metropolitan Police Department
Mar. 2025 External Director of the Company (current)

Number of shares held 0
Board meeting attendance All 12 meetings

Audit & Supervisory Board members

Eiji Funahara

Full-Time Audit & Supervisory Board
member



Apr. 1982 Joined Itoki Machine Works Co., Ltd. (now ITOKI CORPORATION)
Mar. 2024 Full-time Audit & Supervisory Board Member of the Company (current)

Number of shares held 33,902
Board meeting attendance All 9 meetings

Yoshiaki Moriya

Full-Time Audit & Supervisory Board
member



Jan. 2011 Joined ITOKI CORPORATION; Executive Officer and Deputy General
Manager, Administration Division
Mar. 2025 Full-time Audit & Supervisory Board Member of the Company (current)

Number of shares held 44,203
Board meeting attendance All 12 meetings

Osamu Ishihara

External Audit & Supervisory Board
member



Apr. 1997 Partner, TMI Associates (current)
Mar. 2023 Audit & Supervisory Board member of the Company (current)

Number of shares held 2,172
Board meeting attendance All 12 meetings

Hisashi Shirahata

External Audit & Supervisory Board
member



Sep. 2006 Representative Partner (Daihyo-Shain) of PwC Arata
(currently Pricewaterhouse Coopers Arata LLC)
Mar. 2023 Audit & Supervisory Board member of the Company (current)

Number of shares held 2,420
Board meeting attendance All 12 meetings



Risk management

Priority risks

Basic approach

Itoki Group has established countermeasures for various risks that may arise in all of its business activities, and is working on risk management to minimize damage and loss in the event of an incident and prevent recurrence, while appropriately managing risks by reducing their frequency and impact.

Risk management system

Based on the Itoki Group Risk Management Basic Rules, we have established a Risk Management Committee chaired by the president to ensure the effectiveness of risk management.

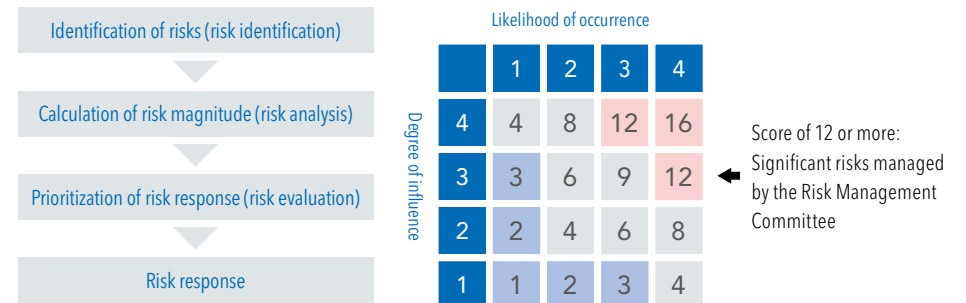
The committee works closely with the Compliance Committee and the Information Security Committee to formulate risk management policies, evaluate risks, determine countermeasure levels, and instruct the responsible departments to implement specific measures.

Progress of the Risk Management Committee's efforts is reported to the Board of Directors, providing oversight by management, including outside directors and Audit and Supervisory Board members.



business activities with the aim of reducing their likelihood and impacts through proper management. In the event that a risk does emerge, we focus on minimizing damage and preventing recurrence through risk management practices.

We identify risks by considering various factors and categorize them based on their frequency of occurrence and the degree of impact, each risk on a four-point scale. These are then multiplied to yield a score for evaluation, ranging from 1 to 16. Based on this risk assessment, we select those with the highest scores (12 points or more) as key risks to be addressed by the Risk Management Committee, thereby enhancing the effectiveness of measures for each risk.



We regularly conduct interviews with frontline divisions to gather information, while also promoting autonomous risk management activities to be established and practiced at each site, including Group companies. At the same time, we work to raise risk sensitivity and, with support from external experts, enhance the effectiveness of company-wide risk management.

Group companies are also taking measures against cyberattacks that specifically target them, undertaking other risk management initiatives and establishing reporting systems. Through these efforts, the Itoki Group as a whole is reinforcing its risk management framework.

Risk management and response

We have developed countermeasures on the assumption of various potential risks across all

Personal information protection measures

We have established a framework for the protection of personal information and we have formulated a Personal Information Policy under which we endeavor to protect information that can be used to identify individuals, including the customers and business partners with whom we have dealings.

We have been certified under Japan's PrivacyMark system since 2009 and we remain committed to maintaining and improving our information security and personal information protection management. We also train and educate our employees about personal information in an effort to further strengthen the trust of stakeholders.

Initiatives for Business Continuity (BCP)

As part of BCP covering all hazards including earthquake disasters, we revised manuals and other materials and conducted an initial BCP response drill on November 13, 2024, assuming a Nankai Trough earthquake and an epicenter earthquake directly under the Tokyo metropolitan area.

By regularly verifying the effectiveness of BCP measures and identifying issues, we are working to strengthen our business continuity capabilities.





Compliance

Basic approach

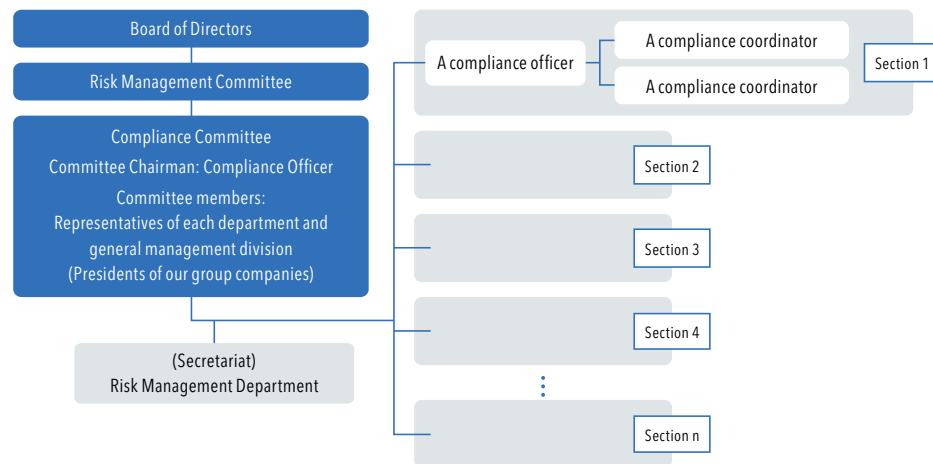
At the Itoki Group, compliance is regarded not only as observing laws, regulations and internal rules but also as the most important element for ensuring fair business operations. Under one of Itoki's corporate philosophies, namely "Adhere to correct business ethics and never fail to be diligent and hard working," we have established a compliance promotion system and are actively working to raise compliance awareness among all directors and employees of the Group.

Compliance promotion system

Group-wide framework

The Itoki Group has in place the Compliance Committee as the highest authority responsible for promoting compliance. The committee met three times in fiscal 2024 to plan and formulate group-wide measures. Specific measures are implemented and guidance is provided on the implementation by compliance officers and compliance coordinators assigned to regions, thereby promoting compliance activities in a group-wide manner.

Compliance promotion system chart



Dialogue on compliance: Special Feature Section P7

Initiatives to Strengthen Compliance

Establishment of Various Guidelines

Based on the Guidelines on Price Negotiations for the Appropriate Transfer of Labor Costs announced by the Japan Fair Trade Commission on November 29, 2023, and under the spirit of Itoki's corporate philosophy to adhere to correct business ethics, the Itoki Group has established the following five items as guidelines to steadily promote the appropriate transfer of labor costs as an ordering party:

1. We will remain conscious of ensuring the appropriateness of transaction prices with contractors.
2. We will respect publicly available materials presented as grounds for prices.
3. We will set up regular opportunities to discuss the transfer of labor costs with contractors.
4. If requested to transfer labor costs, we will respond in good faith to discussions and will not treat contractors unfavorably on the grounds that such a request was made.
5. We will appropriately prepare records of price negotiations and share them with contractors.

In addition, to ensure thorough logistics compliance, we have established the Action Guidelines on Compliance with the Antimonopoly Act and Other Laws Related to Logistics. Based on these guidelines, we are steadily promoting compliance-related initiatives.

Compliance Meetings with Overseas Group Companies

Since 2024, to raise compliance awareness at overseas Group companies, we have been holding regular compliance meetings with Tarkus Interiors Pte Ltd, a major Group company in Singapore. With advice from a Singaporean lawyer and a Japanese lawyer practicing in Singapore, these meetings aim to enhance understanding of the Itoki Group Code of Conduct.

Strengthening Harassment Prevention

To prevent harassment before it occurs, protect the dignity of employees as individuals, and avoid disruption to workplace order and business operations, in fiscal 2024, we conducted a total of 21 harassment training sessions, mainly for employees working at factories nationwide, with separate programs for general employees and managers. In addition, information is continuously shared through the intranet and other channels.

Financial and non-financial data (previous 11 years)

 For more detailed financial data, please refer to the ITOKI Performance & Financial website.

 For more detailed non-financial data, please refer to the ITOKI ESG Data Book.

RISE TO GROWTH 2026

Enhancing sustainable growth capabilities

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating results (fiscal year) (millions of yen):											
Sales	102,993	106,516	101,684	108,684	118,700	122,174	116,210	115,905	123,324	132,985	138,460
Workplace Business segment	—	—	—	—	—	—	83,032	80,561	85,945	94,257	102,261
Equipment & Public Works-Related Business segment	—	—	—	—	—	—	31,602	33,488	35,667	36,839	34,572
IT & Sharing Business segment	—	—	—	—	—	—	1,575	1,757	1,624	1,749	—
Cost of sales	66,797	68,374	65,021	69,966	77,436	80,495	74,322	74,186	77,575	80,744	83,259
Selling, general and administrative expenses	33,723	33,836	33,862	35,761	39,339	40,776	40,089	39,158	41,167	43,717	45,123
Operating income	2,472	4,306	2,800	2,956	1,925	903	1,798	2,560	4,582	8,523	10,077
Workplace Business segment	—	—	—	—	—	—	1,273	1,914	2,579	6,128	8,047
Equipment & Public Works-Related Business segment	—	—	—	—	—	—	1,225	974	1,482	1,906	1,857
IT & Sharing Business segment	—	—	—	—	—	—	(700)	(385)	449	444	—
Net income	2,160	4,530	1,907	2,402	1,725	(550)	(235)	1,166	5,294	5,905	7,183
Capital investment	2,441	2,083	2,176	1,895	6,615	3,845	4,538	3,424	6,973	3,707	6,915
Depreciation	2,624	2,389	2,534	2,316	2,329	3,168	3,431	3,181	2,828	2,641	2,744
Research and development expenses	1,432	1,759	2,337	2,403	2,453	2,612	2,467	2,344	2,286	2,719	2,509
Financial position (fiscal year-end) (millions of yen):											
Total assets	96,721	98,175	95,681	102,221	108,703	108,778	105,096	103,898	115,288	117,437	120,521
Liabilities	53,532	50,863	50,278	54,894	61,210	62,944	60,906	58,822	65,377	62,437	71,178
Total capital	43,189	47,311	45,402	47,326	47,492	45,834	44,189	45,076	49,910	54,999	49,342
Cash flows (millions of yen):											
Cash flows from operating activities	5,715	4,522	5,072	3,565	1,384	3,586	4,561	2,774	5,804	6,321	(1,000)
Cash flows from investing activities	(1,742)	(803)	(4,044)	(2,971)	(3,094)	(3,221)	(1,152)	(1,170)	4,923	(4,012)	(7,107)
Cash flows from financing activities	(2,179)	(3,807)	(2,571)	(706)	(2,463)	0	(2,267)	(2,658)	(1,426)	(4,148)	5,905
Cash and equivalents at end-term	19,918	20,103	18,483	18,571	14,540	15,494	16,697	15,797	25,420	23,664	21,494
Information per share (yen):											
Net income	42.86	91.61	40.15	52.74	37.84	(12.08)	(5.18)	25.82	116.99	130.29	147.02
Cash dividends	13.0	13.0	13.0	13.0	13.0	13.0	13.0	15.0	37.0	42.0	55
Equity attributable to owners of the parent	825.78	953.51	986.85	1,028.87	1,027.45	995.80	969.43	992.89	1,100.33	1,210.96	1,001.13
Financial indicators:											
Operating income to sales ratio (%)	2.4	4.0	2.8	2.7	1.6	0.7	1.5	2.2	3.7	6.4	7.3
ROE (ratio of net income to equity attributable to owners of the parent) (%)	5.2	10.4	4.2	5.2	3.7	(1.2)	(0.5)	2.6	11.1	11.3	13.8
ROA (ratio of income before taxes to total assets) (%)	2.9	4.7	3.2	3.3	2.2	0.9	1.8	2.3	3.8	7.4	8.4
Total asset turnover ratio (multiple)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2
Equity ratio (%)	43.0	46.5	47.0	45.7	43.1	41.7	41.6	43.2	43.2	46.8	40.9
ROIC (%)	—	—	—	—	—	0.7	1.3	1.9	3.2	5.7	9.1
Business segment ROA: Workplace Business (%)	—	—	—	—	—	1.5	2.2	3.3	4.5	10.8	12.2
Business segment ROA: Equipment & Public Works-related Business (%)	—	—	—	—	—	1.2	5.3	4.0	5.5	6.1	6.9
ESG indicators:											
Number of employees	3,225	3,333	3,349	3,910	4,102	4,151	4,062	3,973	3,793	3,892	3,957
Engagement score	—	—	—	—	—	40.4	—	56.2	63.6	74.7	82.5
Number of directors	6	6	6	6	6	4	6	7	7	8	8
Labor accident frequency rate	0.00	0.00	1.38	0.00	1.30	1.33	4.49	1.61	3.47	0.00	0.00
CO ₂ emissions* ¹ (t-CO ₂)	—	—	—	—	—	253,440	231,673	227,946	269,529	242,324	296,838

Driven by strong performance in renovation projects and office relocations tailored to new hybrid work styles in the mainstay Workplace Business, our sales increased year on year by 5.475 billion yen (4.1%) to a record-high 138.46 billion yen.

The impact of higher sales in the mainstay Workplace Business and profit margin improvements from greater value provided drove operating income to a record high of ¥10.077 billion, up ¥1.554 billion (+18.2%) year on year.

Net income reached an all time high, reflecting sales and profit growth in the Workplace Business.

The initial dividend forecast of 52 yen was raised by 3 yen on August 5, resulting in a dividend of 55 yen and a payout ratio of 37.4%.

*1 Since the commencement of CO₂ emission calculations in 2013, we have expanded the conditions for calculations in order to more accurately understand our emission levels. Due to the difficulty in comparing data across different years, we have only listed emissions from 2019 onwards. For more detailed data, please refer to our ESG Data Book.



Financial data (quarterly basis)

Since most of our core Workplace Business customers settle their accounts at the end of March, our sales for the first quarter (January to March) tend to be higher.

(Unit: millions of yen)

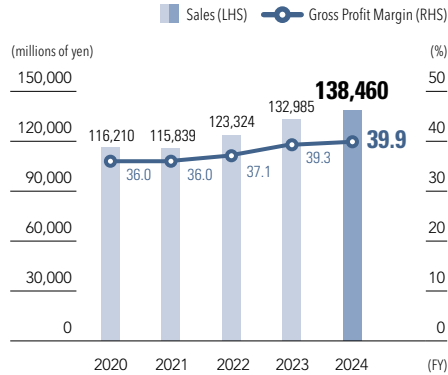
	2022/12				2023/12				2024/12			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Statement of income												
Sales	35,345	28,411	26,205	33,363	36,965	31,225	28,667	36,128	40,918	31,592	29,613	36,337
Year-on-year change (%)	9.9	(3.6)	16.9	4.7	4.6	9.9	9.4	8.3	10.7	1.2	3.3	0.6
Quarterly composition ratio (%)	28.7	23.0	21.2	27.1	27.8	23.5	21.6	27.2	29.6	22.8	21.4	26.2
Cost of sales	21,482	18,030	16,679	21,384	22,216	18,953	17,483	22,090	24,545	19,888	17,644	21,182
Gross profit	13,862	10,381	9,527	11,979	14,748	12,271	11,184	14,037	16,372	11,705	11,969	15,154
Selling, general and administrative expenses	9,898	9,973	9,812	11,484	9,970	10,047	11,006	12,694	10,333	10,878	11,029	12,883
Operating income	3,964	407	(285)	496	4,777	2,225	177	1,344	6,039	827	940	2,271
Operating income to sales ratio (%)	11.2	1.4	(1.1)	1.5	12.9	7.1	0.6	3.7	14.8	2.6	3.2	6.2
Quarterly composition ratio (%)	86.5	8.9	(6.2)	10.8	56.0	26.1	2.1	15.8	59.9	8.2	9.3	22.5
Non-operating income	125	164	171	96	125	114	141	101	78	228	190	128
Non-operating expenses	115	130	177	539	79	68	52	249	102	233	157	206
Ordinary income	3,974	442	(291)	52	4,824	2,271	265	1,195	6,015	822	972	2,195
Extraordinary income	786	139	118	6,762	1	15	120	50	0	1,100	74	4
Extraordinary losses	44	64	38	3,465	21	10	24	308	10	592	12	497
Quarterly profit before taxes, etc.	4,716	516	(211)	3,351	4,804	2,275	363	936	6,006	1,328	1,035	1,702
Total corporate income taxes, etc.	1,381	247	(21)	1,584	1,506	865	160	(60)	1,901	344	309	294
Quarterly profit attributable to owners of the parent	3,388	288	(159)	1,777	3,296	1,412	202	997	4,101	985	714	1,383
Profit ratio (%)	9.6	1.0	(0.6)	5.3	8.9	4.5	0.7	2.8	10.0	3.1	2.4	3.8
Balance sheet												
Current assets	69,458	64,096	59,873	71,027	72,230	68,755	68,040	73,304	81,922	74,416	73,625	70,624
Cash and deposits	19,196	20,073	17,138	26,876	20,808	24,688	23,192	24,795	24,751	28,513	30,536	22,482
Notes and accounts receivable- trade	—	—	—	—	—	—	—	—	—	—	—	—
Notes and accounts receivable- trade and contract assets	35,205	28,234	24,111	29,316	34,519	28,377	26,948	31,158	37,599	27,140	23,505	29,277
Non-current assets	46,647	47,395	48,126	44,260	43,611	42,918	43,533	44,132	45,537	46,284	47,310	49,896
Property, plant, and equipment	25,105	26,042	26,932	24,978	24,689	24,952	24,730	24,792	24,735	24,744	24,712	26,130
Intangible assets	4,128	4,168	4,145	1,819	1,837	1,884	2,161	2,292	3,355	3,872	4,675	5,111
Investment and other assets	17,413	17,184	17,048	17,462	17,084	16,080	16,641	17,048	17,446	17,668	17,922	18,654
Total assets	116,105	111,492	108,000	115,288	115,841	111,693	111,573	117,437	127,459	120,701	120,935	120,521
Current liabilities	51,837	47,138	43,655	49,099	47,854	42,547	42,010	47,340	69,174	60,816	55,507	55,426
Short-term borrowings	15,014	11,976	11,738	11,239	10,874	10,299	10,383	10,276	34,885	37,939	34,321	30,272
Non-current liabilities	16,334	16,020	16,178	16,278	16,238	15,727	15,724	15,096	12,424	12,772	17,802	15,752
Long-term borrowings	7,427	7,174	7,266	7,530	7,453	7,062	6,959	6,577	3,160	3,015	7,969	6,505
Total liabilities	68,172	63,158	59,833	65,377	64,092	58,275	57,734	62,437	81,598	73,589	73,309	71,178
Total net assets	47,933	48,333	48,166	49,910	51,748	53,418	53,839	54,999	45,860	47,111	47,626	49,342
Shareholders' equity	47,249	47,567	47,408	49,185	50,806	52,267	52,469	53,465	43,877	45,059	45,772	47,155
Total liabilities and net assets	116,105	111,492	108,000	115,288	115,841	111,693	111,573	117,437	127,459	120,701	120,935	120,521



Financial highlights (fiscal year ending December 31, 2024)

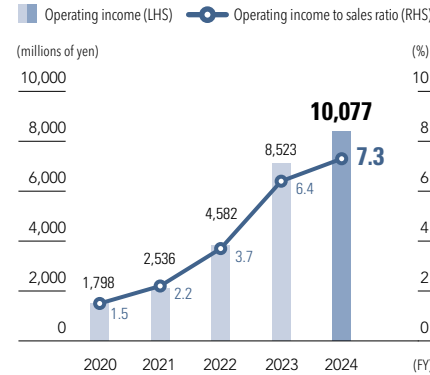
Earnings

Sales/Gross profit margin



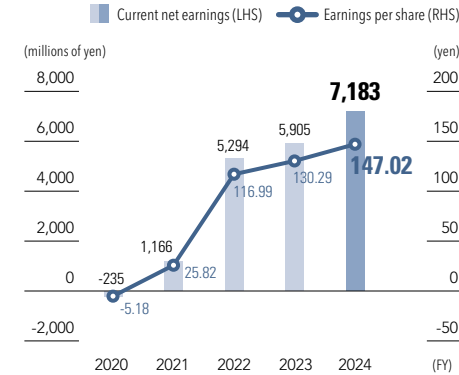
The workplace business performed strongly, resulting in record-high net sales. Additionally, there was a focus on improving the gross profit margin, which increased to 39.9%.

Operating income/ Operating income to sales ratio



The workplace business performed strongly, leading to record-high operating profit.

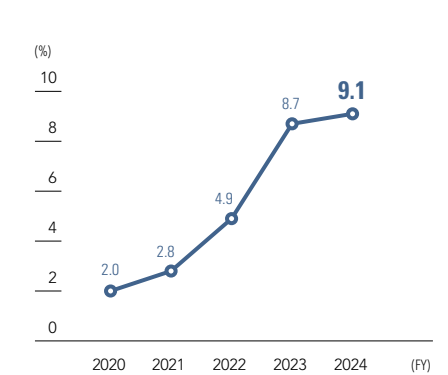
Profit attributable to owners of parent/ Earnings per share



The strong performance of the workplace business resulted in record-high net income and earnings per share.

Profitability/Efficiency indicators

ROIC

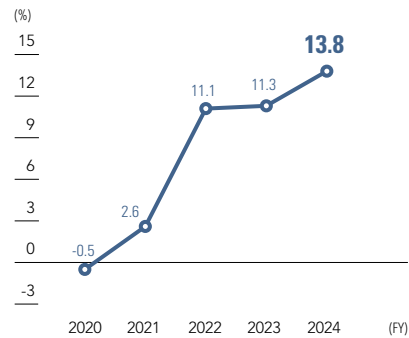


Improvements in profitability led to a better ROIC.

* The calculation method has been revised, and figures for past years have been restated.

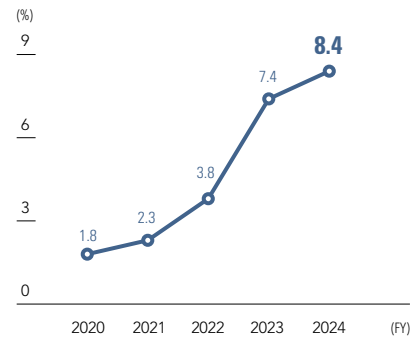
Profitability/Efficiency indicators

ROE



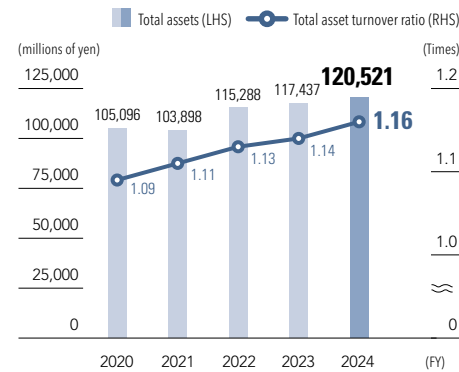
Due to improved profitability, ROE surpassed the previous year's figure, reaching 13.8% in 2024.

ROA



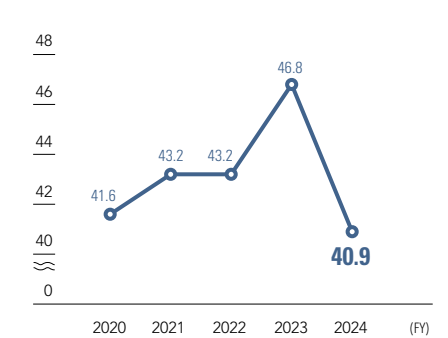
Enhanced profitability and asset efficiency led to an ROA of 8.4% in 2024, exceeding the previous year's figure.

Total assets/Total asset turnover ratio



The rise in intangible fixed assets associated with ERP development led to a rise in total assets.

Equity ratio



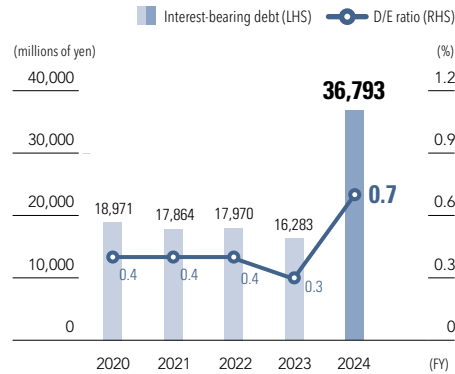
As a result of a share buyback, the equity ratio was 40.9%.



Financial highlights (fiscal year ending December 31, 2024)

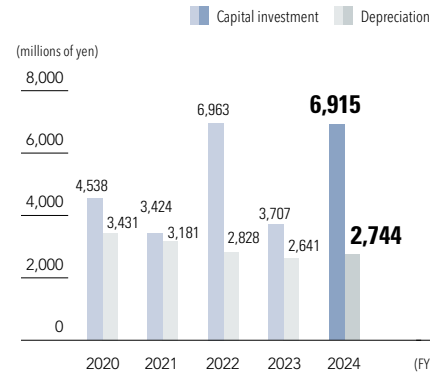
Growth investment

Interest-bearing debt/D/E ratio



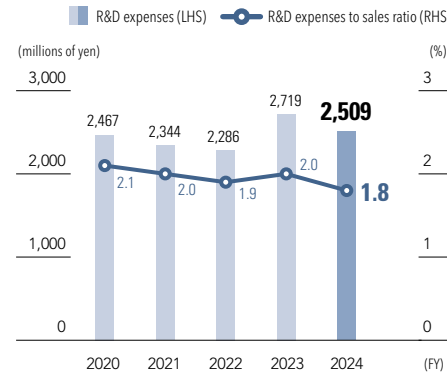
Interest-bearing debt increased from the previous year due to higher borrowings associated with the share buyback.

Capital investment/Depreciation



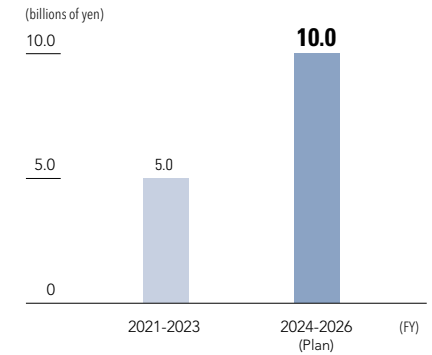
Investments were made primarily in renovating sales offices, installing new machinery for improved production efficiency, and in various forms of system infrastructure.

R&D expenses/ R&D expenses to sales ratio



The Company developed new products, solutions, and advanced technologies to address changing office values and emerging challenges, mainly in the Workplace Business.

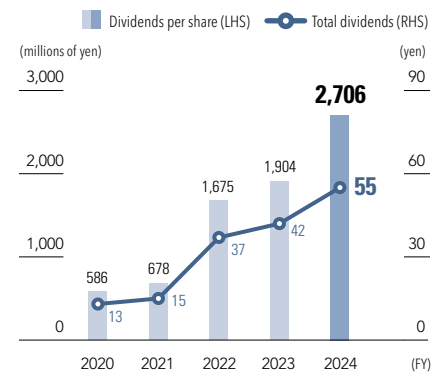
Engagement investment



Compared to the previous medium-term management plan period, the current medium-term management plan aims to double investment in human capital, including engagement.

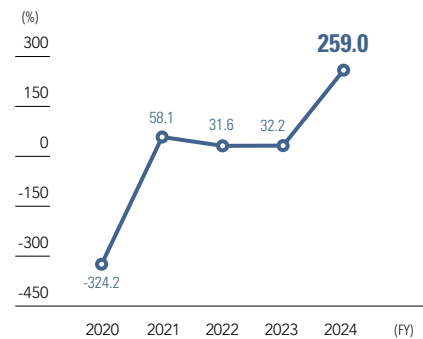
Shareholder returns

Dividends per share/Total dividends



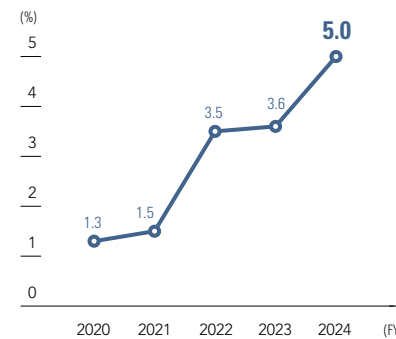
The dividend per share for 2024 was increased by 3 yen from the initial forecast of 52 yen, resulting in 55 yen per share.

Share buyback total return ratio



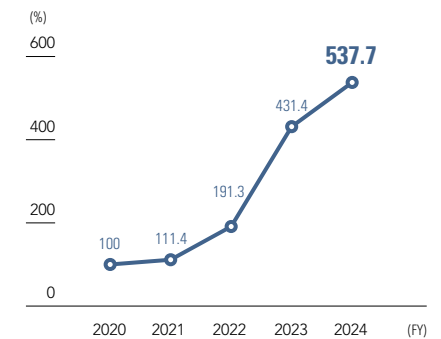
The dividend payout ratio was 37.4% compared with the 40% target set forth in the medium-term management plan, and combined with the share buyback, rose to 259.0%.

DOE



Since 2022, significant improvement in profitability has driven an increase, reaching 5% in 2024.

TSR



The practice of "management conscious of capital costs and stock prices" led to significant revenue growth, resulting in a substantial increase in TSR.

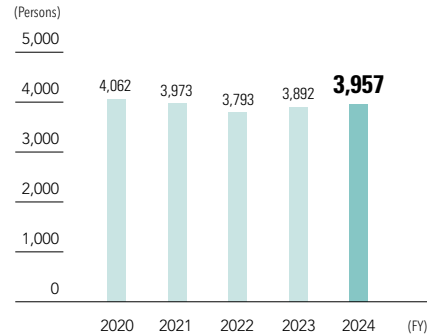


Non-financial highlights (fiscal year ending December 31, 2024)

[Scope] • Employee status (excluding consolidated employees), Labor safety: Itoki (standalone)
 • Consolidated employees, Intellectual property: Itoki and group consolidated subsidiaries
 • Environment: Itoki (standalone), 13 domestic group companies, 2 overseas group companies

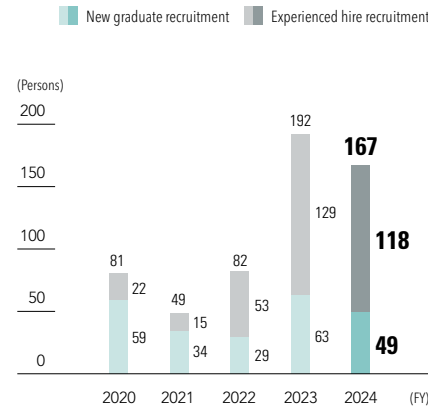
Employee status

Number of consolidated employees



In FY2024, the number of employees increased from the previous year to 3,957. Appropriate staffing aligned with business plans is underway, and efforts to continuously strengthen the human resources base are underway.

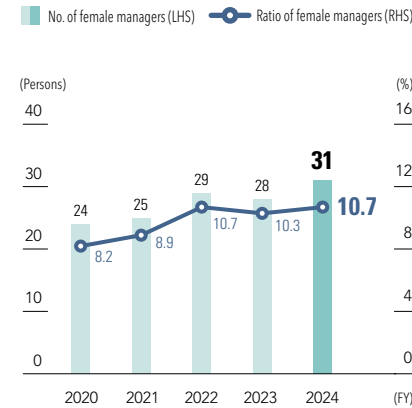
Recruitment performance



In FY2024, the Company hired 49 new graduates and 118 mid-career employees. Efforts are actively underway to secure diverse human resources, including the use of internship programs and the recruitment of global talent.

▶ Initiatives: P41-42

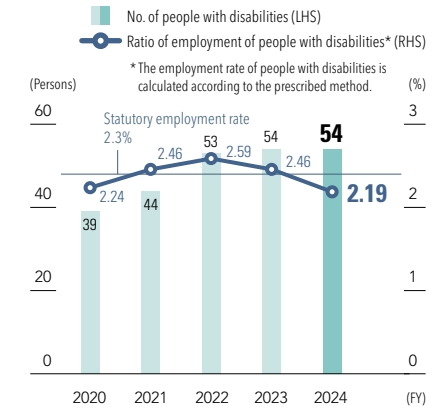
Female managers



The ratio of female managers rose to 10.7% from the previous year. Activities such as those of the SPLI community to promote women's participation are producing results, steadily expanding opportunities for women.

▶ Initiatives: P39

Employment of people with disabilities



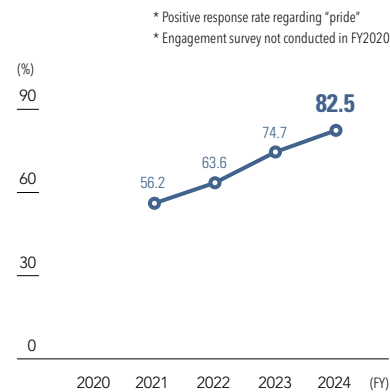
The employment rate of people with disabilities was 2.19% in FY2024. In addition to promoting the employment of people with disabilities, the Company is fostering an inclusive work environment through internal activities that encourage understanding among employees.

▶ Initiatives: P44

Average age/ Average years of employment

Average age	Employee Type	Male	Female
		42 years and 7 months	37 years and 9 months
Average years of employment	Employee Type	Male	Female
		13 years and 9 months	10 years and 7 months
Average years of employment	Employee Type	Male	Female
		23 years and 9 months	14 years and 7 months

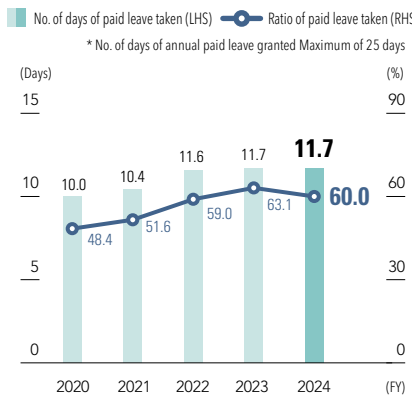
Employee engagement key indicator scores



In FY2024, the rate reached a record high of 82.5%. Continuous initiatives and analysis are enhancing employees' pride and sense of fulfillment in their work.

▶ Initiatives: P38

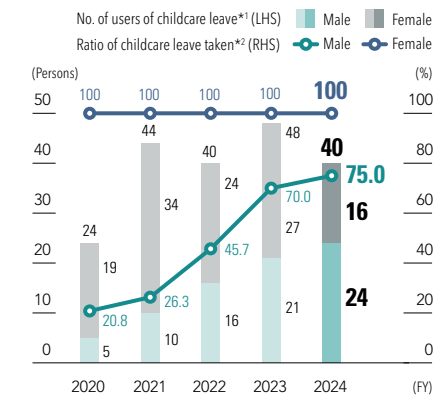
Paid leave taken



The acquisition rate was 60.0%, and the average number of days taken was 11.7, both on par with the previous year. As part of work style reforms, the Company is continuing efforts to promote the use of paid leave.

▶ Initiatives: P45

Childcare leave utilization



The utilization rate for women remained at 100%, while the rate for men reached a record high of 75%. Subsidy programs and efforts to raise awareness among managers are contributing to higher acquisition rates.

▶ Initiatives: P44 ▶ Number of childcare leave days

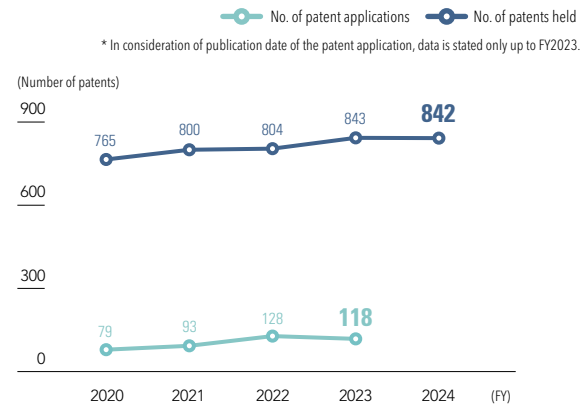
*1 The number of employees who took childcare leave indicates those who started their leave within each year.
 *2 The childcare leave utilization rate indicates the percentage of employees who took childcare leave among those who had a child within each year.



Non-financial highlights (fiscal year ending December 31, 2024)

Intellectual property

Number of patent applications*/Number of patents held

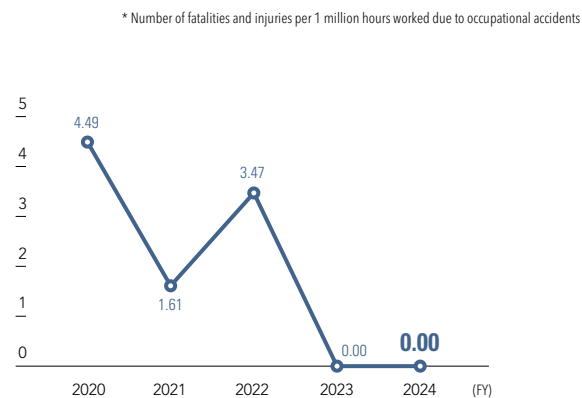


The number of patent applications in FY2023 was 118, and the number of patents held reached 842 as of the end of 2024. The Company is also actively pursuing interior design registrations, working to strengthen intellectual property.

▶ Initiatives: P47-49

Labor safety

Labor accident frequency rate*

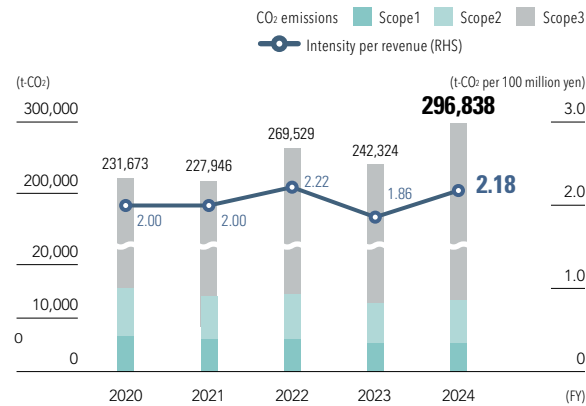


In FY2024, the frequency rate remained at 0.00 for the second consecutive year. Initiatives such as safety inspections and continuous measures are steadily producing results.

▶ Initiatives: P64

Environment

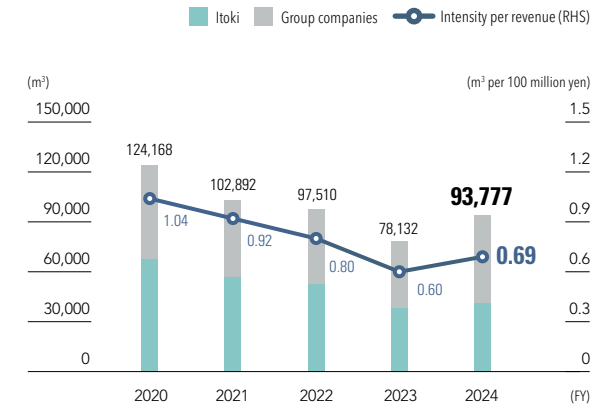
CO₂ emissions



In FY2024, CO₂ emissions increased by 54,514 tons due to higher sales. The sales intensity increased by 0.32 t-CO₂ per million yen, both compared with FY2023.

▶ CO₂ emissions

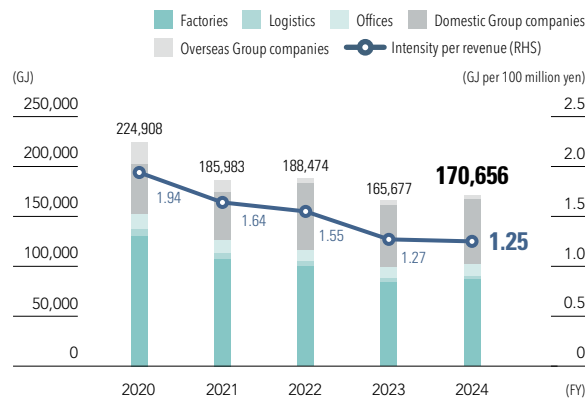
Water withdrawal



In FY2024, water withdrawal increased by 15,645 m³ due to higher production. The sales intensity increased by 0.09 m³ per million yen, both compared with FY2023.

▶ Water withdrawal

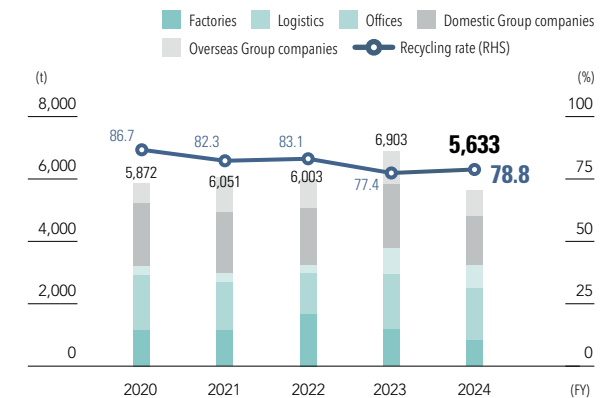
Total energy input



In FY2024, although reductions were pursued through the introduction of renewable energy, energy consumption increased by 3.0% due to higher production. Meanwhile, the sales intensity decreased by 0.02 GJ per million yen, both compared with FY2023.

▶ Total energy input

Amount of waste generated/Recycling rate



In FY2024, waste decreased by 4% compared with FY2023, due to measures such as converting waste into valuable resources at logistics centers and reusing furniture collected from clients.

▶ Amount of waste generated/Recycling rate



External recognition

IR/ESG-related awards and recognition in Japan

Diversity

Recognized as Highest rank of Best Workplace, for the third year in a row at the 2024 D&I Awards



December 2024

Received Gold rating and Rainbow Certification in the Pride Index 2024



November 2024

Three "Eruboshi" stars as an outstanding corporation in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace



Since August 2022

Acquisition of 2022 revised "Kurumin" mark from the Ministry of Health, Labour and Welfare in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children



Recognized the first time in December 2020 and again (under the revised system) in November 2022

Risk management

Resilience Certification for business continuity and contributing to society



December 2022

Health management

Selected in the 2025 Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category) Recognition Program (White 500)
First in the industry to be certified for 9 consecutive years



March 2025

Selected as a 2024 "Sports Promotion Company" by the Tokyo Metropolitan Government for the fourth time



March 2025

Certified by the Japan Sports Agency's Sports Yell Company program in 2025
Silver certified after 8 consecutive years of certification



January 2025

Received the highest possible 'S' rank in CASBEE-Smart Wellness Office



January 2022

DX

Certified as a DX-Certified Company by the Ministry of Economy, Trade and Industry



August 2024

IR

Received the Semi-Grand Prix at the 4th Nikkei Integrated Report Awards



March 2025

Received the Special Award (Judges' Special Award) at the WICI Japan Integrated Report Award 2024



December 2024

Selected as an Excellent Integrated Report by the asset managers of the Government Pension Investment Fund (GPIF)

March 2025

Product-related awards

April 2025

Received Red Dot Design Award 2025

- ADDCELL Hexa
- Hoteling Label
- Refelt
- Centra



reddot winner 2025

March 2025

Winner of iF Design Award 2025

- vertebra03 WOOD
- Hoteling Label
- Orgatec Tokyo ITOKI Booth



November 2024

Received Encouragement Award in Wood Design Award 2024

- vertebra03 WOOD



Received Wood Design Award 2024

- X-Innovation Center

JAPAN WOOD DESIGN AWARD 2024

October 2024

2024 Good Design Award

Received the Good Design Best 100 Award

- vertebra03 WOOD
- hako

Winner of 2024 Good Design Award

- Feels
- common furniture Partition
- sound sofa
- Workers Trail Hoteling Label
- ITOKI TOKYO XORK 13F



Corporate data

Stock price (relative stock price assuming that the price at the end of December of 2020 was 100)



TSR (total shareholder return)

Holding period	One year	Two years	Three years	Four years
Itoki	111.4%	191.3%	431.4%	537.7%
Furniture industry	85.3%	81.2%	85.1%	82.7%
TOPIX	110.4%	104.8%	131.1%	154.3%

Stock information (current as of December 31, 2024)

Total number of authorized shares

149,830,000

Total number of issued shares

53,382,850

(treasury shares: 4,178,718)

Number of shareholders

9,185

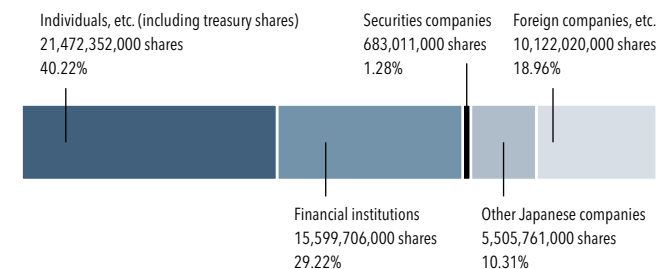
Number of shares per unit

100

Credit Rating

Rating agency name	Rating	Rating outlook
Rating and Investment Information, Inc. (R&I)	A-	Stable

Shareholder breakdown



Situation of major shareholders

Shareholder name	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	5,979	12.15
Custody Bank of Japan, Ltd. (trust account)	3,467	7.04
Nippon Life Insurance Company (NISSAY)	2,225	4.52
Assist Co., Ltd.	1,609	3.27
Itoki Employee Stock Ownership Association	1,456	2.96
GOLDMAN, SACHS & CO. REG	1,293	2.62
Mizuho Bank, Ltd.	1,121	2.27
Sumitomo Mitsui Banking Corporation	1,069	2.17
GOLDMAN SACHS INTERNATIONAL	891	1.81
Masamichi Yamada	851	1.73

(Notes) 1. Small fractions are not shown in the above figures, including cases where there are fewer than 1,000 remaining shares held as well as shareholder ratio decimal values beyond the second decimal place.

2. Our company has 4,178,718 treasury shares.

3. The shareholding ratio was calculated after deducting treasury shares (4,178,718).



Corporate data

Company overview (current as of December 31, 2024)

Company name	ITOKI CORPORATION
Founded on	December 1, 1890
Established on	April 20, 1950
Share capital	7,351 million yen
Number of Group employees	3,957
Headquarters	103-6113 2-5-1, Nihonbashi, Chuo-ku, Tokyo, Japan Tel. 03-6910-3950 <small>* If you have any questions about our products or would like an estimate, etc., please contact our customer consultation center (0120-164177).</small>
Website	https://www.itoki-global.com/

Information disclosure system

Itoki discloses information to its wide range of stakeholders by using multiple types of media.



Editorial policy

This Itoki Integrated Report 2025 provides a comprehensive overview of the Itoki Group's corporate value and what the Group aims to achieve over the medium-to-long term from a financial and non-financial point of view. In producing this report, we made sure the overall picture of the Itoki Group's value creation process could be easily digested by longer-term investors and shareholders. Detailed information about our ESG initiatives can be found on our website.

Reporting scope

Main target audience: All stakeholders centering on shareholders and investors
 Report coverage: Itoki Corporation, consolidated subsidiaries, and some subsidiary companies
 Reporting period: Fiscal year 2024 (January 1 to December 31, 2024)
*Information about some activities before and after this period are also included.

Time of publication: July 2025

*Information linked to in this report is subject to deletion without notice.

*For detailed ESG data, please refer to our separate ESG Data Book 2025.

<https://www.itoki.jp/company/sustainability/assets/pdf/esgdata2025.pdf>

Main guidelines referenced



International Integrated Reporting Framework (IFRS Foundation)
 Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry)
 Final Report of the Task Force on Climate-related Financial Disclosures (TCFD)
 GRI Standards
 Environmental Reporting Guidelines 2018 (Ministry of the Environment)

Forward-looking statements

The information presented in this report contains projections about the future and future forecasts based on the Itoki Group's plans. They reflect our assessments based on information available at the time of publication and involve risks, uncertainties, and other factors that may cause actual results and earnings to differ from those stated herein.

The Story Behind the Cover

From the Designer



Mizuki Morita, Work Style Design Unit

The continuous line drawing of people represents the collaboration of professionals across ITOKI's departments as they work together to create workspaces, environments, and places for our clients. Through photographs of our head office, the cover also reflects our passion and commitment to design.

Selected Projects

- 2021 Koshigaya City Hall
– new main building and relocation support
- 2022 Saiseikai Kazo Hospital (Saitama Prefecture)
– new construction
- 2023 Major medical center – New construction
- 2024 NAA Retailing Corporation
– Office relocation
- 2024 Major chemical manufacturer R&D facility
– New construction





Publication of the 2025 Integrated Report

This report is designed to provide stakeholders with a comprehensive view of ITOKI's value creation and to encourage deeper understanding and constructive dialogue. In today's fast-changing business environment, we continue to pursue both the resolution of social issues and sustainable growth by harnessing the expertise and creativity of each employee—guided by our philosophy of "Tech × Design based on PEOPLE." We have aimed to communicate our business activities, governance structure, and both financial and non-financial initiatives with sincerity and consistency. Prepared under the leadership of the IR/SR Department within the Corporate Communications Division, the report draws on the cooperation of departments across the company and references the International <IR> Framework by the Value Reporting Foundation as well as the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation. I hereby confirm that both the preparation process and the contents of this report are valid. We remain committed to fulfilling our responsibility for accountability and transparency through the continued disclosure of reliable information.

Saeko Kawashima

Senior General Manager
Corporate Communications Unit

Editor's note

Thank you for reading Itoki's 2025 Integrated Report. This year marks the second year of our medium-term management plan, "RISE TO GROWTH 2026." We have identified four priority areas (Digital, Design, Group, and Compliance) with a particular emphasis on "Design." Reflecting this focus, this report is structured in two parts: a special feature edition and the main report. We hope this gives you a more tangible sense of the ITOKI Group's collective efforts to adapt to changes in both our business and organizational structures. Looking ahead, we will continue to engage in dialogue with stakeholders and ensure transparent, timely information disclosure through our IR and sustainability initiatives, all while working to enhance long-term corporate value.



Saeko Kawashima

Senior General Manager
Corporate Communications Unit

Mitsuru Koba

General Manager, IR/SR Department
Corporate Communications Unit

Takuya Yamazaki, Tomohiko Matsuda, Yuki Maeda

IR Section
IR/SR Department

Chie Kanesaki

SR Section
IR/SR Department

Minako Suzuki

General Manager, Corporate Planning Department
Corporate Planning Unit

Shingo Naito, Naoki Aida, Katsuhiro Takuwa, Masako Uehara

Sustainability Promotion Section
Corporate Planning Department

Rie Aoki

Corporate Planning Section
Corporate Planning Department



We Design Tomorrow. We Design WORK-Style.

ITOKI CORPORATION

<https://www.itoki-global.com/>