

Itoki (TYO: 7972)

Sales and profits reached record highs, transforming the company into a profitable structure. The company is now in the phase of becoming highly profitable.

◇**Summary of FY12/2023 4Q Financial Results: Establishment of a profitable structure. Recorded the highest profit ever and increased dividend.**

Itoki's FY12/2023 4Q results (full year) showed sales of 132.9 billion yen (+8% YoY) and operating profit of 8.5 billion yen (+86% YoY), with sales, operating profit, recurring profit, and net income all hitting new record highs (since 2005). In the final year of the mid-term plan, the company completed the "To develop an earning structure."

The company steadily accumulated sales from renewal projects and office relocations while significantly improving profit margins through enhanced customer value. As a result, profits exceeded the company's forecast despite increased SG&A expenses due to strategic spending. The year-end dividend for FY12/2023 was 42 yen (up 5 yen YoY).

The business alliance with Advantage Advisors was also terminated.

◇**Announced new medium-term management plan: Moving into the "Profitability enhancement phase."**

The new medium-term management plan "RISE TO GROWTH 2006" for 2024-2026 has been announced. It is positioned as a "Profitability enhancement phase" to enhance sustainable growth. The plan envisions an increasing focus on improving productivity in offices and other workplaces and advancing DX in offices and IoT in office equipment. It aims to maximize business value by supporting customers' productivity reforms on a consolidated basis and combining sales of products with sales of services. Specifically, it consists of the 7 Flags and ESG strategy based on the "Tech x Design based on PEOPLE" concept.

The financial targets for 2026 are sales of 150 billion yen, operating profit of 14 billion yen, operating profit margin of 9%, and ROE of 15%. The company aims to maximize shareholder value and improve PBR by reducing the cost of capital and achieving an ROE that exceeds the assumed 9-10% cost of capital, which more than meets current stock market expectations.

◇**FY12/2024 company forecast: Continued increase in sales and operating profit; operating profit margin to rise further.**

Sales are projected at 137.5 billion yen (+3% YoY), operating profit at 10 billion yen (+17% YoY), recurring profit at 10 billion yen (+17% YoY), and net income at 7 billion yen (+19% YoY). In addition to the increase in sales, the operating profit margin is expected to improve further.

◇**Stock price trend:**

Immediately after these results were announced, the share price soared, briefly reaching 2,200 yen, and has since adjusted. However, the share price did not fall below the level just before the result announcement and is currently in the 1,500 yen range.

4Q results update

Other Products

As of March 15, 2024

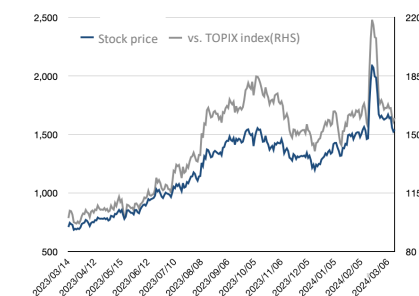
Share price (3/13)

1,542 Yen

52weeks high/low	¥2,200/671
Avg Vol (3 month)	549 thou shrs
Market Cap	¥75.71 bn
Enterprise Value	¥67.77 bn
PER (24/12 CE)	10.7 X
PBR (23/12 act)	1.27 X
Dividend Yield (24/12 CE)	3.37 %
ROE (TTM)	11.3 %
Operating margin (TTM)	6.4 %
Beta (5Y Monthly)	1.37
Shares Outstanding	49.100 mn shrs
Listed market	TSE Prime section

*Note: Based on recent financial results, excluding stock prices

Share price performance



% of	1mo.	3mo.	12mo.
Share prices	5.5%	25.5%	117.5%
Relative share price	1.9%	10.0%	59.9%

Points of interest

An office furniture manufacturer that designs tomorrow's "work." Established in 1890. In addition to office furniture manufacturing, the company is also involved in architecture and interior design. The company advocates office DX and Office 3.0 and aims to add high value to its products.

This report (Company note) has been prepared at the request of Itoki Corporation. For details, please refer to the Disclaimer on the last page.

JPY, mn, %	Net sales	YoY %	Oper. profit	YoY %	Ord. profit	YoY %	Profit ATOP	YoY %	EPS (¥)	DPS (¥)
2020/12	116,210	-4.9	1,798	99.1	1,881	99.0	-235	-	-5.18	13.00
2021/12	115,839	-0.3	2,536	41.0	2,437	29.5	1,166	-	25.82	15.00
2022/12	123,324	6.4	4,582	79.0	4,177	71.4	5,294	353.9	116.99	37.00
2023/12	132,985	7.8	8,523	86.0	8,555	104.8	5,905	11.5	130.29	42.00
2024/12 (CE)	137,500	3.4	10,000	17.3	10,000	16.9	7,000	18.5	144.12	52.00

◆ **Summary of FY12/2023 4Q Financial Results: Establishment of a profitable structure. Highest profit and dividend increase.**

In FY12/2023, Itoki posted sales of 132.9 billion yen (+8% YoY) and an operating profit of 8.5 billion yen (+86% YoY), with sales, operating profit, recurring profit, and net income all hitting record highs.

While steadily building up sales from renewal projects and office relocations, the company significantly improved its profit margin through enhanced customer value. As a result, profits exceeded the company's forecasts despite increased SG&A expenses due to strategic spending.

By segment, the Workplace-related business and the Equipment / Public business-related business each posted increased revenue and operating profit, and operating profit margins improved. The results were flawless.

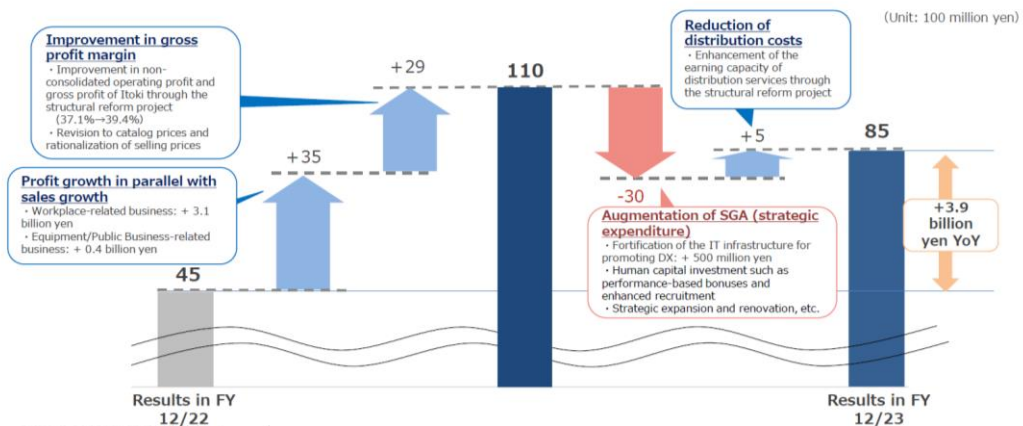
In addition, the company increased its year-end dividend by 5 yen YoY to 42 yen for FY12/2023, reflecting its strong earnings.

As indicated by the strong performance of the peers in the industry, the industry environment is favorable, benefiting from the tailwind. In particular, the company's operating profit margin has quickly risen to the 6% range, a level not seen in the past ten years. The company should be commended for its progress in strengthening its structure under President Minato's leadership. It can be said that the company has completed the "To develop an earning structure" in the final year of its mid-term plan.

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



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



Performance of Each Segment



Workplace-related business

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

Equipment/public business-related business

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

Jan. 1 - Dec. 31, 2023

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

Source: Omega Investment from company materials

◇ **The previous medium-term management plan was achieved:**

In FY12/2023, the company delivered results on target vis-a-vis the previous medium-term plan, with sales largely in line with expectations and operating profit, operating profit margin, and ROE exceeding targets (see graphs below). The company's internal factors, mainly at the parent company, such as a shift from equality to fairness in personnel evaluations to empower employees, a thorough focus on profitability, and enhanced proposal capabilities for office design, etc., are thought to have had a multilayered effect.

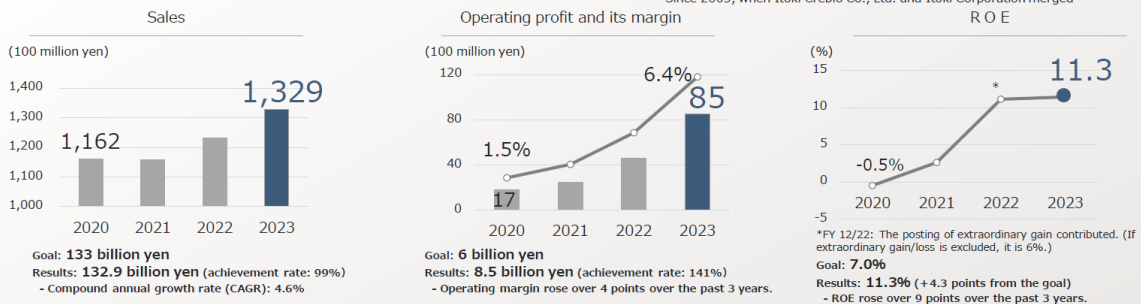
Two points are particularly noteworthy in these results. The first is that employees are more proud of the company than before, which is a positive result of employee engagement, and the second is that ROE has improved to 11.3%, which has led to an increase in the share price and a PBR over 1x.

The company's "To develop an earning structure" has not only improved financial figures but has also been positively received by employees, and this overall strengthening of the company's structure is likely to have improved investors' evaluation of the company.

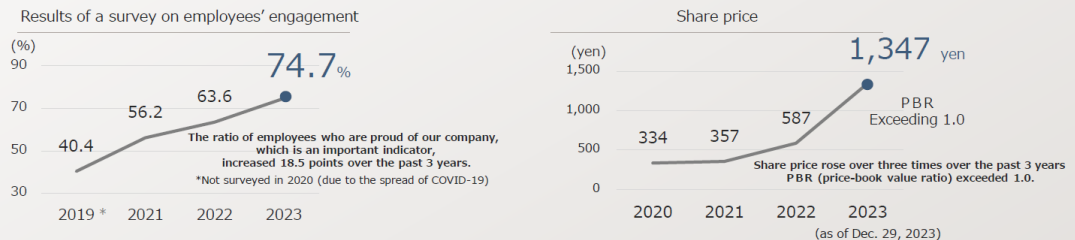
Detailed review of the previous Medium-term Plan

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

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



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



Source: Omega Investment from company materials



◇ End of business alliance with Advantage Advisors Co.,Ltd.:

According to the company's timely disclosure on February 13, 20, and 21, 2024, the stock acquisition rights issued to Advantage Advisors (AA, after this) were exercised in full on these dates, resulting in the issuance of 11.7 million shares of common stock, and 4.07 billion yen was paid to the company as compensation for this issuance. On February 21, the company repurchased 7.965 million shares for 15.9 billion yen. According to the February 28 large volume shareholding report, AA completed the sale of all of the company's shares acquired in the transaction.

The key points are as follows. This is a minor concern from a medium- to long-term perspective.

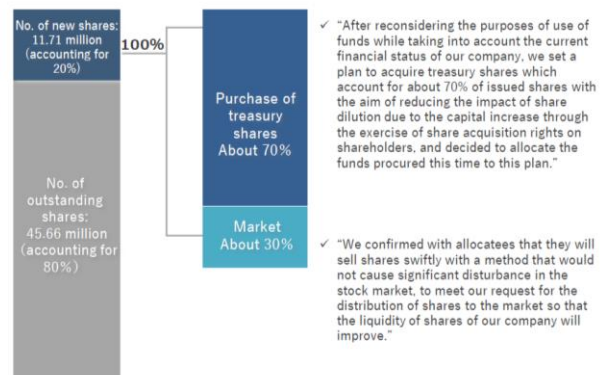
- Increase in the number of shares outstanding: The number of shares outstanding at the end of December 2023 was 45.3 million after deducting treasury stock, and after this series of transactions, the number of shares outstanding after deducting treasury stock will be 49.1 million. This represents an increase of approximately 8% in the number of shares, which is a reasonable level of dilution. Considering future earnings growth and an increase in the dividend payout ratio, this increase should be acceptable to many shareholders.
- Financial burden: Although the company spent approximately 12 billion yen, it has a net cash position of approximately 8 billion yen as of December 2023. Given the company's remarkable improvement in profitability, there should be no problems in terms of debt financing, including borrowings and interest rates.
- Disposal of treasury stock: About half of the 4 million shares acquired this time were cancelled (March 8, 2024).
- What happened to the company's shares held by a company associated with Advantage Advisors after the transactions?: Itoki has confirmed that the AA-associated company intends to sell the approximately 3.8 million shares it holds after the transactions in a manner that will not cause significant disruption to the stock market. While this will be a negative factor in stock supply and demand until the sale is completed, the resulting diversification of shareholder composition and increased liquidity of shares is expected to be favorable from a medium- to long-term perspective.
- Impact of the termination of the business alliance: Based on the company's financial results and the message from management, it appears that the company has implanted in itself the ability to build a profitable structure, so the direct negative impact of the termination of the business alliance is expected to be small.

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



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

Item	Description
Corporate name	Advantage Advisors Co., Ltd.
Business description	Management consultancy
The contract was concluded in	June 2020
Purposes of the contract	To improve corporate value and achieve sustainable growth
Support for our company	<ol style="list-style-type: none"> 1. Reform of our marketing system 2. Reform of our supply system 3. Reform of our product development system 4. Efficient utilization of assets we own 5. Increase of profitability of business segments other than office furniture business 6. Reinforcement of the organizational base
Consultation fee	Allocation of share acquisition rights to the fund to which AA offers services - No. of share acquisition rights: 113,771 - No. of shares issued: 11,718,413 (103 shares per share acquisition right)



Source: Omega Investment from company materials



◆ New medium-term management plan RISE To GROWTH 2026: Moving into "Profitability enhancement phase"

The new medium-term management plan "RISE TO GROWTH 2026" for 2024-2026 has been announced. It is set as a "Profitability enhancement phase" to enhance sustainable growth.

The nature of the workplace, including the office, and its productivity improvements are attracting increasing attention, and the thinking of management at client companies is shifting from a one-dimensional view of the office as a cost to a view of the office as an object of human capital investment that pursues investment effects. Furthermore, office DX and IoT of office equipment are expected to advance.

Itoki's mission is "To design tomorrow's "workstyles"." The company is keen to tie this shift in workplace needs to its long-term growth.

This medium-term management plan is based on the "Tech x Design based on PEOPLE" concept and consists of the vital strategy "7 Flags" and ESG strategies.

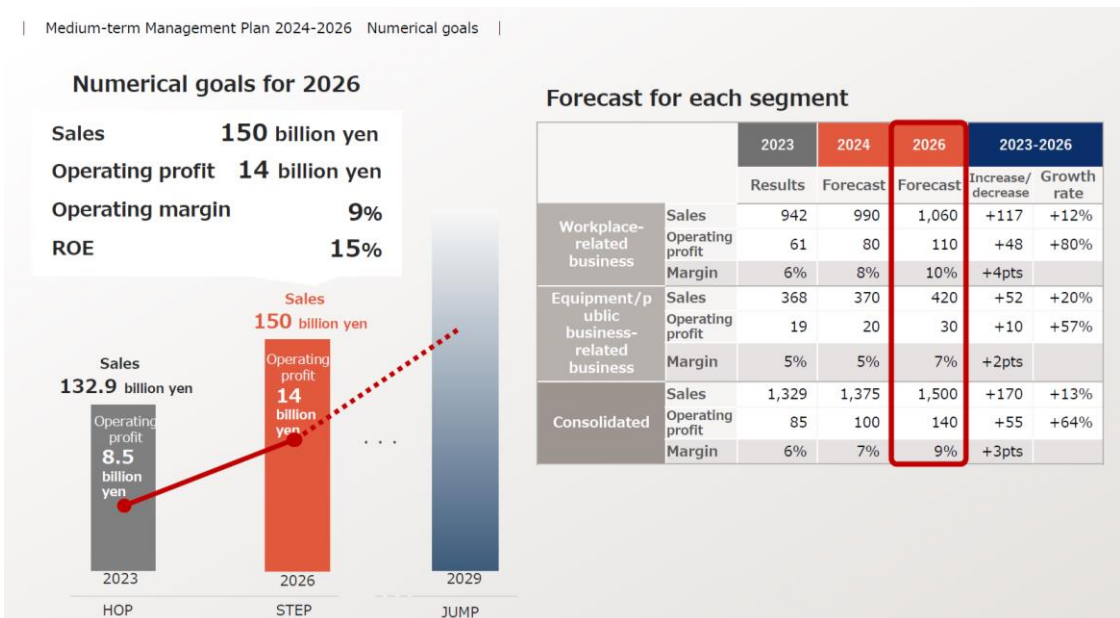
The company's financial targets for FY2026 are sales of 150 billion yen (up 13% from FY12/2023), operating profit of 14 billion yen (up 64%), operating profit margin of 9% (up 3 percentage points), and ROE of 15% (up 4 percentage points). These are more focused on improving profitability than increasing revenue and show the company's ambition to become an industry leader in terms of profitability by 2026.

The company's message to the stock market is to maximize shareholder value and improve PBR by reducing the cost of capital while aiming to achieve ROE in excess of the assumed 9-10% cost of equity capital. Regarding shareholder returns, the company will raise its dividend payout ratio by 10 percentage points to 40%. This is more than sufficient to meet the current expectations of the stock market.

The details of the plan will be discussed later in this report. Still, it can be said that it is a broadly well-developed plan that includes strengthening the core business base, seeding new office-related businesses, developing specialized facility areas, strengthening the earnings structure on a consolidated basis, human capital, and financial strategies.

From the plan's first year, investors are likely to pay close attention to the rate of progress toward financial targets.

| Medium-term Management Plan 2024-2026 Numerical goals |



Source: Omega Investment from company materials

The following is a summary of these seven priority measures and their KPIs.

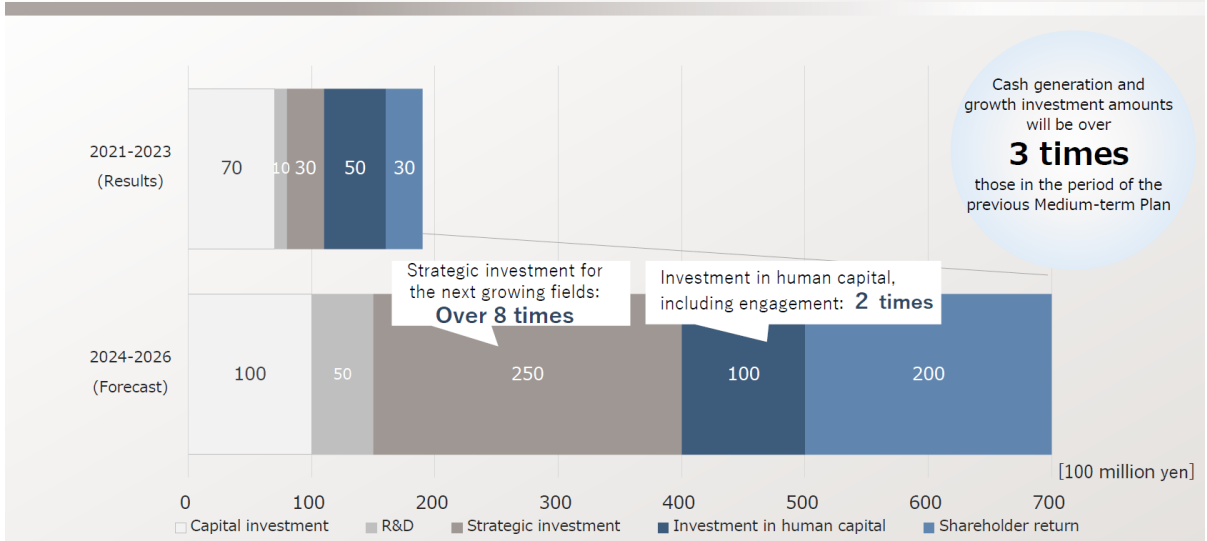
2024-2026 Medium-term management plan		
Flag 1	Office 1.0/2.0 area	To strengthen value-added proposals for new work styles and office spaces that implement such work styles to secure a base of sales and profits.
	Measure 1	Appealing to the value of the experience through strengthening product capabilities 《Office1.0》
	Measure 2	Value-added proposals for integrated spaces 《Office 2.0》
	KPI	FY2026 sales growth of +10% over FY2023. Operating profit margin of 10%.
Flag 2	Office3.0 area	Develop data-driven services that provide optimal work styles and office spaces through IoT and spatial sensing of office furniture.
	Measure 1	Development of new data services 《Office 3.0》
	Measure 2	Collaboration and capital alliance with AI companies
	KPI	FY2026 single-year sales: 3 billion yen 3-year cumulative investment: 2.5 billion yen (excluding personnel expenses)
Flag 3	Specialized Facility Area	Focus resources on development and engineering in the logistics facilities and research facilities domains and develop them into the second pillar of the company's business.
	Measure 1	Expansion of specialized facility areas
	Measure 2	Establish maintenance business
	KPI	Specialty facility domain sales 30 billion yen (+40% over FY2023) Operating profit 2 billion yen (+40% over FY2023) FY2026 strengthening development and engineering structure through increasing people by more than 50
Flag 4	High Profitability	Increase production and operational efficiency by reorganizing the Group's production and supply system and revamping the internal IT infrastructure
	Measure 1	Supply Chain Optimization
	Measure 2	"Standardization, simplification, and automation" of operations
	KPI	FY2026 manufacturing cost + distribution cost (consolidated): 5% reduction from FY2023 FY2026 increase in operating profit per employee: +50% from FY2023 Cumulative internal IT-related investment over three years (DX): 8 billion yen
Flag 5	Group Synergy	Pursue group synergies by horizontally deploying successful experiences from the structural reform project implemented by Itoki on a stand-alone basis to group companies
	Measure 1	Horizontal deployment of structural reform methods to group companies
	Measure 2	Promote functional collaboration among group companies
	KPI	FY2026 consolidated group companies (simple sum of consolidated group companies excluding Itoki): 2% improvement in operating profit margin from FY2023 FY2026 reduction of 3 billion yen in cash outflow outside the group
Flag 6	Human Capital	Enlighten each employee's independent and active "creativity and ingenuity" centered on personnel system reform
	Measure	Transformation of HR System: Professional X Retention X Pay for Performance
	KPI	FY2026 Employee Engagement Survey Results Percentage of affirmative responses to the key indicator "pride" 85% The ratio of female managers: 13% in FY2026
Flag 7	Financial Strategy	Systematically implement growth strategy investment, employee return, and shareholder return from a medium-to long-term perspective
		Generate 65-75 billion yen in total from basic CF and other distributable funds over 3 years, to be distributed as *3 follows: 25 billion yen for strategic investment, 5 billion yen for R&D, 10 billion yen for capital investment, 10 billion yen for human capital investment, and 20 billion yen for shareholder return
		Actions to achieve cost of capital and stock price conscious management
E	Environment	Contribute to the realization of a society with zero negative impact on ecosystems
S	Society	Contribute to maximizing society's human capital through our own business
G	Governance	Establish group-wide governance from a consolidated perspective
Supplementary Information	*1	On February 14, 2024, the company launched "Data Trekking," a consulting service that supports agile office construction and its operation in an accompanying manner, using sensing data in the office as a guidepost. The service is expected to increase added value and recurring revenues by selling the products.
	*2	Expanding the variety of SAS (shuttle-type multi-story automated warehouse system) for logistics, expanding market share by introducing new airflow control products for research facilities, and establishing a business in growth areas for drug discovery/medical and semiconductor manufacturing.
	*3 *4	See next figure

Source: Omega Investment from company materials

Supplementary Information*3: Allocate the results of improved profitability to reinvestment in line with the medium- to long-term strategy and strengthen shareholder returns.

Medium-term Management Plan 2024-2026 7 Flags 07 |

Comparison with the cash allocation in the past 3 years

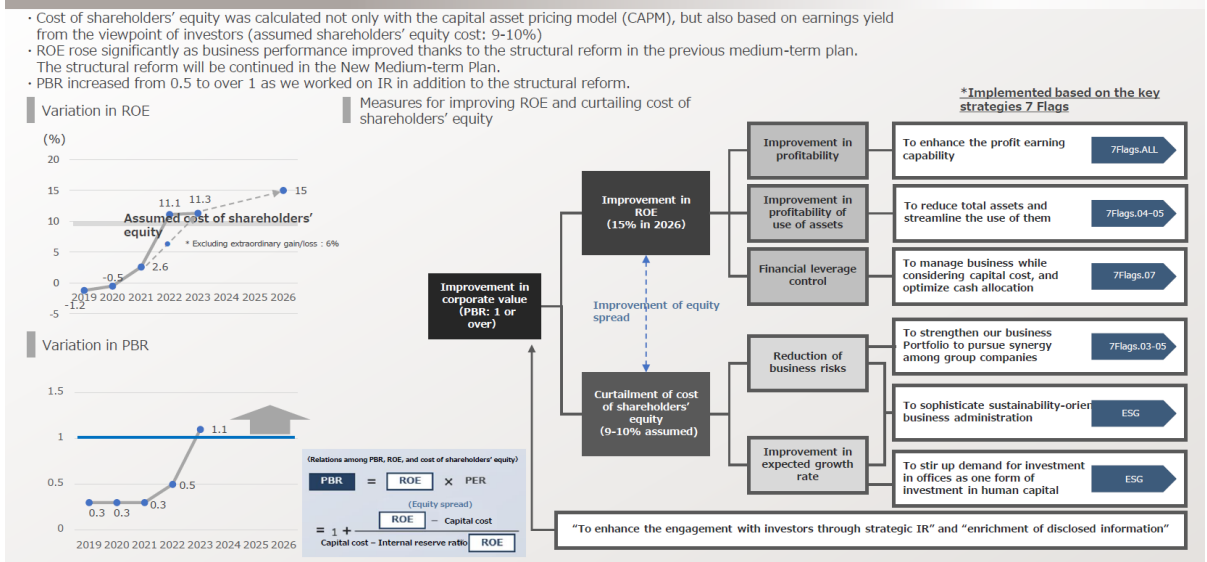


Source: Omega Investment from company materials

Supplementary Information*4: Achieve ROE that exceeds the cost of shareholders' equity and promote higher PBR through expansion of equity spread.

Medium-term Management Plan 2024-2026 7 Flags 07 |

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



Source: Omega Investment from company materials



◇ **FY12/2024 company forecast: Continued sales and operating profit increase, and operating profit margin to rise further.**

The company projects sales of 137.5 billion yen (+3% YoY), operating profit of 10 billion yen (+17% YoY), recurring profit of 10 billion yen (+17% YoY), and net income of 7 billion yen (+19% YoY), which would be an increase in sales and a further improvement in the operating profit margin.

The sales forecast is in line with the current growth rate of business negotiations in force.

Meanwhile, the company's operating profit, excluding strategic SG&A expenses, was 11 billion yen in FY12/2023, which means it is already within range of its 10 billion yen operating profit forecast.

Earnings Forecast for FY ending December 2024

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

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

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

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

Source: Omega Investment from company materials



◇ **Share Price Trend and Highlights: The share price surged after the earnings announcement, exceeding the high of 2006.**

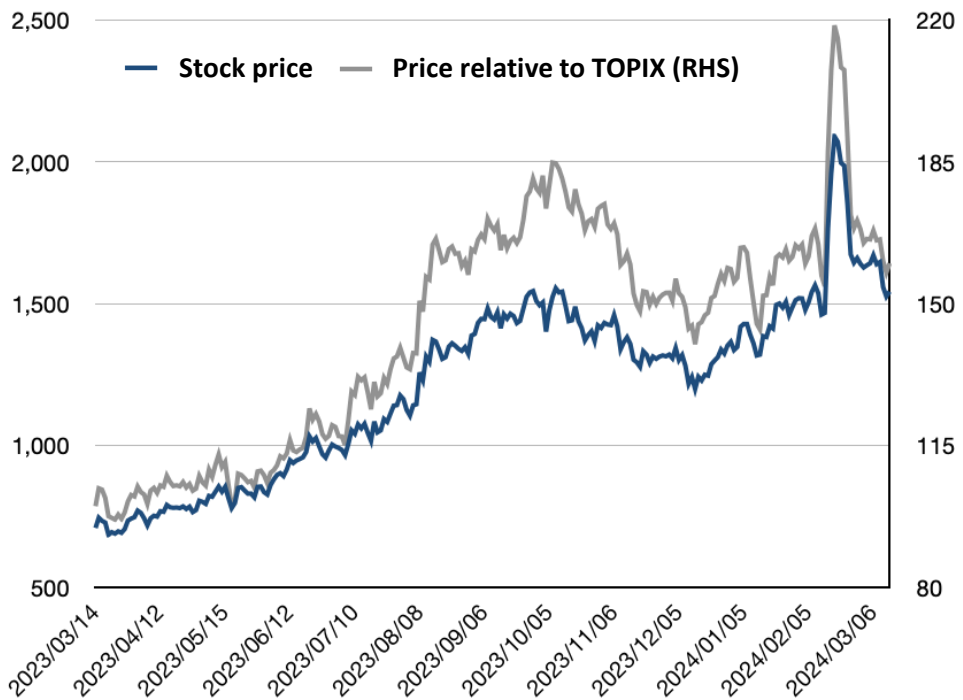
The company's share price rose to a high of 1,587 yen until the beginning of autumn 2023, after which it entered an adjustment phase, temporarily hitting 1,189 yen in December 2023. However, it recovered to the 1,500-yen level, and the company's FY12/2023 financial results were announced.

The stock price positively reacted to the earnings results, the medium-term management plan, and the company's response to the exercise of share options by repurchasing its shares. It soared to 2,200 yen but has since entered an adjustment phase.

However, the share price did not fall below the level before the result announcement, and PBR is meaningfully above 1x, suggesting investors have high expectations for the company's transformation and earnings growth.

For now, we would like to focus on the following points.

- Progress in Q1, when seasonal factors tend to generate profits
- News flow of the 7 Flags program as outlined in the new medium-term management plan
- Progress in the sale of AA's stake in the company



Source: Omega Investment

Financial data (quarterly basis)

FY (¥mn)	2020/12				2021/12				2022/12				2023/12			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
[Statements of income]																
Net sales	37,707	26,997	21,489	30,017	32,167	29,468	22,412	31,858	35,345	28,411	26,205	33,363	36,965	31,225	28,667	36,128
Year-on-year basis (%)	11.2	-9.3	-24.5	-0.1	-14.7	9.2	4.3	6.1	9.9	-3.6	16.9	4.7	4.6	9.9	9.4	8.3
Cost of sales	23,710	17,765	13,811	19,036	20,101	18,729	14,443	20,872	21,483	18,030	16,678	21,384	22,216	18,954	17,483	22,091
Gross profit	13,997	9,232	7,678	10,981	12,020	10,722	7,953	10,999	13,862	10,381	9,527	11,979	14,748	12,271	11,184	14,037
SG&A expenses	10,996	9,602	9,590	9,901	10,352	9,453	9,203	10,150	9,898	9,973	9,812	11,484	9,970	10,047	11,006	12,694
Operating income	3,001	-370	-1,912	1,079	1,698	1,275	-1,242	829	3,964	407	-285	496	4,777	2,225	177	1,344
Year-on-year basis (%)	43.5	-	-	-	-43.4	-	-	-23.2	133.4	-68.7	-	-40.2	20.5	446.7	-	171.0
Operating profit ratio (%)	8.0	-1.4	-8.9	3.6	5.3	4.3	-5.5	2.6	11.2	1.4	-1.1	1.5	12.9	7.1	0.8	3.7
Non-operating income	154	162	251	237	240	161	171	122	125	164	171	96	125	114	141	101
Non-operating expenses	273	168	107	172	250	257	101	185	115	130	177	539	79	68	52	249
Ordinary income	2,882	-376	-1,768	1,143	1,657	1,173	-1,179	786	3,974	442	-291	52	4,824	2,271	265	1,195
Extraordinary income	0	6	125	980	1,255	78	133	88	786	139	118	6,762	1	15	120	50
Extraordinary expenses	116	42	55	1,503	20	456	518	1,474	44	64	38	3,465	21	10	24	308
Income before income taxes	2,766	-412	-1,697	620	2,893	795	-1,565	-600	4,716	516	-211	3,351	4,804	2,275	363	936
Total income taxes	1,039	134	-195	654	1,028	490	-132	-796	1,381	246	-21	1,585	1,506	864	161	-60
Net income	1,760	-557	-1,491	53	1,942	348	-1,440	316	3,388	288	-159	1,777	3,296	1,411	202	996
Year-on-year basis (%)	43.6	-	-	-	10	-	-	496.2	74.4	-17.2	-	462.3	-2.7	389.9	-	-44.0
Net income ratio (%)	4.7	-2.1	-6.9	0.2	6.0	1.2	-6.4	1.0	9.6	1.0	-0.6	5.3	8.9	4.5	0.7	2.8
[Balance Sheets]																
Current assets	69,811	60,382	52,463	57,183	65,543	62,170	55,249	57,753	69,458	64,096	59,873	71,027	72,230	68,755	68,040	73,304
Cash and deposits	18,186	21,312	18,956	18,246	19,503	22,112	18,213	17,351	19,196	20,073	17,138	26,876	20,898	24,688	23,192	24,795
Notes and accounts receivable - trade	37,611	27,230	20,298	26,599	32,061	26,596	21,385	26,783	-	-	-	-	-	-	-	-
Notes and accounts receivable - trade, and contract assets	-	-	-	-	-	-	-	-	35,205	28,234	24,111	29,316	34,519	28,377	26,948	31,158
Non-current assets	49,872	49,933	50,410	47,912	46,925	46,369	46,046	46,144	46,647	47,395	48,126	44,260	43,611	42,918	43,533	44,132
Property, plant and equipment	27,612	27,350	27,329	26,206	25,184	24,779	24,887	24,417	25,105	26,042	26,932	24,978	24,689	24,952	24,730	24,792
Intangible assets	5,113	5,623	5,853	5,590	5,504	5,419	4,885	4,114	4,128	4,168	4,145	1,819	1,837	1,884	2,161	2,292
Goodwill	2,391	2,207	2,189	2,093	2,018	2,016	1,407	1,317	1,214	1,222	1,200	517	446	391	346	341
Investments and other assets	17,146	16,959	17,227	16,116	16,236	16,170	16,273	17,612	17,413	17,184	17,048	17,462	17,084	16,080	16,641	17,048
Total assets	120,352	110,940	103,453	105,096	112,469	108,540	101,295	103,898	116,105	111,492	108,000	115,288	115,841	111,693	111,573	117,437
Current liabilities	55,449	46,097	40,198	43,646	49,245	45,266	40,307	42,544	51,837	47,138	43,655	49,099	47,854	42,547	42,010	47,340
Short-term borrowings	15,616	13,289	14,239	13,234	13,458	12,061	12,409	12,500	15,014	11,976	11,738	11,239	10,874	10,299	10,383	10,276
Non-current liabilities	18,327	18,220	18,079	17,259	17,506	17,088	16,257	16,277	16,334	16,020	16,178	16,278	16,238	15,727	15,724	15,096
Long-term borrowings	9,475	9,574	9,453	8,508	8,711	8,193	7,435	7,591	7,427	7,174	7,266	7,530	7,453	7,062	6,959	6,577
Total liabilities	73,777	64,318	58,277	60,906	66,751	62,354	56,565	58,822	68,172	63,158	59,833	65,377	64,092	58,275	57,734	62,437
Total net assets	46,575	46,621	45,175	44,189	45,717	46,186	44,730	45,076	47,933	48,333	48,166	49,910	51,748	53,418	53,839	54,999
Shareholders' equity	45,479	45,390	43,786	43,691	45,047	45,419	43,979	44,301	47,249	47,567	47,408	49,185	50,806	52,267	52,465	54,960
Share capital	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294
Capital surplus	9,201	9,642	9,641	9,628	9,628	9,632	9,632	9,638	9,638	9,638	9,638	9,638	9,638	9,665	9,665	9,665
Retained earnings	31,030	30,461	28,884	28,950	30,306	30,654	29,213	29,530	32,477	32,769	32,610	34,387	36,008	37,419	37,621	38,617
Treasury shares	-46	-6	-33	-182	-182	-161	-161	-161	-161	-134	-134	-134	-314	-111	-111	-111
Share acquisition rights	-	-	45	45	45	45	45	45	45	45	45	45	45	45	45	45
Total liabilities and net assets	120,352	110,940	103,453	105,096	112,469	108,540	101,295	103,898	116,105	111,492	108,000	115,288	115,841	111,693	111,573	117,437
[Statements of cash flows]																
Cash flow from operating activities		5,404		-843		4,577		-1,803		4,581		1,223		4,078		2,243
Cash flow from investing activities		-1,442		290		503		-1,673		-1,410		6,333		-3,265		-747
Cash flow from financing activities		293		-2,560		-1,418		-1,240		-661		-765		-3,266		-882
Free cash flow		3,962		-553		5,080		-3,476		3,171		7,556		813		1,496
Net increase in cash and cash equiv.		4,240		-3,037		3,787		-4,687		2,630		6,911		-2,466		711
Cash and cash equiv. at beginning of period		15,494		19,735		16,697		20,485		15,797		18,509		25,420		22,953
Cash and cash equiv. at end of period		19,735		16,697		20,485		15,797		18,509		25,420		22,953		23,664

Source: Omega Investment from company materials

Financial data (full-year basis)

FY (¥mn)	2013/12	2014/12	2015/12	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12
[Statements of income]											
Net sales	103,461	102,993	106,516	101,684	108,684	118,700	122,174	116,210	115,839	123,324	132,985
Year-on-year basis (%)	-1.9	-0.5	3.4	-4.5	6.9	9.2	2.9	-4.9	-0.3	6.4	7.8
Cost of sales	67,118	66,797	68,374	65,021	69,966	77,436	80,495	74,322	74,145	77,575	80,744
Gross profit	36,343	36,196	38,142	36,663	38,718	41,264	41,679	41,888	41,694	45,749	52,240
Gross profit ratio (%)	35.1	35.1	35.8	36.1	35.6	34.8	34.1	36.0	36.0	37.1	39.3
SG&A expenses	32,203	33,723	33,836	33,862	35,761	39,339	40,776	40,089	39,158	41,167	43,717
Operating income	4,140	2,472	4,306	2,800	2,956	1,925	903	1,798	2,536	4,582	8,523
Operating profit ratio (%)	4.0	2.4	4.0	2.8	2.7	1.6	0.7	1.5	2.2	3.7	6.4
Non-operating income	813	841	898	771	750	889	677	804	694	556	481
Non-operating expenses	528	495	605	483	412	448	634	720	793	961	448
Ordinary income	4,425	2,818	4,599	3,087	3,295	2,365	945	1,881	2,437	4,177	8,555
Extraordinary income	685	615	171	97	228	919	27	1,111	1,554	7,805	186
Extraordinary expenses	238	262	524	267	121	204	35	1,716	2,468	3,611	363
Income before income taxes	4,872	3,171	4,246	2,918	3,401	3,081	938	1,277	1,523	8,372	8,378
Total income taxes	876	813	-385	1,068	959	1,339	1,517	1,632	590	3,191	2,471
Net income	3,910	2,160	4,530	1,907	2,402	1,722	-550	-235	1,166	5,294	5,905
Net income ratio (%)	3.8	2.1	4.3	1.9	2.2	1.5	-0.5	-0.2	1.0	4.3	4.4
[Balance Sheets]											
Current assets	52,925	55,714	56,342	52,410	58,147	62,143	58,109	57,183	57,753	71,027	73,304
Cash and deposits	19,553	21,211	21,456	19,839	19,977	16,229	17,030	18,246	17,351	26,876	24,795
Notes and accounts receivable - trade	26,243	25,965	26,138	23,241	26,869	33,160	28,244	26,599	26,783		
Notes and accounts receivable - trade, and contract assets										29,316	31,158
Non-current assets	42,335	41,007	41,832	43,271	44,073	46,559	49,955	47,912	46,144	44,260	44,132
Property, plant and equipment	28,193	27,041	26,395	25,322	24,426	26,362	27,781	26,206	24,417	24,978	24,792
Intangible assets	1,230	1,109	1,313	1,142	3,651	4,437	4,945	5,590	4,114	1,819	2,292
Goodwill	34	26	240	208	2,793	3,005	2,413	2,093	1,317	517	341
Investments and other assets	12,911	12,857	14,123	16,806	15,995	15,760	17,229	16,116	17,612	17,462	17,048
Total assets	95,261	96,721	98,175	95,681	102,221	108,703	108,778	105,096	103,898	115,288	117,437
Current liabilities	35,359	36,677	36,106	35,390	39,683	45,133	47,559	43,646	42,544	49,099	47,340
Short-term borrowings	11,473	11,087	10,940	11,760	12,564	11,721	15,533	13,234	12,500	11,239	10,276
Non-current liabilities	16,874	16,854	14,756	14,888	15,211	16,076	15,385	17,259	16,277	16,278	15,096
Long-term borrowings	5,124	5,089	5,171	5,296	5,328	5,113	6,633	8,508	7,591	7,530	6,577
Total liabilities	52,234	53,532	50,863	50,278	54,894	61,210	62,944	60,906	58,822	65,377	62,437
Total net assets	43,026	43,189	47,311	45,402	47,326	47,492	45,834	44,189	45,076	49,910	54,999
Shareholders' equity	41,079	41,632	45,677	44,949	46,863	46,854	45,370	43,812	44,931	49,871	54,960
Share capital	5,277	5,277	5,277	5,277	5,277	5,277	5,294	5,294	5,294	5,294	5,294
Capital surplus	13,061	13,061	13,222	13,140	12,404	9,786	9,201	9,628	9,638	9,638	9,665
Retained earnings	22,073	23,556	29,223	30,504	32,315	31,104	29,862	28,950	29,530	34,387	38,617
Treasury shares	-833	-834	-3,000	-4,700	-4,701	0	-46	-182	-161	-134	-111
Share acquisition rights								45	45	45	45
Total liabilities and net assets	95,261	96,721	98,175	95,681	102,221	108,703	108,778	105,096	103,898	115,288	117,437
[Statements of cash flows]											
Cash flow from operating activities	3,162	5,715	4,522	5,072	3,565	1,384	3,586	4,561	2,774	5,804	6,321
Cash flow from investing activities	-1,978	-1,742	-803	-4,044	-2,971	-3,094	-3,221	-1,152	-1,170	4,923	-4,012
Cash flow from financing activities	51	-2,179	-3,807	-2,571	-706	-2,463	0	-2,267	-2,658	-1,426	-4,148
Free cash flow	1,184	3,973	3,719	1,028	594	-1,710	365	3,409	1,604	10,727	2,309
Net increase in cash and cash equiv.	1,944	1,814	184	-1,619	88	-4,031	952	1,203	-900	9,622	-1,755
Cash and cash equiv. at beginning of period	16,156	18,102	19,918	20,103	18,483	18,571	14,540	15,494	16,697	15,797	25,420
Cash and cash equiv. at end of period	18,102	19,918	20,103	18,483	18,571	14,540	15,494	16,697	15,797	25,420	23,664

Source: Omega Investment from company materials



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