

Itoki (TYO: 7972)

3Q results were strong as expected. The company announced a higher full-year dividend.

◇ FY12/2025 3Q Results highlights: favorable performance continues

The 3Q FY12/2025 results announced by Itoki on October 31, 2025, were strong, with both the Workplace Business and Equipment & Public Works-Related Business growing and delivering double-digit revenue and profit growth. On a cumulative basis, net sales were 112.45 billion yen (+ 10% YoY), operating profit was 11.61 billion yen (+ 48% YoY), ordinary profit was 11.45 billion yen (+ 46% YoY), and net income attributable to owners of the parent was 7.65 billion yen (+ 32% YoY). On a cumulative basis, net sales have now increased for four consecutive fiscal years and have reached a record high for three consecutive fiscal years. Operating profit has also reached a record high. Progress toward the full-year forecast is also in line with the company's expectations.

Business expansion is in a virtuous cycle. The company has steadily converted demand for office renewal and relocation, backed by heightened enthusiasm for investment in human capital, into net sales, thereby increasing volume. In addition, price revisions and the provision of value-added services beyond product sales, such as spatial design, consulting, and design proposals, have increased gross profit. This has allowed the company to cover strategic expenditures, such as higher personnel costs associated with business expansion and increased costs to strengthen IT infrastructure to promote DX, while still delivering a significant increase in operating profit.

Next, it is noteworthy that both the Workplace Business and the Equipment & Public Works-Related Business are performing well. In the Workplace Business, net sales were 82.6 billion yen (+ 6.2 billion yen YoY), operating profit was 9.4 billion yen (+ 3.2 billion yen YoY), and the operating profit margin was 11.5% (+ 3.4 percentage points). The background to this is mainly as described above. In the Equipment & Public Works-Related Business, net sales were 28.6 billion yen (+ 4.1 billion yen YoY), operating profit was 2.0 billion yen (+ 0.5 billion yen YoY), and the operating profit margin was 7.0% (+ 1.2 percentage points). Although the impact of delays in construction starts and completions on the customer side, against the backdrop of soaring materials prices, remains in equipment for logistics facilities and the like, net sales of equipment for research facilities are increasing, and profit margins are improving.

At present, there are no noteworthy concerns regarding the balance sheet.

◇ Full-year FY12/2025 earnings forecast: previous forecast (projecting full-year increases in both revenue and profit) maintained; higher dividend announced.

The full-year earnings forecast was revised upward at the time of the announcement of the 2Q results. This time, those figures have been left unchanged. Specifically, the company is forecasting net sales of 150.0 billion yen (+ 8% YoY), operating profit of 12.0 billion yen (+ 19% YoY), ordinary profit of 12.0 billion yen (+ 19% YoY), and net income attributable to owners of the parent of 8.3 billion yen (+ 15% YoY). The company is aiming for another consecutive record high in earnings, driven by higher revenue and profits. Given the business environment and progress to date, the probability of achieving the full-year plan is high.

Also, the full-year dividend per share forecast has been raised from 65 yen to 68 yen. This represents a 13 yen increase from the previous fiscal year and implies a projected payout ratio of 40%. We view this positively as an indication of management's confidence in the company's earnings.

3Q results update

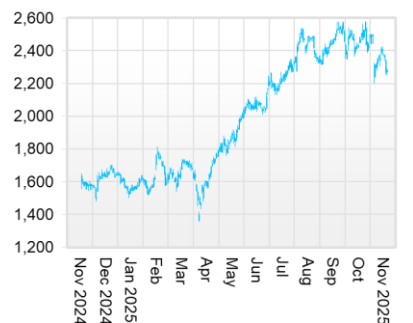
Other Products

As of November 19, 2025

Share price (11/18) **2,268 Yen**

52weeks high/low	¥2,580/1,356
Avg Vol (3 month)	137 thou shrs
Market Cap	¥121.0 bn
Enterprise Value	¥132.0 bn
PER (25/12 CE)	13.48 X
PBR (24/12 act)	2.04 X
Dividend Yield (25/12 CE)	3.00 %
ROE (24/12 act)	13.79 %
Operating margin (24/12)	7.3 %
Beta (5Y Monthly)	0.31
Shares Outstanding	53.38 mn shrs
Listed market	TSE Prime section

Share price



%	1M%	3M%	12M%
Share price	-6.86%	-8.73%	35.46%
Japan TSE TOPIX	2.45%	4.07%	20.66%

Points of interest

Degree of confidence in achieving the FY12/2025 earnings forecast. Value enhancement in the Workplace Business. The operational effect of the new SCM system. Expansion of subsidiaries' earnings, and maximization of group synergies. The emergence of growth drivers beyond the current medium-term management plan (such as the Office 3.0 domain, specialized facility segment, and overseas expansion). The contribution of recurring revenue to stabilize earnings growth.

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



◇ Share price trends and future points of interest

Since April, the company's share price has climbed steadily from the 1,600 yen range to the 2,500 yen range by August, and since August it has traded in the 2,300–2,500 yen range. After the announcement of the current 3Q results, it temporarily fell to 2,201 yen but quickly rebounded and is currently back up to 2,359 yen.

Reasons why the initial share price reaction to the current 3Q results was adverse likely include the following: first, when performance is compared with the same period of the previous year on a three-month basis, the planned execution of strategic spending makes it look superficially as if the pace of profit growth in 3Q has slowed; and second, the full-year earnings forecast was left unchanged.

However, the share price recovered quickly thereafter. Factors behind this likely include the following: demand for upgrading offices and other workplaces, which contributes to employee recruitment, retention, and productivity improvement, is a medium-term tailwind for the company; the company's profit-oriented growth strategy is steadily producing results; and valuation indicators such as PER still have room for further upside.

Based on this view, the key points to watch in the near term and at the announcement of the full-year results are as follows.

- That the probability of achieving the plan for FY12/2026, the final year of the medium-term management plan (net sales of 150.0 billion yen and operating profit of 14.0 billion yen), increases, and, if possible, that the targets are revised upward.
- To form an image of growth beyond the current medium-term management plan, there is an update on the emergence of new growth drivers, including the Office 3.0 domain, specialized facilities domain, higher-level DX and SCM, and overseas business.
- As a result, recurring revenue is generated and revenue sources become more diversified, making it possible to see a path of stable growth that does not depend solely on domestic office demand.
- The company presents its views on the long-term outlook for financial targets, such as ROE, and its approach to M&A.
- And that, under the disaster-prevention and national resilience policies promoted by the Takaichi administration, the company's business in various types of special doors grows.

Through meetings with the company, we have confirmed that quotations for Data Trekking in the Office 3.0 domain are growing steadily and that Dalton Co., Ltd., a subsidiary that provides products and services to research and development institutions and manufacturing plants in fields such as pharmaceuticals, chemicals, biosciences, foods, and precision machinery, is steadily strengthening its management structure. The next full-year results briefing is therefore expected to attract even more attention.

Company profile

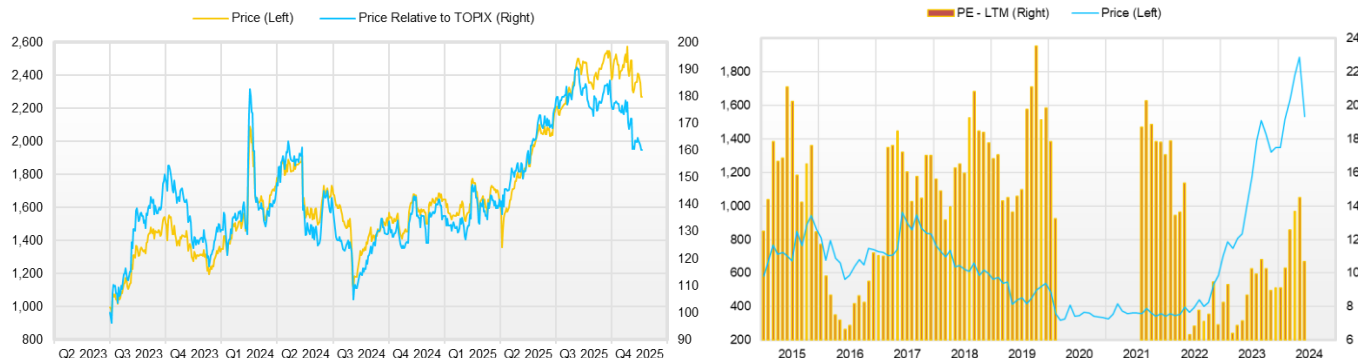
Itoki Corporation (Itoki) is an office furniture manufacturer that designs tomorrow's "workstyles". It was founded in 1890. In addition to office furniture manufacturing, the company is also involved in construction and interior decoration. In 2022, Koji Minato was appointed president, and the company's corporate structure has been transformed under his leadership. The company has advocated Office DX and Office 3.0 and is working to add high value. Under its three-year medium-term management plan, RISE TO GROWTH 2026, which ends in FY2026, the company is promoting the priority strategy '7 Flags' and ESG strategies under the theme of 'enhancing sustainable growth'. The plan aims to achieve sales of 150 billion yen, operating profit of 14 billion yen and ROE of 15% in FY2026.

Key financial data

Unit: million yen	2020/12	2021/12	2022/12	2023/12	2024/12	2025/12 CE
Sales	116,210	115,905	123,324	132,985	138,460	150,000
EBIT (Operating Income)	1,585	2,561	4,582	8,524	10,078	12,000
Pretax Income	1,277	1,523	8,372	8,378	10,071	
Net Profit Attributable to Owner of Parent	-235	1,166	5,294	5,905	7,183	8,300
Cash & Short-Term Investments	18,246	17,451	26,976	24,795	22,482	
Total assets	105,096	103,898	115,288	117,437	120,521	
Total Debt	21,742	20,091	19,487	17,308	37,533	
Net Debt	3,496	2,640	-7,489	-7,487	15,051	
Total liabilities	60,901	58,818	65,374	62,434	71,174	
Total Shareholders' Equity	43,812	44,931	49,871	54,960	49,260	
Net Operating Cash Flow	4,561	2,774	5,804	6,321	-1,000	
Capital Expenditure	1,729	2,110	4,145	3,316	6,036	
Net Investing Cash Flow	-1,152	-1,170	4,923	-4,012	-7,107	
Net Financing Cash Flow	-2,267	-2,658	-1,426	-4,148	5,905	
Free Cash Flow	2,832	664	1,659	3,005	-4,146	
ROA (%)	-0.22	1.12	4.83	5.08	6.04	
ROE (%)	-0.53	2.63	11.17	11.27	13.79	
EPS (Yen)	-5.2	25.8	117.0	130.3	147.0	168.2
BPS (Yen)	970.4	993.9	1,101.3	1,212.0	1,001.1	
Dividend per Share (Yen)	13.00	15.00	37.00	42.00	55.00	68.00
Shares Outstanding (Million shares)	45.66	45.66	45.66	45.66	53.38	

Source: Omega Investment from company materials

Share price





Quarterly topics

【Financial highlights】

Consolidated Performance Summary for the third quarter of fiscal year ending December 2025



- **Record high (3rd quarter consolidated cumulative period and 3rd quarter)**
Sales: Grew for the 4th consecutive fiscal year, and hit a record high for the 3rd consecutive fiscal year.
Operating profit: Hit a record high.
- **Sales and operating profit both progressing as expected**
- **Dividend forecast: 68 yen (3 yen increase from the initial forecast of 65 yen)**

Workplace Business

- **Sales grew**, mainly thanks to renovation projects and office relocation for adapting to new hybrid workstyles.
- **Profit rose**, as sales grew and profit margin improved through the provision of added value of offices based on the design of spaces and others

Equipment & Public Works-Related Business

- **Sales grew**, as equipment for research facilities sold well.
- **Profit rose**, as the sales of equipment for research facilities increased and profit margin improved.

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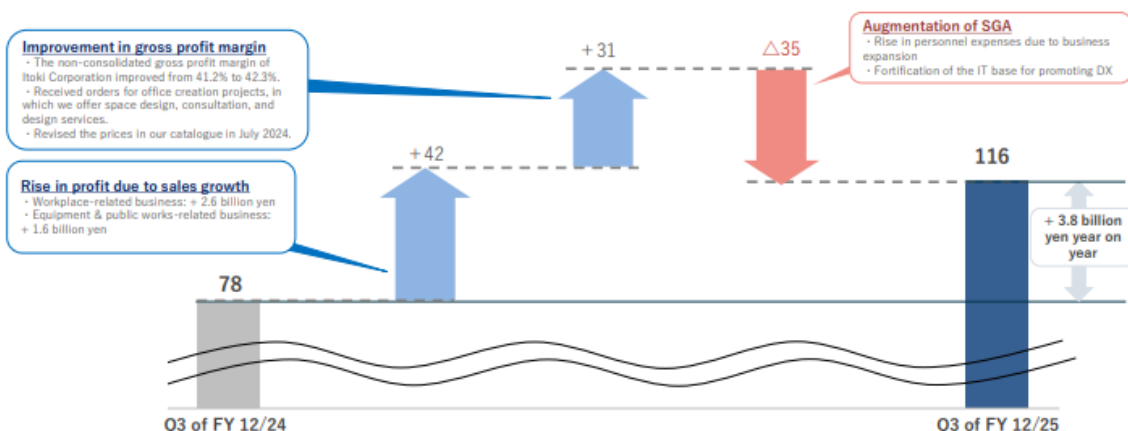
【 Analysis of changes in operating profits 】

Factors in increasing/decreasing operating profit (Analysis based on year-on-year changes)



The demand for offices expanded thanks to the investment in human capital and we provided an office environment with high added value through space design, consultation, and design, offsetting the augmentation of personnel expenses and strategic expenditure.

[unit: 100 million yen]



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Source: Company material



Quarterly topics

【 Performance in each segment 】

Consolidated results for the First Nine Months of FY Ending December 31, 2025



Jan. 1- Sep. 30, 2025 Unit: ¥100 million

[Consolidated]	FY 12/24 3Q		FY 12/25 3Q		Increase/decrease		Full-year forecast		
	Amount	% of sales	Amount	% of sales	Amount	Increase rate	Amount	Progress	
Net sales	1,021	—	1,124	—	+103	+10.1%	1,500	75.0%	
Cost of sales	620	60.8%	650	57.8%	+29	+4.8%	—	—	
Gross profit	400	39.2%	474	42.2%	+73	+18.4%	—	—	
SG&A expenses	322	31.6%	357	31.8%	+35	+11.0%	—	—	
Operating profit	78	7.6%	116	10.3%	+38	+48.8%	120	96.8%	
Ordinary profit	78	7.6%	114	10.2%	+36	+46.7%	120	95.4%	
Profit attributable to owners of parent	58	5.7%	76	6.8%	+18	+32.1%	83	92.3%	
[Segment]	FY 12/24 3Q		FY 12/25 3Q		Increase/decrease		Full-year forecast		
	Amount	% of sales	Amount	% of sales	Amount	Increase rate	Amount	Progress	
Workplace Business	Net sales	764	—	826	—	+62	+8.1%	1,130	73.2%
	Operating profit	62	8.1%	94	11.5%	+32	+52.2%	97	97.7%
Equipment & Public Works-Related Business	Net sales	244	—	286	—	+41	+17.1%	360	79.5%
	Operating profit	14	5.8%	20	7.0%	+5	+40.8%	23	87.4%

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【 Earnings forecast for FY ending December 2025 】

Forecast for Fiscal Year Ending Dec. 31, 2025 (Revised on August 4)



■ Earnings forecast

- As the second year of the medium-term management plan, consolidated sales are expected to be +8.3% (workplace +10.6%, equipment/public +4.3%)
- Consolidated operating profit is forecast to be 12 billion yen, up 19.1% year on year.

Jan. 1- Dec. 31, 2025 (Unit: ¥100million)

[Consolidated]	Results for FY 12/24	Initial forecast for FY 12/25	Revised forecast for FY 12/25	Compared to initial forecast		Change in previous period	
				Amount	Increase rate	Amount	Increase rate
Net sales	1,384	1,450	1,500	+50	+3.4%	+116	+8.3%
Operating profit	100	115	120	+5	+4.3%	+20	+19.1%
Ordinary profit	100	115	120	+5	+4.3%	+20	+19.9%
Profit attributable to owners of parent	71	80	83	+3	+3.8%	+12	+15.5%
(Operating margin)	(7.3%)	(7.9%)	(8.0%)	—	(+0.1pts)	—	(+0.7pts)
[Segment]	Results for FY 12/24	Initial forecast for FY 12/25	Revised forecast for FY 12/25	Compared to initial forecast		Change in previous period	
				Amount	Increase rate	Amount	Increase rate
Workplace Business	Net sales	1,022	1,120	+10	+0.9%	+108	+10.6%
	Operating profit	80	96	+1	+1.0%	+17	+21.3%
	(Operating profit margin)	(7.9%)	(8.6%)	—	(±0.0pts)	—	(+0.7pts)
Equipment & Public Works-Related Business	Net sales	345	315	+45	+14.3%	+15	+4.3%
	Operating profit	18	18	+5	+27.8%	+5	+27.8%
	(Operating profit margin)	(5.4%)	(5.7%)	—	(+0.7pts)	—	(+1.0pts)

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Source: Company material



Quarterly topics

【Shareholder returns】

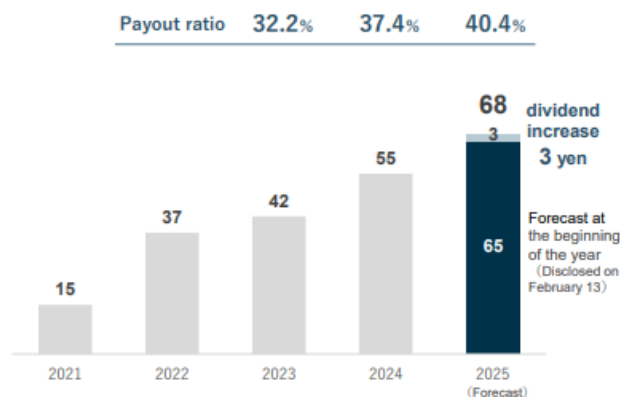
Return to Shareholders (Dividend forecast revision for the fiscal year ending December 2025※dividend increase)



Shareholder return policy

Our company recognizes the distribution of profit as one of priority management policies, and pay a year-end dividend to shareholders once a year continuously and stably while considering corporate earnings, the enrichment of internal reserve, future business operation, etc. comprehensively from the long-term viewpoint. We will implement dividend policies with **the aim of achieving a payout ratio of 40%** while pursuing business administration focused on shareholders and considering consolidated performance in addition to stable dividends. We will utilize internal reserve efficiently for mainly strategic investment in R&D, which is indispensable for future growth, and growing fields in order to improve corporate value.

Variation in annual dividend per share [yen]



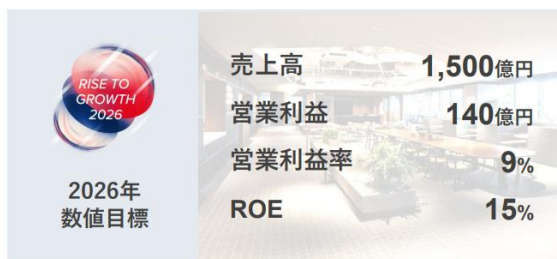
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Source: Company material

【Earnings forecast for FY2025 in the Medium-term Management Plan】

中期経営計画 数値目標



Source: Company material

Financial data (quarterly basis)

Unit: million yen	2023/12		2024/12				2025/12		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
(Income Statement)									
Sales	28,667	36,128	40,918	31,592	29,613	36,337	42,744	36,500	33,214
Year-on-year	9.4%	8.3%	10.7%	1.2%	3.3%	0.6%	4.5%	15.5%	12.2%
Cost of Goods Sold (COGS)	17,483	22,090	24,545	19,888	17,644	21,182	23,993	21,381	19,671
Gross Income	11,184	14,038	16,373	11,704	11,969	15,155	18,751	15,119	13,543
Gross Income Margin	39.0%	38.9%	40.0%	37.0%	40.4%	41.7%	43.9%	41.4%	40.8%
SG&A Expense	11,006	12,694	10,333	10,878	11,029	12,883	11,328	11,915	12,556
EBIT (Operating Income)	178	1,344	6,040	826	940	2,272	7,423	3,204	987
Year-on-year	-162.2%	171.5%	26.4%	-62.8%	428.1%	69.0%	22.9%	287.9%	5.0%
Operating Income Margin	0.6%	3.7%	14.8%	2.6%	3.2%	6.3%	17.4%	8.8%	3.0%
EBITDA	910	2,079	6,753	1,582	1,684	3,166	8,189	4,055	2,373
Pretax Income	363	936	6,006	1,328	1,035	1,702	7,257	3,208	1,132
Consolidated Net Income	202	997	4,104	985	725	1,409	4,910	2,045	711
Minority Interest	0	0	2	1	11	25	-6	2	10
Net Income ATOP	202	996	4,101	985	714	1,383	4,916	2,044	699
Year-on-year	-227.0%	-44.0%	24.4%	-30.2%	253.5%	38.9%	19.9%	107.5%	-2.1%
Net Income Margin	0.7%	2.8%	10.0%	3.1%	2.4%	3.8%	11.5%	5.6%	2.1%
(Balance Sheet)									
Cash & Short-Term Investments	23,292	24,795	24,751	28,513	30,536	22,482	24,296	25,288	21,847
Total assets	111,573	117,437	127,459	120,701	120,935	120,521	132,329	126,248	123,538
Total Debt	17,342	17,308	38,662	41,566	42,881	37,924	44,114	41,268	37,467
Net Debt	-5,950	-7,487	13,911	13,053	12,345	15,442	19,818	15,980	15,620
Total liabilities	57,730	62,434	81,595	73,584	73,305	71,174	80,689	72,262	68,583
Total Shareholders' Equity	53,800	54,960	45,818	47,068	47,571	49,260	51,562	53,908	54,864
(Profitability %)									
ROA	6.09	5.08	5.52	5.41	5.85	6.04	6.16	7.34	7.40
ROE	13.12	11.27	13.76	12.51	13.41	13.79	16.43	17.94	17.66
(Per-share) Unit: JPY									
EPS	4.5	22.0	85.7	20.0	14.5	28.1	99.9	41.4	14.1
BPS	1,186.4	1,212.0	933.1	956.6	966.8	1,001.1	1,047.9	1,091.1	1,110.4
Dividend per Share	0.00	42.00	0.00	0.00	0.00	55.00	0.00	0.00	0.00
Shares Outstanding (million shares)	45.66	45.66	53.38	53.38	53.38	53.38	53.38	53.38	53.38

Source: Omega Investment from company materials

Financial data (full-year basis)

Unit: million yen	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
(Income Statement)										
Sales	106,516	101,684	108,684	118,700	122,174	116,210	115,905	123,324	132,985	138,460
Year-on-year	3.4%	-4.5%	6.9%	9.2%	2.9%	-4.9%	-0.3%	6.4%	7.8%	4.1%
Cost of Goods Sold	68,424	65,071	70,012	77,479	80,712	74,536	74,186	77,575	80,744	83,259
Gross Income	38,092	36,613	38,672	41,221	41,462	41,674	41,719	45,749	52,241	55,201
Gross Income Margin	35.8%	36.0%	35.6%	34.7%	33.9%	35.9%	36.0%	37.1%	39.3%	39.9%
SG&A Expense	33,949	33,862	35,761	39,336	40,776	40,089	39,158	41,167	43,717	45,123
EBIT (Operating Income)	4,143	2,751	2,911	1,885	686	1,585	2,561	4,582	8,524	10,078
Year-on-year	70.9%	-33.6%	5.8%	-35.2%	-63.6%	131.0%	61.6%	78.9%	86.0%	18.2%
Operating Income Margin	3.9%	2.7%	2.7%	1.6%	0.6%	1.4%	2.2%	3.7%	6.4%	7.3%
EBITDA	6,551	5,316	5,551	4,615	4,436	5,603	6,148	7,821	11,417	13,185
Pretax Income	4,246	2,918	3,401	3,083	938	1,277	1,523	8,372	8,378	10,071
Consolidated Net Income	4,631	1,850	2,442	1,744	-579	-355	933	5,181	5,907	7,223
Minority Interest	101	-56	40	19	-28	-119	-233	-113	1	39
Net Income ATOP	4,530	1,907	2,402	1,725	-550	-235	1,166	5,294	5,905	7,183
Year-on-year	109.7%	-57.9%	26.0%	-28.2%	-131.9%	-57.3%	-596.2%	354.0%	11.5%	21.6%
Net Income Margin	4.3%	1.9%	2.2%	1.5%	-0.5%	-0.2%	1.0%	4.3%	4.4%	5.2%
(Balance Sheet)										
Cash & Short-Term Investments	21,533	19,839	19,977	16,529	17,030	18,246	17,451	26,976	24,795	22,482
Total assets	98,175	95,681	102,451	108,710	108,778	105,096	103,898	115,288	117,437	120,521
Total Debt	18,927	19,931	17,892	16,834	22,166	21,742	20,091	19,487	17,308	37,924
Net Debt	-2,606	92	-2,085	305	5,136	3,496	2,640	-7,489	-7,487	15,442
Total liabilities	50,864	50,275	54,997	61,200	62,940	60,901	58,818	65,374	62,434	71,174
Total Shareholders' Equity	45,677	44,949	46,863	46,857	45,370	43,812	44,931	49,871	54,960	49,260
(Cash Flow)										
Net Operating Cash Flow	4,522	5,073	3,565	1,384	3,586	4,561	2,774	5,804	6,321	-1,000
Capital Expenditure	1,114	1,641	1,333	3,477	3,226	1,729	2,110	4,145	3,316	6,036
Net Investing Cash Flow	-803	-4,044	-2,971	-3,094	-3,221	-1,152	-1,170	4,923	-4,012	-7,107
Net Financing Cash Flow	-3,807	-2,571	-706	-2,463	0	-2,267	-2,658	-1,426	-4,148	5,905
Free Cash Flow	3,408	3,664	2,342	-1,924	635	2,832	664	1,659	3,005	-4,146
(Profitability)										
ROA (%)	4.65	1.97	2.42	1.63	-0.51	-0.22	1.12	4.83	5.08	6.04
ROE (%)	10.38	4.21	5.23	3.68	-1.19	-0.53	2.63	11.17	11.27	13.79
Net Margin (%)	4.25	1.87	2.21	1.45	-0.45	-0.20	1.01	4.29	4.44	5.19
Asset Turn	1.09	1.05	1.10	1.12	1.12	1.09	1.11	1.13	1.14	1.16
Assets/Equity	2.23	2.14	2.16	2.25	2.36	2.40	2.36	2.31	2.22	2.28
(Per-share) Unit: JPY										
EPS	91.6	40.1	52.7	37.8	-12.1	-5.2	25.8	117.0	130.3	147.0
BPS	953.5	986.8	1,028.9	1,027.4	995.8	970.4	993.9	1,101.3	1,212.0	1,001.1
Dividend per Share	13.00	13.00	13.00	13.00	13.00	13.00	15.00	37.00	42.00	55.00
Shares Outstanding (million shares)	52.14	52.14	52.14	45.61	45.66	45.66	45.66	45.66	45.66	53.38

Source: Omega Investment from company materials



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