Itoki (TYO: 7972)

1Q results were another strong start this fiscal year. Both core businesses performed well.

1Q results update

Other Products

As of May 28, 2026

Share price (5/27)	2,713 Yen
52weeks high/low	¥3,695/1,973
Avg Vol (3 month)	221 thou shrs
Market Cap	¥144.8 bn
Enterprise Value	¥153.1 bn
PER (26/12 CE)	11.97 X
PBR (25/12 act)	2.27 X
Dividend Yield (26/12 CE)	3.32 %
ROE (25/12 act)	17.7 %
Operating margin (25/12)	8.9 %
Beta (5Y Monthly)	0.35
Shares Outstanding	53.38 mn shrs
Listed market	TSE Prime section

Share price

%	1M%	3M%	12M%
Share price	-19.32	3.47	46.28
Japan TSE TOPIX	2.48	1.18	41.07

Points of interest

Degree of confidence in achieving the FY12/2026 earnings forecast, promotion and monetization of the Office 3.0 domain, horizontal deployment of the Company's business model to factories and research facilities, overseas expansion, concretization of the direction of the next medium-term management plan utilizing AI, etc.

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◇ FY12/2026 1Q results highlights: both businesses performed well

The FY12/2026 1Q results announced by Itoki on May 7, 2026, showed that both the Workplace Business and the Equipment & Public Works-Related Business performed well, resulting in increases in both revenue and profit. Net sales were 47.22 billion yen (+11% YoY), operating profit was 8.09 billion yen (+9% YoY), ordinary profit was 8.09 billion yen (+11% YoY), and quarterly profit attributable to owners of parent was 5.54 billion yen (+13% YoY). Performance has been favorable as expected by the Company.

Looking at results by business, the Workplace Business posted net sales of 36.4 billion yen (+1.8 billion yen), operating profit of 7.06 billion yen (+45 million yen), and an operating profit margin of 19.4% (-0.9 points). With demand for office space renewal increasing as one of the pillars of customers' investment in human capital (specifically, a means of recruiting and retaining human resources and improving productivity), the Company is deploying nationwide, not limited to the Tokyo metropolitan area, a one-stop integrated sales strategy that specs in from design and also undertakes construction [Office 2.0 domain (comprehensive spatial proposals)], and this is reflected in results. The operating profit margin declined because personnel and IT-related expenses increased as planned; the underlying profitability trend has not changed.

The Equipment & Public Works-Related Business posted net sales of 10.3 billion yen (+2.6 billion yen), operating profit of 1.0 billion yen (+0.6 billion yen), and an operating profit margin of 9.7% (+4.9 points). Equipment for research facilities handled by subsidiary Dalton has been steady.

There are no noteworthy changes in the balance sheet.

◇ FY12/2026 full-year earnings forecast: no change to the forecast of increases in both revenue and profit; progress is steady

There is no change to the full-year earnings forecast, and the Company aims for consecutive record-high profit updates by increasing both revenue and profit. Specifically, net sales are forecast at 167.5 billion yen (+4% YoY), operating profit at 16.0 billion yen (+14% YoY), ordinary profit at 16.0 billion yen (+14% YoY), profit attributable to owners of parent at 11.2 billion yen (+11% YoY), and dividends per share at 90 yen (a 15 yen increase; forecast payout ratio of 40%).

Confidence in achieving this full-year earnings forecast is considered sufficiently high.

First, progress in 1Q is steady. Progress was 28.2% for net sales and 50.6% for operating profit, with operating profit exceeding half of the full-year forecast. The progress rate for operating profit is slightly slower YoY, but this appears to be largely due to strategic expense investments, and we expect the effects of these investments to emerge steadily going forward.

Second, the deal pipeline is steadily accumulating. The business base is expanding to include demand for the renewal of regional and factory offices, and, in addition, the timing of business talks is becoming more evenly distributed throughout the year. The deal pipeline for the second half is also growing, and it is assumed that performance will steadily improve quarter by quarter going forward.

Third, responses to rising inflation and geopolitical risks are progressing. In addition to the higher added value of business talks progressing through the expansion of the Office 2.0 domain, procurement of materials for the time being has been secured, and taking into account cost increases due to inflation, the Company plans a product price revision of 3% to 8% on July 1, 2026.

◇ Topics

The Company is sequentially renewing its own offices and has customers tour them to proceed with business talks. The schedule for renewal openings going forward is Tokyo in June 2026, Shanghai in autumn 2026, Fukuoka in December 2026, and Osaka in May 2027.

Also, in May 2026, a book edited and written by Toshiya Shimizu, the Company's executive officer and director of the Central Research Institute, titled "Strengthen your company in the office: when the 'working space' changes, the 'working people' also change," is scheduled to be published.

◇ Share price trends and future points of interest

The Company's share price has been steadily rising since 2022 and surged to 3,695 yen (a year-to-date high), triggered by the announcement of the FY12/2025 full-year results. However, the share price has since adjusted gradually and is currently at roughly the same level as around the time of the announcement of the FY12/2025 full-year results.

This share price trend is thought to reflect that while the current strong performance supports the downside of the share price, the rate of increases in both revenue and profit for FY12/2026 is likely to slow compared with FY12/2025, and the share price has entered an interval between catalysts, reducing clues for further upside.

Given that there is no marked overheating in indicators such as PER and PBR, it is assumed that as the interval between share price catalysts ends and clues about the next medium-term management plan become available, upside pursuit will resume. The Company's all-time high since listing was 3,800 yen in 1990, and if developments exceed this level, market attention should increase further. The next-largest catalyst is the next medium-term management plan, but, with this in mind, organizing the points of interest for the time being yields the following.

- From 2Q onward, performance continues to expand steadily, and confidence in the FY12/2026 earnings forecast increases further.
- In the Office 2.0 domain of the Workplace Business, the Company further captures demand for renewal of regional offices and factory offices.
- The services in the Office 3.0 domain gain greater customer support, and the picture becomes clearer of how they contribute to net sales and profit.
- The business potential of subsidiary Dalton's LAB 1.0/LAB 2.0/LAB 3.0 strategy, which applies the successful model of the Workplace Business to the Equipment & Public Works-Related Business, becomes more concrete.
- In the Equipment & Public Works-Related Business, special doors and maintenance services also expand.
- A path is shown for strengthening proposal capabilities and improving productivity through the utilization of AI.
- Concretization of overseas expansion.
- As a result of these, the expansion of the customer base and the uplift of recurring revenue progress, and the Company moves up to the next stage of a stable growth trajectory in the medium to long term.
- As a result of the above, the equity spread expands further.
- The long-term outlook for financial targets and the Company's views on M&A are clearly indicated.

Company profile

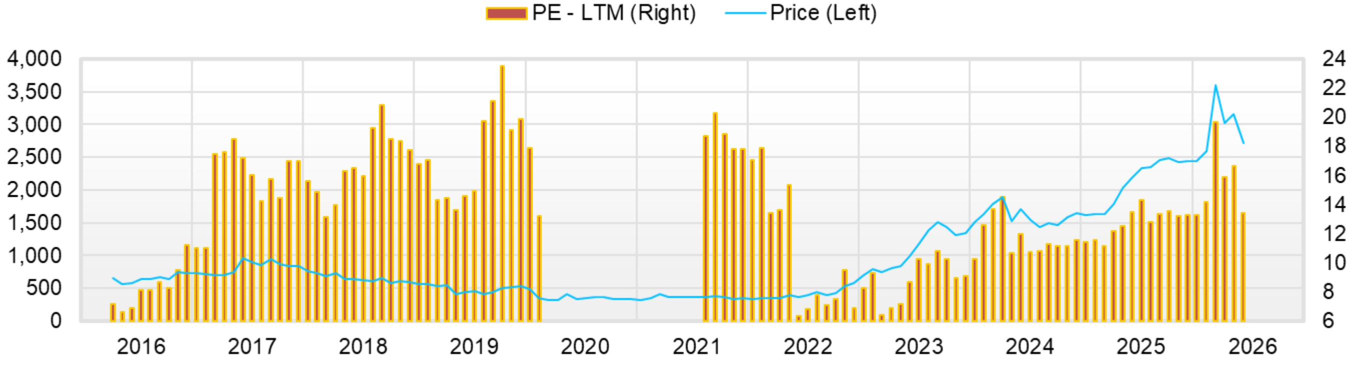
Itoki Corporation (hereinafter, the "Company") is an office furniture manufacturer that designs tomorrow's "work." Founded in 1890. In addition to manufacturing office furniture, it engages in architecture, interior design, and related fields. Since 2022, Koji Minato has served as president, and under his leadership, the transformation of the corporate constitution is progressing. The Company advocates office DX and Office 3.0 and aims to raise added value. In the three-year medium-term management plan "RISE TO GROWTH 2026," whose final year is FY12/2026, under the theme of "enhancing sustainable growth," it promotes the priority strategy "7 Flags" and ESG strategies, aiming to achieve net sales of 150.0 billion yen, operating profit of 14.0 billion yen, and ROE of 15% in FY12/2026, and it almost achieved this ahead of schedule in December 2025. Expectations are rising for further evolution of Office 3.0 and the next medium-term management plan.

Key financial data

Unit: million yen	2021	2022	2023	2024	2025	2026 CE
Sales	115,905	123,324	132,985	138,460	153,682	167,500
EBIT (Operating Income)	2,561	4,582	8,524	10,078	13,686	16,000
Pretax Income	1,523	8,372	8,378	10,071	14,099	
Net Profit Attributable to Owner of Parent	1,166	5,294	5,905	7,183	9,382	11,200
Cash & Short-Term Investments	17,451	26,976	24,795	22,482	21,629	
Total assets	103,898	115,288	117,437	120,521	130,724	
Total Debt	20,091	19,487	17,308	37,924	34,627	
Net Debt	2,640	-7,489	-7,487	15,442	12,998	
Total liabilities	58,818	65,374	62,434	71,174	73,908	
Total Shareholders' Equity	44,931	49,871	54,960	49,260	56,709	
Net Operating Cash Flow	2,774	5,804	6,321	-1,000	8,942	
Capital Expenditure	2,110	4,145	3,316	6,036	6,017	
Net Investing Cash Flow	-1,170	4,923	-4,012	-7,107	-3,847	
Net Financing Cash Flow	-2,658	-1,426	-4,148	5,905	-5,941	
Free Cash Flow	664	1,659	3,005	-4,146	5,193	
ROA (%)	1.12	4.83	5.08	6.04	7.47	
ROE (%)	2.63	11.17	11.27	13.79	17.71	
EPS (Yen)	25.8	117.0	130.3	147.0	190.2	226.7
BPS (Yen)	993.9	1,101.3	1,212.0	1,001.1	1,147.8	
Dividend per Share (Yen)	15.00	37.00	42.00	55.00	75.00	90.00
Shares Outstanding (Million shares)	45.66	45.66	45.66	53.38	53.38	

Source: Omega Investment from company materials

Share price



Quarterly topics

【Financial highlights 】

Summary of Consolidated Results for the First Quarter of the Fiscal Year Ending December 31, 2026

ITOKI

Net Sales: 10.5% increase in revenue, steady performance, progressing largely in line with expectations, driven mainly by renovation projects.

Operating Profit: 9.0% increase in profits, steady performance, progressing in line with expectations, supported by increased sales and improved profitability.

Workplace business

- **Net sales increased**, driven mainly by renovation projects aligned with new hybrid workstyles.
- **Operating profit remained at the same level as the previous year**, as higher SG&A expenses were absorbed by increased sales and improved profitability driven by value-added office solutions originating from spatial design and workplace planning.

Equipment & public works-related business

- **Net sales increased significantly**, supported by steady demand for equipment for research facilities.
- **Operating profit increased significantly**, driven by higher sales and improved profitability in equipment for research facilities.

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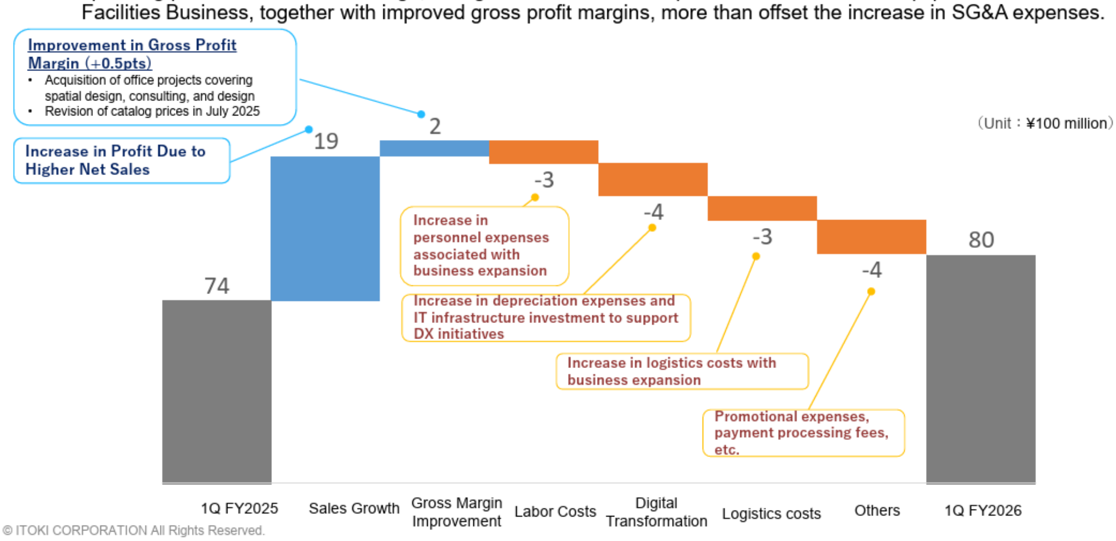
【Analysis of changes in operating profits 】

Analysis of Changes in Operating Profit (Year-on-Year)

ITOKI

Operating profit reached a record high, as higher sales in the Workplace Business and the Equipment for Research Facilities Business, together with improved gross profit margins, more than offset the increase in SG&A expenses.



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Source: Company material

Quarterly topics

【Performance in each segment 】

Summary of Consolidated Results for the First Quarter of the Fiscal Year Ending December 31, 2026

ITOKI

January 1, 2026 – December 31, 2026 Unit: ¥100 million

【Consolidated】	1Q FY2025/12		1Q FY2026/12		Increase/decrease		Full-Year Forecast	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	Increase rate	Amount	Progress
Net Sales	427	—	472	—	+44	+10.5%	1,675	28.2%
Cost of Sales	239	56.1%	262	55.6%	+22	+9.4%	—	—
Gross Profit	187	43.9%	209	44.4%	+22	+11.8%	—	—
SG&A Expenses	113	26.5%	128	27.3%	+15	+13.7%	—	—
Operating Profit	74	17.4%	80	17.1%	+6	+9.0%	160	50.6%
Ordinary Profit	73	17.1%	80	17.1%	+7	+10.6%	160	50.6%
Profit Attributable to Owners of Parent	49	11.5%	55	11.7%	+6	+12.7%	112	49.4%

【Segment】		1Q FY2025/12		1Q FY2026/12		Increase/decrease		Full-Year Forecast	
		Amount	% of Net Sales	Amount	% of Net Sales	Amount	Increase rate	Amount	Progress
Workplace Business	Net Sales	346	—	364	—	+18	+5.4%	1,215	30.0%
	Operating Profit	70	20.3%	70	19.4%	+0	+0.6%	136	51.9%
Equipment & public works-related business	Net Sales	77	—	103	—	+26	+33.8%	443	23.5%
	Operating Profit	3	4.8%	10	9.7%	+6	+168.5%	22	45.6%
(Breakdown) Dalton	Net Sales	38	—	55	—	+16	+42.9%	230	24.1%
	Operating Profit	0	1.1%	4	8.9%	+4	–	15	33.0%

※ Dalton is included in the consolidated figures.

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【Earnings forecast for FY ending December 2026】

Financial Forecast for the FY Ending December 31, 2026

ITOKI

January 1, 2026 – December 31, 2026 Unit: ¥100 million

【Consolidated】	FY2025/12 Results	FY2026/12 Forecast	Increase/decrease	
			Amount	Increase rate
Net Sales	1,536	1,675	+139	+9.0%
Operating Profit	136	160	+24	+16.9%
Ordinary Profit	137	160	+23	+16.5%
Profit attributable to owners of parent	93	112	+19	+19.4%
(Operating Margin)	(8.9%)	(9.6%)	–	(+0.7pts)

【Segment】		FY2025/12 Results	FY2026/12 Forecast	Increase/decrease	
				Amount	Increase rate
Workplace Business	Net Sales	1,115	1,215	+100	+9.0%
	Operating Profit	109	136	+27	+23.7%
	(Operating Margin)	(9.9%)	(11.2%)	–	(+1.3pts)
Equipment & public works-related business	Net Sales	405	443	+38	+9.4%
	Operating Profit	24	22	△2	△9.9%
	(Operating Margin)	(6.1%)	(5.1%)	–	(△1.0pts)
(Breakdown) Dalton	Net Sales	214	230	+16	+7.1%
	Operating Profit	17	15	△2	△13.1%
	(Operating Margin)	(8.0%)	(6.5%)	–	(△1.5pts)

※ Dalton is included in the consolidated figures.

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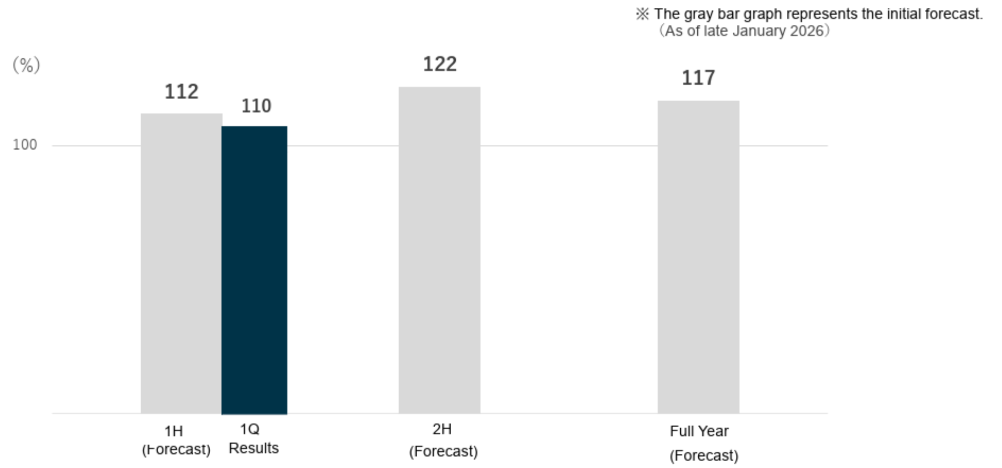
Source: Company material

Quarterly topics

【Situation of order pipeline for FY2026】

Status of Order Pipeline for FY2026

ITOKI



- Combined figures for the Domestic Workplace business and the Equipment & public-related business (including Dalton and excluding Tarkus)
- Order pipeline ratio for the current fiscal year on a value basis, assuming the pipeline level in late January 2025 as 100

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Source: Company material

Financial data (quarterly basis)

Unit: million yen	2024/12				2025/12				2026/12
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
(Income Statement)									
Sales	40,918	31,592	29,613	36,337	42,744	36,500	33,214	41,224	47,224
Year-on-year	10.7%	1.2%	3.3%	0.6%	4.5%	15.5%	12.2%	13.4%	10.5%
Cost of Goods Sold (COGS)	24,545	19,888	17,644	21,182	23,993	21,381	19,671	23,825	26,255
Gross Income	16,373	11,704	11,969	15,155	18,751	15,119	13,543	17,399	20,969
Gross Income Margin	40.0%	37.0%	40.4%	41.7%	43.9%	41.4%	40.8%	42.2%	44.4%
SG&A Expense	10,333	10,878	11,029	12,883	11,328	11,915	12,556	15,327	12,879
EBIT (Operating Income)	6,040	826	940	2,272	7,423	3,204	987	2,072	8,090
Year-on-year	26.4%	-62.8%	428.1%	69.0%	22.9%	287.9%	5.0%	-8.8%	9.0%
Operating Income Margin	14.8%	2.6%	3.2%	6.3%	17.4%	8.8%	3.0%	5.0%	17.1%
EBITDA	6,753	1,582	1,684	3,166	8,189	4,055	2,373	3,236	9,193
Pretax Income	6,006	1,328	1,035	1,702	7,257	3,208	1,132	2,502	8,063
Consolidated Net Income	4,104	985	725	1,409	4,910	2,045	711	1,734	5,537
Minority Interest	2	1	11	25	-6	2	10	11	-1
Net Income ATOP	4,101	985	714	1,383	4,916	2,044	699	1,723	5,538
Year-on-year	24.4%	-30.2%	253.5%	38.9%	19.9%	107.5%	-2.1%	24.6%	12.7%
Net Income Margin	10.0%	3.1%	2.4%	3.8%	11.5%	5.6%	2.1%	4.2%	11.7%
(Balance Sheet)									
Cash & Short-Term Investments	24,751	28,513	30,536	22,482	24,296	25,288	21,847	21,629	21,128
Total assets	127,459	120,701	120,935	120,521	132,329	126,248	123,538	130,724	137,216
Total Debt	38,662	41,566	42,881	37,924	44,114	41,268	37,467	35,063	42,072
Net Debt	13,911	13,053	12,345	15,442	19,818	15,980	15,620	13,434	20,944
Total liabilities	81,595	73,584	73,305	71,174	80,689	72,262	68,583	73,908	78,052
Total Shareholders' Equity	45,818	47,068	47,571	49,260	51,562	53,908	54,864	56,709	59,060
(Profitability %)									
ROA	5.52	5.41	5.85	6.04	6.16	7.34	7.40	7.47	7.42
ROE	13.76	12.51	13.41	13.79	16.43	17.94	17.66	17.71	18.09
(Per-share) Unit: JPY									
EPS	85.7	20.0	14.5	28.1	99.9	41.4	14.1	34.9	112.1
BPS	933.1	956.6	966.8	1,001.1	1,047.9	1,091.1	1,110.4	1,147.8	1,195.4
Dividend per Share	0.00	0.00	0.00	55.00	0.00	0.00	0.00	75.00	0.00
Shares Outstanding (million shares)	53.38	53.38	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	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12	2024/12	2025/12
(Income Statement)										
Sales	101,684	108,684	118,700	122,174	116,210	115,905	123,324	132,985	138,460	153,682
Year-on-year	-4.5%	6.9%	9.2%	2.9%	-4.9%	-0.3%	6.4%	7.8%	4.1%	11.0%
Cost of Goods Sold	65,071	70,012	77,479	80,712	74,536	74,186	77,575	80,744	83,259	88,870
Gross Income	36,613	38,672	41,221	41,462	41,674	41,719	45,749	52,241	55,201	64,812
Gross Income Margin	36.0%	35.6%	34.7%	33.9%	35.9%	36.0%	37.1%	39.3%	39.9%	42.2%
SG&A Expense	33,862	35,761	39,336	40,776	40,089	39,158	41,167	43,717	45,123	51,126
EBIT (Operating Income)	2,751	2,911	1,885	686	1,585	2,561	4,582	8,524	10,078	13,686
Year-on-year	-33.6%	5.8%	-35.2%	-63.6%	131.0%	61.6%	78.9%	86.0%	18.2%	35.8%
Operating Income Margin	2.7%	2.7%	1.6%	0.6%	1.4%	2.2%	3.7%	6.4%	7.3%	8.9%
EBITDA	5,316	5,551	4,615	4,436	5,603	6,148	7,821	11,417	13,185	17,853
Pretax Income	2,918	3,401	3,083	938	1,277	1,523	8,372	8,378	10,071	14,099
Consolidated Net Income	1,850	2,442	1,744	-579	-355	933	5,181	5,907	7,223	9,400
Minority Interest	-56	40	19	-28	-119	-233	-113	1	39	17
Net Income ATOP	1,907	2,402	1,725	-550	-235	1,166	5,294	5,905	7,183	9,382
Year-on-year	-57.9%	26.0%	-28.2%	-131.9%	-57.3%	-596.2%	354.0%	11.5%	21.6%	30.6%
Net Income Margin	1.9%	2.2%	1.5%	-0.5%	-0.2%	1.0%	4.3%	4.4%	5.2%	6.1%
(Balance Sheet)										
Cash & Short-Term Investments	19,839	19,977	16,529	17,030	18,246	17,451	26,976	24,795	22,482	21,629
Total assets	95,681	102,451	108,710	108,778	105,096	103,898	115,288	117,437	120,521	130,724
Total Debt	19,931	17,892	16,834	22,166	21,742	20,091	19,487	17,308	37,924	34,627
Net Debt	92	-2,085	305	5,136	3,496	2,640	-7,489	-7,487	15,442	12,998
Total liabilities	50,275	54,997	61,200	62,940	60,901	58,818	65,374	62,434	71,174	73,908
Total Shareholders' Equity	44,949	46,863	46,857	45,370	43,812	44,931	49,871	54,960	49,260	56,709
(Cash Flow)										
Net Operating Cash Flow	5,072	3,565	1,384	3,586	4,561	2,774	5,804	6,321	-1,000	8,942
Capital Expenditure	1,641	1,333	3,477	3,226	1,729	2,110	4,145	3,316	6,036	6,017
Net Investing Cash Flow	-4,044	-2,971	-3,094	-3,221	-1,152	-1,170	4,923	-4,012	-7,107	-3,847
Net Financing Cash Flow	-2,571	-706	-2,463	0	-2,267	-2,658	-1,426	-4,148	5,905	-5,941
Free Cash Flow	3,663	2,342	-1,924	635	2,832	664	1,659	3,005	-4,146	5,193
(Profitability)										
ROA (%)	1.97	2.42	1.63	-0.51	-0.22	1.12	4.83	5.08	6.04	7.47
ROE (%)	4.21	5.23	3.68	-1.19	-0.53	2.63	11.17	11.27	13.79	17.71
Net Margin (%)	1.87	2.21	1.45	-0.45	-0.20	1.01	4.29	4.44	5.19	6.11
Asset Turn	1.05	1.10	1.12	1.12	1.09	1.11	1.13	1.14	1.16	1.22
Assets/Equity	2.14	2.16	2.25	2.36	2.40	2.36	2.31	2.22	2.28	2.37
(Per-share) Unit: JPY										
EPS	40.1	52.7	37.8	-12.1	-5.2	25.8	117.0	130.3	147.0	190.2
BPS	986.8	1,028.9	1,027.4	995.8	970.4	993.9	1,101.3	1,212.0	1,001.1	1,147.8
Dividend per Share	13.00	13.00	13.00	13.00	13.00	15.00	37.00	42.00	55.00	75.00
Shares Outstanding (million shares)	52.14	52.14	45.61	45.66	45.66	45.66	45.66	45.66	53.38	53.38

Source: Omega Investment from company materials

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