



February 13, 2025

Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 <Under Japanese GAAP>

Company name: **ITOKI CORPORATION**
 Listing: Tokyo Stock Exchange
 Stock code: 7972
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Scheduled date of ordinary general meeting of shareholders: March 26, 2025
 Scheduled date to commence dividend payments: March 27, 2025
 Scheduled date to file Securities Report: March 26, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and security analysts)
 (Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	138,460	4.1	10,077	18.2	10,004	16.9	7,183	21.6
December 31, 2023	132,985	7.8	8,523	86.0	8,555	104.8	5,905	11.5

Note: Comprehensive income
 For the fiscal year ended December 31, 2024 7,881 million yen (17.4%)
 For the fiscal year ended December 31, 2023 6,715 million yen (28.2%)

	Net profit per share	Diluted net profit per share	Return on equity	Ordinary profit/total assets	Net sales Operating profit margin
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2024	147.02	—	13.8	8.4	7.3
December 31, 2023	130.29	111.28	11.3	7.4	6.4

Reference: Share of loss (profit) of entities accounted for using equity method
 For the fiscal year ended December 31, 2024 - million yen
 For the fiscal year ended December 31, 2023 (16) million yen

Reference: Diluted net profit per share for the fiscal year ended December 31, 2024 is not stated because there are no dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	120,521	49,342	40.9	1,001.13
December 31, 2023	117,437	54,999	46.8	1,210.96

Reference: Equity
 As of December 31, 2024 49,259 million yen
 As of December 31, 2023 54,915 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	(1,000)	(7,107)	5,905	21,494
December 31, 2023	6,321	(4,012)	(4,148)	23,664

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2023	—	0.00	—	42.00	42.00	1,904	32.2	3.6
Fiscal year ended December 31, 2024	—	0.00	—	55.00	55.00	2,706	37.4	5.0
Fiscal year ending December 31, 2025 (Forecast)	—	0.00	—	65.00	65.00		40.0	

3. Consolidated earnings forecast for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year (ending December 31, 2025)	145,000	4.7	11,500	14.1	11,500	14.9	8,000	11.4	162.59

* Notes

- (1) Important changes in the scope of consolidation during the fiscal year ended December 31, 2024: Yes
 New: 1 company (company name: Soua Co., Ltd.)
 Excluded: 1 company (company name: Itoki Engineering Service Corporation)
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 b. Changes in accounting policies due to other reasons: None
 c. Changes in accounting estimates: None
 d. Restatement of prior period financial statements after error corrections: None
- (3) Number of issued shares (common shares)
 a. Total number of issued shares at the end of the period (including treasury shares)
 As of December 31, 2024 53,382,850 shares
 As of December 31, 2023 45,664,437 shares
 b. Number of treasury shares at the end of the period
 As of December 31, 2024 4,178,718 shares
 As of December 31, 2023 316,174 shares
 c. Average number of shares during the period
 Fiscal year ended December 31, 2024 48,857,049 shares
 Fiscal year ended December 31, 2023 45,326,443 shares

Reference: Summary of non-consolidated performance

**1. Non-consolidated performance for the fiscal year ended December 31, 2024
 (from January 1, 2024 to December 31, 2024)**

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2024	97,826	5.1	6,893	52.9	7,666	34.0	9,511	120.8
December 31, 2023	93,108	10.8	4,507	72.4	5,720	63.1	4,307	86.7

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
Fiscal year ended December 31, 2024	194.69		—	
December 31, 2023	95.04		81.18	

Reference: Diluted net profit per share for the fiscal year ended December 31, 2024 is not stated because there are no dilutive shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	92,443	37,705	40.8	766.31
December 31, 2023	86,139	41,222	47.8	908.01

Reference: Equity
 As of December 31, 2024 37,705 million yen
 As of December 31, 2023 41,176 million yen

* Financial results reports are not required to be audited by certified public accountants or an audit corporation.

* Explanation concerning proper use of earnings forecasts and other specific matters

All forward-looking statements (earnings forecasts, etc.) in this document are prepared based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ significantly from the forecast figures due to various factors. For notes on assumptions for the earnings forecasts and notes on usage of the earnings forecasts, please refer to “1. Overview of Operating Results” - “(1) Overview of Operating Results for the Current Period b. Outlook for the Next Fiscal Year” on page 4 of the appendix.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Current Period

a. Overview of overall performance

In the current fiscal year, which is the first year of the Medium-term Management Plan “RISE TO GROWTH 2026,” the Group is implementing various measures based on the key strategy “7 Flags.” Current consolidated accounting period, in order to enhance sustainable growth potential, the Group has worked to expand sales and profits by proposing value-added proposals for new work styles and office spaces that employ them, as well as by deploying sales activities that focus on value enhancement.

Furthermore, in conjunction with the new Medium-term Management Plan, the IT and Sharing Business, previously a reportable segment, has been reorganized into two new segments, the Workplace Business and the Equipment and Public Works-Related Business.

	(Millions of yen)			
	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Increase/decrease (amount)	Increase/decrease (%)
Net sales	132,985	138,460	5,475	4.1%
Gross profit	52,240	55,200	2,960	5.7%
Selling, general and administrative expenses	43,717	45,123	1,405	3.2%
Operating profit	8,523	10,077	1,554	18.2%
Non-operating income	481	624	143	29.7%
Non-operating expenses	448	698	249	55.6%
Ordinary profit	8,555	10,004	1,448	16.9%
Extraordinary income	186	1,178	992	532.3%
Extraordinary losses	363	1,111	748	205.8%
Profit before income taxes	8,378	10,071	1,692	20.2%
Total income taxes	2,471	2,848	376	15.2%
Net profit	5,907	7,223	1,316	22.3%
Profit attributable to owners of parent	5,905	7,183	1,277	21.6%

(i) Net sales

Net sales were 138,460 million yen, an increase of 5,475 million yen (4.1%) year-on-year. Furthermore, we have achieved increased revenues for three consecutive periods, and have reached a record high for net sales.

- The Workplace Business performed well mainly due to renovation projects, office relocations, etc., to fit new hybrid work styles.
- In the Equipment and Public Works-Related Business, demand for equipment for public research facilities remained strong, but revenues declined within expectations for public facilities, such as display cases for museums and art galleries due to demand reactionary decline, which was strong in the previous year, in addition to the timing lag due to the high cost of materials for equipment for logistics facilities.

(ii) Gross profit

Gross profit was 55,200 million yen, an increase of 2,960 million yen (5.7%) year-on-year.

- In the Workplace Business, despite the expected impact of higher raw material prices, profit increased due to an improved profit margin resulting from increased revenues and an improvement in value provided.
- In the Equipment and Public Works-Related Business, demand for equipment for public research facilities expanded and there was increased revenue from strengthened sales but profits declined due to decreased revenue within expectations for public facilities, such as display cases for museums and art galleries.

(iii) Selling, general and administrative expenses

In addition to wage increases and the recruitment of specialist human resources as part of human capital investment, strategic expenditures were made as planned for future growth, such as the strategic renewal and opening of the showroom and head office (ITOKI DESIGN HOUSE) and strengthening IT infrastructure to promote DX, selling, general and administrative expenses were 45,123 million yen, an increase of 1,405 million yen (3.2%) year-on-year.

(iv) Operating profit

As a result of the above, operating profit was 10,077 million yen, an increase of 1,554 million yen (18.2%) year-on-year. Furthermore, we have achieved increased profits for five consecutive periods, and have reached a record high profits for two consecutive periods.

- In the Workplace Business, operating profit increased to the effect of increased revenues and an improvement of profit margin through enhancement of value provided, despite increased strategic spending on wage increases, hiring of specialized personnel, and strengthening of IT infrastructure to promote DX.

- In the Equipment and Public Works-Related Business, despite the positive impact of increased revenues from equipment for public research facilities and the effect of cost containment of selling, general and administrative expenses, profits decreased due to decreased revenues from equipment for public facilities such as display cases for museums and art galleries, which were within expectations, in addition to delays in equipment for logistics facilities.

(v) Non-operating income

Non-operating income was 624 million yen, an increase of 143 million yen (29.7%) year-on-year, mainly due to an increase in insurance income.

(vi) Non-operating expenses

Non-operating expenses were 698 million yen, an increase of 249 million yen (55.6%) year-on-year, mainly due to an increase in interest expenses resulting from higher borrowings and payment fees.

(vii) Ordinary profit

As a result of the above, ordinary profit was 10,004 million yen, an increase of 1,448 million yen (16.9%) year-on-year. Furthermore, we have achieved increased profits for five consecutive periods, and have reached a record high profits for two consecutive periods.

(viii) Extraordinary income

Extraordinary income was 1,178 million yen, an increase of 992 million yen (532.3%) year-on-year, mainly due to a gain on sale of non-current assets.

(ix) Extraordinary losses

Extraordinary losses were 1,111 million yen, an increase of 748 million yen (205.8%) year-on-year, mainly due to the recording of provisions for losses related to competition law.

(x) Profit attributable to owners of parent

As a result of the above, profit attributable to owners of parent was 7,183 million yen, an increase of 1,277 million yen (21.6%) year-on-year. Furthermore, we have achieved increased profits for four consecutive periods, and have reached a record high profits for three consecutive periods.

Segment results were as follows.

(Millions of yen)					
Name of segment		Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Increase/decrease (amount)	Increase/decrease (%)
Workplace Business	Net sales	94,546	102,261	7,714	8.2%
	Operating profit	6,226	8,047	1,820	29.2%
Equipment and Public Works- Related Business	Net sales	36,839	34,572	(2,267)	(6.2%)
	Operating profit	1,906	1,857	(48)	(2.6%)
Reportable segment total	Net sales	131,386	136,833	5,447	4.1%
	Operating profit	8,132	9,904	1,771	21.8%
Other	Net sales	1,598	1,626	27	1.7%
	Operating profit	390	172	(217)	(55.7%)
Total	Net sales	132,985	138,460	5,475	4.1%
	Operating profit	8,523	10,077	1,554	18.2%

b. Outlook for the Next Fiscal Year

As for the business environment surrounding Itoki, the situation continues to be precarious, with soaring logistics costs due to raw materials, materials, and parts prices, as well as the logistics 2024 issue, and the ongoing depreciation of the yen. Meanwhile, from the perspective of securing human resources in light of the decreasing working population, it has been said that the nature of the office has become one management issue, and interest in this topic is expanding throughout Japan.

In this business environment, we have launched our Medium-term Management Plan “RISE TO GROWTH 2026,” with 2024 as the first year. Under the theme of “enhancing sustainable growth”, this Medium-term Management Plan sets forth the “7 Flags” key strategies and ESG strategies. Various measures based on these strategies are progressing largely as planned, including their contribution to performance.

Outlook for the next fiscal year, in the Workplace Business, we aim to further expand sales and profits by proposing new work styles and office spaces that implement these ways of working, and by developing sales activities that focus on improving value. In the Equipment and Public Works-Related Business, we will work to expand sales and profits by enhancing the products and services we provide for research facilities, logistics facilities, etc., and by increasing the value we provide to our customers. Profits gained from business growth will be utilized as strategic growth investments based on the Medium-term Management Plan, and we will systematically return them to our stakeholders.

Based on these factors, the consolidated earnings forecast for the fiscal year ending December 31, 2025 is as follows.

Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2025

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
145,000 million yen	11,500 million yen	11,500 million yen	8,000 million yen

(2) Overview of Financial Position for the Current Period

a. Assets, liabilities and net assets

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024	Increase/decrease (amount)	Increase/decrease (%)
Assets	117,437	120,521	3,083	2.6%
Liabilities	62,437	71,178	8,741	14.0%
Net assets	54,999	49,342	(5,657)	(10.3%)

(Assets)

Total assets were 120,521 million yen, an increase of 3,083 million yen compared to the previous fiscal year. The increase was due to factors such as increases in intangible fixed assets as a result of DX investment.

(Liabilities)

Liabilities were 71,178 million yen, an increase of 8,741 million yen compared to the previous fiscal year. The increase was due to factors such as an increase in short-term borrowings for the purchase of treasury shares.

(Net assets)

Net assets decreased by 5,657 million yen from the end of the previous fiscal year to 49,342 million yen due to the acquisition of treasury stock, although share capital and capital surplus each increased due to the exercise of share acquisition rights. The equity ratio was 40.9%, a decrease of 5.9 points from the end of the previous fiscal year.

b. Consolidated cash flows

Cash and cash equivalents ('funds') as of December 31, 2024 decreased by 2,170 million yen compared to the end of the previous fiscal year to 21,494 million yen.

The status of each cash flow and their factors during the fiscal year ended December 31, 2024 are as follows.

(i) Cash flows from operating activities

Although there was an increase in funds due to increased revenues, an increase in payment of trade payables (a one-time increase) and an increase in salary and bonus payments resulted in a decrease in funds from operating activities of 1 billion yen (an increase of 6,321 million yen year-on-year).

(ii) Cash flows from investing activities

The decrease in funds from investing activities was 7,107 million yen (a decrease of 4,012 million yen year-on-year), mainly due to an increase in expenditure resulting from the introduction of an ERP package and the acquisition of shares in a logistics subsidiary.

(iii) Cash flows from financing activities

The increase in funds from financing activities was 5,905 million yen (a decrease of 4,148 million yen year-on-year), mainly due to an increase in short-term borrowings.

The Group's cash flow indicators are as follows.

	Fiscal year ended December 31, 2023	As of December 31, 2024
Equity ratio (%)	46.8	40.9
Equity ratio at market value (%)	52.0	67.2
Cash flows to interest bearing debt ratio (years)	3.2	-
Interest coverage ratio (times)	46.0	-

* The debt-to-cash-flow ratio and interest coverage ratio for the fiscal year ended December 31, 2024 are not stated because the cash flow from operating activities was negative.

2. Basic Policy on Selection of Accounting Standards

The ITOKI Group, considering the comparability of consolidated financial statements over time and among companies, plans to continue preparing consolidated financial statements under Japanese standards for the time being.

It is the Group's policy to adopt IFRS as appropriate, taking into account various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal year ended December 31, 2023 (December 31, 2023)	Fiscal year ended December 31, 2024 (December 31, 2024)
Assets		
Current assets		
Cash and deposits	*2 24,795	*2 22,482
Notes and accounts receivable - trade, and contract assets	*5 31,158	*5 29,277
Electronically recorded monetary claims - operating	4,547	5,775
Merchandise and finished goods	4,845	5,332
Work in process	1,740	1,982
Raw materials and supplies	3,146	3,359
Other	3,284	2,607
Allowance for doubtful accounts	(213)	(194)
Total current assets	73,304	70,624
Non-current assets		
Property, plant and equipment		
Buildings and structures	*2 33,411	*2 34,079
Accumulated depreciation	(21,379)	(21,941)
Buildings and structures, net	12,032	12,138
Machinery, equipment and vehicles	15,359	15,398
Accumulated depreciation	(13,015)	(12,920)
Machinery, equipment and vehicles, net	2,344	2,478
Land	*2 8,436	*2 8,413
Leased assets	1,651	982
Accumulated depreciation	(1,189)	(599)
Leased assets, net	462	382
Construction in progress	107	349
Other	10,549	11,287
Accumulated depreciation	(9,139)	(8,919)
Other (net)	1,409	2,367
Total property, plant and equipment	24,792	26,130
Intangible assets		
Goodwill	341	671
Other	1,950	4,440
Total intangible assets	2,292	5,111
Investments and other assets		
Investment securities	*1 5,835	*1 6,548
Retirement benefit assets	1,691	1,809
Deferred tax assets	2,127	1,945
Other	7,861	8,496
Allowance for doubtful accounts	(467)	(144)
Total investments and other assets	17,048	18,654
Total non-current assets	44,132	49,896
Total assets	117,437	120,521

(Millions of yen)

	Fiscal year ended December 31, 2023 (December 31, 2023)	Fiscal year ended December 31, 2024 (December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	*5 12,218	*5 8,711
Electronically recorded obligations - operating	8,490	1,911
Notes payable - facilities	88	16
Current portion of bonds payable	-	14
Short-term borrowings	*2, *4 8,487	*2, *4 21,279
Current portion of long-term borrowings	*2 1,789	*2 8,993
Income taxes payable	916	2,281
Accrued consumption taxes	1,377	931
Provision for bonuses	3,619	2,763
Provision for bonuses for directors (and other officers)	321	234
Provision for loss on orders received	-	3
Provision for product warranties	16	14
Provision for loss on business of subsidiaries and associates	119	84
Provision for losses related to competition law	-	*6 724
Provision for loss on voluntary recall of products	-	126
Other	9,895	7,336
Total current liabilities	47,340	55,426
Non-current liabilities		
Corporate bonds	-	16
Long-term borrowings	*2 6,007	*2 6,505
Lease obligations	570	726
Deferred tax liabilities	351	341
Provision for retirement benefits for directors (and other officers)	75	71
Provision for loss on voluntary recall of products	83	83
Retirement benefit liabilities	3,821	3,821
Asset retirement obligations	1,284	1,343
Other	2,903	2,842
Total non-current liabilities	15,096	15,752
Total liabilities	62,437	71,178
Net assets		
Shareholders' equity		
Share capital	5,294	7,351
Capital surplus	9,665	11,692
Retained earnings	38,617	36,189
Treasury shares	(111)	(8,078)
Total shareholders' equity	53,465	47,155
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	678	1,196
Foreign currency translation adjustment	638	694
Remeasurements of defined benefit plans	132	213
Total accumulated other comprehensive income	1,449	2,104
Share acquisition rights	45	-
Non-controlling interests	39	82
Total net assets	54,999	49,342
Total liabilities and net assets	117,437	120,521

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net sales	132,985	138,460
Cost of sales	*1, *3 80,744	*1, *3 83,259
Gross profit	52,240	55,200
Selling, general and administrative expenses	*2, *3 43,717	*2, *3 45,123
Operating profit	8,523	10,077
Non-operating income		
Interest income	18	22
Dividend income	110	116
Dividend income of insurance	100	127
Insurance income	41	101
Other	210	257
Total non-operating income	481	624
Non-operating expenses		
Interest expenses	151	306
Share of loss of entities accounted for using the equity method	16	-
Payment fees	150	170
Other	130	220
Total non-operating expenses	448	698
Ordinary profit	8,555	10,004
Extraordinary income		
Gain on sale of non-current assets	*4 3	*4 540
Gain on sale of investment securities	174	27
Gain on valuation of put option liabilities sold to non-controlling interests	-	*5 578
Other	8	32
Total extraordinary income	186	1,178
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	*6 328	*6 156
Impairment loss	0	-
Losses on disaster	-	20
Provisions for losses related to competition law	-	*7 728
Provision for loss on voluntary recall of products	-	126
Other	33	78
Total extraordinary losses	363	1,111
Profit before income taxes	8,378	10,071
Income taxes — current	1,731	2,766
Income taxes — deferred	740	82
Total income taxes	2,471	2,848
Net profit	5,907	7,223
Profit attributable to non-controlling interests	1	39
Profit attributable to owners of parent	5,905	7,183

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net profit	5,907	7,223
Other comprehensive income		
Valuation difference on available-for-sale securities	384	518
Foreign currency translation adjustment	158	59
Remeasurements of defined benefit plans, net of tax	266	80
Total other comprehensive income	808	658
Comprehensive income	6,715	7,881
(Breakdown)		
Comprehensive income attributable to owners of parent	6,714	7,838
Comprehensive income attributable to non-controlling interests	1	43

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,294	9,638	34,387	(134)	49,185
Changes during period					
Dividends of surplus			(1,675)		(1,675)
Profit attributable to owners of parent			5,905		5,905
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		27		23	50
Transactions with non-controlling interests capital surplus		0			0
Net changes in items other than shareholders' equity					
Total changes during period	-	27	4,230	22	4,280
Balance at end of year	5,294	9,665	38,617	(111)	53,465

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	294	480	(133)	640	45	39	49,910
Changes during period							
Dividends of surplus							(1,675)
Profit attributable to owners of parent							5,905
Purchase of treasury shares							(0)
Disposal of treasury shares							50
Transactions with non-controlling interests capital surplus							0
Net changes in items other than shareholders' equity	384	158	266	808	-	0	808
Total changes during period	384	158	266	808	-	0	5,089
Balance at end of year	678	638	132	1,449	45	39	54,999

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,294	9,665	38,617	(111)	53,465
Changes during period					
Issuance of new shares (Exercise of share acquisition rights)	2,057	2,057			4,115
Dividends of surplus			(1,904)		(1,904)
Profit attributable to owners of parent			7,183		7,183
Purchase of treasury shares				(15,901)	(15,901)
Disposal of treasury shares		(4)		201	197
Cancellation of treasury shares		(7,733)		7,733	-
Transfer of retained earnings to capital surplus		7,706	(7,706)		-
Net changes in items other than shareholders' equity					
Total changes during period	2,057	2,027	(2,428)	(7,966)	(6,310)
Balance at end of year	7,351	11,692	36,189	(8,078)	47,155

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	678	638	132	1,449	45	39	54,999
Changes during period							
Issuance of new shares (Exercise of share acquisition rights)							4,115
Dividends of surplus							(1,904)
Profit attributable to owners of parent							7,183
Purchase of treasury shares							(15,901)
Disposal of treasury shares							197
Cancellation of treasury shares							-
Transfer of retained earnings to capital surplus							-
Net changes in items other than shareholders' equity	518	55	80	654	(45)	43	653
Total changes during period	518	55	80	654	(45)	43	(5,657)
Balance at end of year	1,196	694	213	2,104	-	82	49,342

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	8,378	10,071
Depreciation	2,641	2,744
Amortization of goodwill	252	363
Impairment loss	0	-
Increase (decrease) in allowance for doubtful accounts	18	(45)
Increase (decrease) in provision for bonuses	907	(856)
Increase (decrease) in provision for bonuses for directors (and other officers)	163	(86)
Increase (decrease) in provision for loss on orders received	(1)	3
Increase (decrease) in retirement benefit liability	(28)	(22)
Decrease (increase) in retirement benefit assets	(30)	(34)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(9)	(8)
Increase (decrease) in provision for product warranties	(3)	(1)
Increase (decrease) in provision for loss on business of subsidiaries and associates	(224)	(35)
Increase (decrease) in provisions for losses related to competition law	-	728
Increase (decrease) in provisions for losses related to competition law Increase (decrease) in provisions for loss on voluntary recall of products	-	126
Interest and dividend income	(128)	(138)
Interest expenses	151	306
Investment loss (gain) of entities accounted for using the equity method	16	-
Loss (gain) on sale of investment securities	(169)	(25)
Loss (gain) on sale of non-current assets	(2)	(538)
Loss on retirement of non-current assets	328	156
Loss (gain) on valuation of put option liabilities sold to non-controlling interests	-	(578)
Decrease (increase) in trade receivables	(3,124)	1,219
Decrease (increase) in inventories	197	(941)
Increase (decrease) in trade payables	390	(10,312)
Other	477	(1,662)
Subtotal	10,202	429
Interest and dividends received	118	162
Interest paid	(137)	(320)
Settlements paid	-	(400)
Income taxes refund (paid)	(3,862)	(872)
Cash flows from operating activities	6,321	(1,000)

(Millions of yen)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Cash flows from investing activities		
Payments into time deposits	(4,150)	(1,392)
Proceeds from withdrawal of time deposits	4,491	1,534
Purchase of property, plant and equipment	(3,316)	(3,146)
Proceeds from sale of property, plant and equipment	52	586
Purchase of intangible assets	(1,235)	(2,890)
Purchase of investment securities	(540)	(252)
Proceeds from the sale of investment securities	351	84
Net decrease (increase) in short-term loans receivable	-	29
Long-term loan advances	-	(4)
Proceeds from collection of long-term loans receivable	0	0
Payments for the acquisition of shares of subsidiaries resulting in change in scope of consolidation	-	(928)
Net decrease (increase) in insurance reserve fund (IRF) amounts	395	(608)
Other	(59)	(119)
Cash flows from investing activities	(4,012)	(7,107)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(981)	12,797
Proceeds from long-term borrowings	1,231	11,161
Repayments of long-term borrowings	(1,881)	(3,459)
Redemption of bonds	(60)	(7)
Net decrease (increase) in treasury shares	(0)	(15,901)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	-	4,069
Dividends paid	(1,675)	(1,901)
Dividends paid to non-controlling interests	(0)	(0)
Payments for the acquisition of shares of subsidiaries not resulting in change in scope of consolidation	(1)	(360)
Other	(778)	(494)
Cash flows from financing activities	(4,148)	5,905
Effect of exchange rate change on cash and cash equivalents	83	32
Increase (decrease) in cash and cash equivalents	(1,755)	(2,170)
Cash and cash equivalents at beginning of period	25,420	23,664
Cash and cash equivalents at end of period	* 23,664	*21,494

(5) Notes on the Consolidated Financial Statements

(Notes on Assumption of Going Concern)

None.

(Important Matters that Form the Basis for the Preparation of Consolidated Financial Statements)

1. Matters relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 32

Names of principal consolidated subsidiaries

Itoki All Steel Co., Ltd.

Fuji Living Industry Co., Ltd.

Itoki Market Space Inc.

Itoki Toko Manufacturing Co., Ltd.

Itoki Marui Industrial Co., Ltd.

Sanko Facilities Inc.

FMSTAFF Co., Ltd.

Itoki Shared Value Co., Ltd.

Shin Nihon System Technology Corporation

DALTON Corporation

SOUA Co., Ltd.

Tarkus Interiors Pte Ltd

Novo Workstyle Asia Limited

Itoki Systems (Singapore) Pte., Ltd.

ITOKI China Holding Co., Ltd.

17 other companies

SOUA Co., Ltd. became a wholly owned subsidiary of the Company on February 29, 2024, following the acquisition of shares, and is therefore included in the scope of consolidation from the current consolidated fiscal year.

In addition, Itoki Engineering Service Corporation, which was a consolidated subsidiary, was dissolved due to an absorption-type merger with the Company as the surviving company on July 1, 2024, and has been excluded from the scope of consolidation.

(2) Number of non-consolidated subsidiaries: 7

Names of principal non-consolidated subsidiaries

Knoll Japan Inc.

6 other companies

Non consolidated subsidiaries are excluded from the scope of consolidation because they are small in size and their total assets, net sales, net profit loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest) do not have a material impact on the consolidated financial statements.

2. Matters relating to the application of the equity method

Non-consolidated subsidiaries and affiliates not accounted for by the equity method (Knoll Japan Inc. and seven other companies) are excluded from the scope of application of the equity method because they have a minimal effect on net profit or loss, retained earnings, etc. and are not significant as a whole.

3. Fiscal year of consolidated subsidiaries

Among the consolidated subsidiaries, DALTON Corporation and five other domestic subsidiaries, as well as Tarkus Interiors Pte Ltd and one other overseas subsidiary, have a fiscal year end of September 30, and their financial statements as of this fiscal year end are used in preparing the consolidated financial statements.

In addition, for Novo Workstyle Asia Limited and seven other overseas subsidiaries with a fiscal year end of December 31, the financial statements based on the provisional closing as of September 30 are used in preparing the consolidated financial statements.

However, adjustments necessary for consolidation have been made for significant transactions occurring between the fiscal year end of the consolidated subsidiaries and the consolidated closing date.

In addition, during the current consolidated fiscal year, ITOKI SYSTEMS (SINGAPORE) PTE., LTD. changed its closing date to December 31, which is the same as the consolidated closing date. Please note that the accounting period for the current consolidated fiscal year is 13 months.

4. Accounting policies

(1) Valuation standards and methods for significant assets

a. Securities

Held-to-maturity bonds

Amortized cost method (straight-line method)

Other securities

Securities other than non-marketable equity securities

Market value method (Unrealized gains and losses are included directly in net assets and the cost of securities sold is calculated using the moving average method)

Non-marketable equity securities

Stated at cost using the moving average method

b. Derivatives

Market value method

c. Inventories

Mainly stated at cost based on the weighted average method (balance sheet values are written down to their book values based on a decline in profitability)

(2) Depreciation and amortization of significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

The declining-balance method is used. However, the straight line method is used for buildings (excluding building fixtures) acquired on or after April 1, 1998 and for building fixtures and structures acquired on or after April 1, 2016.

Overseas consolidated subsidiaries use the straight line method.

The main useful lives are as follows.

Buildings and structures: 8-50 years

Machinery, equipment and vehicles: 4-17 years

b. Intangible assets (excluding leased assets)

The straight line method is used.

Software intended for sale in the market is amortized using the method based on the estimated sales volume (effective period: 3 years), while software for internal use is amortized mainly using the straight line method based on the estimated internal useful life (5 years).

c. Leased assets

Leased assets are depreciated using the straight line method over the lease period as the useful life with a residual value of zero.

(3) Accounting for significant allowance

a. Allowance for doubtful accounts

To provide for losses, an allowance for doubtful accounts is provided for the estimated amount of uncollectible receivables based on the historical percentage of bad debts for general receivables and on an individual assessment of collectability for specific receivables such as doubtful receivables.

b. Provision for bonuses

To provide for the payment of bonuses to employees, the estimated amount of bonuses to be paid is recorded.

c. Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to directors (and other officers), the estimated amount of bonuses to be paid is recorded.

d. Provision for loss on orders received

To provide for future losses on order contracts, an estimated amount of losses starting from the following fiscal year is recorded for those contracts that are expected to incur losses in the future and the amount of such losses can be reasonably estimated at the end of the current fiscal year.

e. Provision for product warranties

To provide for expenses for warranties on products delivered, a provision is made for the amount expected to be incurred in the future.

f. Provision for retirement benefits for directors (and other officers)

To provide for the payment of retirement benefits to directors (and other officers), 100% of the amount payable at the end of the current fiscal year is recorded in accordance with the internal rules for the payment of retirement benefits to directors (and other officers).

g. Provision for loss on voluntary recall of products

To provide for losses arising from the voluntary recall, inspection, and replacement of certain products sold by the Company in the past, an allowance is provided for the estimated amount of losses in collection, inspection, etc. to be incurred.

h. Provision for loss on business of subsidiaries and associates

To provide for losses associated with the business of subsidiaries and associates, an allowance is provided for the estimated amount of losses at the end of the current fiscal year, taking into account the financial position of subsidiaries and associates.

i. Provision for losses related to competition law

To provide for losses related to competition law, the estimated amount of losses that may arise in the future are recorded as necessary.

(4) Accounting method for retirement benefits

a. Period attribution method for estimated retirement benefits

In calculating retirement benefit obligations, estimated retirement benefits are attributed to the period up to the end of the current fiscal year based on the benefit calculation method.

b. Method of amortizing actuarial gains and losses and past service costs

Actuarial gains and losses are amortized on a straight-line basis over a fixed number of years (10 years) within the average remaining service period of employees at the time the actuarial gains and losses are recognized in expenses from the fiscal year following the year in which they arise each fiscal year.

Past service costs are expensed using the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time the costs are incurred.

c. Adoption of simplified method for small companies, etc.

Certain consolidated subsidiaries apply the simplified method of calculating liabilities for retirement benefits and retirement benefit costs, using a method that treats the end-of-period discretionary payment amount related to retirement benefits as the retirement benefit obligation.

(5) Accounting for significant revenue and expenses

The main performance obligations in the main business activities of the Group related to revenue arising from contracts with customers and the normal point in time at which these obligations are satisfied (the normal point of time at which revenue is recognized) are as follows.

a. Sales of products and merchandise (Workplace Business, Equipment and Public Works-Related Business)

Regarding the sale of products and merchandise, we determine that the performance obligation is satisfied at the point in time when the product or merchandise is delivered based on the sales contract with the customer, and we recognize the amount expected to be received for the product or merchandise.

Furthermore, in accordance with the alternative treatment prescribed in Article 98 of the Application Guidelines for Accounting Standards for Revenue Recognition, revenue from the sale of products or merchandise is recognized at the time of shipment if the period from shipment to the time when control of the product or merchandise is transferred to the customer is the normal period.

b. Sales of products involving installation, as well as installation work and interior construction work (Workplace Business, Equipment and Public Works-Related Business)

For sales of products involving installation, as well as installation work and interior construction work, we have determined that the performance obligation will be satisfied over a certain period of time and we recognize revenue based on the degree of progress in satisfying the performance obligation. As a method of estimating the degree of progress, we apply the ratio of the cost incurred by the end of the consolidated fiscal year to the total estimated construction cost (input method).

Furthermore, in the event that the period from the start date of the contract to the point of time at which it is expected that the performance obligation will be fully satisfied is very short, revenue is not recognized over a certain period of time, but is recognized when the performance obligation is fully satisfied.

(6) Significant hedge accounting methods

a. Hedge accounting method

In principle, deferred hedge accounting is used. Forward exchange contracts that meet the requirements for allocation treatment are accounted for using the allocation method.

b. Hedging instruments and hedged items

Hedging instruments

Forward exchange contracts

Hedged items

Foreign currency denominated trade payables and planned foreign currency transactions

c. Hedging policy

Forward exchange contracts are used to hedge the risk of fluctuations in yen-denominated payments due to exchange rate fluctuations.

d. Methods of assessing the effectiveness of hedging

The effectiveness of hedging is assessed by comparing the cumulative market fluctuations of hedged items and hedging instruments and by the ratio of such fluctuations.

(7) Amortization method and period of goodwill

Goodwill is amortized evenly over a period not exceeding 10 years, based on an estimate of the period over which the investment effect will be realized for each subsidiary investment.

(8) Scope of funds in the consolidated statements of cash flows

The scope of funds in the consolidated statements of cash flows comprise cash on hand, deposits that can be withdrawn at any time and short-term investments with a maturity of three months or less at the date of acquisition that can be easily converted into cash and are exposed to insignificant risk of value fluctuations.

(Change in Presentation)

(Consolidated Statements of Income)

“Subsidy income” under “Non-operating income,” which was independently presented in the previous fiscal year, has been included in “Other” from the current fiscal year because it has become insignificant in terms of amount. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, “Subsidy income” of 17 million yen, which was included in “Non-operating income” in the consolidated statements of income for the previous fiscal year, has been restated as “Other” of 210 million yen.

Also, “Outsourcing expenses” under “Non-operating expenses,” which was independently presented in the previous fiscal year, has been included in “Other” from the current fiscal year because it has become insignificant in terms of amount. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, “Outsourcing expenses” of 25 million yen, which was included in “Non-operating expenses” in the consolidated statements of income for the previous fiscal year, has been restated as “Other” of 130 million yen.

(Consolidated Statements of Cash Flows)

In the previous consolidated fiscal year, the item that was shown as " Income taxes paid" under "Cash flows from operating activities" has been changed in order to display item names more in line with the actual situation, from the current consolidated fiscal year, we have changed the title to " Income taxes refund (paid) ". In order to reflect this change in presentation method, the item names in the consolidated financial statements for the previous fiscal year have been changed.

In addition, in the previous fiscal year, “Expenditure for acquisition of intangible assets” included in "Other" under "Cash flows from investing activities." has increased in importance, so it will be reported separately from the current fiscal year. To reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statement of cash flows for the previous fiscal year, △1,295 million yen that was shown in "Other" under "Cash flows from investing activities" has been reclassified as △1,235 million yen for "Expenditure for acquisition of intangible fixed assets" and △59 million yen for "Other".

In addition, in the previous fiscal year, "Expenditures for the acquisition of subsidiary stocks that do not result in a change in the scope of consolidation" included in "Other" under "Cash flows from financing activities." has become independent from the current fiscal year due to their increased importance. In order to reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been revised.

As a result, in the consolidated cash flow statement for the previous fiscal year, △779 million yen that was shown in "Other" under "Cash flow from financing activities" has been reclassified as △1 million yen for "Expenditure for acquisition of subsidiary stock that does not involve change in the scope of consolidation." and △778 million yen for "Other".

(Consolidated Balance Sheets)

*1. Due to non-consolidated subsidiaries and associates

The main items relating to non-consolidated subsidiaries and associates are as follows.

	Fiscal year ended December 31, 2023 (December 31, 2023)	Fiscal year ended December 31, 2024 (December 31, 2024)
Investment securities (shares)	613 million yen	550 million yen

*2. Assets pledged as collateral

	Fiscal year ended December 31, 2023 (December 31, 2023)	Fiscal year ended December 31, 2024 (December 31, 2024)
Time deposits	100 million yen	100 million yen
Property, plant and equipment		
Buildings and structures	1,163	1,118
Land	1,927	1,927
Total	3,190	3,146

The liabilities corresponding to the above pledged assets are as follows.

	Fiscal year ended December 31, 2023 (December 31, 2023)	Fiscal year ended December 31, 2024 (December 31, 2024)
Short-term borrowings	24 million yen	- million yen
Current portion of long-term borrowings	425	355
Long-term borrowings	907	821

Syndicated term loan agreements

(1) The balance of borrowings under the syndicated term loan agreement entered on March 27, 2020 is as follows.

	Fiscal year ended December 31, 2023 (December 31, 2023)	Fiscal year ended December 31, 2024 (December 31, 2024)
Syndicated term loan agreements	3,000 million yen	3,000 million yen

The following financial covenants have been attached to syndicated term loan agreements. In the event of a breach of such covenants, the Group may be required to repay the relevant interest-bearing liabilities in a lump sum.

a. From the second quarter June 2020 onwards, the amount of net assets on the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter of each fiscal year must be maintained at 75% or more of the amount of net assets in the consolidated balance sheet compared with the same period of the previous fiscal year.

b. From the fiscal year ended December 31, 2020 onwards, maintain the amount of net assets on the non-consolidated balance sheet at 75% or more of the amount of net assets on the non-consolidated balance sheet at the end of each fiscal year compared with the same period of the previous fiscal year.

(2) The balance of borrowings under the syndicated term loan agreement entered on September 17, 2024 is as follows.

	Fiscal year ended December 31, 2023 (December 31, 2023)	Fiscal year ended December 31, 2024 (December 31, 2024)
Syndicated term loan agreements	- million yen	4,400 million yen

The following financial covenants have been attached to syndicated term loan agreements. In the event of a breach of such covenants, the Group may be required to repay the relevant interest-bearing liabilities in a lump sum.

a. The total amount of net assets recorded in the consolidated balance sheet as of the end of the fiscal year ending December 31, 2024 and the end of each fiscal year thereafter must be maintained at a level that is not less than the higher of either 75% of the total amount of net assets stated in the consolidated balance sheet as of the end of the fiscal year ended December 31, 2023, or 75% of the total amount of net assets stated in the consolidated balance sheet as of the end of the most recent fiscal year.

b. The ordinary profit or loss recorded on the consolidated income statement for the fiscal year ending December 31, 2024 and each fiscal year thereafter shall not be a loss.

(3) The balance of borrowings under the syndicated term loan agreement entered on September 25, 2024 is as follows.

	Fiscal year ended December 31, 2023 (December 31, 2023)	Fiscal year ended December 31, 2024 (December 31, 2024)
Syndicated term loan agreements	- million yen	4,444 million yen

The following financial covenants have been attached to syndicated term loan agreements. In the event of a breach of such covenants, the Group may be required to repay the relevant interest-bearing liabilities in a lump sum.

a. From the fiscal year ended December 31, 2024 onwards, the amount of net assets on the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter of each fiscal year must be maintained at 75% or more of the amount of net assets in the consolidated balance sheet compared with the same period of the previous fiscal year.

b. From the fiscal year ended December 31, 2024 onwards, maintain the amount of net assets on the non-consolidated balance sheet at 75% or more of the amount of net assets on the non-consolidated balance sheet at the end of each fiscal year compared with the same period of the previous fiscal year.

*3. Discounted notes receivable

	Fiscal year ended December 31, 2023 (December 31, 2023)	Fiscal year ended December 31, 2024 (December 31, 2024)
Discounted notes receivable	336 million yen	1,133 million yen

*4. Loan commitment agreements

The Company has entered into loan commitment agreements with 14 financial institutions in order to raise working capital efficiently.

The balances of unexecuted loans based on loan commitment agreements are as follows.

	Fiscal year ended December 31, 2023 (December 31, 2023)	Fiscal year ended December 31, 2024 (December 31, 2024)
Total amount of loan commitments	6,650 million yen	12,900 million yen
Outstanding loan balance	—	12,900
Difference	6,650	—

*5. Notes maturing at the fiscal year-end

Notes maturing at the fiscal year-end are settled on the clearance date of the notes. As the last day of the current fiscal year was a bank holiday, notes maturing on the last day of the current fiscal year are included in the balance at the end of the fiscal year.

	Fiscal year ended December 31, 2023 (December 31, 2023)	Fiscal year ended December 31, 2024 (December 31, 2024)
Notes receivable	175 million yen	8 million yen
Notes payable	124	6

*6. Provision for losses related to competition law

Our consolidated subsidiary, Tarkus Interiors Pte Ltd, has been ordered to pay fine of 5,113,918 Singapore dollars for violating competition law by the Competition and Consumer Commission of Singapore on December. 20, 2024(The company received a provisional recognition letter regarding the case from the Competition and Consumer Commission of Singapore on May 23, 2024). As a result, we have recorded 570 million yen (converted at the end-of-period rate of 111.56 yen) in order to prepare for the expected payment of fines.

In addition, in response to receiving administrative guidance (warning) from the Japan Fair Trade Commission, we have recorded 154 million yen to prepare for the payment of the equivalent of the remuneration for the actual work performed in the past to the business operators to which we have outsourced our logistics operations.

(Consolidated Statements of Income)

*1. Cost of sales

- a. The amount of inventories at the end of the fiscal year is after devaluation of the book value due to a decline in profitability, and the following loss (gain) on valuation of inventories is included in cost of sales.

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
180 million yen	167 million yen

- b. Provision for (reversal of) allowance for loss on orders received included in cost of sales

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
(8) million yen	13 million yen

*2. Selling, general and administrative expenses

The main expense items and amounts are as follows.

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Employee salaries and allowances	15,671 million yen	17,428 million yen
Provision for allowance for bonuses	3,037	2,408
Retirement benefit costs	843	858
Provision for allowance for retirement benefits for directors (and other officers)	11	9
Provision for allowance for bonuses for directors (and other officers)	299	223
Provision for allowance for doubtful accounts	20	(7)

*3. Research and development expenses included in general and administrative expenses and manufacturing costs

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
2,719 million yen	2,509 million yen

*4. Gain on sale of non-current assets

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Machinery, equipment and vehicles	1 million yen	18 million yen
Land	—	517
Other (property, plant and equipment)	1	3
Total	3	540

*5. Gain on valuation of put option liabilities sold to non-controlling interests

At some of the Group's consolidated subsidiaries that apply International Financial Reporting Standards (IFRS), this is due to changes in the fair value of written put options on additional acquisition of shares in consolidated subsidiaries granted to non-controlling shareholders.

*6. Loss on retirement of non-current assets

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Buildings and structures	48 million yen	92 million yen
Machinery, equipment and vehicles	15	0
Other (property, plant and equipment)	38	50
Other (intangible assets)	193	12
Removal costs etc. relating to the above	32	0
Total	328	156

*7. Provisions for losses related to competition law

Our consolidated subsidiary, Tarkus Interiors Pte Ltd, has been ordered to pay fine of 5,113,918 Singapore dollars for violating competition law by the Competition and Consumer Commission of Singapore on December. 20, 2024(The company received a provisional recognition letter regarding the case from the Competition and Consumer Commission of Singapore on May 23, 2024). As a result, we have recorded 574 million yen (converted at the average rate during the period of 112.36 yen) in order to prepare for the expected payment of fines.

In addition, in response to receiving administrative guidance (warning) from the Japan Fair Trade Commission, we have recorded 154 million yen to prepare for the payment of the equivalent of the remuneration for the actual work performed in the past to the business operators to which we have outsourced our logistics operations.

(Consolidated Statements of Changes in Net Assets)

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

1. Type and number of shares issued and type and number of treasury shares

	Fiscal year ended December 31, 2024 Number of shares at the beginning of the year	Fiscal year ended December 31, 2024 Increase in the number of shares	Fiscal year ended December 31, 2024 Decrease in the number of shares	Fiscal year ended December 31, 2024 Number of shares
Issued shares				
Common shares	45,664,437	—	—	45,664,437
Total	45,664,437	—	—	45,664,437
Treasury shares				
Common shares (note)	381,659	515	66,000	316,174
Total	381,659	515	66,000	316,174

- (Note) 1. The increase in the number of treasury shares of 515 shares is due to an increase of 515 shares as a result of requests for the purchase of odd lot shares.
2. The decrease of 66,000 treasury shares is due to the disposal of 66,000 treasury shares as restricted shares compensation due to a resolution of the Board of Directors on April 14, 2023.

2. Matters relating to share acquisition rights

Company name	Breakdown	Type of targeted shares	Number of targeted shares				Balance at the end of the current fiscal year (Millions of yen)
			Beginning of the current fiscal year	Increase	Decrease	End of the current fiscal year	
Submitting company	First series of stock acquisition rights	Common shares	11,377,100	341,313	—	11,718,413	45
Total			11,377,100	341,313	—	11,718,413	45

- (Note) The increase of 341,313 shares targeted by the first series stock acquisition rights is due to the adjustment of the number of shares allocated based on the provisions of the issuance (adjustments to the exercise price, etc., in the event of a special dividend payment).

3. Matters relating to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
March 23, 2023 Annual general meeting of shareholders	Common shares	1,675	37	December 31, 2022	March 24, 2023

(2) Dividends with a record date in the current fiscal year but with an effective date in the following fiscal year

(Resolution)	Type of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
March 27, 2024 Annual general meeting of shareholders	Common shares	1,904	Retained earnings	42	December 31, 2023	March 28, 2024

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

1. Type and number of shares issued and type and number of treasury shares

	Fiscal year ended December 31, 2024 Number of shares at the beginning of the year	Fiscal year ended December 31, 2024 Increase in the number of shares	Fiscal year ended December 31, 2024 Decrease in the number of shares	Fiscal year ended December 31, 2024 Number of shares
Issued shares				
Common shares (note) 1, 2	45,664,437	11,718,413	4,000,000	53,382,850
Total	45,664,437	11,718,413	4,000,000	53,382,850
Treasury shares				
Common shares (note) 3, 4	316,174	7,966,744	4,104,200	4,178,718
Total	316,174	7,966,744	4,104,200	4,178,718

- (Note)
1. The increase of 11,718,413 common shares is due to the exercise of the first series of share acquisition rights.
 2. The decrease of 4,000,000 common shares is due to the cancellation of treasury shares as per a resolution of the Board of Directors on February 13, 2024.
 3. The increase of 7,966,744 shares in treasury shares is due to the acquisition of treasury shares as per a resolution of the Board of Directors on February 13, 2024 (7,965,900 shares) and the purchase of shares in response to requests to buy shares in less than a whole unit (844 shares).
 4. The decrease of 4,104,200 treasury shares is due to the cancellation of 4,000,000 treasury shares as per a resolution of the Board of Directors on February 13, 2024, and the disposal of 104,200 treasury shares as restricted shares compensation as per a resolution of the Board of Directors on April 23, 2024.

2. Matters relating to share acquisition rights

Company name	Breakdown	Type of targeted shares	Number of targeted shares				Balance at the end of the current fiscal year (Millions of yen)
			Beginning of the current fiscal year	Increase	Decrease	End of the current fiscal year	
Submitting company	First series of share acquisition rights	Common shares	11,718,413	—	11,718,413	—	—
Total			11,718,413	—	11,718,413	—	—

- (Note) The decrease of 11,718,413 shares in the number of first series subscription rights is due to the exercise of share acquisition rights.

3. Matters relating to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
March 27, 2024 Annual general meeting of shareholders	Common shares	1,904	42	December 31, 2023	March 28, 2024

(2) Dividends with a record date in the current fiscal year but with an effective date in the following fiscal year

(Resolution)	Type of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
March 26, 2025 Annual general meeting of shareholders	Common shares	2,706	Retained earnings	55	December 31, 2024	March 27, 2025

(Consolidated Statements of Cash Flows)

* Reconciliation between cash and cash equivalents at the end of the year and the amounts shown in the consolidated balance sheet

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Cash and deposits	24,795 million yen	22,482 million yen
Time deposits with a term of more than three months	(1,130)	(988)
Cash and cash equivalents	23,664	21,494

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are constituent units of the Group for which separate financial information is available and which are subject to regular review by the Board of Directors in order to determine the allocation of management resources and evaluate their performance.

The Group formulates comprehensive strategies for the products and services it handles and engages in its business activities under a manufacturing and sales structure by product and service.

Accordingly, the Group comprises product and service segments that take into account similarities in product type and sales market, and has two reportable segments: Workplace Business and Equipment and Public Works-Related Business.

The Workplace Business segment manufactures and sells office desks and chairs, storage furniture, telework furniture, study furniture and other products, and provides office renovation and repair, assembly and construction, office space design and project management services such as office relocations. The Equipment and Public Works-Related Business manufactures and sells logistics equipment, storage cabinets, research equipment and other equipment, and provides services for the environment and space construction of public facilities.

2. Methods of calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting methods of the reported business segments are generally the same as those described in "Important Matters that Form the Basis for the Preparation of Consolidated Financial Statements."

Intersegment profits and transfers are based on prevailing market prices.

3. Information on amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segment			Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded on consolidated financial statements (Note) 3
	Workplace Business	Equipment and Public Works- Related Business	Total				
Net sales							
Japan	82,863	36,466	119,330	1,460	120,790	—	120,790
Asia	11,220	177	11,397	—	11,397	—	11,397
Other	462	195	658	—	658	—	658
Earnings from contracts with customers	94,546	36,839	131,386	1,460	132,846	—	132,846
Other earnings	—	—	—	138	138	—	138
Sales to external customers	94,546	36,839	131,386	1,598	132,985	—	132,985
Intersegment sales or transfers	242	32	274	450	724	(724)	—
Total	94,788	36,872	131,660	2,048	133,709	(724)	132,985
Segment profit	6,226	1,906	8,132	390	8,523	—	8,523
Segment assets	57,434	31,305	88,739	2,629	91,368	26,068	117,437
Other items (Note) 4							
Depreciation	1,714	656	2,371	102	2,473	167	2,641
Increase in property, plant and equipment and intangible assets	3,065	449	3,514	73	3,588	119	3,707

(Note) 1. "Other" is for business segments not included in reportable segments. It includes IT system-related business, etc.

2. Adjustments are as follows.

(1) Adjustments to segment assets of 26,068 million yen include corporate assets that are not allocated to each reportable segment. Corporate assets mainly include the parent company's surplus operating funds (cash and deposits), long-term investment funds (investment securities), and assets related to administrative departments such as the head office building.

- (2) Adjustments in depreciation and increase in property, plant and equipment and intangible assets include corporate assets that are not allocated to each reportable segment.
3. Total segment profit is consistent with operating profit in the consolidated statements of income. Total segment assets correspond to total assets in the consolidated balance sheet.
4. Depreciation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses and their amortization.

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segment			Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded on consolidated financial statements (Note) 3
	Workplace Business	Equipment and Public Works- Related Business	Total				
Net sales							
Japan	90,308	34,184	124,493	1,452	125,945	—	125,945
Asia	11,635	234	11,869	—	11,869	—	11,869
Other	317	153	471	—	471	—	471
Earnings from contracts with customers	102,261	34,572	136,833	1,452	138,286	—	138,286
Other earnings	—	—	—	173	173	—	173
Sales to external customers	102,261	34,572	136,833	1,626	138,460	—	138,460
Intersegment sales or transfers	195	27	222	481	703	(703)	—
Total	102,456	34,599	137,056	2,107	139,164	(703)	138,460
Segment profit	8,047	1,857	9,904	172	10,077	—	10,077
Segment assets	65,746	26,912	92,659	2,786	95,445	25,075	120,521
Other items (Note) 4							
Depreciation	2,051	470	2,522	108	2,630	113	2,744
Increase in property, plant and equipment and intangible assets	6,310	867	7,178	123	7,301	305	7,607

(Note) 1. “Other” is for business segments not included in reportable segments. It includes IT system-related business, etc.

2. Adjustments are as follows.

(1) Adjustments to segment assets of 25,075 million yen include corporate assets that are not allocated to each reportable segment. Corporate assets mainly include the parent company’s surplus operating funds (cash and deposits), long-term investment funds (investment securities), and assets related to administrative departments such as the head office building.

(2) Adjustments in depreciation and increase in property, plant and equipment and intangible assets include corporate assets that are not allocated to each reportable segment.

3. Total segment profit is consistent with operating profit in the consolidated statements of income. Total segment assets correspond to total assets in the consolidated balance sheet.

4. Depreciation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses and their amortization.

4. Matters related to changes in reportable segments, etc.

In accordance with the policy of the Company’s Medium-term Management Plan “RISE TO GROWTH 2026” announced on February 13, 2024, the Company has revised the classification method of its reportable segments effective from the current fiscal year. The office sharing-related business included in the “IT and Sharing Business” was transferred to the “Workplace Business,” and the reportable segments were changed to the two segments of “Workplace Business” and “Equipment and Public Works-Related Business.” In addition, IT system-related businesses are classified as “Other.”

The segment information for the previous fiscal year is presented based on the classification method after the change.

[Related information]

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

1. Information by product and service

This information has been omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

As stated in “3. Information on net sales, profit or loss, assets, liabilities and other items by reportable segment.”

(2) Property, plant and equipment

Information on property, plant and equipment has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

Description is omitted because there are no external customers whose sales account for more than 10% of the sales in the consolidated statements of income.

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

1. Information by product and service

This information has been omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

As stated in “3. Information on net sales, profit or loss, assets, liabilities and other items by reportable segment.”

(2) Property, plant and equipment

Information on property, plant and equipment has been omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

Description is omitted because there are no external customers whose sales account for more than 10% of the sales in the consolidated statements of income.

[Information on impairment losses on non-current assets by reportable segment]

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

This information has been omitted as it is immaterial for the current fiscal year.

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

None.

[Information on amortized amount and unamortized balance of goodwill by reportable segment]

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segment			Other	Corporate and eliminations	Total
	Workplace Business	Equipment and Public Works-Related Business	Total			
Amortization during the year	222	6	228	23	—	252
Balance at end of year	302	8	311	29	—	341

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segment			Other	Corporate and eliminations	Total
	Workplace Business	Equipment and Public Works-Related Business	Total			
Amortization during the year	333	6	339	23	—	363
Balance at end of year	662	2	665	5	—	671

(Related Party Information)

Transactions with related parties

Transactions between the company submitting consolidated financial statements and related parties

(a) Non-consolidated subsidiaries and associates of the company submitting consolidated financial statements

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

None.

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

None.

(b) Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements, etc.

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

Type	Name of company, etc. or personal name	Location	Capital or investment (Millions of yen)	Details of business or occupation	Percentage of voting rights, etc. owned (%)	Relationship with related parties	Details of transactions	Transaction amount (Millions of yen)	Account	Balance at end of period (Millions of yen)
Officers and close relatives	Yuriko Yamada	—	—	Spouse of Masamichi Yamada, Representative Director and Chairman of the Company	(Ownership) Direct 0.6	Lease of land	Lease of land (Note 1)	1	—	—
	Riri Co., Ltd. President & Representative Director Yuriko Yamada	Setagaya-ku, Tokyo	1	Asset management company of Yuriko Yamada	0.8	Lease of house	Lease of house (Note 1)	15	Investments and other assets (security deposits)	12
	Fumiko Ito	—	—	Sister-in-law of Masamichi Yamada, Representative Director and Chairman of the Company	(Ownership) Direct 2.0	Lease of land and houses	Lease of land and houses (Note 1)	44	Investments and other assets (security deposits)	34

- (Note) 1. The amount is based on the equivalent price with reference to the land rent in the area and paid in cash.
2. Riri Co., Ltd. is majority owned by a close relative of the Company's Representative Director and Chairman, Masamichi Yamada.

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

Type	Name of company, etc. or personal name	Location	Capital or investment (Millions of yen)	Details of business or occupation	Percentage of voting rights, etc. owned (%)	Relationship with related parties	Details of transactions	Transaction amount (Millions of yen)	Account	Balance at end of period (Millions of yen)
Officers and close relatives	Yuriko Yamada	—	—	Spouse of Masamichi Yamada, Representative Director and Chairman of the Company	(Ownership) Direct 0.5	Lease of land	Lease of land (Note 1)	1	—	—
	Riri Co., Ltd. President & Representative Director Yuriko Yamada	Setagaya-ku, Tokyo	1	Asset management company of Yuriko Yamada	0.7	Lease of house	Lease of house (Note 1)	15	Investments and other assets (security deposits)	12
	Fumiko Ito	—	—	Sister-in-law of Masamichi Yamada, Representative Director and Chairman of the Company	(Ownership) Direct 1.5	Lease of land and houses	Lease of land and houses (Note 1)	44	Investments and other assets (security deposits)	34

- (Note) 1. The amount is based on the equivalent price with reference to the land rent in the area and paid in cash.
2. Riri Co., Ltd. is majority owned by a close relative of the Company's Representative Director and Chairman, Masamichi Yamada.

(Per Share Information)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net assets per share (yen)	1,210.96	1,001.13
Net profit per share (yen)	130.29	147.02
Diluted net profit per share (yen)	111.28	—

(Note) 1. Diluted net profit per share for the current fiscal year is not stated because there are no dilutive shares.

2. The basis for calculating net profit per share and net profit per share after dilution is as follows.

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net profit per share		
Profit attributable to owners of parent (million yen)	5,905	7,183
Amounts not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common shares (million yen)	5,905	7,183
Average number of common shares during the year (shares)	45,326,443	48,857,049
Diluted net profit per share		
Adjustment to profit attributable to owners of parent (million yen)	—	—
Increase in number of common shares (shares)	7,743,745	—
(Of which, share acquisition rights (shares))	(7,743,745)	(—)
Summary of potential shares not included in the calculation of diluted net profit per share as they have no dilutive effect	—	—

3. The basis for calculation of net assets per share is as follows.

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Total net assets (million yen)	54,999	49,342
Amounts deducted from total net assets (million yen)	84	82
(Of which, share acquisition rights (million yen))	(45)	(—)
(Of which non-controlling interests (million yen))	(39)	(82)
Net assets at the end of the year relating to common shares (million yen)	54,915	49,259
Number of common shares at the end of the year used in the calculation of net assets per share (shares)	45,348,263	49,204,132

(Significant Events After the Reporting Period)

None.