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Consolidated Financial Results for the Three Months Ended March 31, 2025 [Japanese GAAP]

May 2, 2025

Company name: ITOKI CORPORATION

Listing: Tokyo Stock Exchange

Securities code: 7972

URL: <https://www.itoki.jp/>

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President & Representative Director

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors and security analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended March 31, 2025 (January 1, 2025 to March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2025	42,744	4.5	7,422	22.9	7,318	21.7	4,916	19.9
March 31, 2024	40,918	10.7	6,039	26.4	6,015	24.7	4,101	24.4

(Note) Comprehensive income: Three months ended March 31, 2025: ¥ 5,000 million [8.8%]
Three months ended March 31, 2024: ¥ 4,596 million [30.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2025	99.92	-
March 31, 2024	85.71	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	132,329	51,636	39.0	1,047.92
December 31, 2024	120,521	49,342	40.9	1,001.13

(Reference) Equity: As of March 31, 2025: ¥ 51,562 million
As of December 31, 2024: ¥ 49,259 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	0.00	-	55.00	55.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		0.00	-	65.00	65.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025(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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	145,000	4.7	11,500	14.1	11,500	14.9	8,000	11.4	162.59

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2025: 53,382,850 shares

December 31, 2024: 53,382,850 shares

2) Number of treasury shares at the end of the period:

March 31, 2025: 4,178,793 shares

December 31, 2024: 4,178,718 shares

3) Average number of shares outstanding during the period:

Three months ended March 31, 2025: 49,204,082 shares

Three months ended March 31, 2024: 47,849,765 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special 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” - “(3) Explanation of Forward-Looking Information for Earnings Forecasts, etc.” on page 4 of the appendix.

○Appendix Table of Contents

1. Overview of Operating Results.....	2
(1) Overview of Operating Results During the Quarter	2
(2) Overview of Financial Position During the Quarter	4
(3) Explanation of Forward-Looking Information for Earnings Forecasts, etc.	4
2. Consolidated Quarterly Financial Statements and Main Notes.....	5
(1) Consolidated Quarterly Balance Sheets.....	5
(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income....	7
(3) Notes on the Consolidated Quarterly Financial Statements.....	9
(Changes in Accounting Policies).....	9
(Segment Information, etc.)	10
(Notes in the Event of Significant Fluctuations in the Amount of Shareholders' Equity).....	11
(Notes on Assumption of Going Concern)	11
(Notes on Statements of Cash Flows)	11
(Significant Events After the Reporting Period).....	11

1. Overview of Operating Results

(1) Overview of Operating Results During the Quarter

In the current fiscal year, which is the second year of the Medium-term Management Plan “RISE TO GROWTH 2026,” the Group is implementing various measures based on the key strategy “7 Flags” and the ESG strategy. During the three months ended March 31, 2025, in order to enhance sustainable growth potential, the Group has worked to further expand sales and profits by proposing new work styles and office spaces that employ them, as well as by deploying sales activities that focus on value enhancement.

Furthermore, in response to receiving administrative guidance (warning) from the Japan Fair Trade Commission on November 28, 2024, the Company has been working to improve the appropriateness of transactions with business operators to which we have outsourced our logistics operations. Regarding this matter, we completed our report to the Japan Fair Trade Commission on March 17, 2025. We will thoroughly work on preventing recurrence and ensuring strict compliance with the Antimonopoly Act and other relevant laws.

(Millions of yen)

	First three months of fiscal year ended December 31, 2024	First three months of fiscal year ending December 31, 2025	Increase/decrease (amount)	Increase/decrease (%)
Net sales	40,918	42,744	1,825	4.5%
Gross profit	16,372	18,750	2,377	14.5%
Selling, general and administrative expenses	10,333	11,328	994	9.6%
Operating profit	6,039	7,422	1,382	22.9%
Non-operating income	78	133	54	70.1%
Non-operating expenses	102	236	134	132.2%
Ordinary profit	6,015	7,318	1,302	21.7%
Extraordinary income	0	15	14	1,873.6%
Extraordinary losses	10	76	66	648.7%
Profit before income taxes	6,006	7,257	1,251	20.8%
Total income taxes	1,901	2,346	445	23.4%
Profit	4,104	4,910	805	19.6%
Profit attributable to owners of parent	4,101	4,916	815	19.9%

(i) Net sales

Net sales were 42,744 million yen, an increase of 1,825 million yen (4.5%) year-on-year.

- 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, revenues declined mainly due to the effects of delays in the commencement and completion of construction against the backdrop of soaring costs of materials for equipment for logistics facilities.

(ii) Gross profit

Gross profit was 18,750 million yen, an increase of 2,377 million yen (14.5%) year-on-year.

- In the Workplace Business, 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, despite an improved profit margin for equipment for public research facilities, profits declined due to the effects of decreased revenue for equipment for logistics facilities.

(iii) Selling, general and administrative expenses

In addition to increased personnel expenses resulting from business expansion, strategic expenditures were made as planned for future growth, such as strengthening IT infrastructure to promote DX, selling, general and administrative expenses were 11,328 million yen, an increase of 994 million yen (9.6%) year-on-year.

(iv) Operating profit

As a result of the above, operating profit exceeded expectations, reaching 7,422 million yen, an increase of 1,382 million yen (22.9%) year-on-year.

- In the Workplace Business, operating 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, revenues declined due to the effects of delays in the commencement and completion of construction for equipment for logistics facilities.

(v) Non-operating income

Non-operating income was 133 million yen, an increase of 54 million yen (70.1%) year-on-year, mainly due to an increase in foreign exchange gains.

(vi) Non-operating expenses

Non-operating expenses were 236 million yen, an increase of 134 million yen (132.2%) 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 7,318 million yen, an increase of 1,302 million yen (21.7%) year-on-year.

(viii) Extraordinary income

Extraordinary income was 15 million yen, an increase of 14 million yen (1,873.6%) year-on-year, mainly due to an increase in gain on sale of investment securities.

(ix) Extraordinary losses

Extraordinary losses were 76 million yen, an increase of 66 million yen (648.7%) year-on-year, mainly due to an increase in loss on retirement of non-current assets.

(x) Profit attributable to owners of parent

As a result of the above, profit attributable to owners of parent was 4,916 million yen, an increase of 815 million yen (19.9%) year-on-year.

Segment results were as follows.

(Millions of yen)

Name of segment		First three months of fiscal year ended December 31, 2024	First three months of fiscal year ending December 31, 2025	Increase/decrease (amount)	Increase/decrease (%)
Workplace Business	Net sales	31,778	34,603	2,824	8.9%
	Operating profit	5,256	7,015	1,759	33.5%
Equipment and Public Works- Related Business	Net sales	8,778	7,763	(1,015)	(11.6%)
	Operating profit	748	373	(374)	(50.0%)
Reportable segment total	Net sales	40,557	42,366	1,809	4.5%
	Operating profit	6,004	7,389	1,385	23.1%
Other	Net sales	361	377	16	4.7%
	Operating profit	35	33	(2)	(6.2%)
Total	Net sales	40,918	42,744	1,825	4.5%
	Operating profit	6,039	7,422	1,382	22.9%

(2) Overview of Financial Position During the Quarter

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025	Increase/decrease (amount)	Increase/decrease (%)
Assets	120,521	132,294	11,772	9.8%
Liabilities	71,178	80,657	9,478	13.3%
Net assets	49,342	51,636	2,294	4.6%

(Assets)

Total assets were 132,294 million yen, an increase of 11,772 million yen compared to the previous fiscal year. The increase was due to factors such as increases in notes and accounts receivable - trade, and contract assets, and electronically recorded monetary claims -operating.

(Liabilities)

Liabilities were 80,657 million yen, an increase of 9,478 million yen compared to the previous fiscal year. The increase was due to factors such as an increase in short-term borrowings.

(Net assets)

Net assets increased by 2,294 million yen from the end of the previous fiscal year to 51,636 million yen due to an increase in retained earnings resulting from increased profit. The equity ratio was 39.0%, a decrease of 1.9 points from the end of the previous fiscal year.

(3) Explanation of Forward-Looking Information for Earnings Forecasts, etc.

As for the full-year forecast, at the current point in time, the full-year consolidated earnings forecast that was announced in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 on February 13, 2025 remains unchanged. Going forward, we will promptly disclose the occurrence of any matters that make revision necessary.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	22,482	24,296
Notes and accounts receivable - trade, and contract assets	29,277	36,864
Electronically recorded monetary claims - operating	5,775	6,277
Merchandise and finished goods	5,332	6,451
Work in process	1,982	2,176
Raw materials and supplies	3,359	3,948
Other	2,607	2,520
Allowance for doubtful accounts	(194)	(211)
Total current assets	70,624	82,322
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,138	12,150
Land	8,413	8,413
Other, net	5,578	5,633
Total property, plant and equipment	26,130	26,197
Intangible assets		
Goodwill	671	633
Other	4,440	4,874
Total intangible assets	5,111	5,507
Investments and other assets		
Investment securities	6,548	6,543
Retirement benefit asset	1,809	1,791
Deferred tax assets	1,945	1,550
Other	8,496	8,560
Allowance for doubtful accounts	(144)	(144)
Total investments and other assets	18,654	18,302
Total non-current assets	49,896	50,007
Total assets	120,521	132,329

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,711	11,387
Electronically recorded obligations - operating	1,911	2,931
Notes payable - facilities	16	11
Current portion of bonds payable	14	14
Short-term borrowings	21,279	27,104
Current portion of long-term borrowings	8,993	6,738
Income taxes payable	2,281	2,189
Accrued consumption taxes	931	1,389
Provision for bonuses	2,763	1,338
Provision for bonuses for directors (and other officers)	234	18
Provision for loss on orders received	3	0
Provision for product warranties	14	14
Provision for loss on business of subsidiaries and associates	84	90
Provision for loss on competition law	724	630
Provision for loss on voluntary recall of products	126	124
Other	7,336	7,835
Total current liabilities	55,426	61,818
Non-current liabilities		
Bonds payable	16	9
Long-term borrowings	6,505	9,550
Lease liabilities	726	699
Deferred tax liabilities	341	360
Provision for retirement benefits for directors (and other officers)	71	-
Provision for loss on voluntary recall of products	83	83
Retirement benefit liability	3,821	3,906
Asset retirement obligations	1,343	1,333
Other	2,842	2,931
Total non-current liabilities	15,752	18,875
Total liabilities	71,178	80,693
Net assets		
Shareholders' equity		
Share capital	7,351	7,351
Capital surplus	11,692	11,692
Retained earnings	36,189	38,399
Treasury shares	(8,078)	(8,078)
Total shareholders' equity	47,155	49,365
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,196	1,309
Foreign currency translation adjustment	694	668
Remeasurements of defined benefit plans	213	218
Total accumulated other comprehensive income	2,104	2,196
Non-controlling interests	82	74
Total net assets	49,342	51,636
Total liabilities and net assets	120,521	132,329

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Net sales	40,918	42,744
Cost of sales	24,545	23,993
Gross profit	16,372	18,750
Selling, general and administrative expenses	10,333	11,328
Operating profit	6,039	7,422
Non-operating income		
Interest income	2	8
Dividend income	13	15
Foreign exchange gains	-	50
Other	61	58
Total non-operating income	78	133
Non-operating expenses		
Interest expenses	51	110
Commission expenses	11	102
Other	39	23
Total non-operating expenses	102	236
Ordinary profit	6,015	7,318
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	0	14
Total extraordinary income	0	15
Extraordinary losses		
Loss on sale of non-current assets	0	20
Loss on retirement of non-current assets	4	55
Loss on disaster	5	-
Other	0	0
Total extraordinary losses	10	76
Profit before income taxes	6,006	7,257
Income taxes - current	1,285	1,965
Income taxes - deferred	615	381
Total income taxes	1,901	2,346
Profit	4,104	4,910
Profit (loss) attributable to non-controlling interests	2	(6)
Profit attributable to owners of parent	4,101	4,916

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Profit	4,104	4,910
Other comprehensive income		
Valuation difference on available-for-sale securities	450	112
Foreign currency translation adjustment	26	(27)
Remeasurements of defined benefit plans, net of tax	14	5
Total other comprehensive income	491	90
Comprehensive income	4,596	5,000
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,593	5,008
Comprehensive income attributable to non-controlling interests	3	(8)

(3) Notes on the Consolidated Quarterly Financial Statements

(Changes in Accounting Policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022), the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022), and the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) from the beginning of the first quarter of the current consolidated accounting period. The changes in accounting policies have no effect on the quarterly consolidated financial statements.

(Application of the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules)

The Company has applied the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules” (PITF No. 46, March 22, 2024) from the beginning of the first quarter of the current consolidated accounting period.

Furthermore, due to the application of Paragraph 7 of the Practical Solution, current taxes related to the global minimum tax rules are not recorded in the consolidated quarterly financial statements for the first three months of the current consolidated accounting period.

(Segment Information, etc.)

I First three months of the previous consolidated cumulative period (January 1, 2024 to March 31, 2024)

1. Information on the amount of net sales and profit (loss) by reportable segment, and disaggregated information on earnings

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments	Amount recorded in consolidated quarterly statements of income (Note 2)
	Workplace Business	Equipment and Public Works- Related Business	Subtotal				
Net sales							
Japan	27,236	8,663	35,899	330	36,230	—	36,230
Asia	4,451	44	4,495	—	4,495	—	4,495
Other	91	70	161	—	161	—	161
Earnings from contracts with customers	31,778	8,778	40,557	330	40,888	—	40,888
Other earnings	—	—	—	30	30	—	30
Sales to external customers	31,778	8,778	40,557	361	40,918	—	40,918
Intersegment sales or transfers	40	4	44	126	171	(171)	—
Subtotal	31,818	8,783	40,601	488	41,089	(171)	40,918
Segment profit	5,256	748	6,004	35	6,039	—	6,039

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

2. Total segment profit is consistent with operating profit in the consolidated quarterly statements of income.

II First three months of the current consolidated cumulative period (January 1, 2025 to March 31, 2025)

1. Information on the amount of net sales and profit (loss) by reportable segment, and disaggregated information on earnings

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments	Amount recorded in consolidated quarterly statements of income (Note 2)
	Workplace Business	Equipment and Public Works- Related Business	Subtotal				
Net sales							
Japan	33,010	7,720	40,730	333	41,064	—	41,064
Asia	1,514	14	1,528	—	1,528	—	1,528
Other	78	28	106	—	106	—	106
Earnings from contracts with customers	34,603	7,763	42,366	333	42,699	—	42,699
Other earnings	—	—	—	44	44	—	44
Sales to external customers	34,603	7,763	42,366	377	42,744	—	42,744
Intersegment sales or transfers	58	6	65	135	201	(201)	—
Subtotal	34,662	7,769	42,431	513	42,945	(201)	42,744
Segment profit	7,015	373	7,389	33	7,422	—	7,422

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

2. Total segment profit is consistent with operating profit in the consolidated quarterly statements of income.

(Notes in the Event of Significant Fluctuations in the Amount of Shareholders' Equity)

None.

(Notes on Assumption of Going Concern)

None.

(Notes on Statements of Cash Flows)

We have not prepared the consolidated quarterly cash flow statement for the first three months of the current consolidated cumulative period. Furthermore, amortization for the first three months of the current consolidated cumulative period (including depreciation for intangible fixed assets excluding goodwill) and the amortization of goodwill are as follows.

	First three months of the previous consolidated cumulative period (January 1, 2024 to March 31, 2024)	First three months of the current consolidated cumulative period (January 1, 2025 to March 31, 2025)
Depreciation	642 million yen	728 million yen
Amortization of goodwill	71 million yen	38 million yen

(Significant Events After the Reporting Period)

None.