We Design Tomorrow.
We Design WORK-Style.

ITOKI



integrated report 2026

We Design Tomorrow.
We Design WORK-Style.

Creating Value that Exceeds the Cost of Capital
Generating returns above the cost of capital is the starting point of our management approach.
By strengthening profitability, capital efficiency, and growth investments, we aim to achieve sustainable corporate value creation while delivering long-term returns to shareholders.












ITOKI DESIGN HOUSE









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CORE VALUE

The role, values, and strengths of an organization whose people understand, empathize with, and act on its mission: "We Design Tomorrow. We Design WORK-Style."

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What is the source of a company's value? Is it about values that resonate with people, or about transformation driven by AI, or is it about the trust that underpins it all? Itoki embarks on its next stage of growth, driven by core values, AI and governance. A story where ideas and strategies intersect for the future.

This year's integrated report is divided into two parts: a future-oriented "Special Feature Section" and a "Main Text" that compiles a comprehensive summary of our corporate information.

This part is the Special Feature Section of the Itoki Integrated Report 2026.
In this Special Feature Section, the management team presents, in its own words, Itoki's strategy for creating future value based on its Mission Statement: We Design Tomorrow. We Design WORK-Style. Please discover how Itoki will evolve and take on new challenges through the vision of its leaders at the forefront of transformation.

▶ Main Text is here

▶ Itoki Company Introduction Video

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Vision Mission Value

Vision Statement

Vibrant People, Beautiful Planet.

Itoki's corporate activities are designed to usher in a dynamic future where lively and active individuals work together for the betterment of a beautiful and sustainable planet.
By embodying the tolerance to accept the diverse values of individuals, we will continue to thoroughly consider the environmental impact of all our corporate activities as we strive to achieve a creative, prosperous, and vibrant society.

Mission Statement

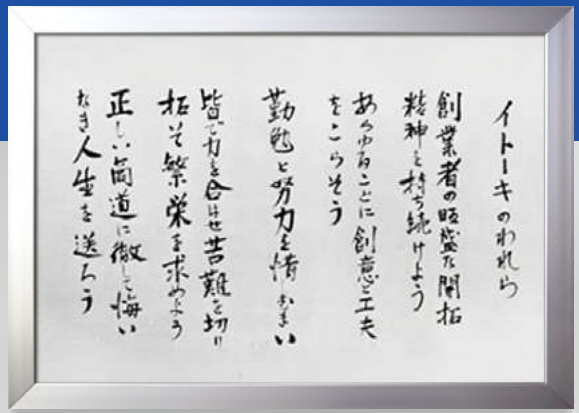
We Design Tomorrow. We Design WORK-Style.

We will strive to support the "work-style" of individuals in an effort to help maintain mental and physical health to demonstrate powerful creativity while remaining highly productive, and to pave the way for valuable innovation.
With unwavering consideration for the individual, Itoki will strive to design a fulfilling "WORK-Style" that is both innovative and beneficial for the society of tomorrow through our efforts in helping customers create their ideal "Space", "Environment", and "Workplace".

Please refer to our code of conduct here.

Corporate Philosophy: "We at Itoki"

1 Let us maintain the vigorous pioneering spirit of our founder.
2 Let's put creativity and ingenuity into everything we do.
3 I will spare no effort in my diligence and hard work.
4 Let us all work together to overcome hardships and seek prosperity.
5 Let's live a life without regrets by dedicating ourselves to ethical business practices.



1964
Established company motto "We at Itoki"

In 2026, as we discussed our core values, we took the opportunity to revisit our corporate philosophy, "We at Itoki," returning to its original form as established in 1964.
This is not about returning to the past. Rather, it is about reaffirming the enduring values that will guide us into the future.

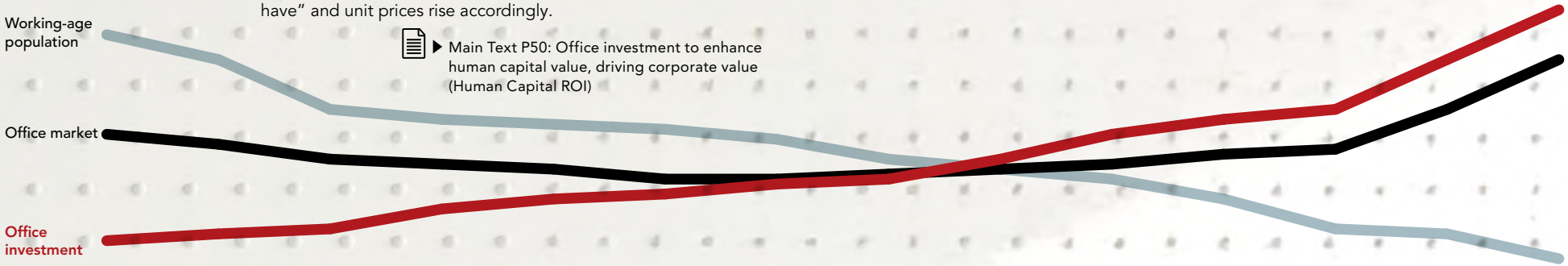
At the heart of all of Itoki's business activities is its mission: We Design Tomorrow. We Design WORK-Style.
As work environments and ways of working undergo major changes, Itoki has put people at the center and focused on the very nature of work—supporting physical and mental well-being, productivity, creativity, and innovation.
This mission is the guiding principle at the heart of our growth strategy, shaping the selection of business areas, research and development, and the evolution of our spaces and services.
The vision we aspire to—Vibrant People, Beautiful Planet—describes the society we seek to realize by putting our mission into practice. Guided by this mission, Itoki will drive sustainable value creation and medium- to long-term growth.

Itoki's future design

Business environment

There are concerns that the working-age population will decrease in the future, leading to a shrinking office market. On the other hand, it has been proven that **office investment is effective for human capital management**, and investment in the office is expected to remain steady as it is increasingly seen as a "must-have" and unit prices rise accordingly.

▶ Main Text P50: Office investment to enhance human capital value, driving corporate value (Human Capital ROI)



Changing corporate attitudes toward office investment: Office investment impacts human capital management

Concerns of corporate management

- Increased employee productivity
- Increased employee engagement

Concerns of employees

- Improved well-being
- Increased retention

Itoki's ideas & strategies for the future business environment

Now

Ideas & strategies in Itoki's first pillar

Ideas & strategies in Itoki's second pillar

What advantages does Itoki have?

Space design skills

Number of office space design proposals

3,000

(per year)

What are the specific benefits of office investment?

Effective for recruiting

Number of internship applications
Before renovation → after renovation

+50%

What customer problems can we solve?

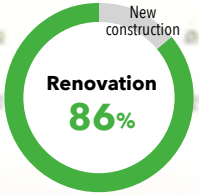
Contribute to improving labor productivity

Engagement score "Pride" score

81.9%

Aren't most office investments made when a building is completed?

Target renovations



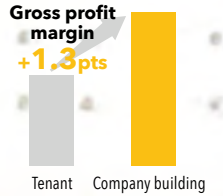
Aren't renovations mostly small projects?

Projects targeting companies' own buildings



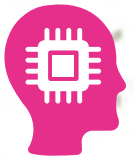
For renovation projects, is there a difference in profitability between company-owned buildings and buildings leased to tenants?

Tenant < Company building



Even so, won't the Japanese market shrink?

Focus on data business (Office 3.0)



ITOKI OFFICE A/BI

Does Itoki have a second business pillar after office furniture?

Equipment & Public Works-Related Business



President's message

Transforming value creation through the power of AI and people to take on the next stage of growth



Koji Minato
President and Representative Director

Pride accelerates growth

I place as much importance on the employee engagement score (ES) as I do on business performance. I believe that without employees who take pride in their work, neither good work nor good results are possible. In response to ES falling to 40% in 2019, I have held a series of town hall meetings across Japan since becoming president and pursued reforms rooted in frontline feedback. As a result, more than 80% of employees say they are proud to work at ITOKI. For fiscal 2026, we set an ES target of 85%. One initiative that symbolizes this is the company-wide event, FULL of ITOKI. Employees gathered from across Japan and overseas to discuss their pride in their work and the challenges they take on, guided by our core values. It is "People" who drive stronger business performance and carry out structural reforms. One of my key roles is to raise engagement and build an organization where employees make the most of one another's strengths.

Becoming an AI company

At the beginning of 2026, I announced to all employees that ITOKI would become an AI company. We laid the groundwork in fiscal 2025 by renewing our core systems (ERP). Data from design, procurement, production, sales, distribution and accounting are now connected end to end, creating an "AI-Ready" state in which they can be used for decision-making. We are already using AI in design and working to make verification more efficient. In Office 3.0, we are developing services that use data sensing and AI, and we plan to launch an AI agent by the end of 2026. ITOKI aims to be a company that leads transformation by placing AI at the center of its management and business, rather than one that develops AI itself. We will build a model of management and work styles that keeps people at the center and works alongside AI.

Governance for the next era

For a company to grow sustainably, constructive tension within the Board of Directors is essential. Therefore, starting in fiscal 2025, we increased the number of external directors to match the number of internal directors, welcomed people with expertise in financial affairs and governance, and strengthened the Board of Directors' monitoring function. We are changing how the Board of Directors operates so that it devotes sufficient time to strategic matters that affect corporate value. We have also established the Nomination Committee and the Remuneration Committee, both made up mainly of external directors, and are enhancing fairness and transparency. Succession is another key management issue, and we have already selected successor candidates. To remain a trusted company, we will continue to enhance our governance with the next era in mind.

We are ready for the next leap

The 2021–2023 period was the hop stage, when we worked to move out of the red, and 2024–2026 was the step stage, when we built the foundation for profit growth. Then 2027–2029 will finally be the jump stage. Structural reforms have laid the foundation for the next leap. At the core of the next medium-term management plan is our transformation into an AI company. We will place AI at the center of our management and business and change the very way we create value. We will extend this transformation beyond the Workplace Business to the Equipment & Public Works-Related Business as well. Furthermore, for the Equipment & Public Works-Related Business, we will accelerate profitability reforms and establish it as our second growth engine. We will take on the next stage of growth to enhance corporate value.

▶ Read the full President's message here.

▶ Nikkei CNBC, "Interview with Top Executives"

Building trust with stakeholders and enhancing corporate value starts with employee empathy and action



Saeko Kawashima
Executive Officer
Executive Manager of Corporate Communications Division

Empathy and trust underpin corporate value

The role of corporate communications is not merely a matter of conveying information. I view it as one of the key management functions for realizing business strategy and enhancing corporate value.

The goal of the Corporate Communications Division is to share ITOKI's purpose ("We Design Tomorrow. We Design WORK-Style.") and strategies with various stakeholders, leading to increased corporate value built on empathy and trust.

We bring internal communications, media communications, and IR together under one division, managing them seamlessly through a consistent narrative. ITOKI's mission and values are shared throughout the organization and reflected in employees' actions. Those actions contribute to providing value to customers and creating a positive brand experience, which is then communicated externally. Furthermore, trust in the brand and expectations for its growth lead to positive evaluations from investors and society. I believe that continuously creating this cycle is the ultimate goal of corporate communications.

The emotional and attitudinal strengths fostered within this cycle—such as empathy, trust, and a strong sense of commitment to the Company—are an important form of corporate capital, which I call "emotional capital." Although they may not be reflected in financial metrics, affinity for and trust in a company steadily build over time, ultimately supporting corporate value over the medium to long term.

▶ CAPITALS: Main Text P05-06

Behavioral change progresses from understanding to practice

We are now moving beyond building employees' understanding of ITOKI's philosophy and management strategy to embedding them in their day-to-day actions. ITOKI has changed significantly over the past few years. Now that our business performance has recovered, many employees feel that the Company has become a better place to work. But what really matters is what comes next. We must not simply accept the changes at the Company; each of us must take ownership and act to help it remain a great place to work. That's where core values become important. Core values are not just a slogan, but a shared language within each department that tells employees what we value when they're unsure how to make a decision.

The true purpose of internal communication is to foster employee empathy, increase engagement, encourage behavioral change, and translate organizational transformation into business results. Core values are the driving force behind this. When each person asks themselves, "What can I do?" and takes action, the company moves even further forward. I always approach internal communications initiatives with an attitude of "It's your turn," aiming to inspire employees to take that first step.















Declaring core values across all departments

With the hope that it would provide an opportunity for employees to reflect on the meaning of working at ITOKI, we staged an event called OUR ITOKI OUR STORY in 2024, bringing together half of our employees. The purpose of the event was not only to introduce each department's activities, but also to have each speaker share their thoughts about taking on challenges. Then, in 2025, under the theme MY ITOKI MY STORY, we launched an initiative to encourage employees to reflect anew on the questions "What does ITOKI mean to me?" and "What does work mean to me?"

Furthermore, in July 2026 we held FULL of ITOKI, an initiative in which each department defined its core values and declared them before all employees. During the planning stage, we had informally referred to the event as the "Core Values Fair," so I had some concerns that it might turn into little more than a festive presentation event. In fact, however, every department took the initiative very seriously. They reflected deeply on their roles and purpose and presented the core values they had developed through repeated discussions.

For example, the Engineering Division's booth featured their core value, "Anchor's Pride." Those two words encapsulate their pride and sense of responsibility in serving as the anchor that sees the work through to completion. Previously, there was a gap between understanding the need for transformation and taking action with a sense of ownership. Through this event,each department moved beyond simply receiving our philosophy and strategy to interpreting them for themselves and expressing them in their own words. This gave me a clear sense that organizational transformation was making meaningful progress.

In addition to planning these internal events, the Corporate Communications Division handles a wide range of activities, including PR and corporate advertising, IR, and showroom operations. But when asked, "What is our purpose?" I simply answer, "To get more people to love ITOKI." Accordingly, the Corporate Communications Division formulated our core value as follows: "To continue sharing the story of ITOKI—a company its stakeholders love—as a team of communication design professionals."

Connecting internal communication to corporate value

When core values are put into practice on the front lines, they improve our ability to make proposals and enhance the customer experience, helping create new value and strengthen relationships built on trust. In other words, internal communication is ultimately brand building itself, and serves as a key foundation for establishing the brand positioning of a company whose motto is "We Design WORK-Style." ITOKI aspires to continue to be the company of choice for all our stakeholders as a company that designs not just offices, but working environments, working experiences, and the future of work.

On the other hand, the criteria shareholders and investors use to evaluate us are changing. Attention is now being paid not only to financial information but also to non-financial aspects such as human capital, corporate culture, and organizational strength. Therefore, it is necessary not only to report performance results, but also to present a corporate value creation story that explains why ITOKI can achieve sustainable growth. We will communicate how employee behavior, corporate culture, and business value contribute to growth, clearly demonstrate our distinctive identity as a company whose motto is "We Design WORK-Style," and use this to enhance our corporate value in the capital markets.

Each stakeholder has different interests and expectations regarding value. We translate and convey ITOKI's value in ways that are tailored to the perspectives of shareholders, investors, the media, customers, and employees. Communication creates value only when it leads to action. For shareholders and investors, the action is making investment decisions; for the media, it is sharing information; and for customers, it is choosing products or services. Our job is to encourage such actions and expand empathy and trust in ITOKI.

Given this background, in the next medium-term management plan, we will evolve communication from "promoting understanding" to "behavioral change and value creation." Going forward, we will focus on six key themes: embedding our core values and putting them into practice; fostering a mindset for transformation in the AI era; extending these efforts across the Group and strengthening our sense of unity; enhancing our brand story; making the value of our human capital more visible and communicating it to stakeholders; and further integrating our internal, external and investor relations communications. Through these efforts, we aim to build a communications model that connects our corporate culture and brand with corporate value.









Bringing all of ITOKI together

ITOKI has a founding spirit: "We conduct business with integrity and pursue fulfillment in life." Because I am in a position to hear the voices of both management and employees, I place particular importance on looking beyond the Company to external standards of judgment—what is right in business and what society expects of us. From that perspective, I see my mission as bringing together the future envisioned by management, the value created by our businesses and the challenges embraced by each of our employees, and then developing and giving shape to an overarching strategy that communicates what makes ITOKI distinctive to society and broadens the circle of understanding and trust in the Company.

I want to continue bringing all of ITOKI together in a way that creates a virtuous progression: the actions of our employees shape our corporate culture, that culture builds brand value and, ultimately, that brand value contributes to corporate value. By continuing to put our commitment to "communicating what makes ITOKI a company people love" into practice, I will contribute to further enhancing ITOKI's corporate value.

明日の「働く」を、デザインする。

営業本部

営業（地方）

日本全国、各地域の“イトーキの顔”として地域のみなさまのしあわせを、ともに築き上げる

営業（首都圏）

イトーキの“ど真ん中”の営業部隊としてお客様のベストパートナーになる

スタッフ

セールスコーディネーターとして
顧客志向×戦略企画×業務品質で
営業活動を加速・創造する

商品開発本部

幅広い専門性をもったクリエイティブな集団として未来を実装する。

設備機器事業本部

Challenging Innovators
～一人ひとりが挑戦し続ける組織～
として専門領域の
“働く”と“未来”を切り拓く

エンジニアリング本部

バリューチェーンの“アンカー”として一致団
最高の価値をお客様に届けるた
進化し続ける
“プロフェッショナル集団”になる

人事総務本部

人・組織・経営をつなぎ、明日へと導く
プロフェッショナルパートナーとして
職場・制度・文化がつながり、挑戦し続ける“未来志向の会社”を創り出す

Web事業統括部

進化する「働く」と「学ぶ」に応える
デジタルイノベーター
としてお客様に感動のイトーキ体験を
お届けし、選ばれ続ける存在になる。

国際本部

海外市場に挑み続ける開拓者として
ITOKIを誰もが認める
グローバル企業にします。

As pioneers continually challenging the global market,
we lead ITOKI to become a globally recognized company.

品質保証本部

高いレベルの安心と信頼を提供し続けるスペシャリストのチームとして
イトーキの“ファン”を創造し続けます。

経営企画本部

イトーキグループのヘッドコーチ
として明日のその先の
勝ち筋を見据え、
伝え、繋ぎ、走る

DX本部

会社の未来を創る部門として安心・安全・安定なIT環境を提供し、新たな価値創出と業務効率化を推進する

ワークスタイルデザイン本部

コンサルティングセンター
Workstyle Design Firmとして
としてオフィス・運用・マインドすべてを
チューンナップし、次世代のワークスタイルを
生み出し続ける

デザインセンター／ワークスタイルデザインラボ／デザイン管理室
Workstyle Design Firmとして
オーダーメイドのワークプレイスを
デザインし続けることでその先の「働く」の
トレンドを創造する

ソリューション事業開発本部

チーム「OFFICE 3.0」
としてデータとAIで
「働く」の世界標準をつくり、
業界のビジネスモデルを
変革する

イトーキをリスクから守り、仕組みを整え、業務を正し、お客様の声を聴き、発展を支えるプロ集団として
社員一人ひとりが安心して挑戦できる環境をつくる

コーポレートガバナンス本部

コーポレートコミュニケーション本部

コミュニケーションを設計する
プロ集団として
ステークホルダーに“愛されるイトーキ”
を伝え続ける

生産本部

生産再編PJ／生産統括部／生産DX統括部
次世代モノ作りへ導く各領域の
プロフェッショナル集団として
人、技術、ITインフラの土台を創ります

商品統括部／第2開発設計統括部
あらゆるジャンルの商品を開発・調達する部門として
お客様の笑顔のために価値を創り、つなぎ、タイムリーに届ける

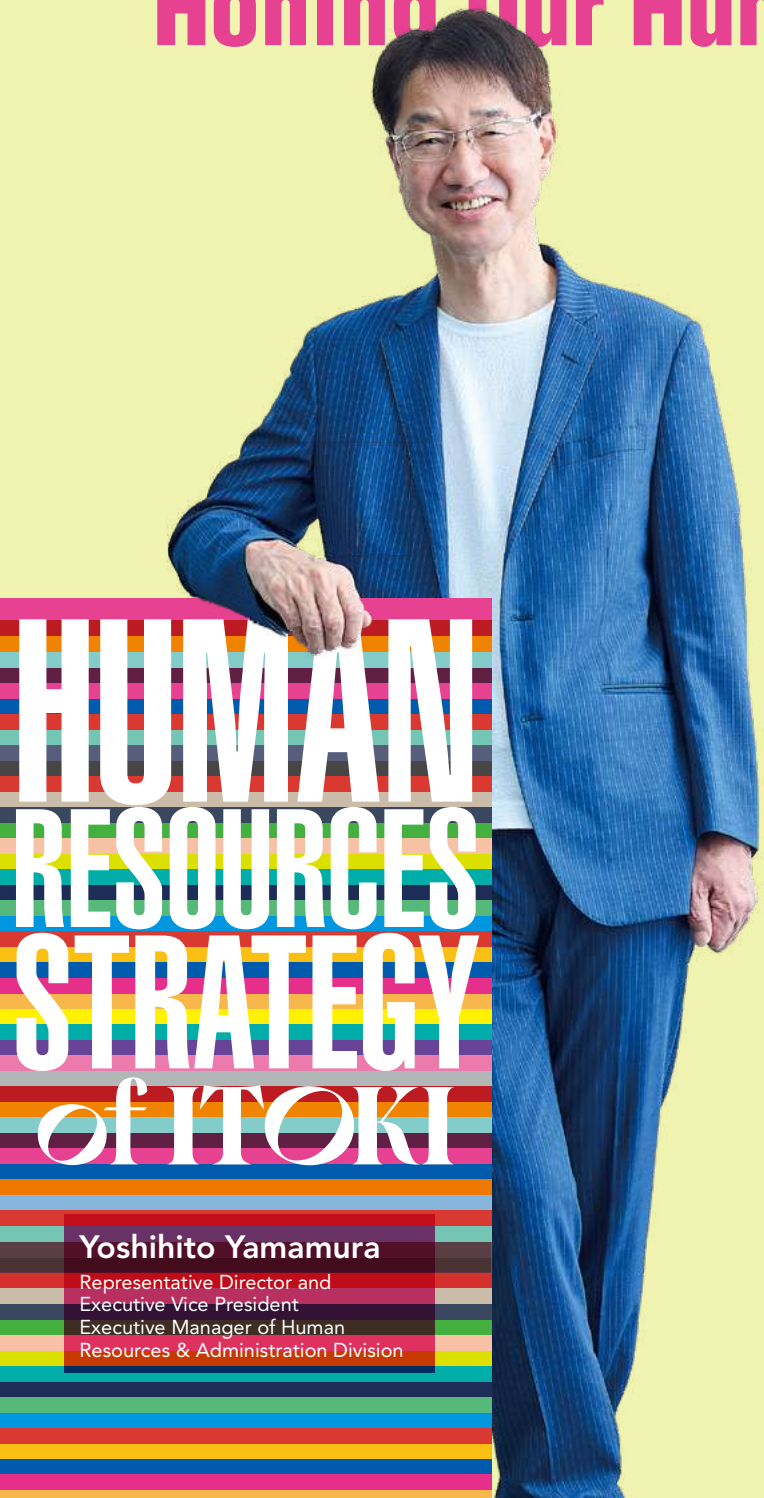
関西工場／第1開発設計統括部
イトーキのマザー工場
としてお客様の喜びとイトーキの
プライドを作り出します

関東第1工場／関東第2工場
独自技術による差別化で、イトーキの信頼をモノづくりで支える工場として唯一無二の価値と感動を提供するために、技術力とチームワークを駆使し、個人と組織がともに成長しあう工場を実現する

中央研究所

10年後の世界線を引き続けるものとしてモデリングする

Honing Our Human Capital for Dramatic Growth



Yoshihito Yamamura
Representative Director and
Executive Vice President
Executive Manager of Human
Resources & Administration Division

Human capital is the source of value creation and competitiveness

I believe that human capital management is management strategy itself. Although we are a manufacturer, we provide our customers with more than products. We create work environments that enhance our customers' productivity and creativity. Ultimately, the reason customers choose us and say, "We want ITOKI" lies in the capabilities of each and every employee.

That is why human resources drive value creation and competitiveness. Corporate growth cannot be achieved without our people's growth. I firmly believe that investing in people drives corporate value.

Behavioral change and results beyond engagement

In recent years, employee engagement has steadily improved. However, I do not view the engagement score itself as the goal. An increase in the score is not something that should simply end with, "Great, we did it." What really matters is what comes next.

Employees think for themselves, act on their own initiative, and deliver results while collaborating with colleagues. Engagement is what drives this.

Employees take ownership of their work and organization and ask themselves, "What can I contribute to my organization or team?" This behavioral change drives the growth of both individuals and the organization, ultimately leading to business results.

The profits generated through those business results are reinvested in people, IT and AI, and facilities. Those investments then generate further growth and greater engagement.

This is the kind of "virtuous cycle" I am striving to create.

From individuals to organizations: Moving to a new stage of growth

We have undertaken an initiative in each division to define its own "core values." Why do we exist? What value do we deliver, and to whom? Repeated discussions around these questions generate dialogue and strengthen organizational unity. I feel that engagement has now entered its next stage.

Evolving human capital management for the AI era

The next medium-term management plan represents the "jump" stage, in which we aim to make a dramatic leap forward. To translate our initiatives to date into results, I consider two challenges particularly important.

The first is human capital management for the AI era. Simply using AI to improve productivity is not enough. I believe that true competitiveness comes from developing people who can master AI and use it to create new value.

The second is advancing human resource management through the use of human resources data. By maximizing each individual's capabilities and potential and improving the precision of development, placement, and promotion, we will maximize the value of our human resources.

Developing professional talent to support the Equipment Business and new growth areas, as well as developing the next generation of leaders, are also important priorities.

The company gives employees opportunities to take on challenges and grow, and employees return value to the company through those challenges. I believe that sustainable growth can only be achieved when the company and its employees are equal partners who grow together by continually challenging and inspiring one another.

Organizations can change, and people can change

As we pursue transformation, there are also things that must not change.

In discussing our core values, we took a fresh look at our Corporate Philosophy, "We at Itoki," and returned to its original form as established in 1964.

This is not about going back to the past. It is about reaffirming the enduring values we need as we move toward the future.

"A vigorous pioneering spirit," "ingenuity," "diligence and hard work," "working together," and "sound business practices." These are elements of ITOKI's DNA that remain unwavering even as times change.

We constantly ask ourselves: What should we change, and what should we preserve? When we seek the answer, we return to "We at Itoki."

I myself have grown through many encounters and experiences. That is why I firmly believe that people can change.

By valuing our origins while embracing change and continuing to believe in the potential of both people and organizations, I am convinced that we can propel the Itoki Group toward its next dramatic leap forward.

▶ Human resources strategy integrated with management strategy: Main Text P41–50 ▶ Human Capital ROI: Main Text P50



Masayo Inoue
General Manager of Marketing Dept., Solution Development Unit, Solution Business Development Division

Kazumi Kirimura
Team Leader, Corporate Sales Branch III, Corporate Sales Unit, Sales Division

Izumi Hashimoto
Manager of Intellectual Property Planning Section, Corporate Planning Dept., Corporate Planning Unit, Corporate Planning Division

Akiko Matsuda
General Manager of Business Planning Dept., Corporate Planning Unit, Corporate Planning Division

Yukiko Iwano
Manager of Showroom Strategy and Planning Office, Corporate Communications Division

Turning the strengths of female employees into a new growth driver for Itoki

The percentage of female managers reached 14%, reflecting steady progress

Matsuda In 2022, we launched SPLi, a women's empowerment community, and our president, Minato, conveyed the message that women have even greater potential to excel. I feel that this has not only raised women's awareness of their own career development but also changed the expectations of those around them. In fact, we achieved our medium-term management plan target of 13% female managers ahead of schedule, and the figure now exceeds 14%.
In the past, management positions were predominantly held by men, but female managers are now more visible in our workplace, and it is increasingly normal for women to take on leadership roles. I also feel that the tendency to assign work and responsibilities based on gender is diminishing, creating more opportunities for women to play active roles.

Challenges in sales remain to be overcome

Kirimura On the other hand, when it comes to sales positions, women's empowerment is still a work in progress. Even today, there are relatively few female managers and leaders in the sales division, and role models remain limited. Because sales employees serve as the primary point of contact with customers, they often need to respond to on-site requests on weekends and take phone calls on days off. Such working conditions can make some women feel uncertain about balancing marriage, childbirth, and childcare with their careers. In fact, many women leave sales positions once they reach their 30s, and I see the resulting shortage of potential future managers as a major challenge. That is why I believe it is important to create a work environment where employees can continue working long-term and feel confident that they can build a career in sales.

Supporting employees through both enhanced support systems and changes in mindset

Iwano We have been enhancing our systems to support employees who have childcare and caregiving responsibilities, and we have also begun helping employees make use of housekeeping and childcare support services. Compared to the past, we have certainly made progress in creating a more supportive work environment. However, I believe what really matters is greater participation by men in household chores and childcare. Rather than having women alone bear these responsibilities and the resulting constraints, we need to create an environment where both men and women can balance their work and family lives. Achieving this requires not only support systems but also a shift in attitudes toward how we work.

Only 30% of women aspire to management positions, but change is underway

Inoue While approximately 70% of men aspire to management or specialist positions, for women the figure is only around 30%. I believe this may be partly due to concerns about major life events and the assumption that they cannot picture themselves in management roles. That is why I think it is important to have not only senior executives but also leaders and more experienced colleagues who can serve as relatable role models. We need to create more opportunities for women to think, "Maybe I could do that, too."
Matsuda Not everyone needs to become a manager, but it would be a shame if people who have the potential to take on new challenges were to limit their options because of a lack of confidence or preconceived notions. I believe it is important to create an environment where employees can learn about diverse career paths and make their own choices.

SPLi aims to help each individual achieve personal fulfillment

Hashimoto I also believe that women's empowerment is not just about becoming a manager. While some aspire to management positions, others want to deepen their expertise, and still others may be better suited to support roles. What matters is that each individual can choose a career and way of life that suits their strengths and aspirations. SPLi is a community, not an HR system. With the company's support, we want it to be a place where employees can explore diverse career paths and values and discover the choices that are right for them. Going forward, I hope we can build on these efforts to create an environment where everyone, not just women, can achieve personal fulfillment. I believe that enabling every employee to expand their potential will ultimately contribute to greater vitality across the organization and enhanced corporate value.
Inoue I completely agree. I believe SPLi is not just an initiative for women, but a place where we can explore ways to create an environment in which everyone can work and grow in their own way. By expanding this network both within and outside the company, I hope we can demonstrate an approach to working and achieving personal fulfillment that is uniquely Itoki.

▶ Women's empowerment: Main Text P46 ▶ Internal community initiatives: Main Text P48

POSITIVE ENERGIZER

Positive energizers maximize the potential of people and organizations

What is a positive energizer? It is someone who radiates positive energy, positively influences those around them, and energizes the organization as a whole. It doesn't simply mean someone who is cheerful or energetic. It refers to individuals who foster the growth of people and organizations by believing in others' potential, encouraging them to take on challenges, and creating constructive dialogue even in difficult situations.

We attach great importance to this positive energizer mindset and are committed to human resource development to encourage it. This is because we believe that sustainable growth requires not only systems and structures, but also strong relationships between people and a healthy organizational culture. We believe that creating an environment where employees positively influence one another leads to greater engagement and productivity.

Furthermore, we do not keep this workplace expertise to ourselves, but instead provide it to external companies in the form of training and organizational development support. We invite you to read the following comments from business leaders who have participated in our training programs.



▶ Human resources strategy integrated with management strategy: Main Text P41–50
▶ Human Capital ROI: Main Text P50



Mr. Daisuke Okajima

President & CEO
ASAHI KASEI THERAPEUTICS CORPORATION

Organizational transformation is driven by the positive energy generated by people

When I first encountered the concept of a positive energizer, I strongly resonated with the idea that an organization's performance is shaped not only by its strategy and systems, but also by the energy people bring to those around them. We have placed this mindset at the core of our organizational culture. Positive energizer training is always incorporated into our town halls held across Japan at least twice a month, and I personally serve as an instructor. Enthusiasm and a positive attitude are contagious, fostering a team culture of initiative and a willingness to take on challenges. In fact, we are seeing a noticeable increase in dialogue among employees, and a positive energy spreading throughout the entire organization. I hope that each of us will continue to encourage those around us and help build a stronger, warmer organization. I also believe that being a positive energizer isn't an innate quality possessed by a select few, but a behavior anyone can practice. We want to further expand that circle.



Mr. Noriyoshi Someya

President & CEO
CONDEHOUSE CO., LTD.

When you shine a light on someone, they shine even brighter, and that energy spreads to those around them

This fiscal year, our company adopted a policy of investing in human capital and connecting it to creating company value. As we considered how to put this into practice, Itoki's positive energizer training gave us valuable insights. During the training, participants were asked to come up with the names of some positive energizers at our company. The employees whose names were mentioned seemed to gain a renewed appreciation of the positive impact they have on their colleagues. Afterward, we saw them further uplift and engage those around them, creating positive energy. When you shine a light on someone, they shine even brighter, and that energy spreads to those around them. Itoki's valuable training really brought that home to me. Going forward, we will continue to invest in human capital and create an organization where each and every employee shines and enhances each other's strengths.



Ms. Miyoko Kimura

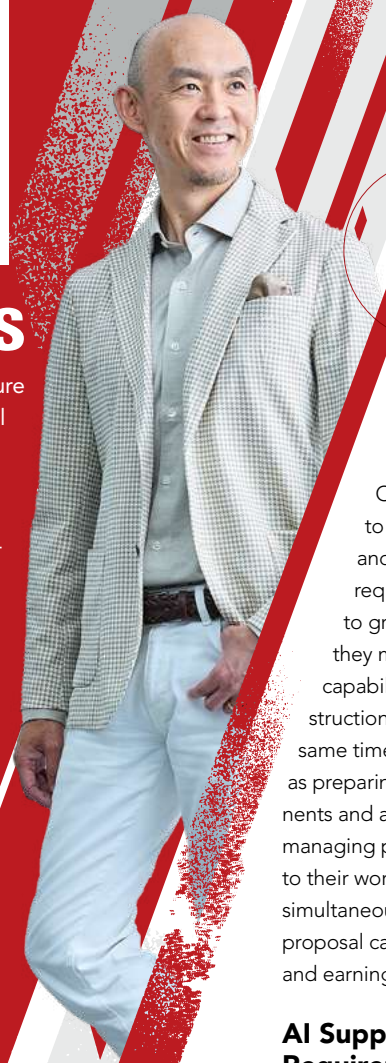
President & CEO
KING JIM CO., LTD.

The greatest asset that supports a company's growth is its people

During a conversation with President Minato about measures to improve engagement, I was given the opportunity to attend Itoki's positive energizer training. What impressed me most during the training was the idea that an organization thrives not by compensating for each employee's weaknesses, but by identifying and developing their strengths. I also realized that having positive energizers who positively influence those around them contributes significantly to improving engagement. Personally, I believe that the greatest asset supporting a company's growth is its people. By encouraging employees to take positive action and creating an environment where everyone can make the most of their strengths, we aim to build a more energized organization, achieve sustainable growth, and foster a culture that embraces challenges.

AI Initiatives

Building on the data infrastructure established through the renewal of its ERP, ITOKI will place AI at the core of its management. By shifting toward predictive decision-making, we will drive transformation across our products and services, sales, and production operations, creating a virtuous cycle between internal and external practices to establish new competitive advantages. Through these initiatives, we aim to improve profitability and capital efficiency by responding more quickly to demand fluctuations and optimizing inventory levels.



Evolving into Customer Success Managers with AI Agents

Sales × AI

Ryoichi Morita
Executive Officer, Deputy Executive Manager of Sales Division

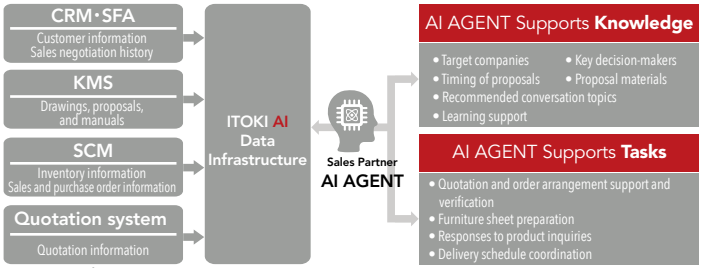
Dramatically Enhancing Productivity and Proposal Capabilities

Our business domains have expanded to encompass Office 1.0, 2.0, and 3.0, and the knowledge and responsibilities required of our sales personnel continue to grow. Beyond product knowledge, they must have comprehensive proposal capabilities covering spatial design, construction, IT, and even SaaS and IoT. At the same time, increasingly complex tasks, such as preparing quotations for individual components and arranging individual components and managing project schedules, continue to add to their workloads. By leveraging AI, we aim to simultaneously improve sales productivity and proposal capabilities, accelerating sales growth and earnings growth per employee.

AI Supports Broad Knowledge Requirements and Complex Tasks

As we seek to increase sales and earnings, our sales operations face two major challenges: the need for broad knowledge and the burden of complex tasks. These challenges limit how many projects each salesperson can handle. To eliminate these bottlenecks while strengthening our proposal capabilities, we are developing a Sales Partner AI Agent.

Improving Sales Productivity with AI



To support this initiative, we organize the proposal materials, knowledge, and manuals accumulated throughout the company into an AI data infrastructure. This will not only let employees quickly access the information they need but also eventually enable AI to take on certain tasks directly.

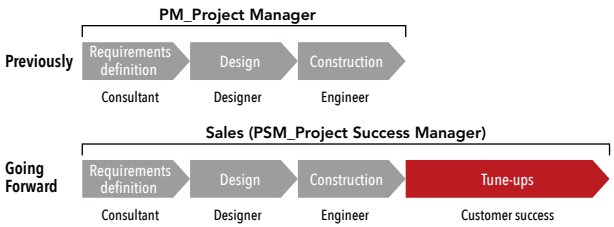
As a first step, we have developed SAGACITE. By simply asking questions through a chat interface, users can receive AI-generated recommendations and relevant reference materials. Instead of searching for information themselves or consulting supervisors and senior colleagues, employees can get high-quality answers based on the expertise and experience of specialists across various fields. This enhances proposal capabilities, enables faster responses to customers, and helps sales personnel build trust. Reducing the time spent searching for materials also improves operational efficiency, freeing up more time for sales activities.

From Sales Representatives to Customer Success Managers

By reducing workloads through AI, sales personnel will be able to focus on their core responsibility of creating value. ITOKI's future business model will shift from a one-time sales approach to the continuous provision of value through recurring services. A key element of this transformation will be ongoing "tune-ups," in which data is used to make continuous improvements during the operational phase. By analyzing challenges through a data-driven approach based on office usage data and continuously enhancing the value we provide, we will contribute to maximizing human capital.

In this evolving business model, our sales personnel will move beyond the traditional role of sales representatives—and even project managers—to become Customer Success Managers who work closely with customers. By enabling sales personnel to concentrate on high-value-added activities while increasing both the volume and quality of their work, AI will become a source of competitive advantage for ITOKI, simultaneously enhancing sales productivity and value creation.

Expansion of Business Domains



▶ AI, AX, and information security strategies integrated with management strategy: Main Text P35-36



Establishing Unprecedented Office Solutions Through Diverse Data and AI

OFFICE3.0 × AI

Hiroaki Fujita
Senior General Manager of Solution Development Unit, Solution Business Development Division

Toward Offices That Evolve Through Data

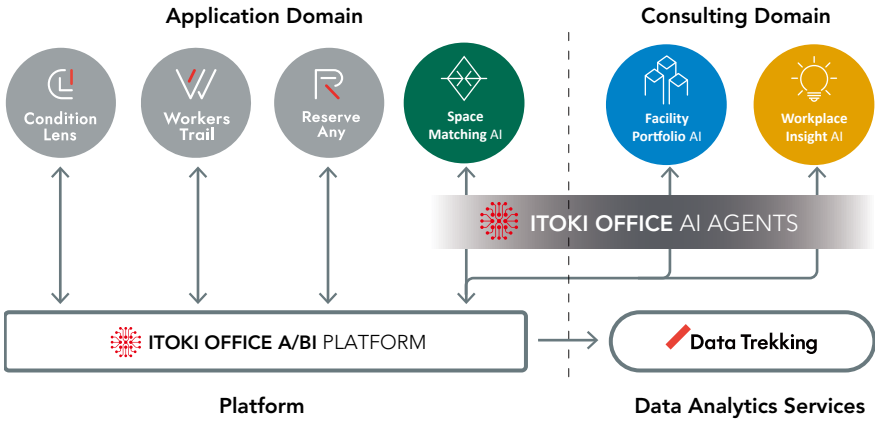
An office is not something that is finished once it has been built. Workstyles, people's movements, and the ways offices are used are changing faster than we might imagine. Yet many companies still view offices as static environments. We need to challenge this assumption and design and operate offices as environments that continuously evolve.

Human capital, which is a top priority for our customers, is driving this shift. To improve people's behavior, capabilities, motivation, and performance, we must examine offices from multiple perspectives and optimize them based on data. ITOKI will continue to advance Office 3.0, using data and AI to visualize and maximize human capital.

AI Enables Multifaceted Analysis

Analysis becomes significantly more complex when we seek to understand human capital in greater depth. Questions such as where people work, who they are, what activities they perform, and how those activities contribute to results and satisfaction require enormous amounts of data to be analyzed from multiple perspectives. This is far beyond what can be handled manually. This complexity itself creates barriers to entry, making AI an area where competitive advantages can be established. That is why AI plays such an important role.

Our data solutions, including Condition Lens, Workers Trail, and Reserve Any, have already received high acclaim. We are now focusing on Data Trekking, which combines and analyzes data from these solutions. By integrating diverse datasets and extracting deeper layers of meaning, we can uncover previously hidden insights that are expected to contribute to tangible business outcomes, such as improving office utilization efficiency and enabling more sophisticated investment decisions. In developing this advanced analytics platform, we have adopted an AI-driven development approach that treats AI not simply as a convenient tool but as a development partner. This enables us to achieve both speed and quality in development while responding quickly to customer needs.



Leading the Evolution of Offices

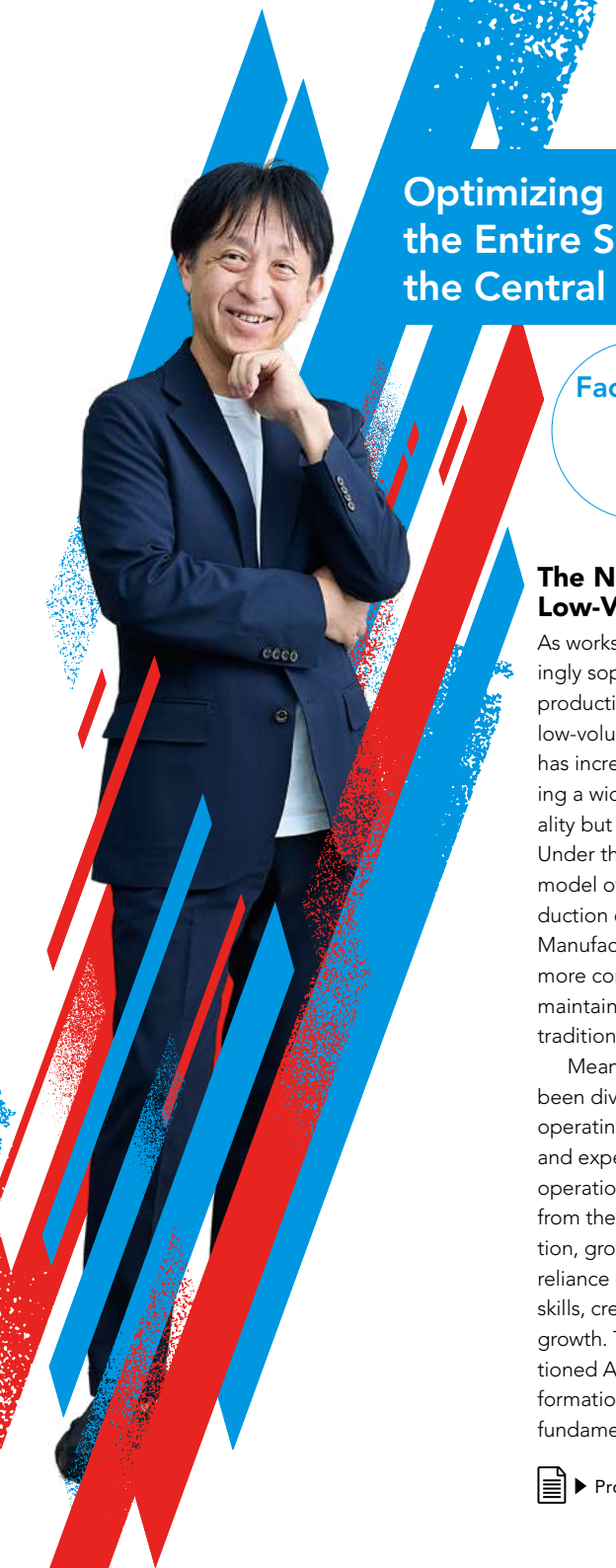
OFFICE 3.0	Office Operations Support	Data	Recurring
OFFICE 2.0	Office Design	Space	One-time
OFFICE 1.0	Office Furniture	Product	One-time

Establishing Globally Competitive Office Solutions Originating in Japan

We also plan to launch ITOKI OFFICE AI AGENTS, a suite of three AI agents. The first, Facility Portfolio AI, calculates optimal floor area, seating capacity, layouts, and costs to support management and strategic decision-making. The second, Workplace Insight AI, analyzes diverse information, including floor plans, photographs, surveys, and other documents, to help identify office-related challenges. The third, Space Matching AI, supports everyday office use by identifying and guiding users to the most suitable spaces in real time.

Rather than treating these as separate tools, we position them as an integrated solution connecting everything from strategy to operations. Through this approach, we are moving beyond conventional one-time office development projects toward recurring services that continuously deliver value. In the Office 3.0 domain, these AI agents will accelerate the digital transformation of offices. Our ability to provide physical solutions, such as furniture and spatial design, together with data and AI is a distinctive strength and a source of sustainable competitive advantage. By leveraging this strength, we aim to establish unprecedented office solutions originating in Japan that can compete on the global stage.

▶ Itoki Announces Three AI Agent Groups, "ITOKI OFFICE AI AGENTS," Shifting to an Industry-First "AI Management Model"



Optimizing Manufacturing Across the Entire Supply Chain Through the Central Control Concept

Factory × AI

Hiroshi Iwamaru
Senior General Manager of Production DX Unit, Production Division

The Need to Shift Toward High-Mix, Low-Volume Manufacturing

As workstyles and office spaces become increasingly sophisticated and diverse, office furniture production is rapidly shifting toward high-mix, low-volume manufacturing. The number of products has increased significantly, with customers demanding a wider range of options not only in functionality but also in materials, colors, and shapes. Under these changing conditions, the conventional model of achieving efficiency through mass production of identical products is reaching its limits. Manufacturing processes are inevitably becoming more complex, making it increasingly difficult to maintain and improve production efficiency using traditional methods.

Meanwhile, Itoki's production system has long been divided by product category, with each factory operating independently. As a result, information and expertise have accumulated within individual operations, making it difficult to make decisions from the perspective of overall optimization. In addition, growing labor shortages have increased our reliance on individual employees' knowledge and skills, creating risks that could hinder sustainable growth. To address these challenges, we have positioned AI as a key technology for achieving transformation through production DX, which aims to fundamentally overhaul our manufacturing systems.

Achieving Overall Optimization Through the Central Control Concept

To address these structural challenges, we are pursuing reforms centered on our Central Control Concept. Our goal is to integrate production resources and information that have traditionally been separated by factory or business, establishing a system that optimizes manufacturing operations as a whole, including Group companies and suppliers. Through this approach, we aim to improve production efficiency and shorten lead times.

Specifically, starting with orders received by our sales teams, we will centrally manage information on each factory's production capacity, inventory, and production progress. By using databases and AI to improve how we integrate and use this information, we will improve decision-making on optimal production allocation and inventory management. Furthermore, by integrating development and production more closely, we will accelerate product launches, respond more flexibly to design changes, and strengthen our ability to respond quickly to market needs.

Looking ahead, we envision AI agents taking responsibility for optimizing and coordinating production operations as a whole. By fundamentally rethinking our approach to manufacturing, we aim to improve productivity and supply capacity.

Furniture manufacturing still involves many labor-intensive processes, and automation alone will not necessarily improve productivity. We therefore regard AI as an intelligent partner and aim to establish a production system that enables everyone to manufacture high-quality products.

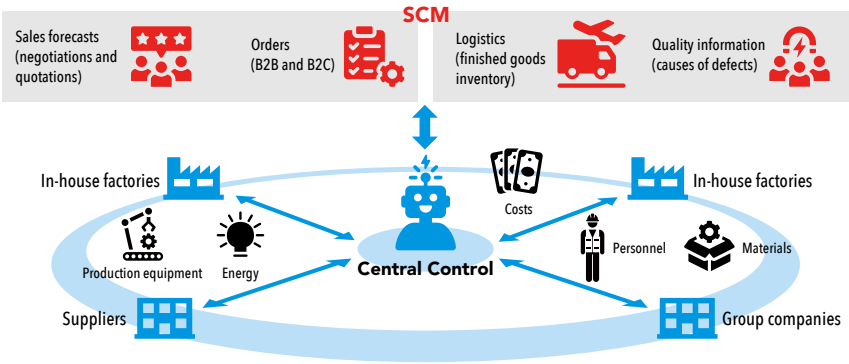
Factories Where People and AI Enhance Each Other's Capabilities

AI is not magic. Our practical experience has shown that the quality of input data has a significant impact on the accuracy of AI-generated outputs. To transition to AI-enabled operations, we must standardize records and formats that currently differ across production sites and establish a data infrastructure that allows AI systems to work together. With this foundation in place, AI can help solve a wide range of challenges on the factory floor.

For example, AI can help achieve zero workplace accidents by detecting early warning signs of hazards. It can also support consistent work quality by capturing and sharing experienced employees' tacit knowledge in an explicit, documented form. By creating factories where people and AI complement each other, continuously enhance value, and produce better products, we aim to strengthen our competitiveness over the medium to long term.

Central Control Concept: Effective Utilization of Resources

Consolidating all information through central control to optimize manufacturing operations as a whole



▶ Production sites and logistics warehouses: Main Text P33

▶ A factory-led approach to production DX and smart factories.



Transitioning to AI-Centered, Data-Driven Management Through Cloud ERP Modernization

Management × AI

Takashi Takeuchi

Managing Executive Officer,
Executive Manager of
DX Division

ERP Modernization Marks the Starting Point of the AI Era

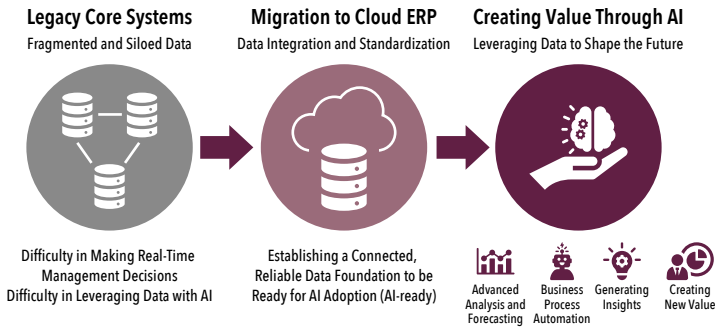
Establishing a solid data foundation was essential to place AI at the core of our management. We therefore replaced our aging, custom-built ERP (enterprise resource planning) system with a cloud-based ERP system and integrated data that had previously been scattered across the organization. This has put us at the starting line for maximizing AI use.

Over the years, our legacy core systems had been expanded through successive additions across sales, procurement, production, and accounting. These systems became increasingly opaque, making it difficult to quickly understand the current state of operations. Under these conditions, using AI effectively would have been extremely difficult.

By modernizing our ERP system, we have integrated previously fragmented data, making it available as a "Single Source of Truth." At the same time, we thoroughly cleansed our master data, eliminating duplicates and addressing incomplete records that had hindered analysis. ERP modernization is not the ultimate goal. It is the starting point of the AI era.

Although the initial transition caused some operational disruption, strong management commitment and frontline employees' efforts enabled us to successfully migrate to the new platform as a unified organization.

Modernizing Our Infrastructure Enables AI Adoption



Evolving Toward Predictive Management

When considering the relationship between management and AI, the key concept is prediction. Traditionally, management decisions have relied on aggregating and analyzing historical performance data. With AI, however, we can integrate sales order forecasts, production plans, inventory, and market data to make decisions based on continuously updated projections of future conditions. This will strengthen our ability to respond to demand fluctuations and reduce lost opportunities. While people will continue to make the final decisions, AI will significantly improve decision-making accuracy and speed. The more important the management issue, the greater the value of prediction. Although AI use at the management level is still under development, our newly established data infrastructure has laid the groundwork for its implementation.

Two Pillars of AI Adoption

SaaS	
Maximizing the Use of SaaS-Native AI Already in Place	**ITOKI's Proprietary Secure AI Platform**
	ITOKI-AI Chat (with RAG)
	Proprietary AI Agents
Sales Support and Sales Opportunity Management	Management and Company-Wide Governance
Sales and Purchase Order Management	Sales, Marketing, and Support
Production Management	Office Design and Proposals
Inventory Management	Product Planning and Development
Logistics Management	Supply Chain, Manufacturing, and Logistics
Customer Management and Support	IT Governance and Security
Financial and Accounting Management	Compliance
Human Resources Management	Human Resources, General Affairs, and Legal Affairs

At the same time, we are using AI to transform workstyles in our own offices, sharing the results with customers and incorporating their feedback into further improvements. Within this continuous feedback loop, prediction-based AI continues to evolve at a practical level.

Not Using AI Is Itself a Risk

Going forward, we plan to accelerate AI adoption through two key pillars: "SaaS-native AI" embedded in business applications and our proprietary "secure AI platform," which can handle confidential information. In the coming years, failing to use AI will directly undermine competitiveness. We are therefore rapidly working to establish a culture in which employees naturally incorporate AI into their daily work. This includes providing all employees with comprehensive AI literacy training to ensure they understand how AI works and the risks involved, as well as sharing successful use cases across the organization. Advances in AI are already creating an environment in which employees can develop business applications and AI agents without specialized programming skills. In response to these technological advances, we are building the infrastructure needed for frontline employees to use AI safely and confidently. Going forward, we will accelerate frontline-led transformation and translate these efforts into new value creation.

▶ AI, AX, and information security strategies integrated with management strategy: Main Text P35-36

▶ Release: Itoki places AI at the core of its management and establishes a new position of Chief AI Officer (CAIO).



The future that Office 3.0 will bring

Using data and AI to continuously optimize workplaces where people can thrive

Yoshiko Yagi
Managing Executive Officer
General Manager of Solutions
Business Development Division

From building offices to helping them evolve

In the wake of the COVID-19 pandemic, the fundamental assumptions behind office design have changed significantly. Office attendance rates and the activities conducted in offices vary widely from company to company, and we are now in an era when the way we work itself is changing rapidly. As a result, the difficulty of designing an office space has increased dramatically. Without a deep understanding of the working styles our customers want to achieve and the challenges they face, we cannot make truly valuable proposals.

Precisely because we live in times like these, I believe it is important to formulate data-driven hypotheses and repeatedly test and refine them. The finish line is not the moment the office is completed. I believe the offices of the future should not be treated as finished products, but as spaces that continually evolve.

Using data to uncover previously hidden challenges

Office 3.0 is the embodiment of this concept. For example, the Workers Trail application makes it easy to see where colleagues are located in an office without assigned seating, and the Reserve Any application uses AI to optimize reservations for conference rooms. Instead of increasing the number of meeting rooms, we create new value by making more effective use of existing spaces.

This kind of day-to-day operational data becomes an important asset for understanding how our customers work. Our Data Trekking service analyzes office usage data and employee feedback to make ongoing improvement proposals. Because the keys to improving productivity and the challenges of energizing an organization vary from company to company, we don't offer one-size-fits-all answers. Instead, we help each customer find the improvements best suited to their needs.

Building the infrastructure for work in the AI era

As AI continues to evolve, the way we work will change even more dramatically. However, no one can accurately predict what that change will look like. We are entering an era in which even customers find it difficult to predict what kinds of working styles will be mainstream a few years from now and what kinds of offices will be needed. I believe that instead of trying to predict the future, it's more important to quickly recognize changes as they happen and adapt to what's best at each moment.

Currently, we are developing AI that analyzes usage patterns across multiple locations, AI that supports office planning, and AI agents that assist with employee reservation tasks. By leveraging AI and data, we support decision-making for executives and facility managers, building a work infrastructure that continuously adapts to change. This creates an environment that lets people focus on more creative and meaningful work.

I want to change how decisions about the work environment are made

Office 3.0 is a framework for continuously evolving our customers' work environment. Our role is to keep our customers' work environment in the best possible state at all times. What I want to change is how decisions about the work environment are made. By continuously tracking actual usage and organizational changes, they can make office investments with greater confidence. I want to create a world where customers can identify what they need, when they need it, and invest in their offices with confidence.

Instead of treating office design as a one-off project, we use data and AI to support continuous improvement. We continuously strive to provide the optimal environment for people to thrive. Our mission is to remain a trusted partner in that ongoing process. I firmly believe this is the future Itoki aims to realize through Office 3.0.

▶ AI, AX, and information security strategies integrated with management strategy: Main Text P35–36

▶ Track record of orders received: Supplemental Information to Financial Results for FY Ended December 31, 2025 P31

From "selling" to "partnering" Becoming an office transformation partner with data-driven proposals



Ichiro Washio
Managing Executive Officer
General Manager of Sales Division

From quantity to quality: a new era for the office market

Amidst Japan's shrinking workforce and intensifying competition for talent, offices are increasingly being recognized not merely as places to work, but as vital management assets that support talent acquisition and retention while enhancing employee engagement. As workstyles become increasingly diverse, the value of offices is also shifting beyond furniture and physical spaces to their role as environments that enhance the value of employee experience, improve productivity, and foster more dynamic organizations. I expect the trend toward transforming workstyles through office investment to continue, and I see this shift in the office market from quantity to quality as a significant growth opportunity.

Delivering value to customers across Japan: Regional×Renovation×One-Stop

The trend of rethinking offices as an investment in human capital is spreading not only among some large corporations, but also among regional cities and small- to medium-sized enterprises facing challenges in recruitment and retention. We're seeing an increasing number of inquiries from companies wanting to renovate their aging offices and create a workplace that people want to work in.

In response to these market trends, we are pursuing a sales strategy centered on the slogan Regional×Renovation×One-Stop. Leveraging our nationwide sales network and the Group's ability to handle everything in-house—from planning and design to construction, furniture, equipment, and operational support—we provide one-stop support to help customers solve their challenges.

The renovation market in particular is less affected by economic fluctuations and is an area where it is easy to build long-term relationships with customers. It is also a market where we can readily leverage the strengths of the one-stop system. At this market, we intend to steadily capture growing demand.

Everyone becomes a consultant

We are entering an era in which offices are no longer simply "built and done," but are continually enhanced in terms of value through ongoing use and management. This shift is also fundamentally changing the role of sales, where we now believe that "everyone must become a consultant." Rather than relying on conventional product-focused sales, we need to understand our customers' management issues and engage with them from a management perspective.

The key to this is data-driven proposals utilizing Office 3.0. Rather than relying on experience and intuition to develop proposals, we will analyze data on office usage, changes in workstyles, and their outcomes, then make recommendations for improvement based on our findings. In other words, we will expand our integrated proposals combining Space×Data×Operations, backed by our "office tune-up" consulting capabilities.

To that end, we are also promoting AX (AI Transformation) in sales. We will utilize AI not merely as an efficiency tool, but as a means to enhance our sales activities. AI will improve the quality of our information gathering and proposal writing, allowing our sales team to dedicate more time to engaging with customers, identifying and resolving their challenges. This will enable us to transition from a one-off sales approach to a sales model that supports continuous improvement cycles.

Continuously helping improve customers' ROI as office transformation professionals

Our sales team aims not to simply sell products or spaces, but to be a partner that accompanies our customers every step of the way. I believe that the real relationship begins after the office setup is complete. To build these long-term relationships, we are evolving our business model from office design to operational support, and from a non-recurring model to a recurring revenue model. Going forward, Itoki will leverage its proprietary Office 3.0 approach as a powerful source of competitive differentiation. As experts in office transformation, we will remain committed to helping customers address their management issues and enhance the value of their human capital over the long term, while continually contributing to improved return on investment or ROI.

▶ Office market trends: Main Text P29

▶ Human capital ROI: Main Text P50



Capturing New Growth Opportunities to Make a Growth Engine for Itoki

Motoki Nakamura
Managing Executive Officer
Executive Manager of Facilities Equipment Business Division

Growing Beyond a Second Business Pillar into Another Major Driver of Growth

I do not see the equipment & public works-related business as simply a second business pillar alongside our workplace business. I intend to develop it into another major driver of Itoki's growth in highly specialized fields such as research facilities, logistics facilities, social infrastructure, disaster prevention and protection, and cultural property preservation.

Our vision is to "Pioneer the Future of Work in Specialized Fields." Our businesses directly address social issues, by keeping logistics operations running, protecting people's lives, or preserving cultural properties for future generations. As demand grows, our employees are becoming increasingly aware of the social value of their work and are beginning to take pride and confidence in what they do. I believe this shift in mindset will drive our next stage of growth.

Translating SAS Growth into Greater Profitability

Our automated storage systems (SAS) for logistics facilities have distinctive strengths and a proven track record, including technology that ensures stable operation in freezing environments and high-speed transportation capabilities. Against a backdrop of labor shortages and growing demand for automation, we have secured numerous large-scale projects scheduled for 2028–2029. However, I do not believe that increasing sales alone is enough. Although demand for SAS is expected to continue growing, we still have room to improve profit margins. We are fundamentally reviewing our approaches to design, production, and system development to transform the business into one that generates solid profits as well as sales growth.

Of course, demand means little if we lack the capacity to meet it. I believe that people and production capacity will determine our future growth. Securing and developing engineers and personnel with design and development expertise is particularly urgent. Fortunately, our younger employees, including graduates of Hanoi University of Science and Technology, are steadily developing their capabilities. By strengthening our production facilities and systems, we will ensure that we can capture growing demand. We will also expand our maintenance and servicing business and introduce AI-powered predictive maintenance, accelerating the establishment of a recurring revenue model that supports customers throughout the operation and maintenance of their equipment.

Making Special Doors Our Next Growth Engine

In addition to expanding our existing businesses as mentioned above, we have positioned the special doors business as a central component of our next Medium-term Management Plan. Building on the technology we developed through our work on special doors for nuclear power-related facilities and our track record of supplying more than 3,000 units, we will move forward with the full-scale rollout of BOUNCEBACK, our multipurpose disaster-protection shelter door. In March 2026, the Japanese government established its first basic policy on securing shelters in preparation for emergencies. With Japan still lacking sufficient full-scale, large-capacity shelters, demand for equipment offering enhanced protection is expected to grow. Anticipating the emergence of a shelter-related market, we established a dedicated sales team this year.

Shelters are a form of social infrastructure that protects people's lives during emergencies and disasters. Our special doors play a vital role in providing that protection. There is nothing more rewarding than knowing that technology developed in Japan can help protect lives around the world. We are already receiving numerous inquiries from overseas.

Developing the Equipment & Public Works-Related Business into a Major Driver of Itoki's Growth

Personally, I am determined not to be outdone by the office business, and I want to change the perception that Itoki is primarily an office furniture company. Our employees, too, have begun spontaneously expressing their ambition to surpass the office business. The technologies we developed through our equipment & public works-related business, including special doors that protect lives worldwide, have global expansion potential. Precisely because our businesses support people's lives and social infrastructure, my mission is to translate their growth into tangible improvements in corporate value. I am committed to fulfilling that responsibility and developing the equipment & public works-related business into another major driver of Itoki's growth.

▶ Equipment & Public works-related Business: Main Text P31-32
▶ Intellectual property strategy integrated with management strategy: Main Text P37-40
▶ SAS-R: A challenge to achieve industry-leading speed in logistics automation.

Building a Production Infrastructure Aligned with Management Strategy

Katsuya Matsuda
Executive Officer
Deputy General Manager, Production Division



Transforming Production Functions to Execute Management Strategy

The Production Division's mission is to strengthen our competitiveness in areas directly linked to customer value, such as quality, delivery times, and costs, in alignment with our management strategy. As offices have come to be viewed as investments in human capital, customer needs have become increasingly diverse. Accordingly, our production sites are facing greater demands than ever for high-mix, low-volume manufacturing of high-value-added products and shorter lead times. To respond to these changes in the market environment, we are strengthening collaboration with related departments, including product planning, sales, procurement, and logistics, while advancing production technologies and transforming our supply chain.

Strengthening Manufacturing Through Continuous Improvement and Production Reorganization

I believe that continuous day-to-day improvement is the foundation of manufacturing competitiveness. We have achieved cost reductions and productivity gains through the accumulation of these efforts. Production innovation is also a natural extension of such frontline initiatives. However, in recent years, the market environment and customer needs have been changing so rapidly that frontline improvements alone are no longer sufficient to address all the challenges we face. We are therefore undertaking more fundamental production reforms. Specifically, we are reorganizing our production operations by consolidating the functions of the Neyagawa Plant into the Shiga Plant while establishing a new plant dedicated to assembly. We are also taking the opportunity presented by our ERP system modernization to standardize production processes and use data to visualize production, logistics, and procurement operations. Through these initiatives, our production capabilities are steadily evolving.

Accelerating Digitalization to Address Increasingly Complex Production Management

At the same time, as production reorganization advances the division of responsibilities and optimization of production among factories, overall management becomes increasingly complex, encompassing production planning, procurement, and logistics. This makes it more important than ever to optimize the entire supply chain rather than focusing solely on individual production sites. In addition to addressing labor shortages, another key challenge is establishing systems that make employees' accumulated skills and know-how visible and pass them on to the next generation. AX (AI Transformation) is also essential for achieving further productivity improvements. With these challenges in mind, we are accelerating the digitalization of our production sites and the development of our data infrastructure.

Establishing a Data-Driven Production Model

Under the next Medium-term Management Plan, we intend to pursue two key initiatives: developing smart factories through production DX and reorganizing our production operations. Production reorganization represents a transformation of our physical infrastructure, optimizing factory functions and production networks. Production DX, meanwhile, represents a transformation of our operational systems, using data to visualize production activities as a whole and realize smart factories. By advancing these two initiatives together, we will strengthen our production competitiveness in alignment with our management strategy.

However, the smart factories we envision are not simply about automation or eliminating the need for human workers. Instead, our goal is to integrate digital technologies with experienced workers' skills and the expertise accumulated on the factory floor, creating production systems where work is divided optimally between people and equipment and between factories. Looking further ahead, we envision factories that can make their own data-driven decisions—autonomous, intelligent factories that function as physical AI systems. Of course, this future cannot be achieved overnight. My responsibility is to preserve the spirit of manufacturing that has been passed down since our founding while actively embracing new technologies and handing down a more advanced production infrastructure to the next generation. While continuing our steady improvement activities, we will first focus on establishing a resilient production system through production reorganization and creating a data-driven production model through production DX.

▶ Production sites and logistics warehouses: Main Text P33

▶ A factory-led approach to production DX and smart factories.

Key leaders across divisions share their long-term vision

With our mission of "We Design Tomorrow. We Design WORK-Style," as the starting point for our growth strategy, we aim to grow our corporate value sustainably. To realize this vision, we require not only strategies and systems but also the philosophy and determination of the management leaders responsible for putting them into action. On this page, key leaders from across our divisions share their perspectives on Itoki's long-term vision.



Soichiro Higuchi
Director and Executive Officer
Executive Manager of Corporate Governance Division

Upholding our commitment to ethical business practices set forth in our corporate philosophy

My role is to make Itoki a company we can proudly present to society and to instill a culture dedicated to ethical business practices throughout the Group. To this end, I will strengthen governance and create an environment where every employee can work with peace of mind, and I will continue to address challenges and engage in open dialogue, even in difficult circumstances.



Sachiko Kayama
Executive Officer
Executive Manager of WSD Division

Bringing together diverse expertise to pioneer the future of work

Rather than simply creating offices, we will bring together diverse areas of expertise to design spaces, operations, and experiences in an integrated manner while staying attuned to each company's culture and values. We will continue to evolve into a platform that goes beyond physical spaces to realize tomorrow's work, where people and organizations inspire one another and unlock their full potential.



Saeko Kawashima
Executive Officer
Executive Manager of Corporate Communications Division

Becoming a company where each employee's willingness to take on challenges enhances corporate value

I have seen how one person's willingness to take on a challenge inspires their colleagues to take on new challenges of their own. We aim to become a company that creates a positive cycle in which employees' personal fulfillment and contributions to society go hand in hand, enabling us to grow together with diverse stakeholders. To achieve this, I will also take on the challenge of transforming our management approach by incorporating insights obtained through dialogue.



Ryoichi Morita
Executive Officer
Deputy Executive Manager of Sales Division

Becoming an indispensable company that supports the future of work

In an era when it is difficult to predict how the future of work will evolve, I want us to stay ahead of change without fear of failure, create unique value that only we can deliver, and become a company that society cannot do without.



Nobuhiko Yokomizo
Executive Officer
Deputy Executive Manager of Engineering Division

Growing Itoki into one of Japan's outstanding companies

The path ahead is long and challenging, but I believe that this is a goal worth pursuing with all my heart and soul.

The engineering functions now under my responsibility form the very foundation of our business, and I am convinced that strengthening these capabilities is essential for achieving dramatic growth.



Tomoyuki Uchida
Executive Officer
DALTON CORPORATION

Becoming a driving force behind a new growth trajectory for the Group

In addition to office spaces, I want to establish research and manufacturing environments as new pillars of value creation and build a business foundation that supports the future of the Itoki Group. To achieve this, I will transform Dalton into a business that drives the Group's next phase of growth.



Shuji Fujishiro
Senior General Manager of Human Resources Unit
Human Resources and General Affairs Division

Creating a company where those who take on challenges shape the future

Our work of designing tomorrow's work not only shapes the future of our customers but also helps us to build our own future. Together with our colleagues, we strive to create an environment where every employee can take on new challenges and grow. I believe this is what makes working at Itoki so rewarding.



Building a corporate foundation that carries forward the legacy of our 136-year history and enables us to design the future of work for the next 100 years

In an era in which AI is transforming the way we work and even the immediate future is difficult to predict, the enduring value of work lies in people growing together and inspiring one another to reach greater heights. I see my mission as building a corporate foundation that enables us to create such value sustainably.

By passing on the valuable assets built by those who came before us to the next generation, we will continue to design the future of work for the next 100 years.

Makoto Teranishi
Senior General Manager of General Affairs Unit Human Resources and General Affairs Division



Kenichi Komagawa
Senior General Manager of Sales Development Unit Sales Division

Designing tomorrow's work and driving change in society

I want Itoki to be recognized as a value-creating company that enhances the productivity of people and society, and to become a company that people turn to for solutions to a wide range of social challenges. To achieve this, I want to bring Itoki's services to as many customers as possible and build a strong fanbase for Itoki.

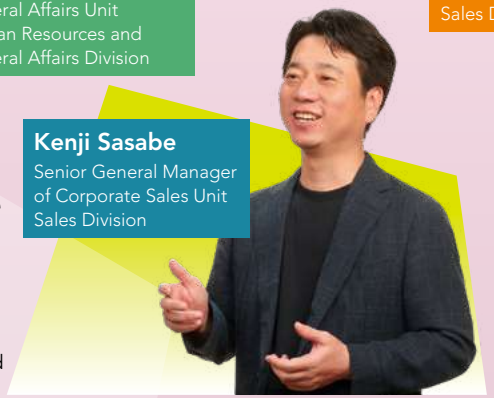


Hiroaki Fujita
Senior General Manager of SL Development Unit SL Business Development Division

Becoming our customers' partner of choice by leading the way in taking on challenges and creating value

As the unit responsible for enterprise accounts, the Corporate Sales Unit will fulfill its responsibilities and lead company-wide initiatives. By growing together with our customers, we will contribute to Itoki's future growth and corporate value enhancement.

Kenji Sasabe
Senior General Manager of Corporate Sales Unit Sales Division



Connecting customers and industries through our sales capabilities to create new value

In a period of increasing AI adoption, I will take the lead in building an organization that maximizes human potential and that consistently delivers results while developing our people.



Masahiko Tomaru
Senior General Manager of Tokyo Regional Sales Office Sales Division

Becoming a globally competitive solutions company by integrating data and AI into office environments

I will continue to lead the way in transforming our business model from a transaction-based model centered on product sales and construction projects to a recurring-revenue model in which we create and nurture value together with our customers.

Becoming a team of manufacturing professionals that customers continue to choose

By taking on challenges together with our colleagues, we will enhance our technical capabilities and expertise, advance our products and manufacturing processes, and create new value that contributes to society!



Kazuki Nagayama
General Manager of Project Promotion Dept. Production Division

Minako Suzuki
Senior General Manager of Planning and Administration Unit Facilities Equipment Business Division



Building a resilient organizational foundation and bridging business management and frontline operations

I will drive business growth and improve profitability, contributing to the sustainable development and enhanced competitiveness of the Equipment & Public Works-Related businesses.

Transforming changes in society into value through innovation based on patented technologies

We will support social infrastructure in areas such as logistics, energy, disaster prevention, information, culture, and education, thereby contributing to the realization of sustainable prosperity.



Jun Hiramoto
Deputy Senior General Manager of Facilities & Equipment Sales Unit Facilities Equipment Business Division

Akiko Matsuda
General Manager of Business Planning Dept. Corporate Planning Unit Corporate Planning Division



Creating a company that uses the power of design and technology to enable people to realize their full potential

To remain a company that customers continue to choose, we will steadily build a foundation that connects our businesses and supports taking on new challenges, while investing in the future with an eye toward what lies beyond tomorrow.

OFFICE 1.0-2.0

Itoki's craftsmanship



Yoko Okamoto
Product Planning Team
Planning Office 2, Product Planning Dept.
Product Development Unit
Product Development Division

Ms. Fumie Shibata
Product Designer
Professor, Department of Integrated Design, Faculty of Art and Design, Tama Art University

Takeshi Yokoyama
Chair Development Design Office 2
Development Design Dept. 1
Development Design Unit 1
Production Division

"Simple and widely appealing" — A design philosophy that harmonizes with the surrounding space

Ms. Fumie Shibata
Design Studio S

Through the development of the SHIGA chair, I gained a renewed appreciation for the depth of Itoki's craftsmanship. During my visit to the Shiga Factory, I saw employees from design, manufacturing, and development working across departmental boundaries, engaging in extensive discussions to achieve a shared standard of quality. This showed me that Itoki is much more than just an office furniture manufacturer; it is a company that integrates design and technology at a high level.

Our goal this time was not merely to design an office chair. We wanted to create something that would blend naturally into the overall office environment and enhance the value of both the people and the space. As workplaces become increasingly diverse, it is more important than ever to approach design from the perspective of the spatial experience rather than the furniture itself. The SHIGA chair project brought this philosophy to life.

Furthermore, the simpler the design, the more advanced the technology required. Maintaining comfort and quality while eliminating unnecessary elements requires considerable ingenuity and technical expertise in areas that are not immediately visible. I believe Itoki has both the technical capabilities to meet these challenges and the manufacturing expertise to turn these ideas into reality.

Rethinking office design through the lens of experiential value

Yoko Okamoto
Product Development Division

The starting point for the SHIGA chair was not the question of what kind of chair to create, but rather what kind of experience we wanted to provide in the offices of the future. This symbolizes our evolution from traditional furniture manufacturing to creating spatial value.

We have pursued quality and functionality as an office furniture manufacturer for many years. Building on this foundation of craftsmanship, we have recently expanded our approach to encompass proposals that consider the entire space. In developing the SHIGA chair, rather than simply adding more functions, we continually asked ourselves what value was truly needed.

One particularly important aspect was the concept of CMF (Color, Material, and Finish). From the planning stage, our design department was involved in discussions from the perspective of enhancing the quality of the









entire space, including colors, materials, and finishes. This approach is characteristic of Itoki, creating value by integrating product development and spatial design instead of treating them as separate processes.

The SHIGA chair is one product created from this approach. However, its true significance goes beyond the chair itself. I believe it embodies Itoki's DNA of building on our strengths in craftsmanship to expand the value we create into spatial design.



Itoki quality supported by hidden technology

Takeshi Yokoyama
Production Division

In developing the SHIGA chair, we aimed to combine a design that blends naturally into its surroundings with the comfort and quality standards we have refined over many years. However, it is not easy to achieve comfort without making the chair's functions visually prominent. In fact, keeping these functions out of sight requires even more advanced technology.

For this project, rather than building on existing designs, we reexamined the design from the ground up. Based on the principles of concurrent engineering (CE), our planning, design, and manufacturing teams worked together from the earliest stages of development. I believe this cross-functional development approach is itself a source of our competitiveness.

At the Shiga Factory, there is a culture of never saying that something cannot be done. Instead, we first ask ourselves how we could make it possible and then challenge ourselves to make it happen. This accumulated experience underpins the technical capabilities that Itoki has developed as an office furniture manufacturer. Our uncompromising commitment to craftsmanship, extending even to the parts that users never see, such as the internal structure of the backrest, has earned us a reputation for quality.

Itoki's DNA is not about choosing between design and technology; it is about integrating both at a high level while pursuing greater value across the entire environment in which people work. The SHIGA chair is a tangible result that embodies this philosophy, demonstrating how the craftsmanship capabilities we have cultivated through Office 1.0 are evolving into the creation of spatial value in Office 2.0.





▶ Behind the scenes of SHIGA development - Part 1
▶ Behind the scenes of SHIGA development - Part 2



LAB-WORK INTEGRATOR

Creating a new lab market

Tadashi Sawada
President and
Representative Director
DALTON CORPORATION

Reshaping the company

Since becoming president of Dalton, I have dedicated the past year and a half to reshaping the company. This is not limited to short-term improvements. We will transform Dalton's technological capabilities and customer base into a force that will drive our next phase of growth. It is with this sense of determination that I have been working on reforms.

To start things off, we held over 70 town hall meetings, not only at Dalton but also at our consolidated subsidiaries. By listening directly to the voices of our employees, we identified over 30 issues and requests. Though performance has been strong, we still need to further enhance employee engagement. To achieve this, we are working to create an environment in which employees can experience growth and job satisfaction through efforts such as reforming the personnel system, expanding the system of specialist roles, and strengthening employee training.

▶ Dalton website

Proposals that extend to lab working styles

The results of the reforms are already beginning to manifest themselves in the form of business discussions. We are particularly seeing significant results in the areas of lab design and consulting proposals. By bringing in design professionals from Itoki and integrating them with our existing design and project management teams, we have become able to propose solutions that encompass not only labs themselves, but also the work styles of the researchers who work there. This is an even greater result than I could have hoped for. Projects that began as design consulting have developed into major business deals, and so I can truly feel the impact the reforms have had.

For many years, we operated as a company that builds labs. However, our goal is to go beyond that. We will make proposals that encompass not only labs themselves, but also the work styles of the researchers who work there. We are accelerating our transformation into a "LABWORK INTEGRATOR," providing comprehensive support from the relocation of labs to spatial planning, design, and construction.

At the end of October 2026, we will relocate our head office and showroom to Toyosu. Our new headquarters is more than just an office. It will embody new ways of working and research environments for researchers, and become a place where customers can experience value creation firsthand.

Entering new fields through synergy with Itoki

Our collaboration with Itoki is progressing in areas such as spatial planning, design, engineering, and construction, creating a synergy that extends beyond sales to encompass our entire operational framework.

In the past, there were times when we had to turn down large-scale projects and lab relocation work due to a lack of resources. But that is no longer the case. With this framework in place, we are now able to take on challenges in fields that Dalton alone could not have entered.

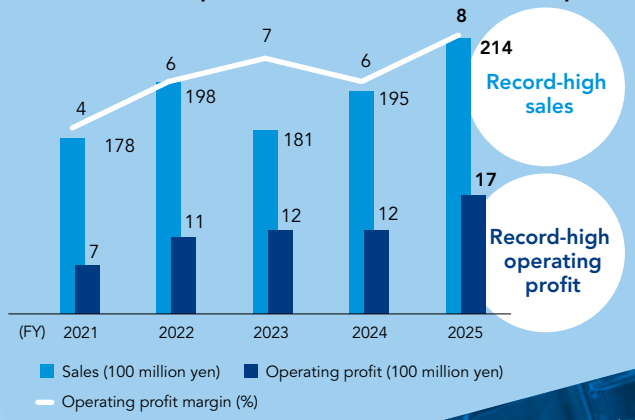
Meanwhile, it is essential for us to secure and train engineers in order to further expand in the areas of LAB 2.0 and LAB 3.0. We are currently bolstering our recruitment efforts, particularly for engineers, and working to build a talent base that will support our future growth.

"Dalton: By Far the Best"

There are two things that I repeatedly tell our employees. They are, "There is no growth without challenge," and, "To start off with, try it out and see." Dalton has a long history and proven expertise. Therefore, I want to foster a culture of taking on challenges without fear of failure. Of course, there will also be failures, but if we do not take on challenges, we will not be able to grow or accomplish new things. In our efforts to change from a company that builds labs to one that supports the future of research and development, it is precisely the challenges undertaken by each and every employee that will help us achieve this monumental shift.

Our goal is "Creating the future with our customers." We aim to create new value in the way researchers work and in the field of research and development, and to become the partner that customers turn to first for advice. Beyond this challenge lies our ultimate goal: "Dalton: By Far the Best." Although we are still in the midst of our transformation, I believe that Dalton can make a significant leap forward as long as we continue to take on challenges.

Variation in the performance of the Dalton Group



LAB 3.0
Workstyle based Research Facility DX Business

Data Trekking for Lab
A consulting service that leverages office sensing data (such as people's location and behavioral information) to support agile office environments and operations in a collaborative manner.

Lab Asset Finder (provisional name)
A system utilizing RFID to manage the information on locations and attributes of analysis instruments and other equipment within a laboratory. Used for staged management during laboratory moves, fixed asset inventory, and maintenance schedule management.

Lab Control System (provisional name)
Data integration management platform for visualizing and optimizing laboratory environments.

Lab Archive (provisional name)
A digital knowledge system for viewing purposes that visualizes the laboratory's intellectual assets.

LAB 2.0
Space based Solutions Proposal Business



Research Facility Business
Creating laboratories as spaces for intellectual creation
To help customers realize their ideal laboratory, we provide consulting for every stage of the project, from concept planning to cost optimization, and create laboratories that meet global standards.

Powder Machinery Business
Development of production systems for powder processing
Professionals with in-depth knowledge of the properties of powders design plants that offer quality and stability. We provide optimal solutions to address the challenges throughout the entire process.

Cleanroom Equipment Business
Creating workspaces that ensure safety and quality
We utilize the technical expertise that we have cultivated over many years to create work environments that are kind to both operators and the substances they handle. We thoroughly pursue the best specifications using pre-construction mock-ups and work with our customers to create the working environment they truly need.

Semiconductor Manufacturing Equipment Business
Equipment customization to suit customers' business
We produce semiconductor manufacturing equipment tailored to specific wafers and applications, providing comprehensive support from equipment selection to installation, thereby realizing the ideal development and production system.

LAB 1.0
Product based Product Sales Business

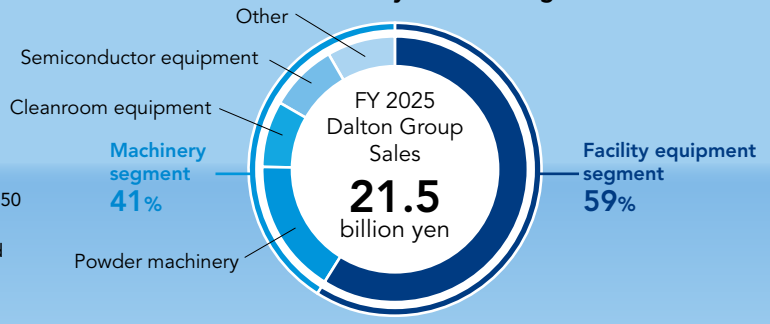

New lab system brand, "MAGBIT"


Local exhaust ventilation system, "Draft chamber"


Semiconductor cleaning equipment


Powder machinery

Sales composition of Dalton by business segment



- Laboratory market size: Supplemental Information to Financial Results for FY Ended December 31, 2025, P50
- LAB 1.0/2.0/3.0: Supplemental Information to Financial Results for FY Ended December 31, 2025, P44-55
- Status of Dalton business deals for 2027-2028: Supplementary Material for Financial Results for the Second Quarter (Interim Period) of FY Ending December 31, 2026, P27-28

New Circular Value Created Through Co-Creation

Econifa UPCYCLE is a sustainable design solution that gives new value to by-products and unused resources generated in manufacturing processes, repurposing them as furniture and interior materials. Through co-creation with a diverse range of partners, including companies and local governments, we visualize within spaces the stories inherent in their respective businesses and communities, creating new spatial value that fosters empathy and engagement among the people who work in and visit those spaces.

▶Econifa UPCYCLE
▶Upcycling: Main Text P73

株式会社
セブン-イレブン・ジャパン







ITOKI




KAMOI




Econifa
UPCYCLE







TOYOTA




ITOKI

SUSTAINABILITY

Realizing the material issues of "happiness of working people" and "enhancement of corporate value" through the same engine



Shiro Nitanai
External Director

Sustainability is our business itself

I view sustainability from four perspectives: environmental issues (E) and social issues (S), and, for each, "defense" (addressing risks that could undermine corporate value) and "offense" (expanding business opportunities to create corporate value). Defensive initiatives are responsibilities companies must fulfill, but offensive sustainability is where a company's individuality and growth potential come to the fore. In this respect, Itoki is in an extremely favorable position. This is because proposing work environments that enhance people's engagement, well-being, productivity, and creativity is itself our business. One of Itoki's greatest strengths is the direct connection between creating the social value embodied in our material issue of "happiness of working people" and corporate growth.

The office is a mechanism for bringing out the best in people

The essence of investment in human capital lies in creating an environment where working people can fully demonstrate their abilities. I see the workplace as a "mechanism for bringing out the best in people." When the work environment changes, people's awareness and behavior—and even organizational culture—change as well. That is why investment in offices is not simply a cost, but an investment in human capital that enhances the potential of people and organizations.

In the wake of the COVID-19 pandemic, questions such as "What is an office?" and "What does it mean to work?" have come to the fore once again. As labor shortages become increasingly serious, the importance of the workplace continues to grow. By transforming our own work environment and applying what we've learned to our customers, we have built a business model in which solving social issues and business growth create a virtuous cycle.

The happiness of working people enhances corporate value

People spend much of their lives working. I believe that it is difficult to achieve true happiness unless the time spent working is fulfilling. There is a saying that "effort cannot compete with passion." An environment in which people can work energetically, demonstrate their abilities, and approach their work positively provides the foundation for greater engagement, productivity, and creativity. Bringing out the potential of people and organizations while achieving both corporate growth and the happiness of working people, I believe, is the essence of our mission, "We Design Tomorrow. We Design WORK-Style."

Viewing social issues and business growth as one

When I became an External Director in 2020, there was considerable pessimism about the office's future, partly due to the COVID-19 pandemic. However, I believed the office's value as a place that brings out the best in people would actually increase. In fact, Itoki has since steadily achieved both the resolution of social issues and business growth.

On the environmental front, Itoki is also pursuing advanced initiatives. I believe that as it creates spaces going forward, it will become increasingly important not only to create something new, but also to enhance value by using existing assets. As the transition to a circular economy progresses, initiatives such as "Econifa UPCYCLE," which regenerates and utilizes by-products and unused resources, are a symbolic example. I believe that continuing to take on such challenges ahead of others will contribute not only to solving environmental issues but also to our future competitiveness.

What I consider important is not to view social value and economic value separately. Creating Shared Value (CSV) is the starting point of sustainability. Realizing the happiness of working people and enhancing corporate value through the same engine: I believe this is Itoki's unique approach to value creation. As an External Director, I will do my utmost to ensure that this approach is firmly carried forward and put into practice in management.

▶ Materiality: Main Text P07

GOVERNANCE

2026 is a turning point for governance



Soichiro Higuchi
Director and Executive Officer
Executive Manager of Corporate Governance Division

▶ Governance: Main Text P51-60

Effective governance

For Itoki, 2026 is a turning point for corporate governance. We have consolidated our management structure under the leadership of the president and established a Nomination Committee and a Compensation Committee. In addition, following the V-shaped recovery in non-consolidated earnings, we are taking steps to strengthen Group governance in order to streamline consolidated management. However, we must do more than put these structures in place—we must make them work. We recognize that we need to go beyond tokenism and ensure that our governance functions effectively and improves the quality of management. We believe the essence of governance is to earnestly address the items of materiality we have identified, steadily execute the medium-term management plan, and ensure that our mechanisms properly meet stakeholder expectations.

Agile management and sound checks and balances

Under our new management structure, we are making decisions faster than ever. We are also delegating authority to our executive team so they can make agile decisions closer to the front lines. At the same time, as we delegate more authority, the oversight of the Board of Directors becomes increasingly important. The Board is expected to appropriately assess how we execute business and improve the quality of management by undertaking wide-ranging discussions and offering advice. Precisely because authority is concentrated in senior management, it is imperative that checks and balances also function effectively. The president himself has said that he wants us to ensure he does not overstep without realizing it. The other directors, including external directors, should speak candidly and raise objections when necessary. We believe that, by maintaining this healthy tension and making the Board of Directors a forum for candid, constructive discussion, we can combine agile management with sound governance.

Strengthening group governance

We cannot make governance effective simply by reforming the Board of Directors. We must embed our approach to management throughout the Group and manage the Company based on shared values. To that end, we are focusing our efforts on improving communication with Group companies, including those overseas. While we have respected each company's autonomy, we have not always done enough to foster a shared understanding of compliance or exercise oversight from headquarters. However, we cannot achieve effective governance and compliance by imposing controls. It is important that we first work closely with teams on the ground, support their business operations with a light touch, and build relationships of trust. Currently, we visit Group companies regularly and are working to create an environment where we can hear directly from employees in the workplace. Through these efforts, we are gradually establishing a culture of identifying and addressing problems early, while our channels for seeking advice and reporting concerns, including the helpline, are becoming more widely used.

What matters most to me in compliance is to not shy away from a problem. We must face problems rather than conceal them, analyze their causes, take thorough steps to prevent recurrence, and share what we learn across the organization. We will instill a culture throughout the Group of facing negative information head-on and using it to drive improvements.

Promoting data-driven business management

While we share lessons learned from past incidents across the Group and endeavor to embed a culture of compliance, we also know that anticipating future risks is an important role of governance. In particular, we have declared that Itoki is an AI company, and we must properly address not only cyber risks but also the ethical and governance issues that arise from using AI and data. In the next medium-term management plan, we will further improve Group management and advance data-driven business management practices, while incorporating these advances into the oversight of the Board of Directors. Guided by the so-called Sangen Principle that I personally consider important, which emphasizes the three "reals" of real places, real things, and real facts, I intend to visit workplaces across the Group, including Group companies, to face reality and establish the facts. I will also further develop the foundation for swift, sound decision making based on objective data rather than relying on past experience, and lead governance reforms that enhance corporate value.

COMPLIANCE

Compliance work never ends



Toshie Tanaka
External Director

▶ Compliance: Main Text P61-62

Steadily advancing reforms

I have worked extensively on compliance and risk management throughout my career in public administration. As an external director, I have seen the Company make steady progress on compliance reforms since the 2024 compliance incidents. The Company has taken the incidents seriously, and led by its Corporate Governance Division, is strengthening its compliance framework and functions, reviewing its rules and processes, and reinforcing Group governance.

At the meetings of the Board of Directors, we regularly share information and discuss the reforms, reviewing their progress and direction. However, we can never consider our compliance work complete. As laws and society change, the Company must pick up on those changes early and continue to soundly respond to them. I believe governance, compliance, and risk management will become even more important as the Company pursues a growth strategy on the back of mainly AI, data use, and overseas expansion.

Systems work only after they have been internalized

What determines whether compliance works in practice is not the system itself, but whether each employee understands its purpose, accepts it, and acts accordingly. In other words, whether employees have truly internalized that system. Anyone can make an error in judgment because of habit or assumptions. The Company must carefully explain why its rules are necessary and continually help employees understand them. Nor should the company simply add more rules and procedures every time an issue arises. Rules and procedures serve no purpose unless employees can put them into practice in the workplace. Whether in business or public administration, we can embed rules throughout an organization by making them as simple and clear as possible, then explaining them repeatedly to those involved to deepen their understanding.

Organization culture is the very foundation of compliance

The Company cannot embed compliance throughout the organization without a culture and values. The Company's corporate philosophy calls on employees to commit to doing business the right way and living without regret. The Company expects employees to consider for themselves what doing business the right way means and to act with integrity. This reflects an organizational culture that places great importance on compliance. I also believe the company's high level of employee engagement is a strength when it comes to compliance. When employees take pride in the Company, they naturally develop a commitment not to do anything that could undermine trust in it, or allow others to do so. In fact, employees are making increasing use of the helpline for internal reporting (whistle-blowing). I believe this high level of engagement also helps instill a commitment to compliance throughout the Company.

The trust of society underpins corporate value

Compliance is more than just managing risk; it is how the Company builds trust with society. Society's trust forms the foundation of the Company's relationships with all stakeholders, including customers, business partners, employees, and shareholders, and ultimately supports its sustained growth. No matter how excellent the Company's products or services may be, it cannot increase corporate value without the trust of society. I believe that embedding compliance in the Company's culture and ensuring that every employee continues to act with integrity will deepen society's trust in the Company and underpin its sustained growth.

What must the Company do to continue earning the trust of society? I will keep that question in mind as I continue to fulfill my role as an external director. Also, as the Company expands its use of AI and data and grows overseas, information security and Group governance will grow increasingly important. From that perspective, I also hope to help strengthen so-called "defensive governance" across the Group.



Message from the Chair of the Board of Directors

Reforming governance for faster, better decision-making

Koji Minato
President and Representative Director

A Board of Directors that prevents the president from exercising unchecked power

When I became Chair, the first thing I did was rethink the very nature of the Board of Directors.

Strong leadership is necessary for companies to grow sustainably. At the same time, the president's decisions are not always right. That is why I believe the Board of Directors must oversee the management team and provide necessary checks and balances.

No matter how strong the company's performance, the president must never be allowed to exercise unchecked authority. I believe that improving corporate value starts with an environment in which the top executive's decisions are objectively reviewed and, when necessary, challenged.

That said, I see no point in governance for its own sake.

In the past, the Board of Directors spent much of its time on matters that were legally required but contributed little to management decisions. The Board of Directors handled even matters that should properly have been left to the Managing Directors Meeting, consuming considerable time. I wanted to return the Board of Directors to its role as a forum for discussing important issues that affect corporate value, so I narrowed its agenda. I delegated business execution to the Managing Directors Meeting and refocused the Board of Directors on matters that truly warrant discussion, including medium- to long-term strategy, capital efficiency, risk, human resources strategy, and growth themes such as AI.

What matters is not the number of meetings but what is discussed. Rather than spending time on formal explanations, we should devote our time and insight to the fundamental issues of management. That is the kind of highly effective Board of Directors I want to create.

Harnessing external directors' expertise to strengthen management

The role of external directors has also changed significantly. I ask external directors to make the fullest use of their respective expertise. Those with strong financial expertise lead on capital policy and financial strategy, those with legal and governance knowledge on governance and risk management, and those with extensive management experience on growth strategy and organizational management. When professionals bring together their respective strengths, the quality of discussion improves significantly.

Succession is at the heart of governance

The issue I consider most important is succession. No matter how well governance systems are put in place, they are meaningless unless people are developed to lead the company in the future. In an extreme case, without a successor, no one could rein in a president who ran out of control. I believe the essence of governance lies in sound succession rather than in the systems themselves. That is why we established the Nomination Committee and the Remuneration Committee and increased the transparency of the process for selecting the president. We are also giving successor candidates opportunities from an early stage to take part in addressing management issues and are developing them systematically.

This does not mean that I am considering stepping down. Rather, I believe a top executive has a responsibility to be ready to pass the baton to the next generation at any time.

Itoki is now entering a new stage of growth as it becomes an AI company and expands globally. Meeting these challenges requires more than a proactive approach to growth. It also requires governance that keeps our initiatives moving in the right direction and enables us to sustain them over time.

As Chair of the Board of Directors, I will advance governance reform not to slow management down, but to enable better decision-making.

I will work to build a highly effective Board of Directors while maintaining a constructive level of alertness aimed at improving corporate value.

▶ Governance: Main Text P51–60

Message from the Chair of the Nomination and Compensation Committee

Selecting and supporting the right leaders for Itoki's future

Mariko Bando
External Director
Chair of the Nomination and Compensation Committee



The mission of the Nomination and Compensation Committee is not only to evaluate individuals, but also to build a system that supports their growth and encourages them to take on challenges. Going forward, we will continue to contribute to developing future leaders for Itoki and enhancing sustainable corporate value through governance that supports the development of management talent and their pursuit of new challenges.

▶ Nomination and Compensation Committees: Main Text P56–58

Cultivating leaders who embody the mission

The responsibility of the Compensation and Nomination Committee is first and foremost to consider, "What should a leader at Itoki be like?" We also have a responsibility to establish a framework for selecting, developing and rewarding leaders who embody our corporate philosophy and mission, lead the organization by example, and contribute to enhancing corporate value.

What I look for in a leader is the ability to articulate their aspirations in their own words. Itoki's mission is "We Design Tomorrow. We Design WORK-Style." Based on that, I believe leaders must be able to articulate how Itoki will create value for society through the well-being of people at work and drive transformation by bringing others along.

Identifying multiple candidates from a long-term perspective

The business environment is constantly changing, and unexpected events can occur. Therefore, it is important for succession planning to provide multiple candidates with opportunities to gain diverse experiences and take on challenges, while assessing their potential from a long-term perspective.

What I value most in leaders is continuing to learn and grow even in a changing environment. As they face various challenges, they must keep thinking, "I need to learn more" instead of becoming overconfident. They also delegate tasks they can't do themselves to those who are skilled in those areas, and they co-create by bringing together diverse talent.

It is also important to experience hardships and difficulties. People grow a lot when they go through difficult experiences. Those who have experienced hardship understand the struggles and difficulties of others. Such people can lead an organization while drawing out the strengths of those around them.

Empowerment of women requires expectations, training, and opportunities

To develop the next generation of management talent, broadening the pool of candidates is essential. Developing and promoting female managers and executives is a crucial management issue for the sustainable growth of a company. Half of the population (customers) are women, and women also make up 40% of Itoki's employees. The future of the company largely depends on whether those individuals can demonstrate their abilities and thrive. I view the empowerment of women not as a standalone initiative, but as an effort to broaden the pool of management talent.

The three elements for achieving this are expectations, training, and opportunities. People cannot grow if we try to protect them by saying, "You don't need to push yourself" or "We won't assign you challenging work." If nothing is expected of you, you won't take on challenges, and without being pushed, it's hard to grow. Simply giving someone an opportunity without providing them with sufficient experience will not allow them to demonstrate their abilities. We need to give them experience, including in high-pressure situations, as people expected to lead the company in the future.

Encouraging people to take on challenges and sharing achievements

The compensation system also plays an important role in rewarding these challenges and growth. The compensation system should encourage management to take on challenges and help enhance corporate value over the medium to long term. On the other hand, the benefits of increasing corporate value are not just for management and shareholders. We believe it's important to share those benefits with our employees and stakeholders. That is why we must make the principles behind compensation and the decision-making process more transparent, and ensure the system is run in a way everyone can accept.

FINANCIAL AND CAPITAL STRATEGY

Management that is conscious of capital costs and the stock price

Value creation exceeding the cost of capital as the foundation of management

We view value creation that exceeds the cost of capital, supported by improved profitability, as the foundation for enhancing corporate value. We emphasize whether this growth generates sufficient returns on the capital entrusted to us by shareholders. Accordingly, we recognize our cost of equity as 9–10% and have made consistently achieving profitability above this level a fundamental management policy.

Management reforms deliver ROE of 17.7%

Under the medium-term management plan RISE TO GROWTH 2026, we set a target of 15% ROE as an indicator of value creation exceeding the cost of capital. As a result, ROE reached 17.7% in fiscal 2025, achieving the target one year ahead of schedule. This was not simply due to higher profits. It was achieved through improved profitability driven by the expansion of high-value-added spatial proposals, appropriate pricing, and higher productivity, as well as an improved total asset turnover ratio and rigorous financial discipline. These initiatives have also received a certain degree of recognition from the capital markets, with PBR improving significantly from around 0.4 times several years ago to 2.2 times.

Carefully selecting investments that enhance corporate value

We also place a strong emphasis on capital efficiency in making investment decisions. For M&A, capital investment, and investments in new businesses, we set a hurdle rate of approximately 8% WACC and carefully select investments expected to generate returns above this level. Our fundamental approach is to select investments that enhance corporate value rather than investing simply to expand our scale. Company-wide ROIC, which we monitor, improved to 11.1% in fiscal 2025. Going forward, we will consider gradually introducing ROIC as a management indicator and enhance business portfolio management to achieve even greater capital efficiency.

With this approach, we aim to achieve both growth investment and improved capital efficiency. Under the medium-term management plan, we have planned cash allocation totaling approximately ¥70 billion, prioritizing investments in areas that will drive future competitiveness, including Office 3.0, the research facility market, production DX, and human capital. Office 3.0, in particular, is an initiative to transform office creation from a one-time, sell-and-finish business into a business that continuously provides value through the use of data and AI, and is positioned as a strategic investment central to strengthening our earnings base over the medium to long term.

▶ Management that is conscious of capital costs and the stock price: Main Text P21
▶ Financial and capital strategy: Main Text P18
▶ Business portfolio policy: Main Text P26

Enhancing capital efficiency through the reallocation of management resources

At the same time, enhancing corporate value requires not only profit growth but also improved asset efficiency. In addition to reducing cross-shareholdings and shrinking assets by selling a logistics center, we are enhancing Group-wide fund management by introducing a CMS. Furthermore, through Group restructuring and reduced cash outflows, we are reallocating management resources to growth areas, improving both profitability and capital efficiency.

Achieving both sustainable value creation and shareholder returns

For shareholder returns, we target a dividend payout ratio of approximately 40% while balancing returns with growth investment. In fiscal 2025, the dividend payout ratio was 39.4%, with a dividend of ¥75 per share, and we plan to increase the dividend to ¥90 in fiscal 2026. By enhancing our earning power through growth investment and returning the resulting gains to shareholders, we will create a virtuous cycle of sustainable value creation.

However, we are not satisfied with our current valuation. While ROE and PBR have improved significantly, we recognize that there is still room to improve PER. Going forward, we will communicate future growth drivers more clearly to the capital markets, including Office 3.0, LAB 3.0, and new value creation models utilizing AI, and deepen dialogue with investors. By continuously generating returns exceeding the cost of capital, creating a virtuous cycle of growth investment and shareholder returns, and converting non-financial value into financial value, we will pursue sustainable enhancement of corporate value.



Yoshihito Yamamura
Representative Director,
Executive Vice President



Yasuyuki Kawasaki
External Director

FINANCIAL AND CAPITAL STRATEGY

Supporting risk-taking with determination and conviction

The quality of earnings is beginning to change

I was appointed as an External Director in March 2025, and through discussions at Board of Directors meetings and the matters reported to the Board, I have come to feel that ITOKI is not simply improving its financial performance, but that the quality of its earnings is beginning to change. In the workplace business, we have evolved from Office 1.0, which focused on selling furniture, to Office 2.0, which offers comprehensive spatial solutions.

We are now taking on the challenge of Office 3.0, which uses data to create optimal workstyles and office environments. By responding to customers' CRE (Corporate Real Estate) strategies and human capital investment needs, we are also transitioning toward a different earnings structure. Similarly, our equipment & public works-related business, including Dalton's research facilities business, is evolving into one in which customers choose us for our expertise and added value rather than price competitiveness.

Communicating our future value remains a challenge

I remain conscious of ITOKI's share price when I took office. At the time, it was ¥1,677, and it subsequently rose to a high of ¥3,680. I believe this reflected a certain degree of market recognition of our current earnings power. However, the share price has since paused in the ¥2,800 range, while the PER remains at around 15 times. In my view, although the market recognizes our current earnings, it has yet to fully factor in the likelihood of realizing our future growth potential. In this respect, we need to increase certainty around monetizing Office 3.0, where expectations are high. Our equipment & public works-related business also has numerous opportunities to become a leader in niche markets by leveraging its technological advantages. I believe that steadily realizing the growth potential of these strategies will lead to further improvements in our valuation in the capital markets.

Controlling the cost of capital is also important

I regularly emphasize at Board of Directors meetings the need to maintain an appropriate balance among growth investment, capital policy, and shareholder returns, taking a comprehensive view of all three. This requires a management framework that uses WACC and ROIC to evaluate the effectiveness of investments by business and project and provides visibility into expected investment returns. It is also important to broaden our financing options, including debt financing, while remaining mindful of the D/E ratio and working to reduce WACC.

Because ITOKI has historically kept manufacturing and sales operations separate, I was particularly impressed by employees' strong awareness of profitability on the production floor when I accompanied an Audit & Supervisory Board Member on a factory visit. This thorough cost consciousness is an important element supporting our competitiveness. At the same time, I intend to exercise appropriate management oversight by paying close attention to areas such as safety management and the management of contractors. I believe that sound business operations of this kind contribute to enhancing corporate value and reducing the cost of capital.

Emphasizing the determination and conviction of top management

My greatest interest lies in monetizing and commercializing Office 3.0. I have told President Minato on several occasions, "This is your responsibility." That is because I believe ITOKI's next stage of growth and enhancement of corporate value will depend on whether we can successfully commercialize Office 3.0 and translate it into earnings.

New businesses inevitably involve risks, but the role of the Board of Directors is to determine which challenges are worth pursuing based on sufficient information and careful evaluation. In making such decisions, I place great importance on determination and conviction. We must be convinced of the direction we should take and determined to see it through. Oversight is not limited to protecting the company from risks. Through the Nomination Committee and Remuneration Committee established this fiscal year, we are working to strengthen our oversight functions. As an External Director, I believe it is my responsibility to ensure that management and those responsible for oversight are aligned in supporting appropriate risk-taking by the executive team.

ITOKI

We Design Tomorrow. We Design WORK-Style.

ITOKI CORPORATION

https://www.itoki.jp/en/

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We Design Tomorrow.
We Design WORK-Style.

ITOKI

integrated report 2026

Core Value

“We Design Tomorrow. We Design WORK-Style.”
Organizational capabilities that enable our people to understand, embrace, and embody our Core Value.

Itoki Integrated Report 2026: Reading Guide

Q How does Itoki create value?	Why does Itoki exist? What is its view of the world? What are its strengths and how can they be developed? What is the overall picture of Itoki's value creation and how does it define materiality? What vision does the top management have, and how will they steer Itoki towards its realization? The answers are summarized in a concise story.	Value Creation at Itoki
Q What strategy is Itoki executing to achieve its vision?	This section details the progress of the current medium-term management plan RISE TO GROWTH 2026, the areas where Itoki provides value and has competitive advantages, and the past and future of our mainstay workplace business and our up-and-coming equipment & public works-related business.	Strategy for Realizing Our Vision
Q How does Itoki incorporate intangible assets into its management strategy and use them to increase corporate value?	This section shows how the HR strategy, AI, AX, information security, and intellectual property strategy are integrated with the management strategy and details our initiatives to address climate change, promote sustainable procurement, improve quality, and enhance the effectiveness of governance.	Management Platform Strategy
Q Where can I find short-term and long-term financial data and basic corporate data?	This section presents a variety of quantitative data, including an 11-year summary, data on a quarterly basis, and corporate data.	Data

This year's integrated report is divided into two parts: a future-oriented "Special Feature Section" and a "Main Text" that compiles a comprehensive summary of our corporate information.

This part is the Main Text of the Itoki Integrated Report 2026.

The Main Text provides a comprehensive introduction to Itoki's value creation process, financial and pre-financial initiatives, ESG activities, governance structure, and more. Read together, the Main Text and the Special Feature Section give a more holistic understanding of Itoki's current position and future outlook.

▶ Special Feature Section is here

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Value creation process

Recognize megatrends

- Declining labor force and intensifying competition for talent
- Rapid evolution of AI
- Shift in the perception of offices from a "cost" to an "investment"
- Advancement and automation of social infrastructure
- Sustainability and the circular economy

Identify risks and opportunities

Risks

- Decline in the labor force
- Changes in industrial structure driven by AI
- Rising materials and logistics costs
- Geopolitical and disaster risks
- Increasingly stringent climate change and ESG requirements

Opportunities

- Expansion of human capital management
- Transformation of workstyles in the AI era
- Expansion of regional and mid-sized enterprise markets
- Growth in the logistics and research facility markets
- Demand for disaster preparedness and social infrastructure

MISSION STATEMENT We Design Tomorrow. We Design WORK-Style.

MATERIALITY

Make society and its people happy

- Create workstyles and workplaces where people can work enthusiastically
- Contribute to the preservation of the ecosystem by promoting resource recycling
- Contribute to the creation of a carbon-neutral society

Make the company and its employees happy

- Support employee growth and create an office where diverse talent can work comfortably
- Sustainably improve profitability
- Establishing transparent and reliable management

▶ Corporate value and materiality: P07

▶ Six capitals: P05-06

CAPITALS

Human capital	Number of employees: **4,164** Number of spatial designers: **180**
Emotional capital	Holding the company-wide event "FULL of ITOKI" Formulation of core values for each organization Development of positive energizers
Financial capital	Total assets: **130.7** billion yen Equity ratio: **43.4**%
Manufactured capital	Capital expenditure: **6.1** billion yen Number of production sites: **11** factories (consolidated)
Intellectual capital	Number of patents held: **804** (as of the end of 2025) Number of interior design registrations: **145** (as of the end of 2025) R&D expenses: **2.2** billion yen
Social and relationship capital	Number of suppliers: **941** (Production Division) Dialogues with institutional investors and analysts: **220**
Natural capital	CO_2 emissions: **505,098** t-CO_2 Water intake: **110,345** m^3 Total energy input: **176,000** GJ

* The figures listed under CAPITALS are actual results for fiscal 2025.

BUSINESS ACTIVITY

Value chain

R&D → Procurement → Production → Sales → Distribution → Disposal & Recycling

Strength:

AI × Design based on PEOPLE

ESG STRATEGY

E Environment	Contribute to the realization of a society with zero negative impact on ecosystems
S Social	Contribute to maximizing the human capital of society through our business
G Governance	Establish Group-wide governance from a consolidated perspective

Management platform (AI,AX Corporate governance Security Compliance Risk management)

DNA "We at Itoki"

▶ Human resources strategy integrated with management strategy: P41-50

▶ Intellectual property strategy integrated with management strategy: P37-40

▶ AI, AX, and information security strategies integrated with management strategy: P35, 36

▶ "We at Itoki"

Value creation process

OUTPUT

Products and office spaces with excellent design



Data-driven services to offer



Workplace domain

OFFICE 1.0	OFFICE 2.0	OFFICE 3.0
Product-based sales business	Office space-based product solutions business	Work style-based office DX business

Specialized facility domain



Specialized facilities and equipment with functional design



Cutting-edge public infrastructure

OUTCOME

Financial (2025)

Operating income	Net income	ROE	Dividend payout ratio
13.6 billion yen	9.3 billion yen	17.7%	39.4%

Pre-financial (2025)

Number of office design proposals
3,000 (per year)
* Design drawings and various types of office data: approximately 30,000 sheets per year

Employee engagement survey results*
81.9%
* Positive response rate for "pride"

Human capital ROI
40%

Ratio of female managers
14%

Development of positive energizers

AI talent
100 persons

Number of community members
Empowerment of women:
SPLi 161 members
Global human resource development:
API 138 members
Factory revitalization:
Plant Ambassadors 36 members

Intellectual property integrated with management strategy

[Office3.0]
Ability utilization
+7.0 points

[Office3.0]
Perceived productivity improvement
+13.6 points

Aims

VISION STATEMENT

Vibrant People, Beautiful Planet.

Economic value

FY2026 targets

Sales
167.5 billion yen

Operating income
16.0 billion yen

ROE
18.5%

Social value (impact)

- Improved well-being of workers
- Improved productivity at customer companies
- Advancement of human capital management
- Greater resilience of social infrastructure
- Realization of a sustainable society

▶ Human capital ROI, ability utilization, and perceived productivity: Main Text P50

▶ Intellectual property integrated with management strategy: Main Text P37-40

Six capitals

Social and economic value is converted into six different forms of capital: human capital, financial capital, manufactured capital, intellectual capital, social and relationship capital, and natural capital, thereby enhancing Itoki's overall capital. This section describes the materiality associated with each form of capital, the vision we wish to achieve, our results so far, the "gaps" in capital that our results reveal, and the steps we are taking to fill these gaps, all with the goal of creating further corporate value for Itoki.

Capitals	Related materiality	Aims	Performance	Challenges (gaps in capital)	Future direction
Human capital	Support employee growth and create an office where diverse talent can work comfortably Sustainably improve profitability	Human resources are the source of the Itoki Group's competitiveness. We aim to be a company where every employee has a high level of engagement in their work by strengthening employee training and expertise in line with our management strategy, establishing corresponding systems, and creating an office environment in which a diverse workforce can thrive.	Results of employee engagement surveys **81.9%** Ratio of female managers **14.3%** Number of spatial designers **180** AI talent **100** Holding the company-wide event "FULL of ITOKI" Formulation of core values for each organization Development of positive energizers Employee-led communities Empowerment of women: SPLi **161 members** Global human resource development: API **138 members** Factory revitalization: Plant Ambassadors **36 members**	• More growth opportunities for Employees • Workplace environment that further enhances human capital • Group-wide advancement of human capital management • Data-driven human resource management	With the personnel system reform that began in fiscal 2024 at the core, we will focus on strengthening expertise and diversity to realize the ideal talent profile we aim for. We will also continue to implement succession plans aimed at developing the next generation of managers.
Emotional capital		Recognizing that employee engagement is the engine that drives company growth, Itoki uses its employee engagement scores as a key indicator. We have strengthened internal communication and revised our personnel systems with the aim of becoming a company where all employees can take pride in providing value as members of Itoki. Going forward, we will continue to link the individual strengths of our employees to the strengths of the organization and work towards improving outcomes and performance.			
Financial capital	Establishing transparent and reliable management	In the leadup to 2026, the final year of our medium-term management plan, we will seek to establish the strongest financial position in Itoki's history. By achieving our key strategies (the 7 Flags), we will reinforce our profit-generating capabilities, optimize cash allocation, improve asset efficiency, and appropriately control financial leverage. With an expected shareholder equity cost of 9%–10%, we will set ROE of 18.5% as a KPI, further improve the equity spread, and promote management that is mindful of capital costs and the share price.	Operating income **13.6 billion yen** Operating income margin **8.9%** ROE **17.7%**	• More accurate and faster forecasting • Better Group-wide asset efficiency • Improving the cash conversion cycle • Introducing and disseminating ROIC for each company and business	We will make business management more sophisticated by installing ERP software and will accelerate financial settlement and forecasting to support faster management decisions. We will introduce and disseminate ROIC for each company and business, build management practices around the use of ROIC, and work on strengthening our business portfolio.
Manufactured capital	Create workstyles and workplaces where people can work enthusiastically Sustainably improve profitability	Manufactured capital is the foundation for generating value in the manufacturing industry. By leveraging our know-how accumulated over many years, our day-to-day improvement activities, and our state-of-the-art manufacturing technologies, we will continue to provide high value-added products that are superior in terms of QCD (quality, cost, delivery).	Capital expenditure **6.1 billion yen** Number of production sites **11 factories (consolidated)**	• High-mix, low-volume production system to meet changing customer needs • Optimal production policies for 11 factories in Japan • IT infrastructure that contributes to standardization, simplification, and automation of work tasks	By restructuring the group's production and supply system, we will support high-mix production, expand licensed and OEM production, and we will work to improve production and business efficiency by installing an advanced ERP system for our internal IT infrastructure, and to optimize costs by revamping the design and development stages.

Six capitals

Capitals	Related materiality	Aims	Performance	Challenges (gaps in capital)	Future direction
Intellectual capital	Create workstyles and workplaces where people can work enthusiastically Sustainably improve profitability	Proprietary technological development and intellectual property contributes to our sustained competitive advantage. Based on the foresight inherited from the DNA of our pioneering spirit, as well as intangible assets such as our capacity for innovation based on the wealth of data accumulated through research, prototyping, and experimentation, we aim to engage in research and development that will shape the future of work.	Number of patents held **804** **(as of the end of 2025)** Number of registered interior designs **145** **(ranked first in Japan as of the end of 2025)** R&D expenses **2.2 billion yen**	• New technology for realizing the office 3.0 concept • Research that contributes to medium- to long-term business growth • Promotion of patent and design applications in the Equipment & Public Works-related Business	Having earmarked a certain amount to be invested in R&D for future growth, we are focusing our efforts on generating new technologies and intellectual property. Along with promoting in-house awareness (fostering an intellectual property mindset) for the effective use of intellectual property rights, we are working to create the future of office design and office furniture manufacturing, centered around our Central Research Center established in 2023.
Social and relationship capital	Create workstyles and workplaces where people can work enthusiastically Sustainably improve profitability	Collaboration with various stakeholders is key if we are to provide new value, meet customer expectations, and build deep relationships of trust. As a supplier of products and as a buyer of raw materials, we aim to achieve mutual development with stakeholders from both positions. To that end, we continue to establish strong relationships.	Number of suppliers **941** (Production Division) Dialogues with investors and analysts **220**	• Product appeal and proposal capabilities to meet the changing needs of customers • Group-wide optimized procurement system • Evidence-driven office space design proposals based on Office 3.0	We are strengthening our structure with the aim of promoting experiential value through the enhanced appeal of our products and proposing added value for integrated spaces. We will also work to build a stable supply chain network by promoting joint purchasing of materials and sustainable procurement practices through external collaboration.
Natural capital	Contribute to the preservation of the ecosystem by promoting resource recycling Contribute to the creation of a carbon-neutral society	Companies have close relationships with natural capital, such as water, soil, air, and a wide range of living organisms, and therefore must optimize and sustain their use throughout the entire value chain. The Itoki Group aims to reduce the impact of its business activities on the environment on multiple fronts and contribute to a sustainable global environment.	CO_2 emissions (Scopes 1, 2, and 3) **505,098 t-CO_2** Water intake **110,345 m^3**	• Permanently available natural resources • Circular business model	In addressing the urgent issue of climate change, we are continuing with, and stepping up, our usual energy-saving activities, and introducing renewable energy equipment at various business sites, as we work towards our medium- to long-term CO_2 emission reduction targets. We will also implement initiatives in different areas, such as water resources, biodiversity, and the recycling of resources.

Corporate value and materiality

Itoki has identified materiality (key issues) to address various challenges surrounding the workplace and achieve its goals of "making society and its people happy" and "making the company and its employees happy."
We review our materiality and key themes as appropriate in response to stakeholder expectations and requests, as well as changes in the external environment.

Materiality revision process

2018: Identifying Itoki's materiality

- Considered international guidelines such as ISO 26000, social issues, and stakeholder interviews
- Identified ESG issues from both risk and opportunity perspectives

▶ Risk and opportunity

- Identified material issues through internal discussions, taking into account benchmarking and opinions from external experts

2022: Reassessing materiality

- Updated materiality in response to changes in the business environment brought about by the COVID-19 pandemic (including human capital management, DX, and climate change response)
- Considered key themes from the perspectives of both social value and corporate value through repeated dialogue with management
- Restructured key themes along two axes: "making society and its people happy" and "making the company and its employees happy"

2024: Reorganizing materiality

- Redefined materiality in conjunction with the formulation of the medium-term management plan RISE TO GROWTH 2026
- Positioned materiality as a set of key issues extending beyond the medium-term management plan and consolidated the number of key themes from 10 to six
- Integrated sustainability with management strategy and reviewed and prioritized KPIs
- Linked progress management to the medium-term management plan to enhance effectiveness

2026 is the final year of our medium-term management plan. In conjunction with the next medium-term management plan, we are reviewing our materiality-based initiatives and KPIs in light of the results and challenges of our efforts to date.

Materiality and increasing corporate value

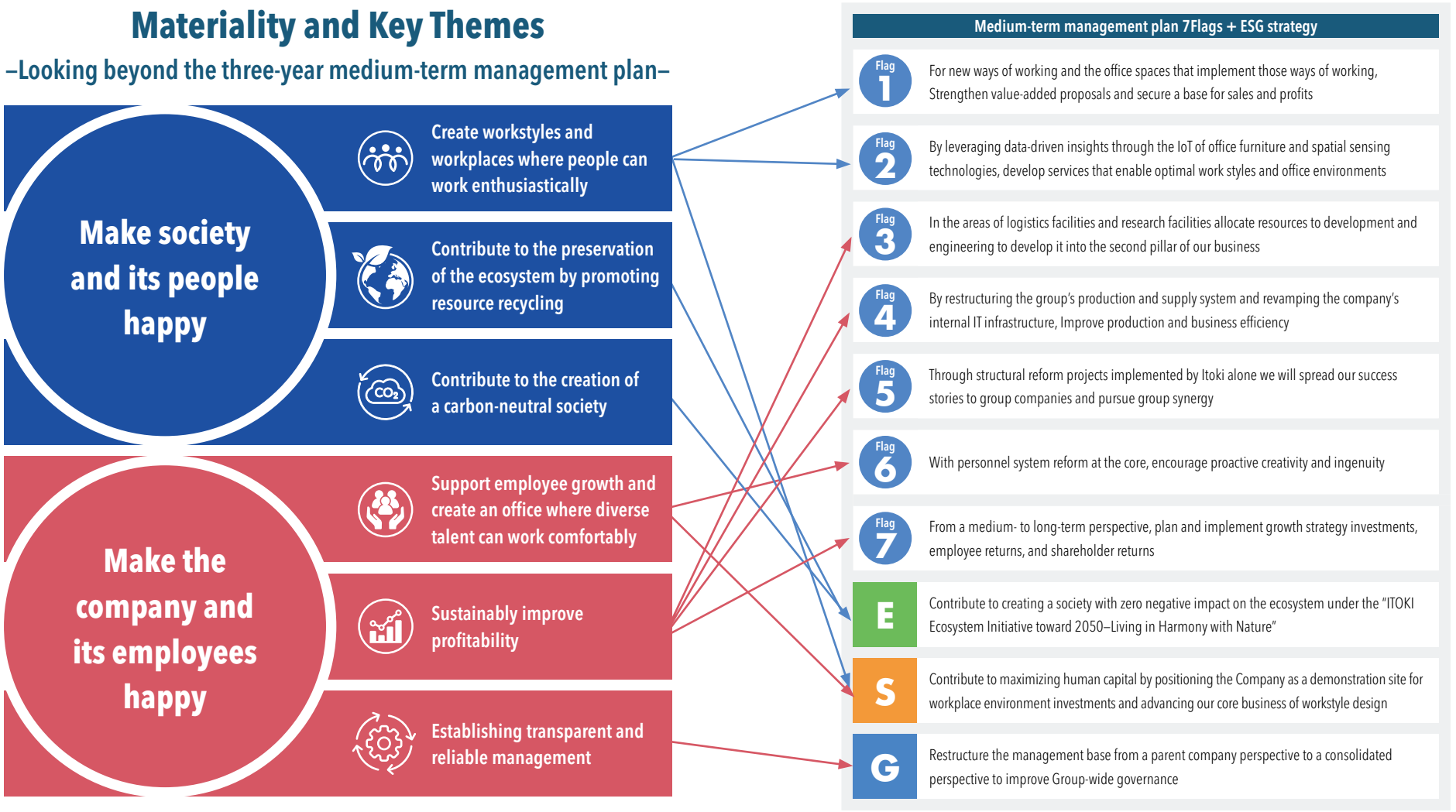
We position materiality as an important driver of increasing corporate value and have identified how each key theme relates to financial value. Our initiatives addressing these key themes contribute to improved profitability (ROIC and ROE), a lower cost of capital (WACC and cost of equity), and higher growth expectations and market valuations (PER). In particular, creating value in working environments and strengthening human capital enhance our ability to generate added value, thereby improving profitability and growth expectations. Furthermore, our environmental and governance initiatives help lower the cost of capital by reducing risks and enhancing trust, supporting sustainable increases in corporate value.

Key Themes	Improved profitability (ROIC and ROE)	Lower cost of capital (WACC and cost of equity)	Growth expectations (PER)
Create workstyles and workplaces where people can work enthusiastically	●	○	●
Contribute to the preservation of the ecosystem by promoting resource recycling	●	●	●
Contribute to the creation of a carbon-neutral society	○	●	●
Support employee growth and create an office where diverse talent can work comfortably	●	○	●
Sustainably improve profitability	●	○	●
Establishing transparent and reliable management	○	●	●

● Strong impact; ○ Indirect impact

Materiality, the medium-term management plan 7 Flags, and ESG strategy

The key themes of our materiality represent the long-term vision of Itoki and serve as the foundation of our business activities. The specific strategies for achieving these key themes are the 7 Flags and ESG strategy set forth in our medium-term management plan. As shown below, our materiality and medium-term management plan are closely linked.



▶ Medium-term management plan: Progress on 7 Flags KPIs: P24

Itoki's business model

A two-pillar business model that increases customer LTV by integrating space, operations, and data beyond product sales

Itoki is evolving its business model to simultaneously enhance customer value and profitability by providing integrated services covering everything from space design and construction to operations and data utilization, rather than simply supplying products.
Through the evolution from 1.0 to 3.0 in both the Office and LAB domains, we are delivering higher added value and generating recurring revenue while working to maximize customer lifetime value (LTV) and improve capital efficiency.

		Itoki's revenue generation model From product sales to space, operations, and data utilization	Profit drivers Common business drivers	Profit drivers Business-specific drivers	Financial results FY2025 results	Financial results FY2026 plan	
First pillar Workplace Business	Demand for new office construction and renovation is growing amid the return to office work, labor shortages, and aging buildings, also driven by investment in human capital. In particular, this demand is spreading beyond head office projects in major metropolitan areas to regional cities and factory offices.	**Office 1.0** Product-based revenue from offering differentiated new product lines **Office 2.0** A solutions business encompassing space design, workstyle consulting, and construction. Improving gross profit margins by securing high value-added projects **Office 3.0** A data-driven office operations and continuous improvement business, including Workers Trail, Reserve Any, Data Trekking, operational support, and A/BI Platform Growth in the number of orders and accumulation of intellectual property as future growth drivers Over 50 patent applications filed to date	**A model for maximizing LTV by shifting from non-recurring to recurring revenue** • Evolution from product sales ▶ solutions ▶ operations and data • Higher service sales ratio ▶ improved gross profit margins	• Higher proportion of renovation projects (higher gross profit margins) • Higher proportion of projects for companies' own buildings (+1.3 percentage points in gross profit margin) • Service sales ratio (58%) • Orders originating from space design and consulting • Bringing design and construction in-house • Revenue from operations through Office 3.0 (Data Trekking, etc.) ✔ Recurring revenue after installation ✔ Generating revenue during the operational phase	• Sales ¥ 153.6bn • Operating income ¥ 13.6bn	• Sales ¥ 167.5bn • Operating income ¥ 16.0bn	**Workplace Business** • Sales ¥ 121.5bn • Operating income ¥ 13.6bn • Operating income margin 11.2%
Second pillar Equipment & Public Works-Related Business	Investment in research facilities continues to grow, driven by intensifying competition for research talent, expansion of the research market, and an increase in rental laboratory buildings.	**LAB 1.0** Product-based revenue from research facility equipment and other products **LAB 2.0** Space design and consulting specialized in research facilities, integrated proposals for research and office spaces, and identification of large-scale projects. design and consulting contract fees tripled pipeline of approximately 15 billion yen (2027–2029) **LAB 3.0** Generating recurring revenue through Data Trekking for Lab, Lab Asset Finder, Lab Control System, and Lab Archive **Equipment Approximately** 3,000 special doors delivered to date, involvement at 18 of Japan's 21 nuclear power plants, and patent-based barriers to entry supported by numerous patents **Repair/Maintenance** Generating recurring revenue through predictive maintenance systems and the maintenance business. Plan to increase the share of sales from 10% to 30%	• Establishment of a recurring revenue model • More accurate proposals through data utilization ▶ higher order conversion rates • Accumulation of operational data ▶ repeat orders and upselling • In-house production and Group synergy • Shift toward high value-added projects	• Growth in the research facility market (external environment) • High value-added domains centered on Dalton • Increasing project scale through LAB 2.0 (design and consulting) • Recurring revenue through LAB 3.0 (maintenance and DX) ✔ Recurring revenue after installation ✔ Generating revenue during the operational phase • Patent and technological advantages (special doors, etc.) • Increasing the maintenance ratio (10% → 30%)	• Operating income margin 8.9% • ROE 17.7% • P/B ratio 2.2 times	• Operating income margin 9.6% • ROE 18.5% • P/B ratio Further increase in shareholder value	**Equipment & Public Works-Related Business** • Sales ¥ 44.3bn • Operating income ¥ 2.2bn • Operating income margin 5.1% Of which, Dalton • Sales ¥ 23.0bn • Operating income ¥ 1.5bn • Operating income margin 6.5%

▶ Itoki's Business Model Document

Value chain

Itoki's vision statement is "Vibrant People, Beautiful Planet." We propose and provide new workstyle solutions and office spaces to realize this vision.
With our foresight and anticipation of the needs of society and our customers, we deliver a high standard of safety and peace of mind across the entire value chain, generated by our honest and hard-working corporate culture.

	R&D	Procurement	Production	Sales	Distribution	Disposal & recycling
Initiative	**Expand manufacturing and AI/data businesses** • Conduct long-term research into workstyles, offices, and manufacturing at our central research center • Promote technological development in both office design and production, focusing on recycling and environmental considerations • Collaborate with universities and startups to expand our data business through the use of AI • Develop AI-powered, data-driven applications to provide optimal workstyles and office spaces	**Stronger supply chains and centralized management** • Expand new business partnerships and strengthen our procurement framework to accommodate a diverse range of products • Centrally manage business partner information using a proprietary system to enable the rapid selection of optimal suppliers • Promote sustainable procurement that takes into consideration human rights, the environment, and BCP	**Manufacturing system for a wide range of products** • Establish a flexible production system by consolidating steel factories and utilizing the AP Center • Accommodate a wide range of product variations and expand production categories • Reduce employee workloads and ensure stable product quality through the introduction of AI-based inspection systems	**Market expansion and enhanced ability to propose solutions** • Expand our reach to the Tokyo metropolitan area, regional cities, factories, and research facilities • Strengthen our initiatives targeting renovation projects • Improve profitability by expanding projects for companies' own buildings, which offer higher gross profit margins (+1.3 percentage points compared with tenant projects) • Step up the hiring of salespersons and spatial designers to strengthen our ability to offer solutions to customer issues • Promote our data business through Office 3.0	**Building a sound and stable distribution system and environment** • We are building a safe and secure distribution system and environment in compliance with relevant laws and regulations • Improve delivery efficiency by utilizing delivery management and logistics systems • Improve delivery efficiency and reduce environmental impact by reorganizing logistics facilities and optimizing delivery routes	**Reducing waste and creating new value** • Promote recycling by developing 100% recyclable chair cushion material and collaborating with private-sector companies • Promote waste reduction by establishing a scheme to donate used furniture to Cambodia • Turn waste material into new value that strengthens our relationships with customers by creating promotional merchandise using factory offcuts
Value created	• Develop environmentally friendly materials and products • Build a circular ecosystem that integrates office design and office furniture manufacturing • Create new business models by combining offices with data • Provide new value in workstyles through the use of AI and data	• Increase in new genre products • Stable supply system during times of emergency • Sustainability-oriented supply chain network	• Production of a wide range of products • Create products that deliver new value • Reduction in employee workloads • Stable product quality	• Products and services that meet customer needs • Products and services to support the new work styles of customers • Customer service capabilities powered by Group-wide collaboration • Increased sales	• Stable distribution system • Efficient warehouse administration and management • Environmentally friendly distribution	• Reduction of waste volume • Winning Itoki fans through communication focused on environmental conservation • Fostering of an environmentally conscious mindset
Corresponding item of materiality	● ● ●	● ● ● ●	● ● ● ●	● ● ● ●	● ● ●	● ● ●

● Create workstyles and workplaces where people can work enthusiastically
● Contribute to the preservation of the ecosystem by promoting recycling of resources
● Contribute to the creation of a carbon-neutral society
● Ensuring transparent, reliable management
● Support employee growth and create an office where diverse talent can work comfortably
● Sustainably improve profitability applies to the entire value chain.

President's message



Shifting into a higher gear for the next stage of growth

Koji Minato
President and Representative Director

President's message

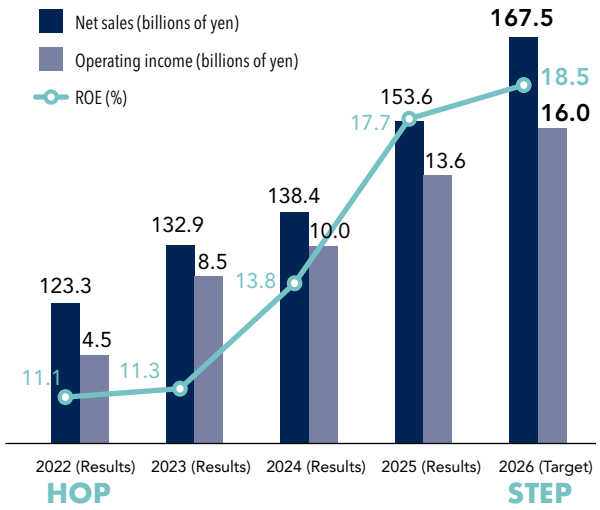
We have achieved the target one year earlier than planned

In fiscal 2025, the second year of our medium-term management plan RISE TO GROWTH 2026, sales rose for the fourth straight year and set a new record, and operating income rose for the sixth straight year and hit a record high for the third straight year. It had only just topped ¥10 billion in fiscal 2024, and in fiscal 2025 it climbed further to ¥13.6 billion. I believe we have largely achieved the targets set out in this medium-term management plan, including the sales target, one year ahead of schedule.



Financial targets for 2026

Sales	¥167.5bn
Operating income	¥16.0bn
Operating income margin	9.6%
ROE	18.5%



Based on these results, I raised our targets for fiscal 2026 without hesitation. We are now aiming for sales of ¥167.5 billion, operating income of ¥16 billion, and ROE of 18.5%. On shareholder returns, we aim for consecutive dividend increases, with a dividend payout ratio of 40% as our guide. None of these figures relies on momentum alone. Our pipeline of business negotiations has run above expectations since last fiscal year, and on that basis I consider the targets fully realistic.

In addition, many of our seven key strategies, the "7 Flags" (see page 8), are progressing as planned or faster. Upstream expansion, structural reforms, and a culture built to encourage employees to take on challenges are reinforcing one another, and Itoki is already moving into its next stage of growth.

Renewing our core systems for the AI era

The standout initiative under Flag 4 (High profitability) is the renewal of our core systems (ERP). We had kept using the systems inherited from the era when sales and manufacturing were handled by separate companies, applying one stopgap measure after another. The result was not only operational inefficiency but an accumulation of "invisible losses" that narrowed our future options. The reality was that, as a new generation took over, those in charge increasingly could not grasp the system as a whole.

AI can deliver its full potential only on a well-organized data platform that can support AI training. The system overhaul meant booking an extraordinary loss, but we made the move to a state-of-the-art cloud-based ERP in a single step. It may seem like an unremarkable initiative, but even to someone with my IT background, it was a challenge on a scale no one had taken on before. Data on orders, design, procurement, production, distribution and accounting is now connected end to end and put to use in decision-making. I believe it was enormously significant that we were able to put this foundation in place in fiscal 2025, and that it is now "AI-Ready."

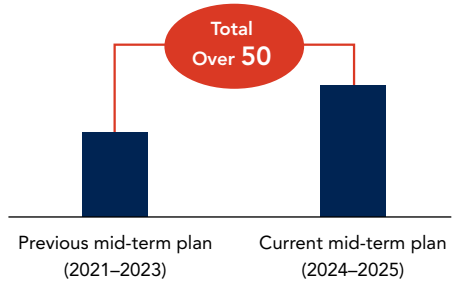
Full-scale implementation of Office 3.0 is only a matter of time

The only area where progress is slightly behind schedule is Flag 2, Office 3.0 domain. We are developing this as a DX business, but monetization is taking time. Still, I am not pessimistic. The number of business negotiations and contracts is growing faster than expected.

Because this is a service that never existed before, it is only natural that customers start with a trial and expand in stages as they confirm its effectiveness. The rise in sales can look gradual even as the number of contracts increases, but some customers have finished their trials and come back with twice the budget.

We are also building for future competitiveness. Our patent applications, mainly in data sensing and AI, now exceed 50, and we plan to launch an AI agent by the end of 2026. As we pioneer this market, we will steadily build barriers to entry so that our first-mover advantages are secured.

Number of Patent Applications in the Office 3.0 Domain



Managing against a higher estimated cost of equity

I have set our estimated cost of equity on the high side, at 9–10%, and I manage the company with this hurdle firmly in mind. As a result, ROE for fiscal 2025 was 17.7%, well above this level. The equity spread has also widened year

President's message



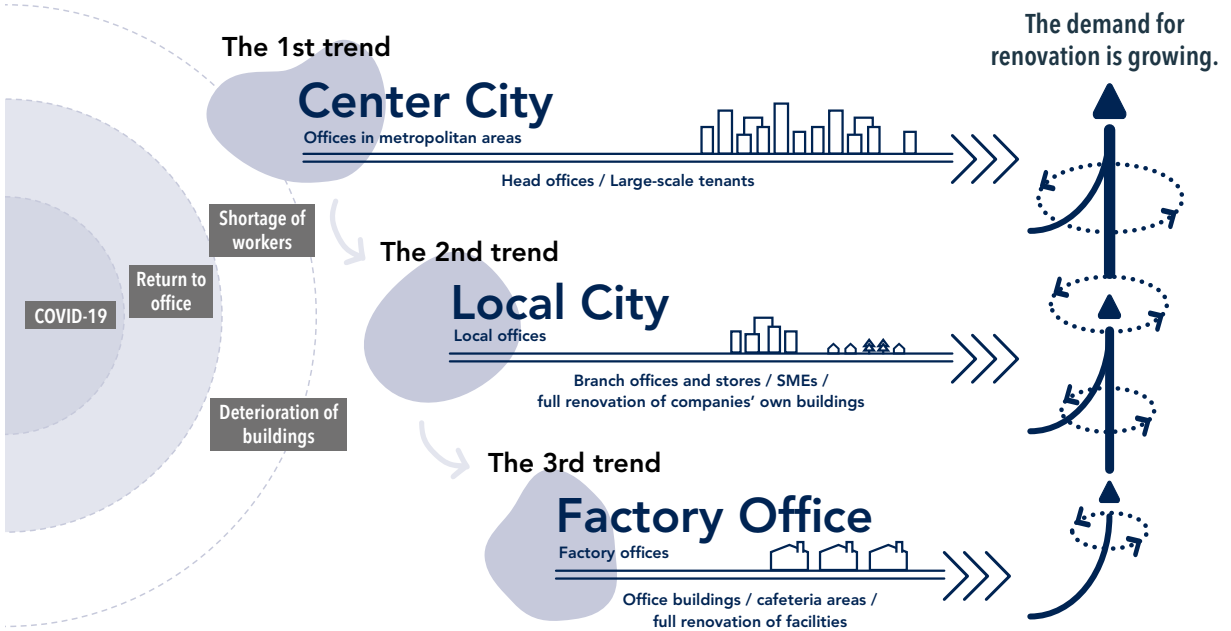
by year, and our P/B ratio has risen to 2.2x. I take this at face value as a measure of recognition from the market.

By contrast, our P/E ratio is 13–14x, still below the Tokyo Stock Exchange average of 18–20x. The results are there, but we have not yet managed to fully communicate Itoki's future. I personally recognize this as an area for improvement. Dreams and hopes alone will not win a valuation from the capital markets. I believe what matters is showing, with concrete evidence, where we create value and how that value leads to profits, and improving the quality of our dialogue. I will go into a little more detail below.

Three waves unfolding at once

Our core Workplace Business is benefiting from clear tailwinds. The momentum is completely different from four years ago. Three waves are driving this, and they are arriving together rather than one after another.

Trends of the office business



The first wave reflects a growing number of executives wanting employees to return to the office as the pandemic subsided, even as working from home became firmly established. Workplace design has been redefined as a management issue rather than furniture procurement.

The second wave is the growing view that offices are an investment, not a cost. The move to reframe the office as an investment in human capital is gaining strength, and its effect on recruiting is drawing particular attention. As job seekers increasingly form impressions of a company's culture and work style from its office, we are receiving more inquiries from regional cities and from small- and medium-sized companies struggling to recruit.

The third wave is investment in how people work at factories and other worksites. Many companies have improved their headquarters and sales offices but have yet to address their factories. As labor shortages intensify, and with many factories located far from the cities, hiring has become an even harder problem for factories than for offices. In factories where strict supervisors keep a close eye on safety, I often hear that workers want somewhere to unwind on their own during breaks. Since we renovated our Shiga Plant with these factory-specific work styles in mind, requests for tours have been flooding in.

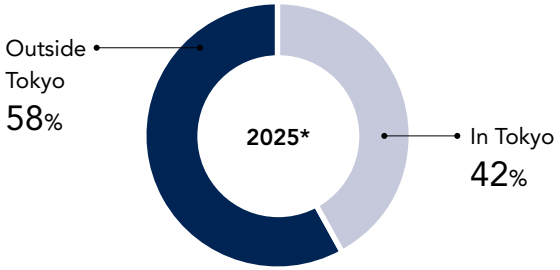
Together, these three waves are combining into a much larger movement. Beyond offices and factories, new demand keeps surfacing in research institutes, schools, medical facilities and elsewhere.

Meeting strong demand for offices

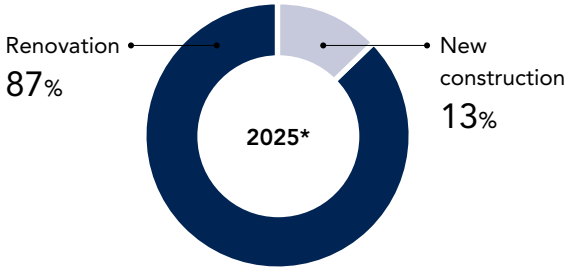
If I had to name one strength that lets us ride these three waves, I would say it is our ability to design office layouts that enhance corporate value. That is the heart of our business, and we are shifting from a model in which the transaction ends with the sale to a more stable structure built on recurring revenue. Specifically, we propose the optimal layout, then use Office 3.0 to gather data on how people work in that space and feed it into continuous

President's message

Ratios of transactions inside and outside Tokyo

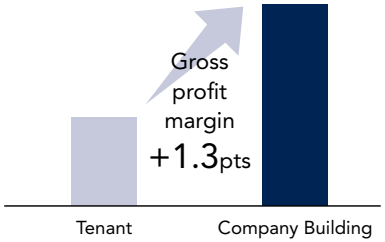


Ratios of projects for new construction and renovation



Profitability of projects for companies' own buildings

* Average in 2023-2025



improvement. I believe that cycle is something only Itoki can run. Our approximately 180 spatial designers use data to understand each client's industry, size, corporate culture and target work style, then apply their creativity to produce around 30,000 layouts each year. This knowledge and data accumulate steadily each year.

Seen from another angle, our business is built around renovation projects and is also strong in regional projects, which positions us well to benefit from all three waves. Office products are gradually accounting for a smaller share of sales, but this does not mean that our products are becoming less competitive. By shifting our starting point from "what to sell" to "how to design spaces and ways of working," we are expanding our involvement from the upstream stage. As a result, a model is taking hold in which ITOKI's furniture and fixtures are written into the specifications as a matter of course.

While tenant projects have long made up a large share of our business, projects in customers' own buildings, where they entrust us with everything from spatial design and consulting to construction, are also rising. These projects contribute to higher profitability. The growing number of projects for regional small- and medium-sized companies that own their buildings is supporting this trend.

The challenge is on the production side. As demand spreads across the regions, we will proactively optimize the locations of our production sites, adding capacity and pursuing thorough efficiency through smart factories. By taking these steps, we aim to prevent production from becoming a bottleneck to growth.

Significant growth potential in DALTON and special-purpose doors

In the equipment & public works-related business, our consolidated subsidiary Dalton is becoming a growth driver. Dalton achieved record results, building on its established areas of research facilities, powder-processing equipment and cleanroom equipment, and helped by the semiconductor scrubber manufacturing business it acquired and the results of its structural reforms. In particular, with the government's push to make Japan a technology-driven nation, the market for rental laboratories (leased R&D facilities) is expanding, and DALTON is often consulted from the initial layout-planning stage.

Just as Itoki has evolved from Office 1.0 to 2.0 and on to 3.0, DALTON also envisions a growth model for research facilities that advances from LAB 1.0 to 2.0 and on to 3.0. Design and consulting orders have already tripled, and DALTON is also developing "LAB 3.0," which adds predictive maintenance and data use to the statutory inspection of research equipment. In October 2026, DALTON plans to move its headquarters to Toyosu and make the new headquarters itself a place of value creation that embodies how researchers work.

Beyond DALTON, latent demand for special-purpose doors is rising now that the Cabinet has approved the "Basic Policy on Securing Shelters in Anticipation of Emergencies." Building on its special-purpose door technology for preventing radiation leaks at nuclear power plants, ITOKI has developed a shelter door weighing 1.4 tons that even someone with limited physical strength can open and close with one hand. Itoki also holds many patents in this field, including hinge technology that does not tolerate even the slightest misalignment between the door and its frame, and these patents form a strong barrier to entry.

Putting true consolidated management into practice

ITOKI has 32 Group companies in Japan and overseas. But if you ask whether we are turning 1+1 into 2, my honest answer is that we are still at 1.8. Even when work could

President's message

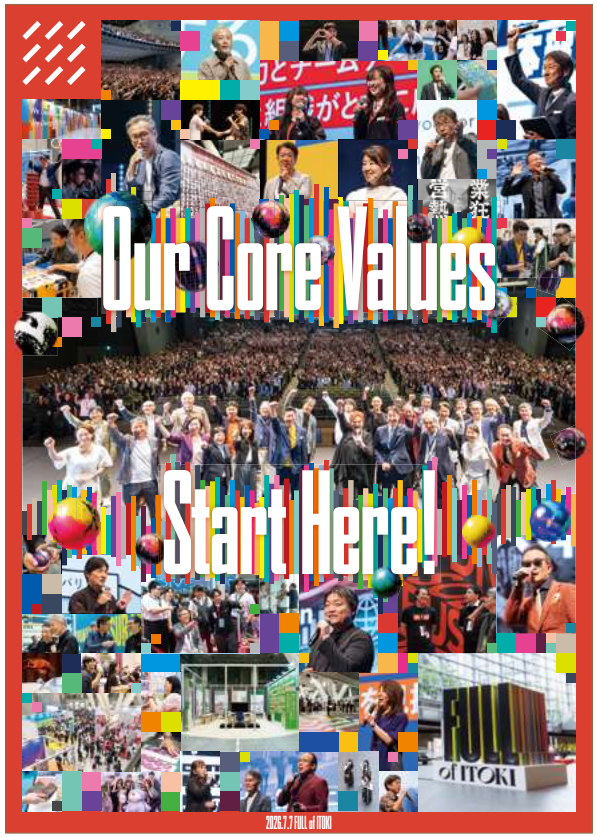
be completed within the Group, each company puts its own interests first and outsources the work, and cash flows out of the Group. We see transactions that are rational for individual companies but inefficient for the Group as a whole. Under "7 Flags 05 Group Synergy," we set a target of cutting cash outflows to parties outside the Group by ¥3 billion, and we achieved this ahead of schedule as well. Having confirmed that the effort pays off, we raised the fiscal 2026 target to ¥5 billion.

At the same time, we will draw clearer lines between the businesses, with office-related operations under Itoki and research facilities under DALTON, and reorganize our overseas operations on the principle of one company per country. Having subsidiaries creates duplicate costs, such as for management and administrative functions, and makes governance more difficult. We will bring into the parent company whatever belongs there, and we will design the structure by starting from the goal and working backward. Group management is not an end in itself but a means of making the best use of management resources, generating cash, and driving growth and value creation. Going forward, Itoki will put true consolidated management into practice and aim to build a strong group operating as a single corporate entity.

Advancing environmental management in ITOKI's own way

Environmental discussions inevitably focus on cutting CO_2 emissions. This is an important issue. However, ITOKI makes products and creates spaces, and wood is one of the key materials we use. I believe that unless we confront head-on how to use wood and pass it on to the future, it will not be environmental management in Itoki's own way.

Econifa, which uses domestic timber, has built a system for using thinnings from forests across Japan in furniture and interiors. It supports forest renewal and helps carry Japan's forestry into the next generation. We are pursuing this as a business that must stand on its own and be



sustained over time. In 2025, we signed the "Agreement to Promote Wood Use in Buildings" with Japan's Ministry of Agriculture, Forestry and Fisheries and Forestry Agency. Over the next five years, we aim to use approximately 4.5 times as much domestically produced timber as we used over the previous five years.

Why are we pursuing these initiatives now? Quite simply, because we have moved up to a new stage. We want to be a company that earns not only profits but also the trust and respect of society. The E in ESG is where that resolve is tested most. This is a serious commitment, not a formality.

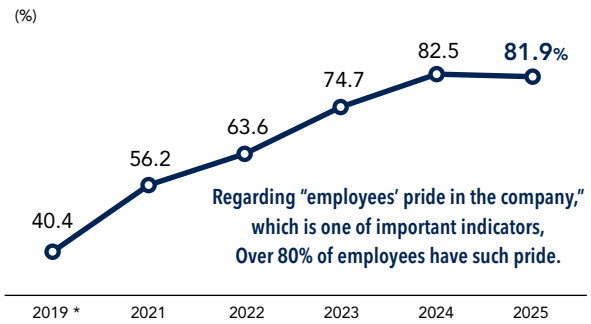
Building a company where we make the most of one another's strengths

I place as much importance on the employee engagement score (ES) as I do on business performance. This is a matter of conviction, not logic. Without employees who take pride in their work, neither good work nor good results are possible. That is what I believe.

Each manager should be a "People Manager." Their job is to make their people glad they are on the team. My thinking on this has not changed since I first became a manager. For me now, the team is ITOKI itself.

Our ES had fallen to 40% in 2019, so I started by going around the country, holding one town hall meeting after another and meeting employees face to face, one by one. We identified issues based on frontline feedback and introduced a new personnel system in fiscal 2024 built around "Professional," "Pay for Performance," and "Retention." We value fairness while backing the growth of motivated people. As a result of these efforts, more than 80% of employees now say they are proud to work at ITOKI. The percentage of female managers has also risen to 14.3%, already exceeding the target of 13% for fiscal 2026.

Results of a survey on employees' engagement



* In 2020, the survey was not conducted due to the COVID-19 pandemic.

President's message

Pay and systems alone do not raise engagement. What moves people forward is the repeated experience of thinking for themselves, taking action, helping someone, and feeling that they have grown. For fiscal 2026, we set an ES target of 85%. One initiative that symbolizes this is the company-wide event "FULL of ITOKI," held in July 2026. Employees from across Japan and overseas gathered to share their pride in their work and the challenges they take on, with each department's core values as the central theme. They recognized one another's strengths and connected across organizational boundaries, and in doing so each of them was able to reaffirm that they are a driving force in shaping ITOKI's future. I believe that was the greatest achievement of all. It is "People" who improve business performance and carry out structural reforms. One of my roles is to raise engagement and build an organization where employees make the most of one another's strengths.

Governance for the next era

We will transform the Board of Directors into a forum where oversight and monitoring function properly. For companies to grow sustainably, constructive tension within the Board of Directors is essential. Management must take responsibility if corporate value does not rise. If an executive abuses their authority and runs out of control, the Board of Directors must be able to stop and remove them. Without that mechanism, I do not believe sustainable growth is possible.

For this reason, starting in fiscal 2025, we made the numbers of internal and external directors equal and reviewed the composition of the external directors against the skills ITOKI needs today. We have brought in people with expertise in finance and governance and have in place a structure that can monitor execution properly.

To make governance more effective, we will also draw a clear line between procedural discussion and substantive discussion. We will follow the procedures the law requires, but all directors will put their time and insight into the issues that move corporate value. Internal directors answer for execution, and external directors give them frank advice from a professional standpoint. We will make the Board of Directors a forum for substantive dialogue.

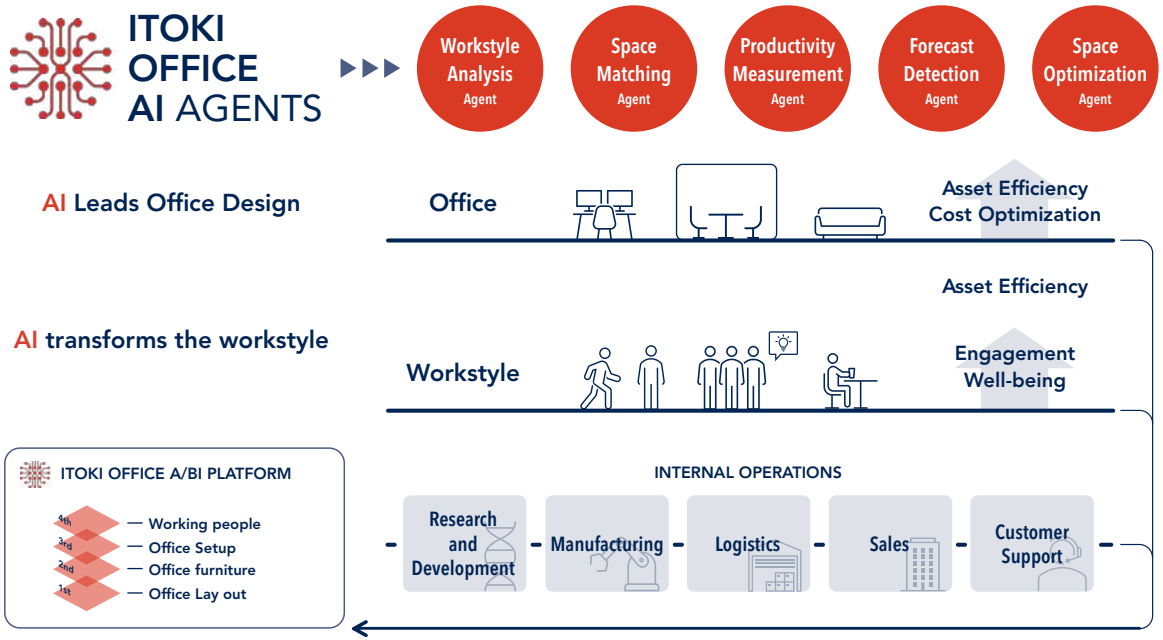
We have also established the Nomination Committee and the Remuneration Committee, both made up mainly of external directors. For a company to be trusted, its leadership must function through a process that anyone can see is sound. We will ensure fairness and transparency.

However, without successors ready to take the helm, there may be no one to steer the company when the time comes. We have already designated four successor candidates. It may be unusual for a company to disclose names at the candidate stage, but we have done so to help the candidates prepare themselves for the responsibility now. This does not mean succession is imminent, but being ready to hand over to a successor at any time is a duty I set myself when I became president. Looking further ahead, we have launched the Next Generation Executive Academy, selected 16 members, and are developing them through executive education and stretch assignments.

Becoming an AI company

At the beginning of the year, I told all employees that ITOKI would become an AI company and announced an industry-first shift to an AI management model. Some may wonder why a furniture company is talking about AI. But AI is advancing faster than anyone imagined, and the way we work and make decisions is already being reshaped around AI.

Evolution of Solutions Enabled by AI Agents



President's message

AI×Design based on PEOPLE

AI leads office development. **AI transforms workstyles.**



Workplace **Workstyle**

We Design Tomorrow. We Design WORK-Style.



AI is infrastructure, just like the internet. People use the internet without thinking about how it works, and it has transformed their jobs and business models. AI is the same. ITOKI aims to be a company that leads transformation by making full use of AI as infrastructure, rather than one that develops AI itself. This is not just a matter of applying AI to Office 3.0. I am convinced that the companies that design their management around AI are the ones that will seize the next source of competitive advantage.

In design, we already use AI to simulate strength and material use, which shortens verification before the molds are made. We will make full use of AI wherever we can. Backed by a team of around 100 IT engineers, we will put AI at the core of management and raise the quality and speed of our decisions. At the same time, we are developing "ITOKI OFFICE AI AGENTS," which combines AI with ITOKI's expertise, to take our office proposals to the next level.

We have also changed the phrase that symbolizes ITOKI's strengths from "Tech×Design based on PEOPLE" to "AI×Design based on PEOPLE." However, we will not give up PEOPLE or Design. Ultimately, human sensibility determines value. We will build a model of management and work styles that keeps people at the center and works alongside AI.

We are ready for the next leap

The 2021–2023 period, when we worked to move out of the red, was the "hop" stage. The 2024–2026 period was the "step" stage, when we built the foundation for profit growth. The 2027–2029 period will finally be the "jump" stage. The structural reforms we have pursued to date have laid the foundation for the next leap.

At the core of the next medium-term management plan is our transformation into an AI company. We will place AI at the center of our management and business and change the very way we create value. This transformation will extend beyond the Workplace Business. We will extend it to the Equipment Public Works Related Business as well, strengthening competitiveness across the Group.

For the Equipment Public Works Related Business in particular, we will accelerate profitability reforms and establish it as our second growth engine. By building synergies with the Workplace Business, we will develop it into a business foundation that supports sustainable growth.

In this process, we will value our relationships of trust with all stakeholders and emphasize constructive dialogue with all shareholders, including minority shareholders, while giving full consideration to their rights and interests. By combining improved capital efficiency with sustainable growth, we will work to maximize corporate value over the medium to long term.

I will continue to lead the way and take on challenges. Our current results are not the finish line. We will keep the transformation moving and keep aiming higher.

President and Representative Director



Message on financial and capital strategy

Continuing to Focus on Cost-of-Capital Conscious Management, Strengthening Our Ability to Generate Cash with the Aim of Sustainably Improving Corporate Value, and Achieving a Virtuous Cycle of Investments for Growth and Shareholder Returns

Basic policy for financial and capital strategy

When considering our financial strategy, we are keenly aware of the cost of capital. We believe that, in order to enhance corporate value over the medium to long term, it is important to remain mindful of the cost of capital, and to make each management decision accordingly.

We have set the cost of shareholders' equity at 9–10%. By keeping this figure constantly in mind and generating returns that exceed it, we will expand our equity spread and meet the expectations of our shareholders and investors.

Based on this way of thinking, we have positioned our medium-term management plan RISE TO GROWTH 2026 as a high profitability phase, setting mid-term targets for fiscal year 2026 of 15% ROE, 150.0 billion yen in sales, 14.0 billion yen in operating income, and an operating income margin of 9%. Although we did not consider these targets to be easy, we achieved almost all of them a year ahead of schedule, which once again confirmed the considerable potential of Itoki. We will continue to maintain strict financial discipline and carry out financial management aimed at maximizing corporate value.

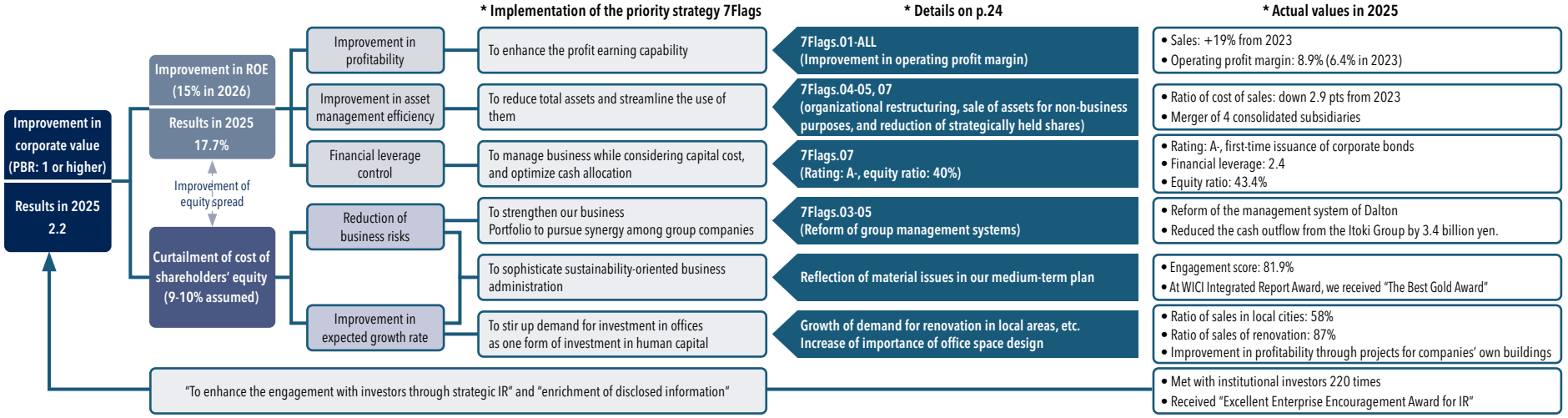
The strategy outlined in our medium-term management plan, which is based on the key pillars of our 7Flags and ESG strategies, has contributed to value creation, as evidenced by the rise in our P/B ratio. On the finance side, we are driving reforms centered on improving free cash flow, promoting Group management, and improving investment efficiency. It will take time to improve the balance sheet, cash flow, and capital efficiency across the Group. However, the Group is united in our efforts as we work tirelessly to achieve these improvements. For business investments, including digital transformation (DX), production facilities, and M&A, we set the weighted average cost of capital (WACC) as the hurdle rate and ensure disciplined decision-making. Regarding M&A, we intend to focus on projects that will definitely enhance corporate value, as opposed to investments aimed solely at expanding our scale.

Review of FY2025 results

In fiscal year 2025, we continued to promote high value-added office space proposals based on spatial planning, consulting, and design, driven by the buoyant office market. As a result, sales increased by 11.0% year on year to 153.6 billion yen, and we achieved record highs in operating income, ordinary income, and net income.

SG&A expenses rose by approximately 6.0 billion yen due to an increase in personnel costs caused by business expansion, as well as higher depreciation expenses stemming from

Measures for improving ROE and curtailing cost of shareholders' equity

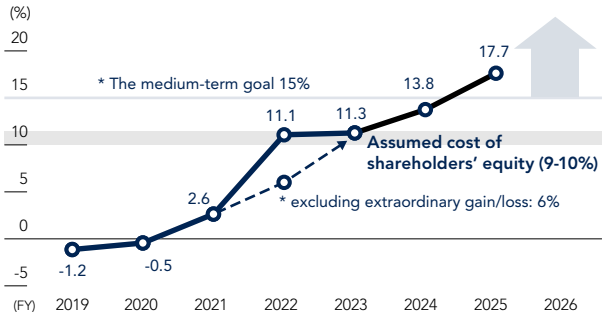


Message on financial and capital strategy

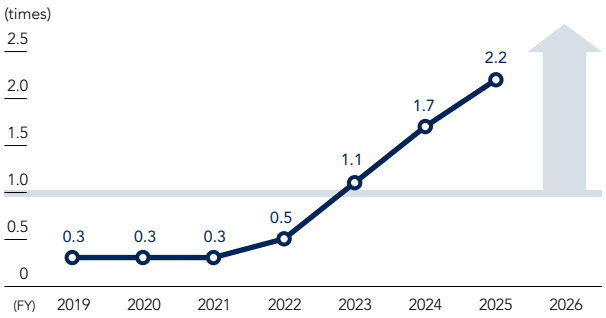
investments to strengthen our IT infrastructure. Meanwhile, in addition to a 6.3 billion yen increase in profit resulting from higher sales, the gross profit margin improved due to enhanced price competitiveness through high-value-added proposals and thorough management of manufacturing costs, contributing to a 3.3 billion yen increase in profit. As a result, operating income increased by 35.8% to 13.6 billion yen.

Regarding the balance sheet, we strengthened our financial foundation by shifting interest-bearing liabilities from short-term borrowings to long-term borrowings. We are also working to diversify our funding sources to ensure that we can reliably raise funds for future growth investments. In December 2025, we successfully raised funds through a public offering of corporate bonds (5 billion yen, 5 years).

Variation in ROE



Variation in PBR



Against the backdrop of increased profits, equity increased, and the equity ratio rose by 2.5 percentage points to 43.4%. Net income for the year increased significantly by 30.6%, and ROE was 17.7%, well above the target set in the medium-term management plan. Although the demand for funds, such as working capital, has increased due to business expansion, financial leverage remained stable at 2.4 times. Profit margins have been improving steadily, with the net income margin on sales increasing from 5.2% to 6.1%. Asset efficiency has also improved, with the total capital turnover rate increasing from 1.1 to 1.2. Each financial indicator has improved, leading to an increase in ROE.

Regarding asset efficiency, we sold the Kansai Distribution Center in December 2025. During the period of the current medium-term management plan, our policy regarding cash and deposits on a consolidated basis is to maintain approximately 1.5 to 2.0 months' worth of monthly sales. Going forward, we intend to shift from the current system, where each subsidiary manages its own accounts receivable and inventory individually, to a centralized system where these can be managed across the Group. At the same time, we will implement a cash management system (CMS) within the Group to further enhance cash management and capital efficiency.

These initiatives and strong performance have been reflected in our corporate value through an increase in our share price, with the P/B ratio rising to 2.2 times by the end of fiscal year 2025.

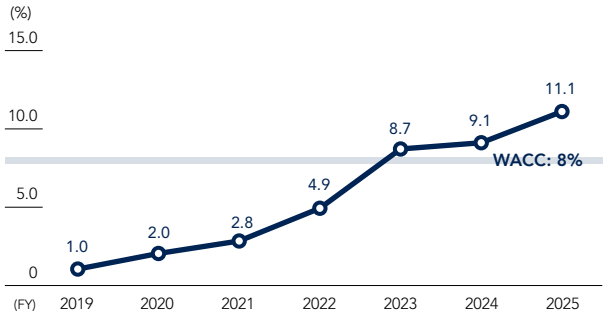
ROIC and business portfolio management

We believe it is important to generate returns that exceed the cost of capital, and to make investment decisions with reference to the WACC. Going forward, we are considering the gradual introduction of ROIC as a management indicator, and, by enhancing our business portfolio management, we aim to increase our corporate value over the medium to long term.

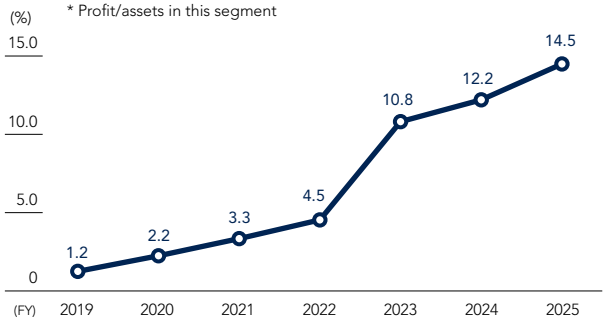
The company-wide ROIC that was monitored in fiscal year 2025 improved by 2 percentage points to 11.1%. We do not view this as a one-off result, but rather as the outcome of the ongoing transformation of our business structure itself.

In the Workplace Business, sales were 111.5 billion yen (up 9.1% year on year) and operating income was 10.9 billion yen (up 36.7% year on year), driven by the expansion of high-value-added space proposals, with the operating income margin improving by 2.0 percentage points to 9.9%. In the Equipment

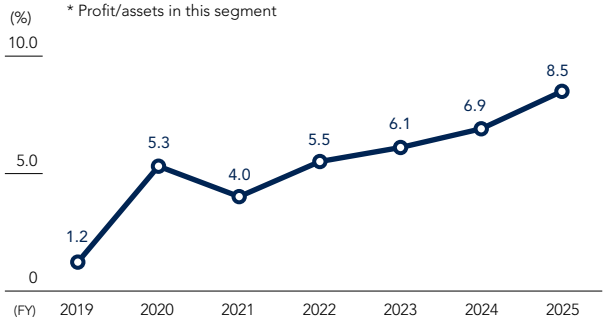
Variation in ROIC



ROA of each business (Workplace Business)



ROA of each business (Equipment & Public Works-Related Business)



Message on financial and capital strategy

& Public Works-Related Business, although delays in starting and completing projects due to rising material prices had an impact, the successful restructuring of Dalton, a consolidated subsidiary specializing in equipment for research facilities, resulted in sales of 40.5 billion yen (up 17.3% year on year) and operating income of 2.4 billion yen (up 34.3% year on year).

In the medium to long term, we will develop our subscription-based office DX business Office 3.0 as a stable revenue base, and also position the lab market in which Dalton operates as a growth area, thereby building a business portfolio that can achieve a higher ROIC. At present, we monitor ROIC across the entire company. However, we believe that, in the future, introducing ROIC by segment will be essential for further enhancing corporate value.

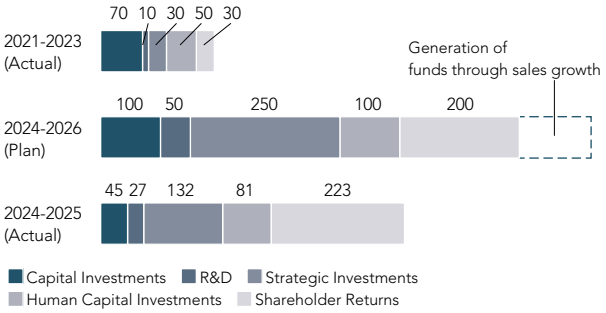
Cash allocation

We place importance on stable cash generation and disciplined cash allocation to enhance our corporate value over the medium to long term.

Operating cash flow for fiscal year 2024 was negative due to one-off factors associated with the revision of transaction terms, such as the abolition of trade notes and the shortening of payment terms. However, in fiscal year 2025, operating cash flow improved to 8.9 billion yen, an increase of 9.9 billion yen year on year, driven by higher sales and profits.

Free cash flow, calculated by subtracting the cash flow from investing activities from operating cash flow, was positive at 5.1 billion yen. We are able to fund growth investments with the cash flow generated by our business, allowing us to keep our borrowings in check.

Progress of cash allocation in the medium-term management plan



Against this backdrop, the current medium-term management plan anticipates a cash allocation of approximately 70 billion yen, based on cash generation from operating cash flow and the efficient utilization of interest-bearing liabilities. We have allocated 25 billion yen to strategic investments, 5 billion yen to R&D investments, 10 billion yen to capital investments, and 10 billion yen to human capital investments. The majority of these investments are laying the groundwork for sustainable growth. As of fiscal year 2025, we have made approximately 72% progress on these allocations. Regarding investments in production facilities, we have made a little under 50% progress. However, we will accelerate investments to not only address aging facilities, but also to improve production efficiency and strengthen our competitiveness.

Financial outlook for FY2026

For fiscal year 2026, we expect sales in the Workplace Business to increase by 9.0% to 121.6 billion yen, and operating income to increase by 23.7% to 13.6 billion yen, supported by ongoing demand for office refurbishments driven by increased investment in human capital. In the Office 3.0 field, which we view as a medium- to long-term growth driver, we will prioritize market penetration, aiming for sales of 3.0 billion yen in fiscal year 2026, and will move on to the monetization phase in the next medium-term management plan.

In the Equipment & Public Works-Related Business, demand has been robust, particularly for equipment for research facilities, and sales are expected to increase by 9.4% to 44.3 billion yen. Conversely, taking into account the impact of rising material prices and other factors, operating income is expected to decrease by 9.9% to 2.2 billion yen.

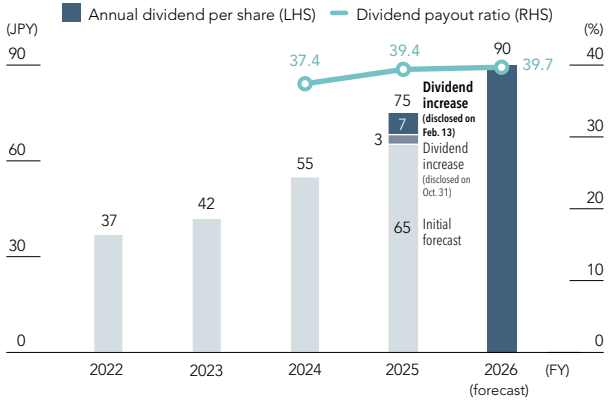
SG&A expenses across the Group are expected to increase by 4.5 billion yen, taking into account increased investment in human capital, higher costs associated with strengthening our IT infrastructure to promote DX, and rising logistics costs. On the other hand, we anticipate a 5.9 billion yen boost to profits from higher sales and a further 1.0 billion yen increase resulting from an improved gross profit margin. Accordingly, our earnings forecast for fiscal year 2026 is 167.5 billion yen in sales and 16.0 billion yen in operating income.

Shareholder returns and economic value

Regarding shareholder returns, we will maintain our policy of targeting a dividend payout ratio of 40%. We will balance investments for growth and shareholder returns by strengthening our ability to generate cash. Based on this policy, for fiscal year 2025, the dividend was increased by 10 yen per share from the initial forecast of 65 yen per share at the beginning of the year to 75 yen per share (a dividend payout ratio of 39.4%). For fiscal year 2026, we plan to pay a dividend of 90 yen per share, based on anticipated profit growth.

In the medium to long term, we will build a stable revenue base that is less susceptible to changes in the external environment by expanding our recurring revenue model and strengthening our business portfolio, and we will also reduce the cost of capital. At the same time, we will promote Group management, improve profitability and asset efficiency across the Group, enhance ROE and ROIC, and further increase economic value through shareholder returns.

Variation in annual dividend per share (yen)



Yumi Tanaka
Director and Managing Executive Officer
Executive Manager of Finance Division

Responsible dialogue with stakeholders (Management that is conscious of capital costs and the stock price)

Status of interviews (total number held this year)

Dialogues with institutional investors and analysts: **220** times * including various briefings

Main responders

Shareholders and investors	Interviews with investors Conferences sponsored by securities companies Small meetings Financial results briefings Business briefings	President Director and Managing Executive Officer Managing Executive Officer Executive Manager of Corporate Communications Division General Manager of IR/SR Department IR Section
Employee	Town hall Online company newsletter	

Main Themes and Shareholder Interests

- Implementation of management that is conscious of capital costs and the stock price
- Progress in the second year of the medium-term management plan
- Expansion of office investment to regional areas
- Future projections for the offices market and our direction
- Progress in building the Office 3.0 business model
- Business model strengths and characteristics
- Details of the equipment & public works-related business
- State of management leadership
- Background to improving internal engagement

Feedback to the Board of Directors

Management that is conscious of capital costs and the stock price

Semi-annual shareholder composition

Report on dialogue with shareholders and investors, semi-annual shareholder composition, investor expectations, and issues to be addressed

Feedback to management

Quarterly IR status report

Summarize comments from interviews with investors and analysts held after the announcement of financial results, and report on challenges and next steps

Stock price indicators/stock price information

Report analysis of market conditions, our stock price, trading volume, etc.

Aiming to enhance medium to long term corporate value by increasing transparency and trust

With the commitment of top management, we place great importance on communication activities to build good relationships with our stakeholders. In our communications, we are particularly mindful of immediacy, fairness, and clarity. Our goal is to increase trust and empathy for our company by being highly transparent and accountable, and to increase our corporate value over the medium to long term.



Mitsuru Koba
General Manager of IR/SR Department
Corporate Communications Division

Management that is conscious of capital costs and the stock price

- February 2026 Board of Directors Report:
  Disclosure of the financial and capital strategy, shareholder return policy, and dividend payout ratio in the Supplemental Information to Financial Results; disclosure of results of initiatives to achieve management that is conscious of capital costs and the stock price in the appendix of said document

  <Points of discussion>
  Reported matters included priorities for generating cash in order to improve asset efficiency and cash-generating ability to support growth investments and shareholder returns, the level of optimization of Group management, and clarification of investment decision criteria.
  1) Improvement of free cash flow
  Strive for continuous improvement in profitability while promoting the optimization of held assets (such as the sale of strategic shareholdings)
  2) Promotion of Group management
  Improve asset efficiency within the Group (reduce cash outflows outside the Group), introduce CMS, and strengthen governance
  3) Improvement of investment efficiency
  Promote investments aimed at optimizing and streamlining the manufacturing structure, continue investments with an eye to future growth, and make strategic investments that prioritize returns (using WACC for investment decisions)

- March 2026 Board of Directors Report:
  Sharing the results of the shareholder identification survey carried out by the Executive Officer and Executive Manager of the Corporate Communications Division; discussion of ROE and ROIC in relation to shareholder composition, stock price trends, PER, P/B ratio, and shareholders' equity; and evaluation of management that is conscious of capital costs and the stock price, plus a discussion of IR strategy, by external directors

  <Points of discussion>
  Discussions focused on how to appeal to investors, both in terms of content and method, to address the challenges of expanding the base of medium- to long-term investors and enhancing shareholder value. As a result of these discussions, we have decided to adopt the following two approaches going forward.
  1) Strengthen the appeal of the business portfolio
  Workplace Business (Office 3.0, AI), Equipment & Public Works-Related Business (Dalton, special doors)
  2) Continuous disclosure of information regarding capital policies, including shareholder returns

- May 2026 Board of Directors Report:
  Advance report by the President and Representative Director to the Board of Directors on the content of the financial results briefing

- May 2026 Managing Directors Meeting Report:
  Report on the results of the fiscal year 2025 shareholder gift program, and on the details of the fiscal year 2026 shareholder gift program

- February, March, May 2026:
  Dialogue with employees at town hall meetings, reporting on financial performance and share price trends



Regularly held town hall meetings



Regularly published online company newsletter

Strategy for Realizing Our Vision

Overview of RISE TO GROWTH 2026 and progress on management targets

High profitability phase

Increase sustainable growth potential

Overview

The business environment is at a major turning point in terms of "work," driven by the COVID-19 pandemic, which has accelerated digitalization, diversified work styles, advanced human capital investment, and altered the nature and role of offices as drivers of engagement and productivity.

In addition to responding to these changes, we have formulated our medium-term management plan RISE TO GROWTH 2026 under the theme of enhancing sustainable growth, guided by our mission statement: We Design Tomorrow. We Design WORK-Style.

Under this plan, we have implemented various measures based on the key strategies "7 Flags" and our ESG strategy. As a result, we achieved our consolidated sales target ahead of schedule in the second year of the plan.

By 2026, we aim to achieve sales of ¥167.5 billion, operating income of ¥16 billion, and an ROE of 18.5%.

Management targets (consolidated KPIs)

Achieved ahead of schedule

	FY2024 results	Original FY2026 Plan	FY2026 targets
Sales	¥138.4 bn	¥150.0 bn	¥167.5 bn
Operating income	¥10.0 bn	¥14.0 bn	¥16.0 bn
Operating income margin	7%	9%	9.6%
ROE	13%	15%	18.5%

Key strategies 7Flags

Along with advancing the structural reform project and addressing problems, we have positioned the 7 Flags as key strategies to respond to environmental changes and enhance sustainable growth. Flags 1, 2, and 3 mainly represent revenue, while Flags 4 and 5 represent costs. Flag 6 represents human capital (reform of HR systems and investment in human capital), the foundation for medium- and long-term growth. Flag 7 represents cash allocation and management that is conscious of capital costs and the stock price. Through these strategies we will strengthen our business portfolio. Note that Flag 2 aims to build a unique business model utilizing data and AI to change the rules of competition in the office industry.

Flag 1	Overview Office 1.0/2.0 domain*1	For new ways of working and the office spaces that implement those ways of working, strengthen value added proposals and secure a base for sales and profits
Flag 2	Office 3.0 domain*2	With the IoT of office furniture and spatial sensing, develop services that provide optimal working styles and office spaces
Flag 3	Specialized facilities domain	In the areas of logistics facilities and research facilities allocate resources to development and engineering to develop it into the second pillar of our business
Flag 4	High profitability	By restructuring the group's production and supply system and revamping the company's internal IT infrastructure, Improve production and business efficiency
Flag 5	Group synergy	Through structural reform projects implemented by Itoki alone we will spread our success stories to group companies and pursue group synergy
Flag 6	Human capital	With personnel system reform at the core, encourage proactive and proactive "creativity and ingenuity"
Flag 7	Financial strategy	From a medium- to long-term perspective, plan and implement growth strategy investments, employee returns, and shareholder returns

*1 Office 1.0: product-based sales business / Office 2.0: office space-based product solutions business
*2 Office 3.0: work style-based office DX business

Strategic direction for the next medium-term management plan

- Take a leap forward with "AI × Design based on PEOPLE" as a strength
- Realize inorganic, significant (accelerated) growth

Evolution into an AI enterprise

Establishment of the second pillar

Overview of RISE TO GROWTH 2026 and progress on management targets

Medium-term management plan: Progress on 7 Flags KPIs

	KPIs in 2026	Results in 2025	Plan for 2026	Reference page	Related materiality
Flag 1 Office 1.0/2.0 Domain	• 10% growth of sales (from 2023) • Operating profit margin: 10%	• 19% growth of sales (from 2023) • Operating profit margin: 8.9% (6.4% in 2023)	• To pursue renovation projects in local cities and receive orders for factory projects • To establish a proposal-based marketing system by utilizing AI • To enhance and differentiate our brands through the experience of seeing design value • To brush up engineering skills (construction and installation)	▶Special Feature Section P25, 26	
Flag 2 Office 3.0 Domain	• Annual sales: 3 billion yen • Cumulative investment in 3 years: 2.5 billion yen	• Number of orders for Data Trekking: 91 (60 in 2024); The number of quotes grew 4.5 times from 2024. • Cumulative investment: 1.6 billion yen (From 2024 to 2025)	• To popularize Office3.0 and strengthen our marketing system • To establish and enhance OFFICE A/BI PLATFORM	▶Special Feature Section P16	
Flag 3 Domain of specialized facilities	• Sales: 30 billion yen • Operating profit: 2 billion yen • To enhance the development system by increasing the number of employees by over 50	• Sales: 28 billion yen, operating profit: 1.8 billion yen • Release of a product (an automatic medicine picking system) in a new market • Development of a predictive maintenance system utilizing AI • Strengthening of a development system (the cumulative number of specialized staff members: 39)	• To reform the management system of Dalton • To promote the sale of new products, such as SAS • To strengthen the repair and maintenance business	▶Special Feature Section P21, 28-29	
Flag 4 Profitability improvement	• 5% reduction of manufacturing and logistics costs from 2023 • 50% increase in operating profit per employee from 2023 • Cumulative IT investment amount: 8 billion yen	• 2.9-pts decrease in sales cost ratio from 2023 • Start of operation of ERP (SCM system) in June 2025 • Relocation of Kansai Distribution Center • IT investment: around 6 billion yen	• To execute measures for reforming business operations and improving productivity based on ERP • DX of production functions (installation of AI) • To restructure our production system and apply the new system • Reduction of manufacturing and procurement costs	▶Special Feature Section P20	
Flag 5 Synergy among group companies	• 2% increase in operating profit margin of consolidated group companies from 2023 • To reduce the cash outflow from the Itoki Group by 3 billion yen	• The operating profit margin of group companies increased 1.5 pts. (5.9% in 2023 and 7.4% in 2025) • The cash outflow from the Itoki Group decreased by 3.4 billion yen.	• To actively reduce costs by linking the functions of group companies, restructuring them, and manufacturing products in house • To reduce the cash outflow from the Itoki Group: The cash outflow is expected to decrease by 5 billion yen by the end of 2026.	▶Special Feature Section P28-29	
Flag 6 Human capital	• Employees' engagement: 85% • Ratio of female managers: 13%	• Employees' engagement: 81.9% • Ratio of female managers: 14.3% (as of Jun. 2026)	• To continue measures for motivating employees with the aim of increasing employees' engagement to 85% • To keep improving the ratio of female managers	▶Special Feature Section P11-12	
Flag 7 Financial strategy	• Cash allocation Strategic investment/R&D/capital investment: 40 billion yen Investment in human capital: 10 billion yen We aim to achieve a payout ratio of 40%.	• Investment was conducted as planned. • Payout ratio: 39.4% • Maintain of a rating of A- • Issuance of corporate bonds (We issued the first 5-year bond on Dec. 4, 2025, raising a fund of 5 billion yen)	• To continuously secure diverse means for procuring funds • To sophisticate and streamline our fund management system • To keep paying dividends stably	▶P18-20	
E Environment	• Items listed in the Mid-Term Environmental Plan ▶Itoki Group's Medium-term Environmental Plan 2026: P63	• Items listed in the Mid-Term Environmental Plan ▶Please refer to the Mid-Term Environmental Plan 2026 (2024–2026)	• Items related to environmental initiatives ▶Environmental initiatives: P63	▶P63	
S Social	• Number of lost-time accidents: 0 • Number of non-lost-time accidents: 0	• Number of lost-time accidents: 3 • Number of non-lost-time accidents: 12	• Expand the scope of safety patrols to cover the increase in business sites resulting from employee growth and the division of existing locations • Ensure a thorough understanding of basic safety knowledge through new employee training • Promote age-friendly measures, including fall prevention for older employees • Share information promptly through the Safety Newsletter	▶P75	
	• Number of human rights workshops held by the Itoki Group: 3 per year • Human rights response rate in supply chain investigations: 88%* * Figures have been revised following changes to the survey content in FY2025.	• Number of human rights workshops held by the Itoki Group: 3 per year • Human rights response rate in supply chain investigations: 88%	• Expand human rights workshops to three Group companies • Strengthen measures based on survey results, working with suppliers as necessary		
G Governance	• Complaint rate: below Company-internal target value • Number of legal violations: 0	• Complaint rate: below Company-internal target value • Number of legal violations: 0	• Prevent quality problems from occurring or recurring and respond quickly when they do occur • Advance performance evaluation and improve analytical capabilities	▶P51	
	• Number of significant risk incidents*: 0	• Number of significant risk incidents*: 0	• Fully roll out and properly operate risk management activities across the Group • Strengthen compliance promotion activities throughout the Group • Strengthen the governance structure by enhancing internal audits • Ensure appropriate management and control of legal risks		

* Risks that qualify as timely disclosure events

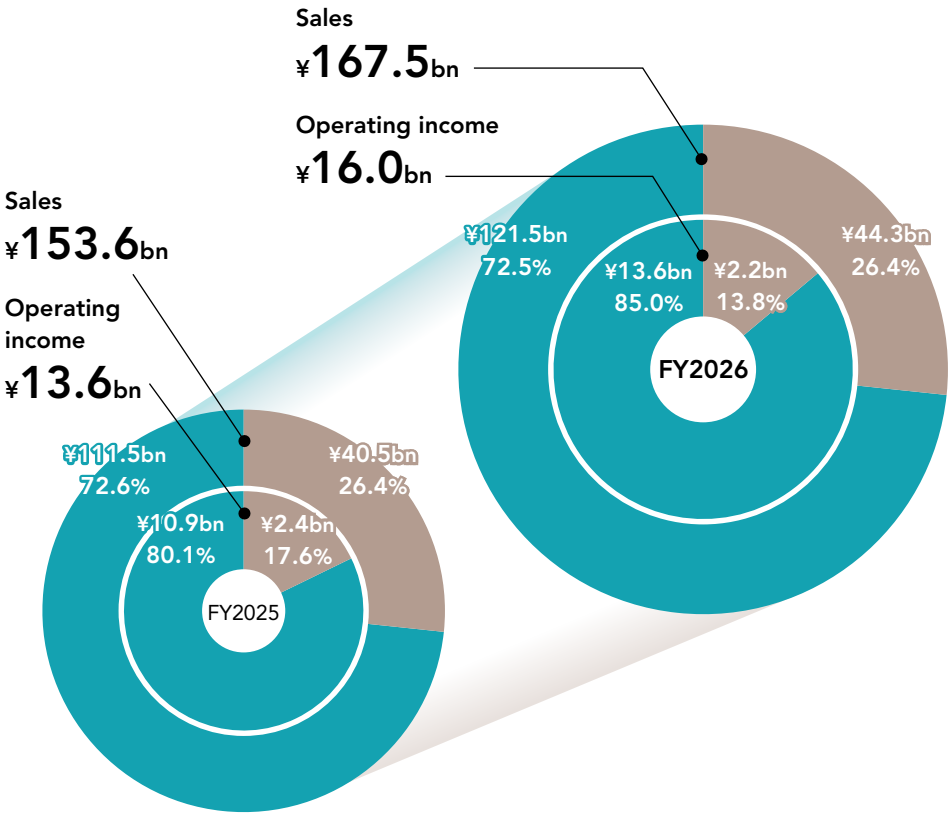
Business Strategy

Overview of the two businesses (business portfolio)

- In Japan, the Workplace Business aims to increase sales and profits by establishing and advancing an end-to-end business model encompassing office space design and consulting (Office 2.0), interior construction and office furniture delivery (Office 1.0), as well as post-installation data services (Office 3.0).
  Overseas, we will open ITOKI DESIGN HOUSE SHANGHAI at the end of 2026 to expand our Japanese business model.
- The Equipment & Public Works-Related Business aims to increase sales and profits and establish itself as our second business pillar by driving management reform at Dalton, which accounts for approximately 60% of the segment's sales.
  At Dalton, we will advance LAB 1.0, 2.0, and 3.0 and relocate the headquarters, which also serves as a showroom, at the end of 2026 to strengthen its functions.
- Under our Group restructuring policy for our 32 consolidated subsidiaries, we will systematically consolidate domestic companies into Itoki Corporation and Dalton Corporation, while pursuing overseas restructuring based on the principle of one corporation per country.

Business portfolio

Workplace Business　Equipment & Public Works-Related Business



Group Restructuring Policy

Japan

To execute the integration into Itoki Corporation and Dalton Corporation as planned

- Workplace Business and Equipment & Public Works-Related Business
  ➡ Integrate into Itoki Corporation
- Research facility-related business ➡ Integrate into Dalton Corporation

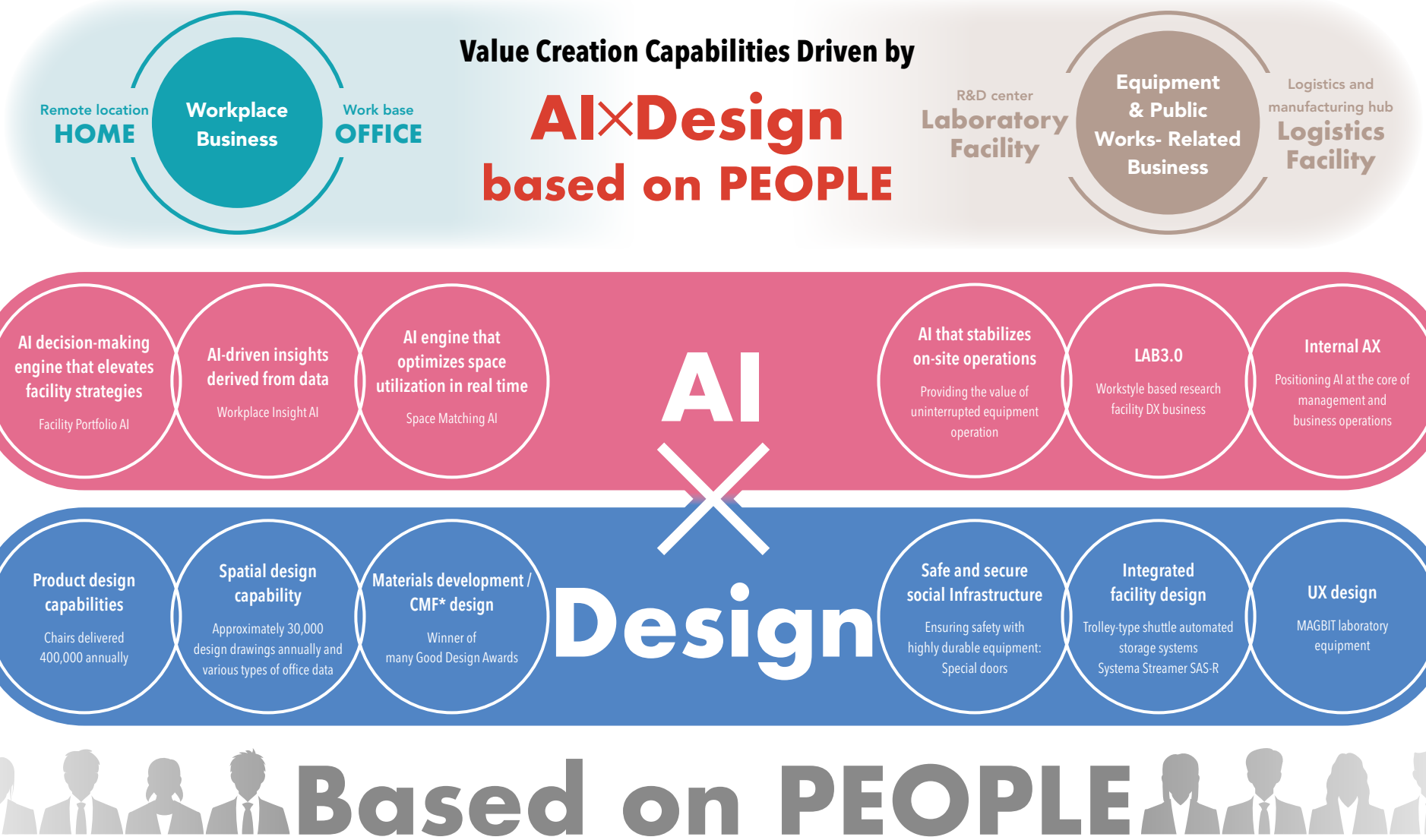
Overseas

To restructure our organization to establish an incorporation in each country, in order to improve the transparency of local governance and tighten risk control

- To consolidate Chinese corporations while dissolving some (8 corporations to 4 corporations) as soon as possible

Key areas of value provision and the Itoki Group's strengths

The Itoki Group's strengths lie in its spirit of taking on challenges to disseminate new and useful products to society since its founding; its track record and know-how to pass down to a diverse workforce a tradition of originality and ingenuity and to carry out various pioneering initiatives; and the trust it has built up over more than 130 years. This is expressed as "AI × Design based on PEOPLE."



* Abbreviation for Color, Materials, and Finish, which form the appearance of the product

For more information, click on a strength (in the circles) to open our website.

Workplace Business

Key points of business strategy

Office 1.0/2.0 Domain: Strengthen value-added proposals and secure a base for sales and profits for new ways of workstyle and the office spaces that implement those ways of working

Measure 1: Pursue experience value through enhanced product appeal

- Improve brand presence through improved design
- Develop furniture that integrates with digital devices
- Review overseas sales structure

Measure 2: Propose added value as an integrated space

- Enhance the system in the domain of spatial design
- Expand and deepen the consulting domain

Office 3.0 Domain: Develop services that provide data-driven, optimal work styles and office spaces through the application of IoT to office furniture and spatial sensing

Measure 1: Develop new data services

Measure 2: Collaborate and form capital alliances with AI companies

Review of what we have achieved in the second year of the medium-term management plan

Outcomes

- Greater earnings power by virtue of high value-added proposals
- Bigger and better consulting services
- Enhancing sales capabilities and profitability by strengthening the one-stop system
- Establishment of a manufacturing system that contributes to reducing costs

Issues

- Building of a data business (Office 3.0) platform
- Maximizing the value provided through enhanced branding
- Reducing costs through smart factory adoption and strengthened procurement functions
- Developing new markets by further cultivating renovation demand in regional cities and securing factory and research facility projects

S Strengths

- AI × Design based on PEOPLE
- One-stop system covering everything from office space design to operation
- Consulting for new ways of working and enhancing productivity based on ABW
- Developing and proposing products and services

W Weaknesses

- Cultivation of overseas markets
- Reduction of SG&A ratio

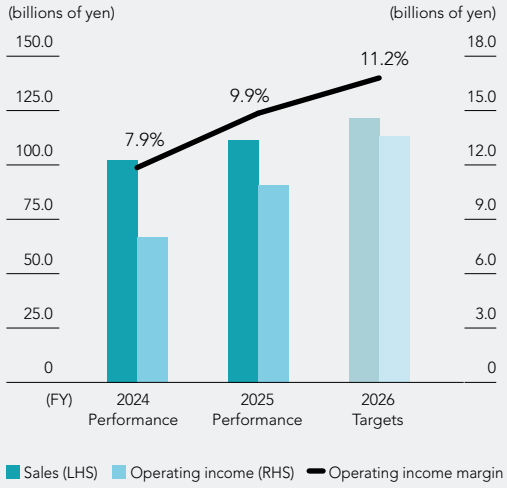
O Opportunities

- Promoting understanding of new work styles driven by investment in human capital and productivity improvements
- Advancing office investment (shifting from a cost to an investment in human capital)
- Growing demand for renovations driven by recruitment challenges in regional cities
- Expanding opportunities to enter new domains, including factories and research facilities

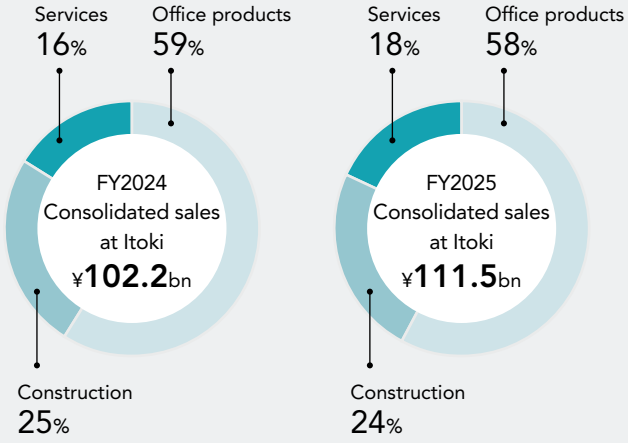
T Threats

- Higher production cost ratio owing to sky high raw material prices
- Rising logistics costs
- Trends in the global economy
- Suppression of the economy by pandemics
- Decline in the working-age population

Sales/Operating income/ Operating income margin



Product sales weighting



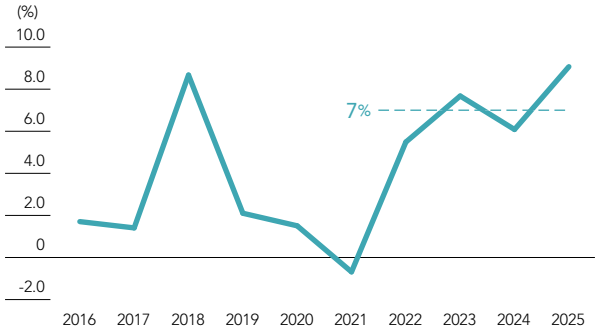
Office market trends (market potential and competitive environment)

- Japan's office market is said to be worth around ¥850 billion. It is predicted to continue performing well in the future, backed by investment in human capital.
- Major market participants that are listed companies account for approximately 60% of the market, and further market penetration is expected.
- Both office floor area and workspace area per person are trending upward.
- Office fit-out costs have risen compared with pre-COVID levels, with particularly significant increases in the cost per unit area of high-grade offices equipped with high-quality furniture and ICT equipment.

Revenue growth rate for the four major office business companies over the past 10 years

Average growth of 7% over the past four years

Revenue growth rate for the four major office businesses over the past 10 years



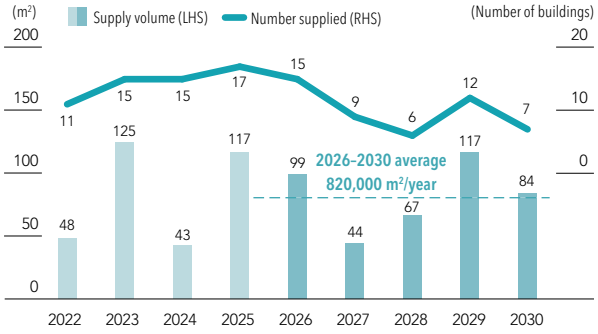
Source: Financial results summaries of each company

Forecast demand for new construction by Mori Building

Continued strength in the new construction market

* Itoki's sales composition: New construction 13%, renovation 87%

Supply volume of large-scale office buildings has increased significantly and number of buildings supplied



Source: 2026 Survey of Large-scale Office Buildings in Tokyo's 23 Wards, by Mori Building Co., Ltd.

Office floor area per person

Increase in floor area per person

Office floor area per person (seat)*
Total office floor area ÷ Total number of seats

2023
9.34m²
2025
9.77m²

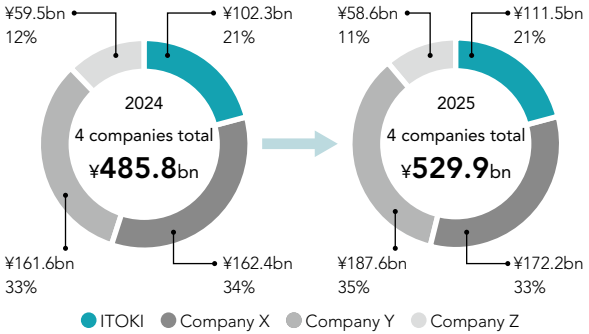
Workspace area per person (seat)*
Total workspace area ÷ Total number of seats

2023
5.81m²
2025
6.16m²

* Prepared based on the 2025 WORKPLACE DATA BOOK

Market share status (total sales of the four companies)

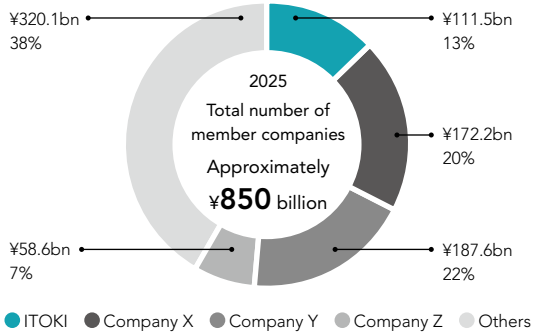
Market shares remain stable, while the market continues to expand



Source: Financial results summaries of each company

Market share status (Japan Office and Institutional Furniture Association (JOIFA) members)

The four major companies account for approximately 60%



Source: Summary of financial results of each company, Business report by Japan Office and Institutional Furniture Association reference

Office fit-out costs

Significant increase in cost per unit area

2017
¥300,000–¥650,000 per 3.3 m²

2025
¥500,000–¥1,600,000 per 3.3 m²

- Equipped with collaboration areas, higher-grade furniture, and ICT equipment beyond standard office requirements
- Enhanced visitor areas to express brand identity
- Expanded employee amenities, including cafés

* Based on CBRE research for a 150-person office in Tokyo

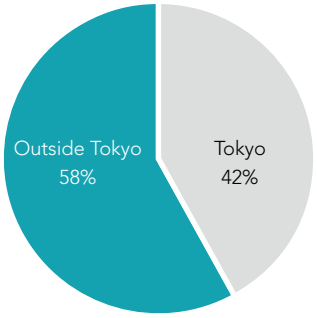
Itoki's marketing strategy

- In recent years, we have seen an increase in projects in regional cities where companies face challenges in securing talent. We are strategically targeting renovation projects in regional areas, delivering high value-added services through a one-stop system covering everything from upstream spatial planning and design to interior construction and office furniture.
- Furthermore, we are expanding in-house development, manufacturing, and installation of products, while strengthening our focus on projects for company-owned buildings, which offer higher gross profit margins.

▶ Status of negotiations for 2027: P17 of the financial results briefing materials for the Q2 (interim) of the fiscal year ending December 31, 2026

Ratios of transactions inside and outside Tokyo

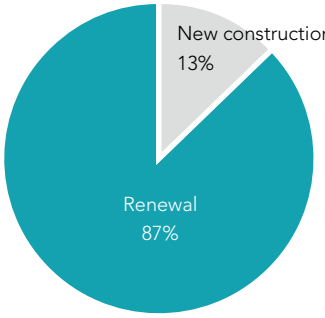
Increase of projects in regional cities facing talent shortages



* Aggregation flags revised with the introduction of the ERP system

Ratios of projects for new construction and renovation

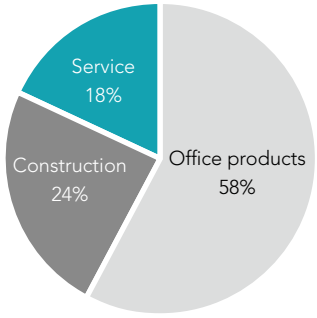
Renovation demand remains strong, backed by investment in human capital



* Aggregation flags revised with the introduction of the ERP system; 1H results

Sales composition of the office business

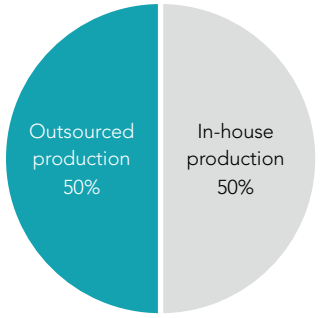
Growing demand for offices with emotionally appealing design and attractive, high-quality spaces



* Services = Spatial design and consulting

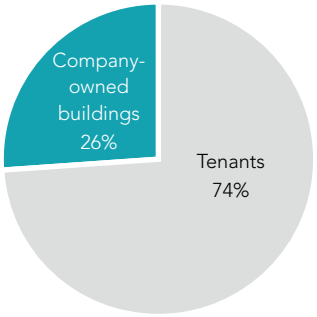
Ratio of in-house production

Drive in-house product development, manufacturing, and installation to secure profit

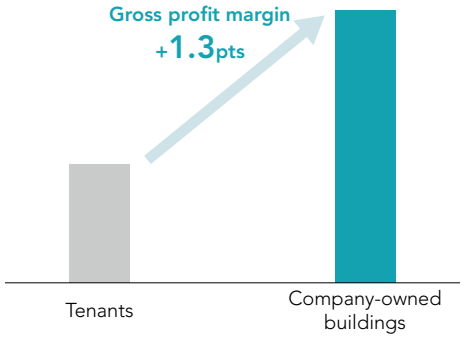


Ratio of projects for company-owned buildings

Improved profitability of the Workplace Business driven by growth in high-margin projects for company-owned buildings



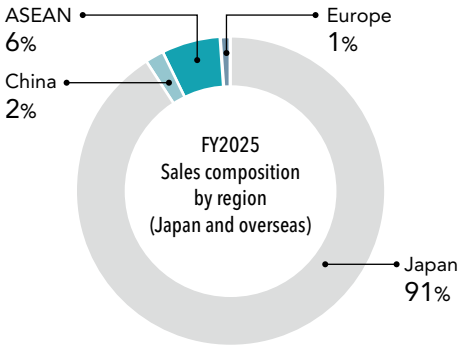
Profitability of projects company-owned buildings



* Average in 2023–2025

Sales composition by region (Japan and overseas)

Promote an increase in the overseas sales ratio going forward



List price revisions for office products

Respond to inflation through appropriate price revisions

October 2021	Approximately 8–12%
August 2022	Approximately 12%
August 2023	Price adjustments for selected products
July 2024	Approximately 5–8%
July 2025	Approximately 3–8%
July 2026	Approximately 3–8%

Equipment & Public Works-Related Business

Key points of business strategy

We will play a key role in the third strategy of the 7Flags, the key strategies of the medium-term management plan. By allocating our resources mainly to development and engineering in the logistics and research facilities domain, we will cultivate the domain into our second pillar business.

Logistics facilities

Expansion of a wide variety of shuttle automated storage (SAS) products

- Development for the growing frozen food market
- Compact size allows automation in various fields
- Expansion into automated warehouses in ASEAN and other countries

Establishing a maintenance business

- Development of predictive maintenance services using data/IoT

Research facilities

Expanding market share by introducing new products at research facilities

- Strengthening customer touch points
- Expansion to ASEAN and other countries

Establishing growth business areas

- Establishing a clean equipment business in the pharmaceutical/medical fields, and strengthening sales of automatic cleaning equipment in the semiconductor manufacturing field

Establishing a maintenance business

- Establishment of a maintenance service business backed by architectural and air conditioning related technologies

Review of what we have achieved in the second year of the medium-term management plan

Outcomes

- Development of an AI-powered predictive maintenance system
- Sales of automated medication-picking systems for dispensing pharmacies
- Strengthening Dalton's position in the research facilities domain
- Advancing initiatives to meet social infrastructure needs in the special doors business

Issues

- Establishment of a maintenance and support system as a Group
- Securing engineers capable of handling new product development and special orders

S Strengths

- AI × Design based on PEOPLE
- Reliability and customization capabilities through the accumulation of mechatronics technology
- Systema Streamer SAS-R, a highspeed and compact multi-level shuttle automated storage system
- High market share in research facility equipment and a product lineup that includes large display cases and special doors

W Weaknesses

- Efforts to expand into overseas markets are still in their infancy
- Securing engineers
- Expanding production capacity to meet growing demand

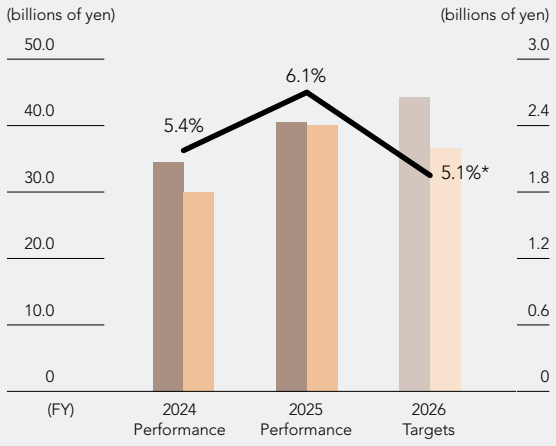
O Opportunities

- Growing demand driven by the need for automation and labor-saving solutions (logistics and pharmaceutical dispensing)
- Growing demand for equipment driven by robust R&D investment
- Growing demand for equipment driven by infrastructure upgrades and disaster preparedness measures

T Threats

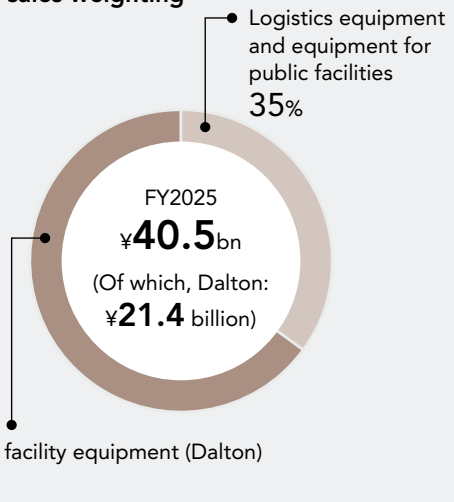
- Higher production cost ratio owing to sky high raw material prices
- Rising logistics costs
- Trends in the global economy
- Suppression of the economy by pandemics

Sales/Operating income/Operating income margin



* Includes anticipated costs for relocating Dalton's headquarters and showroom

Product sales weighting



Lineup of equipment we provide

Research equipment (Dalton)

Research facilities



Supporting everything from planning to cost optimization to create ideal, world-class laboratories

Semiconductor scrubbers



Providing cleaning and surface treatment equipment for front-end semiconductor processes, supporting everything from R&D to mass production

Draft chamber (local ventilation equipment)



This draft chamber is used for safety when hazardous gases are produced through a chemical experiment or the like.

Continuous granulation equipment



Equipment for producing high quality pills.

Products for public and commercial facilities

Equipment for art museums and other museums



We design cases for protecting, displaying, and preserving cultural assets according to the items to be displayed.

Products for commercial facilities

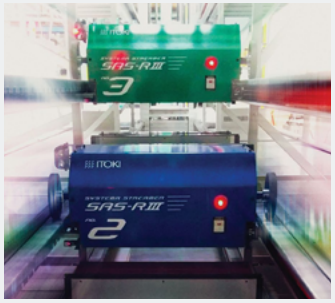


We design commercial spaces for stores in shopping malls.

▶ Semiconductor Scrubber Business: P30–35 of the financial results briefing materials for the 2Q (interim) of the fiscal year ending December 31, 2026

Logistics equipment and racks

Multi-level shuttle automated storage systems (SAS)



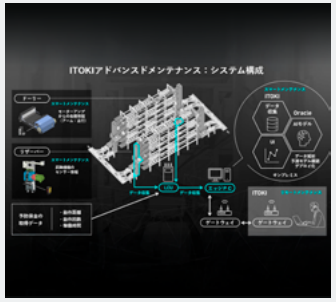
A high-speed, multi-level picking and sorting machine enabling rapid sorting and efficient use of vertical space

DAP automated medication picking system



An automated medication-picking system that streamlines medication picking operations

Maintenance business



Developed a predictive maintenance system that detects signs of failure in automatic logistics warehouses through AI analysis

Special doors

Shielding doors



BOUNCEBACK multi-hazard disaster shelter doors



Designed and installed for a variety of uses and purposes at nuclear-related facilities and underground shelters

- Delivered about 3,000 special doors nationwide since the early days of nuclear power plants in Japan
- Involved in installing special doors at 18 out of 21 nuclear power plants in Japan
- Possessing numerous patents and high-precision installation technologies

Production sites and logistics warehouses

Kansai Factory (Shiga Prefecture)



● Chair Factory (IDH SHIGA)



● Cabinet Factory



● AP Center

Kyoto Factory (Kyoto Prefecture)



● Steel Shelving Factory

● Production Sites
● Logistics Warehouses

Kanto Factory 1 (Chiba Prefecture)



● Partition Factory

Kanto Factory 2 (Chiba Prefecture)



● Desk Factory

Itoki Tokyo BASE (Tokyo)



● Logistics Warehouse (Serving Eastern Japan)

Shiga Logistics Center (Shiga Prefecture)



● Logistics Warehouse (Serving Western Japan)

Tokyo Logistics Center (Saitama Prefecture)



● Logistics Warehouse (Serving Eastern Japan)

Group Companies (Production)

Ibaraki Prefecture: Itoki Toko Manufacturing Co., Ltd.
Ishikawa Prefecture: Fuji Living Industry Co., Ltd.
Niigata Prefecture: Itoki Marui Industrial Co., Ltd.

Management Platform Strategy



AI, AX, and information security strategies integrated with management strategy

By positioning AI at the core of management and creating new value through the utilization of digital technology and data, we will evolve and promote "We Design Tomorrow. We Design WORK-Style."

1 Data Business

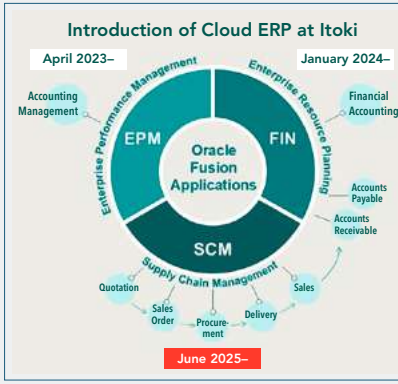
Enhancing social and customer experience value and creating new businesses

- Strengthening consulting on workstyle reforms using data
- Deploying an AI-based resource reservation system for facility operation efficiency
- Realizing "ITOKI Smart Campus" through the utilization of metaverse technologies and AI analysis of group work

2 Operational Efficiency

Streamlining business processes and improving the value of the employee experience

- Implementing ABW (Activity Based Working) utilizing the latest digital technologies such as cloud and mobile infrastructure
- Information sharing and operational efficiency through DX and AX at each workplace
- Establishing a business and data foundation through Cloud ERP (Visualizing data in real time, reviewing business processes and rules, and reinforcing compliance)



Since 2023, Itoki has been introducing a system in phases that reduces the man-hours required for data input, checking, and sharing, enabling departments to focus on collaboration and core business operations. Company-wide core business operations have now been migrated to a cloud-based platform.

- Paperless operations
- Real-time data visualization
- Improved productivity through the elimination of duplicate data entry and other measures
- Review of business processes and rules, and strengthened compliance
- Improved core system availability through migration to the cloud

3 Advancing Management

Real-time business management and decision-making using data and AI

- Building a data foundation that links financial and operational KPIs with insights extracted from data, enabling utilization from strategy formulation through execution
- Providing support for real-time decision-making at each level of management, headquarters, and departments through the utilization of AI

4 Develop and Secure DX/AX and AI Talent

Developing specialized talent and cultivating corporate culture

- Developing DX and AX specialists who see digital technologies and data as their specialties, effectively utilize data and tools, and improve productivity and create new value through business process enhancement
- Defining five stages for the development of DX/AI and AX talent, establishing a system that enables step-by-step advancement at one's own pace, and fostering a supportive culture

5 Develop & Strengthen DX/AI Infrastructure

Developing data and system infrastructure and reinforcing information security measures

- Developing a phased system infrastructure for the utilization of digital technologies, data, and AI
- Strengthening IT governance across the Itoki Group centered on the "Risk Management Committee," chaired by the President

▶ For an overview of the AI, AX, and Information Security Strategies Integrated with Management Strategy, click here.

AI, AX, and information security strategies integrated with management strategy

We are shifting from "Tech × Design based on PEOPLE" to "AI × Design based on PEOPLE," and our entire company, consisting of approximately 4,000 employees, will take on the challenge of AI management. By further evolving Office 3.0 and leveraging the strengths of our solutions business, which can implement optimal AI solutions derived from data and expert knowledge as "tangible results" in actual office spaces, we will continue to support companies in improving their work styles, office productivity, and creativity.

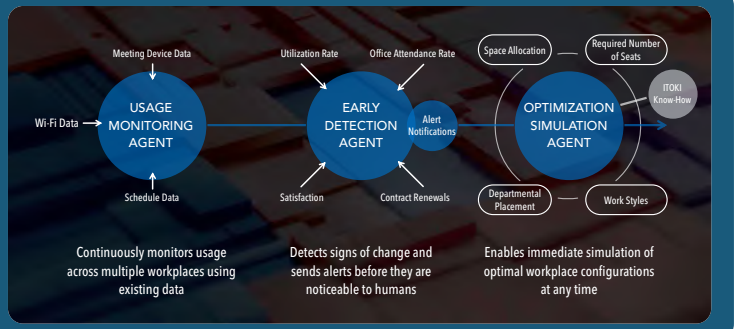
Comment from President and CEO
Koji Minato



We believe that in the coming era, companies that design their management based on AI will be the ones to establish a competitive advantage. Leveraging our strength of approximately 100 IT engineers, we will place AI at the core of our management and steer the company towards a direction that will dramatically improve the quality and speed of decision-making. "ITOKI OFFICE AI AGENTS" is a next-generation system that combines continuous monitoring, high-precision simulation, and specialized knowledge to identify any issues that may be hidden in an organization's current and future office strategies, and allows AI agents to quickly provide improvement measures. By using AI to drive the office and work styles and establishing a new management model that collaborates with people, we will strongly support the sustainable growth of our client companies.

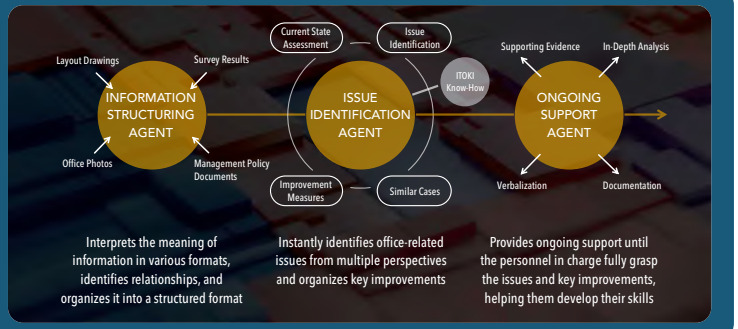
Facility Portfolio AI

This AI agent calculates the optimal floor space, number of seats, layout, and cost structure, and simulates site reorganization. It integrates Wi-Fi data, conference system, schedule information, and more to perform a three-dimensional analysis of the actual usage of multiple sites, for example, up to 100 locations. By presenting site consolidation, dispersion, and reorganization options with specific numerical values, it significantly reduces the time required to consider facility strategies and helps speed up management decision-making.



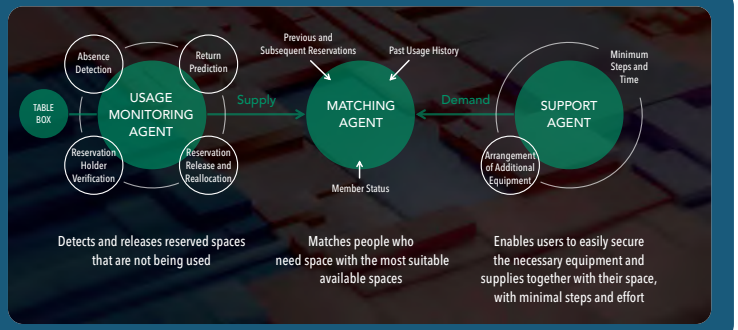
Workplace Insight AI

It analyzes a wide range of information, including unstructured data such as blueprints, photos, surveys, and management policy documents, in one go, and structurally extracts office issues and areas for improvement. It also automatically compares with similar cases, predicts the effects of improvements, and calculates ROI, providing highly effective decision-making information for management and general affairs departments.



Space Matching AI

Based on seating information, behavioral trends, and usage history, available spaces are identified in real time and immediately announced to users. Unused reservations are automatically released and reallocated according to demand, reducing stress caused by a lack of conference rooms and seats and improving space utilization rates. A major feature is the linking of physical space with digital data.



▶ Press Release Dated February 20, 2026: Itoki Announces Three AI Agent Groups, "ITOKI OFFICE AI AGENTS," Shifting to an Industry-First "AI Management Model"

Intellectual property strategy integrated with management strategy

Creating Competitive Advantage Through an Intellectual Property Strategy Integrated with Our Business Model

Basic approach to Itoki's intellectual property strategy

Itoki grew out of our founder's business of popularizing foreign patented inventions in Japan. Our founder was also an inventor who filed patent applications and obtained patents himself. Since our founding, we have therefore positioned intellectual property as an important foundation of our management. Now, 136 years after our founding, we continue to embrace the energetic pioneering spirit of our founder, as set out in our corporate philosophy, and take on the challenge of creating new value. Based on this approach, we have positioned our IP Department within the Corporate Planning Division to promote the creation and utilization of intellectual property in alignment with our business strategies and management plans. Our invention awards and open patent activities enhance the engagement of researchers and developers, helping accelerate value creation. By viewing intellectual property as pre-financial value, we aim to increase corporate value over the medium to long term and strengthen our earnings base.

Developing an intellectual property strategy integrated with our business model

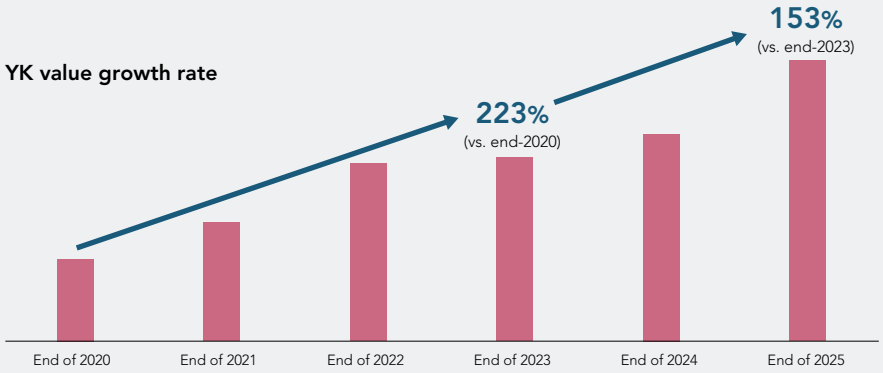
Our intellectual property strategy is designed to reflect the evolution and characteristics of our business model. We promote the strategic creation and utilization of intellectual property in each business domain. In the Workplace Business, we pursue distinct intellectual property strategies for each domain: Office 1.0, which focuses on product and new materials development; Office 2.0, which provides workstyle consulting and office space design; and Office 3.0, which develops AI solutions. In the Equipment & Public Works-Related Business, in addition to product development, we are accumulating not only technical intellectual property but also practical implementation know-how relating to ease of installation, maintainability, and safety through maintenance services and customized designs tailored to on-site requirements. These intellectual properties are generated through the expertise of our employees, who identify customer challenges and connect them with technology, design, proposals, and implementation. Accordingly, we are working to enhance our intellectual property creation capabilities and the quality of our output by strengthening expertise and promoting knowledge sharing in conjunction with our human resources strategy.

Results of our intellectual property strategy and building competitive advantage

At Itoki, we use the YK value* as an objective indicator of technological competitiveness to quantitatively measure the results of our intellectual property strategy. The YK value recorded growth of 223% from the end of 2020 to the end of 2023, during the previous medium-term management plan period, and growth of 153% over the two years from the end of 2023 to the end of 2025. More recently, the YK value in the Office 3.0 domain has also increased significantly, demonstrating steady progress in building competitive advantage through the execution of our intellectual property strategy integrated with our business model. These results reflect our expansion into high value-added domains and the strengthening of our intellectual property portfolio, which together form a foundation for sustainable growth and increased corporate value going forward.

Patent technology competitiveness index (YK value)

The YK value is a patent technology competitiveness index that evaluates the strength of a patent's exclusivity, calculated using PATWARE, a web-based patent valuation service jointly developed by Kudo & Associates and Acrosoft Corp.



Intellectual property strategy integrated with management strategy

Overview of Itoki's Intellectual Property Strategy

Adapted from the Intellectual Property and Intangible Assets Governance Guidelines, Version 2.0

Corporate purpose	Understanding the current situation Identifying key issues and clarifying the positioning of the strategy	Developing a value creation story	Developing investment and resource allocation strategies Establishing a framework for strategy development and execution, as well as governance structures	Investment and utilization Strategy disclosure and communication [Output]	Refining our strategy through dialogue with investors and other stakeholders	Outcome

MISSION STATEMENT

We Design Tomorrow.
We Design WORK-Style.

AI×Design based on People

Achieving the targets of the medium-term management plan

RISE TO GROWTH 2026

[key issues]

Establishing competitive advantage by strengthening intellectual property in the Office 3.0 domain (AI and data) and the Equipment & Public Works-Related Business domain (special doors, etc.)

[2024 results]

Number of patents held	842
Number of design registrations in fiscal 2024	199 (ranked 4th in Japan)
Number of interior design registrations	118 (ranked 1st in Japan)

All figures above, except for the number of design registrations, are cumulative.

YK value by product category	Chair category: 1st
Number of design award wins	12 products

Figures above are for fiscal 2024

IP business matching projects	Cumulative number of prefectures involved: 37

* Municipal-level projects are also included in the number of prefectures.

Creating competitive advantage through an intellectual property strategy integrated with our business model

Workplace

- Office1.0
- Office2.0
- Office3.0

Equipment & public works-related business

Research equipment
- LAB1.0
- LAB2.0
- LAB3.0

- Logistics equipment
- Special doors

Activities to promote value creation

Management team involvement
IP Department within the Corporate Planning Division

Invention awards
Number of inventions recognized in 2025: 3

TANE-BIZ
New businesses and services
Total number of entries in 2025: 35

Business Innovation Contest
Operational improvements
Total number of entries: 13

Chiekuri kaizen
Factory improvements
Total number of entries: 21

Open patent
Cumulative number of licenses: 9
Example: Standing nap box "giraffenap" (Koyoju Plywood Corporation)

- New brand Winner of the GOOD DESIGN AWARD in FY2025
- Product design awards Number of awards won in FY2025: 10 products
- YK value by business domain Chair category: 1st
- Space design awards: 22 (FY2025)
- Interior design registrations: 145 Ranked first in Japan (as of the end of 2025)
- ITOKI OFFICE AI AGENTS (Launching in 2026)
- Office 3.0-related patents: Over 50 (including pending applications)
- AI predictive maintenance system ITOKI Advanced Maintenance
- Special doors for underground civil defense shelters BOUNCEBACK
- Special door-related patents: Over 30 (including pending applications)

Integrated reports
Engage SR meetings with 10 companies (including pre-financial value, intellectual property, and human capital management)

[Insights from investors and new challenges]
- Strengthening the link between intellectual property (pre-financial value) and financial value
- Exploring intellectual property ROIC

Dialogue with 9 other companies

Presented at 2 intellectual property seminars

Increasing corporate value

Office 1.0/2.0 domain
Sales: +10% vs. 2023
Operating income margin: 10%

Office 3.0 domain
Sales ¥3 bn

Equipment & public works-related business domain
Sales: +40% vs. 2023
Operating income margin: +40% vs. 2023

Improving ES

Results of employee engagement surveys*
85%
* Positive response rate for "pride"

Patent technology competitiveness
YK value vs. FY2023
160%

All figures above are fiscal 2026 targets

Intellectual property strategy integrated with management strategy

Office1.0

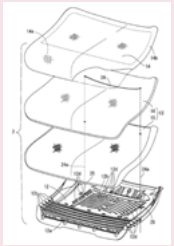
Office 1.0, our product-based sales business, helps sustain the strength of the Itoki brand by providing high-quality, high value-added products. Even as products become increasingly commoditized, we are actively developing differentiated products that respond to changes in the social environment and address market challenges. Our IP Department is involved from the early stages of the development process, helping us build competitive advantage by both reducing risks through patent clearance and pursuing differentiation through IP mix initiatives, primarily combining patents with design rights. As a result of these initiatives, the YK value in the Office 1.0 domain grew by 109% compared with the end of 2023, and we have maintained the number one position in Japan in the chair category in terms of patent technology competitiveness.



Case Study

Building a technology brand through patents and trademarks

Respitech, the new material used in our Act2 office chair, was developed as a next-generation seat material to replace conventional urethane cushions. It offers excellent breathability, durability, and environmental compatibility. We have obtained a patent for its proprietary two-layer structure and registered a trademark, which we also display on the product, to establish Respitech as a technology brand.



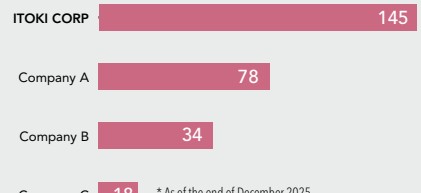




Office2.0

Office 2.0 is our office space-based solutions business, which delivers value through workstyle consulting and office space design. With more than 180 spatial designers, we work closely with customers to address their diverse challenges and help them create optimal office environments. In recent years, our spatial designers have also become involved in product development, promoting seamless value creation across Office 1.0 and Office 2.0. To support these initiatives, our IP Department and office space design department are working together to strategically secure intellectual property rights for interior designs. As a result, the cumulative number of interior design registrations reached 145 as of the end of 2025, maintaining our number one position in Japan.

Number of interior design registrations in the office industry



* As of the end of December 2025.
Compiled by Itoki based on publicly available information.

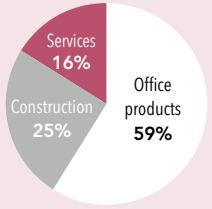


OUTCOME

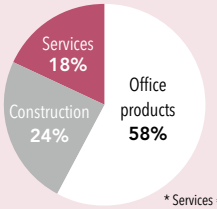
Office space design competitiveness supported by intellectual property (145 interior design rights: ranked No. 1 in Japan)

In the Office 2.0 domain, high value-added proposals involving workstyle consulting and office space design have expanded, with the service sales ratio rising from 16% in FY2024 to 18% in FY2025. Supporting this growth are our industry-leading 145 interior design rights, which protect the originality of our office space designs and serve as a source of competitive advantage.

Sales composition by product and service category (FY2024)



Sales composition by product and service category (FY2025)



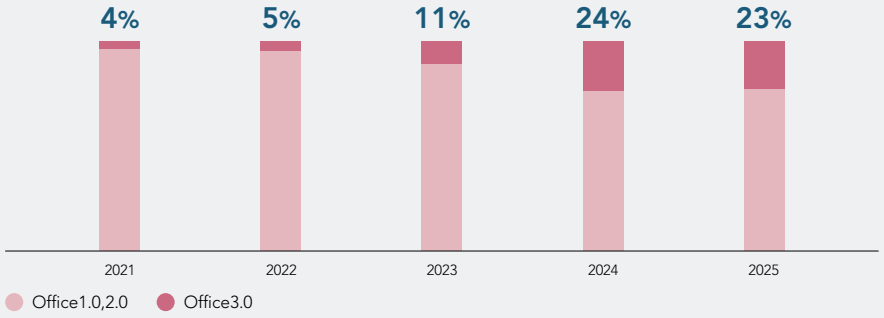
* Services = Spatial design and consulting

Intellectual property strategy integrated with management strategy

Office3.0

Office 3.0 is an office DX business that leverages data to enhance office operations. We have begun full-scale development of a system that uses AI to enhance and accelerate management decision-making concerning offices and workstyles. Drawing on our track record of supporting more than 160 companies, approximately 30,000 design drawings produced annually, and many years of accumulated office design expertise, we are developing ITOKI OFFICE AI AGENTS and will roll out these solutions in stages. Patent applications in this domain account for 24% of all applications related to the Workplace Business during the current fiscal year of the medium-term management plan, with the cumulative number exceeding 50. We aim to expand our recurring revenue business by leveraging intellectual property for differentiation.

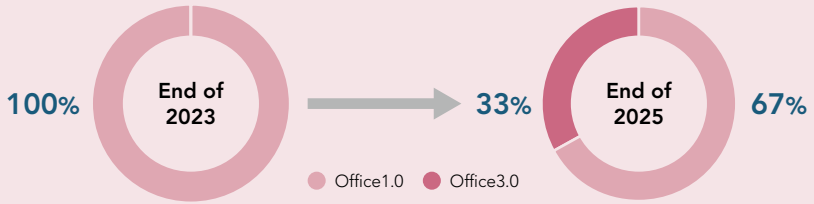
Ratio of patent applications in the Office 3.0 domain within the Workplace Business



More recently, the YK value associated with the Office 3.0 domain has also been trending upward. The domain's share of the total YK value of Workplace Business-related patents increased from 0% at the end of 2023 to 33% at the end of 2025. These trends demonstrate our progress in building competitive advantage through intellectual property.

OUTCOME

YK value shares of Workplace Business-related patents

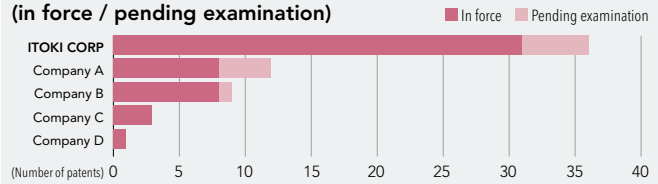


Equipment & public works-related business

Establishing competitive advantage in the disaster shelter domain

Itoki has operated its special doors business since 1966, delivering approximately 3,000 special doors to date, primarily for nuclear-related facilities (including 18 of Japan's 21 nuclear power plants) and advanced medical and research facilities. Supported by patent-based barriers to entry, this business generates annual sales of several billion yen. By integrating and advancing these technologies, we developed BOUNCEBACK, a multi-hazard disaster shelter door offering impact resistance, airtightness, watertightness, and radiation shielding, in 2024. In recent years, the importance of establishing evacuation shelters has gained recognition in Japan. Policy initiatives to promote shelter development have advanced, including the government's adoption of the "Basic Policy on Securing Evacuation Facilities (Shelters) in Anticipation of Emergencies." Based on these trends and anticipated future demand for shelter development, we estimate the market size to be approximately ¥60–100 billion. We have also participated in discussions concerning regulatory frameworks and the development of shelters, including our involvement in the Underground Shelter Working Group of the Association for Resilience Japan as the only corporate committee member from a special door manufacturer. In addition, our technical supervisor serves as a director of the Japan Nuclear Shelter Association, contributing technical expertise to the field. Leveraging the technical expertise we have accumulated over the years and our patent portfolio, which ranks among the largest in Japan's special doors industry, we will accelerate growth in this domain by utilizing intellectual property as a source of competitive advantage.

Number of domestic patents related to special doors (in force / pending examination)



* As of the end of December 2025. Based on Itoki's data.

OUTCOME

Facility category	Number of facilities * As of April 1, 2024
Emergency temporary evacuation facilities	61,142
Emergency temporary evacuation facilities (Underground facilities)	(4,233)
Designated temporary evacuation facilities (Newly established: Sakishima Islands)	—

Source: Cabinet Secretariat, Civil Protection Portal Site

10%

Estimated demand

¥60–100 billion

* Estimated by Itoki based on its own calculations

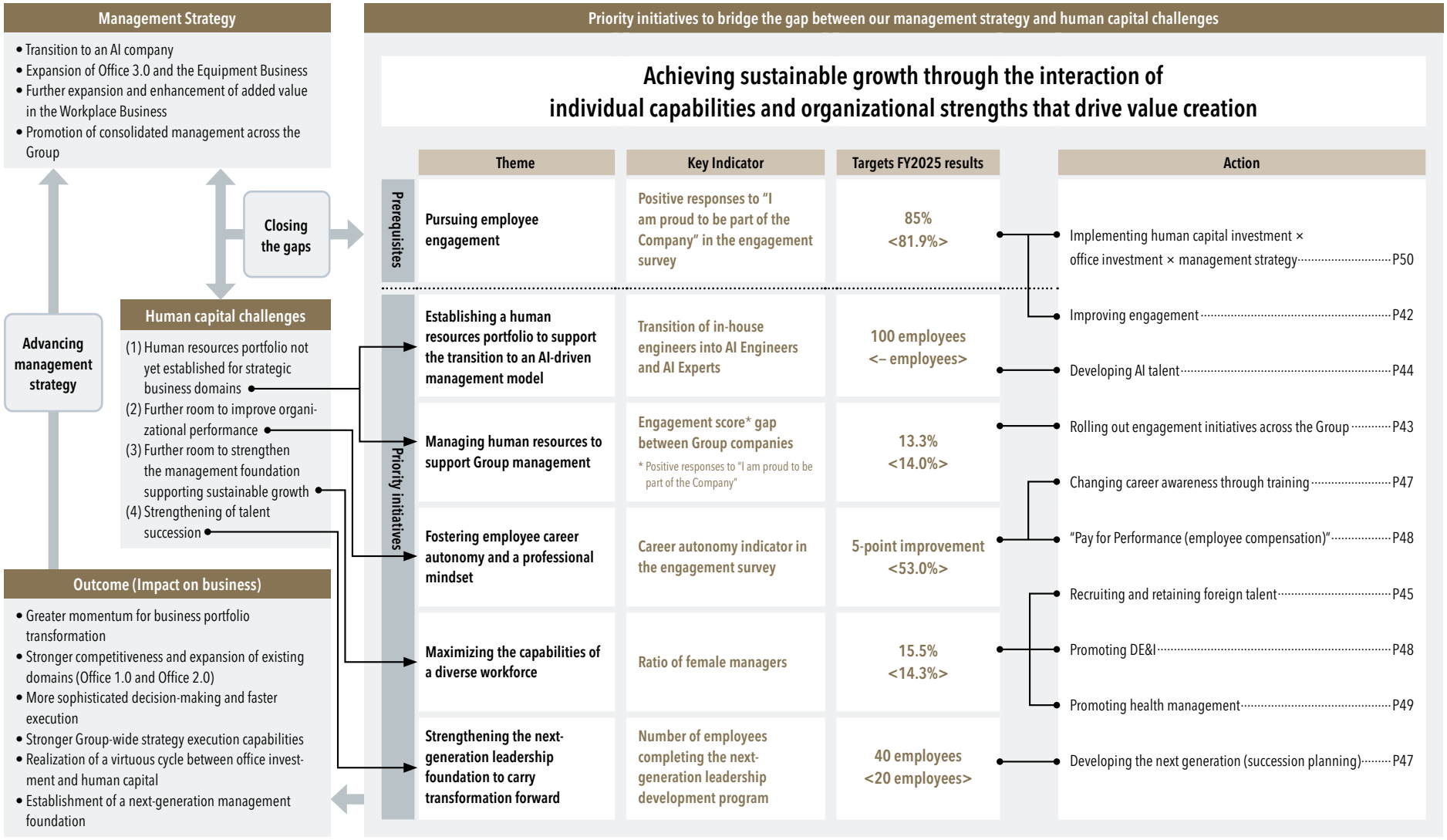
Patent-based barriers to entry

Generating annual sales of several billion yen

Human resources strategy integrated with management strategy

At Itoki, we identify human capital challenges linked to our management strategy and systematically implement measures to address them. Looking ahead to changes in our business portfolio, we are restructuring our human resources portfolio and strengthening our foundation for strategy execution through external recruitment and internal talent development. Above all, we regard employees as our most important capital. By fostering individual autonomy and improving employee engagement, we aim to build organizational capabilities aligned with our strategy and establish a resilient management foundation.

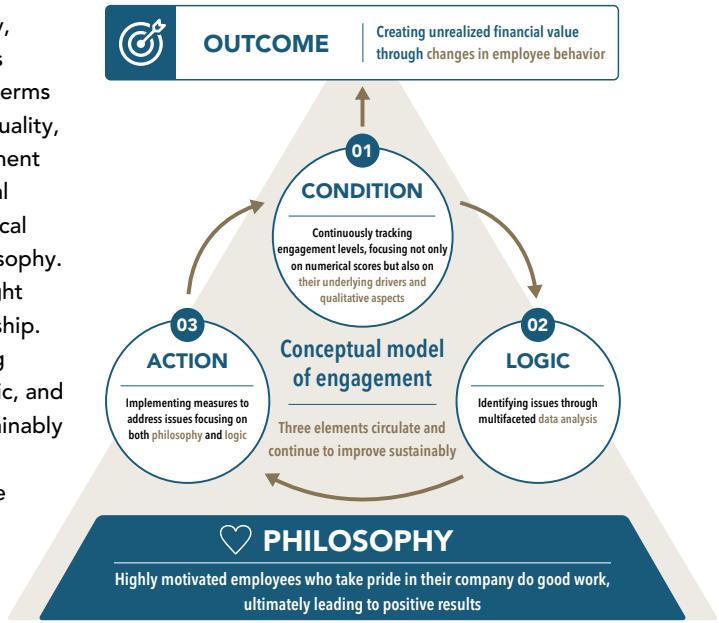
Conceptual diagram of the value creation cycle driven by our human capital strategy



Human resources strategy integrated with management strategy

Based on management's unwavering philosophy, we continuously assess engagement levels in terms of both quantity and quality, and design and implement initiatives from the dual perspectives of statistical analysis and that philosophy. The diagram on the right illustrates this relationship. By continuously cycling through condition, logic, and action, we aim to sustainably improve engagement and thereby encourage changes in employee behavior.

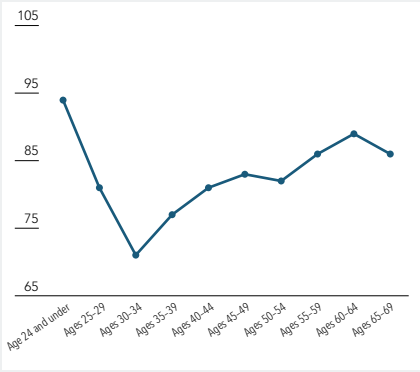
Survey cooperation:
Willis Towers Watson plc



2025 Condition

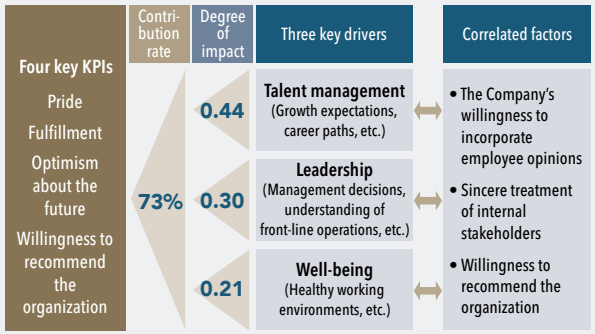
In FY2025, Itoki Corporation scored 81.9 points on the most important engagement indicator, "I am proud to be part of the Company," maintaining the high level recorded in FY2024. However, scores still vary across divisions, so we are sharing detailed results with division heads and pursuing initiatives to improve engagement within their organizations. The results by age group also show that employees in their 30s scored substantially below the Company-wide average, making measures to improve engagement among mid-career employees essential.

Division	2025 scores	Division	2025 scores
Overall	81.9	Planning Division	88.7
Sales Division	80.1	Administrative Division	90.7
Equipment Division	80.0	HR Division	88.6
Production Division	81.6	DX Promotion Division	**78.4**
WSD Unit	86.2	International Division	100.0
Engineering Division	**76.8**	Corporate Governance Division	**75.0**
Quality Assurance Division	95.2	Corporate Communications Division	89.5
Product Development Division	87.3	Web Business Management	86.7
SL Business Development Division	**77.5**	Central Research Institute	100.0



2026 Logic * Correlation coefficients and impact paths

Survey results revealed that operational structures, including meeting productivity and information sharing between departments, are priority issues. We have also identified the principal drivers affecting key KPIs, including "I am proud to be part of the Company," and are promoting initiatives based on the correlations identified.



2026 Action

Based on the analysis results, we are working together across the Company to improve engagement.

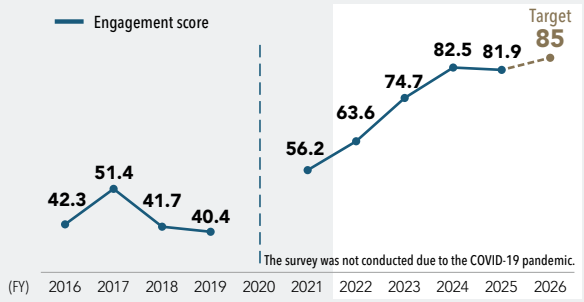
FY26 ACTION Points

- Fostering a sense of pride unique to each department
- Retaining mid-career employees (those in their 30s)
- Improving operational productivity
- Strengthening initiatives related to key drivers

Pride	Establishing core values for each department
Mid-career employees (30s)	Improving compensation to raise wages
	Training supervisors to increase acceptance of performance evaluations
Productivity	Launching a project to improve meeting productivity
Key drivers	Achieving career goals through transfers
	Hosting management-led town hall meetings and posting on the Company's internal social media platform
	Renovating offices, including at regional sites and factories

2026 Outcome

As engagement improves, proactive behaviors such as taking on challenges and exercising creativity and ingenuity are spreading, and employee-led AI initiatives are also emerging. We will continue to harness employee initiative to improve engagement while achieving our management targets.

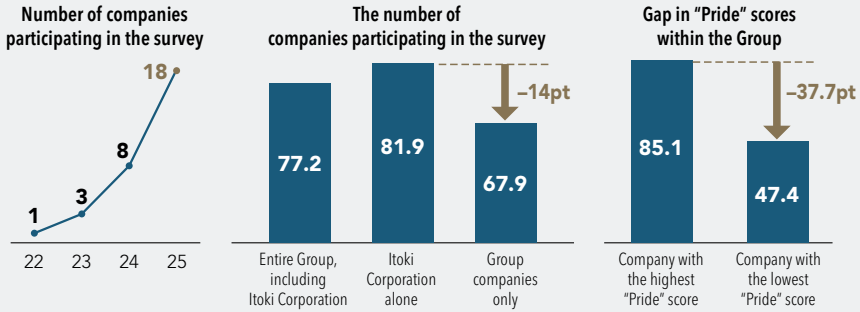


Human resources strategy integrated with management strategy

Previously, engagement surveys were conducted at only a limited number of Group companies. In FY2025, however, the survey covered 18 of the Group's 32 companies and 3,675 of its 4,164 employees. The results revealed substantial differences in scores between companies, with some falling short of satisfactory levels. Going forward, we will roll out initiatives at Itoki Corporation across the entire Group to improve engagement.

2025 Group Condition

We have gradually expanded the scope of the survey, conducting it at 18 companies in FY2025. The Group-wide score for "I am proud to be part of the Company" was 77.2 points, compared with 67.9 points for Group companies excluding Itoki Corporation. The gap between the highest and lowest scores was also substantial, at 37.7 points, highlighting a clear disparity in engagement among Group companies.



2026 Group Logic

While the only area requiring improvement at Itoki Corporation was the operational structure, six areas were identified across the Group as a whole. These issues are strongly correlated with management attitudes and decision-making. We therefore recognize that the first step toward addressing them is to increase employees' trust in the management of each company.

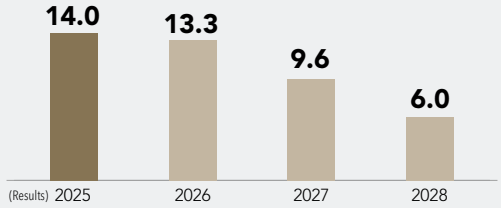
Six areas requiring improvement	Correlated factors
Optimism about the Company's future	• The Company's willingness to incorporate employee opinions
Management's understanding of front-line operations	
Anticipation of customer needs	• Timely decision-making
Fair performance evaluations	
Interdepartmental collaboration	• Management's presentation of specific measures
Operational structure	

2026 Group Action

At Dalton, broad personnel system reforms began in 2026, including the introduction of hourly paid leave, an overhaul of the performance evaluation system, and follow-up interviews to support the retention of experienced hires. At Itoki Marui Industrial, a positive energizer training session was held with instructors from Itoki's Public Relations Department. Initiatives to improve engagement are being rolled out across the Group, encompassing both the structural aspects of personnel systems and the human aspects of talent development. We will continue rolling out these initiatives across the Group, aiming to narrow the score gap between Itoki Corporation and its Group companies to six points by 2028.



Target gap in "Pride" scores (Itoki Corporation – Group companies)



TOPIX | Core values of each department

We believe that further improving employees' sense of fulfillment at work is essential to achieving a "Pride" score of 85 points. In 2026, all employees took part in an initiative to articulate the strengths and value of their respective organizations and establish their organizations' core values. We will use this opportunity to encourage employees to reconsider the meaning of their work and further accelerate improvements in engagement.



Human resources strategy integrated with management strategy

We have established a training framework that builds the business skills needed to execute our management strategy and fulfill grade-specific roles, based on employees' own initiative. We believe employees should chart their own careers, while the Human Resources Department supports their goals through a development cycle that connects training with on-the-job experience.

Toward the transition to an AI-driven management model

Current challenges

We are making AI talent development a priority in accelerating business growth by evolving on the foundation of DX toward AI-centered value creation (AX). To realize an AI-driven management model, we have developed a pyramid-shaped AI talent development portfolio encompassing everyone from users to experts, and we are enhancing training at each level.

Our top priority this fiscal year is to establish a foundation that enables every employee to use generative AI.

However, while employees are beginning to use generative AI individually, their awareness and skills vary, and individualized approaches to AI use remain a challenge. In some cases, using generative AI has become an end in itself rather than a means of improving operational efficiency or creating value, and can even take more time.

Our goal is to use AI appropriately in areas where it excels to improve operational efficiency, then redirect the time saved toward high-value work that only people can perform. In other words, rather than using AI merely as a tool, we must position it as a foundation for transforming business processes and value creation itself, while raising the level of AI adoption throughout the organization.

Developing AI talent through a three-tier structure

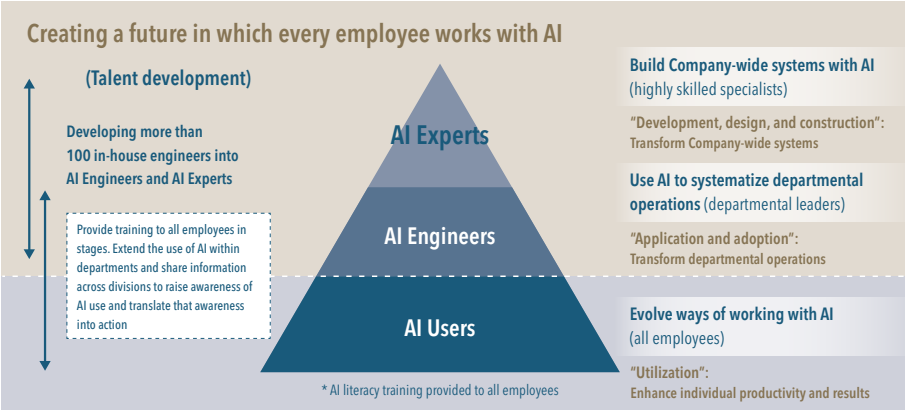
We view AI adoption not as an initiative confined to specialist departments but as a foundation for improving Company-wide productivity and creating value. Accordingly, we offer training to a broad range of employees, from engineers to sales and production personnel. We also regularly provide management with Vibe Coding training and AI study sessions led by external instructors to drive AI-centered management transformation, ensuring that leaders deepen their understanding of AI themselves.

We aim to build an organization in which all employees use AI and shift toward value-creating work that only people can perform. This fiscal year, we are focusing on developing the AI user tier that will form the foundation for this transition.

In addition to AI literacy training for all employees, we offer optional hands-on generative AI training on a voluntary basis, helping participants improve their day-to-day productivity through repeated cycles of learning and practical application over a short period.

We also offer advanced, practical generative AI training to volunteers selected by their departments. Participants review their individual responsibilities through an AI-first lens, laying the groundwork for spreading AI use within their organizations.

Beyond offering training, we encourage employees to propose operational improvements and support their autonomous use of AI by sharing use cases internally and providing follow-up support for practical application after training. Through these initiatives, we are building a foundation for AI adoption that brings together management and front-line employees.



TOPIX | Collaboration with external educational institutions and bottom-up initiatives

At the Matsuo Institute of The University of Tokyo Graduate School, 50 employees participated in the Global Consumer Intelligence Course and 137 in the AI Management Course, gaining insights into AI and management. Meanwhile, more than 80 employees at the Kansai Factory participate in a voluntary study group called "Goto School," using operational challenges as a starting point for leveraging RPA and low-code/no-code tools. They are streamlining data preparation and visualizing work processes to build a foundation for AI adoption and advance front-line-led DX.





Human resources strategy integrated with management strategy

We position our recruitment activities as the strategic acquisition of talent in anticipation of establishing our future business portfolio. Our philosophy to employee engagement also serves as a recruitment brand. By giving prospective employees opportunities to see how our people work, we attract candidates and encourage retention and high engagement after they join the Company.

New graduate recruitment

Our workforce is composed of a wide variety of occupations with different areas of expertise. When recruiting new graduates, we therefore seek people who can proactively shape their careers and make the most of their strengths after joining.

Engagement score of employees aged 24 and under

94 points

(Company-wide average: 82 points)

Occupational categories covered by internships [2027 graduates]

- Mechanical design and production engineering
- Equipment development and design (Mechanical systems, circuits, and software)
- Space design
- Design supervision
- Sales

Our internships and open-company programs offer courses covering seven occupational categories*, allowing students to gain experience close to actual work, develop a concrete picture of each role, and better understand their own aptitudes.

These programs are held at our offices and led by employees in the relevant occupations rather than the Human Resources Department, providing students with an opportunity to experience our office-centric way of working and authentic culture.

We also recruit and select candidates for 15 different occupational categories*, improving the match between candidates and roles and helping them develop specialized expertise at an early stage.

These initiatives help prevent mismatches after joining and contribute to high engagement among younger employees.

* Both figures apply to students expected to graduate in 2027



Space Design Course



Mechanical Design and Production Engineering Course

Experienced hire recruitment

We are actively expanding and transforming our business portfolio, including our transition to an AI company. These strategic domains demand flexible thinking beyond existing business models and advanced specialist skills.

Growth in personnel in strategic domains (2024 → 2026)

Office 3.0- and DX-related personnel: Up 47.0%

Equipment Business-related personnel: Up 62.0%

Against this backdrop, we are recruiting experienced personnel from outside the Company, bringing in insights and specialist skills developed in other industries and creating innovation through integration with our existing organization.

In particular, we are strengthening recruitment of people with practical experience in DX, AI, and data utilization to accelerate time to market and improve competitiveness. Additionally, our employee referral recruitment system, through which existing employees introduce talented candidates, has led to 31 new hires since 2023 and contributes to acquiring personnel with a high level of expertise.

All final interviews are held in person, and candidates also tour workplaces and meet with the departments they are expected to join, helping both sides build mutual understanding early on.

Recruiting and retaining foreign talent

We have established a partnership with Hanoi University of Science and Technology in Vietnam to recruit talent with science and engineering backgrounds and secure a continuing supply of highly skilled specialists. To date, we have recruited 42 people, including those scheduled to join the Company, and their roles are expanding, particularly in AI/DX and equipment-related fields. Employees with diverse cultural backgrounds and expertise contribute to both greater organizational diversity and stronger technical capabilities.

We also offer approximately one-month internships in Japan to students interested in joining the Company, giving them a better understanding of Japanese working environments and corporate culture to prevent mismatches and encourage early retention.

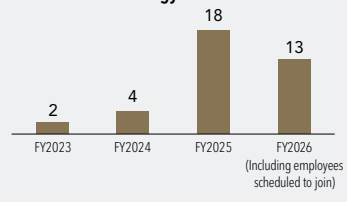
Furthermore, to help foreign-national employees apply their expertise as soon as possible, we have enhanced onboarding measures, including interviews and regular meetings to identify challenges, training, qualification support, assistance in understanding work duties, and Japanese-language learning support. These efforts are yielding steady results, including an increase in employees seeking to pass Level N2 of the Japanese-Language Proficiency Test and successful completion of the Second-Class Electrician examination.

We also support intercultural understanding in departments receiving foreign-national employees, creating a collaborative environment in which diverse talent can make full use of their capabilities. We will continue strengthening development and support initiatives so that these employees can become core contributors in their respective fields within approximately two years of joining us.



2024 Entrance Ceremony for New Graduate Hires

New hires from Hanoi University of Science and Technology

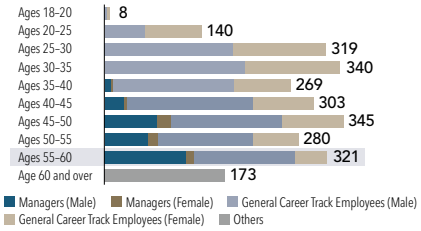


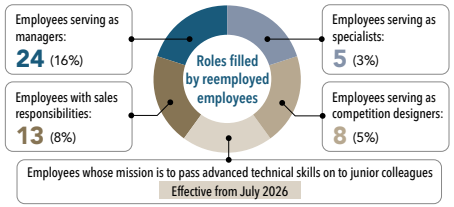


Human resources strategy integrated with management strategy

Opportunities for senior employees

We will revise our reemployment system starting in 2026. Many employees are expected to reach the mandatory retirement age of 60 in the coming years, potentially creating shortages of managers and highly specialized personnel. We need to create an environment where employees who have worked on the front lines can continue applying their experience and expertise after retirement. We have therefore reviewed working arrangements, compensation, and performance evaluation systems for reemployed employees. Through this system, we will achieve sustainable organizational growth by making full use of employees' knowledge and experience regardless of age or employment status and passing that expertise on to the next generation.





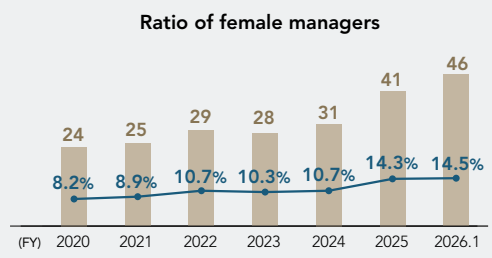
* Percentages represent the proportion of all reemployed employees

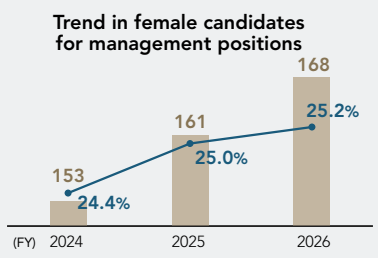
Empowerment of women

Ratio of female managers	FY2025	FY2027 target
	14.3% (+1.5pts)	15% or more

Current status of women's empowerment

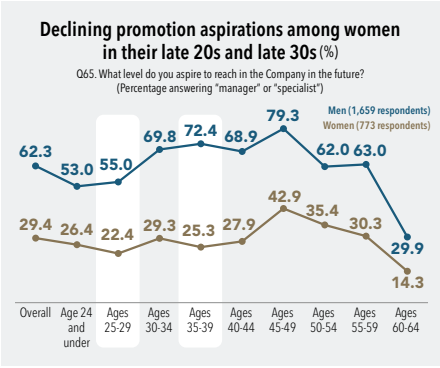
We position the empowerment of women as an important management issue and have pursued both organizational culture change and talent development through initiatives such as the SPLi women's empowerment community and various training programs. In 2026, the ratio of female managers reached 14.5%, exceeding our original target by 1.5 percentage points. The proportion of women among candidates for management positions also increased from 24.4% in 2024 to 25.2% in 2026. Furthermore, the percentage of women who responded that they "do not want to hold a managerial position" declined from 32.1% in 2024 to 29.4% in 2025, indicating a positive shift in career aspirations.





Challenges

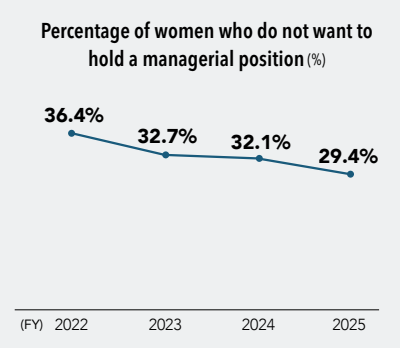
Although the proportion of women among managers and management candidates is increasing, the 2025 engagement survey revealed challenges to sustaining women's empowerment, including slowing growth in promotion aspirations among women in their late 20s and late 30s. Possible contributing factors include difficulty envisioning career prospects amid life events such as childbirth and childcare, along with concerns about future working arrangements.

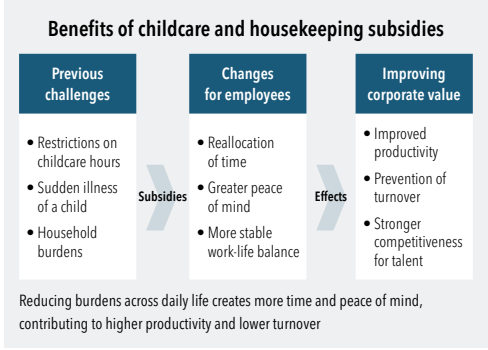


Measures

In response, we began a trial program in March 2026 to help employees balance work with childcare and household responsibilities, offering female employees with children up to the third grade of elementary school subsidies of up to ¥50,000 per month for childcare and housekeeping services. Housekeeping services can also be used on weekends, further reducing weekday household burdens and helping employees balance work and childcare. Although the program is currently in the trial stage, we are considering expanding it beyond gender and child-rearing years to address a range of life events, including family caregiving.

For us, empowering women is not simply a matter of achieving numerical targets; it is part of evolving into an organization where diverse talent can autonomously make the most of their capabilities. We will continue exploring support for diverse career paths, including fostering aspirations for promotion, helping employees balance work with life events, developing specialized expertise, and enabling employees to contribute value as professionals.





Human resources strategy integrated with management strategy

We have established a training framework that builds the business skills needed to execute our management strategy and fulfill grade-specific roles, based on employees' own initiative. We believe employees should chart their own careers. Through a development cycle connecting training with on-the-job experience, the Company supports skill development and career fulfillment, strengthening the human resources foundation for executing our management strategy.

Changing career awareness through training

We are developing systems that support employee career autonomy, providing a foundation that enables diverse talent to contribute early, regardless of how they joined the Company. Our talent development programs are designed around reflection and individual strengths. In rank-based training, we emphasize not only the roles and skills required but also cultivating the ability to reflect on experience and chart one's own career. We also provide ongoing opportunities for career review through age-group-specific career design training, career design sheets, and regular meetings with supervisors. These initiatives encourage proactive behavior: approximately 61% of participants in such training subsequently enrolled in voluntary training courses.

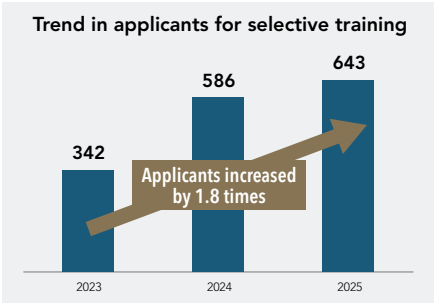
We are rolling out StrengthsFinder training to all employees and promoting the application of their strengths at work through coaching and other measures, while expanding the program to Group companies. We believe employees should chart their own careers, and the Company supports their goals through a development cycle that connects training with on-the-job experience.

Meanwhile, to improve engagement among mid-career employees—a key challenge—we are strengthening supervisor support and talent development measures and establishing an organization-wide framework that supports career autonomy.

Selective training based on employee initiative

We promote a selective training program in which employees proactively choose and study the skills they need. Based on competency items used in job capability and performance evaluations, we have systematized the business skills required at each grade and incorporated themes that respond to management issues and changes in the social environment, with an emphasis on AI utilization in FY2026. With 83% of Company-wide training offered on a voluntary enrollment basis, the number of applicants for selective training sessions increased to 1.8 times the 2023 level, and approximately 40% of general staff employees now participate, showing the steady spread of proactive learning behavior.

Trend in applicants for selective training



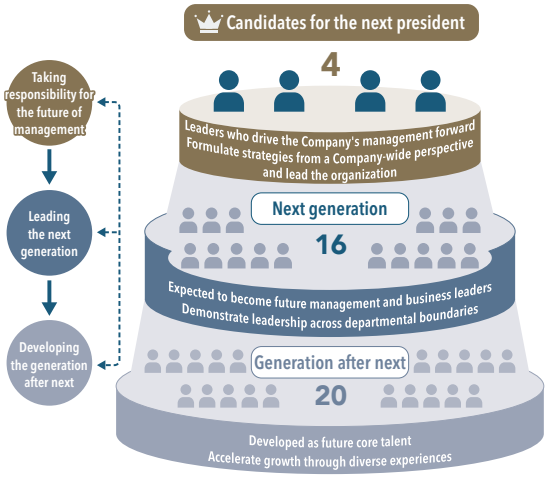
Although satisfaction, understanding, and intention to apply the training each exceeded 90% immediately afterward, the rate of practical application at work after three months was only 56%. We therefore shifted to a more practical approach that combines preparatory assignments, training, and follow-up assignments. As a result, we have seen behavioral change relating to job-specific competencies. We are also expanding these initiatives to Group companies to foster a culture of proactive learning.

Next-generation development (succession plan)

We launched our next-generation executive development program in 2024. In 2025, participants gave team-based management presentations and took courses in the business skills they individually wished to strengthen, helping improve practical capabilities and encourage autonomous growth. As a result, 14 of the 16 participants were appointed to key positions, including five who were promoted to executive officer roles, demonstrating the program's success in developing management talent. We will launch the second cohort in 2026 to establish a new talent pool. We will select 20 younger managers for a roughly seven-month program covering foundational business skills, cross-industry exchanges, and opportunities for dialogue with the first cohort, encouraging learning from diverse perspectives. By organically combining training, learning from others, and on-the-job practice, we will accelerate the development of talent who can carry out their work with a broad management perspective.

Behavioral change rates by job competency (examples)

Job competencies	Behavioral change rate
Ability to lead teams	63.7%
Ability to influence others	53.1%
Thinking skills	38.3%





Human resources strategy integrated with management strategy

Promotion of DE&I: Supporting the success of a diverse workforce

Promoting internal understanding and connections with society

We are creating an environment in which a diverse workforce can make full use of its capabilities. As a result, employee awareness of diversity promotion has steadily improved. The positive response rate for DE&I-related questions in the engagement survey rose from 45.7% in FY2021 to 74.0% in FY2025, an improvement of 28.3 percentage points over four years. We also share our expertise and examples of our initiatives through activities such as the "DE&I × WORKPLACE" seminar for external audiences.

Promoting internal communities that address priority issues

Through voluntary employee communities, we encourage the integration of diverse knowledge and values by promoting proactive employee participation. By enabling employees to identify issues and generate ideas voluntarily, we foster change from within the organization and help cultivate a new corporate culture.

Communities and membership

- Women's empowerment: SPLi, 161 members
- Global human resource development: API, 138 members
- Factory revitalization: plant ambassadors, 36 members



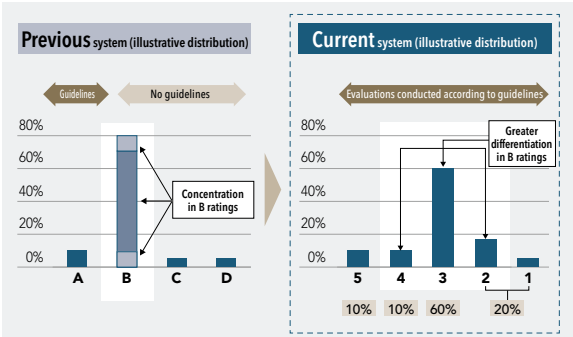
Pay for Performance (Employee compensation)

A performance-differentiated compensation system

We revised our personnel system in 2024 to ensure fair compensation according to performance. Under our "Pay for Performance" policy, which emphasizes appropriately rewarding employees who deliver results, we reviewed our performance evaluation and compensation systems to strengthen the link between performance and rewards.

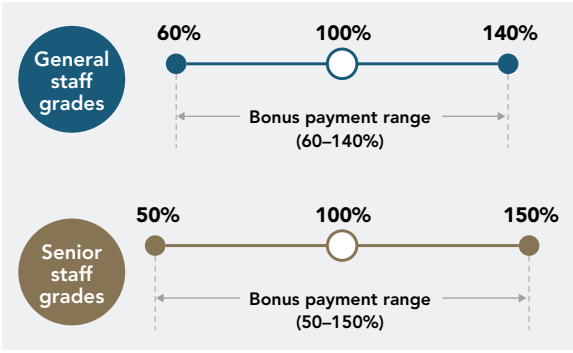
Under the previous job capability and performance evaluation system, we used four ratings, A through D, but approximately 80% of employees received a B rating. Under the new system, we have introduced five rating levels, from 1 to 5, along with target distributions for each level. This enables greater differentiation in evaluations and more accurately reflects individual performance and contributions.

We have also widened the range of bonus payments for both general and senior employee grades so that differences in compensation based on performance are more clearly reflected. By rewarding high-performing employees more than before, we aim to encourage them to take on challenges and grow, ultimately strengthening the competitiveness of the Company as a whole.



Over 90% of employees received an A or B rating, resulting in little differentiation.

Changed from four to five rating levels, providing greater differentiation particularly among employees previously rated B.



Strengthening the employee stock ownership association

We expanded the employee stock ownership system to support employees' asset formation and foster a sense of participation in management. Increasing the incentive contribution rate from 5% to 10–20% has boosted membership and helped employees adopt a shareholder perspective and develop a stronger sense of ownership in increasing corporate value.

Incentive contribution rate before revision	
Uniform rate	5%

Incentive contribution rate after revision (from November 2024)	
1–5 Units	10%
6–10 Units	15%
11 or More Units	20%

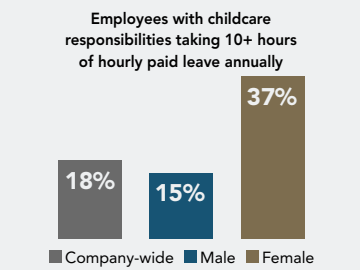
	2023	2024	2025
Number of members	570	757	804

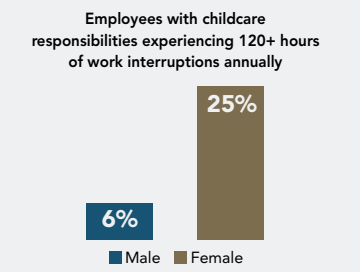
2,254 employees at Itoki Corporation (end of 2025)

Human resources strategy integrated with management strategy

Work-life management

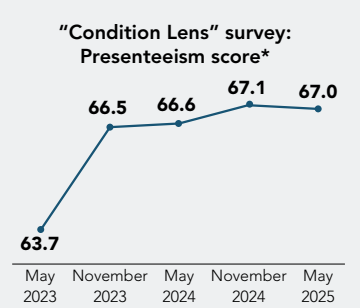
To support every employee in embodying the Mission Statement, "We Design Tomorrow. We Design WORK-Style," the Company is advancing flexible work programs. We have expanded our telework system globally to enable international hires to work remotely from their home countries during temporary visits, and all employees to take workcations abroad. Additionally, we are driving systemic reforms based on attendance data analysis—revising core hours within our flexible working hours system to better accommodate working parents who frequently face work interruptions. Moving forward, we remain committed to supporting workstyles unaffected by life events, enhancing employee engagement and retention.





Promoting health management

Under the Itoki Group Health Management Declaration, we pursue health management to become a company where employees can work in good physical and mental health with peace of mind. Through our proprietary survey "Condition Lens," we visualize employees' condition (the state necessary to fully exercise their abilities) and performance (the extent to which those abilities are realized), identifying achievements and challenges to inform company-wide initiatives and departmental management. Furthermore, drawing on the results of stress checks and other assessments, we support organizational health, productivity, and sustainable growth through a range of initiatives. These include women's health programs, sleep seminars, nutritional education, and the introduction of insurance to encourage follow-up medical examinations. These ongoing efforts have been recognized—we were certified as a 2026 Outstanding Health & Productivity Management Organization (White 500, Large Enterprise Category).

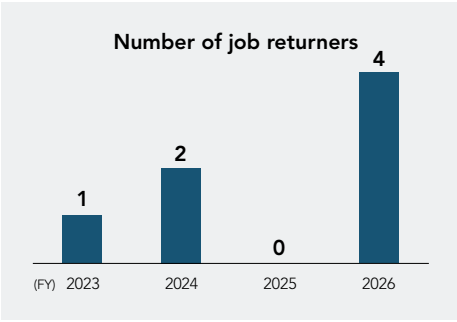


* Average score (out of 100) from a survey of all employees using proprietary questions developed with reference to the WHO-HPQ



Strengthening of employee turnover analysis

To reduce "regrettable turnover"—the departure of high performers and those unable to realize their desired careers internally—we are strengthening our turnover analysis. In addition to analyzing the reasons for this, and rapid improvement based on monthly turnover reports, we conduct multifaceted annual reviews. Building on these findings, we are considering the introduction of an internal job posting system and expanding our reemployment scheme to promote optimal talent allocation and reengagement, thereby maximizing the value of our human capital and driving sustainable growth.



Definition and target for "regrettable turnover"

Employees demonstrating high performance

* Individuals whose replacement would require six months or longer, given their skills, position, and other factors

Employees who were unable to realize their desired career development at Itoki

2026 target:
Within 20% of total departures

Interactions between Directors (including external Directors) and employees

To foster a management mindset among employees, we hold town hall meetings with internal and external Directors following the announcement of quarterly financial results. Through dialogue with the Directors, employees deepen their understanding of the Company's current situation and future direction, while cultivating a management mindset that is conscious of the cost of capital and the stock price.

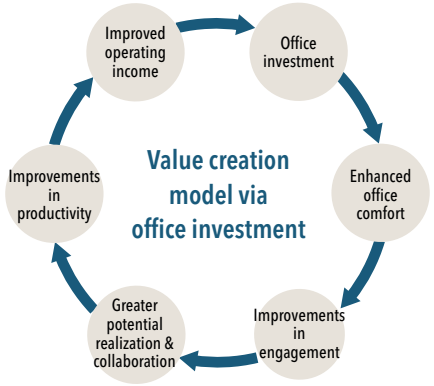


Town hall meeting with Directors

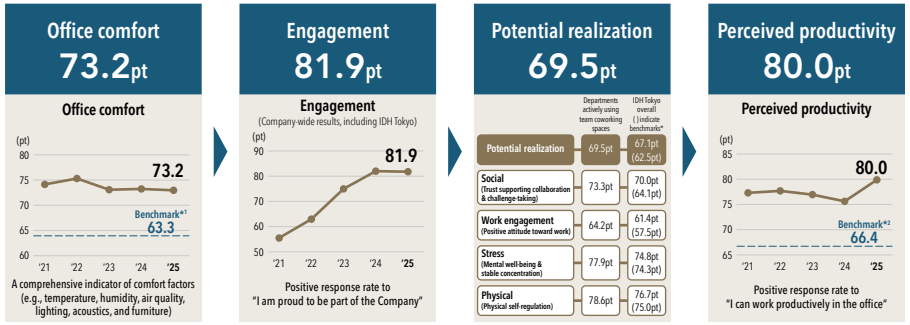
Human resources strategy integrated with management strategy

Office investment to enhance human capital value, driving corporate value

The Company believes investing in the working environment, alongside human capital, to be a key area of strategic investment. Reflecting our conviction that realizing employees' full potential requires investment not only in people but also in the working environment, we continuously evolve our offices through Office 3.0. This drives employee engagement and performance—and, in turn, productivity and corporate value. In line with this thinking, we calculate our human capital ROI with reference to ISO 30414.



Office investment performance dashboard via Office 3.0



*1 Average score of client companies using Data Trekking.
*2 Leesman survey global benchmark score.

* Average score of client companies using Data Trekking Higher numbers indicate a better state.

Human capital ROI

FY	Education and training expenses (Millions of yen)	Engagement score (pt)	Operating income (Billions of yen)	Operating income per employee (10,000 yen)	(Reference: Simplified estimate) Human capital ROI	P/B ratio (Times)
2022	160	63.6	4.5	120.8	16%	0.5
2023	190	74.7	8.5	218.9	29%	0.9
2024	230	82.5	10.0	254.7	33%	1.5
2025	220	81.9	13.6	345.9	40%	2.2
FY22–25 growth rate	1.4x	1.3x	3.0x	2.9x	2.4x	4.4x

* Human capital (HC) ROI = Operating income / Personnel costs
* Personnel costs = Itoki (non-consolidated WP & EP business manufacturing personnel costs) + Dalton (consolidated manufacturing personnel costs) + Consolidated SG&A personnel costs
* Engagement refers to the positive response rate to "I am proud to be part of the Company."

▶ Release: Itoki renovates its head office to achieve results despite a 1.5-fold increase in employee numbers and a 35% reduction in space per person.

Investing in a working environment that enhances human capital value

The Company considers human capital to be the source of increased corporate value. At the same time, we believe that maximizing the potential of our employees requires investment not only in people but also in the working environment. We regard the creation of an environment where employees can work with peace of mind, collaborate naturally across departments and job functions, and take on challenges and generate innovative ideas as a critical management investment that enhances the value of our human capital.

Unleashing employee potential and improving engagement through Office 3.0

Our unique Office 3.0 initiative embodies this philosophy. We position offices not merely as places to be "built," but as environments to be "nurtured." By continuously collecting and analyzing data on people, spaces, and work styles, and leveraging AI, we strive to optimize our offices. As a result, office comfort has reached 73.2 points, perceived productivity 80.0 points, and engagement 81.9 points. Furthermore, users of our team coworking areas demonstrate greater potential realization than the company-wide average, confirming that the working environment has a significant impact on employee behavior and outcomes.

Visualizing outcomes through human capital ROI

With this in mind, to quantitatively assess improvements in the value of our human capital, we have adopted the human capital ROI framework outlined in ISO 30414. Human capital ROI is an indicator that measures the relationship between human capital investment—centered on personnel costs—and business results, showing how much such investment drives corporate value. In addition to talent development initiatives, we are working to enhance the value of our human capital by developing and optimizing the working environment through Office 3.0. We will continue to leverage various indicators, including human capital ROI, to visualize these outcomes and translate them into enhanced corporate value.

Connecting investment and results—The value creation cycle

Central to our strategy is the value creation cycle: investment in people and offices, improved engagement, greater potential realization and collaboration, increased productivity, stronger business performance, and reinvestment. In fact, our engagement score rose from 63.6 in FY2022 to 81.9 in FY2025, with both operating income and operating income per employee growing significantly. These results demonstrate that investment in people and the working environment is generating a positive cycle that leads to greater corporate value.

Going forward, the Company will continue to advance investment in both human capital and the workplace while continuously visualizing its effects. By further accelerating this positive cycle of individual potential realization and corporate value enhancement, we aim to achieve sustainable profit growth and medium- to long-term shareholder value improvement.

Corporate governance

Basic concept of corporate governance

Itoki ensures compliance, administrative transparency, and fair management based on business ethics and strict compliance with laws. In addition, Itoki establishes corporate governance to increase trust in the Company, to achieve sustainable growth, and to increase its medium- to long-term corporate value through prompt disclosure of information based on the Corporate Governance Code and proactive discussion with shareholders and investors.
Furthermore, Itoki's Board of Directors is continuously working to improve its effectiveness, maintaining an appropriate balance between speed and a sense of urgency in the execution of key management themes while helping to implement Itoki's value creation story.

▶ Corporate Governance Basic Policy ▶ Corporate Governance Report

Framework for generating long-term profit

Increase in corporate value in the medium to long term

Improving board effectiveness

Important administrative decision-making

We establish a corporate governance structure which enables us to make transparent and fair decision-making reflecting the standpoint of stakeholders, while clarifying judgement bases to respond quickly to the changing business environment.

Establishment of a sound and efficient management system through transparent and fair decision-making and highly effective audit and supervision

Nomination and Compensation Committees

Appropriate supervision of business execution

We ensure that the key resolution matters at the Managing Directors Meeting, which plays a principal role in business execution, are reported to the Board of Directors, while establishing a committee which manages various risks for thorough audit and supervision.

Decision-making capability × Ability to supervise execution

Director skills

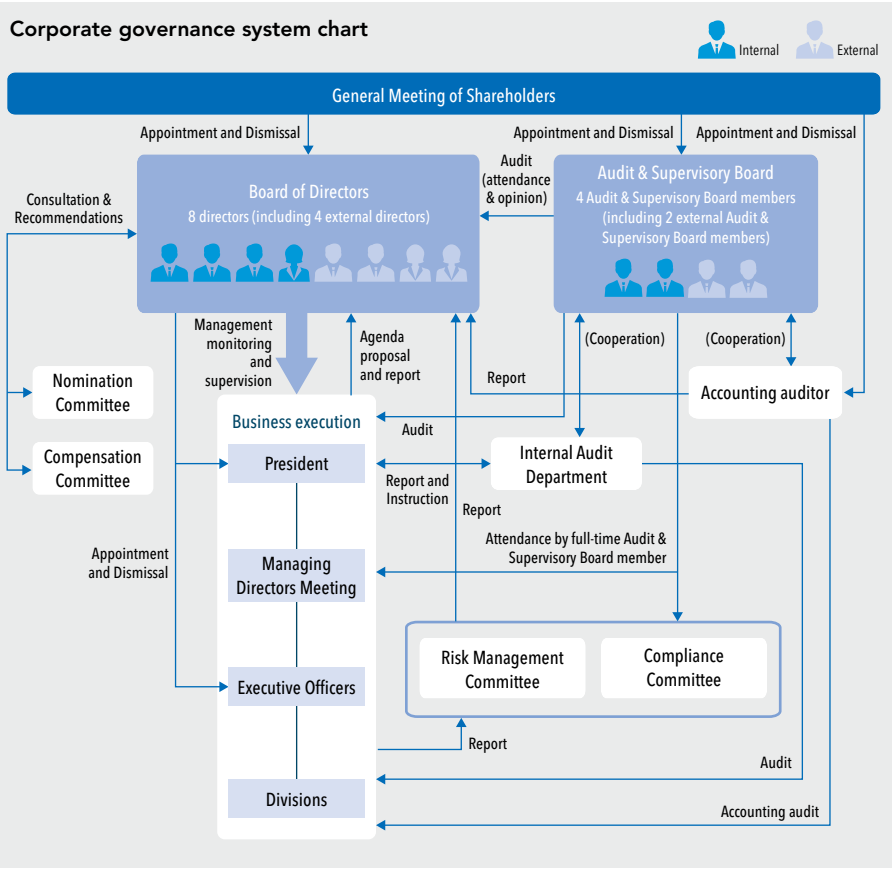
Corporate Management	Finance and Accounting	Legal and Risk management	International affairs	Sales	Production and R&D	Human resources development	ESG	DX

Corporate governance

Corporate governance system

Itoki has adopted the Audit & Supervisory Board system, with the Board of Directors responsible for making management decisions and supervising business execution. To complement the functions of the Board of Directors, the Managing Directors Meeting is convened to deliberate on important resolution matters, ensure thorough dissemination of management policies, and confirm the progress of business operations. To further strengthen business execution functions and improve management efficiency, the Company has introduced the Executive Officer System. Audit & Supervisory Board members attend the Board of Directors and other meetings to audit the status of directors' execution of duties, while the Audit & Supervisory Board, in cooperation with accounting auditors and the Internal Audit Department, which is independent of business execution divisions, strives to conduct comprehensive and efficient audits. The Internal Audit Department enhances internal auditing across the entire Group by carrying out audits in a planned manner.

Corporate governance system chart



Board of Directors

Number of meetings held in FY2025: 17

Itoki's Board of Directors operates under the basic approach of a clear separation between execution and oversight, with the aim of sustainably enhancing corporate value and ensuring transparency and soundness in management. Routine business operations are carried out primarily by managing executive officers who are well-versed in the business and can make decisions swiftly, while the Board of Directors has now transitioned to a structure specialized in overseeing execution and overall management.

In principle, the Board of Directors meets once a month to continuously and objectively deliberate and oversee the appropriateness and progress of management strategies, performance and financial status, governance, risk management, and sustainability initiatives. The Board also maintains a healthy tension with management and enhances the effectiveness of its governance by incorporating expertise and independent advice from its external directors.

This fiscal year, we have established a voluntary Nominating Committee and Compensation Committee, and are working to build a sustainable management system by reflecting the recommendations of both committees in the Board of Directors' decisions.

Through these systems, we aim to balance swift execution with effective supervision, strengthen our management foundation with a future perspective, achieve sustainable growth, and enhance corporate value.

Important topics of discussion at the Board of Directors (FY2026)

(1) Enhancement of the Board of Directors' monitoring functions, focusing on human resources, finance, governance, and compliance
(2) Issues related to succession, such as developing next-generation management talent and reviewing compensation systems and skill matrices
(3) Re-examination of the business portfolio and formulation of the next medium-term management plan based on changes in market structure

▶ Evaluation of the effectiveness of the Board of Directors: P55

Audit & Supervisory Board

Number of meetings held in FY2025: 14

Supervision and audits of management are conducted based on the audit standards and audit implementation plans set by the Audit & Supervisory Board as well as the division of duties. To broaden the scope of audits to include the perspectives of creativity, which contribute to improving effectiveness and corporate value, in March 2025 we strengthened the audit system by increasing the number of full-time Audit & Supervisory Board members (by 2 members) and establishing a dedicated office called the Audit & Supervisory Board Members Support Office. Along with this, we adopted a multifaceted audit approach encompassing accounting, operations, and risk aspects, and improved both the quality and quantity of audits, for example by increasing the number of on-site audits. At important meetings such as meetings of the Board of Directors, the Audit & Supervisory Board members strive to enhance their recommendations and other measures based on a preventative perspective, rather than merely pointing out shortcomings or deficiencies. Furthermore, the Audit & Supervisory Board has in place a system to timely and appropriately understand the Company's situation in collaboration with the accounting auditor and the Internal Audit Department, and holds regular and ad hoc opinion exchanges with directors and other officers.

Key audit items in the fiscal year

(1) Promotion of compliance-based management
(2) Maintenance and operation of management system for the internal control system
(3) Communication for the selection of KAM (Key Audit Matters)

▶ Approach to internal control

Corporate governance

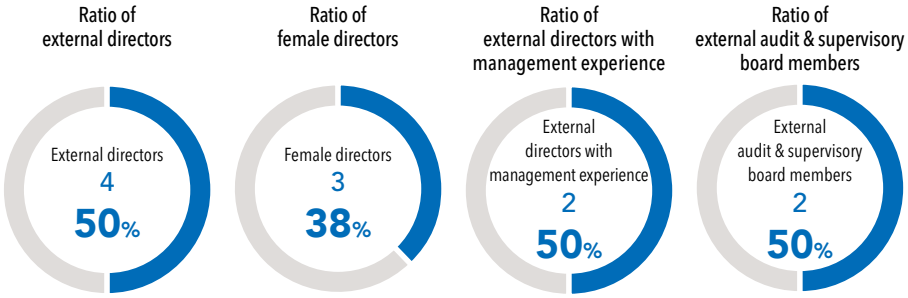
Director diversity

Itoki places great importance on diversity on the Board of Directors, which is why the Company's first female director was appointed in 2023. Consideration is also given to an appropriate number of Board members to ensure high-quality discussions, so in order to maintain a balanced composition overall, the Board of Directors consists of executive directors who are familiar with the Company's operations and capable of agile business execution, and external directors who possess highly specialized knowledge and can provide advice and supervision from a broad perspective. Of the four external directors, two have management experience at other companies, while the other two have leadership experience in the fields of government and education.

Overview of duties performed in relation to the roles expected of external directors

Name	Overview of duties performed in relation to the expected roles
Shiro Nitanai	Attended all 17 Board of Directors meetings held in fiscal 2025 and, drawing primarily on extensive experience and deep insight into corporate management and facility design, provided valuable advice and recommendations that contributed to the Company's management, while helping strengthen the Board of Directors' management monitoring function from an independent perspective.
Mariko Bando	Attended all 17 Board of Directors meetings held in fiscal 2025 and, drawing on extensive experience and deep insight in the fields of public administration and education, made comments primarily from the perspective of an educator, while helping strengthen the Board of Directors' management monitoring function from an independent perspective.
Yasuyuki Kawasaki	Attended all 13 Board of Directors meetings held since his appointment as an external director and, drawing on extensive experience gained over many years in corporate management at financial institutions, provided valuable opinions and observations regarding corporate management, while fulfilling his role of monitoring management from an independent perspective.
Toshie Tanaka	Attended all 13 Board of Directors meetings held since her appointment as an external director and, drawing on extensive experience and broad knowledge of public administration, large organizations, and domestic and international risk management, provided advice and opinions regarding business execution, while helping strengthen the Itoki Group's corporate governance, compliance, and risk management functions.

None of the four external directors falls under any of the conditions that require additional disclosures concerning their independence, and they have held no business interests with the management of the Company from the past to the present. It was therefore judged that there would be no conflicts of interest with general shareholders of the Company.



Standards for independence of external directors

Itoki has established its own standards for independence of external directors to contribute to the sustainable growth of the Company and the increase in its medium- and long-term corporate value and disclosed it in the section concerning independent officers in the Corporate Governance Report. Only those persons who fulfil Itoki's own standards for independence, in addition to the standards set out in the Companies Act and by Stock Exchanges, are selected as independent external directors.

[Standards for independence]

The Company's external directors shall not be:

1. A person who executes or has executed the business of the Company or a subsidiary or an affiliate thereof currently or for the past 10 years
2. A major shareholder that has 10% or more of the Company's voting rights or a person who executes the business for the shareholder
3. A person who executes the business of a major customer of the Company to which the Company's annual sales exceed 2% of the Company's consolidated net sales or of a major supplier of the Company from which the Company's annual purchases exceed 2% of the supplier's consolidated net sales
4. A person who executes the business of a major lender for the Company – a financial institution from which the Company's annual borrowings exceed 2% of the Company's total assets; or
5. A professional, such as a consultant, an accountant, or a lawyer, who receives from the Company cash or other forms of property being worth ¥10 million or more a year, aside from directors' compensation from the Company

Corporate governance

Skills matrix for Directors and Audit & Supervisory Board members and reasons for selection of skills

Itoki selects the knowledge, experience, and competencies necessary for management as skill categories to contribute to sustainable growth and the enhancement of corporate value over the medium and long term. Directors and Audit & Supervisory Board members who possess advanced expertise, extensive experience, and deep insight into each field are responsible for the Company's management.

To further enhance the supervisory function and diversity of the Board of Directors, new directors with advanced expertise in the areas of finance and accounting, and legal affairs and risk management, have been appointed to further strengthen the governance system.

Skills matrix for Directors and Audit & Supervisory Board members

		Name	Corporate management	Finance and Accounting	Legal affairs and Risk management	International affairs	Sales	Production and R&D	Human resources development	ESG	DX
Directors	Internal	Koji Minato	●			●	●			●	●
		Yoshihito Yamamura	●				●		●		
		Yumi Tanaka	●	●		●					
		Soichiro Higuchi			●	●				●	
	External	Shiro Nitanai						●		●	
		Mariko Bando	●						●	●	
		Yasuyuki Kawasaki	●	●	●	●					
		Toshie Tanaka			●				●	●	
Audit & Supervisory Board members	Full-time	Eiji Funahara						●		●	
		Yoshiaki Moriya		●	●	●				●	
	External	Osamu Ishihara			●					●	
		Hisashi Shirahata		●	●						

This skills matrix was created based on discussions at the Board of Directors meeting, taking into account Itoki's medium- to long-term strategy and business environment, and covers only the skills and experience that are particularly important for each director. Therefore, although the skills categories remain the same as the previous fiscal year, the individual assessments may differ from the previous fiscal year.

Skill gaps in the skills matrix are supplemented by the skills of executive officers, meaning that the role of execution is separated from the role of supervision.

Reasons for selection of skills

Skills category	Reasons for selection
Corporate management	Given the major changes in the operating environment, we regard management experience as either a CEO or COO to be crucial in appropriately fulfilling the role of spearheading business transformations from a long-term perspective and appropriately overseeing the management of the Itoki Group. We therefore selected corporate management as a skills category.
Finance and Accounting	We regard extensive knowledge and experience of finance and accounting to be essential to evaluating business growth and profitability, maintaining financial soundness, and achieving a high level of capital efficiency. We therefore selected finance and accounting as a skills category.
Legal affairs and Risk management	We regard extensive knowledge and experience of legal affairs, risk management, and compliance to be important in accurately recognizing management risks and making legitimate and beneficial decisions for the Company. We therefore selected legal affairs and risk management as a skills category.
International affairs	We regard extensive knowledge and experience in overseas business management and local operating environments to be essential in leading the Itoki Group's international business activities. We therefore selected international affairs as a skills category.
Sales	To drive the transformation of business by expanding sales resources and engaging in new sales activities with the use of DX tools, we regard extensive knowledge and experience in sales and marketing to be key. We therefore selected sales as a skills category.
Production and R&D	In order to improve production efficiency and generate stronger earnings through the reorganization of the Group's production and supply system, and to lead business transformations, we regard extensive knowledge and experience in manufacturing and development to be essential. We therefore selected production and R&D as a skills category.
Human resources development	So that each and every employee can find their jobs rewarding, work with enthusiasm, and fully unleash their capabilities in lockstep with their career trajectory, we regard extensive knowledge and experience in the area of HR development to be crucial. We therefore selected human resources development as a skills category.
ESG	So that we can avoid, in advance, the various risks faced by businesses and society and respond swiftly to opportunities, we regard extensive knowledge and experience of ESG and the SDGs—areas in which companies are obligated to take action—to be important. We therefore selected ESG as a skills category.
DX	In order to undertake new sales activities with the use of DX tools and AI, propel the transformation of business, and solve the numerous challenges faced by corporations and society in general, we regard extensive knowledge and experience of DX and AI to be key. We therefore selected DX as a skills category.

Corporate governance

Evaluation of the effectiveness of the Board of Directors and initiatives to improve governance

The Company places even greater emphasis on the Board of Directors' role in overseeing management from a medium- to long-term perspective and supporting the management team's strategy execution, in an effort to realize Itoki's value creation story of "transforming society's work styles through the working environment." Under this policy, in fiscal 2026, the Company conducted its first evaluation of the effectiveness of the Board of Directors, administered as a questionnaire to all directors.

Summary of survey results

Category	Evaluation	Points
Composition and structure	★★★★★	The size, number of external directors, and their skills are appropriate
Operation (materials and frequency)	★★★★☆	Frequency is appropriate, but there is room for improvement in the materials
Quality of discussions	★★★☆☆	Discussions are lively, but time allocation is an issue
Strategy and key themes	★★★☆☆	Lack of depth in discussions on strategy, ESG, and human resources
Supervisory function	★★★★☆	Supervision is generally effective
Infrastructure (secretariat and training)	★★★☆☆	Room for improvement in training and information provision

Positive findings	Areas for improvement
• The free and open-minded and constructive nature of discussions and the environment that enables external directors to express candid opinions from an independent standpoint were viewed favorably in the evaluation. • The Company's value creation story aims to achieve a sustainable improvement in corporate value by strengthening its business portfolio, investing in human capital, and advancing sustainability initiatives. This evaluation of Board effectiveness provided an opportunity to determine whether the Board of Directors fully understands the prerequisites for such value creation and the cost of capital, appropriately oversees progress in executing strategies, and provides the management team with valuable insights from a medium- to long-term perspective.	• The evaluation also found that the handling of matters requiring approval was at times time-consuming, indicating scope to devote more time to discussions of medium- to long-term management strategies and value creation.

Fiscal 2026 actions to address areas for improvement

Beginning in fiscal 2026, the Board of Directors will structure its annual agenda to systematically address key themes, including (1) strengthening its monitoring function, particularly in the areas of human resources, finance, and governance; (2) succession-related issues; and (3) formulation of the next medium-term management plan. By providing materials earlier and enhancing pre-meeting briefings, the Company will also shift the focus of discussions at Board of Directors meetings to oversight and advice and continue working to improve the quality of discussions and the effectiveness of decision-making.

The Company views this evaluation as the starting point for a continuous improvement cycle aimed at further strengthening governance and will continue to refine its value creation story and approach to governance. Going forward, the Company will review the operation and structure of the Board of Directors as necessary while working to enhance corporate value over the medium to long term.

Corporate governance

Nomination and Compensation Committees

On February 13, 2026, the Company established the Nomination Committee and Compensation Committee as voluntary advisory bodies to the Board of Directors.

Both committees are chaired by an independent external director, and independent external directors constitute a majority of the members of each committee. This structure is intended to enhance the fairness, transparency, and objectivity of procedures for director nominations, compensation, and related matters and to further strengthen corporate governance.

The Nomination Committee and Compensation Committee have begun deliberating the approach to officer nomination and compensation from the perspective of creating corporate value over the medium to long term.

In fiscal 2026, the committees' first year of operation, they are defining the basic approaches and key issues concerning nomination and compensation in preparation for the full-scale design and implementation of the relevant systems.

The Compensation Committee, drawing also on the insights of external directors, invited an external expert to share examples of compensation levels and structures at other companies, and exchanged views on the appropriate approach to compensation at the Company. Discussions are currently underway on the direction of a compensation structure that appropriately reflects not only short-term performance but also medium-term value creation and progress in executing strategies.

The Nomination Committee recognizes succession planning for the President and Representative Director as an important corporate governance issue and is establishing a basic framework and review process for the succession plan from the perspective of securing and developing management personnel capable of supporting the sustainable improvement of corporate value.

By continuing to deepen these discussions, the Company will further enhance the effectiveness of governance from both the nomination and compensation perspectives and work to improve corporate value over the medium to long term.

	Composition	Discussion topics
Nomination Committee	**Committee Chairperson:** Mariko Bando (External Director) **Committee members:** Shiro Nitanai (External Director), Yasuyuki Kawasaki (External Director), Toshie Tanaka (External Director), Koji Minato (President and Representative Director), Yoshihito Yamamura (Director in charge of Human Resources)	(1) Matters concerning proposals for the appointment and dismissal of directors (2) Matters concerning criteria for the appointment and dismissal of directors (3) Matters concerning the selection and removal of representative directors and directors with special titles (4) Matters concerning the successor to the President and Representative Director, including successor development (5) Other important matters concerning the nomination of directors that the Board of Directors deems necessary
Compensation Committee	**Committee Chairperson:** Mariko Bando (External Director) **Committee members:** Shiro Nitanai (External Director), Yasuyuki Kawasaki (External Director), Toshie Tanaka (External Director), Yoshihito Yamamura (Director in charge of Human Resources)	(1) Compensation structure for directors (Matters concerning fixed compensation, variable compensation, and non-monetary compensation in the form of shares) (2) Matters concerning the evaluation of directors and the specific amount of compensation for each director under the compensation structure (3) Matters concerning compensation limits for directors and other matters relating to director compensation to be determined by resolution of the General Meeting of Shareholders (4) Other important matters concerning director compensation that the Board of Directors deems necessary

Corporate governance

Director compensation

The Board of Directors determines both the policy for determining director compensation and the compensation paid to directors. Regarding individual compensation for the fiscal year, the Board of Directors confirmed that both the determination process and the resulting compensation were consistent with the policy and concluded that the individual compensation had been determined in accordance with it.

Compensation for directors other than external directors consists of (1) fixed compensation, (2) performance-linked variable compensation, and (3) restricted stock compensation (non-monetary compensation). The proportions of these components are determined by the Representative Director. (1) Fixed compensation is paid monthly as monetary compensation in accordance with the position-based monthly compensation table approved by the Board of Directors after verifying the appropriateness of compensation levels. (2) Variable compensation is intended to contribute to improved corporate performance. It is calculated by linking position-based monetary compensation to consolidated operating income for the fiscal year, which reflects the results of the Company's overall management activities, with adjustments for individual performance. Payment is made after the fiscal year-end. Consolidated operating income for the fiscal year is as presented in the consolidated statement of income. Individual performance is assessed using business-specific and function-specific performance indicators established for each director's area of responsibility. (3) Restricted stock compensation takes the form of position-based stock compensation granted annually from the start of the medium-term management plan, with the aim of promoting the sustainable enhancement of corporate value and sharing value with shareholders. To provide an incentive to achieve medium-term performance, restricted stock compensation is granted on the condition that the director remains in office. Compensation for external directors consists of fixed compensation and restricted stock compensation. Compensation for each Audit & Supervisory Board member is determined through consultation among the members, after considering the nature of their duties, experience, the Company's circumstances, and other factors, within the total compensation limit approved at the General Meeting of Shareholders.

Compensation amount of directors and Audit & Supervisory Board members in FY2025

Classification	Total compensation, etc. (millions of yen)	Total compensation, etc., by type (millions of yen)			Number of eligible directors and Audit & Supervisory Board members
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (of which, external directors)	497 (38)	155 (35)	243 (—)	97 (3)	11 (5)
Audit & supervisory board members (of which, external audit & supervisory board members)	55 (16)	44 (14)	— (—)	11 (1)	4 (2)
Total	553	199	243	109	15

Sustainability governance

Sustainability-related matters, including responses to climate change and human rights, fall under the responsibility of the Corporate Planning Unit, which oversees the Company's Corporate Planning Functions. Activities in this area are deliberated and reported as needed at the Managing Directors Meeting, and a framework has been put in place under which they are subject to supervision by the Board of Directors.

Formed in 2024, the Sustainability Advisory Board comprises two external directors and one director, and meets once every six months as a rule to engage in dialogue on Itoki's approach to sustainability and receive candid recommendations from an independent standpoint.



Development of management personnel

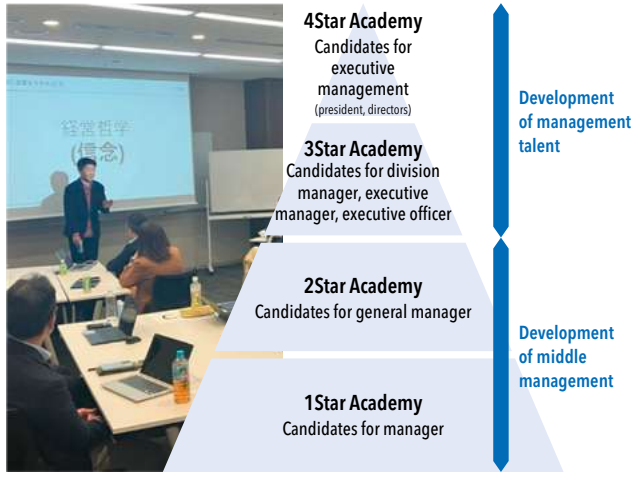
The Company positions the development of management personnel as an important corporate governance priority.

Individuals identified as next-generation management candidates enhance the knowledge and perspectives necessary for sustainable management through internal and external training while gaining practical experience as executives responsible for their respective businesses.

Through these experiences, the candidates hone their management judgment and leadership skills while progressively strengthening their ability to act on management issues. The results of these efforts are presented to the Board of Directors in the form of reports on business execution.

This enables the Nomination Committee, a majority of whose members are independent external directors, to gain an understanding of the candidates' profiles and development process at Board of Directors meetings.

Through this process of demonstrating their capabilities, the Company is steadily extending its hands-on development of management personnel to the next generation.



* ▶ Next-generation development (succession plan): P47

Corporate governance

Plan for training successors to the president

Systematic implementation of a "program for producing 'the next president'," which will lead transformation and actualize sustainable growth.

Short term –4– 54-58 years old

- Managing Executive Officer Executive Manager of Sales Division
- Managing Executive Officer Executive Manager of Facilities Equipment Business Division
- Managing Executive Officer Executive Manager of Solution Business Development Division
- Executive Officer Deputy Executive Manager of Production Division

-FY25

Appointment as business managers

- Manager of each business division
- Presidents of group companies
- Outside directors from other companies

FY26

Participation in business administration

- External training of executives
- Formulation of the next medium-term management plan
- To exert a presence in the nomination committee
- Promotion to an important project leader

Medium/long term –16– 45-52 years old

- Executive Officer Executive Manager of Corporate Governance Division
- Executive Officer Deputy Executive Manager of Sales Division
- Executive Officer Executive Manager of Work Style Design Division
- Executive Officer Executive Manager of Corporate Communication Division
- Executive Officer Deputy Executive Manager of Engineering Division
- Executive Officer Dalton Corporation
- Human Resources & Administration Division
- Human Resources & Administration Division
- Sales Division
- Sales Division
- Sales Division
- Solution Business Development Division
- Facilities Equipment Business Division
- Facilities Equipment Business Division
- Corporate Planning Division
- Production Division

-FY25

Development of necessary skills for serving as an employer

- External training for acquiring management knowledge and skills
- Due diligence competition for new business
- Lecture for employers inside and outside the company
- Participation in the management council as an observer
- 360-degree evaluation

FY26

Tough assignment

- Appointment of 6 executive officers
- Promotion to a position just under the president and an important project leader
- Appointment of directors of group companies
- Project for future prediction

Corporate governance

Group governance

At Itoki, establishing and strengthening governance structures at each Group company is positioned as a key management issue for achieving sustainable value creation as a unified Group. To advance Group-wide management, the Company has built a support system centered on its Corporate Functions of Tokyo HQ, promoting optimization of Group-wide management and strengthening of risk management systems.

Key initiatives for strengthening Group governance

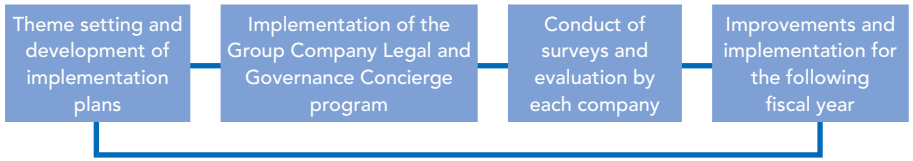
- Improvement of the Group Company Legal and Governance Concierge program
- Optimization of compliance committees of Group companies
- Enhancement of risk management and occupational health and safety management systems

Specific examples of governance enhancement initiatives

Since 2011, the Company has continuously conducted the "Group Company Legal Concierge" program as a legal training framework for Group companies, targeting executives and operational staff. This program has supported the provision of information on legal revisions and the development of internal rules. Beginning in 2024, the program evolved into the "Group Company Legal and Governance Concierge," expanding beyond legal matters to cover a broader range of governance-related topics, with the aim of further embedding governance across Group companies.

Examples of themes

- Training on the Construction Business Act
- Training on business and human rights
- Compliance and information security training
- Training on environment and ISO 14001 compliance



We implement the PDCA cycle in our activities to strengthen Group governance.

These ongoing initiatives have further heightened governance awareness at each Group company, enabling them to independently plan and implement their own governance enhancement measures tailored to their respective business characteristics.

Policy regarding cross-shareholdings

Itoki has a basic policy of engaging in a cross-shareholding only when it is judged that it will contribute to Itoki Group's economic growth and increased corporate value over the medium and long term from the viewpoint of maintaining and strengthening the relationship with our business partners. Every year, the Board of Directors verifies whether it is reasonable to continue holding each cross-shareholding, in other words, whether the benefit is worth the capital cost. If any cross-shareholding is judged unreasonable, we will proceed with the selling of those shares in question. There were four such cases in fiscal 2025. As to the exercise of voting rights concerning cross-shareholdings, we will not unconditionally accept the proposals from the companies that we hold the shares of. Our policy is to exercise voting rights based on individual judgements whether such exercise will contribute to the increase in the corporate value of the Company.

Number of cross-shareholdings and value on the Balance Sheet (as of December 31, 2025)

	Number of cross-shareholdings	Total value on the Balance Sheet (millions of yen)
Unlisted shares	23	308
Shares other than unlisted shares	17	3,187

Number of cross-shareholdings sold and weighting as a percentage of consolidated net assets

	2020	2021	2022	2023	2024	2025
Number of cross-shareholdings sold	12	14	3	5	2	4
Percentage of consolidated net assets	3.9	4.1	3.5	3.8	5.4	5.6

Takeover defense measures

Itoki introduced takeover defense measures in 2008, and most recently, their continuation through 2026 was approved at the Ordinary General Meeting of Shareholders in 2023. However, the Company determined that steadily advancing initiatives under the medium-term management plan, achieving stable and sustainable growth, and further strengthening the corporate governance system would contribute more effectively to enhancing corporate value and securing the shared interests of shareholders. Accordingly, at the Board of Directors meeting in February 2025, a decision was made to abolish the measures before their expiration. Going forward, the Company will continue to pursue management focused on long-term value creation while enhancing reliability and transparency as a corporation.

Board of Directors

The information on the number of shares owned and attendance at board meetings is as of December 31, 2025.

Directors

Koji Minato

President and Representative Director



Sep. 2021 Joined ITOKI CORPORATION; Senior Advisor
Mar. 2022 President of the Company (current)

Number of shares held 117,752
Board meeting attendance 16/17 meetings

Yoshihito Yamamura

Representative Director and Executive Vice President (Executive Manager of HR and General Affairs Division)



Nov. 1990 Joined the former ITOKI Co.,Ltd. ("former ITOKI")
Mar. 2026 Executive Vice President and Executive Manager of HR and General Affairs Division of the Company (current)

Number of shares held 40,878
Board meeting attendance All 13 meetings

Yumi Tanaka

Director and Managing Executive Officer (Executive Manager of Finance Division)



Feb. 2025 Joined ITOKI CORPORATION; Managing Executive Officer and Executive Manager of Corporate Administration Division
Mar. 2026 Managing Executive Officer and Executive Manager of Corporate Administration Division of the Company
Oct. 2026 Managing Executive Officer and Executive Manager of Finance Division of the Company (current)

Number of shares held 8,600
Board meeting attendance –

Soichiro Higuchi

Director and Executive Officer (Executive Manager of Corporate Governance Division)



Aug. 2023 Joined ITOKI CORPORATION ; General Manager of Risk Management Department, Corporate Administration Division
Mar. 2026 Director, Executive Officer Executive Manager of Corporate Governance Division of the Company (current)

Number of shares held 1,390
Board meeting attendance –

Shiro Nitanai

External Director



May 2019 Representative, Facility Design Lab (current)
Mar. 2020 External Director of the Company (current)

Number of shares held 1,390
Board meeting attendance All 17 meetings

Mariko Bando

External Director



Jul. 2016 Chancellor (Socho), Showa Women's University (current)
Mar. 2023 External Director of the Company (current)

Number of shares held 5,924
Board meeting attendance All 17 meetings

Yasuyuki Kawasaki

External Director



Apr. 2021 Representative Director and Chairman, SMBC Nikko Securities Inc.
Mar. 2025 External Director of the Company (current)

Number of shares held 0
Board meeting attendance All 13 meetings

Toshie Tanaka

External Director



Aug. 2023 Deputy Superintendent General, Tokyo Metropolitan Police Department
Mar. 2025 External Director of the Company (current)

Number of shares held 335
Board meeting attendance All 13 meetings

Audit & Supervisory Board members

Eiji Funahara

Full-Time Audit & Supervisory Board member



Apr. 1982 Joined Itoki Machine Works Co., Ltd. (now ITOKI CORPORATION)
Mar. 2024 Full-time Audit & Supervisory Board Member of the Company (current)

Number of shares held 36,968
Board meeting attendance All 17 meetings

Yoshiaki Moriya

Full-Time Audit & Supervisory Board member



Jan. 2011 Joined ITOKI CORPORATION; Executive Officer and Deputy Executive Manager, Corporate Administration Division
Mar. 2025 Full-time Audit & Supervisory Board Member of the Company (current)

Number of shares held 47,267
Board meeting attendance All 17 meetings

Osamu Ishihara

External Audit & Supervisory Board member



Apr. 1997 Partner, TMI Associates (current)
Mar. 2023 Audit & Supervisory Board member of the Company (current)

Number of shares held 2,368
Board meeting attendance All 17 meetings

Hisashi Shirahata

External Audit & Supervisory Board member



Sep. 2006 Representative Partner (Daihyo-Shain) of PwC Arata (currently Pricewaterhouse Coopers Arata LLC)
Mar. 2023 Audit & Supervisory Board member of the Company (current)

Number of shares held 2,844
Board meeting attendance All 17 meetings

Yoshihito Yamamura, Yasuyuki Kawasaki, and Toshie Tanaka were newly appointed as directors at the 75th Ordinary General Meeting of Shareholders held on March 26, 2025. Therefore, their attendance figures reflect attendance at the Board of Directors meetings held after their appointment.

Risk management

Basic approach

Itoki Group has established countermeasures for various risks that may arise in all of its business activities, and is working on risk management to minimize damage and loss in the event of an incident and prevent recurrence, while appropriately managing risks by reducing their frequency and impact.

Risk management system

Based on the Itoki Group Risk Management Basic Rules, we have established a Risk Management Committee chaired by the president to ensure the effectiveness of risk management.

The Risk Management Committee establishes risk management policies, conducts risk assessments and considers countermeasures, and, for individual incidents that occur, investigates them and decides on company-wide countermeasures. Progress of the Risk Management Committee's efforts is reported to the Board of Directors, providing oversight by management, including outside directors and Audit and Supervisory Board members.

We have also placed greater importance on compliance, and as of 2026, we have changed the Compliance Committee from an organization under the Risk Management Committee to an organization directly under the Board of Directors.

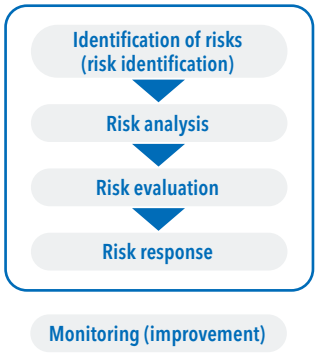


Risk management and response

We have developed countermeasures on the assumption of various potential risks across all business activities with the aim of reducing their likelihood and impacts through proper management. In the event that a risk does emerge, we focus on minimizing damage and preventing recurrence through risk management practices.

We identify risks, including potential risks, by considering various factors and categorize them based on their frequency of occurrence and the degree of impact, each risk on a four-point scale. These are then multiplied to yield a score for evaluation. Based on this risk assessment, we select those with the highest scores (20 points or more) as key risks to be addressed by the Risk Management Committee, thereby enhancing the effectiveness of measures for each risk.

We have also established a system to implement, manage, and report on autonomous risk management activities at the operational level, including within Itoki Group companies, and we are continuously working to improve and strengthen risk management across the entire Itoki Group by conducting training for management, comprehensively identifying risks from both top-down and bottom-up perspectives, conducting regular interviews, and performing risk assessments that weight risks according to the severity of their potential impact.



Risk level is calculated by multiplying each risk's impact by its likelihood of occurrence.

Risk assessment score = (a) likelihood of occurrence × (b) impact

Likelihood of occurrence						
Max	(10)	10	20	30	40
Large	(5)	5	10	15	20
Medium	(3)	3	6	9	12
Small	(1)	1	2	3	4
		1	2	3	4
		Unlikely Approx. once in 20 years	Possible Approx. once in 10 years	Likely Approx. once in 3 years	Almost certain More than once a year
		Degree of influence			

Low risk | Medium risk | High risk

Personal information protection measures

We have established a framework for the protection of personal information and we have formulated a Personal Information Policy under which we endeavor to protect information that can be used to identify individuals, including the customers and business partners with whom we have dealings.

We have been certified under Japan's PrivacyMark system since 2009. To further enhance stakeholder trust, we are working to enhance effectiveness by thoroughly implementing and continuously improving information security and personal information protection management, including education and awareness for employees.

Initiatives for Business Continuity (BCP)

We have revamped our organizational structure and relevant manuals in order to realize BCP covering all hazards including earthquake disasters, and on October 20, 2025, we conducted a joint training exercise involving multiple locations, simulating widespread damage caused by a Nankai Trough earthquake.

We are working to strengthen our business continuity capabilities by verifying their effectiveness and making improvements under more realistic disaster scenarios.

Compliance

Basic approach

At the Itoki Group, compliance is regarded not only as observing laws, regulations and internal rules but also as the most important element for ensuring fair business operations. Under one of Itoki's corporate philosophies, namely "Adhere to correct business ethics and never fail to be diligent and hard working," we have established a compliance promotion system and are actively working to raise compliance awareness among all directors and employees of the Group.

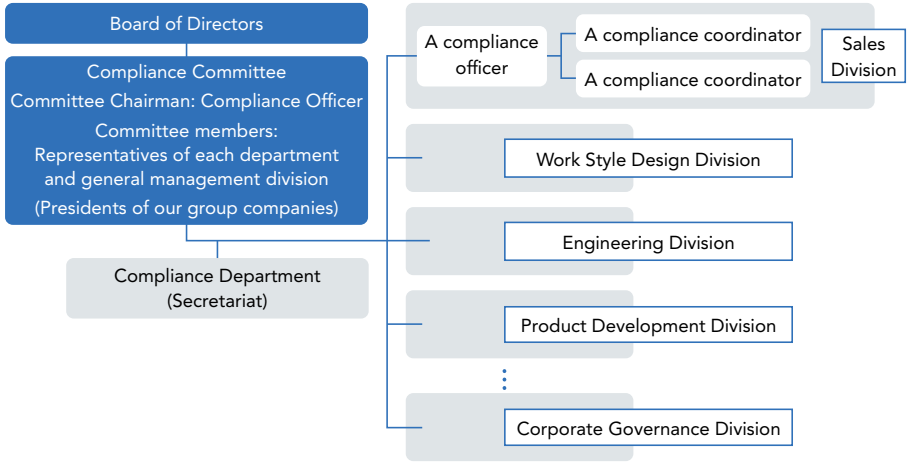
Compliance promotion system

Group-wide framework

The Itoki Group has in place the Compliance Committee as the highest authority responsible for promoting compliance. The committee met three times in fiscal 2025 to plan and formulate group-wide measures. Specific measures are implemented and guidance is provided on the implementation by compliance officers and compliance coordinators, thereby promoting compliance activities in a group-wide manner.

In April 2026, the compliance officers and compliance coordinators were switched from a region-based system to an organizational-based system to make the communication of intent through the chain of command more effective and to promote greater compliance.

Compliance promotion system chart



Initiatives to Strengthen Compliance

Establishment of Various Guidelines

Based on the Guidelines on Price Negotiations for the Appropriate Transfer of Labor Costs announced by the Japan Fair Trade Commission on November 29, 2023, and under the spirit of Itoki's corporate philosophy to adhere to correct business ethics, the Itoki Group has established the following five items as guidelines to steadily promote the appropriate transfer of labor costs as an ordering party:

1. We will remain conscious of ensuring the appropriateness of transaction prices with contractors.
2. We will respect publicly available materials presented as grounds for prices.
3. We will set up regular opportunities to discuss the transfer of labor costs with contractors.
4. If requested to transfer labor costs, we will respond in good faith to discussions and will not treat contractors unfavorably on the grounds that such a request was made.
5. We will appropriately prepare records of price negotiations and share them with contractors.

In addition, to ensure thorough logistics compliance, we have established the Action Guidelines on Compliance with the Antimonopoly Act and Other Laws Related to Logistics. Based on these guidelines, we are steadily promoting compliance-related initiatives.

Compliance Meetings with Overseas Group Companies

To raise compliance awareness at overseas Group companies, we have been holding regular compliance meetings with Tarkus Interiors Pte Ltd, a major Group company in Singapore. Starting in 2026, we also began holding compliance meetings with our Chinese subsidiary, ITOKI China Holding Co., Ltd.

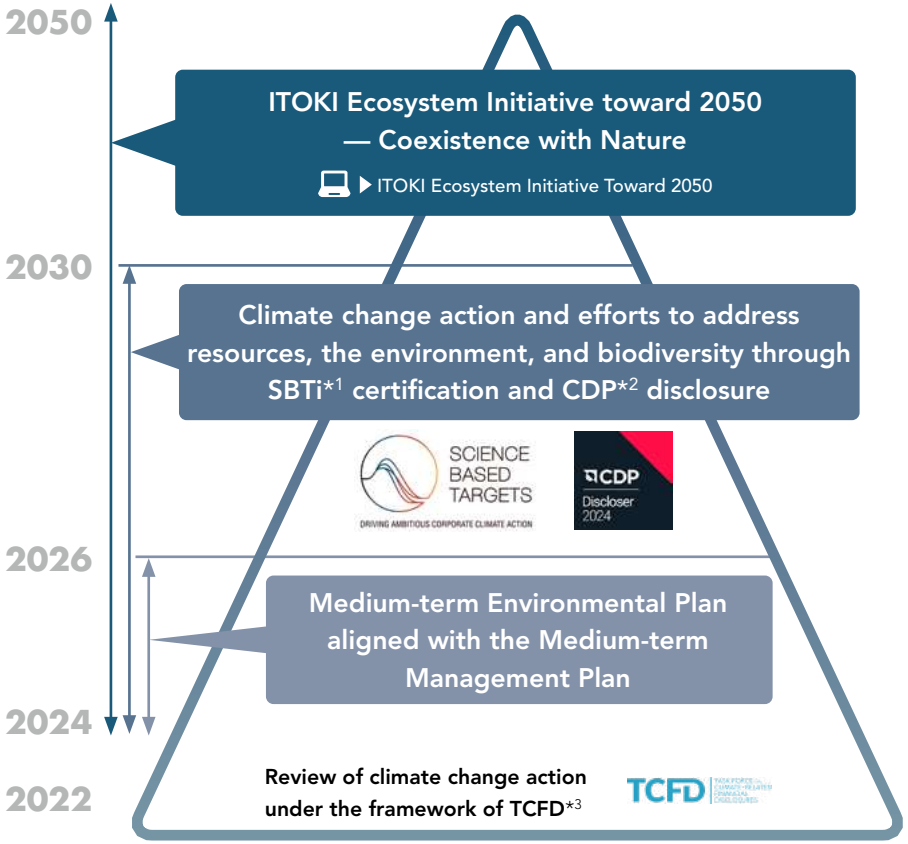
Strengthening Harassment Prevention

As a company whose motto is "We Design Tomorrow. We Design WORK-Style," Itoki is working to create a workplace environment where everyone can work with more energy and enthusiasm and to prevent harassment before it occurs. In 2025 we conducted in-person sexual harassment training sessions for all managers. In addition, information is continuously shared through the intranet and other channels to raise awareness of harassment prevention throughout the Company.

Environmental initiatives

Basic approach

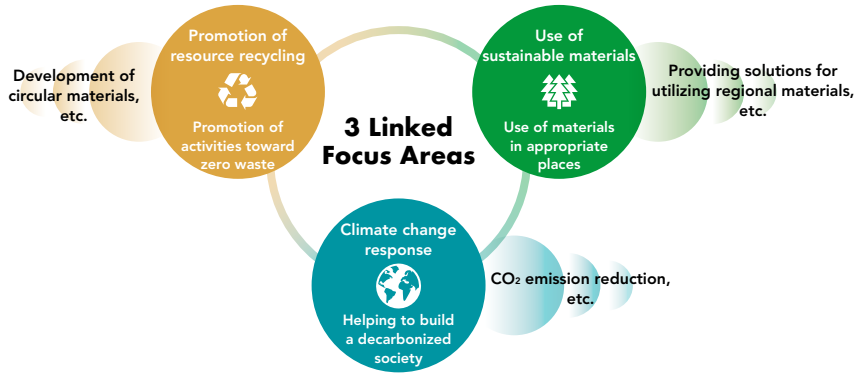
Guided by the ITOKI Ecosystem Initiative toward 2050 – Coexistence with Nature, the Itoki Group aims to help create a society with zero negative impact on ecosystems by 2050. As part of our efforts to fight climate change, we continue to revise our disclosure and management systems based on the SSBJ Standards in light of increasingly sophisticated requirements in recent years as we work towards achieving our 2030 targets. We are also working on meeting our SBTi certification greenhouse gas reduction targets. At the same time, we are promoting measures with the aim of achieving our resource recycling and biodiversity 2030 targets by way of disclosure through the CDP, and we are holistically managing and monitoring annual progress based on our Medium-term Environmental Plan.



*1 SBTi (Science Based Targets initiative): An international framework that helps companies set science-based greenhouse gas reduction targets.
*2 CDP: An international non-profit organization that discloses and evaluates environmental information of companies and municipalities.
*3 TCFD (Task Force on Climate-related Financial Disclosure): An international framework that encourages companies to disclose how risks and opportunities from climate change affect their business. However, the TCFD has completed its role, and we are currently transitioning to the ISSB Standards based on its recommendations.

ITOKI Ecosystem Initiative toward 2050
— Coexistence with Nature

Contributing to realize a society with zero negative impact on ecosystems



Itoki Group's Medium-term Environmental Plan 2026 (Target items)

Classification	Target items	2022 results	Metrics	Targets for the Medium-term Environmental Plan 2024	2025	2026	2030 targets
Climate change	CO2 emission reduction (Scope 1)	6,081.2 (t-CO_2)	Compared to 2022 (%)	**-10.7**	**-16.0**	**-21.3**	-42.7
	CO2 emission reduction (Scope 2)	8,397.2 (t-CO_2)	Compared to 2022 (%)	**-10.7**	**-16.0**	**-21.3**	-42.7
	CO2 emission reduction (Scope 3)	255,050.3 (t-CO_2)	Compared to 2022 (%)	**-6.3**	**-9.4**	**-12.5**	-25.0
	Reduction of total energy input	188,474.2 (GJ)	Compared to 2022 (%)	**-8.0**	**-15.4**	**-22.1**	–
Promotion of resource recycling	Reduction of waste emissions	6,003 (t)	Compared to 2022 (%)	**-6.0**	**-11.6**	**-16.9**	–
	Promotion of recycling	85.3 (%)	Recycling rate (%)	**85.0**	**85.0**	**85.0**	–
Biodiversity	Reduction of water withdrawal	97,510.0 (m^3)	Compared to 2022 (%)	**-9.0**	**-17.2**	**-24.6**	–

▶ Medium-term Environmental Plan

Climate-related Risks and Opportunities (TCFD)

Basic approach

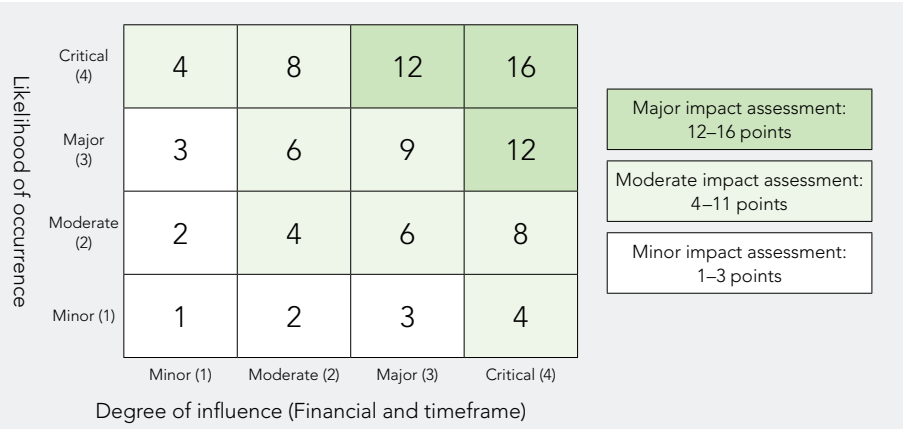
We view global warming as an urgent challenge for business. In response to recent climate trends and technological advances, we established our climate change response in 2021 and reviewed it in 2022 through internal discussions guided by the TCFD disclosure framework. The Itoki Group is committed to steadily advancing Climate change response throughout our supply chain.

Governance

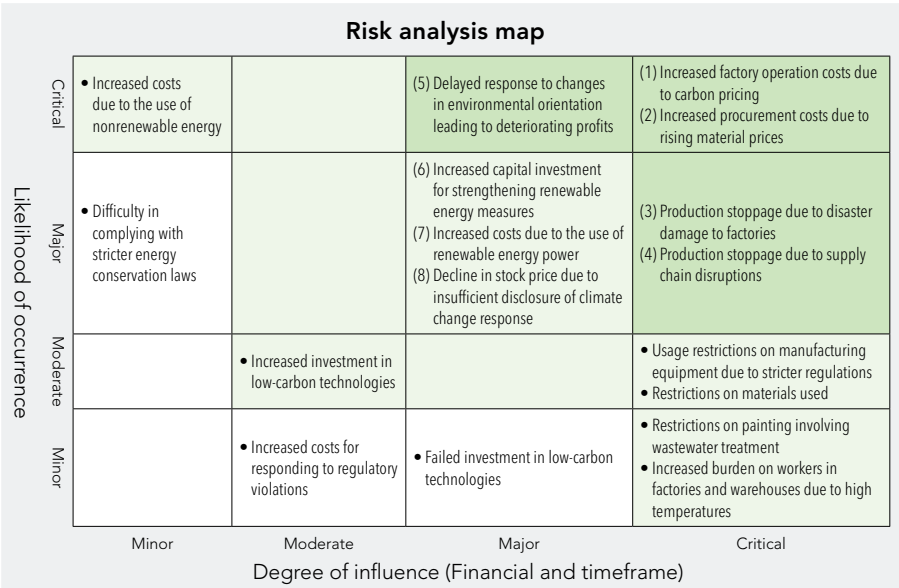
Policies and strategies related to climate change response are overseen by the Director and Managing Executive Officer and Executive Manager of the Corporate Planning Division. Within this framework, the Sustainability Promotion Section under the Corporate Planning Unit is responsible for formulating and managing initiatives. As appropriate, these are discussed and reported at the Managing Executive Officers' Meeting via the responsible officer, and supervised by the Board of Directors.

Risk management

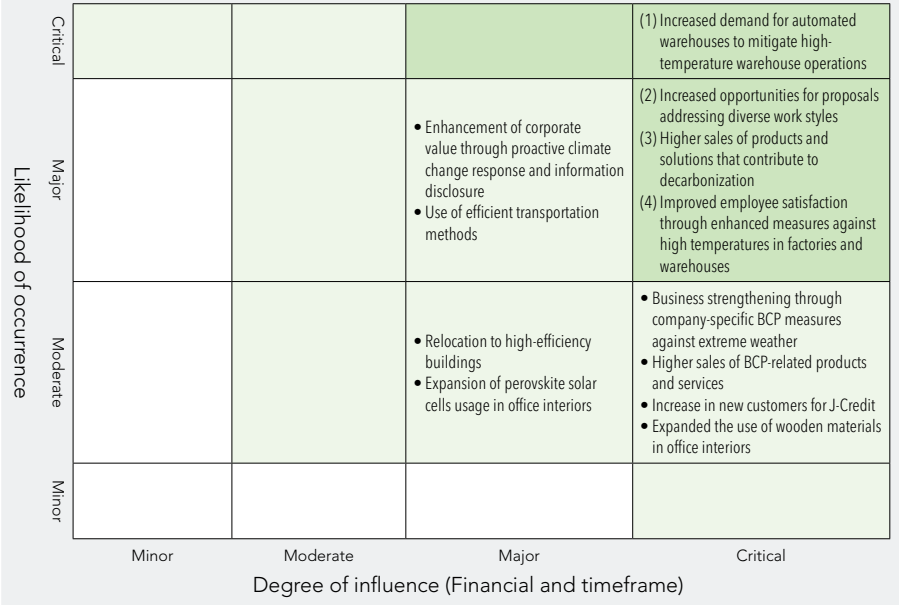
We identified and mapped climate change risks and opportunities following the TCFD recommendations. Impact assessments were categorized as major, moderate, or minor. Items evaluated as major were automatically recognized as risks or opportunities. Items that scored nine points within the moderate category were discussed among stakeholders and determined accordingly. The identified risks are shown in the risk analysis map (items (1) to (8)), and the identified opportunities are shown in the opportunity analysis map (items (1) to (4)).



Risk analysis map



Opportunity analysis map



Climate-related Risks and Opportunities (TCFD)

Strategy

For each identified risk and opportunity, we worked with external experts to develop counter measures in line with the TCFD recommendations, considering temperature scenarios, time frames, financial impact, and likelihood.

Risk countermeasures

Identified risks were categorized as transition risks or physical risks. Countermeasures for transition risks were developed under the 1.5°C scenario, while those for physical risks were considered under the 4°C scenario.

	Scenario	Item		Timeline	Risk (No. corresponds to the risk map)	Impact assessment	Expected financial impact	Countermeasures
Transition risks	1.5°C	Policies and regulations	**Introduction of carbon tax**	Medium term	(1) Increased factory operation costs due to carbon pricing (2) Increased procurement costs due to rising material prices	Major	500 million yen or more	• Execution of the CO_2 emission reduction roadmap • Continuous energy-saving activities • CO_2 emission reduction through collaboration with suppliers • Switching to low-carbon alternative raw materials
			Change in energy mix	Medium term	(6) Increased capital investment for strengthening renewable energy measures (7) Increased costs due to the use of renewable energy power	Moderate	10 million yen or more and less than 500 million yen	• Exploring renewable energy procurement methods proportional to usage • Expanding in-house energy generation facilities • Introducing on-site PPA
		Market	**Contraction of existing markets**	Medium to long term	(5) Delayed response to changes in environmental orientation leading to deteriorating profits	Major	10 million yen or more and less than 500 million yen	• Rapid and accurate understanding of market changes • Accurate information gathering on customer needs
		Assessment	**Reputation damage among investors, etc.**	Medium to long term	(8) Decline in stock price due to insufficient disclosure of climate change response	Moderate	1 million yen or more and less than 10 million yen	• Strengthening climate change countermeasures • Active disclosure of initiatives
Physical risks	4°C	Acute / chronic	**Increasingly frequent and severe natural disasters**	Short to long term	(3) Production stoppage due to disaster damage to factories (4) Production stoppage due to supply chain disruptions	Major	10 million yen or more and less than 500 million yen	• Regular review of BCP • Multiple sourcing of critical components • Requesting suppliers to implement risk countermeasures

Opportunity countermeasures

Opportunities identified in the opportunity analysis map were considered under both the 1.5°C and 4°C scenarios. As a result, countermeasures such as “strengthening the development of environmentally friendly products and workstyle solutions” and “strengthening product development and solution sales that support diverse work-styles” were formulated.

Scenario	Item		Timeline	Risk (No. corresponds to the risk map)	Impact assessment	Expected financial impact	Countermeasures
1.5°C	Products and services	**Behavioral changes to mitigate climate change**	Short term	(3) Higher sales of products and solutions that contribute to decarbonization	Major	10 million yen or more and less than 500 million yen	• Strengthening the development of environmentally friendly products and workstyle solutions
		Behavioral changes to adapt to climate change	Short to medium term	(2) Increased opportunities for proposals addressing diverse work styles	Major	500 million yen or more	• Strengthening product development and solution sales that support diverse workstyles
4°C	Products and services	**Avoiding work in overheated warehouses**	Short to long term	(1) Increased demand for automated warehouses to mitigate high-temperature warehouse operations	Major	500 million yen or more	• Increasing the appeal of products such as automated warehouses
	Resilience	**Improving overheated work environments**	Short to long term	(4) Improved employee satisfaction through enhanced measures against high temperatures in factories and warehouses	Major	500 million yen or more	• Improving labor conditions in production and delivery sites

* The timeframes are defined as short term: 0 to 1 year, medium term: 1 to 3 years, and long term: 3 to 10 years.
* Impact assessments represent the scores from the risk and opportunity analysis maps.

Metrics and targets

As outlined in the Medium-term Environmental Plan 2026 (target items) on p.63, we have established metrics for five key areas: CO_2 emission reduction, reducing total energy input, reducing waste volume, promoting recycling, and reducing water withdrawal.

▶ Metrics and targets

Greenhouse gas reductions

Basic approach

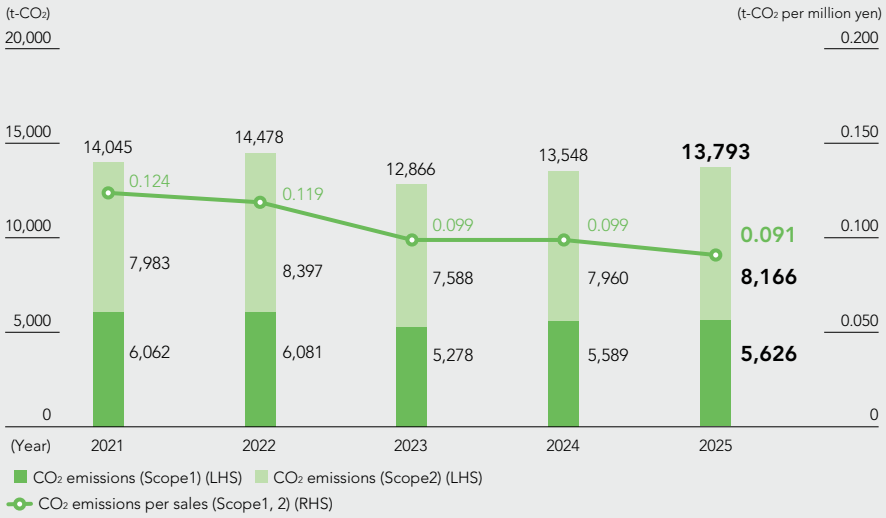
The Itoki Group is committed to reducing greenhouse gas (GHG) emissions in Scope 1, 2, and 3 as part of our efforts to combat global warming. Our reduction targets are scientifically based and certified by the SBTi, and to achieve these targets, we are working to reduce GHG emissions across the entire value chain through energy conservation, the introduction of renewable energy, and stronger collaboration with suppliers.

Goals and achievements

Scope 1 and 2 results

For Scope 1 and 2, we targeted a 16.0% reduction compared to fiscal 2022, but the results for fiscal 2025 showed only a 7.5% reduction in Scope 1 and a 2.7% reduction in Scope 2, which were well short of our targets. On the other hand, emissions per unit of sales improved from 0.119 to 0.091 t-CO_2 per million yen. The main reason why we missed our targets was the increased operation of equipment due to higher production volume.

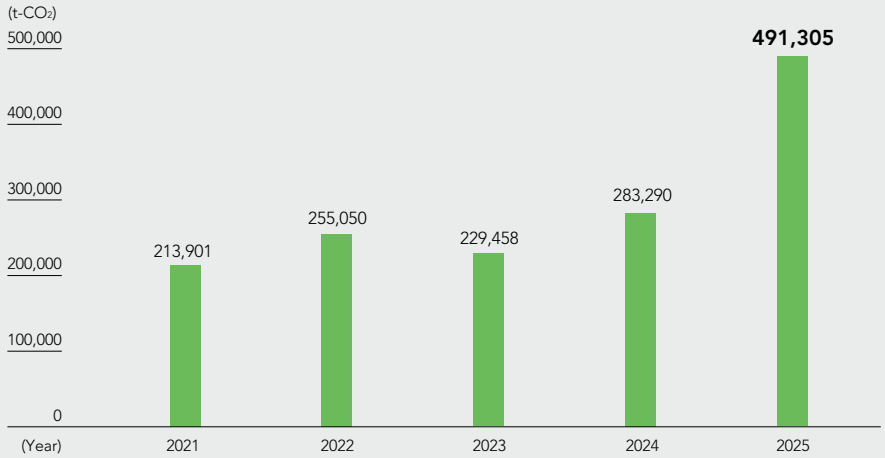
CO_2 emissions and CO_2 emissions per sales (Scope1,2)



Scope 3 results

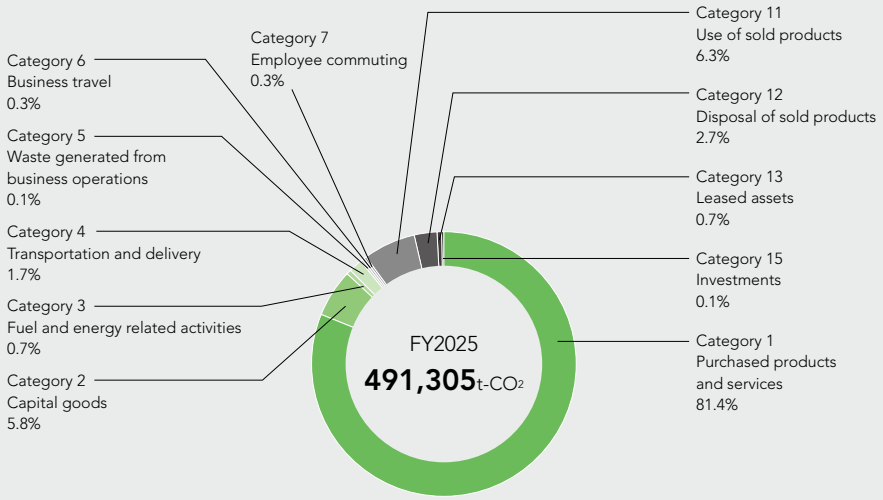
For Scope 3, we targeted a 9.4% reduction compared to fiscal 2022, but in fiscal 2025, emissions increased by 92.6% compared to the base year, falling short of the target. Also, emissions per unit of sales also increased from 2.104 t-CO_2 per million yen to 3.246 t-CO_2 per million yen. The main factors for this were the expanded scope of data collection due to an accounting system upgrade, as well as the increased procurement of materials accompanying the rise in production volume.

CO_2 emissions (Scope3)



Greenhouse gas reductions

Percentage of Scope 3 emissions by category



Percentage of Scope 3 emissions by category

Under our GHG reduction targets, about 90% of the total required reduction comes from Scope 3, making this area a key focus. In fiscal 2025, Category 1 'Purchased products and services' accounted for the largest share of Scope 3 emissions, representing 81.4% of the total.

With this emissions profile in mind, we have designated Category 1 as a priority for achieving our SBTi-certified Scope 3 target for fiscal 2030. We will work with major suppliers to visualize and reduce emissions, and drive greenhouse gas reductions across the entire value chain.

Topics

Expansion of solar power generation equipment at the Kanto No. 1 Factory

We expanded the solar power generation equipment at the Kanto No. 1 Factory in 2025 in preparation for operations coming online in fiscal 2026. The power generation capacity is 411.9 kW, and the expected annual power generation is 490 MWh, with an anticipated annual CO_2 emissions reduction of approximately 204 t-CO_2. This reduction corresponds to approximately 5.7% of the required Scope 2 reduction of 3,600 t-CO_2 by fiscal 2030. Scope 2 emissions as of fiscal 2025 need to be reduced further if we are to achieve our target. Going forward, we will consider measures for additional reduction to achieve it, taking into account feasibility and cost-effectiveness.



Chiba Manufacturing Department's solar panels

Challenges and measures

We have thus far pressed ahead with CO_2 emissions reduction measures such as energy conservation through process reviews, the adoption of solar power generation via on-site PPAs, and switching to renewable energy power. However, the current measures alone have not generated sufficient reduction effects against the increase in emissions due to business growth. Going forward, we will drastically review our production equipment and strengthen collaboration with suppliers to reduce emissions across the entire value chain.

Water resources and chemical substance management

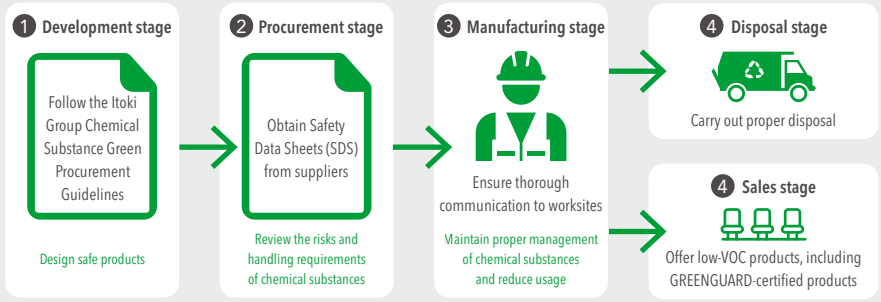
Basic approach

Many Itoki Group production sites are located in Class A river basins, placing on us a responsibility to use these abundant, biodiversity-supporting water resources effectively. We work to protect them through water conservation and upgrading wastewater treatment facilities to maintain water quality. We have also established guidelines for proper chemical substance management and design safe products that comply with both domestic and international regulations.

Chemical substance management based on guidelines

We previously managed chemical substances in compliance with Japanese domestic laws only. With the global expansion of our products, we established the Itoki and Itoki Group Green Procurement Guidelines for Chemical Substances, which also address overseas regulations, ensuring comprehensive management throughout the product life cycle.

Itoki Group Chemical Substance Management



▶ Chemical substance data

Goals and achievements

	2022 Performance	2025	Compared with FY2022 (Target)	Compared with FY2022 (Result)
Water withdrawal	97,510m^3	110,345m^3	17.2% reduction	13.2% increase*

* The main reason for missing the target was increased production volume.

Topics

Advancement of water quality management with upgraded wastewater treatment facilities

At Kyoto Manufacturing Department, we switched to phosphorus-free wastewater treatment chemicals in 2022, thereby reducing the phosphorus content in wastewater by 97% compared to before. Moreover, in 2025, we upgraded the aging wastewater treatment facilities to achieve more stable operations and improve the monitoring of treatment by simplifying the equipment.

Since treated wastewater is discharged into rivers, we must operate the equipment while maintaining a high level of water quality management. Currently, some inspections are managed through regular manual checks, but going forward, we will reduce our dependence on personnel by advancing automation to enhance management sophistication and work to improve our response capabilities in the event of abnormalities.



Challenges and measures

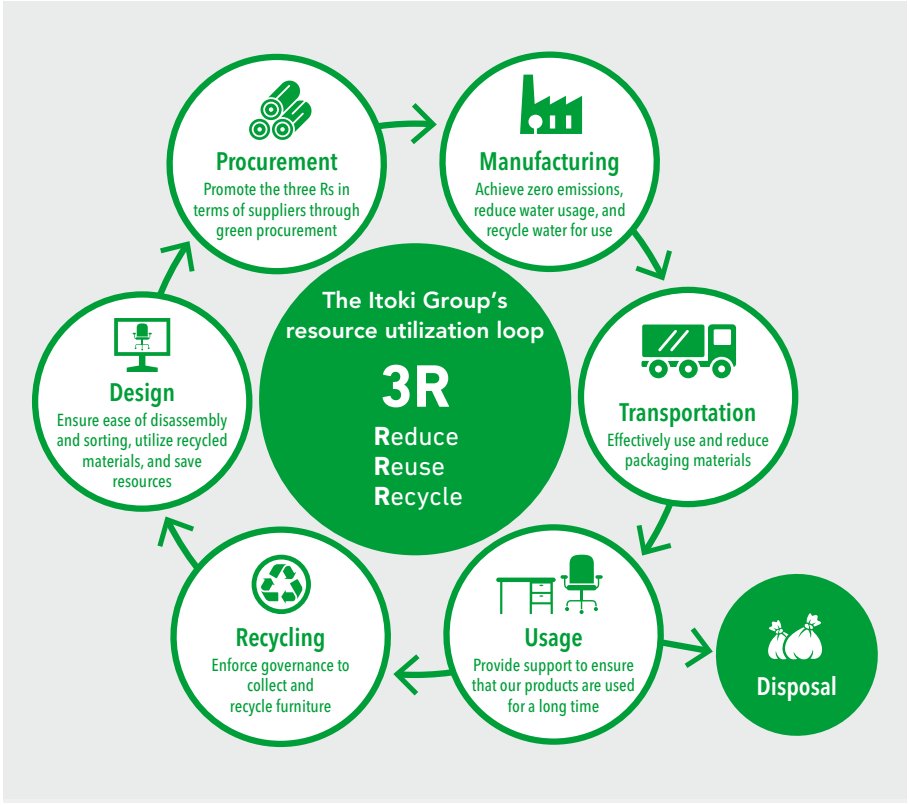
In addition to maintaining a high level of water quality management, further advancement of chemical substance management is a challenge. Based on the amendments to the PRTR Act (Act on the Assessment Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement) and the Act on Waste Management and Public Cleaning (Ordinance for Enforcement of the Waste Management and Public Cleansing Act), we are advancing the development of waste data sheets (WDS) to properly manage and communicate chemical substance information contained in waste. We are also working to enhance information management in waste treatment and promote proper treatment.

Waste reduction

Basic approach

To realize a circular economy, the Itoki Group promotes 3R (reduce, reuse, recycle) initiatives throughout the entire product life cycle—from design, procurement, manufacturing, and use to recovery. Through initiatives related to the reuse of used office furniture and plastic recycling, we are advancing the sophistication of resource recycling and reduction of waste.

The Itoki Group's resource utilization loop



Goals and achievements

	2022 result	2025 result	Compared with FY2022 (Target)	Compared with FY2022 (Result)
Waste volume	6,003t	6,950t	-11.6%	+15.8%*

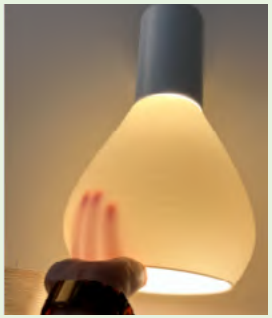
* The main factors for missing the target were the increase in business activity and more elaborate management of waste volume.

▶ Waste data

Topics

Advancement of plastic recycling in products

The Central Research Center believes that offices will become more flexible and change little-by-little going forward. We predict that products combining 3D printed mold and material recycling of resin will be necessary for such changing offices, which is why we are creating prototypes of next-generation office furniture. Recently, we came up with a resin blend that is significantly lighter than conventional materials and is material-recyclable, and we succeeded in outputting it with a 3D printer.



Prototype lampshade made with a 3D printer

Issues to address

The volume of waste generated in fiscal 2025 increased due to the rise in business activity volume and more elaborate waste volume management. In light of this situation, we see the following to be the key challenges: the visualization of waste with the expansion of electronic manifests; the reduction of waste through the promotion of recycling; and improvements in recycling rates owing to better sorting practices. By addressing these issues, we will enhance the effectiveness of waste reduction and leverage it to further promote a circular economy.

Biodiversity considerations and forest conservation

Basic approach

Forests produce timber resources and play various roles that support the global environment, such as nurturing rich ecosystems, supplying water resources, and preventing global warming through CO_2 fixation. As a company that manufactures products from timber, Itoki actively engages in social contribution activities for forest conservation and biodiversity promotion, as well as the development and supply of products utilizing domestically sourced timber.

Biodiversity policies

The Itoki Group promotes the conservation and sustainable use of biodiversity based on its Biodiversity Policy. We make every effort to reduce the impact of our business activities on the natural environment, and at the same time, we seek to implement initiatives aimed at coexisting with nature.

▶ Biodiversity policies

Topics 1

Harvesting reeds to help protect local ecosystems

Reeds grow naturally in Lake Biwa near the Itoki Shiga Factory and play an important role in controlling water quality and maintaining habitats for a wide range species. However, in recent years, the decline in their usage has made proper management a challenge, and continuous harvesting is considered essential for protecting local ecosystems. Amid this situation, with the cooperation of the NPO Maruyoshi, we organized a reed harvesting experience for employees at the Shiga Factory. The harvested reeds are utilized as materials for business cards, among other uses, and efforts are also being made to circulate them as local resources. Going forward, we will continue activities that contribute to ecosystem conservation around Lake Biwa and raise environmental awareness in collaboration with the local community.



Harvesting reeds



Paper manufacturing process using harvested reeds

Topics 2

Signing of agreement with MAFF for utilizing wood in buildings

To contribute to the circular use of forest resources and decarbonization, Itoki promotes the creation of sustainable spaces with the use of domestically sourced timber. On December 18, 2025, we signed an Agreement on the Promotion of Use of Wood in Buildings with the Ministry of Agriculture, Forestry and Fisheries (MAFF). We plan to increase the use of domestically sourced timber in the wood-based interior finishing of non-residential spaces from a cumulative 726 cubic meters over the past five years to a cumulative 3,250 cubic meters over the next five years through to the end of 2030. Furthermore, we have obtained approval to use the Japan Wood Label and Wood Carbon Label. By promoting the use of domestically sourced timber and visualizing the carbon fixation amount in wood, we aim to contribute to the recycling of forest resources while improving comfort and spatial value with wooden spaces.



Issues to address

To achieve the domestically sourced timber usage targets set out in the agreement we signed with the MAFF on the promotion of use of wood in buildings, developing products utilizing the characteristics of tree species, strengthening our proposal capabilities, and building a stable procurement system through collaboration with suppliers will be key. Also, to more appropriately evaluate and communicate the environmental value of timber use, we will work to enhance internal knowledge regarding the visualization of carbon fixation amounts.

Procuring sustainable timber

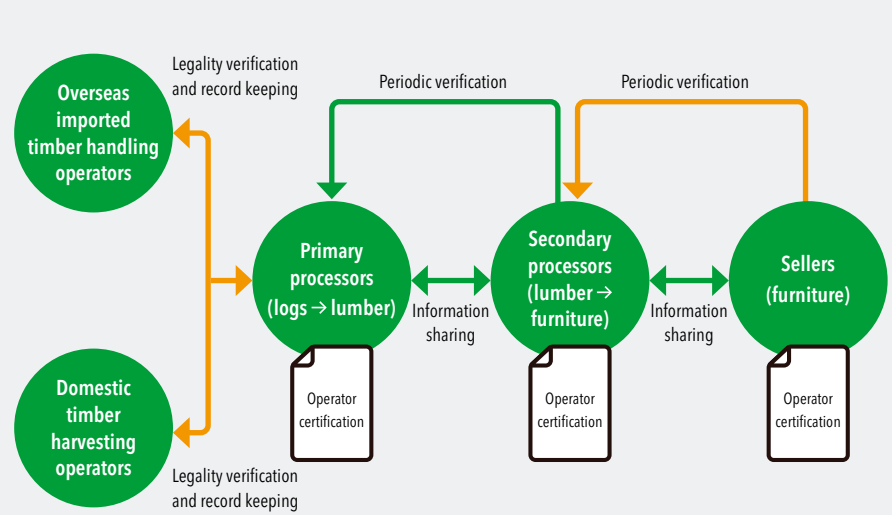
Basic approach

The Itoki Group uses wood in a wide range of products, from furniture to other items. As a company handling timber, we promote the sustainable procurement of timber taking into account social aspects, such as biodiversity conservation and the rejection of illegal timber.

Responsible Timber Procurement Policy

Itoki is positioned as a sales operator and primary processing operator of furniture within the timber supply chain and has obtained business operator certification for handling legal timber. To maintain our certification, we confirm whether a supplier has obtained certification by conducting legal compliance surveys, and if certification has not obtained, we verify procurement information in order to confirm the legality of timber through risk-based due diligence. In addition, by verifying legal compliance records, we have established a system with which we can trace timber back to upstream suppliers as needed, ensuring traceability and transparency throughout the supply chain.

Traceability in the timber supply chain



Ensuring traceability through certification

At Itoki, we have obtained CoC certification for the international forest certification systems FSC® and PEFC, enabling us to sell certified products. These products use timber derived from properly managed forests and controlled materials, ensuring traceability from raw material procurement through manufacturing to sales. Going forward, we will continue to utilize certification systems to promote timber procurement that considers biodiversity and the impact on local communities.

FSC
www.fsc.org
FSC® C107946

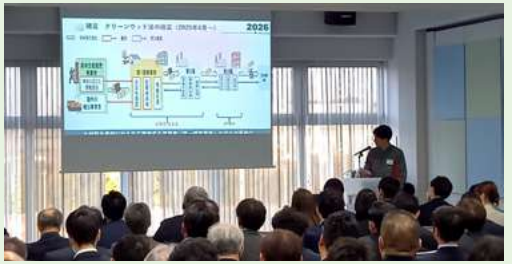
The mark of responsible forestry

PEFC
PEFC/31-31-168
持続可能な森林管理の促進
www.pefc.co.uk

Topics

Explaining legislative changes to suppliers

In light of the amendments to Japan's so-called Clean Wood Act, we explained the details of the legislative changes to suppliers at the Production Division's policy briefing meeting held at the beginning of the year. In addition, to ensure more reliable verification of legally compliant timber, we requested their cooperation on legal compliance surveys and shared the importance of responding appropriately across the entire supply chain. Going forward, we will continue to collaborate with suppliers to promote sustainable timber procurement.



Issues to address

A key challenge is to more reliably confirm the origin of timber throughout the entire supply chain. In addition to expanding the use of certified timber, we will work to improve the accuracy of confirming legal compliance for uncertified timber as well. Furthermore, through dialogue with suppliers, we will encourage the acquisition of certifications and the establishment of proper management systems, while also considering domestic and international regulatory trends, to enhance the effectiveness of sustainable timber procurement.

Creation of environmental value: Circular manufacturing

Basic approach

The Itoki Group consumes a lot of resources in its manufacturing, including plastic and wood. We conduct evaluations that include environmental considerations, starting from the product planning and design stage, and then in the procurement and manufacturing stage, we actively engage in environmentally friendly green procurement, thereby reducing environmental impact throughout the entire product lifecycle.

▶ Green procurement

Environmentally friendly standard — Eco Level

At Itoki, we have established our own Eco Level standard for environmentally friendly products to promote circular manufacturing. We use Eco Level as a guideline for product development and also as a communication tool to clearly convey environmental value to customers and sales representatives, leading to the widespread adoption of environmentally friendly products.

	Level 1	Level 2	Level Gold
Reducing greenhouse gas emissions		• **Track the CO2 emissions throughout the product lifecycle**	• Reduce greenhouse gas emissions across the entire product lifecycle
Using fewer resources and more recyclable materials	• Use recycled materials • Design products for easy disassembly and sorting • Use single-material construction		• Employ advanced materials and manufacturing techniques • Integrate cutting-edge recycling methods
Producing zero waste		• **Implement systems for long-term use through part replacements, etc.** • Minimize excessive packaging	• Adopt innovative reuse and repair practices • Provide disassembly instructions • Generate minimal waste during manufacturing
Emitting no hazardous substances	• **Reduce formaldehyde emissions** • Use safe paints and coating methods		• Decrease VOC emissions • Use certified timber, such as FSC
Reducing energy usage	• Cut energy usage throughout the product lifecycle		• Promote advanced local production for local consumption initiatives

• **Green text** indicates mandatory items for each level • Black text indicates optional items for each level (one of which must be satisfied)
• Level Gold meets the standards up to Level 2 and satisfies at least one additional item

▶ Itoki's guidelines for environmentally friendly products

Topics

Promoting recycling of resources

Urethane-free chair made with knitted fabric — Linea

Our Linea chair, released in December 2021, was certified with the highest "Level Gold" ranking under the Eco Level environmentally friendly product standard in June 2025. Linea achieves a design that takes sorting and resource circulation after product use into account by not using urethane materials, which are difficult to recycle, and limiting the main materials to steel and polyester. Aiming to balance environmental consideration and comfort, the integrated back and knitted fabric on the seat employs different knitting tensions for each area, achieving a seating comfort that fits the body.

Linea
— breakdown of materials

• Polypropylene	5g
• Urethane	0g
• Steel	5,147g
• Polyester	607g



Issues to address

To further promote circular manufacturing, limiting the generation of waste and improving resource recycling rates will be vital. Going forward, we will promote the shift to easily recyclable materials, long-life designs on the assumption that parts can be replaced, standardization of components, and product designs that facilitate sorting and recycling to achieve effective use of resources and increased circular use.

Creation of environmental value: Upcycling

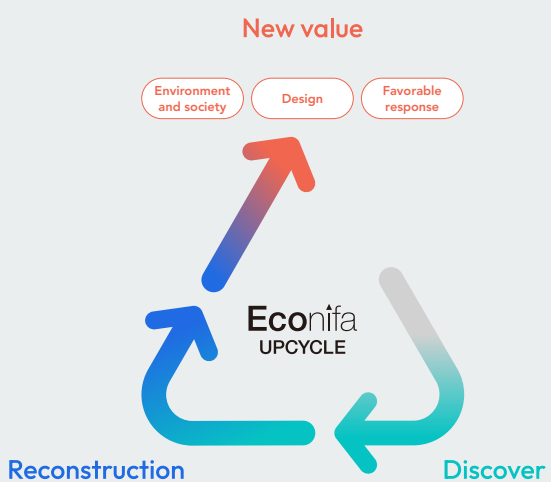
Basic approach

The Itoki Group aims to effectively utilize limited resources and balance waste reduction with the creation of new value. We promote upcycling initiatives that reuse used materials and unused resources to create new value through products and services. By promoting the circulation of resources, we can contribute to reducing environmental impact and realizing a sustainable society.

"Econifa UPCYCLE"

In June 2026, Itoki launched Econifa UPCYCLE, a sustainable design solution that utilizes unused resources from companies and communities. Amid growing interest in human capital management, companies are required to create spaces that resonate with employees and society. In response, we redefined our existing domestic timber utilization solution Econifa as Econifa WOOD and newly launched Econifa UPCYCLE, rebranding them collectively as Econifa. We are proposing the creation of sustainable spaces from two perspectives: the utilization of domestically sourced timber and the utilization of unused resource.

▶ Econifa website




Waste generated during the manufacturing process


Equipment used in stores
(the photo above shows a 7-Eleven store uniform)

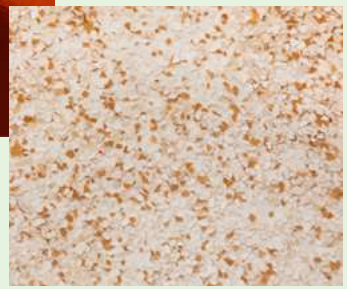

Unused natural resources

Topics

Creation of entrance spaces utilizing eggshells

The Kewpie Group uses approximately 250,000 tons (around 4.2 billion eggs) of chicken eggs annually, producing about 28,000 tons of eggshells each year during the manufacturing process. Itoki identified with the Kewpie Group's commitment to 100% eggshell recycling and therefore jointly developed furniture materials utilizing eggshells. In the entrance area of Kewpie's R&D and office complex, called Sengawa Kewport, furniture that utilizes the texture of eggshells has been installed to create a space where resource recycling efforts can be experienced. The selection of the tabletop design was the result of an employee vote, which enhanced the sense of participation among employees and also functions as a place that sparks dialogue with visitors.


Furniture upcycled from eggshells


Reflecting the presence of eggshells as a "visible design"

Issues to address

Expanding space proposals utilizing unused resources through co-creation with companies and communities will be a challenge. We will drive the creation of spaces that leverage stories behind materials, visualize the effects on workers' pride, attachment, and increased engagement, and connect this to the creation of environmental and social value.

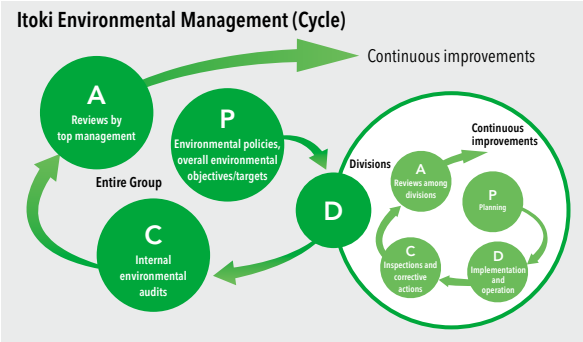
Environmental management

Basic approach

The Itoki Group operates an environmental management system (EMS) and continuously improves it under the Itoki Group Environmental Policy, which serves as a guideline for environmental activities, and concrete action guidelines, with the aim of protecting the global environment in all business areas.

Environmental management system

We drive group-wide environmental activities by linking the PDCA cycle of each division and Group company with that of the Itoki Group as a whole. Moreover, through internal audits and external reviews, we continually evaluate and improve activities across the organization.



Internal audits

Divisional audits verify whether environmental activities at each site meet EMS requirements. They also audit the implementation of the PDCA cycle at the divisional level through progress made towards targets, legal compliance, and other factors.

Company-wide audits examine the implementation of the company-wide PDCA cycle based on each site's performance achievement against company-wide targets, the implementation of management reviews, and other factors.

In addition, with the aim of ensuring the competence and enhancing the knowledge of internal auditors, we conduct tiered internal auditor training, including new employee training and skill improvement training.

Results of internal audits

	2023	2024	2025
Sites audited	38	25	27
Nonconformance	1	0	0
Room for improvement	65	45	32
Good Point	48	26	44

External reviews



In an external review conducted by a third party this fiscal year, there was one minor case of nonconformance, 23 improvement items, and 31 so-called "Good Points." All of the improvement items, including the minor item of nonconformance, have been corrected, leading to further improvement in environmental activities.

Results of external reviews

	2023	2024	2025
Sites audited	38	24	28
Nonconformance (serious)	0	0	0
Nonconformance (minor)	0	0	1
Room for improvement	82	15	23
Good Point	87	31	31

Sharing results of reviews

The results of internal audits and external reviews are shared within the Itoki Group and used for continuous improvement through corrective actions for nonconformities and improvement items, as well as measures to prevent recurrence.

In addition, of the Good Points identified during audits and reviews, we select cases that can be deployed to other sites and actively share and roll them out in a bid to standardize excellent initiatives and enhance company-wide performance.





Issues to address

Based on the ISO 14001 revision in April 2026, further analysis, evaluation, and consideration of responses to risks and opportunities will present a challenge. Also, through the development and securing of internal auditors, better training opportunities, and stronger cooperation throughout the organization, and between divisions, Itoki Group company environmental management officers, and secretariats, we will work on operating an effective environmental management system linked to our core business.

Respect for human rights

Basic approach

The Itoki Group is committed to ensuring that everyone can live active and fulfilling lives. To achieve this, we conduct human rights due diligence based on the United Nations' "Guiding Principles on Business and Human Rights." We prioritize the respect for human rights in all our business activities and throughout our entire supply chain.

Human rights policy

In 2018, we established the Itoki Group Human Rights Policy. Since then, through revisions to our employment regulations, as well as through education and training, we have worked to promote understanding of the policy and enhance its effectiveness.

The Itoki Group Human Rights Policy (key points only)

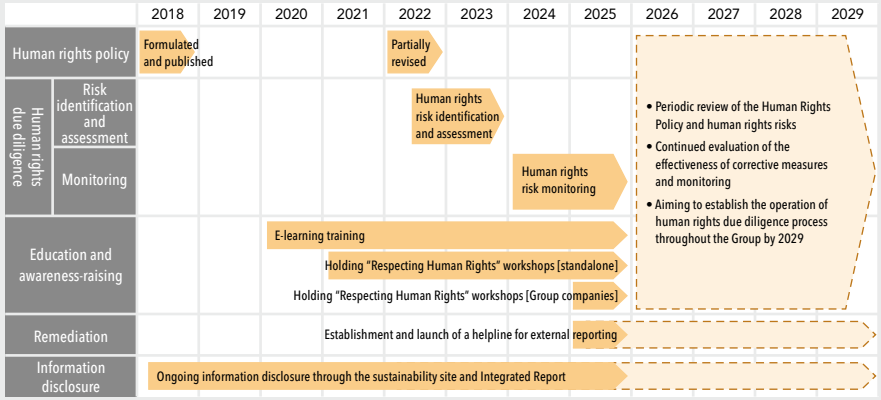
1. Respect for human rights 2. Prohibition of discrimination 3. Prohibition of harassment
4. Respect for employees' fundamental rights 5. Ensuring safety and security
6. Prohibition of forced labor and child labor 7. Promotion of education

▶ The Itoki Group Human Rights Policy

Strategy

In 2023, our human rights risk assessment identified three high-risk areas: occupational health and safety, human rights issues in the supply chain, and harassment and discrimination. Because these risks could negatively affect our medium- to long-term corporate value through factors such as lower employee engagement and damage to brand value, we work closely with the company-wide risk management division to systematically implement measures to prevent and mitigate them.

Human rights initiatives roadmap



Going forward, based on the roadmap, we will work to enhance the effectiveness of human rights due diligence through monitoring and periodic reviews of our risk assessments.

▶ Human rights risk assessment map ▶ Risk management: P61

Status of responses to high-risk areas

- **Occupational health and safety** ▶ Occupational health and safety: P76
- **Human rights issues in the supply chain** ▶ Human rights issues in the supply chain: P79
- **Harassment and discrimination**

In addition to providing sexual harassment training for all employees and establishing a customer harassment policy, we have set up multiple reporting and consultation channels, including a channel through which employees can consult directly with external legal counsel. Through these efforts, we are working to enhance the effectiveness of our whistleblowing system and strengthen our framework for responding to harassment and compliance issues.

Topics

Holding "Respecting Human Rights" workshops at Group companies

Since 2021, we have held "Respecting Human Rights" workshops for all employees of ITOKI Corporation. In 2025, we expanded these workshops to two Group companies. The newly participating companies provided positive feedback, including that the workshops helped raise awareness of human rights, and we will continue expanding the initiative throughout the Group.



Number of "Respecting Human Rights" workshops held across the Itoki Group

▶ KPIs and progress of the medium-term management plan: P24

FY2024 results	FY2025 results	FY2026 targets
1 (Itoki) Number of participants: 2,574	3 (Itoki, Itoki Toko Manufacturing, and Sanko Facilities) Number of participants: 2,657	**3**

Future Challenges

Going forward, a key challenge will be deepening human rights due diligence across Group companies. Starting with education and awareness-raising, we will gradually expand these efforts in line with each company's business characteristics and circumstances.

Occupational health and safety

Basic approach

Ensuring health and safety is a fundamental responsibility for any business—and ensuring employees' health and safety is essential to sustainable development of the business. By implementing appropriate safety measures, we aim to improve the work environment, prevent occupational accidents, and boost productivity. These goals guide our daily activities.

▶ General Safety and Sanitation Policy

▶ KPIs and progress of the medium-term management plan: P24

Health and Safety Management System



Guided by our principle of "Creating environments where people are the main focus," we strive to establish workplace environments in which each employee can work safely and with peace of mind, while actively working to maintain and improve their physical and mental health. Recognizing that safety is the foundation of all corporate activity, we ensure that all employees share an understanding of its importance and promote health and safety initiatives company-wide to prevent workplace accidents. In addition to the committees at each worksite, we have established a Company-wide Health and Safety Committee to enhance the effectiveness of our health and safety initiatives and ensure unified management. This committee also serves as a bridge between management and frontline teams, reflecting safety issues in strategy, while audits and training programs help raise employee awareness and foster a culture of safety.

Topics

Expansion of safety audits and patrols

We have expanded the locations where safety audits and patrols are conducted to include not only the locations where a health & safety committee is established but also sales offices and Group companies. Visiting different locations, increases safety awareness, leading to more proactive involvement of employees in safety initiatives and to more detailed approach to solving issues.

Fostering a safety culture through safety slogans and poster contests

To raise safety awareness, we hold an annual safety slogan and poster contest. The initiative is open not only to employees but also to their families and external personnel. Outstanding entries are selected from among the submissions through company-wide voting and a selection process.

[FY2025 Results]

Safety slogans: 986 entries (502 applicants)
Safety posters: 51 entries (46 applicants)
Participants in company-wide voting: 264



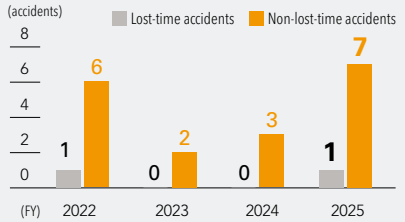
Grand prize for safety slogan



President's Award for safety poster

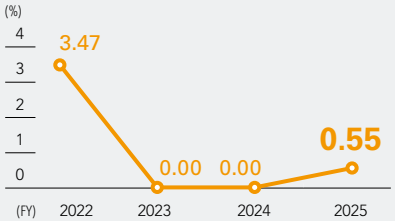
Performance data

Lost-time*1 and non-lost-time accidents



*1 Counted from the fourth day of leave

Labor accident frequency rate*2



*2 Number of deaths and injuries due to workplace accidents per million actual working hours

Future Challenges

To further raise safety awareness, we will expand safety patrols and further strengthen hazard prediction training (KYT) at worksites. In light of the growing number of older employees, we will also implement detailed safety measures, including fall-prevention measures, while strengthening protections against heatstroke, a seasonal risk, as we work to create a workplace environment where everyone can work with peace of mind.

Sustainable procurement

Basic approach

The Itoki Group places importance on social responsibility throughout the supply chain and promotes procurement activities that respect human rights, reduce environmental impact, and conserve biodiversity. Through collaboration with suppliers, we are working to realize a sustainable society.

Procurement Policy

We have established a procurement policy to promote sustainable procurement from the product and service development stage. We place importance on addressing key issues such as human rights and labor, occupational health and safety, the environment, and corporate ethics.

Specific initiatives

Sustainable Procurement Guidebook

The Itoki Group Sustainable Procurement Guidebook sets out specific action items regarding human rights and working environment, occupational health and safety, environmental considerations, corporate ethics, and other matters. The Itoki Group adheres to these action items and asks suppliers to cooperate in addressing them. By utilizing the guidebook, we promote greater sustainability and risk reduction throughout the supply chain.

▶ Itoki Group Sustainable Procurement Guidebook

Sustainable Procurement Survey

To assess the implementation of the Sustainable Procurement Guidebook, we conduct sustainable procurement surveys targeting key suppliers. These suppliers are divided into three groups, with one group surveyed each year on a three-year rotation.

Fiscal year	Requests	Responses	Procurement volume by percentage	High risk
FY2023	153	141	80.3%	0
FY2024	51	41	86.7%	0
FY2025	**196**	**174**	**87.7%**	**0**

In 2025, we surveyed 196 suppliers and received responses from 174. The suppliers surveyed included not only those with the highest procurement volumes, but also key suppliers involved in processes such as painting and wood processing. The response rate was 87.7%, exceeding our target of 85%.

The 2025 survey results continued to show a high level of initiatives, particularly in "Labor management/safety and health," "Quality," and "Business Continuity." While the level of response to "Human rights" varied among suppliers, recognition of this as an important issue has steadily increased, along with progress in enhancing related initiatives. No major-risk suppliers were identified based on the overall responses.

Supplier Engagement Assessment

In CDP's Supplier Engagement Assessment (SEA), our dialogue with suppliers, information disclosure, and other efforts were recognized, and we were selected for the "A List," the highest rating.

Supplier Engagement Leader CDP 2025

Topics

Collaboration with Suppliers

To further enhance our business partners' awareness of quality, Itoki hosts an annual joint presentation to share the results of quality improvement initiatives. These sessions go beyond quality improvement and supply risk reduction topics to include sustainability themes such as reducing environmental impact and improving human rights and working conditions. Through these initiatives, we are promoting the development of a sustainable framework for collaboration with suppliers.



Future Challenges

As the level of awareness of human rights and working environment issues varies among suppliers, it is necessary to raise awareness of these issues throughout the supply chain. Based on the survey results, we will confirm the status of responses through dialogue with suppliers that may pose a potential risk and, as necessary, provide support to raise their awareness of these issues.

Pursuing higher quality

Basic approach

To ensure quality throughout the product lifecycle and deliver peace of mind and reliability to our customers, we are committed to manufacturing guided by the motto "Quality First, Customer First."

Quality policy

Based on our corporate philosophy, we have established the following quality policy.

"We provide products and services that meet customer needs and societal expectations, and inspire excitement."

▶ Corporate philosophy ▶ Quality policy

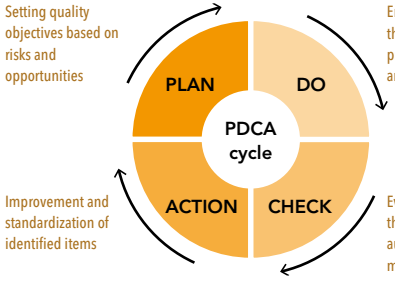
Strategy

Quality Management System

Based on our quality management system compliant with ISO9001*, we promote quality management from the perspective of customer satisfaction. To ensure that our products and services reliably meet requirements, we continuously operate a process of "Plan, Do, Check, Act" and strive to improve quality safety and reliability. Through these efforts, we have established a system for providing products and services that customers can use with peace of mind.

Beginning in fiscal year 2026, following the merger with Itoki All Steel Co., Ltd., we are expanding the range of products and services we provide. By responding more flexibly and comprehensively to increasingly diverse and sophisticated customer needs, we aim to further enhance the value we provide.

* ISO9001: An international standard for quality management systems established by the International Organization for Standardization (ISO)



Quality Management System Certification Status

Registered companies and organizations	Registration number
ITOKI CORPORATION Engineering Division, Product Development Division, Solution Business Development Division, Production Division, Equipment Division, Web Business Management, Quality Assurance Division	JUSE-RA-318
Itoki Marui Industrial Co., Ltd.	JUSE-RA-2254
Itoki Toko Manufacturing Co., Ltd.	1289

Key issues

■ **Preventing problems before they occur** | Ensuring safety and reliability and thoroughly evaluating the performance of products and services

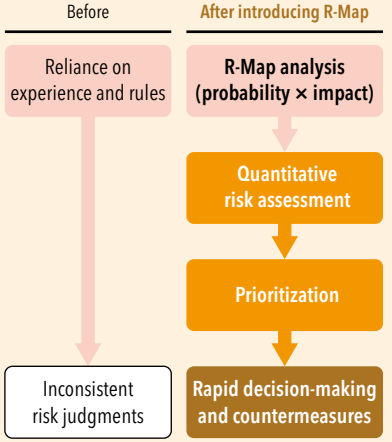
■ **Strengthening response capabilities when problems occur** | Thorough root cause analysis and prevention of recurrence, and prompt and appropriate customer response

Through these initiatives, we work to reduce quality risks and maintain and enhance customer trust.

Topics

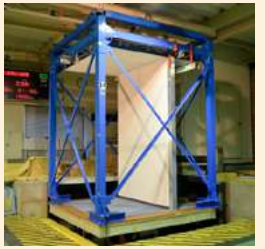
Initiatives to improve the objectivity and consistency of risk assessment

Previously, we assessed risks associated with defects and other problems based on past experience and internal rules. To enable more objective and appropriate judgment and analysis, we have introduced a new risk assessment method called "R-Map." R-Map quantitatively assesses risk based on a combination of the "probability (frequency) of harm occurring" and the "severity (magnitude) of the impact" and is based on the concepts of international standards (ISO and IEC). This eliminates reliance on individual judgment, enables consistent assessments, and helps us build a framework that supports rapid decision-making.



Strengthening advanced analysis and evaluation capabilities

By introducing the industry's first vibration testing room, we have established an in-house system for highly accurate verification of product safety and durability. We have also introduced new equipment, including infrared spectrometers, to strengthen our ability to analyze the causes of defects. In addition to these initiatives, we presented the results of our quality activities at the International Conference on Quality (ICQ), where we received a Gold Award. By enhancing our analytical capabilities and evaluation accuracy, we are working to improve the reliability of our product quality.



Vibration testing (partition)

Future Challenges

In addition to further enhancing peace of mind and trust in our existing businesses, we recognize the need to establish evaluation and verification methods that ensure safety and peace of mind in new businesses (Office 3.0) as a key challenge. To achieve this, we will develop a data utilization platform based on customer feedback and user experience, while promoting the use of AI and the automation of testing equipment to further advance our quality assurance processes.

Engagement with stakeholders

The Itoki Group places great importance on dialogue with a diverse range of stakeholders—customers, distributors, suppliers, shareholders and investors, employees and their families, educational institutions, and communities. We listen sincerely to the expectations and feedback we receive through everyday communication and incorporate them into our business activities to create new value for society.

	Customers	Distributors	Suppliers	Shareholders and investors	Employees and their families	Educational institutions and students	Communities
Objectives	We are committed to manufacturing from the perspective of our customers, and we strive to provide products and services while engaging in repeated dialogue with our customers.	We will build a collaborative system and act as an important partner in terms of delivering value to our customers.	We will promote responsible procurement through dialogue and collaboration with suppliers.	We will aim to earn the trust of our shareholders and investors while also improving our corporate value through fair, sound corporate management.	We will set up programs and establish workplace environments that motivate each of our employees and enable them to work vigorously and fully demonstrate their abilities.	We will conduct fair hiring activities. We will create new value through next-generation nurturing–including the acceptance of company visits– and joint research.	We will conduct environmentally and socially friendly business activities to contribute to the formation of better communities as a responsible corporate citizen.
Main dialogue opportunities	• Daily sales activities ▶ Itoki wins the Grand Prix at "Forbes JAPAN NEW SALES OF THE YEAR 2026" • Tours and events ▶ Dialogue with customers through showrooms: P80 • Customer Consultation Center ▶ Leveraging Customer Feedback at the Customer Consultation Center: P80	• Daily sales activities • Distributor events and award ceremonies ▶ Itoki holds "BEST PARTNER AWARD 2025" awards ceremony	• Daily procurement activities • Supplier information sessions • Sustainable procurement activities ▶ Sustainable procurement: P77	• General Meeting of Shareholders • Investor information sessions ▶ Responsible dialogue with stakeholders: P21 • Integrated reports ▶ Integrated reports	• Personnel evaluations and face-to-face meetings ▶ Pay For Performance (Employee Compensation): P48 • Labor-management council ▶ ESG Data Book • Family tours ▶ Family Day • Town hall meetings ▶ Responsible dialogue with stakeholders: P21	• Hiring activities ▶ Hiring: P45 • Joint research ▶ Itoki signs comprehensive partnership agreement with Osaka Kyoiku University • Industry-academia collaborative projects ▶ Itoki participates in practical education at Chukyo University	• Participating in local activities ▶ Biodiversity considerations and forest conservation: P70
Related materiality							

- Create workstyles and workplaces where people can work enthusiastically
- Support employee growth and create an office where diverse talent can work comfortably
- Contribute to the preservation of the ecosystem by promoting resource recycling
- Sustainably improve profitability
- Contribute to the creation of a carbon-neutral society
- Establishing transparent and reliable management

Engagement with stakeholders

Dialogue with customers through showrooms

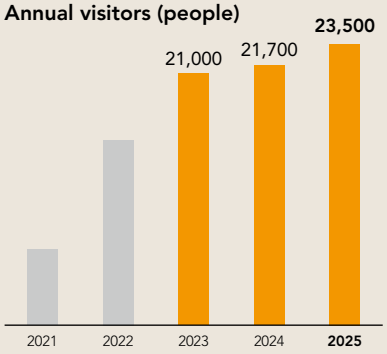
Itoki positions its showrooms as important venues for dialogue with customers, using them to better understand customer needs and enhance the value we provide. Through showroom tours, seminars, and events, we hear directly from customers about the challenges and expectations they have regarding their work environments and reflect their feedback in product development and service improvements.

The number of visitors continued to increase through 2025, expanding customer touchpoints and opportunities for dialogue. We also hold seminars and events at regional locations to build ongoing relationships with customers in those communities.

Based on feedback obtained through the dialogue, we are making our showrooms more accessible through initiatives such as multilingual support and barrier-free design. Beginning in 2026, we will also introduce visitor surveys to quantitatively grasp customer needs and strengthen the improvement cycle.

Going forward, as our creative hubs representing our Mission Statement, "We Design Tomorrow. We Design WORK-Style.," our showrooms will continue to promote co-creation with customers and create new value for the work-style of people, thereby contributing to the enhancement of corporate value over the medium to long term.

Tokyo Headquarters Showroom
ITOKI DESIGN HOUSE
Annual visitors (people)





ITOKI DESIGN HOUSE TOKYO event

Visitors: +8.3%

- ✓YoY increase in visitors to the Tokyo Headquarters Showroom
- ✓Over 20,000 visitors for three consecutive years

Expansion to regional locations and factories

Expanding customer touchpoints through events, seminars, and other activities at regional locations and factories

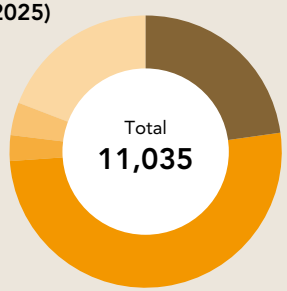
Leveraging Customer Feedback at the Customer Consultation Center

Itoki positions the Customer Consultation Center as an important function for collecting and utilizing customer feedback. Based on the feedback received from customers, the Customer Consultation Center promotes company-wide improvement activities and provides information that contributes to corporate management. In addition to working to improve the quality of customer service through its response to inquiries, the center analyzes customer opinions and requests and shares them with relevant departments to improve products and services.

In 2025, inquiries regarding existing products, such as repairs and duplicate keys, continued to account for more than half of all inquiries. Meanwhile, the number of repeat contacts from customers decreased to 69.7% of the previous year's level, demonstrating improvements in response quality through improvement activities conducted with relevant departments based on customer feedback.

11,035
Annual inquiries received in FY2025

Breakdown of inquiries received (FY2025)



Inquiries about new products	23%
Inquiries about existing products	51%
Documentation Requests	4%
Opinions and feedback	3%
Other	19%

Specific initiatives

- Through the "Customer Satisfaction Improvement Meeting," we promote improvements to instruction manuals and product labeling and optimize inquiry channels.
- We continuously implement improvements based on customer feedback, including implementing proposed catalog revisions and consolidating inquiry channels.
- Through regular reports to the Managing Directors Meeting, we strengthen coordination with management and promote decision-making that incorporates the customer perspectives.



Customer feedback posted on the Company intranet

We will continue to enhance the analysis and utilization of customer feedback, thereby strengthening our competitiveness and enhancing corporate value.

Financial and non-financial data (previous 11 years)

For more detailed financial data, please refer to the ITOKI Performance & Financial website.

For more detailed non-financial data, please refer to the ITOKI ESG Data Book.

RISE TO GROWTH 2026
Enhancing sustainable growth capabilities

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating results (fiscal year) (millions of yen):											
Sales	106,516	101,684	108,684	118,700	122,174	116,210	115,905	123,324	132,985	138,460	**153,682**
Workplace Business segment	—	—	—	—	—	83,032	80,561	85,945	94,257	102,261	**111,530**
Equipment & Public Works-Related Business segment	—	—	—	—	—	31,602	33,488	35,667	36,839	34,572	**40,569**
IT & Sharing Business segment	—	—	—	—	—	1,575	1,757	1,624	1,749	—	**—**
Cost of sales	68,374	65,021	69,966	77,436	80,495	74,322	74,186	77,575	80,744	83,259	**88,870**
Selling, general and administrative expenses	33,836	33,862	35,761	39,339	40,776	40,089	39,158	41,167	43,717	45,123	**51,126**
Operating income	4,306	2,800	2,956	1,925	903	1,798	2,560	4,582	8,523	10,077	**13,685**
Workplace Business segment	—	—	—	—	—	1,273	1,914	2,579	6,128	8,047	**10,998**
Equipment & Public Works-Related Business segment	—	—	—	—	—	1,225	974	1,482	1,906	1,857	**2,493**
IT & Sharing Business segment	—	—	—	—	—	(700)	(385)	449	444	—	**—**
Net income	4,530	1,907	2,402	1,725	(550)	(235)	1,166	5,294	5,905	7,183	**9,382**
Capital investment	2,083	2,176	1,895	6,615	3,845	4,538	3,424	6,973	3,707	6,915	**6,126**
Depreciation	2,389	2,534	2,316	2,329	3,168	3,431	3,181	2,828	2,641	2,744	**4,036**
Research and development expenses	1,759	2,337	2,403	2,453	2,612	2,467	2,344	2,286	2,719	2,509	**2,286**
Financial position (fiscal year-end) (millions of yen):											
Total assets	98,175	95,681	102,221	108,703	108,778	105,096	103,898	115,288	117,437	120,521	**130,724**
Liabilities	50,863	50,278	54,894	61,210	62,944	60,906	58,822	65,377	62,437	71,178	**73,910**
Total capital	47,311	45,402	47,326	47,492	45,834	44,189	45,076	49,910	54,999	49,342	**56,813**
Cash flows (millions of yen):											
Cash flows from operating activities	4,522	5,072	3,565	1,384	3,586	4,561	2,774	5,804	6,321	(1,000)	**8,942**
Cash flows from investing activities	(803)	(4,044)	(2,971)	(3,094)	(3,221)	(1,152)	(1,170)	4,923	(4,012)	(7,107)	**(3,847)**
Cash flows from financing activities	(3,807)	(2,571)	(706)	(2,463)	0	(2,267)	(2,658)	(1,426)	(4,148)	5,905	**(5,941)**
Cash and equivalents at end-term	20,103	18,483	18,571	14,540	15,494	16,697	15,797	25,420	23,664	21,494	**20,820**
Stock information:											
Total number of shares outstanding*1 (shares)	47,904,104	45,548,677	45,547,884	45,605,185	45,560,569	45,146,733	45,206,440	45,282,778	45,348,263	49,204,132	**49,407,851**
Dividend payout ratio (%)	14.2	32.4	24.6	34.4	—	—	58.1	31.6	32.2	37.4	**39.4**
Total dividends (millions of yen)	622	592	592	592	592	586	678	1,675	1,904	2,706	**3,705**
Total amount of share buybacks (millions of yen)	2,487	1,700	—	—	46	176	—	—	—	15,900	**—**
Total return ratio (%)	68.6	120.2	24.6	34.3	(116.0)	(324.2)	58.1	31.6	32.2	259.0	**39.4**
Earnings per share (EPS) (yen)	91.61	40.15	52.74	37.84	(12.08)	(5.18)	25.82	116.99	130.29	147.02	**190.17**
Dividends per share (yen)	13	13	13	13.0	13	13	15	37	42.0	55	**75**
Equity attributable to owners of the parent per share (book value per share, BPS) (yen)	953.51	986.85	1,028.87	1,027.45	995.80	969.43	992.89	1,100.33	1,210.96	1,001.13	**1,147.78**
Financial indicators:											
Operating income to sales ratio (%)	4.0	2.8	2.7	1.6	0.7	1.5	2.2	3.7	6.4	7.3	**8.9**
ROE (ratio of net income to equity attributable to owners of the parent) (%)	10.4	4.2	5.2	3.7	(1.2)	(0.5)	2.6	11.1	11.3	13.8	**17.7**
ROA (ratio of income before taxes to total assets) (%)	4.7	3.2	3.3	2.2	0.9	1.8	2.3	3.8	7.4	8.4	**10.9**
Total asset turnover ratio (multiple)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	**1.22**
Equity ratio (%)	46.5	47.0	45.7	43.1	41.7	41.6	43.2	43.2	46.8	40.9	**43.4**
ROIC (%)	—	—	—	—	0.7	1.3	1.9	3.2	5.7	9.1	**11.1**
Business segment ROA: Workplace Business (%)	—	—	—	—	1.5	2.2	3.3	4.5	10.8	12.2	**14.5**
Business segment ROA: Equipment & Public Works-related Business (%)	—	—	—	—	1.2	5.3	4.0	5.5	6.1	6.9	**8.5**
ESG indicators:											
Number of employees	3,333	3,349	3,910	4,102	4,151	4,062	3,973	3,793	3,892	3,957	**4,164**
Engagement score	—	—	—	—	40.4	—	56.2	63.6	74.7	82.5	**81.9**
Number of directors	6	6	6	6	4	6	7	7	8	8	**8**
Labor accident frequency rate	0.00	1.38	0.00	1.30	1.33	4.49	1.61	3.47	0.00	0.00	**0.55**
CO2 emissions*2 (t-CO2)	—	—	—	—	253,440	231,673	227,946	269,529	242,324	296,838	**505,098**

Driven by strong performance, primarily in renovation projects tailored to new hybrid work styles in the mainstay Workplace Business, our sales increased year on year by 15.222 billion yen (11.0%) to a record-high 153.682 billion yen.

The impact of higher sales in the mainstay Workplace Business and profit margin improvements from providing greater value drove operating income to a record high of 13.685 billion yen, up 3.607 billion yen (35.8%) year on year.

Net income reached an all time high, reflecting sales and profit growth in the Workplace Business.

The initial dividend forecast of 65 yen was raised by 10 yen, resulting in a dividend of 75 yen and a payout ratio of 39.4%.

*1 Number of shares outstanding as of the end of the term, not including treasury stock

*2 Since the commencement of CO_2 emission calculations in 2013, we have expanded the conditions for calculations in order to more accurately understand our emission levels. Due to the difficulty in comparing data across different years, we have only listed emissions from 2019 onwards. For more detailed data, please refer to our ESG Data Book.

Financial data (quarterly basis)

Since most of our core Workplace Business customers settle their accounts at the end of March, our sales for the first quarter (January to March) tend to be higher.

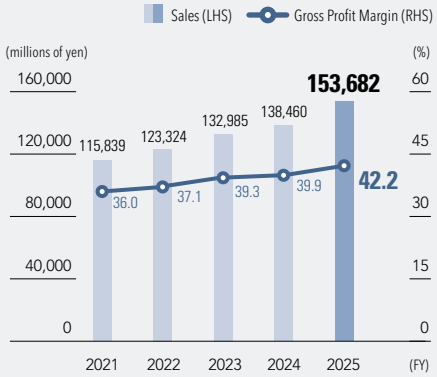
(Unit: millions of yen)

	2023/12				2024/12				2025/12			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Statement of income												
Sales	36,965	31,225	28,667	36,128	40,918	31,592	29,613	36,337	42,744	36,500	33,214	41,224
Year-on-year change (%)	4.6	9.9	9.4	8.3	10.7	1.2	3.3	0.6	4.5	15.5	12.2	13.4
Quarterly composition ratio (%)	27.8	23.5	21.6	27.2	29.6	22.8	21.4	26.2	27.8	23.8	21.6	26.8
Cost of sales	22,216	18,953	17,483	22,090	24,545	19,888	17,644	21,182	23,993	21,381	19,671	23,825
Gross profit	14,748	12,271	11,184	14,037	16,372	11,705	11,969	15,154	18,750	15,119	13,544	17,399
Selling, general and administrative expenses	9,970	10,047	11,006	12,694	10,333	10,878	11,029	12,883	11,328	11,915	12,556	15,327
Operating income	4,777	2,225	177	1,344	6,039	827	940	2,271	7,422	3,203	988	2,072
Operating income to sales ratio (%)	12.9	7.1	0.6	3.7	14.8	2.6	3.2	6.2	17.4	8.8	3.0	5.0
Quarterly composition ratio (%)	56.0	26.1	2.1	15.8	59.9	8.2	9.3	22.5	54.2	23.4	7.2	15.1
Non-operating income	125	114	141	101	78	228	190	128	133	147	224	326
Non-operating expenses	79	68	52	249	102	233	157	206	236	172	256	113
Ordinary income	4,824	2,271	265	1,195	6,015	822	972	2,195	7,318	3,179	956	2,286
Extraordinary income	1	15	120	50	0	1,100	74	4	15	56	185	660
Extraordinary losses	21	10	24	308	10	592	12	497	76	27	9	443
Quarterly profit before taxes, etc.	4,804	2,275	363	936	6,006	1,328	1,035	1,702	7,257	3,208	1,132	2,502
Total corporate income taxes, etc.	1,506	865	160	-60	1,901	344	309	294	2,346	1,164	421	768
Quarterly profit attributable to owners of the parent	3,296	1,412	202	997	4,101	985	714	1,383	4,916	2,044	699	1,723
Profit ratio (%)	8.9	4.5	0.7	2.8	10.0	3.1	2.4	3.8	11.5	5.6	2.1	4.2
Balance sheet												
Current assets	72,230	68,755	68,040	73,304	81,922	74,416	73,625	70,624	82,322	76,369	72,596	79,406
Cash and deposits	20,808	24,688	23,192	24,795	24,751	28,513	30,536	22,482	24,296	25,288	21,847	21,629
Notes and accounts receivable- trade	—	—	—	—	—	—	—	—	—	—	—	—
Notes and accounts receivable- trade and contract assets	34,519	28,377	26,948	31,158	37,599	27,140	23,505	29,277	36,864	28,843	27,146	34,474
Non-current assets	43,611	42,918	43,533	44,132	45,537	46,284	47,310	49,896	50,007	49,878	50,941	51,288
Property, plant, and equipment	24,689	24,952	24,730	24,792	24,735	24,744	24,712	26,130	26,197	26,545	26,607	26,525
Intangible assets	1,837	1,884	2,161	2,292	3,355	3,872	4,675	5,111	5,507	5,834	5,940	6,074
Investment and other assets	17,084	16,080	16,641	17,048	17,446	17,668	17,922	18,654	18,302	17,498	18,393	18,688
Total assets	115,841	111,693	111,573	117,437	127,459	120,701	120,935	120,521	132,329	126,248	123,538	130,724
Current liabilities	47,854	42,547	42,010	47,340	69,174	60,816	55,507	55,426	61,818	49,960	47,728	49,580
Short-term borrowings	10,874	10,299	10,383	10,276	34,885	37,939	34,321	30,272	33,842	27,603	25,331	18,885
Non-current liabilities	16,238	15,727	15,724	15,096	12,424	12,772	17,802	15,752	18,875	22,304	20,857	24,330
Long-term borrowings	7,453	7,062	6,959	6,577	3,160	3,015	7,969	6,505	9,550	12,989	11,328	10,089
Total liabilities	64,092	58,275	57,734	62,437	81,598	73,589	73,309	71,178	80,693	72,265	68,586	73,910
Total net assets	51,748	53,418	53,839	54,999	45,860	47,111	47,626	49,342	51,636	53,983	54,952	56,813
Shareholders' equity	50,806	52,267	52,469	53,465	43,877	45,059	45,772	47,155	49,365	51,744	52,444	54,171
Total liabilities and net assets	115,841	111,693	111,573	117,437	127,459	120,701	120,935	120,521	132,329	126,248	123,538	130,724

Financial highlights (fiscal year ending December 31, 2025)

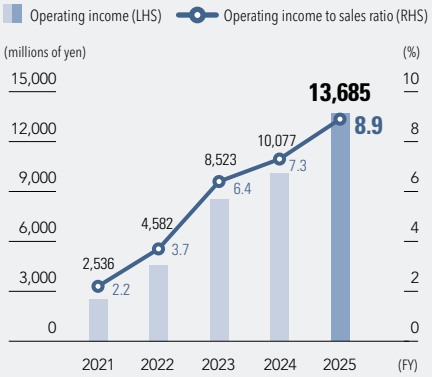
Earnings

Sales/Gross profit margin



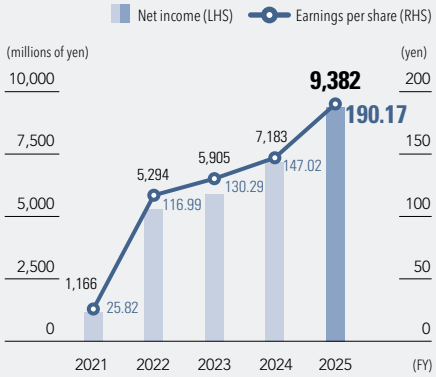
The workplace business performed strongly, resulting in record-high net sales. Our marketing strategy of creating projects starting from the upstream stage proved successful, and our gross profit margin rose to 42.2%.

Operating income/Operating income to sales ratio



The impact of higher sales in the Workplace Business and profit margin improvements from providing greater value increased operating income for a sixth consecutive year, causing it to reach a record high for the third consecutive year.

Profit attributable to owners of parent/ Earnings per share (EPS)



Workplace Business performed strongly, causing net income and earnings per share to rise for the fifth consecutive year and reach record highs for the fourth consecutive year.

Profitability/Efficiency indicators

ROIC



By practicing management conscious of cost of capital and stock price, we raised ROIC to 11.1%, higher than our WACC of 8%.

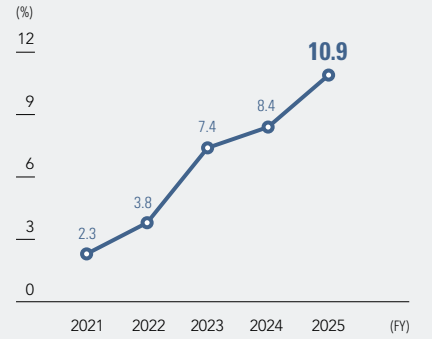
Profitability/Efficiency indicators

ROE



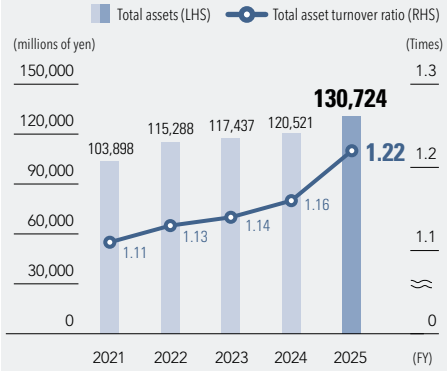
As a result of practicing management conscious of cost of capital and stock price, ROE rose to 17.7% in FY2025, significantly higher than the estimated cost of shareholders' equity of 9 to 10%.

ROA



Enhanced profitability and asset efficiency led to an ROA of 10.9% in 2025, exceeding the previous year's figure.

Total assets/Total asset turnover ratio



Total assets increased as a result of factors including an increase in accounts receivable due to revenue growth and an increase in intangible assets resulting from DX investment.

Equity ratio

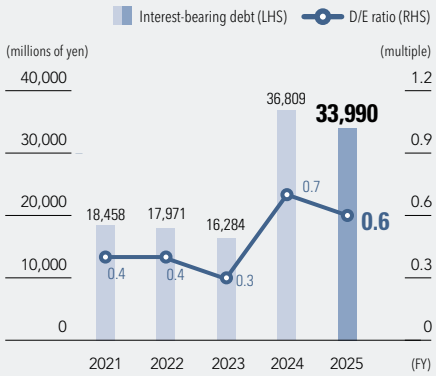


Our equity ratio rose as a result of an increase in retained earnings in conjunction with profit growth.

Financial highlights (fiscal year ending December 31, 2025)

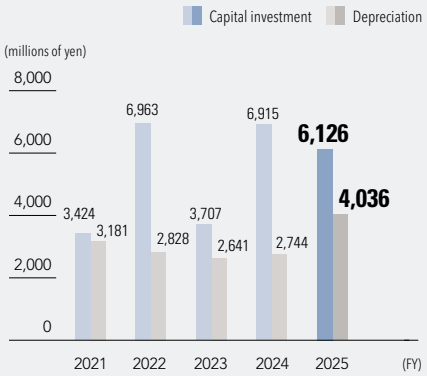
Growth investment

Interest-bearing debt/D/E ratio



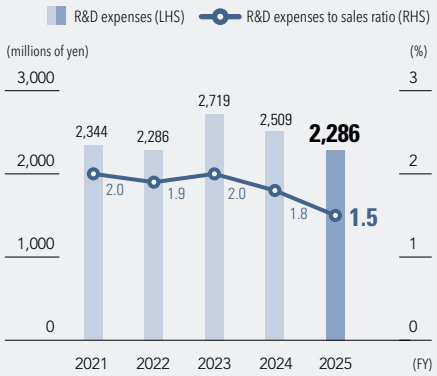
Interest-bearing debt decreased from the previous year as borrowings were repaid, and the D/E ratio improved to 0.6.

Capital investment/Depreciation



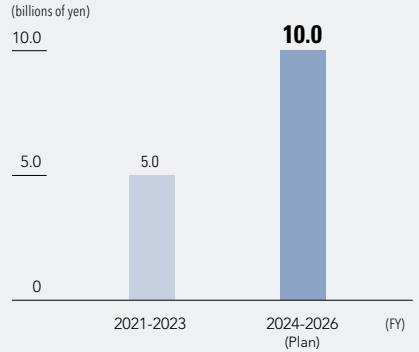
Investments were made primarily in renovating sales offices, installing new machinery for improved production efficiency, and in various forms of system infrastructure.

R&D expenses/R&D expenses to sales ratio



The Company developed new products, solutions, and advanced technologies (Office 3.0, AI, etc.) to address changing office values and emerging challenges, mainly in the Workplace Business.

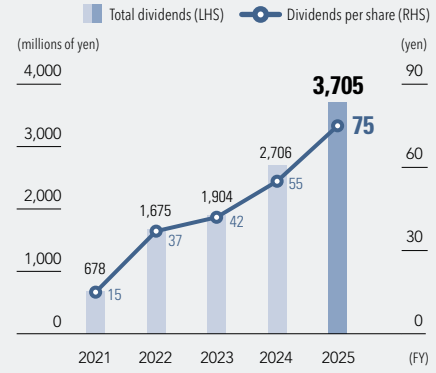
Engagement investment



Compared to the previous medium-term management plan period, the current medium-term management plan aims to double investment in human capital, including engagement.

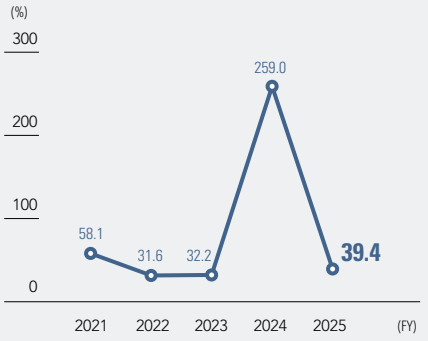
Shareholder returns

Dividends per share/Total dividends



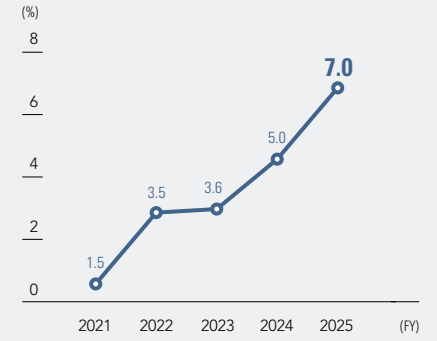
In FY2025, following an upward revision to the initial plan, dividends per share were raised by 10 yen from the initial planned dividend of 65 yen to 75 yen per share.

Share buyback total return ratio



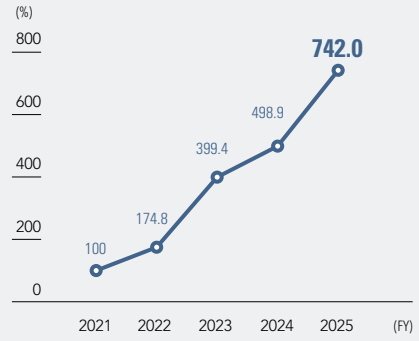
The dividend payout ratio was 39.4% compared with the 40% target set forth in the medium-term management plan.

DOE



Dividends increased on the back of significant profitability improvements, resulting in DOE reaching 7% in FY2025, higher than the previous fiscal year's level.

TSR



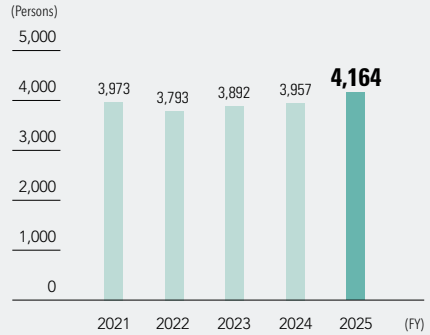
The practice of "management conscious of the cost of capital and stock prices" led to increases in profitability, share price, and dividends, resulting in a substantial increase in TSR.

Non-financial highlights (fiscal year ending December 31, 2025)

[Scope] • Employee status (excluding consolidated employees), Labor safety: Itoki (standalone)
• Consolidated employees, Intellectual property: Itoki and group consolidated subsidiaries
• Environment: Itoki (standalone), 17 domestic group companies, 2 overseas group companies

Employee status

Number of consolidated employees



In FY2025, the number of employees increased year on year to 4,164. Staffing is being performed in accordance with business plans, and efforts to continuously strengthen the human resources base are underway.

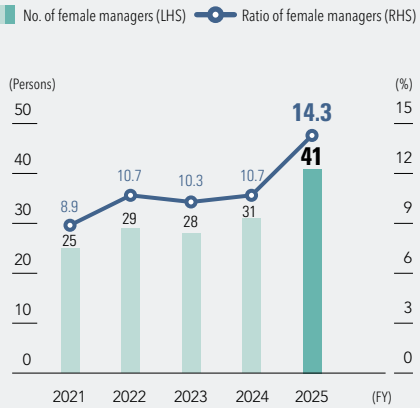
Recruitment performance



In FY2025, the Company hired 60 new graduates and 79 mid-career employees. Efforts are underway to secure diverse human resources, including the use of internship programs and the active recruitment of foreign talent.

Initiatives: P45

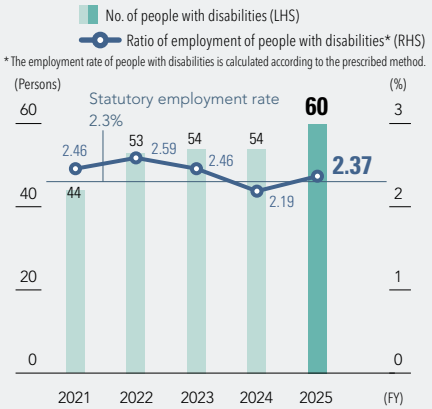
Female managers



In FY2025, the ratio of female managers rose to 14.3% from the previous fiscal year. Activities such as those of the SPLi community to promote women's participation are steadily producing results and expanding opportunities for women.

Initiatives: P46

Employment of people with disabilities

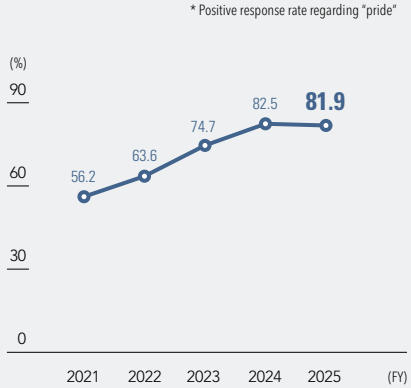


The employment rate of people with disabilities was 2.37% in FY2025. In addition to promoting the employment of people with disabilities, the Company will continue fostering an inclusive work environment through internal activities that encourage understanding among employees.

Average age/Average years of employment

Average age	Full-time employees	Male	42 years and 4 months
		Female	37 years and 7 months
	Non-full-time employees	Male	56 years and 2 months
		Female	47 years and 2 months
Average years of employment	Full-time employees	Male	13 years and 3 months
		Female	10 years and 5 months
	Non-full-time employees	Male	24 years and 6 months
		Female	12 years and 1 month

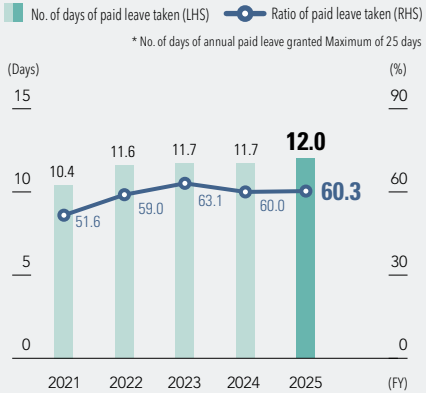
Employee engagement key indicator scores



In FY2025, the rate fell slightly year on year to 81.9%. Through continuous initiatives and analysis, we will work to enhance employees' pride and sense of fulfillment in their work.

Initiatives: P42

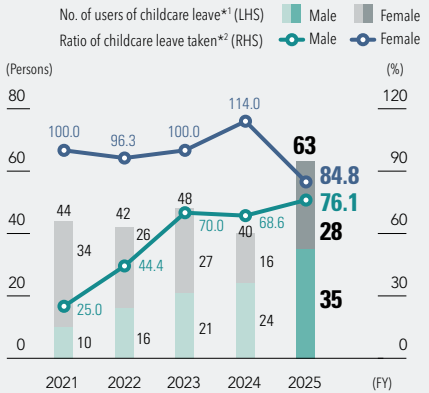
Paid leave taken



The ratio of paid leave taken in FY2025 was 60.3%, and the average number of days taken was 12, both up from the previous fiscal year. As part of work style reforms, the Company is continuing efforts to promote the use of paid leave.

Initiatives: P49

Childcare leave utilization



In FY2025, the paternity leave usage rate reached a record high of 76.1%. The enrichment of various Company systems and efforts to raise awareness among managers have contributed significantly to higher acquisition rates.

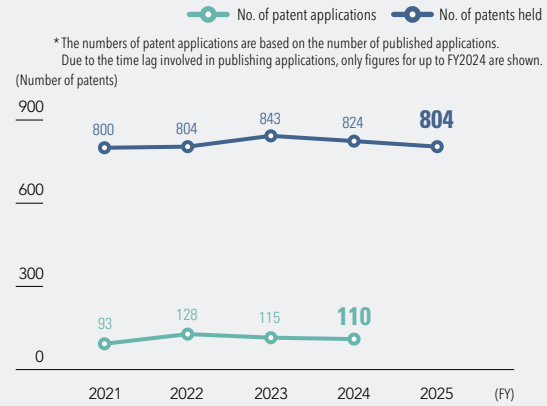
Initiatives: P46 Number of childcare leave days

*1 The number of employees who took childcare leave indicates those who started their leave within each year.
*2 Figures for the childcare leave utilization rate were recalculated based on guidelines issued by the Ministry of Health, Labour and Welfare.

Non-financial highlights (fiscal year ending December 31, 2025)

Intellectual property

Number of patent applications*/Number of patents held

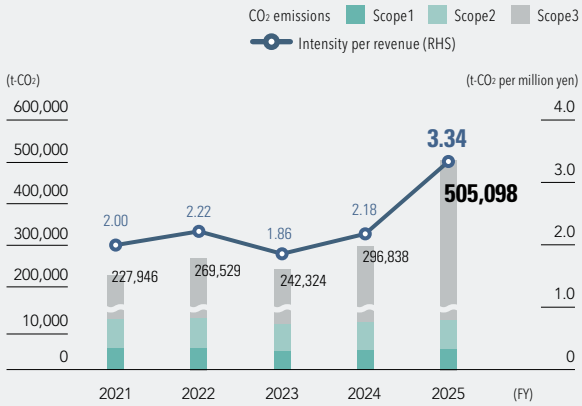


The number of patent applications in FY2024 was 110, and as of the end of 2025, the Company held a total of 804 patents. The Company promotes an intellectual property strategy linked to its business models and is working to further enhance its intellectual property.

▶Initiatives: P37-40

Environment

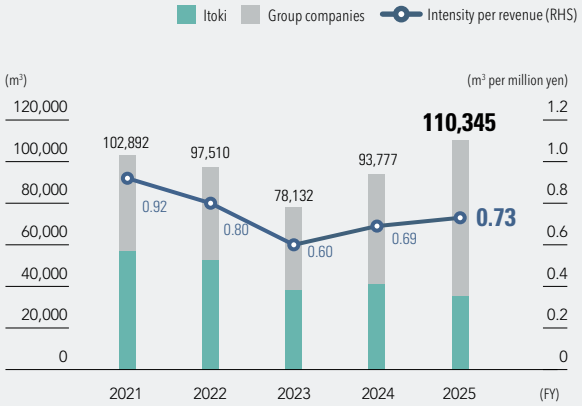
CO_2 emissions



In FY2025, due to the scope of data collection being expanded as a result of system modifications, together with increased production at factories, CO2 emissions rose year over year by 208,260 t-CO2. The sales intensity also increased by 1.16 t-CO2 per million yen.

▶CO_2 emission

Water withdrawal

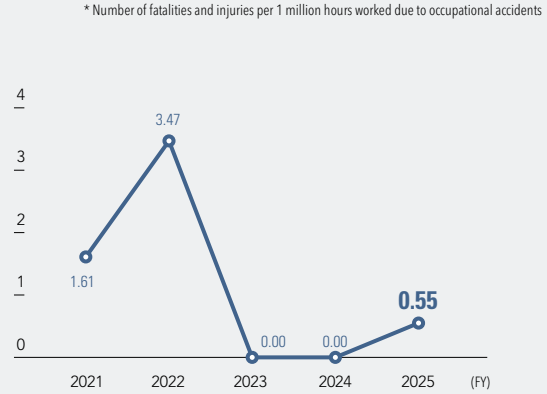


In FY2025, water withdrawal increased year on year by 16,568 m^3 due to higher production volume. The sales intensity increased by 0.04 m^3 per million yen.

▶Water withdrawal

Labor safety

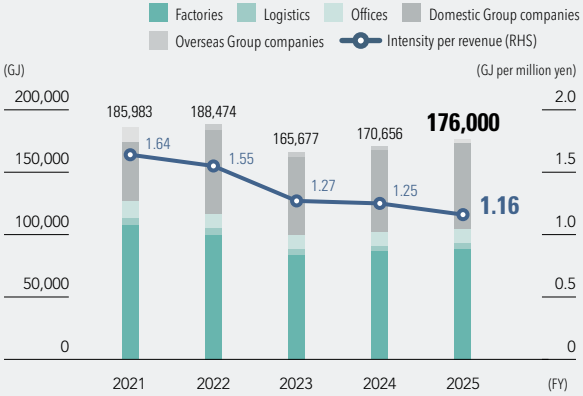
Labor accident frequency rate*



In FY2025, the labor accident frequency rate rose to 0.55 from the previous fiscal year. Through safety inspections and ongoing measures, the Company is working to reduce the frequency rate.

▶Initiatives: P76

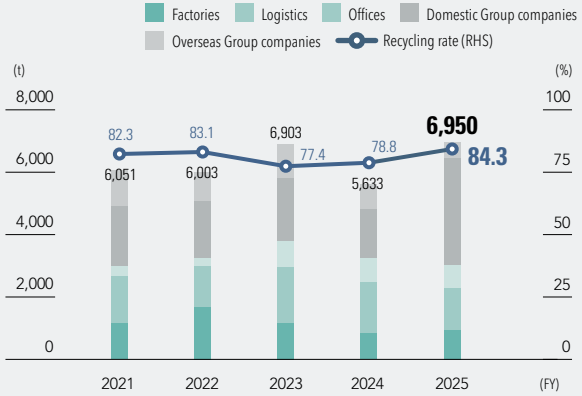
Total energy input



The total energy input in FY2025 increased 3.1% due to higher production volume, despite the introduction of energy-saving measures and renewable energy. The sales intensity decreased by 0.09 GJ per million yen.

▶Total energy input

Amount of waste generated/Recycling rate



In FY2025, the amount of waste generated increased by 1,317 tons year on year due to higher production volume. The recycling rate improved by 7% due to thorough sorting at sites and measures for converting waste into valuable resources.

▶Amount of waste generated/Recycling rate

External recognition

Main external recognitions, certifications, and awards

Diversity

Recognized as Highest rank of Best Workplace, for the fourth year in a row at the 2025 D&I Awards

December 2025

Received Gold rating for the third consecutive year and Rainbow Certification for the second consecutive year in the Pride Index 2025

November 2025

Three "Eruboshi" stars as an outstanding corporation in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace

Since August 2022

Acquisition of 2022 revised "Kurumin" mark from the Ministry of Health, Labour and Welfare in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children

Recognized the first time in December 2020 and again (under the revised system) in November 2022

Health management

Selected in the 2026 Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category) Recognition Program (White 500)
First in the industry to be certified for 10 consecutive years

March 2026

Recognized as a "Sports Promotion Company" by the Tokyo Metropolitan Government for the 11th consecutive year in FY2025

February 2026

Certified by the Japan Sports Agency's Sports Yell Company program in 2026
Silver certified after 9 consecutive years of Certification

February 2026

Received the highest possible 'S' rank in CASBEE-Smart Wellness Office

January 2022

IR

Received the Award for Excellence at the 5th Nikkei Integrated Report Awards

February 2026

Received the Gold Award at the WICI Japan Integrated Report Award 2025

December 2025

Selected as an Excellent Integrated Report by the asset managers of the Government Pension Investment Fund (GPIF)

March 2026

Received Best IR Award for Encouragement for the first time in the 2025 IR Awards

November 2025

Risk management

Resilience Certification for business continuity and contributing to society

December 2022

DX

Certified as a DX-Certified Company by the Ministry of Economy, Trade and Industry

August 2024

Intellectual property management

Received the Special Award for the first time at the Intellectual Property and Intangible Assets Governance Awards, selected by the Intellectual Property and Intangible Assets Governance Promotion Association

February 2026

Product-related awards

April 2026

Received Red Dot Design Award 2026

- SHIGA
- BITMAP
- Support Stool S
- Crossa WOOD

February 2026

Winner of iF Design Award 2026

<Products>

- BITMAP
- Centra
- Support Stool S

<Spaces>

- ITOKI DESIGN HOUSE 11F
- Bay Tech Makuhari Toyo Engineering Head Office
- Bay Tech Makuhari Executive Area Toyo Engineering Executive Area
- The Asahi Shimbun Company Tokyo Head Office

November 2025

Received Excellence Award (Forestry Agency Director-General Award) in Wood Design Award 2025

- Crossa WOOD

October 2025

Winner of the 2025 Good Design Award

<Brand>

- NII

<Products>

- BITMAP
- Parlamento
- Centra
- DAP with MediMonitor

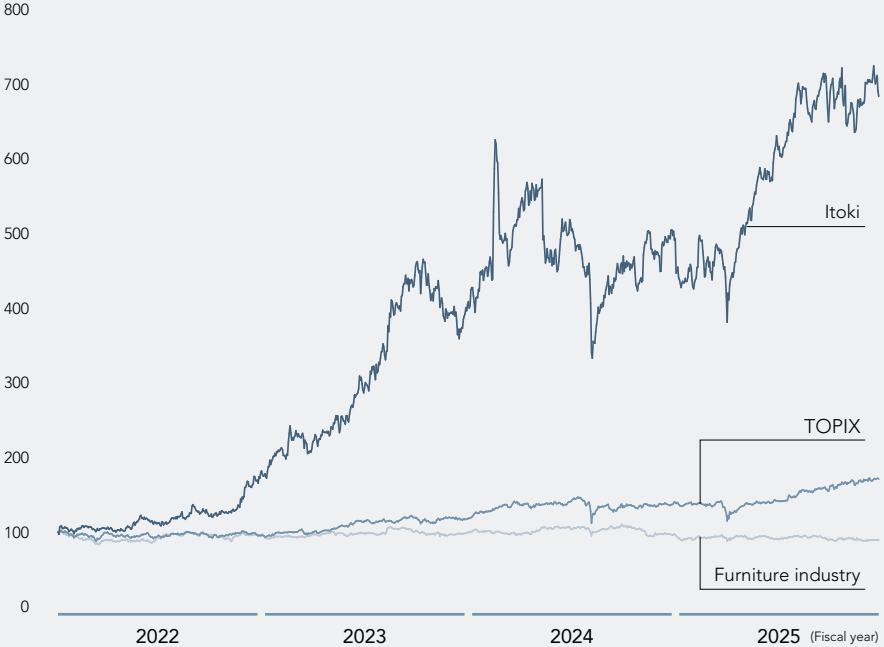
Medication picking system for dispensing pharmacies

<Spaces>

- ITOKI DESIGN HOUSE 11F
- Toyo Engineering Head Office Bay Tech Makuhari

Corporate data

Stock price (relative stock price assuming that the price at the end of December of 2021 was 100)



TSR (total shareholder return)

Holding period	One year	Two years	Three years	Four years
Itoki	**174.8%**	**399.4%**	**498.9%**	**742.0%**
Furniture industry	95.2%	99.8%	96.9%	89.0%
TOPIX	94.9%	118.8%	139.8%	171.1%

Stock information (current as of December 31, 2025)

Total number of authorized shares

149,830,000

Total number of issued shares

53,382,850
(treasury shares: 3,974,999)

Number of shareholders

8,082

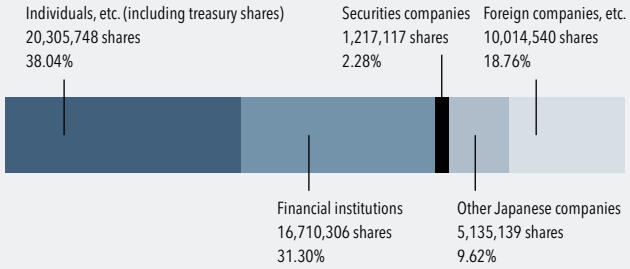
Number of shares per unit

100

Credit Rating

Rating agency name	Rating	Rating outlook
Rating and Investment Information, Inc. (R&I)	A-	Stable

Shareholder breakdown



Situation of major shareholders

Shareholder name	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	6,893	13.95
Custody Bank of Japan, Ltd. (trust account)	4,387	8.87
Nippon Life Insurance Company (NISSAY)	2,225	4.50
Assist Co., Ltd.	1,609	3.25
Itoki Employee Stock Ownership Association	1,431	2.89
GOLDMAN, SACHS & CO. REG	1,150	2.32
Mizuho Bank, Ltd.	1,121	2.26
Sumitomo Mitsui Banking Corporation	1,069	2.16
Masamichi Yamada	896	1.81
Saki Ito	792	1.60

(Notes) 1. Small fractions are not shown in the above figures, including cases where there are fewer than 1,000 remaining shares held as well as shareholder ratio decimal values beyond the second decimal place.
2. Our company has 3,974,999 treasury shares.
3. The shareholding ratio was calculated after deducting treasury shares (3,974,999).

Corporate data

Company overview (current as of December 31, 2025)

Company name	ITOKI CORPORATION
Founded on	December 1, 1890
Established on	April 20, 1950
Share capital	7,351 million yen
Number of Group employees	4,164
Stock code	7972 (Tokyo Stock Exchange Prime Market)
Headquarters	103-6113 2-5-1, Nihonbashi, Chuo-ku, Tokyo, Japan Tel. 03-6910-3950 * If you have any questions about our products or would like an estimate, etc., please contact our customer consultation center (0120-164177).
Website	https://www.itoki-global.com/

Information disclosure system

Itoki discloses information to its wide range of stakeholders by using multiple types of media.



Editorial policy

This Itoki Integrated Report 2026 provides a comprehensive overview of the Itoki Group's corporate value and what the Group aims to achieve over the medium-to-long term from a financial and non-financial point of view. In producing this report, we made sure the overall picture of the Itoki Group's value creation process could be easily digested by longer-term investors and shareholders. Detailed information about our ESG initiatives can be found on our website.

Reporting scope

Main target audience: All stakeholders centering on shareholders and investors
Report coverage: Itoki Corporation, consolidated subsidiaries, and some subsidiary companies
Reporting period: Fiscal year 2025 (January 1 to December 31, 2025)
* This report includes some activities carried out before and/or after the reporting period.
Time of publication: July 2026

* Information linked to in this report is subject to deletion without notice.
* For detailed ESG data, please refer to our separate ESG Data Book 2026.
https://www.itoki.jp/company/sustainability/assets/pdf/esgdata2026.pdf

Main guidelines referenced

International Integrated Reporting Framework (IFRS Foundation)

Guidance for Collaborative Value Creation
(Ministry of Economy, Trade and Industry)

Guidelines for Intellectual Property and Intangible Asset Governance (Cabinet Office)

Final Report of the Task Force on Climate-related Financial Disclosures (TCFD)

GRI Standards Environmental Reporting Guidelines 2018
(Ministry of the Environment)

Forward-looking statements

The information presented in this report contains projections about the future and future forecasts based on the Itoki Group's plans. They reflect our assessments based on information available at the time of publication and involve risks, uncertainties, and other factors that may cause actual results and earnings to differ from those stated herein.

Editor's note

Publication of the 2026 Integrated Report

This report is designed to provide stakeholders with a comprehensive view of ITOKI's value creation and to encourage deeper understanding and constructive dialogue.

In today's fast changing business environment, we continue to pursue both the resolution of social issues and sustainable growth by harnessing the expertise and creativity of each employee—guided by our philosophy of "AI × Design based on PEOPLE." We have aimed to communicate our business activities, governance structure, and both financial and non-financial initiatives with sincerity and consistency.

It was prepared under the leadership of the IR/SR Department within the Corporate Communications Division and created and edited with the cooperation of departments across the company while referencing the Value Reporting Foundation's International <IR> Framework and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation.

I hereby confirm that both the preparation process and the contents of this report are valid. We remain committed to fulfilling our responsibility for accountability and transparency through the continued disclosure of reliable information.

Saeko Kawashima

Executive Officer

General Manager of Corporate Communications Division

Thank you for reading Itoki's 2026 Integrated Report.

This report is structured in two parts: a Special Feature Section and the Main Text. This enables us, in this final year of the RISE TO GROWTH 2026 medium-term management plan, to showcase the fusion of our non-financial and financial value, such as our intangible asset strategy linked to management strategy (AI, human resources, intellectual property strategy), and also to present our embodiment of our core values as we work to realize our mission, "We Design Tomorrow. We Design WORK-Style."

We hope this gives you a more tangible sense of the ITOKI Group's collective efforts to transform our business and organization.

Looking ahead, we will continue to engage in dialogue with stakeholders and ensure transparent, timely information disclosure through our IR and sustainability initiatives, all while working to enhance long-term corporate value.



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We Design Tomorrow. We Design WORK-Style.

ITOKI CORPORATION

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