

Cover

[Document Submitted]	Securities Report
[Legal Basis]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Submitted to]	Director of the Kanto Local Finance Bureau
[Date of Submission]	March 18, 2026
[Fiscal Year]	76th term (from January 1, 2025 to December 31, 2025)
[Company Name]	Itoki Corporation
[Company Name in English]	ITOKI CORPORATION
[Name and Title of Representative]	President & Representative Director Koji Minato
[Location of Head Office]	1-6-11 Awaji-machi, Chuo-ku, Osaka City (this office is the registered head office of Itoki Corporation, and actual business is conducted at the nearest place of contact)
[Telephone Number]	None.
[Contact for Communications]	None.
[Nearest Place of Contact]	2-5-1, Nihonbashi, Chuo-ku, Tokyo
[Telephone Number]	+81 -3 6910 3910
[Contact for Communications]	Yumi Tanaka, Managing Executive Officer, General Manager of Corporate Planning Division
[Place for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Kabutocho, Nihonbashi, Chuo-ku, Tokyo) Itoki Corporation Tokyo Head Office (2-5-1, Nihonbashi, Chuo-ku, Tokyo)

Part I Corporate Information

I. Company Overview

1. Changes in Key Business Metrics, etc.

(1) Consolidated business metrics, etc.

Term		72nd	73rd	74th	75th	76th
Year ended		December 2021	December 2022	December 2023	December 2024	December 2025
Net sales	(Millions of yen)	115,905	123,324	132,985	138,460	153,682
Ordinary profit	(Millions of yen)	2,437	4,177	8,555	10,004	13,739
Profit attributable to owners of parent	(Millions of yen)	1,166	5,294	5,905	7,183	9,382
Comprehensive income	(Millions of yen)	1,441	5,239	6,715	7,881	9,837
Net assets	(Millions of yen)	45,076	49,910	54,999	49,342	56,813
Total assets	(Millions of yen)	103,898	115,288	117,437	120,521	130,724
Net assets per share	(Yen)	992.89	1,100.33	1,210.96	1,001.13	1,147.78
Basic earnings per share	(Yen)	25.82	116.99	130.29	147.02	190.17
Diluted earnings per share	(Yen)	25.67	114.04	111.28	—	—
Equity ratio	(%)	43.2	43.2	46.8	40.9	43.4
Return on equity	(%)	2.6	11.1	11.3	13.8	17.7
Price-earnings ratio	(times)	14.0	5.1	10.4	11.2	12.8
Net cash provided by (used in) operating activities	(Millions of yen)	2,774	5,804	6,321	(1,000)	8,942
Net cash provided by (used in) investing activities	(Millions of yen)	(1,170)	4,923	(4,012)	(7,107)	(3,847)
Net cash provided by (used in) financing activities	(Millions of yen)	(2,658)	(1,426)	(4,148)	5,905	(5,941)
Cash and cash equivalents at end of period	(Millions of yen)	15,797	25,420	23,664	21,494	20,820
Employees	(no.)	3,973	3,793	3,892	3,957	4,164

(Notes) 1. The diluted earnings per share for the 75th and 76th term is not written, because there are no issuable shares.

2. As of the 73rd term, the presentation for rental fees received was changed from non-operating income to net sales, and the relevant key business metrics and other figures for the 72nd term have been restated to reflect the changes in presentation.

3. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied since the beginning of the 73rd term, and the key business metrics and other figures for the 73rd term and onward are metrics and other figures to which the aforementioned accounting standard has been applied.

(2) Business metrics and other figures for the submitting company

Term		72nd	73rd	74th	75th	76th
Year ended		December 2021	December 2022	December 2023	December 2024	December 2025
Net sales	(Millions of yen)	80,429	84,061	93,108	97,826	114,756
Ordinary profit	(Millions of yen)	1,467	3,508	5,720	7,666	10,759
Profit	(Millions of yen)	544	2,307	4,307	9,511	7,829
Share capital	(Millions of yen)	5,294	5,294	5,294	7,351	7,351
(Total shares issued)	(Thousand)	(45,664)	(45,664)	(45,664)	(53,382)	(53,382)
Net assets	(Millions of yen)	36,422	38,161	41,222	37,705	43,680
Total assets	(Millions of yen)	75,412	85,447	86,139	92,443	101,811
Net assets per share	(Yen)	804.69	841.74	908.01	766.31	884.09
Dividend per share (of which interim dividend per share)	(Yen)	15.00 (—)	37.00 (—)	42.00 (—)	55.00 (—)	75.00 (—)
Basic earnings per share	(Yen)	12.04	50.97	95.04	194.69	158.69
Diluted earnings per share	(Yen)	11.97	49.69	81.18	—	—
Equity ratio	(%)	48.2	44.6	47.8	40.8	42.9
Return on equity	(%)	1.5	6.2	10.9	24.1	19.2
Price-earnings ratio	(times)	30.0	11.6	14.3	8.5	15.4
Dividend payout ratio	(%)	124.6	72.6	44.2	28.3	47.3
Employees	(no.)	2,012	1,996	2,153	2,427	2,491
Total shareholder return (Comparative metric: Dividend-included TOPIX)	(%)	111.4 (112.7)	191.3 (110.0)	431.4 (141.1)	537.7 (169.9)	797.6 (213.2)
Highest share price	(Yen)	447	619	1,587	2,200	2,620
Lowest share price	(Yen)	321	327	570	1,062	1,356

(Notes) 1. The diluted earnings per share for the 75th and 76th term is not written, because there are no issuable shares.

2. The highest share prices and lowest share prices up to April 3, 2022 are from the First Section of Tokyo Stock Exchange, and those from April 4, 2022 onward are from the Tokyo Stock Exchange Primes Market.
3. As of the 73rd term, the presentation for rental fees received was changed from non-operating income to net sales, and the relevant key business metrics and other figures for the 72nd term have been restated to reflect the changes in presentation.
4. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied since the beginning of the 73rd term, and the key business metrics and other figures for the 73rd term and onward are metrics and other figures to which the aforementioned accounting standard has been applied.
5. The dividend of 75 yen/share for the fiscal year ended December 2025 is an item to be resolved at the annual meeting of shareholders scheduled to be held on March 25, 2026.

2. History

December 1890 Itoki Shoten founded in Higashi-ku, Osaka City

1908 Itoki Shoten Engineering Department founded, and manufacturing of office equipment commenced

April 1950 Itoki Kosakusho Co., Ltd. established in Izuo in Taisho-ku, Osaka City, as an entity independent from Itoki Shoten

The main developments that occurred subsequently are as set out below.

- | | |
|----------------|---|
| July 1952 | Imafuku Plant founded in Joto ku, Osaka City |
| December 1954 | Head office relocated to Joto-ku, Osaka City |
| January 1961 | Itoki All Steel Co., Ltd. established (absorption-type merger in January 2026) |
| October | Listed on the Second Section of the Osaka Securities Exchange |
| September 1962 | Listed on the Second Section of the Tokyo Stock Exchange |
| December | Home Furniture Sales Division established in Tokyo and Osaka |
| May 1963 | Neyagawa Plant founded in Neyagawa City, Osaka Prefecture |
| November 1968 | Kyoto Plant founded in Yawata City, Kyoto Prefecture |
| September 1972 | Shiga Plant founded in Omihachiman City, Shiga Prefecture (now the cabinet plant) |
| June 1974 | Fuji Living Industry Co., Ltd. (Hakusan City, Ishikawa Prefecture) became an Itoki subsidiary (now a consolidated subsidiary), manufacture of folding metal chairs commenced |
| August 1984 | Kyoto No. 2 Plant founded in Yawata City, Kyoto Prefecture, and manufacturing transferred from Imafuku Plant |
| November 1986 | Electronic device manufacturing plant founded in Omihachiman City, Shiga Prefecture (now an administrative building) |
| June 1987 | Listing on the Tokyo Stock Exchange and the Osaka Securities Exchange changed to the first sections |
| October 1991 | Chair manufacturing plant founded in Omihachiman City, Shiga Prefecture |
| August 1992 | Chair manufacturing facilities from the Kyoto No. 2 Plant relocated to chair manufacturing plant in Shiga |
| August 1999 | Neyagawa Plant in Neyagawa City, Osaka Prefecture expanded |
| October 2000 | Itoki Technical Service Corporation established |
| November 2002 | Itoki (Suzhou) Furniture Co., Ltd. established in China (now a consolidated subsidiary called Novo Workstyle (China) Limited) |
| March 2003 | Itoki Market Space Inc. established (now a consolidated subsidiary) |
| June 2005 | Itoki Crebio Corporation and Itoki Co., Ltd. merged and changed their name to Itoki Corporation |
| November 2005 | Shiga Logistics Center founded in Omihachiman City, Shiga Prefecture |
| December 2007 | Itoki Corporation acquired shares in Business Jimuki Co., Ltd., and changed its name to ITOKI-HOKKAIDO Co., Ltd. |
| December 2008 | Kanto Plant founded in Midori-ku, Chiba City, and some operations transferred from Kyoto Plant |
| April 2011 | DALTON Corporation and five of its subsidiaries became subsidiaries of Itoki Corporation (now consolidated subsidiaries), and manufacturing and sale of research equipment and devices and powder machinery commenced |
| March 2015 | Shin Nihon System Technology Corporation became a subsidiary of Itoki Corporation (now a consolidated subsidiary), and development of various systems commenced |
| July 2015 | Itoki Komu Center Co., Ltd., Itoki Osaka Komu Center Co., Ltd., and Itoki Technical Service Corporation merged and changed their name to Itoki Engineering Service Corporation |
| December 2016 | Tarkus Interiors Pte Ltd located in Singapore became a subsidiary (now a consolidated subsidiary) |
| July 2017 | Novo Workstyle Asia Limited founded in Hong Kong (now a consolidated subsidiary) |
| November 2018 | New Tokyo head office ITOKI TOKYO XORK (now ITOKI DESIGN HOUSE) opened in Chuo-ku, Tokyo |
| June 2020 | ITOKI CHINA HOLDING Co., Ltd. founded in China (now a consolidated subsidiary) |
| April 2022 | Listing on the Tokyo Stock Exchange switched from First Section to Prime Market after a review of Tokyo Stock Exchange market sections |
| November 2022 | AP Center (Assembly Process Center) founded in Omihachiman City, Shiga Prefecture |
| April 2023 | Absorption-type merger of the ITOKI-HOKKAIDO Co., Ltd. consolidated subsidiary |
| July, 2024 | Absorption-type merger of the Itoki Engineering Service Corporation consolidated subsidiary |

3. Description of Business

The Itoki Group is comprised of Itoki Corporation, 32 consolidated subsidiaries and six non-consolidated subsidiaries. In two business segments made up of the workplace business and equipment and public works-related business, we focus on work-styles and leverage our capability to make comprehensive proposals in order to provide support regarding a wide range of issues faced by companies, organizations, and individuals in terms of the environments in which people go about their life.

How these businesses fit into the overall business of the Itoki Group and their relation to reportable segments are as set out below.

Workplace Business

Itoki Corporation's mission statement is We Design Tomorrow. We Design WORK-Style, and with this as our foundation, we lead the way in the creation of working environments for the coming generation by providing the products and services to realize the optimum working environment for the work styles of each customer. In addition to products and services for the creation of environments in which working people gather to work, we also offer household furniture for home-working and studying and other such products that underpin distributed working environments, as well surveying, consulting, and other services to assist with corporate work style strategy and working environment creation, and by doing so, we provide comprehensive support for the creation of working environments in every kind of space.

Main products/services

Office furniture (desks, work stations, tables, office / conference room chairs, systemized storage units, lockers) / manufacture and sale of building materials for office space construction / interior finishing work / office space design / project management for office relocation / office maintenance and repair services / furniture for teleworking and home learning

Main subsidiaries and associates

Itoki Corporation, Itoki All Steel Co., Ltd., Fuji Living Industry Co., Ltd., Itoki Marui Industry Co., Ltd., Sanko Facilities Inc., FMSTAFF Co., Ltd., Soua Co., Ltd., Tarkus Interiors Pte Ltd, Novo Workstyle Asia Limited, NOVO WORKSTYLE CO., LTD., ITOKI CHINA HOLDING Co., Ltd., ITOKI SYSTEMS (SINGAPORE) PTE., LTD., Itoki Modernform Co., Ltd., PT. Itoki Solutions Indonesia

Equipment and Public Works-Related Business

We contribute to the advancement of society and the economy by providing safe and appealing products for the manufacturing and logistics facilities that support the infrastructure on which society is built, as well as for public facilities where people come together. We provide products that contribute to the peace of mind and safety of the community and working people in all places where value is created, and we contribute to regional invigoration through products and services that support the creation of appealing environments and spaces at public facilities.

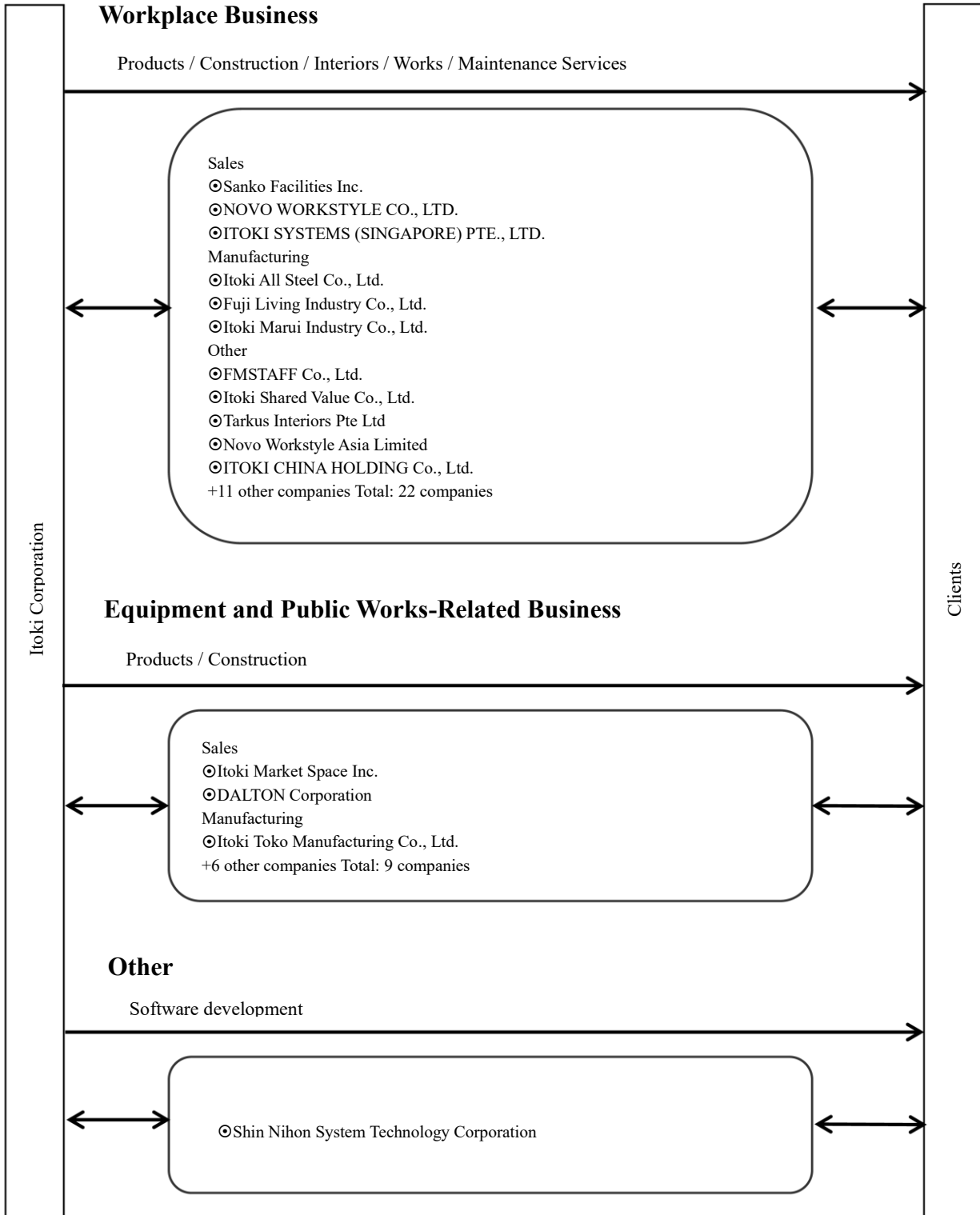
Main products/services

Logistics equipment (multi-level shuttle automated storage systems (SAS) and automated medicine picking systems), and storage racks / special doors / office security systems / devices for commercial facilities / research facility equipment / powder machinery systems / creation of environments and spaces for public facilities, etc.

Main subsidiaries and associates

Itoki Corporation, DALTON Corporation, Itoki Market Space Inc., Itoki Toko Manufacturing Co., Ltd.

Below is a business organization chart that provides a visual illustration of the overview on the previous page.



4. Information on Subsidiaries and Associates

Name	Address	Capital (million yen)	Main Business	Voting Rights Held (%)	Relationship				
					Officer Interlocking, etc.		Financial Support	Business Transactions	Equipment Lending/ Borrowing
					Itoki Corporation Officers (no.)	Itoki Corporation Employees (no.)			
Consolidated subsidiaries Itoki All Steel Co., Ltd	Noda City, Chiba Prefecture	90	Workplace Business	100.0	—	4	—	Manufacture of Itoki Corporation counter products, etc.	—
Fuji Living Industry Co., Ltd.	Hakusan City, Ishikawa Prefecture	60	Workplace Business	98.5	—	5	—	Manufacture of Itoki Corporation chair products	—
Itoki Market Space Inc.	Chuo-ku, Tokyo	100	Equipment and Public Works-Related Business	100.0	—	2	—	Sales of commercial equipment and devices	Renting out of buildings, etc.
Itoki Toko Manufacturing Co., Ltd.	Bando City, Ibaraki Prefecture	70	Equipment and Public Works-Related Business	100.0	—	3	Loans	Manufacturing of steel doors and safety-deposit boxes for Itoki Corporation products	—
Itoki Marui Industry Co., Ltd.	Nagaoka City, Niigata Prefecture	10	Workplace Business	100.0	—	3	Loans	Manufacturing of Itoki Corporation desk products, etc.	—
Sanko Facilities Inc.	Chiyoda-ku, Tokyo	40	Workplace Business	100.0	—	4	Loans	Itoki Corporation dealership	—
FMSTAFF Co., Ltd.	Chuo-ku, Tokyo	90	Workplace Business	100.0 (0.9)	—	3	—	Project management, etc., for products delivered by Itoki Corporation	—
Itoki Shared Value Co., Ltd.	Chuo-ku, Tokyo	50	Workplace Business	100.0	—	4	—	Rental, etc., of Itoki Corporation products	—
Shin Nihon System Technology Corporation	Chuo-ku, Tokyo	100	Other	100.0	—	3	—	Software product development and sales	—
DALTON Corporation	Chuo-ku, Tokyo	100	Equipment and Public Works-Related Business	100.0	—	3	Loans	Sales of research equipment and devices	—
Soua Co., Ltd.	Sumida-ku, Tokyo	10	Workplace Business	100.0	—	4	—	Logistics, etc. of Itoki Corporation products	—
Tarkus Interiors Pte Ltd.	Singapore	SGD \$1.5m	Workplace Business	100.0	—	1	—	—	—
Novo Workstyle Asia Limited	Hong Kong	USD \$31.8m	Workplace Business	100.0	1	—	Loans	—	—
NOVO WORKSTYLE CO., LTD.	Jiangsu, China	USD \$28.12m	Workplace Business	100.0 (82.2)	1	2	—	Supply of components for Itoki Corporation products	—
ITOKI SYSTEMS (SINGAPORE) PTE., LTD.	Singapore	SGD \$1.3m	Workplace Business	100.0	—	1	—	Itoki Corporation dealership	—
ITOKI CHINA HOLDING Co., Ltd.	Jiangsu, China	USD \$15.0m	Workplace Business	100.0	1	2	Loans	—	—
+16 companies									

(Notes) 1. The segment name is shown in the Main Business field.

2. Novo Workstyle Asia Limited, NOVO WORKSTYLE CO., LTD., and ITOKI CHINA HOLDING Co., Ltd. are specified subsidiaries.

3. Numbers in parentheses in the Voting Rights Held field indicate the percentage held indirectly.

4. The percentage of consolidated sales constituted by DALTON Corporation sales (excluding internal sales between consolidated companies) exceeds 10%.

Principal profit and loss information, etc.	(1) Net sales	17,202 million yen
	(2) Ordinary profit	1,292 million yen
	(3) Net profit	1,028 million yen
	(4) Net assets	5,699 million yen
	(5) Total assets	14,395 million yen

5. Employees

(1) Consolidated companies

As of December 31, 2025

Name of Segment	Employees
Workplace Business	2,661
Equipment and Public Works-Related Business	1,124
Reportable segment total	3,785
Other	152
Other employees at all companies (total)	227
Total	4,164

(Notes) 1. The number of employees indicates the entire workforce, and includes non-permanent employees.

2. The number of employees indicated as other employees at all companies indicates the number of employees who belong to administrative departments that cannot be categorized into specific segments.

(2) Submitting company

As of December 31, 2025

Employees	Average Age	Average Years of Service	Average Annual Salary
2,491	42 years, 6 months	13 years, 5 months	7,573,436

Name of Segment	Employees
Workplace Business	1,930
Equipment and Public Works-Related Business	334
Reportable segment total	2,264
Other employees at all companies (total)	227
Total	2,491

(Notes) 1. The number of employees indicates the entire workforce, and includes non-permanent employees.

2. The average annual salary indicates the amount including tax, and includes additional wages and bonuses.

3. The number of employees indicated as other employees at all companies indicates the number of employees who belong to administrative departments that cannot be categorized into specific segments.

4. Other information concerning employees is as set out in II. Business Overview 2. Approach to and Initiatives for Sustainability.

(3) Labor union

The labor union at Itoki Corporation is called the Itoki Labor Union, and it has a union shop arrangement.

Some consolidated subsidiaries also have labor unions.

There are no particularly noteworthy matters with regards to labor-management relations.

(4) Ratio of female workers in management positions, rate of male employees taking childcare leave, and wage differences between male and female employees

(A) Submitting company

Fiscal Year				
Ratio of female workers in management positions (%) (Note 1)	Ratio of male employees taking childcare leave (%) (Note 2)	Wage differences between male and female employees (%) (Notes 1 and 3)		
		All workers	Regular workers	Part-time and fixed-term employees
14.3	76.1	77.2	75.6	92.3

(Notes) 1. Calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. Calculated as the ratio of childcare leave, etc. taken in Item 1 of Article 71 Paragraph 6 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labour No. 25 of 1991) pursuant to the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

3. Although there are no wage differences between male and female employees in terms of the HR system, there are some differences caused by the male/female age composition, the ratio of men/women in management positions, and other such factors.

(B) Consolidated subsidiaries

Fiscal Year					
Name	Ratio of female workers in management positions (%) (Note 1)	Ratio of male employees taking childcare leave (%) (Note 2)	Wage differences between male and female employees (%) (Notes 1 and 3)		
			All workers	Regular workers	Part-time and fixed-term employees
Itoki All Steel Co., Ltd.	0.0	100.0	82.3	85.0	72.7
Shin Nihon System Technology Corporation	17.9	33.3	85.4	85.3	—
DALTON Corporation	3.4	0.0	64.9	64.9	—

(Notes) 1. Calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. Calculated as the ratio of childcare leave, etc. taken in Item 1 of Article 71 Paragraph 6 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labour No. 25 of 1991) pursuant to the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

3. Although there are no wage differences between male and female employees in terms of the HR system, there are some differences caused by the male/female age composition, the ratio of men/women in management positions, and other such factors.

4. Among Itoki Corporation’s consolidated subsidiaries, figures are only stated for domestic subsidiaries with at least 101 workers employed on an ongoing basis.

Regarding Itoki All Steel Co., Ltd., an absorption-type merger was carried out with our company being a surviving company on January 1, 2026.

5. A “-” indicates that there are either no men or no women who meet the criteria, or that there are no workers of either gender who meet the criteria.

II. Business Overview

1. Management Policy, Business Environment, and Issues to be Addressed

Statements in the text regarding the future are based on the judgment of the Group as of the fiscal year ended December 31, 2025.

(1) Basic management policy

Since its establishment in Osaka in 1890 as Itoki Shoten, Itoki Corporation has played a major role in the development of Japanese offices, advancing steadily alongside the Japanese economy through the Taisho, Showa, Heisei, and Reiwa eras. During that time, the Company has developed through management tailored to changing times, such as the spin-off of the manufacturing department in 1950. Then, in June 2005, manufacturing and sales operations were once again integrated in the pursuit of creating new corporate value, marking the beginning of its history as a single organization for the first time in more than half a century.

As a Group, we believe that our reason for being is to pursue business activities aimed at both CS (Customer Satisfaction) and ES (Employee Satisfaction), and furthermore, to fulfill our corporate social responsibilities to the fullest extent possible. In accordance with our mission statement “We Design Tomorrow. We Design WORK-Style,” we aim to contribute to solving problems and creating new value in offices and many other environments.

(2) Target management indicators

From the perspectives of business growth and the improvement of earnings power, as well as the efficient management of assets, the Group considers

(A) the ratio of operating profit margin to net sales and

(B) return on equity (ROE)

to be important management indicators. In addition, the Group set a target score of “the pride of employees in their company,” an item in the survey on employees’ engagement, from the viewpoint of execution of HR strategies.

In order to realize the Group’s vision statement, “Vibrant People, Beautiful Planet,” we aim to achieve stable and sustainable business growth by continuing to provide attractive products and services, as well as through ongoing cost reductions and productivity improvements.

(3) Medium- to long-term management strategy

As for the business environment surrounding Itoki Corporation, companies and workers are currently displaying growing interest in hybrid work*1, and have been doing so since the COVID-19 pandemic. In addition, investment in human capital has garnered attention, resulting in the increasing opinion that the ideal nature of offices is a management issue.

To take advantage of these changes in the business environment and achieve further business growth, Itoki Corporation has formulated and proceeds with a three-year Medium-term Management Plan, “RISE TO GROWTH 2026,” which covers the period from 2024 to 2026. The theme of this Medium-term Management Plan is “enhancing the strength of sustainable growth.” We have outlined the key strategy “7 Flags,” as well as ESG strategy. By implementing measures under these strategies, we aimed to achieve sales of 150 billion yen, an operating income of 14 billion yen, and an ROE of 15% in 2026, but sales reached the target in the second year of the plan. In the next fiscal year, which is the last year of the plan, we plan to give more proposals with high added value in the workplace business and enrich products and services related to mainly research facilities and logistics in the equipment and public works-related business under the key strategy “7 Flags,” pursuing each measure. Further, profits gained from business growth will be utilized as strategic investments in the medium to long term, and we will systematically return them to our stakeholders.

The key strategy “7 Flags” and ESG strategy of the “RISE TO GROWTH 2026” Medium-term Management Plan are as follows.

■Key Strategy “7 Flags”

1. Office 1.0/2.0 Area*2

Itoki Corporation will strengthen value-added proposals for new work styles and the office spaces for implementation of those work styles, and thereby ensure the sales and profit base.

2. Office 3.0 Area*3

Itoki Corporation will utilize spatial sensing and conversion of office furniture to IoT in order to develop services that provide data-driven and optimal work styles and office spaces.

3. Specialized Facility Area

Itoki Corporation will prioritize allocation of resources to development and engineering in the logistics facility area and research facility area, and develop those areas into the second pillar.

4. Transition to High Profitability

Itoki Corporation will improve production and operational efficiency by restructuring the Group's production and supply system and renovating the internal IT infrastructure.

5. Group Synergy

The successes of the structural reform project carried out by Itoki Corporation will be rolled out horizontally to Group companies, thereby pursuing Group synergy.

6. Human Capital

Itoki Corporation will promote proactive and dynamic "creativity and ingenuity" in each employee, mainly through reform of the human resources system.

7. Financial Strategy

From a medium-to-long-term perspective, Itoki Corporation will systematically implement growth strategic investments, employee returns, and shareholder returns.

■ESG Strategy

• Environment

Under the "ITOKI Ecosystem Initiative toward 2050: Harmony with Nature,"*4 Itoki will contribute to the achievement of a society that has zero negative impact on the ecosystem.

• Social

Itoki Corporation will present itself as a testing ground for investment in the "work" environment, and promote the Company's main business of Work Style Design, thereby contributing to the maximization of human capital.

• Governance

Itoki Corporation will rebuild its management infrastructure from a standalone perspective to a consolidated perspective and aim to improve governance throughout the entire Group.

*1: A work style that combines office work and telework

*2: Office 1.0: Product-based sales business/Office 2.0: Space-based product solution business

*3: Office 3.0: Work style-based office DX business

*4: An internal initiative to promote activities that contribute to the environment, with "responding to climate change," "promoting recycling of resources," and "utilization of sustainable materials" as priority areas

■Numerical Targets (Consolidated)

	FY2026 targets
Net sales	167.5 billion yen
Operating profit	16 billion yen
Operating profit margin	9.6%
ROE	18.5%

(4) Issues to be addressed as a company

In the current external business environment surrounding the Itoki Group, the demand for investment in workplaces for securing personnel and improving productivity is expected to be healthy as human capital-oriented management has become common, but there may be growing uncertainties over the business environment, including the demand trend, supply systems, and cost structures, due to the elongation of the weakening of the yen, the skyrocketing of raw material prices and distribution costs, geopolitical risks, changes in trade policies, cyber attacks, etc. In such business environment, our company will keep promoting the key strategy "7 Flags" and ESG strategy based on the Medium-term Management Plan "RISE TO GROWTH 2026" and engage in business activities while

considering the pursuit of measures and the enhancement of the ability to take action as important issues in the final fiscal year. While enhancing the proposal for high added value and services in the workplace business and enriching products and services related to mainly research institutes and logistics in the equipment and public works-related business, they will rationalize prices, strengthen procurement and supply systems, streamline business operations, control risks, and manage our BCP thoroughly, to minimize the impact of changes in the external environment on our performance. In addition, we aim to achieve sustainable growth and profitability improvement, by allocating managerial resources across the Itoki Group in an optimal manner and sophisticating our governance system.

2. Approach to and Initiatives for Sustainability

The Group's approach to sustainability and specific initiatives are as follows.

Note that statements in the text regarding the future are based on the judgment of the Group as of the fiscal year ended December 31, 2025.

(1) General sustainability

In accordance with our vision statement, "Vibrant People, Beautiful Planet," the Group aims to contribute to the happiness of individuals, companies, and society by supporting people's work-styles and conducting sustainable corporate activities. Meanwhile, social issues such as global warming, human rights, the declining number of children, and demographic aging are growing more serious each year, and corporate activities that take social issues into consideration, such as addressing climate change, respecting human rights, and investing in human capital and DX, are required more than ever before. Against this backdrop, the Itoki Group made "implementation of ESG management" a key policy in its three-year Medium-term Management Plan "RISE ITOKI 2023" for the period 2021–2023, and has undertaken measures from various perspectives, including energy conservation, utilization of sustainable materials, and implementation of a human resources strategy synchronized with management strategy.

The Medium-term Management Plan "RISE TO GROWTH 2026," which began in FY 2024 and continues until FY 2026, places the key strategy "7 Flags" and an ESG strategy at its center, with the ESG strategy forming the foundation of business strategy.

* The Medium-term Management Plan "RISE TO GROWTH 2026" and the ESG strategy are described in II. Business Overview.

(A) Governance in sustainability

Management of risks/opportunities and strategies related to sustainability, such as climate change and human rights, are overseen by the Director and Managing Executive Officer of the Corporate Planning Department. Materialities (key issues) and other important sustainability-related policies and measures are developed by the Sustainability Promotion Department, which is under the jurisdiction of the Corporate Planning Department, and are deliberated on and reported at the Board of Managing Directors as necessary through the director in charge, and are subject to supervision by the Board of Directors. The Sustainability Promotion Department also receives and compiles reports on the progress of sustainability initiatives from each department, and reports to the director in charge when required. Furthermore, Itoki established "Sustainability Advisory Board," which is composed of 2 outside directors and 1 director, in 2024. This board discusses sustainability in an intensive manner, and gives suggestions regarding policies and strategies.

* The state of the Board of Directors and the Audit & Supervisory Board is described in the "Corporate Governance Report" and the "Corporate Governance" section of the "Integrated Report."

(B) Risk management

In addition to establishing countermeasures to anticipate various risks that may arise in all aspects of its business activities, and appropriately managing risks by reducing their likelihood and impact, the Itoki Group is committed to risk management to minimize damage and losses and prevent recurrence in the event that a risk should materialize. Risks identified based on various factors are classified into four levels of likelihood and degree of impact, and are evaluated based on a score (1 to 16 points) obtained by multiplying these levels together.

In accordance with the "Itoki Group Risk Management Basic Regulations," the Group has established a Risk Management Committee chaired by the President to ensure effective risk management. The Risk Management Committee develops risk management policies, evaluates risks, and determines the level of countermeasures, and instructs the subordinate Compliance Committee, Information Security Committee, and the relevant departments to take specific countermeasures.

For the fiscal year ended December 31, 2025, the nine risk items from those with particularly high scores (12 points or more) in the risk assessment were selected by the Risk Management Committee as priority risks to be addressed to enhance the effectiveness of their respective countermeasures.

Since sustainability risks have a significant impact on the Company's medium- to long-term growth, we have created a risk management sheet for "business and human rights risks" and "climate change risks" that require special attention, and these are managed within the company-wide risk management system. The risk management sheet clearly states the specific risks,

countermeasures, as well as relevant departments, laws, and regulations to help preemptively avoid risks and promptly respond to problems when they occur.

* The state of risk management is described in “II. Business Overview, 3. Business and Other Risks.”

(C) Strategy

Since 2018, the Itoki Group has been working on materialities (key issues) in order to solve various social issues related to workplaces into the future. In 2022, in response to changes in social issues, ongoing dialogue was held with management to review priority themes, sorting issues into the two major materialities of “making society and its people happy” and “making the company and its employees happy.”

In FY 2024, in conjunction with the formulation of the new Medium-term Management Plan “RISE TO GROWTH 2026,” Itoki positioned material issues as things beyond the three-year Medium-term Management Plan, and narrowed down priority themes to six themes. The progress of various activities based on the materialities is managed in the same manner as progress of the Medium-term Management Plan (KPIs).

*Material issues are described in the section “Corporate Value and Material Issues” in the “Integrated Report.”

(2) Climate change

In June 2020, recognizing that addressing climate change is an important management issue, the Group expressed its support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Accordingly, we are conducting an analysis, based on the TCFD’s recommendations, of the impact that climate change will have on our business.

(A) Governance for climate change

The governance framework for climate change is shared with that for (1) General sustainability.

(B) Risk management for climate change

Regarding risks and opportunities in climate change, on the basis of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), the Sustainability Promotion Department identifies significant risks and opportunities through a comprehensive consideration of business issues, an assessment of the impact of environmental aspects using the environmental management system (EMS), and requests and expectations from stakeholders, and evaluates them on two axes: impact and likelihood. From FY 2024, climate change-related issues are managed as “climate change risks” within the company-wide risk management system, in the same manner as other business and other risks. The risks identified by the Group with respect to climate change are as follows.

- Transition risks: The high-impact risks identified include increased costs and delays in responding to changes in stakeholder behavior in the event that a carbon tax is introduced. These will be managed through measures such as the use of renewable energy and the development and design of environmentally friendly products.

- Physical risks: The Company recognizes the risk of supply chain disruption in the event of an increase in the frequency of extreme weather events. We will respond by revising our business continuity plan in response to changes in the environment.

* Details of identified risks and opportunities are disclosed on the Itoki Corporation website.

Sustainability site E (Environment) → <https://www.itoki.jp/sustainability/envreport/>

(C) Strategy for climate change

Three scenarios (advanced/normal/delayed sustainability) were defined and analyzed with reference to several existing scenarios published by the IPCC(*) regarding long-term projections for climate change. The analysis showed that climate change could have a significant impact on the Group’s business in the short, medium, and long term, including policy and regulatory risks. Besides the increasing frequency and scale of extreme weather events, which is already apparent, other risks include the introduction of a carbon tax, increased procurement costs, and the shrinking of existing markets.

The Group regards climate change as an important management issue and has designated “helping achieve a carbon-neutral society” and “promoting resource circulation and contributing to the conservation of the ecosystem” as priority themes among its materialities. On the basis of these priority themes, we have established medium- and long-term CO₂ emission reduction targets,

and will promote work styles that emit less CO₂ by implementing DX and supporting our customers' work style reforms, while also working to achieve these targets within the Company itself through the introduction of renewable energy and the development and design of environmentally friendly products. Furthermore, these activities will be conducted using a steady PDCA cycle in order to make progress toward achieving our goals.

* IPCC: Intergovernmental Panel on Climate Change

(D) Indicators and targets

As part of its efforts to address climate change, the Itoki Group has established medium-term CO₂ emissions reduction targets and is working to achieve them by incorporating them into specific action plans. In 2023, we have revised the target previously set for reducing CO₂ emissions target for 2030, and have set a new target value with reference to the 1.5 degrees level indicated by the Science Based Targets initiative (SBTi).

The CO₂ emissions from the Itoki Group mostly fall under Category 1 “Purchased Products and Services” of Scope 3 emissions. Accordingly, we will strengthen our system for collaboration with suppliers, calculate emissions more precisely, and make efforts to reduce CO₂ emissions to achieve the goal in 2030.

<Medium- to long-term CO₂ emissions reduction targets>

2030 targets	Scope 1	42.7% reduction (relative to 2022)
	Scope 2	42.7% reduction (relative to 2022)
	Scope 3	25.0% reduction (relative to 2022)

<Actual CO₂ emissions (units: tons CO₂)>

	Scope 1	Scope 2	Scope 3	Total
2022 (reference year)	6,081	8,397	318,343	332,821
2024	5,589	7,960	283,290	296,838

(Note) Data for FY 2025 is currently being compiled and will be disclosed in this fiscal year’s Integrated Report.

(3) Human capital and diversity initiatives

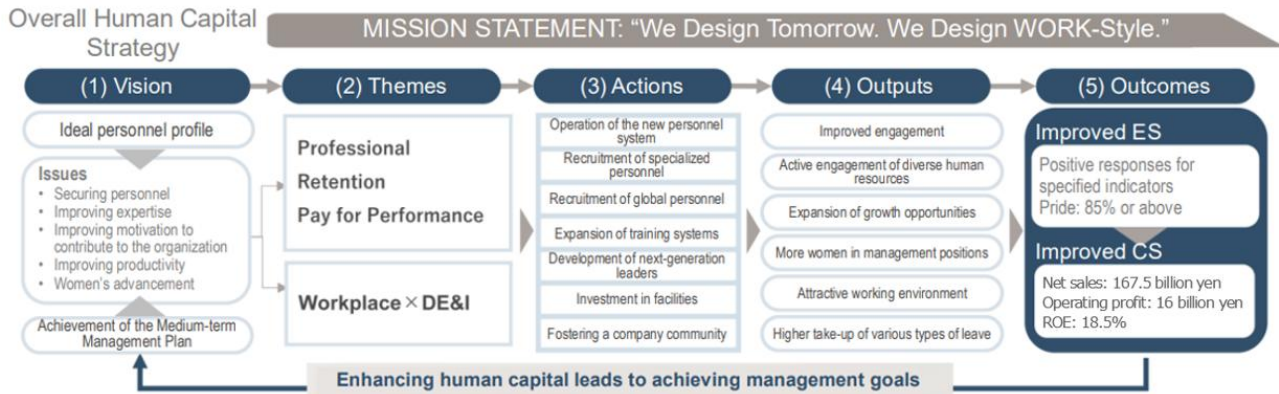
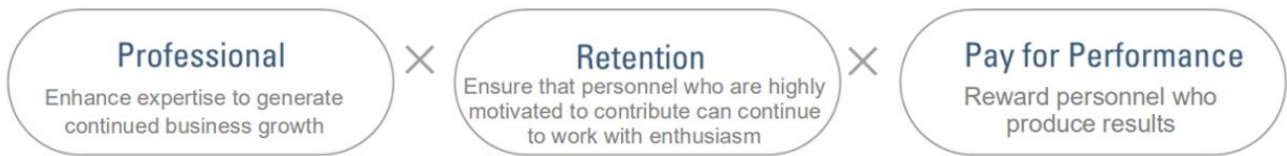
As a company with a mission statement of “We Design Tomorrow. We Design WORK-Style,” we are committed to creating a workplace (organizations, systems, and culture) where every employee can work enthusiastically with a sense of fulfillment and perform at their best, as well as building a safe and reassuring work environment.

Details of Itoki Corporation’s efforts to create an environment where employees can grow and demonstrate their abilities, and to support the diverse work styles of individual employees, are disclosed on the Company website below.

Sustainability site S (Social) → <https://www.itoki.jp/sustainability/social/>

(A) Strategy

At Itoki, we believe that achieving the goals of our management strategy requires the execution of a synchronized human resources strategy. In accordance with this approach, we have established a personnel plan that includes hiring with business strategies in mind, an education system that supports the growth of each employee according to their career path and the required personnel profile, and a personnel system based on employee growth and improved job satisfaction. We view human resources not as something that incurs costs but as a target for capital investment, and as such, will increase the value of our business by investing in personnel. Furthermore, we use our human resources strategy to help achieve the goals of our management strategy through human resource development that takes diversity into consideration and the early introduction of a personnel system that is suited to the work styles after the COVID-19 pandemic.



◆ Human resource development policies/examples

Itoki offers a variety of curricula, centered on an education system that supports the growth of each employee in accordance with their career, based on the required personnel profile. In addition, we are working to improve the overall quality of the system, with interviews and various training sessions conducted both online and face-to-face, depending on the content.

—Examples of Itoki Corporation’s human resource development initiatives—

• Elective training

A wide range of curricula are provided to support employees’ independent career development and provide opportunities for self-directed learning.

Example) Basic business training

This training provides a base for conducting business, including logical thinking, facilitation training, business writing, and developing persuasion skills.

Example) Career design training

Curricula suited for each phase of employees in their 20s to 50s encourage them to review their own strengths and values and consider developing their careers.

Example) E-learning

Participants can study the skills they want to strengthen online through GLOBIS Unlimited Learning, Udemy Business, etc., leading to behavioral change.

• Training of managers

Managers engaged in the supervision of employees play a very important role, and so particular efforts are being made to develop awareness among first-line managers.

Example) Training of subordinates

As diverse employees (mid-career workers and non-Japanese ones) are increasing, we held a training session that is voluntarily attended by managers who want to reconsider the training of subordinates. Due to the increased interest in training, the number of would-be attendees increased considerably. Accordingly, this training provided an opportunity for the entire organization to improve training skills.

Example) Training of evaluators

In order to operate the new evaluation system effectively, we held a training session for all evaluators for the purpose of fostering an understanding of the system. This training supports evaluation that would lead to the growth of subordinates.

• Training in each section

Curricula for learning necessary skills (marketing, negotiation, management strategy, etc.) are offered for respective sections, so that personnel can brush up their expertise.

◆ Recruitment policies/examples

The employees of Itoki interact with various people, consider over what is required of each employee and how to contribute to customers, society, and the company, and proceed with projects with teamwork while involving people around them. We are also working to recruit personnel who can take responsibility for finishing the job without fear of failure.

□ New graduate recruitment

We place great importance on spending time with each candidate during the recruitment process to deepen mutual understanding of areas that cannot be grasped from the application form alone, such as how they want to grow and realize themselves at Itoki, and what kind of career development they are aiming for. Besides, internships are also actively offered to deepen participants’ understanding of the industry and the Company. We also conduct referral recruitment, and there have been cases in which new graduates have decided to join the Company this way.

□ Experienced worker recruitment

In order to accelerate the reform and growth of Itoki, we recruit highly specialized talent with unique knowledge. In addition to the previous experience and track record, we recruit talent who can take on actual tasks immediately for growing our business. We will increase contact points with job seekers to recruit talent, by holding sessions for introducing our company, advertising our company via the media, and directly recruiting talent.

□ Global recruitment

We make efforts to recruit competent talent with scientific knowledge from outside Japan, and conduct active recruitment in Vietnam. Many Vietnamese people have already joined our company and are working actively. In 2025, 19 Vietnamese people joined our company.

—Examples of Itoki Corporation’s recruitment initiatives, awards, etc.—

- We started recruiting talent based on referrals from employees in July 2022, and have recruited a total of 33 people based on referrals (as of December 2025).
- We put energy into the recruitment of competent talent with scientific knowledge from outside Japan, so we participated in “SEKISHO JOB FAIR,” which is held in Hanoi, Vietnam and is aimed at matching local students with Japanese enterprises, for the 4th consecutive years in 2025.

◆ DE&I (diversity equity & inclusion) policies/examples

Reflecting the commitment of senior management, Itoki recognizes its employees, who come from diverse backgrounds in terms of genders, ages, nationalities, disability statuses, employment conditions, working styles, customs, and values as a diverse range of human resources. As such, we aim to help each individual thrive, make the most of their unique attributes, and perform to the best of their abilities.

—Examples of Itoki Corporation’s DE&I initiatives, awards, etc.—

- Received the “D&I AWARD” at the “D&I Award 2025,” which recognizes companies that are committed to diversity and inclusion, and recognized as a “Best Workplace,” the highest rank, for four consecutive years (2025)
- Awarded “Gold” in the PRIDE Index 2025 an evaluation index for LGBTQ initiatives in the workplace. Furthermore, Itoki was also certified as “Rainbow” for the second consecutive year, as an enterprise that promotes cross-sectoral cooperation with the national government, municipalities, etc. among the enterprises that have received “Gold” in the PRIDE Index (2025).
- Concluded a partnership agreement on friendship exchange and high-level human resources with Hanoi University of Science and Technology in Vietnam (2023)
- Introduced the “Childcare Leave Return to Work Support Grant System,” under which all direct-hire employees who take childcare leave, regardless of gender, receive a support grant corresponding to the length of leave taken (2023)
- Introduced a “partnership system” that applies the same benefits and rules to common-law spouses and same-sex partners, as well as their children and parents, as to legal spouses and family members (2023)
- We hold “DE&I × WORKPLACE Seminar” for all employees (inviting around 50 people from other enterprises, etc.). We also hold a “seminar for supporting employees in balancing work and nursing-care” and a “lunch meeting of LGBTQ allies.”
- Partnered with local facilities that employ people with disabilities and held in-house sales of handmade sweets to promote understanding of disability
- We educate all employees about human rights, to foster the awareness of DE&I further.
- We hold an in-house seminar about the promotion of employment of disabled people for division chiefs.
- Held “Seminar for Supporting Employees in Work and Childcare” for employees who have taken childcare leave.

□ SPLi, a community for the advancement of women

As we consider that fusing and stimulating all kinds of diversity will produce substantial change and growth, Itoki creates an environment in which a diverse range of personnel can flourish. In particular, we define the development of women's leadership as a priority management measure, and are undertaking various initiatives.

SPLi is a community that encourages active participation of women and supports the acquisition of necessary knowledge and skills for exercising leadership as well as ongoing career development while harnessing individuals' unique identities and diverse personalities.

Approximately 150 members, including those from Group companies, gather voluntarily to conduct a variety of activities.

□ Global participation community API

Itoki has launched the ITOKI Global Initiative "API," a platform for Itoki Group members in Japan and overseas to transcend all kinds of barriers, including differences in language, ideas, and customs, in order to "learn independently and reciprocally, developing into personnel who can play an active role on the global stage." By gaining an in-depth appreciation of the varying cultures, religions and customs of different countries on a fundamental level, the platform aims to improve participants' understanding, conception and awareness of diversity and a truly global world. There are currently around 130 participants, including those from Group companies.

◆ Initiatives to improve engagement

Since 2016, Itoki has conducted an engagement survey to ascertain the state of employee motivation and the factors that influence it. The results of the survey are used as a key management indicator, and are incorporated into efforts to improve organizational engagement, with the aim of making the Company a vibrant place where every employee can shine.

Among a number of indicators, we consider the ratio of positive answers to the question “Is Itoki a company where you can work with pride” as the most important indicator, and set a target ratio as one of management goals. The management take the initiative and each division takes measures for improving employees’ engagement. In 2025, we engaged in some activities with the keyword being “improvement in quality” in employees’ engagement, so score was at the 80% level like in the previous year. In 2026, which is the final fiscal year of the Medium-term Management Plan, we set a goal of keeping this indicator, that is, the ratio of positive answers high, and continue our activities.

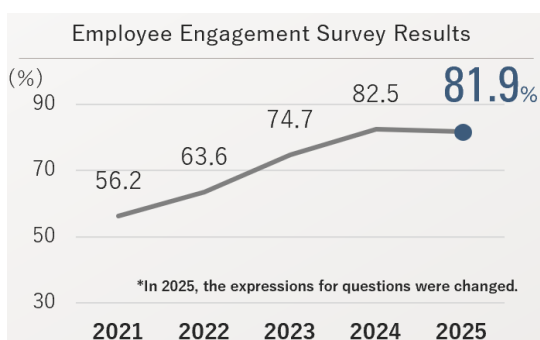
◆ Initiatives for improving the ratio of female managers

As we put importance on the fostering of a corporate climate in which employees recognize diverse workstyles and career paths mutually, we consider the ratio of female managers as an important KPI. In addition to the activities of the above-mentioned “SPLi,” a community for supporting women’s leadership, we adopted flexible working systems, including flexible working hours and telework, which are helpful to women who tend to have time constraints due to child rearing, nursing care, etc., developing an environment in which it is possible to produce good results efficiently during a limited time. These activities are considered to help raise the ratio of female managers. In addition, the gentle increase of female employees is considered as one of factors in good effects of these measures.

(B) Indicators and targets

◆ Employee engagement key indicator scores

<Target> 2026: Over 85% <Results> 2022: 63.6%, 2023: 74.7%, 2024: 82.5%, 2024: 82.5%, 2025: 81.9%



◆ Rate of managerial positions occupied by women

<Target> 2026: 13% <Results (*)> 2022: 10.7%, 2023: 10.3%, 2024: 10.7%, 2025: 14.3%

(*) Calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

◆Other performance indicators related to human capital and diversity initiatives (*1)

<Gender wage gap indicators>

			2022	2023	2024	2025
Ratio of women's wages to men's wages	All workers	(%)	69.8	70.4	74.2	77.2
	(permanent employees)	(%)	(68.1)	(68.6)	(72.6)	(75.6)
	(part-time and fixed-term employees)	(%)	(73.1)	(83.9)	(86.4)	(92.3)

<Leave-related indicators>

			2022	2023	2024	2025
Childcare leave uptake rate (*2)	Men	(%)	44.4	70.0	68.6	76.1
	Women	(%)	96.3	100.0	114.0	84.8
Paid leave uptake rate	All workers	(%)	59.0	63.1	60.0	60.3

<Recruitment indicators>

			2022	2023	2024	2025
New graduates recruited	Total	(no.)	29	63	49	59
	(percentage of women)	(%)	(48.3)	(54.0)	(67.3)	(69.5)
Experienced workers recruited	Total	(no.)	53	130	132	104
	(percentage of women)	(%)	(37.7)	(33.8)	(28.0)	(30.7)
Overseas personnel recruited		(no.)	4	3	4	21

<Human resource development indicators>

			2022	2023	2024	2025
Annual training costs per employee (*3)	(thousands yen/person)		64.07	72.93	84.85	75.76

(*1) Targets and actual results refer to the status of employees of the submitting company.

(*2) Calculated as the ratio of childcare leave, etc. taken in Item 1 of Article 71 Paragraph 6 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labour No. 25 of 1991) pursuant to the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

The figures in 2022 to 2024 were recalculated in accordance with the guidelines of the Ministry of Health, Labour and Welfare.

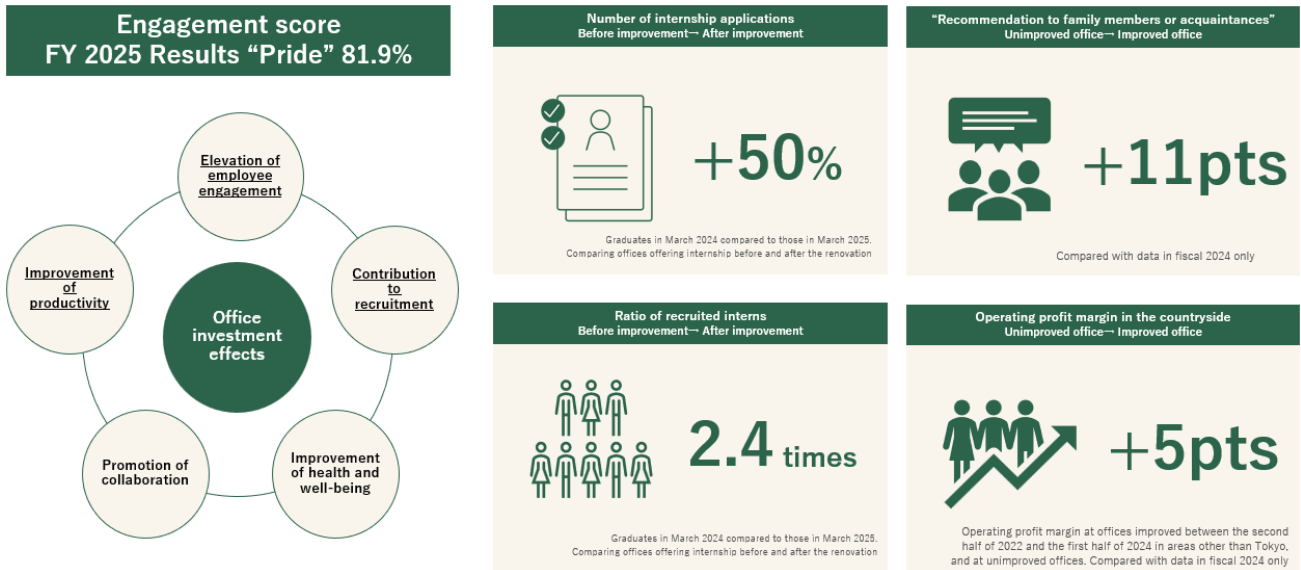
(*3) Annual training costs per employee includes transportation costs.

As a leader in the creation of working environments, Itoki also recognizes that the establishment of comfortable workplaces for employees — that is, investment in facilities — is an important issue to be addressed by companies as part of their human capital management, and is conducting such investment internally. We believe that continued investment in creating productive, safe, and reassuring offices will contribute to human capital management, and the table below shows the returns we have achieved.

◆ Number of investments in internal facilities

<2025 Results> Renovation and relocation of a total of six offices, including the Tokyo Head Office.

◆ Returns from office investment (human capital investment)



3. Business and Other Risks

Information on business overview, status of accounts, and other matters described in the Securities Report that may have a material effect on investors' decisions include the following.

The risk items listed below do not cover all risks related to the Group's business, and the Group may be affected in the future by other risks that are not anticipated or are not deemed significant. Statements in this section regarding the future are based on the judgment of the Group as of the date of submission of the Securities Report (March 18, 2026).

<The Itoki Group's risk management system>

In addition to establishing countermeasures to anticipate various risks that may arise in all aspects of its business activities, and appropriately managing risks by reducing their likelihood and impact, the Itoki Group is committed to risk management to minimize damage and losses and prevent recurrence in the event that a risk should materialize. Risks identified based on various factors are classified into four levels of likelihood and degree of impact, and are evaluated based on a score obtained by multiplying these levels together.

In accordance with the "Itoki Group Risk Management Basic Regulations," the Group has established a Risk Management Committee chaired by the President to ensure effective risk management. The Risk Management Committee develops risk management policies, evaluates risks, and determines the level of countermeasures, and instructs the relevant departments to take specific countermeasures.

For the fiscal year ended December 31, 2025, the following nine risk items from those with particularly high scores in the risk assessment were selected by the Risk Management Committee as priority risks to be addressed to enhance the effectiveness of their respective countermeasures.

- Risk regarding the violation of the Antimonopoly Act
- Risks involving critical quality issues
- Risks involving human rights issues (abuse of authority, sexual harassment, discriminatory behavior, etc.)
- Risks involving information leaks and cyber-attacks
- Risks involving serious industrial accidents
- Risks involving work stoppages due to disasters or accidents
- Supply chain risks (delays in supply of products)
- Risks involving unplanned outages of information systems
- Risks involving inadequate management of Group companies

In addition, we are continuously revising the system for group-wide risk management to make it more effective, so that the risk management of the Itoki Group will improve further.

For the next fiscal year, we selected the following six risks as the ones that should be discussed intensively by the risk control committee.

- Risks involving the emergence of a serious quality problem, including quality-related misconduct
- Risks involving the emergency of a problem regarding human rights, such as harassment and discrimination
- Information security risks, such as information leakage, system halt, and cyber attacks
- Health and occupational accident risks (overwork, occupational accidents, etc.)
- Natural disaster risks (earthquakes, wind or flood damage, etc.)
- Risks involving the violation of the Antimonopoly Act and other laws and regulations, including the non-compliance with laws

<Business and other risks>

The following is a detailed description of the risks selected by the Risk Management Committee as priority risks to be addressed in the fiscal year ended December 31, 2025, from among the risks associated with the businesses that the Group operates.

(1) Risk regarding the violation of the Antimonopoly Act

The Itoki Group engages in business activities while maintaining fair, free competition and complying with laws and regulations. However, the Japan Fair Trade Commission offered administrative advice as the logistics work entrusted by our company in the fiscal year ended December 31, 2024 may violate the Antimonopoly Act.

The Itoki Group took this case very seriously, and is promoting measures for rationalizing our transactions while involving all group companies, and developing appropriate relationships with contractors. If we violate the Antimonopoly Act or the authorities conduct another investigation, disposition, or the like, it may degrade the creditability of the Itoki Group, generate expenses for coping with the problem, and restrict our business, affecting our financial standing.

(2) Risks involving critical quality issues

Although the Itoki Group manufactures products based on strict quality standards established internally, there is a possibility that recalls may occur due to unforeseen circumstances, or that unforeseen events or complaints may occur with respect to the products and services that the Group provides. The Group has taken out insurance against product liability claims as a response to the possible occurrence of a critical quality problem. However, there is no guarantee that all losses will be covered, and there is a possibility that the Group's performance and financial position could be adversely affected as a result. Moreover, such an incident could have a negative impact on the reputation of the Group's products.

The Group considers the potential occurrence of quality problems to be a serious risk and is committed to preventing quality problems by allocating the necessary management resources to quality assurance, maintaining the quality control system through enhanced inspections and patrols, and providing thorough education on quality. In addition, we will maintain a management system that allows us to respond quickly and minimize the impact in the event that a problem should occur.

(3) Risks involving human rights issues (abuse of authority, sexual harassment, discriminatory behavior, etc.)

The Group has established an "Itoki Group Code of Conduct," and strives to respect the human rights of its employees and to create a system and environment in which each and every employee can work with enthusiasm and perform to the full extent of their abilities, with respect for personality, individuality and diversity. In addition, we work to establish corporate ethics that we can present proudly to the public, as well as a well-developed system of internal controls to promote compliance-oriented management. However, failure to properly carry out these activities could have a negative impact on the Group's performance and financial position.

(4) Risks involving information leaks and cyber-attacks

In the course of its business operations, the Itoki Group holds personal information belonging to customers and business partners, in addition to Group-internal personal information. As part of our information security measures, we ensure the thorough protection of personal information by implementing strict management, establishing regulations, implementing various security measures, educating employees, and operating a management cycle that includes internal audits. However, there remains a possibility of leaks due to unforeseen circumstances, such as cyber-attacks using techniques beyond what can be anticipated. If such an incident were to occur, the value of the Group's brand would be diminished, and the Group could incur significant expenses.

(5) Risks involving serious industrial accidents

To prevent the occurrence of industrial accidents, the Itoki Group conducts safety assessments, improvement activities, health and safety education, and other safety management initiatives. However, were a serious industrial accident to occur, it could have an adverse impact on the Group's business performance and financial position.

(6) Risks involving work stoppages due to disasters or accidents

The Itoki Group has implemented a variety of measures, such as facility inspections and disaster prevention activities, including health and safety initiatives, to ensure that business operations do not come to a stop as a result of disasters or similar events. However, a disaster of unforeseen scale could have a negative impact on the Group's performance and financial position.

In response, the Group is working to reduce the risks posed by disasters by implementing measures that encompass the supply chain, both in terms of health and safety and business continuity, and by establishing a disaster countermeasure system.

(7) Supply chain risks (delays in supply of products)

To prepare for the risk of sudden supply disruptions due to accidents, disasters, bankruptcies, etc., the Itoki Group conducts evaluations of suppliers and arranges for alternative suppliers in the event of sudden supply disruptions. However, in the event that the supply of raw materials used for our products is interrupted due to an accident, disaster, or bankruptcy affecting a supplier, it may become impossible to supply products in a timely manner, resulting in a negative impact on the Group's business performance and financial position.

(8) Risks involving unplanned outages of information systems

The Itoki Group relies on the communication network linking its computer systems, and as such, if the network were to cease functioning due to a natural disaster or some other fortuitous event, this could have an impact on its business activities, including the receipt and placement of product orders, production, and logistics. There is also the possibility that, as a result of unauthorized external intrusions into the Group's systems, website content could be altered, important data could be obtained illegally, or important data could be erased with a computer virus, etc.

The Group strives to minimize the impact of natural disasters and external cyber-attacks through information security measures, including a business continuity plan focusing on IT systems (IT-BCP). However, were such an incident to occur, it could have an adverse impact on the Group's business performance and financial position.

(9) Risks involving inadequate management of Group companies

While the Itoki Group is developing and promoting management systems with the aim of handling information properly and educating all the executives and employees thoroughly about the importance of compliance with relevant laws and regulations in all of its group companies, failure to properly carry out these activities would diminish the value of the Group's brand and could have an adverse impact on the Group's business performance and financial position.

The Group has adopted technological measures for enhancement of IT governance, including security measures, and human and organizational measures, such as education and training, against the risks at all of its group companies in order to mitigate the risks.

In addition to the above, the main risks for which the Group has ongoing risk mitigation measures in place are as follows.

(1) Changes in the market environment and intensified market competition

The Itoki Group's sales are heavily dependent on the Japanese market and are greatly affected by domestic trends in capital investment. This means that if a recession in the domestic economy causes a decrease in private capital investment and public investment, and demand declines as a result, the Group's business performance and financial position may be adversely affected.

The Group is also highly regarded for its products with advanced design and functionality and its ability to propose total solutions to support the creation of comfortable environments for customers. However, we face fierce competition in the market, especially in terms of price, and there is no guarantee that we will be able to maintain a competitive advantage, and this could have a negative impact on the Group's business performance and financial position.

To address these risks, the Group aims to develop high value-added products and services that customers can select regardless of trends in terms of economic conditions and competitors, and to optimize management resources to maintain an appropriate business portfolio aligned with changes in the business environment.

(2) Fluctuations in raw material prices and increases in commodity purchase prices

Steel plates, etc., which constitute the principal raw materials for products manufactured by the Itoki Group, are subject to the risk

of fluctuations in market prices. In addition, with regard to the prices of products purchased from outside the Group, if the prices of raw materials such as steel and crude oil rise in the future and the pressure to raise purchase prices from suppliers increases, this may have a negative impact on the Group's business performance and financial position.

To deal with this risk, we plan to promote measures following the "guidelines for price negotiations for appropriately reflecting labor costs," which were announced by the Japan Fair Trade Commission, reduce the costs for in-house manufacturing, and curtail other expenses while observing the Act for Rationalizing Transactions for Entrusting SMEs with Tasks. If in-house efforts do not suffice, we will revise selling prices and make other efforts to rationalize costs and prices.

(3) Overseas business

Overseas expansion of the Group's business operations is undertaken with an understanding of the risks, including geopolitical risks, of the regions in which the Group operates. However, in addition to potential risks such as unforeseen changes in laws and regulations and changes in the economic environment, there is also the possibility of social or political turmoil due to war, terrorism, conflict, or other factors, as well as fluctuations in exchange rates, all of which could affect the Group's business performance.

The Group will work to mitigate these risks by establishing a management system for each region that takes such risks into account and by establishing a system that allows close communication with sites on the ground.

(4) Corporate acquisitions

In making corporate acquisitions, the Itoki Group assesses the risks associated with company in question before making a decision. However, if changes in the business environment or other factors prevent the acquisition from generating the benefits initially anticipated, impairment of goodwill or other losses may occur, which could impact business performance.

The Group thoroughly identifies risks through due diligence conducted prior to acquisitions and alliances. In addition, we are building a system that can respond quickly to changes in the business environment and undertaking activities that contribute to improved operational efficiency.

(5) Deferred tax assets

The Itoki Group records deferred tax assets based on a reasonable estimate of future taxable income and assessments of recoverability. However, in the event of a significant change in estimates of future taxable income, reversal of deferred tax assets may occur, which could have a negative impact on the Group's business performance and financial position.

(6) Risks relating to legal compliance and public regulations

The Itoki Group is subject to business permits and licenses, as well as restrictions and regulations concerning imports and exports. It is also governed by laws and regulations concerning fair trading, consumer protection, intellectual property, environmental matters, and taxation. The Group has established the "Itoki Group Code of Conduct" to ensure legal compliance and corporate ethics, has set up a committee to promote compliance-oriented management, and is working to establish extensive internal control systems. However, failure to comply with these regulations could have a negative impact on the Group's performance and financial position. Furthermore, in the event that these regulations are revised or repealed, or new public regulations are established, and the Group is unable to comply with them, this could have a negative impact on the Group's business performance and financial position.

(7) Risks relating to changes in market value of securities

The Group does not hold securities for trading purposes, but for various reasons holds available-for-sale securities such as stocks of major business partners and financial institutions with which it deals. Of these securities, those that have market value are all assessed at market value, and we strive to minimize the risk of market value fluctuations by regularly assessing the desirability of holding these securities. However, such market value fluctuations may have a negative impact on the Group's business performance and financial position.

4. Management's Analysis of the Financial Situation, Operating Results, and Cash Flows

(1) Overview of operating results, etc.

The following is a summary of the financial position, operating results, and cash flows (hereinafter referred to as “operating results”) of the Itoki Group (Itoki Corporation, consolidated subsidiaries, and equity-method affiliates) for the fiscal year ended December 31, 2025.

(A) Operating results

The Itoki Group promoted various measures based on the key strategy “7 Flags” and “ESG strategy” in the second year of the Medium-term Management Plan, “RISE TO GROWTH 2026.” In the fiscal year ended December 31, 2025, in order to enhance its sustainable growth capability, the Group proposed new work styles and proposed office spaces in which such work styles are implemented, and aimed for further growth in sales and profit through sales activities focusing on value enhancement.

(Units: millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Increase/decrease (amount)	Increase/decrease (%)
Net sales	138,460	153,682	15,222	11.0%
Gross profit	55,200	64,812	9,611	17.4%
Selling, general and administrative expenses	45,123	51,126	6,003	13.3%
Operating profit	10,077	13,685	3,607	35.8%
Non-operating income	624	830	205	33.0%
Non-operating expenses	698	777	78	11.3%
Ordinary profit	10,004	13,739	3,734	37.3%
Extraordinary income	1,178	916	(262)	(22.3) %
Extraordinary losses	1,111	555	(556)	(50.0) %
Profit before income taxes	10,071	14,099	4,028	40.0%
Total income taxes	2,848	4,699	1,850	65.0%
Net profit	7,223	9,400	2,177	30.1%
Profit attributable to owners of parent	7,183	9,382	2,199	30.6%

(i) Net sales

Net sales were 153,682 million yen, an increase of 15,222 million yen (11.0%) year-on-year. Sales increased for the fourth consecutive year, hitting a record high.

- The workplace business performed well mainly due to renovation projects to fit new hybrid work styles.
- The sales of the equipment and public works-related business increased, as the equipment for research facilities sold well despite the delay in start and completion of construction of distribution facilities due to the skyrocketing of material prices.

(ii) Gross profit

Gross profit was 64,812 million yen, an increase of 9,611 million yen (17.4%) year-on-year.

- In the workplace business, profit increased due to an improved profit margin resulting from increased revenue and an improvement in value provided.
- The gross profit of the equipment and public works-related business increased, thanks to the sales growth and profit margin improvement of equipment for research facilities despite the decline in sales of equipment for distribution facilities, etc.

(iii) Selling, general and administrative expenses

Selling, general and administrative expenses augmented 6,003 million yen (13.3%) year-on-year to 51,126 million yen, as personnel costs increased due to business expansion and we conducted strategic investment for taking a leap forward, such as the fortification of IT infrastructure for facilitating digital transformation (DX).

(iv) Operating profit

As a result of the above, operating profit was 13,685 million yen, an increase of 3,607 million yen (35.8%) year-on-year. Profit rose for six consecutive years and marked a record high for three straight fiscal years.

- The operating income of the workplace business grew thanks to the sales growth and the improvement in profit margin caused by the increase in value we provide.
- The operating income of the equipment and public works-related business grew thanks to the sales growth and profit margin improvement of equipment for research facilities despite the delay in start and completion of construction of distribution facilities, etc.

(v) Non-operating income

Non-operating income was 830 million yen, an increase of 205 million yen (33.0%) year-on-year. This increase was owing to factors such as a rise in insurance income.

(vi) Non-operating expenses

Non-operating expenses were 777 million yen, an increase of 78 million yen (11.3%) year-on-year. This rise resulted from such factors as growth in interest expenses following an increase in interest rates.

(vii) Ordinary profit

As a result of the above, ordinary profit was 13,739 million yen, an increase of 3,734 million yen (37.3%) year-on-year.

(viii) Extraordinary income

Extraordinary income decreased 262 million yen (22.3%) year-on-year to 916 million yen, as we posted a gain on evaluation of NCI put option liabilities in the previous fiscal year.

(ix) Extraordinary losses

Extraordinary loss decreased 556 million yen (50.0%) year-on-year to 555 million yen, as we posted a provision of allowance for loss related to competition laws in the previous fiscal year.

(x) Profit attributable to owners of parent

As a result of the above, profit attributable to owners of parent was 9,382 million yen, an increase of 2,199 million yen (30.6%) year-on-year. Profit attributable to owners of parent went up for the five consecutive year and hit a record high for four straight fiscal years.

Segment results were as follows.

(Units: millions of yen)

Name of segment		Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	Increase/decrease (amount)	Increase/decrease (%)
Workplace Business	Net sales	102,261	111,530	9,268	9.1%
	Operating profit	8,047	10,998	2,951	36.7%
Equipment and public works-related business	Net sales	34,572	40,569	5,997	17.3%
	Operating profit	1,857	2,493	636	34.3%
Reportable segment total	Net sales	136,833	152,100	15,266	11.2%
	Operating profit	9,904	13,492	3,587	36.2%
Other	Net sales	1,626	1,582	(43)	(2.7)%
	Operating profit	172	193	20	11.8%
Total	Net sales	138,460	153,682	15,222	11.0%
	Operating profit	10,077	13,685	3,607	35.8%

(B) Financial situation

(Units: millions of yen)

	As of December 31, 2024	As of December 31, 2025	Increase/decrease (amount)	Increase/decrease (%)
Assets	120,521	130,724	10,203	8.5%
Liabilities	71,178	73,910	2,732	3.8%
Net assets	49,342	56,813	7,471	15.1%

(Assets)

Total assets increased 10,203 million yen compared to the end of the previous fiscal year to 130,724 million yen, due to the increases in notes and accounts receivable, contract assets, electronically recorded monetary claims, etc.

(Liabilities)

Total liabilities increased 2,732 million yen compared to the end of the previous fiscal year to 73,910 million yen, due to the growth of corporate bonds, etc.

(Net assets)

Net assets grew 7,471 million yen compared to the end of the previous fiscal year to 56,813 million yen, due to the increase in retained earnings, etc. caused by profit growth. Capital-to-asset ratio rose 2.5 points from the end of the previous fiscal year to 43.4%.

(C) Cash flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the current fiscal year decreased 673 million yen compared to the end of the previous fiscal year to 20,820 million yen.

The status of each type of cash flow and related factors in the fiscal year ended December 31, 2025 were as follows.

(i) Net cash provided by (used in) operating activities

The cash inflow from operating activities was 8,942 million yen (a cash outflow of 1 billion yen in the previous fiscal year), mainly thanks to the sales growth.

(ii) Net cash provided by (used in) investment activities

The cash outflow from investment activities was 3,847 million yen (a cash outflow of 7,107 million yen in the previous fiscal year), due to the expenditure for adopting a supply chain management (SCM) system and investing in equipment at factories.

(iii) Net cash provided by (used in) financing activities

The cash outflow from financial activities was 5,941 million yen (a cash inflow of 5,905 million yen in the previous fiscal year), due to the repayment of debts, etc.

The Group’s cash flow indicators are as follows.

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Equity ratio (%)	40.9	43.4
Equity ratio at market value (%)	67.2	91.8
Cash flows to interest-bearing debt ratio (years)	-	4.2
Interest coverage ratio (times)	-	18.7

*The cash flows to interest-bearing debt ratio and the interest coverage ratio are not provided in the table above for the fiscal year ended December 31, 2024 because the cash flow used in operating activities was negative.

(D) Production, orders and sales

a. Production results

The table below shows production results by segment for the fiscal year ended December 31, 2025.

(Units: millions of yen)

Name of segment	Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)	Year-on-year
Workplace Business	53,171	115.8%
Equipment and Public Works-Related Business	10,189	126.6%
Reportable segment total	63,361	117.4%
Other	1,082	109.8%
Total	64,444	117.2%

(Note) Amounts are based on sale prices.

b. Order results

Since the Group mainly engages in make-to-stock production, details of orders received are omitted.

c. Sales results

The table below shows sales results by segment for the fiscal year ended December 31, 2025.

(Units: millions of yen)

Name of segment	Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)	Year-on-year
Workplace Business	111,530	109.1%
Equipment and Public Works-Related Business	40,569	117.3%
Reportable segment total	152,100	111.2%
Other	1,582	97.3%
Total	153,682	111.0%

(Note) Amounts are based on sale prices.

(2) Analysis and discussion of operating results from management's perspective

The following is a summary of the perception, analysis and discussion of the Group's operating results from the management's point of view.

Note that statements in the text regarding the future are based on judgments as of the end of the current fiscal year.

(A) Significant accounting policies and estimates

The consolidated financial statements of the Group are prepared in accordance with generally accepted accounting principles in Japan. In preparing these consolidated financial statements, estimates affecting the reported figures for assets and liabilities and disclosure of contingent liabilities at the closing date, as well as the reported figures for revenues and expenses during the reporting period, are evaluated on an ongoing basis. Estimates and judgments are based on various factors considered reasonable in light of past performance and circumstances, but actual results may differ from these estimates due to the inherent uncertainty of estimates.

A description of the significant accounting estimates used in the preparation of the consolidated financial statements and the assumptions used in making such estimates is included in "V. Status of Accounts, 1. Consolidated Financial Statement, etc., (1) Consolidated financial statement "Notes (Significant accounting estimates)."

(B) Perception, analysis and discussion of the Group’s operating results for the fiscal year ended December 31, 2025

a. Analysis of operating results

An analysis of the operating results for the fiscal year ended December 31, 2025 is presented in “(1) Overview of operating results, etc. (A) Operating results.”

Factors that may have a significant impact on operating results described in “II. Business Overview, 3. Business and Other Risks.”

b. Analysis of financial situation

An analysis of the financial situation for the fiscal year ended December 31, 2025 is presented in “(1) Overview of operating results, etc. (B) Financial situation.”

c. Analysis of cash flows

An analysis of cash flows for the fiscal year ended December 31, 2025 is presented in “(1) Overview of operating results, etc. (C) Consolidated cash flows.”

(C) Analysis of capital resources and liquidity of funds

The Itoki Group’s working capital requirements are mainly for the purchase of materials, merchandise, and other items, as well as for operating expenses such as selling, general and administrative expenses. In addition, requirements for funds for investment purposes are attributable to capital expenditure, etc. There are no plans for the establishment of new major facilities.

In order to procure working capital and funds for investment, we plan to use our own funds, borrow money from banks, and issue corporate bonds.

The Company has entered into loan commitment agreements worth 15,000 million yen with fifteen financial institutions in order to raise working capital efficiently.

(D) Objective indicators for assessing the attainment of management policies and strategies, management targets, etc.

From the perspectives of business growth and the improvement of earnings power, as well as the efficient management of assets, the Group considers the ratio of operating profit margin to net sales and return on equity (ROE) to be important management indicators. The measures for achieving them and the initiatives implemented in the fiscal year ended December 31, 2025 are described in Items (3) Medium- to long-term management strategy and (4) Issues to be addressed as a company under Paragraph 1. Management Policy, Business Environment, and Issues to be Addressed of Section II. Business Overview above.

In order to realize our management philosophy of “being a highly profitable company that pioneers the state-of-the-art and contributes to global society,” we aim to achieve stable and sustainable business growth by continuing to provide attractive products and services, as well as through ongoing cost reductions and productivity improvements.

5. Important Agreements, etc.

(1) Technology introduction agreements, etc.

The following is a list of technology introduction agreements, etc., entered into by the Itoki Group.

Contracting Party	Country	Details	Consideration	Term
WALDNER Laboreinrichtungen GmbH & Co. KG	Germany	Licensing of technology, manufacturing and sales rights for laboratory furniture	Lump-sum payment and royalties	to January 28, 2027

(2) Syndicated term loan contract

Corporate name	Contract date	Due date for repayment	Year-end balance (million yen)	Attributes of the other party	Financial covenants (Notes)	Collateral/ guarantee
Itoki Corporation	Sep. 17, 2024	Oct. 23, 2026	2,000	City banks, local banks, etc.	Included	None
	Sep. 25, 2024	Dec. 30, 2026	2,220	City banks	Included	None
	Mar. 27, 2025	Mar. 29, 2030	4,250	City banks, local banks, etc.	Included	None

(Notes) The details of the financial covenants are described in “V. Status of Accounts, 1. Consolidated Financial Statement, etc., Notes (Consolidated balance sheet).”

6. R&D Activities

The Itoki Group engages in R&D activities in order to sustain and promote activities that provide new value. Total R&D expenses for the fiscal year ended December 31, 2025 amounted to 2,286 million yen.

In the workplace business segment, we have been developing new products and solutions, as well as cutting-edge technologies, in order to respond to the changing values expected from offices and solutions to new issues, reflecting the major trend in social needs for human capital investment and a sustainable society.

Considering the development of offices and office furniture from a long-term perspective, Itoki's Central Research Laboratory performs research into the following five subjects: (1) development of offices that can be operated flexibly; (2) material recycling of plastics; (3) parametric design as a new design method; (4) additive manufacturing that enables production of many models in small quantities; and (5) visualization of the usage condition of offices and office furniture based on the IoT technology. The Laboratory has newly established a research base in Koto-ku, Tokyo, and created an environment where experiments and trial production can be carried out, forming a basis for research.

While defining the new learning environment of the next generation as "Smart Campus," the Itoki Group is developing services based on advanced generative AI and digital media technologies, which are regarded as necessary for Smart Campus, through collaborative research projects with university laboratories and manufacturers and industry-academia collaboration projects. In addition, Itoki's Central Research Laboratory is propelling forward proposal and social implementation of Smart Campus in a design in which hardware and software are integrated into a unified package, which is targeted at educational institutions such as regional core universities, universities that have restructured their faculties of science, and high schools that provide education under the High School Digital Transformation Acceleration Program (DX High Schools) of the Ministry of Education, Culture, Sports, Science and Technology (MEXT), by creating new digital classrooms and online learning environments that follow educational digital transformation (DX) policies of such organizations as the MEXT.

[Workplace Business]

In the field of office furniture, the Itoki Group unveiled a new office furniture brand, NII, at ORGATEC TOKYO in June 2025. The first collection consists of four products created by globally renowned designers and were released in succession during the fiscal year 2025. We will strive to raise the brand value in our designs through the launch of the completely new brand that balances high-end designs and functionality, which were not achieved in conventional office furniture.

Regarding the Itoki brand, we enriched the product lineup of Co-Workscenes, the furniture series designed for coworking areas. We improved our capability to make comprehensive proposals for office spaces by adding Opacity, a high-definition divider, and Madomino, a low divider, in addition to the big table Centra.

With regard to work chairs whose market is booming considerably, we released Act2, a task chair equipped with the sitting surface that is made of a newly developed highly functional material called Respitech, and SHIGA, a next-generation work chair realized through the minimum design and ergonomics by a designer, Ms. Fumie Shibata, which has enriched the product lineup.

One of our initiatives concerning environmental friendliness, the Itoki Group empirically upcycled sheet glass derived from solar panels into office furniture through collaborative research with Hitachi, Ltd. and Tokuyama Corporation and confirmed that CO₂ emissions can possibly be reduced by a maximum of 50%. In regard to the use of lumber produced in Japan, we have entered into an Agreement on Promoting the Use of Wood in Buildings with the Ministry of Agriculture, Forestry and Fisheries and will use 3,250 m³ of domestically produced lumber in the coming five years with the aim of promoting the sustainable and cyclical use of forest resources. The Itoki Group is the first office furniture manufacturer that has signed the Agreement.

In the fiscal year 2025, the Itoki Group received awards for the designs of two products in iF Design Award, four products in the Product Design category of Red Dot Award, and four products in Good Design Award, and this means that our design capability and skill have been highly regarded on a continuous basis. The big table, Centra, was selected in My Favorite Design 2025, an event hosted by the Japan Institute of Design Promotion, which contributed to expanding Itoki's presence not only as an office furniture manufacturer but also as a company that possesses an advanced capability of developing designs.

In the field of data services which we have defined as Office 3.0, we are propelling forward development of various services and research projects in collaboration with a multitude of partner companies.

For Data Trekking, a consulting service that visualizes workstyles and conditions in an office with sensors installed in the office and provides analyses and proposals for measures to take as consultants make from professional perspectives, we are carrying out

additional development and improvement, such as the enrichment of analysis menus and the automation of AI-based analyses and proposals.

We launched Reserve Any, a solution developed jointly with UTokyo Economic Consulting Inc. to resolve the issue of the shortage of meeting rooms, after adopting it in our own office in the spring of 2025, verifying its effects, and refining it several times.

Aiming to develop more services, the Itoki Group not only continues research into automatic generation of office designs, application of the IoT technology to furniture based on the Radio Frequency Identification (RFID) location tracking technology, and asset management as we announced in the previous fiscal year, but also embarked on joint research on productivity with Matsuo Institute, Inc. This research is aimed at the development of behavioral and environmental models that contribute to defining and boosting productivity and the establishment of an objective method for measuring and verifying productivity through measurement and integrated analysis of multimodal data such as activities in physical space, online activities, and biological information while utilizing sensing and AI. We will use the results of the research for developing new services as well as designing offices.

In the home furniture field, we released Cretta, a customizable study furniture series that allows users to make their own choices from among various desks, storages, and tabletop colors, and buy additional items and repurpose their items according to changes in life stages.

R&D expenses amounted to 1,616 million yen.

[Equipment and Public Works-Related Business]

In the logistics equipment field, in order to deal with issues in logistics warehouses arising from the expanding e-commerce market for merchandise sales and the “2024 problem” in logistics, as a service plan that enhances the function of the multi-level shuttle-type automated warehouse system SAS-R (Systema Streamer), the Itoki Group has developed Smart Maintenance, a predictive maintenance system that detects signs of malfunctions through collection and AI-based analysis of operational data, and will begin to offer ITOKI Advanced Maintenance, which is a maintenance service that mitigates risks of sudden equipment shutdowns and helps stabilize business plans, in January 2026. Furthermore, we have newly developed SAS-NR and SAS-R2 with the aim of enriching the equipment and focuses on enhancing the product lineup for balancing storage efficiency and speedy processing of the entry and exit of products to and from warehouses as a new proposal for optimizing the storage function.

In the development of new markets, we developed DAP (Drug Automatic Picking system) with MediMonitor, which is an automated drug picking system for pharmacies, and installed the first model. With the system that was awarded in Good Design Award 2025, the Itoki Group contributes to preventing errors when pharmacists pick out drugs and solving the issue of shortage of pharmacists by pursuing user-friendliness and space-saving solutions.

In addition, with the aim of discovering new markets from a medium/long-term perspective, we have developed BOUNCEBACK, a special door designed for underground civil defense shelters mainly for disaster prevention and civil defense, and engaged in activities for spreading the installation of the door by giving proposals to the Japanese government via the nonprofit organization Japan Nuclear Shelter Association, a specified nonprofit corporation. BOUNCEBACK is shock-proof, airtight, watertight, and capable of blocking radiation for disaster prevention and civil defense and protects and shields human lives and data devices, which are social and life infrastructure, from multifarious threats including natural disasters and terrorism.

In the field of public facilities, we have developed Artivista, a new type of display case for art galleries and museums which combines superb aesthetics that blend in with architectural facilities and exhibits, strong color rendering that faithfully reproduces the original color and appearance of exhibits, and the ability to protect exhibits and maintain the environment of the exhibition space, and installed the display case in Tokyo National Museum that has the longest history in Japan. As a display case that fits into the background and enhances the quality of viewing experience, Artivista creates high-end space where visitors can purely enjoy appreciating exhibits themselves.

R&D expenses stood at 670 million yen in total.

III. Status of Facilities

1. Overview of Capital Expenditures, etc.

In the fiscal year ended December 31, 2025, we undertook capital expenditures with a total value of 6,126 million yen. Main capital expenditures included improvements at sales bases, new installations of machinery and devices required for the streamlining of production capability, and investments in a range of system infrastructure.

The Itoki Group sold the following major facility in the fiscal year ended December 31, 2025. Details are as follows:

Company Name Office Name	Address	Facility Description	Date of Sale	Book Value at the End of the Previous Fiscal Year (million yen)
Itoki Corporation Kansai Logistics Center	Kadoma City, Osaka Prefecture	Logistics warehouse	December 2025	635

2. Status of Main Facilities

The main facilities of the Itoki Group are as set out below.

(1) Submitting company

(As of December 31, 2025)

Office Name (Location)	Name of Segment	Description of Facilities	Book Value					Total (million yen)	Employees
			Buildings and Structures (million yen)	Machinery, Equipment and Vehicles (million yen)	Land (million yen) (area: m ²)	Leased Assets (million yen)	Other (million yen)		
Kyoto Plant (Yawata City, Kyoto Prefecture)	Equipment and Public Works-Related Business	Production facilities	188	155	280 (24,108.06)	19	23	667	74
Shiga Plant (Omihachiman City, Shiga Prefecture)	Workplace Business Equipment and Public Works-Related Business	Production facilities	4,032	949	985 (59,727.52)	97	487	6,552	358
Kanto Plant (Midori-ku, Chiba City)	Workplace Business	Production facilities	1,467	484	1,496 (72,068.62)	5	50	3,504	105
Kansai Sales Department and others (Chuo-ku, Osaka City)	Workplace Business Equipment and Public Works-Related Business	Sales work facilities Showroom	383	0	436 (604.75)	8	23	852	239
Tokyo Sales Department and others (Chuo-ku, Tokyo)	Workplace Business Equipment and Public Works-Related Business	Sales work facilities Administrativ e facilities Showroom	1,320	—	— (—)	24	275	1,621	889
Shiga Logistics Center (Omihachiman City, Shiga Prefecture)	Workplace Business	Logistics warehouse	526	—	508 (36,866.00)	—	5	1,040	2
Kyoto Logistics Center (Yawata City, Kyoto Prefecture)	Equipment and Public Works-Related Business	Logistics warehouse	122	0	310 (6,743.80)	—	2	435	—

(Notes) 1. "Other" in the book values is tools, furniture & fixtures and does not include construction in progress.

2. In addition to the above, the main rental facilities are as set out below.

Office Name (Location)	Name of Segment	Description of Facilities	Employees	Annual Rental Fee (million yen)
Tokyo Sales Department and others (Chuo-ku, Tokyo)	Workplace Business Equipment and Public Works-Related Business	Sales work facilities Administrative facilities Showroom	889	1,132
Tokyo Logistics Center (Soka City, Saitama Prefecture)	Workplace Business	Logistics warehouse	5	307
Tokyo Base (Koto-ku, Tokyo)	Workplace Business	Logistics warehouse	4	221
Kansai Logistics Center (Ibaraki City, Osaka Prefecture)	Workplace Business	Logistics warehouse	4	24

(2) Domestic subsidiaries

(As of December 31, 2025)

Company Name	Office Name (Location)	Name of Segment	Description of Facilities	Book Value						Employees
				Buildings and Structures (million yen)	Machinery, Equipment and Vehicles (million yen)	Land (million yen) (area: m ²)	Leased Assets (million yen)	Other (million yen)	Total (million yen)	
Itoki All Steel Co., Ltd.	Head Office Plant (Noda City, Chiba Prefecture)	Workplace Business	Production facilities	508	834	335 (33,929.00)	—	36	1,715	125
Fuji Living Industry Co., Ltd.	Head Office Plant (Hakusan City, Ishikawa Prefecture)	Workplace Business	Production facilities	179	134	78 (11,651.77)	2	16	412	58
Itoki Toko Manufacturing Co., Ltd.	Head Office Plant (Bando City, Ibaraki Prefecture)	Equipment and Public Works- Related Business	Production facilities	40	24	367 (17,102.60)	3	2	438	61
DALTON Corporation	Techno Park (Fujieda City, Shizuoka Prefecture)	Equipment and Public Works- Related Business	Administra tive facility	224	0	869 (17,637.61)	3	63	1,160	58

(Notes) 1. "Other" in the book values is tools, furniture & fixtures and does not include construction in progress.

2. For DALTON Corporation's land, the amount after consolidation adjustment is shown.

(3) Overseas subsidiaries

None.

3. Plans for Additions and Disposals of Facilities

There are no newly confirmed plans for the founding or disposal of important facilities in the current fiscal year.

IV. Information on the Submitting Company

1. Information on Shares, etc.

(1) Total number of shares, etc.

(A) Total number of shares

Type	Total shares authorized
Common shares	149,830,000
Total	149,830,000

(B) Total shares issued

Type	Total number of issued shares at end of the fiscal year (December 31, 2025)	Number of shares at the date of submission of this Report (March 18, 2026)	Stock exchange where shares are listed or certified securities dealers association where shares are registered	Details
Common shares	53,382,850	53,382,850	Tokyo Stock Exchange (Prime Market)	<ul style="list-style-type: none"> • Common shares with full voting rights, and holders have unlimited rights as is standard at Itoki Corporation • The number of shares constituting one unit is 100 shares.
Total	53,382,850	53,382,850	—	

(2) Stock acquisition rights, etc.

(A) Stock option plans

Not applicable.

(B) Rights plans

Not applicable.

(C) Other stock acquisition rights, etc.

Not applicable.

(3) Status of the exercise of bonds with stock acquisition rights with an Exercise Price amendment clause

Not applicable.

(4) Changes in total number of issued shares, capital, etc.

Date	Changes in total number of issued shares	Balance of total number of issued shares	Changes in capital (million yen)	Capital balance (million yen)	Changes in capital reserve (million yen)	Balance of capital reserve (million yen)
From January 1, 2024 to February 13, 2024 (Note 1)	11,718,413	57,382,850	2,057	7,351	2,057	12,890
March 8, 2024 (Note 2)	(4,000,000)	53,382,850	—	7,351	—	12,890

(Note 1) The increase resulted from the exercise of the stock acquisition rights.

(Note 2) The decrease was owing to the retirement of treasury shares.

(5) Shareholding by shareholder category

As of December 31, 2025

Category	Status of shares (1 unit = 100 shares)								Shares less than one unit
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign shareholders, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders	—	17	24	191	144	17	6,164	6,557	—
Number of shares held (units)	—	167,101	12,164	51,309	94,302	5,823	202,560	533,259	56,950
Shareholding ratio (%)	—	31.3	2.2	9.6	17.6	1.0	37.9	100.0	—

(Note) 3,974,999 shares of treasury stock are included in “Individuals and others” and “Shares less than one unit” in the table. The amounts are 39,749 units and 99 shares, respectively.

(6) Major shareholders

As of December 31, 2025

Name	Address	Number of shares held (thousand)	Shareholding ratio (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo, Japan	6,893	13.95
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	4,387	8.87
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo, Japan	2,225	4.50
K.K. Assist	2-4-12, Hiranomachi, Chuo-ku, Osaka City, Japan	1,609	3.25
Itoki Cooperators Holding	2-5-1, Nihonbashi, Chuo-ku, Tokyo, Japan	1,431	2.89
GOLDMAN,SACHS&CO.REG (Standing proxy: Goldman Sachs)	200 WEST STREET NEW YORK, NY, USA (2-6-1 Toranomom, Minato-ku, Tokyo, Japan)	1,150	2.32
Mizuho Bank, Ltd.	1-5-5, Otemachi, Chiyoda-ku, Tokyo, Japan	1,121	2.26
Sumitomo Mitsui Banking Corporation	1-1-2, Marunouchi, Chiyoda-ku, Tokyo, Japan	1,069	2.16
Masamichi Yamada	Setagaya-ku	896	1.81
Saki Ito	Toyonaka City, Osaka Prefecture	792	1.60
Total		21,578	43.66

(Notes) 1. In addition to the above, Itoki Corporation holds 3,974,999 shares of treasury stock.

2. The Change Report of the Statement of Large-Volume Holdings available for public inspection as of September 19, 2025 states that Sumitomo Mitsui Trust Asset Management Co., Ltd. together with the joint holder Amova Asset Management Co., Ltd. hold the shares as listed below as of September 15, 2025, but Itoki Corporation was unable to confirm, as of December 31, 2025, that the number of shares beneficially owned by them and so has not included them in the major shareholders above.

The content of the Statement of Large-Volume Holdings is as follows.

Name	Address	Number of share certificates, etc., held (thousand)	Holding ratio of share certificates, etc. (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shiba-koen, Minato-ku, Tokyo, Japan	1,891	3.54
Amova Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo, Japan	917	1.72
Total		2,808	5.26

(7) Voting rights

(A) Issued shares

As of December 31, 2025

Category	Number of shares	Number of voting rights	Details
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common shares 3,974,900	—	Shares where holders have unlimited rights as is standard at Itoki Corporation
Shares with full voting rights (others)	Common shares 49,351,000	493,510	As above
Shares less than one unit	Common shares 56,950	—	As above
Total shares issued	53,382,850	—	—
Total number of voting rights	—	493,510	—

(B) Treasury stock, etc.

As of December 31, 2025

Name of shareholder	Address of shareholder	Number of shares held under own name	Number of shares held under the names of others	Total shares held	Ratio of ownership of the total number of issued shares (%)
Itoki Corporation	1-6-11 Awaji-machi, Chuo-ku, Osaka City, Japan	3,974,900	—	3,974,900	7.44
Total	—	3,974,900	—	3,974,900	7.44

2. Acquisitions, etc. of Treasury Stock

Type of shares

Acquisition of common shares in accordance with Article 155 Paragraph 7 of the Companies Act.

(1) Acquisitions by a resolution of the General Meeting of Shareholders

Not applicable.

(2) Acquisitions by a resolution of the Board of Directors

Not applicable.

(3) Acquisitions not based on a resolution of the General Meeting of Shareholders or the Board of Directors

Category	Number of shares	Total amount (million yen)
Treasury stock acquired during the fiscal year	281	0
Treasury stock acquired during the current period	5	0

(Note) Treasury stock acquired during the current period does not include shares constituting less than one unit of shares purchased during the period from March 1, 2026 to the submission date of this Securities Report.

(4) Disposals or holding of acquired treasury stock

Category	During the fiscal year		During the current period	
	Number of shares	Total disposal amount (million yen)	Number of shares	Total disposal amount (million yen)
Acquired treasury stock that was offered to subscribers for subscription	—	—	—	—
Acquired treasury stock that was canceled	—	—	—	—
Acquired treasury stock that was transferred due to merger, stock swap, issue of shares, or corporate split	—	—	—	—
Other (Disposal of treasury stock as restricted share remuneration)	204,000	335	—	—
Treasury stock held (no. of shares)	3,974,999	—	3,975,004	—

(Note) [Disposals or holding of acquired treasury stock] does not include shares constituting less than one unit of shares purchased or sold during the period from March 1, 2026 to the submission date of this Securities Report.

3. Dividend Policy

Itoki Corporation recognizes profit distribution as one of our important managerial issues. Our basic policy is to continuously and stably pay dividends to our shareholders once a year as a year-end dividend based on comprehensive and long-term consideration of factors such as our income, enhancement of internal reserves, and future business growth.

Itoki Corporation plans to pay an annual dividend of 75 yen per share for this fiscal year after a resolution is made at the Annual General Meeting of Shareholders scheduled for March 25, 2026.

Concerning dividend payouts henceforth, we shall take an even more shareholder-oriented approach to management and take consolidated performance into consideration in addition to our conventional approach of ensuring stable dividends, and we shall implement dividend policy based on a dividend payout ratio of 40%.

Furthermore, with the goal of increasing our corporate value, we shall efficiently utilize internal reserves mainly for strategic investment in R&D that is essential for future growth and in growth fields.

The decision-making body for dividends from surpluses shall be the general meeting of shareholders for year-end dividends, and the Board of Directors for interim dividends.

The dividend from surplus for the fiscal year is as set out below.

Date of resolution	Total dividend (million yen)	Dividend per share (yen)
--------------------	------------------------------	--------------------------

As per a resolution at the Annual General Meeting of Shareholders on March 25, 2026 (plan)	3,705	75
--	-------	----

4. Corporate Governance, etc.

(1) Overview of corporate governance

(A) Basic approach to corporate governance

Based on the spirit of corporate ethics and legal compliance, Itoki Corporation strives to build a corporate governance system with the aim of improving corporate value through increased trust in the Company achieved by means of thorough compliance, further transparency and fairness in management, and through proactive information disclosure.

(B) Overview of corporate governance system and reason(s) for adopting this system

(i) Overview of the corporate governance system

As of the date when this Securities Report was submitted (March 18, 2026), Itoki Corporation's Board of Directors consists of eight members: Directors Masamichi Yamada, Koji Minato, Junsei Shinada, and Yoshihito Yamamura, and External Directors Shiro Nitani, Mariko Bando, Yasuyuki Kawasaki, and Toshie Tanaka. The Board of Directors meets once per month in principle, and at these meetings, makes decisions on important management matters and supervises the execution of business. As a supplementary function for the Board of Directors, the Board of Managing Directors meets weekly to undertake activities including deliberating important decisions, thorough implementation of management policies, and monitoring of performance, thus creating a system that is able to swiftly respond to and make decisions regarding changes in the business environment. Furthermore, Itoki Corporation employs an executive officer system with the aim of enhancing business execution functionality and increasing management efficiency, and we are working to further accelerate decision-making through the clear definition of management responsibility and business execution.

Itoki Corporation set up a Nomination Committee and a Compensation Committee as discretionary advisory bodies for the Board of Directors on February 13, 2026. With the chairperson of each committee being selected from among independent external directors, all independent external directors serve as the members of the committees and constitute a majority (the details of each committee are as described below).

In addition, Itoki Corporation is a company with an Audit & Supervisory Board. This Audit & Supervisory Board has four members comprised of the corporate auditor Eiji Funahara and Yoshiaki Moriya, and the external auditors Osamu Ishihara and Hisashi Shirahata, and in principle meets once per month to deliberate and make resolutions for the purpose of forming opinions concerning audits.

(ii) Reason(s) for adopting the governance system

We have appointed four external directors and two external auditors with the aim of strengthening the function for oversight of business execution and working to further enhance our fair business activities, and given that the system of supervision of directors by the Board of Directors and auditing of directors by the auditors is functioning in a sufficient manner in the current circumstances. In addition, as Itoki Corporation has further enhanced the corporate governance framework by setting up the Nomination Committee and the Compensation Committee, we continue with the organizational system centering on the Board of Directors, the Nomination Committee and the Compensation Committee as discretionary advisory bodies, and the Audit & Supervisory Board that we currently adopt.

The details of the Nomination Committee and the Compensation Committee as the discretionary advisory bodies for the Board of Directors are as follows:

i) Nomination Committee

Purpose: The committee has been set up with the aim of enhancing the fairness, transparency, and objectivity of the procedures related to such matters as the nomination of directors and further enriching the corporate governance framework.

Roles and responsibilities: The committee deliberates on the following matters and submits recommendations in response to consultations from the Board of Directors. When deliberating on the following matters, the Board of Directors shall consult with the Nomination Committee in advance and hold discussion based on recommendations provided by the committee:

- (1) Matters relating to proposals for the appointment and dismissal of directors;
- (2) Matters relating to the criteria for the appointment and dismissal of directors;
- (3) Matters relating to the selection and removal of the representative director and directors with specific titles;
- (4) Matters relating to the succession planning (including the development) for the president and representative director; and

(5) Other significant matters that are considered necessary by the Board of Directors in relation to the nomination of directors.

Current members of the committee as of the date when this Securities Report was submitted

Chairperson: Mariko Bando (independent external director)

Member: Shiro Nitanei (independent external director)

Member: Yasuyuki Kawasaki (independent external director)

Member: Toshie Tanaka (independent external director)

Member: Koji Minato (President and Representative Director)

Member: Yoshihito Yamamura (Director, Managing Executive Officer)

ii) Compensation Committee

Purpose: The committee has been set up with the aim of enhancing the fairness, transparency, and objectivity of the procedures related to such matters as the nomination of directors and further enriching the corporate governance framework.

Roles and responsibilities: The committee deliberates on the following matters and submits recommendations in response to consultations from the Board of Directors. When deliberating on the following matters, the Board of Directors shall consult with the Compensation Committee in advance and hold discussion based on recommendations provided by the committee:

- (1) Matters relating to the director compensation framework (fixed remuneration, variable remuneration, and non-monetary remuneration (equity));
- (2) Matters relating to specific amounts of compensation for individual directors based on the evaluation and compensation framework of each director;
- (3) Matters determined based on a resolution at a General Meeting of Shareholders in relation to the maximum amount of compensation for each director and other items concerning director compensation; and
- (4) Other significant matters that are considered necessary by the Board of Directors in relation to director compensation.

Current members of the committee as of the date when this Securities Report was submitted

Chairperson: Mariko Bando (independent external director)

Member: Shiro Nitanei (independent external director);

Member: Yasuyuki Kawasaki (independent external director)

Member: Toshie Tanaka (independent external director); and

Member: Yoshihito Yamamura (Managing Executive Officer)

(Note) Itoki Corporation has put forward a proposal for appointing eight (8) directors as the second agenda item (an item for a resolution) to be discussed at the Annual General Meeting of Shareholders scheduled for March 25, 2026, and if the proposal is approved and passed, the members of the Board of Directors will be as stated in item b. of paragraph (A) under (2) Officers below.

(C) Other matters concerning corporate governance

(i) Status of internal control system

Itoki Corporation's internal control system broadly consists of two parts: a control and education system and a monitoring and auditing system. The system is based on legal compliance, trust, and efficiency. In terms of controls and education, we implement educational activities and internal checks in each individual field of business on the basis of the Companies Act and other external rules as well as our internal rules and regulations with the relevant department at our head office as the responsible department. In terms of monitoring and auditing, our system undergoes audits by corporate auditors and accounting audits. Additionally, we also implement self-led audits that each have an individual focus, including internal audits, quality audits, environmental audits, safety audits, self-audits, and compliance audits.

(ii) Status of risk management system

In Itoki Corporation's risk management system, we have established a department in charge of risk management as well as a Risk Management Committee chaired by the President to ensure effective risk management. The Risk Management Committee develops risk management policies, evaluates risks, and determines the level of countermeasures. Priority risks to be addressed

by the Committee based on the risk assessment are selected to enhance the effectiveness of their respective countermeasures.

Furthermore, in regard to the compliance framework, Itoki Corporation understands that compliance with laws and regulations is essential for ongoing corporate growth. Thus, to enable each and every employee and officer to ensure thorough compliance from a high ethical standpoint, we have enacted the Itoki Group Code of Conduct in addition to establishing a department in charge of compliance and a Compliance Committee, and are engaged in activities to ensure a system with an even higher level of corporate ethics and legal compliance so that Itoki Corporation can conduct “the right business practices” that are specified in its corporate philosophy.

(iii) Progress with the development of a system for ensuring the appropriateness of business operations at the subsidiaries of the submitting company

The Itoki Group ensures that the Itoki Group’s Code of Conduct and compliance-related regulations are thoroughly complied with by making them available for the subsidiaries. The Group also manages and supports the subsidiaries according to their respective positions and scales as well as obligates them to submit requests for approval and reports in accordance with the regulations for managing group companies by setting up a division for managing the associates as the point of contact for the subsidiaries.

Furthermore, Itoki’s accounting auditors, Audit & Supervisory Board members, and internal audit section audit the subsidiaries as required. We have also established an internal reporting system that includes Itoki Corporation and the subsidiaries and host a series of meetings for such purposes as formulation of basic strategies of business administration for the entire corporate group by adopting business administration indicators and key performance indicators on a consolidated basis.

(iv) Number of directors

The Itoki Corporation Articles of Incorporation state that the Company shall have a maximum of 12 directors.

(v) Overview of limited liability agreement content

In accordance with the provisions of Article 427 Paragraph 1 of the Companies Act, Itoki Corporation has entered into agreements with External Directors and External Auditors that limit their liability for damages under Article 423 Paragraph 1 of the same to the minimum liability defined in law.

(vi) Liability insurance contracts for executives

Itoki Corporation has signed a liability insurance contract for executives, by which all of its directors, corporate auditors, and executive officers are insured, with an insurance company in accordance with the provision set forth in Item 1, Paragraph 3, Article 430 of the Companies Act and bears all the insurance premiums. In the insurance contract, when a claim is filed for damages attributed to any act conducted by an insured person based on his or her position at Itoki Corporation, such as a director, compensation for damages, the cost of a lawsuit, and other relevant expenses that will be incurred by the insured person will be covered; provided, however, that any liabilities for damages attributed to illegal acts, criminal acts, or any other similar acts by an insured person will not be covered by the insurance contract.

(vii) System for Board of Directors’ resolutions using special directors

Not applicable.

(viii) Requirements for resolution for election of directors

Itoki Corporation’s Articles of Incorporation stipulate that a resolution for the election of directors shall be made through a simple majority of votes of shareholders present at a General Meeting of Shareholders where the shareholders holding no less than one third of the voting rights of shareholders who are entitled to exercise their voting rights are present, and that such votes shall not be by cumulative voting.

(ix) Decision-making body for interim dividends

Itoki Corporation’s Articles of Incorporation stipulate that the Company can, on the basis of a resolution of the Board of Directors, provide an interim dividend to shareholders and registered pledgees of shares noted or registered in the final shareholder registry as of June 30 each year. The aim of this is to return profit to shareholders in an agile manner.

(x) Acquisition of treasury stock

Itoki Corporation’s Articles of Incorporation stipulate that the Company can, on the basis of a resolution of the Board of Directors, acquire treasury stock as prescribed in Article 165 Paragraph 2 of the Companies Act through Market Transactions as set out in Paragraph 1 of the same. The aim of this is to carry out agile capital policy in response to changes in the business environment.

(xi) Requirements for special resolution at a General Meeting of Shareholders

Itoki Corporation's Articles of Incorporation stipulate that a special resolution at a General Meeting of Shareholders as defined in Article 309 Paragraph 2 of the Companies Act can be made through a majority of at least two thirds of votes of shareholders present at a General Meeting of Shareholders where the shareholders holding no less than one third of the voting rights of shareholders who are entitled to exercise their voting rights are present. The aim of this is to ensure smooth proceedings at General Meetings of Shareholders by relaxing the quorum requirement for special resolutions at such meetings.

(D) Activities of the Board of Directors

Attendance at meetings of the Board of Directors held in the fiscal year by each director is as set out below.

Position	Name	Meetings held	Meetings attended
Chairman & Representative Director	Masamichi Yamada	17	17
President & Representative Director	Koji Minato	17	16
Director, Managing Executive Officer and General Manager, Planning Division	Junsei Shinada	17	17
Director, Managing Executive Officer and General Manager, Human Resources Division	Yoshihito Yamamura	13	13
External Director	Shiro Nitandai	17	17
External Director	Mariko Bando	17	17
External Director	Yasuyuki Kawasaki	13	13
External Director	Toshie Tanaka	13	13

(Note) Three of the members, Mr. Yoshihito Yamamura, Mr. Yasuyuki Kawasaki, and Ms. Toshie Tanaka, were appointed at the 75th Annual General Meeting of Shareholders held on March 26, 2025, and the number of the meetings that they attended as listed above are based on the meetings held after they assumed their respective positions.

The matters considered by the Board of Directors include matters concerning General Meetings of Shareholders (convening General Meetings of Shareholders and deciding on the agenda), matters concerning officers, organization, and human resources (election and dismissal of officers), matters concerning general group management (formulation of Medium-term Management Plans and management policy for the fiscal year), matters concerning financial results and finance (checking and approving figures for financial results), and matters concerning risk management.

(2) Officers

(A) List of officers

a. Details of each of Itoki Corporation's officers as of March 18, 2026 (the date when this Securities Report was submitted) are as follows:

Male: 10 Female: 2 (women constitute 16.6% of officers)

Position	Name	Date of Birth	Career Summary	Term of Office	Number of shares held (thousand)
Chairman & Representative Director	Masamichi Yamada	May 5, 1940	<p>April 1964 Joined The Mitsubishi Bank, Ltd. (now MUFG Bank, Ltd.)</p> <p>June 1991 Director, The Mitsubishi Bank, Ltd.</p> <p>June 1995 Managing Director, The Mitsubishi Bank, Ltd.</p> <p>April 1996 Joined The Bank of Tokyo-Mitsubishi, Ltd. (now MUFG Bank, Ltd.) / Managing Director</p> <p>June 2000 Senior Managing Director, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>September 2002 Mitsubishi Securities Co., Ltd. (now Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) / Representative Director and Chairman</p> <p>June 2004 Full-Time Corporate Auditor, TOKYU CORPORATION</p> <p>June 2005 Director, Itoki Corporation</p> <p>June 2007 Representative Director and Chairman, Itoki Corporation (current position)</p>	*1	896
President & Representative Director	Koji Minato	May 21, 1970	<p>April 1994 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT)</p> <p>July 2008 Joined Sun Microsystems Japan</p> <p>June 2010 Senior Manager for Customer Support, Oracle Corporation Japan (merged with Sun Microsystems Japan)</p> <p>June 2015 Operating Officer, Chief of Staff, CEO Office, Oracle Corporation Japan</p> <p>August 2018 Corporate Executive Officer, Executive Deputy President & COO, Oracle Corporation Japan</p> <p>August 2019 Director, Member of the Board, Corporate Executive Officer, Executive Deputy President & COO, Oracle Corporation Japan</p> <p>September 2021 Joined Itoki Corporation as an advisor</p> <p>March 2022 President & Representative Director, Itoki Corporation (current position)</p>	*1	117
Director, Managing Executive Officer	Junsei Shinada	October 21, 1961	<p>April 1985 Joined the former ITOKI Co., Ltd.</p> <p>July 2006 General Manager, Minato Branch, Tokyo Sales of Itoki Corporation</p> <p>March 2011 Transferred to FMSTAFF Co., Ltd. (as president)</p> <p>January 2016 Executive Officer and General Manager, Corporate Customer Sales Management Department of Itoki Corporation</p> <p>January 2018 Executive Officer and General Manager, Corporate Customer Sales Management Department, and General Manager, Customer Value Management Department of Itoki Corporation</p> <p>July 2021 Executive Officer and General Manager, Engineering Management Department of Itoki Corporation</p> <p>January 2023 Managing Executive Officer and General Manager, Planning Division of Itoki Corporation</p> <p>March 2023 Director, Managing Executive Officer and General Manager, Planning Division of Itoki Corporation</p> <p>January 2026 Director, Managing Executive Officer of Itoki Corporation (current position)</p>	*1	39
Director, Managing Executive Officer (General Manager, Human Resources and General Affairs Division)	Yoshihito Yamamura	July 6, 1964	<p>November 1990 Joined the former ITOKI Co., Ltd.</p> <p>June 2005 Seconded to Medical Management Research Center Co., Ltd. (President)</p> <p>January 2013 General Manager, Osaka Branch under Kansai branch of Sales Division of Itoki Corporation</p> <p>January 2017 Manager, the Kansai branch of Sales Division of Itoki</p>	*1	40

			Corporation		
		January 2019	Executive Officer and General Manager, Kansai branch of Sales Division of Itoki Corporation		
		January 2021	Executive Officer and General Manager, Personnel Division of Itoki Corporation		
		January 2023	Managing Executive Officer and General Manager, Personnel Division of Itoki Corporation		
		March 2025	Director, Managing Executive Officer and General Manager, Personnel Division of Itoki Corporation		
		January 2026	Director, Managing Executive Officer, General Manager, Human Resources and General Affairs Division of Itoki Corporation (current position)		

Position	Name	Date of Birth	Career Summary	Term of Office	Number of shares held (thousand)
Director	Shiro Nitanei	August 7, 1958	<p>April 1984 Joined the Ministry of Posts and Telecommunications</p> <p>April 2005 General Manager, Businesses Development Department, Corporate Division at Japan Post (now Japan Post Holdings Co., Ltd.)</p> <p>October 2009 General Manager, Real Estate Planning Department, Real Estate Division, Japan Post Holdings Co., Ltd.</p> <p>April 2018 General Manager, Project Promotion Department, JAPAN POST REAL ESTATE CO., LTD. (concurrent position)</p> <p>May 2019 Representative, Facility Design Lab (current position) Visiting Professor, University of Tsukuba (current position) Adjunct Instructor, Toyo University (current position)</p> <p>March 2020 External Director, Itoki Corporation (current position)</p>	*1	8
Director	Mariko Bando	August 17, 1946	<p>July 1969 Commenced work at the Prime Minister's Office</p> <p>October 1985 Counsellor, Cabinet Secretariat</p> <p>July 1989 Director, Consumer Statistics Division, Statistics Bureau of the Management and Coordination Agency</p> <p>July 1994 Director, Gender Equality Bureau of the Cabinet Secretariat</p> <p>April 1995 Vice-governor, Saitama Prefecture</p> <p>June 1998 Consul General of Japan in Brisbane, Australia</p> <p>January 2001 Director General, Gender Equality Bureau, Cabinet Office</p> <p>October 2003 Member, The Board of Trustees, Showa Women's University</p> <p>April 2007 President, Showa Women's University</p> <p>April 2014 Chancellor (Rijicho), Showa Women's University</p> <p>July 2016 Chancellor (Socho), Showa Women's University (current position)</p> <p>June 2017 Outside Director, MS&AD Insurance Group Holdings, Inc.</p> <p>July 2019 Chairperson, Tokyo Education Promotion and Support Organization (current position)</p> <p>December 2019 External Director, Mitsubishi Research Institute, Inc. (current position)</p> <p>March 2023 External Director, Itoki Corporation (current position)</p>	*1	5
Director	Yasuyuki Kawasaki	April 30, 1959	<p>April 1982 Joined Sumitomo Bank Ltd. (currently Sumitomo Mitsui Banking Corporation (SMBC))</p> <p>April 2009 Executive Officer of SMBC</p> <p>April 2012 Managing Executive Officer of SMBC</p> <p>April 2013 Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. (SMFG)</p> <p>April 2014 Senior Managing Executive Officer of SMFG Executive Operating Officer of SMBC</p> <p>April 2015 Director and Senior Managing Executive Officer of SMBC</p> <p>April 2017 Deputy President and Executive Officer of SMFG Director and Deputy President of SMBC</p> <p>June 2017 Deputy President and Executive Officer of SMFG</p> <p>April 2018 Vice Chairman of SMFG Deputy Chairman of SMBC</p> <p>May 2020 Representative Director, Director and Deputy President of SMBC Nikko Securities Inc.</p> <p>April 2021 Representative Director and Chairman of SMBC Nikko Securities Inc.</p> <p>June 2021 Director of SMFG</p> <p>April 2024 Special advisor of SMBC Nikko Securities Inc. (current position)</p> <p>June 2024 Outside Director and Audit and Supervisory Committee member of House Foods Group Inc. (current position)</p> <p>March 2025 External Director, Itoki Corporation (current position)</p>	*1	-

Position	Name	Date of Birth	Career Summary	Term of Office	Number of shares held (thousand)
Director	Toshie Tanaka	October 19, 1965	<p>April 1989 Joined the National Police Agency</p> <p>August 2013 Chief Iwate Prefectural Police</p> <p>January 2015 Chief, First Investigation Division under Criminal Investigation Bureau of National Police Agency</p> <p>May 2016 Commissioner-General's Secretariat and Chief, Finance Division of National Police Agency</p> <p>January 2018 Chief, Traffic Division of National Police Agency</p> <p>March 2019 Director, International Police Center of National Police Academy</p> <p>Deputy Director-General (for international affairs) of National Police Agency</p> <p>January 2020 Councilor for Measures to Combat Declining Birthrates and Youth Affairs, Cabinet Secretariat</p> <p>Deputy Director-General of the Minister's Secretariat (in charge of Coexistence Social Policy)</p> <p>August 2020 Councilor, Cabinet Secretariat (supporting Assistant Chief Cabinet Secretary (Director General for security promotion of the Headquarters for the Promotion of the Tokyo Olympic and Paralympic Games))</p> <p>September 2021 Chief of Chiba Prefectural Police</p> <p>August 2023 Deputy Superintendent General of Metropolitan Police Department</p> <p>April 2024 President of National Police Academy</p> <p>August 2024 Retired from National Police Agency</p> <p>March 2025 External Director, Itoki Corporation (current position)</p> <p>June 2025 External Auditor, Sohgo Security Services Co., Ltd. (current ALSOK CO., LTD.) (current position)</p>	*1	0
Full-Time Corporate Auditor	Eiji Funahara	March 4, 1959	<p>April 1982 Joined Itoki Kosakusho Co., Ltd. (now Itoki Corporation)</p> <p>June 2005 General Manager, Facilities Equipment Engineering Department, Itoki Corporation</p> <p>January 2008 General Manager, Electronic Equipment Device Manufacturing Plant, Itoki Corporation</p> <p>January 2013 General Manager, Facilities Equipment Engineering Department, Itoki Corporation</p> <p>January 2014 General Manager, Production Department Group, Production Division, Itoki Corporation</p> <p>January 2015 Executive Officer and General Manager, Production Department Group, Production Division, Itoki Corporation</p> <p>January 2016 Executive Officer and Deputy General Manager, Production Division, and General Manager, Production Department Group, Itoki Corporation</p> <p>January 2019 Executive Officer and General Manager, Quality Assurance Division, Deputy General Manager, Production Division, and General Manager, Production Department Group, Itoki Corporation</p> <p>January 2020 Managing Executive Officer and General Manager, Production Division, General Manager, Quality Assurance Division, and General Manager, Production Department Group, Itoki Corporation</p> <p>March 2020 Director, Managing Executive Officer, General Manager, Production Division, General Manager, Quality Assurance Division, and General Manager, Production Department Group, Itoki Corporation</p> <p>January 2021 Director, Managing Executive Officer, and General Manager, Production Division, Itoki Corporation</p> <p>January 2023 Director and Senior Advisor, Itoki Corporation</p> <p>March 2023 Advisor, Itoki Corporation</p> <p>March 2024 Full-Time Corporate Auditor, Itoki Corporation (current position)</p>	*2	36
Full-Time Corporate Auditor	Yoshiaki Moriya	March 31, 1960	<p>April 1982 Joined The Dai-Ichi Kangyo Bank, Limited (now Mizuho Bank, Ltd.)</p> <p>July 1988 Seconded to The Export-Import Bank of Japan (now</p>	*3	47

			the Japan Bank for International Cooperation)		
			May 1992 International Planning Department of The Dai-Ichi Kangyo Bank, Limited		
			October 1995 Section Manager, Non-Japanese Sales Section, Hong Kong Branch of The Dai-Ichi Kangyo Bank, Limited		
			March 2006 General Manager, MITAKA Branch of Mizuho Bank Ltd.		
			April 2007 General Manager, Personal Planning Department of Mizuho Bank Ltd.		
			April 2009 General Manager, NAGOYA-CHUO Branch of Mizuho Bank, Ltd.		
			October 2010 Adviser, Mizuho Corporate Bank, Ltd.		
			January 2011 Joined Itoki Corporation as Executive Officer and Deputy General Manager, Administration Division		
			January 2012 Executive Officer and General Manager, Administration Division of Itoki Corporation		
			January 2015 Managing Executive Officer and General Manager, Administration Division of Itoki Corporation		
			March 2021 Director, Managing Executive Officer and General Manager, Administration Division of Itoki Corporation		
			February 2025 Director and Managing Executive Officer, Itoki Corporation		
			March 2025 Full-Time Corporate Auditor, Itoki Corporation (current position)		

Position	Name	Date of Birth	Career Summary	Term of Office	Number of shares held (thousand)
Corporate Auditor	Osamu Ishihara	February 17, 1960	<p>April 1987 Registered with Tokyo Bar Association Joined Nishimura and Sanada Law Office</p> <p>October 1990 Joined TMI Associates</p> <p>April 1997 Partner at TMI Associates (current position)</p> <p>January 2004 Civil Defense Instructor, The Legal Training and Research Institute of Japan</p> <p>March 2010 External Auditor, Odawara Engineering Co., Ltd. (current position)</p> <p>April 2012 Full-Time Director, Japan Federation of Bar Associations Vice President, Tokyo Bar Association</p> <p>April 2015 Vice-Director, Kanto Federation of Bar Associations</p> <p>March 2023 Corporate Auditor, Itoki Corporation (current position)</p>	*4	2
Corporate Auditor	Hisashi Shirahata	May 5, 1962	<p>September 1985 Joined the Aoyama Audit Corporation</p> <p>July 1988 Registered as Certified Public Accountant</p> <p>October 1991 Joined The Mitsubishi Bank, Ltd. (now MUFG Bank, Ltd.)</p> <p>July 1999 Joined the Aoyama Audit Corporation</p> <p>July 2000 Joined Chuo Aoyama Audit Corporation</p> <p>July 2002 Senior Partner, Chuo Aoyama Audit Corporation</p> <p>September 2006 Partner (Senior Partner) at Arata Audit Corporation (now PricewaterhouseCoopers Japan LLC)</p> <p>July 2022 External Director of Information Development Co., Ltd.</p> <p>March 2023 Corporate Auditor, Itoki Corporation (current position)</p> <p>May 2023 External Director, KOMEDA Holdings Co., Ltd. (Audit and Supervisory Committee member) (current position)</p> <p>June 2023 External Director, ID Holdings Corporation (current position)</p> <p>June 2025 Supervisory Board Member of Global Health Innovative Technology Fund (current position)</p>	*4	2
Total					1,192

- (Notes) 1. The Directors Shiro Nitanaï, Mariko Bando, Yasuyuki Kawasaki and Toshie Tanaka are External Directors.
2. The auditors Osamu Ishihara and Hisashi Shirahata are external auditors.
3. Itoki Corporation appoints one Substitute Audit & Supervisory Board Member as per the stipulations of Article 329 Paragraph 3 of the Companies Act in preparation against the number of corporate auditors falling below the number prescribed in law. A career summary of the Substitute Audit & Supervisory Board Member is set out below.

Name	Date of Birth	Career Summary	Number of Shares held (thousand)
Mitsuyoshi Koyama	August 10, 1962	September 2015 Registered as Tax Accountant (current position)	—
		September 2015 Opened Koyama Tax Accountant Office (current position)	
		January 2023 Corporate Auditor, Itoki Corporation	
		June 2025 External Director, DAIICHI JITSUGYO CO., LTD. (Audit and Supervisory Committee member) (current position)	
Total			—

4. The term of office of directors and corporate auditors is as follows.
*1. One year from the closing of the 75th Annual General Meeting of Shareholders held on March 26, 2025.
*2. Four years from the closing of the 74th Annual General Meeting of Shareholders held on March 27, 2024.
*3. Four years from the closing of the 75th Annual General Meeting of Shareholders held on March 26, 2025.
*4. Four years from the closing of the 73th Annual General Meeting of Shareholders held on March 23, 2023.

b. Itoki Corporation has proposed appointment of eight (8) directors as the second agenda item (an item for a resolution) for the 76th Annual General Meeting of Shareholders slated for March 25, 2026, and if the proposal is approved and passed as originally submitted, Itoki Corporation's officers will be as listed below. Matters such as the positions of the officers are stated below, including the items to be resolved at the meeting of the Board of Directors planned to be held right after the Annual General Meeting of Shareholders (such as positions).

Number of male and female officers and percentage: Male: 9; Female: 3 (women constitute 25.0% of the officers)

Position	Name	Date of Birth	Career Summary	Term of Office	Number of shares held (thousand)
President & Representative Director	Koji Minato	May 21, 1970	As stated in a.	*1	117
Executive Vice President (General Manager, Human Resources and General Affairs Division)	Yoshihito Yamamura	July 6, 1964	<p>November 1990 Joined former Itoki Co., Ltd.</p> <p>June 2005 Seconded to Medical Management Research Center Co., Ltd. (President)</p> <p>January 2013 General Manager of the Osaka Branch under the Kansai Branch of the Sales Department of Itoki Corporation</p> <p>January 2017 Kansai Branch Manager of the Sales Division of Itoki Corporation</p> <p>January 2019 Executive Officer and General Manager of Kansai Branch of the Sales Division of Itoki Corporation</p> <p>January 2021 Executive Officer and General Manager, Human Resources Division of Itoki Corporation</p> <p>January 2023 Managing Executive Officer and General Manager, Human Resources Division of Itoki Corporation</p> <p>March 2025 Director, Managing Executive Officer and General Manager, Human Resources Division of Itoki Corporation</p> <p>January 2026 Director, Managing Executive Officer, General Manager, Human Resources and General Affairs Division of Itoki Corporation</p> <p>March 2026 Representative Director, Executive Vice President, General Manager, Human Resources and General Affairs Division of Itoki Corporation (current position)</p>	*1	40
Director, Managing Executive Officer (General Manager, Corporate Planning Division)	Yumi Tanaka	January 16, 1971	<p>April 1994 Joined Marubeni Auto Sales Corporation</p> <p>August 2001 Joined UBS Securities Japan Co., Ltd.</p> <p>October 2003 Joined Nissan Motor Co., Ltd.</p> <p>July 2010 Manager of the Finance Department of Nissan Motor Europe</p> <p>April 2014 Senior Manager of the Finance Department of Nissan Motor Co., Ltd.</p> <p>April 2015 Chief Financial Officer (CFO) and Vice President of Dongfeng Nissan Auto Finance Co., Ltd.</p> <p>January 2021 Vice President of Operations, the Sales Finance Division of Nissan Canada Inc.</p> <p>June 2023 Director, Executive Officer, and Vice President of Nissan Financial Services Co., Ltd.</p> <p>February 2025 Joined Itoki Corporation as Managing Executive Officer and General Manager, Administration Division</p> <p>January 2026 Managing Executive Officer and General Manager, Corporate Planning Division of Itoki Corporation</p> <p>March 2026 Director, Managing Executive Officer and General Manager, Corporate Planning Division of Itoki Corporation (current position)</p>	*1	8
Director and Executive Officer (General Manager, Corporate Governance Division)	Soichiro Higuchi	April 5, 1974	<p>January 1999 Joined Seiko Epson Corporation</p> <p>April 2014 Section Chief of the Legal Department of Seiko Epson Corp.</p> <p>August 2017 General Manager of Epson (China) Co., Ltd.</p> <p>October 2019 Manager of the Corporate Governance Department of Seiko Epson Corporation</p> <p>October 2020 Manager of the Legal and Corporate Governance Department of Seiko Epson Corporation</p>	*1	1

Position	Name	Date of Birth	Career Summary	Term of Office	Number of shares held (thousand)
			<p>August 2023 Joined Itoki Corporation as Manager for Risk Management under the Administration Division</p> <p>January 2024 Manager for Legal Affairs under the Administration Division of Itoki Corporation</p> <p>April 2024 General Manager, Corporate Governance Division of Itoki Corporation</p> <p>July 2024 Executive Officer and General Manager, Corporate Governance Division of Itoki Corporation</p> <p>March 2026 Director, Executive Officer, and General Manager, Corporate Governance Division of Itoki Corporation (current position)</p>		

Position	Name	Date of Birth	Career Summary	Term of Office	Number of shares held (thousand)
Director	Shiro Nitnai	August 7, 1958	As stated in a.	*1	8
Director	Mariko Bando	August 17, 1946	As stated in a.	*1	5
Director	Yasuyuki Kawasaki	April 30, 1959	As stated in a.	*1	—
Director	Toshie Tanaka	October 19, 1965	As stated in a.	*1	0
Full-Time Corporate Auditor	Eiji Funahara	March 4, 1959	As stated in a.	*2	36
Full-Time Corporate Auditor	Yoshiaki Moriya	March 31, 1960	As stated in a.	*3	47
Corporate Auditor	Osamu Ishihara	February 17, 1960	As stated in a.	*4	2
Corporate Auditor	Hisashi Shirahata	May 5, 1962	As stated in a.	*4	2
Total					266

- (Notes) 1. The Directors Shiro Nitnai, Mariko Bando, Yasuyuki Kawasaki and Toshie Tanaka are External Directors.
2. The corporate auditors Osamu Ishihara and Hisashi Shirahata are external auditors.
3. Itoki Corporation appoints one Substitute Audit & Supervisory Board Member as per the stipulations of Article 329 Paragraph 3 of the Companies Act in preparation against the number of corporate auditors falling below the number prescribed in law. A career summary of the Substitute Audit and Supervisory Board Member is set out below.

Name	Date of Birth	Career Summary	Number of shares held (thousand)
Mitsuyoshi Koyama	August 10, 1962	As stated in a.	—
Total			—

4. The term of office of directors and corporate auditors is as follows.

- *1. One year from the closing of the 76th Annual General Meeting of Shareholders held on March 25, 2026.
- *2. Four years from the closing of the 74th Annual General Meeting of Shareholders held on March 27, 2024.
- *3. Four years from the closing of the 75th Annual General Meeting of Shareholders held on March 26, 2025.
- *4. Four years from the closing of the 73th Annual General Meeting of Shareholders held on March 23, 2023.

(B) External Officers

Itoki Corporation has four external directors and two external auditors.

External Director Shiro Nitanaï possesses a wealth of experience and deep insight concerning facility design. Itoki Corporation looks forward with anticipation to his valuable opinions and observations concerning the Company's management, as well as his supervision of management from an independent perspective. There are no vested interests in terms of personal, capital, transactional, or any other such relations between Itoki Corporation and Mr. Nitanaï. He also serves as Representative of Facility Design Lab, but there is no special relationship between Itoki Corporation and Facility Design Lab.

External Director Mariko Bando has abundant experience and deep insight in the fields of public administration and education. We expect that she will be able to leverage her experience and insight to provide valuable opinions and observations from her specialist perspective, especially in the areas of diversity promotion and human resource development, as well as to monitor management from an independent perspective. While Ms. Bando only has the experience of contributing to corporate management in the capacity of External Director, we believe that she will be able to appropriately fulfill her role as an External Director for Itoki Corporation for the aforementioned reasons.

External Director Yasuyuki Kawasaki engaged in business operations at financial institutions for many years and possesses extensive experience as a corporate manager. Itoki Corporation expects that he will play a role in supervising its business operations from an independent perspective as well as provide beneficial opinions and advice regarding business operations.

Engaging in police administration for many years, External Director Toshie Tanaka has vast experience and profound knowledge with regard to such matters as administration in general, operation of large-scale organizations, and risk management inside and outside Japan. Itoki Corporation expects her to provide advice and opinions about business execution from a professional and objective perspective that is based on her experience and knowledge.

While Ms. Tanaka has no experience of contributing to corporate management in the past, we believe that she will be able to appropriately fulfill her role as an External Director for Itoki Corporation for the aforementioned reasons.

External Auditor Osamu Ishihara has a high level of professional knowledge and extensive business experience cultivated as a lawyer. Itoki Corporation expects him to reflect his knowledge and experience in the Itoki Corporation auditing system. While Mr. Ishihara only has the experience of contributing to corporate management in the capacity of external auditor for other companies, we believe that he will be able to appropriately fulfill his role as an external auditor for Itoki Corporation for the aforementioned reasons.

As a certified public accountant, External Auditor Hisashi Shirahata has specialist knowledge and a wealth of experience concerning finance and accounting. Itoki Corporation expects him to reflect this knowledge and experience in the Itoki Corporation auditing system. While Mr. Shirahata only has the experience of contributing to corporate management in the capacity of External Director for other companies, we believe that he will be able to appropriately fulfill his role as an external auditor for Itoki Corporation for the aforementioned reasons.

In order to contribute to Itoki's sustainable growth and medium- and long-term enhancement of its corporate value, Itoki Corporation has specified provisions regarding the independence of the external directors and discloses them in the particulars related to independent directors in Itoki's corporate governance reports. Itoki Corporation has appointed as its independent external directors those who have satisfied not only the criteria defined in the Companies Act and the ones set by the stock exchange, but also its own criteria for independence.

[Judgement Criteria for Independence]

1. The independent external director shall not be a person who currently executes, or executed at any time in the past 10 years, the business in Itoki Corporation, or subsidiaries or affiliated companies of Itoki Corporation.
2. The independent external director shall not be a person who is currently one of the major shareholders (who possess over 10% of the total number of voting rights) of Itoki Corporation or executes the business of any of the major shareholders of Itoki Corporation.
3. The independent external director shall not be a person who executes the business of any of Itoki Corporation's major partner companies (partner companies with which Itoki Corporation conducts transactions at an amount accounting for 2% or higher of Itoki's consolidated sales per year, or suppliers from which Itoki purchases products and services at an amount making up 2% or more of the suppliers' consolidated sales per year).
4. The independent external director shall not be a person who executes the business of any of the main banks from which Itoki Corporation borrows funds (financial institutions from which Itoki borrows funds at an amount exceeding 2% of Itoki's total assets).
5. The independent external director shall not be any expert, such as a consultant, an accountant, or a lawyer, who receives cash money or any other assets amounting to over 10 million yen per year from the Itoki Corporation, in addition to director compensation.

External auditors participate in meetings of the Board of Directors, and audit the state of execution of business by the directors. External auditors hold regular and irregular meetings with representative directors and work with accounting auditors and the internal audit department to ensure comprehensive and efficient audits.

(C) Interoperation between supervision or auditing by external directors or external auditors and internal audits, audits by corporate auditors, and accounting audits, and relationship with the Internal Control Division

External directors exchange opinions with the corporate auditors as necessary at meetings of the Board of Directors and at meetings of the Audit & Supervisory Board that they attend on a regular basis. Furthermore, external auditors exchange information about the status of their audits with other corporate auditors at meetings of the Audit & Supervisory Board, and we provide a venue for external auditors to exchange opinions with accounting auditors.

(3) Audits

(A) Audits by corporate auditors

(i) Activities of the Audit & Supervisory Board

Itoki Corporation's Audit & Supervisory Board is composed of two full-time corporate auditors and two external auditors. As an independent body with a mandate from the shareholders, Itoki Corporation's Audit & Supervisory Board fundamental approach to audits is to audit the execution of duties by the directors, and by doing so, ensure the sound and sustained growth of the Company while contributing to the firm establishment of a good system of corporate control that lives up to the trust placed in the Company by society. Our full-time corporate auditor has a wide range of experience and a high level of insight concerning financial affairs, accounting, marketing, production, R&D, and ESG division, while as our external auditors, we have selected two specialists: a certified public accountant with specialized knowledge and extensive business experience in finance and accounting, and a lawyer, with a high level of specialized knowledge and a wealth of experience.

Meetings of the Audit & Supervisory Board are held to coincide with meetings of the Board of Directors, and in this fiscal year, a total of 14 meetings were held, and each meeting lasted for approximately 1 hour 15 minutes. Each of the corporate auditors attends meetings as shown in the table below:

Name	Meetings attended (attendance rate)
Eiji Funahara	14/14 (100%)
Yoshiaki Moriya	11/11 (100%)
Osamu Ishihara	14/14 (100%)
Hisashi Shirahata	14/14 (100%)

(Notes) 1. Mr. Yoshiaki Moriya was appointed at the 75th ordinary meeting of shareholders held on March 26, 2025, and his attendance rate covers the meetings held after his appointment.

Throughout the year, the following such resolutions, deliberations and discussions, and reports were undertaken.

Category	Number	Details
Resolutions	6	Corporate auditors' auditing policy, plan, and division of duties, agreements about proposals for appointment of corporate auditors, audit reports of the board of corporate auditors, the reappointment of accounting auditors, agreements about the auditing fees of accounting auditors, etc.
Deliberations/ Discussions	21	Deliberations on audit work papers, corporate auditors' remuneration, evaluation of accounting auditors, etc., which are necessary items for producing written opinions of corporate auditors
Reports	43	Agenda items for organizational decision-making meetings, visits to offices/Group companies for audit purposes, reports on dialogues between management and corporate auditors, audit reports from accounting auditors, and reports on revisions to laws, guidelines, and standards, etc.

The Audit & Supervisory Board also received regular reports on the status of business execution from the HR Division, the Corporate Governance Division, the DX Promotion Division, and the Planning Division, and shared information and exchanged opinions on such reports.

(ii) Main activities of corporate auditors

Itoki Corporation's full-time corporate auditor attends organizational decision-making meetings, meetings of the Compliance Committee, and other important internal meetings and committees, and shares information with the Audit & Supervisory Board. The full-time corporate auditor also shared issues concerning internal control audits and business audits at a monthly meeting with the audit department, and, as required, held dialogues with departmental heads and the presidents at Group companies to confirm the issues to be addressed and the action to be taken. All corporate auditors attend meetings of the Board of Directors (attendance rate 100%) where they audit and provide oversight of the progress of proceedings and the content of resolutions among other such matters, and, as required, give their opinion. At regular meetings with the representative directors and external directors (held four times per year), the Audit & Supervisory Board shares information on management issues and offers frank opinions. In addition, the Audit & Supervisory Board conducted on-site audits of Itoki Corporation's factories and group companies.

(iii) Cooperation with accounting auditors

On the basis of an annual audit plan, our corporate auditors receive reports from and exchanges opinions with accounting auditors on overviews of the results of accounting audits and internal control audits. The Audit & Supervisory Board holds regular meetings with the accounting auditors, both face-to-face and remotely, during the course of a fiscal year and receives reports from the accounting auditors on matters including audit plans, priority audit items, audit status, and the status of investigations into audit risks, and in addition to sharing issues and exchanging information, works closely with the accounting auditors to exchange opinions to ensure effective and efficient execution of accounting audits and internal control audits. The main details of the cooperation between corporate auditors and accounting auditors are as set out below.

Meeting	Held in	Overview
Briefing on audit policy/audit plan	May	Corporate auditors receive a briefing on the audit policy and audit plan for the fiscal year
Mid-term review report Report on the status of implementation of an annual audit	August, May, October	Accounting auditors provide corporate auditors with a report on the results of a mid-term review report, and the status of implementation of an annual audit, and the parties exchange opinions.
Quality control by the audit corporation	November	Corporate auditors receive a briefing on the audit quality control system and implementation
KAM (key audit matters)	May, August, October	Briefing on the status of risks that require special consideration and discussion on the potential for designation as KAM
Meeting with full-time corporate auditor	December	Information exchange on internal control system risks and audit remuneration
Year-end audit report	February, March	Receipt of year-end audit report

Appropriate coordination and effective two-way communication between the accounting auditor and corporate auditors are considered essential to further enhance corporate governance, and so accounting auditors appropriately work with corporate auditors at each stage of an audit by holding discussions and engaging in other such interactions.

(B) Internal audits

Internal audits are conducted by the Audit Department of the Corporate Governance Division (with a staff of 15). In accordance with our internal audit regulations and other rules, the Audit Department undertakes systematic audits of the state of decision-making and control in management activities and internal control systems, training systems, and monitoring and auditing systems in each department and at each Group company, and informs to the audited department of areas for improvement as necessary.

The Audit Department reports audit results directly to management, the Board of Directors, and the Audit & Supervisory Board, and also exchanges opinions with the full-time corporate auditor on a regular basis.

(C) Accounting audits

Itoki Corporation has concluded an audit agreement with the accounting auditor KPMG AZSA LLC, and on the basis of this annual agreement KPMG AZSA LLC conducts audits of Itoki Corporation and its consolidated subsidiaries.

a. Name of audit corporation

KPMG AZSA LLC

b. Consecutive years of audits

10 years

c. Certified public accountants who performed audit work

Toshiyuki Nishida, Ryosuke Itami

d. Composition of assistants supporting audit work

Assistants on Itoki Corporation's side who supported the accounting audit work numbered 20 certified public accountants and 47 others.

e. Audit corporation selection policy and reason(s)

Upon determining the suitability of an accounting auditor for reappointment (including a determination on agreement to the submission of an agenda item for the selection of an accounting auditor to a General Meeting of Shareholders or the dismissal or non-reappointment of an accounting auditor as the objective of a General Meeting of Shareholders), the Audit & Supervisory Board examines the state of execution of duties by the accounting auditor (including the state of execution of duties in previous fiscal years) and whether the auditing system, independence, and other such aspects are suitable or not.

In cases such as when there are obstacles to the execution of duties by an accounting auditor, the Audit & Supervisory Board,

as it determines necessary, decides on the content of an agenda item concerning the dismissal or non-reappointment of the accounting auditor for submission to a General Meeting of Shareholders.

Furthermore, if it is determined that the items under Article 340 Paragraph 1 of the Companies Act apply to the accounting auditor, the Audit & Supervisory Board shall dismiss the accounting auditor on the basis of the unanimous consent of all corporate auditors. In this case, a corporate auditor selected by the Audit & Supervisory Board shall report the fact that the accounting auditor has been dismissed and the reasons for this at the first General Meeting of Shareholders convened after the dismissal.

f. Evaluation of the audit corporation by corporate auditors and the Audit & Supervisory Board

In order to ensure that the duties of the accounting auditor are being executed properly, Itoki Corporation receives notifications from the accounting auditor about matters concerning independence as well as matters concerning compliance with laws and rules, matters concerning policy for acceptance and continuance of agreements for audits, work equivalent to audits, and related services, and other matters concerning the system to ensure that the duties of the accounting auditor are executed properly, and requests briefings from the accounting auditor to check that it is complying with the quality control standards required to properly implement an accounting audit. As a result of this confirmation, we have determined that the duties of the accounting auditor are being properly executed.

(D) Details of audit remuneration, etc.

a. Remuneration for certified public accountants for audits

Category	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Remuneration for audit certification services (million yen)	Remuneration for non-audit services (million yen)	Remuneration for audit certification services (million yen)	Remuneration for non-audit services (million yen)
Submitting company	90	—	99	—
Consolidated subsidiaries	17	—	21	—
Total	107	—	121	—

b. Remuneration towards the same network (KPMG) as the certified public accountants for audits, etc. (excluding a.)

Category	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Remuneration for audit certification services (million yen)	Remuneration for non-audit services (million yen)	Remuneration for audit certification services (million yen)	Remuneration for non-audit services (million yen)
Submitting company	—	32	—	15
Consolidated subsidiaries	—	—	—	—
Total	—	32	—	15

(Fiscal year ended December 31, 2024)

The non-audit services at Itoki Corporation include the provision of information after the sophistication of the SCM system and third-party certification work for CO₂ emission volume.

(Fiscal year ended December 31, 2025)

The content of non-audit services at Itoki Corporation is third-party certification work for CO₂ emission volume.

c. Details of remuneration based on other significant audit certification services

Not applicable.

d. Policy for determining audit remuneration

We decide on the appropriate remuneration for certified public accountants for audits, etc., in consideration of the content and length of an audit, and having obtained the consent of the Audit & Supervisory Board.

e. Reason for the Audit & Supervisory Board consenting to the remuneration for the accounting auditor

The Audit & Supervisory Board arrived at the determination that it would consent to the amount of the remuneration and other such moneys to be paid to the accounting auditor having first conducted the necessary investigations to confirm that matters including the content of the accounting auditor's audit plan, the status of execution of the accounting auditor's duties, and the basis for calculation of the remuneration estimate are reasonable.

(4) Remuneration for officers

(A) Policy for deciding the amount of officers' remuneration

The maximum amount of remuneration for directors and corporate auditors is set by means of a resolution at a General Meeting of Shareholders. The remuneration for each individual director is set on the basis of the monthly remuneration schedule by position and other factors approved by the Board of Directors and in reflection, by the representative directors, upon matters including details of duties and the state of Itoki Corporation, while the remuneration for each individual corporate auditor is set on the basis of discussions by the Audit & Supervisory Board taking into account matters such as details of duties, experience, and the state of Itoki Corporation.

A resolution on a maximum amount of remuneration for directors of up to 25 million yen per month was passed at the Annual General Meeting of Shareholders held on March 29, 2001, but a resolution to revise a maximum amount of remuneration up to 50 million yen per month (of which external directors may receive a monthly amount of up to 10 million yen) was passed at the Annual General Meeting of Shareholders held on March 26, 2025.

In addition to this fixed remuneration framework, a resolution was also passed regarding a variable remuneration of up to 10% of net profit for a given fiscal year at the Annual General Meeting of Shareholders held on March 27, 2013. Furthermore, a resolution was passed regarding a restricted share remuneration framework of an annual amount of up to 120 million yen (of which external directors may receive an annual amount of up to 5 million yen) at the Annual General Meeting of Shareholders held on March 28, 2018, but a resolution to revise an annual amount up to 500 million yen (of which external directors may receive an annual amount of up to 20 million yen) was passed at the Annual General Meeting of Shareholders held on March 26, 2025.

A maximum amount of remuneration for corporate auditors was decided at up to 10 million yen per month at the Annual General Meeting of Shareholders held on March 27, 2013. In addition to this fixed remuneration framework, a resolution was passed regarding a restricted share remuneration framework for an annual amount of up to 10 million yen (of which external auditors may receive an annual amount of up to 2 million yen) at the Annual General Meeting of Shareholders held on March 28, 2018.

(B) Total amount of remuneration by category of officer and by type, and number of eligible officers for the submitting company

Category of officer	Total amount of remuneration (million yen)	Total amount of remuneration by type (million yen)			Number of eligible officers
		Basic remuneration	Performance-based remuneration	Non-monetary remuneration	
Directors (excluding external directors)	459	120	243	94	6
Corporate auditors (excluding external auditors)	39	29	—	10	2
External officers	54	49	—	4	7

(Notes) 1. The amount paid to directors does not include the portion of salary as an employee for directors concurrently serving as employees.

2. Non-monetary remuneration refers to restricted shares in Itoki Corporation, and the officers eligible to receive an allocation of such shares are Itoki Corporation directors (including external directors) and corporate auditors (including external auditors).

(C) Total amount of consolidated remuneration, etc. by officer of submitting companies

Name	Total amount of remuneration in the Itoki Group (million yen)	Category of officer	Corporate category	Total amount of remuneration by type in the Itoki Group (million yen)		
				Basic remuneration	Performance-based remuneration	Non-monetary remuneration
Masamichi Yamada	149	Director	Reporting company	37	85	27
Koji Minato	149	Director	Reporting company	37	85	27

(Note) Limited to those whose total remuneration in the Itoki Group exceeds 100 million yen.

(5) Shareholdings

(A) Criteria and approach to classification of investment shares

With regards to the classification of shares held for the purpose of pure investment and shares held for purposes other than pure investment, Itoki Corporation deems investment shares held for the purpose of receiving profit based on changes in share value and through dividends pertaining to such shares to be shares held for the purpose of pure investment, and investment shares held for any other reason to be investment shares held for purposes other than pure investment.

(B) Investment shares held for purposes other than pure investment

a. Shareholding policy, method of verification of the rationale for shareholdings, and details of verification by the Board of Directors of the appropriateness of shareholdings in individual issues

From the perspective of maintaining and strengthening relationships with business partners, Itoki Corporation engages in cross-shareholding only when we determine that doing so will contribute to the continuous development of the Itoki Group and the enhancement of its corporate value over the medium to long term. In the course of verifying the rationale of such shareholdings, we verify matters including whether the benefits gained through the shareholdings are reasonable in terms of the capital cost.

On the basis of this criteria, we verify the significance of holding such stock each year at a meeting of the Board of Directors, and the process of disposing of stock is commenced for any issues that are determined to be lacking significance.

b. Number of issues and recorded value on balance sheet

	Number of issues	Total amount recorded on balance sheet (million yen)
Unlisted shares	23	308
Shares other than unlisted shares	17	3,187

(Issues for which the number of shares increased in the fiscal year)

	Number of issues	Total amount acquired through increase in number of shares (million yen)	Reason for increase in number of shares
Unlisted shares	-	-	-
Shares other than unlisted shares	2	1	Regular purchase at business partner's stockholding association

(Issues for which the number of shares decreased in the fiscal year)

	Number of issues	Total amount from sales in relation to shares whose number decreased (million yen)
Unlisted shares	3	249
Shares other than unlisted shares	1	213

c. Number of shares, amount on balance sheet, and other information per issue of specified investment shares and deemed shareholdings

Specified investment shares

Issue	During the fiscal year	Previous fiscal year	Purpose of shareholding, overview of business alliance, etc., quantitative effect of shareholding, and reason for increase in no. of shares (Note 1)	Shares held in Itoki Corporation
	Number of shares	Number of shares		
	Amount recorded on balance sheet (million yen)	Amount recorded on balance sheet (million yen)		
Mizuho Financial Group, Inc.	146,086	146,086	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	No
	832	565		
Sumitomo Mitsui Financial Group, Inc.	163,407	163,407	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	No
	823	615		

Issue	During the fiscal year	Previous fiscal year	Purpose of shareholding, overview of business alliance, etc., quantitative effect of shareholding, and reason for increase in no. of shares (Note 1)	Shares held in Itoki Corporation
	Number of shares	Number of shares		
	Amount recorded on balance sheet (million yen)	Amount recorded on balance sheet (million yen)		
Sumitomo Realty & Development Co., Ltd.	120,200	120,200	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	No
	472	593		
The Keiyo Bank, Ltd.	250,381	250,381	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	Yes
	416	197		
Okasan Securities Group Inc.	400,000	400,000	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	No
	300	256		
MARUSAN SECURITIES CO., LTD.	95,550	95,550	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	Yes
	96	95		
Shizuoka Financial Group, Inc.	39,000	39,000	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	No
	94	50		
Tokyo Kiraboshi Financial Group, Inc.	6,739	6,739	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	No
	58	30		
Daishi Hokuetsu Financial Group, Inc.	12,000	4,000	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship. (Note 2)	No
	19	11		
ANA HOLDINGS INC.	6,425	6,130	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship. Our shareholding is growing due to regular purchases by the stockholding association.	No
	19	17		
Panasonic Holdings Corporation	7,360	7,360	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	No
	14	12		
Senshu Ikeda Holdings, Inc.	16,798	16,798	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	No
	13	6		
JACCS CO., LTD.	1,627	1,504	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship. Our shareholding is growing due to regular purchases by the stockholding association.	No
	7	5		
OKAMURA CORPORATION	2,352	2,352	Shares held for the purpose of maintaining and strengthening business relationship.	Yes
	5	4		

Issue	During the fiscal year	Previous fiscal year	Purpose of shareholding, overview of business alliance, etc., quantitative effect of shareholding, and reason for increase in no. of shares (Note 1)	Shares held in Itoki Corporation
	Number of shares	Number of shares		
	Amount recorded on balance sheet (million yen)	Amount recorded on balance sheet (million yen)		
Kita-Nippon Bank, Ltd.	1,000	1,000	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	No
	4	3		
KOKUYO Co., Ltd.	4,000	1,000	Shares held for the purpose of maintaining and strengthening business relationship. (Note 3)	No
	3	2		
MITO SECURITIES CO., LTD.	5,000	5,000	An important customer in the workplace business, we hold shares for the purpose of maintaining and strengthening the relationship.	No
	2	2		
OKABE CO., LTD.	-	246,000	Shares were held for the purpose of maintaining and strengthening business relationship, but all shares were sold in the fiscal year.	Yes
	-	188		

(Notes) 1. It is not possible to state the quantitative effect of shareholdings. We undertake a general verification of the rationale of shareholdings based on benefits and capital cost.

2. Regarding the number of shares of Daishi Hokuetsu Financial Group, Inc., a three-for-one share split for common shares was conducted on October 1, 2025, so the number of shares after said split is indicated.

3. Regarding the number of shares of KOKUYO Co., Ltd., a four-for-one share split for common shares was conducted on July 1, 2025, so the number of shares after said split is indicated.

Deemed shareholdings

Not applicable.

(C) Investment shares held for the purposes of pure investment

Not applicable.

V. Status of Accounts

1. Preparation of consolidated financial statements and financial statements

(1) The Company's consolidated financial statements are prepared in accordance with the "Regulations on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976, hereinafter referred to as the "Regulations on Consolidated Financial Statements").

(2) The Company's financial statements are prepared in accordance with the "Regulations on Terminology, Forms and Preparation Methods of Financial Statements" (Ministry of Finance Ordinance No. 59 of 1963, hereinafter referred to as the "Regulations on Financial Statements").

The Company is categorized as a "Special Company Submitting Financial Statements," and prepares its financial statements in accordance with the provisions of Article 127 of the Regulations on Financial Statements.

2. Audit certification

In accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the current fiscal year (from January 1, 2025 to December 31, 2025) and the financial statements for the current fiscal year (from January 1, 2025 to December 31, 2025) have been audited by KPMG AZSA LLC.

3. Special efforts to ensure the propriety of consolidated financial statements, etc.

The Company takes special measures to ensure the propriety of its consolidated financial statements, etc. Specifically, in order to properly ascertain the content of accounting standards, etc., and to develop a system that can appropriately respond to changes in accounting standards, etc., the Company has joined the Financial Accounting Standards Foundation, participates in training sessions conducted by accounting standard setting bodies, etc., subscribes to specialist publications, and strives to collect information on generally accepted corporate accounting standards, evaluation standards for internal controls over financial reporting, and other relevant matters.

1. Consolidated Financial Statement, etc.

(1) Consolidated financial statement

(A) Consolidated balance sheet

(Units: millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Assets		
Current assets		
Cash and deposits	*5 22,482	21,629
Notes and accounts receivable - trade, and contract assets	*1, *8 29,277	*1, *8 34,474
Electronically recorded monetary claims - operating	*1 5,775	*1 7,289
Merchandise and finished goods	5,332	6,572
Work in process	1,982	2,035
Raw materials and supplies	3,359	4,592
Other	2,607	2,997
Allowance for doubtful accounts	(194)	(186)
Total current assets	70,624	79,406
Non-current assets		
Property, plant and equipment		
Buildings and structures	*5 34,079	*5 34,588
Accumulated depreciation	(21,941)	*3 (22,130)
Buildings and structures, net	12,138	12,458
Machinery, equipment and vehicles	15,398	16,273
Accumulated depreciation	(12,920)	(13,279)
Machinery, equipment and vehicles, net	2,478	2,994
Land	*5 8,413	*5 7,950
Leased assets	982	1,021
Accumulated depreciation	(599)	(715)
Leased assets, net	382	306
Construction in progress	349	319
Other	11,287	12,201
Accumulated depreciation	(8,919)	*3 (9,703)
Other (net)	2,367	2,497
Total property, plant and equipment	26,130	26,525
Intangible assets		
Goodwill	671	714
Other	4,440	5,359
Total intangible assets	5,111	6,074
Investments and other assets		
Investment securities	*4 6,548	*4 6,659
Retirement benefit asset	1,809	1,740
Deferred tax assets	1,945	2,370
Other	8,496	8,063
Allowance for doubtful accounts	(144)	(145)
Total investments and other assets	18,654	18,688
Total non-current assets	49,896	51,288
Deferred assets		
Bond issue expenses	-	29
Total deferred assets	-	29
Total assets	120,521	130,724

(Units: millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	*8 8,711	*8 9,380
Electronically recorded obligations - operating	1,911	1,962
Notes payable - facilities	16	0
Current portion of bonds payable	14	16
Short-term borrowings	*7 21,279	*7 12,830
Current portion of long-term borrowings	*5 8,993	*5 6,055
Income taxes payable	2,281	4,141
Accrued consumption taxes	931	1,234
Allowance for bonuses	2,763	4,170
Allowance for bonuses for officers	234	344
Allowance for loss on orders received	3	0
Allowance for product warranties	14	16
Allowance for loss on business of subsidiaries and associates	84	85
Allowance for loss related to competition laws	*9 724	-
Allowance for loss on voluntary recall of products	126	82
Other	*2 7,336	*2 9,260
Total current liabilities	55,426	49,580
Non-current liabilities		
Corporate bonds	16	5,000
Long-term borrowings	*5 6,505	*5 10,089
Lease obligations	726	637
Deferred tax liabilities	341	345
Allowance for retirement benefits for officers	71	-
Allowance for loss on voluntary recall of products	83	83
Retirement benefit liability	3,821	3,669
Asset retirement obligations	1,343	1,584
Other	2,842	2,921
Total non-current liabilities	15,752	24,330
Total liabilities	71,178	73,910
Net assets		
Shareholders' equity		
Share capital	7,351	7,351
Capital surplus	11,692	11,692
Retained earnings	36,189	42,812
Treasury shares	(8,078)	(7,684)
Total shareholders' equity	47,155	54,171
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,196	1,719
Foreign currency translation adjustment	694	729
Remeasurements of defined benefit plans	213	89
Total accumulated other comprehensive income	2,104	2,537
Non-controlling interests	82	104
Total net assets	49,342	56,813
Total liabilities and net assets	120,521	130,724

(B) Consolidated statements of income and consolidated statements of comprehensive income

[Consolidated statement of income]

(Units: millions of yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Net sales	*1 138,460	*1 153,682
Cost of sales	*2, *4 83,259	*2, *4 88,870
Gross profit	55,200	64,812
Selling, general and administrative expenses	*3, *4 45,123	*3, *4 51,126
Operating profit	10,077	13,685
Non-operating income		
Interest income	22	37
Dividend income	116	117
Dividend income of insurance	127	165
Insurance claim income	101	236
Other	257	273
Total non-operating income	624	830
Non-operating expenses		
Interest expenses	306	519
Commissions payable	170	129
Other	220	127
Total non-operating expenses	698	777
Ordinary profit	10,004	13,739
Extraordinary income		
Gain on sale of non-current assets	*5 540	*5 597
Gain on sale of investment securities	*6 27	*6 221
Gain on revaluation of put option liabilities for non-controlling shareholders	*7 578	-
Other	32	96
Total extraordinary income	1,178	916
Extraordinary losses		
Loss on sale of non-current assets	*8 1	*8 27
Loss on retirement of non-current assets	*9 156	*9 164
Impairment losses	-	*10 259
Loss on evaluation of investment securities	59	62
Loss on disaster	20	-
Provision of allowance for loss related to competition laws	*11 728	-
Provision of allowance for loss on recall of products	126	13
Other	18	29
Total extraordinary losses	1,111	555
Profit before income taxes	10,071	14,099
Income taxes - current	2,766	5,190
Income taxes - deferred	82	(491)
Total income taxes	2,848	4,699
Net profit	7,223	9,400
Profit attributable to non-controlling interests	39	17
Profit attributable to owners of parent	7,183	9,382

[Consolidated statement of comprehensive income]

(Units: millions of yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Net profit	7,223	9,400
Other comprehensive income		
Valuation difference on available-for-sale securities	518	522
Foreign currency translation adjustment	59	38
Remeasurements of defined benefit plans, net of tax	80	(124)
Total other comprehensive income	* 658	* 437
Comprehensive income	7,881	9,837
(Breakdown)		
Comprehensive income attributable to owners of parent	7,838	9,816
Comprehensive income attributable to non-controlling interests	43	21

(C) Consolidated statements of changes in net assets

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Units: millions of yen)

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

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

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Units: millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the fiscal year	7,351	11,692	36,189	(8,078)	47,155
Changes during the fiscal year					
Dividends of surplus			(2,706)		(2,706)
Profit attributable to owners of parent			9,382		9,382
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(58)		394	335
Change in the scope of consolidation			4		4
Transfer from retained earnings to capital surplus		58	(58)		-
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	-	-	6,622	393	7,016
Balance at end of the fiscal year	7,351	11,692	42,812	(7,684)	54,171

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated Other comprehensive income		
Balance at beginning of the fiscal year	1,196	694	213	2,104	82	49,342
Changes during the fiscal year						
Dividends of surplus						(2,706)
Profit attributable to owners of parent		/				9,382
Purchase of treasury shares						(0)
Disposal of treasury shares						335
Change in the scope of consolidation						4
Transfer from retained earnings to capital surplus						-
Net changes in items other than shareholders' equity	522	34	(124)	433	21	454
Total changes during the fiscal year	522	34	(124)	433	21	7,471
Balance at end of the fiscal year	1,719	729	89	2,537	104	56,813

(D) Consolidated statements of cash flows

(Units: millions of yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Net cash provided by (used in) operating activities		
Profit before income taxes	10,071	14,099
Depreciation	2,744	4,036
Amortization of goodwill	363	131
Impairment losses	-	259
Increase (decrease) in allowance for doubtful accounts	(45)	(9)
Increase (decrease) in allowance for bonuses	(856)	1,406
Increase (decrease) in allowance for bonuses for officers	(86)	109
Increase (decrease) in allowance for loss on orders received	3	(2)
Increase (decrease) in retirement benefit liability	(22)	(225)
Decrease (increase) in retirement benefit asset	(34)	37
Increase (decrease) in allowance for retirement benefits for officers	(8)	(71)
Increase (decrease) in allowance for product warranties	(1)	2
Increase (decrease) in allowance for loss on business of subsidiaries and associates	(35)	1
Increase (decrease) in allowance for loss related to competition laws	728	(734)
Increase (decrease) in allowance for loss on voluntary recall of products	126	(43)
Interest and dividend income	(138)	(155)
Interest expenses	306	519
Loss (gain) on sale of investment securities	(25)	(221)
Loss (gain) on sale of non-current assets	(538)	(570)
Loss on retirement of non-current assets	156	164
Loss (gain) on revaluation of put option liabilities for non-controlling shareholders	(578)	-
Decrease (increase) in trade receivables	1,219	(6,636)
Decrease (increase) in inventories	(941)	(2,203)
Increase (decrease) in trade payables	(10,312)	655
Other	(1,662)	2,727
Subtotal	429	13,275
Interest and dividends received	162	155
Interest paid	(320)	(477)
Payment of settlement money	(400)	-
Competition law-related payment	-	(734)
Income taxes refunded (paid)	(872)	(3,277)
Net cash provided by (used in) operating activities	(1,000)	8,942

(Units: millions of yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,392)	(1,270)
Proceeds from withdrawal of time deposits	1,534	1,450
Purchase of property, plant and equipment	(3,146)	(3,749)
Proceeds from sale of property, plant and equipment	586	1,220
Purchase of intangible assets	(2,890)	(2,268)
Purchase of investment securities	(252)	(252)
Proceeds from sale of investment securities	84	466
Net decrease (increase) in short-term loans	29	-
Long-term loan advances	(4)	(283)
Proceeds from collection of long-term loans receivable	0	1
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(928)	-
Net decrease (increase) in insurance reserve fund	(608)	832
Other	(119)	5
Net cash provided by (used in) investing activities	(7,107)	(3,847)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	12,797	(8,453)
Proceeds from long-term borrowings	11,161	10,480
Repayments of long-term borrowings	(3,459)	(9,835)
Proceeds from the issuance of corporate bonds	-	4,969
Redemption of bonds	(7)	(14)
Net decrease (increase) in treasury shares	(15,901)	(3)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	4,069	-
Dividends paid	(1,901)	(2,704)
Dividends paid to non-controlling interests	(0)	(0)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(360)	-
Other	(494)	(381)
Cash flows from financing activities	5,905	(5,941)
Effect of exchange rate change on cash and cash equivalents	32	58
Net increase (decrease) in cash and cash equivalents	(2,170)	(787)
Cash and cash equivalents at beginning of period	23,664	21,494
Increase in cash and cash equivalents due to the addition of new consolidated subsidiaries	-	113
Cash and cash equivalents at end of period	* 21,494	* 20,820

[Notes]

(Important matters that form the basis for the preparation of the consolidated financial statements)

1. Matters relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 32

Names of principal consolidated subsidiaries

Itoki All Steel Co., Ltd.
Fuji Living Industry Co., Ltd.
Itoki Market Space Inc.
Itoki Toko Manufacturing Co., Ltd.
Itoki Marui Industry Co., Ltd.
Sanko Facilities Inc
FMSTAFF Co., Ltd.
Itoki Shared Value Co., Ltd.
Shin Nihon System Technology Corporation
DALTON Corporation
Soua Co., Ltd.
Tarkus Interiors Pte Ltd
Novo Workstyle Asia Limited
ITOKI SYSTEMS (SINGAPORE) PTE., LTD.
ITOKI CHINA HOLDING Co., Ltd.

17 other companies

AD Technologies Co., Ltd. was established, and included in the scope of consolidation in the current consolidated fiscal year.

(2) Number of non-consolidated subsidiaries: 6

Names of principal non-consolidated subsidiaries

Itoki Marketing Co., Ltd.

5 other companies

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

2. Matters relating to the application of the equity method

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

3. Fiscal year of consolidated subsidiaries

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

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

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

4. Accounting policies

(1) Valuation standards and methods for significant assets

(A) Securities

Held-to-maturity bonds

Amortized cost method (straight-line method)

Other securities

Securities other than non-marketable equity securities

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

Non-marketable equity securities

Stated at cost using the moving average method

(B) Derivatives

Market value method

(C) Inventories

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

(2) Depreciation and amortization methods for significant depreciable assets

(A) Property, plant and equipment (excluding leased assets)

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

The straight-line method is used for overseas consolidated subsidiaries.

The main useful lives are as follows.

Buildings and structures: 8–50 years

Machinery, equipment and vehicles: 4–17 years

(B) Intangible assets (excluding leased assets)

The straight-line method is used.

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

(C) Leased assets

Leased assets in finance lease transactions in which ownership is transferred

The same method as the method for depreciation of fixed assets held by our company was applied.

Leased assets in finance lease transactions in which ownership is not transferred

Leased assets are depreciated using the straight-line method, where the lease period is the useful life of the asset and the residual value is zero.

(3) Method for disposing of important deferred assets

The cost for issuing corporate bonds was amortized on a straight-line basis over the period until the redemption of the bonds.

(4) Accounting for significant allowance

(A) Allowance for doubtful accounts

To provide for losses on bad debts, an estimate for the amount of unrecoverable receivables is recorded based on the historical percentage of bad debts for general receivables and on an individual assessment of recoverability for specific doubtful receivables.

(B) Allowance for bonuses

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

(C) Allowance for bonuses for officers

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

(D) Allowance for loss on orders received

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

(E) Allowance for product warranties

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

(F) Allowance for loss on voluntary recall of products

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

(G) Allowance for loss on business of subsidiaries and associates

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

(5) Accounting method for retirement benefits

(A) Period attribution method for estimated retirement benefits

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

(B) Method of amortizing actuarial gains and losses and past service costs as expenses

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

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

(C) Adoption of simplified method for small companies, etc.

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

(6) Standards for recording of significant revenues and expenses

The main performance obligations in the Group's main businesses relating to revenue from contracts with customers and the normal time at which such performance obligations are satisfied (the normal time at which revenue is recognized) are as follows.

(A) Sale of finished goods and merchandise (workplace business, equipment and public works-related business)

Sales of finished goods and merchandise are recognized at the amount expected to be received for the finished goods or merchandise, deeming the performance obligation to be satisfied at the point of delivery of said finished goods or merchandise based on the sales contract with the customer.

Applying the alternative handling prescribed in Paragraph 98 of "Implementation Guidance on Accounting Standard for Revenue Recognition," revenue is recognized upon shipment if the period from the time of shipment to the time when control of the finished goods or merchandise is transferred to the customer is a normal period of time for the sale of said finished goods or merchandise.

(B) Product sales involving construction and construction services such as installation and interior finishing work (workplace

business, equipment and public works-related business)

For product sales involving construction and construction services such as installation and interior finishing work, revenue is recognized based on the degree of progress toward satisfying performance obligations over a fixed period of time. The degree of progress is estimated by applying the percentage of costs incurred through the end of the current fiscal year to the total estimated costs of construction (input method).

If the period between the transaction commencement date specified in a contract and the time when the performance obligation is expected to be fully satisfied is very short, the Company does not recognize revenue over a fixed period of time, but recognizes revenue when the performance obligation is fully satisfied.

(7) Significant hedge accounting methods

(A) Hedge accounting method

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

(B) Hedging instruments and hedged items

Hedging instruments

Forward exchange contracts

Hedged items

Foreign currency-denominated trade payables and planned foreign currency transactions

(C) Hedging policy

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

(D) Methods of assessing the effectiveness of hedging

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

(8) Amortization method and period of goodwill

Goodwill is amortized evenly over a period not exceeding 7 years, based on an estimate of the period over which the investment effect will be realized for each subsidiary investment.

(9) Scope of funds in the consolidated statement of cash flows

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

(Significant accounting estimates)

Recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the current fiscal year

Deferred tax assets	2,370 million yen
---------------------	-------------------

(2) Information regarding details of significant accounting estimates for identified items

Deferred tax assets are recognized for future deductible temporary differences and carried-forward tax losses at the end of the current fiscal year to the extent that the future tax burden can be reduced based on the company classification defined in the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26).

For accounting purposes, taxable income before the addition or subtraction of temporary differences is estimated based on the business plan, and the main assumption of the business plan is the sales growth rate. The sales growth rate is set based on past results, taking into account the market environment and industry trends.

The Company believes that its estimates of taxable income are based on the best available information. However, changes in the market environment and industry trends could have a significant impact on the consolidated financial statements for the following fiscal year if the conditions on which such estimates are based were to change.

(Revision to the accounting policy)

(Application of Accounting Standards regarding Corporate, Inhabitant, and Business Taxes)

We have been applying the “Accounting Standards regarding Corporate, Inhabitant, and Business Taxes (ASBJ Statement No. 27, Oct. 28, 2022),” the “Accounting Standards regarding the Indication of Comprehensive Income (ASBJ Statement No. 25, Oct. 28, 2022),” and the “Guidelines for Applying the Accounting Standards regarding Tax Effect Accounting (ASBJ Guidance No. 28, Oct. 28, 2022)” since the beginning of the current consolidated fiscal year. These have not produced any effects on our consolidated financial statements.

(Application of the Regulations for Posting and Disclosing Income Taxes in the Global Minimum Tax System)

We have been applying the “Regulations for Posting and Disclosing Income Taxes in the Global Minimum Tax System” (ASPJ No. 46, Mar. 22, 2024) since the beginning of the current consolidated fiscal year. These have not produced any effects on our consolidated financial statements.

(Accounting standards not applied, etc.)

Accounting Standard for Leases, etc.

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Overview

The Accounting Standards Board of Japan had discussions for developing accounting standards regarding leases for recognizing assets and liabilities in all leases of borrowers with reference to international accounting standards, as part of efforts to make the Japanese standards consistent with the international standards. As a basic policy, simple yet convenient lease accounting standards, etc. were announced with the aim of adopting only major provisions of IFRS No. 16 based on the single accounting model of IFRS No. 16, so that even if IFRS No. 16 is applied to individual financial statements, revision is not required in principle.

Regarding the method for sorting lease expenses of a borrower, we will apply a single accounting model in which the depreciation for assets of use rights and the interest equivalents for lease liabilities are posted for all leases, no matter whether they are finance leases or operating leases, like IFRS No. 16.

(2) Scheduled date of application

From the beginning of the fiscal year ending December 31, 2028.

(3) Effect of adoption of this accounting standard, etc.

The effect of the application of the “Accounting Standard for Leases,” etc. on the consolidated financial statements is currently under evaluation.

(Changes in presentation)

(Consolidated statement of income)

The “Loss on Evaluation of Investment Securities,” which was included in “Other” of “Extraordinary Loss” in the previous consolidated fiscal year, has been separately indicated from the current consolidated fiscal year, because its monetary significance increased. In order to reflect the change in the indication method, the consolidated financial statements for the previous consolidated fiscal year have been revised.

Accordingly, in the consolidated profit-and-loss statement for the previous consolidated fiscal year, the 78 million yen indicated in “Other” of “Extraordinary Loss” has been divided into 59 million yen in “Loss on Evaluation of Investment Securities” and 18 million yen in “Other.”

(Consolidated balance sheet)

- *1. The amount of receivables and contract assets arising from contracts with customers from among notes and accounts receivable - trade, and contract assets, and electronically recorded monetary claims - operating is as follows.

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Notes receivable	1,496 million yen	838 million yen
Accounts receivable	24,766	29,424
Contract assets	3,015	4,211
Electronically recorded monetary claims - operating	5,775	7,289

- *2. The amount of contract liabilities included in other current liabilities is shown in “Notes (Revenue recognition), 3. Information for understanding revenue for the current and subsequent fiscal years, (A) Receivables arising from contracts with customers, contract assets and contract liabilities.”

- *3. The cumulative depreciation includes cumulative impairment loss.

- *4. Due to non-consolidated subsidiaries and associates

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

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Investment securities (shares)	550 million yen	474 million yen

- *5. Assets pledged as collateral

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Time deposits	100 million yen	— million yen
Property, plant and equipment		
Buildings and structures	1,118	666
Land	1,927	1,455
Subtotal	3,146	2,122

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

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Current portion of long-term borrowings	355 million yen	661 million yen
Long-term borrowings	821	529

Syndicated term loan agreements

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

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Syndicated term loan agreements	3,000 million yen	— million yen

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

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

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

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

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Syndicated term loan agreements	4,400 million yen	2,000 million yen

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

(A) The total amount in the section of net assets indicated in the consolidated balance sheets as of the end of the fiscal year ended December 2024 and the end of each subsequent fiscal year shall be kept equal to or larger than 75% of the total amount in the section of net assets indicated in the consolidated balance sheet as of the end of the fiscal year ended December 2023 or 75% of the total amount in the section of net assets indicated in the consolidated balance sheet as of the end of the latest fiscal year, whichever is larger.

(B) The ordinary income indicated in the consolidated income statement as of the end of December 2024 or the end of each subsequent fiscal year shall not be negative.

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

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Syndicated term loan agreements	4,444 million yen	2,220 million yen

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

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

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

(4) The balance of borrowings under the syndicated term loan agreement entered on March 27, 2025 is as follows.

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Syndicated term loan agreements	— million yen	4,250 million yen

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

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

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

6. Discounted notes receivable

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Discounted notes receivable	1,133 million yen	170 million yen

*7. Loan commitment agreements

The Company has entered into loan commitment agreements with 15 financial institutions (14 financial institutions in the previous fiscal year) in order to raise working capital efficiently. The balances of unexecuted loans based on loan commitment agreements are as follows.

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Total amount of loan commitments	12,900 million yen	15,000 million yen
Outstanding loan balance	12,900	—
Difference	—	15,000

*8. Notes maturing at the fiscal-year end

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

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Notes receivable	8 million yen	40 million yen
Notes payable	6	0

*9. Allowance for loss related to competition laws

Previous fiscal year (ended December 31, 2024)

On December 20, 2024, Tarkus Interiors Pte Ltd, which is a consolidated subsidiary of Itoki Corporation, was ordered by Competition and Consumer Commission of Singapore to pay a financial penalty of S\$5,113,918 for the violation of the competition law (on May 23, 2024, the company received a notice on provisional acknowledgment of said matter from Competition and Consumer Commission of Singapore). In response, we posted 570 million yen (converted with the exchange rate: 1 Singapore dollar = 111.56 yen on the last date of the fiscal year), to provide for the payment of expected financial penalties.

As Itoki received administrative guidance (warning) from the Japan Fair Trade Commission, we posted 154 million yen to provide for the payment of compensation for past labor to contractors engaged in distribution operations.

(Consolidated statement of income)

*1. Revenue from contracts with customers

With respect to net sales, revenue arising from contracts with customers is not shown separately from other revenue. The amount of revenue arising from contracts with customers is presented in “Notes (Revenue recognition), 1. Information on the breakdown of revenue arising from contracts with customers.”

*2. Cost of sales

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

Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
167 million yen	76 million yen

(B) Provision for (reversal of) allowance for loss on orders received included in cost of sales

Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
13 million yen	(5) million yen

*3. Selling, general and administrative expenses

Major expenses are as follows.

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Employee salaries and allowances	17,384 million yen	19,023 million yen
Provision for allowance for bonuses	2,408	3,559
Retirement benefit costs	858	916
Provision for allowance for bonuses for officers	223	332

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

Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
2,509 million yen	2,286 million yen

*5. Gain on sale of non-current assets

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Machinery, equipment and vehicles	18 million yen	2 million yen
Land	517	584
Other (property, plant and equipment)	3	10
Total	540	597

*6. Gain on sale of investment securities

Previous fiscal year (from January 1, 2024 to December 31, 2024)

This was due to the sale of a portion of the Company’s investment securities holdings (2 listed stocks and 1 unlisted stock).

Current fiscal year (from January 1, 2025 to December 31, 2025)

This was due to the sale of a portion of the Itoki Group’s investment securities holdings (4 listed stocks, 2 unlisted stocks and other 10 stocks).

*7. Gain on revaluation of put option liabilities for non-controlling shareholders

Previous fiscal year (from January 1, 2024 to December 31, 2024)

This is due to the change in fair value of put options for the additional acquisition of shares in consolidated subsidiaries given to non-controlling shareholders in some consolidated subsidiaries of the Itoki Group to which the International Financial Reporting Standards (IFRS) are applied.

*8. Loss on sale of non-current assets

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Buildings and structures	— million yen	24 million yen
Machinery, equipment and vehicles	1	0
Other (property, plant and equipment)	0	2
Total	1	27

*9. Loss on retirement of non-current assets

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Buildings and structures	92 million yen	35 million yen
Machinery, equipment and vehicles	0	6
Other (property, plant and equipment)	50	22
Other (intangible assets)	12	20
Removal costs etc. relating to the above	0	79
Total	156	164

*10. Impairment loss

Current fiscal year (from January 1, 2025 to December 31, 2025)

In the current fiscal year, the Itoki Group posted an impairment loss for the following assets.

Location	Purpose of use	Type	Amount
Chuo-ku, Tokyo	Assets for business	Buildings	162 million yen
Chuo-ku, Tokyo	Assets for business	Tools, instruments, and equipment	96 million yen

The Itoki Group classifies assets according to minimum units that independently generate a cash flow, while classifying individual idle assets.

The value of idle assets after the partial renovation of our head office has decreased to a recoverable one, while we have recognized an impairment loss. The recoverable value of the above-mentioned assets has been measured from use value, and has been estimated to be zero.

*11. Provision of allowance for loss related to competition laws

Previous fiscal year (from January 1, 2024 to December 31, 2024)

On December 20, 2024, Tarkus Interiors Pte Ltd, which is a consolidated subsidiary of Itoki Corporation, was ordered by Competition and Consumer Commission of Singapore to pay a financial penalty of S\$5,113,918 for the violation of the competition law (on May 23, 2024, the company received a notice on provisional acknowledgment of said matter from Competition and Consumer Commission of Singapore). In response, we posted 574 million yen (converted with the exchange rate: 1 Singapore dollar = 112.36 yen on the last date of the fiscal year), to provide for the payment of expected financial penalties.

As Itoki received administrative guidance (warning) from the Japan Fair Trade Commission, we posted 154 million yen to provide for the payment of compensation for past labor to contractors engaged in distribution operations.

(Consolidated statement of comprehensive income)

* Adjustment, income taxes and tax effect regarding other comprehensive income

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Valuation difference on other securities:		
Amount incurred in current fiscal year	610 million yen	803 million yen
Reclassification adjustments	(14)	(180)
Before income taxes and tax effect adjustment	596	623
Income taxes and tax effect adjustment	(78)	(100)
Valuation difference on other securities	518	522
Foreign currency translation adjustment:		
Amount incurred in current fiscal year	59	41
Reclassification adjustments	—	(2)
Foreign currency translation adjustment	59	38
Remeasurements of retirement benefit plans:		
Amount incurred in current fiscal year	35	(48)
Reclassification adjustments	80	(106)
Before income taxes and tax effect adjustment	116	(154)
Income taxes and tax effect adjustment	(35)	30
Remeasurements of retirement benefit plans	80	(124)
Total other comprehensive income	658	437

(Consolidated statement of changes in net assets)

Previous fiscal year (from January 1, 2024 to December 31, 2024)

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

	Number of shares at the beginning of the current fiscal year (shares)	Increase in shares in the current fiscal year (shares)	Decrease in shares in the current fiscal year (shares)	Number of shares at the end of the current fiscal year (shares)
Issued shares				
Common shares (Notes) 1, 2	45,664,437	11,718,413	4,000,000	53,382,850
Total	45,664,437	11,718,413	4,000,000	53,382,850
Treasury shares				
Common shares (Notes) 3, 4	316,174	7,966,744	4,104,200	4,178,718
Total	316,174	7,966,744	4,104,200	4,178,718

(Notes) 1. The increase of 11,718,413 common shares is due to the exercise of stock acquisition rights in the first series.

2. The decrease of 4,000,000 common shares is due to the cancellation of treasury shares, as per the resolution of the Board of Directors on February 13, 2024.

3. The increase of 7,966,744 shares in the number of treasury shares is due to an increase following the acquisition of 7,965,900 treasury shares as per the resolution of the Board of Directors on February 13, 2024 and an increase of 844 shares resulting from requests for the purchase of odd-lot shares.

4. The decrease of 4,104,200 treasury shares is due to a decrease resulting from the cancellation of 4,000,000 treasury shares as per the resolution of the Board of Directors on February 13, 2024 and the disposal of 104,200 treasury shares as restricted share remuneration, as per the resolution of the Board of Directors on April 23, 2024.

2. Matters relating to stock acquisition rights

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

(Note) The decrease of 11,718,413 in the first series of stock acquisition rights is due to the exercise of stock acquisition rights.

3. Matters relating to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividend (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on March 27, 2024	Common shares	1,904	42	December 31, 2023	March 28, 2024

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

(Resolution)	Type of shares	Total dividend (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on March 26, 2025	Common shares	2,706	Retained earnings	55	December 31, 2024	March 27, 2025

Current fiscal year (from January 1, 2025 to December 31, 2025)

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

	Number of shares at the beginning of the current fiscal year (shares)	Increase in shares in the current fiscal year (shares)	Decrease in shares in the current fiscal year (shares)	Number of shares at the end of the current fiscal year (shares)
Issued shares				
Common shares	53,382,850	—	—	53,382,850
Total	53,382,850	—	—	53,382,850
Treasury shares				
Common shares (Notes) 1, 2	4,178,718	281	204,000	3,974,999
Total	4,178,718	281	204,000	3,974,999

(Notes) 1. The increase of 281 shares in the number of treasury shares is due to an increase of 281 shares resulting from requests for the purchase of odd-lot shares.

2. The decrease of 204,000 treasury shares is due to the disposal of 204,000 treasury shares as restricted share remuneration, as per the resolution of the Board of Directors on April 21, 2025.

2. Matters relating to stock acquisition rights

None.

3. Matters relating to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividend (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on March 26, 2025	Common shares	2,706	55	December 31, 2024	March 27, 2025

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

The following proposal is scheduled to be submitted at the annual meeting of shareholders on March 25, 2026.

(Resolution)	Type of shares	Total dividend (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on March 25, 2026	Common shares	3,705	Retained earnings	75	December 31, 2025	March 26, 2026

(Consolidated statement of cash flows)

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

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Cash and deposits	22,482 million yen	21,629 million yen
Time deposits with a term of more than three months	(988)	(808)
Cash and cash equivalents	21,494	20,820

(Lease transactions)

(Lessee side)

1. Finance lease transactions

Finance lease transactions in which ownership is transferred

(A) Details of leased assets

- Tangible fixed assets, mainly molds/dies (tools, instruments, and equipment)

(B) Depreciation method for leased assets

As stated in Important matters that form the basis for the preparation of the consolidated financial statements “4. Matters regarding accounting policies (2) Depreciation and amortization methods for significant depreciable assets.”

Finance lease transactions in which ownership is not transferred

(A) Details of leased assets

- Tangible fixed assets, mainly machinery, equipment and vehicles, etc.
- Intangible fixed assets, mainly software.

(B) Depreciation method for leased assets

As stated in Important matters that form the basis for the preparation of the consolidated financial statements “4. Matters regarding accounting policies (2) Depreciation and amortization methods for significant depreciable assets.”

2. Operating lease transactions

Outstanding lease payments under non-cancelable operating leases

(Units: millions of yen)

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
One year or less	1,662	1,669
More than one year	4,197	2,539
Total	5,860	4,208

(Lessor side)

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

(Financial instruments)

1. Matters concerning the status of financial instruments

(1) Policy for financial instruments

The Group invests its funds in highly secure financial assets and procures the necessary funds mainly through bank loans and issuance of corporate bonds. The Company enters into derivative transactions to avoid foreign exchange fluctuation risks on monetary obligations denominated in foreign currencies and to avoid interest rate fluctuation risks on borrowings. It does not enter into derivative transactions for speculative purposes.

(2) Details of financial instruments and their risks

Trade receivables (notes and accounts receivable - trade, and electronically recorded monetary claims - operating) are exposed to customer credit risk.

Investment securities are mainly equity securities in companies with which the Company has business relationships and are exposed to market price fluctuation risk and issuer credit risk.

Trade payables (notes and accounts payable - trade, and electronically recorded obligations - operating) are mostly due within 5 months.

Borrowings and corporate bonds are mainly used for working capital and capital expenditures. Borrowings are subject to the risk of interest rate fluctuations due to market and credit conditions. In addition, there is a risk of receiving requests for early repayment of some borrowings due to violation of financial covenants.

Derivative transactions are used to avoid the risk of future fluctuations in foreign currency exchange rates by using forward exchange contracts for trade payables denominated in foreign currencies.

(3) Risk management system for financial instruments

(A) Management of credit risk (risk involving nonperformance, etc. by counterparties)

In accordance with internal management regulations, the Company works to reduce risk by managing balances of trade receivables by counterparty and by periodically monitoring the credit status of counterparties. For held-to-maturity bonds, the Company seeks to reduce credit risk by mainly selecting bonds with high credit ratings. With respect to the use of derivative transactions, the Company considers the credit risk to be extremely small, as the counterparties to such transactions are all banks with high creditworthiness.

(B) Management of market risk (risk of fluctuations in foreign exchange rates, interest rates, etc.)

The Company uses forward exchange contracts to hedge against the risk of exchange rate fluctuations relating to monetary obligations denominated in foreign currencies.

Investment securities are managed by regularly monitoring fair values and the financial situations of the issuers.

(C) Management of liquidity risk (risk of inability to make payments on due dates) relating to procurement of funding

The Group manages liquidity risk by ensuring liquidity on hand through monthly cash management plans developed by each company. In addition, the status of the Group's borrowings is reported to the Board of Directors, etc.

(4) Supplementary explanation on matters regarding fair value, etc. of financial instruments

The fair value of financial instruments includes values based on market prices and, in the absence of market prices, reasonably estimated values. Because variable factors are incorporated in the calculation of the fair value of financial instruments, such values may change due to the adoption of different assumptions, etc.

2. Matters regarding fair value, etc. of financial instruments

Consolidated balance sheet amounts, fair values and the differences between the two are as follows.

Previous fiscal year (ended December 31, 2024)

	Amount recorded on consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Investment securities	5,326	5,311	(15)
Total assets	5,326	5,311	(15)
Long-term borrowings (including those to be repaid within one year)	15,499	15,480	(18)
Total liabilities	15,499	15,480	(18)

(*1) "Cash and deposits," "notes and accounts receivable - trade, and contract assets," "electronically recorded monetary claims - operating," "notes and accounts payable - trade," "electronically recorded obligations - operating," and "short-term borrowings" are omitted because, as they are cash or are settled within a short period of time, the fair values approximate the book values.

(*2) Non-marketable equity securities, etc. are not included in "Securities and investment securities." The amounts recorded for such financial instruments in the consolidated balance sheet are as follows.

(Units: millions of yen)

Category	Previous fiscal year
Unlisted shares	1,107
Investments in investment limited partnerships	113

Current fiscal year (ended December 31, 2025)

	Amount recorded on consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Investment securities	5,646	5,627	(18)
Total assets	5,646	5,627	(18)
(1) Corporate bonds (including those to be redeemed within one year)	5,016	4,968	(48)
(2) Long-term borrowings (including those to be repaid within one year)	16,144	15,924	(219)
Total liabilities	21,160	20,892	(267)

(*1) “Cash and deposits,” “notes and accounts receivable - trade, and contract assets,” “electronically recorded monetary claims - operating,” “notes and accounts payable - trade,” “electronically recorded obligations - operating,” and “short-term borrowings” are omitted because, as they are cash or are settled within a short period of time, the fair values approximate the book values.

(*2) Non-marketable equity securities and investments in partnerships, etc., in which the net amount equivalent to the equity interest is recorded on the balance sheet, are not included in “Investment securities.” The amounts recorded for such financial instruments in the consolidated balance sheet are as follows.

(Units: millions of yen)

Category	Fiscal year ended December 31, 2025
Unlisted shares	790
Investments in investment limited partnerships	222

^{SS}(Note) 1. Scheduled redemption amounts for monetary receivables and securities with maturity dates after the consolidated closing date

Previous fiscal year (ended December 31, 2024)

	Within 1 year (millions of yen)	More than 1 year but within 5 years (millions of yen)	More than 5 years but within 10 years (millions of yen)	More than 10 years (millions of yen)
Deposits	22,465	—	—	—
Notes and accounts receivable - trade	26,262	—	—	—
Electronically recorded monetary claims - operating	5,775	—	—	—
Investment securities				
Held-to-maturity bonds				
(1) Government bonds, municipal bonds, etc.	—	—	—	—
(2) Corporate bonds	—	542	—	—
(3) Other	—	—	—	—
Other securities with maturity dates				
(1) Bonds (corporate bonds)	—	—	—	—
(2) Other	—	—	—	—
Total	54,502	542	—	—

Current fiscal year (ended December 31, 2025)

	Within 1 year (millions of yen)	More than 1 year but within 5 years (millions of yen)	More than 5 years but within 10 years (millions of yen)	More than 10 years (millions of yen)
Deposits	21,299	—	—	—
Notes and accounts receivable - trade	30,263	—	—	—
Electronically recorded monetary claims - operating	7,289	—	—	—
Investment securities				
Held-to-maturity bonds				
(1) Government bonds, municipal bonds, etc.	—	—	—	—
(2) Corporate bonds	310	230	—	—
(3) Other	—	—	—	—
Other securities with maturity dates				
(1) Bonds (corporate bonds)	—	—	—	—
(2) Other	—	—	—	—
Total	59,162	230	—	—

2. Scheduled amount of repayments of short-term borrowings and long-term borrowings to be made after the consolidated closing date

Previous fiscal year (ended December 31, 2024)

	Within 1 year (millions of yen)	More than 1 year but within 2 years (millions of yen)	More than 2 years but within 3 years (millions of yen)	More than 3 years but within 4 years (millions of yen)	More than 4 years but within 5 years (millions of yen)	More than 5 years (millions of yen)
Short-term borrowings	21,279	—	—	—	—	—
Long-term borrowings	8,993	5,197	679	383	123	121
Total	30,273	5,197	679	383	123	121

(Note) Please refer to “Statement of corporate bonds” in the supplementary consolidated statement for the scheduled amount of corporate bond repayments to be made after the consolidated closing date.

Current fiscal year (ended December 31, 2025)

	Within 1 year (millions of yen)	More than 1 year but within 2 years (millions of yen)	More than 2 years but within 3 years (millions of yen)	More than 3 years but within 4 years (millions of yen)	More than 4 years but within 5 years (millions of yen)	More than 5 years (millions of yen)
Short-term borrowings	12,830	—	—	—	—	—
Long-term borrowings	6,055	1,536	6,201	952	823	574
Total	18,885	1,536	6,201	952	823	574

(Note) Please refer to “Statement of corporate bonds” in the supplementary consolidated statement for the scheduled amount of corporate bond repayments to be made after the consolidated closing date.

3. Matters regarding the breakdown of fair value of financial instruments by level

The fair values of financial instruments are classified into the following three levels based on the observability and importance of the inputs used to calculate the fair value.

Level 1 fair value: Fair values measured by quoted prices of the assets or liabilities being measured which are given in active markets among observable valuation inputs.

Level 2 fair value: Fair values measured by inputs other than inputs included within Level 1 among observable valuation inputs.

Level 3 fair value: Fair values measured by unobservable valuation inputs.

In cases where multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value out of the levels to which each of those inputs belongs.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

Previous fiscal year (ended December 31, 2024)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	2,715	—	—	2,715
Investment trusts	—	2,068	—	2,068
Total assets	2,715	2,068	—	4,784

Current fiscal year (ended December 31, 2025)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	3,247	—	—	3,247
Investment trusts	—	1,857	—	1,857
Total assets	3,247	1,857	—	5,105

(2) Financial instruments other than financial instruments recorded on the consolidated balance sheet at fair value

Previous fiscal year (ended December 31, 2024)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity bonds				
Corporate bonds	—	526	—	526
Total assets	—	526	—	526
Long-term borrowings (including those to be repaid within one year)	—	15,480	—	15,480
Total liabilities	—	15,480	—	15,480

Current fiscal year (ended December 31, 2025)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity bonds				
Corporate bonds	—	522	—	522
Total assets	—	522	—	522
Corporate bonds (including those to be redeemed within one year)	—	4,968	—	4,968
Long-term borrowings (including those to be repaid within one year)	—	15,924	—	15,924
Total liabilities	—	20,892	—	20,892

(Note) Explanation of valuation techniques used in the calculation of fair value and inputs related to the calculation of fair value

1. Investment securities

Listed shares are valued using quoted market prices. Since listed shares are traded in an active market, their fair value is classified as Level 1. Conversely, because the held-to-maturity bonds held by the Company are not frequently traded in the market and are not considered quoted prices in an active market, their fair value is classified as Level 2.

Although investment trusts do not have trading prices in the market, because there are no material restrictions that would require compensation for risk from market participants with respect to cancellation or buy-back claims, they are classified as Level 2 fair value with the reference price as the fair value.

2. Corporate bonds

The market value of corporate bonds is calculated based on the prices, etc. provided by financial institutions with whom our company makes transactions, and categorized into the market value at Level 2.

3. Long-term borrowings

The fair value of long-term loans is calculated based on the present value of the total principal and interest, classified by fixed period, discounted at the interest rate that would be applicable to new borrowing of the same type, and is classified as Level 2.

(Securities)

1. Trading securities

None.

2. Held-to-maturity bonds

Previous fiscal year (ended December 31, 2024)

	Type	Amount recorded on consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Bonds with fair value exceeding the amount recorded on the consolidated balance sheet	(1) Government bonds, municipal bonds, etc.	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	—	—	—
Bonds with fair value not exceeding the amount recorded on the consolidated balance sheet	(1) Government bonds, municipal bonds, etc.	—	—	—
	(2) Corporate bonds	542	526	(15)
	(3) Other	—	—	—
	Subtotal	542	526	(15)
Total		542	526	(15)

Current fiscal year (ended December 31, 2025)

	Type	Amount recorded on consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Bonds with fair value exceeding the amount recorded on the consolidated balance sheet	(1) Government bonds, municipal bonds, etc.	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	—	—	—
Bonds with fair value not exceeding the amount recorded on the consolidated balance sheet	(1) Government bonds, municipal bonds, etc.	—	—	—
	(2) Corporate bonds	541	522	(18)
	(3) Other	—	—	—
	Subtotal	541	522	(18)
Total		541	522	(18)

3. Other securities

Previous fiscal year (ended December 31, 2024)

	Type	Amount recorded on consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Securities for which the amount recorded on the consolidated balance sheet exceeds the acquisition cost	(1) Shares	2,715	1,211	1,504
	(2) Bonds			
	(A) Government bonds, municipal bonds, etc.	—	—	—
	(B) Corporate bonds	—	—	—
	(C) Other	—	—	—
	(3) Other	781	696	85
	Subtotal	3,497	1,907	1,589
Securities for which the amount recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Shares	—	—	—
	(2) Bonds			
	(A) Government bonds, municipal bonds, etc.	—	—	—
	(B) Corporate bonds	—	—	—
	(C) Other	—	—	—
	(3) Other	1,287	1,525	(238)
	Subtotal	1,287	1,525	(238)
Total		4,784	3,433	1,351

(Note) "Acquisition cost" as given in the table is the book value after impairment.

Current fiscal year (ended December 31, 2025)

	Type	Amount recorded on consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Securities for which the amount recorded on the consolidated balance sheet exceeds the acquisition cost	(1) Shares	2,775	656	2,118
	(2) Bonds			
	(A) Government bonds, municipal bonds, etc.	—	—	—
	(B) Corporate bonds	—	—	—
	(C) Other	—	—	—
	(3) Other	521	380	141
	Subtotal	3,296	1,036	2,260
Securities for which the amount recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Shares	472	503	(30)
	(2) Bonds			
	(A) Government bonds, municipal bonds, etc.	—	—	—
	(B) Corporate bonds	—	—	—
	(C) Other	—	—	—
	(3) Other	1,335	1,596	(260)
	Subtotal	1,808	2,099	(291)
Total		5,105	3,136	1,968

(Note) "Acquisition cost" as given in the table is the book value after impairment.

4. Other securities sold

Previous fiscal year (from January 1, 2024 to December 31, 2024)

Type	Amount sold (millions of yen)	Total gain on sale (millions of yen)	Total loss on sale (millions of yen)
(1) Shares	81	20	—
(2) Bonds			
(A) Government bonds, municipal bonds, etc.	—	—	—
(B) Corporate bonds	—	—	—
(C) Other	—	—	—
(3) Other	33	6	0
Total	114	27	0

Current fiscal year (from January 1, 2025 to December 31, 2025)

Type	Amount sold (millions of yen)	Total gain on sale (millions of yen)	Total loss on sale (millions of yen)
(1) Shares	490	201	—
(2) Bonds			
(A) Government bonds, municipal bonds, etc.	—	—	—
(B) Corporate bonds	—	—	—
(C) Other	—	—	—
(3) Other	29	20	0
Total	520	221	0

5. Securities for which impairment losses were recorded

Previous fiscal year (from January 1, 2024 to December 31, 2024)

An impairment loss of 59 million yen (unlisted shares) was recorded for securities.

If the fair value at the end of the fiscal year falls by 50% or more compared to the acquisition cost, the entire amount is recorded as impairment loss. If the fair value at the end of the fiscal year falls by around 30–50%, impairment loss is recorded for the amount deemed necessary in consideration of recoverability and other factors. For shares with no market price and similar, in the event of a significant decline in real value due to a deterioration in financial position, an impairment loss is recorded for the amount deemed necessary in consideration of recoverability and other factors.

Current fiscal year (from January 1, 2025 to December 31, 2025)

An impairment loss of 62 million yen (unlisted shares) was recorded for securities.

If the fair value at the end of the fiscal year falls by 50% or more compared to the acquisition cost, the entire amount is recorded as impairment loss. If the fair value at the end of the fiscal year falls by around 30–50%, impairment loss is recorded for the amount deemed necessary in consideration of recoverability and other factors. For shares with no market price and similar, in the event of a significant decline in real value due to a deterioration in financial position, an impairment loss is recorded for the amount deemed necessary in consideration of recoverability and other factors.

(Retirement benefits)

1. Overview of retirement benefit plans adopted

The Company and its consolidated subsidiaries have funded and unfunded defined benefit plans and defined contribution plans to provide for employee retirement benefits.

Certain consolidated subsidiaries participate in the Tokyo Yakugyo Corporate Pension Fund (a general multi-employer employee pension fund).

In some cases, augmented retirement benefits may be paid to employees upon their retirement, etc.

Under the lump-sum retirement benefit plan (unfunded plans, but some are funded as a result of the establishment of a retirement benefit trust) a lump-sum payment based on salary and length of service is provided as a retirement benefit.

In addition, some consolidated subsidiaries shifted from the defined benefit pension plan to the defined contribution pension plan in June 2025. After this shift, we posted a gain from the termination of the retirement benefit plan in the section of “Other” of “Extraordinary Income” in the current fiscal year.

2. Defined benefit plans

(1) Adjustment table of the balance of retirement benefit obligations at the beginning and end of the fiscal year (excluding plans to which the simplified method specified in (3) is applied).

	(Units: millions of yen)	
	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Retirement benefit obligations at the beginning of the fiscal year	7,940	8,059
Service costs	400	407
Interest costs	63	63
Amounts of actuarial gains and losses	81	103
Retirement benefits paid	(732)	(793)
Past service costs incurred	10	—
Switch from the simplified method to the principle method*	295	—
Decrease due to the termination of the retirement benefit plan	—	(1,004)
Balance of retirement benefit obligations at the end of the fiscal year	8,059	6,836

(Note) Itoki absorbed a consolidated subsidiary to which the simplified method is applied, and bore the retirement benefit obligations thereof.

(2) Adjustment table of the balance of pension plan assets at the beginning and end of the fiscal year (excluding plans to which the simplified method specified in (3) is applied).

	(Units: millions of yen)	
	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Balance of pension plan assets at the beginning of the fiscal year	6,577	6,585
Expected return on assets	102	60
Amounts of actuarial gains and losses	126	(2)
Employer contributions	69	52
Retirement benefits paid	(291)	(251)
Decrease due to the termination of the retirement benefit plan	—	(927)
Balance of pension plan assets at the end of the fiscal year	6,585	5,517

(3) Adjustment table of the balance of retirement benefit liabilities at the beginning and end of the fiscal year for the plans to which the simplified method is applied

(Units: millions of yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Retirement benefit liabilities at the beginning of the fiscal year	767	538
Retirement benefit costs	96	194
Retirement benefits paid	(53)	(78)
Contributions to the plan	(48)	(46)
Increase due to the inclusion of a new company in the scope of consolidation	57	—
Switch from the simplified method to the principle method*	(281)	—
Other	—	0
Retirement benefit liabilities at the end of the fiscal year	538	610

(Note) Itoki absorbed a consolidated subsidiary to which the simplified method is applied, and bore the retirement benefit obligations thereof.

(4) Adjustment table of assets relating to retirement benefits and liabilities relating to retirement benefits recorded in the consolidated balance sheet and the year-end balance of retirement benefit liabilities and pension plan assets

(Units: millions of yen)

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Retirement benefit obligations of funded plans	7,634	6,597
Pension plan assets	(6,984)	(5,918)
	649	679
Retirement benefit obligations of unfunded plans	1,362	1,249
Net liabilities and assets recorded in the consolidated balance sheet	2,012	1,928
Retirement benefit liability	3,821	3,669
Retirement benefit asset	(1,809)	(1,740)
Net liabilities and assets recorded in the consolidated balance sheet	2,012	1,928

(Note) Including plans to which the simplified method is applied.

(5) Retirement benefit costs and breakdown

(Units: millions of yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Service costs	400	407
Interest costs	63	63
Expected return on assets	(102)	(60)
Amount of actuarial gains and losses recorded as expenses	96	37
Amount of past service costs recorded as expenses	(14)	(7)
Retirement benefit costs calculated using the simplified method	96	194
Switch from the simplified method to the principle method (Notes) 1	14	—
Gain from the termination of the retirement benefit plan (Notes) 2	—	(50)
Retirement benefit costs relating to defined benefit plans	553	584

(Note) 1. Itoki absorbed a consolidated subsidiary to which the simplified method is applied, and bore the retirement benefit obligations thereof.

2. Posted as extraordinary income.

(6) Remeasurements of retirement benefit plans

A breakdown of the items recorded as remeasurements of retirement benefit plans (before income taxes and tax effect deductions) is given below.

(Units: millions of yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Past service costs	(25)	(44)
Actuarial gains and losses	141	(58)
Other	—	(51)
Total	116	(154)

(7) Accumulated remeasurements of retirement benefit plans

A breakdown of the items recorded as accumulated remeasurements of retirement benefit plans (before income taxes and tax effect deductions) is given below.

(Units: millions of yen)

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Unrecognized past service costs	42	(2)
Unrecognized actuarial gains and losses	122	63
Total	164	61

(8) Matters relating to pension plan assets

(A) Breakdown of major pension plan assets

The ratios of major categories to total pension plan assets are as follows.

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Bonds	32%	35%
Shares	13%	15%
Life insurance general accounts	45%	41%
Other	7%	7%
Total	100%	100%

(B) Method of setting expected rate of long-term returns

To determine the expected rate of long-term returns on pension plan assets, the Company considers the current and projected allocation of pension plan assets and the current and expected rates of long-term returns from the various assets that comprise the pension plan assets.

(9) Matters related to the basis of actuarial calculations

Principal basis for actuarial calculations

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Discount rate	0.8% - 1.0%	0.8% - 1.6%
Expected rate of long-term returns	1.0% - 1.7%	0.9% - 1.0%

3. Defined contribution plan

Required contributions to the defined contribution plan by the Company and its consolidated subsidiaries were 455 million yen in the previous fiscal year and 484 million yen in the current fiscal year.

4. Multi-employer plan

Required contributions to the multi-employer plan, which is accounted for in the same manner as the defined contribution plan, were 31 million yen in the previous fiscal year and 32 million yen in the current fiscal year.

(1) Recent funding status of the multi-employer plan

Tokyo Yakugyo Corporate Pension Fund	(Units: millions of yen)	
	Previous fiscal year As of March 31, 2024	Current fiscal year As of March 31, 2025
Amount of pension plan assets	186,018	183,749
Actuarial liabilities based on pension financing calculations	156,459	156,539
Difference	29,559	27,209

(2) Contributions by certain subsidiaries as a proportion of the total plan

Previous fiscal year 0.4% (from April 1, 2023 to March 31, 2024)

Current fiscal year 0.4% (from April 1, 2024 to March 31, 2025)

(3) Supplementary explanation

Tokyo Yakugyo Corporate Pension Fund

The major factors in generating the balance in the above section (1) are the unamortized outstanding past service liabilities in pension financing (5,197 million yen in the previous fiscal year; 4,214 million yen in the current fiscal year) and general reserve (30,738 million yen in the previous fiscal year; 30,738 million yen in the current fiscal year).

The amortization period for past service obligations under the plan is 3 years and 10 months (as of March 31, 2025) with equal amortization of principal and interest.

The proportion in (2) above does not correspond to the actual proportion borne by the Company.

(Tax effect accounting)

1. Breakdown of the major causes for the occurrence of deferred tax assets and liabilities

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Deferred tax assets		
Allowance for bonuses and accrued bonuses	979 million yen	1,486 million yen
Write-down of inventories	214	216
Accrued enterprise taxes	185	282
Unrealized profits	86	167
Carried-forward tax losses (Note) 1	1,185	988
Retirement benefit liability	1,494	1,488
Loss on valuation of investment securities	463	447
Asset retirement obligations	432	520
Impairment losses	282	319
Other	701	669
Subtotal of deferred tax assets	6,026	6,586
Valuation allowance for carried-forward tax losses (Note) 1	(1,139)	(988)
Valuation allowance for total future deductible temporary differences, etc.	(1,626)	(1,759)
Subtotal of valuation allowances	(2,766)	(2,748)
Total of deferred tax assets	3,260	3,838
Deferred tax liabilities		
Retirement benefit asset	(560)	(554)
Reserve for advanced depreciation of fixed assets	(390)	(399)
Land valuation differences	(272)	(278)
Valuation difference on other securities	(151)	(252)
Other	(281)	(328)
Total of deferred tax liabilities	(1,656)	(1,813)
Net amount of deferred tax assets	1,604	2,025

(Note) 1. Carried-forward tax losses and their deferred tax assets by carry-forward deadline

Previous fiscal year (ended December 31, 2024)

	Within 1 year (millions of yen)	More than 1 year but within 2 years (millions of yen)	More than 2 years but within 3 years (millions of yen)	More than 3 years but within 4 years (millions of yen)	More than 4 years but within 5 years (millions of yen)	More than 5 years (millions of yen)	Total
Carried-forward tax losses (*1)	258	432	174	130	76	112	1,185
Valuation allowances	(216)	(428)	(174)	(130)	(76)	(112)	(1,139)
Deferred tax assets	41	4	—	—	—	—	(*2) 46

(*1) Carried-forward tax losses are multiplied by the effective statutory tax rate.

(*2) Deferred tax assets of 46 million yen were recorded for carried-forward tax losses of 134 million yen (obtained by multiplying the effective statutory tax rate). No valuation allowance is recognized for the portion of such carried-forward tax losses determined to be recoverable based on expected future taxable income.

Current fiscal year (ended December 31, 2025)

	Within 1 year (millions of yen)	More than 1 year but within 2 years (millions of yen)	More than 2 years but within 3 years (millions of yen)	More than 3 years but within 4 years (millions of yen)	More than 4 years but within 5 years (millions of yen)	More than 5 years (millions of yen)	Total
Carried-forward tax losses (*1)	432	176	133	78	35	132	988
Valuation allowances	(432)	(176)	(133)	(78)	(35)	(132)	(988)
Deferred tax assets	—	—	—	—	—	—	—

(*1) Carried-forward tax losses are multiplied by the effective statutory tax rate.

2. Breakdown of major causes of differences between the statutory tax rate and the effective income tax rate after the application of tax effect accounting

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Effective statutory tax rate	30.5%	30.5%
(Adjustments)		
Entertainment expenses and other non-deductible items	2.6	1.1
Dividends received not taxable	(2.6)	(0.2)
Per capita inhabitant taxes	0.8	0.6
Tax exemptions	(4.4)	(1.2)
Change in valuation allowances	(1.3)	1.0
Amortization of goodwill	1.0	0.2
Difference in tax rates of consolidated subsidiaries	0.1	1.0
Other	1.5	0.1
Effective income tax rate after application of tax effect accounting	28.2	33.3

3. Revisions to deferred tax assets and liabilities due to the change in rates of income taxes

The “Act for Partially Amending the Income Tax Act, etc.” (Law No. 13 in 2025) was enacted by the Diet on March 31, 2025, and “Special Corporate Tax for Defense” will be imposed from the fiscal year starting on or after April 1, 2026. Accordingly, the deferred tax assets and liabilities related to the temporary differences, etc. that are expected to disappear in or after the consolidated fiscal year starting on or after January 1, 2027 were calculated after changing effective statutory tax rate from 30.5% to 31.4%.

The impact of this change in tax rate is minor.

(Asset retirement obligations)

Asset retirement obligations recorded on the consolidated balance sheet

1. Overview of asset retirement obligations

Asbestos removal costs at the time of building demolition and restoration costs associated with real estate lease contracts for offices, etc.

2. Calculation method for the amount of said asset retirement obligations

The amount of asset retirement obligations is calculated using a discount rate of 0.8%–2.3% based on an estimated period of use of 15–50 years from acquisition.

3. Change in total amount of said asset retirement obligations

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Balance at beginning of the fiscal year	1,284 million yen	1,343 million yen
Increase due to acquisition of property, plant and equipment	49	245
Amount of adjustment due to passage of time	10	11
Decrease due to fulfillment of asset retirement obligations	—	(21)
Other increases (decreases)	—	4
Balance at end of the fiscal year	1,343	1,584

(Rent and other real estate)

The total amount relating to rent and other real estate has been omitted as it is immaterial for the current fiscal year.

(Revenue recognition)

1. Information on the breakdown of revenue from contracts with customers

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Units: millions of yen)

	Reportable segments			Other (Note)	Total
	Workplace Business	Equipment and Public Works- Related Business	Subtotal		
Time of transfer of goods or services					
Immediate	100,622	33,368	133,991	1,452	135,443
Fixed period	1,638	1,204	2,842	—	2,842
Revenue from contracts with customers	102,261	34,572	136,833	1,452	138,286
Other revenue	—	—	—	173	173
Sales to external customers	102,261	34,572	136,833	1,626	138,460

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

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Units: millions of yen)

	Reportable segments			Other (Note)	Total
	Workplace Business	Equipment and Public Works- Related Business	Subtotal		
Time of transfer of goods or services					
Immediate	110,133	37,527	147,661	1,406	149,068
Fixed period	1,396	3,042	4,438	—	4,438
Revenue from contracts with customers	111,530	40,569	152,100	1,406	153,507
Other revenue	—	—	—	175	175
Sales to external customers	111,530	40,569	152,100	1,582	153,682

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

2. Fundamental information for understanding revenue

Fundamental information for understanding revenue is as stated in “Notes (Important matters that form the basis for the preparation of the consolidated financial statements) 4. Matters regarding accounting policies (6) Standards for recording of significant revenues and expenses.”

3. Information for understanding revenue for the current and subsequent fiscal years

(A) Receivables arising from contracts with customers, contract assets and contract liabilities

(Units: millions of yen)

	Previous fiscal year	Current fiscal year
Receivables arising from contracts with customers (balance at beginning of the fiscal year)	32,368	32,037
Receivables arising from contracts with customers (balance at end of the fiscal year)	32,037	37,553
Contract assets (balance at beginning of the fiscal year)	3,338	3,015
Contract assets (balance at end of the fiscal year)	3,015	4,211
Contract liabilities (balance at beginning of the fiscal year)	1,043	713
Contract liabilities (balance at end of the fiscal year)	713	1,250

Contract assets mainly relate to the rights of the Company and its consolidated subsidiaries to consideration for completed portions of construction contracts and sales of finished goods and merchandise for which performance obligations have been satisfied but not yet invoiced as of the fiscal-year end. Contract assets are reclassified to receivables arising from contracts with customers when the rights of the Company and its consolidated subsidiaries to said consideration become unconditional.

Contract liabilities mainly relate to advances received under contracts with customers. Contract liabilities are reversed upon recognition of revenue.

(B) Transaction price allocated to remaining performance obligations

The total transaction price allocated to remaining performance obligations and the periods over which revenue is expected to be recognized are as follows.

(Units: millions of yen)

	Previous fiscal year	Current fiscal year
Within one year	14,076	17,420
More than one year	2,073	660
Total	16,149	18,081

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

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

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

Accordingly, the Group comprises product and service segments that take into account similarities in product type and sales market, and has two reportable segments: the workplace business and the equipment and public works-related business.

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

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

The accounting methods of the reported business segments are generally the same as those described in "Important matters that form the basis for the preparation of the consolidated financial statements."

Intersegment profits and transfers are based on prevailing market prices.

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

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Units: millions of yen)

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

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

2. Adjustments are as follows.

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

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

3. Total segment profit is consistent with operating profit in the consolidated statement of income. Total segment assets

correspond to total assets in the consolidated balance sheet.

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

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Units: millions of yen)

	Reportable segments			Other (Notes) 1	Total	Adjustments (Notes) 2	Amount recorded on the consolidated financial statement (Notes) 3
	Workplace Business	Equipment and Public Works Related Business	Subtotal				
Net sales							
Japan	104,953	40,233	145,186	1,406	146,593	—	146,593
Asia	6,287	132	6,419	—	6,419	—	6,419
Other	289	203	493	—	493	—	493
Revenue from contracts with customers	111,530	40,569	152,100	1,406	153,507	—	153,507
Other revenue	—	—	—	175	175	—	175
Sales to external customers	111,530	40,569	152,100	1,582	153,682	—	153,682
Intersegment sales or transfers	357	7	364	508	872	(872)	—
Subtotal	111,887	40,577	152,464	2,090	154,555	(872)	153,682
Segment profit	10,998	2,493	13,492	193	13,685	—	13,685
Segment assets	76,012	29,243	105,255	2,722	107,978	22,746	130,724
Other items (Notes) 4							
Depreciation	3,206	575	3,781	117	3,899	136	4,036
Increase in property, plant and equipment and intangible assets	5,395	877	6,273	35	6,308	100	6,408

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

2. Adjustments are as follows.

(1) Adjustments to segment assets of 22,746 million yen include corporate assets that are not allocated to each reportable segment. Corporate assets mainly include the parent company’s surplus operating funds (cash and deposits), long-term investment funds (investment securities), and assets related to administrative departments such as the head office building.

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

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

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

[Related information]

Previous fiscal year (from January 1, 2024 to December 31, 2024)

1. Information by product and service

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

2. Information by region

(1) Net sales

Refer to “3. Information on amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment, and breakdown of revenues.”

(2) Property, plant and equipment

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

3. Information by major customer

Information by major customer has been omitted because there are no external customers whose sales account for more than 10% of the net sales in the consolidated statement of income.

Current fiscal year (from January 1, 2025 to December 31, 2025)

1. Information by product and service

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

2. Information by region

(1) Net sales

Refer to “3. Information on amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment and breakdown of revenues.”

(2) Property, plant and equipment

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

3. Information by major customer

Information by major customer has been omitted because there are no external customers whose sales account for more than 10% of the net sales in the consolidated statement of income.

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

Previous fiscal year (from January 1, 2024 to December 31, 2024)

None.

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Units: millions of yen)

	Reportable segments			Other	Corporate and Eliminations	Total
	Workplace Business	Equipment and Public Works-Related Business	Subtotal			
Impairment losses	—	—	—	—	259	259

(Note) The amount in the “Corporate and Eliminations” column is related to partial renovation work at our head office.

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

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Units: millions of yen)

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

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Units: millions of yen)

	Reportable segments			Other	Corporate and Eliminations	Total
	Workplace Business	Equipment and Public Works-Related Business	Subtotal			
Amortization during the fiscal year	122	2	125	5	—	131
Balance at end of the fiscal year	539	175	714	—	—	714

[Information on gains on negative goodwill by reportable segment]

Previous fiscal year (from January 1, 2024 to December 31, 2024)

None.

Current fiscal year (from January 1, 2025 to December 31, 2025)

None.

[Related party information]

Transactions with related parties

Transactions between company submitting consolidated financial statements and related parties

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

Previous fiscal year (from January 1, 2024 to December 31, 2024)

None.

Current fiscal year (from January 1, 2025 to December 31, 2025)

None.

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

Previous fiscal year (from January 1, 2024 to December 31, 2024)

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

(Notes) 1. The amount is based on the equivalent price with reference to the land rent in the area and paid in cash.

2. Riri Co., Ltd. has a majority voting rights held by a close relative of the Company's Chairman & Representative Director, Masamichi Yamada.

Current fiscal year (from January 1, 2025 to December 31, 2025)

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

				Director of the Company						
--	--	--	--	-------------------------	--	--	--	--	--	--

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

(Per share information)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Net assets per share (yen)	1,001.13	1,147.78
Net profit per share (yen)	147.02	190.17

(Notes) 1. No diluted net profit per share is stated because there were no potential shares.

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

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Net profit per share		
Profit attributable to owners of parent (millions of yen)	7,183	9,382
Amounts not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	7,183	9,382
Average number of common shares during the fiscal year (shares)	48,857,049	49,339,956

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

	End of the previous fiscal year (ended December 31, 2024)	End of the current fiscal year (ended December 31, 2025)
Total net assets (millions of yen)	49,342	56,813
Amounts deducted from total net assets (millions of yen)	82	104
(Of which non-controlling interests (millions of yen))	(82)	(104)
Net assets at the end of the fiscal year relating to common shares (millions of yen)	49,259	56,709
Number of common shares at the end of the fiscal year used in the calculation of net assets per share (shares)	49,204,132	49,407,851

(Significant events after the reporting period)

As our company will absorb the wholly owned subsidiary Itoki All Steel Co., Ltd., we will integrate their defined benefit pension plan into our system.

Accordingly, we will apply “Accounting process for switching between retirement benefit plans (ASBJ Guidance No. 1; Dec. 16, 2016)” and “Practical handling regarding the accounting process for switching between retirement benefit plans (ASBJ PITF No. 2; Feb. 7, 2007),” and partially terminate our retirement benefit plan for shifting to the defined contribution pension plan.

The impact of this shift on the financial standing and business performance in the following consolidated fiscal year is being estimated.

(E) Supplementary consolidated statement

[Statement of corporate bonds]

Company name	Name of issue	Date of issue	Balance at beginning of the fiscal year (millions of yen)	Balance at end of the fiscal year (millions of yen)	Interest rate (%)	Collateral	Redemption date
ITOKI CORPORATION	1st unsecured corporate bond	December 4, 2025	— (—)	5,000 (—)	1.791	None	December 4, 2030
Soua Co., Ltd.	1st unsecured corporate bond	September 30, 2019	30 (14)	16 (16)	0.33	None	September 30, 2026
Subtotal	-	-	30 (14)	5,016 (16)	—	-	-

(Notes) 1. Figures in parentheses represent redemption amounts within one year.

2. Scheduled redemption amounts in 5 years after the consolidated account closing date are as follows.

Within 1 year (millions of yen)	More than 1 year but within 2 years (millions of yen)	More than 2 years but within 3 years (millions of yen)	More than 3 years but within 4 years (millions of yen)	More than 4 years but within 5 years (millions of yen)
16	—	—	—	5,000

[Statement of loans, etc.]

Category	Balance at the beginning of the fiscal year (millions of yen)	Balance at the end of the fiscal year (millions of yen)	Average interest rate (%)	Repayment deadline
Short-term borrowings	21,279	12,830	1.1	—
Current portion of long-term borrowings	8,993	6,055	1.3	—
Lease obligations due within one year	391	436	—	—
Long-term borrowings (excluding those due for repayment within one year)	6,505	10,089	1.3	2027 - 2033
Lease obligations (excluding those due for repayment within one year)	726	637	—	2027 - 2031
Other interest-bearing liabilities				
Agent guarantee deposits, etc.	2,817	2,834	0.7	—
Total	40,715	32,882	—	—

(Notes) 1. The average interest rate is calculated based on the weighted average of the balances at the end of the fiscal year.

2. The average interest rate on lease obligations is not stated because lease obligations are recorded on the consolidated balance sheet as amounts prior to deducting the amount equivalent to interest included in the total lease payments.

3. The scheduled repayment amounts for long-term borrowings and lease obligations (excluding those due for repayment within one year) for the five years following the consolidated closing date are as follows.

	More than 1 year but within 2 years (millions of yen)	More than 2 years but within 3 years (millions of yen)	More than 3 years but within 4 years (millions of yen)	More than 4 years but within 5 years (millions of yen)
Long-term borrowings	1,536	6,201	952	823
Lease obligations	325	143	109	37

[Statement of asset retirement obligations]

This has been omitted because the information required to be presented in the statement is included in the notes to the consolidated financial statement as stipulated in Article 15-23 of the Regulations on Consolidated Financial Statements.

(2) Other

Semiannual information for the current fiscal year, etc.

	Interim consolidated accounting period	Current fiscal year
Net sales (millions of yen)	79,244	153,682
Interim (current year) net profit before adjustments for taxes, etc. (millions of yen)	10,465	14,099
Interim (current year) net profit attributable to shareholders of parent (millions of yen)	6,960	9,382
Interim (current year) net profit per share (yen)	141.26	190.17

2. Financial Statement, etc.

(1) Financial statement

(A) Balance sheet

(Units: millions of yen)

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Assets		
Current assets		
Cash and deposits	9,577	7,766
Notes and accounts receivable - trade, and contract assets	*1, *4 20,988	*1, *4 25,918
Electronically recorded monetary claims - operating	4,310	*1 5,855
Merchandise and finished goods	3,871	4,949
Work in process	1,410	1,335
Raw materials and supplies	2,332	3,450
Short-term loans	*1 2,049	*1 3,314
Other	*1 1,798	*1 2,299
Allowance for doubtful accounts	(873)	(660)
Total current assets	45,465	54,228
Non-current assets		
Property, plant and equipment		
Buildings	9,414	9,662
Structures	234	212
Machinery and equipment	1,339	1,584
Vehicles and transportation equipment	15	24
Tools, furniture and fixtures	1,179	1,390
Land	4,933	4,374
Leased assets	248	174
Construction in progress	256	151
Total property, plant and equipment	17,622	17,576
Intangible assets		
Software	1,221	4,855
Leased assets	30	15
Telephone subscription rights	80	80
Other	2,938	239
Total intangible assets	4,271	5,191
Investments and other assets		
Investment securities	5,935	6,116
Shares in associates	9,030	8,893
Other securities of associates	411	407
Long-term loans	*1 50	*1 25
Deferred tax assets	1,343	1,559
Insurance reserve fund	4,064	3,385
Security deposits	2,209	2,312
Prepaid pension costs	1,684	1,660
Other	495	567
Allowance for doubtful accounts	(142)	(141)
Total investments and other assets	25,083	24,786
Total non-current assets	46,977	47,553
Deferred assets		
Bond issue expenses	-	29
Total deferred assets	-	29
Total assets	92,443	101,811

(Units: millions of yen)

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	*1 5,375	*1 6,506
Short-term borrowings	*3 20,220	*1, *3 12,400
Current portion of long-term borrowings	*6 7,724	*6 4,970
Lease obligations	118	171
Accounts payable — other	*1 486	*1 212
Accrued expenses	*1 4,080	*1 5,112
Income taxes payable	1,668	3,004
Accrued consumption taxes	646	764
Allowance for bonuses	1,796	2,977
Allowance for bonuses for officers	157	247
Allowance for loss related to competition laws	*7 154	-
Allowance for loss on voluntary recall of products	126	82
Other	*1 562	*1 640
Total current liabilities	43,114	37,089
Non-current liabilities		
Corporate bonds	-	5,000
Long-term borrowings	*6 4,220	*6 8,500
Lease obligations	183	290
Allowance for retirement benefits	2,464	2,270
Allowance for loss on business of subsidiaries and associates	547	575
Allowance for loss on voluntary recall of products	83	83
Asset retirement obligations	1,247	1,483
Long-term guarantee deposits	*1 2,877	*1 2,837
Total non-current liabilities	11,623	21,041
Total liabilities	54,737	58,131

(Units: millions of yen)

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Net assets		
Shareholders' equity		
Share capital	7,351	7,351
Capital surplus		
Capital reserve	12,890	12,890
Total capital surplus	12,890	12,890
Retained earnings		
Earned surplus reserve	881	881
Other retained earnings		
Dividend reserve	250	250
Reserve for advanced depreciation of fixed assets	1,079	1,079
Special reserve	12,230	12,230
Carried-over retained earnings	9,929	14,994
Total of other retained earnings	23,489	28,554
Total retained earnings	24,370	29,435
Treasury shares	(8,078)	(7,684)
Total shareholders' equity	36,533	41,992
Valuation and translation adjustments		
Valuation difference on other securities	1,171	1,688
Total valuation and translation adjustments	1,171	1,688
Total net assets	37,705	43,680
Total liabilities and net assets	92,443	101,811

(B) Statement of income

(Units: millions of yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Net sales	*1 97,826	*1 114,756
Cost of sales	*1 57,631	*1 66,433
Gross profit	40,194	48,323
Selling, general and administrative expenses	*2 33,301	*2 38,594
Operating profit	6,893	9,728
Non-operating income		
Interest income	*1 16	*1 39
Dividend income	*1 990	*1 1,054
Reversal of allowance for doubtful accounts of associates	19	217
Other	*1 310	*1 404
Total non-operating income	1,336	1,715
Non-operating expenses		
Interest expenses	*1 236	*1 448
Commissions payable	170	129
Other	155	*1 105
Total non-operating expenses	562	683
Ordinary profit	7,666	10,759
Extraordinary income		
Gain on sale of non-current assets	*3 517	*3 585
Gain on sale of investment securities	*4 225	*4 211
Gain on extinguishment of tie-in shares	2,717	-
Reversal of allowance for loss on business of subsidiaries and associates	612	-
Other	32	50
Total extraordinary income	4,106	846
Extraordinary losses		
Loss on sale of non-current assets	1	6
Loss on retirement of non-current assets	138	69
Impairment losses	-	259
Loss on evaluation of investment securities	-	62
Loss on valuation of shares in associates	*5 59	*5 65
Loss on disaster	2	-
Provision of allowance for loss related to competition laws	*6 154	-
Allowance for loss on voluntary recall of products	126	13
Other	15	55
Total extraordinary losses	497	531
Net profit before tax	11,275	11,075
Income taxes — current	1,665	3,559
Income taxes — deferred	98	(313)
Total income taxes	1,763	3,245
Net profit	9,511	7,829

(C) Statement of changes in net assets

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Units: millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance at beginning of the fiscal year	5,294	10,832	30	10,862
Changes during the fiscal year				
Issuance of new shares (exercise of share acquisition rights)	2,057	2,057		2,057
Dividends of surplus				
Net profit				
Purchase of treasury shares				
Disposal of treasury shares			(4)	(4)
Cancellation of treasury shares			(7,733)	(7,733)
Transfer from retained earnings to capital surplus			7,706	7,706
Net changes in items other than shareholders' equity				
Total changes during the fiscal year	2,057	2,057	(30)	2,027
Balance at end of the fiscal year	7,351	12,890	-	12,890

	Shareholders' equity					
	Retained earnings					Total retained earnings
	Earned surplus reserve	Other retained earnings			Carried-over retained earnings	
Dividend reserve		Reserve for advanced depreciation of fixed assets	Special reserve			
Balance at beginning of the fiscal year	881	250	1,079	12,230	10,029	24,470
Changes during the fiscal year						
Issuance of new shares (exercise of share acquisition rights)						
Dividends of surplus					(1,904)	(1,904)
Net profit					9,511	9,511
Purchase of treasury shares						
Disposal of treasury shares						
Cancellation of treasury shares						
Transfer from retained earnings to capital surplus					(7,706)	(7,706)
Net changes in items other than shareholders' equity						
Total changes during the fiscal year	-	-	-	-	(99)	(99)
Balance at end of the fiscal year	881	250	1,079	12,230	9,929	24,370

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on other securities	Total valuation and translation adjustments		
Balance at beginning of the fiscal year	(111)	40,515	661	661	45	41,222
Changes during the fiscal year						
Issuance of new shares (exercise of share acquisition rights)		4,115				4,115

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on other securities	Total valuation and translation adjustments		
Dividends of surplus		(1,904)				(1,904)
Net profit		9,511				9,511
Purchase of treasury shares	(15,901)	(15,901)				(15,901)
Disposal of treasury shares	201	197				197
Cancellation of treasury shares	7,733	-				-
Transfer from retained earnings to capital surplus		-				-
Net changes in items other than shareholders' equity			510	510	(45)	464
Total changes during the fiscal year	(7,966)	(3,981)	510	510	(45)	(3,516)
Balance at end of the fiscal year	(8,078)	36,533	1,171	1,171	-	37,705

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Units: millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance at beginning of the fiscal year	7,351	12,890	-	12,890
Changes during the fiscal year				
Dividends of surplus				
Net profit				
Purchase of treasury shares				
Disposal of treasury shares			(58)	(58)
Transfer from retained earnings to capital surplus			58	58
Net changes in items other than shareholders' equity				
Total changes during the fiscal year	-	-	-	-
Balance at end of the fiscal year	7,351	12,890	-	12,890

	Shareholders' equity					
	Retained earnings					
	Earned surplus reserve	Other retained earnings				Total retained earnings
		Dividend reserve	Reserve for advanced depreciation of fixed assets	Special reserve	Carried-over retained earnings	
Balance at beginning of the fiscal year	881	250	1,079	12,230	9,929	24,370
Changes during the fiscal year						
Dividends of surplus					(2,706)	(2,706)
Net profit					7,829	7,829
Purchase of treasury shares						
Disposal of treasury shares						
Transfer from retained earnings to capital surplus					(58)	(58)
Net changes in items other than shareholders' equity						
Total changes during the fiscal year	-	-	-	-	5,064	5,064
Balance at end of the fiscal year	881	250	1,079	12,230	14,994	29,435

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on other securities	Total valuation and translation adjustments	
Balance at beginning of the fiscal year	(8,078)	36,533	1,171	1,171	37,705
Changes during the fiscal year					
Dividends of surplus		(2,706)			(2,706)
Net profit		7,829			7,829
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	394	335			335
Transfer from retained earnings to capital surplus		-			-
Net changes in items other than shareholders' equity			517	517	517
Total changes during the fiscal year	393	5,458	517	517	5,975
Balance at end of the fiscal year	(7,684)	41,992	1,688	1,688	43,680

[Notes]

(Significant accounting policies)

1. Valuation standards and methods for securities

Held-to-maturity bonds

Amortized cost method (straight-line method)

Shares of subsidiaries and associates

Stated at cost using the moving average method

Other securities

Securities other than non-marketable equity securities

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

Non-marketable equity securities

Stated at cost using the moving average method

2. Valuation standards and methods for inventory assets

Merchandise and finished goods, work in process, raw materials and supplies are stated at cost determined by the weighted average method (balance sheet values are written down to their book values based on a decline in profitability)

3. Depreciation method for fixed assets

(1) Tangible fixed assets (excluding leased assets)

The declining-balance method is used.

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

The main useful lives are as follows.

Buildings: 8–50 years

Machinery and equipment: 11–17 years

(2) Intangible assets (excluding leased assets)

The straight-line method is used.

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

(3) Leased assets

Leased assets in finance lease transactions in which ownership is transferred

The same method as the method for depreciation of fixed assets held by our company was applied.

Leased assets in finance lease transactions in which ownership is not transferred

Leased assets are depreciated using the straight-line method, where the lease period is the useful life of the asset and the residual value is zero.

4. How to handle material deferred assets

The costs for issuing corporate bonds have been amortized on a straight-line basis until the redemption of the corporate bonds.

5. Standards for recording for allowances

(1) Allowance for doubtful accounts

To provide for losses on bad debts, an estimate for the amount of unrecoverable receivables is recorded based on the historical percentage of bad debts for general receivables and on an individual assessment of recoverability for specific doubtful receivables.

(2) Allowance for bonuses

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

(3) Allowance for bonuses for officers

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

(4) Allowance for retirement benefits

To provide for employee retirement benefits, an amount is recorded based on projected retirement benefit obligations and pension plan assets as of the end of the current fiscal year.

(A) Period attribution method for estimated retirement benefits

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

(B) Method of recording actuarial gains and losses and past service costs as expenses

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

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

(5) Allowance for loss on voluntary recall of products

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

(6) Allowance for loss on business of subsidiaries and associates

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

6. Standards for recording of revenues and expenses

The main performance obligations in the Company's main businesses relating to revenue from contracts with customers and the normal time at which such performance obligations are satisfied (the normal time at which revenue is recognized) are as follows.

(A) Sale of finished goods and merchandise (workplace business, equipment and public works-related business)

Sales of finished goods and merchandise are recognized at the amount expected to be received for the finished goods or merchandise, deeming the performance obligation to be satisfied at the point of delivery of said finished goods or merchandise based on the sales contract with the customer. Applying the alternative handling prescribed in Paragraph 98 of "Implementation Guidance on Accounting Standard for Revenue Recognition," revenue is recognized upon shipment if the period from the time of shipment to the time when control of the finished goods or merchandise is transferred to the customer is a normal period of time for the sale of said finished goods or merchandise.

(B) Product sales involving construction and construction services such as installation and interior finishing work (workplace business, equipment and public works-related business)

For product sales involving construction and construction services such as installation and interior finishing work, revenue is recognized based on the degree of progress toward satisfying performance obligations over a fixed period of time. The degree of progress is estimated by applying the percentage of costs incurred through the end of the current fiscal year to the total estimated costs of construction (input method). If the period between the transaction commencement date specified in a contract and the time when the performance obligation is expected to be fully satisfied is very short, the Company does not recognize revenue over a fixed period of time, but recognizes revenue when the performance obligation is fully satisfied.

7. Hedge accounting method

(A) Hedge accounting method

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

(B) Hedging instruments and hedged items

Hedging instruments

Forward exchange contracts

Hedged items

Foreign currency-denominated trade payables and planned foreign currency transactions

(C) Hedging policy

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

fluctuations.

(D) Methods of assessing the effectiveness of hedging

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

8. Other important matters for the preparation of financial statements

(A) Accounting for retirement benefits

The method of accounting for unrecognized actuarial gains and losses and unrecognized past service costs relating to retirement benefits differs from the method of accounting for these items in the consolidated financial statement.

(Significant accounting estimates)

Recoverability of deferred tax assets

(1) Amount recorded in the financial statements for the current fiscal year

Deferred tax assets 1,559 million yen

(2) Information regarding details of significant accounting estimates for identified items

The same as described in “Notes (Significant accounting estimates)” in the consolidated financial statement.

(Revision to the accounting policy)

(Application of the accounting standards, etc. related to corporate, inhabitant, and business taxes, etc.)

We have been applying the “Accounting Standards regarding Corporate, Inhabitant, and Business Taxes (ASBJ Statement No. 27; Oct. 28, 2022)” and the “Guidelines for Applying the Accounting Standards regarding Tax Effect Accounting (ASBJ Guidance No. 28; Oct. 28, 2022)” since the beginning of the current fiscal year. These have not produced any effects on our financial statements.

(Application of the Regulations for Posting and Disclosing Income Taxes in the Global Minimum Tax System)

We have been applying the “Regulations for Posting and Disclosing Income Taxes in the Global Minimum Tax System” (ASPJ No. 46; Mar. 22, 2024) since the beginning of the current fiscal year. These have not produced any effects on our financial statements.

(Balance sheet)

*1. Notes relating to associates

Major items included in each account other than those separately categorized are as follows.

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Short-term monetary receivables	3,641 million yen	5,741 million yen
Long-term monetary receivables	50	25
Short-term monetary obligations	1,239	2,411
Long-term monetary obligations	59	3

*2. Contingent liabilities

Guarantees are provided for the following associates’ borrowings from financial institutions.

	Previous fiscal year (ended December 31, 2024)		Current fiscal year (ended December 31, 2025)	
NOVO WORKSTYLE CO., LTD.	407 million yen	(18 million yuan)	— million yen	(-million yuan)
Itoki Modernform Co., Ltd.	32 million yen	(7 million THB)	— million yen	(-million THB)
Tarkus Interiors Pte. Ltd.	12 million yen	(0 million SGD)	— million yen	(-million SGD)

*3. Loan commitment agreements

The Company has entered into loan commitment agreements with 15 financial institutions (14 financial institutions in the previous fiscal year) in order to raise working capital efficiently.

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

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Total amount of loan commitments	12,900 million yen	15,000 million yen
Outstanding loan balance	12,900	—
Difference	—	15,000

*4. Notes maturing at the fiscal-year end

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

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Notes receivable	8 million yen	40 million yen

*5. Discounted notes receivable

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Discounted notes receivable	956 million yen	— million yen

*6. Syndicated term loan agreements

Notes are omitted because the same information is presented in “Notes (Consolidated balance sheet)” of the consolidated financial statement.

*7. Allowance for loss related to competition laws

Previous fiscal year (ended December 31, 2024)

As Itoki received administrative guidance (warning) from the Japan Fair Trade Commission, we posted 154 million yen to provide for the payment of compensation for past labor to contractors engaged in distribution operations.

(Statement of income)

*1. Volume of transactions with associates

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Volume of transactions with associates		
Net sales	4,136 million yen	7,426 million yen
Amount purchased	12,565	12,998
Volume of non-operating transactions	1,126	482

- *2. The approximate percentage of expenses categorized as selling expenses was 28% in the previous fiscal year and 29% in the current fiscal year, and the approximate percentage of expenses categorized as general and administrative expenses was 71% in the previous fiscal year and 70% in the current fiscal year.

Major categories of selling, general and administrative expenses and their amounts are as follows.

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Employee salaries and allowances	12,067 million yen	13,373 million yen
Provision for allowance for bonuses	1,638	2,624
Provision for allowance for bonuses for officers	157	247
Retirement benefit costs	664	636
Depreciation	985	1,639

*3. Gain on sale of non-current assets

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Machinery and equipment	0 million yen	0 million yen
Vehicles and transportation equipment	—	0
Land	517	584
Total	517	585

*4. Gain on sale of investment securities

Previous fiscal year (from January 1, 2024 to December 31, 2024)

This was due to the sale of a portion of the Company's investment securities holdings (2 listed stocks and 1 unlisted stock) and a portion of shares in associates.

Current fiscal year (from January 1, 2025 to December 31, 2025)

This was due to the sale of a portion of the Company's investment securities holdings (1 listed stock, 2 unlisted stocks, and other 10 stocks).

*5. Loss on valuation of shares in associates

Previous fiscal year (from January 1, 2024 to December 31, 2024)

Loss on valuation of shares of associates is a loss on valuation of shares of the associates Stellar & Co. and ArtiPlace Inc.

Current fiscal year (from January 1, 2025 to December 31, 2025)

Loss on valuation of shares of associates is a loss on valuation of shares of the consolidated subsidiary NOVO WORKSTYLE CO., LTD.

*6. Provision of allowance for loss related to competition laws

Previous fiscal year (from January 1, 2024 to December 31, 2024)

As Itoki received administrative guidance (warning) from the Japan Fair Trade Commission, we posted 154 million yen to provide for the payment of compensation for past labor to contractors engaged in distribution operations.

(Securities)

Previous fiscal year (from January 1, 2024 to December 31, 2024)

The fair value of stocks of subsidiaries and associates (value recorded on the balance sheet of 9,030 million yen) is not stated because shares of subsidiaries and associates do not have market prices, etc.

Current fiscal year (from January 1, 2025 to December 31, 2025)

The fair value of stocks of subsidiaries (value recorded on the balance sheet of 8,893 million yen) is not stated because shares of subsidiaries do not have market prices, etc.

(Tax effect accounting)

1. Breakdown of the major causes for the occurrence of deferred tax assets and liabilities

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Deferred tax assets		
Excess of allowance for doubtful accounts	310 million yen	252 million yen
Allowance for bonuses	630	1,038
Write-down of inventories	162	166
Accrued enterprise taxes	137	181
Allowance for retirement benefits	1,056	1,024
Loss on valuation of investment securities	394	420
Loss on valuation of shares in associates	2,583	2,636
Asset retirement obligations	407	492
Other	687	695
Subtotal	<u>6,369</u>	<u>6,908</u>
Valuation allowances	<u>(3,865)</u>	<u>(4,021)</u>
Total of deferred tax assets	<u>2,504</u>	<u>2,887</u>
Deferred tax liabilities		
Prepaid pension costs	(515)	(522)
Reserve for advanced depreciation of fixed assets	(258)	(265)
Valuation difference on other securities	(137)	(235)
Asset retirement obligations	(248)	(302)
Other	—	(1)
Total of deferred tax liabilities	<u>(1,160)</u>	<u>(1,327)</u>
Net amount of deferred tax assets	<u>1,343</u>	<u>1,559</u>

2. Breakdown of major causes of differences between the statutory tax rate and the effective income tax rate after the application of tax effect accounting

	Previous fiscal year (ended December 31, 2024)	Current fiscal year (ended December 31, 2025)
Effective statutory tax rate	30.5	30.5%
(Adjustments)		
Entertainment expenses and other non-deductible items	1.1	1.0
Dividends received not taxable	(9.8)	(2.7)
Per capita inhabitant taxes	0.5	0.5
Change in valuation allowances	(3.5)	0.0
Special deduction for corporation tax	(3.2)	(0.4)
Other	(0.0)	0.2
Effective income tax rate after application of tax effect accounting	<u>15.6</u>	<u>29.3</u>

3. Revisions to deferred tax assets and liabilities due to the change in rates of income taxes

The “Act for Partially Amending the Income Tax Act, etc.” (Law No. 13 in 2025) was enacted by the Diet on March 31, 2025, and “Special Corporate Tax for Defense” will be imposed from the fiscal year starting on or after April 1, 2026.

Accordingly, the deferred tax assets and liabilities related to the temporary differences, etc. that are expected to disappear in or after the consolidated fiscal year starting on or after January 1, 2027 were calculated after changing effective statutory tax rate from 30.5% to 31.4%.

The impact of this change in tax rate is minor.

(Revenue recognition)

The fundamental information for understanding revenue from contracts with customers is identical to that given in “Notes (Revenue recognition)” in the consolidated financial statement, so notes have been omitted here.

(Significant events after the reporting period)

(Absorption-type merger of consolidated subsidiaries)

(Absorption-type merger of Itoki All Steel Co., Ltd.)

At a meeting of the Board of Directors held on January 27, 2025, the Company resolved to conduct an absorption-type merger, with Itoki Corporation as the surviving company and Itoki All Steel Co., Ltd., a wholly-owned subsidiary of the Company, as the dissolving company, and entered into a merger agreement on the same date. The absorption-type merger (hereinafter referred to as the “Merger”) took place on January 1, 2026.

The Merger was a simplified merger as provided for in Article 796, Paragraph 2 of the Companies Act for the Company, and a shortform merger as provided for in Article 784, Paragraph 1 of the Companies Act for Itoki All Steel Co., Ltd. Both of these procedures were carried out without obtaining approval at the General Meeting of Shareholders.

1. Overview of the business combination

(1) Name of acquired company and its areas of business

Name of acquired company:	Itoki All Steel Co., Ltd.
Areas of business:	Manufacturing of storage furniture, counters, and tables

(2) Date of business combination

January 1, 2026

(3) Legal form of business combination

Absorption-type merger, with the Company as the surviving company and Itoki All Steel Co., Ltd. as the dissolving company

(4) Other matters related to the overview of the transaction

(A) Purpose of the merger

Itoki decided to conduct this merger for the purpose of improving competitiveness and reducing costs further by establishing an optimal production system for the entire group through the absorption-type merger of Itoki All Steel Co., Ltd., which possesses the largest manufacturing capacity in the Itoki Group and manufactures products related to the workplace business.

(B) Allocation of shares, etc. in relation to the merger

Because the Merger is a merger with a wholly-owned subsidiary of the Company, it does not entail any allocation of shares or other monies.

2. Summary of accounting procedures

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the business combination will be accounted for as a transaction under common control.

Accordingly, we plan to post a gain on the disappearance of tie-in shares of 2,477 million yen as an extraordinary gain in the following fiscal year.

Through this merger, we will integrate the defined benefit pension plan of the company into our system. It is detailed in “Notes (Significant events after the reporting period)” of the consolidated financial statements, so the notes have been omitted.

(Absorption-type merger of Itoki Shared Value Co., Ltd.)

At the meeting of the board of directors held on January 26, 2026, our company resolved to carry out an absorption-type merger with the wholly owned subsidiary Itoki Shared Value Co., Ltd., in which our company will survive and Itoki Shared Value will be dissolved, and concluded a merger contract on that day. The absorption-type merger (hereinafter referred to as “this merger”) will be conducted on October 1, 2026.

This merger is recognized as a short form merger where the total compensation to shareholders of the disappearing company does not exceed one fifth of net assets of the surviving company, which is defined in Article 796, Paragraph 2 of the Companies Act, from the viewpoint of our company, and as a short form merger where the surviving company holds a significant number of voting rights in the disappearing company, which is defined in Article 784, Paragraph 1 of the Companies Act, from the viewpoint of Itoki Shared Value Co., Ltd. Accordingly, it is unnecessary to obtain an approval on the merger contract at a general meeting of shareholders in either company.

1. Overview of the business combination

(1) Name of acquired company and its areas of business

Name of acquired company: Itoki Shared Value Co., Ltd.

Areas of business: Environmental support business, including rental, reduction, reuse, recycling, and space sharing

(2) Date of business combination

October 1, 2026 (scheduled)

(3) Legal form of business combination

Absorption-type merger, with the Company as the surviving company and Itoki Shared Value Co., Ltd. as the dissolving company

(4) Other matters related to the overview of the transaction

(A) Purpose of the merger

As there is growing interest in the recycling economy and sustainability, our company decided to carry out this merger with the aim of realizing flexible workstyles and cost optimization, maximizing customer value, and creating environmental value by absorbing Itoki Shared Value Co., Ltd., which operates the environmental support business.

(B) Allocation of shares, etc. in relation to the merger

We will conduct this merger with our 100% subsidiary, so there will be no allocation of shares, cash or the like through this merger.

2. Summary of accounting procedures

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the business combination will be accounted for as a transaction under common control.

(D) Supplementary statement

[Statement of tangible fixed assets]

(Units: millions of yen)

Category	Type of asset	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Amortization during the fiscal year	Balance at end of the fiscal year	Accumulated depreciation
Property, plant and equipment	Buildings	9,414	1,203	248 (162)	706	9,662	14,006
	Structures	234	11	5	27	212	918
	Machinery and equipment	1,339	560	1	313	1,584	8,299
	Vehicles and transportation equipment	15	25	0	16	24	94
	Tools, furniture and fixtures	1,179	978	120 (96)	646	1,390	6,424
	Land	4,933	1	560	—	4,374	—
	Leased assets	248	387	12	449	174	586
	Construction in progress	256	1,053	1,158	—	151	—
	Subtotal	17,622	4,221	2,107 (259)	2,160	17,576	30,329
Intangible assets	Software	1,221	4,480	—	846	4,855	
	Leased assets	30	—	—	15	15	
	Telephone subscription rights	80	—	—	—	80	
	Other	2,938	1,659	4,345	13	239	
		Subtotal	4,271	6,140	4,345	875	5,191

(Note) 1. Major items accounting for the increase in the current fiscal year are as follows.

Software Development of a mission-critical system 3,876 million yen

2. The parenthesis in the column for decreases represents impairment loss.

[Statement of allowances]

(Units: millions of yen)

Category	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Balance at end of the fiscal year
Allowance for doubtful accounts	1,016	16	231	802
Allowance for bonuses	1,796	2,977	1,796	2,977
Allowance for bonuses for officers	157	247	157	247
Allowance for loss related to competition laws	154	—	154	—
Allowance for loss on voluntary recall of products	209	13	56	165
Allowance for loss on business of subsidiaries and associates	547	28	—	575

(2) Details of major assets and liabilities

This is omitted due to the publication of the consolidated financial statement.

(3) Other

None.

VI. Outline of Share-Related Administration for the Submitting Company

Fiscal year	From January 1 to December 31
Annual General Meeting of Shareholders	In March
Record date	December 31
Record date for dividends of surplus	Year-end dividend: December 31 Interim dividend: June 30
Number of shares constituting one unit	100 shares
Purchase and sales of shares less than one unit	
Handling office	(Special account) Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd., 1-3-3, Marunouchi, Chiyoda-ku, Tokyo
Administrator of shareholder registry	(Special account) Mizuho Trust & Banking Co., Ltd., 1-3-3, Marunouchi, Chiyoda-ku, Tokyo
Forward office	_____
Purchase and sales fee	An amount separately determined as an amount equivalent to the commission fee for entrustment of the sale and purchase of shares
Method of public notice	Public notices shall be given by electronic means. However, if an accident renders it impossible to publish public notices electronically, or the event of any other unavoidable circumstances, public notices shall be made by means of publication in the Nihon Keizai Shimbun. URL for public notices: https://www.itoki.jp/company/ir/notification.html
Special benefits for shareholders	Shareholder benefit system 1. Subject shareholders Shareholders holding 5 trading lots (500 shares) or more written or recorded in the shareholder register of Itoki as of the end of June of each year 2. Details of the benefits Shareholders can choose any of the following A to C. A: Coupon code (30% discount) that can be used at the online shop (headquarters' site) of Itoki B: Original goods of Itoki (worth 3,000 yen) C: Donation to Green Fundraising Campaign (worth 3,000 yen) *The details are described in our website.

(Note) The Articles of Incorporation of the Itoki Corporation stipulate that a shareholder holding shares constituting less than one unit shall have no rights other than the rights specified in the items of Article 189 Paragraph 2 of the Companies Act, the right to make a demand as specified in Article 166 Paragraph 1 of the Companies Act, the right to receive an allotment of offered shares and offered stock acquisition rights in proportion to the number of shares held by each shareholder, and the right to demand a transfer of shares constituting less than one unit.

VII. Reference Information on the Submitting Company

1. Information on the Parent Company, etc. of the Submitting Company

Itoki Corporation has no parent company, etc. as defined in Article 24 Paragraph 7 Item 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

Itoki Corporation submitted the following documents during the period from the commencing date of the fiscal year ended December 31, 2025 to the date of Securities Report submission.

(1) Securities Report and Appendices, and Written Confirmation

Fiscal Year (75th Term) (from January 1, 2024 to December 31, 2024) Submitted to the Director of the Kanto Local Finance Bureau on March 26, 2025.

(2) Internal Control Report and Appendices

Submitted to the Director of the Kanto Local Finance Bureau on March 26, 2025.

(3) Interim Securities Reports and Written Confirmation

(Interim period of the 76th Term) (from January 1, 2025 to June 30, 2025) Submitted to the Director of the Kanto Local Finance Bureau on August 7, 2025.

(4) Extraordinary Report

An extraordinary report based on Article 19 Paragraph 2 Item 9-2 (Results of the exercise of voting rights at a general meeting of shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs

Submitted to the Director of the Kanto Local Finance Bureau on March 26, 2025.

An extraordinary report based on Article 19 Paragraph 2 Item 2-2 (Retirement of treasury shares as transfer-restricted shares) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs

Submitted to the Director of the Kanto Local Finance Bureau on April 21, 2025.

(5) Report on revisions to the extraordinary report

Report on revisions (to the extraordinary report submitted on March 26, 2025 as described in the above section (4))

Submitted to the Director of the Kanto Local Finance Bureau on May 2, 2025.

(6) Issuance registration statement (corporate bonds) and attachments thereof

Submitted to the Director of the Kanto Local Finance Bureau on September 29, 2025.

(7) Supplementary documents for issuance registration (corporate bonds) and attachments thereof

Submitted to the Director of the Kinki Local Finance Bureau on November 28, 2025.

Part II Information Concerning Guarantors of the Submitting Company

Not applicable.

Independent Auditor’s Audit Report and Internal Control Audit Report

March 18, 2026

Itoki Corporation
Board of Directors

KPMG AZSA LLC

Tokyo Office

Designated Limited
Liability Partner
Engagement Partner
Designated Limited
Liability Partner
Engagement Partner

Certified Public
Accountant Toshiyuki Nishida

Certified Public
Accountant Ryosuke Itami

Audit of Consolidated Financial Statements

Opinion

For the purpose of audit certification pursuant to the provisions of Article 193-2 Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Itoki Corporation provided in the “Status of Accounts” section in the Company’s Securities Report for the fiscal year from January 1, 2025 to December 31, 2025, namely, the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets, consolidated statement of cash flows, important matters that form the basis for the preparation of the consolidated financial statements and other notes and the supplementary consolidated statement.

In our opinion, the above consolidated financial statements present fairly, in all material respects, the financial position of Itoki Corporation and its consolidated subsidiaries as of December 31, 2025, and its consolidated financial performance and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the [Auditor’s Responsibilities for the Audit of Consolidated Financial Statements] section of our report. In accordance with the rules on professional ethics in Japan (including the provisions applicable to the auditing of financial statements of a business entity that has a significant social impact), we are independent of the companies we audit and their consolidated subsidiaries, and we fulfill all of our other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Validity of Itoki Corporation's judgment concerning the recoverability of deferred tax assets	
Key audit matter and reason(s) for decision	How the matter was addressed in the audit
<p>Itoki Corporation's consolidated balance sheet for the current fiscal year records 2,370 million yen in deferred tax assets. As described in the [Notes (tax effect accounting)], the amount of deferred tax assets before offsetting against deferred tax liabilities was 3,838 million yen, and the amount recorded for Itoki Corporation, which constitutes a large majority of the total amount, is particularly significant.</p> <p>Among future deductible temporary differences and carried-forward tax losses, deferred tax assets are recognized to the extent that it is deemed they will reduce the future tax burden.</p> <p>With regards to whether or not such assets will have the effect of reducing the future tax burden, that is to say, the recoverability of deferred tax assets, while a judgment has been made based on the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan Implementation Guidance on Accounting Standard for Revenue Recognition No. 26), the validity of such judgment depends on the suitability of the company classification and the estimate of taxable income before the addition or subtraction of temporary differences based on earnings power. Of particular note, while taxable income before the addition or subtraction of temporary differences is estimated as a foundation of the business plan, sales growth rate, which is a key assumption of the business plan, is subject to uncertainty, and the key judgments of management have a major impact on such estimates.</p> <p>Given the above, we determined that the validity of Itoki Corporation's judgment concerning the recoverability of deferred tax assets is particularly significant in the audit of consolidated financial statements for this consolidated fiscal year, and determined this to be a key audit matter.</p>	<p>The main procedures we embarked on in order to assess the validity of Itoki Corporation's judgment concerning the recoverability of deferred tax assets are as described below.</p> <ul style="list-style-type: none"> • With regards to company classification based on the Revised Implementation Guidance on Recoverability of Deferred Tax Assets, we compared the level of taxable income generated in the past and this fiscal year with the balance of future deductible temporary differences, and found the judgment of the Company to be suitable. • Regarding the estimate for taxable income before the addition or subtraction of temporary differences used in the judgment on the recoverability of deferred tax assets, we looked into the compatibility with the business plan approved by the Board of Directors. • Regarding the sales growth rate included in the business plan, we asked for evidence from management and the persons responsible for each business. Furthermore, we considered its suitability by looking into compatibility with the market growth rate forecasts of external research organizations while also comparing it with past sales growth rates and plan achievement levels.

Other Content

Other content included in the Securities Report is information other than the consolidated financial statements and financial statements and their audit reports. Management is responsible for preparing and disclosing other content. In addition, corporate auditors and the Audit & Supervisory Board are responsible for overseeing the execution of duties by directors in the development and operation of the reporting process for other content.

The scope of our audit opinion is the consolidated financial statements and does not include any other content, and we do not express an opinion on any other content.

Our responsibility in the audit of consolidated financial statements is to read the other content and, in the course of reading, consider whether there is a material difference between the other content and the consolidated financial statements or the knowledge we have gained in the audit, and in addition to such significant differences, pay attention to whether there are other indications of material errors in the content.

If, on the basis of the work we have undertaken, we believe that there is a material error in other content, we are required to report the fact.

There are no matters to be reported by the auditor concerning other content.

Responsibilities of Management, Corporate Auditors and the Audit & Supervisory Board for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes putting in place and ensuring the effective operation of the internal controls that management determines are necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing consolidated financial statements, management is responsible for assessing the appropriateness of preparing consolidated financial statements on the premise of the Company remaining a going concern, and, if the disclosure of matters related to being a going concern is required in accordance with accounting principles generally accepted in Japan, management is responsible for disclosing such matters.

Corporate auditors and the Audit & Supervisory Board are responsible for overseeing directors' execution of duties relating to the establishment and operation of a financial reporting process.

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit and undertake the following.

- We identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and draft and implement audit procedures in response to those risks. Procedure selection and application depend on the auditor's judgement. Furthermore, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When performing risk assessment procedures, we investigate the internal controls relevant to the audit to draft audit procedures that are appropriate in the circumstances. However, the purpose of auditing consolidated financial statements is not express an opinion on the effectiveness of internal controls.
- We evaluate the appropriateness of accounting policies employed by management and their method of application, as well as the reasonableness of accounting estimates made by management and the associated notes.
- We draw conclusions on the appropriateness of management preparing consolidated financial statements on the premise of the Company remaining a going concern, and, based on the audit evidence obtained, determine whether a material uncertainty that may cast significant doubt on ability to continue as a going concern exists. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the notes for the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our audit report, but future events or conditions may render the Company unable to continue as a going concern.
- We evaluate whether the overall presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- In order to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries, which serves as the basis to express an opinion on the consolidated financial statements, we plan and implement audit on the consolidated financial statements. We are responsible for the direction, supervision and inspection of the audit of the consolidated financial statements. We remain solely responsible for our opinion.

We report to corporate auditors and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide corporate auditors and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, report to them all matters that may reasonably be thought to bear on our independence,

and report the details of any action taken to eliminate obstruction factors or safeguards put in place to mitigate such factors to a tolerable level.

Of the matters reported to the corporate auditors and the Audit & Supervisory Board, we decide upon the matters that were of most significance in the audit of the consolidated financial statements for the current fiscal year to be key audit matters and describe such matters in the audit report. However, should laws and regulations preclude public disclosure about the matters or should, in extremely rare circumstances, we determine that a matter should not be included in the report because the adverse consequences of doing so could reasonably be expected to outweigh the public interest benefits of inclusion, the relevant matter shall not be included.

Audit of Internal Control Report

Opinion

For the purpose of audit certification, we have audited the internal control report of Itoki Corporation as at December 31, 2025, in accordance with Article 193-2 Paragraph 2 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the above internal control report of Itoki Corporation, which states that the internal control over financial reporting was effective as at December 31, 2025, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the [Auditor's Responsibilities for the Audit of the Internal Control Report] section of our report. In accordance with the rules on professional ethics in Japan (including the provisions applicable to the auditing of financial statements of a business entity that has a significant social impact), we are independent of the companies we audit and their consolidated subsidiaries, and we fulfill all of our other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Corporate Auditors and the Audit & Supervisory Board for Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Corporate auditors and the Audit & Supervisory Board are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our responsibilities are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an audit report that expresses our opinion on the internal control report based on our audit from an independent point of view.

In accordance with internal control auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process and undertake the following.

- We perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- We evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- In order to obtain sufficient and appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report, we plan and implement audit on the internal control report. We are responsible for the direction, supervision and inspection of the audit of the internal control report. We remain solely responsible for our opinion.

We report to corporate auditors and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, disclosable material weaknesses in internal controls identified during our audit of internal control report, and those that were remediated, and other matters required by internal control auditing standards.

We also provide corporate auditors and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, report to them all matters that may reasonably be thought to bear on our independence, and report the details of any action taken to eliminate obstruction factors or safeguards put in place to mitigate such factors to a tolerable level.

Information on Remuneration

Information on remuneration for us and members of the same network as us from Itoki Corporation and its subsidiaries for audit certification services and non-audit services can be found in (3) Audits under [Corporate Governance, etc.] included in [Information on the Submitting Company].

Interests

Our firm and its engagement partners do not have any interest in Itoki Corporation and its consolidated subsidiaries that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Notes) 1. The original copy of the above audit report is kept separately by Itoki Corporation (the submitting company of the Securities Report).

2. XBRL data is not included in the scope of the audit.

Independent Auditor’s Audit Report

March 18, 2026

Itoki Corporation
Board of Directors

KPMG AZSA LLC

Tokyo Office

Designated Limited
Liability Partner
Engagement Partner
Designated Limited
Liability Partner
Engagement Partner

Certified Public
Accountant Toshiyuki Nishida

Certified Public
Accountant Ryosuke Itami

Audit of Financial Statements

Opinion

For the purpose of audit certification pursuant to the provisions of Article 193-2 Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the financial statements of Itoki Corporation provided in the “Status of Accounts” section in the Securities Report for the 76th term covering the period from January 1, 2025 to December 31, 2025, namely, the balance sheet, the statement of income, the statement of changes in net assets, significant accounting policies, and other notes and the supplementary statement.

In our opinion, the above financial statements present fairly, in all material respects, the financial position of Itoki Corporation as of December 31, 2025, and its financial performance for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the [Auditor’s Responsibilities for the Audit of Financial Statements] section of our report. In accordance with the rules on professional ethics in Japan (including the provisions applicable to the auditing of financial statements of a business entity that has a significant social impact), we are independent of the companies we audit, and we fulfill all of our other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Validity of judgment concerning the recoverability of deferred tax assets	
Key audit matter and reason(s) for decision	How the matter was addressed in the audit
<p>Itoki Corporation's balance sheet for the current fiscal year records 1,559 million yen in deferred tax assets. As described in the [Notes (tax effect accounting)], the amount of deferred tax assets before offsetting against deferred tax liabilities was 2,887 million yen.</p> <p>Among future deductible temporary differences and carried-forward tax losses, deferred tax assets are recognized to the extent that it is deemed they will reduce the future tax burden.</p> <p>With regards to whether or not such assets will have the effect of reducing the future tax burden, that is to say, the recoverability of deferred tax assets, while a judgment has been made based on the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan Implementation Guidance on Accounting Standard for Revenue Recognition No. 26), the validity of such judgment depends on the suitability of the company classification and the estimate of taxable income before the addition or subtraction of temporary differences based on earnings power. Of particular note, while taxable income before the addition or subtraction of temporary differences is estimated as a foundation of the business plan, sales growth rate, which is a key assumption of the business plan, is subject to uncertainty, and the key judgments of management have a major impact on such estimates.</p> <p>Given the above, we determined that the validity of the judgment concerning the recoverability of deferred tax assets is particularly significant in the audit of financial statements for this fiscal year, and determined this to be a key audit matter.</p>	<p>In the audit report for consolidated financial statements, we determined the [Validity of Itoki Corporation's judgment concerning the recoverability of deferred tax assets] to be a key audit matter, and have described how the matter was addressed in the audit.</p> <p>Given that the details noted are in essence the same as the handling in the audit of financial statements, we have omitted specific details of how this matter was addressed in the audit here.</p>

Other Content

Other content included in the Securities Report is information other than the consolidated financial statements and financial statements and their audit reports. Management is responsible for preparing and disclosing other content. In addition, corporate auditors and the Audit & Supervisory Board are responsible for overseeing the execution of duties by directors in the development and operation of the reporting process for other content.

The scope of our audit opinion is the financial statements and does not include any other content, and we do not express an opinion on any other content.

Our responsibility in the audit of the financial statements is to read the other content and, in the course of reading, consider whether there is a material difference between the other content and the financial statements or the knowledge we have gained in the audit, and in addition to such significant differences, pay attention to whether there are other indications of material errors in the content.

If, on the basis of the work we have undertaken, we believe that there is a material error in other content, we are required to report the fact.

There are no matters to be reported by the auditor concerning other content.

Responsibilities of Management, Corporate Auditors and the Audit & Supervisory Board for Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in Japan. This includes putting in place and ensuring the effective operation of the internal controls that management determines are necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing financial statements, management is responsible for assessing the appropriateness of preparing financial statements on the premise of the Company remaining a going concern, and, if the disclosure of matters related to being a going concern is required in accordance with accounting principles generally accepted in Japan, management is responsible for disclosing such matters.

Corporate auditors and the Audit & Supervisory Board are responsible for overseeing directors' execution of duties relating to the establishment and operation of a financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our responsibilities are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion on the financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit and undertake the following.

- We identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and draft and implement audit procedures in response to those risks. Procedure selection and application depend on the auditor's judgement. Furthermore, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When performing risk assessment procedures, we investigate the internal controls relevant to the audit to draft audit procedures that are appropriate in the circumstances. However, the purpose of auditing financial statements is not express an opinion on the effectiveness of internal controls.
- We evaluate the appropriateness of accounting policies employed by management and their method of application, as well as the reasonableness of accounting estimates made by management and the associated notes.
- We draw conclusions on the appropriateness of management preparing financial statements on the premise of the Company remaining a going concern, and, based on the audit evidence obtained, determine whether a material uncertainty that may cast significant doubt on ability to continue as a going concern exists. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the notes for the financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the financial statements. Our conclusions are based on the audit evidence obtained up to the date of our audit report, but future events or conditions may render the Company unable to continue as a going concern.
- We evaluate whether the overall presentation of the financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the financial statements, including the notes thereto, and whether the financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We report to corporate auditors and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide corporate auditors and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, report to them all matters that may reasonably be thought to bear on our independence, and report the details of any action taken to eliminate obstruction factors or safeguards put in place to mitigate such factors to a tolerable level.

Of the matters reported to the corporate auditors and the Audit & Supervisory Board, we decide upon the matters that were of most significance in the audit of the financial statements for the current fiscal year to be key audit matters and describe such matters in the audit report. However, should laws and regulations preclude public disclosure about the matters or should, in extremely rare circumstances, we determine that a matter should not be included in the report because the adverse consequences of doing so could

reasonably be expected to outweigh the public interest benefits of inclusion, the relevant matter shall not be included.

Information on Remuneration

Information on remuneration can be found in the audit report for consolidated financial statements.

Interests

Our firm and its engagement partners do not have any interest in Itoki Corporation that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Notes) 1. The original copy of the above audit report is kept separately by Itoki Corporation (the submitting company of the Securities Report).

2. XBRL data is not included in the scope of the audit.

