

Notice: This document is translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Next Medium-Term Management Plan Sustainability V(Value)

May 11, 2023

Takashima & Co., Ltd.
(securities code:8007)

Takashima & Co., Ltd.



Outline

- 1. Progress of Current Medium-Term Management Plan “Sustainability X(Cross)”**
(Fiscal year Ended Mar. 2021(FY20) to Fiscal Year Ending Mar. 2023)
- 2. Summary of “the Plan to Meet the Criteria” and Direction of Next Medium-Term Management Plan.**
- 3. Next Medium-Term Management Plan “Sustainability V(Value)”**
(Fiscal Year Ending Mar. 2024 to Fiscal Year Ending Mar. 2026)

1. Progress of Current Medium-Term Management Plan “Sustainability X(Cross)”

(Fiscal year Ended Mar. 2021 to Fiscal Year Ending Mar. 2023)



1. Current Medium-Term Management Plan “Sustainability X”



1-1 Basic Strategy of “Sustainability X”

- To contribute to the creation of a sustainable society, we would specialize, concentrate and improve on providing solutions in the areas of energy-saving, weight-saving, and labor-saving.

《Strategic Field》

Energy-Saving Solution

We offer total solutions that support the effective use of energy in homes and buildings by linking together energy creation, energy saving and energy storage.



Weight-Saving Solution

We offer lightweight components and materials to help reduce environmental impacts to respond to changing social environments and needs, making use of a wide range of processes, from design to manufacturing, processing, and delivery.

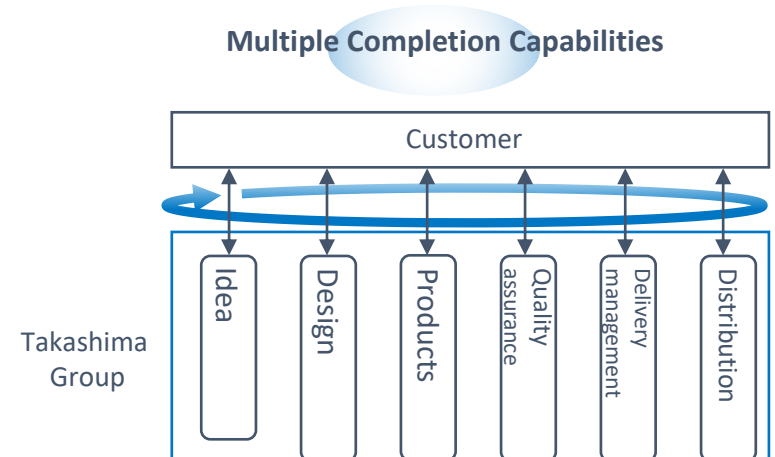
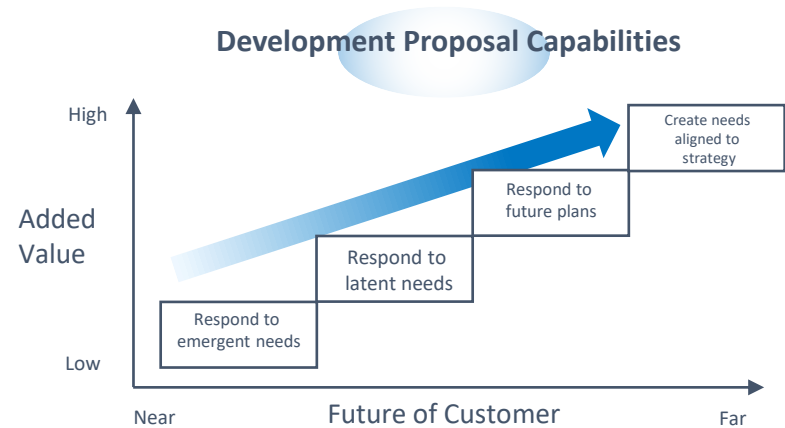


Labor-Saving Solution

We offer solutions to meet the needs of a declining population and the demands for increased efficiency through adding the concept of “labor-saving” to construction methods and applying unitization to manufacturing and processing.



《Expertise》



1. Current Medium-Term Management Plan “Sustainability X”



1-2 Recognition of the Current Circumstances Around Us

- Due to energy-related issues, renewable energy and zero-emission related technologies are becoming increasingly popular in various sectors.

Megatrends Around Us

Energy Security

- Expansion of world energy use.
- Fuel price rise
- Rising geopolitical tensions throughout the world

Climate Change and carbon neutral trend

- CO2 emission reduction
- Business, policy, and finance are changing to achieve a zero carbon society

Semiconductor & Power Electronics

- Semiconductor market, centered on ICs, is expanding, making it difficult to secure stable supply.
- Expanding the Power Electronics Market for Energy Utilization

Current Change

Expansion of energy-saving technologies

Energy-related field

- Movement for expansion usage coal-free, renewable energy and nuclear power.
- Energy savings through usage of electricity consumption data

Transportation field

- Use of zero-emission energy sources through electrification
- Changing car design and usage of lightweight materials.

Industrial field

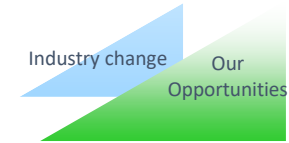
- Reduction of energy consumption through data sharing and utilization of robots and AI
- Conversion to biofuels

Consumer field

- Change in the use of heat in residences and businesses
- Use of highly efficient equipment
- Reduce energy consumption through the evolution and spread of ZEB and ZEH

1. Current Medium-Term Management Plan “Sustainability X”

1-3. Market Opportunities & Growth Topics



- Accelerate approach to markets with long-term growth potential

Spreading ZEB and ZEH

Market Opportunities

- Passive solution)
- Thermal insulation
- Heat shielding
- Active solution)
- High-efficiency air conditioning and lighting
- Energy creation)
- Solar energy
- Energy storage)
- Storage system

- Energy creation
- Energy savings
- Energy storage

Growth Potential

- Popularization of residential photovoltaic power generation systems
- Expand storage battery sales
- Expand sales and installation of heat insulating materials, mainly for residential houses

EV

Market Opportunities

- Materials & Components)
- Parts, automotive equipment, logistics materials
- Peripheral equipment)
- EV chargers, V2H, solar carports

- EV chargers, V2H (Vehicle to home)
- Automotive parts and logistics materials

Growth Potential

- Increase in V2H sales through existing sales channels. Start supply of equipment through tie-ups with used car sales companies.
- Expand sales of logistics materials suitable for EV parts

Semiconductor Power electronics

Market Opportunities

- Products)
- Capacitors, Relays, Inverters, Transformers, etc.

- Procurement from ASEAN, PCB mounting

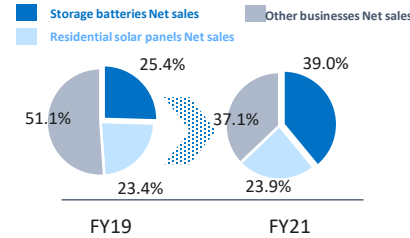
Growth Potential

- Business expansion following China plus one strategy
- Growth investment in own factories (Thailand, Vietnam)

- Applications)
- AV equipment, white goods, office equipment, automobiles

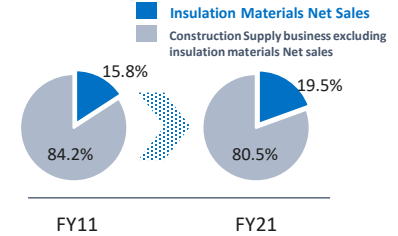
Energy Solution

Growth in Storage Battery Sales



Insulation

Growth in processing and installation of insulation materials



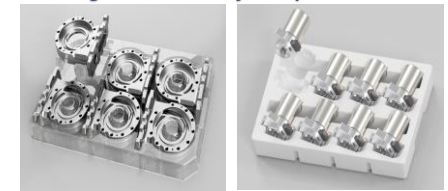
V2H

V2H(Vehicle to Home)



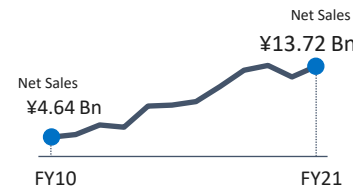
Logistics Materials

Example of molding of logistics materials for EV parts

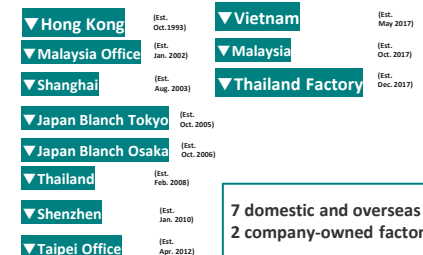


Electronics Devices

Growth in Electronics Devices Segment



Sales bases of Electronics Devices



7 domestic and overseas offices
2 company-owned factories

1. Current Medium-Term Management Plan “Sustainability X”

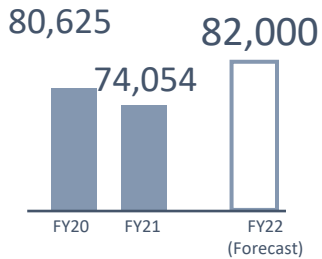
1-4. Progress of Sustainability X

- We almost achieved the goal of Sustainability X, net profit ¥1.3 Bn, one year ahead of schedule. Our net profit was ¥1.29 Bn at FY21.
- Each business is promoting business development with an awareness of growth drivers.

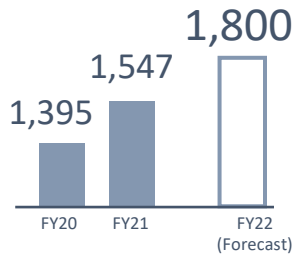
Consolidated

(¥ Millions)

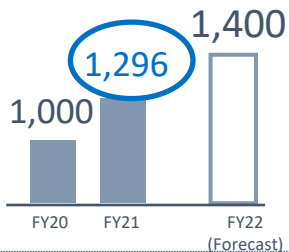
Net Sales



Operating Profit



Net Profit

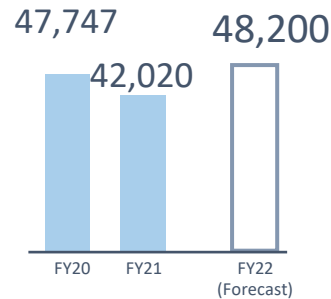


By business segment

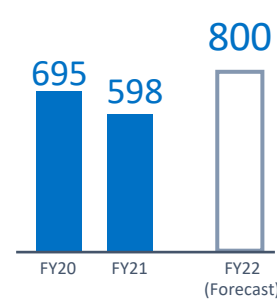
(¥ Millions)

Construction Supply

Net Sales

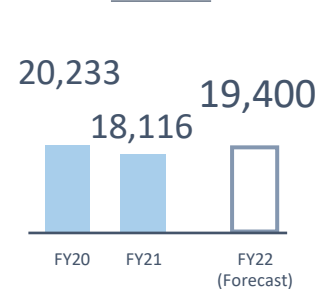


Operating Profit

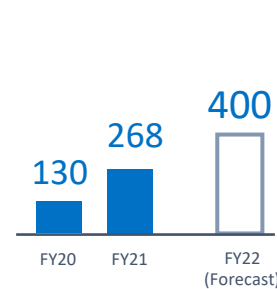


Industrial Materials

Net Sales

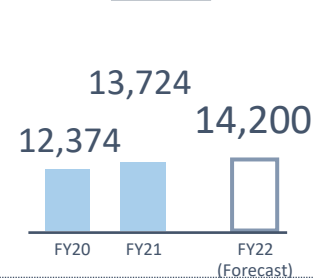


Operating Profit

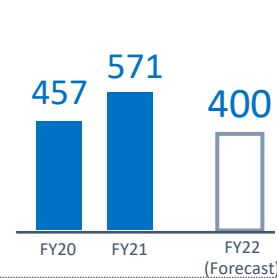


Electronic Devices

Net Sales



Operating Profit



Growth drivers

Have captured demand for large logistics warehouses.

- Ground improvement work, fireproof covering work.

Have expanded by capturing demand for labor-savings

- Sales of residential heat insulation panels

Have promoted the textile and plastic domain as a manufacturer

- Group companies and utilize their functions

Have selected and focused on existing businesses

- Using group assets

Have expanded sales in global markets

- Sales of parts

Have expanded contract manufacturing (EMS) at our own factory

- PCB Mounting

2. Summary of “the Plan to Meet the Criteria” and Direction of Next Medium-Term Management Plan.

2-1. Status of “The Plan to Meet the Criteria”

- The Company has set the fiscal year ending March 31, 2026 as the plan period to meet the criteria for maintaining listing on the prime market of the Tokyo Stock Exchange, and the next medium-term management plan has been formulated based on this assumption.
- However, as the end of the transitional measures for the listing maintenance criteria has been set for the end of the fiscal year ending March 31, 2025, **we are considering additional measures to meet the listing criteria by the end of the fiscal year ending March 31, 2025, ahead of schedule.**

Sustainability X

The plan to meet the criteria

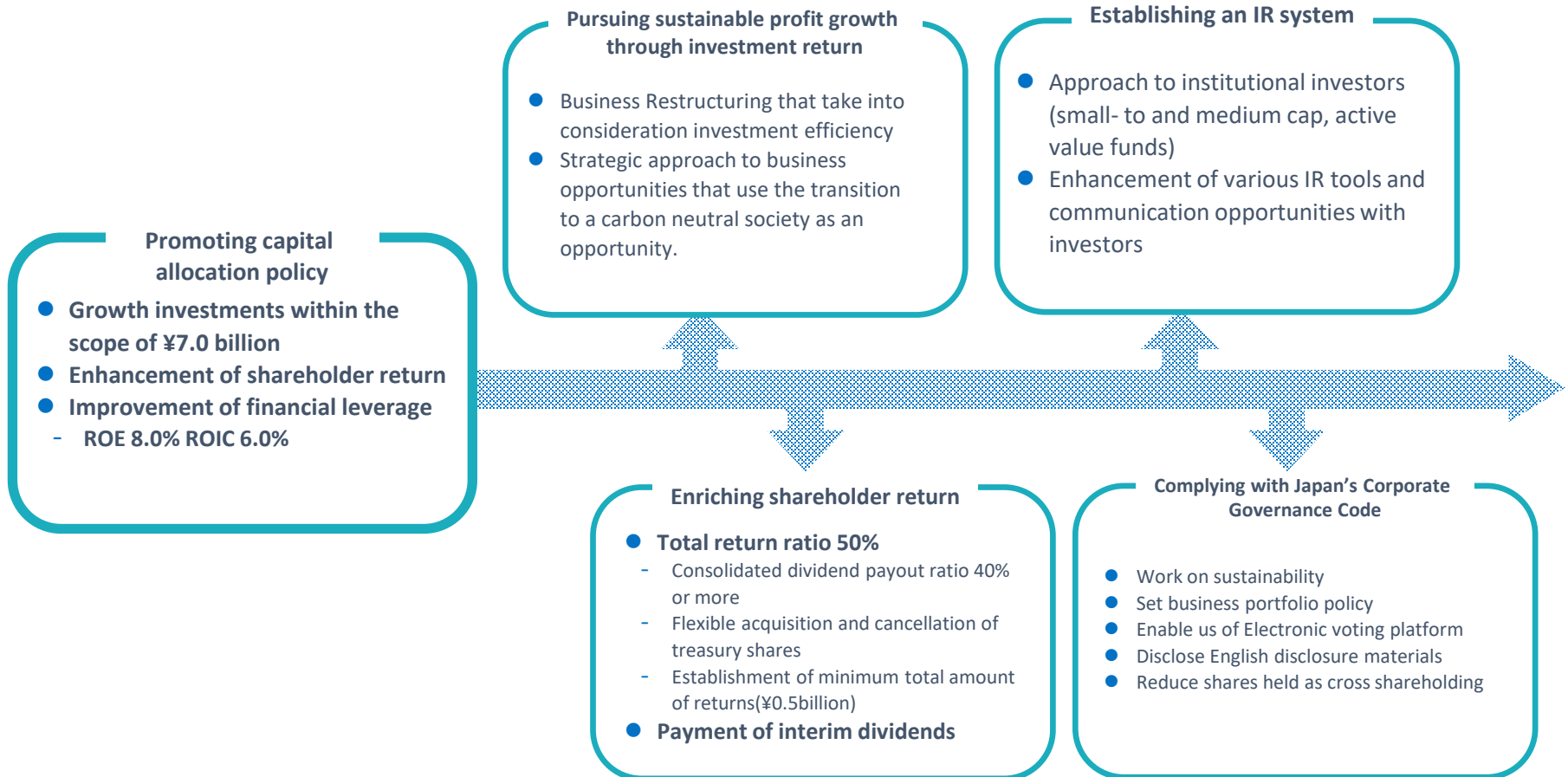
Management Index	Management index	FY2020	FY2021	FY2022	FY2025
	Net profit	¥1,000M	¥1.296 M	¥1,400M Forecast	¥1.7Bn ^{*1} <small>(Initial plan is ¥1.5Bn, in the plan to meet the criteria)</small>
ROE	5.9%	7.2%		8.0%	
ROIC	5.1%	5.2%		6.0%	
Total payout ratio	27.1%	52.8%	50% Based on basic policy	50%	
Requirement	The criteria for continued listing	As of the end of Jun. 2021	As of the end of Sep. 2022 By our estimate	As of the end of Dec.2022	At the end of Mar. 2026
	Number of tradable shares	27,185 units	27,694 units		More than 20,000 units
	Tradable share market capitalization	¥4.79Bn	¥6.61Bn		More than ¥10 Bn
	Tradable share ratio	59.7%	61.5%		More than 35%
	Average daily trading value	¥6.83M	¥34.47M	¥33.32M	More than ¥20M/day

*1 Revised in the disclosure of November 14, 2022 ("Notice Regarding Update of "Plan to Meet the Criteria for Maintaining Listing in the New Market Classification" and "Progress Based on the Plan to Meet the Criteria for Maintaining Listing"). Both are available only in Japanese text ver.

2-2. Basic Initiative Policy at “The Plan to Meet the Criteria”.

- The next medium-term management plan will be based on the five basic policies agreed to in “the Plan to Meet the Continued Listing Criteria of Tokyo Stock Exchange (TSE) Prime Market”, and will clearly define growth strategies, including growth investment targets.

Basic Initiative policy for increase “Tradable share market capitalization” and “Average daily trading value”



3. Next Medium-term Management Plan Sustainability **V** (Value)

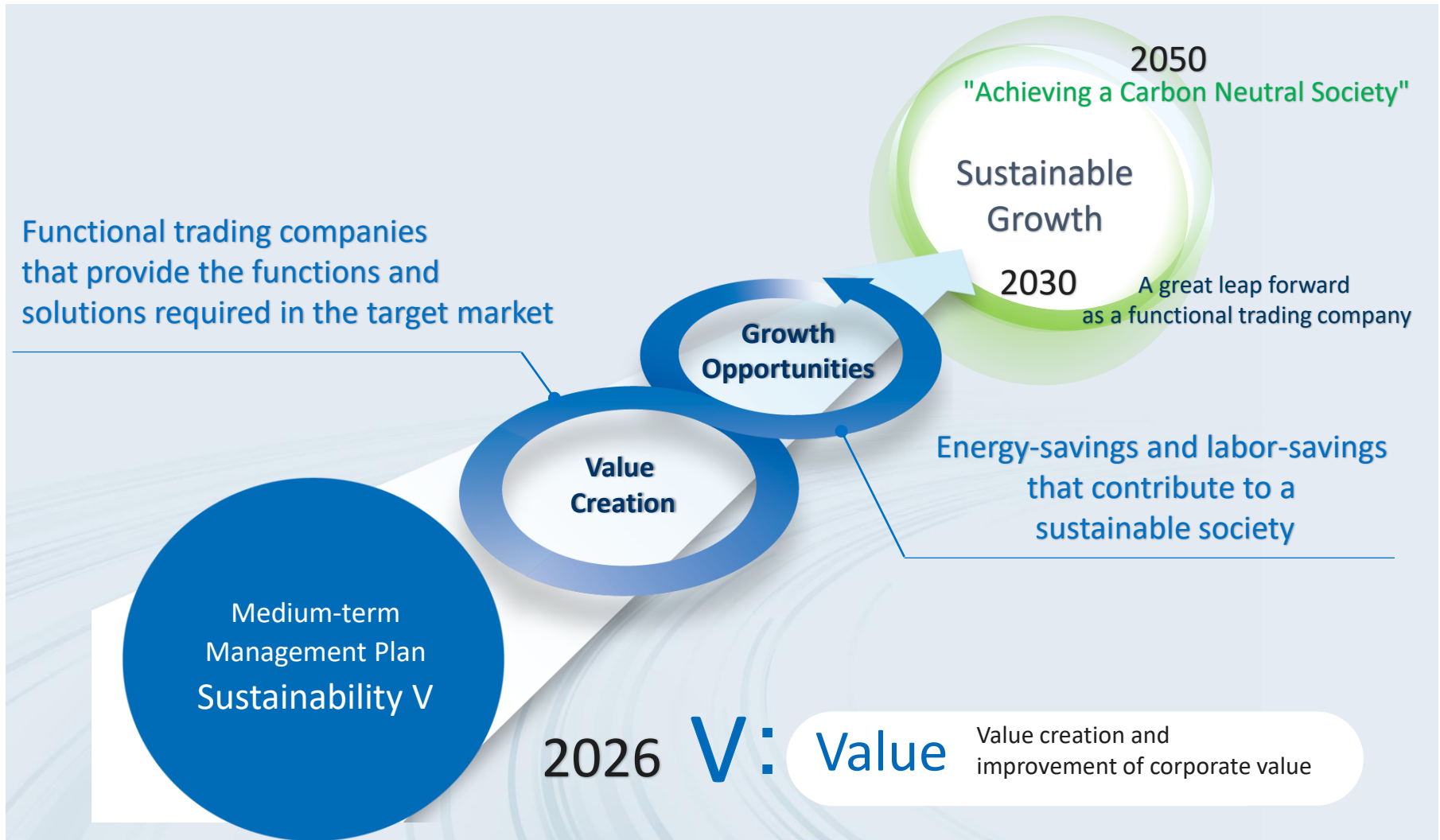
(Fiscal Year Ending Mar. 2024 to Fiscal Year Ending Mar. 2026)

3. Next Medium-term Management Plan “Sustainability V”



3-1. Basic Policy

- “Sustainability V” will simultaneously achieve adaptation to a sustainable society and sustainable growth through value creation strategies that capture growth opportunities in a changing market toward "Achieving a Carbon Neutral Society (2050)".



3-2. Our Continuous Growth Story

New value creation for the needs of energy-savings and labor-savings



Our Function

[Construction Supply]

Nationwide domestic procurement and sales network

-8 domestic sales offices

-Domestic and foreign manufacturer procurement

Planning, Design, and Construction Function

-Network of design companies

-Renewable energy business

Acquisition of construction companies

[Electronic devices]

Overseas Device Sales Development

- 11 domestic and overseas sales offices

In-house production in ASEAN

- Opened factories in Thailand and Vietnam

[Industrial Materials]

Design of cushioning materials for automobiles and electronics, product and mold forming functions

- Two Group companies (Plastics field)

Strategic Domain

Energy-savings and Labor-savings

Expand renewable energy-related businesses

Solar power generation systems, storage battery systems, V2H, quick chargers for EVs

Expand energy-saving businesses

Insulation, energy savings devices, modules, assemblies

Adapting to a New Business Environment

Logistics materials for EVs and precision equipment

Expand labor-saving related businesses

Building materials and construction methods that meet fire, heat, and earthquake resistance standards and enable labor-savings.

Growth



Respond the energy savings needs against the environment of issues related to energy.



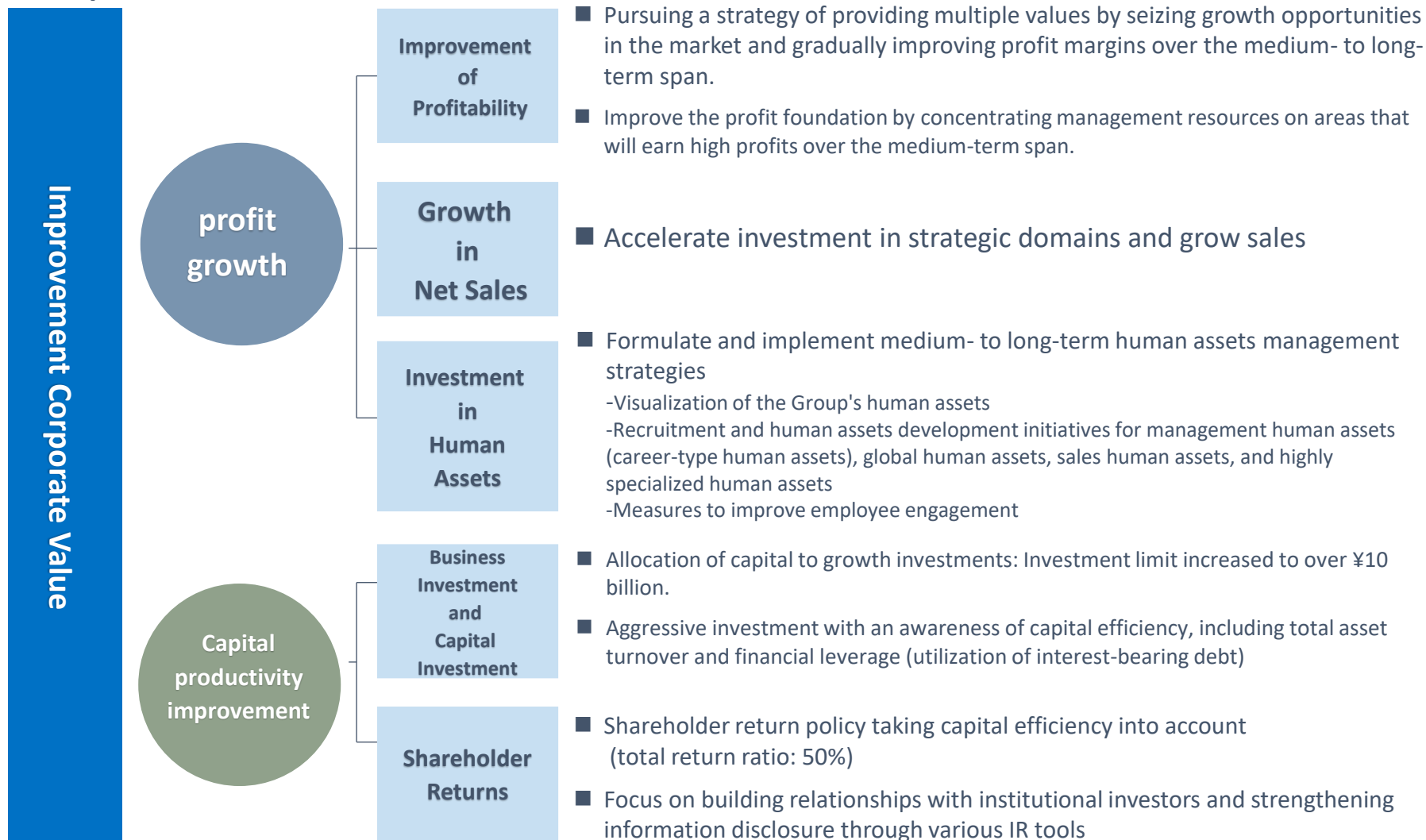
Responds an emerging market need for labor savings

3. Next Medium-term Management Plan “Sustainability V”



3-3. Basic Policy

- We aim to increase corporate value by achieving profit growth and capital productivity improvement

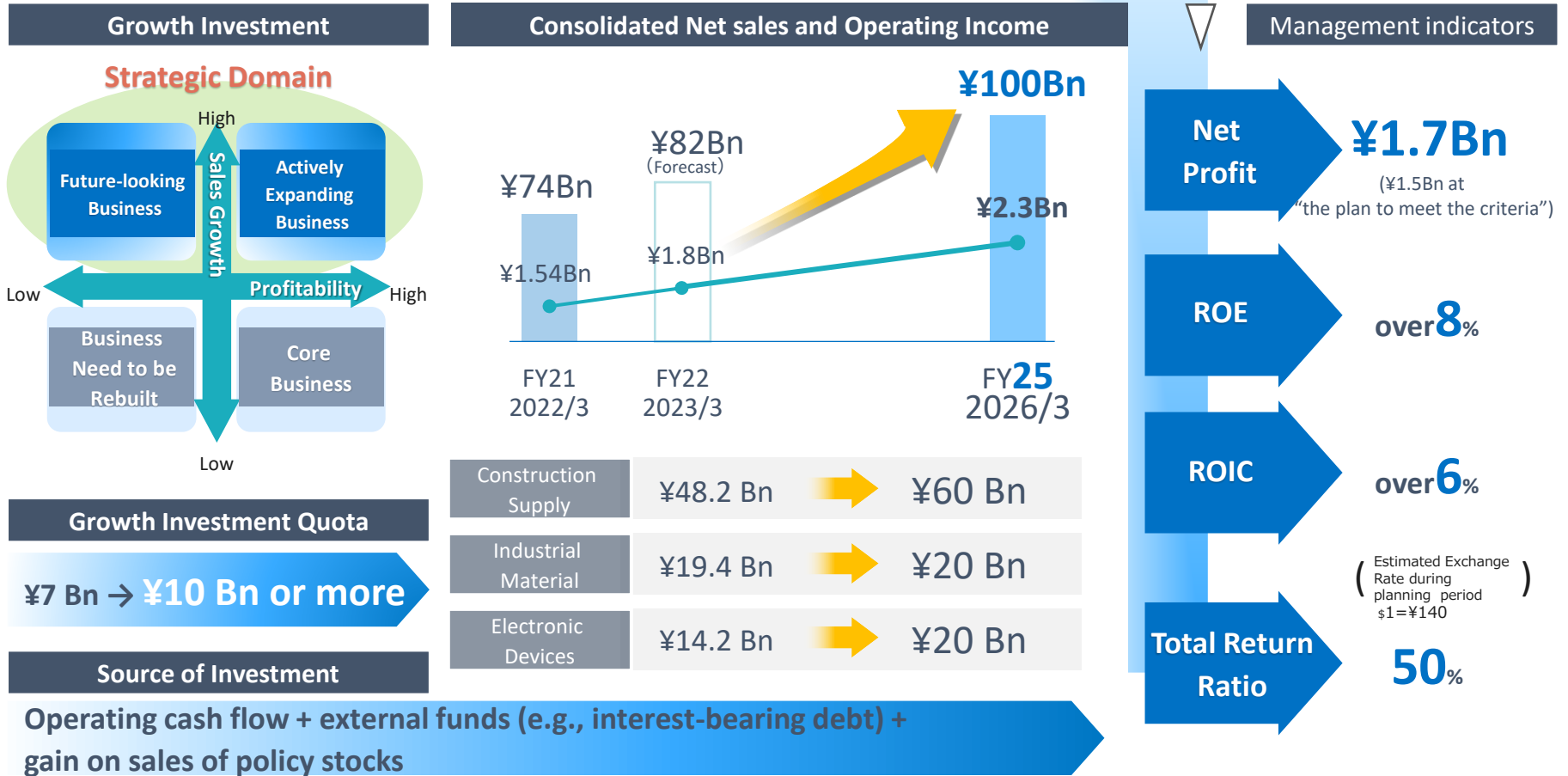


3. Next Medium-term Management Plan “Sustainability V”

3-4. Management Indicators and Financial Policies

- We set management indicators and financial policies that focus on growth.
- We aim to achieve net income of ¥1.7 billion in the final year of the plan (fiscal year ending March 2026).

Additional measures are under consideration in accordance with the termination of the transitional measures for the criteria for maintaining prime market listing for the fiscal year ending March 31, 2025.



Growth Investment Quota

¥7 Bn → ¥10 Bn or more

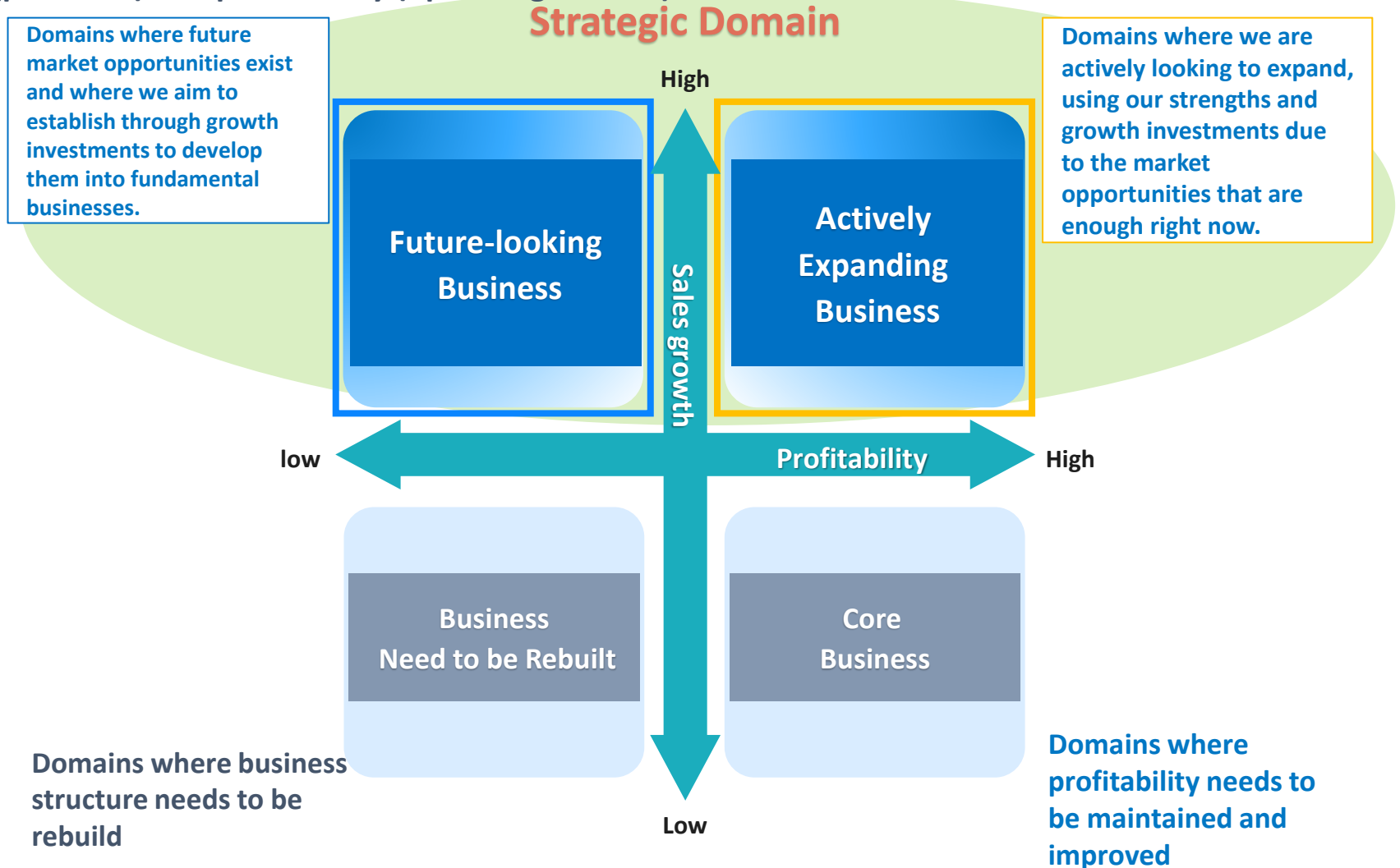
Source of Investment

Operating cash flow + external funds (e.g., interest-bearing debt) + gain on sales of policy stocks

3. Next Medium-term Management Plan “Sustainability V”

3-5. Strategic Domain (Business Portfolio Management)

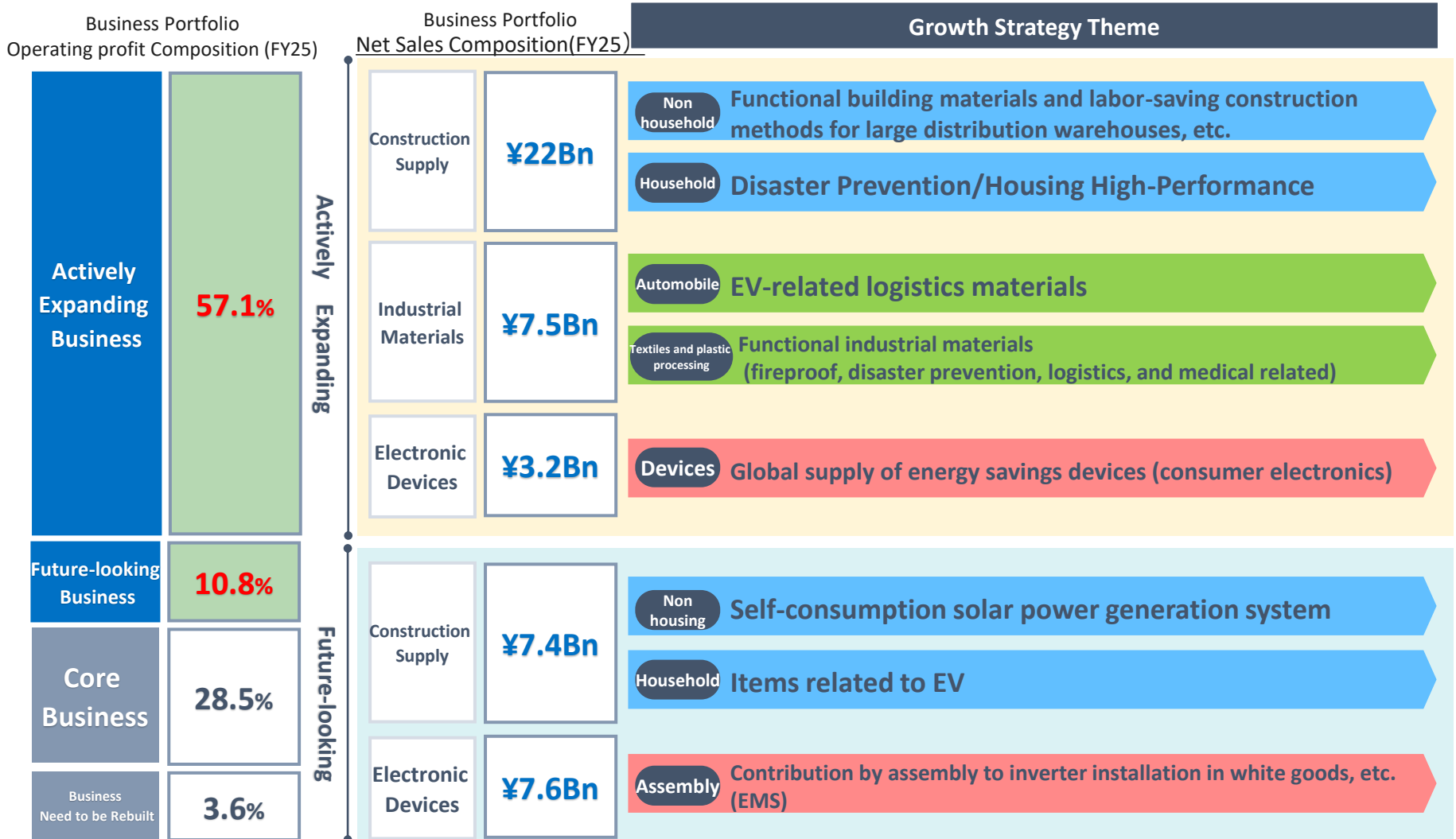
- We will seek to increase profitability by providing growth and added value based on market growth opportunities. To this end, we have established strategic areas based on sales growth rate (potential) and profitability (operating income).



3. Next Medium-term Management Plan “Sustainability V”

3-6. Strategic Domain (Business and Target Indicator)

- Achieve high profit growth by steadily promoting growth strategies in strategic areas
- Promote business portfolio management and monitoring to improve ROIC indicators



3. Next Medium-term Management Plan “Sustainability V”



3-7. Growth Strategy –Construction Supply Segment- 1/2

Segment Net sales	FY22 Plan	FY25 Plan
	¥48.2Bn	¥60Bn

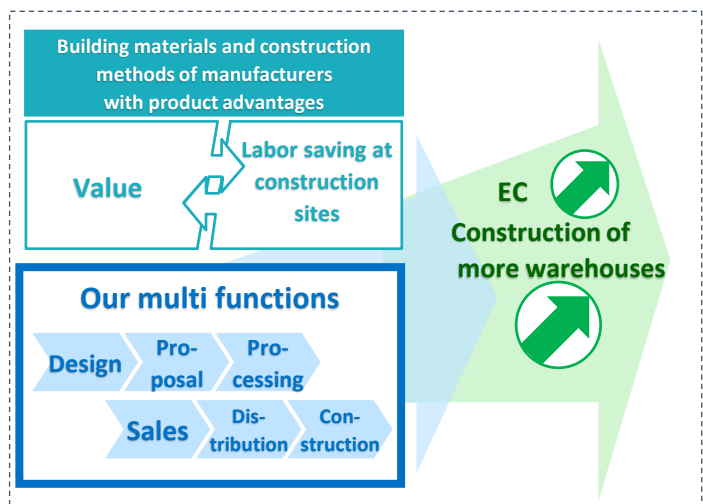
Actively Expanding Business

Non-Household Functional building materials and labor-saving construction methods for large distribution warehouses, etc.

Functional building materials for fire, heat insulation, and earthquake resistance
Expansion of labor-saving construction methods at construction sites

+

Capturing the growing demand for large logistics warehouses in the context of the growth of the EC market

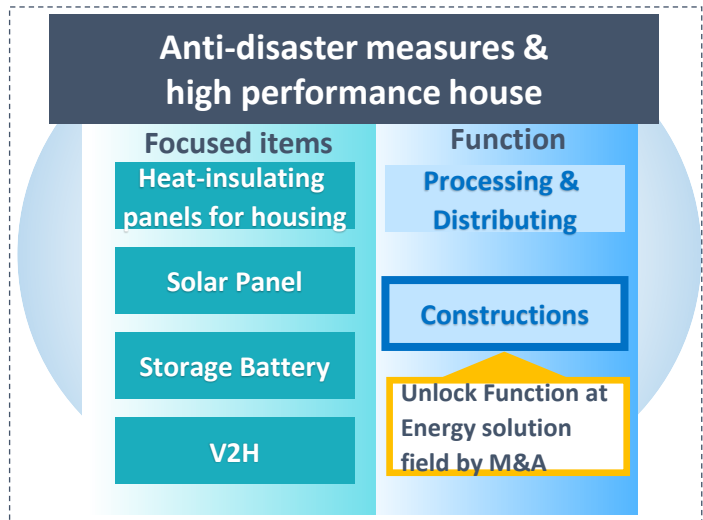


Household Anti-disaster measures & high performance house

Expand sales of solar energy creation and storage systems and home insulation panels

+

Capturing demand for ZEH and countermeasures against power outages in the event of disasters



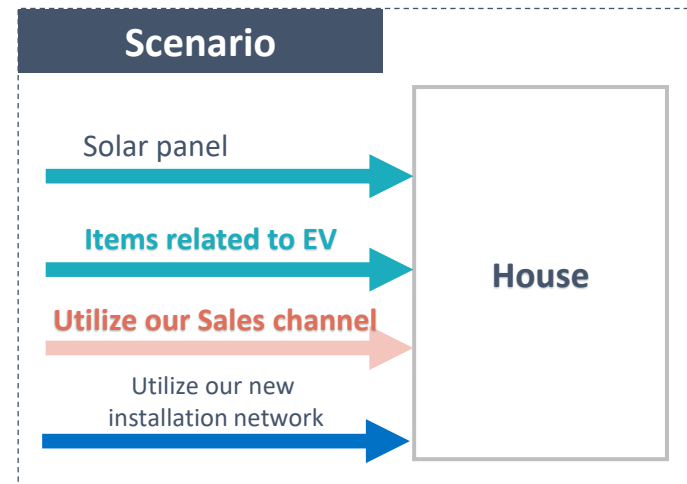
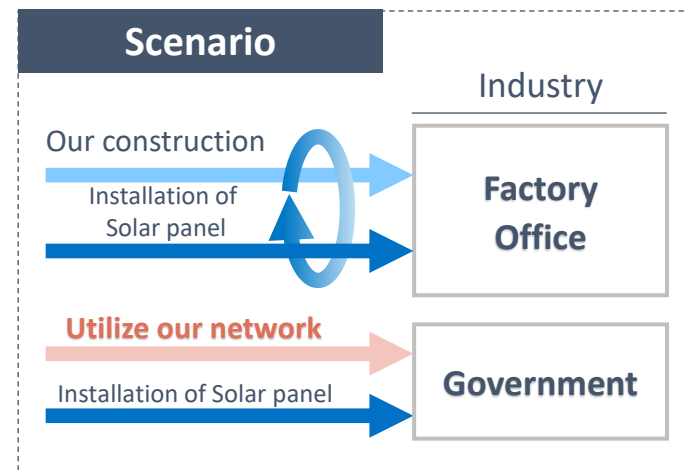
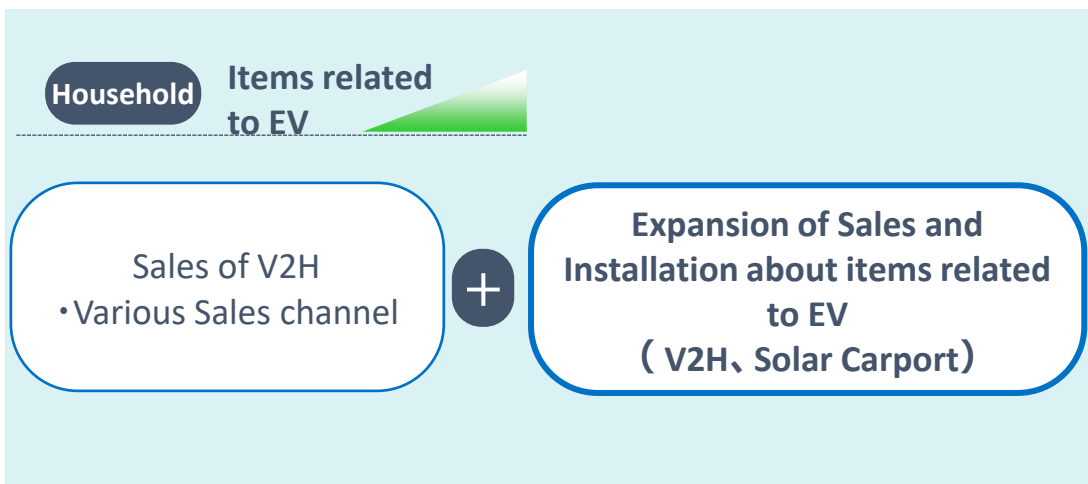
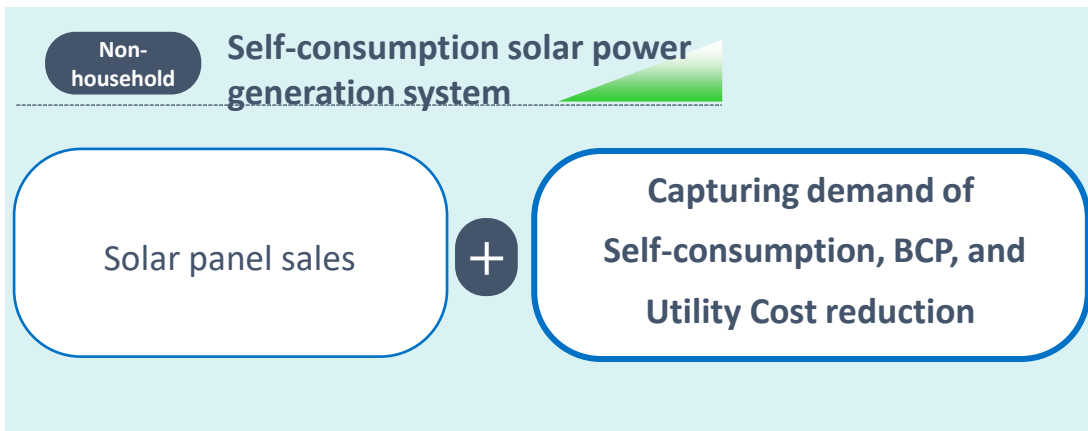
3. Next Medium-term Management Plan “Sustainability V”



3-7. Growth Strategy -Construction Supply Segment- 2/2

Segment Net sales	FY22 Plan ¥48.2Bn	➔	FY25 Plan ¥60Bn
--------------------------	----------------------	---	--------------------

Future-looking Business



3. Next Medium-term Management Plan “Sustainability V”

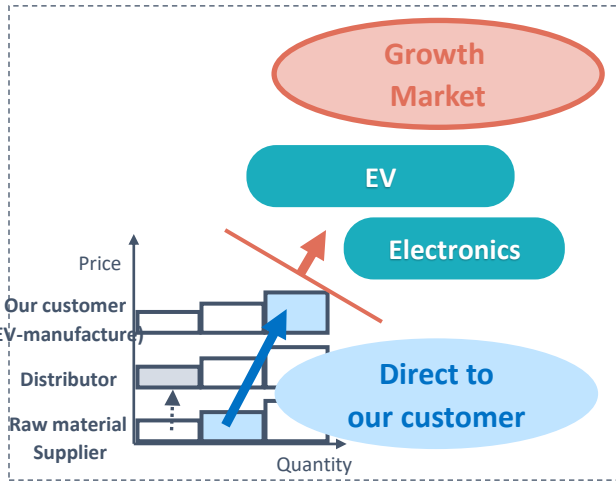
3-7. Growth Strategy -Industrial Material Segment-

Segment Net sales	FY22 Plan	FY25 Plan
	¥19.4Bn	¥20Bn

Actively Expanding Business

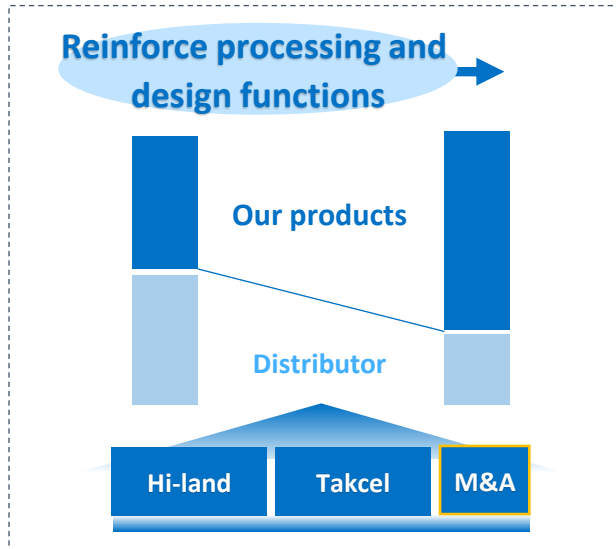
Mobility EV-related logistic items

- Expand sales of EV-related logistics materials through sales offices in Nagoya
- Expand end-direct to our customer, by utilizing processing and design functions
- Capital investment, such as in processing facilities and M&A, to meet growing demand for EV-related logistics materials



Plastics and textiles products Functionary Industrial Material (E.g. Fireproofing, Prevention of disaster, logistics, medical)

- Promoting the shift to manufacturers in the textile and resin area (Utilize and improve our group company)
- Expansion of our product’s market share and development of new products (increase high-margin product)
- Expansion of production and sales around areas of market presence (fireproofing, logistics, medical, etc.)
- M&A (disaster prevention-related) synergy creation



3. Next medium-term Management plan “Sustainability V”

3-7. Growth Strategy Electronic Devices Segment

Segment Net sales	FY22 Plan	FY25 Plan	Estimated Exchange Rate during planning period ($\$1 = \text{¥}140$)
	¥14.2Bn	¥20Bn	

Actively Expanding Business

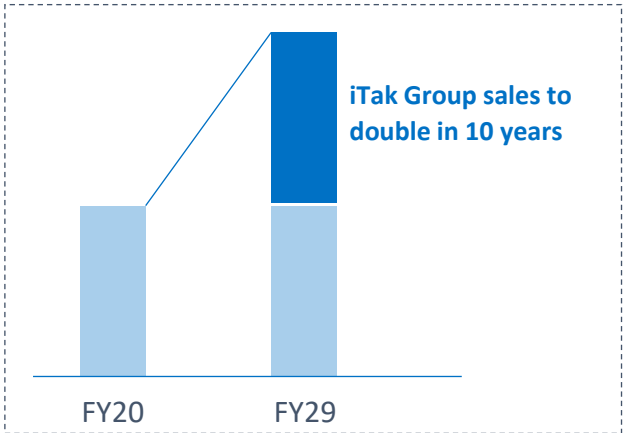
Sales Global parts supply (consumer electronics)

Handling of electronic components made by overseas manufacturers with price advantage and sales to global markets

Expanding the customer base of non-Japanese and Japanese manufacturers through function-based sales development

Expansion into in-vehicle and industrial equipment

Long-term



Future-looking Business

PCB Mounting Inverterization of white goods in ASEAN (Thailand, Vietnam)

Contract production at our own factories in Thailand and Vietnam

Investment in a new factory in Thailand and a factory line in Vietnam to establish a production system and expand sales

Integration of latest equipment and advanced technology

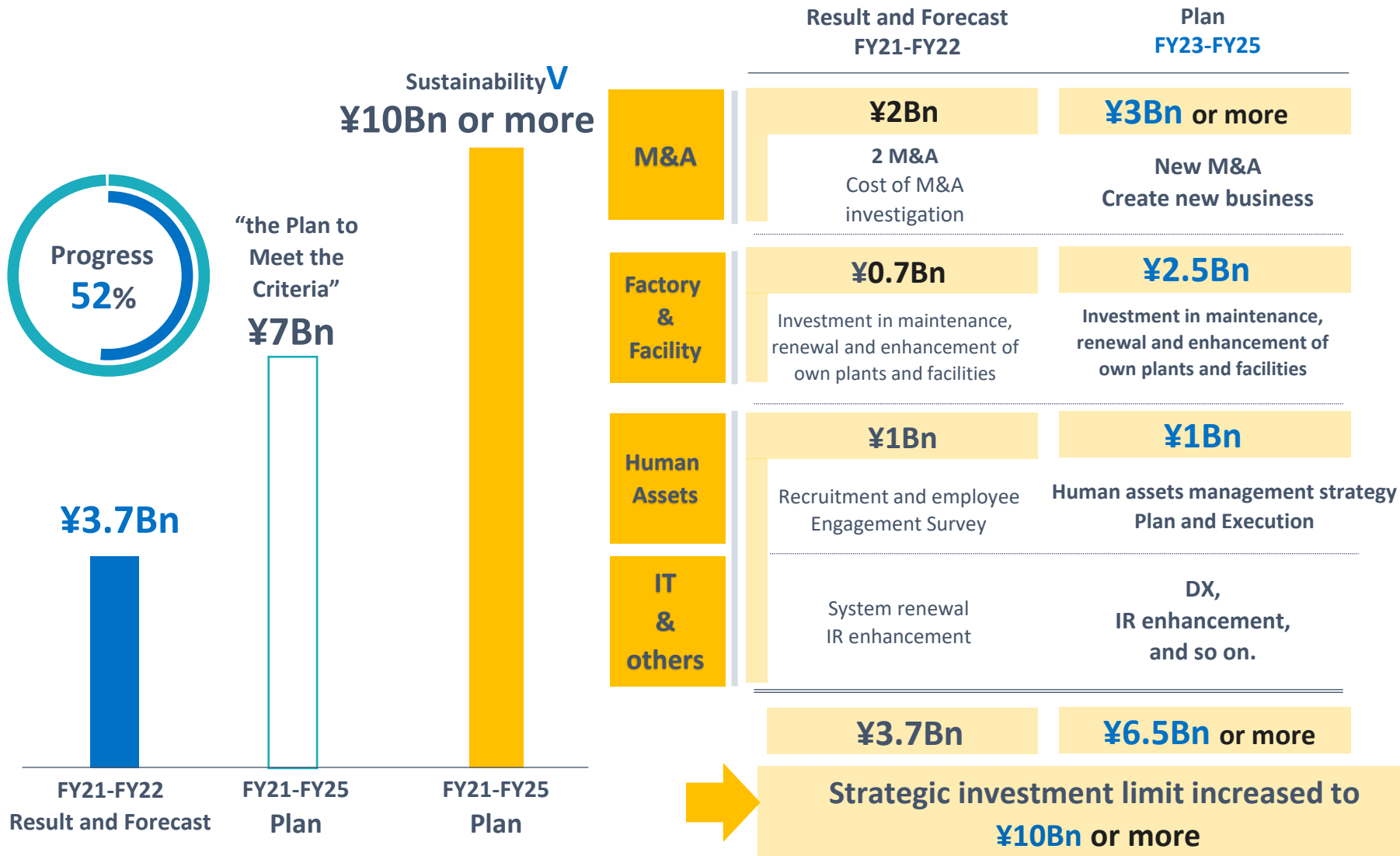


3. Next medium-term Management Plan “Sustainability V”



3-8. Investment Strategy

- Since the progress of the strategic investment line set forth in “the Plan to meet the criteria” is on track, the investment quota will be increased to 10 billion yen or more in total, and investments in strategic areas and human resources will be made.



3. Next medium-term Management Plan “Sustainability V”

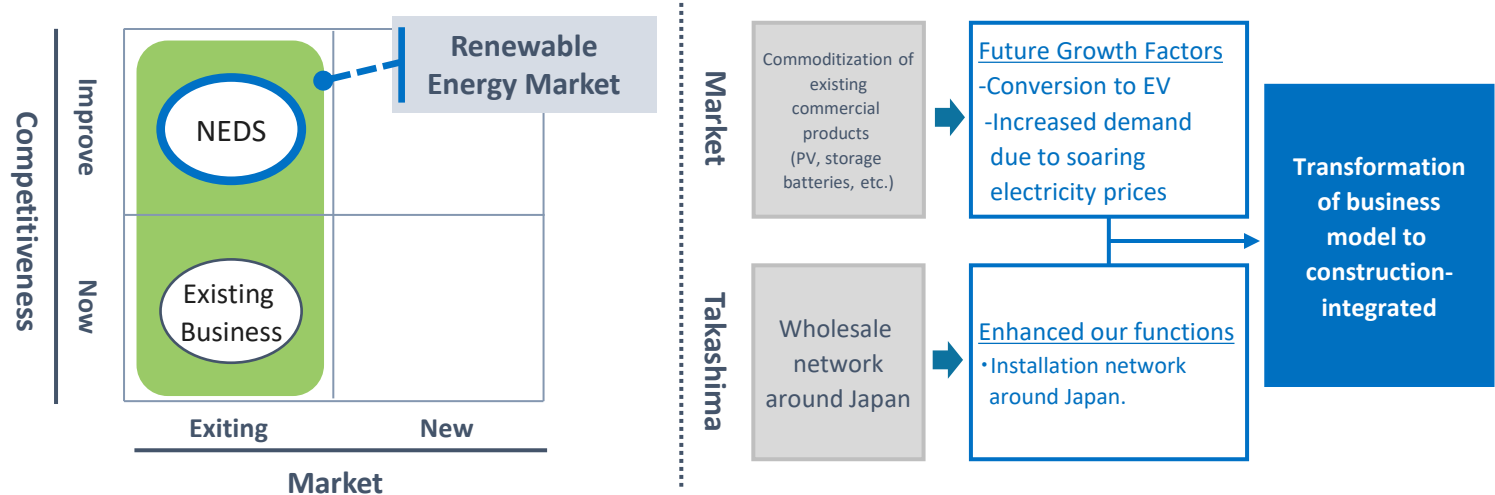
3-9. M&A Strategy

- Our basic policy on M&A is to strengthen the functions of existing businesses and develop peripheral businesses, and we will continue to proactively reach out for M&A opportunities as we pursue our growth strategy (strategic areas).

Aim of consolidation (NEDS: New Energy Distribution Systems Inc.)

Aim of Making it a Subsidiary

- Enhancement of functions offered to the growing renewable energy market
- Establish a competitive advantage by transforming our business model from traditional wholesale to construction-integrated.



Strength

- High quality of workmanship and ability to obtain inquiries for 1,000 renewable energy-related construction projects per month
- With 13 branches, NEDS cover construction projects throughout Japan

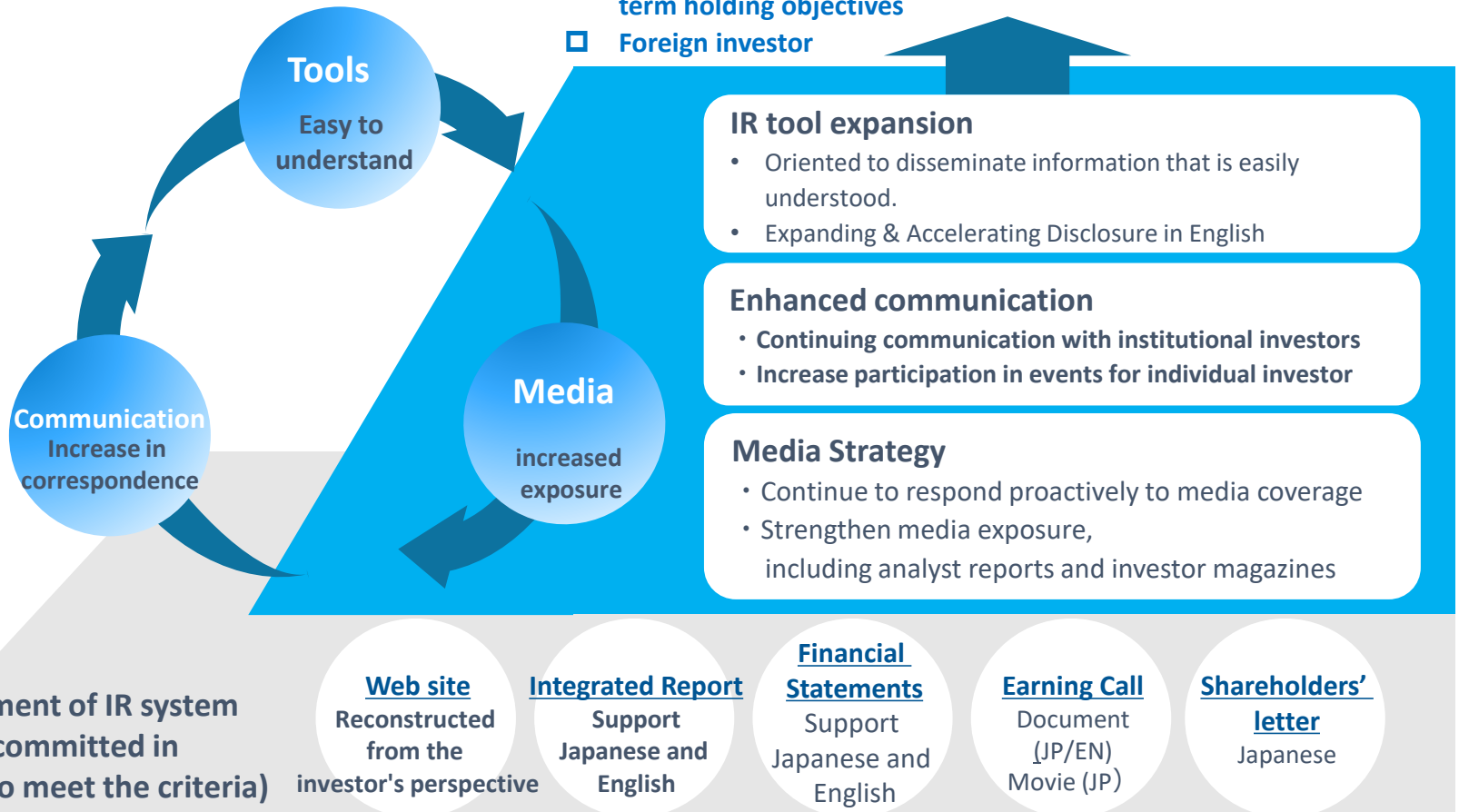
3. Next medium-term Management Plan “Sustainability V”

3-10 IR Strategy

- Progress has been made in establishing an IR system, including the development of various IR tools in Japanese and English.
- Going forward, we will strengthen communication with individual investors and brush up our IR system.

Main IR Targets

- ❑ Institutional investors and analysts, especially active funds for small and mid-cap and value investments
- ❑ Individual Investor, especially individuals with medium-to long-term holding objectives
- ❑ Foreign investor



3. Next medium-term Management Plan “Sustainability V”



3-11 Sustainability

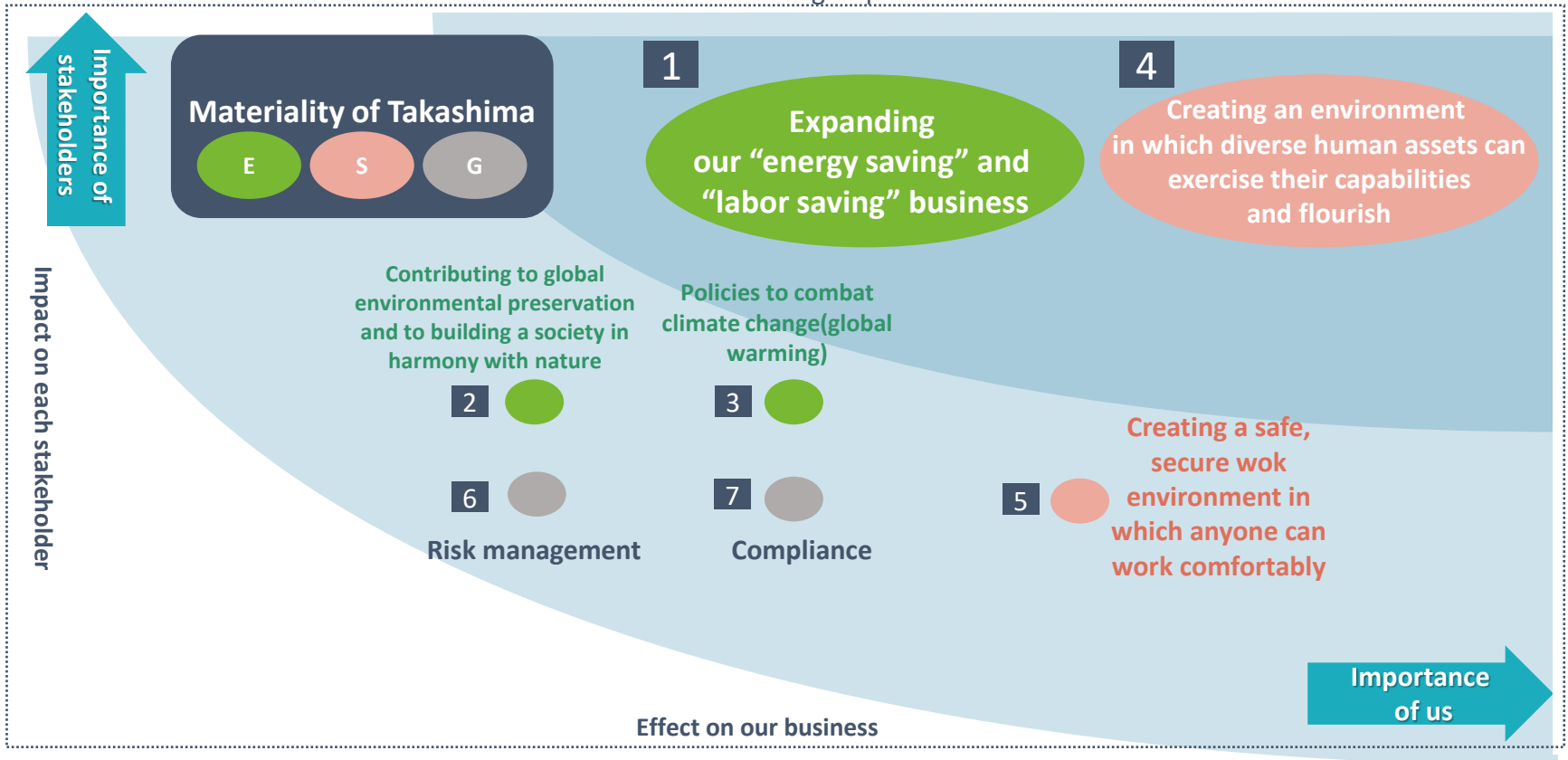
- Contribute to a sustainable society through business management based on the seven materialities.

Contribute to a sustainable society through value creation in strategic domain **1**

Investment in "people" who support the root of the Group's business **4**

Contribute to a sustainable society by focusing on "energy savings" and "labor saving" solutions in our growth strategy (strategic areas) and expanding sales of related products.

Focused investment in human resources for growth strategies that drive the growth of each business and career-oriented human resources development that supports the sustainable growth of our group.



3. Next medium-term Management Plan “Sustainability V”



3-11 Sustainability

- Accelerate efforts to address materiality and simultaneously achieve adaptation to a sustainable society and sustainable growth.

Development and preparation of approaches

Establishment of Sustainability Committee / Disclosure of Integrated Report / Endorsement of TCFD / Disclosure of information based on TCFD recommendations, etc.

simultaneously achieve adaptation to a sustainable society and sustainable growth.

Initiatives Visualization and Brush-up

	Materiality	Effort
Environment	1 Energy-saving and labor saving business	<input type="checkbox"/> Disclose market opportunities and results of "energy savings" and "labor saving" related products.
	2 Harmony with nature	<input type="checkbox"/> Compliance with ISO 14001, disclosure of hazardous waste emissions and treatment costs. <input type="checkbox"/> Responsible sourcing of raw materials (e.g., assessments of suppliers)
	3 Combat climate change	<input type="checkbox"/> Endorsement of TCFD and TCFD disclosure <input type="checkbox"/> Measuring CO2 emissions and setting emission reduction targets
Social	4 Diverse human assets can exercise their capabilities.	[Human Resource Development] <input type="checkbox"/> Formulate and implement medium-term human assets management strategies <input type="checkbox"/> Disclosure of human assets investment results, human productivity, etc. [Diversity and Inclusion] <input type="checkbox"/> Comply with legal disclosure requirements, such as ratio of female managers, ratio of non-Japanese managers, etc.
	5 Creating a safe, secure work environment.	<input type="checkbox"/> Set targets for maternity leave utilization rate, nursing care leave, etc., and concretize efforts to achieve these targets. <input type="checkbox"/> Maintain and improve occupational health and safety management
Governance	6 Risk Management	<input type="checkbox"/> Maintain and improve compliance and risk management
	7 Compliance	

3. Next medium-term Management Plan “Sustainability V”

3-12. Human Assets Strategy

- Actively invest in the development of human assets to drive growth strategies and career-type human assets to drive the growth of each business.



• **Visualize Group Human Assets**

• **Enhancement of Human Assets Management System**

• **Increased Employee Engagement**

Medium- to Long-term Human Assets Management Strategy

3. Next medium-term Management Plan “Sustainability V”



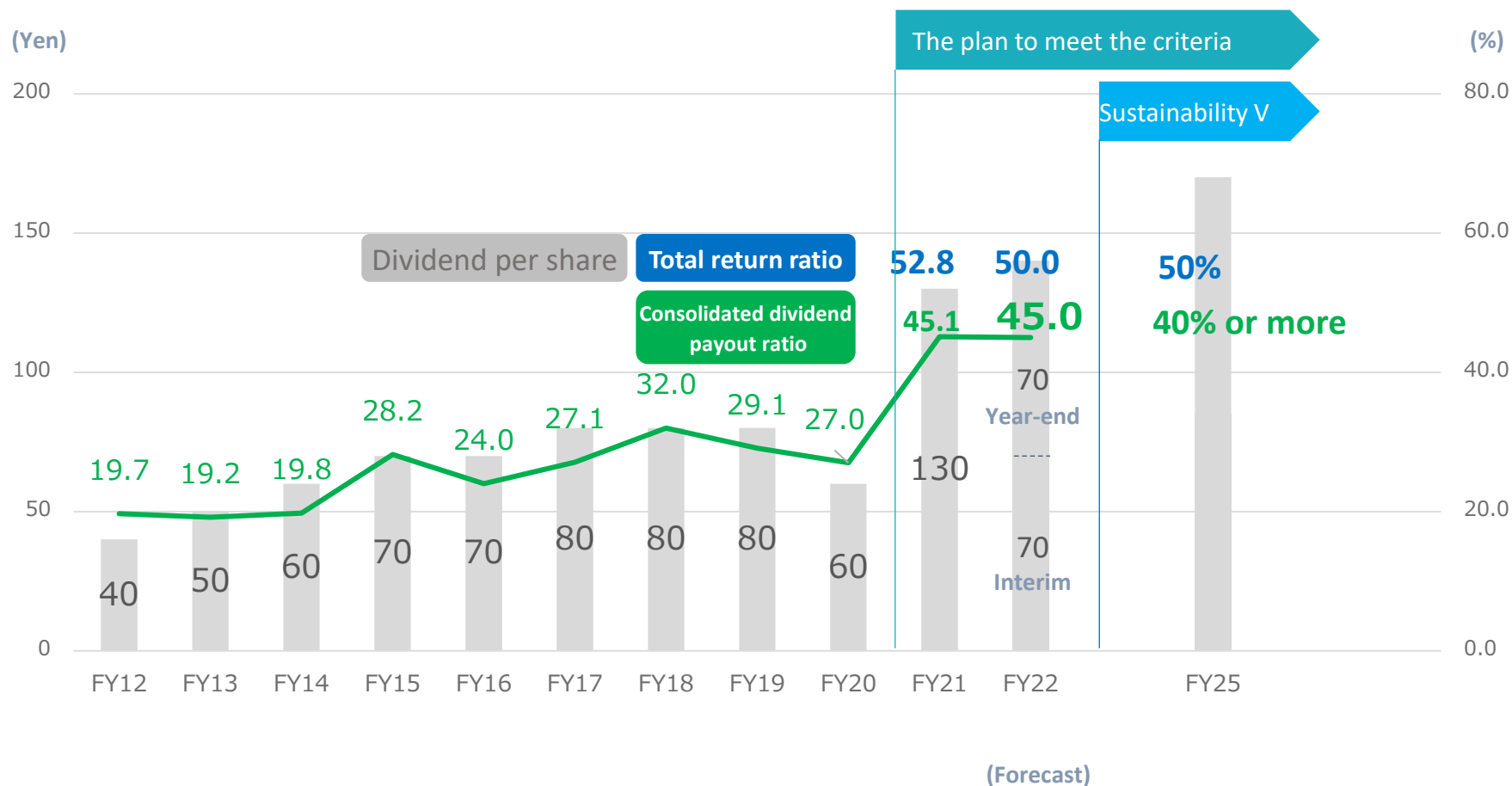
3-13. Shareholder Return Policy

- Shareholder returns for FY2024-FY2026 in accordance with the basic policy of the plan to meet the criteria

Basic Policy

Consolidated dividend payout ratio of 40% or more
Total return ratio of 50%

The minimum total return is 500 million yen



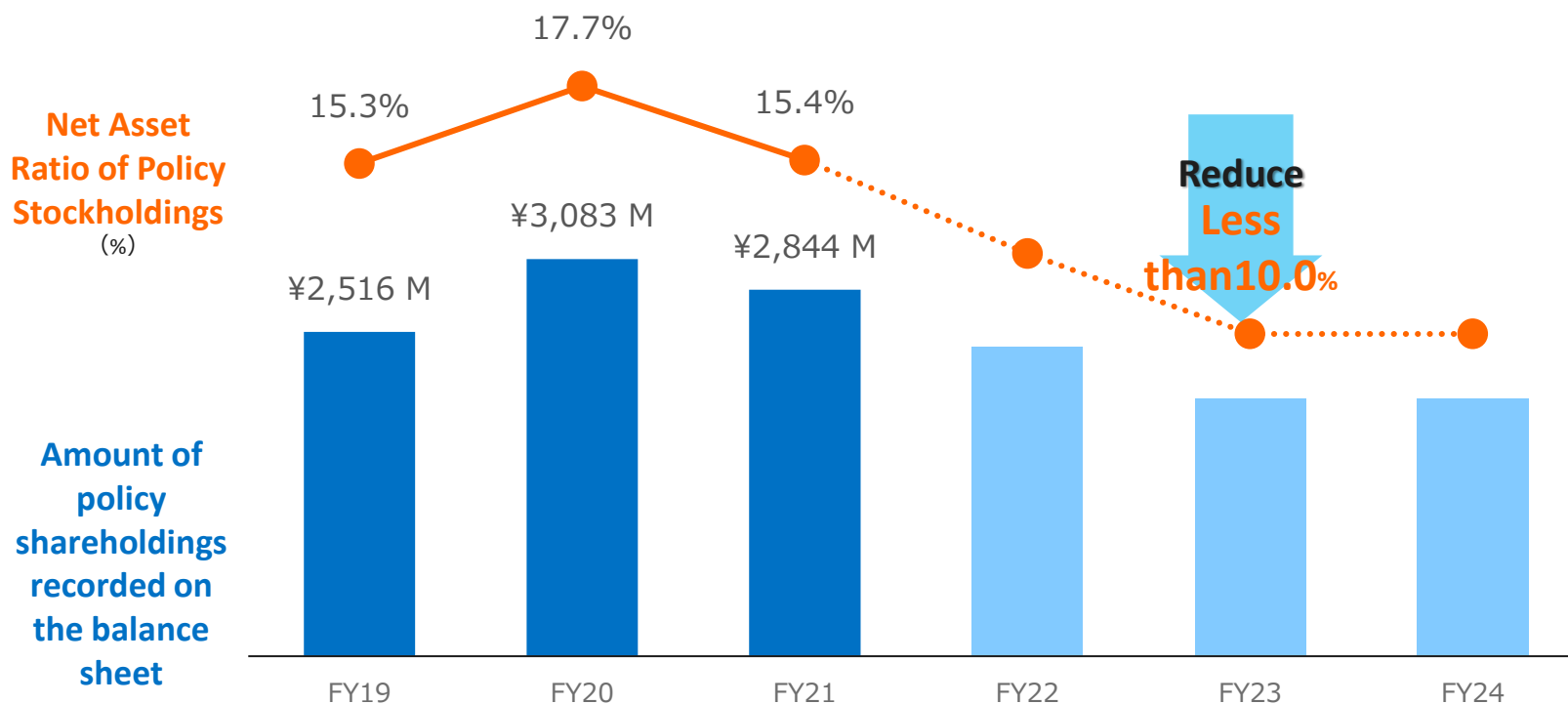
3. Next medium-term Management Plan “Sustainability V”



3-14. Goal to reduce policy shareholdings

- By the fiscal year ending March 31, 2024, the Company aims to reduce the ratio of stocks held as policy holdings to less than 10.0% of net assets.

Target reduction of policy shareholdings



Inquiries on this document

IR and PR Unit, Takashima & Co., Ltd. ir@ta.tak.co.jp

URL <https://www.tak.co.jp/en/ir/contact1.html>

■ Handling of this document

[Precautions regarding forecasts]

The data and predictions for the future disclosed in this document are based on judgments as of the release date of the document and obtainable information, and may change due to various reasons such as the economic situation, changes in market trends, etc. Therefore, there are no guarantees that the targets and predictions noted in this document will be reached, nor on future business performance.