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# Next Medium-Term Management Plan Basic Policy

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Nov. 14, 2022

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 “A Plan to Meet” 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)

#### Appendix.

#### Progress Report Based on a Plan to Meet

(Disclosed May 11, 2022)

Excerpts

# 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.



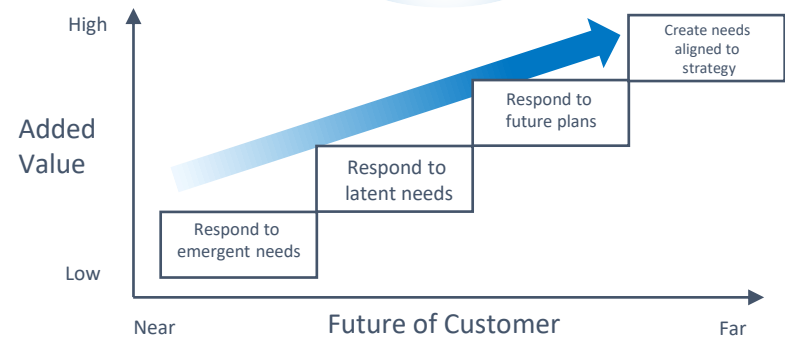
#### Labor-Saving Solution

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.

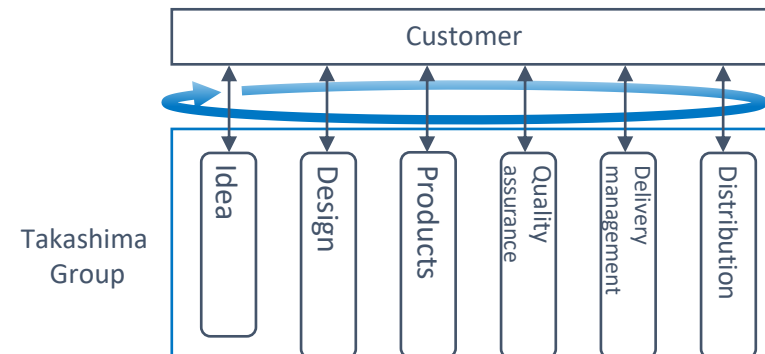


### 《Expertise》

#### Development Proposal Capabilities



#### Multiple Completion Capabilities



# 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

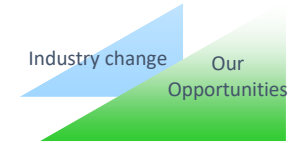
- Reduction of energy consumption through data sharing and utilization of robots and AI
- Conversion to biofuels

#### 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

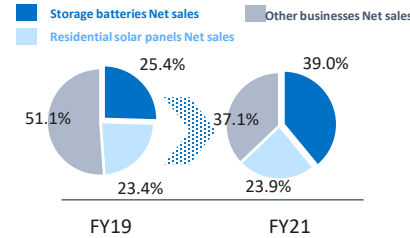
#### Growth Potential

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

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

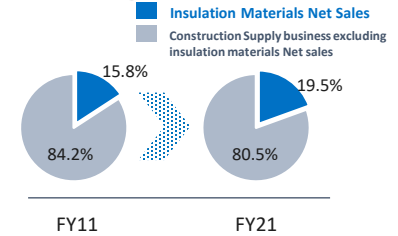
### Energy Solution

#### Growth in Storage Battery Sales



### Insulation

#### Growth in processing and installation of insulation materials



### V2H

#### V2H(Vehicle to Home)



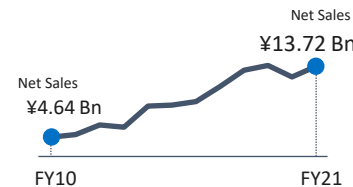
### Logistics Materials

#### Example of molding of logistics materials for EV parts

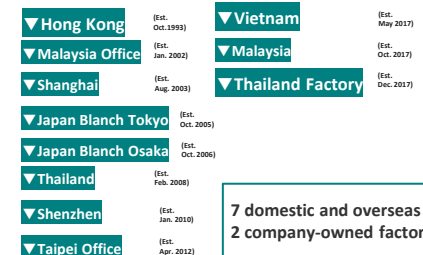


### Electronics Devices

#### 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”

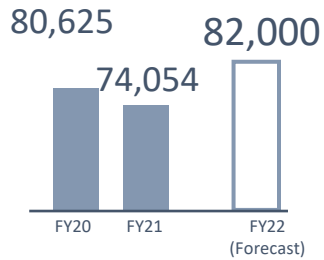
## 1-4. Progress of Sustainability X

- 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.

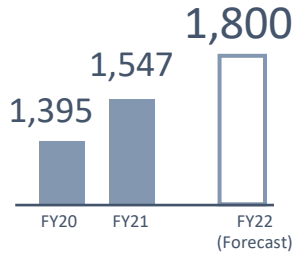
### Consolidated

(¥ Millions)

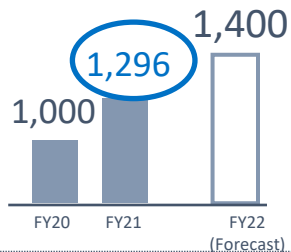
#### Net Sales



#### Operating Profit



#### Net Profit

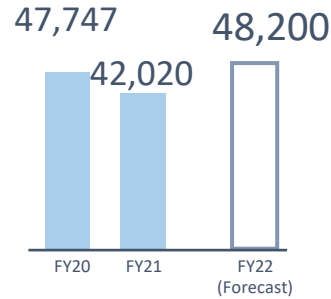


### By business segment

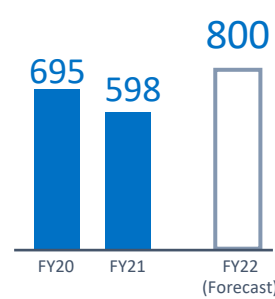
(¥ Millions)

#### Construction Supply

#### Net Sales

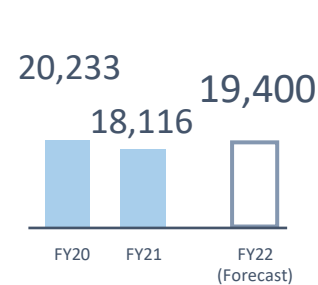


#### Operating Profit

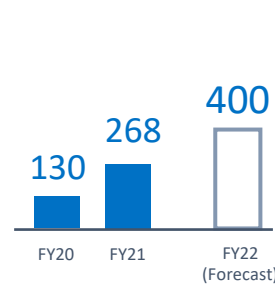


#### Industrial Materials

#### Net Sales

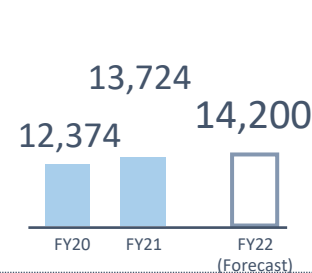


#### Operating Profit

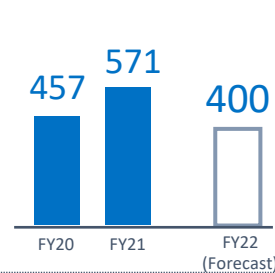


#### Electronic Devices

#### 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 “A Plan to Meet” and Direction of Next Medium-Term Management Plan.

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

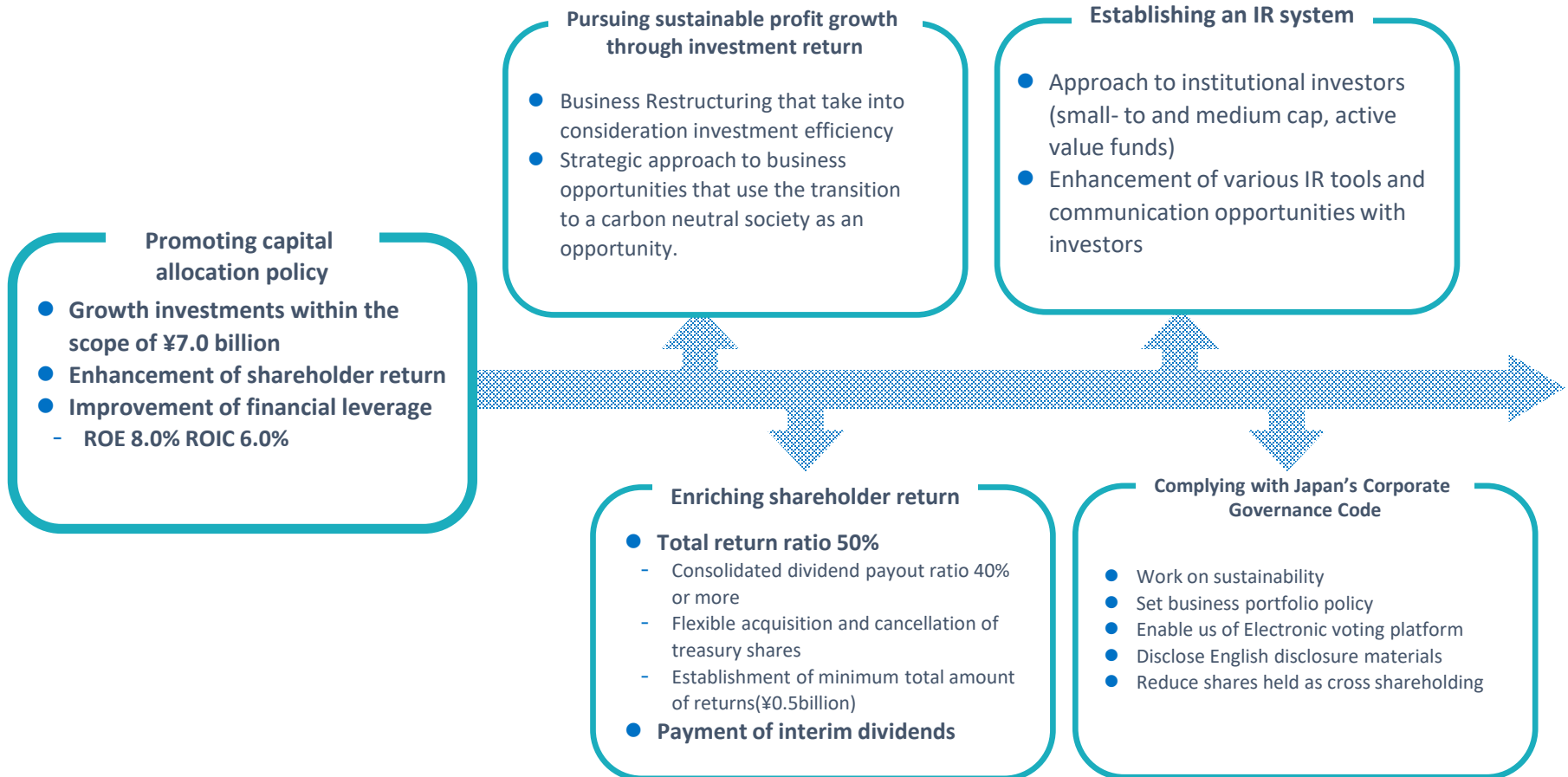
- We make steady progress in meeting the continued-listing criteria of Tokyo Stock Exchange prime market.

|                  |                                      | Sustainability X               |                        |                        |  | “A plan to meet”        |
|------------------|--------------------------------------|--------------------------------|------------------------|------------------------|--|-------------------------|
|                  |                                      | Management index               | FY2020                 | FY2021                 | FY2022                                     | FY2025                  |
| Management index | Net Profit                           |                                | ¥1,000M                | ¥1,296M                | ¥1,400M<br>Forecast                        | ¥1,500M                 |
|                  | ROE                                  |                                | 5.9%                   | 7.2%                   |  | 8.0%                    |
|                  | ROIC                                 |                                | 5.1%                   | 5.2%                   |  | 6.0%                    |
|                  | Total payout ratio                   |                                | 27.1%                  | 52.8%                  | 50%<br>Basic Policy                        | 50%                     |
|                  |                                      | Criteria for continued-listing | At the end of Jun.2021 | At the end of Mar.2022 | At the end of Sep. 2022<br>By our estimate | At the end of Mar. 2026 |
| Requirement      | Number of tradable shares            |                                | 27,185unit             | 27,058unit             | 27,694unit                                 | More than 20,000unit    |
|                  | Tradable share market capitalization |                                | ¥4.79Bn                | ¥6.34Bn                | ¥6.61Bn                                    | More than ¥10Bn         |
|                  | Tradable share ratio                 |                                | 59.7%                  | 60.1%                  | 61.5%                                      | More than 35%           |
|                  | Average daily trading value          |                                | ¥6.83M                 | ¥38.55M                | ¥34.47M                                    | More than ¥20M/day      |

## 2-2. Basic Initiative Policy at “A Plan to Meet”.

- The next medium-term management plan will be based on the five basic policies agreed to in “A 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)

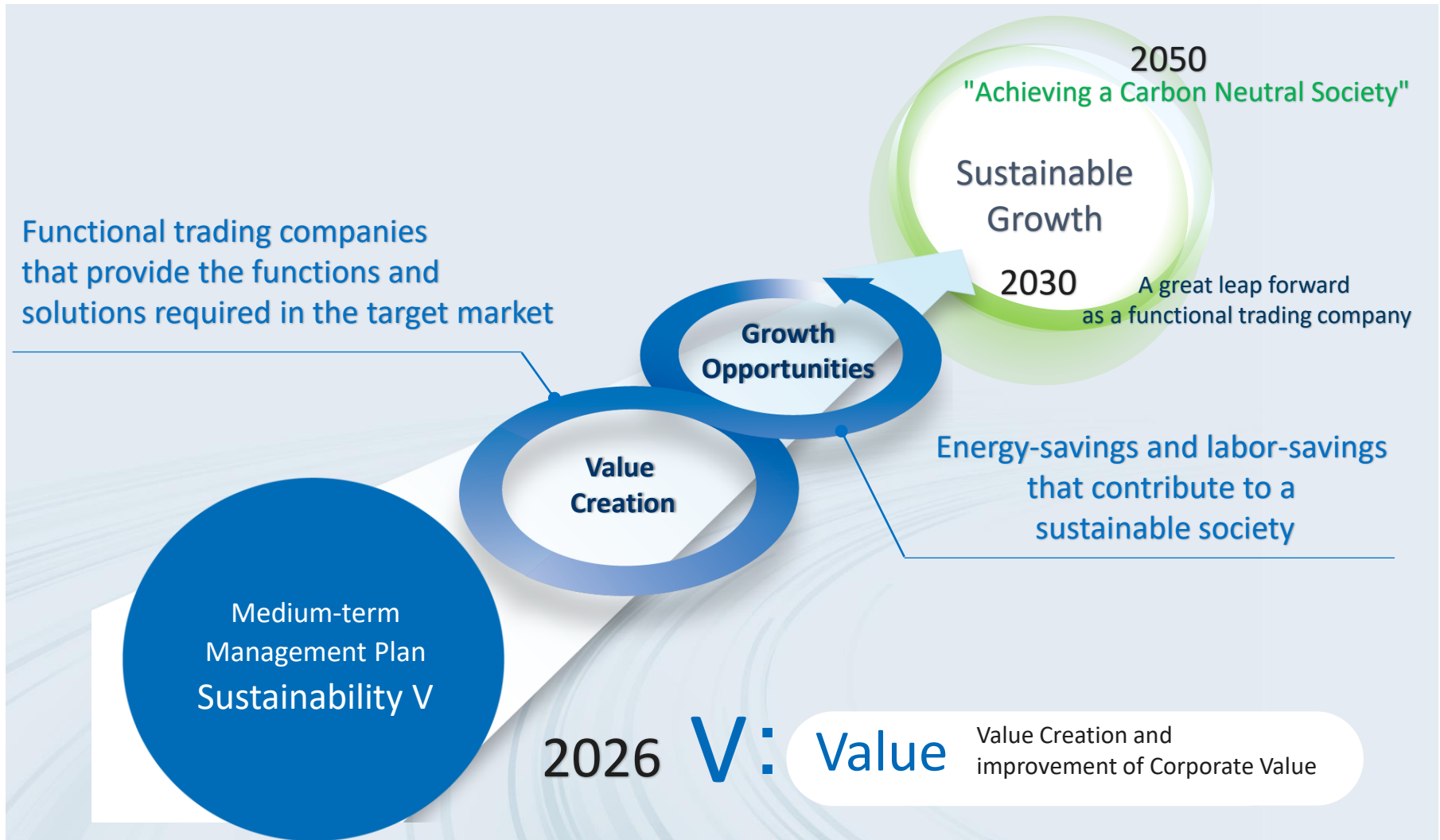
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### 3. Next Medium-term Management Plan “Sustainability V”



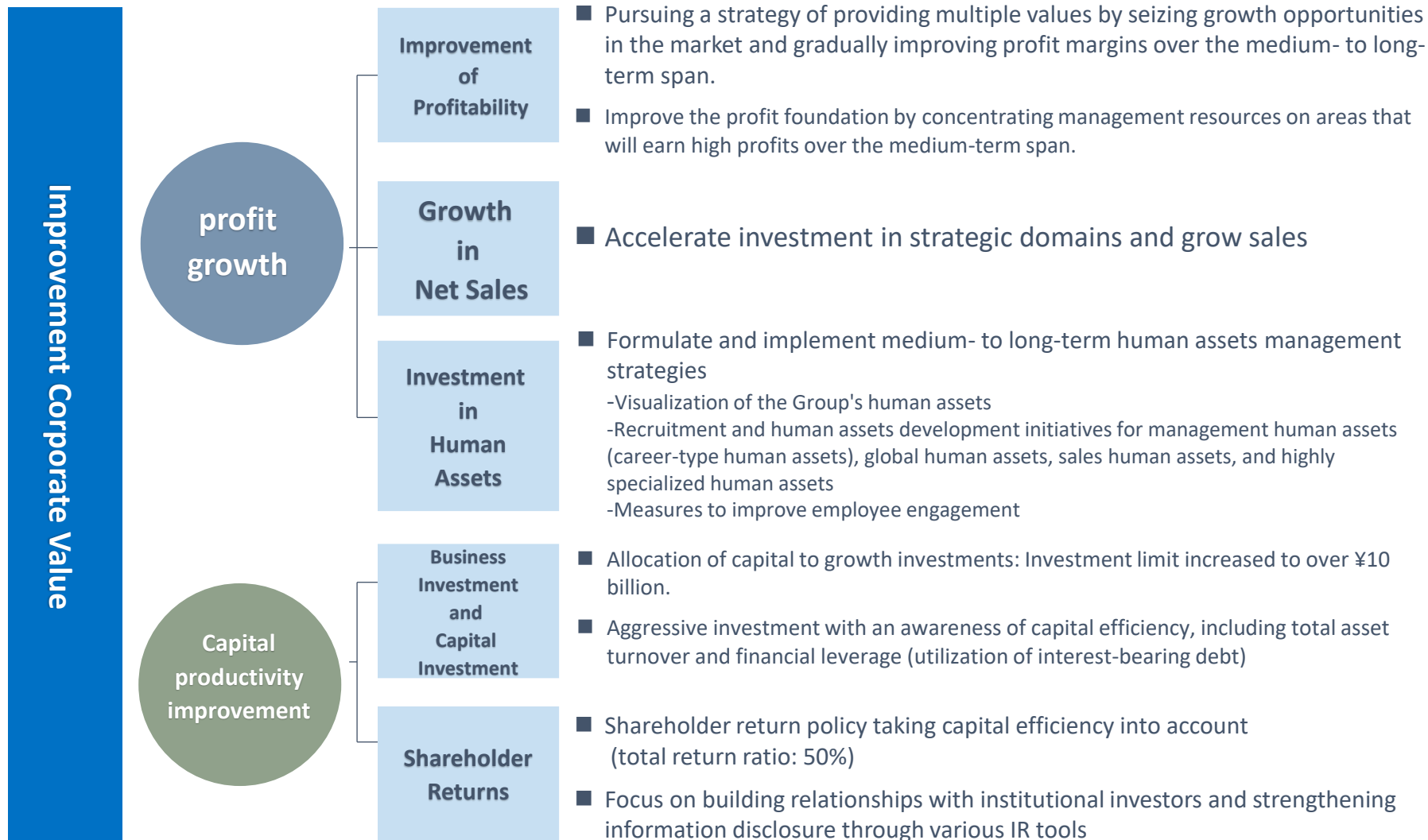
#### 3-1. Basic Policy

- “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. Basic Policy

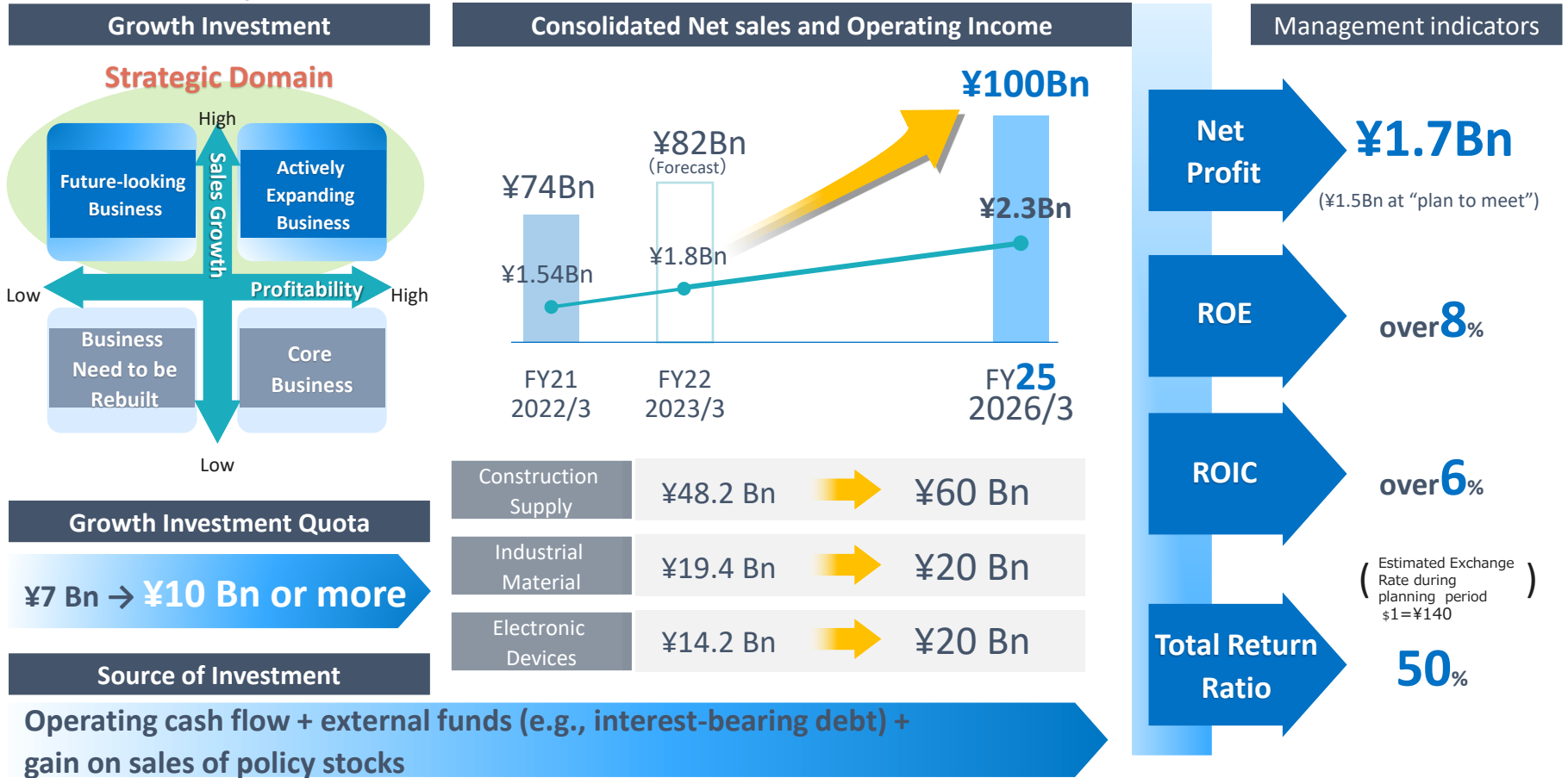
- We aim to increase corporate value by achieving profit growth and capital productivity improvement



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

#### 3-3. 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).



#### Growth Investment Quota

¥7 Bn → ¥10 Bn or more

#### Source of Investment

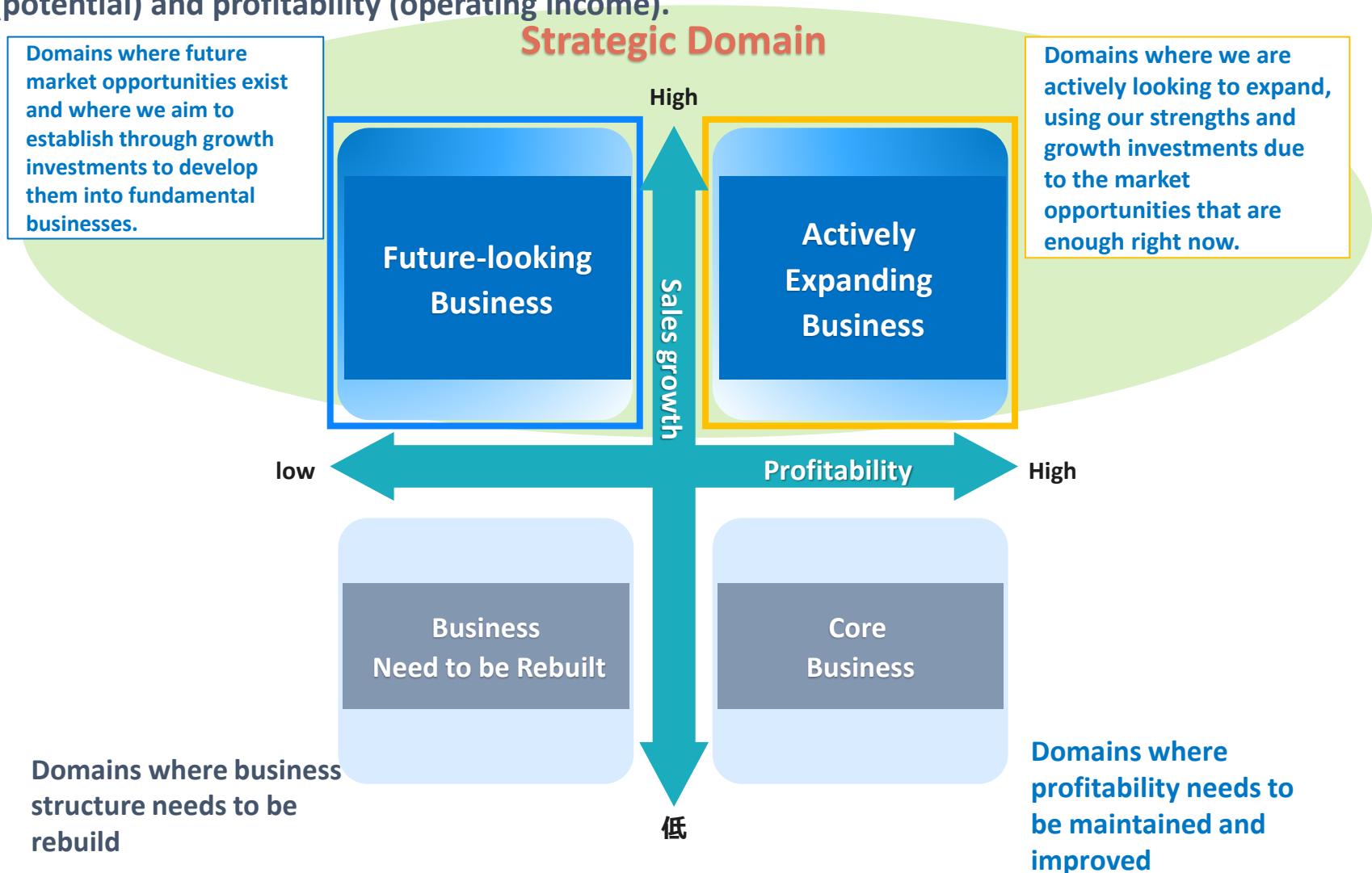
Operating cash flow + external funds (e.g., interest-bearing debt) + gain on sales of policy stocks

|                     |          |   |        |
|---------------------|----------|---|--------|
| Construction Supply | ¥48.2 Bn | → | ¥60 Bn |
| Industrial Material | ¥19.4 Bn | → | ¥20 Bn |
| Electronic Devices  | ¥14.2 Bn | → | ¥20 Bn |

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

#### 3-4. 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”



## 3-5. Growth Strategy –Construction Supply Segment- 1/2

|                      |           |           |
|----------------------|-----------|-----------|
| Segment<br>Net sales | FY22 Plan | FY25 Plan |
|                      | ¥48.2Bn   | ¥60Bn     |

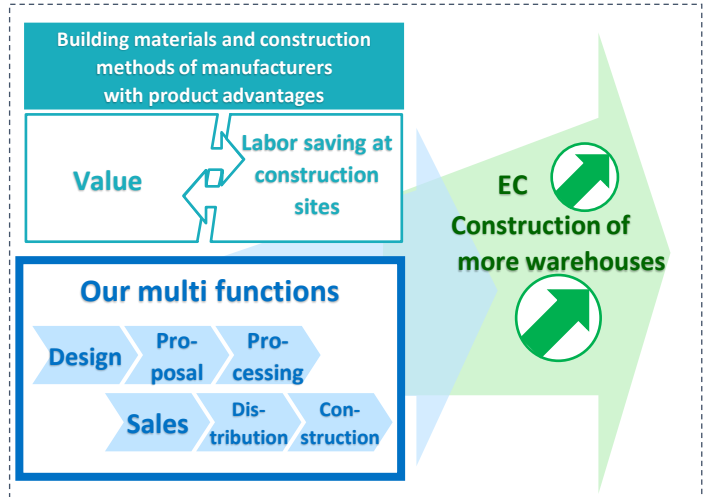
### Actively Expanding Business

**Non-Household Large distribution warehouse**

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

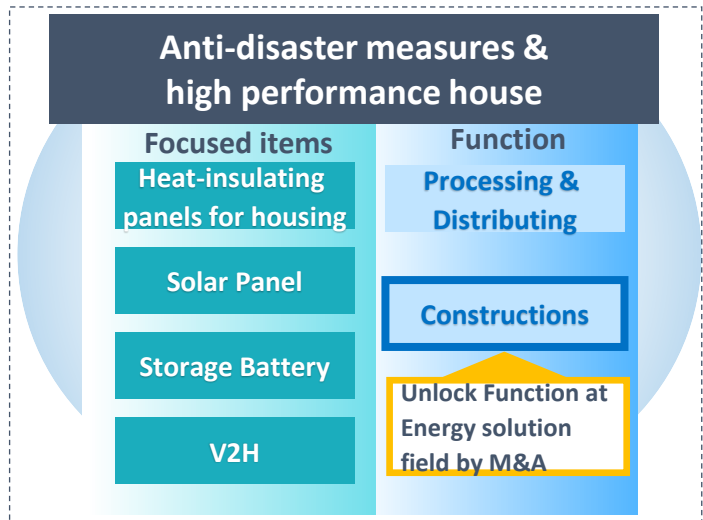


**Household Anti-disaster measures & high performance house**

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





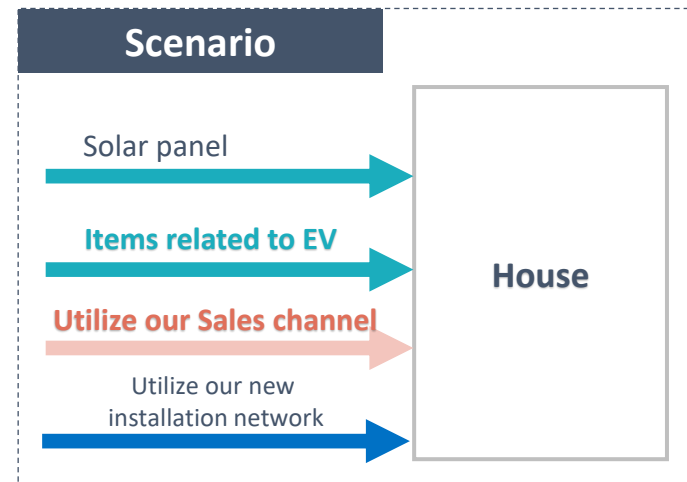
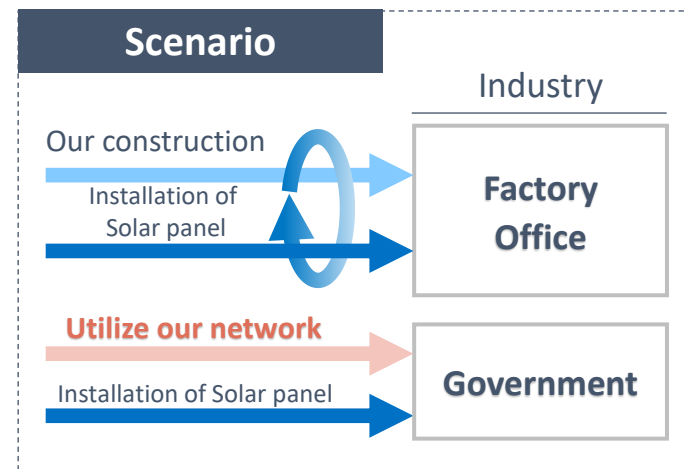
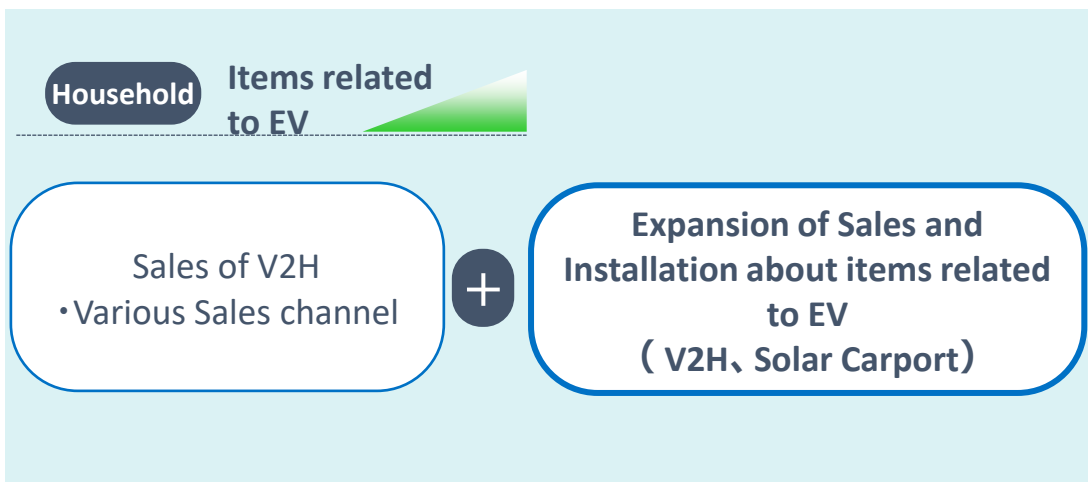
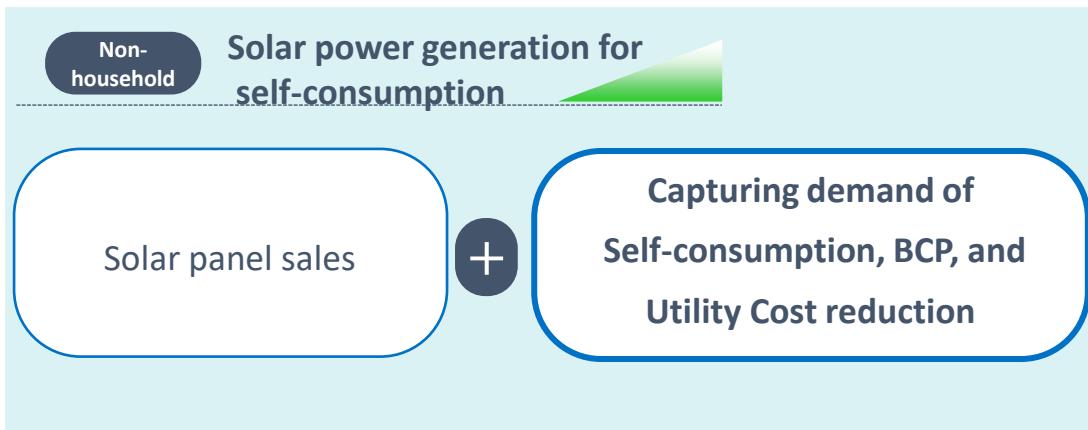
### 3. Next Medium-term Management Plan “Sustainability V”



## 3-5. Growth Strategy -Construction Supply Segment- 2/2

|                      |                      |   |                    |
|----------------------|----------------------|---|--------------------|
| Segment<br>Net sales | FY22 Plan<br>¥48.2Bn | ➔ | FY25 Plan<br>¥60Bn |
|----------------------|----------------------|---|--------------------|

### Future-looking Business



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



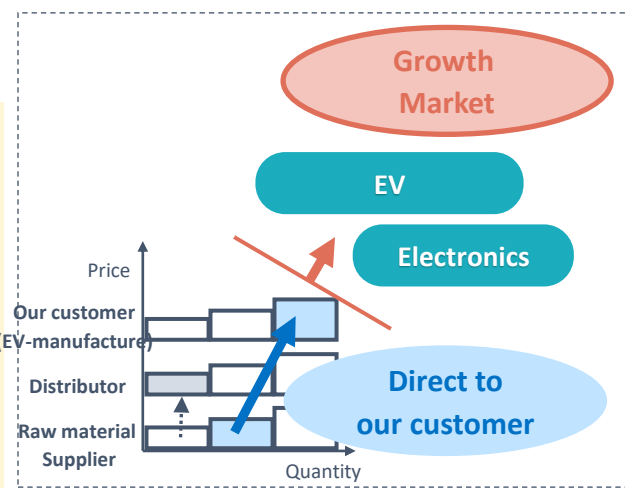
## 3-6. Growth Strategy -Industrial Material Segment-

|                      |           |           |
|----------------------|-----------|-----------|
| Segment<br>Net sales | FY22 Plan | FY25 Plan |
|                      | ¥19.4Bn   | ¥20Bn     |

### Actively Expanding Business

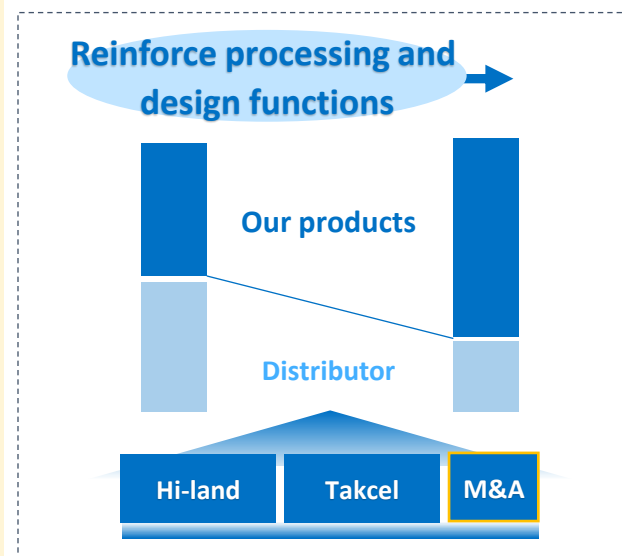
#### Mobility EV-related logistic items

- 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

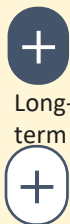
|                      |           |           |   |
|----------------------|-----------|-----------|---|
| Segment<br>Net sales | FY22 Plan | FY25 Plan | Estimated Exchange Rate during planning period<br>( $\$1 = \text{¥}140$ ) |
|                      | ¥14.2Bn   | ¥20Bn     |   |

#### Actively Expanding Business

##### Sales

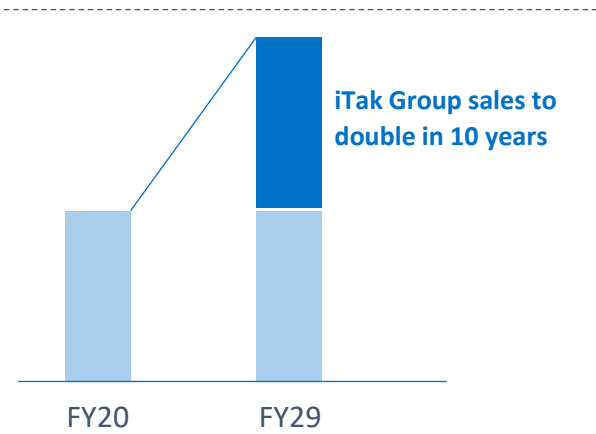
Global parts supply  
(consumer electronics)

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



#### 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

7 domestic and overseas offices and 2 in-house factories to support China + 1

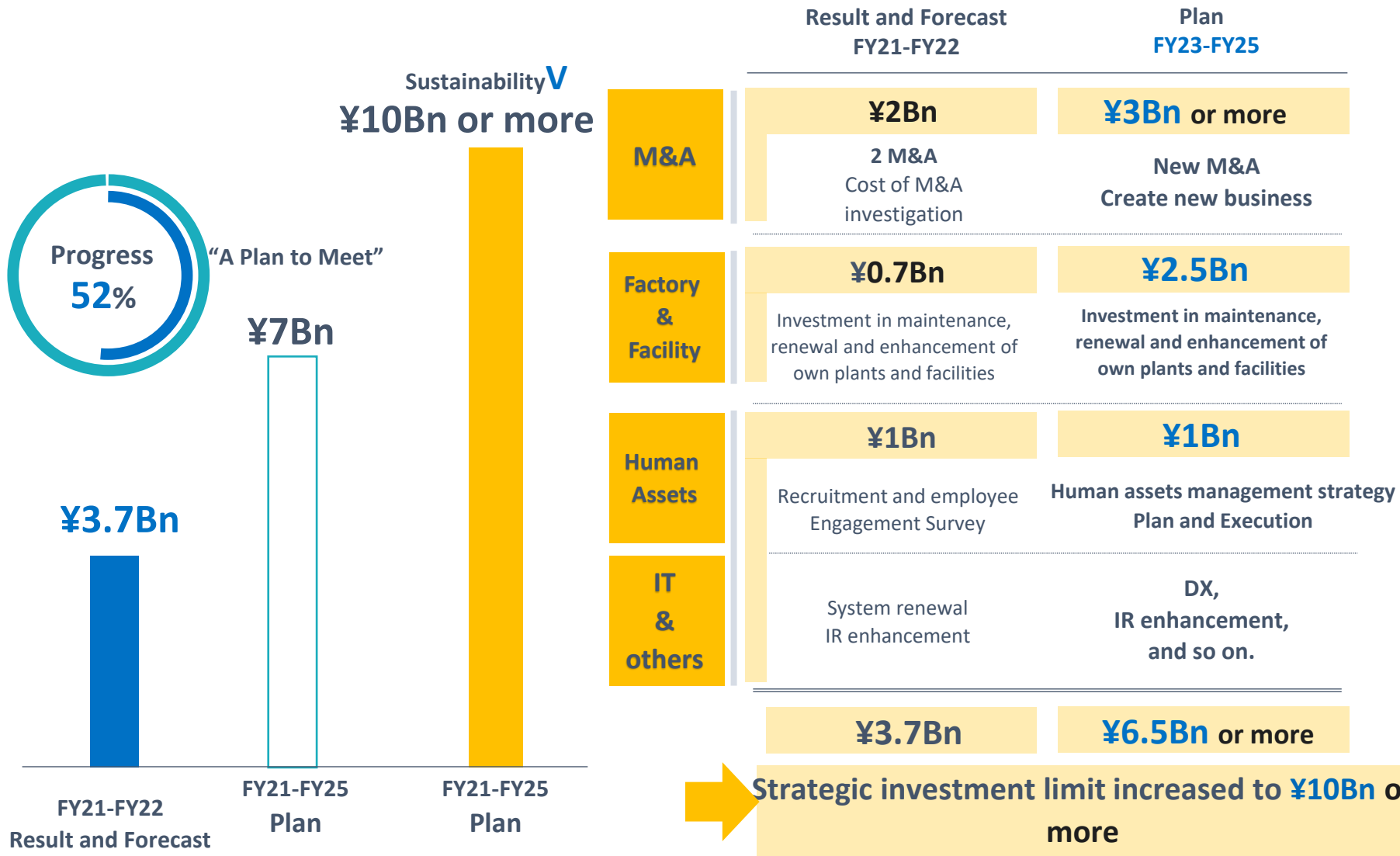


### 3. Next medium-term Management Plan “Sustainability V”



#### 3-8. Investment Strategy

- Since the progress of the strategic investment line set forth in “the Plan to meet” 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.



# Appendix.

## Progress Report Based on A Plan to Meet the Continued Listing Criteria of Tokyo Stock Exchange (TSE) Prime Market (disclosed at May 11, 2022)

Excerpt



# Summary: Implementation Status and Evaluation

Steady progress is being made based on a plan to meet the continued listing criteria of Tokyo Stock Exchange(TSE) Prime Market until End of FY2025(March 2026) and we have determined that it is not necessary to make any changes at the current point in time.

We, the management and all employees, intend to accelerate efforts to become a company that achieves sustainable growth through the proactive efforts.



## Implementation status regarding tradable share market capitalization and trading value

- Since the plan was disclosed on November 10, 2021, stock prices have risen that led increasing tradable share market capitalization. Also, tradable share ratio have increased slightly.
- Since the plan was disclosed, the monthly average trading value has remained above the criteria each month and the daily average trading value (January to March 2022) meets the criteria.
- We have steadily executed the five basic initiative policies stipulated in the plan.
  - (1) Promoting capital allocation policy
  - (2) Pursuing sustainable profit growth through investment return
  - (3) Enriching shareholder return (4) Establishing an IR system
  - (5) Complying with Japan's Corporate Governance Code



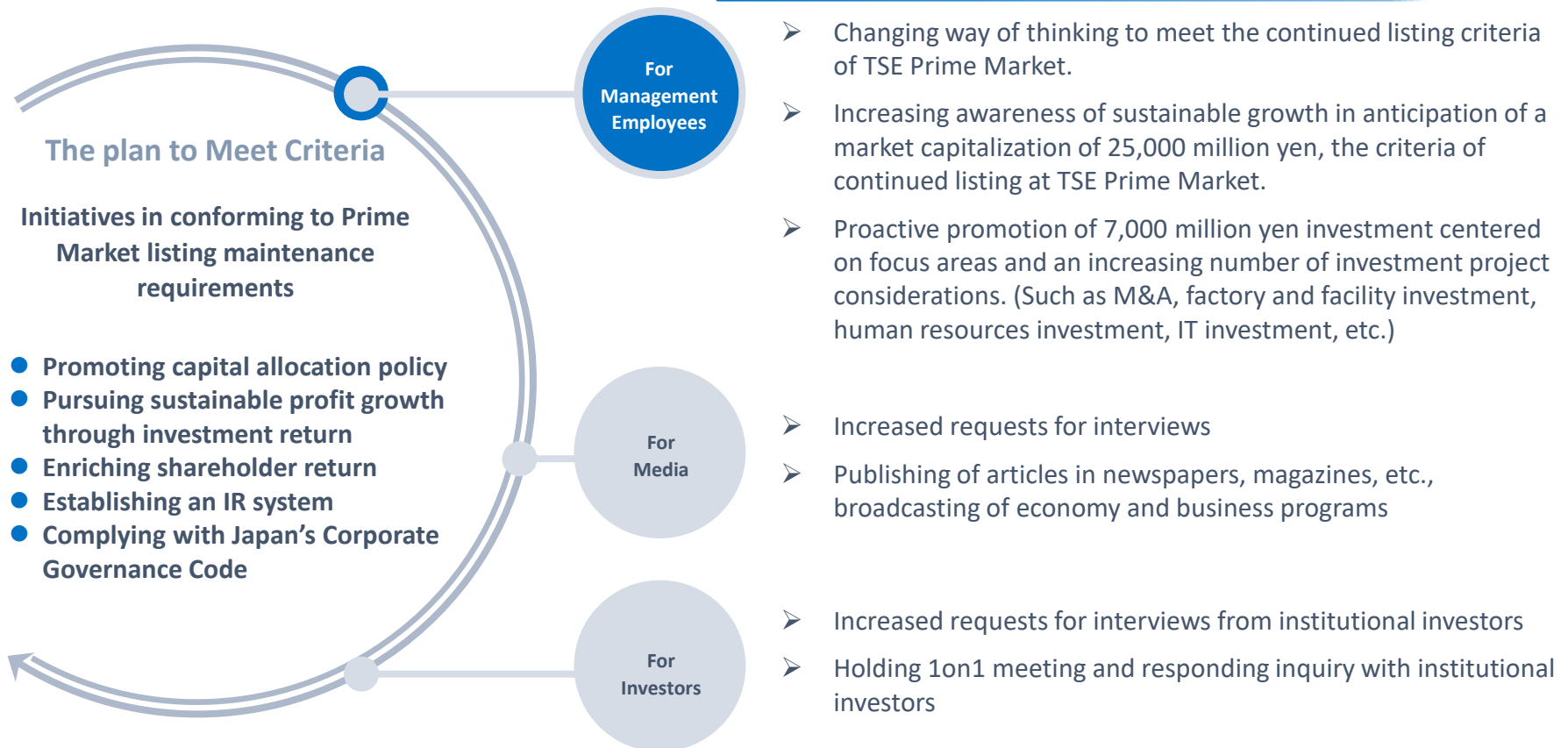
## Management status

- We promote the transition from solid management into the sustainable growth with strategic invests; improving capital efficiency through 7,000 million yen investment and awareness of capital cost described in the plan.
- We, the management and employees across the Company, will positively accelerates initiatives, helped by favorable market response in regard to the plan.
- Regarding the progress on the Medium-Term Management Plan Sustainability X (FY2020 to FY 2022), profits of FY21 were increasing at each phases.

## 2-1. Positive Cycle caused by Disclosure of the Plan

- We have enthusiastically hammered out a transition from solid management to becoming a company that achieves sustainable growth considering strategic investments in the plan to meet the criteria. Favorable market response has provided a boost to our efforts, and the proactive attitude of the management and employees across the Company are accelerating initiatives.

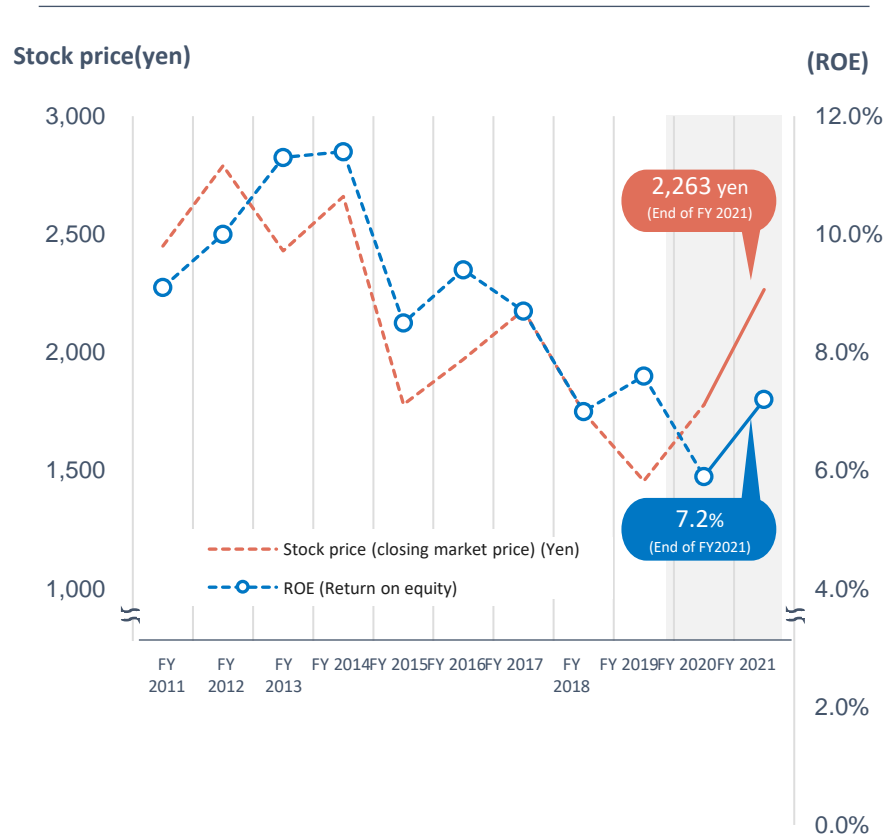
### Transition to becoming a company that achieves sustainable growth considering strategic investments



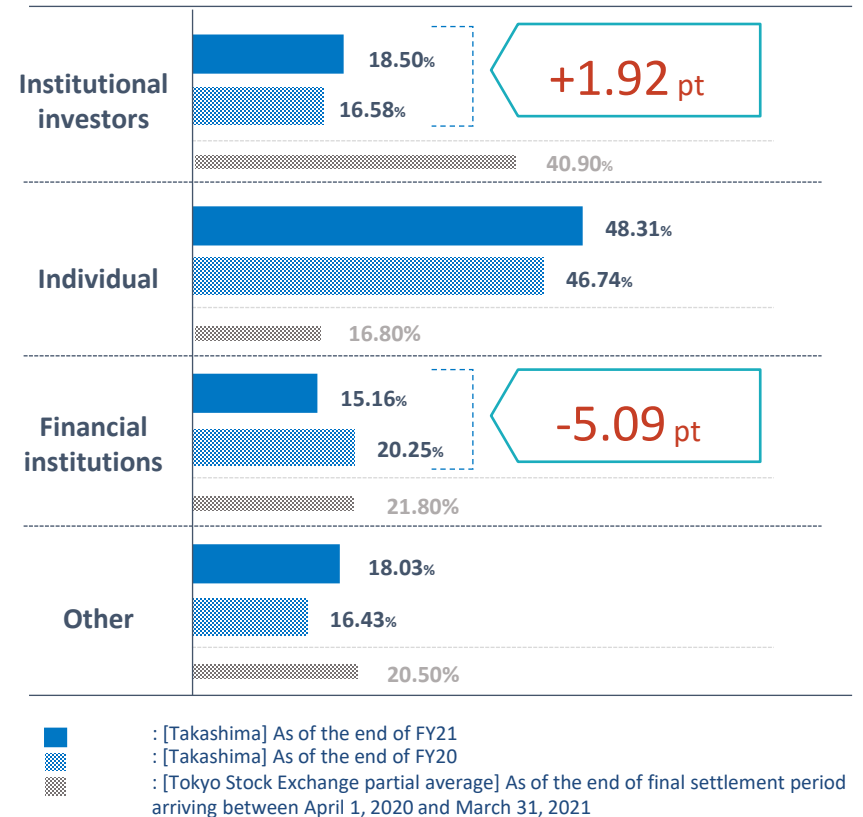
## 2-3. Evaluation in the Stock Market

- Since disclosing the plan to meet the criteria, **our capital allocation policy and measures to enrich shareholder returns have been praised, resulting in a recovering trend in our stock prices.**
- As for the shareholder composition, **institutional investors increased by 1.92 pt and financial institutions decreased by 5.09 pt.**

Stock price and ROE








Shareholder composition





## 2-4. Changes in Tradable Market Capitalization

- The stock price rose and the tradable share ratio improved slightly, resulting in improvements to the tradable market capitalization.
- In addition to sustainable growth and efforts to establish appropriate stock prices, through dialog with shareholders based on the Corporate Governance Code, we are endeavoring to improve the tradable share market capitalization.

| Index                                | June 30, 2021 <sup>*1</sup> |   | FY21                            | Main difference factors  |
|--------------------------------------|-----------------------------|---|---------------------------------|--|
| Listed number of stocks              | 4,546,173 shares            |    | 4,500,973 shares                | <b>Purchase and retirement of treasury shares: 45,200 shares</b>   |
| Tradable share ratio                 | 59.7%                       |    | 60.1%                           |  |
| Number of tradable shares            | 27,185 units                |    | 27,058 units                    | <b>Reduction of financial institution cross shareholdings: 99,500 shares</b><br>Increased ownership of industrial corporations: 64,000 shares<br>Purchase and retirement of treasury shares: 45,200 shares |
| Stock price                          | 1,764 yen                   |  | 2,345 yen <sup>*2</sup>         |  |
| Tradable share market capitalization | 4,790 million yen           |  | 6,340 million yen <sup>*2</sup> |  |

\*1: "Information On Primary Judgment Results Regarding meeting the criteria of continued listing" (Tokyo Stock Exchange, Inc., received July 9, 2021)

\*2: Provisional calculation by the Company. Stock prices are calculated as a period average based on the daily closing price from January to March 2022.

## 2-5. Changes in Trading Value

- Although the base date trading value did not meet the continued listing criteria, **since the plan to meet the criteria was disclosed, the monthly average trading value has remained above the criteria, and figures for the most recent three months have exceeded the criteria.**

End of June 2021

6.83 million yen <sup>\*1</sup>

End of  
December 2021

12.06 million yen <sup>\*2</sup>

(Average for January to December 2021)

End of March 2022

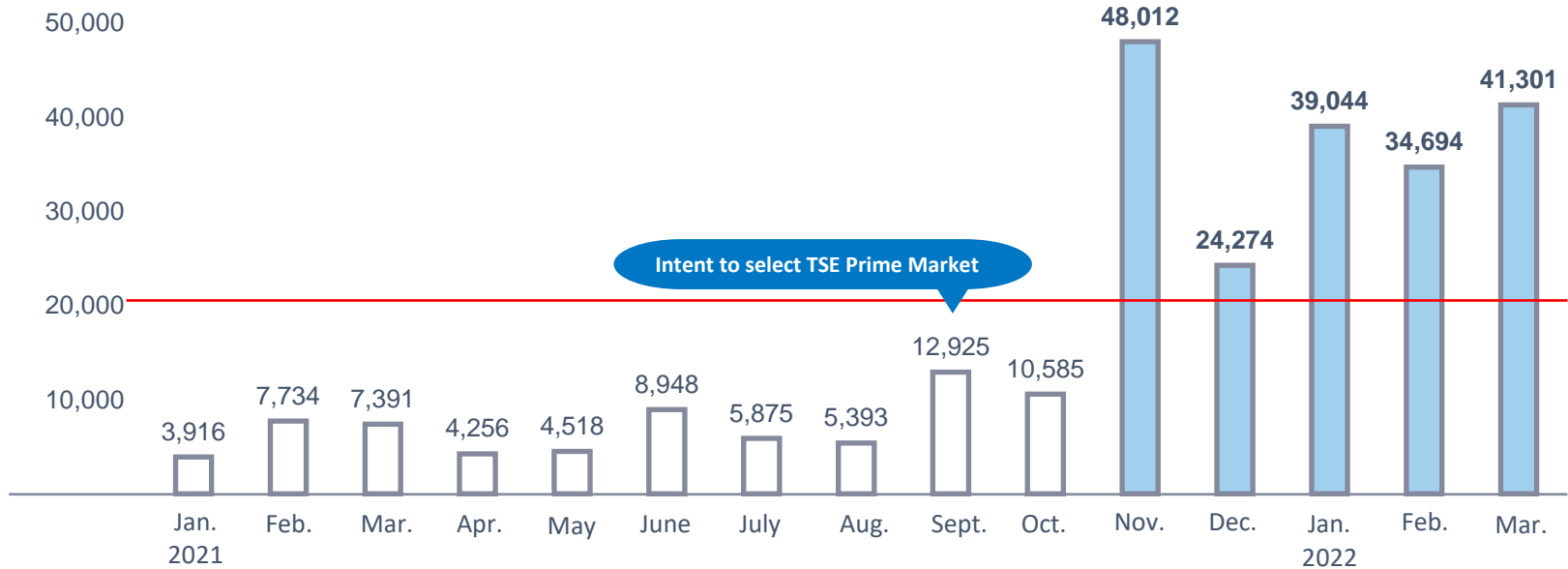
38.55 million yen <sup>\*2</sup>

(Average for January to March 2022)

### Monthly average trading value

Disclosed the plan to meet the criteria

(Thousands of yen)



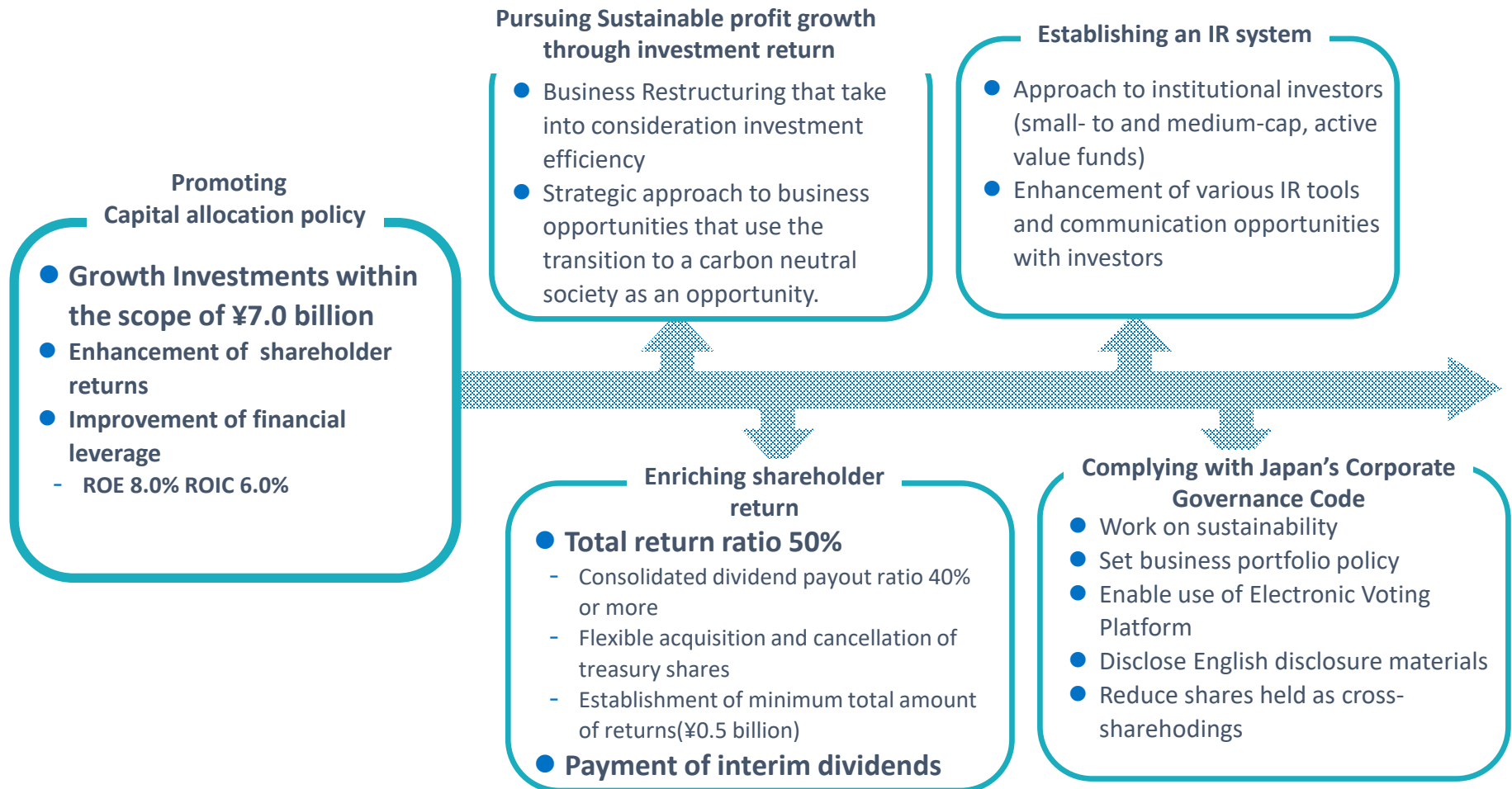
\*1: "Information On Primary Judgment Results Regarding meeting criteria of continued listing" (Tokyo Stock Exchange, Inc., received July 9, 2021)

\*2: Provisional calculation by the Company (period average calculated based on trading value throughout the day)

## 2-6. Basic Initiative Policy

- The plan to meet the criteria enacted five basic initiative policies to achieve the tradable share market capitalization and trading value requirements.

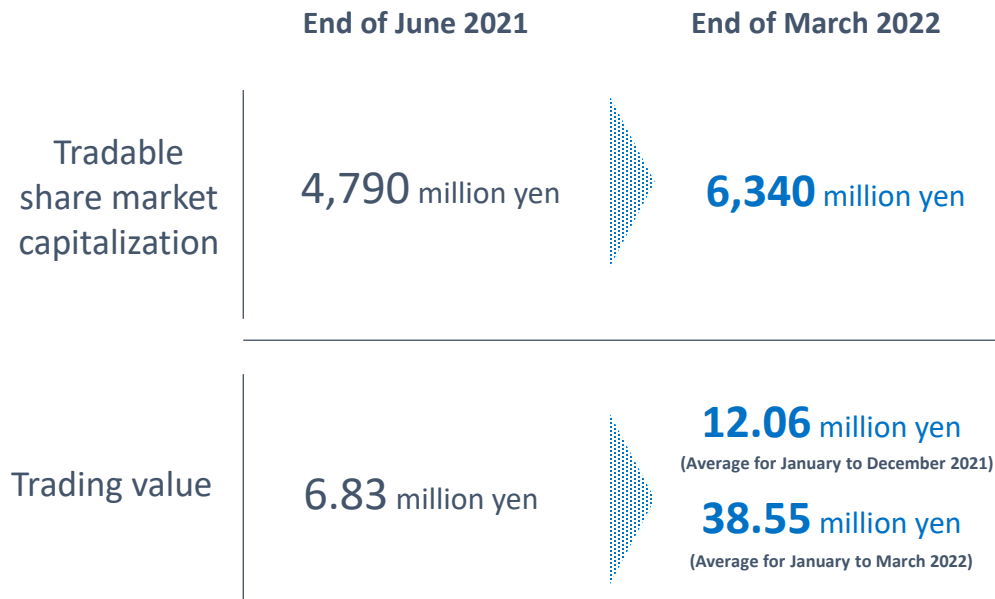
### Basic initiative policy for improving tradable share market capitalization and trading value



## 2-8. Evaluation considering implementation status

- Because of steadily carrying out the items stipulated in the plan to meet criteria, the tradable share ratio, stock price, and trading value are on an upward trend in regard to the tradable share market capitalization (10,000 million yen) and trading value (20 million yen) criteria, so we have determined that **there is no need to change the plan at the current point of time.**

### Changes in tradable share market capitalization and trading value requirements



### Evaluation

End of March 2022

- The items stipulated in the plan to meet are proceeding steadily according to plan
- For the tradable share market capitalization requirement, the tradable share ratio and stock price are on an upward trend
- Figures are on an upward trend for the trading value requirement as well

## Inquiries on this document

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### ■ 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.