

# To our shareholders

## Report for the 134th Fiscal Term

From April 1, 2021 to March 31, 2022

Securities Code: 8007

進化X適合

Progress X Fit

**TAK** Takashima & Co., Ltd.





President and Representative Director

**Koichi Takashima**

**Q1** Please tell us about this term's performance.

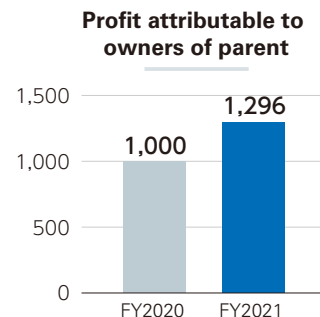
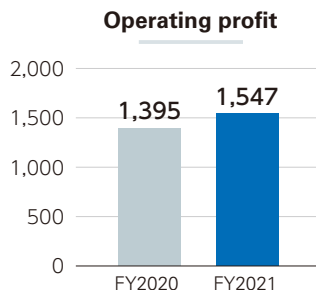
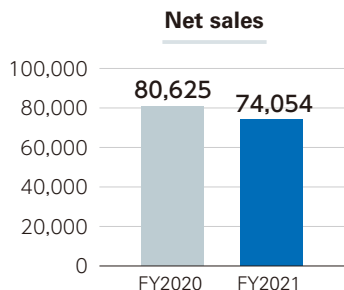
**A1** Profit in the fiscal year ended March 31, 2022 was ¥1,296 million due to a decrease in revenue and increase in profit, which almost achieved the targets in the medium-term management plan one year early.

Due to the impact of the Accounting Standard for Revenue Recognition, net sales decreased by 8.1% year on year to ¥74,054 million, and operating profit and ordinary profit both increased, with operating profit increasing by 10.9% year on year to ¥1,547 million and ordinary profit increasing by 21.6% year on year to ¥1,840 million.

Furthermore, profit attributable to owners of parent increased by 29.6% year on year to ¥1,296 million due to

the contributions to increased profits by the industrial materials segment, which contributed to profits in textile- and plastic-related fields, as well as by the electronic devices segment, the market of which was recovering from the impact of the novel coronavirus disease (COVID-19). ROE and ROIC, which have been set as management indicators, were 7.2% and 5.2%, respectively.

## Summary of consolidated statements of income (Millions of yen)



**Q2 Please tell us about the overview, numerical targets and status of progress of the medium-term management plan “Sustainability X (Cross).”**

**A2 Sustainability X (Cross) covers the next 10-year period in which we will expand the investments necessary for sustainable growth and adapt to the market. Under Sustainability X (Cross), we are proceeding with the reformation of our business portfolio. In the fiscal year ended March 31, 2022, we almost achieved profit of ¥1.3 billion, which is the target for the final year of the plan, one year early.**

Following the direction of “Sustainability 2020,” we have set “further evolution of the DANTOTSU Strategy [Becoming our customers’ best of the best],” “secure strong cost competitiveness through increased productivity” and “strengthen corporate governance” as important measures in the medium-term management plan Sustainability X (Cross), which started from the fiscal year ended March 31, 2021.

**Further evolution of the DANTOTSU Strategy:**

Specialization and concentration for providing solutions in fields related to energy-saving, weight-saving and labor-saving efforts, and evolution and deepening of the “DANTOTSU Strategy” of increasing professional functions and providing Takashima’s unique support functions to customers, which will lead to stable performance.

**Secure strong cost competitiveness through increased productivity:**

Work to proactively increase productivity through the new

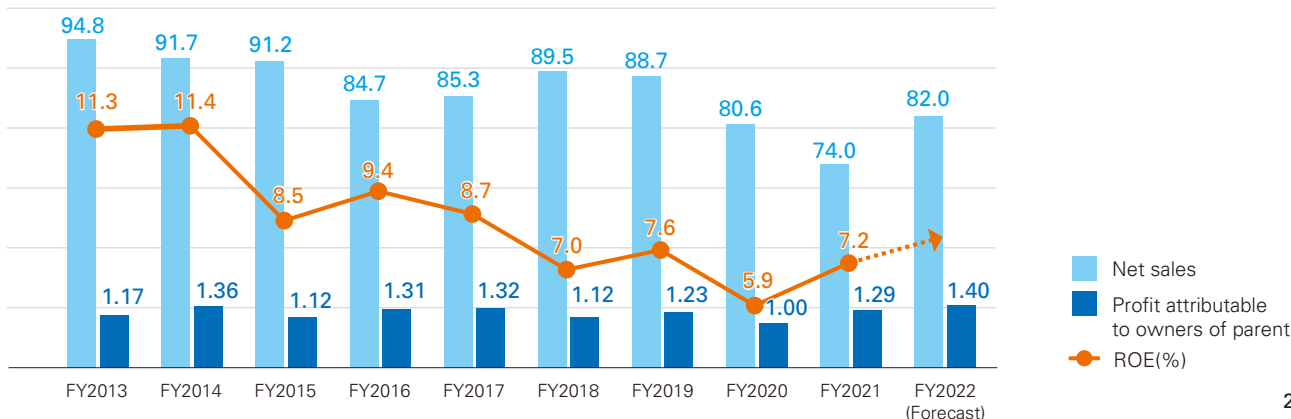
personnel system, which was introduced in April 2021, and the upgrade of core systems, which is planned for July 2022.

**Strengthen corporate governance:**

Continuously work to establish a system for “aggressive governance.”

As these important measures have borne fruit, in the fiscal year ended March 31, 2022, which is the second term of Sustainability X (Cross), we almost achieved ¥1.3 billion in profit attributable to owners of parent, which is the target for the final year of Sustainability X (Cross), one year early with a total of ¥1.29 billion in profit attributable to owners of parent. In the forecast for the fiscal year ending March 31, 2023, which is the final year of the plan, we have revised the forecast for profit upward from ¥1.3 billion to ¥1.4 billion.

**Net sales, profit attributable to owners of parent and ROE (10-year trends)** (Billions of yen)



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**Q3 Out of the new market segments of the Tokyo Stock Exchange, please tell us about the background for choosing the Prime Market and your will to meet the continued-listing criteria for the Prime Market.**

**A3 We understand that meeting the criteria of the Prime Market is the Group's big chance for a great leap.**

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Takashima & Co., Ltd. (the "Company") and its consolidated subsidiaries (collectively, the "Group") have sought to establish a stable financial base that will enable them to achieve sustainable growth. As a result, we have maintained a profit level of ¥1.0 billion over the past 10 years, and I believe that we have made progress in establishing "earning power" and a financial base.

It just so happens that at the next step, just when we were thinking about changing direction from sound management practice to a sustainably growing company, the COVID-19 pandemic came about. The fiscal year ended March 31, 2021 was a year where we prioritized stable management as there were companies whose management suffered severe damage due to the impact of COVID-19. We were forced to make our selection of a market segment just when we became able to predict to a certain extent the impact of the COVID-19 pandemic at the beginning of the fiscal year ended March 31, 2022. This was also the same time that we were thinking to convert to a sustainably growing company through the strategic investments we had initially intended to carry out.

Issues for the Company were tradable share market capital and average daily trading value, which were items the Company did not meet for the continued-listing criteria for the Prime Market. As a result of analyzing the current situation, such as the correlation between ROE and share prices, and considering specific measures while obtaining assistance from external advisors, the Company believed that it could achieve these two unsatisfied items. Then, we expressed that we would submit our plan to meet the continued-listing criteria for new market segments, proceed with various initiatives until the end of the fiscal year ending March 31, 2026, and work to meet the continued-listing criteria.

Going forward, we will not only continue to proceed with the initiatives for sustainable growth that we have been working on thus far, but also proactively proceed with growth investments while taking into consideration the cost of capital, and work with the aim of improving ROE and ROIC as well as sustainable profit growth through investment returns within the framework of the next medium-term management plan (fiscal years ending March 31, 2024 to 2026), which is being formulated. Moreover, we will also work on the enhancement of shareholder returns, establishment of an IR system, compliance with Japan's Corporate Governance Code, etc.

As a company that is suitable for listing on the Prime Market and that will both achieve sustainable growth and contribute to a sustainable society, we will focus on working even harder than we have thus far so that we can become an exciting company to our future employees as well as society in the future.

We hope that you look forward to the Group's rapid progress going forward.



[Prime Market] Status of meeting each of the continued-listing criteria for new market segments

Criteria		Number of tradable shares <b>20,000 units or more</b>	Tradable share market capital <b>¥10.0 billion or more</b>	Tradable share ratio <b>35% or more</b>	Trading value <b>¥20.0 million or more / day</b>
Status	June 30, 2021 *1 (Record date of transition)	27,185 units <b>Met</b>	¥4.79 billion <b>Not met</b>	59.7% <b>Met</b>	¥6.83 million <b>Not met</b>
	March 31, 2022	27,058 units <b>Met</b>	¥6.34 billion *2 <b>Not met</b>	60.1% <b>Met</b>	¥38.55 million *2 (Average amount from January to March 2022) <b>Met</b>

\*1 Calculated based on the distribution of the Company's shares, etc. ascertained by the Tokyo Stock Exchange as of June 30, 2021.

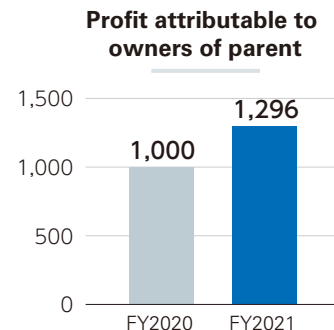
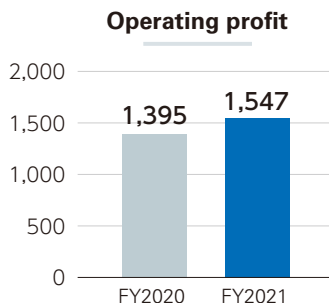
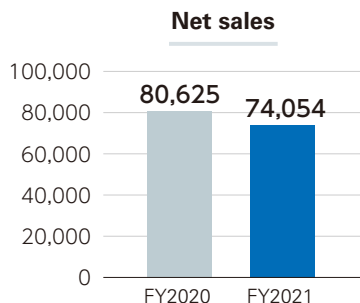
\*2 Estimated by the Company based on the distribution of the Company's shares, etc. in January to March 2022.

Basic initiative policy	<p><b>Promoting Capital allocation policy</b></p> <ul style="list-style-type: none"> <li>• Growth investments within the scope of ¥7.0 billion</li> <li>• Enhancement of shareholder returns</li> <li>• Improvement of financial leverage                             <ul style="list-style-type: none"> <li>– ROE 8.0% ROIC 6.0%</li> </ul> </li> </ul>	<p><b>Pursuing sustainable profit growth through investment returns</b></p> <ul style="list-style-type: none"> <li>• Business restructuring that takes into consideration investment efficiency</li> <li>• Strategic approach to business opportunities that use the transition to a carbon neutral society as an opportunity</li> </ul>	<p><b>Establishing an IR system</b></p> <ul style="list-style-type: none"> <li>• Approach to institutional investors (small- to medium-cap, active value funds)</li> <li>• Enhancement of various IR tools and communication opportunities with investors</li> </ul>
		<p><b>Enriching shareholder returns</b></p> <ul style="list-style-type: none"> <li>• Total return ratio 50%                             <ul style="list-style-type: none"> <li>– Consolidated dividend payout ratio 40% or more</li> <li>– Flexible acquisition and cancellation of treasury shares</li> <li>– Establishment of minimum total amount of returns (¥0.5 billion)</li> </ul> </li> <li>• Payment of interim dividends</li> </ul>	<p><b>Complying with Japan's Corporate Governance Code</b></p> <ul style="list-style-type: none"> <li>• Work on sustainability</li> <li>• Set the business portfolio policy</li> <li>• Enable use of Electronic Voting Platform</li> <li>• Disclose English disclosure materials</li> <li>• Reduce shares held as cross-shareholdings</li> </ul>

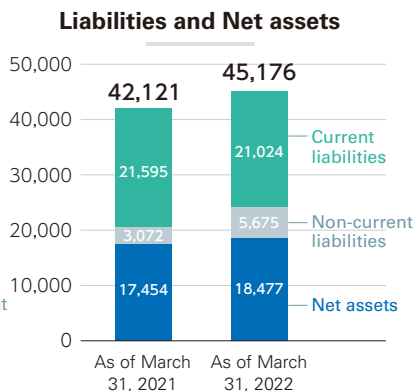
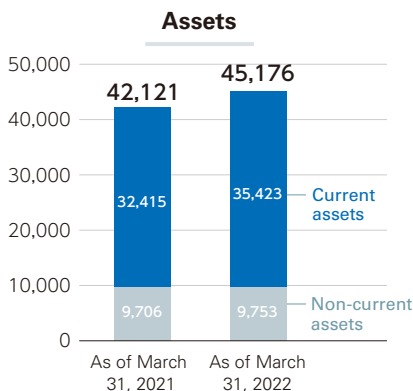
The Company is steadily proceeding with the plan for meeting the continued-listing criteria for the Prime Market and has judged that there is currently no need to make changes in order to meet the criteria by the end of the fiscal year ending March 31, 2026.

# Financial Highlights

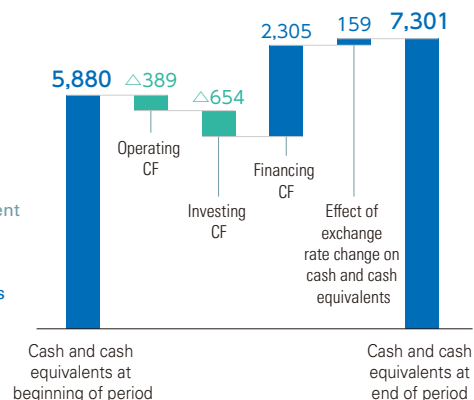
## Summary of consolidated statements of income (Millions of yen)



## Summary of consolidated balance sheets (Millions of yen)



## Summary of consolidated statements of cash flows (Millions of yen)



### Points

- 1 B/S** : Current assets increased by 9.3% to ¥35,423 million mainly due to increases in cash and deposits of ¥1,422 million and merchandise and finished goods of ¥1,122 million. Non-current liabilities increased by 84.7% to ¥5,675 million mainly due to an increase in long-term borrowings of ¥2,760 million.
- 2 C/F** : Net cash used in operating activities totaled ¥389 million due to an increase in inventories and a decrease in trade payables despite an increase from the recording of profit before income taxes. Net cash provided by financing activities totaled ¥2,305 million mainly due to an increase in long-term borrowings.

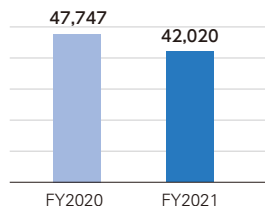
# Performance by segment

## Construction Supply Division

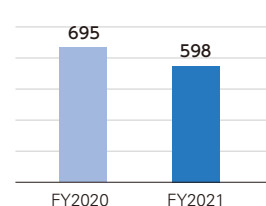
Net sales decreased due to the impact of the Accounting Standard for Revenue Recognition despite strong performance of orders, etc. for large-scale ground improvement work  
Segment profit decreased due to the increase of sales activities and the increase of system investments



Net sales (Millions of yen)

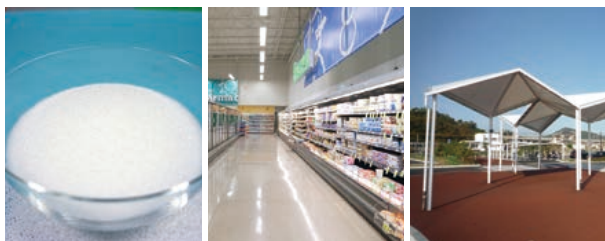


Segment profit (Millions of yen)

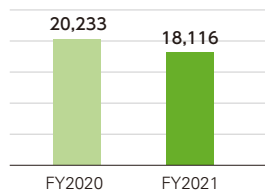


## Industrial Materials Division

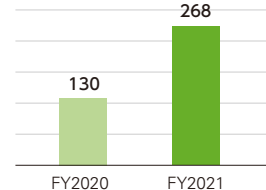
Net sales decreased due to the impact of the Accounting Standard for Revenue Recognition  
Segment profit increased due to contributions from textile- and plastic-related fields



Net sales (Millions of yen)

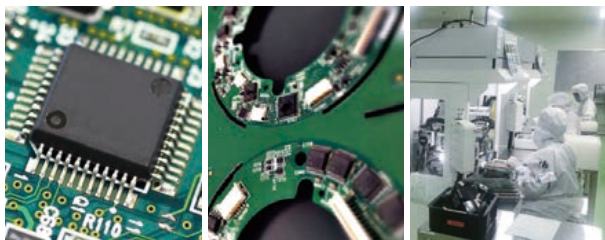


Segment profit (Millions of yen)

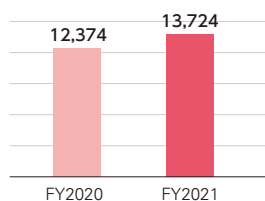


## Electronic Devices Division

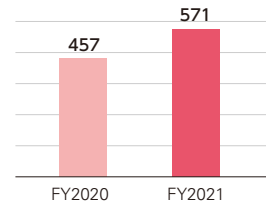
The market is recovering after the sudden downturn in the previous period due to the spread of COVID-19  
Net sales and segment profit both increased



Net sales (Millions of yen)



Segment profit (Millions of yen)



# Shareholder Returns

The Company's basic policy is to aim to be a sustainably growing company through strategic investments and expand growth investments while also taking into consideration capital efficiency and providing shareholder returns.

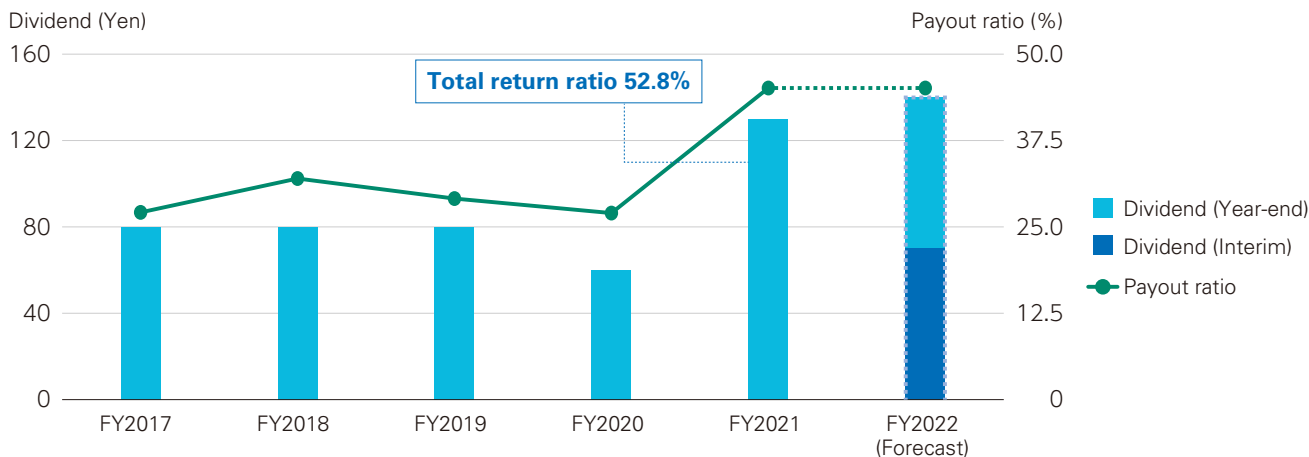
## Shareholder return policy

<b>Total return ratio 50%</b>	The Company will aim for a total return ratio of 50% through dividends and the acquisition and cancellation of treasury shares.
<b>Consolidated dividend payout ratio 40% or more</b>	The Company will pay dividends with a consolidated dividend payout ratio of 40% or more.
<b>Acquisition and cancellation of treasury shares</b>	After satisfying the dividend standard of a consolidated dividend payout ratio of 40% or more, the Company will flexibly acquire and cancel treasury shares for the target of 50% for the total return ratio.
<b>Establishment of minimum total amount of returns</b>	The Company will set the minimum total amount of returns at ¥0.5 billion with stable returns to shareholders in mind.
<b>Payment of interim dividends</b>	The Company has only paid year-end dividends thus far, but it will begin to pay interim dividends with the aim of increasing the number of opportunities for shareholder returns and invigorating trading on the stock market.

In the fiscal year ended March 31, 2022, the Company paid a year-end dividend of ¥130 per share (year-on-year increase of ¥70) for a consolidated dividend payout ratio of 45.1%. Furthermore, including the dividend of ¥130 per share, the total return ratio was 52.8% as a result of acquiring and canceling treasury shares (45,200 shares).

The Company plans to pay interim dividends from the fiscal year ending March 31, 2023, and forecasts a full year dividend for the fiscal year ending March 31, 2023 of ¥140 (interim dividend of ¥70, year-end dividend of ¥70), which is an increase of ¥10 per share.

## Trends of dividends and payout ratio







The Company has prepared the Integrated Report for all stakeholders, including shareholders and investors.

Please read through the Integrated Report, which can be downloaded from the Company's website.

Notice

# Integrated Report Website Renewal



The Company has carried out a complete renewal of its website and expanded its content so that shareholders can come to know the Company even better.

Going forward, the Company will work to further enhance its website in order to more appropriately communicate company information.

There will be no change to the domain (<https://www.taki.co.jp/>), but the URLs of individual pages may change.

If you have bookmarked the website, please update your bookmarks with the URLs for the new pages.

# Company Information (As of March 31, 2022)

## Profile

Company name	Takashima & Co., Ltd.
Representative	Koichi Takashima, President and Representative Director
Paid-in capital	¥3,801,274,262
Head office	2-2 Kandasurugadai, Chiyoda-ku, Tokyo, 101-8118, Japan TEL: +81-3-5217-7600 FAX: +81-3-5217-7601
Established	October 1, 1915
Incorporated	December 1, 1931
Fiscal year end	March 31
Number of employees	(Non-consolidated) 243 (Consolidated) 891
Qualifications	<ul style="list-style-type: none"> <li>Building lots and buildings trader license The Governor of Tokyo (2) No. 98508</li> <li>Construction licenses License issued by Minister of Land, Infrastructure, Transport and Tourism (Special-29) No. 1635 License issued by Minister of Land, Infrastructure, Transport and Tourism (Special-3) No. 1635</li> <li>Class 1 architectural office Registered with the Governor of Tokyo No. 36124 Registered with the Governor of Osaka (I) No. 7832 Registered with the Governor of Aichi (A-30) No. 7741</li> <li>First class consigned freight forwarding business Registered with Kanto District Transport Bureau Kanto Auto Cargo No. 1276</li> <li>ISO 14001 Certification All domestic offices JQA-EM3690</li> </ul>
Website	<a href="https://www.tak.co.jp/en/index.html">https://www.tak.co.jp/en/index.html</a>

## Directors and Executive Officers (As of June 23, 2022)

President and Representative Director, and Chief Executive Officer	Koichi Takashima
Director and Senior Managing Executive Officer	Yasutaka Takagaki
Director and Managing Executive Officer	Toshio Goto
Director and Managing Executive Officer	Akira Yamamoto
Director and Managing Executive Officer	Takahiro Suzuki
Outside Director (Full-time Audit and Supervisory Committee Member)	Akifumi Ujita
Outside Director (Audit and Supervisory Committee Member)	Yuji Momosaki
Outside Director (Audit and Supervisory Committee Member)	Ren Shino
Outside Director (Audit and Supervisory Committee Member)	Yasushi Aoki
Executive Officer	Tsutomu Miyamoto
Executive Officer	Hitoshi Uchiki
Executive Officer	Takahisa Tokumoto
Executive Officer	Tsutomu Nishida
Executive Officer	Masaya Sawaki
Executive Officer	Kenichi Yamada
Executive Officer	Masahiro Oshikawa
Executive Officer	Kango Saito

## Shares

Total number of authorized shares	14,000,000
Total number of outstanding shares	4,474,296 (excluding 26,677 shares of treasury shares)
Number of shareholders	4,422

## Major shareholders (Top 10 shareholders)

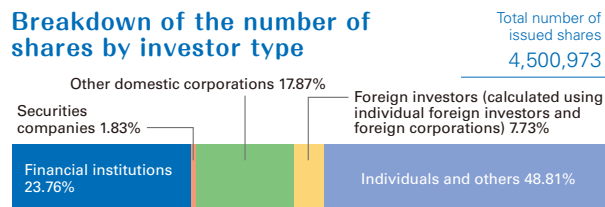
Name of shareholder	Number of shares held (Thousand shares)	Shareholding ratio (%)
Takashima Trading-Partner Shareholding Association	499	11.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	346	7.73
Heiwa Corporation	190	4.24
Tokio Marine & Nichido Fire Insurance Co., Ltd.	180	4.03
Sumitomo Mitsui Trust Bank, Limited	135	3.02
Tomohiro Yoshida	121	2.71
Sumitomo Mitsui Banking Corporation	108	2.41
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	106	2.38
Kuraray Co., Ltd.	100	2.24
Custody Bank of Japan, Ltd. (Trust Account)	99	2.23

(Notes) 1. Fractional shares have been rounded down to the nearest thousand shares.  
2. Shareholding ratio was calculated using the total number of outstanding shares after excluding treasury shares and rounded down to two decimals.

## Breakdown of the number of shareholders by investor type



## Breakdown of the number of shares by investor type



(Note) Number of shareholders and number of shares both include treasury shares in "Individuals and others."

# Takashima Group Network (As of March 31, 2022)

Domestic office

Group company

## Domestic offices

Tokyo Head Office  
Osaka Branch  
Nagoya Branch  
Hokkaido Office  
Tohoku Office  
Chugoku Office  
Shikoku Office  
Kyushu Office

### iTak (International) Limited

Sales of electronic components and devices, production technologies, quality control support

### iTak International (Shenzhen) Limited

Sales support for electronic components and devices

### iTak International (Shanghai) Limited

Sales of electronic components and devices

### TAKASHIMA (U.S.A.), INC.

Sales of industrial material textiles and other clothing

### TAKCEL Co., Ltd.

Manufacturing and sales of plastic molded products

### iTak International (Vietnam) Co., Ltd.

Manufacturing and sales of electronic components

### iTak International (Malaysia) Sdn. Bhd.

Sales of electronic components and devices

### iTak International (Thailand) Limited

Manufacturing and sales of electronic components and devices

### Hi-Land Inc.

Development, manufacturing and sales of garment manufacturing of processed products, design and processing of membranes, and sales of logistics materials for industrial and medical applications

### Takashima Robot Marketing Co., Ltd.

Rental and sales of collaborative robots

### iTak International (Japan) Co., Ltd.

Sales of electronic components and devices, production technologies, quality control support

### HIT Engineering Co., Ltd.

Housing electrical construction business, smart house business

### Rest Corporation

Production and construction of toilet booths

### CLS Corporation

Sales of various materials, such as artificial leather and synthetic leather, and products

### Doryoku Co., Ltd.

Development of installation support structures for solar power generation systems

To our shareholders:

Securities Code: 8007

June 23, 2022

2-2 Kandasurugadai, Chiyoda-ku, Tokyo

**Takashima & Co., Ltd.**

Koichi Takashima, President and Representative Director

## Notice of Resolutions of the 134th Annual General Meeting of Shareholders

We hereby announce that the items outlined below were reported and resolved at the 134th Annual General Meeting of Shareholders of Takashima & Co., Ltd. held today.

### Items reported:

1. Reports on the Business Report and Consolidated Financial Statements for the 134th Fiscal Term (April 1, 2021 to March 31, 2022), and results of audits by the Financial Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements. The contents of the above Business Report, Consolidated Financial Statements and results of audits were duly reported.
2. Reports on the Non-consolidated Financial Statements for the 134th Fiscal Term (April 1, 2021 to March 31, 2022). The contents of the above Non-consolidated Financial Statements were duly reported.

### Items resolved:

#### **Proposal No. 1 Partial Amendment to the Articles of Incorporation**

This proposal was approved and adopted as originally proposed.

#### **Proposal No. 2 Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)**

This proposal was approved and adopted as originally proposed. Koichi Takashima, Yasutaka Takagaki, Toshio Goto, Akira Yamamoto, and Takahiro Suzuki were elected as Director and each of them assumed office.

#### **Proposal No. 3 Election of Four Directors Who Are Audit and Supervisory Committee Members**

This proposal was approved and adopted as originally proposed. Akifumi Ujita, Yuji Momosaki, Ren Shino, and Yasushi Aoki were elected as Director who are Audit and Supervisory Committee Member and each of them assumed office.

## Shareholder Memo

### **Fiscal year**

From April 1 of each year to March 31 of the following year

### **Annual General Meeting of Shareholders**

Late June of each year

### **Record date**

Annual General Meeting of

Shareholders and year-end dividend: March 31 of each year

Interim dividend: September 30 of each year

Other necessary times will be announced in advance and the record date will be set.

**Share unit** 100 shares

**Website** <https://www.tak.co.jp/en/index.html>

### **Shareholders' register manager and account management institution for special accounts**

Sumitomo Mitsui Trust Bank, Limited

1-4-1 Marunouchi, Chiyoda-ku, Tokyo

### **Mailing address (Inquiry information)**

Sumitomo Mitsui Trust Bank, Limited

Stock Transfer Agency Business Planning Department

2-8-4 Izumi, Suginami-ku, Tokyo, 168-0063, Japan

TEL: 0120-782-031 (Toll free, available only in Japan)

## Notice

Please submit an application to the securities company at which your account is located for address changes, requests to sell shares less than one share unit, etc.

For applications concerning address changes, requests to sell shares less than one share unit, etc. for shareholders who have opened a special account due to not having an account at a securities company as well as the payment of unpaid dividends for all shareholders, please call to toll free number for Sumitomo Mitsui Trust Bank, Limited or go to the company's website, both of which are on the left side of the page.