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# Fiscal Year Ending March 31, 2024(FY23) Second Quarter Financial Briefing

**Takashima & Co., Ltd.** Securities Code 8007

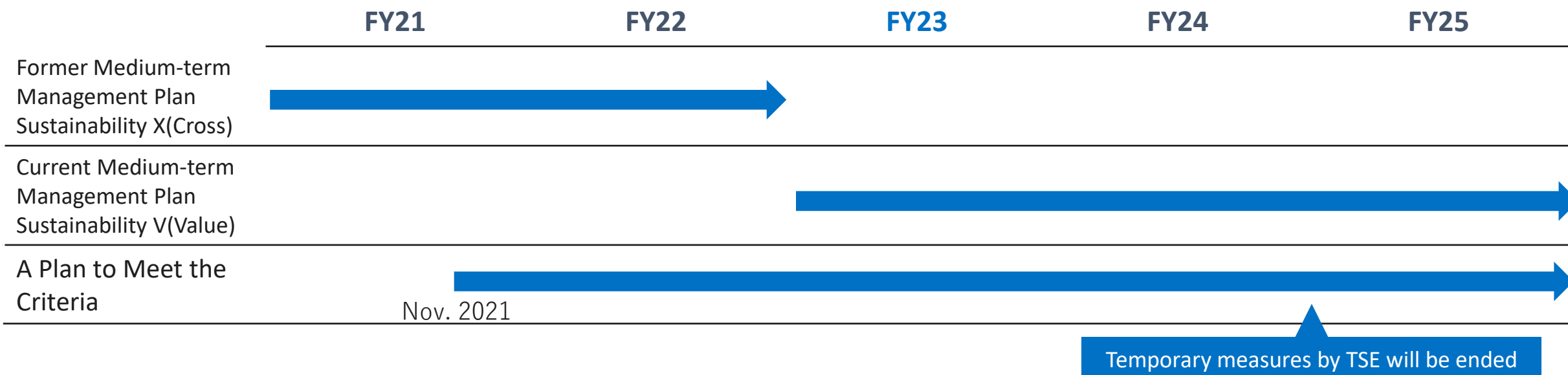
November 30, 2023



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

- 1 | FY23 2Q Financial Highlights**
- 2 | FY23 Consolidated Performance Forecast**
- 3 | Shareholder Return**
- 4 | Our Current Status to Meet the Continuous-listing Criteria of Tokyo Stock Exchange Prime Market**

- For us, this year is the third year of our plan to meet the criteria for maintaining our listing in the new market classification (A Plan to Meet the Criteria), in which we decided to change the direction of our business from solid management to sustainable growth.
- Similarly, the first year of the medium-term management plan Sustainability V (Value)
- To summarize our current situation, we are steadily implementing the commitments made in the plan to meet the criteria, raising our market capitalization, and achieving solid performance for sustainable growth.



# 1. FY23 2Q Financial Highlights

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## ➤ Financial results with increased sales and profit

Net Sales  
**¥42,010M**  
 YoY +8.2%

Operating Profit  
**¥1,018M**  
 YoY+70.6%

Ordinary Profit  
**¥1,171M**  
 YoY +68.6%

Net Profit attributable to owners of parent  
**¥720M**  
 YoY +41.5%

## ➤ Revised consolidated forecasts for the fiscal year ending March 31, 2024

Net Sales  
**¥94,000M**  
 YoY +18.0%

Operating Profit  
**¥2,300M**  
 YoY +30.3%

Ordinary Profit  
**¥2,400M**  
 YoY +23.7%

Net Profit attributable to owners of parent  
**¥1,700M**  
 YoY +7.2%

## ➤ Dividend per share for the year ending March 31, 2024 : Interim dividend **increased**; year-end dividend unchanged

Interim Dividends (Before Share Split)  
 Forecast ¥70.00 ⇒ **¥80.00** (Increase ¥10)

Year-end Dividends Forecast  
 (After Share Split)  
**¥25.00** (After 4 splits, unchanged)

- ✓ Net sales increased 8.2% year on year to 42,010 million yen due to strong sales in the construction supply and industrial materials segments, despite lower sales in the electronics and devices segment.
- ✓ Operating profit increased 70.6% YoY to 1,018 million yen.
- ✓ Ordinary profit increased 68.6% YoY to 1,171 million yen.
- ✓ Net profit attributable to owners of the parent increased 41.5% YoY to 720 million yen.

(Unit: Millions of Yen)

	FY22 2Q	<b>FY23 2Q</b>	Amount of change	YoY
Net Sales	38,817	<b>42,010</b>	3,193	8.2%
Cost of Sales	34,449	<b>36,141</b>	1,691	4.9%
Gross Profit	4,368	<b>5,869</b>	1,501	34.4%
SG&A	3,771	<b>4,851</b>	1,079	28.6%
Operating Profit	596	<b>1,018</b>	421	70.6%
Operating Profit Ratio	1.5%	<b>2.4%</b>	0.9pt	-
Ordinary Profit	694	<b>1,171</b>	476	68.6%
Net Profit Attributable to Owners of Parent	509	<b>720</b>	211	41.5%

The end of FY22  
(Mar.31, 2023)

Total Assets:¥53,060M

Equity ratio:36.8%

**¥6,568M**

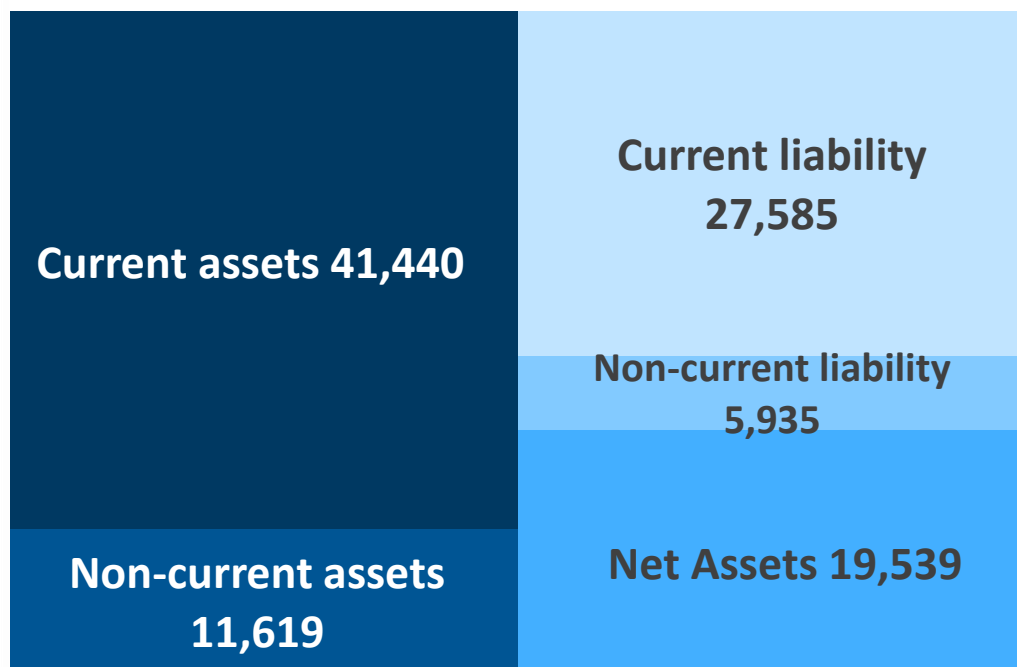
**-2.2pt**

The end of 2Q of FY23  
(Sep. 31, 2023)

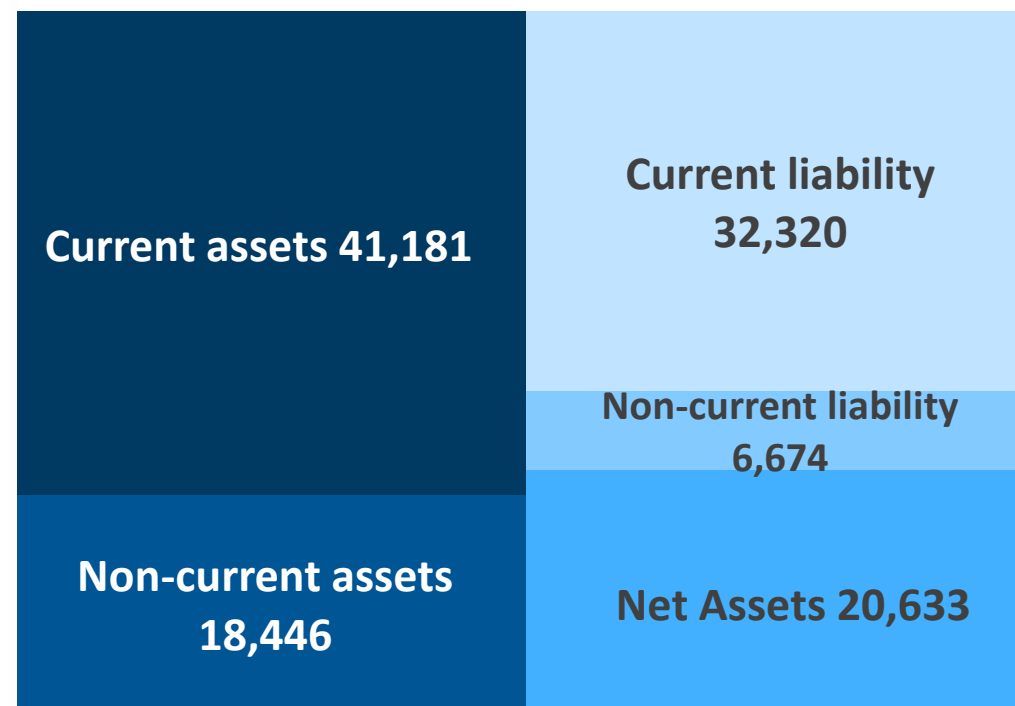
Total Assets:¥59,628M

Equity ratio:34.6%

(Unit: Millions of Yen)



(Unit: Millions of Yen)



(Unit: Millions of yen)

Main Factors of Change

	FY22	FY 23 2Q	Amount of change	Ratio of change
Assets				
Current assets				
Cash and deposits	7,791	5,709	-2,082	-26.7%
Notes and accounts receivable - trade, and contract assets	26,260	27,823	1,563	6.0%
Total current assets	41,440	<b>41,181</b>	-258	-0.6%
Non-current Assets				
Property, plant and equipment	4,707	6,204	1,497	31.8%
Intangible assets				
Goodwill	1,069	6,252	5,182	484.5%
Total intangible assets	1,662	6,843	5,180	311.6%
Investment and other assets				
Investment securities	3,050	3,262	212	7.0%
Total investments and other assets	5,249	5,398	149	2.8%
Non-current assets	11,619	<b>18,446</b>	6,827	58.8%
Total assets	53,060	59,628	6,568	12.4%



# Consolidated Performance B/S

(Unit: Millions of yen)

	FY22	FY23 2Q	Amount of change	Ratio of change
<b>Liabilities</b>				
Current liabilities				
Notes and accounts payable trade	15,277	16,238	960	6.3%
Electronically recorded obligations – operating	5,735	5,487	-248	-4.3%
Short-term borrowings	3,548	7,875	4,326	121.9%
<b>Total current liabilities</b>	27,585	<b>32,320</b>	4,734	17.2%
Non-current liabilities				
Long-term borrowings	3,347	3,947	599	17.9%
<b>Total non-current liabilities</b>	5,935	<b>6,674</b>	739	12.5%
<b>Total liabilities</b>	33,520	38,995	5,474	16.3%
<b>Net assets</b>				
Shareholders' equity				
Share capital	3,801	3,801	–	0.0%
Retained earnings	12,482	12,758	275	2.2%
Total shareholders' equity	17,874	18,167	293	1.6%
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	704	1,065	360	51.1%
Foreign currency translation adjustment	555	990	435	78.5%
Total accumulated other comprehensive income	1,665	2,465	800	48.1%
<b>Total net assets</b>	19,539	<b>20,633</b>	1,093	5.6%
<b>Total liabilities and net assets</b>	53,060	59,628	6,568	12.4%

Main Factors of Change

# Consolidated Performance C/F

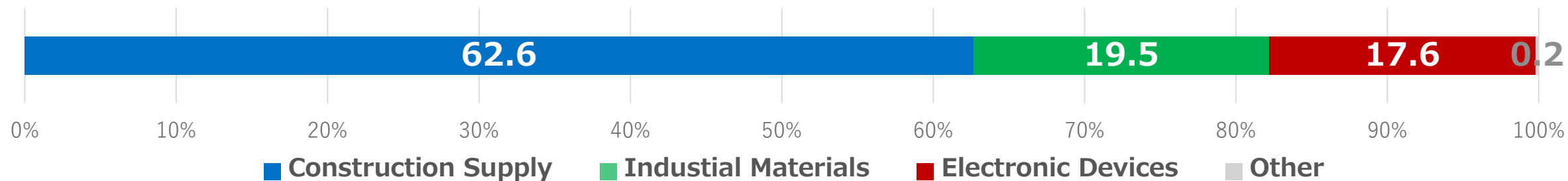
(Unit: millions of yen)

	FY22 2Q	FY23 2Q	Amount of change
Cash flows from operating activities			
Profit before income taxes	775	1,359	584
Depreciation	261	346	85
Amortization of goodwill	—	187	187
Loss (gain) on sale of investment securities	-110	-301	-190
Decrease (increase) in trade receivable	-3,887	-172	3,714
Decrease (increase) in inventories	-1,344	-195	1,149
Increase (decrease) in trade payables	3,841	-145	-3,986
<b>Net cash provided by (used in) operating activities</b>	<b>-487</b>	<b>-124</b>	<b>362</b>
Cash flows from investing activities			
Purchase of property, plant and equipment	-316	-256	60
Purchase of intangible assets	-152	-73	79
Proceeds from sale of investment securities	190	685	495
<b>Net cash provided by (used in) investing activities</b>	<b>-300</b>	<b>-4,167</b>	<b>-3,866</b>
Net cash provided by (used in) investing activities			
Net increase (decrease) in short-term borrowings	241	2,392	2,151
Repayments of long-term borrowings	-120	-197	-77
Purchase of treasury shares	-1	-2	0
Dividends paid	-581	-444	137
<b>Net cash provided by (used in) financing activities</b>	<b>-556</b>	<b>2,052</b>	<b>2,608</b>
Net increase (decrease) in cash and cash equivalents	-1,157	-2,083	-925
Cash and cash equivalents at beginning of period	7,301	7,772	470
<b>Cash and cash equivalents at end of period</b>	<b>6,144</b>	<b>5,688</b>	<b>-455</b>

Main Factors of Change

# Net sales configuration by segment

FY23 2Q Net Sales ¥42,010M



## Construction Supply Segment

The company handles a variety of commercial products related to construction and building construction, including wall materials, foundation piling methods, insulation materials, solar panel-related materials, and interiors for large, non-residential buildings and residential buildings. We have established a sales and construction network to provide a wide range of solutions from planning and design to construction.



## Industrial Materials segment

We handle a wide variety of commercial materials, including textile materials, plastic materials, and functional materials. We and our group companies collaborate in design, manufacturing, processing, and sales to provide combined value to our customers.



## Electronic Devices Segment

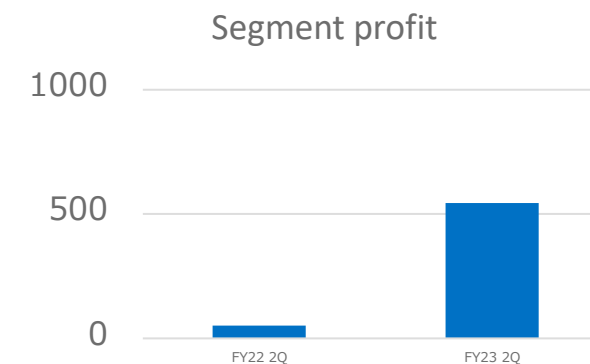
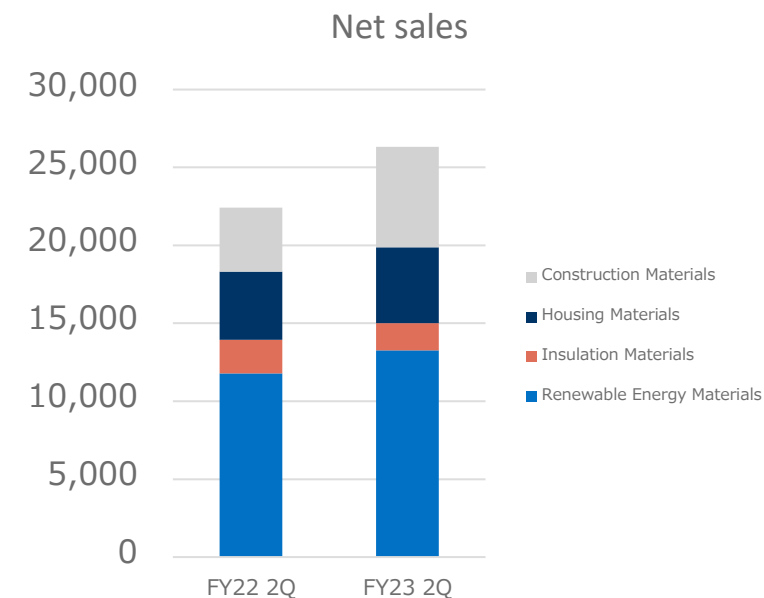
In devices, we are engaged in the electronic component sales business, procuring and supplying electronic components from manufacturers, mainly in Asia, in response to customer needs. Assembly is engaged in the contract manufacturing business, utilizing its own factory in Thailand to perform board mounting (EMS) for white goods and a wide range of other products.



- Overall construction supply segment sales increased 17.4% to 26,313 million yen.
- Segment profit increased 966.4% to 544 million yen

(Unit: Millions of yen)

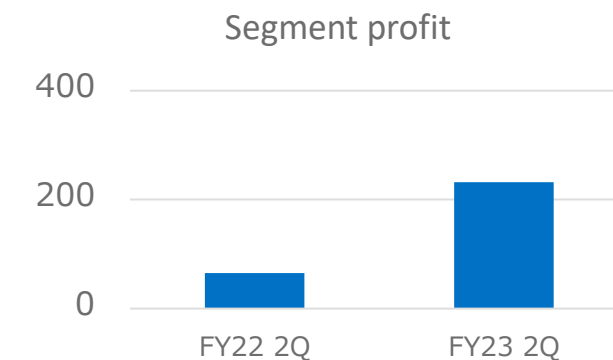
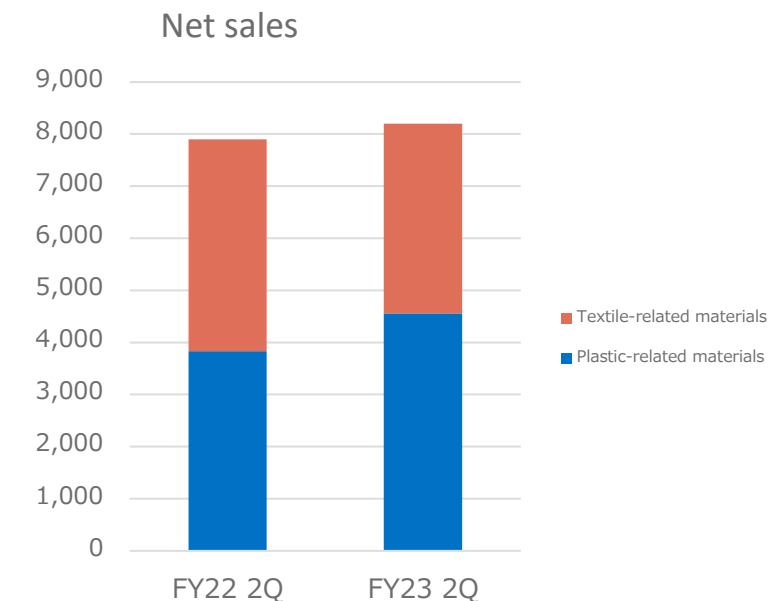
	FY22 2Q	FY23 2Q	Amount of change	YoY
Construction Materials	11,793	13,265	1,472	12.5%
Housing Materials	2,145	1,748	-397	-18.5%
Insulation Materials	4,386	4,857	470	10.7%
Renewable Energy Materials	4,087	6,441	2,354	57.6%
Segment net sales	22,413	26,313	3,900	17.4%
Segment operating profit	51	544	493	966.4%
Ratio of profit	0.2%	2.1%	1.8pt	-



- Overall sales in the industrial materials segment increased 3.8% to 8,198 million yen.
- Segment profit increased 252.8% to 232 million yen.

(Unit: Millions of yen)

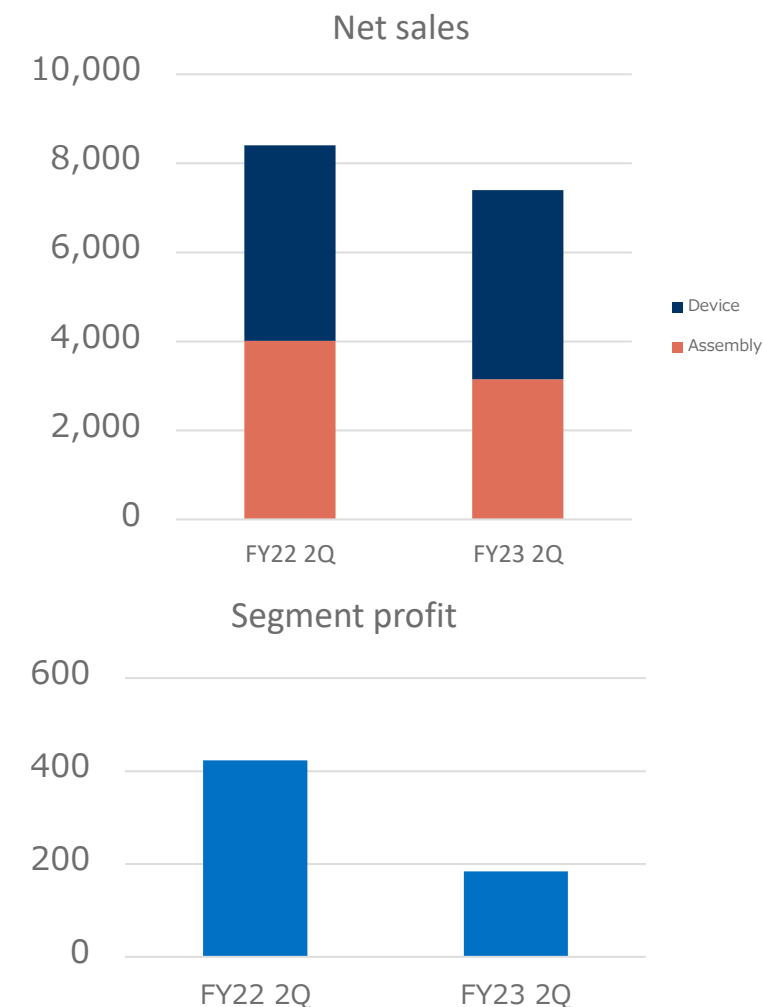
	FY22 2Q	FY23 2Q	Amount of change	YoY
Plastic-related materials	3,833	4,557	724	18.9%
Textile-related materials	4,062	3,640	-422	-10.4%
Segment net sales	7,896	8,198	302	3.8%
Segment operating profit	65	232	166	252.8%
Ratio of profit	0.8%	2.8%	2.0pt	-



- Overall sales in the Electronic Devices and Components segment declined 12.0% to 7,401 million yen.
- Segment profit declined 56.3% to 184 million yen.

(Unit: Millions of yen)

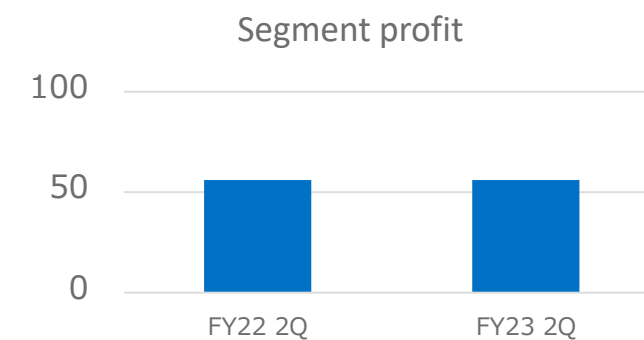
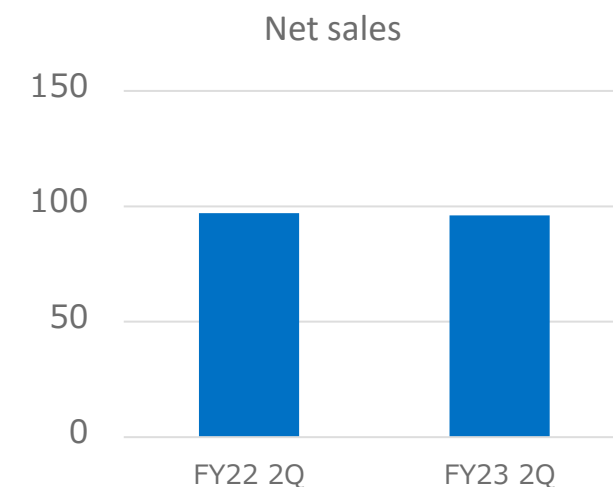
	FY22 2Q	FY23 2Q	Amount of change	YoY
Device	4,009	<b>3,147</b>	-862	-21.5%
Assembly	4,400	<b>4,254</b>	-146	-3.3%
Segment net sales	8,410	<b>7,401</b>	-1,008	-12.0%
Segment operating profit	423	<b>184</b>	-238	-56.3%
Ratio of profit	5.0%	<b>2.5%</b>	-2.5pt	-



- No change in real estate owned by the Company from the previous period, and both net sales and segment profit remained unchanged.

(Unit: Millions of yen)

	FY22 2Q	FY23 2Q	Amount of change	YoY
Segment net sales	97	96	-0	-0.9%
Segment operating profit	56	56	-0	-0.3%
Ratio of profit	58.4%	58.8%	0.3pt	-



## 2. FY23 Full-year Consolidated Performance Forecast

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# FY23 Consolidated Performance Forecast



- We revised our forecasts upward, taking into account the acquisition of Gansu Corporation in June 2023 and our performance in the second quarter of the fiscal year ending March 31, 2024.

(Unit: Millions of yen)

	FY23 Former forecast (A)	FY23 Revised forecast (B)	Amount of change (B-A)	Ratio of change (%)	Results for the previous period (C)	Amount of change (B-C)	Ratio of change (%)
Net sales	89,000	<b>94,000</b>	<b>5,000</b>	<b>5.6</b>	79,683	14,316	18.0%
Operating profit	1,800	<b>2,300</b>	<b>500</b>	<b>27.8</b>	1,764	535	30.3%
Operating profit ratio	2.0%	<b>2.4%</b>	<b>0.4pt</b>	-	2.2%	0.2pt	-
Ordinary profit	1,900	<b>2,400</b>	<b>500</b>	<b>26.3</b>	1,939	460	23.7%
Profit attributable to owners of parent	1,600	<b>1,700</b>	<b>100</b>	<b>6.3</b>	1,585	114	7.2%

# Revision of consolidated forecasts by segment for FY23

- We revised forecasts for construction supply and industrial materials segments.

(Unit: Millions of yen)

	FY23 Former forecast (A)	FY23 (B) Revised forecast	Amount of change (B-A)	Ratio of change (%)	Result for FY22 (C)	Amount of change (B-C)	Ratio of change (%)
<b>Net sales</b>	89,000	<b>94,000</b>	<b>5,000</b>	<b>5.6%</b>	79,683	14,316	18.0%
Construction Supply	54,600	<b>59,350</b>	<b>4,750</b>	<b>8.7%</b>	44,511	14,838	33.3%
Industrial Materials	18,750	<b>19,000</b>	<b>250</b>	<b>1.3%</b>	17,677	1,322	7.5%
Electronic Devices	15,450	<b>15,450</b>	—	<b>0.0%</b>	17,301	-1,851	-10.7%
Real Estate Leasing	200	<b>200</b>	—	<b>0.0%</b>	193	6	3.1%
<b>Operating profit</b>	1,800	<b>2,300</b>	<b>500</b>	<b>27.8%</b>	1,764	535	30.3%
Construction Supply	840	<b>1,320</b>	<b>480</b>	<b>57.1%</b>	611	708	115.8%
Industrial Materials	400	<b>420</b>	<b>20</b>	<b>5.0%</b>	23	396	1,692.7%
Electronic Devices	450	<b>450</b>	—	<b>0.0%</b>	1,014	-564	-55.7%
Real Estate Leasing	110	<b>110</b>	—	<b>0.0%</b>	114	-4	-4.0%

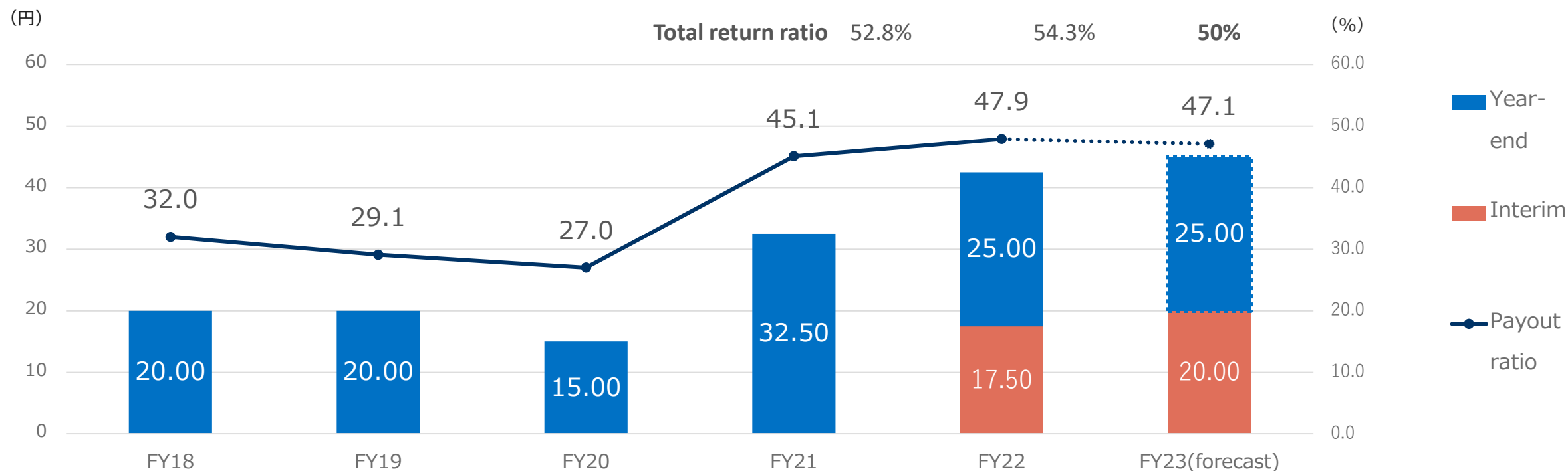
## 3.Shareholder Return

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## Basic Policy

Consolidated dividend payout ratio of 40% or more - Total return ratio of 50%  
 Lower limit of total return amount: 500 million yen

### Transition of dividend per share and dividend payout ratio



Note: the dividend amount prior to the interim dividend for the fiscal year ending March 31, 2024, is converted to the dividend amount after the stock split.

## 4. Our Current Status to Meet the Continuous-listing Criteria of Tokyo Stock Exchange Prime Market

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- The company has already invested 8.95 billion yen through the second quarter of the fiscal year ending March 31, 2024, out of a total investment limit that has been increased to over 10 billion yen.
- Investments with investment returns will continue to be made.

	Results (FY21 – FY23 2Q)
M&A	<p><b>¥7.09Bn</b></p> <p>Three M&amp;As (New Energy Distribution System Inc. Sinbou Edix Co., Ltd. , Gansui Corporation M&amp;A Consideration Costs</p>
Plant & Equipment	<p><b>¥1.09Bn</b></p> <p>Investment in maintenance, renewal and enhancement of own plants and facilities</p>
Human assets, IT, others	<p><b>¥0.77Bn</b></p> <p>Recruit/Engagement Survey Core system renewal Enhancement of IR</p>
<b>Invested amount</b>	<b>¥8.95Bn</b>

## New Energy Distribution System (Dec. 2022)

- One of the nation's leading renewable energy-related construction and installation companies with a nationwide construction and installation network.



## Sinbou Edix Co., Ltd (Dec. 2022)

- Based in Nagano Prefecture, the company handles disaster prevention supplies such as simple tents for evacuation shelters, and has the strength to respond to government needs.




## Gansui Corporation (Jul. 2023)

- Foundation Reinforcement and Ground Improvement in the Residential and Non-Residential Markets
- Providing high-level expertise and services based on a high level of professionalism.
- Leading company in Okayama and other Chugoku and Shikoku regions



# Overview of Gansui Corporation, which became a subsidiary through M&A

Name	Acquisition data	Segment	Acquisition cost	Goodwill
 岩水開発株式会社 Gansui Corporation	June 2, 2023	Construction Supply	¥5 Bn	¥5.37Bn (provisional figure)

## Financial Result of Fiscal year ended July 2022

Net sales	¥6,292M
Operating profit	¥294M
Ordinary profit	¥605M
Net profit	¥474M
Net assets	¥1,098M
Total assets	¥6,078M

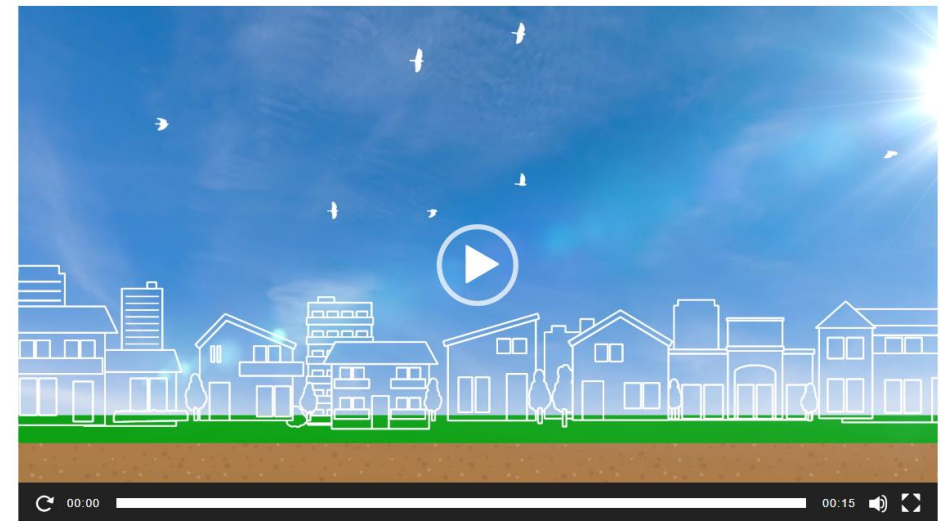




Name	Gansui Corporation
Founded	August 5, 1965
Incorporation	July 28, 2021
Share Capital	¥110,000,000
Representative	Masahiro Oshikawa
Number of Employee	174 (Included related company)
Located	18-18, Fukuyoshityou, Minami, Okayama-city, Okayama
Business	-Ground Survey Business -Building Ground Improvement Business -Civil Engineering Site Improvement Business -N-Plus FC (Headquarters) Ground remediation business for construction
Related company	Naruto-SP Industries Co., Ltd.

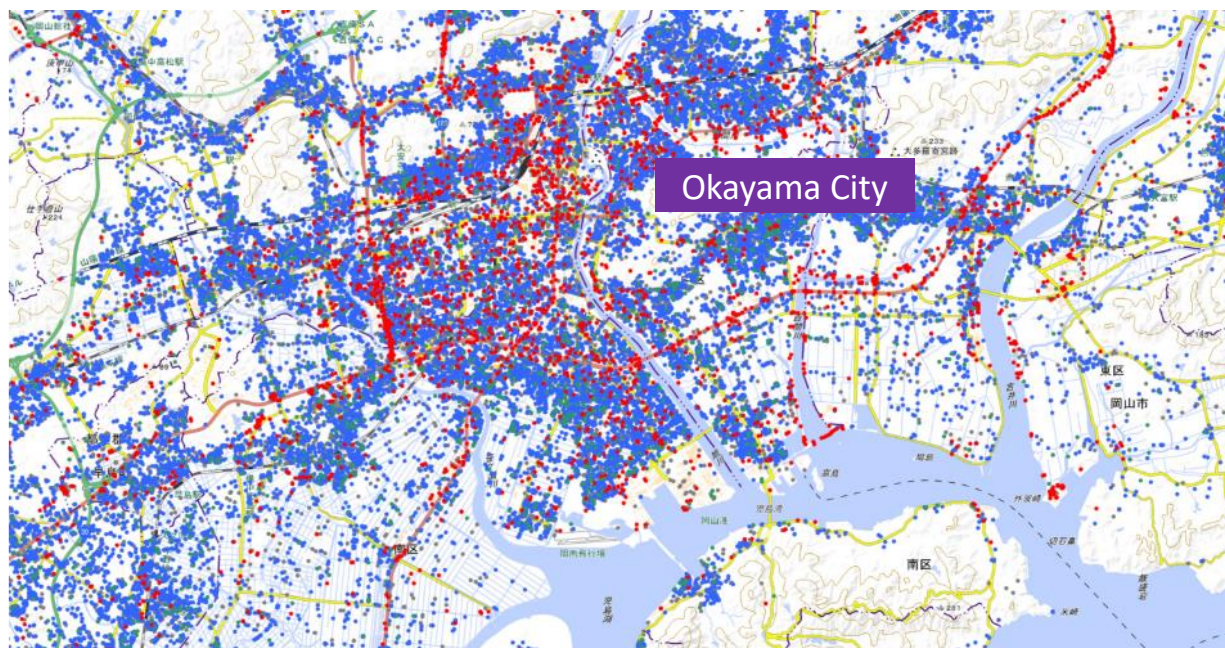
Gansui Corporation TVCM

<https://www.youtube.com/watch?v=Uns-NRbot7M>



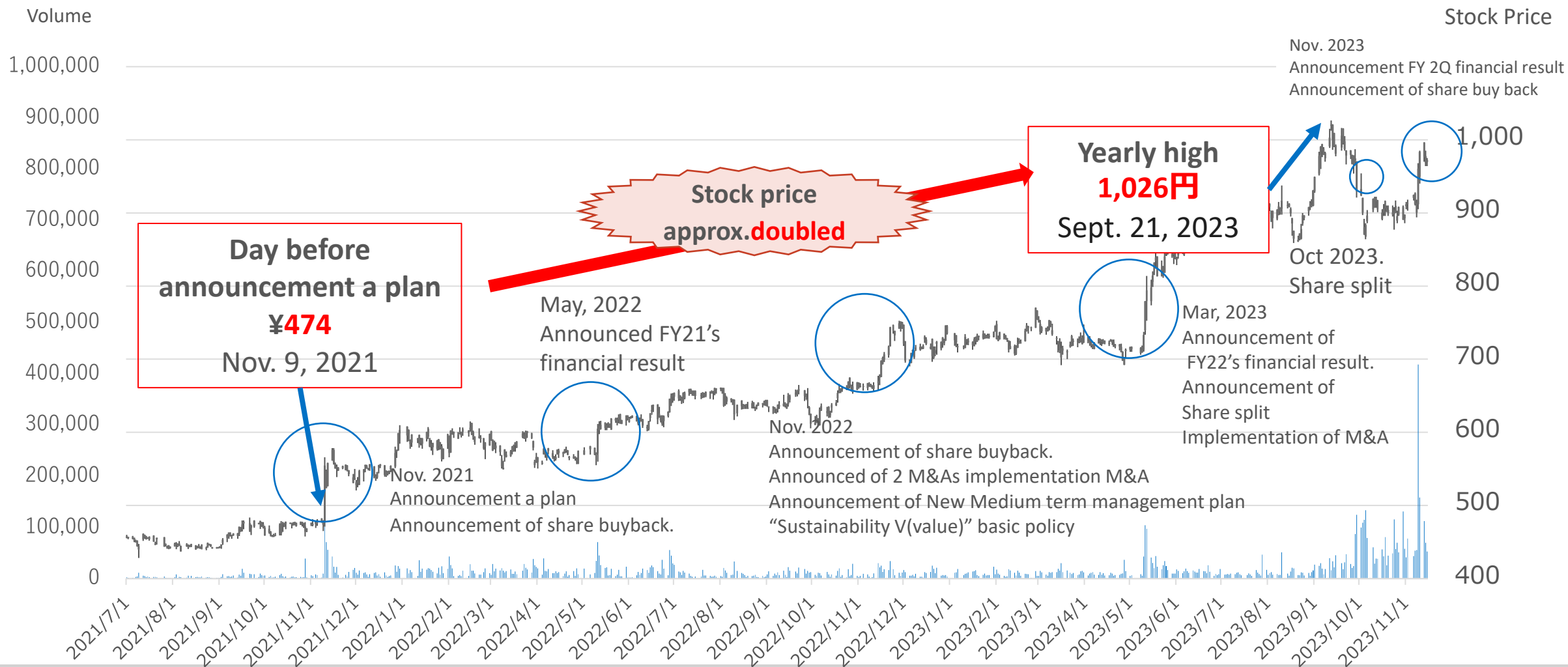
- Gansui Corporation has established itself as a leading company in the Chugoku and Shikoku regions by providing total solutions for ground improvement and ground investigation, including design and construction.
- Especially in Okayama Prefecture, which has developed as a reclaimed land, we have gained a large share of the ground improvement market and boast an overwhelming presence.
- We will pursue synergies between the design and construction functions of the Company and Gansui to achieve further growth.

This picture show some of the areas where we have done construction so far.



# Transition of stock price after the announcement of our plan to meet the criteria

- Steady implementation of the commitment items in the basic policy of a plan to meet the criteria resulted in a steady increase in the stock price.
- We will continue to take actions to enhance corporate value in order to achieve a tradable market capitalization of 10 billion yen.



➤ **Status of meeting the criteria for maintaining prime market listing as of March 31, 2023**

Average closing price from January to the end of March 2023	Tradable market capitalization
¥2,919 (Before share split) ¥729 (Considering After 4-division conversion)	¥8.24Bn

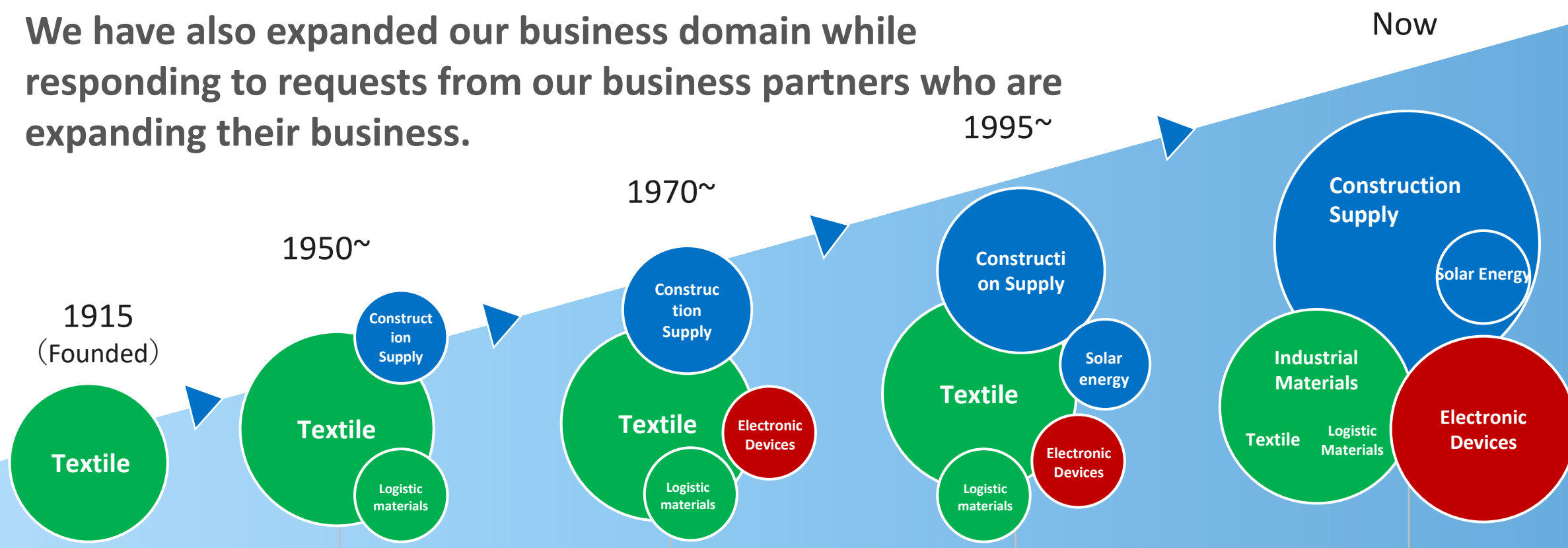
➤ **Status of meeting the criteria for continued-listing prime market as of October 31, 2023 (in-house calculation)**

Average closing price from August 2023 to the end of October 2023	Tradable market capitalization
<b>¥926</b> (Considering After 4-division conversion)	<b>¥10.71Bn</b>

Note: Tradable market capitalization = Number of listed share\* Ratio of tradable share\* share price  
 The number of listed shares is calculated based on the number of shares after the stock split.  
 Share prices are calculated using the adjusted average closed share price after the October 1 stock split.

Number of listed share (Number of shares after implementation of the October 1, 2023 stock split)	17,865,092
Tradable share	64.74%

We have also expanded our business domain while responding to requests from our business partners who are expanding their business.



Our sales force was highly evaluated by a textile manufacturer, and we entered the logistics materials and construction supply business together with the textile manufacturer when it diversified into other businesses.

Our sales force was highly evaluated by a consumer electronics manufacturer, a logistics materials customer, and we entered the electronic device business.

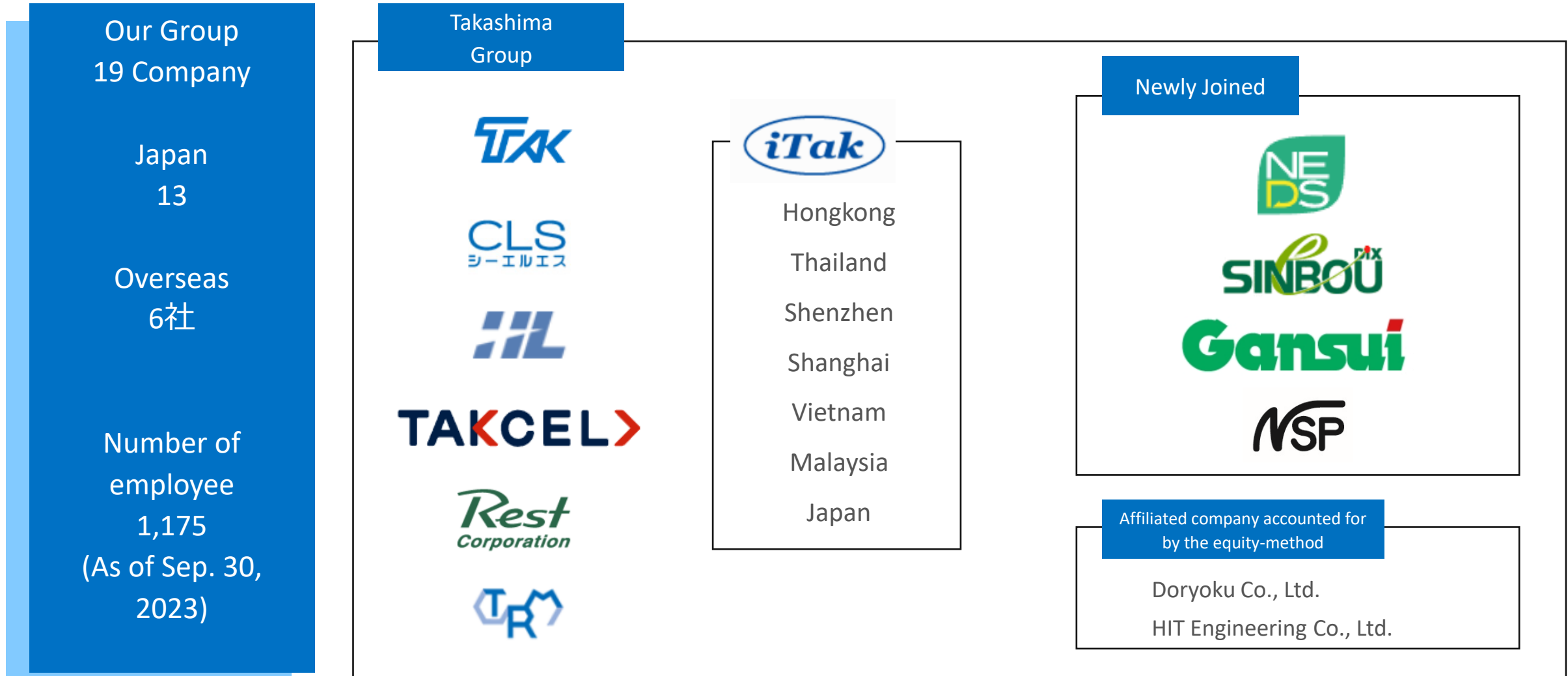
Our sales force was highly evaluated by a consumer electronics manufacturer that does business in electronics and devices, and we entered the photovoltaic power generation business.

### Current three-division structure

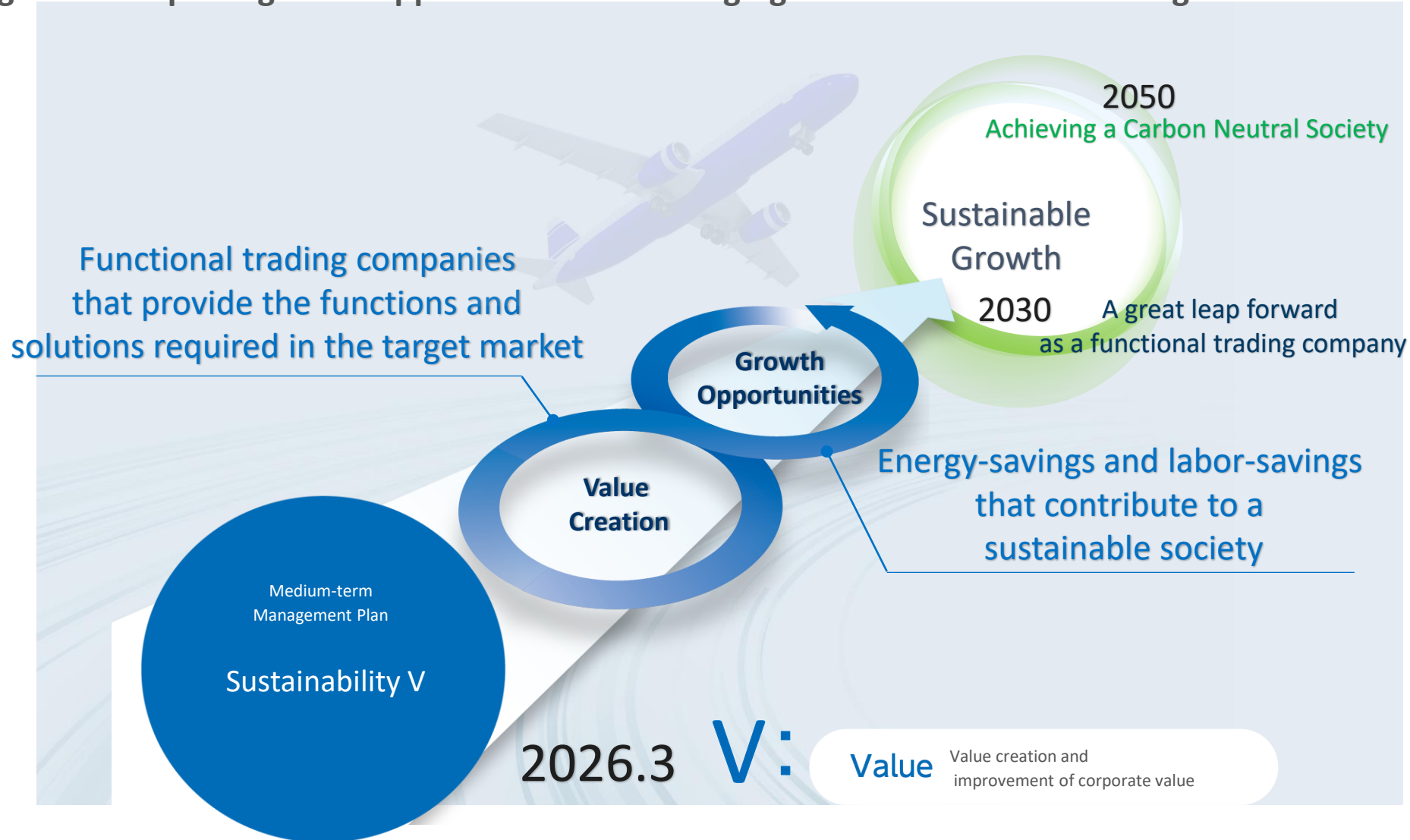
Consolidated net sales **¥79.6Bn** for FY22

- Composition of net sales
- Construction Supply 56%
- Industrial Materials: 22%
- Electronic Devices: 22%

- Takashima Group steadily expands its group with two M&As in December 2022 and one in June 2023
- Aiming for sustainable growth by enhancing synergies within the group



“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)".



2026.3

V:

Value

Value creation and improvement of corporate value

## 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.