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Fiscal Year Ending March 31, 2025(FY24) First Half Financial Briefing

Takashima & Co., Ltd. Securities Code 8007

November 29, 2024



Takashima & Co., Ltd.

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“Sustainability V (Value)”**

1. FY24 H1 Financial Highlights

➤ Consolidated financial results for FY24 H1: Increase sales and decrease profits

Net sales ¥46,392M YoY +10.4%	Operating profit ¥908M YoY (8.9)%	Ordinary profit ¥833M YoY (27.6)%	Profit attributable to owners of parent ¥482M YoY (32.0)%
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➤ FY24 consolidated financial forecast

Net sales ¥94,000M YoY +4.3%	Operating profit ¥2,000M YoY +14.4%	Ordinary profit ¥2,000M YoY (0.2)%	Profit attributable to owners of parent ¥1,600M YoY (66.9)%
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➤ Forecast of dividend per share

Dividend:¥80.00 Interim :¥40.00 Year-end:¥40.00	Payout ratio : 85.8% Total return ratio : 100%
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Consolidated Performance: P/L

- ✓ Sales increased in all three segments. ¥46,392M, up 10.4 % year-on-year
- ✓ Operating profit decreased due to an increase in SG&A expenses resulting from an increase in the number of consolidated subsidiaries and an increase in amortization of goodwill and customer-related assets. ¥908M, down 8.9 year-on-year
- ✓ Ordinary income decreased mainly due to an increase in foreign exchange losses resulting from the depreciation of local currencies at overseas subsidiaries. ¥833M, down 27.6% year-on-year.
- ✓ Profit attributable to owners of the parent decreased because the company did not sell any investment securities in the current interim period, while a gain on sales of investment securities was recorded in the same period of the previous year. ¥482M, down 32.0% year-on-year

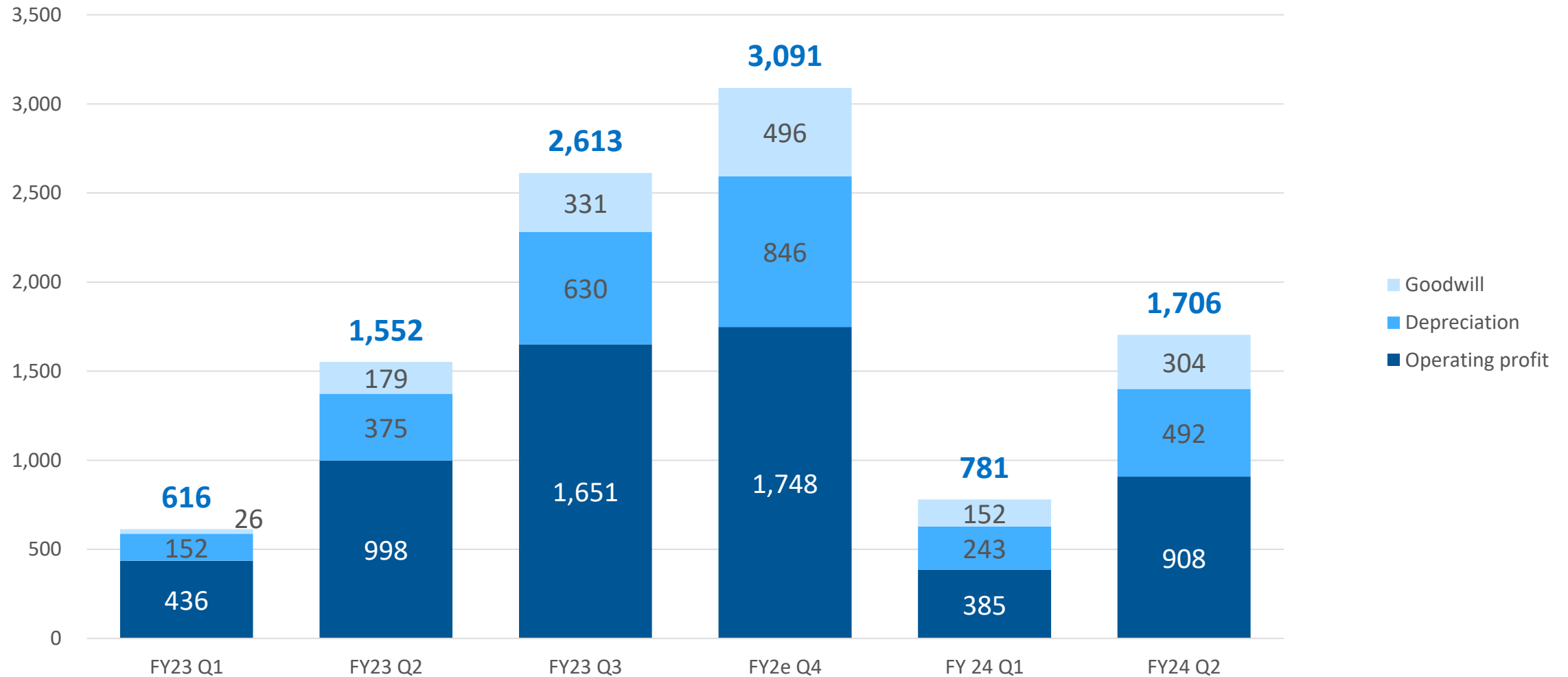
(unit: millions of yen)

	FY23 H1	FY24 H1	Amount of change	Ratio of change
Net sales	42,010	46,392	4,381	10.4%
Cost of sales	36,141	40,100	3,959	11.0%
Gross profit	5,869	6,291	422	7.2%
SG&A	4,871	5,383	511	10.5%
Operating profit	998	908	(89)	(8.9)%
Operating profit margin	2.4%	2.0%	(0.4)pt	-
Ordinary profit	1,151	833	(317)	(27.6)%
Profit attributable to owners of parent	709	482	(226)	(32.0)%
EBITDA	1,552	1,706	153	9.9%

Transition of EBITDA

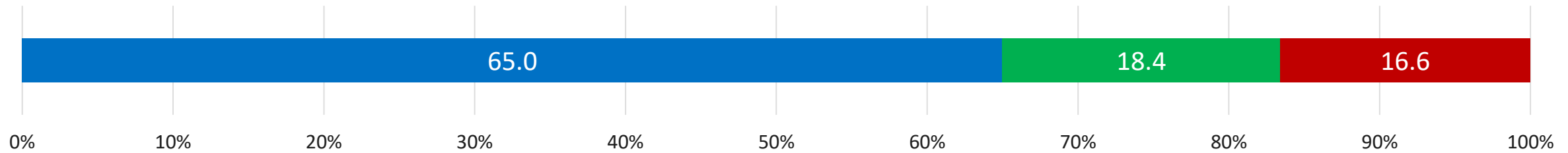
✓ EBITDA increase YoY ¥1,706M, YoY 9.9%

(Millions of yen)



Our Three Business Segments

Net sales configuration by segment



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.



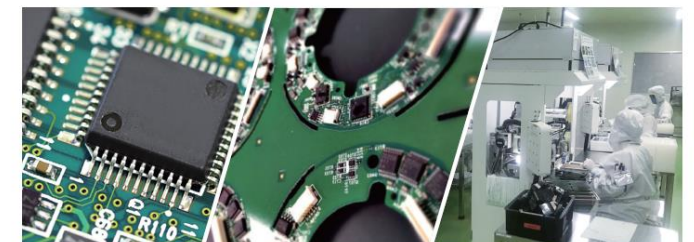
Industrial Materials segment

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.



Information About Segments

<Segment sales>

(Unit: Millions of yen)

Segment	FY23 H1	FY24 H1	Amount of change	Amount of ratio
Construction Supply	26,315	30,178	3,863	14.7%
Industrial Materials	8,205	8,547	341	4.2%
Electronic Devices	7,412	7,682	270	3.6%
Real Estate Leasing	88	—	(88)	(100.0)%
Total	42,021	46,408	4,386	10.4%
Adjustment amount	(11)	(15)	(4)	—
Amount recorded in consolidated financial statements	42,010	46,392	4,381	10.4%

*Adjustments represent elimination of intersegment transactions.

<Segment Profit>

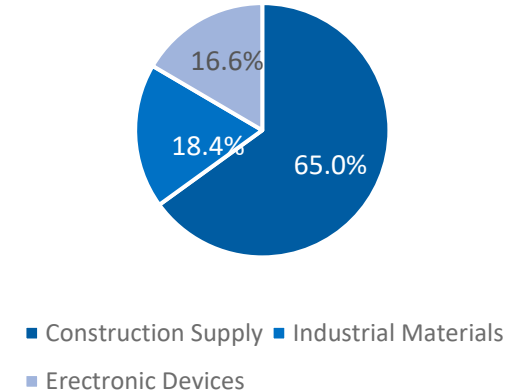
(Unit: Millions of yen)

Segment	FY23 H1	FY24 H1	Amount of change	Amount of ratio
Construction Supply	972	670	(302)	(31.1)%
Industrial Materials	341	441	99	29.3%
Electronic Devices	205	363	157	76.8%
Real Estate Leasing	51	—	(51)	(100.0)%
Total	1,571	1,475	(96)	(6.1)%
Adjustment Amount	(573)	(566)	6	—
Amount recorded in consolidated financial statements	998	908	(89)	(8.9)%

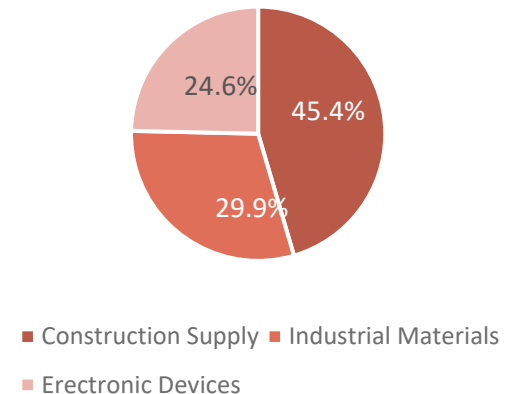
*Adjustments are elimination of intersegment transactions and corporate expenses not allocated to each reportable segment.

FY24 H1

Segment sales composition



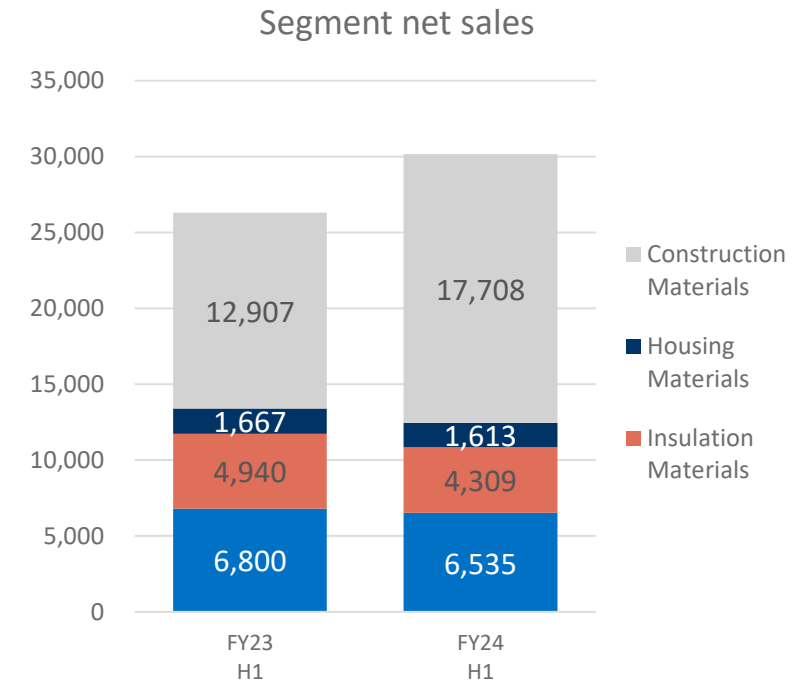
Segment profit composition



- ✓ In the construction materials field, sales increased due to the acquisition of large projects and the contribution of Gansui Corporation, which became a consolidated subsidiary in June 2023, for six months in this period, compared with two months in the same period of the previous fiscal year.
- ✓ Sales in the insulation materials field decreased due to sluggish market shipments in the housing market, and sales in the renewable energy materials field decreased due to a review of focused sales partners.
- ✓ Segment income decreased due to lower profitability of some properties in the construction materials field and higher overhead costs in this segment

(Unit: millions of yen)

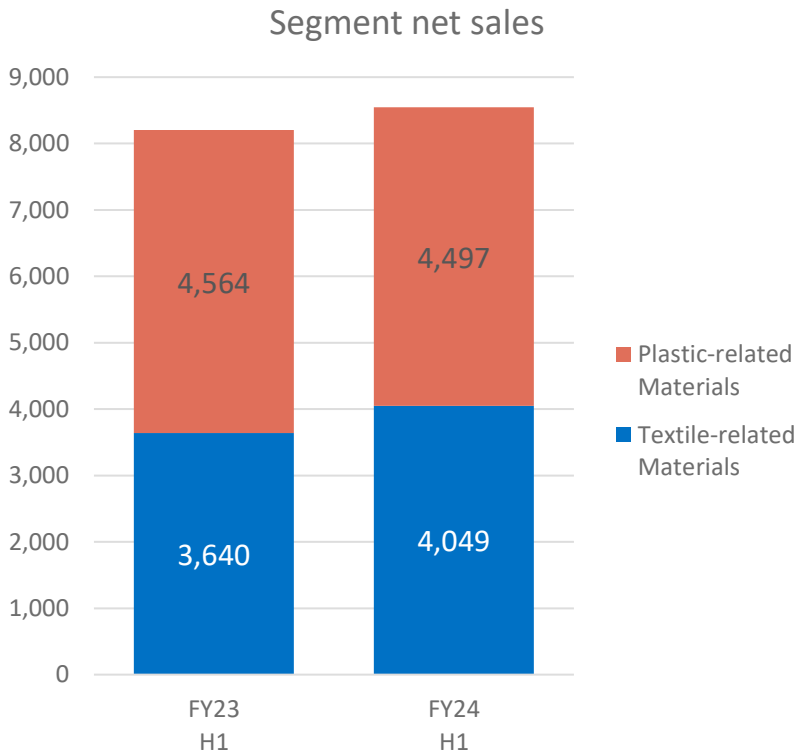
	FY23 H1	FY24 H1	Amount of change	Ratio of change
Construction Materials	12,907	17,708	4,801	37.2%
Housing Materials	1,667	1,613	(53)	(3.2)%
Insulation Materials	4,940	4,309	(630)	(12.8)%
Renewable Energy Materials	6,800	6,535	(265)	(3.9)%



- ✓ In the Plastic-related materials field, orders increased mainly for automobile parts and logistics materials for electronic and precision equipment parts, but sales decreased due to the sale of Takashima Robot Marketing Co., Ltd.
- ✓ Sales of textile-related materials increased due to recovery in heavy fabric-related products, especially truck materials, and increased demand for equipment for the Ministry of Defense.
- ✓ Overall segment sales increase in the textile-related materials field contributed to higher profits.

(unit: millions of yen)

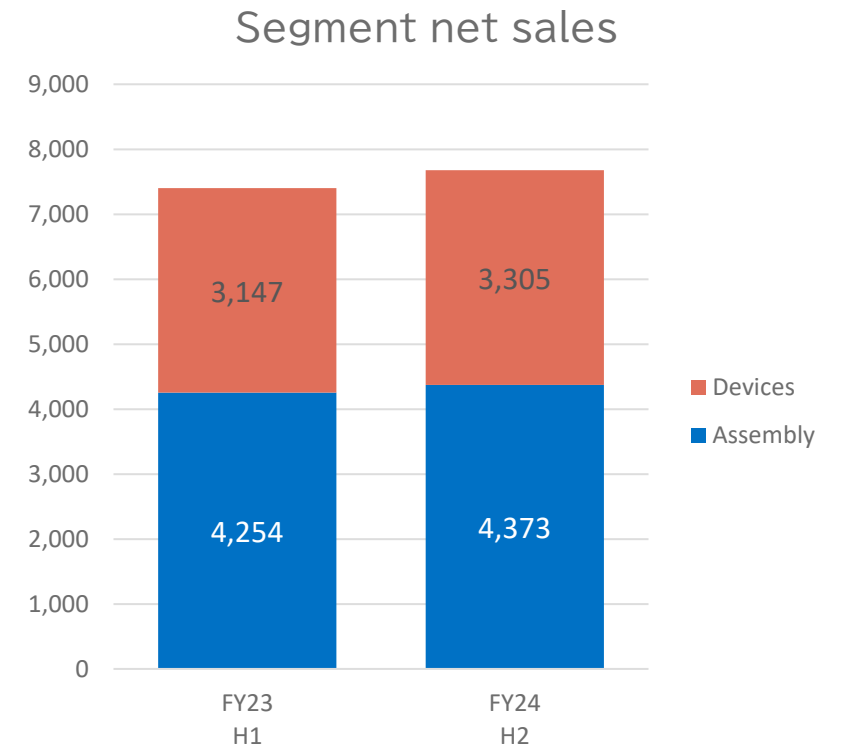
	FY23 H1	FY24 H1	Amount of change	Ratio of change
Plastic-related Materials	4,564	4,497	(67)	(1.5)%
Textile-related Materials	3,640	4,049	408	(11.2)%



- ✓ In the devices segment, orders increased due to progress in shipments of product inventories that had accumulated in the overall market as a result of changes in consumption trends after Covid-19, and progress in shipments of parts inventories that had accumulated at major customers as a reaction to the supply shortage of electronic components.
- ✓ In the assembly field, sales increased due to steady sales of digital camera-related products and air conditioner-related products.
- ✓ We expect that the consumer electronics and white goods markets in Japan will remain challenging.

(Unit: millions of yen)

	FY23 H1	FY24 H1	Amount of change	Ratio of change
Devices	3,147	3,305	157	5.0%
Assembly	4,254	4,373	118	2.8%



The end of FY23
(March 31, 2024)

Total assets:¥60,409M

Equity ratio39.0%

¥(4,120)M

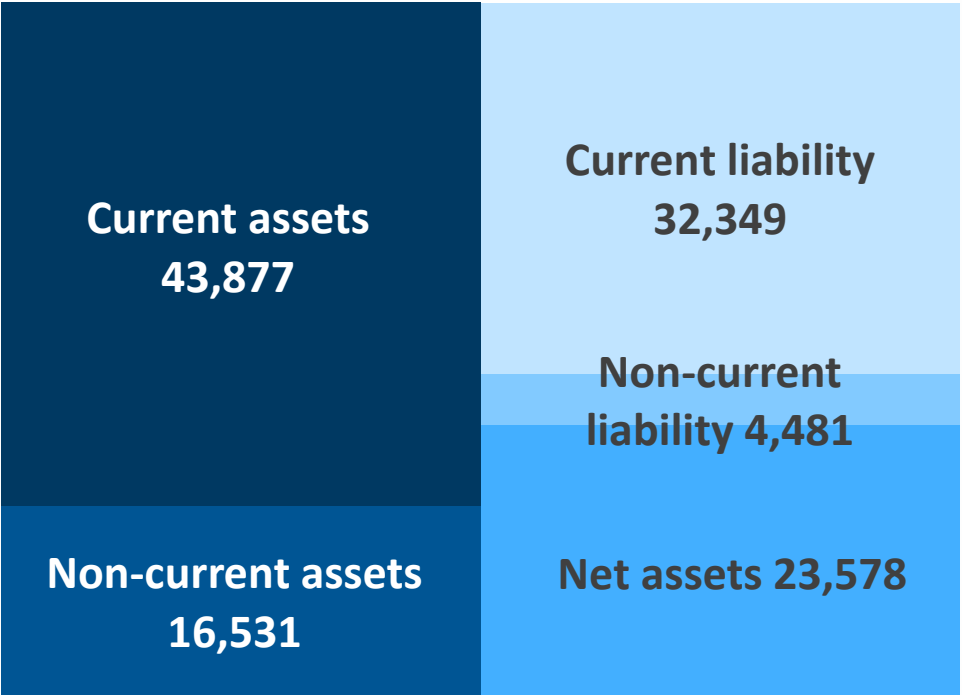
Main reasons
Decrease of Notes and
accounts payable –trade
and Income tax payable

The end of FY24 H1
(September 30, 2024)

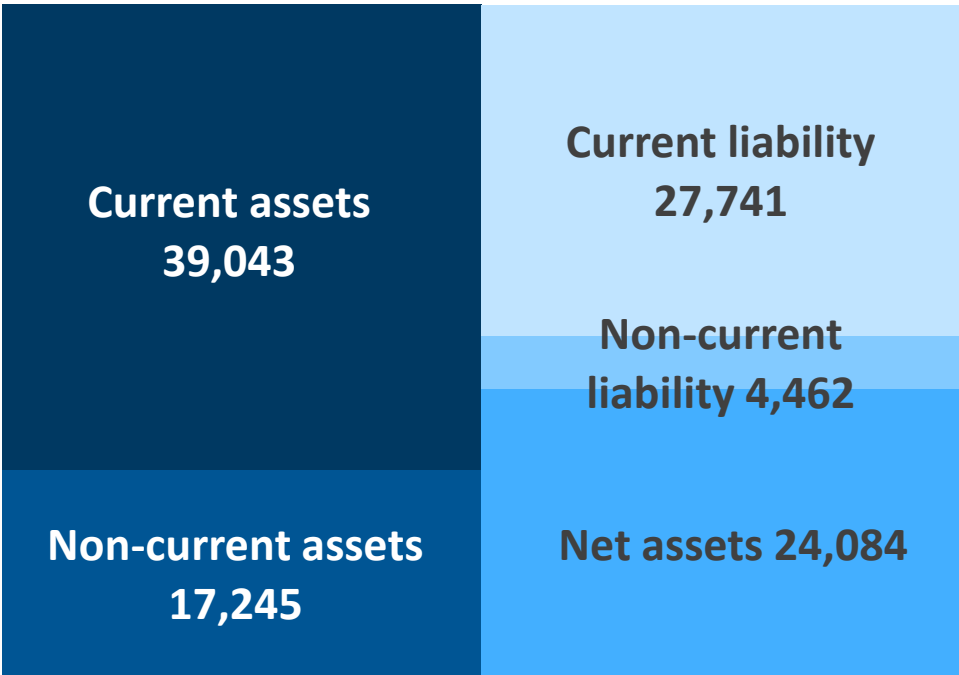
Total assets:¥56,288M

Equity ratio:42.8%

(Unit: Millions of yen)



(Unit: Millions of yen)



(Unit: Millions of yen)

		FY23	FY24 H1	Amount of change	Ratio of change
	Assets				
	Current assets				
★	Cash and deposits	12,371	9,058	(3,312)	(26.8)%
★	Notes and accounts receivable - trade, and Electronically recorded monetary claims - operating	23,438	21,967	(1,470)	(6.3)%
	Total current assets	43,877	39,043	(4,834)	(11.0)%
	Non-current Assets				
	Property, plant and equipment	4,762	4,824	61	1.3%
	Intangible assets				
	Goodwill	5,611	5,306	(304)	(5.4)%
	Total intangible assets	6,609	6,280	(329)	(5.0)%
	Investment and other assets				
★	Investment securities	2,862	3,308	445	15.6%
	Total investments and other assets	5,159	6,140	981	19.0%
	Non-current assets	16,531	17,245	713	4.3%
	Total assets	60,409	56,288	(4,120)	(6.8)%

Main factor of change

Consolidated Performance B/S



(Unit: millions of yen)

	FY23	FY24 H1	Amount of change	Ratio of change
Liabilities				
Current liabilities				
Notes and accounts payable trade	16,647	14,494	(2,152)	(12.9)%
Electronically recorded obligations – operating	5,585	5,607	21	0.4%
Short-term borrowings	4,807	4,484	(323)	(6.7)%
Total current liabilities	32,349	27,741	(4,607)	(14.2)%
Non-current liabilities				
★ Long-term borrowings	2,095	1,907	(188)	(9.0)%
Total non-current liabilities	4,481	4,462	(18)	(0.4)%
Total liabilities	36,830	32,204	(4,626)	(12.6)%
Net assets				
Shareholders' equity				
Share capital	3,801	3,801	—	0.0%
★ Retained earnings	16,898	16,645	(253)	(1.5)%
Total shareholders' equity	21,649	21,242	(407)	(1.9)%
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	931	1,569	638	68.6%
Foreign currency translation adjustment	1,929	2,842	912	47.3%
Total accumulated other comprehensive income	23,578	24,084	505	2.1%
Total net assets	60,409	56,288	(4,120)	(6.8)%

Main factors of change

(Unit: millions of yen)

	FY23 H1	FY24 H1	Amount of change
Cash flows from operating activities	(124)	(1,243)	(1,118)
Cash flows from investing activities	(4,167)	(728)	3,439
Cash flows from financing activities	2,052	(1,632)	(3,685)
Effect of exchange rate change on cash and cash equivalents	156	313	156
Net increase(decrease)in cash and cash equivalents	(2,083)	(3,291)	(1,208)
Cash and cash equivalents at the beginning of period	7,772	12,324	4,552
Cash and cash equivalents at end of period	5,688	9,033	3,344

2. FY24 Consolidated Performance Forecast

No change.

(Unit: millions of yen)

	FY23	FY24 Forecast	Amount of change	Ratio of change	Result of FY24 H1	Progress
Net sales	90,120	94,000	3,879	4.3%	46,392	49.4%
Operating profit	1,748	2,000	251	14.4%	908	45.4%
Operating profit margin	1.9%	2.1%	0.2pt	-	-	-
Ordinary profit	2,004	2,000	(4)	(0.2)%	833	41.7%
Profit attributable to owners of parent	4,832	1,600	(3,232)	(66.9)%	482	30.2%

FY24 Consolidated Forecast by Segment



No change.

Net sales

(Unit: millions of yen)

	FY23 (reference) Results after new segment reclassification	FY24 Forecast	Amount of change	Ratio of change	Result of FY24 H1	Progress
Construction Supply	58,180	59,700	1,519	2.6%	30,178	50.6%
Industrial Materials	17,195	17,600	404	2.4%	8,547	48.6%
Electronic Devices	14,795	16,700	1,904	12.9%	7,682	46.0%
Real Estate Leasing	143	-	-	-	—	—
Amount recorded in consolidated financial statements	90,120	94,000	3,879	4.3%	46,392	49.4%

Segment operating profit

(Unit: millions of yen)

	FY23 (reference) Results after new segment reclassification	FY24 Forecast	Amount of change	Ratio of change	Result of FY24 H1	Progress
Construction Supply	1,987	2,050	62	3.2%	670	32.7%
Industrial Materials	716	750	33	4.7%	441	58.9%
Electronic Devices	434	500	65	15.0%	363	72.7%
Real Estate Leasing	82	-	-	-	—	—
Total	3,220	3,300	79	2.5%	1,475	44.7%
Adjustment*	(1,472)	(1,300)	(172)	(11.7)%	(566)	43.6%
Amount recorded in consolidated financial statements	1,748	2,000	251	14.4%	908	45.4%

*Adjustments to segment operating profit mainly include corporate expenses not allocated to reportable segments and intersegment eliminations. Corporate expenses mainly consist of selling, general and administrative expenses that do not belong to any reportable segment.

3. Shareholder Return

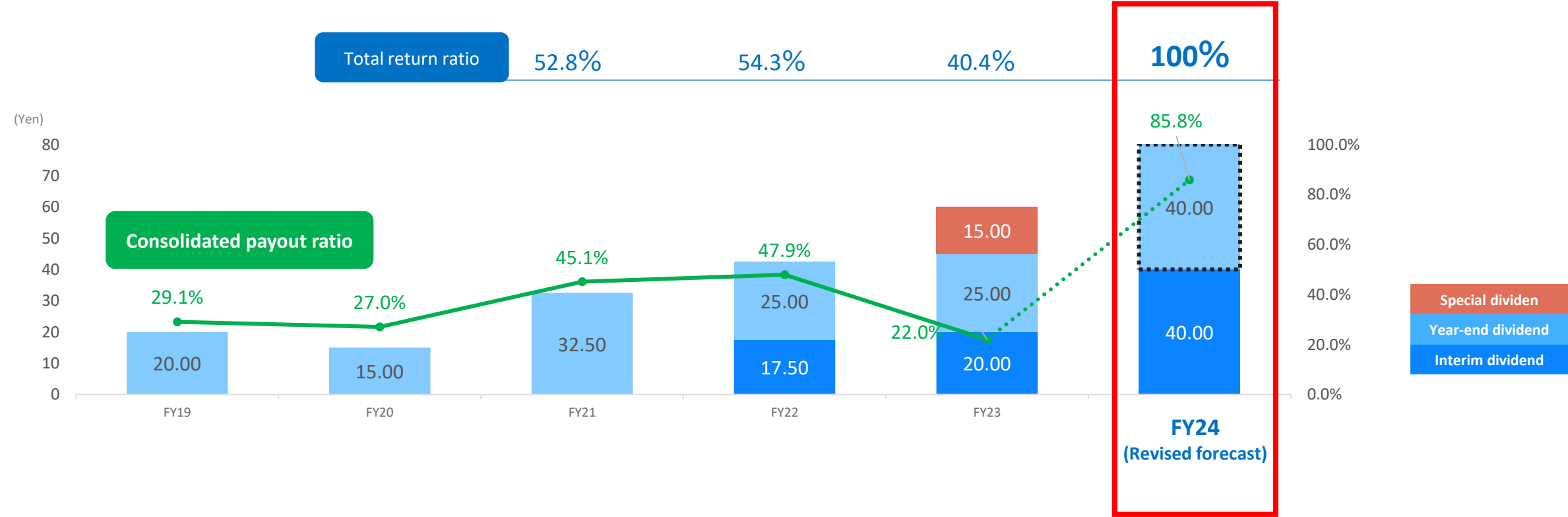
- During the period of the medium-term management plan, we will provide more proactive shareholder returns than ever before.

Basic Policy

Consolidated payout ratio: 80% or more
Total return ratio: 100%

Lower limit of total return amount: ¥500M

Transition of dividend per share, consolidated dividend payout ratio, and total return ratio

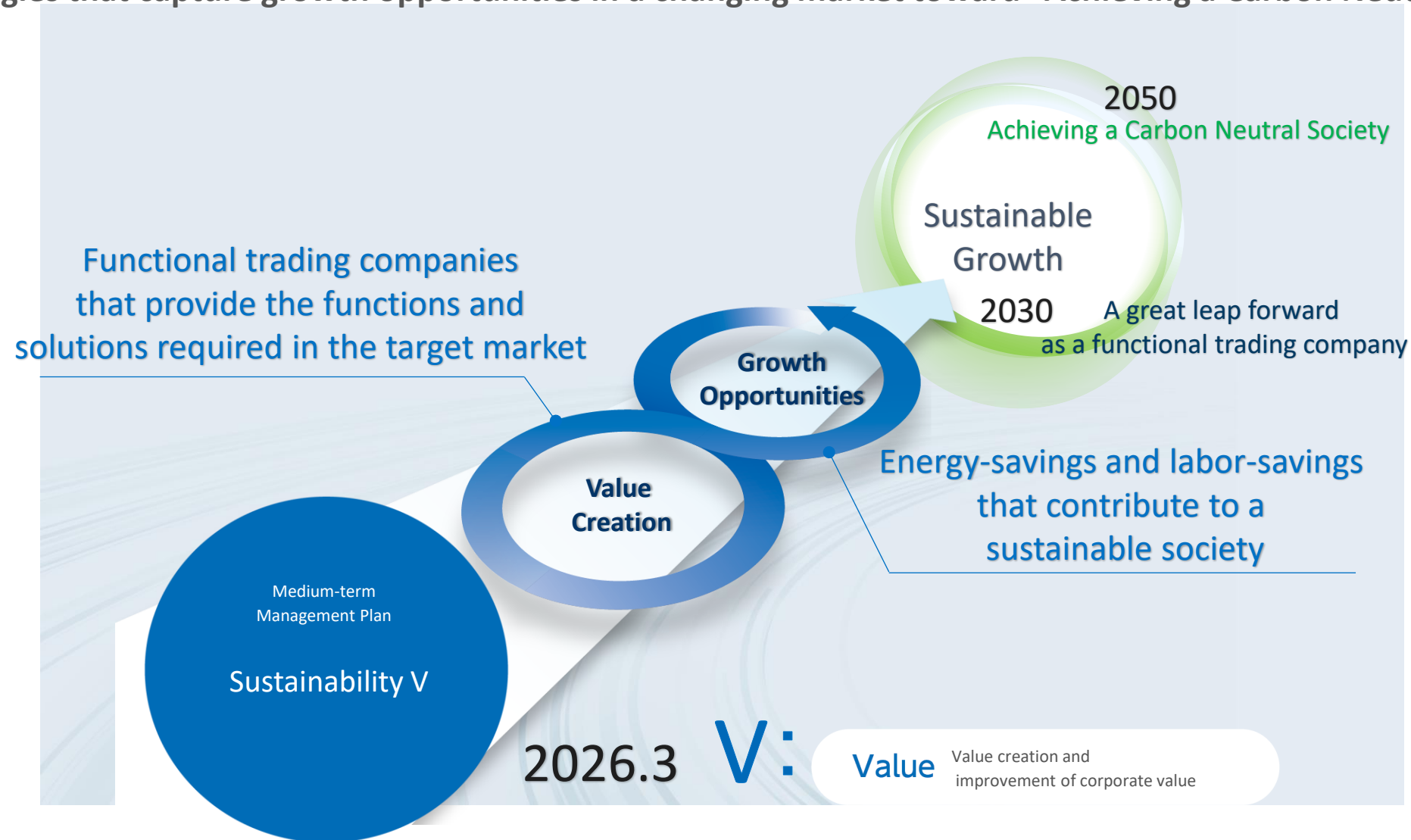


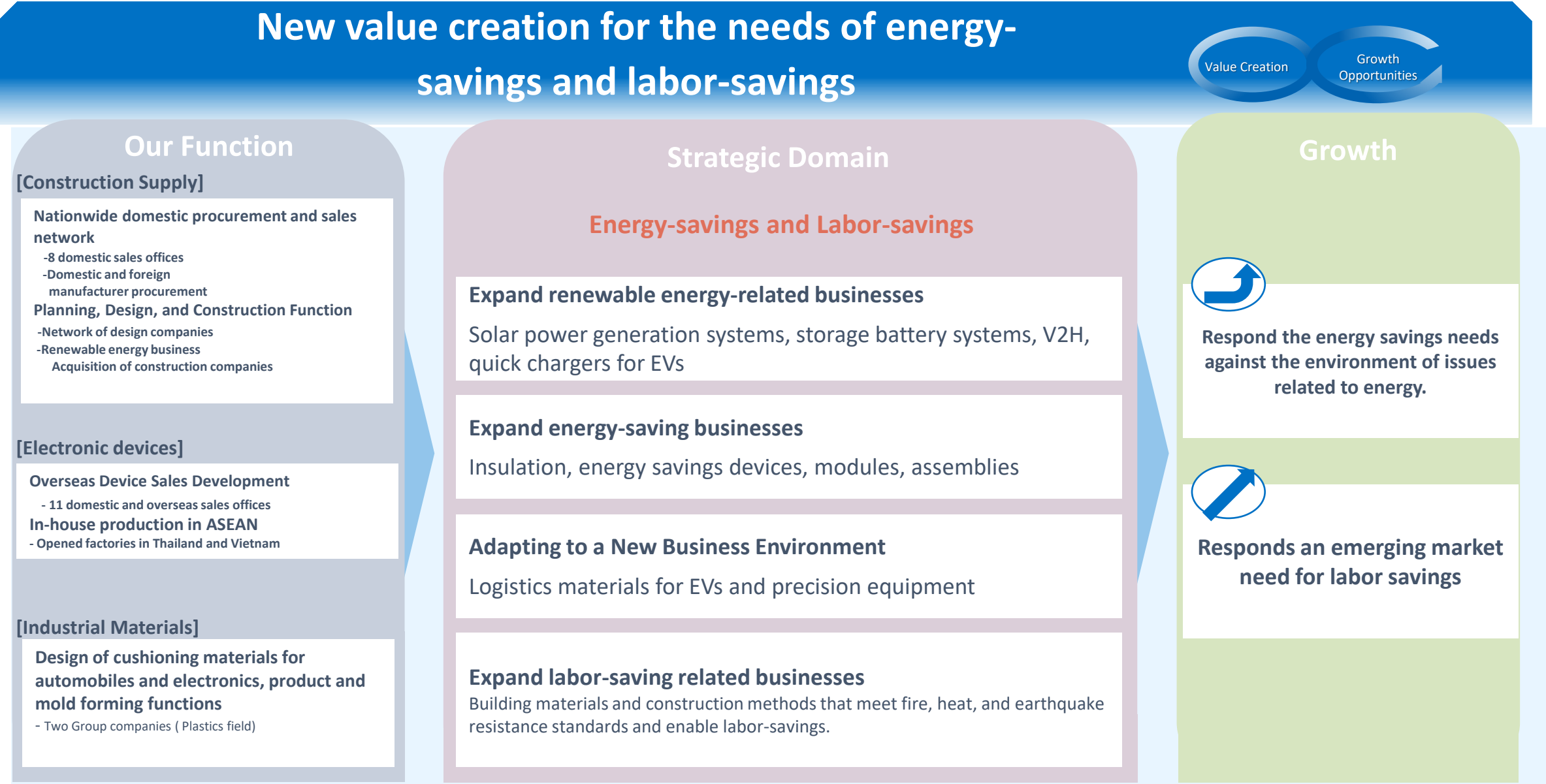
Excluding the impact of extraordinary gains from the transfer of fixed assets, the dividend payout ratio and total return ratio for FY23 are in line with this policy.

• 4-for-1 stock split of common stock effective October 1, 2023. Dividend per share before the stock split is based on the assumption that the stock split was conducted in the fiscal year ended March 31, 2020.

4. Progress of the Medium-term Management Plan, Sustainability V(Value)

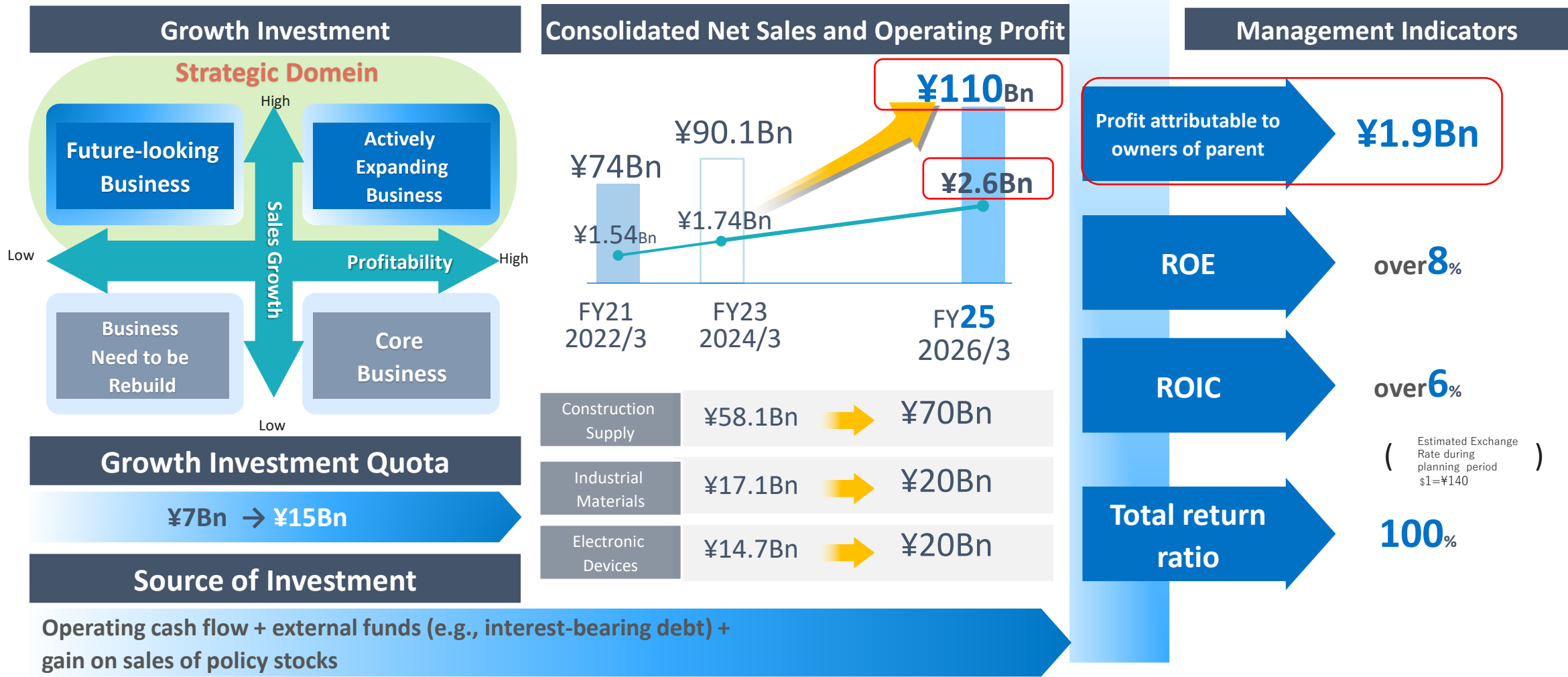
“Sustainability V” will simultaneously achieve adaptation to a sustainable society and sustainable growth through value creation strategies that capture growth opportunities in a changing market toward "Achieving a Carbon Neutral Society (2050)".



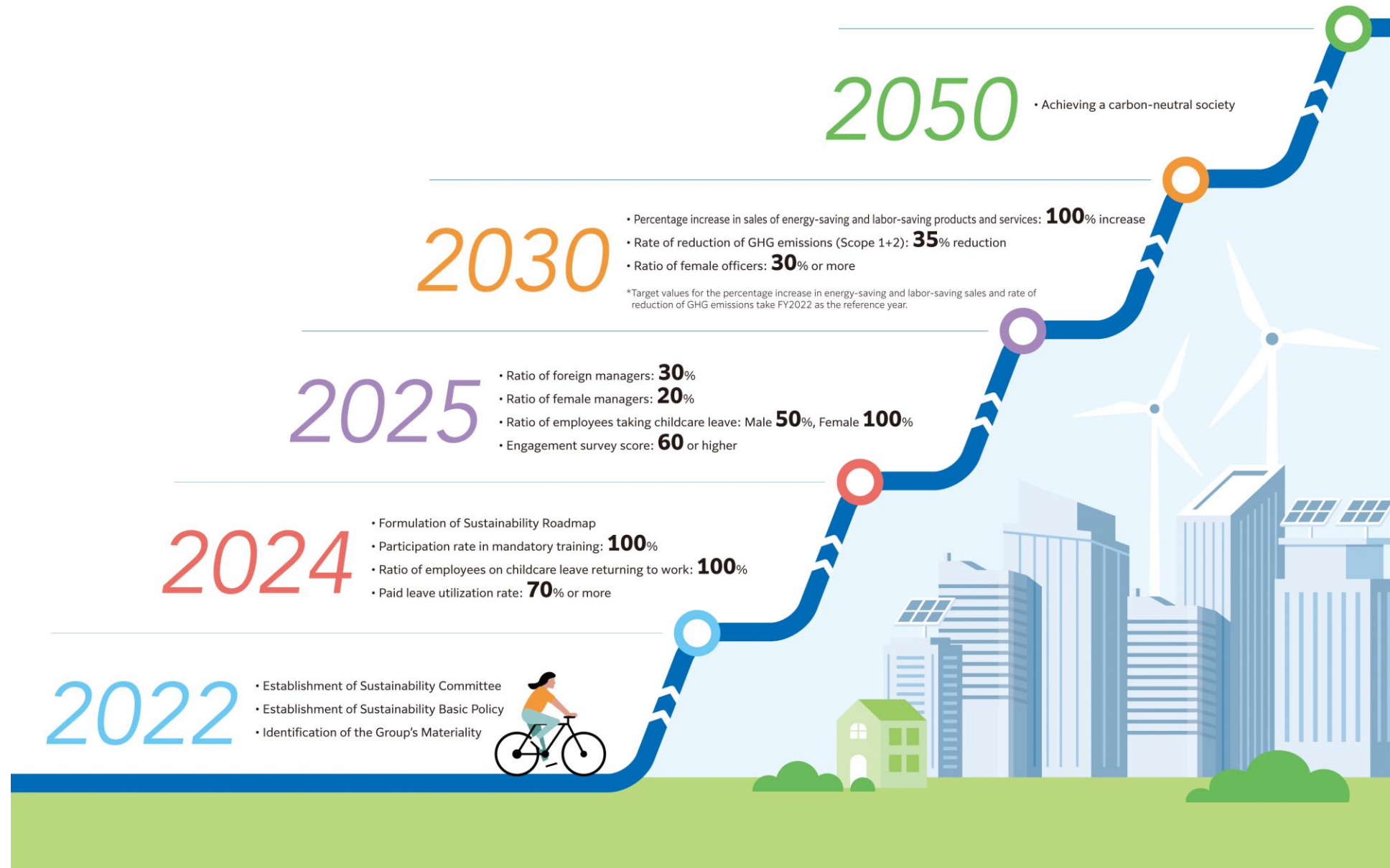


Sustainability V(Value) Management Indicators and Financial Policies

- We set management indicators and financial policies that focus on growth.
- We aim to achieve profit attributable to owners of parent of ¥1.9 billion in the final year of the plan (fiscal year ending March 31, 2026).





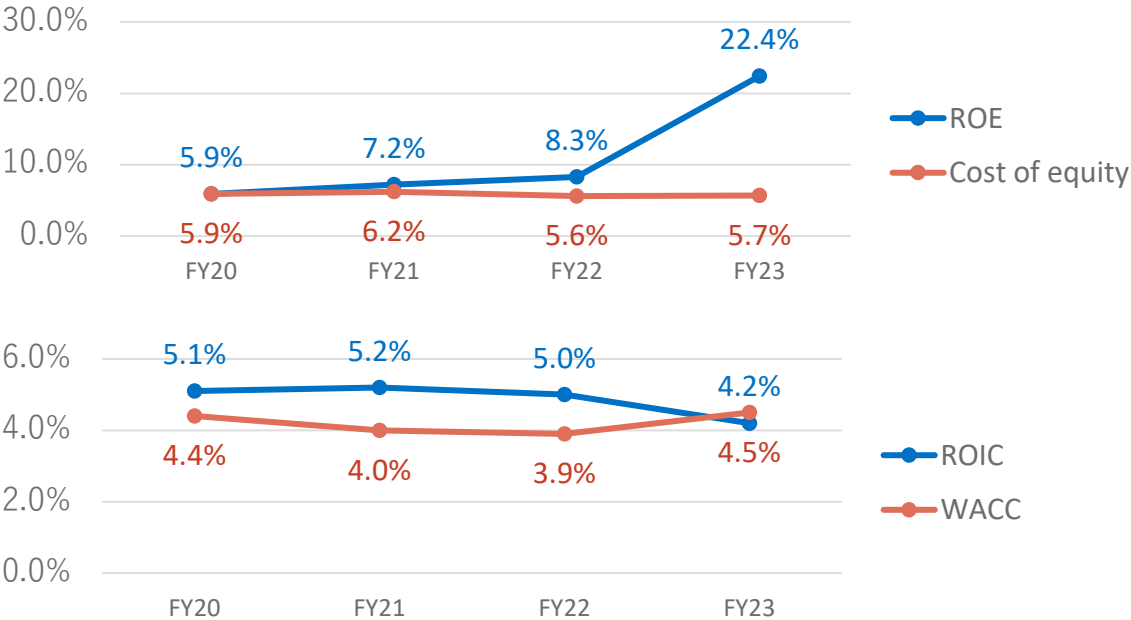


Measures to Achieve Management Conscious of Cost Capital and Stock Price

- ROE at the end of the fiscal year ended March 31, 2024 increased by 14.1 pt to 22.4% from the previous year due to the increase in profit attributable to owners of parent, which exceeded the cost of equity.
- P/B ratio of 0.94x at the end of the fiscal year ended March 31, 2024
- We will continue to strive to improve P/B ratios, as we believe that exceeding 1x P/B ratios is a management responsibility.

(Status of capital efficiency)

	FY20	FY21	FY22	FY23
Net profit (Unit: Millions of yen)	1,000	1,296	1,585	4,832



(Status of P/B ratio)

	FY20	FY21	FY22	FY23
P/B ratio	0.46	0.55	0.67	0.94
ROE	5.9%	7.2%	8.3%	22.4%
P/E ratio	8.0	7.8	8.2	4.6

(1) Policies and goals for improvement (2) Specific measures for improvement

(1) Policies and goals for improvement

- Achieve ROE target of 8.0% or more and ROIC target of 6.0% or more in the final year of the medium-term management plan (fiscal year ending March 31, 2026)
- Steadily implement initiatives based on the basic policies of the medium-term management plan to improve P/B ratio, and strive to increase corporate value through profit growth and capital productivity improvement

(2) Specific measures for improvement

- PMI execution and monitoring
- New investment in strategic areas (M&A, new businesses, plant and equipment investment, etc.)
- Restructuring of Industrial Materials Segment → **Establishing TAKASHIMA INDUSTRIES**
- Achieving both growth and shareholder returns → **Establishing DG Takashima, Setting Total return ratio 100%**
- Enhancement of various IR tools /Strengthen information disclosure to foreign investors and individual investors, and dialogue with shareholders
- Reduction of policy shareholdings

Inquiries on this document

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

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[Precautions regarding forecasts]

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