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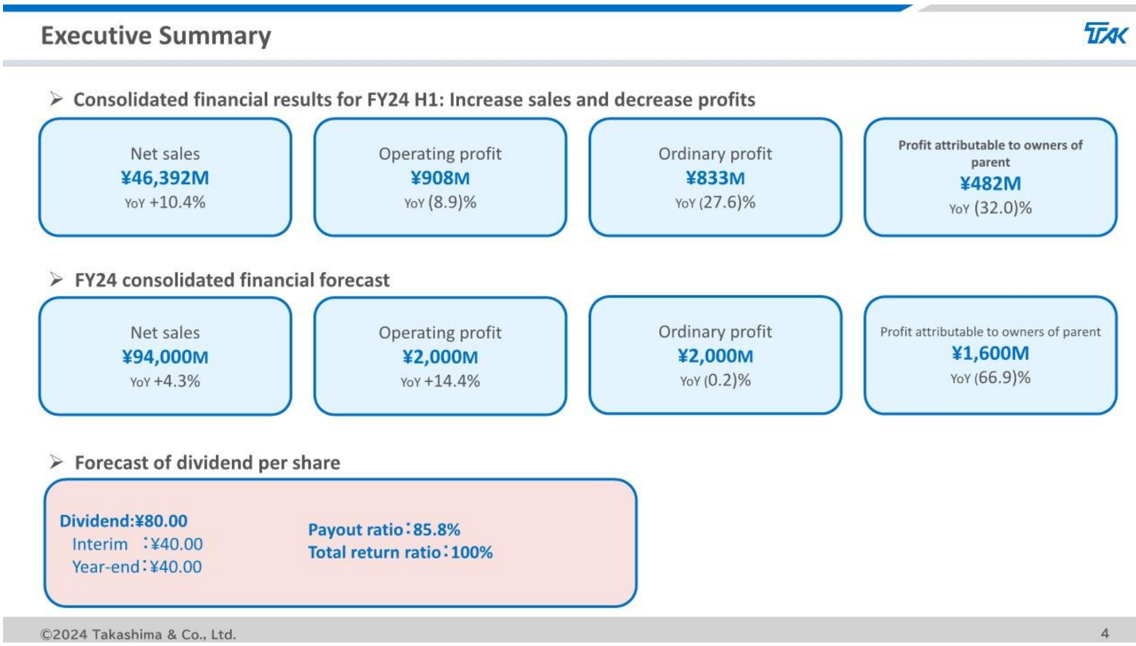
Contents

Hideaki Fukuoka ("Fukuoka"): My name is Fukuoka, General Manager of the Finance & Accounting Department of Takashima & Co., Ltd. I will now explain the financial results for the second quarter of the fiscal year ending March 31, 2025.

Please refer to the table of contents, and I will provide an overview of the financial results for the first half of the fiscal year ending March 31, 2025, the consolidated earnings forecast for the fiscal year ending March 31, 2025, and shareholder returns. President Takashima will explain the progress of our medium-term management plan, Sustainability V (Value).

Executive Summary



Let's start with an executive summary of the financial results for the first half of the fiscal year ending March 31, 2025. Net sales increased 10.4 percent year over year to 46,392 million yen, while operating profit fell 8.9 percent to 908 million yen.

Ordinary profit declined 27.6% to 833 million yen. Interim profit for the attributable to owners of parents declined 32% to 482 million yen.

Consolidated Performance P/L

Consolidated Performance: P/L

TAK

- ✓ 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)

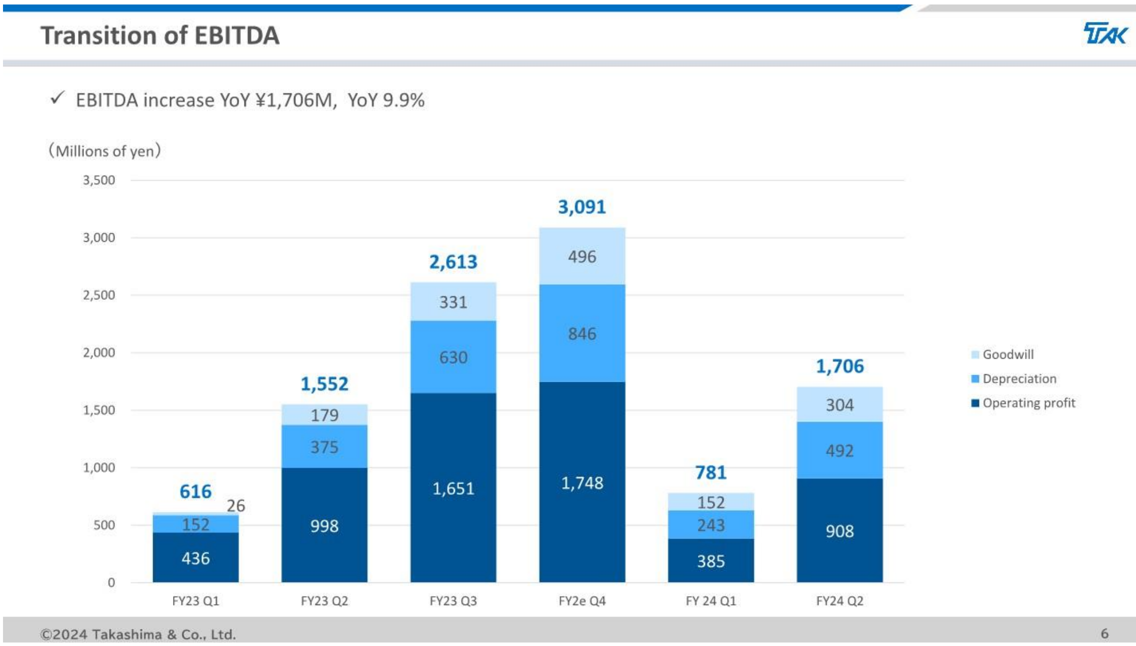
	FY23 H1	FY24 H1	Amount of change	Ratio of change
Net sales	42,010	46,392	4,381	10.4%
Cost of sales	36,141	40,100	3,959	11.0%
Gross profit	5,869	6,291	422	7.2%
SG&A	4,871	5,383	511	10.5%
Operating profit	998	908	(89)	(8.9)%
Operating profit margin	2.4%	2.0%	(0.4)pt	-
Ordinary profit	1,151	833	(317)	(27.6)%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

EBITDA:Earnings before Interest, Taxes, Depreciation and Amortization

I will now explain the consolidated statement of profit and loss. Net sales increased 10.4 percent year on year to 46,392 million yen, as all three segments (Construction Supply, Industrial materials, and Electronics & Device) reported higher sales. Operating profit decreased 8.9% to 908 million yen due to an increase in SG&A expenses, amortization of goodwill, and amortization of customer-related assets resulting from an increase in the number of consolidated subsidiaries.

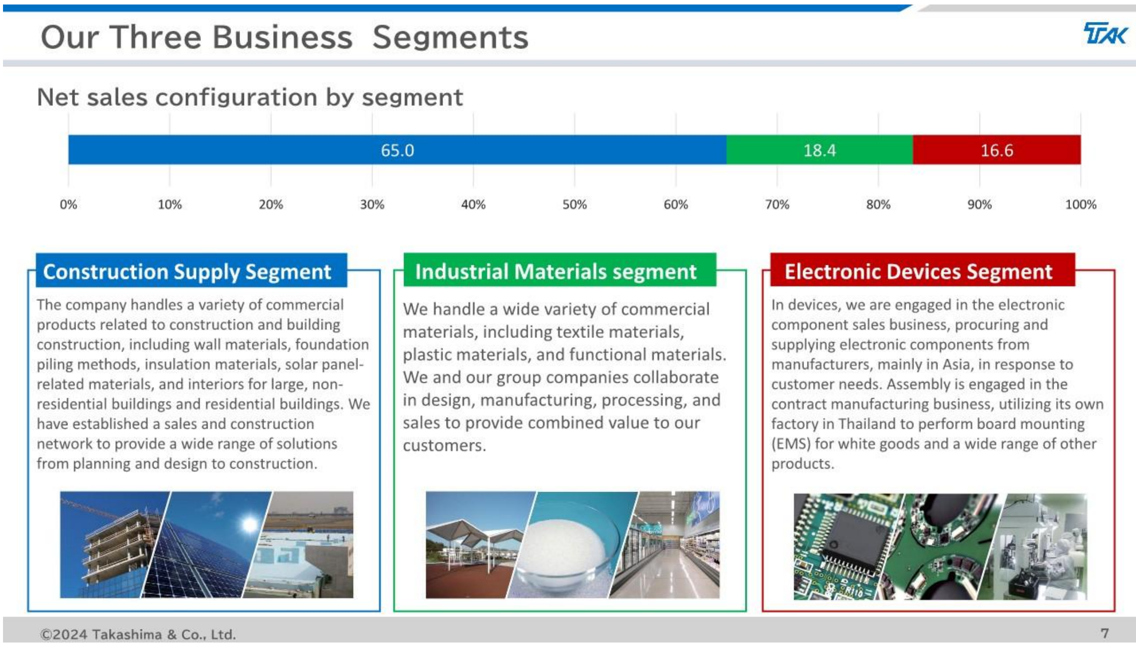
Ordinary profit decreased 27.6% to 833 million yen, mainly due to an increase in foreign exchange losses from the depreciation of local currencies at overseas subsidiaries. Profit attributable to owners of parents decreased 32 percent to 482 million yen because no sales of investment securities were made in the interim period, while a gain on sales of investment securities was recorded in the same period of the previous year. EBITDA increased 9.9 percent to 1,706 million yen.

Transition of EBITDA



EBITDA quarterly trends are shown in the graph on the slide, and earning power has also improved.

Our Three Business Segments



Our business is divided into three segments: Construction Supply, Industrial Materials, and Electronics and Devices.

The Company is reviewing its asset allocation in the fiscal year end March 31, 2024. In accordance with the restructuring of the Industrial Materials segment and the sale of major fixed assets, the Real Estate Leasing segment has been discontinued, and some properties previously classified in the Real Estate Leasing segment have been changed to the Construction Supply and Industrial Materials segments.

The Construction Supply segment handles commercial products related to construction and erection, such as wall materials, foundation piling methods, heat insulating materials, and solar panel-related materials for residential buildings.

The Industrial Materials segment handles commercial products such as textile materials, plastic components, and functional materials.

In the Electronic Devices segment, the devices business procures and supplies electronic components from manufacturers, while the assemblies business handles contract manufacturing of circuit board mounting at its own factories.

Information About Segments

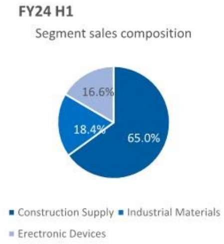
Information About Segments

<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.

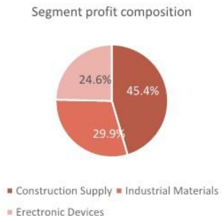


<Segment Profit>

(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.



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In order to better clarify the profit situation in each segment and the level of profit for which each segment is directly responsible, segment profit before corporate-allocated expenses are distributed to each segment is disclosed. The company-wide allocated expenses are included in the adjusted amount.

Overall sales in the Construction Supply segment increased 14.7 percent to 30,178 million yen, and segment profit decreased 31.1 percent to 670 million yen.

Overall sales in the Industrial Materials segment increased 4.2% to 8,547 million yen, and segment profit rose 29.3% to 441 million yen.

Overall sales in the Electronic Devices and components segment increased 3.6 percent to 7,682 million yen, and segment profit rose 76.8 percent to 363 million yen.

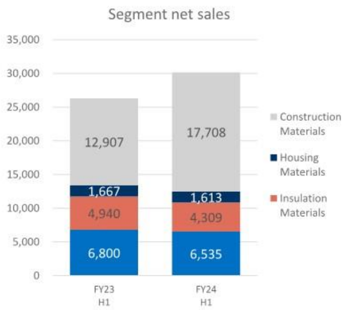
Briefing by Segment: Construction Supply

Briefing by Segment: Construction Supply

- ✓ 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)%



The following is an explanation of the main factors in the Construction Supply segment. 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 the current period, compared to two months in the same period of the previous year.

Sales in the Insulation Materials field decreased due to sluggish shipments in the housing market, and in the Renewable Energy Materials field due to a review of the sales network.

Segment profit decreased due to the lower profitability of some projects in the Construction Materials segment and the transfer of Takashima Co., Ltd.'s Industrial Materials business to a subsidiary, which increased the burden of overhead expenses previously borne by the Industrial Materials segment by allocating them to this segment.

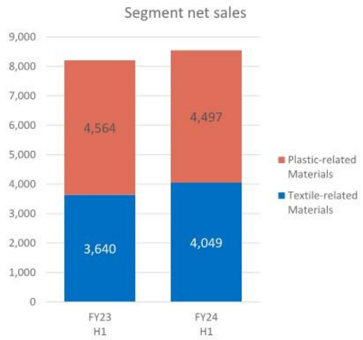
Briefing by Segment: Industrial Materials

Briefing by Segment: Industrial Materials

- ✓ 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)%



The following is an explanation of the main factors affecting the Industrial Materials segment. In the Plastic-related Materials field, orders increased mainly for logistics materials for automotive components and electronic and precision equipment components, but sales decreased due to the sale of Takashima Robot Marketing Co., Ltd. in April 2024.

In the Textile-related Materials field, sales increased due to a recovery in heavy fabric-related products, especially truck materials, and increased demand for equipment for the Ministry of Defense.

For the segment as a whole, an increase in sales in the Textile-related Materials field contributed to higher profits.

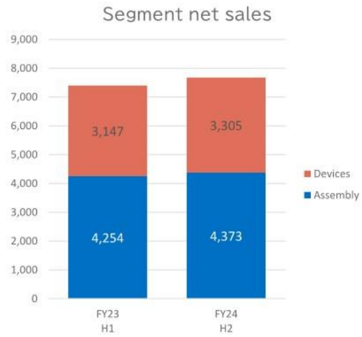
Briefing by Segment: Electronic Devices

Briefing by Segment: Electronic Devices

- ✓ 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%

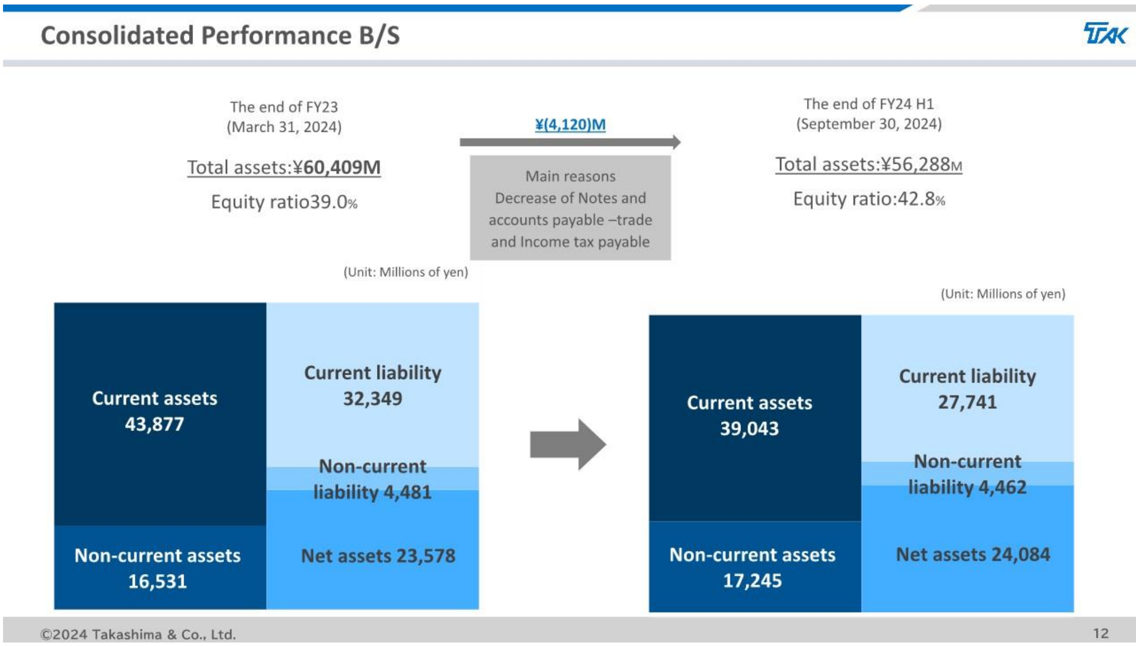


The following is an explanation of the main factors in the Electronics Devices segment.

The Electronics Devices segment includes two fields: Devices and Assembly. In the devices field, the number of orders received increased and sales increased due to progress in shipments of product inventories that had built up throughout the market as a result of changes in consumption trends following the Covid-19, as well as progress in shipments of component inventories that had built up at major customers in reaction to the supply shortage of electronic components.

In the Assembly field, sales increased due to steady sales of digital camera-related and air conditioner-related products. The consumer electronics and white goods markets in Japan remain in a difficult situation.

Consolidated Performance B/S



Let me explain the balance sheet. Compared to the end of the previous period, total assets decreased by 4,120 million yen to 56,288 million yen. The main factors were decreases in notes and accounts payable-trade and income taxes payable, respectively. Details are explained on the next page.

The equity ratio was 42.8 percent.

Consolidated Performance B/S

Consolidated Performance B/S

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(Unit: Millions of yen)

Main factor of change

		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)%

The slide shows the main factors of assets compared to the end of the previous period.

Current assets decreased 11 percent from the end of the previous period to 39,043 million yen. The main factors were decreases in cash and deposits, notes and accounts receivable, and electronically recorded monetary claims-operating, and contract assets, respectively.

Noncurrent assets increased 4.3 percent to 17,245 million yen. The main factors were increases in investment securities and other fixed assets, respectively, while goodwill decreased.

Consolidated Perfomance B/S

Consolidated Performance B/S

Main factors of change

(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)%

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The main factors of liabilities and net assets compared to the end of the previous period are as shown in the slide.

Current liabilities decreased 14.2 percent from the end of the previous period to 27,741 million yen. The main factors were decreases in notes and accounts payable-trade and income taxes payable, respectively.

Long-term liabilities decreased 0.4 percent to 4,462 million yen. The main reason for the decrease was a decrease in long-term borrowings, while other long-term liabilities increased.

Total net assets increased 2.1 percent to 24,084 million yen. The main factors were a decrease in retained earnings due to dividend payments and increases in foreign currency translation adjustments and unrealized gains on available-for-sale securities, respectively.

Consolidated Performance C/F

Consolidated Performance C/F

(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

Let me explain about cash flow. Cash and cash equivalents at the end of the second quarter totaled 9,033 million yen, down 3,291 million yen from the end of the previous period.

Net cash used in operating activities totaled 1,243 million yen. The main factors were an increase in the balance due to the posting of income before income taxes and minority interests, income taxes paid, and a decrease in notes and accounts payable-trade.

Net cash used in investing activities decreased by 728 million yen. The main factor was a decrease in expenditures for loans.

Net cash used in financing activities totaled 1,632 million yen. Major factors were cash dividends paid and repayment of long-term borrowings.

FY24 Consolidated Performance Forecast

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%**

There are no revisions to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2025. We will strive to recover in the second half of the year by strengthening sales activities.

FY24 Consolidated Forecast by Segment

FY24 Consolidated Forecast by Segment

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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

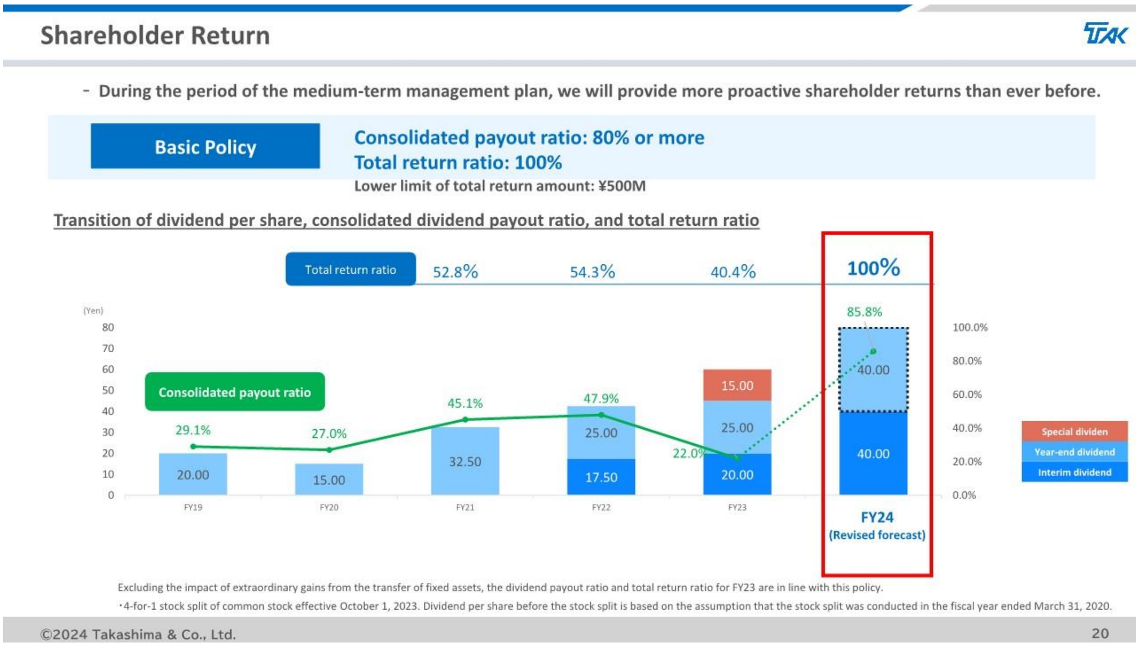
(Unit: millions of yen)

	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.

There are also no revisions to the forecast of consolidated results by segment.

Shareholder Return

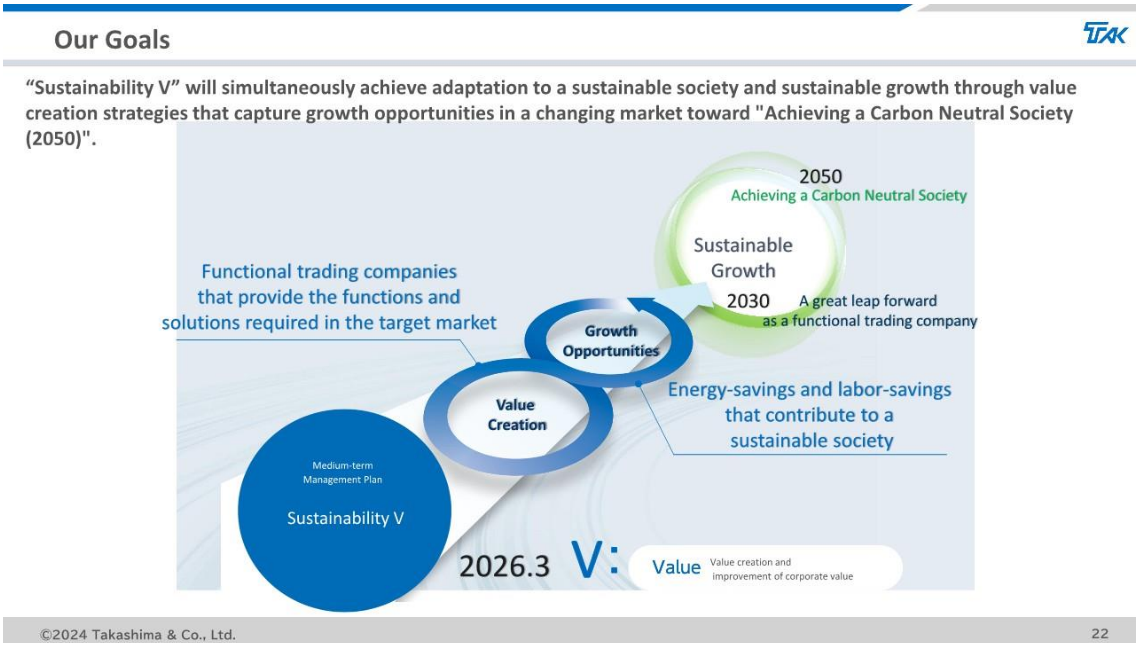


I would like to explain our shareholder return policy. Our basic policy on shareholder return is to “expand investment for growth with the aim of becoming a “sustainable growth company with strategic investment” while at the same time implementing shareholder return with an awareness of capital efficiency.

Specifically, we had set a target of paying a consolidated dividend payout ratio of 40% or more each fiscal year and a total return ratio of 50%. Based on the recognition that “further improvement of capital efficiency is necessary” to achieve ROE of 8% or higher in the current fiscal year, we have changed this target to a dividend payout ratio of 80% or higher and a total return ratio of 100% as a limited measure for the two years until the final year of the Sustainability V (Value).

The subsequent shareholder return policy will be discussed and announced at the time of formulating the next medium-term management plan. For the current fiscal year, we plan to pay an annual dividend of ¥80 per share, which will result in a consolidated dividend payout ratio of 85.8% based on our earnings forecast.

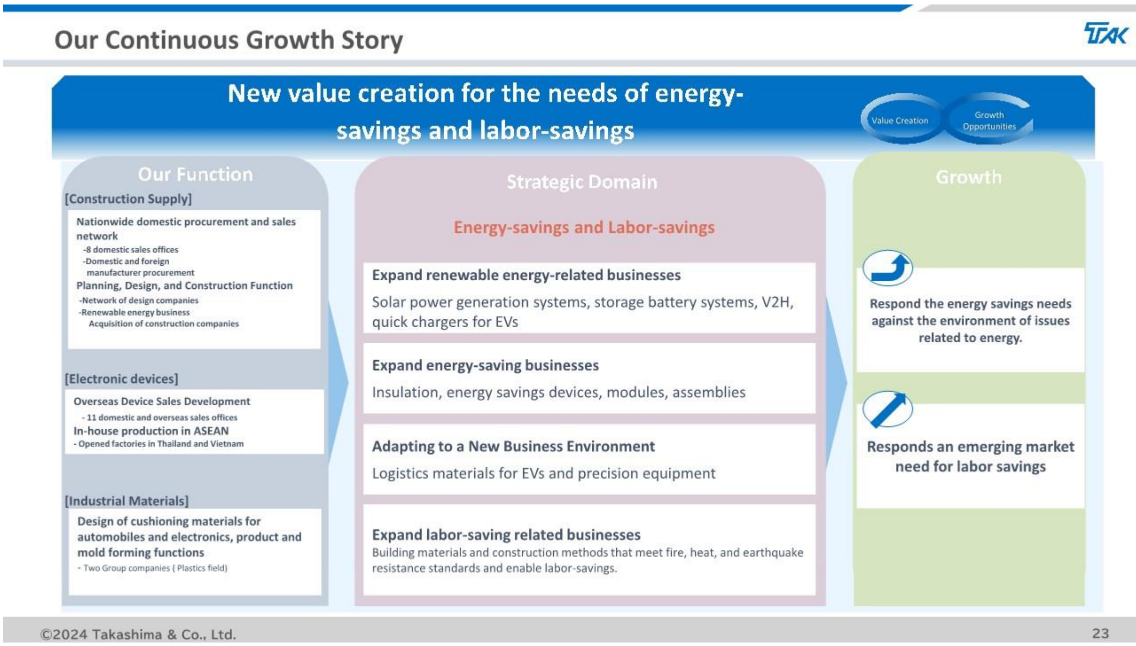
Our Goals



Koichi Takashima ("Takashima"): My name is Koichi Takashima, President and Representative Director. I would like to explain the progress of our medium-term management plan, Sustainability V (Value).

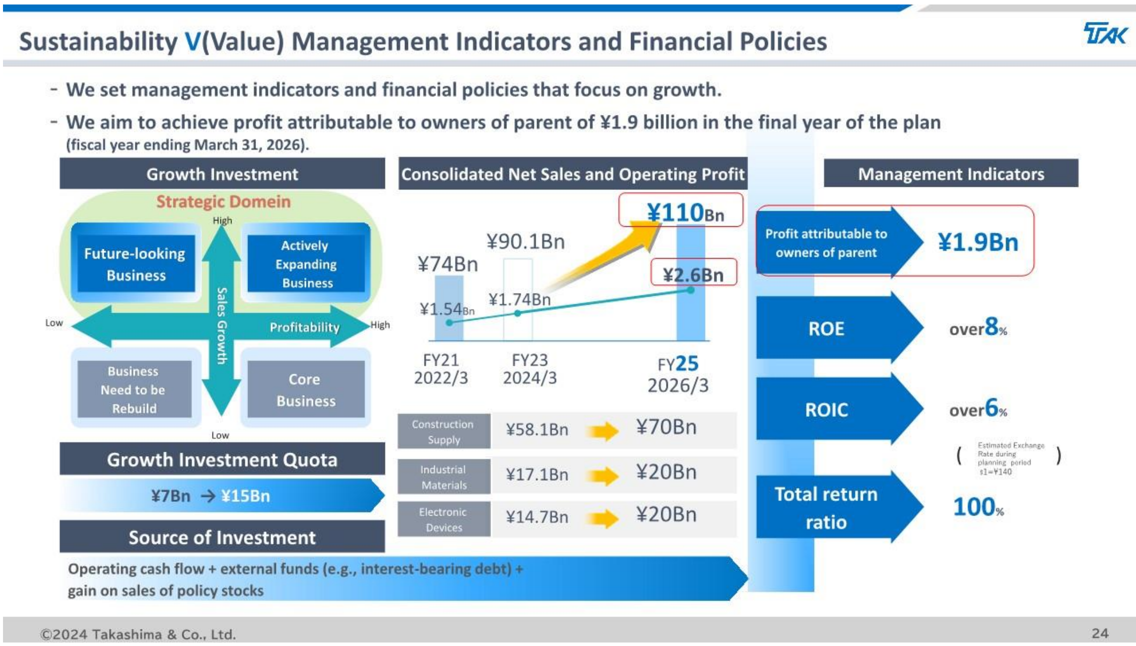
The medium-term management plan, Sustainability V (Value), aims to simultaneously achieve adaptation to a sustainable society and sustainable growth through value creation by assembling strategies to seize growth opportunities in the market, which is undergoing significant change toward the realization of a carbon-neutral society (2050).

Our Continuous Growth Story



We will create and provide value as a value-adding trading company that offers functions and solutions necessary in target markets to meet the needs for energy-saving and labor-saving products that contribute to a sustainable society, which we see as a growth opportunity in the market.

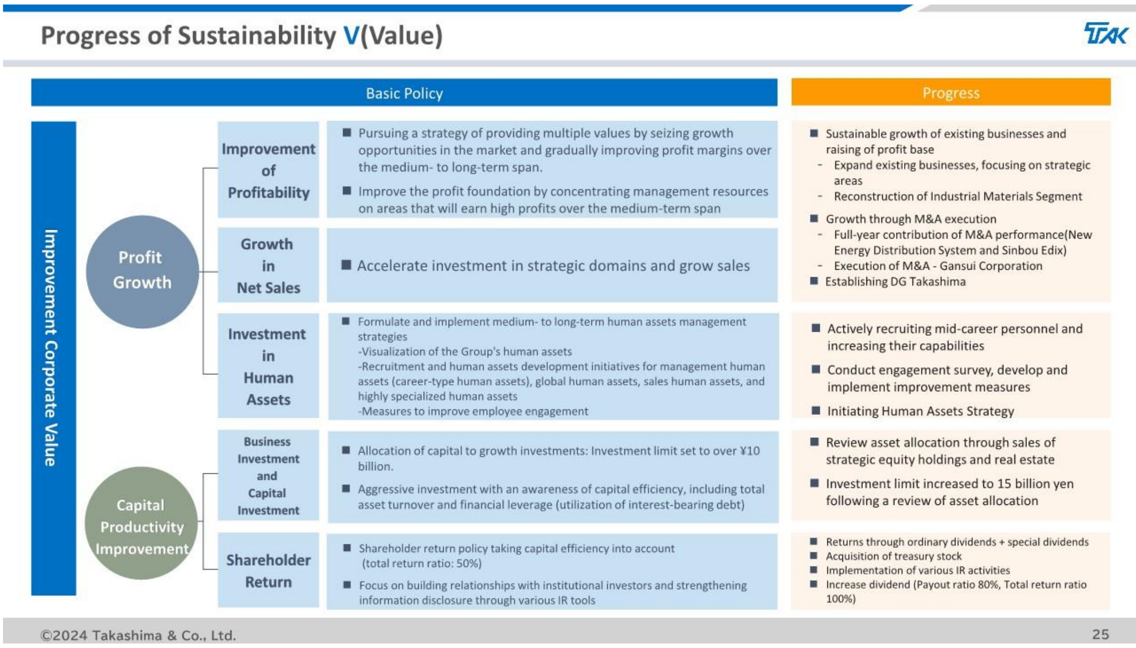
Sustainability V Management Indicators and Financial Policies



Under Sustainability V (Value), we plan to make growth investments of approximately 15 billion yen in strategic areas, which we have designated as future-looking businesses and actively expanding businesses. We will also reorganize our business portfolio and implement selection and concentration.

For the fiscal year ending March 31, 2026, management indicators of the medium-term management plan, we are targeting consolidated net sales of 110 billion yen, operating profit of 2.6 billion yen, and profit attributable to owners of the parents company of 1.9 billion yen.

Progress of Sustainability V(Value)



The current fiscal year is the second year of Sustainability V (Value). The basic policy of the medium-term management plan is to increase profit growth and capital productivity in order to improve corporate value.

First, to achieve profit growth, we will aim to improve earnings and grow the top line. Although this is before the start of the medium-term management plan, we carried out M&A of New Energy Distribution System and Sinbou Edix in the previous fiscal year, and also executed M&A of Gansui Corporation during the medium-term management plan period. In parallel, we are promoting selection and concentration of existing businesses.

One specific initiative is the reorganization of the Industrial Materials Business Headquarters. Takashima Industries, established in January 2024, began full-scale operations in April and is leading the reorganization of the headquarters.

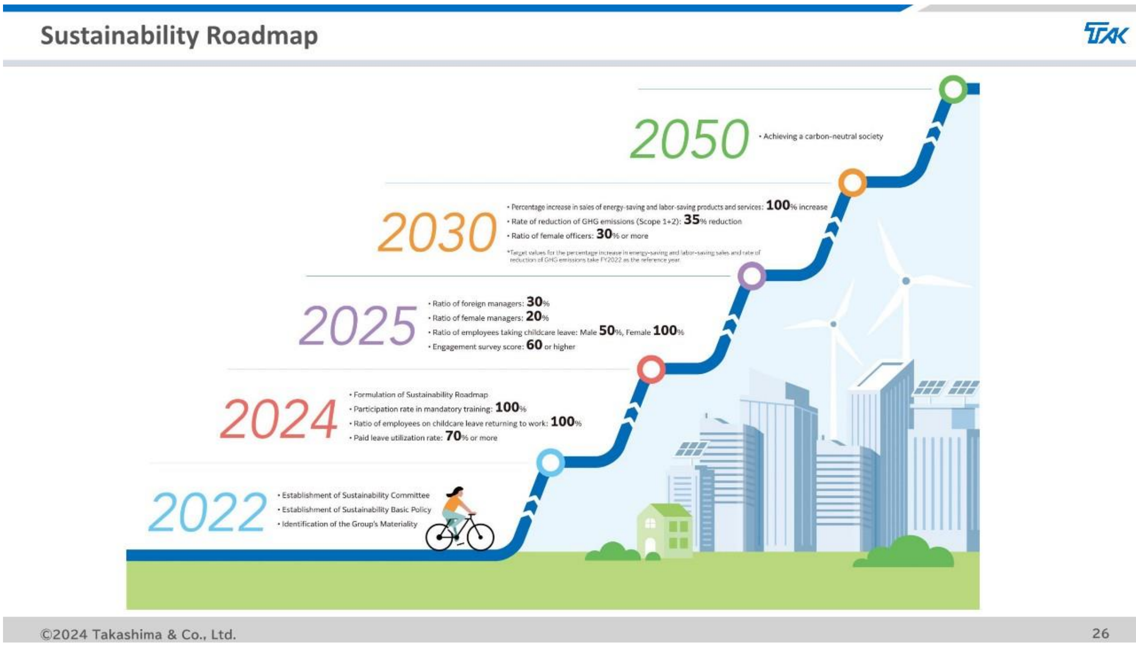
In addition, DG Takashima Co., Ltd. was established to collaborate with DG Capital Group, which is involved in the digital grid business, through a capital alliance. Investment in human assets is also underway, with active mid-career hiring continuing from the previous fiscal year to strengthen sales capabilities in the current fiscal year.

Other efforts include the promotion of women's empowerment, the establishment of a committee on employee education, and the expansion of human assets.

In the area of capital productivity improvement, in addition to the sale of policy shareholdings, we reviewed our asset allocation by selling real estate. As an investment for growth, we have increased the initially set investment limit to 15 billion yen in line with the revised asset allocation. Regarding the reduction of policy stock holdings, we will continue to aim for a net asset ratio of less than 10 percent from this fiscal year onward.

In addition, we are actively promoting returns to shareholders. We have revised upward our dividend payout ratio from over 40% to over 80% and our total return ratio from 50% to 100%, albeit only for the current and next two years.

Sustainability Roadmap



In our sustainability efforts, we have been promoting activities since the establishment of the Sustainability Committee in 2022.

During the period under review, we created a sustainability roadmap to contribute to the realization of a carbon-neutral society in 2050.

Current Status

Current Status

- 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)

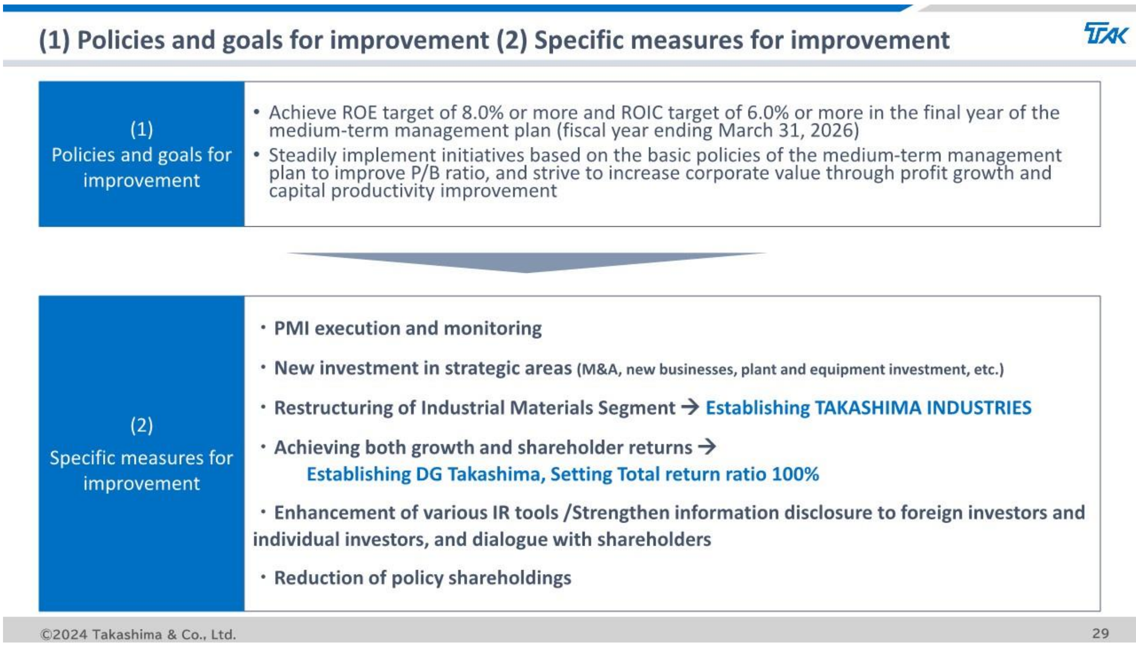
	FY20	FY21	FY22	FY23
P/B ratio	0.46	0.55	0.67	**0.94**
ROE	5.9%	7.2%	8.3%	**22.4%**
P/E ratio	8.0	7.8	8.2	**4.6**

I will explain our actions to achieve cost of capital and stock price conscious management; as we showed in May 2024, this is our current assessment as of the end of the fiscal year ended March 31, 2024.

Although the P/B ratio exceeded 1x at the beginning of the year in March, the share price has been below 1x since then. we believe that exceeding 1x P/B ratio is a management responsibility, and we will continue to strive to improve the P/B ratio.

Currently, we are in the process of discussing and will soon publish the results in order to update the “Measures to Achieve Management Conscious of Cost of Capital and Stock Prices”.

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



These are the policies, goals, and specific initiatives of management with cost of capital and stock price awareness. Please see the slides for management policies and other information.

The Industrial Materials Division is being reorganized, and Takashima Industries, established in January 2024, began full-scale operations in April.

DG Takashima Co., Ltd. has been established to collaborate through a capital alliance with DG Capital Group, which is involved in the digital grid business. This company will manufacture “Digital Grid Routers”.

Q&A: Reasons for the decline in Construction Supply

Moderator: “Could you please explain in more detail the reasons for the decline in building materials?”

Takashima: Although you refer to a decline in building materials, the top line actually grew. However, when compared to the previous year, profitability was negative due to a mix of large projects and less profitable projects.

In addition, the Industrial Materials Division was reorganized, resulting in an increase in the imposition of fixed costs on building materials. Profits have fallen due to these factors.

Q&A: Regarding the expected decrease in profit attributable to owners of the parent.

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%**

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Moderator: “Net income attributable to the owner of the parent company is expected to decrease by about 66 percent year over year. What is the reason for this?”

Fukuoka: In the previous period, there was a gain on the sale of fixed assets, which was implemented in conjunction with a review of asset allocation. This fiscal year, we expect a decrease due to the absence of that extraordinary gain.

For reference, net profit attributable to owners of parents for 2023 is 1,585 million yen.

Q&A: About competitors

QUESTION: What would you say about your competitors or rivals, in terms of listed companies?

Takashima: It is very difficult to compare with other companies in this area. There are various types of trading companies, one of which is called a "big trading company," but it is more of a pattern of investing in upstream and downstream areas and holding them firmly in place. Therefore, we do not fall into this category.

A common example is the specialized trading company. There are companies that comprehensively cover segments as specialized trading companies in their respective areas. In construction materials, for example, there are trading companies that handle materials related to materials, housing, etc.

However, in our case, we have a very limited range of commercial products that we handle, and that is where we offer a complex range of functions. There is no comparison in the sense that we offer a variety of functions in a complex manner rather than a general specialty trading company.

For our part, we would like to further expand our competitiveness by offering a variety of features to commercial products that can aim for the top niche, while keeping this uniqueness at the forefront. We hope you understand that we are unique and very difficult to compare.

Q&A: Measures to increase PER

Current Status

TAK

- 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

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QUESTION: On page 28 of the slide, the right side shows the PBR situation, and your company's ROE is 22.4 percent for the fiscal year ending March 2024. I am wondering if there are special circumstances here, but I am concerned about the low PER. In order to raise growth expectations from the stock market in the future, do you have any measures in mind to increase PER in terms of IR, business strategy, etc.?

Takashima: ROE and ROIC are the indicators in our mid-term plan. Naturally, we are also aware of PBR. While we always look at PER as a specific indicator, we do not take any special action toward it.

QUESTION: From an investor's point of view, your company claims 8 percent ROE to raise PBR, which is a reasonable level. However, given the low PER, I suspect that the P/B ratio will not exceed 1x. We believe that if your company's growth expectations increase in the stock market, the PER will naturally increase and the P/B ratio will exceed 1x. We would appreciate it if you could send a message of your growth expectations to the market.

Takashima: I believe that the most important point for our next growth is business investment. While investment in human assets is important, our stance is to continue to invest in business. Over the past few years we have had three mergers and acquisitions. In this sense, we have begun to see signs of growth over the past two years. I believe that the key is how to continue this growth in a form that will allow us to grow. We have been preparing for growth in the past and will continue to do so in the future. We intend to make announcements so that we can clearly market our products.

Q&A: About TSE's New TOPIX

QUESTION: Am I correct in understanding that your company has selected the prime market?

Takashima: You are right.

QUESTION: Currently, the TSE is considering the new TOPIX. What is your company's perception of whether it can remain in the new TOPIX or whether it is a leader line, given your company's current situation?

Takashima: We have been making efforts to comply with the prime market by submitting a conformity plan and clearing the market under the transitional measures. Thanks to your efforts, the market will be compliant from January to March 2024, and if we continue with the current progress, I believe we will be able to comply.

However, this is just a passing point. For us, our direction is to further create value and increase corporate value. Regarding the new TOPIX criteria, there are some hurdles to overcome. We are willing to advance to that area, but we recognize that the hurdle is still high, based on a simple calculation.

QUESTION: As president, do you have a strong desire to move to the new TOPIX? : As president, do you have a strong desire to move to the new TOPIX?

Takashima: This is a difficult part to say, but we would like to make a medium- to long-term effort in that direction.