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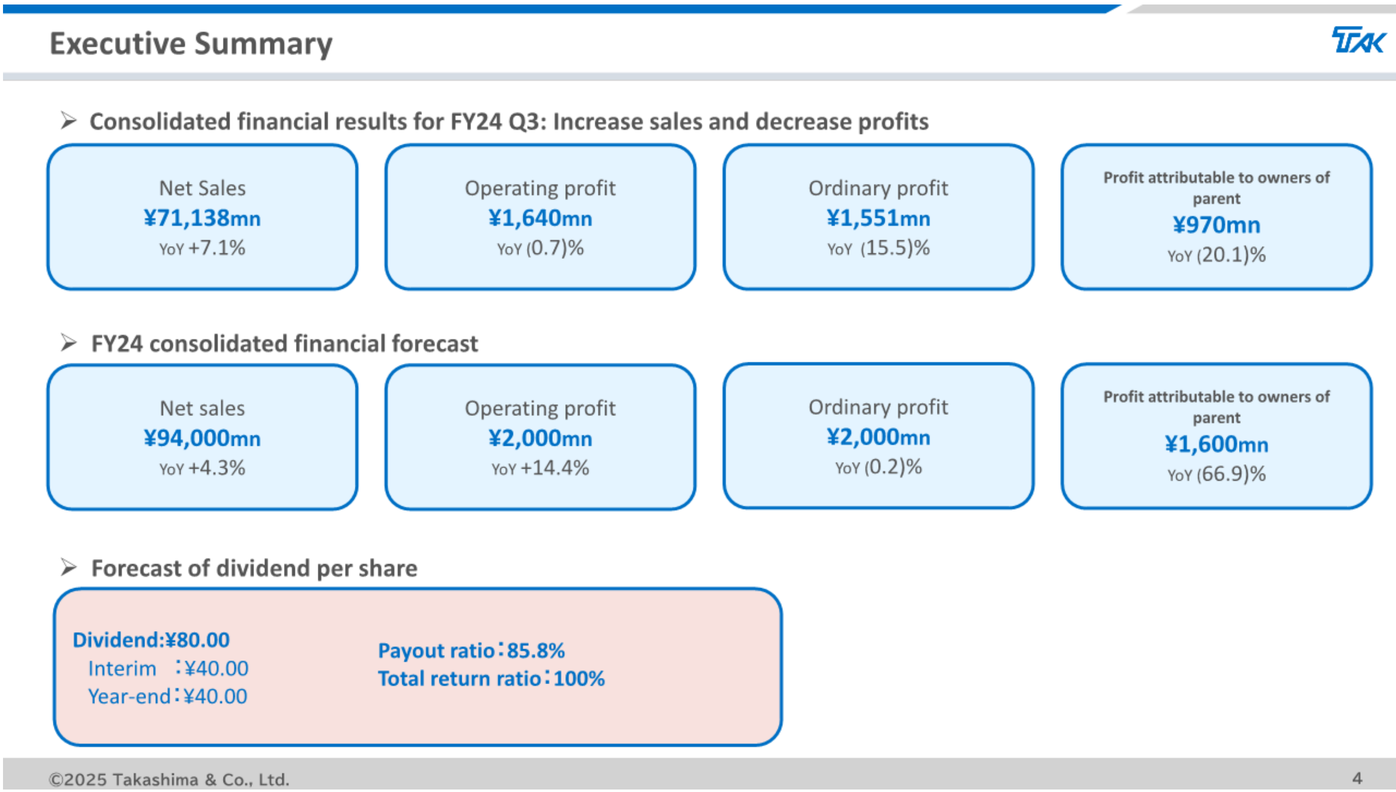
Contents

Kenichi Yamada: My name is Yamada, Division Chief of the Business Management Division. I will now present the financial results for the third quarter of the fiscal year ending March 31, 2025, in Takashima. I would like to provide an overview of the financial results for the third quarter of the fiscal year ending March 31, 2025, the consolidated earnings forecast for the fiscal year ending March 31, 2025, and shareholder returns.

Executive Summary



I will now give an overview of the financial results for the third quarter of the fiscal year ending March 31, 2025. We begin with an executive summary. Net sales increased 7.1 percent year-on-year to 71,138 million yen, and operating profit declined 0.7 percent to 1,640 million yen. Ordinary profit decreased 15.5% to 1,551 million yen. Net profit attributable to owners of the parent declined 20.1% to 970 million yen.

The year-end dividend remains unchanged at 40 yen per share, as forecast.

P/L Consolidated Performance

Consolidated Performance: P/L

TAK

- ✓ Sales increased 7.1% YoY to 71,138 million yen, with a slight decrease in Electronics Devices segment and an increase in Construction Supply and Industrial Materials segment.
- ✓ Operating profit decreased 0.7% YoY to 1,640 million yen due to an increase in SG&A expenses.
- ✓ Ordinary profit decreased 15.5% YoY to 1,551 million yen due to an increase in foreign exchange losses from the depreciation of local currencies at overseas subsidiaries.
- ✓ Net profit attributable to owners of parent declined 20.1% YoY to 970 million yen. The decrease was due to the lack of sales of investment securities in the third quarter of the current fiscal year.

（unit: millions of yen）

	FY23 Q3	FY24 Q3	Amount of change	Ratio of change
Net sales	66,416	71,138	4,722	7.1%
Cost of sales	57,151	61,399	4,247	7.4%
Gross profit	9,264	9,739	474	5.1%
SG&A	7,613	8,099	486	6.4%
Operating profit	1,651	1,640	(11)	(0.7)%
Operating profit margin	2.5%	2.3%	(0.2)pt	-
Ordinary profit	1,835	1,551	(284)	(15.5)%
Profit attributable to owners of parent	1,214	970	(244)	(20.1)%
EBITDA	2,595	2,816	221	8.5%

EBITDA：利払い前・税引き前・減価償却前利益（Earnings before Interest, Taxes, Depreciation and Amortization）

I will explain about the consolidated statement of income.

Net sales increased 7.1% to 71,138 million yen due to higher sales in Construction Supply and Industrial Materials, despite a slight decline in sales of Electronics Devices. Operating profit declined 0.7% to 1,640 million yen. Ordinary profit decreased 15.5% to 1,551 million yen, mainly due to an increase in foreign exchange losses from the depreciation of local currencies at overseas subsidiaries.

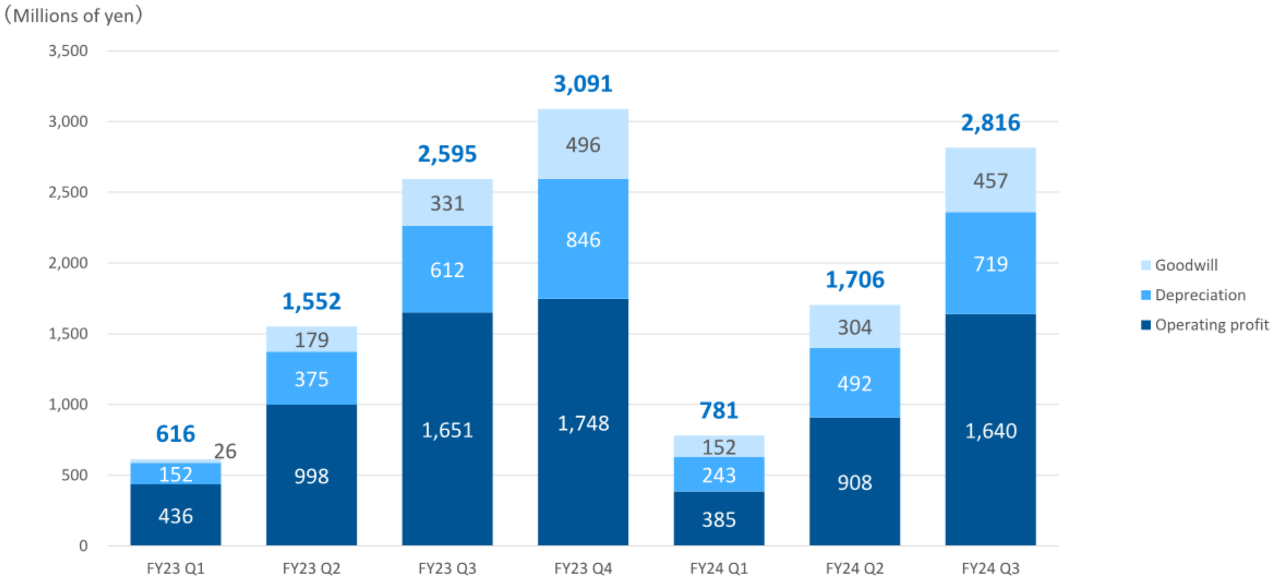
Profit attributable to owners of parent decreased 20.1 percent to 970 million yen. This is because the Company recorded a gain on sales of investment securities in the third quarter of the previous fiscal year, but did not conduct any sales in the third quarter of the current fiscal year.

EBITDA increased 8.5 percent to 2,816 million yen.

Transition of EBITDA

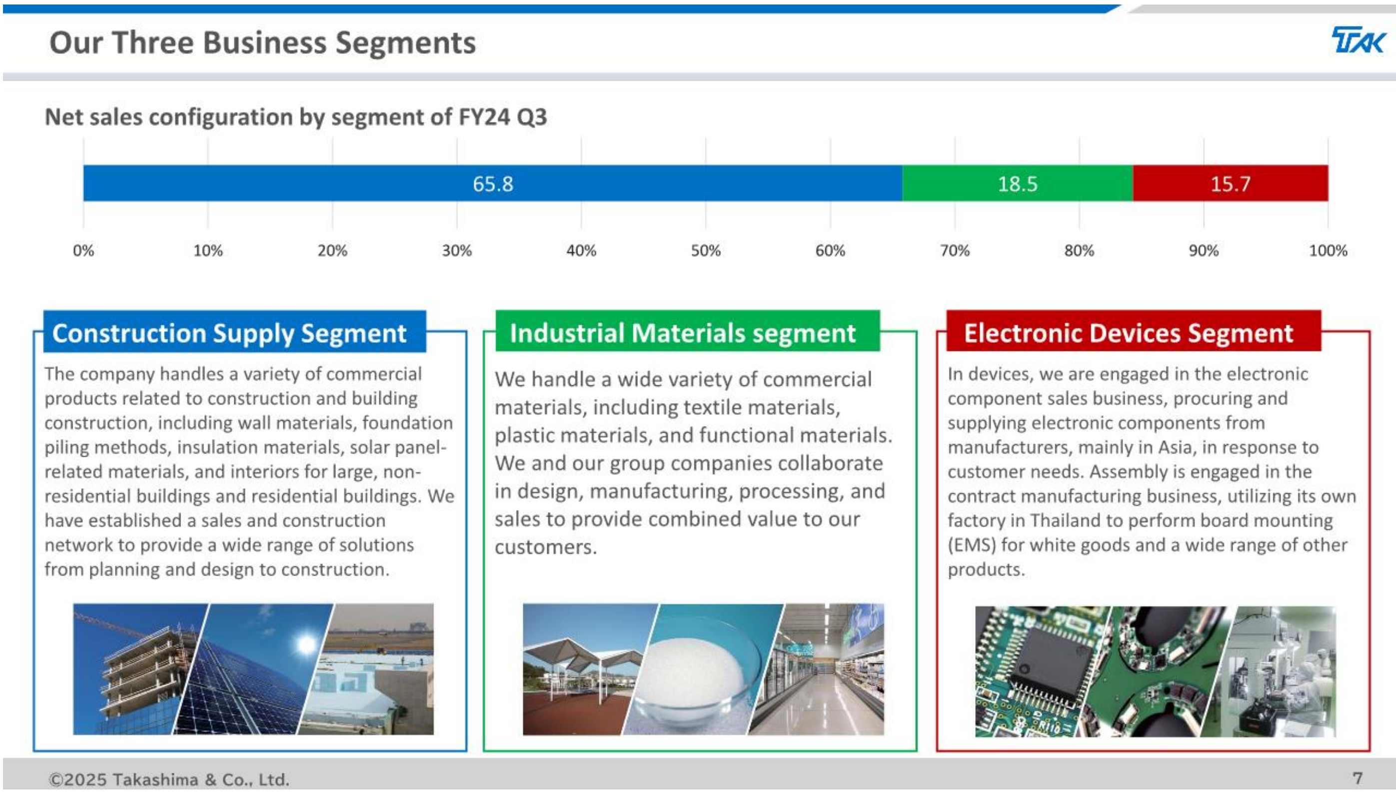
Transition of EBITDA

✓ EBITDA increase YoY 8.5%, ¥2,816 mn



The graph shows the quarterly change in EBITDA, and earning power is also improving.

OurThreeBusinessSegments



Our business is divided into three segments: Construction Supply, Industrial Materials, and Electronics Devices. We are reviewing our asset allocation in the fiscal year ended March 31, 2024, and have restructured our industrial materials segment and sold off major fixed assets. As a result, the Real Estate Leasing segment was abolished and some properties previously classified in the real estate leasing segment were changed to construction supply and industrial materials.

The Construction Supply segment handles commercial products related to construction, 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 Segment

Information About Segments

<Segment sales>

(Unit: Millions of yen)

Segment	FY23 Q3	FY24 Q3	Amount of change	Ratio of change
Construction Supply	42,590	46,815	4,224	9.9%
Industrial Materials	12,465	13,175	709	5.7%
Electronic Devices	11,240	11,169	(71)	(0.6)%
Real Estate Leasing	133	–	(133)	(100.0)%
Total	66,430	71,160	4,729	7.1%
Adjusted amount	(14)	(22)	(7)	–
Amount recorded in consolidated financial statements	66,416	71,128	4,722	7.1%

*Adjustments represent elimination of intersegment transactions.

<Segment profit>

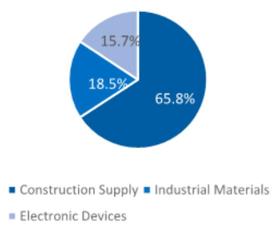
(Unit: Millions of yen)

Segment	FY23 Q3	FY24 Q3	Amount of change	Ratio of change
Construction Supply	1,641	1,299	(342)	(20.8)%
Industrial Materials	525	727	201	38.4%
Electronic Devices	292	605	313	107.1%
Real Estate Leasing	78	–	(78)	(100.0)%
Total	2,538	2,633	95	3.7%
Adjustment Amount	(887)	(993)	(105)	–
Amount recorded in consolidated financial statements	1,651	1,640	(11)	(0.6)%

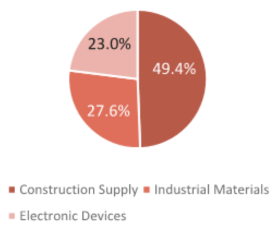
*Adjustments are elimination of intersegment transactions and corporate expenses not allocated to each reportable segment.

FY24 Q3

Segment sales composition



Segment profit composition



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In order to better clarify the profit situation in each segment and the level of profit for which each division is directly responsible, segment profit before allocation of corporate expenses, which were previously allocated to each segment, is disclosed. Such corporate expenses are disclosed as adjustments.

Overall sales in the Construction Supply segment increased 9.9 percent to 46,815 million yen, and segment profit decreased 20.8 percent to 1,299 million yen.

Overall sales in the Industrial Materials segment increased 5.7 percent to 13,175 million yen, and segment profit rose 38.4 percent to 727 million yen.

Overall sales in the Electronic Devices segment declined 0.6 percent to 11,169 million yen, while segment profit increased 107.1 percent to 605 million yen.

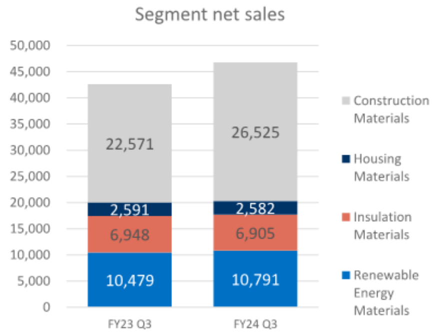
Briefing by Segment: Construction Supply

Briefing by Segment: Construction Supply

- ✓ In the Construction Materials segment, net sales increased due to the acquisition of large properties and a nine-month contribution from Gansui Corporation, which became a consolidated subsidiary in June 2023, compared with a five-month contribution in the same period of the previous fiscal year.
- ✓ Sales in the Renewable Energy Materials increased due to strong market conditions.
- ✓ Segment profit decreased due to lower profitability of some properties in the Construction Materials segment, lower shipments in the Insulation Materials segment due to the sluggish market, and higher overhead costs.

(Unit: millions of yen)

	FY23 Q3	FY24 Q3	Amount of change	Ratio of change
Construction Materials	22,571	26,525	3,953	17.5%
Housing Materials	2,591	2,582	(9)	(0.4)%
Insulation Materials	6,948	6,905	(42)	(0.6)%
Renewable Energy Materials	10,479	10,791	311	3.0%



First, let me explain the main factors in the Construction Supply segment.

In the Construction Materials field, sales increased. This is due to the acquisition of large properties. Gansui Corporation became a consolidated subsidiary in June 2023, and this was also a factor in the contribution of nine months for the current period, compared to five months for the same period last year.

In the Renewable Energy field, sales increased due to favorable market conditions and steady growth.

On the other hand, segment profit decreased due to lower profitability of some properties in the Construction Materials field, lower shipments in the Insulation Materials field due to the sluggish market, and higher SG&A expenses.

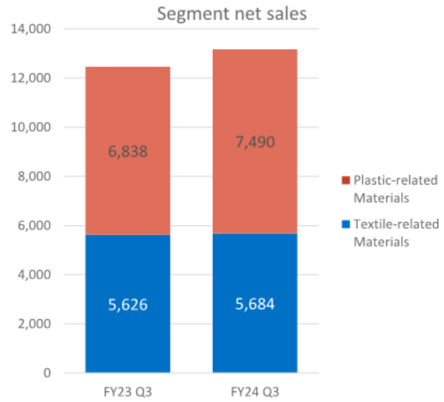
Briefing by Segment: Industrial Materials

Briefing by Segment: Industrial Materials

- In the plastic-related materials field, orders increased mainly for automobile-related, electronic and precision equipment-related components and logistics materials, while railroad rolling stock, which had been stagnant in recent years, showed signs of recovery, resulting in higher sales.
- In the textile-related materials segment, sales increased due to recovery in heavy fabric-related products, mainly truck materials, and growth in functional fibers for industrial use, as well as increased orders for equipment for the Ministry of Defense and textile products for construction.
- Overall segment profit increased due to higher sales in both the plastic materials and textile materials segments, as well as higher plant utilization rates at consolidated subsidiaries.

(unit: millions of yen)

	FY23 Q3	FY24 Q3	Amount of change	Ratio of change
Plastic-related Materials	6,838	7,490	651	9.5%
Textile-related Materials	5,626	5,684	58	1.0%



Next, I will explain the main factors affecting the Industrial Materials segment.

In the Plastic-related Materials field, orders increased mainly for automobile-related and electronic and precision equipment-related components and logistics materials, while sales of rolling stock, which had been sluggish in recent years, showed signs of recovery, resulting in an increase in sales.

In the Textile-related Materials field, sales increased due to a recovery in heavy fabric-related products, mainly truck materials, and growth in functional fibers for industrial use, as well as increased orders for equipment for the Ministry of Defense and textile products for construction.

Overall segment profit increased due to higher sales in both Plastic-related Materials and Textile-related Materials, as well as higher plant utilization rates at consolidated subsidiaries.

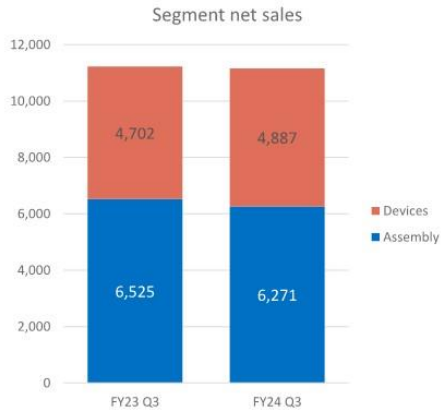
Briefing by Segment: Electronic Devices

Briefing by Segment: Electronic Devices

- ✓ Consumer electronics and white goods markets in Japan remain challenging
- ✓ In the devices segment, orders increased due to the shipment of parts inventories accumulated by major customers in reaction to the supply shortage of electronic components, but sales and profit decreased due to intensified price competition.
- ✓ In the assembly field, sales and profit decreased due to sluggish performance in white goods, and increased orders for digital camera-related products from the previous year.

(Unit: millions of yen)

	FY23 Q3	FY24 Q3	Amount of change	Ratio of change
Devices	4,702	4,887	185	3.9%
Assembly	6,525	6,271	(253)	(3.9)%

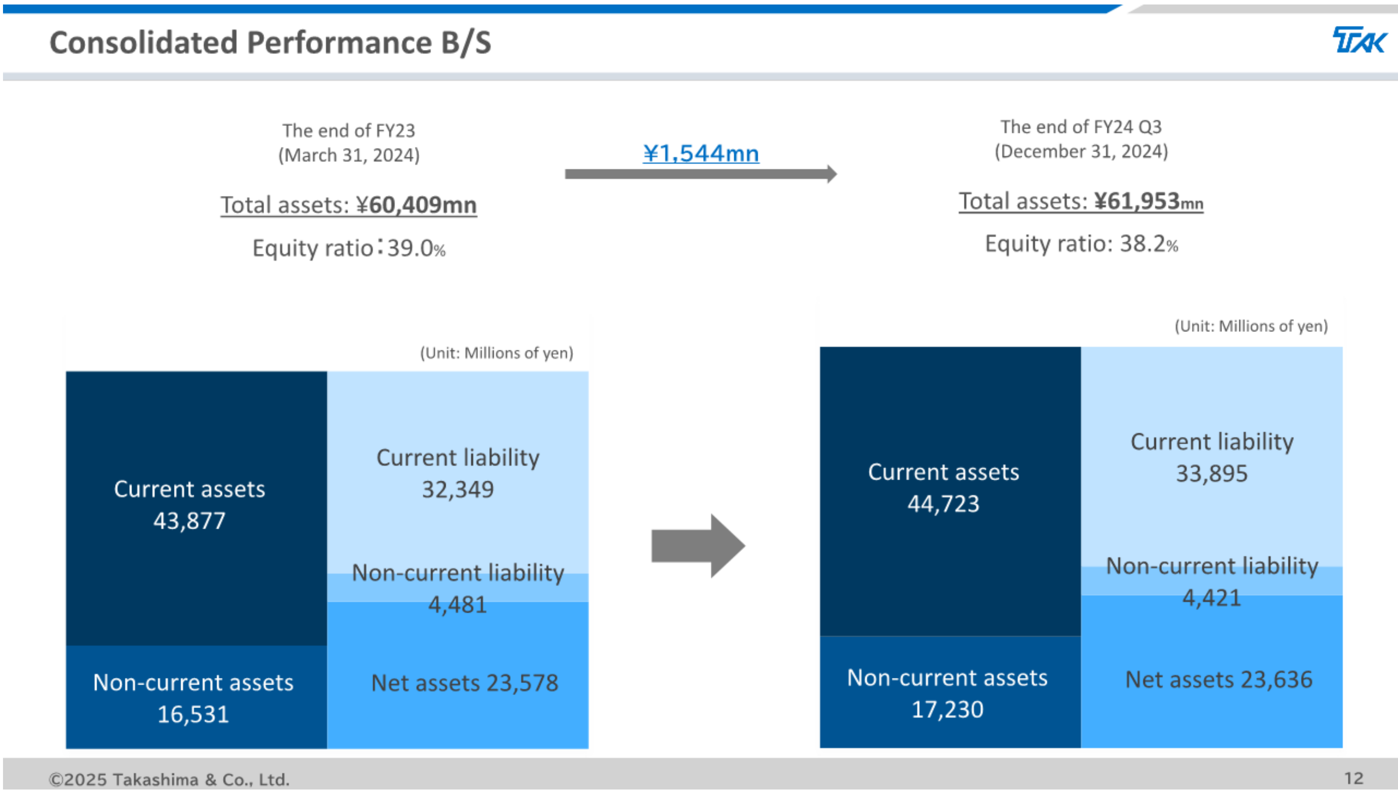


Finally, I will explain the main factors in the Electronics Devices segment.

The consumer electronics and white goods markets in Japan remain challenging. In the Devices field, the number of orders received increased due to progress in shipping parts inventories that had been built up by major customers in reaction to the supply shortage of electronic components, but sales increased and earnings decreased due to intensified price competition.

Meanwhile, in the Assembly field, sales and profits decreased due to an increase in orders related to digital cameras from the previous year, although orders related to white goods remained sluggish.

Consolidated Performance B/S



I will continue with the balance sheet.

Total assets increased 1,544 million yen from the end of the previous period to 61,953 million yen. Details are explained on the next page.

The equity ratio was 38.2 percent.

B/S Consolidated Performance B/S

Consolidated Performance B/S

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(Unit: Millions of yen)

Main factor of change

		FY23	FY24 Q3	Amount of change	Ratio of change
	Assets				
	Current assets				
★	Cash and deposits	12,371	6,845	(5,526)	(44.7)%
★	Notes and accounts receivable - trade, and Electronically recorded monetary claims - operating	23,438	28,740	5,302	22.6%
	Total current assets	43,877	44,723	846	1.9%
	Non-current Assets				
	Property, plant and equipment	4,762	4,819	56	1.2%
	Intangible assets				
★	Goodwill	5,611	5,153	(457)	(8.1)%
	Total intangible assets	6,609	6,124	(484)	(7.3)%
	Investment and other assets				
★	Investment securities	2,862	3,465	602	21.1%
	Total investments and other assets	5,159	6,286	1,126	21.8%
	Non-current assets	16,531	17,230	698	4.2%
	Total assets	60,409	61,953	1,544	2.6%

First, in terms of assets, the main factors compared to the end of the previous period are as shown below.

Current assets increased 1.9 percent from the end of the previous period to 44,723 million yen. The main factor was an increase in notes and accounts receivable, trade and contract assets, and other current assets, while cash and deposits decreased.

Noncurrent assets increased 4.2 percent to 17,230 million yen. The main factor was an increase in investment securities, while goodwill decreased.

Consolidated Performance B/S

Consolidated Performance B/S

Main factors of change

(Unit: millions of yen)

		FY23	FY24 Q3	Amount of change	Ratio of change
	Liabilities				
	Current liabilities				
★	Notes and accounts payable trade	16,647	15,581	(1,065)	(6.4)%
	Electronically recorded obligations – operating	5,585	4,639	(946)	(16.9)%
	Short-term borrowings	4,807	9,977	5,169	107.5%
	Total current liabilities	32,349	33,895	1,546	4.8%
	Non-current liabilities				
★	Long-term borrowings	2,095	1,836	(259)	(12.4)%
	Total non-current liabilities	4,481	4,421	(59)	(1.3)%
	Total liabilities	36,830	38,317	1,486	4.0%
	Net assets				
	Shareholders' equity				
	Share capital	3,801	3,801	–	0.0%
★	Retained earnings	1,553	751	(801)	(51.6)%
	Total shareholders' equity	21,649	21,043	(605)	(2.8)%
	Accumulated other comprehensive income				
★	Valuation difference on available-for-sale securities	931	1,229	297	32.0%
	Foreign currency translation adjustment	1,929	2,592	663	34.4%
	Total accumulated other comprehensive income	23,578	23,636	57	0.2%
	Total net assets	60,409	61,953	1,544	2.6%

The following table shows the main factors of liabilities and net assets compared to the end of the previous fiscal year.

Current liabilities increased 4.8 percent to 33,895 million yen. The main factor was an increase in short-term loans payable.

Long-term liabilities decreased 1.3 percent to 4,421 million yen. The main factor was a decrease in long-term loans payable.

Total net assets increased 0.2 percent to 23,636 million yen. The main factor was a decrease in retained earnings due to dividend payments. Meanwhile, retained earnings and foreign currency translation adjustments increased, respectively.

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 Q3	Progress
Net sales	90,120	**94,000**	3,879	4.3%	**71,138**	**75.7%**
Operating profit	1,748	**2,000**	251	14.4%	**1,640**	**82.0%**
Operating profit margin	1.9%	**2.1%**	0.2pt	-	**-**	**-**
Ordinary profit	2,004	**2,000**	(4)	(0.2)%	**1,551**	**77.6%**
Profit attributable to owners of parent	4,832	**1,600**	(3,232)	(66.9)%	**970**	**60.6%**

I would like to explain our full-year consolidated earnings forecast for the fiscal year ending March 31, 2025.

There are no revisions to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2025.

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 Q3	Progress
Construction Supply	58,180	59,700	1,519	2.6%	46,815	78.4%
Industrial Materials	17,195	17,600	404	2.4%	13,175	74.9%
Electronic Devices	14,795	16,700	1,904	12.9%	11,169	66.8%
Real Estate Leasing	143	-	-	-	-	-
Amount recorded in consolidated financial statements	90,120	94,000	3,879	4.3%	71,138	75.7%

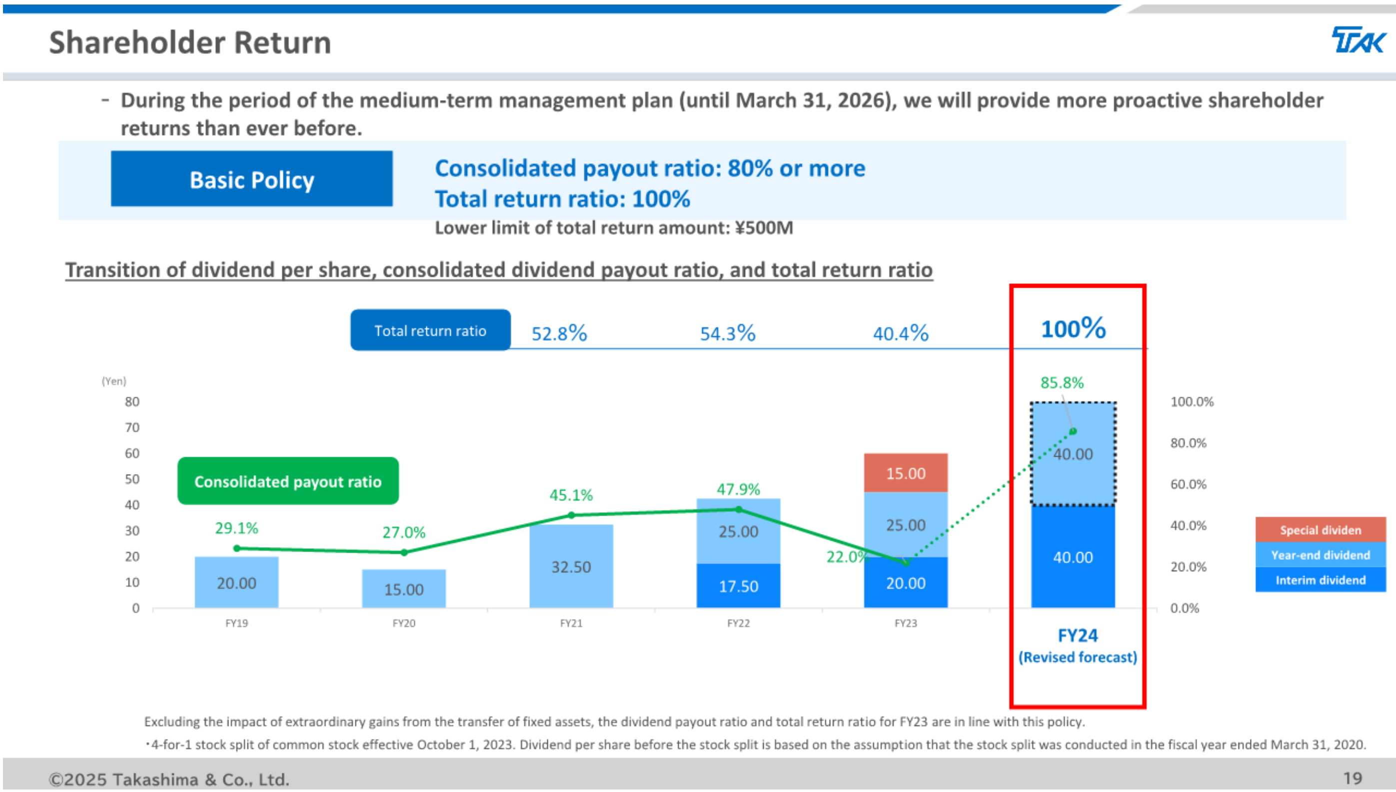
Segment operating profit (Unit: millions of yen)

	FY23 (reference) Results after new segment reclassification	FY24 Forecast	Amount of change	Ratio of change	Result of FY24 Q3	Progress
Construction Supply	1,987	2,050	62	3.2%	1,299	63.4%
Industrial Materials	716	750	33	4.7%	727	97.0%
Electronic Devices	434	500	65	15.0%	605	121.1%
Real Estate Leasing	82	-	-	-	-	-
Total	3,220	3,300	79	2.5%	2,633	79.8%
Adjustment*	(1,472)	(1,300)	(172)	(11.7)%	(993)	76.4%
Amount recorded in consolidated financial statements	1,748	2,000	251	14.4%	1,640	82.0%

*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 become a “sustainable growth company with strategic investments” and to expand investments for growth while at the same time returning profits to shareholders with an awareness of capital efficiency.

In the current fiscal year, we changed the dividend payout ratio to a minimum of 80 percent and the total return ratio to 100 percent as a limited measure for the two years until the final year of Sustainability V(Value) based on the recognition that further improvement in capital efficiency is necessary to achieve a ROE of 8 percent or more. Subsequent shareholder return policies will be discussed and announced at the time of formulating the next medium-term management plan.

For the current fiscal year, the Company plans to pay a year-end dividend of 40 yen per share, resulting in a consolidated dividend payout ratio of 85.8% based on the earnings forecast.

Sanwa Holdings Co., Ltd become a consolidated subsidiary

Sanwa Holdings Co., Ltd. becomes a consolidated subsidiary.

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- ✓ In February 2025, the Company acquired all shares of Sanwa Holdings Co., Ltd. and made it a subsidiary. Sanwa Holdings' subsidiaries include Sanwa System Co., Ltd. which is engaged in sales and installation of solar power generation systems.
- ✓ Sanwa Systems has sold and installed more than 10,000 industrial and residential solar power generation systems. Sanwa System's strength is its one-stop service from site acquisition to design, construction, and maintenance.

SANWA SYSTEM

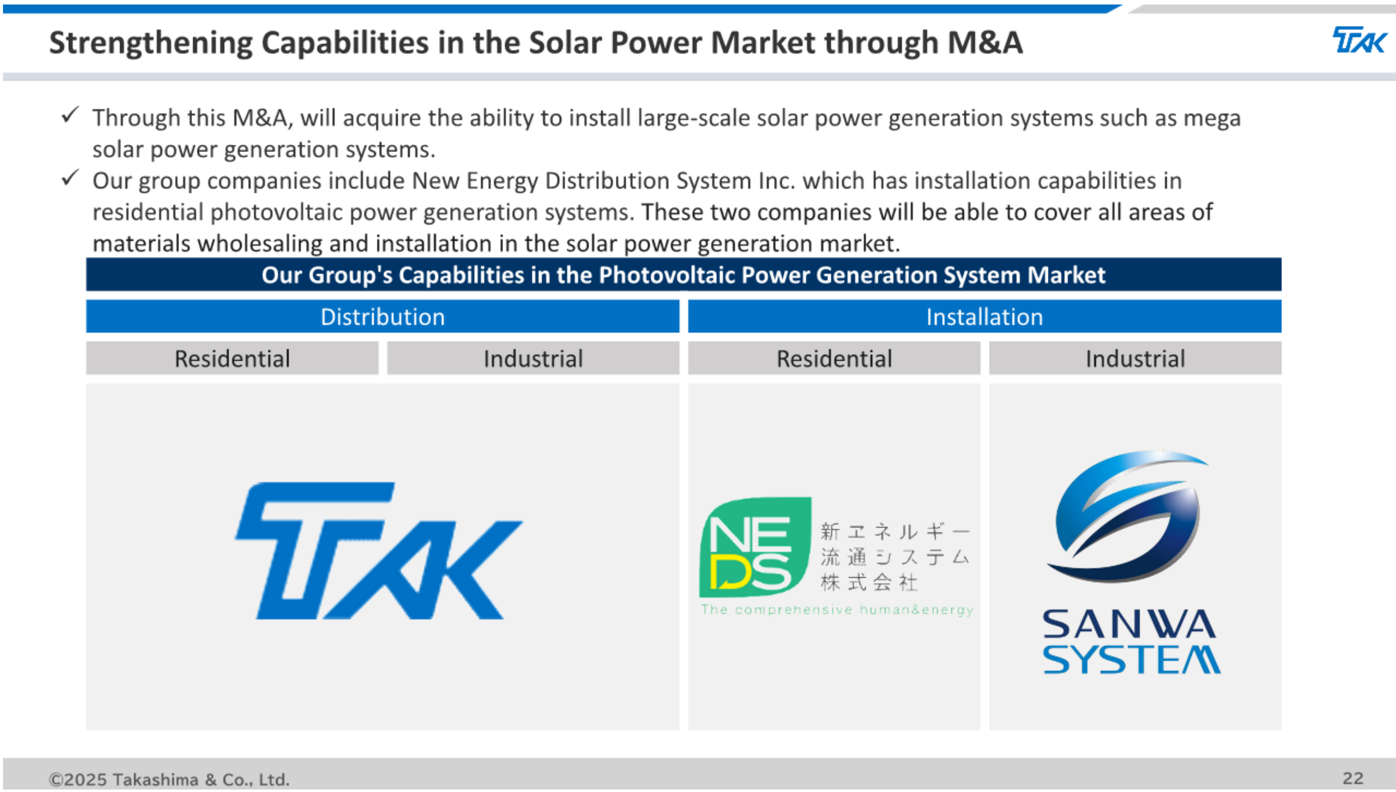
Name	Sanwa System Co., Ltd.
Head office	Higashishinagawa, Shinagawa, Tokyo.
Establishment	June 27, 2013
Number of employee	80
Capital stock	¥45,000,000
Permits and licenses	Specified construction business Building lots and building transaction business
Business	Maintenance of industrial and residential solar power generation system. Purchase and sale of solar power generation system (including private consumption solar power generation system)

Topics are explained below.

In February 2025, the Company acquired all shares of Sanwa Holdings Co., Ltd. Sanwa Holdings Co., Ltd. has 14 subsidiaries, including Sanwa System Co., Ltd. which is engaged in sales and installation of solar power generation systems.

Sanwa System Co., Ltd. has sold and installed more than 10,000 industrial and residential photovoltaic power generation systems, and its strength is in providing a one-stop service from site acquisition to design, construction, and maintenance.

Strengthening Capabilities in the Solar Power Market through M&A



Through this M&A, the company has acquired the ability to install mega solar and other large-scale solar power generation systems.

With New Energy Distribution System Corporation, which has installation capabilities for residential photovoltaic systems, we are now able to cover the entire range of material wholesaling and installation in the photovoltaic power generation market.