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# Fiscal Year Ending March 31, 2023(FY22) Second Quarter Financial Briefing and Our Next Medium-term Management Plan “Sustainability V(Value) ”Basic Policy

Takashima & Co., Ltd. Securities Code 8007

Dec. 1, 2022



*Takashima & Co., Ltd.*

- Thank you very much for attending today's financial results briefing for the second quarter of the fiscal year ending March 31, 2023 of Takashima Co., Ltd.
- I'm Takahiro Suzuki, director, managing executive officer and division chief of Business Administration Division.

- 1 | **FY22 2Q  
Financial Highlights**
- 2 | **FY22 Full-year  
Consolidated Performance Forecast**
- 3 | **Shareholder Return**
- 4 | **Topics**
- 5 | **Next Medium-term Management Plan  
“Sustainability V(Value)” Basic Policy**

- Please take a look at the contents of today.
- Firstly, I will explain financial highlight of second quarter of fiscal year ending March, 2023.
- I will also explain about consolidated performance forecast and shareholder return.
- Next, Mr. Takashima, CEO of our company, will explain about our next medium-term management plan “Sustainability V(Value)” basic policy. He will also explain our current topics, which was disclosed on Nov. 14, implementation of two M&A and acquisition of treasury stock.

# 1. FY22 2Q Financial Highlights

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- Now, I would like to tell financial highlights about second quarter of Fiscal year ending March, 2023.

## Executive Summary



### FY22 2Q Performance Highlight

Net sales increased from the same period of the previous year due to strong performance of the Electronics & Devices segment.  
Profits were lower than in the same period of the previous year due to an increase in selling, general and administrative expenses, resulting in an increase in sales and a decrease in profit.

### FY23 Forecast

Not changed.  
Aiming to profit attributable to owners of parent ¥1,400M.  
Progress against the full-year forecast was slightly low, but within our expectations.

### Dividends

Not changed.  
Expect ¥140 per year  
(Interim ¥70 and Year-end ¥70)

- First, I would like to talk about the highlight as an executive summary.
- Net sales increased from the same period of the previous year due to strong performance of the Electronics & Devices segment.
- Profits were lower than in the same period of the previous year due to an increase in selling, general and administrative expenses, resulting in an increase in sales and a decrease in profit.
- Forecast of fiscal year ending March, 2023 is not changed.
- Progress against the full-year forecast was slightly low, but within our expectations.
- Expectation about dividends of fiscal year ending March, 2023 is not changed, too.
- We expect dividends will be ¥140. ¥70 will be paid as interim dividends and ¥70 will be paid as year-end dividends.

## Consolidated Performance: P/L



- ✓ Net sales increased from the same period of the previous year due to strong performance of the Electronics & Devices segment. Profits were lower than in the same period of the previous year due to an increase in selling, general and administrative expenses, resulting in an increase in sales and a decrease in profits.
- ✓ Progress toward the full-year forecasts was 47.3% for net sales and 36.4% for net profit attributable to shareholders of the parent company, slightly slower but within expectations.

(Unit: Millions of yen)

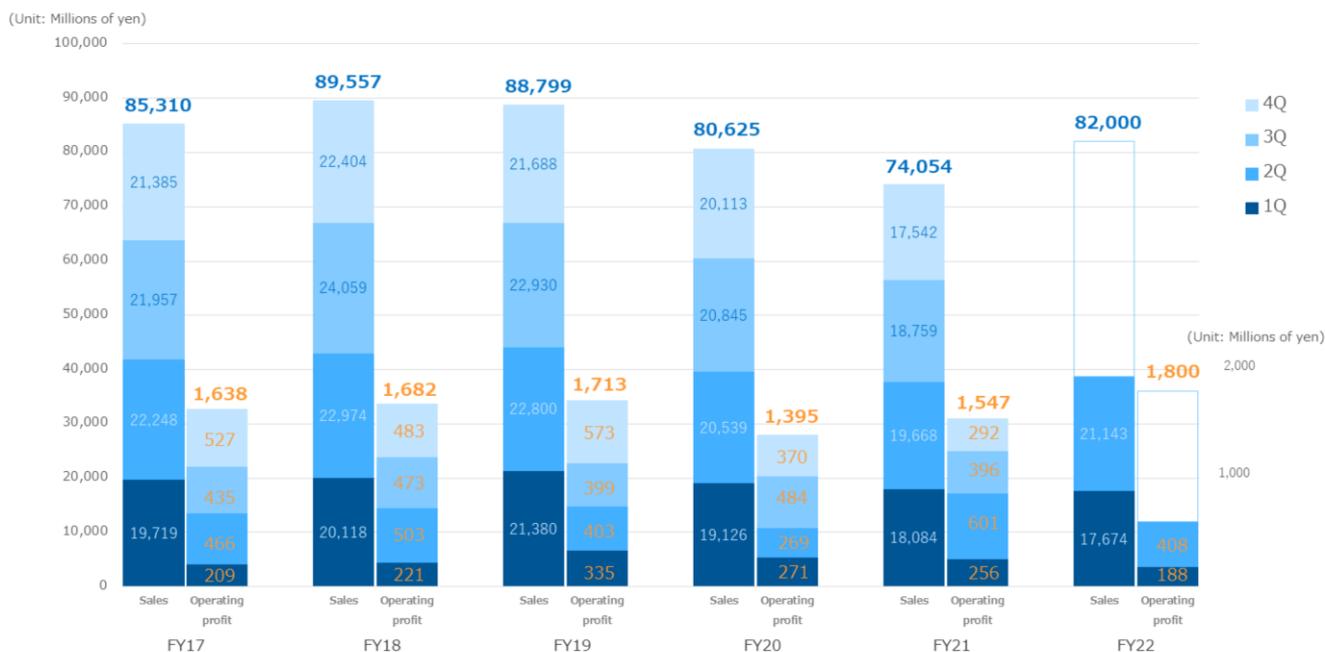
	FY21 2Q		FY22 2Q		Year-on-Year(YoY) Ratio		FY22 Forecast	Progress against full-year forecast
	Amount	Net sales ratio	Amount	Net sales ratio	Amount of Change	Ratio of change		
Net sales	37,752	-	38,817	-	+1,064	+2.8%	82,000	47.3%
Operating profit	858	2.3	596	1.5%	(261)	(30.5)%	1,800	33.2%
Ordinary profit	963	2.6	694	1.8%	(268)	(27.9)%	1,900	36.6%
Profit attributable to owners of parent	692	1.8	509	1.3%	(182)	(26.4)%	1,400	36.4%

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- Now I would like to talk about the consolidated statement of profit.
- Consolidated net sales of the Group for the first half of the current fiscal year increased 2.8% year on year to 38,817 million yen.
- Operating profit decreased 30.5% year on year to 596 million yen.
- Ordinary profit decreased 27.9% year on year to 694 million yen.
- Profit attributable to owners of parent decreased 26.4% to 509 million yen.
- Although net sales increased year-on-year, operating profit decreased due to an increase in selling, general, and administrative expenses.
- The increase in selling, general and administrative expenses was mainly due to costs associated with M&A activities in line with the capital allocation policy to transform the company into a sustainable growth company as agreed in a plan to meet continuous-listing criteria, and costs associated with the replacement of the core system to standardize and enhance the efficiency of operations and strengthen internal controls.
- In addition, expenses increased due to the relaunch of business activities after the Corona disaster.
- The percentage of progress toward the full-year forecast is 47.3% for net sales, 33.2% for operating profit, 36.6% for ordinary profit, and 36.4% for net profit.

# Consolidated Performance: P/L Sales & Operating Profit Transition



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- This graph represents sales and operating profit.
- For the fiscal year ending March 31, 2021, the economic impact of COVID-19 decreased sales and profits.
- In the fiscal year ended March 31, 2022, sales and profits decreased due to the impact of the adoption of accounting standards for revenue recognition.
- For the fiscal year ending March 31, 2023, we are forecasting an increase in both sales and profits, with net sales of 82,000 million yen and operating profit of 1,800 million yen.

# Consolidated Performance: B/S

The end of FY21  
(Mar. 31, 2022)

Total assets : **¥45,176M**

Equity ratio : **40.9%**

**+ ¥4,992M**

**(3.2pts)**

The end of FY22 2Q  
(Sep. 30, 2022)

Total assets : **¥50,169M**

Equity ratio : **37.7%**

(Unit: Millions of yen)



(Unit: Millions of yen)



- I will continue with an explanation of the balance sheet.
- Compared to the end of the previous fiscal year, total assets increased by 4,992 million yen. The main factor was an increase in accounts receivable and accounts payable due to higher sales.
- The equity ratio decreased 3.2 points to 37.7%.

# Consolidated Performance: B/S(detailed)



Unit: Millions of yen

	FY21	FY22 2Q	Amount of change(YoY)	Ratio of Change(YoY)	Main reasons of change
Total Assets	45,176	50,169	+4,992	+11.1%	
Total current assets	35,423	40,160	+4,736	+13.4%	Cash and deposits ¥(1,157)M, Notes and accounts receivable – trade, and contract assets + ¥4,178M, Merchandise and finished goods +¥1,353M
Total non-current assets	9,753	10,009	+256	+2.6%	
Property, plant and equipment	4,252	4,517	+265	+6.2%	
Intangible assets	514	613	+99	+19.3%	
Total investments and other assets	4,986	4,877	(108)	(2.2)%	Investment securities¥(224)M
Total liabilities and net assets	45,176	50,169	+4,992	+11.1%	
Total liabilities	26,699	31,237	+4,537	+17.0%	
Total current liabilities	21,024	25,653	+4,629	+22.0%	Electronically recorded obligations – operating ¥(1,460)M Notes and accounts payable - trade + ¥5,470M
Total non-current liabilities	5,675	5,583	(92)	(1.6)%	Long-term borrowing ¥(120)M
Total net assets	18,477	18,932	+455	+2.5%	Retained earnings(dividends) ¥(581)M, Valuation difference on available-for-sale securities¥(108)M Retained earnings(profit attributable to owners of parent +¥509M, Foreign currency translation adjustment +¥613M

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- I will now explain the main factors in the comparison with the end of the previous fiscal year.
- 1:Current assets increased 13.4% to 40,160 million yen. The main factors were a decrease in cash and deposits and increases in notes and accounts receivable, trade and contract assets, and merchandise and finished goods.
  - Noncurrent assets increased 2.6% to 10,009 million yen. The main factors were a decrease in investment securities in investments and other assets and an increase in property, plant and equipment.
  - Current liabilities increased 22.0% to 25,653 million yen. The main factors were a decrease in electronically recorded obligation and an increase in notes and accounts payable-trade.
  - Non-current liabilities decreased 1.6% to 5,583 million yen. This was mainly due to a decrease in long-term borrowings payable.
  - Total net assets increased 2.5% to 18,932 million yen. The main factors were a decrease in retained earnings due to dividend payments and valuation difference on available-for-sale securities, and increases in retained earnings and foreign currency translation adjustments due to net income attributable to owners of the parent for the period.

## Consolidated Performance: C/F



Cash flows from operating activities : Increase in trade payables ¥3,841M, Increase in trade receivables ¥(3,887)M

Cash flows from investing activities : Purchase of property, plant and equipment ¥(316)M、

Purchase of intangible assets ¥(152)M

Cash flows from financing activities : Dividends paid ¥(581)M, Repayments of long-term borrowings ¥(120)M

(Unit: Millions of yen)

	FY21 2Q	FY22 2Q
Net cash provided by(used in) operating activities	(1,359)	(487)
Net cash provided by(used in) operating activities	(278)	(300)
Net cash provided by(used in) financing activities	(424)	(556)
Net increase(decrease) in cash and cash equivalent	(1,954)	(1,157)
Cash and cash equivalents at beginning of the period	5,880	7,301
Cash and cash equivalents at end of the period	3,926	6,144

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- Next, we will discuss cash flows.
- Cash and cash equivalents totaled 6,144 million yen in the second quarter, a decrease of 1,157 million yen from the beginning of the period.
- Net cash decreased in operating activities amounted to 487 million yen. The main reasons for the change were the increase in profit before income taxes, an increase in trade payable, and a decrease due to an increase in trade receivables.
- Net cash decreased in investing activities amounted to 300 million yen. The main factors were decreases due to the purchase of property, plant and equipment and the purchase of intangible assets.
- Net cash decreased in financing activities amounted to 556 million yen. The decrease was mainly due to the dividend paid and the repayment of long-term borrowings.

## Performance of Each Segment

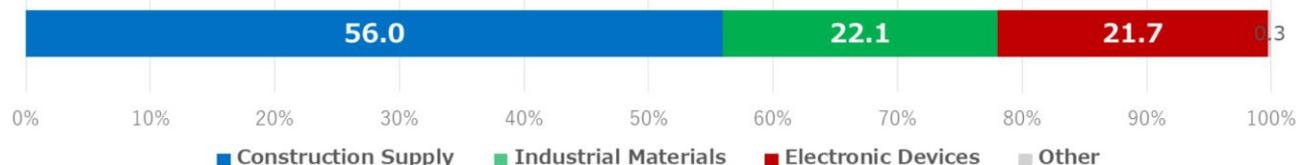
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- We will continue with an explanation of results by segment.

# Net Sales Configuration by Segment

FY22 2Q Net Sales ¥38,817M



## Construction Supply Segment

This segment handles a variety of commercial products related to construction and building, including wall materials, foundation pillars(piles), insulation materials, solar panels, and interior materials. We have established a nationwide sales network and also undertake a wide variety of processes, from planning and design to construction.



## Industrial Material Segment

This segment handles a diverse range of commercial products, including plastic materials and molded products, high-performance products for rolling stock, industrial textiles, LED construction, and OEM of apparel. We also make use of manufacturers within the group to offer a variety of other services and functions.



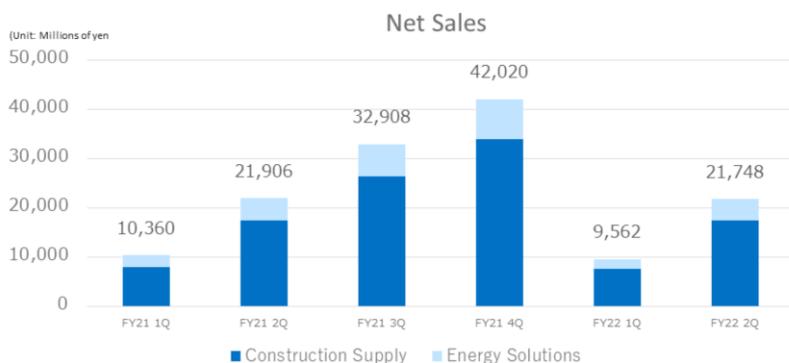
## Electronic Device Segment

This segment handles a diverse range of commercial products, including plastic materials and molded products, high-performance products for rolling stock, industrial textiles, LED construction, and OEM of apparel. We also make use of manufacturers within the group to offer a variety of other services and functions.



- The sales composition by segment for the second quarter was 56.0% for the Construction Supply segment, 22.1% for the Industrial Materials segment, and 21.7% for the Electronics Devices segment.
- The main business activities of each segment are shown as follows.

## Briefing by Segment: Construction Supply (Net sales, Segment Operating Profit/Loss)



Net Sales

**¥21,748M**

Year-on-Year(0.7)%



Segment Profit

**¥107M**

Year-on-Year(72.5)%

- Next, we move on to an overview by segment.
- First, I will give an overview of the Construction Supply segment.
- Overall sales in the Construction Supply segment were 21,748 million yen (down 0.7% year-on-year), and segment profit was 107 million yen (down 72.5% year-on-year).

## Briefing by Segment: Construction Supply -Business Field-



- In the construction materials field, sales declined slightly due to a temporary interval between orders for large projects such as ground improvement work.
- Energy solution field remained sluggish due to supply delays of solar panels and peripheral equipment
- Thermal Insulation field and housing material fields remained strong and contributed to profit.
- Sales and profit decreased due to an increase in selling, general and administrative expenses resulting from increased sales activities and system investments aimed at expanding business performance

Unit: Millions of yen

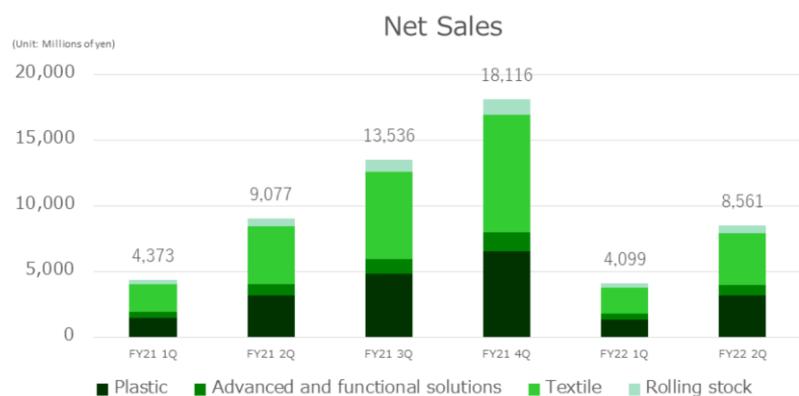
Business Field	FY21 2Q	FY22 2Q	Year-on-Year	
			Amount of change	Ratio of change
Construction Supply —Sales, design, and construction of materials related to housing and non-housing	17,395	17,332	(62)	(0.4)%
Energy solutions —Sales of solar power generation systems, energy products, and “all-electrification” products.	4,510	4,415	(95)	(2.1)%
Segment Net Sales	21,906	21,748	(157)	(0.7)%
Segment Profit	389	107	(282)	(72.5)%

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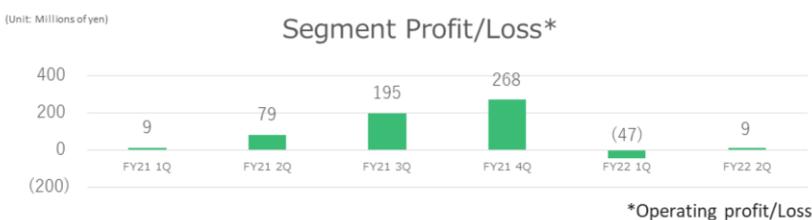
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- In the construction materials field, sales declined slightly due to a temporary interval between orders for large projects such as ground improvement work.
- Energy solution field remained sluggish due to supply delays of solar panels and peripheral equipment.
- Thermal Insulation field and housing material fields remained strong and contributed to profit.
- Sales and profit decreased due to an increase in selling, general and administrative expenses resulting from increased sales activities and system investments aimed at expanding business performance.

# Briefing by Segment: Industrial Materials (Net sales, Segment Operating Profit/Loss)



Net Sales **¥8,561M**  
Year-on-Year (5.7)%



Segment Profit **¥9M**  
Year-on-Year (87.8)%

- The following is an overview of the Industrial Materials segment.
- Overall sales in the Industrial Materials segment decreased 5.7% to 8,561 million yen, and segment profit decreased 87.8% to 9 million yen.

## Briefing by Segment: Industrial Material -Business Field-



- In the plastic field, the automotive market remained sluggish due to the impact of the shortage of semiconductors
- In the textile field, market stagnated due to price increases and weak demand
- Sales and profit decreased due to an increase in selling, general and administrative expenses resulting from increased sales activities and system investments aimed at expanding business performance

(Unit: Millions of yen)

Business field	FY21 2Q	FY22 2Q	Year-on-Year	
			Amount of change	Ratio of change
Plastic —Design, processing, and sales of transport materials and molded plastic products	3,195	3,221	26	0.8%
Advanced and functional solutions —Sales of industrial materials, such as polishing film, and LED installation	851	806	(45)	(5.3)%
Textile —Sales and processing of industrial fabrics, apparel, synthetic leather, sewn products, and textile-related good.	4,399	3,943	(455)	(10.3)%
Rolling stock —Design, processing and sales of interior and exterior components for rolling stock	631	589	(41)	(6.6)%
<b>Segment Net Sales</b>	<b>9,077</b>	<b>8,561</b>	<b>(515)</b>	<b>(5.7)%</b>
<b>Segment profit</b>	<b>79</b>	<b>9</b>	<b>(69)</b>	<b>(87.8)%</b>

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- The following is an explanation of the main reasons for the change in the Industrial Materials segment.
- In the plastic field, the automotive market remained sluggish due to the impact of the shortage of semiconductors.
- In the textile field, market stagnated due to price increases and weak demand.
- Sales and profit decreased due to an increase in selling, general and administrative expenses resulting from increased sales activities and system investments aimed at expanding business performance.

# Briefing by Segment: Electronic Devices (Net sales, Segment Operating Profit/Loss)



(Unit: Millions of yen)

## Net Sales



Net Sales

**¥8,410M**

Year-on-Year +26.0%

(Unit: Millions of yen)

## Segment Profit



Segment Profit

**¥423M**

Year-on-Year +26.5%

\*Operating profit/Loss

- Next, I will give an overview of the Electronics & Devices segment.
- Overall sales in the Electronics & Devices segment increased 26.0% to 8,410 million yen, and segment profit increased 26.5% to 423 million yen.

## Briefing by Segment: Electronic Devices<sub>(Net sales, Segment Operating Profit/Loss)</sub>



- In the electronics-related field, both consumer electronics and white goods, our core markets, slowed year-on-year, but we were able to increased new orders, resulting in higher sales and profits.

(Unit: Millions of yen)

Area	FY21 2Q	FY22 2Q	Year-on-Year	
			Amount of change	Ratio of change
Hongkong —Sales of electronic components and devices, production technologies, quality control support	2,334	<b>2,365</b>	31	1.3%
Thailand —Manufacturing and sales of electronic components and devices	2,313	<b>3,689</b>	1,375	59.5%
Japan —Sales of electronic components and devices, production technologies, quality control support.	775	<b>1,016</b>	241	31.1%
Others —Manufacturing and sales of electronic components and devices	1,249	<b>1,338</b>	89	7.2%
<b>Segment Net Sales</b>	<b>6,672</b>	<b>8,410</b>	<b>1,730</b>	<b>26.0%</b>
<b>Segment profit</b>	<b>334</b>	<b>423</b>	<b>88</b>	<b>26.5%</b>

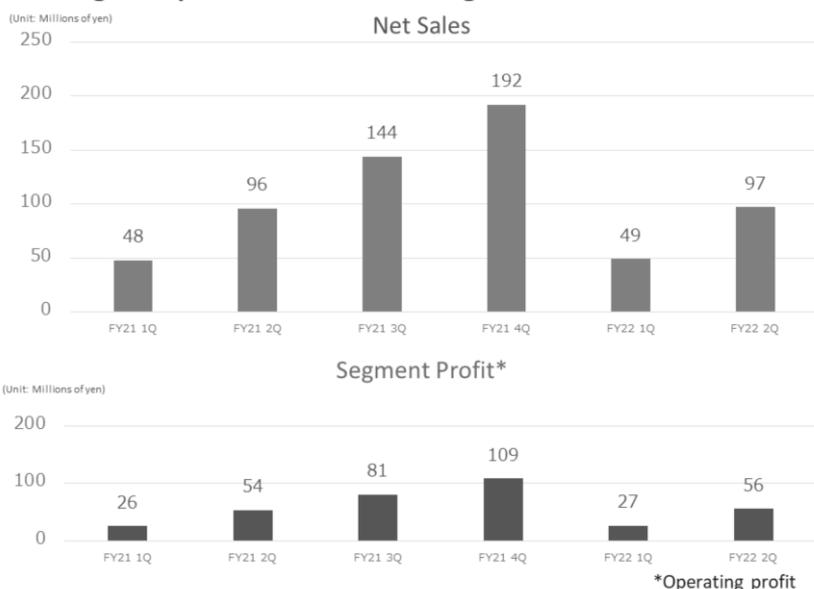
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- The following is an explanation of the main reasons for the change in the Electronic Devices segment.
- In the electronics-related field, both consumer electronics and white goods, our core markets, slowed year-on-year, but we were able to increased new orders, resulting in higher sales and profits.
- In electronic component sales, mainly in Hong Kong, orders from main and semi-main customers remained steady.
- In the contract manufacturing business, mainly in Thailand, the acquisition of new orders was strong, contributing to the increase in both sales and profit.
- Due to the effect of the strong U.S. dollar against the weak yen, both sales and profits on a yen basis have been boosted by the conversion.

# Real Estate Leasing Segment

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



Net Sales

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**¥97M**

Year-on-Year  
**+1.1%**

Segment Profit

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**¥56M**

Year-on-Year **+4.2%**

- The following is an explanation of the main factors in the Real Estate Leasing segment.
- No change in real estate owned by the Company from the previous period, and both net sales and segment profit remained unchanged.
- As a result, overall net sales in the Real Estate Leasing segment increased 1.1% from the same period of the previous year to 97 million yen, and segment profit increased 4.2% to 56 million yen.

## FY22 2Q Segment Performance Overview



(Unit: Millions of yen)

	FY21 2Q		FY22 2Q		Year-on-Year		Full-Year Forecast	Progress against full-year forecast
	Result	Net Sales ratio	Result	Net sales ratio	Amount of change	Ratio of change		
Net sales	-		38,817	-	1,064	2.8%	82,000	47.3%
Construction Supply	21,906	58.0%	21,748	56.0%	(157)	(0.7)%	48,200	45.1%
Industrial Materials	9,077	24.0%	8,561	22.1%	(515)	(5.7)%	19,400	44.1%
Electronic Devices	6,672	17.7%	8,410	21.7%	1,737	26.0%	14,200	59.2%
Real Estate Leasing	96	0.3%	97	0.3%	1	1.1%	200	48.7%
Operating Profit	858	2.3%	596	1.5%	(261)	(30.5)%	1,800	33.2%
Construction Supply	389	-	107	-	(282)	(72.5)%	850	12.6%
Industrial Materials	79	-	9	-	(69)	(87.8)%	400	2.4%
Electronic Devices	334	-	423	-	88	26.5%	450	94.0%
Real Estate Leasing	54	-	56	-	2	4.2%	100	56.9%

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- A summary of results by segment is shown in the table.

## 2. FY22 Full-year Consolidated Performance Forecast

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- We will continue with our consolidated forecasts for the fiscal year ending March 31, 2023.

## FY22 Consolidated Full-year Forecast(Not changed)



- Forecast of net sales is ¥82,000M, increased 10.7% YoY
- Forecast of profit attributable to owners of parent is ¥1,400M

(Unit: Millions of yen)

	FY21		FY22 (Forecast)		Year-on-Year	
	Amount	Net sales ratio	Amount	Net sales ratio	Amount of change	Ratio of change
Net Sales	74,054	-	82,000	-	+ 7,945	+ 10.7%
Operating profit	1,547	2.1%	1,800	2.2%	+ 252	+ 16.3%
Ordinary profit	1,840	2.5%	1,900	2.3%	+ 59	+ 3.2%
Profit attributable to owners of parent	1,296	1.8%	1,400	1.7%	+ 103	+ 8.0%

- There are no revisions to the forecast of consolidated financial results for the fiscal year ending March 31, 2023, which was announced in May 2022.

## FY22 Consolidated Full-year Forecast by Segment (Not changed)



(Unit: Millions of yen)

	FY21		FY22		Year-on-Year	
	Result	Net sales ratio	Plan	Net sales ratio	Amount of change	Ratio of change
Net sales	74,054	-	82,000	-	+7,945	+10.7%
Construction Supply	42,020	56.7%	48,200	58.8%	+6,179	+14.7%
Industrial Materials	18,116	24.5%	19,400	23.7%	+1,283	+7.1%
Electronic Devices	13,724	18.5%	14,200	17.3%	+475	+3.5%
Real Estate Leasing	192	0.3%	200	0.2%	+7	+4.2%
Operating Profit	1,547	2.1%	1,800	2.2%	+252	+16.4%
Construction Supply	598	-	850	-	+251	+42.1%
Industrial Materials	268	-	400	-	+131	+49.3%
Electronic Devices	571	-	450	-	(121)	(21.2)%
Real Estate Leasing	109	-	100	-	(9)	(8.3)%
Ordinary profit	1,840	2.5%	1,900	2.3%	+59	+3.3%
Profit attributable to owners of parent	1,296	1.8%	1,400	1.7%	+103	+8.0%

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- There are no revisions to the consolidated forecasts by segment for the fiscal year ending March 31, 2023, which were announced in May 2022.

## 3. Shareholder Return

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- I will explain about shareholder return.

# Shareholder Return Measures

## Basic Policy

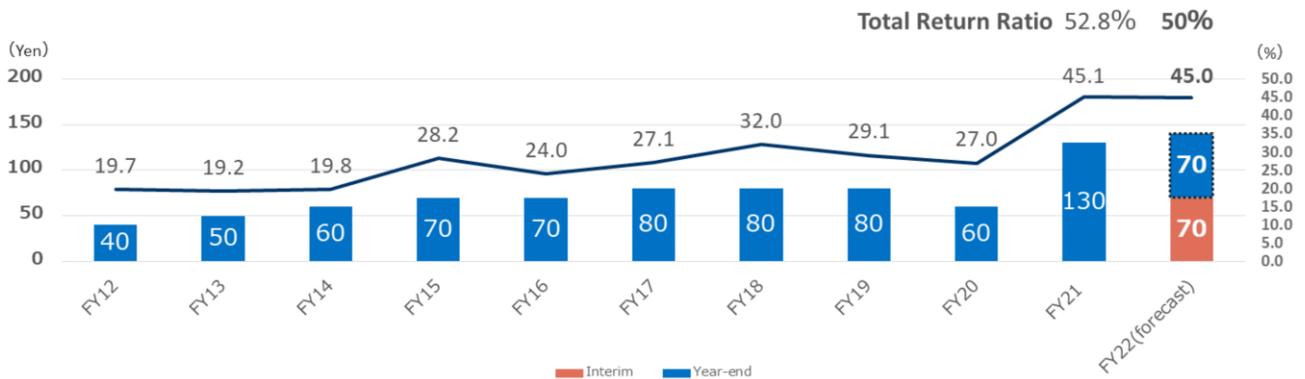
Consolidated dividend payout ratio of 40% or more - Total return ratio of 50%  
Lower limit of total return amount: 500 million yen

## FY22

We expect ¥140 dividends (Year-end ¥70)

Increase ¥10 from FY21

Acquisition of treasury stock for ¥100M (disclosed on 11/14)



\*On October 1, 2017, a reverse stock split was implemented at a ratio of 1 share for every 10 shares of common stock; dividend per share amounts for fiscal 2016 and prior are shown after the reverse stock split.

- There are no revisions to the shareholder return policy announced in May 2022, based on the basic policy of targeting a total return ratio of 50%.
- The annual dividend is forecasted to be 140 yen per share. Of this amount, the Company disclosed on November 14 that it will pay an interim dividend of 70 yen and that it will purchase up to 100 million yen of its own shares.
- Next, Mr. Takashima, President and CEO, will explain recent topics and the basic policy of the next medium-term management plan.

## 4. Topics

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- I am Takashima, President and Chief Executive Officer.
- We will explain recent topics and the basic policy of the next medium-term management plan.

## Topics : Implementation of two M&A and acquisition of treasury stock

(Disclosed at Nov. 14, 2022)

### - Notice of Acquisition of Shares of “New Energy Distribution System Inc.” to Make it a Subsidiary

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



### - Notice of Acquisition of Shares of Shinbo Edix Co., Ltd. to Make it a Subsidiary

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



### - Notice of Decision to Acquisition of Treasury Stock

- Total number of shares to be acquired : 70,000 (upper limit)
- Total amount of price for acquisition of shares : ¥100M (upper limit)
- Period of acquisition : From Nov. 15, 2022 to Mar.31, 2023

- On November 14, we disclosed two M&A transactions and a 100 million yen share buyback.
- One of the M&A companies is New Energy Distribution System Corporation, which is involved in solar power generation systems and V2H construction work in nationwide.
- The other is Sinbou Edix Co., Ltd. which is engaged in sanitary and disaster prevention products such as garbage bags mainly in Nagano Prefecture.
- By making New Energy Distribution System a group company, we will be able to make proposals that include construction work and installation, thereby strengthening our capabilities and sales.
- With regard to Shinbo Edix, we anticipate synergies in meeting government needs for disaster prevention supplies, which we plan to strengthen in the future.
- The acquisition of treasury stock is limited to a total of 70,000 shares and a total acquisition cost of 100 million yen. The acquisition period is from November 15 to March 31, 2023.

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## Next Medium-Term Management Plan Basic Policy

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Nov. 14, 2022

Takashima & Co., Ltd.  
(securities code:8007)

*Takashima & Co., Ltd.*



- This is the basic policy of the next medium-term management plan announced on November 14.

1. **Progress of Current Medium-Term Management Plan “Sustainability X(Cross)”**  
(Fiscal year Ended Mar. 2021(FY20) to Fiscal Year Ending Mar.2023)
2. **Summary of “A Plan to Meet” and Direction of Next Medium-Term Management Plan.**
3. **Next Medium-Term Management Plan**  
**“Sustainability V(Value)”**  
(Fiscal Year Ending Mar. 2024 to Fiscal Year Ending Mar. 2026)

- After explaining the progress of the current medium-term management plan, Sustainability X (Cross), the main points of the plan to meet and the concept of the next medium-term management plan, we will explain the next medium-term management plan, Sustainability V (Value).

# 1. Progress of Current Medium-Term Management Plan “Sustainability X(Cross)”

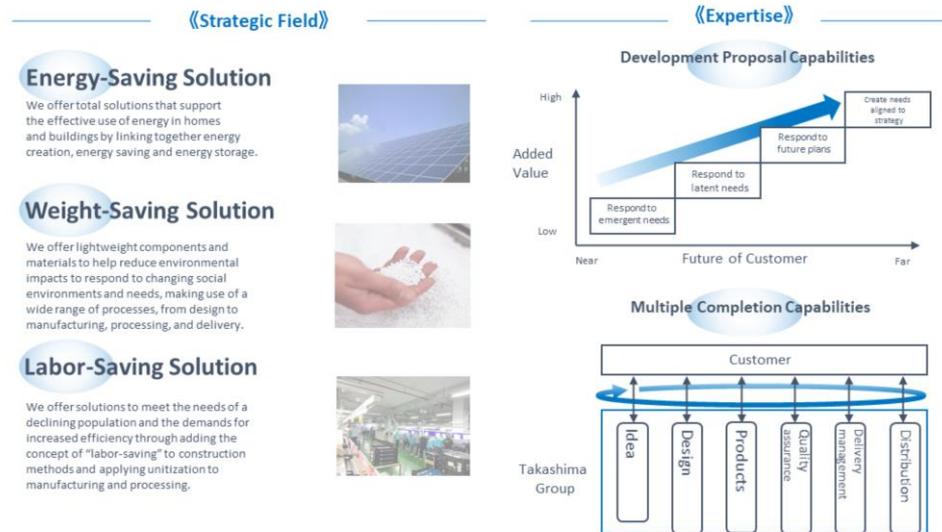
(Fiscal year Ended Mar. 2021 to Fiscal Year Ending Mar.2023)

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- First, I would like to discuss the progress of our medium-term management plan, Sustainability X (Cross).
- The plan covers the three-year period from the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2023, and the current fiscal year is the final year of this plan.

1. Current Medium-Term Management Plan “Sustainability X”  
 1-1 Basic Strategy of “Sustainability X”

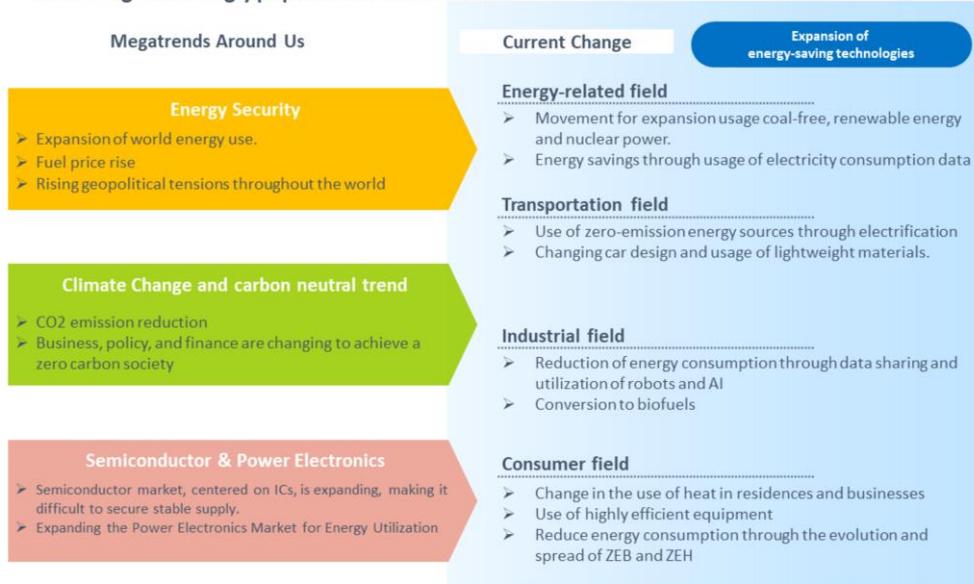
- To contribute to the creation of a sustainable society, we would specialize, concentrate and improve on providing solutions in the areas of energy-saving, weight-saving, and labor-saving.



- This is the basic strategy of Sustainability X (Cross).
- The basic strategy is to specialize and concentrate on providing solutions in the areas of energy-saving, weight-saving, and labor-savings in order to contribute to the creation of a sustainable society (a society in which sustainable development is possible), and to improve our specialized functions.

1. Current Medium-Term Management Plan “Sustainability X”  
1-2 Recognition of the Current Circumstances Around Us

- Due to energy-related issues, renewable energy and zero-emission related technologies are becoming increasingly popular in various sectors.



- I would like to explain our perception of the current market environment.
- In terms of the macro environment, the Takashima Group is focusing on the following three areas:
  - (1) Energy security, such as the expansion of the global energy market and soaring fuel prices;
  - (2) Climate change and carbon neutral trends, such as the curbing of CO2 emissions;
  - (3) Semiconductor and power electronics, such as the expansion of the semiconductor market centered on ICs.
- In this context, we are developing our business by focusing on the growing popularity of renewable energy and zero-emission related technologies in the energy, transportation, industrial manufacturing, and consumer sectors.

1. Current Medium-Term Management Plan "Sustainability X"  
 1-3. Market Opportunities & Growth Topics

- Accelerate approach to markets with long-term growth potential



**Spreading ZEB and ZEH**

**Market Opportunities**

- Passive solution) Thermal insulation, Heat shielding
- Active solution) High-efficiency air conditioning and lighting
- Energy creation) Solar energy
- Energy storage) Storage system

**EV**

**Market Opportunities**

- Materials & Components) Parts, automotive equipment, logistics materials
- Peripheral equipment) EV chargers, V2H, solar carports

**Semiconductor Power electronics**

**Market Opportunities**

- Products) Capacitors, Relays, Inverters, Transformers, etc.

- Applications) AV equipment, white goods, office equipment, automobiles

**Energy creation  
 Energy savings  
 Energy storage**

**Growth Potential**

- Popularization of residential photovoltaic power generation systems
- Expand storage battery sales
- Expand sales and installation of heat insulating materials, mainly for residential houses

**EV chargers, V2H (Vehicle to home)  
 Automotive parts and logistics materials**

**Growth Potential**

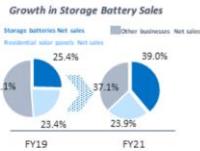
- Increase in V2H sales through existing sales channels. Start supply of equipment through tie-ups with used car sales companies.
- Expand sales of logistics materials suitable for EV parts

**Procurement from ASEAN, PCB mounting**

**Growth Potential**

- Business expansion following China plus one strategy
- Growth investment in own factories (Thailand, Vietnam)

**Energy Solution**



**Insulation**



**V2H**

**V2H(Vehicle to Home)**



**Logistics Materials**

**Example of molding of logistics materials for EV parts**



**Electronics Devices**

**Growth in Electronics Devices Segment**



**Sales bases of Electronics Devices**

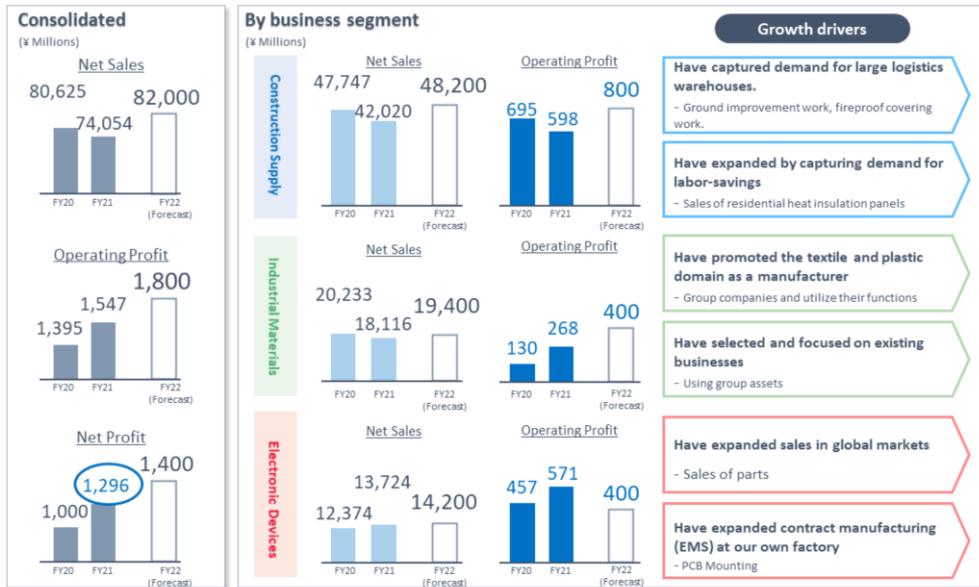


- Market opportunities and growth topics for us.
- We are accelerating growth by addressing market opportunities in ZEB(zero energy building), ZEH (zero energy house), energy creation, energy savings, energy storage, EV, EV chargers, V2H (home and car), automotive parts and logistics materials, semiconductors and power electronics, and growth topics in ASEAN procurement and PCB mounting.

# 1. Current Medium-Term Management Plan "Sustainability X"

## 1-4. Progress of Sustainability X

- We almost achieved the goal of Sustainability X, net profit ¥1.3 Bn, one year ahead of schedule. Our net profit was ¥1.29 Bn at FY21.
- Each business is promoting business development with an awareness of growth drivers.



- This slide shows the progress of Sustainability X (cross).
- Net profit for the fiscal year ended March 31, 2022 was 1.29 billion yen.
- We almost achieved our net profit target of 1.3 billion yen for the fiscal year ending March 31, 2023, which was set in the final year of our medium-term management plan, one year ahead of schedule.
- Each business has promoted business development with an awareness of growth drivers.

## 2. Summary of “A Plan to Meet” and Direction of Next Medium-Term Management Plan.

- Next, I will explain the main points of “a plan to meet” and the direction of the next medium-term management plan.

## 2-1. Status of “A Plan to Meet the Criteria”

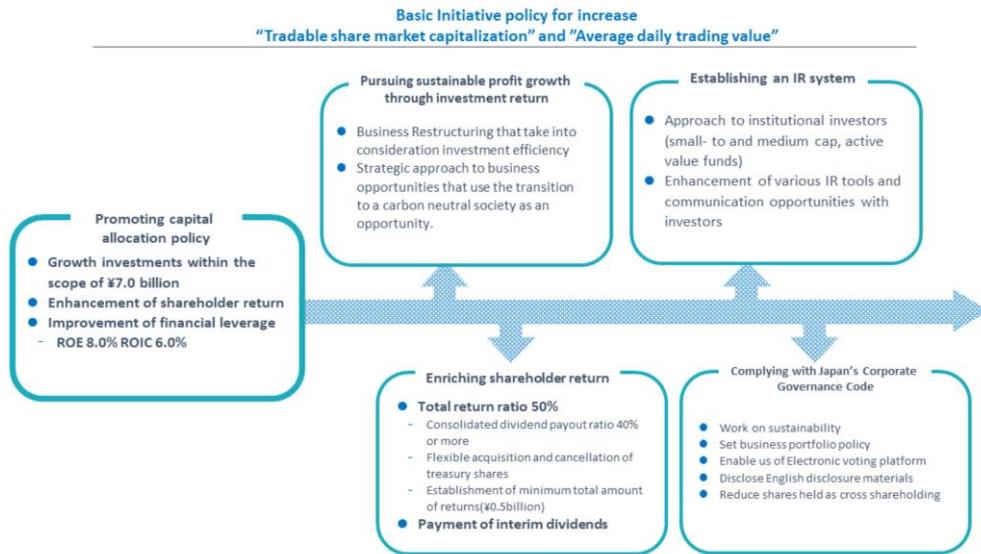
- We make steady progress in meeting the continued-listing criteria of Tokyo Stock Exchange prime market.

		Sustainability X				“A plan to meet”
Management index		FY2020	FY2021	FY2022		FY2025
Management index	Net Profit	¥1,000M	¥1,296M	¥1,400M <small>Forecast</small>	»»	¥1,500M
	ROE	5.9%	7.2%		»»	8.0%
	ROIC	5.1%	5.2%		»»	6.0%
	Total payout ratio	27.1%	52.8%	50% <small>Basic Policy</small>	»»	50%
Requirement		At the end of Jun.2021	At the end of Mar.2022	At the end of Sep. 2022 <small>By our estimate</small>		At the end of Mar. 2026
Requirement	Number of tradable shares	27,185unit	27,058unit	27,694unit	»»	More than 20,000unit
	Tradable share market capitalization	¥4.79Bn	¥6.34Bn	¥6.61Bn	»»	More than ¥10Bn
	Tradable share ratio	59.7%	60.1%	61.5%	»»	More than 35%
	Average daily trading value	¥6.83M	¥38.55M	¥34.47M	»»	More than ¥20M/day

- This is about the progress of the quantitative plan set in a plan to meet the continued listing criteria.
- In order to achieve the criteria for market capitalization and trading value of tradable stocks, which were not met in the plan to meet the criteria, we have established five basic policies and have been working on them.
- As a result, we have achieved the criteria for trading value as of March 31, 2022, and have not yet achieved the criteria for market capitalization of tradable stocks as of September 30, 2022.
- The numerical targets for management indicators set in the plan to meet are updated in the next medium-term management plan, sustainability V (Value), which will be explained later.

## 2-2. Basic Initiative Policy at “A Plan to Meet”.

- The next medium-term management plan will be based on the five basic policies agreed to in “A Plan to Meet the Continued Listing Criteria of Tokyo Stock Exchange (TSE) Prime Market”, and will clearly define growth strategies, including growth investment targets.



- This is basic initiative policy at “a plan to meet”.
- Our basic policies are: promoting capital allocation policy, pursuing sustainable profit growth through investment return, establishing an IR system, enriching shareholder return, and Complying with Japan’s corporate governance code.
- The next medium-term management plan will be based on these five basic initiative policies, and will also specify strategies for growth, including investment targets for growth.

### 3. Next Medium-term Management Plan Sustainability V (Value)

(Fiscal Year Ending Mar. 2024 to Fiscal Year Ending Mar. 2026)

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- I would like to explain our next mid-term management plan, Sustainability V (Value).
- The period is three years from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026.

### 3. Next Medium-term Management Plan "Sustainability V"

#### 3-1. Basic Policy

- "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)".



- This is the vision of Sustainability V (Value).
- Sustainability V (Value) aims to simultaneously achieve sustainable growth and adaptation to a sustainable society through strategic planning (value creation) that captures market growth opportunities as they change toward the "realization of a carbon-neutral society."

- We aim to increase corporate value by achieving profit growth and capital productivity improvement



- This is the basic policy of Sustainability V (Value).
- Our basic policy is to increase corporate value by achieving profit growth and improving capital productivity.
- In terms of profit growth, we will implement measures to improve profitability and top-line growth, as well as aggressively invest in human resources.
- For capital productivity improvement, we will make business and capital investments with an investment quota of over 10 billion yen.
- In terms of shareholder returns, we aim for a dividend payout ratio of at least 40% and a total return ratio of 50%, including acquisition of treasury stock and other measures.

3. Next Medium-term Management Plan "Sustainability V"  
 3-3. Management Indicators and Financial Policies

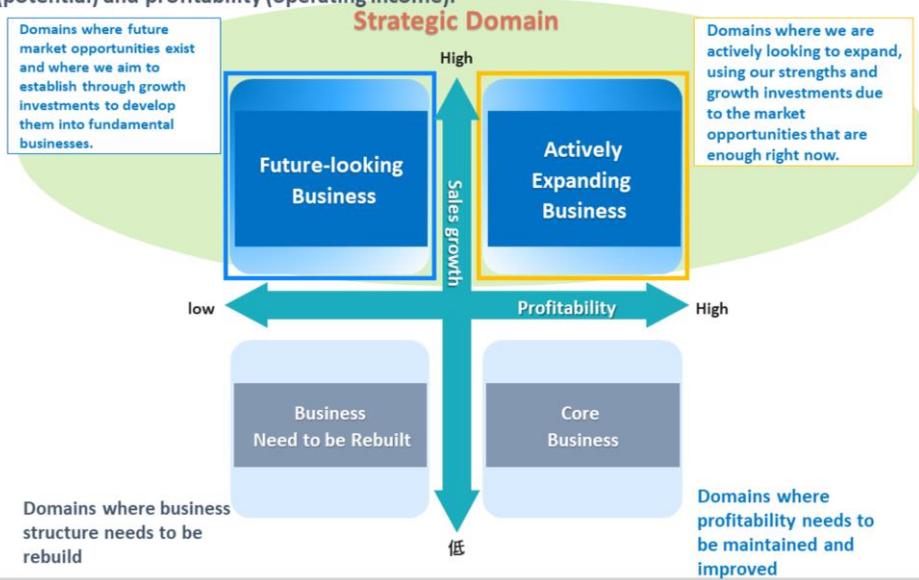
- We set management indicators and financial policies that focus on growth.
- We aim to achieve net income of ¥1.7 billion in the final year of the plan (fiscal year ending March 2026).



- This is the management index and financial policy of Sustainability V (Value).
- We have identified and determined strategic domains in which we should invest for growth.
- We have increased our growth investment limit from the 7 billion yen set in the plan to meet to over 10 billion yen. For investment resources, we will utilize cash flow from operations, external funds such as interest-bearing debt, and cash flow from the sale of strategic shareholdings.
- Through these investments, we aim to achieve consolidated net sales of 100 billion yen and operating income of 2.3 billion yen in the fiscal year ending March 31, 2026.
- Management indices are set as follows for the fiscal year ending March 31, 2026. Net profit is revised upward to 1.7 billion yen from the 1.5 billion yen originally calculated in the plan to meet, ROE is set at 8% or more, and ROIC is set at 6% or more. As a shareholder return policy, the Company has set the total return ratio at 50%.

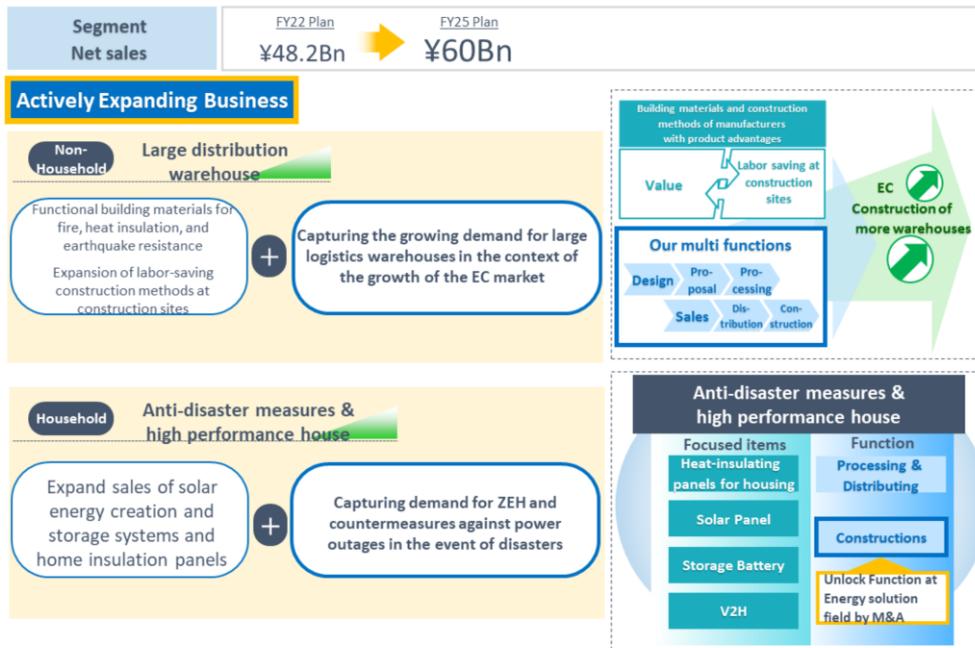
3. Next Medium-term Management Plan “Sustainability V”  
 3-4. Strategic Domain (Business Portfolio Management)

- We will seek to increase profitability by providing growth and added value based on market growth opportunities. To this end, we have established strategic areas based on sales growth rate (potential) and profitability (operating income).



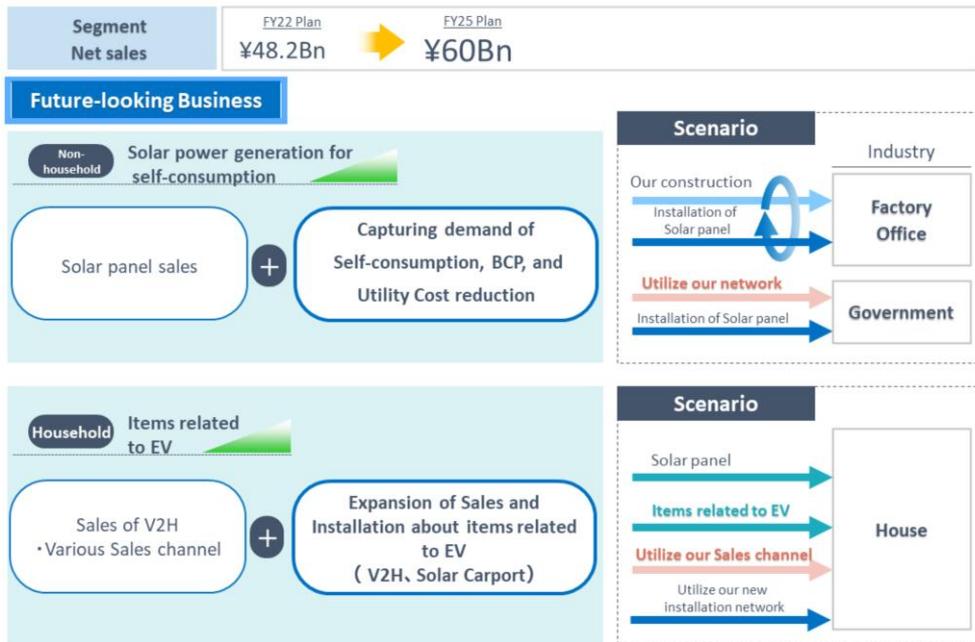
- This is a Strategic domain of Sustainability V (Value).
- As a business portfolio, we place sales growth rate and potential on the vertical axis and profitability and operating income on the horizontal axis.
- We have designated the top right corner of the chart as our strategic areas, which are focused on expanding our business base and the top left as our future investment areas, with the aim of improving profitability by providing growth and added value based on growth opportunities in the market.
- The businesses in the upper right corner, actively expanding businesses, are those that currently have market opportunities and are aggressively seeking expansion based on their strengths and investment in growth.
- The future investment business is an area with medium- to long-term market opportunities that we aim to establish by investing in growth to develop it into a future base business.
- We will invest management resources in these two strategic domains.

3. Next Medium-term Management Plan “Sustainability V”  
3-5. Growth Strategy –Construction Supply Segment- 1/2



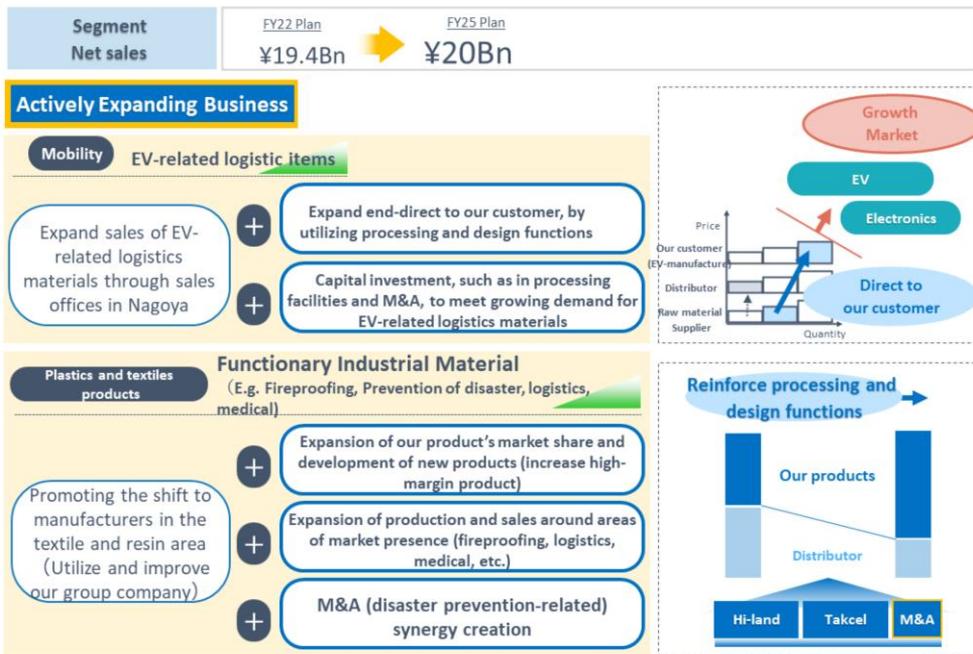
- This is our growth strategy of Sustainability V (Value).
- For the fiscal year ending March 31, 2026 (FY25), we are planning sales of 60 billion yen in the construction supply segment.
- First, let me explain our actively expanding businesses.
- In the non-residential field, we are focusing on the growing demand for large logistics warehouses, which is expanding against the background of the growth of the e-commerce market.
- To this end, we will propose to our customers and capture demand for functional construction supplies such as fireproofing, heat insulation, and earthquake resistance, which we have been focusing on for some time, and labor-saving methods for construction sites, by combining their multiple functions.
- In the residential field, in addition to the current expansion of solar power generation and storage systems and residential heat insulation panels, we will focus on disaster power outage countermeasures and capturing ZEH demand.
- To be specific, we will respond to the demand for disaster countermeasures and high-performance housing by utilizing focused commercial products such as residential heat insulation panels and solar panels, as well as our processing, logistics, and construction work functions.

3. Next Medium-term Management Plan "Sustainability V"  
 3-5. Growth Strategy -Construction Supply Segment- 2/2



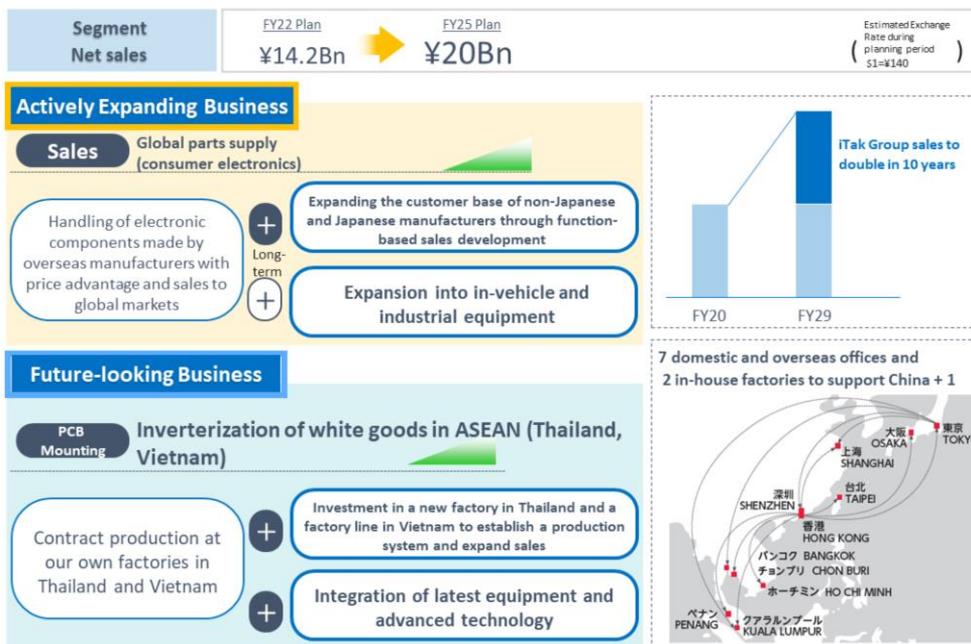
- Next, I will explain the future-looking business in the construction supply segment.
- In the non-residential field, in addition to existing industrial solar panel sales, we are focusing on capturing demand for self-consumption for BCP measures and electricity cost reduction.
- In addition to approaching factories and business sites, we will also make proposals to local governments by utilizing our partner channels.
- In the housing field, we are focusing on capturing the growing demand for EV-related commercial products in line with the growth of the EV market.
- In addition to the current V2H system sales, we will also propose and expand the installation functions along with the use of our partner channels.
- We believe that the M&A of New Energy Distribution System, which has a nationwide construction network, disclosed on 11/14, will contribute to our proposal including construction functions.

3. Next Medium-term Management Plan “Sustainability V”  
3-6. Growth Strategy -Industrial Material Segment-



- For the fiscal year ending March 31, 2026 (FY25), we plan net sales of 20 billion yen in the Industrial Materials segment.
- I would like to explain about actively expanding business.
- In the automotive field, we are focusing on the growing demand for EV-related logistics materials, which is expanding in line with the growth of the EV market.
- Focusing on expanding sales of EV-related logistics materials through our current sales offices in Central Japan and other locations, we will focus on meeting the growing demand for EV-related logistics materials by expanding direct sales to automotive parts manufacturers, leveraging our design and processing functions, and through capital investment in processing bases and M&A.
- In the area of processed textile and plastic products, the Company will promote its transformation into a manufacturer by expanding its current textile and plastic products business and by utilizing the functions of its manufacturer-affiliated group companies.
- In addition to expanding the market share of our own products and developing new products, we will seek to expand in areas where we have a market presence, such as fireproofing, logistics, and medical products.
- The M&A of Shinbo Edix, disclosed on 11/14, will contribute to the expansion of disaster prevention-related products, and we will focus on creating synergies.

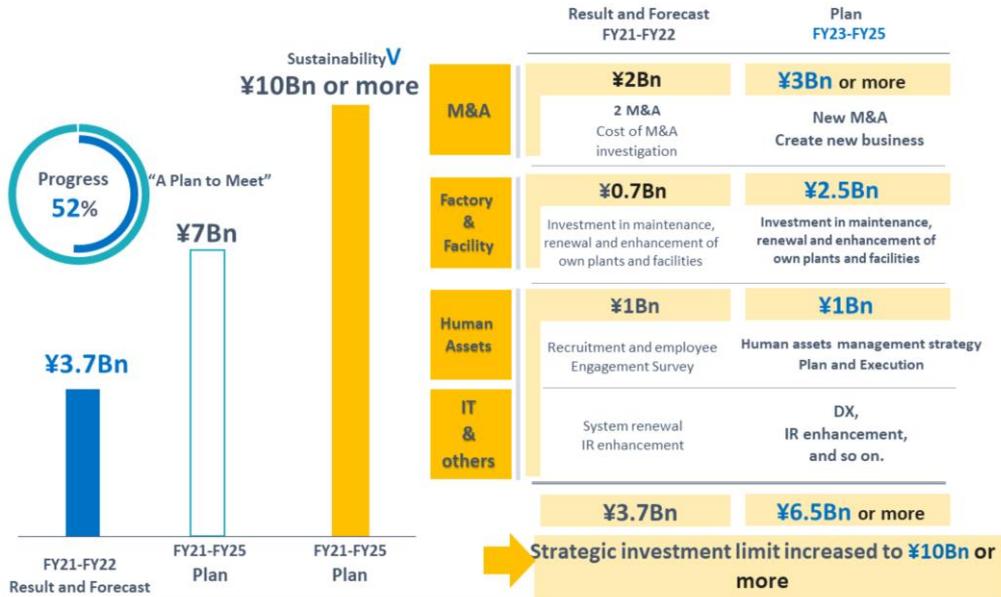
3. Next medium-term Management plan "Sustainability V"  
3-7. Growth Strategy Electronic Devices Segment



- For the fiscal year ending March 31, 2026 (FY25), we plan net sales of 20 billion yen in the Electronics & Devices segment.
- First, I would like to explain about the actively expanding business.
- In the past, we have expanded our parts sales business into China in line with the overseas expansion of Japanese consumer electronics manufacturers, and into Southeast Asia as "China Plus One". There, we have been procuring and supplying the quality demanded by Japanese-affiliated consumer electronics manufacturers, fulfilling them with products from overseas electronic component manufacturers that are competitively priced.
- Against the background of the growth of the consumer electronics market on a global scale, we will expand our customer base of Japanese and non-Japanese manufacturers through sales development that strongly emphasizes the functions we possess. Simultaneously, in the long-term, we will aim to acquire business areas in the fields of in-vehicle equipment and industrial equipment.
- Next, we will explain about future-looking business.
- Currently, we have established factories in Thailand and Vietnam for production on contract in response to customer requests. We will continue contract production at our current Thai and Vietnamese plants, and expand and establish a production system and increase sales by investing in new Thai plant and Vietnamese plant lines. We will strive to integrate the latest equipment and advanced technology.

3. Next medium-term Management Plan “Sustainability V”  
 3-8. Investment Strategy

- Since the progress of the strategic investment line set forth in “the Plan to meet” is on track, the investment quota will be increased to 10 billion yen or more in total, and investments in strategic areas and human resources will be made.



- This is our investment strategy in Sustainability V (Value).
- We have invested approximately 2.0 billion yen in two M&As to date. We plan to invest a further 3.7 billion yen by the end of the current fiscal year.
- Under the next mid-term management plan, Sustainability V (Value), we plan to invest more than 6.5 billion yen over three years.
- In light of the progress of the 7 billion yen strategic investment limit set forth in “a plan to meet”, we have expanded the investment limit to a total of over 10 billion yen. We will execute investments in strategic areas and investments in human assets.

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#### ■ Handling of this document

[Precautions regarding forecasts]

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