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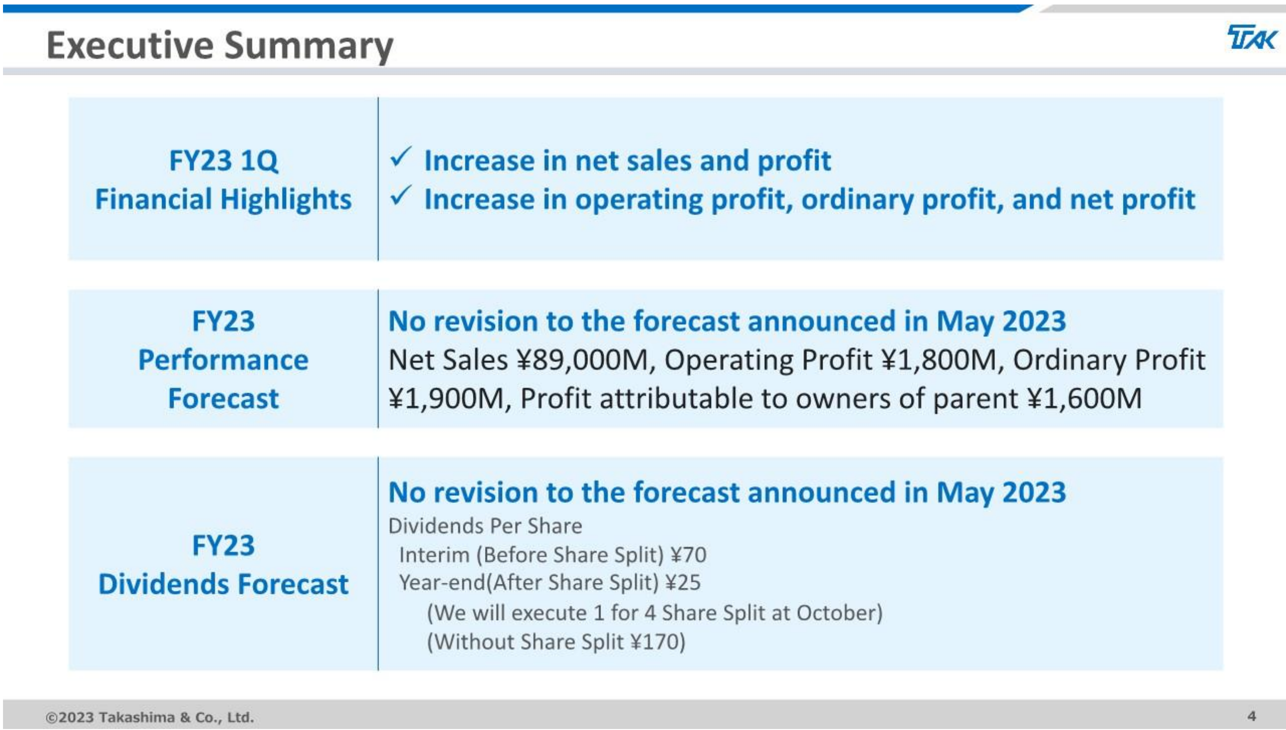
Mr. Takahiro Suzuki (hereafter, Suzuki) : I am presenting Takashima Co., Ltd. financial results for the first quarter of the fiscal year ending March 31, 2024.

We will provide an overview of the first quarter financial results for the fiscal year ending March 31, 2024, followed by our consolidated earnings forecast for the fiscal year ending March 31, 2024, our shareholder return policy, and our status of meeting the criteria for continued-listing on the Tokyo Stock Exchange Prime Market.

Executive Summary



This is a summary of the financial results for the first quarter of the fiscal year ending March 31, 2024. At the beginning of this presentation, I will provide an executive summary of the first quarter of the fiscal year ending March 31, 2024. For the first quarter of the fiscal year ending March 31, 2024, the company reported an increase in both sales and profit.

Forecasts for the full fiscal year ending March 31, 2024 and the annual dividend per share were announced in May. There are no revisions to the forecast.

As already disclosed, the Company plans to conduct a 4-for-1 stock split with an effective date of October 1, 2023. For the fiscal year ending March 31, 2024, the interim dividend will be 70 yen, and the year-end dividend will be 25 yen due to a stock split, resulting in a pre-split conversion of 100 yen. Without taking the stock split into account, the annual dividend per share is forecast to be 170 yen, the same as the previous year.

Consolidated Performance: P/L

Consolidated Performance: P/L

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- ✓ Net sales: Despite a decrease in sales in the electronic devices segment, the construction supply segment performed well, resulting in an 11.9% increase in profit from the same period last year.
- ✓ Selling, general and administrative expenses(SG&A): Increase in expenses related to investment activities and operating activities to expand business performance.
- ✓ Operating profit: 131.5% increase Year-on-Year(YoY) despite increase in SG&A expenses
- ✓ Profit attributable to owners of parent: Increase of 116.8% YoY

(Unit: Millions of yen)

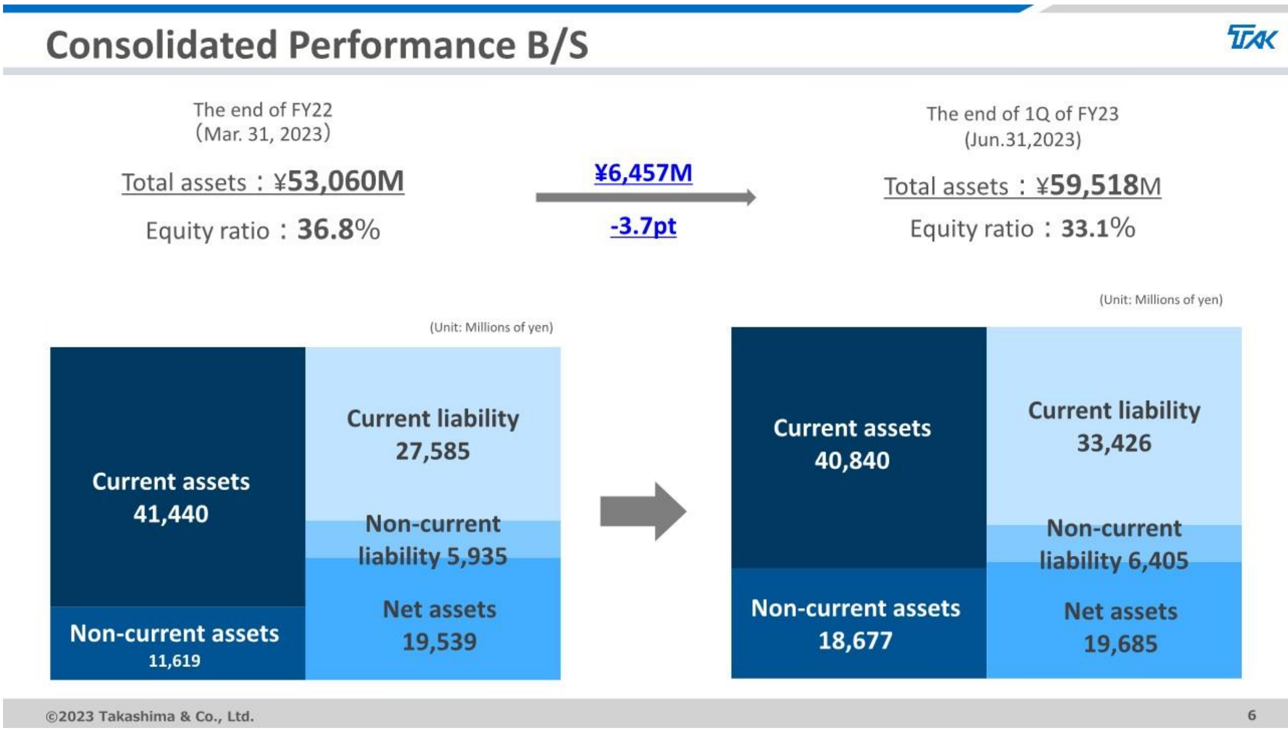
	FY22 1Q	FY23 1Q	Amount of change	Year-on-Year(YoY)
Net sales	17,674	**19,775**	2,101	11.9%
Cost of sales	15,694	**17,041**	1,346	8.6%
Gross profit	1,980	**2,734**	754	38.1%
SG&A	1,791	**2,298**	506	28.3%
Operating profit	188	**436**	248	131.5%
Operating profit ratio	1.1%	**2.2%**	1.1pt	-
Ordinary Profit	300	**591**	290	96.6%
Profit attributable to owners of parent	191	**415**	223	116.8%

I will explain about the consolidated Profit and Loss Statement.

Net sales increased 11.9 percent year-on-year to 19,775 million yen due to the strong performance of the construction supply segment, despite lower sales in the electronic devices segment. SG&A expenses increased due to expenses related to investment activities and expenses for sales activities aimed at expanding business performance.

Operating profit increased 131.5% year-on-year to 436 million yen, despite an increase in SG&A expenses. Ordinary profit increased 96.6% to 591 million yen, and net profit increased 116.8% to 415 million yen.

Consolidated Performance B/S



Next, I will explain the balance sheet.

Compared with the end of the previous period, total assets increased by 6,457 million yen. The main factor was an increase in goodwill due to the acquisition of Gansui Corporation.

The equity ratio decreased 3.7 percentage points to 33.1 percent.

Consolidated Performance: B/S(detailed)

Consolidated Performance: B/S(detailed)

(Unit: Millions of yen)

	FY22	FY23 1Q	Amount of change	Ratio of change	Main reasons of changes
Total Assets	53,060	**59,518**	6,457	12.2%	
Total current assets	41,440	**40,840**	(600)	(1.4)%	Cash and deposits ¥(1,575)M
Total non-current assets	11,619	**18,677**	7,058	60.7%	
Property, plant and equipment	4,707	**6,227**	1,520	32.3%	Property, plant and equipment +¥1,520M
Intangible assets	1,662	**6,889**	5,227	314.4%	Goodwill ＋¥5,221M
Total investments and other assets	5,249	**5,560**	310	5.9%	
Total liabilities and net assets	53,060	**59,518**	6,457	12.2%	
Total liabilities	33,520	**39,832**	6,311	18.8%	
Total current liabilities	27,585	**33,426**	5,840	21.2%	Short-term borrowings ＋¥4,637M Notes and accounts payable - trade ＋¥1,743M
Total non-current liabilities	5,935	**6,405**	470	7.9%	Long-Term borrowings +¥330M
Total net assets	19,539	**19,685**	146	0.7%	Decrease in retained earnings due to dividend payments ¥(444)M, Retained earnings(profit attributable to owners of parent +¥415M, Net unrealized gains on available-for-sale securities, +¥163M

The main factors compared to the end of the previous period are as shown below.

Current assets decreased 1.4 percent from the end of the previous period to 40,840 million yen. This was mainly due to a decrease in cash and deposits.

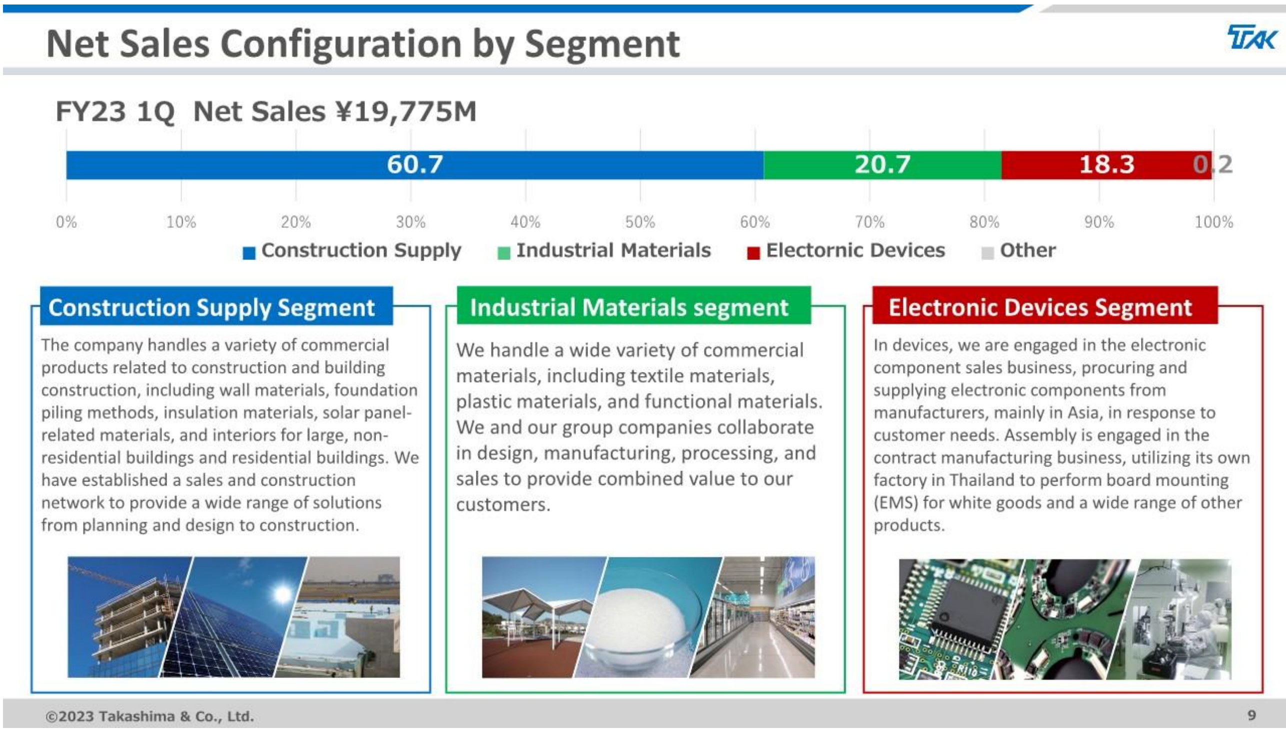
Non-current assets increased 60.7 percent from the end of the previous period to 18,677 million yen. This was mainly due to increases in goodwill and property, plant and equipment.

Current liabilities increased 21.2 percent from the end of the previous period to 33,426 million yen. The main factors were increases in short-term borrowings payable and notes and accounts payable-trade.

Non-current liabilities increased 7.9 percent from the end of the previous period to 6,405 million yen. This was mainly due to an increase in long-term borrowings.

Total net assets increased 0.7 percent from the end of the previous period to 19,685 million yen. The main factors were a decrease due to dividend payments, while retained earnings and net unrealized gains on available-for-sale securities increased due to the posting of net profit for the quarter.

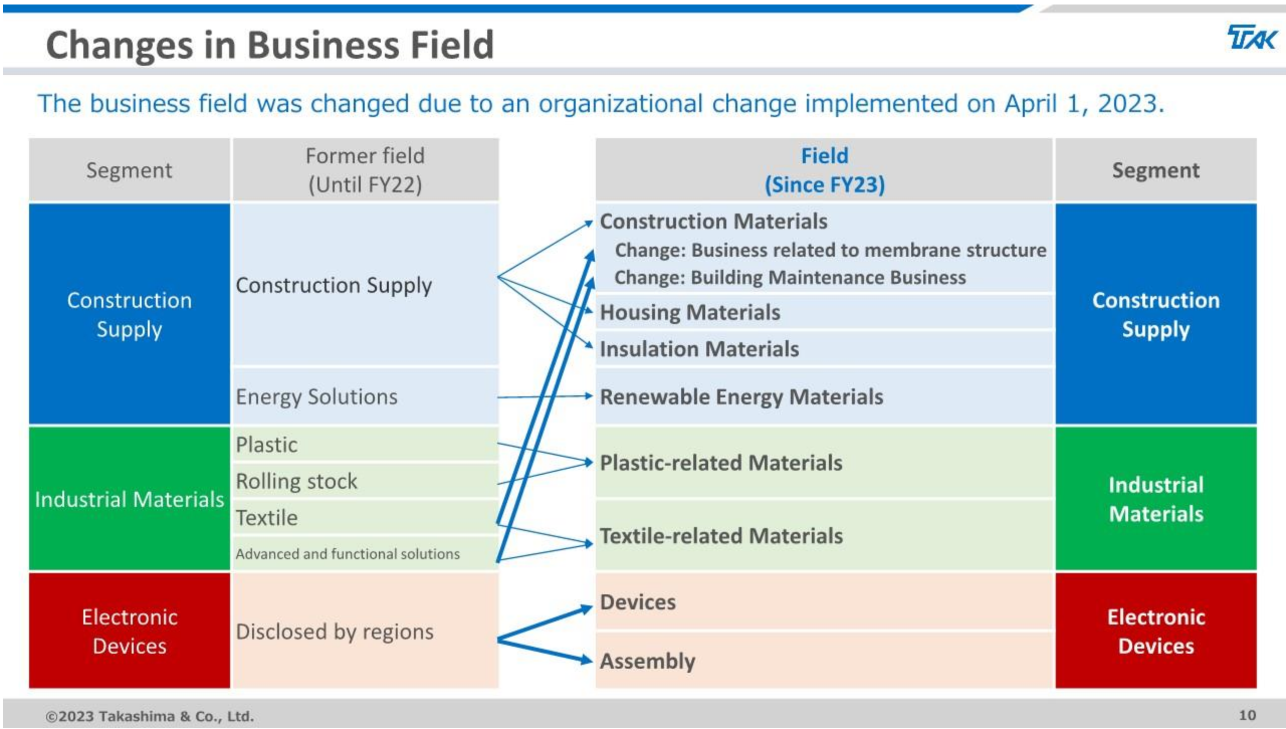
Net Sales Configuration by Segment



I will now explain the results by segment. For the period under report, the construction supply segment accounted for 60.7% of net sales, the industrial materials segment for 20.7%, and the electronics and devices segment for 18.3%.

The main business activities of each segment are shown on the slide.

Changes in Business Field



Following the organizational changes implemented on April 1, 2023, we have changed our business field starting from the fiscal year ending March 31, 2024.

The business field of construction supply segment was changed from two to four fields. The Construction Materials field segment was divided into three segments: Construction Materials, Housing Materials, and Insulation Materials, and the Solar Energy segment was changed to Renewable Energy Materials.

The business field of industrial materials segment has been changed from four segments to two. Plastics and rolling stock business field were combined into Plastics-Related Materials field, and textile and advanced and functional solution field were combined into Textiles-Related Materials field.

The Electronics & Devices segment, previously disclosed by region, is now divided into two field, Devices and Assembly

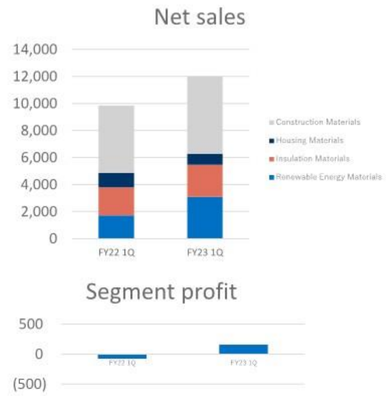
Briefing by Segment: Construction Supply

Briefing by Segment: Construction Supply

- In the construction materials field, sales increased due to steady execution of construction projects based on firm demand.
- In the renewable energy materials field, sales increased as demand grew amid rising electricity prices and delays in the supply of solar panels and peripheral equipment are being resolved.
- In the insulation material-related field, in addition to sales of materials, the acquisition of construction projects contributed to sales growth.
- Housing material-related field contributed to profit despite lower sales.

(Unit: Millions of yen)

	FY22 1Q	FY23 1Q	Amount of change	YoY
Construction Materials	4,985	**5,737**	752	15.1%
Housing Materials	1,070	**795**	(274)	(25.7)%
Insulation Materials	2,080	**2,379**	299	14.4%
Renewable Energy Materials	1,716	**3,091**	1,374	80.1%
Segment net sales	9,853	**12,004**	2,151	21.8%
Segment operating profit	(76)	**157**	234	-
Raito of profit	(0.8)%	**1.3%**	-	2.1pt



The following is an explanation of the variable factors related to the performance of the construction supply segment.

In the construction materials field, sales increased due to steady execution of construction projects based on firm demand.

In the renewable energy materials segment, sales increased as demand grew in response to the trend toward higher electricity prices and as supply delays for solar panels and peripheral equipment began to dissipate.

In the insulation material field, in addition to material sales, the acquisition of construction projects contributed to increased sales.

In the housing material field, sales declined, but profits contributed to the business results.

Overall segment sales and profit increased despite higher expenses for investment activities and for sales activities aimed at expanding business performance. As a result, overall net sales in the construction supply segment increased 21.8 percent year-on-year to 12,004 million yen, and segment profit amounted to 157 million yen.

Briefing by Segment: Industrial Materials

Briefing by Segment: Industrial Materials

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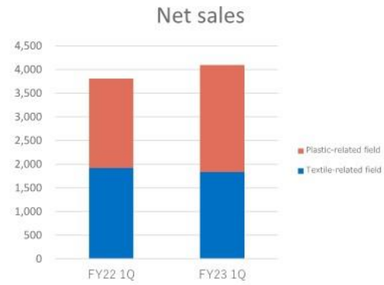
- Sales in the plastic-related materials field increased due to an increase in orders for processed molded products, which are on a recovery trend, especially in the automotive field.
- In the textile-related materials segment, demand for apparel was sluggish, but processed textile products for the public sector remained strong, resulting in higher sales and profit.

(Unit: Millions of yen)

	FY22 1Q	FY23 1Q	Amount of change	YoY
Plastic-related field	1,892	**2,258**	366	19.4%
Textile-related field	1,916	**1,835**	(80)	(4.2)%
Segment net sales	3,808	**4,094**	285	7.5%
Segment operating profit	(9)	**79**	88	-
Ratio of profit	(0.2)%	**1.9%**	-	2.2pt



The following is an explanation of the variable factors related to the performance of the industrial materials segment.

In the plastic-related materials field, sales increased due to a recovery trend mainly in the automotive sector and an increase in orders for molded and processed products.

In the textile-related materials segment, demand for apparel was sluggish, but processed textile products for the public sector remained strong, resulting in an increase in both sales and profit.

As a result, overall sales in the industrial materials segment increased 7.5 percent year-on-year to 4,094 million yen, with segment income of 79 million yen.

Briefing by Segment: Electronic Devices

Briefing by Segment: Electronic Devices

- Decrease in sales and income due to the global slowdown in the electronics-related market from the second half of 2022, in addition to the impact of the rapid resolution of semiconductor supply problems that lasted for about two years and the buildup of component inventories in the overall market.

(Unit: Millions of yen)

	FY22 1Q	FY23 1Q	Amount of change	YoY
Device	1,672	1,486	(186)	(11.1)%
Assembly	2,291	2,142	(148)	(6.5)%
Segment net sales	3,963	3,628	(334)	(8.4)%
Segment operating profit	246	172	(74)	(30.2)%
Ratio of profit	6.2%	4.7%	-	(1.5)pt

The following is an explanation of the variable factors related to the performance of the industrial materials segment.

Both sales and profits were affected by the global slowdown in electronics-related markets beginning in the second half of 2022, as well as the rapid resolution of semiconductor supply problems that lasted for about two years, resulting in excess component inventories in the market as a whole.

As a result, overall net sales in the Electronics & Devices segment decreased 8.4 percent year on year to 3,628 million yen, with segment profit down 30.2 percent to 172 million yen.

Briefing by Segment: Real Estate Leasing Segment

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.

(Unit: Millions of yen)

	FY22 1Q	FY23 1Q	Amount of change	YoY
Net sales	49	**48**	(0)	(1.6)%
Segment profit	27	**27**	(0)	(0.3)%
Ratio of profit	56.4%	**57.1%**	-	0.7pt

I will explain the performance of the Real Estate Leasing segment.

There was no change in real estate holdings from the previous period, and both sales and segment profit remained flat.

As a result, overall net sales in the Real Estate Leasing segment decreased 1.6 percent year-on-year to 48 million yen, and segment profit decreased 0.3 percent to 27 million yen.

FY23 1Q Segment Performance Overview

FY23 1Q Segment Performance Overview

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(unit: millions of yen)

	FY22 1Q	FY23 1Q	Amount of change	YoY
	17,674	**19,775**	2,101	11.9%
Net Sales	9,853	**12,004**	2,151	21.8%
Construction Supply	3,808	**4,094**	285	7.5%
Industrial materials	3,963	**3,628**	(334)	(8.4)%
Electronic Devices	49	**48**	0	(1.6)%
Real Estate Leasing	188	**436**	248	131.5%
Operating Profit	(76)	**157**	234	-
Construction Supply	(9)	**79**	88	-
Industrial materials	246	**172**	(74)	30.2)%
Electronic Devices	27	**27**	0	(0.3)%

A summary of results by segment is shown on the slide.

FY23 Consolidated Performance Forecast

FY23 Consolidated Performance Forecast

✓ **No revision to the forecast announced in May 2023**

(Unit: Millions of yen)

	FY22	FY23 Forecast	Amount of change	YoY
Net sales	79,683	**89,000**	9,316	11.7%
Operating profit	1,764	**1,800**	35	2.0%
Operating profit ratio	2.2%	**2.0%**	-	(0.2)pt
Ordinary profit	1,939	**1,900**	(39)	(2.1)%
Profit attributable to owners of parents	1,585	**1,600**	14	0.9%

Next, I will explain our consolidated forecasts for the fiscal year ending March 31, 2024.

There are no revisions to the forecast of consolidated financial results for the fiscal year ending March 31, 2024, which was announced in May 2023.

FY23 Consolidated Full-year Forecast by Segment

FY23 Consolidated Full-year Forecast by Segment

✓ **No revision to the forecast announced in May 2023**

(Unit: Millions of yen)

	FY22	FY23 Forecast	Amount of change	YoY
Net sales	79,683	**89,000**	9,316	11.7%
Construction Supply	44,511	**54,600**	10,088	22.7%
Industrial Materials	17,677	**18,750**	1,072	6.1%
Electronic Devices	17,301	**15,450**	(1,851)	(10.7)%
Real Estate Leasing	193	**200**	6	3.1%
Operating profit	1,764	**1,800**	35	2.0%
Construction Supply	611	**840**	228	37.3%
Industrial Materials	23	**400**	376	1,607.3%
Electronic Devices	1,014	**450**	(564)	(55.7)%
Real Estate Leasing	114	**110**	(4)	(4.0)%

There are no revisions to the consolidated forecasts by segment.

Shareholder Return Dividend

Shareholder Return Dividend

Basic Policy

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

Dividend per share

(Yen)

	Interim	Year-end	Total
FY23 (Forecast)	70.00	25.00*1	-
FY23 (forecast) Without considering share splits	**70.00**	**100.00*2**	**170.00**

*1 A 4-for-1 stock split is scheduled to take effect on Sunday, October 1, 2023.

*2 Dividend per share without stock split

Transition of Dividend per Share and Dividend Payout Ratio

I would like to explain our shareholder return policy.

The Company's basic policy on shareholder return is to expand investment in growth, while at the same time, to return profits to shareholders with an awareness of capital efficiency, with the aim of becoming a "sustainable growth company with strategic investment". We aim to achieve a consolidated dividend payout ratio of 40% or more and a total return ratio of 50%.

In addition, we set the minimum amount of total return to shareholders at 500 million yen, with a view to providing a stable return to shareholders.

Our Status to Meet the Criteria About TSE’s Prime Market

Our status to meet the criteria

✓ **Achieved a market capitalization of over 10 billion yen for shares in circulation on August 10.**

	Share price	Tradable market capitalization
Share price on August 10, 2023 (the highest price since the beginning of the year)	¥3,750	¥10.59B
Average closing price from May to end of July 2023	**¥3,408**	**¥9.62B**

Tradable market capitalization = Number of share × Ratio of tradable share × share price

(As of March 31, 2023)

Number of shares	4,466,273
Ratio of tradable share	63.2%

This section explains our status to meet the continued-listing criteria of TSE’s prime market.

We currently do not meet the continued-listing criteria of TSE’s prime market in terms of tradable market capitalization, ¥10Bn.

However, on days when the year's highs are recorded, for example, tradable market capitalization exceeds ¥10Bn.

Even when calculated using the three-month average closing price used to determine the criteria for continued listing, the tradable market capitalization, calculated using the average closing price from May to the end of July, is now at ¥9.6Bn.

We will continue to implement measures to enhance corporate value in order to meet the continued-listing criteria, which we aim to achieve by the end of March 2025.