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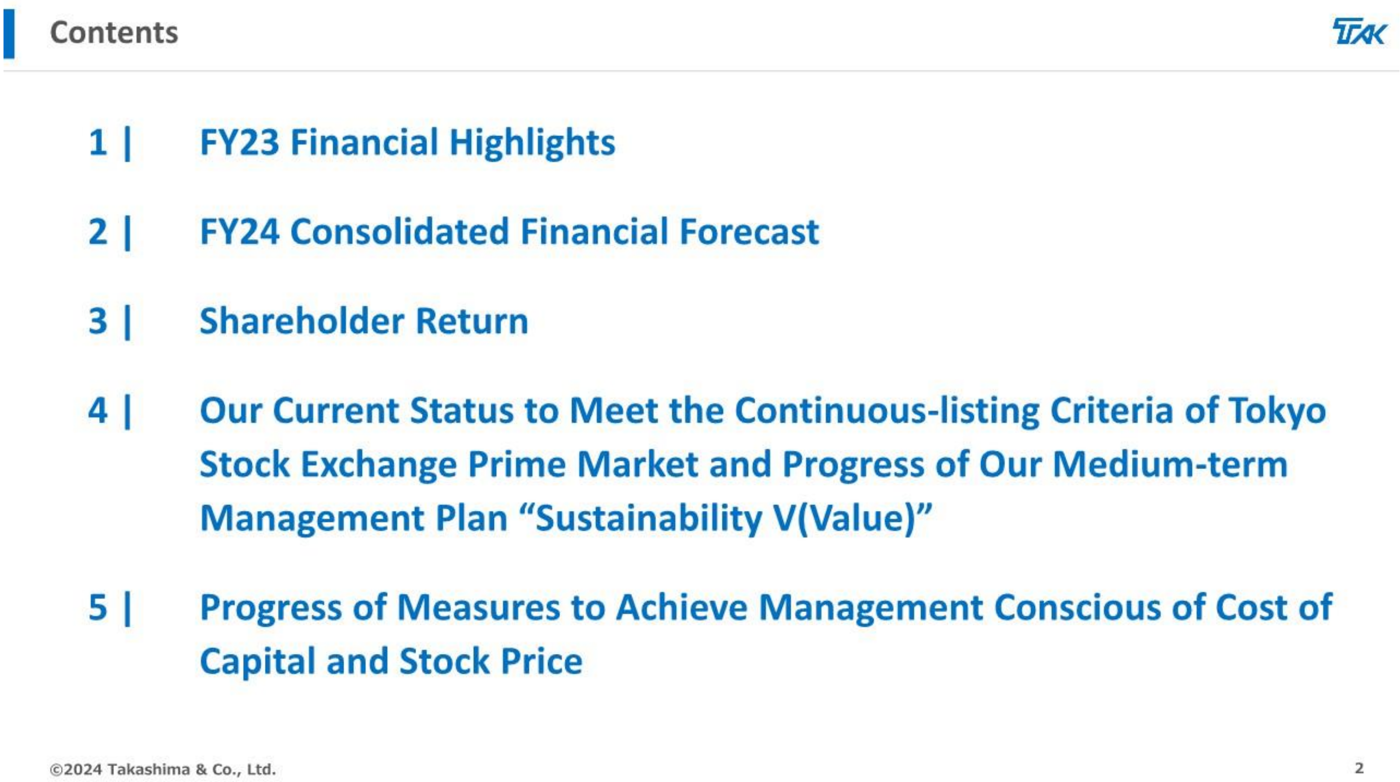
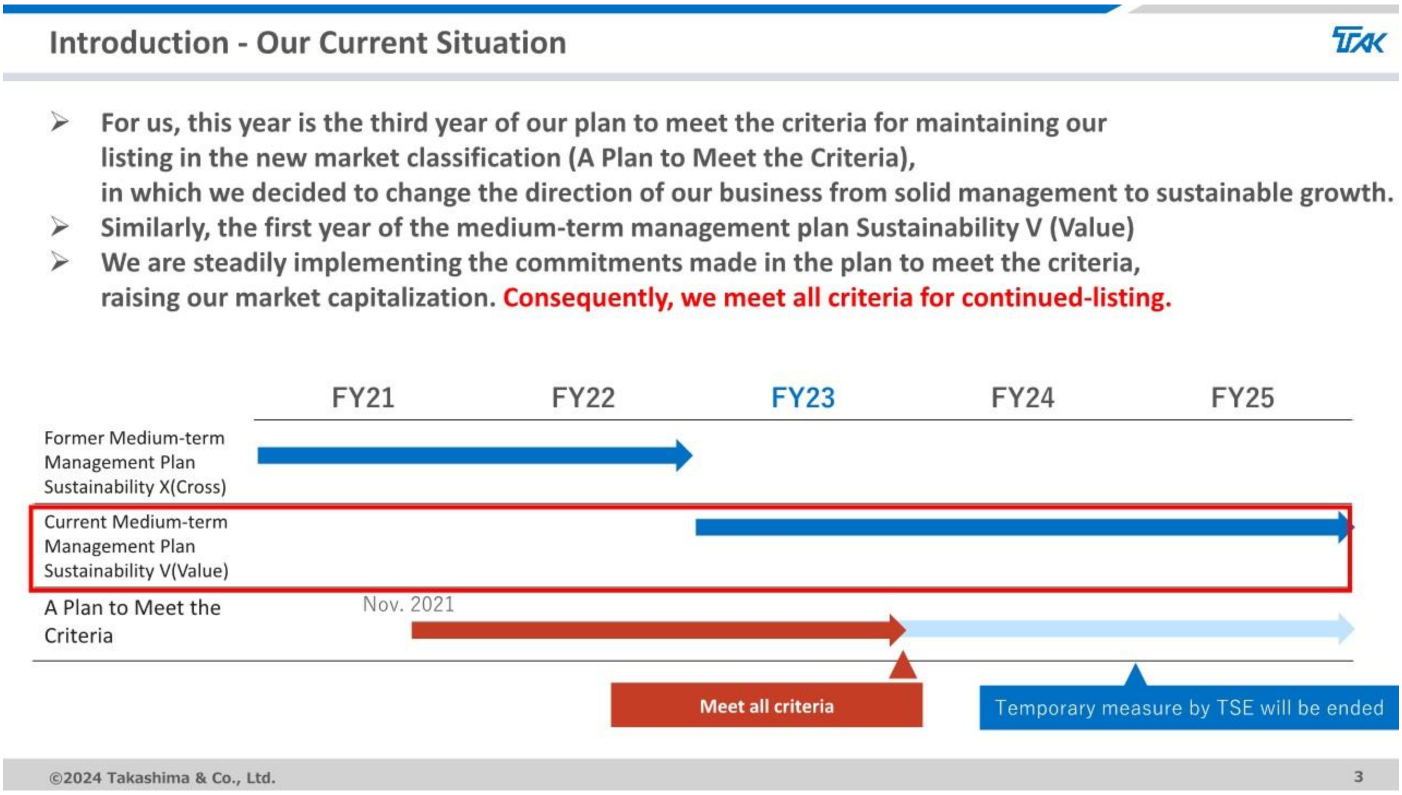


Takahiro Suzuki (Suzuki): My name is Suzuki, Director, Managing Executive Officer and Division Chief of the Business Administration Division. I will now give an overview of the financial results for the fiscal year ended March 31, 2024, the consolidated earnings forecast for the fiscal year ending March 31, 2025, and shareholder returns.

President Takashima will then explain the transition to meet the continued-listing criteria for prime market, the progress of the medium-term management plan “Sustainability V (Value),” and the progress of measures to achieve management that is conscious of cost of capital and stock price.

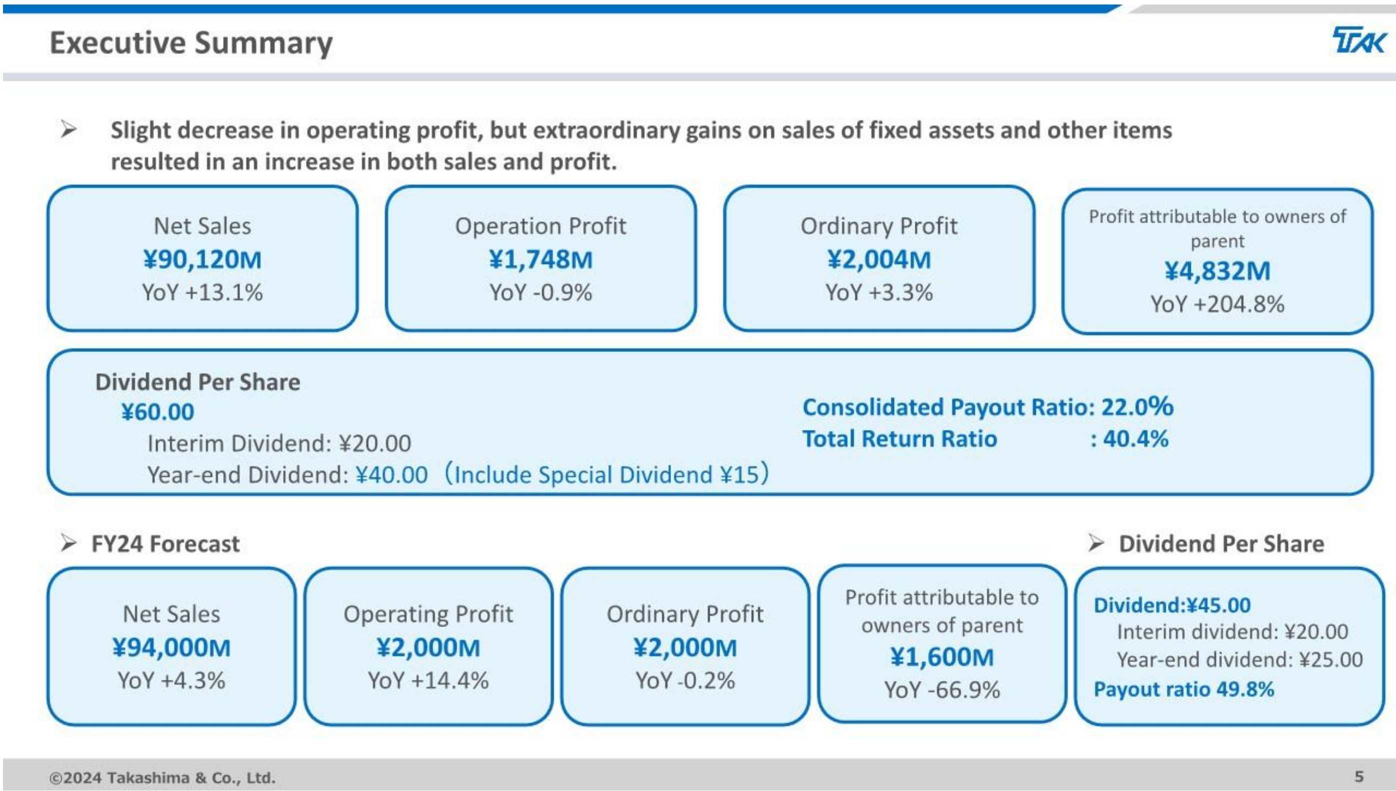
Introduction



First, let me explain our current situation as of March 31, 2024, the third year of the plan to meet the criteria submitted in conjunction with the TSE market reorganization, and the first year of the "Sustainability V" medium-term management plan that established the various initiatives committed to in the plan to meet the criteria.

To summarize the current situation, as a result of steady progress in various initiatives, our market capitalization has increased, and we have met all criteria for continued-listing at the end of March. Going forward, we will continue to aim to enhance our corporate value in accordance with our medium-term management plan, "Sustainability V," and simultaneously achieve adaptation to a sustainable society and sustainable growth.

Executive Summary



I will now provide an overview of the financial results for the fiscal year ended March 31, 2024. First is the Executive Summary.

Net sales were strong in the construction supply segment and the industrial materials segment. In addition, sales increased due to full-year contributions from New Energy Distribution Systems and Sinbou Edix, both acquired in FY2022, and Gansui Corporation, acquired in FY2023.

Meanwhile, operating profit declined slightly due to acquisition-related costs, amortization of goodwill, and an increase in SG&A expenses, as well as deteriorating performance in the Electronics & Devices segment. Net profit attributable to owners of parent increased significantly due to gains on sales of fixed assets from sales of real estate under operating leases and gains on sales of strategic equity holdings, resulting in an increase in both sales and profit.

The year-end dividend was 40 yen per share, including a special dividend of 15 yen per share, for an annual dividend of 60 yen per share, including an interim dividend of 20 yen per share.

For the current fiscal year, we forecast net sales of 94 billion yen, operating profit and ordinary profit of both 2 billion yen, and net profit attributable to owners of parent of 1.6 billion yen. The annual dividend forecast is 45 yen per share, consisting of an interim dividend of 20 yen and a year-end dividend of 25 yen, which is the same level as the previous year, excluding the special dividend of 15 yen per share paid in the previous year. The projected dividend payout ratio is 49.8%.

Consolidated Performance P/L

Consolidated Performance P/L

- ✓ Net sales increased 13.1% year on year to 90,120 million yen due to strong performance in the Construction Supply and Industrial Materials segments, despite lower sales and profits in the Electronics Devices segment.
- ✓ Operating profit decreased 0.9% YoY to 1,748 million yen, and ordinary profit increased 3.3% YoY to 2,004 million yen.
- ✓ Profit attributable to owners of the parent increased 204.8% YoY to 4,832 million yen.
- ✓ ROE up 14.1pts to 22.4%, ROIC down 0.8pts to 4.2%.

（Unit: Millions of Yen）

	FY22	FY23	Amount of change	YoY
Net sales	79,683	90,120	10,436	13.1%
Cost of sales	53,454	77,829	7,579	10.8%
Gross profit	9,434	12,291	2,856	30.3%
Selling, general and administrative expense	7,670	10,543	2,873	37.5%
Operating profit	1,764	1,748	(16)	(0.9)%
Operating profit margin	2.2%	1.9%	(0.3)pt	-
Ordinary profit	1,939	2,004	64	3.3%
Profit attributable to owners of parent	1,585	4,832	3,246	204.8%

	FY22	FY23	YoY
ROE	8.3%	22.4%	14.1pt
ROIC	5.0%	4.2%	(0.8)pt
Cost of equity	5.6%	5.7%	0.1pt
WACC	3.9%	4.5%	0.6pt

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I will now explain the consolidated statement of profit. Net sales increased 13.1 percent year-on-year to 90,120 million yen, as the Electronics & Devices segment posted lower sales and profits, but the Construction Supply and Industrial Materials segments performed well, and the expansion of the scope of consolidation through mergers and acquisitions also contributed.

Selling, general and administrative (SG&A) expenses increased 37.5 percent year-on-year to 10,543 million yen due to expenses associated with the implementation of M&A, amortization of goodwill of New Energy Distribution System and Gansui Corporation, and an increase in SG&A expenses due to the expanded scope of consolidation.

Operating profit decreased 0.9 percent from the previous year to 1,748 million yen due to an increase in SG&A expenses, and ordinary profit increased 3.3 percent to 2,004 million yen due to an increase in foreign exchange gains.

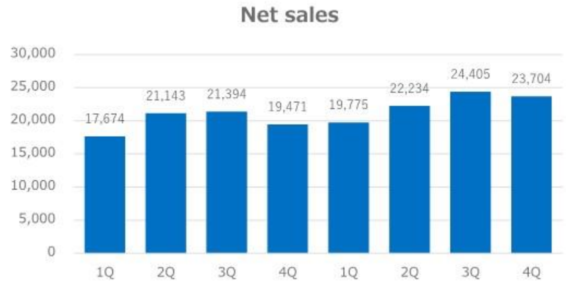
With the posting of extraordinary gains on the sale of real estate under operating leases, net profit attributable to owners of parent increased 204.8 percent from the previous year to 4,832 million yen. With the increase in net profit, ROE rose 14.1 percentage points from the previous period to 22.4 percent, exceeding the cost of equity.

Meanwhile, ROIC declined 0.8 percentage points from the previous period to 4.2 percent, as invested capital expanded due to a significant increase in net profit. In addition, the ratio of market capitalization to interest-bearing debt increased relative to the increase in market capitalization, and WACC rose 0.6 percentage points from the previous period to 4.5 percent.

4Q (January-March) Result

4Q (January-March) Results

- ✓ Overall 4Q sales increased 21% YoY to 23,704 million yen, while operating profit declined 93% YoY to 55 million yen.
- ✓ The decrease in operating profit in the 4Q was mainly due to the following factors
  1) Revised amortization of goodwill of Gansui Corporation due to implementation of PPA
  2) Provision for bonuses to employees for extraordinary gains on sales of fixed assets
  3) Impairment and provision for long-term inventories in the Electronic Devices segment

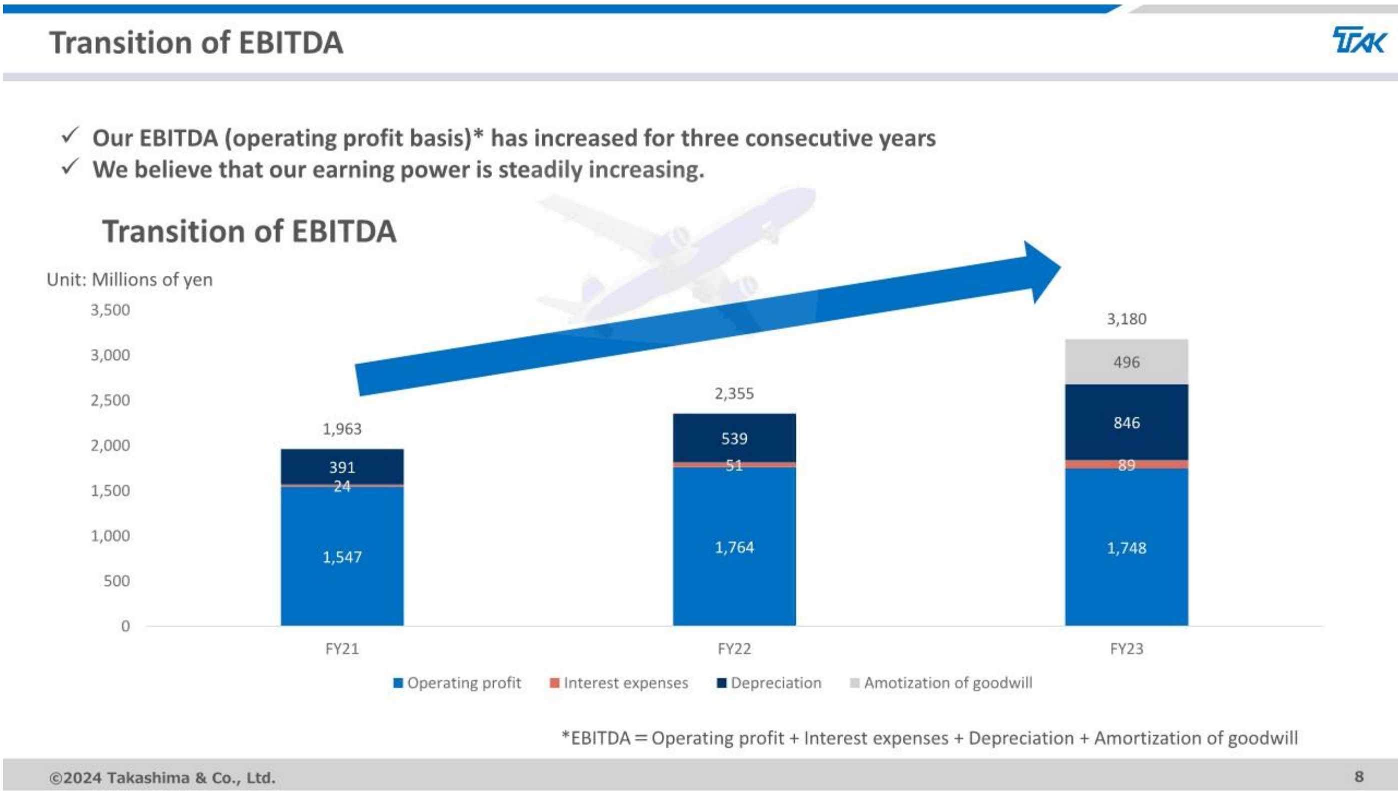


The following is a supplemental explanation of the fourth quarter results as a reason for the downward revision to the previous year's forecast. In the fourth quarter, sales increased 21 percent from the same period last year to 23,704 million yen, but operating profit decreased 93 percent to 55 million yen.

There were three main reasons for the decrease in operating income: first, PPA of goodwill of Gansui Corporation, which became a subsidiary in June 2023. This goodwill was partially amortized ahead of the amortization of goodwill assumed at the time of acquisition, as a result of a review of the assets and liabilities of the acquired company to ensure that the amortization period was commensurate with each asset.

Second, a new provision was made for special bonuses to be paid to employees in conjunction with shareholder returns for the extraordinary gains generated from the sale of rental real estate. Third, the Electronics & Devices segment was affected by a more prolonged market slump than expected. As a result, the segment did not contribute to earnings as planned, and we have recorded impairment losses on some long-stored inventories and made additional precautionary provisions on a consolidated basis.

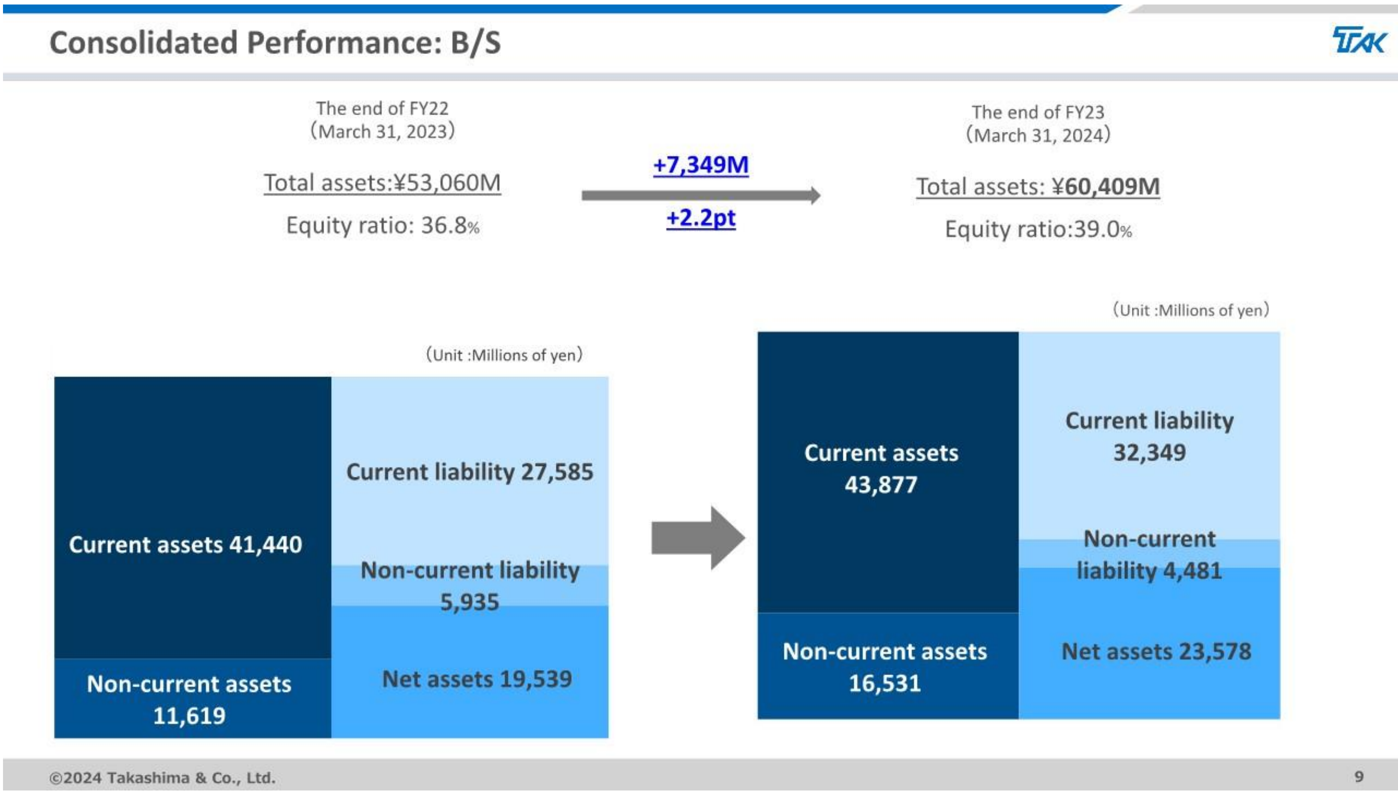
Transition of EBITDA



This chart shows EBITDA in terms of operating profit for the past three years. Since the announcement of our transition to the prime market, we have been executing strategic investments, particularly M&A, that contribute to sustainable growth. EBITDA has improved for three consecutive years, although its contribution to operating profit has been modest due to amortization of goodwill resulting from M&As and an increase in depreciation associated with capital investment in group companies.

EBITDA for the fiscal year ending March 31, 2024 has increased by more than 800 million yen from the previous year, and we believe that the Group's earning power is steadily increasing in line with the strategic investments we have made.

Consolidated Performance B/S



Let me explain the balance sheet. Total assets increased 7,349 million yen from the end of the previous period to 60,409 million yen. The equity ratio increased 2.2 percentage points to 39.0 percent.

Consolidated Performance B/S

Consolidated Performance B/S

TAK

(Unit: Million of yen)

Main factors of change

	FY22	FY23	Amount of change	Ratio of change
Assets				
Current assets				
★ Cash and deposits	7,791	12,371	4,579	58.8%
★ Notes and accounts receivable - trade, and Electronically recorded monetary claims - operating	26,260	23,438	(2,821)	(10.7)%
Total current assets	41,440	43,877	2,436	5.9%
Non-current Assets				
Property, plant and equipment	4,707	4,762	55	1.2%
Intangible assets				
★ Goodwill	1,069	5,611	4,541	424.6%
Total intangible assets	1,662	6,609	4,947	297.6%
Investment and other assets				
Investment securities	3,050	2,862	(187)	(6.2)%
Total investments and other assets	5,249	5,159	(90)	(1.7)%
Non-current assets	11,619	16,531	4,912	42.3%
Total assets	53,060	60,409	7,349	13.9%

The main reasons for the change in assets compared to the end of the previous period are as shown in the slide.

Current assets increased 5.9 percent from the previous period to 43,877 million yen. This was mainly due to a temporary increase in cash and deposits resulting from the sale of real estate and the liquidation of accounts receivable, while electronically recorded monetary claims decreased.

Fixed assets increased 42.3 percent from the previous period to 16,531 million yen. This was mainly due to an increase in fixed assets and goodwill resulting from Gansui Corporation becoming a consolidated subsidiary, while real estate and investment securities were sold on a non-consolidated basis.

Consolidated Performance B/S

Consolidated Performance B/S

(Unit: Millions of yen)

Main factors of change

	FY22	FY23	Amount of change	Ratio of change
Liabilities				
Current liabilities				
Notes and accounts payable trade	15,277	16,647	1,369	9.0%
Electronically recorded obligations – operating	5,735	5,585	(149)	(2.6)%
Short-term borrowings	3,210	1,341	(1,868)	(58.2)%
Total current liabilities	27,585	32,349	4,763	17.3%
Non-current liabilities				
★ Long-term borrowings	3,347	2,095	(1,252)	(37.4)%
Total non-current liabilities	5,935	4,481	(1,453)	(24.5)%
Total liabilities	33,520	36,830	3,309	9.9%
Net assets				
Shareholders' equity				
Share capital	3,801	3,801	–	0.0%
★ Retained earnings	12,482	16,898	4,416	35.4%
Total shareholders' equity	17,874	21,649	3,775	21.1%
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	704	867	162	23.0%
Foreign currency translation adjustment	555	931	375	67.7%
Total accumulated other comprehensive income	1,665	1,929	263	15.8%
Total net assets	19,539	23,578	4,039	20.7%
Total liabilities and net assets	53,060	60,409	7,349	13.9%

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The main reasons for changes in liabilities and net assets compared to the end of the previous fiscal year are as shown in the slide.

Current liabilities increased 17.3 percent to 32,349 million yen. This was mainly due to increases in income taxes payable and current portion of long-term borrowings. Non-current liabilities decreased 24.5 percent from the previous period to 4,481 million yen. The main factor was a decrease in long-term borrowings.

Net assets increased 20.7 percent from the previous year to 23,578 million yen. The main factor was an increase in retained earnings due to the posting of net profit attributable to owners of parent.

Consolidated Performance C/F

Consolidated Performance: C/F

TAK

(Unit：Millions of change)

Main factors of change

	FY22	FY23	Amount of change
Cash flows from operating activities			
★ Profit before income taxes	2,216	7,314	5,097
Depreciation	539	846	306
Amortization of goodwill	–	496	496
Loss (gain) on sale of investment securities	(276)	(614)	(338)
★ Decrease (increase) in accounts receivable - trade, and contract assets	(3,488)	4,231	7,719
Decrease (increase) in inventories	(771)	410	1,181
Increase (decrease) in trade payables	2,692	348	(2,344)
Net cash provided by (used in) operating activities	**700**	**6,057**	**5,357**
Cash flows from investing activities			
Purchase of property, plant and equipment	(552)	(609)	(57)
Purchase of intangible assets	(170)	(171)	0
Proceeds from sale of investment securities	457	1,112	655
Net cash provided by (used in) investing activities	**(1,448)**	**2,519**	**3,967**
Cash flows from financing activities			
★ Net increase (decrease) in short –term borrowings	2,454	(3,813)	(6,268)
Repayments of long-term borrowings	(240)	(555)	(315)
Purchase of treasury shares	(102)	(660)	(558)
Dividends paid	(891)	(797)	94
Net cash provided by (used in) financing activities	**1,059**	**(4,128)**	**(5,188)**
Net increase(decrease) in cash and cash equivalents	470	4,552	4,082
Cash and cash equivalents at beginning of period	7,301	7,772	470
Cash and cash equivalents at end of period	**7,772**	**12,324**	**4,552**

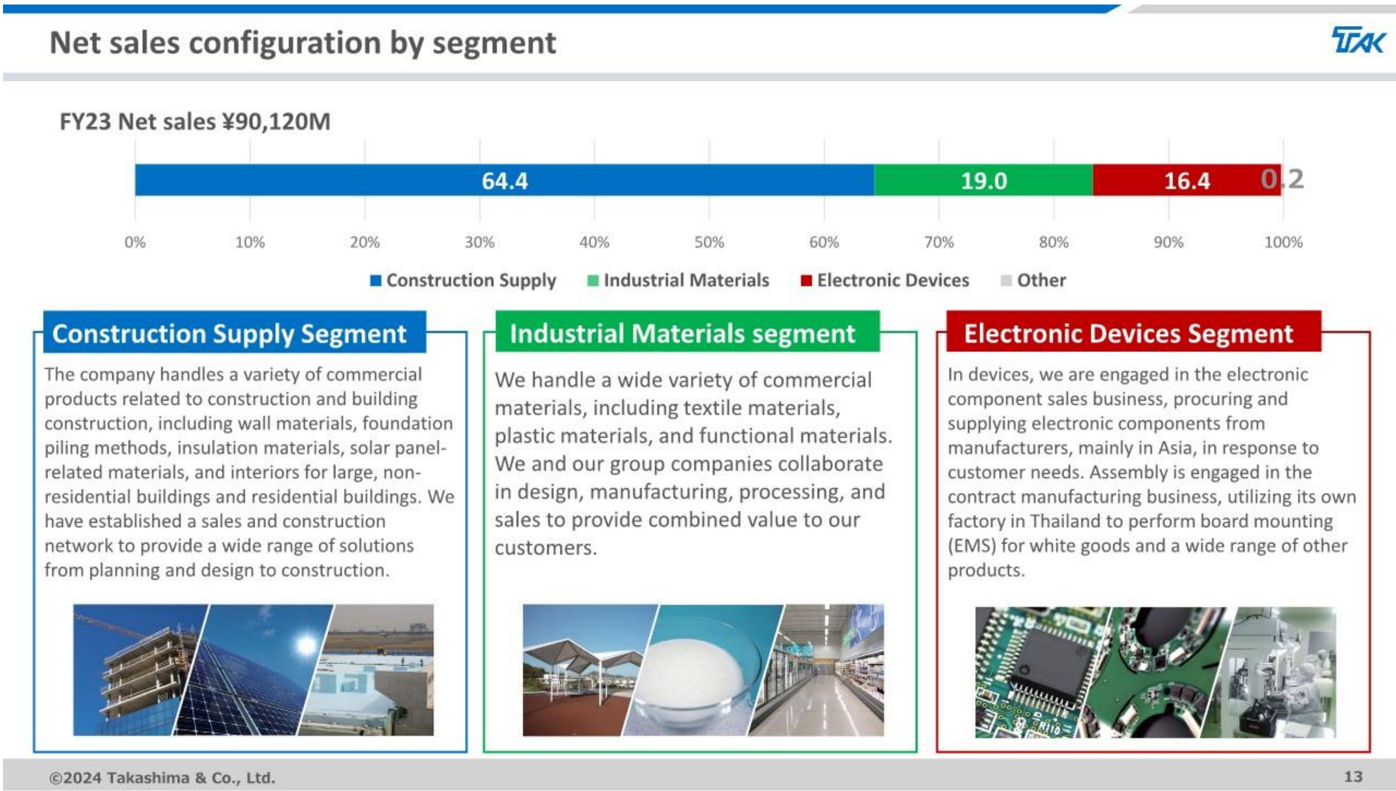
Let me explain about cash flow. Cash and cash equivalents at the end of the period totaled 12,324 million yen, up 4,552 million yen from the previous period.

Net cash provided by operating activities totaled 6,057 million yen. The main factors were profit before income taxes and minority interests and a decrease in account receivables -trade, and contract assets.

Net cash provided by investing activities totaled 2,519 million yen. The main factors were a decrease due to the acquisition of shares of subsidiaries in connection with mergers and acquisitions, and an increase due to sales of real estate for rent and investment securities.

Net cash used in financing activities totaled 4,128 million yen. The main factor was a decrease in short-term borrowings.

Net Sales Configuration by Segment



I will now explain the results by segment. During the period under review, the Construction Supply segment accounted for 64.4% of net sales, the Industrial Materials segment for 19.0%, and the Electronics Devices segment for 16.4%.

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

Briefing by Segment: Construction Supply

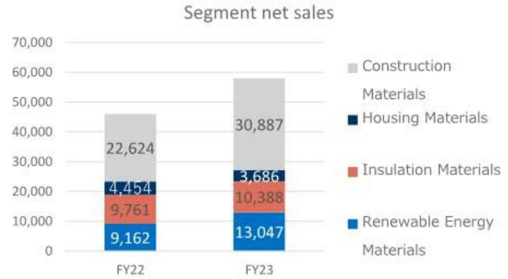
Briefing by Segment: Construction Supply

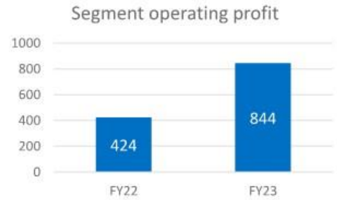
- ✓ **Overall sales in the Construction Supply segment increased 26.1% to 58,010 million yen**
- ✓ **Segment operating profit increased 98.7% to 844 million yen**

(Unit: Millions of yen)

	FY22	FY23	Amount of change	YoY
Construction Materials	22,624	**30,887**	8,263	36.5%
Housing Materials	4,454	**3,686**	(767)	(17.2)%
Insulation Materials	9,761	**10,388**	627	6.4%
Renewable Energy Materials	9,162	**13,047**	3,884	42.4%
Segment net sales	46,003	**58,010**	12,006	26.1%
Segment operating profit	424	**844**	419	98.7%
Operating profit margin	0.9%	**1.5%**	0.6pt	-

Figures are after adjusting for elimination of intersegment transactions.





Let me explain the overview by segment. First, let's look at the Construction Supply segment. In the Construction Supply segment, sales increased significantly due to a large contribution from construction orders for logistics facilities and factories, in addition to M&As.

In the renewable energy materials sector, both industrial and residential applications are experiencing increasing energy costs and demand to achieve a zero-carbon society. Sales increased due to the increased installation of equipment for self-consumption.

In the insulation materials field, sales increased due to the acquisition of construction projects in addition to material sales. In the housing materials field, both sales and profits were affected by a decline in detached housing starts due to rising construction costs. Overall segment sales and profits increased.

Briefing by Segment: Industrial Materials

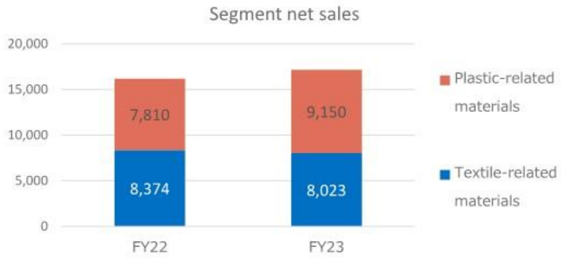
Briefing by Segment: Industrial Materials

- ✓ **Overall sales in the Industrial Materials segment increased 6.1% to ¥17,173M**
- ✓ **Segment profit increased 102.2% to ¥425M**

(Unit: Millions of yen)

	FY22	FY23	Amount of change	YoY
Plastic-related materials	7,810	**9,150**	1,340	17.2%
Textile-related materials	8,374	**8,023**	(350)	(4.2)%
Segment net sales	16,184	**17,173**	989	6.1%
Segment operating	210	**425**	214	102.2%
Operating profit margin	1.3%	**2.5%**	1.2pt	-

Figures are after adjusting for elimination of intersegment transactions.



Industrial Materials Segment. In the plastic related materials field, both sales and profit increased due to growth in logistics materials and processed materials for construction, as well as an increase in orders for medical-related molded products, a target area.

In the textile-related materials field, apparel-related products suffered significant declines in both sales and profit, while industrial textile materials and processed sewing products for the Ministry of Defense performed well, resulting in an increase in earnings. In addition, the consolidation of Sinbou Edix as a consolidated subsidiary also contributed to the segment's overall sales and profit growth.

Briefing by Segment: Electronic Devices

Briefing by Segment: Electronic Devices

- ✓ **Overall sales in the Electronic Devices and Components segment declined 14.6% to ¥14,776M**
- ✓ **Segment profit decreased 62.1% to 384 million yen**

(Unit: Millions of yen)

	FY22	FY23	Amount of change	YoY
Device	8,036	**6,134**	(1,902)	(23.7)%
Assembly	9,264	**8,641**	(622)	(6.7)%
Segment net sales	17,301	**14,776**	(2,525)	(14.6)%
Segment operating profit	1,014	**384**	(630)	(62.1)%
Ratio of profit	5.9%	**2.6%**	(3.3)pt	-

Figures are after adjusting for elimination of intersegment transactions.

Electronics & Devices Segment. Supported by the so-called “in-house demand” for the Corona disaster, consumption trends in consumer electronics and audio equipment have changed dramatically. During the period under review, the consumer electronics market slowed down globally and product inventories built up across the market.

In addition, the Company's main customers were significantly affected by the buildup of parts inventories as a reaction to the prolonged supply shortage of electronic parts in the previous fiscal year, resulting in a significant decrease in sales and profit.

Briefing by Segment: Real Estate Leasing

Briefing by Segment: Real Estate Leasing

- ✓ **Sold fixed assets held as a hotel**
- ✓ **Sales declined 17.8% to 159 million yen and segment income declined 17.7% to 94 million yen**

(Unit: Millions of yen)

	FY22	FY23	Amount of change	YoY
Segment net sales	193	**159**	(34)	(17.8)%
Segment operating profit	114	**94**	(20)	(17.7)%
Ratio of profit	59.1%	**59.1%**	0.0pt	-

Figures are after adjusting for elimination of intersegment transactions.

This is the rental real estate segment; both net sales and segment operating profit decreased due to the sale of a rental hotel in January 2024.

FY24 Full-year Consolidated Performance Forecast

FY24 Full-year Consolidated Performance Forecast

TAK

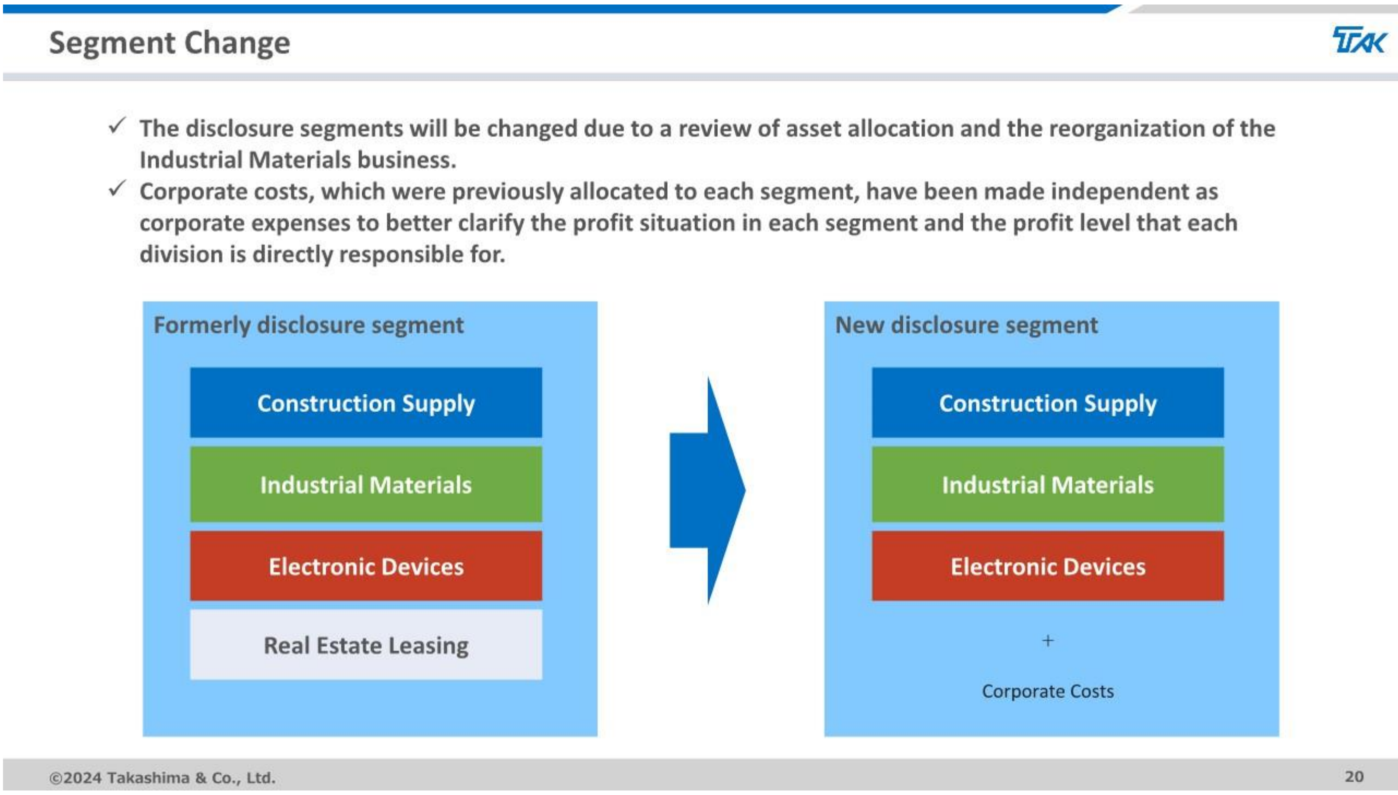
(Unit: Millions of yen)

	FY23	FY24 Forecast	Amount of change	YoY
Net sales	90,120	**94,000**	3,879	4.3%
Operating profit	1,748	**2,000**	251	14.4%
Operating profit margin	1.9%	**2.1%**	0.2pt	-
Ordinary profit	2,004	**2,000**	(4)	(0.2)%
Profit attributable to owners of parent	4,832	**1,600**	(3,232)	(66.9)%

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

Based on currently available and definitive information, and taking into account factors such as geographic region, sector, sales opportunities, and fluctuations in demand, we project net sales of 94 billion yen, operating profit and ordinary profit of both 2 billion yen, and net profit attributable to owners of parent of 1.6 billion yen.

Segment Change



Before explaining the forecast for each segment, I would like to explain the changes in the disclosed segments, as shown in the slide, due to the review of asset allocation and restructuring of the Industrial Materials business implemented in the fiscal year ended March 31, 2024.

The Real Estate Leasing segment will be eliminated due to the sale of major fixed assets. In addition, corporate costs, which were previously allocated to each segment, have been made independent as corporate expenses to better clarify the profit situation in each segment and the profit level that each segment is directly responsible for.

FY24 Consolidated Forecast by Segment

FY24 Consolidated Forecasts by Segment

Net sales (Unit: Millions of yen)

	FY23 (reference) Results after new segment reclassification	FY24 Forecast	Amount of change	YoY
Construction Supply	58,180	**59,700**	1,519	2.6%
Industrial Materials	17,195	**17,600**	404	2.4%
Electronic Devices	14,795	**16,700**	1,904	12.9%
Real Estate Leasing	143	-	-	-
Amount recorded in consolidated financial statements	**90,120**	**94,000**	**3,879**	**4.3%**

Segment Operating Profit (Unit: Millions of yen)

	FY23 (reference) Results after new segment reclassification	FY24 Forecast	Amount of change	YoY
Construction Supply	1,987	**2,050**	62	3.2%
Industrial Materials	716	**750**	33	4.7%
Electronic Devices	434	**500**	65	15.0%
Real Estate Leasing	82	-	-	-
Total	3,220	**3,300**	79	2.5%
Adjustment*	(1,472)	**(1,300)**	(172)	(11.7)%
Amount recorded in consolidated financial statements	**1,748**	**2,000**	**251**	**14.4%**

*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.

The following is an explanation of the revised consolidated earnings forecast by segment.

In the construction materials segment, we aim to increase profits by expanding functional enhancements in each field. We will develop installation functions nationwide and work on further labor-saving construction methods. In the energy solution field, we will promote one-stop development by utilizing the nationwide construction network in electrical work of our group company, New Energy Distribution System.

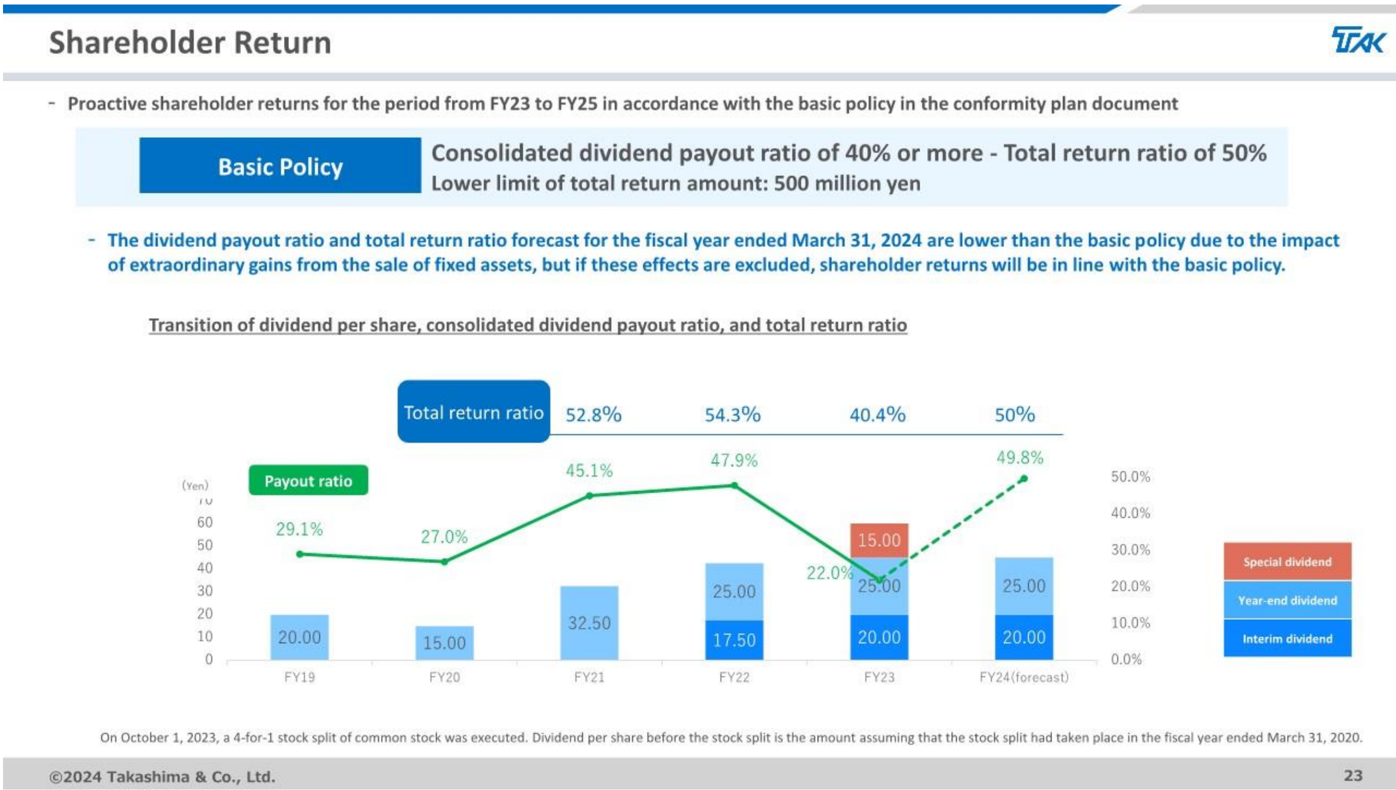
In the industrial materials segment, we aim to increase earnings by strengthening sales in target areas such as automobiles, medical care, and construction, as well as by reinforcing manufacturer functions.

In the Electronics & Devices segment, due to the prolonged slump in the consumer electronics market, we continue to face the challenge of digesting excess parts inventory due to product inventories and long lead times. Although we expect conditions to remain difficult through the first half of the year, we will focus on acquiring new customers and developing new parts and assemblies to achieve a recovery in the second half of the year.

As a result of the above, we forecast segment sales of 59.7 billion yen and segment profit of 2.05 billion yen for the Construction Supply segment, segment sales of 17.6 billion yen and segment profit of 750 million yen for the Industrial Materials segment, segment sales of 16.7 billion yen and segment profit of 500 million yen for the Electronics Devices segment The forecast for the Electronics & Devices segment is 16.7 billion yen and segment income is 0.5 billion yen.

Corporate costs not allocated to each reportable segment are shown as “Adjustment” in the table on the slide, and are expected to be minus 1.3 billion yen. It should be added that the main reason for the minus 172 million yen in corporate costs compared to the previous year is the effect of the special bonuses for employees that were recorded in the previous year.

Shareholder Return



I would like to explain our shareholder return policy. Our basic policy on shareholder returns is to expand growth investments with the aim of becoming a company of sustainable growth with strategic investments, while at the same time, we will return profits to shareholders with an awareness of capital efficiency.

The dividend amount for the current fiscal year is 60 yen per share due to a one-time increase in profit resulting from the sale of real estate. This consists of an interim dividend of 20 yen, a year-end dividend of 25 yen, and a special dividend of 15 yen. The consolidated dividend payout ratio is 22.0 percent. When combined with the approximately 99 million yen in treasury stock repurchases completed in November 2023 and the purchase of up to 800 million yen of treasury stock announced on December 14, 2023, the total return ratio is 40.4 percent.

Our Goals

Our Goals

“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)".

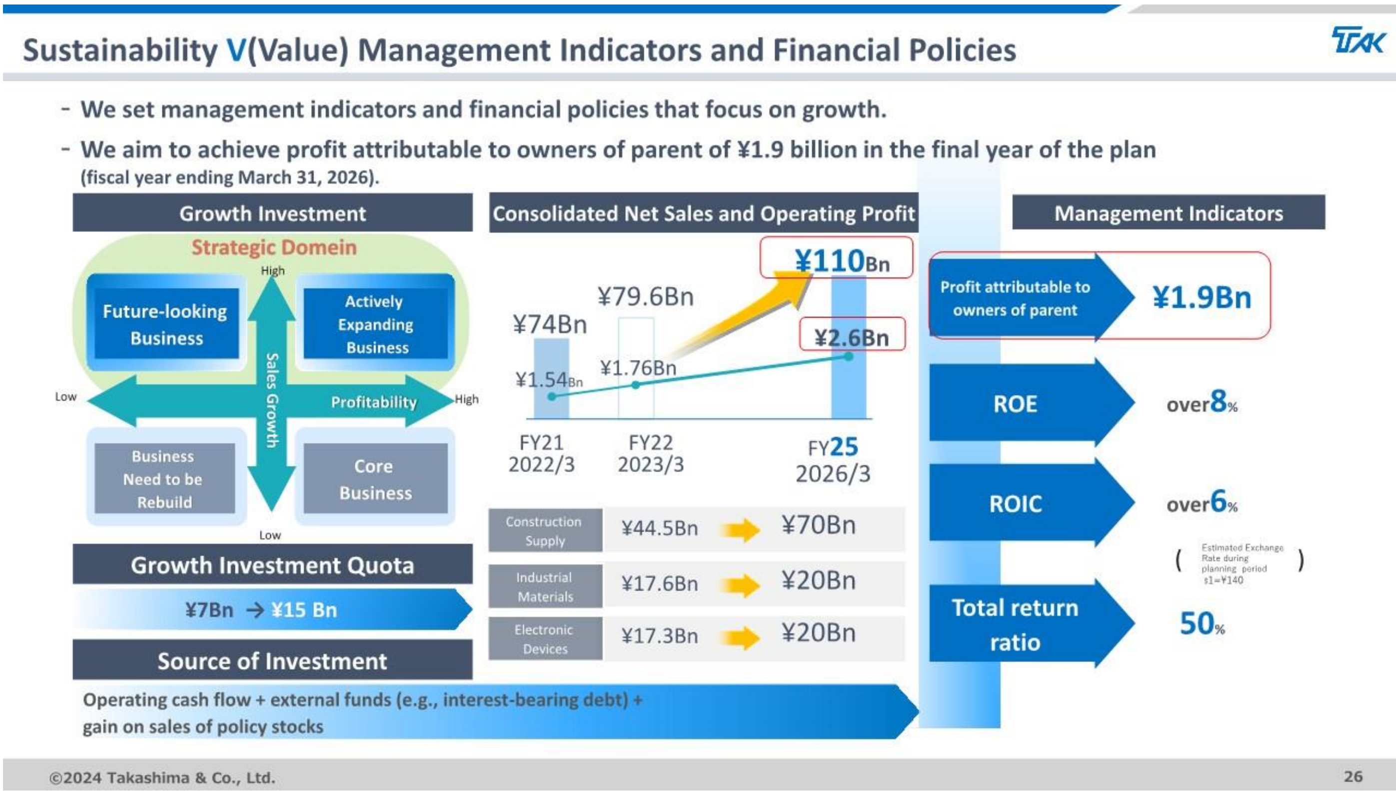
Koichi Takashima(Takashima): I am Takashima, President and Chief Executive Officer. I would like to explain our progress to meet the criteria for continued-listing on the prime market and the progress of our medium-term management plan “Sustainability V (Value)”.

The “Sustainability V” medium-term management plan, covering the period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026, aims to simultaneously realize adaptation to a sustainable society and sustainable growth through value creation by assembling strategies to seize growth opportunities in markets that are undergoing significant change toward the realization of a carbon-neutral society (2050).

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

We aim to make a giant leap forward as a functional trading company by seizing growth opportunities in the market and repeatedly creating value, thereby achieving sustainable growth.

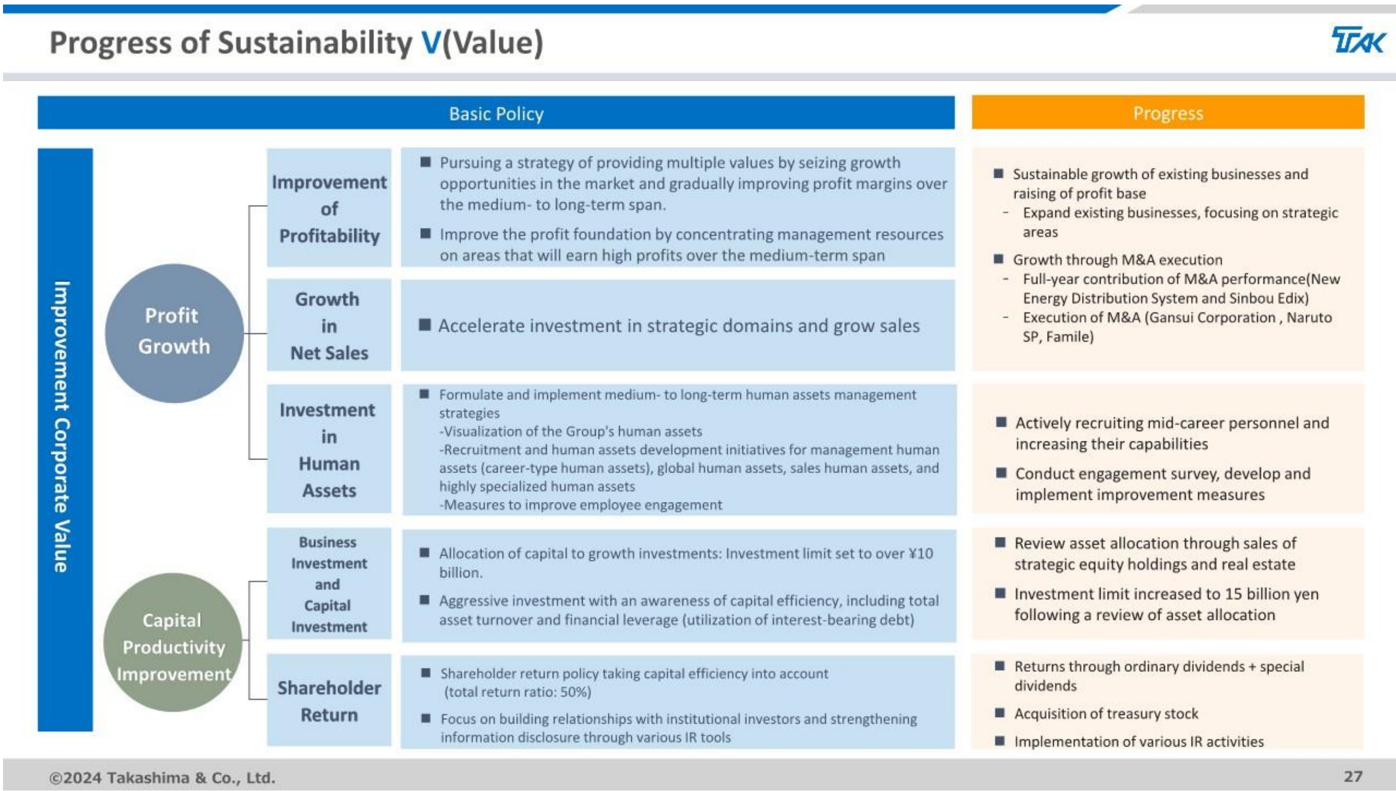
Sustainability V(Value) Management Indicators and Financial Policies



Under “Sustainability V,” we plan to make growth investments of 15 billion yen in the strategic areas of future-looking business and Actively Expanding Business. We will also reorganize our business portfolio to concentrate and select businesses.

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

Progress of Sustainability V(Value)



Now that the first year of Sustainability V is over, I would like to explain the progress of the medium-term management plan.

In the period under review, the Company executed M&As, including Gansui Corporation, in order to achieve profitable growth. Prior to the start of the medium-term management plan, we also carried out M&A of New Energy Distribution System and Sinbou Edix. In terms of human assets, we are actively recruiting mid-career workers to strengthen our sales force.

In order to improve capital productivity, we are reviewing asset allocation by selling real estate properties as well as selling policy shares. We are also actively promoting returns to our shareholders.

Progress of Investment Quota

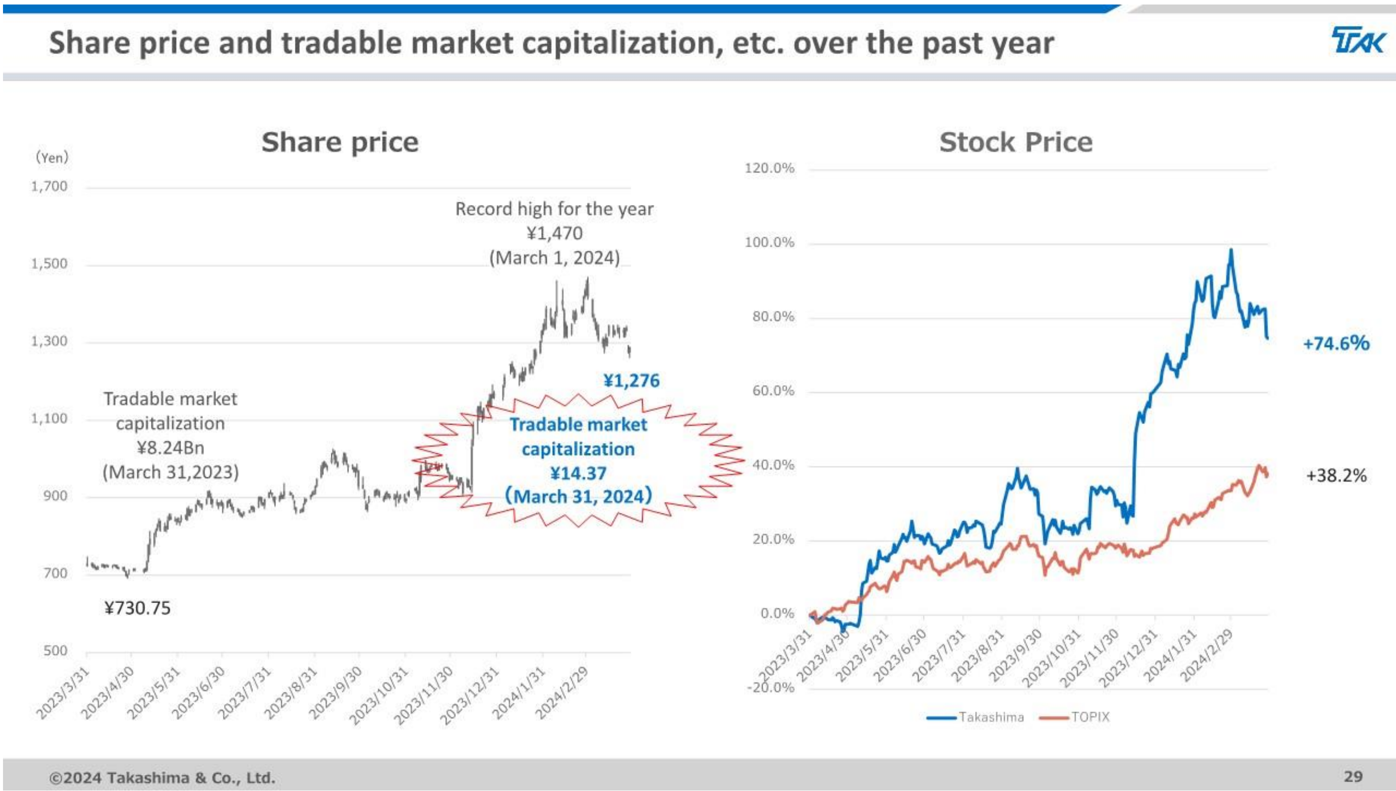
Progress of Investment Quota

- The Company has already invested ¥9.8 billion yen through the end of fiscal year ended March, 2024, out of a total investment quota that has been increased to over 150 billion yen.
- Investments with investment returns will continue to be made.

	Result (FY21 – FY23)
M&A	¥7.45Bn Four M&A (New Energy Distribution System, Sinbou Edix, Gansui Corporation, and Famile) M&A Consideration Costs
Plant & Equipment	¥1.44Bn Investment in maintenance, renewal and enhancement of own plants and facilities
Human assets, IT & others	0.95Bn Recruit/Engagement Survey Core system renewal Enhancement of IR
Invested Amount	¥9.84Bn

We have expanded our investment limit to 15 billion yen in our plan to meet the criteria for Continued-listing and have invested a total of 9.8 billion yen through the current fiscal year. We plan to continue to make investments with investment returns depending on the projects.

Share Price and Tradable Market Capitalizations, etc. Over the past year



The following chart shows the stock price, tradable market capitalization and other data for the most recent one-year period. The closing price of the stock rose from 730.75 yen at the end of March 2023 to 1,276 yen at the end of March 2024, and the Company significantly outperformed the TOPIX by 74.6% from the end of March 2023 to the end of March 2024, compared to a 38.2% increase for the TOPIX. The Company outperformed the TOPIX by a significant margin.

With the rise in stock prices, the total market capitalization of tradable shares increased from 8.24 billion yen at the end of March 2023 to 14.37 billion yen at the end of March 2024, meeting the criteria for continued-listing.

Compliance for Continued-listing Criteria

Compliance for Continued-listing Criteria

		Tradable shares	Tradable market capitalization	Tradable share ratio	Average daily trading value
Transition of our compliance	As of June 30, 2021*1	27,185 units	¥4.79Bn	59.7%	¥6.83M
	As of March 31, 2022*2	27,058 units	¥6.34Bn	60.1%	¥12.06M (December 31, 2021)
	As of March 31, 2023*1	28,236 units	¥8.24Bn	63.2%	¥33.32M (December 31, 2022)
	As of March 31, 2024*1	**109,247 units**	**¥14.37Bn**	**61.5%**	**¥71.80M** (December 31, 2023)
Criteria for continued-listing		More than 20,000 units	More than ¥10Bn	More than 35%	More than 20M
Compliance status as of March 31, 2024		**Met**	**Met**	**Met**	**Met**
Initial planning period		-	March 31, 2026	-	March 31, 2026

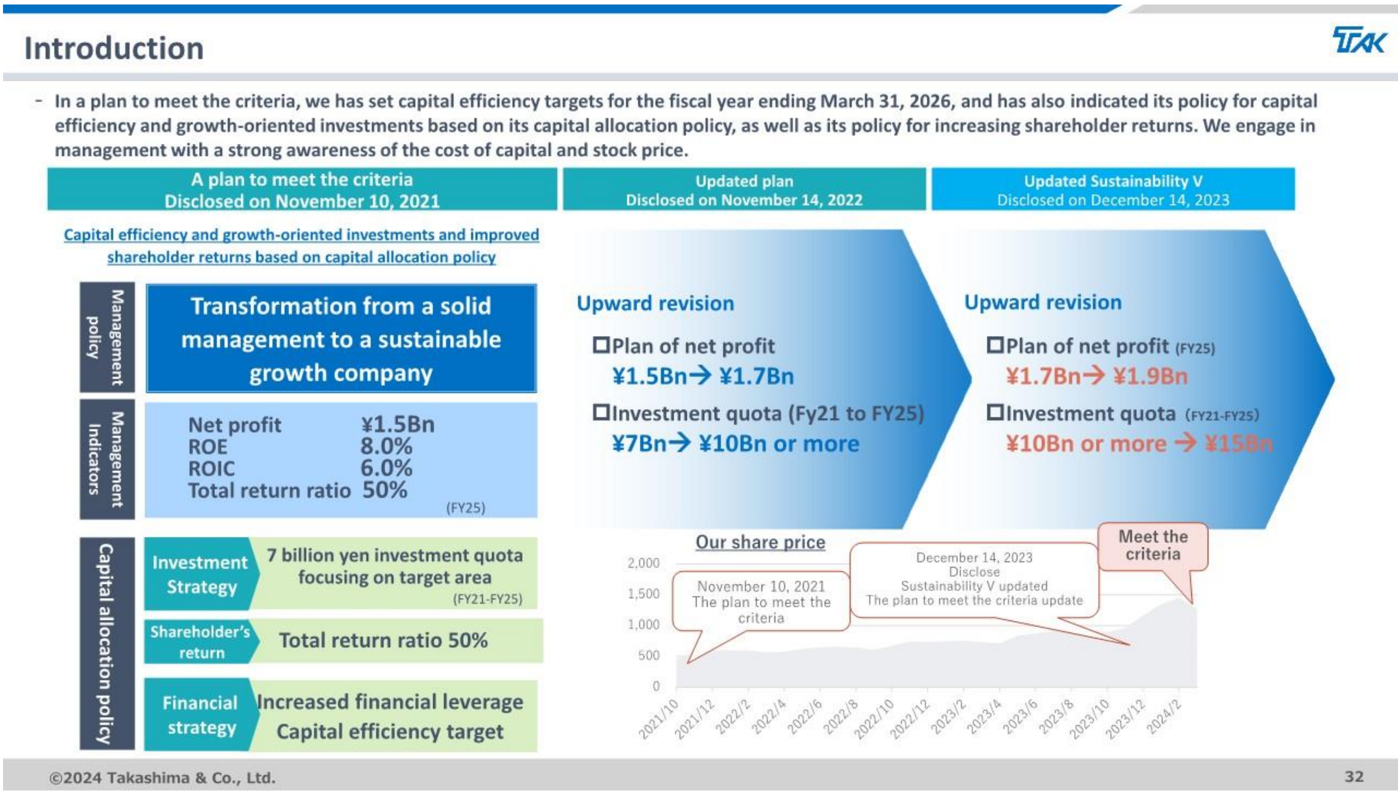
*1 The Company's status of compliance is calculated based on the distribution of the Company's share certificates, etc. as understood by the Tokyo Stock Exchange as of the base date. Average daily trading value is based on the daily average trading value as stated in the "Continued-listing criteria (Trading Value Standards)" received from the Tokyo Stock Exchange.
*2 Based on our calculation.

The slide shows the transition to meet the criteria for continued-listing. Initially, we were aiming to achieve this goal by the end of March 2026, but thanks to your support, we have achieved all the criteria two years ahead of schedule.

Based on the five basic policies set forth in the plan to meet the criteria, we will steadily implement our medium-term management plan "Sustainability V," which was formulated on March 16, 2023 and updated on December 14, 2023, and covers the period from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2026.

In addition, we will manage our business with an awareness of cost of capital and stock price, aiming to simultaneously achieve adaptation to a sustainable society and sustainable growth.

Introduction



I would like to explain the progress of our actions toward achieving management with a strong awareness of the cost of capital and stock price. As a precondition, we have so far steered our company from solid management to becoming a sustainable growth company under our plan to meet the criteria and our medium-term management plan “Sustainability V,” and we are working on management with a strong awareness of the cost of capital and stock price.

In the fiscal year ending March 2026, the final year of our medium-term management plan “Sustainability V,” we are targeting ROE of at least 8 percent and ROIC of at least 6 percent.

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)

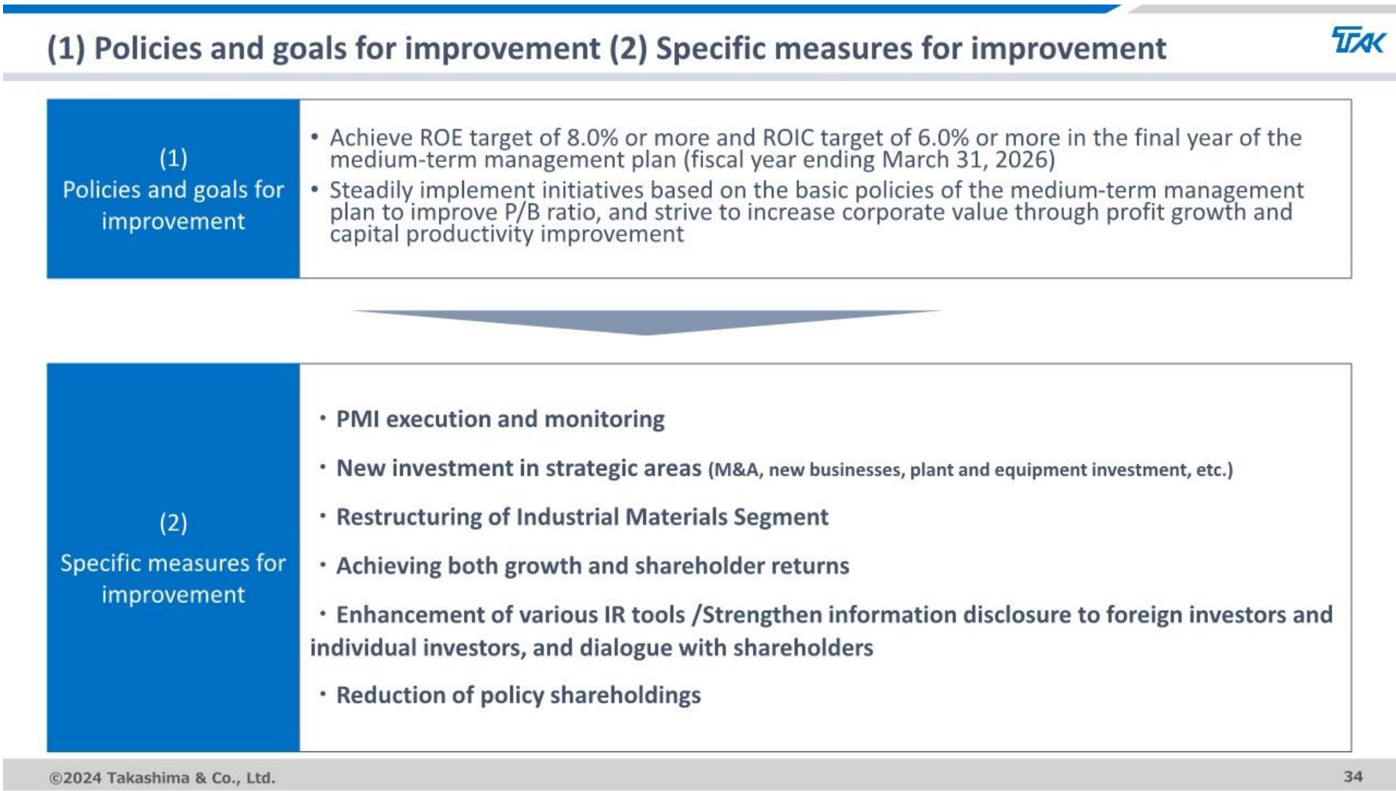
	FY20	FY21	FY22	FY23
P/B ratio	0.46	0.55	0.67	0.94
ROE	5.9%	7.2%	8.3%	22.4%
P/E ratio	8.0	7.8	8.2	4.6

The slide shows the status of capital efficiency and P/B ratio from FY2020 to FY2023. ROE at the end of FY2023 was 22.4 percent, up 14.1 percentage points from the previous year due to the increase in net profit, which exceeded the cost of shareholders' equity.

The P/B ratio at the end of FY2023 was 0.94x, an improvement from the end of the previous period. This is due to a decrease in P/E ratio, although ROE increased due to an increase in net profit. We will continue to promote not only sustainable ROE growth but also future earnings growth and P/E ratio improvement.

We will continue to strive to improve P/B ratios, as we believe that it is management's responsibility to achieve a P/B ratio of more than 1x.

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



This section describes our management policy and specific initiatives with an awareness of cost of capital and stock price. in order to improve P/B ratio, we will steadily implement initiatives based on the basic policies of the medium-term management plan and strive to increase corporate value through profit growth and improvement of capital productivity.

Specifically, we will implement and monitor PMI, make new investments in strategic areas, balance growth and shareholder returns, engage in dialogue with shareholders, and reduce policy shareholdings.

Q&A: Future M&A plans

Question: We are asking, “Will you continue to engage in M&A in the future? If so, please tell us what kind of companies you are targeting.

Takashima: M&A will continue in the future. In our mid-term management plan “Sustainability V,” our basic policy is to conduct M&A to strengthen the functions of existing businesses or to target areas peripheral to existing businesses.

We advocate “functional trading company”. Therefore, in M&A, we are considering companies that can enhance our functions as candidates. Specifically, candidates are companies that will strengthen our construction, processing, and manufacturing functions.

The strategic investment limit we have currently set is 15 billion yen, of which 10 billion yen has been steadily digested. We intend to link this to sustainable growth by making companies that can contribute to our future into group companies through mergers and acquisitions.

Q&A: Profitability targets and measures for the next three years

QUESTION: Profit margins in all three segments, while still small, are improving; what are your profit margin targets for the next three years and what measures, if any, do you have in place to achieve them?

Suzuki: We have not set specific targets for future profit margins for the three segments at this time. However, as I explained earlier regarding investments for sustainable growth, we will execute M&As that contribute to functional enhancement in all segments to increase revenues and profit margins.

We will consider profit margin targets for each segment and disclose the figures to you at the appropriate time. By strengthening our functions, we hope to increase the profit margin of each segment as a “functional trading company” that is not simply a trading company.

Q&A: What differentiates us from our competitors in terms of functionality?

QUESTION: You mentioned that the “function” of functional enhancement is one-stop installation, processing, and manufacturing. What is it that your company can do differently from other companies in your industry? Can you tell us specifically what you are trying to promote that other companies are not working on?

Takashima: While the mainstay Construction Supply segment has been leading growth for the past several years, M&As have been conducted in the past two years to strengthen the functionality of this segment.

Both Gansui Corporation and New Energy Distribution System are construction companies. Gansui Corporation is engaged in ground improvement construction, and New Energy Distribution System is mainly engaged in electrical work construction for households. Although the businesses are completely different, they are engaged in what is called the “last one mile” area. This is an essential feature when building a house or installing solar energy.

In terms of the uniqueness of this scale, Gansui Corporation has a 50 to 60 percent share in Okayama Prefecture. It has a history of about 60 years and is very competitive. In addition, New Energy Distribution System performs about 500 to 600 installations a month on a nationwide scale.

For a company with such unique construction capabilities, we can provide a variety of product mixes as a trading company function. Based on the cross-relationships and other factors, we intend to further increase our competitiveness.

On the other hand, very few other trading companies actually go into the construction function area. We believe that a method such as ours of directly approaching the end of the Construction Supply segment with a focus on the construction function while further exerting our influence is very unique in the industry.

Q&A: Scope for expansion of New Energy Distribution System and Gansui Corporation

QUESTION: You mentioned that Gansui Corporation's share in Okayama Prefecture is between 50 percent and 60 percent. Is there room in terms of manpower to approach neighboring prefectures in Okayama Prefecture? Also, you mentioned that the new energy distribution system is performing 500 to 600 installations each month; can you tell us about the room for expansion in this number?

Takashima: As you say, we believe that there is room for expansion of Gansui Corporation development in nearby provinces. There are also smaller non-residential and civil engineering areas, etc., in the segment that Gansui Corporation itself executes.

Expansion into peripheral areas, including these areas, is feasible, and after the M&A, reinforcements were made to expand the workforce. We believe there is much room for expansion in the future, including at what speed we should proceed in this area.

Although the New Energy Distribution System also covers the entire country, there are still some blank areas, and we will be expanding it, including personnel. However, some experience is required for actual construction management.

I believe that the educational system and regional expansion mechanism that New Energy Distribution System itself has used in its nationwide expansion will continue to be utilized in our next stage of growth. We, too, will connect various commercial channels as a multiplier.

In addition, with Takashima backing the New Energy Distribution System, there have been cases of specific new attempts coming in from the outside. Based on this, we believe that we can continue to grow.

QUESTION: Is it correct to understand that both companies are quite full in terms of capacity at this point?

Takashima: It would be very difficult to increase capacity without increasing the number of basic employees, etc. As is true for Takashima itself, we recognize that investing in human assets to increase the number of sales and construction personnel is critical to our future growth.

Q&A: Synergies between the two M&A companies

QUESTION: How should we assume the synergies from the addition of Gansui Corporation and the New Energy Distribution System will grow in the current fiscal year and beyond?

Takashima: Since construction management engineers are needed in the construction area, we will carefully expand in this area. We cannot expand in the future without construction capabilities, so we plan to expand while carefully monitoring the situation.

Q&A: Trends in M&A in the construction area

QUESTION: Is the construction company that your company is in the acquisition area in a situation where there are a lot of items for sale due to lack of successors or other reasons? Or is it a situation where there are many buyers because they want construction personnel? What can you tell us about supply and demand?

Takashima: The construction area is aging considerably, and in some areas the craftsmen themselves have disappeared, while in others there are numerous problems of lack of successors. However, the actual form in which it appears is on a case-by-case basis. We have received several such inquiries, and we are scrutinizing each one to see if there is any merit in bringing that construction company into our group.

Business succession and mergers and acquisitions across industries have been increasing recently, and there has been a considerable increase in the number of cases where companies in the same industry at all are no longer competitors. In this case, too, we are proceeding with a close examination of whether we can generate synergies and benefits, including the acquisition price and scale.

QUESTION: In other words, is it my understanding that the supply and demand in the construction area in which your company wants to conduct M&A is tight, and that although there are competitors who would be buyers, there are some items for sale, and if we examine them closely, we can buy them without paying a particularly high price?

Takashima: You are right.

End.