

**1 | FY21
Financial Briefing**

Takahiro Suzuki
Director, Managing Executive Officer
Division Chief of Business Management
Division

**2 | Progress Report
Based on a Plan to
Meet the Continued
Listing Criteria**

Koichi Takashima
President and Representative Director
Chief Executive Officer

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Notice: This document is translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Fiscal Year Ended March 31, 2022(FY21) Financial Briefing

Takashima & Co., Ltd. Securities code: 8007

May 26, 2022



Takashima & Co., Ltd.

From the start of the FY21, we applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., so the figures for our consolidated performance and full-year performance forecast are those after the standards have been applied, and because the standards have not been applied to the figures for the previous fiscal year, they are included for reference purposes only.

- 1 | FY21
Financial Highlights**
- 2 | FY22
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1. FY21 Financial Highlights

FY21 performance highlights

**Profit at each stage has increased YoY(year-on-year)
Profit attributable to owners of parent of FY21 have
nearly been achieved a year ahead of the Medium-Term
Management Plan.**

FY22 forecast highlights

**Profit attributable to owners of parent for the final year
of the Medium-Term Management Plan (Sustainability X)
has been revised upward.**

**Initial plan : 1,300 million yen >
FY22 forecast : 1,400 million yen**

Dividends

**FY21 dividends:
Initial forecast of 60 yen > Result 130 yen
FY22 dividends forecast:
Increased by 10 yen to 140 yen**

Consolidated Performance P/L



Net sales dropped 8.1% YoY to approximately 74,000 million yen due to the impact of the Accounting Standard for Revenue Recognition, etc.

Increased profits of industrial materials and the electronic devices segment contributed to the YoY increase in profits.

(Unit: Millions of yen)

	FY20		FY21		Amount of change	Rate of change
	Amount	Net sales ratio	Amount	Net sales ratio		
Net sales	80,625	-	74,054	-	(6,570)	(8.1%)
Operating profit	1,395	1.7%	1,547	2.1%	+152	+10.9%
Ordinary profit	1,513	1.9%	1,840	2.5%	+327	+21.6%
Profit attributable to owners of parent	1,000	1.2%	1,296	1.8%	+296	+29.6%

Index	FY20	FY21	Change
ROE	5.9%	7.2%	+1.3 pt
ROIC	5.1%	5.2%	+0.1 pt

Reference: Net sales before application of the Accounting Standard for Revenue Recognition at FY21 were 83,473 million yen.

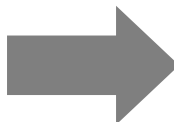
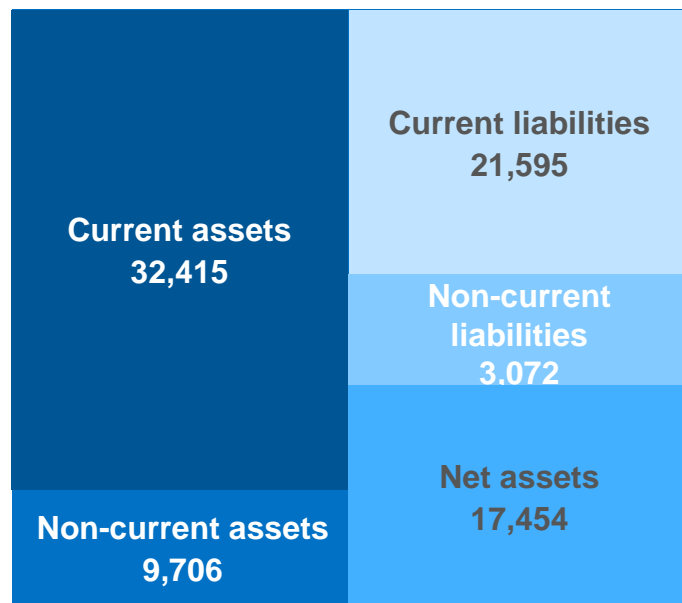
Current assets increased due to increase of 1,422 million yen in cash and deposits and 1,122 million yen in merchandise and finished goods.

Non-current liabilities increased due to an increase of 2,760 million yen in long-term borrowings.

FY20

Total assets: 42,121 million yen
Equity ratio: 41.4%

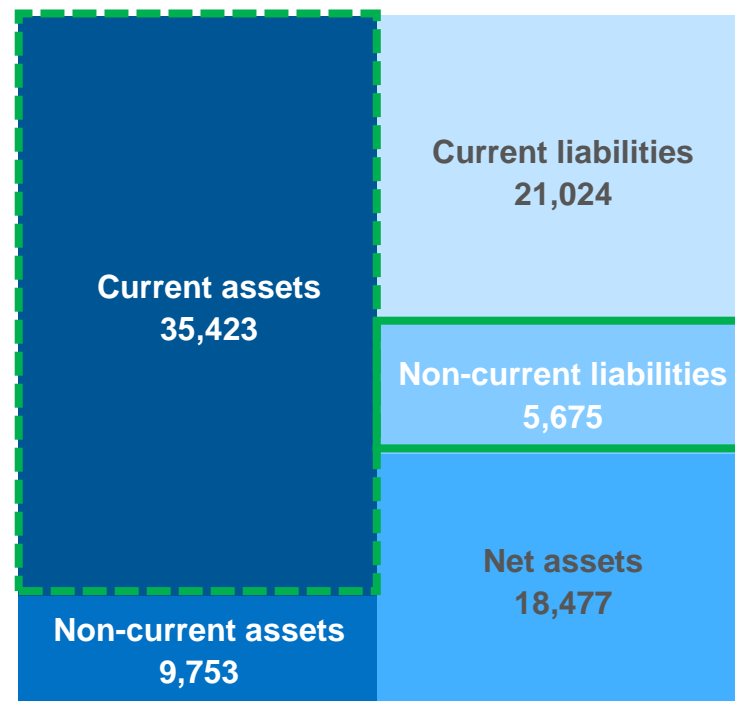
(Unit: Millions of yen)



FY21

Total assets: 45,176 million yen
Equity ratio: 40.9%

(Unit: Millions of yen)



Consolidated Performance C/F



Cash flows from operating activities: Decrease due to an increase in inventories and a decrease in accounts payable-trade.

Cash flows from investing activities: Decrease due to acquisition of property, plant and equipment and intangible assets.

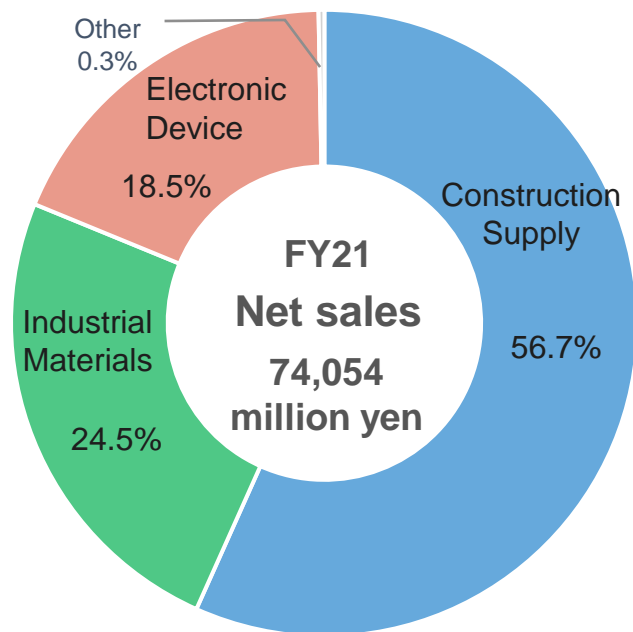
Cash flows from financing activities: Increase of long-term borrowings, etc.

(Unit: Millions of yen)

	FY20	FY21
Net cash provided by (used in) operating activities	3,563	(389)
Net cash provided by (used in) investing activities	(98)	(654)
Net cash provided by (used in) financing activities	(1,947)	2,305
Net increase(decrease) in cash and cash equivalents	1,464	1,421
Cash and cash equivalents at beginning of the period	4,416	5,880
Cash and cash equivalents at end of period	5,880	7,301

Segment Performance

Net Sales Configuration by Segment



Industrial Materials 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.



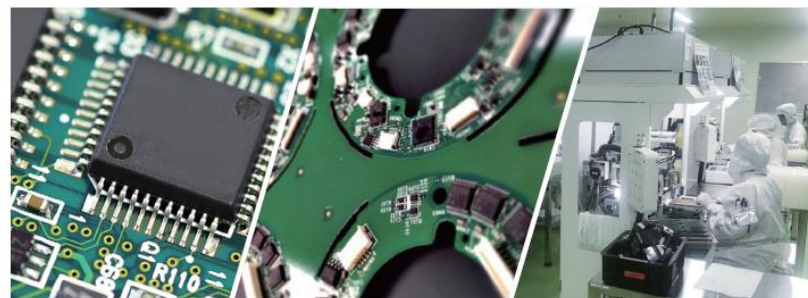
Construction Supply Segment

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.



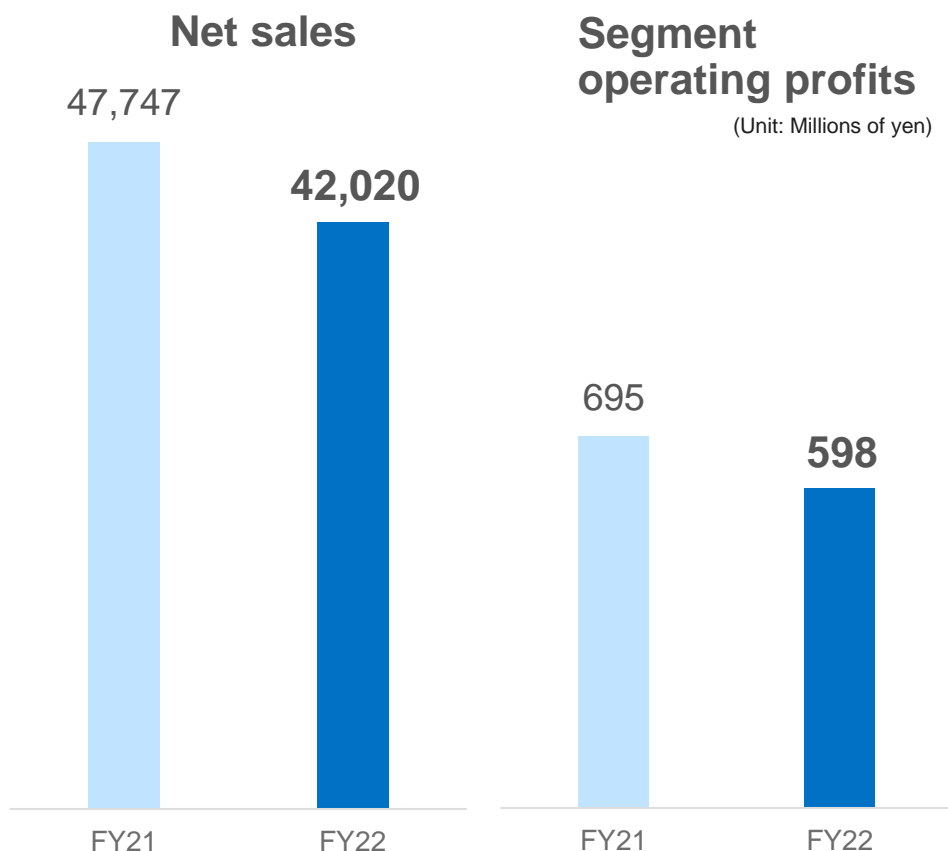
Electronic Device Segment

This segment, which incorporates 11 bases including six subsidiaries in Asia, purchases and sells a variety of electronic devices both in Japan and Internationally. It also engages in assembly and processing at group plants overseas(Thailand and Vietnam)to address customer needs.



Net sales have decreased due to the impact of the Accounting Standard for Revenue Recognition, etc. despite solid performance was supported by orders for large-scale ground improvement projects.

Segment operating profits have decreased due to increased operating activities and increased system investment activities.



Net sales

42,020 million yen

(12.0) % YoY

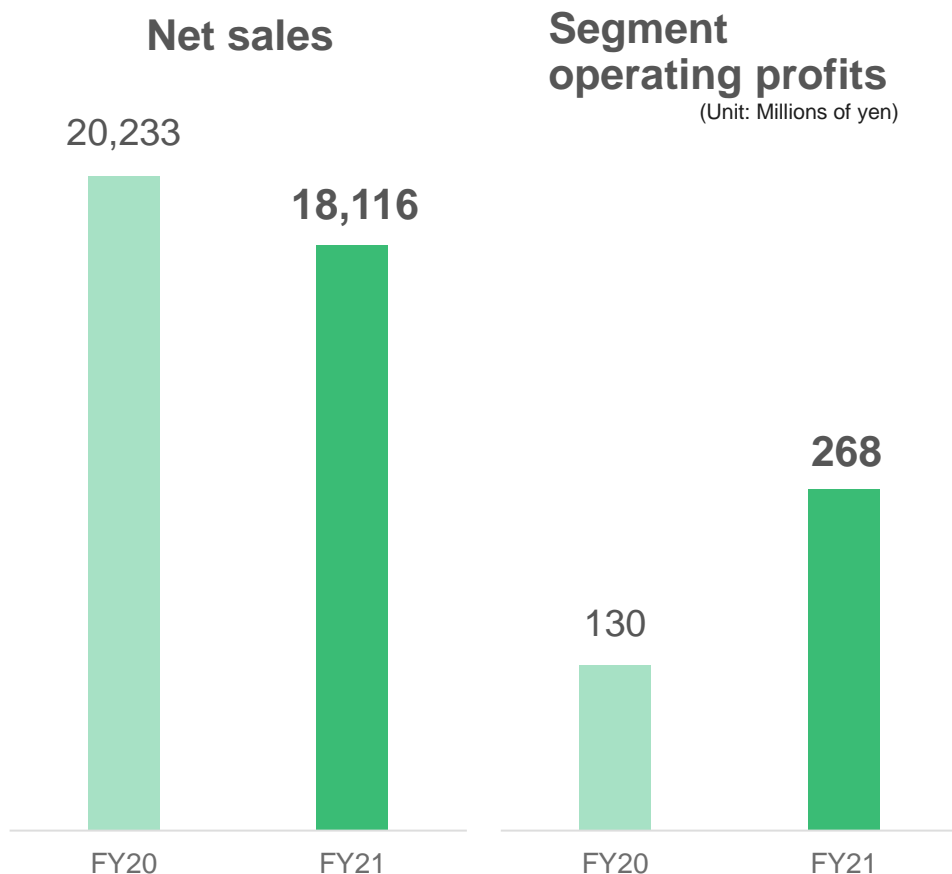
Segment operating profits

598 million yen

(13.9)% YoY

Net sales have decreased due to the impact of the Accounting Standard for Revenue Recognition, etc.

Textiles and Plastic business contributed to increasing Segment operating profits.



Net sales

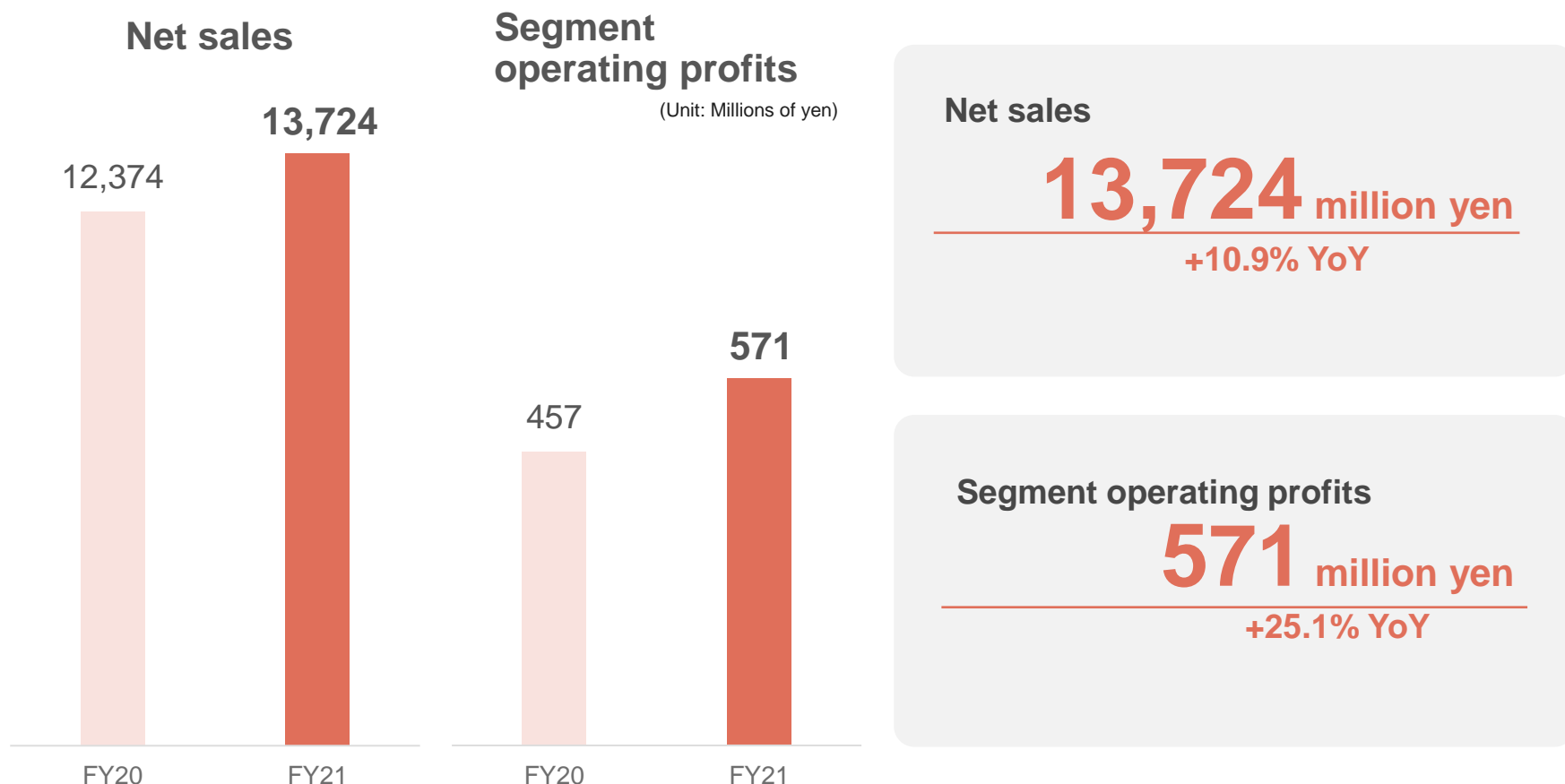
18,116 million yen
(10.5)% YoY

Segment operating profits

268 million yen
+105.1% YoY

The market is recovering from the sudden drop in the previous fiscal year due to the spread of COVID-19.

Net sales and segment operating profits have both increased.



2. FY22 Consolidated Performance Forecast

FY22 Consolidated Performance Forecast



Net sales will be 82,000 million yen, a 10.7% increase YoY.

Profit attributable to owners of parent is expected to be 1,400 million yen.

(Unit: Millions of yen)

	FY21		FY22		Amount of change	Rate of change
	Amount	Net sales ratio	Amount	Net sales ratio		
Net sales	74,054	—	82,000	—	+7,946	+10.7%
Operating profit	1,547	2.1%	1,800	2.2%	+253	+16.3%
Ordinary profit	1,840	2.5%	1,900	2.3%	+60	+3.2%
Profit attributable to owners of parent	1,296	1.8%	1,400	1.7%	+104	+8.0%

Aim to increase net sales in all businesses

Constriction Supply

- Promote sales activity, including end-user-approaching, as a Value-Adding trading company with enhancing proposal spec-in sales, distribution, installation, and processing function.
- Evolve solar energy business into energy solution business, enhancing proposal ability for carbon neutral society.

Industrial Materials

- Enhance our five functions(manufacturing, proposal, design, processing and construction) to reinforce our business foundation for improved performance.

Electronic Device

- Enhance customer support activity to improve performance.

(Unit: Millions of yen)

	Item	FY21	FY22	Amount of change	Increase/decrease
Net sales	Construction Supply	42,020	48,200	+6,180	+14.7%
	Industrial materials	18,116	19,400	+1,284	+7.1%
	Electronic Device	13,724	14,200	+476	+3.5%
	Real estate for rent	192	200	+8	+4.2%
	Total	74,054	82,000	+7,946	+10.7%
Operating profit	Construction Supply	598	850	+252	+42.1%
	Industrial Materials	268	400	+132	+49.3%
	Electronic Device	571	450	(121)	(21.2%)
	Real estate for rent	109	100	(9)	(8.3%)
	Total	1,547	1,800	+253	+16.4%
Ordinary profit		1,840	1,900	+60	+3.3%
Profit attributable to owners of parent		1,296	1,400	+104	+8.0%

3. Shareholder Return

Basic Policy

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

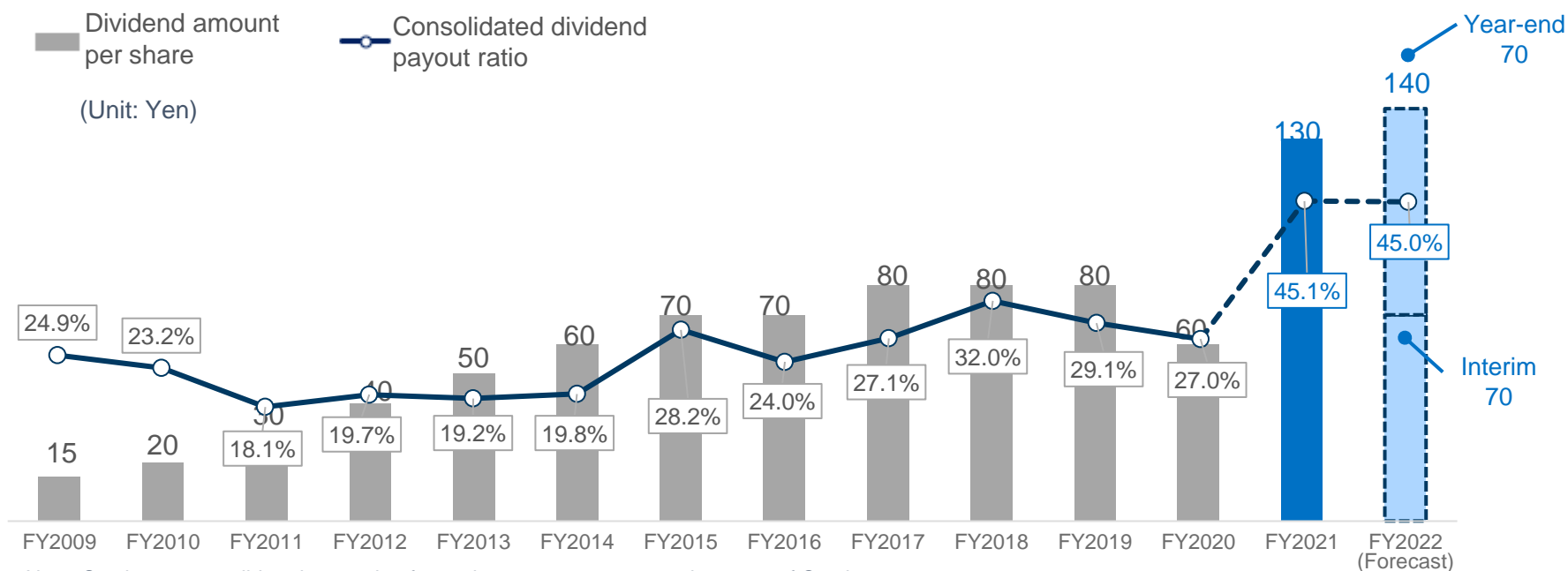
FY21

After two upward revisions, dividends changed to 130 yen
Dividend payout ratio of 45.1% - Total return ratio of 52.8%

FY22

We expect 140 yen dividends
(interim 70 yen, year-end 70 yen)

Increase 10 yen
from FY21



Note: Stock was consolidated at a ratio of one share per ten common shares as of October 1, 2017.
The dividend amount per share from 2016 and earlier is shown as the amount after stock consolidation.

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Progress Report Based on A Plan to Meet the Continued Listing Criteria of Tokyo Stock Exchange (TSE) Prime Market

May 11, 2022

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

 **高島株式会社**



Summary: Implementation Status and Evaluation

Steady progress is being made based on a plan to meet the continued listing criteria of Tokyo Stock Exchange(TSE) Prime Market until End of FY2025(March 2026) and we have determined that it is not necessary to make any changes at the current point in time.

We, the management and all employees, intend to accelerate efforts to become a company that achieves sustainable growth through the proactive efforts.



Implementation status regarding tradable share market capitalization and trading value

- Since the plan was disclosed on November 10, 2021, stock prices have risen that led increasing tradable share market capitalization. Also, tradable share ratio have increased slightly.
- Since the plan was disclosed, the monthly average trading value has remained above the criteria each month and the daily average trading value (January to March 2022) meets the criteria.
- We have steadily executed the five basic initiative policies stipulated in the plan.
 - (1) Promoting capital allocation policy
 - (2) Pursuing sustainable profit growth through investment return
 - (3) Enriching shareholder return
 - (4) Establishing an IR system
 - (5) Complying with Japan's Corporate Governance Code



Management status

- We promote the transition from solid management into the sustainable growth with strategic invests; improving capital efficiency through 7,000 million yen investment and awareness of capital cost described in the plan.
- We, the management and employees across the Company, will positively accelerates initiatives, helped by favorable market response in regard to the plan.
- Regarding the progress on the Medium-Term Management Plan Sustainability X (FY2020 to FY 2022), profits of FY21 were increasing at each phases.

- 1. Status of Company about Plan to Meet Continued Listing Criteria and Planning Period**
- 2. Implementation Status and Evaluation (November 2021 to March 2022)**
- 3. Future Issues and Initiatives**

Status of Company about Plan to Meet the

1. Continued Listing Criteria and Planning Period

1-1. Status of Plan to Meet the Criteria

- Status of plan to meet the criteria of TSE Prime Market as of the end of FY21, according to our estimate, the tradable share market capitalization does not yet meet the criteria, however, the trading value does.

[Prime Market] Status of the plan to meet the criteria in the new market segment.

Requirement	Number of tradable shares	Tradable share market capitalization	Tradable share ratio	Trading value
	20,000 units or more	10,000 million yen or more	35% or higher	20 million yen or more/day
Status	June 30,^{*1} 2021 (transition base date) 27,185 (units) 	4,790 million yen 	59.7% 	6.83 million yen
	End of December 2021 —		—	12.06 million yen^{*2} (Average for January to December 2021)
	End of FY2021 27,058 (units) 	6,340 million yen ^{*3} 	60.1% 	38.55 million yen^{*2} (Average for January to March 2022)

*1: Calculated based on the distribution of Company stock certificates, etc., according to the Tokyo Stock Exchange as of June 30, 2021.

*2: Figures as of December 31, 2021 and figures as of March 31, 2022 are estimates based on the distribution of Company stock certificates, etc. from January to December 2021 and January to March 2022 respectively.

*3: Estimate based on the distribution of Company stock certificates, etc., from January to March 2022.

1-2. Planning Period of Achieving to Meet the Continued Listing Criteria

A Plan to meet the continued listing criteria of New Market Segments (November 10, 2021)
 From 4-1. Achievement Schedule and Basic Policy on P17
 (notice: Japanese text only)



- As explained in the plan to meet the criteria, we set the planning period to meet the continued listing criteria of TSE Prime Market until the end of FY2025, which is the final year of next the Medium-Term Management Plan (FY2023-FY2025). We will keep promoting based on basic policies.

	FY2020 to FY2022 Sustainability X	FY2023 to FY2025 Next Medium-Term Management Plan
	FY 2020 (initial year)	FY 2025 (final year)
Profit attributable to owners of parent	1,000 million yen	1,500 million yen
ROE	5.9%	8.0%
ROIC	5.1%	6.0%
Tradable share market capitalization	4,790 million yen*	10,000 million yen or more
Trading value	6.83 million yen*	20 million yen or more

*(As of June 30, 2021)

Basic initiative policy for increasing tradable share market capitalization and trading value



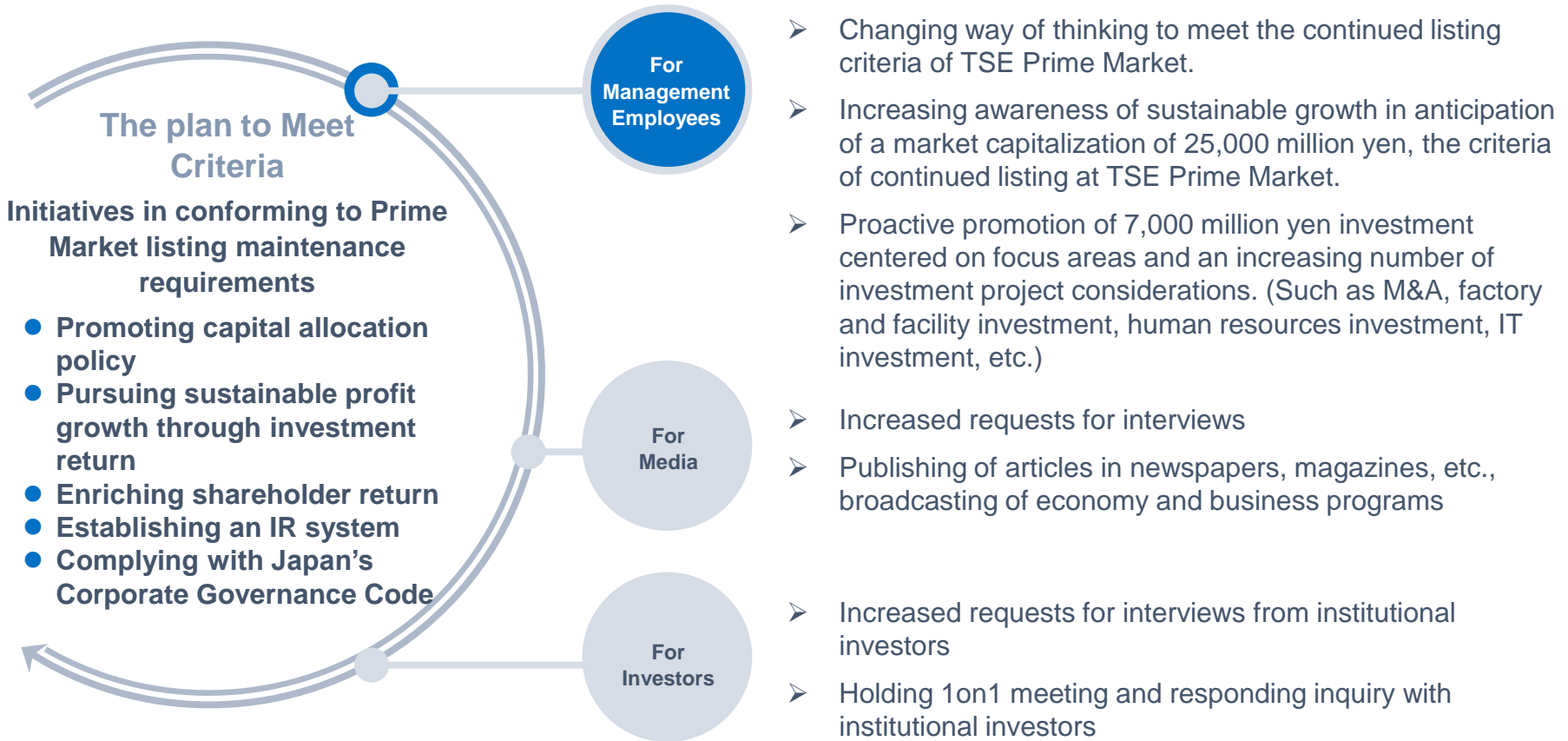
- Promoting capital allocation policy
- Pursuing sustainable profit growth through investment return
- Enriching shareholder return
- Establishing IR system
- Complying with Japan's Corporate Governance Code

2. Implementation Status and Evaluation (November 2021 to March 2022)

2-1. Positive Cycle caused by Disclosure of the Plan

- We have enthusiastically hammered out a transition from solid management to becoming a company that achieves sustainable growth considering strategic investments in the plan to meet the criteria. Favorable market response has provided a boost to our efforts, and the proactive attitude of the management and employees across the Company are accelerating initiatives.

Transition to becoming a company that achieves sustainable growth considering strategic investments



2-2. Progress of Management Index

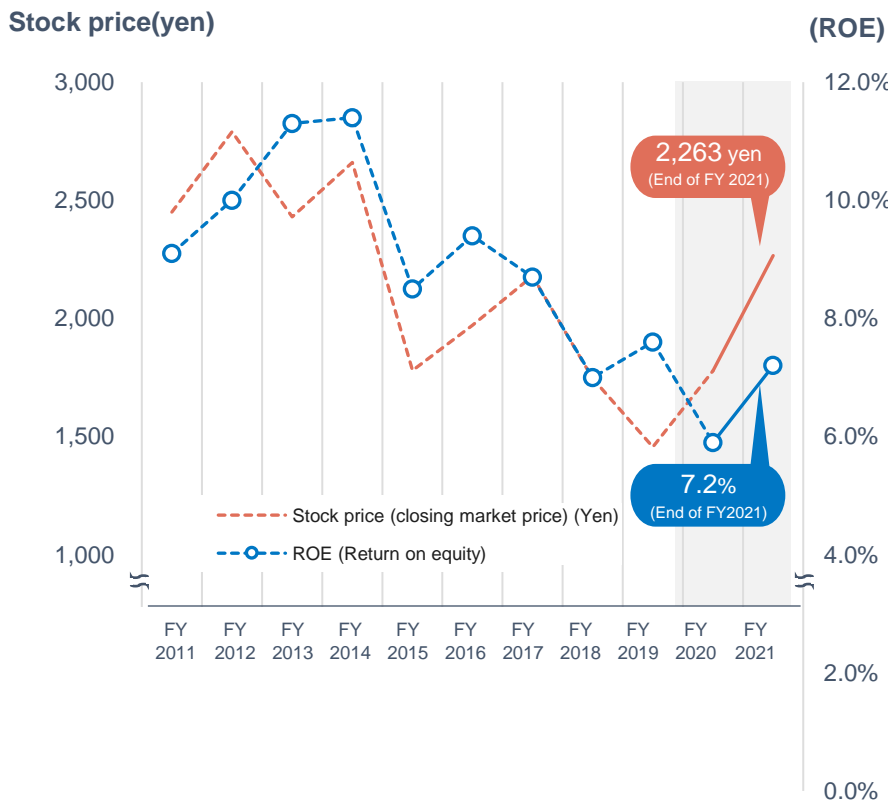
- The result of FY2021, in Medium-Term Management Plan Sustainability **X** (Cross) , saw increased profits YoY.

Management Index	Sustainability X			Final Year of Next Medium-Term Management Plan.
	FY2020	FY2021		FY2025
	FY2020 to FY2022			
Profit attributable to owners of parent	1,000 million yen	1,296 million yen		1,500 million yen
ROE	5.9%	7.2%		8.0%
ROIC	5.1%	5.2%		6.0%
Total payout ratio	27.1%	52.8%		50.0%

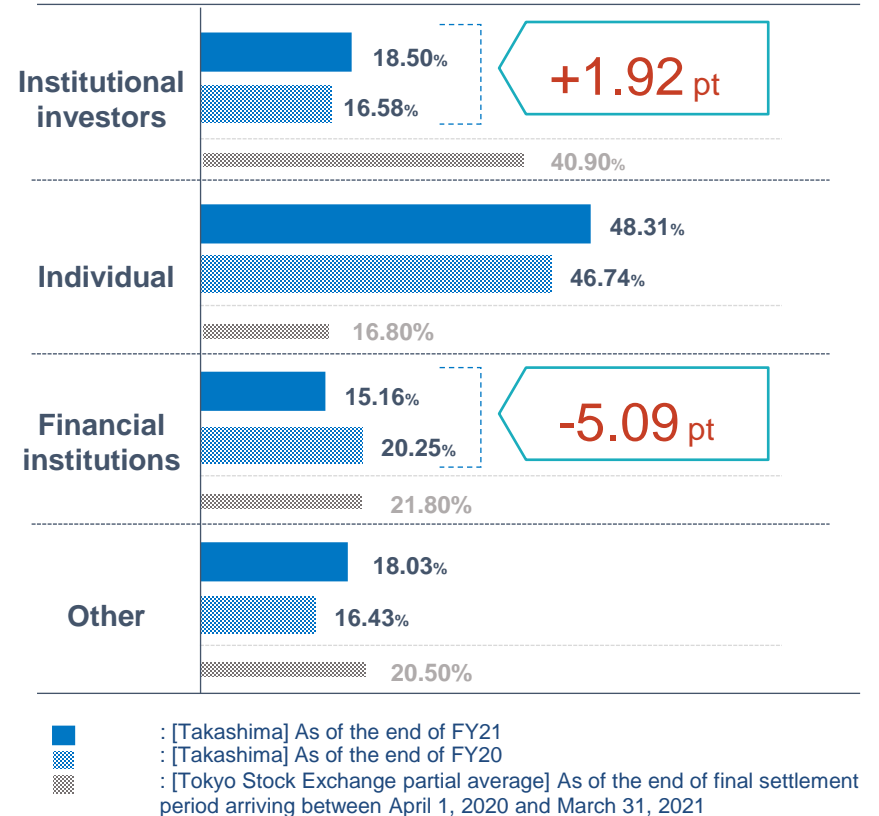
2-3. Evaluation in the Stock Market

- Since disclosing the plan to meet the criteria, **our capital allocation policy and measures to enrich shareholder returns have been praised, resulting in a recovering trend in our stock prices.**
- As for the shareholder composition, **institutional investors increased by 1.92 pt and financial institutions decreased by 5.09 pt.**

Stock price and ROE



Shareholder composition



2-4. Changes in Tradable Market Capitalization

- The stock price rose and the tradable share ratio improved slightly, resulting in improvements to the tradable market capitalization.
- In addition to sustainable growth and efforts to establish appropriate stock prices, through dialog with shareholders based on the Corporate Governance Code, we are endeavoring to improve the tradable share market capitalization.

Index	June 30, 2021 ^{*1}	FY21	Main difference factors
Listed number of stocks	4,546,173 shares	4,500,973 shares	Purchase and retirement of treasury shares: 45,200 shares
Tradable share ratio	59.7%	60.1%	
Number of tradable shares	27,185 units	27,058 units	Reduction of financial institution cross shareholdings: 99,500 shares Increased ownership of industrial corporations: 64,000 shares Purchase and retirement of treasury shares: 45,200 shares
Stock price	1,764 yen	2,345 yen ^{*2}	
Tradable share market capitalization	4,790 million yen	6,340 million yen ^{*2}	

*1: "Information On Primary Judgment Results Regarding meeting the criteria of continued listing" (Tokyo Stock Exchange, Inc., received July 9, 2021)

*2: Provisional calculation by the Company. Stock prices are calculated as a period average based on the daily closing price from January to March 2022.

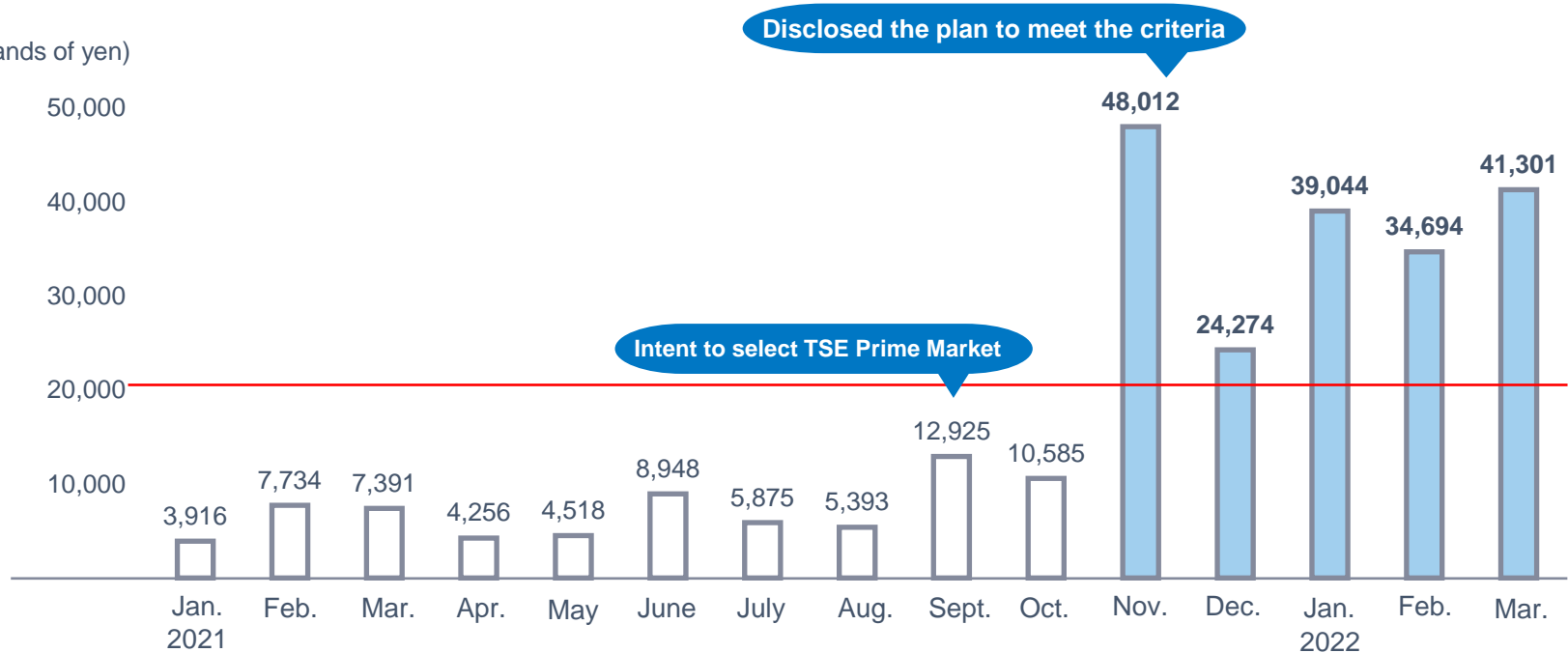
2-5. Changes in Trading Value

- Although the base date trading value did not meet the continued listing criteria, **since the plan to meet the criteria was disclosed, the monthly average trading value has remained above the criteria, and figures for the most recent three months have exceeded the criteria.**



Monthly average trading value

(Thousands of yen)



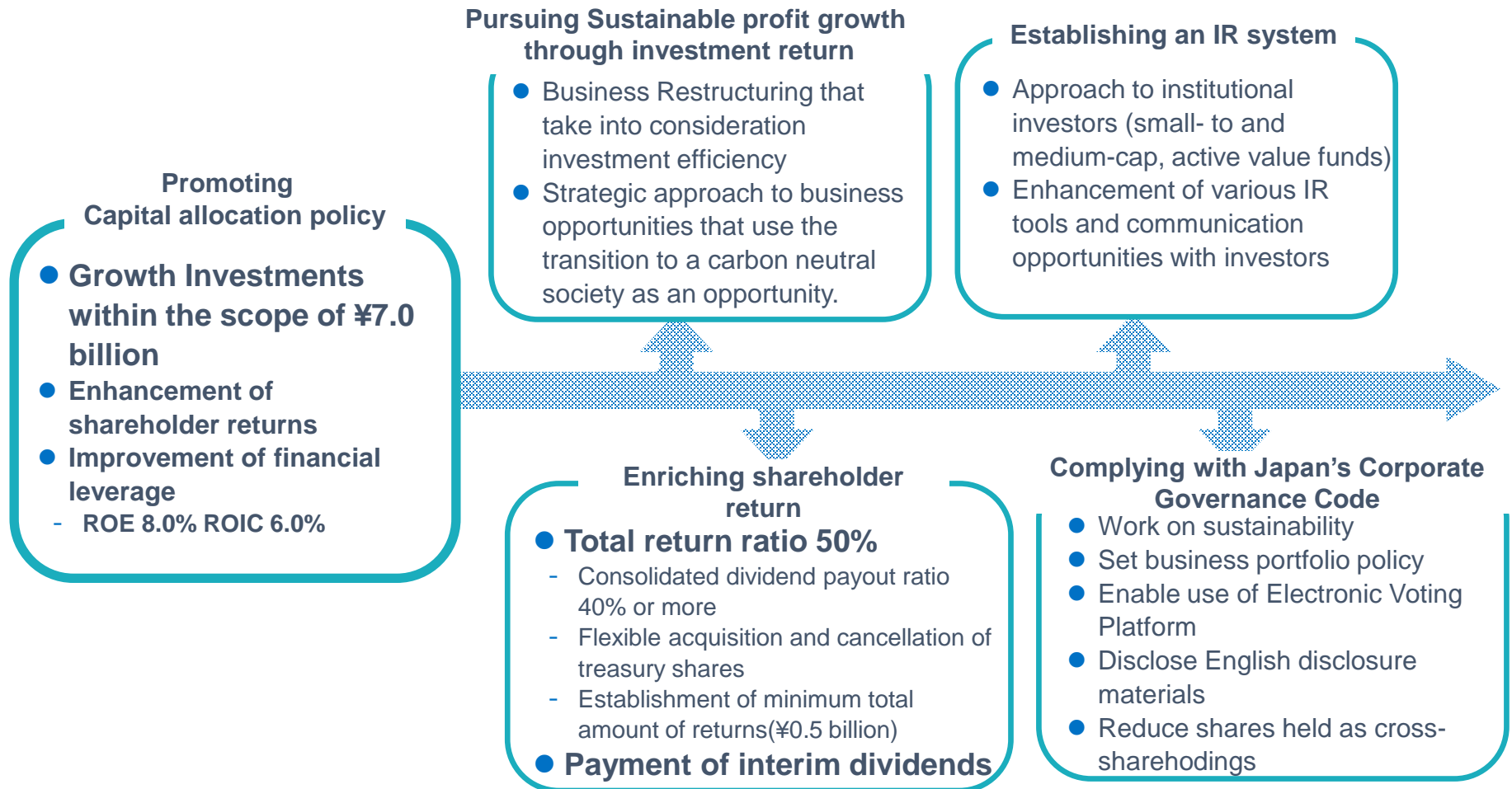
*1: "Information On Primary Judgment Results Regarding meeting criteria of continued listing" (Tokyo Stock Exchange, Inc., received July 9, 2021)

*2: Provisional calculation by the Company (period average calculated based on trading value throughout the day)

2-6. Basic Initiative Policy

- The plan to meet the criteria enacted five basic initiative policies to achieve the tradable share market capitalization and trading value requirements.

Basic initiative policy for improving tradable share market capitalization and trading value



2-7. Implementation Status

- Initiatives based on the basic initiative policy are proceeding steadily according to plan.

Pursuing Sustainable profit growth through investment return

Consider a sustainable growth strategy

- Began consideration of the Medium-Term Management Plan for the next period. Scheduled for release by the end of March 2023.

Approach to carbon neutral related business opportunities

- [Released April 7, 2022](#)

- Strategic partnering to expand the V2H market in an EV (electric vehicle) society

Promote steady investment strategies

- Facility investment in overseas factory lines in the electronic device business and industrial materials business
- [Released March 17, 2022](#)
- Procurement (3,000 million yen) through SDGs loan for investment planning and shareholder return measures

Enriching shareholder return

Promote steady shareholder return measures

- Fiscal year ended March 31, 2022 shareholder return results:
Total pay out ratio **52.8%**: consolidated dividend payout ratio **45.1%**, purchase and retirement of treasury shares **45,200 shares**)

Establishing an IR system

Promote steady enhancing of IR organization

- [Established January 1, 2022](#)
- Established IR and PR unit, develop various IR tools, and establish communication
- Financial briefing meeting preparations (held online)

Complying with Japan's Corporate Governance Code

Comply Steadily with Japan's Corporate Governance Code

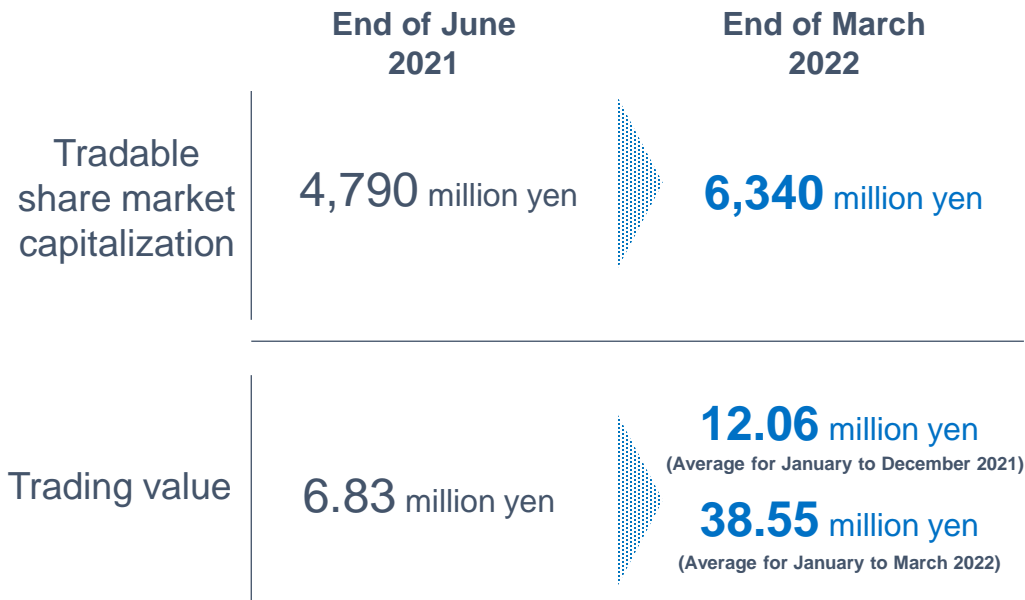
- [Established January 1, 2022, released January 20](#)
- Established Sustainability Committee
- [Released March 29, 2022](#)
- Sold off investment securities (reduce cross-shareholdings)
- Preparations for TCFD disclosure, disclosure of English documents, using Electronic Voting Platform

2-8. Evaluation considering implementation status

- Because of steadily carrying out the items stipulated in the plan to meet criteria, the tradable share ratio, stock price, and trading value are on an upward trend in regard to the tradable share market capitalization (10,000 million yen) and trading value (20 million yen) criteria, so we have determined that **there is no need to change the plan at the current point of time.**

Changes in tradable share market capitalization and trading value requirements

Evaluation



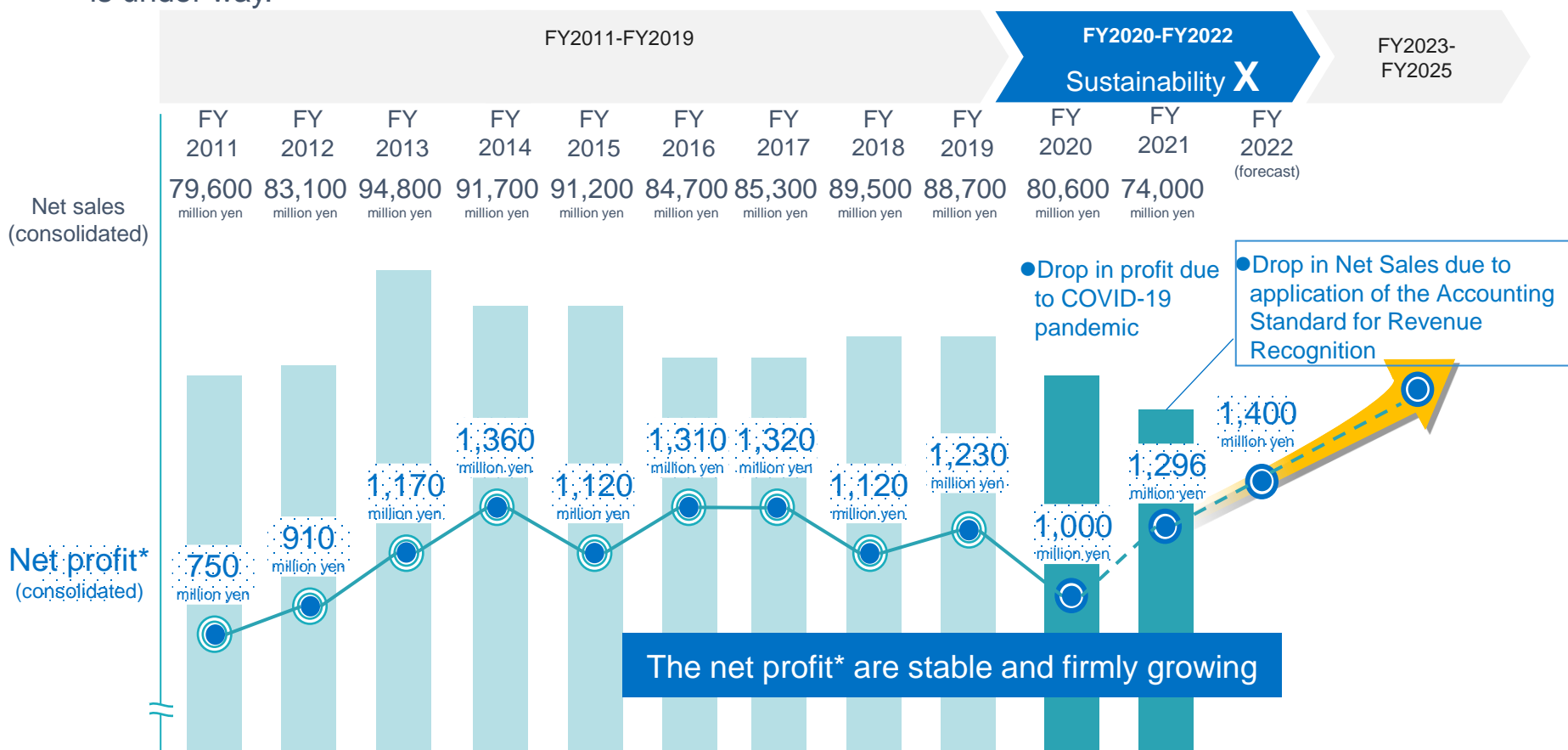
- The items stipulated in the plan to meet are proceeding steadily according to plan
- For the tradable share market capitalization requirement, the tradable share ratio and stock price are on an upward trend
- Figures are on an upward trend for the trading value requirement as well

2-9. Sustainability X (Current Medium-Term Management Plan)



Progress

- The second period in the current Medium-Term Management Plan Sustainability X (Cross) has resulted in consolidated net profit of 1,296 million yen, and the business results forecast for next fiscal year, which is the final year in the Medium-Term Management Plan, is 1,400 million yen.
- Sustainability X began in the FY21 as a term for expanding investments and adapting to the market in order to achieve sustainable growth over the next 10 years, and transformation of the business portfolio is under way.



*Profit attributable to owner of the parent

3. Future Issues and Initiatives

3-1. Future Issues and Initiatives

- We do not change the plan based on five basic policies and we will continue to execute each initiatives.

Sustainable profit growth through investment return

Medium-Term Management Plan for the next period

- Swiftly and steadily carry out the 7,000 million yen investment centered on focus areas
- Proactively utilize external funds (interest-bearing liabilities) in investment resources
- Bring about business structure reform considering investment efficiency, and effectively form the business portfolio considering capital productivity targets such as ROE and ROIC.
- Reach the 10,000 million yen tradable market capitalization, and strategically prepare to reach the 25,000 million yen tradable market capitalization (Non-relaxed Prime Market continued listing criteria)

Enhancement of shareholder return measures

Shareholder return

- The shareholder return policy is to be continued until the fiscal year ending March 31, 2026 as a rule (Total pay out ratio 50%: consolidated dividend payout ratio of 40% or more, mobile purchase and retirement of treasury shares)

Establishing an IR system

Form appropriate stock prices/ improve the tradable share market capitalization

- Approach institutional investors (small and medium-sized businesses, value investment active funds), and enhance communication
- Bolster communication with foreign and individual investors through enhanced IR tools
- Improve the tradable share market capitalization through dialog with shareholders

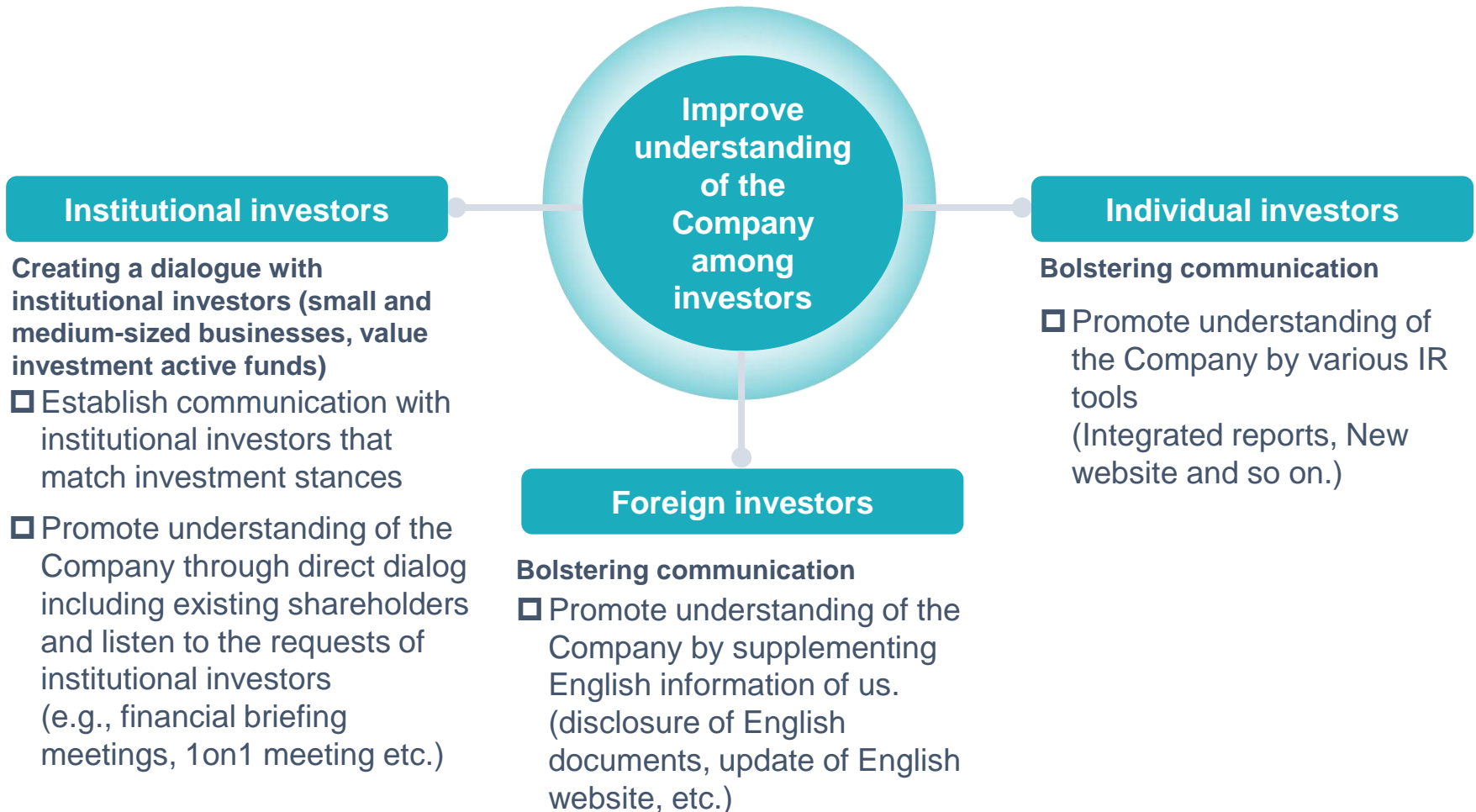
Complying with Japan's Corporate Governance Code

Improve corporate value

- Shinka X Tekigou (Progress and fit) through complying with the Japan's Corporate Governance Code against the background of social needs, such as ESG and TCFD

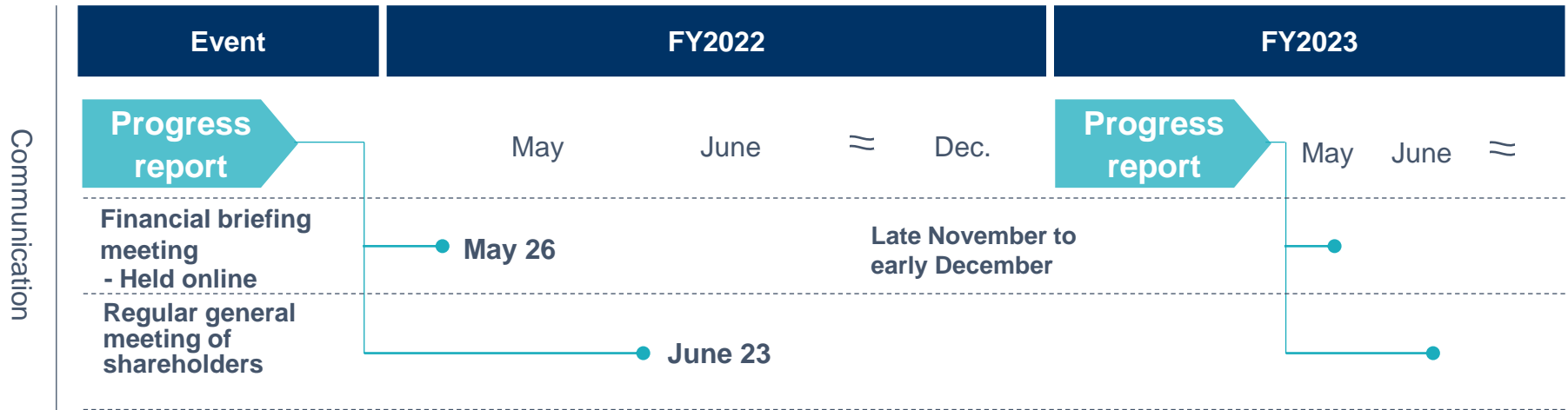
3-2. Promote Dialogue with Investors

- With the goal of reaching market capitalization scale at an early stage, which is expected to stabilize stock prices and trading value, we are focusing efforts on creating a dialog with institutional investors based on the basic policy, and on bolstering communication using various IR tools.



3-3. IR Events and Disclosure Calendar

- Financial briefing meetings and a general meeting of shareholders are planned as venues for explaining and fielding questions on progress reports.



Items to be disclosed	FY2022		
	<u>Japanese</u>	<u>English</u>	<u>Disclosure frequency</u>
Financial statement	May 11	Mid May	Four times a year
Financial briefing meeting (documents, videos)	May 26	End of May (document only)	Twice a year
Shareholder newsletter	End of June	End of July	Twice a year
Integrated report	End of June	End of July	Once a year
Website update	End of June	End of July	

4. Q&A

Inquiries on this document

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URL <https://www.tak.co.jp/en/ir/contact1.html>

■ Handling of this document

[Precautions regarding forecasts]

The data and predictions for the future disclosed in this document are based on judgments as of the release date of the document and obtainable information, and may change due to various reasons such as the economic situation, changes in market trends, etc. Therefore, there are no guarantees that the targets and predictions noted in this document will be reached, nor on future business performance.