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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.

My name is Takahiro Suzuki, a division chief of the Business Administration Division.

Thank you for attending our financial briefing meeting today.

To begin with, I'd like to explain about financial result about fiscal year ended March 2022.

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.

From the start of the fiscal year ended March 2022, 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
Consolidated Performance Forecast**
- 3 | **Shareholder Return**

Please take a look at the contents of financial briefing about fiscal year ended March 2022.

Firstly, I would like to explain the financial highlights about fiscal year ended March 2022.

Secondly, I would like to explain the consolidated performance forecast about fiscal year ending March 2023.

Finally, I would like to explain shareholder returns.

1. FY21 Financial Highlights

Now I would like to tell financial highlights about the Fiscal Year Ended March 2022.

**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

First, I would like to talk about the highlights as an executive summary.

Profits at each stage have increased year-on-year compared with the fiscal year ended March 2021.

Profit attributable to owners of parent for the fiscal year ended March 2022 were 1,296 million yen, nearly reaching the 1,300 million yen, a goal in the final year of the Medium-Term Management Plan, a year early.

Therefore, we revised profit attributable to owners of parent upward to 1,400 million yen from the initial goal of 1,300 million yen.

Dividends for the fiscal year ended March 2022 were revised two times upward to 130 yen.

The forecast for fiscal year ending March 2023 dividends have increased by 10 yen year-on-year 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.
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Now I'd like to talk about the consolidated statement of profit.

Net sales for the fiscal year ended March 2022 fell by 6,570 million yen to 74,054 million yen due to application of the Accounting Standard for Revenue Recognition, etc. Although this is merely a reference figure, if impact was excluded about Accounting Standard for Revenue Recognition, net sales would be calculated as 83,473 million yen, which is an increase of approximately 2,800 million yen year-on-year.

Net sales for the fiscal year ended March 2022 fell by 6,570 million yen to 74,054 million yen due to application of the Accounting Standard for Revenue Recognition, etc. Although this is merely a reference, if impact about Application Standard for Revenue Recognition was excluded, net sales would be calculated as 83,473 million yen, which is an increase of approximately 2,800 million yen year-on-year.

Increased profits of industrial materials segment and electronic devices segment contributed to the YoY increase in profits, so our net profit attributable to owners of parent archived 1,297 million yen, a 29.6% increase year-on-year.

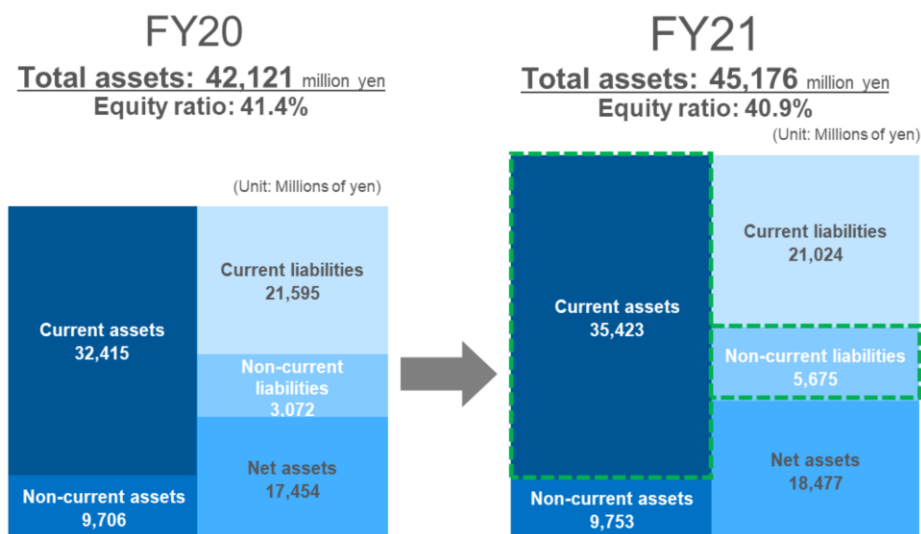
Management indicators such as ROE and ROIC were 7.2% and 5.2% respectively, with 1.3 and 0.1 pt improvements year-on-year.

Consolidated Performance B/S



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.



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Now I'd like to talk about the balance sheet.

I'll explain the main factors compared with the end of the previous fiscal year.

(1) Current assets increased 9.3% to 35,423 million yen. The main factors were an increase of 1,422 million yen in cash and deposits and 1,122 million yen in merchandise and finished goods.

(2) Non-current assets increased 0.5% to 9,753 million yen. The main factors were that among property, plant and equipment, buildings and structures and investment securities decreased, while intangible assets due to system investments, and machinery, equipment and vehicles related to factory facilities investment both increased.

(3) Current liabilities decreased 2.6% to 21,024 million yen. The main factors were a decrease in both notes and accounts payable - trade, and accrued consumption taxes.

(4) Non-current liabilities increased 84.7% to 5,675 million yen. The main factor was an increase of 2,760 million yen in long-term borrowings.

(5) Net assets increased 5.9% to 18,477 million yen. The main factors were a decrease in retained earnings due to paying dividends, however, recording profit attributable to owners of parent resulted in an increase of retained earnings.

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

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Now I'd like to talk about cash flows.

The decrease in net cash due to operating activities was 389 million yen. The main factors were an increase in inventories and a decrease in trade payable, despite an increase due to recording profit before income taxes.

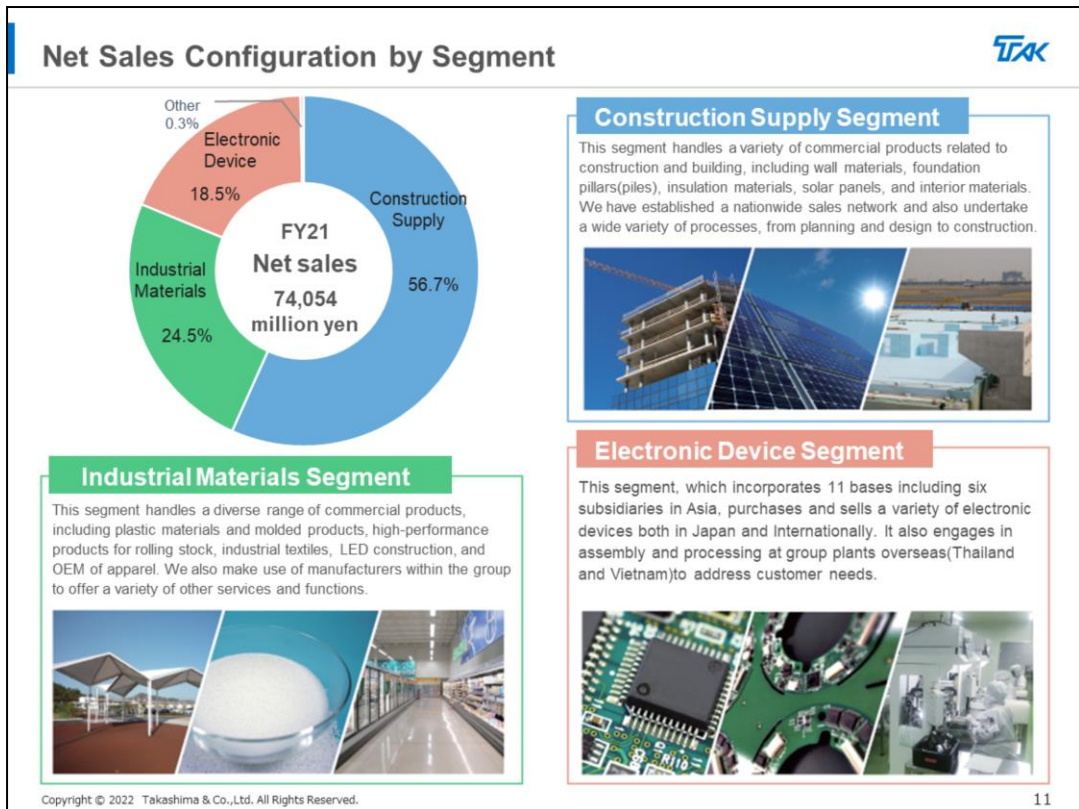
The decrease in net cash due to investing activities was 654 million yen. The main factors were acquisition of property, plant and equipment and intangible assets.

The increase in net cash due to financing activities was 2,305 million yen. The main factor was an increase in long-term borrowings.

As a result, the cash and cash equivalents balance at the fiscal year ended March 2022 was 7,301 million yen, an increase of 1,421 million yen compared with the fiscal year ended March 2021.

Segment Performance

Next I'd like to talk about performance of each segment.



First, I'd like to provide business description for each segment. At the Takashima Group, we operate in three main segments, combining functionality to meet diverse customers' needs as a multi-faceted trading company.

Firstly, I'd like to talk about the 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.

Next is the industrial materials segment. This segment handles a diverse range of commercial products, including plastic materials and molded products, 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.

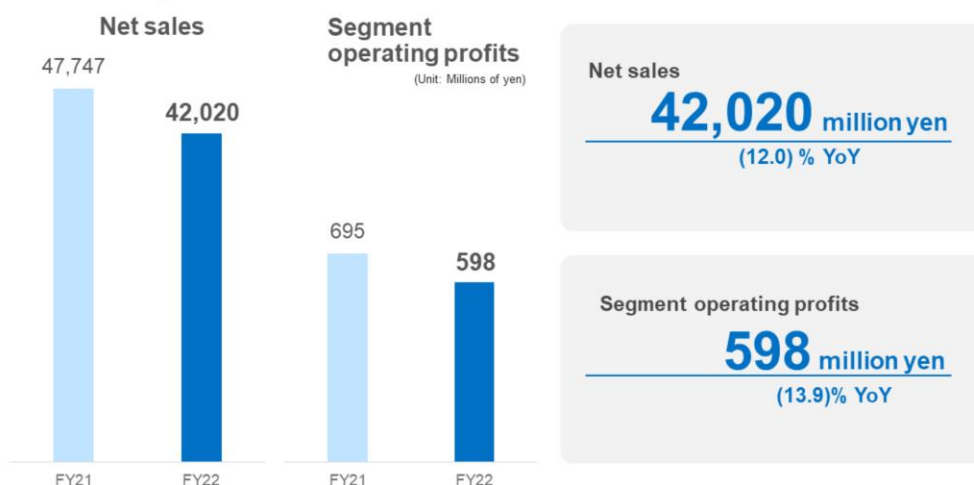
Finally I'd like to talk about our electronic device segment. This segment, which incorporates 11 bases including seven subsidiaries in Asia, purchases and sells a variety of electronic devices both in Japan and internationally. It also engages in assembling and processing at group plants overseas(located in Thailand and Vietnam)to address customer needs.

We also have a real estate for rent segment, but because it is a small-business, I'll abbreviate the explanation about this segment.

Briefing by Segment: Construction Supply (Net Sales, Segment Operating Profits) 

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.



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Now I'd like to move on to a briefing by segment. First let's take a look at a summary on the construction supply segment.

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.

In the solar energy related field, increasing prices and a supply shortage of industrial solar panels, as well as a supply shortage of semiconductors has resulted in sluggish figures.

Additionally, increased operating activities and increasing selling expenses, general and administrative expenses due to increased system investments have resulted in decreased segment operating profits.

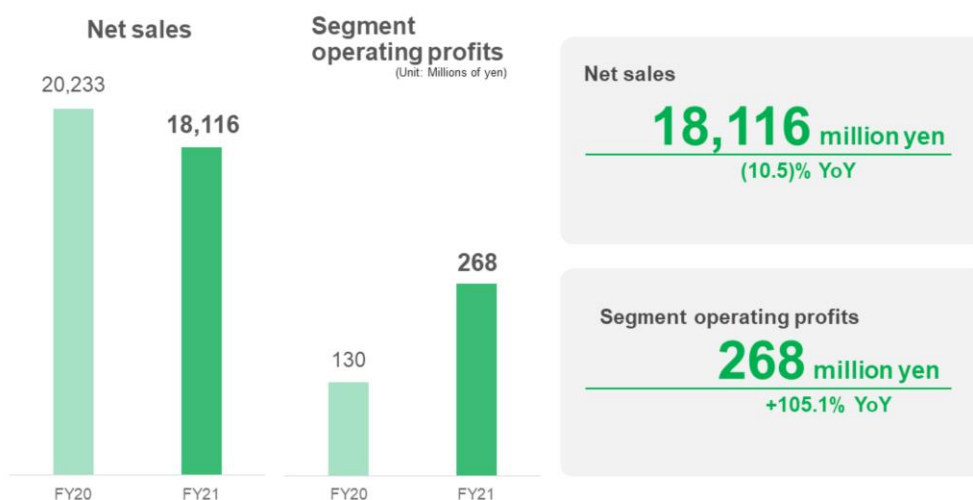
As a result, net sales fell to 42,020 million yen, a 12% decrease year-on-year, resulting in segment operating profit of 598 million yen, a 13.9% decrease year-on-year.

Briefing by Segment: Industrial Materials (Net Sales, Segment Operating Profits)



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.



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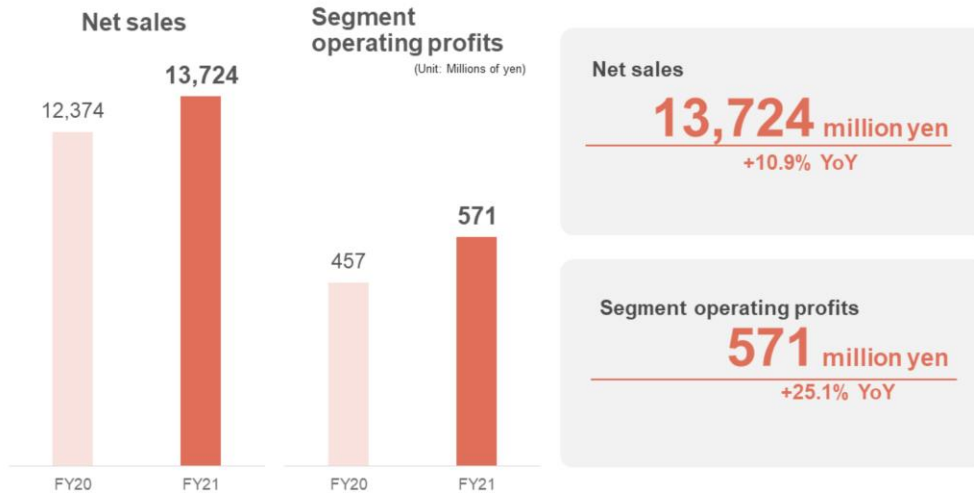
Next let's take a look at a summary of the industrial materials segment.

Regarding industrial materials segment market conditions, the situation in the rolling stocks market remains difficult due to the spread of COVID-19, however, the plastic-related market showed signs of recovery.

Although segment net sales decreased due to the impact of the Accounting Standard for Revenue Recognition, etc. segment operating profits have increased by contributions from textiles and plastic-related fields.

As a result, net sales fell to 18,116 million yen, a 10.5% decrease year-on-year, resulting in operating profit of 268 million yen, a 105.1% increase year-on-year.

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.



Next let's take a look at a summary of the electronic device segment.

In the electronic components related field, the market is recovering from the sudden drop during the previous fiscal year due to the spread of COVID-19, with increased net sales and segment operating profits.

As a result, net sales rose to 13,724 million yen, a 10.9% increase year-on-year, resulting in segment operating profits of 571 million yen, a 25.1% increase year-on-year.

2. FY22 Consolidated Performance Forecast

Next let's take a look at the consolidated performance forecast about fiscal year ending March 2023.

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%

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Regarding to full-year consolidated performance forecast about the fiscal year ending March 2023, sales and profits at each stage are expected to increase, and net sales are expected to be 82,000 million yen, a 10.7% increase year-on-year, with operating profit of 1,800 million yen, ordinary profit of 1,900 million yen, and profit attributable to owners of parent of 1,400 million yen.

Again, the fiscal year ending March 31, 2023 is the final year in the Medium-Term Management Plan, and while the Company initially set the goal of 1,300 million yen in profit attributable to owners of parent, the performance forecast was revised upward to 1,400 million yen because initial goal was nearly reached a year early during the fiscal year ended March 31, 2022.

FY22 Consolidated Performance Forecast by Segment



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%

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Now I'd like to talk about performance forecast of each segment for the fiscal year ending March 31, 2023.

Net sales are expected to be 48,200 million yen for the construction supply segment, with an 850 million yen segment operating profit.

In this segment, we will promote sales activity, including end-user-approaching, as a Value-Adding trading company with enhancing proposal spec-in sales, distribution, installation, and processing function.

Also, we will evolve solar energy business into energy solution business, enhancing proposal ability for carbon neutral society

Net sales are expected to be 19,400 million yen for the industrial materials segment, with a 400 million yen segment operating profit.

In this segment, we will further enhance our five functions(manufacturing, proposal, design, processing and construction) to reinforce our business foundation for improved performance.

Net sales are expected to be 14,200 million yen for the electronic device segment, with a 450 million yen segment operating profit.

In this segment, we will aim to further enhance customer support to improve performance.

So, as reported above, We intends to grow net sales in all segments for the fiscal year ending March 2023.

3. Shareholder Return

Lastly I'd like to talk about shareholder returns.

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

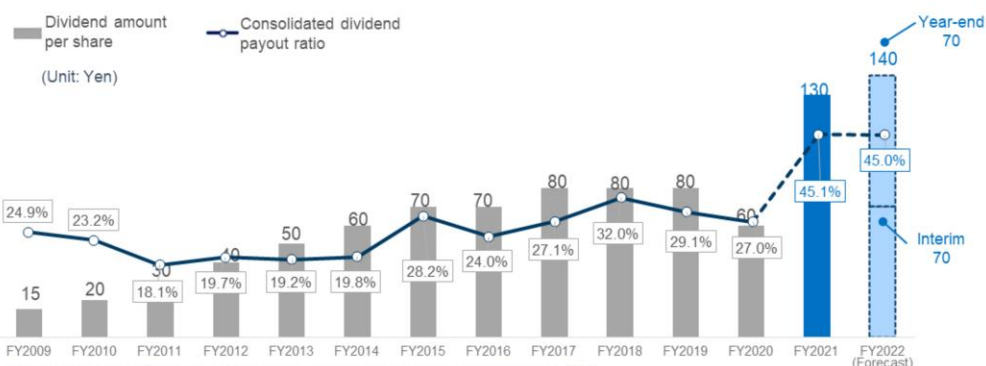
FY21

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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In a plan to meet the continued listing criteria disclosed November 2021, we have stipulated basic shareholder return policy, enriching shareholder returns. We set consolidated dividend payout ratio over 40%, and purchase and retirement of treasury shares to achieve 50% total return. Also, in order to stable return to our shareholders, we set lower amount limit of total return 500 million.

The year-end dividend for the fiscal year ended March 2022 is set at 130 yen per share, leading a consolidated dividend payout ratio of 45.1%.

Additionally, combining with the purchase and retirement of treasury shares carried out from November 11, 2021, the total return ratio is 52.8%.

We anticipate a consolidated dividend payout ratio of 45% for the fiscal year ending March 31, 2023, which includes a year-on-year increase of 10 yen for a total of 140 yen.

As explained earlier, our basic shareholder return policy is 50% of total return ratio.

- 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

- 3 | **Q&A**

This concludes the explanation of Takashima & Co., Ltd. finances for the fiscal year ended March 2022. Thank you for your kind attention.

Next, Our Representative Director, Koichi Takashima will provide a progress report based on a plan to meet the continued listing criteria.

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.

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**



Good afternoon, I'm Koichi Takashima. From here, I will explain about “progress report based on a plan to meet the continued listing criteria of Tokyo Stock Exchange Prime Market”, disclosed at May 2022.

This is a progress report about “A plan to meet the continued listing criteria”, disclosed at November 2021.

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.

A summary of the progress and evaluation of a plan to meet the continued listing criteria has been included on the slide. As shown here, the plan is making steady progress, so we believe that there is no need to change the plan at the current point of time.

- 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**

These are the document contents.

At the beginning, we will talk about the status of the company about a plan to meet the continued listing criteria and planning period, next, the implementation status and evaluation of initiatives from November 2021 to March 2022, and finally we will talk about future issues and initiatives.

Status of Company about Plan to Meet the

1. Continued Listing Criteria and Planning Period

Now I'd like to talk about the status of our plan to meet continued listing criteria and the 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
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.

First, let's take a look at the status of the plan to meet the continued listing criteria.

As of June 30, 2021, the tradable share market capitalization and trading value were neither met the criteria, however, by our estimate calculated at the March 31, 2022, tradable share market capitalization still have not yet been met for the criteria, but the trading value have met the criteria.

Specific figures are shown on the slide.

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

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

Next, I'd like to talk about the listing maintenance requirement achievement schedule.

As explained in a 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, Fiscal year ending March 2026, which is also the final year of next the Medium-Term Management Plan (FY2023-FY2025, fiscal year ending March 2024 to fiscal year ending March 2026). We will keep promoting based on basic policies.

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

Now I'd like to explain the implementation status and evaluation of initiatives from November 2021 to March 2022 based on the plan.

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



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.

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 FY2020 to FY2022		Final Year of Next Medium-Term Management Plan.
	FY2020	FY2021	
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%

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Now I'd like to talk about the management index progress.

Net profit for the fiscal year ended March 2022, which is the second period in the current Medium-Term Management Plan Sustainability X (Cross), was 1,296 million yen, an increase of 296 million yen which is a jump of 29.6% year-on-year.

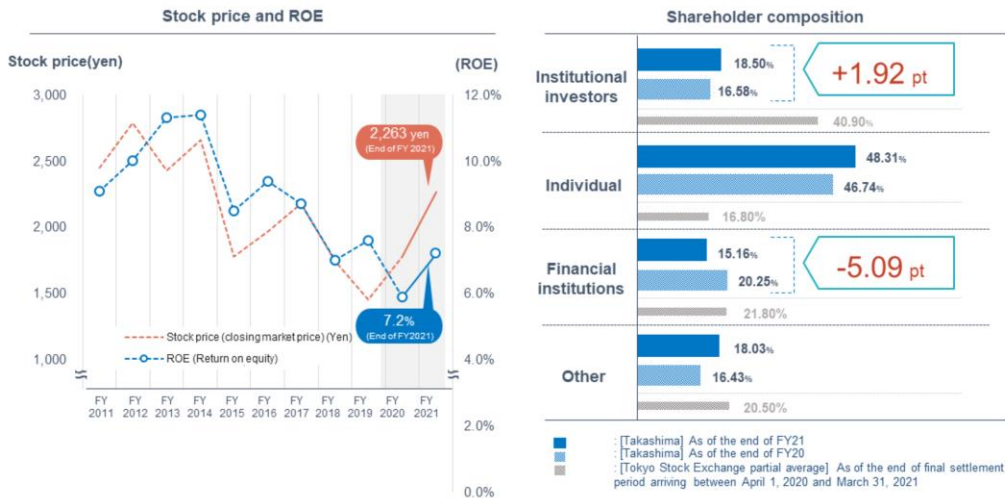
ROE and ROIC for the fiscal year ended March 2022 were 7.2% and 5.2% respectively, showing a strong upward trend.

Regarding shareholder returns, we have established a policy of mobile purchase and retirement of treasury shares in order to achieve a consolidated dividend payout ratio of 40% or more and a total return ratio 50%, resulting in a total return ratio of 52.8% for the fiscal year ended March 2022.

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.



Now I'd like to talk about evaluation in the stock market.

Since disclosed a plan, our capital allocation policy and measures to enhance shareholder returns have been praised, resulting in a recovering trend in our stock prices.

The shareholder composition increased by 1.92 pt among institutional investors and decreased 5.09 pt among financial institutions.

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.

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Now let's take a look at changes in the tradable market capitalization.

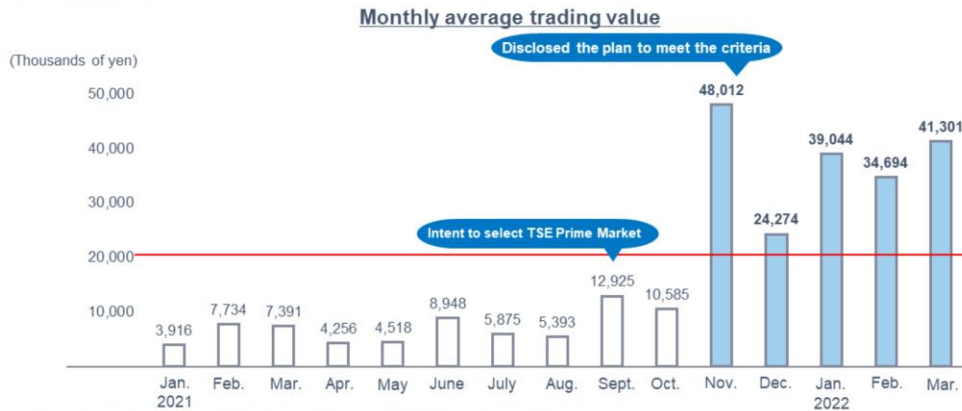
The stock price rose and the tradable share ratio improved slightly, resulting in improvements to the tradable market capitalization.

Continuing on, in addition to sustainable growth and efforts to establish appropriate stock prices, dialog with shareholders based on the Corporate Governance Code, we are endeavoring to improve the tradable share market capitalization.

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.



^{*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)

Now I'll explain changes in trading value.

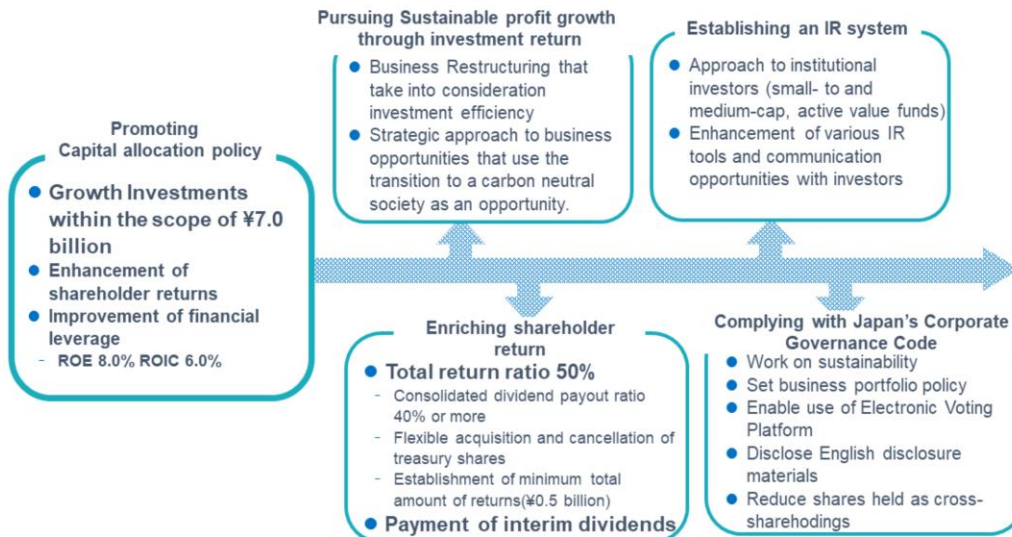
Regarding trading value, although trading value at base date did not meet the continued listing criteria of 20 million yen, since the plan was disclosed, the monthly average trading value has remained above the continued listing criteria, and figures for the most recent three months have exceeded the criteria.

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



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Let's take a look at the basic initiative policies to achieve the tradable share market capitalization and trading value requirements shown in the plan.

The plan lists five basic initiative policies, promoting capital allocation policy, pursuing sustainable profit growth through investment return, enriching shareholder return, establishing IR system, complying with Japan's Corporate Governance Code; all of those are being proactively undertaken by the management and employees.

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 <ul style="list-style-type: none">□ 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 <ul style="list-style-type: none">● Released April 7, 2022● Strategic partnering to expand the V2H market in an EV (electric vehicle) society
Enriching shareholder return	Promote steady investment strategies <ul style="list-style-type: none">● 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
	Promote steady shareholder return measures <ul style="list-style-type: none">● 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 <ul style="list-style-type: none">● 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 <ul style="list-style-type: none">● 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

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Implementation status based on the basic initiative policy are proceeding steadily according to plan.

For example, pursuing sustainable profit growth through investment return, we are currently starting to consider the Medium-Term Management Plan in which we consider the efficiency of invest return. We will announce the detail about the plan by the end of March 2023.

Additionally, as shown in the April 2022 news release, we are engaged in strategic collaboration in order to expand the V2H market in an EV (electric vehicle) society as a strategic approach to carbon neutral related business opportunities.

Also, in terms of shareholder returns, the total return ratio for the fiscal year ended March 31, 2022 was 52.8%.

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.**



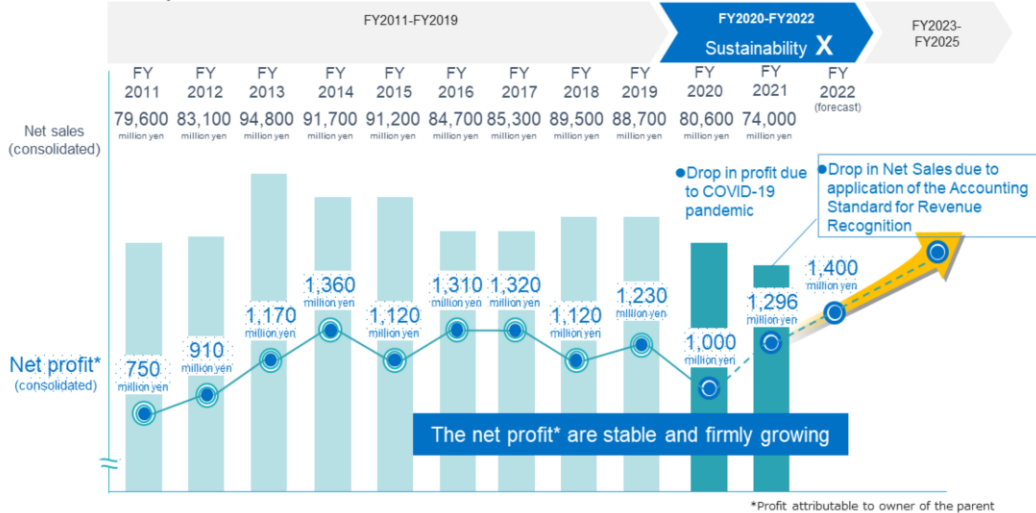
Now I'd like to talk about evaluation about implementation status to meet the criteria.

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 reach 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.

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.



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Now I'd like to talk about the progress of current Medium-Term Management Plan, Sustainability X(cross).

The second year in the current Medium-Term Management Plan Sustainability X, fiscal year ended March 2022, 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 fiscal year ended March 2021 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.

3. Future Issues and Initiatives

Lastly, I'd like to talk about 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

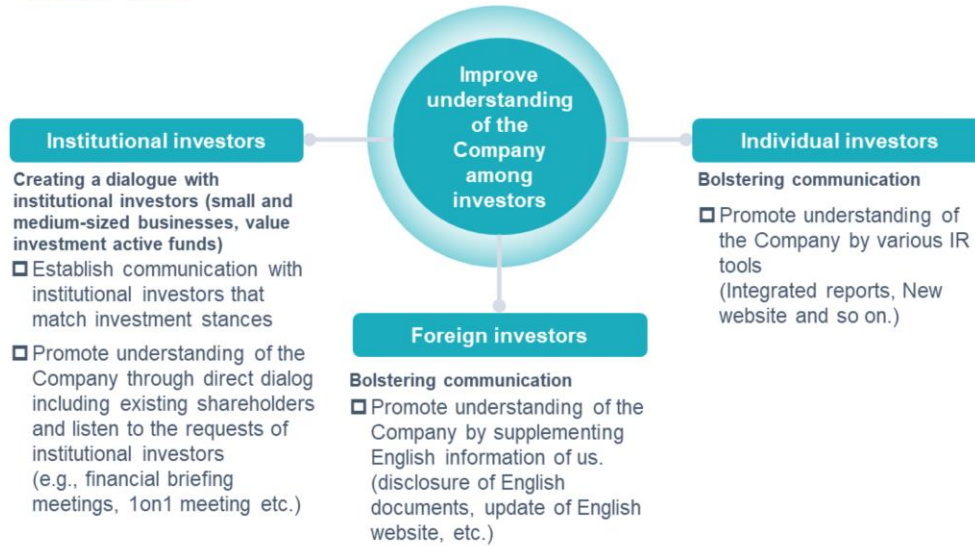
Improve corporate value

- 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

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

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.



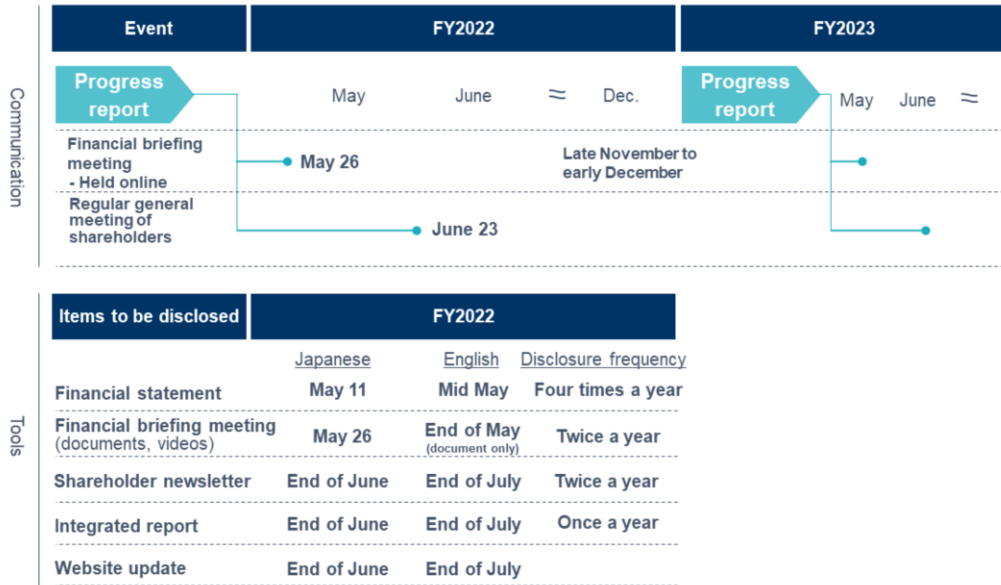
Next, I'd like to talk about promoting dialogue with investors.

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.



IR events and the IR calendar are shown on the slide, so I will omit an explanation of these items.

4. Q&A

This concludes my explanation.

Thank you for your kind attention.

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.

If you have any questions, please feel free to contact us. (ir@ta.tak.co.jp)