



Takashima & Co., Ltd.

INTEGRATED REPORT 2024



“Those who are true entrepreneurs will never forget the philosophy of service to society and will act without straying from the bright and right path”

Kotakichi Takashima Founder

Corporate Philosophy

Corporate Mission

“Contribute to Society through Our Business Activities”

We, the Takashima Group of Companies, contribute to society's well-being by actively providing unique value-added solutions to our customers based on our original ideas and means. In doing so, we intend to grow and prosper together.

Corporate Value

Integrity

All employees of the Takashima Group always sincerely keep their promises and work positively with a humble and grateful attitude. Our employees also work to build up trust and credibility through compliance with laws and regulations, a disciplined approach and respectful manners. To build up social trust and credibility, we must be honest in all aspects of our business. Having each and every employee embody “Integrity” will lead to the achievement of our Corporate Mission.

Corporate Philosophy

Vision

We will contribute to building a sustainable society through a deep understanding of the market environment and businesses as the “Solution Partner” for each of our customers, and continuously provide X(cross)-function and one-stop coordination unique to Takashima.

Code of Conduct: “Autonomous, Innovative and Responsible X Collaborative”

All employees of the Takashima Group follow “Autonomous, Innovative and Responsible” as the Code of Conduct.

We ceaselessly develop ourselves to be creative for further advancement and act responsibly with a challenging spirit, positive ideas and forward-looking attitude.

Autonomous: We are the ones who will play a central role

Innovative: We take initiative and make every effort to overcome difficulties

Responsible: We handle issues as if they were our own and adapt ourselves to solve them under all circumstances without blaming others

Collaborative: We combine the strengths both within and outside the Group in order to achieve shared goals

Table of Contents

Introduction

| | |
|----------------------------|---|
| Corporate Philosophy | 1 |
| President's Message | 2 |

Takashima's Value Creation Story

| | |
|--|---|
| Performance Highlights | 6 |
| Takashima in the Distribution Warehouse | 7 |
| Takashima in Homes | 8 |
| History | 9 |

| | |
|---|----|
| Value Creation Process | 10 |
| Business Model (Value-Adding Trading Company) | 11 |
| The Six Types of Capital | 12 |
| Perception of the Business Environment | 13 |
| The Takashima Group's Sustainability Roadmap | 14 |
| Materiality | 15 |

Medium- to Long-Term Strategy

| | |
|---|----|
| Medium-Term Management Plan “Sustainability V (Value)” | 18 |
| Message from the Division Chief of Business Management Division | 20 |
| Construction Supply Division | 22 |
| Industrial Materials Division | 23 |
| Electronic Devices Division | 24 |

Sustainability at Takashima

| | |
|--|----|
| Sustainability | 25 |
| TCFD | 27 |
| Human Assets Strategy | 29 |
| Human Assets That Support Our Business: Career-Type Human Assets | 30 |
| Career Model | 31 |
| Outside Directors' Messages | 32 |
| Directors | 34 |
| Skills Matrix | 36 |
| Corporate Governance | 37 |

Data Section

| | |
|--|----|
| Financial and Non-financial Highlights | 39 |
| Human Assets-Related Data (Non-consolidated) | 40 |
| Financial Highlights for the Last 11 Years | 41 |
| Consolidated Balance Sheet | 42 |
| Shares | 43 |
| Company Profile | 44 |

Introduction

President's Message



Our responsibility as management is the improvement of enterprise value by delivering the Takashima Group's unique value to our customers by meeting their growing energy-saving and labor-saving needs.

The business environment may change, but global long-term trends will not

We will make a great leap forward as a value-adding trading company by 2030 with a focus on long-term social trends.

FY2023 (the fiscal year ended March 31, 2024) was a year of continued uncertainty about the future. Geopolitical risks around the world have remained elevated for a long time, and in the case of Japan, the normalization of the weak yen and soaring raw material and energy costs, as well as labor shortages, have become more serious than ever. It has become increasingly critical that we respond to these changes in the business environment in a fundamental way.

It is a fact that the COVID-19 pandemic of the last few years has had a tremendous impact on the activities of the Group and other companies, as well as on economic and social activities. While there has been some regression in terms of economic growth, it is our understanding as we stand on the cusp of the post-COVID era that the long-term trends we have been focused on for some time remain unchanged. The world has been looking ahead to addressing the serious social challenges posed by the exacerbation of climate change and global warming and has been working to minimize their impact. The Group has also been working to become carbon neutral and has developed its business with energy and labor savings as

important business themes. As we enter the post-COVID era, I am convinced that these social trends, as well as the direction of the Group's business in response to them, will remain unchanged in economic zones throughout the world.

We are currently living in an era when society's need for and consciousness of energy and labor savings are on the rise. The Group's long-term vision is to make a great leap forward as a value-adding trading company by 2030 with a focus on long-term social trends. Specifically, we will develop strategies that capture evolving market opportunities for achieving a carbon-neutral society, achieve sustainable growth through value creation, and contribute to society through these efforts.

Sustainability management based on our unwavering philosophy

We will strive to spread our corporate philosophy throughout the Group through dialogue with employees in order to create a sense of unity within the rapidly expanding Group.

From the standpoint of the Group, whose corporate mission is to contribute to society through its business activities, doing just that can be said to be an absolute necessity. What is important is the kind of business activities through which we contribute to society. In this regard, we believe in the need to always have original ideas and approach society in a manner that is unique to the Takashima Group while leveraging these ideas. Our corporate value of "Integrity" is also of utmost

Koichi Takashima

President and
Representative Director

Introduction

President's Message

importance. It is crucial that we fulfill our corporate mission by building up trust and credibility without compromising the value of integrity.

Looking ahead to the next 50 to 100 years, the keyword that the Group should focus on is "sustainability." However, just because we conduct business that contributes to the realization of a sustainable society does not necessarily mean that we are sustainable ourselves. The important thing is to have original ideas and to provide original value to society. If we fail to do so, we may lose our price competitiveness and become irrelevant. To avoid this outcome, we believe that contributing to society with integrity by demonstrating the value that is unique to the Group will help us fulfill our corporate mission.

The Group's business will continue to expand in scale. Over the past two years, the Group has carried out multiple M&As. As a result, the number of employees in the Group has grown to over 1,000. This means that just under one-third of the Group's employees are relatively new and have joined us in the past two years. Under such circumstances, it is indeed important to foster a deep understanding of and appreciation for our corporate mission and other underlying principles. As the Company's President, I will take the lead in promoting our corporate philosophy within the Group, and through dialogue with employees in the Group, work together with everyone to explore how we can provide products and services that offer

original value to society going forward and what we should do to achieve this goal. In addition, when selecting companies for future M&As, we are committed to robustly evaluating whether the company is a good fit with the Group's corporate philosophy and culture of integrity.

Enhancing earning power and increasing value as a value-adding trading company

We will refine our value-adding trading company business model through ongoing growth investments, including M&As.

In order to demonstrate our original value, we are strongly committed to leveraging and strengthening the functions of the value-adding trading company business model that the Group has established. We pursue a business model in which we are not merely a player in the intermediate distribution market but where we are also focused on providing value to customers in target markets, which ultimately allows us to gain earning power and secure high profitability by providing functions and solutions. Accordingly, by continuing to make strategic investments to enhance the functions and solutions we provide to customers, the Group's value will also continue to grow.

We have carried out multiple M&As over the past two years. In FY2022, we implemented two M&A deals: the acquisitions of Sinbou Edix Co., Ltd., which is a wholesaler of environmental hygiene materials, disaster mitigation goods, and other products, and of New Energy Distribution System Inc., which performs electrical design and installation work. The third M&A deal was the acquisition of Gansui Corporation in June 2023. Gansui Corporation is a company with high technological capabilities in the field of foundation reinforcement and ground improvement in both the residential and nonresidential markets, and it boasts a large market share in the Chugoku and Shikoku regions, including in Okayama Prefecture. In particular, Gansui Corporation's advanced construction capabilities in

ground improvement work are expected to generate significant synergies with the Group's construction supply business. We also recognize that the Group, which has been refining its functions as a trading company, has much to learn from the business style of Gansui Corporation in terms of its ability to progressively expand its market with its technological, construction, and data capabilities. Although our operating profit has declined slightly due to the cost burden of M&A and an increase in the amortization of goodwill, EBITDA has increased, and we believe that we are steadily gaining earning power that will lead to sustainable growth for the Company.

Going forward, we will further enhance the functions of our business model by continuing to aggressively pursue M&As with an acute awareness of the fact that the Group is a company with a value-adding trading company business model.

Overview of business and progress of the medium-term management plan: Increasing earning power through continued investments

We have made a very good start in the first year of the medium-term management plan, especially with regard to meeting the continued-listing criteria ahead of schedule.

The Group is trying to take advantage of market opportunities to contribute to a sustainable society with energy and labor savings through its value-adding trading company business model, and we intend to make a great leap forward as a value-adding trading company by 2030. The medium-term management plan "Sustainability V (Value)" (hereinafter "medium-term management plan"), which started in FY2023, is a management plan that outlines the process through which we can make such a great leap forward. It seeks to achieve profit growth through an improvement of profitability, growth in net sales, and investment in human assets, as well as improve capital productivity through business investment and capital investment, shareholder returns,



Introduction

President's Message

etc., thereby improving our enterprise value.

In FY2023, the first year of the medium-term management plan, extraordinary income from the sale of non-current assets and other items contributed to year-on-year growth in both sales and profits, despite a minor decline in operating profit. In our construction supply business, construction orders for logistics facilities and factories made a significant contribution and drove growth throughout the Company. Although the market environment for construction supplies has not always been smooth sailing, with the housing market in particular facing continued stagnation, the solid performance of the non-housing market, such as logistics facilities and factories, has contributed to the good performance of the business. In the industrial materials business, our efforts to promote business selection and concentration through structural reform have begun to show results, and we have been able to achieve growth in both sales and profits. In addition, we established TAKASHIMA INDUSTRIES CO., LTD., as part of our industrial materials business in January 2024. From April 2024 onward, this company will play a command center-like role, through which it will control the entire industrial materials business.

On the other hand, the electronic devices business experienced a decline in both sales and profits. This was mainly attributable to the global slowdown in the consumer electronics market. While the market as a whole saw a buildup of product inventories, the buildup of parts inventories at our major customers in response to the prolonged supply shortage of electronic components during FY2022 has cast a shadow on our performance.

During the first year of the medium-term management plan, we reviewed our asset allocation in order to promote investments that strengthen our functions. Specifically, we sold real estate as well as shares held as cross-shareholdings and carried out the securitization of receivables to secure funds for growth investments. In line with our review, we have increased the investment limit for business investment and capital investment to ¥15.0 billion. We are now well-prepared to perform the

Group's unique functions. Given the results we have achieved, I believe we have made a good start in the first year of the medium-term management plan.

Although we are making progress in sowing seeds for the future by expediting our growth investments, we must also be sufficiently prepared for short-term declines in profitability. We are entering a challenging phase for operating profit for the time being as a result of the cost burden of M&A and amortization of goodwill. It is imperative that we work to rapidly generate earning power and improve profit levels to compensate for such short-term negative effects as quickly as possible.

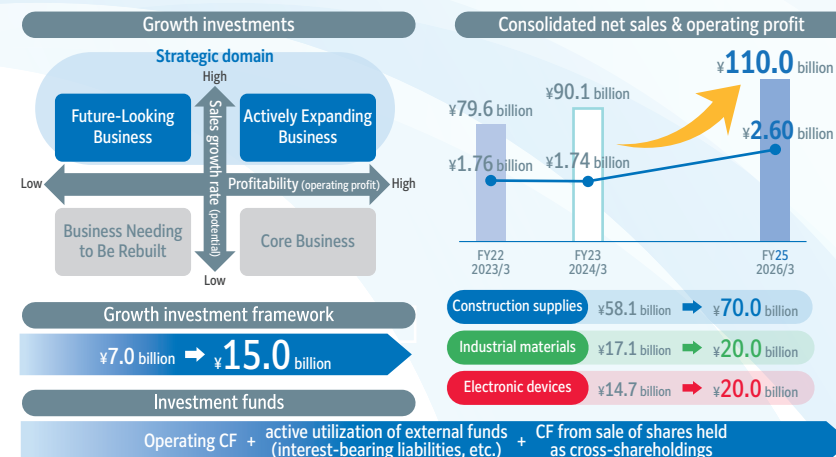
In addition, due in part to the progress of the medium-term management plan as described above, we have received a "Notice of Determination of Compliance" with the continued-listing criteria for the Prime Market from the Tokyo Stock Exchange. This confirms that we were able to meet the criterion for tradable share market capitalization, which had been an issue in the past, and that the Company has met all items of the criteria. It is a highly encouraging sign that we were able to meet the continued-listing criteria ahead of our initial plan, and that we have achieved steady results throughout the year.

The next steps for achieving sustainable growth

We will look ahead to the future and take action on our own initiative even amid an uncertain business environment.

We expect the medium- to long-term business environment to remain challenging going forward. With regard to the domestic

Management indicators and financial policy



market, the situation is hardly optimistic given the expected population decline due to the decreasing birthrate. In the case of the global market as well, the emergence of geopolitical risks and the complex balance of power are expected to affect the market as a whole, making it difficult to envision a straightforward growth scenario as in the past. Given such a business environment, we believe that we have no choice but to take the initiative in taking on the future while looking ahead, instead of leaving our business to market forces.

Under these circumstances, we believe that our top priority for the Group's medium-term initiatives is to achieve the targets set forth in the medium-term management plan. We have successfully met the continued-listing criteria for the Prime Market, and going forward, we will continue to manage the Company while taking the cost of capital and share prices into account, with the goal of simultaneously adapting to a sustainable society and achieving sustainable growth.

In the construction supply business, we will continue to leverage our strengths in labor-saving construction methods

Introduction

President's Message

that contribute to shortening processes in the construction industry, where labor shortages are becoming increasingly apparent, and in the area of energy-saving solutions that are essential for meeting the standards of zero-energy houses (ZEH) and zero-energy buildings (ZEB), which are vital for achieving a carbon-neutral society. One of our strengths is our ability to provide construction functions as a value-adding trading company, such as in the case of Gansui Corporation that I have touched on earlier, and going forward, we intend to expand our construction business, which serves as the last mile of our supply chain.

In the industrial materials business, we will work to further strengthen our business foundation by positioning TAKASHIMA INDUSTRIES CO., LTD., which commenced operations in April 2024, at the heart of the business, while engaging in further selection and concentration, such as in the case of the sale of Takashima Robot Marketing Co., Ltd., which has already taken place.

In the field of electronic devices, challenges continue to abound due to overstocking that was partly attributable to the response to the COVID-19 pandemic as well as the prolonged slump in the consumer electronics market, and while conditions are expected to remain challenging going forward, we will focus on the acquisition of new customers and the development of new components and assembly services as part of efforts aimed at eventual recovery.

Furthermore, we are able to manufacture and process our products as we have our own factories in both the industrial materials business and the field of electronic devices. Going forward, we plan to improve our enterprise value by providing functions that compensate for the mutual inadequacies of business partners that are part of our supply chain.

In addition, as human assets are the driving force behind the Group's sustainable growth, we will also work to strengthen our human capital. We will strive to further develop our human capital so that employees working on the front line are able

to make more proposals for the optimization of the supply chain. At the same time, we will conduct engagement surveys among the Group's employees to improve their understanding of the Company, including their appreciation and embrace of our corporate philosophy, while strengthening our personnel system to actively recruit and develop human assets. With respect to the development of human assets, we have also defined the type of human resources we seek as "career-type human assets." In order to become career-type human assets, everyone from employees to candidates for management executives must hone their management capabilities and expertise relevant to their respective positions and build their own careers autonomously. I believe that the development of our human assets, who are our most important resource, is what creates business that contributes to the realization of a sustainable society, and that this is what will lead to ongoing improvements in the corporate value of the Group.

Our corporate value of "Integrity" (i.e., the embodiment of integrity) is a vital element of the Company's personnel system, and we are working to ensure that it is embodied by all employees.

Staying the course with investments and sustainability management

We will deliver the Takashima Group's unique value to our customers by meeting their growing energy-saving and labor-saving needs.

We will continue to make growth investments to improve capital efficiency and to expand our business, without easing our efforts going forward. Growth investments include investments in human assets. The purpose of these growth investments is to strengthen our capabilities as a value-adding trading company and to deliver the Takashima Group's unique value to our customers. This is not just an initiative for the

medium-term management plan period, but a goal that we will pursue endlessly.

The Group's social mission is to create a virtuous cycle of value creation and improve enterprise value by assembling strategies that take advantage of growth opportunities in markets. We believe it is imperative to respond to the growing energy-saving and labor-saving needs in order to ensure that all our businesses remain on a trajectory of sustainable growth. I also see it as my responsibility as the Company's President to increase the number of employees who are capable of identifying and responding to these needs, thereby further improving our enterprise value.

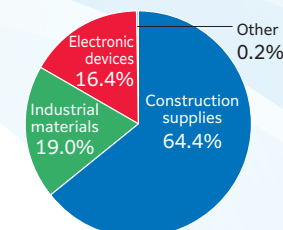
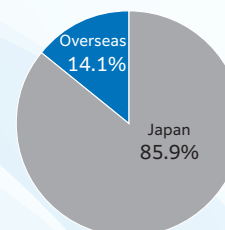
Going forward, we will continue to meet the expectations of our shareholders, business partners, employees, and other stakeholders by remaining keenly aware of their support, and by contributing to society through our business while embracing our corporate mission.

Please look forward to the future endeavors of the Takashima Group as we continue to make growth investments and promote management that meets the needs of a sustainable society.



Takashima's Value Creation Story

Performance Highlights

FY2023
Net sales¥ **90.1** billion
Up 13.1% YoYFY2023
Profit attributable to
owners of parent¥ **4.83** billion
Record high achievedFY2023
ROE**22.4**%
Up 14.1 points YoYFY2023
ROIC**4.2**%
Down 0.8 points YoYFY2023
Composition of
net sales overseas**14.1**%
Down 4.9 points YoYFY2023
Total return ratio**40.4**%
Implemented share buyback
of ¥900 millionFY2023
Cost of
shareholder's equity**5.7**%
Up 0.1 points YoYFY2023
WACC**4.5**%
Up 0.6 points YoYFY2021–FY2023
Investments¥ **9.84** billion
Committed to ¥15.0 billion
under "Sustainability V"FY2023
Equity ratio**39.0**%
Up 2.2 points YoYAs of March 31, 2024
Number of employees**1,162**
Up 152 from the end of
the previous fiscal year
due in part to M&AAs of March 31, 2024
Ratio of foreign managers**22.6**%
Target of 30% by FY2025Composition of
net sales by divisionComposition of
net sales overseas

Business Overview

Construction Supply Business

The construction supply business, which comprises the Company and seven Group companies, handles a variety of products related to construction and building. These include wall materials, piles, thermal insulation materials, solar panel related products, and interior materials for residential and large/non-residential buildings. For these products we have established a nationwide sales and construction network, and offer a wide range of solutions to customers, from planning and design to construction.

Industrial Materials Business

The industrial materials business, which comprises five Group companies, handles a diverse range of products, including the textile materials that were the founding business of the Company, plastic parts, and functional materials. The Group companies collaborate in the design, manufacturing, processing, and sales, to provide multiple layers of value to customers.

Electronic Devices Business

The electronic devices business comprises the iTak Group, a multinational corporate group headquartered in Hong Kong and conducts business mainly overseas. The iTak Group has 11 locations in total, including seven business sites in Japan and overseas and two plants located in Thailand and Vietnam.

Takashima's Value Creation Story

Takashima in the Distribution Warehouse

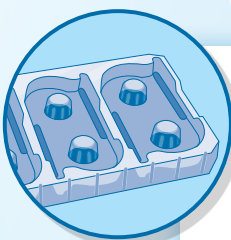
 Creating social value through our business

In recent years a variety of social issues have become apparent, including climate change and energy problems. Takashima is contributing to the resolution of these social issues through business activities that target energy savings and labor savings, particularly following the COVID-19 pandemic, which resulted in a surge in e-commerce driving an expansion of the distribution market and an increase in the size of logistics facilities from 2020 onwards.

Social value we wish to create

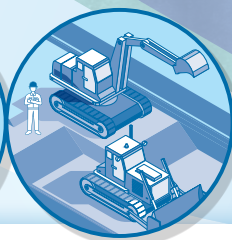
Resolution of social and environmental issues through the optimization of the supply chain

Energy savings / labor savings



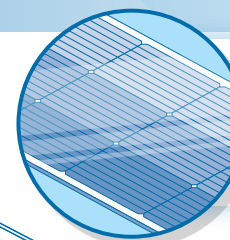
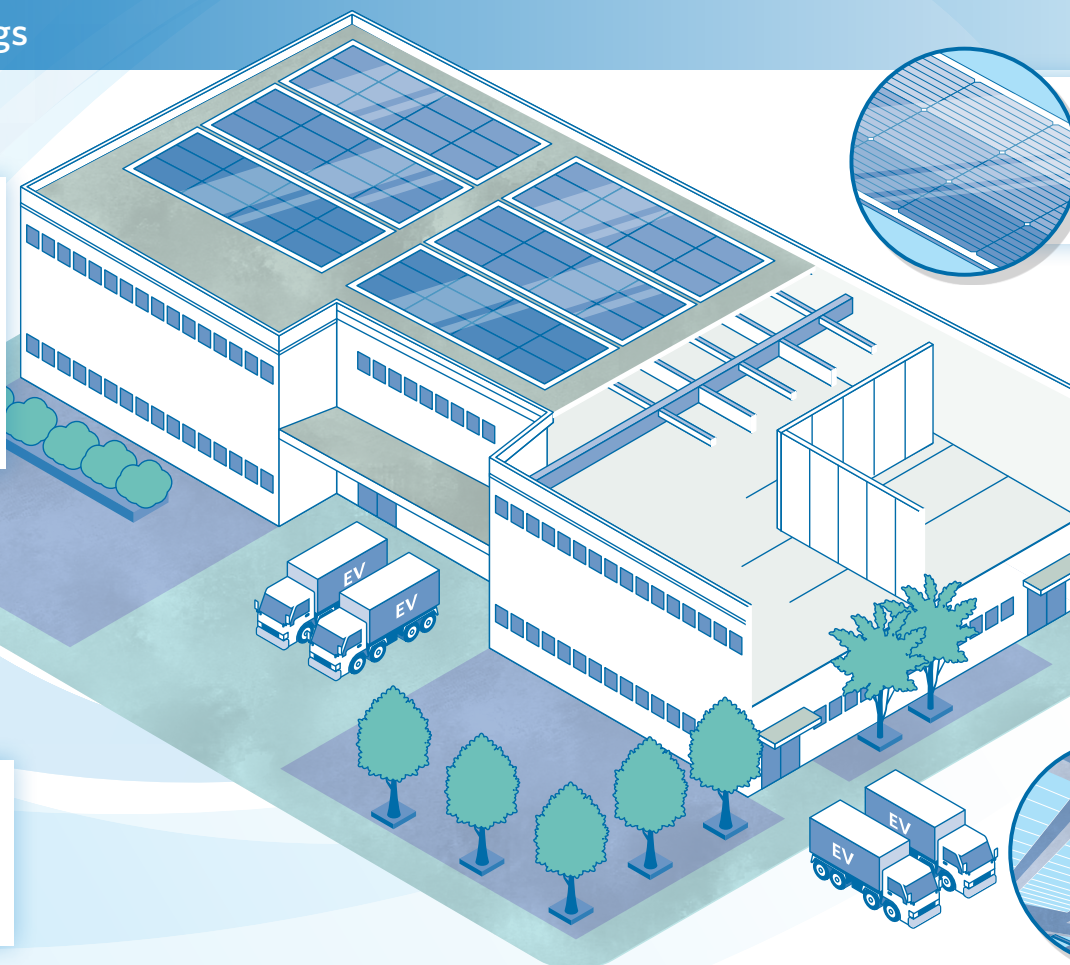
Plastic trays for transportation of parts

We contribute to energy and labor savings throughout the supply chain by proposing the optimal industrial packaging products for use as transportation and shipment materials, tailoring them to the customer's process lines and applications.



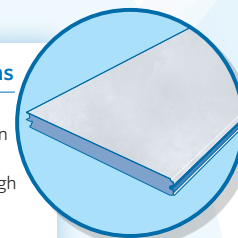
Pile-driving/ground improvement work

We contribute to labor savings by providing pile-driving methods and ground improvement work that are best suited to the construction site foundation and the building that will be erected upon it.



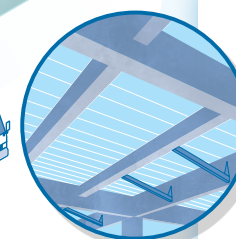
Self-consumption solar power generation systems

We contribute to energy savings by consuming electricity generated by solar power systems installed on the roof.



Fire-resistant partitions

We contribute to labor savings by providing partition walls that enable efficient construction by offering a high level of soundproofing while also meeting fire-prevention standards.



Winding fire-resistant covering materials

We contribute to labor savings by means of new fire-resistant covering materials that offer reliable quality and a high degree of workability, thus enabling improvements in the construction environment.

Takashima's Value Creation Story

Takashima in Homes

Creating social value through our business

Houses are the foundation of our social activities and an important element in supporting the stability of day-to-day life. Homes are also our most familiar places where we provide solutions to environmental problems. As an advanced sustainability-focused trading company, the Takashima Group offers a variety of services that lead to higher performance and an increase in the functions provided by homes, as well as to reductions in their energy consumption. In addition, with electric vehicles becoming capable of acting as a substitute storage battery, we are also proposing new approaches to utilizing energy, such as our "Vehicle-to-Home (V2H)" residential disaster mitigation initiative. The Group generates social value by taking the environment into account and contributing to improvements in the sustainability of day-to-day life.

Social value we wish to create

Creation of a foundation for safe and comfortable everyday life that takes the environment into account

Energy savings / labor savings

1

Solar energy systems

The use of electricity generated by solar power generation systems contributes to energy savings.

3

V2H

We contribute to energy savings by enabling EVs to be connected to the home and charged, while also making it possible for electricity to be supplied from EVs to the home so that they can be used as a storage battery.

2

Inverters

We perform PCB mounting for white goods in our own plants. Our assembly services help in the shift to inverter usage, which also contributes to energy savings.

4

Carports

We contribute to energy savings by broadening the use of renewable energy while making efficient use of land through the installation of solar power generation systems on the roof of carports.

Takashima's Value Creation Story

History

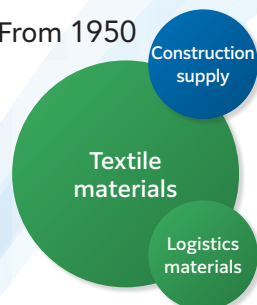
Reform business fields while responding to society's demands with the spirit of *progress × fit*

The Company has evolved with the times into a non-textile, multifaceted specialized trading company and an advanced sustainability-focused trading company from its original form as a trading company specializing in textiles at the time of its establishment. Adapting our own behavior to "fit" the "progress" throughout the world. This is *progress × fit*, which is the Group's strength. Going forward, we will aim to achieve further growth by leveraging our business foundation, which has been developed through the Group's long history, as well as our diverse human assets and the ability to respond to changes in the external environment and crises in the internal environment.

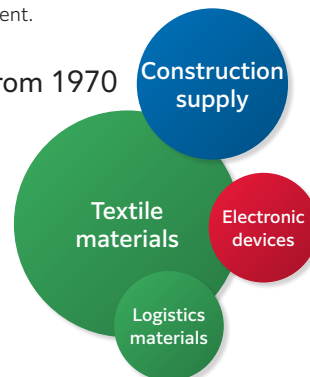
1915 (Foundation)



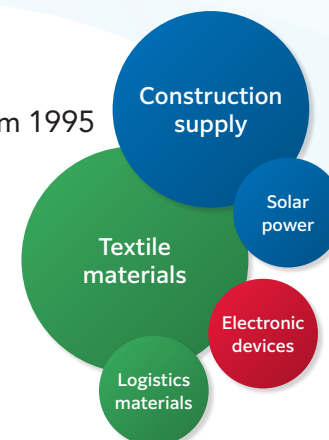
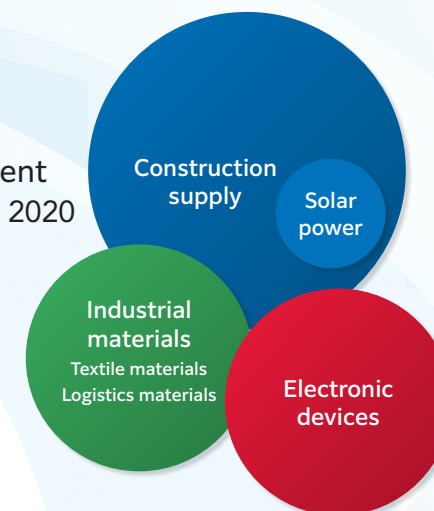
From 1950



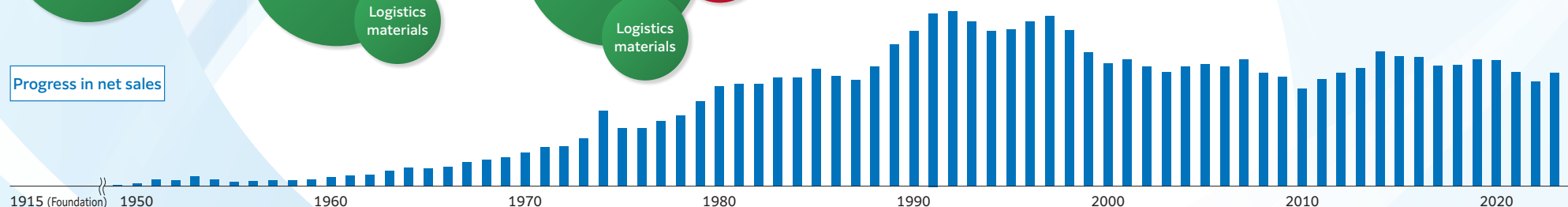
From 1970



From 1995

Present
From 2020

Progress in net sales



Trading company specializing in textiles

Non-textile, multifaceted specialized trading company

Advanced sustainability-focused trading company

Takashima's
course

1915 Takashimaya Shoten established

1949 Listed on the Tokyo Stock Exchange
Changed company name to Takashima & Co., Ltd.

1960 Aimed to increase non-textile sales ratio to more than 50% of total sales with the aim of no longer being a trading company specializing in textiles
1966 Transitioned to the Second Section of the Tokyo Stock Exchange
1970 Returned to the First Section of the Tokyo Stock Exchange

1985 Announced a Code of Conduct, "Autonomous, Innovative and Responsible"
1993 Established TAK (HONG KONG) Limited (currently iTak (International) Limited). Accelerated expansion in Asia
1995 Established the Solar Energy Sales and Promotion Office

2008 Established iTak International (Thailand) Limited
2009 Started the medium-term management plan "Sustainability 11," which set sustainability as the basic policy
2022 Transitioned to the Prime Market of the Tokyo Stock Exchange

Events in
society

Period of modernization and postwar reconstruction

1914 Outbreak of World War I
1923 Great Kanto Earthquake
1939 Outbreak of World War II

Period of high economic growth

1964 Holding of Tokyo Olympics
1970 Holding of Japan World Exposition in Osaka

1974 First oil crisis
1979 Second oil crisis

Bubble boom and burst

1995 Occurrence of the Great Hanshin-Awaji Earthquake

IT bubble boom and burst

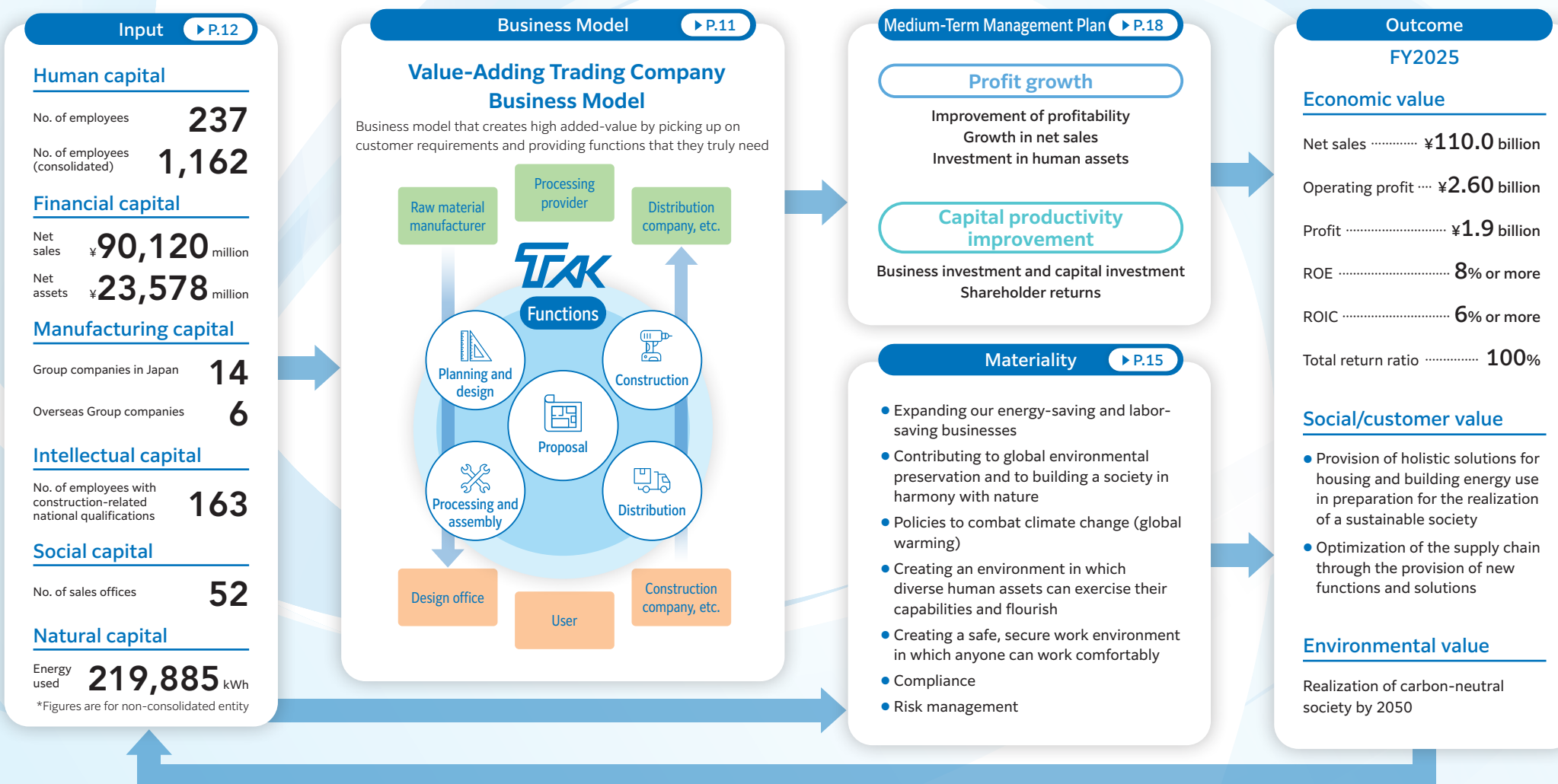
Increasing interest in environmental issues

2008 Global expansion of financial crisis due to bankruptcy of Lehman Brothers
2011 Occurrence of the Great East Japan Earthquake

Takashima's Value Creation Story

Value Creation Process

In the spirit of *progress × fit*, the Takashima Group has developed its business by creating value in collaboration with customers, pursuing customer value without fear of change. We have consistently created value as a trading company that picks up on customer requirements, allocates management resources appropriately, and uses original ideas to provide functions and solutions that customers truly need. With materiality-oriented management, we will pursue the creation of new value we set in the goal of the medium-term management plan "Sustainability V (Value)" through the formulation of strategies that take advantage of market growth opportunities.

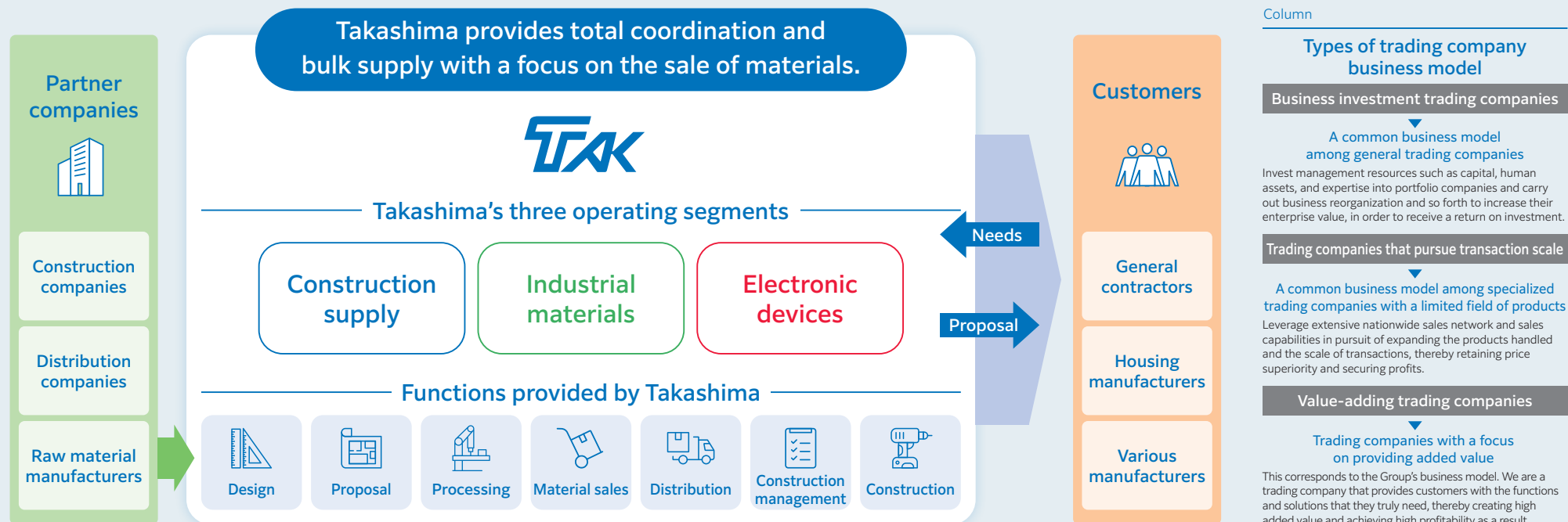


Takashima's Value Creation Story

Business Model (Value-Adding Trading Company)

The Group's "value-adding trading company" business model focuses on pursuing customer value in target markets instead of pursuing excessive wide-market expansion.

We are a trading company that picks up on customer needs and provides customers with the functions and solutions that they truly need, thereby creating high added value and achieving high profitability as a result.



Examples of our business model by industry

Construction supply Example: Non-housing

Winding fire-resistant covering materials

Winding fire-resistant covering materials are construction supplies used in erecting steel structures. Instead of having housing manufacturers and general contractors handle multiple vendors, we provide one-stop services for inventory management, delivery, and installation of winding fire-resistant covering materials.



Industrial materials Example: Plastic products, cushioning materials

Plastic products, cushioning materials

We carry out design and drawing to testing and verification of industrial packaging according to the needs of customers, and we are able to select the appropriate processing and manufacturing methods and provide products through our Group companies and other manufacturing partners, thereby meeting our customers' diverse requirements for industrial packaging with our one-stop services.



Electronic devices Example: Devices, assembly

EMS leveraging the functions of a trading company

We provide mounting boards primarily for white goods manufacturers at our own factory in Thailand. iTak's in-house production of custom parts and design-in of cost-effective parts used in Asia enable us to provide one-stop services that boast price superiority and a stable product supply.



Takashima's Value Creation Story

The Six Types of Capital

In the spirit of *progress × fit* based on its corporate mission of “Contributing to Society through Our Business Activities,” the Takashima Group has captured changes in society and in demand, and achieved growth by continually evolving in order to provide unique value based on its original ideas and by contributing to the resolution of social issues.

Over the course of the more than 100 years of history that have passed since its foundation, the Group as it is today has accumulated various types of capital, which constitute the source of its strengths. By promoting integrated management that blends the strengths derived from these various types of capital, we develop the business strategically from a long-term perspective with the aim of creating further value and achieving sustainable growth.

Financial capital

Net sales

| Fiscal year ended March 31, 2023 | | Fiscal year ended March 31, 2024 |
|-------------------------------------|---|-------------------------------------|
| ¥79,683 million | ▶ | ¥90,120 million |

Net assets

| Fiscal year ended March 31, 2023 | | Fiscal year ended March 31, 2024 |
|-------------------------------------|---|-------------------------------------|
| ¥19,539 million | ▶ | ¥23,578 million |

Issue

Achieve ROE of 8% or more and ROIC of 6% or more as set forth in the medium-term management plan, while taking the cost of capital into account

Response measures

Improve capital productivity by reviewing asset allocation, etc.

Manufacturing capital

Group companies in Japan

| Fiscal year ended March 31, 2023 | | Fiscal year ended March 31, 2024 |
|-------------------------------------|---|-------------------------------------|
| 11 | ▶ | 14 |

Overseas Group companies

| Fiscal year ended March 31, 2023 | | Fiscal year ended March 31, 2024 |
|-------------------------------------|---|-------------------------------------|
| 7 | ▶ | 6 |

*As of March 31, 2024

*Includes consolidated subsidiaries and entities accounted for using the equity method.

*TAKASHIMA INDUSTRIES is not included as it is not yet in operation.

Intellectual capital

No. of employees with construction-related national qualifications

Fiscal year ended March 31, 2024

163 (Non-consolidated)

As a value-adding trading company, the Company offers construction functions. In order to ensure the provision of a high level of quality and security at construction sites, there are employees who possess a wide range of construction-related qualifications, including those of architects, various types of operation and management engineers, and electricians. The Company makes use of valuable human capital that consists of the qualified individuals that it has nurtured and retained.

*The total number of managing engineers, operation and management engineers, architects, electricians, and chief electricity engineers

Issue

Adapt to the cap on overtime work for the construction industry effective from April 2024 (the 2024 problem)

Response measures

Strengthen the Company's systems, including personnel relocating within the Company, in addition to mid-career hires

Human capital

Number of employees

| Fiscal year ended March 31, 2023 | | Fiscal year ended March 31, 2024 |
|-------------------------------------|---|-------------------------------------|
| 249 | ▶ | 237 |

No. of employees (consolidated)

| Fiscal year ended March 31, 2023 | | Fiscal year ended March 31, 2024 |
|-------------------------------------|---|-------------------------------------|
| 1,010 | ▶ | 1,162 |

Issue

Strengthen the recruitment of human assets who support corporate growth and create a conducive environment for them to demonstrate their abilities

Response measures

Provide opportunities for growth by identifying the kind of human resources the Company seeks and creating the right environment

Social capital

No. of sales offices

| Fiscal year ended March 31, 2023 | | Fiscal year ended March 31, 2024 |
|-------------------------------------|---|-------------------------------------|
| 46 | ▶ | 52 |

The Group operates 52 sales offices throughout Asia, including Japan. At the Group's 52 sales offices, we support the development of regional industry and help to invigorate local communities by working with suppliers and business partners in each region.

*Number of sales offices of the Company and its consolidated subsidiaries

*TAKASHIMA INDUSTRIES is not included as it is not yet in operation.

*As of March 31, 2024

Natural capital

Energy used

| Fiscal year ended March 31, 2023 | | Fiscal year ended March 31, 2024 |
|-------------------------------------|---|-------------------------------------|
| 247,632 kWh (Non-consolidated) | ▶ | 219,885 kWh (Non-consolidated) |

The Group considers its energy usage to be a form of natural capital and is pursuing sustainability management. In order to minimize the impact on the environment, the Group is gradually implementing initiatives to measure the amount of energy it uses and accelerating initiatives to reduce that usage.

Issue

Electricity consumption is growing due to the increase in electronic devices being used and the increase in sales activities

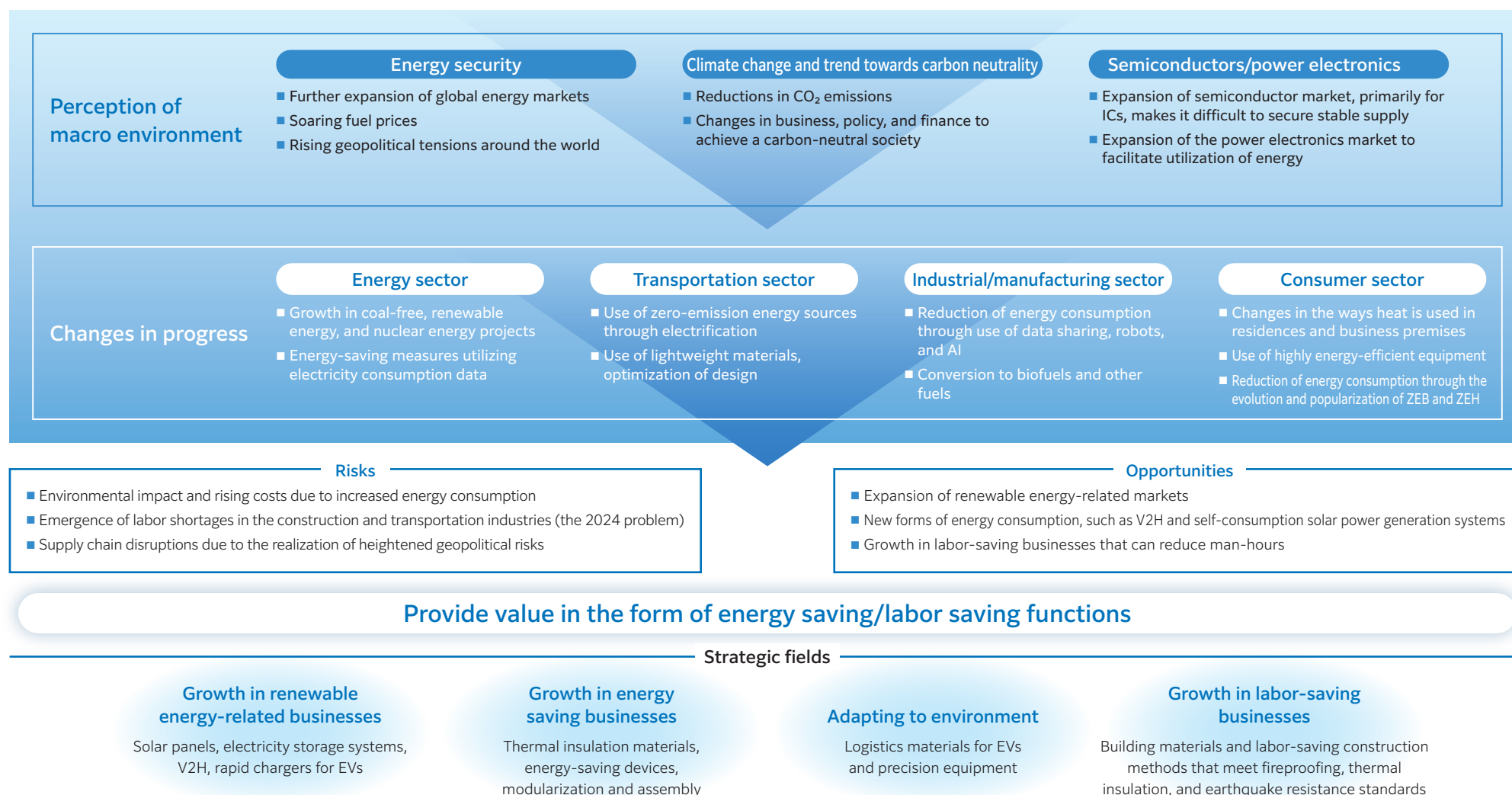
Response measures

Switch to power-saving electronic devices, reduce unnecessary electronic devices, and encourage power savings on an ongoing basis

Takashima's Value Creation Story

Perception of the Business Environment

The global megatrends of measures to address climate change as part of preparations for a carbon-neutral society, as well as labor shortages caused by declining populations, lower birth rates, and aging society, have become important social issues. In addition, the spread of COVID-19 has resulted in society as a whole changing in significant and complex ways. The business environment in which the Company operates is changing at an accelerating rate in tandem with these major social changes. In particular, against the background of issues associated with energy usage, we are currently seeing increasingly rapid growth in demand for the energy-saving and labor-saving functions that we have cultivated as an advanced sustainability-focused trading company.

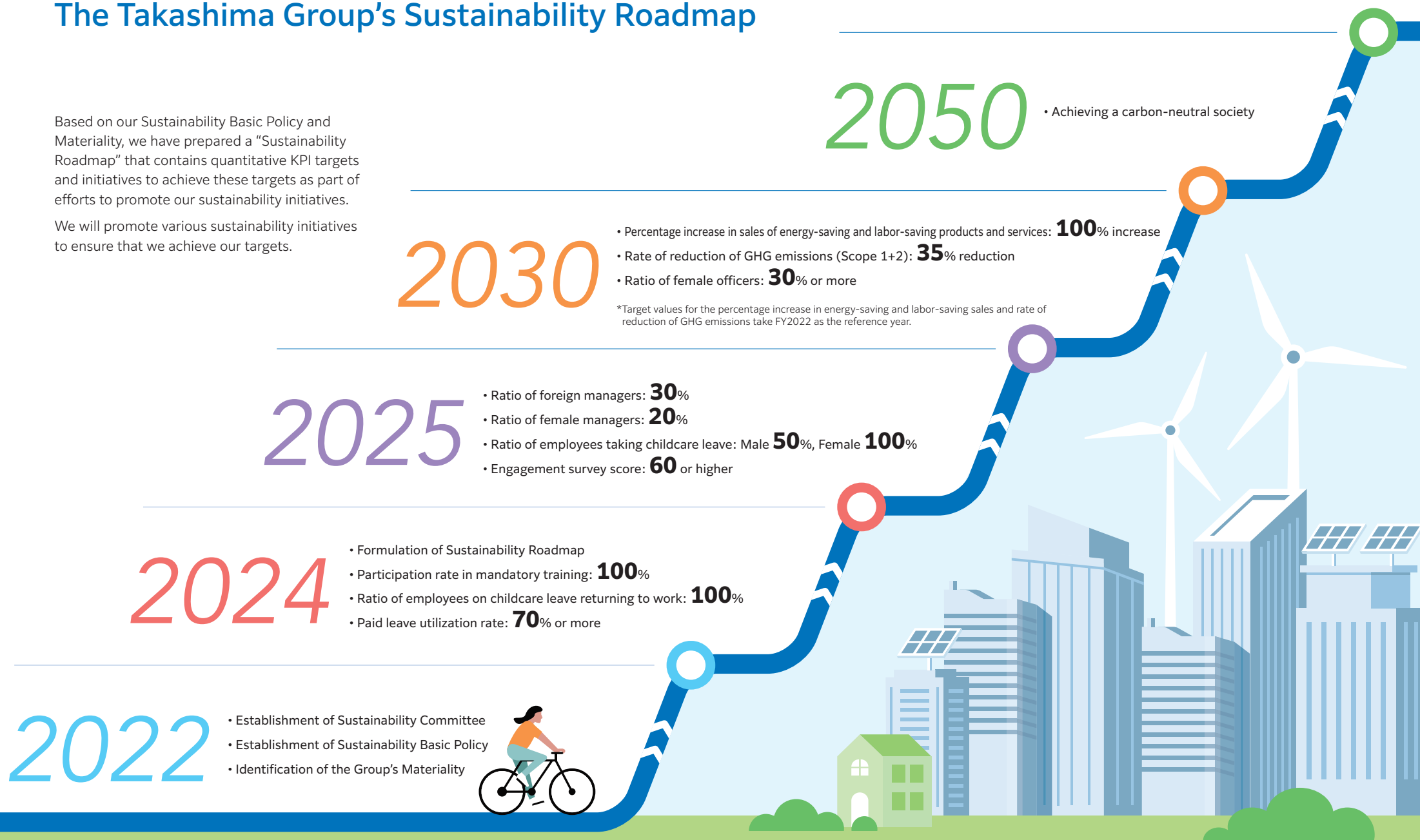


Takashima's Value Creation Story

The Takashima Group's Sustainability Roadmap

Based on our Sustainability Basic Policy and Materiality, we have prepared a "Sustainability Roadmap" that contains quantitative KPI targets and initiatives to achieve these targets as part of efforts to promote our sustainability initiatives.

We will promote various sustainability initiatives to ensure that we achieve our targets.



Takashima's Value Creation Story

Materiality

Since the founding of the Company, the Group has worked under the corporate mission of "Contributing to Society through Our Business Activities," engaging in activities aimed at both achieving sustainable growth and helping to achieve a sustainable society.

Through the activities of the Sustainability Committee, which was established to enhance the Company's sustainability initiatives, seven materialities (important issues) to be addressed by the Company were identified, based on assessments of their level of importance to society and their level of impact on the business. By addressing the seven materialities, we will continue to fulfill our corporate mission and work to enhance enterprise value.

Contribute to a sustainable society through business management based on the **seven** materialities

1

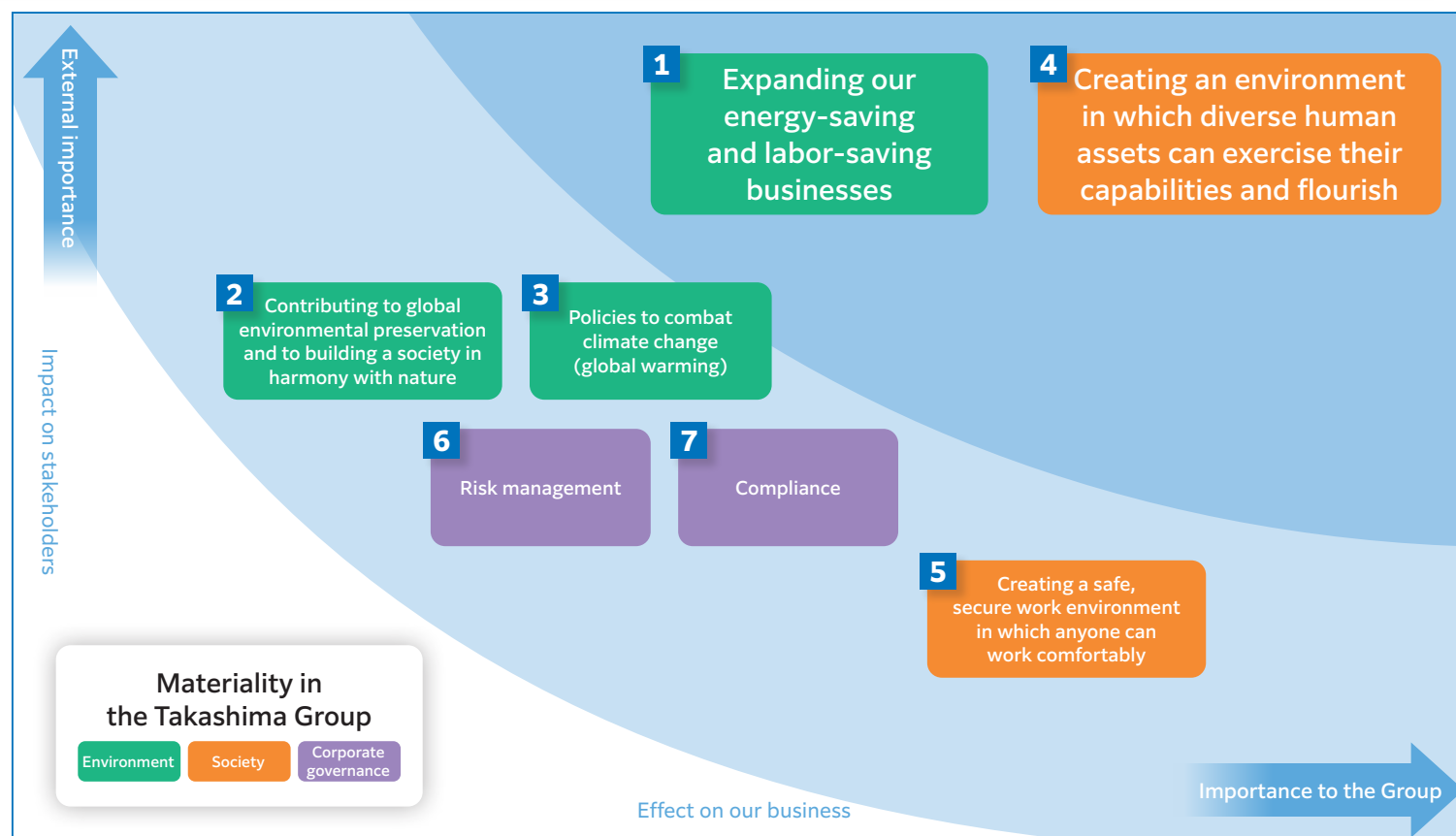
Contribute to a sustainable society through value creation in strategic fields

Contribute to a sustainable society by focusing on energy-saving and labor-saving solutions in our growth strategy (strategic fields) and by expanding sales of related products.

4

Investment in the people who are the bedrock of the Group's business

Focused investment in human assets who promote growth strategies that drive the growth of each business and in career-type human assets development that supports the sustainable growth of the Group.

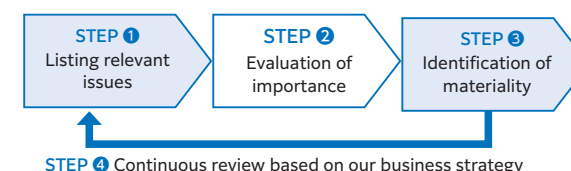


Takashima's Value Creation Story





Materiality

Materiality identification process

- 1 We have listed relevant issues in consideration of the Group's business environment with reference to international frameworks and standards.
 - 1) A long list was created based on the GRI Standards, SASB Standards, and key issues identified by international rating agencies.
 - 2) From the long list, each item was scored in terms of "risks" and "opportunities" based on its level of importance as a business, its level of impact on the Company, and its level of importance to society and stakeholders.
 - 3) As a result of the scoring, we regrouped 14 items with high scores that were identified as important issues for the Company and set them as the Company's seven materialities.
- 2 For the relevant issues identified, the Sustainability Committee has discussed and evaluated their importance with regard to the level of importance to stakeholders and society and the level of impact on the Company's business.
- 3 Items evaluated as having high importance are identified as materiality, and a plan for initiatives is formulated while the issues are identified and assigned priority levels.
- 4 We conduct continuous evaluations in the event that materiality requires review while considering our business strategy.



Basic approach to materiality

| Materiality | | Basic approach | KPI | SDGs |
|----------------------|--|--|---|---|
| Environment | Expanding our "energy saving" and "labor saving" businesses | Since the start of 2000, the Group has considered ourselves an advanced sustainability-focused trading company and positioned "energy saving," "weight saving," and "labor saving" as important fields, and these fields are now becoming the Company's strengths. During the formulation of the medium-term management plan "Sustainability V," we considered the sectors on which we should place even greater emphasis, and took the decision to specialize in energy savings and labor savings. In order to fulfill the corporate mission of "Contributing to Society through Our Business Activities," we have designated energy savings and labor savings as two supporting pillars of the business. Going forward, we will respond to market needs by expanding sales of energy-saving products that address the goal of realizing a carbon-neutral society, and by expanding sales of labor-saving products that address market needs in an aging society with a declining birthrate. | ■ Percentage increase in sales of energy-saving and labor-saving products and services |    |
| | Contributing to global environmental preservation and to building a society in harmony with nature | In addition to complying with relevant environmental laws and regulations and ISO 14001, we are actively promoting activities to reduce resource use in our business activities, mainly at our offices. By reducing electric power usage and the amount of industrial waste generated, and by shifting to paperless operations, we contribute to the conservation of the environment. Furthermore, we deem the possibility of the Group being excluded from the supply chain due to delays in our response to environmental issues as a risk and are working to improve the status of our environmental management by evaluating and conducting a sequential response. | - |   |
| | Policies to combat climate change (global warming) | The Company treats the impact of climate change on humankind with the utmost seriousness, has endorsed the recommendations of the TCFD (an international framework for disclosure related to climate change), and is undertaking a variety of initiatives primarily under the leadership of the Sustainability Committee. The Company has begun to calculate the amount of greenhouse gases emitted in the course of its business activities, and will gradually increase the number of business locations included in these calculations. | ■ Rate of reduction of greenhouse gas (GHG) emissions (Scope 1+2) [total for domestic business locations] |   |
| Society | Creating an environment in which diverse human assets can exercise their capabilities and flourish | It is the power of people that supports the core of the Group's business. The Company positions the development of career human assets with management capabilities and expertise as an important issue, and in 2021 we fundamentally reformed our personnel system. A medium- to long-term human assets management strategy was formulated as part of the medium-term management plan "Sustainability V," in accordance with which we will take steps to highlight the Group's human capital, expand human assets who promote growth strategies, and nurture next-generation management-level human assets. Additionally, we are accelerating initiatives to create a work environment in which diverse human assets including women, foreigners, and mid-career hires can flourish even more. | ■ Participation rate in training ■ Ratio of foreign managers ■ Ratio of female managers |  |
| | Creating a safe, secure work environment in which anyone can work comfortably | Because the Group's most important resource is "people," we believe that creating and maintaining a work environment in which anyone can comfortably work is an essential element in the Company's growth. We are moving forward with the formulation of necessary policies to promote workers taking various leave, one of their rights, to promote the good health of our employees (reducing overtime and offering mental healthcare), and to operate a "Takashima general council of Safety and Health" particularly in business divisions that contract construction work. Furthermore, by conducting regular surveys with our employees, the Company measures employee engagement and carries out policies to increase engagement. | ■ Ratio of employees on childcare leave returning to work ■ Paid leave utilization rate ■ Engagement survey score |   |
| Corporate governance | Compliance | Takashima is committed to "Integrity" at all times. The credibility that we have cultivated over many years is the foundation for the Group's sustainable development thus far. To realize the Group's corporate mission of "Contributing to Society through Our Business Activities," all our employees constantly approach their business activities with our corporate value of "Integrity" as their basic premise, which has allowed us to build up irreplaceable credibility. That said, improprieties such as compliance violations which do not align with our corporate value of "Integrity" greatly damage the credibility of the Company. Damage to the credibility of the Group in the eyes of society, our business partners, and our employees means that the most important thing to the Group has been lost, not only in terms of short-term losses but also large losses in the medium to long term. Legal and regulatory compliance is our highest priority in fostering credibility and trust, the core of our business. The Group has shared compliance messages and our "Anti-Monopoly Act Compliance Pledge" internally. In addition to stipulating and creating awareness about our "Basic Compliance Rules" and "Compliance Code of Conduct" as our behavioral guidelines, we have established the Compliance Committee as a promotional body as we work to strengthen our compliance system. | - |  |
| | Risk management | The Group has formulated rules for the appropriate management of risks that could have a serious impact on the Group's business. Based on these rules, all departments are responsible for managing related risks in their respective division of duties, and all persons responsible for organizations including business groups are responsible for performing risk management in their respective organizations. Furthermore, the Risk Management Committee performs comprehensive evaluations and deliberations on risks. As a result of the evaluations, risks for which more focused policies are required are considered "important risk management items," and both those policies and the status of initiatives are reported to the Board of Directors. | ■ Participation rate in compliance training |  |

Takashima's Value Creation Story

Materiality

Materiality KPIs

We will promote specific initiatives for each materiality and seek to achieve our KPI targets.

| Materiality | Key initiatives | Main KPI | Results (FY2022) | Results (FY2023) | Numerical targets/ Target year of achievement | |
|----------------------|---|---|--|---|--|------------|
| Environment | Expanding our "energy saving" and "labor saving" businesses <ul style="list-style-type: none"> ■ Growth in renewable energy-related businesses <ul style="list-style-type: none"> • Expand sales of solar panels, storage batteries, etc., to resolve energy-related issues ■ Expansion of labor-saving businesses <ul style="list-style-type: none"> • Expand sales of dry-type, pre-cut, and other functional products catering to the emerging labor saving needs | Percentage increase in sales of energy-saving and labor-saving products and services*1 [Takashima & Co., Ltd.] | [Reference year] | 14.1% increase | 130% increase | FY2030 |
| | Contributing to global environmental preservation and to building a society in harmony with nature <ul style="list-style-type: none"> ■ Compliance with ISO 14001 and disclosure of hazardous waste emissions, treatment costs, etc. ■ Promotion of responsible procurement of raw materials (e.g., supplier assessments, etc.) | | - | - | - | - |
| | Policies to combat climate change (global warming) <ul style="list-style-type: none"> ■ Promotion of reduction of greenhouse gas emissions through energy savings and renewable energy <ul style="list-style-type: none"> • Carry out further energy-saving activities • Promote introduction of renewable energy sources with a focus on solar power generation | Rate of reduction of greenhouse gas (GHG) emissions (Scope 1+2)*2 [total for domestic business locations*3] | [Reference year] (2,778.7 t-CO ₂) | 17.4% increase (3,263.99 t-CO ₂) | 35% reduction | FY2030 |
| Society | Creating an environment in which diverse human assets can exercise their capabilities and flourish <ul style="list-style-type: none"> ■ Development of human capital <ul style="list-style-type: none"> • Formulate and implement a medium- to long-term human assets management strategy • Further disclose results of investment in human assets, human productivity, etc. • Strengthen employee training (enhance training content, provide thorough training information, monitor training participation, and remind employees to participate in training) ■ Promotion of diversity & inclusion <ul style="list-style-type: none"> • Promote recruitment and training of diverse human assets regardless of nationality and gender • Promote appointment of foreign managers • Promote sustainable career support for women • Establish a work environment and systems that allow women to work comfortably | Participation rate in training*4 [Takashima & Co., Ltd.] | 83.5% | 93.6% | 100% | Every year |
| | | Ratio of foreign managers [consolidated] | 22.0% | 23.0% | 30% | FY2025 |
| | | Ratio of female officers [Takashima & Co., Ltd.] | 12.5% | 12.5% | 30% or more | FY2030 |
| | | Ratio of female managers [consolidated] | 15.8% | 17.0% | 20% | FY2025 |
| | Creating a safe, secure work environment in which anyone can work comfortably <ul style="list-style-type: none"> ■ Promotion of taking of childcare leave <ul style="list-style-type: none"> • Raise awareness of the childcare leave system and conduct further awareness-raising activities to encourage employees to take childcare leave • Establish a work environment and systems that allow employees to return to work easily ■ Promotion of taking of paid leave <ul style="list-style-type: none"> • Promote various activities to encourage employees to take paid leave ■ Improvement of employee engagement <ul style="list-style-type: none"> • Work to instill the Company's philosophy, strengthen coaching skills of managers, etc. ■ Maintenance and improvement of occupational health and safety management, occupational health services, etc. | Ratio of employees taking childcare leave [Takashima & Co., Ltd.] | Male: 28.5% Female: 100% | Male: 57.1% Female: 100% | Male: 50% or more Female: 100% | FY2025 |
| | | Ratio of employees on childcare leave returning to work*5 [Takashima & Co., Ltd.] | Male: 100% Female: 100% | Male: 100% Female: 100% | Male: 100% Female: 100% | Every year |
| | | Paid leave utilization rate [Takashima & Co., Ltd.] | 63.3% | 72.9% | 70% or more | Every year |
| | | Engagement survey score | Takashima & Co., Ltd.: 45.3 | Group-wide: 50.1 | 60 or higher | FY2025 |
| | | | - | - | - | - |
| Corporate governance | Risk management system to prevent bribery and corruption <ul style="list-style-type: none"> ■ Maintenance and improvement of compliance and risk management <ul style="list-style-type: none"> • Strengthen compliance training (enhance training content, provide thorough training information, monitor training participation, and remind employees to participate in training) | Participation rate in compliance training [Takashima & Co., Ltd.] | 25.4%*6 | 93.1% | 100% | Every year |

*1: Percentage increase in sales based on actual sales in FY2022

*2: Rate of reduction of emissions based on actual greenhouse gas (GHG) emissions in FY2022

*3: Results are the total for Takashima & Co., Ltd., on a non-consolidated basis and its seven domestic subsidiaries (Hi-Land Inc., iTak International (Japan) Co., Ltd., TAKCEL Co., Ltd., CLS Corporation, Rest Corporation, New Energy Distribution System Inc., and Takashima Robot Marketing Co., Ltd.)
The result for New Energy Distribution System Inc. is after joining the Group.

*4: Percentage of employees who have participated in mandatory training that is required for all employees (security training, harassment training, job class-specific training)

*5: Percentage of employees who planned to return to work following the completion of childcare leave in the previous fiscal year and are currently at the Company as of the end of the current fiscal year

*6: Participation in compliance training will be mandatory from FY2023

Medium- to Long-Term Strategy

Medium-Term Management Plan “Sustainability V (Value)”

Goals

The aim of “Sustainability V (Value)” is for the Group to adapt to a sustainable society while simultaneously achieving sustainable growth, which it will accomplish by creating value through the formulation of a strategy to take advantage of growth opportunities in markets as they change in response to the Japanese government's goal of realizing carbon neutrality by 2050.

Positioning of “Sustainability V (Value)”

The medium-term management plan “Sustainability V” that began in April 2023 is based on the five basic policies to which we committed in the plan for meeting the continued-listing criteria, while also clarifying growth investment and other strategies.

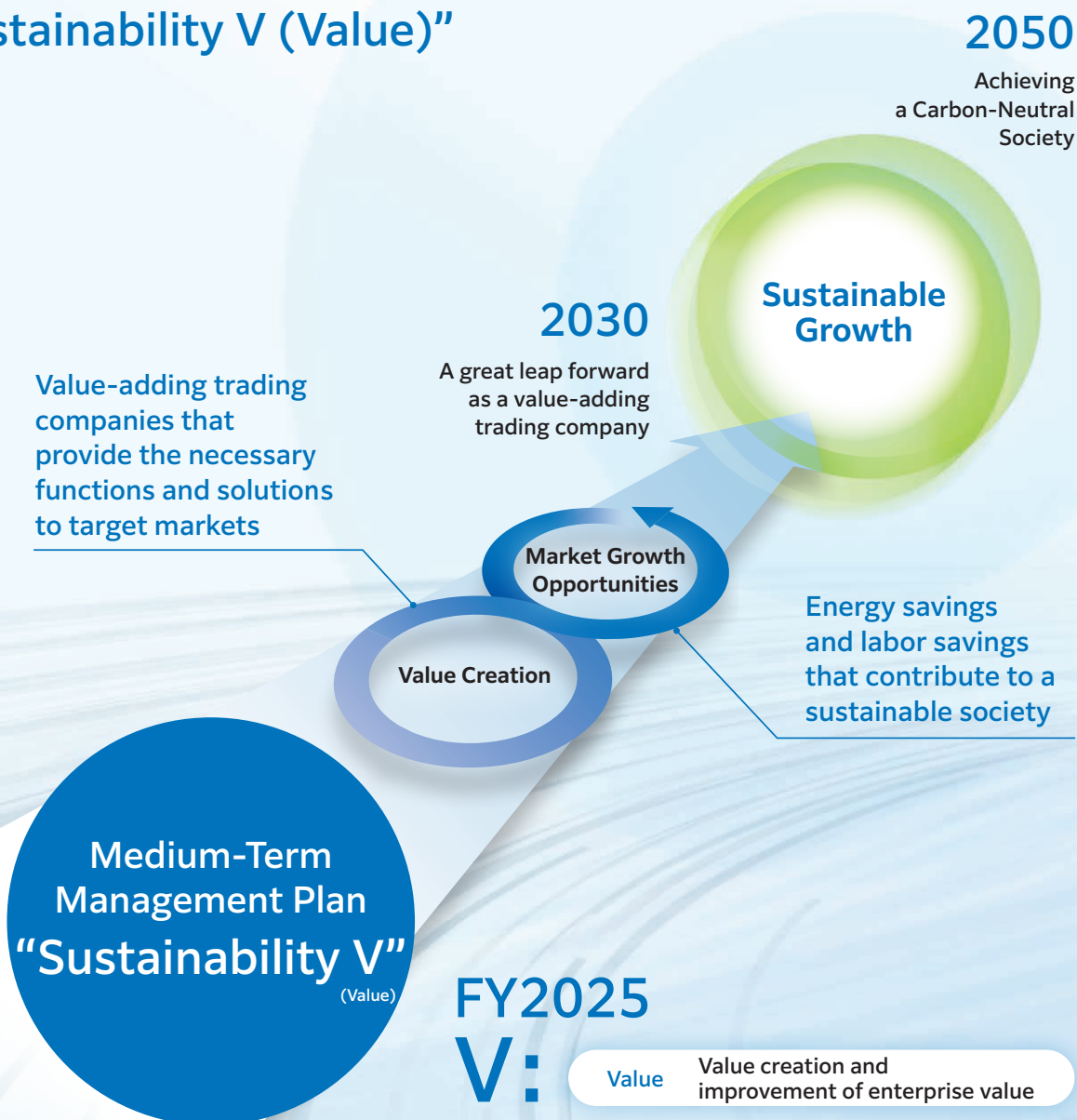
“Sustainability V” further refines the strategic fields set out in “Sustainability X” for which we will provide functions, with the aim of creating new value for the shift to energy savings and labor savings.

Our goal is to achieve sustainable growth by formulating strategies that take advantage of the growth opportunities that arise from energy-saving needs against the background of issues associated with energy consumption and from emerging market needs for labor savings.

Under “Sustainability V,” we seek to enhance margins through business portfolio management that takes the growth potential and profitability of markets into account, and thus achieve profit growth. At the same time, we have increased the investment limit to ¥15.0 billion, and by taking an active approach to investments and implementing shareholder returns that take capital efficiency into consideration, we aim to improve capital productivity and enhance corporate value.

Plan (FY2025)

- Net sales: **¥110.0 billion** (Construction supply: ¥70.0 billion; Industrial materials: ¥20.0 billion; Electronic devices: ¥20.0 billion)
- Operating profit: **¥2.60 billion**
- Profit attributable to owners of parent: **¥1.9 billion**
- ROE: **8% or more**
- ROIC: **6% or more**
- Total return ratio: **100%**
- Reduction of shares held as cross-shareholdings: **Net asset ratio less than 10.0%**
- Strategic investment limit: **¥15.0 billion** *Total amount for five years from FY2021 to FY2025

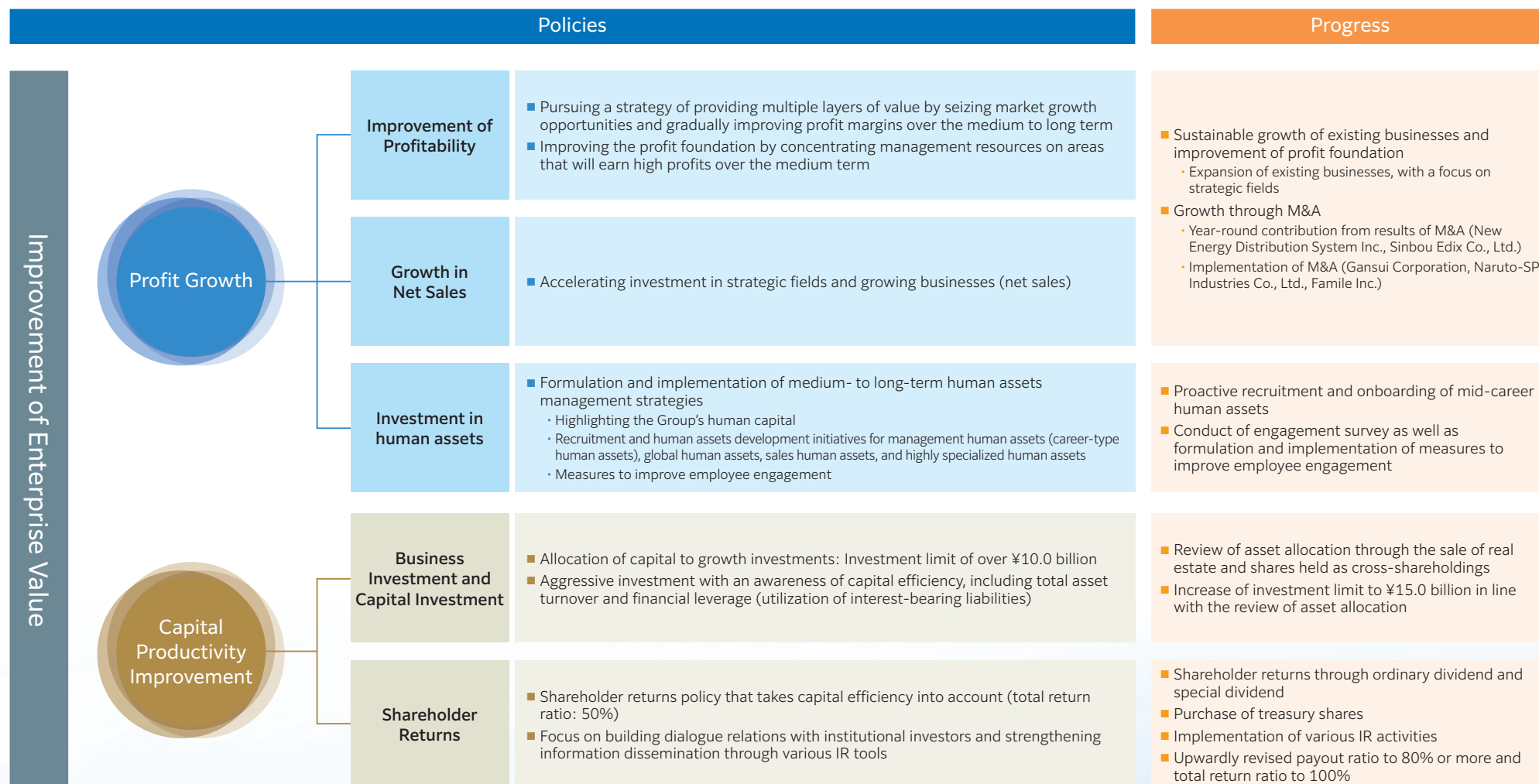


Medium- to Long-Term Strategy

Medium-Term Management Plan “Sustainability V (Value)”

Progress

Steady progress was made in the first year of Sustainability V (Value) from FY2023 to FY2025. We carried out two M&A deals with Gansui Corporation and Famile Inc. with the goal of achieving sustainable growth. At the same time, we reviewed our asset allocation and carried out the sale of non-current assets with an eye on capital efficiency. In line with the review of our asset allocation, we have increased the limit for future growth investments to ¥15.0 billion.



Medium- to Long-Term Strategy

Message from the Division Chief of Business Management Division



We have made growth investments with the aim of achieving a P/B ratio of 1.0. We are currently working to improve capital productivity.

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

Review of FY2023 (fiscal year ended March 31, 2024)

The medium-term management plan "Sustainability V (Value)," which we will be promoting for three years starting from FY2023, was formulated in light of the plan for meeting the continued-listing criteria that we submitted in line with the revision of market segments of the Tokyo Stock Exchange, and it includes a major shift in management policy that will steer the Company away from the sound management we have practiced thus far to a sustainably growing company that actively makes strategic investments. The medium-term management plan "Sustainability V (Value)" represents our first step toward a new stage of growth for the Company, with FY2023 being the first year of the plan.

Profit attributable to owners of parent for FY2023 was ¥4,832 million, a record high. We reviewed our asset allocation and achieved an ROE of 22.4%, which exceeded the cost of shareholders' equity, due to the significant contribution from extraordinary income from the sale of non-current assets. On the other hand, there was a minor decline in operating profit due to the accelerated amortization of goodwill following the PPA* for Gansui Corporation, which became a Group company through M&A, and the payment of special dividends to shareholders as well as special bonuses to employees. Both of these were one-off factors, and we will continue to work to

improve profitability.

*Abbreviation for Purchase Price Allocation (also called "allocation of acquisition costs").

Management that takes the cost of capital and share prices into account

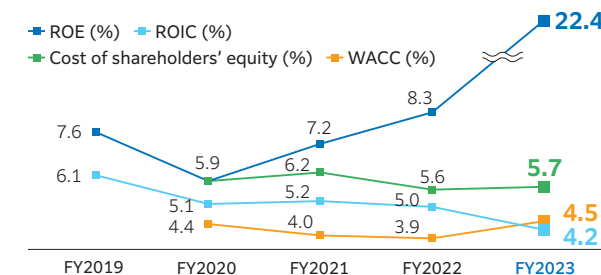
The management targets in the medium-term management plan "Sustainability V (Value)" include profit attributable to owners of parent of ¥1.9 billion, ROE of 8% or more, and ROIC of 6% or more, as part of our aim to strive for management that takes the cost of capital into account. We review the cost of shareholders' equity and WACC each fiscal year, and we aim to improve enterprise value by increasing both the equity spread, which is the spread between ROE and cost of shareholders' equity, as well as the EVA spread, which is the spread between ROIC and WACC. We expect the cost of shareholders' equity to continue increasing going forward as a result of soaring costs of resources and raw materials and rising interest rates. We are working to achieve ROE of 8% or more, ROIC of 6% or more, and to increase both spreads by the final year of the medium-term management plan "Sustainability V (Value)."

In FY2023, ROE exceeded the cost of capital, but ROIC was 4.2%, which was lower than WACC of 4.5%. The calculation of WACC takes into account the ratio of interest-bearing liabilities

and enterprise value (market capitalization) as components of the breakdown of invested capital, and WACC has increased as a result of the relative increase in market capitalization due to the rise in the share price, as well as the fact that the cost of shareholders' equity is currently much higher than the cost of interest-bearing liabilities. ROIC was also affected by the expansion of invested capital due to the significant increase in profit attributable to owners of parent. We will continue to improve ROE and ROIC by making strategic investments that contribute to sustainable growth, ensuring shareholder returns, and increasing financing efficiency, while striving to increase revenue going forward.

In the medium-term management plan "Sustainability V (Value)," we set the improvement of capital productivity as a basic policy, and we intend to actively ensure shareholder returns in conjunction with strategic investments (business investment and capital investment) that contribute to sustainable growth. With regard to strategic investments, we plan to review our business portfolio and promote the business selection and concentration, which will lead to future profit growth mainly through M&As. As we have steadily consumed our initial investment limit of over ¥10.0 billion and have had cash inflows from the review of our asset allocation, including the sale of shares held as cross-shareholdings and non-core non-current assets, we have increased our investment limit by ¥5.0 billion to ¥15.0 billion.

ROE/ROIC/Cost of shareholders' equity/WACC



Medium- to Long-Term Strategy

Message from the Division Chief of Business Management Division

The strategic investments we have made to date largely involved New Energy Distribution System Inc. and Gansui Corporation, which became Group companies through M&A. We will continue striving to maximize our return on investment, execute post-merger integrations (PMIs), and maximize synergies within the Group. We will make the appropriate investment decisions for future investment projects by taking into account factors such as risk/return ratio and synergistic effects within the Group.

In order to improve capital productivity, the Board of Directors continuously engages in discussions on management that takes the cost of capital and share prices into account as required by the Tokyo Stock Exchange. The Company's price-to-book (P/B) ratio has been on an upward trend, rising from 0.46 on March 31, 2021, to 0.94 on March 31, 2024, but it has yet to reach 1.0. We believe that achieving a P/B ratio of 1.0 is our minimum obligation to all shareholders, a goal that we will strive to achieve as soon as possible.

In order to improve our P/B ratio, it is important not only to achieve sustainable growth but also to strengthen IR activities to appropriately communicate the Group's business characteristics, growth strategies, etc., to shareholders and investors. We believe that it is imperative for shareholders and investors to further deepen their understanding of the Group by providing them with timely and appropriate information on topics of interest. Besides enhancing our website, which is an important disclosure tool for the Company, and the Integrated Report, we will provide information on various topics in a timely manner to increase interest in the Group. We also

P/B ratio

| | FY2020 | FY2021 | FY2022 | FY2023 |
|-----------|--------|--------|--------|--------|
| 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 |

believe that enhancing communication with shareholders and investors, as well as reflecting the various feedback we receive, including honest opinions, in our management, will lead to an improvement of enterprise value, and we will continue to actively promote IR activities to this end.

Shareholder returns

In addition to improving capital productivity, we also consider shareholder returns to be of paramount importance. In the plan for meeting the continued-listing criteria that we submitted to the Tokyo Stock Exchange in November 2021 in line with the revision of market segments of the exchange, we set a shareholder returns policy of a dividend payout ratio of 40% or more, total return ratio of 50%, and a minimum dividend amount of ¥500 million, in order to further enhance shareholder returns while being conscious of capital efficiency.

For FY2023, we paid a special dividend of ¥15 per share from the recording of extraordinary income from the sale of non-current assets, in addition to the regular dividend of ¥45 per share. In addition, we have carried out share buybacks of up to ¥100 million in November 2023 and up to ¥800 million from February 2024. (The share buybacks of ¥100 million and ¥800 million were completed in December 2023 and May 2024, respectively.) For FY2023, the dividend payout ratio was 22.0% and the total return ratio was 40.4%, both of which were lower than our basic shareholder returns policy. This was because we decided to use the proceeds from the sale of non-current assets to repay short-term borrowings that we had procured for the acquisition of the shares of Gansui Corporation, which became a Group company through M&A in June 2023, as well as for future strategic investments, in line with our goal of further improving enterprise value by making strategic investments aimed at achieving sustainable growth.

During the period of "Sustainability V (Value)," the minimum dividend amount remained at ¥500 million, the payout ratio was lifted to 80% or more and the total return ratio was lifted to 100% for the purpose of improving capital productivity from FY2024. Under this shareholder return policy, we are forecasting annual dividends per share of ¥80 and a payout ratio of 85.8%. We believe that one of our corporate missions is to provide long-term, stable returns to our shareholders without being swayed by business performance, and we intend to continue to actively ensure shareholder returns going forward.

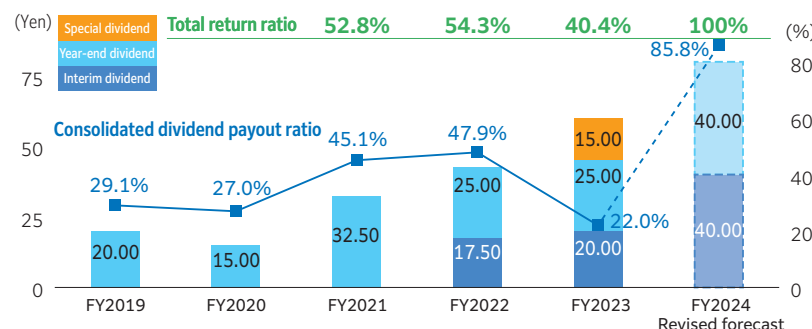
The Group will create value and achieve sustainable growth by continuing to adapt to and evolve with the market, which is expected to change at an even faster pace in the future. Going forward, we will continue to share our various initiatives with all of you through our IR activities. Please look forward to the future growth of the Group.

Status of shareholder returns

For the period from FY2024 to FY2025, we will implement shareholder returns, with a more proactive approach than ever before.

Basic policy Consolidated dividend payout ratio of 80% or more, total return ratio of 100%
Minimum total returns of ¥500 million

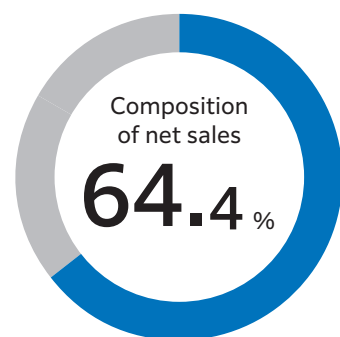
Changes in dividend per share, consolidated dividend payout ratio, and total return ratio



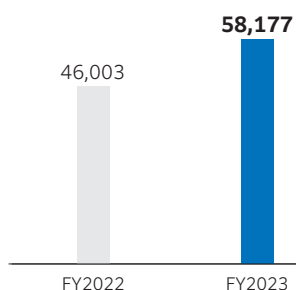
The Company conducted a four-for-one share split of common shares, effective October 1, 2023. Dividend per share before the share split assumes that the share split in question had taken place during FY2019.

Medium- to Long-Term Strategy

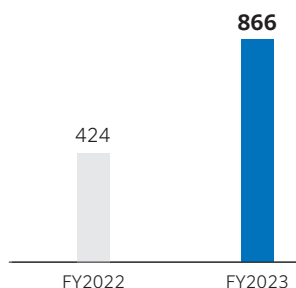
Construction Supply Division



Net sales (Millions of yen)



Operating profit (Millions of yen)



Description of business

The Construction Supply Division, which comprises the Company and seven Group companies*, handles a variety of products related to construction and building. These include wall materials, piles, thermal insulation materials, solar panel related products, and interior materials for residential and large/non-residential buildings. For these products we have established a nationwide sales and construction network, and offer a wide range of solutions to customers, from planning and design to construction.

*Rest Corporation, New Energy Distribution System Inc., Gansui Corporation, Naruto-SP Industries Co., Ltd., Famile Inc., Doryoku Co., Ltd., and HIT Engineering Co., Ltd.

Amid the tightening of regulations on the construction industry with the revised Building Standards Act established in 2006 and a contraction in construction services across the board among construction supply trading companies affiliated with major trading companies handling construction supplies, the Company has prepared a construction management system and strengthened its construction functions as a construction supply trading company. Since then, we have strengthened our functions such as processing, distribution, and system provision, and enhanced functions that assist customers as a “value-adding trading company.”

Strategy going forward

One of the cornerstones of the business strategy for the Construction Supply Division is strengthening capabilities in the areas of processing, distribution, and construction. New Energy Distribution System Inc., which joined the Takashima Group in December 2022, is a company that provides construction services to the renewable energy industry, and its addition to the Group has without doubt strengthened our capabilities in this area. Gansui Corporation, which joined the Group in June 2023, is based in Okayama Prefecture and boasts a large market share for ground improvement work in the Chugoku and Shikoku regions. Providing a one-stop service for proposals, processing, distribution, construction, and other capabilities not only adds significant value for the customer but also leads to an enhanced presence in the industry. Looking ahead to the advent of an environmentally friendly, carbon-neutral society, we will further enhance services tailored to customer needs, and strive to expand existing business areas, such as the renewable energy-related market, and advance into closely related to our existing business. In the energy solutions field, we have entered into a capital alliance with DG Capital Group Co., Ltd., a digital grid router technology company. Digital grid router technology is capable of integrating electric power with the Internet and leads to effective utilization of renewable energy sources. We are collaborating with DG Capital Group in a comprehensive manner, with the person responsible for our renewable energy business serving on its Board of Directors. We will continue to strengthen our involvement in the renewable energy sector to realize a carbon-neutral society in the future.

Construction materials

For high-performance non-residential construction materials (wall materials, fire-resistant coverings, etc.) used primarily in large logistics facilities and plants, as well as pile-related and civil engineering materials (piles, foundation improvement methods, EDO-EPS methods, and transparent plastic underground retaining blocks, etc.), we are involved in everything from design considerations to construction, and provide goods and services to customers via a nationwide sales and construction network.



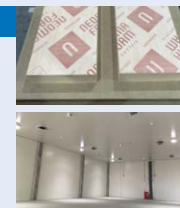
Housing materials

As well as addressing the increasing diversification of residential buildings, including ZEH, by providing materials that are essential for enhancing the safety, comfort, and energy-saving characteristics of the living environment (exterior wall materials, roofing materials, “all electrification” materials, and thermal insulation materials), we process and install a variety of counters (synthetic marble for kitchen counters and bathroom vanity units) and provide various other interior materials.



Insulation materials

We will contribute to the energy savings by providing insulation panels used to create refrigerated spaces in non-residential facilities, such as food factories and distribution warehouses, as well as offering a wide range of high-performance insulation materials and techniques for residential buildings. For residential buildings, by offering fully pre-cut thermal insulation materials to housebuilders and taking responsibility for layout, processing, and distribution functions, we help to save labor associated with measuring, cutting, and disposal work at construction sites.



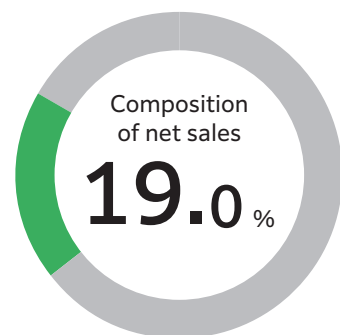
Renewable energy materials

We have an industry-leading track record in the market for residential solar power generation systems and offer a lineup of products for use in industrial/residential solar power generation systems and storage batteries, as well as internally developed support structures. In terms of new initiatives aimed at the coming era of the electric vehicle (EV), we are focused on sales of our V2H and solar carport products, and can provide solutions on a national scale.

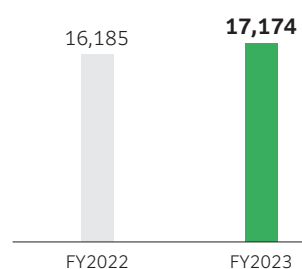


Medium- to Long-Term Strategy

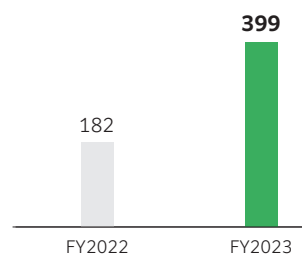
Industrial Materials Division



Net sales (Millions of yen)



Operating profit (Millions of yen)



Description of business

The Industrial Materials Division comprises five Group companies*, with TAKASHIMA INDUSTRIES CO., LTD., at its core. The Division handles a diverse range of products, including the textile materials that were the founding business of the Group, plastic parts, and functional materials. We also have factories with Hi-Land Inc. and TAKCEL Co., Ltd., and we aim to become the manufacturing and sales partner of choice for our business partners by leveraging our network of processing partner companies. The Industrial Materials Division organically collaborates in design, manufacturing, processing, and sales to provide multiple layers of value to customers.

*TAKASHIMA INDUSTRIES CO., LTD., Hi-Land Inc., TAKCEL Co., Ltd., CLS Corporation, and Sinbou Edix Co., Ltd.

The capabilities offered to customers by the Industrial Materials Division vary widely according to the field in question, and in addition to providing logistics materials (plastic trays for transportation of parts, etc.) designed by the Group for their shock absorption characteristics to automotive and electrical manufacturers, it provides textile products to public agencies, and conducts OEM production of apparel and functional textiles for clothing.

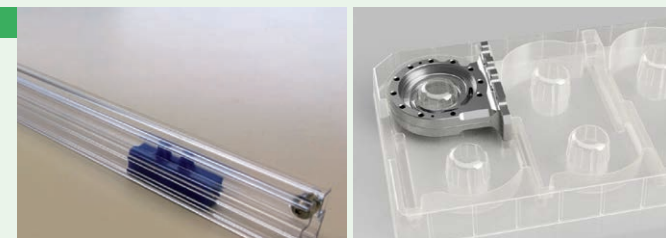
Strategy going forward

With TAKASHIMA INDUSTRIES CO., LTD., at its core, the Division engages in business selection and concentration to provide products and services of value to our customers while combining the functions of a trading company with those of a manufacturer alongside Group companies in the fields of plastic products, rolling stock, textile materials, and environmental materials. We will continue to provide value by strengthening collaboration among Group companies with diverse functions, with TAKASHIMA INDUSTRIES CO., LTD., at the core, and by proactively taking on challenges in the areas of industrial materials for automobiles, electric machines, logistics, medical care, public agencies, etc., based on over 100 years of history and experience and without being bound by conventional approaches.

Plastics-related materials

We handle a broad range of materials and products from synthetic resin to environmentally friendly resin, provide manufacturers with molded plastic trays for packaging of manufactured parts (for transportation between processes and when shipping, etc.), and design, assemble, and offer compound processing functions for internal and external materials (based on the keywords of energy savings and labor savings) used in rolling stock. In addition, we help tailor manufacturing to the needs of customers by procuring and processing materials and products from Japan and overseas with high-performance characteristics, such as heat resistance and superior strength.

Moreover, Group company TAKCEL Co., Ltd. manufactures and sells plastic molded products, focusing on general industrial products such as automobile and electronics, while also investing in the medical products field in recent years.



Textiles-related materials

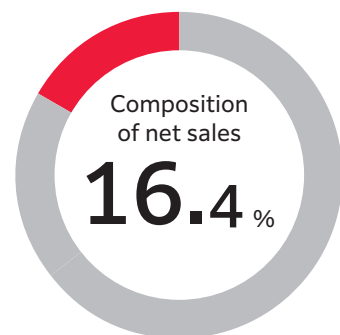
We sell textile materials including heavy fabrics (industrial textiles such as synthetic canvas, ornamental tents, truck canopies, etc.) that were the founding business of the Company, as well as container bags and textile products for the Ministry of Defense, and propose OEM production of apparel products to major retailers in Japan.

Furthermore, the Group company Hi-Land Inc. develops, manufactures and sells sewn products, and CLS Corporation handles domestic sales, exports and imports of various materials for bags, satchels, shoes, gloves and other items using artificial leather, synthetic leather, etc.

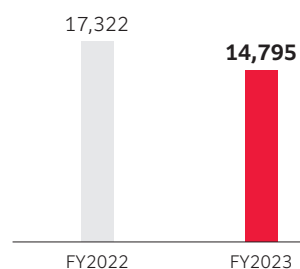


Medium- to Long-Term Strategy

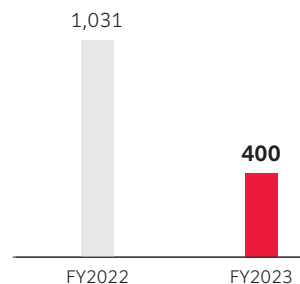
Electronic Devices Division



Net sales (Millions of yen)



Operating profit (Millions of yen)



Description of business

The Electronic Devices Division is a multinational corporate group headquartered in Hong Kong and conducts business mainly overseas as the iTak Group. The iTak Group has 11 locations in total, including seven business sites in Japan and overseas* and two plants located in Thailand and Vietnam.

* iTak (International) Limited, iTak International (Thailand) Limited, iTak International (Vietnam) Co., Ltd., iTak International (Shanghai) Limited, iTak International (Shenzhen) Limited, iTak International (Malaysia) Sdn. Bhd., and iTak International (Japan) Co., Ltd.

The iTak Group works proactively as a single business unit through strong cooperation between each site to cover all of the main countries in Asia. The ability to offer global manufacturing support for customers' development, production, and purchasing from an office near to their site is one of the characteristics of the iTak Group.

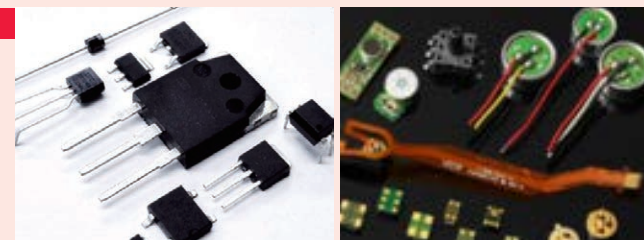
Strategy going forward

The iTak Group provides comprehensive support in the areas of procurement, technology, and quality to carefully selected local Asian manufacturers of electronic components that are competitive on price while expanding its lineup. The iTak Group will focus on expanding sales in the global market while further deepening its relationships with Japanese manufacturers through its business of PCB mounting and custom component manufacturing centered on its own plants, as well as through component sales and international procurement, and strengthen its proposal capabilities that meet both cost and quality requirements.

Going forward, the iTak Group will further expand its sales by working on the keywords of "technology" and "quality" and by assigning engineers who were previously under the Technical Division to sales departments as well.

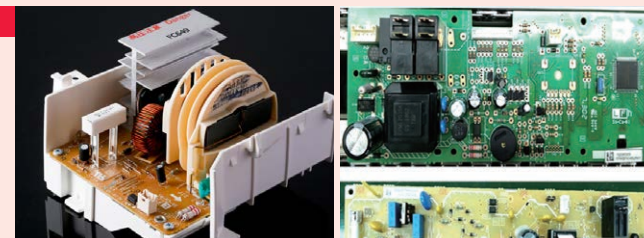
Devices

We provide LCD displays for a broad range of applications, from consumer products to automotive and industrial equipment, as well as audio products (microphones, speakers, receivers, etc.), and power electronics-related parts such as semiconductors, capacitors, and relays. We operate a business that leverages our customer support capabilities by capturing their needs, undertaking procurement primarily from Asian manufacturers, and systematically implementing delivery control, inventory management, and quality management for parts. We have also established our own plant in Vietnam for production of LCDs, and are strengthening our in-house manufacturing capabilities.



Assembly

Utilizing our own plant in Thailand, our electronics manufacturing services (EMS) business provides total support for PCB mounting in white goods and a wide range of other products, from design stages to mass production. With its background as an electronic components trading company and its capabilities as a manufacturer, the iTak Group has created a structure that enables it to supply competitive products as a "trading company + manufacturer." Its assembly services contribute to energy savings and the shift to inverter usage by white goods and other products through production at its Thai plant.



Sustainability at Takashima

Sustainability

Sustainability Basic Policy

The Takashima Group aims to achieve sustainable growth by generating a virtuous cycle of creating sustainable value and enhancing enterprise value, based on its Corporate Mission of "Contributing to Society through Our Business Activities."

• **We engage in business activities that help give rise to a sustainable society.**

We develop and sell products that help give rise to a sustainable society, while also aiming to contribute to environmental preservation in part by reducing greenhouse gas emissions and efficiently using natural resources.

• **We enhance corporate sustainability by addressing social challenges.**

We strive to secure and strengthen human assets that are essential for achieving sustainable growth by improving employee job satisfaction and boosting employee engagement.

• **We seek to strengthen our corporate governance while also engaging in sound risk management and compliance practices.**

We seek to strengthen our corporate governance by engaging in transparent information disclosure and communications, while aiming to generate co-creation value with our stakeholders.

Sustainability framework

Purpose

Since its establishment, the Group has advanced "Contributing to Society through Our Business Activities" as our Corporate Mission. For many years, we have conducted our business activities to contribute to society's well-being by actively providing unique value-added solutions to our customers based on our original ideas and means, and with a desire to use those results to grow and prosper together.

With our Corporate Mission in mind, we established the Sustainability Committee on January 1, 2022, to promote sustainability initiatives.

Roles

To promote sustainability at the Group, the Sustainability Committee deliberates on issues for consideration including basic policy and targets pertaining to sustainability.



Topics

Acquisition of ISCC PLUS certification by the Group company TAKCEL Co., Ltd.

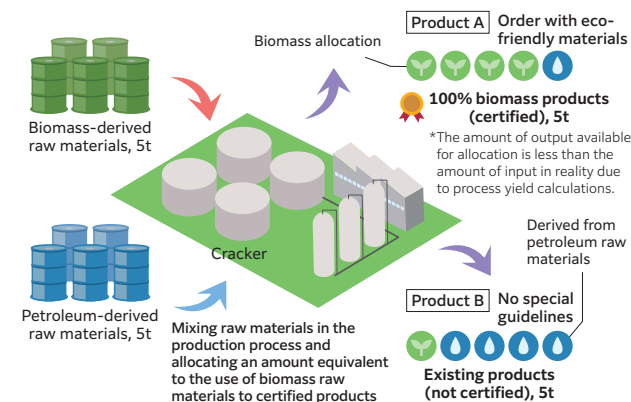
The Group company TAKCEL Co., Ltd., has acquired ISCC PLUS certification, an international certification for sustainable products. ISCC is an acronym for "International Sustainability & Carbon Certification."

ISCC PLUS was established as the world's first dedicated biomass and bioenergy certification program with a system for the certification of sustainable, traceable, deforestation-free supply chains. This globally recognized program covers not only biofuels and products but also recyclable materials and products, food, feed, as well as technical and chemical applications, and is aimed at the certification of the sustainable use of biomass and recyclable materials sourced from waste in the chemical and processing industries (e.g., plastic molding and packaging industries).

Since sustainability is also taken into account at all stages of the supply chain, and since directives such as RED II do not apply, this scheme is flexible and open to the addition of sustainability requirements, thereby attracting attention as a certification that allows companies advocating sustainability to demonstrate their own superiority in this regard.

This certification ensures that biomass raw materials, recycled materials, etc., are properly managed in the supply chain, including during product manufacturing, using the mass balance approach*, and that the products are sustainable and traceable. TAKCEL Co., Ltd., is committed to environmentally friendly manufacturing based on ISCC PLUS standards. In addition, the Takashima Group has specified "contributing to global environmental preservation and to building a society in harmony with nature" as an important issue (materiality). Going forward, the Group will continue to engage in corporate activities that give full consideration to the sound maintenance of the global environment and work to achieve the sustainable development of society.

*The mass balance approach is a means of tracking and controlling the percentage of sustainable raw materials in products when mixing sustainable and non-sustainable raw materials.



Sustainability at Takashima

Sustainability

Environmental policy

Philosophy

With “Contributing to Society through Our Business Activities” as our Corporate Mission, the Company positions “global environmental preservation” as part of that mission and as an important management issue. Furthermore, the Company conducts sound business activities that proactively take global environmental preservation into account with an awareness among all our employees that society and the economy cannot be sustainable without protecting the global environment.

Action Guidelines

1. We strive to be an eco-friendly company, and promote energy and resource savings through our business operations.
2. Regarding waste processing in our manufacturing activities and construction and the generation of noise, odors, and dust in our production processes, we have established our own management standards and will work to prevent environmental pollution through continuous improvement while complying with environmental laws and regulations and other required items agreed to by organizations.
3. We proactively promote carrying product groups that are environmentally friendly and product groups that contribute to mitigating environmental pollution.
4. We standardize environmental management systems, set and implement environmental goals and targets, conduct regular reviews, and work toward continuous improvement.
5. To improve understanding of our environmental policy and awareness of environmental preservation, we create awareness among and educate all employees.
6. We make our environmental policy available to the public through our corporate website and company brochures.

Topics

Installation of self-consumption solar power generation system at the head office's factory by the Group company TAKCEL Co., Ltd.

The Group company TAKCEL Co., Ltd., has installed a self-consumption solar power generation system at its head office's factory located in Tochigi City, Tochigi Prefecture, in order to promote the use of renewable energy. The installation was carried out by the Company's Energy Solution Tokyo Unit, which focuses on promoting the installation of self-consumption solar power generation systems.

This self-consumption solar power generation system involved the installation of solar panels on all roofs except for those that could not support solar panels due to their strength or material. Electricity generated by self-consumption solar power generation systems is not sold to power companies but consumed within the Company's factories. By using clean electricity generated on roofs, we will reduce electricity purchased from power companies, thereby contributing to carbon neutrality.

This solar power generation system is expected to generate an output of 800 kW from solar panels and 860,000 kWh of electricity per year. The annual reduction of CO₂ emissions from the installation of the solar power generation system is expected to be 548 tons.

With “Contributing to Society through Our Business Activities” as its Corporate Mission, the Group positions “global environmental preservation” as part of that mission and as an important management issue. The reduction of CO₂ emissions through the introduction of this self-consumption solar power generation system will contribute to global environmental preservation. Going forward, the Company will continue to conduct sound business activities that proactively take the environment into account.



Panoramic view of facility after installation

Sustainability at Takashima

TCFD

Governance

The Company recognizes its response to climate change as an important management issue. For key issues related to sustainability including our response to climate change, the Sustainability Committee chaired by an Executive Officer prepares guidelines and plans and promotes initiatives to achieve our targets. We have created an appropriate oversight structure through the Board of Directors in which content reviewed by the Sustainability Committee is deliberated and reported as necessary at Board of Directors meetings.

In the Construction Supply Division, which is the covered business, we have a system in place that appoints persons responsible for promoting sustainability (including addressing climate change) to reflect climate change-related perspectives in our business strategies and business promotion.

| Meeting bodies and other systems | Roles and responsibilities |
|----------------------------------|--|
| Board of Directors | Oversight of climate change response |
| Sustainability Committee | Preparing guidelines and plans related to sustainability including climate change response, deciding important items, and promoting initiatives for key issues |

Strategy

Impact of climate change on the Company's business

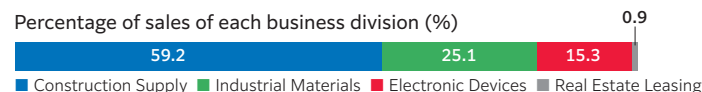
The world is experiencing constant damage from abnormal weather, and if sufficient measures are not taken, that damage will further intensify, and there is the risk of damage on a global scale. Given these conditions, the Paris Agreement, which took effect in 2016, established long-term targets to limit the average rise in global temperature to well below 2°C compared to pre-industrial levels and to make every effort to limit it to 1.5°C.

As the world begins to take action to realize the scenario of a less than 2°C increase in global temperature, the Company sees this move as both a risk and an opportunity, and the Sustainability Committee is reviewing indicators that serve as concrete action guidelines and targets.

The Company's strategy under our envisioned scenarios (scenario analysis)

1. Selection of the covered business

Our main business, the construction supply business in Japan (made up 59.2% of sales in FY2020 results)



Composition of the covered business

| Segment | Field | Main products and services |
|-------------|------------------------------|---|
| Housing | Renewable energy materials | Solar energy systems, storage batteries |
| | Thermal insulation materials | Thermal insulation materials |
| | Housing materials | Cladding, housing and facility equipment, interior materials |
| Non-housing | Construction materials | Cladding, foundation pillars, ground improvement construction methods, fire-resistant coverings |

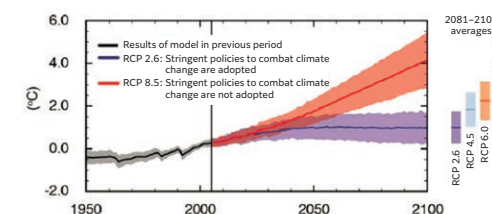
| | Definition of the scenario groups | Results of scenario analysis |
|------------------------------------|---|--|
| 2°C scenario (RCP 2.6: Scenario 1) | <ul style="list-style-type: none"> Advancing bold policies and technological innovation, including conversion to renewable energy, strengthening energy-saving regulations, and introducing carbon tax A society in which changes accompanying the shift to a decarbonized society have a high possibility of impacting business (transition risk) Expanded demand for renewable energy-related products with expanded demand for energy-saving products and decarbonization energy technologies, etc. | <ul style="list-style-type: none"> Suppliers passing on cost increases caused by stronger regulations and the introduction of carbon tax greatly reduces our cost competitiveness Changes in demand trends and preferences of end users even in the construction market and increased obsolescence of existing products accompanying the shift to a decarbonized society Changes in markets and increased procurement costs create pressure to restructure the construction supply business in Japan (portfolio shifts) |
| 4°C scenario (RCP 8.5: Scenario 2) | <ul style="list-style-type: none"> As abnormal weather caused by climate change intensifies, the risks of greater-than-expected damage caused by wind and floods, depletion of raw materials, and infections increase A society in which the physical damage caused by climate change has a high possibility of impacting business (physical risk) | <ul style="list-style-type: none"> As the move toward stronger regulations and the introduction of carbon tax is slow, it is difficult to expect changes in demand trends and preferences to the extent assumed in Scenario 1 However, as factors of uncertainty caused by climate change are chronic, both procurement and sales are impacted by unforeseen trouble (extreme weather, depletion of raw materials, infections, etc.) In terms of installation, inclement weather and rising temperatures could also easily reduce work quality Sales could decrease if we cannot fulfill our supply responsibilities demanded by our customers |

To realize a sustainable society, the Company has identified key issues that are highly important to the Company, its stakeholders, and society to pursue both sustainable growth and enhancement of our enterprise value. While reviewing the state of progress for our targets to respond to these key issues, we are working to create solutions through our business activities.

We perform sequential scenario analysis and impact evaluation of business fields judged to have a strong impact on our business. We use the results of this scenario analysis to formulate both response plans and behavioral guidelines.

2. Definition of the scenario groups (world view of the 2°C and 4°C scenarios)

To forecast an uncertain future, it is necessary to select and set scenarios for multiple temperature bands, including the scenario of a less than 2°C increase in global temperature. To do so, the Company has referenced information from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) and has selected two scenarios, the 2°C scenario (Representative Concentration Pathway (RCP) 2.6: Scenario 1) and the 4°C scenario (RCP 8.5: Scenario 2).



Source: Environmental Innovation Center (partially modified from the IPCC 5th Assessment Report)

Sustainability at Takashima

TCFD

Risks and opportunities caused by climate change

In the scenarios defined in the scenario groups (world view of the 2°C and 4°C scenarios), the specific risks and opportunities envisioned are as follows.

Evaluation targets and expected time period of occurrence of climate change-related risks in FY2023

| Risk category | | Evaluation targets of risks | Expected time period of occurrence | Impact |
|-----------------|----------------------------|--|------------------------------------|--------|
| Transition risk | Policy and regulatory risk | Increased costs from the introduction and strengthening of systems related to regulations on GHG emissions reduction | Medium term | Large |
| | | Risk of slower growth in market scale due to reduced prices of feed-in tariffs for electricity and subsidies | Medium term | Medium |
| | Technological risk | Reduced competitiveness of existing products with the popularization of low-carbon technology with stronger regulations | Long term | Medium |
| | Market risk | Lower margins from price pass-through by suppliers | Long term | Large |
| | Reputation risk | Risk that investors and financial institutions will judge that information disclosure is insufficient, causing negative effects on financing | Medium term | Large |
| Physical risk | Acute risk | Supply cutoffs by suppliers due to disaster-related damage caused by the normalization of abnormal weather | Medium term | Large |
| | Chronic risk | Deteriorating work environments and productivity and delays in construction completion at construction sites caused by rising temperatures | Long term | Medium |

Evaluation targets and expected time period of realization of climate change-related opportunities in FY2023

| Opportunity category | | Evaluation targets of opportunities | Expected time period of realization | Impact |
|--|--|---|-------------------------------------|--------|
| Opportunities related to resource efficiency | | Increasing needs for lighter, alternative materials as steel prices rise | Medium term | Large |
| Opportunities related to energy sources | | Expansion of the renewable energy market by setting long-term CO ₂ reduction targets | Medium term | Medium |
| Opportunities related to products and services | Providing new solutions by developing and partnering with new business partners (installation and processing) | | Medium term | Small |
| | New business development through development and partnerships with new suppliers | | Medium term | Medium |
| | Creation of new businesses with expanded products and services that contribute to adaptation to climate change | | Long term | Large |
| Market-related opportunities | Business expansion through portfolio shifts | | Medium term | Large |
| | Increased demand for highly sustainable products and services | | Medium term | Large |

Strategies in response to risks and opportunities

Under the medium-term management plan “Sustainability V (Value),” we are implementing value creation enlisting strategic planning that taps into growth opportunities as the market transitions toward a carbon neutral society. We contribute to building a sustainable society by providing functions and solutions required in our target market through energy saving and labor saving outcomes that help give rise to a sustainable society.

Energy-saving: Expanding solutions that pursue effective energy use in buildings, starting with the thermal insulation field and energy solutions field
 Labor-saving: Providing solutions that improve quality, ease of installation, and work environments while contributing to labor savings across the entire supply chain by adding functions such as manufacturing and processing

Risk management

The Takashima Group is addressing the risk of climate change, which it regards as one of its key risks.

To address risks and opportunities associated with climate change, the Takashima Group has established a working group, which enlists the involvement of Sustainability Committee members. The working group has been performing scenario analysis based on the TCFD recommendations, identifying key risks and opportunities, and evaluating the degree of impact of such risks and opportunities. Going forward, the Sustainability Committee will persist with initiatives that involve analyzing risks, formulating countermeasures, and conducting progress management.

Currently, the Company is building an environment-related risk management framework as part of its Company-wide risk management structure. We will proceed in addressing climate change risks by coordinating efforts of the Environmental Management Committee, Sustainability Committee, and Risk Management Committee, while also having the Company implement and enhance the effectiveness of comprehensive risk management. Going forward, we will continue to enhance our systems for evaluating and addressing climate change risks.

Metrics and targets

The Company started calculating Scope 1 and 2 greenhouse gas (GHG) emissions in FY2021. The scope of these calculations will be progressively expanded to take into account resources and other factors.

With respect to Scope 3 emissions, the Company builds overall systems associated with the supply chain and accordingly recognizes that its social responsibility entails promoting carbon neutrality throughout the supply chain in serving as a value-adding trading company that provides necessary functions and solutions.

This time, as part of the sustainability road map for which the groundwork has been made, we have set a target for the rate of reduction of GHG emissions (Scope 1 and 2) of 35% reduction vs FY2022 for 2030. To achieve targets, we will engage the entire efforts of the Group to continue various measures for reduction.

GHG emissions of the Takashima Group (FY2023)*1

| | Scopes 1 and 2 | Scope 3 |
|------------------------------|----------------|---------|
| Takashima (non-consolidated) | 198.28 | - |
| Group companies in Japan*2 | 3,065.72 | - |
| Overseas Group companies | - | - |

*1: The above figures are market-based figures.

*2: Total for seven domestic subsidiaries (Hi-Land Inc., iTak International (Japan) Co., Ltd., TAKCEL Co., Ltd., CLS Corporation, Rest Corporation, New Energy Distribution System Inc., and Takashima Robot Marketing Co., Ltd.)

Sustainability at Takashima

Human Assets Strategy

The core of our value creation and our most important capital is "human assets."

The growth of human assets, coupled with the sustainable growth of our business, will lead to the sustainable growth of our enterprise value.

The basic approach to our human assets strategy is to strengthen the recruitment of human assets who support corporate growth and to create an environment in which they can grow autonomously and demonstrate their abilities.

Sustainable growth
of our business

Business growth
through business
investment (M&A)

Growth of existing
businesses, mainly in
strategic fields

2030

A great leap forward
as a value-adding
trading company

Sustainable
Growth

2050

Achieving
a carbon-neutral
society

Autonomous
growth of
human assets

Empowerment of
female employees

Recruiting human
assets that support
corporate growth
and training them
into valuable
human assets

Development of
next-generation
managers

[Corporate Mission]
Contribute to
Society through Our
Business Activities

Sustainability at Takashima

Human Assets That Support Our Business: Career-Type Human Assets

Our unique approach to “career-type human assets”

We have uniquely specified “career-type human assets” as the type of human assets we seek, and we share these values with our employees while focusing on their development.

What are “career-type human assets”?

We define “career-type human assets” as employees who are human assets that take ownership of their career by being their own manager, manage their own careers, and continue to provide great value to society, thereby contributing to the enhancement of enterprise value.

Career-type human assets:

- 1 take ownership of their own life career;
- 2 leverage the Company's environment to improve
- 3 their work-career capabilities (management capabilities and expertise);
- 4 achieve integration with their private career (work-life integration);
- 5 autonomously build and develop their own work career; and
- 6 possess unique traits (that define their individuality).

Management capabilities

- 1 Ability to assume the role of a manager, seek what is needed, and perform tasks responsibly and with integrity in order to fulfill the necessary requirements
- 2 Ability to not only develop one's own career but also support others in developing their careers

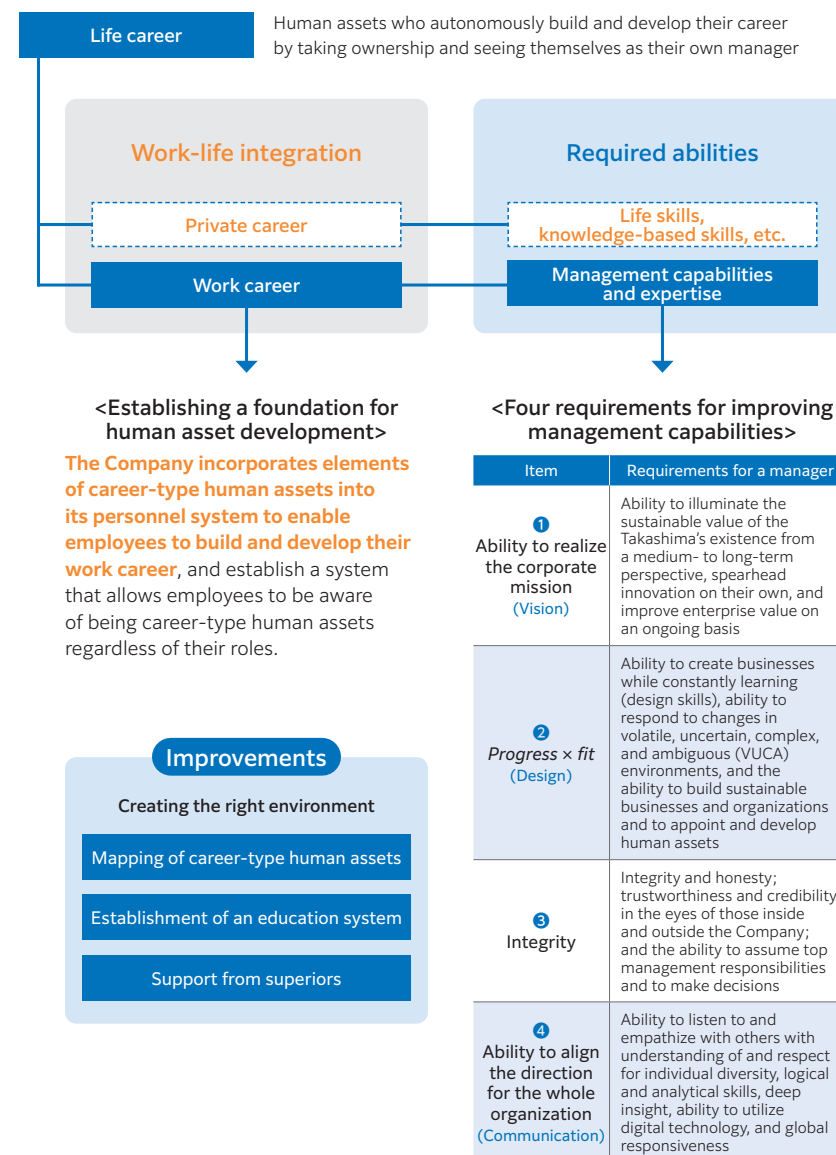
Expertise

- 1 Ability to fulfill the needs of one's clients through expertise in specific practices by performing tasks responsibly and with integrity while maintaining diverse perspectives
- 2 Ability to not only acquire expertise in specific practices but also support others in improving their expertise

Four requirements for improving management capabilities

In our view, career-type human assets are human assets who take ownership of their own career, i.e., those who see themselves as their own manager. We believe that improving the abilities associated with the following four requirements, which we have set forth as requirements for managers, will lead to growth as career-type human assets.

- 1 Ability to realize the corporate mission ————— (Vision)
- 2 Progress × fit ————— (Design)
- 3 Integrity
- 4 Ability to align the direction for the whole organization — (Communication)



Sustainability at Takashima

Career Model

The Company will present employees with its vision of career-type human assets and create the right environment and provide opportunities for employees to grow and develop into such assets.

Career model

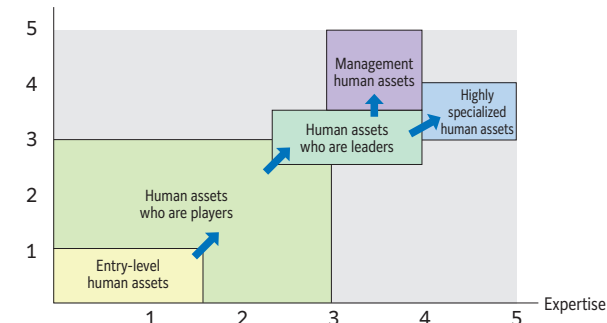
In order for our employees, our most important capital, to grow into the career-type human assets that we seek, we present our employees with a career map for career-type human assets so that they can create their own career visions.

Our employees plan their own career by taking ownership of their career, and through the use of our dual-track personnel system and with the support and encouragement of their superiors, they will achieve growth as career-type human assets.

Training and education framework

We seek to ensure that our employees are able to perform in alignment with job-class definitions through skill development by job class.

Management capabilities



[Generalist-track employment]

| Category | Off-job training | | On-job training (OJT) | Personal development | Selective | | | | | | | | | | | | | | | |
|---------------------------------|------------------------------------|--|---|--------------------------|---------------------------|----------------------------------|--|----------------------------------|---|---------------|-------------------------------------|---|--|--|--|--|--|--|--|------------------------------------|
| | Position-specific | Development of common skills, knowledge, awareness | | | | | | | | | | | | | | | | | | |
| Management human assets | Training at the point of promotion | Workshops for promoting career-type human assets | Compliance/Harassment/Information security training | Risk management training | Mid-career hires training | OJT trainer development training | Acquisition of job-specific practical knowledge and skills | E-learning and distance learning | Support for acquisition of qualifications | Career design | Developing next-generation managers | Employee interaction with Group companies | | | | | | | | |
| Highly specialized human assets | | | | | | | | | | | | | | | | | | | | |
| Human assets who are leaders | | | | | | | | | | | | | | | | | | | | Developing next-generation leaders |
| Human assets who are players | | | | | | | | | | | | | | | | | | | | |
| Entry-level human assets | | | | | | | | | | | | | | | | | | | | |
| Generalist-track employment | | | | | | | | | | | | | | | | | | | | |

[Administrative-track employment]

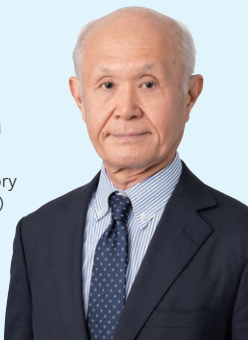
| Administrative-track employment | Category | Off-job training | | | | | On-job training (OJT) | Personal development | | | |
|---------------------------------|------------------------------|------------------------------------|--|---|--------------------------|---------------------------|----------------------------------|--|----------------------------------|---|---------------|
| | | Position-specific | Development of common skills, knowledge, awareness | | | | | | | | |
| | Human assets who are leaders | Training at the point of promotion | Workshops for promoting career-type human assets | Compliance/Harassment/Information security training | Risk management training | Mid-career hires training | OJT trainer development training | Acquisition of job-specific practical knowledge and skills | E-learning and distance learning | Support for acquisition of qualifications | Career design |
| | Human assets who are players | | | | | | | | | | |
| | Entry-level human assets | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

Sustainability at Takashima

Outside Directors' Messages

Akifumi Ujita

Director
(Audit and Supervisory
Committee Member)



It has been two years since I was appointed as an outside Director of the Company. Looking back, it feels like these two years have passed in the blink of an eye. Following the decision to select the Prime Market in 2021, the Company's Board of Directors has always been keenly aware of our shareholders and stock price, and we have engaged in serious discussions on how we can chart a course for growth. The M&A deals we have implemented in the past two years were all aimed at further strengthening our functions in strategic fields. These deals were carefully reviewed by the Board of Directors from a variety of perspectives, including their impact on our business and the risks involved, after reviewing various kinds of data. Although these deals have all made good progress following our investment, we will continue to check on them to find out if we have been able to recover our investment as initially planned. In December last year, we decided to sell the land of our former head office, the site of the Company's founding. I still vividly remember this discussion that took place at the Board of Directors meeting. I have no doubt that there must have been many mixed feelings in the Company, including emotional

reactions, surrounding the decision to dispose of the land, which holds special significance for the Company in its 100-year history. However, in order to improve our enterprise value over the medium to long term, it is necessary to optimize our business portfolio and continue to make strategic investments. Following active discussions at several Board of Directors meetings, the Directors unanimously resolved to sell the land in order to secure funds for new investments. This shows that the Company's Board of Directors has been appropriately fulfilling its vital governance functions of outlining major management directions, making decisions on important matters, and supervising execution in line with these decisions. However, we still need to make many more decisions before we can make a great leap forward toward our goal of becoming a value-adding trading company in a sustainable society. As an outside Director, I am committed to contributing actively to management discussions while keeping in mind the viewpoints of shareholders and all other stakeholders.

Yuji Momosaki

Director
(Audit and Supervisory
Committee Member)



I have been involved in financial audits and management consulting as a certified public accountant for many years, in addition to having experience as an outside director and outside audit & supervisory board member at multiple other companies. Drawing on my abundant experience and high level of expertise in monitoring and supervising management, corporate governance, and risk management, I have shared my views as a member of the Board of Directors on matters such as the Group's finance and accounting, disclosure of financial and non-financial information, internal controls and risk management, management strategy, and succession plans at Board of Directors meetings from medium- to long-term perspectives and reflected them in management, thereby contributing to further enhancing the effectiveness of the Board of Directors.

As the Company's corporate group continues to expand, enterprise risk management and human capital investment strategies that take the entire

corporate group into account will become increasingly important. Based on these perspectives, I will always remain focused on management that enhances medium- to long-term satisfaction for all stakeholders including shareholders and investors while engaging with these stakeholders to improve enterprise value through the expansion of added value. I will also do my very best as a member of the Board of Directors to always maintain our corporate value of "Integrity" and ensure that we continue to fulfill our Corporate Mission of "Contributing to Society through Our Business Activities," thereby helping to realize a sustainable society.

Sustainability at Takashima

Outside Directors' Messages

Ren Shino

Director
(Audit and Supervisory
Committee Member)



In the Corporate Governance Code, "corporate governance" is defined as a framework that allows a company to make decisions in a transparent, fair, prompt, and decisive manner based on the positions of shareholders, customers, employees, local communities, etc.

The characteristics of the Company's governance system entail a well-developed Audit and Supervisory Committee and an excellent monitoring function of the Board of Directors. Information available to the executive is disclosed promptly and appropriately to outside Directors who are Audit and Supervisory Committee Members (which ensures transparency), while the Audit and Supervisory Committee and the Board of Directors engage in frank and lively discussions based on the information disclosed (which ensures fairness).

Executive members have the opportunity to explain agenda items for Board of Directors meetings in advance, and Audit and Supervisory Committee Members exchange opinions on important agenda items at Audit and Supervisory Committee

meetings that are held prior to Board of Directors meetings before attending the latter.

In particular, the most important issue for the Company following the decision to select the Prime Market has been the kind of growth strategy we should pursue. The monitoring function of the Board of Directors has played a role in our M&A strategy, which is a pillar of our growth strategy. Information on the advantages, disadvantages, and risks was shared and discussed by all Directors, including outside Directors, before the policy was decided. I believe this is a result of the fact that the executive has a culture of sincerely taking heed of the opinions of outside Directors who are Audit and Supervisory Committee Members, and that agenda items at Board of Directors meetings are typically divided into matters for discussion, items to be resolved, and items to be reported, with adequate time being allocated to matters for discussion to allow for sufficient discussion.

Our ability to meet the continued-listing criteria for the Prime Market ahead of schedule was also the result of productive discussions at Board of Directors meetings.

Yasushi Aoki

Director
(Audit and Supervisory
Committee Member)



The selection of the Prime Market following the restructuring of the Tokyo Stock Exchange was an opportunity for us to make a major shift in management toward the sustainable improvement of enterprise value through aggressive investment. Our most important task at the time was to meet the continued-listing criteria for the Prime Market, and we were able to achieve this goal one year ahead of schedule as a result of M&A in growth areas, business restructuring, and comprehensive plans for shareholder returns, all of which were discussed at length at Board of Directors meetings. Going forward, we recognize the need to achieve the current medium-term management plan and to build a new vision for 2030, while further upgrading our management strategy.

To this end, the Board of Directors hopes to engage in ongoing discussions on specific strategies to outline the Company's vision of becoming a value-adding trading company in a sustainable society, allow more stakeholders to resonate with the Company, and become a company with a strong presence.

We also recognize the growing importance of discussing our human assets strategy in conjunction with management strategy. In order to acquire human assets that spearhead business in growth areas, it is imperative to view the mobility and diversification of the workforce as an opportunity and strategically promote employment policies that better respect expertise and career aspirations, remuneration policies that make our recruitment competitive, as well as investments in education and organizational development that allow talented human resources to demonstrate their abilities. I believe that as such policies become more effective, more opportunities for women and overseas human assets to flourish will abound.

As an outside Director, I would like to make every effort to invigorate and enhance the effectiveness of the Board of Directors by conducting deep and extensive discussions based on my knowledge of external activities, while simultaneously creating opportunities for site visits as much as possible to have a first-hand experience of the execution of plans and to identify possible issues.

Shuichi Sakamoto

Director
(Audit and Supervisory
Committee Member)



My previous stint at Asahi Kasei Corp. includes prior experience with businesses such as petrochemical intermediate materials and engineering plastics, as well as pharmaceuticals and medical equipment in the healthcare field. I was involved in various aspects of corporate management within the administrative divisions, including HR, corporate planning, and my duties as CFO.

I understand corporate activities as initiatives aimed at tackling various social issues through business. I hope to engage in frank and honest discussions with everyone

at Board of Directors meetings on a wide variety of topics such as the kind of social issues the Company will address going forward, our future vision, what the gap is between our current status and our goal, whether we have the appropriate action plans in place to overcome this gap, and whether such action plans are being firmly implemented on a day-to-day basis. I would like to do my best to improve the Company's enterprise value. I look forward to working with everyone.

Sustainability at Takashima

Directors

Koichi Takashima



Toshio Goto



Akira Yamamoto



Takahiro Suzuki



| Position | President and Representative Director, and Chief Executive Officer | Director, Senior Managing Executive Officer, and Division Chief of Electronic Devices Division of the Company; President of iTak (International) Limited | Director, Senior Managing Executive Officer, and Division Chief of Construction Supply Division | Director, Managing Executive Officer, and Division Chief of Business Management Division |
|--------------------------------------|--|---|---|--|
| Number of shares owned | 254,000 | 102,000 | 29,000 | 29,000 |
| Board of Directors | ● (Chair) | ● | ● | ● |
| Number of meetings attended (FY2023) | 14/14 | 14/14 | 14/14 | 14/14 |
| Nominating Committee | ● | | | |
| Number of meetings attended (FY2023) | 5/5 | — | — | — |
| Remuneration Committee | ● | | | |
| Number of meetings attended (FY2023) | 5/5 | — | — | — |
| Audit and Supervisory Committee | | | | |
| Number of meetings attended (FY2023) | — | — | — | — |
| Career summary | <p>Feb. 1978 Joined Procter & Gamble Japan</p> <p>July 2000 External Relations Director of Procter & Gamble Far East Inc.</p> <p>June 2002 Joined the Company</p> <p>June 2003 Vice President and Representative Director</p> <p>June 2004 President and Representative Director</p> <p>Apr. 2016 President and Representative Director, and Division Chief of Industrial Solutions Division</p> <p>June 2016 President and Representative Director, Chief Executive Officer, and Division Chief of Industrial Solutions Division</p> <p>Apr. 2018 President and Representative Director, and Chief Executive Officer (current position)</p> | <p>Apr. 1983 Joined the Company</p> <p>Oct. 1997 Manager Attached to Strategic Planning & Management Office;</p> <p>Apr. 2003 President of iTak (International) Limited</p> <p>Apr. 2009 General Manager of Electronic Devices of the Company; President of iTak (International) Limited</p> <p>June 2012 Director of the Company; President of iTak (International) Limited</p> <p>June 2016 Director and Group Executive Officer of the Company; President of iTak (International) Limited</p> <p>Apr. 2018 Director and Group Managing Executive Officer of the Company;</p> <p>Apr. 2020 President of iTak (International) Limited</p> <p>Apr. 2021 Director, Group Managing Executive Officer, and Division Chief of Device Solutions Division of the Company; President of iTak (International) Limited</p> <p>Apr. 2021 Director, Managing Executive Officer, and Division Chief of Electronic Devices Division of the Company; President of iTak (International) Limited</p> <p>Apr. 2023 Director, Senior Managing Executive Officer, and Division Chief of Electronic Devices Division of the Company; President of iTak (International) Limited</p> <p>Apr. 2024 Director, Senior Managing Executive Officer, and Division Chief of Electronic Devices Division of the Company; President of iTak (International) Limited; Director of TAKASHIMA INDUSTRIES CO., LTD. (current position)</p> | <p>Apr. 1987 Joined Osaka Totsu Co., Ltd. (currently Kansai Totsu Co., Ltd.)</p> <p>Oct. 1991 Joined Marubeni Synthetic Resin Products Co., Ltd. (currently Marubeni Plax Corporation)</p> <p>Feb. 2010 Joined the Company</p> <p>Apr. 2011 Special Sales Promotion Osaka Business Unit Manager of Construction Supply Division</p> <p>Apr. 2013 Manager of Chugoku Office, Construction Supply Division</p> <p>Apr. 2014 Deputy General Manager of West Japan Business Development Department, Construction Supply Division</p> <p>Apr. 2016 General Manager of East Japan Business Development Department, Construction Supply Division</p> <p>June 2016 Audit & Supervisory Board Member of TOHKEN inc. (current position)</p> <p>Apr. 2017 Executive Officer and General Manager of East Japan Business Development Department, Construction Supply Solutions Division of the Company</p> <p>Apr. 2018 Director, Executive Officer, and Division Chief of Construction Supply Solutions Division, and General Manager of East Japan Business Development Department</p> <p>June 2018 Director, Executive Officer, Deputy Division Chief of Construction Supply Solutions Division, and General Manager of East Japan Business Development Department</p> <p>Apr. 2020 Director, Executive Officer, and Division Chief of Construction Supply Solutions Division</p> <p>Apr. 2021 Director, Managing Executive Officer, and Division Chief of Construction Supply Division</p> <p>Apr. 2024 Director, Senior Managing Executive Officer, and Division Chief of Construction Supply Division (current position)</p> | <p>Apr. 1991 Joined The Dai-Ichi Kangyo Bank, Limited (currently Mizuho Bank, Ltd.)</p> <p>Apr. 2002 Investigator of Business Promotion Department of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>Apr. 2007 Executive Consultant of KFi Co., Ltd. (currently Tokyo International Consulting K.K.)</p> <p>June 2014 Managing Director of Itcb inc.</p> <p>Dec. 2015 Joined the Company</p> <p>Jan. 2016 Deputy General Manager of Internal Auditing Department</p> <p>Jan. 2016 General Manager of Internal Auditing Department</p> <p>Apr. 2017 Executive Officer and General Manager of Internal Auditing Department</p> <p>Apr. 2018 Executive Officer, Division Chief of Business Management Division, and General Manager of Internal Auditing Department</p> <p>June 2018 Director, Executive Officer, Division Chief of Business Management Division, and General Manager of Internal Auditing Department</p> <p>Mar. 2019 Director, Executive Officer, and Division Chief of Business Management Division; Director of iTak (International) Limited</p> <p>Sept. 2019 Director, Executive Officer, Division Chief of Business Management Division, and General Manager of General Affairs & Human Resources Department of the Company; Director of iTak (International) Limited</p> <p>Apr. 2021 Director, Managing Executive Officer, and Division Chief of Business Management Division of the Company; Director of iTak (International) Limited</p> <p>Mar. 2022 Director, Managing Executive Officer, and Division Chief of Business Management Division of the Company (current position)</p> |

Sustainability at Takashima

Directors

Akifumi Ujita



Yuji Momosaki



Ren Shino



Yasushi Aoki



Shuichi Sakamoto



| Position | Director (Audit and Supervisory Committee Member) (Independent Director) | Director (Audit and Supervisory Committee Member) (Independent Director) | Director (Audit and Supervisory Committee Member) (Independent Director) | Director (Audit and Supervisory Committee Member) (Independent Director) | Director (Audit and Supervisory Committee Member) |
|--------------------------------------|---|--|--|---|---|
| Outsider officers | ● | ● | ● | ● | ● |
| Number of shares owned | 2,427 | — | — | 8,000 | — |
| Board of Directors | ● | ● | ● | ● | ● |
| Number of meetings attended (FY2023) | 14/14 | 13/14 | 14/14 | 14/14 | — |
| Nominating Committee | ● (Chair) | ● | ● | ● | ● |
| Number of meetings attended (FY2023) | 5/5 | 5/5 | 5/5 | 5/5 | — |
| Remuneration Committee | ● (Chair) | ● | ● | ● | ● |
| Number of meetings attended (FY2023) | 5/5 | 5/5 | 5/5 | 5/5 | — |
| Audit and Supervisory Committee | ● (Chair) | ● | ● | ● | ● |
| Number of meetings attended (FY2023) | 14/14 | 14/14 | 14/14 | 14/14 | — |
| Career summary | <p>Apr. 1980 Joined The Dai-ichi Kangyo Bank, Limited (currently Mizuho Bank, Ltd.)</p> <p>Jan. 1999 Deputy General Manager of New York Branch</p> <p>Apr. 2002 General Manager of Americas Department No. 1 of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>May 2009 Joined SAKATA SEED CORPORATION</p> <p>June 2009 Executive Officer and General Manager of Accounting Dept.</p> <p>Aug. 2011 Director, Executive Officer and Senior General Manager of General Administration Div.</p> <p>June 2017 Director, Senior Executive Officer and Senior General Manager of General Administration Div.</p> <p>June 2021 Director, Managing Executive Officer in charge of General Administration Div.</p> <p>Aug. 2021 Retired as Director, Managing Executive Officer in charge of General Administration Div.</p> <p>Aug. 2021 Corporate Governance Advisor (Advisor)</p> <p>June 2022 Outside Director (Full-time Audit and Supervisory Committee Member) of the Company (current position)</p> | <p>Oct. 1978 Joined Nishikata Audit Corporation (currently Deloitte Touche Tohmatsu LLC)</p> <p>July 1991 Partner of Deloitte Touche Tohmatsu LLC</p> <p>July 1998 Representative Partner</p> <p>Feb. 2004 Member of Management Committee of Tokyo Office</p> <p>Mar. 2008 General Manager of Operations Management Division and Management Meeting Observer</p> <p>Jan. 2012 Chief Information Officer, Tohmatsu Group (audit company, tax accountants, consulting subsidiaries, and FA subsidiaries)</p> <p>Jan. 2015 Established Momosaki CPA Office, Representative (current position)</p> <p>June 2015 Outside Audit & Supervisory Board Member of OBAYASHI ROAD CORPORATION</p> <p>June 2016 Outside Audit & Supervisory Board Member of OSJB Holdings Corporation</p> <p>June 2016 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>Sept. 2021 Outside Director (Audit and Supervisory Committee Member), ProjectHoldings, Inc. (current position)</p> | <p>Oct. 1986 Passed the national bar examination</p> <p>Apr. 1989 Registered as attorney (Dai-ichi Tokyo Bar Association)</p> <p>Jan. 1990 Participated in establishment of KOHWA SOHGOH LAW OFFICES</p> <p>June 2016 Partner Attorney of KOHWA SOHGOH LAW OFFICES (current position)</p> <p>June 2016 Outside Director (Audit/Supervisory Committee Member) of SINANEN HOLDINGS CO., LTD. (current position)</p> <p>June 2018 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>June 2019 Outside Audit & Supervisory Board Member of MAEDA CORPORATION</p> | <p>Apr. 1979 Joined Kao Sekken Co., Ltd. (currently Kao Corporation)</p> <p>Feb. 2000 General Manager of Organization & Planning Group Department, Personnel Division</p> <p>Mar. 2004 Supervising Personnel Development Division</p> <p>June 2006 Executive Officer</p> <p>Mar. 2011 Director, Managing Executive Officer, and Supervising Personnel and General Affairs Division of Kanebo Cosmetics Inc.</p> <p>Mar. 2014 Supervising Human Resources Development Division of Kao Corporation</p> <p>Mar. 2014 Representative Director and Chair of Board of Directors of Kanebo Cosmetics Inc.</p> <p>Mar. 2015 Managing Executive Officer of Kao Corporation</p> <p>June 2020 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p> | <p>Apr. 1981 Joined Asahi Chemical Industry Co., Ltd. (currently Asahi Kasei Corp.)</p> <p>Dec. 2003 General Manager of Acrylonitrile Global Marketing, Acrylonitrile Division of Asahi Kasei Chemicals Corp.</p> <p>Apr. 2011 Executive Officer, General Manager of Performance Plastics Division</p> <p>Apr. 2014 Director, Senior Executive Officer, General Manager, Acrylonitrile Division</p> <p>Nov. 2014 Lead Executive Officer, General Manager, Corporate Strategy of Asahi Kasei Corp.</p> <p>Apr. 2016 Senior Executive Officer (responsible for Strategy, Accounting & Finance, IT, IR), CFO</p> <p>June 2016 Director, Senior Executive Officer (responsible for Strategy, Accounting & Finance, IT, IR), CFO</p> <p>Apr. 2019 Director, Primary Executive Officer (responsible for Health Care)</p> <p>Apr. 2023 Director</p> <p>June 2023 Advisor</p> <p>June 2024 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p> |

Sustainability at Takashima

Skills Matrix

| | Corporate Management | Sales/Business Development | Finance/M&A | Marketing/Planning/IR | IT/Digital | Human Assets/Labor Management/Organization Development | Legal/Risk Management/Audit | International Experience | Manufacturing/Technology/R&D |
|------------------|----------------------|----------------------------|-------------|-----------------------|------------|--|-----------------------------|--------------------------|------------------------------|
| Koichi Takashima | ● | ● | | ● | | | | ● | |
| Toshio Goto | ● | ● | | | | | | ● | ● |
| Akira Yamamoto | ● | ● | | | | | | | |
| Takahiro Suzuki | ● | | ● | | ● | ● | ● | | |
| Akifumi Ujita | ● | | ● | | | | ● | ● | |
| Yuji Momosaki | ● | | ● | | ● | ● | ● | ● | |
| Ren Shino | | | | | | | ● | | |
| Yasushi Aoki | ● | | | ● | | ● | ● | | |
| Shuichi Sakamoto | ● | ● | ● | ● | ● | ● | | ● | |

Intent behind the selection of skills matrix

Corporate Management

As a trading company, the Company operates in a wide variety of fields. When discussing management plans and strategies, we believe that it is important to have a bird's eye view of matters and to be equipped with critical knowledge for improving enterprise value.

Sales/Business Development

Sales and business development are essential for generating revenue. We believe that these skills are vital for presenting society with the original ideas that only Takashima can offer, maintaining our competitiveness as a company, and expanding our market share.

Finance/M&A

Finance and M&A are crucial for implementing strategies for maximizing enterprise value. Finance and M&A constitute the foundation that supports our sustainable growth and competitiveness.

Marketing/Planning/IR

We believe that communication with others is of paramount importance. Marketing, planning, and IR are key sources that help us maintain our competitiveness and achieve growth through constant communication with others.

IT/Digital

IT and digital technologies are tremendously important for businesses in the modern era. We believe that by leveraging IT and promoting digital transformation (DX), we can transform our business model and processes through the use of digital technologies and improve our competitiveness.

Human Assets/Labor Management/Organization Development

For a trading company like us, human assets are our greatest assets and are vital to our growth and sustainable success as a company. The foundation for our sustainable growth is our ability to improve enterprise value through the development of our unique career-type human assets.

Legal/Risk Management/Audit

Legal, risk management, and audit skills are essential to our ability to defend ourselves against external risks and malpractice. As a company whose motto is "Integrity," we believe that these aspects are important for building relationships of trust with investors, business partners, and society.

International Experience

Experiencing different cultures and environments can generate new ideas and perspectives that enhance a company's competitiveness. Likewise, we believe that such experiences will enhance our ability to handle risks associated with different markets and cultures, thereby allowing us to evaluate these risks more accurately and address them more appropriately.

Manufacturing/Technology/R&D

As a value-adding trading company that provides a variety of functions, improving our product quality and efficiency is essential to maintaining our competitiveness. The elements of manufacturing, technology, and R&D are indispensable as we seek to establish our position in markets and achieve sustainable growth.

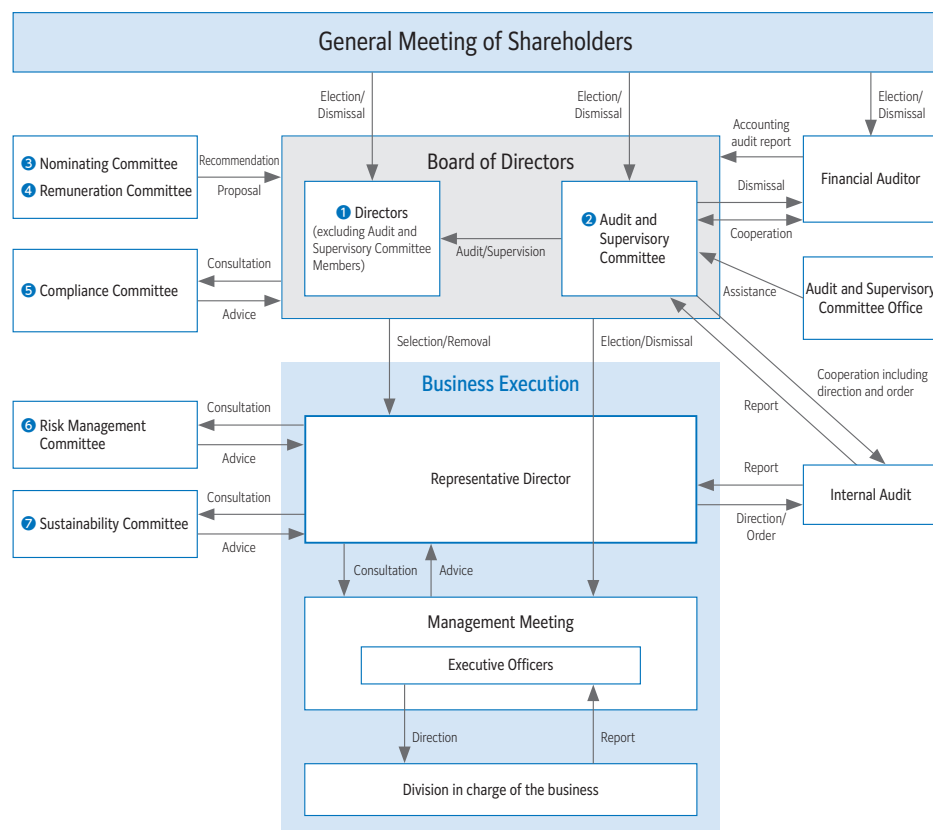
Sustainability at Takashima

Corporate Governance

Basic approach and organizational structure

The Company regards maintaining appropriate relationships with shareholders and various other stakeholders and conducting business activities while fulfilling its social responsibilities as its top priority to achieve its targets for improvements in long-term corporate performance and sustainable growth. Meanwhile, enhancing functions of corporate governance and establishing highly transparent and fair management practices serve as important fundamental responsibilities of the Company.

To such ends, the Company has established a corporate governance system for the sake of strengthening its management supervision and monitoring functions centered on the Board of Directors and Audit and Supervisory Committee, and addressing issues such as those involving internal controls and risk management.



Major meeting bodies

1 Board of Directors

The Board of Directors meets every month and has the authority to make decisions on matters stipulated by laws and regulations and on important matters related to management. The Board of Directors is comprised of four Directors (excluding Directors who are Audit and Supervisory Committee Members) and five Directors who are Audit and Supervisory Committee Members (including five outside Directors), receives reports on issues and results related to business execution, and deliberates on all important matters, such as decisions on execution policies.

Major issues addressed by the Board of Directors

- Confirmation of progress achieved with respect to the plan for meeting the continued-listing criteria for the Prime Market
- Progress of the Medium-Term Management Plan "Sustainability V" and formulation of the revised version
- Investment projects including the new M&A deals carried out in June 2023 and January 2024
- Taking action to achieve management that takes the cost of capital and share prices into account

2 Audit and Supervisory Committee

The Audit and Supervisory Committee meets every month in principle, audits the execution of duties by Directors, and discusses the results of internal audits and other important matters. The committee comprises five Audit and Supervisory Committee Members (including five outside Directors), of whom one member is a full-time Audit and Supervisory Committee Member. The Audit and Supervisory Committee Members all possess in-depth knowledge regarding management, legal, accounting, or other specialized fields, attend the Board of Directors meetings and other important meetings, and fulfill their monitoring and supervising functions from an independent and objective standpoint.

3 Nominating Committee

The Nominating Committee aims to contribute to building an appropriate management structure for the Takashima Group by strengthening the independence, objectivity and accountability of the functions of the Board of Directors related to Directors. The committee comprises the Chief Executive Officer and all of the non-executive Directors and deliberates on proposals related to the election and dismissal of Directors submitted at the General Meeting of Shareholders, the appointment and removal of Executive Officers, and other matters.

4 Remuneration Committee

The Remuneration Committee aims to strengthen the objectivity and accountability regarding the determination of remuneration related to Directors. The committee comprises the Chief Executive Officer and all of the non-executive Directors and deliberates on the performance evaluation of Directors who execute business, the appropriateness of remuneration for Directors and other officers, and other matters.

5 Compliance Committee

The Compliance Committee is chaired by the Chief Executive Officer and has been established as an organization for promoting compliance. The Compliance Committee meets once a year in principle to deliberate on overall compliance and determine the basic policy.

6 Risk Management Committee

The Risk Management Committee is chaired by the Division Chief of the Business Management Division and meets at least twice a year in principle. It has been established as an organization for making recommendations to the Chief Executive Officer upon having considered and formulated measures in relation to business continuity risks stipulated in the basic policy, among the significant risks related to the Company's management.

7 Sustainability Committee

The Sustainability Committee has been established as an organization for promoting sustainability of the Company and acts as an organization for deliberating on issues subject to consideration and making recommendations to the Chief Executive Officer in serving as an advisory body to the Chief Executive Officer. The committee meets at least twice a year in principle and reports details of its activities to the Board of Directors.

Sustainability at Takashima

Corporate Governance

Succession planning

Recognizing that selection of the Chief Executive Officer, which is the top management position, constitutes the most important of its decision-making matters, the Company accordingly has the Nominating Committee exchange opinions on an ongoing basis regarding prospective candidates for President and prospective management. The Company has accordingly established four criteria to be sought with respect to managers, as follows, in looking toward developing the next generation of management.

| | |
|---|---|
| Ability to realize the corporate mission (Vision) | Integrity |
| Progress × fit (Design) | Ability to align the direction for the whole organization (Communication) |

The Company applies the four criteria listed above to its Executive Officers and those in positions at or above Unit Manager, who is in charge of a unit, the Company's smallest organizational entity. The Company accordingly calls for them to manage these entities under their leadership as if they were corporations. Meanwhile, those in positions at or above General Manager undergo 360-degree feedback once a year, which includes objective evaluation and feedback on the four criteria, with the aim of helping them improve their abilities in each criterion.

Actions for enhancing effectiveness of Board of Directors

The Company has been conducting evaluations of the effectiveness of the Board of Directors since FY2016. The Board of Directors conducts self-evaluations on the basis of these results. Since then, a third-party organization and the Audit and Supervisory Committee have conducted evaluations of the effectiveness of the Board of Directors, and the Board of Directors has held discussions on the evaluation results.

The effectiveness evaluation for the fiscal year ended March 31, 2024, entailed a third-party organization administering a survey for all Directors and Audit and Supervisory Committee Members, and having the Board of Directors discuss the results of the survey in January 2024.

Description of evaluation

The effectiveness evaluation survey for the fiscal year ended March 31, 2024, was conducted in the form of a questionnaire primarily on the following topics in order to review results derived from analyzing effectiveness evaluations administered in the past, review the status of initiatives to address unresolved issues, identify areas warranting focus to ensure that the roles of the Board of Directors are fulfilled, and consider issues and measures for enhancing effectiveness going forward.

- Composition of the Board of Directors
- Discussions by the Board of Directors
- Performance of internal Directors (excluding Audit and Supervisory Committee Members)
- Performance of outside Directors (including Audit and Supervisory Committee Members)
- Support system for Directors (including Audit and Supervisory Committee Members)
- Training
- Conducting the Board of Directors meetings
- Monitoring function of the Board of Directors
- Dialogue with shareholders (investors)
- Personal initiatives

Result of evaluation

Analysis and evaluation performed for this fiscal year have led to the conclusion that the Board of Directors largely maintains effectiveness in that it actively engages in discussions aimed at ensuring adequate oversight of business execution.

Issues and measures going forward

We have identified the following issues as a result of this effectiveness evaluation. We will continue to work on enhancing the effectiveness of the Board of Directors by preparing a discussion schedule for the Board of Directors to discuss these issues that should be addressed over the medium to long term.

- Consideration of the composition of the Board of Directors (diversity in terms of knowledge, experience, expertise, gender, international experience, job history, age, etc.)
- Provision of materials that have been organized and analyzed for ease of understanding
- Sufficient frequency of deliberations on management strategies and plans that take into account profitability, capital efficiency, and other factors
- Setting KPIs to achieve sustainable growth
- Appropriate supervision of initiatives aimed at realizing strategies for leveraging digital technology
- Provision of training opportunities required by Directors and other officers

Remuneration for Directors and other officers

The remuneration for Directors and other officers of the Company comprises basic remuneration, profit-linked monetary remuneration, and share-based remuneration. Basic remuneration is set for individual Directors and other officers, taking into account their position, business performance, remuneration levels at other companies, remuneration levels of employees, etc., and is paid in a fixed monthly amount calculated by dividing the determined annual basic remuneration by 12.

Profit-linked monetary remuneration is paid to the Company's eligible Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors) if profit attributable to owners of parent is ¥1.0 billion or more after recording profit-linked monetary remuneration as an expense, and the amount to be paid to the President and Representative Director is calculated by multiplying profit attributable to owners of parent by a predetermined payment rate. Next, the amount to be paid to each of the other eligible Directors is calculated by multiplying the individual amount to be paid to the President and Representative Director by a predetermined coefficient for each position. The amount to be paid to each eligible Director is paid within one month from the date of the General Meeting of Shareholders. The remuneration for the Company's Directors (excluding Audit and Supervisory Committee Members) is the total of the above basic remuneration and profit-linked monetary remuneration, and is ¥320 million or less per year.

Regarding share-based remuneration, the Company has introduced a restricted share-based remuneration plan for the Company's eligible Directors (excluding Audit and Supervisory Committee Members) to incentivize them to continuously enhance the enterprise value of the Company and to promote further sharing of value with shareholders. The amounts to be paid and the timing of payment are determined by the Board of Directors of the Company for Directors who execute business on the condition that they continue to hold positions specified by the Board of Directors.

Separate from the above remuneration for Directors of ¥320 million or less per year, the total amount to be paid is ¥60 million or less per year and the total number of common shares of the Company to be issued or disposed of is 96,000 shares or less per year.

The Company has also introduced a restricted share-based remuneration plan for Directors who are Audit and Supervisory Committee Members to incentivize them to prevent damage to the Company's enterprise value and maintain its credibility, as well as to promote further sharing of value with shareholders. The total amount to be paid is ¥10 million or less per year and the total number of common shares of the Company to be newly issued or disposed of is 16,000 shares or less per year.

Coefficients by position for profit-linked monetary remuneration

| Position | Coefficient |
|--|-------------|
| Representative Director and Chair | 0.9 |
| President and Representative Director, and Chief Executive Officer | 1.0 |
| Director and Executive Vice President | 0.8 |
| Director and Senior Managing Executive Officer | 0.7 |
| Director and Managing Executive Officer | 0.6 |
| Director and Executive Officer | 0.4 |

Thorough risk management

To maintain a high level of trust from stakeholders, the Group has built an effective internal management system and has formulated the Takashima Group Risk Management Basic Policy to appropriately respond to various risks facing the Group.

In addition, the Company has established the Risk Management Committee as an organization for making recommendations to the President regarding significant risks related to the Company's management. The Risk Management Committee is chaired by the Division Chief of the Business Management Division, who selects the committee members. The committee conducts risk identification and investigation in accordance with the rules, and considers measures for risk avoidance and for crisis planning when risks materialize.

Actions for compliance

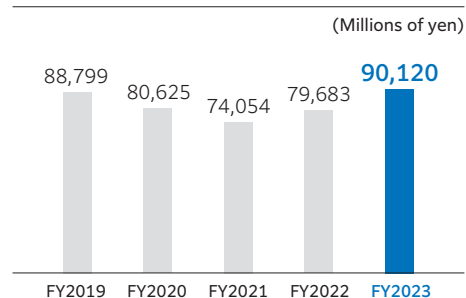
The Company has established the Compliance Committee as an overall organization for promoting compliance. The Compliance Committee, which is chaired by the President with the Division Chief of the Business Management Division serving as the vice chair and comprises officers appointed by the President, deliberates on overall compliance and determines the basic policy.

In addition, the committee creates the Compliance Program and regularly conducts training for employees in order to raise awareness of related laws, regulations, etc., and to promote increased compliance awareness. The committee also conducts a compliance survey once a year to ascertain the level of compliance awareness that has been instilled and identify issues, and considers activities for improvements.

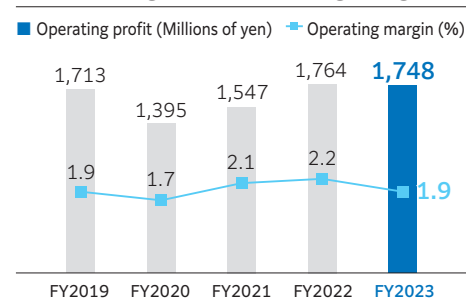
Data Section

Financial and Non-financial Highlights

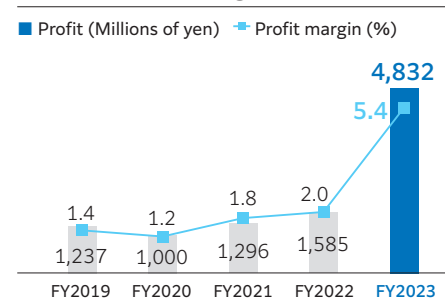
Net sales



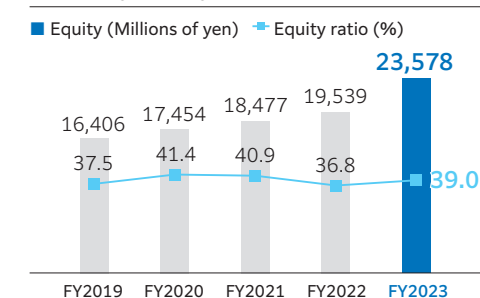
Operating profit/Operating margin



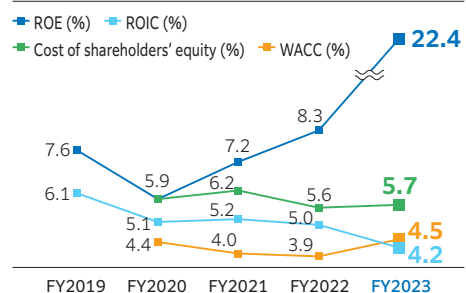
Profit/Profit margin



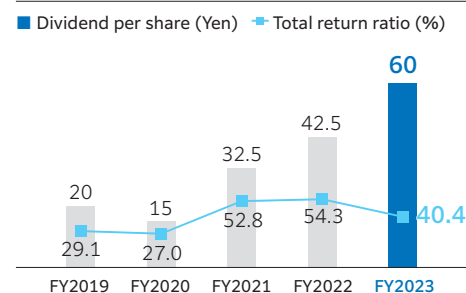
Equity/Equity ratio



ROE/ROIC/Cost of shareholder's equity/WACC

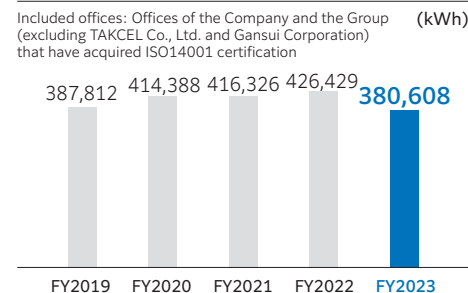


Dividend per share*/Total return ratio

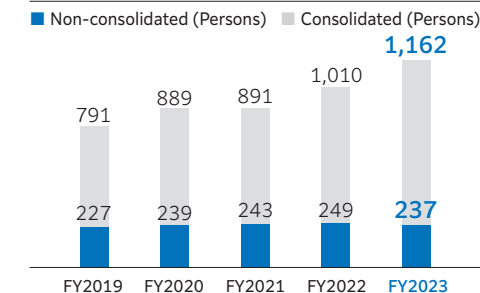


*The Company conducted a 4-for-1 share split of common shares, effective October 1, 2023. Figures for dividend per share are after adjustment for the share split.

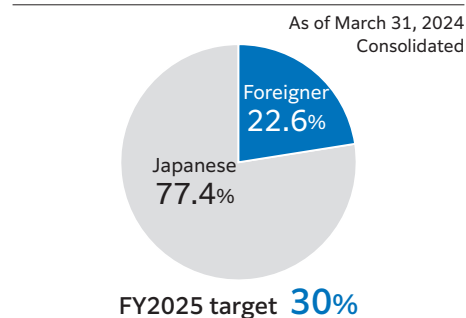
Electric power usage



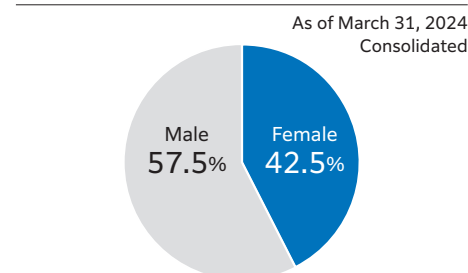
Number of employees



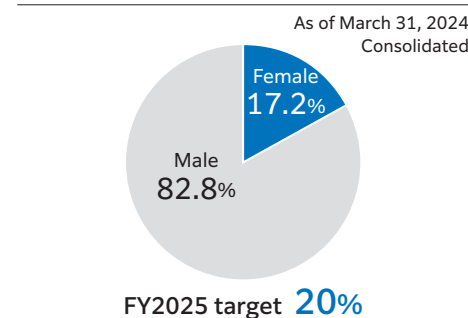
Ratio of foreign managers



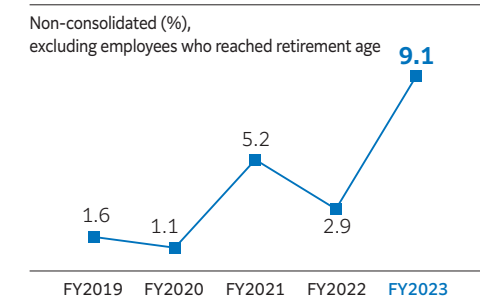
Ratio of female employees



Ratio of female managers



Employee turnover



* Some of the figures in past fiscal years were incorrect and have been corrected.

Data Section

Human Assets-Related Data (Non-consolidated)

| Item | | March 31, 2020 | March 31, 2021 | March 31, 2022 | March 31, 2023 | March 31, 2024 |
|---|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Number of employees (consolidated) (Persons) | | 791 | 889 | 891 | 1,010 | 1,162 |
| Ratio of female managers (consolidated) | | – | – | 18.9% | 15.8% | 17.2% |
| Ratio of female employees (consolidated) | | – | – | 49.8% | 42.9% | 42.5% |
| Number of regular/seconded employees (non-consolidated) (Persons) | | 227 | 239 | 243 | 249 | 237 |
| Number of employees | | 305 | 309 | 306 | 308 | 302 |
| Gender ratio | Regular employees (Persons) | 257 | 265 | 267 | 275 | 267 |
| | Male | 191 | 190 | 190 | 197 | 188 |
| | Female | 66 | 75 | 77 | 78 | 79 |
| | Percentage of women among regular employees | 25.7% | 28.3% | 28.8% | 28.4% | 29.6% |
| | Generalist-track employees (Persons) | 193 | 192 | 191 | 192 | 179 |
| | Male | 186 | 184 | 183 | 184 | 172 |
| | Female | 7 | 8 | 8 | 8 | 7 |
| | Percentage of women among generalist-track employees | 3.6% | 4.2% | 4.2% | 4.2% | 3.9% |
| | Administrative-track employees (Persons) | 61 | 69 | 71 | 72 | 74 |
| | Other job types (Persons) | 3 | 4 | 5 | 11 | 14 |
| | Ratio of female managers | 0.0% | 0.0% | 0.0% | 1.7% | 3.6% |
| | Regular employees | 42.6 | 43.0 | 43.0 | 42.7 | 42.7 |
| | Generalist-track employees | 43.3 | 43.7 | 43.7 | 43.4 | 43.2 |
| | Administrative-track employees | 40.0 | 40.5 | 40.6 | 40.6 | 41.2 |
| Average age | Other job types | 53.3 | 54.7 | 54.1 | 44.4 | 44.4 |
| | Regular employees | 15.4 | 15.4 | 15.3 | 14.9 | 15.1 |
| | Generalist-track employees | 14.8 | 15.0 | 15.2 | 15.1 | 15.2 |
| | Administrative-track employees | 17.7 | 16.9 | 16.0 | 15.6 | 16.2 |
| Average years of service | Other job types | 8.0 | 8.0 | 7.8 | 5.2 | 7.3 |
| | Ratio of employees with disabilities | 2.1% | 1.6% | 1.4% | 1.8% | 2.2% |
| | Gender wage gap*1 | – | – | – | 62.1% | 61.1% |
| | Paid leave | | | | | |
| Working hours | Utilization rate | 57.0% | 51.3% | 59.9% | 64.9% | 75.5% |
| | Number of days taken | 11.3 | 10.1 | 11.9 | 12.8 | 14.4 |
| Average total working hours (per month) | | 151.94 | 153.81 | 151.97 | 161.80 | 154.32 |
| | Average overtime hours*2 (per month) | 5.76 | 5.88 | 4.93 | 12.75 | 5.85 |

| Item | | March 31, 2020 | March 31, 2021 | March 31, 2022 | March 31, 2023 | March 31, 2024 |
|---|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Recruitment | Regular employees (Persons) | 14 | 7 | 14 | 19 | 18 |
| | New graduates | 4 | 4 | 4 | 6 | 4 |
| | Mid-career hires | 10 | 3 | 10 | 13 | 14 |
| | Ratio of mid-career hires | 71% | 43% | 71% | 68% | 78% |
| | Generalist-track employees (Persons) | 14 | 6 | 14 | 13 | 15 |
| | New graduates | 4 | 3 | 4 | 4 | 3 |
| | Female | 1 | 0 | 0 | 1 | 1 |
| | Mid-career hires | 10 | 3 | 10 | 9 | 12 |
| | Female | 0 | 1 | 0 | 0 | 0 |
| | Administrative-track employees (Persons) | 0 | 1 | 0 | 2 | 1 |
| | Other job types (Persons) | 0 | 0 | 0 | 4 | 2 |
| Employee turnover | Number of employees departed (for personal reasons) (Persons) | 4 | 3 | 14 | 8 | 25 |
| | Employee turnover (for personal reasons) | 1.6% | 1.1% | 5.2% | 2.9% | 9.1% |
| Leave of absence | Number of employees on leave of absence (excluding childcare leave) (Persons) | 9 | 5 | 4 | 6 | 6 |
| | Ratio of employees on leave of absence (excluding childcare leave) | 3.0% | 1.6% | 1.3% | 2.0% | 1.9% |
| Childcare | Ratio of employees taking childcare leave | | | | | |
| | Female | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | Male | 0.0% | 0.0% | 57.1% | 14.3% | 57.1% |
| | Ratio of employees on childcare leave returning to work | | | | | |
| | Female | 83.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | Male | – | – | 100.0% | 100.0% | 100.0% |
| Ratio of employees undergoing health checkups | | 99.3% | 98.7% | 95.3% | 98.7% | 99.3% |
| Ratio of employees undergoing stress checks | | 99.0% | 99.7% | 99.0% | 99.0% | 100.0% |
| Ratio of high-stress employees (stress check) | | 12.2% | 8.1% | 12.4% | 18.0% | 14.6% |
| Engagement score (August/February) | | – | – | – | 45.3/48.6 | 51.6/50.1 |

*1: Calculated following the revision of the Ministry Order on the Act on the Promotion of Women's Active Engagement in Professional Life in FY2022. Female wage as % of male wage

*2: Prescribed hours per day of the Company is seven hours, but hours in excess of the statutory working hours of eight hours per day are counted.

Data Section

Financial Highlights for the Last 11 Years

Financial data

| | | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|-------------------|---------|---------|---------|---------|--------|--------|---------|---------|--------|---------|----------------|
| Net sales | (Millions of yen) | 94,854 | 91,738 | 91,230 | 84,775 | 85,310 | 89,557 | 88,799 | 80,625 | 74,054 | 79,683 | 90,120 |
| Gross profit | (Millions of yen) | 8,411 | 8,194 | 8,245 | 7,797 | 8,012 | 8,256 | 8,507 | 7,838 | 8,328 | 9,434 | 12,291 |
| Operating profit | (Millions of yen) | 1,839 | 1,756 | 1,687 | 1,584 | 1,638 | 1,682 | 1,713 | 1,395 | 1,547 | 1,764 | 1,748 |
| Profit attributable to owners of parent | (Millions of yen) | 1,177 | 1,368 | 1,122 | 1,316 | 1,325 | 1,122 | 1,237 | 1,000 | 1,296 | 1,585 | 4,832 |
| Operating margin | (%) | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.7 | 2.1 | 2.2 | 1.9 |
| Profit attributable to owners of parent to net sales ratio | (%) | 1.2 | 1.5 | 1.2 | 1.6 | 1.6 | 1.3 | 1.4 | 1.2 | 1.8 | 2.0 | 5.4 |
| Equity ratio | (%) | 25.0 | 30.7 | 30.4 | 34.4 | 36.2 | 36.0 | 37.5 | 41.4 | 40.9 | 36.8 | 39.0 |
| Interest-bearing liabilities | (Millions of yen) | 5,008 | 3,778 | 5,070 | 2,856 | 3,483 | 3,532 | 2,967 | 1,476 | 4,286 | 7,103 | 7,285 |
| Cash flows from operating activities | (Millions of yen) | (1,420) | 3,084 | 1,464 | 1,640 | (279) | 384 | 3,018 | 3,563 | (389) | 700 | 6,057 |
| Cash flows from investing activities | (Millions of yen) | (251) | (1,319) | (1,248) | 331 | (304) | 504 | (594) | (98) | (654) | (1,448) | 2,519 |
| Cash flows from financing activities | (Millions of yen) | 1,759 | (1,630) | (712) | (2,541) | 265 | (289) | (1,108) | (1,947) | 2,305 | 1,059 | (4,128) |
| ROE | (%) | 11.3 | 11.4 | 8.5 | 9.4 | 8.7 | 7.0 | 7.6 | 5.9 | 7.2 | 8.3 | 22.4 |
| Total return ratio | (%) | 19.2 | 19.8 | 28.2 | 24.0 | 27.1 | 32.0 | 29.1 | 27.0 | 52.8 | 54.3 | 40.4 |

Per share data

| | | FY2013 | FY2014 | FY2015 | FY2016 | FY2017*1 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023*2 |
|----------------------|-------|--------|--------|--------|--------|----------|----------|----------|----------|----------|----------|-----------------|
| Profit per share | (Yen) | 26.05 | 30.27 | 24.85 | 29.20 | 294.76 | 249.64 | 275.29 | 222.13 | 288.16 | 354.91 | 272.98 |
| Net assets per share | (Yen) | 242.80 | 289.03 | 298.25 | 325.90 | 3,523.65 | 3,581.19 | 3,650.18 | 3,872.19 | 4,129.61 | 4,392.45 | 1,362.75 |
| Dividend per share | (Yen) | 5.00 | 6.00 | 7.00 | 7.00 | 80.00 | 80.00 | 80.00 | 60.00 | 130.00 | 170.00 | 60.00 |

*1: The Company conducted a 10-for-1 share consolidation of common shares effective October 1, 2017.

*2: The Company conducted a 4-for-1 share split of common shares, effective October 1, 2023.

Data Section

Consolidated Balance Sheet

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 7,791 | 12,371 |
| Notes receivable - trade | 4,476 | 3,110 |
| Accounts receivable - trade | 15,006 | 16,697 |
| Electronically recorded monetary claims - operating | 5,357 | 2,334 |
| Contract assets | 1,420 | 1,295 |
| Merchandise and finished goods | 5,162 | 4,971 |
| Work in process | 64 | 152 |
| Raw materials and supplies | 1,446 | 1,367 |
| Costs on construction contracts in progress | 13 | 70 |
| Advance payments to suppliers | 68 | 19 |
| Prepaid expenses | 83 | 92 |
| Accounts receivable - other | 448 | 1,014 |
| Other | 142 | 412 |
| Allowance for doubtful accounts | (41) | (33) |
| Total current assets | 41,440 | 43,877 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 4,322 | 4,424 |
| Accumulated depreciation | (2,799) | (2,690) |
| Buildings and structures, net | 1,523 | 1,734 |
| Machinery, equipment and vehicles | 2,164 | 5,113 |
| Accumulated depreciation | (1,425) | (3,887) |
| Machinery, equipment and vehicles, net | 739 | 1,226 |
| Tools, furniture and fixtures | 1,138 | 1,193 |
| Accumulated depreciation | (996) | (1,006) |
| Tools, furniture and fixtures, net | 142 | 186 |
| Land | 2,225 | 1,569 |
| Leased assets | 106 | 116 |
| Accumulated depreciation | (68) | (81) |
| Leased assets, net | 37 | 35 |
| Construction in progress | 38 | 11 |
| Total property, plant and equipment | 4,707 | 4,762 |
| Intangible assets | | |
| Goodwill | 1,069 | 5,611 |
| Customer-related intangible assets | - | 380 |
| Other | 592 | 618 |
| Total intangible assets | 1,662 | 6,609 |
| Investments and other assets | | |
| Investment securities | 3,050 | 2,862 |
| Long-term loans receivable | 46 | 42 |
| Long-term trade receivables | 119 | 118 |
| Retirement benefit asset | 261 | 435 |
| Deferred tax assets | 294 | 163 |
| Other | 1,635 | 1,691 |
| Allowance for doubtful accounts | (158) | (154) |
| Total investments and other assets | 5,249 | 5,159 |
| Total non-current assets | 11,619 | 16,531 |
| Total assets | 53,060 | 60,409 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 15,277 | 16,647 |
| Electronically recorded obligations - operating | 5,735 | 5,585 |
| Short-term borrowings | 3,210 | 1,341 |
| Contract liabilities | 405 | 504 |
| Current portion of bonds payable | 10 | 10 |
| Current portion of long-term borrowings | 337 | 3,465 |
| Accrued expenses | 1,095 | 852 |
| Income taxes payable | 384 | 2,375 |
| Advances received | 17 | 0 |
| Accrued consumption taxes | 159 | 337 |
| Provision for bonuses | 554 | 773 |
| Provision for bonuses for directors (and other officers) | 52 | 103 |
| Other | 345 | 350 |
| Total current liabilities | 27,585 | 32,349 |
| Non-current liabilities | | |
| Bonds payable | 30 | 20 |
| Long-term borrowings | 3,347 | 2,095 |
| Deferred tax liabilities | 225 | 349 |
| Deferred tax liabilities for land revaluation | 204 | 14 |
| Retirement benefit liability | 84 | 146 |
| Other | 2,043 | 1,855 |
| Total non-current liabilities | 5,935 | 4,481 |
| Total liabilities | 33,520 | 36,830 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 3,801 | 3,801 |
| Capital surplus | 1,637 | 1,553 |
| Retained earnings | 12,482 | 16,898 |
| Treasury shares | (47) | (603) |
| Total shareholders' equity | 17,874 | 21,649 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 704 | 867 |
| Revaluation reserve for land | 417 | 32 |
| Foreign currency translation adjustment | 555 | 931 |
| Remeasurements of defined benefit plans | (12) | 98 |
| Total accumulated other comprehensive income | 1,665 | 1,929 |
| Total net assets | 19,539 | 23,578 |
| Total liabilities and net assets | 53,060 | 60,409 |

Data Section

Shares

Shares

(As of March 31, 2024)

| | |
|------------------------------------|--|
| Total number of authorized shares | 56,000,000 |
| Total number of outstanding shares | 17,302,252 (excluding 460,640 shares of treasury shares) |
| Number of shareholders | 10,223 |

Major shareholders (Top 10 shareholders)

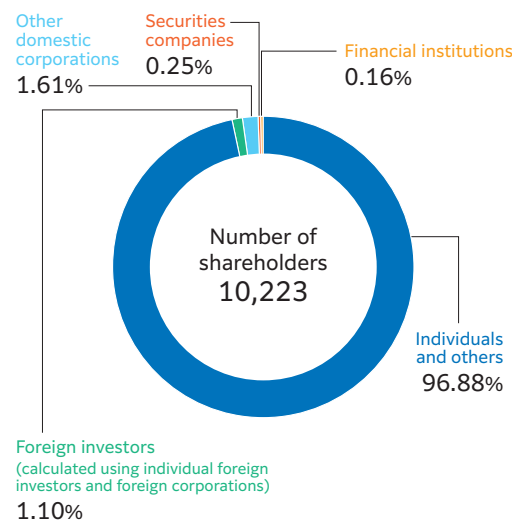
| Name of shareholder | Number of shares held (Thousands of shares) | Shareholding ratio (%) |
|--|---|------------------------|
| Takashima Trading-Partner Shareholding Association | 2,174 | 12.57 |
| Heiwa Corporation | 760 | 4.39 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 662 | 3.83 |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 412 | 2.38 |
| JPMorgan Securities Japan Co., Ltd. | 403 | 2.33 |
| Kuraray Co., Ltd. | 402 | 2.33 |
| Takashima Employees' Shareholding Association | 345 | 2.00 |
| ASAHI KASEI CONSTRUCTION MATERIALS CORPORATION | 326 | 1.88 |
| GOLDMAN SACHS INTERNATIONAL | 281 | 1.62 |
| BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE | 258 | 1.49 |

Notes: 1. Shares have been rounded down to the nearest thousand shares.

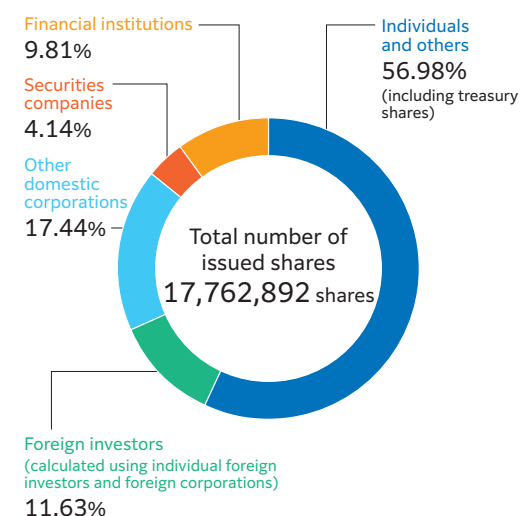
2. Shareholding ratio was calculated using the total number of outstanding shares after excluding treasury shares and rounded down to two decimals.

3. The Company holds 460,640 shares of treasury shares but is excluded from the above list of major shareholders.

Breakdown of the number of shareholders by investor type



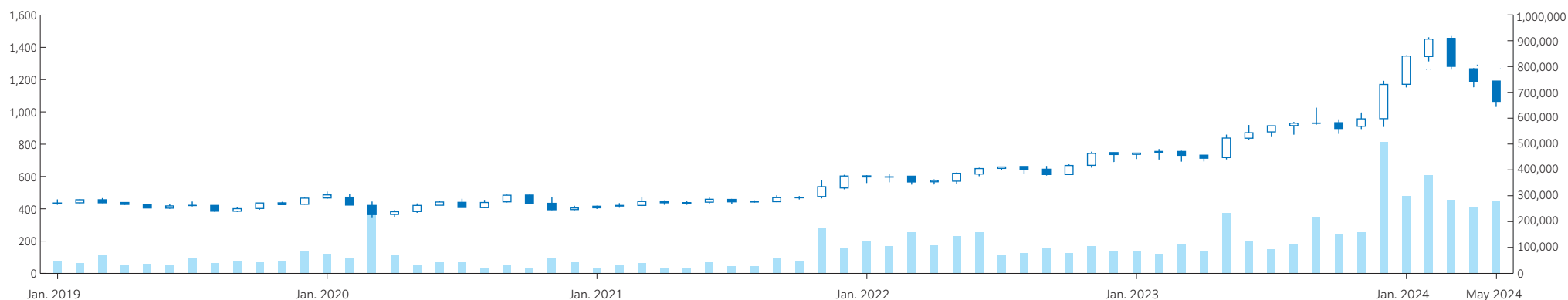
Breakdown of the number of shares by investor type



*The Company carried out a four-for-one share split with a record date of September 30, 2023, and an effective date of October 1, 2023.

Changes in share price and trading volume

Left axis: Share price (Yen) Right axis: Trading volume (Shares)



Data Section

Company Profile

Basic information

| | | | |
|------------------------------------|-----------------------|-------------------------|--|
| Company name | Takashima & Co., Ltd. | Location of head office | 2-2 Kandasurugadai, Chiyoda-ku, Tokyo, 101-8118, Japan |
| Established | October 1, 1915 | Fiscal year end | Once a year, March 31 |
| Share capital | ¥3,801,274,262 | Securities code | 8007 |
| Number of employees (consolidated) | 1,162 | Stock listing | Prime Market of Tokyo Stock Exchange |
| | | Financial Auditor | KPMG AZSA LLC |

Group companies

Consolidated subsidiaries *As of June 30, 2024

| Name | Division | Description of major business | Location |
|---|----------------------|---|---|
| Rest Corporation | Construction supply | Production and construction of toilet booths | Shizuoka-shi, Shizuoka |
| New Energy Distribution System Inc. | Construction supply | Electrical design and installation work, electrical work for fully-electric products and solar energy systems, and sales of solar energy systems | Onojo-shi, Fukuoka |
| Gansui Corporation | Construction supply | Building foundation work, civil engineering work, ground surveys, design, and franchise business | Okayama-shi, Okayama |
| Naruto-SP Industries Co., Ltd. | Construction supply | Ground improvement work business | Osaka-shi, Osaka |
| Famile Inc. | Construction supply | Manufacturing of furniture | Fujieda-shi, Shizuoka |
| TAKASHIMA INDUSTRIES CO., LTD. | Industrial materials | Design, processing and sales of industrial textiles, plastic materials and plastic molded products, parts for rolling stock, environment-related products, etc. | Chiyoda-ku, Tokyo |
| Hi-Land Inc. | Industrial materials | Development, manufacturing and sales of sewn products, design and processing of membranes, and sales of logistics materials for industrial and medical applications | Chiyoda-ku, Tokyo |
| CLS Corporation | Industrial materials | Sales of various materials and products such as artificial leather and synthetic leather | Chuo-ku, Osaka-shi, Osaka |
| TAKCEL Co., Ltd. | Industrial materials | Manufacturing and sales of plastic molded products | Tochigi-shi, Tochigi |
| Sinbou Edix Co., Ltd. | Industrial materials | Wholesale of environmental sanitation materials, disaster prevention supplies, etc. | Nagano-shi, Nagano |
| iTak International (Japan) Co., Ltd. | Electronic devices | Sales of electronic components and devices, and support for production technologies and quality control | Shinjuku-ku, Tokyo |
| iTak (International) Limited | Electronic devices | Sales of electronic components and devices, and support for production technologies and quality control | Hong Kong, People's Republic of China |
| iTak International (Shanghai) Limited | Electronic devices | Sales of electronic components and devices | Shanghai, People's Republic of China |
| iTak International (Shenzhen) Limited | Electronic devices | Sales support for electronic components and devices | Shenzhen, People's Republic of China |
| iTak International (Thailand) Limited | Electronic devices | Manufacturing and sales of electronic components and devices | Bangkok, Kingdom of Thailand |
| iTak International (Vietnam) Co., Ltd. | Electronic devices | Manufacturing and sales of electronic components | Dong Nai, Socialist Republic of Vietnam |
| iTak International (Malaysia) Sdn. Bhd. | Electronic devices | Sales of electronic components and devices | Penang, Malaysia |

Entities accounted for using equity method

| Name | Division | Description of major business | Location |
|---------------------------|---------------------|---|-------------------|
| Doryoku Co., Ltd. | Construction supply | Development of installation support structures for solar power generation systems | Anjo-shi, Aichi |
| HIT Engineering Co., Ltd. | Construction supply | Housing electrical construction business and smart house business | Shibuya-ku, Tokyo |

Takashima corporate website

<https://www.tak.co.jp/en/index.html>

Video on Takashima

This video presents a concise overview of the Company, including its history and lines of business. Please watch it if you are interested in taking a few minutes to learn more about the Company.



https://www.youtube.com/embed/t7GIMRF_4LQ
(in Japanese)

Data Section

Company Profile

Outline of new companies that joined the Group



Gansui Corporation

Since 1965, Gansui Corporation has been delivering safety and security to local communities through countermeasures for soft ground, mainly in Okayama Prefecture, where it was founded. Since before the importance of ground improvement work started gathering attention, Gansui Corporation has spearheaded the industry in honing its technology, building a track record in construction work, and contributing to urban development through its involvement in several civil engineering and construction projects. Gansui Corporation is among the companies that boast the largest market share for ground improvement work in the Chugoku and Shikoku regions, including in Okayama Prefecture, and its technology has contributed to all kinds of infrastructure ranging from housing to stores, schools, rivers, tunnels, and electrical infrastructure. It will continue to deliver safety and security to local communities going forward.



Exterior of company premises



Sinbou Edix Co., Ltd.

Sinbou Edix Co., Ltd., is headquartered in Nagano Prefecture and has been manufacturing and selling various products for 70 years through continuous technological innovation. Under its corporate philosophy of "For the health of the earth, humans, and all living things," Sinbou Edix pursues better health for the earth and humans through the distribution of pharmaceuticals, insecticides, environmental sanitation materials, equipment and supplies, and other products. To make life as comfortable as possible at evacuation shelters, which are sometimes set up in response to disasters that have intensified in recent times, Sinbou Edix is expanding its lineup of disaster prevention products, thereby contributing to the safety and security of local communities.



Exterior of company premises



The comprehensive human&energy

新エネルギー流通システム株式会社

New Energy Distribution System Inc.

New Energy Distribution System Inc. is headquartered in Fukuoka and has 14 offices across Japan. It is engaged in everything from sales to installation of renewable energy products, including solar power generation systems, V2H equipment, and electric car charging stations. The need for renewable energy has continued to grow in response to social changes such as soaring electricity prices and growing interest in the SDGs. Under these circumstances, New Energy Distribution System Inc. is engaged in sincere and meticulous construction work that would allow it to achieve its goal of becoming a core company in energy savings, thereby supporting the creation of an environmentally friendly future and a revitalized Japanese economy in which everyone can lead vibrant lives.



Exterior of company premises

Editorial policy

This Integrated Report contains information regarding the Group's sustainable growth. Through this report, the Company aims to convey information on not only its financial position but also its sustainability activities, approach toward value creation and other initiatives, and hopes that it will be used by stakeholders to deepen their understanding of the Group.

This report has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated version and the Japanese original, the original shall prevail.

Applicable period

April 1, 2023 to March 31, 2024

Note: Some information pertains to events outside of this period.

Notes regarding forward-looking statements

The information presented in this report contains forward-looking statements, which include risks and uncertainties. Consequently, actual results may differ from the forward-looking statements due to a variety of factors.

Takashima & Co., Ltd.

<https://www.tak.co.jp/en/index.html>

2-2 Kandasurugadai, Chiyoda-ku, Tokyo, 101-8118, Japan

