COMPANY RESEARCH AND ANALYSIS REPORT

Takashima & Co., Ltd.

8007

Tokyo Stock Exchange Prime Market

20-Jan.-2026

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Contents

Summary

Progress was slightly slow in 1H FY3/26, but the Company aims to achieve the Medium-term Management Plan target through recovery in 2H

Takashima & Co., Ltd. <8007> (hereafter, also “the Company”) operates three business segments; Construction Supply Segment, Industrial Materials Segment and Electronic Devices Segment. It is an advanced sustainability-focused trading company that designs distribution channels from scratch to meet customer needs in a wide range of areas, from planning and design in the value chain processes in the upstream through to support and construction in the downstream, contributing to customers’ energy saving and labor saving, and thereby contributing to the realization of a sustainable society. In the most recent 12 years, the Company’s profit attributable to owners of parent has trended stably at around ¥1.0bn or more and it has built a solid earnings base and financial base. Under its Medium-term Management Plan, Sustainability V (Value), the Company is focusing on transforming itself into a company that generates sustainable growth, driven by strategic investments. The plan calls for return on equity (ROE) of at least 8.0% and return on invested capital (ROIC) of at least 6.0%. Given these targets, FISCO expects the Company to further increase the Group’s corporate value through business and investment activities with an awareness of the cost of capital.

1. Overview of 1H FY3/26 results

The Company reported 1H FY3/26 consolidated net sales of ¥45,020mn, down 3.0% year on year (YoY), operating profit of ¥898mn, down 1.2%, ordinary profit of ¥1,075mn, up 29.0%, and profit attributable to owners of parent of ¥695mn, up 44.0%. Although revenue of the Industrial Materials Segment increased due to strong sales of plastics-related materials, it could not complement a decrease in revenue of the Construction Supply Segment and the Electronic Devices Segment. Segment profit of the Industrial Materials Segment increased 29.8% thanks to improved plant utilization rate, resulting from the use of production functions of TAKCEL Co., Ltd., a consolidated subsidiary, but profit of the Construction Supply Segment and the Electronic Devices Segment decreased, affecting the results. Meanwhile, ordinary profit and profit attributable to owners of parent increased significantly due to foreign exchange gains incurred in overseas subsidiaries, etc.

2. FY3/26 forecasts

The Company’s forecasts for consolidated results in FY3/26 are as follows. It is projecting net sales to increase 16.4% YoY to ¥110,000mn, operating profit to increase 22.1% to ¥2,600mn, ordinary profit to rise 28.4% to ¥2,600mn, and profit attributable to owners of parent to grow 21.3% to ¥1,900mn, for increases in both revenue and profits. Net sales are expected to see double-digit growth in all business segments. Along with expansion in existing businesses, in the Construction Supply Segment, the Company is expecting to see effects from the consolidation of Sanwa Holdings Co., Ltd., which was made a subsidiary in February 2025. On the profit front, forecasts are somewhat conservative in light of the unclear external environment, but operating profit is expected to grow and set a record high owing to the increase in revenue and increased business efficiency from organizational restructuring. Results forecasts by business segment are as follows. In Construction Supply, net sales are projected to increase 14.7% YoY to ¥70,000mn while segment profit is expected to increase 43.6% to ¥2,400mn. In Industrial Materials, net sales are forecast to increase 11.1% to ¥20,000mn, and segment profit is forecast to increase 4.3% to ¥1,100mn. In Electronic Devices, net sales are expected to rise 28.9% to ¥20,000mn, and segment profit is expected to decline 3.8% to ¥700mn. The operating profit progress rate of 34.5% in 1H is a slightly low level, so FISCO wants to pay attention to its recovery in 2H.

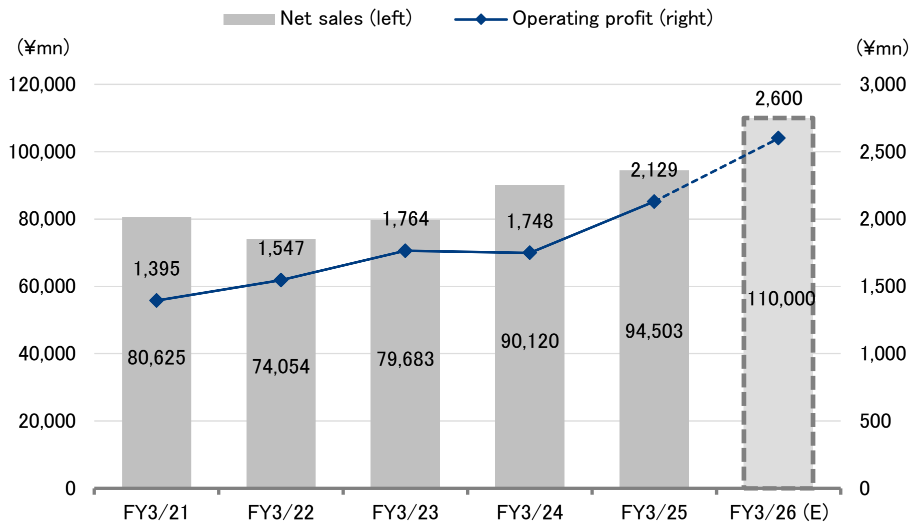
3. The medium- to long-term growth strategy

The Company established the Sustainability V (Value) Medium-term Management Plan (from FY3/24 to FY3/26) in March 2023. In the very long-term, the Company's goal is to achieve a carbon neutral society by 2050, and it aims to simultaneously adapt to a sustainable society and achieve sustainable growth through value creation by capturing market growth opportunities. The Company has set numerical targets to achieve by FY3/26, such as consolidated net sales of ¥110.0bn, profit attributable to owners of parent of ¥1.9bn, ROE of at least 8.0%, and ROIC of at least 6.0%. The Company intends to increase profit attributable to owners of parent and ROE by effectively utilizing external funds, cash from each business and cash generated from the sale of strategic holding shares. In addition, the Company carries out a proactive shareholder return policy, and in August 2024 it announced a new policy limited to two years of a dividend payout ratio of 80% or higher and a total payout ratio of 100%. The annual dividend in FY3/26 is expected to increase ¥2.0 YoY to ¥45.0 for a payout ratio of 80.9%. The Company is also planning share buybacks for a total payout ratio of 100%, as it expects to continue proactively returning profits to shareholders.

Key Points

- In 1H FY3/26, the Industrial Materials Segment played a leading role, but operating profit decreased because the Construction Supply Segment and the Electronic Devices Segment were in a slump
- For FY3/26, aiming for record-high operating profit through strengthening existing businesses and the effects of M&A
- For FY3/26, the dividend payout ratio is expected to be 80.9% and the total payout ratio, 100%. The Company will continue active shareholder returns

Results trends



Source: Prepared by FISCO from the Company's financial results

Company profile

An advanced sustainability-focused trading company that contributes to customers' energy saving and labor saving

1. Company profile

The Company is a value-adding trading company founded in 1915 under the corporate mission to "contribute to society through our business activities." A value-adding trading company has a basic stance of "rather than pursuing excessive and wide market expansion, we focus on pursuing customer value in our target market." This means a business model of realizing higher profitability by providing tailor-made functions and solutions that are truly necessary for its customers.

Also, the fact that the Company has many business bases both in Japan and globally is an important point for it to provide value to customers. As of June 30, 2025, the Group consists of the Company, 30 consolidated subsidiaries (6 overseas), and 3 affiliated companies. It also has many partner factories and partner companies in Japan and Asia, and it supports the businesses of its customers globally.

History

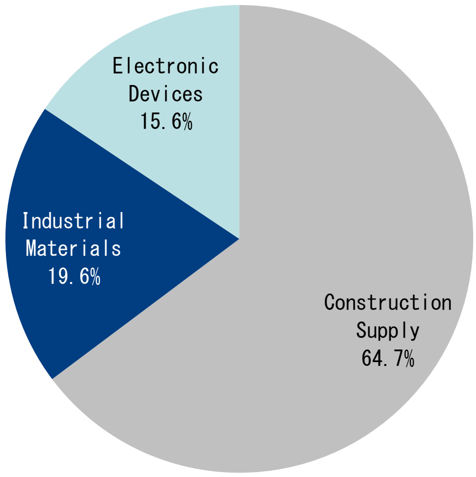
Date	Event
October 1915	Mr. Kotakichi Takashima founded Takashimaya Shoten Unlimited Partnership with paid-in capital of 10,000 yen. It mainly sold textile materials
December 1931	Reorganized as Takashimaya Shoten Co., Ltd. with paid-in capital of 500,000 yen
May 1949	Listed on the Tokyo Stock Exchange (TSE)
October 1949	Changed the company name to Takashima & Co., Ltd.
August 1989	Acquired all the shares of Icon Co., Ltd. (currently iTak International (Japan) Co., Ltd., a consolidated subsidiary) (sales of electronic components, etc.)
September 1993	Established TAK (HONG KONG) Limited (currently iTak (International) Limited, a consolidated subsidiary) (sales of electronic components, etc.)
September 2005	Established Hi-Land Techno., LTD. (currently Hi-Land Inc., a consolidated subsidiary) (development, manufacture and sales of special sewing processed products)
April 2008	Established iTak International (Thailand) Limited (currently a consolidated subsidiary) (sales of electronic components, etc.)
February 2010	Acquired the Construction Supply business from Marubeni Plax Corporation
March 2015	Acquired all the shares of CLS Corporation from Marubeni Corporation (processing and sales of artificial leather materials)
October 2015	Acquired all the shares of Ono Sangyo Co., Ltd. (currently TAKCEL Co., Ltd., a consolidated subsidiary) (manufacture and sales of plastic molded products)
May 2017	Established iTak International (Vietnam) Co., Ltd. (currently a consolidated subsidiary) (sales of electronic components, etc.)
July 2018	Established Takashima Robot Marketing Co., Ltd. (rentals and sales of collaborative robots; divested in April 2024)
October 2019	Acquired all of the shares of Rest Corporation (currently a consolidated subsidiary) (toilet booth manufacture and construction)
April 2022	Following the TSE's reorganization of market categories, listing was transferred from the First Section to the TSE Prime Market
December 2022	Acquired all the shares of New Energy Distribution System Inc. (currently a consolidated subsidiary) (design and construction of electric work) Acquired all the shares of Sinbou Edix Co., Ltd. (currently a consolidated subsidiary) (wholesales of environmental sanitation materials, emergency supplies, etc.)
June 2023	Acquired all the shares of Gansui Corporation (currently a consolidated subsidiary) (ground surveying, ground improvements, and civil engineering work)
January 2024	Established TAKASHIMA INDUSTRIES CO., LTD. (currently a consolidated subsidiary) (design, processing and sales of industrial textiles, plastic materials or molded products, parts for railroad vehicles, environmentally friendly products, etc.)
March 2024	Met all criteria for continued listing on TSE Prime Market
August 2024	Established DG Takashima Co., Ltd. (manufacture and sales of digital grid routers; currently an affiliated company accounted for by the equity method)
February 2025	Acquired all the shares of Sanwa Holdings Co., Ltd. (currently a consolidated subsidiary; a holding company for 13 companies including Sanwa System Co., Ltd.)
April 2025	TAKASHIMA INDUSTRIES (currently a consolidated subsidiary) absorbed and merged CLS

Source: Prepared by FISCO from the Company's securities report

2. Business description

The Company has three business segments; the Construction Supply Segment, the Industrial Materials Segment, and the Electronic Devices Segment. The percentage of total net sales by segment in 1H FY3/26 was that the Construction Supply Segment provided 64.7%, the Industrial Materials Segment 19.6%, and the Electronic Devices Segment 15.6%. The Company designs distribution channels in accordance with customer needs and covering a wide range of areas, from planning and design in the value chain processes in the upstream through to support and construction in the downstream, contributing to customers' energy saving and labor saving, and thereby also contributing to the realization of a sustainable society.

Composition of net sales by segment (1H FY3/26)



Source: Prepared by FISCO from the Company's financial results

(1) Construction Supply Segment

This is the Company's core business that provides 64.7% of total net sales (as of 1H FY3/26). It is comprised of three segments: non-residential, residential and renewable energy materials. Its lineup includes a wide range of products and solutions related to construction and architecture, such as exterior-wall materials, the basic pile construction method, thermal insulation materials, solar panel-related materials, and construction-related, including interiors, for residential and non-residential buildings. Utilizing its sales and construction network that covers the entire country, it supports customers' businesses over the entire value chain, from planning and design through to construction. An example of designing distribution channels and creating customer value is the full-precut of thermal insulation materials for house builders. Insulation materials are processed based on allocation drawings (detailed diagrams that specify the installation positions and dimensions for each property), and the processed materials are then individually delivered to each construction site. The Company is responsible for functions from processing through to distribution, which enables labor saving and reduction of construction periods at construction sites. In addition, under its Medium-term Management Plan, Sustainability V (Value), the Company plans to focus on renewable energy materials expected to expand in the future. Specifically, it will actively invest in photovoltaic power and electric vehicles (EV), areas where demand is expected to grow in the future. Recent examples are the Company's acquisition of New Energy Distribution System Inc. in December 2022, and affiliation of Sanwa Holdings in February 2025. It plans to further increase its ability to provide solutions by combining its sales capabilities with the construction capabilities possessed by the two companies.

a) Non-residential

This business provides customers with various products in line with their needs, including high-performance construction materials (wall materials, fire-resistant coverings, etc.) used primarily in non-residential buildings such as large logistics facilities and plants, as well as pile-related and civil engineering materials (piles, ground improvement methods, EDO-EPS methods, and transparent plastic underground retaining blocks, etc.). It provides solutions that contribute to the operational efficiency of customers at all stages of the value chain from design considerations to construction via a nationwide sales and construction network. Also, it contributes to the energy savings by providing a wide range of high-performance thermal insulation materials and techniques in insulation panels used to create refrigerator and freezer spaces for non-residential facilities such as food factories and distribution warehouses. In June 2023, the Company made a wholly owned subsidiary of Gansui Corporation, which has established a leading position in the Chugoku and Shikoku regions by providing total solutions related to ground surveying and improvements, accommodating from design to construction in an integrated manner. In February 2025, the Company made a wholly owned subsidiary of Sanwa Holdings owning 14 group companies centering on Sanwa System Co., Ltd. which has a track record of selling and constructing at least 10,000 industrial and residential photovoltaic power generation systems, develops the nationwide network with a focus on photovoltaic power generation systems, and provides one-stop services from site acquisition to maintenance. Through this acquisition, the Company's design and construction functions will be strengthened and the value provided to customers further increased.

Main products handled

Wall materials	• Autoclaved lightweight aerated concrete (ALC), extrusion molded cement board • Metal sandwich panels, fire-resistant insulated partitions
Fire-resistant coverings	• Winding fire-resistant covering materials (Makibee®), fire-resistant calcium silicate boards • Dry fire-resistant materials, ceramic fire-resistant covering materials
Other materials	• TAK systems construction • Tile and stone detachment and fall prevention hardware (HI-TAK bonding method)
Construction method	• Foundation piles (rotary penetration steel pipe piles, various types of ready-made piles) • Ground improvements (columnar and shallow layer methods) • Exposed column base method, and EDO-EPS construction method (lightweight embankment construction method)
Materials	• Decorative formwork for civil engineering and construction • Plastic underground storage/infiltration blocks • Comb-shaped parts for railway platforms
Membranes	• Tent storehouses (Sheet houses, rental tents, telescopic tents, rooftops, mobile tents)
Energy-saving equipment	• LED lighting
Thermal insulation materials	• Extruded polystyrene foams • High-performance phenolic foams • Rigid polyurethane foams • Glass wool, rock wool, and non-combustible insulating materials
Thermal insulation systems	• Metal insulating sandwich panels (Panels for freezing and refrigeration and fire-resistant insulating partition panels) • Underground spring water treatment thermal insulation systems

Source: Prepared by FISCO from the Company's website

b) Residential

This business addresses the increasing diversification of residential buildings, including Net Zero Energy House (ZEH), by providing materials that are essential for enhancing the safety, comfort, and energy-saving characteristics of living environments (exterior wall materials, roofing materials, "all electrification" materials, and thermal insulation materials), processing and installing a variety of counters (synthetic marble for kitchen counters and bathroom vanity units), and providing various other interior materials. It also offers a full-precut service to housebuilders in which the Company takes responsibility for layout, processing, and distribution functions, helping to achieve labor savings associated with measuring, cutting, and disposal work at construction sites.

Main products handled

Exterior wall materials	• Autoclaved lightweight aerated concrete (ALC) • Siding boards
Roofing materials	• Various roofing materials
Disaster prevention-related products	• Anti-seismic and seismic control construction methods for housing
Photovoltaic power systems	• Residential photovoltaic power systems
Energy-related products	• Storage batteries
All electrification products	• EcoCute devices • Induction cookers • Home Energy Management System (HEMS)-related products
Countertop materials (processing and construction)	• Acrylic artificial marble • Quartz stone • Ceramic stone • Stainless steel • Natural stone
Interior materials	• Wallpaper • Flooring materials • Deck materials • Underlay sheeting
Equipment	• Gas stoves • Range hoods • Dishwashers
Thermal insulation materials	• Extruded polystyrene foams • High-performance phenolic foams • Rigid polyurethane foams • Glass wool • Rock wool • Non-combustible insulating materials • Other thermal insulation materials
Thermal insulation systems	• Residential thermal panel systems • RC external thermal insulation systems

Source: Prepared by FISCO from the Company's website

c) Renewable energy materials

The Company began working in the renewable energy field in advance of others in 1994 and is proud of its industry-leading track record in the residential photovoltaic power generation system market. The Company provides comprehensive products related to the creation and storage of power, including industrial and residential photovoltaic power generation systems, storage batteries and self-generated racks, and is also focusing on sales of Vehicle to Home (V2H: the concept of effectively utilizing the electricity stored in electric vehicles for home use) and solar carports in anticipation of the full-scale arrival of EV in the future. In December 2022, the Company made New Energy Distribution System into a subsidiary, which is engaged in the construction of photovoltaic power systems and V2H nationwide, and in February 2025, it made a wholly owned subsidiary of Sanwa Holdings which sells and constructs industrial and residential photovoltaic power generation systems on a one-stop basis to further expand the business scale.

Also, in August 2024, it established DG Takashima Co., Ltd. as a joint venture with DG Power System Co., Ltd., an operating company of the DG Capital Group Co., Ltd., to promote digital grid technology. The Company has already formed a capital alliance with DG Capital Group to drive uptake of digital grid technology. To further accelerate uptake, the Company agreed to establish a joint venture with DG Power System, which develops and manufactures digital grid routers. The market for digital grid technology, which will enable the "internet of electricity," is still in its infancy. Takashima aims to expand earnings by making, supplying, and selling digital grid routers—inverters with grid-forming functions that are expected to see increased demand—aiming to take the market from infancy into the uptake and growth phases.

Main products handled

Photovoltaic power systems	• Industrial photovoltaic power systems • Residential photovoltaic power systems • Solar carport systems
Energy-related products	• Storage batteries • Internet of Things (IoT) • Vehicle to Home (V2H)
Developed products	• Smart Rack® developed by Takashima (photovoltaic power systems rack)
All electrification products	• EcoCute devices • Induction cookers

Source: Prepared by FISCO from the Company's website

(2) Industrial Materials Segment

This business provided 19.6% of total net sales, the second highest percentage after the Construction Supply Segment. It is comprised of two segments: plastics-related materials and textile-related materials. It provides a wide range of value to customers, from design and manufacturing to processing and sales in the value chain. The business serves a variety of customers and provides a variety of functions in each field. This includes providing logistics materials (plastic trays for transportation of parts, etc.) designed by the Group for their shock absorption characteristics to automotive and electrical manufacturers, and it provides textile products to public agencies, and conducts OEM production of apparel and functional textiles for clothing.

a) Plastic-related materials

This business handles a broad range of materials and products from synthetic resin to environmentally friendly resin. It provides manufacturers with molded plastic trays for the packaging of manufactured parts (for transportation between processes and when shipping, etc.), and designs, assembles, and offers compound processing functions for internal and external materials (based on the keywords of energy savings and labor savings) used in rolling stock. In addition, it helps 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 manufactures and sells plastic molded products, focusing on general industrial products such as automobiles and electronics, and it is also actively investing in the medical products field.

Main products handled

SFC Resin series	• SFC-AS (antistatic) • SFC-FR (non-HBCD flame retardant)
ARCEL Resin series	• ARCEL-ULV • ARCEL-730 • ARCEL-640 (vehicle interior materials)
General-purpose plastics	• Distribution materials overall
High-performance compound resin processed products	• Injection molded trays • Extrusion molded trays • Vacuum formed trays • Foam molded cushioning materials
Rolling stock related materials	• Window glass, insulation materials • Sound absorbing materials, floor coverings • Structural components (ceilings, luggage racks, air conditioning outlets) • Room fixtures (sleeve partitions, gable table, washroom lighting)

Source: Prepared by FISCO from the Company's website

b) Textile-related materials

This business sells textile materials, including the heavy fabrics (industrial textiles such as synthetic canvas, ornamental tents, truck canopies, etc.) that were the original business of the Company, as well as selling textile products for container bags and to the Ministry of Defense, and proposing OEM production of apparel products to major retailers in Japan. Furthermore, Group company Hi-Land Inc. develops, manufactures, and sells sewn products.

Main products handled

Textile materials	• Synthetic canvas and non-inflammable membrane materials • Decorative tents and functional fibers for apparel
Textile products	• Container bags and products for the Ministry of Defense • Sign-related, infrastructure-related and road clearing products
Sales promotion materials	• WOODLAC
Apparel products	• Clothing, shoes, and bags
Motor vehicle-related parts and materials	• Metal processed products and rubber processed products
Products for DIY stores	• Wood products and rubber goods
Environmentally friendly products	• EV chargers, antibacterial and antifungal paints • Air conditioning-related products (filters) • Lightweight hanging smoke barriers and membrane ceilings • Interiors and signs
Industrial materials	• Polishing films, polishing cloths, and non-woven fabrics • Road materials, special paints, nonflammable membrane materials, and high-performance fibers
Other products	• Refrigerant gas for air conditioners, freezers, refrigeration equipment, and various other items

Source: Prepared by FISCO from the Company's website

(3) Electronic Devices Segment

This business provides 15.6% of total net sales. It is conducted by the iTak Group centered on iTak (International) Limited that has its headquarters in Hong Kong, and it is composed of the device business, which procures and sells electronic components according to customer needs from manufacturers developing businesses mainly in Asia, and the assembly business, in which the iTak Group functions as the manufacturer, providing electronic manufacturing services (EMS) by mounting components on printed circuit boards. With seven domestic and overseas offices (excluding representative offices) and two in-house factories (in Thailand and Vietnam), 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. Under Sustainability V (Value), the Company has set forth a policy of investing in its own factories in Thailand and Vietnam to support the needs of customers looking for manufacturing bases as its China plus one strategy.

a) Device

This business provides 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. It carries out business that leverages its customer support capabilities by undertaking procurement, primarily from Asian manufacturers, and systematically implementing delivery control, inventory management, and quality management for parts.

Main products handled

Liquid crystal components	• Mono LCD (TN, STN, FSTN, VA, etc.) • COG modules, backlight modules • TFT displays, OLED displays, touch panels, etc.
Sound components	• ECM microphones, MEMS microphones • MIC board modules, modules with cables • Speakers, receivers, etc.
Electronic components and semiconductors	• Diodes in general, TVS, FET, transistors and analog IC • Electrolytic capacitors and film capacitors • Power relays, latching relays, and communication relays • Transformers, choke coils and LEDs • Infrared light emitting diodes, photodetectors and UV LEDs • Photo-interrupters, terminal blocks, microswitches, connectors, etc.

Source: Prepared by FISCO from the Company's website

b) Assembly

Utilizing its own factory established in Chon Buri, Thailand, in 2017, this electronics manufacturing service (EMS) business provides total support for PCB mounting from the design stage to mass production. With the Company's background as an electronic component trading company and its capabilities as a manufacturer, it 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.

Results trends

In 1H FY3/26, industrial materials played a leading role, but results were sluggish because construction supplies and electronic devices were in a slump

1. Overview of 1H FY3/26 results

The Company reported 1H FY3/26 net sales of ¥45,020mn, down 3.0% YoY, operating profit of ¥898mn, down 1.2%, ordinary profit of ¥1,075mn, up 29.0%, and profit attributable to owners of parent of ¥695mn, up 44.0%.

Although revenue of the Industrial Materials Segment increased due to strong sales of plastics-related materials, it could not complement a decrease in revenue of the Construction Supply Segment and the Electronic Devices Segment. Segment profit of the Industrial Materials Segment increased 29.8% YoY thanks to improved plant utilization rate, resulting from the use of production functions of TAKCEL, a consolidated subsidiary, but profit of the Construction Supply Segment and the Electronic Devices Segment decreased, affecting the results.

In contrast, ordinary profit and profit attributable to owners of parent increased significantly YoY thanks to foreign exchange gains incurred in overseas subsidiaries, etc.

1H FY3/26 consolidated results

(¥mn)

	1H FY3/25		1H FY3/26		YoY	
	Result	% of sales	Result	% of sales	Change	Change rate
Net sales	46,392	-	45,020	-	-1,372	-3.0%
Construction Supply	30,178	65.0%	29,160	64.7%	-1,018	-3.4%
Industrial Materials	8,547	18.4%	8,839	19.6%	292	3.4%
Electronic Devices	7,682	16.6%	7,046	15.6%	-635	-8.3%
Adjustment	-15	-	-26	-	-10	-
Gross profit	6,291	13.6%	6,745	15.0%	453	7.2%
Operating profit	908	2.0%	898	2.0%	-10	-1.2%
Construction Supply	847	2.8%	795	2.7%	-51	-6.1%
Industrial Materials	399	4.7%	518	5.9%	119	29.8%
Electronic Devices	368	4.8%	280	4.0%	-88	-23.9%
Adjustment	-706	-	-696	-	9	-
Ordinary profit	833	1.8%	1,075	2.4%	241	29.0%
Profit attributable to owners of parent	482	1.0%	695	1.5%	212	44.0%

Notes: 1: Adjustments to net sales are elimination of intersegment transactions, while adjustments to segment operating profit are elimination of intersegment transactions and corporate expenses unallocated to reportable segments.
2: % of sales by segment for operating profit is the operating margin.
Source: Prepared by FISCO from the Company's financial results and results briefing materials

Results by segment were as follows.

(1) Construction Supply Segment

Net sales decreased 3.4% YoY to ¥29,160mn and segment profit declined 6.1% to ¥795mn. Looking at net sales by field, housing materials increased 4.5% to ¥5,586mn thanks to strong sales of new products, and renewable energy materials went up 21.5% to ¥7,902mn owing to strong sales of storage batteries for home use and the effect of consolidation of Sanwa Holdings, which became a subsidiary in February 2025. Meanwhile, non-housing materials, which account for over half of net sales of the Construction Supply Segment, decreased 14.5% to ¥15,671mn due to sluggishness in foundation-related works. Also, profit declined YoY due to increased expenses from operating activities in addition to the effect of decreased revenue.

(2) Industrial Materials Segment

Net sales increased 3.4% YoY to ¥8,839mn, and segment profit grew 29.8% to ¥518mn. Looking at net sales by field, textile-related materials declined 11.8% to ¥3,571mn due to the effect of selection and concentration efforts that led to downsizing of some apparel businesses, although sales of materials and products for industrial functional textiles were steady. Meanwhile, plastics-related materials increased 17.2% to ¥5,260mn due to an increase in orders for automobile-related materials, and electronic and precision equipment-related materials, and logistics materials, as well as an increase in sales of amusement-related recycled plastic products. Profit increased significantly and the segment profit ratio improved 1.2% due to the contribution of improved plant utilization rate, resulting from the use of production functions at subsidiaries, in addition to the increase in revenue.

(3) Electronic Devices Segment

Net sales decreased 8.3% YoY to ¥7,046mn and segment profit declined 23.9% to ¥280mn. Looking at net sales by field, the devices field decreased 0.6% to ¥2,624mn due to the effect of the exchange rates used for consolidated financial statements, although the component inventory that had accumulated owing to a rebound from supply shortages of electronic components at major customers is moving towards resolution. The assembly field declined 12.3% to ¥4,422mn due to lower sales of board mounting for white goods for both Japan and ASEAN, in addition to the sluggish demand for digital cameras.

2. Financial position

Total assets as of end- 1H FY3/26 were ¥61,290mn, up ¥1,245mn from the end of the previous fiscal year. Of this amount, current assets increased ¥1,944mn to ¥43,295mn. This was primarily due to increases in cash and deposits of ¥1,424mn and in accounts receivable - trade (notes and accounts receivable - trade + contract assets) of ¥259mn. Non-current assets decreased ¥698mn to ¥17,994mn. This was primarily due to declines in property, plant and equipment of ¥210mn and in intangible assets of ¥408mn.

Total liabilities increased ¥1,866mn from the end of the previous fiscal year to ¥37,986mn. Of this amount, current liabilities declined ¥1,773mn to ¥26,035mn. This was primarily due to declines in short-term borrowings of ¥2,443mn and in electronically recorded obligations – operating of ¥402mn. Non-current liabilities increased ¥3,639mn to ¥11,951mn. This largely reflected a ¥3,732mn increase in long-term borrowings. Net assets decreased ¥620mn to ¥23,303mn. This was from retained earnings increasing ¥695mn due to recording profit attributable to owners of parent, but on the other hand, due to recording a decrease in foreign currency translation adjustment of ¥334mn and dividend payout of ¥784mn.

Looking at key management indicators, the equity ratio was 38.0% (39.8% at the end of the previous fiscal year), the current ratio was 166.3% (148.7%), and the fixed asset ratio was 77.2% (78.1%). The stability of the fund-raising structure is improving due to utilization of long-term debts, and reduction in current liabilities and rise in the current ratio represent improvement in short-term financial resilience. The equity ratio is maintained at around 40%, and overall, there is a balance between soundness and flexibility. Although working capital increased, it is evaluated as positive capital needs associated with business expansion against the background of the increase in trade receivables. Going forward, as the collection efficiency improves, financial base will be further strengthened.

Consolidated balance sheet and management indicators

(¥mn)

	End- FY3/24	End- FY3/25	End-1H FY3/26	Change
Current assets	43,877	41,351	43,295	1,944
Cash and deposits	12,371	9,080	10,504	1,424
Trade receivables	23,438	22,192	22,451	259
Inventories	6,490	6,754	7,990	1,236
Non-current assets	16,531	18,693	17,994	-698
Property, plant and equipment	4,762	6,446	6,236	-209
Intangible assets	6,609	6,825	6,417	-408
Investments and other assets	5,159	5,421	5,340	-80
Total assets	60,409	60,044	61,290	1,245
Current liabilities	32,349	27,808	26,035	-1,773
Trade payables	22,232	17,667	17,916	249
Short-term borrowing debt	4,807	6,206	3,762	-2,443
Non-current liabilities	4,481	8,311	11,951	3,639
Long-term borrowing debt	2,115	5,662	9,379	3,717
Total liabilities	36,830	36,120	37,986	1,866
Interest-bearing debt	6,922	11,868	13,141	1,273
Total net assets	23,578	23,924	23,303	-620
Retained earnings	16,898	17,044	16,858	-185
Total liabilities and net assets	60,409	60,044	61,290	1,245
[Management indicators]				
Equity ratio	39.0%	39.8%	38.0%	-1.8pp
Current ratio	135.6%	148.7%	166.3%	17.6pp
Fixed asset ratio	70.1%	78.1%	77.2%	-0.9pp

Source: Prepared by FISCO from the Company's financial results

In 1H FY3/26, net cash provided by operating activities was ¥1,587mn. This was mainly due to an increase in inventories (decreasing factor), and attributable to recording profit before income taxes, and income tax refund. Net cash used in investing activities totaled ¥248mn. This was largely due to a decrease from acquiring property, plant and equipment. Net cash provided by financing activities was ¥340mn. This was mainly due to an increase in long-term borrowings.

Consolidated cash flow statement

(¥mn)

	1H FY3/25	1H FY3/26
Cash flow from operating activities (a)	-1,243	1,587
Cash flow from investing activities (b)	-728	-248
Free cash flow (a) + (b)	-1,971	1,339
Cash flow from financing activities	-1,632	340
Net increase/decrease in cash and cash equivalents	-3,291	1,439
Cash and cash equivalents at end of period	9,033	10,504

Source: Prepared by FISCO from the Company's financial results

Outlook

For FY3/26, seeking record-high operating profit from strengthening existing business and the effects of M&A

The Company forecasts consolidated net sales of ¥110,000mn, up 16.4% YoY, operating profit of ¥2,600mn, up 22.1%, ordinary profit of ¥2,600mn, up 28.4%, and profit attributable to owners of parent of ¥1,900mn, up 21.3%.

The Company is planning double-digit growth in net sales in all its business segments. Along with expanding existing business, in the Construction Supply Segment, consolidation effects are expected from Sanwa Holdings, made a subsidiary in February 2025. As for profits, forecasts are somewhat conservative in light of the unclear external environment, but the Company is projecting a new record high for operating profit partly due to higher revenue and progress in business streamlining from organizational restructuring. The operating profit progress rate of 34.5% in 1H is a slightly low level, so FISCO wants to pay attention to its recovery in 2H.

Looking at results forecasts by business segment, in the Construction Supply Segment, net sales are expected to rise 14.7% YoY to ¥70,000mn and segment profit to increase 43.6% to ¥2,400mn. In the Industrial Materials Segment, net sales are projected to increase 11.1% to ¥20,000mn and segment profit to grow 4.3% to ¥1,100mn. In the Electronic Devices Segment, net sales are forecast to increase 28.9% to ¥20,000mn and segment profit to decrease 3.8% to ¥700mn.

In the Construction Supply Segment, the Company is abolishing its previous organization administered by region and reforming it into an organization administered by business field in order to make it possible to more directly respond to target markets. The Company will work to increase profitability in existing business in each business field, and in the renewable energy materials field, it will carry out collaboration with Sanwa Holdings to expand its domain into industrial solar power systems. Combined with New Energy Distribution System, a Group company with a construction function for residential solar power systems, the Company will be able to cover all areas of the solar power market, from material wholesaling to construction, and will work to further strengthen its earnings base.

In the Industrial Materials Segment, the Company carried out an absorption merger in April 2025 in which TAKASHIMA INDUSTRIES CO., LTD. is the surviving company and CLS Corporation is absorbed. This unifies trading company functions within the Industrial Materials Business Division and further promotes expansion of sales into mainstay markets in the textile business and the integration of administrative functions. Share exchanges were also conducted to make TAKCEL, Hi-Land, and Sinbou Edix Co. Ltd. wholly owned subsidiaries with TAKASHIMA INDUSTRIES as the parent company. With Takashima Industries as the parent company in the Industrial Materials business, the goals are to speed up business management decision-making and further promote establishment of systems and an environment readily conducive to human resources investment. By building an operating system suited to the business environment, the Company will work to promote integrated management of the business division and its further development. Through these reforms, the Company will propose solutions that leverage the strengths of the Group, which has a manufacturing function, and will aim to expand earnings in the plastics-related materials field and textiles-related materials field.

In the Electronic Devices Segment, at iTak (International) Limited, the core company, the Sales Division has been reorganized into the Electronic Devices Business Division and Electronic Equipment Business Division to reinforce functions and clarify roles. In addition, to strengthen functions, the Technology Division has been renamed the Development Division, and the Quality Management Promotion Office, which was directly underneath the president, has been renamed the Quality Management Department and placed under the Development Division. The Technology Department has also been newly established. Market conditions in the consumer electronic equipment and white goods markets remain challenging, and, further, considering the effects of the Trump tariffs, profit forecasts are conservative. Even in such a difficult environment, as an initiative to further enhance the Company's functions, the Company will broadly develop electronic components used in circuit board mounting and will further strengthen its quality management system and establish a competitive advantage in quality, cost, and delivery (QCD) in an effort to restore profit levels.

FY3/26 consolidated results outlook

(¥mn)

	FY3/25		FY3/26		YoY	
	Result	% of sales	Forecast	% of sales	Change	Change rate
Net sales	94,503	-	110,000	-	15,496	16.4%
Construction Supply	61,017	64.4%	70,000	63.6%	8,982	14.7%
Industrial Materials	17,998	19.0%	20,000	18.2%	2,001	11.1%
Electronic Devices	15,514	16.4%	20,000	18.2%	4,486	28.9%
Adjustment	-28	-	-	-	-	-
Operating profit	2,129	2.3%	2,600	2.4%	470	22.1%
Construction Supply	1,671	2.7%	2,400	3.4%	728	43.6%
Industrial Materials	1,054	5.9%	1,100	5.5%	45	4.3%
Electronic Devices	727	4.7%	700	3.5%	-27	-3.8%
Adjustment	-1,324	-	-1,600	-	-276	-
Ordinary profit	2,024	2.1%	2,600	2.4%	576	28.4%
Profit attributable to owners of parent	1,566	1.7%	1,900	1.7%	334	21.3%

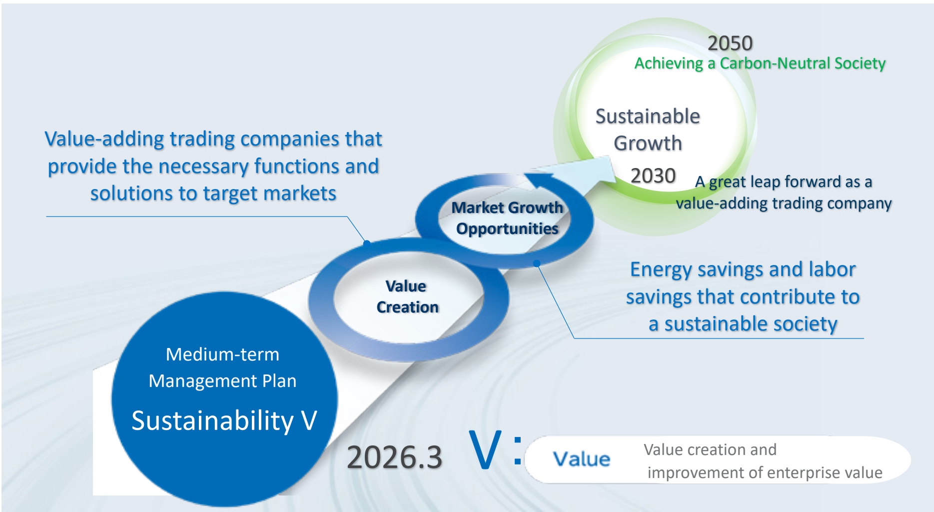
Source: Prepared by FISCO from the Company's financial results

The medium- to long-term growth strategy

For FY3/26, aiming for final profit of ¥1.9bn and ROE of 8% or higher

The Company formulated the Sustainability V (Value) Medium-term Management Plan (FY3/24 to FY3/26) in March 2023. In the very long-term, the Company's goal is to achieve a carbon neutral society by 2050, and it aims to simultaneously adapt to a sustainable society and achieve sustainable growth through value creation by capturing market growth opportunities.

Growth image of Sustainability V (Value)

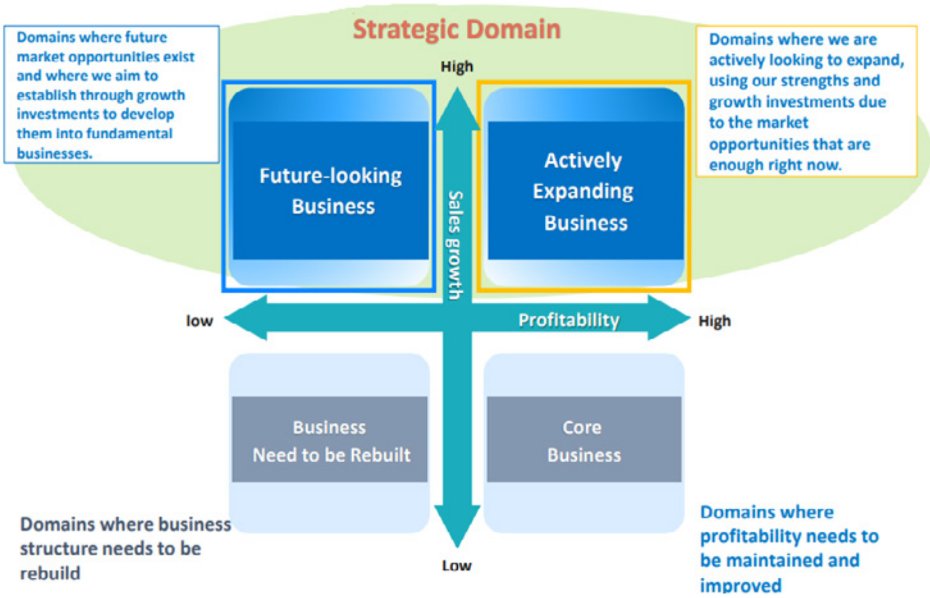


Source: Reprinted from the Company's Medium-term Management Plan Sustainability V (Value) Updated Version

To contribute to achieving a carbon-neutral society through its business activities, the Company's medium-term targets for FY3/26 are as follows: consolidated net sales of ¥110.0bn (¥70.0bn in the Construction Supply Segment, ¥20.0bn in the Industrial Materials Segment, and ¥20.0bn in the Electronic Devices Segment), operating profit of ¥2.6bn, profit attributable to owners of parent of ¥1.9bn, ROE of at least 8.0%, ROIC of at least 6.0%, and a total payout ratio of 100%. The Company intends to increase profit attributable to owners of parent and ROE by effectively utilizing external funds and cash from each business. In December 2023, it revised its medium-term management targets upward. The target for net sales has been increased by ¥10.0bn compared to the target in the initial announcement, operating profit has been increased by ¥0.3bn, and profit attributable to owners of parent by ¥0.2bn. The target for the Construction Supply Segment has also been revised upward by ¥10.0bn due to factors including the consolidation of Gansui in June 2023, and business results in the construction materials and renewable energy materials fields following strong performance.

In addition, the Company has established a growth investment quota of ¥15.0bn. The Company has determined strategic investment areas by classifying each business on the two axes of sales growth rate (potential) and profitability (operating profit). Specifically, the Company will focus its investments on the domains of Actively Expanding Business, where it is actively looking to expand, using its strengths and growth investments, and Future-looking Business, where medium- to long-term market opportunities exist and where it aims to establish them through growth investments to develop them into future fundamental businesses. In addition to M&A aimed at strengthening and diversifying its business portfolio, the Company will invest in plants and facilities, human resources, and IT. The Company has also upwardly revised its growth investment quota. In its initial plan, this quota was set at over ¥10.0bn, but as of the end of 1H FY3/24, it had already invested ¥8.95bn and it is seeing smooth progress, so it has further raised its growth investment target. In FY3/25, the Company made growth investments totaling ¥3.87bn, ¥3.13bn to establish DG Takashima and make Sanwa Holdings a subsidiary, ¥0.43bn to maintain, upgrade, and augment factories and facilities, and ¥0.32bn related to human resources and IT. Though achievement of the quantitative target will be prioritized in FY3/26, the Company plans to continue considering investment projects in which returns can be expected.

Business portfolio management and strategic investment approach



Source: The Company's Medium-term Management Plan Sustainability V (Value) (FY3/24 to FY3/26) Updated Version

Also, in the Medium-term Management Plan Sustainability V (Value), the Company once again emphasized that it is strengthening awareness of the cost of capital and share price in its management. To date, under its compliance plan, it has engaged in management that is firmly aware of capital cost and share price, including setting targets for capital efficiency ratio, carrying out investment that focuses on capital efficiency and growth potential based on its basic capital allocation policy, and enhancing shareholder return as a basic policy. Going forward, it will pursue the further policies of setting price-to-book ratio as an indicator with a target of at least 1.0, continuously enhancing ROE, and enhancing its P/E ratio. Specifically, it will work to consolidate market expectations regarding its future profit growth through initiatives such as advancing post-merger integration and enhancing earning capabilities at M&A companies, continuing to make new investments in strategic areas (M&A, plants, etc.), restructuring and strengthening the competitiveness of the Industrial Materials Segment, balancing growth with shareholder return, further strengthening information sharing with shareholders (overseas investors, individual investors), and enhancing capital efficiency by reducing its strategic holding shares. Under these policies, it is steadily implementing various measures to lift profit growth and capital efficiency.

Shareholder return policy

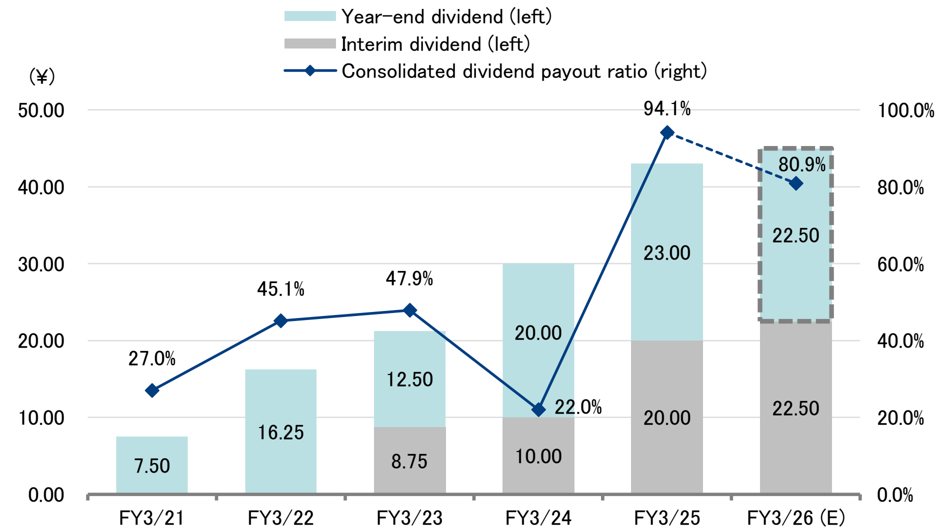
In FY3/26, expecting a dividend payout ratio of 80.9% and a total payout ratio of 100%. The Company will continue proactive profit returns

The Company has positioned returning profits to shareholders as an important task of management and carries out a proactive shareholder return policy. In August 2024, it announced a new policy limited to two years of substantially raising shareholder returns from the previous payout ratio of 40% or higher and total payout ratio of 50% to a payout ratio of 80% or higher and a total payout ratio of 100%. This suggests that while raising profitability and strengthening its financial foundation the Company is putting even more priority on returning profits to shareholders.

Based on this basic policy, the annual per-share dividend for FY3/25 was ¥43.00 (The Company carried out a 2-for-1 stock split of its common stock on October 1, 2025; after taking the stock split into account), achieving a payout ratio of 94.1%, well above the new standard of 80%. The Company also bought back shares for a total payout ratio of 100.2%, exceeding its policy target. For FY3/26, the Company plans to raise the annual dividend ¥2.00 YoY to ¥45.00 for a dividend payout ratio of 80.9%.

The Company has clearly strengthened its shareholder return policy compared to the past, and management's stance toward emphasizing shareholders stands out all the more. The Company's strategy of working for a balance between growth and returns while taking as a premise sustained increases in corporate value can be said to be a strategic initiative for raising its credibility and presence in the market.

Trends in per-share dividend and consolidated dividend payout ratio



Note: The Company carried out a 4-for-1 stock split of its common stock as of October 1, 2023, and also carried out a 2-for-1 stock split of its common stock as of October 1, 2025. The amount of per-share dividend is stated after taking the stock split into account.
Source: Prepared by FISCO from the Company's results briefing materials

Disclaimer

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