COMPANY RESEARCH AND ANALYSIS REPORT

Takashima & Co., Ltd.

8007

Tokyo Stock Exchange Prime Market

3-Jul.-2026

FISCO Ltd. Analyst
Takuma Yoshibayashi

FISCO Ltd.
https://www.fisco.co.jp

Contents

Summary

Aiming for operating profit of ¥3.0bn and ROE of 8% or higher for FY3/29 under the new Medium-term Management Plan

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' labor-saving, resource-saving, and renewable-energy transition, thereby contributing to the realization of a sustainable society. Since FY3/14, profit attributable to owners of parent has remained stable at ¥1.0bn or above, building a solid earnings and financial base.

1. Overview of FY3/26 results

The Company reported FY3/26 consolidated net sales of ¥90,642mn, down 4.1% year on year (YoY), operating profit of ¥2,102mn, down 1.2%, ordinary profit of ¥1,523mn, down 24.7%, and profit attributable to owners of parent of ¥1,225mn, down 21.8%. Net sales remained unchanged in the Industrial Materials Segment, while declines in the Construction Supply Segment and Electronic Devices Segment weighed on results. In the Construction Supply Segment, the residential and renewable energy materials fields expanded, but foundation-related works in the non-residential field remained sluggish. In the Electronic Devices Segment, demand from consumer electronic equipment and white goods industries was challenging, and digital camera-related and PCB assembly also showed weakness. In terms of profit, although SG&A expenses, including personnel expenses and goodwill amortization, increased, the gross profit margin improved 1.2 percentage points (pp) YoY to 15.0% due to higher added value, limiting the decline in operating profit to a small amount. Ordinary profit, however, fell sharply due to the recording of equity-method investment losses related to DG Takashima Co., Ltd. For profit attributable to owners of parent, gains on sale of investment securities arising from the sale of strategic holding shares were recorded, but could not offset the decrease in ordinary profit, resulting in a sharp drop in profit.

2. FY3/27 forecasts

For FY3/27, the Company forecasts consolidated net sales of ¥100,000mn, up 10.3% YoY, operating profit of ¥2,300mn, up 9.4%, ordinary profit of ¥2,400mn, up 57.5%, and profit attributable to owners of parent of ¥1,600mn, up 30.6%. Net sales are expected to increase, led by the Construction Supply Segment. In addition to the positive impact of the organizational restructuring carried out in FY3/26, the Company will promote expansion into the industrial photovoltaic power area within the renewable energy materials field through collaboration with Sanwa System Co., Ltd., newly made a consolidated subsidiary. In the Industrial Materials Segment, the Company aims to strengthen business activities in key fields such as automotive, electronic/precision equipment, defense, and medical, and expand earnings by leveraging the strengths of Group companies with manufacturing functions. Although the Electronic Devices Segment is expected to see declines in both sales and profit due to fierce competition, it continues to develop electronic components and enhance quality control systems. For ordinary profit and below, a significant recovery is expected due to the absence of DG Takashima-related losses recorded in the previous fiscal year.

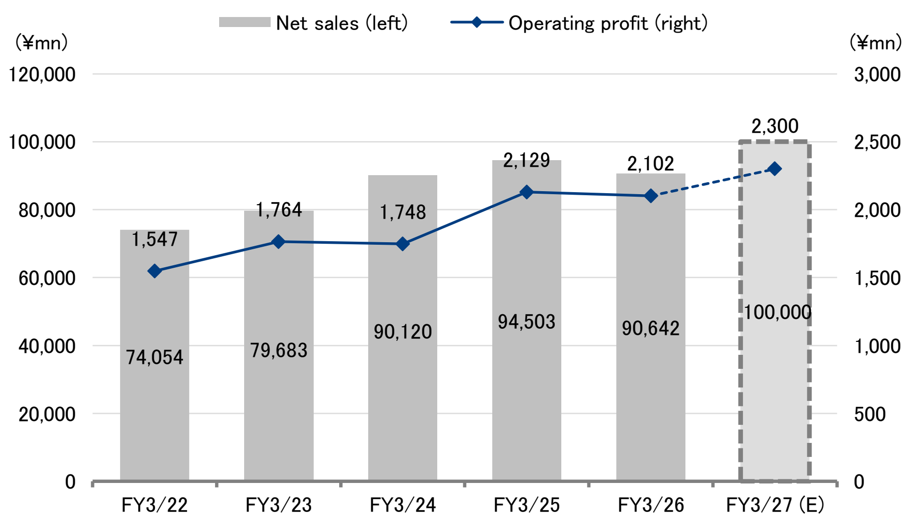
3. The medium- to long-term growth strategy

The Company's new Medium-term Management Plan formulated in May 2026 sets improved investment returns and enhanced capital efficiency as key priorities. Under the previous Medium-term Management Plan (FY3/24–FY3/26), while the Company promoted growth investments, M&A, and enhanced shareholder returns, it did not achieve its final-year quantitative targets. The new Medium-term Management Plan is based on core policies such as promotion of management conscious of cost of capital and corporate value, creation of a positive cycle of investment, and sustainable production of valuable human assets, with efforts to advance business portfolio sophistication through labor-saving, resource-saving, and renewable-energy transition. With the Construction Supply Segment as a growth driver, the Company will also pursue higher added value in Industrial Materials Segment and Electronic Devices Segment. The plan targets net sales of ¥110.0bn, operating profit of ¥3.0bn, profit attributable to owners of parent of ¥2.0bn, and ROE of 8.0% or more for FY3/29, aiming for profit growth and recovery in capital efficiency while balancing strategic investments and shareholder returns.

Key Points

- Although the Industrial Materials Segment performed well in FY3/26, profits decreased due to sluggish Construction Supply and Electronic Devices Segments and equity-method losses
- For FY3/27, results are expected to recover, led by the Construction Supply Segment, with further expansion in growth areas
- Formulation of the new Medium-term Management Plan, targeting operating profit of ¥3.0bn and ROE of 8.0% or more for FY3/29

Results trends



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

Company profile

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

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 March 31, 2026, the Group consists of the Company, 23 consolidated subsidiaries (including 6 overseas), and 2 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

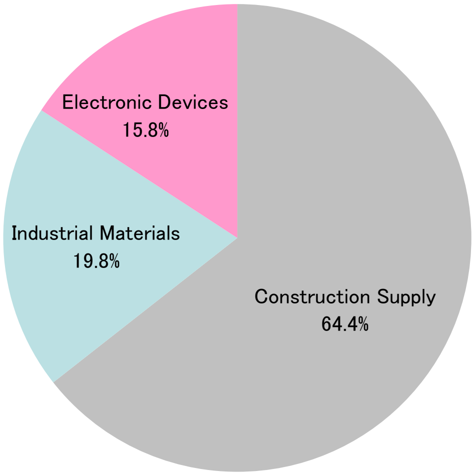
Date	Event
October 1915	Mr. Kotakichi Takashima founded Takashimaya Shoten Unlimited Partnership with paid-in capital of 10,000 yen. It mainly sold textile materials
December 1931	Reorganized as Takashimaya Shoten Co., Ltd. with paid-in capital of 500,000 yen
May 1949	Listed on the Tokyo Stock Exchange (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 shares of Sanwa Holdings Co., Ltd. (a holding company for 13 companies including Sanwa System Co., Ltd.)
April 2025	TAKASHIMA INDUSTRIES (currently a consolidated subsidiary) absorbed and merged CLS
January 2026	Sanwa System (now a consolidated subsidiary) absorbed and merged Sanwa Holdings and six other companies

Source: Prepared by FISCO from the Company's financial results and 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 FY3/26 was that the Construction Supply Segment provided 64.4%, the Industrial Materials Segment 19.8%, and the Electronic Devices Segment 15.8%. The Company designs distribution channels in accordance with customer needs and covers 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' labor-saving, resource-saving, and renewable-energy transition, and thereby also contributing to the realization of a sustainable society.

Composition of net sales by segment (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 64.4% of total net sales (as of FY3/26). It is comprised of three fields: 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. Thermal 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. For the renewable energy materials field, while active investments were made under the previous Medium-term Management Plan (FY3/24–FY3/26), strategic investments will also continue under the new Medium-term Management Plan formulated in May 2026, aiming to further strengthen its solution capabilities by combining the Company's sales functions and the construction functions acquired through M&A.

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 saving 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 Sanwa Holdings Co., Ltd. (now Sanwa System), which owned Sanwa System and others, a wholly owned subsidiary. Sanwa System 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 (non-residential)

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 • Comb-shaped parts for railway platforms • Plastic underground storage/infiltration blocks
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 for thermal insulation materials to housebuilders in which the Company takes responsibility for layout, processing, and distribution functions, helping to achieve labor-saving associated with measuring, cutting, and disposal work at construction sites.

Main products handled (residential)

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 materials 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 Inc. 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 (currently Sanwa System) which sells and constructs industrial and residential photovoltaic power generation systems on a one-stop basis to further expand the business scale.

Main products handled (renewable energy materials)

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 19.8% of total net sales, the second highest percentage after the Construction Supply Segment. It is comprised of two fields: 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-saving and labor-saving) 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 Co., Ltd. manufactures and sells plastic molded products. It is focusing on general industrial products such as automobiles and electronics, and it is also actively investing in the medical products field.

Main products handled (plastic-related materials)

SFC plastic series	• SFC-AS (antistatic type) • SFC-FR (non-HBCD flame retardant type)
ARCEL plastic series	• ARCEL-ULV, ARCEL-730 • ARCEL-640 (interior materials for automobiles)
General-purpose plastics	• General logistics materials
High-performance compound plastic processed products	• Injection-molded trays, extrusion-molded trays • Vacuum-formed trays, foam-molded cushioning materials
Vehicle components	• Window glass, thermal insulation materials, sound-absorbing materials, flooring materials • Structural components (ceilings, luggage racks, air outlets) • Interior equipment (end partitions, end tables, restroom 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-related materials)

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 15.8% 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 the main countries in Asia. The ability to offer global manufacturing support for customers' development, production, and purchasing from an office near their sites is one of the characteristics of the iTak Group.

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 (devices)

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 saving and the shift to inverter usage by white goods and other products through production at its Thai plant.

Results trends

In FY3/26, despite strong performance in Industrial Materials Segment, profit decreased due to sluggish results in the Construction Supply and Electronic Devices segments

1. Overview of FY3/26 results

The Company reported FY3/26 consolidated net sales of ¥90,642mn, down 4.1% YoY; operating profit of ¥2,102mn, down 1.2%, ordinary profit of ¥1,523mn, down 24.7%, and profit attributable to owners of parent of ¥1,225mn, down 21.8%.

Net sales remained unchanged in the Industrial Materials Segment, while declines in the Construction Supply Segment and Electronic Devices Segment weighed on results. In the Construction Supply Segment, although the residential and renewable energy materials fields grew, foundation-related works in the non-residential field were sluggish. In the Electronic Devices Segment, the demand environment for consumer electronic equipment and white goods remained tough, and areas such as digital cameras and board mounting also weakened.

In terms of profit, although SG&A expenses, including personnel expenses and goodwill amortization, increased, the gross profit margin improved 1.2pp YoY to 15.0% due to higher added value, limiting the decline in operating profit to a small amount. On the other hand, ordinary profit dropped significantly, reflecting the recording of equity-method investment losses related to DG Takashima. For profit attributable to owners of parent, gains on sale of investment securities arising from the sale of strategic holding shares were recorded, but could not offset the decrease in ordinary profit, resulting in a sharp drop in profit.

FY3/26 consolidated results

(¥mn)

	FY3/25		FY3/26		YoY	
	Result	% of sales/ profit margin	Result	% of sales/ profit margin	Change	Change rate
Net sales	94,503	-	90,642	-	-3,860	-4.1%
Construction Supply	61,017	64.5%	58,434	64.4%	-2,583	-4.2%
Industrial Materials	17,998	19.0%	17,968	19.8%	-29	-0.2%
Electronic Devices	15,514	16.4%	14,289	15.8%	-1,225	-7.9%
Adjustment	-28	-	-49	-	-21	-
Gross profit	13,032	13.8%	13,591	15.0%	558	4.3%
Operating profit	2,129	2.3%	2,102	2.3%	-26	-1.2%
Construction Supply	1,851	3.0%	1,722	2.9%	-129	-7.0%
Industrial Materials	939	5.2%	1,222	6.8%	283	30.1%
Electronic Devices	726	4.7%	468	3.3%	-257	-35.5%
Adjustment	-1,388	-	-1,310	-	77	-
Ordinary profit	2,024	2.1%	1,523	1.7%	-500	-24.7%
Profit attributable to owners of parent	1,566	1.7%	1,225	1.4%	-341	-21.8%

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: For gross profit, operating profit, ordinary profit, and profit attributable to owners of parent, % of sales represents the profit 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 4.2% YoY to ¥58,434mn, and segment profit declined 7.0% to ¥1,722mn. Looking at net sales by field, the residential field increased 2.1% to ¥11,322mn, and the renewable energy materials field expanded 19.7% to ¥16,612mn. In the renewable energy materials field, in addition to strong sales of storage batteries for residential use, increased profit contribution from Sanwa Holdings (now Sanwa System), which became a consolidated subsidiary in February 2025, also drove revenue growth. On the other hand, the non-residential field posted ¥30,498mn, down 15.4%, due to sluggish results in foundation-related works. In terms of profit, although the renewable energy materials field expanded, the impact of sales decrease in the high-composition non-residential field, combined with an increase in selling expenses for business expansion, resulted in a decline in segment profit.

(2) Industrial Materials Segment

Net sales decreased 0.2% YoY to ¥17,968mn, while segment profit increased 30.1% to ¥1,222mn. Looking at net sales by field, the plastic-related materials field increased 9.4% to ¥10,813mn. Orders rose for automobile-related materials, electronic and precision equipment-related materials, and logistics materials, as well as for medical applications, and sales of amusement-related recycled plastic products also expanded. On the other hand, the textile-related materials field declined 11.9% to ¥7,141mn. In industrial functional textiles, although the defense-related field expanded, decreased demand for school backpack materials and business downsizing in apparel had a negative impact. In terms of profit, improved sales mix and enhanced plant utilization by leveraging consolidated subsidiaries' production functions contributed to a 1.6pp improvement in the segment profit ratio.

(3) Electronic Devices Segment

Net sales decreased 7.9% YoY to ¥14,289mn, and segment profit declined 35.5% to ¥468mn. Looking at net sales by field, the devices field decreased 7.1% to ¥5,199mn. Although the component inventory that had accumulated owing to a rebound from supply shortages of electronic components among major customers moved toward resolution, lower market performance in 2H and the impact of exchange rates used for consolidated accounting led to reduced revenue. On the other hand, the assembly field fell 8.3% to ¥9,089mn. In addition to sluggish digital camera-related business, competition with Chinese companies was intense for both domestic and ASEAN-bound board mounting for white goods, creating a challenging business environment. In terms of profit, the effects of lower revenue in the devices field, along with sluggish board mounting for white goods, led to a 1.4pp decline in the segment profit ratio.

2. Financial position

Total assets as of the end of FY3/26 decreased ¥2,986mn YoY to ¥57,090mn. Of this amount, current assets increased ¥20mn to ¥41,371mn. While accounts receivable-trade decreased ¥1,643mn and electronically recorded monetary claims-operating decreased ¥1,372mn, cash and deposits increased ¥1,451mn and merchandise and finished goods increased ¥1,305mn, resulting in total current assets remaining at about the same level as at the end of the previous fiscal year. Non-current assets decreased ¥3,006mn to ¥15,718mn. This was mainly due to decreases of ¥1,746mn in investment securities, ¥709mn in goodwill, and ¥551mn in long-term loans receivable. The decrease in investment securities was due mainly to the sale of strategic holding shares, and the Company recorded ¥776mn in gains on sale of investment securities as extraordinary income in FY3/26. In addition, a possible risk of uncollectibility also emerged for loans receivable to DG Takashima, which seems to have contributed to the decline in non-current assets.

Total liabilities decreased ¥2,231mn YoY to ¥33,920mn. Of this amount, current liabilities declined ¥3,596mn to ¥24,212mn. This was mainly due to a ¥3,300mn decrease in short-term borrowings, a ¥1,475mn decrease in notes and accounts payable-trade, and a ¥1,112mn decrease in electronically recorded obligations-operating. On the other hand, non-current liabilities increased ¥1,364mn to ¥9,708mn. Long-term borrowings increased ¥1,950mn, and with a shift from short-term to long-term borrowings, the repayment period for liabilities has lengthened. Total net assets decreased ¥754mn to ¥23,169mn. This was mainly due to a ¥1,553mn decrease in retained earnings from dividend payments, despite a ¥1,225mn increase in retained earnings from the recording of profit attributable to owners of parent.

Looking at key management indicators, the equity ratio was 40.6% (39.8% at the end of the previous fiscal year), the current ratio was 170.9% (148.7%), and the fixed asset ratio was 67.8% (78.3%). The equity ratio increased to the 40% range, and the current ratio also improved significantly. In addition to a reduction in current liabilities due to decreases in short-term borrowings and trade payables, cash and deposits increased, resulting in a higher short-term payment capacity. The fixed asset ratio also improved due to a decline in non-current assets, enhancing financial stability in terms of asset composition. However, net assets declined, and some temporary factors were present, such as the sale of strategic holding shares and the processing of losses related to DG Takashima. Going forward, the focus will be on how to balance growth investments and shareholder returns while maintaining sound financial health.

Consolidated balance sheet and management indicators

(¥mn)

	FY3/24	FY3/25	FY3/26	Change
Current assets	43,877	41,351	41,371	20
Cash and deposits	12,371	9,080	10,532	1,451
Trade receivables	22,141	19,515	17,060	-2,455
Inventories	6,490	6,754	8,320	1,566
Non-current assets	16,531	18,725	15,718	-3,006
Property, plant and equipment	4,762	6,446	6,507	61
Intangible assets	6,609	6,856	5,983	-873
Investments and other assets	5,159	5,421	3,227	-2,194
Total assets	60,409	60,076	57,090	-2,986
Current liabilities	32,349	27,808	24,212	-3,596
Trade payables	22,232	17,667	15,079	-2,588
Short-term borrowing debt	4,816	6,431	4,441	-1,990
Non-current liabilities	4,481	8,343	9,708	1,364
Long-term borrowing debt	2,115	5,662	7,453	1,791
Total liabilities	36,830	36,152	33,920	-2,231
Interest-bearing debt	6,931	12,093	11,894	-199
Total net assets	23,578	23,924	23,169	-754
Retained earnings	16,898	17,044	16,621	-422
Total liabilities and net assets	60,409	60,076	57,090	-2,986
[Management indicators]				
Equity ratio	39.0%	39.8%	40.6%	0.8pp
Current ratio	135.6%	148.7%	170.9%	22.2pp
Fixed asset ratio	70.1%	78.3%	67.8%	-10.5pp

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

In FY3/26, cash flow from operating activities was an inflow of ¥2,814mn. Although the previous fiscal year was in excess expenditure, cash flow from operating activities improved significantly due to progress in collecting trade receivables. Cash flow from investing activities recorded an inflow of ¥711mn. While there were expenditures for the acquisition of property, plant and equipment and intangible assets, proceeds from the sale of investment securities contributed to inflows. Cash flow from financing activities recorded an outflow of ¥2,114mn. While there was income from long-term borrowings, outflows resulted from the decrease in short-term borrowings, repayment of long-term borrowings, and dividend payments.

As a result, cash and cash equivalents at end of the fiscal year increased ¥1,466mn from the end of the previous fiscal year, reaching ¥10,532mn. With cash flow from operating activities returning to the black and proceeds from the sale of investment securities, on-hand liquidity improved.

Consolidated cash flow statement

(¥mn)

	FY3/25	FY3/26
Cash flow from operating activities (a)	-2,740	2,814
Cash flow from investing activities (b)	-1,282	711
Free cash flow (a) + (b)	-4,022	3,525
Cash flow from financing activities	419	-2,114
Net increase/decrease in cash and cash equivalents	-3,259	1,466
Cash and cash equivalents at end of period	9,065	10,532

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

Outlook

For FY3/27, business recovery is expected with the Construction Supply Segment as a growth driver, and the expansion of growth areas is in sight

For FY3/27, the Company forecasts consolidated net sales of ¥100,000mn, up 10.3% YoY, operating profit of ¥2,300mn, up 9.4%, ordinary profit of ¥2,400mn, up 57.5%, and profit attributable to owners of parent of ¥1,600mn, up 30.6%.

Net sales are expected to increase, led by the Construction Supply Segment. The operating profit margin is planned to remain flat YoY; however, operating profit is also expected to increase as sales expand. Significant increases in ordinary profit and profit attributable to owners of parent are expected due to the absence of DG Takashima-related losses recorded in the previous fiscal year, with an overall plan for profit growth driven by the recovery in ordinary profit.

Looking at results forecasts by business segment, in the Construction Supply Segment, net sales are expected to rise 16.5% YoY to ¥68,100mn and segment profit to increase 24.8% to ¥2,150mn. In the Industrial Materials Segment, net sales are projected to increase 1.3% to ¥18,200mn and segment profit to grow 6.4% to ¥1,300mn. In the Electronic Devices Segment, net sales are forecast to decrease 4.1% to ¥13,700mn and segment profit to decrease 46.6% to ¥250mn. Company-wide expenses and other costs not allocated to each reportable segment are expected to total ¥1,400mn.

In the Construction Supply Segment, the policy is to leverage the benefits of the organizational restructuring implemented in FY3/26 and further strengthen the functions of each business. In the renewable energy materials field, the Company will expand its business into the industrial photovoltaic field through collaboration with Sanwa System, which became a consolidated subsidiary. By promoting expansion into the industrial photovoltaic field in addition to residential photovoltaic power generation systems, the aim is to increase profitability for this segment.

In the Industrial Materials Segment, based on demand trends, sales activities will be strengthened in key fields such as automobiles, electronic and precision equipment, defense, and medical equipment. In addition, the Company will focus on expanding its recycling business to help realize a sustainable society. The Company will propose solutions that leverage the strengths of Group companies with manufacturing functions and aim to expand profits in both the plastic-related materials field and textile-related materials field.

In the Electronic Devices Segment, the environment surrounding major customers, such as consumer electronic equipment and white goods manufacturers, remains challenging. Due to factors including the expanding market share of Chinese companies, the strengthening of private brands by home appliance mass retailers, and entry by companies from other industries, the competitive environment is expected to remain severe. In this environment, the Company is aiming to develop electronic components used in board mounting, strengthen its quality control system, and improve competitiveness in terms of quality, price, and delivery. However, segment profit for FY3/27 is expected to decline, and it will likely take some time for profits to recover to previous levels.

FY3/27 consolidated results outlook

(¥mn)

	FY3/26		FY3/27		YoY	
	Result	% of sales/ profit margin	Forecast	% of sales/ profit margin	Change	Change rate
Net sales	90,642	-	100,000	-	9,357	10.3%
Construction Supply	58,434	64.4%	68,100	68.1%	9,666	16.5%
Industrial Materials	17,968	19.8%	18,200	18.2%	232	1.3%
Electronic Devices	14,289	15.8%	13,700	13.7%	-589	-4.1%
Adjustment	-49	-	0	-	49	-
Operating profit	2,102	2.3%	2,300	2.3%	197	9.4%
Construction Supply	1,722	2.9%	2,150	3.2%	427	24.8%
Industrial Materials	1,222	6.8%	1,300	7.1%	78	6.4%
Electronic Devices	468	3.3%	250	1.8%	-218	-46.6%
Adjustment	-1,310	-	-1,400	-	-90	-
Ordinary profit	1,523	1.7%	2,400	2.4%	876	57.5%
Profit attributable to owners of parent	1,225	1.4%	1,600	1.6%	374	30.6%

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

The medium- to long-term growth strategy

Formulated the new Medium-term Management Plan, targeting ¥3.0bn in operating profit and ROE of 8% or higher for FY3/29

In May 2026, the Company formulated a new Medium-term Management Plan spanning three years, starting with FY3/27, titled Sustainable + Spiral (Sustainable Positive Spiral) Medium-term Management Plan 2028. The concept is creating a sustainable positive cycle (Sustainable + Spiral) and putting growth on track. In the previous Medium-term Management Plan, the Company pursued strategic investments, M&A, business portfolio reorganization, and enhanced shareholder returns, shifting management policies from steady management toward sustainable growth. On the other hand, actual results for FY3/26 were posted at ¥90.6bn in net sales, ¥2.10bn in operating profit, ¥1.22bn in profit attributable to owners of parent, and ROE of 5.2%, falling short of the previous Medium-term Management Plan targets of ¥110.0bn in net sales, ¥2.6bn in operating profit, ¥1.9bn in profit attributable to owners of parent, and ROE of at least 8.0%. Profit was pressured by increased depreciation and amortization associated with investments and M&A, as well as higher goodwill amortization costs. In the new Medium-term Management Plan, improving returns on investment to drive business growth and enhance capital efficiency remains a key challenge.

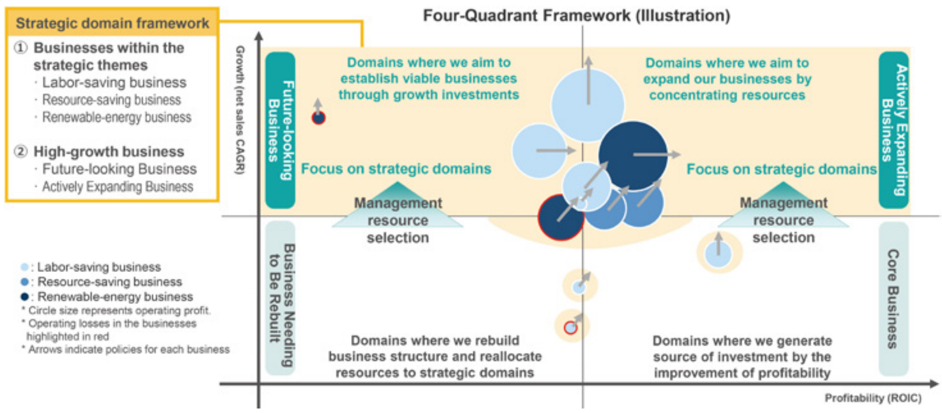
The basic policies of the new Medium-term Management Plan are: promoting management conscious of cost of capital and corporate value, creating a positive cycle of investment, and sustainable production of valuable human assets. Specifically, the Company aims to transform its business portfolio by addressing social issues and growth potential, continue proactive shareholder returns through progressive dividend, enhance returns through expanded group synergies, maintain strategic investments of around ¥10.0bn, establish a foundation for producing valuable human assets based on diverse career-type talent, and operate support systems for growth and execute investments. As quantitative targets, the Company aims for ¥110.0bn in net sales, ¥3.0bn in operating profit, ¥2.0bn in profit attributable to owners of parent, and ROE of at least 8.0% for FY3/29. Compared to the results in FY3/26, these targets represent increases of 21.3% in net sales, 42.6% in operating profit, and 63.2% in profit attributable to owners of parent, marking a plan that prioritizes not only revenue growth but also improving profit margins and restoring capital efficiency through investment effects.

Conceptual diagram of the Medium-term Management Plan 2028

Source: The Company's Notice on the Formulation of the Medium-term Management Plan

Within business strategy, labor-saving, resource-saving, and renewable-energy transition have been set as the main strategic themes. The Company's strategic themes are highly compatible with labor-saving, resource circulation, and increase in demand related to renewable energy at construction and logistics sites. Each business will be evaluated using growth potential and ROIC, while management resources will be concentrated on those businesses corresponding to strategic themes and high-growth businesses, with the aim of advancing the business portfolio and increasing capital efficiency.

Conceptual diagram of strategic areas



Source: The Company's Notice on the Formulation of the Medium-term Management Plan

By segment, the Construction Supply Segment will act as the growth driver. In this segment, the Company will promote prime contracting by expanding its sales areas and strengthening its building contract functions, while deepening collaboration with Group companies in processing, logistics, and construction functions. The policy is to offer multiple solutions that combine system construction with short construction periods, interior and plumbing work, photovoltaic power and storage battery installation, and foundation work, among other services. For FY3/29, the targets are ¥73.0bn in net sales and ¥2.7bn in operating profit, projecting significant growth from FY3/26 results of ¥58.4bn in net sales and ¥1.72bn in operating profit. For the Industrial Materials Segment, the aim is to improve profit margins through strengthened production capabilities and the promotion of end-user business. The Company will nurture areas such as custom logistics materials made from recycled resources and medical field solutions as growth drivers, aiming for ¥22.0bn in net sales and ¥1.4bn in operating profit for FY3/29. In the Electronic Devices Segment, the Company will enhance added value by combining component sales with board mounting functions, expanding bases in the ASEAN region, investing in plant facilities, and increasing sales to foreign-owned companies. Targets for FY3/29 are ¥15.0bn in net sales and ¥0.5bn in operating profit.

In terms of Group management, the Corporate Management Division will be reorganized into the Corporate Integration Division to accelerate company-wide strategy formulation and value creation. The Company will pursue collaborations with companies acquired through M&A and existing Group companies, combining the Company's trading functions with Group companies' construction, processing, and mounting capabilities to enhance investment returns. In its DX strategy, the Company will advance AI utilization and the development of digital human assets, fostering DX promotion by all employees. The Company will appoint internal DX partners by business field to advance customer contact digitalization, provide higher-value-added services, and enhance productivity.

Regarding capital allocation, the policy is to maintain financial discipline while continuing strategic investments and shareholder returns. The Company expects cash flow from operating activities during the plan period to be about ¥8.5bn and, together with the utilization of interest-bearing debt, will secure sources for investments and returns. Financial discipline will be maintained with a D/E ratio of 1.0 times or less and an Interest Coverage Ratio of around 10 times as benchmarks. In terms of cash outflow, the plan is to allocate about ¥5.0bn to shareholder returns and ¥10.0bn to the strategic investment quota. The breakdown of the strategic investment quota consists of at least ¥1.5bn for renewal investments, at least ¥3.5bn for business and facilities investments, and at least ¥5.0bn for M&A funds. The investment objectives are the acquisition and reinforcement of functions in existing businesses, business expansion in strategic areas, and expansion into peripheral fields. For shareholder returns, the policy is to combine progressive dividend with flexible share buybacks, continuing at least the same level of proactive returns as before.

With respect to the non-financial strategy, sustainability strategy and human asset strategy have been set as priority measures. On the environmental front, the Company will expand businesses related to renewable energy and labor-saving, aiming to increase service sales of energy- and labor-saving products 130% compared to FY3/23 by FY3/31. Regarding greenhouse gas emissions, the plan is to achieve a 46% reduction in consolidated Scope 1 and 2 emissions by FY3/36, compared to FY3/25. In terms of social initiatives, the Company will work to create an environment where diverse human assets can fully demonstrate their abilities, with targets of 100% training participation, 30% foreign managerial ratio, at least 30% female officers, and at least 20% female managers. In the human asset strategy, the Company aims to develop valuable human assets, and for growth support investment, it is targeting at least ¥50,000 in investment per person, 20 hours or more of investment, a reinvestment rate of at least 1.0%, and investment efficiency at least 30 times as of FY3/29, making investments in talent acquisition, capability development, and engagement enhancement.

The Company's new Medium-term Management Plan aims to generate a virtuous cycle of growth by accelerating monetization of the strategic investments executed under the previous Medium-term Management Plan and channeling the returns into the next investments. On the business side, focusing on the Construction Supply Segment, the Company seeks to enhance added value by combining trading company functions with construction, processing, and implementation functions, while capturing demand for labor-saving, resource-saving, and renewable-energy transition. On the financial side, the Company aims to balance strategic investment and shareholder return, targeting a recovery to a ROE of 8.0% or higher. Going forward, PMI for acquired companies through M&A, realization of group synergies, and improvement of profitability from strategic investments are expected to be key issues for achieving performance targets and enhancing corporate value.

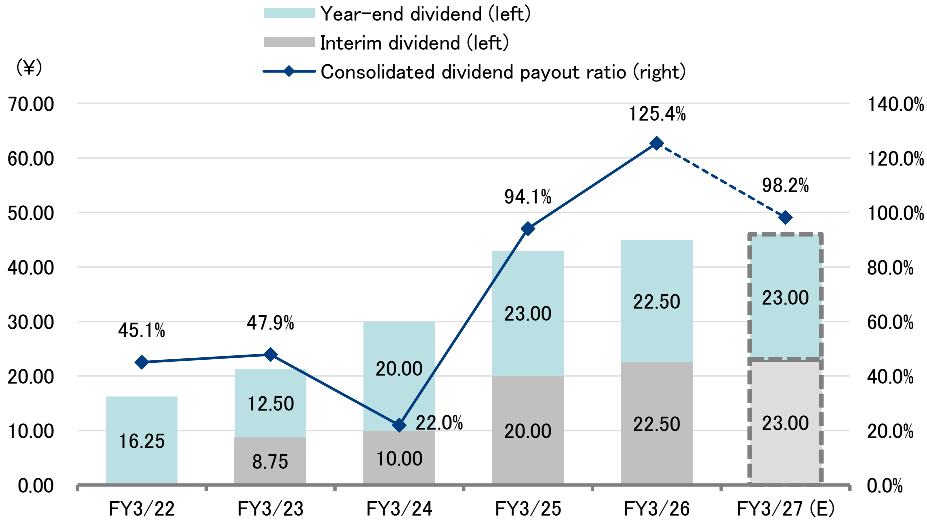
Shareholder return policy

The new Medium-term Management Plan maintains an active shareholder return policy through progressive dividend

The Company implements dividends and share buybacks as part of its shareholder return policy. Under the previous Medium-term Management Plan, the shareholder return policy was raised as a special measure for two years in August 2024, with a payout ratio of 80% or more and a total return ratio of 100% or more. In the new Medium-term Management Plan, while maintaining its high level of shareholder return, the Company changed its shareholder return policy to progressive dividend + flexible share buyback. The Company intends to continue both strategic investment and shareholder return, while maintaining financial discipline, with plans to allocate approximately ¥5.0bn to shareholder return over three years.

The annual dividend per share for FY3/26 was ¥45.00. As of October 1, 2025, a stock split was conducted at a ratio of two shares for each share of common stock, and the dividend for FY3/26 reflected the stock split, representing a ¥2.00 increase YoY. The annual dividend per share for FY3/27 is planned to be ¥46.00 (¥23.00 interim, ¥23.00 year-end), an increase of ¥1.00 from FY3/26. Profit attributable to owners of parent is projected to increase 30.6% YoY to ¥1,600mn, and the Company plans to increase the dividend in line with its progressive dividend policy as profit recovery is expected. Going forward, profit growth from strategic investment and the sustainability of the progressive dividend will be key factors in evaluating the shareholder return policy.

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 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 financial results and results briefing materials

FISCO

Disclaimer

■ For inquiries, please contact: ■
FISCO Ltd.
5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062
Phone: 03-5774-2443 (IR Consulting Business Division)
Email: support@fisco.co.jp