

COMPANY RESEARCH AND ANALYSIS REPORT

Takashima & Co., Ltd.

8007

Tokyo Stock Exchange Prime Market

31-Jul.-2025

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

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Summary

For FY3/26, seeking record-high operating profit; total payout ratio expected to be 100%

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 FY3/25 results

The Company reported FY3/25 consolidated net sales of ¥94,503mn, up 4.9% year on year (YoY), operating profit of ¥2,129mn, up 21.8%, ordinary profit of ¥2,024mn, up 1.0%, and profit attributable to owners of parent of ¥1,556mn, down 67.6%. Both net sales and operating profit finished above initial forecasts. Net sales saw revenue increase YoY in all business segments, Construction Supply, Industrial Materials, and Electronic Devices. As for profits, with the Company steadily carrying out the various strategies stipulated in the Sustainability V (Value) Medium-term Management Plan, it promoted functional reinforcements, raised the factory utilization rate at consolidated subsidiaries in the Industrial Materials Segment, and improved the inventory balance in the devices field of Electronic Devices to improve the operating margin by 0.4 percentage points (pp). Ordinary profit was impacted by an increase in foreign exchange losses due to weaker local currencies in countries where overseas subsidiaries are located, and profit attributable to owners of parent declined, reflecting the reaction to gains on the sale of a rental hotel and investment securities recorded as extraordinary income in the previous fiscal year.

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.

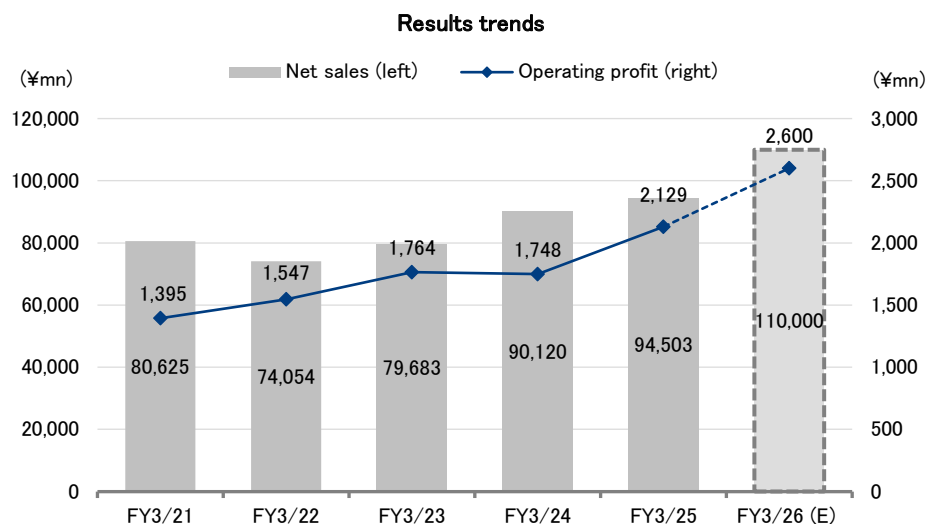
Summary

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 ¥4.0 YoY to ¥90.0 for a payout ratio of 81.2%. 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 FY3/25, net sales and operating profit both exceeded initial forecasts, and functional reinforcements were steadily promoted
- 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 81.2% and the total payout ratio, 100%. The Company will continue active shareholder returns



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

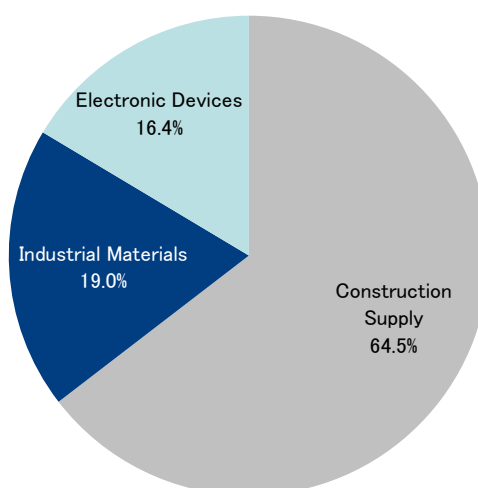
Date	Event
October 1915	Mr. Kotakichi Takashima founded Takashimaya Shoten Unlimited Partnership with paid-in capital of 10,000 yen. It mainly sold textile materials
December 1931	Reorganized as Takashimaya Shoten Co., Ltd. with paid-in capital of 500,000 yen
May 1949	Listed on the Tokyo Stock Exchange (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) Co., Ltd. (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) Acquired all the shares of Sinbou Edix Co., Ltd. (currently a consolidated subsidiary)
June 2023	Acquired all the shares of Gansui Corporation (currently a consolidated subsidiary)
January 2024	Established Takashima Industries Co., Ltd.
March 2024	Met all criteria for continued listing on TSE Prime Market
February 2025	Acquired all the shares of Sanwa Holdings Co., Ltd. (a holding company for 13 companies including Sanwa System Co., Ltd.)

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 FY3/25 was that the Construction Supply Segment provided 64.5%, the Industrial Materials Segment 19.0%, and the Electronic Devices Segment 16.4%. 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 (FY3/25)



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

(1) Construction Supply Segment

This is the Company's core business that provides 64.5% of total net sales (as of FY3/25). It is comprised of four segments: construction materials, housing materials, insulation materials, and renewable energy materials. Its lineup includes a wide range of products and solutions related to construction and architecture, such as wall materials, the basic pile construction method, thermal insulation materials, solar panel-related materials, and construction-related, including interiors, for large, non-residential buildings and 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 pre-cut 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.

Company profile

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, 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) Construction materials

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 and installation via a nationwide sales and construction network. 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 improvements and surveying, accommodating from design to construction in an integrated manner. Through this acquisition, the Company's design and construction functions will be strengthened and the value provided to customers further increased.

Main products handled

Exterior wall materials	<ul style="list-style-type: none"> • ALC, extrusion molded cement board • Metal sandwich panels and fire-resistant insulated partitions
Fire-resistant covering materials	<ul style="list-style-type: none"> • Winding fire-resistant covering materials (Makibee) and fire-resistant calcium silicate boards • Dry fire-resistant materials, ceramic fire-resistant covering materials
Other materials	<ul style="list-style-type: none"> • TAK systems construction • Tile and stone detachment and fall prevention hardware (HI-TAK bonding method)
Construction method	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Decorative formwork for civil engineering and construction • Plastic underground storage/infiltration blocks • Comb-shaped parts for railway platforms
Membranes	<ul style="list-style-type: none"> • Tent storehouses (Sheet houses, rental tents, telescopic tents, rooftops, mobile tents)
Energy-saving equipment	<ul style="list-style-type: none"> • LED lighting

Source: Prepared by FISCO from the Company's website

Company profile

b) Housing materials

This business addresses the increasing diversification of residential buildings, including 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 save labor associated with measuring, cutting, and disposal work at construction sites.

Main products handled

Exterior wall materials	<ul style="list-style-type: none"> Autoclaved lightweight aerated concrete (ALC) Siding boards
Roofing materials	<ul style="list-style-type: none"> Various roofing materials
Disaster prevention-related products	<ul style="list-style-type: none"> Anti-seismic and seismic control construction methods for housing
Photovoltaic power systems	<ul style="list-style-type: none"> Residential photovoltaic power systems
Energy products	<ul style="list-style-type: none"> Storage batteries
All electrification products	<ul style="list-style-type: none"> EcoCute devices Induction cookers HEMS-related products
Thermal insulation materials	<ul style="list-style-type: none"> Various thermal insulation materials
Countertop materials (processing and construction)	<ul style="list-style-type: none"> Acrylic artificial marble Quartz stone Ceramic stone Stainless steel Natural stone
Interior materials	<ul style="list-style-type: none"> Wallpaper Flooring materials Deck materials Underlay sheeting
Equipment	<ul style="list-style-type: none"> Gas stoves Range hoods Dishwashers

Source: Prepared by FISCO from the Company's website

c) Insulation materials

Utilizing the wealth of knowledge and experience it has cultivated over many years in the field of thermal insulation, it proposes a wide range of advanced thermal insulation materials and construction method. Specifically, it contributes to the energy savings by providing insulation panels used to create refrigerator and freezer spaces in non-residential facilities, such as food factories and distribution warehouses, as well as offering a wide range of high-performance insulation materials and techniques for residential buildings.

Main products handled

Thermal insulation materials	<ul style="list-style-type: none"> Extruded polystyrene foams High-performance phenolic foams Rigid polyurethane foams Glass wool, rock wool, and non-combustible insulating materials
Thermal insulation systems	<ul style="list-style-type: none"> Residential thermal panel systems Metal sandwich thermal insulation panels (Panels for freezing and refrigeration and fire-resistant insulating partition panels) Underground spring water treatment thermal insulation systems RC external thermal insulation systems

Source: Prepared by FISCO from the Company's website

Company profile

d) 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 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 is working to expand business opportunities. 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	<ul style="list-style-type: none"> Industrial photovoltaic power systems Residential photovoltaic power systems Solar carport systems
Energy products	<ul style="list-style-type: none"> Storage batteries IoT V2H
Developed products	<ul style="list-style-type: none"> Smart Rack developed by Takashima (photovoltaic power systems rack)
All electrification products	<ul style="list-style-type: none"> EcoCute devices Induction cookers

Source: Prepared by FISCO from the Company's website

(2) Industrial Materials Segment

This business provided 19.0% 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.

Company profile

a) Plastic-related materials

This business handles a broad range of materials and products from synthetic resin to environmentally friendly resin, 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 Co., Ltd. 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	<ul style="list-style-type: none"> • SFC-AS (antistatic) • SFC-FR (non-HBCD flame retardant)
ARCEL Resin series	<ul style="list-style-type: none"> • ARCEL-ULV • ARCEL-730 • ARCEL-640 (vehicle interior materials)
General-purpose plastics	<ul style="list-style-type: none"> • Distribution materials overall
High-performance compound resin processed products	<ul style="list-style-type: none"> • Injection molded trays • Extrusion molded trays • Vacuum formed trays • Foam molded cushioning materials
Motor vehicle-related parts and materials	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Synthetic canvas and non-flammable membrane materials • Decorative tents and functional fibers for apparel
Textile products	<ul style="list-style-type: none"> • Container bags and products for the Ministry of Defense • Sign-related, infrastructure-related and road clearing products
Sales promotion materials	<ul style="list-style-type: none"> • Wooden racks
Apparel products	<ul style="list-style-type: none"> • Clothing, shoes, and bags
Motor vehicle-related parts and materials	<ul style="list-style-type: none"> • Metal processed products and rubber processed products
Products for DIY stores	<ul style="list-style-type: none"> • Wood products and rubber goods
Environmentally friendly products	<ul style="list-style-type: none"> • EV chargers, antibacterial and anti-fungal paints • Air conditioning-related products (filters) • Lightweight hanging smoke barriers and membrane ceilings • Interiors and signs
Industrial materials	<ul style="list-style-type: none"> • Polishing films, polishing cloths, and non-woven fabrics • Road materials, special paints, nonflammable membrane materials, and high-performance fibers
Other products	<ul style="list-style-type: none"> • Refrigerant gas for air conditioners, freezers, refrigeration equipment, and various other items

Source: Prepared by FISCO from the Company's website

Company profile

(3) Electronic Devices Segment

This business provides 16.4% 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	<ul style="list-style-type: none"> • Mono LCD (TN, STN, FSTN, VA, etc.) • COG modules, backlight modules • TFT displays, OLED displays, touch panels, etc.
Sound components	<ul style="list-style-type: none"> • ECM microphones, MEMS microphones • MIC board modules, modules with cables • Speakers, receivers, etc.
Electronic components and semiconductors	<ul style="list-style-type: none"> • 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 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

Net sales and operating profit both exceeded forecasts, and functional reinforcements were steadily promoted

1. Overview of FY3/25 results

The Company reported FY3/25 net sales of ¥94,503mn, up 4.9% YoY, operating profit of ¥2,129mn, up 21.8%, ordinary profit of ¥2,024mn, up 1.0%, and profit attributable to owners of parent of ¥1,566mn, down 67.6%. Both net sales and operating profit exceeded the initial forecasts.

Net sales increased YoY in all business segments, Construction Supply, Industrial Materials, and Electronic Devices. As for profits, with the Company steadily carrying out the various strategies stipulated in the Sustainability V (Value) Medium-term Management Plan, it promoted functional reinforcements, raised the factory utilization rate at consolidated subsidiaries in the Industrial Materials Segment, and improved the inventory balance in the devices field of Electronic Devices to improve the operating margin by 0.4pp.

Ordinary profit was impacted by an increase in foreign exchange losses due to weaker local currencies in countries where overseas subsidiaries are located, and profit attributable to owners of parent declined, reflecting the reaction to gains on the sale of a rental hotel and investment securities recorded as extraordinary income in the previous fiscal year.

FY3/25 consolidated results

	FY3/24		FY3/25		YoY	
	Result	% of sales	Result	% of sales	Change	Change rate
Net sales	90,120	-	94,503	-	4,382	4.9%
Construction Supply	58,180	64.4%	61,017	64.5%	2,837	4.9%
Industrial Materials	17,188	19.0%	17,998	19.0%	810	4.7%
Electronic Devices	14,795	16.4%	15,514	16.4%	719	4.9%
Adjustment	-187	-	-28	-	158	-
Gross profit	12,291	13.6%	13,032	13.8%	741	6.0%
Operating profit	1,748	1.9%	2,129	2.3%	381	21.8%
Construction Supply	1,965	3.4%	1,671	2.7%	-293	-15.0%
Industrial Materials	707	4.1%	1,054	5.9%	346	49.0%
Electronic Devices	411	2.8%	727	4.7%	316	77.0%
Adjustment	-1,418	-	-1,324	-	94	-
Ordinary profit	2,004	2.2%	2,024	2.1%	20	1.0%
Profit attributable to owners of parent	4,832	5.4%	1,566	1.7%	-3,265	-67.6%

Notes: 1. Adjustments to net sales are intersegment transactions, while adjustments to segment operating profit are intersegment transactions and corporate expenses unallocated to reportable segments.

Notes: 2. % of sales by segment for operating profit is the operating margin.

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

Results trends

Results by segment were as follows.

(1) Construction Supply Segment

Net sales increased 4.9% YoY to ¥61,017mn and segment profit declined 15.0% to ¥1,671mn. Looking at net sales by field, construction materials increased 7.7% to ¥34,464mn, housing materials edged up 0.5% to ¥3,507mn, insulation materials increased 2.5% to ¥9,013mn, and renewable energy materials went up 2.1% to ¥14,019mn. In construction materials, projects were steadily acquired in existing business, and Gansui, made a consolidated subsidiary in June 2023, contributed to results for the full year (eight months the previous fiscal year), which also gave a boost to the topline. In housing materials, insulation materials, and renewable energy materials, the Company actively promoted functional reinforcements to products and services, and revenue increased in each field. At the same time, profit fell as the profitability of some large projects in construction materials was not as high as initial expectations, and administrative expenses increased.

(2) Industrial Materials Segment

Net sales increased 4.7% YoY to ¥17,998mn, and segment profit grew 49.0% to ¥1,054mn. Looking at net sales by field, plastics-related materials went up 8.0% to ¥9,894mn, while textile-related materials edged up 1.0% to ¥8,103mn. In plastics-related materials, orders increased for components and logistics materials for automobiles, electronic devices, and precision devices. In textile-related materials, demand recovered for heavy-duty cloth products, particularly materials for trucks, and orders for supplies for the Ministry of Defense increased. In addition, in January 2024, the Company established Takashima Industries Co., Ltd. and set up a system to accelerate decision-making and efficiently allocate management resources. It is making steady progress channeling management resources into strategic areas of the business portfolio. Profit increased by a large margin thanks to increased revenue and the qualitative conversion of business operations through structural reforms as well as to improved cost efficiency thanks to higher factory utilization rates at consolidated subsidiaries.

(3) Electronic Devices Segment

Net sales increased 4.9% YoY to ¥15,514mn and segment profit rose 77.0% to ¥727mn. Looking at net sales by field, the devices field increased 11.0% to ¥6,812mn and the assembly field edged up 0.5% to ¥8,688mn. There was still no full-fledged recovery in the Japanese domestic consumer electronic equipment and white goods markets, but progress was made in shipping parts inventory that had built up since the pandemic to clear out inventory, which contributed to higher revenue and profit.

2. Financial position

Total assets as of end-FY3/25 were ¥60,044mn, down ¥365mn from the end of the previous fiscal year. Of this amount, current assets decreased ¥2,526mn to ¥41,351mn. This was primarily due to declines in cash and deposits of ¥3,291mn and in accounts receivable - trade (notes and accounts receivable - trade + accounts receivable - trade + electronically recorded monetary claims - operating) of ¥2,626mn. Non-current assets increased ¥2,162mn to ¥18,693mn. This was primarily due to property, plant and equipment increasing ¥1,684mn.

Total liabilities decreased ¥710mn from the end of the previous fiscal year to ¥36,120mn. Of this amount, current liabilities declined ¥4,541mn to ¥27,808mn. This was primarily attributable to an increase of ¥1,615mn in short-term borrowing debt (short-term borrowings + current portion of bonds payable + current portion of long-term borrowings) that was offset by decreases in trade payables (notes and accounts payable - trade + electronically recorded obligations - operating) of ¥4,565mn and in income taxes payable of ¥2,026mn. Non-current liabilities increased ¥3,830mn to ¥8,311mn. This largely reflected a ¥3,547mn increase in long-term borrowing debt (bonds payable + long-term borrowings). Net assets increased ¥346mn to ¥23,924mn. This was from retained earnings increasing ¥146mn due to recording profit attributable to owners of parent and foreign currency translation adjustment increasing ¥756mn.

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Results trends

Regarding stability, the equity ratio was 39.8% (39.0% at the end of the previous fiscal year), the current ratio was 148.7% (135.6%), and the fixed asset ratio was 78.1% (70.1%). The fixed asset ratio deteriorated slightly from the end of the previous fiscal year, but remains at a healthy level. The current ratio improved from the end of the previous fiscal year. Both the fixed asset and current ratios are at a healthy level, in our view, with no issues with short- and long-term liquidity. The slight deterioration in the fixed asset ratio reflects the Company's steady implementation of its basic strategy, which includes active strategic investment designed to increase corporate value. Based on this, we believe the Company is maintaining financial health while actively investing in future growth. The equity ratio improved from the end of the previous fiscal year and is not at a problematic level, in our view.

Consolidated balance sheet and management indicators

	End- FY3/24	End- FY3/25	Change
(¥mn)			
Current assets	43,877	41,351	-2,526
Cash and deposits	12,371	9,080	-3,291
Trade receivables	22,141	19,515	-2,626
Inventories	6,490	6,754	264
Non-current assets	16,531	18,693	2,162
Property, plant and equipment	4,762	6,446	1,684
Intangible assets	6,609	6,825	216
Investments and other assets	5,159	5,421	262
Total assets	60,409	60,044	-365
Total liabilities	32,349	27,808	-4,541
Trade payables	22,232	17,667	-4,565
Short-term borrowing debt	4,816	6,431	1,615
Non-current liabilities	4,481	8,311	3,830
Long-term borrowing debt	2,115	5,662	3,547
Total liabilities	36,830	36,120	-710
Interest-bearing debt	6,931	12,093	5,162
Total net assets	23,578	23,924	346
Retained earnings	16,898	17,044	146
Total liabilities and net assets	60,409	60,044	-365
[Stability]			
Equity ratio	39.0%	39.8%	0.8pp
Current ratio	135.6%	148.7%	13.1pp
Fixed asset ratio	70.1%	78.1%	8.0pp

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

In FY3/25, net cash used in operating activities was ¥2,740mn. This was mainly attributable to recording profit before income taxes that was offset by income tax paid and reductions to trade payables. Net cash used in investing activities totaled ¥1,282mn. This was largely due to a decrease from acquiring subsidiary stock related to a change in the scope of consolidation and cash used for loan advances. Net cash provided by financing activities was ¥419mn. The increase was primarily due to increasing short-term borrowings.

Consolidated cash flow statement

	FY3/24	FY3/25	Change
(¥mn)			
Cash flow from operating activities (a)	6,057	-2,740	-8,797
Cash flow from investing activities (b)	2,519	-1,282	-3,801
Free cash flow (a) + (b)	8,576	-4,022	-12,598
Cash flow from financing activities	-4,128	419	4,547
Net increase/decrease in cash and cash equivalents	4,552	-3,259	-7,811
Cash and cash equivalents at end of period	12,324	9,065	-3,259

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

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■ 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.

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, which became a consolidated subsidiary in FY3/25, 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 further strengthen its earnings base.

In the Industrial Materials Segment, the Company carried out an absorption merger in April 2025 in which Takashima Industries 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 Co., Ltd., Hi-Land Inc., and Sinbou Edix Co. Ltd. wholly owned subsidiaries with Takashima Industries as the parent company. With Takashima Industries Co., Ltd. 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.

Outlook

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

	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	64.5%	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%	4,485	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	-	-275	-
Ordinary profit	2,024	2.1%	2,600	2.4%	575	28.4%
Profit attributable to owners of parent	1,566	1.7%	1,900	1.7%	333	21.3%

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

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 FY 3/26) 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.

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The medium- to long-term growth strategy

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%, ROIC of at least 6%, 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.

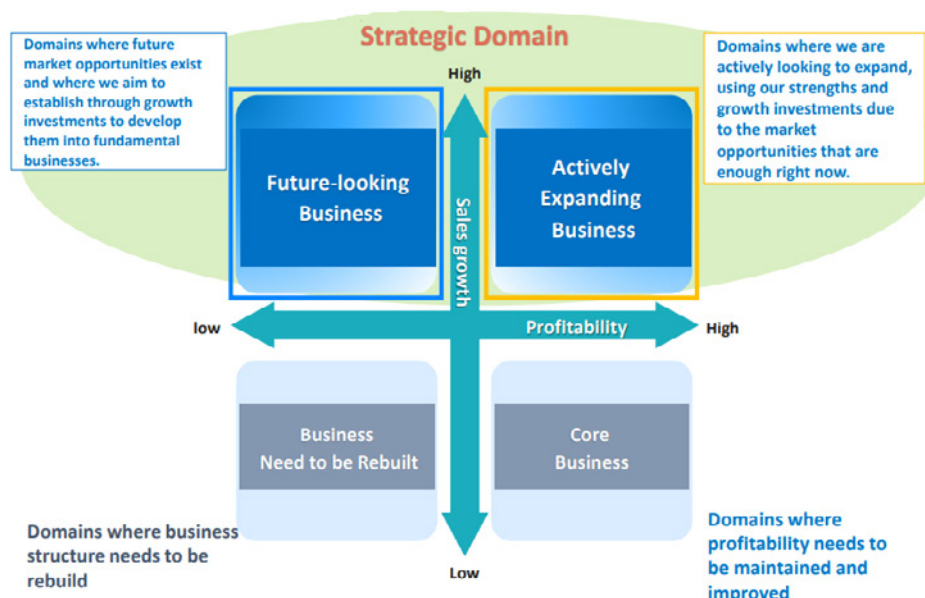
In addition, the Company has established a growth investment quota of ¥15.0bn. The Company has determined strategic investment areas by classifying each business on the two axes of sales growth rate (potential) and profitability (operating profit). Specifically, the Company will focus its investments 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. Going forward, it will actively invest in the investment areas it has determined while maintaining an awareness of the cost of capital. 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.

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The medium- to long-term growth strategy

Business portfolio management and strategic investment approach



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

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Shareholder return policy

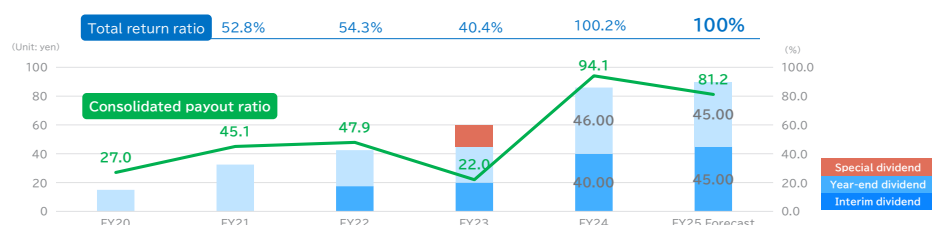
In FY3/26, expecting a dividend payout ratio of 81.2% and a total payout ratio of 100%. The Company will continue proactive profit returns

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 increased substantially, by ¥26.0 YoY to ¥86.0, 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. In FY3/26 as well, the Company plans to maintain its stance toward shareholder returns and is planning to raise the annual dividend ¥4.0 to ¥90.0 for a dividend payout ratio of 81.2%.

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, consolidated dividend payout ratio, and total payout ratio



Notes: 1. The Company conducted a stock split (4-for-1 split of common stock) in FY3/24.

Dividend amounts prior to FY3/24 are calculated by converting to post-stock split dividend amounts.

Notes: 2. The Company plans to carry out a 2-for-1 stock split of its common stock on October 1, 2025, but the per-share dividend for FY3/26 listed here does not take into account this split.

Source: The Company's results briefing materials

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