



President Nobuo Takaoka

Takasho Co., Ltd. (7590)



Company Information

Exchange	TSE Prime
Industry	Retail (Commerce)
President	Nobuo Takaoka
HQ Address	Minami Akasaka 20-1, Kainan-shi, Wakayama-ken
Year-end	January 20
Homepage	https://takasho.co.jp/en

Stock Information

Share Price	Share Outstanding (exc. Treasury Stock)	Market Cap.	ROE (Act.)	Trading Unit	
¥709	17,526,536 shares	¥12,426 million	8.9%	100 shares	
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥23.00	3.2%	¥67.55	10.5x	¥739.30	1.0x

*Stock price as of closing on April 4, 2022. Number of shares issued at the end of the most recent quarter excluding treasury shares.

*ROE and BPS are based on FY January 2022's results. DPS and EPS are the forecast for FY January 2023. The data is rounded off.

Consolidated Earnings Trends

Fiscal Year	Sales	Operating Profit	Current Profit	Net Profit	EPS (¥)	DPS (¥)
January 2019	17,759	514	333	338	25.04	10.00
January 2020	17,357	531	469	203	13.93	10.00
January 2021	18,486	1,156	1,152	952	65.36	20.00
January 2022	20,781	1,474	1,530	1,001	65.00	23.00
January 2023 Est.	23,204	1,568	1,639	1,184	67.55	23.00

*Estimates are those of the Company.

*Unit: million yen

We present this Bridge Report along with the earnings results for fiscal year January 2022.

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Key Points

- In the fiscal year January 2022, sales and current profit grew 12.4% and 32.8%, respectively, year on year. As the demand for gardening was growing inside and outside Japan, the sales of Living Garden products in the fields of construction and renovation of detached houses for new lifestyles were healthy. Inside Japan, the professional use segment contributed the most, increasing its sales by 11.0%, and the home use segment grew its sales by 4.4%. Outside Japan, the company increased transactions with major retailers and the sales in the e-commerce segment were healthy, so sales grew considerably by 55.2%. Regarding profit, despite the rise in prices of raw materials, the skyrocketing of marine freight due to the shortage of containers, and the augmentation of advertising and marketing costs for upfront investment, operating profit margin improved from 6.3% in the previous fiscal year to 7.1%, thanks to sales growth, productivity enhancement, increases in the ratio of sales of in-house products and the ratio of e-commerce segment sales, etc.
- For the fiscal year January 2023, it is expected that sales and current profit will grow 11.7% and 7.1%, respectively, year on year. The company will keep striving to enhance its brand power as a garden lifestyle maker based on the 5th Room concept. In Japan, the company will promote activities of proposing garden spaces and marketing through DX, in response to the governmental policy of realizing daily life while coping with the novel coronavirus, and strive to strengthen its production system by enlarging the factories and installing production equipment at subsidiaries for in-house production, etc. Furthermore, the company will concentrate on the improvement of its brand power through TV commercials linked with social media. Outside Japan, a subsidiary for in-house production in China will enlarge its factory to increase production output, and sales activities in North America, Europe, and the Oceanian region will be enhanced. The company will also promote marketing activities in Southeast Asia. Regarding dividends, the company plans to pay a term-end dividend of 23.0 yen/share like in the previous fiscal year.
- It seems that their growth potential has increased further, due to the expansion of spending by housebound consumers caused by the spread of the novel coronavirus. In the fiscal year January 2022, the company achieved double-digit growth of sales and profit, despite the disturbance in maritime transportation and the skyrocketing of raw material prices. In particular, overseas business growth is remarkable. The overseas market size is significant, so the potential of the company's business is high. In Japan, differentiation strategies based on DX would lead to the strengthening of competitiveness. Regarding profit, the profitability in overseas markets is low, except China, where there are production facilities, as the company posted a loss in Europe, so there is significant room for improvement. With respect to its share price, PER seems to be low, when the above-mentioned potential for growth and improvement is considered.

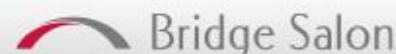
1. Company Overview

Takasho Corporation maintains a basic business concept of contributing to the “Creation of comfortable spaces” and handles garden exterior products. In the aftermath of the Second World War, Takasho changed its business style from sales of gardening materials to a gardening business, and then to a comprehensive lifestyle business, growing as a lifestyle maker that proposes better lifestyles with gardens. Its vision is to create mental and physical health and happy family lifestyles that bring smiles to the people. Takasho always forecasts future changes to accurately create new value that matches the market’s needs, and pursues its goal of becoming the “only global company” contributing broadly to gardening culture in urban environments. Its mission is “to be a company that provides better lifestyles globally through gardens.” The Takasho Group manufactures products in Japan and China for sale in Japan, Europe, Asia, Oceania and the United States. The Group’s integrated structure with the ability to plan, manufacture and sell products has allowed it to become the leading company within the “gardening market,” which is growing to become a firmly established market in Japan. Takasho has 6 domestics and 13 overseas group companies. The Company listed its shares on the JASDAQ market in September 1998, and after a capital increase in 2012 and 2013, moved its shares to the Second Section of the Tokyo Stock Exchange on October 19, 2017, and to the First Section of the Tokyo Stock Exchange on July 9, 2018. The company chose the Prime Market, in the new market classification of TSE, which became effective on April 4, 2022.

Company Overview

Date of establishment	August 1980
Listing date	September 1998 (JASDAQ) October 2017 Second Section market of the Tokyo Stock Exchange July 2018 First Section market of the Tokyo Stock Exchange
Capital	3,043 million yen
Number of employees	822 employees(consolidated)
Group companies	6 domestics, 13 overseas

BRIDGE REPORT



Corporate Mission

VISION

We always forecast future changes to create new value and pursue our goal of becoming the "only global company" contributing broadly to the gardening culture in urban environments.

We create happy family lifestyles and a space that brings smiles and health to people.

CORPORATE MISSION

A company that globally offers better lifestyles with gardens.

Living in the **home**

Living in the **garden**

Create happy **families.**

BUSINESS DOMAIN

Industrialization and modernization of gardens and exteriors, Good lifestyles, mental and physical health and happy families

(Taken from the material of the company)

Business Segment

The company has subdivided its business segments as the consumption by people staying at home has increased. The business segments are subdivided into (1) the professional garden and exterior segment for detached houses (new construction and remodeling) and home builders, (2) the contract segment for non-residential projects such as public projects and commercial facilities, (3) the home improvement and GMS segment for home improvement centers and specialty stores, (4) the e-commerce segment that sells products online, and (5) the global segment that handles professional use and home use product businesses overseas.

BUSINESS SEGMENT Our group proposes total garden style

ビジネスセグメント

PRO garden exterior field

Proposals for detached houses (new construction, renovation) and house builders

Contract field

Proposals for non-residential buildings such as public works and commercial facilities

Home center, GMS field

Proposals for home centers and specialty stores

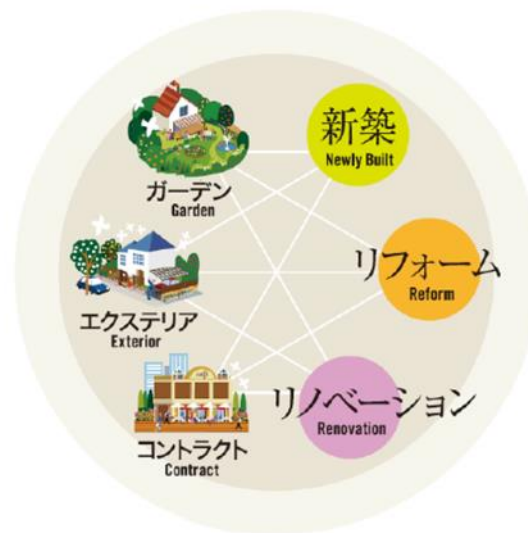
E-commerce

Develop online sales from the website

International

Overseas expansion of PRO use and HOME use businesses

GARDEN LIFE STYLE MAKER



(Taken from the material of the company)

Market

The scales of the domestic professional use market and DIY market, which are major targets of the company, are both 700 billion yen. The scales of the domestic contract segment and the overseas market, which is growing rapidly, are both as large as 14 trillion yen, so there is significant potential.

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Pro Use

Contract field

Proposals for non-residential properties such as public utilities and commercial facilities

PRO Garden Exterior Field

Detached houses (new construction, renovation), proposals for housebuilders

Domestic Market Scale

14 Trillion yen

700 billion yen



CONTRACT



PRO

Home use

Home centers, GMS field

Proposal for home centers and specialty stores

E-Commerce

Developing online sales through a website

Domestic Market Scale

700 billion yen



Overseas

Expand professional and home use businesses overseas

Overseas Market Scale

14 Trillion yen

(Taken from the material of the company)

Topics

The company increased its capital through a public offering. The company plans to use the procured funds for the purposes and effects shown in the following figure, and will strive to complete the mid/long-term plan (which will be described in detail later).

Subject	Investment Details	Investment (million yen)	Investment Effects (Long-term) Toward the fiscal year ending January, 2030	Target Market scale	
Takasho	<ul style="list-style-type: none"> System-related and sales promotion Advertising and Land Purchase 	400	Non-consolidated sales		Domestic Pro Use Market scale (Domestic) 700 billion yen
			Consolidated sales		
Garden Create	<ul style="list-style-type: none"> Purchase of production equipment Introduction of production system 	800	Consolidated sales	+6.7 billion yen	
			Consolidated sales	+5.0 billion yen	
Takasho Digitec	<ul style="list-style-type: none"> Plant Construction Purchase of production equipment 	300	Consolidated sales	+2.5 billion yen	
			Consolidated sales	+8.8 billion yen	
Southern Takasho	<ul style="list-style-type: none"> Plant Construction 	500	Consolidated sales	+2.5 billion yen	
			Consolidated sales	+8.8 billion yen	
Jiujiang Takasho	<ul style="list-style-type: none"> Plant Construction 	300	Consolidated sales	+8.8 billion yen	Overseas Home Use Market scale(Global) 14 trillion yen
			Consolidated sales	+25.5 billion yen	
		2,300	+25.5 billion yen		

(Taken from the material of the company)

2. Business Development

Business Operations

The company has invested in mainly the factory for in-house products, but recently, it has been also investing in the factory of in-house software. Takasho GLD-LAB.Soft-Factory Tottori was opened in April last year.



Toward Hybrid Growth Management



<p>Manufacturing Factory Products and services (hardware)</p>	<p>Software Factory Spatial package (software)</p>
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(Taken from the material of the company)

DX (Digital Transformation)

In May, TAKASHO GARDEN LIFE DESIGN LAB PHIL. Corp. was established in the Republic of the Philippines to accelerate DX development.

The company established Takasho VR Park

吹き出し🗨️をクリックしてバーチャル体験!

(Taken from the website of the company)

In addition, the company handles useful tools and content tools, which will be proposed further through DX.

AR/VR Garden Simulation App



Garden space video 4K



(Taken from the material of the company)

Total package



Proposal for Packages

It is considered that there are 52.09 million housing units in total and 848 million vacant houses in Japan. The company proposes a garden package, aiming for a market of 1% of the total number of houses multiplied by gardens (300,000 yen), which is about 180 billion yen. Houses are changing with the spread of the novel coronavirus. The company anticipates that demand in the DIY lifestyle market will grow as people want homes to be more personal, fun, and relaxing.

The company proposes packages suited for various ages, various sense of worth, values, regions, and hobbies.

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キーワード検索

場所 門まわり 玄関まわり 庭まわり 車庫まわり 非住宅

カテゴリ フェンス・スクリーン 門柱 テラス カーポート ウッドデッキ タイル 竹垣 照明 ガーデンファニチャー 和風

広さ 小規模 中規模 大規模

メイン商品 エバーアートウッド エバーアートボード エバーバンパー オールガラスポーチ ホームヤードーフシステム ポーチガーデン

Gate Package	~150 thousand yen	~50 thousand yen	~1 million yen
Entrance Package	~150 thousand yen	~150 thousand yen	~2 million yen
Garden Package	~150 thousand yen	~150 thousand yen	~3 million yen

(Taken from the material of the company)

Home Use Initiatives

The company proposes a lifestyle suited for various hobbies and interests.

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DIY Exterior

WOOD. 美しく強い
アルミ・樹脂シートだから
すぐに置く・移動しやすい
木口調で美しい

WOODY
ずっとキレイに
高耐候性プラスチックだから
腐びない・変色しない
高強度で強い

Vegetable and Flower Garden

Veg Trug
NEW Vegbag (ベジバッグ)

ベジトラグ ポビー go
レイズベッドプランター ハーブタイプ
ベジトラグ ウォールハガー コンパクトスリム

ウッドパレルプランター

Living Garden / Seasonable Garden

庭-KAGU
NEW コンフォート ファニチャー
マリウウッド ファニチャー

ポーチ&オーニング
クールサマーオーニング
ルーフィングポーチ

Coolaroo
バルコニーシェード
壁上げシェード

夜の景が欲しい? 好きにこぼす
LEDUS
NEW
水のロケリ 風のロケリ 雲のロケリ

Total sales exceeded 60,000 units

(Taken from the material of the company)

Characteristics of the home use segment

The home use segment operates business internationally. Products are manufactured in Jiujiang, China, and sold inside and outside the country. A new factory was built, and the current area of premises is 30,000 tsubo (≒ 99,000 m²). The company implements its brand strategy by using online and real sales routes.

In-house brand development

PB of leading home centers in Japan/overseas

Style Business

Directly deployed from our own factory in China

In-house China [Home use G&EX specialized factory] Land size: approx. **30,000** tsubo

STEEL

WOOD

ALUMINIUM

PLASTIC

LED SOLAR LIGHT

SEWING

(Taken from the material of the company)

According to a survey of Takasho, the scale of the target overseas home use market is about 5 trillion yen in the U.S., about 4.7 trillion yen in India, 4 trillion yen in the U.K., and 2.3 trillion yen in Germany, totaling 17.2 trillion yen. The sales of Takasho amount to 930 million yen in the U.S. and 980 million yen in the U.K. Namely, there is great potential.

The Value Takasho Provides



(Taken from the material of the company)

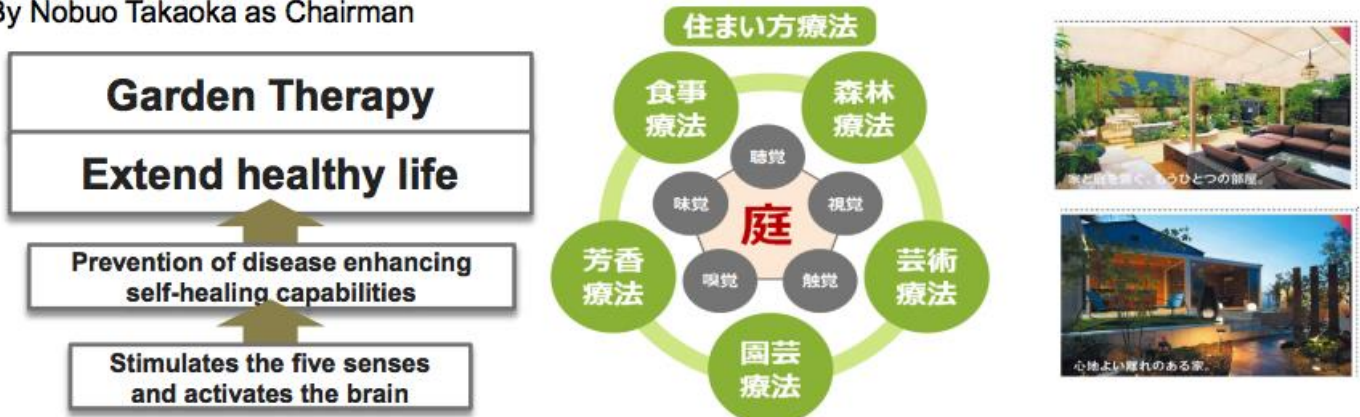
SDGs Initiatives

Takasho contributes to society through the sustainable development goals based on the principle of always anticipating change, creating new value, and contributing widely to the creation of urban environment garden culture.

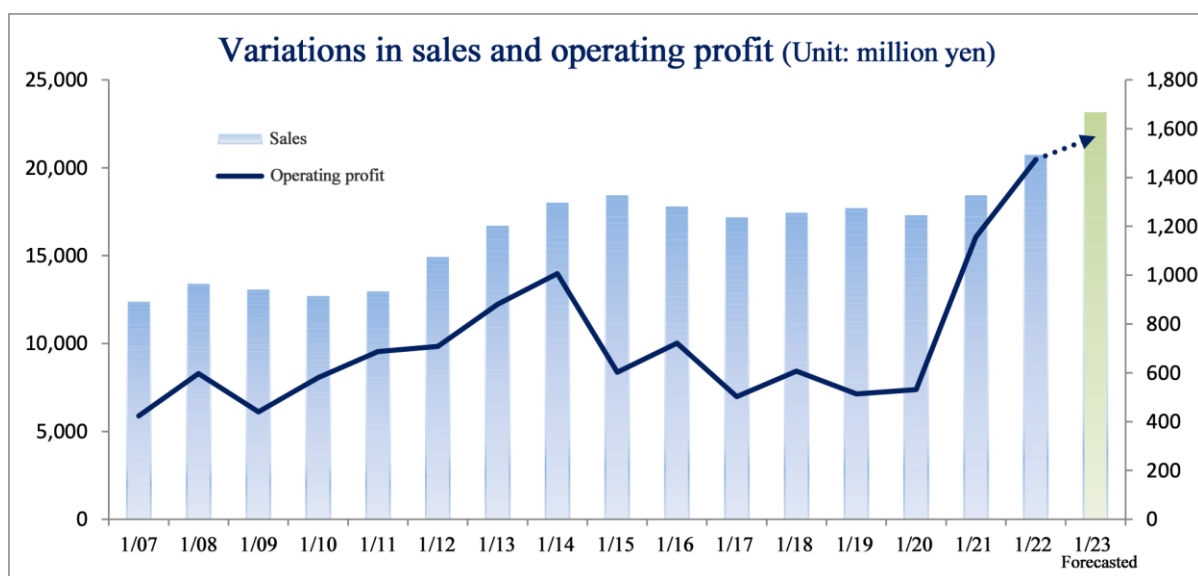


Apr. 2016

Established the Japan Garden Therapy Association
 By Nobuo Takaoka as Chairman



(Taken from the material of the company)



3. Fiscal Year January 2022 Earnings Results

3-1 Consolidated Earnings

	FY Jan. 21	Ratio to sales	FY Jan. 22	Ratio to sales	YoY	Forecast	Divergence
Sales	18,486	100.0%	20,781	100.0%	+12.4%	20,350	+2.1%
Gross Profit	8,259	44.7%	9,060	43.6%	+9.7%	9,100	-0.4%
SG&A	7,103	38.4%	7,585	36.5%	+6.8%	7,594	-0.1%
Operating Profit	1,156	6.3%	1,474	7.1%	+27.4%	1,506	-2.1%
Current Profit	1,152	6.2%	1,530	7.4%	+32.8%	1,452	+5.4%
Net Profit	952	5.2%	1,001	4.8%	+5.1%	1,100	-9.0%

*Unit: million yen

*The figures include figures calculated by Investment Bridge Co., Ltd. as reference values, so they may differ from actual figures (the same shall apply hereinafter).

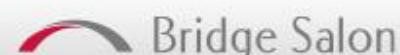
Sales increased 12.4% and ordinary income increased 7.4% year on year respectively

Sales were 20,781 million yen, up 12.4% from the previous fiscal year.

In the domestic field of exterior products for gardens, demand is growing in parallel with the increase in housing starts. Amid the spread of the novel coronavirus, housebound consumers hope to realize stress-free garden life by adding nature to their lives, such as flowers and plants, so people around the world are shifting to houses with gardens and housing in suburban areas. In such an environment, the company has strived to enhance activities of proposing and marketing garden spaces through DX, for example, by offering Metavergarden apps for AR and CG and opening online showrooms, and strengthen production systems for customization, to enable customers in domestic and overseas markets to enjoy nature and seasons and lead a comfortable life with a garden based on the 5th Room concept. Inside and outside Japan, sales grew from the previous fiscal year, thanks to the increase in housing starts and the favorable sales of Living Garden products in the renovation field, in response to the spread of new lifestyles. In addition, the sales of low-voltage LED lamps, which illuminate gardens in the night, increased 12.2% from the previous fiscal year, because there was growing demand from hotels and commercial facilities in addition to general houses for lifestyles with landscapes or designs that change with time and occasions, such as season, sunset, and weekend.

The sales of the domestic professional use segment increased 11.0% year on year to 12,337 million yen. In cooperation with major agencies and enterprises that install equipment, the company promoted a business model of having customers see products in an online showroom, which is available 24 hours a day, and receiving orders at actual showrooms of gardens and exteriors, which are scattered around Japan, differentiating its services from competitors. Such efforts paid off. In addition, the company can handle custom orders. It gave a proposal for a lifestyle with a garden through Façade Exterior & Living Garden, which offers various colors suited for customers'

BRIDGE REPORT



interests and preferences, while utilizing both online and real contents. The number of housing starts increased in fields of privately owned houses, houses for rent, and houses for sale, and the number of orders received by major house builders increased from the previous fiscal year, so the sales of Living Garden-related products, including the core product Home Yard Roof, increased. The sales of the home use segment grew 4.4% from the previous fiscal year to 5,868 million yen. While the demand for gardening remained strong due to the change in lifestyles caused by the novel coronavirus inside and outside Japan, the original equipment manufacturing (OEM) at the company's factory in China for Japanese chain stores increased, and overseas sales grew, so total sales rose.

Operating profit rose 27.4% from the previous fiscal year to 1,474 million yen.

Regarding profit, despite the rise in prices of raw materials, the skyrocketing of marine freight due to the shortage of containers, and the augmentation of advertising and marketing costs for upfront investment, operating profit margin improved from 6.3% in the previous fiscal year to 7.1%, thanks to sales growth, productivity enhancement, increases in the ratio of sales of in-house products and the ratio of e-commerce segment sales, etc. Regarding non-operating profit, exchange gain was posted, current profit rose 32.8% from the previous fiscal year to 1,530 million yen, and there was no longer gain on reversal of foreign currency translation adjustment, which was posted in the previous fiscal year, so parent net profit rose 5.1% from the previous fiscal year to 1,001 million yen.

SG&A

(Unit: million yen)

	FY Jan. 21	Ratio to sales	FY Jan. 22	Ratio to sales	YoY
Labor Cost	2,923	15.8%	3,089	14.9%	+5.7%
Shipping Cost	1,176	6.4%	1,262	6.1%	+7.4%
Commission Fee	654	3.5%	665	3.2%	+1.6%
Sales Promotion and Advertising Expenses	555	3.0%	610	2.9%	+11.0%
Travel Expenses	105	0.6%	110	0.5%	+5.1%
Total	7,103	38.4%	7,585	36.5%	+6.8%

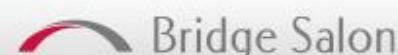
Sales by Segment

	FY Jan. 21	Ratio to sales	FY Jan. 22	Ratio to sales	YoY
Japan	15,857	85.8%	17,026	81.9%	+7.4%
Europe	753	4.1%	981	4.7%	+30.2%
China	1,058	5.7%	1,349	6.5%	+27.5%
Korea	154	0.8%	200	1.0%	+30.0%
US	402	2.2%	937	4.5%	+132.7%
Others	259	1.4%	285	1.4%	+9.8%
Total Consolidated Sales	18,486	100.0%	20,781	100.0%	+12.4%
Japan	809	76.6%	1,092	69.5%	+34.9%
Europe	-99	-	-66	-	-
China	314	29.8%	512	32.6%	+62.8%
Korea	-9	-	4	0.3%	-
US	23	2.2%	32	2.0%	+37.0%
Others	17	1.7%	-2	-	-
Consolidated Adjustments	100	-	-96	-	-
Consolidated Operating Profit	1,156	100.0%	1,474	100.0%	+27.4%

*Unit: million yen

* Composition of operating income is on a consolidated basis before consolidation adjustments

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3-2 Financial Conditions

	FY Jan. 21	FY Jan. 22		FY Jan. 21	FY Jan. 22
Cash, Equivalents	3,942	5,600	Payables	3,001	4,584
Receivables	3,212	3,683	Short Term Interest Bearing Liabilities	4,416	3,878
Inventories	4,354	5,849	Current Liabilities	8,823	9,974
Current Assets	12,187	15,920	Long Term Interest Bearing Liabilities	1,129	393
Tangible Assets	5,556	5,799	Noncurrent Liabilities	1,350	627
Intangible Assets	414	496	Net Assets	9,516	13,064
Securities, Other Investments	1,533	1,448	Total Liabilities, Net Assets	19,691	23,665
Noncurrent Assets	7,503	7,745	Total Interest Bearing Liabilities	5,546	4,271

*Unit: million yen

*Interest Bearing Liabilities = Debt + Bonds + Leases

The total assets as of the end of January 2022 stood at 23,665 million yen, up 3,974 million yen from the end of the previous fiscal year. Current assets grew 3,732 million yen from the end of the previous fiscal year to 15,920 million yen. This is mainly because cash and equivalents rose 1,657 million yen to 5.6 billion yen and merchandise and finished goods increased 1,172 million yen to 3,998 million yen. Noncurrent assets grew 241 million yen from the end of the previous fiscal year to 7,745 million yen. This is mainly because buildings and structures increased 184 million yen to 3,643 million yen and intangible assets rose 82 million yen to 496 million yen. Total liabilities augmented 426 million yen from the end of the previous fiscal year to 10,601 million yen.

Current liabilities rose 1,150 million yen from the end of the previous fiscal year to 9,974 million yen. This is mainly because payables increased 1,582 million yen to 4,584 million yen, short-term debt decreased 208 million yen to 3,734 million yen, and current portion of long-term debt dropped 316 million yen to 39 million yen. Noncurrent liabilities declined 723 million yen from the end of the previous fiscal year to 627 million yen. This is mainly because long-term debt, which had increased for boosting the corporate finance for coping with the novel coronavirus was reduced by 660 million yen to 111 million yen through repayment, etc.

Total net assets grew 3,547 million yen from the end of the previous fiscal year to 13,064 million yen. This is mainly because capital stock increased 1,222 million yen to 3,043 million yen through capital increase, capital surplus grew 1,232 million yen to 3,094 million yen, and retained earnings rose 709 million yen to 6,137 million yen.

Capital-to-asset ratio was 54.8% (47.9% at the end of the previous fiscal year).

Debts

(Unit: million yen)

	FY Jan. 21	FY Jan. 22	Increase/ Decrease	FY Jan. 23 Est.
Working Capital	4,896	3,734	-1,162	3,175
Equipment Funds	126	147	+21	129
Investments and Acquisitions	48	3	-45	-
Total	5,071	3,885	-1,186	3,304

Cash Flow

(Unit: million yen)

	FY Jan. 21	FY Jan. 22	YoY	
Operating Cash Flow	1,899	1,484	-415	-21.9%
Investing Cash Flow	-438	-708	-269	-
Free Cash Flow	1,461	776	-685	-46.9%
Financing Cash Flow	-307	741	+1,048	-
Cash and Equivalents at First Term End	3,942	5,600	+1,657	+42.1%

As of the end of the fiscal year January 2022, cash and equivalents stood at 5.6 billion yen, up 1,657 million yen from the end of the previous fiscal year.

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Operating CF increased 1,484 million yen (it rose 1,899 million yen in the previous fiscal year). This is mainly because net profit before taxes and other adjustments was 1,525 million yen (1,218 million yen in the previous fiscal year), inventories increased 1,348 million yen (it decreased 416 million yen in the previous fiscal year), and payables augmented 1,448 million yen (it augmented 210 million yen in the previous fiscal year).

Investing CF decreased 708 million yen (it decreased 438 million yen in the previous fiscal year). This is mainly because the company spent 511 million yen for acquiring tangible assets (268 million yen in the previous fiscal year) and 145 million yen for acquiring intangible assets (170 million yen in the previous fiscal year).

Financing CF increased 741 million yen (it dropped 307 million yen in the previous fiscal year). This is mainly because the company posted a net expenditure of 985 million yen for repaying long-term debt for strengthening the corporate finance for coping with the novel coronavirus (a net revenue of 899 million yen in the previous fiscal year) and a revenue of 2,421 million yen by issuing shares for the purpose of enhancing mid/long-term growth potential and profitability.

4. Fiscal Year January 2023 Earnings Forecasts

4-1 Consolidated Earnings

	FY Jan 22 Act.	Ratio to sales	FY Jan 23 Est.	Ratio to sales	YoY
Sales	20,781	100.0%	23,204	100.0%	+11.7%
Gross Profit	9,060	43.6%	9,945	42.9%	+9.8%
SG&A	7,585	36.5%	8,377	36.1%	+10.4%
Operating Profit	1,474	7.1%	1,568	6.8%	+6.4%
Current Profit	1,530	7.4%	1,639	7.1%	+7.1%
Net Profit	1,001	4.8%	1,184	5.1%	+18.3%

*Unit: million yen

In the fiscal year January 2023, it is expected that sales and current profit will grow 11.7% and 7.1%, respectively, from the previous fiscal year.

For the fiscal year January 2023, it is forecast that sales will grow 11.7% from the previous fiscal year to 23,204 million yen and current profit will rise 7.1% from the previous fiscal year to 1,639 million yen.

The business environment is projected to remain uncertain, due to difficult-to-predict risks of global turmoil and voluntary restraint of going out in the novel coronavirus pandemic. Meanwhile, the demand for garden exterior products is expected to keep growing, as people stay home for longer hours, due to the increase of housing starts and the spread of new lifestyles. In such a business environment, the company will make continuous efforts to enhance its brand power as a garden lifestyle maker to enable customers to enjoy nature and seasons and lead a comfortable life with a garden, based on the 5th Room concept in the fiscal year January 2023. In Japan, the company will promote activities of proposing garden spaces and marketing through DX, in response to the governmental policy of realizing daily life while coping with the novel coronavirus, and strive to strengthen its production system by enlarging the factories of subsidiaries, installing production equipment, etc. for customization. Furthermore, the company plans to concentrate on the enhancement of its brand power through TV commercials linked with social media. Outside Japan, the company will enlarge the factory of a subsidiary in China to boost in-house production output, and strengthen sales activities in North America, Europe, and Oceania. It will also conduct marketing activities in Southeast Asia. Regarding SG&A, the company will strive to reduce expenses by promoting AI, AI-OCR, and robotic process automation (RPA), in order to improve the efficiency of business operations and productivity.

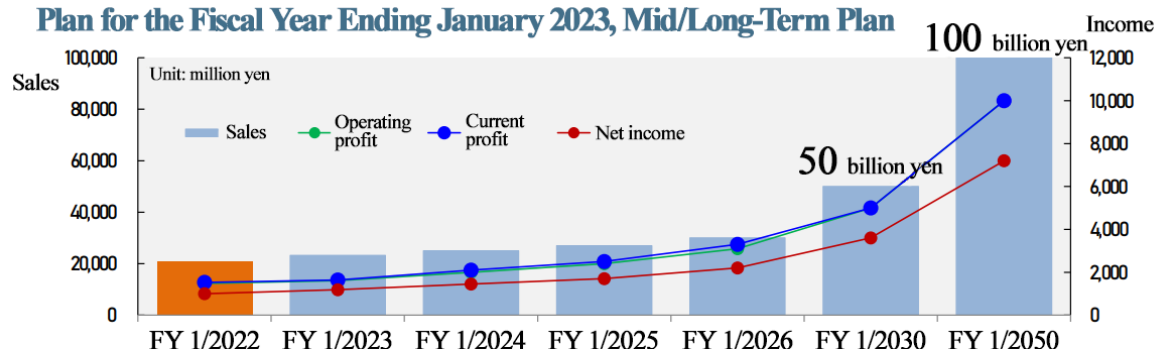
Regarding dividends, the company plans to pay a term-end dividend of 23.0 yen/share like in the previous fiscal year.

5. Mid/long-term Plan

In the mid/long-term plan, the company aims to achieve sales of 30 billion yen and a current profit of 2.5 billion yen in the fiscal year January 2026. For sales, they aim to earn 50 billion yen in the fiscal year January 2030 and 100 billion yen in the fiscal year January 2050. For profit, they plan to grow them in line with the sales growth.

Compared with the previous plan, fiscal year January 2026 was added, and the forecast sales and profits from fiscal year January 2023 to fiscal year January 2025 have been revised upwardly.

Plan for the Fiscal Year Ending January 2023, Mid/Long-Term Plan



Unit: million yen	2022 Jan Act.	2023 Jan Plan.	2024 Jan Plan.	2025 Jan Plan.	2026 Jan Plan.	2030 Jan Plan.	2050 Jan Plan.
Sales	20,781	23,204	25,000	27,000	30,000	50,000	100,000
Operating profit	1,474	1,568	2,000	2,400	3,100	5,000	10,000
Current profit	1,530	1,639	2,100	2,500	3,150	5,000	10,000
Net income	1,001	1,184	1,450	1,700	2,200	3,600	7,200

(Taken from the material of the company)

	FY 1/22 Act.	FY 1/23 (Plan)	FY 1/24(Plan)	FY 1/25 (Plan)	FY 1/26 (Plan)
Sales	20,781	23,204	25,000	27,000	30,000
Operating Profit	1,474	1,568	2,000	2,400	3,100
Current Profit	1,530	1,639	2,100	2,500	3,150
Net Profit	1,001	1,184	1,450	1,700	2,200

*Unit: million yen

6. Conclusion

It is considered that the company has gotten out of the period of trial and error from fiscal year January 2015 to fiscal year January 2019, in which there were burdens of upfront investment and sluggish sales, and returned to the growth track. It seems that growth potential has increased further, thanks to the expansion of spending by housebound consumers amid the spread of the novel coronavirus. In fiscal year January 2022, sales and profit grew by double digits, despite the disturbance of maritime transportation and the skyrocketing of raw material prices. In particular, the growth of overseas business is remarkable. The overseas market is huge, so growth potential is significant. In Japan, we would like to pay attention to their activities for DX. Takasho VR Park can be said to be their culmination. From various aspects, customers can try the company's products. Such strategies for differentiation are expected to strengthen their competitiveness in Japan. Regarding profit, the company improved profit margin steadily by streamlining business operations through DX. Outside Japan, profitability is low, except China, where there is a production site, as a loss is posted in Europe. There remains significant room for improving profit by expanding sales. Regarding the company's share price, PER is considered to be low, when the above-mentioned potential for growth and improvement is considered.

<Reference: Concerning Corporate Governance>

◎ Organizational structure and composition of directors and corporate auditors

Organizational structure	Company with audit and supervisory board
Directors	5, out of which 2 are outside directors.
Corporate auditors	3, out of which 2 are outside directors.

◎ Corporate Governance Report

Last updated: December 27, 2021

<Basic policy>

Takasho recognizes that the establishment of corporate governance that is sound and highly transparent and secures the efficiency of management decision-making to respond promptly and appropriately to changes in the business environment is an important matter and is working on it.

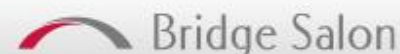
< Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts) >

Principles	Reasons for not implementing the principles
【Supplementary principle 1-2-4】	Our company plans to use a platform for electronically exercising voting rights from the annual meeting of shareholders to be held in April 2022. Regarding the English translation of convocation notices, we will have discussions while considering the variation in ratio of overseas investors, requests from shareholders, etc.
【Supplementary principle 3-1-2】	Our company has not adopted information disclosure in English, because the ratio of overseas investors is relatively low in light of cost effectiveness from the personnel and cost perspectives. In the future, we will consider the matter in accordance with changes in the shareholder composition, etc.
【Supplementary Principle 3-1-3】 【Supplementary Principle 4-2-2】	Our company actively engages in measures for sustainability, and the details are disclosed in our website. However, we have not formulated our basic policy for improving mid/long-term corporate value, and we will discuss it from now on. Regarding the development of methods and systems for effective supervision from the viewpoint of importance of investment in human capital and intellectual property, we will have discussions on it as well as the disclosure considering the consistency with management strategies for human capital and intellectual property.
【Supplementary principle 4-8-1】	At present, there are no regular meetings, etc. consisting of independent external directors only, but our outside directors exchange views with other directors and corporate auditors, and they actively participate in the Board of Directors and make remakes. Therefore, we believe that our external directors are fulfilling their roles and responsibilities.

< Disclosure Based on the Principles of the Corporate Governance Code (Excerpts) >

Principles	Reasons
【Principle 1-4 Strategically held shares】	<p>(1) Policy on strategic shareholding Our company will hold shares strategically after comprehensively judging whether they will lead to the maintenance and strengthening of business relationships or whether they will lead to an improvement in our medium- to long-term corporate value through smooth promotion of business activities, etc. For the major ones, we will examine the effects of strategic shareholding from the perspective of maintaining medium- to long-term economic rationality and maintaining and strengthening the overall relationship with our business partners and report the results to the Board of Directors. The company will reduce the number of shares that are considered not worth holding.</p> <p>(2) Criteria for exercising voting rights pertaining to strategic shareholding We will review the contents of the shareholder meeting agenda of the investee company based on the prospect of sustainable development and medium- to long-term corporate value enhancement for both investee company and our company and exercise the voting rights.</p>

BRIDGE REPORT



<p>【Principle 2-6 Functioning as an asset owner for corporate pensions】</p>	<p>The company has a defined benefit corporate pension system and has entered into agreements with an asset management organization that has expressed acceptance of stewardship activities with respect to the administration and management of corporate pensions. A person from the General Affairs and Human Resources Department is assigned to receive regular reports from the entrusted organization on the soundness of the management, and the relevant departments conduct monitoring as appropriate.</p>
<p>【Principle 4-8 Effective utilization of independent directors】</p>	<p>Our company appoints two outside directors. They are the independent outside directors to keep an independent and neutral position in the discussions at the Board of Directors. We will continue to select candidates so that multiple independent outside directors with high expertise and rich experience can be appointed.</p>
<p>【Supplementary Principle 4-11-1 General idea on the balance of knowledge, experience and capabilities, diversity and size of the Board of Directors】</p>	<p>【Our policy for the balance, diversity, and scale of knowledge, experience, and capabilities of the entire board of directors】 In order to respond appropriately and swiftly to changes in the business environment, the company appoints human resources with diverse backgrounds to its Board of Directors, taking into account the balance of knowledge, experience and capabilities. Outside directors, in particular, are selected based on their knowledge of the industry, experience in management, and professional abilities in their respective fields to ensure balance and diversity. In addition, considering the size of the company and other factors, the company's articles of incorporation limit the number of directors to be not more than 15, and there are currently five directors (including two outside directors).</p>

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