



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	
¥689	17,542,456 shares	¥12,086 million	4.0%	100 shares	
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥16.00	2.3%	¥38.65	17.8 x	¥756.72 円	0.9 x

*Stock price as of closing on March 24, 2023. Number of shares issued at the end of the most recent quarter excluding treasury shares.

*ROE and BPS are based on FY January 2023's results. EPS is the forecast for FY January 2024. The data is rounded off.

Consolidated Earnings Trends

Fiscal Year	Sales	Operating Profit	Current Profit	Net Profit	EPS (¥)	DPS (¥)
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	20,351	880	982	518	29.60	23.00
January 2024 Est.	22,700	1,016	1,048	651	38.65	16.00

*Estimates are those of the Company.

*Unit: million yen

We present this Bridge Report along with the earnings results for fiscal year January 2023.

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Key Points

- In the fiscal year January 2023, sales and current profit decreased 2.1% and 35.8%, respectively, year on year. In order to improve brand value and promote future growth, the company has conducted sales promotion activities, for example, “GLD-LAB Design Network Service,” which supports exterior design proposals, by conducting new DX-based sales promotion that links TV commercials and online platforms and utilizing cutting-edge technology. Regarding the overseas business, the slump in attracting customers due to the easing of voluntary restrictions on going-out in the United States and consumers refraining from purchasing due to the soaring prices of energy and daily necessities in Europe significantly impacted sales. In terms of profit, gross profit margin improved, but the ratio of SG&A expenses augmented because of an increase in personnel expenses due to hiring personnel for business expansion and a rise in exhibition expenses due to increased sales activities after the easing of the COVID-19 restrictions. The company will pay a term-end dividend of 23.0 yen/share, unchanged from the previous term.
- In the fiscal year January 2024, sales and current profit will grow 11.5% and 6.7%, respectively, year on year. The company will promote product development under the LINKED CITY concept and make efforts to revitalize local economies and achieve sustainability. ESG has been incorporated into the company's business, and the distribution of the company's products directly leads to the settlement and mitigation of environmental and social issues. The company will continue the DX-based sales promotion in the professional use business, and in the home use business, it will further strengthen sales in the e-commerce field. Regarding the overseas business, the company will expand sales channels and sales through e-commerce. In terms of SG&A expenses, to strengthen productivity, the company will work to reduce costs by promoting the usage of AI and RPA, as well as the systemization of operations, mainly in the online order receipt system, to establish a competitive advantage. The company plans to pay a term-end dividend of 16.0 yen/share.
- The domestic professional use business is on track. Nonetheless, the shares of fence-related and lamp-related products, which are performing well, are single-digit percentages. Thus, there is considerable room for future expansion. We would like to pay attention to the further developments of the DX strategy. On the other hand, the overseas business struggled in the fiscal year January 2023. Inventory assets have increased significantly, and the company hopes to decrease them. In the fiscal year January 2024, the company hopes to secure a stepping stone for the re-growth of the overseas business while maintaining steady and stable growth in the domestic professional use business. It is also noteworthy that the company has become more proactive in returning profits to shareholders. In addition to raising dividend payout ratio from 30% to 40%, the company announced the acquisition of treasury shares accounting for 4% of the total number of outstanding shares. If the target in the fiscal year January 2027 is achieved, EPS will be around 87 yen. Thus, the current share price, whose PBR is below 1, seems to have room for improvement.

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. 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 April 2022 Prime Market of the Tokyo Stock Exchange
Capital	3,043 million yen
Number of employees	1,169 employees (whole group)
Group companies	7domestics, 13 overseas

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

Create happy
families.

BUSINESS DOMAIN

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

Living in the
garden

(Taken from the material of the company)

Business Segment

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.

BRIDGE REPORT



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

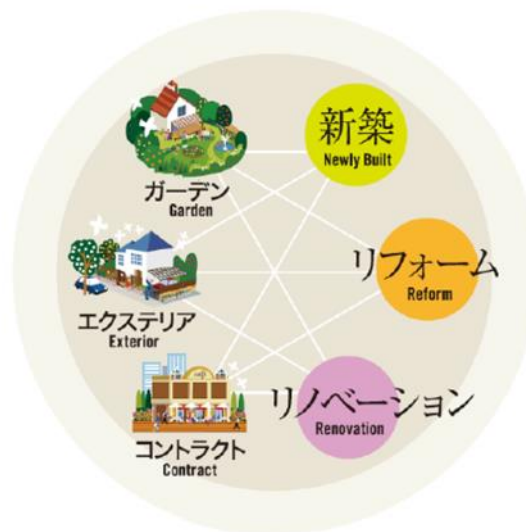
E-commerce

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.

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

Home use

Home centers, GMS field

Proposal for home centers and specialty stores

E-Commerce

Developing online sales through a website

Overseas

Expand professional and home use businesses overseas

Domestic Market Scale

14 Trillion yen

700 billion yen

Domestic Market Scale

700 billion yen

Overseas Market Scale

14 Trillion yen



CONTRACT



PRO

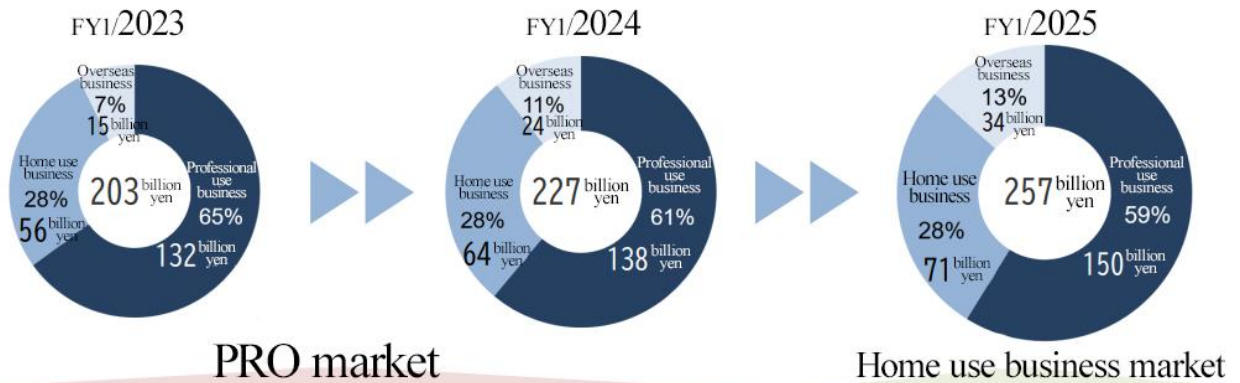


(Taken from the material of the company)

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Future growth



PRO market

Home use business market

Contract

Hotel, institution, PFI, Digital garden city structure



PRO market

- New house (Approximately 850,000 households)
- Renovation (Total housing units: approximately 62 million)



Home center e-commerce



(Taken from the material of the company)

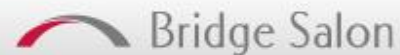
2. Business Development

Professional use business Products that constitute a garden space



(Taken from the material of the company)

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Lighting Takasho Digitech growth due to lighting

Lighting business / Illumination business **YoY 137.4%**

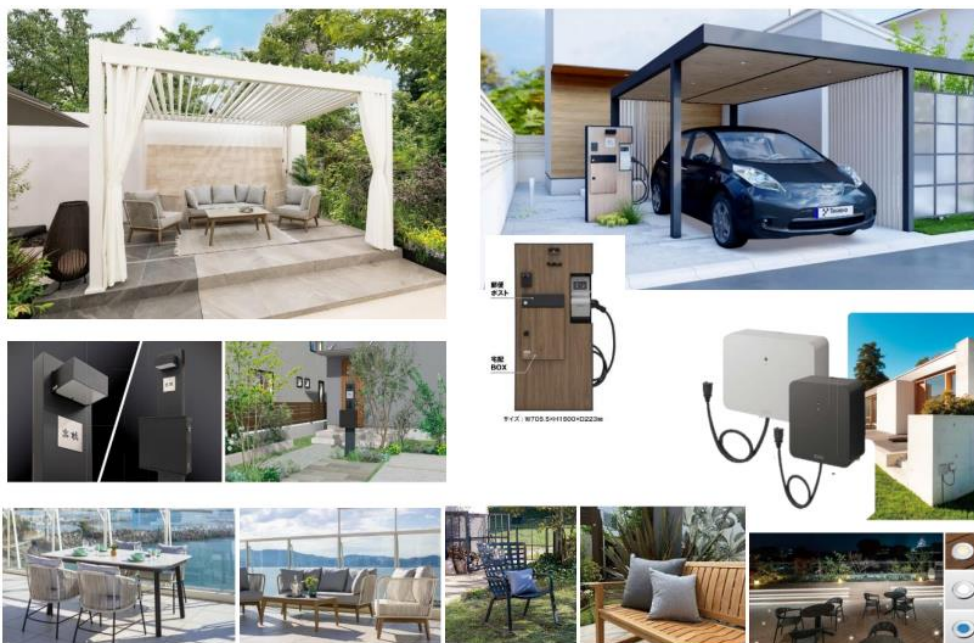
Market size of lighting business approximately 1 trillion yen
Outdoor lighting approximately 435 billion yen
(Low Volt is the mainstay of the foreign market.)

Sign business **YoY 105.6%**

Market size of LED Sign business
Outdoor Advertising Market approximately 3,200 billion yen
Digital signage market approximately 1,500 billion yen

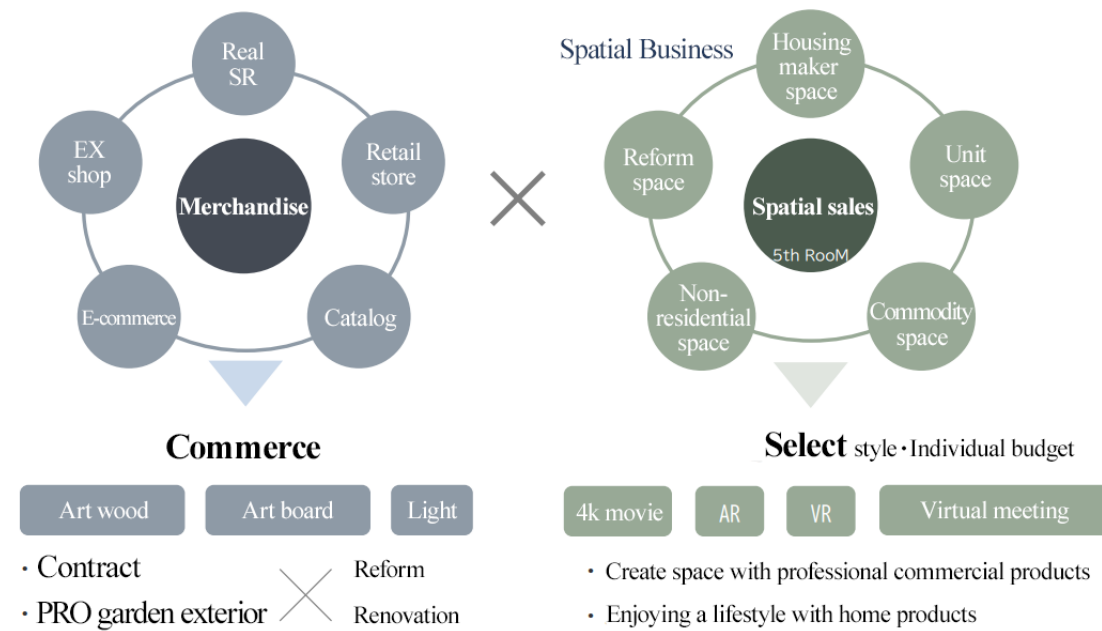
(Taken from the material of the company)

Released new products in all categories, such as the gatepost with a delivery locker equipped with V2H equipment (upper right in the figure below)



(Taken from the material of the company)

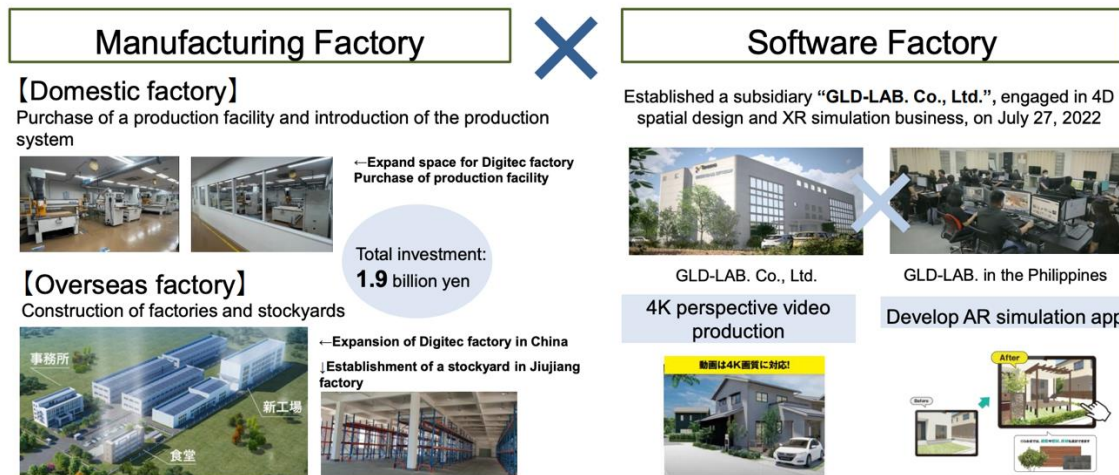
Business model



(Taken from the material of the company)

Business developments

The company has expanded **the lifestyle and hybrid management** to achieve sales of 50 billion yen in 2030. On July 27 last year, the company established a subsidiary, GLD-LAB Corporation, which is responsible for 4D space design and XR simulation business.



(Taken from the material of the company)



4K Video Image

Resort



Subdivision



Detached house



(Taken from the material of the company)

DX (Digital Transformation)

01 Remote VR: Home and garden simulation NEW

お客様と離れていても、VRデバイス/Webブラウザから没入感の高い住宅・外構提案を実現!

VR 3Dデータ
VR 2Dアスチマー

02 Residential Perspective Video/VR Production Service

リアルな住宅パース動画/VRを制作! 建築前から訴求力の高い住宅提案が可能!

販促チラシ/パンフレットでの訴求力UPに!

03 MetabaGarden for MR Glass

MRグラスと5G対応端末を使って、没入感の高い提案に!

MRグラス (MetaQuest) - 5G対応端末

実物がなくてもデジタル体験!

04 MetabaGarden Paid Registration Service NEW

メタバガーデンに新機能が登場! 自分だけのオリジナルブランドが登録可能!

3Dデータ
2Dアスチマー
高プランや商品商品
建築/サイディング

Our brand-new products
Garden & exterior innovation.

Takasho DX

タカショーのデジタル
トランスフォーメーション

05 GLD-LAB. design network NEW

住まいに付加価値を与えるご提案を可能に! 外構提案をサポートする会員サービスが新登場!

外構プラン検索サイト「そとサポ」が利用可能!

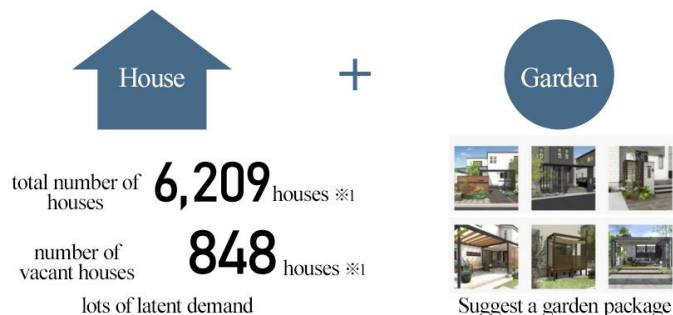
高・外構の作図サポート

動画/VRの制作サービス

お得な会員割引!価格でお届け!

(Taken from the material of the company)

Future market



(Taken from the material of the company)

1% of the total number of housing units (approximately 600,000) × 300,000 yen (the estimated minimum amount required in the "Garden Package" plan provided by the company) → The company envisions a market of approximately 180 billion yen.

Release of GX Home, the first collaborative product under the LINKED CITY* concept



(Taken from the material of the company)

(*) LINKED CITY: A smart touristic city that enhances urban creativity centered on tourism.

Home use initiatives

The company classifies and delivers common products and local products.



(Taken from the material of the company)

Proposing a lifestyle that matches your tastes

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DIY Exterior

★WOOD. 美しく強い
アルミ樹脂複合シートで、劣化に強く、自然に近い色調が美しい。

★WOODY
ずっとキレイに
高耐候性アルミ樹脂複合シートで、劣化に強く、美しい色調が長い。

Vegetable and Flower Garden

Veg Trug
NEW Veg-bag (450×450)
ベジトラグ ポビー-go
レイズドベッドプランター ハーフタイプ
ベジトラグ クールハガー コンパクトS/M
ウッドパレルプランター
ウツクシバシ

Living Garden / Seasonable Garden

庭-KAGU
NEW コンフォート アメニティチェア
マーレード フォニチャー
ボーチ&オーニング
クールサマー オーニング
ブルーイング ボーチ
Coolaroo
パルコシェード 黒まげシェード
家の奥が涼かきつ 暑さこそす
NEW
Total sales exceeded **100,000** units

(Taken from the material of the company)

Characteristics of home use business

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)

Expansion of sales to the entire Europe

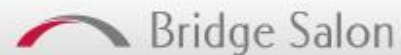
Future Development into Europe market *Enter into untapped regions



- **Europe-wide**
Develop our business throughout Europe through drop shipping from German warehouses via EC platforms such as Amazon EU/Wayfair EU
- **Germany**
Cooperation with the EU branch
Start negotiations with garden centers and other stores for the introduction
- **France**
Start approaching Manomano (for online sales)
- **Denmark**
Contacting with Danks (retail group)
- **Netherlands, Belgium, France**
Develop sales agents

(Taken from the material of the company)

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Future developments: Developing products that can be enjoyed in the entire garden.



(Taken from the material of the company)

Promotion of professional use products in the U.S. market

Horizontal expansion of successful cases in Australia to the U.S. market



(Taken from the material of the company)

Value provided by Takasho



(Taken from the material of the company)

SDGs Initiatives

We contribute 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.

In addition, among the 3Rs, the company focuses on "reduce."



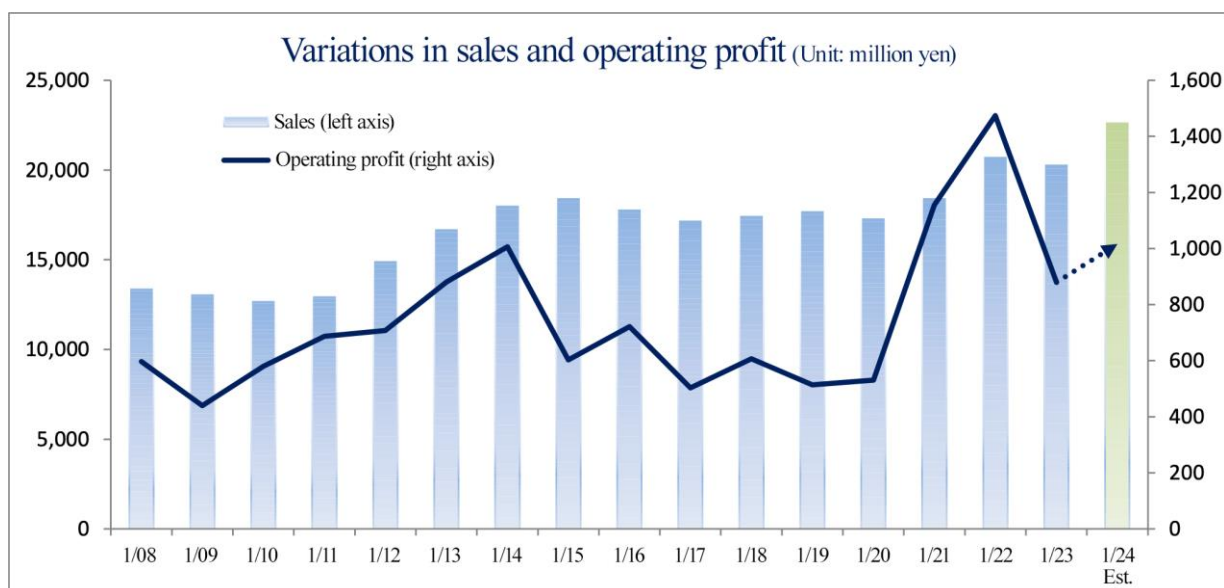
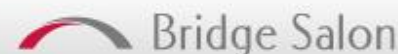
Apr. 2016

Established the Japan Garden Therapy Association
By Nobuo Takaoka as Chairman



(Taken from the material of the company)

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3. Fiscal Year January 2023 Earnings Results

3-1 Consolidated Earnings

	FY Jan. 22	Ratio to sales	FY Jan. 23	Ratio to sales	YoY	Forecast	Divergence
Sales	20,781	100.0%	20,351	100.0%	-2.1%	20,880	-2.5%
Gross Profit	9,060	43.6%	9,006	44.3%	-0.6%	-	-
SG&A	7,585	36.5%	8,125	39.9%	+7.1%	-	-
Operating Profit	1,474	7.1%	880	4.3%	-40.2%	810	+8.6%
Current Profit	1,530	7.4%	982	4.8%	-35.8%	1,320	-25.6%
Net Profit	1,001	4.8%	518	2.6%	-48.2%	730	-29.0%

*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 dropped 2.1%, and current profit decreased 35.8% year on year.

Sales decreased 2.1% year on year to 20,351 million yen.

In order to improve brand value and promote future growth, the company has conducted sales promotion activities, for example, “GLD-LAB Design Network Service,” which supports exterior design proposals for housing developers and renovating companies, by conducting new DX-based sales promotion that links TV commercials and online platforms and utilizing cutting-edge technologies such as XR and Metaverse based on AR, VR, MR, etc. Furthermore, the company entered into strategic partnerships with Nichicon (a manufacturer of capacitors, energy, and ecology equipment; code: 6996) and Yuasa Trading (a trading company specializing in the fields of manufacturing and home building; code: 8074) and has focused on developing sustainable products for gardens (Gatepost with delivery box equipped with V2H equipment). In the overseas business, inventory adjustments due to excess inventory at client stores, sluggish customer numbers at home centers and garden centers due to the relaxation of voluntary restrictions on going-out in the United States and consumers refraining from purchasing due to soaring prices of energy and daily necessities in Europe greatly impacted sales.

Current profit decreased 35.8% year on year to 982 million yen.

In terms of profit, marine transportation costs increased significantly, but the company managed to curb rising costs through diversification of transportation methods and improving gross profit margin by changing sales composition ratio. Thus, gross profit margin improved 0.7 points to 44.3% year on year. However, SG&A expense ratio increased 3.4 points to 39.9% year on year due to an increase in personnel expenses due to hiring personnel for business expansion (mainly lighting) and a rise in exhibition expenses due to increased sales activities because of the easing of COVID-19 restriction, and operating income

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fell 40.2% year on year to 880 million yen. Profit attributable to owners of parent decreased 48.2% year on year to 518 million yen, partly due to an increase in tax burdens, despite sales discounts being reduced.

The year-end dividend is 23.0 yen/share, unchanged from the previous term.

SG&A

(Unit: million yen)

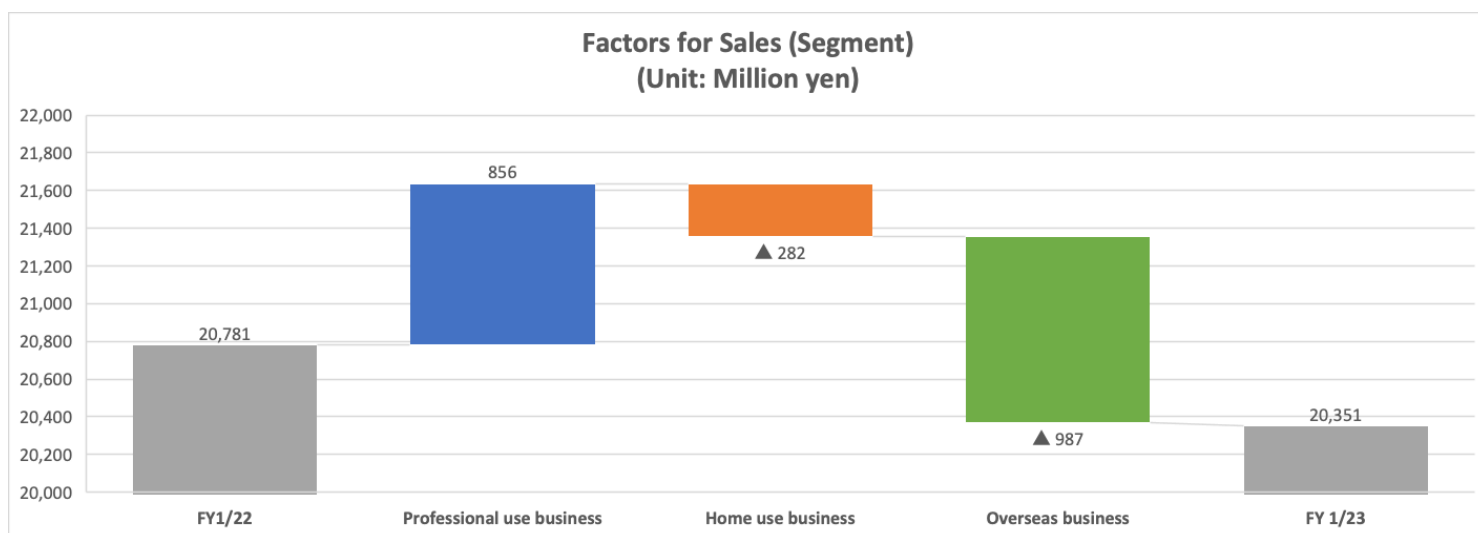
	FY Jan. 22	Ratio to sales	FY Jan. 23	Ratio to sales	YoY
Labor Cost	3,089	14.9%	3,311	16.3%	+7.2%
Shipping Cost	1,262	6.1%	1,210	5.9%	-4.2%
Commission Fee	665	3.2%	700	3.4%	+5.3%
Sales Promotion and Advertising Expenses	610	2.9%	777	3.8%	+27.4%
Travel Expenses	110	0.5%	152	0.7%	+38.1%
Total	7,585	36.5%	8,125	39.9%	+7.1%

Sales status by business

	FY Jan. 22	Ratio to sales	FY Jan. 23	Ratio to sales	YoY
Professional use business	12,337	59.4%	13,193	64.8%	+6.9%
Home use business	5,868	28.2%	5,586	27.4%	-4.8%
Overseas business	2,552	12.3%	1,545	7.6%	-39.5%
Consolidated sales	20,781	100.0%	20,351	100.0%	-2.1%

*Unit: million yen

*Due to the small amount of sales other than the above three businesses, the total amount of each business does not match the sales.



*Created by Investment Bridge Co., Ltd. based on disclosed material

Professional use business

Sales increased 6.9% year on year to 13,193 million yen. The company promoted a business model of offering comprehensive proposals for a garden lifestyle that meets various tastes and preferences through the “Facade Exterior & Living Garden” products, based on the company’s factory production in Japan that enables custom orders and a wide variety of colors, proposals relying on DX such as online showrooms and VR parks, and the company’s garden & exterior showrooms located all over the country where you can try products. Furthermore, the company has sold living garden-related products, such as the “Home Yard Roof,” which is a main product based on the concept of the “5th ROOM,” to customers through new DX-based sales promotion activities that link TV commercials and online platforms, which increased orders for products of brands selected by clients. In addition, sales of products related to Low Voltage Lights, which are outdoor lighting for gardens at

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night, also increased.

By product category, sales of products that help create garden spaces increased due to the growing demand for a garden lifestyle. Fence-related sales, such as privacy fences, increased from 2,929 million yen in the previous fiscal year to 3,203 million yen. Lighting-related sales increased from 1,484 million yen to 1,774 million yen. Floor materials-related sales rose from 1,328 million yen to 1,514 million yen, and garden room-related sales were up from 781 million yen to 875 million yen. In addition, Takasho Digitech has continued to grow due to progress in the initiatives in the non-housing field through collaboration with the landscape construction materials group, and sales grew 30.6% year on year.

Home use business

Sales decreased 4.8% year on year to 5,586 million yen. In the e-commerce field, sales increased 12.8%, despite a reactionary decline to the impact of the novel coronavirus. However, sales of gardening-related products declined due to unseasonable weather, such as more typhoons than usual during the fall, in which the demand is high, and restrained purchases because of the price hike caused by soaring raw material prices and rising import costs due to the depreciation of the yen.

Overseas business

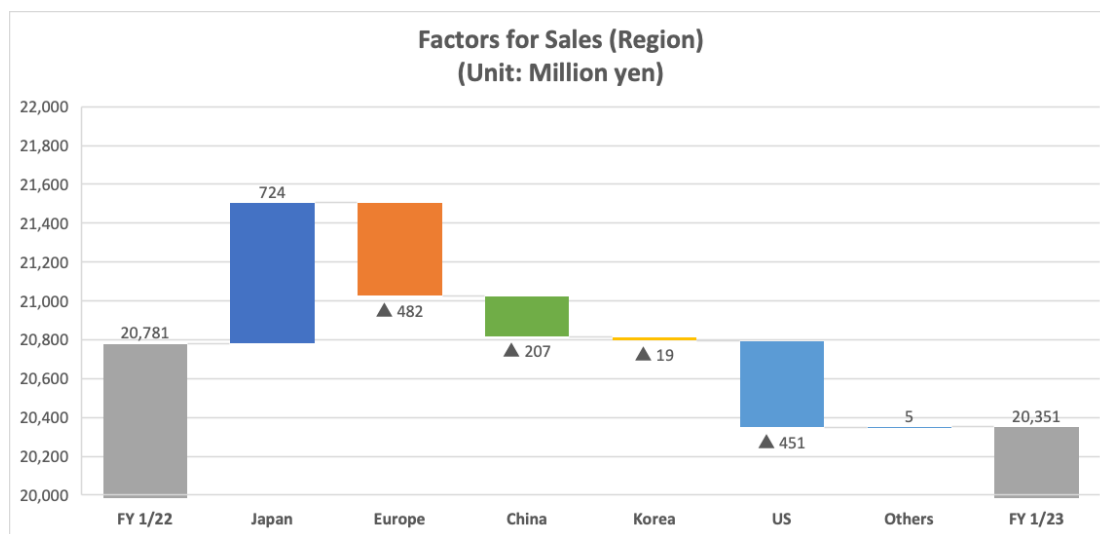
Sales declined 39.5% year on year to 1,545 million yen. Sea freight has become stable. However, in the United States, people's interest in overseas travel and outdoor activities increased due to the easing of voluntary restrictions on going-out, resulting in a temporary slump in the number of customers of home and garden centers. In Europe, consumers refrained from purchasing due to soaring energy prices and daily necessities. This resulted in inventory adjustments due to excess store inventories, leading to delivery adjustments with business partners and a sharp drop in consumption.

Sales by Segment

	FY Jan. 22	Ratio to sales	FY Jan. 23	Ratio to sales	YoY
Japan	17,026	81.9%	17,750	87.2%	+4.3%
Europe	981	4.7%	499	2.5%	-49.1%
China	1,349	6.5%	1,142	5.6%	-15.4%
Korea	200	1.0%	181	0.9%	-9.8%
US	937	4.5%	486	2.4%	-48.1%
Others	285	1.4%	290	1.4%	+2.0%
Total Consolidated Sales	20,781	100.0%	20,351	100.0%	-2.1%
Japan	1,092	69.5%	885	165.5%	-18.9%
Europe	-66	-	-283	-	-
China	512	32.6%	221	41.5%	-56.7%
Korea	4	0.3%	-23	-	-
US	32	2.0%	-254	-	-
Others	-2	-	-11	-	-
Consolidated Adjustments	-96	-	345	-	-
Consolidated Operating Profit	1,474	100.0%	880	100.0%	-40.2%

*Unit: million yen

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



*Created by Investment Bridge Co., Ltd. based on disclosed material

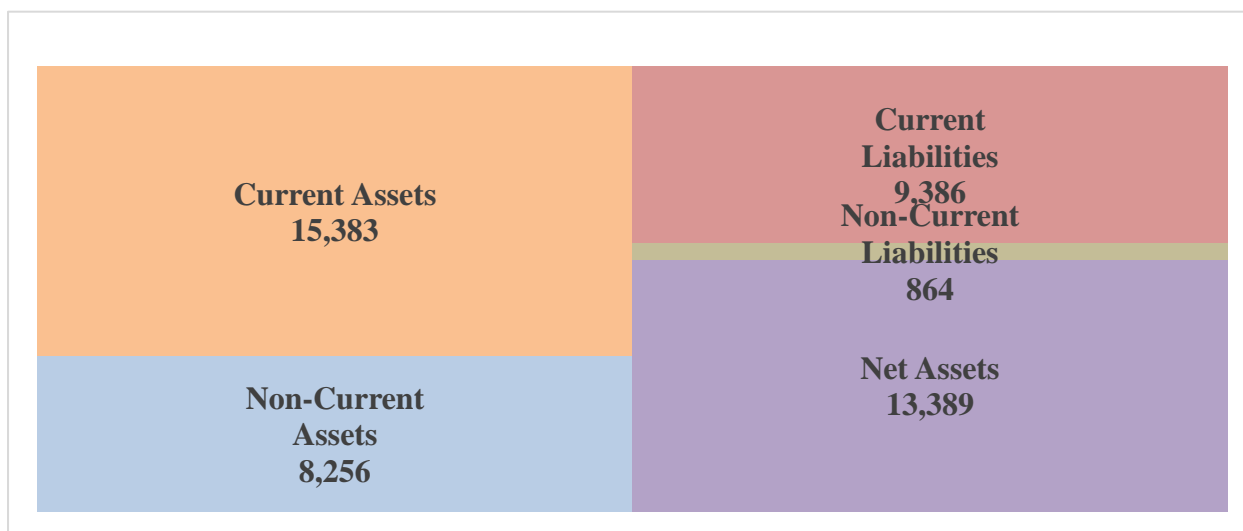
3-2 Financial Conditions and Cash Flow

Financial Conditions

	Jan. 22	Jan. 23		Jan. 22	Jan. 23
Cash, Equivalents	5,600	4,206	Payables	4,584	3,767
Receivables	3,683	3,328	Short Term Interest Bearing Liabilities	3,878	4,113
Inventories	5,849	7,044	Current Liabilities	9,974	9,386
Current Assets	15,920	15,383	Long Term Interest Bearing Liabilities	393	583
Tangible Assets	5,799	6,246	Noncurrent Liabilities	627	864
Intangible Assets	496	511	Net Assets	13,064	13,389
Securities, Other Investments	1,448	1,498	Total Liabilities, Net Assets	23,665	23,640
Noncurrent Assets	7,745	8,256	Total Interest Bearing Liabilities	4,271	4,697

*Unit: million yen

*Interest Bearing Liabilities = Debt + Leases

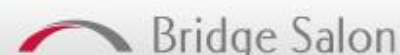


*Created by Investment Bridge Co., Ltd. based on disclosed material

The total assets as of the end of the fiscal year January 2023 stood at 23,640 million yen, down 25 million yen from the end of the previous term.

Current assets decreased 536 million yen to 15,383 million yen, mainly because cash & deposits declined 1,393 million yen

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to 4,206 million yen and merchandise and finished goods (part of inventory assets) increased 965 million yen to 4,964 million yen. Fixed assets rose 510 million yen to 8,256 million yen, mainly because buildings and structures increased 181 million yen to 3,825 million yen and leased assets grew 300 million yen to 663 million yen.

Current liabilities dropped 587 million yen to 9,386 million yen, mainly because trade payables decreased 816 million yen to 3,767 million yen and short-term debt augmented 180 million yen to 3,915 million yen. Fixed liabilities increased 236 million yen to 864 million yen, mainly because lease obligations rose 226 million yen to 508 million yen.

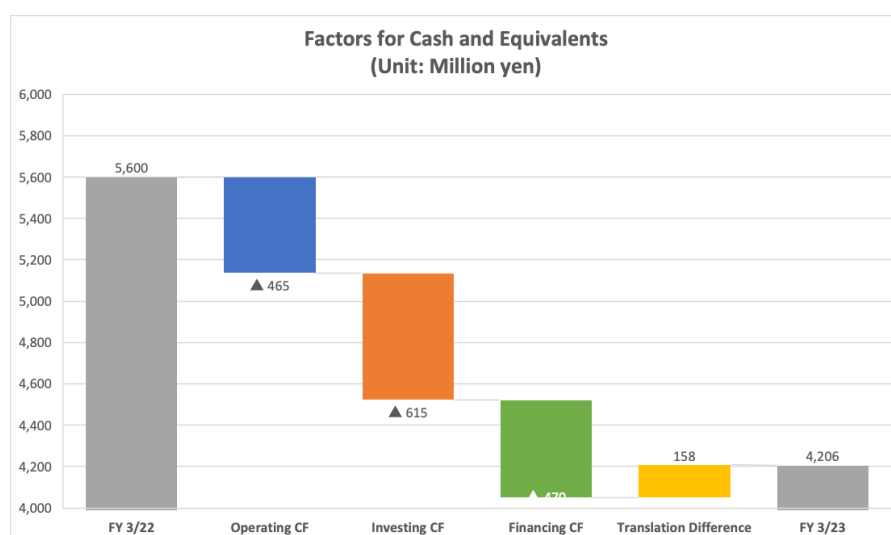
Net assets increased 324 million yen to 13,389 million yen, mainly because retained earnings rose 115 million yen to 6,252 million yen and accumulated other comprehensive income grew 193 million yen to 891 million yen.

Capital-to-asset ratio was 56.2% (54.8% at the end of the previous term).

Cash Flow

(Unit: million yen)

	FY Jan. 22	FY Jan. 23	YoY	
Operating Cash Flow	1,484	-465	-1,950	-
Investing Cash Flow	-708	-615	+92	-
Free Cash Flow	776	-1,081	-1,857	-
Financing Cash Flow	741	-470	-1,212	-
Cash and Equivalents at First Term End	5,600	4,206	-1,393	-24.9%



*Created by Investment Bridge Co., Ltd. based on disclosed material

The cash and cash equivalents as of the end of the fiscal year January 2023 stood at 4,206 million yen, down 1,393 million yen from the end of the previous term.

From operating activities, the company posted a cash outflow of 465 million yen (a cash inflow of 1,484 million yen in the previous term), as net income before taxes and other adjustments stood at 967 million yen (1,525 million yen in the previous term), depreciation was 711 million yen (647 million yen in the previous term), inventory assets increased 1,008 million yen (increased 1,348 million yen in the previous term), and accounts payable decreased 1,087 million yen (increased 1,448 million yen in the previous term).

From investing activities, the company posted a cash outflow of 615 million yen (a cash outflow of 708 million yen in the previous term), mainly because the company paid 498 million yen for acquiring tangible fixed assets (a cash outflow of 511 million yen in the previous term) and 122 million yen for acquiring intangible fixed assets (a cash outflow of 145 million yen in the previous term).

From financing activities, the company posted a cash outflow of 470 million yen (a cash inflow of 741 million yen in the previous term), mainly because the company paid dividends amounting to 403 million yen (291 million yen in the previous term).

4. Fiscal Year January 2024 Earnings Forecasts

Consolidated Earnings

	FY Jan 23 Act.	Ratio to sales	FY Jan 24 Est.	Ratio to sales	YoY
Sales	20,351	100.0%	22,700	100.0%	+11.5%
Gross Profit	9,006	44.3%	9,823	43.3%	+9.1%
SG&A	8,125	39.9%	8,807	38.8%	+8.4%
Operating Profit	880	4.3%	1,016	4.5%	+15.3%
Current Profit	982	4.8%	1,048	4.6%	+6.7%
Net Profit	518	2.6%	651	2.9%	+25.4%

*Unit: million yen

According to the forecast for the fiscal year January 2024, sales will increase 11.5%, and current profit will grow 6.7% year on year.

The forecast for the fiscal year January 2024 calls for sales increasing 11.5% year on year to 22.7 billion yen, operating profit growing 15.3% to 1,016 million yen, and current profit rising 6.7% to 1,048 million yen. Regarding profit attributable to owners of parent, it is expected to increase 25.4% year on year to 651 million yen.

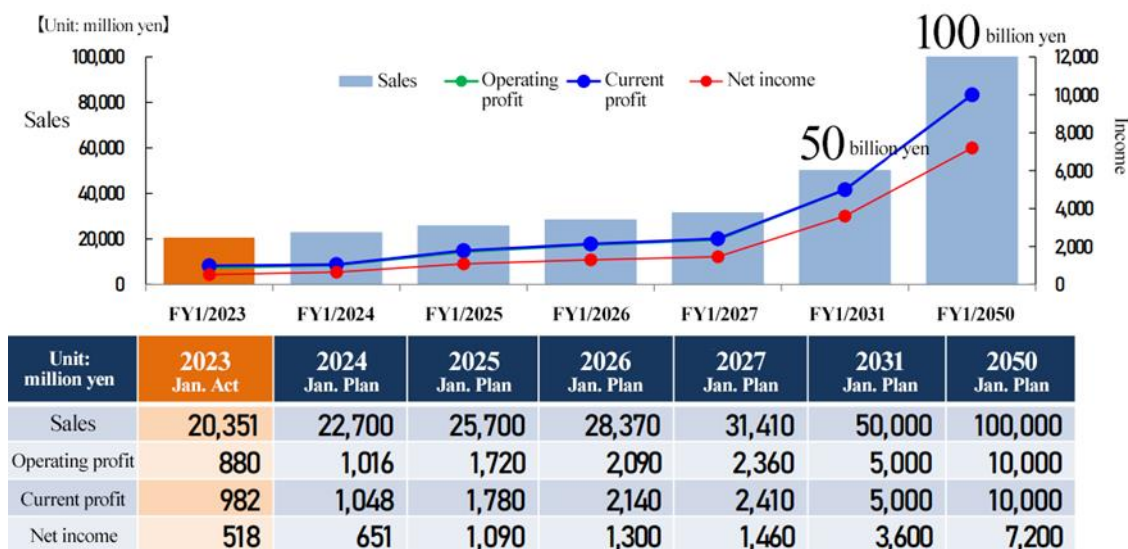
There are risks difficult to predict, such as the turmoil in the world and consumers refraining from going out due to the impact of the novel coronavirus. Thus, there are concerns that the uncertain business environment will continue. On the other hand, due to the increase in housing starts and the spread of new lifestyles, people are spending more time at home. Therefore, the demand for garden exteriors is expected to continue increasing. In the future, the company will proceed with product development under the LINKED CITY concept and make efforts to revitalize local economies and sustainability. As society shifts toward low-carbon and eco-friendly products, the company will accelerate efforts to fulfill its commitments set in the corporate philosophy and actively make efforts toward achieving excellence in ESG and SDGs. Since ESG has been incorporated into the business, the spread of the company's products directly leads to the settlement and mitigation of environmental and social issues.

In the professional use business, the company will further promote the fusion of the offline and the online, conduct DX-based sales promotion such as AR and MR, improve brand power and sales activities, strengthen sales and proposal capabilities for landscapes, and expand sales channels. In the home use business, the company will further enhance sales in the growing e-commerce field, promote the development of new products produced in its factories, and promote joint sales of global products. In the overseas business, the company will proceed with new transactions with major home centers in the United States and improve sales in Europe, where it has been unable to develop sales until now (France, Italy, etc.). The company will also introduce new sales items and develop new products focusing on marketplaces with business partners, including its website, "VEGTRUG.COM," to expand sales through e-commerce and improve sales by making proposals for products that can be enjoyed within the entire garden. In addition, the company will promote sales of living garden products by applying its Australian market's successful practices in the U.S. market. Also, the company will appoint an executive officer in charge of promoting market creation and will not only approach existing industries to expand sales, but also develop sales channels in uncultivated industries and fields. In terms of SG&A expenses, the company will strive to reduce costs by promoting the utilization of AI and RPA and the systemization of operations, starting with the online order receipt system to improve operational efficiency and strengthen productivity in order to gain a competitive edge.

The company's basic policy is to actively pay dividends linked to business performance with a minimum of 5.0 yen per share. Dividend payout ratio has been raised from 30% to 40%. The term-end dividend for the fiscal year January 2024 is expected to be 16.0 yen/share.

5. Mid/long-term Plan

The ongoing medium/long-term plan is aimed at sales of 31,410 million yen and current profit of 2,410 million yen in the fiscal year January 2027. In addition, the company aims to achieve sales of 50 billion yen in the fiscal year January 2031 and 100 billion yen in the fiscal year January 2050. Operating and current profit ratios are expected to be 10%.



(Taken from the material of the company)

Segment Sales Plan

Unit: million yen	2023 Jan. Act	2024 Jan. Plan	2025 Jan. Plan	2026 Jan. Plan	2027 Jan. Plan	2031 Jan. Plan	2050 Jan. Plan
PRO use	13,193	13,780	15,038	16,783	18,105	27,300	50,000
HOME use	5,587	6,420	7,078	7,682	8,846	12,200	29,450
Overseas	1,545	2,390	3,370	3,549	4,027	10,000	20,000
Others	26	110	214	356	432	500	550

(Taken from the material of the company)

6. Conclusion

The domestic professional use business is on track. Nonetheless, the shares of fence-related and light-related products, which are performing well, are single-digit percentages, and there is considerable room for future expansion. We would like to pay attention to the further developments of the DX strategy. On the other hand, the overseas business struggled in the fiscal year January 2023. Inventory assets have increased significantly from 5,849 million yen to 7,044 million yen, and the company hopes to decrease them, including over-the-counter inventories. The worst phase due to soaring energy prices and stagnation of logistics has passed, and we would like to see the company further advance its strategy to expand sales channels in the future. At the time of announcing the financial results for the first half of the fiscal year January 2023, the company announced that “it would shift from startup value management to growth management.” In the fiscal year January 2024, the company aims to gain a foothold for the re-growth of the overseas business while maintaining steady and stable growth in the domestic professional use business. It is also noteworthy that the company has become more proactive in returning profits to shareholders. In addition to raising dividend payout ratio from 30% to 40%, the company announced the acquisition of treasury shares accounting for 4% of the total number of outstanding shares (up to 700,000 shares or 500 million yen). If the target in the fiscal year January 2023 is achieved, EPS will be around 87 yen. Thus, the current share price, whose PBR is 1, seems to have room for improvement.

<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: July 26, 2022

<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.

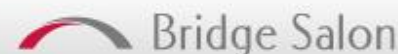
< Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts) >

Principles	Reasons for not implementing the principles
【Supplementary Principle 2-4-1 Ensuring diversity in the appointment of core personnel, etc.】	Our company is actively working to ensure diversity, for example, by promoting women to management positions, and has set targets for the percentage of women in management positions and stated them in the action plan based on the Act on the Promotion of Women's Participation and Advancement in the Workplace. In addition, our company is striving to create an environment that ensures diversity by providing training and implementing various measures related to respecting diversity, etc. We have not formulated any medium/long-term strategies or policies that will serve as the basis for these initiatives, however, we will continue to consider the formulation of such strategies and policies to enhance corporate value.
【 Supplementary Principle 3-1-3 Sustainability initiatives】 【 Supplementary Principle 4-2-2 Formulation of policies for sustainability initiatives and supervision】	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】	(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.

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	<p>(2) Details of the check of the appropriateness of strategic shareholding 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>(3) 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>
【Principle 2-6 Functioning as an asset owner for corporate pensions】	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. In addition, we have adopted a corporate defined contribution pension plan to build employees' assets. At the time of hiring, employees are briefed on the investment period, selection of investment instruments, and asset management.
【 Supplementary principle 4-1-1 Roles and responsibilities of the Board of Directors】	Our company has established the "Regulations for the Board of Directors," the "Rules for Approval," and the "Detailed Rules for Approval" as important decision-making items, in addition to matters stipulated by laws and regulations and the Articles of Incorporation, determining the scope of decision-making by the Board of Directors. In order to enhance the swiftness and flexibility of business execution and increase the vigor of management, the Board of Directors deliberates and makes decisions on business execution other than those matters stipulated by laws and regulations, the Articles of Incorporation, and the "Regulations for the Board of Directors" at the Executive Committee, which is also attended by the Representative Director.
【Principle 4-8 Effective utilization of independent directors】	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.
【Supplementary Principle 4-11-1 General idea on the balance of knowledge, experience and capabilities, diversity and size of the 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).

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