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New Medium-Term Management Plan 2025 – 2027

Takachiho Koheki Co., Ltd (the "Company") hereby announces that it has formulated "New Medium-Term Management Plan 2025 – 2027 Security. Solutions. Synergy. Moving to the Cutting Edge of Evolution with Business Security and Electromechanics" as follows.

1. Background of Formulation of New Medium-Term Management Plan

Under the slogan "Medium-Term Management Plan 2022 – 2024: The Challenge of Creation Toward 100th Anniversary: Creating New Value in the New Normal Era" the Company has been concentrating on achieving management indicators and implementing basic strategies. The management indicators of the current Medium-Term Management Plan are expected to be achieved due to growth in the Electronics Business and Cloud Service & Support Business. However, we are lagging behind in restructuring our business portfolio, creating new businesses, governance of group companies, and inter-group synergies. For this reason, we believe it is important to identify and address issues in the Company's management structure, management plan, and business structure.

Based on these issues, we have formulated the "New Medium-Term Management Plan 2025 – 2027 Security. Solutions. Synergy. Moving to the Cutting Edge of Evolution with Business Security and Electromechanics" with the aim of achieving sustainable growth and increasing corporate value over the medium to long term for the Company.

2. Concept of New Medium-Term Management Plan 2025 -2027

The Company has set its vision for 2030 as "Becoming the 1st choice solution provider to create a safe and secure society by creating a future together with our customers." Based on our corporate philosophy and company purpose, the Company will solve customer and social issues by maximizing its strengths of discernment, technology, one-stop service, and relationships of trust with business partners.

In order to achieve our vision for 2030, the new medium-term management plan promotes business strategy, capital strategy, and sustainable management, based on the basic policies "Business growth through focused investments in focused businesses" and "Creating a new future and value together with customers" to achieve sustainable growth and increase corporate value for the Company.

3. Management goals

	The Fiscal year ending March 2025 (forecast)	The Fiscal year ending March 2028 (plan)
Net sales	26.9 billion yen	35 billion yen
Operating income	2.05 billion yen	3 billion yen
Ordinary income	2 billion yen	2.8 billion yen
Net income	1.49 billion yen	2 billion yen
ROE	8.6%	10.0% or more (target)

*Dividend Policy for the New Medium-Term Management Plan

Dividend payout ratio for the fiscal year ending March 2026: 100% (continued); progressive dividend system adopted after the fiscal year ending March 2027

4. Business Strategy

~ Becoming the 1st Choice Solution Provider and Creating the Future with Customers ~

Business Domain 1 - Business Security *

- Realizing Safety and Security in Physical and Cyber Space through Total Security Solutions

Business Domain 2 - Electromechanics *

- Expanding Sales Scale in the Semiconductor Business and Increasing Value Added by Strengthening Technology Development Capabilities

■ Basic Strategy 1 Evolution of Loyal Customer Strategy

- Introduction of matrix organization to strengthen internal cross-border cooperation
- Provide multi-product services across organizations to deepen customer engagement

■ Basic strategy 2 Growth of service business

- Evolve from conventional "selling goods" to "designing business" thinking to create new solutions with customer support
- Further increase maintenance and managed services and cloud services to increase stable revenues and improve profit margins

■ Basic strategy 3 Strengthen new business and global expansion

- Strengthen collaboration with Silicon Valley Innovation Center
- Expand sales channels to Southeast Asia and India

■ Basic strategy 4 Implement 6 billion yen growth investment

- Strengthen investment in business security, electromechanics, human resources and digital transformation

※ Starting from the new medium-term management plan period, we will review the segment classification. Since the expansion of the cloud services business has achieved certain results, we will integrate the cloud services &

support business and the systems business into the business security business segment to clarify the target market. In addition, in order to achieve further growth by integrating the semiconductor business (Electronics) and the mechanical components business (Mechanics), we will change the name of the Devices segment to the Electro Mechanics segment.

5. Capital Strategy: Initiatives to Improve Profitability of Capital

- (1) Balancing Investment and Shareholder Return
- (2) Improving the Cash Conversion Cycle and Improving Profitability of Capital by Promoting ROIC Management
- (3) Promoting Business Portfolio Management

6. Promoting Sustainable Management

Solving Social Issues through Business and Contributing to the Sustainable Development of Industry and Society

- (1) Environmental Sector (E)
 - Responding to Environmental Issues through Business
 - Responding to Climate Change
- (2) Social Sector (S)
 - Promoting Human Capital Management
 - Initiatives to Realize a Safe and Secure Society
- (3) Governance (G)
 - Transition to a Company with Audit and Supervisory Committee
 - Establishment of Internal Audit Office
 - Appointment of Female Directors