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Medium-Term Management Plan 2025-2027

Security. Solutions. Synergy.

~ Moving to the Cutting Edge of Evolution with Business Security and Electromechanics ~

(From Fiscal Years Ending March 2026 to March 2028)

高千穂交易株式会社
TAKACHIHO KOHEKI CO.,LTD.

(TSE Code: 2676)

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Note: The figures in this document are based on the number of shares prior to the stock split that will become effective on June 1, 2025.

1. Review of Previous Medium-Term Management Plan

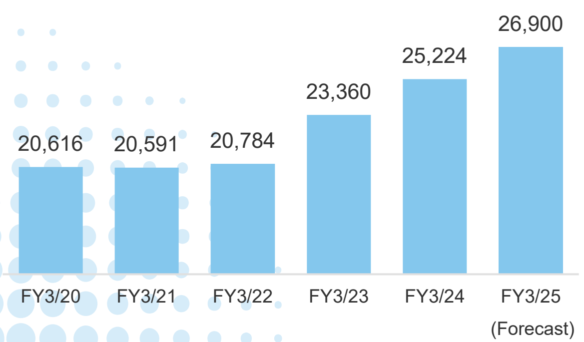
Summary of Previous Medium-Term Management Plan (Numerical Targets)

The targets of the Medium-Term Management Plan are expected to be achieved, driven by the growth in the Electronics Business.

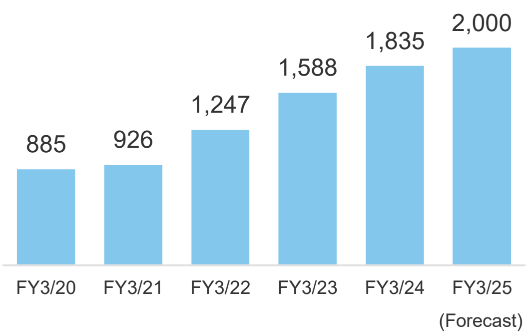
	Evaluation	Targets	Results (incl. forecasts)
Business performance	○	Net sales plan 26,000 million yen	Net sales forecast for the current FY 26,900 million yen
Profitability of capital	○	8% average ROE over 3 years	8.3% average ROE over 3 years
Shareholder return	○	Dividend payout ratio: 100%* To be maintained until the 3-year average ROE target is achieved.	Dividend payout ratio: 100%* To be maintained until the 3-year average ROE target is achieved.

- ✓ **Business performance:** Numerical targets for the final year (FY3/25) of the Medium-Term Management Plan are expected to be achieved.
  - ・Electronics (Semiconductor business): Sales increased due to new distribution contracts and customer contact-based sales activities.
  - ・Cloud services & support: Although behind the plan, stable revenues growth contributed to an improvement in the profit margins.
- ✓ **Profitability of capital:** The KPI of **“exceeding 8% average ROE over three fiscal years” is expected to be achieved** in FY3/25.
- ✓ Driven by business growth and enhanced profitability of capital, the Criteria for Maintaining Prime Market listing have been steadily satisfied, as pledged under the previous Medium-Term Management Plan.

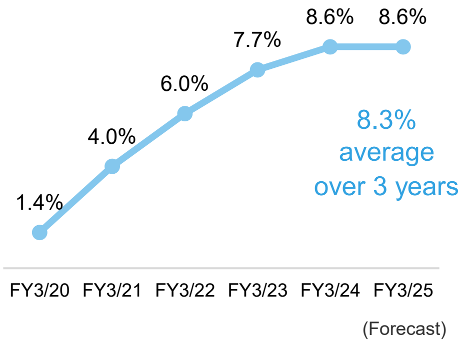
■ Net Sales (Millions of yen)



■ Operating Profit (Millions of yen)



■ ROE



*Dividends per share are calculated by dividing net income by the number of shares at the end of the period, in accordance with the policy of a 100% dividend payout ratio.

Achievements and Challenges

Stable revenues growth driven by KPI achievement in loyal customer strategy and growth of service businesses, while challenges remain in creation of future core businesses.

Loyal Customer Strategy

O KPI of 130 companies expected to be achieved

Expecting to achieve targets for the number of loyal customers and average sales, driven by customer contact sales, mainly in semiconductors

× Realizing group synergies

Delayed progress in cross- and up-sales across organization

▶ Expand group synergies by introducing matrix organization

Growth of Service Businesses

O Expansion of stable revenues

Cloud services are behind the target in new license acquisition, but the cancellation rate remains low

△ Adoption of "service sales"

Delay in shifting to a sales style distinct from traditional "product sales"

▶ Strengthen sales and designing business capabilities (investment and training)

Creation of Future Core Businesses

O Promotion of PoC initiatives

Large-scale PoC realized via information service "EMLINX"; commercialization planned in next Medium-Term Management Plan

△ Delay in commercialization

Despite expansion of product lineup in cyber-security, commercialization has been delayed

▶ Accelerate commercialization by increasing resources

Strengthening the Management Base

O Enhancing job satisfaction

- Over 90% of employees participated in stock ownership plan
- Increase in average annual income
- Improved work environment through workstyle reforms
- More young and female managers appointed

× Delay in restructuring business portfolio

× ROIC Increased inventory and limited progress in improving CCC

▶ Promote human capital development and capital efficiency to achieve the Medium-Term Management Plan

Utilization of the 3.0 billion yen strategic investment framework

O Executed approx. 2.3 billion yen investment

- 0.6 billion yen in internal DX investment
- 0.58 billion yen in alliances with companies incl. Terilogy
- 1.1 billion yen in VC funds (P/L based investment)

△ Creating New Businesses

- Business creation from the investments is expected to materialize under the next Medium-Term Management Plan

▶ Prioritize the investments in focused businesses

2. Vision for 2030

Vision for 2030

Creating a Safe and Secure Society

Becoming the 1st Choice Solution Provider and Creating a Future Together with Our Customers

Takachiho Koheki's Strengths

- **Discerning eye** for market needs
- **Technical expertise** delivering new value
- **One-stop services** (consulting, development & design, after-sales service)
- **Trusted relationships with customers and suppliers**

Takachiho Koheki's Business Segments

Business Security*

Electromechanics

Recognition of Social Issues

Digitalization and technological innovation	Declining domestic labor force
Geopolitical risks	Climate change and energy transition

Recognition of Customer Challenges

Cybersecurity measures, AI, data utilization, and high-quality materials for technological innovation	Shortage of IT talent, efficiency improvement through digital transformation (DX), and growing demand for robotics
Stabilization of supply chain	Energy efficiency and utilization of renewable energy

*We define the security field—one of our strengths and a growth market—as "Business Security."

Medium- to Long-Term Growth Vision

■ **Purpose** Using the power of technology and Consideration for all, Creating the **"Essentials of the Future"** in different environments.

■ **Corporate Philosophy**

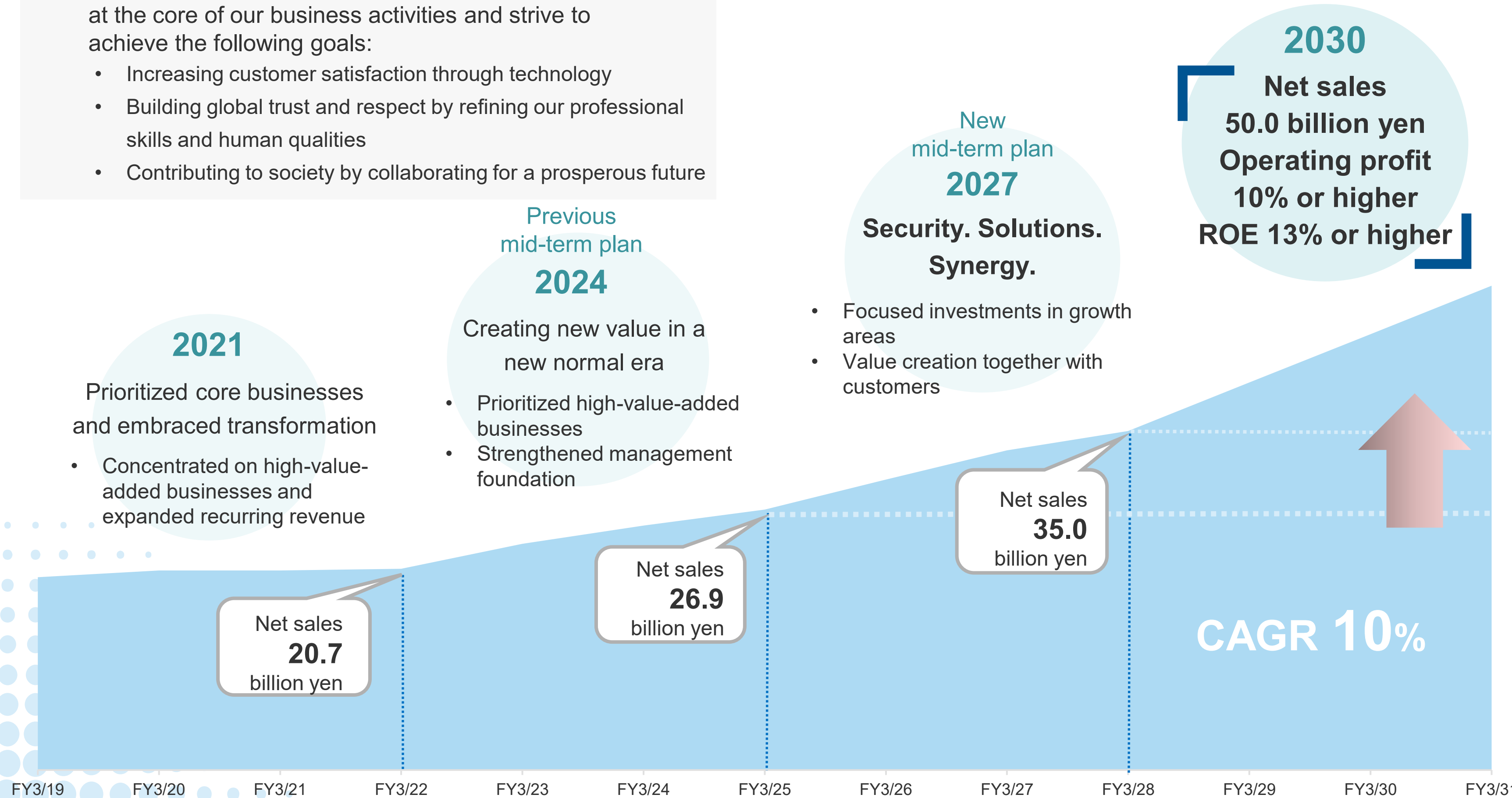
As a technology trading company, we place **creativity** at the core of our business activities and strive to achieve the following goals:

- Increasing customer satisfaction through technology
- Building global trust and respect by refining our professional skills and human qualities
- Contributing to society by collaborating for a prosperous future

<Takachiho Koheki's Vision for 2030>

Creating a safe and secure society

Becoming the 1st Choice Solution Provider and
Creating a Future Together with Our Customers



3. Overview of New Medium-Term Management Plan

Overview of New Medium-Term Management Plan

<Medium-term slogan> **Security. Solutions. Synergy.**

~ Moving to the Cutting Edge of Evolution with Business Security and Electromechanics ~

Basic Policy: **"Business growth through focused investments in focused businesses"**
"Creating a new future and value together with customers"
<KPIs> FY3/28 Operating profit 3,000 million yen, Net income 2,000 million yen, ROE 10% or higher

Business Strategy

Becoming the "1st Choice Solution Provider"

- **Basic Strategy 1: Evolution of Loyal Customer Strategy**
  Provide multi-product services across organizations by strengthening internal cross-border cooperation
- **Basic Strategy 2: Growth of service business**
  Create new solutions with customer support and increase value-added
- **Basic Strategy 3: Strengthen new business and global expansion**
- **Basic Strategy 4: Implement 6.0 billion yen growth investment**

Capital Strategy

Balancing Growth Investment and Shareholder Return

- 1st year:
  Dividend payout ratio 100%
  2nd year onward:
  Stable shareholder return by adopting progressive dividend system
- **Improving CCC** and **profitability of capital** by promoting ROIC management

Sustainable Management

E: Environment

- Responding to environmental issues through business
- Responding to climate change

S: Society

- Promoting human capital management
- Initiatives to realize a safe and secure society

G: Governance

- Transition to a Company with Audit and Supervisory Committee
- Establishment of Internal Audit Office and Global Business Management Department
- Appointment of female directors

Medium-Term Management Targets (Basic Policies and Numerical Targets)

(Millions of yen)

Note: The figures in this document are based on the number of shares prior to the stock split that will become effective on June 1, 2025.

Management Basic Policy

"Business growth through focused investments in focused businesses"
"Creating a new future and value together with customers"

Achieving sustainable growth and increasing corporate value

■ Numerical Targets

	FY3/25 Forecast	FY3/28 Target
Net sales	**26,900**	**35,000**
Operating profit	**2,050**	**3,000**
Ordinary profit	**2,000**	**2,800**
Net income	**1,490**	**2,000**
EPS	**162.13 yen**	**215 yen**
ROE	**8.6%**	**10% or higher**
Dividends	**Dividend payout ratio 100%**	*

Points

1. Driving net sales and profit growth through focused investments in focused businesses
   - Net sales CAGR 9.2%
   - Operating Profit CAGR 13.5% (vs. FY3/25)
2. Promoting four basic strategies across two business domains to **create a new future and value together with customers**
3. **Improving CCC** and **profitability of capital** by promoting ROIC management

- 1st year (FY3/26): **Dividend payout ratio of 100% to be maintained**
- 2nd year (FY3/27) onward: **Progressive dividend system to be adopted**

Segment Classification Revision (From Q1 of FY3/26)

**With solid progress in expanding the cloud services business,
certain segments will be consolidated and renamed to clarify the target market.**

(Current Segment)	(New Segment)	(Business Description) *Changes in red
Cloud Services & Support / **Systems**	**Business Security**	Integrated "Cloud Services & Support" and "Systems"
Maintenance (Cloud Services & Support)	Maintenance	Maintenance services for Business Solutions and Retail Solutions
Cloud Services (Cloud Services & Support); Business Solutions (Systems)	Business Solutions	Providing physical security and cloud services for data centers, offices, and factories
Cloud Services (Cloud Services & Support); Retail Solutions (Systems)	Retail Solutions	Providing physical security and cloud services for retail sector
Global (Systems)	Global	Providing security products incl. fire protection systems through subsidiaries in Southeast Asia
Devices	**Electromechanics**	Renamed
Electronics	Electronics	Providing semiconductors and electronic components for the manufacturing industry
Mechatronics	Mechanics	Renamed Providing mechanical components for the manufacturing industry

Overview of Business Strategy

	Business Security	Electromechanics

1 Evolution of Loyal Customer Strategy

KPIs
(1) Number of customers with annual net sales of over 30 million yen
(2) Average net sales per customer
(3) Number of customers with cross-sales across sub-segments

Strengthen integration of two business domains to further enhance customer loyalty
Providing multi-product services across organizations

Cyber-security
Physical security

×

Semiconductors/Electronic components
Mechanical components

2 Growth of service business

KPIs
(1) Subscription net sales ratio
(2) Subscription operating profit ratio

Increase value added by strengthening **"designing business"** to create new solutions

- Business Security: Maintenance / Managed / Cloud Services
- Electromechanics: Solution Development / Technical Service

3 Strengthen new business and global expansion

KPI: contributing 5% of the Group's ordinary profit in five years

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

4 Implement 6.0 billion yen growth investment

Growth investment in focused businesses, investment in human capital / DX

Net sales forecast* (Millions of yen)

	Business Security	Electromechanics
FY3/25	13,800	13,100
FY3/28	16,800	18,200

*Net sales forecast (Business Security) reflect the revised segment classification shown on page 12.

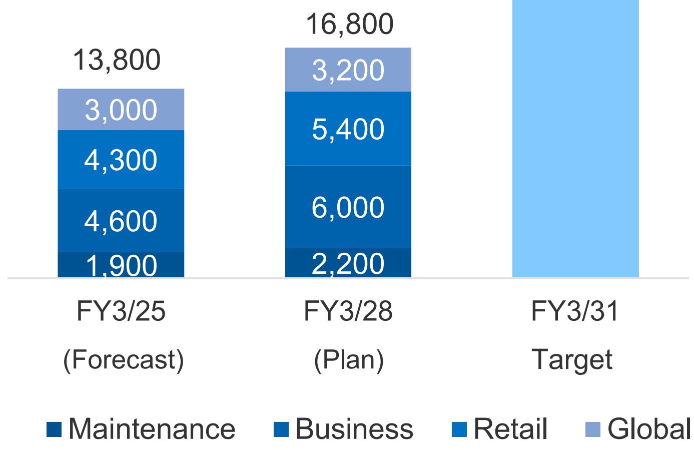
Medium-Term Management Targets (Net Sales and Operating Profit by Segment)

(Millions of yen)

Business Security*

Net sales CAGR approx. 7%
Operating profit ratio 9.3% (+1.3 pts)

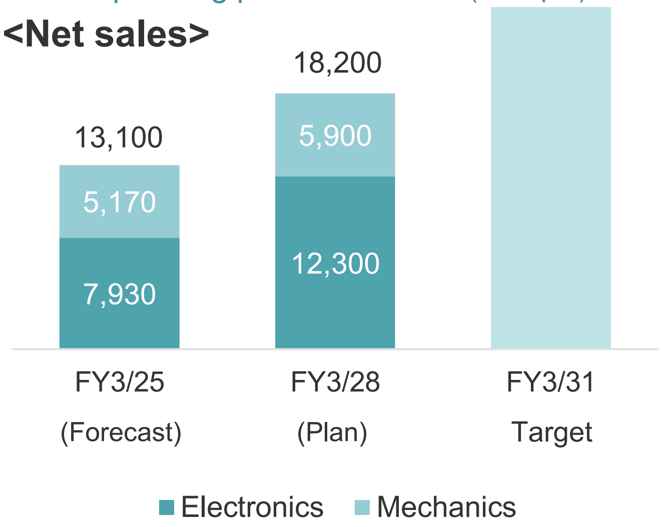
<Net sales>



Electromechanics

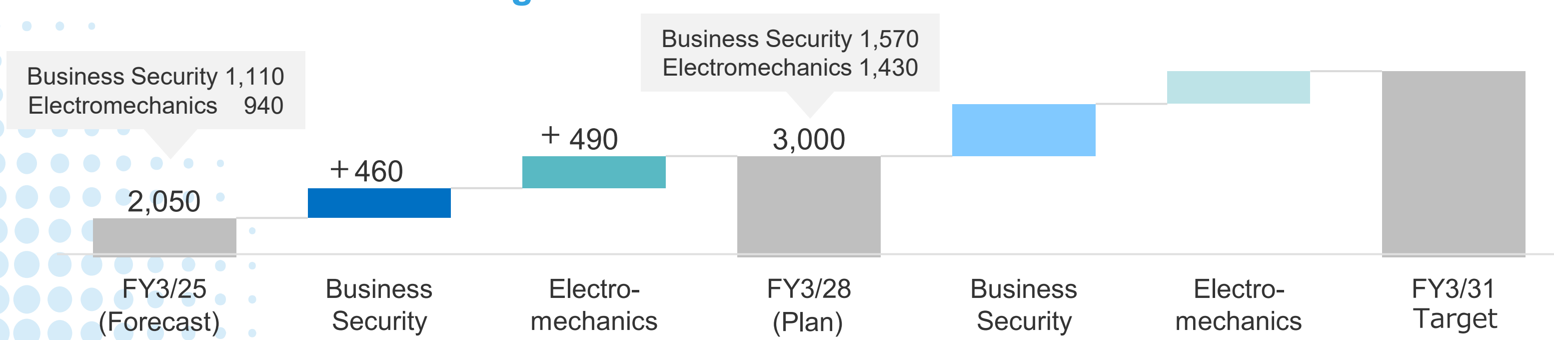
Net sales CAGR approx. 12%
Operating profit ratio 7.9% (+0.7 pts)

<Net sales>



<Operating profit change factors>

Targeting an **operating profit ratio of 10% or higher** in FY3/31 through **growth in the service business**



*The figures for Business Security reflect the revised segment classification shown on page 12.

4. Business Domain (Business Security)

Business Security Market

With total security solutions and one-stop services from consulting to after-sales support, we aim to become **"Takachiho Koheki, the go-to provider for Business Security"**

Advanced technology and product services

Total Security Solutions

Retail security
- Shoplifting (loss) measures

Physical security
- Access control
- Surveillance cameras

Integrated platform cloud services
- AI surveillance cameras
- Access control
- Environmental sensors
- Intercom
- Visitor control
- Mailroom
- Smart Office
- Smart Retail
- i Retail Cloud

Cloud-managed network
- Wireless LAN access point
- L2/L3 switch
- SD-WAN router
- Cellular gateway
- IP camera
- IoT sensor
- Mobile Device Management

Cyber-security
- Zero trust security
- Cisco Umbrella
- OT security

\+

Value-added services

Consulting	System Integration	Installation	After-sales Services Integrated Monitoring Center
Optimization of installation and operational costs	**Identifying issues and providing solutions**	**Optimal project management**	**Reducing burden on administrators**
Total security proposal	SI/Development and transition to MSP services	Project management for long-term projects	24/7 Monitoring (NOC) Building SOC Services

Providing integrated services to customers
to solve their issues

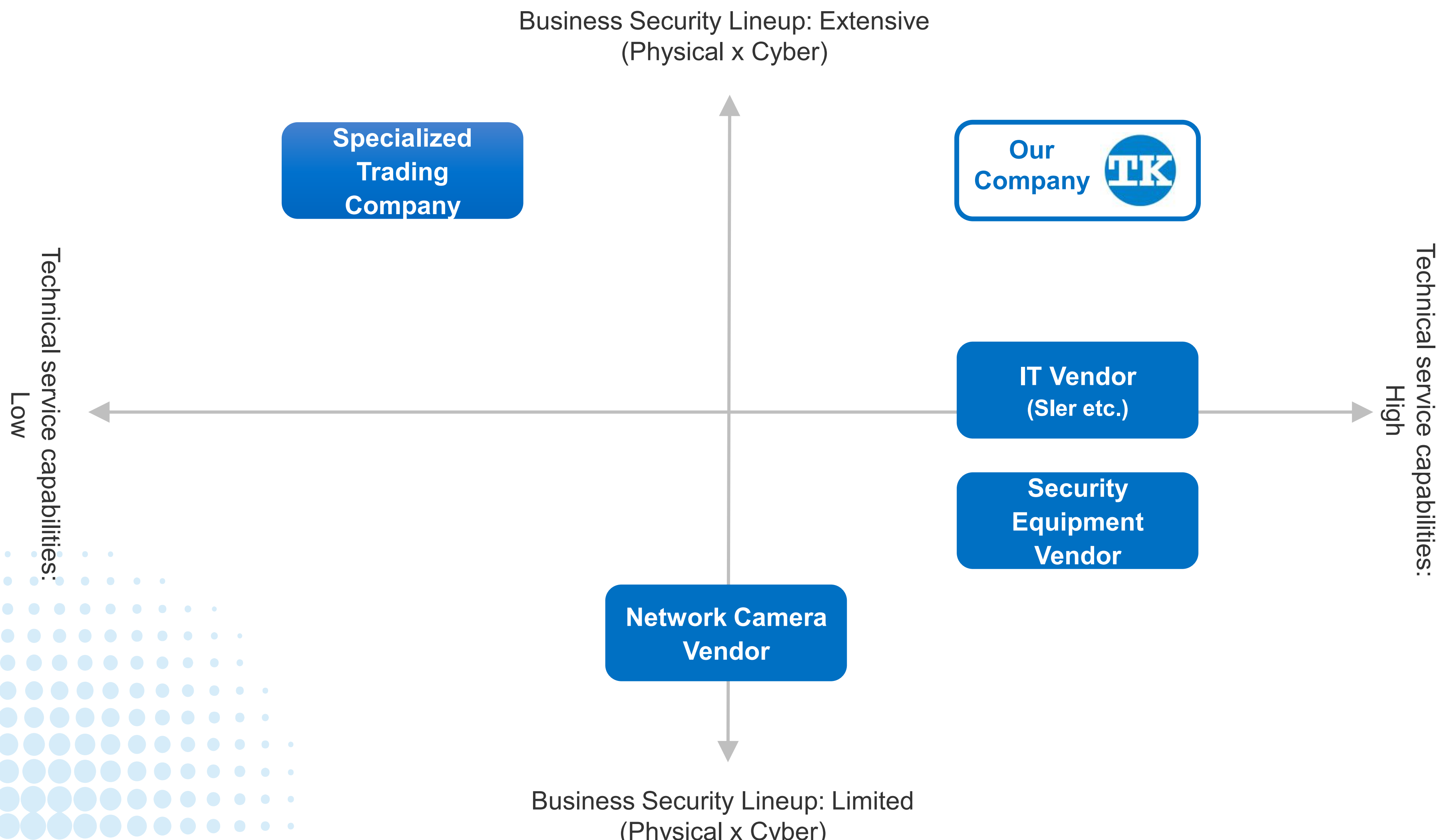
<Customers>

- Corporate offices
- Data centers
- Factories
- Retailers (Apparel, GMS, electrics, etc.)
- Educational Facilities

Promoting DX and IT adoption and AI utilization
Diverse work styles
Increase in cyberattacks
Labor shortage

Positioning in Security Field

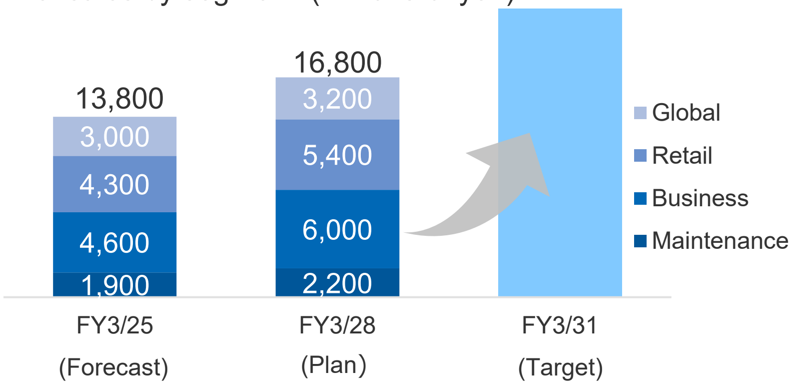
With a lineup of both physical and cyber security solutions, along with strong technical service capabilities, we have established a unique position in the security field.



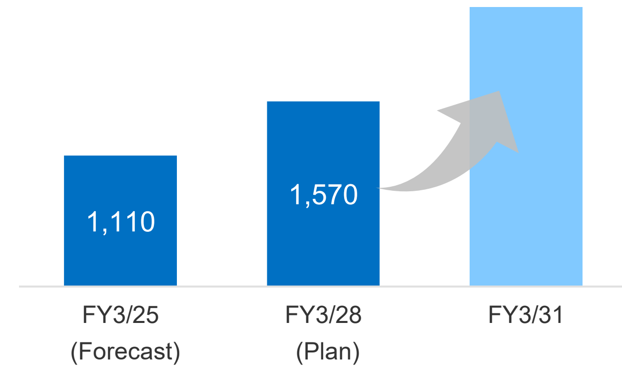
Business Security Growth Strategy

Realizing Safety and Security in Physical and Cyberspace through Total Security Solutions

■ Net sales by segment* (Millions of yen)



■ Operating profit by segment* (Millions of yen)



● Business Solutions

Net sales +1.4 billion yen
CAGR 9.3%

Strategy	Effect on FY3/28 results
Maintaining top market share among foreign customers, centered on data centers	**Net sales +0.6 billion yen**
Expanding partner business with a focus on MSP services and broader lineup	**Net sales +0.4 billion yen Subscription-based**
Commercialization of cyber and OT security	**Net sales +0.4 billion yen Subscription-based**

● Retail Solutions

Net sales +1.1 billion yen
CAGR 7.9%

Strategy	Effect on FY3/28 results
Strengthening sales of RFID systems for the apparel market	**Net sales +0.8 billion yen**
Launch of crime-prevention cloud service for retail	**Net sales +0.2 billion yen Subscription-based**
Expansion of loss prevention consulting services	**Implementing for over 10 loyal customers**

● Maintenance

1. Enhancement of after-sales support and expansion of maintenance service lineup
2. Establishment of integrated monitoring center (SOC/NOC)
3. Launch of customer portal service

● Global

1. Strengthening business solutions and retail solutions in Southeast Asia
2. Strengthening high-profit service business in the fire protection system business

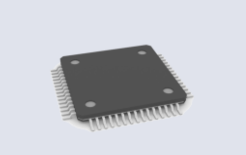
* The figures for Business Security reflect the revised segment classification shown on page 12.

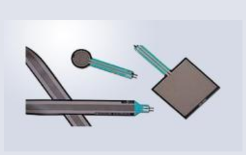
5. Business Domain (Electromechanics)

Electromechanics Market

With strengths in both electronic and mechanical components, we provide comprehensive product lineup and technical services in a one-stop solution.

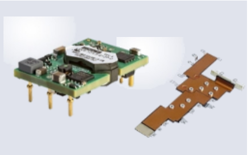
Electronics (Semiconductors / Electronic components)


Semiconductors, ICs


Sensors


Telecommunications


Connectors


Power electronics


Audio components

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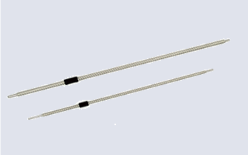
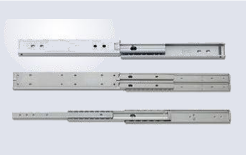
Mechanics (Mechanical components)


Dampers


Spiral shaft


Gas springs


Slide rails


Constant force spring


Light control film

Technical Services

Providing consulting, component selection, and testing at our lab

<Customers>


Business equipment


Amusement


Industrial equipment

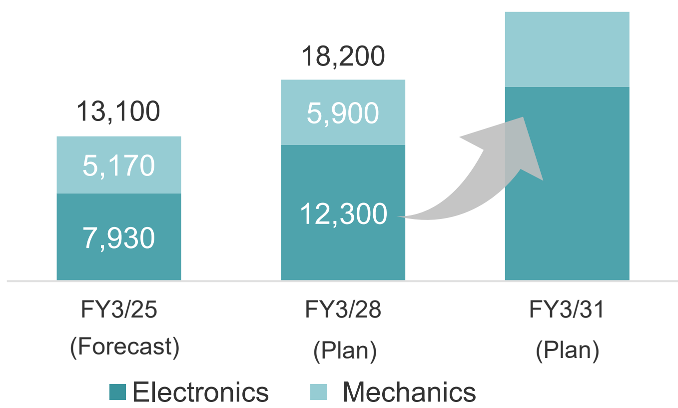

Housing equipment


Cash equipment

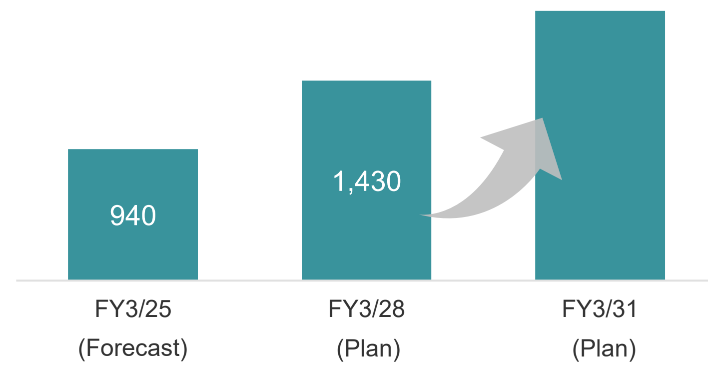
Electromechanics Growth Strategy

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

■ Net sales by segment (Millions of yen)



■ Operating profit by segment (Millions of yen)



● **Electromechanics (Common)** Strengthening the development of unique Electronics x Mechanics solution to increase value added

● **Electronics (semiconductors)**

Net sales +4.37 billion yen CAGR 15.8%

Strategy	Effect on FY3/28 results
Expansion of transactions with loyal customers	Net sales +2.8 billion yen
Strengthening global expansion	Net sales +1.5 billion yen
Enhancing sales in target markets	Industrial equipment 1.4x sales Amusement 1.6x sales
M&A	Added if realized

● **Mechanics (mechanical components)**

Net sales +0.73 billion yen CAGR 4.5%

Strategy	Effect on FY3/28 results
Strengthening sales in the housing equipment market	Net sales +0.3 billion yen
Strengthening sales in the industrial equipment market	Net sales +0.2 billion yen
Increasing value added through planning and development products	Net sales +0.23 billion yen

Semiconductors Business (Electronics) Growth Strategy

The semiconductor business aims for further growth by strengthening its sales structure, acquiring new distribution contracts, and expanding globally.

Suppliers

Manufacturers primarily focused on power, telecom, and sensors

New distributor agreements

- Overseas manufacturer
- Domestic manufacturer

Our Company

Expansion of Personnel

Expansion of Locations

Expansion of Technical Services

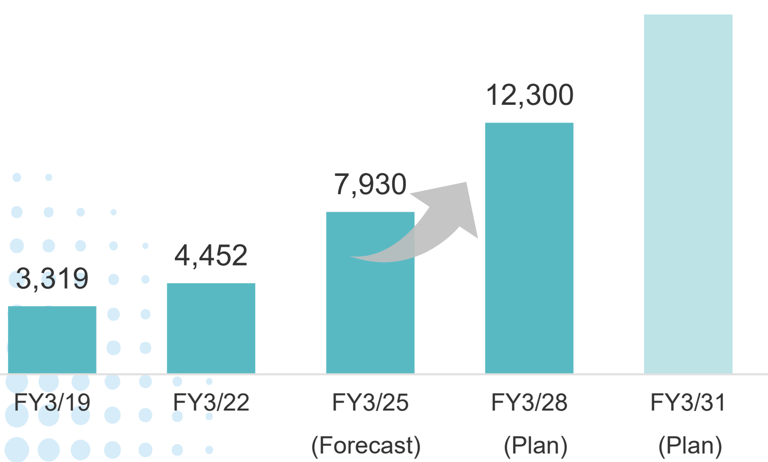
M&A

Customers (Domestic/Overseas)

- Industrial equipment market
- Business equipment market
- Amusement market
- Consumer equipment market etc.

Southeast Asia

■ **Electronics Net Sales** (Millions of yen)



<Strategy Details>

✓ **Expansion of transactions with loyal customers**

- Creating demand through stronger relationships with customers and suppliers
- Signing new distributor agreements
- Doubling technical staff to enhance technical services

✓ **Strengthening global expansion**

- Strengthening sales to Southeast Asia
- Expanding exports by increasing the lineup of domestically manufactured products

✓ **M&A**

- M&A of a trading company operating primarily in Southeast Asia
- Expanding domestic presence through M&A

Unique Electromechanics Solutions

Enhancing the Convenience, Safety, and Design of Customer Products through Unique Electronics x Mechanics Solutions

Case 1: Smart Light Control Film
[Target Customer] Housing equipment manufacturer, Medical and Nursing care facilities

[Electronic Components] Proximity Sensors/Voice Recognition ICs/Sensors x [Mechanical Components] Light Control Film

Light Control Off

Move hand

“Turn on”
“Turn off”

Light Control On

<Benefits of the case>

Privacy can be ensured by switching the light control film to opaque mode, even when the user cannot physically touch a switch

Case 2: Automatic Table Lifting Device
[Target Customer] Housing equipment manufacturer, Automotive and Aerospace

[Electronic Components] Gesture Sensor x [Mechanical Components] Constant Force Spring, Soft Absorber

Move hand in front of the sensor

The table automatically rises by the force of a spring

A soft absorber allows the table to lower gently

<Benefits of the case>

- By providing an integrated mechanical and electronic unit, customer design workload can be significantly reduced
- Table lifting enabled by gesture-based (touchless) operation

6. Business Strategy

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

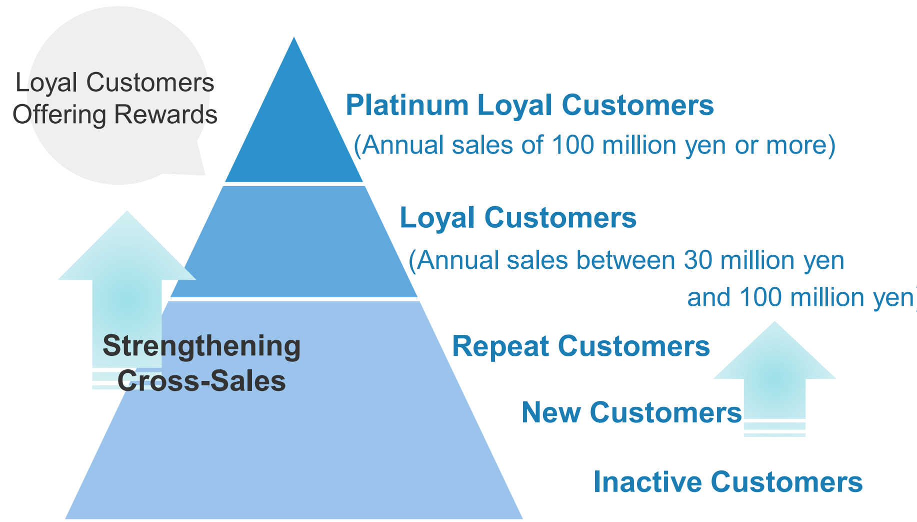
■ Loyal Customer Strategy KPIs

Number of Loyal Customers

	FY3/25 (Forecast)		FY3/28
Platinum	FY3/25: 45 companies	▶	FY3/28: 60 companies
Loyal	FY3/25: 85 companies		FY3/28: 110 companies

Average Sales per Customer
30% UP

Number of Cross-Sales
(Across sub-segments)
50% UP

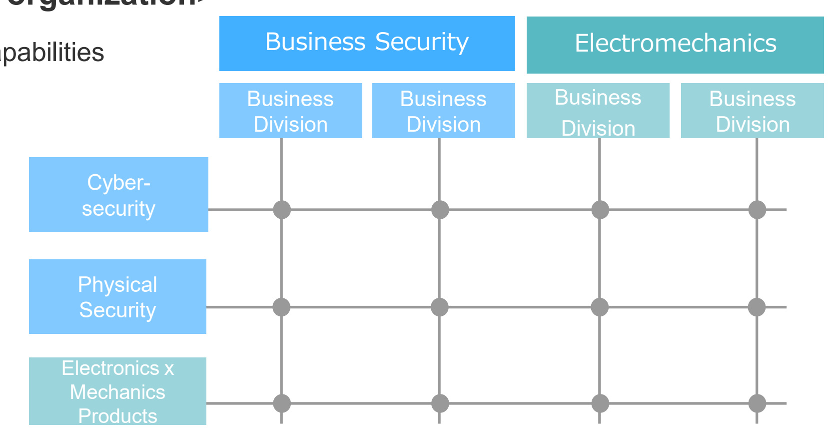


<Initiatives to maximize the effectiveness of the matrix organization>

- ✓ Development and implementation of systems to strengthen sales capabilities
  - Revision of manuals and training programs
- ✓ Development of products and solutions for customers of other business divisions

▼

Addressing customer issues that could not be approached under the conventional organizational structure



Basic Strategy 2: Growth of service business

Evolve from conventional "selling goods" to "designing business" thinking
Create new solutions with customer support to increase value added

Design business to create new solutions

- **Product x Product combinations**
- **Product + Technical services**

Address Customer Issues → Address Social Issues

Business Security Segment

Further increase maintenance and managed services and cloud services to increase stable revenues and improve profit margins

■ Business Security KPIs

Subscription Sales* Ratio

FY3/25: 18.0% Forecast ▶ FY3/28: **20% or higher**

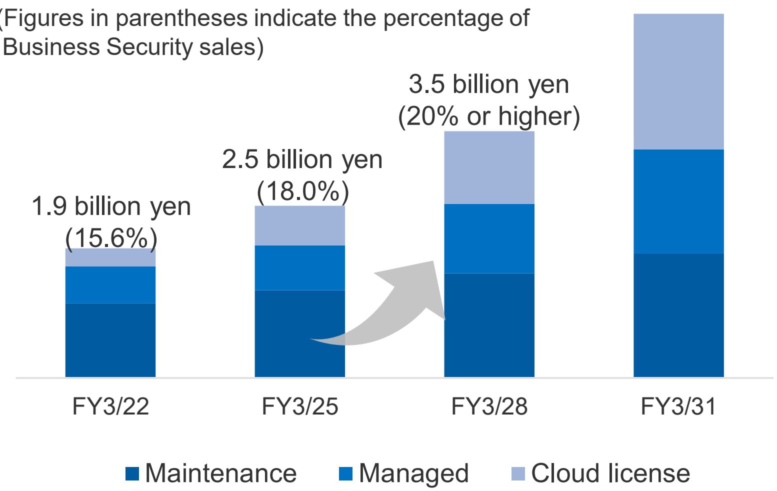
Subscription Operating Profit Ratio

FY3/25: 22.4% Forecast ▶ FY3/28: **25% or higher**

*Maintenance fees recognized over the contract period + managed services fees + monthly cloud license fees

■ Subscription-Based Business Sales

(Figures in parentheses indicate the percentage of Business Security sales)



Basic Strategy 3: Strengthen new business and global expansion

Strengthen new businesses to reach 5% of the Group's ordinary profit in five years

Toward commercialization of new businesses

Cloud-based crime-prevention information service <EMLINX>

- Development of "EMLINX," a cloud-based crime-prevention service platform for retail stores, which enables cross-company and cross-industry information sharing. PoC is currently underway.
- Preventing shoplifting through a network connecting neighboring stores

Prevention of store-related crimes

Safe and secure communities

<FY3/25 Status>
A large-scale PoC is underway at a major retail chain, aiming for nationwide rollout.

Cyber-security

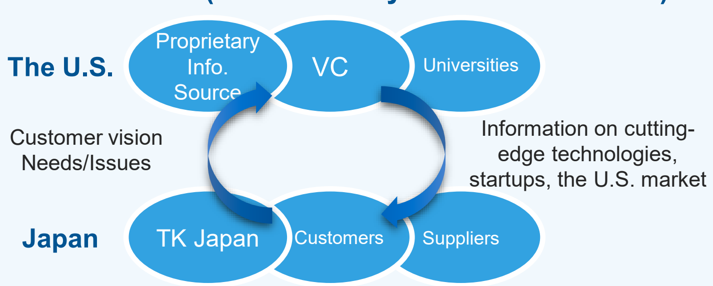
- Minimizing cyber-related risks by providing visibility into OT and IoT networks, threat detection, and AI driven analytics
- Strengthening companies' cyber-security posture by enabling real-time threat detection and rapid response

Prevention of cyberattacks against companies

Safe and secure companies / factories network

Framework for new business creation

Providing customers with cutting-edge insights from SVIC (Silicon Valley Innovation Center)



Strengthening "BAP" (Business Accelerator Program) training program

- Learning lean startup approach to new business creation
- Lean startup is a methodology for launching new businesses by "rapidly developing solutions while forming and testing hypotheses about customer issues"
- After completing preliminary learning, participants stay in the U.S. for two weeks to attend the program
- The program continues toward commercialization

Basic Strategy 4: Implement 6.0 billion yen growth investment

Set up a 6.0 billion yen growth investment to accelerate business growth through focused investments in focused businesses

Strengthen our business foundation
Proactively invest in focus businesses and domains

Accelerate growth drivers

Create new businesses and business models

6.0 billion yen

Launch of new business

5.0 billion yen

Investments to grow service business

Investments in realizing the needs of loyal customers

1.0 billion yen

Strengthen internal foundation

Future core areas

Core areas

Strengthen new business and global expansion

Investments in venture capital funds, strategic alliances, and M&A to accelerate new business creation

Growth of service business

Investments in service business and platform development
<Software, Cloom, RS Cloud, EMLINX, and the development of a customer portal site>

Evolution of Loyal Customer Strategy

Investments to realize customer needs
<Investments in physical security field, acquisition of sales channels in Southeast Asia, and product development>

Investments in internal foundation

- Human capital investment: Employee trainings and compensation enhancements
- IT Investments: DX incl. AI and improvements to core systems

7. Sustainable Management

Environment and Governance

Realizing Environmentally Conscious and Sustainable Society

Create a people- and planet-friendly future by solving social issues through business and contributing to the sustainable development of industry and society

1. Responding to Environmental Issues through Business

- Transition to a cloud service business
- Strengthening the development of monitoring system as a countermeasure against natural disasters
- Exploring circular business model including reuse, repair, and recycle
- Offering environmentally conscious products in response to customer requests
- Expanding integrated solutions (Verkada) to optimize workplace environment

2. Responding to Climate Change

- Visualizing Scope 1, 2, and 3 emissions to support greenhouse gas reduction

Enhancing Governance Structure and Improving Transparency

1. Transition to a Company with Audit and Supervisory Committee

(Objective of the transition)

i. **Accelerating decision-making**
Delegating part of the Board of Directors' authority to Directors to accelerate decision-making.

ii. **Strengthening supervisory function**
Strengthening the Board of Directors' audit and supervisory functions over executive officers by establishing an "Audit and Supervisory Committee," with a majority of its members being outside directors, and granting voting rights at Board of Directors meetings to "Directors who are members of the committee."

iii. **Strengthening internal controls**
The Company aims to further enhancing the soundness and appropriateness of the Company's financial and operational practices through improved internal controls by strengthening collaboration between the newly established "Audit and Supervisory Committee" and the newly organized "Internal Audit Office."

2. Establishment of Internal Audit Office

(Reason and objective)

Strengthening a collaboration with internal audit following the transition to a company with an Audit and Supervisory Committee. To enhance internal controls and the governance framework, the former internal audit function has been reorganized into a dedicated Internal Audit Office.

3. Appointment of Female Directors

(Reason and objective)

Appointing female directors to enhance diversity within its leadership team and promote long-term growth and competitiveness.

Initiatives to Strengthen Human Capital

Realizing the Purpose

Using the power of technology and consideration for all, creating the "Essentials of the Future" in different environments.

Achievements of Medium-Term Management Plan

Net income 2.0 billion yen, ROE 10% or higher

KPIs*

KPI	FY3/24	FY3/28
Employee Opinion Survey Score	3.73 pts	4.0 pts or higher
Operating Profit per Employee	6.4 million yen	8.0 million yen
Average Annual Income	7 million yen	8 million yen

Investment in individual skill development

Investing 250 million yen in trainings over three years

- **Strengthening "Business Design Capabilities"**
  Promote cross-sales of all products and services through development of manuals and revision of training systems
- **Enhancing development personnel for core positions, global leaders, and specialists**
  Participation in business school programs, overseas training, and specialized courses in strategic business areas such as cyber-security
- **Revision on training framework**
  Expand classification-specific training programs (e.g. management and coaching training), secondments, and support acquisition of professional certifications

Attracting talent aligned with our purpose

- **Strengthening mid-career hires**
  Active promotion of referral and alumni recruitment
- **Improving company recognition**
  Stronger corporate branding and recruitment marketing

Investment in corporate culture, motivation, and HR systems

- **Promoting awareness of the Purpose**
- **Shifting to agile and strategic talent development**
- **Implementing health-oriented management (certified as KENKO Investment for Health)**
- **Continuing the "Pay for Performance, Pay for Job" policy**
- **Enhancing employee benefits and continuing the 50% incentive for the Employee Stock Ownership Plan**
- **Reviewing and optimizing the personnel system**

*KPI figures are based on non-consolidated result.

Initiatives to Strengthen Human Capital

The Employee Opinion Survey score has been steadily improving, with a target of 4.0 points or higher by FY3/28.

■ Past initiatives and future plans to address issues identified in the Employee Opinion Survey

	Before 2021	Previous medium-term management plan 2022 to 2024	New medium-term management plan 2025 to 2027
Employee Opinion Survey Score (5-point scale)	**3.37 pts**	FY3/24 **3.73 pts** FY3/25 **3.93 pts**	Target **4.0 pts or higher**
Diverse Career Paths	• Implementation of 360-degree evaluation	• Overseas training program • Implementation of e-learning tools • Internal side job program	• Classification-specific training program (Management training / Coaching training) • Internal FA program • Career rotation for young employees
Work Style Reform	• Introduction of telework	• Introduction of flexible time system • 4-day workweek	• Flexible use of hourly paid leave
Performance-Linked Compensation	• Revision of salary table (performance-based elements)	• Increased salary table for young employees	• Starting salary increase
Enhancing Shared Interests of Shareholders	• 10% incentive for the Employee Stock Ownership Plan	• Raised incentive to 50% for the Employee Stock Ownership Plan	• Continuing 50% incentive for the Employee Stock Ownership Plan

8. Capital Strategy

Capital Policy

To balance growth investment and shareholder return while maintaining financial soundness, the Company is steadily improving profitability of capital and its balance sheet.

Profitability of Capital

ROE 10% or higher

Shareholder Return

FY3/26 Dividend payout ratio 100%

FY3/27~ Progressive dividend system

Financial Soundness

Equity to asset ratio 50% or higher

■ Enhancing profitability of capital through ROIC management

Profitability improvement		Balance sheet improvement	
Profit growth • Focusing on growth businesses through business portfolio management	**Gross profit margin** FY3/25 20% ↓ FY3/28 25%	**Inventory turnover period** FY3/25 2.2 months ↓ FY3/28 1.9 months	**Shareholder return** • FY3/26: Dividend payout ratio 100% • FY3/27 onwards: Stable dividend through progressive dividend system
Subscription sales ratio* FY3/25 18% ↓ FY3/28 20% or higher *Applicable to the Business Security Segment	**Shift to value-added operations** • Reducing routine tasks by 20% through the use of RPA and AI	**Working capital reduction** • Negotiation of terms for accounts receivables and accounts payable • Development of a new business model	**Interest-bearing debt control** • Maintaining an equity to asset ratio of 50% or higher while balancing interest rate trends and profitability

Capital Policy / Business Portfolio Management

Positioning businesses based on two axes: “Market Attractiveness (Sales Growth)” and “the Company’s Strengths (Profitability / ROIC)”

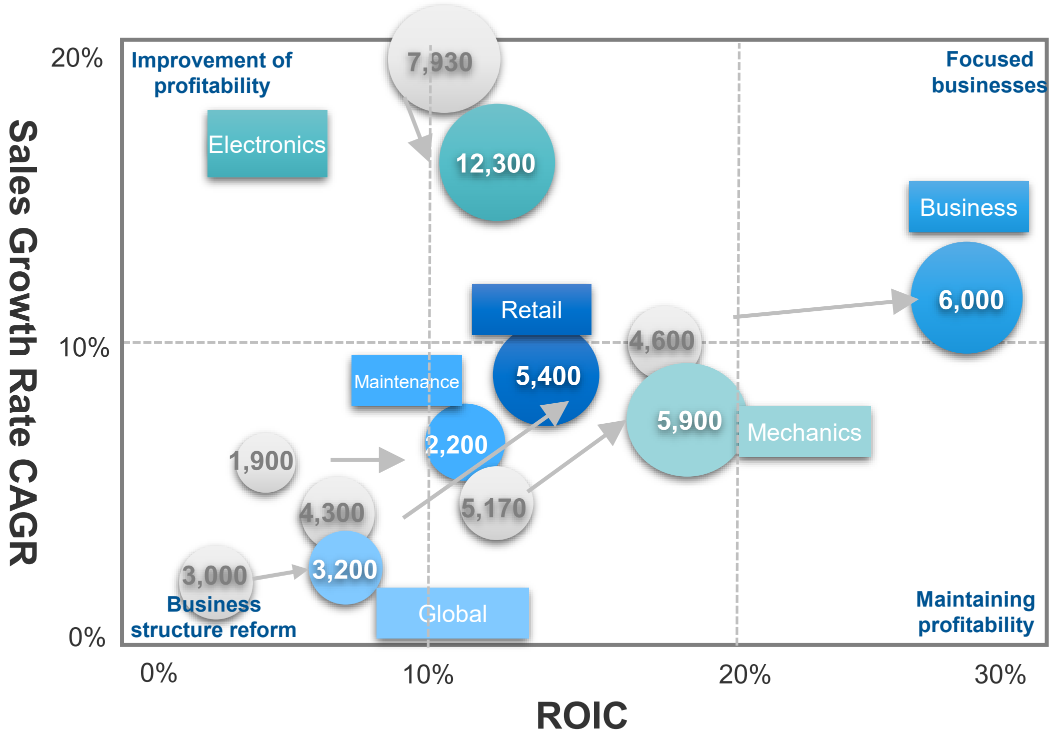
- Actively investing in the focused businesses using investment framework
- Implementing structural reforms to improve profitability in underperforming businesses

Improvement of profitability

- Enhance profit margins
- Improve CCC (Cash Conversion Cycle)

- Fundamental reforms through resource reallocation and business reevaluation

Business structure reform



Focused businesses

- Shift in management resources
- Proactive investment execution

- Profit improvement

Maintaining profitability

Notes:

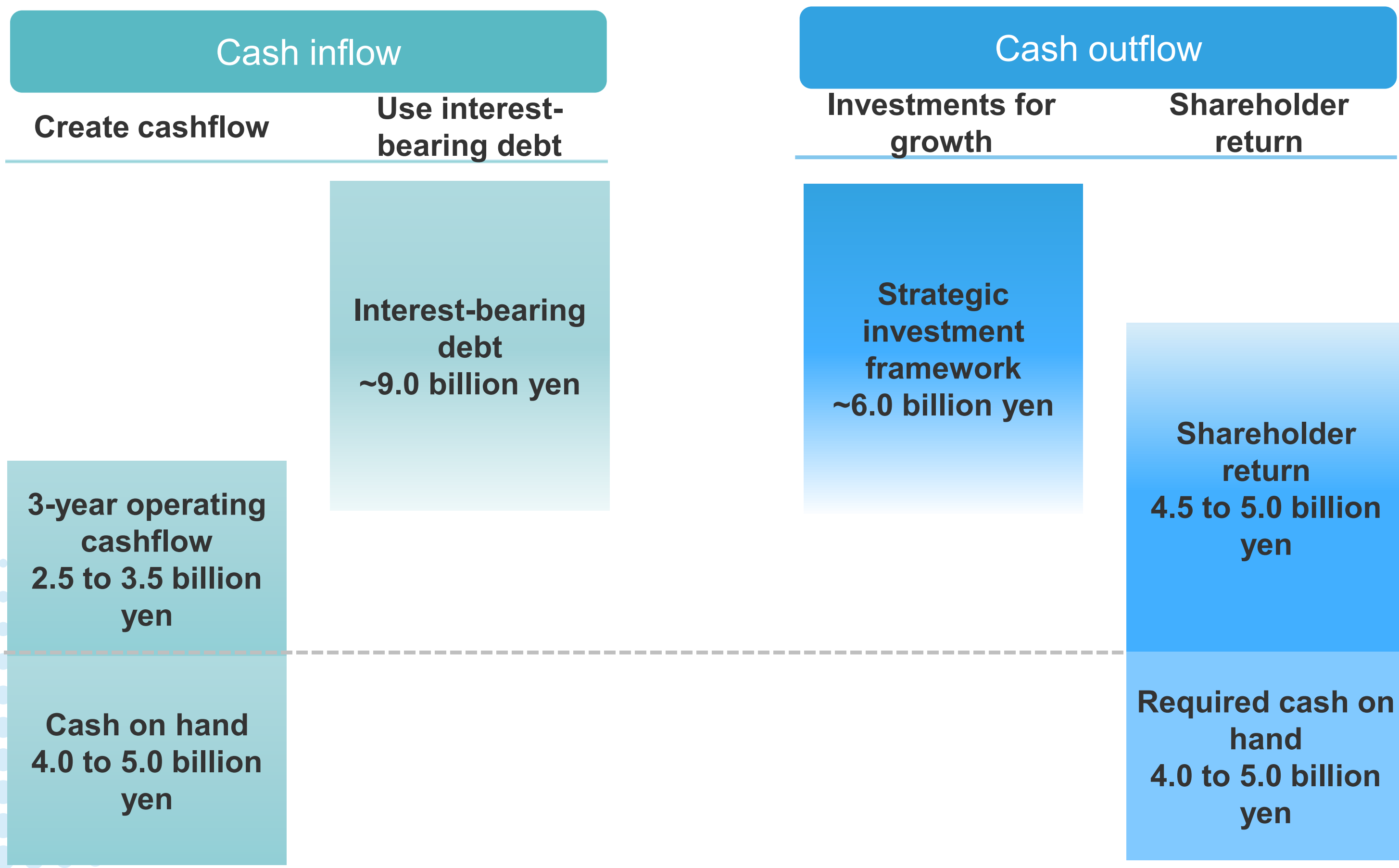
1. Light-colored bubbles: the CAGR of sales over the three years up to FY3/25 forecast and the ROIC for FY3/24
2. Dark-colored bubbles: the CAGR of sales over the three years up to FY3/28 forecast and the forecast ROIC of FY3/28
3. Figures in the bubbles: Net sales (Millions of yen)

Capital Policy / Cash Allocation

Executing growth investment by leveraging operating cashflow, improving working capital, and utilizing interest-bearing debt

Investment Discipline

- Investment funds are sourced from cash on hand, operating cashflow, working capital improvements, and bank borrowings
- Making disciplined investments based on return on investments and payback period



Shareholder Return (Dividends and Shareholder Benefit System)

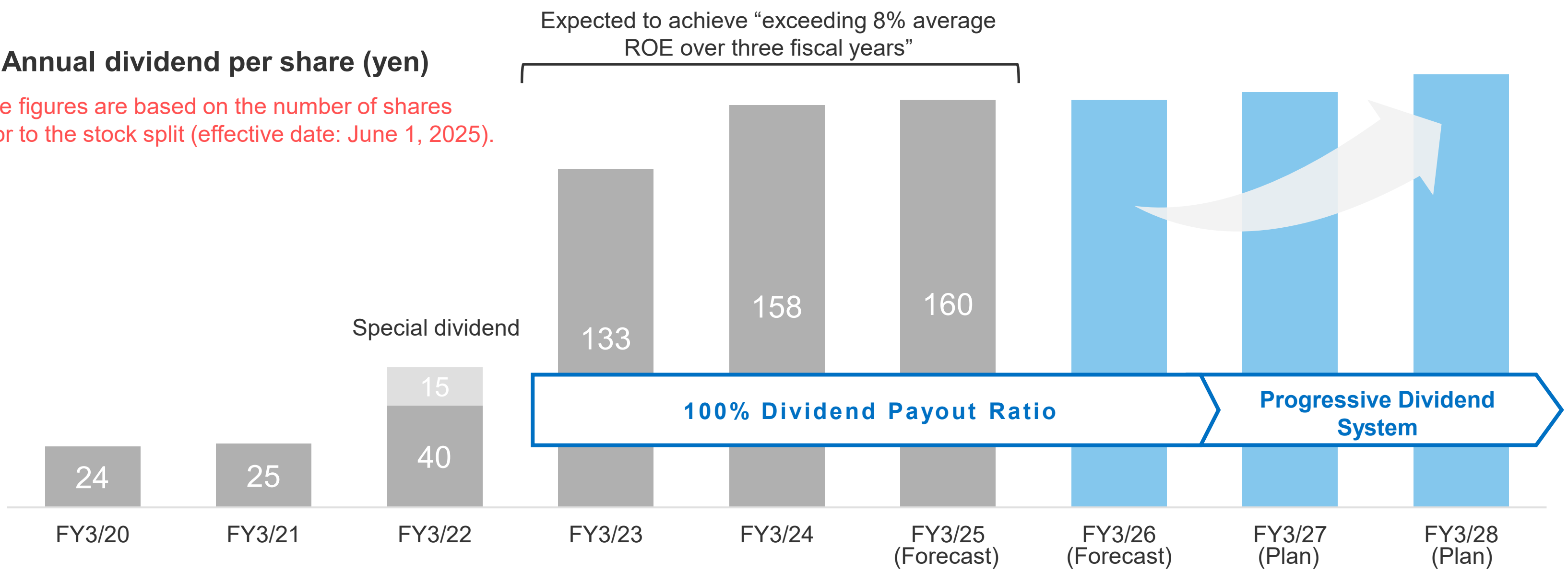
1. Dividend Policy

Based on the capital policy of "Balancing Growth Investment and Shareholder Return":

- Driving business growth by proactive investments while maintaining financial soundness
- **100% dividend payout ratio for FY3/26, adopting a progressive dividend system for FY3/27 onward**

■ **Annual dividend per share (yen)**

*The figures are based on the number of shares prior to the stock split (effective date: June 1, 2025).



2. Shareholder Benefit System*

To expand the investor base and stimulate communication with our shareholders, the following change will take effect as of the record date of June 30, 2025.

- Benefits: Rice gift certificates → Points given by "Takachiho Koheki Premium Benefit Club"
- Eligibility month: Once a year (March) → Twice a year (June and December)

3. Stock Split*

Each share of the common stock held by shareholders recorded on the closing register on Saturday, May 31, 2025 will be split into two shares.

- Record date: Saturday, May 31, 2025
- Effective date: Sunday, June 1, 2025

*For more details, please refer to the announcement titled "Notice Concerning Stock Split and Change (Expansion) of Shareholder Benefit System" released on March 21, 2025.

Appendix

Upcoming IR Schedule

Medium-Term Management Plan Briefing (From Fiscal Years Ending March 2026 to March 2028)

Scheduled to be held online on Friday, March 28, 2025, from 10:30 to 11:30 (JST)

Financial Results Announcement for Fiscal Year Ending March 31, 2025 (Full-year)

Scheduled for Tuesday, May 13, 2025 at 15:30 (JST)

Financial Results Briefing for Fiscal Year Ending March 31, 2025 (Full-year)

Scheduled to be held online on Tuesday, May 27, 2025, from 14:00 to 15:00 (JST)

Note: Starting with full-year financial results announcement for FY3/25, IR materials will be released according to the schedule and content outlined below.

Contents of previous "Materials for Financial Results"

- Supplementary information of financial results
- Full-year forecast
- Full-year forecast by segment (Q2 / Q4 only)
- Progress of the Medium-Term Management Plan (Q2 / Q4 only)

"Supplementary Materials for Financial Results"

To be released on the financial results announcement date, together with the earnings report

"Financial Results Briefing Material"

To be released on the day of financial results briefing

Company Profile

Company Name	Takachiho Koheki Co., Ltd.
Securities Code	TSE Prime (code: 2676)
Established	March 13, 1952
Head Office Address	YOTSUYA TOWER 7F, 1-6-1 Yotsuya, Shinjuku-ku, Tokyo
Representative	Takanobu Ide, President and Chief Executive Officer
Number of Employees	Consolidated: 474, Non-consolidated: 244 (as of March 31, 2024)
Consolidated Subsidiaries	One domestic company, eight overseas companies (Shanghai, Hong Kong, Bangkok, Singapore, Chicago)

Precautions Regarding this Document

- This document contains forward-looking statements. Such statements are not guarantees of future results and involve risks and uncertainties. Please note that future results may differ due to changes in the business environment and other factors.
- This document is for informational purposes only and is not intended as a solicitation to trade.

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IR News Mail

note