

Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2025

TAKACHIHO KOHEKI CO., LTD. (TSE Code: 2676)

November 5, 2024

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



高千穂交易株式会社
TAKACHIHO KOHEKI CO.,LTD.

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[Reference Material] Medium-Term Management Plan 2022-2024

[https://www.takachiho-kk.co.jp/pdf/plan_pdf/plan2022-2024\(en\).pdf](https://www.takachiho-kk.co.jp/pdf/plan_pdf/plan2022-2024(en).pdf)

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Executive Summary

[Millions of yen]

✓ Second Quarter of the Fiscal Year Ending March 31, 2025 <Results>

[Net sales and Operating profit] Net sales and operating profit increased year on year. The two main points are as follows.

1. **Cloud Services & Support:** An increase in the number of licenses in Cloud Services and acquisition of new maintenance contracts
2. **Systems:** Sales of security systems for offices of foreign-affiliated companies grew, and profitability improved in Global

[Net income] Net income decreased from the previous year affected by foreign exchange losses, but surpassed the Q2 forecast of 540 million yen driven by increased operating profit

✓ Full Fiscal Year Ending March 31, 2025 <Plan>

- Aim to achieve the full-year plan mainly through business growth in **Cloud Services & Support**
- Annual dividends per share is forecast at **160** yen (+2 yen from the previous year)

	FY3/24 Q2 Results	FY3/25 Q2 Results	Change	FY3/25 Full Year Plan	Rate of progress
Net Sales	12,729	13,314	+585	26,900	49.5%
Operating profit	713	936	+222	2,050	45.7%
Ordinary profit	1,057	811	(245)	2,000	40.6%
Net income	717	594	(123)	1,490	39.9%

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Consolidated Financial Highlights

[Millions of yen]

Strong performance in [Cloud Services & Support](#), resulting in H1 operating profit of [the highest levels since the Company's listing](#)

Net income surpassed the H1 forecast due to an increase of operating profit, although foreign exchange losses were recorded.

	FY3/24 Q2 Results	FY3/25 Q2 Results	YoY change	FY3/25 Full Year Plan	Rate of progress
Net Sales	12,729	13,314	+4.6%	26,900	49.5%
Gross profit on sales	2,966	3,356	+13.2%	6,900	48.6%
Gross profit ratio (%)	23.3%	25.2%	+1.9pt	25.7%	-
Selling, general and administrative expenses	2,252	2,420	+7.4%	4,850	-
Operating profit	713	936	+31.2%	2,050	45.7%
Operating profit ratio (%)	5.6%	7.0%	+1.4pt	7.6%	-
Foreign exchange gains	298	-	-	-	-
Foreign exchange losses	-	147	-	-	-
Ordinary profit	1,057	811	(23.2%)	2,000	40.6%
Ordinary profit ratio (%)	8.3%	6.1%	(2.2pt)	7.4%	-
Profit before tax	1,064	815	(23.4%)	-	-
Profit attributable to owners of the parent	717	594	(17.2%)	1,490	39.9%
EPS	79.17 yen	65.08 yen	(14.09 yen)	163.09 yen	-

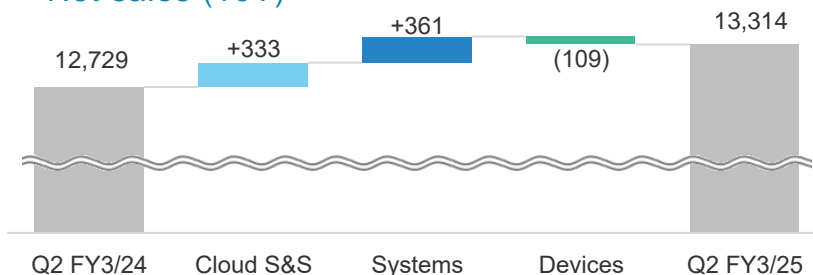
Results by Segment

[Millions of yen]

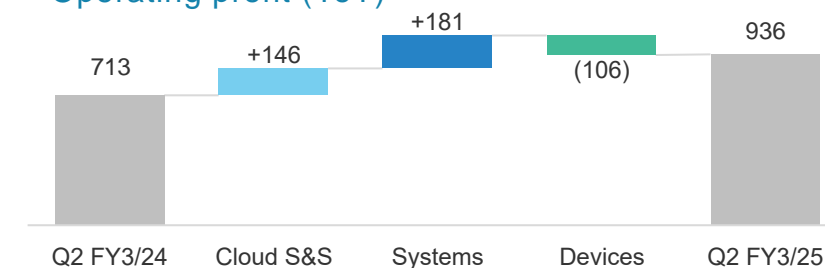
Sales and profits increased due to strong performance in **Cloud Services & Support** and by shaking off one-time expenses in the previous fiscal year in **Systems**.

		FY3/24 Q2 Results (*)	FY3/25 Q2 Results	Increase/ Decrease	Percentage change	FY3/25 Plan	Rate of progress
Cloud Services & Support	Net sales	1,439	1,773	+333	+23.2%	4,200	42.2%
	Operating profit	239	386	+146	+61.2%	730	52.9%
	Operating profit ratio (%)	16.6%	21.8%	+5.2pt	-	17.4%	-
Systems	Net sales	4,365	4,726	+361	+8.3%	9,600	49.2%
	Operating profit	(97)	84	+181	-	380	22.2%
	Operating profit ratio (%)	(2.2%)	1.8%	+4.0pt	-	4.0%	-
Devices	Net sales	6,923	6,814	(109)	(1.6%)	13,100	52.0%
	Operating profit	571	465	(106)	(18.6%)	940	49.5%
	Operating profit ratio (%)	8.3%	6.8%	(1.5pt)	-	7.2%	-
Consolidated total	Net sales	12,729	13,314	+585	+4.6%	26,900	49.5%
	Operating profit	713	936	+222	+31.2%	2,050	45.7%
	Operating profit ratio (%)	5.6%	7.0%	+1.4pt	-	7.6%	-

■ Net sales (YoY)



■ Operating profit (YoY)



(*) The figures for the fiscal year ended March 31, 2024 have been restated to reflect the change in segment classification (Please refer to page 16 for details)

Results by Segment (Cloud Services & Support)

[Millions of yen]

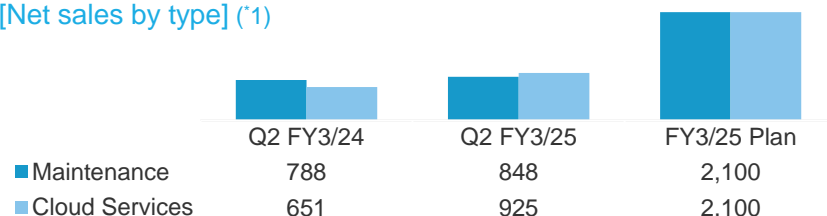
Net sales 1,773 million yen (+333 million yen)

Growth due to an increase in the number of licenses and acquisition of large projects in Cloud Services, and acquisition of new contracts and expansion of existing contracts in Maintenance

Operating profit 386 million yen (+146 million yen)

Growth due to increased sales in Cloud Services and improved profitability of the Maintenance business

[Net sales by type] (*1)



[Net sales change factors (YoY)]

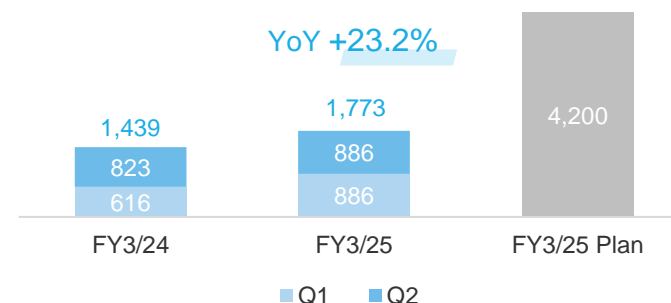
- **Maintenance business**
 - (+) Acquired new contracts
 - (+) Expansion of existing contracts due to expansion of customers' locations
- **Cloud Services business**
 - (+) Increase in the number of licenses
 - (+) Payment for purchase of equipment and initial costs due to new acquisitions for the network products on the cloud
 - ... Newly adopted by large companies including hotels and restaurant chains

[Quarterly operating profit ratio change factors (YoY)]

- Q1: Increase in transfer of sales (*2) with increased sales of Auto Mailing Insertion Systems and decrease in part of selling, general and administrative expenses
- Q2: Increase in sales for Cloud Services, maintenance contracts price revision, and decrease in part of selling, general and administrative expenses

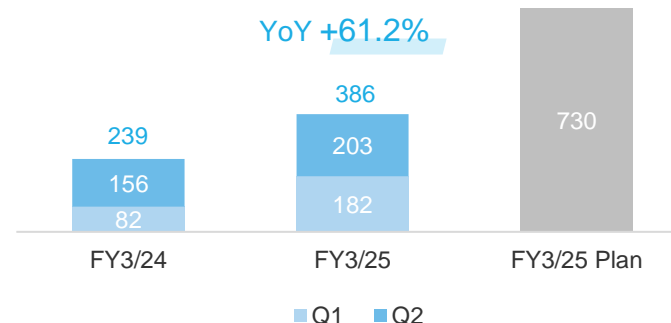
■ Net sales (*1)

Rate of progress 42.2%

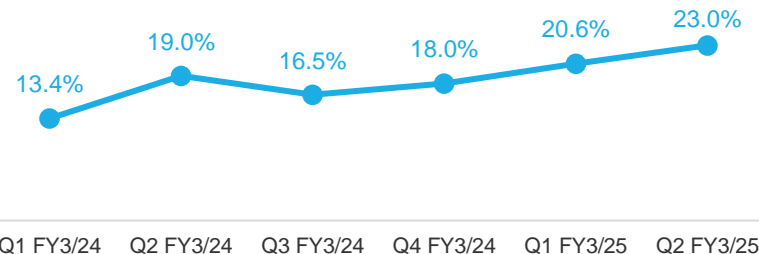


■ Operating profit (*1)

Rate of progress 52.9%



■ Operating profit ratio (by quarter) (*1)



(*1) The figures for the fiscal year ended March 31, 2024 have been restated to reflect the change in segment classification (Please refer to page 16 for details)

(*2) Concerning the maintenance provided free of charge in the first year after the sales of products in the Systems segment, and amount equivalent to the cost of the maintenance is transferred to Cloud Services & Support sales

MSP Services Contract Status

MSP Services KPIs

Number of contracts
As of September 30, 2024

18,929 licenses

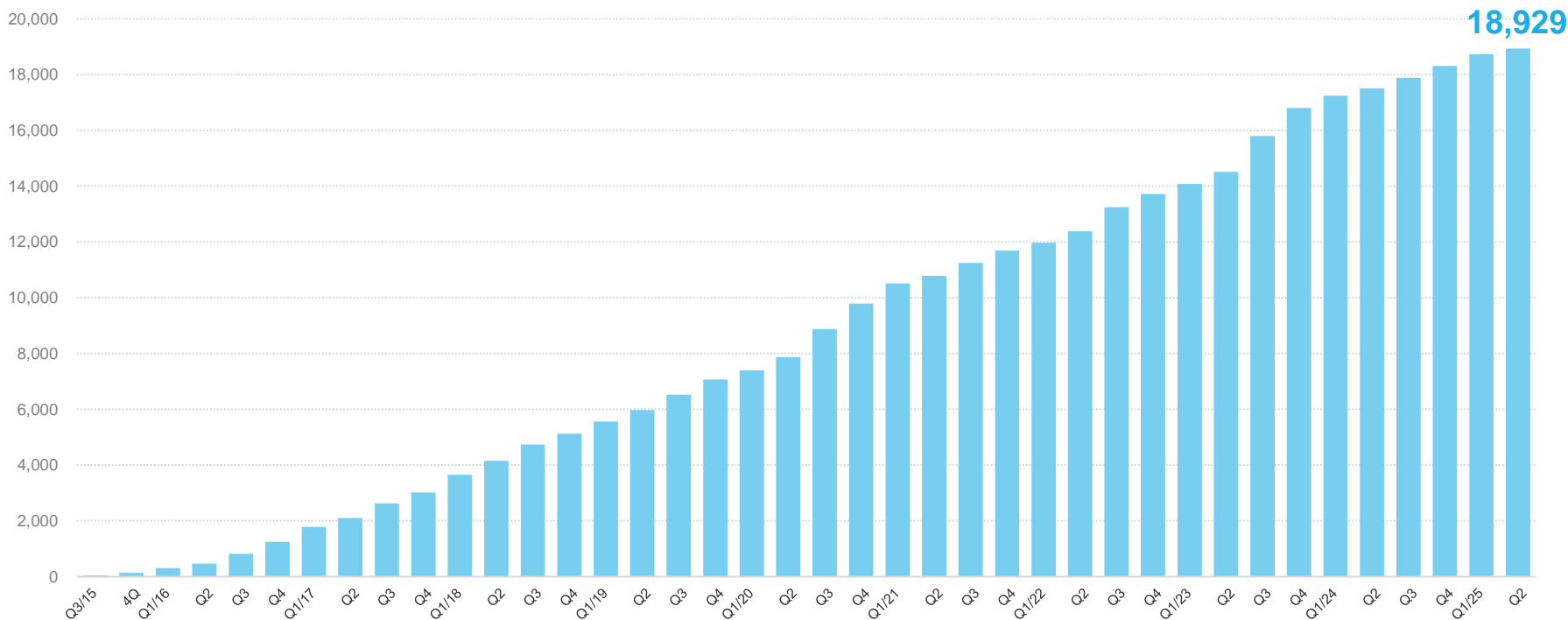
Number of new contracts
April 2024 to September 2024

1,635 licenses

Monthly cancellation rate*
April 2024 to September 2024

0.76%

■ Number of MSP service contracts



(*) Monthly cancellation rate: Number of contract cancellations in a month / Total number of contracts at the end of the previous month

Results by Segment (Systems)

[Millions of yen]

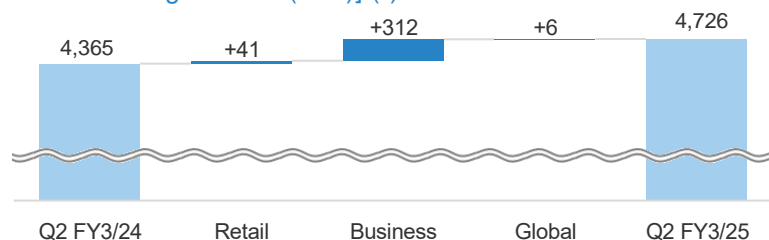
Net sales 4,726 million yen (+361 million yen)

Growth of sales of security systems for offices of foreign-affiliated companies in Business Solutions

Operating profit 84 million yen (+181 million yen)

Improved by shaking off one-time expenses in the previous fiscal year and focusing on high-profitability projects in Global and increased sales in Business Solutions

[Net sales change factors (YoY)] (*)



● Retail Solutions

- (+) Surveillance cameras and facial recognition systems for GMS
 - ... Capturing replacement demand
- (-) Security systems for apparel stores
 - ... Absence of sales for large projects in the previous year

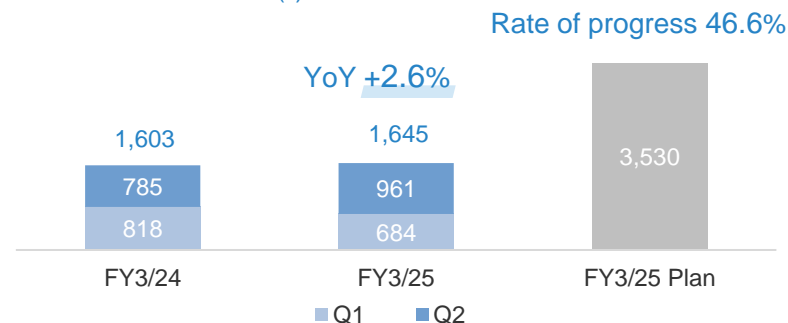
● Business Solutions

- (+) Access control systems and surveillance cameras for offices of foreign-affiliated companies
 - ... Capturing demand related to office expansions and relocations

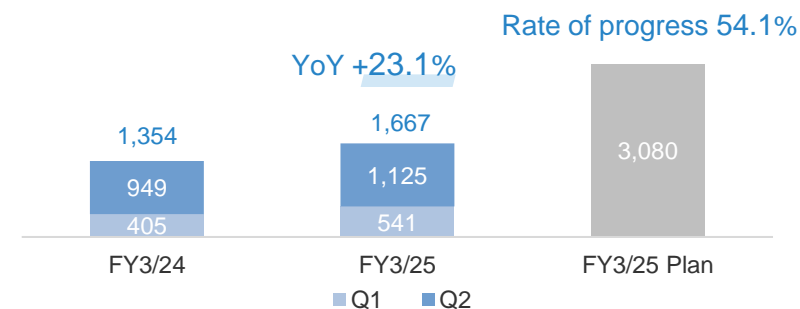
● Global

- (+) Fire protection systems
 - ... Grew by acquiring large projects, despite the impact from delays in development of a national power plan of Thailand

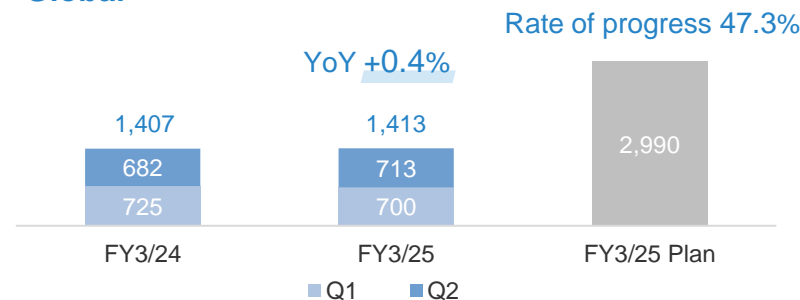
● Retail Solutions (*)



● Business Solutions (*)



● Global



(*) The figures for the fiscal year ended March 31, 2024 have been restated to reflect the change in segment classification (Please refer to page 16 for details)

Results by Segment (Devices)

[Millions of yen]

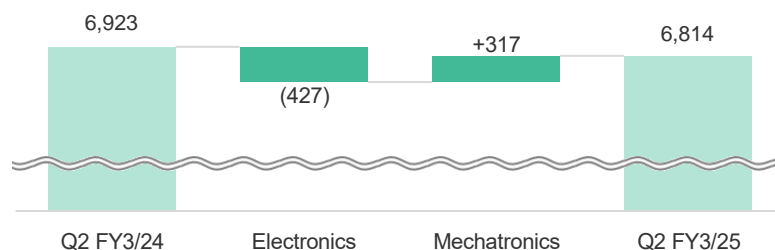
Net sales 6,814 million yen ((109 million) yen)

Decreased due to production adjustments of customers in Electronics.
Growth of sales for cash equipment and multifunctional machines in Mechatronics

Operating profit 465 million yen ((106 million) yen)

Affected by decreased sales in Electronics, recording of one-off expenses, and declined gross margin due to exchange fluctuations

[Net sales change factors (YoY)]



● Electronics

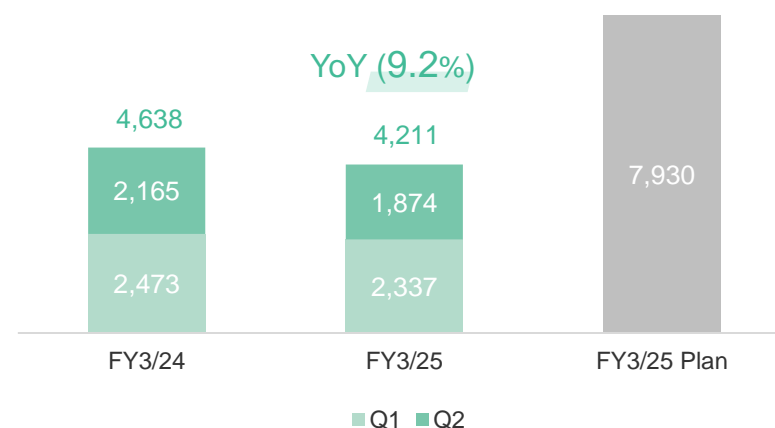
- (-) Customers continued to consume inventories
 - ... Especially impacted products for amusement and industrial equipment
 - (+) Electronic components for consumer equipment
 - ... Production of final products increased due to strong sales
- [Compared to plan]: Delivery of backlog proceeded better than expected in the first half of the fiscal year

● Mechatronics

- (+) Mechanical components for cash equipment and multifunctional machines
 - ... Cash equipment: Increased demand for replacing cash equipment for new banknote printing in July 2024
 - ... Multifunctional machines: Production units increased due to the progress of "return-to-office"
- (+) Mechanical components for housing equipment... Adoption of planning and development products and their horizontal expansion proceeded

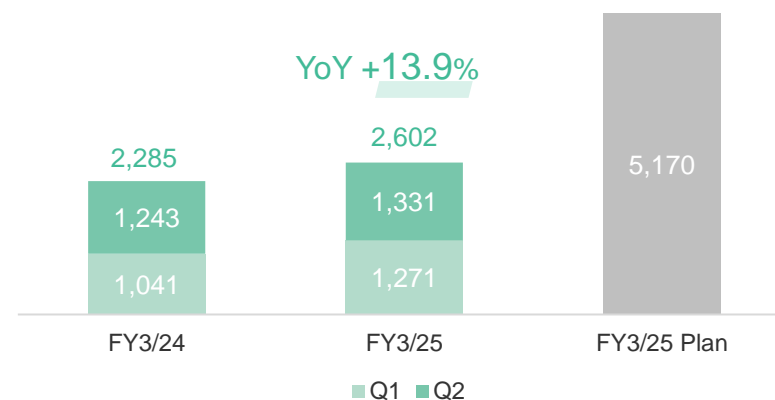
● Electronics

Rate of progress 53.1%



● Mechatronics

Rate of progress 50.3%



Capital Efficiency Improvement Status

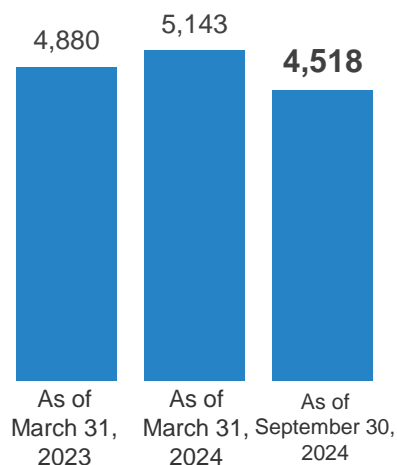
Hold inventories to appropriate levels by capturing backlogs of orders and strengthening order control
Review the transaction terms of receivables and payables and aim to improve capital efficiency

Inventories

Number of days for turnover

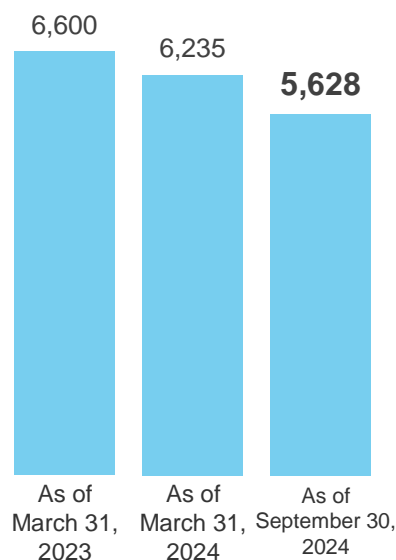


Balance
[Millions of yen]

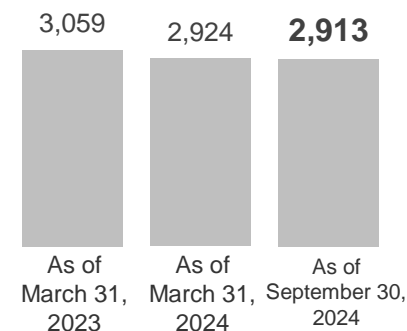


Mainly due to a decrease in orders and deliveries of devices (electronics)

Trade receivables



Trade payables



[Calculation Formula]

- Turnover of inventories = Inventories (average balance at beginning and end of period) / Cost of sales x number of days
- Turnover of trade receivables = Trade receivables (average balance at beginning and end of period) / Net sales x number of days
 - * Trade receivables = Accounts receivable + Notes receivable + Contract assets + Electronically recorded monetary claims (-) Contract liabilities (advances received)
- Turnover of trade payables = Trade payables (average balance at beginning and end of period) / Cost of sales x number of days
- Number of days: As of March 31: Calculated on 365 days, As of September 30: Calculated on 183 days

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Consolidated Profit & Loss <Forecast>

[Millions of yen]

Increased sales and profit is forecast by shaking off one-time expenses (Systems) in the previous fiscal year and growth, mainly in the Cloud Services & Support business

	FY3/24 Results	FY3/25 Plan	Increase	Year-on-Year
Net sales	25,224	26,900	+1,675	+6.6%
Gross profit on sales	6,051	6,900	+848	+14.0%
Gross profit ratio (%)	24.0%	25.7%	-	+1.7pt
Selling, general and administrative expenses	4,585	4,850	+264	+5.8%
Operating profit	1,465	2,050	+584	+39.9%
Operating profit ratio (%)	5.8%	7.6%	—	+1.8pt
Ordinary profit	1,835	2,000	+164	+8.9%
Ordinary profit ratio (%)	7.3%	7.4%	-	+0.1pt
Profit attributable to owners of the parent	1,437	1,490	+52	+3.6%
ROE (%)	8.6%	8.6%	-	-
EPS	158.46 yen	163.09 yen	+4.63 yen	-
Annual dividends per share (*)	158 yen	160 yen	+2 yen	-

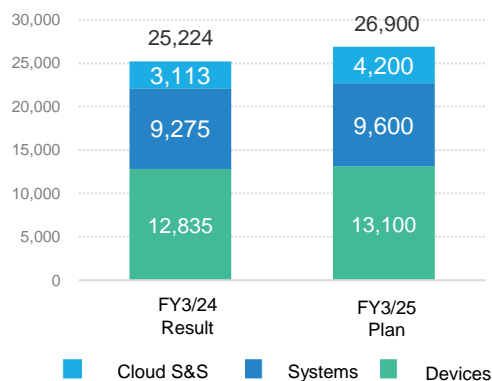
(*) Annual dividends per share: Calculated by dividing the full amount of net profit by the number of shares at the end of the period, in accordance with the 100% payout ratio policy (EPS is calculated by dividing net profit by the average number of shares outstanding during the period)

Net Sales and Operating Profit by Segment <Forecast>

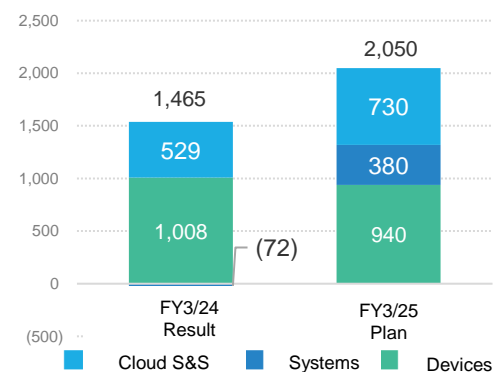
[Millions of yen]

		FY3/24 Results (*)	FY3/25 Plan	Increase/ Decrease	Percentage change
Cloud Services & Support	Net sales	3,113	4,200	+1,086	+34.9%
	Operating profit	529	730	+200	+37.9%
	Operating profit ratio	17.0%	17.4%	+0.4pt	-
Systems	Net sales	9,275	9,600	+324	+3.5%
	Operating profit	(72)	380	+452	-
	Operating profit ratio	(0.8%)	4.0%	+4.8pt	-
Devices	Net sales	12,835	13,100	+264	+2.1%
	Operating profit	1,008	940	(68)	(6.8%)
	Operating profit ratio	7.9%	7.2%	(0.7pt)	-
Consolidated total	Net sales	25,224	26,900	+1,675	+6.6%
	Operating profit	1,465	2,050	+584	+39.9%
	Operating profit ratio	5.8%	7.6%	+1.8pt	-

■ Net sales by segment



■ Operating profit by segment



(*) The figures for the fiscal year ended March 31, 2024 have been restated to reflect the change in segment classification (Please refer to page 16 for details)

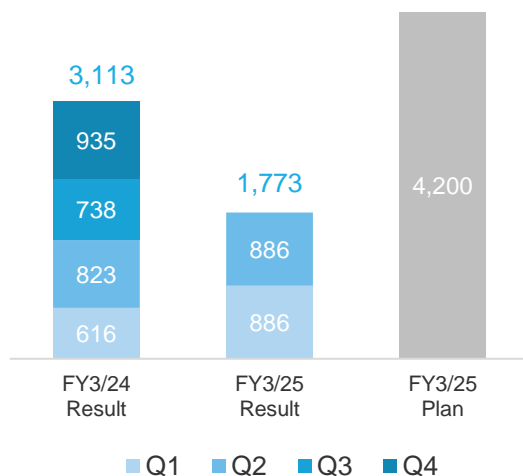
Cloud Services & Support Net Sales <Plan>

[Millions of yen]

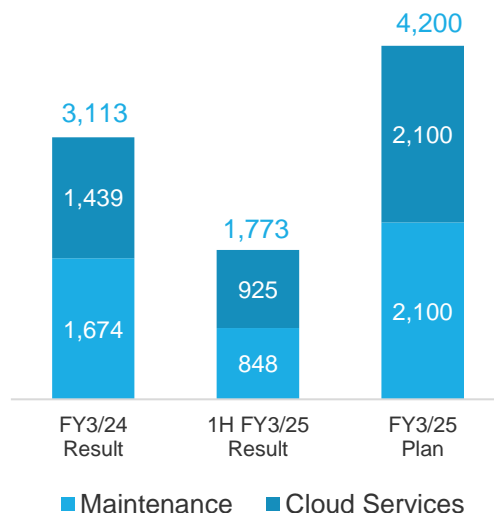
Aiming to achieve the plan by accelerating our efforts to acquire new Cloud Services contracts and expand maintenance contracts.

■ Net sales (Cloud Services & Support)

Rate of progress 42.2%



[Breakdown by Maintenance/Cloud Services]



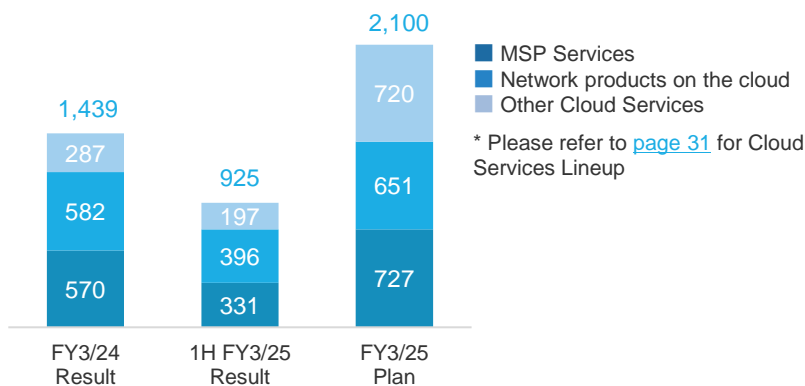
[Maintenance]

- (+) Acquire large-scale maintenance contracts
- (+) Expansion due to increasing locations of existing contracts, etc.
- (+) Effects of revising existing contracts and SPOT pricing

[Cloud Services]

- MSP Services... Strengthen distributor measures and acquire large projects targeting large companies
- Network products on the cloud... Expected to grow through adoption of products for factories and logistics facilities
- Other... Increase in cross-sales with the platform "Cloom" as a starting point, and strengthen the new products launch

[Breakdown by type (Cloud Services)]



Recategorizing segments (previous explanation repeated)



■ Recategorized: Cloud-based network products

Recorded in the **Systems segment** up to FY3/24Recorded in the **Cloud S&S** from FY3/25

Reason: Sales of subscription services grew, increasing its importance.

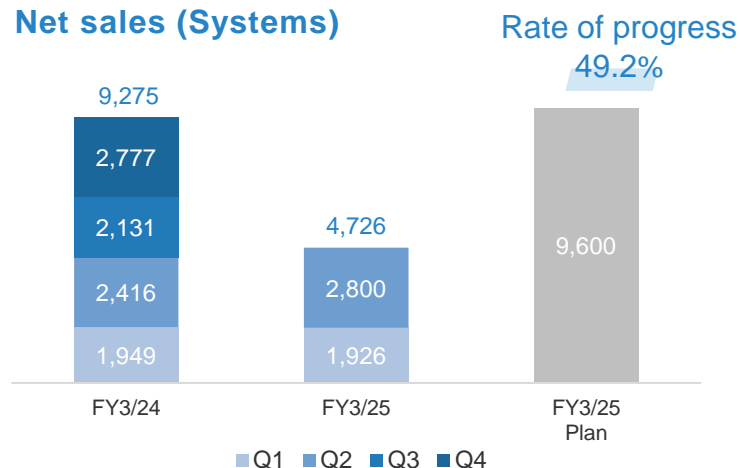
* The figures for cloud-based network products in fiscal year ended March 31, 2024 are categorized under the Cloud Services & Support segment in the Financial Results materials and Factbook.

Systems Net Sales (by sub-segment) <Plan>

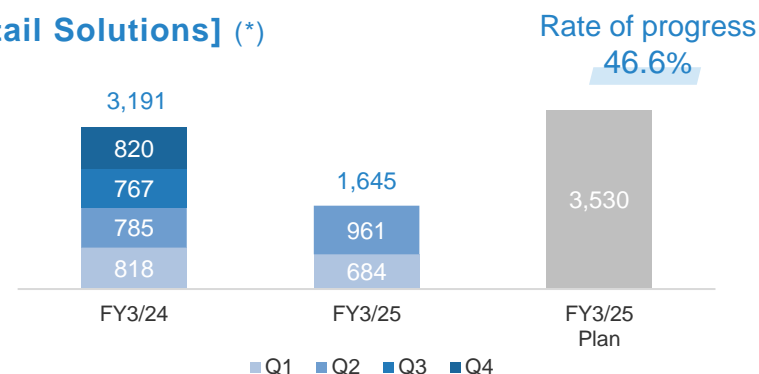
[Millions of yen]

Focusing on steadily completing inspection of large projects toward the end of the period and increasing profitability in Global.

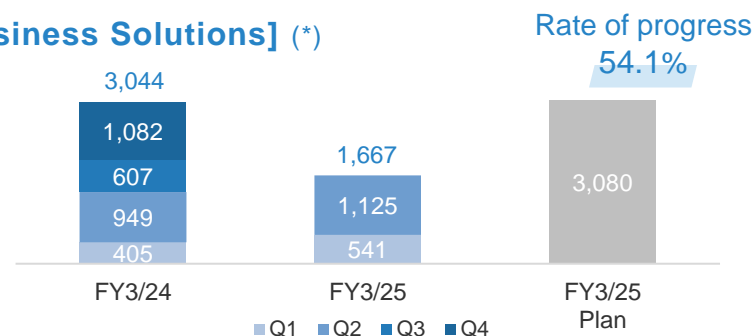
Net sales (Systems)



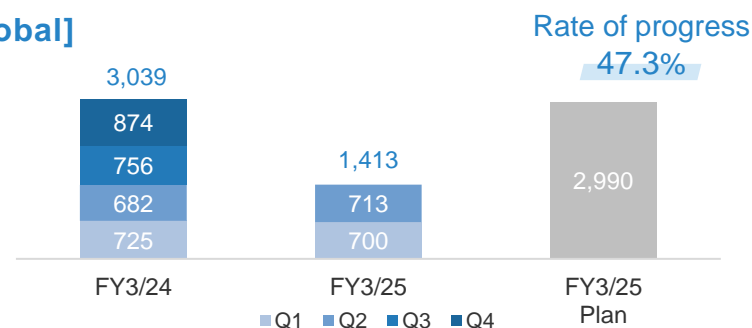
[Retail Solutions] (*)



[Business Solutions] (*)



[Global]



Forecasts for H2

● Retail Solutions

(+) Facial recognition and surveillance cameras for GMS

... Capturing expansion and replacement demand

(-) Security systems for apparel... Decrease due to the absence of large projects in the previous fiscal year

● Business Solutions

(+) Security systems for data centers and offices of foreign-affiliated companies

(+) Security systems expansion and replacement for manufacturing industry in Japan

● Global

(-) Decrease in sales due to focusing on high-profitability projects

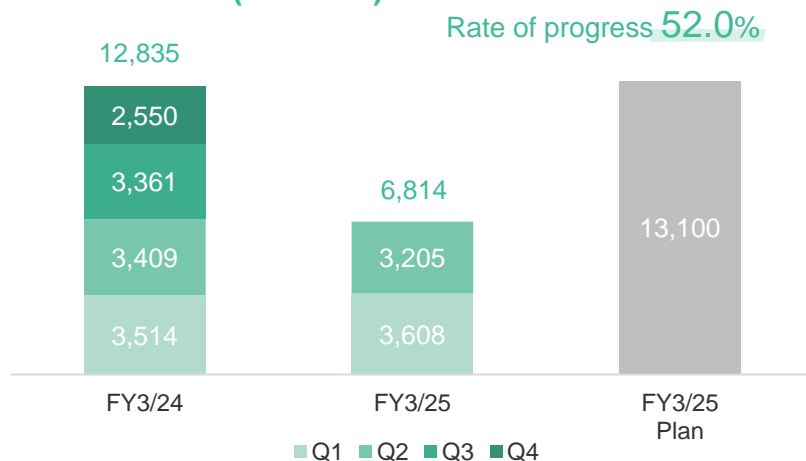
(*) The figures for the fiscal year ended March 31, 2024 have been restated to reflect the change in segment classification (Please refer to page 16 for details)

Devices Net Sales (by sub-segment) <Plan>

[Millions of yen]

Aiming to achieve the plan targets by strengthening sales to the strong markets, although impacts from production adjustments of customers are anticipated to continue.

■ Net sales (Devices)



Forecasts for H2

● Electronics

(-) Affected by production adjustments of customers... Recovery in orders received is expected from Q4

(+) Consumer equipment... Production volume of final products are expected to keep growing

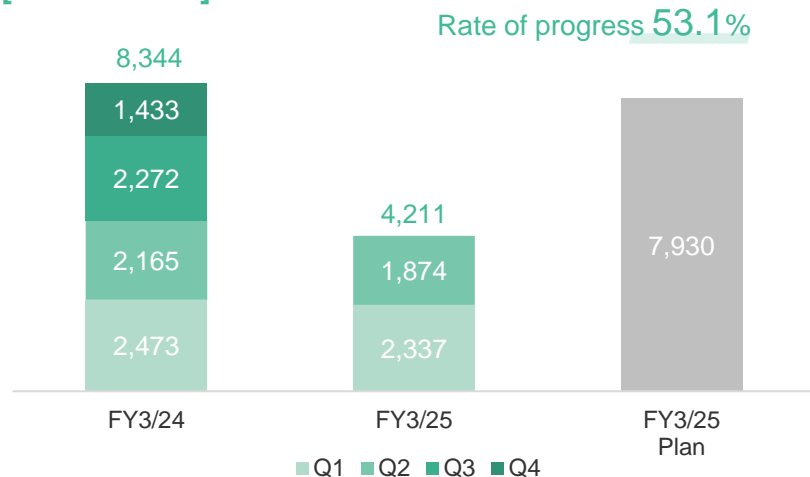
(+) Power modules... Strong performance of products for AI servers

● Mechatronics

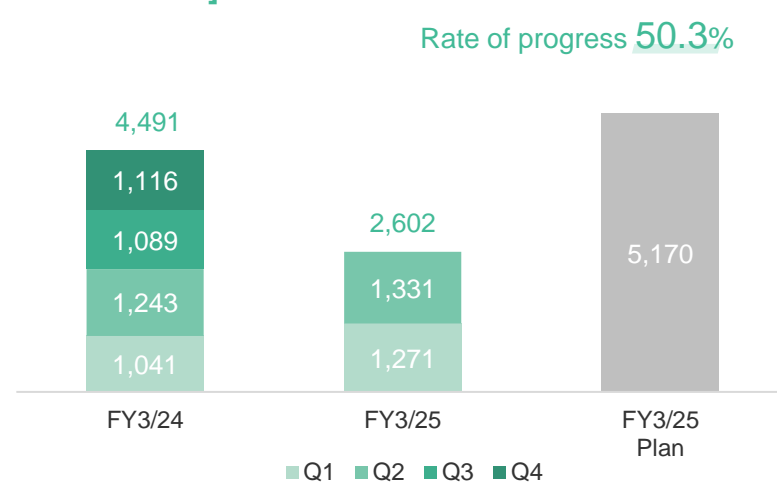
(+) Mechanical components for housing equipment... Adoption of planning and development products and their horizontal expansion

(+) Mechanical components for multifunctional machines... Increase in production affected by "return-to-office"

[Electronics]



[Mechatronics]

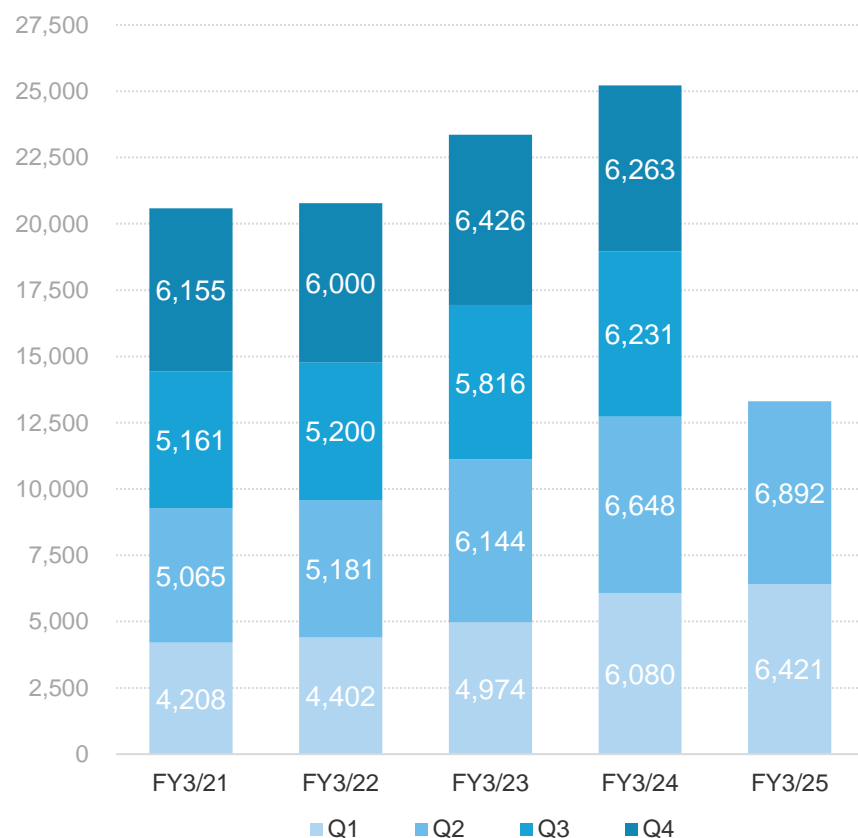


Quarterly Performance Trends

[Millions of yen]

As our products are frequently associated with facility investments, mainly in the Systems segment, sales are typically weighted towards Q4 and Q2, aligning with customers' investment periods.

■ Net sales by quarter



■ Operating profit by quarter



Shareholder Returns

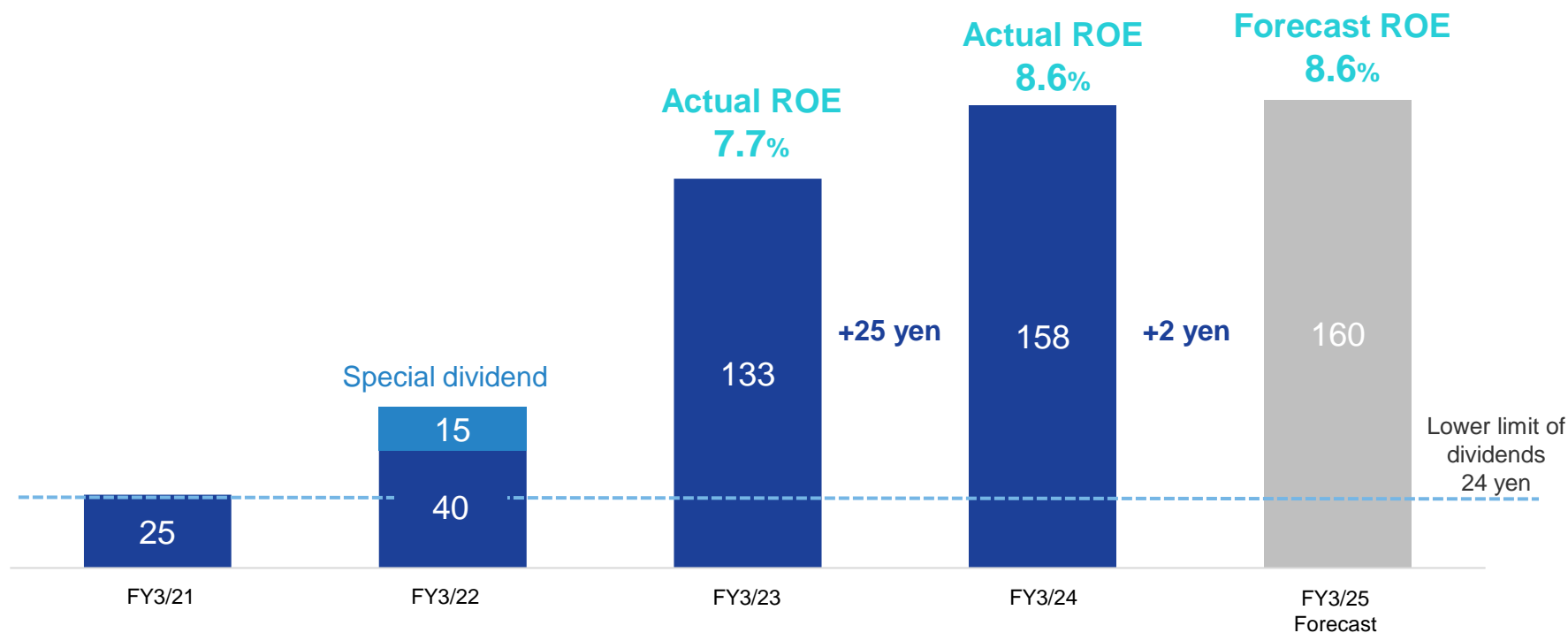
Annual dividends for the FY3/25 are planned to be **160 yen per share** (interim: 58 yen per share, year-end: 102 yen per share)

Shareholder Return Policy in the Medium-Term Management Plan 2022-2024

Maintain a **dividend payout ratio of 100% until ROE achieves 8% on average over three fiscal years (*)** in an effort to actively return profits to shareholders without increasing shareholders' equity

■ Annual dividends per share (yen)

100% dividend payout ratio until ROE of 8% is achieved on average for three fiscal years



(*) Average over three fiscal years: Average of the three most recent fiscal years from the fiscal year ended March 31, 2023, the first year of the Medium-Term Management Plan.

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Overall View of the Medium-Term Management Plan 2022-2024

Medium-term slogan

~Towards our 100th anniversary - **Creating new value** in a new normal era~

Increase shareholder value

- Achieve ordinary income of 2.0 billion JPY and current-term net income of 1.4 billion JPY for FY3/25.
- Set the KPI for our new medium-term management plan to **an 8% average ROE** for three fiscal years and implement our business plan and capital policies.

Capital strategy

- **Limit increases in equity capital** in order to improve return on invested capital and the balance sheet
- Maintain a dividend payout ratio of 100% until the average ROE for three years exceeds 8%
- Consider using interest-bearing debt for control capital costs.

Business strategy

- Growth strategy for new business transformation:
 - **Promotion of strategies for loyal customers/Growth of service business/Creation of future core businesses**
- Strengthening the management base
- Set aside a total of 3.0 billion yen over 3 years for a strategic investment framework.

Governance

- **Establish an Investment Committee** and strengthen supervisory, examination, and monitoring functions to be carried out at the time of execution.
- Establish a Nomination and Compensation Committee to ensure fairness, objectivity, and transparency.
- Set KPIs for capital efficiency in executive compensation to promote management from the perspective of shareholders.

Accelerate the transition from *goods* to *services*

Progress of the Loyal Customer Strategy

■ Loyal Customer Strategy

(*) Loyal customers: Customers with annual net sales of 30 million yen or more per company

The strategy aims to create satisfied customers by providing added value and seeks to strengthen relationships.

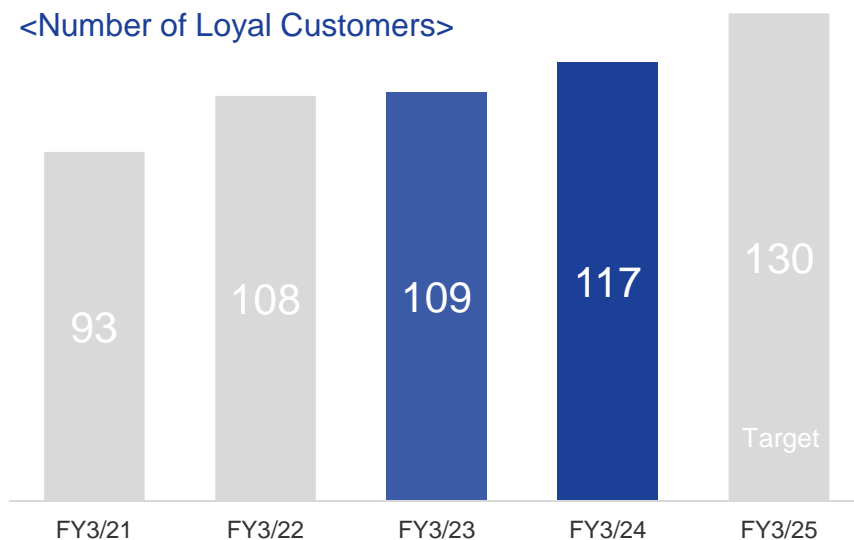
Numerical Target (1)
Loyal customers:
Over 130 companies

Numerical Target (2)
Average net sales to all
customers:
up **20%**

<Average annual net sales to all customers>



<Number of Loyal Customers>

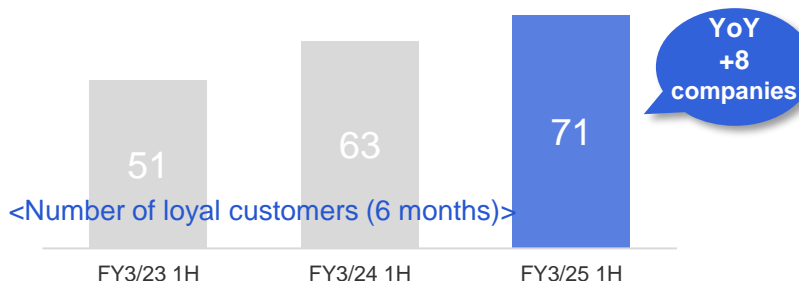


Progress in H1 FY3/25

Steady progress with an increase of 8 companies YoY



<Average net sales to all customers (6 months)>



<Number of loyal customers (6 months)>

- Average net sales to all customers steadily increased
- Cross-sales between segments and sub-segments increased
(Number of customers with cross-sales records out of all customers: +7 companies YoY)



Future Core Business: Cyber-security

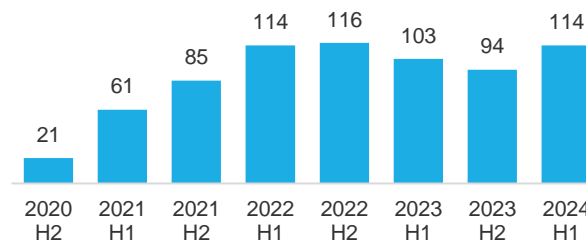
Cyber-security business has grown to be one of our **future core businesses** as we proceeded to concentrate resources.

Background

Cyberattacks against companies have worsened

- Ransomware incidents are increasing, resulting in more cases where companies are forced to suspend their business operations on top of being subjected to information leakages
- Security risks are increasing in the manufacturing industry due to the introduction of IoT at factories and an increased number of network connections
- Shortages of security professionals are challenges especially for small and medium-sized companies

No. of Reported Ransomware Cases (*)



Our business development

1. OT Security: Cyber-security for manufacturing industry

- * OT: Operational Technology
Control and operation technology for optimized use of physical systems and equipment used in factories, etc.
- August 2024: **Business partnerships with Terilogy**, which has a track record of many adoptions, as a sales distributor for **Nozomi Networks** USA, a market leader in the OT/IoT security



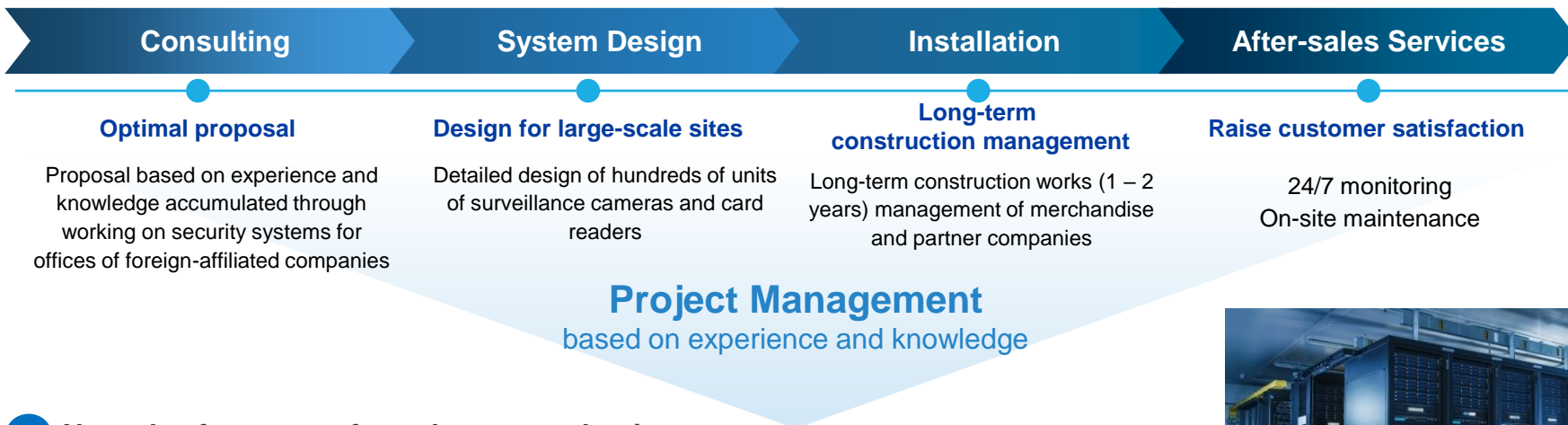
2. Expansion of the product line-up mainly targeting mid-tier and medium and small-sized companies



Systems Segment: Security Solutions

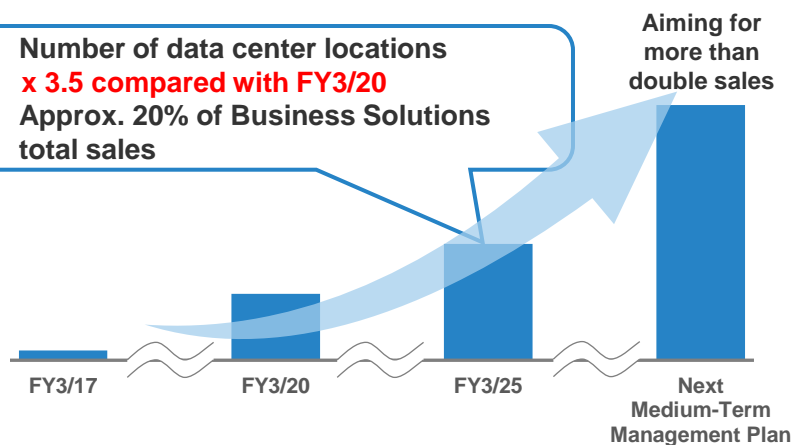
Aiming for expansion of Security Solutions business including access control systems and surveillance cameras for **data centers**, an expected growth business area.

✓ Our Strengths



✓ Net sales forecasts of our data center business

- Number of data center locations **x 3.5 compared with FY3/20**
- Approx. 20% of Business Solutions total sales



✓ Data center market in Japan

- Japan is a central location for data centers in Asia as it gives a feeling of security
- Adopted by a foreign-affiliated data center operator with leading shares in the global market, and the number of constructions is expected to grow
- Ministry of Economy, Trade and Industry promotes investment in Japanese operators

Systems Segment: Transition from “product sales” to “service sales”

Retail Solutions strengthened product proposals as a measure to solve issues of customers upon identification.

“Unknown loss reduction program” for retail stores (Segment: Retail Solutions)

Development of a program to reduce merchandise losses tailored to each customer’s situation, based on our knowledge accumulated through sales of shoplifting prevention systems since 1970.

[Key contents of the program]

1. Store examination, data analysis
2. Implementation of initiatives tailored to the store based on the analysis results
 - ・・・ Improve display, location of surveillance cameras and patrol routes with careful attention to blind spots, etc.
 - ・・・ Employee education programs including greetings trainings, effective to improve prevention of crimes
 - ・・・ Review operation flow after occurrence of shopliftings, such as information sharing schemes within stores
3. Verification of the effects



[Proposing products most suitable to solve the issues of customers]

We propose the most suitable products based the customer’s issues as identified through the unknown loss reduction program.

- Products: Shoplifting prevention systems, surveillance camera systems, facial recognition systems, and RFID
- Adoption of the new products can be examined through test operations within the program

New
products

Launch: September 2024

veesion

Imaging AI analysis technologies detecting shopliftings

Launch: June 2024

rapitag

Security tags for self-service checkout

Strengthen **determination of products** to solve the customer’s issues identified through the program, etc.

Strengthening the Management Base (Human Resource Strategy), PR/IR

HR News (1)

Progress in appointing younger managers and female managers

Personnel system was revised in April, leading to an increased number of younger and female managers

【Personnel system revisions】

- Increased the number of positions by dividing teams into smaller groups
- Changed classifications



HR News (2)

Obtained “Kurumin” certification from Ministry of Health, Labour and Welfare

- Certified as a company supporting childcare
- Childcare leave taken by all the eligible employees (both male and female)
- Promotion of taking paid leaves and reducing overtime work



➔ Continue to create work environment where each and every employee can perform at their full potential and play active roles

HR News (3)

Introduced dual-job system within the Company



- Opportunity to experience jobs other than one's own department, during work hours
 - Introduced for the purpose of individual upskilling and broadening their career options
- ➔ Aiming for promotion of active personnel exchanges to create interorganizational innovation

PR/IR News

Enhancement of information release and corporate PR



- The number of press releases increased
- Made our account with “note” platform ([Takachiho Koheki official note](#)) to be a part of IR note Magazine
The subjects of articles include explanations on financial results and review of IR seminars for individual investors
- Set up the Company's official social media accounts ([X](#), [Facebook](#))

Formulation of company purpose

Using the power of technology and
Consideration for all,
We create “Demand for the New” in
different environments.

We strive to make your environment your comfort zone.
Somewhere you can pursue your activities freely,
speedily, and in your own way, without distraction.

For this to happen, we need to enhance the value of
cutting-edge technology while not forgetting our care
and consideration for all.

Creating solutions so indispensable,
so that when we look back we can say,
“I can't imagine life without this anymore.”
Creating solutions with that reputation.

Takachiho Koheki, meeting new needs and creating
“Demand for the New”

- In order to achieve sustainable growth in a world of rapid change, **Takachiho Koheki** has formulated a **purpose that expresses the kind of society it aims to create and the significance of its existence.**
- In June 2024, a workshop was held for all employees to formulate ‘My Purpose’, which would help them find the overlap between the company's purpose and their own values.
- Aiming to improve corporate value by increasing **employee engagement** based on the formulated purpose



【The thoughts behind the purpose】

<https://www.takachiho-kk.co.jp/purpose/>

【The path to formulating a purpose】(note)

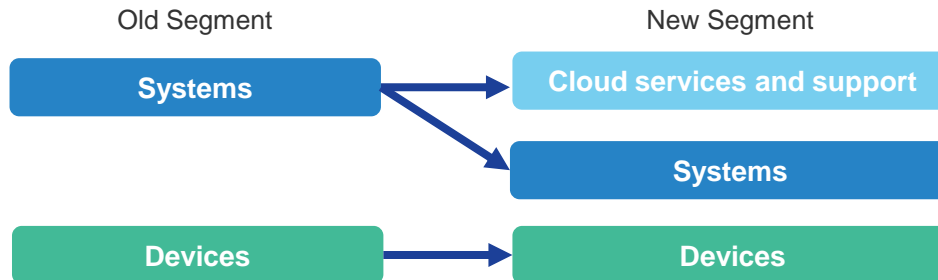
https://note.com/takachiho_koheki/n/n6b4f4b0f9517

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1. Executive Summary
2. Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2025
3. Forecast for the Fiscal Year Ending March 31, 2025
4. Progress of the Medium-Term Management Plan 2022-2024
5. Appendix

Segments and Main Products/Services

■ Segment System



From the period of the Medium-Term Management Plan (FY3/23), from the perspective of “growth potential” and “profitability,” the cloud-based subscription service business and maintenance business are positioned as “growth businesses” and separated as a segment.

* The “Services & Support” product line in the Systems Segment has been renamed to “Cloud Services & Support” and converted into a new segment.

Cloud Services & Support



Cloud-based wireless LAN

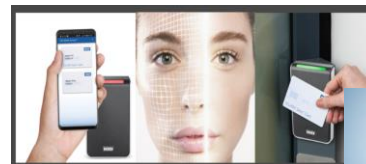
Cloud Services

- MSP services that integrate “equipment, cloud services, and operations management”
- Cloud network products
- Other

Maintenance

- Maintenance services for products in the Systems segment

Systems



Access control systems



Facial recognition systems

Retail

- The electronic article surveillance system
- Surveillance camera systems, facial recognition systems
- Store management systems • RFID systems
- Display products security systems

Business

- Access control systems, surveillance camera systems
- Auto Mailing Insertion Systems
- RFID systems • Network systems

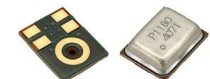
Global

- Fire protection systems

Devices



Power modules



Silicon microphones



Soft-close units

Electronics

- Semiconductors, ICs, electronic components, sensors
- Various types of modules

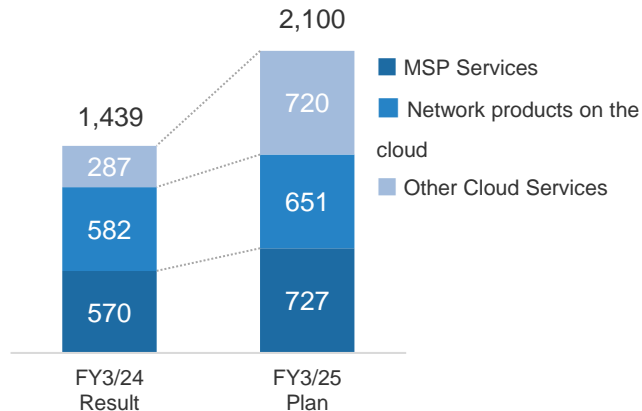
Mechatronics

- Slide rails, gas springs
- Soft-close units, electronic locks

Cloud Services Lineup

[Millions of yen]

[Cloud Services net sales breakdown]



MSP Services

Maintenance Service + License +
(Equipment)

CISCO
Meraki



October 2024: Launch of managed services

Cisco Secure Connect

Cloud-based Network Products

License + Equipment

CISCO
Meraki



* Categorized in "Other Cloud Services" in the financial results for the first quarter of fiscal year ending March 31, 2025

Other Cloud Services

Category (1) Cloud-based Physical Security



- Surveillance cameras
- Access control systems

Category (2) Network Security

Cisco Secure Connect



onelogin
by ONE IDENTITY



Category (3) Cloud Services for Retail Stores



Store analyzation tool using
a counter for store entrances



Employee belongings
inspection services



RFID data
management platform

Category (4) Other



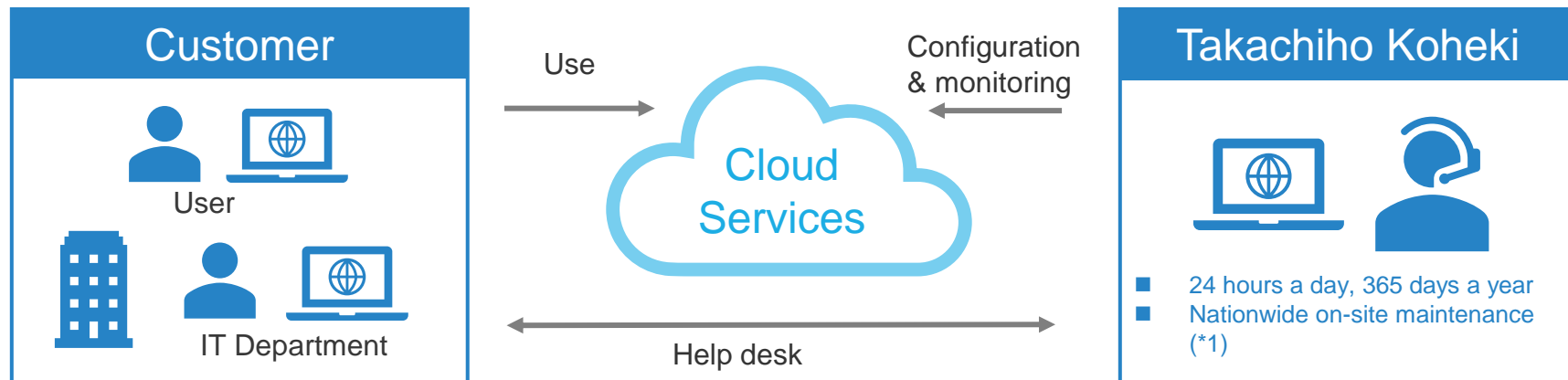
Creating smart offices through integration with
Cisco Meraki, Verkada, and other products

- Confirm employees' locations
- Visualize network operating status

Overview of MSP Services

What are MSP (Managed Service Provider) Services?

Maintenance, operation, and monitoring services for cloud products that can be outsourced



MSP Service Products

CISCO
Meraki



Cloud-based wireless LAN system

What is a “cloud-based wireless LAN system?”

The management of wireless LAN access points in the cloud

- ✓ Visualization of usage status in the cloud
- ✓ Easy and fast installation and trouble-shooting
- ✓ Configuration and monitoring can be outsourced

MSP Service Fee Structure

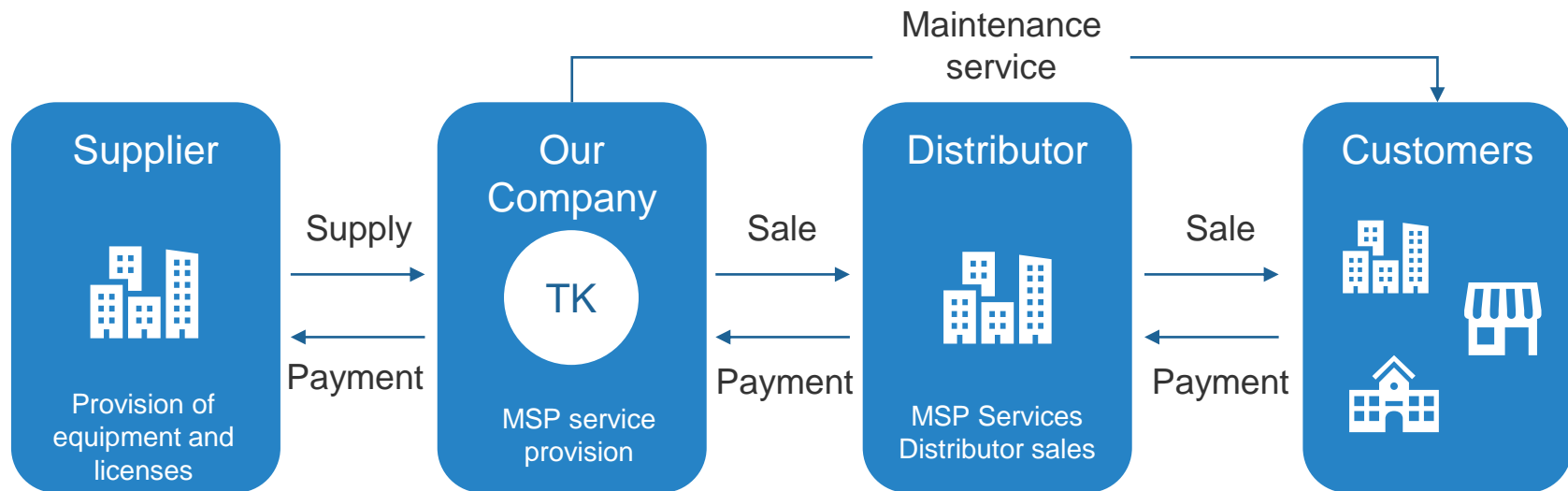
(1) to (3) are provided as an integrated service on a monthly payment basis (*2)

- (1) Purchase of equipment
- (2) Cloud service license fee
- (3) Maintenance fees

(*1) Not available in some areas (*2) The purchase of equipment (1) can be paid in a lump sum

MSP Services (2)

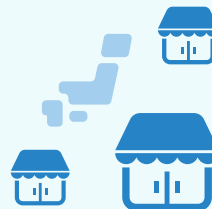
MSP Services Business Model



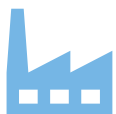
Examples of Using MSP Services



Offices of small and medium-sized companies suffering from staff shortages in the information systems department



Nationwide stores with high management costs due to the large number of locations



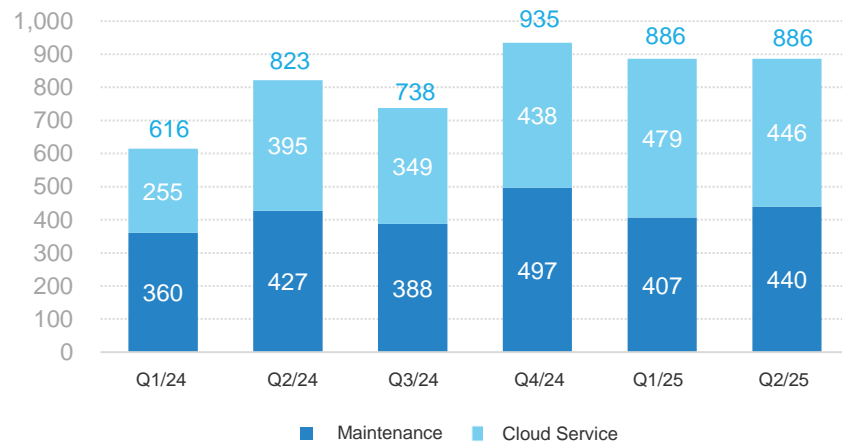
Also used in **factories, nursing homes, hospitals, schools**, and many other locations.



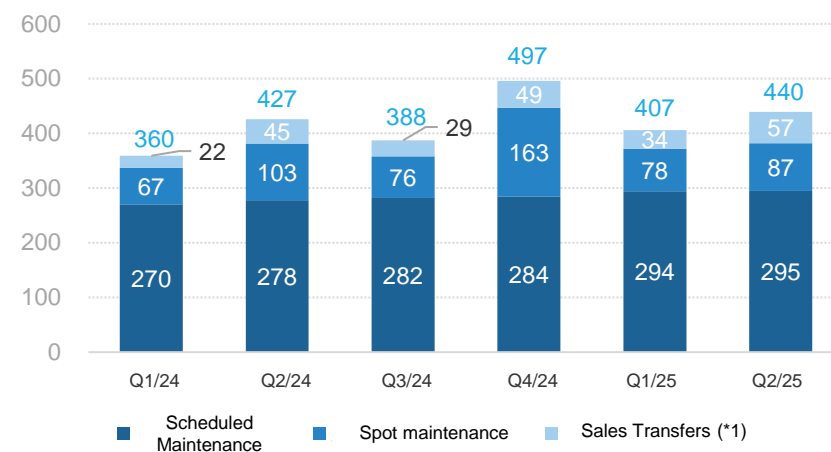
Quarterly Net Sales Breakdown (Cloud Services & Support)

[Millions of yen]

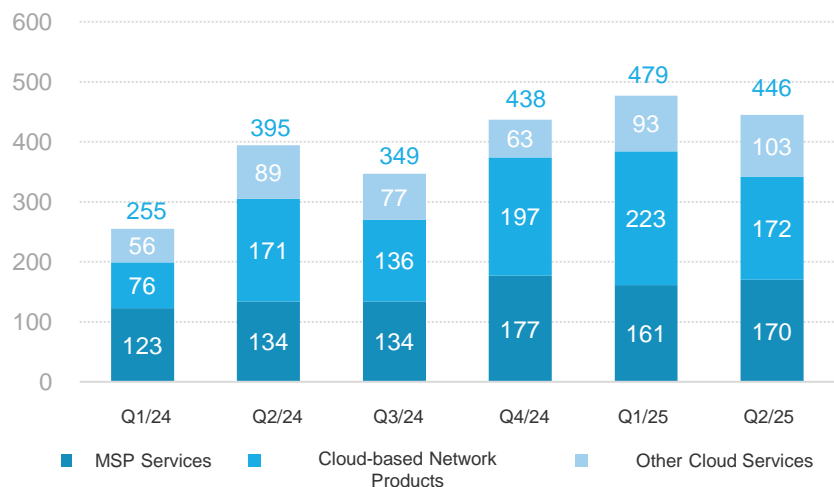
1 Cloud Services & Support Net Sales Breakdown



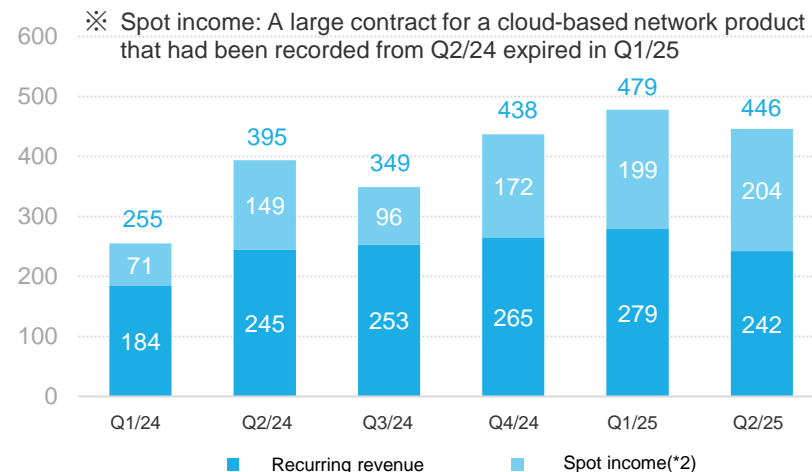
2 Maintenance Net Sales Breakdown (by type)



3 Cloud Services Net Sales Breakdown (by service)



4 Cloud Services Net Sales Breakdown (by type)



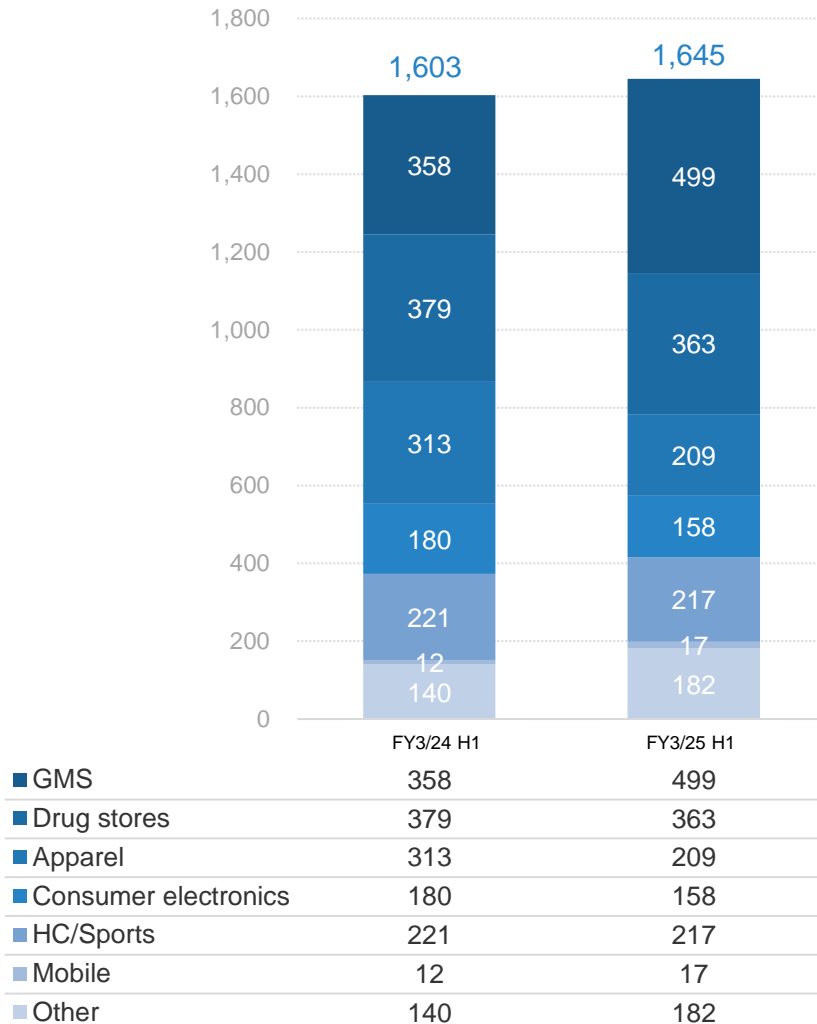
(*) The figures for the fiscal year ended March 31, 2024 have been restated to reflect the change in segment classification (Please refer to page 16 for details)

(*1) Concerning the maintenance provided free of charge in the first year after the sales of products in the Systems segment, an amount equivalent to the cost of the maintenance is transferred to Cloud Services & Support sales

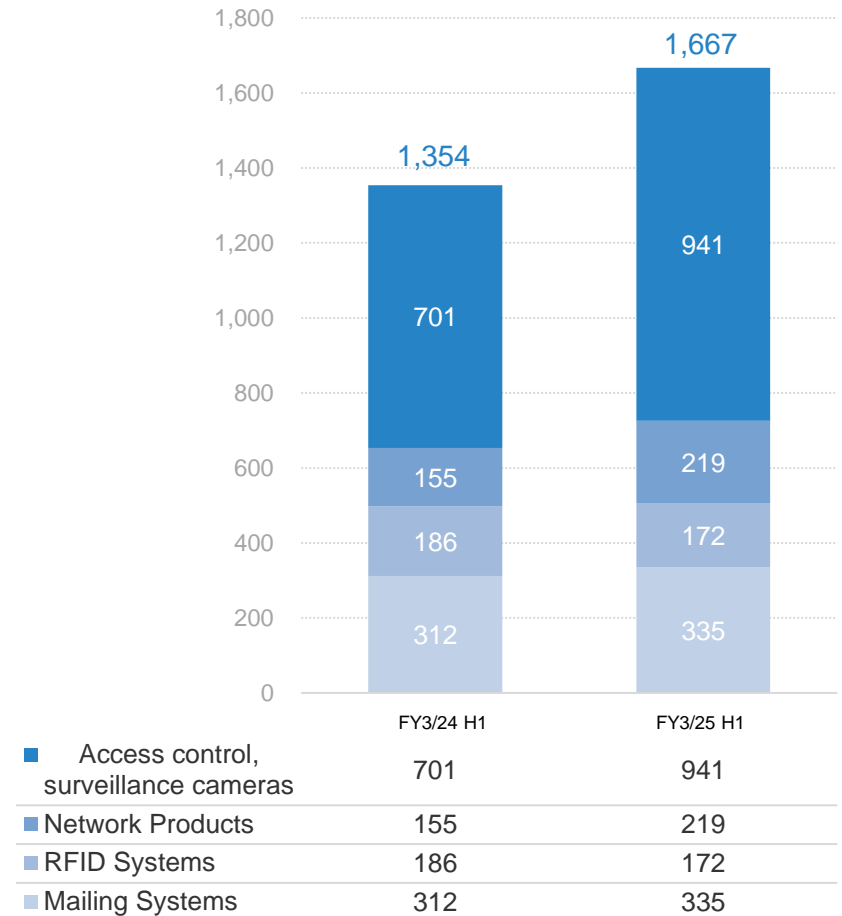
(*2) Lump-sum payment of initial costs, purchase of equipment for MSP Service, etc.

Net Sales Breakdown (Retail Solutions and Business Solutions) [Millions of yen]

Retail Solutions Net Sales



Business Solutions Net Sales

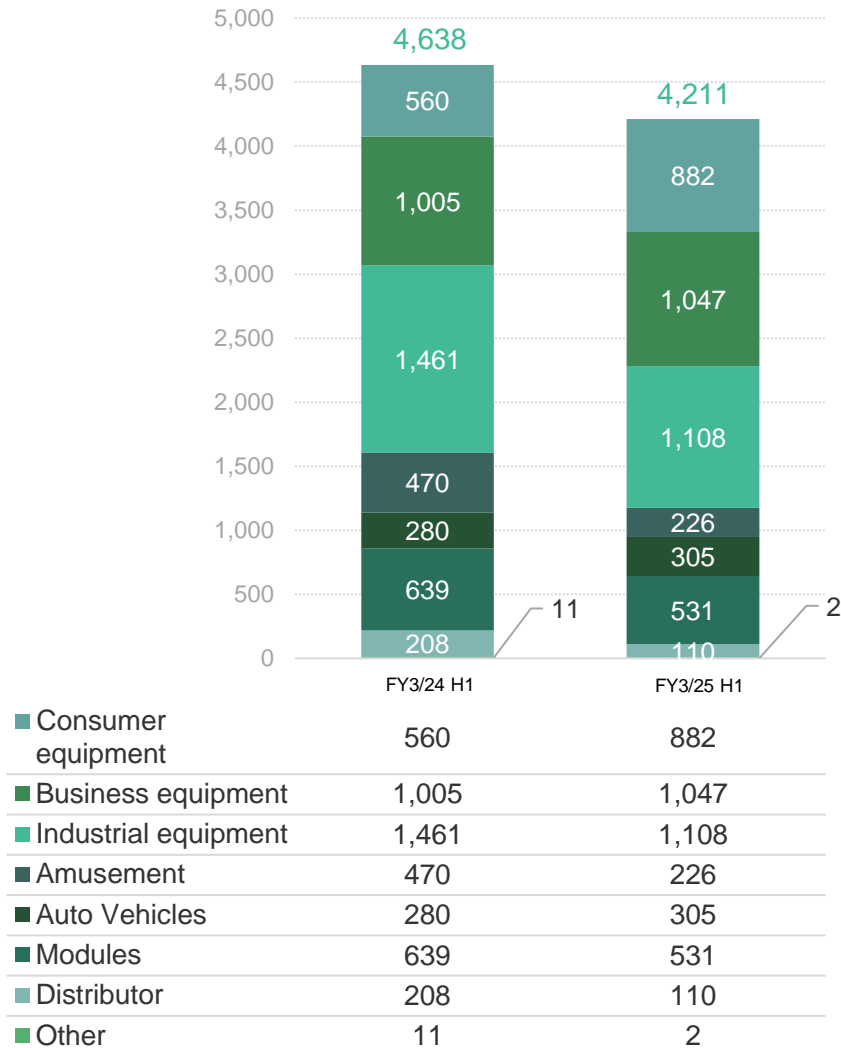


- RFID: A contactless system that uses radio waves to read and write data on IC tags
- Mailing Systems: Envelope sealing machine (A machine that automates the series of tasks, from putting documents inside an envelope to sealing the envelope)

Net Sales Breakdown (Devices)

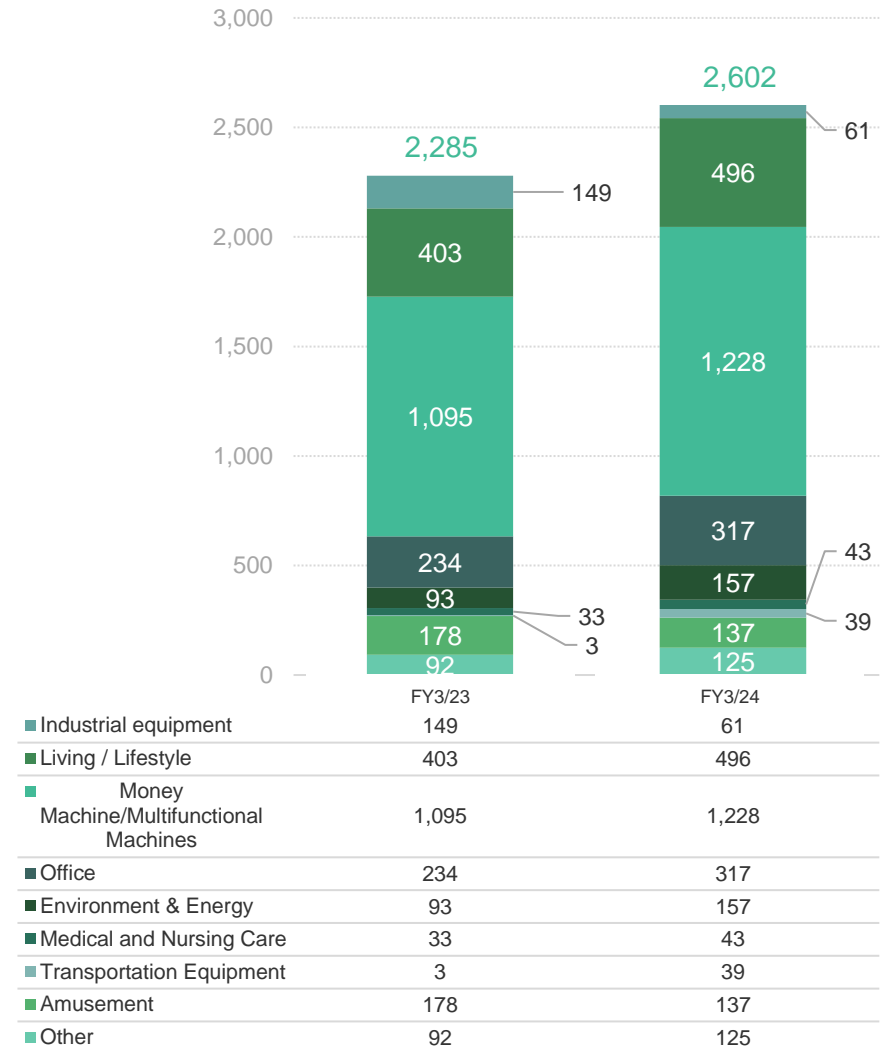
[Millions of yen]

● Electronics Net Sales



(*) Auto Vehicles: Automotive equipment, railway equipment, ships, and transportation equipment

● Mechatronics Net Sales

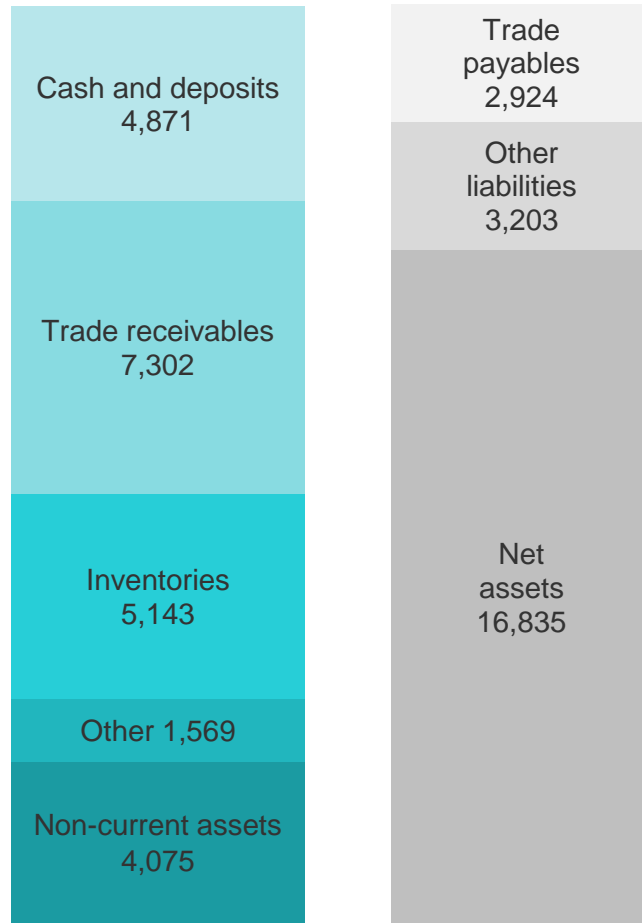


(*) Living / Lifestyle: Housing equipment, automotive interiors

(*) Environment & Energy: Power storage and solar power generation

Consolidated Balance Sheet

As of March 31, 2024



As of September 30, 2024



(Change factors) Cash and deposits+1,292···Short-term borrowings+1,000
 Net assets(326)···Dividends paid(960),Profit +594,and accumulated other comprehensive income+32

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)



■ Video of interview with the CEO now available



<https://youtu.be/t24f-4ypyOY?si=JMvgZZ48yv2AJloW>

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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 03-3355-1201

IR News Mail



note