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TRANSACTION

October 15, 2025

FOR IMMEDIATE RELEASE

Company name: TRANSACTION Co., Ltd.
Listing: Tokyo Stock Exchange Prime Market
Securities code: 7818
Representative: Satoshi Ishikawa, Chairman and Representative Director
Inquiries: Yoshinari Kitayama, Director
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Notice Regarding the Formulation of the Fifth Mid-Term Management Plan (August 2026 to August 2030)

Transaction Co., Ltd. announced the “Fourth Medium-Term Management Plan (FY2023–FY2025)” on October 20, 2022, and subsequently announced an upward revision of its performance targets under the same plan on October 12, 2023. This time, the company has reflected on and reviewed these two past announcements, and in conjunction with this, has formulated a new five-year Medium-Term Management Plan starting from the fiscal year ending August 2026.

Details

Our group specializes in creating original items for client companies within the consumer products sector, offering comprehensive services from planning and development through design, manufacturing and processing, to sales, marketing, and sales promotion. Through this, we continue to grow by contributing to the realization of social contribution and sustainability.

For the Fourth Mid-Term Management Plan (August 2023 to August 2025), we have established five key strategies and formulated our business plan. The Fourth Mid-Term Management Plan saw strong performance from its first year, prompting a revision of the plan for the second year and beyond to plan for further growth. For the final fiscal year ending August 2025, while we were unable to achieve our targets for segment profits up to sales and operating profit, we met our targets for segment profits at the level of ordinary profit and below. We plan to increase dividends for the 14th consecutive period.

In this medium-term management plan, we will realize social contribution and maximization of corporate value through "manufacturing" by further evolving our business model and growing profits, with four growth strategies, business foundation investment, and capital policy as the overall strategy.

Our group will steadily implement this mid-term management plan and overcome management challenges to build a solid management foundation.

To our shareholders, business partners, and all other stakeholders, we ask for your continued support and cooperation.

(Note) The numerical targets and future outlooks contained in this document are based on information available as of the date of this document's release. Actual results may differ from the stated targets or outlooks due to various factors

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TRANSACTION GROUP
5th Medium-term Management Plan
(FY8/26 to FY8/30)

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.

October 15, 2025

TRANSACTION Co., Ltd.
Prime Market of TSE
Securities code: 7818

1. Executive Summary
2. Financial Targets
3. Business Environment and Growth Strategy
4. Capital Policy
5. Business Foundation Investments and Non-Financial Strategy
6. Risk Factors

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Highlights

■ Enhance corporate value through further evolution of the business model and profit growth

1

The average annual operating profit growth rate exceeds 10%. (Plan for FY8/30: 9.5 billion yen)

- Numerical plan for the final year of the 5th Medium-term Management Plan (FY8/30) Consolidated net sales: 45 billion yen, operating profit: 9.5 billion yen (average annual growth rate of over 10%), ROE: approx. 20%
- Utilize 4.0 billion yen in M&A funds to aim for additional revenue through strengthening functions in manufacturing, logistics, e-commerce, entertainment (IP) businesses, etc., but M&A effects are not reflected in the Medium-term Management Plan figures (If M&A funds are not fully utilized, flexibly consider strengthening shareholder returns)
- As in the past four Medium-term Management Plans, achieve numerical plans to meet shareholder expectations

2

Businesses in both e-commerce and entertainment (IP) are moving to the next stage

- Evolve e-commerce business through opening up to handle products from partner vendors, and establish an ecosystem that promotes customer convenience and collaboration with partner vendors
- In the entertainment (IP) business, enter the direct sales-type business in domestic and overseas markets, which integrates manufacturing and sales of licensed and sub-licensed products with its own stores and e-commerce sites, etc.
- In both businesses, expand the business foundation through M&A and take on the challenge of global sales (cross-border e-commerce)

3

Maximize shareholder returns

- Our cost of shareholders' equity is 8% to 12% (lower limit: CAPM estimates - upper limit: market expectations)
- Quantitative targets to secure ROE levels exceeding the cost of shareholders' equity and total shareholder return are "Annual average sales/profit growth rate of 10% or higher - Dividend payout ratio of 40% or higher - Continued consecutive dividend increases with a minimum DOE of 7.0%"
- Strengthen IR disclosure/investor engagement, aiming to exceed 100 billion yen in market capitalization as soon as possible

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TRANSACTION's Philosophy and Goals

■ We will continue to take on challenges and contribute to society and maximize our corporate value through production

Vision aimed for in the 5th Medium-term Management Plan

- Continue double-digit growth pace, aiming for a market early on capitalization of over 100 billion yen by acquiring an overwhelmingly leading share in the consumer products domain
- Strengthen investment in human capital to build a solid business foundation
- Further evolve the two main businesses and establish a differentiated business model, with the goal of growing e-commerce sales by 2.5 times and entertainment (IP) sales by 2 times

Corporate Philosophy

TRANSACTION GROUP has been particular about manufacturing since its formation and always offered attractive products. By contributing to society through manufacturing, we plan to maximize the corporate value of TRANSACTION GROUP and build a responsible company.

- We will contribute to society by offering environmentally-friendly products
- We will provide attractive design, quality, and price to enrich lifestyles
- We will continue to create new ideas with an international mindset and without being bound by conventional thinking

Action Guidelines/ Corporate Slogan

[Action Guidelines]

- We will continue to be a company that not only complies with laws and regulations but is also respected by society
- We will maintain a free and vigorous corporate culture and continue to be a company of harmony and symbiosis
- We will aim to realize the happiness of our customers, employees, shareholders, and society at large through our corporate activities

Corporate Slogan

- "It's fun when we take on challenges"

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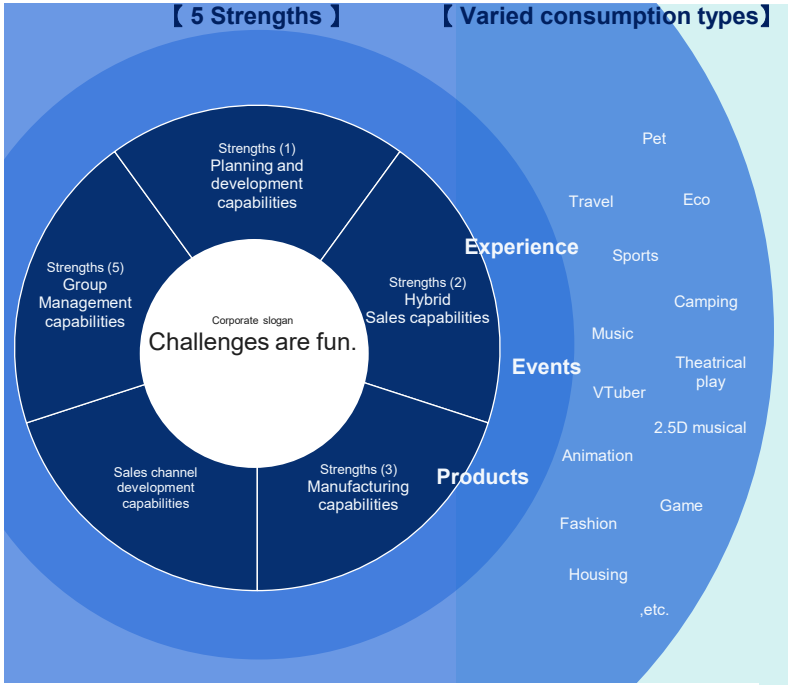
Corporate Value Creation Model

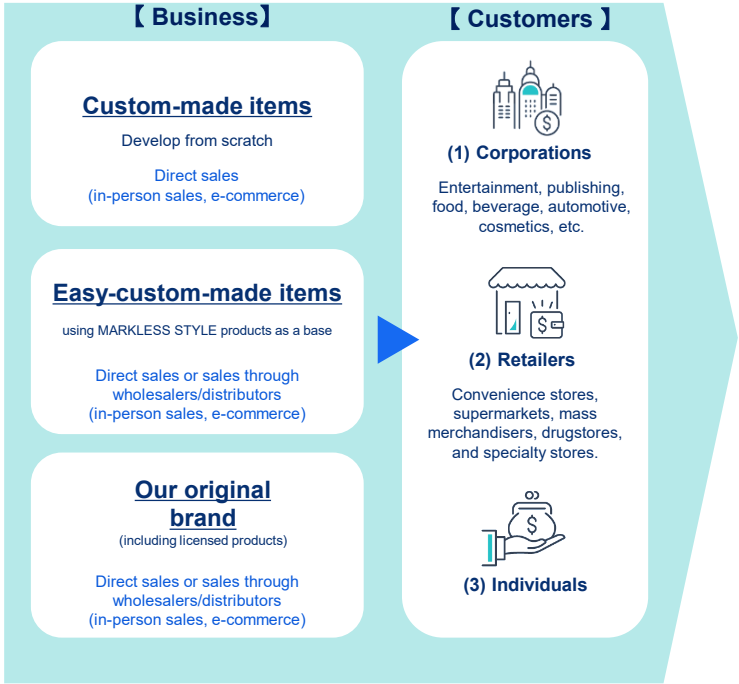
- We embody the diversifying thoughts and various consumer behaviors of customers into tangible goods, and deliver them to a wide range of customers through a hybrid of e-commerce and face-to-face sales

Value creation drivers (5 Strengths)

Diversifying customer desires and varied consumption types

Transformation of diversifying customer desires and the trend toward varied consumption types into physical items that can be taken in hand; delivery to various customers through hybrid sales approach combining ecommerce and in-person sales





Discovery and creation of items that satisfy the wants of customers, including those of which they might not yet be consciously aware, and maximize both the earnings and satisfaction of our customers as a company that gives form to various types of consumption

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Overall Strategy of the 5th Medium-term Management Plan

■ We will continue to invest aggressively to evolve our business model and strengthen our business foundation

Growth strategy	Opening up the e-commerce business ⇒ P13	• Open up the e-commerce sites (shift from mainly own products to adopt a format of our own and other companies' featured products) • Along with a significant expansion of the products we handle, we will also expand our product listing, order receipt, settlement, and production management systems Become an e-commerce platform that completes from sales to delivery (2.5 times sales)
	Evolution of the entertainment (IP) business ⇒P14, 15	• Strengthen development of entertainment (IP) related products (2.0 times sales) • Full-scale entry into SPA business (in-house sales through stores and e-commerce site)
	Deepening of product development ⇒ P16-18	• Eco-products, entertainment, and climate change countermeasures and disaster-prevention products are the three pillars • Sales of climate change countermeasures and disaster-prevention products to increase by 2.5 times during the Medium-term Management Plan period
	Strengthen M&As/take on challenge of overseas market ⇒P20, 21	• Establish M&A investment capacity of 4.0 billion yen (consider shareholder return if unused) • Actively invest in overseas market entry
+ Business foundation investment	AI and DX enhancement ⇒ P25	• Newly establish an AI/DX Promotion Office • Introduce AI in many areas to strengthen sales and marketing and accelerate improvement of operational efficiency
	Human capital investments ⇒ P26	• Fulfill our responsibilities as a TSE Prime-listed company by expanding human capital KPIs, improving employee engagement, and advancing sustainability management
⇈ Capital policy	Enhance shareholder returns ⇒P22, 23	• Dividend payout ratio of 40% or more (DOE lower limit 7.0%) and dividend increases as new standards • Target 12% total shareholder return (TSR) per year combined with double-digit EPS growth
	Capital allocation ⇒ P24	• From about 18.0 billion yen (operating cash flow of 25.0 billion yen minus incremental working capital/Crisis response funds (approximately 7.0 billion yen)), allocate 8.0 billion yen for investment in growth and 10.0 billion yen for shareholder returns

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Achievement Status of Past Medium-term Management Plans (1st to 4th)

■ All four past Medium-term Management Plans exceeded the announced profit targets

Category	(Consolidated, 100 million yen)	Past Medium-term Management Plans*			
		1st (FY8/17)	2nd (FY8/20)	3rd (FY8/22)	4th (FY8/25)
Plan value (1)	Net sales	132.0	170.0	208.0	270.0
	Operating profit	11.1	20.0	31.0	47.0
	Profit	-	-	20.7	31.2
Results (2)	Net sales	134.8	184.7	182.7	274.5
	Operating profit	14.3	28.0	32.3	57.0
	Profit	9.3	16.5	21.9	40.7
Achieve-ment rate (2) ÷ (1)	Net sales	102%	109%	88%	102%
	Operating profit	129%	140%	104%	121%
	Profit	-	-	106%	130%

*The figures for FY8/20 (2nd Medium-term Management Plan) are the lower limit of the range, and the figures for FY8/25 (4th Medium-term Management Plan) are the numerical plan at the time of the initial announcement of the plan in October 2022.

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Summary of the Previous Medium-term Management Plan (After Upward Revision)

■ Key indicators were largely achieved even when compared to the plan after the upward revision in October 2023

[Legend] ◎:110% or more, ○: 100% or more, △: less than 100%

	(Consolidated, 100 million yen)	FY8/25			Remarks
		4th Medium-term Management Plan (October 2023)	Results	Achieve-ment level	
Financial	Net sales	279.0	274.5	△	3-year annualized growth rate +15%
	Operating profit	58.5	57.0	△	3-year annualized growth rate +21%
	Operating profit margin	20.9%	20.8%	△	Targets generally achieved, at record high levels
	Ordinary profit	59.5	60.1	○	3-year annualized growth rate +22%
	Profit	39.1	40.7	○	3-year annualized growth rate +23%
	Dividend per share*1	41 yen	57円	◎	2.3 times of FY2022 (25 yen /share)
	ROE (return on equity)	20.0% or higher	21.6%	◎	Improved by profit growth and shareholder returns
	Capital investment	15.0	15.2	○	2nd KW plant, new mission-critical system, etc.
	M&A investment	30.0	1.0	△	Investment in investment limited partnership
	Reference: additional shareholder returns*2	-	26.7	-	Dividend increase during the period 6.8 + share buybacks 19.9
	EC sales ratio	30%	約28%	△	31.5% in FY2025 Q4
	Domestic in-house manufacturing ratio	10%	7.5%	△	Delay in the start-up of the 2nd plant
Non-financial	Ratio of women and foreign nationals in management positions	35%	31.0%	△	Target not reached, but high level achieved
	Ratio of renewable energy (electricity) used by the group	50%	54.4%	○	Target achieved through installation of solar panels, etc.

*1 Dividends per share are before the August 31, 2025 stock split.
*2 Total amount of dividend increase and share buybacks during the Medium-term Management Plan period

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Financial Targets of the 5th Medium-term Management Plan

- Consolidated operating profit target for the final year is 9.5 billion yen (annualized growth rate of over 110%)

(Consolidated, 100 million yen)	FY8/25 (Results)	FY8/26 (1st year, plan)	FY8/30 (5th year, plan)
Net sales	274.5	295.0	450.0
Operating profit	57.0	61.0	95.0
Ordinary profit	60.1	63.0	97.0
Profit	40.7	41.2	63.4
EPS*1	70.9 yen	73.0 yen	112.3 yen
Dividend per share*1 (Before split)	28.5 yen (57 yen)	30 yen (15 consecutive years of dividend increases)	45 yen (19 consecutive years of dividend increases)
Dividend payout ratio	40.2%	40% or higher	40% or higher
ROE (return on equity)	21.6%	About 20%	About 20%
DOE (dividend on equity)	8.6%	7.0% or higher	7.0% or higher
Capital investment	1.52 billion yen (3-year total)	4.0 billion yen (5-year total) *2	
M&A investment	0.1 billion yen (3-year total)	4.0 billion yen (5-year total) *2	
Reference: additional shareholder returns *3	2.67 billion yen (3-year total)		

*1 After stock split on september 1, 2025
*2 Estimated amount including software, manufacturing equipment, manufacturing/distribution facilities, IP-related investments, etc.; if M&A funds are unspent, a portion may be used for flexible shareholder returns.
*3 Total amount of dividend increase and share buybacks during the Medium-term Management Plan period

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Details of Financial Targets

- Profit growth rate to accelerate in the second half of the Medium-Term Management Plan as we enter the payback phase of strategic human capital investments

(Consolidated, 100 million yen)	FY8/25 (Results)	FY8/26 (1st year, plan)	FY8/30 (5th year, plan)
Net sales	274.5	295.0	450.0
Targeting end-user companies	124.4	131.6	163.2
Targeting wholesalers	72.3	69.9	86.7
E-commerce	77.7	93.3	200.0
Gross profit	107.9	117.6	179.5
Gross profit margin	39.3%	39.9%	39.9%
In-house printing ratio*1	About 60%	About 64%	About 80%
SG&A expenses	50.8	56.6	84.5
Ratio of SG&A expenses to net sales	18.5%	19.2%	18.8%
Personnel/labor costs*2	34.2	40.6	59.3
Depreciation*2	2.3	2.9	4.1
Operating profit	57.0	61.0	95.0
Operating profit margin	20.8%	20.7%	21.1%

*1 Excluding entertainment-related sales in the e-commerce business, which cannot be separately aggregated
*2 From the 5th Medium-term Management Plan period, the definition was changed to the figures for the printing process of MARKLESS STYLE products

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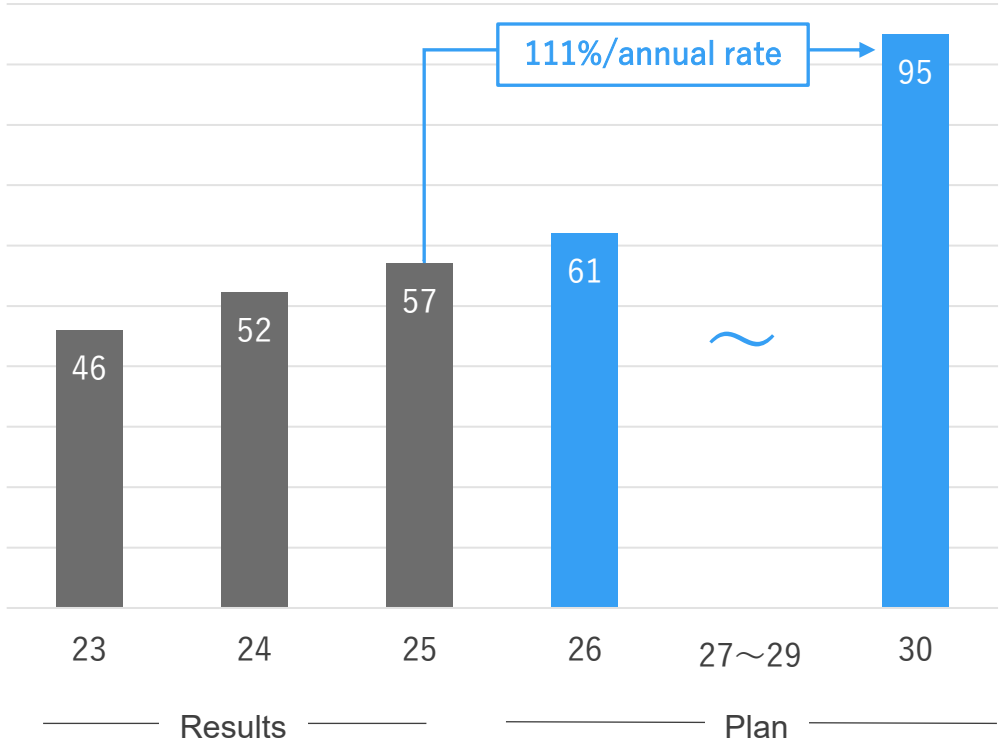
Five-year Growth Trajectory

- Throughout the medium-term plan period, we will continue growth investmentsin human capital, AI, and DX. Operating profit will maintain growth in the first two yearsdespite rising SG&A ratios, and will achieve even stronger growth in the final three years.

Consolidated operating profit results and plans

(Unit: 100 million yen)



Strategies/measures during the Medium-term Management Plan period

Growth investment

- Continuous investment over five years
- Investment in human capital/ AI and digital transformation
- Investment in IP/e-commerce

Operating profit growth rate

- The first two periods (26-27) maintained growth.
- In the latter three periods (2028-2030), the newly launched e-commerce site and the IP-related investments made in the first two periods will contribute substantially to revenue. Furthermore, operational capabilities and productivity will improve, and we plan for growth rates to exceed those of the first two periods.

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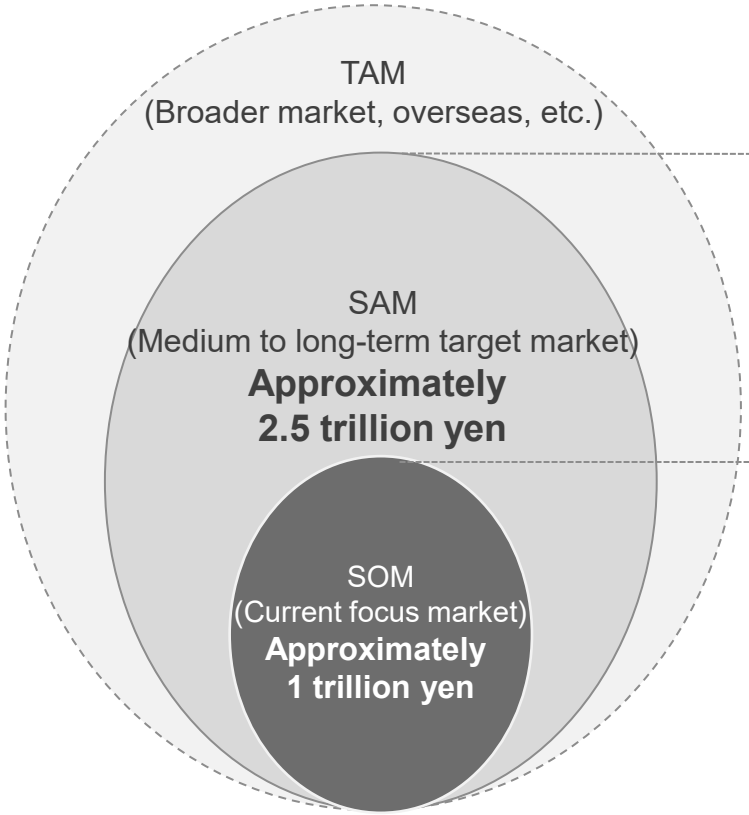
Market Size and Environmental Awareness

- The current focus market (SOM) is approximately 1 trillion yen, and SAM, which broadly includes IP rights and corporate demand, is 2.5 trillion yen



Sales promotion	IP goods sales
[Summary] Stable trend [Our competitive advantage] Very high	[Summary] Positive growth (intangible goods consumption) [Our competitive advantage] High
Market size: approximately 1.3 trillion yen ✓ Sales promotion product market (Japan) ✓ Amenity market (Japan) ✓ Office supplies market ✓ E-gift market (Japan)	**Market size: approximately 1.2 trillion yen** ✓ Character business market (Japan, including copyrights) ✓ Live entertainment product sales market
Market size: approximately 400 billion yen Sales promotion produce market (Japan)	**Market size: approximately 600 billion yen** Character business market (Japan, excluding copyrights) ✓ Live entertainment product sales market

*Estimated by the Company based on various research reports, etc. (as of 2024-25, based on wholesale prices)

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Business Model and Differentiation

OEM manufacturing tailored to customer needs
A unique business model enabling small-lot production, low prices, and short delivery times

Planning and design of original products
Own company



- Catch up with market and consumer trends, plan and develop original plain products

Overseas contract production
Mobile fabless



- Thorough appropriate location production through fabless approach
- Achieve low pricing through large-lot production at overseas plants

Plain products Domestic inventory storage
Own company



- Constantly stock a variety of multiple products produced overseas (About 1,500 types, over 31 million units)
- Achieve short delivery times by storing inventory in Japan

Product processing and printing
Own company



- Printing and processing of customer-desired designs at our own plants in Japan
- Possible to deliver starting from small lots

Hybrid sales through e-commerce and face-to-face sales
Own company



- Hybrid sales that combine e-commerce (small orders) and face-to-face sales (primarily large orders)

Delivery Customer

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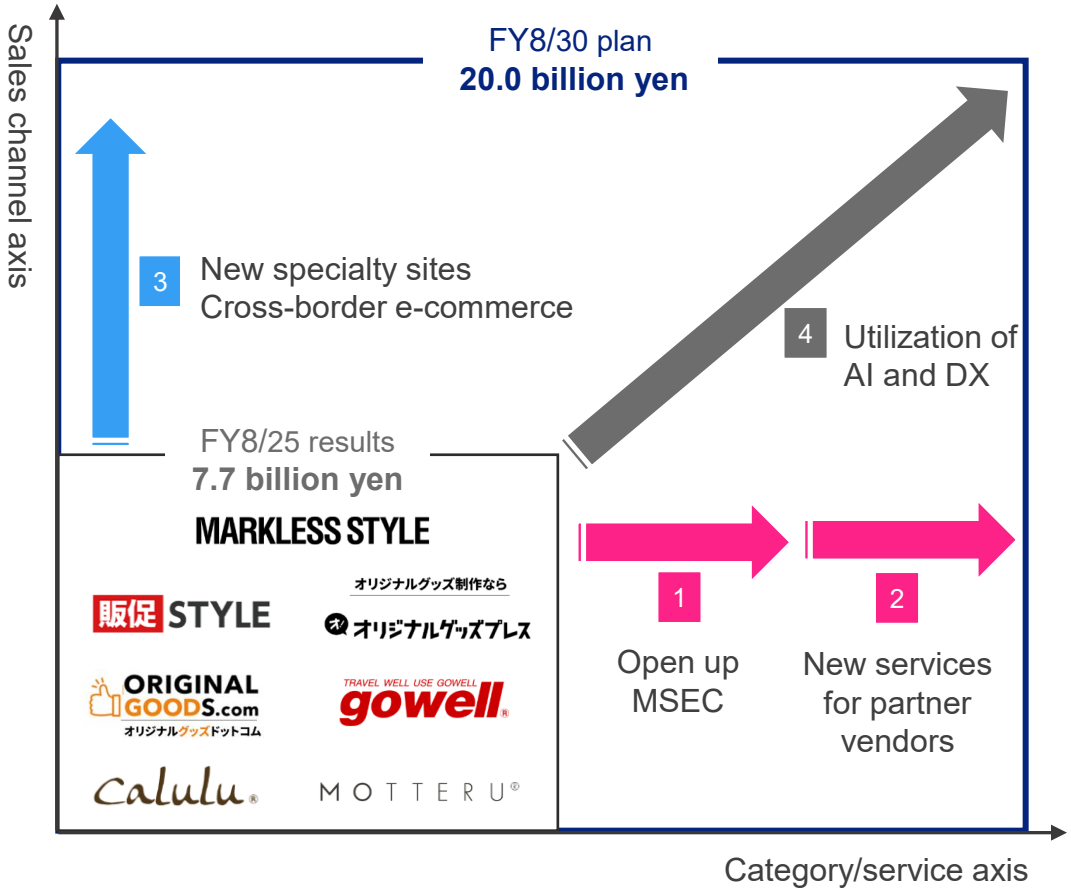
Strategic Policy and KPIs for E-commerce Business

■ Open up MSEC*, launch new specialty sites, and expand cross-border e-commerce to achieve 2.5x sales (vs. FY8/25)

*MARKLESS STYLE EC



1 Open up MSEC (adoption of partner vendor format)

- ✓ Expand product lineup with self-developed products and products to be partner vendor
- ✓ Aim to become a complete e-commerce platform from product listing, order receipt, payment, production management, and delivery

2 New services for partner vendors

- ✓ Expand custom fabrication services for be partner vendor's products
- ✓ Original package creation service

3 Expansion of new specialty sites, etc.

- ✓ Launch new specialty sites
- ✓ During the Medium-term Management Plan period, take on overseas sales for MSEC and our own-brand e-commerce

4 Accelerate revenue growth through AI and DX utilization

- ✓ Enhance the value of the user and partner vendor experience with open MSEC through AI implementation
- ✓ Also improve productivity in the sales and order process by introducing DX

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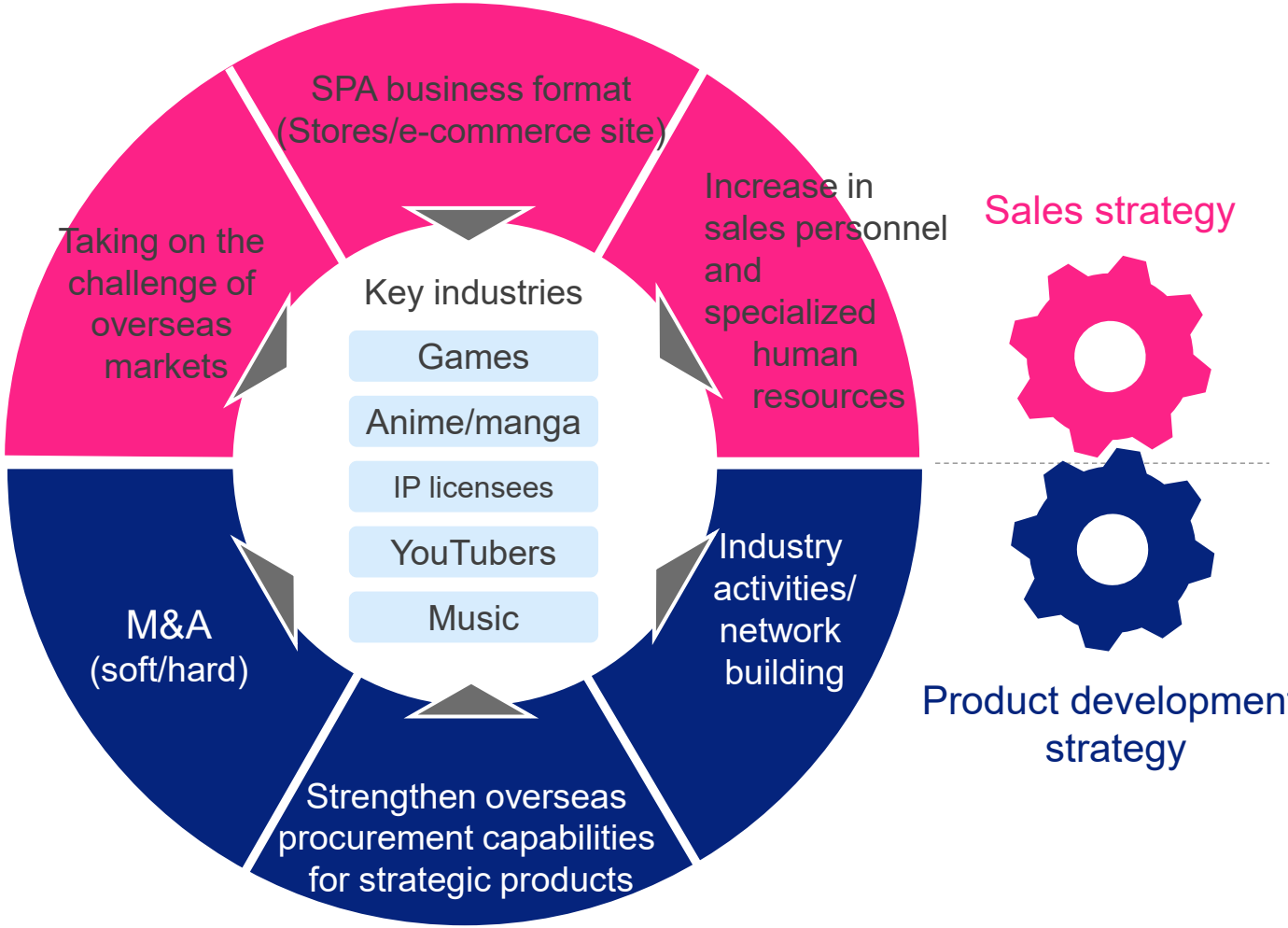
Strategic Policy for Entertainment (IP) Business

- Evolve the business model by driving both product development and sales



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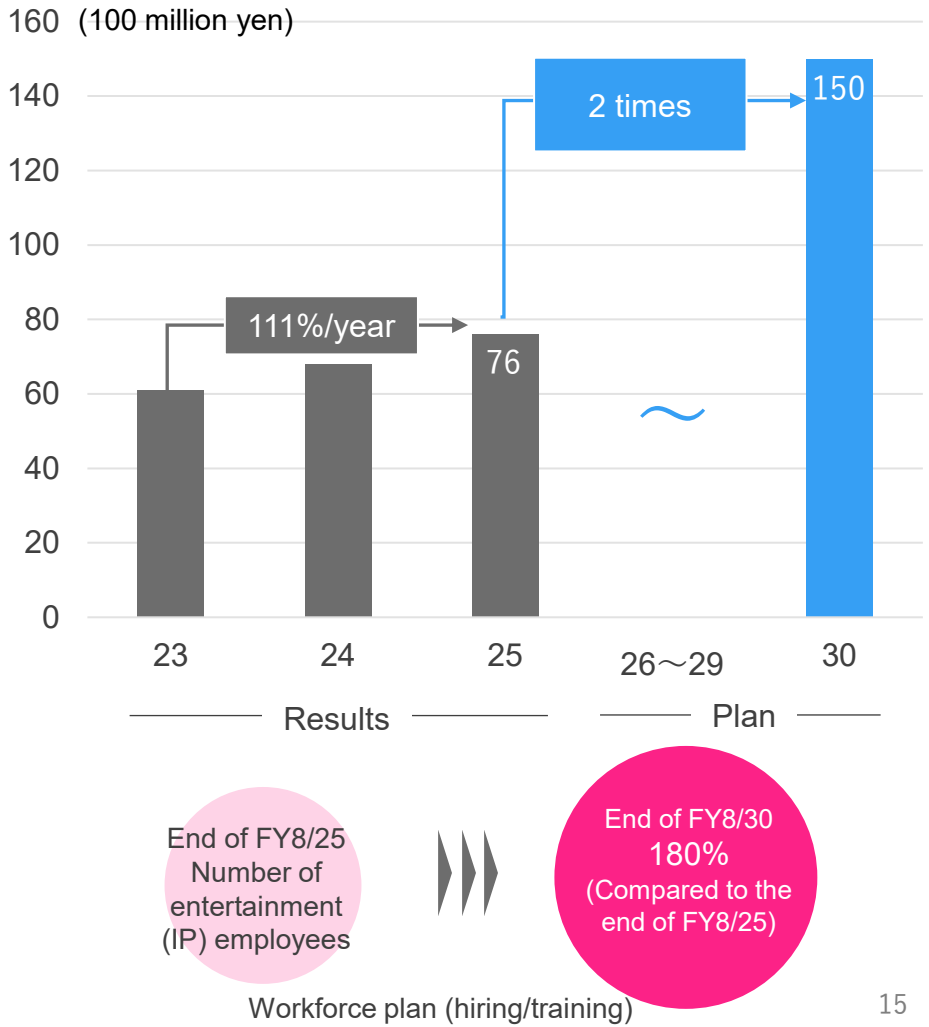
KPIs for Entertainment (IP) Business

■ Accelerate the pace of growth by actively hiring and training specialized human resources
Double Sales (compared to FY 2025/8)

Entertainment (IP) business sales trends



Growth strategy

Expand supported areas	• Strengthen production system for in-house products (3D items, acrylics, live event goods, etc.) that have a high affinity with the entertainment domain • Strengthen market research and industry networks
Enhance our own sales capabilities	• Expand in-house sales capabilities through e-commerce sites and pop-up stores • Take on the challenge of expansion into overseas markets

Workforce plan (hiring/training)

- Actively hire professional human resources for major client sales, strategic product development, design planning, entertainment industry network development, etc.
- Establish a new department dedicated to human resource development for sales personnel, which is expected to increase to the maximum number of personnel

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Strengthening Eco-products

■ Product development promoting 3Rs* to enhance added value

Sustainable materials

Not disposable
Products that can be used repeatedly

Third-party certification mark

Fairtrade



Eco mark



Organic cotton



Biomass Plastic

- Wheat straw-blend resin
- Bamboo fiber-blend resin
- Coffee-blend resin
- Eggshell-blend resin



Recycle/upcycle

[Recycled materials that are being promoted]
- Fabric
- PET
- PP
- Aluminum
- Marine plastics
- ABS resin
- Paper





Not disposable Can be used repeatedly

Eco bags



Bottles, tumblers



Cutlery



[Overseas business infrastructure supporting eco-product development]
- **Materials procurement capability**
- **Supply chain management**

*3Rs: reduce, reuse, and recycle

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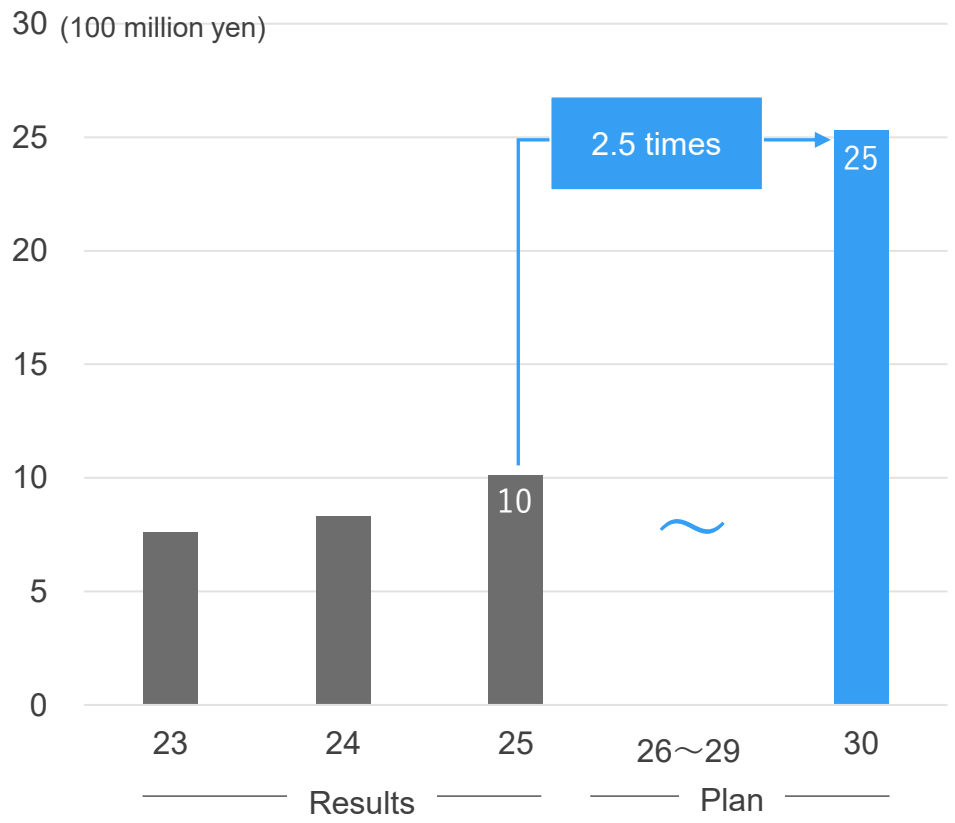
Strengthening Climate Change Countermeasures and Disaster-Prevention Products

■ Contribute to reducing climate risks while meeting adaptation needs
Sales to increase 2.5 times (compared to FY2025/8)

Sales trends of climate change countermeasures and disaster-prevention products



*1 Number of extremely hot days from June to August announced by the Japan Meteorological Agency
https://www.data.jma.go.jp/stats/stat/202415/tem_ctg_days_202415.html
https://www.data.jma.go.jp/stats/stat/202515/tem_ctg_days_202515.html
*2 Government Earthquake Research Committee January 24, 2022: announced forecast of 70% probability of occurrence within 30 years
https://www.mlit.go.jp/hakusyo/mlit/r01/hakusho/r02/html/n1222000.html
*3 Government Earthquake Research Committee September 26, 2025: announced two forecasts of probability of occurrence within 30 years of about 60-90% or more and 20-50%

Growth strategy

- Conduct in-house development of products with new functions to combat global warming
- Enhance product portfolio
- Develop overseas suppliers

Product examples

Extreme heat

✓ Record high number of extremely hot days as of August 31, 2025
Osaka 40 days (35 in 2024); Tokyo 25 days (19 in 2024) *1
(As of August 31, 2025)





Earthquakes and natural disasters

✓ Probability forecast for an earthquake directly under the Tokyo metropolitan area
About 70% within 30 years *2
✓ Probability forecast for a Nankai Trough earthquake
About 60-90% or more within 30 years *3
✓ Intensification of linear precipitation bands, torrential rains, typhoons, etc.





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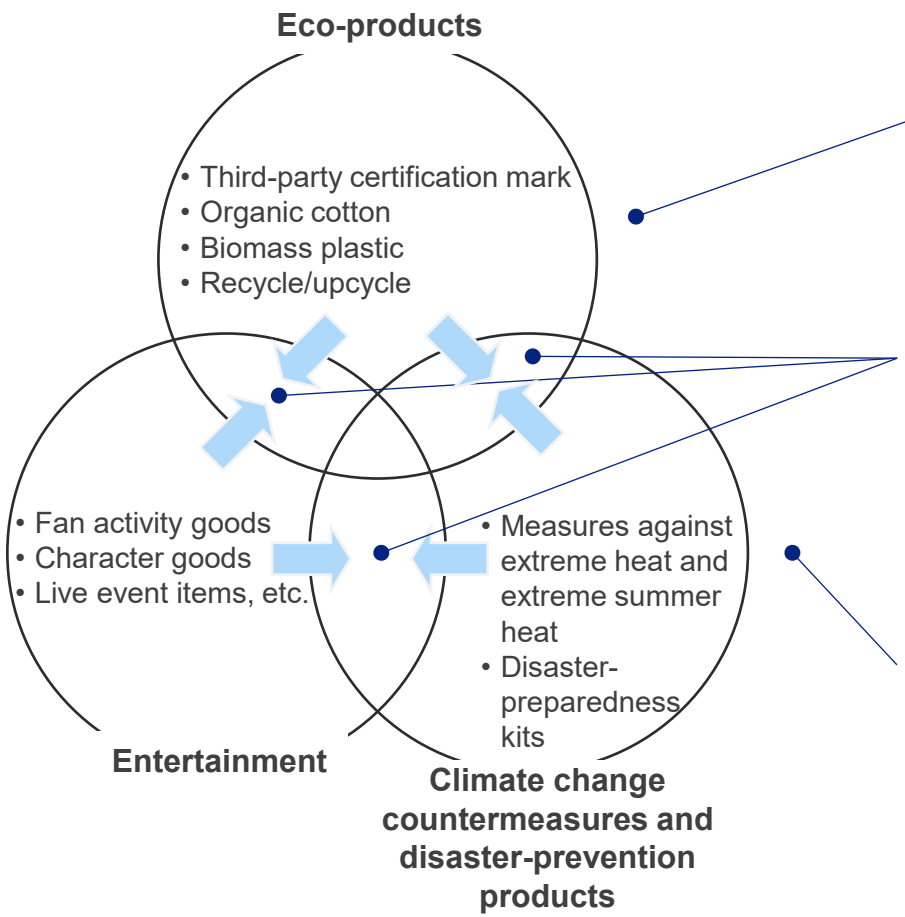
Strategic Policy for Product Development (Overall Picture)

■ Core axis of product development that enhances added value



Our strengths (1) Procurement capabilities through our fabless production system

- Adopt a mobile fabless system to flexibly transfer production bases, select the best production locations from over 600 suppliers (risk diversification, appropriate pricing, wide range of product procurement)

Our strengths (2) Creating added value through combinations

- Possible to plan and develop high-added-value products through combination of the three domains

Our strengths (3) Unparalleled product lineup

- Wide range of product types and colors
- Diversified product lines allow diversification of risk in the face of fluctuations in final demand (to avoid missing out on booms)
- Designs incorporating trends

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Further Reinforcement of Our Own Factories

■ Increase the in-house printing ratio to 80% and boost profit margins by advancing internal production.

Policies to strengthen manufacturing functions at our own plants

Expand manufacturing capabilities

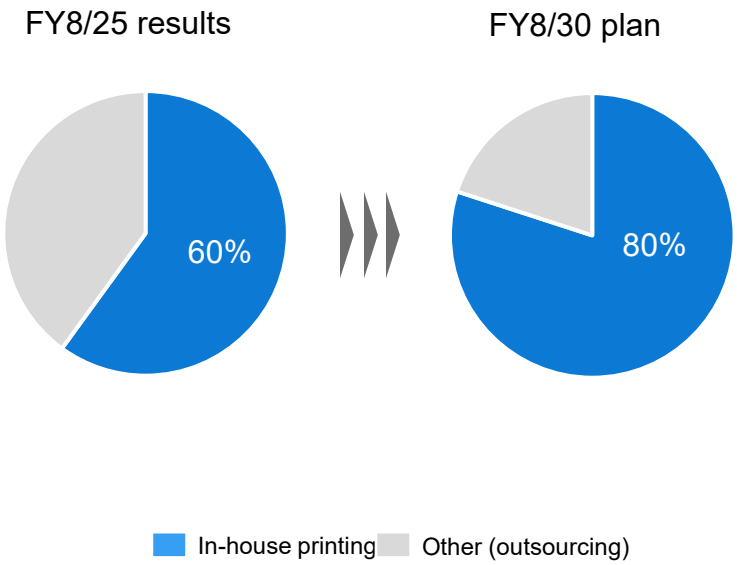
- Expand existing printing lines to increase production
- Introduce new printing technologies and equipment and shift currently outsourced orders to in-house printing
- Explore opportunities to expand equipment, including M&As overseas (undecided and not reflected in plan figures)

Improve productivity through DX

- Renew core systems to automate order data and production management processes
- Reduce human error and labor costs to lower cost of sales
- Plan to start automatic data linkage with e-commerce sites

Improve profit margins through higher in-house printing ratios and productivity

In-house printing ratio *



* From the 5th Medium-term Management Plan period, the definition was changed to the figures for the printing process of MARKLESS STYLE products

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M&A Budget and Investment Policy

■ 4.0 billion yen investment capacity set for M&As and new businesses focused on growth areas exceeding the cost of capital

M&A investment capacity	• 4.0 billion yen (cumulative total for the Medium-term Management Plan period) • Finance through operating cash flow or debt/borrowing • Invest in projects with potential business synergies • If the M&A investment capacity is not fully utilized, consider not raising debt or returning profits to shareholders through share repurchases, etc.
Focus areas	Key strategy is to strengthen the ecosystem through expansion centered around the following 3 axes (1) Expansion of new categories (2) Enhancement and internalization of existing business foundation (manufacturing, logistics, and sales channels) (3) Acquisition of added value through strengthening of value chain ⇒ Details on next page
Investment criteria	[Existing areas (low risk)] • Projects expected to make a positive contribution to EPS after amortization of goodwill [New areas (medium to high risk)] • Projects judged to have a positive NPV after taking synergies into account • Discount rate comprehensively applies our company's WACC plus appropriate discount rate based on target company's business characteristics • Flexibly consider based on the above criteria

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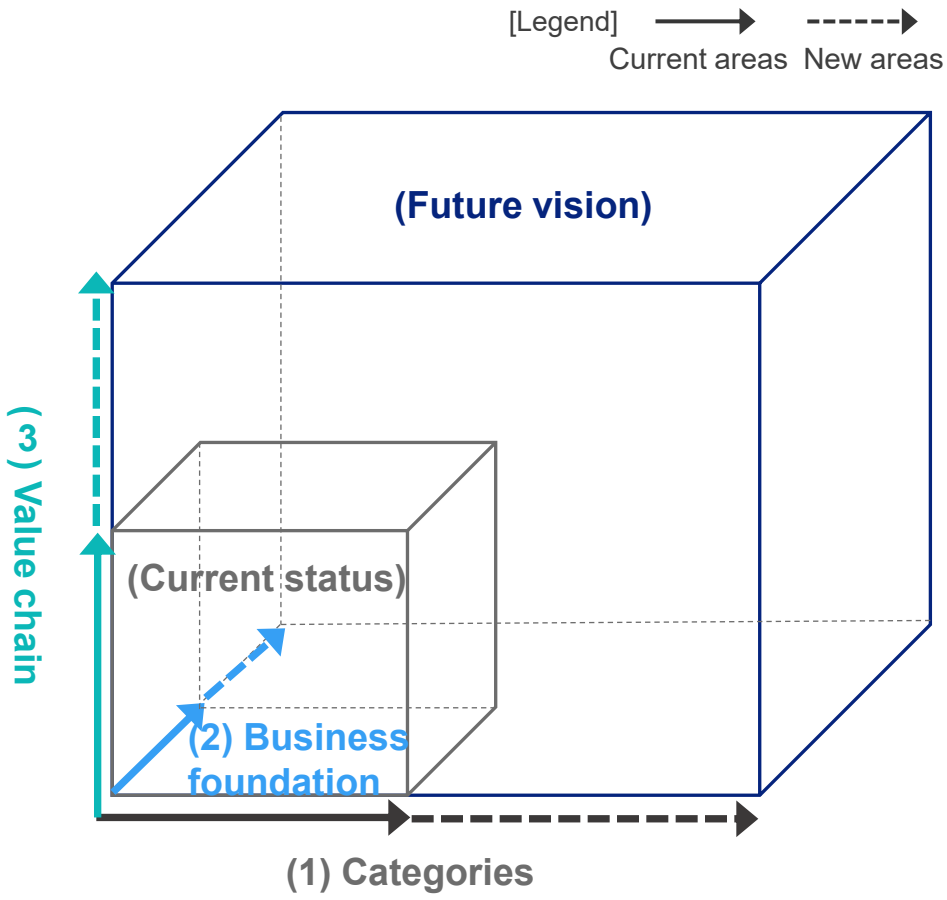
M&A Focus Areas and Synergies

- M&A strategy to expand based on the three axes of category, business foundation, and value chain

M&A focus areas (3 axes)



(1) New categories

- Manufacturing equipment*
  *Focus on climate change and disaster-prevention products as priority areas
- Planning and design functions
- Sales channels

(2) Existing business foundation

- Manufacturing equipment (existing categories, including overseas)
- Business foundation for cross-border business
- Advanced technology

(3) Value chain

- Directly managed stores
- In-house logistics functions
- M&A and investment in IP-related companies
- M&A and investment in companies with potential business synergies

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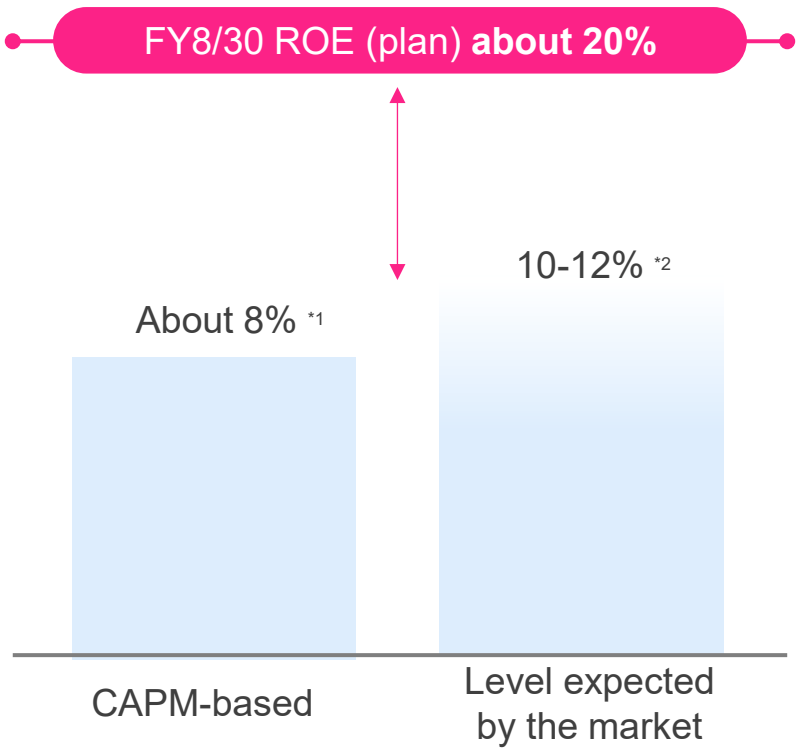
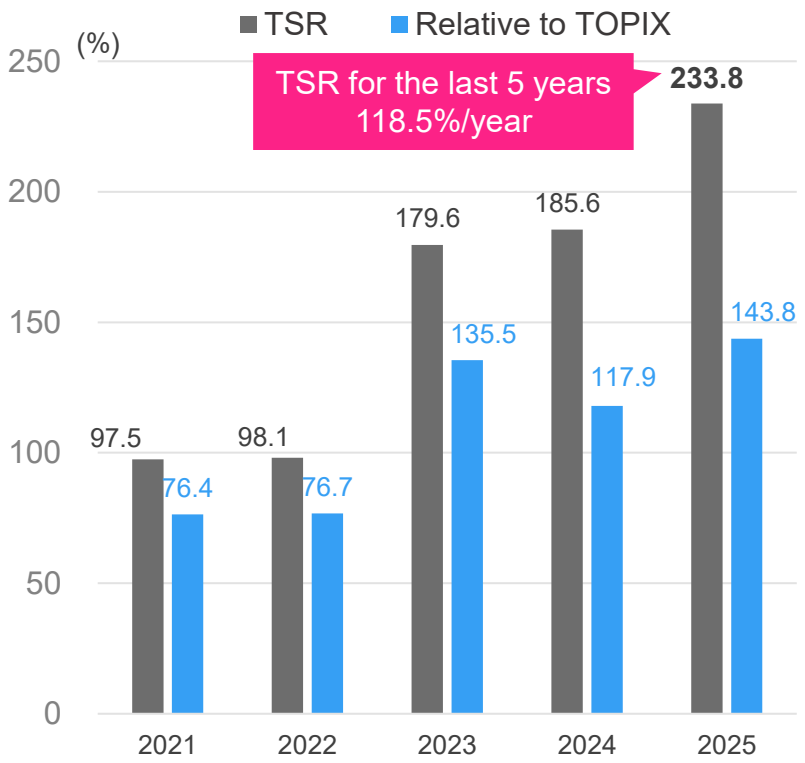
Recognition of Cost of Capital and Capital Efficiency Targets

- Maintain high level of capital efficiency as a means of achieving TSR (total shareholder return) in excess of the cost of capital

Our cost of shareholders' equity (estimated)



TSR trend for the Company's shares



*1 Assumptions: risk-free rate (10Y JGB yield) 1.5%; market risk premium 7.0%; beta 0.86 (5Y monthly); size risk premium 1.4%
*2 Estimated by the Company based on institutional investor survey reports, etc.

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Dividend Policy

- Higher dividend payout ratio of 40% / DOE of 7%, plus flexible share buybacks, with awareness of the goal of achieving a TSR that exceeds the cost of shareholders' equity.

Input		Outcome
Numerator **EPS growth through a differentiated business strategy** Over +10% per year		**ROE target of about 20%**
		• Target level during the Medium-Term Management Plan period (average of shareholders' equity during the period)
Denominator **Restraining the growth of shareholders' equity through more robust shareholder returns** Dividend of payout ratio 40% or more (DOE lower limit 7.0%) and dividend increases + Flexible share buybacks		**Total shareholder return (TSR) target perspective >12%**
		• Stock price rise aligned with EPS growth rate (>10%/year) • Dividend yield with PER of 15-20 times (>2%) • Aim for a total TSR of over 12% per year, keeping in mind the goal of achieving returns above the cost of shareholders' equity

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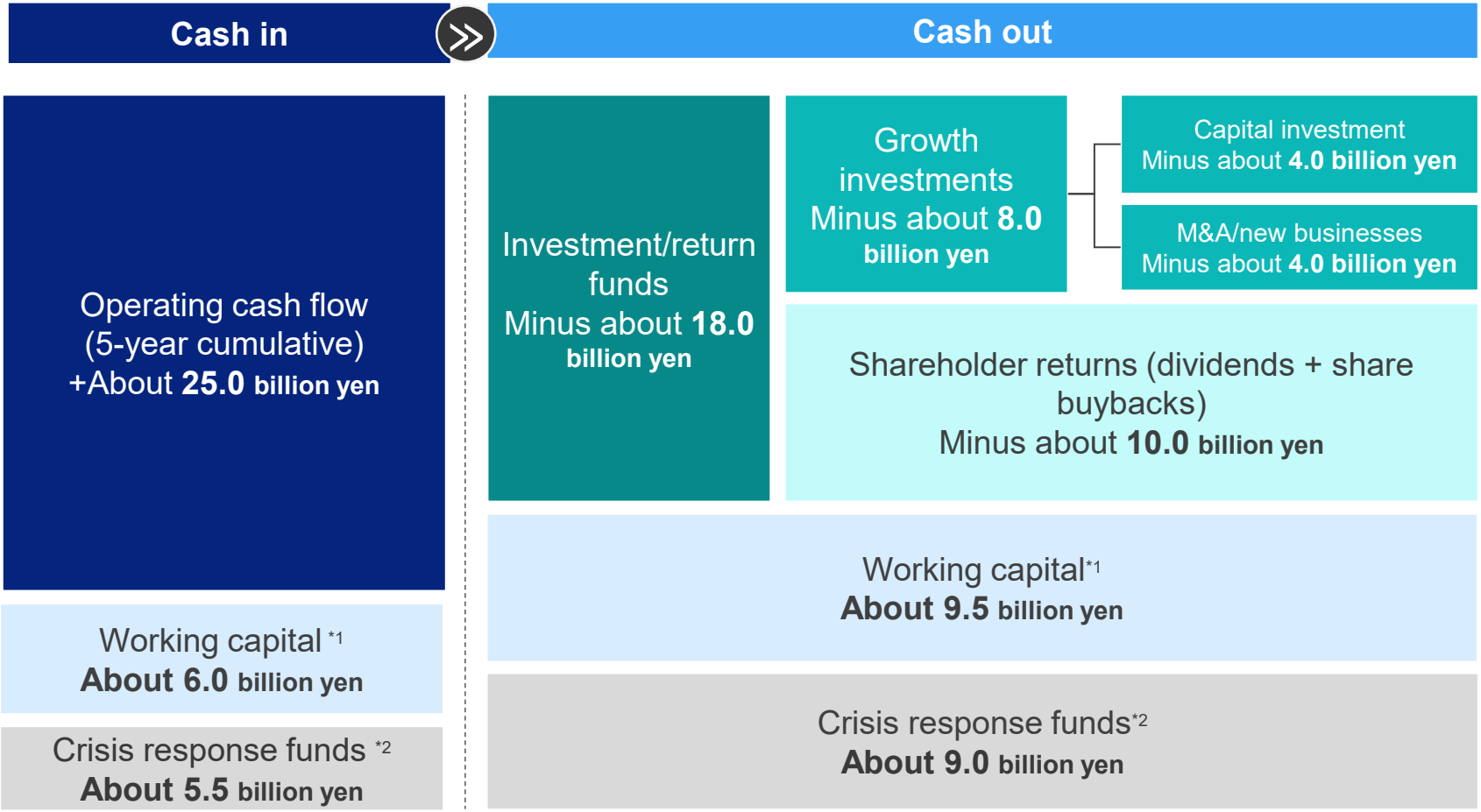
Capital Allocation

- Achieve optimal allocation for the financial base, growth investments, and shareholder returns



*1 Including strategic inventory investment in-house products

*2 Assuming that most business activities will be suspended for a certain period of time until infrastructure and lifelines are restored in the event of an emergency such as an earthquake directly under the Tokyo metropolitan area, necessary funds for restarting business, including personnel expenses to maintain the livelihood of employees and their families, which will be required even when business activities have ceased (Excluding the amount of expenses for restoration of facilities that cannot be covered by the insurance proceeds)

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Promotion of DX Strategy Through the Use of AI

■ Promote company-wide use of AI to strengthen sales and marketing and improve operational efficiency

Strengthen sales power and marketing

- Develop and operate proposal AI agents
- Order data management
- E-commerce recommendation function
- Responding to MSEC inquiries
- Creation of e-commerce site content
- Advancement of web marketing

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Advancement of operations

- Ordering, inspection, and quality control
- Proofreading of printed materials and confirmation of data for submission
- Catalog creation
- Q&A operations using AI chat
- Automation of e-commerce related operations

- Establishment of AI/DX Promotion Office
- Construction of dedicated environment AI system infrastructure

What we aim to achieve with AI

- Improved productivity throughout the Group
- Acquisition of revenue opportunities (24/7, holiday orders)
- Reduction of human error
- Improved customer satisfaction through shorter lead times

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Human Capital Strategy and KPIs

- Strengthen and develop the organization and human resources through initiatives to improve unique KPIs

Category	KPIs	FY8/25 (Results)	FY8/30 (5th year, plan)
Diversity	Percentage of female managers	26.7%	33% or higher
	Wage gap between male and female regular employees	81.0%	90%
	Percentage of male employees taking childcare leave	50.0%	100%
	Percentage of female employees taking childcare leave	100.0%	100%
	Percentage of employees with disabilities	0.9%	3% or higher
Engagement	Turnover rate	13.0%	Less than 10%
	Employee stock ownership plan participation rate	65.8%	Over 70%
	Salary increase rate	5.5%	Level exceeding the inflation rate
Human resources (initiatives)	Hiring and training	• Promotion of efficiency through DX • Introduction of a training program to develop next-generation leaders • Implementation of an engagement survey	
	Diversity	• Acceptance of interns from special needs schools, establishment of special-purpose subsidiary	

Climate change response and KPIs

KPIs	FY8/25 (Results)	FY8/30 (5th year, plan)
Ratio of renewable energy (electricity) used	54.4%	70% or higher

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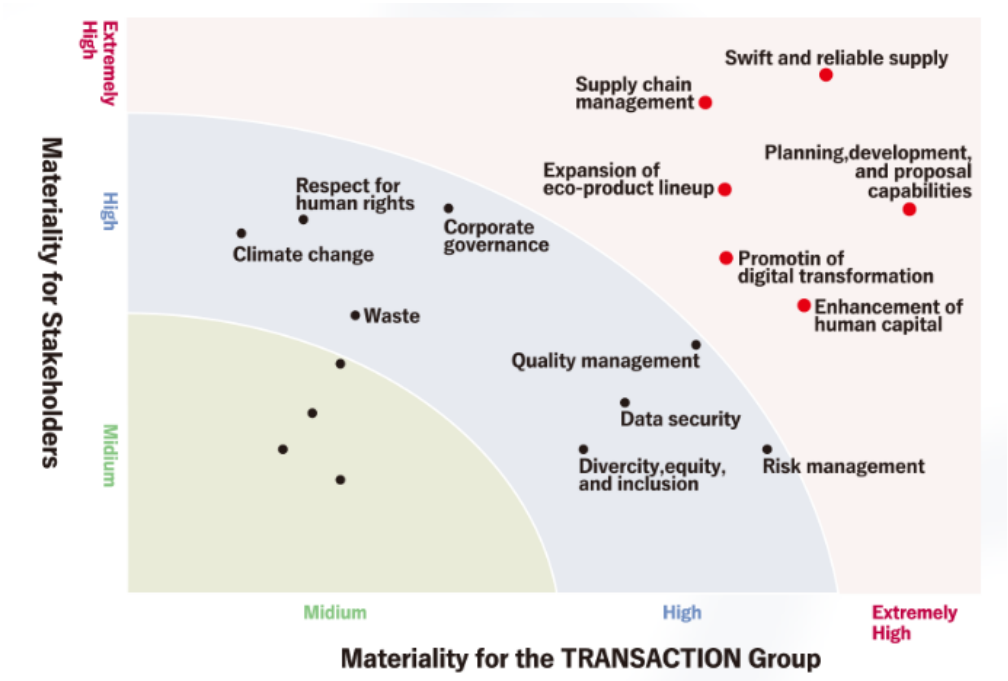
Sustainability

■ Identify six materiality issues and promote activities in response

Materiality issue identification process

[Materiality Matrix]



For more information on the materiality issues we have identified and our process for identifying them, please visit the sustainability page of our website.

https://www.trans-action.co.jp/sustainability/

Six materiality issues

- Planning, development, and proposal capabilities
- Swift and reliable supply
- Enhancement of human capital
- Expansion of eco-product lineup
- Promotion of digital transformation
- Supply chain management

Sustainability Promotion Committee (Chairman: President and Representative Director)

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Risk Factors

Impact of foreign exchange rate fluctuations on medium- to long-term performance is minor

Broad category	Subcategory	Risk factors	Response policy
Business opportunity risks		• Decrease in orders received due to deterioration in customer performance, etc. • Product defects • Suspension of product supply due to system failure • Difficulty in securing human resources • Occurrence of contingent events after M&A or changes in the business environment, etc.	• Diversification of business portfolio and contract manufacturers • Enhancement of quality and production control system • Improvement of system environment and cloud migration • Strengthen Group hiring and training systems • Strengthen M&A investment and execution systems
Operational risks		• Information leaks • Compliance with laws and regulations • CSR procurement	• Thorough information management • Systems to confirm laws and intellectual property rights • Establishment of CSR procurement standards and requests for cooperation
External environment risks	Manufacturing	• Instability in the management of contracted factories • Soaring prices of petrochemicals, cotton, etc.	• Review product prices appropriately
External environment risks	Supply chain	• Geopolitical risks • International trade risks • Rising transportation costs	• Optimization of production sites utilizing a mobile fabless system
External environment risks	Foreign exchange	• Cost increases due to rapid yen depreciation	• Partial use of forward exchange contracts • Review product prices appropriately
External environment risks	Disasters and pandemics	• Decrease in corporate promotions and events due to major natural disasters and pandemics	• Development of a business continuity plan (BCP) and establishment of a backup system
External environment risks	Climate change	• Increases in costs and product supply uncertainties	• Utilization of renewable energy, promotion of recycling, sales of Climate Change Countermeasures products

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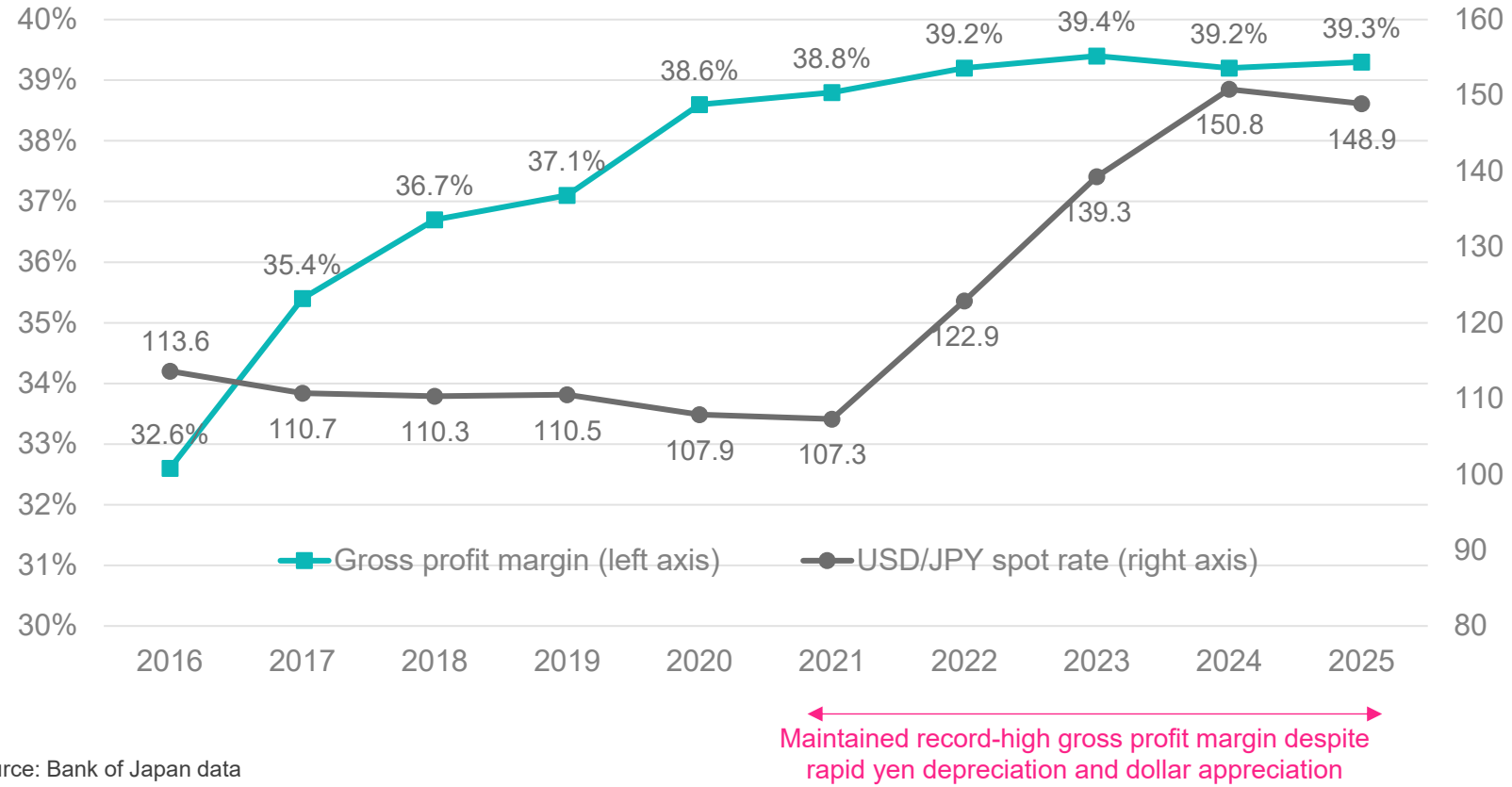
(Reference) Our Gross Profit Margin and Exchange Rates

- Past foreign exchange fluctuation risk has been absorbed by strengthening the earnings power and flexible price adjustment



Source: Bank of Japan data

Foreign exchange risk countermeasures	• Flexible and appropriate price adjustment based on the impact of exchange rate fluctuations • Use of forward exchange contracts and foreign currency denominated assets without taking excessive risks • Establishment of a production system that can flexibly switch countries and factories as appropriate

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