

The **11**th Fiscal Year

# Business Report

April 1, 2022 ▶ March 31, 2023



**TAKAOKA TOKO CO., LTD.**

Stock Exchange Code: 6617





**Takashi Ichinose**

President and Representative Director  
TAKAOKA TOKO CO., LTD.

Let me express my heartfelt gratitude to all shareholders for their continued support.

I hereby present the 11th Fiscal Year Report (from April 1, 2022 to March 31, 2023) of TAKAOKA TOKO (the “Company”) and report on the overview of our business.

**Connecting hopes and dreams with the power of technology!**



### Progress and Results of Business Operations

October 1, 2022 marked the tenth anniversary of the business integration of the Company’s predecessor, Takaoka Electric Mfg. Co., Ltd., with Toko Electric Corporation, through the establishment of a joint holding company (the former TAKAOKA TOKO Holdings Co., Ltd.).

To commemorate this anniversary, we held the “2022 TAKAOKA TOKO 10th Anniversary Solutions Fair –Aiming to Be a Comprehensive Energy Business Provider–” from December 6 to 7, 2022. We are sincerely grateful to the many visitors who attended the fair and made it such a success.

In this milestone year, we have designated the next decade as a period of rapid progress, as we achieve our 2030 VISION and lead GX (Green Transformation) as a comprehensive energy business provider.

On May 16, 2023, we announced incidents of impropriety regarding certain transformer products (voltage and current transformers, voltage transformers, and instrument transformers). We would like to express our deepest apologies for causing great inconvenience and concern to our customers, shareholders, and stakeholders.

To prevent the recurrence of such incidents in the future, the Company will further reinforce its compliance structure and work on its measures to prevent recurrences and to regain the trust in the Company.

The details are described in “Incidents of Impropriety Regarding Certain Instrument Transformer Products” ([https://www.ttkk.co.jp/en/news/assets/pdf/news\\_e20230516.pdf](https://www.ttkk.co.jp/en/news/assets/pdf/news_e20230516.pdf)).

Regarding the overall situation for the Group, the business environment is changing significantly and becoming increasingly severe in the electric power industry, which is our largest customer. Global fuel prices and market prices for electricity have risen rapidly due to the situation in Ukraine and the depreciation of the Japanese yen, while instabilities in electricity supply and demand have become apparent. In addition, the electric power industry has faced growing demands to achieve carbon neutrality and strengthen disaster prevention and resilience within local communities. Against this background, companies in the industry are working to improve productivity and thoroughly reduce business costs. Meanwhile, the Japanese government has declared its intention to make Japan carbon neutral by 2050 as part of its efforts to realize a decarbonized society. In Japan, this has encouraged the further spread of distributed energy-related equipment, including renewable energy, and there are signs of nascent demand for fast chargers for electric vehicles.

In April 2021, the Group formulated its 2030 VISION and Medium-term Management Plan 2023. Based on the three pillar policies of deepening and transforming our core businesses, transforming the structure of our business foundations, and taking on challenges to cultivate the future vision for 2030, we have started pursuing an ambidextrous management style that strives to simultaneously transform existing businesses and develop new businesses.

As part of our initiatives to become a comprehensive energy business provider, the aim set forth in our 2030 VISION, we revised our organization on June 29, 2022, and established the GX Solution Business Division.

The GX Solution Business Division integrates previously separate GX-related businesses to achieve, through overall optimization, the flexible provision of services and solutions in a single organizational framework, thereby contributing to the GX of the overall economic and social system to achieve a carbon-neutral society.

As for operating results for the fiscal year ended March 31, 2023 (the “fiscal year under review”), net sales totaled 97,752 million yen (up 6.3 % year on year) mainly due to increases in sales across the entire Metering Business segment and sales of 3D inspection systems, disconnecting switches, and power distribution equipment, despite a decline in the number of overseas construction projects. We achieved this result by arranging advance procurement, searching for substitutes and parts available in the market, and optimizing selling prices. All of these efforts were made to minimize a strong adverse impact of lost sales opportunities caused by longer delivery lead time of semiconductors and other parts used for certain products and the rise in raw material prices.

On the profit front, higher net sales in the businesses noted above, as well as factors such as improved profitability in existing businesses due to DX, cost reductions from procurement reforms, and the effect of greater productivity from the refinement of kaizen activities resulted in an increase in profit measures, with operating profit totaling 4,847 million yen (up 4.8% year on year) and ordinary profit rising to 4,704 million yen (up 12.8% year on year). However, profit attributable to owners of parent declined to 2,919 million yen (down 11.0% year on year) due to the large amount of extraordinary income posted in the previous fiscal year.

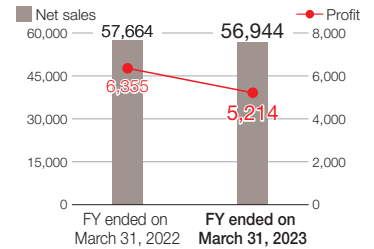
## Electric Equipment Business

### Major products and services

Equipment for power receiving, transforming and distribution, monitoring and control systems, control equipment, etc.

We achieved segment net sales of 56,944 million yen (a year-on-year decrease of 1.2%) and segment profit of 5,214 million yen (a year-on-year decrease of 17.9%), mainly due to a decline in plant projects for electric power companies and a decline in overseas construction projects, despite an increase in disconnecting switches and power distribution equipment.

Net Sales and Profit (in Millions of yen)



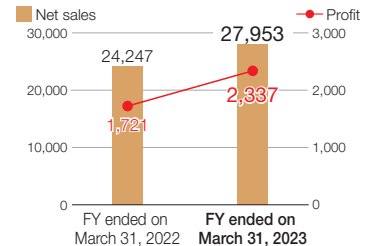
## Metering Business

### Major products and services

Transformers, various types of meters (for electricity, gas, and water services), undertaking replacement of expired meters <sup>(1)</sup>, etc.  
<sup>(1)</sup>Replacement of expired meters means the replacement work of electric meters conducted pursuant to the Measurement Act.

We achieved overall net sales of 27,953 million yen (a year-on-year increase of 17.5%) due to an increase in transformers and smart meters, despite a decrease in the inspections of meters and segment profit increased to 2,337 million yen (a year-on-year increase of 35.8%).

Net Sales and Profit (in Millions of yen)



## GX Solution Business

### Major products and services

Energy metering and control equipment, quick chargers for electric vehicles, embedded software, thin client systems <sup>(1)</sup>, smart grid business, PPP <sup>(2)</sup>/PFI <sup>(3)</sup> business, etc.

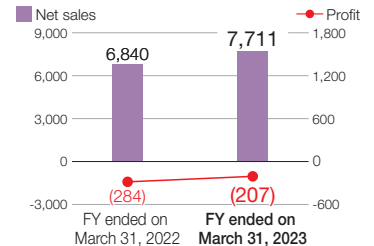
<sup>(1)</sup> A "thin client system" is a simple structured terminal for information networks with a simple structure, which has no application software or data, with no external memory devices or hard disks on the terminal side. It has superiority in preventing leakage of information, including personal information.

<sup>(2)</sup> Public Private Partnership (PPP) is a concept of utilizing wide-ranging private sector know-how and technologies to improve administrative services and achieve the efficient use of public financing through public-private partnerships.

<sup>(3)</sup> Private Finance Initiative (PFI) is a method for the construction, maintenance, and operation of public facilities utilizing private financing, management capabilities, and technical abilities.

We achieved overall net sales of 7,711 million yen (a year-on-year increase of 12.7%) and an improvement in segment loss at 207 million yen (segment loss was 284 million yen in the previous fiscal year), mainly due to increases in system infrastructure solutions and EMS (energy management system), although sales volume remained nearly at the same level as the previous fiscal year due to the impact of longer delivery lead time for the parts procurement, though partly supported by many inquiries we received about fast chargers for electric vehicles. The results for the previous fiscal year have been reclassified according to the segments after the change.

Net Sales and Profit (in Millions of yen)



## Applied Optics Inspection System Business

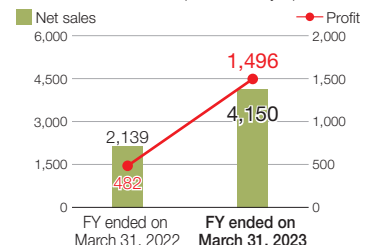
### Major products and services

3D inspection systems <sup>(1)</sup>, etc.

<sup>(1)</sup>A "3D inspection system" means a system to measure and inspect external appearance (height, depth and surface form) of electronic circuit substrates.

We achieved net sales of 4,150 million yen (a year-on-year increase of 94.0%) and segment profit increased substantially to 1,496 million yen (a year-on-year increase of 210.4%), due to robust sales of the 3D inspection system in line with greater demand for semiconductors.

Net Sales and Profit (in Millions of yen)



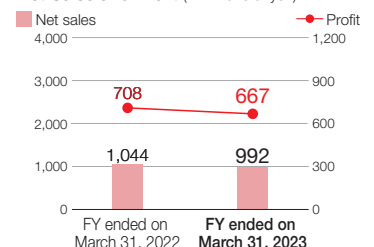
## Other Businesses

### Major products and services

Real estate leasing of office buildings, etc.

We achieved overall net sales of 992 million yen (a year-on-year decrease of 5.0%) due to a decrease in real estate leasing revenue. Segment profit decreased to 667 million yen (a year-on-year decrease of 5.8%).

Net Sales and Profit (in Millions of yen)



## “2022 TAKAOKA TOKO CO., LTD. 10th Anniversary Solutions Fair

To commemorate the 10th anniversary of the founding of TAKAOKA TOKO Holdings Co., Ltd., and to show our gratitude to all of our stakeholders, as well as to make the products and services of the Group better known to a wide range of people, the Company held a solutions fair (a private exhibition) on December 6 and 7, 2022 at Tokyo Kotsu Kaikan in Yurakucho.

Various events were held including the display of panels and actual equipment, as well as lectures and panel discussions. The 2-day event was well-received by the approximately 1,450 visitors.

The solutions fair also provided opportunities leading to future development, including the finalization of joint research.

We intend to take the feedback from our customers and utilize them in the products and services of the Group towards realizing a sustainable society.



Scenes in the Solutions Fair

## Initiatives of the Electric Vehicle Infrastructure Business

To promote the Electric Vehicle Charger Infrastructure Business and raise the Company's visibility, we have been implementing the wrap advertising of distribution ground equipment in Minato ward, Tokyo from April 2023. The advertising is for the new medium-volume, quick charger. The latest advertisements have been displayed in two locations around Shimbashi Station and we will continue to focus on our advertising activities.

Furthermore, we are moving forward with initiatives to spread the use of electric vehicles, such as the adoption for the first time in Japan of the Company's large-volume quick charger which can charge two electric vehicles simultaneously at New Otani Hotel Tokyo, which commenced charging services for its hotel guests in its car park from November 2022. Additionally, as part of proving experiments to examine the issues and benefits of installing electric vehicle chargers on public streets, the Company's quick chargers have been installed at the rotary in front of the Center Minami Station on the Yokohama Municipal Subway Line, in areas near Shiba Park in Tokyo, and in areas where the parking ticket dispensers are located near Daikanyama. Going forward, we will contribute to resolving social issues in an effort to realize a carbon-neutral society by expanding businesses related to the electric vehicle infrastructure.



Wrapping advertisement for distribution ground equipment

## Toward building smart factories

At the small transformer-producing plants that manufacture pole-mounted transformers for electric power companies, initiatives are being implemented toward making model plants for the Company's smart factories. As a part of these efforts, in May 2023, we installed automated equipment used in the process of welding the tank to the pole-mounted transformer. The use of this equipment allows for the welding work that was previously done by an employee to be done by a robot, and the automated delivery of parts is also utilized, which contribute to the labor-saving of operations.

We are planning to expand the use of automated equipment in the future and by building smart factories that fully utilize DX, including greater efficiency and visualization through the linkage of each equipment and the production management system, we will strive to raise our price competitiveness and profitability.



Scenes from the test run of the newly installed automated equipment



Pole-mounted transformer

# Overview of Consolidated Financial Statements

## Consolidated Balance Sheets (in Millions of yen)

Item	Previous Fiscal Year As of March 31, 2022	Current Fiscal Year As of March 31, 2023
<b>[Assets]</b>		
Current Assets	59,001	65,780
Non-current Assets	41,241	40,542
Property, plants and equipment	35,082	34,742
Intangible assets	1,877	1,971
Investments and other assets	4,281	3,828
<b>Total Assets</b>	<b>100,242</b>	<b>106,322</b>
<b>[Liabilities]</b>		
Current Liabilities	25,129	29,015
Long-term Liabilities	19,554	18,847
<b>Total Liabilities</b>	<b>44,683</b>	<b>47,862</b>
<b>[Net Assets]</b>		
Shareholders' Equity	51,226	53,275
Accumulated other comprehensive income	226	509
Non-controlling interests	4,105	4,675
<b>Total Net Assets</b>	<b>55,558</b>	<b>58,460</b>
<b>Total Liabilities and Net Assets</b>	<b>100,242</b>	<b>106,322</b>

Note: Amounts less than one million yen have been truncated.

## Consolidated Statements of Income (in Millions of yen)

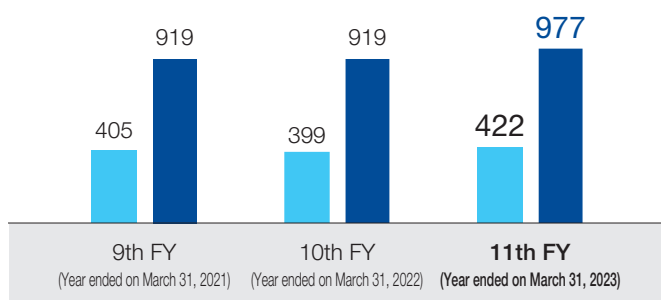
Item	Previous FY From April 1, 2021 to March 31, 2022	Current FY From April 1, 2022 to March 31, 2023
Net sales	91,936	97,752
Cost of sales	71,364	76,202
Gross profit	20,571	21,550
General and administrative expenses	15,946	16,702
Operating income	4,625	4,847
Non-operating income	300	344
Non-operating expenses	753	487
Ordinary income	4,172	4,704
Extraordinary income	970	42
Extraordinary loss	105	335
Income before taxes	5,038	4,411
Income taxes	1,016	935
Net income	4,021	3,476
Profit attributed to non-controlling interests	742	556
<b>Profit attributable to shareholders of the parent company</b>	<b>3,279</b>	<b>2,919</b>

Note: Amounts less than one million yen have been truncated.

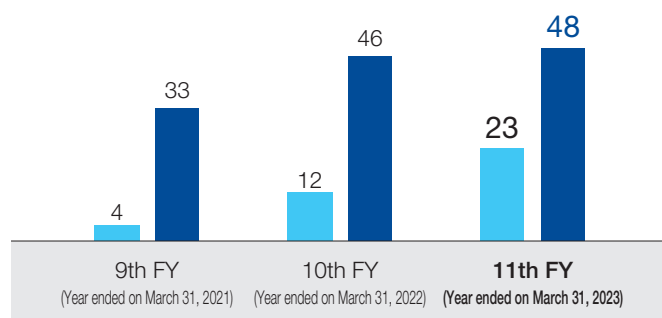
## Consolidated Financial Highlights

■ First Half FY ■ Full FY

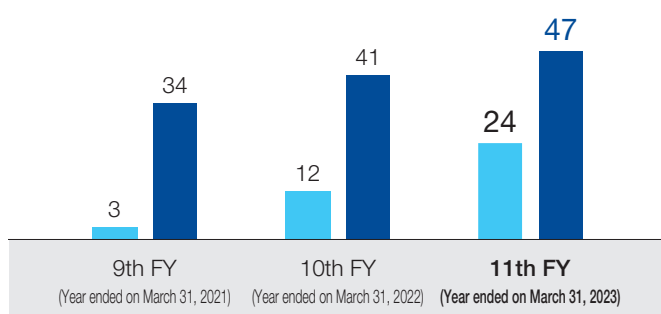
### Net sales (in Hundreds of millions of yen)



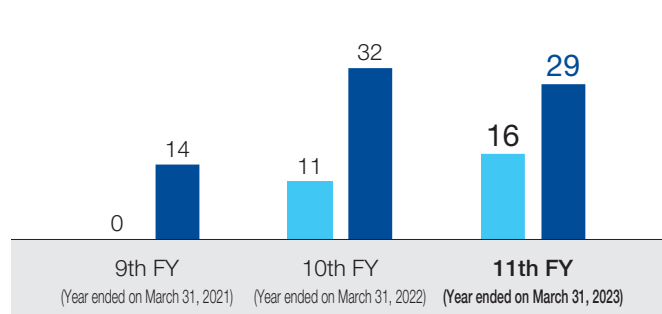
### Operating income (in Hundreds of millions of yen)



### Ordinary income (in Hundreds of millions of yen)



### Profit attributed to shareholders of the parent company (in Hundreds of millions of yen)



Note: Amounts less than one hundred million yen have been truncated.

## Company Profile

Company Name: TAKAOKA TOKO CO., LTD.

Established on: October 1, 2012

Capital: 8 billion yen

Head Office: 8F Toyosu Prime Square  
5-6-36 Toyosu, Koto-ku, Tokyo 135-0061 Japan  
TEL: +81-3-6371-5000  
FAX: +81-3-6371-5436

Affiliated Companies: Takaoka Engineering Co., Ltd.  
TAKAOKA CHEMICAL CO., LTD.  
Toko Kizai Corporation  
Takaoka Densetsu Co., Ltd.  
FUSHUN TAKAOKA SWITCHGEAR COMPANY LIMITED  
Applied Technical Systems Joint Stock Company  
WATT LINE SERVICE Co., Ltd.  
Toko Electric (Suzhou) Co., Ltd.  
Toshiba Toko Meter Systems Co., Ltd.  
TAKAOKA TOKO KOREA CO., LTD.  
TACTICO, Ltd.  
DEXCO, LTD.  
MintWave Co., Ltd.

## Directors (as of June 29, 2023)

President and Representative Director	<b>Takashi Ichinose</b>	Director	<b>Akira Uemura</b>
Director	<b>Tatsuya Wakayama</b>	Director (Full-Time Audit and Supervisory Committee Member)	<b>Yoshinori Kurosawa</b>
Director	<b>Kunihiko Mizumoto</b>	Director (Audit and Supervisory Committee Member)	<b>Yuichiro Takada</b>
Director	<b>Yoshinori Kaneko</b>	Director (Audit and Supervisory Committee Member)	<b>Kishiko Wada</b>
Director	<b>Yoshihito Morishita</b>		
Director	<b>Yasuhiro Mishima</b>		

\* Directors Yoshinori Kaneko, Yoshihito Morishita, Yasuhiro Mishima, Akira Uemura, Yuichiro Takada, and Kishiko Wada are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.

## Share Information

Total number of authorized shares 40,000,000

Total number of outstanding shares 16,216,041  
(Excluding 60,264 treasury shares)

Number of shareholders 13,907

### List of Major Shareholders (Top 10)

Name of Shareholder	Shares Held (shares)	Shareholding Ratio (%)
TEPCO Power Grid, Incorporated	5,671,260	34.97
The Master Trust Bank of Japan, Ltd. (Trust account)	1,519,000	9.36
Custody Bank of Japan, Ltd. (Trust account)	566,600	3.49
TAKAOKA TOKO Employees' Stock Holding Association	299,064	1.84
DFA INTL SMALL CAP VALUE PORTFOLIO	252,044	1.55
TAIJU LIFE INSURANCE COMPANY LIMITED	209,700	1.29
CACEIS BANK, LUXEMBOURG BRANCH / UCITS CLIENTS ASSETS	204,100	1.25
Meiji Yasuda Life Insurance Company	200,000	1.23
THE CHASE MANHATTAN BANK, N.A. LONDON	147,700	0.91
TAKAOKA TOKO Chubu District Cooperative Companies' Stock Holding Association	124,963	0.77

Note: Shareholding ratios are calculated after deducting treasury stock (60,264 shares).

## Shareholder Memo

Fiscal year: April 1 through March 31 of the following year

Annual general meeting of shareholders: Late June every year

Record date  
Voting rights at an annual general meeting of shareholders: March 31  
Year-end dividends: March 31  
Interim dividends: September 30

Number of shares per unit: 100

Administrator of shareholder registry:  
Sumitomo Mitsui Trust Bank, Limited  
1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Mailing address:  
(Contact for telephone inquiries)  
Stock Transfer Agency Department  
Sumitomo Mitsui Trust Bank, Limited  
2-8-4 Izumi, Sugunami-ku, Tokyo 168-0063 Japan  
Tel. 0120-782-031 (toll-free in Japan)

Contact points: Sumitomo Mitsui Trust Bank, Limited  
Main office and branches across the country

Method of public notices  
Public notices of the Company shall be published on its website described below: <https://www.tktk.co.jp/ir/stockinfo/publicnotice/>

Financial instruments exchange on which the Company's stock is listed:  
Prime Market of the Tokyo Stock Exchange (as of April 4, 2022)

### Contact information for changes in addresses, purchase of shares less than one unit and other requests:

Please contact the securities company where you have accounts.  
Shareholders who hold special accounts in lieu of accounts at securities companies are requested to contact Sumitomo Mitsui Trust Bank, Limited, the account manager for special accounts.  
Requests for forms pertaining to procedures for special accounts are also handled at the following URL:  
<https://www.smtb.jp/personal/procedure/agency/>

### Payment of unclaimed dividends:

Please contact Sumitomo Mitsui Trust Bank, Limited, the administrator of the share registry.