



INTEGRATED REPORT 2023



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Driving Force behind Value Creation

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Message from the President

President Ichinose speaks about our results in fiscal 2022 and his passion for the next Medium-term Management Plan in order to realize the 2030 VISION.

Point 2

CFO Message

CFO and Managing Executive Officer Okame will explain our company's efforts to improve PBR and our dividend policy. In addition, on page 58, we report on the status of dialogue with shareholders and investors as a new initiative.

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Roundtable Discussion with Independent Outside Directors

Four independent Outside Directors and President and Representative Director Ichinose held a roundtable discussion for reflecting on fiscal 2022 and what we expect from the Company in fiscal 2023.

TAKAOKA TOKO Co., Ltd. Integrated Report 2023 Explanation of Cover



[Work title] Our City
[Creator] Takehiro Kato

[Creator's comment]
I envisioned the city of the future and created it. I drew it while thinking about various things, such as what energy will be like in the future, whether we can coexist with nature, and how nice it would be to have a fun city where people enjoy living. I hope that the people living in this city will be happy.

We sponsor Paralym Art to support the social participation and independence of people with disabilities.

Paralym Art is a social contribution project run by the SHOUGAISHA JIRITSU SUISHIN KIKOU ASSOCIATION, which aims to help disabled artists participate in society and become economically independent. The system works such that sponsoring companies and individuals acquire the rights to use the work, and the creator is compensated.

TAKAOKA TOKO supports the purpose of this activity and, as an official partner, will contribute to the social participation and economic independence of people with disabilities, the promotion of culture and art, and the realization of a diverse society.



Editorial Policy

Our purpose is to organize information related to the TAKAOKA TOKO Group's CSR activities and corporate value creation in an easy-to-understand manner, and to facilitate further communication with all stakeholders, including shareholders and investors. In the editing process, we refer to the International Integrated Reporting Council (IIRC)'s International Integrated Reporting Framework, the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, and the Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines and Standards.
[Published] September 2023

Consideration for Readers

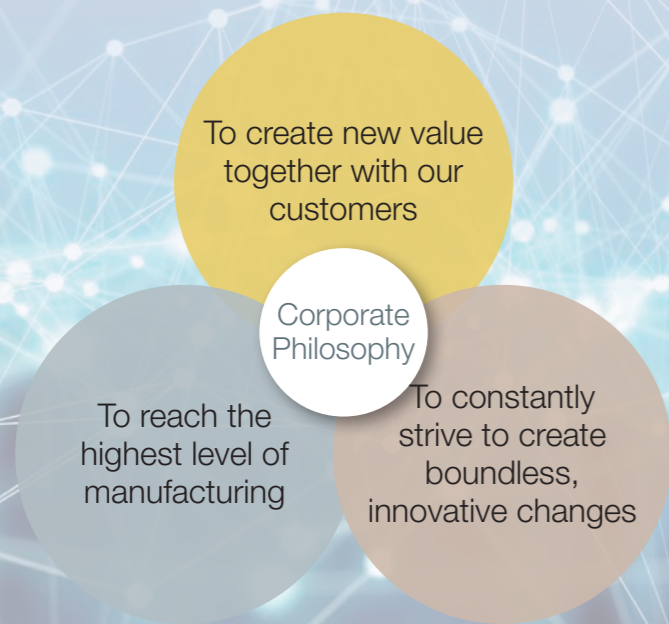
In order to deliver information to people in various positions, we tried to create this report with universal design in mind. Regarding the use of colors, we have made considerations for readability while keeping color vision barrier-free in mind. In addition, the universal design (UD) font is used for text, and the font size for leads, headings, and body text is set to 12.5Q or higher to ensure readability.

TAKAOKA TOKO's Corporate Philosophy and Vision

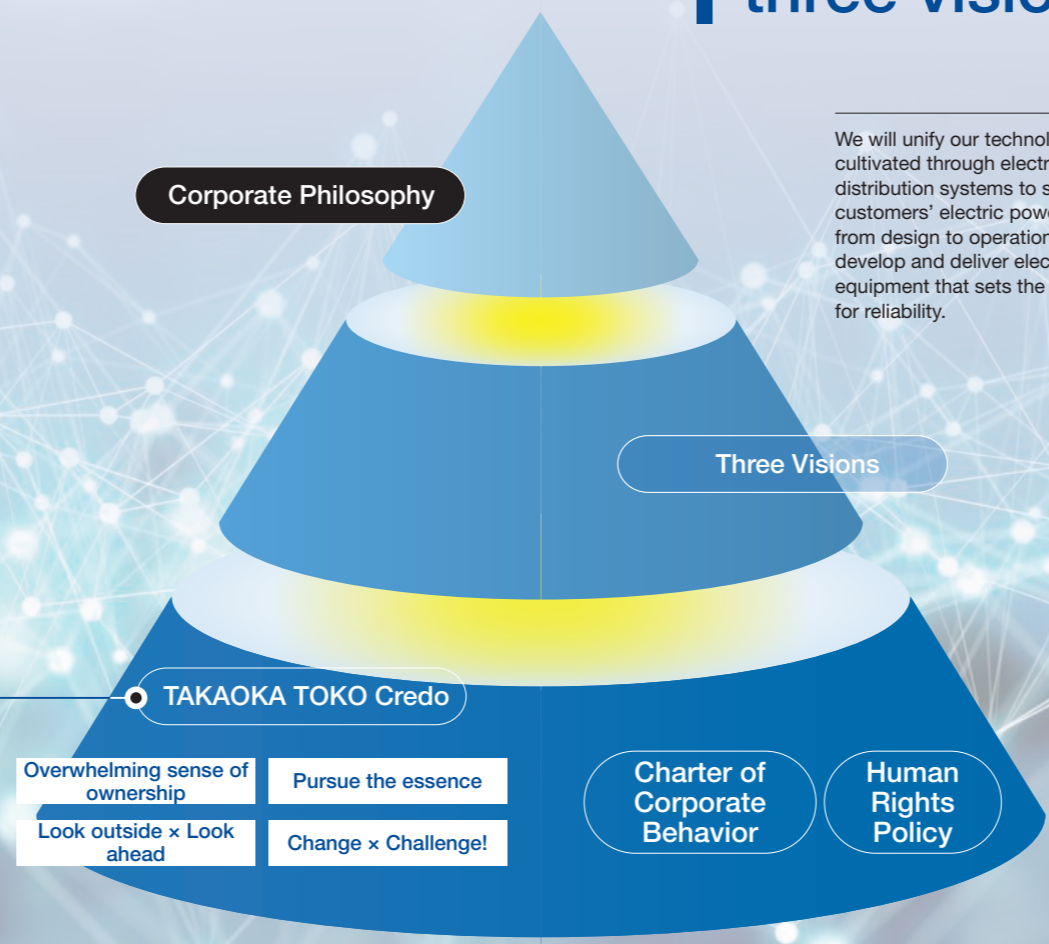
TAKAOKA TOKO's corporate philosophy is **to create new value together with our customers, to reach the highest level of manufacturing, and to constantly strive to create boundless, innovative changes.** We aim to build a company that takes on challenges for new possibilities, valuing the trust of our customers and our passion for technology. As a company that provides total support for electric power networks, we will contribute to a sustainable society through businesses that respond to the increasing sophistication and diversification of energy use, shifting from selling products such as electric power distribution systems.

Corporate Philosophy

TAKAOKA TOKO: Toward a Brighter Future

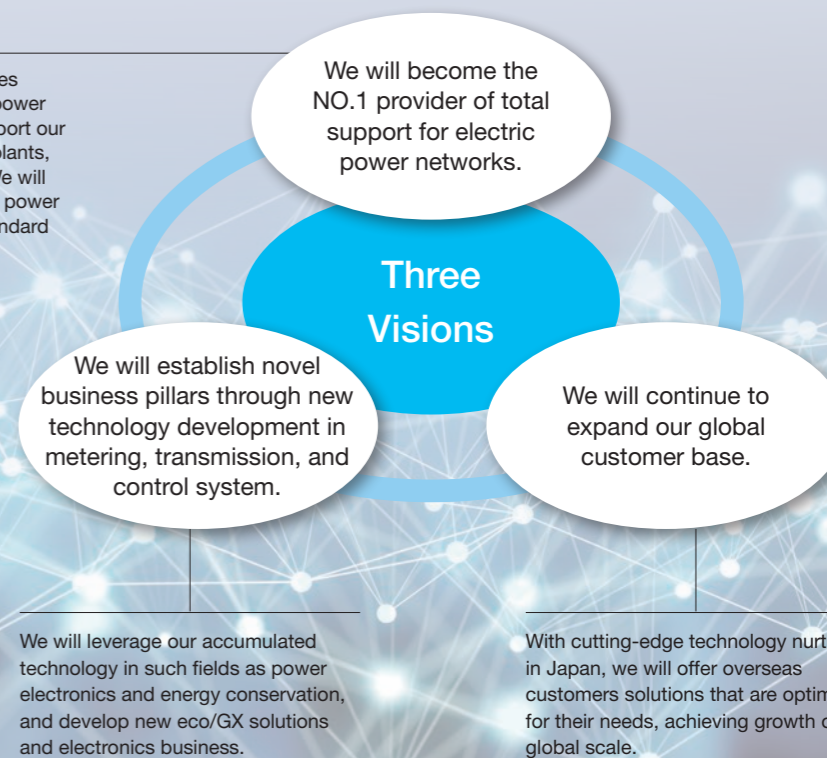


Corporate Philosophy



Three Visions

TAKAOKA TOKO will leverage its accumulated technology to realize three visions.



To realize our vision based on our corporate philosophy, **TAKAOKA TOKO Credo** expresses clearly and practically the grounds for thinking and acting as a common belief and value throughout the company, including employees and managers.



Symbol

The emblem of our determination to pioneer boundless possibilities **T-infinity**



T-infinity

T is the first letter of the words **Technology, Try** and **TAKAOKA TOKO**. By combining the letter **T** with the symbol of ∞ (infinity), the emblem stands for our determination to pioneer unlimited possibilities based on technologies and abundant experiences.

Corporate Development

The TAKAOKA TOKO Group was established through the business integration in 2012 (with full integration in 2014) of Takaoka Electric Mfg. Co., Ltd. and Toko Electric Corporation, which have a history and track record of supporting the stable supply of electricity for nearly 100 years.

By fully integrating the two companies, we accelerate business reform and corporate development aiming for increasing corporate value, and create a sustainable value creation story together with all stakeholders.

Main History of Toko Electric Corporation



Toko Building around 1945

1939
Changed the company name to Toko Electric Corporation

1938
Toden Denkyu Co., Ltd., Shibaura Denki Kogyo Co., Ltd., and Toden Denki Shohin Co., Ltd. merged to establish Toden Denkyu Co., Ltd.

1928
Established Toden Denkyu Co., Ltd. in Ryogoku, Fukagawa-ku, Tokyo, Japan

1920
Developed a disconnector

1918
Established Takaoka Electric Mfg. Co., Ltd. in Takaoka Town, Nagoya City



Factories when the company was located in Takaoka

1932
Developed a 5,000 kVA three-phase voltage transformer

1945
Produced consumer products such as electric cooling stove and iron

1940
Moved the company headquarters to Tokyo



Disconnector

1958
Began contracted business of expired electricity meter replacement



Immersion-proof LED lighting

1948
Began the manufacture and sales of fluorescent lamp

1962
Constructed a factory for the equipment manufacturing departments in Hasuda City, Saitama

1962
Constructed a new factory dedicated for power transformers in Oyama City, Tochigi



Gas-insulated switchgear

1969
Began the manufacture and sales of 6 kV molded type voltage transformers



6 kV voltage transformers for power supply/demand (Molding voltage and current transformers (VCT))

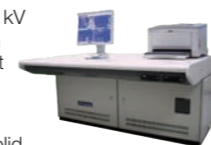
1971
Began the manufacture and sales of high-voltage air switches



Automatic switch

1981
Delivered a central substation monitoring control system

1975
Completed a 550 kV disconnector with the world's largest voltage



MUDIC

1971
Developed the first 6 kV solid insulated switchgear in Japan

1997
Constructed the Hamamatsu Techno Center in Hamamatsu City, Shizuoka. Acquired the US patent for the 3D Visual Inspection System and then began the sales of the device



3D Visual Inspection System

2004
Began the sales of Top Runner Program (High efficiency voltage transformer)



Pole mounted transformers

2002
Established MintWave Co., Ltd., as the first IT company dedicated for thin client system in Japan



Thin client system

2007
Delivered a quick charger for electric vehicles

2010
Constructed a new disconnector factory in Oyama factory and established a distribution network verification test station

2013
Began the agency business for American-based SEL

2009
Began the sales of STINC
Established Toshiba Toko Meter Systems Co., Ltd.



STINC



Smart meter

2014
Completed construction of a smart meter production plant (assembly & warehouse buildings) in Hasuda district, Saitama

October 2012
Established TAKAOKA TOKO Holdings Co., Ltd.

2005
Established Toko Electric (Suzhou) Co., Ltd.

2004
Completed the construction of Oval Court Osaki Mark East



Oval Court Osaki Mark East

2017
Established the Metering Business Division to integrate sales and production functions of the metering business
Established TOKO TAKAOKA KOREA CO., LTD., a South Korean joint venture for gas-insulated instrument transformers

2015
Toko Koun Corporation changed its company name to WATT LINE SERVICE Co., Ltd.

2020
Transitioned from a company with company auditors to a company with audit and supervisory committee

2022
Transitioned from the First Section to the Prime Market segment due to the revision of the market classification of the Tokyo Stock Exchange
Established the GX Solution Business Division to provide versatile solutions toward the realization of carbon neutrality

2019
Acquired shares in Applied Technical Systems Joint Stock Company, a company headquartered in Hanoi, Vietnam, making it an affiliated company accounted for by the equity method
Established the DX Kaizen Promotion Division and the Quality Management Division with the aim of accelerating digitalization activities and improving Kaizen activities and quality control functions

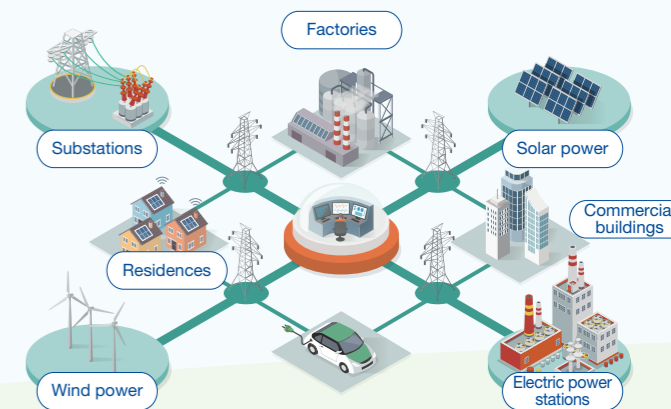
April 2014
Established TAKAOKA TOKO Co., Ltd., through full integration

Main History of Takaoka Electric Mfg. Co., Ltd.

Contributing to Social Infrastructure

The TAKAOKA TOKO Group provides products and services that support the stable supply of electricity, for both customers who supply electricity, such as electric power companies, and those who require a large amount of electricity, such as companies and local governments. Furthermore, by creating and establishing new businesses such as information electronics, energy saving, and smart grids, we contribute to the creation of a prosperous society in a variety of fields.

Contributing to the realization of autonomous local communities with EMS technology



Electric Equipment Business

- 1** Spot network power distribution systems for commercial buildings
- 2** Extra-high-voltage substation facilities for industrial and public use
- 3** Disconnector
- 4** Substation facilities for electric power
- 5** Monitoring and control systems for purification centers
- 6** Mold voltage transformers
- 7** Internal sensor-equipped automated pole-mounted switch
- 8** Pole mounted transformers
- 9** Lightning current ammeter for wind power generation equipment
- 10** Pad-mounted distribution voltage transformers
- 11** Environmentally friendly voltage transformers



Metering Business

- 12** Earthed voltage transformers (outdoor gas-insulated type)
- 13** Voltage transformers for power supply/demand (epoxy-mold VCT)
- 14** Smart meters

GX Solution Business

- 15** Quick charger for electric vehicles
- 16** Power conditioners for electric vehicles (Smaneco V2H)
- 17** Automated meter-reading system
- 18** Lighting and air conditioning energy saving control system (T-Zone Saver)

Applied Optics Inspection System Business

- 19** Data Business
- 20** Local production for local consumption energy system (RESOL NO MORI)
- 21** Proposals (LED lighting)
- 22** Thin client terminal
- 23** 3D inspection systems

At a Glance

TAKAOKA TOKO Group at a Glance

As of March 2023

We have a system that can comprehensively provide products and systems related to power distribution and usage, from power transmission and transformation to power distribution equipment, metering and measuring equipment, and energy management systems. In addition, we are focusing on initiatives in new fields such as quick chargers for EVs, which are expected to become common with a move toward carbon neutrality, and 3D bump inspection equipment used to inspect minute connection electrode shapes on semiconductor package substrates.

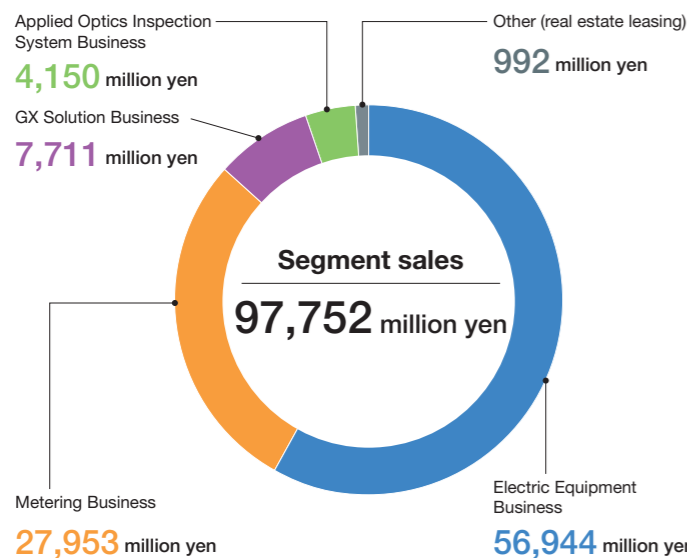
Electric Equipment Business

Sales revenue **56,944** million yen
Segment profit **5,214** million yen



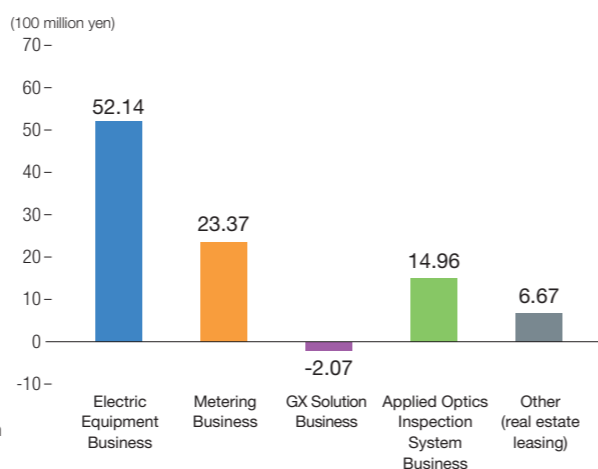
Metering Business

Sales revenue **27,953** million yen
Segment profit **2,337** million yen



Segment profit

9,508 million yen



GX Solution Business

Sales revenue **7,711** million yen
Segment loss **207** million yen



Applied Optics Inspection System Business

Sales revenue **4,150** million yen
Segment profit **1,496** million yen



Other (real estate leasing)

Sales revenue **992** million yen
Segment profit **667** million yen

Equity ratio

53.2% (TAKAOKA TOKO, non-consolidated) **50.6%** (Group companies, consolidated)

In the fiscal year ended March 31, 2022, the ratio reached the 50% level for the first time on a consolidated basis since the business integration. We continued to maintain the 50% level in the fiscal year ended March 31, 2023. Going forward, we aim to improve capital efficiency by striving to shorten the working capital turnover period.

Number of products

96 (TAKAOKA TOKO, non-consolidated) **130** (Group companies, consolidated)

We provide products and services to our customers with an extensive product lineup. Among these products, our quick charger for EVs has the No. 1 market share in Japan (cumulative basis).

Number of suppliers

1,348 (TAKAOKA TOKO, non-consolidated) **2,206** (Group companies, consolidated)

Our products include a wide variety of materials and parts, and we place great importance on maintaining a good relationship with each supplier.

Number of manufacturing sites

3 (TAKAOKA TOKO, non-consolidated) **6** (Group companies, consolidated)

We have four manufacturing sites in Japan: Oyama Area Office, Hasuda Area Office, Hamamatsu Area Office, and Nagoya Area Office. Our factories and consolidated subsidiaries work closely together in business operations. Our overseas manufacturing sites include one consolidated subsidiary in Suzhou, China, and one non-consolidated subsidiary in Gyeongsangnam-do, South Korea. We are working with manufacturing sites in Japan to expand our overseas business.

Number of sales sites

14 (TAKAOKA TOKO, non-consolidated) **21** (Group companies, consolidated)

In order for many customers to use our products, we have sales departments at our head office, as well as branch offices and sales offices across Japan, forming a wide-ranging sales network.

Number of R&D sites

3 (TAKAOKA TOKO, non-consolidated) **6** (Group companies, consolidated)

We conduct research and development in close cooperation between the sales departments and the R&D departments, based on our accumulated measurement, transmission, and control technologies.

Number of patents held

129 (TAKAOKA TOKO, non-consolidated) **251** (Group companies, consolidated)

We appropriately apply for patents and protect our know-how according to the characteristics of our business, and make effective use of our intellectual property for our business.

Number of qualified personnel (Construction Business Act related)

901 (TAKAOKA TOKO, non-consolidated) **1,051** (Group companies, consolidated)

We employ qualified personnel such as certified professional engineers and first-class construction managing engineers, and we are working to ensure safe electrical work and increase orders for plant projects.

Female employee ratio

9.8% (TAKAOKA TOKO, non-consolidated) **12.1%** (Group companies, consolidated)

By conducting regular diversity training, we are not only training female managers, but also creating an organization where many employees can play an active role.

Energy usage

8,388 crude oil equivalent kL (TAKAOKA TOKO, non-consolidated)

We are working to rationalize and reduce energy use in order to alleviate global warming and energy resource depletion.

GHG emissions

17,181 t-CO₂ (TAKAOKA TOKO, non-consolidated)

We are working to reduce GHG emissions from energy by actively using renewable energy and introducing green electricity.

Total amount of waste (in Japan)

1,864 t (TAKAOKA TOKO, non-consolidated)

From the perspective of effective resource use and the shortage of final disposal sites, we are advancing initiatives to reduce the amount of waste we generate by using materials more efficiently and reviewing packaging while taking into account resource circulation.

Introduction
Value Creation Story
Message from the President
Management Strategy
Non-financial Information
Performance Highlights
Corporate Information

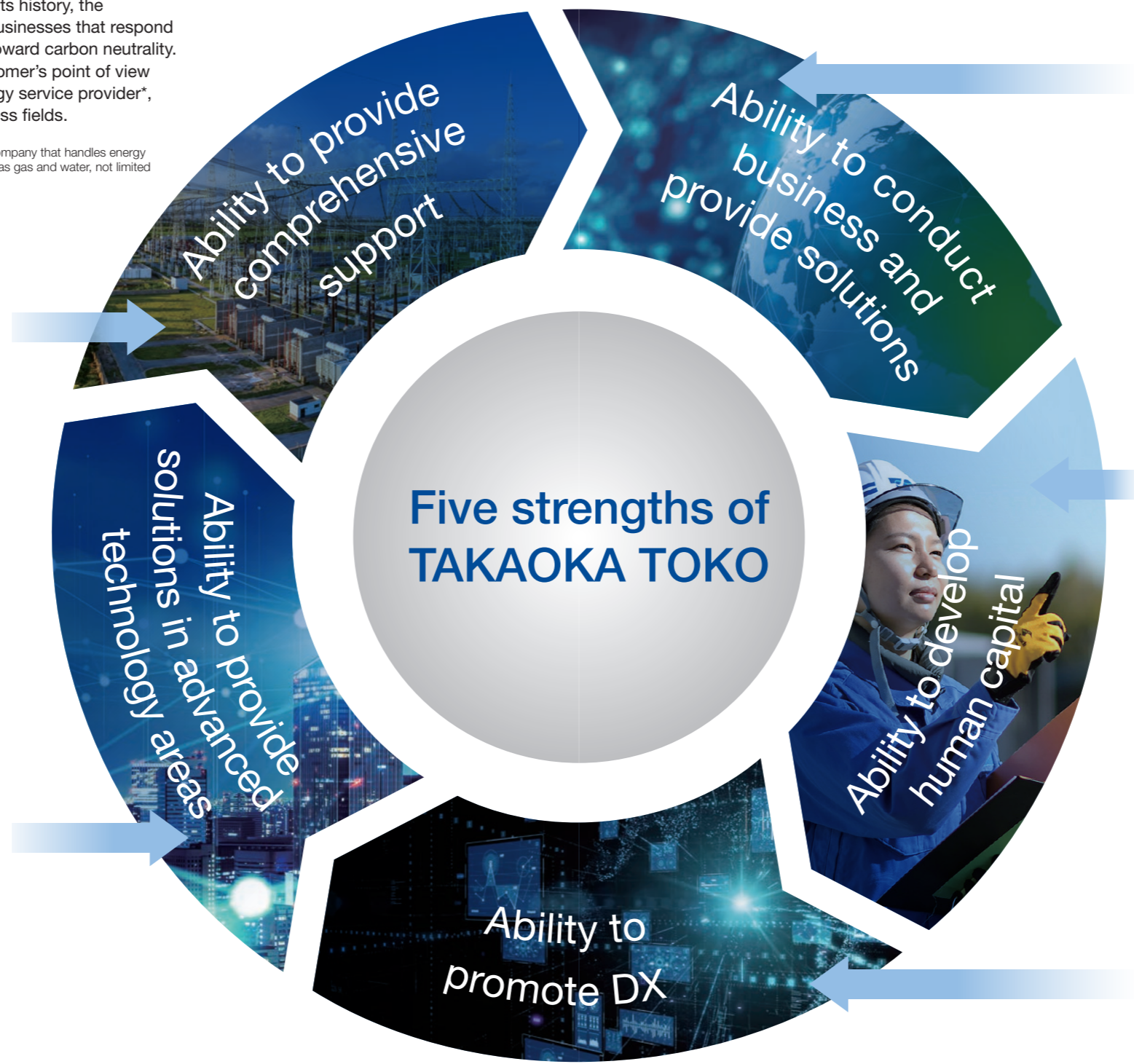
Strengths We Have Developed

Five strengths of TAKAOKA TOKO developed over its 100-year history, and evolving further into the future

The TAKAOKA TOKO Group has been working to support power networks under its corporate philosophy: **to create new value together with our customers, to reach the highest level of manufacturing, and to constantly strive to create boundless, innovative changes.**

Making the most of its five strengths developed through its history, the Company will contribute to a sustainable society through businesses that respond to demand for advanced and diverse forms of energy use toward carbon neutrality. Moreover, TAKAOKA TOKO intends to incorporate the customer's point of view and provide dependable services as a comprehensive energy service provider*, revolutionizing its core business and pioneering new business fields.

* Comprehensive energy service provider: Defined by TAKAOKA TOKO imagining a company that handles energy for social infrastructure in general, in fields that include various types of energy such as gas and water, not limited to electricity.



Ability to provide comprehensive support for constructing and operating entire power networks

We combine the technologies we have developed with power distribution systems, and provide our customers with comprehensive support services for solving challenges they face, including the construction, operation, and digitization of power plants, as well as system analysis tailored to difficulties associated with the future introduction of large quantities of renewable energy.

Ability to provide solutions in advanced technology areas such as next-generation networks

To date, we have participated in demonstration projects on islands, off-grid, semi-off-grid, P2G, etc., and have worked to improve EMS technology. As the market for independent local energy business is expected to grow, we will pursue next-generation power distribution business in the future, utilizing DAS^{*1}/DERMS^{*2} technology. Moreover, in addition to the power and energy areas, we will refine our semiconductor inspection technology at an accelerated pace, placing us in the top tier of the high-end market.

^{*1} DAS: Distribution Automation System
^{*2} DERMS: Distributed Energy Resource Management System

Ability to conduct business and provide solutions on a global scale

TAKAOKA TOKO is a company that offers comprehensive support services for power networks, combining the power infrastructure business it specializes in and the GX solutions business it conducts for the effective use of energy. The Company helps build a sustainable society through its business activities adapted to its customers' advanced and diverse use of energy.

Ability to develop human capital, strengthening individuals and leveraging individual strengths

We develop human capital who works enthusiastically to achieve the goal, passing down accumulated techniques and expertise principally by means of on-the-job training supplemented by off-the-job training programs. Furthermore, we are committed to building a corporate culture that enables diverse people to play an active role, and to developing personnel strategies closely aligned with the management strategy.

Ability to promote DX combining Kaizen expertise and digital technology

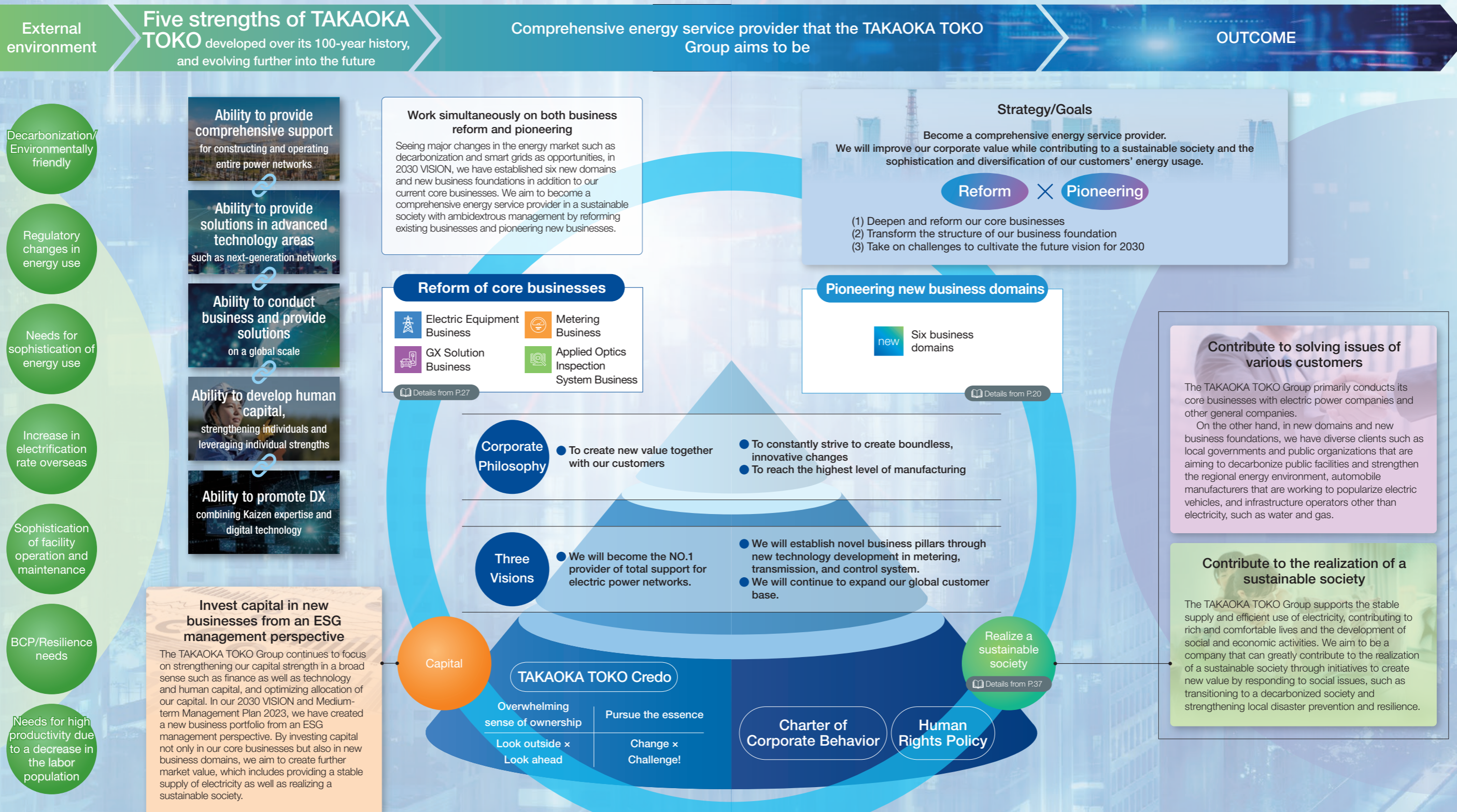
We update our business model and improve productivity and work efficiency through synergy between digital technology and continuously pursued corporate-wide Kaizen activities. Along with these approaches, we make innovations possible by utilizing leading-edge digital technology and data to help solve social challenges such as decarbonization, disaster prevention, and disaster resilience.

Value Creation Model

Creating Value through Business

The TAKAOKA TOKO Group has been working to support power networks under its corporate philosophy: **to create new value together with our customers, to reach the highest level of manufacturing, and to constantly strive to create boundless, innovative changes.**

The Company will contribute to a sustainable society through businesses that respond to demand for advanced and diverse forms of energy use toward carbon neutrality. Moreover, TAKAOKA TOKO intends to incorporate the customer's point of view and provide dependable services as a comprehensive energy service provider, revolutionizing its core business and pioneering new business domains.



Taking on the challenge of enhancing corporate value through ambidextrous management that pursues reform and pioneering in a balanced manner

Takashi Ichinose

President and Representative Director



Seeing crisis as an opportunity to foster even more trust

First of all, as announced on May 16, 2023, incidents of improper testing regarding certain instrument transformer products were also detected, which caused great concern and inconvenience to our customers, shareholders, business partners, and other stakeholders. Once again, I sincerely and deeply apologize.

In response to the incidents of impropriety regarding the pre-shipment inspection of gas insulated switchgear detected in August 2021, we have been promoting company-wide initiatives to prevent recurrence from four perspectives: **Rebuilding the QMS (Quality Management System), Strengthening human capital development, Enhancing communication, and Reforming awareness and culture.** In these circumstances, we became aware of the incidents as a result of an internal whistleblowing report by an employee.

Although there is an opinion that the incidents were cases of recurrence, the incidents did not come to light earlier because the comprehensive investigation conducted in response to the previous incidents did not cover similar events. Accordingly, we will once again conduct a comprehensive investigation covering all of our products to investigate the reasons for the occurrence of the incidents and the root causes of why they were not detected and remediated sooner. We will assess the effectiveness of the measures currently being taken to prevent recurrence, and examine and implement the necessary additional measures.

We believe that the fact that the incidents were detected by an employee's whistleblowing indicates that a certain degree of progress has been made in creating a working environment with an open atmosphere conducive to enhanced communication in the workplace. This crisis presents us with a final opportunity to change into a company **strong in safety and quality and customer-oriented and always up to the challenge.** With all our employees sharing the aspiration to overcome this crisis and restore our company, we are making a company-wide effort to reinstate confidence in TAKAOKA TOKO.

Record high profit due to an increase in orders received for 3D inspection systems

Looking back at operating results for fiscal 2022, consolidated net sales were 97.8 billion yen, up 6.3% year on year, and operating profit was 4.8 billion yen, up 4.8% year on year, record high profit since the foundation of the Company.

The increase in net sales was mainly attributable to a substantial increase in orders received for 3D inspection systems in line with strong capital investment in the semiconductor industry, as well as orders received by the Metering Business for smart meters and other products in general, and orders received for disconnectors, power distribution equipment, and other products. Moreover, our sales efforts contributed, including overall optimization of selling prices.

Meanwhile, on the profit front, in addition to an increase in profit in line with higher sales, other contributing factors included improved profitability in existing businesses due to digital transformation (DX), cost reductions through procurement reforms, and improved productivity through kaizen activities (see page 23 for details).

As one of the initiatives undertaken in order to become a comprehensive energy service provider, the objective set forth in the 2030 VISION and the Medium-term Management Plan 2023 announced in April 2021, we established the GX (green

transformation) Solution Business Division in June 2022. The GX Solution Business Division integrates previously separate GX-related businesses to achieve, through overall optimization, the flexible provision of systems and solutions in a single organizational framework, thereby contributing to GX of the overall economic and social system to achieve a carbon neutral society.

Although the GX Solution Business Division is still making a loss, energy management of buildings, for which we are collaborating with a major construction company, is profitable. With regard to quick chargers for EVs, whose diffusion is progressing rapidly, we have about a 40% share of the market, and as the supply chain disruptions have largely ceased and procurement of semiconductors and other components has stabilized, a profitable operation is now in prospect.

In December 2022, we held a private exhibition for the first time in six years to commemorate the 10th anniversary of the founding of TAKAOKA TOKO. We welcomed approximately 1,450 customers and business partners to this event titled 2022 TAKAOKA TOKO 10th Anniversary Solutions Fair and introduced our products that support stable supply and efficient use of electricity, as well as new technologies and solutions that will lead GX from now on. The exhibition also created opportunities for future development, including a decision to proceed with joint research.

The next Medium-term Management Plan will take measures to unleash our potential in actual business

Two years have passed since I assumed the position of president, and I feel once again that TAKAOKA TOKO is a company with tremendous potential.

Our mainstay equipment and systems for electric power companies and general industries include equipment for power receiving, transforming, and distribution, monitoring and control systems, and smart meters. In addition, we have a wide range of technologies and business domains, including EV infrastructure, EMS, automatic meter readings and joint meter readings, SCADA*/DAS, smart grid, and overseas engineering, for responding to social issues from now on, such as carbon neutrality and disaster prevention and resilience. I feel that we have high potential for growth.

On the other hand, we must turn this potential into actual business and put it on a growth track. The next medium-term management plan, which is scheduled to be announced in 2024, will correspond to the phase in which we unleash this potential in actual business. The three key aspects of the plan will be **selection and centralization of existing core businesses, pioneering of new business domains, and a resource strategy** to realize these goals.

In particular, we will thoroughly refine existing core businesses and accelerate structural reforms to enhance market competitiveness and profitability and to generate management resources, i.e., people, things, and money. At the same time, by effectively utilizing the resources we generate, we will take on the challenge of pioneering new businesses and markets and creating value for customers. The key point of the next medium-term management plan will be aggressive ambidextrous management in order to reform and pioneer in a balanced manner.

*SCADA: Supervisory Control And Data Acquisition. A centralized monitoring and control system for power network utility grids

Development of human capital capable of promoting ambidextrous management

Let me discuss current initiatives and the orientation of the three key aspects of the next medium-term management plan. With regard to our existing core businesses, we have established the Core Business Restructuring Committee within the Company where various topics are discussed. Unprofitable businesses are among the topics and we consider withdrawal from unprofitable businesses to be an option. Moreover, as part of our supply chain reforms, we are moving production sites from Japan to locations overseas. The most recent development in this regard is that, in May 2023, we concluded an agreement with HANAOKA-PTM in Vietnam on the transfer of manufacturing technology for power transformers. We are considering positioning HANAOKA-PTM as a production site for power transformers for overseas markets in the future. In addition, as our production sites in Hasuda and Oyama in Japan have become aged, we will review their positioning, with renewal as one possibility.

With regard to the pioneering of new business domains, in the 2030 VISION we have identified six domains: infrastructure business supporting an electric vehicle society, PPP/PFI business, next-generation power distribution business, new metering business, digital substations, and overseas alliances. The next medium-term management plan will lay out roadmaps for these six new business domains. We may review these business domains that we are currently pursuing and integrate them from a neutral viewpoint or set up a new business domain.

As for the resource strategy, we will consider the allocation of resources, including investment in human capital, capital investment, investment in alliances and other cooperative arrangements, investment in plant restructuring, and dividends to shareholders, and formulate a strategy accordingly.

In particular, human capital capable of promoting ambidextrous management are indispensable. I believe it is necessary to develop human capital capable of both honing and deepening the existing businesses and of creating added value and earning profits in new domains, and we have to do so in a more systematic, effective and efficient, and agile manner. For this purpose, in June 2023 we established the Human Capital Development Center as an organization to promote **boosting employees' desire to grow** and **developing top-notch talents in the industry** with the aim of enhancing and effectively utilizing human capital for increased corporate value.

The Center provides opportunities for employees to actively engage in enhancing their capabilities and creating a strong organization. It seeks to do so by cultivating an environment in which each and every employee can strive to achieve their own growth and improve their technical skills and a working environment in which human capital with diverse expertise, values, and experiences is predisposed to join forces to co-create.

Do the right things right—Practice the motto I introduced at the start of the year

This motto also relates to the incidents of impropriety I mentioned at the outset. By placing the highest priority on safety, quality, and compliance in all our business activities, we aim to establish a corporate culture in which ensuring compliance with laws and regulations as well as corporate ethics is emphasized.

As part of these efforts, we have designated June and October every year as Corporate Ethics Months, July as Safety Enhancement Month, November as Quality Month, and August 23 as 8.23 Q-up Day. We are implementing various measures to raise and disseminate awareness of safety, quality, and compliance.

I would like the TAKAOKA TOKO Group Conduct Guidelines to be instilled throughout our workforce to such an extent that they become part of our employees' DNA. Then, individual employees will take the initiative in refining technology and skills, thinking and acting with sincerity and enthusiasm, and at the same time, people with diverse expertise and values will join forces, work as a team, and share wisdom to achieve synergy. I would like to develop such people and organizations so as to maximize the potential of individuals and teams.

At the 2023 New Year's gathering, I introduced the motto for this year, **Do the right things right**, and suggested **three check points**, i.e., **Will it be beneficial to customers? Will it be beneficial to society?** and **Will it be beneficial for the tomorrow we are aiming for?**

I requested our employees to review their business processes and the actual situation of their work, and if there is anything that they feel is not **the right thing**, including past events, they are requested to report and seek advice without covering it up, and to work on prompt correction and kaizen.

It is the job of everyone at TAKAOKA TOKO to raise awareness of safety, quality, and compliance and to practice **Do the right things right** in our daily work and everyday life.

Quick chargers for EVs contribute to a sustainable society

The Company's Sustainability Fundamental Policy states our unchanging mission: to contribute to a rich and comfortable life and the development of socioeconomic activities by providing equipment and systems supporting stable supply and efficient use of electricity.

It also states our new mission: to create solutions for new social issues, including carbon neutrality and the strengthening of disaster prevention and resilience of local communities, and contribute to realizing a sustainable society.

As a specific initiative to achieve carbon neutrality by 2050, we are working to reduce energy-derived CO₂ and reduce emissions of SF₆ (sulfur hexafluoride), which is a greenhouse gas, through the effective use of renewable energy and energy conservation.

In June 2022, the Group announced its support for the Task Force on Climate-Related Financial Information Disclosure (TCFD) proposals and disclosed information on climate change in accordance with the TCFD requirements.

We recognize that the increased opportunity for orders of quick chargers and other related businesses due to the increasing adoption rate of EVs will have a large impact. This presents a huge opportunity for the Group. Going forward, we will, among other measures, further expand our product lineup, provide a one-stop service including everything from design and construction through to maintenance, reduce costs in terms of both products and construction, and promote the transition to IoT. In doing so, we will continue to respond to the various demands of our customers regarding the usage of EVs.

Establish the Investor & Public Relations Group to strengthen the dissemination of information

In June 2022, we carried out a reorganization, establishing the Investor & Public Relations Group in the Corporate Planning Department. Its mission is to enhance corporate value by strengthening the dissemination of information to customers, institutional investors, and other stakeholders inside and outside the Company.

The Investor & Public Relations Group is actively disseminating information to shareholders and other stakeholders. We understand that the recognition of the Company among the general public is still low. We intend to aggressively engage in activities to raise brand recognition, centering on the advertising of quick chargers for EVs, as among our products, quick chargers are easily recognizable by the general public. Such initiatives to raise brand recognition will also be an important factor in the recruitment of human capital from now on.

From integration to leap in the coming 10 years

The Group celebrated its 10th anniversary in October 2022.

Looking back on the past decade, the environment in which the electricity energy market exists has changed dramatically, including through the spread of renewable power sources, the development of a competitive environment as a result of the reform of the electric power system, the reduction of CO₂ emissions with a view to achieving carbon neutrality, and social demands for strengthening the resilience of power generation in response to frequent large-scale natural disasters. Going forward, GX will accelerate the trend toward socioeconomic transformation aimed at carbon neutrality, while ensuring the stability and resilience of the electricity market. In the electric power network, we expect further progress in terms of increasing sophistication and next-generation technology based on the keywords **hybrid**, **clean**, and **smart**.

The Group will further deepen and evolve the wide-ranging technologies it has cultivated and promote their integration with new technologies, including digital technologies. In doing so, we wish to be a company that leads this transformative trend.

If we regard the past 10 years as a period for integration after the management integration of Toko Electric Corporation and Takaoka Electric Mfg. Co., Ltd., the next 10 years will be a period for a leap forward by TAKAOKA TOKO as it seeks to realize 2030 VISION and become a comprehensive energy service provider leading the GX trend.

All Group employees will switch mode **from integration to leap** and are resolved to take on the challenge of enhancing corporate value while fulfilling our unchanging mission and our new mission, set out in the Basic Policy on Sustainability.



Develop six business domains and become a comprehensive energy service provider

The energy market is currently moving toward Utility 3.0, which will enable more sustainable, diverse, and advanced energy use. We view this trend as a major business opportunity, and in April 2021, we formulated 2030 VISION to establish our position as a comprehensive energy service provider by 2030.

In addition, the TAKAOKA TOKO Group strives to help realize a sustainable society, and we are working on ESG management with the aim of solving CSR material issues and contributing to SDGs through our business, its processes, and activity base. In December 2021, we formulated and announced our Business Portfolio Basic Policy.

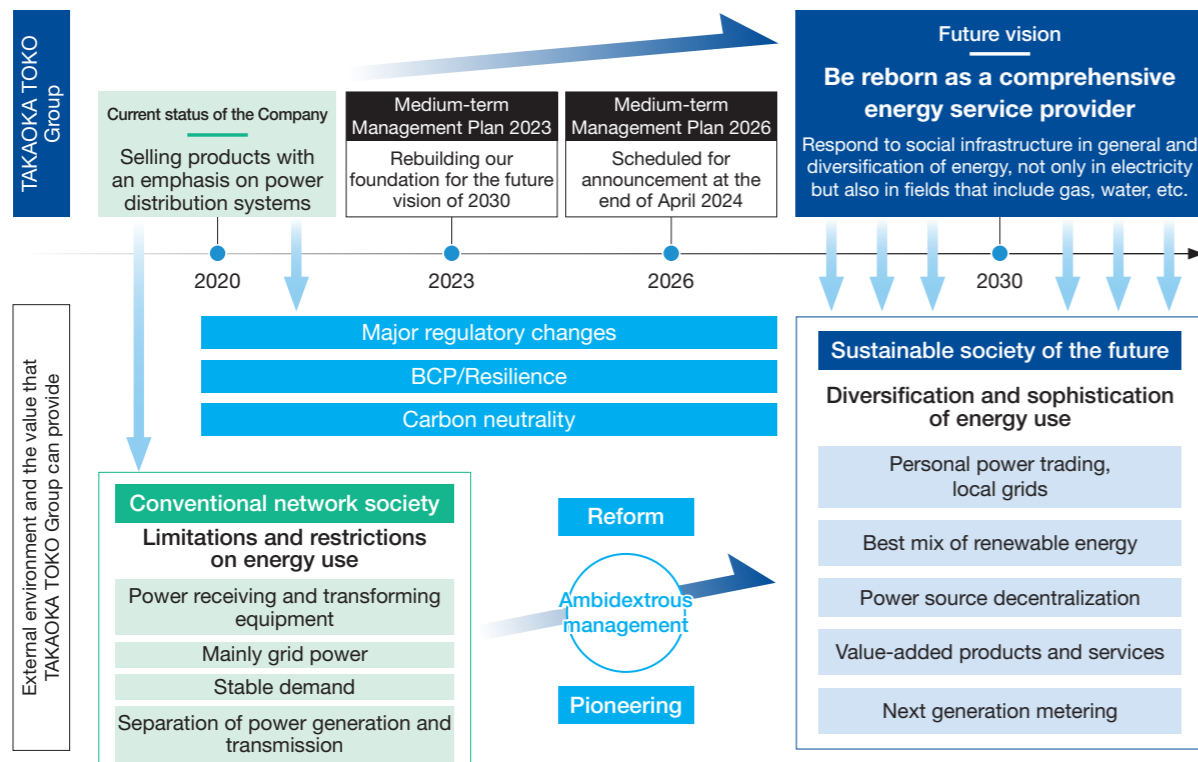
Business Portfolio Basic Policy

- The TAKAOKA TOKO Group aims to become a comprehensive energy service provider that transitions from selling traditional products to selling services and goes beyond the electricity category.
- To realize this goal, we will implement a basic strategy of **create, manufacture, and sell** from the customer's perspective, and invest in new businesses the resources that we create by refining existing businesses and accelerating structural reforms.
- In order to carry out our ambidextrous management where we reform existing businesses with our right hand and pioneer new businesses with our left hand, we will periodically review our business portfolio, which is our business compass.

Concept for 10 Years From Now

Become a comprehensive energy service provider

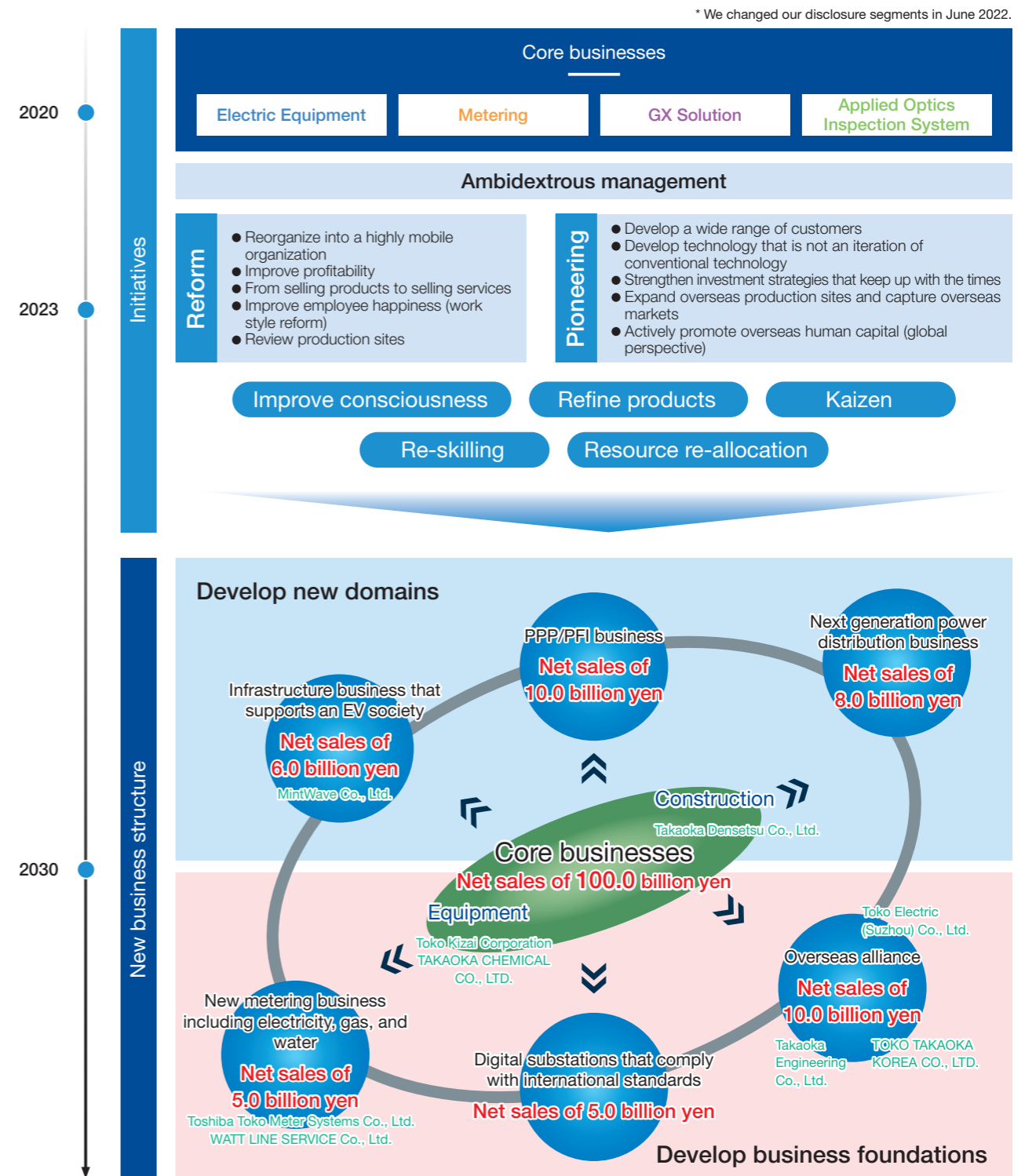
Until now, the TAKAOKA TOKO Group has been working in the limited energy market of electricity, as a company with a strong role of selling products by manufacturing hardware and supplying it to the market. However, we aim to be a comprehensive energy service provider, not limited to electricity, which can respond to general social infrastructure including gas and water, as well as various energies, and can support service overall.



Structural Reform/Details

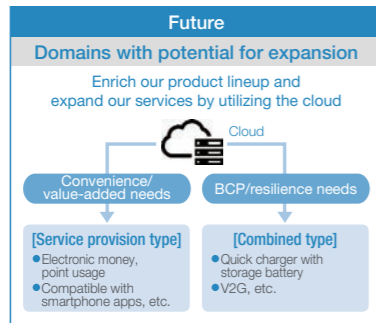
Develop six new business domains

As we aim to become a comprehensive energy service provider that can contribute to a sustainable society, we must pioneer new business domains in parallel with reforming existing management assets and solidifying our business foundation. Therefore, we have formulated a new vision to achieve net sales of 40.0 billion yen to 50.0 billion yen in six new domains, while growing net sales to 100.0 billion yen by fiscal 2030 by transforming the business structure of our core businesses.



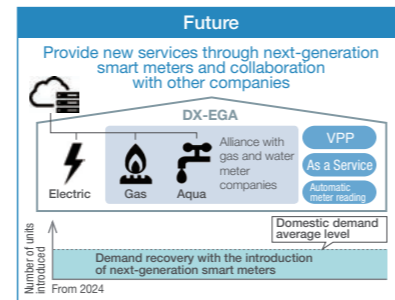
Business Domain 1 Infrastructure business that supports an EV society

We aim to enrich our product lineup to meet the diversification of EV charging usage needs, improve customer convenience and efficiency, and maintain the number one share in the domestic market for EV quick chargers. We will also improve our services by using a cloud charging management system, and contribute to the expansion of our business domains and the realization of an EV society.



Business Domain 4 New metering business including electricity, gas, and water

In addition to introducing next-generation smart electricity meters, we provide new value and services associated with the introduction of smart meters for gas and water. In March 2021, the TAKAOKA TOKO Group announced that it will collaborate with Azbil Corporation on a new business concept called DX-EGA. Currently, we have partially launched services and are considering further expansion of the business domain.



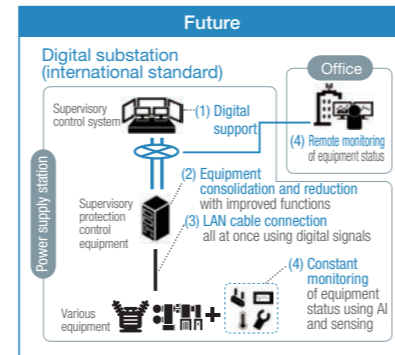
Business Domain 2 PPP/PFI business

We have honed our project management know-how by accumulating a track record of bidding and receiving orders through public proposal methods for updating lighting equipment and electronic scoreboards at stadiums and the like. In the future, we will expand our business domains by further expanding our products and entering into large-scale complex projects through PPP/PFI.



Business Domain 5 Digital substations that comply with international standards

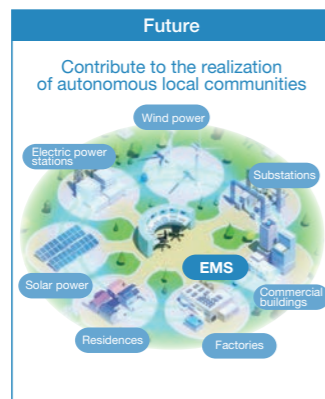
We realize substation maintenance labor savings, construction labor savings, and operational sophistication through digitalization of substation monitoring, metering, and control, as well as constant monitoring and AI diagnosis by installing sensors in power equipment. We are also considering overseas expansion through collaboration with overseas companies to support SAS*SCADA and compliance with international standards.



*SAS: Substation Automation System. An automation system for digital substations

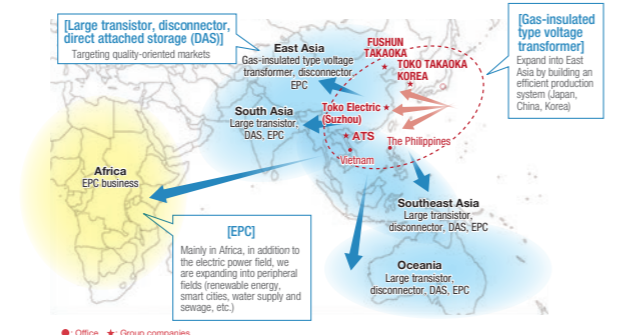
Business Domain 3 Next generation power distribution business

To date, we have participated in demonstration projects on islands, off-grid, semi-off-grid, P2G, etc., and have worked to improve EMS technology. We will contribute to the realization of autonomous local communities by developing EMS solutions that integrate and control solar power generation, EVs, storage batteries, P2G, etc., in response to needs such as local production for local consumption using renewable energy sources, securing BCP in the region, and effective use of surplus electricity, which are expected to increase in the future.



Business Domain 6 Overseas alliance

Reorganize the overseas business, which was mainly based on overseas engineering, procurement, and construction (EPC) (Official Development Assistance (ODA) projects) and accounts for less than 10% of net sales. By 2030, we aim for overseas business net sales to be more than 10%. By building new overseas production sites and expanding existing sites, we will further promote out-in and out-out sales, deepen the EPC business, and expand our domains.



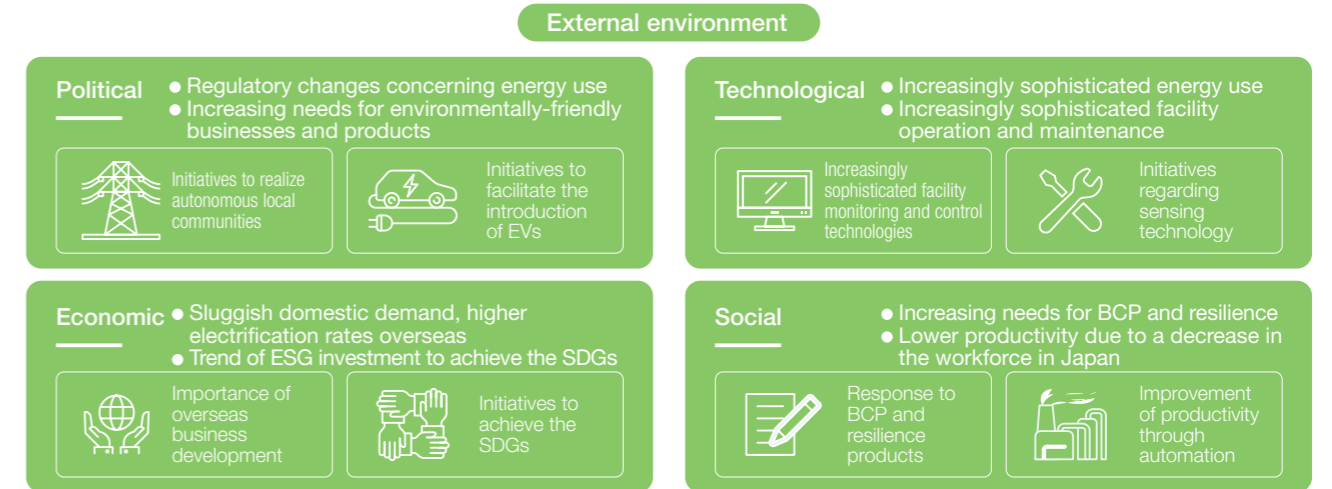
Rebuild the business foundation toward 2030, recognizing changes in the market and industry as business opportunities

We formulated the Medium-term Management Plan 2023 as a stepping-stone enabling a leap toward the realization of the 2030 VISION described in the previous chapter. Throughout the Group, we will actively meet the challenge of ambidextrous management, i.e., accelerating reform with our right hand, while pioneering new areas with our left hand, in order to rebuild our business foundation and earnings structure.

Environment in Which the Company Operates

Major transformation leading to business opportunities is underway in all fields

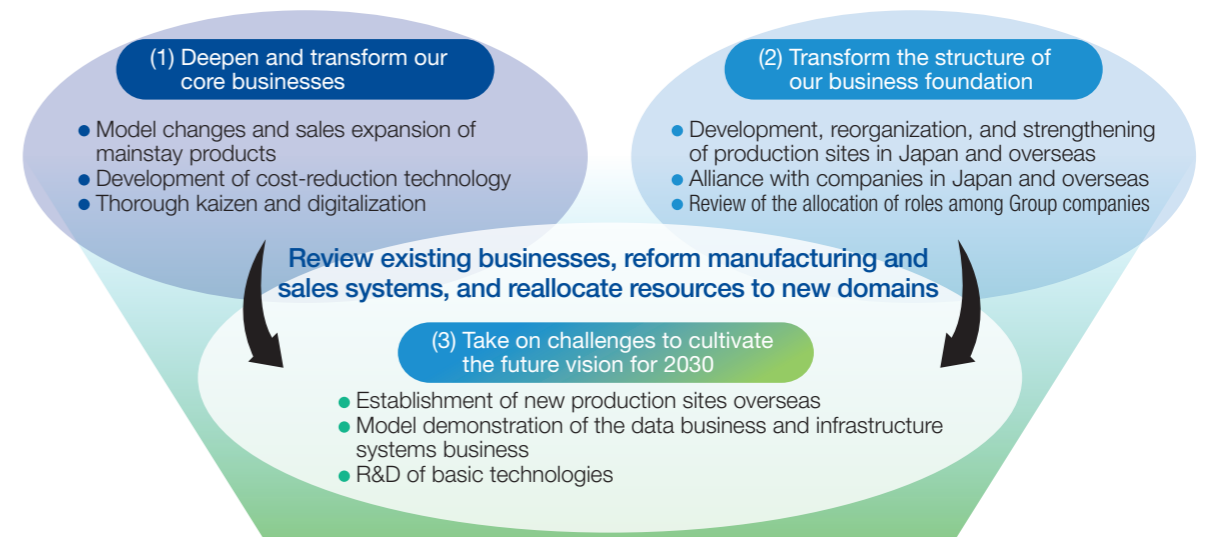
Looking at the external environment, as explained in the 2030 VISION, it is evident that regulations related to the energy market and industry have changed dramatically over the past few years. We view these as business opportunities for the TAKAOKA TOKO Group. In other words, we concluded that a perspective leveraging these changes was necessary for the new Medium-term Management Plan.



Basic Policies

Rebuilding our foundation toward 2030

Accordingly, in the Medium-term Management Plan 2023 we established the three basic policies shown below. By pursuing these policies, we will rebuild our foundation toward 2030.

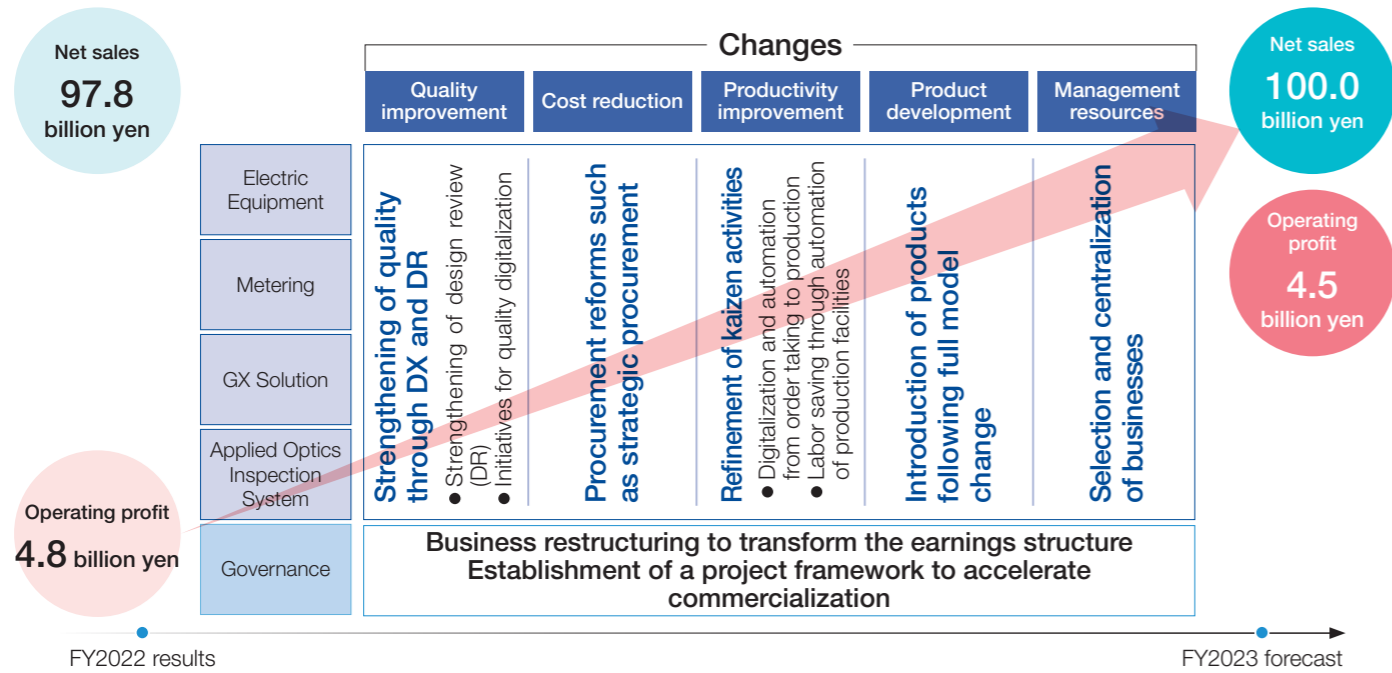


Key Initiatives

Promoting company-wide kaizen to achieve the Medium-term Management Plan 2023

The three years through 2023 will be a period for accelerating initiatives to improve productivity and quality. Leveraging the cross-divisional functions of the corporate divisions, we are actively incorporating digital transformation (DX) and automation to promote company-wide kaizen.*

*Kaizen: Changing existing processes to better processes in light of business objectives

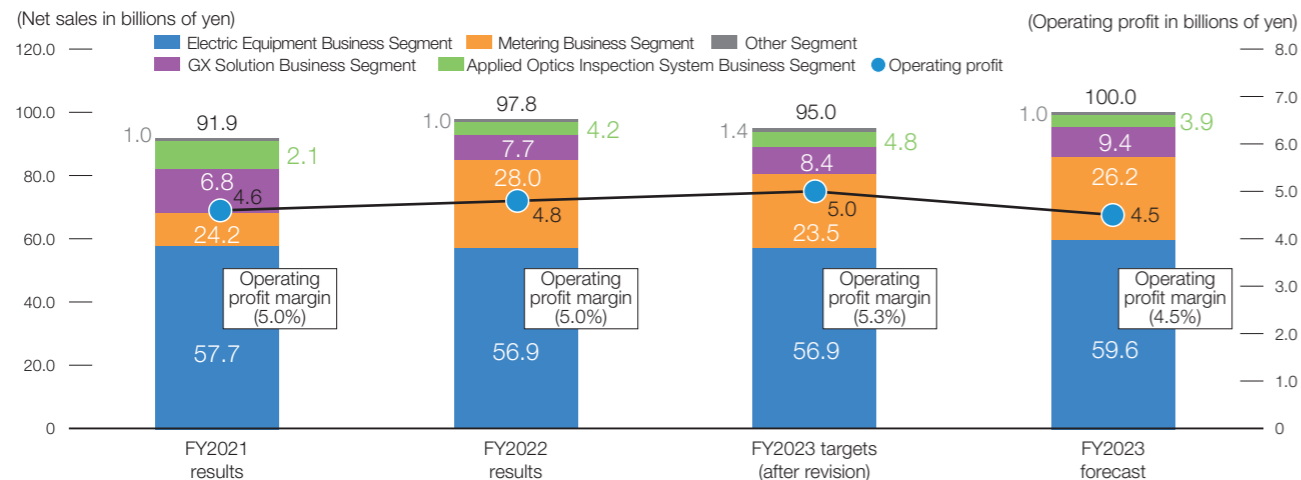


Numerical Targets

Review earnings structure to achieve operating profit of 4.5 billion yen in fiscal 2023

The forecast for fiscal 2023 was revised in the previous fiscal year in response to more robust demand in the Electric Equipment Business and the Metering Business compared with the initial plan, increased demand for quick chargers for EVs in the GX Solution Business, and substantial growth in demand for 3D inspection systems in the Applied Optics Inspection System Business.

However, in light of the current situation in which prices of major materials, which increased rapidly, remain high and strengthened future-oriented R&D investment, we expect operating profit of 4.5 billion yen for fiscal 2023.



Initiatives in the Three Years to Achieve the Targets

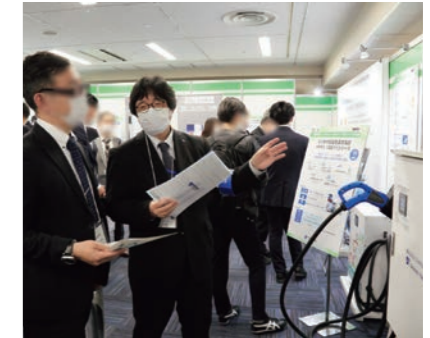
2022 TAKAOKA TOKO 10th Anniversary Solutions Fair

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 solution fair (a private exhibition) on December 6 and 7, 2022 at Tokyo Kotsu Kaikan in Yurakucho, Tokyo.

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 created opportunities for future development, including a decision to pursue joint research.

We reflect the feedback from our customers in the Group's products and services with a view to realizing a sustainable society.



Enhancing EV infrastructure solutions to support the realization of a low-carbon society

In the electric vehicle infrastructure business, we are working to create and commercialize new products and services that meet market needs, such as using cloud computing for various charging services, in order to promote carbon neutrality.

The Company's large-capacity quick charger (120 kW), which can charge two electric vehicles simultaneously, commenced charging services at Hotel New Otani Tokyo in November 2022. In October 2022, we began selling a new medium-capacity quick charger (15 kW), for which we have received many inquiries.

Other initiatives include the wrap advertising of distribution ground equipment at two locations near Shimbashi Station in Minato-ku, Tokyo from April 2023.

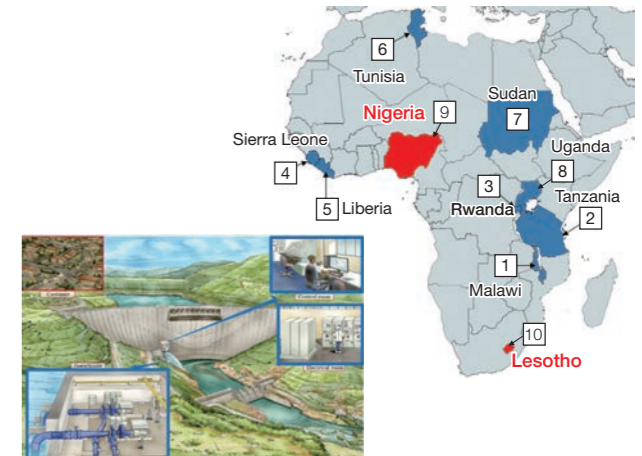
We will continue promoting our initiatives to create new value facilitating the spread of EV charging infrastructure.



Orders received for Nigeria's Emergency Rehabilitation and Reinforcement of Lagos Transmission Substations and Lesotho's Small Hydropower Improvement

Takaoka Engineering Co., Ltd., a TAKAOKA TOKO Group company, has received orders for Emergency Rehabilitation and Reinforcement of Lagos Transmission Substations from the Federal Ministry of Power (FMP) of the Federal Republic of Nigeria and for the Project for Small Hydropower Improvement from the Lesotho Highlands Development Authority (LHDA) of the Kingdom of Lesotho, which are Japanese government grant assistance projects. Lesotho is the tenth country in Africa for which Takaoka Engineering has received such a contract.

Going forward, we will continue to undertake engineering, civil engineering and construction work, and procurement, transportation, and installation of electrical equipment in an integrated manner in order to contribute to the improvement of people's lives and economic development of as many growing and emerging countries as possible.



CFO Message



The highest profit since the founding for the second consecutive year due to progress in company-wide kaizen activities, procurement reforms, and other cost reduction activities, despite a challenging business environment

Kaoru Okame
Managing Executive Officer (CSO, CFO)

Review of fiscal 2022

In fiscal 2022, we achieved favorable results, with both operating profit and ordinary profit reaching record highs since the founding of the Company, following record highs in fiscal 2021. Net sales amounted to 97.8 billion yen, a significant increase of 5.8 billion yen from the previous year. This was due to an increase in construction projects and smart meters in the Metering Business, an increase in 3D inspection systems in the Applied Optics Inspection System Business, and the effect of yen depreciation on projects based on dollar-denominated contracts. On the other hand, there was the negative factor of postponed delivery dates for some projects because of supply shortages of semiconductors and other components continuing from the end of 2022. Operating profit was 4.8 billion yen, up 200 million yen from the previous year and a record high. Although the increase in operating profit was somewhat smaller in proportion to the increase in net sales, higher-than-expected price hikes for key materials that continued from fiscal 2021, as well as an unexpected spoilage cost, were major factors reducing profit. However, kaizen activities, cost reduction activities including procurement reforms, and sales activities based on thorough market analysis, which I mentioned last year, continued to have positive impacts, and I believe they have offset to some extent the factors reducing profit.

Consolidated financial results and the targets and forecasts for fiscal 2023

Consolidated	FY2020	FY2021	FY2022	FY2023 (targets after revision)	FY2023 (forecasts)
Net sales (millions of yen)	91,939	91,936	97,752	95,000	100,000
Operating profit (millions of yen)	3,382	4,625	4,847	5,000	4,500
Ratio of operating profit to net sales (ROS) (%)	3.7	5.0	5.0	5.3	4.5
Profit attributable to owners of parent (millions of yen)	1,408	3,279	2,919	3,500	3,400
Return on equity (ROE) (%)	2.9	6.5	5.5	6.4	6.2
Return on assets (ROA) (net profit basis) (%)	1.4	3.3	2.8	3.4	3.2

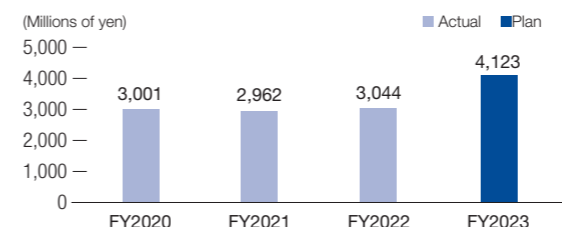
Initiatives in fiscal 2023 for 2030 VISION

Regarding the targets for fiscal 2023, the final year of the Medium-term Management Plan 2023, we increased the target for net sales by 5.0 billion yen from the revised target announced last year to 100.0 billion yen but reduced the target for operating profit by 500 million yen to 4.5 billion yen. Net sales are projected to decline, resulting from a decrease in metering projects in the aftermath of a spike in projects and the partial postponement of planned orders for 3D inspection systems. However, we expect the impact of longer delivery times for components in the Electric Equipment Business and GX Solution Business Segments to diminish, leading to an upturn in social infrastructure projects and control equipment for power distribution automation in the Electric Equipment Business Segment. On the other hand, the main reasons for the downward revision of operating profit are the still high prices of key materials and the implementation of increased R&D for the future, mainly in the GX Solution Business Segment. Fiscal 2023 is an important stepping-stone toward the next medium-term management plan and the 2030 VISION, and while aiming to exceed the operating profit target in fiscal 2023, we will prepare for the next medium-term management plan.

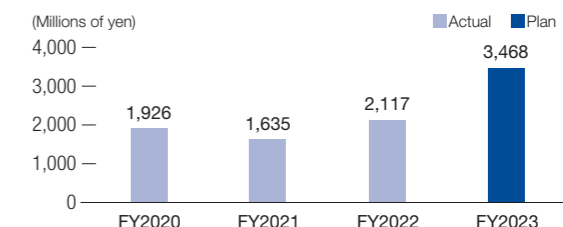
Investment and R&D for sustainable growth

For sustainable growth toward fiscal 2030, it is necessary to expand operating cash flow and appropriately allocate the generated funds to strengthen the foundation of existing businesses, DX investment, and R&D for scale expansion of future business. In fiscal 2023, we plan to invest 4.1 billion yen in R&D, up 1.1 billion yen from fiscal 2022, mainly for next-generation smart meters and power distribution systems for overseas markets in new domains, and for switchgear and switch model changes in the core business. The plan calls for capital investment of 3.5 billion yen in fiscal 2023, an increase of 1.4 billion yen from fiscal 2022. Capital investment to enhance profit and in new domains includes automation of distribution transformer manufacturing lines and introduction of equipment for next-generation smart meters, and capital investment for maintenance and renewal includes maintenance of rental office buildings and renewal of manufacturing facilities for distribution transformers and switches. We execute these capital investment projects after determining that they are necessary for the realization of the 2030 VISION and evaluating their return on investment.

R&D Expenditure



Capital Investment



Pursuit of capital efficiency

We are considering adding ROIC to ROS and ROE, which are KPIs we use currently for evaluating businesses, including investments. We have already completed the construction of an ROIC tabulation system by business category for TAKAOKA TOKO Co., Ltd. on a non-consolidated basis. We began implementing ROIC management at TAKAOKA TOKO Co., Ltd. on a non-consolidated basis in fiscal 2023. We will give further consideration to the application of ROIC management to Group companies to lay the groundwork so that employees are aware of capital efficiency on a regular basis.

Capital policy

The basic policy is to maintain and manage a minimum required level of funds, while continuing to promote the effective use of funds held based on the Group's internal cash management system, which is in operation, from a Group-wide perspective. In the future, we may need to consider borrowing up to an appropriate level, depending on medium- and long-term funding needs. As for our dividend policy, we believe that the stable payment of dividends is a basic prerequisite for meeting the expectations of our shareholders. We will consider the future direction of our dividend policy in conjunction with the next medium-term management plan.

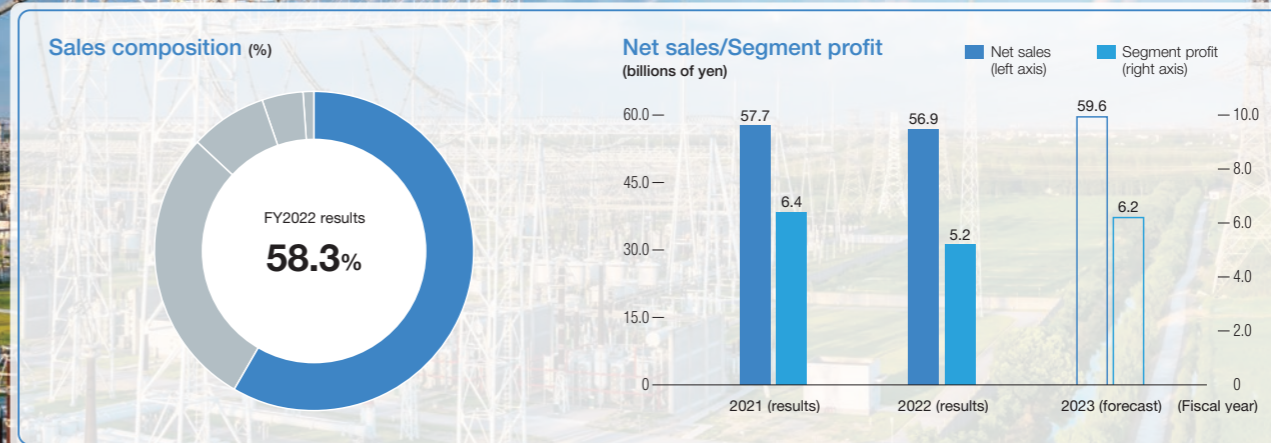
Annual dividend forecast for the year ending March 31, 2024

	Dividends per share		
	2nd quarter-end	Fiscal year-end	Annual
Fiscal year ending March 31, 2024 (forecast)	Ordinary dividend 25 yen	Ordinary dividend 25 yen	Ordinary dividend 50 yen
(Reference) Fiscal year ended March 31, 2023	Ordinary dividend 25 yen Commemorative dividend 5 yen (Total 30 yen)	Ordinary dividend 25 yen	Ordinary dividend 50 yen Commemorative dividend 5 yen (Total 55 yen)

Action to implement management that is conscious of cost of capital and stock price

On March 31, 2023, the Tokyo Stock Exchange (TSE) released the Action to Implement Management That is Conscious of Cost of Capital and Stock Price. The Background and Purpose section of the document states, that **approximately half of the listed companies on the Prime Market and 60% in the Standard Market have ROE below 8% and P/B ratios below 1.0x, indicating that there are issues in terms of profitability and growth potential.** The Company's ROE for the fiscal year ended March 31, 2023 was 5.5% and its PBR was 0.7x. The Company's PER was 13.0x. Compared to the average PER of 17.8x for the electrical equipment business and 13.5x for small-cap stocks published by the TSE, the market's expectation of the Company's future earnings-generating capacity is still low, and I believe we need to enhance disclosure to shareholders and investors through IR activities. Assuming that PER of 13.0x will continue, we recognize that achieving ROE of 7.7% is necessary to achieve PBR of 1.0x, and our first target is to exceed ROE of 8% as recommended in the Ito Review of Competitiveness and Incentives for Sustainable Growth. In addition to the pursuit of capital efficiency and capital policy mentioned above, in order to improve the situation of PBR below 1.0x, we will proceed with specific studies from multiple perspectives, such as identifying unprofitable businesses by business portfolio analysis, and disclose the results. (Figures in the text are as of March 2023.)

Plan and Results by Business Segment



Electric Equipment Business Segment

Business overview

The Electric Equipment Business Segment consists of the Power Equipment & System Business and the Electric Equipment Business. We propose products and services best suited to our customers' applications and provide comprehensive support from construction to operation of electrical facilities. As well as providing substations for electric power companies, we are a one-stop provider of optimal power equipment and systems for customers in the public sector, the industrial sector, and overseas markets. We manufacture transformers, instrument transformer products, switches, and other products in-house that support a stable supply of electric power in Japan, which is widely considered to be the most advanced country in the world in terms of the efficiency of power distribution technology. By offering products and services that transform electricity into optimal and efficient forms, we continue to pioneer the future of society.

Plan

Fiscal 2022 results

Basic policy of the Medium-term Management Plan 2023

- Improve profitability through model changes and by reducing costs through expanded overseas procurement
- Promote overseas alliances and the development of environmentally friendly equipment toward 2030

Initiatives

For electric power companies	<ul style="list-style-type: none"> ● Model changes in switchgear and switches for power distribution ● Automation of production lines for distribution transformers ● 1.5 times increase in mold product production capacity (TAKAOKA CHEMICAL)
For the private sector	<ul style="list-style-type: none"> ● Expansion of revenue from installation of extra-high-voltage power receiving and transforming equipment for factories and renewable energy ● Expansion of the business of TOKYO TRANSFORMER Co., LTD. (M&A in 2020) (Toko Kizai)
Overseas business development	<ul style="list-style-type: none"> ● Expansion of orders for overseas EPC business (Takaoka Engineering) ● Utilization of overseas production sites for switchgear and switches for power distribution
Initiatives toward 2030	<ul style="list-style-type: none"> ● Establishment of overseas production sites through overseas alliances ● Establishment of sensing technology for digital substations ● Basic R&D of environmentally friendly equipment

Overview

Segment net sales decreased 1.2% year on year to 56,944 million yen mainly owing to a decline in plant projects for electric power companies and a decline in overseas EPC projects, despite increases in disconnectors, distribution transformers, and switches. Segment profit decreased 17.9% year on year to 5,214 million yen.

Major initiatives

Cost reduction of mainstay products

In order to continue to provide competitive products aimed at improving profitability, we are promoting cost reduction in production through digital transformation, optimal design, overseas procurement of materials, adoption of new materials, and other kaizen activities.

We released a new model of pole-mounted manual switches for power distribution at electric power companies. The model comes with a space-saving and lighter case.



Technical partnership contract with HANAKA-PTM of Vietnam for power transformers

We concluded a technical partnership contract with HANAKA-PTM of Vietnam for power transformers.

We will provide our power transformer manufacturing technology to HANAKA-PTM and contribute to the development of infrastructure and a stable supply of electric power through the production of critical infrastructure equipment and quality improvement by the application of Japanese technology in Vietnam.

Fiscal 2023 is the 50th anniversary of the establishment of diplomatic relations between Japan and Vietnam, and various commemorative joint events by the two countries are scheduled. Thus, momentum for a **mutually beneficial and equal partnership** is increasing. We believe this technical partnership will also contribute to such a partnership between the two countries.

Products & Services

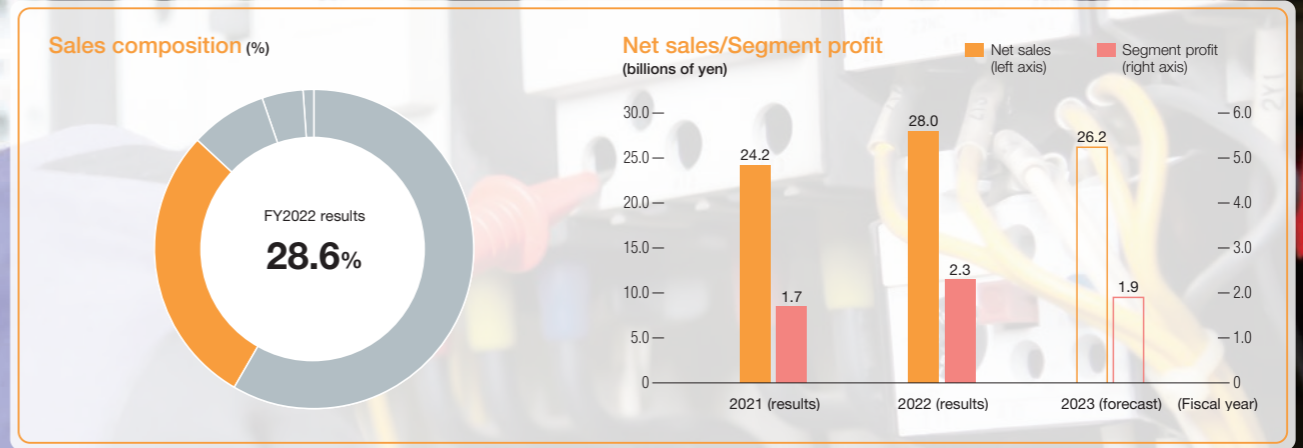
64.5/6.9 kV 20 MVA nitrogen-sealed power transformer

This power transformer can be fully loaded with oil and transported, eliminating the need for on-site assembly of components and lubrication with insulating oil. This will shorten the construction period and contribute to cost reduction.



Value Creation Story
Message from the President
Management Strategy
Non-financial Information
Performance Highlights
Corporate Information

Plan and Results by Business Segment



Metering Business Segment

Business overview

We develop and manufacture instrument transformer products applicable to all types of high-voltage metering, ranging from conventional power generation facilities such as thermal and hydroelectric power plants to solar, wind power, and other renewable power generation facilities, and next-generation meters essential for power grids and smart grids to promote energy conservation and the use of renewable energy. We provide one-stop electric power infrastructure services from upstream to downstream. Moreover, we are a leader in both instrument transformer products and electric meter replacement work, contributing to society with our metering solutions.

Plan

Fiscal 2022 results

Basic policy of the Medium-term Management Plan 2023

- Improve profitability by restructuring the smart meter business and through overseas production in the instrument transformer products business
- Explore markets in the data business field toward 2030 and develop next-generation smart meters

Initiatives

For electric power companies	<ul style="list-style-type: none"> ● Sales expansion of metering voltage transformers and current transformers by applying them to the ultra-high-voltage class ● Streamlining of meter replacement work and administration including Group companies (WATT LINE SERVICE) ● Full model change of instrument transformer products (for electric power companies)
For the private sector	<ul style="list-style-type: none"> ● Model change of instrument transformer products (for the general private sector) ● Improvement of productivity through production line kaizen
Overseas business development	<ul style="list-style-type: none"> ● Development of gas-insulated-type voltage transformer production systems in South Korea and China and shift to production in the country where the products are sold (Toko Electric (Suzhou), TOKO TAKAOKA KOREA)
Initiatives toward 2030	<ul style="list-style-type: none"> ● Development of next-generation smart meters (Toshiba Toko Meter Systems) ● Establishment of a business model that uses data on electricity, gas, and water

Overview

Segment net sales increased 15.3% year on year to 27,953 million yen mainly owing to increases in smart meters for TEPCO and other electric power companies, electric meter replacement work, and instrument transformers for metering services. Segment profit increased 35.8% year on year to 2,337 million yen

Major initiatives

Prospects for stable supply of oil-immersed-type instrument transformers and establishment of cost competitiveness

Regarding oil-filled bushing used in oil-immersed-type instrument transformers, longer lead times and rising material costs are continuing, which are issues that have a bearing on the ensuring of stable supply. In order to resolve these issues, we have developed a new GIS direct-connection-type and oil-immersed-type voltage and current transformer that uses molded insulation spacers manufactured by our Group company TAKAOKA CHEMICAL CO., LTD. and began delivery in February 2023 to TEPCO Power Grid, Incorporated. Through the procurement of materials from a Group company, we aim to ensure a stable supply of oil-immersed-type instrument transformers while shortening lead times and reducing material costs.



Entry to a new market: Commercialization of a balancer (dry type) by leveraging our strengths

Installed at the end of a low-voltage distribution line, this product prevents voltage imbalance. With the development of a dry-type balancer with an oil-free structure using molding, we will respond to further environmental considerations and safety enhancement. We began sales of this product to electric power companies in June 2023.



Further kaizen activities for electric meter replacement work and administration services

Regarding electric meter replacement work and administration services for electric power companies, we are engaged in work related to the replacement of meters in accordance with the Measurement Act. In addition to low-voltage stand-alone meters (smart meters), which we have been handling for many years, we have expanded the scope to cover replacement work and administration services for high-voltage and extra-high-voltage measuring instruments since fiscal 2019, and revenue has been robust. Moreover, we have achieved good results for productivity improvement through operational optimization, logistics reform, and systemization through joint projects with various partners. We will continue to implement kaizen in fiscal 2023 and beyond.

Products & Services

220 kV freestanding gas-insulated-type earthed voltage transformer

This is an earthed voltage transformer commercialized to respond to extra-high-voltage open-type substations. It contributes to the response to change in the market environment.



Molded voltage and current transformer for power supply/demand for outdoor use (salt-resistant)

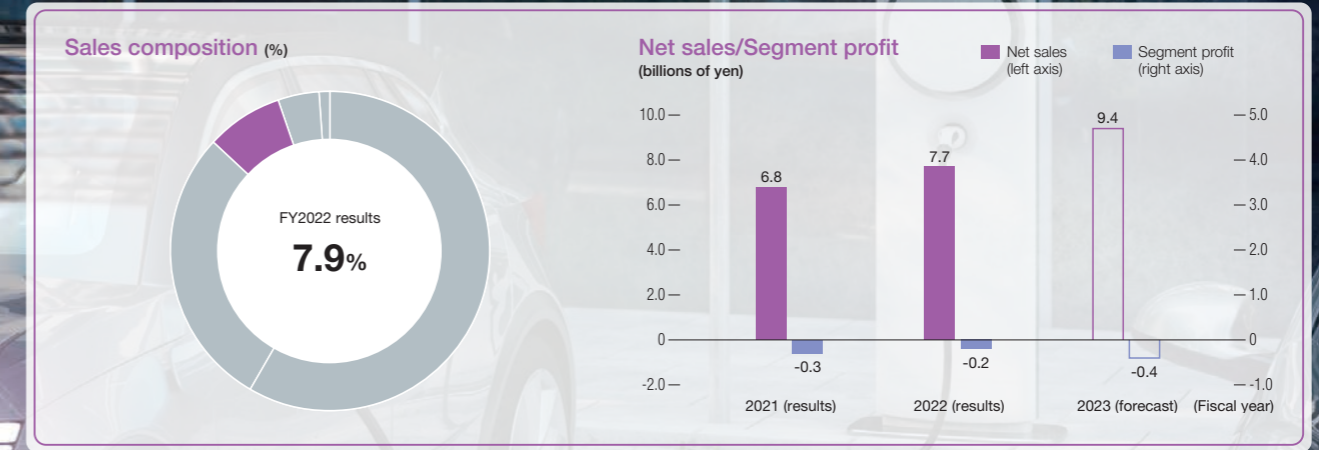
This is a new model of voltage and current transformers for power supply/demand that can be used for a long period of time even in environments with significant salt contamination and other types of pollution. We sell this model to five electric power companies, and the transformers are used in various regions.



Value Creation Story
Message from the President
Management Strategy
Non-financial Information
Performance Highlights
Corporate Information

We changed our disclosure segments from the second quarter of fiscal 2022. The **Smart Grid Business** and the **PPP/PFI Business**, which had previously been classified in **Other** were integrated with the **Energy Solution Business** whose name was changed to **GX Solution Business**. Moreover, MintWave Co., Ltd., a consolidated subsidiary, which was previously supervised by the **Information System / Applied Optics Inspection System Business**, is now supervised by the **GX Solution Business**, and the **Information System / Applied Optics Inspection System Business** was renamed **Applied Optics Inspection System Business**.

Plan and Results by Business Segment



Business overview

We propose diverse green transformation (GX) solutions by complementing or combining them according to customer needs and market trends. We offer products and services that support customers' GX initiatives. Our solutions include grid EMS solutions that integrate and control photovoltaic (PV) generation, EVs, storage batteries, P2G, etc. to meet the needs of local production for local consumption of electricity using renewable energy in a region, securing of area BCP, effective use of surplus power, etc.; EV infrastructure solutions with a full lineup of quick chargers for EVs and one-stop services; power system stabilization solutions utilizing V2X and multi-charging systems; comprehensive metering solutions such as automated meter reading and joint meter reading; and various ZEB solutions using BEMS/FEMS etc.



GX Solution Business Segment

*The Energy Solution Business Segment was reorganized as the GX Solution Business Segment in fiscal 2022.

Plan

Fiscal 2022 results

Basic policy of the Medium-term Management Plan 2023

- Maintain the No. 1 position in Japan by launching various types of quick chargers and further increase the market share
- Establish business models through proof-of-concept (PoC) and demonstration projects to create new business domains

Initiatives (◇) and operating environment (◆)

Charging infrastructure	<ul style="list-style-type: none"> ◇ Expansion of product lineup, including launching of new quick chargers for EVs ◇ Cloud-based enhancement of convenience ◆ Installation of 150,000 charging infrastructure units by 2030, including 30,000 quick chargers for public use ◆ Increase of sales of new vehicles (EVs and PHVs) to 20-30% by 2030 ◆ EVs to represent 20-30% of commercial vehicles (8 tons or less) by 2030
EMS	<ul style="list-style-type: none"> ◇ Joint development and commercialization of a cloud management service for BEMS (Building Energy Management System) with a general contractor ◆ Ensuring ZEH/ZEB-level energy-saving performance of new buildings. 30-40% reduction compared with current standards ◆ All new buildings will be required to comply with the Energy Conservation Act from 2025
Automatic meter reading	<ul style="list-style-type: none"> ◇ Expansion of sales through collaboration with other companies to expand automatic meter reading services ◆ Introduction of next-generation smart meters ◆ Tokyo makes PV mandatory for newly built homes
PPP/PFI Business	<ul style="list-style-type: none"> ◇ Expansion of orders for proposal-based projects (performance orders) by strengthening the organizational structure
Next-generation power distribution projects (demonstration projects etc.)	<ul style="list-style-type: none"> ◇ Development of EMS for 100% renewable energy supply ◇ Promotion of regional microgrid construction support business ◇ Demonstration of P2G system technology and verification of effectiveness for the carbon neutral society ◆ Launch of Decarbonization Leading Area initiatives ◆ Increase in need for utilization of surplus power from renewable energy power generation ◆ Further increase in BCP needs
Information terminals	<ul style="list-style-type: none"> ◇ Expansion of sales of thin client terminals with an eye to with covid-19 and post-covid-19 (MintWave Co., Ltd.) ◇ Expansion of maintenance models including quick chargers (MintWave)
Data Business	<ul style="list-style-type: none"> ◇ Innovation using data and digital technology and the creation of new businesses that respond to increasing sophistication and diversification of energy use. ◆ EV proliferation and further evolution of smart cities and establishment of a digitalized society

- Initiatives toward 2030 and operating environment
- ◇ Support smartphone apps in infrastructure projects supporting EV society and explore services such as BCP and resilience needs (charging infrastructure)
 - ◇ Development of next-generation EMS for energy conservation and advanced use of renewable energy (EMS)
 - ◇ Development of a foundation for alliances with other companies to strengthen finance-related know-how and expand solutions (PPP/PFI business)
 - ◇ Establishment of a business model by accumulating issues, technologies, and know-how to realize an autonomous community (next-generation power distribution)
 - ◆ Full-scale operation of CO₂ emissions Trading market (carbon pricing)
 - ◆ Renewable energy to represent 36-38% by 2030 (renewable energy)
 - ◆ 46% reduction of greenhouse gas emissions by 2030 compared with 2013 (renewable energy)

Products & Services

Medium-capacity quick charger for EVs

Our medium-capacity quick charger offers output capacity and size suitable for destination charging and basic charging at reasonable prices. The thin wall-mounted-type charger allows effective use of limited space and meets the charging needs of business sites, factories, buildings, and other businesses. This product received the Encouragement Award of the Japan Electrical Construction Association in fiscal 2023. (For details, see page 52.)



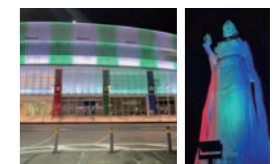
Overview

Segment net sales increased 12.7% year on year to 7,711 million yen mainly due to increases in the system infrastructure solution business and energy management system (EMS)-related products. Segment losses decreased to 207 million yen from 284 million yen for the previous fiscal year. Segment results for the previous fiscal year have been reclassified based on the new segments for the purpose of comparison.

Major initiatives

Expansion of the proposal-driven business

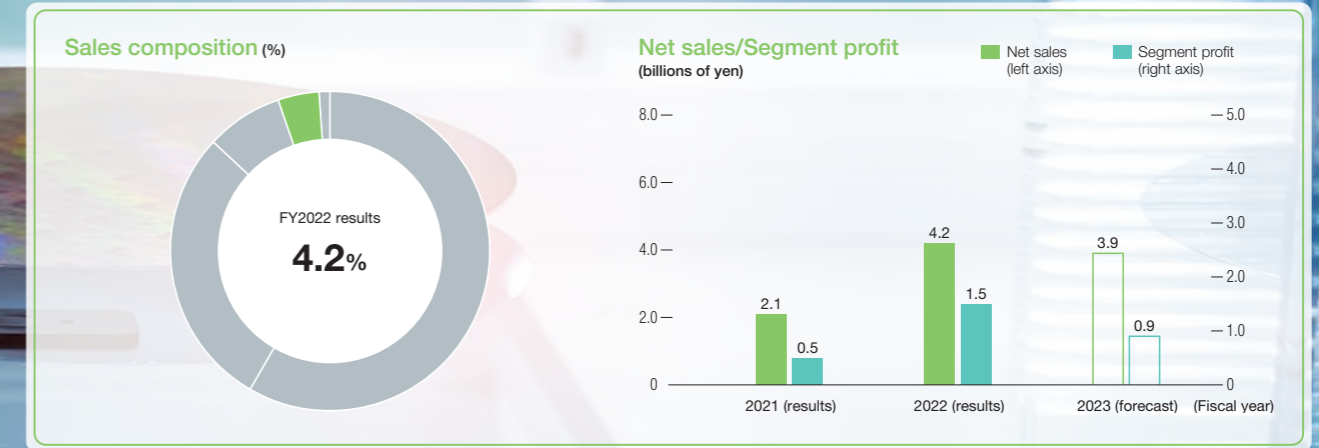
We have been steadily accumulating a track record for delivery for renewal of lighting facilities and electronic scoreboards for stadiums and other buildings, a business in which we have been engaged for some time. Moreover, we have achieved gratifying results in terms of the expansion of the products and business areas we cover, such as the completion of a project for a local government to convert to LEDs at approximately 80 public facilities.



Lighting of public facilities (Nirasaki City) (left)
Light-up of Nirasaki Peace Kannon Statue (right)

We changed our disclosure segments from the second quarter of fiscal 2022. The **Smart Grid Business** and the **PPP/PFI Business**, which had previously been classified in **Other** were integrated with the **Energy Solution Business** whose name was changed to **GX Solution Business**. Moreover, **MintWave Co., Ltd.**, a consolidated subsidiary, which was previously supervised by the **Information System / Applied Optics Inspection System Business**, is now supervised by the **GX Solution Business**, and the **Information System / Applied Optics Inspection System Business** was renamed **Applied Optics Inspection System Business**.

Plan and Results by Business Segment



Applied Optics Inspection System Business Segment

*The Information System/Applied Optics Inspection System Business Segment was reorganized as the Applied Optics Inspection System Business Segment in fiscal 2022.

Business overview

We provide products and services that support convenient living in the world, such as world-class 3D inspection systems that use state-of-the-art applied optics technology to inspect package substrates of high-performance CPUs used in cloud computing, 5G, AI, and other applications.

Plan

Fiscal 2022 results

Basic policy of the Medium-term Management Plan 2023

- Concentrate resources on 3D inspection systems with growth potential

Initiatives (◇) and operating environment (◆)

- Demand for semiconductors for general-purpose PCs and smartphones has peaked, but the continued growth of cloud computing will increase demand for semiconductors used in infrastructure. Moreover, growth in new markets is expected as demand continues to expand in the industrial equipment field such as smart factories and smart cities, as well as for electric vehicles (EVs) and hybrid electric vehicles (HEVs) for the realization of carbon neutrality.

3D inspection systems	<ul style="list-style-type: none"> ◇ Establishment of a mass-production system for 3D inspection systems in response to growing demand ◇ Development of new customers overseas ◇ Development of next-generation 3D sensors
Initiatives toward 2030	<ul style="list-style-type: none"> ◇ Development of inspection systems for semiconductor front-end processes equipped with next-generation 3D sensors ◇ Development of state-of-the-art package substrate inspection systems equipped with next-generation 3D sensors ◇ Development of inspection systems adapted to new semiconductor 3D packaging technology

Overview

Segment net sales increased 94.0% year on year to 4,150 million yen because of a significant increase in orders for 3D inspection systems in line with increased demand for high-performance semiconductors worldwide. Segment profit increased 210.4% year on year to 1,496 million yen.

Major initiatives

Expanded production capacity for 3D inspection systems

The adoption of new package substrates incorporating new technologies has been gaining momentum in line with the increasing sophistication of semiconductors, and package substrate manufacturers in Japan and overseas are continuing to make vigorous capital investments, resulting in a significant increase in orders for inspection systems equipped with high-performance 3D sensors.

Therefore, we are working to strengthen the production system by increasing the production workforce and expanding the floor area for production. We have also improved production efficiency and product quality through kaizen activities. We offer high-quality products in line with our customers' capital investment plans.



EVI-S10210-RA

Products & Services

Inspection system equipped with a new 3D sensor

Equipped with a wide-field, high-precision 3D sensor, this system achieves high-speed inspection of substrates in JEDEC trays.* Moreover, the airless design contributes to energy conservation.

*JEDEC tray: Tray that holds package substrates manufactured in accordance with the JEDEC Standards established by the JEDEC Solid State Technology Association for standardization of semiconductor technology.



TVI-S10210

Our entire company is working together on Kaizen activities, and is accelerating TAKAOKA TOKO's digital transformation (DX) using cutting edge digital technology and data.

In order to realize the sustainable society that TAKAOKA TOKO is aiming for, we are more strongly promoting Kaizen activities and digitalization that we have been working on for some time. At the same time, we are working group-wide to create innovation by making full use of the latest digital technology and data.

In September 2021, we formulated and announced the TAKAOKA TOKO Digital Transformation Strategy (TKTK-DX). In January 2022, we were selected as a DX certified operator* by the Ministry of Economy, Trade and Industry, in recognition of TKTK-DX's vision, basic strategy, and promotion system, among other things.

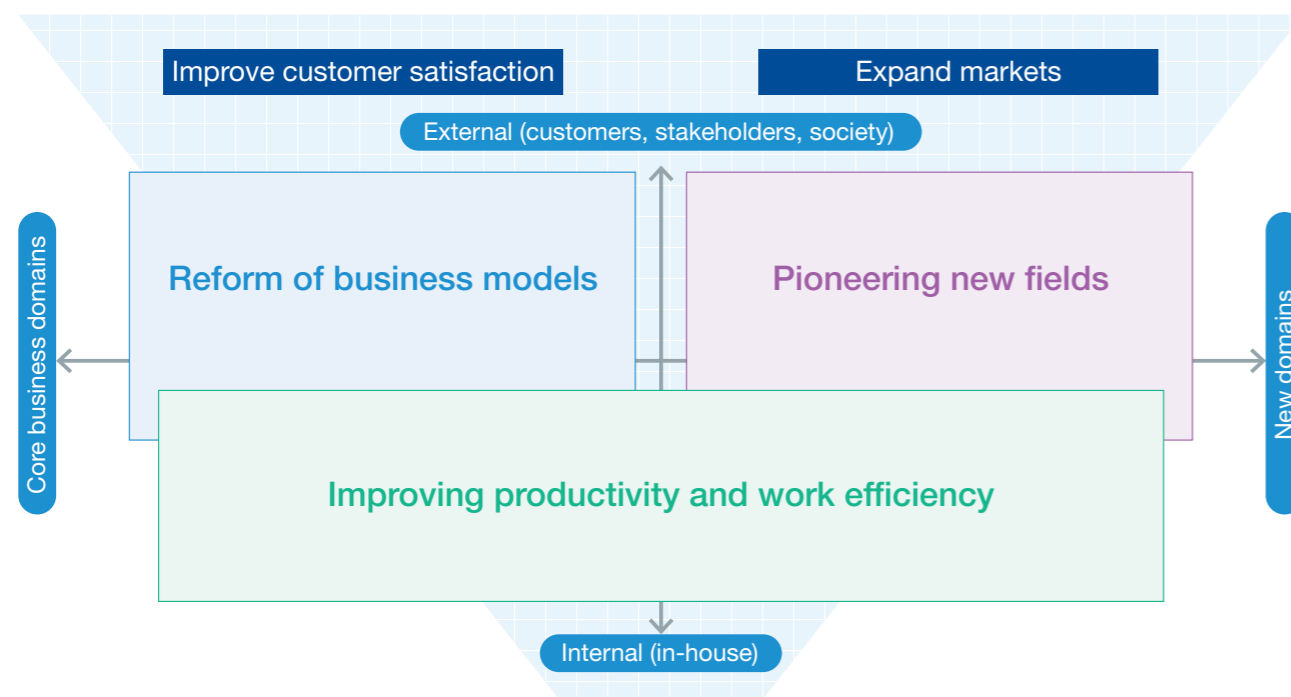
*A DX certified operator is a business that has formulated a vision and developed strategies and systems, and is ready to promote DX in light of changes in society and the competitive environment caused by digital technology.



DX vision

We will drastically improve operational efficiency and speed through Kaizen and digitalization, and promote DX that combines our strengths in power technology, metering, transmission, and control technology with the latest digital technology and data. By doing so, we will take on the challenge of transforming business models and creating new value, thereby leading the way in the advancement and diversification of customers' energy usage and the realization of a sustainable society.

Basic strategy for realizing the DX vision



In the reform of business models, we are working on data coordination from specifications examination to design, sales, manufacturing, shipping, and maintenance as a way of digitalization of the value chain, and are promoting automation of estimates and designs using a configurator, as well as 3D design and analysis.

In pioneering new fields, under the business concept DX-EGA which we started on with Azbil Corporation in fiscal 2021, we are participating in the joint development of Sumitomo Mitsui Banking Corporation's CO₂ emissions calculation and reduction support cloud service **Sustana**, which went into operation in May 2022.

In improving productivity and work efficiency, we are promoting the automation of operations using RPA, and the automatic creation and visualization of various indicators. In addition, we aim to make advanced predictions of management indicators through data analysis, and to make data-driven decisions quickly.

In June 2023, we established the Human Capital Development Center, and we are working to train human capital who can refine and deepen existing businesses and who can create new added value in new domains.

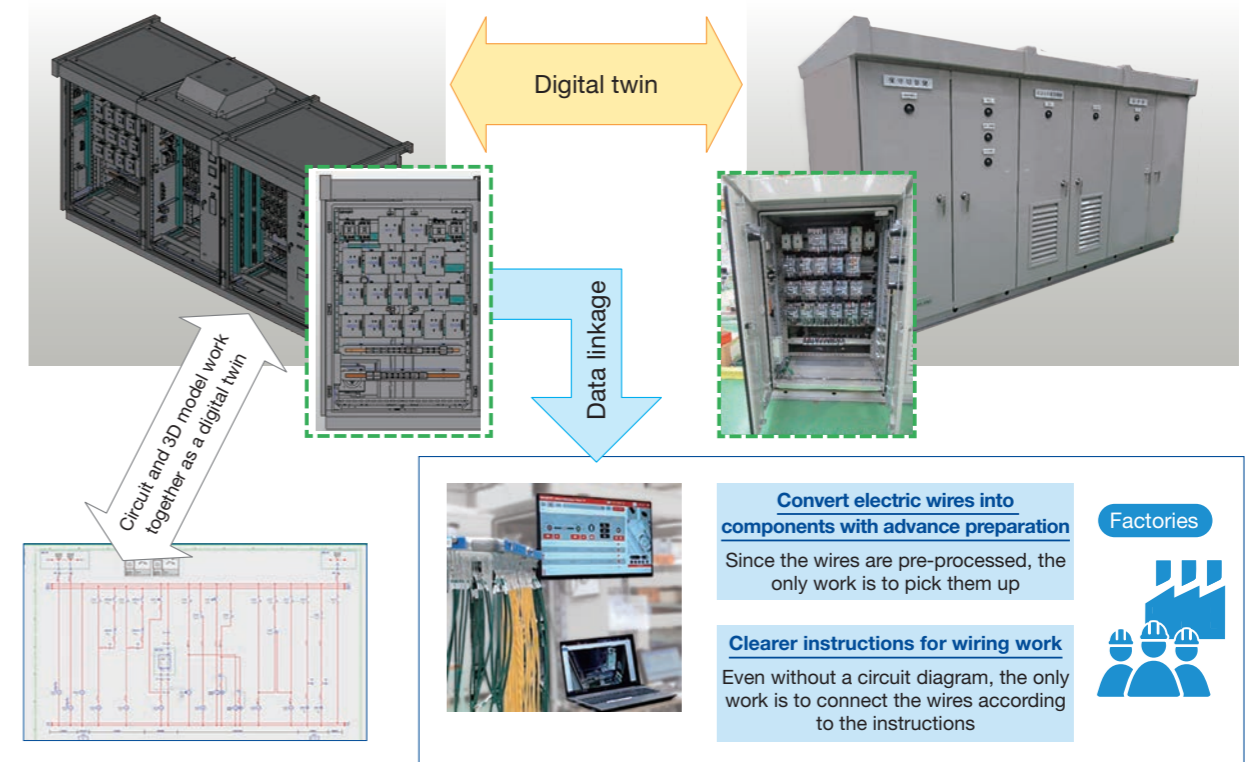
TOPICS Building a digital twin of the switchgear

We are working on a shift toward 3D as an activity to drastically improve the production capacity of switchgears. By building a digital twin that reproduce everything including the wiring in a 3D model, data such as the length and number of wires actually used, wiring order, and wiring routes can now be linked as necessary information in manufacturing situations.

As a result, we can now prepare electric wires as parts in advance, which were previously cut out while working, greatly contributing to improving work efficiency and minimizing wire inventory. With wiring instructions that utilize wiring order and wiring route data, there is no need to look at circuit diagrams or think about wiring procedures when wiring, enabling speedy work.

We will continue to take on the challenge of providing S+QCD* and creating added value beyond customer expectations.

*Safety (ensuring safety and security), Quality (high quality), Cost (reduced cost and improved productivity), and Delivery (short delivery period)



Sustainability

We work toward management that can broadly contribute to the SDGs in order to realize a sustainable society.


The energy market environment is changing rapidly. Particularly in recent years, we have further accelerated initiatives aimed at decarbonization, such as aiming to reduce greenhouse gas emissions by 46% compared to fiscal 2013 in fiscal 2030, in order to realize a decarbonized society by 2050.

The TAKAOKA TOKO Group formulated the Basic Policy on Sustainability in December 2021, and is working on ESG management with the aim of solving CSR material issues and contributing to SDGs through our businesses and activity processes.

SUSTAINABLE DEVELOPMENT GOALS

What are the SDGs (Sustainable Development Goals)?

The SDGs are international goals to achieve by 2030, adopted at the United Nations Summit in 2015. Guided by the common philosophy of leaving no one behind, the SDGs comprise 17 goals and (more specific) 169 targets set to achieve those goals.










(Basic Policy on Sustainability)

The TAKAOKA TOKO Group will fulfill its two-fold mission and pioneer the future of energy by putting our corporate philosophy into practice.

- **Unchanging mission:** To contribute to a rich and comfortable life and the development of socioeconomic activities by providing equipment and systems supporting stable supply and efficient use of electricity.
- **New mission:** To create solutions for new social issues, including carbon neutrality and the strengthening of disaster prevention and resilience of local communities, and contribute to realizing a sustainable society.

Our basic policy on sustainability is to implement the TAKAOKA TOKO Group Charter of Corporate Behavior, which was formulated with the aim of achieving sustainable growth in cooperation with society while fulfilling this two-fold mission.

Material issues related to sustainability/relationship between CSR initiatives and SDGs

CSR themes	Material issues	Initiative items	Specific initiative items	Related SDGs
E Environment	Carbon Neutrality	<ul style="list-style-type: none"> ● Further expand energy conservation activities ● Actively introduce renewable energy ● Apply low-carbon power sources to electricity used in business activities ● Climate-related financial information disclosure based on TCFD recommendations 	<ul style="list-style-type: none"> ● Charging infrastructure and services to support the spread of EVs (expansion of quick charger lineup/EV quick charging system that can be connected to LP gas standby generators for general power outages) [Specific example (1)] ● Development and sales of equipment with low environmental impact (vegetable oil transformers, etc.) ● Products and services that support business operations using renewable energy (lightning current meter for wind power generation equipment) [Specific example (2)] ● Products and services that support energy conservation and management through digitalization (T-Zone Saver; the winning of the New Energy Award by RESOL NO MORI, a local energy production for local consumption model; Sustana using DX-EGA (in collaboration with Sumitomo Mitsui Banking Corporation); participation in the FY2022 Next Generation Technology Building Demonstration Project Using Distributed Energy Resources such as Storage Batteries) [Specific example (3)] <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Large-capacity quick charger that realizes short charging times </div> <div style="text-align: center;">  Lightning current meter for wind power generation equipment that supports the improvement of the operating rate of wind power generation equipment </div> <div style="text-align: center;">  Reduce environmental impact by detecting the presence of people and controlling lighting and air conditioning (T-Zone Saver) </div> </div>	
	Environmental Policy	<ul style="list-style-type: none"> ● Build a decarbonized society ● Build a recycling-oriented society ● Promote environmental conservation 		
	Climate Change Countermeasures	<ul style="list-style-type: none"> ● Make effective use of renewable energy power sources ● Purchase green electricity ● Switch factory lighting to LEDs ● Renew on-site transformers (improve efficiency) ● Renew air conditioning equipment (improve efficiency) ● Introduce a building lighting management system ● Optimize steam boiler operation controls ● Rationalize steam piping (shorten, strengthen insulation) ● Accelerate development of SF₆ gas-less equipment ● Introduce SF₆ gas recovery equipment 		
	Environmental Management System	<ul style="list-style-type: none"> ● ISO 14001 (environmental management system) ● Environmental internal audits 		
	Environmental Conservation Activities	<ul style="list-style-type: none"> ● Reduce greenhouse gas emissions (reduce CO₂ emissions from energy, suppress SF₆ gas emissions) ● Reduce industrial waste ● Reduce environmentally hazardous substances ● Chemical substance emissions and transfer volume management 		
	Other	<ul style="list-style-type: none"> ● Compliance with environmental laws and regulations ● Implement environmental patrol ● Implement environmental education 		
S Social	Respect for Human Rights	<ul style="list-style-type: none"> ● Human rights policy 	<ul style="list-style-type: none"> ● Strengthen relationships with stakeholders including employees (obtain various certifications that contribute to developing the next generation and promoting the advancement of women, hold diversity lectures and training, promote work style reforms such as creating a remote work environment) ● Reskilling education for employees to demonstrate their abilities to improve value (establishment of the Human Capital Development Center in June 2023) ● Contribute to richer lives through safety, security, and the infrastructure of local communities (volunteer activities, disaster prevention agreements, etc.) ● Contribute to regions overseas that do not have adequate access to electricity (promote overseas EPC business) [Specific example (4)] <div style="text-align: center;">  [Specific example (4)] Takaoka Engineering's construction achievements in the Republic of Tajikistan </div>	
	Diversity Initiatives	<ul style="list-style-type: none"> ● Promote the advancement of women ● Gender diversity ● Hire foreign nationals ● Employment of people with disabilities ● Acquire certification for promoting the advancement of women 		
	Work-life Balance Initiatives	<ul style="list-style-type: none"> ● Work style reform ● Office improvements to create added value ● Support for achieving a balance between child rearing and work ● Continuous employment ● Measures in response to long working hours ● Initiatives for human capital development ● Training 		
	Local Communities Initiatives	<ul style="list-style-type: none"> ● Contribution to and interaction with community residents ● Contribution to local disaster prevention ● Cleaning activities 		
	Safety and Health Initiatives	<ul style="list-style-type: none"> ● Safety and health goals ● Safety month initiatives ● TTK Three Principles of Safety Thinking and Action/Measures to break the chain of accidents 		
	Quality Control Initiatives	<ul style="list-style-type: none"> ● Quality policy/quality assurance system/quality database/dissemination of quality information/defect prevention activities for changes and alterations/quality awareness improvement activities/internal quality auditor training 		
	Material Procurement	<ul style="list-style-type: none"> ● Procurement policy ● Promote CSR including the supply chain ● Supply chain information security risk reduction activities 		
G Governance	Dialogue with Stakeholders	<ul style="list-style-type: none"> ● Dialogue policy ● Disclosure policy 	<ul style="list-style-type: none"> ● Swift management decisions in response to changes in the circumstances of our business (establishment of the GX Solution Business Division in June 2022) ● Management that incorporates supervisory functions from an outside perspective, instead of focusing solely on the Company's perspective ● Rapid composition of management information and decision-making support using digital technology (selection as a DX certified operator) ● Consider management strategies using ROIC to promote business growth from the perspective of capital efficiency 	
	Corporate Governance System	<ul style="list-style-type: none"> ● Board of Directors ● Audit and Supervisory Committee 		
	Compliance	<ul style="list-style-type: none"> ● Charter of Behavior and Conduct Guidelines regarding corporate ethics ● Corporate Ethics Committee and Corporate Ethics Consultation Desk ● Corporate ethics activities ● Initiatives for compliance with laws and regulations 		
	Risk Management	<ul style="list-style-type: none"> ● Risk management ● Risk management system 		



Environment

In order to realize a sustainable society, the TAKAOKA TOKO Group has continued to provide environmentally friendly, safe, and secure products and services. We will continue to contribute to realizing a clean energy society of the future with the technology and know-how that have supported Japan's electric power infrastructure.

Carbon Neutrality

Climate change is one of the important social issues facing global society, and the TAKAOKA TOKO Group recognizes it as an important management issue. The TAKAOKA TOKO Group aims to achieve carbon neutrality by the government's target year of 2050. Based on the three pillars of the TAKAOKA TOKO Group Environmental Policy, we will strive to achieve the TAKAOKA TOKO Environmental Goals by working to green the electricity used in our business activities, such as promoting further energy conservation and actively introducing renewable energy.

TAKAOKA TOKO Group Environmental Policy

We at the TAKAOKA TOKO Group strive to continuously reduce our environmental burden through our corporate activities in general in accordance with our environmental policy so that we can pass on the rich global environment to future generations.

Build a decarbonized society

We will reduce greenhouse gas emissions through our overall environmental activities and provide society with products that contribute to carbon neutrality.

Build a recycling-oriented society

We will work to reduce and recycle waste in our production activities, and provide society with highly recyclable products.

Promote environmental conservation

We will work to reduce environmentally hazardous substances that harm the global environment and human health.

TAKAOKA TOKO Environmental Objectives

Environmental policy	Environmental Objectives
Reduce greenhouse gas emissions <ul style="list-style-type: none"> Promote decarbonization in all corporate activities to reduce greenhouse gas emissions. Control SF₆ emissions, which have a high global warming potential. 	<ul style="list-style-type: none"> Reduce energy consumption rate (kL/million yen) in fiscal 2030 by 9.56% or more compared to fiscal 2020. (Equivalent to energy consumption rate (1)%/year) Reduce CO₂ emissions from energy by 46% or more in fiscal 2030 compared to fiscal 2014.*1 Reduce SF₆ gas emissions to less than 3% of the purchased amount.
Reduce waste <ul style="list-style-type: none"> Promote waste reduction and recycling, and control waste generation. 	<ul style="list-style-type: none"> Reduce the waste production rate at production sites in fiscal 2030 to 25 kg/million yen or less.*2
Reduce environmentally hazardous substances <ul style="list-style-type: none"> Completely eliminate production and testing facilities that contain environmentally hazardous substances. 	<ul style="list-style-type: none"> Completely eliminate the use of PCB electrical equipment (including trace amounts of PCBs) by fiscal 2025.

*1 The government target for greenhouse gas reduction is set at a 46% reduction compared to fiscal 2013. That fiscal year is the period when our company was a holding company, so we have set 2014 as the base year, when the holding company absorbed and fully integrated the two operating companies it directly owned.
*2 Reduce the waste production rate by 32% in fiscal 2014.

Climate Change Countermeasures

As a measure against climate change, we are working to reduce CO₂ emissions from energy through the effective use of renewable energy and energy conservation. We are also working to reduce emissions of SF₆ (sulfur hexafluoride) gas, a greenhouse gas.

- Major initiatives**
- Make effective use of renewable energy power sources
 - Purchase green electricity
 - Switch factory lighting to LEDs
 - Renew on-site transformers (improve efficiency)
 - Renew air conditioning equipment (improve efficiency)
 - Introduce a building lighting management system
 - Optimize steam boiler operation controls
 - Rationalize steam piping (shorten, strengthen insulation)
 - Accelerate development of SF₆ gas-less equipment
 - Introduce SF₆ gas recovery equipment

Response to TCFD (Task Force on Climate-related Financial Disclosures)

The TAKAOKA TOKO Group announced its support for the TCFD* recommendations in June 2022, and disclosed information on climate change in accordance with the required items (governance, risk management, strategy, indicators, and targets).



Climate change poses a major risk to the TAKAOKA TOKO Group, whose core business is products and services that support the stable supply of electricity. At the same time, major changes in the energy market could also create new business opportunities for the TAKAOKA TOKO Group, which aims to become a comprehensive energy service provider. We will respond to future climate change-related events as management risks, while at the same time identifying new opportunities and utilizing them in our corporate strategies.

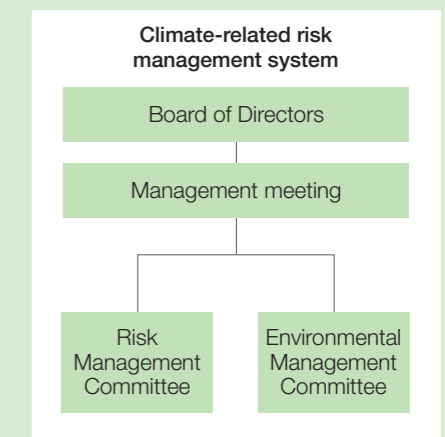
*TCFD: The Task Force on Climate-related Financial Disclosures established by the Financial Stability Board at the request of the G20.

Governance

The TAKAOKA TOKO Group has established a Risk Management meeting and an Environmental Management meeting in order to identify and appropriately manage important climate-related risks and opportunities. Each committee meets once every six months to formulate its annual plan, and promote and support group-wide initiatives related to priority issues, monitor progress, work out response policies, and expand them to related departments. They report results to the Board of Directors once a year, and the Board of Directors manages and supervises the content of the report.

Risk management

In order to understand and assess the impact of climate change on our business, the TAKAOKA TOKO Group conducts scenario analysis and identifies climate change risks and opportunities. The identified risks and opportunities are managed both in strategy formulation and individual business operations. We identify risks and opportunities in business based on the issues faced by the TAKAOKA TOKO Group, demands and expectations from stakeholders, and assessment of the environmental impact of business. We then comprehensively assess the impact on management, prioritize issues, and work to address them. We pick out issues that include external factors such as global trends including climate change and changes in legal systems and regulations that affect corporate strategy, as well as internal factors such as the progress of the TAKAOKA TOKO Group's measures and future risks and opportunities. The entire group works to resolve these issues.



Strategy

Climate change poses a major risk to the TAKAOKA TOKO Group, whose core business is products and services that support the stable supply of electricity. It could also cause major changes in the energy market, so it may create new business opportunities for the TAKAOKA TOKO Group, which aims to become a comprehensive energy service provider. In fiscal 2022, we set the following as prerequisites, identified risks and opportunities to realize our company's 2030 VISION, calculated the financial impact, and organized countermeasures.

Prerequisites

Scenarios	1.5°C scenario/4°C scenario (Based on information from the International Energy Agency)
Target business	Electric Equipment Business Segment and a part of GX Solutions Business Segment *TAKAOKA TOKO non-consolidated
Target year	2030

Main climate-related risks/opportunities and countermeasures

Amount Large: 0.5 billion yen or more Medium: 0.2 billion yen or more Small: less than 0.2 billion yen

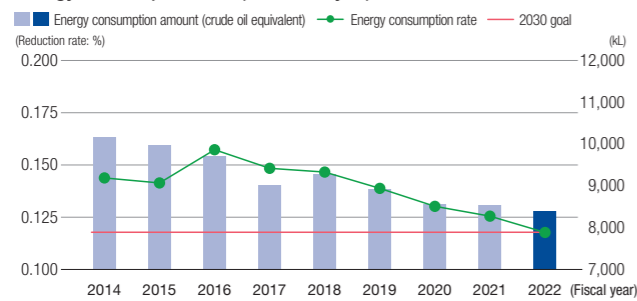
Classification	Main risks and opportunities	Impact on operating profit		Countermeasures	
		1.5°C	4°C		
Transition risk	Policies/Legal regulations	Increased material unit prices and an increase in our manufacturing costs due to carbon tax pass-through to prices	Large	—	<ul style="list-style-type: none"> Reduce material usage by reviewing design and use recycled materials Absorb increased procurement costs by improving productivity Reduce costs and negotiate prices to ensure appropriate profits Use subsidies for equipment installation to reduce cost burden Promote the use of renewable energy such as solar power generation through self-consignment Efficiently accelerate the development of products that do not use SF₆ gas as an insulating medium
	Technology	Increased electricity costs due to switching to renewable energy electricity	Small	—	
		Increased depreciation due to the introduction of energy-saving equipment to comply with new related laws and regulations	Small	—	
	Market	Increased cost burden due to alternative gas equipment development and decreased net sales in the event of delayed development	Medium	—	
Reputation	Increased unit price of materials and procurement risk due to the introduction of environmentally friendly materials	Small	Small		
Physical risk	Acute	Decreased trust from the market and customers due to delays in disclosing information on climate change, such as the carbon footprint of our products	Small	—	
	Transition opportunity	Markets/Products/Services	The increasing severity of typhoons and floods causes factory operations to be suspended due to damage, production to decrease, disaster recovery costs to increase, and supply chains to collapse	Small	Small
Markets/Products/Services		Growing opportunities to receive orders for related businesses such as quick chargers due to accelerating spread of EVs	Large	Small	
		Growing opportunities to receive orders for the next-generation power distribution business due to market expansion of the independent regional energy business	Medium	Medium	
		Growing opportunities to receive orders for underground equipment due to strengthening resilience	Small	Small	
		Growing opportunities to receive orders by developing products and services with low environmental impact	Small	Small	
	Growing opportunities to receive orders for grid stabilization equipment through the mass introduction of renewable energy power sources	Medium	Small		

Indicators and goals
As described below, we have set greenhouse gas (GHG) emission reduction targets aimed at carbon neutrality in 2050. We are working to reduce GHG emissions throughout our supply chain while also taking into consideration the TAKAOKA TOKO Group Environmental Policy.

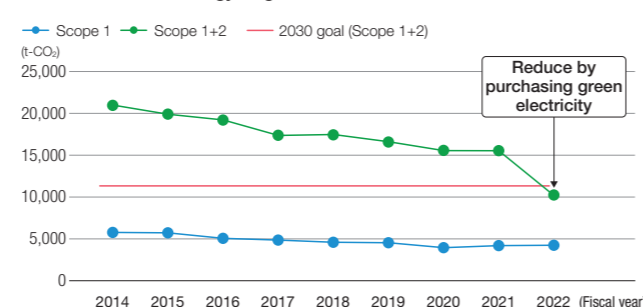
Reduce greenhouse gas emissions

Direction of initiatives	Indicators and goals
Promote decarbonization in all corporate activities to reduce greenhouse gas emissions. Control SF ₆ emissions, which have a high global warming potential.	Reduce energy consumption rate (kL/million yen) in fiscal 2030 by 9.56% or more compared to fiscal 2020. (Equivalent to energy consumption rate (1)%/year) Reduce CO ₂ emissions from energy by 46% or more in fiscal 2030 compared to fiscal 2014. Reduce SF ₆ gas emissions to less than 3% of the purchased amount.

Energy consumption rate (kL/million yen)



CO₂ emissions of energy origin



*TAKAOKA TOKO non-consolidated

*TAKAOKA TOKO non-consolidated

Future response

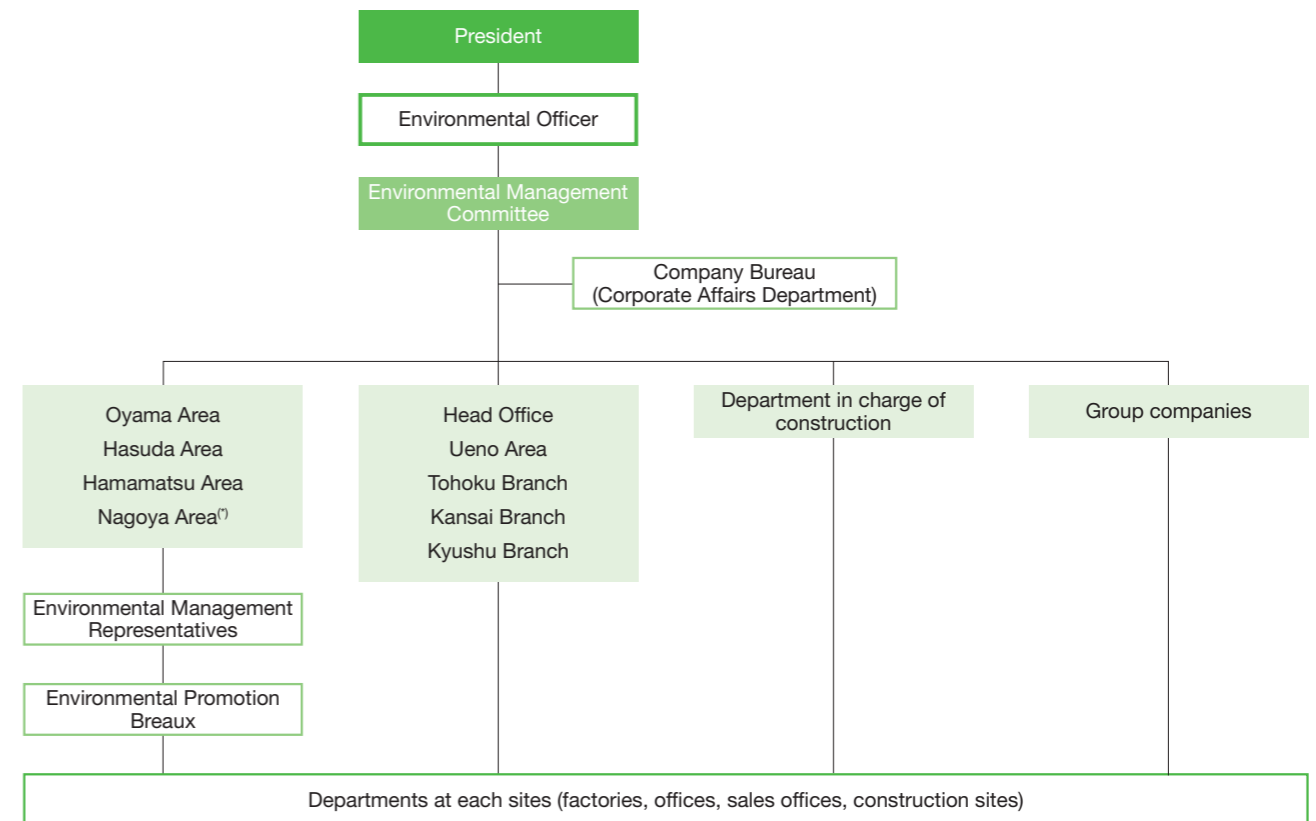
- We will continue to consider and disclose Scope 3.
- The entire TAKAOKA TOKO Group will promote this initiative.

Environmental Management System

The TAKAOKA TOKO Group environmental management system includes an Environmental Management Committee that deliberates on priority issues and sets direction.

We are promoting environmental conservation activities in the Oyama Area, Hasuda Area, Hamamatsu Area, and Nagoya Area (including the Chubu Branch) where our factories are located, as well as the Head Office, Ueno Area, Tohoku Branch, Kansai Branch, and Kyushu Branch.

The TAKAOKA TOKO Group environmental management system



*Nagoya Area includes the Chubu Branch

Environmental management system

In order to appropriately promote environmental conservation, we have introduced an environmental management system based on the international environmental standard ISO-14001, mainly at our production sites that have a large environmental impact.

ISO 14001 certification status

Site name	Component department	Certification date
Oyama Area	Each department in the Oyama Area	December 1999
Hasuda Area	Each department in the Hasuda Area Toshiba Toko Meter Systems Co., Ltd.	July 2000
Hamamatsu Area	Applied Optics Inspection System Business Division	March 2010
Nagoya Area	Each department in the Nagoya Area Chubu Branch, TAKAOKA CHEMICAL CO., LTD., MintWave Co., Ltd.	April 1999

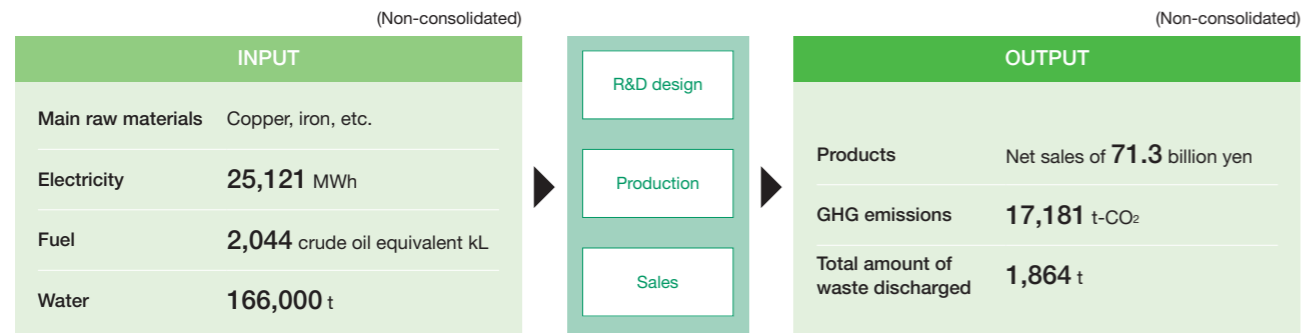
Environmental internal audits

Each sites provides specialized education to train environmental internal auditors. Environmental internal audits are conducted once a year by a certified environmental internal auditor. We analyze the causes of issues pointed out and take corrective action(s).

Overview of Environmental Conservation Activities in Fiscal 2022

We have defined the direction and goals of our initiatives in accordance with our environmental policy to promote environmental conservation activities.

The main use of resources and environmental impacts associated with our business activities are as shown below.



Introduce carbon neutral electricity

In order to reduce greenhouse gases, which are considered to be the cause of climate change, we are working to use natural energy such as solar power generation, in addition to various energy-saving measures. In fiscal 2022, we introduced carbon neutral electricity at Oyama Area and Hasuda Area, and achieved carbon neutral approximately 47% of our total electricity consumption.

SF₆ gas emission control

SF₆ gas is used in gas insulated equipment, and is also widely used in switchgears and gas insulated transformers for its excellent insulating properties. It is also a greenhouse gas with a global warming potential 22,800 times that of carbon dioxide, so it requires careful management. We are introducing products with a reduced amount of SF₆, and actively collecting and destroying SF₆ during production and installation. As a result of these efforts to reduce emissions into the atmosphere as much as possible, we are seeing steady progress in fiscal 2022.

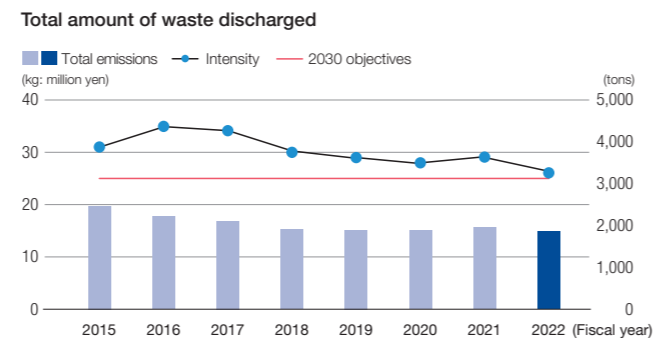
Reduce industrial waste

Direction of initiatives	Environmental objectives
Promote waste reduction and recycling, and control waste generation.	Reduce the waste production rate at production sites in fiscal 2030 to 25 kg/million yen or less.

We are working to raise awareness not to produce waste by providing environmental education to employees. We are also working to reduce the amount of waste for final disposal and improve the recycling rate by ensuring separated wastes collection.

Furthermore, we are working to reduce the amount of copy paper we use at our offices by using both sides copying and reduced-size copying.

As a result of actively reducing waste and recycling, the waste production rate for fiscal 2022 was 26.1 kg/million yen.



Reduce environmentally hazardous substances

Direction of initiatives	Environmental objectives
Completely eliminate production and testing facilities that contain environmentally hazardous substances.	Completely eliminate the use of PCB electrical equipments (including PCB contaminated equipments) by fiscal 2025.

In fiscal 2022, we disposed of 36.8 tons of PCB waste (including PCB contaminated waste), and completed disposal of high-concentration PCB waste in the Oyama Area. We will continue to carry out appropriate disposal.

Chemical substance release and transfer management

PRTR (Pollutant Release and Transfer Register) system is operated in Japan, which serves to investigate and report the amount of environmentally hazardous substances emitted through all media (by air, water, soil) and transferred to waste management companies as waste. The table on the right shows the substances that our company handles in large quantities (more than 1 ton at each site). Evaporated solvents are called VOCs (volatile organic compounds) and are the cause of photochemical smog. At our factories, we are working to prevent evaporation of solvents, and recover and recycle some solvents.

Fiscal 2022 PRTR emissions

Substance name	Amount handled (tons)	Primary applications
Xylene	16.0	Paint, adhesive
Ethylbenzene	8.6	Paint
Toluene	7.5	Paint, adhesive

Other

Compliance with environmental laws and regulations

We comply with various laws and regulations, including environmental laws, as well as voluntary management standards, and are striving to reduce our environmental impact. Especially in Area that have acquired ISO 14001 certification, we do compliance management in accordance with our environmental management system.

Environmental education

We provide environmental education to our employees in order to raise awareness of environmental conservation. We also provide special training to personnel involved in important work related to the environment, ensuring that they acquire the necessary knowledge and competency.

Environmental patrol

We are working to reduce environmental risks by conducting environmental patrols to check for conditions that could lead to environmental accidents or violations of environmental laws.



TOPICS Environmentally friendly products

We propose environmentally friendly products that contribute to one of resolution to the global issue of waste and reducing CO₂ emissions derived from fossil fuels.

Environmentally friendly palm fatty acid ester transformer

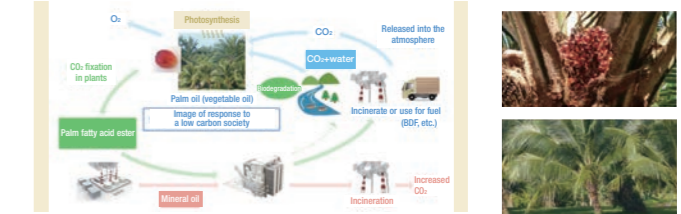


72 kV transformer



6.6 kV transformer

Environmental performance of palm fatty acid ester (Pastel NEO*)



*Compatible with voltage 6.6 kV to 66/77 kV class transformers.

Our environmentally friendly palm fatty acid ester transformer uses palm fatty acid ester oil, which is highly biodegradable because it is made from plant-based oil.

Improved environmental performance

We use palm fatty acid ester that falls under JIS C2390 Biodegradable Electrical Insulating Oil (Part 3 Plant-derived Esters). Even if it is incinerated after use, it is carbon neutral as it only releases the CO₂ absorbed during palm growth. In addition, CO₂ can be fixed for decades in long-life transformers.

Performance improvement

Because it has higher water absorption and lower viscosity than other mineral oil, it can be expected to have effects such as suppressing dielectric breakdown voltage drop due to moisture intrusion, promoting winding cooling, and extending transformer life by suppressing deterioration of winding insulation paper (if equivalent to conventional use).



Social

Message from a Key Person



With boosting employees' desire to grow and developing top-notch talents in the industry as the two-fold mission, lead the company-wide human capital development to enhance corporate value.

Satoshi Nomura
General Manager, Human Capital Development Center

Developing top-notch talents in the industry to enhance corporate value

For TAKAOKA TOKO to beat the competition and continue growing, it is essential to maximize the value of our human capital by viewing the knowledge and skills of our employees as management capital (i.e., human capital) rather than management resources (i.e., human resources). We believe that our commitment to talent development and our efforts to enable each employee to fully demonstrate his or her capabilities in the division will become the driving force of the Company's growth.

Based on the concept that **work develops people**, we position on-the-job training (OJT) by supervisors and senior employees in the division as the primary means of human capital development. OJT is supplemented by off-the-job training (Off-JT), including selective training, position-specific training, and individual specialized training, as well as self-development, such as by gaining qualifications and through e-learning.

The purpose of human capital development is to enhance corporate value, and to accomplish this, as mentioned above, it is necessary to create a system in which OJT, Off-JT (off the job training), and self-development are more closely linked and function more effectively. Therefore, we established the Human Capital Development Center in June 2023 with a two-fold mission of **boosting employees' desire to grow** and **developing top-notch talents in the industry**.

Human capital development is part of our corporate culture

We emphasize **mindset enhancement**, **knowledge acquisition**, and **skills improvement** in human capital development. We believe that achieving these three elements in a balanced manner develops people.

Through **mindset enhancement**, we help each employee grasp his or her role properly and cultivate a mindset leading to personal growth. Through **knowledge acquisition**, employees learn basic literacy as members of society and basic knowledge of the technologies and skills necessary for employees of a manufacturer. For **skills improvement**, employees repeatedly practice the skills they have acquired through training and learning in the course of their work. Systematic OJT by supervisors and senior employees is necessary for employees to effectively apply the knowledge and mindset they have acquired through training to workplace practice. Supervisors must develop human capital by envisioning the future careers of their team members and creating opportunities for them to practice in their work so as to eliminate the gap between their current skills and what will be required for their future careers.

In order to effectively develop team members, it is necessary to understand that the primary duty of supervisors and senior employees is to develop human capital, and to instill a corporate culture predisposed to developing talent throughout the Company.

Close linkage between OJT and Off-JT facilitates people's growth

There were two reasons for launching the Human Capital Development Center. We wanted to link OJT and Off-JT (off the job training) more closely and to instill in our employees the awareness that linking OJT and Off-JT (off the job training) facilitates personal growth.

We conducted facilitation training in fiscal 2022 for both executives and general employees, for which we invited Mr. Tokihiko Mori, a leading expert in facilitation, as the instructor. The training helped build momentum for the establishment of the Human Capital Development Center.

Based on the recognition that the most important issue was **passing on technical skills and skill** as a countermeasure for the incidents of impropriety in inspection, we considered establishing a dedicated organization for this purpose within the Company. However, discussion with members using the facilitation methodology revealed that this was not the fundamental objective.

Using the **goal tree** approach, we concluded that the true objective is to **develop people** whereas **passing on technical skills and skill** is the means of achieving this objective. Even if **technical skills and skill can be passed on**, it will not lead to the enhancement of corporate value without **mindset enhancement** and **skills improvement**. The true objective is to **develop people**, and the **joy of developing people** and the **joy of one's own personal growth** are secondary effects, which in turn lead to the cultivation of a corporate culture in which developing people leads to them taking the initiative in self-development. I think that cultivating this corporate culture is the most important mission of the Human Capital Development Center.

Facilitation methodology can appropriately guide a group with diverse values toward achieving a single goal. When we discussed the establishment of the Human Capital Development Center, we felt the unity, sharing the objective with everyone involved. Facilitation training was a key to the establishment of the Human Capital Development Center.

We will continue facilitation training in fiscal 2023 to further embed facilitation methodology in the Company, thereby shifting the corporate culture to one in which objectives are shared and open, vigorous discussion can take place.

Aiming to strengthen visualization of career paths and hardware training

The issue from now on is to create a system enabling employees to grasp the relative status of their knowledge and skills. In addition, it is essential to formulate a policy based on the **standard career path** that provides a picture of what employees should aim for. We want to give our employees a more realistic picture of what they should aim for by clearly indicating a career path together with the specific experience and knowledge they need to gain in order to realize their own goals. The objective is to **visualize** the employee's current situation in relation to the career path and have him or her understand the gap between the current situation and what the employee should aim for, so that the employee can think and act to eliminate the gap. Through these initiatives, the Human Capital Development Center develops human capital who can be expected to achieve better results.

Recent initiatives in human capital development have focused on software approaches, such as the creation of mechanisms. However, we believe that as a manufacturer, for which passing on technical skills and skill is crucially important, we need physical facilities that allow inexperienced employees to gain hands-on experience with actual products.

For example, in order to acquire the skills for maintaining a product, it is essential to visit the site and learn while actually working on the product. This is part of OJT, but some of our products have limited outage time because they are critical equipment.

Therefore, in order to perform the work perfectly within that timeframe, preparation in advance is necessary. For the passing on of technical skills and skill, it is essential to be able to actually see with your own eyes and be trained. Therefore, we are also considering the introduction of a training program using actual equipment within the Human Capital Development Center. For large equipment that is difficult to install, we intend to establish a training program based on digital transformation (DX) using AI and virtual reality (VR).

Thus, the Human Capital Development Center is an organization established to accelerate human capital development initiatives. Through the development of human capital, who will be the driving force of our growth, we aim to increase the trust and confidence of our customers and link this to the enhancement of corporate value.



Social



We are implementing a diverse range of corporate activities to grow as a company that can contribute to society. These activities range from initiatives such as recruiting and developing diverse human capital with distinct personalities to efforts such as agreements on regional disaster prevention with local governments and cleaning activities around factories.

Human Capital Development Initiatives

Human capital development

In accordance with our fundamental philosophy which is **that which develops people is work**, we conduct human capital development based on three pillars centered on OJT (on-the-job training) along with Off-JT (off-the-job training) and self-development.

Toward achieving our 2030 VISION, we have established a Strategic Human Capital Development Committee for the purposes of enriching human capital for management leader candidates supporting our future and producing proper executives in the near future, making efforts to find, manage, and systematically develop human capital for management leader candidates in an improved way.

Training

We conduct training for all of our employees.

- Selective training: We elevate the mindset of management leader candidates supporting our future through the acquisition of authentic leadership.
- Training by job level: We train employees to become competent employees within their first three years and educate them on necessary skills when they are promoted to different job levels, making them aware of roles required.
- Individual specialized training: We educate employees on specialized business literacy and technical knowledge and skills that are commonly required in each division.

Jurisdiction	Training planning division				Each division	Individuals
	Off-JT (off the job training)					
Type	Off-JT (off the job training)				OJT	Self-development
Classification	Selective	By job level	Individual specialized	Diversity	OJT	Self-development
Management employees	Next generation management leaders training Management of Technology School	Training for new general managers Achievement of the task and subordinate guidance training Training for new managers	Project management training (introduction) Electrical-related training (applied) Mechanical-related training (applied) Quality-related training (applied) Digital-related training (applied) Business-related training (introduction and applied)		Training to develop facilitative leaders (applied) Women's empowerment promotion training (for female employees)	Qualification acquisition, reading, language study, e-learning
Mid-career employees	Business leader CS training Development of management leaders (training, e-learning, mentoring, etc.)	Training for new assistant managers Training for new senior staffs	Logical thinking training (advanced, intermediate, beginner) Logical thinking training for managers		Communication Technology transfer (skill map) Target management system (target management and evaluation sheets)	
Younger employees		OJT leader training	Electrical-related training (introduction) Mechanical-related training (introduction) Quality-related training (introduction) Digital-related training (introduction)		Training to develop facilitative leaders (introduction) Training to develop facilitative leaders (applied)	

e-learning

■ Technical skills
 ■ Human skills
 ■ Conceptual skills

Human rights policy of TAKAOKA TOKO Group

The TAKAOKA TOKO Group promotes group-wide efforts to respect human rights by newly establishing its Human Rights Policy of TAKAOKA TOKO Group (hereinafter "Policy") based on respect for human rights as stated in the TAKAOKA TOKO Group Charter of Corporate Behavior.

1. Commitment to respect for human rights

Upholds international human rights standards, including the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Guiding Principles on Business and Human Rights.

Complies with all applicable laws and regulations in the countries and regions in which it operates. In cases where international human rights standards conflict with the laws and regulations of a country or region in which its group company operates, the company will seek ways to comply with international human rights standards.

2. Scope of human rights policy

This Policy applies to all executives and employees of the TAKAOKA TOKO Group. This Policy is also intended to be understood and supported by stakeholders involved in all of the Group's business processes.

3. Initiatives to respect human rights

Respects the human rights of stakeholders in all processes of its business activities, and it does not discriminate or violate human rights on the basis of race, ethnicity, nationality, gender, sexual orientation, gender identity, age, origin, social status, creed, religion, disease, disability, or physical characteristics. In order to realize a society where human rights are truly respected, we promote the development of a corporate culture in which each and every executive and employee takes diversifying human rights issues as his or her own concern and acts with a deep sense of human rights.

4. Implementation of human rights due diligence

In accordance with the Guiding Principles on Business and Human Rights, Will regularly assess the manifest and potential negative impacts on human rights in its business activities and will establish and continuously implement mechanisms to prevent and mitigate such impacts.

5. Remedy and correction

Whenever it becomes clear that negative impacts on human rights are being caused or aggravated, Will work to correct them through appropriate means.

In addition, as an effective means of redress, Will establish and operate a whistleblower hotline available to internal and external stakeholders. The anonymity and confidentiality of whistleblowers is guaranteed, and they are protected from any adverse treatment.

6. Education

Will provide appropriate education to all executives and employees so that this Policy is effectively implemented in its business activities.

7. Information disclosure

Initiatives to respect human rights based on this Policy will be disclosed through the Group's website and integrated report.

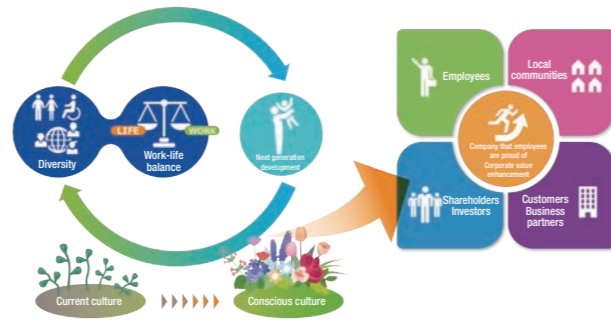
8. Dialogue and consultation with stakeholders

We will engage in dialogue and consultations with stakeholders regarding our initiatives to respect human rights based on the Policy.

Established August 29, 2023
TAKAOKA TOKO Co., Ltd.
President and Representative Director
Takashi Ichinose

Diversity Initiatives

We are actively committed to promoting diversity aiming to enhance corporate value and become a company that all employees are proud of. Under the strong commitment of top management, we have established a Diversity Promotion Committee chaired by the President and are creating a corporate culture and environment where diverse human capital can thrive.



Promote the advancement of women

We are promoting the advancement of women with a target by fiscal 2030 that 25% of recruited employees, 15% of total employees, and 5% of managerial positions shall be women. In fiscal 2022, we conducted year-round training for female leader candidates and their superiors aiming to develop future female managers.

Hire foreign human capital

We actively hire foreign human capital in our pursuit to employ diverse human capital. In cases which considerations related to religious practices are required for employment, we provide training to the workplace prior to assignment, ensuring employees can comfortably adapt to their working environment.

Acquire certification for promoting the advancement of women

- We received the **Eruboshi (3-star)** certification as a company with excellent efforts for promotion of women's empowerment. Based on the Act on the Promotion of Women's Active Engagement in Professional Life, we have met all the requirements for (1) recruitment, (2) continuous employment, (3) working hours and other working styles, (4) ratio of women in managerial positions, and (5) diversity of career courses, and received 3-star, which is the highest rank in the **Eruboshi** Certification.
- We received the **Kurumin** certification through our initiatives to support well-balanced working and child rearing. In accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, we were evaluated as a company implementing high-level efforts in child rearing support systems with the introduction and use of such systems.
- In addition, we have received the Osaka City Leading Company in Women's Participation Certification from Osaka-shi, Osaka, and the Shizuoka Prefecture Next-Generation Development Support Company (Kounotori Company) Certification from Shizuoka.



Gender diversity

With the aim of understanding the diverse gender identities and sexual orientation and realizing that LGBT individuals are close to us, we held a lecture titled LGBT and Companies - Considering Diversity at the Workplace by Fumino Sugiyama of newcanvas inc. We will continue efforts to raise awareness of LGBT and create an environment where people feel easy to consult.

Employment of people with disabilities

We have made our office environment conducive for people with disabilities, through improvements such as replacing doors with automatic or sliding doors for easy wheelchair access and positioning card keys in accessible places.



Automatic doors at reception entrance of the head office

Work-life Balance Initiatives

Work style reform

We are pursuing work style reforms to create an environment conducive for diverse human capital to work as a foundation for promoting diversity. We have established systems for teleworking and paid leave by the hour, leading to an increase in employees working flexibly without being restricted by time or location. In addition, we actively engage in reviewing systems in respond to work and private life balance and diversification of work styles, and promoting a change in employee awareness, ensuring all employees can realize that they live up to their potential.

Teleworking

We have introduced a teleworking system for employees who can independently perform their work.*1 There are no restrictions on the number of days, and it can be combined with the time shift work system*2 and half-day or hourly leave. In addition, we have introduced an allowance to subsidize water, electricity, and other utility costs during telework.

*1 Excludes some employees such as those at manufacturing sites, etc.
*2 A system which working hours can be freely chosen from 7:00 a.m.-3:30 p.m., 8:30 a.m.-5:00 p.m., or 10:00 a.m.-6:30 p.m.

Office improvements to create added value

In light of the spread of teleworking and the diversification of work locations, we are focusing on improving the office environment to create added value. Starting from our head office corporate department, we are gradually expanding free-address areas to stimulate communication with other departments. Moreover, we are improving the work environment to foster comfort, independence, and creativity for employees by setting up private booths within the office floors.



Support for achieving a balance between child rearing and work

When we know our employees become pregnant or have a newborn child, we offer to meet with them to alleviate any concerns about balancing work and child rearing and promote the use of support systems. In addition, to encourage male employees to take childcare leave, we are engaged in both tangible and intangible measures, including introducing a new childcare leave support allowance system, holding roundtable discussions for fathers to share experiences of taking childcare leave within the Company.

Continuous employment

1 Developing engineering experts

We have introduced the Specialist System to support employees who continue to refine their careers as technical experts, not just craftsmen. Rather than evaluating only management capabilities when promoting employees, the system aims to advance the careers of talented engineers who persistently pursue specialized skills. We highlight engineers by reviewing conventional evaluation systems and adding design elements to work uniforms that indicate qualification levels to improve job satisfaction of employees of specialists.

2 Prioritizing employee health

We actively encourage employees to take paid leave for improving health and comfort. Moreover, we have established the No Overtime Day once a week, promoting a better work-life balance for our employees.

3 Comeback system

We have introduced a comeback system for those who resigned due to unavoidable circumstances such as child rearing, caregiving, or a spouse's relocation, to rehire them as our employees. The purpose of this system is to allow employees to excel once again by leveraging their work experience and knowledge gained at our company.

Measures in response to long working hours

We have set rules that limits overtime work to 4.75 hours a day, 40 hours a month, and 360 hours a year. We manage working hours accordingly in order to limit long working hours for all employees and improve their health and work-life balance. The main measures are as follows:

- Sending alerts to department heads about long working hours through the system
- Objective identification of working hours at entry and exit times using electronic recording devices
- Regular monitoring of working hours (overtime and weekends)
- Conducting interviews with occupational physicians for those who work long hours
- Implementing No Overtime Day (leaving the office on time)

Local Communities Initiatives

Contribution to and interaction with local residents

The grounds at the Oyama Area Office, which are maintained for employee welfare, are open to provide a relaxation spot to local residents during the daytime. At the Hasuda Area Office, we provide our employee parking lot for use during junior high school soft tennis training tournaments and youth baseball tournaments.

We also actively participate in local annual festivals and events to develop deeper ties with local residents.

Contribution to local disaster prevention (disaster prevention agreements)

We have signed agreements on disaster prevention with local governments. In the event of a disaster, we have committed to actively support by providing emergency support activities and evacuation sites, and storing emergency food and drinking water.

Area Office	Details of agreements
Oyama Area Office	Emergency support activities during disasters <ul style="list-style-type: none"> ● Emergency restoration measures for damaged electrical facilities ● Provision of personnel required for emergency restoration Provision of evacuation sites, etc. during large-scale disasters <ul style="list-style-type: none"> ● Provision of locations to use as heliport ● Provision of space in office buildings, etc.
Hasuda Area Office	Provision of evacuation sites (FW1 building (training building))
Chubu Branch	Regional disaster prevention cooperation agreement with Nagoya City (memorandum of understanding, etc. regarding support and cooperation with local communities in the event of a large-scale disaster) <ul style="list-style-type: none"> ● Emergency foods for provision to school district evacuation sites (for 20 people for 3 days) ● Stockpiling of drinking water (72L) ● Delivery of the above emergency food and drinking water to school district evacuation sites ● Other volunteer activities at school district evacuation sites *Participation in community disaster prevention drills



Cleaning activities

With the aim of creating a livable community, each area with factories regularly conducts cleaning activities around their factories. The Tohoku Branch also participates in cleaning activities organized by the local community development promotion council together with volunteers from the surrounding community.

At the Hamamatsu Area Office, employees in a group takes turns cleaning the area around their factories once every three months.



Awards

Osaka City Leading Company in Women's Participation Certification upgraded from two-star to three-star

In March 2022, we acquired two-star certification under the Osaka City Leading Company in Women's Participation Certification,* which is an initiative to promote the women's empowerment of Osaka City. With the introduction of the three-star certification, which is a higher level, we reported on our initiatives in fiscal 2022 and acquired three-star certification in July 2023.

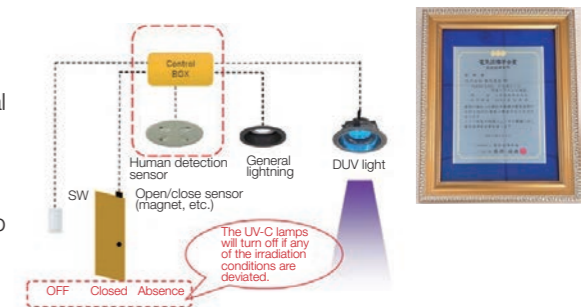
*A certification program that is implemented to recognize companies which are actively promoting a work environment conducive to women (including men's involvement in the family) and encourages the widespread adoption of these initiatives



Received the Institute of Electrical Installation Engineers of Japan Awards, Technology Promotion Category, Promotion Award

The Company developed a downlight that emits deep ultraviolet rays with sterilizing effect in collaboration with TAISEI CORPORATION (hereinafter "TAISEI"), and jointly received the 34th Institute of Electrical Installation Engineers of Japan Awards, Technology Promotion Category, Promotion Award in June 2023.

Deep ultraviolet rays are harmful to the human body, so from a fail-safe perspective, our company and TAISEI collaborated to develop a sterilization system using deep ultraviolet LED as a light source that only irradiates when no one is present based on data such as presence or absence and door status, ensuring safe use in spaces such as meeting rooms.



Received the Japan Electrical Construction Association Encouragement Award

JECA FAIR 2023 - 71st Electrical Construction Equipment and Materials Fair -, which is the largest electrical facilities exhibition in Japan regarding electrical facilities equipment, materials, and tools, was held at INTEX OSAKA from May 24 to 26, 2023, and the medium-capacity Quick Charger for EV HFR1-15B11, launched in October 2022, received the Japan Electrical Construction Association Encouragement Award.

This is the first award received for a mass-produced quick charger.



Safety and Health Initiatives

The TAKAOKA TOKO Group follows the basic policy of safety and health are prioritized in all business activities, and promotes the creation of a safe and comfortable workplace with the aim of zero accidents.

To realize this basic policy and goal, we formulate the TAKAOKA TOKO Group Safety and Health Activity Basic Plan every year and carry out specific activities based on this plan.

We verify and evaluate the status of safety and health activities through safety and health interviews, reflecting them in the plan for the next fiscal year, thus implementing the PDCA cycle.

In addition, not limited to activities within the TAKAOKA TOKO Group, we organize the TAKAOKA TOKO Safety Council to ensure safety at construction sites and carry out integrated safety and health activities with cooperative companies.



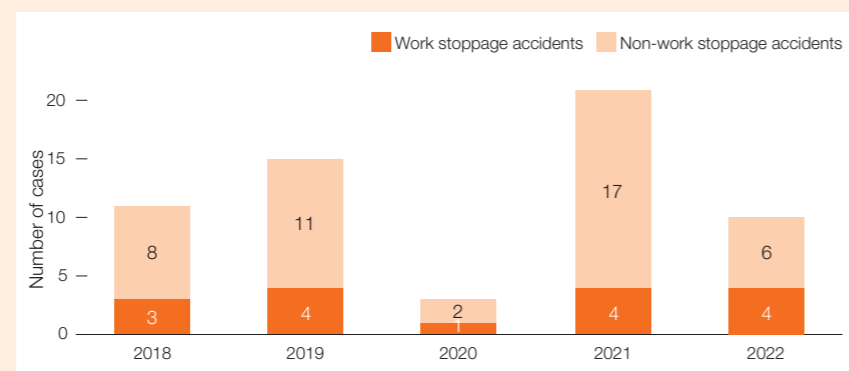
Safety and health goals for fiscal 2022

Zero work stoppage accidents	Zero non-work stoppage accidents
Zero traffic personnel injury accidents (both inflicting damage and self-inflicted)	Zero non-attendance by persons subject to interviews with occupational physicians

Main activities

- Safety patrols for designation of key themes
- Implementation and establishment of company-wide common work rules
- Safety perception training
- Occupational safety and health education
- Health management including mental health

Trends in the number of accidents (including cooperative companies)



Safety month initiatives

In accordance with the National Safety Week from July 1 to 7, the TAKAOKA TOKO Group has designated this July as the TKTK Safety Enhancement Month, and is actively implementing various safety activities according to the actual situations of workplace, based on the basic policy of safety and health activities to ensure that safety and health are prioritized in all business activities.

These activities include messages from the President and the central executive committee chairperson of the labor union at the company-wide safety meeting aimed at eradicating accidents and disasters, the implementation of the labor-management safety top patrols, the implementation of case methods of accident, the implementation and establishment of company-wide work rules, and holding debriefing of safety Kaizen cases in the work sites, all aimed at improving safety awareness and fostering a culture of safety.



Company-wide safety meeting

TKTK Three Principles of Safety Thinking and Action

In fiscal 2021, the Company established the TKTK Three Principles of Safety Thinking and Action based on the President's desire to prevent accidents from occurring. These three principles have been distributed to all employees as portable card so that each and every employee has a sense of ownership and recognizes that the safety thinking and action does not only contribute to the safety of their own but also contributes to that of the entire team, with an effort to enhance the team's safety capabilities.

TKTK Three Principles of Safety Thinking and Action

There is no certain method or goal for safety.
Practicing these three safety principles with **persistence, tenacity, and single-mindedness!**
is indeed the greatest shortcut to safety. **Stay safe!**

- Fully understand the **background of establishment, purpose, and content of standard procedures and safety rules!**
- **Consciously adhere to rules**, making such behavior an **unconscious behavior (habit)!**

Always practice safety rules!

Perceive the seeds of danger and avoid them!

Protect everyone's safety through communication!

- Eliminate **carelessness, overconfidence, and presumptions**, and prevent **work on a whim!**
- In particular, pay close attention to dangers lurking in **3H work— first time, changes, after a long time**, and **preparation and dismantling work!**
- Make sure to perform **TBM-KY (Tool Box Meeting - Kiken Yochi or pre-work safety briefing) and individual KY** at each work stage!
- Learn from past accident cases and hiyari-hatto (near-misses)!

- **The safety capability of a team (organization) = multiplication of each individual's safety awareness!**
With each individual's safety awareness and mutual encouragement, let's enhance the team's safety capabilities!
- Take extra care and encouragement for **workers with fewer years of experience or elderly workers!**
- Implement **accident case studies and safety discussions with the participation of all members** in group meetings!

Measures to break the chain of accidents

In fiscal 2022, there were four work stoppage accidents and six non-work stoppage accidents. Although the numbers decreased compared to the year before last, the total number of accidents, including minor injuries, remains high.

In terms of types of accidents, tumbling and collisions account for the majority, and there is no end to getting trapped or entangled, crashes and falls, cuts and scrapes that occur frequently every year.

To overcome these situations, this year's safety activity plan initiated patrols for designation of key themes.

Patrols for designation of key themes

(1) Planning	Set key theme from the types of accidents during patrol planning
(2) Preparation	Utilizing the accident report DB analysis tool, search for past accident cases related to the key theme and recurrence prevention measures, and extract and set main checking points for implementing patrol
(3) Implementation	Share the settings with all patrollers and check the actual site and thing with multiple eyes
(4) Review	Assess the risks of matters identified, implement reduction measures, and share and horizontally deploy good examples

Quality Control Initiatives

Quality policy

To provide a peace of mind and satisfaction to customers.

Based on our corporate philosophy, we have established a quality policy and quality indicators to achieve our three visions, considering them an important part of our management activities. Each business division also sets quality indicators in its quality assurance implementation plan and strives for quality improvement. We provide a peace of mind and satisfaction to our customers aiming for zero defects with the participation of all members.

We are working to ensure that our quality policy spreads as part of our corporate culture and takes root among all employees.



Quality assurance system

We are working to maintain and reinforce quality management with the participation of all members.

The Quality Assurance Department is organized separately from the Manufacturing Department, ensuring an independent production system that prioritizes quality assurance. The Quality Assurance Department strives for a prompt response to inquiries regarding after-sales service and defects. In the internal control of quality management, we have established a CQO (Chief Quality Officer) as the person responsible for quality, enhancing our quality control. In addition, from fiscal 2022, we have been working to reinforce our quality management through enhanced human capital in the Quality Management Division and the appointment of quality management personnel to deputy general manager levels in each business division. As part of our PDCA-driven quality activities, we hold company-wide management reviews and monthly quality assurance meetings at each business division. In these meetings, we are working to improve quality with the participation of all employees by reporting performance against quality indicators, discussing recurrence prevention and preventative measures, sharing defect examples from each business division, and disseminating results above to each department.

Quality information database

We prevent the outflow of product defects by focusing on both recurrence prevention and preventative measures.

We have introduced the Quality Information Database since 2016 to register customer requests and product defect information. This database is operated as a company-wide tool and is used by all employees. A unique feature of this database is the ability to share the entire process and progress status from the investigation of the cause of the defects to the measures taken, the recurrence prevention measures, and the evaluation of measures being established. Since fiscal 2021, we have renewed the Quality Information Database, making defect handling more visible and promoting quicker solutions through a timekeeper function, thus aiding in providing proper and prompt responses to customers. In addition, the registered information can be shared with other departments through keyword searches. It is also used for preventive measures by referring to defect cases.

Dissemination of quality information

We have established the Quality Portal Site on our corporate website and post the latest information necessary for quality management, such as performance against quality indicators, quality-related educational materials, and event information for quality lectures.

Defect prevention activities for changes and alterations

Since 2015, we have been promoting 3H activities, which are defect prevention activities for changes and alterations. 3H stands for the initial letters in Japanese for first time, changes, and after a long time, with the goal of recognizing changes and alterations, identifying any non-conformities that could arise from them, and taking measures to prevent their occurrence. In the design phase, we have been utilizing a method called Quick DR (Quick Design Review) since fiscal 2016 to conduct preventive measures focusing on changes and alterations of the design. To put this method into practice, we regularly hold Quick DR instructor training sessions to enhance the skills of designers.

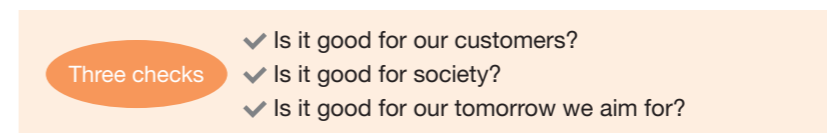
Quality awareness improvement activities

Since 2021, the Company has been working on company-wide reforms from the four perspectives of **rebuilding the QMS (Quality Management System), strengthening human capital development, enhancing communication, and reforming awareness and culture**, to further strengthen its quality compliance structure. We have designated August 23 as the 8.23 Q-up Day. We reflect on quality issues through various events to improve quality awareness. In addition, during Quality Month in November every year, we hold various events as an opportunity for all employees to prioritize quality. In fiscal 2022, to maintain and improve quality awareness, we have distributed the message from the President, conducted quality surveys to quantify our company's quality awareness, and worked for improvement for each business division.

<p style="text-align: center;">Rebuilding the QMS</p> <ul style="list-style-type: none"> Comprehensively review and systematically organize and coordinate internal manuals for visualization Timely collect information related to revisions of standards to reflect the latest on the manuals Strengthen monitoring of standard compliance situation 	<p style="text-align: center;">Strengthening human capital development</p> <ul style="list-style-type: none"> Strengthen the management level Offer training for the Quality Assurance Department and enhance education for all employees Enhance company-wide basic education
<p style="text-align: center;">Enhancing communication</p> <ul style="list-style-type: none"> Bring the management and front-line employees closer physically and mentally Enhance workplace communication and build an open workplace 	<p style="text-align: center;">Reforming awareness and culture</p> <ul style="list-style-type: none"> Thoroughly implement quality-first principle Redefine and share workplace missions Promote Kaizen and DX for the improvement of SQCD Break the inward closed company culture

Excerpt from message from the President at the beginning of the year

I want to ask everyone to **do the right things right**, and review and inspect the actual situation of your tasks and work from the perspectives of the three checks as a tool for confirmation.
Each and every one of us should raise awareness of safety, quality, and compliance and practice **do the right things right** in our daily work and life under the slogan **for our customers, for society, and for our tomorrow!**



Internal quality auditor training

For understanding ISO 9001 and maintaining and improving the quality of each department, we focus on educational activities such as refresh training for ISO 9001 internal quality auditors every year. In fiscal 2022, we conducted skill-up training for internal quality auditors as part of the recurrence prevention measures in response to inappropriate inspections, and are conducting educational activities to improve audit capabilities to detect potential inappropriate events.

Material Procurement

The Company manufactures products used for social infrastructure, ranging from the power sector to the information and communications sector. We constantly pursue the best of procured products in price and delivery time, as well as in quality, for the sake of customer satisfaction. We widely solicit blue-chip business partners with superb capabilities such as technology, price, and speed, and we would also like to use procurement activities themselves as a new means of information dissemination.

Procurement policy

Equal opportunity

We provide equal opportunity for competition irrespective of nationality, region, and the presence or absence of transactions.

Fairness

We make fair assessment in accordance with our in-house criteria with regard to quality, price, delivery time, supply stability, and environmental consideration.

Mutual growth

We strive to ensure that both business partners and we make profits from transactions for mutual prosperity.

Confidentiality

We will never disclose confidential information we access through transactions to any outside party.

Green procurement

We treat preferentially to business partners who give due consideration to environmental conservation and resource saving and are actively making relevant efforts.

Compliance

We comply with the applicable laws and regulations and with the TAKAOKA TOKO Group Charter of Corporate Behavior in conducting procurement activities.

Promote CSR including the supply chain

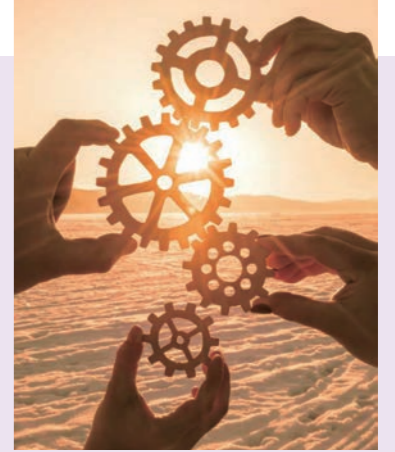
We have established the TAKAOKA TOKO CSR Procurement Guidelines in material procurement to promote equal and fair transactions as well as procurement activities aiming to build a supply chain that supports a sustainable society. We are conducting CSR briefings for our business partners, CSR self-assessments (self-diagnosis), and current supply chain evaluations to ask all our business partners for their understanding and support for these activities, and ask them to promote CSR activities actively by informing our supply chain.

Supply chain information security risk reduction activities

We have created a web-based security questionnaire with the aim of reducing information security risks for our business partners and requested major business partners to respond to the questionnaire to improve information security awareness. We will continue these activities and update information security measures together with our business partners.



Governance



The TAKAOKA TOKO Group has positioned the enhancement of corporate governance as a significant management issue in the need of fulfilling its social responsibilities by establishing trust as a corporation and continuously creating value. We improve the soundness and transparency of the management through accurate and swift decision-making, efficient business execution, and the strengthening of auditing and supervisory functions.

Dialogue Policy

Dialogue with stakeholders

We believe that in order to enhance corporate value, it is important to gain the understanding of our customers and the capital market regarding the attractiveness of our business and future growth and at the same time, to utilize the opinions received through dialogue with various stakeholders in our management. For this reason, we newly organized the Investor & Public Relations Group in July 2022. Although specific results are yet to be expressed, we are implementing a series of new initiatives, such as posting transcripts of financial results briefings in the media, and will continue to make efforts to enhance dialogue with our stakeholders.

Dialogue with shareholders and investors

Dialogue with shareholders

The 11th Annual General Meeting of Shareholders was held on June 29, 2023. After reporting this year's business performance and business overview, we received many questions from shareholders, and the management team strived to answer these questions sincerely. In addition, after the meeting, we set up a product introduction booth at the venue and had a discussion with shareholders, introducing the state of our activities.

Dialogue with investors

Dialogue and feedback overview

Item	Status
Main responders	Management: President and Representative Director, Managing Executive Officer in charge of Corporate Planning Department, Executive Officer and General Manager of Finance & Accounting Department Secretariat: Investor & Public Relations Group, Corporate Planning Department
Dialogue partners	The following dialogues were performed with analysts, institutional investors, etc. Individual interviews: domestic (60), overseas (23) <August 2022-July 2023> Financial results briefings*: two times in 2022 (for analysts and institutional investors)
Other communication methods	<ul style="list-style-type: none"> ● Disclosure of IR information on our website ● Timely disclosure through Timely Disclosure network (TDnet) of the Tokyo Stock Exchange ● Utilization of platforms for institutional investors and securities firms ● Transcription of financial results presentation and posting on web media
Feedback status	<ul style="list-style-type: none"> ● Reporting the status of financial results briefings and individual meetings to the Management meeting and Board of Directors ● Reflecting the instructions of the Board of Directors in IR activities (holding small meetings with investors to gather information on the Company's evaluation from investors' viewpoints and sharing the results of such evaluation with employees)

Main themes of dialogue and shareholder concerns

Item	Concerns
Management strategy and capital strategy	<ul style="list-style-type: none"> ● Approach to dividend policy ● Initiatives to improve PBR (analysis of low PBR factors, planning schedule) ● Introduction and status of ROIC considering cost of capital and return on capital
Financial related	<ul style="list-style-type: none"> ● Impact and future outlook of parts supply shortage as a result of semiconductor shortage and soaring key materials prices ● Status of inquiries for new businesses (quick chargers for EV, 3D inspection systems) ● Market trends in core businesses (background of sales and profit growth in the metering business segment, etc.) ● Others (likelihood of financial forecasts, seasonal variations in quarterly business performance)

Disclosure policy

On April 25, 2018, the Company has established a Disclosure Policy. We practice appropriate information disclosure to build a long-term trust relationship with all stakeholders, including shareholders and investors. In accordance with the Financial Instruments and Exchange Act and other laws and regulations, as well as the rules of the Tokyo Stock Exchange, we make disclosures following legal and regulatory disclosure standards regarding decisions, occurrences, and financial results that may affect investment decisions when they arise.

Roundtable Discussion with Independent Outside Directors



Takashi Ichinose
President and Representative Director

Yasuhiro Mishima
Outside Director

Akira Uemura
Outside Director

Yasuhiro Mishima has experience and knowledge gained through his career as a corporate manager in the manufacturing industry, including overseas business development. Appointed Outside Director of the Company in 2016.

Akira Uemura has high-level expertise in the IT industry and experience and knowledge gained through his career as a corporate manager. Appointed Outside Director of the Company in 2020.

Based on the 2030 VISION, rebuild the business foundation and become a comprehensive energy service provider capable of responding to the increasing sophistication and diversification of energy use

Review of fiscal 2022

Celebrated the 10th anniversary of the integration and took the first major step toward a new stage of growth

Takashi Ichinose (Ichinose): I look forward to a frank discussion with our Independent Outside Directors today. I would like to start with a review of fiscal 2022 and hear your thoughts. In fiscal 2022, although we were affected by soaring material prices, longer delivery times for parts, and depreciation of the yen, we achieved the highest profit (operating profit and ordinary profit) since the founding of the Company owing to the results of our initiatives, including kaizen activities, greater digitalization, material procurement reforms, and optimization of selling prices. Moreover, we established the GX Solution Business Division as an organization to spearhead the expansion of new business domains. In December 2022, we held a solution fair to commemorate the 10th anniversary of the company integration. Furthermore, we appointed Ms. Kishiko Wada as the first female Director of the Company.

That is my wrap-up of fiscal 2022. First, I would like to request Director Mishima to share his review of fiscal 2022.

Yasuhiro Mishima (Mishima): I have been attending Kaizen Coaching sessions since 2018 and have been working on kaizen activities with successive presidents of the Company. I am pleased to see that over the past five years, a corporate culture in which each employee engages in kaizen activities while thinking for themselves has instilled throughout the Company. I believe the achievements of these kaizen activities have spurred the Company's business performance and underpinned the achievement of the highest profit since the Company's founding.

Ichinose: Director Mishima has been actively providing us with guidance at our monthly Kaizen Coaching sessions. Now that COVID-19 has abated, we would like to increase opportunities for on-site, physical-object-oriented kaizen activities to propel kaizen.

Mishima: In my opinion, working in a company is synonymous with implementing kaizen. There is no end to kaizen. Continuously implementing the cycle of kaizen will ensure the continuity of a company.

Ichinose: I also think that kaizen is at the heart of everything we do and the key to improvement. I share this recognition throughout the Company.

Next, Director Uemura, please comment.

Akira Uemura (Uemura): In the Medium-term Management Plan 2023, specific risks and measures for



Yuichiro Takada
Outside Director (Audit and Supervisory Committee Member)

Kishiko Wada
Outside Director (Audit and Supervisory Committee Member)

Yuichiro Takada has knowledge of finance and accounting and experience and knowledge gained in through his career as a corporate manager. Appointed Outside Auditor of the Company in 2016. Appointed Outside Director (Audit and Supervisory Committee Member) of the Company in 2020.

Kishiko Wada has experience and knowledge of legal affairs as an attorney-at-law and experience and knowledge gained through her career as a corporate manager. Appointed Outside Director (Audit and Supervisory Committee Member) of the Company in 2022.

challenges are organized, and taking the Group's current capabilities into consideration, commitments that are must-achieve targets and plus-alpha challenge targets are set and managed. The Company is working on management to achieve these challenge targets. I think this methodology of management by objectives, as well as digital transformation (DX) and kaizen activities promoted by employees, is reflected in the Company's gratifying performance in fiscal 2022.

Ichinose: I certainly think it was good that we set commitments and challenge targets. However, the linkage of each action plan to the Company's overall performance was insufficient. In the next medium-term management plan, we intend to define key goal indicators (KGIs), set key success factors (KSFs) for achieving KGIs, and closely monitor the process by key performance indicators (KPIs). We plan to implement this system on a trial basis starting in the second half of fiscal 2023.

Uemura: I believe that the establishment of the GX Solution Business Division and the Core Business Restructuring Committee are preparation for achieving results toward the accomplishment of the 2030 VISION. I also believe that the establishment of the Chief Officer (CXO) system for executive officers, which involves having them shoulder leadership responsibilities, has been effective. Furthermore, I think the creation of the fellow system, a fellow being the highest position for technical personnel, is of great significance for our future as a group of professionals.

Ichinose: We need to strengthen our project management capabilities from the perspective of human capital development. Therefore, I request your continued guidance.

Regarding the establishment of CXOs and the creation of the fellow system, the advice of our Outside Directors has shaped these developments.

Next, Director Takada, please comment.

Yuichiro Takada (Takada): When the Company's performance for fiscal 2022 is compared to that for the first year since its founding, net sales grew 1.3 times and operating profit almost doubled. On the other hand, when the targets for fiscal 2030 are compared to the results for the Company's first year, the target for net sales is about double and the target for operating profit is seven times higher. It is clear that the Company needs to accelerate its growth even more, and I feel that I have a great mission.

Therefore, since my assumption of office as an Outside Director, I have been stating my opinions mainly from two perspectives.

One perspective is that of a businessperson. From the viewpoint of employees, I want TAKAOKA TOKO to become a company that employees trust and where they experience personal growth. From the viewpoint of suppliers and customers, is the Company customer-oriented considering with a global perspective and an economic megatrend? From the viewpoint of governance, are the transparency, legality, and fairness of the Board of Directors always ensured?

The other perspective is that of an investor. I focus on capital efficiency and whether fairness is ensured between controlling shareholders and minority shareholders.

From these perspectives, I express some candid opinions at Board of Directors meetings.

Ichinose: Director Takada has given us opinions and suggestions from the perspectives of all stakeholders, including customers, suppliers, employees, shareholders and investors, and from the perspective of governance, the local communities. Your frank remarks are greatly appreciated.

Next, Director Wada, please comment.

Kishiko Wada (Wada): I took office in June 2022, and because we Directors receive detailed briefings on the agenda of Board of Directors meetings, including the background, I was able to catch up quickly. Various initiatives are underway. In terms of awareness reform, I am impressed by Management Reform Task Force Committee, which is working on measures to prevent the recurrence of the improper inspection incidents detected in fiscal 2021. Young personnel are proactively involved in the task force and express their opinions.

Ichinose: Employees from various workplaces who aspire to change the Company are participating in Management Reformation Task Force Committee. In fiscal 2023, we are in the phase of formulating an action plan reflecting the Committee's recommendations and implementing it.

Wada: As an attorney-at-law by profession, I sometimes give advice on reform of corporate culture from an external perspective. But I think that a policy generated by people within the company on their own initiative will be more suitable for the company than a policy abstractly drawn up based on inputs from an outsider. I do hope that you will concretize the Committee's recommendations and put them into action.

Ichinose: Employees make proposals based on their own ideas of what they want to be and what they want to change. I want the members of Management Reformation Task Force Committee to take the lead in spreading such an attitude throughout the Company. I would like to do my utmost in cooperation with the other members of the Committee.

Expectations for fiscal 2023

Autonomy, passion, and diversity let human capital thrive, leading to sustainable growth of the Company

Ichinose: Fiscal 2023 is the final year of the Medium-term Management Plan 2023 and also the year for formulating the Medium-term Management Plan 2026, which corresponds to the **step** of the **hop, step, and jump** toward the 2030 VISION. At the same time, we must take firm action to deal with the incidents of impropriety that we disclosed in May. I am prepared for the challenges ahead in dealing with these two tasks. What are your expectations for TAKAOKA TOKO in fiscal 2023?

First, Director Mishima, please.

Mishima: The ideal company contributes to society by working together to do what one person cannot do alone, earning profits from its social contribution and distributing the profits to employees to develop and continue the company. If management imposes unrealistic sales and profit targets, employees may focus on short-term numbers. To ensure the priority is clearly understood, it is important that management always communicates the form of social contribution to employees.

Moreover, to take advantage of the reflection on the incidents of impropriety announced in May, a **bad news first** culture is essential. If a subordinate reports bad news, a superior should appreciate it. I think that such a corporate culture will be most effective for preventing recurrence.

Ichinose: Our mission is to **continue to support stable supply of electricity** and **provide solutions to new social issues, such as carbon neutrality and disaster resilience**. I take every opportunity to communicate that fulfilling this two-fold mission is what gives meaning to the

Company and will bring us closer to the attainment of the 2030 VISION.

We will take the words of Director Mishima to heart in dealing with the incidents of impropriety. As one of the Three Principles of *Ho-Ren-Sou*, I also urge our employees to report bad news promptly, without hesitation, and to state the facts clearly.

Mishima: In our kaizen activities to date, we have focused on improving the Company as a whole by identifying and solving visible problems. From now on, we need to take it a step further by identifying possible future problems and challenges that we may face and implementing countermeasures in advance. Such future-oriented kaizen activities will surely lead to the improvement of employees' abilities and the growth of the Company. I will do my utmost to help the Company's kaizen activities advance to the next level.

Ichinose: **Look outside x Look ahead** is an element of the Takaoka Toko Credo. I think it is necessary to adopt this spirit in our kaizen activities.

Next, Director Uemura, please comment.

Uemura: I think we should aim to be a company capable of taking a leadership role in the GX Solution Business field. In order to strengthen the business while taking advantage of our core products, such as electric equipment applied in electricity networks and quick chargers for EVs, we believe it is necessary to provide solutions for a wide range of customer issues through the introduction of IT and the application of DX.

In addition, we must also strengthen mechanisms to properly manage security and other system risks as we develop our business. In this regard, I will draw on my background in system quality, project management, and risk management.

Ichinose: In the 2030 VISION, we declared a shift to sales of services and solutions rather than physical products alone.

Uemura: As the first step toward this goal, we are promoting the obtaining of ISMS certification in fiscal 2023. In addition, since we sell services and solutions in the social infrastructure field, a system enabling follow-up of services 24 hours a day, 365 days a year is required. I would like to contribute to the establishment of a follow-up system in the IT and digital fields.

Ichinose: IT and digitalization are the basis of sales of services and solutions, which require quality and security systems different from those of conventional product sales. We are still somewhat weak in certain respects, so I would appreciate your continued guidance.

Next, Director Takada, please comment.

Takada: Given the current situation, 2030 VISION's goals are highly ambitious. To accomplish the VISION, we need diverse human capital. I strongly believe that if TAKAOKA TOKO can be a company with an active atmosphere where people can freely express their ideas and are praised for their willingness to embrace challenges even if they make some mistakes, the Company will attract people with diverse talents and they can help one another improve.



Earlier, Director Wada mentioned reform of the corporate culture. It may take time to reform the corporate culture, but I would like TAKAOKA TOKO to be a company whose employees are excited about what they are going to do each day.

Ichinose: Regarding the reform of the corporate culture, we plan to start with new business domains centering on the GX Solution Business Division. Diverse human capital will come up with various ideas, conduct various demonstrations, think and act, learn from failures, and develop improvement measures. I would like to create a culture in which we can turn this into a virtuous cycle.

Meanwhile, existing core businesses must ensure customer trust in terms of quality and stable supply while promoting kaizen activities. I think that reform of the mindset is necessary to a certain degree, but we must not make mistakes that damage trust. Therefore, I think it is important to strike a balance.

Takada: Since our core businesses involve advanced technology, it would be best if we could present an image of the future TAKAOKA TOKO as a combination of traditional products with a long history and new interesting businesses with greater freedom.

Ichinose: I also hope to convey the open atmosphere of TAKAOKA TOKO where people are doing interesting things.

Mishima: Our products are mainly B2B, but one product category close to general consumers is quick chargers for EVs, a market that is expected to expand from now on. It may be a good idea to conduct an advertising campaign using the quick charger as a trigger. It would be great if it becomes a catalyst to transform the Company.

Ichinose: Next, Director Wada, please comment.

Wada: About the comments of other Outside Directors, I also think human capital development is important. I am paying attention to ascertain whether the establishment of the Human Capital Development Center will make it more effective.

President Ichinose introduced me as the first female Director. I look forward to seeing more female employees fulfilling active roles at TAKAOKA TOKO in the future. Gender is irrelevant to our products and services, but as

the Company has human capital of various abilities, regardless of gender, the addition of diverse human capital, including women, will naturally broaden and deepen the pool of human capital. If the Company can publicize the appointment of female Directors and female and non-Japanese employees playing active roles, it will be easier to attract diverse human capital and lead to the future growth of the Company.

Ichinose: As Director Wada pointed out, what is required is diversity. I think that the three keywords for human capital development from now on are **autonomy**, **passion**, and **diversity**. Each employee takes on challenges with a sense of autonomy, considering his or her own career. Passion is the key to success. Moreover, I think interaction among people with diverse values is necessary.

Wada: When it comes to diverse values, work-life balance is also important. You may well come up with ideas for kaizen while doing chores at home. We always have to think about what to prioritize and how to execute tasks efficiently; otherwise we will not be able to balance family life and work. Taking into consideration such work-related advantages, it is desirable to encourage male employees to take childcare leave.

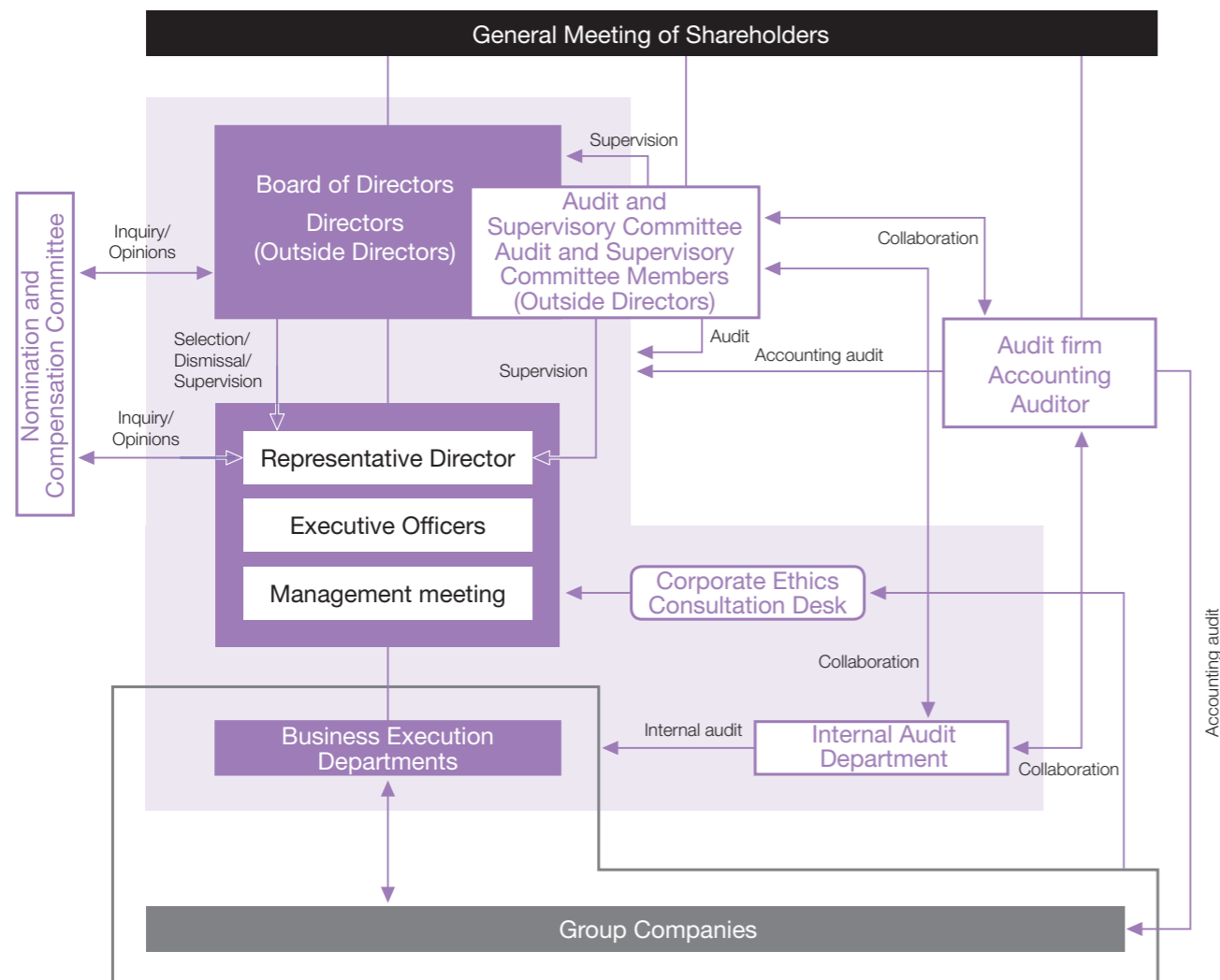
Ichinose: Listening to what all our Outside Directors have said, I recognize afresh that our Board of Directors has become vitalized, as you not only offer advice and suggestions based on your respective backgrounds and expertise, but also proactively offer advice from a broader perspective.

We believe that our employees, i.e., human capital, are the key to accomplishing the 2030 VISION. With your advice and guidance, we will become a company where employees can work with vitality and achieve personal growth, thereby contributing to society and improving the financial performance of the Company. I would like to make TAKAOKA TOKO a company with such a virtuous cycle.

Corporate Governance System

The TAKAOKA TOKO Group operates under the following system to ensure accurate and prompt decision-making, through corporate ethics, and efficient company operations while complying with laws and regulations.

Diagram of the Corporate Governance System



Overview of Corporate Governance System

The Company has chosen to become a company with an audit and supervisory committee as our corporate governance system in order to enhance our corporate value by aiming for agile decision-making in the Board of Directors, invigorating discussion, and ensuring the full function of Outside Directors, as well as strengthening the supervisory function over the Board of Directors.

Board of Directors

The Board of Directors consists of ten Directors and the meeting is held once a month in principle, or as needed, to deliberate and decide on important matters related to overall management, while supervising the execution of duties of the Directors by receiving reports from them on a regular basis and as needed.

We strive to ensure the effectiveness of the Board of Directors through careful deliberations that include Outside Directors, taking into consideration and implementing the following matters.

- Prior consultation on agenda items for the Board of Directors by Executive Directors and Full-Time Audit and Supervisory Committee Members at the Management meeting
- Ensuring sufficient time for deliberation
- Limiting resolutions and deliberation items at the Board of Directors to the most important management matters
- Regarding the annual schedule, making a plan by taking into account the schedule for events such as the General Meeting of Shareholders and financial results announcements with the basic principle to hold meetings on the last week of each month, including anticipated agenda items
- Regarding the meeting dates, determining the annual schedule while taking into consideration that all Directors are able to attend
- Regarding the important matters, giving explanations to Outside Directors in advance

(1) Effectiveness evaluation of the Board of Directors

We conduct an effectiveness evaluation through questionnaires to each Director in order to improve the functions of the Board of Directors.

The effectiveness evaluation is conducted based on the tabulation of responses to the questions categorized in the following evaluation items and the aggregation of opinions provided in the free response section.

As a result of the evaluation conducted for fiscal 2021, it was assessed that the operations of the Company's Board of Directors are generally appropriate and its effectiveness is ensured.

However, we received opinions requesting further improvement in the effectiveness of the progress management of the Medium-term Management Plan and the enhancement of the supervisory functions of the Board of Directors. Thus, we implemented initiatives such as reporting to the Board of Directors on the monitoring status of projects aimed at achieving the Medium-term Management Plan, managing of Group companies, and enhancing investment management.

Taking into account these initiatives, as a result of the evaluation conducted for fiscal 2022, it has also assessed that the operations of the Company's Board of Directors are generally appropriate and its effectiveness has been ensured.

Nonetheless, there are opinions requesting further improvement in the effectiveness of the progress management and discussion related to the Medium-term Management Plan and the enhancement of the supervisory functions of the Board of Directors, and we will review the operations of the Board of Directors based on these opinions going forward.

Evaluation items

1. Performance evaluation of the functions of the Board of Directors

- 1) Formulation of strategic management issues
- 2) Activation of the Board of Directors
- 3) Supervisory function of the Board of Directors

2. Other evaluations of the operation and composition of the Board of Directors

- 1) Operation of the Board of Directors
- 2) Composition of the Board of Directors

(2) Business execution structure

The Company has adopted an executive officer system in an aim for the separation of management and execution as well as the acceleration of decision-making, and within the Board of Directors, we decide on the delegation of administrative works and division of duties for each Executive Officer.

In addition, a Management meeting, mainly composed of full-time Directors, has been established to assist the functions of the Board of Directors and to facilitate efficient and appropriate decision-making.

To facilitate prompt and decisive decision-making at the Board of Directors, criteria for matters to be resolved by the Board of Directors are clearly defined in the Rules for Board of Directors, and matters that do not meet these criteria are decided by the Management meeting or the President based on the rules on administrative authority.

During these meetings, proposals are made by the management team, and if any questions arise during the deliberation, thorough verification is conducted, utilizing external institutions such as lawyers as needed to verify appropriateness and legality before making a decision.

Decisions are executed by the management team, led by the President, along with the respective departments in charge.

(3) Nomination and compensation

The Company has established a Nomination and Compensation Committee as an advisory body concerning the nomination, compensation, and succession planning of Directors and Executive Officers, and the Committee is primarily composed of independent Outside Directors.

① Nominations

Candidates for Directors as well as Executive Officers are selected considering diversity, based on the following knowledge, experience, and abilities, in addition to opinions from the Nomination and Compensation Committee and advice from Outside Directors at the Board of Directors.

[Candidates for Directors]

- People who are well-versed in the business fields in which we operate
- People with experience in corporate management
- People with specialized knowledge in law, finance, etc.

People who can utilize the above skills in performing their duties

[Executive Officers]

- People who are well-versed in the business fields in which we operate

For executive management (Chairman and President), we select the most suitable person at that point in time based on opinions from the Nomination and Compensation Committee as well as the opinions of Outside Directors at the Board of Directors.

For candidates for independent Outside Directors, we select people who can contribute to candid, active, and constructive discussions in the Board of Directors based on the requirements for Outside Directors stipulated in Article 2, Paragraph 15 of the Companies Act, as well as the independence standards of the Tokyo Stock Exchange. Among the independence standards, major business partners are determined as follows and in addition to executives (Executive Directors and employees), being a Non-Executive Directors who is not an Outside Director is also criteria for determining independence.

[Major business partners]

- 1) A party for which the Company is a major business partner:
 - Business partners for which the Company accounts for 10% or more of their net sales or purchase volume
- 2) Major business partner of the Company:
 - Business partners which account for more than 10% of the Company's net sales or purchase volume
 - Financial institutions from which the Company has borrowed and whose outstanding loan balances constitute 1% or more of the Company's total assets

If any of the following conditions are met, a proposal for dismissal of Directors will be submitted to the General Meeting of Shareholders after inquiry with the Nomination and Compensation Committee, and for Executive Officers, dismissal will be resolved by the Board of Directors.

- In case it is determined that a person cannot fulfill their responsibilities due to his/her health reasons
- In case a person has caused a serious compliance violation due to willful misconduct or gross negligence
- In case it is determined that a person no longer meets the requirements for appointment

② Compensation

I. Matters related to the policy for determining the details of compensation and the like for individual Directors

The Company has stipulated the policy for determining the details of compensation and the like for individual Directors (excluding those who are Audit and Supervisory Committee Members) (hereinafter referred to as the "Policy") in accordance with the resolution by the Board of Directors. The outline of the Policy is as follows:

Compensation for Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors) consists of three types of compensation: fixed monetary compensation (non-performance-linked

compensation), variable monetary compensation (performance-linked compensation), and stock-based compensation. Compensation for Outside Directors (excluding those who are Audit and Supervisory Committee Members) is fixed monetary compensation.

With respect to monetary compensation for Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors), the Company has set the base amounts of monetary compensation by position group (Chairman and Representative Director, President and Representative Director, Director and Senior Managing Executive Officers, Director and Managing Executive Officers). Approximately 65% of the base amount of monetary compensation is guaranteed as the minimum amount by fixed monetary compensation. In addition, the Company determined the amount of fixed monetary compensation for Outside Directors (excluding those who are Audit and Supervisory Committee Members) according to their duties.

As a guideline, the composition ratio of compensation is as follows.

- (1) Chairman and Representative Director and President and Representative Director
55% fixed monetary compensation: 30% variable monetary compensation: 15% stock-based compensation
- (2) Director and Senior Managing Executive Officers and Director and Managing Executive Officers
60% fixed monetary compensation: 30% variable monetary compensation: 10% stock-based compensation

The composition ratio shall vary depending on business performance and other factors.

In reviewing the calculation methods for compensation of Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors), the Nomination and Compensation Committee discuss this topic in advance and the opinions of the Committee are considered as factors in the decision made by the Board of Directors.

II. Matters related to resolutions at the General Meeting of Shareholders regarding compensation of Directors and the like

The amount of compensation for Directors (excluding those who are Audit and Supervisory Committee Members) was resolved to be 180 million yen at maximum per year (including 30 million yen at maximum for Outside Directors) at the 8th Annual General Meeting of Shareholders (held on June 29, 2020). The number of Directors (excluding those who are Audit and Supervisory Committee Members) as of the conclusion of this General Meeting of Shareholders is seven (including four Outside Directors).

In addition, separate from the above-mentioned compensation amount, regarding the **Board Benefit Trust (BBT)**, which is the performance-linked stock compensation plan for Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors), it was resolved to set the upper limit of points per fiscal year that are granted to Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors) for each of the three fiscal year periods starting from the fiscal year that commenced in April 2023 (such three fiscal year periods and its subsequent three fiscal year periods commencing after the end of such three fiscal year period are collectively called "applicable period"), for 18,000 points, and the upper limit of the number of shares of the Company to be acquired by the trust during each applicable period for 54,000 shares, at the 11th Annual General Meeting of Shareholders (held on June 29, 2023). The number of Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors) who are eligible for this plan as of the conclusion of this General Meeting of Shareholders is three.

III. Matters related to performance-linked compensation and the like

Regarding the compensation for Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors), approximately 35% of the base amount of monetary compensation, variable portion of compensation other than fixed monetary compensation is set as variable monetary compensation. The Company has developed a system in which the amount of variable monetary compensation increases or decreases depending on results of the Company-wide and individual performance, with the aim of using variable monetary compensation as short-term incentives for consistent achievement of business plans and expansion of earnings, etc. in each fiscal year.

To achieve the objectives above, for the company-wide performance portion, consolidated net sales, consolidated operating profit, and profit attributable to owners of parent have been selected as performance indicators, and they are calculated based on the changes in these performance indicators compared to the initial plan and the previous fiscal year.

Individual performance portion is calculated based on performance rating for performance targets set by each Director.

In addition, we have introduced the performance-linked stock compensation plan called the **Board Benefit Trust (BBT)**, and the details of which are as described in **IV. Content of non-monetary compensation and the like**.

IV. Content of non-monetary compensation and the like

Under the performance-linked stock compensation plan called the **Board Benefit Trust (BBT)**, money contributed by the Company is used as funds to acquire the Company's shares through a trust (the trust to be established under this plan is hereinafter referred to as the "Trust"), and based on the stock benefit rules for Officers established by the Company, the Company's shares and money equivalent to the value of the Company's shares converted at market value (hereinafter "Company's shares and the like"), are distributed through the Trust to Directors and the like (referring to Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors), Executive Officers, and Executive Fellows).

Points, the number of which is to be determined in consideration of their respected positions (President and Representative Director, Director and Senior Managing Executive Officers, Director and Managing Executive Officers, etc.) and coefficients calculated according to performance indicators compared to the initial plan and the previous fiscal year, are granted every fiscal year based on the stock benefit rules for Officers. The points granted are converted at the rate of one common share of the Company for one point when distributing the Company's shares and the like.

Consolidated net sales, consolidated operating profit, and profit attributable to owners of parent have been selected as performance indicators, and the plan is aiming to serve as both short-term incentives for consistent achievement of business plans and expansion of earnings in each fiscal year, and medium- to long-term incentives for sustainable growth and stock price increase through enhancement of corporate value, by allowing the annual granted points to increase or decrease.

V. Determination of the amount of compensation for Directors

The amount of compensation for Directors (excluding those who are Audit and Supervisory Committee Members) for the period from July to the following June is determined by the Representative Director, who is authorized by a resolution of the meeting of the Board of Directors held immediately after the conclusion of the Annual General Meeting of Shareholders held in late June for every year.

Regarding the calculation methods for compensation of Directors (excluding those who are Audit and Supervisory Committee Members), the Board of Directors has the authority to determine, and the Representative Director, who is delegated by the Board of Directors, has the authority to determine the allocation of individual compensation amounts within the annual amount of compensation resolved at the General Meeting of Shareholders.

The Representative Director, who is a member of the Nomination and Compensation Committee, reports the calculated results of total compensation amounts (maximum) to the Nomination and Compensation Committee and decides individual performance evaluations and allocation amounts upon consultation with the Committee.

In addition, in reviewing the calculation methods for compensation of Directors (excluding those who are Audit and Supervisory Committee Members), the Nomination and Compensation Committee discuss this topic in advance and the opinions of the Committee are considered as factors in the decision made by the Board of Directors or the Representative Director.

Audit and Supervisory Committee

The number of Directors who are Audit and Supervisory Committee Members is three, and one of them is appointed as Audit and Supervisory Committee Aide (concurrent position) to assist with the duties of the Audit and Supervisory Committee Members.

The Audit and Supervisory Committee is held once a month in principle for having discussions among Committee Members and holds additional meetings as needed. Directors who are Audit and Supervisory Committee Members comprehensively review the status of execution of duties throughout the Company by attending meetings of the Board of Directors and other important meetings, and express their opinions to management as necessary from the aspect of sound corporate management and the development and penetration of management policies internally. In addition, we improve the efficiency of audits through close collaboration with the Accounting Auditor and conduct detailed audits on legality and appropriateness by verifying the status of Company's operations and assets.

In fiscal 2022, the Audit and Supervisory Committee primarily discussed the progress of efforts toward achieving the Medium-term Management Plan, enhancing the effectiveness of internal control systems, compliance with laws and regulations, ensuring safety and quality, and risk management, and conducted detailed audits on legality and appropriateness.

Full-Time Audit and Supervisory Committee Members comprehensively reviewed the status of execution of duties throughout the Company through activities such as attending meetings of the Board of Directors and other important meetings, circulating important decision-making documents and monthly financial statements, and visiting business divisions and subsidiaries to conduct audits.

Part-Time Audit and Supervisory Committee Members appropriately expressed their opinions in meetings of the Board of Directors and Audit and Supervisory Committee from the viewpoint of strict audit and supervision based on their extensive experience and broad knowledge as corporate managers or experts.

In terms of the incidents of impropriety regarding certain instrument transformer products that were discovered in fiscal 2022, it has been confirmed that the Company as a whole is working on cause investigation and recurrence prevention through the Audit and Supervisory Committee and Board of Directors, and we will continue to closely monitor to ensure that measures for cause investigation and recurrence prevention are steadily implemented.

Total amount of compensation and the like of Directors (fiscal 2022)

Executive classification	Total amount of compensation and the like (million yen)	Total amount of compensation and the like by type			Number of eligible officers (person)
		Fixed monetary compensation	Performance-linked compensation		
			Variable monetary compensation	Stock-based compensation (non-monetary compensation and the like)	
Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors)	88	51	28	8	4
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	19	19	—	—	1
Outside Officers	38	38	—	—	7

(Note) Among the total amount of compensation and the like by type, the cost recorded for stock-based compensation in fiscal 2022 is based on the performance-linked stock compensation plan.

Corporate Ethics/Compliance

Charter of Corporate Behavior and Guidelines for Corporate Behavior regarding corporate ethics

- The TAKAOKA TOKO Group has established the TAKAOKA TOKO Group Charter of Corporate Behavior and the subsequent TAKAOKA TOKO Group Guidelines for Corporate Behavior as the standard of conduct to achieve sustainable growth together with society and contribute to the creation of a prosperous society under the TAKAOKA TOKO Group Corporate Philosophy.

Corporate Ethics Committee and Corporate Ethics Consultation Desk

- The Corporate Ethics Committee, chaired by the President and Representative Director, has established with the aim of deliberating and discussing basic policies related to corporate ethics compliance and plans for corporate ethics activities to permeate and establish corporate ethics activities.
- In the TAKAOKA TOKO Group, if employees detect earlier or confirm the possibility of fraudulent or illegal activities, internal rule violations, or harassment in their work and find it difficult to report or consult with supervisors or department heads, we enabled them to use the whistleblowing system called the Corporate Ethics Consultation Desk (Job Helpline) and we have set up consultation desks both internally and externally. In this system, in line with the purpose of the revised Whistleblower Protection Act, we have reviewed relevant regulations to ensure that no consultation would result in any disadvantageous treatment due to the fact that they consulted and take sufficient care to protect the privacy of the whistleblower. Appropriate measures are taken based on investigation and fact-finding.

Corporate ethics activities

- We conduct activities to cultivate corporate ethics awareness, such as holding various corporate ethics training sessions and setting a corporate ethics enhancement month twice a year.

Initiatives for compliance with laws and regulations

- To ensure thorough compliance with laws and regulations, we have appointed responsible legal personnel and legal information liaison personnel in each department and Group company, and are actively working to strengthen the prevention of legal violation risk by regularly checking for information on revisions of laws and regulations and thoroughly disseminating information on legal matters that affect daily business operations.
- In order to conduct fair and free business activities, we have established Guidelines for Compliance with Antimonopoly Act and distributed them to all concerned parties, including Officers.

Risk Management

At the TAKAOKA TOKO Group, we have established Risk Management Regulations to consider measures for avoiding, reducing, or preventing operational risks, and have defined reporting channels and response systems in the event that risks materialize.

In addition, we have established the Risk Management Committee, chaired by the President and composed of Officers and department heads, to accurately identify all risks involved in our business activities and to reduce the frequency of risk occurrence and its impact on management. The Committee identifies company-wide risks and significant managerial risks, continuously reviews the progress and evaluates the effectiveness of Group-wide measures, and reflects the results in various measures.

(1) Dependence on specific businesses

The TAKAOKA TOKO Group, whose core business is the production and sale of electric equipment, has a product sales ratio of 39.7% for products sold to TEPCO Power Grid, Incorporated, and the majority of net sales are product sales to electric power companies. Thus, the increase or decrease in capital investment and repair expenses by electric power companies and their details could affect the TAKAOKA TOKO Group's business performance. To address this risk, we are expanding sales to sectors other than electric power companies by enhancing cost competitiveness and expanding into new markets.

(2) Material procurement

The TAKAOKA TOKO Group uses iron, copper, oil, insulators, and other materials for manufacturing our main products, and we reduce the risk of rising prices of these key materials by securing inventory according to market conditions, continuous cost-reduction activities in order to absorb the increase in cost which arises from rising prices, diversification of suppliers, and reflecting the increased costs in the selling prices.

In addition, we reduce risks related to the prolonged procurement lead time of parts such as semiconductors by implementing measures including above initiatives as well as the use of alternative products and design changes.

(3) Technology development

The TAKAOKA TOKO Group is advancing the development and commercialization of various advanced technologies. However, if development does not proceed as planned and we cannot bring products to the market at the appropriate time, it could affect the TAKAOKA TOKO Group's business performance. To address this risk, management is regularly managing progress to prevent or minimize the materialization of this risk.

(4) Product quality

The TAKAOKA TOKO Group strives to manufacture products for sales under thorough quality control. However, if a quality issue arises, the costs of losses such as recalls and replacements of defective products and compensation could affect the TAKAOKA TOKO Group's business performance.

(Impact of incidents of impropriety)

With respect to certain instrument transformer products (voltage and current transformers, voltage transformers, and current transformers) of the Company, incidents of impropriety have been revealed. It has been discovered that inappropriate type test reports had been submitted to certain customers for the relevant products in which, 1) instead of conducting tests using verification devices (testing devices built for conducting type tests) for a portion of the testing criteria of the type test, employing the following methods: (i) re-using test results for similar products conducted in the past; (ii) using calculations and analysis values supplied by the design division; or (iii) using test results conducted under test conditions that differed from the standards and conditions set out in the specifications individually required by the customer; without obtaining the customer's approval. It was further revealed that 2) details of the type test contained in these type test reports (quantity of verification devices, serial number, date and time of the test, test conditions, etc.) were factually incorrect.

As a result of the investigations, the Company believes that no problems will arise regarding the quality and safety of the relevant products themselves.

The Company announced that the comprehensive investigation regarding the quality of its products was completed on May 24, 2022 and posted the results of that investigation on the Company's website. However, this investigation failed to uncover the incidents, a fact that the Company takes very seriously. Accordingly, the Company will re-examine its investigation methods, based on an analysis of the causes of that oversight, and conduct further comprehensive investigations of quality covering all products other than instrument transformers.

In our internal investigations and verifications so far, no specific issues affecting the quality or performance of the products due to these incidents have been confirmed as of now. However, future developments could affect the TAKAOKA TOKO Group's performance and financial position.

(5) Fluctuation in value of assets held

The TAKAOKA TOKO Group holds various tangible and intangible assets such as business assets and goodwill arising from investments. If the profitability of these assets decreases and the recovery of the investment amount becomes uncertain due to changes in the future business environment, impairment losses may be recorded, and it could affect the TAKAOKA TOKO Group's business performance. To address this risk, we are regularly monitoring future cash flows and the rationality of the underlying business plan to identify signs of this risk and take actions to reduce this risk.

(6) Large-scale disasters

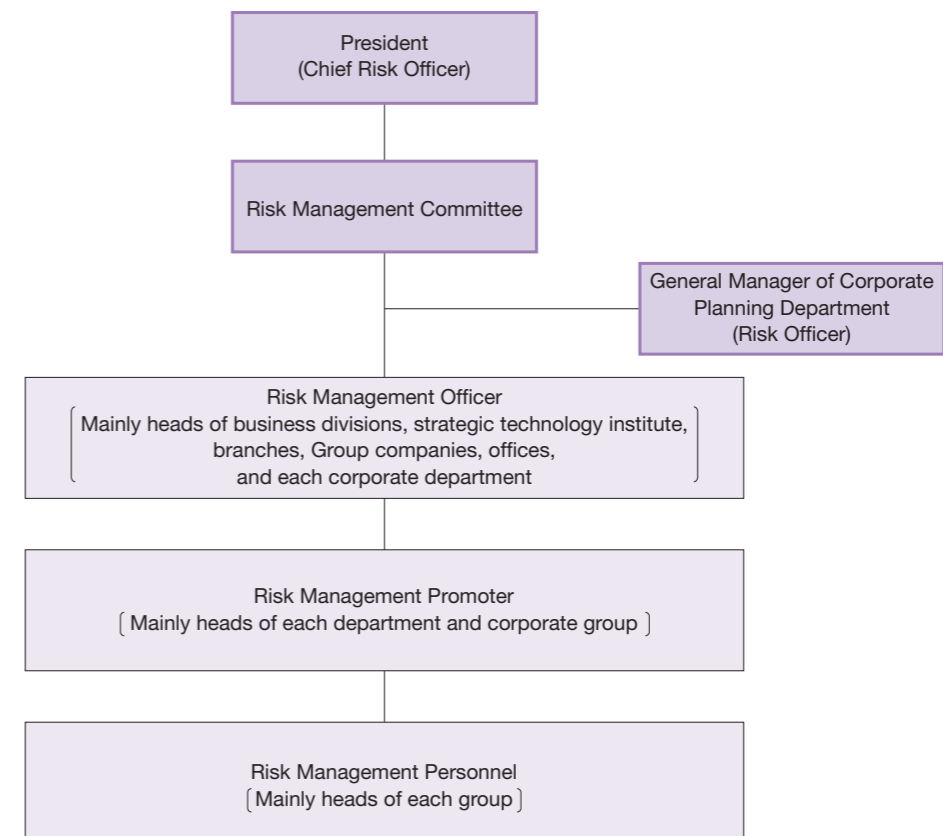
The TAKAOKA TOKO Group has implementing disaster prevention measures at each site. However, if any of the sites is affected by a large-scale disaster, causing a shutdown due to damage to production facilities, suspension of procurement of raw materials and parts, and paralysis of logistics and sales functions, it could affect the TAKAOKA TOKO Group's performance. To address this risk, we are systematically implementing earthquake-resistant measures at each site as well as diversifying procurement sources.

(7) Information security

If the continuation of business activities such as procurement, production, logistics, and sales operations of the TAKAOKA TOKO Group was affected due to a leak of critical information or a halt in operations caused by increasing and intensifying cyberattacks such as targeted attacks and ransomware, it could affect the TAKAOKA TOKO Group's performance.

To address this risk, we are implementing various security measures, employee education and training, and other initiatives aimed at minimizing this risk to reduce the impact on business activities.

Organization diagram



Directors and Executive Officers (As of June 29, 2023)

Directors



Takashi Ichinose
President and Representative Director
CKO (Reform/Kaizen area)

July 2010 General Manager of Facilities Department, Tokyo Branch, Tokyo Electric Power Company, Incorporated
September 2011 General Manager of Sub-Branch, Tokyo Branch, Tokyo Electric Power Company, Incorporated
June 2014 President, Tepco Town Planning Co., Ltd. (Seconded from Tokyo Electric Power Company, Incorporated)
June 2017 General Manager of Internal Audit Department, Tokyo Electric Power Company Holdings, Incorporated
April 2018 Executive Officer, General Manager of Internal Audit Department, Tokyo Electric Power Company Holdings, Incorporated
April 2019 Executive Officer, General Manager of Organization, Employee Relations & Human Resources Office, Strategic Unit for Human Resources Empowerment, Tokyo Electric Power Company Holdings, Incorporated
April 2021 Managing Executive Officer of the Company
June 2021 President and Representative Director of the Company (to present)
Chairman of Toshiba Toko Meter Systems Co., Ltd. (to present)



Tatsuya Wakayama
Director and Managing Executive Officer

April 1986 Joined TAKAOKA ELECTRIC MFG. CO., LTD.
June 2013 General Manager of Kyushu Branch of TAKAOKA ELECTRIC MFG. CO., LTD.
April 2014 General Manager of Kyushu Branch, Social Infrastructure Sales Group Manager of Kyushu Branch, TAKAOKA ELECTRIC MFG. CO., LTD.
June 2015 General Manager of Chubu Branch of the Company
June 2017 General Manager of Corporate Planning Department of the Company
June 2018 Executive Officer, General Manager of Corporate Planning Department of the Company
June 2020 Managing Executive Officer, General Manager of Corporate Planning Department of the Company
June 2021 Director and Managing Executive Officer, General Manager of Corporate Planning Department of the Company
June 2022 Director and Managing Executive Officer of the Company (to present)



Kunihiko Mizumoto
Director and Managing Executive Officer

April 1986 Joined Toko Electric Corporation
June 2013 Senior General Manager, General Manager of Environment Solution Business Division and attached to Management Integration Preparation Office, Toko Electric Corporation
April 2014 Executive Officer, Deputy General Manager of Energy Solution Business Division of the Company
June 2015 Executive Officer, General Manager of Energy Solution Business Division of the Company
June 2017 Managing Executive Officer, General Manager of Energy Solution Business Division of the Company
June 2018 Director and Managing Executive Officer, General Manager of Electric Equipment Business Division of the Company
June 2020 Managing Executive Officer, General Manager of Electric Equipment Business Division of the Company
June 2021 Managing Executive Officer, General Manager of Power Equipment & System Business Division of the Company
June 2022 Director and Managing Executive Officer of the Company (to present)



Yoshinori Kaneko
Outside Director

July 2013 General Manager of Musashino Sub-Branch, Tama Branch, Tokyo Electric Power Company, Incorporated
July 2015 General Manager of Corporate Planning Office, Power Grid Company; Corporate Planning Office, Corporate Management & Planning Unit, Tokyo Electric Power Company, Incorporated
April 2016 Director and Vice President in charge of management reform; General Manager of Business Planning Office, TEPCO Power Grid, Incorporated
June 2016 Director and Vice President in charge of management reform, TEPCO Power Grid, Incorporated
June 2017 Director and Nominating Committee Member of Tokyo Electric Power Company Holdings, Incorporated
Representative Director and President, TEPCO Power Grid, Incorporated (to present)
Director of the Company (to present)



Yoshihito Morishita
Outside Director

June 2015 General Manager of Accounting Department, Tokyo Electric Power Company, Incorporated
July 2015 General Manager of Accounting Office, Corporate Management & Planning Unit; Business Solution Company, Tokyo Electric Power Company, Incorporated
April 2016 Managing Director in charge of accounting and corporate debenture; Accounting Office, Corporate Management & Planning Unit, TEPCO Power Grid, Incorporated
June 2017 Managing Executive Officer, Tokyo Electric Power Company Holdings, Incorporated
Director, TEPCO Fuel & Power, Incorporated (part time)
Director, TEPCO Power Grid, Incorporated (part time)
Director, TEPCO Energy Partner, Incorporated (part time)
April 2019 Counselor, Tokyo Electric Power Company Holdings, Incorporated
June 2019 Director and Audit Committee Member, Tokyo Electric Power Company Holdings, Incorporated
April 2023 Counselor, Tokyo Electric Power Company Holdings, Incorporated
June 2023 Managing Director of JAPAN ELECTRIC POWER INFORMATION CENTER, INC. (to present)
Director of the Company (to present)



Yasuhiro Mishima
Outside Director

January 1999 General Manager of Molding Department, Tsutsumi Plant, Toyota Motor Corporation
January 2002 Senior Vice-President of Toyota Motor Thailand Co., Ltd.
May 2009 Standing Advisor of Futaba Industrial Co., Ltd.
June 2009 Representative Director and President of Futaba Industrial Co., Ltd.
June 2016 Advisor of Futaba Industrial Co., Ltd.
Director of the Company (to present)



Akira Uemura
Outside Director

April 2008 Executive Officer and General Manager of Industrial Business Division, Hitachi Software Engineering Co., Ltd. (currently Hitachi Solutions, Ltd.)
April 2009 Executive Officer and General Manager of Telecommunications and Industrial Business Division, Hitachi Software Engineering Co., Ltd. (currently Hitachi Solutions, Ltd.)
April 2010 Vice-President Executive Officer, Nippon Securities Technology Co., Ltd.
May 2010 President, Nippon Securities Technology Co., Ltd.
June 2019 Adviser, Nippon Securities Technology Co., Ltd.
June 2020 Director of the Company (to present)



Yoshinori Kurosawa
Director (Full-Time Audit and Supervisory Committee Member)

April 1981 Joined Toko Electric Corporation
June 2011 Senior General Manager, General Manager of Saitama Office; General Manager of Purchasing Department, Toko Electric Corporation
June 2012 Director, General Manager of Saitama Office and Deputy General Manager of Management Integration Preparation Office, Toko Electric Corporation
October 2012 Director, General Manager of Saitama Office; General Manager, Corporate Affairs Department of Saitama Office; Deputy General Manager of Management Integration Preparation Office, Toko Electric Corporation
June 2013 Director, General Manager of Planning Department; Deputy General Manager of Management Integration Preparation Office, Toko Electric Corporation
April 2014 Managing Executive Officer, General Manager of Corporate Planning Department of the Company
June 2015 Managing Executive Officer, General Manager of Employee Relations & Human Resources Department of the Company
June 2016 Standing Statutory Auditor of the Company
June 2020 Director, Full-Time Audit and Supervisory Committee Member of the Company (to present)



Yuichiro Takada
Outside Director (Audit and Supervisory Committee Member)

April 2008 Senior Managing Executive Officer, in charge of Head Office Business Departments I, II and III, Head Office Business Division, Sumitomo Mitsui Banking Corporation
October 2009 Executive Deputy President, Nikko Cordial Securities Inc.
April 2011 Executive Deputy President, SMBC Nikko Securities Inc.
April 2012 Chairman, Sakura Information Systems Co., Ltd.
June 2016 Auditor of the Company
June 2018 Director, SHIBAURA MECHATRONICS CORPORATION (to present)
June 2020 Director, Audit and Supervisory Committee Member of the Company (to present)



Kishiko Wada
Outside Director (Audit and Supervisory Committee Member)

April 1996 Registered as attorney-at-law, Joined Fuji Godo Law Office (to present)
July 2015 Director of Toshiba Plant Systems & Services Corporation
July 2016 Chairperson of Nomination and Compensation Committee, Toshiba Plant Systems & Services Corporation
March 2021 Auditor of L is B Corp. (to present)
April 2021 Vice President of Dai-ichi Tokyo Bar Association
Managing Director of Kanto Federation of Bar Associations
June 2022 Director, Audit and Supervisory Committee Member of the Company (to present)
Corporate Auditor of SUNDRUG Co., Ltd. (to present)

Executive Officers and Executive Fellow

Managing Executive Officer	Kaoru Okame	CSO (Strategy area), CFO (Finance area) In charge of Corporate Planning Department, Finance & Accounting Department, and Applied Optics Inspection System Business Division
Managing Executive Officer	Shinichi Imai	CGO (Global Business Development area) General Manager of Power Equipment & System Business Division In charge of ATS Alliance Project
Managing Executive Officer	Mamoru Iso	General Manager of Metering Business Division, General Manager of Hasuda Division
Managing Executive Officer	Hiroto Suzuki	CMO (Sales/Marketing area) General Manager of Electric Equipment Business Division
Executive Officer	Takao Ogawa	General Manager of Legal Department
Executive Officer	Hidenori Asakawa	CDO (Digital/Information area), Assistant to CKO General Manager of DX Kaizen Promotion Division
Executive Officer	Yasuhiro Munekawa	General Manager of Finance & Accounting Department

Executive Officer	Takahiro Otsuka	General Manager of Strategic Technology Institute; Deputy General Manager of GX Solution Business Division
Executive Officer	Hiromitsu Ohori	General Manager of Quality Management Division
Executive Officer	Masanori Saito	Deputy General Manager of Power Equipment & System Business Division, General Manager of Oyama Division
Executive Officer	Manabu Aoki	Deputy General Manager of Power Equipment & System Business Division
Executive Officer	Akio Shinno	CIO (New Business Innovation area) General Manager of GX Solution Business Division
Executive Officer	Kenji Kashima	Audit and Supervisory Committee Aide and Internal Audit Department
Executive Fellow	Mitsuhiro Ishihara	Deputy General Manager of Applied Optics Inspection System Business Division

Skill Matrix

Listed below shows the expertise and experience of Directors.

Name	Corporate Management	Human Resources	Finance	Information Technology / Digital	Manufacture / Technology / Research and Development / Quality Assurance	Investment / M&A	Sales / Marketing	Global Management	Legal Affairs
Takashi Ichinose	○	○							
Tatsuya Wakayama	○	○					○		
Kunihiko Mizumoto	○				○	○			
Yoshinori Kaneko	○							○	
Yoshihito Morishita	○		○			○			
Yasuhiro Mishima	○				○			○	
Akira Uemura	○			○					
Yoshinori Kurosawa	○	○			○			○	
Yuichiro Takada	○		○						
Kishiko Wada	○								○

Attendance Status of Directors

The attendance status of individual Directors in fiscal 2022 was as follows.*1

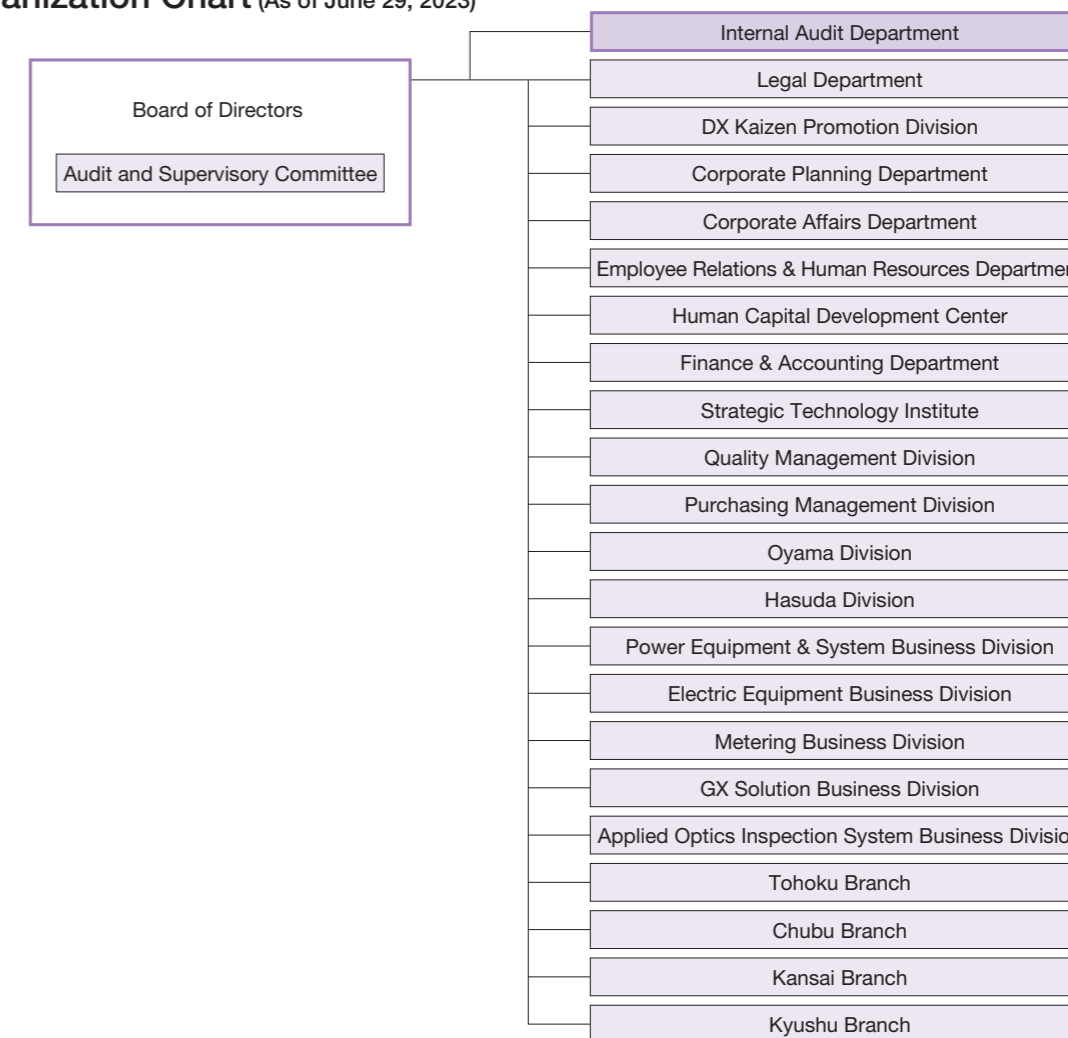
Position	Name	Board of Directors		Audit and Supervisory Committee		Nomination and Compensation Committee	
		Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended
President and Representative Director	Takashi Ichinose	14	14	—	—	8	8
Director and Managing Executive Officer	Tatsuya Wakayama	14	14	—	—	—	—
Director and Managing Executive Officer	Kunihiko Mizumoto*2	12	12	—	—	—	—
Outside Director	Yoshinori Kaneko	14	14	—	—	—	—
Outside Director	Yasuhiro Mishima	14	14	—	—	8	8
Outside Director	Akira Uemura	14	14	—	—	8	8
Director (Full-Time Audit and Supervisory Committee Member)	Yoshinori Kurosawa	14	14	12	12	—	—
Outside Director (Audit and Supervisory Committee Member)	Yuichiro Takada	14	14	12	12	8	8
Outside Director (Audit and Supervisory Committee Member)	Kishiko Wada*3	12	12	10	10	7	7

*1 Yoshihito Morishita was appointed as Director on June 29, 2023, so his attendance status is not stated above.

*2 Kunihiko Mizumoto was appointed as Director on June 29, 2022, so his attendance status after his appointment is stated.

*3 Kishiko Wada was appointed as Director (Audit and Supervisory Committee Member) and Nomination and Compensation Committee Member on June 29, 2022, so her attendance status after her appointment is stated.

Organization Chart (As of June 29, 2023)



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Financial Indicators	7th Fiscal Year (March 2019)	8th Fiscal Year (March 2020)	9th Fiscal Year (March 2021)	10th Fiscal Year (March 2022)	11th Fiscal Year (March 2023)
Net sales (million yen)	90,883	93,341	91,939	91,936	97,752
Operating profit (million yen)	2,736	2,321	3,382	4,625	4,847
Ordinary profit (million yen)	2,891	2,253	3,402	4,172	4,704
Profit attributable to owners of parent (million yen)	1,031	843	1,408	3,279	2,919
Comprehensive income (million yen)	369	393	1,883	3,827	3,773
Net assets (million yen)	51,855	51,446	52,528	55,558	58,460
Total assets (million yen)	99,222	100,592	101,015	100,242	106,322
Net assets per share (yen)	2,960.48	2,946.51	3,047.67	3,187.31	3,329.49
Basic earnings per share (yen)	63.96	52.28	87.29	203.17	180.78
Equity ratio (%)	48.1	47.3	48.7	51.3	50.6
Return on equity (ROE) (%)	2.1	1.8	2.9	6.5	5.5
Return on assets (ROA) [profit basis] (%)	1.05	0.84	1.40	3.26	2.83
Price-to-earnings ratio (times)	20.59	18.17	18.09	7.28	13.00
Cash flows from operating activities (million yen)	3,247	1,532	7,055	4,140	2,245
Cash flows from investing activities (million yen)	(2,757)	(4,636)	(1,906)	(1,460)	(1,923)
Cash flows from financing activities (million yen)	798	(141)	1,229	(5,781)	(2,202)
Cash and cash equivalents at end of period (million yen)	12,031	8,741	15,122	12,448	10,659

(Notes) 1. Diluted earnings per share is not stated as there are no shares with a dilutive effect.
 2. In calculating net assets per share, the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares that are deducted from the total number of shares issued at the end of the period. In addition, in calculating the amount of basic earnings per share, these shares are included in treasury shares that are deducted in the calculation of the average number of shares outstanding during the period.
 3. The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the 10th Fiscal Year. Accordingly, the major management indicators for the fiscal years from the 10th Fiscal Year are indicators after the application of the accounting standard, etc.

Non-financial Indicators (Consolidated)

Non-financial Indicators	7th Fiscal Year (March 2019)	8th Fiscal Year (March 2020)	9th Fiscal Year (March 2021)	10th Fiscal Year (March 2022)	11th Fiscal Year (March 2023)
R&D Expenditure (million yen)	3,303	3,052	3,001	2,962	3,044
Capital investment (million yen)	2,210	2,520	1,926	1,635	2,117
Number of employees (person)	2,571	2,676	2,639	2,592	2,536
[Average number of temporary employees excluded]	[601]	[616]	[557]	[575]	[558]
Annual total actual working hours (hours/year/person)*1	2,253	2,256	2,251	2,308	2,335
Work stoppage accidents frequency rate*1	0.35	0.5	0.00	0.17	0.00

*1 The calculation period is January to December of the previous fiscal year.

Non-financial Indicators (Non-consolidated)

Non-financial Indicators	7th Fiscal Year (March 2019)	8th Fiscal Year (March 2020)	9th Fiscal Year (March 2021)	10th Fiscal Year (March 2022)	11th Fiscal Year (March 2023)
Percentage of female workers in managerial positions (%)*2	—	—	—	—	1.5
Rate of male workers taking childcare leave (%)*3	—	—	—	—	33.3
Wage gap between male and female employees among all employees (%)*2	—	—	—	—	70.6

*2 Items disclosed from the 11th Fiscal Year. Figures are calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
 *3 Items disclosed from the 11th Fiscal Year. Based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the ratio of taking childcare leave, etc. was calculated in accordance with Article 71-4, Paragraph 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991).

GHG emissions (in Japan) (t-CO ₂)	17,473	16,620	15,555	15,535	17,181
Total amount of waste (in Japan) (t) * Production site area	1,892.8	1,881.1	1,865	1,954	1,864
Water usage (in Japan) (thousand t) * Production site area	155	125	128	149	166

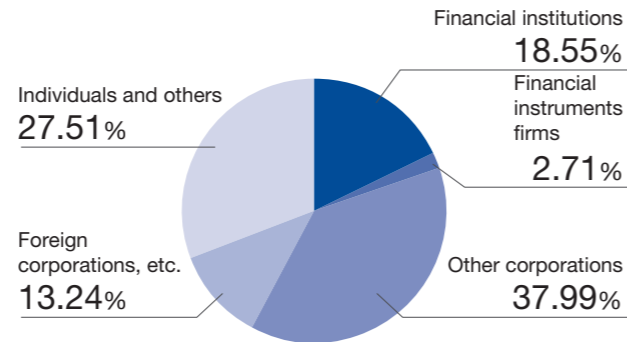
Corporate Profile

Company Name	TAKAOKA TOKO CO., LTD.	Established	October 1, 2012
Address	8F, Toyosu Prime Square, 5-6-36, Toyosu, Koto-ku, Tokyo 135-0061, Japan	Capital	8 billion yen
TEL	+81-3-6371-5000	President and Representative Director	Takashi Ichinose
FAX	+81-3-6371-5436		

Stock Information (As of March 31, 2023)

Stock Exchange Listing	Prime Market of the Tokyo Stock Exchange
Total Number of Authorized Shares (Shares)	40,000,000
Total Number of Issued Shares (Shares)	16,276,305
Number of Shareholders (Person)	13,907

Status by Type of Shareholders



Major Shareholders (As of March 31, 2023)

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

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

Main Sites

Domestic Locations

Head Office	8F, Toyosu Prime Square, 5-6-36, Toyosu, Koto-ku, Tokyo, Japan
Ueno Area Office	4F, Imas Sunny Bldg., 1-11-9, Ueno, Taito-ku, Tokyo, Japan
Oyama Area Office	1440, Nakakuki, Oyama-shi, Tochigi, Japan
Hasuda Area Office	4008, Sakuragaoka, Kurohama, Hasuda-shi, Saitama, Japan
Hamamatsu Area Office	1-1-1, Shinmiyakoda, Kita-ku, Hamamatsu-shi, Shizuoka, Japan
Nagoya Area Office	80, Nagare, Jimokuji, Ama-shi, Aichi, Japan

Branches

Tohoku Branch/Chubu Branch/Kansai Branch/Kyushu Branch

Sales Offices

- North Kanto Office
- Yokohama Office
- Niigata Office
- Saitama Office
- Hokkaido Office
- Chugoku Office
- Shikoku Office
- Shinjuku Office
- Kobe Office

Global Locations

- Philippines Representative Office
- Hanoi Representative Office

Group Companies

Electric Equipment Business

- 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

GX Solution Business

- MintWave Co., Ltd.

Metering Business

- WATT LINE SERVICE Co., Ltd.
- Toko Electric (Suzhou) Co., Ltd.
- Toshiba Toko Meter Systems Co., Ltd.
- TOKO TAKAOKA KOREA CO., LTD.
- TACTICO, Ltd.
- DEXCO, LTD.

