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### **Notice Concerning the Revision of the Medium-term Management Plan 2027**

TAKAOKA TOKO Group. (the “Group”) hereby announces that, it has revised certain items of the Medium-term Management Plan 2027 (covering fiscal years 2025 to 2027, the “Plan 2027”), which was originally announced on April 25, 2025, taking into account recent business performance progress and changes in the business environment.

#### **1. Introduction (Background of the Revision)**

Based on reflections on and lessons learned from a series of inappropriate incidents, the Group has positioned “SQC First (Safety, Quality and Compliance as the top priority)” as the foundation of all business activities, and has been promoting business management under the slogan “Toward regeneration and growth as a renewed TAKAOKA TOKO based on SQC First.”

In the Plan 2027, the Group set forth the following four basic policies:

1. SQC First reform
2. Regeneration and strengthening of core businesses
3. Rebuilding the growth story
4. Strengthening the management foundation

with the aim of achieving regeneration and growth simultaneously. These initiatives have been progressing steadily.

For fiscal year 2025, consolidated results showed consolidated net sales of 112.0 billion yen, consolidated operating profit of 9.7 billion yen, and consolidated ordinary profit of 10.0 billion yen, driven by an increase in extra-high voltage substation plant projects and maintenance and service projects, as well as expanded sales of distribution transformers and various instrument transformers, which are products related to the distribution and metering fields. On a consolidated basis, both operating profit and ordinary profit reached their highest levels since the business integration.

As a result, the Group achieved ahead of schedule the operating profit target of 9.0 billion yen that had been set as the goal for fiscal year 2027 in the Plan. In addition, the targets of PBR of 1.0x and ROE of 8% or higher, which were also set forth in the Plan, were exceeded as of the end of fiscal year 2025.

Against the backdrop of expanding domestic electricity demand, the favorable business environment centered on the Group’s core businesses is expected to continue going forward.

In light of this business performance progress and changes in the business environment, the Group has decided to revise certain items of the Plan.

In this revision, in addition to revising performance targets, the Group has reorganized its business and financial strategies from the perspective of balancing growth investments, financial soundness, and capital efficiency in order to achieve sustainable growth.

#### **2. Overview of the Revision**

##### **(1) Revision of Consolidated Performance Targets**

Taking into account recent business performance progress and the order environment, the Group has revised the target levels set forth in the Plan for consolidated net sales, operating profit, and other indicators for fiscal year 2027.

〈Revisions to Performance Targets〉

	Before Revision (Announced April 25, 2025)			After Revision (Announced April 28, 2026)		
	FY2024	FY2025	FY2027	FY2025	FY2026	FY2027
	Actual	Plan	Target	Actual	Plan	Target
Consolidated Net Sales	106.6 billion yen	108.0 billion yen	120.0 billion yen	112.0 billion yen	115.0 billion yen	120.0 billion yen
Consolidated Operating Profit	6.0 billion yen	6.2 billion yen	9.0 billion yen	9.7 billion yen	10.0 billion yen	11.0 billion yen
Profit Attributable to Owners of Parent	3.8 billion yen	3.9 billion yen	5.5 billion yen	6.6 billion yen	10.0* billion yen	10.0* billion yen
ROE	6.4%	6.4%	8.0% or higher	10.2%	14.7%	14% or higher
ROIC	6.6%	6.6%	8.0% or higher	10.0%	9.8%	10% or higher

\*Including the impact of extraordinary gains resulting from the disposal of fixed assets

(2) Financial Strategy – Approach to Cash Allocation

- The Group has established its cash allocation policy with the objective of achieving both enhancement of corporate value through growth investments and improvement of capital efficiency together with expansion of shareholder returns in a well-balanced manner.
- In addition to the strong performance in fiscal year 2025, the Group expects a continued favorable order environment and judges that profitability and operating cash flow generation capability exceeding the levels incorporated in the Plan will be sustained. Accordingly, the Group will prioritize allocating incremental operating cash flow to shareholder returns and will raise the dividend payout ratio from the current 30% to 40%.
- On the other hand, based on SQC investments and growth investments indicated in the Plan (including factory DX and capacity expansion in core businesses, foundation building for priority businesses, and R&D toward the realization of the SERA Company), upfront investments exceeding operating cash flow will be required for the time being. The Group has been examining measures to procure funds to cover the resulting shortfall.
- As part of this process, the Group re-evaluated the efficiency of its management resources and decided to sell certain real estate assets, as such assets offer limited business synergy and profitability below the cost of capital (WACC).
- Funds obtained from the sale of real estate will be allocated to SQC investments and growth investments indicated in the Plan. As upfront investments exceeding operating cash flow are expected in the near term, the Group will use the proceeds from such sales to cover the shortfall while retaining borrowing capacity in preparation for investments beyond the Plan period.
- In addition, a portion of the proceeds from the asset sales will be allocated to share repurchases from the perspective of improving capital efficiency and enhancing shareholder returns.

(3) Sharing the Mid- to Long-Term Direction Toward the Realization of the “SERA Company”

In addition to revising performance targets for fiscal year 2027, this revision also reorganizes and clarifies the mid- to long-term direction toward the realization of the Group’s vision stated in its management philosophy, namely, “a ‘SERA Company’ that designs future energy networks.”

- The target image of the “SERA Company” and its two roles (from the perspectives of management strategy and organizational culture) are as described in the press release dated April 10, 2026, titled “Notice Regarding the Full-Scale Development of the ‘SERA Company’ and Establishment of the Vision Logo.”

<https://www.tktk.co.jp/news/entry/000589.html>

- Examples of concrete initiatives currently being undertaken include: enhancement of product value and development of next-generation products based on SQC (Manufacturing SERA); construction of solutions for data centers (Engineering SERA); smart meter-related businesses (Value Chain SERA); island RE100 projects (Community-Building SERA); and smart maintenance of substation equipment (Digital Grid SERA).

- Through these initiatives, the Group aims to translate the vision of the “SERA Company” from the conceptual stage into the execution stage of its business and to achieve sustainable growth and enhancement of corporate value with a view toward the next ten years.

### 3. Going Forward

The Group will continue to place the highest priority on SQC First, while generating stable earnings through its core businesses centered on the electric equipment and metering businesses, and will further promote investments and business expansion in growth areas.

At the same time, toward the realization of the “SERA Company” over the next ten years, the Group will work to create new value by combining manufacturing with engineering, digital technologies, and services, in addition to further deepening and advancing manufacturing capabilities, thereby aiming to achieve sustainable enhancement of corporate value.