

Announcement of Investment in ATS and Business Alliance Agreement with ATS

~ Enhancement and Expansion of Digital Grid Business ~

June 20, 2019

TAKAOKA TOKO CO., LTD.

TAKAOKA TOKO CO., LTD. (Head office: Koto-ku, Tokyo, President and Representative Director Toshiro Takebe) announces that it has acquired 25% of all outstanding shares of **Applied Technical Systems Joint Stock Company (ATS)** (Head office: Hanoi City, Social Republic of Vietnam, General Director Ngo Thi Thu Hang) and that it has also entered into a business alliance agreement with ATS. ATS has become one of its equity method affiliates.

In recent years, the power market surrounding us is facing drastic changes due to the power system reforms, the spread of distributed energy resources such as renewable energy and storage batteries. On the other hand, digitalization is spreading throughout the electricity value chain from power generation, to transmission and distribution, to retail, and it is considered that these will have a great impact on transformation of existing business in the power industry and business in new areas. In order to firmly grasp such future market changes and lead in the electricity industry, we focus on digital grid fields in Japan and overseas countries (mainly Asia) as a growing business segment and intend to embark on the aggressive business development.

ATS is a leading system integrator and solution provider with a leading share of Substation Automation System (SAS) (around 40% of Vietnam Transmission Grid) and Supervisory Control and Data Acquisition (SCADA) in Vietnam power networks. It has the development technology of the power network control system based on the International Electrotechnical Commission (IEC) standard, a rich product lineups, and the strength to correspond to IEC multi-vendors. Based on these achievements and strengths, in addition to succeeding in existing power networks, ATS has expanded in recent years its initiatives for next-generation power solutions.

By entering into the business alliance agreement with ATS in connection with this investment, we will combine our various core technologies which we have cultivated in our comprehensive technology of electric power distribution, such as measurement, transmission, and control, with ATS's capabilities to develop solutions in accordance with international standards.

Both companies will develop digital substations, distribution automation system, and micro grid management related businesses in Japan and global markets together. In addition, we will aim for joint development of new fields such as Big Data, AI and P2P and so forth.

We are planning to establish a representative office as well for the purpose of facilitating business alliance and developing our business in Viet Nam countries in Vietnam.

[ATS's Profile]

Representative : Ngo Thi Thu Hang (General Director and Chief Executive Officer)

Head Office : 8 Tran Hung Dao Street, Hanoi, Vietnam

Establishment : Dec 11, 1998 (converted from Limited Company to Joint Stock Company on 14 June 2018)

Paid-in Capital : 30,012 Million Vietnamese Dong

Business : System Integration Services for Electricity Power Networks

ATS is the authorized distributor of Schweitzer Engineering Laboratories, Inc. (SEL) in Vietnam.

SEL is one of the largest IED manufactures in USA. Please see ATS's website for more information about ATS; <http://www.ats.com.vn/>