

Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024

TAKACHIHO KOHEKI CO.,LTD. (TSE Code: 2676)

November 7, 2023



Table of Contents

1. Executive Summary
2. Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024
3. Forecast for the Fiscal Year Ending March 31, 2024
4. Progress of the Medium-Term Management Plan 2022-2024
5. Appendix

[Reference Material] Medium-Term Management Plan 2022-2024

[https://www.takachiho-kk.co.jp/pdf/plan_pdf/plan2022-2024\(en\).pdf](https://www.takachiho-kk.co.jp/pdf/plan_pdf/plan2022-2024(en).pdf)

Table of Contents

1. Executive Summary
2. Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024
3. Forecast for the Fiscal Year Ending March 31, 2024
4. Progress of the Medium-Term Management Plan 2022-2024
5. Appendix

Executive Summary

■ FY3/24 Q2 <Results>

- Sales and profits increased YoY. The two main points are as follows.
 - ① Electronics (Devices): Sales significantly increased due to the steady delivery of order backlogs and the effect of new distributor contracts.
 - ② Cloud Service (Cloud Services & Support): Subscription revenue increased due to an increase in the number of licenses for MSP services and strong sales of other cloud services.
- In addition to the above, net income increased by 237 million yen from the initial plan, reflecting the foreign exchange gains on foreign currency transactions.

■ FY3/24 Full-year <Plan>

- Despite steady progress in H1, the full-year plan remains unchanged in light of uncertain factors such as clients' production plans.
- Aim to achieve the plan by promoting delivery of backlog of orders in the Electronics business and expanding Cloud Services business such as MSP services.

[Millions of yen]	FY3/23 Q2 Results	FY3/24 Q2 Results	Change	FY3/24 Q2 Plan Top: after revision/ Bottom: before revision	FY3/24 Full Year Plan	Rate of progress
Net sales	11,118	12,729	+1,610	12,700 12,100	24,800	51.3%
Operating profit	584	713	+129	710 710	1,620	44.1%
Ordinary profit	894	1,057	+163	1,050 700	1,600	66.1%
Net income	657	717	+60	710 480	1,249	57.5%

Table of Contents

1. Executive Summary
2. Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024
3. Forecast for the Fiscal Year Ending March 31, 2024
4. Progress of the Medium-Term Management Plan 2022-2024
5. Appendix

Consolidated Financial Highlights

Sales and profits increased YoY, driven by the Electronics business.

Profit for H1 reached a record-high level since the Company was listed on the stock exchange thanks to the growth in operating profit and foreign exchange gains.

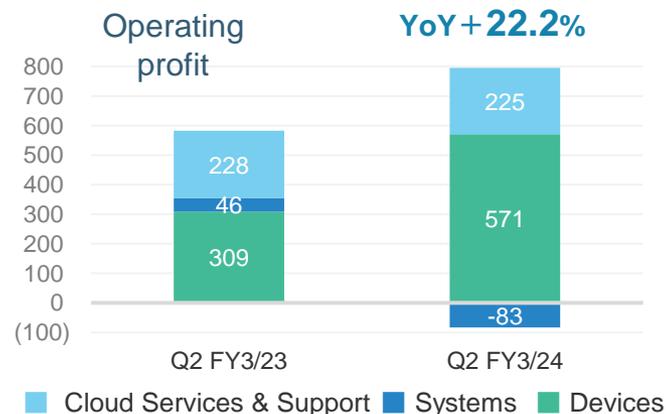
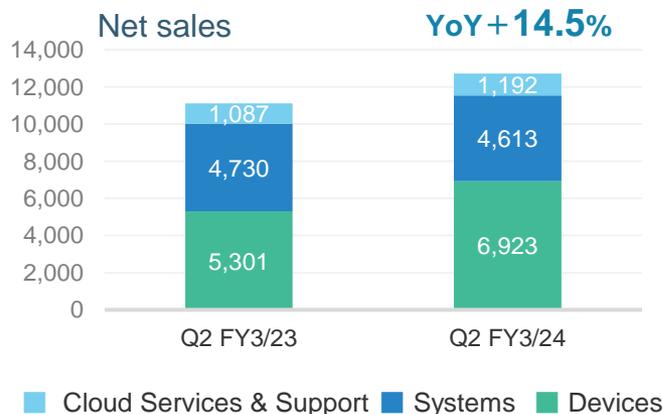
[Millions of yen]	FY3/23 Q2 Results	FY3/24 Q2 Results	YoY change	FY3/24 Full Year Plan	Rate of progress
Net sales	11,118	12,729	+14.5%	24,800	51.3%
Gross profit on sales	2,760	2,966	+7.5%	6,210	47.8%
Gross profit ratio (%)	24.8%	23.3%	-1.5pt	25.0%	—
Selling, general and administrative expenses	2,175	2,252	+3.5%	4,590	—
Operating profit	584	713	+22.2%	1,620	44.1%
Operating profit ratio (%)	5.3%	5.6%	+0.3pt	6.5%	—
Foreign exchange gains	286	298	+4.1%	—	—
Ordinary profit	894	1,057	+18.2%	1,600	66.1%
Ordinary profit ratio (%)	8.0%	8.3%	+0.3pt	6.5%	—
Profit attributable to owners of the parent	657	717	+9.2%	1,249	57.5%
EPS	73.54 yen	79.17 yen	+5.63 yen	137.73 yen	—

Results by Segment

[Millions of yen]

The strong performance in the Devices segment drove the overall performance, although profits from the Systems segment decreased due to additional construction work in the fire protection systems business.

		FY3/23 Q2 Results	FY3/24 Q2 Results	Increase/ Decrease	Percentage change	FY3/24 Plan	Rate of progress
Cloud Services & Support	Net sales	1,087	1,192	+104	+9.6%	2,800	42.6%
	Operating profit	228	225	(2)	(1.3%)	600	37.6%
	Operating profit ratio	21.0%	18.9%	(2.1pt)	-	21.4%	-
Systems	Net sales	4,730	4,613	(116)	(2.5%)	9,800	47.1%
	Operating profit	46	(83)	(129)	-	160	-
	Operating profit ratio	1.0%	(1.8%)	(2.8pt)	-	1.6%	-
Devices	Net sales	5,301	6,923	+1,622	+30.6%	12,200	56.8%
	Operating profit	309	571	+262	+84.7%	860	66.5%
	Operating profit ratio	5.8%	8.3%	+2.5pt	-	7.0%	-
Consolidated total	Net sales	11,118	12,729	+1,610	+14.5%	24,800	51.3%
	Operating profit	584	713	+129	+22.2%	1,620	44.1%
	Operating profit ratio	5.3%	5.6%	+0.3pt	-	6.5%	-

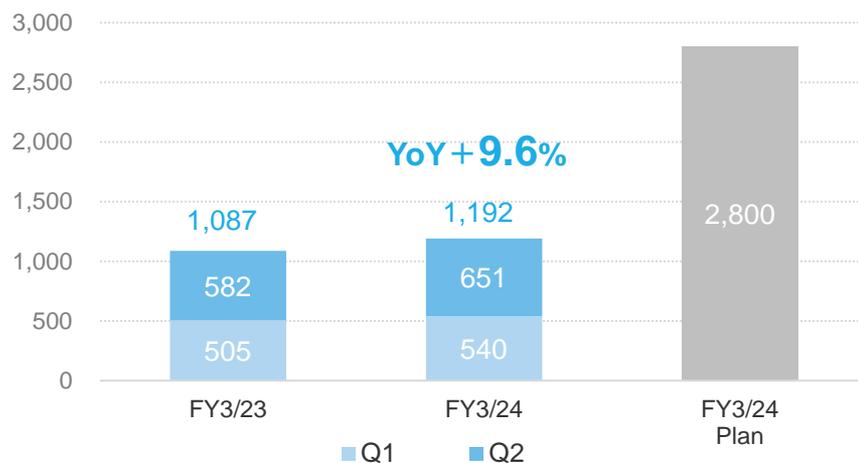


Results of Cloud Services & Support Segment

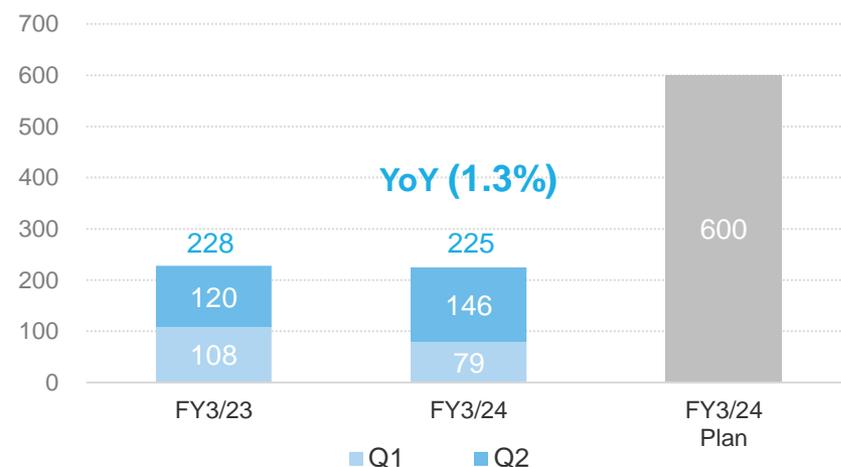
[Millions of yen]

- **Subscription revenue increased** due to an increase in the number of MSP service licenses and strong sales of other cloud services.
- **Mailing system maintenance:** Increased procurement costs for maintenance parts due to the yen's depreciation had a negative impact on operating profit.
- **Access control system maintenance:** Maintenance revenue increased from data centers and offices of foreign-affiliated companies.

Net sales



Operating profit



Operating profit ratio



Period

Change factors (YoY)

Q1
14.7%
 (YoY-6.7pt)

- Increase in purchase cost of mailing system maintenance parts (-)
- Decrease in sales transfer* of mailing system (-)
- Increase in long-term contract customers of the MSP service (+)

Q2
22.4%
 (YoY+1.7pt)

- Increase in sales of other cloud service (+)
- Increase in access control system maintenance revenue (+)
- Decrease in spot income from MSP service (-)

(Note) Amount equivalent to maintenance costs for free maintenance provided for the first year of sales of System Segment products was transferred to sales in the Cloud Services & Support.

Contract Status of MSP Services

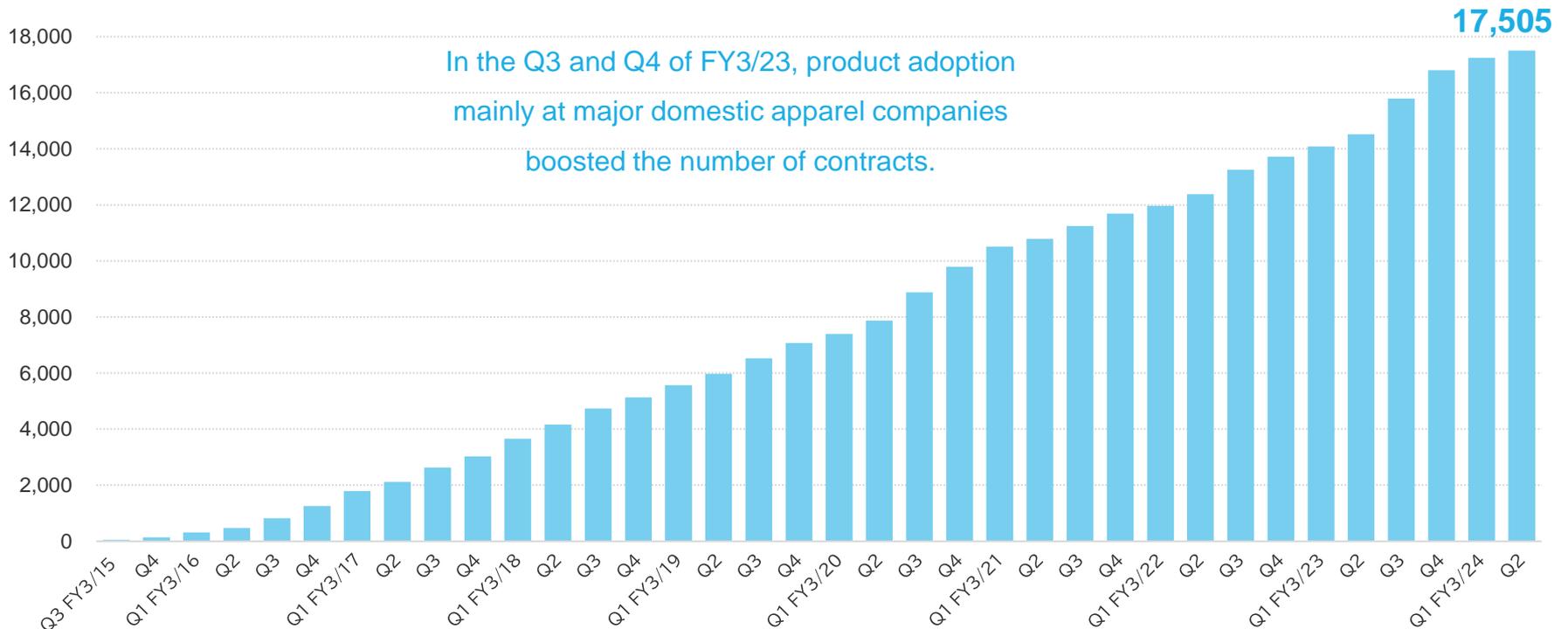
MSP Services KPIs

Number of contracts
As of Sep 31, 2023
17,505 licenses

Number of new contracts
April to Sep 2023
1,475 licenses

Monthly cancellation rate*
April to Sep 2023
0.54%

■ Number of MSP service contracts

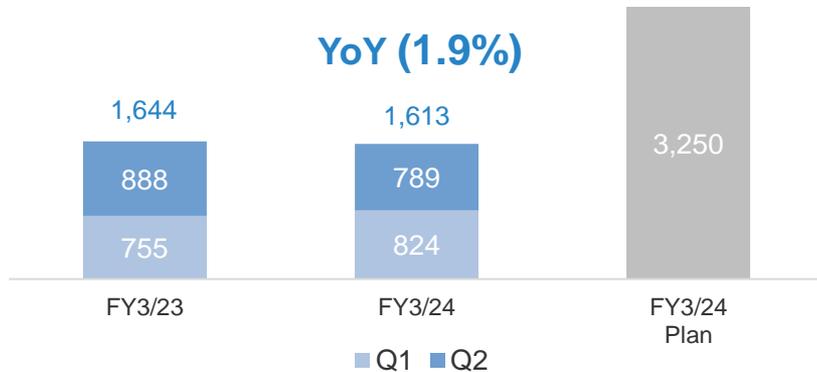


(*) Monthly cancellation rate: Number of contract cancellations in a month / Total number of contracts at the end of the previous month

Sales of Systems Segment (by sub-segment)

[Millions of yen]

Retail Solutions



Retail Solutions

- Sales of product monitoring systems for **home improvement stores** decreased (-)
- Sales of RFID-based merchandise management solutions and security systems for the **apparel industry** grew (+)

Business Solutions

- Some deliveries of **mailing systems**, for which procurement had been delayed due to a shortage of parts, shifted to Q3 and beyond (-)
- Sales of **RFID** for logistics systems grew (+)

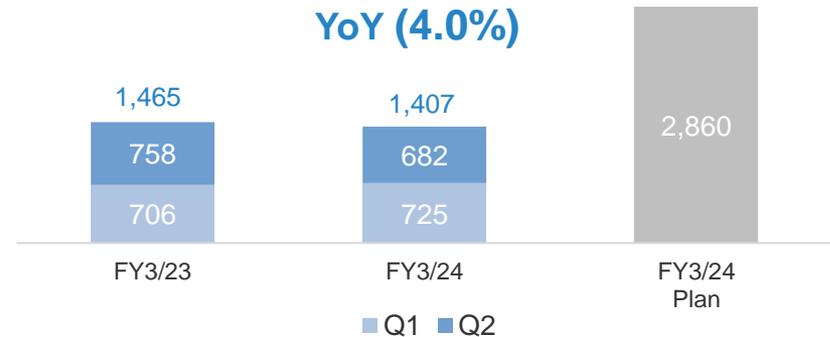
Global

- Sales of **fire protection systems** declined due to delays in power plant construction projects in Thailand (-)
- Growth in security systems for Thai **apparel stores** (+)
- Positive impact of **yen-translated earnings** of overseas subsidiaries (+)

Business Solutions



Global



Sales of Devices Segment (by sub-segment)

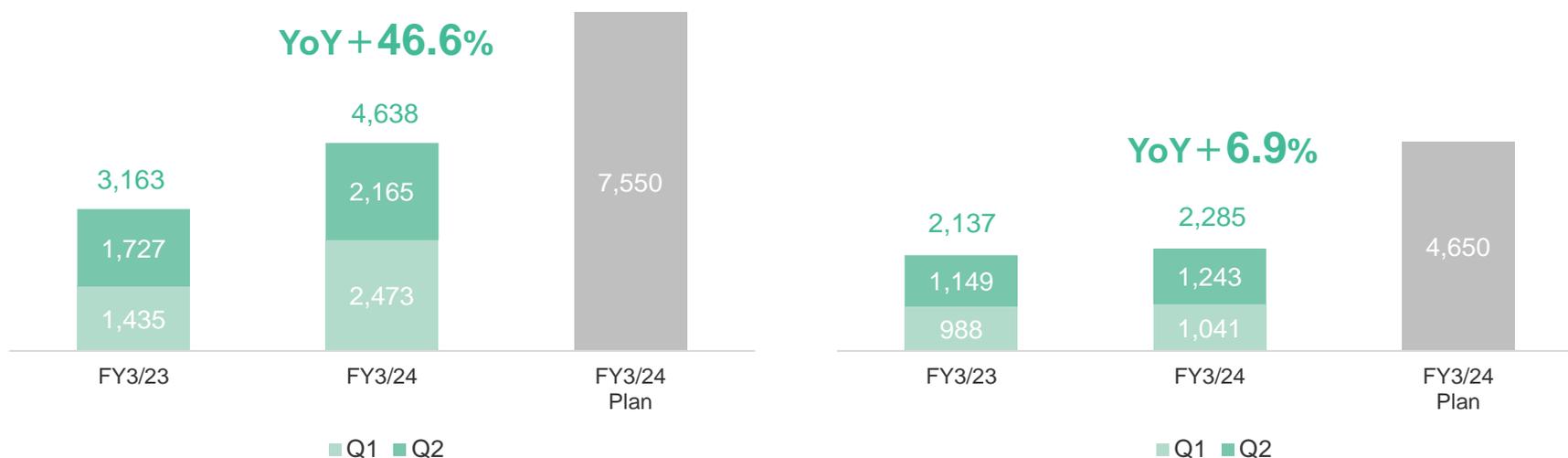
[Millions of yen]

Electronics

- Growth in sales of electronic parts mainly for industrial equipment and power modules due to progress in **delivery of backlog** from the previous fiscal year (+)
- Expansion of sales scale due to the **new distributor contract***, which has been contributing to results since Q3 of the previous fiscal year (+).
- **New Adoption increased** due to product expansion and the success of customer contact strategies.
Increase in sales of office equipment mainly printers, consumer equipment, and products for the amusement industry (+)

Mechatronics

- Growth in sales of mechanical parts for money machines, capturing **demand for the new banknote printing** in 2024 (+)
- Growth in sales for amusement equipment due to the adoption of new linear motion products such as the new "Spiral Shaft" product line for **smart gaming machines** (+)
- Decrease in sales of soft-close parts for U.S. housing equipment (-)

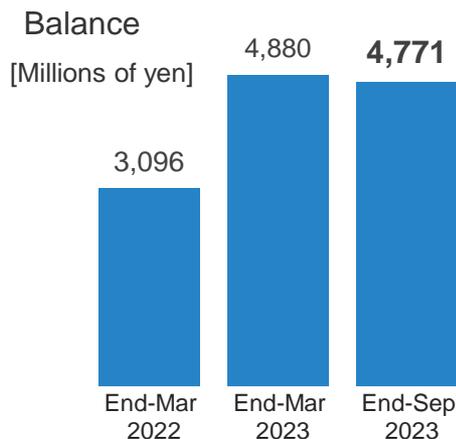


(*) Distributor contract with Nuvoton Technology Corporation Japan. Please refer to the July 26, 2021 [press release](#) (Japanese) for details.

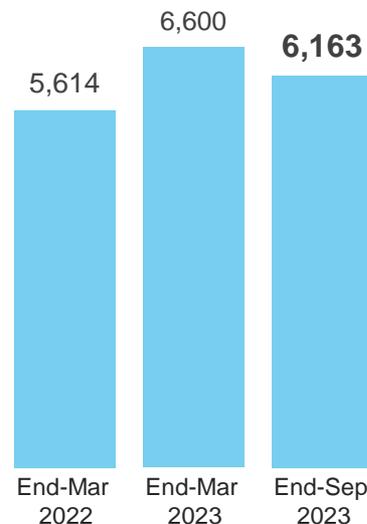
Capital Efficiency Improvement Status

Hold inventories to appropriate levels by capturing backlogs of orders and strengthening order control
 Review the transaction terms of receivables and payables and aim to improve capital efficiency

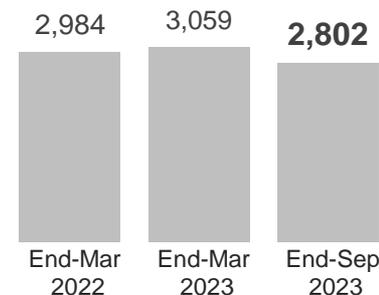
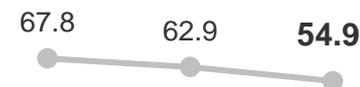
Inventories



Trade receivables



Trade payables



Reason for increase in inventories

1. Procurement of semiconductors and electronic parts progressed
2. Increased advance orders from customers
3. Focus on stable supply under supply chain disruptions

[Calculation Formula]

- Turnover of inventories = Inventories (average balance at beginning and end of period) / Cost of sales x number of days
- Turnover of trade receivables = Trade receivables (average balance at beginning and end of period) / Net sales x number of days
- *Trade receivables = Accounts receivable + Notes receivable + Contract assets + Electronically recorded monetary claims (-) Contract liabilities (advances received)
- Turnover of trade payables = Trade payables (average balance at beginning and end of period) / Cost of sales x number of days
- Number of days: Full-year calculated on 365 days; June 30 calculated on 91 days

Table of Contents

1. Executive Summary
2. Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024
3. Forecast for the Fiscal Year Ending March 31,2024
4. Progress of the Medium-Term Management Plan 2022-2024
5. Appendix

Consolidated Profit & Loss <Plan>

Plan to increase sales and profit

by focusing on delivery of backlog of orders in the Electronics business and growth of cloud services

[Millions of yen]	FY3/23 Result	FY3/24 Plan	Increase/ decrease	YoY	Plan for FY3/25, the final year of the Medium- Term Management Plan
Net sales	23,360	24,800	+1,439	+6.2%	26,000
Gross profit on sales	5,838	6,210	+371	+6.4%	—
Gross profit ratio (%)	25.0%	25.0%	—	+0.0pt	—
Selling, general and administrative expenses	4,461	4,590	+128	+2.9%	—
Operating profit	1,376	1,620	+243	+17.7%	2,050
Operating profit ratio (%)	5.9%	6.5%	—	+0.6pt	7.9%
Ordinary profit	1,588	1,600	+11	+0.7%	2,000
Ordinary profit ratio (%)	6.8%	6.5%	—	(0.3pt)	7.7%
Profit attributable to owners of the parent	1,205	1,249	+43	+3.6%	1,400
ROE (%)	7.7%	7.7%	—	+0.0pt	10.0%(target) 8.0%(must achieve)
EPS	134.69 yen	137.73 yen	+3.04 yen	—	—
Annual dividends per share (*)	133 yen	137 yen	+4 yen	—	—

(*1) Annual dividends per share: Calculated by dividing the full amount of net profit by the number of shares at the end of the period, in accordance with the 100% payout ratio policy (EPS is calculated by dividing net profit by the average number of shares outstanding during the period)

Net Sales and Operating Profit by Segment <Plan> [Millions of yen]

		FY3/23 Result	FY3/24 Plan	Increase /Decrease	Percentage change	FY3/25 Plan (*)
Cloud Services & Support	Net sales	2,385	2,800	+414	+17.4%	4,000
	Operating profit	506	600	+93	+18.4%	900
	Operating profit ratio	21.2%	21.4%	+0.2pt	-	22.5%
Systems	Net sales	9,630	9,800	+169	+1.8%	9,600
	Operating profit	92	160	+67	+72.5%	270
	Operating profit ratio	1.0%	1.6%	+0.6pt	-	2.8%
Devices	Net sales	11,344	12,200	+855	+7.5%	12,400
	Operating profit	776	860	+83	+10.7%	880
	Operating profit ratio	6.8%	7.0%	+0.2pt	-	7.1%
Consolidated total	Net sales	23,360	24,800	+1,439	+6.2%	26,000
	Operating profit	1,376	1,620	+243	+17.7%	2,050
	Operating profit ratio	5.9%	6.5%	+0.6pt	-	7.9%



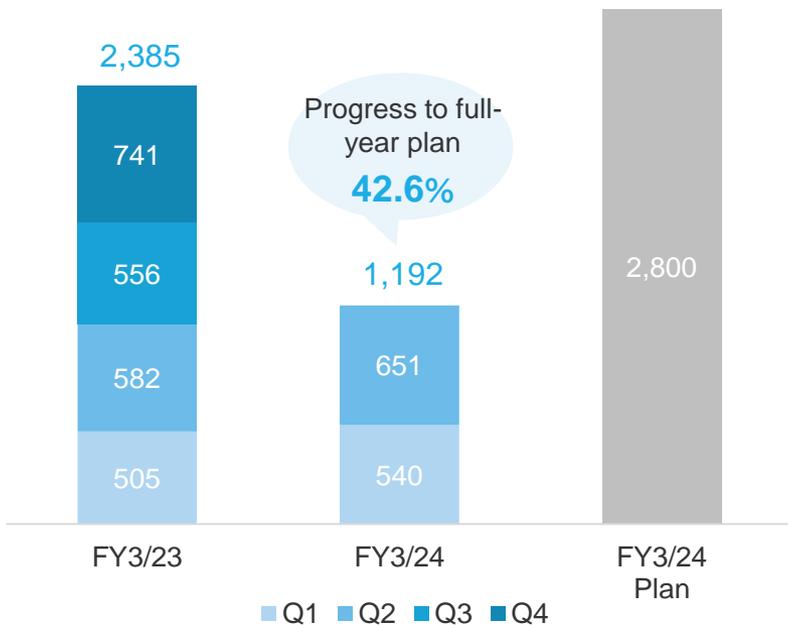
(*) The breakdown of segment targets for the year ending March 31, 2025 have been revised. Please refer to ["Fiscal year ended March 31, 2023 Financial Results"](#).(page 5) for details.

Cloud Services & Support <Plan>

[Millions of yen]

Cloud services and support

Forecasts and initiatives for H2



Cloud Services

MSP Services

- ① Expand customer base to enterprise customers through distributors who became our partners in the previous fiscal year
- ② Promote distributor sales through campaigns, etc.
- ③ Promote sales to customers of the Systems segment

- Increase sales of "Verkada," an integrated security solution for labor savings, by strengthening distributor sales
- Increase sales of "TK Ecosystem", a new service developed by the Company
- Launch sales of a service that allows centralized management of network, security, and remote access on the cloud

Maintenance

- Increase the number of new contracts with customers who have not signed maintenance
- Improve profitability by utilizing historical data in maintenance and inspections and reducing product failures
- Aim to improve customer satisfaction by developing new menus and building a knowledge website

CISCO Meraki

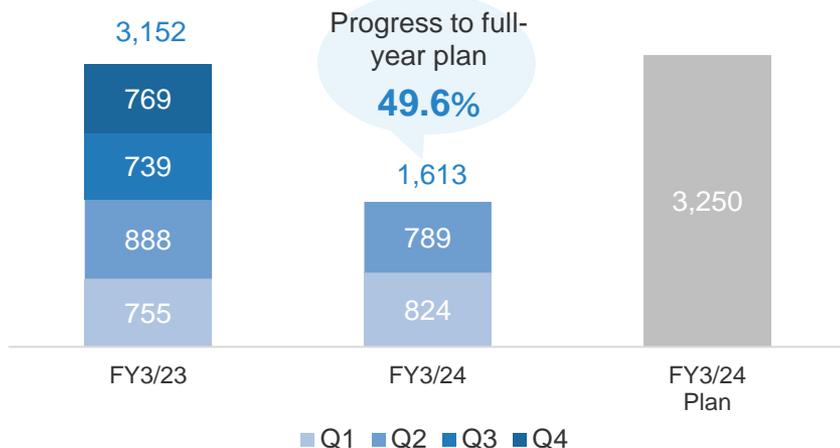


Verkada

Systems Net Sales (by sub-segment) <Plan>

[Millions of yen]

Retail Solutions



Forecasts and initiatives for H2

Retail Solutions

- Grow sales of security systems by capturing demand for new and replacement stores in [apparel](#) and [home centers](#)

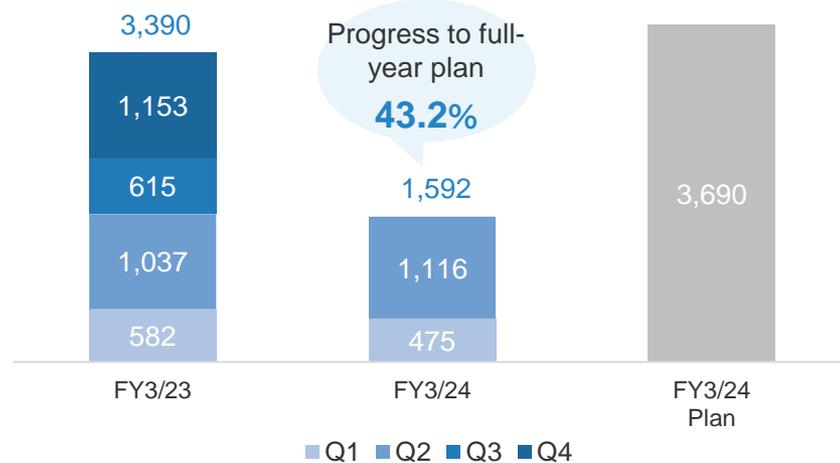
Business Solutions

- Increase sales of [access control systems and surveillance cameras](#) for data centers, office of a foreign-affiliated firm, and domestic factories where capital investment is recovering.
- Strengthen proposals for [logistics solutions](#) for factories

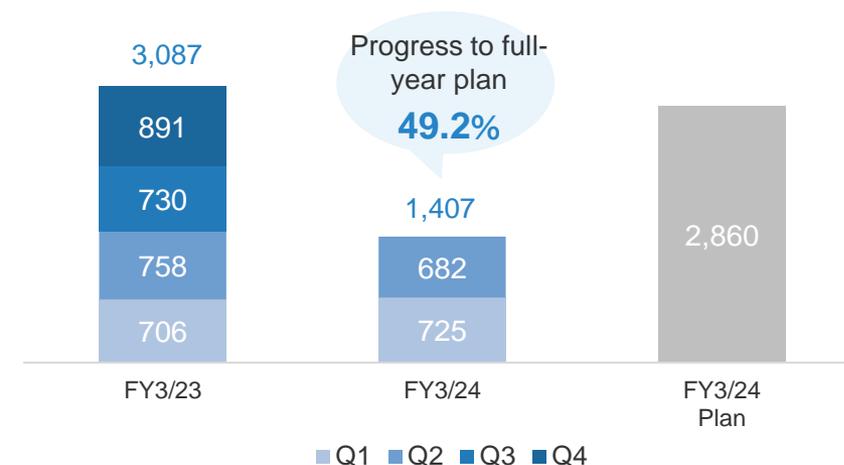
Global

- Certainly capture [fire protection system](#) projects for power generation plants
- Increase sales of security systems for [apparel](#) industry

Business Solutions



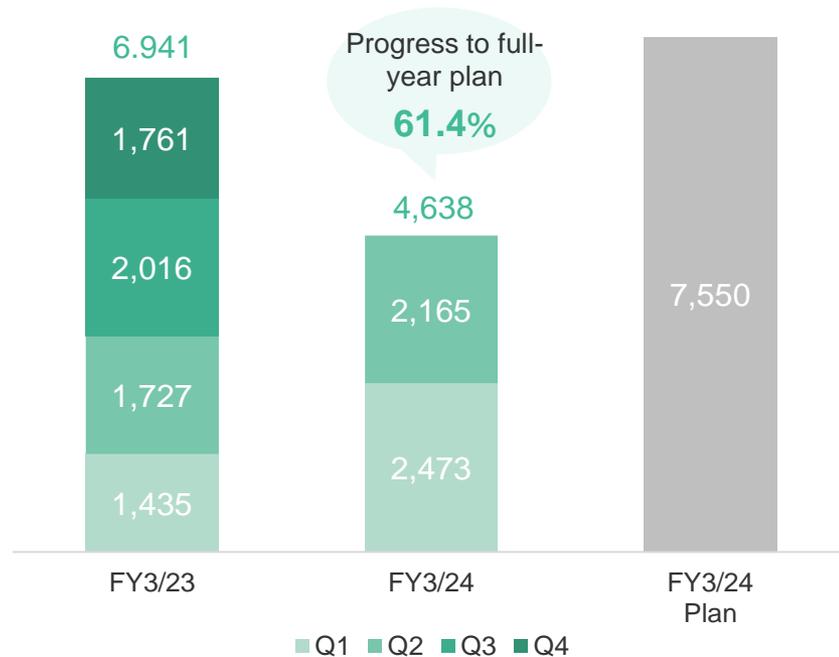
Global



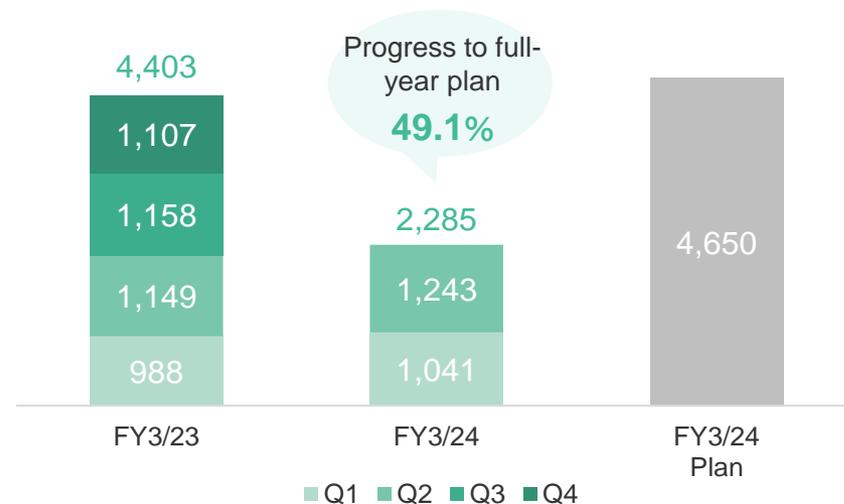
Devices Net Sales (by sub-segment) <Plan>

[Millions of yen]

Electronics



Mechatronics



Forecasts and initiatives for H2

- Despite uncertainties due to customers' production adjustments, aim to achieve the full-year plan by promoting **delivery of order backlogs** through delivery date negotiations.
- Sales of **industrial equipment**, which accounts for a large portion of the backlog, are expected to grow.
- **Increase overseas sales** through the new China base opened in April 2023, etc.
- Activities to acquire new distributor contracts

Forecasts and initiatives for H2

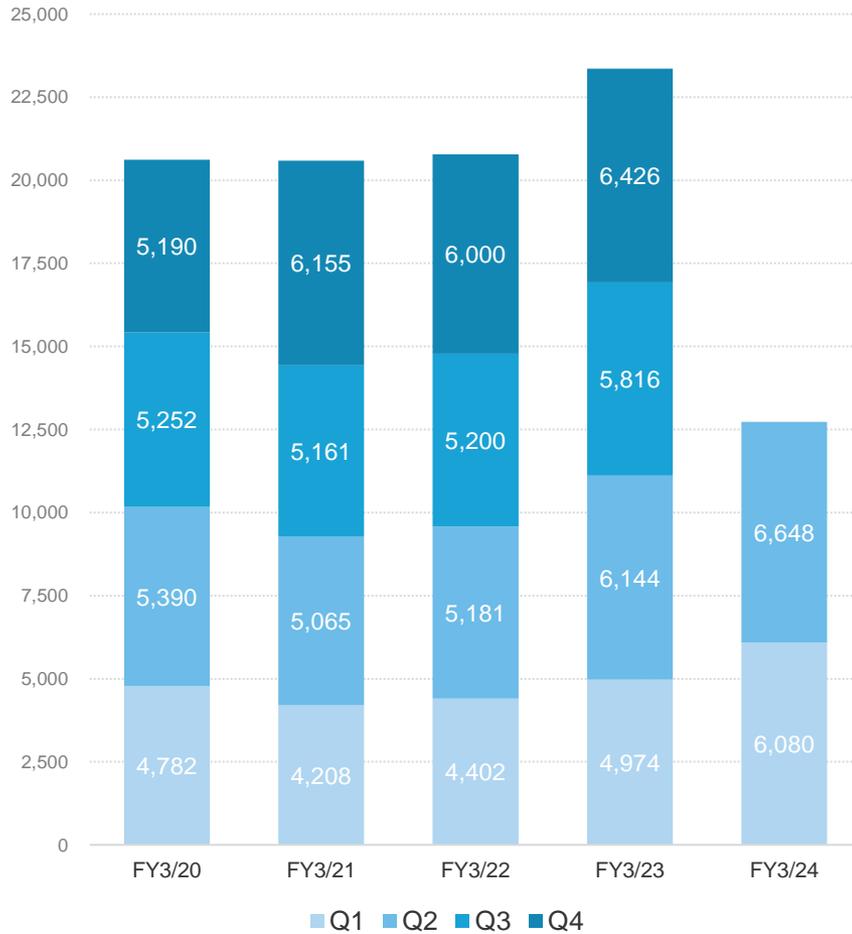
- Increase sales of **mechanical components for money machines** by capturing demand from the new banknote printing in 2024, which will be the peak year for the industry
- Increase sales of **components for renewable energy power generation equipment**, which is becoming increasingly popular due to strengthened policy support.
- Plan and develop unique products that embody customer needs

Data: Quarterly Composition Ratio

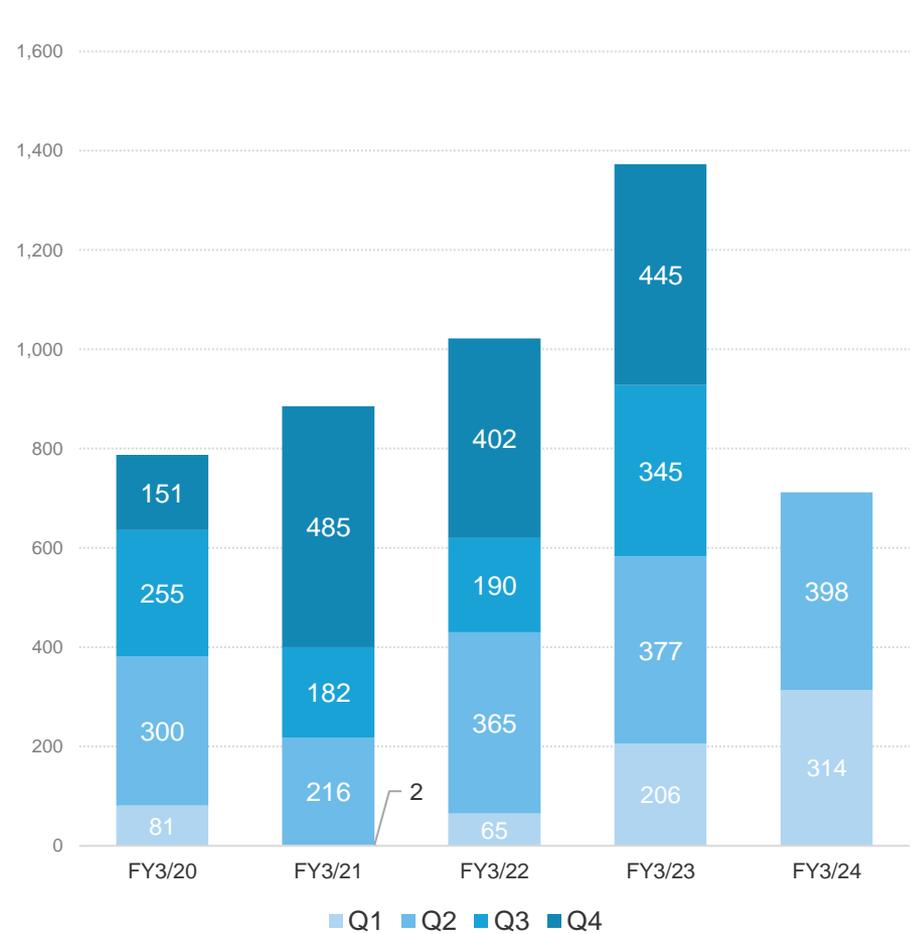
[Millions of yen]

As our products are frequently associated with facility investments, sales are typically weighted towards Q4 and Q2, aligning with customers' investment periods.

Net sales by quarter



Operating profit by quarter



Shareholder Returns

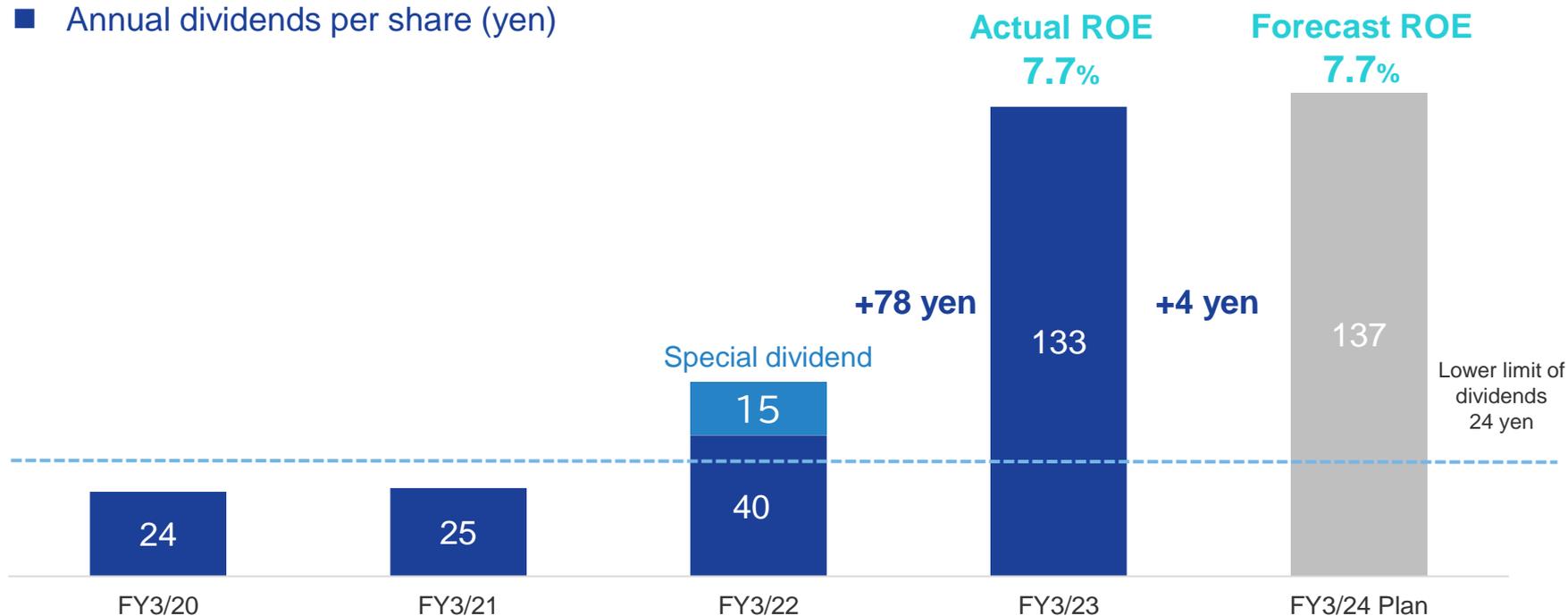
Annual dividends for FY3/24 are planned to be **137 yen per share**
(interim: 53 yen per share, year-end: 84 yen per share)

Shareholder Return Policy in the Medium-Term Management Plan 2022-2024

Maintain a **dividend payout ratio of 100% until ROE achieves 8% on average over three fiscal years (*)** in an effort to actively return profits to shareholders **without increasing shareholders' equity**

100% dividend payout ratio until ROE of 8% is achieved on average for three fiscal years

■ Annual dividends per share (yen)



(*) Average over three fiscal years: Average of the three most recent fiscal years from the fiscal year ended March 31, 2023, the first year of the Medium-Term Management Plan.

Table of Contents

1. Executive Summary
2. Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024
3. Forecast for the Fiscal Year Ending March 31,2024
4. **Progress of the Medium-Term Management Plan 2022-2024**
5. Appendix

Overall View of the Medium-Term Management Plan 2022-2024

*Published on February 8, 2022

Medium-term slogan

~Towards our 100th anniversary – **Creating new value** in a new normal era~

Increase shareholder value

- Achieve ordinary income of 2.0 billion JPY and current-term net income of 1.4 billion JPY for the fiscal year ending in March 2025.
- Set the KPI for our new medium-term management plan to **an 8% average ROE** for three fiscal years and implement our business plan and capital policies.

Capital strategy

- Limit increases in equity capital in order to improve return on invested capital and the balance sheet.
- Maintain a dividend payout ratio of 100% until the average ROE for three years exceeds 8%
- Consider using interest-bearing debt for control capital costs.

Business strategy

- Growth strategy for new business transformation:
 - Promotion of strategies for loyal customers/Growth of service business/Creation of future core businesses
- Strengthening the management base
- Set aside a total of 3.0 billion yen over 3 years for a strategic investment framework.

Governance

- Establish an Investment Committee and strengthen supervisory, examination, and monitoring functions to be carried out at the time of execution.
- Establish a Nomination and Compensation Committee to ensure fairness, objectivity, and transparency.
- Set KPIs for capital efficiency in executive compensation to promote management from the perspective of shareholders.

Accelerate the transition from goods to services

Progress of the Loyal Customer (*) Strategy

Loyal Customer Strategy

The strategy aims to create satisfied customers by providing added value and seeks to strengthen relationships.

Numerical Target (1)
Loyal customers:
Over 130 companies

Numerical Target (2)
Average net sales to all
customers: **up 20%**



<Average annual net sales to all customers>



<Number of Loyal Customers>

Progress in H1 FY3/24

Steady progress with an increase of
12 companies YoY



Aim to achieve the goal by expanding the Group synergy

Topics ① Electronics × Mechatronics
Strengthen proposal activities by combining the technologies of both businesses, leading to an increasing trend in achievements.

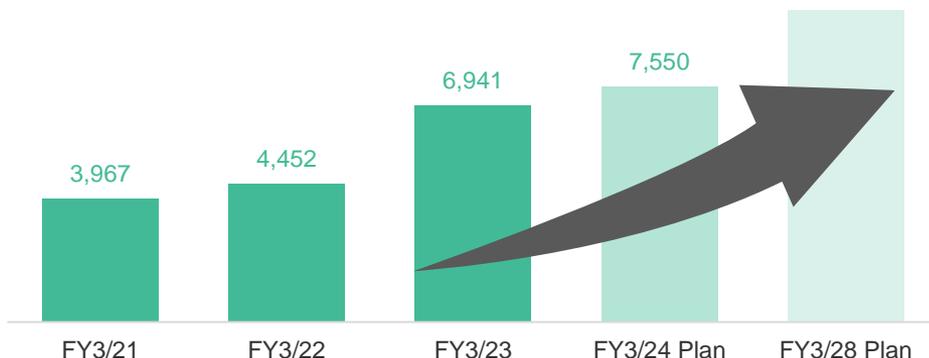
Topics ② System × Group Companies
Leverage the wide range of product lineups of both companies, advancing the proposal of products tailored to customers' issues, and sharing expertise.

(*) Loyal customers: Customers with annual net sales of 30 million yen or more per company

Growth Strategy of the Electronics Business

The Electronics business is promoting the following six strategies for medium to long-term business growth.

■ Trends in sales of the Electronics business [Million yen]



Our growth strategy (by fiscal year)



■ Strategy1 Customer-centric sales activities

Aim to acquire sales channel and increase new adoption by strengthening relationships with both customers and suppliers.



■ Strategy2 Expansion of commercial rights (distributor contracts)

Acquire new distributor agreements, mainly for manufacturers that are able to offer combined proposals with existing products.

■ Strategy3 Expansion of overseas sales

Strengthen communication with overseas business partners and increase overseas sales through new bases in Shenzhen, China, etc.

■ Strategy4 Strengthening sales in growth areas

Strengthen sales for industrial equipment (semiconductor production equipment, etc.) with medium-to long-term growth potential.

■ Strategy5 Increase of added value

- Provide technical support by engineers
- Provide unique solutions through collaboration with the Mechatronics business and other measures

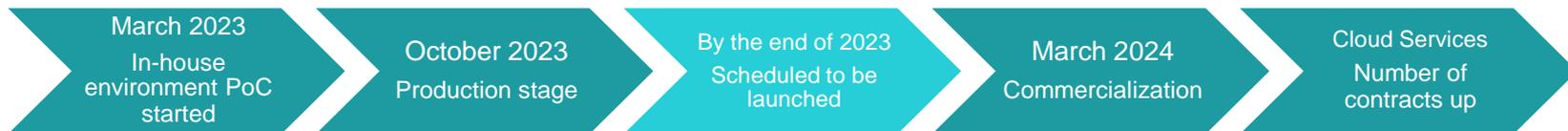


■ Strategy6 M&A and alliances

Implement M&A and alliances to strengthen sales capabilities.

Progress of “Growth of Service Businesses”: Status of “TK Ecosystem”

Development of the new TK Ecosystem service has progressed smoothly to the deployment phase, and sales are scheduled to begin by the end of the year.



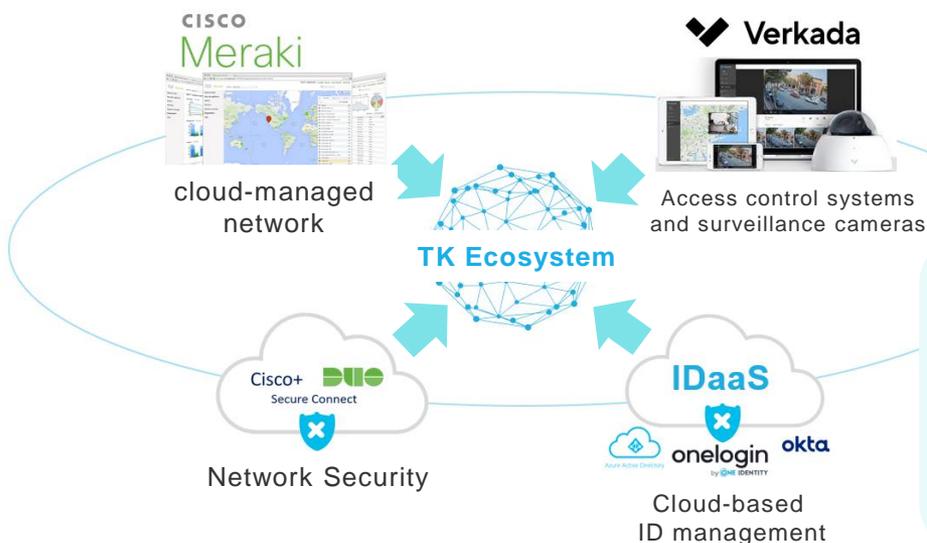
■ Outline of TK Ecosystem (tentative name)

Our unique platform to create

"smart office"



- ✓ Cover multiple services to increase office productivity
- ✓ In the TK Ecosystem dashboard feature, not only administrative users but also regular users are allowed to view data.



Examples of data visualized in the TK Ecosystem

- Network operation status → smooth isolation in case of failure
- Availability of meeting rooms → Prevent empty reservations and make effective use
- Employee workspace → Smooth communications with a hot-desking system
- Temperature/Humidity of offices → Construction of comfortable working conditions

- ◆ Aim to launch this service in FY3/24 by capturing demand for **labor saving** and **office environment improvement**.
- ◆ Intend to increase the number of types of cloud service contracts and raise the average unit price through sales of this service.
- ◆ This service is expected to be easier to introduce and more convenient for customers already using products covered by the TK Ecosystem (e.g., cloud-based wireless LAN).

Enhance Management Base -Strengthen HR Development and Investment

**Medium-Term Management Plan
2022-2024**

Profit Structure Reform

- ① Transition from "product sales" to "service sales" business
- ② Strengthen business portfolio
- ③ Improve operational efficiency through DX



Direction of Human Resource Strategy



- ✓ Acquire the skills necessary for "service sales"
- ✓ Develop human resources to achieve agile staffing and business efficiency through DX
- ✓ Improving the internal environment to increase engagement



Initiatives in FY3/24 H1

✓ Revision of Qualification Allowance System

- To motivate employees to reskill, the qualification allowance system was expanded.
- The number of eligible qualifications has been doubled to 99, and the incentive amount has been increased. Monthly allowances are provided for some qualifications.
- Aim to improve IT literacy by encouraging IT and digital-related qualifications such as the Information Technology Passport Examination

Rank	Qualifications (example)	Allowance at acquisition	Monthly allowance (2 years)
Platinum	Certified Public Accountant	50,000	20,000
Gold	Network Specialist	30,000	10,000
Silver	TOEIC score 900 or above	10,000	5,000
Bronze	JCCI Bookkeeping Level 2	–	3,000
Basic	Information Technology Passport Examination	10,000	–

✓ Enhancement of Various Training Programs

- Expanded sales and management training, and resumed overseas training
- About 20% of all employees started taking e-learning courses to acquire [G certification](#) (AI-related qualification)
 - ➔ Aim to improve business efficiency and strengthen discovery of potential AI-related products

✓ Improvement of Office Environment

Conducting [employee engagement survey](#)

Based on the results of the survey, some of the following measures have been implemented since the current fiscal year, following discussions led by the president, director in charge, and department heads.

- ➔ Start of a [mentoring program](#) for younger employees
- ➔ Make "Casual Day" a year-round event



Identification of Material Sustainability Issues

To **create** a society that is friendly to humans and the earth, we have identified four material sustainability issues.

Four materiality issues

19 KSFs linked to materiality

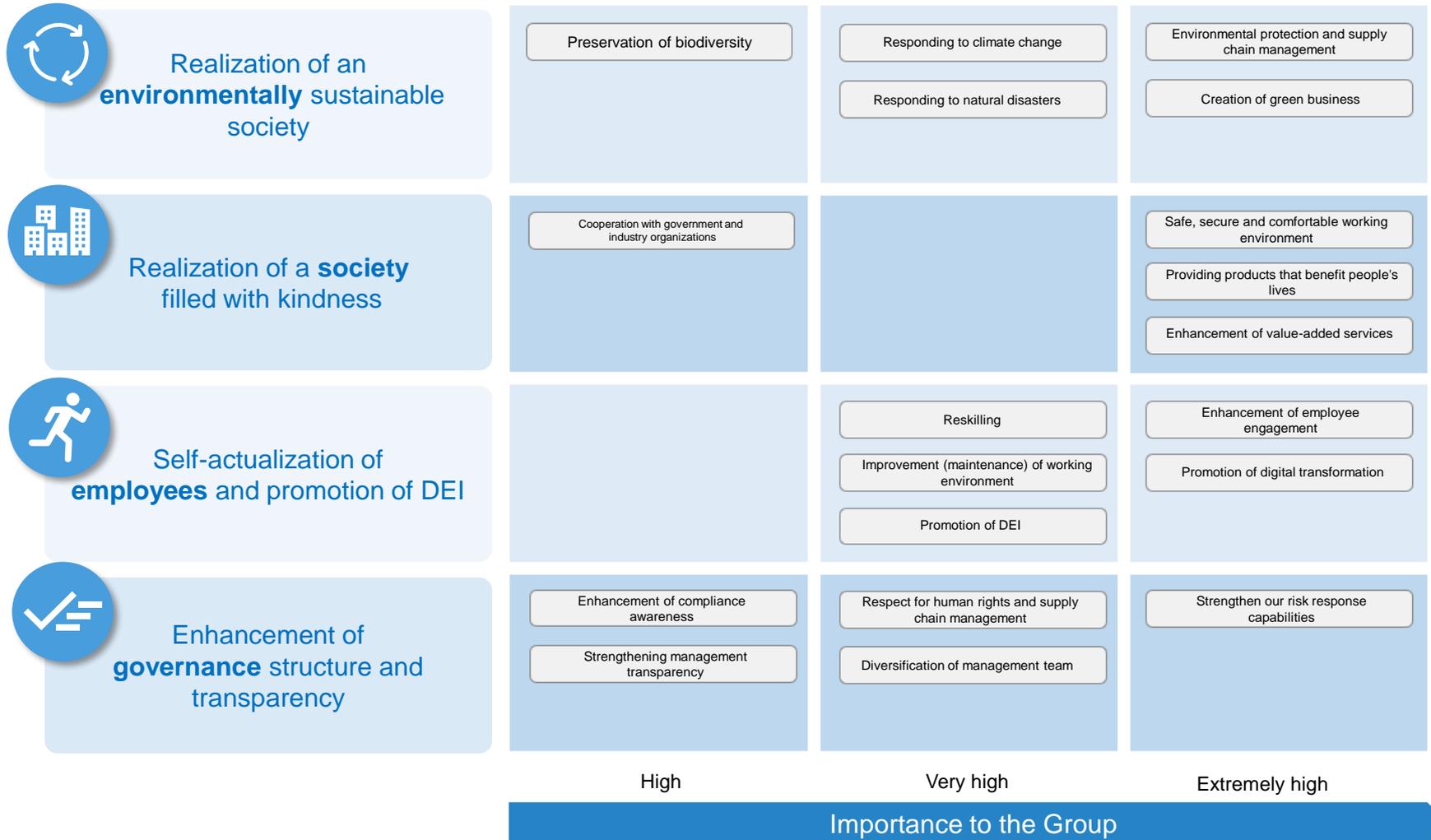
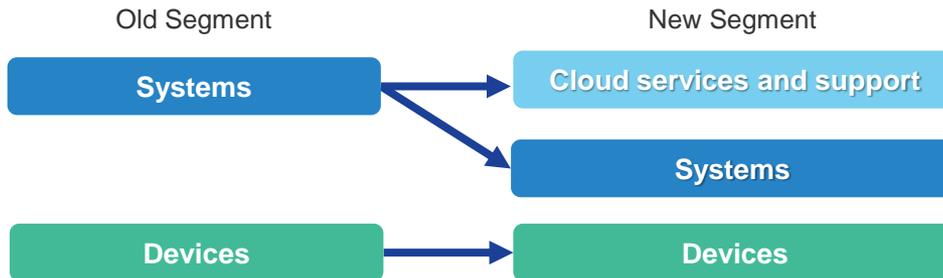


Table of Contents

1. Executive Summary
2. Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024
3. Forecast for the Fiscal Year Ending March 31,2024
4. Progress of the Medium-Term Management Plan 2022-2024
5. Appendix

Segments and Main Products/Services

Segment System



From the period of the Medium-Term Management Plan (FY3/23), from the perspective of "growth potential" and "profitability," the cloud-based subscription service business and maintenance business are positioned as "growth businesses" and separated as a segment.

※ The "Services & Support" product line in the Systems Segment has been renamed to "Cloud Services & Support" and converted into a new segment.

Cloud services and support

Cloud-based wireless LAN

Cloud Services	<ul style="list-style-type: none"> MSP and other services that integrate "equipment, cloud services, and operations management" within the Systems segment
Maintenance	<ul style="list-style-type: none"> Maintenance services for products in the Systems segment

Systems

Access control systems

Facial recognition systems

Retail	<ul style="list-style-type: none"> The electronic article surveillance system, Surveillance camera systems, facial recognition systems Store management systems, RFID systems Display products security systems
Business	<ul style="list-style-type: none"> Access control systems, surveillance camera systems Auto Mailing Insertion Systems RFID systems
Global	<ul style="list-style-type: none"> Fire protection systems

Devices

Power modules

Silicon microphones

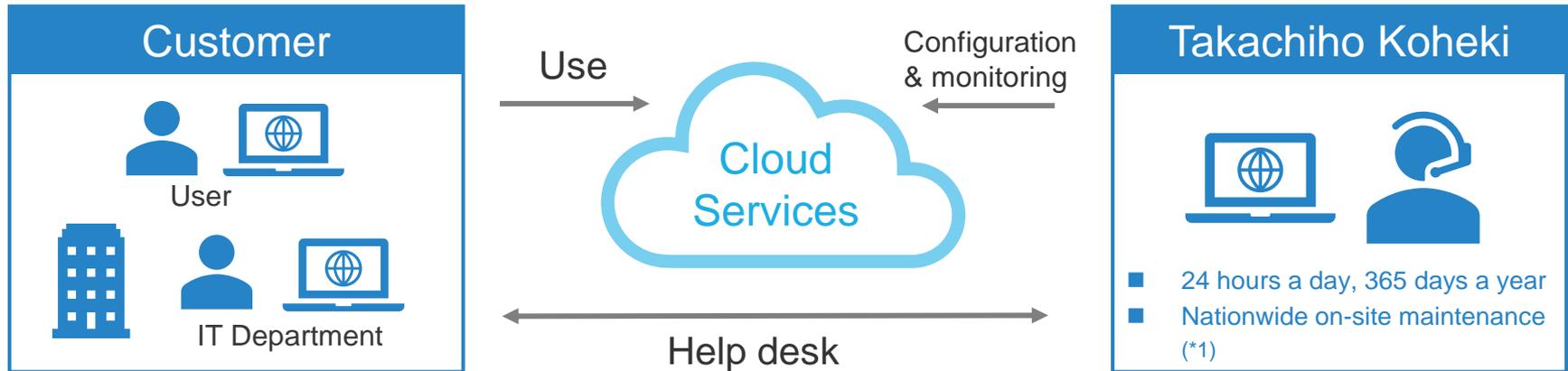
Soft-close units

Electronics	<ul style="list-style-type: none"> Semiconductors, ICs, electronic components, sensors Various types of modules
Mechanics	<ul style="list-style-type: none"> Slide rails, gas springs Soft-close units, electronic locks

MSP Services (1)

What are MSP (Managed Service Provider) Services?

: Maintenance, operation, and monitoring services for cloud products that can be **outsourced**



MSP Service Products



What is a "cloud-based wireless LAN system"?

The management of wireless LAN access points in the cloud

- ✓ Visualization of usage status in the cloud
- ✓ Easy and fast installation and trouble-shooting
- ✓ Configuration and monitoring can be outsourced

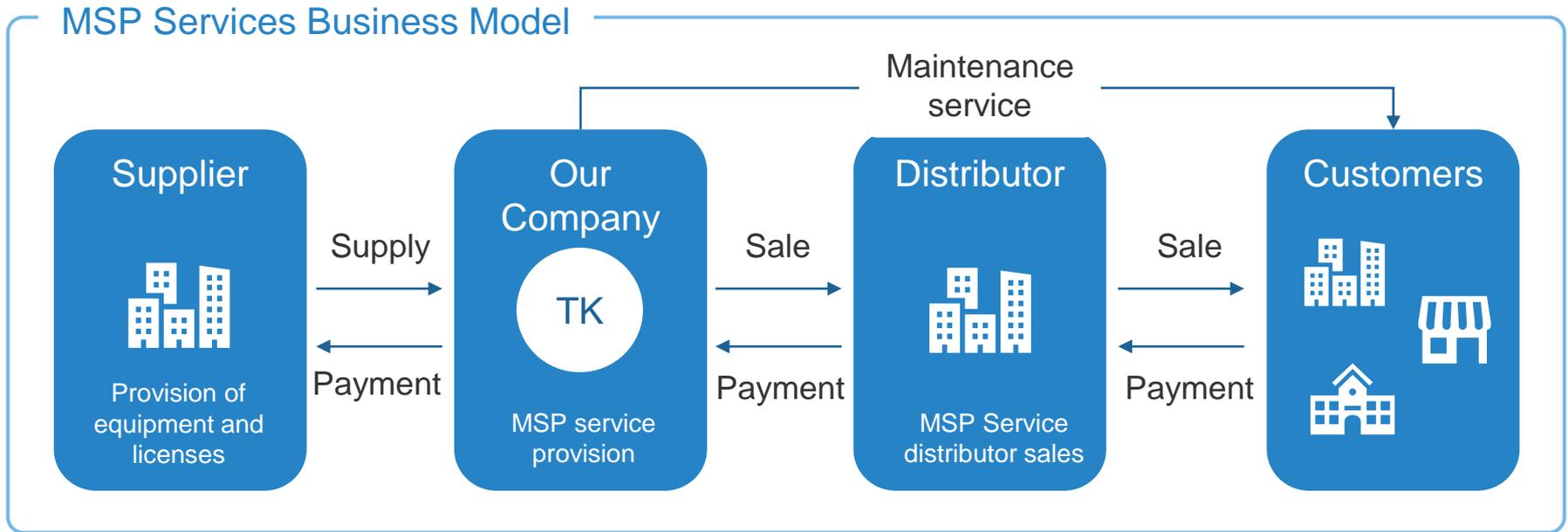
MSP Service Fee Structure

(1) to (3) are provided as an integrated service on a monthly payment basis(*2)

- ① Purchase of equipment
- ② Cloud service license fee
- ③ Maintenance fees

(*1) Not available in some areas (*2) The purchase of equipment (1) can be paid in a lump sum

MSP Services (2)



■ Examples of Using MSP Services

Offices of small and medium-sized companies suffering from staff shortages in the information systems department

Nationwide stores with high management costs due to the large number of locations

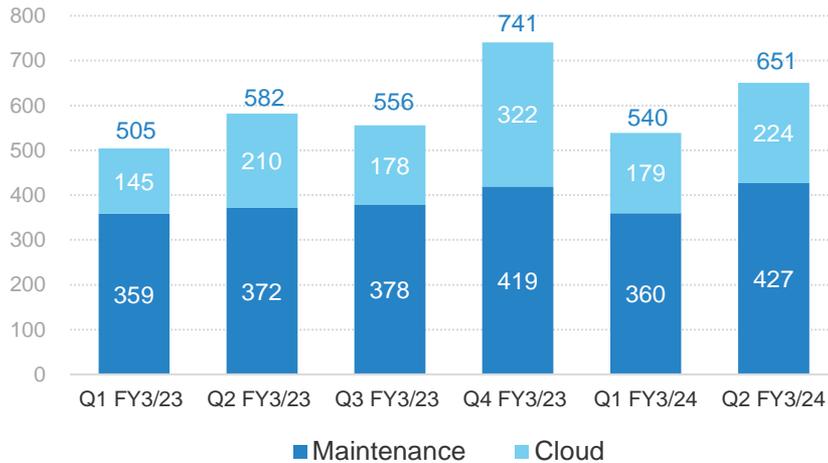


Also used in **factories, nursing homes, hospitals, schools**, and many other locations.

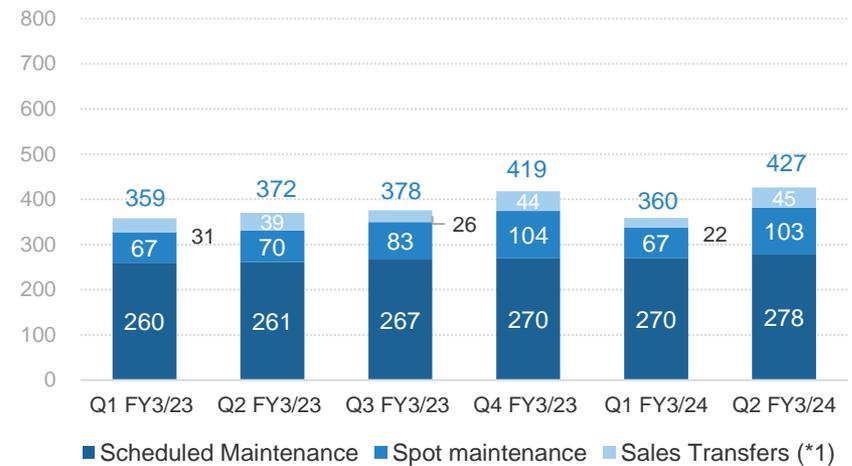


Cloud Services and Support Net Sales Breakdown (by quarter) [Millions of yen]

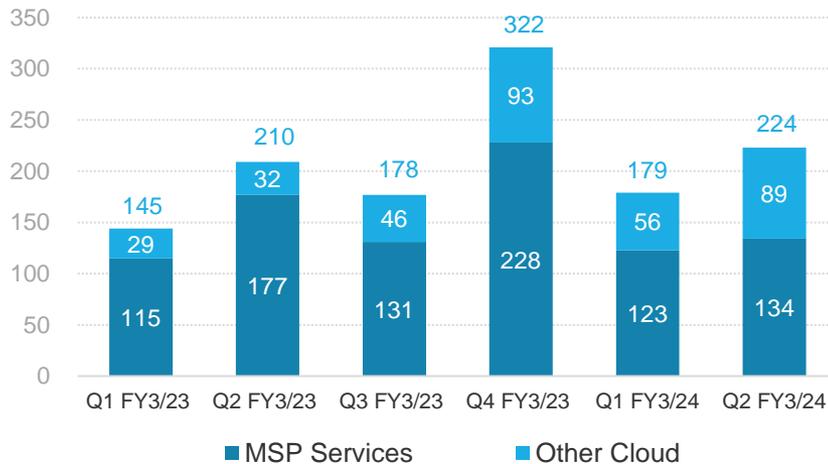
(1) Cloud Services and Support Net Sales Breakdown



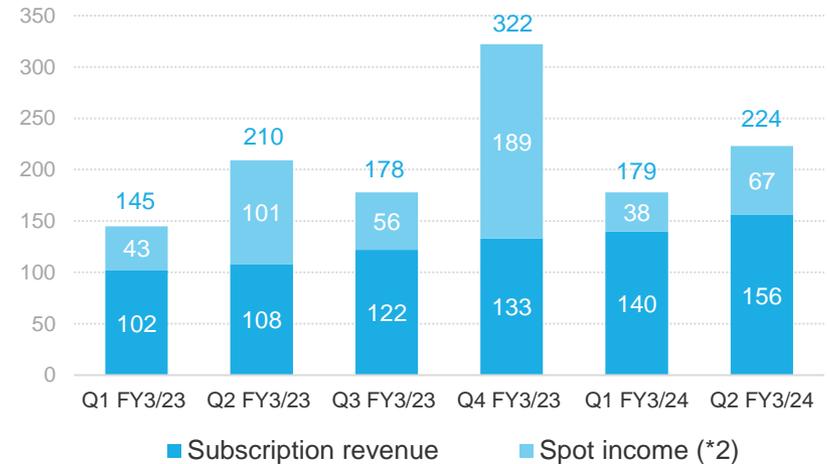
(2) Maintenance Net Sales Breakdown (by type)



(3) Cloud Services Net Sales Breakdown (by service)



(4) Cloud Services Net Sales Breakdown (by type)



(*1) Concerning the maintenance provided free of charge in the first year after the sales of products in the Systems segment, an amount equivalent to the cost of the maintenance is transferred to Cloud Services & Support sales

(*2) Lump-sum payment of initial costs, purchase of equipment for MSP Service, etc. .

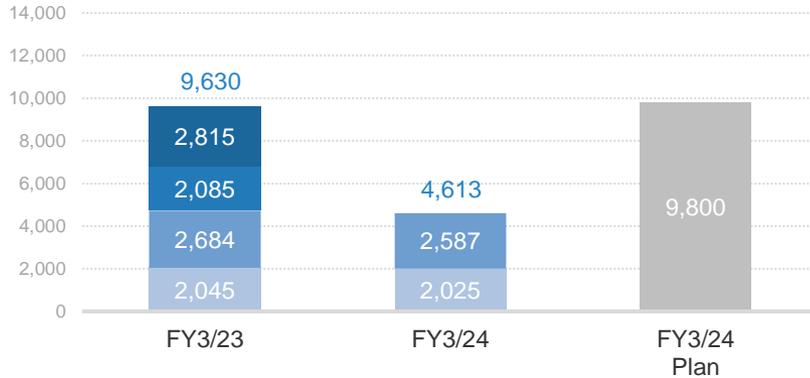
Systems & Devices Segments Results

[Millions of yen]

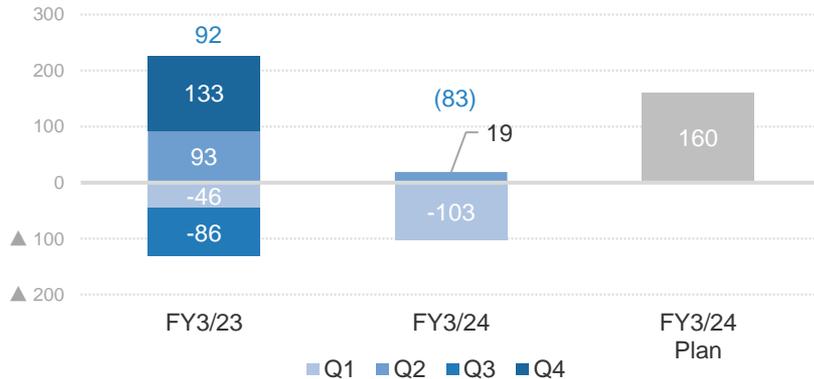
Systems

Net sales

Change: Retail (30) / Business (28) / Global (57)
Systems total: (116)



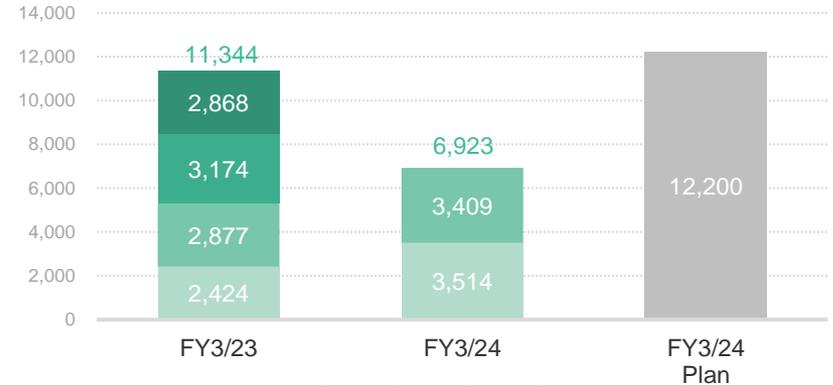
Operating profit



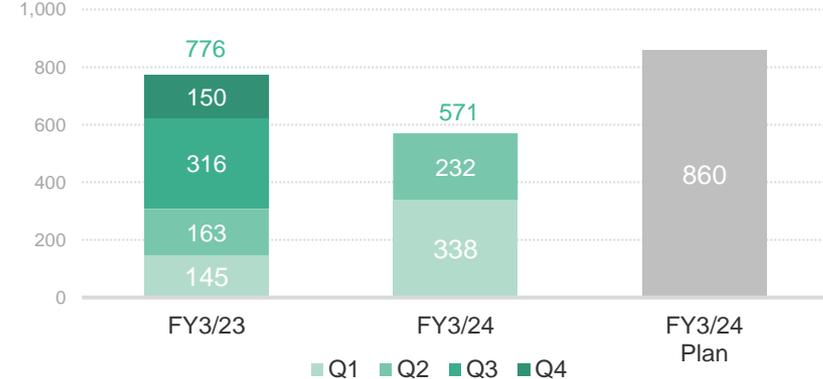
Devices

Net sales

Change: Electronics +1,474 / Mechatronics +147
Devices total: +1,622



Operating profit



Operating profit

Change factors (YoY)

Q1 **-103** (YoY -56)

- Decrease in Business Solutions revenue (-)

Q2 **19** (YoY -73)

- Global: Decrease in sales of fire protection systems and additional construction work (-)
- Decrease in Retail Solution services sales (-)

Operating profit ratio

Change factors (YoY)

Q1 **9.6%** (YoY+3.6pt)

- Expansion of scale of electronics sales (+)
- Improvement in sales mix (+)

Q2 **6.8%** (YoY+1.1pt)

- Expansion of Electronics services sales (+)

Breakdown of Retail Solutions and Business Solutions Sales

Retail solutions sales

Business solutions sales



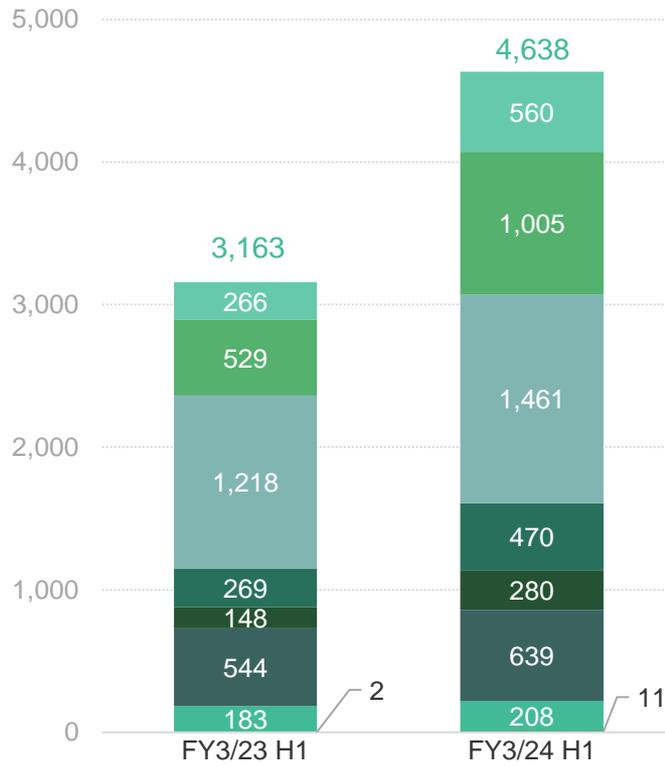
■ GMS	389	358
■ Drugstores	380	379
■ Apparel	231	324
■ Home Appliance	168	180
■ Home Improvement Center/Sports	265	221
■ Mobile	25	12
■ Other	187	140



■ Access Control/Surveillance Cameras	728	701
■ Network Products	405	393
■ RFID Systems	156	186
■ Mailing Systems	331	312

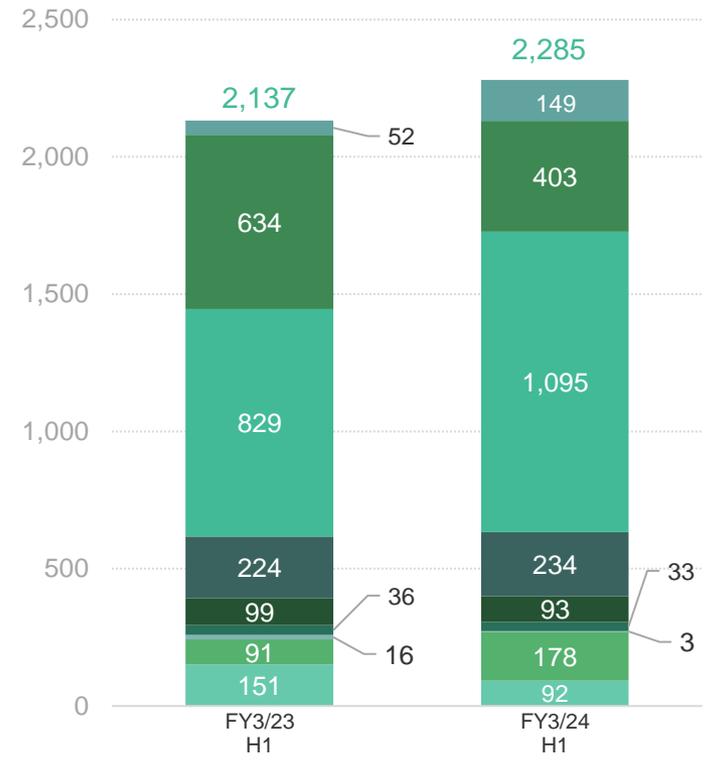
Breakdown of Devices Sales

■ Electronics sales



■ Consumer Equipment	266	560
■ Business Equipment	529	1,005
■ Industrial Equipment	1,218	1,461
■ Amusement	269	470
■ Automobiles/Vehicles	148	280
■ Modules	544	639
■ Distributor	183	208
■ Other	2	11

■ Mechatronics sales

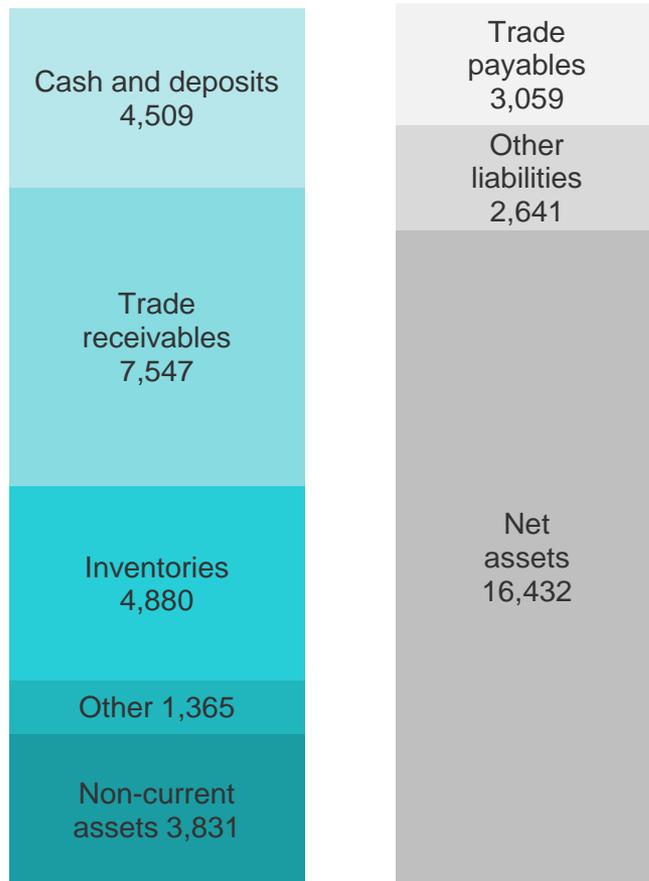


■ Industrial Equipment	52	149
■ Living/Life	634	403
■ Money Machine/Multifunctional Machines	829	1,095
■ Office Equipment	224	234
■ Environment/Energy	99	93
■ Medical/Nursing Care	36	33
■ Transportation Equipment	16	3
■ Amusement	91	178
■ Other	151	92

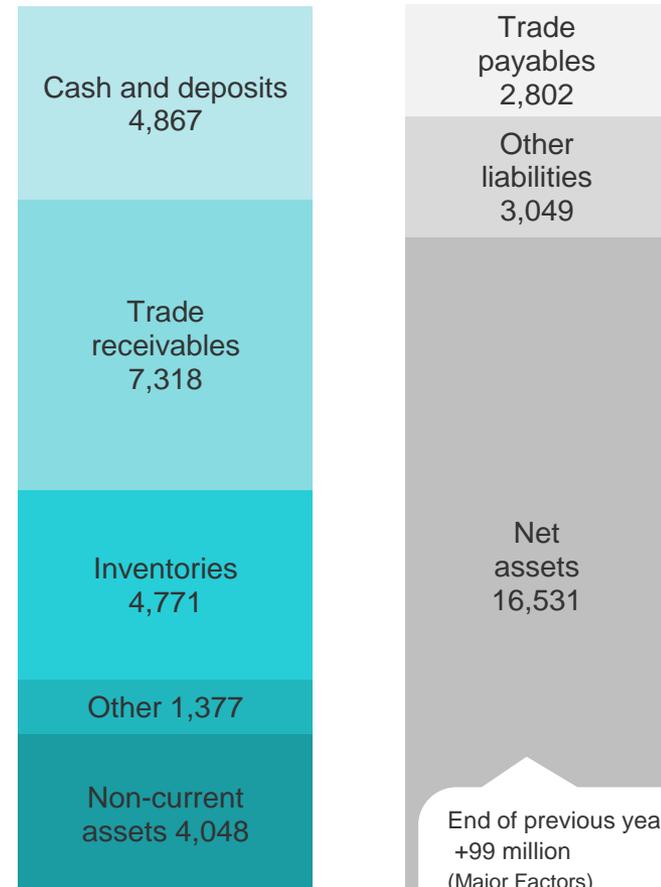
Consolidated Balance Sheet

[Millions of yen]

As of March 31, 2023



As of September 30, 2023



End of previous year:
+99 million
(Major Factors)
• Net income +717 million
• Dividend payment: (994 million)
• Valuation and translation
adjustments +367 million

Company Profile

Company Name	Takachiho Koheki Co., Ltd.
Securities Code	TSE Prime (code: 2676)
Established	March 13, 1952
Head Office Address	YOTSUYA TOWER 7F, 1-6-1 Yotsuya, Shinjuku-ku, Tokyo
Representative	Takanobu Ide, President and Chief Executive Officer
Number of Employees	Consolidated: 496, Non-consolidated: 243 (as of March 31, 2023)
Consolidated Subsidiaries	One domestic company, eight overseas companies (Shanghai, Hong Kong, Bangkok, Singapore, Chicago)



- Video of interview with the CEO now available



<https://youtu.be/t24f-4ypyOY?si=CbuOkdesvdbEZWAY>

Precautions Regarding this Document

- This document contains forward-looking statements. Such statements are not guarantees of future results and involve risks and uncertainties.
Please note that future results may differ due to changes in the business environment and other factors.
- This document is for informational purposes only and is not intended as a solicitation to trade.

For inquiries, please contact:

Investor Relations, Corporate Planning Dept, Takachiho Koheki Co., Ltd.

 ir-takachiho@takachiho-kk.co.jp

 03-3355-1201



Takachiho Koheki official account

note
(Japanese)

