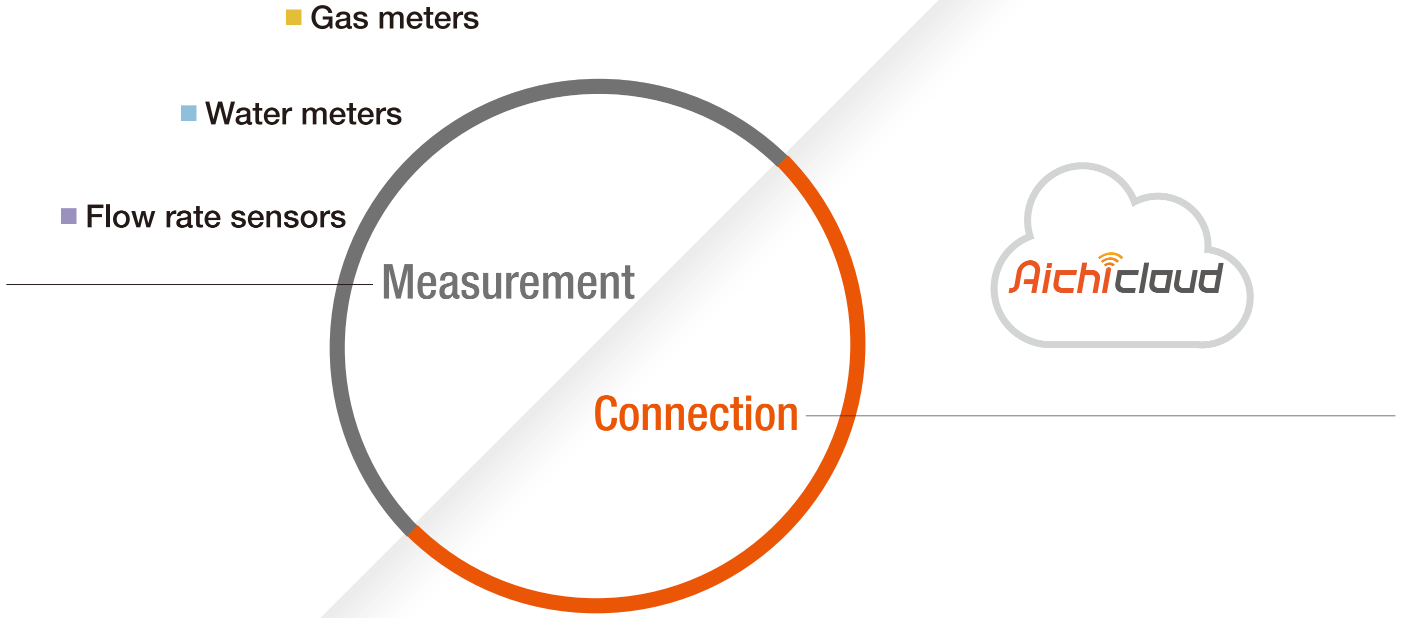
Aichi tokei

"Measurement" and beyond

Integrated Report 2025

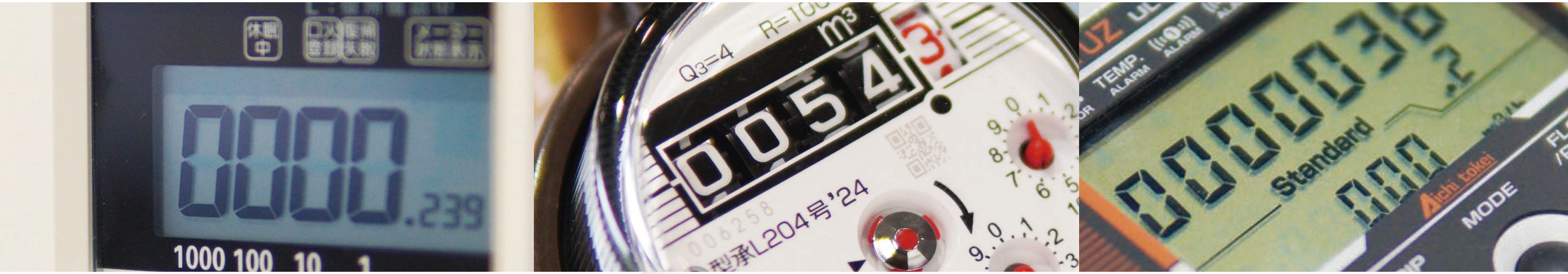
Vision Story

Safeguarding society and supporting the future with "measuring technologies" and "connecting technologies" in a changing era.



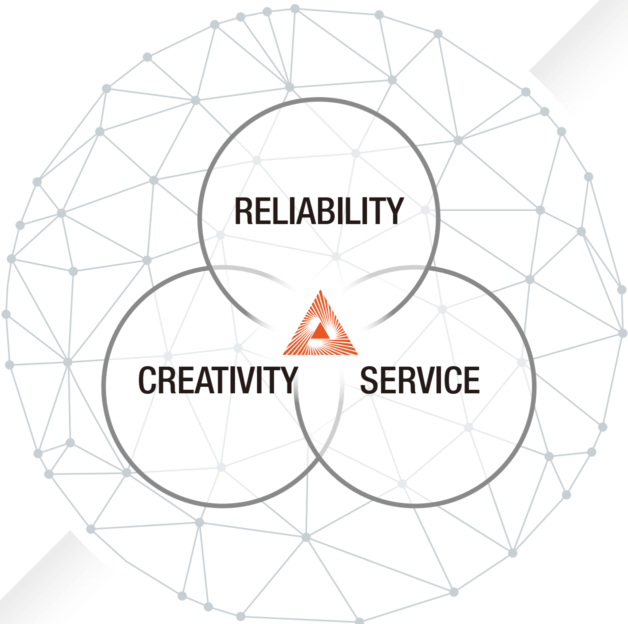
Since its founding in 1898, the Aichi Tokei Denki Group has developed precision processing technologies in clockmaking. Building on this foundation, we have centered our business on fluid measurement technology, particularly water meters and gas meters, and have provided products and services that foster strong relationships of trust with our customers.

Amid rapidly changing environmental and social conditions, we are committed to supporting society and contributing to positive change through "measuring technology" and "connecting technology."



Corporate Philosophy

We create new value to serve customers and society and continue to win reliability from all.



Mission

Creating a People- and Earth-friendly Tomorrow

Vision

Contributing to a sustainable society through measurement and connection technologies

Editorial policy

Aichi Tokei Denki has issued an integrated report since fiscal 2023 to help stakeholders and society gain a deeper understanding of its initiatives for medium- to long-term growth and sustainable value creation. In addition, we strove to offer specific details on the progress of the Medium-term Management Plan 2026 launched in fiscal 2024, our business plans, and our efforts to strengthen both financial and non-financial aspects of ESG in an integrated manner.

Scope

Aichi Tokei Denki (parent company and consolidated subsidiaries)

* Some information is for parent company only.

When issued

October 2025

Period covered

April 1, 2024–March 31, 2025

(includes some information on activities before and after this period)

Reference guidelines

International Financial Reporting Standards (IFRS) Foundation's International Integrated Reporting Framework

Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation

Proper use of earnings forecasts and other notes

Forward looking statements, including earnings forecasts appearing in this report, are based on information available at the time the report was written and certain information judged to be rational. They are not intended as promises that we are sure to achieve, and actual earnings may differ dramatically for various reasons.

Contents

At a Glance

Aichi Tokei Denki by the Numbers (The figures are for FY2024.)

Aichi Tokei Denki develops and manufactures fluid measurement devices, most notably gas meters, water meters, and flow rate sensors. We also operate a wide range of businesses, such as monitoring and control based on measurement data for water supply and sewage systems. With continuous refinement of our accumulated measurement technologies and the latest IoT technologies in our connection technologies, and active pursuit of new markets like medical care, agriculture, and new energy, we continue to provide products that contribute to solving social issues.

Number of "Aichi Cloud" gas meters connected Approx. **1,200,000** units (as of the end of March 2025)

No.1 industry share

Annual gas meter sales results

Approx.
2,000,000 units

No.1 industry share

Annual water meter sales results

Approx.
2,000,000 units

Establishment	Net sales	Ordinary profit/Operating margin
127th anniversary (1898)	54,286 million yen	4,764 million yen / 7.3%

Overseas sales	Capital adequacy ratio	Dividend per share
3,806 million yen	74.6%	75 yen

Number of employees (consolidated)	Turnover rate due to personal reasons	Paternity leave utilization rate
1,704	2.2%	65.0%

R&D expenses	Number of patents	CO_2 emissions reduction
1,300 million yen	124	62.4% reduction (compared to FY2013)

Sales composition ratio

Gas-related equipment 48.8%
Water-related equipment 34.7%
Private-demand sensor systems 4.8%
Instrumentation 11.5%
Precision Machining Related Business 0.2%

Net sales 54,286 million yen

Measuring Devices Related Business

Data delivery service

Gas meters (for city gas and LP gas)

Gas-related equipment

Net sales **26,479** million yen ➡P.26

We develop and manufacture various gas meters for city gas, LP gas, and applications ranging from residential to industrial use. Our strengths lie in structural designs that bring about accurate weighing over the long term and high manufacturing quality. Additionally, we offer the Aichi Cloud data delivery service, which collects various data—primarily usage—into the cloud, contributing to the business streamlining and rationalizing of gas companies' operations.

Data delivery service

Electromagnetic water meters

Water-related equipment

Net sales **18,854** million yen ➡P.28

We develop and manufacture small water meters for residential use, large meters for industrial use, and electromagnetic water meters in-house, and support fair and equitable tariff transactions through reliable manufacturing. Additionally, we provide measuring devices, such as hot water meters and heat meters, for buildings and commercial facilities.

Ultrasonic flow rate meters for air

Small electromagnetic flow rate sensors

Private-demand sensor systems

Net sales **2,631** million yen ➡P.30

We develop and manufacture flow rate meters, flow rate sensors, and systems to meet the measurement needs of manufacturing sites and devices. There are different types of products and measurement targets, such as flow rate meters that measure the amount of factory air used and flow rate sensors built into hemodialysis equipment. These solutions are expected to contribute to effective use of energy, improved production efficiency and quality, and cost reduction.

2-Wire electromagnetic flow meter

Immersion-type water gauge

Instrumentation

Net sales **6,265** million yen ➡P.30

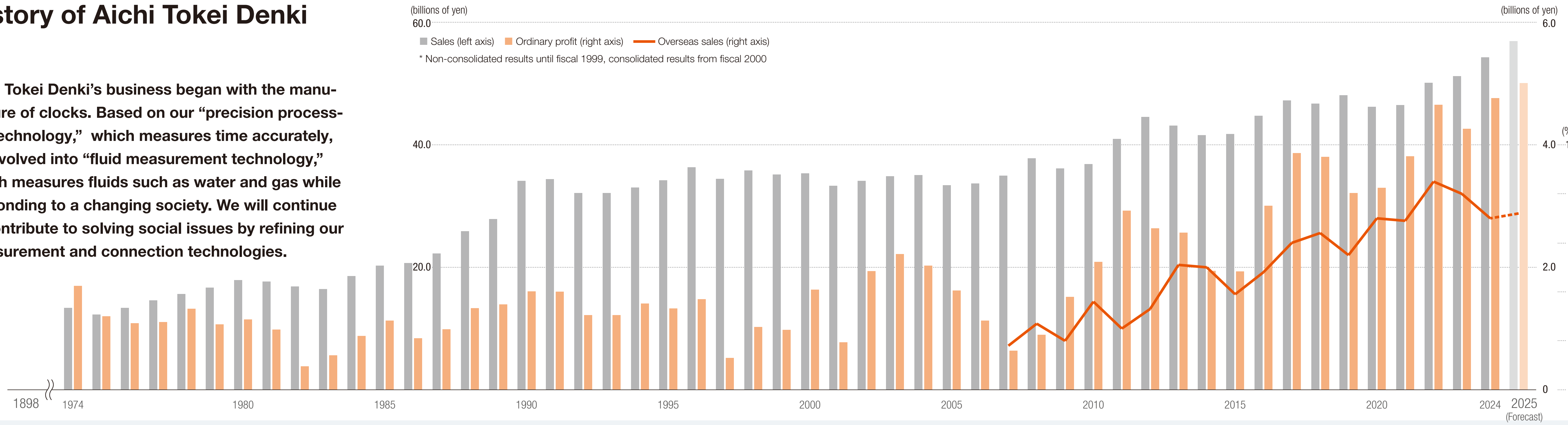
We provide monitoring and control for water supply, sewerage, and agricultural and industrial water facilities based on measurement data such as water levels, flow rates, and water quality. We have developed a comprehensive service from various measurement equipment required for this measurement to the design, construction, and maintenance of monitoring and control systems, contributing to the realization of more stable lifelines.

Precision Machining Related Business (Die Sales)

Net sales **55** million yen

History of Aichi Tokei Denki

Aichi Tokei Denki's business began with the manufacture of clocks. Based on our "precision processing technology," which measures time accurately, we evolved into "fluid measurement technology," which measures fluids such as water and gas while responding to a changing society. We will continue to contribute to solving social issues by refining our measurement and connection technologies.



History of technological deployment and development

1898
Established AICHI TOKEI MFG. CO., LTD.

1912
Changed the company name to Aichi Tokei Denki Co., Ltd.
The technical strengths we developed in clockmaking technology were highly appreciated, and the electrical division business expanded rapidly. We changed our name as we began to engage in a wide range of businesses other than clockmaking.

Turning Point
1927
Started production of water meters

Turning Point
1950
Started production of gas meters
Started gas meter production as the second pillar of the business along with the water meter business. The measurement principles of membrane gas meters that were popular around this time are still standard technology.

1961
Start manufacturing machine tools
We started manufacturing machine tools by utilizing the machine tool technology we developed in our previous business. We expanded into areas other than water and gas meters and aimed to diversify.

1983
Launched microcomputer meter
We launched a microcomputer-mounted gas meter that can automatically detect earthquakes and abnormalities and shut off the gas supply. This dramatically improved the safety of gas.

Launched the world's first 2-wire electromagnetic flow rate meter
At a time when the power consumption of general electromagnetic flow rate meters was tens of watts, we developed a technology that reduced power consumption to one-hundredth. Realized the world's first 2-wire system.

1985
Launched a small flow rate sensor
Utilized vane wheel-type measurement technology for water meters for a small flow rate sensor for management. Even now, it has been repeatedly improved and has become a best-selling product.

Turning Point
1992
Launched world's first battery-powered electromagnetic water meter

1993
Closure of the clock business

2002
Full-scale entry into the instrumentation field
Organized a specialized department for system construction such as water and sewage facilities and agricultural water. Undertook the overall renovation of facilities such as water and sewerage, and became one of our basic businesses.

2008
Developed a flow rate meter "TRX" to "visualize" usage of air in factories
Contributes to energy saving in factories by measuring the flow rate of compressed air in the factory. In 2011, we received the Aichi Environmental Award for Excellence.

Turning Point
2010
Established overseas plants
China Dalian Plant (Dalian City)
Vietnam Hai Phong Plant (Haiphong City)

2011
Integration of Japanese LP gas businesses
Established joint venture Irex Co., Ltd. with Ricoh Elemex Corporation. Absorbed Irex Co., Ltd. in 2015.

2013
Launched ultrasonic meter for LP gas
We added an ultrasonic gas meter to our lineup of membrane gas meters. It is even lighter and more compact than the membrane type.

Closure of the machining tools business

Turning Point
2019
Start operation of Aichi Cloud

2021
Launched environmentally friendly dry-dial type water meter
Aiming to make products that are more environmentally friendly, we launched a new type of dry water meter SD Series that is 50% lighter and more compact than the current product.

Contributing to a sustainable society through measurement and connection technologies

Started "Water Meter Business"

Utilizing precision gear technology developed in clockmaking, we were one of the first companies in Japan to engage in the production of water meters and started a business that plays a part in the development of social infrastructure. In December 1927, we received a license from the Minister of Commerce and Industry for the production of water meters, and the following year, in 1928, we received orders from the cities of Nagoya and Tokyo. In the early Showa period, we started the "measurement business" that is indispensable to our Company today. Since then, the water meter business has gradually become a major part of our Company.

Launched electromagnetic water meters as a global pillar

By adopting electromagnetic water meters, we further enhanced our low power consumption technology and achieved an extremely low power consumption of less than 1/10,000th compared to conventional products. We are the first company in the world to commercialize an electromagnetic water meter with a built-in lithium battery that can be used continuously for 10 years. Since there are no moving parts such as vane wheels or obstacles that prevent the flow of liquid, electromagnetic water meters are positively regarded as a groundbreaking product with features such as excellent durability and stable measurement accuracy over a long period of time, and they are still a pillar of our global expansion today.

Global expansion through the establishment of overseas factories

In 2010, we opened our first overseas factories in Dalian, China and Haiphong, Vietnam. This allowed us to diversify our procurement methods such as for raw materials and avoid risks by decentralizing our production bases.

In addition, it has greatly contributed to the expansion of our sales channels in China, Vietnam, and the ASEAN region, leading to an increase in overseas sales.

Leveraging LPWA communication technology to collect Big Data

In recent years, LPWA, a wireless communication technology for IoT, has evolved rapidly, and we have entered the era where devices around the world are connected to the Internet. In November 2019, we launched Aichi Cloud, a data delivery service that utilizes the measurement data of various measurement instruments that we offer to the market, such as gas and water meters.

Social movements

1913
Emergence of Made in Japan water meters

1920
Nagoya City adopts city-wide water fee measurement system

1951
Transition from the Weights and Measures Act to the Measurement Act (Former Measurement Act)

1959
Ise Bay Typhoon

1973
Mandatory installation of gas meters

1993
Enforcement of the New Measurement Act

1995
Great Hanshin-Awaji Earthquake
Enforcement of the Product Liability Act (PL Act)

2002
Establishment and enforcement of the Basic Act on Energy Policy

2008
Financial crisis

2011
Great East Japan Earthquake

2017
Full liberalization of gas retail market

2020
The COVID-19 pandemic spread worldwide

2024
Noto Peninsula earthquake

2025
Second Trump administration

President's Message

Kenji Kunishima
President and
Representative Director,
President Executive Officer

Aichi Tokei Denki aims to address social issues while improving profitability

by leveraging its measurement and connection technologies

Responding to Unpredictable Changes in the Business Environment

Recently, we have been facing unpredictable changes in our business environment. The COVID-19 pandemic was an unforeseen risk that required us to respond on the fly. But going through this experience gradually built up our corporate adaptability and know-how. In addition, amid an environment prone to drastic change, such as the tariffs suddenly imposed by the Trump administration in the U.S., we must be resilient and able to adapt flexibly.

In these circumstances, I believe that the more fundamental management issue is the structural changes that will occur over the medium to long term. We will have to confront a declining labor force, labor shortages, diversifying work styles and attitudes toward work, the need to become carbon neutral, and difficulties in securing resources due to geopolitical risks. In this context, I am conscious of the need to effectively deploy our limited management resources (people, things, and money).

Beyond Japan, signs of population decline have become evident in ASEAN countries, too, and this can be seen as an inevitable trend of maturing societies. In fact, although the number of workers in Japan has temporarily increased due to factors such as women's increased participation in the workforce, I recognize that the real challenge of labor shortages lies ahead. As values toward work continue to evolve, Aichi Tokei Denki is encouraging the growth and success of younger employees while also working on effectively using older workers. One approach of ours is how to extend the employment system, which currently allows employees to work up to age 65, so that they can remain active in the Company longer.

In addition, the evolution and spread of digital technology is important. To promote DX, we are launching projects that leverage IoT, AI, big data, and more. I believe these initiatives comprise an important process that will not only improve efficiency but also change the way we work. Although responding to robotization and digitalization are difficult challenges, I see them as opportunities to strengthen our Company.

Expansion of Markets and Business Fields

A unique strength of our Company is its ability to offer multiple measurement technologies, from vane wheel-type and electromagnetic-type water meters, to membrane-type and ultrasonic-type gas meters. Although we have been offering battery-powered electromagnetic water meters for many years, we remain unmatched by competitors, while our ultrasonic technology has only improved. I believe our ability to flexibly propose optimal products and services that meet a variety of on-site needs is a distinctive strength of ours.

This is made possible by our integrated system that handles everything in-house, from development to sales,

President's Message

delivery, and construction. The sales representatives deployed nationwide are all our employees, who share the issues and insights they learn in the field with R&D, which uses that feedback to refine our technology and improve our development capabilities.

Furthermore, as an initiative to create value in the measurement field, we have been expanding our data delivery service, Aichi Cloud. We are venturing beyond our traditional business domains of LP gas, city gas, and water supply, expanding into new areas such as cloud and IoT services.

In the instrumentation field, we are steadily expanding the scope of work we can do. By building up a track record in construction orders and focusing on human resource development, including encouraging employees to obtain various qualifications, we have become able to take on larger-scale projects than before. We have begun seeing solid results in terms of project orders and expect these to bolster sales for the current fiscal year.

Accelerating Global Expansion

Although our overseas sales currently account for less than 10% of total sales, global expansion remains a priority measure. However, since general-purpose products from Japan do not always meet overseas specifications and often are priced differently, we are focused on expanding sales of products with which we have a high technological advantage and can more readily differentiate ourselves from competitors. In China, too, we have been expanding our gas meter business; and in addition to our existing distribution network, we also have a joint venture in Shenzhen with a local partner and have begun producing and selling gas meters. With this structure, we are expanding our sales channels by supplying gas meters to gas companies with which we had no existing business relationship. In fact, despite being temporarily impacted by the slowdown in the Chinese economy, in fiscal 2024, we made progress toward achieving our plans, supported by contributions from our joint venture.

Sales of water meters have been steady in the ASEAN region, such as Thailand and Vietnam. As the region's purchasing power has improved, we feel that it is becoming a market we can try with our relatively high added-value electromagnetic water meters.

On the other hand, China in particular moves quickly from product development to market launch, and we cannot keep up using our usual Japanese methods. As we work to meet the specifications that differ by country and region, the speed of overseas business being completely different from Japan has been a challenge.

Looking ahead, we are anticipating growth in the ASEAN region. Despite fierce price competition in the household water meter market, our technical capabilities and quality have become our strengths and are earning us high praise from customers. With the belief that our technical capabilities can unlock even greater potential, we have been developing the market by continuously exchanging information with local customers.

Investing in Future Growth

I think the movement toward smart technologies has the possibility to be a major change for our business model. However, Japan lags far behind other countries in smart technologies, and addressing this is an urgent priority. For this reason, it is necessary that we proactively invest in smart technologies. In addition, we will also be expanding our facilities to target growth fields overseas.

What I am prioritizing even above this type of capital investment is our investment in human resources. In securing the aforementioned large-scale projects in the instrumentation field, the human factor is crucial in delivering responsiveness and quality control at construction sites. We will continue to invest heavily in the necessary human resources and advance efforts to help them obtain various qualifications. In the construction industry, as work style reforms progress and the standards for quality also rise, we aim to secure orders by making proposals that leverage our technological advantages. We must also advance the recruitment of talented human resources and extend employment up to age 70. While we would like to control fixed costs, given our business foothold in Japan, where we are able to generate robust profits, we remain mindful not to reduce workforce.

**Unbound by conventional thinking,
we will optimize from a global perspective.**

Sustainable Growth That Leverages Non-Financial Capital

Having spent many years in the Human Resources department, what I can say from experience is that it is important not only to change the personnel system but also to ensure that it is understood by both managers and the employees under evaluation. At our Company, we arrange opportunities, via online and on-demand training, as well as in-person group training sessions for newly appointed managers, to carefully explain the purpose and operations of our personnel system. I believe these efforts lead to increased engagement.

In recent years, job-based employment has become increasingly prevalent. While I do not deny the importance of job expertise, I believe a membership-based personnel system is more suitable for our Company. This means fostering an environment where employees learn and grow by experiencing various roles within the Company. We also maintain a defined-benefit corporate pension plan—now rare among companies—because we value a corporate culture where the company bears the investment risk to support the security of its employees and their families.

Of course, work results are important. Our Company allows younger employees to be promoted early if they deliver results, and for management positions, in particular, we have a system in place that enables quicker promotions based on performance.

This can be said for Japan's manufacturing sector as a whole, but I sense that on-site capabilities are weakening. Moving forward, we will be strengthening our on-site capabilities by leveraging DX to streamline manual inspection and maintenance processes. We will specifically focus on developing supervisors who not merely complete tasks but are equipped to manage others and improve the workplace.

This marks my fourth year as President, and I firmly believe we must cultivate the next generation of managerial talent. For employees we hold high hopes for, we are deliberately transferring them to departments in vastly different fields. This is because we believe that when those employees encounter new and different experiences, they will develop the ability to think and respond effectively, and become capable of shouldering management responsibilities. Given our Company's scale and business model, we find it more optimal to nurture future leaders internally than to bring in executives from outside.

We are also strengthening efforts to build partnerships, which constitute social capital. The importance of deepening ties with our partner companies that have supported us over the years goes without saying, and sales partners are also indispensable for our overseas expansion. In the instrumentation field, it is essential that we secure partners such as the construction companies and equipment suppliers needed to reliably win large-scale projects. We will continue to work together with our partners to pursue business expansion.

Dialogue with Stakeholders as an Instrument

To achieve the goals set forth in Medium-term Management Plan 2026, the strategies of each department must be aligned. To do so, it is essential that good communication be established between top management and the workplace, among different workplaces, and among employees. Given my limited experience in sales and manufacturing, I prioritize communication in the field to make management decisions grounded in real understanding. For instance, rather than merely reading monthly reports, I believe it is effective to go on site and listen directly to understand processes such as how the production side interprets what is written from a sales viewpoint, and vice versa.

Moreover, to achieve further growth, we must not only boost sales but also become a company that can secure consistent profits. This is not merely about chasing profits, but rather to ensure that our Company, with its 127-year history, can continue to secure the necessary human resources, make capital investments, and provide appropriate returns to our shareholders as we grow toward our 150th anniversary.

We will continue to strive for sustainable corporate growth by engaging sincerely with our shareholders, employees, and many other stakeholders.

Value Creation Process

"Measurement" and beyond

Corporate Philosophy

We **create** new value to **serve** customers and society and continue to earn **reliability** from all.

Inputs

(Results for the Fiscal Year Ended March 31, 2025)

Financial Capital

- Equity ratio: 74.6%
- Interest-bearing liabilities: 700 million yen
- Net assets: 46,789 million yen

Human Capital

- Consolidated employees: 1,704
  Non-consolidated employees: 1,177
  (811 in career-track positions and 208 in specific positions)
- Career-track position training hours: 13.1 hours per person

Intellectual Capital

- Number of patents: 124
- Brands: 78
- Number of industry-academia-government joint R&D projects: 20 cumulative, 6 ongoing
- Domestic intellectual property: 260
- Foreign intellectual property: 118

Manufacturing Capital

- Number of domestic and overseas manufacturing bases: (7 domestic bases, 2 overseas bases)

Social and Related Capital

- Reliability relationships with suppliers (partner companies)
- Affiliated companies
- Cooperation with regions

Natural Capital

- Energy consumption: 3,356kL
  (Fiscal 2024 performance based on the Act on the Rational Use of Energy: crude oil equivalent)
- Amount of water used: 50,000m³
- Raw materials
  Copper alloy purchase amount: 1,337t
  Resin material purchase amount: 572t

Business Model ➡P.14

- City gas companies
- LP gas companies
- Local governments (Water and Sewerage Bureaus)
- Construction equipment companies
- Plant and equipment manufacturers

Strengths of Aichi Tokei Denki

Advanced research and development and technical capabilities in fluid measurement	Improving measurement technology	Reliable manufacturing and thorough quality control	Customer-centric

Medium-term Management Plan 2026 ➡P.19

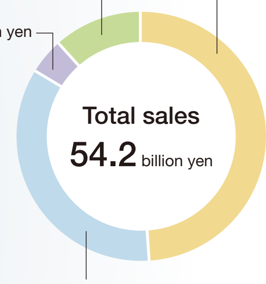
Vision The Company will contribute to the creation of a sustainable society through "measuring technology" and "connecting technology."

Business Strategy	Expansion of markets and business fields	Strengthen the competitiveness of core businesses
Financial and Capital Strategy	Increasing corporate value	
Sustainability Strategy		

Outputs

(Results for the Fiscal Year Ended March 31, 2025)

Net sales by business unit



- Household city gas meters

- Electromagnetic water meters

- Ultrasonic flowmeters for air

- Integrated monitoring and control systems

Outcomes

(Results for the Fiscal Year Ended March 31, 2025)

Shareholders, Investors ➡P.20

- TSR 126.5% (10 years)
- Dividend total 1,153 million yen

Customers ➡P.40, 41

- Reliability relationships
- Improvement of business efficiency

Employees ➡P.34

- Employee satisfaction 3.33/5
- Employment
- Wellbeing
  - Enhanced childcare system
  - Designated as a Health & Productivity Management Outstanding Organization
  - Days of paid annual leave taken: 14.3
  - Low voluntary retirement rate (Declined from 2.5% in the previous fiscal year to 2.2%)
    Zero retirement due to marriage/childbirth

Suppliers, Collaborative Research Partners ➡P.31, 40

- Number of patent applications (annual): 3
- Number of patents registered (annual): 6
- Number of new joint research projects (annual): 2
- R&D expenses (annual) 1,300 million yen
- Fair and equitable transactions
- Sustainable supply chain

Environment, Communities ➡P.36, 38, 40, 41

- Scope 1 and 2 CO_2 emission reduction rate of 62.4%
  (Fiscal 2024 vs. Fiscal 2013)
- 3Rs performance for major products
  - City gas meters
    89% reuse rate, 4% recycling rate
  - PD type water meters
    84% reuse rate
  - SD type water meters
    reduce rate (lighter): SD type 50%
- SuMPO EPD certified
- Community safety and disaster prevention

Value Creation Process Explanation

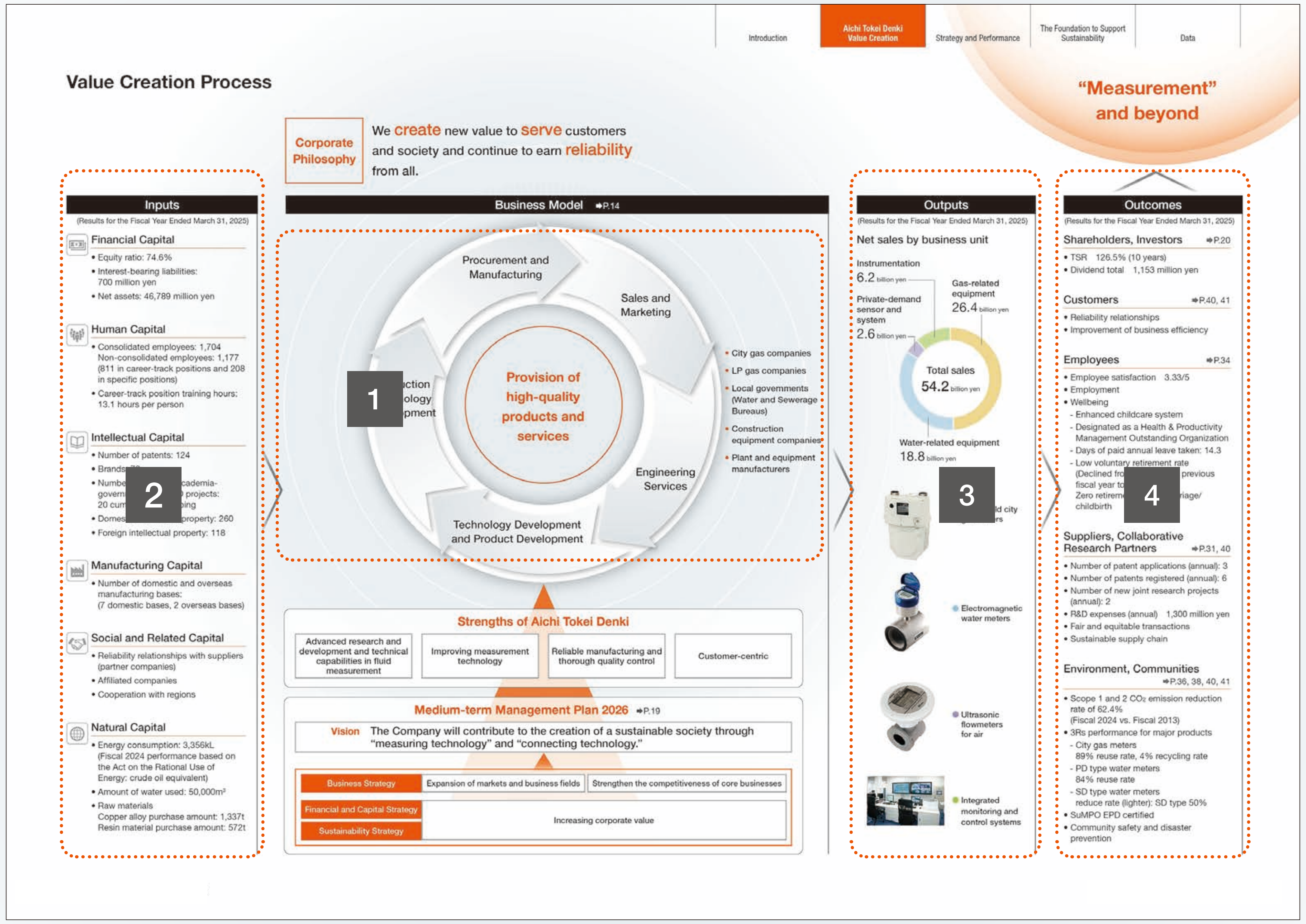
At Aichi Tokei Denki, we strive to refine our R&D and technical capabilities in fluid measurement, as well as our connection technologies, guided by our vision of contributing to a sustainable society through measurement and connection technologies. Leveraging these strengths, we also aim to bolster the competitiveness of our core businesses while expanding our business areas in order to contribute to solving social issues, starting with energy conservation.

1 Business Model

Aichi Tokei Denki possesses advanced R&D and technical capabilities in fluid measurement, spanning from technology and product development, to production technology development, and has been enhancing its measurement technology while also offering a data delivery service as a connection technology. By means of reliable manufacturing and thorough quality control due to our in-house procurement and manufacturing, we also provide high-quality products and services tailored to the needs of each of our customers, such as city gas companies, LP gas companies, construction equipment companies, local government water bureaus, and plant and equipment manufacturers.

2 Inputs

We are maintaining a sound financial capital position that will enable us to respond to the risks and opportunities associated with future changes in the environment, with equity capital of 46.7 billion yen and an equity ratio of 74.6%. We have amassed technology and know-how over our 127-year history, holding as intellectual capital 124 patents, 78 trademarks, and 56 design rights. In addition, our human capital of 1,704 employees on a consolidated basis represents a management resource indispensable to serving, and earning the trust of, our customers and society. Our sustainability strategy under Medium-Term Management Plan 2026 focuses on increasing employee engagement, strengthening human resource development, and promoting DE&I. We also have a system established, enabled by the manufacturing capital we possess across nine locations both in Japan and overseas, to provide customers with high-quality products in a timely manner. In terms of social and relationship capital, our relationships with suppliers and local communities are also important in co-creating value. As a manufacturer, we also recognize the importance of contributing to natural capital by reducing our environmental impact, and have adopted it as a material issue.



3 Outputs

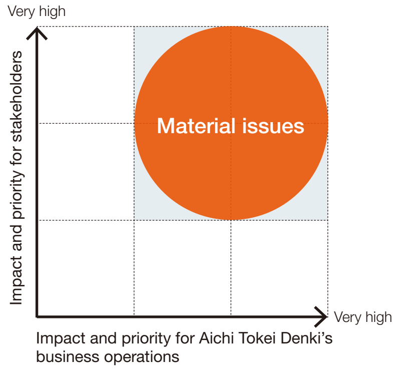
The products and services generated from our business model are primarily developed across four businesses: gas-related equipment, water-related equipment, private-demand sensor systems, and instrumentation. The greatest feature of our products is their wide variety, from water and gas meters that support social infrastructure to industrial equipment with fluid measurement technology at the core, and they cover a total of approximately 200 types and 5,000 items. In particular, at approximately 30% our mainstay water meters and gas meters enjoy the top share in both markets. We will provide products with Quality, Cost, Delivery (QCD) that satisfy our customers, through reliable quality control and production capabilities based on our experience and achievements.

4 Outcomes

We believe the products and services of Aichi Tokei Denki, which aim to ensure that everyone has equal and safe access to the precious resources of water and gas, play an important role in supporting the stability of social infrastructure. To measure is to understand a given situation, which is essential for effective energy use and for efforts to realize a decarbonized society in the future. To connect is to not only aim for efficiency and streamlining of operations for businesses but also contribute to increasing resilience during times such as disasters. Consistently aiming to contribute to the creation of a sustainable society, we will provide value through our business for all stakeholders, including our customers, shareholders, suppliers and other business partners, the employees who support them as well as the environment and local communities.

Risks, Opportunities, and Material Issues

Aichi Tokei Denki analyzed the external environment to achieve sustainable growth, categorized risks into nine areas and identified opportunities within each. Based on these findings, we identified material issues requiring medium to long term attention. We will continue to enhance effectiveness through Group-wide initiatives.



Specific Process

1 Identification of Issues

We identify issues from risks and opportunities identified through analysis of international guidelines and standards as well as social, market, and company conditions.

2 Assessing the Importance of Issues

We map the identified issues on two axes: impact and priority for stakeholders, and impact and priority for Aichi Tokei Denki's business operations, and evaluate their importance accordingly.

3 Development and Implementation of Promotion Plans

The divisions working on each issue take the lead in setting promotion plans to achieve goals. They periodically review implementation status at Senior Executive Committee meetings and improve initiatives as needed.

Field	Major risks			Opportunities	Response	
		Potential	Impact		Description	Time axis
1 Quality	Recalls and damage to customer trust due to product defects	Medium	Large	Improve customer satisfaction and strengthen brand power through quality improvement	• Continue design quality improvement activities • Maintain and improve our quality management system • Continued quality-focused training	Short to medium term
2 Market Environment	Rapid shifts in customer needs, intensifying competition, and cost pressures due to rising raw material prices	Medium	Large	Opportunities to develop sustainable and high value-added products, new energy measurement markets (e.g., hydrogen)	• Market trend research, analysis, and cross-departmental information sharing • Forward-looking technology development • Explore new markets and expand overseas sales • Development of digitization-compatible products • Improve productivity with DX promotion • Advance price pass-on strategy	Medium to long term
2 Overseas Business	Political risk, regulatory changes, local labor issues	Large	Medium	Opportunities to develop high value-added products and expand earnings by leveraging emerging market growth	• Monitoring of local trends and political information • Monitoring of regulatory and certification requirements in various countries and regions • Strengthening labor management systems and ensuring strict compliance with local laws	Short to medium term
2 Information and Communication	Leaks of confidential information and stoppages of production due to cyberattacks	Medium	Large	Improved productivity and quality through promotion of DX	• Strengthening security investments • Cyber training, internal IT education	Short to medium term
2 Finance	Adverse effects on finances due to stock market fluctuations	Medium	Medium	Strengthening financial position	• Promoting initiatives to enhance capital efficiency	Short to medium term
3 Environment	CO_2, industrial waste, and chemical emissions during manufacturing processes	Medium	Large	Securing competitive advantage by developing and implementing environmental impact reduction technologies. Entry into decarbonized product markets	• Monitoring of CO_2, waste, and chemical emissions • Thorough compliance with environmental laws and ordinances • Implementing environmental education	Medium to long term
4 Disaster	Operational shutdowns and supply chain disruptions due to earthquakes, floods, etc.	Medium	Large	Securing supply reliability by enhancing our BCP	• Updating our BCP regularly • Conducting disaster drills and tabletop simulations • Strengthening supply chain resilience (digitalization and improving information gathering capabilities) • Promoting the introduction of disaster resistant equipment	Short term
5 Human Resources	Loss of and difficulty of securing talent	Medium	Large	Innovation through diverse talent utilization	• Improve productivity via promotion of DX (enabling business operations with reduced staffing) • Strengthen human resource development • Promote DE&I (women's empowerment, recruit mid-career people, improve the environment for diverse work styles) • Increase employee engagement	Short to medium term
6 Compliance	Reputation risk from legal violations, corruption, and fraud	Medium	Large	Build trust by strengthening our compliance culture	• Thorough adherence to laws, regulations, and internal policies, and conduct compliance training regularly • Establishment and operation of a whistleblowing and consultation desk	Short to medium term

Material Issues	Action	Results for FY2024	Targets
1 Continuous Improvement in Quality, Safety, and Reliability	We continuously pursue safe and secure products and corporate operations by improving reliability in areas such as product quality and information security.	• Strengthening production readiness for developed products (product traceability, process FMEA, specification agreements for purchased parts) • Enhancing quality control in the manufacturing process (utilizing DX to prevent human error, rebuilding the system for collecting quality information from the field and implementing countermeasures)	• Reduction in the number of market complaints (compared to the previous year) • Reduction in the number of serious quality defects (compared to the previous year) • Maintenance and improvement of the achievement rate of departmental quality objectives under ISO 9001 (compared to the previous year)
2 Expansion of Markets and Business Fields	We accurately capture changes in the market environment and are advancing our attempts to expand markets and business fields with DX and technology development.	• Water meters for North America increased, but gas meters for China and flow sensors for Europe decreased (overseas sales: 3,806 million yen, overseas sales percentage: 7.0%) • Reached 1.2 million meters connected to Aichi Cloud • R&D expenses: 1,300 million yen	• Overseas sales: 5,500 million yen (Medium-term Management Plan: Through March 2027) • Number of "Aichi Cloud" data distribution services users (number of meters connected): 2.0 million (Medium-term Management Plan: Through March 2027) • Expansion of R&D investment
3 Climate Change Action and Environmental Burden Minimization	We accelerate efforts to reduce our environmental burden and transition to a decarbonized society, fulfilling our responsibilities as a manufacturer while establishing a competitive advantage.	• CO_2 emissions reduction (compared to FY2013): 62.4% reduction • Promoted the development of natural areas at the Okazaki Plant • Obtained SuMPO EPD certification for the household ultrasonic Type E safety gas meter (EA25MT-3)	• Reduce CO_2 emissions by at least 1% each year • Achieve carbon neutrality by 2050 • Ensure that at least half of the Company's automobile fleet is comprised of hybrid vehicles by fiscal 2028 • Nature-positive Declaration • Acquisition of Aichi Biodiversity Company Certification
4 Business Continuity and Supply Chain Resilience	We are working to build a resilient business continuity framework by establishing a BCP and strengthening our supply chain.	• Completion of supply chain visualization • Conducted BCP tabletop exercises	• Evaluation of supply chain vulnerabilities and establishment of multiple procurement routes or consideration of alternatives for the top 30% of high-risk suppliers • Implementation of BCP simulations and review of related documentation (ongoing)
5 Have Both Diversity and Productivity	We advance the creation of an environment where a diverse workforce can thrive, and foster human resource development, thereby achieving both DE&I and productivity improvement.	• Employee engagement 3.33/5 • Male employees taking childcare leave: 65.0% • Certified as a Health & Productivity Management Outstanding Organization 2025 • Development of DX promotion personnel: 20 employees • Kurumin 2021 certification • Aichi Female Empowerment Company Certification	• Increase employee engagement Engagement assessment results up 0.1 points Percentage of male employees taking paternity leave 100% • Strengthen human resource development Career-track training hours up 10% • Promote diversity, equity, and inclusion (DE&I) Percentage of women among new graduate hires (career-track positions) Average 30% Formulate a human rights policy and conduct due diligence • Development of DX promotion personnel: 10 employees in FY2025
6 Enhance Compliance and Governance	We position governance and compliance at the core of our management, achieving highly transparent organizational operations.	• Compliance training (1 session/month) Implementation rate: 100% • Compliance survey response rate: 90% • Evaluation of effectiveness of the Board of Directors: average score increased from 4.0 (fiscal 2023) to 4.2 (out of 5 points)	• Compliance training (once per month): 100% implementation rate • Compliance survey collection rate: 90% or higher • Evaluation of effectiveness of the Board of Directors: rating of 4.2 points or higher

Medium-term Management Plan

Review of the Previous Medium-term Management Plans

	Medium-term Management Plan 2017 Fiscal 2015-2017	Medium-term Management Plan 2020 Fiscal 2018-2020	Medium-term Management Plan 2023 Fiscal 2021-2023
Vision	• Strengthen the core businesses and contribute to the realization of a "safe, secure, and comfortable" life plan. • We will provide products that create new value with the keywords of "Measurement Technology," "Smart Technology," and "Solutions." • We aim to become a company that respects ESG (Environment, Social, and Corporate Governance) in our corporate activities and that is loved and needed by society.	• We will pursue customer value with the keywords of "Measurement Technology," "Smart Technology," "Solutions," and provide new products. • We will further expand to overseas markets, and expand our products and technologies to the world. • We will become a company that respects ESG (environment, social, corporate governance) in our corporate activities and that is loved by society.	• We will pursue customer value with the keywords of "Measurement Technology," "IoT Technology," and "Solutions," and provide new systems and services. • We will continue to make our efforts for overseas markets more responsive, and we will expand our products and technologies to the world. • We will become a company that respects ESG (environment, social, corporate governance) in our corporate activities and that is trusted by society.
Backbone of the Plan	Basic Strategy **Improving the profitability of the core businesses:** Improving the profitability of water meters, increasing sales and profits during the demand period of LP gas meters, increasing sales in the instrumentation market **Taking on the challenge of market expansion and new businesses:** Taking on the challenge of new products through technology seeds and expanding to overseas markets **Strengthening our management capabilities:** Sustainable growth, increasing our corporate value, and shifting to a slim management structure	Basic Strategy **Taking on the challenge of market expansion and business area expansion:** Promoting local production and local sales and finding new partners at overseas bases, strengthening the structure in the instrumentation field, expanding the product lineup in the factory utilities market, and considering measurement data delivery services **Improve competitiveness and profitability in our core business areas:** Driving down costs for our core products, prioritizing quality in our manufacturing, and promoting technology transfer and next-generation development **Strengthening management capabilities:** Improving the productivity of staff departments, group management with an overall optimal orientation, and ESG-focused management to achieve sustainable growth and increase corporate value	Basic Strategy **Take on the challenge of market expansion and business area expansion:** Promote smart products and expand data delivery services, strengthen product competitiveness for overseas markets and strengthen relationships with partners, strengthen sales, construction, and maintenance capabilities of sensors and systems for public facilities **Improve competitiveness and profitability in our core business areas:** Improve price competitiveness, improve customer satisfaction, respond to smart meter production **Strengthen our management capabilities**: Improve staff department productivity, overall optimal group management, increase corporate value
Reflections	• Although sales did not reach the plan, sales and profits reached record highs. • Sales increased significantly due to an increase in demand for household LP gas meters and gas meters for overseas use, and an increase in orders for large properties in the instrumentation field. • Increased sales of high-value-added products and additional measures to reduce costs in response to rising raw material prices contributed to profits.	• Sales and ordinary profit fell short of the plan due to the decline in the instrumentation field due to natural disasters and the decline in overseas demand due to the impact of US-China trade friction. Profit for the period achieved the plan due to gains from the sale of shares. • The measurement data delivery service, for which we took on the challenge of market expansion and business area expansion, has grown in the household LP gas meter field, and we expect it to expand in the future.	• Achieved substantial growth in net sales; maintained profit levels in excess of plans, achieved plans for all indicators • Expanded data delivery services mainly in the LP gas market • Secured progress in expanding sales mainly in China and North America; increase in overseas sales • Acquired a share of the smart meter market and put in place a system to increase production • Took positive steps to diversify the composition of the Board of Directors, achieved an increase in market capitalization
Issues	• Respond to the decline in profitability of core businesses, such as the decline in demand for household gas and water meters due to the decline in the population in Japan • Respond to customer environmental changes such as the liberalization of energy markets in the gas business and revisions to laws related to the water business • Respond to growing business opportunities such as conversion to natural gas in China and infrastructure development in the ASEAN region • Consider the use of smart technologies such as the advancement of data communication technology and changes in services • In the face of labor shortages, there is an urgent need to enhance manufacturing technology and improve productivity to respond to the evolution of manufacturing	• Respond to customer environmental changes such as the liberalization of energy markets in the gas business and revisions to laws related to the water business • Respond to changes in the market environment, such as radical digitalization and decarbonization (carbon neutrality) • Respond to growing business opportunities in China and the ASEAN region • Respond to diversified customer value by expanding the use of IT/IoT technology and AI technology • Manufacturing that enhances manufacturing technology and optimal production across the group	• Further expand business by upgrading data delivery services • Secure the competitiveness of products in overseas markets; expand efforts in existing markets • Increase productivity by optimizing production sites and production facilities • Strengthen measures aimed at increasing corporate value

	FY2015		FY2016		FY2017		FY2018		FY2019		FY2020		FY2021		FY2022		FY2023	
(billions of yen)	Plan	Results	Plan	Results	Plan	Results	Plan	Results	Plan	Results	Plan	Results	Plan	Results	Plan	Results	Plan	Results
Sales	42.2	41.7	45.2	44.7	48.2	47.2	47.4	46.7	48.9	48.1	48.0	46.2	46.7	46.4	47.7	50.1	49.5	51.2
Ordinary profit	2.4	1.9	2.8	3.0	3.2	3.8	3.9	3.8	4.1	3.2	4.1	3.2	3.5	3.8	3.7	4.6	3.9	4.2
Profit	1.5	1.4	1.8	2.2	2.1	2.7	2.7	2.8	2.8	2.3	2.8	2.9	2.5	2.7	2.6	3.4	2.7	3.1
ROE* (%)	7.1	6.6	7.8	9.8	8.5	10.9	9.6	10.1	9.2	7.9	8.6	9.3	4.6	5.1	4.9	6.4	5.1	5.4
	Increase to 8% or more within the period						Maintain at least 8% within the period						Made ROA a priority indicator					
Dividend payout ratio	30% or more on average over 3 years																	

* ROA for fiscal 2021–2023

Medium-term Management Plan 2026 Overview

Vision Aichi Tokei Denki will contribute to the creation of a sustainable society through "measuring technology" and "connecting technology."

Business strategy	Expand markets and business fields	• Create new value in the measuring field • Accelerate the pace of global expansion
	Strengthen the competitiveness of core businesses	• Balance improved profitability and solving social issues • Achieve business reform through DX
Financial and capital strategy Sustainability strategy	Increase corporate value	• Invest in growth • Upgrade and expand shareholder returns • Reduce cross-shareholdings • Promote sustainability measures • Further strengthening governance

Evaluation and Challenges of Fiscal 2024

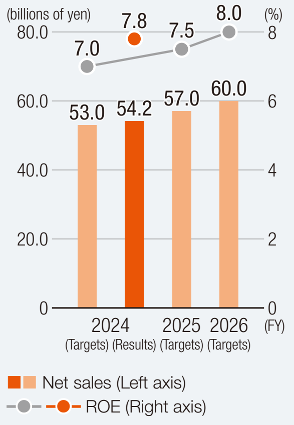
In fiscal 2024, the first year of the Medium-term Management Plan, we achieved all management targets with the effect of increased earnings and, in addition, by actively selling cross-shareholdings. Sales increased 6.0% year-on-year to 54.2 billion yen, driven by robust demand primarily in the domestic market. In terms of profitability, while affected by rising prices of raw materials and procured components as well as our product sales mix, operating profit increased 8.9% year-on-year to 3.9 billion yen due to the absence of expenses recorded in the previous fiscal year to address product defects. Ordinary profit increased 11.7% year-on-year to 4.7 billion yen, driven by increased gains from the sale of securities. Profit attributable to owners of parent increased 11.3% year-on-year to 3.5 billion yen. ROE was 7.8%.

In terms of our business strategy, we accelerated the expansion of our data delivery services as a means of creating new value in the measurement field. Data delivery services progressed as planned, as we surpassed 1.2 million Cloud connections by the end of March 2025. We began operating our data delivery service for city gas in February 2025 and aim to further expand it in fiscal 2025.

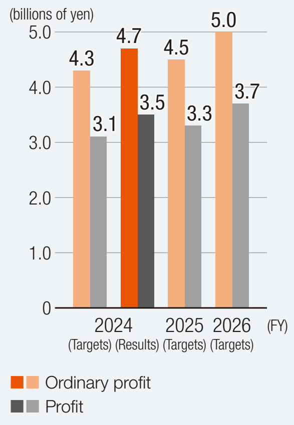
We also made efforts to accelerate global expansion, achieving a significant year-on-year increase in water meter sales to Southeast Asia, primarily in Thailand and Vietnam. Furthermore, we established a joint venture in China (Shenzhen) in July 2024 to begin production and sales of gas meters, while also developing water meters for North America and flow rate sensors for Europe.

In terms of our financial and capital strategy, we increased the dividend payout ratio to 32.6% and the annual dividend to 75 yen. By actively selling cross-shareholdings, we also reduced our net asset ratio from 24.7% to 19.2%, achieving our sub-20% target in the first year of the Medium-term Management Plan.

Net sales/ROE



Ordinary profit/Profit



Financial and Capital Strategy and Total Shareholders Return (TSR)

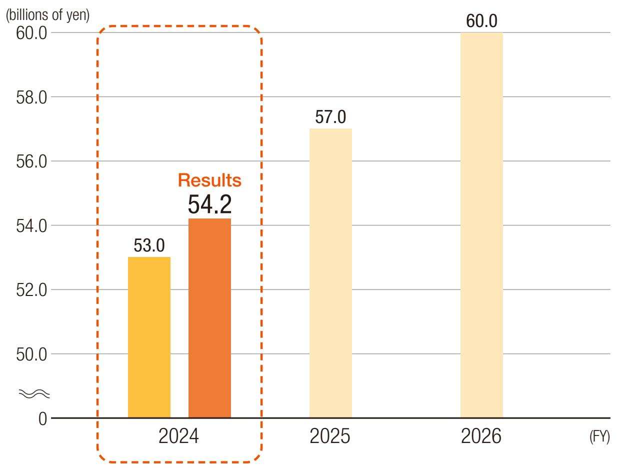
Financial Situation

The financial position at the end of March 2025 was 62.7 billion yen (+2.2% YoY) in total assets and 46.7 billion yen (+6.0% YoY) in net assets, and the equity ratio increased to 74.6% (+2.7% YoY). Interest-bearing liabilities decreased slightly to 700 million yen at the end of the fiscal year, and we continue to maintain a high level of financial stability. In terms of cash flows, operating cash flow amounted to 1.85 billion yen due to such factors as an increase in inventories, a slight increase compared with the previous fiscal year. Investment cash flow also turned positive due to a decrease in time deposits, resulting in free cash flow of 2.59 billion yen.

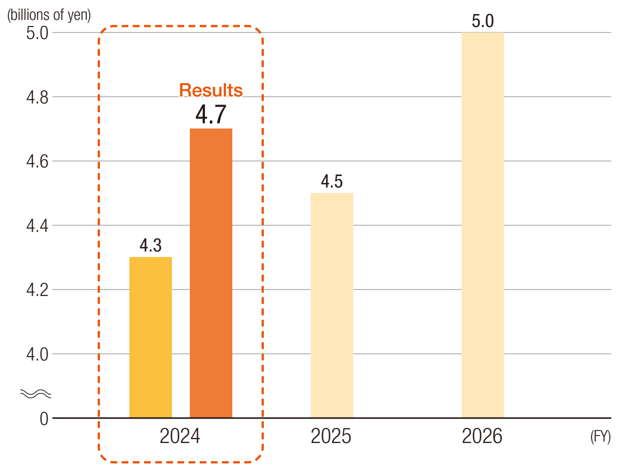
Financial Strategy in Medium-term Management Plan 2026

The management targets and financial strategy for the three-year Medium-term Management Plan 2026, which covers fiscal 2024 to 2026, are as follows. In the first year of the plan, fiscal 2024, we achieved all management targets.

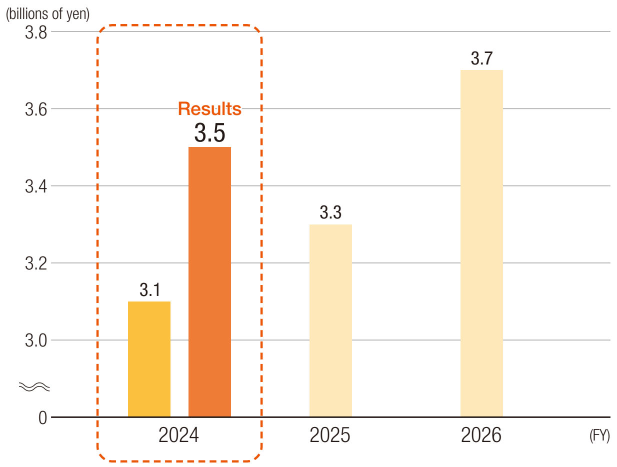
Net sales



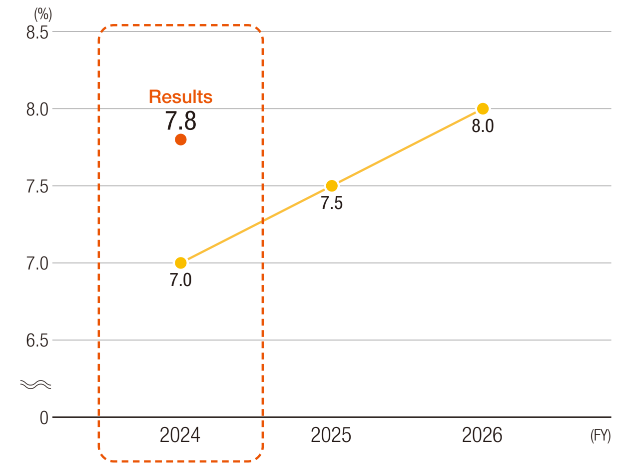
Ordinary profit



Profit

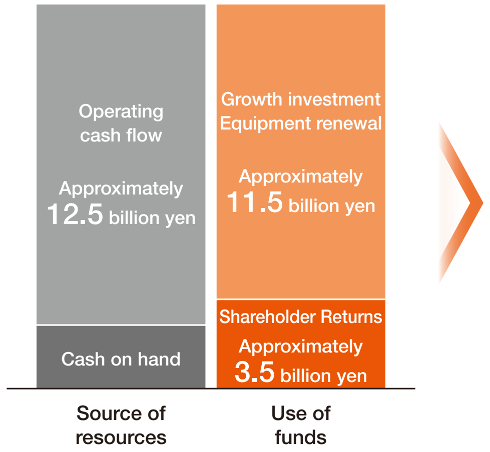


ROE



(1) Cash allocation

Our policy is to utilize operating cash flow and cash on hand to invest in future growth and upgrade our infrastructure, while also providing appropriate shareholder returns.



Current Outlook

Growth investment: approximately 2.2 billion yen

- Action for increase in smart meter production
- Increase in production capacity of electromagnetic water meters for overseas
- Expand functionality of data distribution services, etc

Head office plant reconstruction: approximately 6.1 billion yen

* The overall plan is for a total of approximately 15 billion yen over eight years starting in fiscal 2025.

Infrastructure development: approximately 3.2 billion yen

- Seismic reinforcement of the head office plant
- Other equipment upgrades, IT investments, etc.

Shareholder returns: approximately 3.5 billion yen

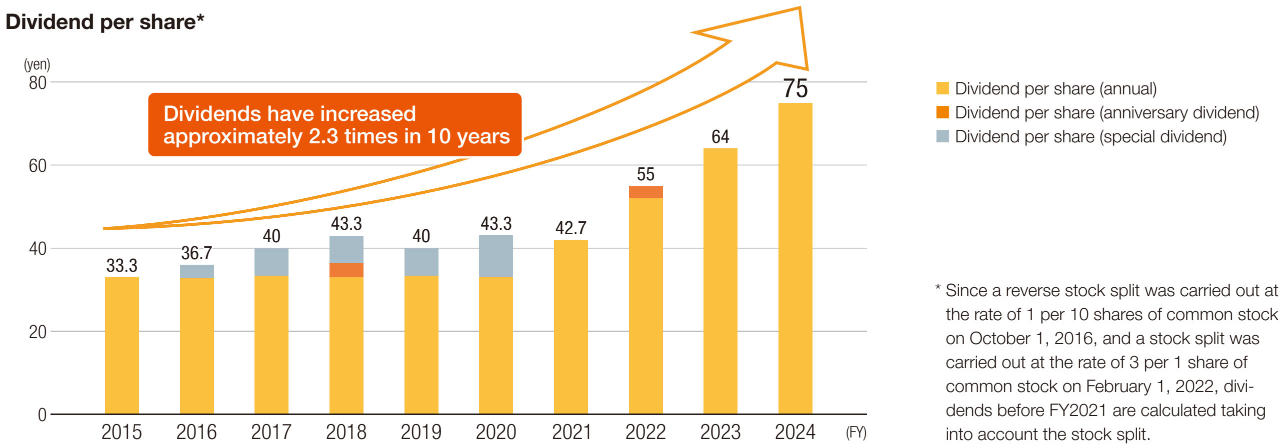
- Aiming to raise the dividend payout ratio to 40% (32.6% in fiscal 2024, we expect 37.7% in fiscal 2025)

(2) Shareholder Returns

Mainly in the measurement equipment-related business, we are engaged in a business that is deeply involved in public investment, and it is necessary to secure a stable management foundation in the long term. For this reason, while aiming for financial stability and long-term growth, we are providing stable dividends to shareholders based on profit growth.

Dividend performance over the past 10 years is shown in the graph below. From fiscal 2015 to the most recent fiscal 2024, the dividend per share amount has approximately 2.3 times.

Dividend per share*



* Since a reverse stock split was carried out at the rate of 1 per 10 shares of common stock on October 1, 2016, and a stock split was carried out at the rate of 3 per 1 share of common stock on February 1, 2022, dividends before FY2021 are calculated taking into account the stock split.

Our policy under Medium-term Management Plan 2026 is to strengthen shareholder returns, and we have adopted a dividend payout ratio of 40% as a target value for the duration of the Plan. For fiscal 2025, we anticipate a dividend per share of 90 yen and a payout ratio of 37.7%.

	FY2021	FY2022	FY2023	FY2024	FY2024-2026
	Results				Target
Dividend per share (annual)	42.7 yen	55 yen	64 yen	75 yen	**Payout ratio 40% during the period of the Medium-term Management Plan**
Payout ratio	23.5%	24.4%	30.9%	32.6%	

Financial and Capital Strategy and Total Shareholders Return (TSR)

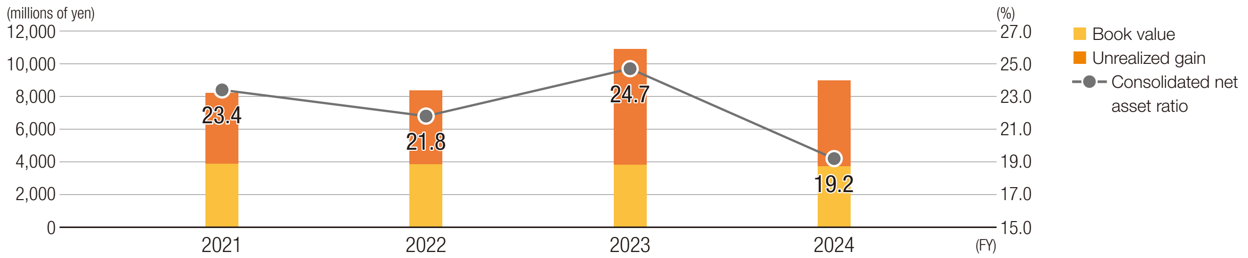
(3) Reduce cross-shareholdings

With regard to cross-shareholdings, we proceeded with the sale of mainly deemed shareholdings, reducing the ratio to 19.2% of consolidated net assets, thereby achieving the target for the first year of the plan. Going forward, we will continue to review the purpose of holding these shares and their economic rationality, and proceed with further reductions.

Trend of cross-shareholdings

		FY2021	FY2022	FY2023	FY2024
Number of issues (stocks)	Listed shares	40	40	40	36
	Unlisted shares	41	40	40	40
	Deemed shares held	2	2	1	-
	Total	83	82	81	76
Amount recorded on the balance sheet (millions of yen)	Listed shares	6,292	6,263	8,780	8,489
	Unlisted shares	491	489	490	492
	Deemed shares held	1,445	1,625	1,644	-
	Total	8,229	8,378	10,915	8,982
Consolidated net asset ratio		23.4%	21.8%	24.7%	19.2%

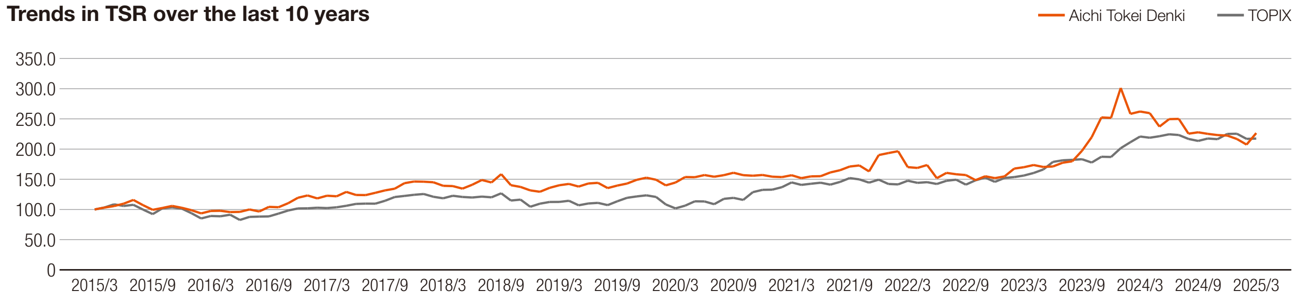
Trend of cross-shareholdings and ratio to consolidated net assets



Cost of Shareholders' Equity and TSR

We recognize that our cost of shareholders' equity is 7-8%, and our TSR over the last 10 years has been +8.5% per annum, which is roughly the same return as the TOPIX (including dividends), exceeding our cost of shareholders' equity.

Trends in TSR over the last 10 years



Share performance (total shareholders return)

	1 year	3 years		5 years		10 years	
	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual
Aichi Tokei Denki	-15.9%	39.1%	11.6%	64.7%	10.5%	126.5%	8.5%
TOPIX	-1.5%	47.2%	13.8%	113.4%	16.4%	117.4%	8.1%

* TSR: Total return on investment calculated by combining capital gains and dividends
The values in the graph are indexed to the market price based on TSR using the closing price data as of the end of March 2015 as 100 (the holding period is until the end of March 2025)

Efforts to Increase Corporate Value

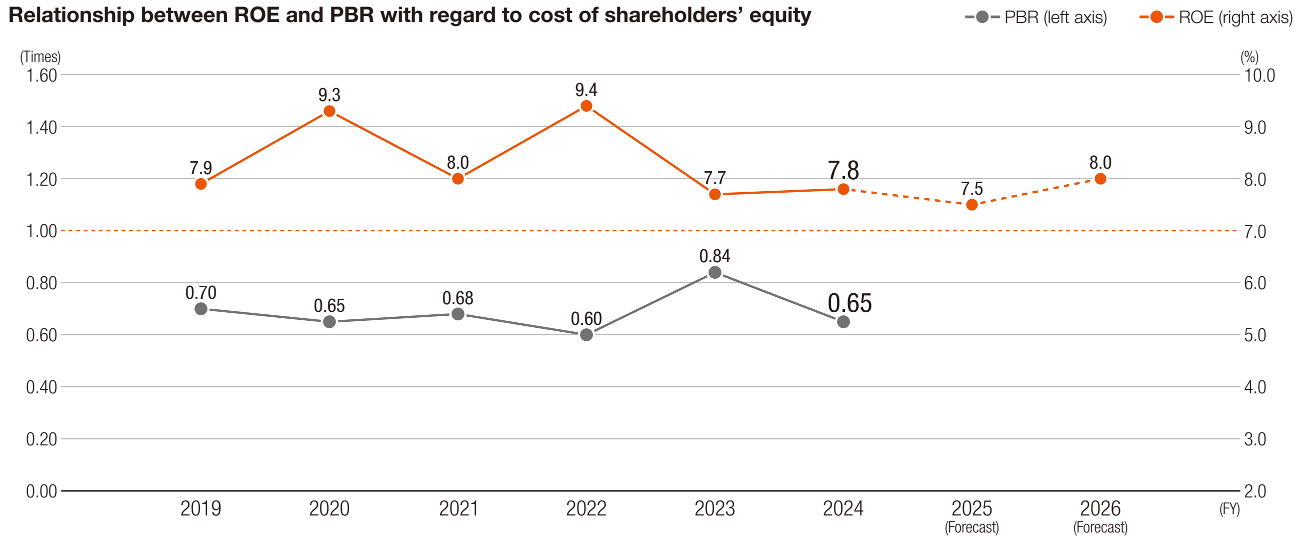
Medium-term Management Plan 2026 has targets of net sales of 60 billion yen, ordinary profit of 5 billion yen, and ROE of 8% for fiscal 2026. As an initiative designed to increase corporate value, we will steadily implement our business strategy and strengthen shareholder returns and IR/SR activities, aiming to improve ROE and PER, thereby increasing PBR.

		Strategy	Main Initiatives
PBR	ROE	Business strategy	**Steadfastly implement Medium-term Management Plan 2026** • Create new value in the measuring field • Accelerate the pace of global expansion • Promote the development of environmentally friendly products • Achieve business reform through DX
		Financial strategy	**Invest in growth and strengthen shareholder returns** • Promote the effective use of cash • Target a payout ratio of 40% during the period of the Medium-term Management Plan **Continuously reduce cross-shareholdings** • Target a consolidated net asset ratio of less than 20% at an early stage
	PER	IR strategy	• Promote dialogue with shareholders and investors through various means, including financial results briefing sessions • Actively disclose non-financial information through various means, including the Company's website and integrated report • Disclose financial data in English

Toward Capital Efficiency Improvement

Although ROE has exceeded the assumed cost of shareholders' equity of 7% over the past 10 fiscal years, the PBR at the end of the period was less than 1.0 (P.52-53). By implementing business strategies and appropriate financial strategies, we will work to improve capital efficiency under Medium-term Management Plan 2026, aiming for an ROE of 8% by fiscal 2026. Through appropriate information disclosure and IR activities, we will also work to optimize capital costs by reducing share price volatility, thereby ensuring that our business results are steadily reflected in the stock price.

Relationship between ROE and PBR with regard to cost of shareholders' equity



Feature

Accelerating Global Expansion with Measurement Technology

Global Strategy under Medium-term Management Plan 2026

Aichi Tokei Denki's fluid measurement technology is highly regarded worldwide. We export products to 26 countries and regions around the world and have established a global production system with manufacturing bases in Vietnam and China.

As part of our priority measure to expand markets and business areas under Medium-term Management Plan 2026, we are focused on accelerating global expansion. Specifically, by enhancing the market competitiveness of products and sharing value with customers in each region, we will work to strengthen our market superiority by developing products that meet customer needs and create further customer value through a deepened presence in existing markets.

In terms of our progress in FY2024, we pushed to optimize our production system, including suppliers, enabling us to supply products tailored to the functions and specifications required in each region. Specifically, water meter sales in Southeast Asia, primarily in Thailand and Vietnam, increased significantly year-on-year. In addition to Taiwan, we began production and sales of gas meters at our joint venture established in China (Shenzhen), strengthening our ability to respond to the local market.

Aichi Tokei Denki will continue accelerating its global expansion to achieve its Medium-term Management Plan 2026 targets, so that people all over the world can lead safe, secure, and comfortable lives.

Commemorative ceremony for the establishment of Shenzhen Aichi Shido Instruments and Measurements Co., Ltd.

Strengthening Our Position in the Chinese Market

Dalian Aichi Tokei Technology Co., Ltd.

In 2010, we opened our first overseas factories in Dalian, China, and Haiphong, Vietnam. Our global expansion was catalyzed by commercializing the world's first electromagnetic water meter, the SU, that operates for 10 years on an internal battery. Initially sold only in Japan, the SU's performance and durability gained recognition, leading to its widespread sales—first in New York City, in the U.S., then across North America, Europe, the Middle East, China, and other regions. Currently, this SU electromagnetic water meter is also manufactured at the Dalian Plant.

Furthermore, in China, based on an energy transition policy and in light of the growing need for natural gas flow meters, we collaborated with local partners to launch for sale an ultrasonic flow meter, the AS, tailored to local specifications. In addition, since China at the time lacked a testing system for ultrasonic flow meters, we worked with local partners to establish the necessary testing infrastructure. The trust we built with customers during this process became the driving force behind our market expansion.

Amid these developments, in April 2024, we established Shenzhen Aichi Shido Instruments and Measurements Co., Ltd., a joint venture company, with M-Tech Metering Solutions Co., Ltd. and Shandong Star Measurement and Control Equipment Co., Ltd. The manufacturing of natural gas ultrasonic gas meters commenced that same July.

Leveraging the strengths of each company through this joint venture, we will work to further expand sales of ultrasonic gas meters, a market expected to grow alongside the increasing adoption of natural gas in China.

Growth Expected in the ASEAN Market

In 2010, we began producing meter components in Vietnam's Haiphong Plant, the same year it was established. Furthermore, in 2019, we opened sales bases in Ho Chi Minh City, Vietnam, and Bangkok, Thailand, in order to develop the market and conduct market research in neighboring countries.

In recent years, as local purchasing power in the ASEAN region has risen, so have sales of our high value-added electromagnetic water meters, in addition to household water meters. We are working to increase our market competitiveness and expand the market by optimizing our production system, including suppliers, alongside promoting improvements that conform to the specifications of each country and are suitable for the operating environment.

Additionally, in May 2025, we delivered approximately 300 ultrasonic gas meters to One Bangkok, a massive commercial complex in Bangkok. This was achieved by collaborating with Sang Chai Meter Co., Ltd., which has strength in the sale of measurement equipment and automation control systems for industrial use in Thailand.

We will continue to develop markets in the ASEAN region, where ongoing growth can be expected.


Aichi Tokei Denki Vietnam Co., Ltd.

Toward Further Global Expansion


Visits made by the Hong Kong and China Gas Company Limited and others

We recognize that understanding the local market and environment and listening to customer needs are key when expanding overseas. For this reason, we have concluded agency agreements with various parties, including instrument engineering companies in each country, and are working to expand sales. In addition to supporting day-to-day sales activities, we are endeavoring to foster increasingly close ties with these sales partners through various means, including regular on-site and online exchanges of information and opinions. We are also taking steps to acquire new partners in new markets and fields.

To support these initiatives, it is essential that we develop our global human resources. In addition to promoting language acquisition, we conduct training at Aichi Tokei Denki Vietnam Co., Ltd., our local subsidiary in Haiphong.

Going forward, our local representatives in each region and International Sales Division staff will continue to collaborate with sales partners. By understanding the market and needs of each region while promoting sales activities in unison with local teams, we will steadily advance our global expansion.


China
Business use ultrasonic meters
Electromagnetic water meters

Dalian (China)

Shenzhen (Shenzhen Aichi Shido Instruments and Measurements Co., Ltd.,)

Taiwan (Taiwan Aichi)
City gas meters

Middle East and Europe
Small electromagnetic flow rate sensors

Haiphong (Vietnam)

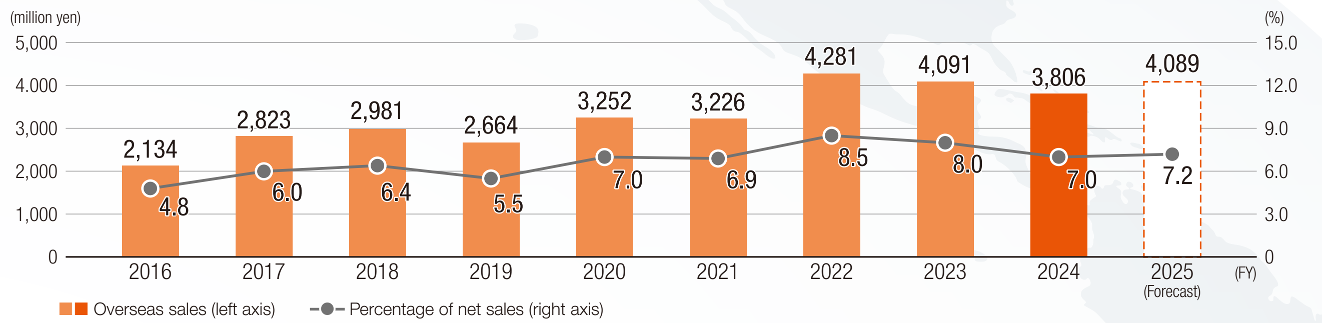
Bangkok
Sales Office

Ho Chi Minh City
Sales Office

ASEAN
Household water meters


North America
Electromagnetic water meters
Compact flow rate sensors

Overseas: increases expected in Asia, and Europe and North America



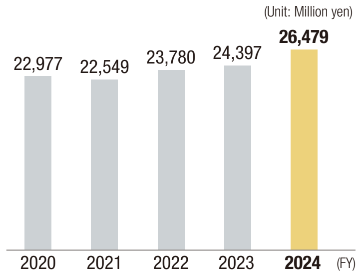
Strategy and Overview for Each Business Field

Gas is used in a wide range of applications, such as hot water supply, cooking, heating, and industrial processes, making it an indispensable part of daily life and economic activities. A stable supply of gas and a high level of safety are directly related to the stability and development of society, and ensuring this is a pressing issue. Aichi Tokei Denki is playing its part in addressing this issue and contributing to a sustainable energy supply, through the development, manufacture, and sale of gas meters. We have annual sales of approximately 2 million units for both residential and industrial use, and enjoy the top market share in the industry.

Gas-related Equipment

Key Customers Gas companies (city gas and LP gas) and their affiliated companies

Trend in net sales



Strengths of Aichi Tokei Denki

Precision machining technology cultivated in clockmaking

The source of Aichi Tokei Denki's technology is the high-level precision machining technology we cultivated in clockmaking and other fields. We use this technology to create high-quality die-cast aluminum molding housings to prevent gas leakage, resulting in highly accurate meters.

Reliable technology leading to safety and security

Current mainstream gas meters accurately measure gas using a measurement membrane that reciprocates under the pressure of gas flow. From 1983, we installed microcomputers and added safety functions to detect abnormal gas leaks and shut off the gas supply. The recent introduction of ultrasonic gas meters has contributed to further safety and security. Gas meters are also measuring instruments that have a legal expiration date and need to be updated periodically.

Wide range of gas measurement technologies

Accurate gas metering and safe and reliable supply are essential elements for gas utilities. We offer a wide range of measurement technologies, including membrane, turbine, and ultrasonic meter types, to meet a variety of needs from residential to industrial applications.

Main Products

City gas meters

LP gas meters

Turbine meters/Roots gas meters

Pressure-measuring instruments and governors

Market and Business Environment

City gas market	Gas meter market share
• Household demand in Japan: about 32 million • Number of businesses in Japan: about 190 gas companies • The introduction of smart meters has begun, primarily by major city gas companies.	Top share in Japan (total for city gas and LP gas)
LP gas market	
• Household demand in Japan: about 22 million • Number of businesses in Japan: about 16,000 gas companies • More than 50% of total households already have cloud devices (services). This figure is expected to reach 60% by fiscal 2025.	

With the introduction of smart meters progressing in the city gas market, our Company promotes the sale of smart meters as well as the expansion of cloud services for users of city gas. We contribute to improvements in operational efficiency by automatically linking various data collected via the cloud with core systems used in the daily operations of gas companies.

We are getting steady results in the LP gas market, such as more than 50% of our total household consumers having communication with gas meters, and our cloud service has already been adopted by many gas companies. Based on these achievements, we realized multi-carrier support for communication devices in fiscal 2024, expanding our communication area even more. This enables us to further differentiate our services and develop new sales channels.

Progress of Medium-term Management Plan 2026

Sales of gas-related equipment in fiscal 2024 reached a record high of 26.47 billion yen, driven by growth in IoT-related products and increased switchover to smart meters in the city gas market. Demand for household LP gas meters was expected to bottom out in fiscal 2024, but actual results were nearly on par with fiscal 2023. We believe this reflects efforts by gas companies to stabilize demand.

In the city gas field, we launched the Aichi Cloud service in February 2025. This service not only enables communication with smart meters, but also connects to our Company's load measurement devices, allowing us to differentiate ourselves from competitors. In the LP gas field, we renewed our household ultrasonic LP gas meters by improving their operability compared to the previous model and adding new features, and introduced them as a new product. In IoT-related products, the expansion of Aichi Cloud has progressed, and we have achieved a cumulative total of approximately 1.23 million service subscriptions. In addition, we are focused on providing content such as a "delivery prediction system" and "web statement service" as ancillary services.

For the fiscal 2025 sales strategy, we plan to build on the fiscal 2024 strategy while prioritizing the expansion of sales of cloud-related services. Sales projections anticipate a 1.4% increase, driven by the recovery of replacement demand for household LP gas meters and the expansion of the city gas version of Aichi Cloud.

TOPICS Initiatives for creating new value

Key sustainability initiatives

SuMPO EPD JAPAN VERIFIED JR-BJ-24002E

- As part of SDG 13, "Take urgent action to combat climate change and its impacts," and effective from the first half of fiscal 2024, we have discontinued the use of plastic bags as a packaging material for LP gas meters. This initiative will result in the elimination of approximately 500,000 plastic bags (about 10g each) and a reduction of approximately 20 tons of CO_2 annually.
- In March 2025, our household ultrasonic LP gas meters underwent third-party verification under the SuMPO (Sustainable Management Promotion Organization) environmental labeling program and obtained SuMPO EPD (Environmental Product Declaration) certification.
- In the city gas field, we have been recycling meters for some time, and are now considering recycling household LP gas meters as well. In the gas-related equipment field as well, we work to make our corporate activities more environmentally friendly, and continue to promote environmental initiatives that contribute to society.

Strategy and Overview for Each Business Field

Aichi Tokei Denki started manufacturing water meters in 1927. Currently, we sell approximately 2 million units annually, and along with gas meters, we have the top market share in the industry. As the shortage of water resources becomes increasingly severe around the world, we are constantly pursuing technologies to accurately measure this precious resource and are engaged in developing and improving various water meters, starting with smart meters.

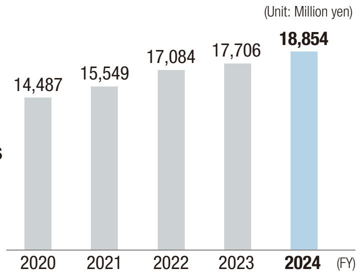
Water-related Equipment

Key Customers

Water utilities (Nagoya City Waterworks & Sewerage Bureau, Tokyo Metropolitan Government Bureau of Waterworks, etc.)

Developers, construction equipment companies, management companies, etc.

Trend in net sales



Strengths of Aichi Tokei Denki

Responding to increasingly diverse needs

Aichi Tokei Denki is committed to developing and improving products that leverage the latest wireless and DX technologies, such as the LoRa wireless metering system and Aichi Cloud, in order to respond to a wide range of diversifying needs, including labor-saving measures and improved revenue collection rates through water leak detection.

Electromagnetic water meter technology

Aichi Tokei Denki has developed an electromagnetic water meter that achieves ultra-low power consumption of less than 1/10,000th of conventional levels by adopting the world's first residual magnetic excitation method. This meter can also measure continuously for 10 years by using a built-in lithium battery. It has been well received in various markets around the world for its high durability and robustness, and because it can operate in submerged environments despite its compact and lightweight design.

Initiatives in new measurement technologies

The electronic water meter ER has been made significantly smaller and lighter than its previous models, improving operability and reducing environmental burden. Aichi Tokei Denki is not only improving existing products, but is also working to develop smart meters that apply new measurement technologies.

Main Products

Electromagnetic water meters

Local water meters

Remote water meters

Hot water meters/Integrating heat meters

Market and Business Environment

Public sector (for water utilities)	Market share
• Japan's demand customers: about 59 million • Water meters newly installed or replaced by business operators nationwide (about 1,700 businesses). • Nationwide increase in smart meters and data delivery services provided	Top share in Japan
Private sector	
• Japan: Newly installed or replaced water meters in commercial facilities, multi-purpose buildings, housing complexes, etc., for management and billing purposes. Lineup features a wide variety of models, such as small, large, communication-enabled, and electromagnetic types. • Overseas: We are exporting high-value-added products (electromagnetic water meters) to North America, China, ASEAN, the Middle East, and other regions.	

Public sector: Water utilities are facing issues, such as a decrease in water supplied due to population decline, a shortage of meter readers due to a decline in the working population, and aging facilities. They are also being called upon to provide new residential services. Against this social backdrop, we expect to install more smart meters, which can collect various types of data. Aichi Cloud, to which smart meters are connected, provides data delivery services, such as remote meter reading, leak detection from water usage visualization, and monitoring services.

Private sector: There is growing interest—both in Japan and overseas—in precious water resources. In this social climate, there is a growing demand for water meters that measure water accurately, and our diverse lineup of products is performing well in the market.

Progress of Medium-term Management Plan 2026

Overall, in fiscal 2024, replacement demand in the Japanese private sector remained strong. In overseas markets, we grew sales of water meters (SD and SU)—which are strategic products—with exports to North America and ASEAN increasing in particular. Notably, we launched a web statement service, a service integrated with our Company's systems, to promote usage of Aichi Cloud, our data delivery service that will help expand our business domains. This service is expected to not only reduce the labor required for meter reading, but also improve user convenience in the future.

In fiscal 2025, we will continue to aim for the expanded adoption of smart meters and Aichi Cloud . We will uncover needs not only in the public-demand market, but in the private-demand market too, and make new proposals. We will also further expand sales by improving our products and developing new measurement technologies that meet the specifications, delivery schedule, and costs that customers demand. In addition, as part of our environmental initiatives, we will proactively switch to eco-friendly SD and ER water meters.

For overseas markets, to expand sales channels in ASEAN and other regions, we will aim to further increase sales by reexamining the markets and establishing cooperative relationships with local partners .

TOPICS Initiatives for creating new value

Exhibits, print publications, and use cases

Aichi Cloud is increasingly being adopted in a variety of situations, and new uses beyond meter reading and leak detection are also on the rise. We are conducting PR activities across various media to share new use cases with customers nationwide and provide insights that may address their problems and challenges.

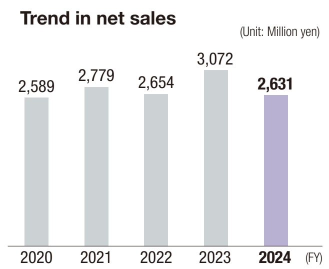
Broadcast on Feb 1, 2025, "DX & Fun!"
(Nagoya Broadcasting Network, presented by SoftBank)

Strategy and Overview for Each Business Field

Private-demand Sensor Systems

Key Customers For plants and manufacturers of medical and agricultural equipment

Aichi Tokei Denki offers optimal equipment and systems, such as flow meters and monitoring systems, that contribute to energy conservation and environmental measures required in the industrial sector, including improvement of plant DX and equipment operating efficiency, and CO_2 reduction. For equipment integration, we meet customer needs in a wide range of fields and applications, including dialysis equipment and pesticide spraying equipment.



Main Products

Ultrasonic flow meters for fuel gas

Ultrasonic flow meters for air

Small electromagnetic flow rate sensors

Electromagnetic flow meters

Market and Business Environment, Strengths

In the plant market, soaring energy prices have led to higher costs, making it important to improve equipment efficiency, thereby saving energy and reducing environmental impact. Accurate flow measurement is required to lower costs and calculate CO_2 reductions achieved with efficiency improvements in air compressor operating rates and combustion in boilers and industrial furnaces. We will leverage our core ultrasonic flow measurement technology to expand our market share.

Progress of Medium-term Management Plan 2026

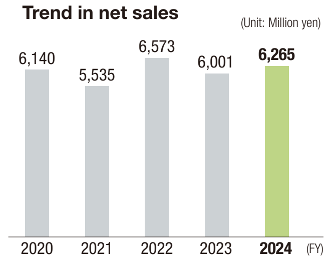
In fiscal 2024, we worked on promoting energy-saving solutions and applications using various media, launching new products, and acquiring new projects for equipment integration. However, due to a decrease in orders for medical devices in the overseas equipment integration market, results were lower than in the previous fiscal year.

In the 2025 fiscal year, we aim to strengthen proposals related to SDGs and carbon neutrality in the plant market, secure new projects by promoting applications in the flow sensor field, and achieve early market introduction of hydrogen flow meters that contribute to the use of hydrogen energy.

Instrumentation

Key Customers Government offices, water and sewage facilities, agricultural water facilities, etc.

For public facilities, including those for water supply and sewage, as well as those for agricultural water, we are building systems that connect multiple measurement devices, such as electromagnetic flow meters and water gauges, via communication infrastructure, and monitor and control the various facilities. In addition, we handle a large number of public works projects, including the sale of measuring instruments. We support social infrastructure by providing maintenance services after installation.



Main Products

2-wire electromagnetic flow meters

Immersion-type water gauge

Information communication-terminal devices

Monitoring and control systems Operation support systems

Market and Business Environment, Strengths

We develop various monitoring and control systems and measuring instruments in-house, offering a product lineup that can respond to customer requirements in detail. We build systems using these in-house products. In addition, we have engineers stationed at locations across Japan, providing comprehensive services ranging from the installation of various measuring instruments to the design, construction, and maintenance of monitoring and control systems.

Progress of Medium-term Management Plan 2026

We are strengthening our public facility proposal and construction capabilities with the aim of winning large-scale construction projects.

In fiscal 2024, we won a number of large-scale construction projects as a result of these strengthening measures. Although sales have not grown significantly due to the large number of projects spanning multiple years, we secured the highest order backlog in our history thanks to a steady stream of orders. In fiscal 2025, we will promote measures to improve order certainty. With multi-year construction projects becoming the norm, the achievement of plans is now dependent on the number of large projects awarded. For this reason, we will work to build a steady inventory of large projects. In order to cope with the increase in the number of construction properties, we will endeavor to promote DX and improve construction capabilities while increasing the efficiency of construction management. Buoyed by these initiatives, we are projecting a 17% increase in net sales compared with fiscal 2024.

Technological Foundation and Intellectual Property Strategy

Related Material Issues
Expansion of Markets and Business Fields

Related SDGs

As a research and development company, Aichi Tokei Denki is focused on developing next-generation measuring devices. Having refined our core technologies in electromagnetic measurement technology and ultrasonic measurement technology, we have been commercializing epoch-making measuring devices. Going forward, we will continue to work on evolving those core technologies and introducing the latest technologies and take on the challenges of developing new business fields and in creating new markets and value in the measurement field. At the same time, we will capture demand from social needs, such as a decarbonized society, the declining birthrate and aging population.

Research and Development of Ultrasonic Hydrogen Gas Meters as We Transition to a Decarbonized Society

Hydrogen has garnered attention as an important energy source in the realization of a decarbonized society. In addition to fuel cell vehicles and demonstration experiments in a "Hydrogen Town" that supply hydrogen to commercial facilities and ordinary homes, hydrogen use is expanding to industrial furnaces and burners, as its application spreads to various fields. With an eye toward the coming hydrogen society, we have been pioneering research that applies to hydrogen the ultrasonic flow measurement technology developed for city gas and LP gas.

Hydrogen is one of the gases in which ultrasound waves have the most difficulty propagating as the signal strength is only about one-fourth that for city and LP gas. Because hydrogen gas has the property of weakening ultrasonic waves and making it difficult for signals to propagate, with hydrogen gas meters a noise level that would not be a problem with standard gas meters will have an effect on measurement ability. In addition, standard gas meters do not require an external power source and can run for 10 years using only their internal battery. Because of this, we have worked on research and development to make hydrogen gas meters as accurate and easy to use as standard gas meters; we have obtained eight patents and established this as our proprietary technology.

In anticipation of a hydrogen society, we have developed new ultrasonic hydrogen gas meters*1 and flow rate sensors for industrial applications that leverage the ultrasonic measurement technology we have cultivated to date, and launched a monitoring campaign in April 2025. We will continue to listen to user feedback, understand customer needs, and conduct research and development on flow meters that are suitable for the use of hydrogen as we transition to a decarbonized society.

Ultrasonic hydrogen gas meters

Flow rate sensors

*1 Jointly developed with Tokyo Gas Co., Ltd. and Tokyo Gas Engineering Solutions Corporation

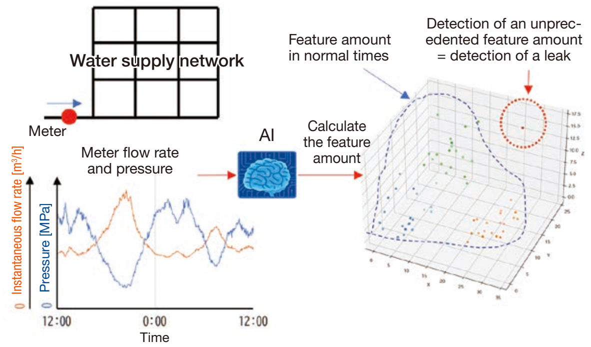
Connection Technologies × AI Technology—Addressing Social Issues by Combining Smart Technology for Meters with Measurement Data Made Valuable

Our Company uses IoT technology to introduce smart technology into measuring devices, such as gas and water meters and sensors, and leverages AI technology for measurement data to create new value. We believe the synergistic effects of combining the two will help us respond to customer needs and social issues that were difficult to address with conventional technologies, and lead to the creation of added value for our products.

Example Research and development of a water leak detection system that uses large-diameter smart water meters*2

In recent years, water leaks and road subsidence caused by aging water pipes have become social issues, and research and technological implementation related to leak detection have been progressed. However, this is a large-scale system that requires detailed monitoring of water pressure in the water supply network. Our Company aims to develop a simpler leak detection system by installing large-diameter electromagnetic smart water meters at key points in the water supply network and connecting them to a cloud via wireless communication. This system is based on our strengths in high-performance, high-resolution electromagnetic measurement technology and low-power-consumption wireless communication technology. By performing AI analysis on the measured flow rate and pressure data, this system aims to detect water leaks by capturing the characteristic patterns of changes in flow rate and pressure that were difficult to identify with conventional technologies. With this research and development, we aim to realize an efficient and simple leak detection system that solves the problems caused by aging water pipes.

*2 This research was conducted with the New Aichi Creative Research and Development Grant.



Technological Foundation and Intellectual Property Strategy

Technological Strategy in Electromagnetic Flow Meters, as We Pursue Global Expansion

Leveraging our advanced electromagnetic flow meter technology, we developed the world's first electromagnetic water meter that can operate for 10 years on an internal battery. We have also developed a variety of other electromagnetic flow meters, including a small electromagnetic flow rate sensor suitable for incorporation into equipment; a non-full electromagnetic flow meter capable of measuring a wide range of flow rates from non-full to full; and a capacitance-type electromagnetic flow monitor that overcomes the problem of foreign objects and deposits adhering to the electrodes, a drawback of electromagnetic flow meters.

Of these, the battery-powered electromagnetic water meter has continued selling since it was first sold domestically in 1992, becoming a long-seller, and is now expanding globally, being widely regarded not only in Japan but also overseas, particularly in North America and China. This product is supported by our proprietary, ultra-low power consumption technology, which combines magnetic circuit design technology that uses a residual magnetic excitation method, with micro-signal processing technology that uses analog and digital circuits. As our elemental technologies, we are continuing to evolve analysis and simulation technologies specialized for electromagnetic flow meters, such as fluid analysis, electromagnetic field analysis, and circuit simulation.

In the case of our small electromagnetic flow rate sensors, we have continued to hone our technology by specializing in miniaturization, and have added a new product to the ATZTA VN series that reduces the accuracy-guaranteed flow rate to one-fifth of previous models. In addition, by making the output compatible with global standards, we have been able to meet regional market needs around the world. We expect this product to be incorporated in equipment in the agriculture, medicine, and food sectors.

IoT Strategy

Gas market

Our data delivery service, Aichi Cloud, which began service in 2019, surpassed 1.2 million connections as of the end of March 2025. Most of these connections are communication terminals used for LP gas data delivery services, and we have been expanding the market by effectively using subsidies provided by the Ministry of Economy, Trade and Industry.

In February 2025, we launched a city gas version of our data delivery service, Aichi Cloud. In the city gas market, the Ministry of Economy, Trade and Industry is promoting the introduction of new technologies, including smart industrial safety, to enhance safety and supply. As a result, gas companies are actively opting for data delivery services to support the transition to smart meters. Adopting the three pillars of high convenience, multifunctionality, and low cost, we will continue to broadly expand Aichi Cloud so that many city gas companies can rely on our services.

Water market

In the water market, various issues caused by aging infrastructure are becoming apparent, but the water usage and alarm data collected by Aichi Cloud might lead to the detection of defects in water supply facilities. Aichi Cloud will also contribute to tackling the social issues faced by water utilities with its IoT technologies.

New technology

There is a new IoT technology tool that offers joint metering via a smart electricity meter communication network. Although there are differences in interest among power companies regarding the use of communication networks for joint metering, we are considering the use of Aichi Cloud as a means of communication for data delivery services due to its recognized durability.

Leveraging data

By efficiently leveraging big data collected in various fields, and playing a fundamental role in promoting digital and green transformations (DX/GX) for gas and water utilities, we will promote business strategies that contribute to solving social issues, such as the declining birthrate and aging population, as well as environmental issues.

Intellectual Property Strategy

With the aim of creating new value, we are actively working to strengthen our intellectual capital. By appropriately securing the rights for the results of our research and development, we have contributed to improving corporate profitability and maintaining our competitive advantage. Going forward, we will continue to strive to improve our corporate value through the protection and utilization of our intellectual property.

Basic policy on intellectual property strategy

Maximization of profit from our own businesses
Utilizing the intellectual property rights that we have acquired, we ensure freedom in our business and develop business to our advantage.

Respect for other companies' intellectual property rights
While properly understanding the value of intellectual property rights, we will strive to reduce business risks without infringing on the rights of other companies.

Open/closed strategy for technology
We will strategically decide whether to apply for a patent for any new technology we develop or to keep it secret and handle appropriately as know-how.

Number of intellectual property rights held

End of March 2021	End of March 2022	End of March 2023	End of March 2024	End of March 2025
412	422	398	386	372

Intellectual property strategies for technology development

We conduct the management of intellectual property that maintains an awareness of both "offensive" and "defensive" stances. When on the "offensive," we analyze the patent application trends of other companies and proactively file patent applications for core technologies to give us an advantage in our business. When on the "defensive," we not only acquire rights for our core technologies, but also for peripheral and improved technologies necessary for commercialization, thereby continuously protecting our core technologies. We are focusing on strengthening our competitive advantage in our business from both offensive and defensive perspectives.

Internal award system

The Company has established a special invention award system to motivate employees to be more inventive and encourage them to create outstanding inventions that contribute to Company results. We present awards in five categories based on two considerations: the contribution to earnings and endorsement of the invention.

With our award system, by actively evaluating the creativity and innovative spirit of our employees, we will ensure technological primacy and continuous technological innovation.

Promoting Human Capital Management

Related Material Issues
Have Both Diversity and Productivity

Related SDGs

To realize sustainable growth, Aichi Tokei Denki is promoting human capital management as part of its sustainability strategy under Medium-term Management Plan 2026. We have set numerical targets to increase employee engagement, strengthen human resource development, and promote DE&I, and are pushing forward efforts to achieve each of these.

Promoting Human Capital Management

As a pillar of our sustainability strategy in Medium-term Management Plan 2026, we are promoting human capital management. To measure our progress, we have been assessing all employees' engagement, and making efforts to improve by reviewing the results and identifying issues on a departmental basis.

In addition to increasing training hours, we have established a human resource development policy that empowers employees to realize our corporate philosophy of reliability, creativity, and service. We actively recruit mid-career employees, and they now account for 21.4% of our executive officers and 25.0% of our Internal Directors. In terms of promoting DE&I, we are developing management candidates with measures such as providing support to employees returning from childcare leave.

KPI for human capital under Medium-term Management Plan 2026

KPI		FY2024	Target
Increase employee engagement	Engagement assessment result	3.33/5	Up 0.1 points or more (above 3.45)*
Strengthen human resource development	Career-track position training hours	13.1 hours per year/person	Up 10% (above 13.3 hours)*
DE&I	The percentage of women among new graduate hires (career-track positions)	25.1% (2023-2025 new graduate average)	30% or more on average over 3 years
	Human rights initiatives	Formulation and publication of a human rights policy	Formulation of a human rights policy and implementation of due diligence

*Compared to FY2023

Increasing Employee Engagement

We believe that employee engagement assessments can guide departmental strategies, such as understanding the current situation and setting goals, thereby contributing to improved organizational productivity and employee retention.

While we measure seven categories that influence engagement levels, and have exceeded the average of other companies in all of them, we fell below previous figures in five categories, excluding work situation and human resource initiatives.

Based on the results of the analysis indicating a lack of intentional and systematic training of subordinates by managers, we will implement training for those in management and provide support from the Human Resources Division.

Employee engagement results

2023	2024	Target (by 2026)
3.35/5	3.33/5 (0.02pt↓)	Up 0.1 points or more from previous fiscal year

Our strengths, particularly among the items where we exceed the average of other companies	Our issues, compared to other companies
• Subordinate support • Task design • Workplace culture • Labor environment	• Human resource initiatives

• All figures exceeded the average of other companies.
• Figures improved from the previous fiscal year for human resource initiatives, which we recognize as an issue.

Please see our website for details on initiatives related to Aichi Tokei Denki's health management.
WEB https://www.aichitokei.net/sustainability/society/health/

Strengthening Human Resource Development

In line with setting our target image of human resource development, we have significantly revised our training systems for human resource development. In addition to hierarchy-based education according to traditional grades and roles, as well as professional training based on type of job, we have established new courses, such as training for mid-career hires, elective-type business training, and career and life plan training.

We will continue our efforts to strengthen human resource development.

Course name	Number of participants	Training duration (hours)
Pre-assignment training for overseas assignees	2	50
New hire training in Vietnam	25	24
(Sub-) Leader training	45	7

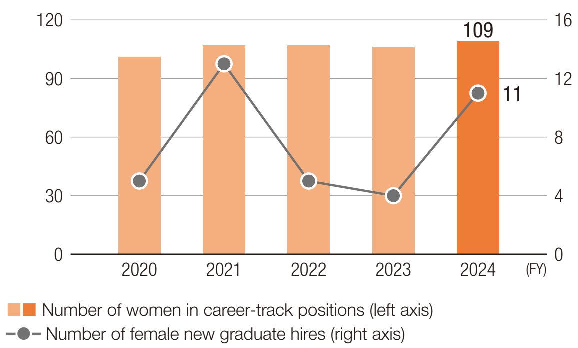
Diversity, Equity & Inclusion (DE&I)

We believe that promoting DE&I, that accepts differences in values regardless of gender, age, race, nationality, etc., will lead to the realization of a comfortable work environment for everyone, which will in turn contribute to the recruitment and retention of human resources.

The Company provides training to promote the empowerment of women. In fiscal 2024, there were 159 women who participated in training for management, and 104 women who participated in training for female employees.

We employ people with disabilities on a full-time basis and are committed to creating a work environment where they can feel at ease and highly motivated. We have organized and centralized each of the various department's general administrative tasks and have people with disabilities take care of them, and this also leads to improved operational efficiency throughout the Company. We will continue to promote DE&I that respects our diverse human resources and work styles.

Number of female employees (career-track positions, new graduate hires)



Promoting Diverse Work Styles

Health and productivity management

For a company to grow sustainably, it is essential to maintain the health of employees and minimize declines in productivity caused by absenteeism and presenteeism. We are committed to supporting employee health and enhancing work-life balance, and the Company and all of our domestic consolidated subsidiaries have been certified as Outstanding Organizations of KENKO Investment for Health.

Realization of work styles tailored to life stage

The Company aims to maintain a 100% rate for women taking childcare leave, and to raise to 100% the rate of men taking such leave. In fiscal 2024, women maintained a 100% rate, while 65.0% of men took childcare leave, exceeding the 46.2% of fiscal 2022, prior to the setting of the current targets.

Environmental Management

Related Material Issues

Climate Change Action and Environmental Burden Minimization

Related SDGs

Under our environmental philosophy, Aichi Tokei Denki promotes environmentally-conscious business activities and contributes to society through products and activities that are in harmony with the environment. Based on this philosophy, we strive to reduce greenhouse gas (GHG) emissions, curb the use of environmentally harmful substances in manufacturing activities, and conserve energy and resources.

In product design, we prioritize the 3Rs (reduce, reuse, and recycle) and aim to reduce environmental impact throughout the entire product life cycle. Furthermore, we are promoting the use of renewable energy to use energy sustainably. We are also strengthening ties with communities and proactively participating in environmental protection activities and local environmental improvement projects. Through these initiatives, we will help realize a decarbonized society and carbon neutrality.

Nature-Positive Declaration

We have made a Nature-Positive Declaration with the aim of preserving the environment and restoring biodiversity. This declaration is our commitment to take concrete actions that will minimize our impact on the natural environment and build a sustainable future.

Contents of the declaration are as follows:

ネイチャーポジティブ宣言
supported by J-GBF

1. Sustaining our initiatives
To realize a nature-positive world, we will consider at all times what must be done and how to contribute, and continue our initiatives to promote biodiversity and symbiosis with nature over the long term.

2. Carbon Neutral Challenge 2050
In addition to reducing greenhouse gas emissions, we are also working to conserve energy and promote the 3Rs (reduce, reuse, and recycle). Through such activities, we strive to reduce the burden we place on the environment.

3. Collaborating with our supply chain
We will identify the negative impacts that all areas of our measuring device manufacturing business have on biodiversity, and collaborate with our supply chain and strive to reduce these impacts.

4. Expanding our awareness
We will gradually broaden the range of employee-led activities, raise awareness among more people, and strive to expand the scope of our activities.

Through these initiatives, we aim to realize a society that is symbiotic with nature. We will continue to work on improving our environmental management and create a sustainable future.

Initiatives to Become Carbon Neutral

Aichi Tokei Denki is continuing its Carbon Neutral Challenge 2050 to contribute to measures that combat global warming. Led by the Sustainability Committee, we are strengthening collaboration throughout our supply chain and working to reduce GHG emissions and environmental impact.

Based on our Environmental Vision 2028, which was established last year, we have been hybridizing Company vehicles. We are steadily working toward our target of converting 50% or more of the Company's automobile fleet to hybrid vehicles by fiscal 2028, while closely monitoring trends in the automobile market, including transport trucks, and considering further targets.

We have also been systematically converting to LED lighting at our factories and business sites. Because fluorescent light manufacturing will be discontinued in 2027, we are accelerating our plans and working to further reduce energy consumption and CO_2 emissions.

Through these initiatives, we are steadily taking steps to bring about a sustainable society.

Please see our website for details on the Company's efforts to preserve the environment.
WEB https://www.aichitokei.net/sustainability/environment/

Environment-Friendly Manufacturing

Reducing Environmental Impact with Cloud Services

Aichi Cloud, our cloud-based tool, manages LP and city gas meter data in the cloud, enabling remote metering and gas pressure monitoring. This eliminates the need for on-site metering, which we expect to improve operational efficiency and cut down on CO_2 emissions from travel. In addition, we are minimizing energy consumption by using LPWA technology (LTE Cat.M1). These features help realize a sustainable society that contributes to reducing environmental impact.

Obtained SuMPO EPD, an Environmental Certification

Aichi Tokei Denki obtained SuMPO EPD certification in March 2025 for the new household ultrasonic Type E safety gas meter (EA25MT-3) through third-party verification under the SuMPO EPD Program by SuMPO, as part of its efforts to help visualize environmental impacts. SuMPO EPD helps disclose quantitative environmental information throughout a product's entire lifecycle and can be used as an indicator for achieving carbon neutrality. More details can be found on the official website. In addition, our carbon footprint declaration for the household membrane Type S safety gas meter remains available.

We will continue our efforts to realize a sustainable society.

SuMPO EPD JAPAN VERIFIED
JR-BJ-24002E

Promote Biodiversity and Symbiosis with Nature

A Place to Coexist with Nature, Fostered with the Community

In today's society, preserving biodiversity and coexisting with nature are essential to sustainable development. Economic activities to date have tended to neglect their impact on the natural environment, but correcting this now is of great urgency.

In April 2024, we established a natural area (approx. 600m^2) at our Okazaki Plant, located in Okazaki City, Aichi Prefecture. This area aims to foster the growth of native plants that support the local ecosystem and create an environment where diverse organisms can thrive. With the cooperation of the local government and specialized agencies, we created a space in harmony with the local natural environment.

Going forward, we plan to build on the results in this natural area to expand the environmental education and preservation activities being carried out with the local community. Through these initiatives, we aim to protect the area's natural resources and pass on a rich natural environment to future generations.

Response to Climate Change

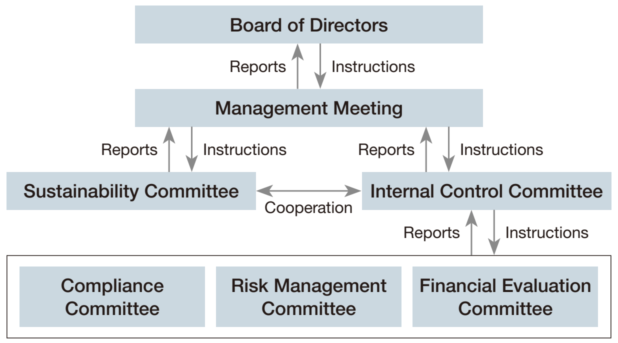
Under the corporate philosophy of "Reliability, Creativity, and Service," the Aichi Tokei Denki Group is addressing climate change issues in order to achieve the sustainable development of society and create new corporate value for the Group. In May 2023, the Group expressed support for the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and will continue to expand disclosure of climate-related information.

* TCFD (Task Force on Climate-related Financial Disclosures): An international initiative established by the Financial Stability Board (FSB) of the G20 in 2015, in order to enhance the disclosure of information concerning the financial impact of climate-related risks and opportunities.

Governance

In recognition of the importance of climate change issues and human capital management, the Group established a Sustainability Committee in May 2023 as a committee responsible for discussing sustainability issues. The committee reviews and deliberates on the formulation of basic policies, action plans, and performance reviews, including risks and opportunities related to climate change issues. The Committee also coordinates with the Risk Management Committee through the Internal Control Committee. Important matters are reported to the Board of Directors (Chair: Chair of the Board of Directors) after deliberation at the Management Meeting, etc., and the status of response is monitored and supervised. In April 2022, we formulated the Carbon Neutral Challenge 2050 with the approval of the President and representative director to work toward achieving carbon neutrality. The Sustainability Committee reports on the progress of the Carbon Neutral Challenge and advances discussions and deliberations.

Governance Structure Diagram



Strategy

Our Group conducted a climate change scenario analysis based on the TCFD recommendations. We identified climate change risks and opportunities for our main businesses, qualitatively assessed the impact, and considered countermeasures.

Assumed Scenarios

1.5°C/2°C World Scenario	If strict measures are taken to combat global warming, the average annual temperature will rise by less than 1.5 degrees Celsius compared to the period of the Industrial Revolution.
4°C World Scenario	If we do not take measures to combat global warming that exceed the current situation, the average temperature will increase by 3.2 to 5.4 degrees Celsius compared to the period of the Industrial Revolution.

Source: Ministry of the Environment
https://www.env.go.jp/content/000118155.pdf (Japanese only)

Risk Management

Our Group's relevant departments identified climate change-related risks and opportunities, evaluated the importance and impact on our business, and formulated risk response plans. Based on the TCFD recommendations, we conducted a scenario analysis that takes into account the degree of impact to the continuation of business, the likelihood of occurrence, and the timeline in which it is expected to materialize. The Sustainability Committee formally approved these plans, monitors the progress of risk response on an annual basis, verifies the effectiveness of each response measure, and revises it. We recognize that climate change risks have a significant risk of impacting our business activities, and we report the status of risk management to the Company's leadership.

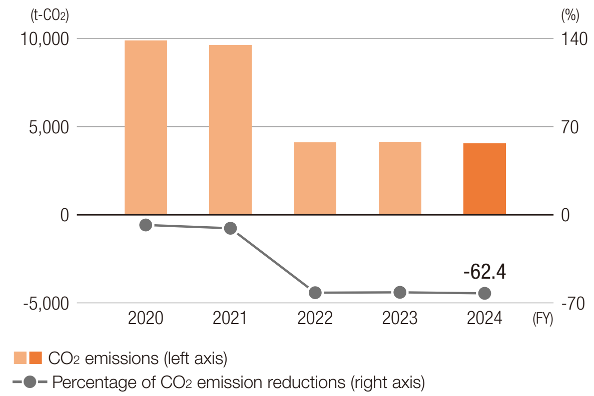
Impact of Climate Change Risks and Opportunities on Businesses and Countermeasures

Risks/opportunities	Potential risks, opportunities	Impact degree	Timing of impact	Strategy (measures)
Transition risks	Response to the Government's Carbon Neutrality Statement	Large	Short term	• Strive to reduce energy consumption by updating to energy-efficient production facilities • Introduce carbon-free energy at the head office and main plant (head office and Okazaki Plant), and consider expanding to other production bases (achieve zero emissions by 2050)
	Concerns about increased burden due to carbon pricing (carbon taxes)	Small	Short term	• Reduce the impact of taxation on energy used in our own factories by advancing plans such as equipment renewal and expansion of carbon-free energy use • If price increases are transferred down the supply chain, based on the plan, promote cost reduction through product design improvement
	Soaring energy prices, transportation costs, and raw material procurement costs due to the promotion of renewable energy and carbon pricing	Medium	Short term	• Reduce energy consumption and improve production efficiency by upgrading to energy- and production-efficient facilities • Aim to reduce risks by reducing costs through improved product design
Physical risks	Shutdowns due to climate change (typhoons, heavy rains, floods, etc.), earthquakes, tsunamis, etc.	Large	Long term	• Conduct regular risk assessment revisions on an annual basis • Consider physical damage reduction measures by revising flood protection boards and drainage routes • Formulate a BCP for tsunami damage at the head office plant and continue training through simulations
	Chemical spills from damage to plants associated with climate change, earthquakes, and tsunamis	Small	Long term	• Properly maintain and manage facilities such as buildings and warehouses, storage facilities, etc., and perform regular repairs and updates • Prepare for emergencies by summarizing spill handling and communication methods, and conducting relevant staff training
	Concerns about procurement of parts and materials due to climate change, earthquakes, and tsunamis (supplier disaster)	Medium	Long term	• Promote the purchase of materials and purchased goods from multiple suppliers, and select business partners who can produce substitutes for outsourced goods • Return to normal production status at an early stage by maintaining and utilizing manufacturing resource information
Opportunities	Increased needs for environmentally friendly products (existing products) due to growing awareness of carbon neutrality	Medium	—	• Strengthen the promotion and proposal sales of environmentally friendly products based on the policy direction of the government and local governments • Improve favorability through carbon neutral initiatives and strategic public relations, and appeal to society and investors • Reflect the strategy obtained through scenario analysis in the Medium-term Management Plan, sales/profit plan, and product planning/development plan
	Increased needs for new products that contribute to carbon neutrality	Medium	—	

Indicators and Objectives

The Group launched the Carbon Neutral Challenge 2050 in order to achieve carbon neutrality by 2050, and we are promoting the use of renewable energy and the reduction of weight and size of our products. In fiscal 2024, CO_2 emissions were reduced by 62.4% compared to fiscal 2013, exceeding the 2030 target (38% reduction) for the industrial sector set by the Japanese government in the Plan for Global Warming Countermeasures, and also surpassing the 57–61% reduction target for 2040.

CO_2 emissions / Percentage of CO_2 emission reductions (compared to FY2013)



Supply Chain and Quality & Human Rights Initiatives

The Aichi Tokei Denki Group operates under the corporate philosophy of “Reliability, Creativity, and Service,” and contributes to the realization of a safe and secure society through collaboration with business partners across the entire supply chain to address critical issues such as quality control, compliance with laws and regulations, risk management, environmental considerations, and respect for human rights. We flexibly respond to the changing needs and expectations of each era and actively pursue the establishment of new partnerships. In December 2024, we established the “Aichi Tokei Denki Group Human Rights Policy” as a guideline to fulfill our responsibility to respect human rights.

Aiming to Increase Value Throughout the Supply Chain

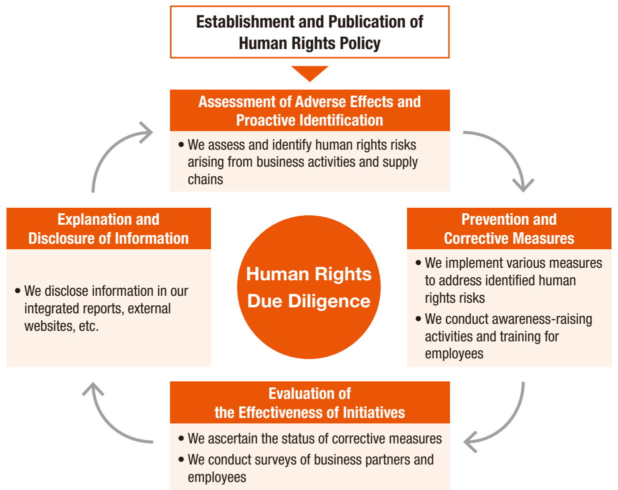
Aichi Tokei Denki is focusing on coexistence and co-prosperity throughout the supply chain, seamless collaboration across scales and industries, and compliance with the “Promotion Standards.” We aim to increase the added value of the entire supply chain by working with the suppliers to our direct suppliers (from “Tier N” to “Tier N +1”) in cooperation with our direct suppliers. In December 2022, we released the Partnership Building Declaration, which promotes cooperation, coexistence and co-prosperity with our business partners that make up the supply chain and businesses that create value.

Human rights initiatives

We believe it is essential to respect the human rights of all individuals affected by our business activities, and we have established a Human Rights Subcommittee under the Sustainability Committee to promote efforts to respect human rights.

Based on our Human Rights Policy, we plan to implement human rights due diligence, which involves assessment and proactive identification of potential adverse impacts, implementation of preventive and remediation measures, evaluation of the effectiveness of our initiatives, and disclosure of information in a PDCA cycle.

Aichi Tokei Denki Group Human Rights Policy
WEB https://www.aichitokei.net/sustainability/society/human_rights/



Providing Higher Quality, Safe, and Secure Products

We obtained ISO 9001 certification for quality in the 1990s and have accurately developed a management system for design, development, manufacturing, and sales. For our specified measuring instruments (gas meters, water meters, hot water meters, and cumulative calorimeters), which are our basic products, our quality control methods at all domestic production bases have been verified and meet the compliance standards based on the designated manufacturing business operator system specified in the Measurement Act.

We also promote the acquisition of product certifications that meet customer needs. We have obtained Japan Water Works Association (JWWA) certification for flow sensors and are working to obtain various certifications for flow meters for overseas use in Western countries and other countries, while striving to develop and provide products that satisfy our customers at an early stage. To respond swiftly to newly added hazardous chemicals, we have introduced chemSHERPA, a common information transmission scheme, to appropriately manage chemical substances contained in products subject to various regulations, including the RoHS (Restriction of Hazardous Substances) Directive, throughout the entire supply chain.

Coexistence with Regions/Stakeholder Engagement

Aichi Tokei Denki actively and fairly discloses corporate information in order to promote communication with all stakeholders. We strive to increase transparency and facilitate smooth communication by providing timely and appropriate information to our customers, suppliers, shareholders, investors, communities, and employees. We also work to enrich dialogue with our stakeholders and actively provide feedback on the content of such dialogue to the Board of Directors.

	Stakeholder engagement	Means of dialogue	Department in charge
Customers	We have built a wealth of experience and achievements in responding to a wide variety of customer requests. We provide products that satisfy our customers with a wealth of product variations, reliable quality control, and production capacity.	• Daily sales activities • Customer Center • Website	• Sales Department • Production Department • R&D Headquarters
Suppliers	We are working to increase the added value of the entire supply chain by working with secondary level suppliers via our direct suppliers, and we are also working to collaborate beyond our existing business relationships and company scale.	• Process audit • Conduct surveys • Briefings for suppliers • Website	• Procurement Management Division • Quality and Environment Division
Shareholders/ Investors	Through dialogue with shareholders and investors, we aim to enhance corporate value by deepening mutual understanding of each other’s views and positions, and taking appropriate measures and making improvements based on that understanding.	• Shareholders’ Meeting • Earnings Briefings • Individual Meetings • Company Briefings • Integrated Report • Website	• General Affairs Division • Management Planning Office • Accounting Division
Communities	At our head office building, we conduct evacuation drills with local residents as a Regional Disaster Prevention Cooperative Business Operator. We also contribute to the local community by offering workplace experience programs for elementary and junior high school students and cleaning activities around our head office.	• Regional Disaster Prevention Cooperative Business Operator registration • Naming Rights Partner • Cleaning activities • Website • Acceptance of elementary and junior high school students for tours	• General Affairs Division • Human Resources Division • Management Planning Office • Each sales office
Employees	We strive to create a safe and vibrant work environment where employees can be healthy physically and mentally and fully exert their abilities. In addition, we are committed to promoting work-life balance and aim to become a “company that is easy and rewarding to work for.”	• Internal Newspaper “Aichi Tokei Denki News” • Employee training • Establishment of a whistleblowing and consultation desk • Engagement survey	• Human Resources Division • Legal Intellectual Property Office

Dialogue with Shareholders and Investors

Implementation status up to March 2025

Classification	Implementation details	Responders
For institutional investors, securities analysts	Financial results briefing: 2 (June, December)	President and Representative Director Senior Executive Officer Management Planning Office
	Individual meetings: 33	Senior Executive Officer Management Planning Office Accounting Division
For Individual Investors	Company information sessions: 2 (September, December)	President and Representative Director Management Planning Office

The President and Representative Director responds appropriately to dialogue with institutional investors, individual investors, and other stakeholders. The content of such dialogue is reported to the Board of Directors as necessary, and discussions are held to enhance corporate value. We will continue to strengthen our IR Activities by increasing opportunities for dialogue and striving to disclose information in a timely and appropriate manner.

Roundtable Discussion with Outside Directors

Masatsugu Kasano Outside Director
Mr. Kasano joined OKAYA & CO., LTD. in April 1984. As a director of that company since 2018, he has served as Deputy General Manager of the Nagoya Head Office, as well as officer in charge of New Technology Promotion. He possesses a wide range of knowledge developed in metal and machinery trading companies. Mr. Kasano has been an Aichi Tokei Denki Outside Director since 2023.

Chie Okada Outside Director
Ms. Okada registered as a lawyer in 1998. She has served as a civil mediator (part-time judge) of the Nagoya Summary Court and as a member of the Dispute Coordination Committee of the Aichi Labor Bureau. She has rich experience and wide-ranging insights into governance centered on legal aspects. Ms. Okada has been an Aichi Tokei Denki Outside Director since 2022.

Asako Itakura Outside Director
Ms. Itakura joined Nagoya Broadcasting Network Co., Ltd. in 1983. As a Managing Director of Nagoya TV Enterprise Co., Ltd., and as an Employer Committee Member of the Aichi Prefecture Labor Relations Commission (presently in this position), she has wide-range insight on human resources and labor issues. Ms. Itakura has been an Aichi Tokei Denki Co., Ltd. Outside Director since 2024.

Corporate Governance to Enhance Aichi Tokei Denki's Corporate Value

We asked the outside directors to reflect on the progress made during the first year of our Medium-term Management Plan 2026 and to speak candidly about the discussions that left a lasting impression, the evolution of our governance structure, and the status of the succession plan.

Looking Back on the First Year of Medium-term Management Plan 2026

Okada: In the first year, the fiscal year ended March 31, 2025, the Company steadily achieved sales and profits that exceeded planned targets. A particularly memorable topic of discussion was the response to achieving management that is conscious of capital costs. President Kunishima took the lead in proactively holding dialogues with shareholders and investors, and I feel that the insights gained from these discussions have contributed greatly to the visualization of the Company's issues. There was also lively discussion on cases of product complaints, based on the previous year's incident in which gas meters were replaced due to a defect. All Board members approached the discussion with a marked sense of urgency, keeping in mind the impact on management.

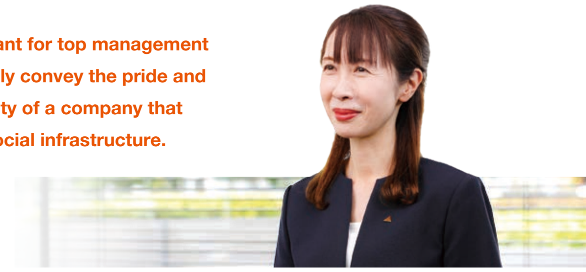
I sensed a concerted Company-wide effort, both at Board meetings and during site visits, to prevent the recurrence of defects.

Kasano: Quantitatively, I feel that both sales and profits are on a steady rise, and qualitatively, the Company is creating new products while keeping up with the world's trends with our measurement and connection technologies. Like Director Okada, I took a hard look at the report on measures to prevent recurrence of defects. As a company that manufactures instruments connected to infrastructure lifelines, quality is our backbone. Both on the Board of Directors and during site visits, I sensed a united Company-wide effort.
Itakura: In the Instrumentation Division, the fact that large projects are being secured is a reflection of the Company's strong construction capabilities as well as our well-developed sales structure. Although there are challenges, such as project concentration and schedule constraints, we expect to shift to the pivotal axis of sales by implementing unique solutions in the future, such as ensuring flexibility in human and operational resources. The discussion that I paid particular attention to was the importance of responding to DX and the associated risk management. I received the impression that the challenges of digital transformation were identified during the discussion, the risk management system was reviewed, and the risk management system was strengthened and made more efficient through the use of external parties.

Value Creation Grounded in Aichi Tokei Denki's Corporate Philosophy

Kasano: Last year's serious product defects brought us close to the point of damaged trust. In Aichi Tokei Denki's Corporate Philosophy of reliability, creativity, and service, reliability comes first. This is because manufacturers who are closely involved in our daily lives cannot survive if there is a loss of reliability. It is essential that all employees share the facts of the product defect case and unite their thoughts. With this as our starting premise, we must not only pursue QCD (quality, cost, and delivery) in a straightforward manner, but also create value that meets the needs of the times, such as the challenge of measuring fluids other than water and gas.
Itakura: The Company fully understands the importance of developing human resources to realize our Corporate Philosophy and is committed to measures to improve employee engagement. However, we also need some brushing up in this regard, and the results of the engagement survey should be analyzed in detail to review training for management positions and how to engage with employees.
Okada: In comments reflecting upon our Company's 120th anniversary, an employee noted, "Few people know about the function and safety of gas meters, but that's okay, we are a behind-the-scenes force that supports society." Social contribution is in our DNA and this strength is an irreplaceable asset. Every year at the new-employee initiation ceremony, President Kunishima gives the following words of encouragement: "Please remember today that you have become a member of a company that supports social infrastructure for daily life in the world." It is important for top management to repeatedly convey the pride and responsibility of a company that supports social infrastructure, while also passing this on to future generations.
Itakura: We are just beginning to prepare the structure of the succession plan for top management. The Board of Directors will review and revise the progress of the CEO's succession plan in terms of its formulation and operation based on our management principles and strategies.
Kasano: However, as an outside director, there is no way to know where and how many CEO candidates there are. I would feel more comfortable if I could know how many diamonds in the rough the Company has.
Okada: The CEO should be able to make decisions based on "abiding love for the Company" and a "long-term perspective," no matter what kind of difficult business environment we face. As an outside director, I will assess, from an independent and objective standpoint and perspective, whether or not the person is capable of doing so.

It is important for top management to repeatedly convey the pride and responsibility of a company that supports social infrastructure.



The Role of Outside Directors in Enhancing Corporate Value

Itakura: From my many years of experience working in the corporate world, I know that a trap that everyone falls into, regardless of industry, is thinking that "common sense in the company is not common sense in society." With my background and specialized knowledge of HR management practices, I will strive to strengthen the governance of Aichi Tokei Denki and enhance its corporate value from an uncompromising third-party perspective. With a Nankai Trough earthquake being something that could occur at any time, our Business Continuity Plan (BCP) is an important issue for the support of our infrastructure, and we need to further improve the effectiveness of our governance.

As an infrastructure company, our BCP is an important issue, and we must further improve the effectiveness of our governance.

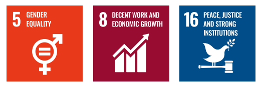
Kasano: As a trading company employee, I have been involved with a wide variety of manufacturing companies, and I hope to be of service when it comes to "reliability and creativity." With regard to the effectiveness of governance, it is necessary to promote the development of internal regulations, appropriate responses to deviations from rules, and a review of work flow with the aim of reducing to zero any irregularities or errors that may occur in the course of conducting business. While the Company has responded with sincerity to opinions I have expressed on matters that I have noticed as an outside director, I will continue to communicate further.
Okada: In order to strengthen the quality of governance, we believe that independent outside directors must not only function as individuals, but also as a team, working together and collaborating with other outside directors who are experts in their respective fields. I would like to strive to make the executive side aware of the accountability of a publicly listed company through the presence of our outside directors, and I would like to make every effort to lead to the true enhancement of corporate value that all stakeholders expect.

Corporate Governance

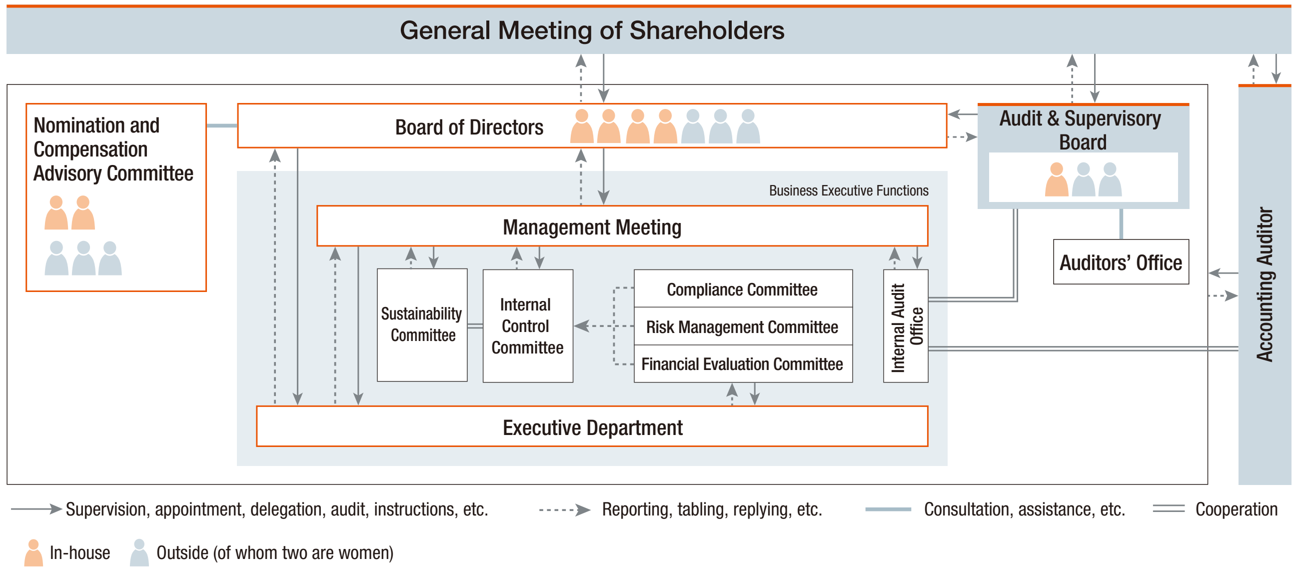
Related Material Issues

Enhance Compliance and Governance

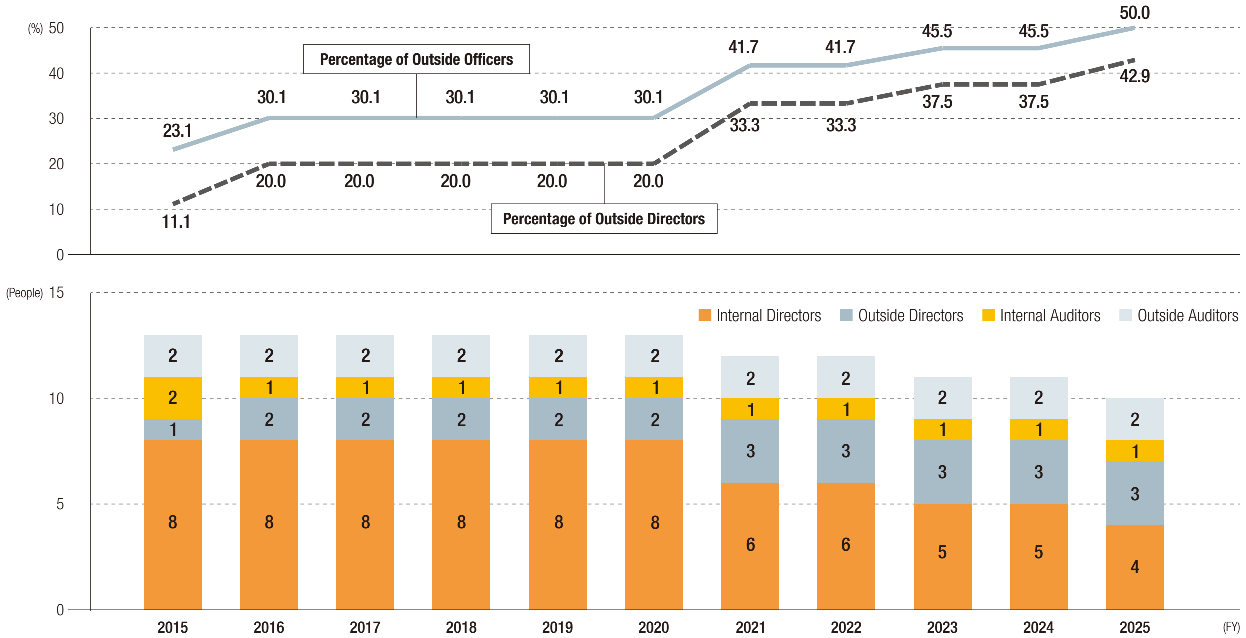
Related SDGs



Aichi Tokei Denki's Corporate Governance System



Efforts to Strengthen Corporate Governance



2021	Reduced the number of Internal Directors by two to a system of nine directors. The aim is to speed up decision-making.
2023	Reduced the number of Internal Directors by one to a system of eight directors. Changed the Executive Officer appointment type to a one-year term.
2024	Increased the number of female directors by one to two. The aim is to improve diversity.
2025	Reduced the number of Internal Directors by one to a system of seven directors.

Features of Aichi Tokei Denki's Corporate Governance System

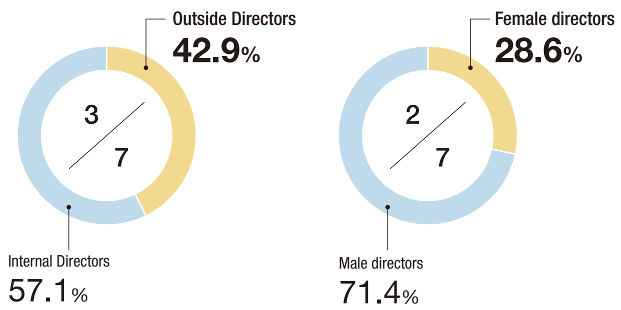
Based on our corporate philosophy and code of conduct, which state that we create new value to serve customers and society and continue to earn reliability from all, the Group contributes to society through its business activities and strives to enhance corporate value on a sustainable basis. Furthermore, we work to establish corporate governance that makes transparent, fair, prompt, and decisive decisions based on the perspectives of all stakeholders.

Board of Directors/Management Meeting

The Board of Directors consists of seven members, including three Outside Directors. As a general rule, it is held once a month, and three auditors also attend the meeting. In addition to making decisions on important matters stipulated by laws, the articles of incorporation, and the rules of the Board of Directors, the Board of Directors strives to improve the Company's sustainable growth and medium- to long-term corporate value by appropriately fulfilling its roles and responsibilities such as supervising the status of business execution. In order to ensure the effectiveness of independent and objective management supervision by the Board of Directors, we have appointed multiple Outside Directors, and each Outside Director uses his/her work history, experience, and knowledge, etc., to confirm important matters from an external perspective, and strive to ensure the rationality of management decisions.

In addition, we have introduced an Executive Officer system to strengthen our business execution functions, and at the Management Meeting held once a month, Executive Officers discuss important business execution decisions and board resolutions related to their areas of executive responsibility that need to be discussed in advance, in accordance with the decisions of the Board of Directors.

Composition of the Board of Directors



Audit & Supervisory Board

The Audit & Supervisory Board consists of three members, including two Outside Auditors, and audits are conducted by attending various important meetings such as the Board of Directors, reviewing approval documents, and cooperating with the Internal Audit Office and Accounting Auditor. Each Outside Auditor makes use of their work history, experience, and knowledge, etc., and conducts audits from an external perspective, ensuring objectivity and neutrality that can properly fulfill the monitoring and audit functions of management.

Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee consists of five members, including three Outside Directors, and the Chairperson is an Outside Director. It deliberates on the policy for nominating candidates for Directors, Executive Officers, and Auditors, and the policy for determining the compensation of Directors, Executive Officers, and Auditors, etc., and advises the Board of Directors.

Exchanging Opinions with Outside Officers

We hold "Opinion Exchange Meetings" with independent Outside Directors and independent Outside Auditors about once or twice a year. On matters related to the Board of Directors, we exchange opinions, taking into consideration the analysis and evaluation of the effectiveness of the Board of Directors.

Implementation Status of the Corporate Governance Code

We describe the status of implementing each principle of the Corporate Governance Code in our Corporate Governance Report.

WEB https://contents.xj-storage.jp/xcontents/AS00137/2ecd11de/8678/49a0/a5db/747f2984109b/20250701134828513s.pdf

For the "Basic Policy on Corporate Governance," please visit the website.

WEB https://www.aichitokei.co.jp/company/governance/ (in Japanese only)

Corporate Governance

Evaluation of Effectiveness of the Board of Directors

Every year, the Company analyzes and evaluates the effectiveness of the Board of Directors based on evaluations by the directors and auditors. In fiscal 2023, it conducted an evaluation through an external organization for the first time.

In fiscal 2024, too, it conducted a questionnaire survey through an external organization and confirmed that the effectiveness of the Company's Board of Directors is ensured.

Effectiveness Evaluation Questionnaire Survey Items (partial list)
• Format of the Board of Directors • Composition of the Board of Directors • Management of the Board of Directors • Deliberations of the Board of Directors • Monitoring function of the Board of Directors • Performance of Internal Directors • Performance of Outside Directors • Support system for Directors and Audit & Supervisory Board Members • Training • Dialog with shareholders (investors) • Personal initiatives • Management of Nomination and Compensation Advisory Committee • Summary

Fiscal 2024 Evaluation and Fiscal 2025 Action Policy

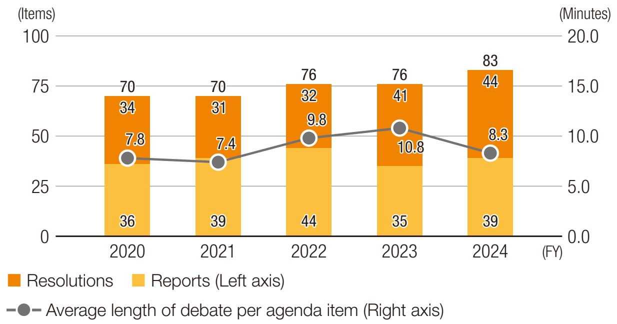
Fiscal 2023 Evaluation Results and Fiscal 2024 Action Policy	As a result of the analysis and evaluation, we generally consider that the effectiveness of the Company's Board of Directors has been ensured. (i) The Company will increase the frequency of reports regarding the Medium-term Management Strategy in order to enhance precision in the monitoring of business strategy. (ii) The Company will deepen discussions on the succession plan for top management. (iii) The Company will consider expanding training opportunities to enable knowledge acquisition necessary for Directors and Audit & Supervisory Board members.
⬇	
Fiscal 2024 Actions and Initiatives	(i) Enhance the precision in the monitoring of business strategy • In addition to reporting on the progress toward Medium-term Management Plan targets and on priority measures quarterly, we hold individual briefings on particularly important issues to promote understanding and information sharing among relevant parties. • To correct information gaps and deepen discussion, we hold briefings in advance of board meetings for Outside Directors and Outside Auditors. (ii) Deepen discussions on the succession planning for top management • We have organized matters to be considered regarding the succession plan, including the development and appointment of management personnel, and have begun discussions in the Nomination and Compensation Advisory Committee. (iii) Consider expanding training opportunities for Directors and Audit & Supervisory Board members to acquire necessary knowledge • To deepen understanding of the Company's business, we conduct site visits to our main plants in Japan (Headquarters Plant and Okazaki Plant) for Outside Directors and Outside Auditors. • We provide training opportunities as necessary to ensure that Directors acquire knowledge of the latest corporate governance information and other important management issues.
⬇	
Fiscal 2024 Evaluation Results and Fiscal 2025 Action Policy	The Company's Board of Directors believes that its effectiveness is generally ensured, but based on the results of this analysis and evaluation, we will implement the following improvements to further enhance its effectiveness. (i) We will enhance discussions on the progress of financial and capital strategy. (ii) We will promote discussions on the formulation of a succession plan for top management. (iii) We will expand training opportunities for directors.

Based on the above, we will continue to improve the effectiveness of the Board of Directors in order to further enhance the flexibility of business execution and strengthen supervision by the Board of Directors.

Major Discussion Topics in Fiscal 2024

Classification	No. of items
Business and Management Strategy	19
Sustainability	5
Corporate Governance	6
Financial Results, IR/Finance, Capital	22
Nomination and Compensation	16
Others	15

Number of Agenda Items and Average Length of Debate Per Agenda Item



Skills Matrix for Directors

The Board of Directors is composed of diverse individuals with different backgrounds, including specialized knowledge and experience. Based on the management strategies of the Group, such as its Value Creation Process and Medium-term Management Plan, we have determined the skills expected of each Director and Auditor as follows to realize our corporate philosophy.

Skills Matrix

* Based on the career and skills of each Director and Audit & Supervisory Board Member, items that are particularly expected are marked with ●.
The table shown below does not represent all knowledge that each Director and Audit & Supervisory Board Member has.

Name	Position and responsibilities	Corporate management & Governance	Finance & Accounting	Sales & Marketing	Global experience	Development & Quality	IT & DX	Legal affairs & Risk management	Sustainability
Toshiyuki Hoshika	Representative Director, Chairman	●				●		●	
Kenji Kunishima	President and Representative Director, President Executive Officer	●	●						●
Yutaka Yoshida	Director, Managing Executive Officer, in charge of Technology, General Manager of R&D Headquarters			●		●	●		
Kazuhisa Mori	Director, Senior Executive Officer, General Manager of Sales Headquarters			●	●	●			
Chie Okada	Director (Outside)	●						●	●
Masatsugu Kasano	Director (Outside)			●	●		●		
Asako Itakura	Director (Outside)	●						●	●
Youichi Orikasa	Standing Audit & Supervisory Board Member (Outside)		●		●			●	
Masanori Watanabe	Standing Audit & Supervisory Board Member					●	●		●
Hiroaki Kato	Audit & Supervisory Board Member (Outside)	●	●					●	

Reasons for the selection of skills

Items	Skills expected
Corporate management & Governance	Ability to supervise the appropriateness of the business execution and the governance structure in order to understand the present status and make management decisions towards achieving the Company's vision.
Finance & Accounting	Ability to supervise appropriate resource allocations from a financial standpoint in order to enhance corporate value from a long-term perspective.
Sales & Marketing	Ability to determine potential business growth and future market trends from a broad perspective in order to achieve management plans.
Global experience	Ability to drive management by understanding values, business environments and geopolitical risks in each region to accelerate global expansion.
Development & Quality	Ability to develop technology and manufacturing strategies enabling technical innovation in order to create new value and markets.
IT & DX	Ability to develop strategies by incorporating digital technologies with the Company's businesses to expand IoT business and promote DX.
Legal affairs & Risk management	Ability to supervise the appropriateness of risk management, including compliance, by understanding increasingly complex and diverse risks.
Sustainability	Ability to resolve environment-related issues and promote human capital management from both social and corporate perspectives in order to balance a sustainable society with the Company's sustainable growth.

Corporate Governance

Executive Training and Raising a Successor

The Company is working to enhance the effectiveness of the Board of Directors by deepening discussions on the succession plan for top management and exploring ways to expand training opportunities for directors to acquire the necessary knowledge. For newly appointed Directors and Auditors, we conduct training sessions led by external experts on laws and governance. For Outside Directors and Auditors, we provide explanations to enhance their understanding of our business operations and strategies, as well as visits to our facilities. Additionally, we provide necessary information on an ongoing basis after their appointment to enhance the effectiveness of the Board of Directors' supervisory functions.

Executive Compensation

The Company has established a decision policy (hereinafter referred to as the Decision Policy) regarding the details of Directors' individual compensation, etc., which broadly consists of basic compensation, executive bonuses, and share-based compensation with restrictions on transfers based on the Director Compensation Regulations. The ratio for each type of compensation is based on basic compensation: executive bonus: share-based compensation with restrictions on transfer = 70:20:10.

The basic compensation of Directors is determined by the Board of Directors after deliberation by the Nomination and Compensation Advisory Committee within the limit of the total amount of compensation resolved at the General Meeting of Shareholders taking into account the balance between standards in society, Company performance, and employee salaries.

In order to make executive bonuses, which are a form of compensation linked to performance, appropriate as an incentive to increase the growth and profitability of the Company, they shall be paid to Directors (excluding Outside Directors) according to the Company's performance. The Company uses consolidated ordinary profit as the indicator of performance because it is a financial indicator of the Company's profitability, and when calculating executive bonuses, the Company takes into account the year-on-year changes in the relevant indicators and, after seeking and receiving advice from the Nomination and Compensation Advisory Committee, makes a comprehensive judgment. In fiscal 2024, the target for consolidated ordinary profit, which is the indicator for executive bonuses, was 4,300 million yen, and the actual amount was 4,764 million yen. Share-based compensation with restrictions on transfers is granted for the purpose of further enhancing the willingness to contribute to share price growth and performance improvement, and to further enhance the shareholder-oriented management attitude. The number of shares of restricted stock allocated to Directors (excluding Outside Directors) is calculated based on the Restricted Stock Compensation Regulations, and after deliberation by the above committee, it is decided by the Board of Directors.

The compensation of Auditors is limited to basic compensation and is determined in consultation with the Auditors within the limit of the total compensation resolved at the Shareholders' Meeting.

The decision policy is determined by the Board of Directors after deliberation by the Nomination and Compensation Advisory Committee.

Total amount of compensation for each executive category, total amount by type of compensation, and number of target Executive Officers

Executive category	Total amount of compensation (million yen)	Total amount by type of compensation (million yen)			Number of target executives
		Basic compensation	Performance-based stock compensation, etc.	Non-monetary compensation, etc.	
Directors (excluding Outside Directors)	224	138	53	33	5
Auditors (excluding Outside Auditors)	18	18	–	–	2
Outside Directors	50	50	–	–	7

(Note) 1. The total amount of Director compensation does not include the salary for employees who are also Directors.
2. Non-monetary compensation, etc. includes the amount of expenses recorded in the current fiscal year based on the share-based compensation with restrictions on transfers system. In addition, the Company has entered into an agreement with target Directors that common shares issued or disposed of under this system may not be disposed of such as by transfer until the date of resignation or retirement of Director status in the Company.

Risk Management

The Company has an Internal Control Committee as a Company-wide committee, which comprises the Compliance Committee, the Risk Management Committee, and the Financial Evaluation Committee. Recognizing risk management as an important issue in corporate activities, we confirm the Basic Policy for Internal Control System at the Internal Control Committee every year. Furthermore, under an appropriate corporate governance system, we operate an internal control system that integrates risk management and compliance, and manage risks by practicing the PDCA cycle.

Risk Management Structure

The Company has an Internal Control Committee, chaired by the President, which serves as the central body for management and response to risks associated with business activities. This committee works in collaboration with the Compliance Committee, the Risk Management Committee, and the Financial Evaluation Committee. The Internal Control Committee reviews the activities of each committee and the status of internal controls in accordance with the "Internal Control Committee Regulation," and reports the results to the Management Meeting.

Additionally, the Company classifies important risks related to its business activities into the following categories: quality, market environment, overseas operations, information and communications, finance, environment, disasters, human resources, and compliance. Each committee develops and implements countermeasure plans for the risks within their respective areas. The progress and effectiveness of these measures are evaluated by the Risk Management Committee in accordance with the "Risk Management Regulation," using strategies such as avoidance, reduction, relocation, and retention, based on the importance and likelihood of occurrence of risks, and manages risk for the Company overall.

The Compliance Committee, based on the "Compliance Regulation," works to maintain and enhance employees' compliance awareness and promote compliance activities across the entire Group through the formulation of compliance education and training plans and the implementation of internal awareness surveys (questionnaires).

The Financial Evaluation Committee, based on the "Financial Evaluation Regulation," evaluates the establishment and operation of internal controls related to financial reporting and contributes to ensuring the reliability of financial information.

Potential Risks and Responses

Key risk items	Potential risks	Response
Quality risks	• Product defects	• Manufacturing of diverse products in accordance with international quality management systems • Minimizing losses and preventing reputational damage through prompt response to product defects and fundamental corrective measures
Market environment risks	• Fluctuations in raw material prices • Decrease in sales price • Long delivery time for parts	• Improve productivity and promote total cost reduction • Promote purchasing from multiple companies and consider alternative parts
Risks due to overseas business development	• Unexpected legal, tax and regulatory changes, political instability, war and terrorism, etc.	• Information gathering utilizing experts • Preparation of overseas safety management rules and overseas safety measures manuals • Conducting crisis management training before being assigned
Information and communication risks	• System failure • Cyber attacks	• Renewal and enhancement of system infrastructure and constant monitoring • Strengthening of monitoring system for information security, development of internal rules, and provision of education
Disaster risks	• Natural disasters such as the Nankai Trough earthquake	• Measures for tangible assets such as seismic reinforcement of buildings and other facilities • Non-physical response, such as creating BCP guidelines, earthquake response manuals, and conducting evacuation drills and safety confirmation training
Violation of laws and regulations risks	• Contract and transaction risks • Compliance risks	• Compliance education and training (monthly departmental education, new management training, etc.) • Establishment of whistleblowing desk (internal/external)

Management Team (As of June 21, 2025)

Standing Statutory Auditor **Masanori Watanabe** · Director (Outside, Independent) **Asako Itakura** · Director (Outside, Independent) **Chie Okada** · Director **Yutaka Yoshida** · Representative Director, Chairman **Toshiyuki Hoshika** · President and Representative Director **Kenji Kunishima** · Director **Kazuhisa Mori** · Director (Outside, Independent) **Masatsugu Kasano** · Standing Statutory Auditor (Outside, Independent) **Yoichi Orikasa** · Auditor (Outside, Independent) **Hiroaki Kato**

Directors

Representative Director, Chairman

Toshiyuki Hoshika — 49,300 shares

- Apr. 1978 Joined the Company
- Jun. 2008 Executive Officer and Head of Osaka Branch Office
- Apr. 2011 Executive Officer, General Manager of Public SS Sales Department, Sales Management Headquarters
- Jun. 2014 Senior Executive Officer, Deputy General Manager of Production Management Headquarters, and General Manager of Gas Equipment Manufacturing Division
- Jun. 2015 Director, Senior Executive Officer, General Manager of Production Department, and General Manager of Gas Equipment Manufacturing Division
- Jun. 2016 Director, Managing Executive Officer in charge of Production, and General Manager of Production Department
- Jun. 2017 President and Representative Director, President Executive Officer
- Apr. 2022 Representative Director, Chairman (to present)

Director

Yutaka Yoshida — 17,800 shares

- Jan. 1987 Joined the Company
- Apr. 2009 General Manager of Sales Development Department, Sales Management Headquarters
- Apr. 2012 Deputy General Manager of R&D Headquarters
- Jun. 2013 Executive Officer and Deputy General Manager of R&D Headquarters
- Oct. 2013 Executive Officer and General Manager of Quality Assurance Department
- Apr. 2014 Executive Officer and General Manager of International Sales Department, Sales Management Headquarters
- Apr. 2015 Executive Officer and General Manager of International Sales Division, Sales Department
- Jun. 2017 Director, Senior Executive Officer, General Manager of R&D Headquarters
- Apr. 2022 Director, Senior Executive Officer, in charge of Technology
- Apr. 2023 Director, Managing Executive Officer, in charge of Technology
- Apr. 2025 Director, Managing Executive Officer, in charge of Technology, General Manager of R&D Headquarters (to present)

Director (Outside, Independent)

Chie Okada

- Apr. 1998 Registered as an attorney. Joined Tsunehiko Nakane & Associates
- Oct. 2003 Partner, Kakura Law Office (to present)
- Oct. 2006 Civil Mediator, Nagoya Summary Court (Part-time Justice)
- Oct. 2015 Member, Dispute Adjustment Committee, Aichi Labor Bureau
- Sep. 2020 Auditor, National University Corporation Aichi University of Education
- Jun. 2022 Director of the Company (to present)
- Jun. 2023 Outside Director (Audit and Supervisory Board Member), AMG HOLDINGS CO., LTD. (to present)

Director (Outside, Independent)

Asako Itakura

- Apr. 1983 Joined Nagoya Broadcasting Network
- Feb. 2004 Executive Officer and Station Manager of Nagoya Broadcasting Network, in charge of systems and ERP
- Jun. 2008 Assistant to President's Office of Nagoya Broadcasting Network, Senior Managing Director of NagoyaTV Enterprise Co., Ltd.
- Jun. 2016 Senior Managing Director of NagoyaTV Enterprise Co., Ltd.
- Jul. 2019 Managing Director of NagoyaTV Enterprise Co., Ltd.
- Jul. 2021 Advisor to NagoyaTV Enterprise Co., Ltd. (to present)
- Feb. 2022 Established Office Itakura Asako (a Specified Labor and Social Security Attorney and Small and Medium Enterprise Management Consultant firm) (to present)
- Jun. 2023 Outside Director (Audit Committee Member) of Aichi Financial Group, Inc. (to present)
- Jun. 2024 Director of the Company (to present)

President and Representative Director

Kenji Kunishima — 22,700 shares

- Apr. 1986 Joined the Company
- Jun. 2009 General Manager of General Affairs & Human Resources Department, Administration Management Headquarters
- Apr. 2010 Head of Nagoya Branch Office, Sales Management Headquarters
- Jun. 2013 Executive Officer, Head of Tokyo Branch Office, Sales Management Headquarters
- Jun. 2017 Executive Officer, Head of Okazaki Plant, and General Manager of Gas Equipment Manufacturing Division, Production Department
- Apr. 2019 Senior Executive Officer, Head of Okazaki Plant, and General Manager of Gas Equipment Manufacturing Division, Production Department
- Apr. 2020 Senior Executive Officer, General Manager of Production Department
- Jun. 2020 Director, Senior Executive Officer, and General Manager of Production Department
- Apr. 2021 Director, Managing Executive Officer, General Manager of Production Headquarters
- Apr. 2022 President and Representative Director, President Executive Officer (to present)

Director

Kazuhisa Mori — 6,400 shares

- Apr. 1986 Joined the Company
- Apr. 2009 General Manager of Technology Development Office, Sales Development Department, Sales Management Headquarters
- Oct. 2010 General Manager of Technology Development Department, R&D Headquarters
- Apr. 2015 General Manager of R&D Headquarters
- Jun. 2015 Executive Officer and General Manager of R&D Headquarters
- Jun. 2017 Executive Officer and General Manager of International Sales Division, Sales Department
- Apr. 2022 Senior Executive Officer, General Manager of R&D Headquarters
- Jun. 2023 Director, Senior Executive Officer, General Manager of R&D Headquarters
- Apr. 2025 Director, Senior Executive Officer, General Manager of Sales Headquarters (to present)

Director (Outside, Independent)

Masatsugu Kasano

- Apr. 1984 Joined OKAYA & CO., LTD.
- Mar. 2008 Deputy General Manager, Toyota Branch Office, Nagoya Head Office of OKAYA & CO., LTD.
- Mar. 2011 Senior General Manager, Toyota Division, Nagoya Head Office and Deputy General Manager, Toyota Branch Office of OKAYA & CO., LTD.
- Mar. 2015 Senior General Manager, Corporate Planning & Coordination Division and Senior General Manager, Toyota Division, Nagoya Head Office of OKAYA & CO., LTD.
- May 2016 General Manager, Kariya Branch Office, Toyota Division, Nagoya Head Office of OKAYA & CO., LTD.
- May 2018 Member of the Board, Deputy General Manager of Nagoya Head Office and General Manager, Kariya Branch Office, Toyota Division of OKAYA & CO., LTD.
- May 2021 Member of the Board in charge of New Technology Promotion of OKAYA & CO., LTD. (to present)
- Jun. 2023 Director of the Company (to present)

Auditors

Standing Statutory Auditor (Outside, Independent)

Yoichi Orikasa

- Apr. 1987 Joined The Tokai Bank., Ltd.
- Nov. 2008 Branch Manager, Shimo-Akatsuka Branch of MUFG Bank, Ltd.
- May 2012 Branch Manager, Nagoya Branch of MUFG Bank, Ltd.
- May 2013 Managing Director, Head of Internal Audit Division of Mitsubishi UFJ Financial Group, Inc.
- Jun. 2013 Executive Officer and Managing Director, Head of Internal Audit Division of Mitsubishi UFJ Financial Group, Inc.
- Jun. 2015 Corporate Executive, Group CAO, and Managing Director, Head of Internal Audit Division of Mitsubishi UFJ Financial Group, Inc.
- Jun. 2016 Executive Officer of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., General Manager, Solutions Division
- Apr. 2020 Executive Officer of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., General Manager of Kyoto Branch
- Jun. 2024 Standing Statutory Auditor of the Company (to present)

New Auditor (Outside, Independent)

Hiroaki Kato

- Apr. 1984 Joined TOHO GAS Co., Ltd.
- Jun. 2001 Accounting Manager, Finance Department of TOHO GAS Co., Ltd.
- May 2004 General Affairs Manager, General Affairs Department of TOHO GAS Co., Ltd.
- Jun. 2009 Seconded to Toho Liquefied Gas Co., Ltd.
- Nov. 2011 General Manager, General Affairs Department of TOHO GAS Co., Ltd.
- Jun. 2013 General Manager, Nagoya Higashi Branch of TOHO GAS Co., Ltd.
- Jun. 2015 General Manager, Examination Department of TOHO GAS Co., Ltd.
- Jun. 2019 Full-Time Audit & Supervisory Board Member of TOHO GAS Co., Ltd.
- Jun. 2025 Auditor of the Company (to present)

Standing Statutory Auditor

Masanori Watanabe — 2,600 shares

- Apr. 1986 Joined the Company
- Nov. 2011 General Manager, Inspection Department, Technology Department, Production Management Headquarters
- Apr. 2012 Deputy General Manager of Quality Assurance Department and General Manager, Inspection Department
- Apr. 2013 Deputy General Manager of Quality Assurance Department and General Manager, Quality Environment Department
- Apr. 2019 Executive Officer and General Manager of Quality Assurance Department
- Apr. 2024 Assistant to General Manager of Administration Headquarters
- Jun. 2024 Standing Statutory Auditor of the Company (to present)

Executive Officers

President Executive Officer
Kenji Kunishima

Managing Executive Officer, in charge of Technology, General Manager of R&D Headquarters
Yutaka Yoshida

Senior Executive Officer, General Manager of Sales Headquarters
Kazuhisa Mori

Senior Executive Officer, General Manager of Production Department
Takayuki Harada

Senior Executive Officer, General Manager of Administration Headquarters
Satoru Maruyama

Executive Officer, Head of Osaka Branch Office, Sales Department
Osamu Hashimoto

Executive Officer, Head of Tokyo Branch Office, Sales Department
Tomohiro Kawakami

Executive Officer, Quality Assurance Department
Shinji Toda

Executive Officer, General Manager of International Sales Division, Sales Department
Jun Nagamine

Executive Officer, Production Headquarters, General Manager of Procurement Administration Department
Katsuya Inuzuka

Executive Officer, Head of Okazaki Plant, and General Manager of Gas Equipment Manufacturing Division, Production Department
Kazuki Watanabe

Executive Officer, Deputy General Manager of Administration Headquarters
Takashi Tsunoda

Executive Officer, Deputy General Manager of R&D Headquarters
Mitsuru Saito

Executive Officer, Deputy General Manager of Sales Headquarters General Manager of Gas Sales Promotion Division
Kenji Takeda

11-Year Key Financial and Non-financial Summary

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financial Information											
For the year (millions of yen)											
Net sales	41,581	41,782	44,770	47,275	46,722	48,118	46,225	46,483	50,160	51,225	54,286
Cost of sales	31,843	31,891	33,556	35,133	34,583	36,371	34,732	34,905	37,848	39,234	41,902
Gross profit	9,738	9,891	11,214	12,141	12,139	11,747	11,493	11,577	12,311	11,990	12,383
Selling, general and administrative expenses	8,279	8,093	8,323	8,433	8,725	8,762	8,490	8,290	8,330	8,373	8,443
Operating profit	1,459	1,798	2,890	3,708	3,414	2,985	3,002	3,287	3,980	3,617	3,940
Ordinary profit	1,942	1,934	3,007	3,867	3,803	3,215	3,298	3,814	4,654	4,265	4,764
Profit attributable to owners of parent	1,159	1,411	2,235	2,788	2,829	2,354	2,987	2,789	3,458	3,174	3,533
Capital investment	1,248	2,274	1,678	891	819	1,198	1,421	814	853	1,540	1,724
Depreciation	1,166	1,219	1,182	1,135	1,095	1,068	977	1,147	1,033	1,101	1,048
R&D expenses	1,370	1,476	1,332	1,382	1,315	1,349	1,245	1,262	1,173	1,384	1,300
Cash flows from operating activities	3,119	2,180	2,434	2,628	3,782	3,739	4,192	3,115	1,876	1,742	1,856
Cash flows from investing activities	(769)	(1,124)	(1,422)	(2,541)	(2,279)	(900)	(2,423)	2,589	(683)	(1,092)	738
Cash flows from financing activities	(2,029)	404	(1,937)	(768)	(779)	(1,856)	(1,022)	(5,926)	(828)	(1,176)	(1,347)
Financial information per share (yen)*1											
Basic earnings per share	75.25	91.58	145.19	181.54	184.16	152.89	194.65	181.43	225.41	206.94	229.87
Net assets per share	1,385.44	1,405.14	1,557.10	1,770.70	1,892.61	1,959.33	2,233.55	2,296.49	2,510.14	2,875.22	3,041.74
Dividend per share	33.33	33.33	36.67	40.00	43.33	40.00	43.33	42.67	55.00	64.00	75.00
End of the year (millions of yen)											
Total assets	43,645	46,175	47,998	51,080	52,882	52,434	57,167	52,227	56,318	61,399	62,720
Interest-bearing debt	7,063	8,196	6,899	6,889	6,889	5,759	5,731	731	885	858	700
Net assets	21,659	21,956	24,339	27,301	29,243	30,318	34,357	35,228	38,399	44,159	46,789
Other indicators											
Operating profit to net sales ratio (%)	3.5	4.3	6.5	7.8	7.3	6.2	6.5	7.1	7.9	7.1	7.3
Capital adequacy ratio (%)	48.9	46.8	50.0	53.2	55.1	57.6	60.1	67.4	68.2	71.9	74.6
Rate of return on assets (ROA) (%)	2.7	3.1	4.7	5.6	5.4	4.5	5.5	5.1	6.4	5.4	5.7
Rate of return on equity (ROE) (%)	5.7	6.6	9.8	10.9	10.1	7.9	9.3	8.0	9.4	7.7	7.8
Price book value ratio (PBR) (times)	0.78	0.72	0.80	0.78	0.72	0.70	0.65	0.68	0.60	0.84	0.65
Price earnings ratio (PER) (times)	14.31	11.10	8.62	7.65	7.36	8.92	7.45	8.55	6.64	11.72	8.55
Payout ratio (%)	44.3	36.4	25.3	22.0	23.5	26.2	22.3	23.5	24.4	30.9	32.6
Number of outstanding shares (thousand shares)	51,400	51,400	5,140	5,140	5,140	5,140	5,140	15,420	15,420	15,420	15,420
Year-end share price (yen)	1,077	1,017	1,252	1,388	1,355	1,363	1,450	1,552	1,496	2,425	1,965

*1 We implemented a reverse stock split at the rate of 1 per 10 shares of common stock on October 1, 2016 and a stock split at the rate of 3 shares per common share on February 1, 2022.
Accordingly, financial information per share and year-end share price are calculated on the assumption that the reverse stock split and stock split was carried out at the beginning of fiscal 2014.

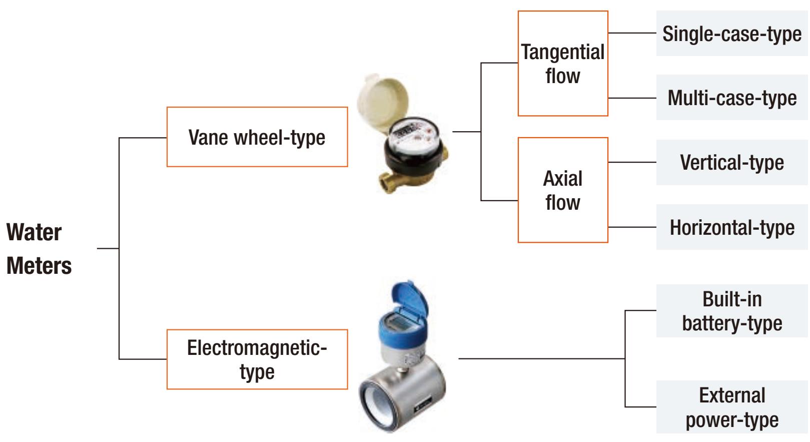
	2018	2019	2020	2021	2022	2023	2024
Non-financial Information							
CO_2 emissions (t-CO_2)	11,077	9,640	9,895	9,618	4,099	4,136	4,046
CO_2 emissions (compared to FY2013) (%)	2.9	(10.5)	(8.1)	(10.7)	(61.9)	(61.6)	(62.4)
Energy usage (kL)	3,822	3,664	3,707	3,899	3,863	3,756	3,356
Waste plastic weight (t)	-	111.8	102.1	94.4	88.4	74.4	93.1
Employees (career-track positions) Number (people)	873	870	860	882	863	831	811
(Career-track positions) Male (people)	782	773	759	775	756	725	702
(Career-track positions) Female (people)	91	97	101	107	107	106	109
Female percentage (%)	10.4	11.1	11.7	12.1	12.4	12.8	13.4
Annual working hours per person*2 (hours)	2,035	2,012	1,992	1,959	1,947	1,972	1,941
Percentage of paid leave taken*3 (%)	65.1	65.7	62.4	69.5	73.2	76.0	75.5
Turnover rate due to personal reasons (%)	1.7	2.6	0.8	1.1	2.0	2.5	2.2
Turnover rate of new graduates after 3 years of employment (%)	7.7	8.3	0.0	13.3	4.2	0.0	19.0

*2 Based on the average of all employees excluding management positions.
*3 The number of days of paid leave granted excluding days carried forward.

Basic Knowledge

Water Meters

Classification by measurement principle

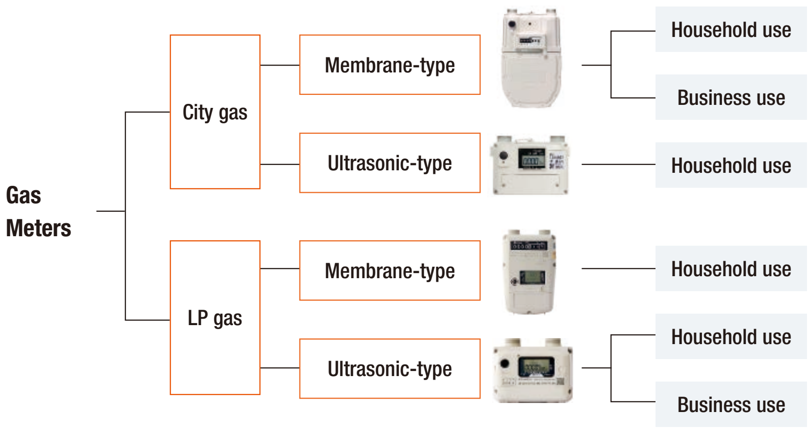


Water meters are mainly divided into "vane wheel-type" and "electromagnetic-type" (there are also others such as positive displacement-type). The principle of vane wheel-type measurement is based on the fact that the amount of water passing is proportional to the rotational speed of the vane wheel. Because they are relatively easy and inexpensive to produce, and their performance has been incrementally improved, many of the water meters currently used in Japan are vane wheel-type.

The principle of electromagnetic measurement is based on the fact that when a magnetic field of a certain strength is applied perpendicular to the flow of water, an electromotive force that is proportional to the flow velocity is induced in accordance with the electromagnetic induction law (Fleming's Right-Hand Rule). Since there is no need for any moving parts or throttle mechanism, electromagnetic-type water meters have a wide measuring range compared to the vane wheel-type, and their biggest feature is that they can be used continuously at large flow rates.

Gas Meters

Classification by measurement principle

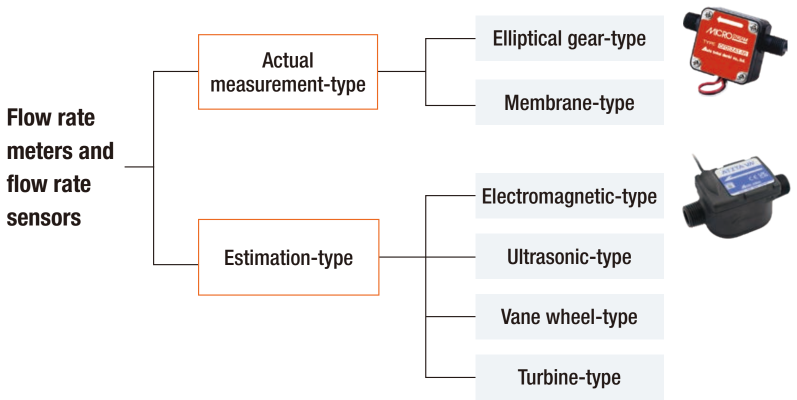


Gas meters are mainly divided into "membrane-type" and "ultrasonic-type" (there are also others such as Roots-type and turbine-type). The measurement principle of the membrane-type is based on the throughput of gas and the reciprocating movement caused by filling and discharging the measuring membrane. Gas meters for city gas are replaced before the end of their test validity period of 10 years, and the removed gas meter is not discarded, but used again after consumable parts have been replaced and re-tested.

The measurement principle of the ultrasonic-type is based on placing a pair of ultrasonic sensors in the measurement unit to measure the difference in arrival time of the sound waves. For example, if you throw a ball downwind, it will arrive early because there is little wind resistance, but if you throw it upwind, it will arrive late due to wind resistance. By measuring the time difference of the arrival times, you can know the strength of the wind (gas flow velocity).

Flow Rate Meters and Flow Rate Sensors

Classification by measurement principle



Flow rate meters and flow rate sensors are mainly divided into "actual measurement-type" and "estimation-type" (there are also others such as mass flow rate meters). The type that is more suitable for the fluid to be measured and the installation environment should be selected.

The measurement principle of the actual measurement-type is based on directly measuring the volume of the actual fluid flowing. Because it is a type that measures using a measuring cup, it is highly accurate, but resistance to the flow is large, and when the diameter is large, the flow rate meter also becomes large, which makes it expensive.

The measurement principle of the estimation-type is based on indirectly measuring what is flowing. In addition to meters with moving parts such as vane wheel and turbine-types, some meters do not have moving parts, such as electromagnetic and ultrasonic-types.

Glossary

Term	Meaning
Aichi Cloud	A data delivery service that installs a transmitter using LPWA communication technology on a gas meter or water meter, accumulates usage data and alarm information obtained from the meter on the cloud, and provides it via the Internet. Realizes the streamlining of meter reading operations and the creation of new services.
Calorimeter	A measurement device that calculates the amount of heat in equipment such as air conditioning boilers in office buildings and facilities.
Dry-type water meter	A water meter with a structure where the display part with an integrated value is separated from the part where water flows. The display is easier to read because it is less prone to condensation than the wet-type where water enters the display.
Electromagnetic flow meter	A measurement device that generates a magnetic field in a measurement tube by flowing an electric current through the coil, and calculates the flow rate from the magnitude of the electromotive force generated according to the flow velocity of the conductive liquid flowing within.
Electronic-type water meter	A water meter with a built-in microcomputer. In addition to measuring water usage, it is equipped with functions such as water leak detection and non-use detection.
ISO 9001	Quality management system that realizes customer satisfaction improvement and organizational improvement through product quality assurance. Certification by a third party.
ISO 14001	Environmental management system aimed at both reducing environmental risks and contributing to the environment and management. Certification by a third party.
LPWA	Abbreviation for Low Power Wide Area. A communication method that realizes long-distance communication while reducing power consumption.
Microcomputer gas meter	A gas meter with safety features such as a built-in microcomputer that automatically shuts off gas in the event of an earthquake with a seismic intensity of 5 or higher.
Smart gas meter/ smart water meter	A meter that can digitize usage and alarm information and send it to the cloud or the center by communication. In addition to automatic meter reading, the gas meter can be opened and closed remotely.
Test validity period	Validity period stipulated by the Measurement Act. Gas meters expire after 10 years, and water meters expire after 8 years.
Ultrasonic flow rate meter	A measurement device that calculates flow rate. The flow rate is based on the difference in the arrival times of sound waves at two ultrasonic sensors places in the measurement tube. The arrival times change due to the flow velocity of gas or liquid through the measurement tube.
3Rs	Three initiatives: Reduce, Reuse, and Recycle.

Stock Information (As of March 31, 2025)

Stock Status

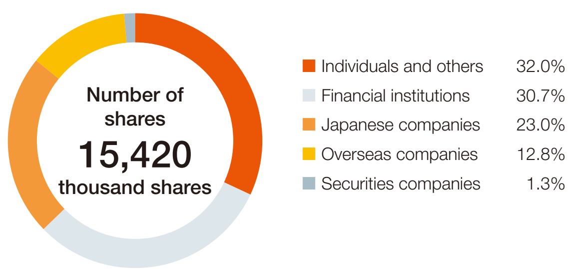
Total number of authorized shares	43,200,000
Total number of issued shares	15,420,000 (Including 37,622 shares of treasury shares)
Number of shareholders	4,907
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited
Location of the handling office	3-15-33 Sakae, Naka-ku, Nagoya City Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
Stock exchange listing	Tokyo (Prime), Nagoya (Premier) (Code number: 7723)

Major Shareholders (Top 10 shareholders)

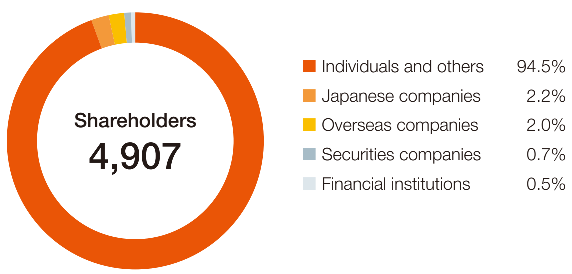
Name	Number of shares held	Shareholding ratio (%)
THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD-SINGAPORE BRANCH PRIVATE BANKING DIVISION CLIENTS A/C 8221-623793	1,328,000	8.6
Nippon Life Insurance Company	1,157,424	7.5
The Master Trust Bank of Japan, Ltd. (Trust account)	1,136,000	7.4
Toho Gas Co., Ltd.	691,872	4.5
Aichi Tokei Denki Mutual Prosperity Association	620,100	4.0
Meiji Yasuda Life Insurance Company	603,600	3.9
Mizuho Leasing Company, Limited	492,600	3.2
NIPPON SHARYO, LTD.	480,000	3.1
Aichi Tokei Denki Employee Stock Ownership Association	477,576	3.1
Norio Minorikawa	401,800	2.6

* Shareholding ratio is calculated excluding treasury stock (37,622 shares).

Share Distribution by Number of Shares



Share Distribution by Shareholders



Company Information (As of March 31, 2025)

Company Profile

Foundation	July 1, 1898
Incorporation	June 1, 1949
Capital	¥3.218 billion
Number of employees Consolidated basis Non-consolidated basis	 1,704 1,177
Line of business	Gas meters and related equipment, Water meters and related equipment, Private-demand flowsensors and systems including housing and building equipment & systems, Instrumentations, Precision machining (Dies and other parts)
Offices	
Headquarters and Plant	1-2-70 Chitose, Atsuta-ku, Nagoya, Aichi, Japan TEL: +81-(0)52-661-5151
Plants	Okazaki, Hokkaido (Sapporo), Sendai, Imabari No. 1, Imabari No. 2, Kyushu (Fukuoka)
Branch Offices	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, Sendai
Sales Offices	Takamatsu, Kanazawa, Hiroshima, Kushiro, Aomori, Shizuoka, Chiba, Morioka, Kagoshima, Omiya, Okayama
Overseas Sales Bases	Bangkok (Thailand), Ho Chi Minh (Vietnam)
Consolidated Subsidiaries	Aisei Tec Co., Ltd. (Imabari, Japan) Aichi Konpou Unyu Co., Ltd. (Nagoya, Japan) Dalian Aichi Tokei Technology Co., Ltd. (Dalian, China) Aichi Kisosaki Seikou Co., Ltd. (Mie, Japan) Aichi Tokei Denki Vietnam Co., Ltd. (Hai Phong, Vietnam)

Authenticity Statement

Issuance of "Aichi Tokei Denki Integrated Report 2025"

Satoru Maruyama
Senior Executive Officer
General Manager of Administration Headquarters

At Aichi Tokei Denki, we are committed to expanding our market and business fields by enhancing our measurement and connection technologies. And along with strengthening the competitiveness of our core businesses, we are contributing to the resolution of social issues, such as the realization of a decarbonized society, and working to increase our corporate value. We publish an integrated report to help our stakeholders better understand these efforts.

A major focus of this report is the second year of the Company's Medium-term Management Plan 2026. From both the financial and capital strategy perspectives in particular, we have provided a detailed explanation of the strategies and measures aimed at increasing corporate value going forward. In addition, the three Outside Directors provided candid comments on the first year of the Medium-term Management Plan, as well as on value creation, future challenges, and governance. We have made every effort to present the direction we are aiming for in the medium to long term in a clear and multifaceted manner.

The production of the report was led by the Administration Headquarters and involved collaboration with numerous internal departments. As the General Manager responsible for the production of the report, I declare that the production process is legitimate and that the contents are accurate. We hope that this report will help stakeholders better understand the Aichi Tokei Denki Group, and serve as a tool for dialogue. Upon reading this report, we humbly request your candid feedback and comments.

Aichi Tokei Denki Co., Ltd.
1-2-70 Chitose, Atsuta-ku, Nagoya, Aichi 456-8691, Japan

www.aichitokei.net

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