

# Aiming to achieve 20 billion yen in net sales through ongoing production enhancement with strong focus on sustainable management



President and Representative Director

**TAKAHASHI Toshio**

### ■ Reflections on year one of the medium-term management plan

We are now three years into the post-COVID world with our lives slowly returning to normal. Soon after the onset of the pandemic, we predicted supply chain disruptions and promptly secured necessary components and materials. This action minimized the impact of the pandemic on our business during fiscal years 2020 and 2021. However, in 2022, the delayed recovery in electronic component supplies led to production setbacks, significantly affecting our performance. Despite this, by the end of the fiscal year, when supplies started to flow again, we rallied together to restore production and increase revenue. In fiscal 2023, we aim to secure more new orders and get back on track with our medium-term growth plan. With rising costs for parts and materials, electricity rates, and other expenses, we need to focus more on securing profits.

### ■ Strengthening production and aiming for 20 billion yen in sales

Our ability to weather the COVID-19 storm was due in part to our pre-existing focus on “returning to manufacturing,” which resulted in a strong production system. Despite longer production and delivery times due to extended lead times in component acquisition in 2022, we received a record number of orders. In 2023, we plan to further bolster our production capabilities to outperform our competitors in resuming our production and delivery schedules. We will build up a system of 20 billion yen in sales as soon as possible.

### ■ Expanding in Japan and exploring new markets

With the growing global momentum toward a carbon-free society, there are plans for new facilities that utilize hydrogen, ammonia, and methane for energy. Land-based fish farming that ensures stable food supply is transitioning from research to commercial-scale operations. We intend to increase our development expenditures to promptly supply products that cater to these emerging markets.

### ■ Increasing international presence, especially in Southeast Asia

Abroad, we are focusing on business growth in our stable markets in Southeast Asia and India alongside China. In Southeast Asia, we will work with our business partner, HACH, to enhance our brand presence and double our sales. In India, we plan to increase sales of ambient air measurement equipment and take new steps such as strengthening sales agents for environmental water quality meters. We will also seek to develop new channels and secure capital investments from major semiconductor companies as they spread their production bases to other countries.

### ■ Adopting a proactive stance on sustainability

We are adopting ESG management to realize a sustainable society while ensuring our group's sustainable growth. In March 2023, we developed the “Basic Sustainability Policy,” making it a crucial guiding principle along with the “Management Policy” (see pages 5 and 6). The Sustainability Committee, tasked with implementing this policy, comprises four working groups, including the Climate Change and Decarbonization Response Subcommittee and the Human Capital Management Promotion Subcommittee, focusing on key themes with a sense of urgency.

### ■ Moving forward to the next stage

The construction of our new production building and the advancement of our core DX project are on track. While it will be challenging to see profit during the construction period, we remain committed to investing for substantial future growth. Fiscal year 2023 marks the 50th anniversary of the founding of DKK-TOA Iwate Corporation and Bionics Instrument Co., Ltd. We aim to make this significant year a leap forward to the next stage.

## DKK-TOA responds to the increasing global needs for measurement



### Supporting water quality management in all fields

Contributes to water quality control and pollution prevention in all water-related situations, from oceans, rivers, and lakes to drinking water and sewage treatment



### Measuring various substances in the atmosphere

Monitors PM2.5 and various other air pollutants from factories, automobiles, and homes



### Providing reliable products for medical facilities

Supports dialysis treatment with sensor and electronics technologies cultivated over many years



### Catching and alerting toxic gas leaks

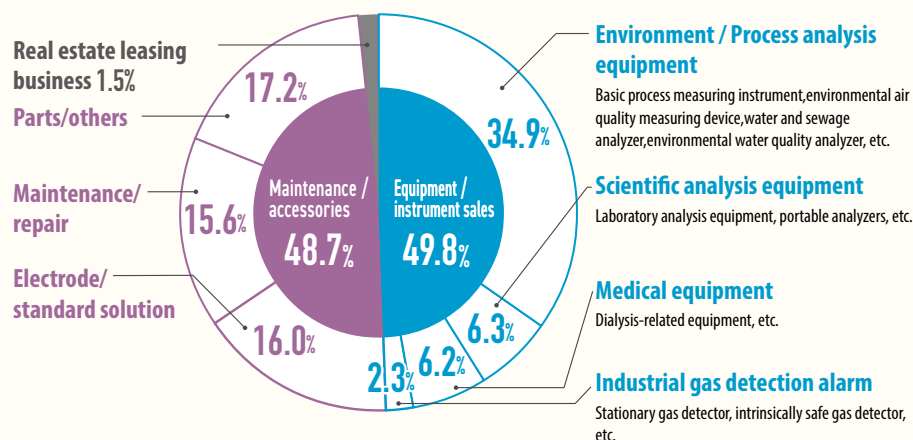
Detects and warns of leaks of toxic gases generated in chemical plants, etc., contributing to workplace safety

## DKK-TOA's business

As a comprehensive measuring instrument manufacturer, we support people's lives in a wide range of fields, from environmental measurement to chemical analysis.

The instrument sales in the measuring equipment business represents 50% of the total sales. After-sales business such as sales of consumables and parts, maintenance, and repair of these measuring instruments accounts for 49%, playing a key role in supporting our stable business performance.

Sales ratio by field [FY2022 (consolidated)]



## CELEBRATION

Honored with 2022 Japan Society for Analytical Chemistry Advanced Analytical Technology Award and JAIMA Instrument Development Award  
Behind the scenes with the "Bioluminescent Endotoxin Detection System" Development Team (see page 4)

## Collaborative efforts of the development team enabled quick, highly sensitive, and accurate readings in a user-friendly manner

**YAWATA Satoshi**, Manager, Medical related Devices Sales Section, Medical related Devices Department



### Using bioluminescence for fast endotoxin detection

Endotoxins can cause fever and other symptoms when they enter the bloodstream. Its measurement is critical for dialysis treatments, but traditional methods could take anywhere between 30 to 90 minutes. To expedite this, we leveraged the enzyme luciferase, which enables light emission in fireflies and other organisms. Professor KURODA Akio of Hiroshima University, the award recipient for this project, developed a variant of luciferase that emits light ten times brighter than fireflies, and a measurement technology using this enzyme. As our company specializes in dialysis solution dissolution equipment, we began developing a product in partnership with Professor KURODA. By integrating our unique technology, we successfully reduced the measurement time to 10 to 20 minutes.

### Developing an easy-to-use product through collaborative efforts

The main challenge in the product commercialization phase was to simplify complex operations. Through collaborative efforts and many iterations, the team successfully created a product that streamlined the operations. We developed a reagent kit and device that allow measurements by simply loading the sample with freeze-dried reagents, with the device mixing the reagents at the right time. This makes it possible for anyone to perform highly accurate and sensitive measurements.

### Implementing "luminescence" technology to develop future-oriented products

The product is now widely used in numerous dialysis hospitals and research institutes, and it has been extremely gratifying to receive high customer satisfaction. We are committed

to continually meeting our customers' needs and improving our devices to be even more user-friendly. Looking forward, we hope to contribute to medical advancement and society by developing products capable of detecting abnormalities before they manifest into illnesses, by further enhancing our luminescence technology.

#### About the Japan Society for Analytical Chemistry Advanced Analytical Technology Award and JAIMA Instrument Development Award

The Advanced Analytical Technology Award and JAIMA Instrument Development Award are bestowed upon individuals or groups that have made remarkable contributions to the development and practical application of cutting-edge analytical technology. This year, the award was given to Professor KURODA Akio of Hiroshima University's Graduate School of Integrated Sciences for Life and six of our employees for their work on the bioluminescent endotoxin detection system.

## Corporate information

### Management philosophy

With our core principles of “Good Faith, Creativity, and Challenge,” we are committed to protecting the global environment and realizing a prosperous, people-friendly society.

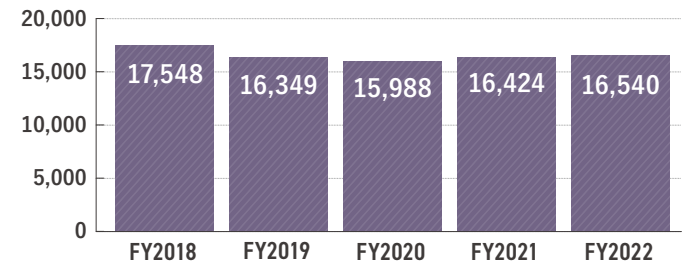
### Company profile

<b>Company name</b>	DKK-TOA CORPORATION	
<b>Founded</b>	September 19, 1944	
<b>Capital</b>	1,842,481,000 yen	
<b>Listed exchange</b>	Tokyo Stock Exchange (Securities Code: 6848)	
<b>Head office</b>	1-29-10 Takadanobaba, Shinjuku-ku, Tokyo 169-8648	
<b>Number of employees</b>	569 (consolidated), as of March 31, 2023	
<b>Business description</b>	<ul style="list-style-type: none"> <li>• Manufacture and sales of measuring equipment and medical equipment</li> <li>• Sales of measuring instrument parts and consumables</li> <li>• Maintenance and repair of measuring equipment</li> <li>• Real estate leasing business</li> </ul>	
<b>Technical/R&amp;D Centers</b>	Sayama Technical Center / Research & Development Center Medical Devices Center (Sayama City, Saitama Prefecture) Tokyo Engineering Center (Higashiyamato City, Tokyo)	
<b>Group companies</b>	DKK-TOA Yamagata Corporation Bionics Instrument Co., Ltd.	DKK-TOA Iwate Corporation DKK-TOA Service Corporation

### Performance trends (consolidated)

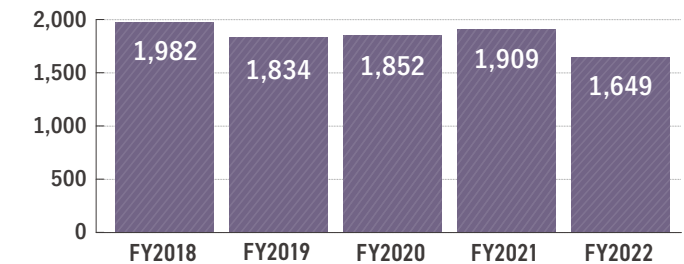
#### ■ Sales

(million yen)



#### ■ Operating income

(million yen)

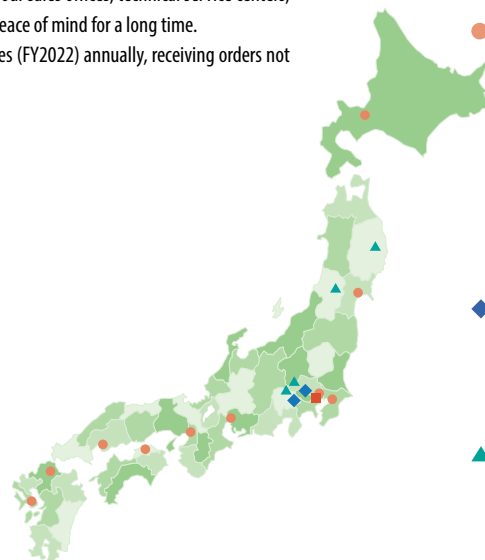


## Domestic network and global expansion

In Japan, we have established an integrated system from development, manufacturing, sales to after-sales service in order to respond promptly and reliably to customer requests. We provide attentive after-sales service through our sales offices, technical service centers, and related service companies nationwide so that our customers can use our products with peace of mind for a long time.

In addition, we have 31 overseas distributors in 17 countries and a sales record of 37 countries (FY2022) annually, receiving orders not only from Asia but also from many countries in Europe, North and South America.

#### ■ Overseas agents



#### ■ Head office

East Japan Sales Department  
Tokyo Sales Department

#### ● Sales bases

Sapporo Sales Office  
Sendai Sales Office  
Chiba Sales Office  
Nagoya Sales Office  
West Japan Sales Department (Osaka)  
Hiroshima Sales Office  
Shikoku Sales Office  
Kyushu Sales Office  
Nagasaki Sales Office

#### ◆ Locations

Sayama Technical Center  
Research & Development Center  
Medical Device Center  
Tokyo Engineering Center

#### ▲ Group companies

DKK-TOA Yamagata Corporation  
DKK-TOA Iwate Corporation  
Bionics Instrument Co., Ltd.  
DKK-TOA Service Corporation

## Report overview

### Editorial policy

Our 2023 Sustainability Report is designed to clearly and concisely present the DKK-TOA Group's commitment to and actions regarding sustainability, including a comprehensive perspective on ESG (Environmental, Social, and Governance) matters. We had been releasing the “Environmental and CSR Report” since 2013, but with the establishment of the Basic Sustainability Policy in March 2023, we have transitioned to publishing a “Sustainability Report.” We are committed to utilizing this report as a medium to connect with our stakeholders, and we will continue to refine it in the future, taking into account any feedback from customers.

### Report range

#### Period

FY2022 (April 1, 2022 to March 31, 2023)

Some activities and information before and after this period are also included.

#### Organization

DKK-TOA and Group companies

\*If the report subject organization changes depending on the event, it is indicated individually.

#### Publication date

June 2023

#### Person responsible for publication

General Manager of Corporate Strategy Department

# Product introduction



## DKK-TOA provides “safe and secure” measurement instruments that contribute to social prosperity and environmental conservation

### **Water** Portable water quality meter **P40 Series Mylana**

**Features three models of multi-water quality meters suitable for field measurement**

The products use a digital probe that can automatically identify probe information such as pH and electrical conductivity. The slim design has improved operability.



### **Water** Desktop water quality analyzer **X series**

**Laboratory analyzer with a large touch panel for improved visibility and operability**

Desktop water quality meter of the main model. Equipped with a large color touch panel, visibility, operability, and maintainability have been improved, and usability has also been considered.



### **Water** Residual chlorine meter **CL17sc**



**Measures the concentration of residual chlorine in tap water and similar sources**

We offer this water quality meter from HACH as the exclusive distributor in Japan. It is an affordable, low-maintenance solution that guarantees quick and reliable measurements.



### **Water** Automatic water quality analyzer for tap water **MWB4-72**

**Contributes to the supply of safe and clean drinking water (can be used during disasters)**

Installed in public places such as parks, it continuously monitors seven criteria for drinking water quality. Used in combination with a battery, measurement for 72 hours is possible even during a power outage.



### **Air** Microparticulate matter measuring device **FPM-377C**

**Air pollution analyzer that continuously monitors microparticulate matter (PM2.5)**

PM2.5 penetrates deep into the lungs and adversely affects health. This device continuously monitors PM2.5 and contributes to maintaining people's health.



### **Air** Atmospheric ozone analyzer **GUX-353B**

**Continuously measures trace amounts of ozone concentration in the atmosphere by the ultraviolet absorption method**

This device enables an accurate, stable, and continuous measurement of ozone which may cause photochemical smog leading to health hazards.



### **Gas** Flue gas hydrogen chloride analyzer **GNC-224-1**

**Monitors the concentration of hydrogen chloride gas in exhaust gas from garbage incinerators, etc.**

In the refuse incinerators treating plastics, this device monitors the concentration of hydrogen chloride that may cause corrosion of equipment and emission of harmful dioxin.



### **Healthcare** Powder type dialysis agent dissolving device **A solvent dissolver AHI-701** **B solvent dissolver BHI-701**

**Dissolves the dialysis agent supplied as powder and adjusts it to an appropriate concentration**

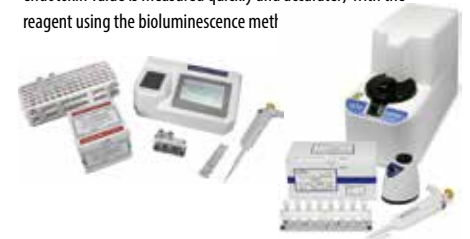
We make full use of our electrical conductivity measurement technology to stably adjust the dialysate concentration. We support dialysis treatment at dialysis facilities nationwide.



### **Healthcare** Bioluminescent endotoxin analyzer **Luminutes series**

**Measures the endotoxin activity value of dialysis water and dialysate**

A combination of an instrument, reagents, and software measures the endotoxin activity value in the dialysate. The endotoxin value is measured quickly and accurately with the reagent using the bioluminescence method.



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