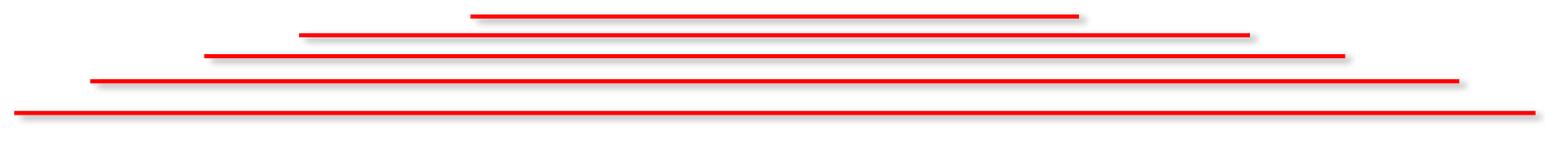


TOKYO KEIKI INC.

Four horizontal red lines of varying lengths are stacked below the company name, with the longest line at the bottom and the shortest at the top.

TOKYO KEIKI Vision 2030 & Medium-term Business Plan

June 10, 2021

The forward-looking statements contained in this material reflect the management's assumptions based on currently available information as of the date of announcement. Future changes in business environment and other factors may therefore cause differences with the actual situation.

Index

- 1. TOKYO KEIKI Vision 2030**
2. Medium-term Business Plan

About the creation of the TOKYO KEIKI Vision 2030

TOKYO KEIKI celebrated the 125th anniversary of our founding in May 2021.

Long before the birth of concepts like SDGs and ESG, our Group has engaged in business with an underlying mission of contributing to the realization of a safe and secure society, and has maintained a commitment to resolving the problems of society. TOKYO KEIKI has pioneered numerous businesses in Japan and we now boast a top share in multiple business domains. We also have a long history of being a pioneer in Japan for workplace environment development and employee welfare and benefits.

**Serving as pioneers and accepting the challenge of resolving the problems of society;
That is TOKYO KEIKI's DNA.**

Thus far, we have largely focused on expanding our share of domestic markets. However, we will use our 125th anniversary and our commitment to the SDGs as an opportunity to shift into **a stage of pursuing sustainable growth and long-term improvement in our corporate value by becoming a top business for niche global markets.** To achieve this growth, we created the TOKYO KEIKI Vision for 2030. This Vision reaffirms the Group heritage that has guided us since our founding and outlines a plan for sustainable growth for the next 50 years and beyond.

As part of the reorganization of Tokyo Stock Exchange market categories and TOPIX, we chose to transfer to the Prime Market with the goal of being included in the new TOPIX index. We will maintain the level of governance expected of a company listed on the Prime Market and will embrace the mission of making continuous improvements to our corporate value as we strive to contribute to the formation of a sustainable society and the development of a digital society.

TOKYO KEIKI Vision

Our Mission

Apply our proprietary measurement, recognition, and control technology towards the realization of a safe, kind society

Our Vision

Use our unique technology to resolve societal issues related to global security and contribute to the realization of a sustainable society

Our Values

The value we uphold as the key to achieving our mission and realizing our vision

Never-ending Challenge

Strategy scenario for achieving the TOKYO KEIKI Vision 2030

To realize our vision, we identified management issues facing the Group and the issues society is projected to face in 2030 in order to outline business strategy and strategy for strengthening our foundation.

◆ **Domains for strengthening business**

We will strengthen five business domains to resolve societal issues through our main operations.

◆ **Strategy for new business** P.11

To strengthen those five business domains, we will identify, select, and develop new businesses as growth drivers.

◆ **Strategy for existing business** P.12 P.16

For existing business, we will achieve the targets of our three-year medium-term business plan by expanding business domains, promoting globalization, and continuously strengthening existing business. Furthermore, we will engage in backcasting to achieve our medium- and long-term strategy.

◆ **Strengthening our foundation** P.13

We will strengthen three core areas by reforming into a corporate culture that enables us to achieve our targets.

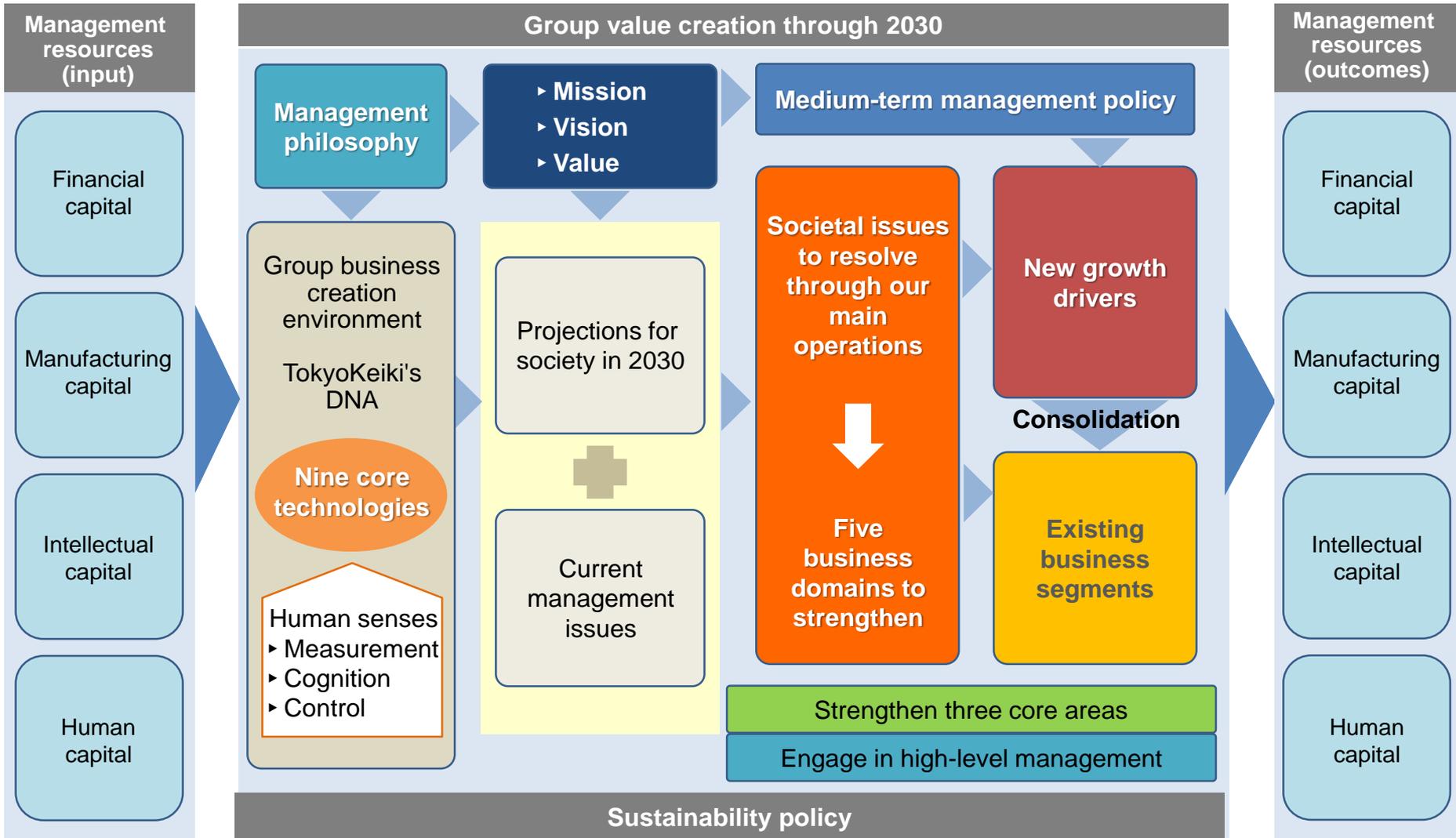
◆ **Engaging in high-level management** P.14

We will engage in sustainability management, ROIC management, and DX initiatives to implement corporate strategies, including our organizational strategy, human resource strategy, financial strategy, information strategy, and external alliance strategy.

1. TOKYO KEIKI Vision 2030

Overview of TOKYO KEIKI Vision for 2030

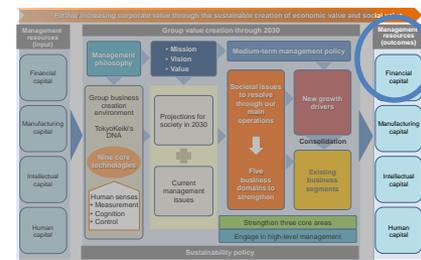
Further increasing corporate value through the sustainable creation of economic value and social value



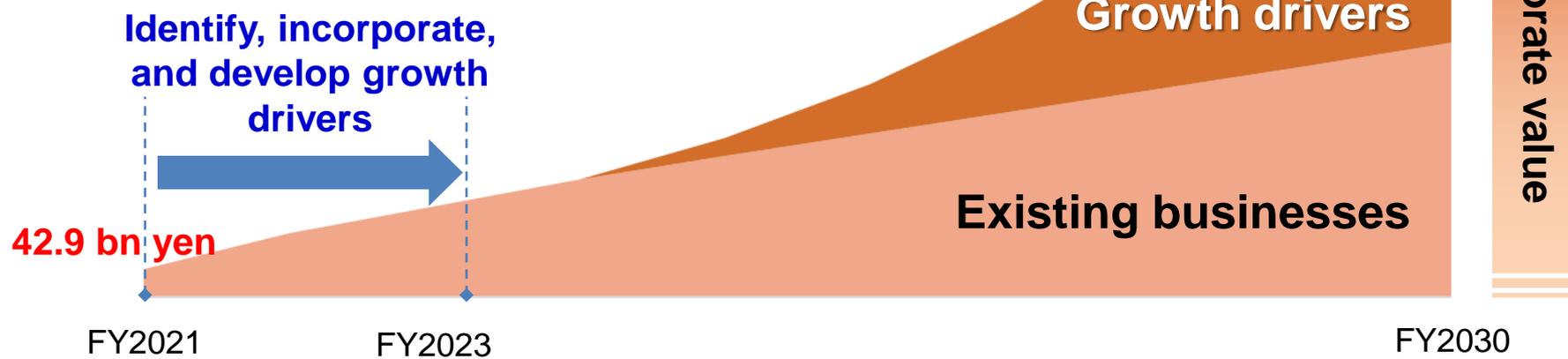
1. TOKYO KEIKI Vision 2030

Management goals through 2030

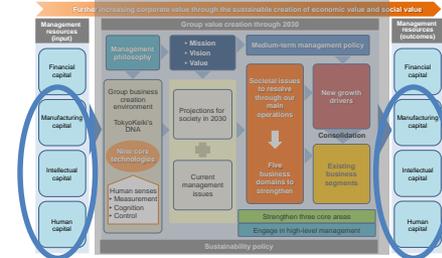
- ◆ **Growth: Consolidated net sales of 100 bn yen or more**
- ◆ **Profitability: Consolidated operating profit of 10 bn yen or more**
Consolidated operating margin of 10% or higher
Return on equity (ROE) of 10% or higher
- ◆ **Corporate value: Market capitalization 50 bn yen or more**



Achieving consolidated net sales of 100 bn yen or more



Growth investments through 2030



Manufacturing capital

- ◆ **Capital expenditures:**
 - **40 bn yen over 10 years** (11.6 bn yen over past 10 years)
 - Add/expand production facilities
 - DX-related investments
- ◆ Aggressively engage in domestic and overseas M&A

Intellectual capital

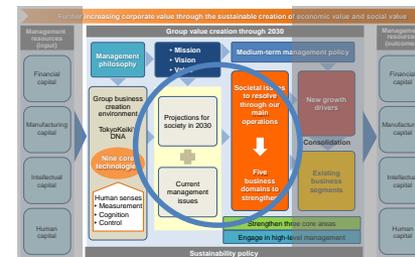
- ◆ **R&D expenses:**
 - **40 bn yen over 10 years** (26.4 bn yen over past 10 years)
 - Focus investments on growth drivers
- ◆ Alliances with external institutions and corporations

Human capital

- ◆ Expand and diversify human resources
- ◆ Foster female managers and executives
- ◆ Expand hiring of foreign nationals

Five domains to strengthen business

Defining the five domains to strengthen business based on projections for society in 2030



Projections for society in 2030

- Global sharing and pursuit of SDGs
- Diversification and advancement of sensor functions applicable for use in AI, IoT, and big data
- Advancement of clean energy revolution
- Full-scale development of aerospace business
- Advancements in software technology in the mobility domain

Societal issues to resolve through our main operations : 5 domains to strengthen

Building the future by serving as a key player in AI and ICT revolution	Protecting the global environment	Advancing mobility-based society	Overcoming problem of low birth rates and population aging	Ensuring a secure and healthy society
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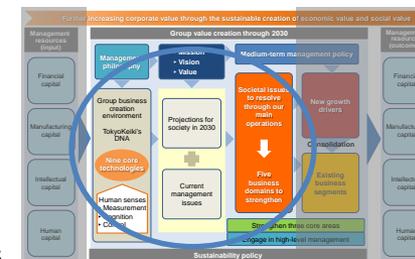


1. TOKYO KEIKI Vision 2030

Business domains to strengthen and existing businesses

We will select growth driver candidates with a focus on strengthening existing businesses and technology

-  Marine Systems Business
-  Fluid Measurement Equipment Business
-  Inspection Systems business
-  Hydraulics and Pneumatics Business
-  Defense & Communications Equipment Business
-  Railway Maintenance business



Domain to strengthen	Related existing businesses
Building the future by serving as a key player in AI and ICT revolution	    
Protecting the global environment	   
Advancing mobility-based society	   
Overcoming problem of low birth rates and population aging	     
Ensuring a secure and healthy society	    

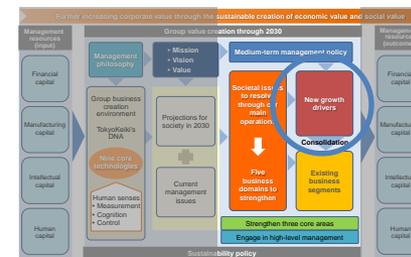
Core technologies
Microwave technology
Gyro technology
Ultrasonics technology
Hydraulics technology
Precision machining technology
Image processing technology
Inertial sensor technology
Software technology
Information technology

1. TOKYO KEIKI Vision 2030

New growth drivers

We will select growth driver candidates with a focus on strengthening existing businesses and technology

Business domains to strengthen



Building the future by serving as a key player in AI and ICT revolution

Protecting the global environment

Advancing mobility-based society

Overcoming problem of low birth rates and population aging

Ensuring a secure and healthy society

Growth driver candidates

Candidates	Background of candidates
Edge AI business	In response to industry changes driven by the shift to an AI society, we will develop our base technology for machine learning into Edge AI in order to overcome societal issues related to low birth rates and population aging .
Hydrogen & energy business	We will develop products related to hydrogen stations to resolve environmental issues towards achieving carbon neutral in a mobility-based society.
Aerospace business	Backed by our track record as a microwave device manufacturer for the aviation and aerospace industry, we will contribute to the realization of a secure society through our business related to utilizing satellites in existing business markets.
Railway business	We will expand our existing rail line maintenance business to resolve problems related to the railway safety and security and the issue of low birth rates and population aging by conducting low-labor infrastructure inspections.
Life sciences	<ul style="list-style-type: none"> -We will expand the use of microwave and plasma applied technology in the medical and hygiene sectors to contribute to secure societies and the healthy lifestyles of people. -We will expand on the human activity domain that combines reality and virtual reality to increase security, safety, health, and comfort in an age of low birth rates and population aging.

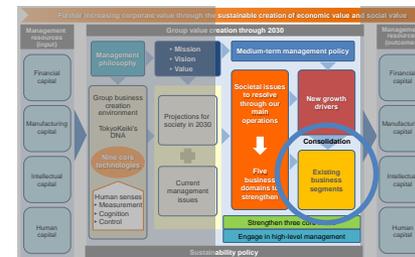
1. TOKYO KEIKI Vision 2030

Strategy for existing business

Backcasting-driven medium and long-term business strategy



Three-year medium-term business



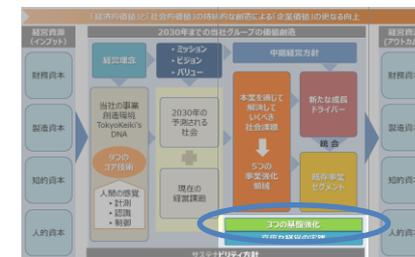
Enhancing existing business based on domains for strengthening business

Building the future by serving as a key player in AI and ICT revolution	Protecting the global environment	Advancing mobility-based society	Overcoming problem of low birth rates and population aging	Ensuring a secure and healthy society
---	-----------------------------------	----------------------------------	--	---------------------------------------

Business segments	Key points of business enhancement
Marine Systems Business	Resolve societal issues related to safety, energy conservation, labor-saving, and environment measures by developing business and products for autonomous and unmanned vessels, and developing technology for energy-saving ship maneuvering that contribute to reductions in greenhouse gasses.
Hydraulics and Pneumatics Business	Contribute to the advancement of a mobility-based society and energy shifts by developing facilities for hydrogen stations and developing pump systems for EV/FCV construction machinery.
Fluid Measurement Equipment Business	Contribute to secure lifestyles by measuring, monitoring, and managing fluid with a focus on flood prevention fields such as rivers and ponds.
Defense & Communications Equipment Business	-In the private sector, we will engage in the AI & ICT revolution by developing microwave products for the semiconductor market and equipment related to smart agriculture. -In the public sector, we will contribute to security by engaging in R&D for equipment used in next-generation fighters.
Other Business	For railway maintenance, we will advance the commercialization of next-generation products that contribute to safe transportation.

Strengthen three core areas

To achieve our vision, we have identified three core areas to strengthen for developing human resources as the source of competitiveness and promoting company-wide changes in awareness regarding organizational reforms.



Strengthen three core areas

Issues concerning developing the personnel who serve as the source of our competitiveness and issues related to organizational reforms

Promoting open innovation with partners who share our vision of the future

Strategic use of external resources

- In addition to in-house development of knowhow in new domains, we will aggressively incorporate external resources
- Investments in open innovation



Creating a motivating and pioneering culture

Reforming into an HR system that encourages a challenging spirit

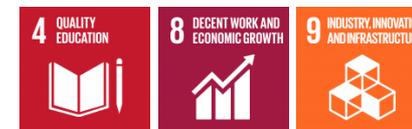
- Adopt an HR evaluation system that rewards challenges towards aspiration to reform into a culture that embraces never-ending challenges



Solicit workplace innovation

Promote future-oriented improvement activities

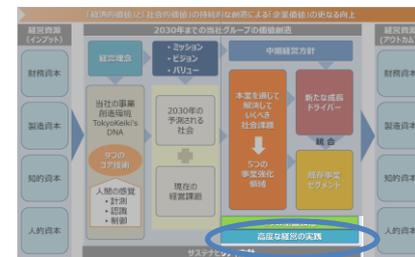
- Expand on improvement activities as an opportunity for personnel development that sees each employee embrace individual challenges and work towards innovation



Engage in high-level management

Sustainability management

- ◆ In June 2021, we established the Sustainability Committee to serve as the organization that oversees and evaluates companywide sustainability efforts. We also created the Sustainability Office to serve as corporate staff for promoting Group-wide sustainability management.
- ◆ We will implement ESG-oriented management, including responding to the TCFD by ascertaining climate change risks and opportunities, drafting strategy, and managing efforts.



ROIC management

- ◆ We will adopt ROIC management to measure the earning potential and capital efficiency of each business. Adopting ROIC will enable us to simultaneously improve ROE and streamline our balance sheet.
- ◆ Through ROIC management, we will optimize our business portfolio and achieve sustainable growth. Striving for ROE that exceeds cost of shareholder's equity, we adopted WACC comparison (ROIC>WACC) as a performance indicator.
- ◆ We will establish KPI for the individual performance indicators outlined on the ROIC tree and are reforming into a corporate culture that realizes that workplace goal achievement by all employees will lead to the achievement of management goals.

DX initiatives

- ◆ We will promote DX to ensure the effective use of internal and external data in order to enhance data-driven management and increase our ability to predict the future.
- ◆ We will optimize workflow processes by upgrading backbone systems to increase the real-time nature of our data collection and accelerate management decisions.
- ◆ We will improve production efficiency by engaging in smart manufacturing driven by IoT.

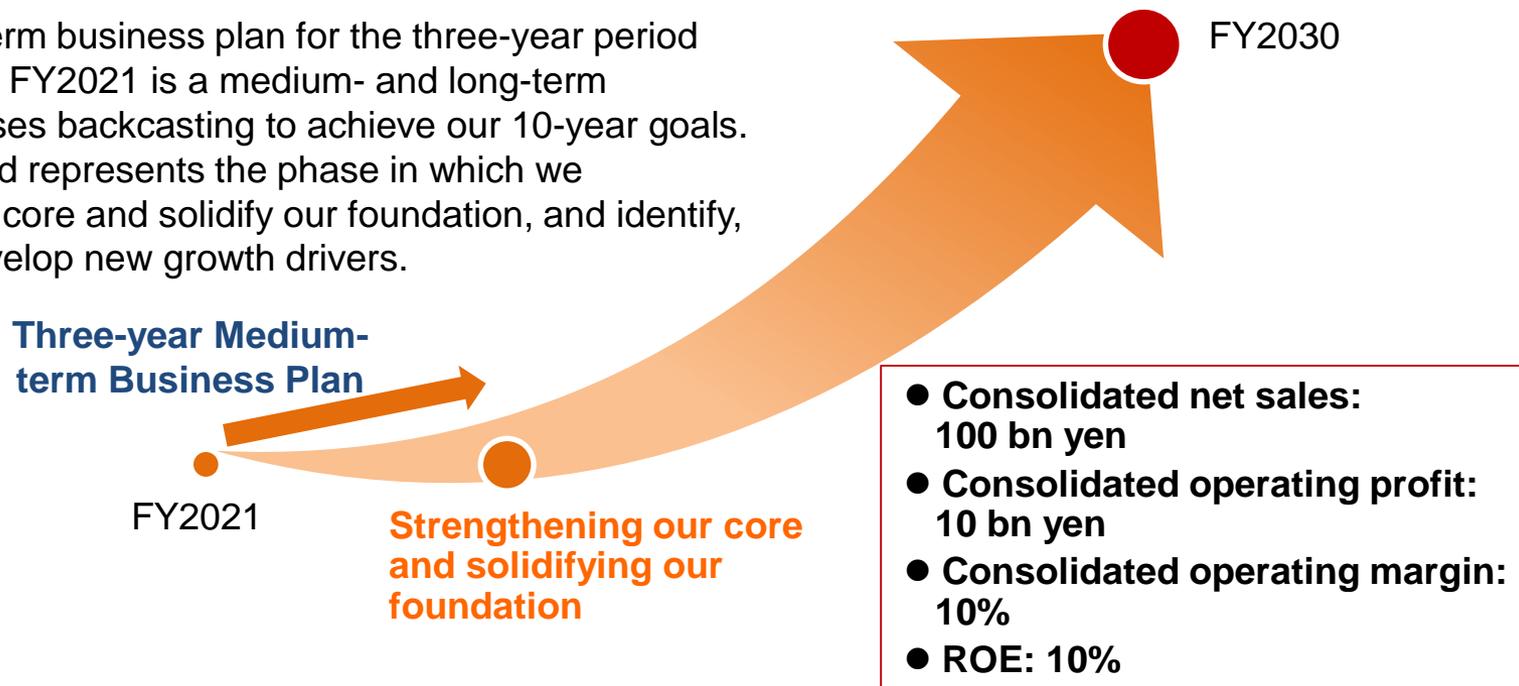
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1. TOKYO KEIKI Vision 2030
2. **Medium-term Business Plan**

2. Medium-term Business Plan

Position of the medium-term business plan within the Tokyo Keiki Vision for 2030

The medium-term business plan for the three-year period beginning from FY2021 is a medium- and long-term strategy that uses backcasting to achieve our 10-year goals. This plan period represents the phase in which we strengthen our core and solidify our foundation, and identify, select, and develop new growth drivers.



Basic policies of the medium-term business plan

Act as market leader by developing proprietary products that deliver high value and contribute to the SDG agenda.

Drive revenue through practices that contribute to safety and the environment, and moreover, serve stakeholders by delivering sustainable growth and enhancing enterprise value in the medium to long term.

- (1) Expand business areas
- (2) Promote globalization
- (3) Sustainably Strengthen existing business

Financial strategy/policies

Achieve an optimal capital structure by minimizing capital costs, providing optimal shareholder returns, and increasing capital efficiency while also further justifying our strategies to shareholders.

- ◆ **Growth investments:**

Rapidly identify growth domains and conduct investments based on priority

- ◆ **Shareholder returns:**

Consider balance between growth investments and financial platform while adopting an optimal shareholder returns policy based on an optimal capital structure

- ◆ **Reduce cash conversion cycle (CCC):**

Improve cash flow by accelerating turnover for inventory assets and receivables

- ◆ **Reduce cross-shareholdings:**

Focus on capital costs while advancing the reduction of cross-shareholdings to increase cash generation capabilities in order to expand on investments for sustainable growth

Human resource strategy/policies

For the Group to achieve sustainable growth, we will secure personnel who can drive reform and innovation. We will also establish a new HR system that helps strengthen our core.

- ◆ **Workstyle reform and appropriate labor management**

- ◆ **HR system reform and response to diverse workstyles**

- ◆ **Review of evaluation system**

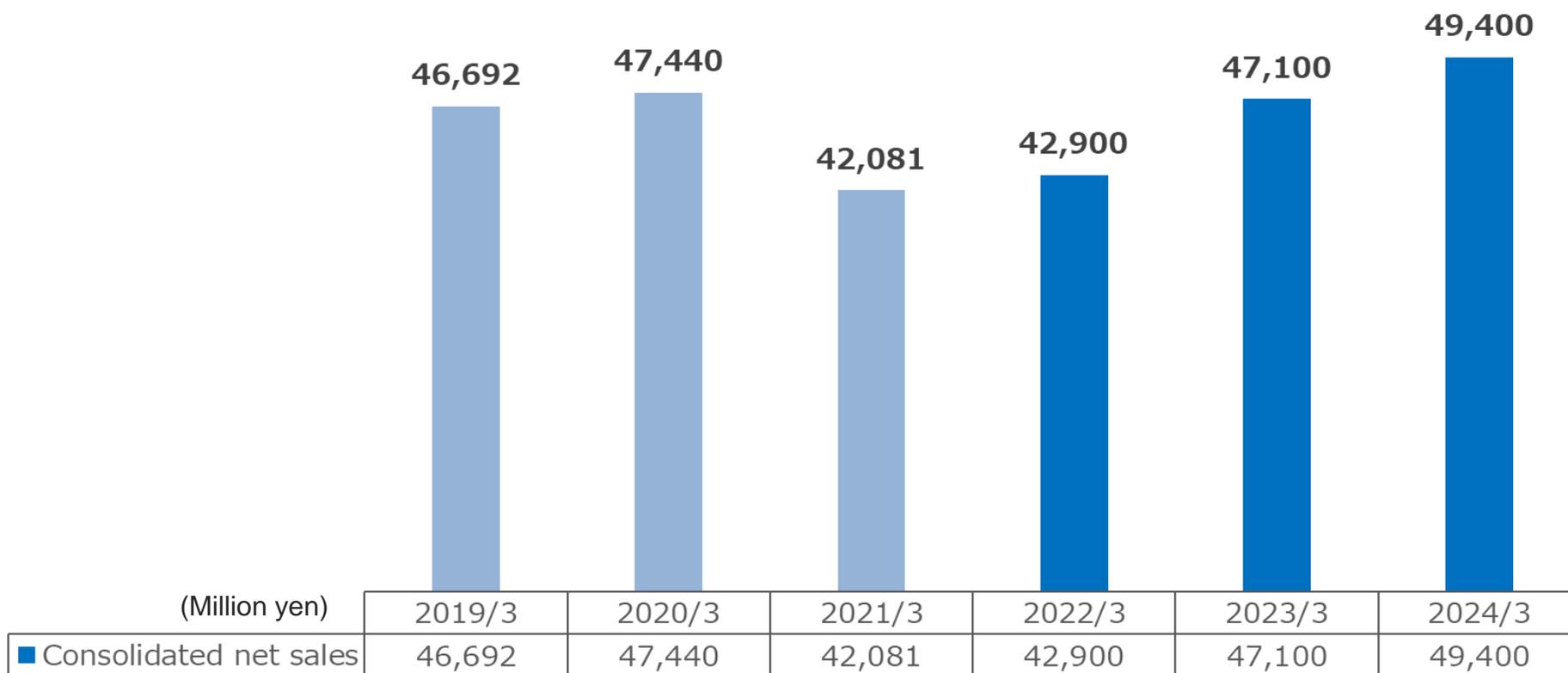
- ◆ **Securing personnel:** Hiring of global personnel, women, foreign nationals, persons with disabilities, and mid-career workers

- ◆ **HR development:** Talent management

2. Medium-term Business Plan

Three-year Business Plan from the fiscal year ended March 31, 2022 (FY2021)

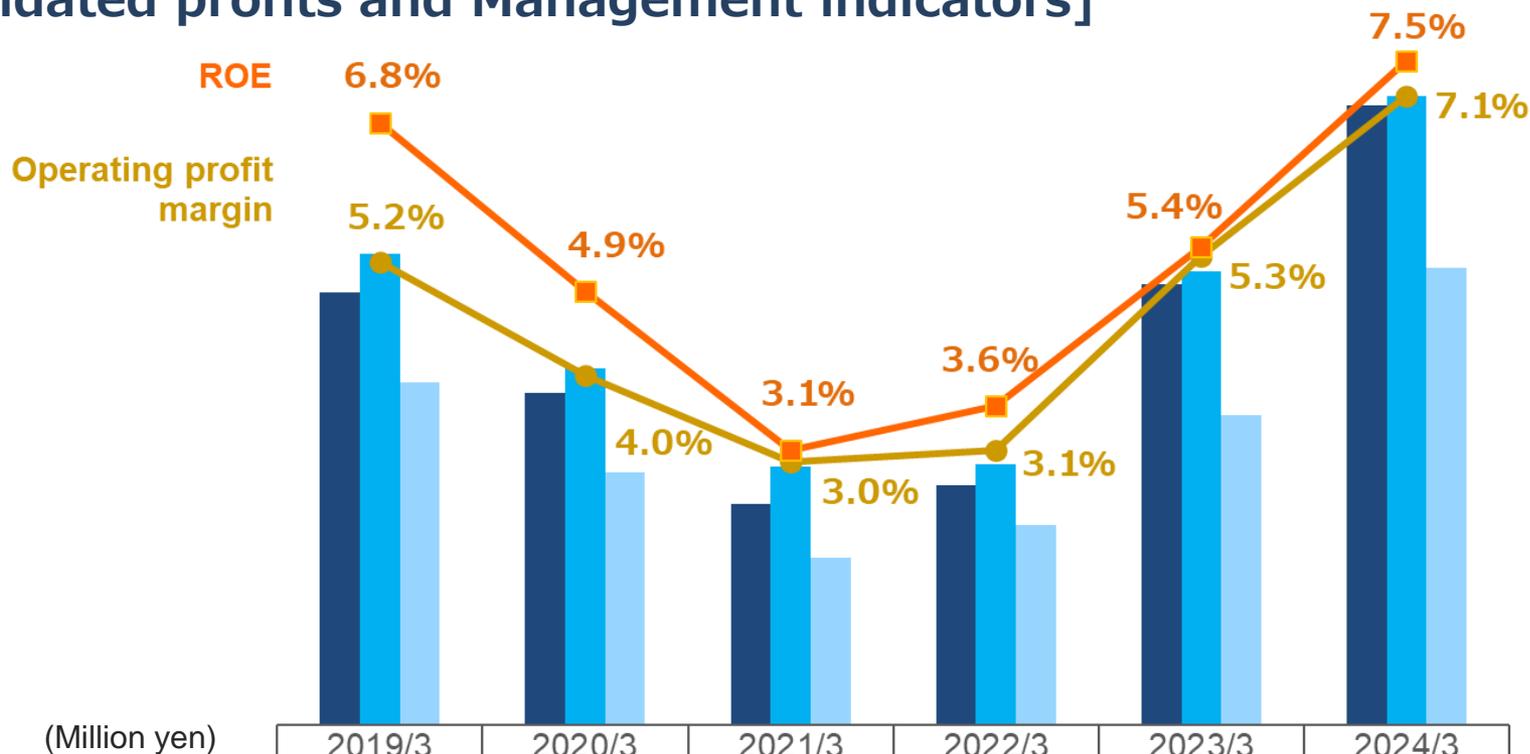
[Consolidated Net Sales]



2. Medium-term Business Plan

Three-year Business Plan from the fiscal year ended March 31, 2022 (FY2021)

[Consolidated profits and Management indicators]

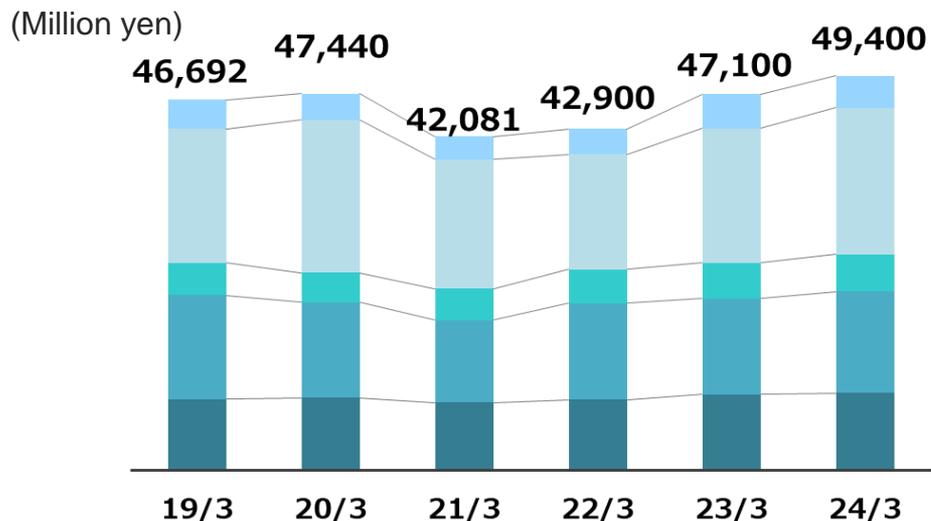


(Million yen)	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
Consolidated operating profit	2,440	1,875	1,250	1,350	2,490	3,500
Consolidated ordinary profit	2,660	2,011	1,458	1,470	2,560	3,550
Profit attributable to owners of parent	1,936	1,425	945	1,130	1,750	2,580
Operating profit margin	5.2%	4.0%	3.0%	3.1%	5.3%	7.1%
ROE	6.8%	4.9%	3.1%	3.6%	5.4%	7.5%

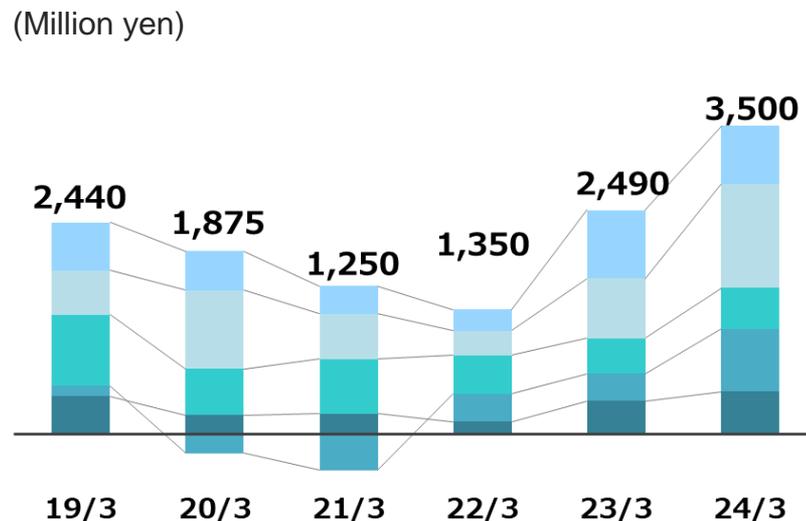
2. Medium-term Business Plan

Three-year Business Plan by Segment

[Consolidated Net Sales]



[Consolidated Operating Profits]



(Million yen)	19/3	20/3	21/3	22/3	23/3	24/3
Others	3,667	3,283	2,924	3,200	4,300	4,000
Defense & communications Equipment	16,909	19,264	16,281	14,500	17,000	18,500
Fluid Measurement Equipment	4,101	3,745	4,003	4,300	4,500	4,700
Hydraulics and Pneumatics	13,064	12,050	10,351	12,100	12,100	12,800
Marine Systems	8,949	9,094	8,522	8,900	9,500	9,700

(Million yen)	19/3	20/3	21/3	22/3	23/3	24/3
Others	573	464	330	250	810	690
Defense & communications Equipment	525	931	537	290	710	1,230
Fluid Measurement Equipment	845	545	647	460	420	490
Hydraulics and Pneumatics	118	△223	△424	330	320	740
Marine Systems	456	233	246	150	400	510

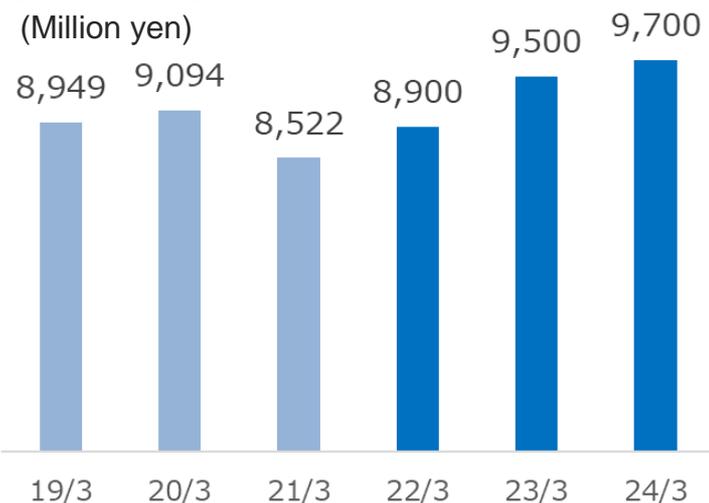
*Operating profits before adjustment

2. Medium-term Business Plan

Marine Systems Business

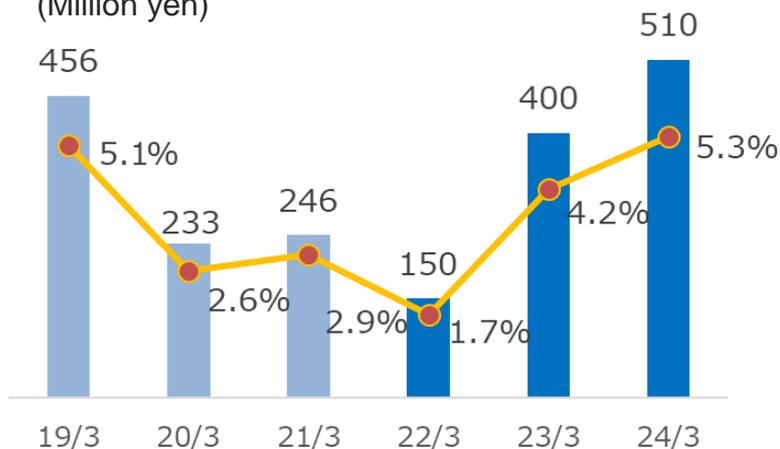
[Net sales]

(Million yen)



[Operating profit]

(Million yen)



Business plan

- Increase short-term market share
- Over the medium- and long-term, work on resolving societal issues related to safety, energy conservation, labor-saving, and environmental measures
 - Develop products and businesses for autonomous and unmanned vessels
 - Technology development for energy-saving ship maneuvering that contributes to reducing greenhouse gases

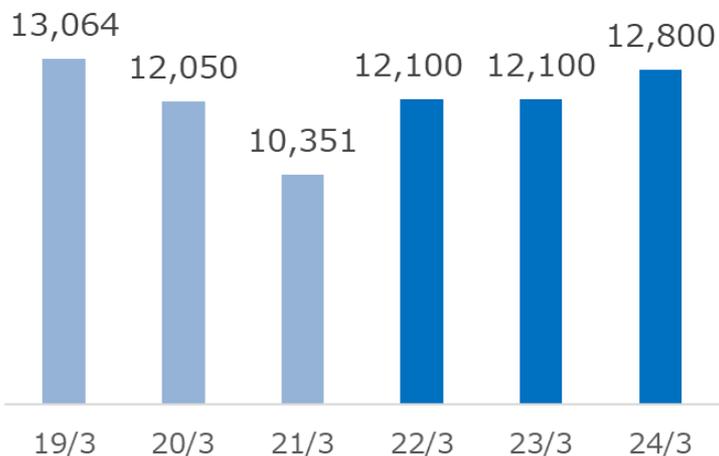
Measures

- New shipbuilding market:
Secure profits by increasing share and reducing costs for mainstay products (autopilot PR-9000, gyrocompass)
- Existing vessels market:
 - Expand equipment upgrade business, expand sales of ECDIS, etc., develop new products for existing vessels, and expand aftercare services
 - Secure profits through cost reductions, and sales of high-value-added options
- Overseas markets (China):
Expand sales of compact gyrocompass, mid-sized autopilot for inland shipping and fishing vessels in China

Hydraulics and Pneumatics Business

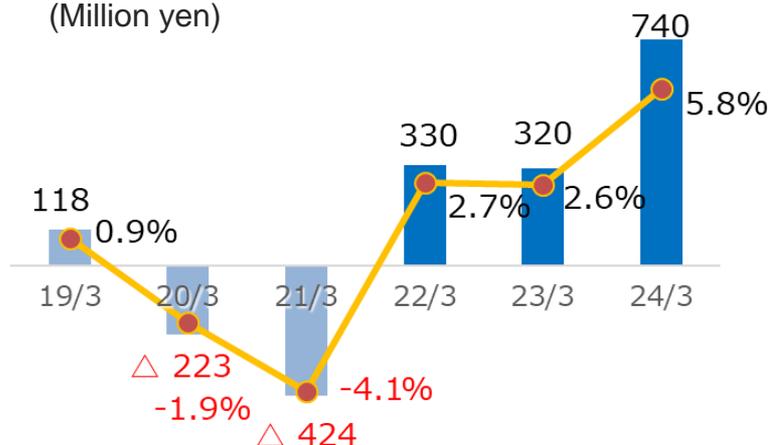
[Net sales]

(Million yen)



[Operating profit]

(Million yen)



Business plan

- Develop equipment for hydrogen stations and pump systems for EV/FCV construction machinery as a business that contributes to the realization of a decarbonized

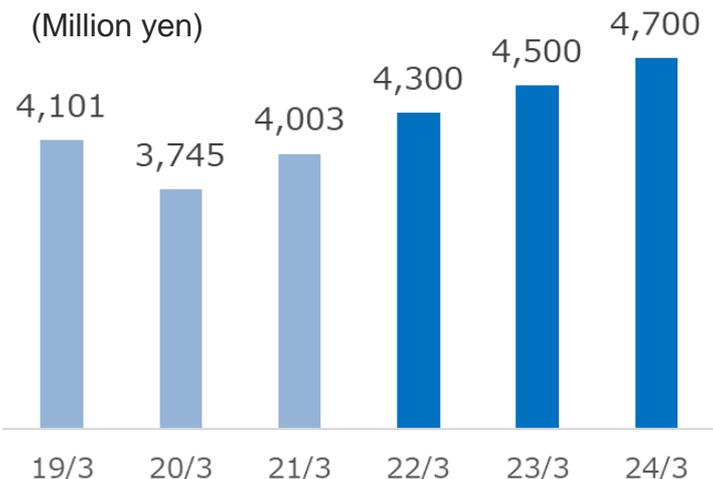
Measures

- Construction machinery market:
 - Develop series of high-pressure hydraulic equipment (piston pumps, etc.)
 - Release IoT-compatible electronic devices
 - Expand sales of the above strategic products to domestic and Chinese markets
- Domestic and overseas molding machine market:
 - Expand sales of low-noise direct drive pump control systems and large-capacity, high-speed response cartridge servo valves, highly competitive products with excellent energy conservation performance
 - Expand sales of small and medium-sized solenoid directional valves featuring enhanced international competitiveness
- Hydraulic equipment:
 - Expand sales to general industrial machinery market and service business
 - Develop and produce products that lead to greenhouse gas reductions, including the high-pressure gas equipment business (equipment for hydrogen stations, etc.)

Fluid Measurement Equipment Business

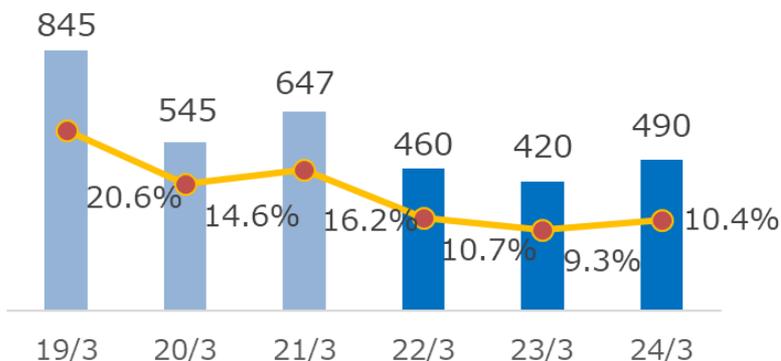
[Net sales]

(Million yen)



[Operating profit]

(Million yen)



Business plan

- Expand sales of system projects, develop strategic products, and strengthen human resources

Measures

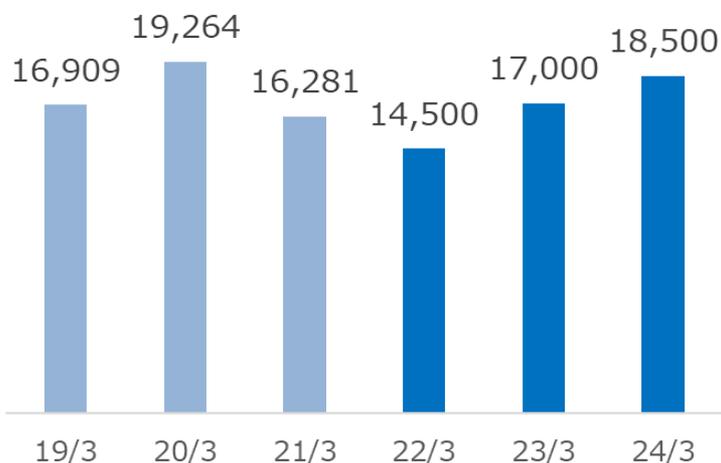
- Domestic public sector:
 - Resolve societal issues such as flood control measures for torrential rains and the flooding of rivers and ponds: Expand sales of water level measuring systems for disaster prevention markets that incorporate non-contact water-level gauges for monitoring floods from rivers and inland water
 - Effective use of water resources in the water and sewage market: Expand sales of high-accuracy ultrasonic flowmeters
- Private sector:
 - Expand market share of microwave level gauges for plants
 - Capture replacement demand for docking support systems
- Overseas markets:
 - Use Vietnam office to achieve sales and technical support for dealers in Southeast Asia region
- Fire extinguishing systems market:
 - Make social contributions by providing fire extinguishing systems that protects human life and property
 - Focus on vertical parking lots and dangerous objects/equipment markets. Promote gas cylinder valve inspection and repair.
 - Promote effective use of halon gas to prevent global warming

2. Medium-term Business Plan

Defense & Communications equipment Business

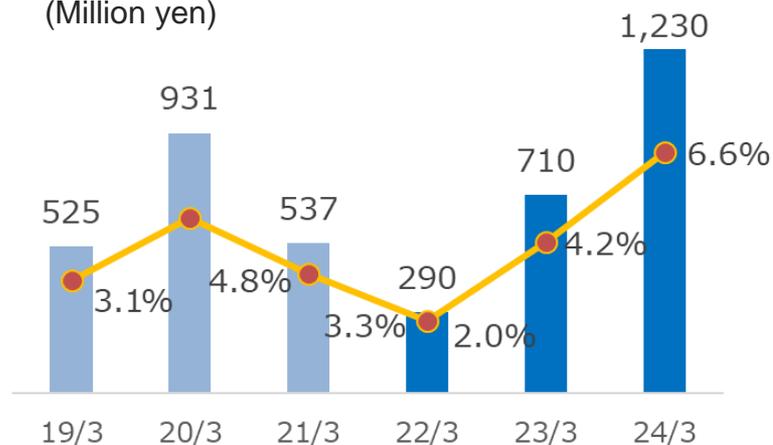
[Net sales]

(Million yen)



[Operating profit]

(Million yen)



Business plan

- Public sector:

Product development and proposals for new equipment for next-generation

fighters

- Private sector:

Product development for both agricultural machinery related to smart farming and applications for semiconductor production equipment

Measures

- Public sector:

- Defense equipment: Product proposals for new equipment such as next-generation fighters

- Maritime traffic equipment: Expand sales to overseas markets of new models of solid-state radars for marine monitoring that contribute to safe marine transportation

- Private sector:

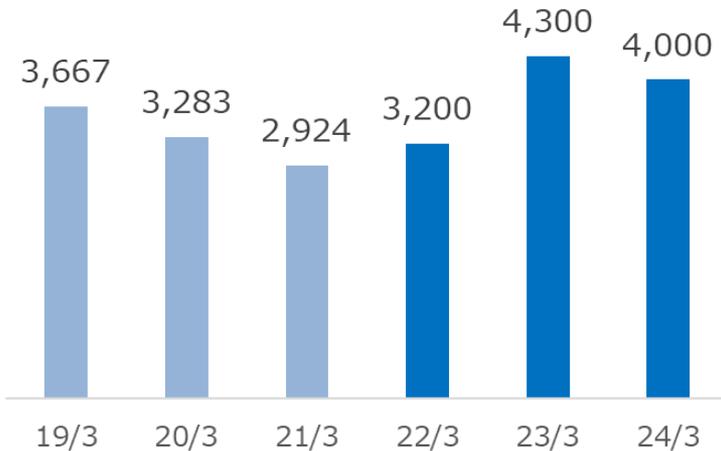
- Inertial sensor and applied equipment: Continue to develop and expand sales of automatic steering assist devices for agricultural machinery that contribute to efficiency in agriculture

- Communications & control equipment: Product development that anticipates two to three years ahead, such as expanding applications for microwave amplifiers for semiconductor production equipment beyond etching equipment

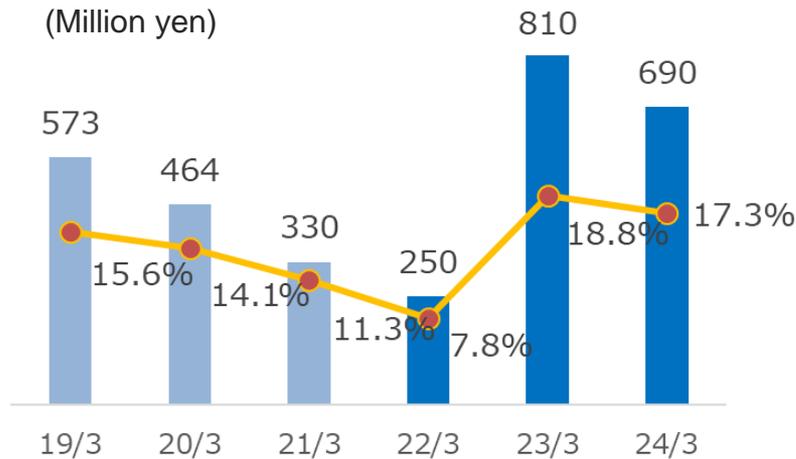
2. Medium-term Business Plan

Others (Railway maintenance / Inspection Systems)

[Net sales]
(Million yen)



[Operating profit]
(Million yen)



Business plan

- Inspection Systems business:
 - Expand market share of gravure printing market, for which we boast a top share in Japan, centered on the P-CAP V6 print quality inspection system
 - Promote globalization by internet-based overseas marketing, including virtual exhibitions and web pages
- Railway maintenance business:
 - R&D and launch to market for next-generation strategic products that promote safety and security for railway transportation
 - Create new inspection services

TOKYO
KEIKI