

TOKYO KEIKI INC.

Four horizontal red lines of varying lengths are stacked below the company name, creating a decorative graphic element.

Financial Results Briefing for the Fiscal Year Ended March 31, 2021(Fiscal 2020) & Outlook for Fiscal Year Ending March 31, 2022 (Fiscal 2021)

May 14, 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.

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Business Overview

Our four segments and other businesses

Marine Systems Business



Manufacture, sale, and maintenance services for marine gyrocompasses, marine autopilots, electronic chart display and information systems (ECDIS), radars, and other nautical instruments, and for satellite

Hydraulics and Pneumatics Business



Manufacture, sale, and maintenance service of hydraulic solenoid valves, pumps, motors, hydraulic systems, and electronic equipment for construction equipment

Fluid Measurement Equipment Business



- Manufacture, sale and maintenance service of ultrasonic flowmeters and microwave level gauges used in water supply facilities and agricultural water
- Manufacture, sale and maintenance service for gas-based fire extinguishing systems

Defense & Communications Equipment Business



Manufacture, sale and maintenance service of radar warning receivers, naval gyrocompasses, submarine inertial navigation systems, inertial sensors, and microwave devices

Others



- Manufacture and sale of measurement equipment for railways and contracting of inspection services
- Manufacture and sale of inspection systems for printed materials, etc

1. Our business - Business overview by segment

[Marine Systems Business]

The business supports safe and secure sea voyages through our cutting-edge gyrocompass technology and marine autopilot technology.

- Offers a complete lineup of essential marine systems for ships and supplies them globally.
- Pioneer in marine systems as the first in Japan to manufacture marine radar, gyrocompasses, and autopilots.
- Participating in unmanned ship operation development program as a top runner in marine gyrocompasses and autopilots.



Autopilots for steering systems, such as automatic rudders, etc.



Gyrocompasses that indicate direction of ship's heading



Highly reliable FOG (Fiber Optic Gyrocompass) without moving parts



ECDIS (Electric Chart Display and Information Systems) that display navigational charts in real time



Marine radars that serve as the eyes of a ship



IBS (Integrated Bridge Systems) that combine multiple essential marine instruments into a single system and displays



Study on collision risk judgement and the autonomous operation of vessels

1. Our business - Business overview by segment

[Hydraulics and Pneumatics Business]

The business supports the manufacturing floor and frontline of infrastructure projects.

- Supports the frontline of social infrastructure with hydraulics and pneumatics as well as electronics with excellent energy saving performance and controllability, with a focus on the industrial machinery and construction machinery markets.
- Contributes to the widespread use of next-generation energy with its hydrogen compressor systems.



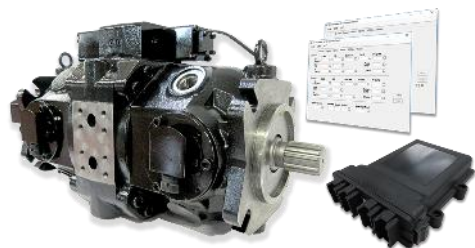
High capacity and quick response cartridge valves used in construction machinery



Low noise, compact hydraulic power package installed in machine tools



Low noise direct drive pump control systems offering excellent energy saving performance



Electric direct control piston pumps for construction machinery



Displays for construction machinery



Hydraulic hydrogen compressors for hydrogen filling stations

【Fluid Measurement Equipment Business】

The business supports the effective use of valuable water resources through optimization of water management.

- Our ultrasonic flowmeters, which were the first to be commercialized in the world, are used widely to monitor flow rates in water supply and sewerage systems as well as agricultural water supply networks.
- Systems use microwave level gauges to protect lives from the spate of river and urban flooding.



High precision ultrasonic flowmeters for monitoring water supply, agricultural water, and industrial water



Microwave level gauges widely used in food manufacturing plants and industrial plants in oil tanks, etc.



Crisis management water gauges that provide early detection of rising river levels

- Miscellaneous gas-agent fire extinguishing systems, developed based on our Japan's first inert gas fire extinguisher systems, contributing to safe living.



Gas-agent fire extinguishing systems are widely used in parking garages, museums, art museums, office buildings and factories with printing machinery, etc., where the use of water or foam-based fire extinguishers are not suitable

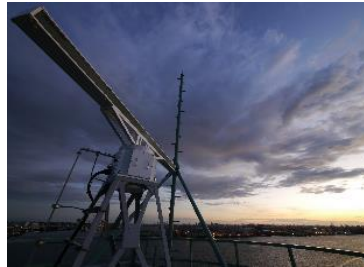
【Defense & Communications Equipment Business】

The business supplies proprietary microwave applied technology and inertial sensor technology for public-sector and private-sector applications.

- Develop and manufacture of defense avionics equipment and warship navigation systems.
- Supplies maritime monitoring systems to assist vessel traffic services in congested waterway such as Tokyo Bay and Osaka Bay.
- Microwave amplifiers for generating plasma used in semiconductor production equipment contribute to the miniaturization of semiconductors.
- Promoting smart agriculture using inertial sensors and control technology.
- Strength in attitude control systems that combine gyro sensors, accelerometers, magnetic azimuth sensors, etc.



Radar warning receivers instantly analyze radio waves around aircraft and warn pilot of threat radar signals.



VTS (Vessel Traffic Service) systems responsible for monitoring operations at Vessel Traffic Service Centers deployed in seven ports across Japan



Linear-motion assistance for agricultural vehicles to reduce the burden of working on the farm



Solid state microwave power supply used in next-generation semiconductor production equipment, etc.



Camera stabilizer installed on relay vehicles for marathons and news helicopters used by broadcasting stations

1. Our business - Business overview by segment

【Others】

- Supports railway maintenance work with ultrasonic rail inspection cars and ultrasonic rail flaw detectors used by more than 70% of the railway companies in Japan



Ultrasonic rail inspection car that performs non-destructive inspections using ultrasonic wave.



Ultrasonic rail flaw detector that pinpoints flaws more efficiently than rail inspection cars



Switch profile gauge that simultaneously measures rails wear, crossing wear, and track geometry

- Contributes to ensuring the quality of printed media by detecting print-defects with advanced image processing technology.



Print inspection system that ensures print quality by detecting print-defects



Camera unit for inspection system with internal high-speed image sensing camera

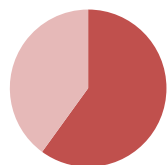
1. Our business

Share in key niche markets

*In-company investigations

【Marine Systems Business】

Marine gyrocompasses, Marine autopilots



Global commercial
vessls

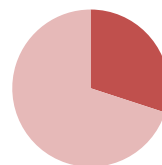
Over 60%

Domestic costal
vessels

Over 80%

【Hydraulics and Pneumatics Business】

Hydraulic equipment

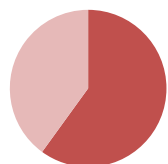


For plastic injection
molding machines in Japan

About 40%

【Fluid Measurement Equipment Business】

Ultrasonic flowmeters

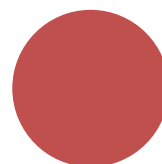


-World's first practical use
-For domestic water and
sewerage systems and
agricultural water
management

Over 60%

【Defense & Communications equipment Business】

Radars for maritime traffic, VTS systems

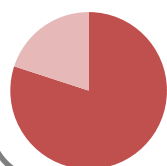


VTS systems for vessel
traffic service Centers
in Japan

100%

【Defense & Communications equipment Business】

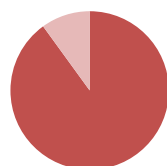
Accelerometers for seismometers



For Japan
Meteorological Agency

About 80%

Antenna directioning systems

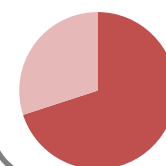


For broadcasting
helicopters of
domestic TV stations

Over 90%

【Others】

Ultrasonic rail inspection cars



For JR and other
private rail operations
in Japan

Over 70%

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2. **Summary of financial results for Fiscal Year Ended March 31, 2021 (Fiscal 2020)**
3. Outlook for Fiscal Year Ending March 31, 2022 (Fiscal 2021)

2. Summary of financial results for FY 2020

Topics

TOKYO KEIKI's microwave amplifier launched into outer space!

A microwave amplifier developed by the Tokyo Keiki Group was installed on a small Japanese-made Synthetic Aperture Radar (SAR) satellite.

Features of the small SAR satellite

- A SAR satellite sends microwaves toward the earth's surface as it moves. In turn, the satellite grasps the state of the surface from space by the image analysis of reflected waves. These microwaves reach the surface even at night and through clouds, enabling observation regardless of weather and time.
- Our microwave amplifier is an essential device that forms the heart of the SAR, sending a radar signal toward the earth's surface.
- The small SAR satellite StriX-a weighs only 100kg, which is 1/10th the size of a typical SAR satellite. Yet, it is able to capture images in high resolution and across a wide area. Our microwave amplifier greatly contributes to this performance.

Cleared the unique technology hurdles required for space equipment

Space equipment must withstand vibrations during rocket lift-off, extreme temperature changes, and the intense energy of cosmic rays. During development, we utilized our specialized high output microwave technology, eco-friendly and highly reliable technologies cultivated in the defense and aerospace markets. Also we utilized the technologies of TOKYO KEIKI AVIATION INC., which undertook the production and inspection of high frequency wireless equipment and power source units for satellites.



Small SAR satellite StriX-a

Synspective, which develops and operates small SAR satellites and provides solutions through satellite data analysis, launched this satellite in December 2020. It plans to launch a total of 30 SAR satellites, with each equipped with a microwave amplifier made by TOKYO KEIKI INC.

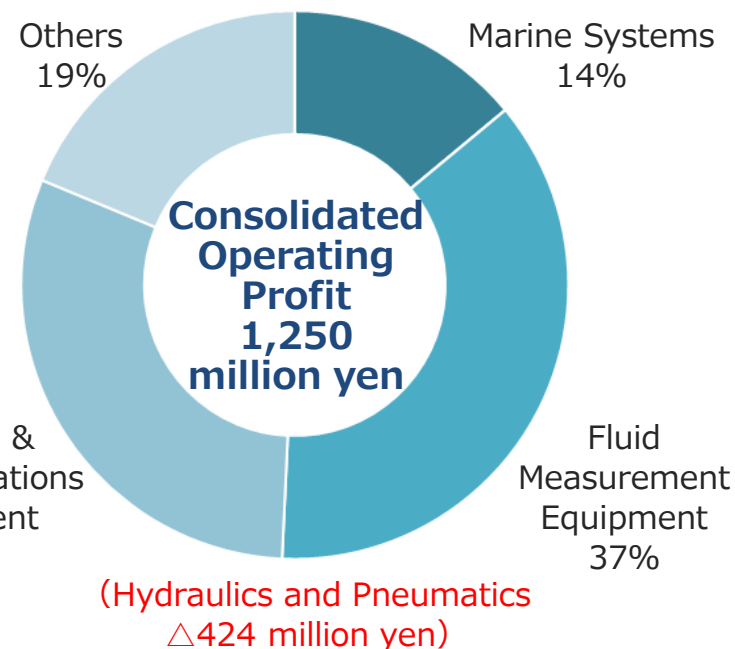
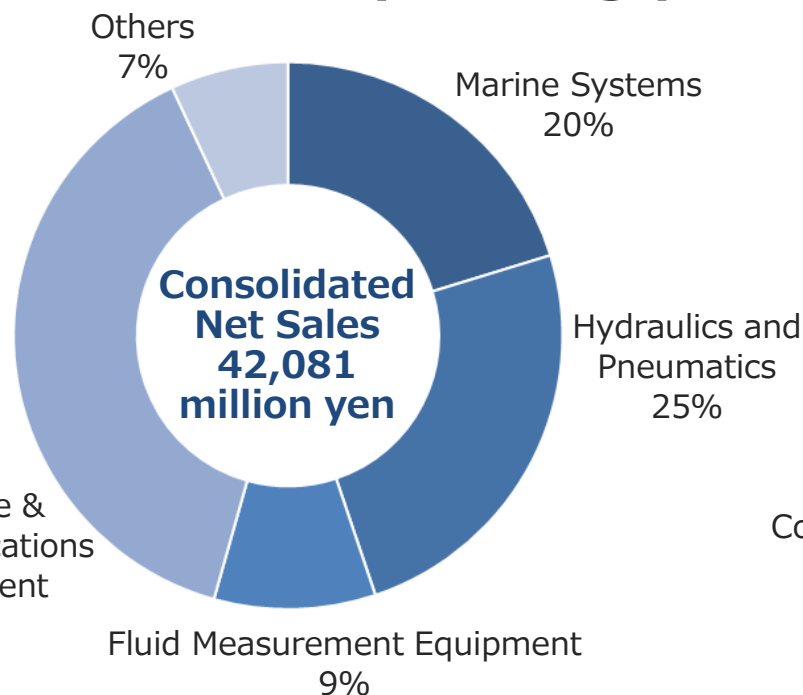


Microwave amplifier exterior

Equipped with TOKYO KEIKI's Solid-State Power Amplifier (SSPA)

2. Summary of financial results for FY 2020

Net sales and operating profits for Fiscal 2020



Financial Results Summary for Fiscal 2020

- ◆ Net sales declined 11.3% year on year and operating profit fell 33.3% owing to a drop in revenue from all business segments, with the exception of the Fluid.
- ◆ Despite the decline in revenue and profit, the situation has improved from the second half of the year and we made upward revisions to our profit outlook on April 28, 2021.
- ◆ Hydraulics and Pneumatics saw a substantial drop in revenue due to the COVID-19 pandemic, but it, too, experienced a recovery since the third quarter.

2. Summary of financial results for FY 2020

Impacts of COVID-19

- ◆ Due to the worldwide spread of the COVID-19 pandemic, during FY2020 there were restrictions on people's activities and travel restrictions in every region, resulting in changes in our way of life and stagnant economic activities.
- ◆ Our customers, too, were impacted as a result. This included production adjustments caused by waning demand, postponement of capital expenditures, shrinking budgets, postponement or cancellation of overseas construction projects, and postponement of project design, etc.

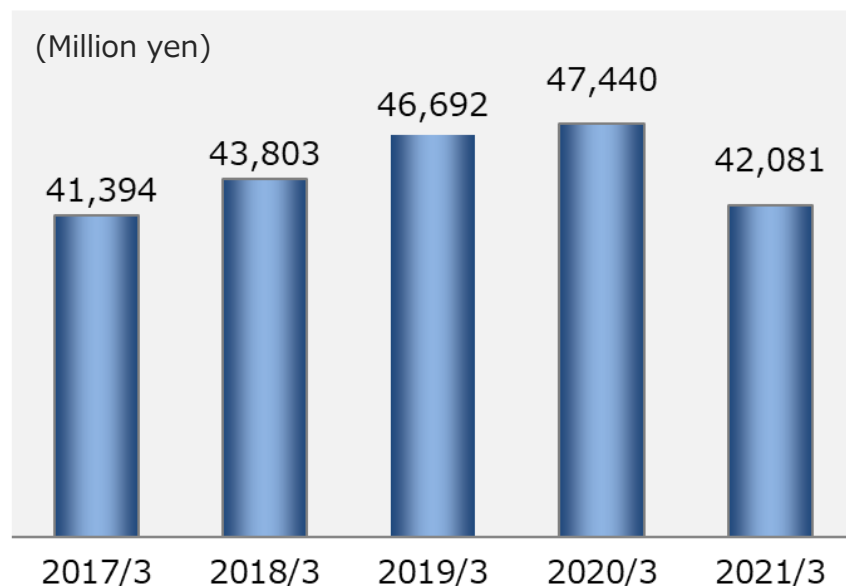
Financial results summary by segment

- ◆ Marine Systems: Revenue from maintenance services for marine equipment began improving in the third quarter, resulting in strong sales overall, but the commercial vessel market and demand for new build vessels remained weak overseas, especially in Asia, due to COVID-19.
- ◆ Hydraulics and Pneumatics: Overseas, revenue increased year on year driven by strong sales in the China market, but demand waned in all other markets due to COVID-19.
- ◆ Fluid Measurement Equipment: All markets saw strong sales, despite the deferral of some projects to next fiscal year due to COVID-19.
- ◆ Defense & Communications Equipment: In the private- sector, demand was firm for automatic steering assist devices for agricultural machinery and equipment for semiconductor production equipment, but demand was weak for equipment for broadcast stations. In the public- sector, deliveries of radar warning receivers declined and there were no deliveries of VTS systems in marine transportation equipment, unlike the previous year, which caused sales to decline compared to last year.
- ◆ Others: Railway Maintenance posted revenue on par with the previous year. Printing Inspection Equipment recorded a drop in sales amid restrictions on marketing activities and equipment work overseas due to COVID-19.

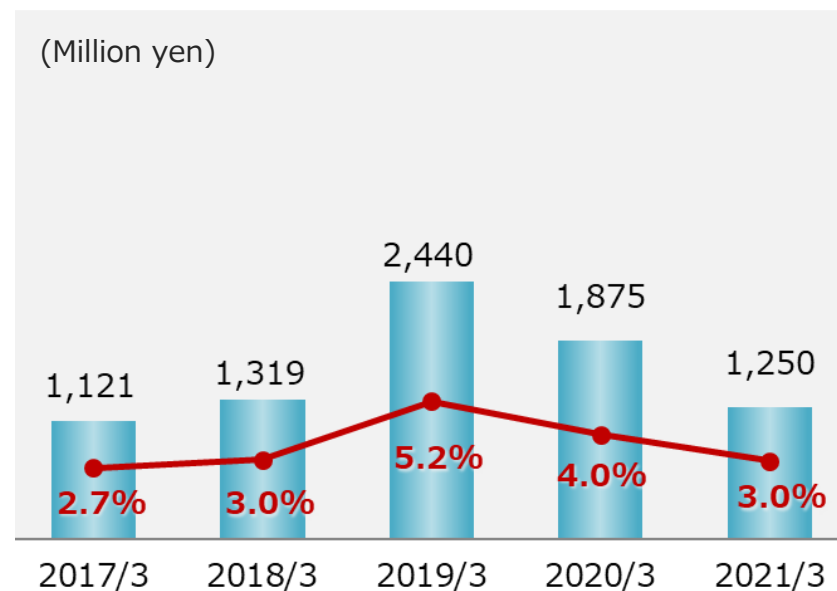
2. Summary of financial results for FY 2020

Changes in consolidated net sales and operating profit

【Net Sales】



【Operating Profit & Operating Profit Margin】

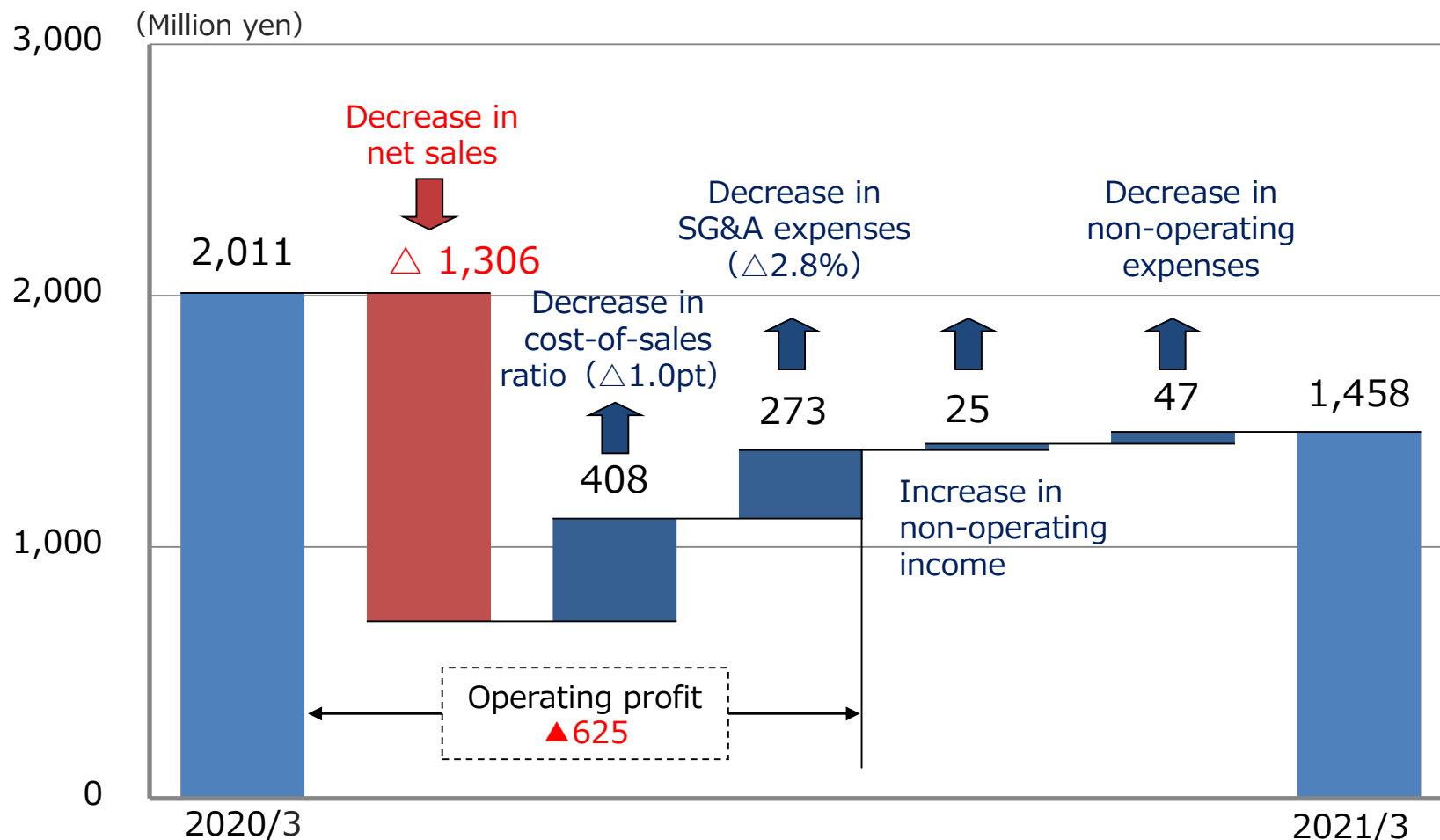


(Million yen)	2017/3	2018/3	2019/3	2020/3	2021/3	Amount of change	Rate of change
Net sales	41,394	43,803	46,692	47,440	42,081	△5,359	△11.3%
Operating profit	1,121	1,319	2,440	1,875	1,250	△625	△33.3%
Ordinary Profit	1,252	1,511	2,660	2,011	1,458	△553	△27.5%
Net Profit*	709	1,120	1,936	1,425	945	△480	△33.7%
operating profit margin	2.7%	3.0%	5.2%	4.0%	3.0%	—	—

* "Net profit" represents "Profit attributable to owners of parent".

2. Summary of financial results for FY 2020

Analysis of changes in consolidated profit and loss (Factors causing fluctuations in consolidated ordinary profit)

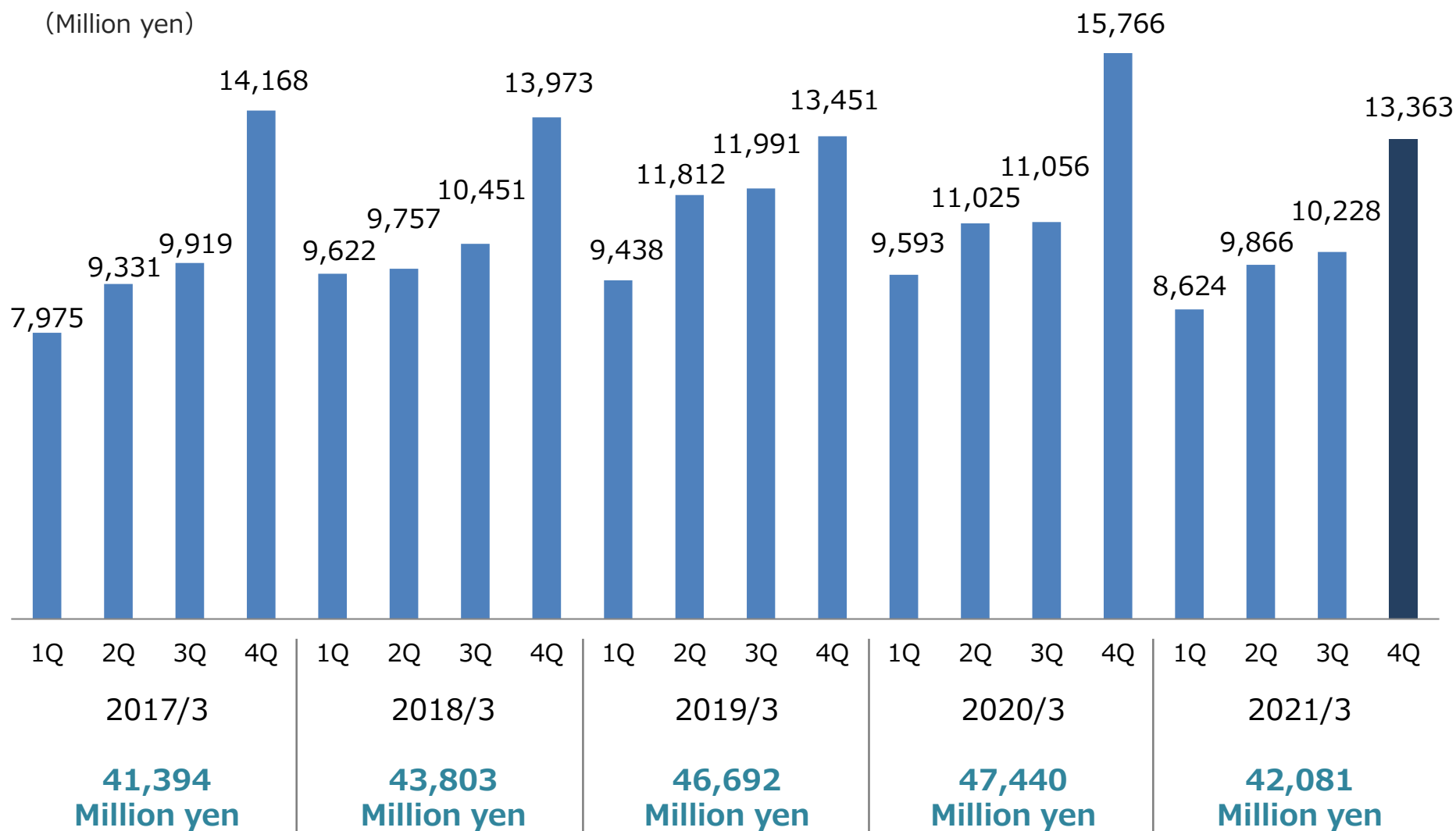


- ◆ The cost-of-sales ratio improved, SG&A expenses declined, and non-operating income increased, but overall profit was down due to the drop in net sales.

2. Summary of financial results for FY 2020

Quarterly changes in net sales

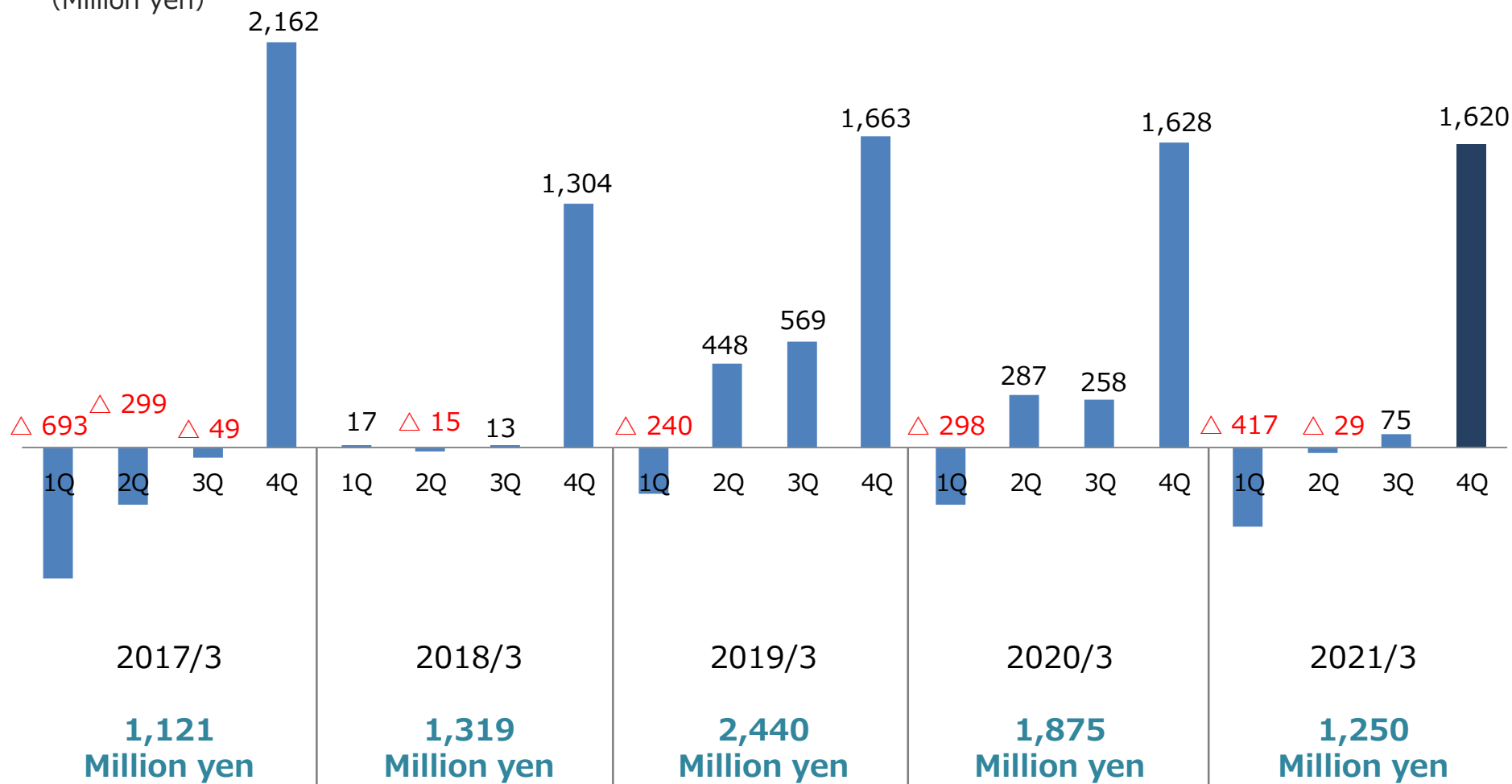
(Million yen)



2. Summary of financial results for FY 2020

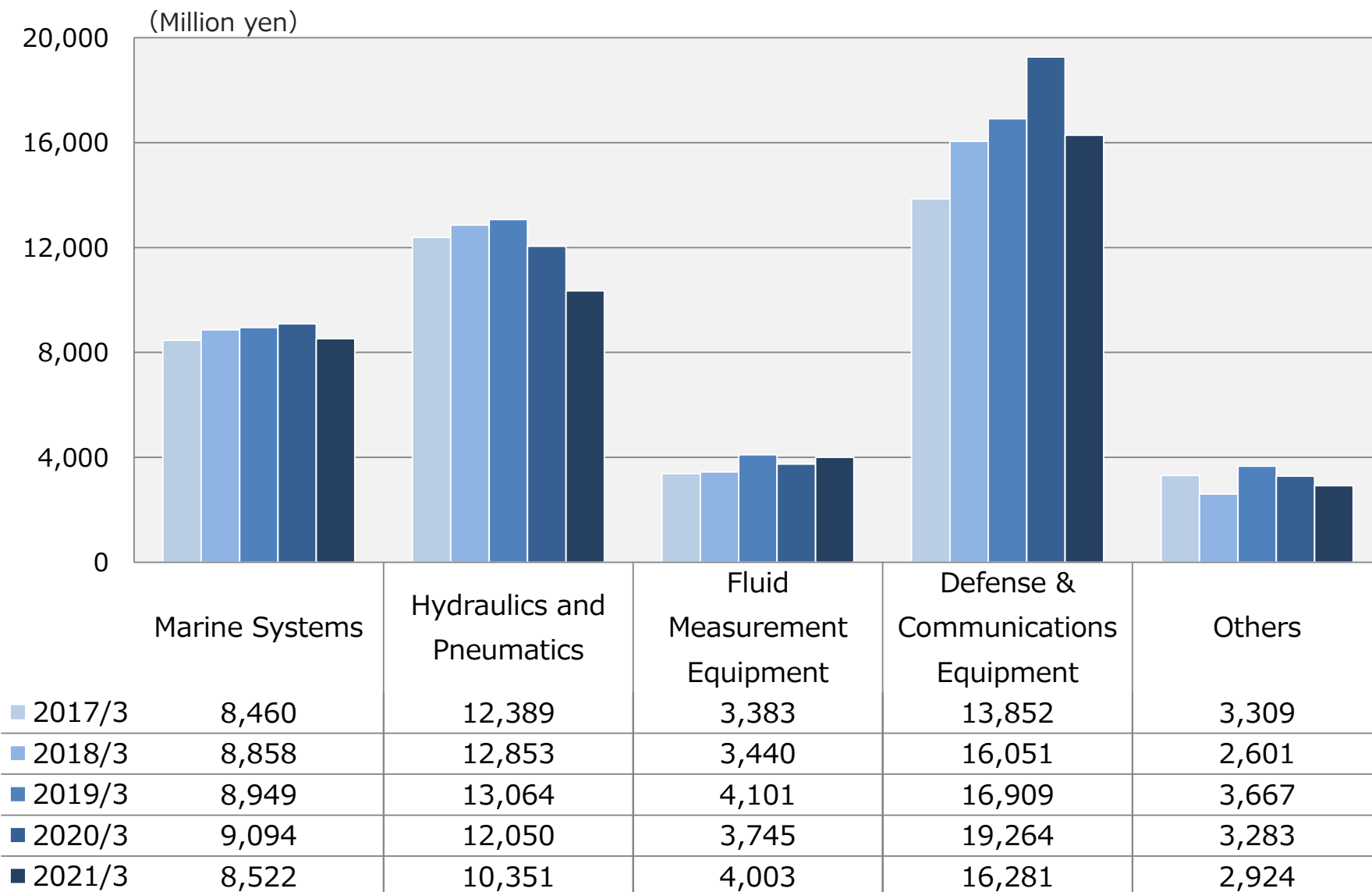
Quarterly changes in operating profits

(Million yen)



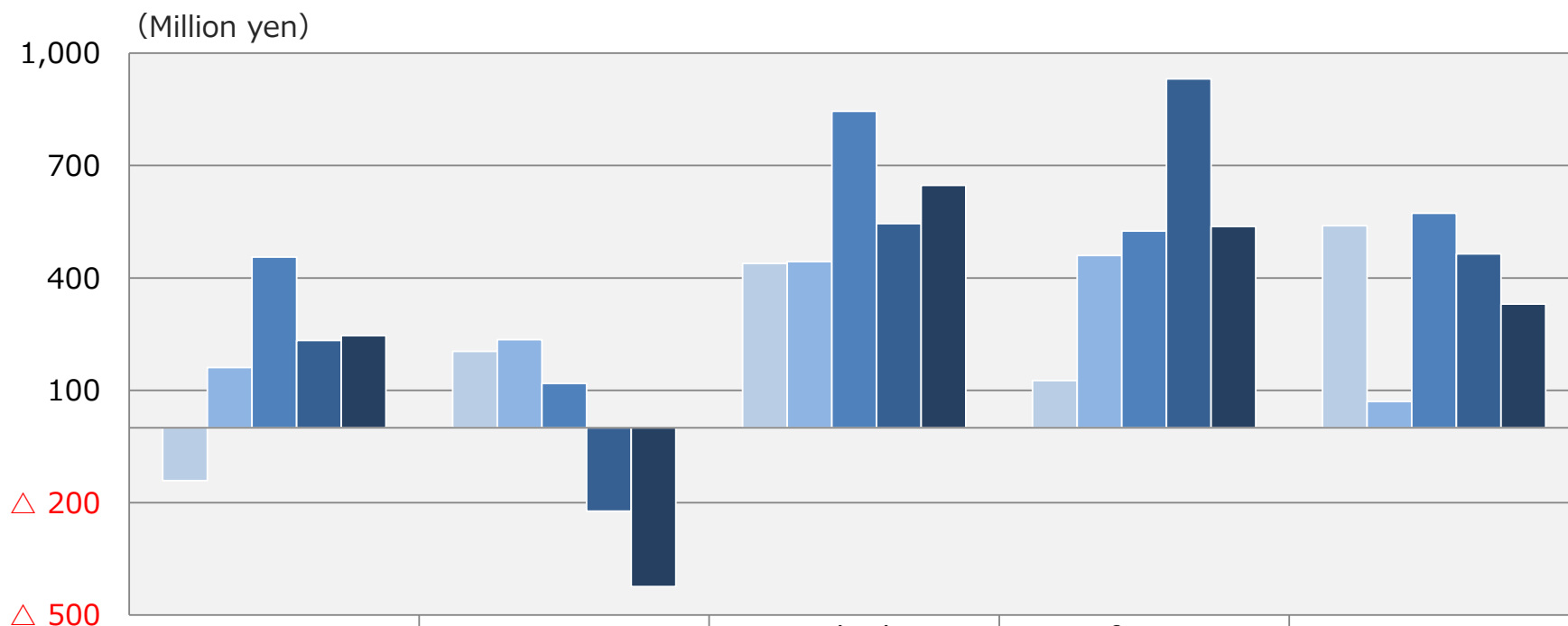
2. Summary of financial results for FY 2020

Changes in net sales by segment



2. Summary of financial results for FY 2020

Changes in operating profits by segment



	Marine Systems	Hydraulics and Pneumatics	Fluid Measurement Equipment	Defense & Communications Equipment	Others
■ 2017/3	△ 141	204	439	126	539
■ 2018/3	161	235	444	460	70
■ 2019/3	456	118	845	525	573
■ 2020/3	233	△ 223	545	931	464
■ 2021/3	246	△ 424	647	537	330

*Operating profits before adjustment

2. Summary of financial results for FY 2020

Status of orders received and order backlog

	Amount of orders received for Fiscal 2020			Amount of order backlog at the end of Fiscal 2020		
(Million yen)	Amount	Compositio n ratio	Change from Fiscal 2019	Amount	Compositio n ratio	Change from Fiscal 2019
Marine Systems	8,123	19.1%	△9.3%	2,277	10.2%	△14.9%
Hydraulics and Pneumatics	10,463	24.5%	△7.6%	2,659	11.9%	4.4%
Fluid Measurement Equipment	4,055	9.5%	1.6%	1,015	4.5%	5.4%
Defense & communications Equipment	16,582	38.9%	21.3%	15,571	69.4%	2.0%
Reported segment total	39,223	92.0%	3.4%	21,522	96.0%	0.3%
Others	3,398	8.0%	6.9%	903	4.0%	109.8%
Adjustment	1	0.0%	△83.1%	0	0.0%	△100.0%
Total	42,621	100.0%	3.6%	22,425	100.0%	2.5%

- ◆ Although the situation differs by segment, totals for orders received and order backlog both increased year on year.
- ◆ Marine Systems: Deliveries of products to overseas shipyards and maintenance (after-sales) orders for onboard work declined due to COVID-19.
- ◆ Defense & Communications Equipment: In the public sector, orders received and order backlog increased due to additional orders for fighter radar warning receivers and maritime helicopter avionics equipment.
- ◆ Hydraulics and Pneumatics: Orders received declined year on year due to COVID-19, but since the third quarter, a recovery has been seen in overseas markets centered on China, resulting in positive year on year growth in the year-end order backlog.

2. Summary of financial results for FY 2020

Consolidated balance sheets (Main accounting items only)

(Assets)

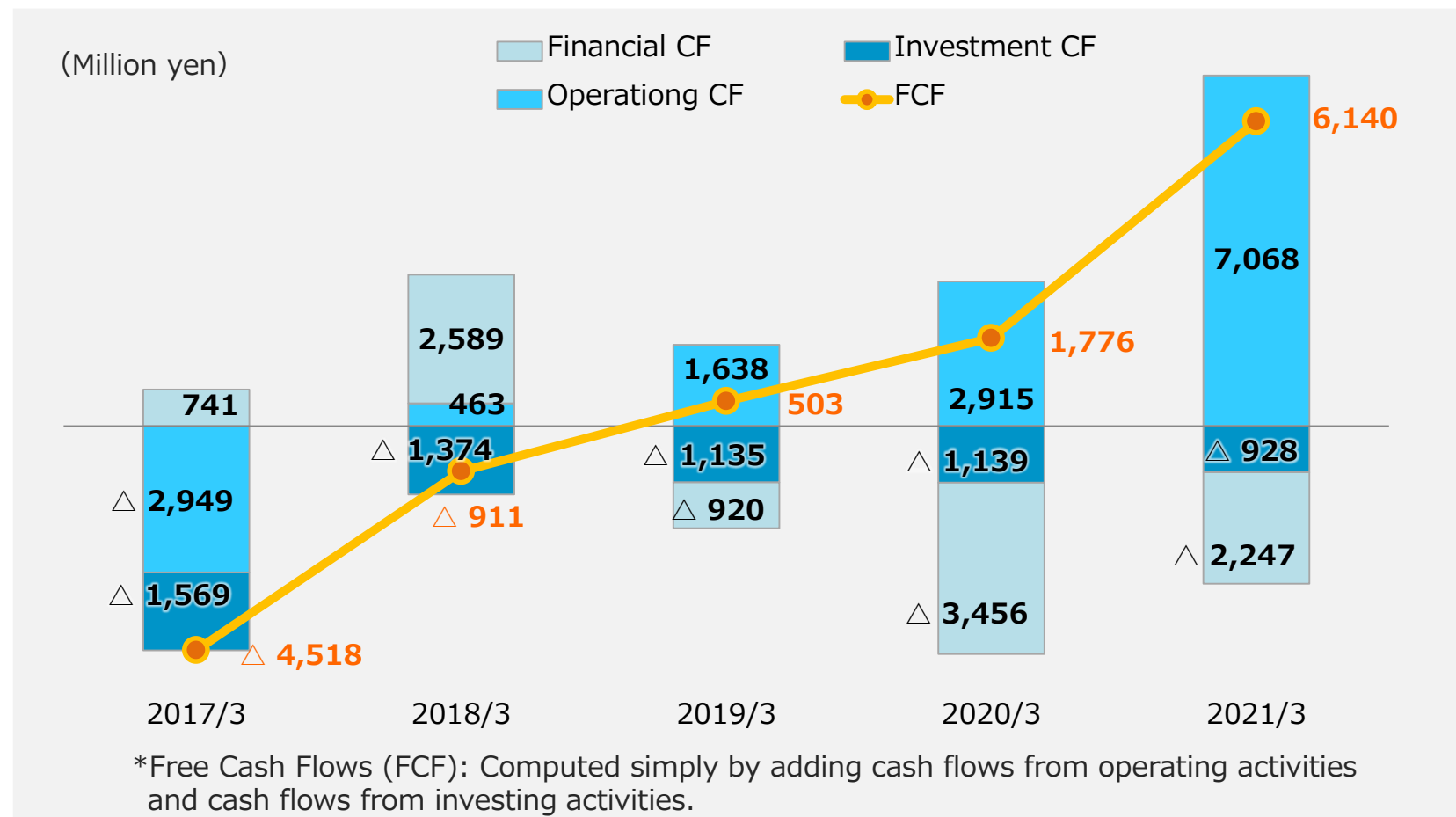
(Liabilities and net assets)

(Million yen)	As of Mar. 31, 2020	As of Mar. 31, 2021	Amount of change	(Million yen)	As of Mar. 31, 2020	As of Mar. 31, 2021	Amount of change
Current assets	42,695	40,950	△1,745	Current liabilities	21,736	17,722	△4,014
Cash and deposits	7,709	11,620	3,911	Notes and accounts payable	5,800	5,093	△707
Notes and accounts receivable	15,262	12,568	△2,694	Short-term loans payable	11,692	8,516	△3,176
Electronically recorded monetary claims	4,404	3,816	△588	Provision for bonuses	1,123	1,097	△25
Inventories	15,001	12,673	△2,327	Non-current liabilities	3,197	3,884	688
Accounts receivable	81	32	△49	Long-term loans payable	1,076	2,424	1,348
Other	240	245	6	Net defined benefit liability	1,229	531	△697
Non-current assets	11,882	12,596	714	Total liabilities	24,933	21,607	△3,327
Tangible assets	7,004	6,970	△34	Shareholders' equity	29,065	29,619	554
Intangible assets	0	33	33	Retained earnings	22,542	23,076	535
Investment securities	2,991	3,606	615	Accumulated other comprehensive income	112	1,835	1,724
Deferred tax assets	1,197	281	△916	Remeasurements of defined benefit plan	△400	856	1,256
Net defined benefit assets	—	1,068	1,068	Total net assets	29,644	31,939	2,295
Total assets	54,577	53,546	△1,031	Total liabilities and net assets	54,577	53,546	△1,031

- ◆ Inventories declined substantially following deliveries for large projects in Defense & Communications Equipment.
- ◆ Progress was made with turning notes and accounts receivable from products delivered previously in Defense & Communications Equipment into cash, with cash and deposits rising by 3,910 million yen. Loans payable declined around 1,830 million yen based on the total for short- and long-term loans payable due to the repayment of long-term loans payable.
- ◆ Net defined benefit liabilities declined and net defined benefit assets increased due to strong performance in stock markets.

2. Summary of financial results for FY 2020

Changes in consolidated cash flows (Operating CF/ Investment CF/ Financial CF/ FCF)



- ◆ Operating CF increased significantly from the collection of accounts receivable-trade and financial CF saw a decline in the repayment amount of loans payable.
- ◆ FCF increased for the fourth consecutive period from progress in deliveries for large projects in Defense & Communications Equipment.

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- 3. Outlook for Fiscal Year Ending March 31, 2022 (Fiscal 2021)**

Forecast for FY2021

- ◆ Defense & Communications Equipment is expected to continue to see a temporary decrease in sales seen this fiscal year as an off period for large projects.
- ◆ Revenue forecast to increase for all other segments.
- ◆ Revenue and profit are expected to increase on higher net sales and improving cost-of-sales ratio, despite the increase in SG&A expenses, such as R&D expenses, aimed at growth from expansion of business domains and acceleration of global expansion.

Impacts of COVID-19

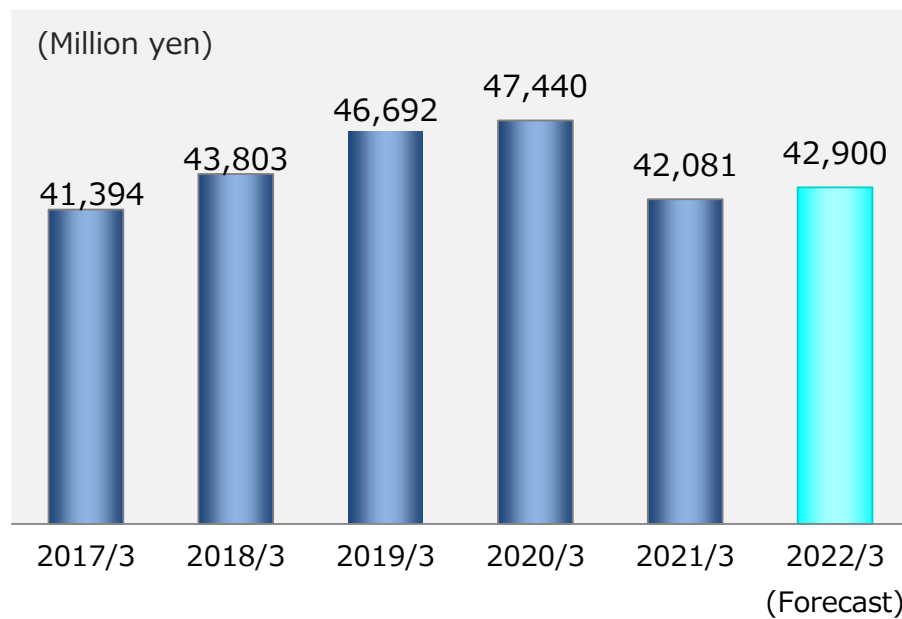
- ◆ Hydraulics and Pneumatics: Substantially impacted in FY2020, but a recovery trend continues in overseas markets since the third quarter of FY2020. Since this same trend is seen in production outlooks of main customers and forecasts of industry groups; we expect sales in FY2021 will recover up to the level before COVID-19.
- ◆ Marine Systems: Although deliveries to overseas shipyards and onboard work were impacted in FY2020, these lessened from the third quarter of FY2020, and going forward sales are expected to remain strong.
- ◆ Other Businesses: Railway Maintenance was impacted by COVID-19 as there was a substantial decline in the business profits of railway companies, impacting equipment sales.
- ◆ Fluid Measurement Equipment and Defense & Communications Equipment: Less impacted by COVID-19. Similar to FY2020, mainstay sales are weighted toward the third quarter, and sales are expected to materialize from projects postponed in FY2020.

In this manner, our forecast for FY2021 anticipates that the impacts of COVID-19 will not be as large or widespread as FY2020. If matters requiring disclosure arise, we will disclose them promptly.

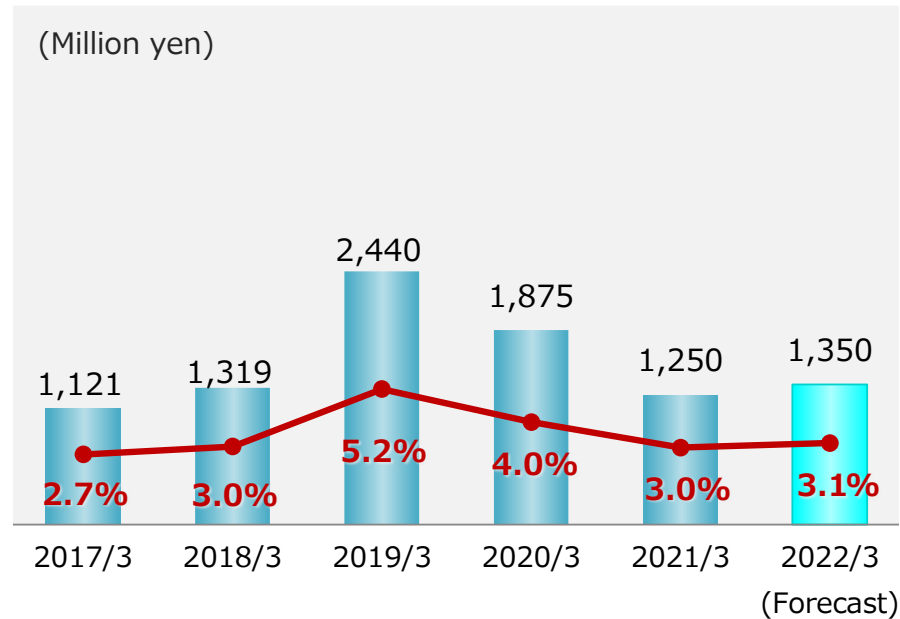
3. Outlook for FY2021

Net sales and operating profit forecast

【Net Sales】



【Operating Profit & Operating Profit Margin】

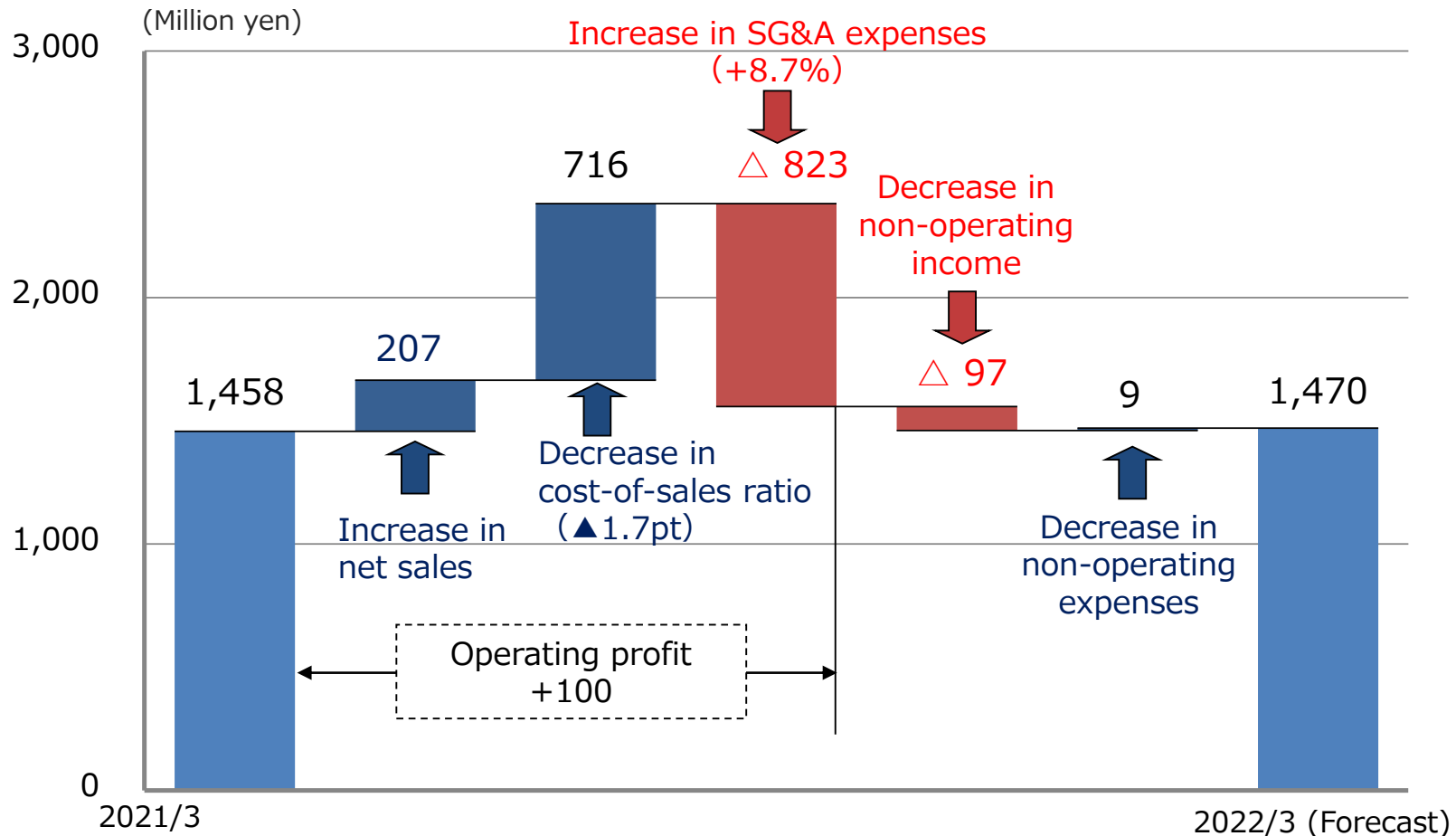


(Million yen)	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3 (Forecast)	Amount of change	Rate of change
Net sales	41,394	43,803	46,692	47,440	42,081	42,900	819	1.9%
Operating profit	1,121	1,319	2,440	1,875	1,250	1,350	100	8.0%
Ordinary Profit	1,252	1,511	2,660	2,011	1,458	1,470	12	0.8%
Net Profit*	709	1,120	1,936	1,425	945	1,130	185	19.6%
operating profit margin	2.7%	3.0%	5.2%	4.0%	3.0%	3.1%	—	—

* "Net profit" represents "Profit attributable to owners of parent".

3. Outlook for FY2021

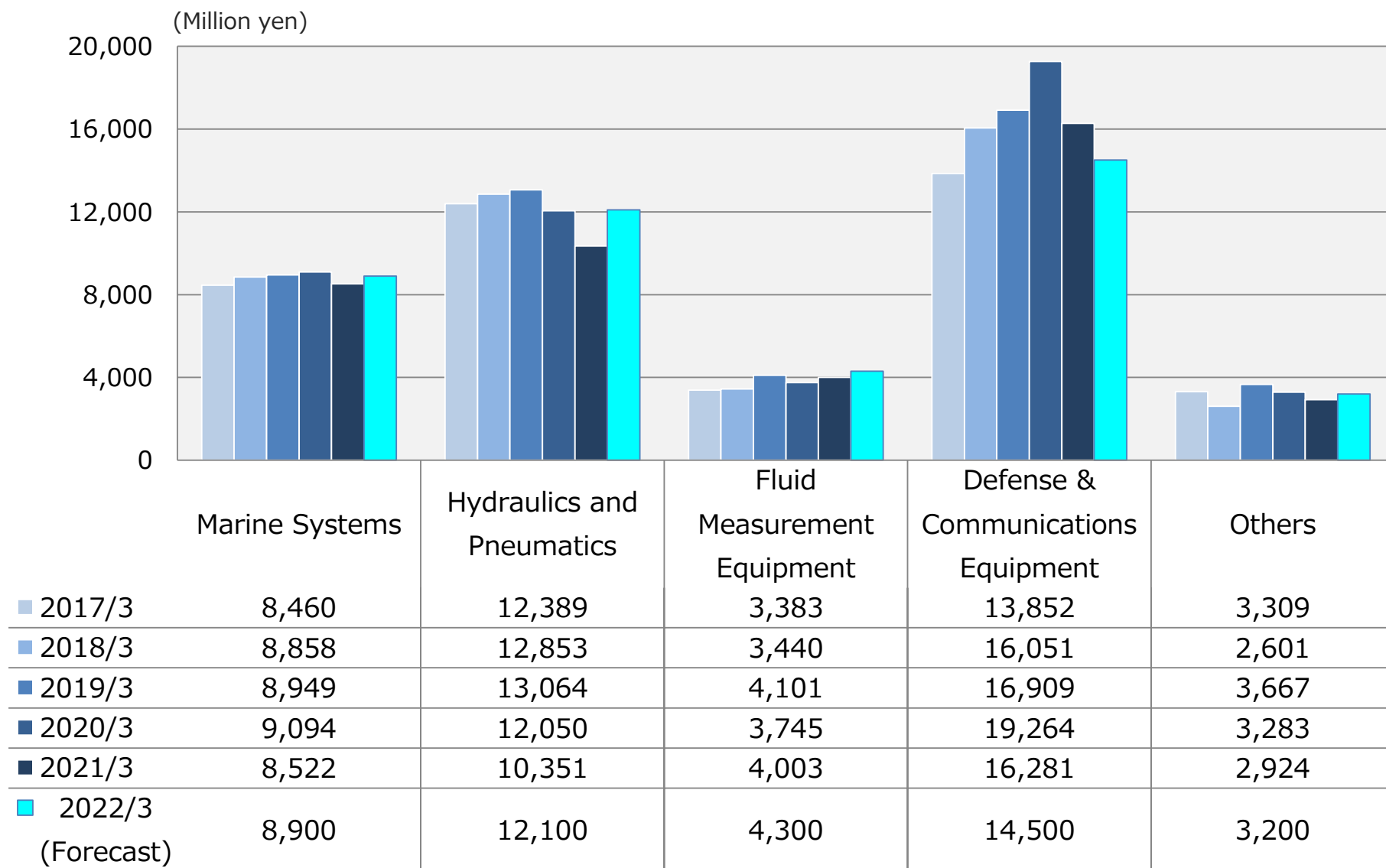
Analysis of changes in consolidated profit and loss (Factors causing fluctuations in consolidated ordinary profit)



- ◆ Revenue is expected to rise amid an increase in sales from all segments, with the exception of Defense & Communications Equipment, where sales in the public-sector are expected to decline.
- ◆ Operating profit is expected to increase by 107 million yen as the cost-of-sales ratio is slated to improve on rising revenue, despite an increase in SG&A expenses compared to FY2020.

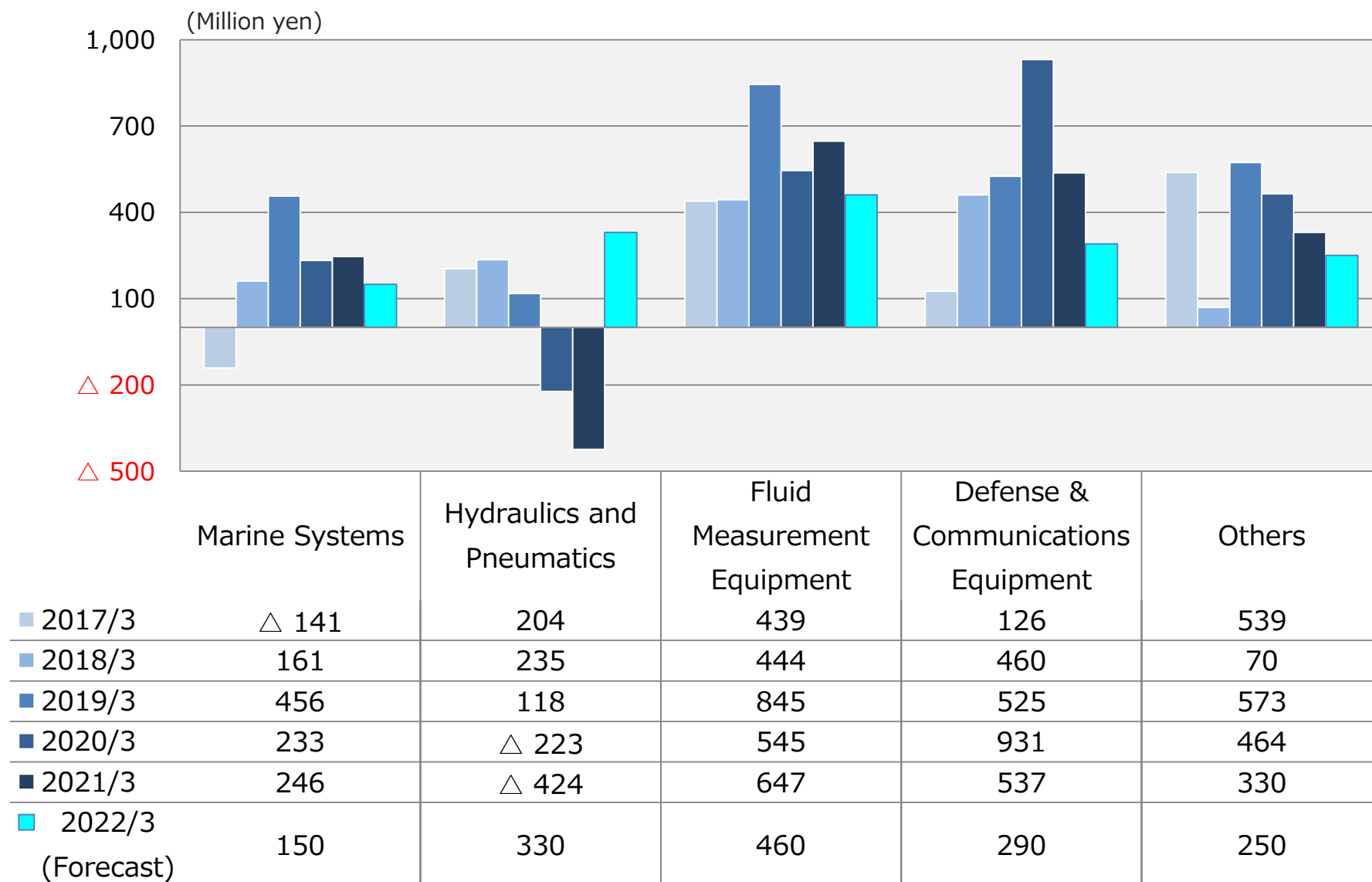
3. Outlook for FY2021

Changes in net sales by segment



3. Outlook for FY2021

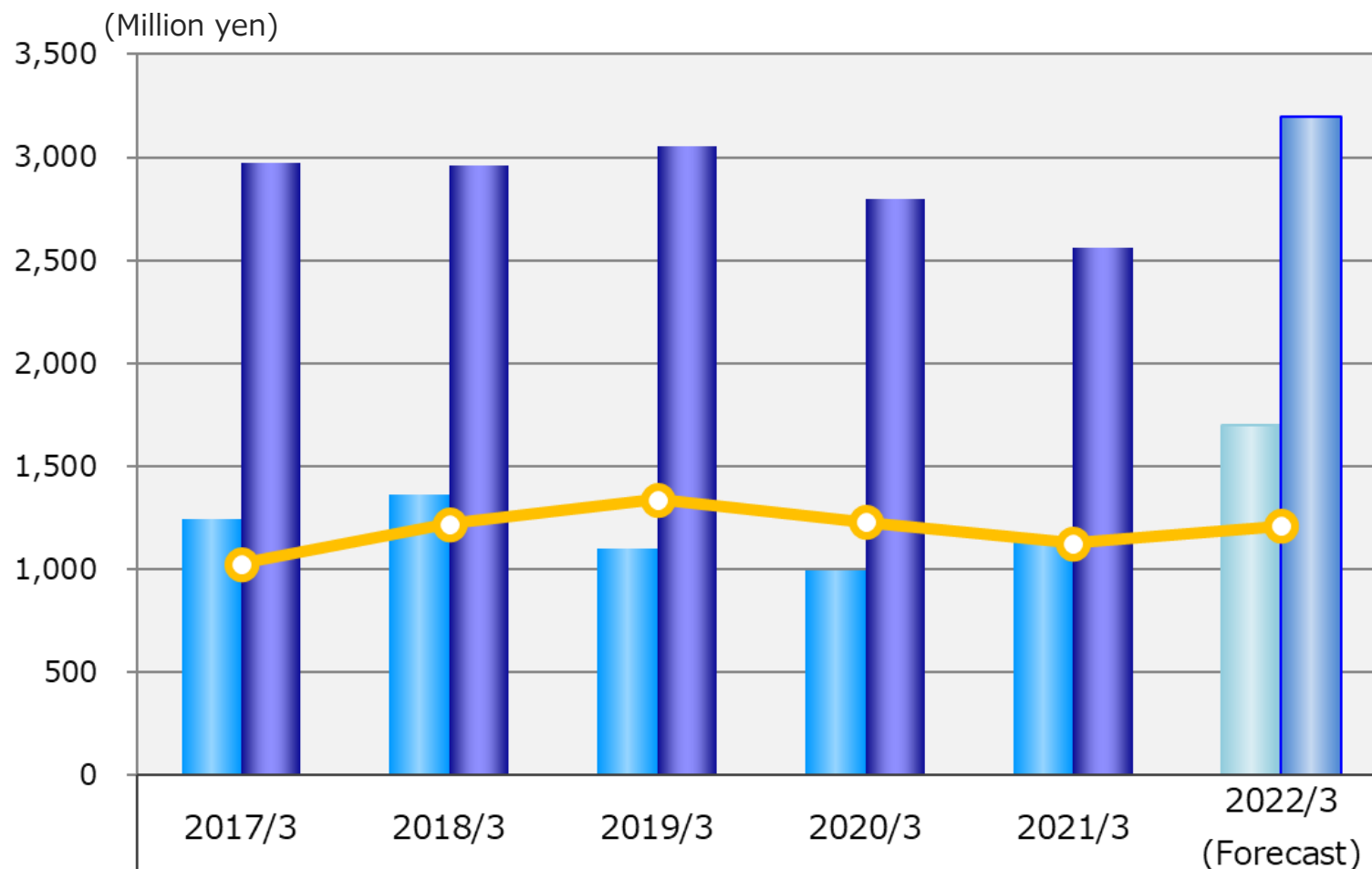
Changes in operating profits by segment



*Operating profits before adjustment

3. Outlook for FY2021

Capital investment, R&D, Depreciation



Capital investment	1,246	1,363	1,102	993	1,145	1,699
R&D	2,969	2,962	3,052	2,796	2,562	3,197
Depreciation	1,028	1,221	1,338	1,230	1,128	1,212

Changes in major indicators

	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3
E P S (Yen) (Earnings per share)	8.54	67.61	117.19	86.76	57.67	68.95
B P S (Yen) (Book-value per share)	324.81	1,695.16	1,764.15	1,782.35	1,919.21	—
Equity ratio (%)	51.6	48.3	49.8	53.5	58.7	—
R O E (%) (Return on equity)	2.7	4.1	6.8	4.9	3.1	3.6
ROA (%) (Return on assets)	2.4	2.7	4.6	3.6	2.7	—

*Note: The Company has implemented consolidation of common shares at a rate of 1 share for every 5 shares effective October 1, 2017.

<Results in Fiscal 2020>

- ◆ Equity ratio:
Up 5.2 points from end of previous period; highest level in past 5 periods.
- ◆ Return on equity (ROE):
Down 1.8 points, due to lower operating profit margin and higher equity ratio, etc.

3. Outlook for FY2021

Profit returns to shareholders

[Basic policy]

Implement stable returns to shareholders while maintaining balance with financial capacity.

[Commemorative dividend]

We marked our 125th anniversary on May 1, 2021. We are extremely grateful for the long-standing support of our shareholders and stakeholders which made this milestone possible.

As a result, we have decided to offer a commemorative dividend of 5 yen per share as part of the dividend for FY2021 to express our appreciation for your support over the years.

Dividend for the last five years and forecast for Fiscal 2020

	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3 (Forecast)
Annual dividend per share (yen)	4.00	20.00	25.00	25.00	25.00	Common, 25.00 + Commemorative, 5.00
Payout ratio (consolidated) (%)	46.8	29.6	21.3	28.8	43.4	43.5
Total return ratio (consolidated) (%)	46.8	37.1	25.6	34.7	43.4	—

*From Fiscal 2017 (2018/3) onward, dividend amounts are those after consolidation of shares.
(Dividend amount before consolidation of shares is 1/5 of amount shown.)

Status of recent acquisition of treasury shares

	May 2014	May 2015	Nov. 2015	Nov. 2017	Feb. 2019	Nov. 2019
Total number of reacquired shares (yen)	310,000	300,000	335,000	58,000	76,800	84,700
Acquisition cost (million yen)	84	84	84	85	85	85

*November 2017 and February 2019 show the numbers after consolidation of shares.

