TOKYO KEIKI INC.

Financial Results Briefing for the Fiscal Year Ended March 31, 2022 (FY2021)

May 13, 2022

Forward-looking statements in this presentation are based on assumptions made by our management based on information available at the time of publication. Therefore, please be aware that there may be differences due to factors such as the business environment in the future.

Financial Results Summary

- **Results for FY2021**
  - Sales declined slightly, and operating profit increased significantly.
  - The main reason for the decline in revenues was a significant decline in revenues in the Defense business at Defense & Communications Equipment Business due to the off-period in projects up to the fiscal year under review. All other segments saw higher sales. The main reason for the increase in profits was an improvement in the cost of sales ratio.
  - Hydraulics and Pneumatics Business posted higher sales and profits year on year, but racked up operating loss due to the impact of soaring raw material prices.
  - Fluid Measurement Equipment Business achieved record-high net sales and operating profit.
  - Annual dividends are ¥5 for the 125th anniversary, totaling ¥30.
- **Progress of FY2022 Plan and Medium-Term Business Plan**
  - Plan to increase sales and profits by capturing strong demand.
  - Prioritize investment in human resources and R&D.
  - Incorporate external environmental risks to a certain extent, and implement necessary measures.
  - The plan is somewhat out of line with the initial plan for the second year of the medium-term management plan, but the company continues to work toward achieving the initial plan.
  - The annual dividend is planned to increase the ordinary dividend by ¥5, for a total of ¥30.
- **TOKYO KEIKI Vision 2030 Progress**
  - Steady progress is made in future growth drivers and foundation enhancement. It will further accelerate.
- **Topics**
  - Marine Systems Business's efforts to reduce greenhouse gas emissions and launch strategic products in existing vessel marketplace.

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Net Sales and P/L

- Net sales declined slightly, all profits exceeded the previous forecast, and profits increased significantly year on year.
- The operating profit margin and ROE are positive y-o-y, but the Company is aiming to further improve them.

(Million yen)	FY2020 Results	FY2021 Results	YoY change		Vs. Previous forecast (Announced on Feb. 10, 2022)		
			Amount	Rate	Forecast	Amount	Rate
Net sales	42,081	**41,510**	▲572	▲1.4%	42,100	▲590	▲1.4%
Operating profit	1,250	**1,635**	+385	+30.8%	1,440	+213	+14.8%
Ordinary profit	1,458	**1,926**	+468	+32.1%	1,730	+196	+11.3%
Profit attributable to owners of parent	945	**1,493**	+549	+58.1%	1,310	+183	+14.0%

Operating profit margin	3.0%	**3.9%**	+0.9pt
ROE	3.1%	**4.6%**	+1.5pt

Net Sales and Operating Profit by Segment

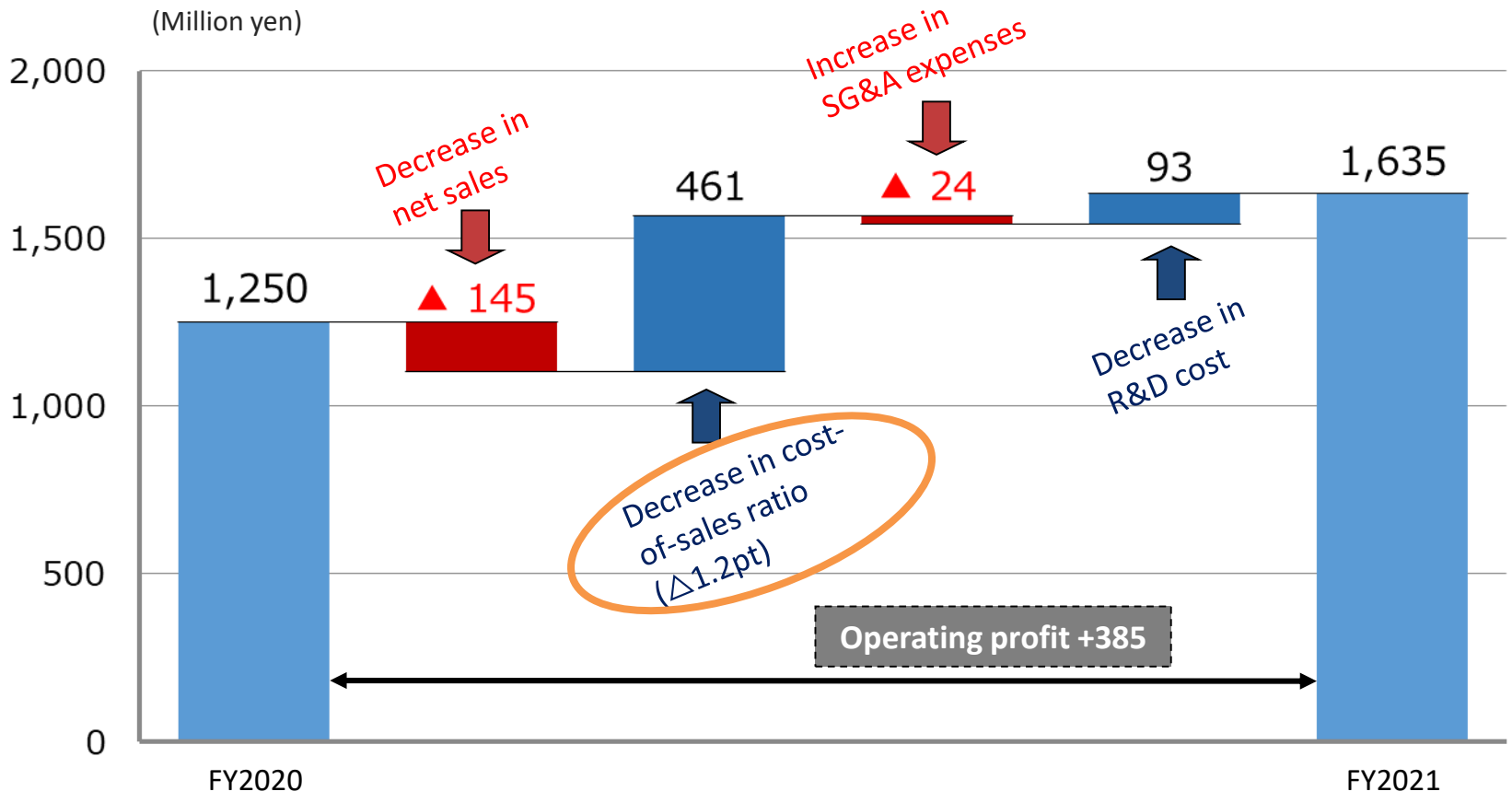
- Marine Systems : Sales and profits increased due to robust sales of equipment for new ships and maintenance services.
- Hydraulics and Pneumatics : Although sales and profits increased due to demand recovery in all markets, operating loss was affected by soaring raw material prices.
- Fluid Measurement Equipment : Both net sales and operating income reached record highs due to strong sales of mainstay ultrasonic flowmeters and strong sales of fire extinguishing facilities and inspection work.
- Defense & Communications Equipment : Although sales and profits increased in Communication & Control Equipment business, sales and profits declined overall because of a decline in the Defense business due to the off-period in projects.
- Others : Sales increased in Printing Inspection Equipment business as replacement demand recovered, but profit decreased overall due to a decrease in sales of mainstay ultrasonic rail inspection cars in Railway Maintenance Business.

(Million yen)	Net sales							Operating profit						
	FY2020 Results	FY2021 Results	YoY change		Previous forecast (Announced on Feb. 10, 2022)			FY2020 Results	FY2021 Results	YoY change		Vs. Previous forecast (Announced on Feb. 10, 2022)		
			Amount	Rate	Forecast	Change				Amount	Rate	Forecast	Change	
						Amount	Rate						Amount	Rate
Marine Systems	8,522	**8,700**	+179	+2.1%	8,800	▲100	▲1.1%	246	**388**	+141	+57.4%	340	+48	+14.1%
Hydraulics and Pneumatics	10,351	**11,526**	+1,175	+11.4%	11,830	▲304	▲2.6%	▲424	**▲115**	+309	-	20	▲135	-
Fluid Measurement Equipment	4,003	**4,432**	+429	+10.7%	4,350	+82	+1.9%	647	**915**	+267	+41.3%	750	+165	+22.0%
Defense & Communi-cations Equipment	16,281	**13,884**	▲2,397	▲14.7%	14,130	▲246	▲1.7%	537	**312**	▲225	▲41.9%	270	+42	+15.6%
Others	2,924	**2,966**	+43	+1.5%	2,990	▲24	▲0.8%	330	**250**	▲81	▲24.4%	150	+100	+66.7%
Total	42,081	**41,510**	▲572	▲1.4%	42,100	▲590	▲1.4%	1,250	**1,635**	+385	+30.8%	1,440	+195	+13.5%

*Segment sales and operating profit are before adjustments.

Changes in Operating Profit (YoY)

- Profit increased mainly due to an improvement in the cost of sales ratio.
- Cost of sales ratio improved due to higher output at Hydraulics and Pneumatics Business and higher sales at Fluid Measurement Equipment Business.



Trends in Key Indicators

- The company aims to further improve ROE, although it is positive year-on-year.
- The equity ratio continues to maintain financial soundness.

	FY2017	FY2018	FY2019	FY2020	FY2021
ROE (%) (Return on equity)	4.1	6.8	4.9	3.1	**4.6**
ROA(%) (Return on asset)	2.7	4.6	3.6	2.7	**3.5**
Equity ratio (%)	48.3	49.8	53.5	58.7	**58.7**
EPS (yen) (Earnings per share)	67.6	117.2	86.8	57.7	**91.1**
BPS (yen) (Book-value per share)	1,695.2	1,764.2	1,782.4	1,919.2	**2,005.0**

Status of Orders Received and Order Backlog

◆ Orders received and order backlog increased in all businesses except for orders received for Defense & Communications Equipment.

- Marine Systems : Demand for new shipbuilding remained firm, and both orders received and order backlog increased.
- Hydraulics and Pneumatics : Demand recovered in all markets, and both orders received and order backlog increased.
- Fluid Measurement Equipment : Both orders and order backlog increased due to strong demand from the public sector.
- Defense & Communications Equipment : Orders received declined because there were no large-scale projects in the Defense business in the fiscal year under review. The order backlog increased due to a lump-sum contract for multiple-year deliveries in the Defense business prior to the previous fiscal year.
- Others : Orders backlog increased due to the concentration of deliveries of ultrasonic rail inspection cars in FY2022.

	Amount of orders Received For FY2021				Amount of order backlog at the end of FY2021			
(Million yen)	FY2020	FY2021	Amount of Change	Rate of Change	FY2020	FY2021	Amount of Change	Rate of Change
Marine Systems	8,123	**9,772**	+1,649	+20.3%	2,277	**3,348**	+1,071	+47.0%
Hydraulics and Pneumatics	10,463	**12,126**	+1,664	+15.9%	2,659	**3,260**	+601	+22.6%
Fluid Measurement Equipment	4,055	**4,571**	+515	+12.7%	1,015	**1,153**	+138	+13.6%
Defense & Communications Equipment	16,582	**15,088**	▲1,494	▲9.0%	15,571	**16,775**	+1,204	+7.7%
Others	3,398	**3,520**	+122	+3.6%	903	**1,467**	+565	+62.6%
Total	**42,621**	**45,077**	**+2,456**	**+5.8%**	**22,425**	**26,003**	**+3,579**	**+16.0%**

Cash Flows

- Free cash flow remained positive, despite a decline in deliveries of large-scale projects in Defense & Communications Equipment Business, upfront arrangements for parts and materials, and an increase in inventories in line with an increase in orders.

(Million yen)	FY2017	FY2018	FY2019	FY2020	FY2021
Operating CF	463	1,638	2,915	7,068	**2,256**
Investment CF	△1,374	△1,135	△1,139	△928	**△572**
FCF	△911	503	1,776	6,140	**1,684**
Financial CF	2,589	△920	△3,456	△2,247	**△1,120**
Cash and cash equivalents at end of period	9,828	9,397	7,709	11,588	**12,208**

※ FCF (Free Cash Flow): Calculated by operating CF + Investment CF.

Depreciation	1,221	1,338	1,230	1,128	**1,073**
Capital investment	1,363	1,102	993	1,145	**815**

Balance Sheet

- The equity ratio stood at 58.7% at the end of Mar 2022, continuing to maintain financial soundness.
- Inventories and notes and accounts payable increased due to higher materials prices, advance arrangements for longer procurement periods and an increase in orders.

(Assets)

(Million yen)	As of Mar 31,2021	As of Mar 31, 2022	Amount of change
Current assets	**40,950**	**43,102**	**+2,152**
Cash and deposits	11,620	12,244	+624
Notes and accounts receivable	12,568	11,976	△592
Electronically recorded monetary claims	3,816	3,353	△462
Inventories	12,673	14,979	+2,305
Accounts receivable	32	245	+213
Other	245	307	+61
Non-current assets	**12,596**	**12,916**	**+320**
Tangible assets	6,970	6,617	△353
Intangible assets	33	94	+61
Investment securities	3,606	3,956	+350
Total assets	**53,546**	**56,018**	**+2,473**

(Liabilities and Net Assets)

Million yen	As of Mar 31,2021	As of Mar 31, 2022	Amount of change
Current liabilities	**17,722**	**19,031**	**+1,309**
Notes and accounts payable	5,093	6,565	+1,472
Short-term loans payable	8,516	8,102	△414
Provision for bonuses	1,097	1,159	+62
Non-current liabilities	**3,884**	**3,640**	**△245**
Long-term loans payable	2,424	2,136	△288
Total liabilities	**21,607**	**22,671**	**+1,064**
Shareholders' equity	**29,619**	**30,708**	**+1,089**
Retained earnings	23,076	24,152	+1,075
Accumulated other comprehensive income	**1,835**	**2,180**	**+344**
Total net assets	**31,939**	**33,348**	**+1,409**
Total liabilities and net assets	**53,546**	**56,018**	**+2,473**

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Our mission

Achieve safety for society and happiness for people through proprietary technology centered on measurement, recognition, and control.

Our values

Untiring challenge

Net Sales and Profit/Loss Forecast for FY2022

<Year-on-year change>

- Sales and profits are expected to increase year-on-year by capturing the increased order backlog and strong demand in each market.

<Comparison with the medium-term Business plan>

- In the Defense Business, due to the timing lag in projects, the Company is currently not expected to reach its medium-term business plan targets, but it intends in all the business to continue responding to the initial plan by launching new products and strengthening existing businesses.

(Million yen)	FY2021	FY2022				FY2023 Medium-Term Business Plan Targets*
		Forecast	YoY change	Medium-Term Business Plan Targets*		
			Change Amount (rate)	Plan	Change Amount (rate)	
Net sales	41,510	**45,400**	+3,890 (+9.4%)	**47,100**	▲1,700 (▲3.6%)	49,400
Operating profit	1,635	**1,850**	+215 (+13.2%)	**2,490**	▲640 (▲25.7%)	3,500
Ordinary profit	1,926	**2,100**	+174 (+9.0%)	**2,560**	▲460 (▲18.0%)	3,550
Profit attributable to owners of parent	1,493	**1,550**	+57 (+3.8%)	**1,750**	▲200 (▲11.4%)	2,580

*Announced on Jun 10, 2021.

Medium-Term Business Plan: Progress by Segment

- All segments saw year-on-year increases in sales. Profits are expected to increase as a whole due to higher profits in Hydraulics and Pneumatics Business and Other Business.
- Operating profit at Marine Systems Business and Fluid Measurement Equipment Business declined temporarily due to investments in human resources and R&D for the future.
- In Defense & Communications Equipment business, sales and profits declined from the medium-term plan targets due to a delay in projects in the Defense business, but sales and profits increased YoY.

Unit : (Million yen)	Net sales						Operating profit					
	FY2021	FY2022				FY2023 Medium-Term Business Plan Targets*	FY2021	FY2022				FY2023 Medium-Term Business Plan Targets*
		Forecast	YoY change	Medium-Term Business Plan Targets*				Forecast	YoY change	Medium-Term Business Plan Targets*		
			Amount (rate)	Plan	Change Amount (rate)				Change (rate)	Plan	Change Amount (rate)	
Marine Systems	8,700	**9,500**	+800 (+9.2%)	**9,500**	0 (0%)	9,700	388	**330**	▲58 (▲14.9%)	**400**	▲70 (▲17.5%)	510
Hydraulics and Pneumatics	11,526	**12,400**	+874 (+7.6%)	**12,100**	+300 (+2.5%)	12,800	▲115	**270**	+385 (-)	**320**	▲50 (▲15.6%)	740
Fluid Measurement Equipment	4,432	**4,500**	+68 (+1.5%)	**4,500**	0 (0%)	4,700	915	**500**	▲415 (▲45.4%)	**420**	+80 (+19.4%)	490
Defense & Communi-cations Equipment	13,884	**15,200**	+1,316 (+9.5%)	**17,000**	▲1,800 (▲10.6%)	18,500	312	**420**	+108 (+34.6%)	**710**	▲290 (▲40.8%)	1,230
Others	2,966	**3,800**	+834 (+28.1%)	**4,300**	▲500 (▲11.6%)	4,000	250	**490**	+240 (+96.0%)	**810**	▲320 (▲39.5%)	690
Total	41,510	**45,400**	+3,890 (+9.4%)	**47,100**	▲1,700 (▲3.6%)	49,400	1,635	**1,850**	+215 (+13.1%)	**2,490**	▲640 (▲25.7%)	3,500

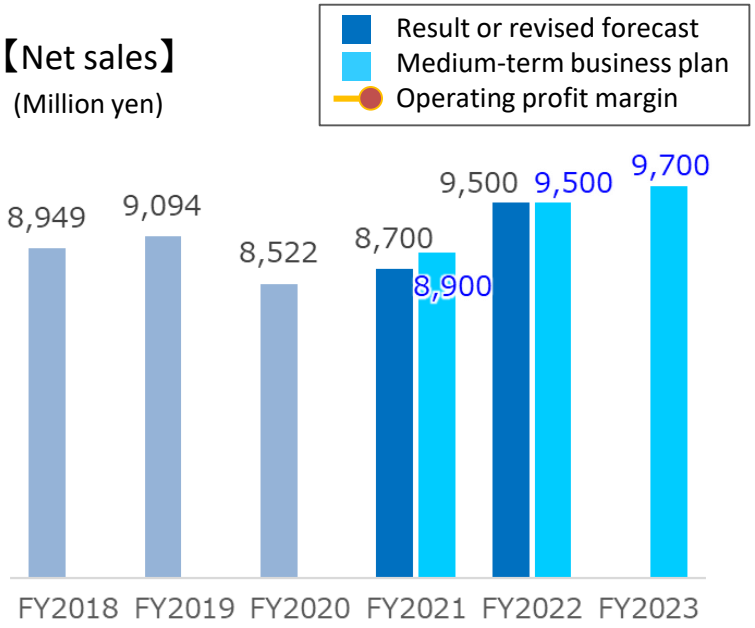
*Announced on Jun. 10, 2021.

(Segment sales and operating profit are before adjustments.)

Marine Systems Business

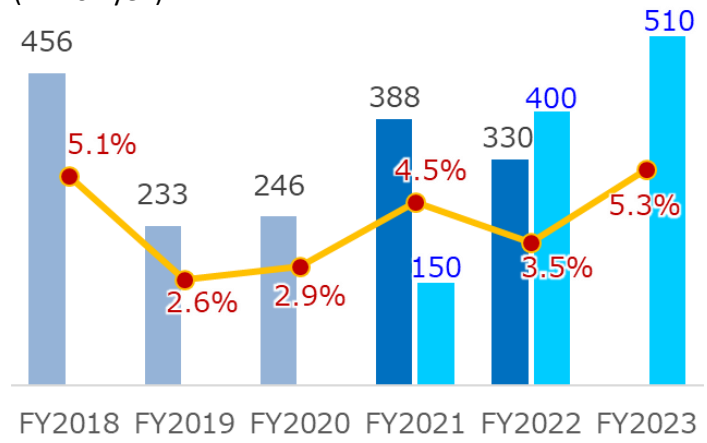
【Net sales】

(Million yen)



【Operating profit】

(Million yen)



Medium-Term Business Plan

- New shipbuilding market: Secure profits by increasing further market share and reducing costs for mainstay products such as autopilots and marine gyrocompasses.
- Existing vessel market: Focus on expanding sales of new electronic chart display and information systems (ECDIS) and equipment replacement and maintenance services.
- Overseas market (China):Expand sales of compact marine gyrocompasses and medium-sized autopilot for inland shipping and fishing vessels in China.

Progress

- In FY2021, sales of equipment for newly built vessels increased, and demand for maintenance services increased. Due in part to the weaker yen, operating profit increased substantially YoY and compared to forecasts.
- In FY2022, sales of equipment for newly built vessels and demand for maintenance services are expected to be steady. However, profits are expected to decrease from the previous period due to the enhancement of upfront investment in human resources, R&D, etc.
- Participating in demonstration tests on unmanned vessels and vessels that can reduce greenhouse gas emissions.

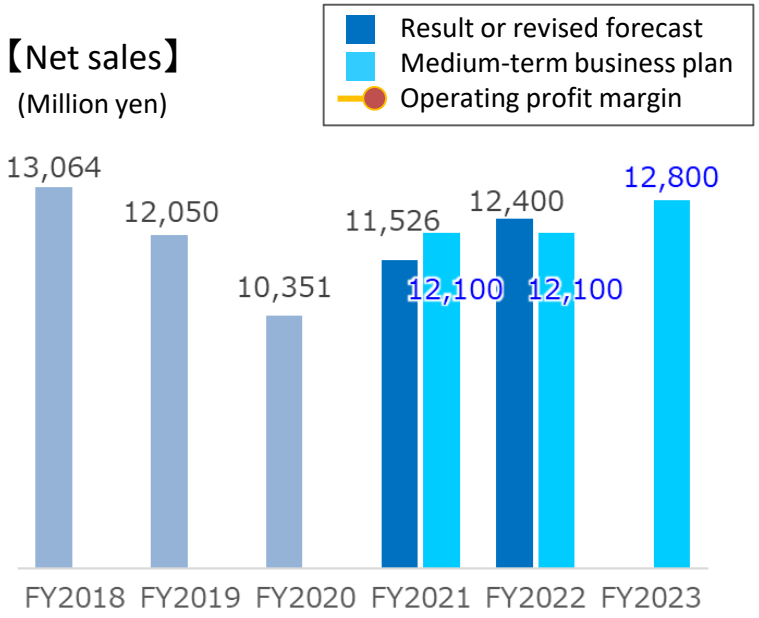
Future Measures

- Expand sales of New ECDIS, launched in Apr 2022, mainly for existing vessel.
- Thorough cost reductions and creation of investment capacity by withdrawing from unprofitable products.
- In the medium to long term, develop products and businesses for autonomous and unmanned vessels.
- Develop energy-saving maneuvering and other technologies that contribute to the reduction of greenhouse gases.

Hydraulics and Pneumatics Business

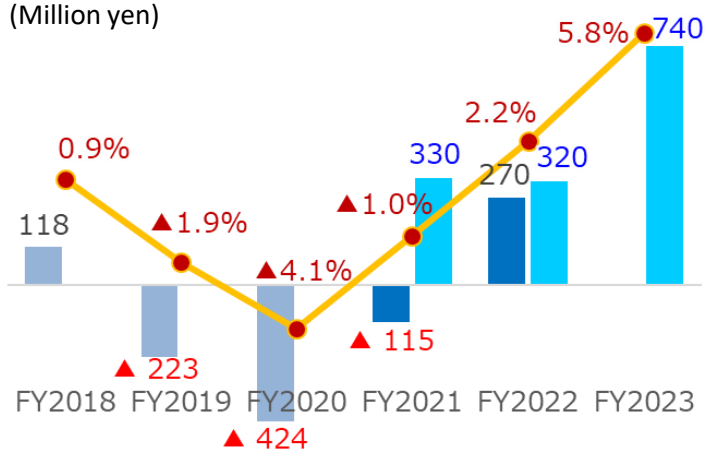
【Net sales】

(Million yen)



【Operating profit】

(Million yen)



Medium-Term Business Plan

- Expand sales of high-value-added products and launch high-pressure, large-capacity products in the market.
- Expand business domains in hydrogen-related businesses as a business that contributes to the realization of a decarbonized society.
- Enter the steel and chemical plant markets for existing hydraulic products.
- Develop high-value-added hydraulic units in response to the shift to IoT.
- Develop electronic devices for next-generation construction machinery.

Progress

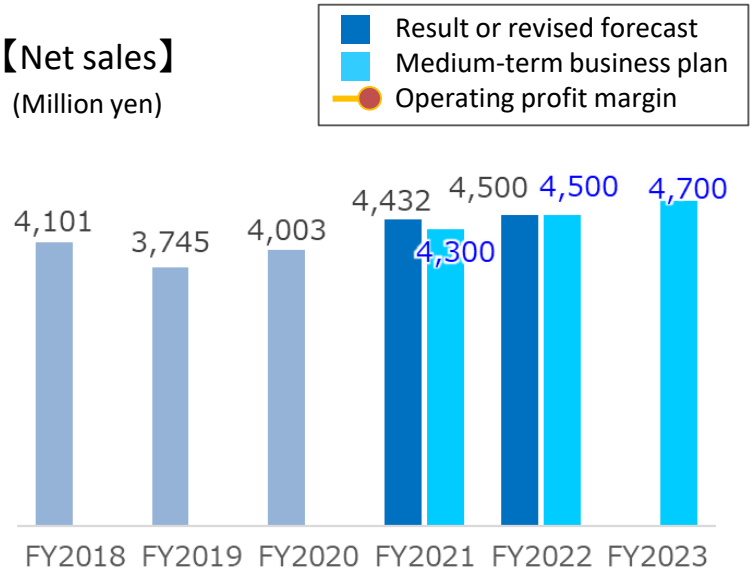
- In FY2021, although the cost of sales ratio improved due to an increase in production volume, profits were down from the initial plan caused by a raw material cost rise.
- In FY2022, we anticipate that demand will continue to recover in all of the market, but surges in raw material costs will continue.
- Launch and expand sales of new products, such as a new positive displacement flowmeter and solenoid directional valves with an explosion-proof and pressure-resistant specifications.

Future Measures

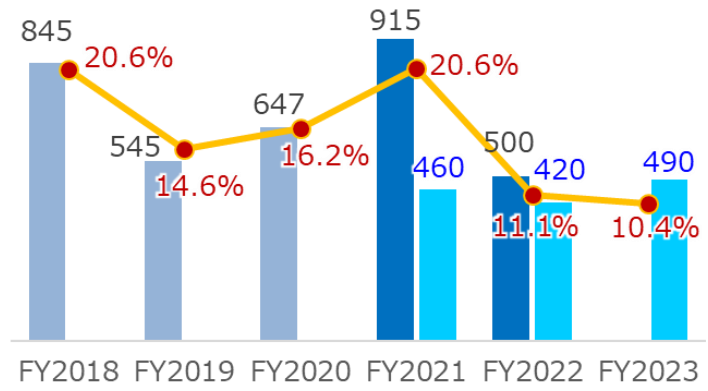
- Continue to negotiate selling prices with customers so that they can pass on the sharp rise in raw material prices due to high resource prices.
- Develop various devices for hydrogen filling stations.
- Develop high-pressure, large-capacity pumps for light-weight alloy molding for EV/FCV.

Fluid Measurement Equipment Business

【Net sales】
(Million yen)



【Operating profit】
(Million yen)



Medium-Term Business Plan

- Domestic public-sector market
  - Expand sales of high-precision ultrasonic flowmeters in the water and sewerage markets.
  - Expand sales of water level measuring systems for disaster prevention markets.
- Private market
  - Increase shares of microwave level gauges for plants.
  - Introduce and expand sales of new docking support systems.
- Fire extinguishing systems market
  - Promote gas cylinder valve inspections and repairs to strengthen accident-prevention measures.

Progress

- In FY2021, sales of the flagship ultrasonic flowmeters and sales and inspection of fire extinguishing systems were strong, and operating profit was significantly higher than planned.
- In FY2022, demand for measuring instruments, sales of fire extinguishing systems and their inspections continued to be steady.
- Operating profit is expected to achieve the target, but profits declined year on year due to soaring raw material prices, changes in the product mix, and investment in human resources.

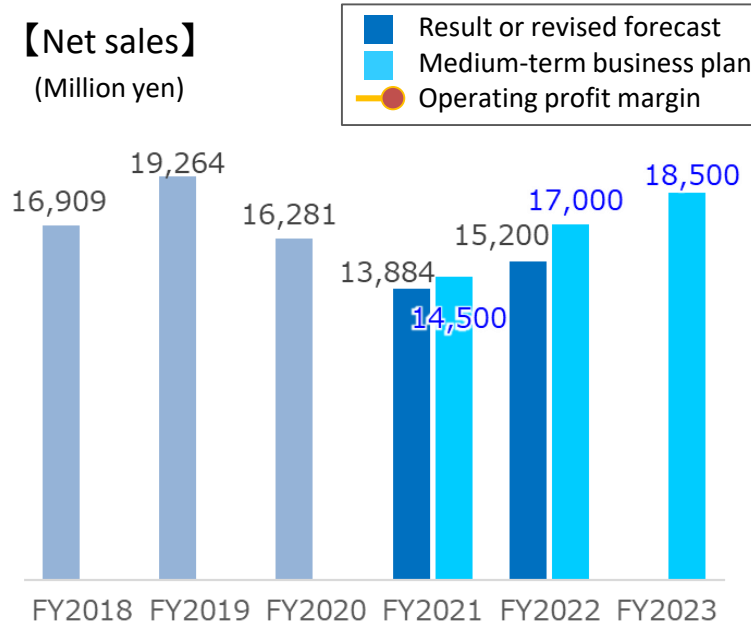
Future Measures

- Measuring equipment: Expanded series of high-precision ultrasonic flowmeters, small-scale system products, and new docking support systems.
- Fire extinguishing systems: Expand sales in new markets by expanding customers, target facilities, product groups, etc.
- Overseas: Promote sales and technical support for dealers in Southeast Asia through the use of Representative Office in Ho Chi Minh City.

Defense & Communications Equipment Business

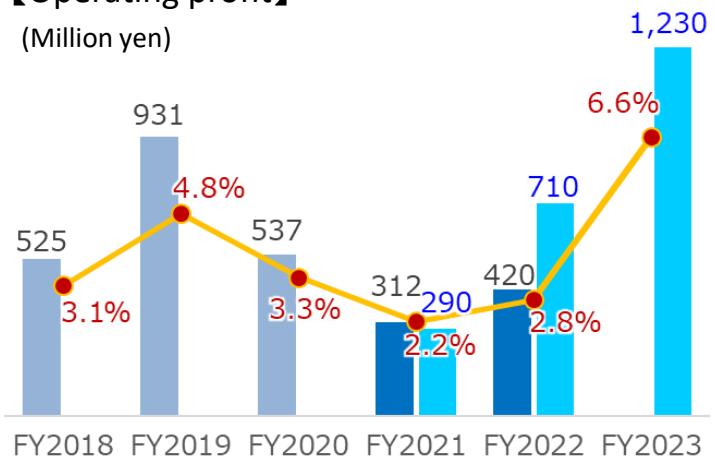
【Net sales】

(Million yen)



【Operating profit】

(Million yen)



Medium-Term Business Plan

- Defense business
  - Defense equipment: Expand applications through microwave-related R&D.
  - Marine Traffic Equipment: Promote sales expansion in foreign markets of new models of solid-state radars for coastal monitoring, which contributes to safe marine traffic.
- Communication & Control Equipment business
  - Inertial sensor and applied equipment: Continue to develop and expand sales of equipment related to automation for agricultural machinery that contributes to efficiency in agriculture.
  - High-Frequency Applications: Develop products such as expanding applications for microwave amplifiers for semiconductor production equipment, with a prospect of two to three years ahead.

Progress

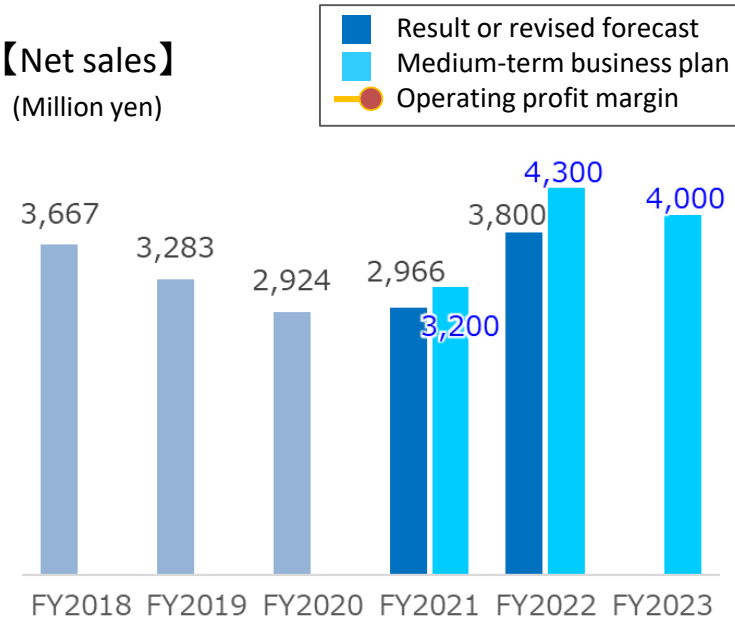
- In FY2021, sales of equipment for semiconductor production equipment increased, while sales in the Defense business decreased due to an off-period in projects that had already been factored in. So it was basically in line with the plan.
- In FY2022, there will be a delay in the delivery period for defense equipment, so the delivery plan should be carried forward to the next fiscal year.
- In the maritime traffic system business, there were discrepancies in FY2021 and FY2022, and both are scheduled to be carried forward to the next fiscal year respectively.

Future Measures

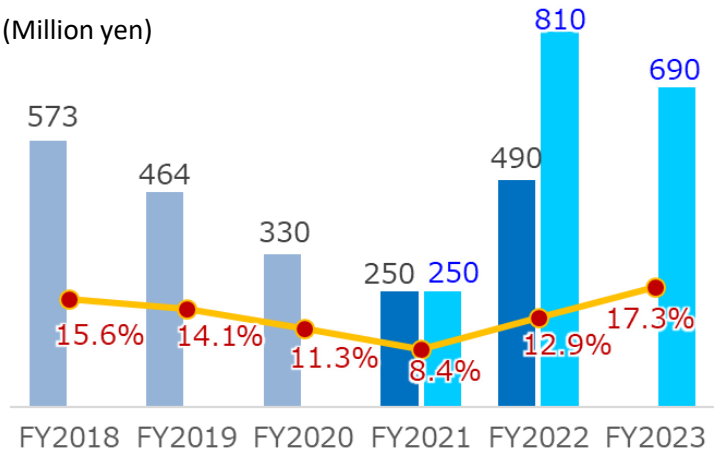
- Defense equipment: Increase orders for fiber optic gyrocompasses (FOG) .
- Maritime traffic equipment: Expand sales of VTS radars in Europe.
- Inertial sensor and applied equipment: Expand the scope of automation for agricultural machinery. In addition, we will expand the technologies we have cultivated in agricultural machinery to other markets, such as social infrastructure and construction machinery.
- High-frequency application equipment: Expand the use of solid-state microwave power supplies, including for semiconductor production equipment .
- Communication & control equipment: Expand attitude control technology in the fields of information and communications, video media, and disaster prevention.

Other Businesses (Inspection Systems, Railway Maintenance)

【Net sales】
(Million yen)



【Operating profit】
(Million yen)



Medium-Term Business Plan

- Inspection Systems business
  - Focus on expanding market share, centered on the gravure printing market, which holds the top share of the domestic market.
  - Strongly promote globalization.
- Railway Maintenance business
  - R&D and launch next-generation strategic products that will lead to the safety and security of railway transportation as a social infrastructure, as a core product following rail inspection cars.
  - Create new inspection services.

Progress

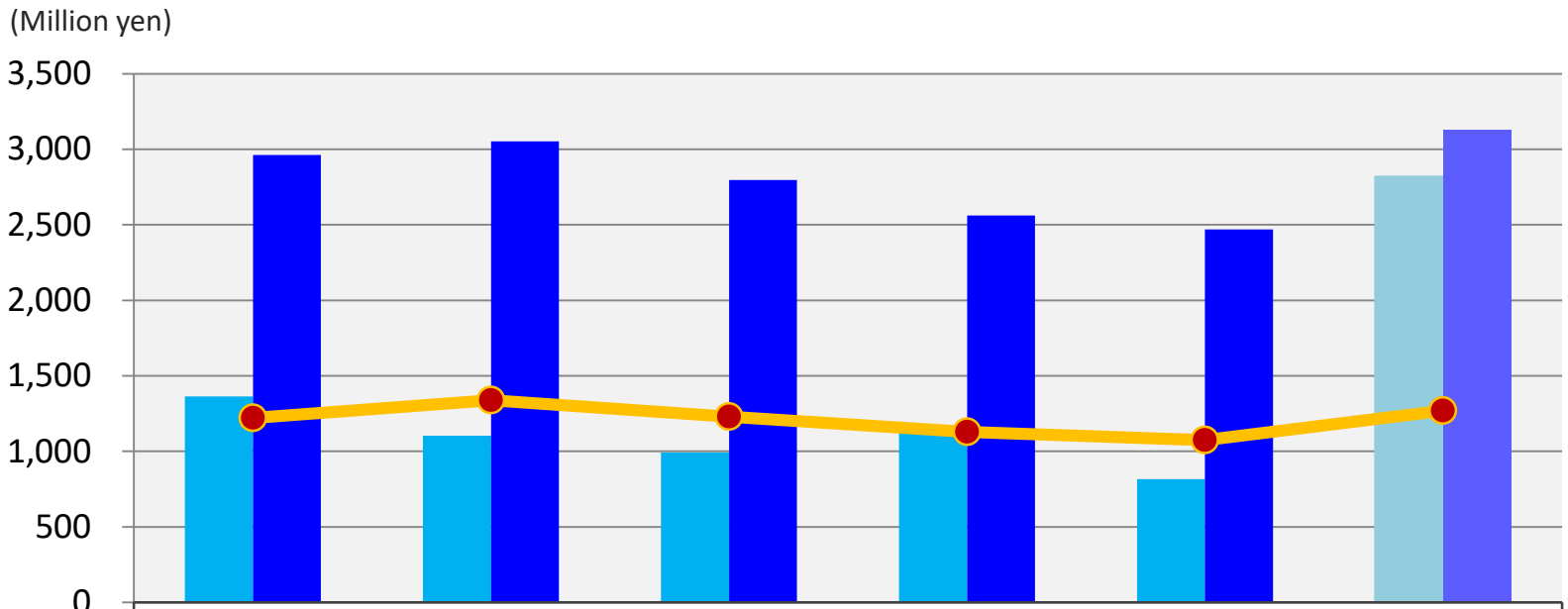
- In FY2021, Inspection Equipment business was steady. In Railway Maintenance business, sales of the mainstay ultrasonic rail inspection cars declined y-o-y, but have already been factored into the forecast since the beginning.
- In FY2022, we forecast higher sales and profits YoY by delivering rail inspection cars in Railway Maintenance business.
- On the other hand, it is expected to be difficult to achieve the plan due to the postponement of equipment upgrades by railway companies because of the prolonged collapse of COVID-19.

Future Measures

- Inspection Systems business
  - Develop printing inspection Equipment for bag-making equipment and introduce inspection equipment for plain-surface.
  - Promote Internet-based marketing and strengthen overseas sales.
- Railway Maintenance business
  - Develop and launch new inspection equipment.
  - Expand sales of new switch profile gauges for railway.

Capital Investment, R&D, Depreciation

- In FY2022, we plan to significantly increase our capital investment compared to the previous period by making growth investments in Marine Systems Business and Defense & Communications Equipment Business and upgrading our company-wide system.



	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Capital investment	1,363	1,102	993	1,145	815	2,820
R&D	2,962	3,052	2,796	2,562	2,469	3,131
Depreciation	1,221	1,338	1,230	1,128	1,073	1,270

Status of External Environmental Risks

	Occurrences	Target Business	Response	Degree of impact
Difficulty of obtaining materials and rises in raw material prices	• In private-sector products, difficulty in obtaining some electronic components continues. • Difficulty in obtaining some overseas purchased products becomes chronic. • Material costs continue to deteriorate due to soaring prices for metal materials such as iron, copper, and aluminum, and for semiconductors, connectors, and switches. • The situation in Ukraine deteriorates the costs further.	✓All businesses	• Continue to adjust delivery by advance arrangements etc. • Secure market inventory by expanding suppliers. • Adjust delivery timing. • Procure substitutes. • Continue negotiations with customers to raise sales prices.	Medium
Situation in Ukraine (Sales side)	• Decrease in sales to Russia makes minimal impact on overall businesses.	✓Marine Systems Business	• Recover through sales activities in other countries.	Low
Shanghai Lockdown	• Difficulty in obtaining parts and purchased products arises.	✓Marine Systems Business ✓Hydraulics and Pneumatics Business	• Adjust delivery timing.	Low
Exchange rate	• Depreciation of the yen contributes to higher sales and profits.	✓Marine Systems Business	・Watch price increases of purchases.	Low

Profit returns to shareholders

[Dividend Policy]

Our basic policy is to implement optimal shareholder returns measures that take into account an optimal capital structure, while giving top priority to growth-oriented investments, with a view to balancing these investments with our financial base, in order to increase corporate value by realizing TOKYO KEIKI Vision 2030. In accordance with this stance, we will strive for stable and continuous shareholder returns with regard to dividends for each fiscal year, taking into account our past dividend performance.

[Commemorative dividend]

We celebrated the 125th anniversary of our founding on May 1, 2021. To commemorate this situation, we will pay a total of ¥30 per share for FY2021, including a commemorative ¥5 per share for an ordinary dividend of ¥25 per share.
In FY2030, we plan to pay an ordinary dividend of ¥30 per share.

[Shareholder benefits program (TOKYO KEIKI Premium Benefits Club)]

No plans at present to change the shareholder benefits program.

Dividend for the last five years and forecast for FY2022

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Annual dividend per share (yen)	20.00	25.00	25.00	25.00	Common, 25.00 +Commemorative 5.00	**30.00**
Payout ratio (consolidated) (%)	29.6	21.3	28.8	43.4	32.9	**31.7**
Total return ratio (consolidated) (%)	37.1	25.6	34.7	43.4	33.0	**—**

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

*From Nov 2017 onward, the numbers of shares are those after consolidation of shares.
(The numbers before consolidation shares are 1/5 of the stated numbers.)

TOKYO KEIKI Vision 2030 Progress

Growth Drivers

	Business Activities	Progress
Edge AI business	● Create new businesses through the conversion of DAPDNA, our proprietary dynamic reconfigurable processors, to edge-AI.	✓ Developing tools for AI-programming on DAPDNA. ✓ Expanding use of the development tools by disclosing them.
Hydrogen & energy business	● Systematize the hydrogen compressior. ● Enter hydrogen related fields other than compression equipment.	✓ Entered into a business alliance with Sunny Ltd., as a step toward promoting packaged sales of hydrogen filling stations. ✓ Considering the possibility of becoming a maintenance business.
Aerospace business	● Expand sales of microwave amplifiers for SAR satellites. ● Develop a business that utilizes satellite image data in the existing markets of our business.	✓ Mass producing microwave amplifiers for small SAR satellites. ✓ The business of utilizing satellite image data is under investigation.

Strengthen core areas

Promoting open innovation with partners who share our vision of the future	● Entered into a business alliance with Sunny Ltd. to develop the hydrogen business.
Creating a motivating and pioneering culture	● Revised to a new personnel system to promote reforms to a corporate culture of “challenge”.

High-level management practices

Sustainability management	● Established the Sustainability Committee and the Sustainability Promotion Office, and published Sustainability Report 2021.
DX initiatives (Internal system renovation)	● Promoting the project to integrate core systems within the company.

Table of Contents

Topic 1

High-Tech Large Sailing Carriers to the World's Seas
Wind Challenger Project progresses

The Wind Challenger Project involves research and development of large sailing vessels that use wind as a propulsion force for ships.
Tokyo Keiki offers marine autopilots and gyrocompasses that employ a new control scheme.

[What is Wind Challenger Project?]

The Wind Challenger is a project aimed at significantly reducing greenhouse gas (GHG) emissions by utilizing wind power as a propulsion force for a vessel by the large rigid sail. The sail, made by glass fiber reinforced plastics (GFRP), can be automatically extended and shrunk. By using this sale, **GHG emissions are expected to reduce by 5-8% per sail** compared to conventional similar sized vessels.

This project is a joint industry-academia project led by Mitsui O.S.K. Lines, Ltd. and Oshima Shipbuilding Co., Ltd., and **Tokyo Keiki provides marine autopilots and gyrocompasses.** Aiming for the completion of the first vessel during FY2022, **the rigid sail was completed in March 2022.**

Image of a cargo ship with rigid sales

Rigid sail that can expand, shrink, and rotate automatically according to wind directions and speeds

[Tokyo Keiki Technology]

In the case of sailing vessels that are more affected by wind than normal vessels, energy-efficient navigation cannot be realized unless outside disturbances including wind and waves and tidal currents are estimated more accurately for the best rudder control.
Therefore, **Tokyo Keiki has developed a new control method, "NCTeN"**. NCTeN can estimate the vessel's motion characteristics and outside disturbance more accurately using various navigation data **to maintain appropriate navigation routes without turning wasteful rudders**.

Tokyo Keiki will feed back NCTeN's techniques to regular autopilots as well to develop safer, more energy-efficient products.

Tokyo Keiki Participates in the project with autopilots and Gyrocompasses.

Topic 2

New Electronic Chart Display and Information Systems (ECDIS) Contributing to Solving Social Issues with Three Concepts

Tokyo Keiki has begun sales of new ECDIS based on the three concepts related to social contribution. In this product, we have been promoting development with the aim of reducing the shortage of crew members and the difficulty of acquiring skills in the shipping industry.

[What is ECDIS?]

ECDIS has a function to display the position of own ship on the same screen based on electronic navigational charts, and to display radar, scheduled route, etc. overlapping each other. Electric navigational charts indicate information necessary for the safety of navigation, such as own ship's location, course, and speed, in addition to information in conventional paper charts.

[Three concepts]

The new ECDIS can reduce the burden on the crew and realize efficient operation by acquiring easy learning of operation techniques and shortening of maintenance hours.

①Simple operation via Multifunction touch screen

- A new touch Panel LCD allowing for easy smart phone style operation.
- The touch panel can be laid flat so that multiple crew members may operate simultaneously.

https://youtu.be/eVAYqL4xbaA

②Familiarization Training via built in Tutorial Function

- A built-in tutorial function makes possible to watch operation procedure on ECDIS itself, by PC at cabin or shore side.
- Training records can be issued as a certificate to support the crew's knowledge and proficiency.

https://www.youtube.com/watch?v=L4Kg_ipinPM

③Easy onboard maintenance by crews

- Main parts can be easily replaced without any special tools by the ship's crew, using spare parts onboard.
- There is no loss of time because the system can be restored without a service engineer's attendance.

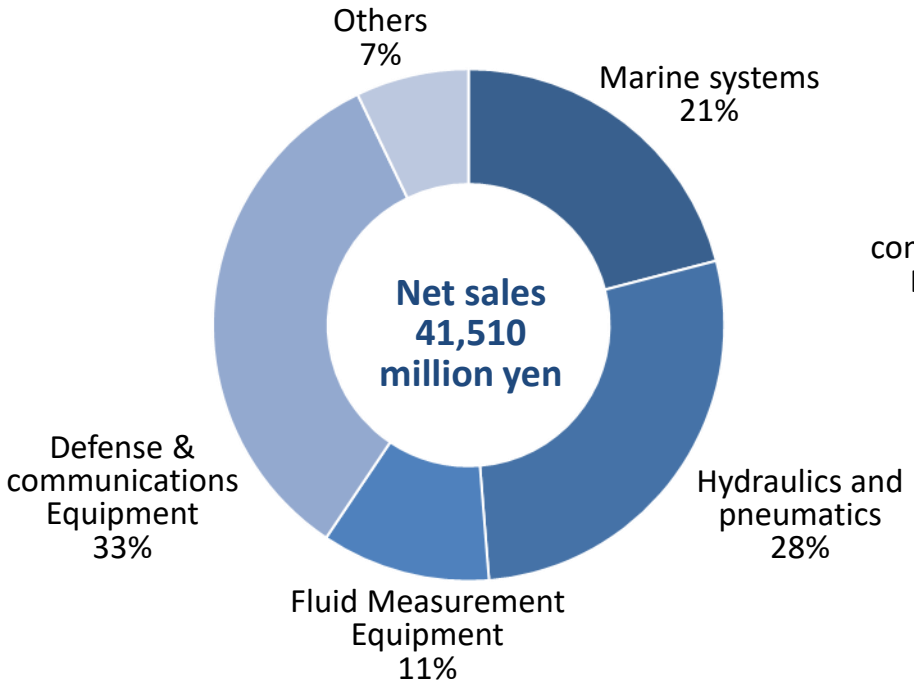
https://www.youtube.com/watch?v=qH8vszJT7iI

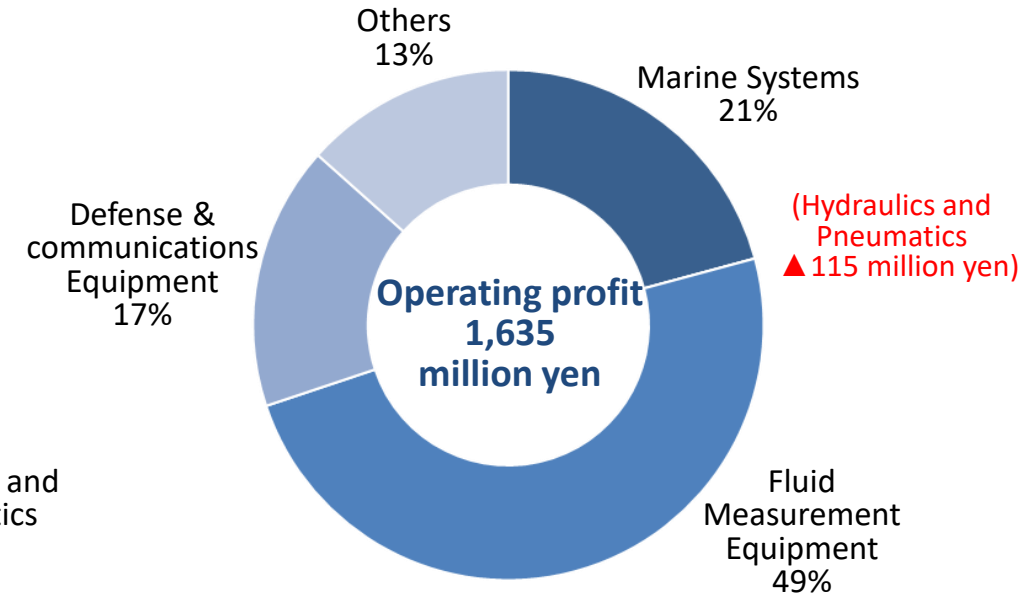
References

Business Trends

Our Business

Segment Ratio of Net Sales and Operating Profit for FY2021



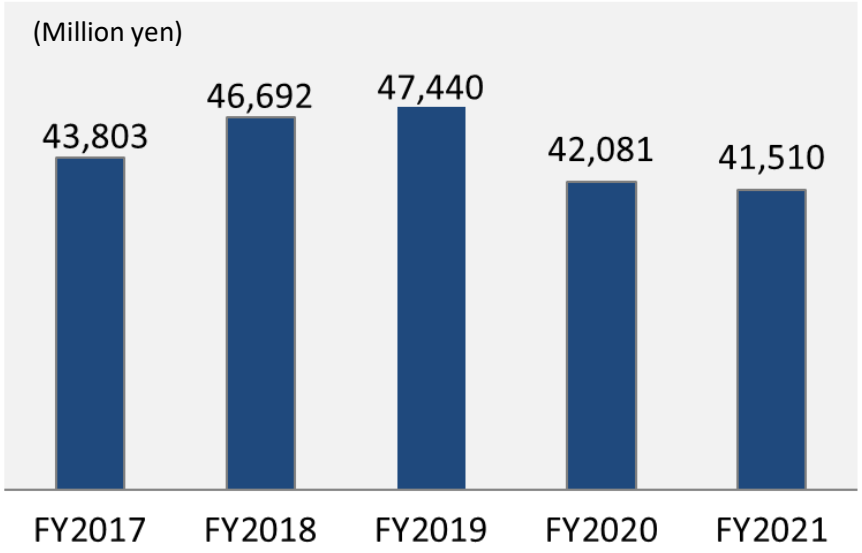


Business characteristics

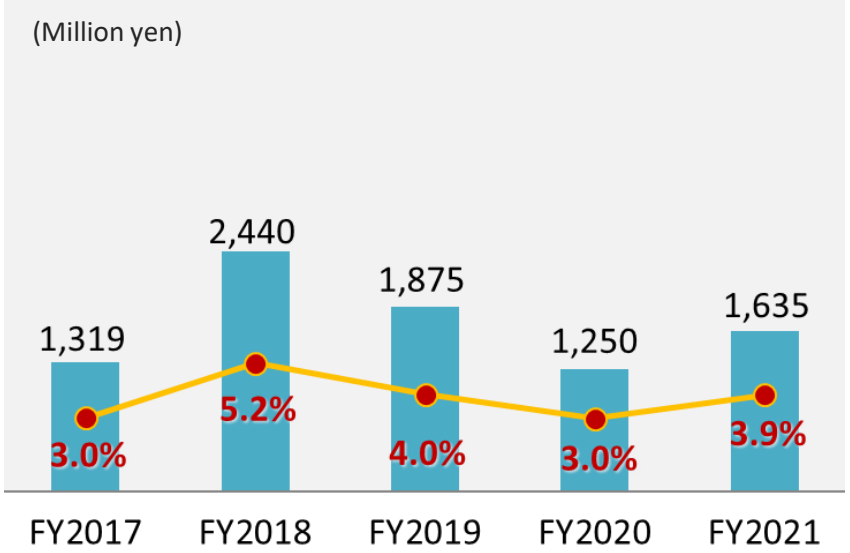
- Due to the nature of the business, Fluid Measurement Equipment Business, Defense and Communications Equipment Business, and Others in Railway Maintenance Business have sales and earnings weighted in the second half, while there is little seasonality in Marine Systems Business and Hydraulics and Pneumatics Business.
- Performance of Hydraulics and Pneumatics Business is affected by the economy.
- In Defense and Communications Equipment Business, the profit margin of Defense equipment business is low, but profits tend to fluctuate greatly depending on types of projects, as well in Marine traffic equipment business. Therefore, the Company is working to improve and stabilize the profit margin by expanding sales in Communication & control equipment business.

Changes in Net Sales and Operating Profit

【Net sales】



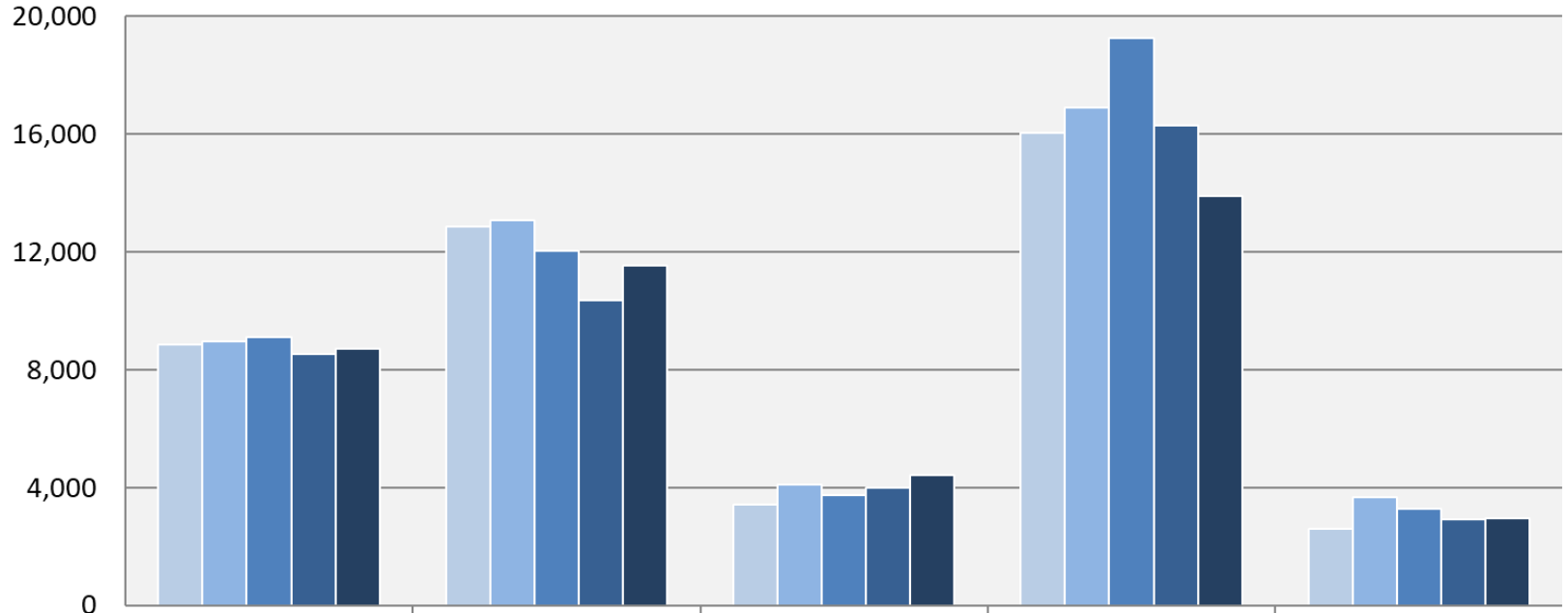
【Operating profit】



(Million yen)	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	43,803	46,692	47,440	42,081	**41,510**
Operating profit	1,319	2,440	1,875	1,250	**1,635**
Ordinary profit	1,511	2,660	2,011	1,458	**1,926**
Profit attributable to owners of parent	1,120	1,936	1,425	945	**1,493**
Operating profit margin	3.0%	5.2%	4.0%	3.0%	**3.9%**

Changes in Net Sales by Segment

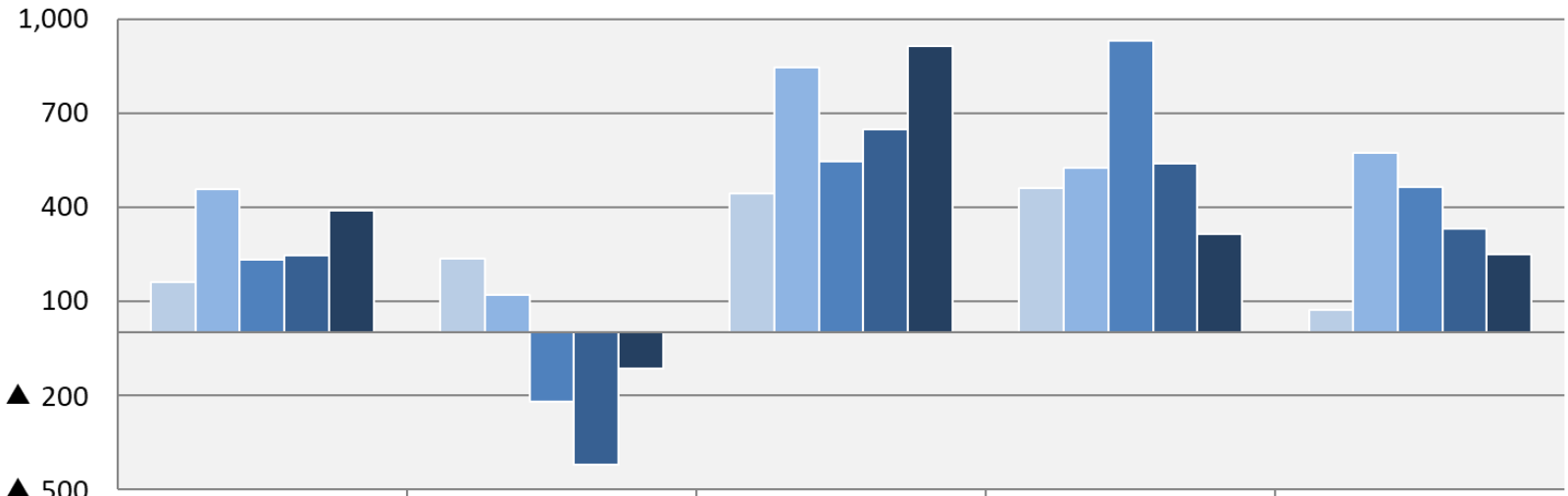
(Million yen)



	Marine Systems	Hydraulics and Pneumatics	Fluid Measurement Equipment	Defense & Communications Equipment	Others
FY2017	8,858	12,853	3,440	16,051	2,601
FY2018	8,949	13,064	4,101	16,909	3,667
FY2019	9,094	12,050	3,745	19,264	3,283
FY2020	8,522	10,351	4,003	16,281	2,924
FY2021	8,700	11,526	4,432	13,884	2,966

Changes in Operating Profits by segment

(Million yen)

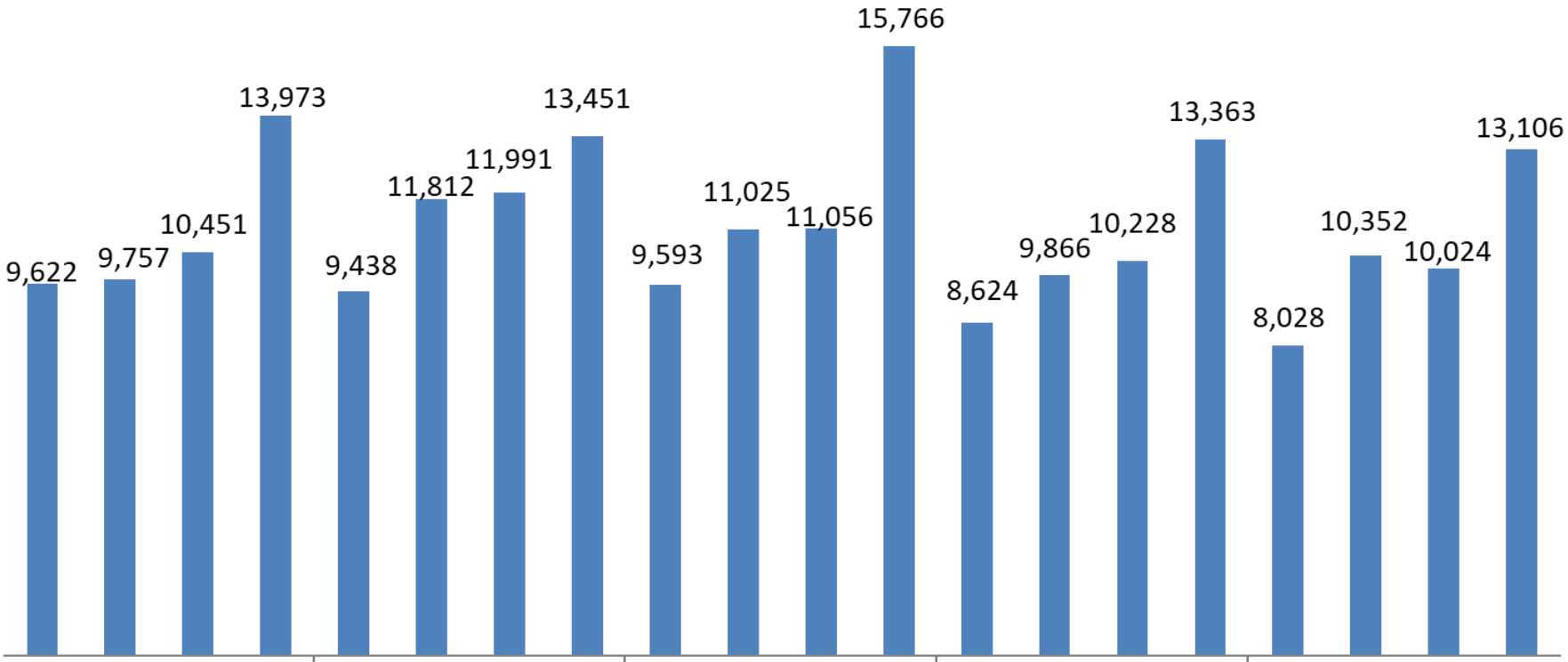


	Marine Systems	Hydraulics and Pneumatics	Fluid Measurement Equipment	Defense & Communications Equipment	Others
FY2017	161	235	444	460	70
FY2018	456	118	845	525	573
FY2019	233	▲ 223	545	931	464
FY2020	246	▲ 424	647	537	330
FY2021	388	▲ 115	915	312	250

※Operating profits before adjustment

Quarterly Changes in Net Sales

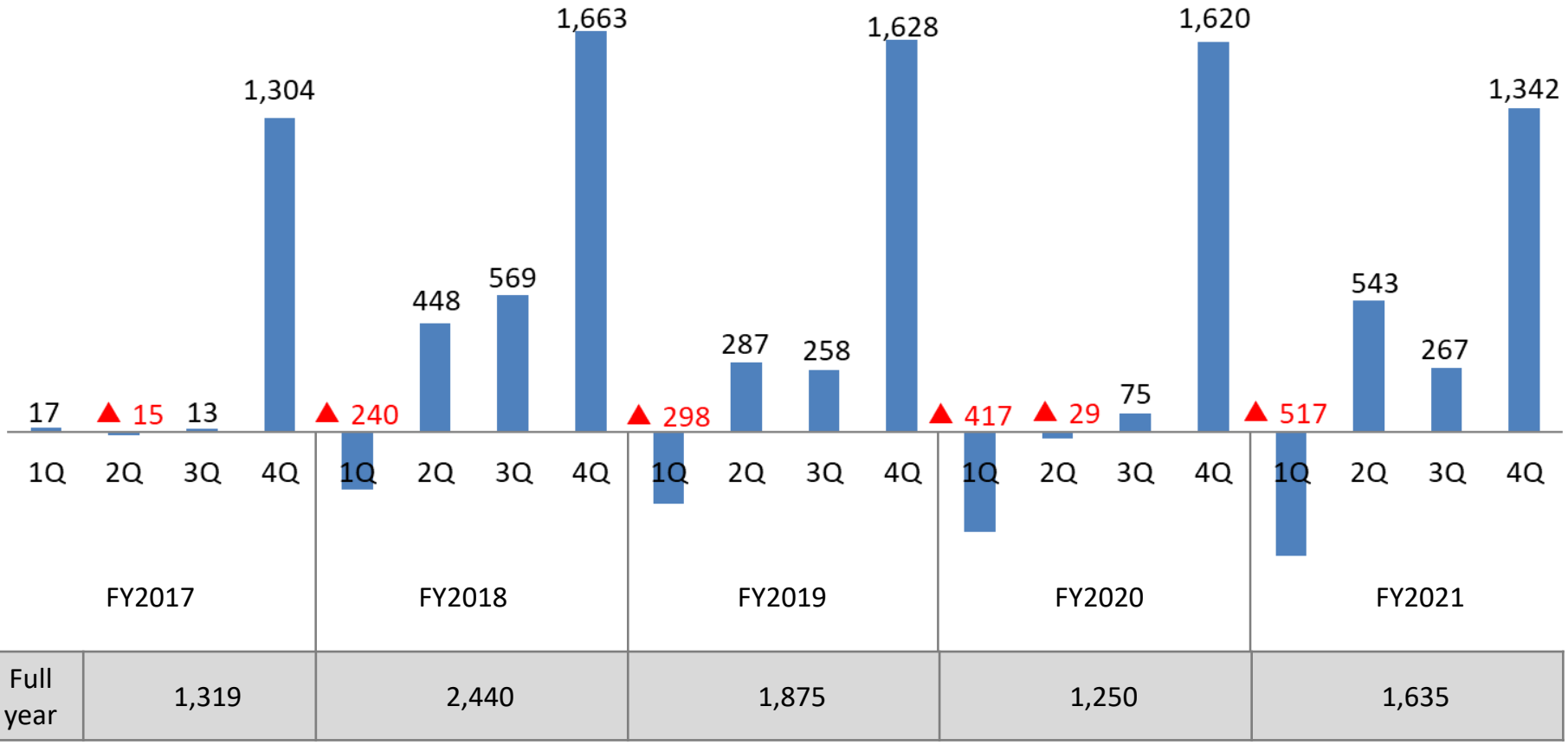
(Million yen)



Full year	43,803	46,692	47,440	42,081	41,510

Quarterly Changes in Operating Profits

(Million yen)



	FY2017	FY2018	FY2019	FY2020	FY2021
Full year	1,319	2,440	1,875	1,250	1,635

References

Business Trends

Our Business

Principal Businesses of TOKYO KEIKI Group

TOKYO KEIKI Group‘s businesses are divided into four segments and others, and there are a large number of 11 businesses within these segments.

Segment (4+ Others)	Business (11)
Marine Systems Business	Navigational equipment
Hydraulics and Pneumatics Business	Hydraulic and pneumatic equipment
Fluid Measurement Equipment Business	Measuring instruments
	Fire extinguishing systems
Defense & Communications Equipment Business	Defense equipment
	Marine traffic equipment
	Inertial sensor and applied equipment
	High-frequency application equipment (microwave applied equipment)
	Communication & control equipment
Others	Inspection systems
	Railway maintenance

[Marine Systems Business]

Navigational equipment	Contributing to safe navigation and energy-saving ship steering

- Offering a compete lineup of essential marine systems for ships and supplies them globally.
- Pioneer in marine systems as the the first in Japan to manufacture marine radar, gyrocompasses, and autopilots.
- **More than 60% of the global commercial vessels market and more than 80% of the domestic coastal vessels market.**

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

Gyrocompasses that indicate direction of ship's heading

Fiber Optic Gyro (FOG) without moving parts for periodic replacement of the sensor

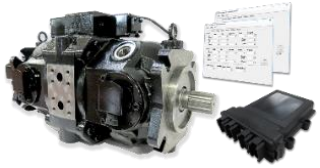
Electronic Chart Display and Information Systems (ECDIS) that display navigational charts in real time

- As a leader in marine gyrocompasses and autopilots, we have also participated in the autonomous ship development project and the next-generation wind powered vessel project, which contributes to reducing GHG emissions.

"DFFAS Project for Realizing Autonomous ships"

"Wind Challenger Project"

[Hydraulics and Pneumatics Business]

Hydraulic and pneumatic equipment	Supporting the manufacturing floor and frontline of infrastructure
For industrial machinery	■ Hydraulic and pneumatic equipment with excellent energy saving performance and controllability to support manufacturing. ■ **Approximately 40% of the domestic market for plastic injection molding machines** used in motor vehicle manufacturing.  Low-noise fixed displacement vane pump widely used in general industrial machinery  Solenoid directional valves controlling velocity and pressure proportionally Compact power unit widely used as a hydraulic power source for machine tools and general industrial machinery 
For construction machinery	■ Combining hydraulic equipment and electronic products to support infrastructure development.  High-capacity and quick response cartridge valves used in construction machinery  Electric direct control piston pumps for construction machinery  Displays for construction machinery
Utilization of hydrogen energy	■ Promoting hydrogen-energy use by hydraulic-drive hydrogen compressors for hydrogen filling stations  Hydrogen compressors for mobile hydrogen filling stations  Hydrogen compressors for stationary hydrogen filling stations

[Fluid Measurement Equipment Business]

Measuring instruments	Protecting life and human life: Contributing to the safety of life through water resource management and river disaster prevention
Flow monitoring	■ The first pioneer in the world to commercialize ultrasonic flowmeters. ■ Our ultrasonic flowmeters, the first in the world to be put into practical use, are used to monitor flow rates in water supply and sewerage systems as well as agricultural water pipelines. ■ **Over 60% of the market for domestic water and sewerage systems and agricultural water management.** 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. 
Land disaster prevention	■ Systems use microwave level gauges to protect lives from the spate of river and urban flooding.  Crisis management water gauges that provide early detection of rising river levels  Flood-control level gauges that indicate the risk of urban flood damage caused by sewage overflowing from manholes
Fire extinguishing systems	**Protecting against fires: Gas-agent fire extinguishing systems are widely used in facilities that are strictly prohibited from getting wet.**
	■ 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]

Defense equipment	Contributing to national defense: Our strength lies in microwave application technologies and inertial sensor technologies

■ Development, production, and repair and maintenance of defense avionics equipment and warship navigation systems.

Air Self-Defense Force website
https://www.mod.go.jp/asdf/komatsu/3/third/images/gallery/photo/hy5.html

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

Inertial navigation system using high-precision ring laser gyro, installed on submarines that cannot use any external signals such as GPS for azimuth measurement

Air data computer (ADC) that calculates the altitude and speed of the aircraft This is mounted on Blue Impulse aircraft.

Marine traffic equipment	Contributing to safe vessel navigation: Providing maritime monitoring systems that can be called a “marine traffic control tower”

■ Providing VTS*1 systems including the maritime surveillance radars and AIS*2 information management equipment, which are required for traffic control operations on congested waterway. **Domestic VTS system market share 100%.**

■ Started delivering VTS radars to the gulf coasts and rivers in Europe.

Maritime surveillance radar installed at ”Umihotaru” in Tokyo Bay.

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

*1 VTS:Vessel Traffic Services

*2 AIS:Automatic Identification System System for exchanging information between vessels and between vessels and navigation aid facilities

[Defense & Communications Equipment Business]

Inertial sensor and applied equcpment

Promoting Smart Agriculture: Realizing by combining inertial sensors and control technologies

- For linear-motion assistance for agricultural vehicles, gyro-technology, inertial-sensor, and proprietary software technologies are integrated.
- **The share of accelerometers used in seismometers for Japan Meteorological Agency is pproximately 80%.**

Seismic accelerometer which is essential for measuring seismic magnitude

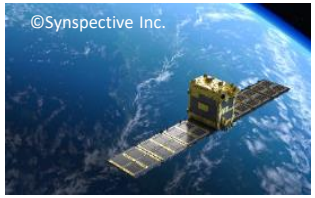
Linear-motion assistance for agricultural vehicles to reduce the burden of working on the farm

High-frequency application equipment

Entry into advanced industries: Contributing to semiconductor manufacturing equipment components and space business by making full use of microwave application technologies

- Solid-state microwave power supplies used in semiconductor production equipment to achieve semiconductor miniaturization.
- Providing microwave amplifiers that amplify radar signals emitted from SAR satellites toward the earth's surface.

Solid-state microwave power supply used for next-generation semiconductor production quipment



Synthetic aperture radar (SAR) satellite with the microwave amplifier onboard

Communication & control equipment

Contributing to broadcasting quality improvement: Implementing by integrating technologies such as gyro sensors, accelerometers, and magnetic azimuth sensors

- Realizing stable image transmission by attitude control equipment mounted on news helicopters and relay vehicles.
- **Antenna directioning systems are mounted on more than 90% of news helicopters of the national TVs, leading to reliable transmission of aerial images.**

Antenna directioning systems which continuously grasp the position and attitude directions of helicopters, control relay antennas towards receiving stations, and transmit videos without interruption

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

[Others (Inspection/Railroad)]

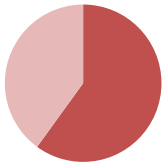
Inspection Equipment	Contributing to improving the quality of printing: Detecting printing defects and material surface problems through high-precision image processing technologies
	■ Realizing high-speed and real-time image processing with in-house developed chips. ■ Automatically detecting printing errors and foreign matter contamination at high speed to improve work efficiency and eliminate material waste. ■ **Top share of the domestic market for gravure printing presses.**  Print inspection system that ensures print quality by detecting print-defects  Material inspection equipment that detects flaws and foreign matter contaminations in plain materials such as films, non-woven fabrics, and metal foils.
Railway Maintenance	**Contributing to safe operations of railways: Utilizing ultrasonic technology for railway maintenance**
Business at TOKYO KEIKI RAIL TECHNO INC., our subsidiary	■ **Ultrasonic rail inspection cars are in operation at more than 70% of domestic railway companies.** ■ Supporting railway maintenance work with maintenance equipment and maintenance services such as ultrasonic rail flaw detectors and switch profile gauges  Ultrasonic rail inspection car that performs non-destructive inspections using ultrasonic wave  Ultrasonic rail flaw detector that inspects rail flaws in detail  Switch profile gauge that simultaneously measures rails wear, crossing wear, and track geometry

Share in key niche markets

*In-company investigations

【Marine Systems Business】

Marine gyrocompasses, Marine autopilots

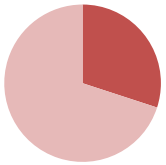


Global commercial vessls
Over 60%

Domestic costal vessels
Over 80%

【Hydraulics and Pneumatics Business】

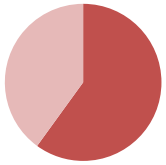
Hydraulic equipment



For plastic injection molding machines in Japan
About 40%

【Fluid Measurement Equipment Business】

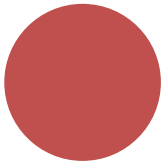
Ultrasonic flowmeters



-World's first practical use
-For domestic water and sewerage systems and agricultural water management
Over 60%

【Defense & Communications equipment Business】

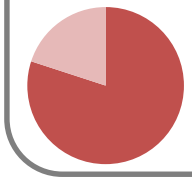
Radars for maritime traffic, VTS systems



VTS systems for vessel traffic service Centers in Japan
100%

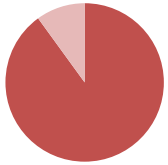
【Defense & Communications equipment Business】

Accelerometers for seismometers



For Japan Meteorological Agency
About 80%

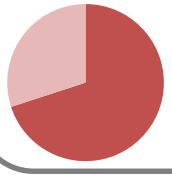
Antenna directioning systems



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%

Thank you for your attention.