

# TOKYO KEIKI INC.

## Financial Results Briefing for 2Q of the Fiscal Year Ending March 31, 2023 (FY2022) —From April 1 to September 30, 2022—

November 11, 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.

## Summary of Financial Results for 2Q of Fiscal 2022

### ◆ Financial Results for the 2Q of the Fiscal Year Ending March 31, 2023 (FY2022)

- Net sales increased year on year, and profits declined.
- The reason for Net sales increase is the strong performance of Railway Maintenance business, which is included in Others business, and the depreciation of the yen in Marine Systems Business.
- Profits declined as the cost of sales ratio rose because of soaring raw material prices and changes in the product mix.
- The order backlog was +22.2% year on year.

### ◆ Full-year Forecast for FY2022

- Despite the effect of the yen's depreciation, we downwardly revised its earnings forecast announced on May 13, 2022. This is because delivery of our products will be delayed from the next fiscal year onward owing to the shortage of parts, and because the cost of sales ratio will increase as raw material prices are rising higher than expected.
- Although the order backlog is trending at a high level because of robust demand, the harvest of the effects of optimizing selling prices and the execution of the carried-over high-value added projects are expected from the next fiscal year onwards.
- Annual dividend maintains the initial plan. Ordinary dividend will be increased by ¥5 to ¥30.

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## 2Q Net Sales and P/L

- ◆ Although net sales increased, operating profits declined because cost of sales ratio increased due to higher-than-expected raw material prices and changes in the product mix, as well as SG&A expenses increased.

(Million yen)	FY 2021 2Q Results	FY 2022 2Q Results	Year on Year Change	
			Amount	Rate
Net sales	18,380	18,592	+213	+1.2%
Operating profit	26	▲615	▲641	-
Ordinary profit	235	▲322	▲558	-
Profit attributable to owners of parent	229	▲229	▲458	-

## 2Q Net Sales and Operating Profit by Segment

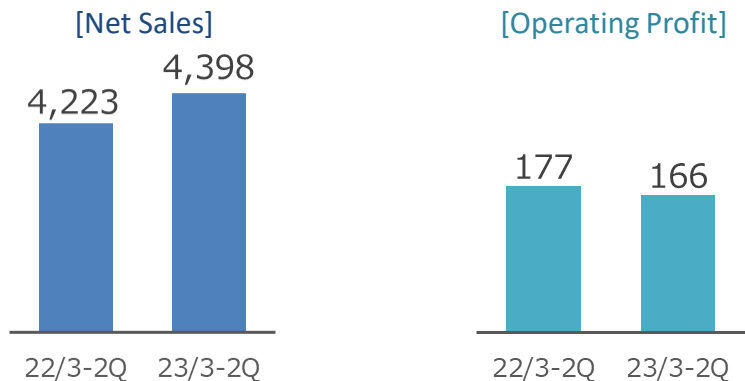
- ◆ Net sales increased as a whole, as higher sales in Marine Systems, Hydraulics and Pneumatics and Other businesses offset the negative impact.
- ◆ Profits declined as a whole due to lower profits in the main businesses, despite higher profits in Other businesses.

(Million yen)	Net sales				Operating profit			
	FY 2021 2Q Results	FY 2022 2Q Results	Year on Year Change		FY 2021 2Q Results	FY 2022 2Q Results	Year on Year Change	
			Amount	Rate			Amount	Rate
Marine Systems	4,223	4,398	+175	+4.1%	177	166	▲11	▲6.1%
Hydraulics and Pneumatics	5,523	5,686	+163	+3.0%	▲60	▲140	▲80	-
Fluid Measurement Equipment	1,451	1,334	▲117	▲8.1%	▲78	▲171	▲93	-
Defense & Communications Equipment	6,000	5,606	▲394	▲6.6%	69	▲476	▲545	-
Others	1,182	1,566	+384	+32.5%	▲42	57	+99	-
Total	18,380	18,592	+213	+1.2%	26	▲615	▲641	-

(Segment sales and operating profit are before adjustments.)

## 2Q Net Sales and Operating Profit by Segment

### Marine Systems

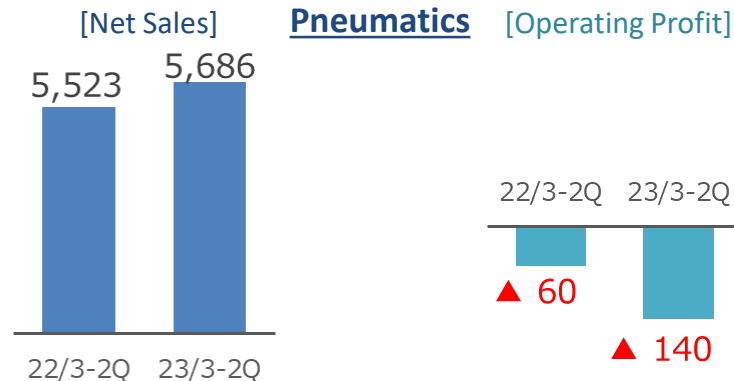


(Million yen)	FY2021-2Q	FY2022-2Q	Year on Year Change	
			Amount	Rate
Net sales	4,223	4,398	+175	+4.1%
Operating profit	177	166	▲11	▲6.1%

#### [Year-on-year increase in sales and decrease in profit]

- In the commercial vessel market, sales declined because of delays in procuring parts, despite efforts to previously prepare parts that tend to be delivered for longer times.
- In overseas markets, sales of equipment for new shipbuilding in Asia, sales of OEM products in Europe and the United States, and maintenance services remained firm.
- Net sales increased due to the depreciation of the yen.
- Despite the effect of the yen's depreciation, operating profit declined slightly owing to an increase in the cost of sales ratio caused by a sharp rise in raw material prices.

### Hydraulics and Pneumatics



(Million yen)	FY2021-2Q	FY2022-2Q	Year on Year Change	
			Amount	Rate
Net sales	5,523	5,686	+163	+3.0%
Operating profit	▲60	▲140	▲80	—

#### [Year-on-year increase in sales and decrease in profit]

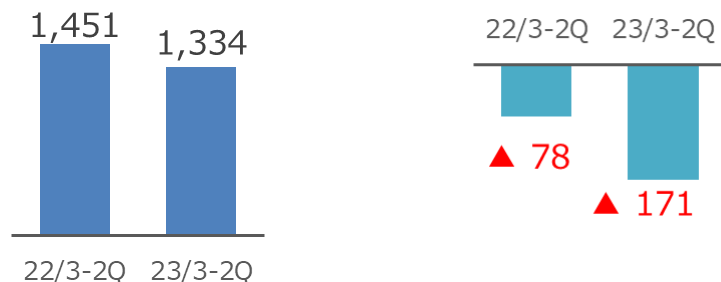
- In overseas markets, sales declined due to the stagnation of the Chinese economy caused by the zero-COVID policy and a decrease in demand in South Korea and Taiwan affected by this policy.
- In the machine tool market, capital investment aimed at automation and high efficiency remained firm.
- In the construction machinery market, sales increased owing to continued domestic public investment and a recovery in private-sector capital investment.
- Despite efforts to secure profits by optimizing selling prices, operating profit was down because of higher than expected raw material prices, an increase in utility costs, and the implementation of growth investments.

## 2Q Net Sales and Operating Profit by Segment

### Fluid Measurement Equipment

[Net Sales]

[Operating Profit]



(Million yen)	FY2021-2Q	FY2022-2Q	Year on Year Change	
			Amount	Rate
Net sales	1,451	1,334	▲ 117	▲ 8.1%
Operating profit	▲ 78	▲ 171	▲ 93	—

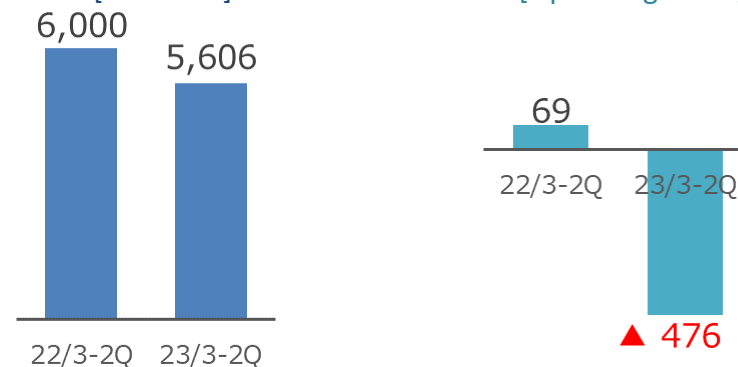
#### [Lower sales and profits YoY]

- Fire extinguishing facilities saw robust sales of components and replacement work in gas cylinder valve inspections of gas-based fire extinguishing systems.
- In the public sector, sales of mainstay ultrasonic flowmeters decreased due to a decline in projects for sewerage and agricultural water.
- Operating profit posted an operating loss because of lower sales and soaring raw material prices.
- Owing to the nature of the business, sales tend to be concentrated in 4Q, so results in 2Q tend to be an operating loss.

### Defense & Communications Equipment

[Net Sales]

[Operating Profit]



(Million yen)	FY2021-2Q	FY2022-2Q	Year on Year Change	
			Amount	Rate
Net sales	6,000	5,606	▲ 394	▲ 6.6%
Operating profit	69	▲ 476	▲ 545	—

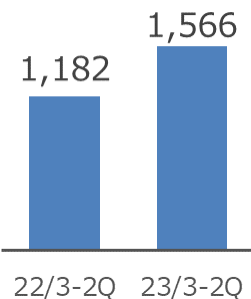
#### [Lower sales and profits YoY]

- In the defense business, sales increased in such as reverse exploration equipment for patrol helicopters, following a recovery from the trough in the project up to last year.
- In communication & control equipment business, sales declined in the first half of the fiscal year because sales of antenna stabilizers for satellite communications concentrate in the second half and because sales of some of the equipment for broadcasting stations will be carried forward from the next fiscal year onward.
- Operating profit posted an operating loss due to a decrease in sales, an increase in the cost of sales ratio caused by changes in the product mix, and an increase in utility expenses.

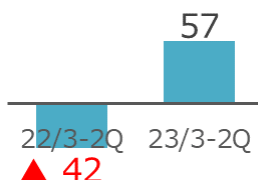
## 2Q Net Sales and Operating Profit by Segment

### Others

[Net Sales]



[Operating Profit]



(Million yen)	FY2021-2Q	FY2022-2Q	Year on Year Change	
			Amount	Rate
Net sales	1,182	1,566	+384	+32.5%
Operating profit	▲42	57	+99	—

### [Year-on-year increase in sales and profits]

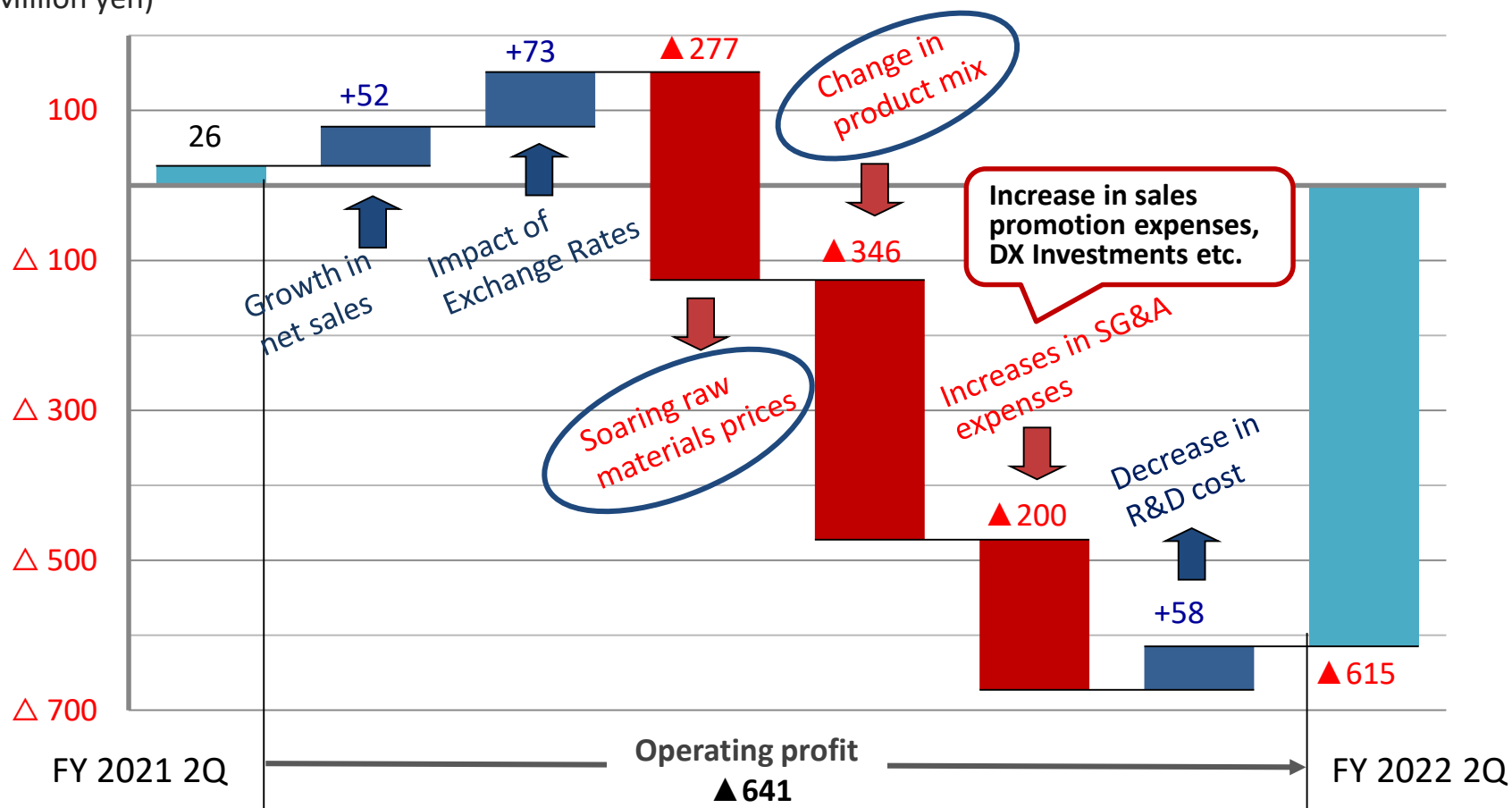
- Printing Inspection Equipment business remained unchanged from the same period of the previous fiscal year.
- In Railway Maintenance business, sales of the mainstay ultrasonic rail inspection cars increased.
- Operating profit increased due to an improved cost of sales ratio in Railway Maintenance business as a result of increased sales of ultrasonic rail inspection cars.



## 2Q Changes in Operating Profit (YoY)

- ◆ Operating profit decreased mainly owing to both a sharp rise in raw material prices and a change in product mix caused by an increase in sales of defense products, which have a high cost ratio, and a decrease in sales of high-value-added products.

(Million yen)



## Status of Orders Received and Order Backlog

- ◆ Overall, both orders and order backlog increased YoY, contributing to sales growth from 3Q onward.
- Marine Systems : The order backlog increased due to an increase in orders received on the background of solid performance in overseas markets and maintenance services, as well as delays in shipments due to a shortage of parts.
- Hydraulics and Pneumatics : Orders declined owing to a decrease in demand in Asian markets, particularly China. The order backlog increased because of an increase in orders for clients' advanced arrangements, etc.
- Fluid Measurement Equipment : Both orders and order backlog increased because of robust demand in the public and private markets.
- Defense & Communications Equipment : In the defense business, orders received and order backlog both increased due to an increase in orders for naval vessels equipment and repair work, etc.  
In communication & control equipment business, both orders and order backlog increased owing to an increase in orders for antenna stabilizers for satellite communications.

(Million yen)	Amount of orders received For 2Q of FY2022				Amount of order backlog At the end of 2Q of FY2022						
	FY 2021 2Q	FY 2022 2Q	Year on Year Change		FY 2021 2Q	FY 2022 2Q	Year on Year Change		End of FY2021	From the end of FY2021	
			Amount	Rate			Amount	Rate		Amount	Rate
Marine Systems	4,869	4,910	+41	+0.8%	2,923	3,860	+937	+32.1%	3,348	+512	+15.3%
Hydraulics and Pneumatics	6,144	5,883	▲261	▲4.2%	3,281	3,458	+177	+5.4%	3,260	+197	+6.1%
Fluid Measurement Equipment	2,301	2,388	+88	+3.8%	1,864	2,207	+343	+18.4%	1,153	+1,054	+91.5%
Defense & Communications Equipment	3,877	5,557	+1,680	+43.3%	13,448	16,726	+3,278	+24.4%	16,775	▲48	▲0.3%
Others	1,785	1,949	+164	+9.2%	1,515	1,885	+370	+24.4%	1,467	+417	+28.5%
Total	18,977	20,691	+1,714	+9.0%	23,031	28,136	+5,105	+22.2%	26,003	+2,133	+8.2%

## Balance Sheet (Main accounting items only)

- ◆ The equity ratio stood at 58.4% at the end of September 2022, continuing to maintain financial soundness. (58.7% as of March 31, 2022)
- ◆ Inventories increased due to an increase in order backlog, soaring raw material prices, and an increase in advance arrangements for countermeasures to longer delivery times for parts.

### (Assets)

### (Liabilities and Net Assets)

(Million yen)	As of Mar. 31, 2022	As of Sep. 30, 2022	Amount of change	(Million yen)	As of Mar. 31, 2022	As of Sep. 30, 2022	Amount of change
<b>Current assets</b>	<b>43,102</b>	<b>42,297</b>	<b>▲805</b>	<b>Current liabilities</b>	<b>19,031</b>	<b>19,658</b>	<b>+627</b>
Cash and deposits	12,244	10,505	▲1,739	Notes and accounts payable	6,565	6,516	▲49
Notes and accounts receivable	11,976	9,411	▲2,564	Short-term loans payable	8,102	8,734	+631
Electronically recorded monetary claims	3,353	2,965	▲388	Provision for bonuses	1,159	1,144	▲15
Inventories	14,979	18,352	+3,374	<b>Non-current liabilities</b>	<b>3,640</b>	<b>2,782</b>	<b>▲858</b>
Accounts receivable	245	497	+252	Long-term loans payable	2,136	1,327	▲809
Other	307	568	+261	<b>Total liabilities</b>	<b>22,671</b>	<b>22,440</b>	<b>▲230</b>
<b>Non-current assets</b>	<b>12,916</b>	<b>12,782</b>	<b>▲134</b>	<b>Shareholders' equity</b>	<b>30,708</b>	<b>29,996</b>	<b>▲713</b>
Tangible assets	6,617	6,328	▲289	Retained earnings	24,152	23,428	▲724
Intangible assets	94	119	+25	<b>Accumulated other comprehensive income</b>	<b>2,180</b>	<b>2,191</b>	<b>+11</b>
Investment securities	3,956	3,904	▲52	<b>Total net assets</b>	<b>33,348</b>	<b>32,639</b>	<b>▲709</b>
<b>Total assets</b>	<b>56,018</b>	<b>55,079</b>	<b>▲939</b>	<b>Total liabilities and Net assets</b>	<b>56,018</b>	<b>55,079</b>	<b>▲939</b>

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## Fiscal 2022 Full-year Earnings Forecast

- ◆ Despite the positive effects of the weaker yen, the forecast for sales and profits are revised downward from the forecast announced on May 13, 2022, considering the occurrence of projects carried over to the next fiscal year owing to production delay caused by the shortage of parts, and the deterioration in the cost of sales ratio due to the soaring raw material prices.

Reasons for the review by segment are shown on the following page.

(Million yen)	Initial forecast	Forecast	Vs. initial forecast		Fiscal 2021 Results	YoY Change	
			Amount	Rate		Amount	Rate
Net sales	45,400	<b>44,700</b>	▲700	▲1.5%	41,510	+3,190	+7.7%
Operating profit	1,850	<b>1,040</b>	▲810	▲43.8%	1,635	▲595	▲36.4%
Ordinary profit	2,100	<b>1,410</b>	▲690	▲32.9%	1,926	▲516	▲26.8%
Profit attributable to owners of parent	1,550	<b>960</b>	▲590	▲38.1%	1,493	▲533	▲35.7%

# FY2022 Full-year Earnings Forecast by Segment (Revised from the initial forecast)

- ◆ Marine Systems : Despite the favorable effect of the yen's depreciation, the forecast is revised to sales increase and profit decrease due to the impact of soaring raw material prices and other factors.
- ◆ Hydraulics and Pneumatics : The forecast is revised to decrease in sales and profits mainly because of two factors; continuing stagnation in demand for industrial machinery in the Chinese market, and a worsening cost of sales ratio caused by higher-than-expected price rises and other factors despite efforts to rationalize selling prices so as to reflecting soaring prices for raw materials and semiconductors.
- ◆ Fluid Measurement Equipment : Although some projects are carried over from the next fiscal year onward, the forecast is revised to decrease in sales and increase in profits owing to favorable changes in the product mix and other factors.
- ◆ Defense & Communications Equipment : The forecast is revised to decrease in sales and profits. This is because in communication & control equipment business high-value-added products are carried over from the next fiscal year onward on the background of a shortage of component supplies, and the cost of sales ratio is increasing by changes in the product mix.
- ◆ Other : In Railway Maintenance business, sales of the ultrasonic rail inspection cars, our mainstay products, are expected as planned.

(Million yen)	Net sales							Operating profit						
	Initial forecast	Forecast	Vs. initial forecast		Fiscal 2021 Results	YoY Change		Initial forecast	Forecast	Vs. initial forecast		Fiscal 2021 Results	YoY Change	
			Amount	Rate		Amount	Rate			Amount	Rate		Amount	Rate
Marine Systems	9,500	9,600	+100	+1.1%	8,700	+900	+10.3%	330	290	▲40	▲12.1%	388	▲98	▲25.3%
Hydraulics and Pneumatics	12,400	11,900	▲500	▲4.0%	11,526	+374	+3.2%	270	▲230	▲500	—	▲115	▲115	—
Fluid Measurement Equipment	4,500	4,400	▲100	▲2.2%	4,432	▲32	▲0.7%	500	670	+170	+34.0%	915	▲245	▲26.8%
Defense & Communications Equipment	15,200	15,000	▲200	▲1.3%	13,884	+1,116	+8.0%	420	▲100	▲520	—	312	▲412	—
Others	3,800	3,800	0	0%	2,966	+834	+28.1%	490	540	+50	+10.2%	250	+290	+116.0%
Total	45,400	44,700	▲700	▲1.5%	41,510	+3,190	+7.7%	1,850	1,040	▲810	▲43.8%	1,635	▲595	▲36.4%

(Segment sales and operating profit are before adjustments.) 14

## Business Outlook by Segment

Overall	<ul style="list-style-type: none"> <li>• Promote appropriate selling prices and cost reductions to prevent profit outflows in response to rising raw material prices.</li> <li>• Continue to strengthen information sharing with suppliers in response to component shortages and longer delivery times, and reflect the information in production plans.</li> </ul>
Marine Systems Business	<ul style="list-style-type: none"> <li>• Demand for new shipbuilding in the Asian market is recovering.</li> <li>• The business focuses on expanding sales of new ECDIS (Electronic Chart Display and Information System).</li> <li>• Maintenance services for marine equipment are expected to be steady.</li> <li>• Positive effects of depreciation of the yen are on a cumulative trend.</li> </ul>
Hydraulics and Pneumatics Business	<ul style="list-style-type: none"> <li>• Domestic demand is expected to remain firm in all markets.</li> <li>• In overseas markets, mainly in China, improving profits is continuously focused on.</li> <li>• <b>We will strive for continued improvement of profitability by optimizing selling prices and reducing costs.</b></li> </ul>
Fluid Measurement Equipment Business	<ul style="list-style-type: none"> <li>• In the public-sector market, despite robust demand, some of the projects scheduled for this fiscal year are carried over to the next fiscal year due to customers' excess over the budget caused by an increase in the contract amount caused on the background of a surge in raw material prices.</li> <li>• The fire extinguishing systems market is expected to see steady demand for parking garage projects, for parts sales and for replacement work required for "statutory safety inspections of valves for gas-based fire extinguishers".</li> </ul>
Defense & Communications Equipment Business	<ul style="list-style-type: none"> <li>• <b>Sales of high-value-added products in the communication &amp; control equipment business, such as equipment for semiconductor production equipment and TV antenna directioning systems, are carried forward from the next fiscal year onward. We will continuously cope with shortages of parts that caused the carry-over and work on refining sales plans so as to improve earnings from the next fiscal year onward.</b></li> <li>• In the defense equipment business, sales are increasing, recovering from the trough in defense equipment projects.</li> </ul>
Other Businesses	<ul style="list-style-type: none"> <li>• In Printing Inspection Equipment business, demand for replacement increase.</li> <li>• In Railway Maintenance business, sales of the ultrasonic rail inspection cars, our mainstay products, are expected as planned.</li> </ul>

## Status of External Environmental Risks

	Occurrences	Target Business	Response	Degree of impact
Difficulty of obtaining materials and rises in raw material prices	<ul style="list-style-type: none"> <li>• Difficulty in obtaining electronic components, particularly semiconductors continues.</li> <li>• Difficulty in obtaining some products of overseas manufacturers becomes chronic.</li> <li>• Material costs continues to rise due to soaring prices for metal parts, semiconductors, and resin-based components.</li> <li>• Utility costs continue to rise.</li> </ul>	✓ All businesses	<ul style="list-style-type: none"> <li>• Continue negotiations with customers to raise selling prices.</li> <li>• Continue delivery adjustment, including advance arrangements.</li> <li>• Secure market inventory by expanding suppliers, and strengthen information sharing with suppliers.</li> <li>• Adjust delivery timing.</li> <li>• Procure substitutes.</li> <li>• Implement thorough energy-saving measures.</li> </ul>	High
Exchange rate	<ul style="list-style-type: none"> <li>• Depreciation of the yen contributes to higher sales and profits.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Marine Systems Business (+)</li> <li>✓ Hydraulics and Pneumatics Business (-)</li> </ul>	<ul style="list-style-type: none"> <li>• Revise selling prices in the case of increases in the prices of purchased components.</li> </ul>	Medium
China's Zero Corona policy	<ul style="list-style-type: none"> <li>• Delay in ordering continues due to decrease in our customers' operating ratio.</li> <li>• Difficulties in obtaining parts and purchased products are expected to be resolved.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Marine Systems Business</li> <li>✓ Hydraulics and Pneumatics Business</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen confirmation of customer's forecasts of operation.</li> </ul>	Low
Situation in Ukraine (Sales side)	<ul style="list-style-type: none"> <li>• Sales to Russia have decreased, while the impact is minor.</li> </ul>	✓ Marine Systems Business	<ul style="list-style-type: none"> <li>• Recover through sales activities in other countries.</li> </ul>	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.

## [Dividends]

In FY2022, 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	<b>30.00</b>
Payout ratio (consolidated) (%)	29.6	21.3	28.8	43.4	32.9	<b>51.3</b>
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

\*Prior to Nov. 2015, the numbers of shares are those before consolidation of shares.  
(The number of shares after consolidation shares is equivalent to 1/5 of the stated number.)

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## Topic 1

## Start the joint development of a system product for marine vessels with Nabtesco Corporation: Contributing to lower fuel consumption and a reduced labor burden in the navigation of ships.

In August 2022, TOKYO KEIKI began joint R&D with Nabtesco Corporation (Chiyoda-ku, Tokyo, hereafter “Nabtesco”). Going forward, the two companies will foster the development of element technologies for autonomous navigation.

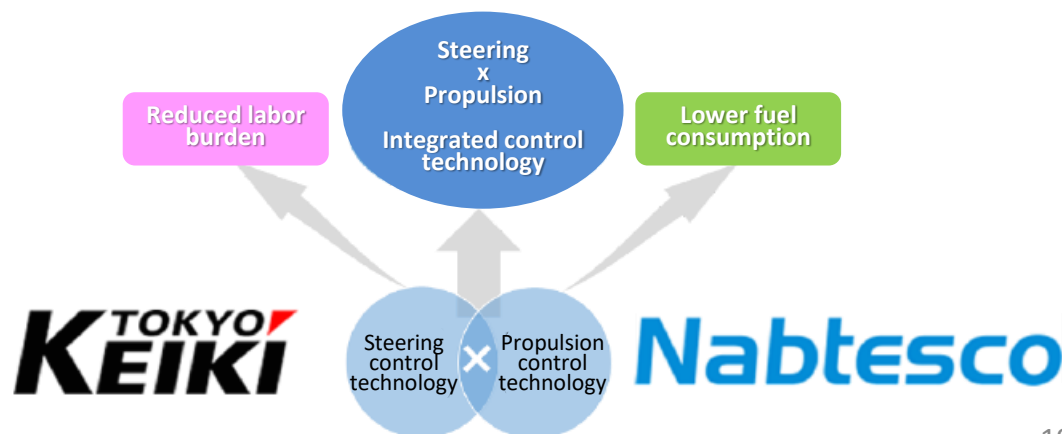
### [Synergies with the technologies of both companies]

- TOKYO KEIKI has more than 80% of the domestic commercial vessels and more than 60% of the global market for autopilots and marine gyrocompasses. Its advanced control technologies are also adopted for autonomous ships and wind-powered ships.
- Nabtesco has about a 50% share in the domestic market and around a 40% share in the global market for remote control systems for marine vessels\*. The system has functions for outputting commands to control the engine speed and for monitoring the engine, contributing to lower fuel consumption and a reduced labor burden in the shipping industry.
- By fusing TOKYO KEIKI's steering control technology and Nabtesco's propulsion system control technology, we will optimize steering and main engine control based on the analysis of the operational status and external environment of each ship, thereby contributing to lower fuel consumption, safe navigation and a reduced labor burden in the shipping industry.
- Going forward, the two companies will foster the development of element technologies for autonomous navigation and conduct marketing activities toward practical use in 2025 of the system that they will develop as a product that provides functions that meet the needs of ship owners and crew.

\* Remote control system for marine vessel engines: A control system that remotely controls the engine from the ship's bridge and/or control room.

### [Background of development]

- In order to mitigate global warming, the reduction of CO2 emissions has become a challenge to be met on a global scale. The shipping industry is responding by implementing the Energy Efficiency Existing Ship Index (EEXI) regulations and Carbon Intensity Indicator (CII) rating system targeting large ocean-going ships under operation in and after 2023.
- For further maritime safety, a better working environment for crew and greater competitiveness of Japan's maritime industry, there have recently been increasing expectations for the practical use of autonomous navigation technologies for ships.



## Topic 2 Establishment of Sustainability Policy and Identification of Materiality

### [Sustainability Policy]

In promoting sustainability management, the TOKYO KEIKI Group newly established a Sustainability Policy.

This policy sets out the basic ideas and codes of conduct for our group in conducting sustainability management. Based on this policy, each and every employee will work to develop a sustainable society and increase corporate value over the medium to long term.

The TOKYO KEIKI Group aims to realize a sustainable society and enhance corporate value over the medium to long term while earning the trust of society through its original technologies for measurement, cognition, and control.

- We will identify latent needs of customers and society and continue to resolve their issues through our business activities.
- We will strive to reduce environmental impact and respect human rights throughout the supply chain.
- We will continue to nurture a corporate culture in which diverse human resources can grow by demonstrating their individual strengths.

### [Identification of Materiality]

In accordance with our Sustainability Policy, our group has identified 4 materialities that reflect the expectations of our stakeholders and the important management issues of our group. These are the matters that our Group considers particularly important for enhancing corporate value with the aim of realizing a sustainable society.



Establish business fundamentals to support sustainable growth

In responding to our 4 materiality issues, as a basic form of governance, our group has set a goal  
**“Establish business fundamentals to support sustainable growth”**



#### Provide products that resolve social Issues

In a rapidly changing society, we will continue to explore and solve new and potential issues that go beyond conventional social issues.



#### Realize an environmentally conscious society

We work through our business activities to reduce GHG, which is a key global issue. In achieving this goal, we will promote the creation of value-added, such as energy conservation, by linking the design, procurement, and manufacturing processes of products and services.



#### Strengthen supply chain management

In order to sustain and strengthen the supply chain, which is the lifeline of the manufacturing industry, we will transform our materials purchasing system into stronger one that can respond to rapid changes in the market, society, and the environment, while coexisting and prospering with suppliers.



#### Promote diverse human resources to perform well

To realize the materialities, we will promote the recruitment and promotion of diverse human resources without regard to attributes such as age, gender, nationality, presence of disabilities, and form of employment. In promoting this initiative, the management will take the lead in instilling a sense of values.

## Topic 3 Support the TCFD recommendations



In August 2022, TOKYO KEIKI group announced its support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Going forward, we will endeavor to enhance disclosures on climate-related information and further intensify our resilience through initiatives based on four core elements of TCFD's recommendations.

### Core Elements of Recommended Climate-Related Financial Disclosures

- **Governance** : The organization's governance around climate-related risks and opportunities
- **Strategy**: The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning
- **Risk Management** : The processes used by the organization to identify, assess, and manage climate-related risks
- **Metrics and Targets**: The metrics and targets used to assess and manage relevant climate-related risks and opportunities

### [Background of endorsement]

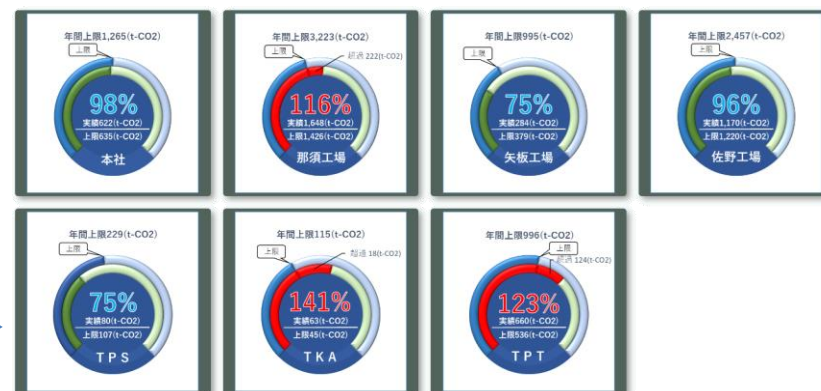
TCFD's recommendations require us to be responsible as a company for the further future than that shown in "TOKYO KEIKI Vision 2030". In line with the recommendations, we have strongly recognized the impact and risks of climate change on our business and all of our stakeholders as important management issues. Accordingly, we have expressed our support for the recommendations in order to pursue the realization of a sustainable society and the enhancement of corporate value over the medium to long term.

### [Examples of internal initiatives]

TOKYO KEIKI group's target for reducing GHG emissions is "a 37% reduction by FY2030 compared to FY2013\*." To achieve our goals, we are visualizing GHG emissions at our sites in order to raise awareness within the company.

\*Reduction targets of Scope 1 and 2 that the government mandates in the industrial sector.

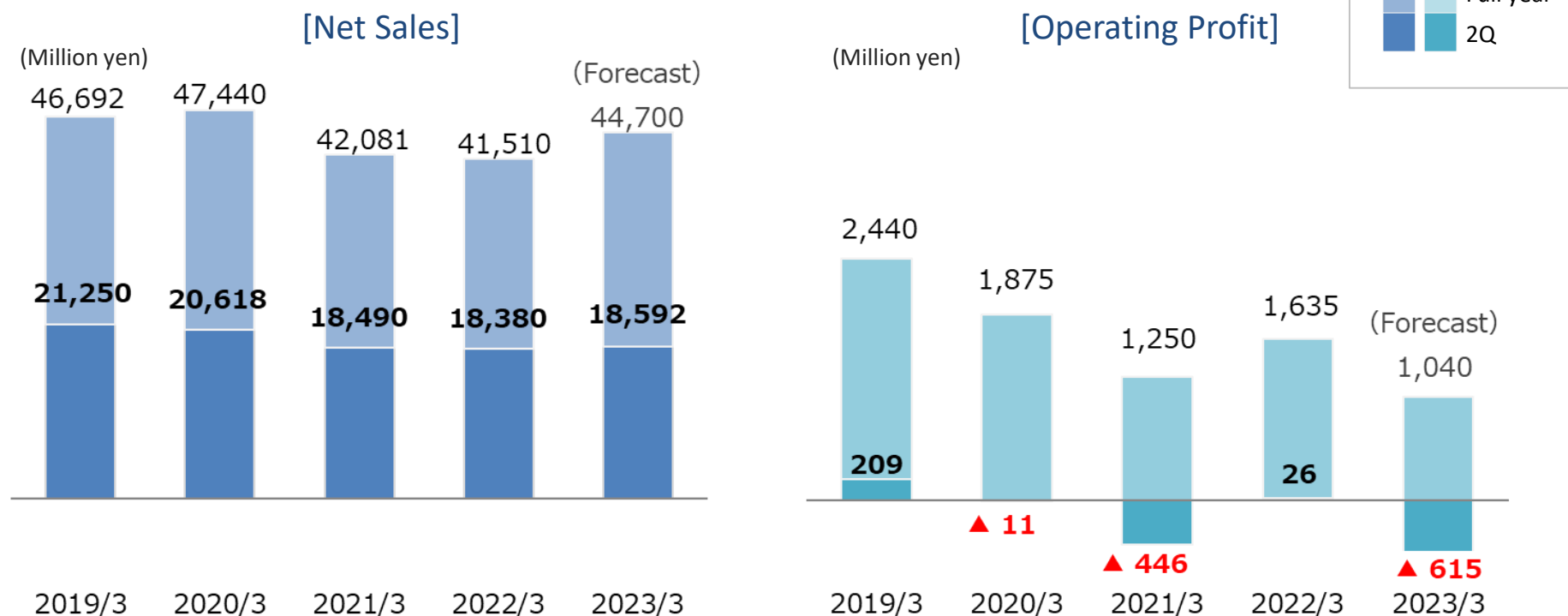
Annual ceilings for GHG emissions are set for each plant.  
The results are updated once a month.



## References

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## Changes in Net Sales and Operating Profit

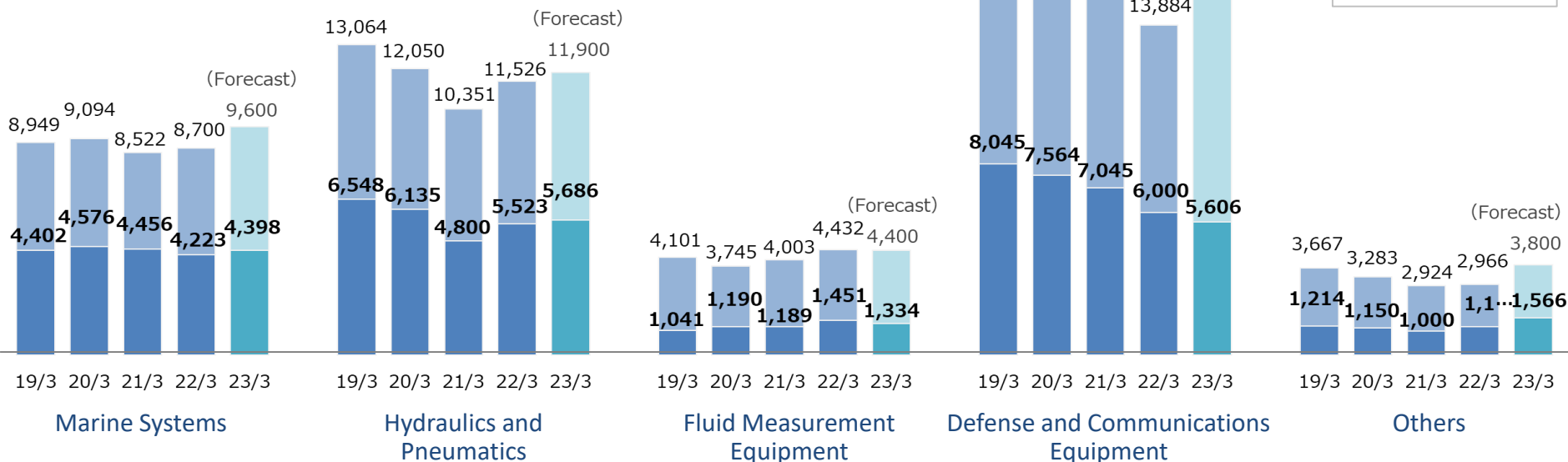
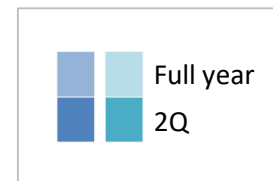


(Million yen)	FY2018-2Q	FY2019-2Q	FY2020-2Q	FY2021-2Q	FY2022-2Q	YoY change (amount)	YoY change (rate)
Net sales	21,250	20,618	18,490	18,380	18,592	+213	+1.2%
Operating profit	209	▲ 11	▲ 446	26	▲ 615	▲ 641	-
Ordinary profit	413	83	▲ 310	235	▲ 322	▲ 558	-
Net Profit*	303	48	▲ 210	229	▲ 229	▲ 458	-

\*Profit attributable to owners of parent

## Changes in net sales by segment

(Million yen)



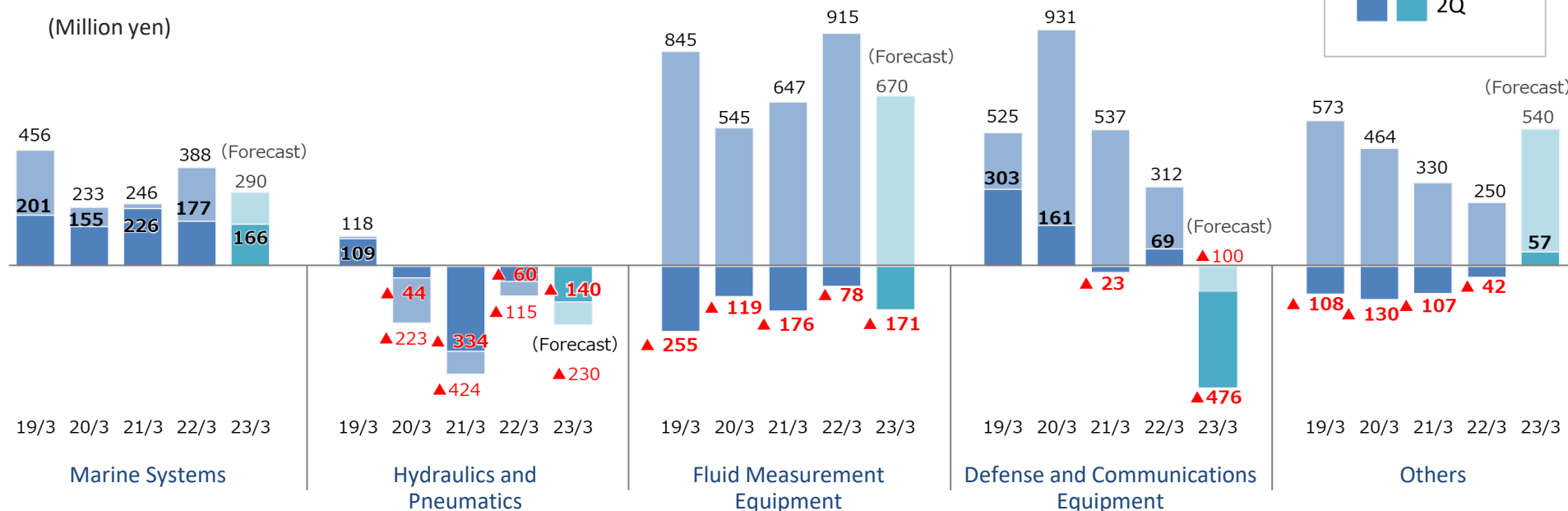
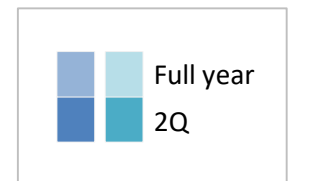
(Million yen)	FY2018-2Q	FY2019-2Q	FY2020-2Q	FY2021-2Q	FY2022-2Q	YoY change (amount)	YoY change (rate)
Marine Systems	4,402	4,576	4,456	4,223	4,398	+175	+4.1%
Hydraulics and Pneumatics	6,548	6,135	4,800	5,523	5,686	+163	+3.0%
Fluid Measurement Equipment	1,041	1,190	1,189	1,451	1,334	▲117	▲8.1%
Defense and Communications Equipment	8,045	7,564	7,045	6,000	5,606	▲394	▲6.6%
Others	1,214	1,150	1,000	1,182	1,566	+384	+32.5%

\*Net sales before adjustment.



## Changes in operating profits by segment

(Million yen)

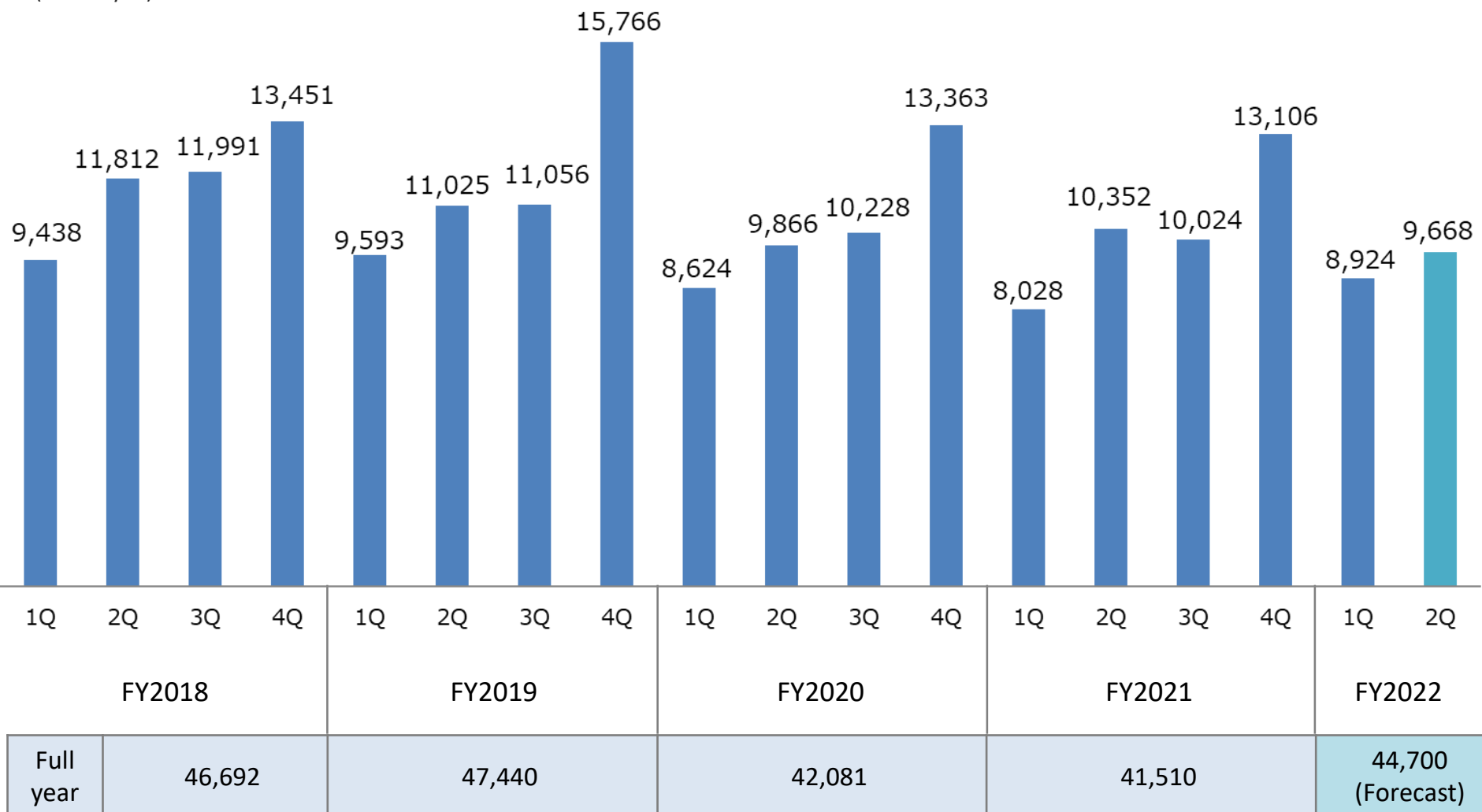


(Million yen)	FY2018-2Q	FY2019-2Q	FY2020-2Q	FY2021-2Q	FY2022-2Q	YoY change (amount)	YoY change (rate)
Marine Systems	201	155	226	177	166	▲11	▲6.1%
Hydraulics and Pneumatics	109	▲44	▲334	▲60	▲140	▲80	-
Fluid Measurement Equipment	▲255	▲119	▲176	▲78	▲171	▲93	-
Defense and Communications Equipment	303	161	▲23	69	▲476	▲545	-
Others	▲108	▲130	▲107	▲42	57	+99	-

\*Operating profits before adjustment

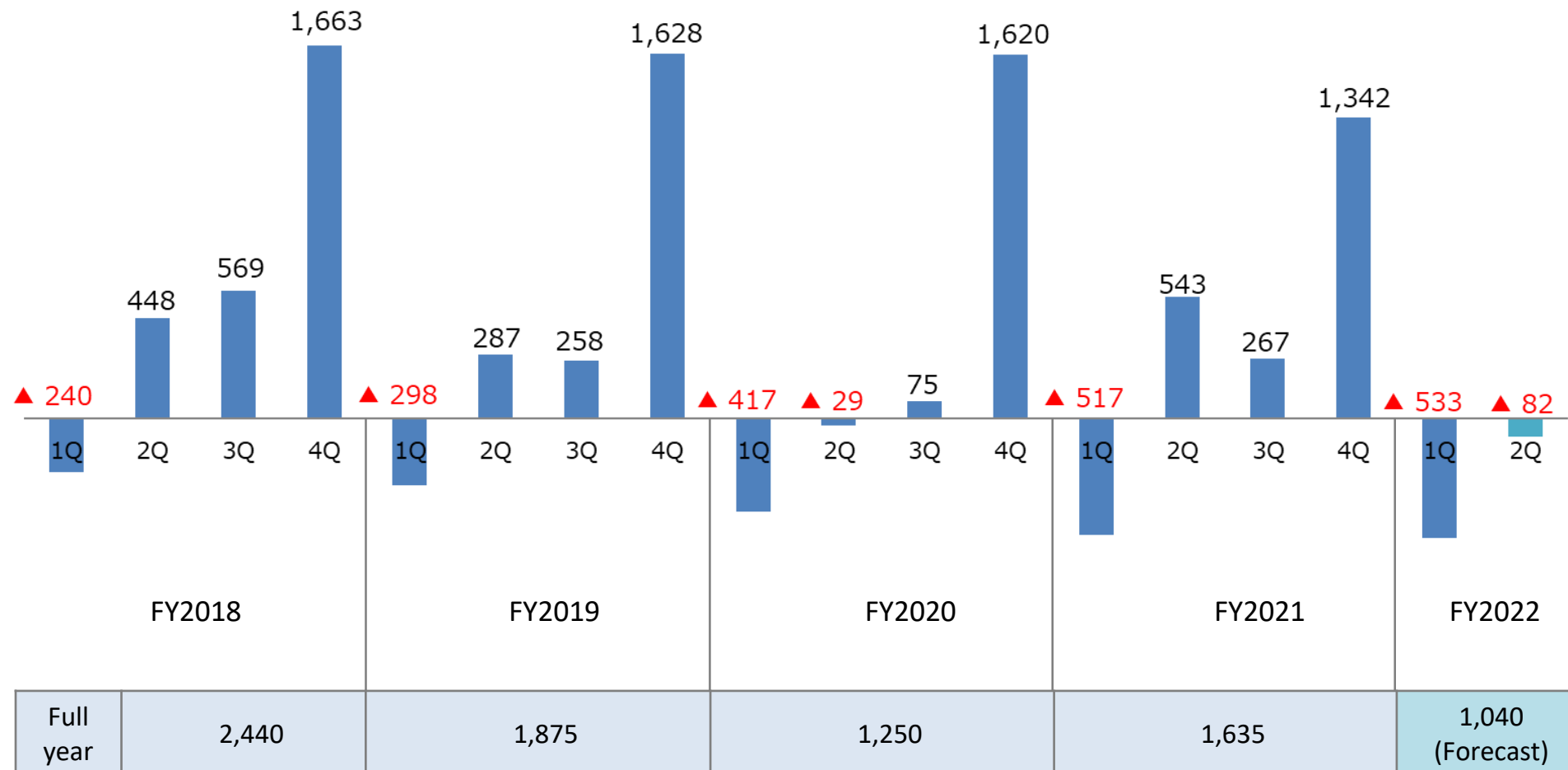
## Quarterly changes in net sales

(Million yen)



## Quarterly changes in operating profits

(Million yen)



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