

# TOKYO KEIKI INC.

**Financial Results Briefing for  
1Q of the Fiscal Year Ended March 31, 2022 (Fiscal 2021)  
—From April 1 to June 30, 2021—**

August 11, 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.

## Table of Contents

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- 1. Summary of financial results for 1Q of FY2021**
  - 2. Topics**
- <References>**

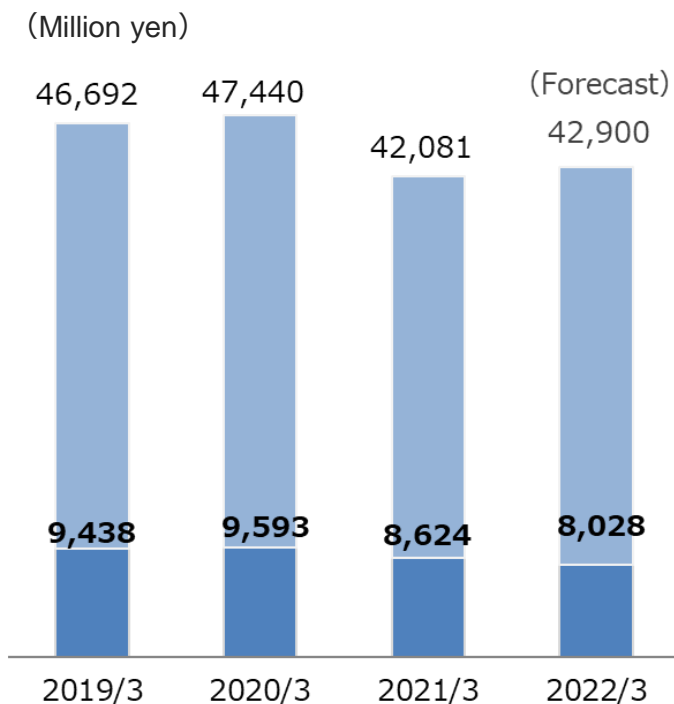
## Summary of 1Q Results (From April 1 to June 30, 2021)

- ◆ Despite the year-on-year decline in net sales and operating profits in the first quarter, overall the Group posted an increase in both orders received and order backlog.
  - The main factors included the decline in net sales and operating profits of the Defense & Communications Equipment Business per initial expectations due to the off period up to this fiscal year in public-sector projects.
  - The Hydraulics and Pneumatics Business, which was greatly impacted by the COVID-19 pandemic last year, continued to see a recovery from the second half of last year.
  - The Fluid Measurement Equipment Business recorded strong sales in both the public- and private-sector markets.
- ◆ There are no changes to the full-year earnings forecast disclosed on May 14, 2021. The Company's earnings structure is weighted toward the second half and generally performance is progressing according to the initial forecast; thus, the full-year forecast anticipates an increase in net sales and operating profit over the previous year.

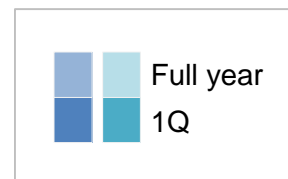
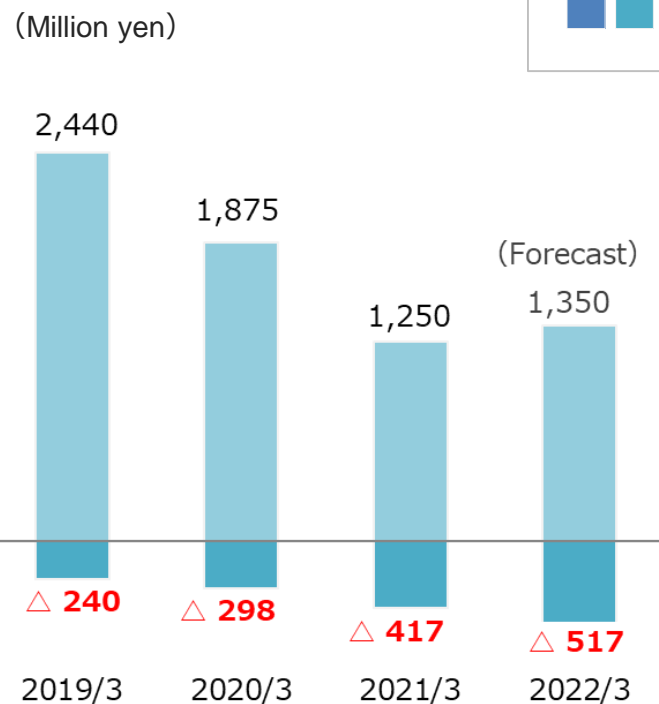
# 1. Summary of financial results for 1Q of FY2021

## Changes in consolidated profit & loss

### 【Net Sales】



### 【Operating Profit】

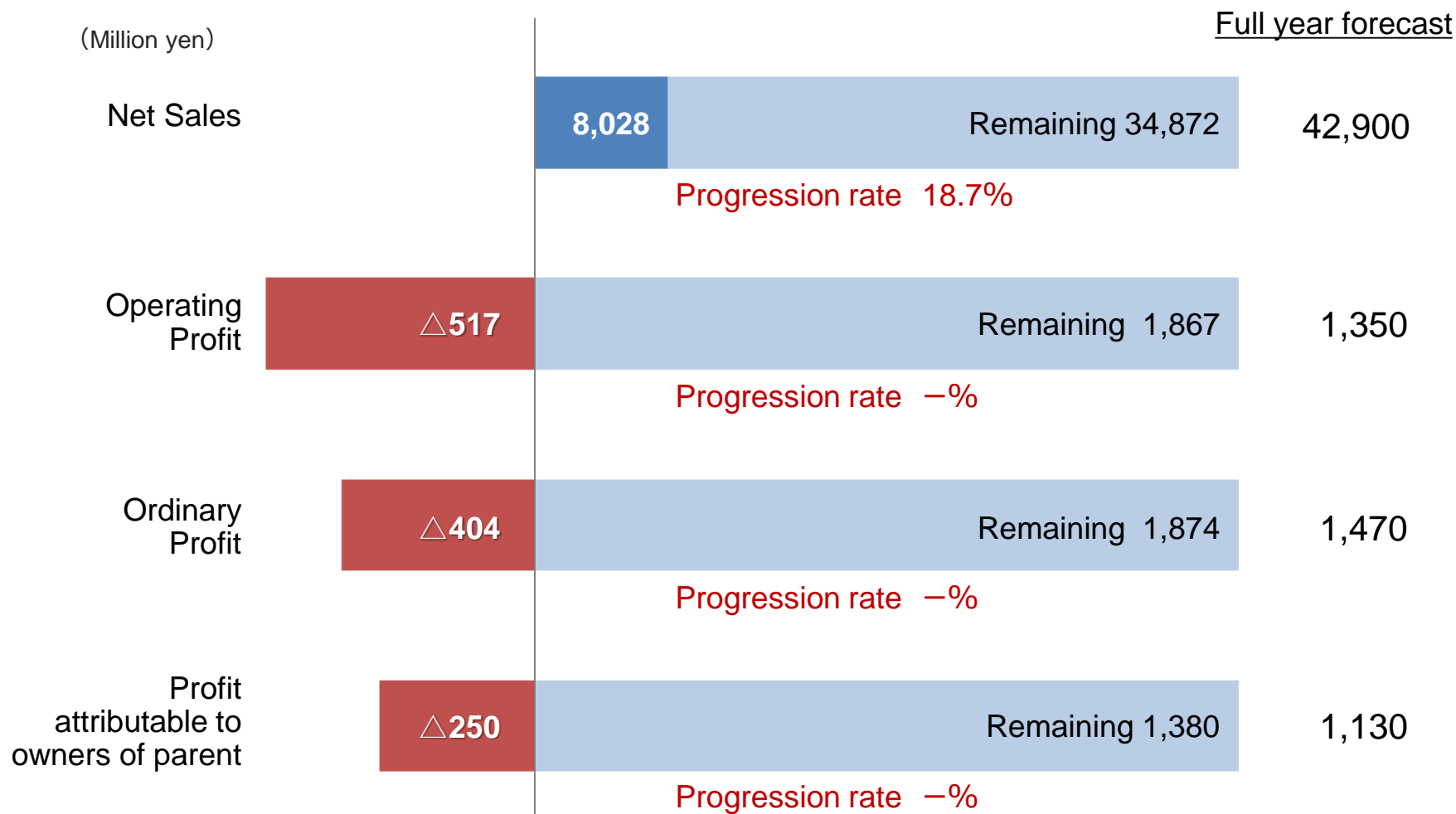


(Million yen)	2019/3-1Q	2020/3-1Q	2021/3-1Q	2022/3-1Q	YoY change (amount)	YoY change (rate)
Net sales	9,438	9,593	8,624	8,028	△597	△6.9%
Operating profit	△240	△298	△417	△517	△100	—
Ordinary Profit	△155	△253	△338	△404	△66	—
Net Profit*	△89	△157	△216	△250	△33	—

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

# 1. Summary of financial results for 1Q of FY2021

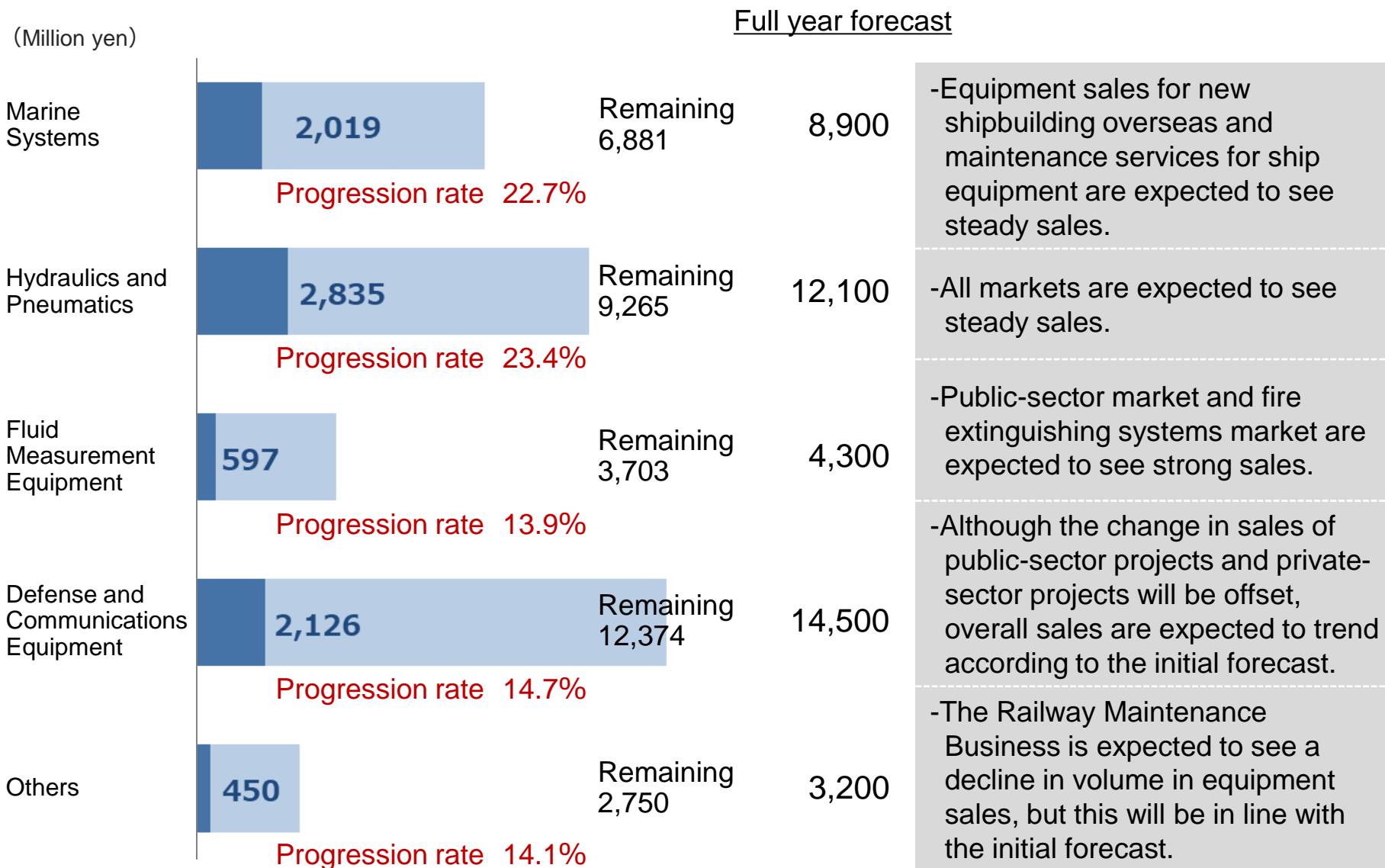
## Fiscal 2021 1Q progress



◆ The Group records most of its net sales and operating profit/loss in the third and fourth quarters; therefore, first quarter performance is on par with typical years (see pages 13 and 14)

# 1. Summary of financial results for 1Q of FY2021

## Progress of net sales by segment



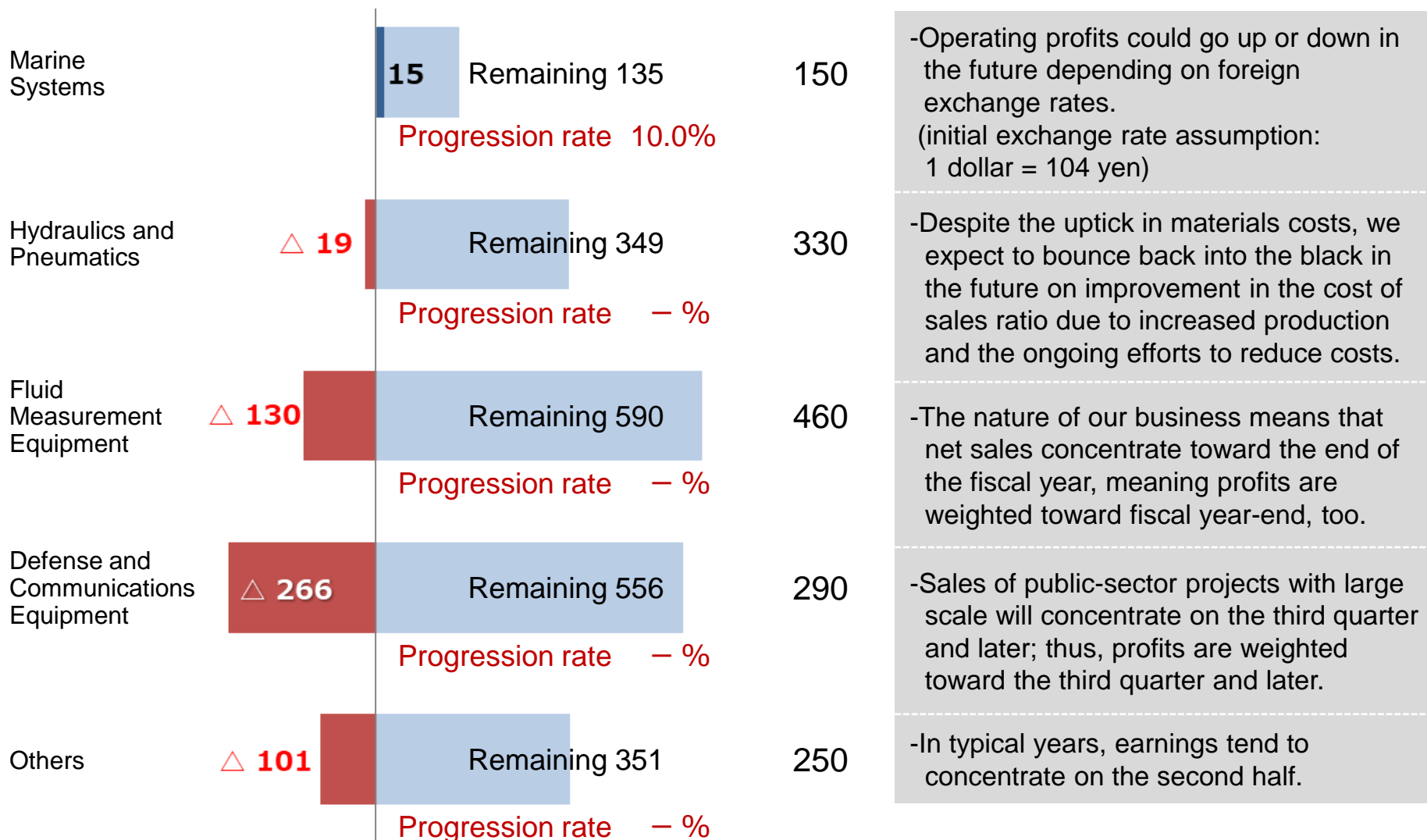
\*Net sales before adjustment.

# 1. Summary of financial results for 1Q of FY2021

## Progress of operating profit by segment

(Million yen)

Full year forecast



\*Operating profit before adjustment.

# 1. Summary of financial results for 1Q of FY2021

## Status of Orders Received and Order Backlog

(Million yen)	Amount of orders received for 1Q of Fiscal 2021		Amount of order backlog at the end of 1Q of Fiscal 2021		
	Amount	YoY change	Amount	Change from the end of FY2020	YoY change
Marine Systems	2,489	+8.9%	2,747	+20.6%	+0.6%
Hydraulics and Pneumatics	3,198	+41.1%	3,022	+13.6%	+26.0%
Fluid Measurement Equipment	1,014	+48.8%	1,432	+41.1%	+27.4%
Defense and Communications Equipment	1,737	+2.3%	15,182	△2.5%	+9.3%
<b>Reported segment total</b>	<b>8,438</b>	<b>+21.7%</b>	<b>22,382</b>	<b>+4.0%</b>	<b>+11.1%</b>
Others	960	△25.6%	1,421	+57.5%	+5.9%
<b>Total</b>	<b>9,398</b>	<b>+14.3%</b>	<b>23,804</b>	<b>+6.2%</b>	<b>+10.8%</b>

- ◆ The Hydraulics and Pneumatics Business saw an increase in demand across all markets driven by the recovery.
- ◆ The Fluid Measurement Equipment Business recorded a large increase in both orders received and order backlog owing to the increase in demand in the public-sector, overseas and fire extinguishing systems markets.
- ◆ Other businesses experienced a decline in orders received owing to no demand for rail inspection cars, which are a major source of business for the Railway Maintenance Business.



# 1. Summary of financial results for 1Q of FY2021

## Consolidated Balance Sheets (Main accounting items only)

(Assets)

(Liabilities and net assets)

(Million yen)	As of Mar 31, 2021	As of Jun 30, 2021	Amount of change	(Million yen)	As of Mar 31, 2021	As of Jun 30, 2021	Amount of change
<b>Current assets</b>	<b>40,950</b>	<b>39,923</b>	<b>△1,027</b>	<b>Current liabilities</b>	<b>17,722</b>	<b>17,362</b>	<b>△361</b>
Cash and deposits	11,620	13,070	1,450	Notes and accounts payable	5,093	5,419	326
Notes and accounts receivable	12,568	9,119	△3,449	Short-term loans payable	8,516	8,398	△118
Electronically recorded monetary claims	3,816	2,975	△840	Provision for bonuses	1,097	544	△553
Inventories	12,673	14,168	1,495	<b>Non-current liabilities</b>	<b>3,884</b>	<b>3,794</b>	<b>△90</b>
Accounts receivable	32	250	218	Long-term loans payable	2,424	2,335	△89
Other	245	345	99	Net defined benefit liability	531	554	22
<b>Non-current assets</b>	<b>12,596</b>	<b>12,582</b>	<b>△15</b>	<b>Total liabilities</b>	<b>21,607</b>	<b>21,156</b>	<b>△451</b>
Tangible assets	6,970	6,773	△197	<b>Shareholders' equity</b>	<b>29,619</b>	<b>28,953</b>	<b>△666</b>
Intangible assets	33	44	11	Retained earnings	23,076	22,410	△666
Investment securities	3,606	3,786	180	<b>Accumulated other comprehensive income</b>	<b>1,835</b>	<b>1,942</b>	<b>106</b>
Net defined benefit assets	1,068	1,096	28	<b>Total net assets</b>	<b>31,939</b>	<b>31,349</b>	<b>△590</b>
<b>Total assets</b>	<b>53,546</b>	<b>52,504</b>	<b>△1,042</b>	<b>Total liabilities and net assets</b>	<b>53,546</b>	<b>52,504</b>	<b>△1,042</b>

- ◆ Cash and deposits increased by 1,450 million yen as progress was made with the monetization of notes and accounts receivable delivered in the past in the Defense & Communications Equipment Business.
- ◆ Inventories increased by 1,495 million yen (of which works in process totaled 1,166 million yen) due to progress in construction aimed at the fiscal year-end of the Defense & Communications Equipment Business, but they declined significantly compared to the same period of the previous year at negative 1,365 million yen.
- ◆ Retained earnings declined due to the payment of dividends (410 million yen) and net loss attributable to owners of parent (250 million yen)

### Topic 1 **TOKYO KEIKI's Air Data Computer supporting the safe flight of the Blue Impulse**

Blue Impulse is the name of the Japan Air Self-Defense Force's air acrobatics team known for its impressive maneuvers. The aircrafts used all have a TOKYO KEIKI-made Air Data Computer onboard.

#### What is an Air Data Computer (ADC)?

An ADC is a device that measures an aircraft's altitude and speed, etc.

An aircraft's altitude and speed is calculated from air pressure during flight, but there are differences in these readings based on conditions such as altitude, speed and temperature. An ADC analyzes data from various sensors on the outside of an aircraft to correctly calculate altitude and speed, etc.

The aircrafts used by the Blue Impulse have a dedicated ADC in order to perform acrobatic maneuvers at low altitude.



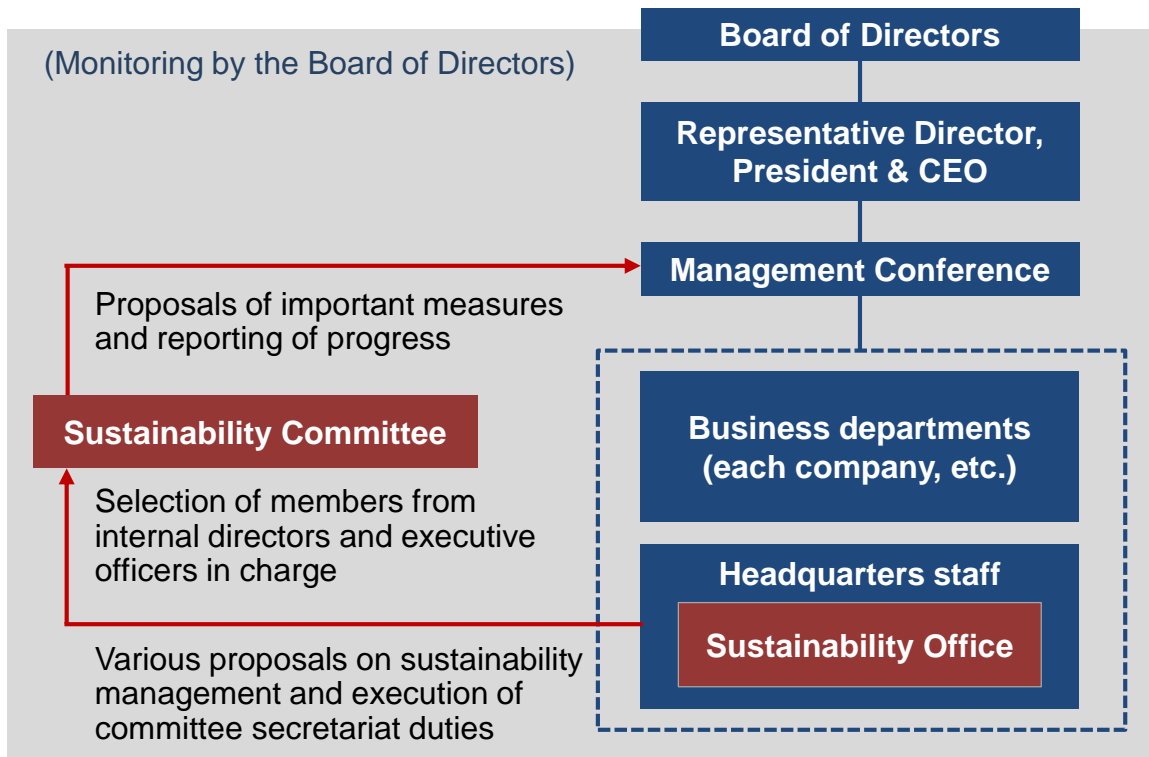
**Formation Flights by Blue Impulse**

The ADC developed and manufactured by Tokyo Keiki contributes to the safe flight of not only the Japanese-made T-4 trainers used by the Blue Impulse, but also other aircraft operated by the Japan Air Self-Defense Force.

## Topic 2

# Establishment of Sustainability Committee and Sustainability Office

The Group established the Sustainability Committee and Sustainability Office as cross-functional organizations in June 2021 in order to promote sustainability management which makes it possible to increase the sustainability of our businesses through consideration of environmental, social and economic sustainability.



### Sustainability Committee

The Committee chaired by the President & CEO deliberates on and shares policies and measures related to sustainability management proposed by the Sustainability Office. Furthermore, it functions as a meeting body to encourage implementation of the Committee's decisions across the Group without delay.

### Sustainability Office

The Sustainability Office, as a corporate staffed department, drafts plans and promotes various measures related to sustainability management as the focal point of the Group.

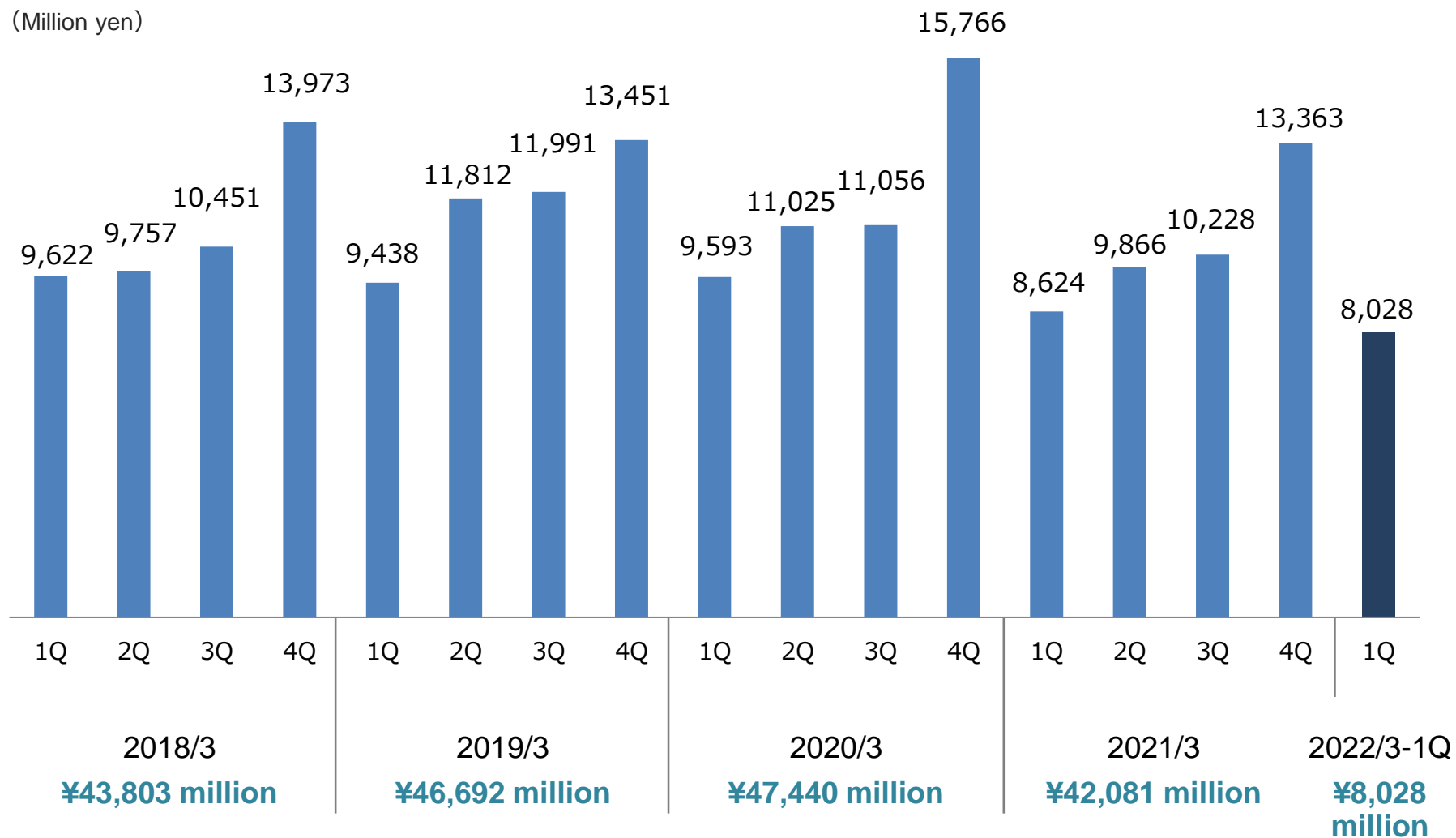
Japan's Corporate Governance Code (Principle 3-1 (3)) requires information disclosure concerning not only environmental (E) but also social (S) including investments in human capital. Going forward, we will follow the framework of the Task Force on Climate-related Financial Disclosures (TCFD) and pursue sustainability management focused on ESG issues in an effort to further enhance corporate value by creating sustainable economic value and social value.

## References

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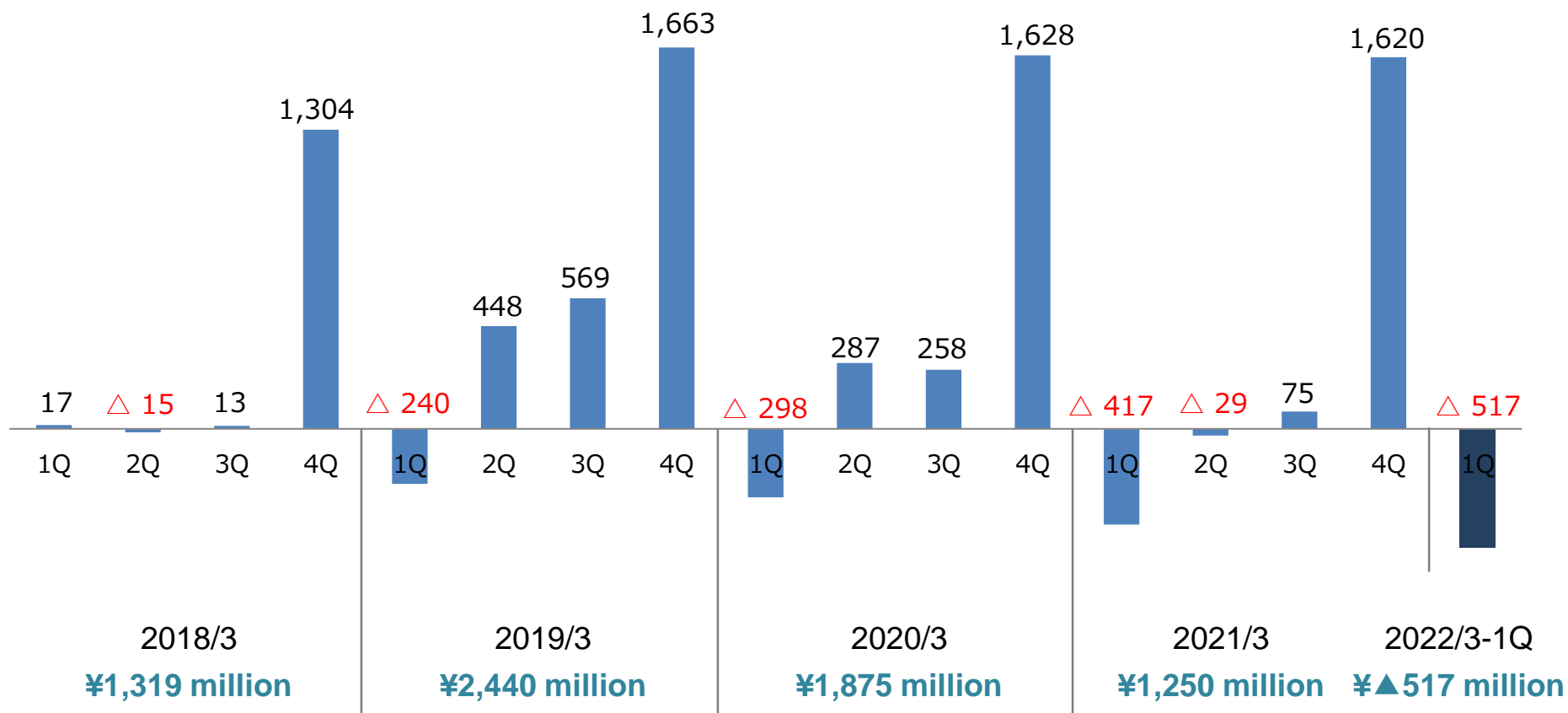
## Quarterly changes in net sales

(Million yen)

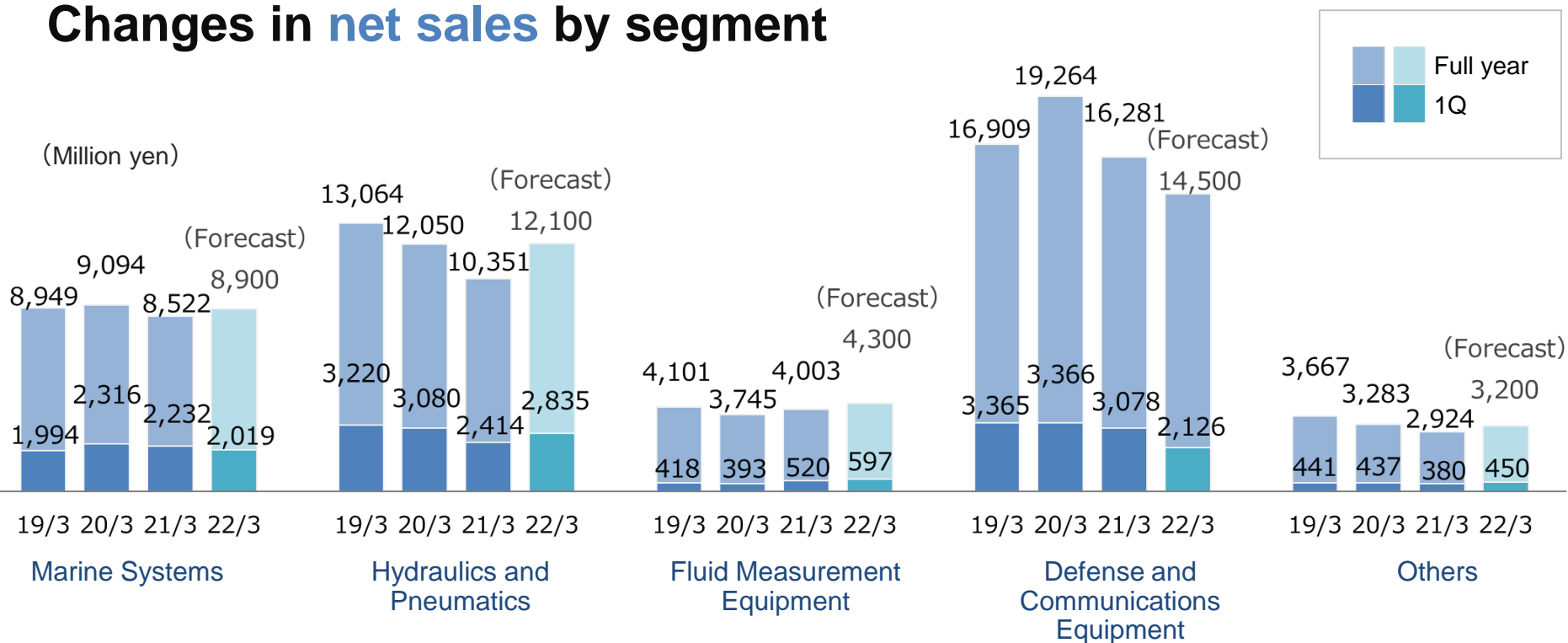


## Quarterly changes in operating profits

(Million yen)



## Changes in net sales by segment

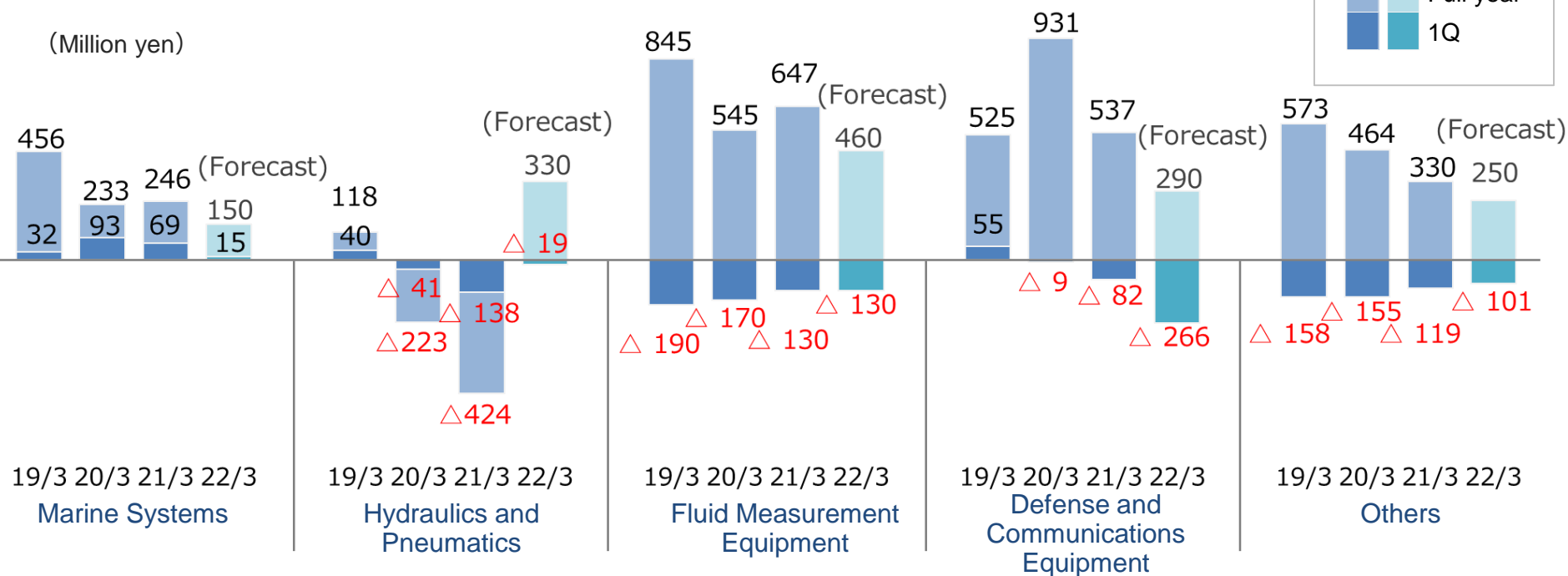


(Million yen)	2019/3-1Q	2020/3-1Q	2021/3-1Q	2022/3-1Q	YoY change (amount)	YoY change (rate)
Marine Systems	1,994	2,316	2,232	2,019	△212	△9.5%
Hydraulics and Pneumatics	3,220	3,080	2,414	2,835	421	17.4%
Fluid Measurement Equipment	418	393	520	597	77	14.8%
Defense and Communications Equipment	3,365	3,366	3,078	2,126	△952	△30.9%
Others	441	437	380	450	70	18.5%

\*Net sales before adjustment.

## Changes in operating profits by segment

(Million yen)



(Million yen)	2019/3-1Q	2020/3-1Q	2021/3-1Q	2022/3-1Q	YoY change (amount)	YoY change (rate)
Marine Systems	32	93	69	15	△54	△78.7%
Hydraulics and Pneumatics	40	△41	△138	△19	119	—
Fluid Measurement Equipment	△190	△170	△130	△130	0	—
Defense and Communications Equipment	55	△9	△82	△266	△184	—
Others	△158	△155	△119	△101	18	—

\*Operating profits before adjustment



**TOKYO**  
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