

2025

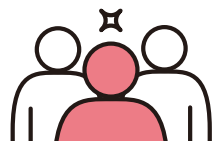
TOKYO KEIKI REPORT

Integrated Report

Measurement, Cognition, and Control

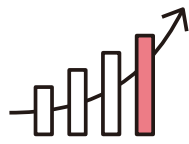
We are a comprehensive manufacturer of “measurement, cognition, and control” equipment that underpins our everyday lives through a variety of precision instruments, using cutting-edge technology to turn the mechanisms of the human senses into products.

Number of Group employees



1,720 (consolidated)  
(As of 31 March, 2025)

Net sales



JPY57,650 million  
(As of 31 March, 2025)

Tokyo Stock Exchange



Prime Market  
(Securities code: 7721)

The TOKYO KEIKI Group’s businesses are divided into four segments and other businesses, consisting of 11 businesses overall.

| Segments (4 + others)                       | Businesses (11)   | Departments   |
|---|---|---|
| Marine Systems Business                     | ● Navigational equipment  | Marine Systems Company<br>MOCOS JAPAN CO., LTD.<br>TOKYO KEIKI (SHANGHAI) CO., LTD.                                   |
| Hydraulics and Pneumatics Business          | ● Hydraulics and pneumatics equipment   | Fluid Power & Control Systems Company<br>TOKYO KEIKI POWER SYSTEMS INC.<br>TOKYO KEIKI PRECISION TECHNOLOGY CO., LTD. |
| Fluid Measurement Equipment Business        | ● Measuring instruments<br>● Fire extinguishing systems   | Measurement Systems Company   |
| Defense & Communications Equipment Business | ● Defense equipment<br>● Marine traffic equipment   | Electronics Systems Company<br>TOKYO KEIKI AVIATION INC.  |
|   | ● Inertial sensor and applied equipment<br>● High-frequency wave application equipment (microwave application equipment)<br>● Communication and control equipment | Communication & Control Systems Company   |
| Others                                      | ● Inspection systems  | Inspection Systems Company  |
|   | ● Railway maintenance   | TOKYO KEIKI RAIL TECHNO INC.  |

Management Philosophy

It is the mission of our Company and our Group to contribute to society, with a focus on our business of leveraging electronics and other advanced technology to create products that embody functions of human senses: measurement, cognition, and control.

1. Continually hone our technology to develop products that lead the world.
2. Anticipate changes in the market and create new value.
3. Prioritize quality in our products and earn the trust of customers.
4. Develop human resources who improve their abilities and their character to contribute to fulfilling our mission.
5. Engage in sound and fair corporate activities in line with social norms.
6. Protect the environment and work to conserve limited resources.
7. Increase our overall corporate value and meet the expectations of our stakeholders.

Sustainability Policy

Through our creative technologies in measurement, cognition, and control, the TOKYO KEIKI Group aims to realize a sustainable society and enhance our corporate value over the medium to long term while earning public trust.

1. Identify the underlying needs of our customers and society, and continue to solve problems through our business activities.
2. Strive to reduce environmental impact and ensure respect for human rights throughout our supply chain.
3. Continue to foster a corporate culture in which diverse human resources can demonstrate their individual strengths and thrive.

Group Code of Conduct

1. We will aim to develop the best technologies and products through ingenuity and unceasing effort.
2. We will work to create new products and new businesses that anticipate the needs of the market.
3. We will provide safe, reliable products and services to earn the trust of our customers.
4. We will devote ourselves to self-improvement and will seek to be the leader in our fields.
5. We will observe laws and regulations and will strive to act sincerely and conscientiously as a member of society.
6. We will protect beautiful nature and will value precious resources.
7. We will share our Company’s policies with stakeholders and will focus on achieving our goals with passion and a sense of mission.



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Message on the Publication of TOKYO KEIKI Report 2025 (Integrated Report)

Starting this fiscal year, we are publishing the Integrated Report, evolving from our previous Sustainability Report to present the Group's business activities more clearly.

The Group continues its initiatives based on TOKYO KEIKI Vision 2030, formulated in June 2021. To present the progress and direction of the initiatives, we have prepared this report with conscious awareness of the following five perspectives:

1. To provide an overview of value creation
  2. To respond to the expectations of investors and society
  3. To link our management to sustainability
  4. To build relationships of trust with stakeholders
  5. To follow internationally recognized reporting standards

We hope this report will facilitate a better understanding not only of our business performance, but also of our approach to value creation, including our commitment to sustainability management and social responsibility.

Featured Content

The Future as Told by Company Presidents

P27-38

To realize TOKYO KEIKI Vision 2030, Company Presidents heading each business division share their current initiatives and growth stories for the future.

This final installment of the series features three leaders: the President of the Electronics Systems Company, which oversees the increasingly prominent defense equipment business; the President of the Inspection Systems Company, which leads the inspection systems business founded on our proprietary image-processing technology; and the President of TOKYO KEIKI RAIL TECHNO INC., who is working to expand the company's presence in the field of railway maintenance equipment.

New Social Capital

P39-42

In addition to the social capital that the TOKYO KEIKI Group has built to date with its customers and suppliers, the series introduces new forms of social capital being developed in fields identified as growth drivers. This issue spotlights two such areas: the space business and the hydrogen and energy business.

Business Overview

P43-56

This section, newly introduced to accompany the transition to the Integrated Report, presents updates from the heads of each business segment on the progress of their operations and future outlook.

Enhancement of Supply Chain Management  
— Materials Subcommittee Roundtable Discussion

P69-72

The materials procurement divisions are working to advance company-wide information sharing to build and strengthen a sustainable supply chain. This article features a discussion by the Materials Subcommittee, a regular meeting held among the heads of purchasing at each site and the Material Management & Purchasing Office at the head office, wherein participants exchanged views on future initiatives.

Editorial policy

We issue this report for the purpose of providing easily understood information on sustainability at TOKYO KEIKI to stakeholders including customers, business partners, shareholders, investors, local communities, and employees. Our goal is to make this report a useful tool for communication with our stakeholders.

\*Unauthorized reproduction is prohibited.

Scope of coverage

Financial information:  
TOKYO KEIKI INC. and its domestic and overseas consolidated subsidiaries

Non-financial information:  
TOKYO KEIKI INC.  
TOKYO KEIKI AVIATION INC.  
TOKYO KEIKI POWER SYSTEMS INC.  
TOKYO KEIKI RAIL TECHNO INC.  
MOCOS JAPAN CO., LTD.  
TOKYO KEIKI PRECISION TECHNOLOGY CO., LTD.  
TOKYO KEIKI (SHANGHAI) CO., LTD.

Period covered

Fiscal 2024 (April 2024 to March 2025)  
Some data and information on activities from April 2025 are also included.

Publication date

November 2025

Referenced guidelines

- Ministry of Economy, Trade and Industry  
Guidance for Integrate Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation
- GRI Standards

Company Profile (as of March 31, 2025)

Trade name: TOKYO KEIKI Kabushiki-gaisha  
Company name: TOKYO KEIKI INC.  
Headquarters: 2-16-46, Minami-Kamata, Ohta-Ku, Tokyo  
Founded: May 1, 1896  
Established: December 21, 1948  
Paid-in capital: JPY7,217,597,300

Inquiries regarding this Report

Sustainability Promotion Office, TOKYO KEIKI  
TEL: +81-3-3732-2111 (main)  
Inquiries on website:  
[https://www.tokyokeiki.jp/form/webform\\_tokyo-keiki.html](https://www.tokyokeiki.jp/form/webform_tokyo-keiki.html)



# The Power of Measuring Instruments in Hidden Places

The TOKYO KEIKI Group's businesses and products support the foundations of society in places that are rarely seen in everyday life. Our products may not be conspicuous in our daily lives, but our core technologies play crucial roles in various sectors areas, including transportation, energy, fishing, agriculture, and disaster prevention, and support the safety of our lives.

## 1 Marine Systems Business

Supporting the safety and security of ocean navigation through leading-edge gyrocompass technology and marine autopilot technology.



Autopilot that handles automatic steering and other navigation control systems

Gyrocompass for indicating the direction of the ship

ECDIS (Electronic Chart Display and Information System) for displaying navigational charts

## 2 Hydraulics and Pneumatics Business

Supporting manufacturing and infrastructure development for industrial machinery and construction machinery.



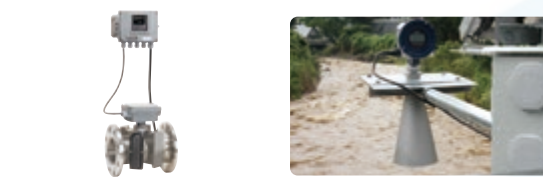
Solenoid directional valve for various hydraulic equipment

Electronic equipment for construction machinery

Hydraulic hydrogen compressors for hydrogen filling stations

## 3 Fluid Measurement Equipment Business: Measuring instruments

Contributing to the safety of everyday life through water resource management and river disaster prevention.



Ultrasonic flowmeters used for management of water supply, agricultural water, and industrial water

Water level gauges for crisis management that quickly notify users of rising river water levels

## 4 Fluid Measurement Equipment Business: Fire extinguishing systems

Protecting valuable assets from fire at various gas facilities.



Gas-based fire extinguishing systems are useful in facilities where water and foam extinguishing is not suitable, such as factories, office buildings, museums, and multi-story parking garages.

## 8 Satellites

## 5 Defense & Communications Equipment Business: Defense equipment

Contributing to national defense through proprietary microwave application technology and inertial sensor technology.



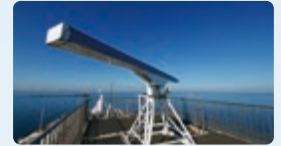
Radar warning receivers for aircraft that warn pilot of threat radar signals



High-precision ring laser gyroscopes installed in submarines, etc.

## 6 Defense & Communications Equipment Business: Marine traffic equipment

Contributing to the safe navigation of ships through our maritime monitoring system, which functions as a "maritime traffic control tower."



Maritime surveillance radar used for vessel traffic service systems

## 7 Defense & Communications Equipment Business: Sensors

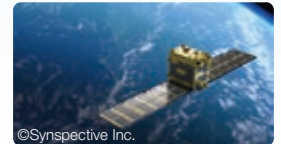


Automatic control system enabling agricultural vehicles to automatically drive straight

Contributing to smart agriculture and social infrastructure maintenance through a combination of inertial sensors and control technology.

## 8 Defense & Communications Equipment Business: High-frequency wave application equipment

Making full use of microwave application technology to expand into advanced industries such as semiconductor manufacturing equipment and the space business.



Synthetic aperture radar (SAR) satellites equipped with microwave amplifiers

## 9 Defense & Communications Equipment Business: Communication and control equipment

Using technologies such as gyro sensors, accelerometers, and magnetic azimuth sensors to improve broadcast quality.



Antenna direction system for news helicopters that realize stable video transmission by attitude control

## 10 Others: Inspection systems

Promoting improvement of the quality of printed materials by high-precision image processing technology.



Print quality inspection devices that automatically and quickly detect printing errors and foreign matter contamination

## 11 Others: Railway maintenance

Using ultrasonic technology in railway maintenance to support safe railway operation.

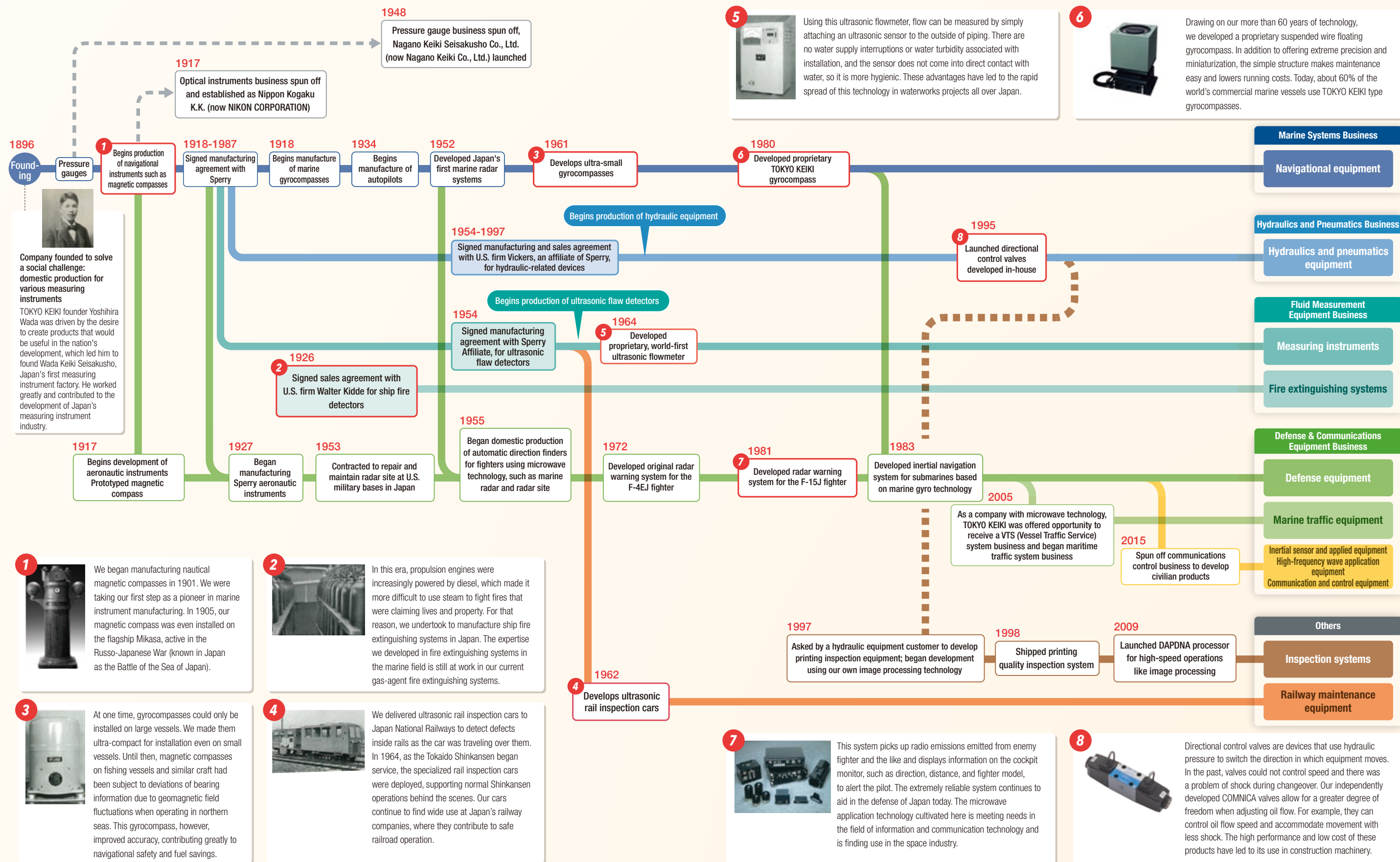


Ultrasonic rail inspection cars that use ultrasonic waves to detect flaws inside rails





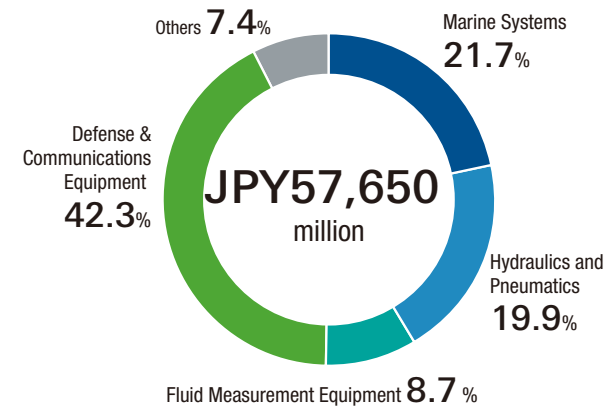
# TOKYO KEIKI's Journey: Building Intellectual Capital



# Financial Highlights

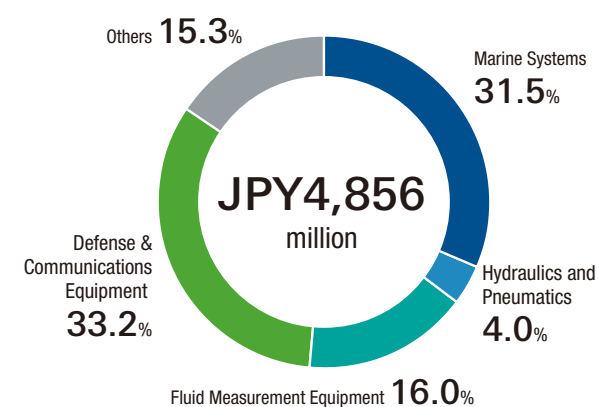
## Net sales segment ratios

Fiscal 2024 (April 2024 to March 2025)

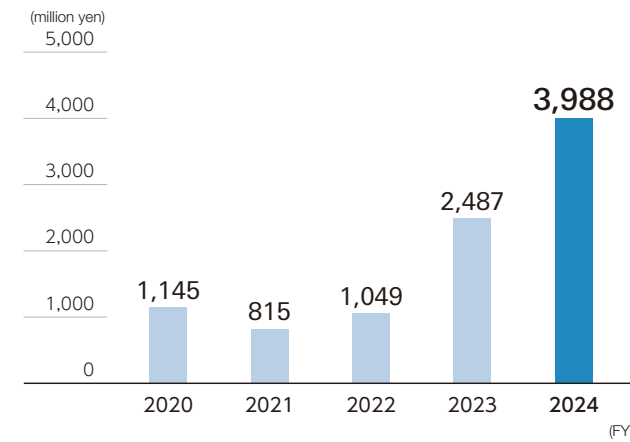


## Operating profit segment ratios

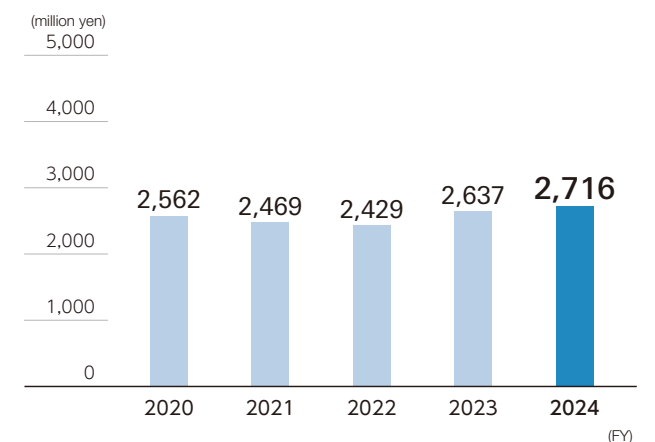
Fiscal 2024 (April 2024 to March 2025)



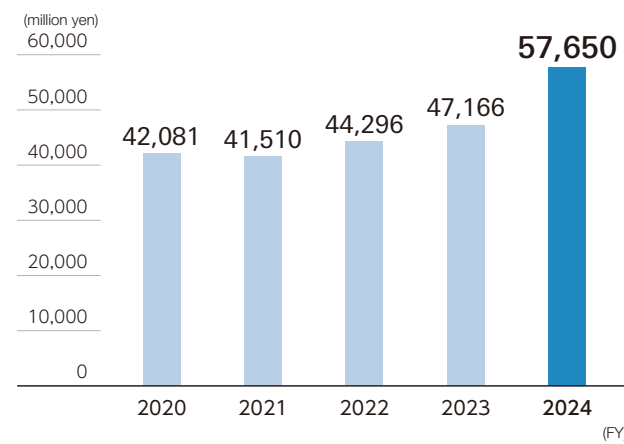
## Capital expenditures



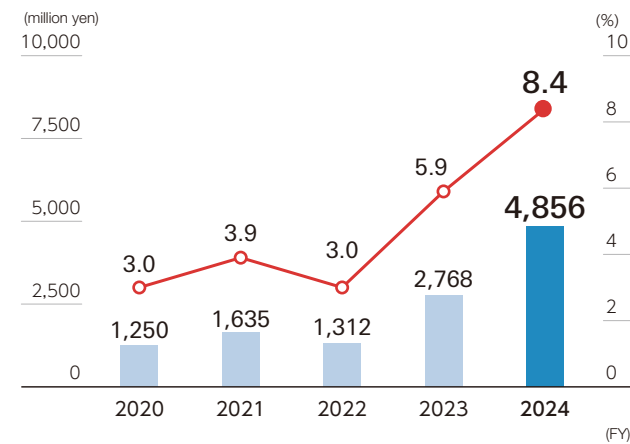
## R&D cost



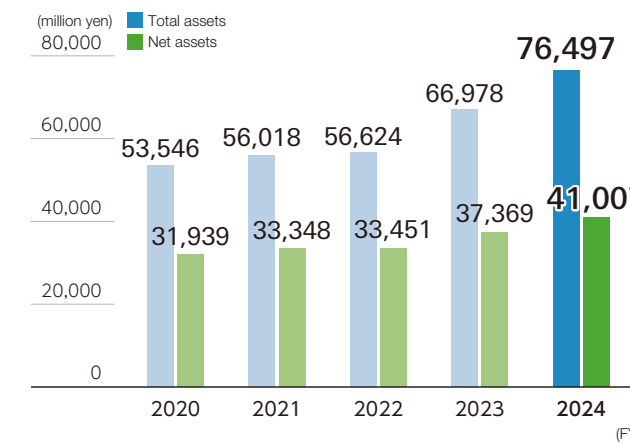
## Net sales



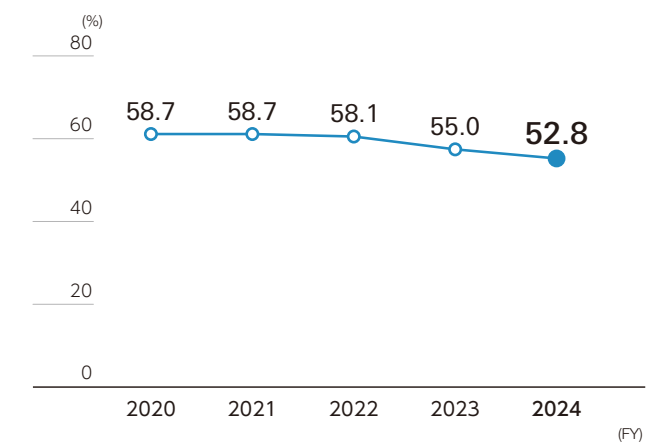
## Operating profit / Operating profit margin



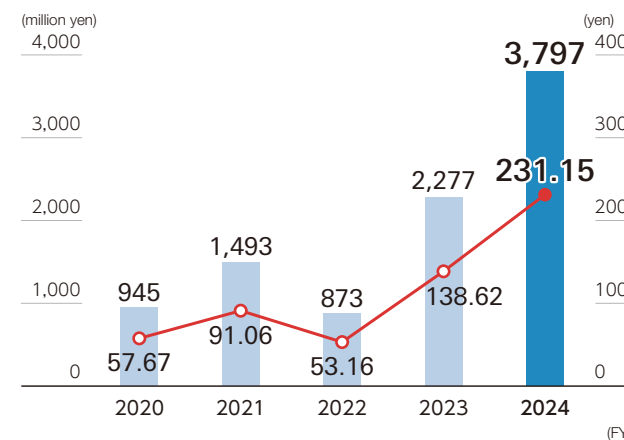
## Total assets / Net assets



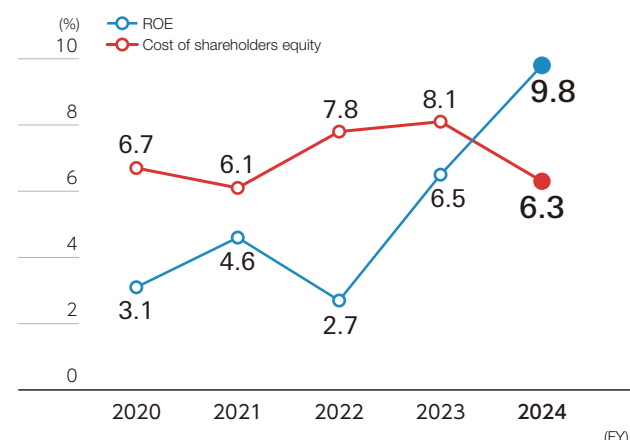
## Equity ratio



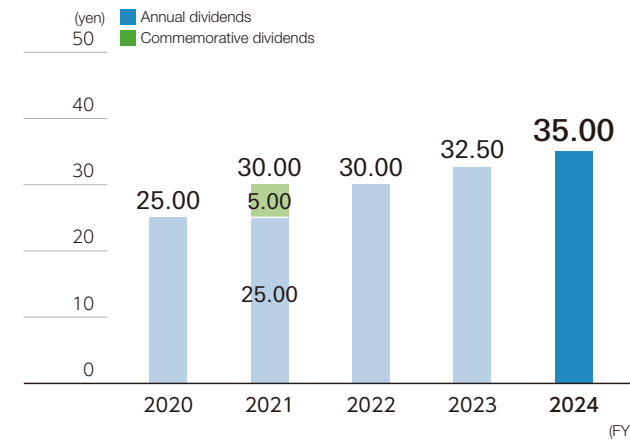
## Profit attributable to owners of parent / Earnings per share (EPS)



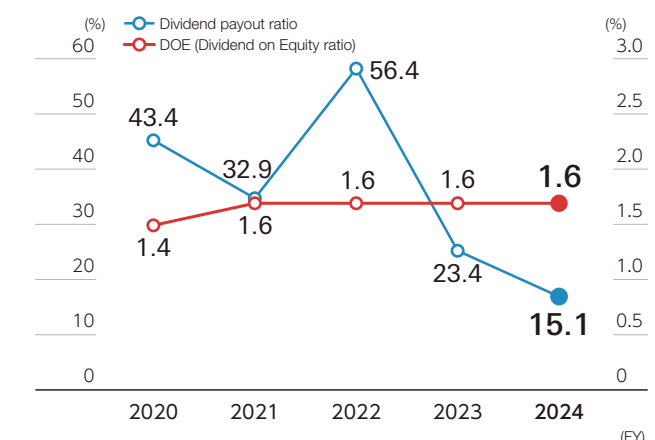
## Return on capital



## Dividends



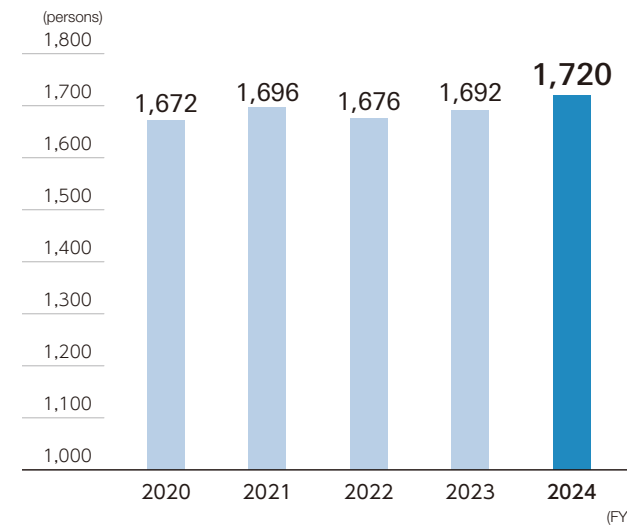
## Dividend payout ratio / DOE





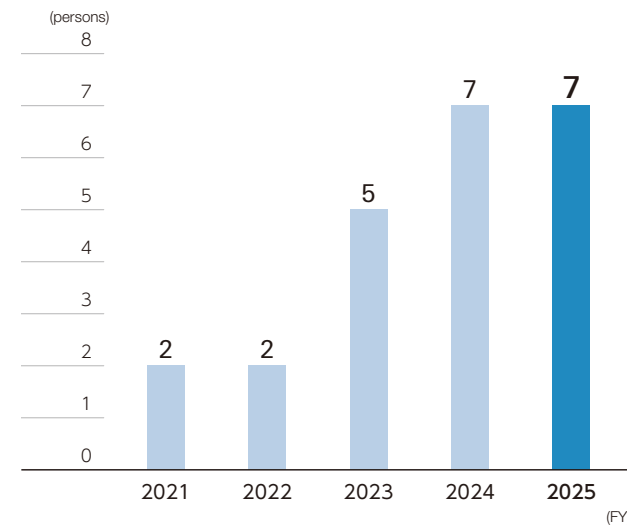
# Non-financial Highlights

## Number of employees



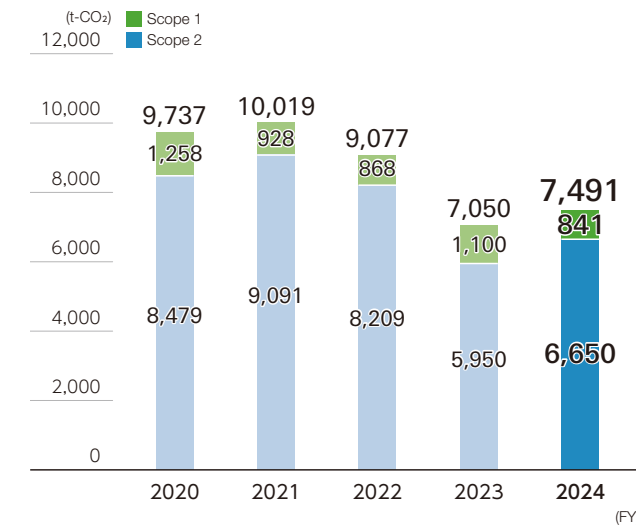
\* Number at end of period

## Number of female in management positions



\* Number at beginning of period

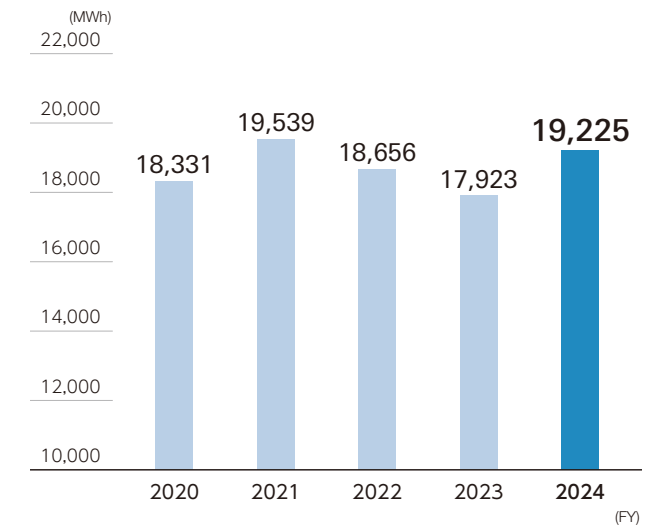
## GHG emissions (Scope 1, Scope 2)



\* In fiscal 2024, Scope 2 emissions increased due to the deterioration of CO<sub>2</sub> emission factors of electric power business operators compared with the previous fiscal year

\* Data is aggregated for the Head Office, Nasu Plant, Yaita Plant, Sano Plant, Tanuma Plant, Hanno Plant, and TOKYO KEIKI PRECISION TECHNOLOGY (Vietnam)

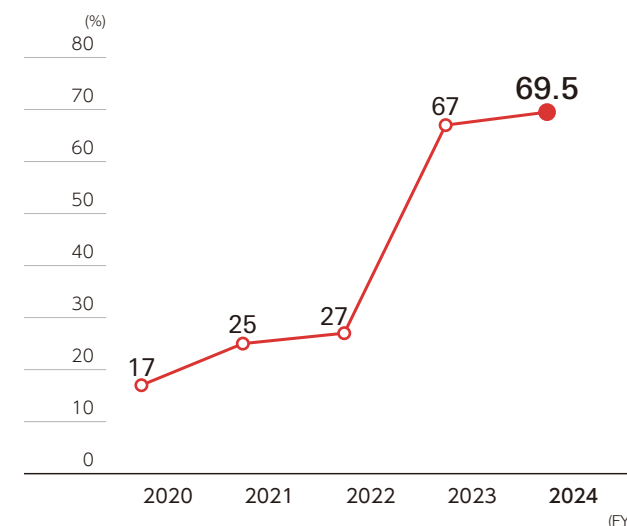
## Energy consumption



\* In fiscal 2024, power usage increased year on year due to extended factory operating hours in conjunction with an increase in orders and a rise in the number of extremely hot days, etc.

\* Data is aggregated for the Head Office, Nasu Plant, Yaita Plant, Sano Plant, Tanuma Plant, Hanno Plant, and TOKYO KEIKI PRECISION TECHNOLOGY (Vietnam)

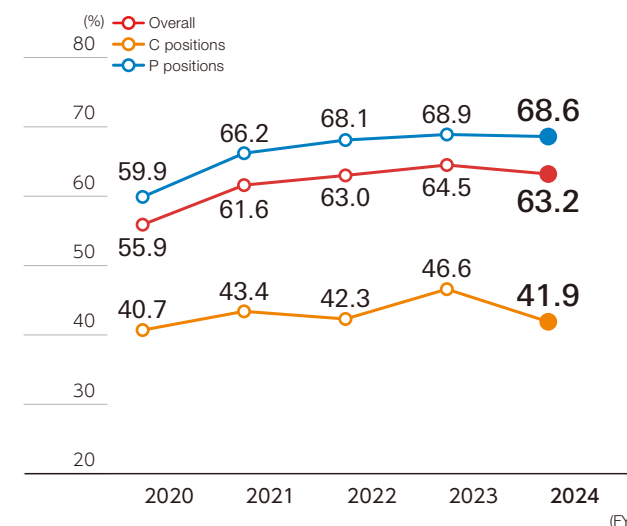
## Rate of eligible male employees taking childcare leave



\* Significant improvements since fiscal 2023 onward due to thorough communication and enforcement of systems in line with legal revisions

\* Data is aggregated for TOKYO KEIKI (non-consolidated)

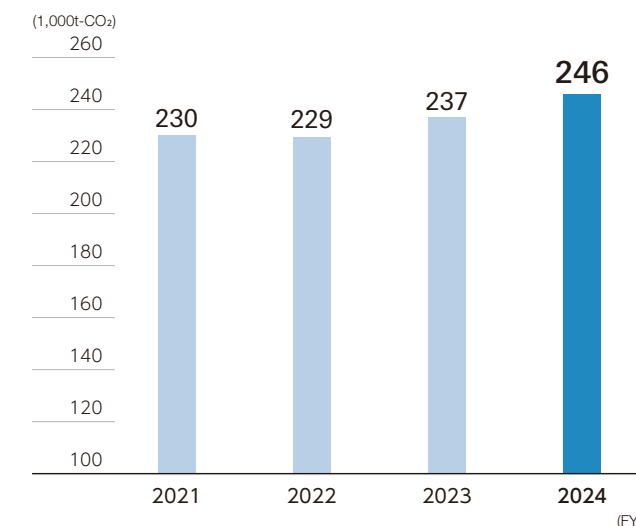
## Annual leave utilization rate



\* C positions: Creative positions (managerial positions)  
P positions: Professional positions (general positions)

\* Aggregated for each year from October 1 to September 30 of the following

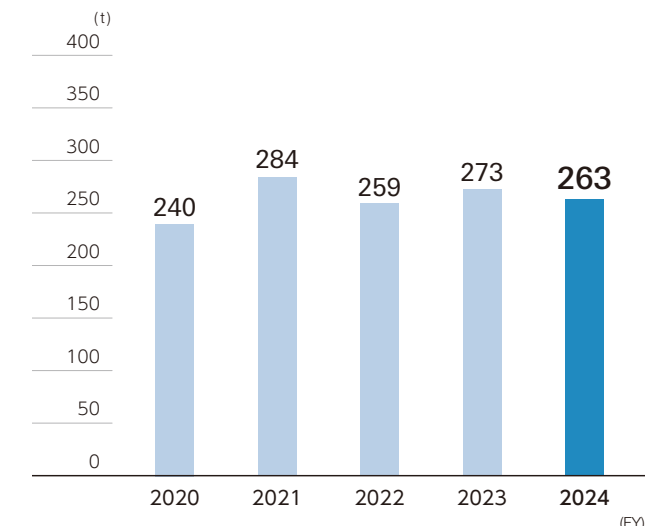
## GHG emissions (Scope 3)



\* In fiscal 2024, emissions increased year on year in conjunction with the growth in Category 1 (purchased goods and services), which accounts for approximately 60% of the total

\* Data is aggregated for TOKYO KEIKI (non-consolidated)

## Waste output



\* In fiscal 2024, waste output decreased year on year owing to reductions in waste plastic at the Yaita Plant and in wood waste at the Sano Plant, etc.

\* Data is aggregated for Nasu Plant, Yaita Plant, Sano Plant, Tanuma Plant, Hanno Plant, and TOKYO KEIKI PRECISION TECHNOLOGY (Vietnam)

### *Refining creative technologies, balancing existing businesses with new challenges to resolve social issues*

**Strengthening existing businesses and  
nurturing new growth businesses.  
Through the practice of “ambidextrous  
management” we are accelerating initiatives  
aimed at achieving TOKYO KEIKI Vision 2030.**

Representative Director, President & CEO

*T. Ando*  
Tsuyoshi ANDO

#### **Publishing the Integrated Report**

Starting this fiscal year, we are publishing the Integrated Report, evolving from our previous Sustainability Report to present the Group's business activities more clearly.

The Group continues its efforts to realize the TOKYO KEIKI Vision 2030, formulated in June 2021. To support this initiative, we considered it necessary to publish the Integrated Report, organized around five perspectives as a signpost.

The first point is to provide an overview of value creation process. This lays out the path to both financial and non-financial value creation that we will take over the medium to long term. At the 2025 General Meeting of Shareholders, we also received many questions regarding medium- to long-term matters.

Second, it responds to the expectations of investors and society. This report will address not only short-term profit but also expectations regarding sustainability and social responsibility.

Third, it links our management to sustainability. In order to encourage changes in awareness within the organization and rearrange strategies, we aim to organize and communicate information in ways that are easier for those outside the Company to understand.

Fourth, it builds relationships of trust with stakeholders. The integrated report plays an important role as a means of providing highly transparent information, helping us strengthen trust with our stakeholders.

Fifth, the last point: it follows internationally recognized reporting standards. With the globalization of investment, reporting that aligns with international standards is essential for gaining trust from investors around the world.

I hope that this will enhance your understanding of our path to sustainable value creation, as based on the above five perspectives.

#### **Achieving Record High Profits in FY2024**

As part of the process of achieving the TOKYO KEIKI Vision 2030, we designated the three years of the new Medium-term Business Plan (from FY2024 to FY2026) as a period of preparation for the “leap toward growth,” during which we will promote our basic policies of “improve profitability,” “expand business areas,” and “strengthen the business foundation.”

In terms of “improve profitability,” we are using return on invested capital (ROIC) to analyze the business portfolio,

optimizing cost structures, and using management indicators in other ways to enhance profitability.

In terms of “expand business areas,” we are promoting the development of edge AI, clean energy (technology using hydrogen), and the space business as fields of endeavor to drive growth over the medium to long term. We have taken the first steps towards commercialization, which include multiple pilot and prototype projects in these fields.

As for “strengthen business foundation,” we have transformed the personnel system to be capable of nurturing and establishing human resources with a pioneering spirit. We also implemented capital investment for the Group as a whole at a level approximately 1.6 times that of the previous fiscal year.

My perception is that the measures and initiatives executed in fiscal 2024, which corresponded to the first year of the new Medium-term Business Plan, enabled us to build a solid foundation for future leaps forward. Moreover, in terms of performance, we achieved record high levels of operating and ordinary profit. On the other hand, difficult conditions continued for some of our operations, including the Hydraulics and Pneumatics Business. Rather than restricting ourselves to individual businesses, we will promote strengthening and improvement measures throughout the Group and open the way to sustainable growth.

#### **New Stages for Our Technologies**

In addition to our existing businesses, we are taking on challenges in preparation for the development of new growth businesses.

In the Defense & Communications Equipment Business, we have conducted a new research project into







MEMS Hemispherical Resonator (MEMS-HR) Gyroscope / Inertial Navigation Technology commissioned by the Japan Ministry of Defense. By utilizing MEMS technology, which is one of the strengths of the Company, we aim to reduce the size, enhance the precision, and lower the cost of existing Hemispherical Resonator Gyroscope (HRG) high-precision sensors. We also seek to develop inertial navigation devices capable of autonomous and high-precision measurement of position, attitude, and speed, without relying on global navigation satellite systems (GNSS) or other external signals. We expect this technology to be applied to autonomous robots, drones and other aircraft equipment fields in the future.

In the space business, we began assembly of small SAR satellites. In 2023, we constructed the “Space Building” for assembly and are making progress in the new area of building a production system for the private-sector space market.

In terms of strengthening and enhancing the production system, we completed a new “Defense Management Building” at the Nasu Plant, which began operations in December 2024. As well as enabling an increase in production capacity to deal with rising demand for defense-related products, this location will provide research and personnel training functions with an eye on new product development going forward.

In the AI field, we completed a prototype of an edge AI camera, which was demonstrated at external exhibitions. When camera images are processed by AI, it has traditionally been necessary to transmit the image data via a network, which involves communications capacity and security issues. In contrast, we have equipped the edge AI camera with discriminatory functions. As a new type of AI camera that can process data at the terminal itself in

real time, this technology has attracted an extraordinary amount of attention, and we expect to expand applications into a variety of different fields in the future.

## Value through Challenges and Learning

It could be said that the foundation for these new initiatives is the unique business model that the Group has formed over the last 129 years and the Value Creation Story derived from it.

TOKYO KEIKI has been introducing cutting-edge technology through business alliances with overseas companies since the early 1900s and has refined its proprietary technologies while applying Japanese-style customization in some areas. It is on the foundation of intellectual capital we have accumulated in this way that we link and circulate capital to create value.

Put another way, it is how we have worked hand-in-hand with customers to achieve advances in manufacturing that has been the source of the Group’s value creation process. Co-creation with customers results in increases in social and intellectual capital, leads to high product quality and the gaining of trust in the market, and forms the foundation of corporate value.

On the point of co-creation with customers, the Group has reliably dealt with applications that require extraordinarily rigorous quality control, including the defense equipment business. Moreover, using this “manufacturing capital” to provide high-value-added products has enabled us to secure steady profits. The reallocation of these profits to investments in human and intellectual capital leads to further strengthening of technological and organizational capabilities and accelerates the cycle of value creation.

The result of the sustainable value creation process that arises from this linking and circulation of capital is our value creation story. Human capital, intellectual capital, social capital, and other forms of non-financial capital provide a foundation on which to generate innovation that creates financial value, and by reinvesting this value we are building a cycle that increases capital even further.

For example, if you look at this cycle from the perspective of human capital, process innovation within the various departments of the Company (such as corporate staff, sales, technology, production, and service) is driven by each employee’s challenges and learning. In other words, this is nothing other than the enhancement of human capital. This approach is what leads to the

accumulation of proprietary technology and know-how that constitutes intellectual capital. Furthermore, the technologies and trust that are born from these enhancements in human and intellectual capital become social capital, which strengthens relationships of trust with customers and society. In turn, it becomes the driving force for maintaining a balance between sustainable growth of the Company on the one hand and contributions to the resolution of social issues on the other hand.

## Challenge Drives Growth

Above all else, it is human capital that is the force driving value creation. No matter how advanced technology becomes, a company’s success ultimately depends on its people. Even with outstanding strategies and technologies, success can only be achieved when employees work together as a team. I believe that it is precisely human capital that provides the basis for corporate value creation and constitutes the source of competitiveness over the long term. Especially in today’s rapidly changing environment, it is employees who can learn, think, and act independently that drive corporate growth.

The basic policy of the Group’s human resource strategy is to nurture independent, growth-orientated human resources, and we are working to establish an environment wherein diverse employees can maximize the expression of their individual abilities. That being said, we are still on the journey

toward this goal. There are some situations in which we have not been able to fully leverage individual abilities, and I am aware that there is room for improvement in terms of developing managers. In order to convert diversity in human resources to genuine corporate value we must put in place organizational mechanisms and other elements, including evaluation systems. While maintaining an awareness of such issues, we will continue to build a company where every employee takes pride and finds fulfillment in their work, with a corporate culture that nurtures people at its core.

## Relentlessly Taking on Challenges and Protecting Our Values

Next year, in 2026, the Company will celebrate its 130th anniversary. Nevertheless, rather than contenting ourselves with tradition, we have evolved repeatedly in response to our unceasing reassessment of our role in society. The key to sustainable expansion is an attitude of contributing to the resolution of social issues, while continuing to refine our creative technologies and striking a balance between enhancing existing technologies and creating new businesses.

Based on the culture of taking on challenges that has been cultivated and passed down within the Group, we will provide value tailored to the changes of the era, while remaining aware at all times of the optimal use of human, material, and financial capitals, and other management resources. Our most important mission is that of supporting the safety and security of society by providing solutions focused on those areas where the Group can leverage its strengths, such as disaster prevention and mitigation, the environment, and space.

On the other hand, there are enduring values we are committed to preserving, including sincerity, harmonious coexistence with society, and contributions through technology. We have emphasized the cultivation of this spirit ever since the founding of the Company, and even today these universal values define the behavior of every employee, and are the source of our relationships of trust with customers, suppliers, and society.

We will remain a company that is considered essential by society for the next 100 years by firmly distinguishing between what should change and the values that should be upheld, while balancing sustainable growth with contributions to society. We greatly appreciate your continued support for the Group going forward.





# Message from the Chief Sustainability Promotion Officer

Message from the Chief Sustainability Promotion Officer



Director & Executive Officer,  
Chief of Sustainability Promotion  
**Yukihiro SUZUKI**

## Creativity and Challenges to Shape the Future

Since our founding, we have valued innovative technology and a corporate culture with a spirit of challenge, growing together with society. The trust we have earned from our customers—built upon the technological expertise developed throughout our long history—is a source of pride and a vital asset that we aim to carry forward into the future.

This year, to clearly show how these assets drive our growth, we have evolved our “Sustainability Report” into an “Integrated Report.” In this report, we place sustainability management at the heart of our value creation, aiming for sustainable growth in an ever-changing environment. We also aim to present a clear view of our aspirations.

## Breaking New Ground: A Courageous Step

The corporate environment is changing faster than ever, with uncertainty on the rise. Challenges are becoming more diverse—from climate change and population decline, digitalization and the restructuring of supply chains—while geopolitical factors make it increasingly hard to know what’s right or which direction to take. In this situation, it’s essential for us to break out of old habits and routines and step onto new ground, which we call “breaking out of the shell.”

The phrase “breaking out of the shell” embodies the courage and will to take action to create change. It’s not about reacting to instructions or external circumstances, but about believing in your own potential and convictions

and taking a proactive step forward. That very step becomes the driving force that transforms organizations, moves society, and shapes the future.

Looking back on TOKYO KEIKI’s history, many innovations, new products, and business processes have arisen from the accumulation of small, progressive challenges taken on by individuals on the front lines. Examples include the development of Japan’s first ultrasonic flowmeter and customer-focused business processes in our hydraulic product lines. Our technology and corporate culture have grown from everyday insights that “we can do better,” the willingness to say “I’ll give it a try,” and the courage to act boldly and independently, even in the face of difficulties. Such a chain of challenges has been the core driving force sustaining TOKYO KEIKI’s 129-year history and continues to empower us to shape the future.

## Power for the Sustainable Future

The transition to an Integrated Report is an opportunity to revisit the origins of our value creation from a broader perspective. Our sustainability initiatives are not limited to environmental care and social contribution; they are deeply connected to the very foundation of our business activities. All these efforts—including the transition to a decarbonized society, resource recycling, and biodiversity preservation, as well as supporting the growth of our employees, passing on technology, and fostering coexistence with local communities—directly contribute to the sustainable enhancement of corporate value.

In particular, our strengths—creative technologies and on-site manufacturing capabilities—are key resources for implementing sustainability management. Highly efficient and durable products that address climate change, along with design and processing technologies that minimize environmental impact, serve as tangible solutions to social challenges. Supporting all of this are workplace ingenuity and the motivation of our employees to continue to learn.

I believe that when each employee—and the organization as a collective—breaks out of the shell, it will create a new future for TOKYO KEIKI. The shell may consist of past successes, habits, fixed notions about roles, or mental barriers—the assumption that “it’s impossible for me.” It is up to each individual to break through these barriers. By changing our actions through

our own will, we can achieve remarkable personal growth and make life more fulfilling. The accumulation of such personal changes drives corporate transformation.

## Passing on Sustainable Power to the Next Generation

Our vision of sustainability does not just refer to continuing things as they are. It means understanding social trends, responding flexibly to changes in the business environment, and continuously evolving by discovering new value. While some challenges we face are global and large-scale—such as climate change, human rights, and inequality—others exist in our everyday lives as individuals.

I believe that turning small everyday insights into action, without being bound by formality, contributes not only to the growth of the company and workplace but also to personal development. To achieve this, it is more important than ever to respect the creativity and initiative of our frontline employees and to create an environment where everyone can believe in their own potential and act proactively. In promoting sustainability, I hope to collaboratively nurture a free and open corporate culture. I firmly believe that maximizing the value of our human capital is the key to sustaining our competitive edge.

The transition to an Integrated Report is, in essence, a declaration of our own challenge to embody this evolution. I hope that this Report serves as an opportunity for dialogue aimed at considering and creating our future together and contributes to building new value with all our stakeholders.



Our Group promotes its businesses by drawing on the strengths and capital we have developed, anchored in the aspirations shaped by our management philosophy. TOKYO KEIKI Vision 2030, reflecting our aspirations, serves as the basis for deploying key initiatives in our Medium-Term Business Plan to address key materialities. We aim to achieve sustainable growth by continuously reinvesting the value created through these activities to further strengthen our capital.

Management Philosophy

Sustainability Policy

Our aspirations

We leverage our proprietary technology to address societal issues related to the safety and security of people worldwide, and contribute to building a sustainable society.

TOKYO KEIKI Vision 2030

Mission

Vision

Value

Mission

Apply our proprietary measurement, cognition, and control technology to support society

Vision

In a variety of global niche top businesses, contribute to the development of stakeholders

Value

Relentlessly taking on challenges

Management targets by 2030

|                 |                         |                        |
|-----------------|-------------------------|------------------------|
| Growth          | Net sales               | JPY100 billion or more |
| Profitability   | Operating profit        | JPY10 billion or more  |
|                 | Operating profit margin | 10% or higher          |
|                 | Return on equity (ROE)  | 10% or higher          |
| Corporate value | Market capitalization   | JPY50 billion or more  |

Input

Management capitals to support value creation

Human Capital

- Experts supporting our businesses
- A diverse workforce driving organizational vitality

Intellectual Capital

- Core technologies and the expertise behind them
- High R&D investment ratio

Manufacturing Capital

- Ability to meet diverse standards and certifications
- Production capabilities meeting customer expectations

Financial Capital

- Sound capital structure
- Financing capabilities ensuring stability

Social Capital

- Strong, long-term relationships with our customers
- Partnerships with our suppliers and other partners

Our core technologies

Microwave technology

Precision machining technology

Gyro technology

Image processing technology

Ultrasonics technology

Inertial sensor technology

Hydraulics technology

Software technology

Information technology

Initiatives for value creation

Materialities

Four materialities reflecting medium- to long-term changes in the business environment

Provision of Products that Solve Social Issues

Enhancement of Supply Chain Management

Realization of an Environmentally Conscious Society

Support for the Activities of a Diverse Workforce

FY2024–2026 Medium-term Business Plan

Basic Policies

1 Improve profitability

2 Expand business areas

3 Strengthen business foundation

Key Strategies

Monetization of growth drivers

Edge AI business

Hydrogen & energy business

Space business

Railway business

Life science

Steady growth of existing businesses

Business models and value creation of each business

Marine Systems Business

Fluid Measurement Equipment Business

Hydraulics and Pneumatics Business

Inspection Systems Business

Defense & Communications Equipment Business

Railway Maintenance Business

Business Foundation

Strengthening three core areas

Engaging in high-level management

Strategic use of external resources / Reforming into a Human Resources system that encourages a challenging spirit / Promote future-oriented improvement activities

Sustainability / ROIC / DX initiatives

Output

Main outcomes up to FY2024

Existing Businesses

Marine Systems

- Participating onshore performance evaluation tests for The Nippon Foundation's fully autonomous ship project

Hydraulics and Pneumatics

- Launched a new controller for construction machinery

Fluid Measurement Equipment

- Launched a new compact and lightweight millimeter-wave radar level gauge
- Launched a new ultrasonic flowmeter designed for easy installation

Defense & Communications Equipment

- R&D on the MEMS-HR gyroscope selected by the Ministry of Defense
- Delivered a new solid-state radar for maritime traffic monitoring to the Japan Coast Guard

Growth Drivers

Railway Maintenance

- Launched a new ultrasonic rail flaw detector
- Inertial Track Geometry Measurement System under development was selected by two private railway companies in Japan

Space

- Started assembly of small SAR satellites
- Collaborating with multiple start-ups in the space sector

Hydrogen & Energy

- Developed small-scale hydrogen filling stations

Edge AI

- Developed an edge AI image inspection system

Outcomes

Value created

FY2024 results

|                         |                  |
|-------------------------|------------------|
| Net sales               | JPY57.65 billion |
| Operating profit        | JPY4.86 billion  |
| Operating profit margin | 8.4%             |
| Return on equity (ROE)  | 9.8%             |
| Market capitalization   | JPY55.0 billion  |

Human Capital

- Improving managers' skills through level-specific training programs
- Expanding various systems to support diverse work styles
- Strengthening a safe and secure workplace through our Health and Productivity Management Declaration

Intellectual Capital

- Advancing product development through co-creation with other companies
- Continuing research and development toward the next generation

Manufacturing Capital

- Realizing customer requirements through the strengthening and streamlining of our production system
- Constructing a new plant building to accommodate rapid defense equipment business orders
- Operating environmentally aware factories

Financial Capital

- Improving capital efficiency and achieving record-high profits through ROIC management
- Providing stable shareholder returns and investing for sustainable growth

Social Capital

- Maintaining our customer base supported by our strong market share
- Formulating sustainable materials procurement policies and strengthening supply chain resilience

## Business Models of Existing Operations

| Segments                                    | Business                                    | Major customers   | <div>Product planning</div> <div>Technology development</div> <div>Production and manufacturing</div> <div>Sales and marketing</div> <div>Maintenance service</div>  |  |  |  |  | Product Lines Leveraging the Business Model   |
|---|---|---|--|--|--|--|--|---|
|   |   |   | Overview of the business model   |  | Strengths Behind Our Business Model  |  |  |   |
| Marine Systems Business                     | ● Navigational equipment                    | Shipowners<br>Shipyards<br>Ship management companies<br>Government agencies<br>Educational institutions   | We provide a range of navigational equipment centered on advanced gyro and autopilot technologies, indispensable for the operation of large vessels.<br>We provide customers with value that supports safe and secure navigation by leveraging our technological and production capabilities, which comply with strict international regulations and meet high-performance and environmental-impact reduction requirements. In addition, our field service engineering expertise ensures that the high performance of our products is consistently maintained. |  | ● Worldwide technical and service capabilities supporting high-performance products throughout their life cycle.<br>● Gyrocompass (attitude and heading measurement) and Autopilot (automatic steering control) technologies, boasting a top global market share.                          |  |  | <div> Autopilots</div> <div> Gyrocompasses</div> <div> Electronic chart display and information systems</div>            |
| Hydraulics and Pneumatics Business          | ● Hydraulics and pneumatics equipment       | Injection molding machine manufacturers<br>Die-casting machine manufacturers<br>Machine tool manufacturers<br>Construction machinery manufacturers<br>Special-purpose vehicle manufacturers | We provide user-friendly hydraulic equipment, specifically tuned to each customer's needs, through close, direct sales relationships with major machinery manufacturers in Japan and abroad.<br>In addition, we supply products such as electrical and electronic controls and various sensors, and differentiate ourselves from competitors through a business model that offers system-based optimization.   |  | ● Direct, proposal-based sales.<br>● High-density mechanical design capabilities.<br>● High-precision fluid analysis capabilities.<br>● Precision machining capabilities.<br>● Electrical and electronic control capabilities<br>● Image processing technology capabilities.               |  |  | <div> Solenoid directional valves</div> <div> Displays for construction machinery</div> <div> Hydrogen compressors</div> |
| Fluid Measurement Equipment Business        | ● Measuring instruments                     | Government agencies<br>Private facility management companies<br>Private manufacturing companies   | Using our creative technologies, we develop and provide high-performance measurement and control devices, such as ultrasonic flowmeters and microwave level gauges.<br>By supporting social infrastructure such as water and sewerage systems, agricultural water pipelines, and chemical plants, as well as contributing to river flood prevention and overall public safety, we help ensure the safety and security of daily life.   |  | ● Customer service capabilities that respond to customer needs and expectations with high-performance products.<br>● Technical and service capabilities that support products throughout their entire life cycle.  |  |  | <div> Ultrasonic flowmeters</div> <div> Crisis management water gauges</div>  |
|   | ● Fire extinguishing systems                | Private facility management companies<br>Private manufacturing companies  | This long-established business has marked its 100th year since it first handled gas-based fire extinguishing systems in Japan. We contribute to ensuring the safety and security of our customers through highly reliable gas-based fire extinguishing systems for a variety of facilities, including multistory parking garages, factories, and warehouses.   |  | ● Customer service so prompt and precise that existing customers naturally recommend us.   |  |  | <div> Gas-based fire extinguishing systems</div>  |
| Defense & Communications Equipment Business | ● Defense equipment                         | Ministry of Defense<br>Acquisition, Technology & Logistics Agency<br>Defense-related private companies<br>Overseas defense industry   | We develop and provide electronic equipment and navigation-related devices for defense assets that protect national security, including fighters and submarines.<br>In addition, we comply with all relevant laws and regulations, taking appropriate measures whenever defense equipment is transferred overseas.   |  | ● Microwave product development and manufacturing capabilities, covering everything from complete systems to individual components.<br>● Development and manufacturing capabilities for navigational equipment, based on high-precision gyroscope development and production technologies. |  |  | <div> Radar warning receivers for aircraft</div> <div> Ring laser gyros for naval vessels</div>   |
|   | ● Marine traffic equipment                  | Japan Coast Guard<br>National oil storage facilities<br>Overseas port and river monitoring companies  | We contribute to maritime safety by providing vessel traffic service systems for congested areas such as straits and ports. In addition, we provide products for the safe navigation of vessels in overseas ports and rivers, leveraging the technologies and reliability we have developed in Japan.  |  | ● Radar development and manufacturing technologies achieving high resolution at low output, together with know-how for building systems that accurately process information from multiple sensors, including radar and AIS.  |  |  | <div> Maritime surveillance radars</div>   |
|   | ● Inertial sensor and applied equipment     | Precision equipment manufacturers<br>Agricultural machinery manufacturers<br>Infrastructure construction and maintenance companies  | We provide accelerometers used for earthquake measurement and gyrocompasses for tunnel construction. In addition, we develop products that apply satellite positioning and laser measurement technologies, thereby contributing to smart agriculture and the maintenance of social infrastructure such as roads.   |  | ● Design and production technologies for inertial sensors, alongside control technologies that make use of satellite positioning.  |  |  | <div> Straight-line assistance for agricultural vehicles</div>   |
|   | ● High-frequency wave application equipment | Semiconductor production equipment manufacturers<br>Space equipment manufacturers<br>Broadcast and telecommunications equipment manufacturers<br>Analytical instrument manufacturers        | We provide products that utilize high-frequency amplifiers, such as microwaves, for markets that require high-power electromagnetic waves. These include plasma power supplies for semiconductor production equipment, radar systems, and broadcast and telecommunication equipment.   |  | ● Control technologies for high-power, high-frequency applications, along with design and production technologies that achieve high efficiency in semiconductor amplifiers.<br>● Plants specializing in the assembly of precision equipment for aviation and space applications.           |  |  | <div> Microwave amplifiers for observation satellites</div>  |
|   | ● Communication and control equipment       | Government agencies and related private-sector companies<br>Broadcasting stations   | We provide systems that enable precise tracking and vibration control for equipment, such as antennas and cameras, installed on moving platforms including aircraft, helicopters, vessels, and vehicles.   |  | ● Attitude control technologies utilizing inertial sensors.<br>● Repair services for equipment installed on domestic helicopters, performed at a facility certified under the Civil Aeronautics Act.   |  |  | <div> Antenna directioning systems for news helicopters</div>  |
| Others                                      | ● Inspection systems                        | Flexible packaging converters   | Through inspection systems equipped with high-performance, high-function image processing units, we help improve the quality and efficiency of printing and processing for food packaging, thereby contributing to ensuring food safety.   |  | ● Internally developed image processing units, imaging devices, and defect detection algorithms for highly accurate product defect detection.<br>● A modular system configuration without large control panels, facilitating easy customization.   |  |  | <div> Print quality inspection devices</div>   |
|   | ● Railway maintenance                       | Railway-related companies<br>Railway track maintenance companies  | We contribute to safe and punctual railway operation by providing a wide range of inspection and measurement equipment. This includes ultrasonic rail flaw detectors that identify microscopic internal defects in rails, as well as track displacement measurement devices. In addition, we offer outsourcing services for rail inspection tasks.   |  | ● The only manufacturer in Japan that specializes in rail flaw detection equipment.<br>● A team of certified specialists capable of performing nondestructive inspection.<br>● Earned solid trust and recognition from railway companies preferring domestic manufacturers.                |  |  | <div> Ultrasonic rail inspection cars</div>  |



# Sustainability Management Strategy

## TOKYO KEIKI Vision 2030

At the beginning of fiscal 2021, which marked the 125th anniversary of our founding, the TOKYO KEIKI Group formulated “TOKYO KEIKI Vision 2030,” looking ahead to the next 10 years. This vision outlines the Group’s aspirations for 2030 in order to continue sustainable growth for the next 150 to 200 years.

### Purpose of the Vision

To date, as a result of our efforts to stay attuned to the problems facing our Japanese customers and to meet their expectations, the TOKYO KEIKI Group has built a number of leading businesses in niche domestic markets. However, we have come to the realization that to achieve further growth, we need to take a broader perspective in terms of developing our businesses.

By making our aspirations a reality through “TOKYO KEIKI Vision 2030,” we will use the original technologies we have developed over many years to drive new innovation, creating “global niche-leading businesses” that take the SDGs as their starting point. In turn, this will allow us to shift to a stage of sustainable growth and mid- to long-term enhancement of corporate value.

### Mission, Vision, and Values

In “TOKYO KEIKI Vision 2030,” we defined our “Mission,” which is what we aim to do, our “Vision,” which is what we aim to become, and our “Values,” which are a shared set of beliefs for realizing our Vision.



### Management targets by 2030

We anticipate that creating “global niche-leading businesses” will require significant investment in product development and market development because of differences in specifications and standards, as well as speeding up of the process through M&As, with the aim of complementing production, sales, and technology without insisting on vertical integration. Making effective use of funds based on the financial foundation that we have established so far, we will work to swiftly launch several growth drivers that are under development. We will then expand the scale of our business by discovering and cultivating new growth drivers while establishing a

growth cycle that reinvests the profits generated from growth drivers that have developed into sources of revenue and the expansion of existing businesses. On the basis of this growth cycle, we have set the following targets for management indicators in 2030.

- **Growth:**  
Net sales of 100 bn yen or more
- **Profitability:**  
Operating profit of 10 bn yen or more  
Operating profit margin of 10% or higher  
Return on equity (ROE) of 10% or higher

## Identifying business domains and growth drivers

Set 5 domains to strengthen based on societal issues to resolve through our main operations

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



## Strengthening three core areas

To achieve the Vision, it is essential to develop personnel who will serve as the source of the Group’s competitiveness, and a company-wide change in mindset is needed to advance organizational reform. Accordingly, we have identified a number of issues related to changes in awareness, and have formulated three measures to strengthen the foundations of our business.

|  |   |
|--|---|
| Promoting open Innovation with partners who share our vision of the future | <b>Strategic use of external resources</b> <ul style="list-style-type: none"><li>• In addition to in-house development of knowhow in new domains, we will aggressively incorporate external resources.</li><li>• Investments in open innovation.</li></ul>              |
| Creating a motivating and pioneering culture                               | <b>Reforming into an HR system that encourages a challenging spirit</b> <ul style="list-style-type: none"><li>• Adopt an HR evaluation system that rewards challenges towards aspiration to reform into a culture that embraces never-ending challenges.</li></ul>      |
| Solicit workplace innovation   | <b>Promote future-oriented improvement activities</b> <ul style="list-style-type: none"><li>• Expand on Improvement activities as an opportunity for personnel development that sees each employee embrace individual challenges and work towards innovation.</li></ul> |

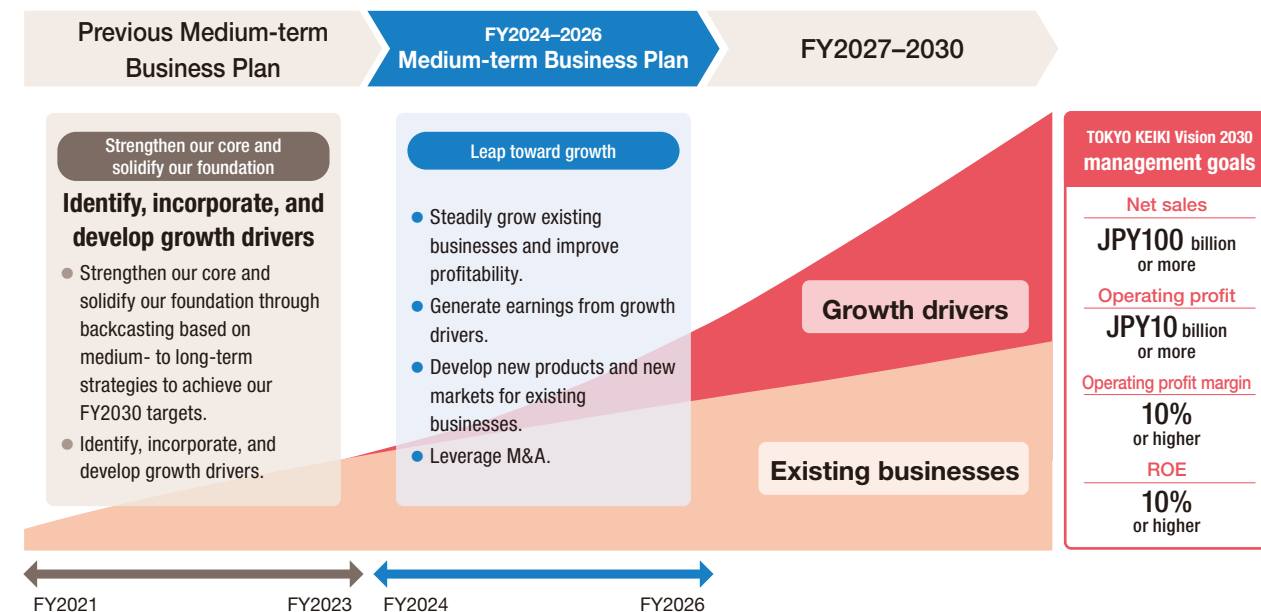
## Engaging in high-level management

Under “TOKYO KEIKI Vision 2030,” we aim to further enhance our corporate value and implement advanced management practices through the introduction of sustainability management, ROIC management to achieve sustainable growth, and DX (Digital Transformation).

|                           |   |
|---------------------------|---|
| Sustainability management | <ul style="list-style-type: none"><li>• In June 2021, we established the Sustainability Committee to serve as the organization that oversees and evaluates companywide sustainability efforts. We also created the Sustainability Promotion Office to serve as corporate staff for promoting Group-wide sustainability management.</li><li>• We will implement ESG-oriented management, including responding to the TCFD recommendations by ascertaining climate change risks and opportunities, drafting strategy, and managing efforts.</li></ul>   |
| ROIC management           | <ul style="list-style-type: none"><li>• We will adopt ROIC management to measure the earning potential and capital efficiency of each business. Adopting ROIC will enable us to simultaneously improve ROE and streamline our balance sheet.</li><li>• Through ROIC management, we will optimize our business portfolio and achieve Sustainable growth. Striving for ROE that exceeds cost of shareholders equity we adopted WACC comparison (ROIC&gt;WACC) as a performance indicator.</li><li>• We will establish KPI for the individual performance indicators outlined on the ROIC tree and are reforming into a corporate culture that realizes that workplace goal achievement by all employees will lead to the achievement of management goals.</li></ul> |
| DX initiatives            | <ul style="list-style-type: none"><li>• We will promote DX to ensure the effective use of internal and external data in order to enhance data-driven management and increase our ability to predict the future.</li><li>• We will optimize workflow processes by upgrading backbone systems to increase the real-time nature of our data collection and accelerate management decisions.</li><li>• We will improve production efficiency by engaging in smart manufacturing driven by IoT.</li></ul>  |

## FY2024–2026 Medium-term Business Plan

In order to realize “TOKYO KEIKI Vision 2030,” we have positioned the three-year medium-term business plan starting from fiscal 2021 as a phase of strengthening our core and solidifying our foundation, and in addition to strengthening our existing businesses, we have sought to identify, incorporate, and develop growth drivers. In light of these results, the new medium-term business plan starting from fiscal 2024 is positioned as a “leap toward growth” phase in which we will steadily nurture the seeds of growth and aim to turn them into profits, while also pursuing further growth in our existing businesses.



For this new phase, in order to shift to a stage where we aim for sustainable growth and medium- to long-term enhancement of enterprise value, we have established our basic policies to focus not only on expanding sales but also on expanding profits. Furthermore, our basic policies include expanding our business domain and strengthening our management base in order to improve profitability.

To achieve “Improve profitability,” we will also utilize ROIC and business portfolio analysis. Each business department will analyze its business using ROIC and, based on that, will formulate and implement key

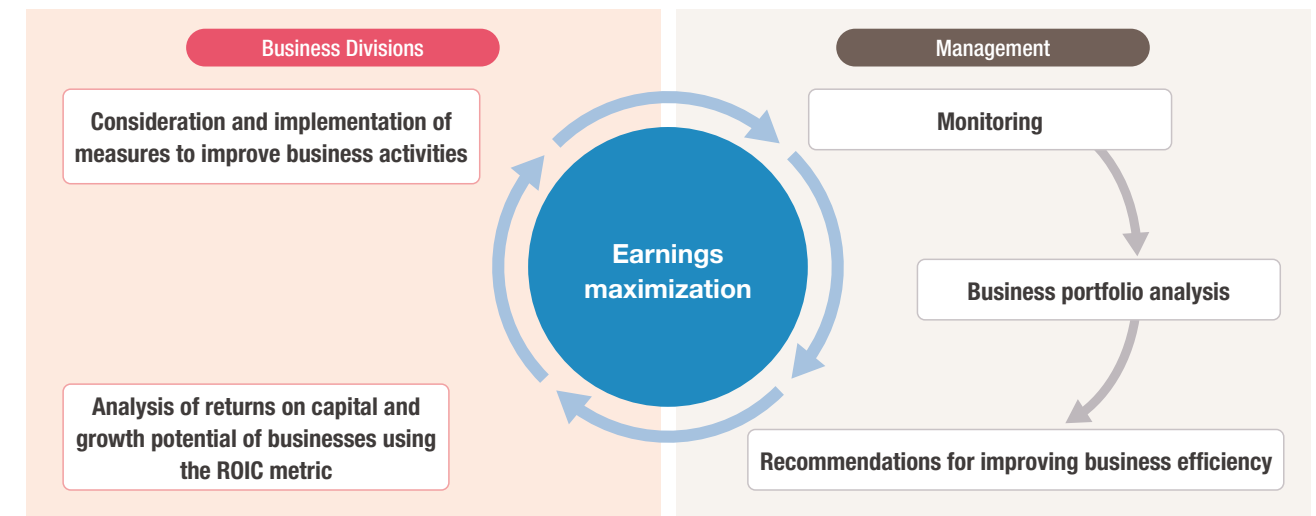
measures. Regarding “Expand business areas,” we will further advance the monetization of growth drivers that we have been working on since the previous medium-term business plan over the next three years, and prepare for a major leap forward from fiscal 2027 onwards. Regarding “Strengthen business foundation,” we consider these three years as a period for investment in growth drivers and capital investment to improve productivity, as well as strengthening our human capital, and will take measures such as cultivating and promoting the independent, growth-oriented human resources that the Group aims for.

### Basic Policies



## Utilization of ROIC and business portfolio analysis

In order to “enhance profitability,” we identify the “earning power” of each business unit and analyze the level of return on capital and the growth potential of each business. Based on these studies, we consider management strategies for each business and continue to pursue even more efficient business operations.

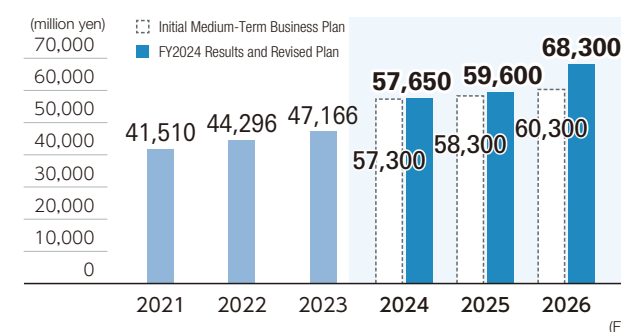


## Management indicators - Upward revision of the plan

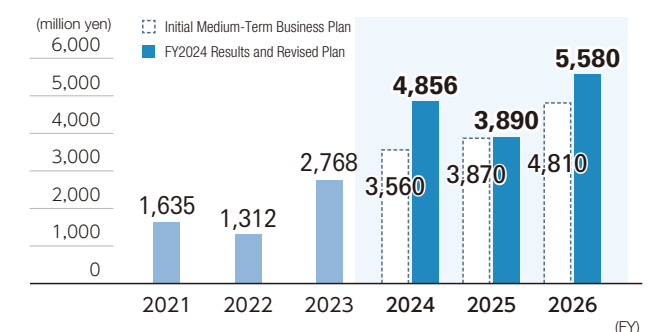
In fiscal 2024, the first year of the Medium-term Business Plan, the Marine Systems Business and the Defense & Communication Equipment Business achieved substantial growth, resulting in significantly higher sales and profit compared to the initial plan. Furthermore, the plan for fiscal 2026, the final year of the three-year period, has been

given a significant upward revision due to the scheduled delivery of large-scale research and development projects newly received by the Defense Equipment Business outside of the plan, etc. Both net sales and operating profit are expected to reach record highs in fiscal 2026.

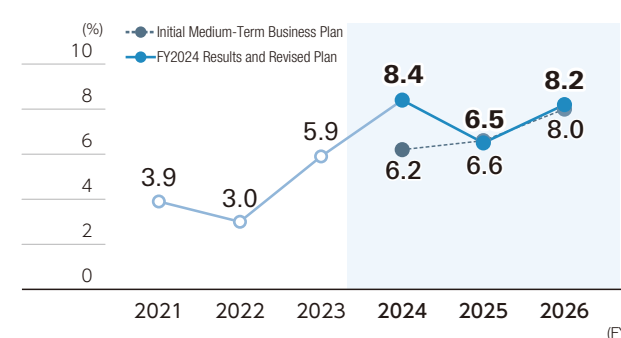
### Net sales



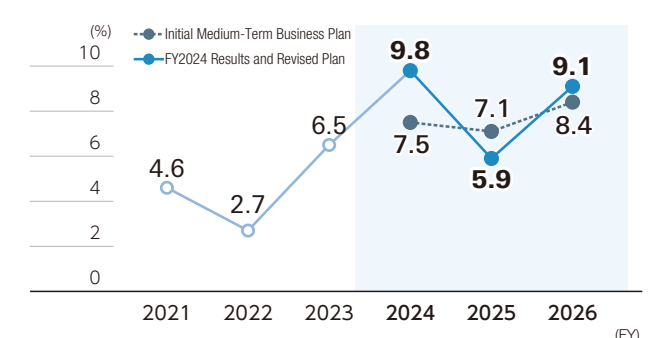
### Operating profit



### Operating profit margin



### ROE





# The Future of TOKYO KEIKI #1

as Told by Company Presidents

~ Toward the achievement of the TOKYO KEIKI Vision 2030 ~

## Interviewer

Consulting Business Division,  
Mitsubishi UFJ Research and  
Consulting Co., Ltd.

Nodoka URATA



## Supporting the “Work Dedicated to Safety” with Advanced Technological Capabilities

### Electronics Systems Company

Executive Officer,  
President of Electronics Systems Company

Masami ONO

Aircraft and vessels operated by the Japan Self-Defense Forces and the Japan Coast Guard are equipped with a wide range of electronic systems designed to protect crew members from accidents and dangers and ensure safe operations. In this field, the Electronics Systems Company holds one of the leading market shares in this field within Japan. Masami ONO, Company President, and Nodoka URATA from Mitsubishi UFJ Research and Consulting Co., Ltd.’s Consulting Business Division discussed the Company’s strengths and expected role in society.

## Supporting “Safety” from the Air and Sea —Rooted in Our Founding Heritage

**Urata:** I understand that the business area of the Electronics Systems Company has its roots in the founding operations of TOKYO KEIKI. How has this connection been maintained to the present day?

**Ono:** TOKYO KEIKI began operations as Wada Keiki Seisakusho in the mid-Meiji period around 1900 under our founder, Yoshihira Wada. During a visit to a naval vessel arranged by a naval officer, Wada discovered that the pressure gauge—and all other gauges and instruments on board, for that matter—were imported. A deep awareness of the need for domestically manufactured instruments prompted him to pursue the development of homegrown products for naval vessels. This marked the starting point of what has evolved into our current defense-related business within the Electronics Systems Company.

**Urata:** What were the advantages of domestically manufacturing instruments that had conventionally been imported up to that point?

**Ono:** When an instrument broke down and required repair or replacement, for example, service took an exceptionally long time in those days when instruments were imported. Moreover, depending on the global situation at the time, there was always the risk that supply from the producing country could be interrupted. That is why being able to manufacture the necessary equipment and components domestically was a critical factor, including from the standpoint of national security.

**Urata:** The technologies that began back then have continued on to this day.

**Ono:** Actually, domestic production was once interrupted after the war. However, when the Self-Defense Forces were established, TOKYO KEIKI began rebuilding its technological foundation from the smallest individual components, and has since contributed to the domestic production of defense equipment.

**Urata:** In short, the business has evolved into what it is today following a long historical journey. What kinds of operations are you currently engaged in?

**Ono:** Our principal business is with the Japan Ministry of Defense, supported by two key areas. One is products that apply microwave technology. These are devices designed to receive and analyze radio waves emitted by other sources, named as radar warning receivers or electronic support measures. The other is inertial navigation systems installed on vessels

operated by the Japan Maritime Self-Defense Force. These systems can determine their own positions using high-precision gyroscopes, without relying on satellite-based positioning.

**Urata:** Besides your work with the Ministry of Defense, what other kinds of businesses do you engage in?

**Ono:** We supply Vessel Traffic Service (VTS) systems to Vessel Traffic Service Centers, which are operated by the Japan Coast Guard at seven locations across the country. These systems serve as a sort of maritime control tower, overseeing and managing vessel traffic in busy sea areas, a field in which TOKYO KEIKI holds a 100% market share.

**Urata:** A 100% market share is impressive!

Am I correct in understanding that all your products measure and display the position and movement of counterparts or your own?

**Ono:** Yes. Any device that measures and displays something is called a “keiki,” or instrument. TOKYO KEIKI is thus named after our long-standing tradition in working with instruments since our founding. Today, however, the functions of measurement and display have become more specialized, and our company’s strength now lies in the measurement aspect, or in other words, in “sensor” technologies.

## Development of the Next Generation of Gyroscopes on Commission from the Ministry of Defense

**Urata:** What areas of development are you currently engaged in as new technological challenges?

**Ono:** As part of our initiative to develop next-generation inertial navigation technologies, we have been commissioned by the Ministry of Defense to conduct research and development on a MEMS-HR







gyroscope. The hemispherical resonator gyroscope (HRG) represents the next stage in navigation technology, evolving from traditional magnetic compasses to mechanical gyroscopes, ring laser gyroscopes, and fiber-optic gyroscopes. While some overseas companies have successfully achieved practical applications of HRG technology, no one anywhere in the world has yet achieved production of an HRG that uses MEMS\* technology. The project commissioned by the Ministry of Defense aims to complete the elemental technologies for the MEMS-HR gyroscope and further achieve greater compactness, higher precision, and lower cost. If realized, we will be able to stand shoulder to shoulder with the world's leading companies.

**Urata:** How does an MEMS-HR gyroscope differ from conventional gyroscopes?

**Ono:** Mechanical and optical gyroscopes tend to become larger and heavier in the pursuit of greater precision. In contrast, HRGs measure movement by vibrating a component called “resonator” and detecting changes in its vibration caused by external forces. Therefore, the resonator must be able to vibrate accurately to achieve high levels of precision, so the quality of the resonator becomes crucial. Creating an HRG using MEMS technology would allow for greater compactness, which could open the way for applications not only in ships and aircraft, but also in diverse fields, including automobiles, space rockets, and eventually even drones, in the future.

**Urata:** How difficult is it to develop this technology?

**Ono:** We are aware that it is by no means an easy challenge. If it were easy, it would most likely already

\* MEMS (Micro Electro Mechanical Systems): Micron-scale devices that integrate mechanical components, sensors, actuators, and electronic circuits onto a single silicon substrate, glass substrate, or organic material using microfabrication technology.

have been accomplished somewhere in the world.

To begin with, the theoretical principles differ from the gyroscopes we currently produce, so we do not believe we can develop this technology as an extension of our existing technologies. However, as a company that has overcome many challenges in the past, I am confident that TOKYO KEIKI is up to the challenge.

### Partnering with Startups in the Space Sector

**Urata:** TOKYO KEIKI Vision 2030 identifies the space business as a potential driver for growth. Could you tell us about any new initiatives that the Electronics Systems Company is pursuing in space-related fields?

**Ono:** We are currently collaborating with several companies in the space sector. When it comes to space, there are limits to what TOKYO KEIKI can achieve on its own. In recent years, the number of space-related startups has increased, and some have made remarkable progress. Therefore, I believe it is important to join forces with such companies and move forward together.

**Urata:** For startup companies as well, collaborating with TOKYO KEIKI must be an attractive opportunity, with its diverse technologies and a strong performance record, particularly in the defense area.

**Ono:** I certainly hope they see it that way. Many of the products we supply to the Ministry of Defense and other organizations are designed for use under extremely demanding conditions. Therefore, they are

expected to deliver stable performance regardless of factors such as ambient temperature, vibration, or impact. Even startup companies may need to conduct development and manufacturing activities under such rigorous conditions. Alongside that, the technologies and facilities required to consistently manufacture a product to the same standards are not necessarily something that most startups possess from the outset. In that sense, I believe TOKYO KEIKI can provide meaningful assistance. Of course, we also gain immeasurable benefits through such collaboration.

### Advancing Manufacturing Efficiency and New Technology Development in Tandem

**Urata:** As you continue your forays into various fields and realize new challenges, what would you say are the key strengths of the Electronics Systems Company?

**Ono:** One of our greatest strengths lies in our solid research and development framework. The Engineering Department of our Company is the largest technical department within TOKYO KEIKI. Its primary role is to develop products based on customer requests, but it is also continually striving to acquire advanced new technologies. That accumulated effort has become the foundation of our ability to respond to new proposals and opportunities. The Marketing & Sales Department also plays a vital role by sharing insights with the Engineering Department, such as about the kinds of technologies that may be needed going forward and timely feedback on customer needs.

**Urata:** It sounds like the entire Company is working together as one team. Do you have any design or production challenges?

**Ono:** Fortunately, our workload has been increasing, and we are fully concentrating on the tasks we have at hand. However, even with the experience and technical expertise we have accumulated, product development and production have faced delays at times. To address this, we are introducing a new approach known as “digital design” toward improving product development efficiency and shortening lead times, and thereby securing sufficient production periods. Our production department is also taking proactive steps to reinforce our production capacity by strengthening its workforce and making systematic capital investments in anticipation of further increases in workload.

**Urata:** So, as you streamline the processes involved in manufacturing existing products, you also maintain your momentum in acquiring new technologies.

### Aiming for Further Growth by Expanding Our Business Scope

**Urata:** I see that your efforts to both manufacture products that meet required performance standards and develop future technologies ultimately contribute to the safety and security of our daily lives.

**Ono:** That's right. The safety and security of our everyday lives are safeguarded through the daily efforts of people serving in the Ministry of Defense and the Japan Coast Guard. Our products play a behind-the-scenes role, so to speak, in supporting their activities. By supporting the safe operation of aircraft and vessels and ensuring their crews can carry out their duties safely and with a sense of security, we are contributing to security in a broad sense.

**Urata:** How do you view your future growth in light of increases to the defense budget?

**Ono:** The increase in the defense budget is creating a significant rise in orders and sales in our defense equipment business. However, much of this growth comes from repairs and replacement parts for existing equipment, which is not something that will continue indefinitely. To further expand our business going forward, I believe we need to create added value for our existing products while also providing new products.

**Urata:** So that's where you see opportunities for growth.

**Ono:** Exactly. We are in an era where the very nature of defense equipment is changing. We will strive to achieve steady growth of the Electronics Systems Company by not only continuing to provide conventional products but also expanding our scope of business to new fields.





## The Future of TOKYO KEIKI #2

as Told by Company Presidents

~ Toward the achievement of the TOKYO KEIKI Vision 2030 ~

### Interviewer

Consulting Business Division,  
Mitsubishi UFJ Research and  
Consulting Co., Ltd.

Nodoka URATA



## Maintaining Food Safety Around Us with Advanced Image Processing Technology

### Inspection Systems Company

Executive Officer,  
President of Inspection Systems Company

Atsushi KAWAKAMI

The Inspection Systems Company's print inspection systems business began with a project aimed at solving a customer's request for help. Today, the Company holds the top domestic market share, based on shipments, for inspection systems used in gravure printing machines for flexible plastic materials\*. Atsushi KAWAKAMI, Company President, and Nodoka URATA of the Consulting Business Division of Mitsubishi UFJ Research and Consulting Co., Ltd. discussed the Company's unique strengths and the social significance of its business.

\*Flexible plastic materials: Packaging materials made from thin and pliable substances such as plastic film, paper, and aluminum foil.

## Inspection Systems That Support Food Safety

**Urata:** I understand that the Inspection Systems Company's business is closely connected to our daily lives as consumers. How does it relate to us?

**Kawakami:** Our Company manufactures and sells equipment that detects printing defects and material flaws in food packaging. Most food products displayed in stores are sold in packaged form, but do you know what is written on those packages?

**Urata:** They show the product name, a description of what they contain, and the best-before or expiration date.

**Kawakami:** That's right. You will also find a barcode, an ingredient list, and other information required for sale of the product.

**Urata:** I hadn't given it much thought before, but now that you mention it, all of that information is indeed important.

**Kawakami:** Food packaging serves two major purposes. One is to highlight the product's appeal and stimulate consumers' desire to purchase it. Accurately conveying information such as best-before dates and ingredients also plays an important role in influencing purchasing decisions. The other is its function as a protective material that shields food from outside air and helps preserve its quality.

**Urata:** Both functions are indispensable for food manufacturers, retailers, and for us as consumers alike.

**Kawakami:** The inspection of food packaging is essential to ensuring these functions. Any defect in

the packaging material means that, the packaged food must be returned to the packaging manufacturer, resulting in significant losses. For this reason, inspections using specialized systems have become indispensable today.

**Urata:** It's thanks to food packaging inspections that we can purchase and eat food safely.

**Kawakami:** TOKYO KEIKI is generally thought to be a company that manufactures equipment related to social infrastructure. Within that context, our Company may appear somewhat different in nature. However, in the sense that our inspection systems help ensure food safety, they too can be regarded as an indispensable part of social infrastructure.

## A Business Born from a Customer's Request for Help

**Urata:** How did the inspection systems business come about?

**Kawakami:** It all began with a customer's request for help. One of our clients in the Hydraulics and Pneumatics Business approached us to ask whether our image-processing technology could be applied to the inspection of food packaging. At that time, TOKYO KEIKI had no prior involvement in the field of food packaging machinery, but the customer was so satisfied with our hydraulic products that they were confident we could fulfill their request.

**Urata:** In other words, a customer's trust in your company's technology became the seed for a new business.







**Kawakami:** That's right. However, once we began the project, it proved to be quite a challenge. It involved image-processing technology, but this was not a matter of capturing and analyzing individual still images. Since food packaging is printed by rotating a roll of film at high speed, the inspection process also had to perform image processing at the same high speed. We overcame the challenge by developing dedicated image-processing hardware in-house and succeeded in achieving high-speed, real-time image processing.

**Urata:** This eventually led to commercialization. I've heard that the project was initially launched under the Hydraulics and Pneumatics Business, since it involved one of its customers.

**Kawakami:** When the project was first launched, it was composed mainly of engineers. Once the system was commercialized and sales began to grow, a sales division became necessary. Then, as the need arose for a link between sales and engineering, we established a customer engineering division. In this way, the organization gradually expanded to reach its present form.

**Urata:** I think it would be fair to say that, within your company's history, this was a prominent example of a bold challenge that led to success.

**Kawakami:** I agree. It was an exceptionally challenging undertaking, but it succeeded largely because the customer was willing to embrace our efforts.

### Enhancing Customer Satisfaction as Our Ultimate Goal

**Urata:** What aspects do you think have earned your customers' trust?

**Kawakami:** Some specialized manufacturers were already present in the inspection systems field before

we entered. We were a latecomer—and a latecomer operating other businesses at that. Therefore, our first focus was on strengthening our technological capabilities under the slogan, "Let's catch up with and overtake our competitors." At the same time, we also sought to incorporate new technologies uniquely suited to TOKYO KEIKI as a company operating across a wide range of business domains. We brought together members from within the company who were well-versed in various fields, centering on image-processing technology, and combined their expertise.

**Urata:** The accumulation of such technologies has led to the trust you enjoy today. In building and maintaining relationships with customers, is there anything you have consistently valued since the beginning?

**Kawakami:** That would be person-to-person connections. In the manufacturing and sale of inspection systems, we believe that after-sales support is even more important than the process leading up to a sale. We always ask ourselves whether our customers are experiencing any difficulties or whether there is anything we can improve upon to help them use our products more effectively. Since the very beginning of our business, we have consistently continued the cycle of staying in close contact with our customers and working alongside them to resolve matters for which they seek our help.

**Urata:** Your sales, engineering, and customer engineering teams have all worked together as one in addressing your customers' needs.

**Kawakami:** Our Company is relatively small compared with other internal companies. We see this compact size as an advantage, as it allows us to respond quickly and flexibly whenever an issue arises.

**Urata:** This is to ensure customer satisfaction not only in terms of product performance but in all aspects, including after-sales support, isn't it?

**Kawakami:** Yes. Our Company's very goal is to enhance customer satisfaction.

### Proposing the Optimal Product for Each Customer

**Urata:** Accurately understanding customer needs is important to enhance customer satisfaction. Do the required performance and functions differ from one customer to another?

**Kawakami:** For relatively small-scale customers, introducing an unnecessarily high-spec product can become difficult to manage. Each time a machine detects even the smallest irregularity, someone has to

visually check and determine whether it is acceptable or not.

**Urata:** Labor shortages are a concern for many small and medium-sized companies, so they naturally want to avoid increasing their workload.

**Kawakami:** Such customers tend to appreciate ease of use over high performance or multiple functions. They prefer products that are easy to operate and understand, with simple structures that are less prone to failure. For those engaging in production as a manufacturer, their primary task is to produce their products, and while quality control is an important process, they cannot afford to spend excessive time or effort on it. To address this, our inspection systems incorporate all the functions necessary for inspection while also ensuring ease of use on the production floor. They provide a well-balanced combination of features, including cost performance, as their greatest selling point, and are highly appreciated by our customers as being easy to introduce into their operations.

**Urata:** You, as a manufacturer, must be tempting to boast about what your technology can do. However, you have deliberately chosen not to, and have instead continued to pursue functionality from the customer's perspective. This approach must be what differentiates you from other companies and has contributed to your growing market share.

**Kawakami:** That's right. We make a conscious effort to modularize our products as much as possible so that we can offer configurations tailored to each customer.

### Contributing to Labor Saving and Greater Efficiency Through Technology

**Urata:** Further enhancing customer satisfaction almost certainly requires taking on new challenges. What kinds of initiatives are you currently pursuing?

**Kawakami:** We are working on three key initiatives. The first is "pre-inspection." Until now, the inspection systems we've developed have been designed to inspect food packaging during the printing process, but now we are developing a system that prevents printing errors in the first place by detecting plate scratches and other defects beforehand. Identifying flaws prior to final printing can prevent large quantities of waste. This also eliminates the need for "supplementary printing" to make up for the wasted materials and promotes labor and energy savings.

**Urata:** Given the growing demand to reduce plastic waste in today's society, that initiative also carries great environmental significance.

**Kawakami:** As the second initiative, we are in the process of developing an inspection system for "bag-making," or the post-printing process of producing packaging bags. At present, inspections in bag-making still rely heavily on visual inspection, and this remains an area that has yet to be fully explored by our company as well as others. We hope to take the lead in mechanizing this process and contributing to labor savings. The third initiative focuses on technological development aimed at using AI to automate tasks such as inspection and judgment that have traditionally relied on human eyes and hands. Automation is expected to not only enhance and standardize inspection accuracy, but to also play an increasingly important role in addressing labor shortages and ensuring the transfer of technical expertise on the production floor.

**Urata:** So, it seems that you're envisioning ways to broaden your business scope while maintaining your foundation in printed food packaging inspections.

**Kawakami:** Since the launch of this business, we've been steadily moving forward along a single path. Going forward, I envision growth where that path widens to both sides or branches out in many new directions.

Building on our inspection systems for food packaging, we might also take a "multi-platform" approach toward applying our technologies to other industries.

**Urata:** Just as the inspection systems business was born and grew by responding to customers' voices, you intend to continue listening to them in the same way going forward.

**Kawakami:** Yes. By continuing to respond to each customer's specific requests for help, we hope to also address social issues under the broad themes of labor and manpower reduction.





## The Future of TOKYO KEIKI #3

as Told by Company Presidents

~ Toward the achievement of the TOKYO KEIKI Vision 2030 ~

## Interviewer

Consulting Business Division,  
Mitsubishi UFJ Research and  
Consulting Co., Ltd.

Nodoka URATA



## Safeguarding the Railway Tracks that Connect Cities and People by Our Technology

TOKYO KEIKI RAIL TECHNO INC.

President Shigeaki HAYASHI

Railways carry countless passengers and goods and are one of the most essential elements of our social infrastructure. Supporting their stable operation behind the scenes are the advanced technologies of Tokyo Keiki Rail Techno Inc., a company holding approximately 70% of the domestic market share for ultrasonic rail inspection cars. Shigeaki HAYASHI, President, and Nodoka URATA of the Consulting Business Division of Mitsubishi UFJ Research and Consulting Co., Ltd. discussed the current state of the railway maintenance business and the direction the company aims to pursue in the years ahead.

## Detecting Internal Rail Flaws Using Ultrasonic Inspection Technology

**Urata:** TOKYO KEIKI's railway maintenance business has a history spanning more than 60 years.

**Hayashi:** That's right. The business began with the opening of the Tokaido Shinkansen in 1964. The Shinkansen adopted many new technologies that had never been used in conventional railways, one of which was the ultrasonic inspection car used to detect internal flaws in the rails. A project was launched to domestically produce this technology, and TOKYO KEIKI took part in it. This marked the start of our railway maintenance business.

Following subsequent organizational changes, the business was relaunched in 1997 as a subsidiary with just five employees and has since grown to a team of more than 65.

**Urata:** What kinds of products and services do you offer today?

**Hayashi:** Broadly speaking, we operate three main businesses. The largest of these is the development and sales of inspection equipment. We handle an array of inspection devices that use ultrasonic technology to detect minute flaws in the rails that are invisible from the outside. They range from large, self-propelled inspection cars that run along the rails, to smaller, manually operated units and even compact portable models.

**Urata:** What are the other two businesses?

**Hayashi:** One is a service business that has been part of our operations since our company's founding. Using the inspection equipment we manufacture, we carry out rail inspections on behalf of railway operators and provide them with the results. The other is an after-sales service business, which includes periodic inspections of the products we have delivered.

**Urata:** All of your businesses are deeply connected to rail inspection. What kinds of risks arise if inspections are not carried out properly?

**Hayashi:** If internal rail flaws are left unaddressed, they can, in the worst case, cause the rails to fracture. There have been cases overseas where accidents occurred due to such rail fractures. The fail-safe principle is deeply ingrained in Japanese railways, which means that if a malfunction occurs, the system automatically shuts down to ensure safety. As a result, even if a rail were to break, train operations can be stopped immediately, making the



likelihood of a major accident extremely low. However, since stopping operations would disrupt the transportation of both people and goods, such situations are prevented by conducting rail inspections and detecting any flaws in advance.

**Urata:** This means that by maintaining the safety of the tracks, you are also helping railway operators ensure punctual service.

## Supporting Asia's Development Through Technologies That Safeguard the Railway Tracks

**Urata:** I understand that your main customers are domestic railway operators, and that you hold a large market share in Japan.

**Hayashi:** Yes, we are fortunate to have our products and services used by all JR companies as well as major private railway operators. However, although there is stable demand in the domestic market, it can also be said that cultivating new markets is difficult. New lines may occasionally open, but the total length of railway tracks in Japan is gradually decreasing, and while there is some demand for replacement as products reach the end of their service life, it remains limited. To achieve significant growth in our railway maintenance business, we believe it is essential to expand into overseas markets and embark on developing new technologies and products that offer greater added value.

**Urata:** Are there any initiatives you've already undertaken in developing your business overseas?

**Hayashi:** We believe our technologies can make a valuable contribution in overseas markets, particularly in Asian countries that will be modernizing their railway systems in the future. In fact, we have already



delivered an ultrasonic inspection car to the State Railway of Thailand. In the Philippines, a railway modernization project for the capital city of Manila is underway as part of Japan's Official Development Assistance (ODA), and our ultrasonic inspection system has been selected for use in that project. Furthermore, we have received orders for our ultrasonic inspection system from South Korea, as well.

**Urata:** What do overseas customers expect from your company?

**Hayashi:** I feel there is a sense of deep trust in Japan's railway technologies and systems. However, railways strongly reflect the culture of each country. Railway operations largely differ between Japan and the United States or Europe, and the manufacturers that support railway technologies also vary by country. Therefore, even if Japan's domestic methods are applied overseas, they will not necessarily suit the local context. It is important to first gain a deep understanding of each country's railway characteristics, and then to support them by leveraging the strengths of Japan's railway technologies.

### Pursuing New Technologies to Further Strengthen Our Ability to Safeguard the Railway Tracks

**Urata:** You mentioned the introduction of new technologies as another challenge. What initiatives are you currently undertaking in that area?

**Hayashi:** We have two main initiatives. The first is the "track diagnosis support system," which we have already released. It uses an imaging device to capture images of tracks and diagnose their condition based on those images.



**Urata:** What can you learn from the images?

**Hayashi:** Railway tracks are made up of many components besides the rails themselves, including the sleepers, ballast, and fastenings that support the rails. Traditionally, each component used to be visually inspected one by one while walking along the tracks. Our goal is to automate that process. The cameras that serve as the "eyes" of the system utilize image processor technology developed by the Fluid Power & Control Systems Company. The "brain," which uses the captured images to determine whether conditions are normal or abnormal, is powered by AI. For this part, we are working in collaboration with a highly specialized startup company to further advance its functions. The other initiative is the inertial track geometry measurement system, which is near completion. It incorporates fiber-optic gyrocompasses and inertial sensor technologies developed by the Communication & Control Systems Company to measure rail distortion (track displacement). Both are essential inspection tools for railway operators. In addition to the ultrasonic inspection system, we are the only manufacturer that produces these two types of inspection equipment. Once realized, I believe they will have a significant impact on Japan's railway market.

**Urata:** That will further strengthen your ability to safeguard the railway tracks.

### Transforming Labor Shortages into Opportunities by Providing Solutions to Workforce Decline

**Urata:** Labor shortages are becoming evident in various industries. If tasks that have traditionally required many workers can be replaced with machinery, that would bring significant benefits.

**Hayashi:** Until now, railway operators have maintained safety and reliability through the efforts of many skilled personnel, but as you pointed out, the number of such workers has been declining year by year. Technology is one potential means of reaching a solution, and another is outsourcing. As a company capable of responding to both, this situation can be seen as a favorable tailwind for our company.

**Urata:** TOKYO KEIKI's management philosophy upholds the creation of products that embody the human functions of cognition and control.

**Hayashi:** Yes, that is precisely why we must take initiative. At the same time, however, some things cannot be solved with our technologies alone.

Thus, we will continue to enhance our capabilities by working in collaboration with the internal companies of TOKYO KEIKI and external partners.

**Urata:** So, rather than focusing solely on in-house technologies, the ability to involve and collaborate with others will become increasingly important going forward.

**Hayashi:** By exposing ourselves to new perspectives, we can broaden our horizons and raise our vantage point. I believe that such experiences might also lead to new opportunities for business expansion.

### As a Trusted Partner Providing Support Alongside Railway Operators

**Urata:** Once again, what is the greatest strength of your railway maintenance business?

**Hayashi:** Our business first began during Japan's period of rapid economic growth. It was a time when the nation's railways started focusing on pursuing safety. Since then, we have worked with railway operators over many years thinking about "safeguarding the rails." Through that long history of collaboration, we have come to a point where we can confidently say that we and our customer railway operators share the same goals and ideas and communicate them in a common language. We also excel at customizing our products to meet the specific needs of each customer. I believe these are key reasons why railway operators choose us.

**Urata:** Your customers probably feel that you really understand them. This sense of understanding must

be what builds trust. What do you consider most important in continuing to earn that trust?

**Hayashi:** I always tell everyone here to constantly ask themselves what their mission is. That mission is none other than to "safeguard the railway tracks" with outstanding technology. Thankfully, each and every person in our team has a strong sense of this mission, and I can proudly say that it has taken root as part of our corporate culture. Railways are vital social infrastructure that transport people, goods, and at times culture and emotion as well. As a team of professionals, we will continue to safeguard the tracks that connect cities and people.



The company's core product: Ultrasonic rail inspection car





New  
Social  
Capital



## Venturing into Space Business

- A vision for the future of space business, where tradition meets innovation-

Executive Officer,  
Chief of Space Business  
Promotion

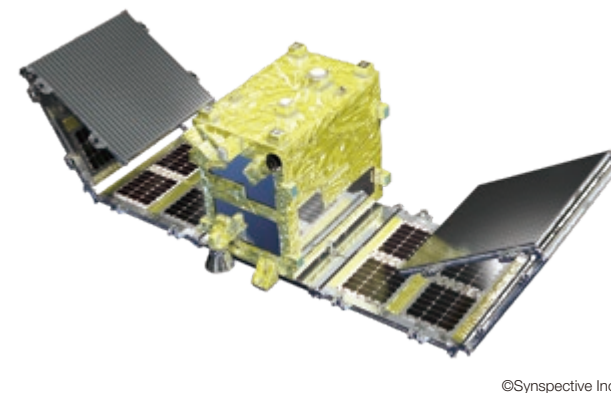
Akio TANAKA

### Shaping the Future with Passion

Our entry into the space business began after we were approached by the University of Tokyo and tasked with the development of a microwave amplifier (XPA) for use in a small synthetic aperture radar (SAR) for JAXA's\* ImPACT project. The XPA was installed on the StriX- $\alpha$ , a SAR demonstration satellite that was launched in 2020 and marking our initial venture into space. We were then selected by Synspec Inc. (hereinafter, "Synspec") as a candidate plant for the production of small SAR satellites. After repeated proposals and discussions, in 2022, I delivered the final presentation together with President Ando, and as a result, we were selected as a partner. This major turning point was the result of a unified effort by the engineering, sales, and production departments.

We are currently in charge of the assembly process of Synspec's small SAR satellites at the Nasu Plant's building for satellite assembly (Space Building). We are gradually establishing a production system with the aim of assembling and shipping several units per year, so that we can contribute to the construction of a constellation of 30 satellites by the latter half of 2020s.

We are also collaborating with a variety of startups, such as Pale Blue Inc. and ispace, inc. While each



Synspec's small SAR satellite



Space Building at the Nasu Plant

company pursues different space technologies, we share a strong belief in contributing to society and are inspired by their enthusiasm every day. I was especially impressed to see the passion the representatives from each company put into their work. Whenever I see their enthusiasm, I feel that we are creating the future together. By collaborating with companies with differing areas of expertise, we are broadening our own horizons, and new values such as flexible thinking and a sense of speed are spreading throughout our team.

### 50 Years of Proud Technology and Quality at the Nasu Plant

Last year, the Nasu Plant celebrated its 50th anniversary, marking an important milestone in TOKYO KEIKI's 129-year history. Ever since the early days, our technology and culture of quality management have been cultivated and passed on to the manufacture of aircraft-mounted equipment at the plant, which continues to the present. Employees at the Nasu Plant strive to earn the trust of our customers by always putting quality first in their daily production activities.

We do not leave quality inspection until the final step; instead, we instill a passion for quality throughout every stage of the production process. We take pride in living up to the trust placed in us by our customers and completing the products by ourselves. As a space-related business, about 20 years ago we had the opportunity to help with the assembly and inspection of satellite components at a customer's production base. This allowed us to experience firsthand the stringent quality control for the space business and has proven to be our valuable asset today, with the business concerned having been taken over by our subsidiary, TOKYO KEIKI Aviation Inc. As younger employees work alongside their more experienced colleagues, they think for themselves and devise ways to improve processes and procedures.

This pursuit of better manufacturing with limited time and resources is very encouraging and is a major driving force for the future of the Company.

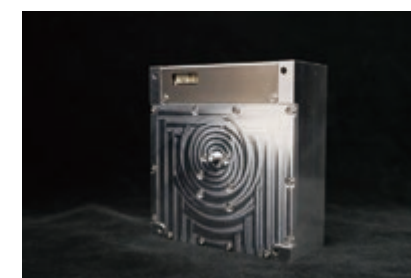
External expectations for the Company are also growing, and our collaboration with Synspec has led to an increase in the number of new inquiries we receive regarding the development of satellites. We will continue to respond to our customers with our technological strengths and sincerity, so that we can keep earning their trust. Going forward, we are looking to establish a production system that allows us to handle everything from component procurement to assembly and inspection in-house. In this way we will foster a culture in which each department can make decisions and act independently, with the ultimate goal of making TOKYO KEIKI synonymous with satellite assembly.

### The Power of Small Steps

The space business is opening a new frontier for TOKYO KEIKI. We are now standing at the starting line. There is much that remains unknown and that we are yet to experience, and there may also be times when things do not go the way we want. Nevertheless, each small step we take will eventually lead to significant achievements and trust placed in us. As each employee embarks on this journey, putting in effort and gaining experience, our technical and production expertise in the space business steadily grows. This accumulation of experience will be the driving force that promotes the space business, serving as a growth driver for TOKYO KEIKI to even greater heights.

Together with our colleagues, who bring great passion and take on challenges, and with the support of our customers and stakeholders, we will continue to open new doors and shape the future.

\*JAXA: Japan Aerospace Exploration Agency



Pale Blue's water-based propulsion thruster

©Pale Blue Inc.



ispace's HAKUTO-R program

New  
Social  
Capital

## Unlocking the Potential of Hydrogen

- A vision for the future of TOKYO KEIKI, shaped by hydrogen and renewable energy -

Project Leader,  
Hydrogen and Renewable Energy  
Project

Kazumi TOKI

### The Hydrogen and Energy Business as a Growth Driver

In June 2021, TOKYO KEIKI Vision 2030 was formulated with a view to the next 10 years, and the Hydrogen & Energy business was positioned as one of the growth driver candidates. In December of the same year, we launched the Hydrogen and Renewable Energy Project.

The project has two objectives:

- 1) To fully enter the market related to hydrogen and renewable energy, starting with the business of hydrogen compressors for hydrogen filling stations being undertaken by TOKYO KEIKI Power Systems Inc. (hereinafter, "TPS") and to examine the potential for market expansion.
- 2) To achieve sales in new hydrogen-related fields as an independent business by 2030 through the development of a high-pressure compressor by Fluid Power & Control Systems Company (hereinafter, "Fluid Power Co.") and the leveraging of sales information held by its business partner, Sunny Trading Limited (hereinafter, "Sunny Trading"), as well as the acquisition of technology and expertise related to high-pressure hydrogen gas elements and hydrogen generators through licensing agreements with overseas manufacturers and consulting companies.

Look back, it is clear that the project has set some very ambitious goals.

### Market Size of Hydrogen-related Equipment

We use the following data as a reference to give us an outlook of the domestic market size for hydrogen-related equipment.

(million yen)

| Equipment                     | 2030           | 2040             |
|-------------------------------|----------------|------------------|
| Fuel cell vehicles            | 191,300        | 1,727,280        |
| Power generation              | 642,000        | 2,084,000        |
| Hydrogen production equipment | 48,400         | 544,800          |
| Hydrogen filling stations     | 29,844         | 192,297          |
| <b>Total</b>                  | <b>911,544</b> | <b>4,548,377</b> |

\* Cited from the 2024 edition of "Markets utilizing hydrogen—future outlook", a report published by FUJII KEIZAI CO., LTD.

Regarding hydrogen-related equipment, TPS and Sunny Trading have been jointly involved in the design, manufacture, and sales of hydrogen compressors for hydrogen filling stations since 2015. Currently, about 180 hydrogen filling stations are in operation in Japan, of which 29 (both stationary and mobile) use our equipment (as of January 2025).

As per the first objective of the project, we are using hydrogen compressors as a springboard to make a full-scale entry into the hydrogen-related market and carry out further market expansion.

In January 2022, the Company formed a business partnership with TPS and Sunny Trading.

### Planning Strategic Products

The concept for the hydrogen and renewable energy project is to produce hydrogen from water and electricity (renewable energy), store it, and provide small-scale hydrogen filling stations, hydrogen, and electricity for sale.

There is demand not only for hydrogen compressors, but also for upstream hydrogen production equipment and large-scale hydrogen filling stations in urban areas. On the other hand, since there is little demand for large-scale hydrogen filling stations in rural areas, we believe that small-scale hydrogen filling station packages will be required in the future as facilities for compact hydrogen-powered mobility, FC\*1 forklifts, and FC drones. Based on this, we have planned the following strategic products:

#### 1) High-pressure hydrogen production equipment using formic acid\*2

Hydrogen is typically produced using water electrolyzers or reformed from city gas, etc., but for the hydrogen and renewable energy project, we focus on technology that generates high-pressure hydrogen from formic acid, which we are researching in collaboration with the Japan's National Institute of Advanced Industrial Science and Technology (AIST).

#### 2) Small-scale hydrogen filling station that is available in an on-site all-in-one package

We will develop a small-scale hydrogen filling station equipped with a hydrogen generator, compressor, accumulator, and dispenser capable of filling FCVs\*3 and FC forklifts.

#### 3) Reciprocating compressor

We are working on development to replace the current compressors from overseas manufacturers with products that utilize Fluid Power Co.'s technology and knowledge of high-pressure fluids.

Once these are commercialized, we plan to increase sales by installing them in the aforementioned small-scale hydrogen filling stations and launching them on the market.

\*1 FC: Fuel cell

\*2 Formic acid: A chemical widely used in industrial applications such as preservatives for livestock feed, tanning agents, and antifreeze. Storing and transporting hydrogen consumes a great amount of energy. This has prompted R&D on hydrogen carriers (media that carry hydrogen) that can efficiently store and transport hydrogen by converting it to another substance. AIST has long focused on formic acid as a new hydrogen energy carrier.

\*3 FCV: Fuel cell vehicle

### Launching Phase 2 Through Strategic Products

Three years has passed since the launch of the hydrogen and renewable energy project. In fiscal 2024, we launched the second phase of the project, based on the concept of "encouraging local energy production for local consumption," as we work to commercialize the strategic products.

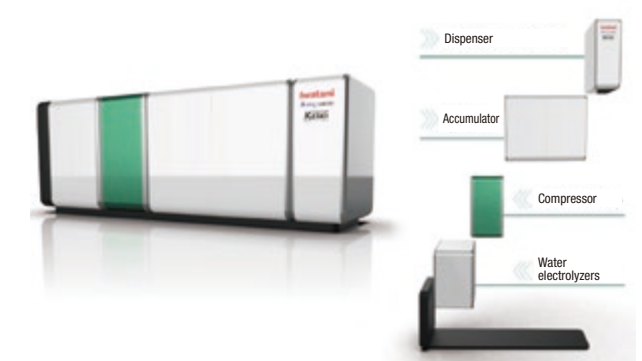
For example, most of the formic acid that is attracting attention as a hydrogen carrier is currently imported from overseas, but universities and research institutes are conducting research on producing formic acid from livestock manure, food waste, and CO<sub>2</sub>, which is a type of greenhouse gas. If this technology is established, formic acid will be created from CO<sub>2</sub> and then used to produce hydrogen, which will then be used to produce electricity.

In the project, we are also investigating the capture and utilization of CO<sub>2</sub>.

### The Future of the Hydrogen Business

People sometimes ask me if the hydrogen business is likely to expand in the future. To be honest, there are some uncertainties; nevertheless, I believe the hydrogen business will grow. Hydrogen is not a replacement for all kinds of energy, but it has great potential as an alternative energy source for achieving carbon neutrality (net zero CO<sub>2</sub> emissions) by 2050.

Since hydrogen accounts for only about 0.00005% of the atmosphere, producing it at low cost is a key. Simply waiting for that to happen would mean missing out on business opportunities. We will proceed with the project so that TOKYO KEIKI's hydrogen business becomes profitable by the time this year's new employees are fully contributing on the front lines.



Concept illustration of an all-in-one small-scale hydrogen filling station



## Business Overview

### Marine Systems Business

## Continuing to Enhance Value for Customers and the Market, as a Compass for Navigating the Future of the Shipping Industry

Managing Executive Officer,  
President of Marine Systems Company

Yoshihiko YOSHIDA



This business involves everything from development and design to manufacturing, sales, and after-sales services for the underlying equipment that ensures safety in marine navigation. We have the top share in the global market for autopilots and marine gyrocompasses, helping improve safety in international maritime transport. The quality and trust we have cultivated over the years are highly regarded by our customers in Japan and the rest of the world, and we view them as a company strength.

We will continue striving for technological innovation and service improvements in order to provide high-quality products and services to help make marine transport safer and more efficient.

### 1 Overview of earnings and changes in the external environment

The business is broadly divided into sales of equipment for new shipbuilding at shipyards, retrofit of equipment for existing (currently operating) vessels, and maintenance services for equipment aboard existing vessels.

In fiscal 2024, both our sales and profit increased under strong sales of equipment for new shipbuilding due in part to demand for replacements of aging vessels, as well as maintenance services for gyrocompasses and other equipment. Specifically, operating profit was much higher than expected thanks to rapid growth in demand for services. Given the increase in demand for new shipbuilding and services, we revised our three-year medium-term business plan (formulated at the beginning of fiscal 2024) upward.

Growth is expected to continue due to the following factors in the external environment:

- Demand for replacement of aging vessels

- Consistently high demand for marine transport
- Increasing demand for equipment for new shipbuilding and services

Based on these factors, we expect stable growth in this business.

### 2 Business opportunities and competitive advantages

The shipping industry must address the following social issues:

- Reduce greenhouse gas (GHG) emissions
- Navigate the seas safely, securely, and reliably
- Introduce labor-saving technologies to reduce crew workloads

The societal demand to reduce GHG emissions and save labor presents great opportunities for the company. Specifically, Advanced Control for Ecology (ACE), a function that can be installed on autopilot systems, delivers optimal route control even amid tides and other disturbances, helping reduce GHG emissions and save labor.

We will leverage our long-established technologies, including automatic steering (autopilots) and high-precision attitude and heading measurement (gyrocompasses), to maintain and expand our leading share in the global market for our product lineup. In addition, we will continue to deliver advanced products through technological innovation, establishing a strong technological edge and achieving sustainable growth.



Illustration of Advanced Control for Ecology (ACE) function

### 3 Initiatives for the future

Over the medium and long term, we will accelerate research and development for autonomous vessels with the aim of saving energy and labor and delivering safe, dependable operation. At the same time, with our core technologies of marine gyrocompasses and autopilot systems, we will provide innovative solutions by developing peripheral devices and services that thoroughly outperform competitors' offerings.

Our value added goes beyond product sales; we also provide lifetime support after delivery and take other steps to maximize customer satisfaction. We will continue striving to improve the quality of our services and further enhance our long-lasting trust-based relationships.



Autopilot system aboard an experimental fully autonomous ship

### 4 Human resource strategies and thoughts on the organization

Human resources are the driving force behind sustainable growth. We promote the development of people capable of resolving market and customer issues and creating new value in order to create innovative human resources, global leaders, and management personnel.

Although we are operating in a mature business area, there are no limits on what we can do if we set our minds to it. We will continue to explore the field in greater depth and expend every effort to create new value.

### Marine Systems Business initiatives in FY2024

#### Passion and Communication: Southeast Asia Seminar 2024

We hosted Southeast Asia Seminar 2024 in Bangkok, Thailand in August 2024. The gathering drew around 70 people from 20 companies from Malaysia, the Philippines, Singapore, Thailand, Vietnam, and other Southeast Asian countries as well as China, Hong Kong, South Korea, Taiwan, India, and the UAE. It was a valuable opportunity for our sales and service departments as well as dealers and agencies to get together and get behind the slogan "Passion and Communication" in order to further mutual understanding and enhance trust. The participants also discussed specific initiatives to strengthen cooperation in the future.

Ships traverse the entire world, so dealers and agencies in each country must work together to deal with any issue that may arise. We have a system in place to ensure swift response at the nearest port, which has earned us the strong trust of our customers.

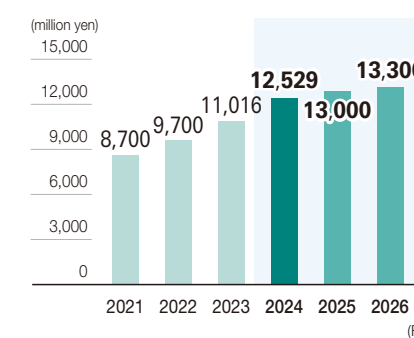
We will continue striving to further establish ourselves as a top global niche company, expand our business, and improve the quality of our services.



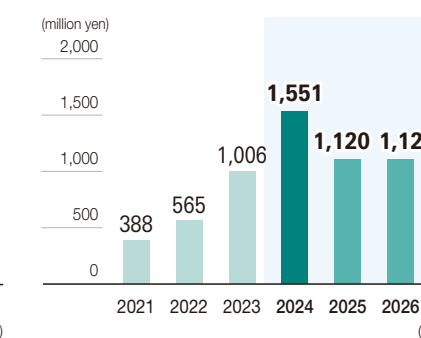
Participants of the Southeast Asia Seminar 2024

### Key figures

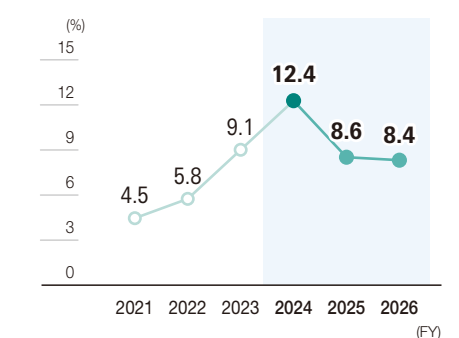
#### Net sales



#### Operating profit



#### Operating profit margin



## Business Overview

## Hydraulics and Pneumatics Business

## Advancing Business Reforms to Facilitate the Shift to a More Profitable Structure

Executive Officer, President of Fluid Power & Control Systems Company

Akihiro OHI



We recorded a profit in fiscal 2024, just like in fiscal 2023. To break out of the deficit that persisted through fiscal 2022, we implemented a broad range of business reforms, and the results of those reforms are steadily emerging thanks to synergy across the entire segment. We will sustain the intensity of our reform efforts and continue to promote further measures and enhance our business value to realize TOKYO KEIKI Vision 2030, our company-wide goal.

### 1 Overview of earnings and changes in the external environment

Fiscal 2024 was a year in which we faced challenging circumstances in the domestic market for our mainstay products, namely plastic processing machinery and construction machinery. Production adjustments by client companies—especially in the second half—had an enormous negative impact, and our performance suffered due to sluggish domestic demand. In contrast, our performance was buoyed by increased demand for machine tools in Asia, vigorous demand in overseas markets, and solid sales of large hydraulic equipment. However, since these sales account for only a minor portion of total sales, they did not contribute much to overall profit, and both sales and profit decreased compared to last year. Given these circumstances, we recognize the urgent need to develop differentiating technologies and introduce new business products to the market. In the hydraulic equipment business, demand is on an upswing in India and the rest of Asia. But competition with brands from developing countries is making it more difficult to secure profits, and we expect this trend to intensify in the future. Although the impact of protectionism by

global powers and other external factors warrants consideration, we must build a robust business structure that is less susceptible to these factors. To achieve this, we will devote energy to expanding our unique business areas.

### 2 Business opportunities and competitive advantages

In this business, we have done the work to differentiate ourselves from competitors in the fields of industrial and construction machinery with our comprehensive system solutions based on high-density machine design, high-precision machining and fluid analysis, and electrical and electronic control technology. Our stockpile of technology and development capabilities have earned high acclaim from many customers. In the area of electronic control technology, we have established proprietary technology that outstrips the capabilities of competing specialized hydraulic equipment manufacturers. This is a point of pride, the core of our business, and the source of our competitive advantages. In fiscal 2026, we plan to simultaneously market several new onboard controllers as well as release an electric direct-controlled piston pump for construction machinery to integrate electronic control with hydraulic equipment. Our development and release of these new products will form the core of our business growth, and are important measures that will not only strengthen existing business, but also serve as milestones for the future expansion of our business area. We will use our differentiating technologies to strengthen our business model in an effort to generate sustainable earnings even amid intense competition.

### 3 Initiatives for the future

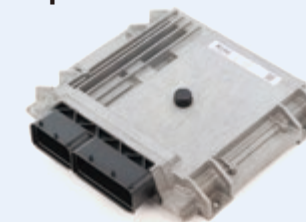
We are taking steps to resolve social issues by applying the hydraulic control technology we have cultivated in the mechanical products business to the field of fluid control, thereby developing new business areas. One strategic measure is developing hydrogen compressors for hydrogen filling stations, and we are also considering new business models that go beyond product development in pursuit of maximizing synergy with the hydrogen filling station business. We are also devoting energy to developing compressors for capturing and reusing CFCs, which should fulfill an important role in global environmental conservation. In the electronic products business, we are developing an edge AI camera that pairs our proprietary DAP-DNA (dynamically reconfigurable processor) technology with AI technology. The technology will also contribute to resolving the social issue of a declining working population. Through these initiatives, we will actively work to resolve social issues while continuing to expand our business.

### 4 Human resource strategies and thoughts on the organization

Each product we develop has a distinct area of differentiation and continues to evolve to provide ever higher value added. To maximize sales and profits from these products, we must take steps to transfer skills and maintain and improve productivity on the front lines of production. In our manufacturing, we fine-tune our products for each application in an intentional effort to prioritize user-friendliness for our customers. The strength of our human resources and our organization are what underpin the quality and development capabilities behind these high value-added products. While respecting each individual's expertise and experience, we will transfer skills and knowledge through on-the-job training and coaching from senior employees, while focusing on developing human resources who can create new value.

#### Hydraulics and Pneumatics Business initiatives in FY2024

##### New product



CX-2500 controller for construction machinery

##### Exhibitions in 2024



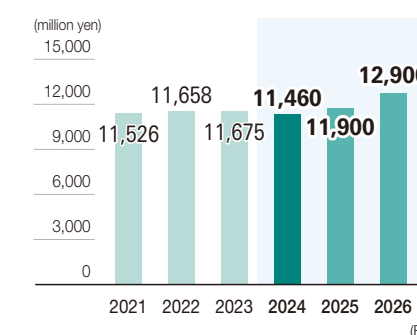
International Fluid Power Exhibition (IFPEX) 2024



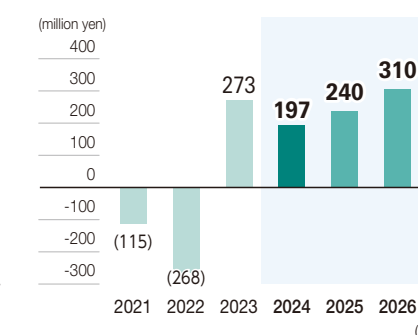
International Construction & Survey Productivity Improvement (CSPI) Expo 2024

### Key figures

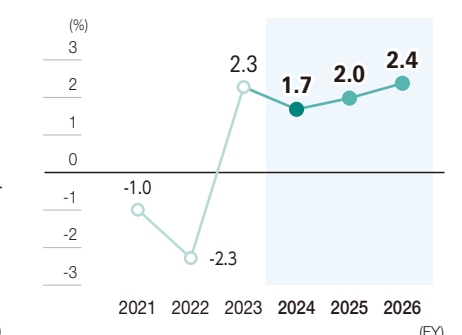
#### Net sales



#### Operating profit



#### Operating profit margin





## Business Overview

## Fluid Measurement Equipment Business

## Continuing Our Pursuit of Reliable Measurement and Disaster Prevention to Ensure the Safety and Security of Our Customers

Managing Executive Officer,  
President of Measurement Systems Company

Sumito KUSUNOKI



Our business contributes to society with products and services that underpin the safety and security of our customers by utilizing the strength of two divisions: measuring instruments used to manage water supply, sewage, and agricultural water systems and to monitor water levels at dams and on rivers for disaster prevention; and fire extinguishing systems for multistory parking garages, warehouses, electrical rooms in office buildings, and more. The pride we take in our operations comes from the acclaim we have earned from customers for the highly reliable equipment and devices we provide for essential infrastructure and facilities.

### 1 Overview of earnings and changes in the external environment

In fiscal 2024, the business enjoyed higher sales and profit than the previous year. In the measuring instruments business, roughly 80% of sales were to government agencies. This public-sector market has seen construction schedules lengthened and projects postponed because of surging material and labor costs, restricted working hours associated with work style reforms, and other factors. Fortunately, overall sales were generally as forecasted thanks to updated ultrasonic flowmeters and microwave level gauges for large-scale agricultural water operations as well as expanded sales of new products released for the private-sector market during the year.

The fire extinguishing systems business received numerous inquiries for multistory parking garages, electrical rooms, and server rooms in commercial buildings and condominiums, driven by urban redevelopment in Greater Tokyo, Sapporo, and other major metropolitan areas. We also worked on a major project involving the inspection of gas cylinder valves due for inspection, pushing sales beyond our expectations.

Demand from the public-sector market is expected to decline over the long term as the population declines. In the measuring instruments business, our key strategy is to expand our product lineup for the public and private sectors as well as the global market, and we will develop new products and collaborate with other companies toward that end.

In the fire extinguishing systems business, we expect demand to decline in the future as the highly profitable gas cylinder valve inspection project slows. However, urban redevelopment has increased demand for multistory parking garages, large logistics warehouses, and data centers. If we are to take on these major projects, we will need people capable of performing the construction work. Accordingly, we will actively recruit and collaborate with construction subcontractors to place ourselves in a position to meet this demand.

### 2 Business opportunities and competitive advantages

Labor shortages are becoming more serious in both the public- and private-sector markets; it is an issue we expect to become increasingly significant in the future. Our ultrasonic flowmeters and microwave level gauges allow non-contact measurement of the fluid inside the pipe, making them less susceptible to disturbances caused by foreign matter infiltration into or sludge buildup on the sensors. They are also very easy to install and maintain because they do not require any pipe cutting. Although conventional electromagnetic flowmeters and pressure level gauges account for a large share of the market, a growing number of customers are opting to replace them with our contactless devices and we anticipate that this trend will continue.

In response to increasingly severe torrential rain events, in 2024 we released the MW Series millimeter-wave radar level gauges, which allows users to

measure water levels from as far away as 100 m. Customers can install these devices on dams and other places where they need to take long-distance measurement. These devices are also contactless, are designed for consistent measurement, and are less susceptible to damage caused by driftwood or sedimentation during periods of heavy rain.

### 3 Initiatives for the future

Demand in the measuring instruments business is expected to contract over the long term as regional water treatment plants are being consolidated or closed due to the projected population decline. In response, our key strategy is to broaden the market by expanding our product lineup and making our products usable in more situations. Additionally, when developing new products, we will promote designs that simplify operability and emphasize user-friendliness.

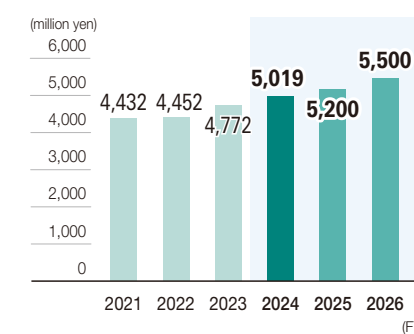
### 4 Human resource strategies and thoughts on the organization

We operate in highly specialized markets, namely with the measuring instrument business focusing on government agencies and the fire extinguishing systems business specializing in gas-based fire extinguishing systems. For these businesses, the keys to sustainable growth in the future are to continually release new products and to explore new markets and business areas.

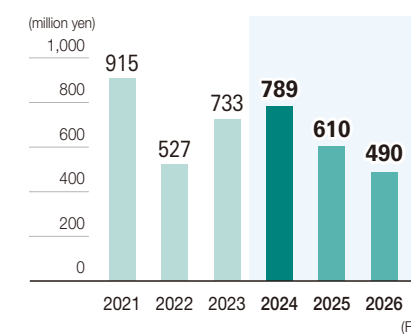
To achieve this, we aim to build an organization where people treat current and upcoming issues as their own and respond thoughtfully and proactively. Acquiring expertise takes extensive experience, and from that experience, the next generation of leaders will grow and help expand our business even further. I recognize that developing human resources for this purpose is my essential mission for the sustainable growth of the measuring instruments business.

### Key figures

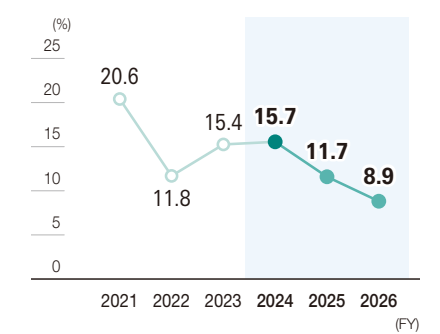
#### Net sales



#### Operating profit



#### Operating profit margin



■ During previous Medium-term Business Plan ■ Results ■ Plan

### Fluid Measurement Equipment Business initiatives in FY2024

#### New products released in FY2024

##### ● Millimeter-wave Radar Level Gauge

Compact, lightweight, enables long-distance measurement. Compatible with smartphones via Bluetooth, with a lineup of portable products to facilitate one-time measurements at any desired location.



##### ● Battery-powered Clamp-on Type Ultrasonic Flowmeter for Liquid

Easy to install—no plumbing, wiring, electrical work, or tools required. One model is compatible with eight different pipe sizes.



##### ● Disaster management

In the fire extinguishing systems business, we are considering and exploring new products to add to our gas-based fire extinguishing systems. As part of this effort, we began offering small-quantity hazardous materials storage units. As part of disaster-related BCP measures, more companies and designated evacuation centers are installing on-site power generation facilities, and demand is expected to grow for storing the associated fuels.



Small-quantity hazardous materials storage unit

## Business Overview

## Defense &amp; Communications Equipment Business Defense Equipment Business

## Continuously Providing Sensors That Adapt to Global Changes and Ensure Safety and Security

Executive Officer,  
President of Electronics Systems Company

Masami ONO



Electronic Systems Company is responsible for TOKYO KEIKI's Defense equipment business, which supports Japan's national security, and the Marine traffic equipment business, which helps ships navigate safely. We operate these businesses in response to the national security environment, which has changed rapidly in recent years.

## 1 Overview of earnings and changes in the external environment

In fiscal 2024, sales in the defense equipment business increased substantially compared with the previous year. Specifically, sales increased due to strong deliveries of radar warning receivers and components for aircraft, and operating profit also exceeded the forecast.

Orders also remained high, with the year-end backlog reaching a record high, thanks in part to orders for major R&D projects. This is mainly due to the increased national defense budget since fiscal 2023 following the revision of Japan's three security documents: the National Security Strategy, the National Defense Strategy, and the Defense Building Program. Fiscal 2024 was the first year we made steady deliveries against the order backlog, and results were generally in line with forecasts.

To date, we have strengthened our production system by increasing our workforce as well as constructing new plant buildings and making other forms of capital investment. We intend to continue making deliveries in accordance with plans.

## 2 Business opportunities and competitive advantages

While the defense equipment business was always considered a low-profit business, the Japanese Ministry of Defense has revised its policies so that contract profit margins are now determined based on

the following two phases: firstly, profit rates from the Acquisition, Technology & Logistics Agency's evaluations of each company's QCD\* and secondly, cost fluctuation adjustments based on the duration of each individual contract.

\*QCD: Quality, Cost, Delivery

Although there is still an upper limit on profits for these government-funded projects, the new system enables a company's QCD efforts to be directly linked to improved profits, meaning that earning a high rating in QCD evaluations is key for improving profit margins.

As examples of what Electronics Systems Company has done to improve QCD, our Production and Quality Assurance Departments are making improvements as part of their circle activities and our Engineering Department is facilitating the digital design using new tools. This fiscal year, we also began looking into introducing an AI image inspection device into our production process. We will continue to make timely deliveries against the considerable order backlog while also devoting more energy than ever to improving each QCD item.

In the Marine traffic equipment business, we made our first domestic shipment of a modified version of SeaKu, our solid-state radar system that had been available in overseas markets. Standardizing the product for both overseas and domestic markets has helped us cut costs.

The new radar system also uses roughly 30% less transmission power and requires at least 10% less electricity to operate than our existing products, helping customers reduce their energy costs and GHG emissions.



SeaKu radar system in use outside Japan

## 3 Initiatives for the future

Through our defense business, we have provided onboard equipment for fighters, helicopters, destroyers, and submarines. These products operate on two major technologies: one is microwave technology for radar warning receivers and other instruments; and the other is navigation technology, most recognizably for marine gyrocompasses and gyroscope technology-based inertial navigation systems. Additionally, solid-state high-resolution radar, which is also based on microwave technology, is our main product in the Marine traffic equipment business.

Electronic Systems Company's technologies will likely become even more essential in the future amid mounting geopolitical risk and other changes in the security environment, and we are advancing R&D for microwave, gyroscope, and other related technologies accordingly.

We are also taking steps to collaborate with startups to expedite our ability to supply new products. We have formed a capital and business alliance with Metro Weather Co., Ltd. and plan to work with them in the areas of sales, development, and production to make their proprietary Doppler LiDAR available in the security sector.

Although Doppler LiDAR is a product used to observe wind conditions over wide areas with great precision, we are aiming to apply the technology to allow detecting drones and other objects in the security field.

## 4 Human resource strategies and thoughts on the organization

Since the Japanese government revised its national security policy, our workload has increased rapidly, and we are taking steps to secure human resources. As mentioned previously, we are also utilizing tools and improving equipment for efficiency optimization. These productivity improvements will help our customers reduce power consumption and GHG emissions. As the population declines and the declining birthrate and aging population accelerate even further in the future, it will likely become more difficult to secure a workforce. To address this need, we will continue our efforts to improve efficiency and increase productivity.

We will also establish comfortable working environments by creating an organization that accommodates diverse workstyles and by improving plants and other facilities. With these efforts, we aim to achieve sustainable growth by developing an organization that makes people want to work for TOKYO KEIKI.

## Defense Equipment and Marine Traffic Equipment Businesses initiatives in FY2024

## Commercializing a new environmentally friendly solid-state radar system

The Company developed and delivered a new solid-state radar system with a balance between environmental friendliness and technological innovation to the Japan Coast Guard in fiscal 2024. The latest model uses less transmission power (250 W compared to the conventional 350 W) while maintaining the required monitoring performance, reducing both energy consumption and environmental impact.

Furthermore, we also revised the internal structure to cut the use of rare earth metals—scarce resources—roughly in half. Halving the size of the power combining circuit through simplification also contributes to resource conservation.

We additionally plan to shift to a design that allows for operation in a narrower bandwidth to use limited radio resources more sustainably.

These efforts demonstrate how our radar technology delivers both high performance and environmental friendliness and will contribute to the realization of a sustainable society.

## Contributing to safety measures in congested marine areas

The main marine areas of Japan have vessel traffic service centers operated by the Japan Coast Guard. These centers monitor vessel movements and provide information, instructions, and recommendations for safe navigation.

In fiscal 2024, we outfitted the Kanmon Kaikyo Vessel Traffic Service Center with a new system equipped with virtualization technology. This enabled multifunctional processing while reducing usage of semiconductors and rare metals, further enhancing navigation safety measures.

Our system equips operators to recommend optimal routes and departure and arrival times, thereby reducing waiting time and unnecessary movement—contributing to reducing fuel consumption and GHG emissions—and also helps protect the marine environment by preventing oil spills and other accidents.



## Business Overview

## Defense &amp; Communications Equipment Business Communications Equipment Business

## Growing as the Core of the Next Generation of TOKYO KEIKI with a Mission to Expand Our Business Area in a Sustainable Society

Executive Officer,  
President of Communication & Control Systems Company

Kinya MIYACHI



Communication & Control Systems Company offers communication and control products, microwave application equipment, and sensor products mainly to the private sector (but some to the public sector) in the Defense & Communications Equipment Business.

Our mission is to expand our business area by applying technologies developed in the defense equipment business to other fields.

### 1 Overview of earnings and changes in the external environment

In fiscal 2024, orders increased due to stronger demand for communications antenna stabilizers for government agencies and advancements in the space business. Unfortunately, this did not lead to an increase in sales, mainly because it takes time to evaluate microwave amplifiers for semiconductor production equipment in new processes. Additionally, the poor rice crop in 2023 resulted in lower-than-usual sales of agricultural machinery, which also negatively impacted sales of straight-line assistance for agricultural vehicles in the Inertial sensor and applied equipment business.

### 2 Business opportunities and competitive advantages

- (1) Rising defense-related demand is tied to the expansion of equipment for aerospace and government-owned vessels, creating greater demand for the space equipment and antenna stabilizers we offer.
- (2) Customers have begun to demand higher frequencies and more advanced control of the plasma power supplies used in semiconductor manufacturing to miniaturize semiconductors and improve yield rates. We will use our solid-state

- power oscillators (SSPO®) to satisfy that demand.
- (3) Given the problematic nature of the rice shortage in Japan, the government is expected to revise agricultural policies and increase subsidies in the near future. Greater investment in labor saving in agriculture will increase sales of the inertial sensors and applied equipment.

### 3 Initiatives for the future

For Communication & Control Systems Company whose mission is to expand its business area, sowing seeds for the future is a driving force for growth. In the space business, we are striving to improve our technical capabilities as a precision equipment manufacturer to maintain quality even in space while cooperating with affiliated companies. We are also devoting energy to commercializing wall-climbing inspection robot technology newly developed at our Research & Development Center.

In the agricultural machinery and semiconductor production equipment markets—current areas of focus for us—we will expand our sights to include dealings outside Japan, although we have traditionally done business mainly in Japan.

We are also working on operational reforms internally. By introducing an AI-based drawing search system, we are effectively utilizing existing technological assets and promoting labor-saving investments to transform personally dependent technology into universal assets.

### 4 Human resource strategies and thoughts on the organization

While we must invest in labor saving and make technology more universal as described in the

previous section, the most important matter for any company is the aspirations of its people. We operate in many challenging areas, and thus require long-lasting commitments for businesses to stabilize. Although there will be failures along the way, we

believe that these experiences will lead to the growth of those who will lead our company in the future. Accordingly, we value people who relentlessly take on challenges, keeping their hopes up as they continue to try after failing.

### Communication & Control Equipment Business initiatives in FY2024

#### Space business

- (1) We began assembling small SAR satellites for Synspec Inc. in the space building at our Nasu Plant, and will do our utmost to cooperate with them in building their 30-satellite constellation.
- (2) We produced and assembled a mass-production prototype of propulsion units for small satellites for Pale Blue Inc. We support the popularization of propulsion systems that use water—a sustainable energy resource—as a propellant.
- (3) For communication and control equipment, we have also begun developing gimbal devices for ground stations of low-earth-orbit satellite constellations.

#### Agriculture-related business

We participated and introduced our products in a model farm project in Uttar Pradesh, India promoted by the Japanese Ministry of Agriculture, Forestry and Fisheries. Agricultural universities, state government officials, and farmers in attendance greatly appreciated our



A straight-line assistance device on a tractor

demonstration of the automatic steering-assist device installed on an existing tractor with attachments from a local manufacturer.

#### Camera stabilizer

Stabilized cameras equipped with our attitude control technology are increasingly used at relay races and other events. In fiscal 2024, these cameras were used in many well-known Japanese Ekiden (long-distance relay road races), including the Hakone Ekiden, the New Year Ekiden, the All Japan University Ekiden, and the Izumo Ekiden.



Stabilized cameras on a broadcast truck

#### Semiconductor-related business

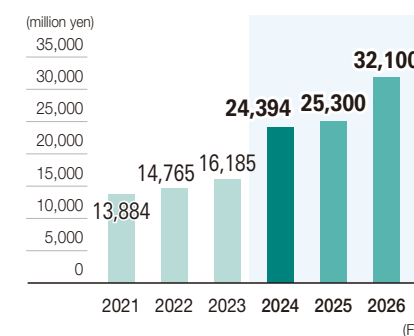
The solid-state power oscillators (SSPO®) we exhibited at SEMICON Japan 2024 in December of that year drew a lot of interest from visitors.



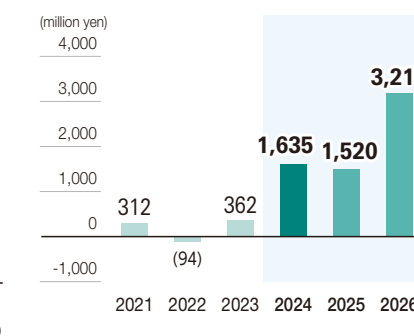
Exhibiting at SEMICON Japan 2024

### Key figures

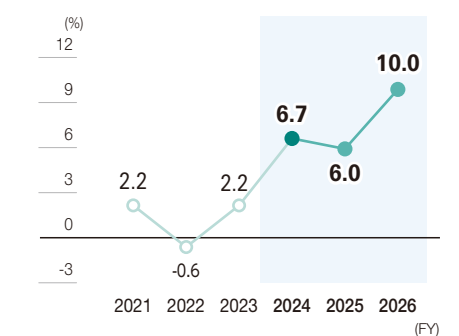
#### Net sales



#### Operating profit



#### Operating profit margin



Business Overview

Others Inspection Systems Business

Maintaining Food Safety Through  
Advanced Inspection with  
Advanced Image Processing  
Technology

Executive Officer,  
President of Inspection Systems Company Atsushi KAWAKAMI



The Inspection systems business mainly sells equipment for inspecting the plastic packaging of food products sold in places like supermarkets and convenience stores. Plastic packaging not only protects the contents, but also plays an important part in stimulating consumers' desire to purchase with appealing printed product designs. This makes it all the more necessary to detect holes, film-lamination defects, and other processing defects as well as grime, foreign matter adhesion, and other appearance defects during package manufacturing. Though small in scale, this business contributes to society with the mission to maintain food safety to protect food infrastructure.

1 Overview of earnings and changes in the external environment

The inspection systems business operates within Japan and overseas. In fiscal 2024, the sales and operating profit decreased compared to the previous fiscal year. The cause was weak sales in Japan reflecting the deteriorating external environment surrounding package production there, although overseas sales remained strong.

The recent surge in the price of imported crude oil was a major factor driving up raw material costs, as films, inks, and film laminating adhesives used to manufacture plastic packaging are all petroleum products. Logistics costs, wages for producers, energy costs, and other costs also rose, and plastic packaging production was sluggish due to consumer purchasing reluctance in response to higher food prices. These factors led our customers to curb capital investment, which consequently dampened the performance of this business as well.

To overcome these issues, we are expanding the scope of inspections beyond food packaging to include sanitary supplies, construction materials, medicine bags, and cardboard packaging materials. Our efforts have already begun to bear fruit, and we intend to continue expanding sales in new areas in the immediate future.

2 Business opportunities and competitive advantages

This business also contributes to reducing the environmental impact of packaging producers, as any defective products generated during packaging production must be disposed of. Our inspection systems can inspect packages while on production lines, enabling earlier detection of defects and helping to reduce the amount of plastic waste and control energy consumption for remanufacturing, in turn helping producers reduce their environmental impact. As this issue applies to a broad range of packaging production beyond plastics, we are confident that inspection systems will be increasingly important in the future.

3 Initiatives for the future

Labor shortages are one of the major issues on the front lines of plastic packaging production. Despite plans to install equipment, there is a persistent shortage of operators. Customers are resorting to raising wages and hiring international workers to secure personnel, but these measures are only short-term solutions.

For a longer-term solution, we have developed AI-enabled inspection automation functions and begun developing inspection systems for bag

production processes, which still rely on visual inspection. We plan to provide the market with high-value-added products that resolve labor shortages with automation and mechanization.

4 Human resource strategies and thoughts on the organization

Based on TOKYO KEIKI Vision 2030, we have formulated a business plan for this business under which we will aim for medium- and long-term growth by marketing the high-value-added products mentioned previously in addition to selling inspection systems as usual. To be successful, human resources must be the driving force of our business activities. Inspection Systems Company has a company-wide

policy of developing human resources capable of self-growth. Leveraging the organizational capabilities that result, we seek to enhance customer satisfaction and operate a company that achieves sustainable growth. The policy is indicative of everyone's awareness of issues and their active involvement in the organization while growing together. To train the people we need to fulfill the policy, we have adopted the On-the-Job Learning method in which individuals learn the process of identifying issues and a way forward, and achieving solutions as a team as they utilize improvement activities implemented in each department. Through these activities, everyone works together to experience success and foster robust teamwork that will lead to the growth of the entire organization.

Inspection Systems Business initiatives in FY2024

Increasing name recognition by participating in exhibitions within Japan and overseas

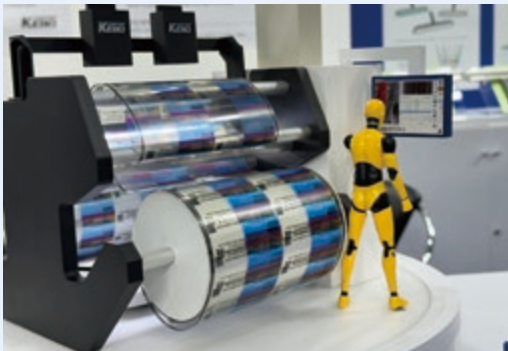
We participate in exhibitions in both Japan and overseas to increase our name recognition and share new information with attendees. In fiscal 2024, we exhibited at the following events:

- April 2024: CHINAPLAS 2024 (China)
- June 2024: ProPack Asia 2024 (Thailand)
- October 2024: TOKYO PACK 2024 (2024 International Packaging Exhibition) (Japan)
- November 2024: Plastic & Rubber Indonesia 2024 (Indonesia)

At TOKYO PACK 2024, we exhibited our core inspection systems as well as AI-related products and bag manufacturing inspection equipment under development. We will use the wide variety of feedback from many attendees to fuel future product development efforts. In overseas markets, we are facing intense competition from inspection system manufacturers from other countries but are making steady progress in acquiring new customers at exhibitions, thanks to strong partnerships with local dealers.

Creating an inspection machine model for exhibitions

As a completely new endeavor, we created a 3D model for exhibitions featuring our inspection machine mounted on a customer's production machine. With simple demonstration equipment created solely with an imaging system, we constantly struggled to convey such factors as the scale of the installation. However, the 3D model made it easy to visually understand how our products are installed and how they operate, and it attracted many attendees to stop by our booth.





## Business Overview

## Others Railway Maintenance Business

## Becoming a Team of Top Professionals with Abundant Passion for Utilizing Our Outstanding Technology to Protect the Railways That Connect Cities and People

President,  
TOKYO KEIKI RAIL TECHNO INC.

Shigeaki HAYASHI



On the strength of our technical capabilities and the trust we have established with our customers over 60 years, we have helped ensure the safety and improve the quality of railroad infrastructure in Japan and overseas. By introducing AI and other cutting-edge technologies and through human resource development, we aim to confront issues set to accelerate in the future—namely labor shortages and changes in the social environment—and realize a sustainable, dependable society based on railways.

### 1 Overview of earnings and changes in the external environment

In fiscal 2024, orders and sales for onboard equipment for rail inspection cars—a core product—were strong. Orders, sales, and operating profits all reached record highs in part because we won an order for one inspection car and sold three cars in Japan and won another order for two cars overseas. Although we expect orders to be about the same in fiscal 2025 as in fiscal 2024, we forecast lower sales and profits due to a decrease in the number of inspection cars to be delivered. We expect our deliveries against the backlog of onboard equipment for rail inspection cars to contribute to sales in fiscal 2026 and fiscal 2027.

In all, 18 rail inspection cars outfitted with our measuring instruments are currently in operation in Japan, a number we expect to increase to 20 by fiscal 2027. Demand for replacing aging measuring instruments generally emerges 10 to 15 years after each delivery, but ultrasonic inspections are particularly difficult to replace with other methods given the importance of the continuity of inspection data gathered over the long term. In the 60+ years since we developed Japan's first rail inspection car to

prepare for the opening of the Tokaido Shinkansen in 1964, we have built strong trust-based relationships with our customers. One of our most important tasks is to ensure that we continue to reliably meet replacement demand based on this trust.

### 2 Business opportunities and competitive advantages

Having overcome the unprecedented business crisis caused by the COVID-19 pandemic, JR and major private railway companies have been performing well, thanks to the dual benefits of business diversification and increased demand for rail service by foreign visitors to Japan. However, given labor shortages, these companies are facing difficulties in maintaining the outstanding safety and punctuality of train operations and the high quality of service characterized by the spirit of Japanese-style hospitality, all of which has been delivered by an excellent workforce to date. We are deeply involved in track maintenance, an area in which there is strong demand for mechanization and shifting to onboard equipment for inspection work, namely patrols: walking patrols where maintenance workers conduct visual inspections by walking along the tracks, and onboard patrols where they ride in the operator's cab to measure sway and conduct extensive visual inspections. Our response to these issues is in line with the management philosophy of TOKYO KEIKI Group: leveraging electronics and other advanced technology to create products that embody functions of human senses. By combining both our technical capabilities and the collective strength of the TOKYO KEIKI Group, we can contribute to the realization of railways that can be passed down to future generations with peace of mind.

### 3 Initiatives for the future

The decline in the working population has given rise to a plethora of new technologies to replace human labor. Even artificial intelligence and robots—technologies that seemed like fantasy just a few years ago—have rapidly evolved to the point that they are now operating on the front lines. This frontier technology is being introduced at an astonishing pace in the railroad industry as well, even though the sector has always been upheld by labor-intensive work and extensive experience. As a segment of the railroad industry, track maintenance is no exception.

AI will inevitably—and urgently—be incorporated into track diagnostics in particular. We are actively promoting collaboration with startups and other companies that share our mission to protect railways. Combining our time-tested knowledge of ultrasonic inspections with new-generation technologies will allow us to enhance our ability to protect railways, and thus contribute to the sustainable advancement of society.

### 4 Human resource strategies and thoughts on the organization

A company's perpetuity is in fact its ongoing indispensability to society. It is human resources that support a company, and the value of a company is created by the collective efforts of each and every employee. With a history of more than 60 years, TOKYO KEIKI's railway maintenance business has survived to the present by adapting to changing social circumstances and altering employee awareness. In the wake of the COVID-19 pandemic, however, I sometimes find people are defensive about jobs and work. I am convinced that now is the time for us to take a fresh look at the foundation of our business: the railways we

are committed to protecting. Toward that end, we will do our utmost to create work environments in which everyone can use the extent of their knowledge to explore their curiosity and unleash their enthusiasm.

#### Railway Maintenance Business initiatives in FY2024

##### Releasing PRD-500 Ultrasonic Rail Flaw Detector

This new model of the ultrasonic rail flaw detector is a walk-behind unit that is the only one of its kind adopted by the railway companies in Japan. With a touch-sensor panel, many settings can be made in a similar way to operating a smartphone.



##### Launching development of Inertial Track Geometry Measurement System

We are developing a new product for detecting track distortion, and are scheduled to begin deliveries in fiscal 2026.

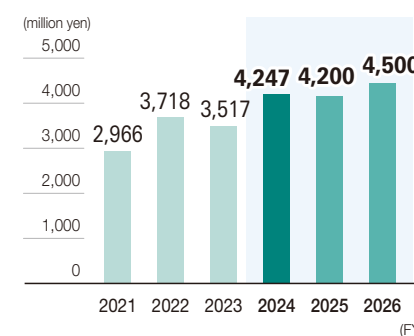
The system combines TOKYO KEIKI's core gyroscope and inertial sensing technologies and is equipped with a TOKYO KEIKI fiber optic gyrocompass. It can be mounted on our rail inspection cars as well as on passenger train cars.

With the addition of this new system to our existing lineup of ultrasonic rail inspection systems and track diagnosis support systems (track imaging systems), we will further evolve as one of Japan's leading manufacturers of comprehensive inspection and measuring systems.

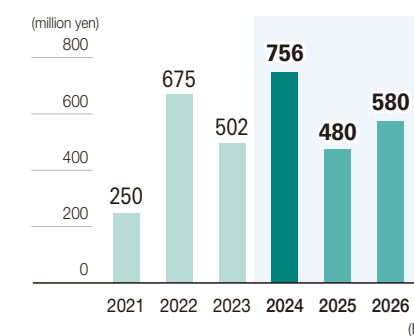


### Key figures

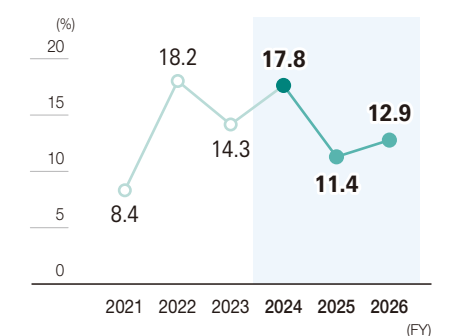
#### Net sales



#### Operating profit



#### Operating profit margin



# Materiality in Management

## Identification of Materialities

In accordance with the Sustainability Policy, we have identified four materialities that reflect the expectations of our stakeholders and important management issues for the TOKYO KEIKI Group. These are matters that the Group considers particularly important to enhance its corporate value with a view to realizing a sustainable society. Furthermore, in addressing these four materialities, we have adopted “establishment of a business fundamentals to support sustainable growth” as the guiding vision for the Group’s governance.

### Identifying Materialities for the Group



### The Materiality Identification Process

#### STEP 1 Ascertain Social Issues

We have compiled an extensive list of environmental, social, and economic issues, referring to international frameworks and guidelines such as the GRI Standards, as well as the 169 targets of the SDGs.

#### STEP 2 Initial Screening

After conducting consultations with relevant departments within the company regarding the Group's current situation and problems with the social issues listed, we narrowed down the list to those issues most relevant to the Group.

#### STEP 3 Developing Evaluation Criteria and Conducting Evaluations

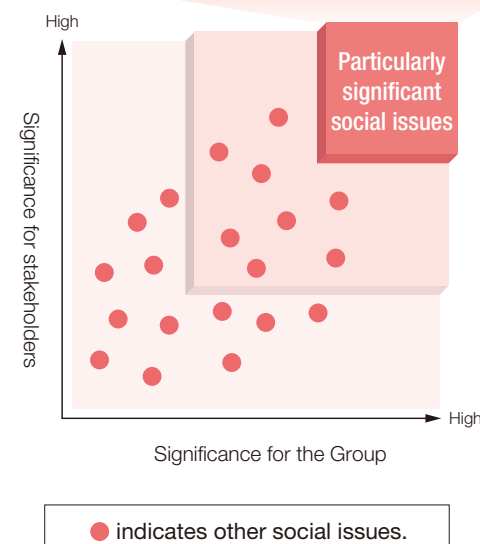
These issues were comprehensively evaluated on two axes, “significance for stakeholders” and “significance for the Group,” and represented on a “Materiality Map.”

#### STEP 4 Determining Materialities

Issues that were rated high on both axes in the materiality evaluation were grouped together as final candidates following discussions with experts. After receiving approval from the Sustainability Committee, the Management Conference and the Board of Directors deliberated on suitability and comprehensiveness of the issues in question before coming to a final decision.

### Materialities Identified

- Provision of Products that Solve Social Issues**
- Realization of an Environmentally Conscious Society**
- Enhancement of Supply Chain Management**
- Support for the Activities of a Diverse Workforce**



## Provision of Products that Solve Social Issues



In providing products and services, we continuously explore and address social issues in our rapidly changing society. This includes not only long-standing challenges but also newly emerging and latent ones. Through these efforts, we aim to meet the expectations and earn the trust of our many stakeholders.

### Approach to initiatives

In “TOKYO KEIKI Vision 2030,” we put together a list of potential new businesses for the Group to take on as “candidates for growth drivers” and a list of “issues for enhancing businesses” regarding existing business strategies. Then, we set to work on these initiatives.

### Promotion framework

Each internal company promotes existing businesses while the Business Development Office, which was established within the Corporate Planning & Administration Office in April 2023 and internal project teams, take the lead in promoting candidates for growth drivers. In addition, in the Medium-term Business Plan disclosed in May 2024, we explain our existing business strategies, progress of candidates for growth drivers, and future initiatives.

### Initiatives with candidates for growth drivers

In regard to the three-year effort from fiscal 2021 to fiscal 2023 to identify, incorporate, and develop five new candidate growth drivers, progress has been made in several areas. During the three-year period of the new Medium-term Business Plan starting from fiscal 2024, we are working to further accelerate the following initiatives:

#### ● Edge AI\* business

We will continue to focus on providing users with the tools we have developed so far to optimize the use of AI on processors for edge AI. We will raise awareness by exhibiting at trade shows, increase number of partner companies and aim to achieve commercialization as soon as possible. From fiscal 2024, we are advancing the development of products that integrate AI chips into camera systems, aiming to make them available for edge AI applications and bring them to market.

\* Edge AI: Refer to the company PR magazine “Tech Knack.” (Only in Japanese)  
[https://www.tokyokeiki.jp/Portals/0/images/company/report/pdf/130/techknack\\_130\\_web01.pdf](https://www.tokyokeiki.jp/Portals/0/images/company/report/pdf/130/techknack_130_web01.pdf)

#### ● Hydrogen & energy business

For hydrogen compressors for hydrogen filling stations, we are promoting collaboration with external partners; the first unit of our newly developed small-scale hydrogen compression package has already been ordered and is scheduled for delivery during fiscal 2025.

As for the joint R&D of hydrogen production equipment with the National Institute of Advanced Industrial Science and Technology (AIST), we have extended the project period and are currently working on product design.

#### ● Space business

After partnering with Synspec Inc. in fiscal 2022 to mass-produce small SAR satellites, we constructed a space building for satellite assembly within the Nasu Plant and began assembly operations in fiscal 2024. In addition, we have begun manufacturing mass-production prototypes in collaboration with Pale Blue Inc., the startup company. Furthermore, to expand our space business, we are participating as a supporting company in HAKUTO-R\*, a private lunar exploration program led by ispace, inc.

\* About the lunar exploration program “HAKUTO-R.”  
<https://ispace-inc.com/>

#### ● Railway business

We have developed and delivered a track diagnosis support system that automates the inspection of railroad tracks, a task previously performed solely by human patrols. This system aims to reduce manpower requirements, and we will continue to promote its adoption. Furthermore, we are developing a new product for detecting track distortions.



● Life science

We are aiming to contribute to medical and health applications of microwave and plasma technology.

Initiatives with existing businesses

● Marine systems business

We have been participating in the Nippon Foundation’s MEGURI2040 Fully Autonomous Ship Program. Other projects include developing products that solve social issues by enabling safety, energy and labor savings, and eco-friendliness. This includes joint development with other companies.

● Hydraulics and pneumatics business

Our hydrogen compressor for hydrogen filling stations is helping to build a decarbonized society. Meanwhile, we are also developing energy-saving and hybrid hydraulic equipment.

● Fluid measurement equipment business

We offer water level gauge systems and fire extinguishing equipment for the disaster prevention market to keep communities safe.

● Defense & communications equipment business

We are meeting ICT needs by developing farm machinery automation equipment that makes agriculture more efficient and by offering microwave amplifiers for semiconductor production equipment. We also provide solid-state radars for marine monitoring that contributes to maritime traffic safety.

We also develop, manufacture, maintain, and repair products for the defense market to meet rapidly growing safety and security needs.

Research and Development (R&D) Initiatives

R&D approach

Our Group’s products are used in a wide range of fields around the world, including ships, aerospace, industrial machinery, agricultural and construction machinery, and social infrastructure. As the manufacturer providing these products, we understand that R&D serves as the foundation of the Group’s management.

The basic policy of our Group’s R&D is based on our Management Philosophy — “To contribute to society, with a focus on our business of leveraging electronics and other advanced technology to create products that embody functions of human senses: measurement, cognition, and control.” R&D is carried out based on the technology strategy and R&D plans of our research arm, the R&D Center, and is also implemented as part of product development by our internal companies and subsidiaries.

R&D system

Our R&D Center primarily engages in relatively long-term R&D and, in general, the development of products utilizing the center’s results is conducted by the development departments of our internal

companies and subsidiaries. In addition, the Center is also responsible for providing technical support for individual projects, and for undertaking R&D that would be inefficient for our internal companies and subsidiaries to perform on their own. Seizing future business opportunities, the Center researches and develops technologies that will serve as the core of a business. At the same time, our internal companies and subsidiaries engage in development, including the development of products whose commercialization is still years away, based on customer needs.

● Development Committee

The Development Committee is an organizational body chaired by the Chief Engineering Officer. Its members include the Chief of the Research & Development Center and engineering managers from various internal companies. The Development Committee determines a variety of matters concerning the drafting and execution of our Group’s technology strategies, with the committee chair making proposals and reports to the Management Conference as necessary.

Realization of an Environmentally Conscious Society



Through its business activities, the Group is working to reduce GHG (greenhouse gas) emissions, which is an important issue of global scale. In response to market and customer demands for environmental friendliness, we will integrate the design, procurement, and manufacturing processes for our products and services to provide added value, such as energy savings. In addition, to reduce GHG emissions in Scope 1 and 2, we will pursue efficient energy use by harnessing the creativity and ingenuity of all our employees.

Environmental policies

1. We will evaluate the environmental impact of all our business activities and the products we provide to our customers at during production, use, and disposal, and strive to save resources and energy, reduce waste, and prevent pollution.
2. We will establish and maintain a PDCA cycle by setting environmental objectives and targets for these initiatives.
3. In addition to complying with environmental laws and regulations, ordinances, industry codes of conduct, and agreements with local communities, we will establish and maintain independent management standards wherever possible.
4. We will establish an environmental management system in which all employees participate, using audits and reviews to make improvements on an ongoing basis.
5. We will provide education to all employees to improve their awareness of the environment and the environmental management system, as well as asking our affiliates and partner companies for their understanding and cooperation.
6. These environmental policies shall be publicly disclosed.

Environmental policies in each district

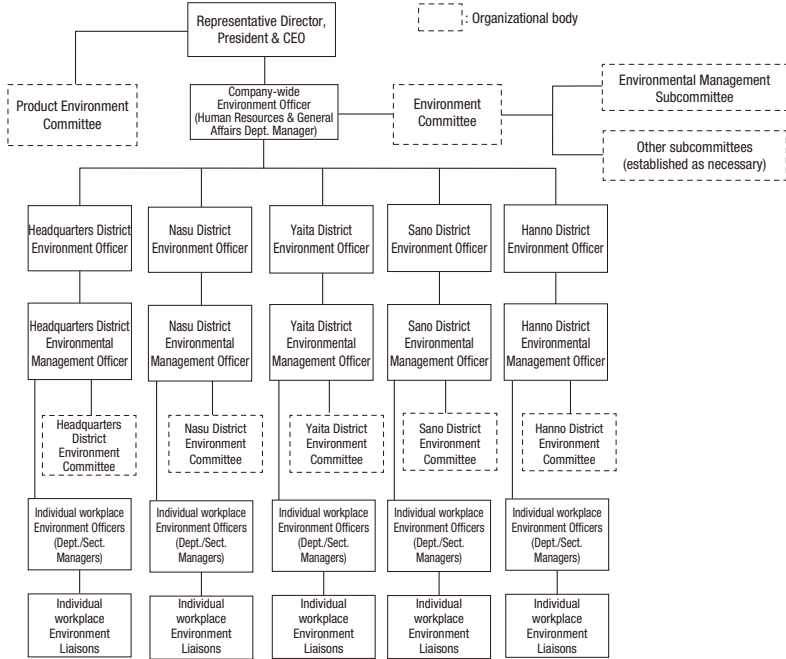
Our Nasu, Yaita, and Sano plants have drawn up their own environmental policies based on the company-wide environmental policy, taking into account the characteristics of the manufacturing they perform and consideration for the surrounding environment. Each district has established an environmental management system in line with the policy and is continually promoting environmental improvement initiatives.

ISO 14001 compliance status

| Location     | Date acquired |
|--------------|---------------|
| Nasu Plant   | December 2005 |
| Yaita Plant  | January 2007  |
| Sano Plant   | April 2007    |
| Tanuma Plant | November 2006 |

Environmental management structure

The Environment Committee is in charge of the Group’s environmental policy, and the Environmental Management Subcommittee has been established beneath it. The head of the Human Resources & General Affairs Department chairs both committees, and the managers of the Nasu, Yaita, and Sano plants serve as committee members.



Climate Change Initiatives

The TOKYO KEIKI Group is working to reduce GHG emissions and promote resource and energy conservation to minimize the impact of our business on climate change. At the same time, we are taking steps to mitigate the impact of future climate change on the Group’s businesses.

Initiatives on TCFD recommendations

We announced our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in August 2022. By comprehensively assessing the risks and opportunities that climate change poses to our

business, we are incorporating adaptation and mitigation measures into our management strategies as we work to achieve TOKYO KEIKI Vision 2030. If an initiative has a material impact on our business activities, we disclose it by such means as providing climate-related financial information.

(1) Governance

To promote sustainability management, our Group established the Sustainability Promotion Office and the Sustainability Committee in June 2021. At the enter of our Group, the Sustainability Promotion Office plans and promotes measures involving sustainability management. The Sustainability Committee is chaired by the Representative Director, President & CEO and selects members from Internal Directors and Executive Officers. It functions as a meeting body that discusses and shares sustainability management-related policies and

measures, and executes decisions without delay across the Group. It also makes proposals on key measures and issues progress reports, etc. to the Management Conference and the Board of Directors. The Sustainability Committee met five times in fiscal 2024 to deliberate on matters such as the progress of materiality initiatives and the formulation of the TOKYO KEIKI Group Human Rights Policy. The Human Rights Policy has been resolved by the Management Conference and the Board of Directors and was disclosed to the public in April 2025.

(2) Strategy

(2)-1. Scenario analysis based on TCFD recommendations

The TOKYO KEIKI Group recognizes climate change as a critical issue in the sustainability management of the Group. For that reason, we created our own scenarios based on the TCFD recommendations and

referring to the 2°C and 4°C warming scenarios in the IPCC’s Sixth Assessment Report. Using these scenarios, we evaluated the impact of a warmer climate in 2030, the target year for achieving our mid- to long-term strategy. The table below lays out our view of each scenario.

Scenario analysis based on TCFD recommendations






| Classification     |                          | Our view of each scenario (future image)   |   |
|--------------------|--------------------------|--|---|
|                    |                          | 2°C scenario   | 4°C scenario  |
| Transition         | Policy and regulations   | Control policies and regulations will be implemented globally to curb rising temperatures. Environment-related regulations that are enacted will be stricter than in the 4°C scenario.   | Despite calls to curb rising temperatures, there will not be much progress in tightening regulations after the 2020s.                                     |
|                    | Technological innovation | Technological development will focus mainly on reducing GHG emissions.   | Technological development will mainly solve issues relating to adaptation to rising temperatures.   |
|                    | Markets                  | How well industrial machinery reduces GHG emissions will be an important factor in customer purchasing behavior.   | Purchasing behavior will not change significantly from the status quo, but new markets will be formed to address problems created by rising temperatures. |
|                    | Reputation               | The social reputation of companies that are passive about reducing GHG emissions or are unable to reduce them will be damaged, which will very likely affect customer purchases.   | Companies that solve social problems will gain better reputations, and industry restructuring may result.   |
| Physical (acute)   |                          | An increase in sudden climate disasters will cause damage.<br>Economic impacts of sudden climate disasters will include crop failures due to drought and the submergence of logistics and supply chain facilities and factories due to flooding.               | An increase in sudden climate disasters will cause damage.<br>These will happen more frequently than in the 2°C scenario.                                 |
| Physical (chronic) |                          | There will be chronic damage from prolonged extreme weather. Prolonged extreme weather will include more regularly occurring crop failures due to rising temperatures and the submergence of facilities and factories near the coast due to rising sea levels. | There will be chronic damage from prolonged extreme weather.<br>These will happen more frequently than in the 2°C scenario.                               |

(2)-2. Assessment of risks and opportunities based on scenario analysis and overview of initiatives

Based on the scenarios we created, we identify events that could affect TOKYO KEIKI Group business activities and measures to deal with them, and work on them in materiality activities.

The table below gives an overview of initiatives in fiscal 2024. With respect to transition risks, we will continue our initiatives to meet customer and market expectations. As for physical risks, we are making preparations designed to optimize the entire supply chain.

Assessment of climate change risks and opportunities and overview of initiatives

| Classification     |                          | Risk details  | Impact on TOKYO KEIKI Group business  |  | Countermeasures  | Corresponding materialities   | Initiatives overview (FY2024)  |   |
|--------------------|--------------------------|---|---|--|--|---|--|---|
|                    |                          |   | Category  | Nature of impact   |  |   |  |   |
| Transition         | Policy and regulations   | GHG emissions regulations become stronger (carbon tax, related taxes, etc.)   | Risks   | Taxation causes energy procurement costs to rise.  | - Make business processes more efficient and gradually shift to renewable energy to minimize the impact of the introduction of carbon tax.<br>- Work to continually reduce GHG emissions. (Scope 1, 2) | <br><b>Realization of an Environmentally Conscious Society</b>                               | - Reduce Scope 1 and 2 emissions<br>Down 41.5% from fiscal 2013<br>- Reduction through the procurement of renewable energy: 1,460 t-CO <sub>2</sub><br>- Reduction through in-house solar power generation: 370 t-CO <sub>2</sub><br>- Promote measures to reduce GHG emissions through the environmental management structures at each location |   |
|                    |                          | Energy conservation regulations become stronger   |   | Prices of both fossil fuel energy and renewable energy rise, causing procurement costs to increase.  |  |   |  |   |
|                    | Technological innovation | Opportunities   | Development costs to acquire low-carbon technologies rise and there is not enough development staff.  | - Promote development of proprietary products using energy-saving and renewable energy technologies that are differentiated from competitors' products, and work to increase the number of developers for this purpose.                                | <br><b>Provision of Products that Solve Social Issues</b>   |   |  | - Promote commercialization of growth-driver product groups such as the Edge AI business and the Hydrogen & Energy business   |
|                    |                          |   | Technologies for adapting to rising temperatures are developed and put to practical use.  |  |  |   |  |   |
|                    | Markets                  | Risks   | There is increased demand for products that help conserve energy and reduce GHG emissions   | Product competitiveness is lost due to failure to meet customer purchasing requirements, making it impossible to continue doing business with existing customers.  | - Build sustainable supply chains, including the development of products that meet customer needs and finding new partners to achieve this.  | <br><b>Realization of an Environmentally Conscious Society</b>                             | - Meet customer sustainable procurement requirements<br>- Formulate sustainable materials procurement policy<br><br>- Grasp supply chain GHG emissions<br>Scope 3 245,675 t-CO <sub>2</sub><br>- Establish a framework for obtaining primary data from suppliers towards facilitating Scope 3 reduction  |   |
|                    |                          |   | Reputation  | A company's reputation is affected by how it is responding to rising temperatures  |  |   |  | Stock markets take a negative view of any business that is passive about efforts to reduce GHG emissions. Such businesses lose investment, which harms their corporate value. |
| Physical (acute)   | Risks                    | Localized torrential rains increase river flooding and landslides   | Business sites and cooperating factories are damaged due to flooding from nearby rivers or rainfall runoff, causing operations to be disrupted.   | - Establish a resilient supply chain system by developing a business continuity plan and taking other measures to prepare for disasters.   | <br><b>Establishment of a Business Fundamentals to Support Sustainable Growth</b>                                 |   |  | - Identify risks and formulate and implement measures in line with the company-wide risk management program   |
|                    |                          | Supply chains are disrupted by disasters.   |   |  |  |   |  |   |
| Physical (chronic) | Risks                    | Localized hot temperatures, heat waves, and abnormally low temperatures occur chronically                                   | Significant deterioration of the working environment due to insufficient air-conditioning capacity at some workplaces, including partner factories, results in greater damage to employee health. | - Continually develop business infrastructure that supports sustainable business activities and establish rules to optimize the entire supply chain to ensure that occupational safety can be maintained at all times, including at partner factories. | <br><b>Enhancement of Supply Chain Management</b>   | - Hold briefing sessions for suppliers on the Sustainable Materials Procurement Policy<br>- Prepare for suppliers capability evaluation and collection of their BCP information |  |   |
|                    |                          | Factory operations are restricted in summer and winter due to planned power outages resulting from chronic power shortages. |   |  |  |   |  |   |



### (3) Risk management

The TOKYO KEIKI Group manages risks in keeping with our risk management system.\* Following our Risk Management Rules, we classify risks as major management risks or other risks and manage them accordingly. Risks that relate to sustainability are written up for the Sustainability Committee's consideration by members of the Sustainability

Promotion Office or Sustainability Committee. The Sustainability Committee promptly discusses the magnitude of the risks and how to deal with them. Its resolutions go to the Management Conference and Board of Directors for deliberation and final approval.

\* See the risk management system diagram on p. 88.

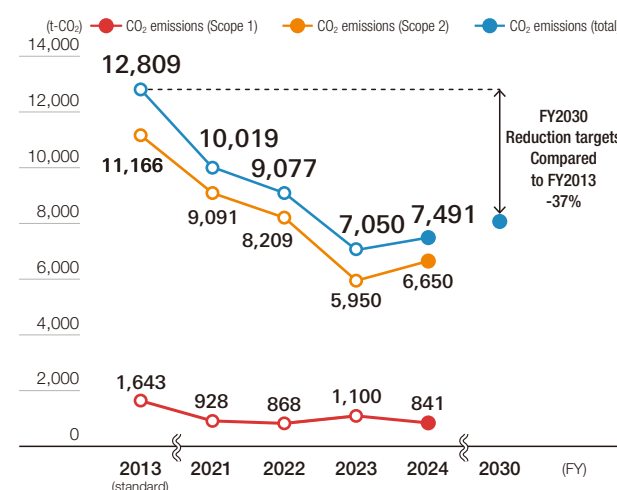
### (4) Indicators and targets

#### ● Scope 1 and 2 GHG emissions reductions

The Group set a target of reducing GHG emissions within the Group by 37% in fiscal 2030 compared to fiscal 2013. We are conducting activities to achieve this. In fiscal 2024, emissions totaled 7,491 t-CO<sub>2</sub>, representing a 41.5% reduction compared with fiscal 2013, and remaining below the fiscal 2030 target value for the second consecutive year. Although the emission factors of electric power business operators worsened, the installation of new solar power generation facilities at the Nasu Plant and the continued procurement of electricity derived from renewable energy, etc. have contributed to an overall reduction. We will continue our efforts to achieve the targets in and after fiscal 2025 as well.

The trends in Scope 1 and 2 emissions reductions are shown in the figure on the right.

Trends in GHG emissions reductions (Scope 1 and 2)



### Initiatives for Environmental Management

In the manufacturing industry, it is our social responsibility to try to minimize our impact on the environment when we choose materials and use energy to make our products. By fulfilling this responsibility while engaging in business activities, we will contribute to the realization of a sustainable society.

#### Initiatives to reduce waste

The TOKYO KEIKI Group aims to reduce the environmental impact of various types of waste generated when manufacturing our products. Our Group-wide efforts to reduce such waste are based on the 3Rs concept.

#### Compliance with laws and regulations

Waste is disposed of appropriately in accordance with laws and government ordinances, as well as the regulations of the municipalities where our factories and plants are located.

#### Promoting the “3Rs”

##### ● Reduce

We have introduced reusable containers for back-and-forth transportation with certain customers and our partner plants to eliminate the disposal of cardboard and packaging materials, etc. as waste. In addition, the use of equipment to reclaim wash oil and the evaporation and drying of wastewater from glass processing are helping to reduce the amount of wastewater and waste oil we produce.

In fiscal 2024, our industrial waste output decreased by 10 tons year on year to 263 tons. We will continue to utilize environmental management to promote reduction efforts.

##### ● Reuse

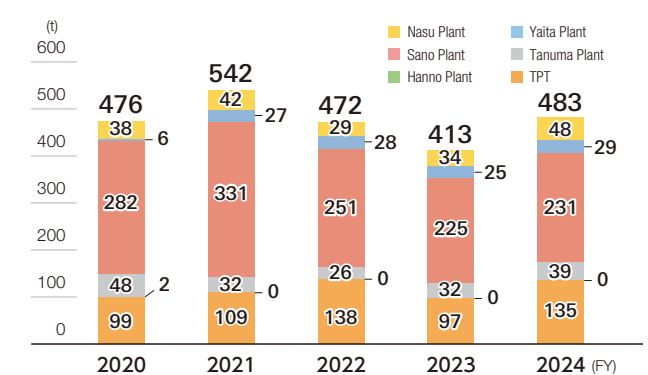
We are now reusing some of our used products and parts (including electronic parts) with the approval of our customers.

##### ● Recycle

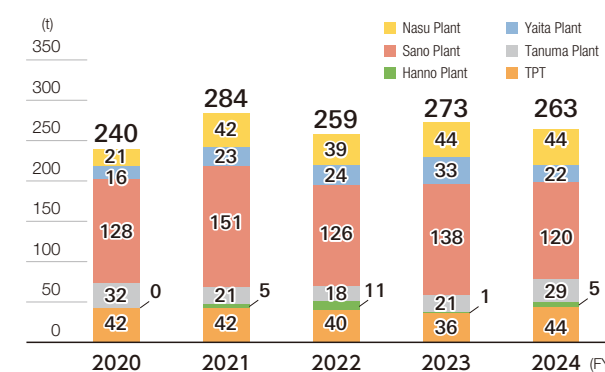
We hire contractors to take our scrap metal, waste oil, and waste paper, which are valuable recyclable materials, and accordingly thoroughly separate our waste.

The volume of valuable recyclable materials produced in fiscal 2024 totaled 483t, with a breakdown of 406t of scrap metal, 18t of waste oil, and 59t of waste paper.

Valuable recyclable materials produced



Amount of industrial waste produced



#### Initiatives to reduce single-use plastics

The Marine Systems Company is working in collaboration with its packaging subcontractor TOKYO KEIKI TECHNOPORT INC. to advance initiatives aimed at reducing environmental impact. This initiative is driven by the accelerating global movement to regulate single-use plastics, especially in environmentally conscious regions such as Europe. It is also motivated by the growing trend of reusing and recycling packaging materials. In line with this global trend, we are working to establish sustainable packaging methods across our operations.

Specifically, we are replacing the plastic packaging materials for the gyrocompass, our main product, with paper-based materials. The gyrocompass is a precision instrument, so vibrations during transportation must be minimized. We are carefully selecting replacement materials while conducting thorough testing. Furthermore, we are making design

changes with consideration for easy unpacking and disposal by customers.  
Moving forward, we will also expand this initiative to other products, steadily implementing improvements to create a packaging system that is friendly to the environment, our customers, and our on-site staff.

Measures for proper management of chemicals

Some chemical substances have harmful effects on the environment and human body. As such, it is companies’ social responsibility to manage them properly and to take the environment and occupational safety into account. The Group is working to cut our emissions of chemicals by setting voluntary reduction targets.

Switching to alternatives to hazardous chemicals

Each of our factories is actively switching to alternative materials to hazardous chemicals.

- **Cleaning agents for hydraulic products**  
Switched from dichloromethane to hydrocarbon-based.

- **Thinners**  
Switched to alternatives free from toluene and xylene.
- **Cutting fluid**  
Switched to alternatives free from chlorine.



Reduction of dichloromethane using in-house designed and manufactured cleaning unit

Initiatives to protect biodiversity

Another critical social responsibility for our Headquarters, plants, business locations, and other sites as we continue our business is to reduce the impact on the surrounding environment and work to conserve it. The Group is committed to protecting the environment site by site in accordance with the implementation plan for its environmental management system.



Protected forest designated by Ota Ward around the Kamata Head Office Building



Enhancement of Supply Chain Management



As a manufacturer, the Group’s lifeline lies in its supply chain. In order to make it sustainable and strong, we will transform it into a robust materials purchasing system that can respond to rapid changes in the market, society, and the environment, while ensuring co-existence and mutual prosperity with our suppliers. We will also address various social imperatives, such as the reduction of GHG (greenhouse gas) emissions in Scope 3, the management of chemical substances, and respect for human rights.

Supply chain management system

Our Group’s supply chain management system comprises the Material Management & Purchasing Office, the Headquarters’ administrative divisions; and the purchasing divisions of each internal company.  
As an organization under the direct control of the President, the Material Management & Purchasing Office supports each internal company’s purchasing activities. The Material Management & Purchasing Office engages in administrative tasks such as maintaining and managing basic companywide policies, the Standard Purchasing Rules, and the template of Purchase Agreement used by our Group. The office also provides companywide guidance on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontract Act); supervises purchasing and procurement; maintains and manages our core information system (TBB system); manages credit based on supplier management information; and supports the activities of cooperatives and partner association suppliers. In addition, the Office is in charge of procuring materials for product development in the Headquarters District.  
Each internal company’s purchasing division primarily purchases the production materials necessary for that company’s production activities,

engaging in efficient, fair, and equitable transactions with our suppliers in Japan and overseas. When initiating a transaction, it is standard practice to conclude a Purchase Agreement. Actual purchasing is conducted using our TBB system, ensuring that the transaction is in accordance with the Standard Purchasing Rules.

Initiatives to enhance the skills of purchasing personnel

Capability development of purchasing personnel is led by the Materials Management & Purchasing Office; based on the training plan provided by the office, staff members participate in seminars such as “Collaboration with Related Internal Departments,” “Strengthening Negotiation Skills with Suppliers,” and “Current Status and Future Outlook for Supply Chain Management.” The Material Management & Purchasing Office also urges purchasing personnel to take a seminar on the Subcontract Act, and in fiscal 2024, 30 people took part in the seminar.

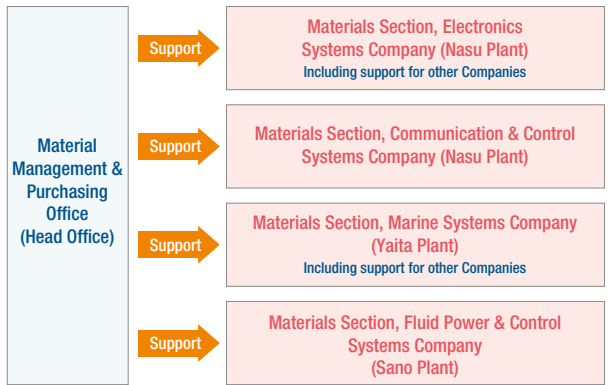
Quality improvement initiatives

Quality audits are based on each internal company’s quality management system and are conducted at the start of transactions, on a regular basis, and on other occasions as deemed appropriate. The scale of our Group’s suppliers is varied. Many of our machined component suppliers, in particular, are small in scale, and with them we value face-to-face dialogue with purchasers. By placing importance on direct communication, we can better understand a supplier’s working conditions and quality management, while also helping to build long-term trusting relationships with suppliers.

Green partner initiative

The Green Partner System is an initiative to eliminate hazardous substances from production processes

Supply chain management system





throughout the supply chain in order to encourage environmentally friendly manufacturing. TOKYO KEIKI is putting this system into practice alongside our suppliers.

Under this initiative, suppliers who meet our management standards and have the ability to conduct independent quality management to prevent hazardous substances being used in or contaminating their production lines are certified as Green Partners. This eliminates the need to submit a non-inclusion certificate for each product or part and to conduct some of the tests on the chemical substances they contain. We also provide various services to Green Partners, such as support for the testing and analysis of chemical substances contained in parts and materials, provision of environment-related information, and support for environment-related education.

Calculating Scope 3 GHG emissions

In order to understand GHG emissions across all of supply chains, we calculated the total emissions of all of our supply chains based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain from the Ministry of the Environment.

The breakdown of Scope 3 emissions is shown in the table on the right. Category 1 (purchased goods and services) accounted for the largest percentage at 60.7% of total emissions, followed by Category 11 (use of sold products) at 27.0%. It should be noted that current calculations are based on the Ministry of the Environment’s emission unit values database (secondary data); although this is effective for understanding the overview, it will be necessary to gain more details of the actual conditions of these categories in order to actually achieve reduced emissions.

We plan to set a Scope 3 reduction target during fiscal 2025 and are working with suppliers and other partners to collect actual (primary) data.

Results of Scope 3 CO<sub>2</sub> emissions calculation (FY2024)

| Category   | CO <sub>2</sub> emissions (t-CO <sub>2</sub> ) | Percentage |
|--|--|------------|
| 1 Purchased goods and services                             | 149,020  | 60.7%      |
| 2 Capital goods  | 11,186   | 4.6%       |
| 3 Fuel- and energy-related activities                      | 1,330  | 0.5%       |
| 4 Upstream transportation and distribution                 | 793  | 0.3%       |
| 5 Waste generated in operations                            | 299  | 0.1%       |
| 6 Business travel  | 1,845  | 0.8%       |
| 7 Employee commuting                                       | 656  | 0.3%       |
| 8 Upstream leased assets <sup>*1</sup>                     | —  | —          |
| 9 Downstream transportation and distribution <sup>*2</sup> | —  | —          |
| 10 Processing of sold products <sup>*3</sup>               | —  | —          |
| 11 Use of sold products                                    | 66,298   | 27.0%      |
| 12 End-of-life treatment of sold products                  | 14,249   | 5.8%       |
| 13 Downstream leased assets <sup>*4</sup>                  | —  | —          |
| 14 Franchises <sup>*5</sup>                                | —  | —          |
| 15 Investments <sup>*6</sup>                               | —  | —          |
| Total  | 245,675  | 100.0%     |

<sup>\*1</sup>: Not applicable (emissions from leased assets included in Scope 1 and 2).  
<sup>\*2</sup>: Not applicable (finished product logistics outsourced and thus included in category 4).  
<sup>\*3</sup>: Not applicable (as TOKYO KEIKI’s products are finished products, they are not processed after sale).  
<sup>\*4</sup>: Not applicable (no relevant leased assets).  
<sup>\*5</sup>: Not applicable (no relevant franchises).  
<sup>\*6</sup>: Not applicable (no relevant investments).

Calculation method: Based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain from the Ministry of the Environment and the Ministry of Economy, Trade and Industry.  
Calculation period: April 1, 2024–March 31, 2025  
Calculation scope: TOKYO KEIKI (non-consolidated)

Partnership Building Declaration

We announced our “Partnership Building Declaration” in April 2023. Based on this declaration, we aim to enhance added value throughout the entire supply chain, and to build a framework of mutual prosperity with suppliers through cooperation that transcends existing business relationships and company size, etc. We also comply with the “Standards for Promotion” under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises and actively work on rectifying any business and commercial practices that hinder partnership building with suppliers. By establishing an environment in which suppliers can grow as our partners, we aim to achieve a virtuous cycle whereby suppliers can secure stable management, and in addition, where the foundation of our supply chain is strengthened even further.

Partnership Building Declaration  
<https://www.biz-partnership.jp/declaration/28872-05-21-tokyo.pdf>  
(Only in Japanese)

Formulation of sustainable materials procurement policy

In addition to our existing requirements for materials procurement, we have formulated the TOKYO KEIKI Group Sustainable Materials Procurement Policy to declare our commitment as a company to building sustainable relationships with our suppliers and to procuring materials responsibly with regard to social issues such as human rights protection and conservation of the environment.

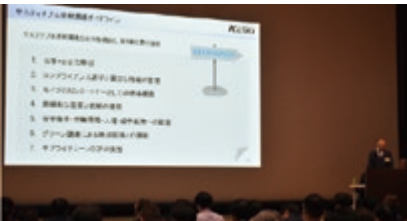
Strengthening collaborations with suppliers also enables us to meet the sustainable procurement requirements of globally operating customers and represents an essential strategy for enhancing trust in our company and sustainably improving our corporate value.

Sustainable Materials Procurement Policy  
[https://www.tokyokeiki.jp/company/sustainable\\_procurement.html](https://www.tokyokeiki.jp/company/sustainable_procurement.html)  
(Only in Japanese)

Briefing Sessions on the Sustainable Materials Procurement Guidelines

In October 2024, we held a briefing session on the Sustainable Materials Procurement Guidelines to help suppliers understand the “TOKYO KEIKI Group Sustainable Materials Procurement Policy,” and to request their cooperation for implementation of specific initiatives in line with this policy.

As the content of business differs across our production sites, the Group normally holds individual business policy briefing sessions at each site in May every year. However, recognizing that “Enhancement of Supply Chain Management” is an important issue shared throughout the Group, this year’s session was held as a joint event for the first time. At the briefing session, we were able to directly explain to our suppliers from various regions the Group’s sustainability management and TOKYO KEIKI Vision 2030. We also presented the specific initiatives related to the seven items of our Sustainable Materials Procurement Policy. Moving forward, with



Joint briefing sessions

the cooperation of our suppliers, we will promote initiatives to reduce Scope 3 emissions and to conduct due diligence aimed at identifying human rights issues, including forced labor, child labor, and conflict minerals.

Materials Subcommittee Initiatives for Sustainable Procurement

In sustainable materials procurement, the role of materials departments extends beyond simply controlling costs and procuring the necessary materials. To achieve sustainable growth, companies must engage in cooperation and co-creation across the entire supply chain. Strengthening relationships with suppliers into robust partnerships has become an urgent priority.

In addition, the increasing natural disasters and geopolitical risks in recent years have exposed vulnerabilities in supply chains. To ensure business continuity even in times of such crises, it is vital to build a resilient supply chain that has been founded on strong mutual trust. Maintaining close daily communication with suppliers and building a cooperative framework—including sharing Business Continuity Plan (BCP) for disasters—forms the most important foundation for business continuity.

The Group’s materials departments are playing a strategic role in increasing value across the entire supply chain in addition to conventional material procurement activities. To tackle company-wide challenges, the Materials Management & Purchasing Office and each production site’s materials team work together. They regularly hold cross-functional Materials Subcommittee meetings with core members to strengthen supply chain management.

Members of the Materials Subcommittee held a roundtable discussion as part of the preparation for the TOKYO KEIKI Report. Please refer to the following pages for a discussion in which participants exchanged opinions on medium- to long-term initiatives, human resource development, and ways to strengthen collaboration, with a view to the future of the materials departments.





## Materials Subcommittee Roundtable Discussion

Aiming for Sustainable Material Procurement

### Building Strong Partnerships with Suppliers

**Esaka:** In the materials procurement divisions, achieving sustainable procurement is becoming an increasingly important theme. Our company has introduced the “Manufacturing Partner System” with the aim of building a robust, long-term supply chain together with our suppliers who endorse the TOKYO KEIKI Group Sustainable Materials Procurement Policy. How about the current application status?

**Yagisawa:** While the number of applications is steadily increasing, it's difficult to say whether the intent of the system is fully understood by all suppliers. I feel that we ourselves haven't adequately communicated TOKYO KEIKI's fundamental philosophy—what we are striving for and why this system is necessary. Going forward, I think it's important that we actively create opportunities to explain the background and objectives of the system in detail, and to present concrete examples of the benefits that can be achieved from the system and the future we envision.

**Oki:** In my department, many suppliers only get a small

percentage of their total sales from TOKYO KEIKI, so it can be hard for them to really feel the benefits of the partnership. I think if we consolidate our orders and boost the amount we place with each supplier, it'll be easier for them to consider their dealings with us as strategically important. In the long run, I believe this will strengthen collaboration in terms of quality, cost, and delivery, and lead to stronger partnerships.

**Otsuka:** Orders in the defense equipment business I handle have really picked up, so we've been extremely busy lately. We're gradually setting up a system to share production forecasts early with suppliers, based on multi-year sales plans. This helps them plan ahead and is really strengthening our mutual trust with them. I believe that sharing such information will become increasingly important going forward, and now feels like the right time to make real progress.

**Oki:** It's really important that we exchange our thoughts and day-to-day impressions about our suppliers among the materials team. By pooling what we learn from our work, we can make decisions that are more objective and

multifaceted. In the materials divisions, we're now working on a system that lets us evaluate and manage suppliers from a common perspective, right?

**Hayashida:** Yes, in the Material Management & Purchasing Office, we're currently developing a supplier database called “Supplier Map.” The goal is to consolidate information held by representatives at each site and establish a system that allows it to be shared throughout all materials divisions. By identifying evaluation criteria from perspectives such as quality, cost, delivery, and environmental performance, we will be able to respond to suppliers with a consistent, organization-wide approach.

**Yagisawa:** Our challenge is figuring out how to show our evaluations clearly. We need to enhance the transparency of the evaluation process so that suppliers can clearly understand and accept the results. However, evaluations should not be one-sided. By going a step further and creating a system that also incorporates suppliers' opinions and feedback, I believe we can build fairer, more balanced relationships.

### Facing Reality and Looking Ahead

**Hayashida:** Recently, an increasing number of suppliers are facing issues such as aging facilities and labor shortages. There is even the possibility that they may decline orders or go out of business altogether in some cases. Since such situations pose a potential risk to the stability of our own supply system, I think it's essential to gather information and take appropriate action at an early stage.

**Saito:** Some of the suppliers I work with are so focused on responding to orders and reducing costs that they are unable to invest in facilities or strengthen their workforce. If this continues, it's sometimes worrying to think what things will be like five or 10 years from now. That's why I believe it's important for us, as partners, to commit to a certain level of orders while offering proposals and support for capital investment and human resource development from a long-term perspective. By sharing information and engaging in dialogue on an ongoing basis, we can help our suppliers better prepare for the future.

**Matsumoto:** It may be time for the Materials Management & Purchasing Office and other departments to play a more active role in areas like technology transfer and M&A support. Particularly for suppliers of critical

components that are difficult to replace, there will likely be situations where we need to demonstrate our commitment to supporting their long-term business continuity as a partner.

**Otsuka:** Many of the suppliers engaged in machining are relatively small, so it's essential that we constantly keep track of their management conditions. While we have a general grasp of our major suppliers' situations, it can be difficult to stay fully informed about our smaller-lot suppliers.

**Saito:** There have been times when I've noticed movements that seemed “a little unusual” at suppliers' sites. This kind of feeling usually comes only from visiting suppliers in person. Subtle differences in appearance or atmosphere can be felt by simply taking note of their situation. That's why it's important for us to stay alert to everyday changes through information exchange and on-site dialogue with personnel in charge and be ready to take action before any disruption to production occurs. I see on-site visits not simply as routine inspections, but as essential activities for building relationships of trust with suppliers and ensuring a stable supply.

**Oshima:** It's important to see production sites with our own eyes, to understand what's being made, where it's being used, and even to consider how global trends might affect its future availability. Particularly in the case of suppliers handling specialized products, any stoppage of production could cut off our supply of certain critical components. Rapidly detecting even small changes or warning signs and sharing that information throughout the company can help us avoid supply risks.

**Yagisawa:** Subtle “changes” that are hard to describe in words, such as equipment conditions, workers' movements, or overall atmosphere, can really only be perceived by visiting suppliers in person. It can be difficult, however, for less experienced members to notice such changes if they visit alone. When a supervisor or senior colleague goes with them and points out what to look at and where to focus, it gives them hands-on experience and helps sharpen their awareness.

**Hayashida:** I agree, but in reality, those with more experience are so busy with their daily duties that they have little spare time to make onsite visits. Moreover, for those with less experience like me, it takes considerable courage to request being included on such visits.

**Oki:** Intuition that is backed by experience isn't mere instinct, but practical knowledge gained from the field.



For instance, Mr. Saito probably developed his ability to recognize early warning signs after experiencing a supplier's bankruptcy and later realizing that the sense of unease he felt at the time had been such a sign. I understand that everyone's daily workload is demanding, but I hope managers and senior staff will take the lead in encouraging more onsite visits.

### Steps Toward Becoming an Ideal Buyer

**Matsumoto:** Each of our internal companies is promoting initiatives suited to its own circumstances based on the Sustainable Materials Procurement Policy. As long as business operations and supply environments differ, a certain degree of flexibility is necessary. At the same time, however, we buyers represent TOKYO KEIKI in our transactions, so it's essential that we all share the same fundamental mindset and guiding principles for action and

work. However, earning the certification is not the goal; it's merely a means to becoming a better buyer. I believe that having sound knowledge will strengthen our relationships of trust with our suppliers and allow us to enjoy our work even more.

**Saito:** As one of our initiatives, the Marine Systems Company has divided its materials staff into groups to promote the sharing of tasks that had previously been dependent on individual expertise. I clearly feel that this has led to more proactive communication among the members and steady progress in the accumulation of experience and know-how.

**Yagisawa:** While each site faces its own challenges and concerns, there must be many cases where creative efforts to address them have led to positive results. If we had a system for sharing such improvement initiatives horizontally across all sites, I think it would help reduce

Now, there's little sharing of information between sites, and there may even be times when a site feels isolated. Going forward, I'd like the Material Management & Purchasing Office to play a central role in creating an opportunity for members to connect across sites.

### Shaping the Future of Manufacturing Through Materials Procurement

**Matsumoto:** The purpose of the Manufacturing Partner System is to create value together with our core suppliers. At the same time, there have been cases where engineering divisions and others have added new business partners on their own. This may lead to inconsistencies with company-wide policy and hinder efforts to optimize the entire supply chain.

**Oshima:** When I visited our suppliers at the beginning of

**Otsuka:** Back when I was in the manufacturing section, we used to deal directly with our suppliers. It wasn't until I moved to the Materials Section that I realized just how important the Fair Transactions Act is and the extent of its reach. Speed and flexibility on the shop floor are important, but maintaining the perspective of legal compliance is also essential to protecting the company's credibility. I think both Materials and Legal Affairs divisions need to actively reach out and share the principles of the Act and potential risks with everyone in the field.

**Oshima:** Manufacturing begins with the procurement activities of the Production Control and Materials Sections. The decisions and actions of the materials divisions mark the starting point for the entire manufacturing process. Now, we are devoting our full attention to daily procurement tasks due to a surge in orders, at the same time, we need to envision the future



move forward in the same direction. As a first step toward strengthening the procurement and organizational capabilities of the company as a whole, I'd like us to share a common vision of the ideal buyer and think together about what actions we should take. The Material Management & Purchasing Office has already begun this by providing a standard training curriculum to everyone.

**Saito:** To become an ideal buyer, it's not just knowledge and skills that matter, but also the positive attitude of willingness to try new things or to make things better. In other words, motivation is essential. In my case, I find motivation from seeing a supplier I cultivated from scratch now working alongside us as a reliable partner.

**Otsuka:** For example, obtaining a qualification such as the CPP (Certified Procurement Professional) can not only help us gain knowledge, but it can also broaden our awareness and perspectives as buyers, boosting motivation and inspiring a more positive approach to our

the burden on individual buyers and also contribute to developing multifaceted solutions to common issues, preventing recurrences, and standardizing operations.

**Esaka:** That's true. There are times when simply talking and sharing with someone the challenges and concerns not only of improvement activities but also of daily work can be a relief. At present, it's difficult to see what initiatives are being carried out at other sites, but if we provided an opportunity for everyone to come together and share their concerns and ideas, I think it would deepen mutual understanding and lead to positive new insights.

**Oshima:** I think it's a great idea to create opportunities where members other than managers from different sites can come together and talk freely. People tend to take for granted that buyers make procurement decisions with QCD (quality, cost, and delivery) in mind, but behind that are countless steady efforts, adjustments, and issues.

the year, several of them said that even though we make many requests, we don't really respond to what they tell us. For instance, one supplier noted that they had proposed cost reductions through changes in machining processes but hadn't even received a reply on whether their suggestion had been accepted. Of course, time and technical constraints are involved in evaluating proposals or making design changes, but I believe it'll become increasingly important for the entire company, including the engineering and sales divisions, to really listen to our suppliers' feedback and opinions and strengthen our collaborative mindset.

**Esaka:** Compliance with the Fair Transactions Act\* isn't just the responsibility of the materials divisions. Everyone—from quality assurance to engineering and sales—needs to be aware of it in their own roles and handle it appropriately. That way, we can make the company's overall compliance framework even stronger.

of sustainable procurement five or 10 years ahead. This requires sharing policies and strengthening collaboration across all sites. Let's clearly define our policies as the Materials Section and actively communicate and share information with other divisions.

\* Fair Transactions Act: Abbreviation for the "Act Against Delay in Payment of Fees, etc. to Small and Medium-sized Entrusted Business Operators in Manufacturing and Other Specified Fields."



## Support for the Activities of a Diverse Workforce



In order to meet our goals with respect to this materiality, the TOKYO KEIKI Group promotes the recruitment and advancement of a diverse range of personnel regardless of gender, nationality, age, employment status, disability status, etc., providing a place where employees with a diverse range of attributes can play an active role. In promoting the advancement of women, we will not limit ourselves to the scope of the Act on the Promotion of Women's Active Engagement in Professional Life, but will continue to develop a comfortable working environment and expand opportunities for women to play an active role in the company. TOKYO KEIKI Vision 2030, our vision for what the Group should be in fiscal 2030, establishes the strengthening human capital as our human resources strategy and policy, and in order to achieve this vision, we are focusing on human resources cultivation and organizational reform.

### Concepts and Policies Regarding Human Resources

#### Initiatives for recruitment

Amid great changes taking place in the business environment, it is essential for the sustainable growth and development of our Group that we secure the diverse human resources which form the wellspring of competitiveness and the pillar of change. In order for all employees to maximize their individual personalities and abilities, and to consolidate these into a powerful force aimed at creating new value, our vision for the human resources sought by our Group is people who take on challenges with determination.

The Human Resources & General Affairs Department is engaging in recruiting activities while at the same time coordinating this future-oriented vision for human resources with the needs of each department.

#### Policies for human resources development

Our Group is engaged in a wide variety of businesses, and as such, there is a diverse range of knowledge and skills required of employees in each of these businesses. We must also respond quickly to the drastically changing external environment.

To ensure the Group's continued sustainable growth given the nature of our business and the external environment, it is essential to have "independent, growth-oriented human resources," that is, people who are able to think for themselves and perform their duties proactively, not only under the direction of the Company or their superiors, and who can grow while adapting to changes around them.

To this end, our basic policy for human resource development is to "cultivate independent, growth-oriented human resources," and while holding the Group's management policies and strategies as universal values, we support the development of individual capabilities so that each employee can think, judge, and act on their own initiative in the face

of the drastically changing external environment, maximize their individual capabilities, take on difficult tasks, and achieve results as an organization.

Through these efforts, we will also strengthen our human capital and pursue sustainable enhancement of corporate value.

#### Support for independent career development

Amid changes in the nature of our business and the external environment, we expect our employees to think about the careers they aspire to and the actions they need to take to achieve them. TOKYO KEIKI provides career training for employees four years after they join as new graduates and each time they are promoted. Opportunities are also provided for employees to meet with their supervisors every six months to discuss their future careers. In addition, the company offers self-development programs such as correspondence courses and external webinars.

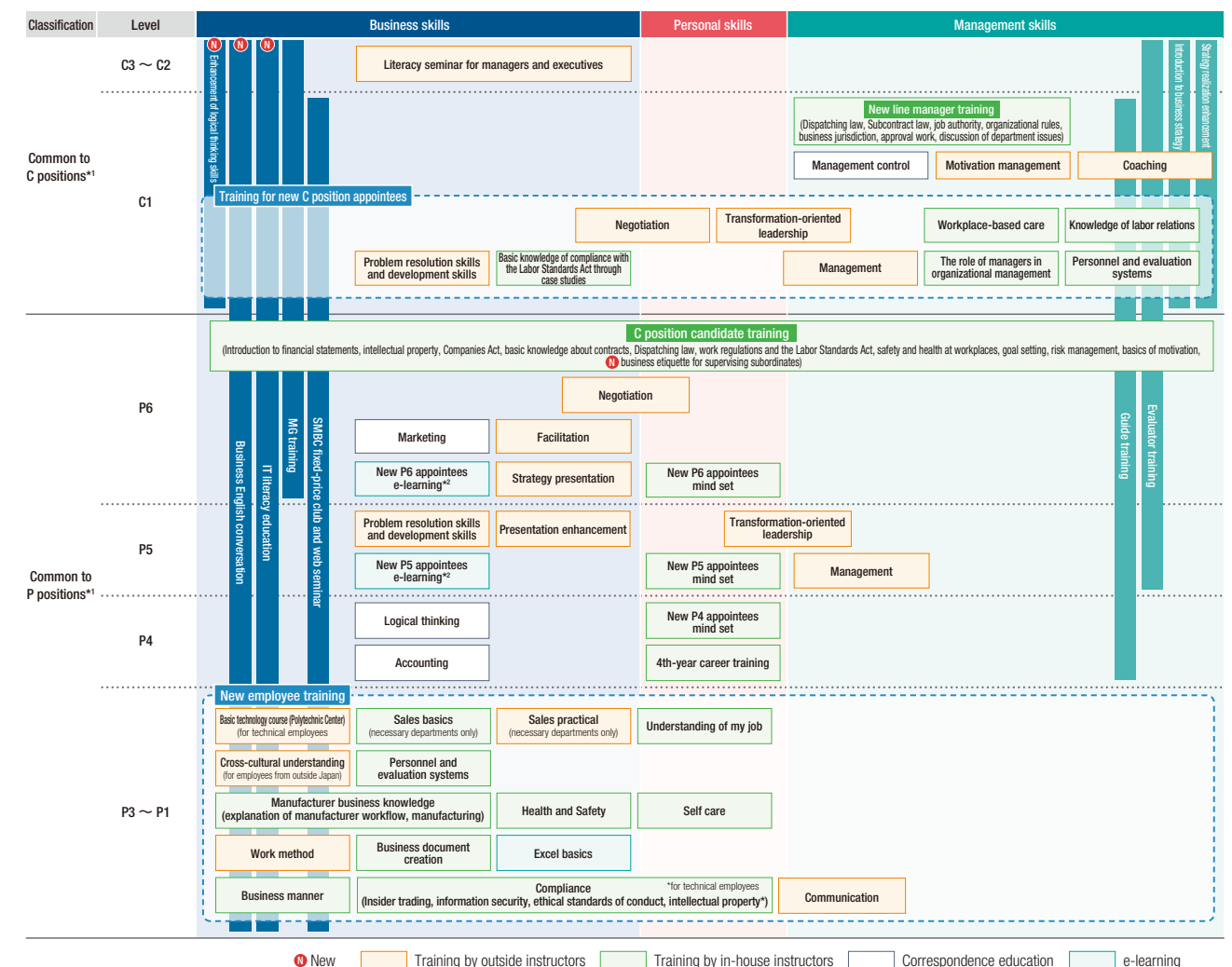
There is also an internal recruitment system in place whereby departments advertise job openings, employees voluntarily apply for positions, and transfers are arranged through a matching process.

Going forward, we will further review our training programs to encourage employees to think and learn on their own initiative, revamp our systems to stimulate internal open recruitment, and support the development of individual skills.

#### Encouraging the acquisition of qualifications for business use and to promote self-development

As part of our efforts to cultivate independent, growth-oriented human resources, TOKYO KEIKI has established a public qualification assistance program to improve employees' ability to perform their duties and to revitalize the company organization by promoting self-development.

#### Knowledge and skills acquired at each level of hierarchy



\*1 C positions: Creative positions (managerial positions); P positions: Professional positions (general positions)

\*2 e-learning courses for new P5 and P6 positions: Labor Standards Act and work regulations, Industrial Safety and Health Act and Industrial Safety and Health Management Regulations, Dispatching law and temporary work management, Introduction to financial statements, laws related to companies, basic knowledge of contracts, basic transaction agreements, confidentiality agreements, protection and collection of debt, liability for non-compliance with contracts, product liability, overseas bases and international taxation, basic knowledge of English contracts, contract management regulations, insider trading, prevention of bribery of foreign public officials (if taken at P5, exempt at P6)

\* In addition to the above, we hold "Training Session for Mid-career Hires" four times a year (explaining about TOKYO KEIKI and its Group companies, product manufacturing processes, insider information management, information security, the Code of Ethical Conduct, occupational health and safety, etc.).

As of March 31, 2025, 569 certifications have been accredited, and a total of 121 people were newly certified in fiscal 2024.

As the knowledge and skills required for our employees are expected to become increasingly diverse, we are expanding the range of support available for acquiring qualifications in data science-related fields to "promote DX" as stated in the TOKYO KEIKI Vision 2030, including the Japan Statistical Society's statistical processing certificates, the Information Technology Engineer Examination administered by the Information-technology Promotion Agency (IPA), as well as certifications by the Japan Deep Learning Association (JDLA), such as the Deep Learning for GENERAL (G-Certificate) and Deep Learning for ENGINEER

(E-Certificate). We will continue to promote support for employees to acquire public qualifications so that they can develop their skills independently.

#### Education and training to enhance the value of human assets

To enhance the value of our human capital, we offer education and training to all employees, from new entrants to executives. Specific examples include hierarchical education in the form of level-specific training for the acquisition of knowledge and skill based on a finely-tuned curriculum.

This includes providing training to employees who have been promoted to managerial positions in the Group to improve their skills in transformation-oriented



leadership, management, problem resolution skills and development skills, and negotiation in order to support the development of their capabilities. In principle, all employees who have been promoted to managerial positions since the introduction of this training system are required to participate in the training. However, some employees were unable to participate for work-related reasons, and as of March 31, 2025, the participation rate was 92.1% of eligible employees.

### Approach and Policy Regarding the Working Environment

In order to continue to foster a corporate culture in which a diverse range of workforce can demonstrate their individual strengths and grow through taking on challenges, the TOKYO KEIKI Group strives to create an environment conducive to personal development by assigning the right people to the right positions. In addition, we will work to establish a working environment that accommodates a diverse workforce and a variety of work styles.

#### Internal working environment development policy

- Promote a challenge-oriented personnel system to realize the TOKYO KEIKI Vision 2030.
- Maximize the use of human capital by identifying individual capabilities and placing the right people in the right positions.
- Strive to create a comfortable working environment for everyone regardless of gender, nationality, age, employment status, disability status, etc. and to ensure that everyone has the opportunity to take on challenges.
- Accommodate a diverse range of work styles and strive to achieve work-life balance.
- Aim for fair and equitable evaluations that lead to human resource development.
- Strive to maintain and improve a safe and secure work environment to ensure both mental and physical health.

### Reform of the human resources system to realize the TOKYO KEIKI Vision 2030

In order to realize TOKYO KEIKI Vision 2030, in fiscal 2022 we revised our evaluation system and wage system. The concept behind the new human resources system is to develop the company by placing human resource development at the core and expanding it to “strengthening the ability to implement strategies,” “employee growth,” and “fostering a culture of taking on challenges,” all of which are interlinked and mutually reinforcing.

We believe that growth comes from employees taking on challenges, learning from their mistakes, and experiencing success, and we have introduced the “Challenge Goal System,” which is designed to place high value on personnel who take on the challenge of

Going forward, we will also encourage employees who have not yet taken the training to do so.

In addition, all employees promoted to management positions have an opportunity, six months after their appointment, to report to the Representative Director, President & CEO on their progress in realizing the TOKYO KEIKI Vision 2030 and receive feedback on their efforts.

achieving ambitious goals. By reflecting evaluation results in compensation and promotion, this system encourages employees to take on challenges. Furthermore, beginning in fiscal 2025, we have revised the wage system for managers by reducing seniority-based elements and increasing the role-based pay ratio, thereby achieving a system to more appropriately reward highly contributing employees.

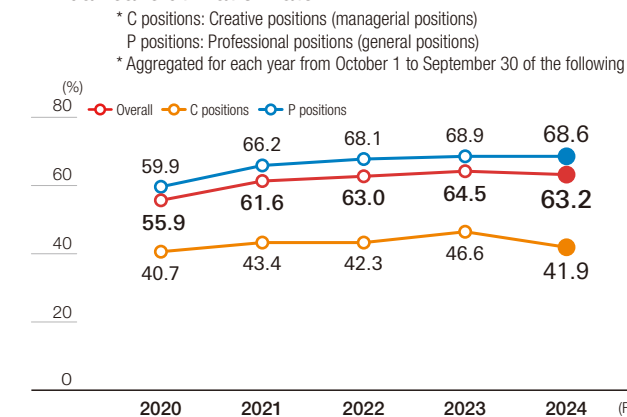
We will support our employees’ challenges, aiming to develop the company and the realization of the management targets set forth in TOKYO KEIKI Vision 2030. In addition, a committee has been established to deliberate on evaluation results and issues related to the operation of the evaluation system, aiming for a fair, equitable, and transparent personnel evaluation system.

### Accommodating a diverse range of work styles

To let all employees fully exert their capabilities, we have implemented a number of measures, including the establishment of various systems such as telework and flextime that can flexibly accommodate a variety of work styles, as well as no-overtime days.

In addition, to achieve work-life balance, we are striving to reduce overtime hours and improve the rate at which employees take annual paid leave (annual leave). The upper limit on the number of times employees can take half-day leave was eliminated in fiscal 2022, creating an environment that makes it easier for employees to take annual leave. As part of our efforts to support our employees in balancing their work with childcare and nursing care, we have expanded the scope of eligibility for child nursing leave, reduced working hours for childcare, and placed restrictions on overtime to cover children up to elementary school graduation age, and have also put in place systems that exceed legal requirements, such as allowing a leave of absence for nursing care of up to one year, in order to promote diverse work styles.

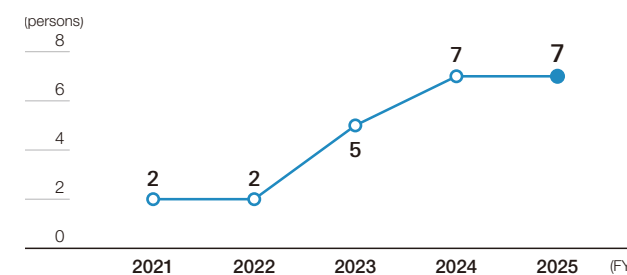
### Annual leave utilization rate



### Promotion of women's active participation

By promoting the development of a comfortable working environment for women, including the establishment of a childcare and nursing care leave system and a shortened working hours system for childcare, the TOKYO KEIKI Group has maintained a 100% rate of eligible female employees taking childcare leave and returning to work after childcare leave in fiscal 2024. Following the previous fiscal year, a woman was appointed to a managerial position at a plant, and other opportunities for women to play an active role are expanding.

#### Number of female in management positions



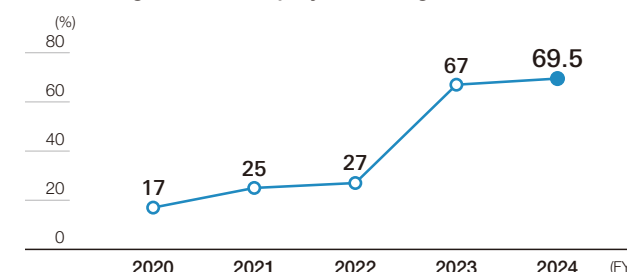
\* Number at beginning of period

### Promotion of men taking childcare leave

The TOKYO KEIKI Group also promotes the utilization of our childcare leave system by men in order to support balance between work and childcare.

In fiscal 2024, 69.5% of eligible male employees took childcare leave, a figure achieved by ensuring sure everyone is aware of the system.

#### Rate of eligible male employees taking childcare leave



### Employment of persons with disabilities

In addition to hiring at our head office and plants, we also use a satellite office that has been established as an environment that makes it easy for people with disabilities to work, and strive for actively hiring people with disabilities and expanding the scope of their work. In addition, in June 2024, we established a new collective workplace for people with disabilities at our head office by utilizing the knowledge we have gained from our satellite offices.

In addition, the Nasu and Sano plants have installed ramps and other accessibility facilities to provide a safe and secure working environment for people with disabilities.

#### Initiatives for employment of persons with disabilities

| FY   | Major initiatives   |
|------|---|
| 2020 | Establishment of a satellite office specializing in employment of people with disabilities  |
| 2022 | Increase employees in satellite offices<br>The Sano Plant hires first person with intellectual disabilities                             |
| 2023 | Increase employees in satellite offices<br>The Nasu and Sano plants have installed ramps and other accessibility facilities             |
| 2024 | Establishment of a new collective workplace specializing for people with disabilities and recruitment of such people at the head office |

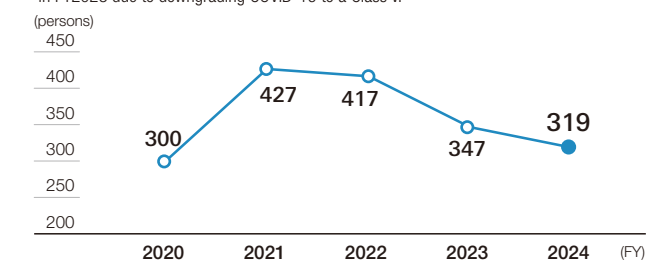
### Special annual leave program

The TOKYO KEIKI Group has introduced a special annual leave program that allows employees to accumulate expired annual leave and use it in such situations as medical treatment for personal injury or illness (including infectious diseases), childcare, nursing care, or volunteer work. In fiscal 2023, the system was expanded to allow use for follow-up examinations as part of health checkups. This system supports employees in their health and balance between work and childcare or nursing care needs, as well as in performing community service, and is used by a large number of employees each year.

#### Number of persons taking special annual leave program

\* Special annual leave refers to leave days newly granted on October 1 in number equal to days of annual paid leave that had expired in the previous year. Persons who have used at least one day of the year during the fiscal year are counted.

\* The number of users increased in FY2021-2022 in relation to COVID-19, but decreased in FY2023 due to downgrading COVID-19 to a Class V.



### Initiatives to prevent harassment

The Group creates workplace environments in which all employees can exert their capabilities to the utmost and pursue their potential. At the same time, to achieve pleasant workplaces where people can actively collaborate and cooperate with others, we seek to take measures to prevent and eliminate harassment in workplaces and to respond promptly and fairly to complaints and requests for consultations concerning harassment.

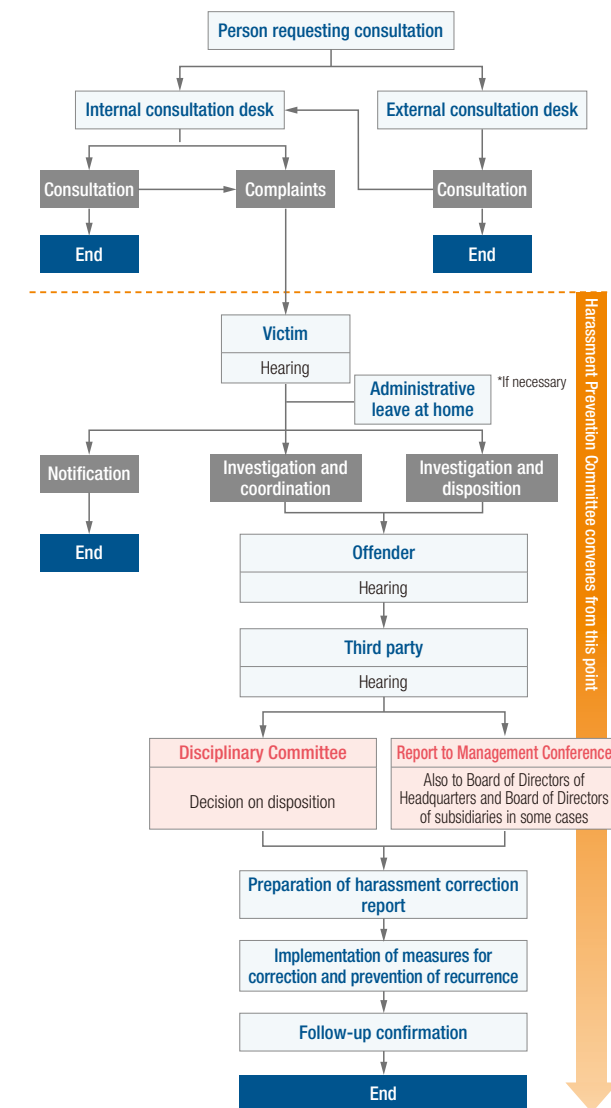
The Harassment Prevention Regulations, which define harassment and prohibited actions, apply not only to all officers and employees working for the Group, but also to customers, business partners, and others. We have set up shared consultation desks, both inside and outside the Company, to accept information from persons who have been subjected to harm, from persons who have witnessed or heard of incidents of harassment, or from other third parties who experience suspicions.

In the event that a complaint is received, the Harassment Prevention Committee will certify whether or not harassment has occurred after seeking the opinions of lawyers and other experts. Following that, the Committee will report to the Management Conference (in the case of a subsidiary, to the subsidiary's Board of Directors as well) and to the Board of Directors of Headquarters and the Disciplinary Committee as necessary, and will entrust consideration of disposition. The Harassment Prevention Committee will then consider and implement measures for correction and prevention of recurrence, after which the Committee, the head of the relevant department, and management supervisors will prepare a harassment correction report.

### Health and productivity management initiatives

Since our founding in 1896, TOKYO KEIKI has been a pioneer in health management, addressing the mental and physical health of every employee. To further promote health and productivity management, we established the Health and Productivity Management Promotion Council in fiscal 2023, issued the Health and Productivity Management Declaration both internally and externally in April 2024. As a result of having advanced various health-related initiatives, we were certified as a Health and Productivity Management Outstanding Organization (Large Enterprise Category) in fiscal 2025.

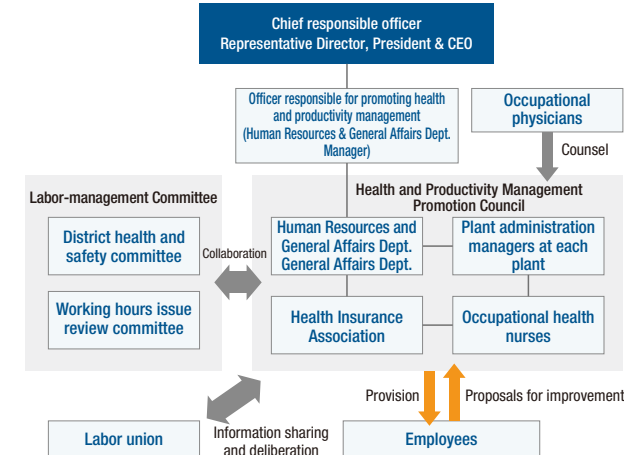
#### The problem-solving process



Health management at TOKYO KEIKI aims to ensure that our employees, who are our greatest asset, and the family members that support them lead happy and secure lives so that the Company continues to grow sustainably.

For TOKYO KEIKI, managing employees' mental and physical health is a management issue. As such, we take measures to eliminate risks, such as reducing absenteeism (taking time off due to illness or injury) and presenteeism (working despite poor health). We have introduced several welfare measures to help employees feel safe, secure, and happy day to day. Our four priority measures are (1) overwork countermeasure, (2) health management, (3) exercise habits, and (4) occupational health and safety.

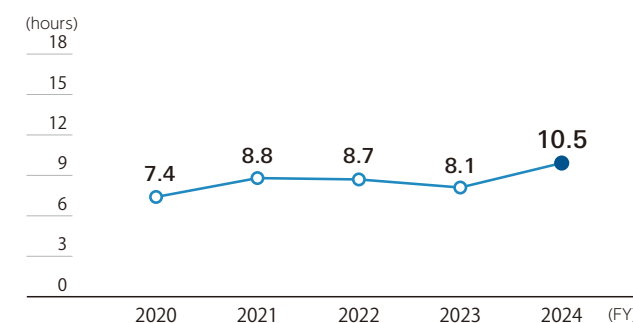
#### Promotion framework



#### (1) Overwork countermeasure

Every month, we check the working hours of all employees. If an employee has worked many overtime hours, the Committee for the Study of Working Hours Problems, consisting of labor and management, confirms the facts, investigates why it occurred, and decides on measures to reduce the number of overtime hours. In addition, health checkups and interviews with an occupational physician are conducted and labor and management confirm whether there are physical or mental health problems.

#### Average overtime hours



#### (2) Health management

We are working to curb presenteeism by recommending follow-up examinations, depending on the stage, to employees with abnormal findings in health checkups.

The Group conducts an annual vaccination program at workplaces to provide collective immunity against seasonal influenza and other infectious diseases. Other measures to prevent the spread of infectious diseases include making sure that workplaces always have disinfecting alcohol on hand. Some urgent events, such as COVID-19, require a Group-wide approach. In such cases, we establish an Emergency Response Task Force that collaborates with occupational physicians and occupational health nurses to determine the most appropriate infection control measures based on the latest information. Controls are implemented over the entire Group to prevent the spread of infection.

For mental health, we provide training for self-care and for workplace-based care through occupational health nurses and Human Resources and General Affairs Department staff in charge of health care. We also conduct stress checks for employees and provide feedback on the results.

In fiscal 2024, we conducted stress checks for 2,067 persons, with a response rate of 96.2% (1,989 persons analyzed).

#### (3) Exercise habits

As moderate exercise provides many health benefits, we offer events that staff can easily participate in. We hold two company-organized walking events each year, in addition to one organized by our health insurance association, providing three opportunities annually as part of our company-wide health initiatives. Family members may also participate in the health insurance association's events. We also hold baseball tournaments with teams from five bases including Head Office and the Group plants to enhance communication among them. Further, we support the establishment of clubs and support them with subsidies.



(4) Occupational health and safety

Manufacturing involves many hazards, such as machinery, chemicals, and heavy objects. This makes ensuring employee safety essential for continued operations. At the TOKYO KEIKI Group, we will strive to create and maintain workplaces where employees can work safely and with peace of mind, and will continuously work to create environments in which accidents do not happen.

Health and Safety Policy

1. We will eliminate risk factors related to occupational health and safety in the workplace, strive to create comfortable workplaces, and promote the maintenance and improvement of physical and mental health.
2. We will build a health and safety management system that includes occupational health and safety policies, and will maintain its appropriateness, validity, and effectiveness by making continuous improvements.
3. We will make occupational health and safety policies and other necessary matters known to all persons who work at the Company, and will work to enhance awareness of health and safety.
4. We will comply with laws and regulations related to occupational health and safety management systems, with agreements concluded by the Company, and with matters set forth in internal rules.

Work-related accidents in fiscal 2024 and efforts to prevent recurrence

Looking at work-related accidents in fiscal 2024, industrial accidents increased by 2 incidents from the previous fiscal year to 14 incidents and commuting-related accidents increased by 6 incidents to 8.

When an industrial accident occurs, members of the district Health and Safety Committee conduct an on-site inspection in the presence of the victim and determine measures to prevent recurrence. The content of these measures is recorded in a work-related accident incident report and submitted to the Company-wide Health and Safety Secretariat Liaison Conference. The measures are also horizontally deployed to the district Health and Safety Committees.

In recent years, such accidents have tended to be less the result of negligence due to familiarity by experienced employees and more caused by

inexperienced employees. Accordingly, we are striving to prevent industrial accidents before they occur by reinforcing instruction provided by experienced workers during the period when inexperienced employees are acquiring the basics of safe operation. We are also taking steps to further improve the workplace environment, for example by keeping workplaces tidy and eliminating steps, as the number of accidents involving falls by older employees has been increasing.

As commuting-related accidents had increased significantly, in fiscal 2024, we provided traffic safety education to all drivers who had caused accidents more than once and are working to prevent traffic accidents through this and other initiatives.

Major initiatives to increase the value of human capital

| Category                           | FY2024 results  | FY2025 plan  |
|------------------------------------|---|--|
| Recruitment                        | <div>Recruitment based on business-unit plans</div> <div>New graduate hires (joining in FY2025): 50 (37 men, 13 women, including 5 employees from outside of Japan, 9 semi-recent new graduates)</div> <div>Mid-career hires (joining in FY2024): 38 (32 men, 6 women, including 0 employee from outside of Japan)</div>  | <div>Expansion of recruitment quota for international students and overseas students</div> <div>Expansion of recruitment quota for semi-recent new graduates</div> <div>Establishment of internship courses</div>  |
| Human resource development         | <div>Implemented 49 level-specific training programs (49 in FY2023)</div> <div>Implementation of dialogue with the President (for newly appointed managers)</div> <div>Expansion of recognized public qualifications</div> <div>Manager training programs, including a new course on "Strategy conception skills" and "Logical Thinking Skills," to support the achievement of TOKYO KEIKI Vision 2030</div> <div>A new training program for developing young engineers</div> <div>A new IT literacy training program (e-learning)</div>  | <div>Implementation of a reskilling program</div> <div>Initial setup of a talent management system</div>   |
| Human resources system             | <div>Revision of wage system for management-level employees (to be revised from fiscal 2025)</div> <div>Revision of retirement allowance system and adoption of optional defined contribution (DC) plan (to be revised and introduced from fiscal 2025)</div>   | <div>Review of the re-employed system for retirees</div>   |
| Diversity                          | <div>Surveys of female employees for promoting women's active participation</div> <div>Rate of eligible male employees taking childcare leave: 69.5%</div> <div>Established a new collective workplace specialized for people with disabilities and recruited such people at the head office</div>  | <div>Improvement of the employment environment and implementation of mechanisms that enable women to fully demonstrate their capabilities, promoting their participation and advancement</div> <div>Stable employment system for people with disabilities outside of the head office (plants, external contractors, etc.) to be established and operated</div> |
| Health and productivity management | <div>Regular meetings of the Health and Productivity Management Promotion Council</div> <div>Recommendation of follow-up examinations for employees with abnormal findings; work restriction imposition for employees exceeding certain levels</div> <div>Granting of special leave for follow-up examinations based on the results of health checkups (permission to use)</div> <div>Implementation of occupational physician interviews for long-hour employees</div> <div>Workplace vaccinations against influenza</div> <div>Launch and opening of a dedicated health management website for internal and external use</div> <div>Walking events (at least twice a year)</div> <div>E-learning on diet, smoking, and female-specific health issues</div> <div>Maintained 100% record of health checkup rate, and implemented other health checkup measures</div> <div>Implementation of measures to increase the annual leave utilization ratio</div> <div>Obtaining certification as a "Health and Productivity Management Outstanding Organization"</div> | <div>Introduction an APP to improve employee's dietary habits</div> <div>Internal and external disclosure of the Health and Productivity Management Strategy Map</div> <div>Continued implementation of other initiatives conducted in fiscal 2024</div>   |

## Take on New Challenges!

## Setback? Make It a Comeback! Taking the First Step Can Change Everything



In May 2025, the Sustainability Promotion Office held a talk session at the Nagoya Sales Office under the theme “Making It Happen.” It was attended by a total of 10 people mainly members of the sales departments of the Fluid Power & Control Systems Company, Measurement Systems Company, and Electronics Systems Company.

We invited Ms. Mizuho Baba, a human resource development consultant from JBM Enterprise Co., Ltd. Drawing on her extensive experience, she spoke passionately about the joy of sales, the gap between ideals and reality, and the challenges that sales staff often face.

While our company's strength lies in sincerely

addressing customers' needs and challenges, we sometimes find ourselves limited by each company's own approach or way of thinking. This session provided a great opportunity to open their minds, gain fresh perspectives through exchange with Ms. Baba from a different field, and explore a variety of possibilities. Through lively two-way discussions, participants and Ms. Baba shared their thoughts and experiences, inspiring them to reflect on their own sales styles and find hints they could apply to their daily work. This kind of learning inspires participants to take action and creates positive changes that will help the entire organization grow.

### Breaking New Ground, See New Horizons

In the sales department, both sales staff and assistants play important roles and work hard every day. To turn ideas into reality, the key to opening up the future is breaking new ground of conventional thinking. Sometimes people aren't aware that they're

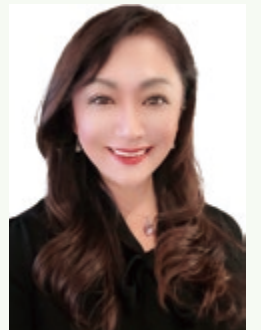
stuck in certain ways of thinking and have closed themselves off—like hiding in a shell. We aim to grow both as individuals and as an organization by breaking free from old frameworks, taking on new challenges, and gaining fresh perspectives and

experiences. Even when the organization is stagnant, we hope team members will break free from conventional thinking and come up with new ideas and perspectives. That's why the Sustainability Promotion Office chose “Breaking New Ground!” as the slogan for this talk session, encouraging everyone to challenge old ways of thinking and embrace new possibilities. We know this can be challenging for many, so we held this event hoping that even one

participant would feel themselves breaking out of their shell—like a chick hatching into a new world.

JBM Enterprise Co., Ltd.  
Representative Director, HR  
Development Consultant

**Mizuho BABA**



### Human Skills Beat Technical Skills

During her talk, Ms. Baba spoke passionately about a number of specific skills important for sales, including building trust through communication, noticing others' vocal tone and expressions, reading emotions, delivering persuasive presentations, closing presentations by guiding decisions, setting clear goals, and strengthening one's mental resilience. She emphasized that interpersonal ability is more important than these techniques, and that the essence of sales is being seen as “someone

people want to do business with.” She noted that sales are built on connections between people, and that it's important to consider things from the other person's perspective. She added that the obstacles we face in life can be gifts, and overcoming them can help us be reborn as a new version of ourselves. Additionally, exchanges with people from different fields can spark new ideas, foster collaboration, and create unexpected opportunities. Participants shared their thoughts and concerns, and seemed to be reminded of the importance of having the courage to take on challenges, not fearing failure, and just giving things a try—taking the first step can really make a difference. In the post-event survey, several participants gave specific feedback, such as, “Hearing perspectives from someone in a different field broadened my horizons,” and “I feel even more motivated to take action without fearing failure.” Managers also gave positive feedback, noting that the talk session was so enjoyable and valuable for both management-level and younger members.



### Aiming for Growth of People and the Organization

We hope to expand these small-scale talk sessions to other sites, aiming to support growth for each employee and boost engagement across the entire organization. We are convinced that this will boost motivation and co-creation, while also improving customer satisfaction and driving better business

results. Initiatives for developing human resources and strengthening the organization contribute to enhancing corporate value and building a foundation for sustainable growth. Going forward, we will continue to focus on dialogue in our initiatives and work to further enrich the program.



# Quality Management Initiatives

## Approach to quality management

Our Group’s basic philosophy regarding quality is to “Prioritize quality in our products and earn the trust of customers.” This philosophy is embodied by and integrated on an organizational level through the Group Code of Conduct and the Code of Ethical Conduct, among others.

### Common quality control policies

In line with our management philosophy, each internal company has formulated its own quality policy and is working actively to acquire and update certifications, including ISO 9001 or JIS Q 9100, and making continuous improvements of quality management systems.

Acquisition of quality management system

|            |   |
|------------|---|
| ISO 9001   | Marine Systems Company<br>Measurement Systems Company<br>Fluid Power & Control Systems Company<br>Inspection Systems Company<br>Communication & Control Systems Company |
| JIS Q 9100 | Electronics Systems Company   |

## Quality management promotion system

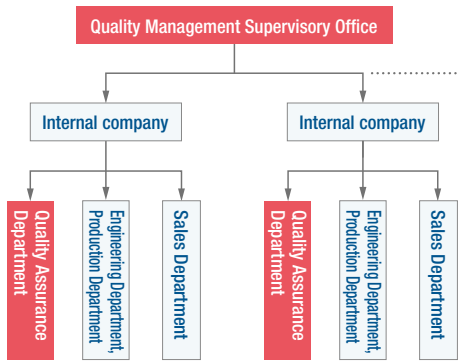
### Two tiers of quality assurance activities

We have established a Quality Management Supervisory Office to deal with company-wide issues relating to quality under our Headquarters’ administrative divisions.

The Quality Management Supervisory Office engages in the cross-organizational management and supervision of quality to ensure that our Group’s products remain above a certain level of quality. The office also engages in activities to prevent risks to quality before they manifest. More specifically, in addition to maintaining and managing the Technical Production Regulations, which are company-wide rules regarding the quality of our products, the Quality Management Supervisory Office complements the independent quality management efforts of individual quality assurance departments by conducting inspection quality audits of each internal company and subsidiary.

Within each internal company, the Quality Assurance Department is established independently from the Sales, Engineering, and Production departments, providing direction and guidance in the contracting, design and development, purchasing, production, inspection, and service stages of the work process. In addition, we have established a framework of internal company rules, allowing each internal company, with their varying characteristics, to draw up its own operational rules as long as they do not violate the Technical Production Rules.

Schematic of the two-tier quality management system



### Quality Subcommittee

The Quality Subcommittee was established as a forum for sharing information and resolving cross-organizational quality issues within the Company. It meets under the jurisdiction of the Chief Quality Officer, with the quality managers of each internal company and subsidiary as members. It is held four times a year by the Quality Management Supervisory Office to identify Company-wide problems and future challenges relating to quality, and to formulate measures to resolve them. In the event that concerns emerge regarding quality at an internal company or subsidiary, a report is made to the Chief of Quality at a Quality Subcommittee meeting. If the Chief of Quality deems it necessary, the Chief provides instructions to correct the issue and conveys information about the issue to the senior management at the Management Conference, etc.

## Specific measures for quality management

### Inspection quality audits

The Quality Management Supervisory Office conducts inspection quality audits for each internal company and subsidiary, ensuring audit effectiveness while continuously making improvements to enhance the product inspection systems (inspection quality) of each company and subsidiary. We also review the audit methods and scope each fiscal year and actively work to make improvements so that the audits do not become a mere formality.

### Activities of the Quality Subcommittee

At the Quality Subcommittee, in order to further improve product quality, we utilize the results of the inspection quality audits conducted by the Quality Management Supervisory Office and share insights and lessons learned that will contribute to quality improvements. In this way, we are promoting initiatives such as preventing potential risks ranging from minor deficiencies to serious issues as well as implementing early warning management.

### Quality training and initiatives

Internal quality audits are one means we use to maintain and strengthen quality management systems (QMS\*1), and we conduct internal auditor education in order to maintain and enhance the capabilities of our lead and regular auditors. Further, each of our internal companies holds meetings regarding quality (QC\*2 meetings, quality committees, etc.) to report defects and share solutions.

### [Electronics Systems Company, Communication & Control Systems Company, and Measurement Systems Company]

We provide hierarchy-based training on quality assurance and QMS for employees upon joining the company and when they are promoted. As part of our ongoing awareness-raising efforts, we conduct regular sessions on human error and implement continuous measures to prevent defects. Each November, we designate a “Quality Enhancement Month” and display outstanding quality slogans submitted by employees at our plants. We also conduct circle activities (KAIZEN/improvement activities) in each workplace that focus on the theme of “improving QCD\*3” to maintain and strengthen awareness of quality.

We encourage employees to acquire QC certification as part of their self-development. Instructors provide supplementary training to those

who wish to pursue the certification, resulting in a large number of qualified employees.

**[Fluid Power & Control Systems Company]**  
We have extended our quality control activities to TOKYO KEIKI PRECISION TECHNOLOGY CO., LTD. (Vietnam), part of the Hydraulics and Pneumatics business segment, and are working to enhance quality management by sharing information through quality meetings and related initiatives.

For specially controlled products, inspection details are individually agreed upon with the customer. We have therefore established a separate QMS for these products. Our inspection quality system is further strengthened by providing professional ethics education, training and appointing inspectors, registering them, and conducting unannounced audits of the relevant divisions. In fiscal 2024, we held basic training courses on hydraulics related to quality, tailored to participants’ skill levels. These courses were organized separately for new employees, employees in their second or third year, and mid-career hires, in an effort to raise overall competence and reduce complaints from the field.

The Electronic Equipment Department of the Fluid Power & Control Systems Company has started holding QC meetings with two key suppliers, setting shared KPIs and carrying out related activities to foster quality awareness across the supply chain.

### [Marine Systems Company]

Training sessions conducted by personnel in charge of quality were held at company meetings attended by all managers, with the aim of enhancing quality awareness as a shared understanding in all departments.

In order for our employees to learn quality control methods and improve their awareness of quality, we encourage them to acquire QC certificates and hold training sessions for the exam. These activities have produced a large number of certified persons.

Participation in training sessions for obtaining the QC certificate covers the Marine Systems Company, the Electronic Equipment Department of the Fluid Power & Control Systems Company, the Production Department of the Inspection Systems Company, and TOKYO KEIKI TECHNOPORT INC., with the entire Yaita Plant continuing to promote awareness activities and working to ensure shared quality awareness and prevent fading interest.

\*1 QMS: Quality Management System

\*2 QC: Quality Control

\*3 QCD: Quality, Cost, Delivery

# Compliance and Risk Management

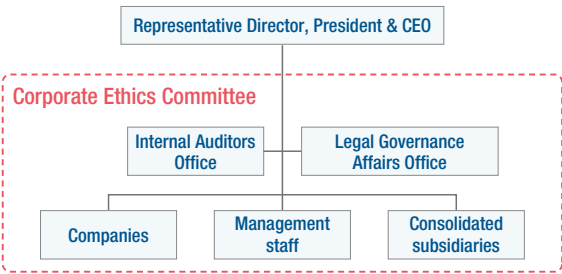
We have established the TOKYO KEIKI Group Code of Ethical Conduct as a code for acting in compliance with laws, regulations, our Articles of Incorporation, and social norms.

We recognize that the awareness of every employee is of utmost importance in the establishment of corporate ethics, and strive to uphold corporate ethics in our everyday activities. We also refuse any relationships with antisocial forces that threaten order and security in civil society.

## Approach and Policy on Compliance

To manage corporate ethics activities across the organization, we have established a permanent Corporate Ethics Committee chaired by the Chief Legal Governance Officer.

Corporate ethics-related organizational chart



### Code of Conduct

The TOKYO KEIKI Group Code of Ethical Conduct\* forms a basis for encouraging sound behavior by every employee. Working from basic stances that include the avoidance of words and acts in violation of laws and regulations, and appropriate response to acts that violate corporate ethics, the Code of Ethical Conduct sets out our responsibilities to all stakeholders, including the provision of products and services of benefit to society, contribution to society through our corporate activities, and the creation of safe and comfortable working environments. By complying with this code of conduct, we will fulfill our responsibilities to society.

Note that we also translate the Code of Ethical Conduct into local languages and ensure that our overseas subsidiaries are thoroughly versed in the code.

\*<https://www.tokyokeiki.jp/company/rinri.html>

## Initiatives aimed at raising awareness of compliance

Under the recognition that the awareness of all employees is of utmost importance in establishing corporate ethics, every year in April we carry out education on our code of conduct (the Code of Ethical Conduct) for all employees.

### Status of training implementation

Our Code of Ethical Conduct education has been provided to all employees through a combination of lecture-based learning and e-learning. Following completion of the course, all employees submit an Affidavit Concerning the Code of Ethical Conduct.

### Internal audits

Our internal audits consist of “regular audits,” which are conducted periodically based on a predetermined annual audit plan, and “extraordinary audits,” which are conducted at the direction of the President and CEO and the Audit and Supervisory Committee, or whenever needed. Both types of audits are conducted by the Internal Auditors Office. The Internal Auditors Office investigates the appropriateness and effectiveness of Group internal control systems from a standpoint that is independent of the division, department, or consolidated subsidiary being audited, and by implementing

improvements based on the results, helps to increase Group management soundness and efficiency. Our directors ensure that employees are fully aware of the significance of internal audits, as well as the duties, authority, and responsibilities of the Internal Auditors Office, and make every effort to ensure that internal audits are conducted smoothly and efficiently. Audits by the Internal Auditors Office cover all aspects of the Group’s corporate ethics and activities.

The Company’s directors ensure that the Manager of the Internal Auditors Office and audit staff are able to conduct internal audits without undue interference from employees. Audit personnel appointed by the Manager of the Internal Auditors Office are prohibited from engaging in the operations of their departments, divisions, or consolidated subsidiaries during the internal audit period, whether or not they are serving concurrently in the Internal Auditors Office. In addition, employees who receive instructions from the Audit and Supervisory Committee as necessary for their audit duties are not to receive instructions or direction from any other party with respect to such instructions. Furthermore, any personnel transfers, evaluations, or disciplinary actions involving employees belonging to the Internal Auditors Office must be approved by the Audit and Supervisory Committee.

The Manager of the Internal Auditors Office and audit staff may request that a department being audited submit forms and other materials necessary for conducting the internal audit, explain facts, and otherwise cooperate in the audit as required. If necessary, they may also inquire about details and request explanations of facts from related departments, divisions, consolidated subsidiaries, and external parties other than the department being audited. Furthermore, only when deemed necessary for the execution of internal audits, access to the minutes of various meetings may be requested.

The audit staff objectively evaluate the content of the audit and prepare an audit report within one month after its completion. The Manager of the Internal Auditors Office reports the results of the audit to the President and CEO, and delivers copies of the audit report to all directors as well as to the Chief Legal Governance Officer, the Audit and Supervisory Committee, and the audited department. If the President and CEO deems it necessary to report to the Management Conference, the Manager of the Internal Auditors Office reports the results of such audit to the Management Conference. In addition, if

the Audit and Supervisory Committee determines that a report to the Board of Directors is necessary, the Manager of the Internal Auditors Office reports the results of such audit to the Board of Directors. In the event that a matter requires urgent attention or is deemed to have a significant impact on the management of the company, the Manager of the Internal Auditors Office promptly reports to the President and CEO and all directors without waiting for the internal audit to be completed or for the audit report to be produced.

Areas identified for improvement or correction in the audit report are addressed by the audited department, which develops remedial or corrective measures under the guidance of the Legal Governance Affairs Office. The audited department promptly implements internally any improvements or corrective measures decided upon. The Manager of the Internal Auditors Office confirms the status of the implementation of improvements or corrective measures in a timely manner, reports to the President and CEO, and delivers copies to all directors, the Chief Legal Governance Officer, and the audited department. If the President and CEO deems it necessary to report at the Management Conference, the Manager of the Internal Auditors Office reports the confirmed status of the implementation to the Management Conference. In addition, if the Audit and Supervisory Committee determines that a report at the Board of Directors is necessary, the Manager of the Internal Auditors Office reports the confirmed status of the implementation to the Board of Directors.

### Whistleblowing system

Our Group has set up contact points inside and outside the company for directly accepting information on legally suspect acts or similar information, with the guarantee that no disadvantage will befall whistleblowers.

Two contact points inside the company are the Internal Auditors Office and the Audit and Supervisory Committee. The latter handles violations of laws and regulations by directors and executive officers, playing a role in preventing the concealment of violations by officers.

In fiscal 2024, no reports were received through the company’s internal reporting channels. We will continue working to entrench this system and enforce compliance with laws and regulations.



## Security Export Control Initiatives

In order to properly implement security export control for the purpose of maintaining international peace and security, the TOKYO KEIKI Group has established a set of Security Export Control Regulations and is implementing them appropriately. The Representative Director acts as chief responsible officer, and the Legal Governance Affairs Office, as the department in charge of export control under the Chief responsible officer's direct supervision, controls export control for the entire Group. In addition, an export control supervisor and an export control manager have been appointed in each department to ensure compliance with the relevant rules and regulations and to properly implement export control operations.

Periodic audits are conducted after the end of each fiscal year to ensure that security export controls have been properly implemented. The results of the audit are reported to the department in charge of export control, and if the results indicate that there are areas in need of improvement, the department in charge of export control instructs the export control supervisor of the relevant department to take the necessary corrective measures. The department in charge of export control reports the results of the audit, including such corrective measures, to the chief responsible officer after confirming the results of the corrective measures taken by the department concerned.

## Initiatives to prevent corruption

Our Group's Code of Ethical Conduct stipulates that we will not pursue profits through improper means, and that we will conduct dealings in accordance with domestic and foreign laws and rules.

To address overseas dealings, we have established Regulations for the Prevention of Bribery of Foreign Public Officials, and offer education every year to deepen understanding of laws and regulations related to the prevention of bribery in key countries. The regulations stipulate the appropriate method of approval for gifts and entertainment to foreign public officials, etc., depending on the nature of the gift or entertainment. When signing a contract with a new overseas distributor, etc., the Legal Affairs Governance Office conducts a review in advance to ensure that payment of compensation to the distributor does not constitute bribery and that there are reasonable grounds not to suspect bribery,

in addition to the normal contract review process. Furthermore, we thoroughly ensure that Group employees do not provide instructions, encouragement, or assistance to overseas distributors or any other party in bribing foreign public officials, etc. Education is conducted mainly as hierarchy-specific education for managerial-class employees in e-learning and classroom formats regarding overviews of laws on the prevention of bribery of foreign civil servants, the US Foreign Corrupt Practices Act, and cases of exposure of bribery of foreign public servants in Japan.

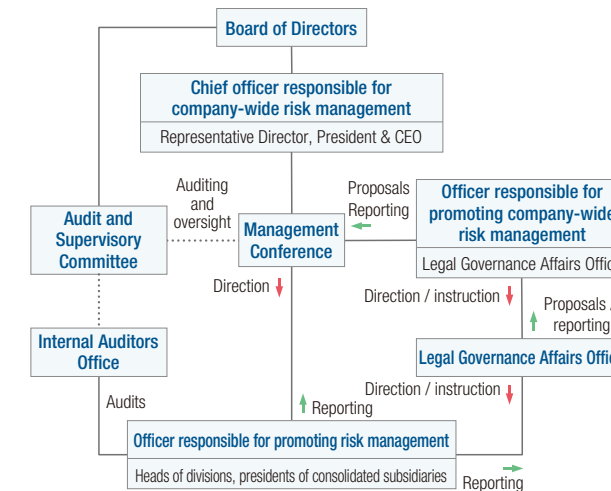
In Japan, since many of the Group's projects are for public agencies, the Group strictly prohibits so-called bid rigging, which is prohibited by the Act for Promoting Proper Tendering and Contracting for Public Works.

## Concepts, policies, and structures for risk management

In our business activities, we face risks that must be identified, evaluated, and analyzed at the management level, and for which the priority of responses must be made clear. Our Group's risk management system is organized into a Legal

Governance Affairs Office, Internal Auditors Office, Audit and Supervisory Committee, and other bodies, centered on the Management Conference and with the President & CEO as the chief officer responsible for company-wide risk management.

### Risk management implementation



## Risk management implementation

We have established Risk Management Rules that are shared Group-wide and that apply to the entire Group.

We implement risk management separately for “serious management risks” and for all other risks.

What is deemed serious management risks is reviewed and re-drafted annually by the Legal Governance Affairs Office in accordance with the Risk Management Rules as a report titled “Serious Management Risks and Key Measures.” The Chief Legal Governance Officer submits this report for approval to the Management Conference and the Board of Directors. Various divisions, departments, and subsidiaries are identified as being in charge in “Serious Management Risks and Key Measures.” Based on the ideal situations and key measures described in the report, these divisions, departments, and subsidiaries create “Serious Risk Measure Programs” for each specific measure that are submitted to the Legal Governance Affairs Office by the end of each fiscal year. The Legal Governance Affairs Office verifies the content of the “Serious Risk Measure Programs” submitted by the various departments in charge and, in the event of any deficiencies, indicates improvements to the relevant department. Each department integrates the determined risk measures into their medium-term business plans, and those measures that can be put into effect immediately are implemented as required.

Risks other than serious management risks are handled in accordance with the Risk Management

Rules. Each department, etc. follows a risk questionnaire to discover and identify risks that pose the possibility of causing a loss to the department. Departments conduct this process by investigating each risk category identified in the rules for that department's own business goals. Even when risks may not be applicable at the current time, full consideration is given to enumerating risks that can be expected to arise in the future due to environmental changes.

Each department then engages in evaluation and calculation of all identified risks. This evaluation and calculation includes an evaluation of the frequency of occurrence and the impact of each risk. These values are in turn multiplied to produce an overall evaluation. Risks whose overall evaluation score is 10 or more points are identified as serious risks. Measures for these serious risks are recorded according to a set format and submitted to the Legal Governance Affairs Office. They are also integrated into the department's own medium-term business plan. In addition, those measures that can be put into effect immediately are implemented as required. Those risks whose overall evaluation score is less than 10 points are, based on the respective department's controls (measures, practices, and self-evaluation), tackled as part of work efficiency improvement activities, etc.

At the end of each term, the departments evaluate the status of the implementation of the risk measures they formulated in the preceding fiscal year and report the results to the Legal Governance Affairs Office.

The Internal Auditors Office evaluates the “Serious Risk Measure Programs” from an independent perspective and, as necessary, conducts internal audits (inspections) and indicates corrections and improvements.

### Examples of serious management risks

|   |                                       |
|---|---------------------------------------|
| 1. Domestic and global economic changes | 7. Transactions with public agencies  |
| 2. Natural disasters and epidemics      | 8. Increasing competition             |
| 3. Development of new products          | 9. Material and component procurement |
| 4. Product quality                      | 10. Information security              |
| 5. Securing human resources             | 11. Intellectual property rights      |
| 6. Interest rate fluctuations           | 12. Retirement benefit liabilities    |

\* Details regarding the above risks are provided in our Annual Securities Report.

BCP (Business Continuity Plan)

Overview of BCP

In the event of emergencies, we place utmost priority on ensuring the safety of human life and promptly resolving the situation. The foundation of our response is minimization of losses and quick recovery from damage to ensure business continuity.

Toward this end, we maintain and improve regulations and work manuals common across our Group, namely, the Crisis Management Regulations that set forth basic matters concerning crisis management, and the Crisis Management Manual that describes procedures for responding to specific incidents.

BCP framework

The chief officer responsible for crisis management is the President & CEO, or a director or executive officer who is appointed to the position by the President & CEO. The organization that actually responds to an emergency is generally the department in charge involved in the crisis situation, with the Legal Governance Affairs Office providing support. When deemed necessary by the chief responsible officer, an emergency response task force is set up with the chief responsible officer as the task force head and the department in charge as the secretariat.

Ongoing review of BCPs

The rapid increase in extreme weather events and natural disasters in recent years has contributed to the heightened need to review BCPs. Natural disasters caused by abnormal and extreme weather events are occurring with increasing frequency—events that were once described as happening “once in 10 years” or even “once in 100 years.” These include flooding and river overflows triggered by localized downpours and linear rainbands; heavy snowfall caused by bomb cyclones; and widespread wind and flood damage brought by super typhoons. Such disasters pose increased risks to business continuity for companies and organizations by impacting production activities, logistics, and supply chains. In densely populated areas, the impact of disasters is more pronounced. In particular, metropolitan areas such as the Tokyo metropolitan area, where the TOKYO KEIKI Group’s head office

functions are located, are densely populated and have high concentrations of infrastructure, making the effects of disasters particularly severe. Natural disasters such as earthquakes and floods may cause complex and wide-ranging disruptions, including the suspension of business activities, transportation, and power supply. These risks underscore the importance of regularly reviewing our BCPs.

In today’s business environment, many companies, including our Group, operate global supply chains and maintain strong partnerships with both domestic and international suppliers, manufacturers, and logistics networks. A major natural disaster or extreme weather event anywhere in the world may seriously affect the supply chain, leading to production stoppages and parts shortages within the Group. This, in turn, increases risks to business continuity.

Furthermore, in recent years, digital technology and information systems have become important risk factors for the Group. Many business processes today rely on IT infrastructure, including the use of cloud services, EDI (Electronic Data Interchange) transactions with business partners, and integrated data management. In such circumstances, power outages and communication disruptions caused by natural disasters and extreme weather conditions can have a direct impact on the Group’s business activities.

Recognizing that these factors require the development of more effective BCPs and periodic reviews, the Group has begun reviewing its continuous business operations, including improving disaster response capabilities, conducting risk assessments, and establishing appropriate preventive measures and recovery processes. In order to provide continuous support, as a manufacturer, for measurement, cognition, and control in each of the industries we deal with, even in the event of a disaster, we have begun reviewing our disaster response manual, starting with our main production sites, under the direction of the Legal Governance Affairs Office, the department responsible for risk management within the TOKYO KEIKI Group. In 2023, we reviewed the BCP system for the Yaita

Plant, the main production plant for various navigational instruments for large commercial vessels and other ships, electronic equipment for construction machinery, and printing quality inspection devices. In 2024, we reviewed the Nasu Plant, the main production plant for defense and communications equipment and fluid measurement instruments; the Sano Plant, the main production plant for hydraulics and pneumatics equipment; as well as the Tanuma Plant, the main production plant for hydraulics and pneumatics equipment and hydraulic application systems. These plants incorporate multiple operative functions for various businesses, including departments for product design, production including material procurement and production control, quality assurance, information system management to support production, and general affairs to manage the plant as a whole. In conducting the review, we first convened line managers from each department and conducted desktop training. Through this training, managers familiar with practical operations discussed in a workshop style what each workplace must prioritize in the event of an emergency, what is currently being

done and what is not being done, and identified problems at the plant and the necessary countermeasures. Going forward, we will use the results of this review to prioritize the manuals that need to be developed or revised.

In addition, we have classified sales offices by type of lease (multi-tenant building or whole building lease) and the size of the office (number of employees and departments located therein), and developed simple BCP checklists that are suited to each type through interviews, etc. with sales office managers.

The BCP system for the head office is scheduled to be adjusted in fiscal 2026, following its relocation to the Haneda area in Ota Ward, Tokyo.



BCP workshop at the Sano Plant

Information security

Information security policy

Our Information Security Basic Policy is aimed at ensuring the confidentiality, integrity, and availability of the information that constitutes a vital asset of ours, as well as protecting that information from threats including disasters and accidents. The appropriate discretionary measures that we undertake in this area are grounded in the aims of this Basic Policy.

The Information Security Basic Policy consists of the following four categories.

Information Security Basic Policy

- ① Information security initiatives
- ② Compliance with laws and regulations, etc.
- ③ Protection of information assets
- ④ Incident response

System for promoting information security

We have established an Information Security Management Conference (ISMC), chaired by the Chief Information Officer and composed of members selected from departments. Our Strategic Information Planning Department under the Corporate Planning & Administration Office oversees formulation of measures related to information security. When formulating key measures, the department submits these to the ISMC and, depending on the content, consults with the Management Conference. In addition, TOKYO KEIKI INFORMATION SYSTEMS INC. (TIS), a subsidiary of ours, is in charge of our Group’s information system development and operation. TIS has acquired ISO/IEC 27001 certification, an international standard for an information security management system (ISMS).





### Information security incident response

We have created flowcharts and made these available on our intranet explaining in an easy-to-understand way what actions a user should immediately take in order to respond quickly when the risk of an information leak occurs due to the loss of a PC or smartphone, or when there is a serious information asset threat due to a computer virus infection, etc. Depending on the scope of the incident as reported by the chairperson of the ISMC, in accordance with the Crisis Management Regulations and per the judgment of the President & CEO, an emergency response task force for the information security incident may be established with the aim of swiftly bringing the incident under control and resolving it.

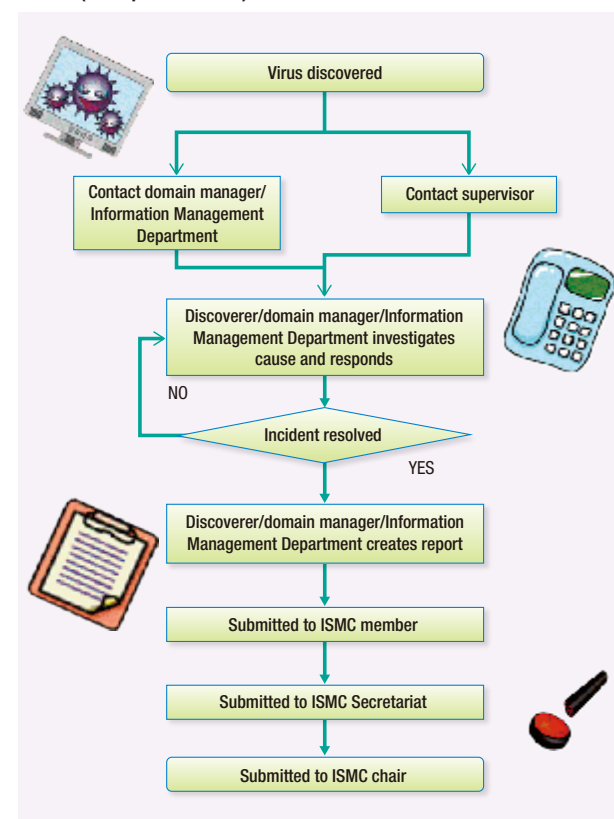
### Information systems user support

User education is extremely important in order to increase the effectiveness of information security management. The Strategic Information Planning Department under the Corporate Planning & Administration Office holds briefings for users when new systems and services are implemented. The department also conducts e-learning classes on basic information security. Since fiscal 2022, we have conducted security training for all employees regarding email, one major source of infection by computer viruses wreaking havoc. Specifically, we issued an alert to employees on suspicious emails and explained how to deal with such emails so that they can recognize suspicious content and avoid risky behavior such as opening attachments or clicking on URLs in the email body.

In addition, in order to achieve a new normal way of working after the COVID-19 pandemic, we are

continuing to improve the remote access environment and expanding the range of eligible employees. In parallel, we had security assessments of our IT infrastructure conducted by a specialized outside company. Based on the feedback from these assessments, implemented security enhancement measures, including the introduction of MDR (Managed Detection and Response) on employees' devices in order to enable 24/7 monitoring for early detection of security threats as well as swift, appropriate responses.

Example of information security incident response flow-chart (computer virus)



## Corporate Governance

By improving our corporate value through the realization of our Management Philosophy, and by increasing shared benefit with our stakeholders in the long term, the TOKYO KEIKI Group hopes that our shareholders will feel confident in long-term ownership of our shares. Toward this end, we continuously pursue and work to enhance excellent corporate governance.

### Concepts of corporate governance

Along with an understanding of the importance of corporate ethics, we recognize that achieving health, transparency, efficiency, and highly agile corporate management is the key point of corporate management systems for the sustainable growth and development of a company and the increase in its long-term corporate value as it responds swiftly to rapid changes in society and the environment—that is, it is the key point of corporate governance. We are enhancing our corporate governance in line with the following basic approaches.

#### Relationship with shareholders and other stakeholders

1. We will respect the rights of shareholders.
2. We will ensure the equality of shareholders.

### System of corporate governance

#### Organizational structure

As the organizational structure of our Company under the Companies Act, we have adopted the form of a company with an Audit and Supervisory Committee. We have an Audit and Supervisory Committee in which Outside Directors with independence and neutrality make up a majority of members, and delegate a substantial portion of the Board of Directors' authority for business execution to Directors. Doing so allows us to separate the oversight and execution of business and engage in speedy decision-making.

#### Basic policy on the composition of the Board of Directors

Representative Directors, Management Executives (President & CEO, Vice President & Executive Officer, Senior Executive Officer, Senior Managing Executive Officer), and Directors who are not Audit and Supervisory Committee and its Members are appointed with comprehensive consideration of the balance of the Board of Directors overall and whether

3. We will build positive and smooth relationships with our shareholders and many other stakeholders.
4. We will properly disclose company information and ensure transparency in our corporate management.

In April 2022, we transitioned to the Prime Market as our new market segment on the Tokyo Stock Exchange. To provide a high level of governance appropriate to a company listed on the Prime Market, we will continue working to strengthen initiatives and enhance our sustainable growth as well as our medium- to long-term corporate value by solving diverse social issues.

candidates possess the knowledge, experience, and capabilities required to satisfy diversity.

Directors who are Audit and Supervisory Committee Members are appointed based on comprehensive judgment of whether the candidates possess sufficient knowledge to properly perform the duties of Audit and Supervisory Committee Members. In particular, we include one or more persons who possess sufficient financial and accounting knowledge.

We also strive to appoint Outside Directors with independence and neutrality to at least one third of Director positions.

#### Concepts concerning the functions of the Board of Directors and independence

Outside Directors are Directors who are personally and financially independent from the Company and who fulfill the requirements for independent officers established by the Tokyo Stock Exchange, as well as the requirements for outside directors set forth in the Companies Act. Outside Directors make efforts to achieve excellent corporate governance by providing

counsel from perspectives differing from those of other Directors. As necessary, they may request submission of internal company materials or explanation and reporting of internal company information from other Directors, Executive Officers, or employees.

Audit and Supervisory Committee Members bear the role of working to establish an effective corporate governance system by overseeing and auditing the execution of duties by Directors. The Audit and Supervisory Committee composed of those members conducts verification of the content of reports received from Directors, Executive Officers, employees, Accounting Auditors, and other parties, as well as investigation of the status of the Company's business and assets. The Committee enacts necessary measures in a timely manner, including the provision of counsel, recommendations, and other opinions to Directors and suspension of the actions of Directors.

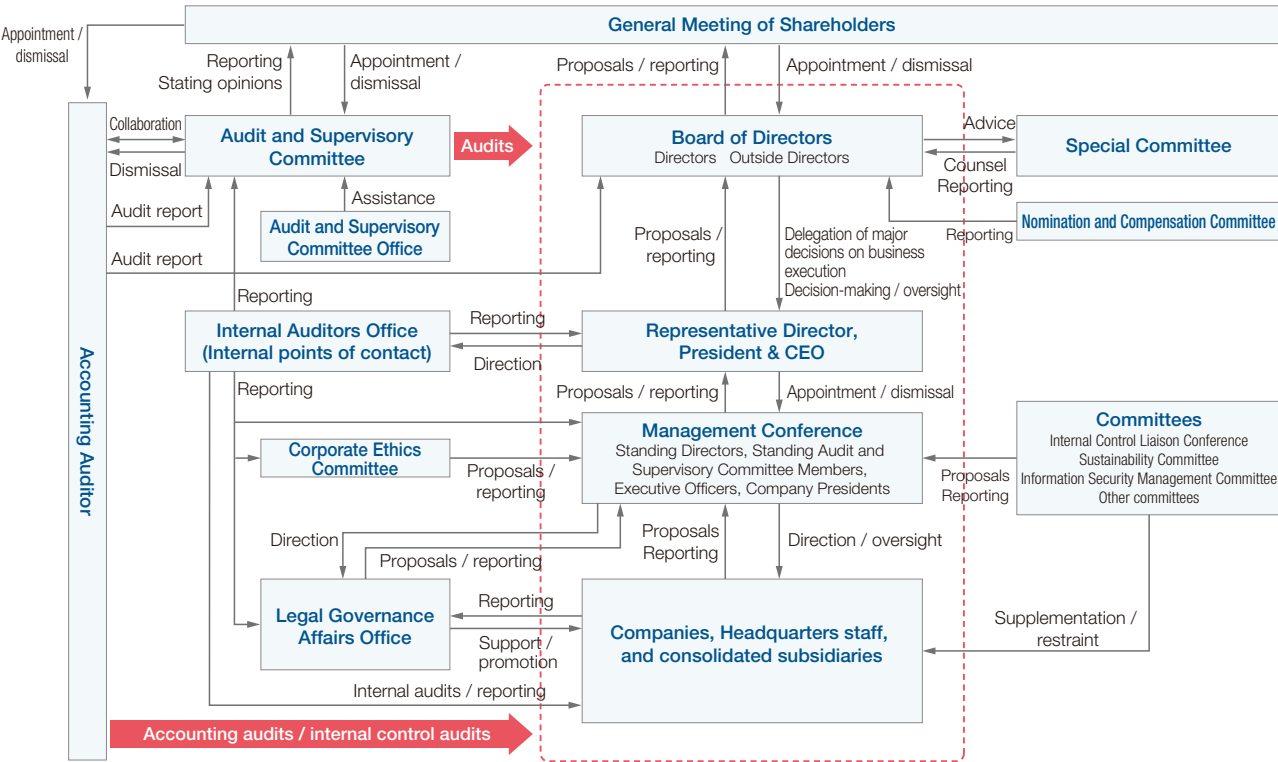
Composition of the Board of Directors

The Board of Directors has three Outside Directors among its six Directors (including three Directors who are Audit and Supervisory Committee Members). Outside Directors consist of two Directors who are Audit and Supervisory Committee Members and one female Director who is not an Audit and Supervisory

Committee Member. From Outside Directors, the Board receives candid comments from an external perspective and opinions of benefit to the Company's management based on the individuals' abundant experience. By doing so, we are making efforts to enhance the impartiality of our management and strengthen functions for the oversight of decision-making and execution of duties by business executives. Delegating important decisions on business execution to the Representative Director, President & CEO in accordance with the provisions of the Articles of Incorporation and resolutions by the Board of Directors enables swift decision-making in management and agile business execution, and allows the Board of Directors to focus on the oversight of business executives.

Related Committees

The Audit and Supervisory Committee is composed of two Outside Directors and one Internal Director. The Internal Director, as Standing Audit and Supervisory Committee Member, serves as Chair of the Committee. We have also established the Audit and Supervisory Committee Office, with one dedicated staff person and one staff person concurrently holding another position. This office



supports auditing work and smooth execution of duties by the Audit and Supervisory Committee.

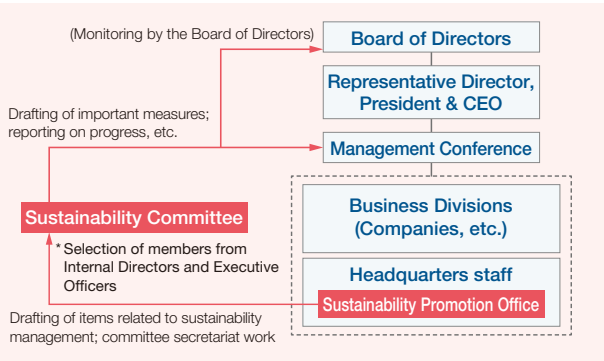
The Company has also established a Nomination and Compensation Committee under the Board of Directors to deliberate on proposals for director appointment and compensation. This Committee is chaired by Representative Director, President & CEO Tsuyoshi Ando, with Outside Directors Takashi Nakamura, Sayoko Izumoto, and Akihiko Hashimoto as members.

As a decision-making body for execution of management by the President & CEO, we have established a Management Conference to deliberate company-wide basic management strategy and its execution. The Management Conference is composed of Standing Directors, Standing Audit and Supervisory Committee Members, Executive Officers, and Company Presidents. The Corporate Ethics Committee, chaired by the Chief Legal Governance Officer, is composed of corporate ethics managers in the Group. It manages corporate ethics activities across the Group, enforces corporate ethics education for directors and employees, and works to prevent violations. We have also established a whistleblowing system as a means of directly providing information on legally suspect actions, and ensure that no disadvantage befalls whistleblowers.

The Special Committee is composed of Outside Directors and experts including one or more university professors, attorneys, and certified public accountants who have no interest with the Company. Our Large-scale Purchase Rules (an anti-takeover defense measure), which clearly and specifically

indicate procedures that takeover proposers should take prior to executing specific acts of purchase, in principle require judgment by the Special Committee on decisions regarding whether to implement specific measures, to exclude arbitrary decisions by the Company's Board of Directors.

Moreover, to promote sustainability management by which our Group seeks to improve the sustainability of our business through consideration of the sustainability of the environment, society, and economy, we established the Sustainability Promotion Office and the Sustainability Committee. At the enter of our Group, the Sustainability Promotion Office plans and promotes measures involving sustainability management. The Sustainability Committee is chaired by the Representative Director, President & CEO and selects members from Internal Directors and Executive Officers. It functions as a meeting body that discusses and shares sustainability management-related policies and measures, and executes decisions without delay across the Group. It also makes proposals on key measures and issues progress reports to the Management Conference and the Board of Directors.



Evaluation of effectiveness

Implementation guidelines for evaluation of the effectiveness of the Board of Directors during the reporting period

We carry out evaluations of effectiveness on the basis of Article 31 of our Corporate Governance Guidelines, which states, "The Board of Directors will, to evaluate its effectiveness, conduct self-evaluation at the end of each fiscal year with a focus on whether the execution of duties by the Board of Directors was performed in accordance with these Guidelines, and will analyze and evaluate the results. An outline of the

results of the analysis and evaluation will also be disclosed as appropriate." We disclose the results in our Corporate Governance Report and Annual Securities Report.

Initiatives to address issues raised in our evaluation of the 93rd term

In response to the issues identified in the 93rd, we undertook the following initiatives aimed at establishing an agenda for addressing long-standing issues and providing relevant information, as specific measures for



implementation during the 94th term. Specifically, we first reported on the progress of the medium-term business plan launched in fiscal 2024, reviewed the progress reporting format of our quarterly business reports, and improved the process of prior briefings to outside directors on proposals. In addition, with the aim of deepening Outside Directors' understanding of our businesses, we held on-site visits for the second consecutive year to our main production plants, the Nasu Plant and the Yaita Plant, where inspections were conducted on the newly built plant building established to handle the increase in orders for the Defense equipment business. In addition, opinions were exchanged with local executives involved in the Marine Systems business, which has experienced growing demand and increases in orders, and drawing on these insights, the Board of Directors has engaged in extended and high-quality discussions with the executive side of business.

Results of evaluation of the 94th term

We conducted a questionnaire survey aimed at all directors, including Audit and Supervisory Committee Members, to evaluate the effectiveness of the Board of Directors in the 94th term. Preparation, distribution, tabulation, and analysis of the anonymous response sheets were conducted by the Legal Governance Affairs Office, which serves as the secretariat for evaluation of effectiveness. The answer sheet consists of 17 questions covering areas of the Board

of Directors' composition, operation, deliberation, support structure, relationships with stakeholders, and the degree of contribution of individual directors. At the Board of Directors meeting held in May 2025, the Chief Legal Governance Officer reported on the aggregation of responses and the findings of analysis, and members discussed current circumstances and recognition of issues. On the basis of the results, it was determined that the Board of Directors of the company has shown some improvement with respect to the issues that were identified and that, in general, the Board of Directors is appropriately fulfilling its responsibilities and its effectiveness is being ensured. However, we also affirmed that there was still room for improvement in providing opportunities to share the analysis results of key strategic executions, the methods of providing related information, as well as in the deliberation of non-financial information, and shared this with the Board of Directors. Looking ahead, we will establish a concrete action plan for these issues and reconfirm progress and results in the next effectiveness evaluation. The Company will endeavor to improve the effectiveness of the Board of Directors by conducting appropriate evaluations every year, through resolution of issues recognized in effectiveness evaluations and continuous review of implementation methods for evaluation.

by the Board of Directors in March 2025, and has been disclosed outside the Company. TOKYO KEIKI Group Human Rights Policy <https://www.tokyokeiki.jp/e/hrpolicy.html> Initiatives in Line with the Human Rights Policy Initiatives under each item of the TOKYO KEIKI Group Human Rights Policy are promoted under the leadership of the Chief Sustainability Promotion Officer in collaboration with the Chief Legal Governance Officer and the manager of the Human Resources & General Affairs Dept.

Policy for appointment of directors

Policy for appointing Internal Directors who are not Audit and Supervisory Committee Members

In accordance with guidelines outlining seven requirements, the Company appoints Internal Directors who are not Audit and Supervisory Committee Members from among Executive Officers and employees, etc. who have the strong will, abundant experience, high level of insight, and high level of expertise needed to carry out the duties of a director.

Policy for appointing Internal Directors who are Audit and Supervisory Committee Members

In accordance with guidelines outlining six requirements, the Company appoints Internal Directors who are Audit and Supervisory Committee Members from among current (or incumbent) Audit and Supervisory Committee Members, Executive Officers, and employees, etc. who have the strong will, abundant experience, high level of insight, and high level of expertise needed to carry out the duties of a director. We particularly emphasize a deep understanding of matters such as finance, accounting, and internal control, as well as sufficient experience and expert knowledge.

Policy for appointment of Outside Directors

In accordance with guidelines outlining seven requirements, the Company appoints Outside Directors from among persons who possess abundant experience, a high level of insight, and a high level of expertise; persons who possess a practical perspective as an outside company manager or other position; and persons who possess an objective and expert perspective based on a high level of knowledge of global conditions and socio-economic trends.

Skills matrix

In order to verify whether the TOKYO KEIKI Group is furnished with the management capabilities needed to resolve the Group's challenges, we have outlined in the following table the knowledge and expertise (skills) possessed by all of our Directors in various fields based on two perspectives: items required for the management of a listed company, and matters required per our business activities. The determination of each Director's skills took into consideration their accomplishments as Directors and Executive Officers in each field as well as their past professional experience.

Skills matrix

As of June 26, 2025

| Name<br>(Position) |  | Gender | Nomination and<br>Compensation Committee | 1<br>Corporate<br>management | 2<br>Marketing / sales | 3<br>Finance | 4<br>IT / digital technology | 5<br>HR / labor /<br>HR development | 6<br>Legal affairs /<br>risk management | 7<br>Global experience | 8<br>Production systems | 9<br>Quality management | 10<br>R&D / technology<br>development | 11<br>ESG / sustainability<br>management | 12<br>Compliance /<br>governance | 13<br>M&As |
|--------------------|--|--------|--|------------------------------|------------------------|--------------|------------------------------|-------------------------------------|---|------------------------|-------------------------|-------------------------|---------------------------------------|--|----------------------------------|------------|
| Tsuyoshi ANDO      | (Representative Director, President & CEO)   | Male   | ●  | ●                            | ●                      |              | ●                            |                                     | ●                                       | ●                      |                         |                         | ●                                     |  | ●                                | ●          |
| Yukihiko SUZUKI    | (Director & Executive Officer)   | Male   |  |                              |                        |              | ●                            |                                     | ●                                       |                        | ●                       | ●                       | ●                                     | ●  |                                  |            |
| Sayoko IZUMOTO     | (Director <div>Outside</div> <div>Independent</div> )  | Female | ●  |                              |                        | ●            |                              |                                     |   |                        |                         |                         |                                       |  | ●                                |            |
| Takahiro KASHIMA   | (Director & Audit & Supervisory Committee Member)  | Male   |  | ●                            |                        | ●            | ●                            |                                     |   |                        |                         |                         |                                       |  | ●                                |            |
| Takashi NAKAMURA   | (Director & Audit & Supervisory Committee Member <div>Outside</div> <div>Independent</div> ) | Male   | ●  | ●                            |                        | ●            | ●                            | ●                                   |   |                        |                         |                         |                                       |  | ●                                |            |
| Akihiko HASHIMOTO  | (Director & Audit & Supervisory Committee Member <div>Outside</div> <div>Independent</div> ) | Male   | ●  | ●                            | ●                      | ●            |                              |                                     | ●                                       | ●                      |                         |                         |                                       |  | ●                                |            |

Note: Directors who possess relevant national qualifications: Sayoko IZUMOTO (Certified Public Accountant)

Outside

 : Independent officer under the securities listing regulations of the Tokyo Stock Exchange

Independent

 : Outside director

Compensation system for directors

Basic Policies

The compensation for Directors who are not Audit & Supervisory Committee Members is determined in accordance with the Rules for Directors'

Compensation. Compensation for Directors who are not Audit & Supervisory Committee Members (excluding Outside Directors) is composed of (1) monetary compensation as basic compensation

and as additional compensation (performance-linked compensation), and (2) stock compensation as transfer-restricted stock compensation, with the aim of reflecting business performance and sharing value with shareholders. The compensation for Outside Directors who are not Audit & Supervisory Committee Members consists only of the basic compensation under (1) monetary compensation. For both compensation amounts, the Representative Director, President & CEO receives a Memorandum on Director Compensation from the Committee and, based on this, finally determines and proposes compensation amounts to be resolved by the Board of Directors.

Compensation for Directors who are Audit and Supervisory Committee Members, consisting of only basic compensation in the form of monthly fixed compensation, is determined through deliberation by Audit and Supervisory Committee Members on the basis of members' roles, duties, and categorization of standing or non-standing status, within the total amount determined at the General Meeting of Shareholders.

Monetary Compensation

A basic compensation proposal for each director who is not an Audit and Supervisory Committee Member is made by the Representative Director, President & CEO, referencing the necessary information on director compensation allowing comparison with the Company, obtained through sources including surveys on trends in director compensation. Once basic compensation has been determined, amounts may be reduced in consideration of matters including the Company's current business situation.

For performance-linked compensation, which is provided as additional compensation, the Representative Director, President & CEO consults in advance with the Representative Director in accordance with the criteria prescribed in the Rules for Directors' Compensation for determining whether the performance-linked compensation should be paid or not (such as consolidated operating income not

having decreased by a certain percentage compared with the initial forecast and the previous fiscal year, profit attributable to owners of the parent being at or above a certain level, dividends not having been reduced compared with the initial forecast or suspended, and ROE not having declined by more than a certain percentage from the initial forecast), and determines whether or not performance-linked compensation will be paid. After the decision to pay performance-linked compensation has been made, the amount of said compensation is calculated and proposed in accordance with the following procedure.

Compensation Calculation Formula

Individual payment amount = Consolidated operating income for the fiscal year under evaluation x Performance-linked compensation coefficient for each position x Premium rate

Stock Compensation

The Company sets and pays monetary compensation credits for each eligible Director by multiplying the basic compensation amount by a coefficient corresponding to their respective position. Each eligible Director receives an allocation of transfer-restricted stock through the granting of all monetary compensation credits as in-kind contribution. The paid-in amount of the transfer-restricted stock is determined by the Company's Board of Directors within an extent that is not overly advantageous to the receiving directors, based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the preceding business day before the resolution by the Board of Directors concerning issuance or disposal of the stock (or, if no transactions took place on said business day, the closing price on the most recent trading day).

Similar transfer-restricted stock is also allocated to the Executive Officers of the Company and Representative Directors of subsidiaries of the Company.

Amount of compensation by officer category

| Officer category  | Total amount of compensation, etc. (million yen) | Total amount by type of compensation, etc. (million yen) |   |                                 | Number of eligible officers (persons) |
|---|--|--|---|---------------------------------|---------------------------------------|
|   |  | Basic compensation                                       | Transfer-restricted stock compensation (Note 1) | Performance-linked compensation |                                       |
| Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors) | 70   | 50   | 10  | 10                              | 2                                     |
| Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)     | 17   | 17   | —   | —                               | 1                                     |
| Outside directors   | 19   | 19   | —   | —                               | 4                                     |

Notes: 1. The total amount of compensation, etc. is the amount of monetary compensation credits paid under the transfer-restricted stock compensation system.  
2. The total amount of the above compensation, etc. for Directors does not include amounts equivalent to the employee salaries of Directors who serve concurrently as employees.

Stakeholder Engagement

To the extent possible, we provide opportunities for dialogs with stakeholders to discuss and exchange thoughts on the status of our business and our initiatives to resolve social issues through our business. We will continue to work on further enhancing our communication of information.

Multi-Stakeholder Policy

We are aware of our mission to realize a safe society and people's happiness through creative technologies centered on measurement, cognition, and control, and we are committed to appropriate collaboration with multiple stakeholders based on the growing importance of co-creating value, not only with shareholders, but also with a wide range of other parties, including employees, business partners, customers, creditors, and local communities. Regarding the appropriate distribution of earnings and results generated through the co-creation of value and productivity improvement, in recognition of the fact that appropriate distribution to multiple stakeholders will lead to sustained momentum for wage increases and sustainable economic development, we will pursue the following initiatives

aimed at returning profits to employees and giving due consideration to business partners.

**1. Giving back to employees**

We will focus on maximizing added value through sustainable growth and productivity improvement by focusing management resources on growth areas and by developing and enhancing the skills of our employees. Based on the earnings and outcomes generated, we will raise wages in a manner that is appropriate for the company's situation in accordance with the "General Principles of Wage Determination." In addition, as an overall improvement in benefits, we aim to provide a sustainable return to employees through proactive efforts centered on human resource investment that will contribute to higher employee engagement and further productivity.

Major areas of stakeholder engagement

| Stakeholders                  | Communication method  | Point of contact  |
|-------------------------------|---|---|
| Customers                     | · Daily sales activities · Explanation of product operation · Training · Product maintenance and service · Exhibitions, etc. · Hydraulic School (course on hydraulics)  | · Business Divisions (sales/service departments) · Corporate Communications Office  |
| Shareholders / Investors      | · General Meeting of Shareholders*1 · Financial results briefings*2 · Disclosure of financial results briefing materials on IR-related web pages · Individual meetings with institutional investors*3   | · Legal Governance Affairs Office (Handling of General Meeting of Shareholders) · Corporate Communications Office   |
| Suppliers / Partner companies | · Holding of business policy briefing sessions (cooperating factories, distributors, agents) · Daily procurement activities · Auditing of cooperating factories   | · Material Management & Purchasing Office, factories' materials sections · Business Divisions (sales departments)   |
| Employees                     | · Labor-Management Negotiations / Management Council (labor-management deliberations) · Briefings on programs, dialogs with the President & CEO*4 · Evaluation interviews   | · Human Resources and General Affairs Department · Corporate Planning & Administration Office   |
| Communities                   | · Dialogs with industrial park unions, etc. · Dialogs with local residents' associations, etc. · Community cleanup campaigns together with companies in vicinity of industrial parks · Sponsorship of local events (fireworks displays, etc.) | · (Headquarters District) Human Resources and General Affairs Department · (Plants) Plant administration sections · (Hanno) TKA Administration Department*5 · (Tanuma) TPS Administration Section*6   |
| Government                    | · Dialogs with government officials (local government, police, fire department, etc.) · Response to government agencies in the event of accident or incident  | · (Headquarters District) Human Resources and General Affairs Department · (Plants) Plant administration sections · (Hanno) TKA Administration Department*5 · (Tanuma) TPS Administration Section*6 · Corporate Planning & Administration Office (Government agency response) |

\*1 Videos have been posted online following the General Meeting of Shareholders.  
\*2 Live online streaming of financial results briefings has been conducted and videos posted afterwards.  
\*3 Offered through online conferences and in-person meetings.  
\*4 Held with a limited number of participants and support for online conferencing.  
\*5 TKA: TOKYO KEIKI AVIATION INC.  
\*6 TPS: TOKYO KEIKI POWER SYSTEMS INC.



## 2. Consideration of business partners

We remain committed to complying with our Partnership Building Declaration.

- **Date of registration of Partnership Building Declaration**  
April 28, 2023
- **Partnership Building Declaration URL**  
<https://www.biz-partnership.jp/declaration/28872-05-21-tokyo.pdf>

## Specific initiatives

### Engagement with shareholders

We view the General Meeting of Shareholders as a valuable opportunity for dialogue with our shareholders. Accordingly, in addition to holding the meeting in the conference room of our headquarters, we have also posted a video of the meeting online after it has concluded. By doing so, understanding of the Group's business activities is deepened among our many shareholders, including those who refrained from attending in person and those located far away. Moreover, we are posting part of the convocation notice in English on the company's website to enable shareholders overseas to obtain information in a timely manner.

### Engagement with investors

We hold full-year and interim financial results briefings for institutional investors in a live online format. A transcription has been provided to aid a better understanding of the content. (Only in Japanese)

#### Live streaming of the financial results briefings for the fiscal year ended March 31, 2025



Although the web-based meetings that were introduced during the COVID-19 pandemic have become the mainstream method for IR meetings, face-to-face meetings with investors visiting our offices have gradually increased. We provide opportunities for visitors to deepen their understanding of our products through demonstrations and hands-on simulations at our

## 3. Other initiatives relating to stakeholders

To the extent possible, we provide opportunities for dialogs with stakeholders to discuss and exchange thoughts on the status of our business and our initiatives to resolve social issues through our business. We will continue to work on further enhancing our communication of information.

We will continue to make steady progress on the following items while monitoring the status of efforts.



Product Exhibition Area at the Head Office

product exhibition area of the Head Office.

We hold approximately 200 IR meetings annually. This figure is about three times that of the previous fiscal year, primarily due to the following reasons: a doubling of orders and sales in our Defense equipment business following an increase in the national defense budget; continued strong performance in the Navigational equipment business amid ongoing robust conditions in the shipping industry; and heightened interest in our space business, which the Group is prioritizing as one of its growth drivers. In addition, multiple analyst reports have been published by securities firms, which appear to have contributed to the increase in investor meetings and the rise in our share price.

Matters of interest and opinions obtained from IR meetings are reported twice a year to management by the Corporate Communications Office in the form of "IR Status Report."

### Communication of information through the media

Our Group works to deepen understanding of our business activities by communicating information to stakeholders through varied media. In July 2024, the TOKYO KEIKI Group was featured in the TV-Tokyo

documentary series "Unknown Gulliver—Excellent Company File." The program introduced not only our Head Office but also our production sites, including the Yaita Plant and the Nasu Plant.



Scene from the Head Office Interviews

### Engagement with Business Partners

#### • Visiting Tour by TOYOKUNI Co., Ltd.

In October 2024, employees of TOYOKUNI Co., Ltd., a sales and service distributor, visited our Head Office and the Nasu, Yaita, and Sano Plants as part of their employee training program.



Members of TOYOKUNI Co., Ltd.

Since its founding in 1955, TOYOKUNI has been involved in the sales, installation, and maintenance of our products. They handle a wide range of equipment, including marine systems, hydraulic and pneumatic devices, and flow measurement equipment. In addition, many employees have many years of on-site experience and possess extensive knowledge of our product history and maintenance practices. This visit was organized in response to TOYOKUNI's desire to learn more about our products through direct observation of the production sites.

At the Head Office, participants explored our major current products as well as past products displayed in the historical materials room, while our staff explained the changes and technological advancements over time. At each plant, they explored our production lines up close. Feedback from participants included comments such as, "Seeing the actual production sites helped deepen understanding" and "Learning about the history of

the products we have handled for many years led to new discoveries."

The visit concluded with a letter of appreciation and a commemorative gift presented by Mr. Keiji Yamaji, President of TOYOKUNI, and a warm commitment to continue growing together.

### Engagement with the Local Community and Administrative Agencies

#### • Showing Our Gratitude to the Community: Flood-Prevention Sandbag Donation

In September 2024, "Operation: Sandbag Donation" was carried out as the Nasu Plant's 50th anniversary project, with employees making approximately 530 sandbags—one per person—and donating them as disaster preparedness supplies to Nasu Town and Nasushiobara City. This project was planned as a participatory activity for all employees. It was based on the idea that "the Nasu Plant has been able to continue its operations for many years thanks to the support of the local community. We would like to express our gratitude on this 50-year milestone." Various proposals were considered during discussions at the Project Executive Committee. An employee who serves in the local fire brigade suggested donating sandbags, explaining that the idea would contribute to the region's disaster prevention efforts, allow everyone to participate, and be easy to make. This proposal was then adopted.

Despite daily temperatures exceeding 30°C, employees worked in pairs to carefully complete each sandbag. Through this process, they also strengthened their teamwork skills.

The 530 sandbags were divided in half. One set was donated to Nasu Town in September, and the other to Nasushiobara City in October. These sandbags will be used to help prevent flooding during typhoons or heavy rains. This activity, carried out through employees' collaboration, turned our gratitude toward the local community into action and provided each employee with a valuable opportunity to enhance their disaster-prevention awareness.



Making Sandbags at the Nasu Plant



● Fiscal 2024 In-house Fire Brigade Training Competition

In September 2024, our company's fire brigade took part in the training competition held at Kamata Fire Station of Tokyo Fire Department. The In-house Fire Brigade is a team that supports the safety of building users by responding quickly and effectively to disasters such as fires or earthquakes. At the competition, the In-house Fire Brigade's sequence of activities—such as firefighting, reporting, and guiding evacuations before the fire department arrives—was assessed. On this occasion, a team of three employees who joined the Company in fiscal 2024—two men and one woman—practiced diligently for about two months on the rooftop of the head office. They wore long-sleeved work clothes and helmets while training under the scorching sun. At first, they focused on memorizing the sequence of actions while following the manual. Gradually, they became more comfortable handling the firefighting equipment and started training as if it were the actual performance. In the process, they naturally developed strong teamwork.

Finally, our In-house Fire Brigade won second place in the corporate division. Training under the intense midsummer sun was tough, but it gave the team valuable experience and a chance to grow. We will continue enhancing our awareness of disaster prevention through these training activities.

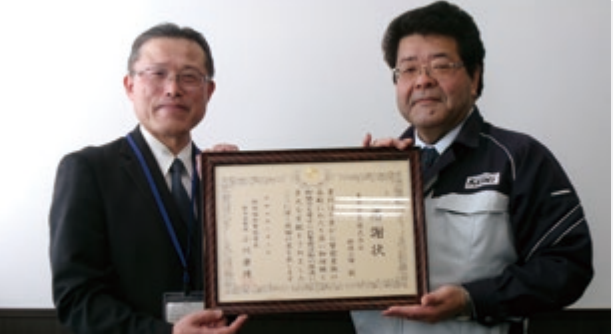


Scene from the Training Competition

● Presentation of a Letter of Appreciation from Nasushiobara Police Station

In March 2025, our Nasu Plant received a letter of appreciation from the Chief of the Nasushiobara Police Station, Tochigi Prefecture, in recognition of its contributions. The Nasu Plant has built a longstanding relationship with the Nasushiobara Police Station over many years, due to its engagement in defense-related operations. We maintain close collaboration with the authorities on a daily basis through regular information exchanges regarding security and information-leak prevention, as well as by supporting events focused on crime prevention and traffic safety.

At the presentation of the letter, we organized a plant tour for police staff, mainly from the Security Section, in response to the Chief's wish to inform personnel about the presence of a company engaged in defense-related business in the jurisdiction. During the tour, participants observed the Nasu Plant's initiatives in defense-related operations.



Left in the photo:  
Mr. Yasuhiro Ogawa, Chief of the Nasushiobara Police Station (then)

Engagement with employees

● Playing “Intellectual Property Karuta” During New Employee Training

In April 2024, as part of the legal affairs and intellectual property (IP) training for new employees, we introduced an interactive learning session using the “Intellectual Property Karuta,” an educational card game on intellectual property developed by Yamaguchi University. Conventionally, the training mainly consisted of classroom lectures. This activity was introduced to allow new employees—most of whom were meeting each other for the first time—to interact and enjoy learning together. In this Karuta game, each reading card shows a short verse related to IP, and players have fun trying to find and match the corresponding picture card that illustrates the concept. Participants were split into several groups and tried to find the matching cards as the facilitator read them aloud. Unlike traditional lecture-style learning, the new employees actively participated, making the session lively and fun. In post-training surveys, participants commented: “It helped us communicate with our peers” and “We could learn in a fun, game-like way.” By learning about IP in a hands-on and approachable way, the training also helped participants develop the IP literacy needed for practical work.



Intellectual Property Karuta



Interactive Learning using Karuta

Company Profile

Company Profile (as of March 31, 2025)

|                  |  |            |   |
|------------------|--|------------|---|
| Trade name:      | TOKYO KEIKI INC.   | ISO 9001   | Marine Systems Company<br>Measurement Systems Company<br>Fluid Power & Control Systems Company<br>Inspection Systems Company<br>Communication & Control Systems Company |
| Representative:  | Tsuyoshi ANDO, Representative Director,<br>President & CEO | ISO 14001  | Nasu Plant<br>Yaita Plant<br>Sano Plant<br>Tanuma Plant   |
| Address:         | 2-16-46, Minami-Kamata, Ohta-Ku, Tokyo<br>144-8551 JAPAN   | ISO Q 9100 | Electronics Systems Company   |
| Founded:         | May 1, 1896  |            |   |
| Established:     | December 21, 1948  |            |   |
| Paid-in capital: | JPY7,217,597,300   |            |   |
| Employees:       | 1,720 (consolidated)                                       |            |   |

Sales Offices and Service Centers

● Sales offices

|                        |                           |                           |                    |                                       |
|------------------------|---------------------------|---------------------------|--------------------|---------------------------------------|
| Sapporo Sales Office   | Measuring instruments     |                           |                    |                                       |
| Sendai Sales Office    | Measuring instruments     |                           |                    |                                       |
| Nagano Sales Office    | Hydraulics and Pneumatics |                           |                    |                                       |
| Kitakanto Sales Office | Measuring instruments     | Hydraulics and Pneumatics |                    |                                       |
| Shizuoka Sales Office  | Hydraulics and Pneumatics |                           |                    |                                       |
| Nagoya Sales Office    | Measuring instruments     | Hydraulics and Pneumatics | Defense equipment  |                                       |
| Hokuriku Sales Office  | Hydraulics and Pneumatics |                           |                    |                                       |
| Osaka Sales Office     | Measuring instruments     | Hydraulics and Pneumatics | Inspection systems | Inertial sensor and applied equipment |
| Kobe Sales Office      | Navigational equipment    |                           |                    |                                       |
| Hiroshima Sales Office | Measuring instruments     | Hydraulics and Pneumatics |                    |                                       |
| Yamaguchi Sales Office | Hydraulics and Pneumatics |                           |                    |                                       |
| Imabari Sales Office   | Navigational equipment    |                           |                    |                                       |
| Fukuoka Sales Office   | Measuring instruments     |                           |                    |                                       |

● Service centers

|                             |                        |
|-----------------------------|------------------------|
| East Service Center (JAPAN) | Navigational equipment |
| West Service Center (JAPAN) | Navigational equipment |

● Plants

Nasu Plant  
Yaita Plant  
Sano Plant  
Tanuma Plant  
Hanno Plant

● Overseas offices

Singapore Branch  
Taipei Branch  
The Representative Office in Ho Chi Minh City

● Group companies

TOKYO KEIKI AVIATION INC.  
TOKYO KEIKI INFORMATION SYSTEMS INC.  
TOKYO KEIKI POWER SYSTEMS INC.  
TOKYO KEIKI RAIL TECHNO INC.  
TOKYO KEIKI TECHNOPORT INC.  
MOCOS JAPAN CO., LTD.  
TOKYO KEIKI U.S.A., INC.  
TOKYO KEIKI (SHANGHAI) CO., LTD.  
TOKYO KEIKI PRECISION TECHNOLOGY CO., LTD.  
TOKIMEC KOREA POWER CONTROL CO., LTD.

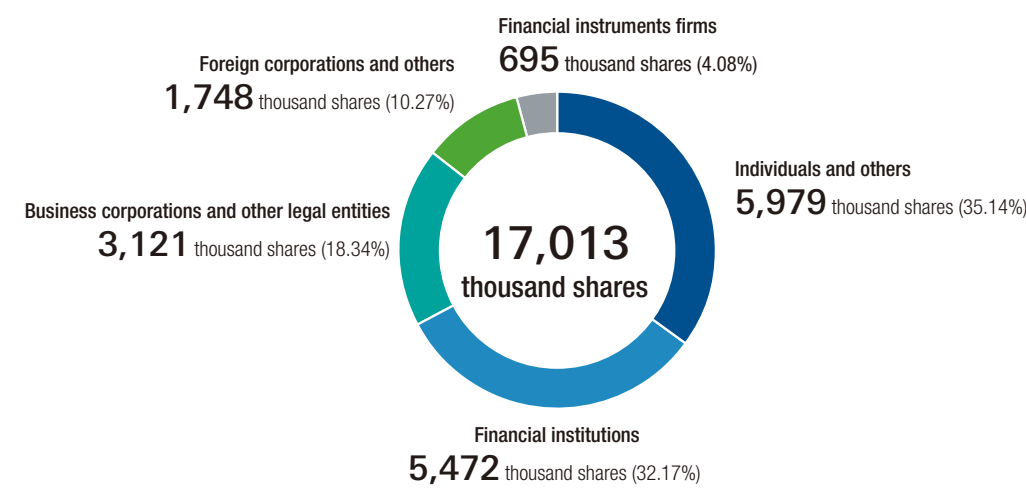


# Share Data

## Stock Status (as of March 31, 2025)

|                                   |                   |                                    |  |
|-----------------------------------|-------------------|------------------------------------|--|
| Total number of shares authorized | 50,000,000 shares | Stock Listing                      | Tokyo Stock Exchange (Prime Market)          |
| Total number of shares issued     | 17,076,439 shares | Stock Code                         | 7721   |
| Number of shareholders            | 13,819            | Shareholder Registry Administrator | Mitsubishi UFJ Trust and Banking Corporation |
|                                   |                   | Accounting Auditor                 | Deloitte Touche Tohmatsu LLC                 |

## Shareholders Composition (as of March 31, 2025)



Note: Treasury shares totaling 647 thousand shares are included in the “Individuals and others” category.

## Major Shareholders (as of March 31, 2025)

| Shareholder name  | Number of shares held (Thousands) | Share-holding ratio |
|---|-----------------------------------|---------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account)                                    | 1,889                             | 11.50%              |
| Sumitomo Mitsui Banking Corporation   | 653                               | 3.98%               |
| Custody Bank of Japan, Ltd. (Trust Account)   | 460                               | 2.80%               |
| TOKYO KEIKI EMPLOYEE SHAREHOLDING ASSOCIATION   | 402                               | 2.45%               |
| Nippon Life Insurance Company   | 376                               | 2.29%               |
| The Bank of Yokohama, Ltd.  | 373                               | 2.27%               |
| KODEN Holdings Co., Ltd.  | 360                               | 2.19%               |
| Mitsubishi UFJ Trust and Banking Corporation  | 339                               | 2.06%               |
| MSCO CUSTOMER SECURITIES<br>(Standing proxy: Morgan Stanley MUFG Securities Co., Ltd. ) | 315                               | 1.92%               |
| NAGANO KEIKI CO., LTD.  | 288                               | 1.75%               |

Notes: 1. The Company retains 647,180 shares as treasury shares, which is excluded from the above list of principal shareholders.  
2. The percentage of total shares is calculated without treasury shares.

## Head Office to Relocate to Haneda

In March 2026, TOKYO KEIKI will relocate its head office from Kamata, Ota Ward, where it has been based for 96 years, to Haneda Innovation City.

Taking this relocation as an opportunity, we will advance the development of an environment that supports continuous business expansion, while also creating a workplace that fosters active communication and accommodates diverse work styles.

**New Location:**  
HANEDA INNOVATION CITY, Zone B  
1-1-4 Haneda Airport, Ota-ku, Tokyo 144-0041

# TOKYO KEIKI INC.

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