

Financial Results Briefing for 2Q of the Fiscal Year Ending March 31, 2025 (FY2024)

November 8, 2024

TOKYO KEIKI INC. (Securities code: 7721)



Key Takeaways

1

FY2024 2Q

Net sales increased and operating loss significantly reduced compared to the same period last fiscal year.

Net sales	¥20,582 mn	Up ¥1,382 mn YoY
Operating profit (loss)	¥(105) mn	Up ¥294 mn YoY

2

Full-year forecasts for FY2024

FY2024 earnings forecasts announced on May 10, 2024 has been revised upward, expecting record-high operating profit.

Net sales	¥58,300 mn	Up ¥1,000 mn
Operating profit	¥4,100 mn	Up ¥540 mn
Operating profit margin	7.0%	Up 0.8%pts

3

Order backlog

Order backlog reached a record high mainly in Defense & Communications Equipment, continuing from 1Q.

FY2024 1Q	¥50,055 mn	FY2024 2Q	¥54,750 mn	
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Contents

1. Summary of Financial Results for 2Q of FY2024

2. Full-year forecasts for FY2024

3. Topics

References

- Business Trends
- Our Businesses

Net Sales and P/L

(Million yen)	FY2023 2Q	FY2024 2Q	YoY Change	
			Amount	%
Net sales	19,200	20,582	+1,382	+7.2%
Operating profit	(399)	(105)	+294	—
Ordinary profit	(259)	28	+287	—
Profit attributable to owners of parent	(237)	63	+300	—
Exchange rate (JPY/USD)	140.00	153.98		

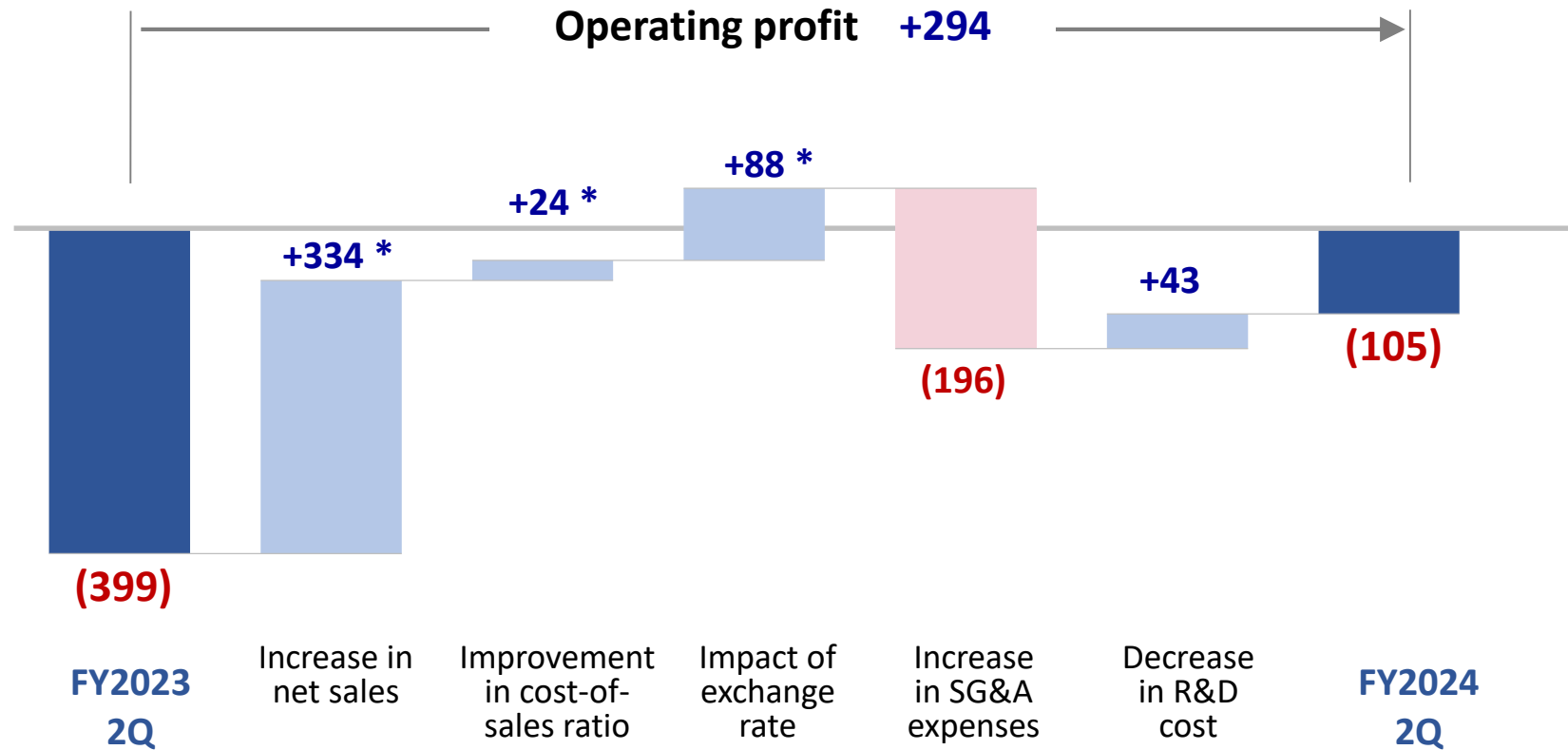
- Net sales increased overall, thanks to higher sales in Marine Systems Business and Defense & Communications Equipment Business.
- The operating loss was significantly reduced, thanks to the continued strong performance of Marine Systems Business.

Quarterly changes	FY2023		FY2024	
	1Q	2Q	1Q	2Q
Net sales	9,417	9,783	8,693	11,889
Operating profit	(483)	84	(479)	374

Analysis of YoY Changes in Operating Profit

(Million yen)

*Estimated value



- Increase in net sales:**
 Increases in personnel expenses and travel and transportation expenses under SG&A expenses were offset by increases in net sales in Marine Systems Business and Defense & Communications Equipment Business.
- Impact of exchange rate:**
 Yen remained depreciated against the US dollar at ¥153.98, compared to ¥140.00 in the same period last fiscal year.

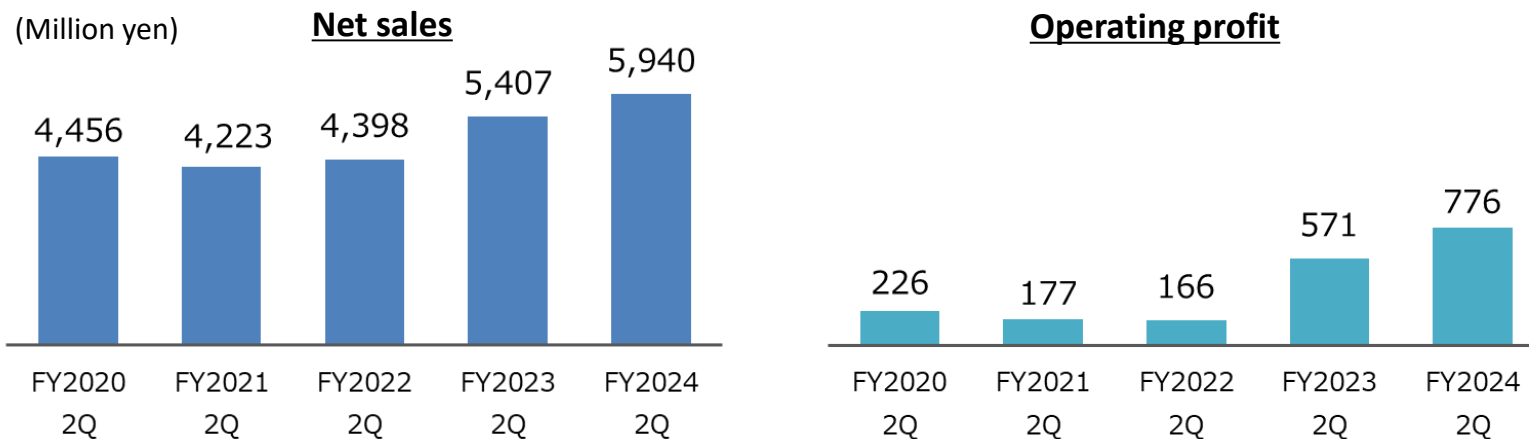
Net Sales and Operating Profit (Loss) by Segment

		FY2023 2Q	FY2024 2Q	YoY Change	
				Amount	%
Marine Systems	Net Sales	5,407	5,940	+533	+9.9%
	Operating Profit	571	776	+205	+36.0%
Hydraulics and Pneumatics	Net Sales	5,567	5,352	(214)	-3.9%
	Operating Profit	(36)	27	+63	–
Fluid Measurement Equipment	Net Sales	1,512	1,663	+152	+10.0%
	Operating Profit	(124)	(130)	(7)	–
Defense & Communications Equipment	Net Sales	5,364	6,239	+875	+16.3%
	Operating Profit	(727)	(738)	(11)	–
Others	Net Sales	1,350	1,386	+36	+2.7%
	Operating Profit	(37)	(16)	+21	–
Total	Net Sales	19,200	20,582	+1,382	+7.2%
	Operating Profit	(399)	(105)	+294	–

*Segment sales and operating profit are presented on a pre-adjustment basis.

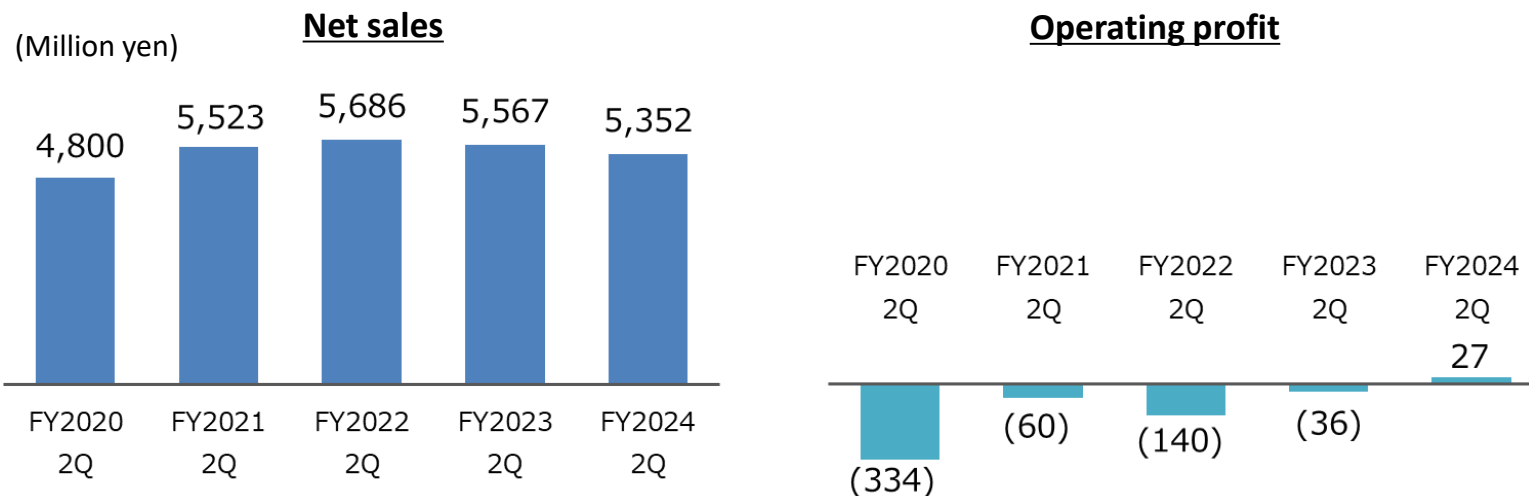
Net Sales and Operating Profit (Loss) by Segment

Marine Systems



- In addition to strong performance in the commercial vessels market and maintenance services, the robust performance of overseas markets and the depreciation of the yen led to a year-on-year increase in net sales.
- An increase in net sales and the yen depreciation resulted in a significant year-on-year increase in operating profit.

Hydraulics and Pneumatics



- Despite favorable performance in overseas markets, sluggish conditions in markets for plastic processing machinery, machine tools, and construction machinery resulted in a year-on-year decrease in net sales.
- In addition to efforts to secure profits through optimizing selling prices, the improved cost-of-sales ratio driven by the changing product mix, which was due to an increase in the delivery of hydraulic application equipment, etc., led to a return to the black.

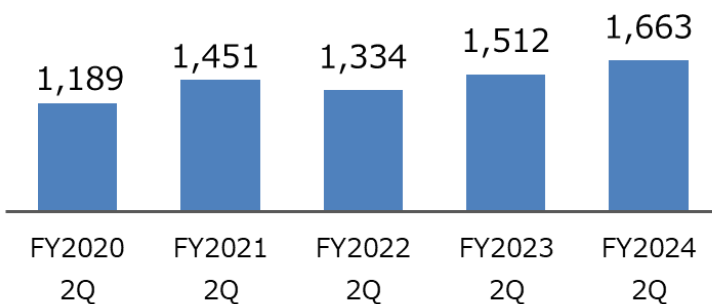
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Net Sales and Operating Profit (Loss) by Segment

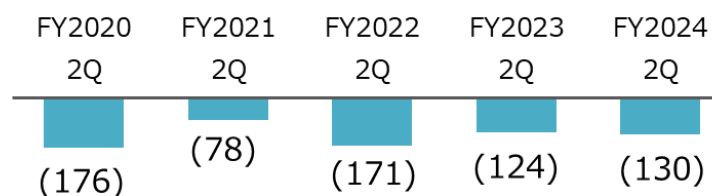
Fluid Measurement Equipment

(Million yen)

Net sales



Operating profit

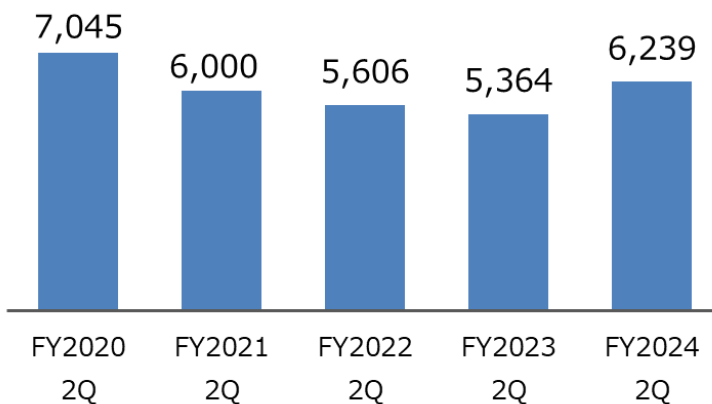


- The segment enjoyed strong performance in multistory parking garage projects in the fire extinguishing equipment market and a steady performance in the public sector market. As a result, the segment posted a year-on-year increase in net sales.
- Although net sales increased, operating loss was on par with the same period of the previous fiscal year. This was attributable to a rise in the cost-of-sales ratio driven by the changing product mix.
- The segment tends to post operating loss in 2Q as sales are usually concentrated in 4Q due to the nature of the measuring instruments business.

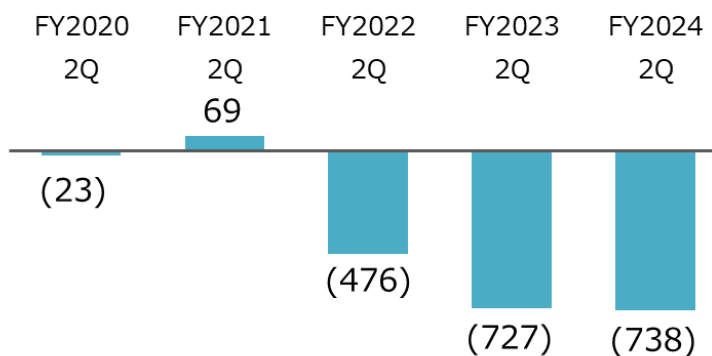
Defense & Communications Equipment

(Million yen)

Net sales



Operating profit



- Despite sluggish conditions in the Communications Equipment Business, increased national defense budgets led to a strong performance for aircraft radar warning devices, aircraft parts and other products in the Defense Business, resulting in a year-on-year increase in net sales.
- A rise in the cost-of-sales ratio driven by the changing product mix and a decline in net sales in the Communications Equipment Business resulted in operating losses on par with the same period of the previous fiscal year.
- The segment tends to post operating loss in 2Q as sales are usually concentrated in 4Q due to the nature of the Defense Business.

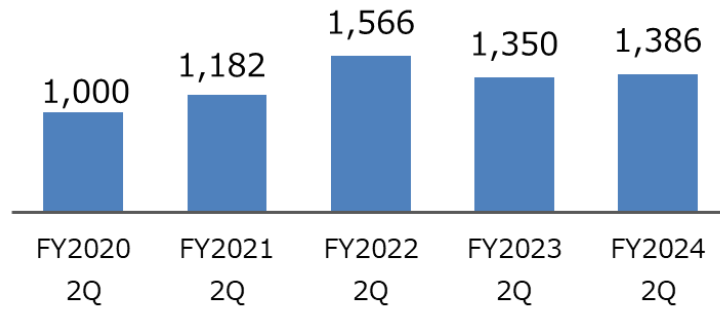
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Net Sales and Operating Profit (Loss) by Segment

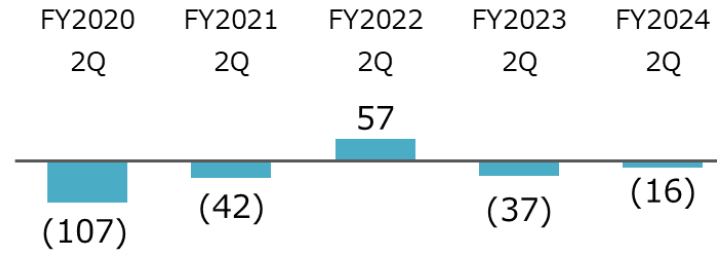
Others (Inspection/Railroad)

(Million yen)

Net sales



Operating profit



- Despite sluggish performance in the Railway Maintenance Business, the Printing Inspection Equipment Business performed well, resulting in a year-on-year increase in net sales.
- Operating loss was reduced thanks to efforts such as optimizing selling prices in the Printing Inspection Equipment Business.

*Segment sales and operating profit are presented on a pre-adjustment basis.

Status of Orders Received

(Million yen)	Orders Received				Order Backlog				Overview
	FY2023 2Q	FY2024 2Q	YoY Change		FY2023 2Q	FY2024 2Q	YoY Change		
			Amount	%			Amount	%	
Marine Systems	5,292	6,670	+1,378	+26.0%	4,050	5,146	+1,096	+27.1%	Both orders received and order backlog increased due to strong demand for new shipbuilding in the overseas market and maintenance services.
Hydraulics and Pneumatics	5,823	5,958	+135	+2.3%	3,695	4,004	+309	+8.4%	Orders received were on par with the same period of the previous fiscal year due to strong performance in the overseas market, despite sluggish orders in the machine tool market. The order backlog increased due to customers' advance orders.
Fluid Measurement Equipment	2,515	2,803	+288	+11.4%	2,596	2,660	+64	+2.5%	Orders received increased thanks to strong orders in fire extinguishing equipment markets. The order backlog was on par with the same period of the previous fiscal year due to the advance of large-scale projects in the first half of the year and other factors.
Defense & Communications Equipment	11,693	13,421	+1,728	+14.8%	28,598	40,833	+12,234	+42.8%	Against a backdrop of increased national defense budgets, both orders received and order backlog for 2Q reached record highs.
Others	2,265	1,738	(527)	-23.3%	2,410	2,106	(303)	-12.6%	Both orders received and order backlog decreased. This was due to the sluggish demand in the printing inspection equipment market, fewer large-scale projects in the Railway Maintenance Business compared to the previous year, and the fact that orders for rail inspection cars are scheduled for the fourth quarter.
Total	27,589	30,590	+3,001	+10.9%	41,349	54,750	+13,401	+32.4%	Order backlog reached a record high.

Condensed Balance Sheet

(Million yen)	As of March 31, 2024	As of September 30, 2024	YoY Change
Assets			
Current assets	50,863	53,077	+2,214
Non-current assets	16,115	16,658	+543
Total assets	66,978	69,734	+2,756
Liabilities			
Current liabilities	21,781	22,226	+445
Non-current liabilities	7,828	10,821	+2,993
Total liabilities	29,609	33,047	+3,438
Net assets			
Shareholders' equity	32,901	32,439	(462)
Accumulated other comprehensive income	3,948	3,763	(184)
Total net assets	37,369	36,687	(682)
Total liabilities and net assets	66,978	69,734	+2,756

■ Current assets

Trade receivables decreased by ¥4,676 million as the collection of sales proceeds from the previous fiscal year progressed.

Inventories increased by ¥5,630 million due to higher purchases, stemming from a higher volume of orders received in the Defense Business, and Other increased by ¥424 million due to an increase in advance payments to suppliers, etc.

■ Non-current assets

Property, plant and equipment increased by ¥593 million due partly to investment for growth and replacement of aging facilities.

■ Liabilities

Loans of ¥4,500 million were taken on to accommodate the demand for funds associated with a significant increase in orders received, resulting in an increase of ¥3,930 million in borrowings.

■ With the equity ratio at 51.9%, we continued to maintain financial soundness.

Contents

1. Summary of Financial Results for 2Q of FY2024

2. Full-year forecasts for FY2024

3. Topics

References

- Business Trends
- Our Businesses

Status of External Environmental Risks

	Occurrences	Target Business	Response	Degree of Impact
Rising prices of materials	<ul style="list-style-type: none"> • Increased domestic labor costs impacting material prices. • Price hikes for electronic components impacting material prices. • Global inflation impacting purchase prices. 	✓ All Businesses	<ul style="list-style-type: none"> • Continue negotiations with customers to raise selling prices. • Reduce procurement costs. 	High
	<ul style="list-style-type: none"> • Postponement of contracted projects due to pressure on client budgets. 	✓ Fluid Measurement Equipment	<ul style="list-style-type: none"> • Enhance monitoring of contracted projects and compensate with other projects. 	Medium
Exchange rate	<ul style="list-style-type: none"> • Exchange rate fluctuations being unpredictable. 	<ul style="list-style-type: none"> ✓ Marine Systems (+) ✓ Hydraulics and Pneumatics (-) <p>*The case of a weakening yen.</p>	<ul style="list-style-type: none"> • Revise the planned USD exchange rate at ¥140 to ¥145 in the second half. • Exchange rate sensitivity: ¥1 depreciation increases operating profit by approximately ¥6 million • Beware of potential price increases in purchased components. 	Medium
Chinese economy	<ul style="list-style-type: none"> • Economic slowdown impacting sales. • Impact of import and export restrictions arising from U.S.-China frictions. 	<ul style="list-style-type: none"> ✓ Marine Systems ✓ Hydraulics and Pneumatics 	<ul style="list-style-type: none"> • Plan to secure components in advance of orders received from customers and/or switch to alternative items as necessary. • Expand sales of high value-added products. • Expand sales in other regions. 	Medium

FY2024 Full-year Earnings Forecast

(Million yen)	FY2023 Results	FY2024 Forecast	YoY Change		Initial Forecast		
			Amount	%	Forecast	Amount	%
Net sales	47,166	58,300	+11,134	+23.6%	57,300	+1,000	+1.7%
Operating profit	2,768	4,100	+1,332	+48.1%	3,560	+540	+15.2%
Ordinary profit	2,990	4,280	+1,290	+43.1%	3,780	+500	+13.2%
Profit attributable to owners of parent	2,277	3,090	+813	+35.7%	2,850	+240	+8.4%
Operating profit margin	5.9%	7.0%	+1.2%pts		6.2%	+0.8%pt	

Exchange rate and exchange rate sensitivity

Currency	Exchange rate			Sensitivity in 2H	
	FY2023 Result	FY2024		Benchmark	Operating profit
		Result in 1H	Forecast in 2H		
USD	¥144.32	¥153.98	¥145.00	¥1 depreciation	+¥6 million

■ We made upward revisions to the earnings forecast announced on May 10, 2024, reflecting the higher-than-expected first-half results and the revision of the second-half earnings forecast. We expect operating profit to reach a record high.

- Rate against the US dollar set at the beginning: ¥140
- Rate against the US dollar set for the second half: ¥145

Earnings Forecast by Segment

(Million yen)		FY2023 Results	FY2024 Forecast	YoY Change		Initial Forecast as of May 10			Outlook
				Amount	%	Forecast	Amount	%	
Marine Systems	Net Sales	11,016	12,500	+1,484	+13.5%	11,400	+1,100	+9.6%	<ul style="list-style-type: none"> ■ Demand for new shipbuilding and maintenance services are expected to remain steady. ■ If the yen continues to depreciate, there will be a positive impact.
	Operating Profit	1,006	1,500	+494	+49.1%	810	+690	+85.2%	
Hydraulics and Pneumatics	Net Sales	11,675	11,500	(175)	-1.5%	11,500	0	-	<ul style="list-style-type: none"> ■ Demand is expected to recover in the plastics processing machinery market and the machine tool market. ■ The construction machinery market is expected to see a recovery in demand for specially-equipped vehicles, but this will not be enough to compensate the decreased amount of net sales in the first half. ■ Operating profit is expected to decrease due to a rise in cost-of-sales ratio driven by the changing product mix in overseas markets.
	Operating Profit	273	200	(73)	-26.8%	360	(160)	-44.4%	
Fluid Measurement Equipment	Net Sales	4,772	4,900	+128	+2.7%	4,900	0	-	<ul style="list-style-type: none"> ■ In the public sector market, construction projects will be carried over to the next fiscal year due to their lengthened periods. ■ In the fire extinguishing equipment market, new construction is going smoothly, but demand for gas-cylinder valve inspections is expected to peak out.
	Operating Profit	733	520	(213)	-29.0%	610	(90)	-14.8%	
Defense & Communications Equipment	Net Sales	16,185	25,000	+8,815	+54.5%	25,100	(100)	-0.4%	<ul style="list-style-type: none"> ■ In the Defense Business, orders for defense equipment are expected to remain strong on the back of increased defense budget. Sales will increase each quarter as planned and be more concentrated in the fourth quarter than usual. ■ Steady progress in planned capital investment and acquisition of human resources will turn the record-high order backlog into sales.
	Operating Profit	362	1,350	+988	+273.3%	1,350	0	-	
Others	Net Sales	3,517	4,400	+883	+25.1%	4,400	0	-	<ul style="list-style-type: none"> ■ The Printing Inspection Equipment Business holds promise for updating aging equipment. ■ In the Railway Maintenance Business, the mainstay ultrasonic rail inspection cars will be sold in 4Q as planned.
	Operating Profit	502	620	+118	+23.6%	540	+80	+14.8%	
Total	Net Sales	47,166	58,300	+11,134	+23.6%	57,300	+1,000	+1.7%	<ul style="list-style-type: none"> ■ The forecasts for net sales and operating profit are revised upward. ■ Operating profit is expected to reach a record high.
	Operating Profit	2,768	4,100	+1,332	+48.1%	3,560	+540	+15.2%	

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Contents

1. Summary of Financial Results for 2Q of FY2024
2. Full-year forecasts for FY2024

3. Topics

References

- Business Trends
- Our Businesses

1. Showcased Our Controller CX2500 for Construction Machinery at the 27th IFPEX 2024

Our group exhibited our Controller CX2500 for construction machinery and other products at the 27th International Fluid Power Exhibition 2024 (IFPEX 2024), the only exhibition in Japan specializing in fluid power*¹ technology, held at Tokyo Big Sight from September 18 to 20, 2024.

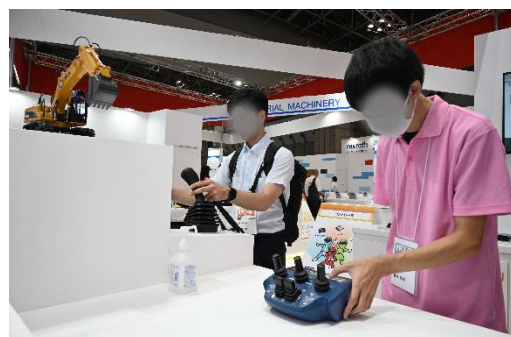
*1 Fluid power: A drive system that uses the energy of a fluid (gas or liquid) to move or stop a machine or device

How we exhibited our products

We exhibited our products in separate areas for each target market, such as construction machinery and industrial machinery, under the theme of “easy to understand.” We also provided several hands-on demonstrations to introduce the principles and technologies in an easy-to-understand manner to students and other visitors who are unfamiliar with hydraulics.



Products exhibited in separate areas for each target market



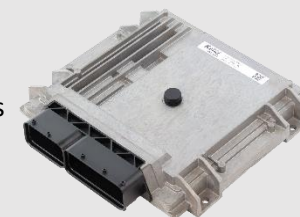
Hands-on demonstrations were well received by students and other visitors

Controller CX2500 for construction machinery

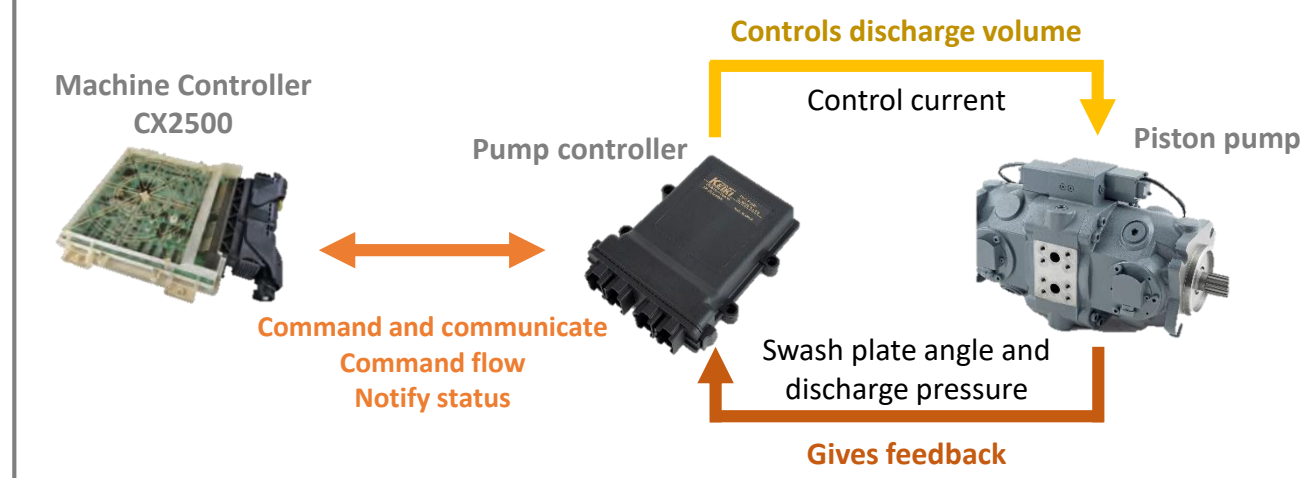
- General-purpose controller for construction machinery and road machinery
- The first PLC*² for construction machinery in Japan to be compatible with CODESYS®*³
- Equipped with a wide variety of input/output interfaces and can be used as a main controller
- All functions integrated in a single package to save space

*2 PLC stands for Programmable Logic Controller, which controls machines and equipment. The controller takes in signals from an input device, performs various processes according to its built-in program, and controls its connected output device.

*3 CODESYS® is a registered trademark of German company CODESYS and the world's most used software platform for developing the PLC.



Example of system configuration of piston pump and controller



2. Fluid Measurement Equipment Business Launched New Ultrasonic Flowmeter and New Microwave Level Gauge

Fluid Measurement Equipment Business released a new microwave level gauge in June 2024 and a new ultrasonic flowmeter in October 2024.

Battery-Powered Clamp-On Ultrasonic Flowmeter for Liquid UC-1

UC-1 is an easy-to-install, easy-to-setup ultrasonic flowmeter. It was jointly developed with OVAL Corporation, a specialized manufacturer of flowmeters.

Features

- The clamp-on type requires no piping disconnection work
- Built-in battery eliminates the need for an external power supply
- It completely eliminates the need for installation work—No wiring work is required, and no installation tools are needed.



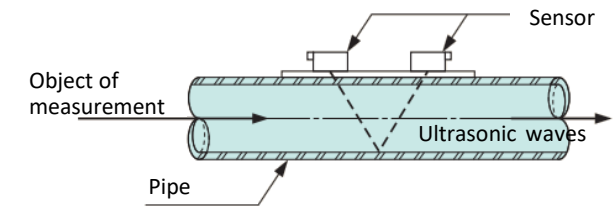
UC-1 has won the Good Design Award 2024

UC-1 achieved a significant reduction in installation costs and was highly evaluated for its design that pursues functional beauty.

* The Good Design Award is an activity to evaluate and promote Japan's representative designs, organized by the Japan Institute of Design Promotion. G Mark, the symbol of the award, has been recognized by a wide range of people as a symbol of excellent design.

How the clamp-on ultrasonic flowmeter works

Flow rate is the amount of fluid (liquid) that moves, and a flowmeter is an instrument that measures how much flow has passed. Since ultrasonic waves propagate through materials, the flowmeter can be attached to the outside of a pipe to measure the flow rate inside the pipe.



- (1) Ultrasonic waves are emitted from the sensor.
- (2) The emitted ultrasonic waves travel slowly when they go against the flow, and conversely travel quickly when they follow the flow.
- (3) The sensor alternately emits and receives ultrasonic waves across the fluid in the pipe at an angle, and the difference in propagation time between the two ultrasonic waves is converted into a flow rate.

Millimeter Wave Radar Level Gauge MW-20

MW-20 is a microwave level gauge that uses millimeter waves of 77–81 GHz, which belongs to the high-frequency band of microwaves.

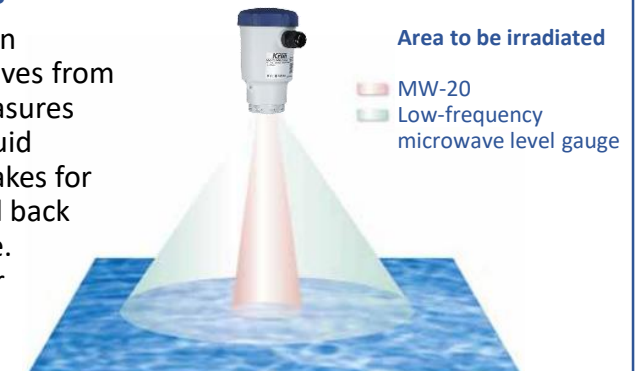
Features

- The use of millimeter waves enables a narrower beam and smaller size.
- MW-20 can gauge up to 100 meters.
- MW-20 is compliant with the Radio Act and can be used in open spaces such as rivers, seas, and urban areas.



How the microwave level gauge works

The microwave level gauge is an instrument that emits microwaves from a transmitter/receiver and measures the liquid level (level of the liquid surface) based on the time it takes for the microwaves to be reflected back from the measurement surface. The narrow beam of millimeter waves enables more stable measurement.



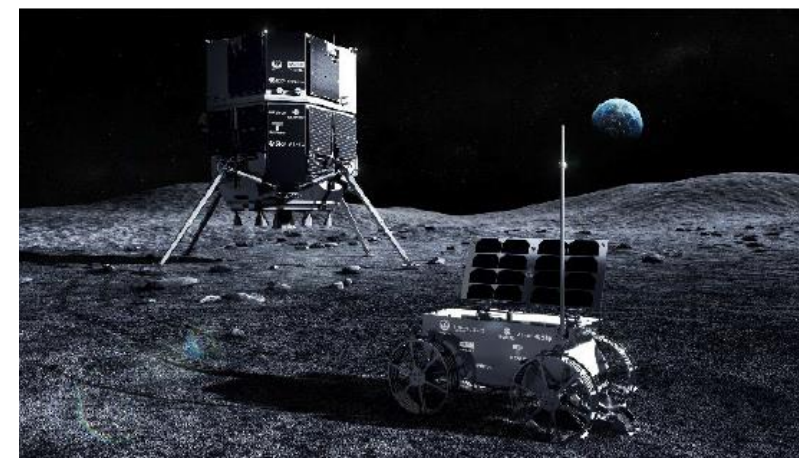
3. Participate in Private Lunar Exploration Program HAKUTO-R as a Supporting Company

We have participated as a supporting company in HAKUTO-R, a private lunar exploration program by ispace, inc. (hereinafter “ispace”).

HAKUTO-R:

HAKUTO-R is a program that consists of ispace’s first two lunar exploration missions. Under this program, ispace has already developed its own lunar lander and lunar rover, launched a lunar landing mission in December 2022, and attempted lunar landing in April 2023. Furthermore, ispace plans to launch a lunar exploration mission to the Moon no earlier than in December, 2024*1.

*1 Assumption as of October 2024.



Lunar lander and lunar rover of HAKUTO-R
(Image)

We have positioned the space business as one of the growth drivers under its long-term vision, TOKYO KEIKI Vision 2030, and have been working on the satellite assembly business and collaborating with companies that develop satellite components.

Going forward, we will collaborate with ispace in researching and developing space equipment to contribute to realizing a secure society.



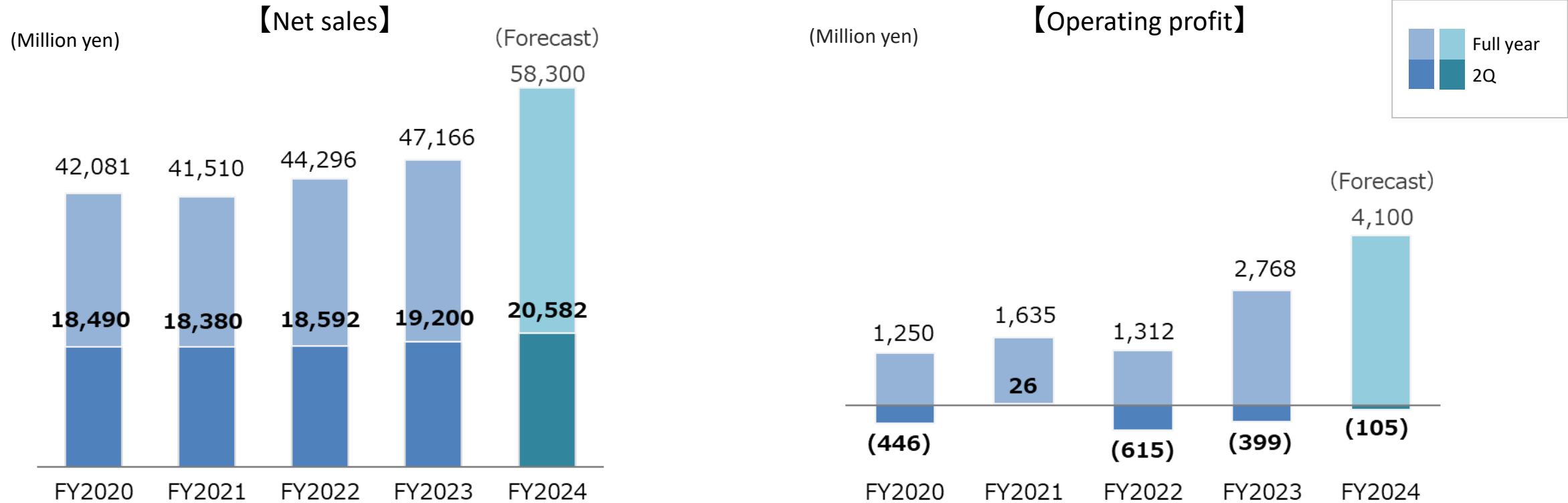
Contents

1. Summary of Financial Results for 2Q of FY2024
2. Full-year forecasts for FY2024
3. Topics

References

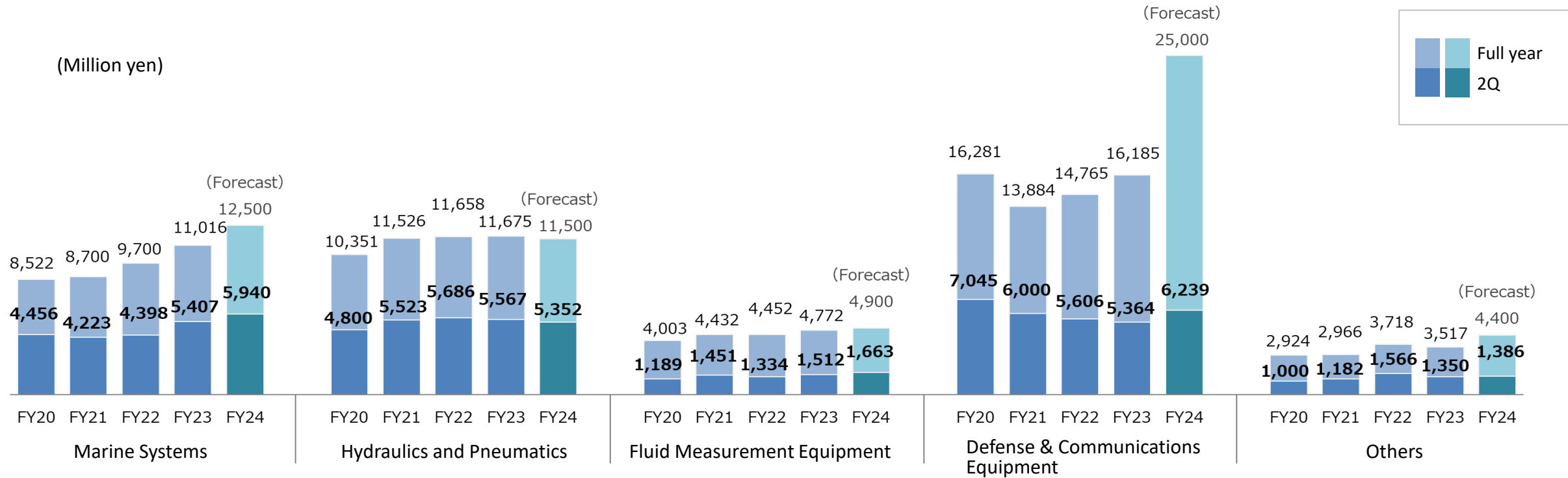
- **Business Trends**
- Our Businesses

Changes in Net Sales and Operating Profit



(Million yen)	FY2020-2Q	FY2021-2Q	FY2022-2Q	FY2023-2Q	FY2024-2Q	YoY Change	
						Amount	%
Net sales	18,490	18,380	18,592	19,200	20,582	+1,382	+7.2%
Operating profit	(446)	26	(615)	(399)	(105)	+294	—
Ordinary profit	(310)	235	(322)	(259)	28	+287	—
Profit attributable to owners of parent	(210)	229	(229)	(237)	63	+300	—

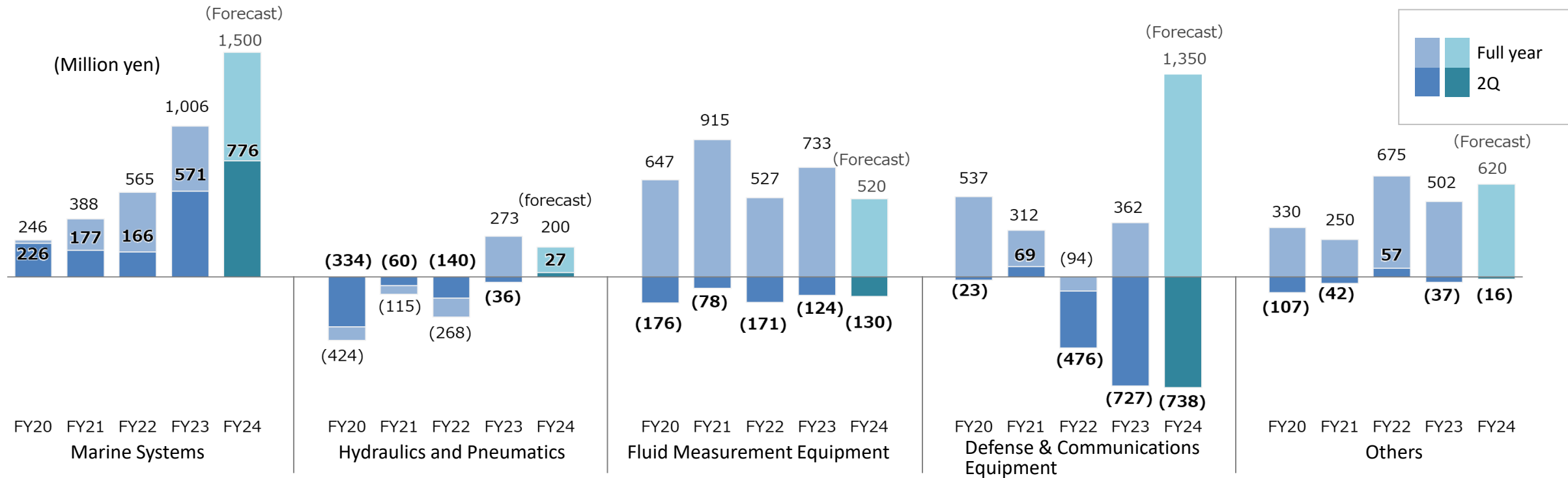
Changes in Net Sales by Segment



(Million yen)	FY2020-2Q	FY2021-2Q	FY2022-2Q	FY2023-2Q	FY2024-2Q	YoY Change	
						Amount	%
Marine Systems	4,456	4,223	4,398	5,407	5,940	+533	+9.9%
Hydraulics & Pneumatics	4,800	5,523	5,686	5,567	5,352	(214)	-3.9%
Fluid Measurement Equipment	1,189	1,451	1,334	1,512	1,663	+152	+10.0%
Defense & Communications Equipment	7,045	6,000	5,606	5,364	6,239	+875	+16.3%
Others	1,000	1,182	1,566	1,350	1,386	+36	+2.7%

*Segment sales are presented on a pre-adjustment basis.

Changes in Operating Profit by Segment

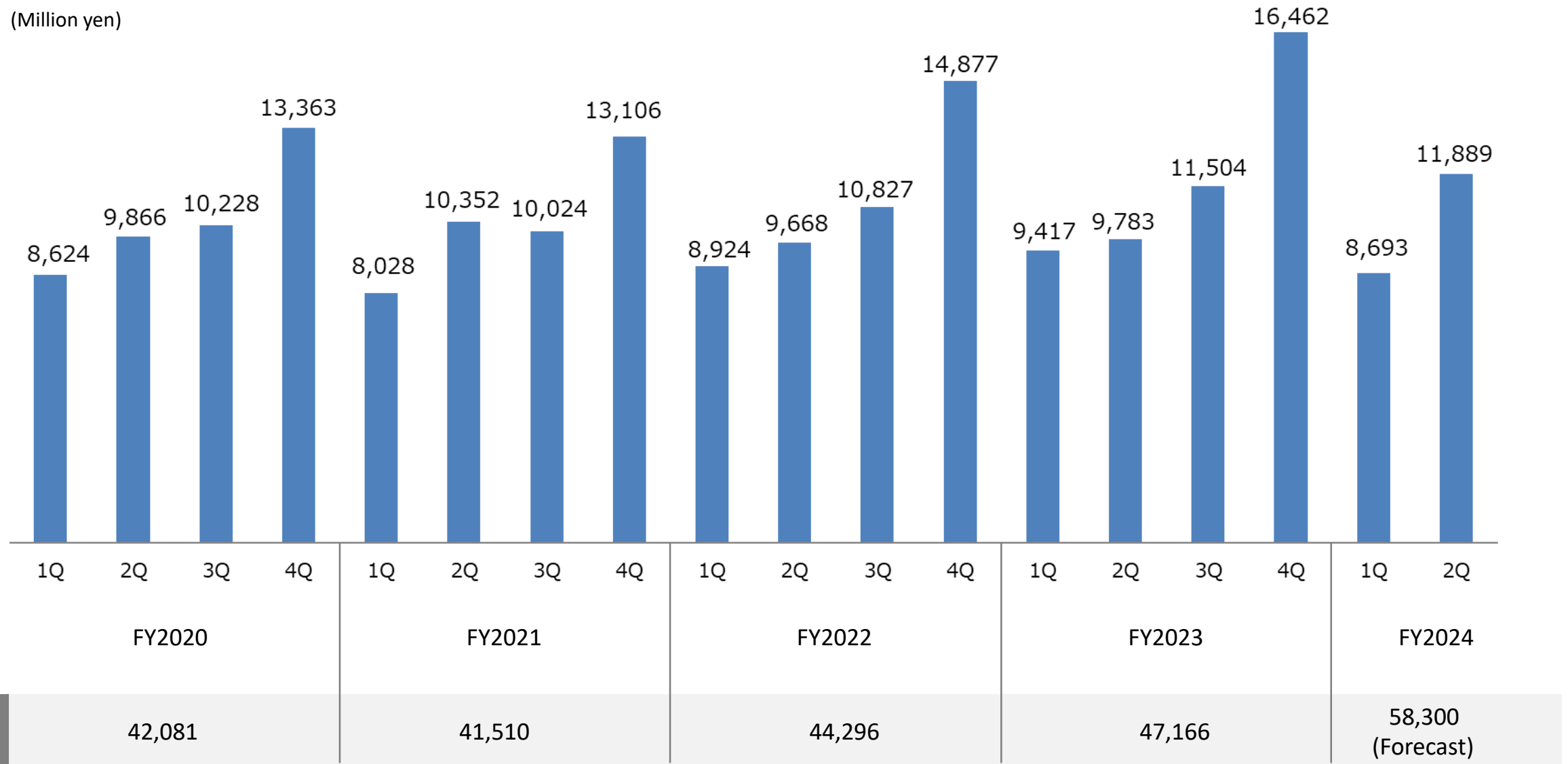


(Million yen)	FY2020-2Q	FY2021-2Q	FY2022-2Q	FY2023-2Q	FY2024-2Q	YoY Change	
						Amount	%
Marine Systems	226	177	166	571	776	+205	+36.0%
Hydraulics & Pneumatics	(334)	(60)	(140)	(36)	27	+63	—
Fluid Measurement Equipment	(176)	(78)	(171)	(124)	(130)	(7)	—
Defense & Communications Equipment	(23)	69	(476)	(727)	(738)	(11)	—
Others	(107)	(42)	57	(37)	(16)	+21	—

*Segment operating profits are presented on a pre-adjustment basis.

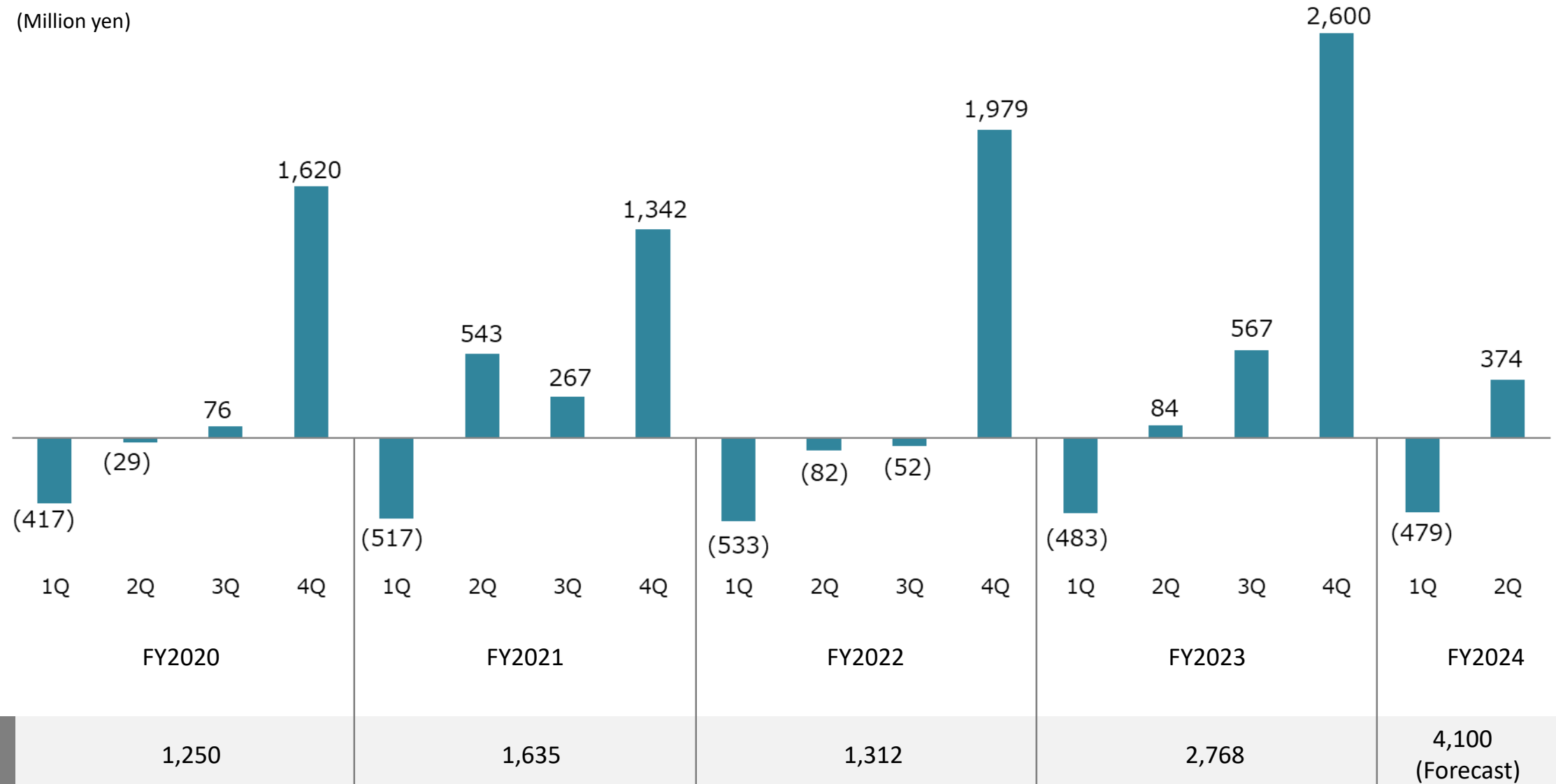
Quarterly Changes in Net Sales

(Million yen)



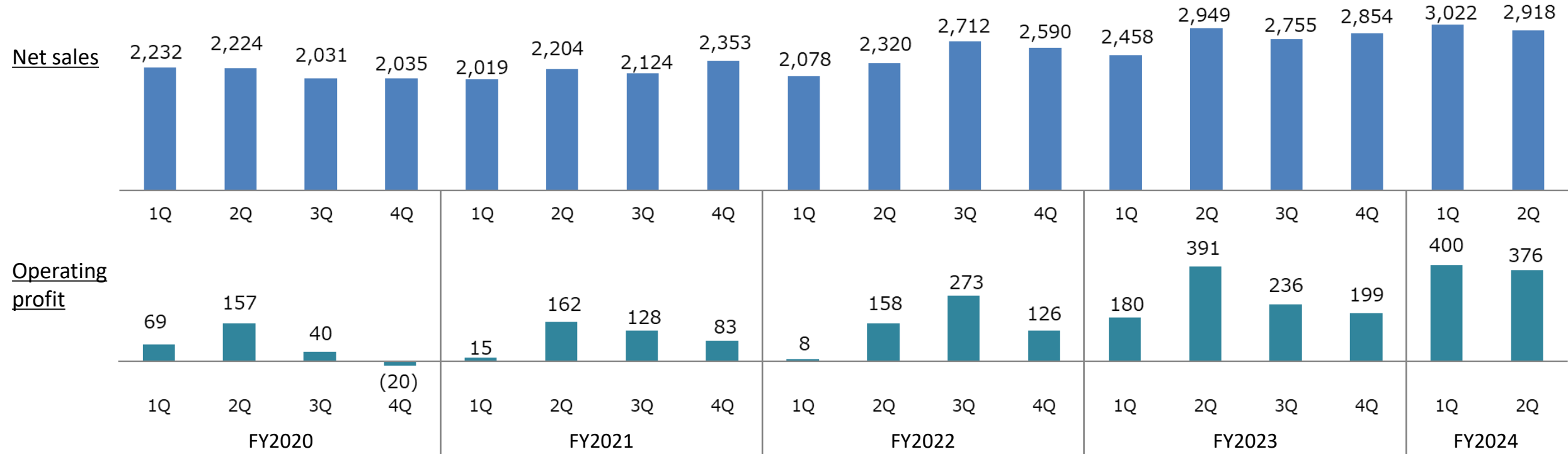
Quarterly Changes in Operating Profit

(Million yen)



Quarterly Changes in Net Sales and Operating Profit by Segment [Marine Systems]

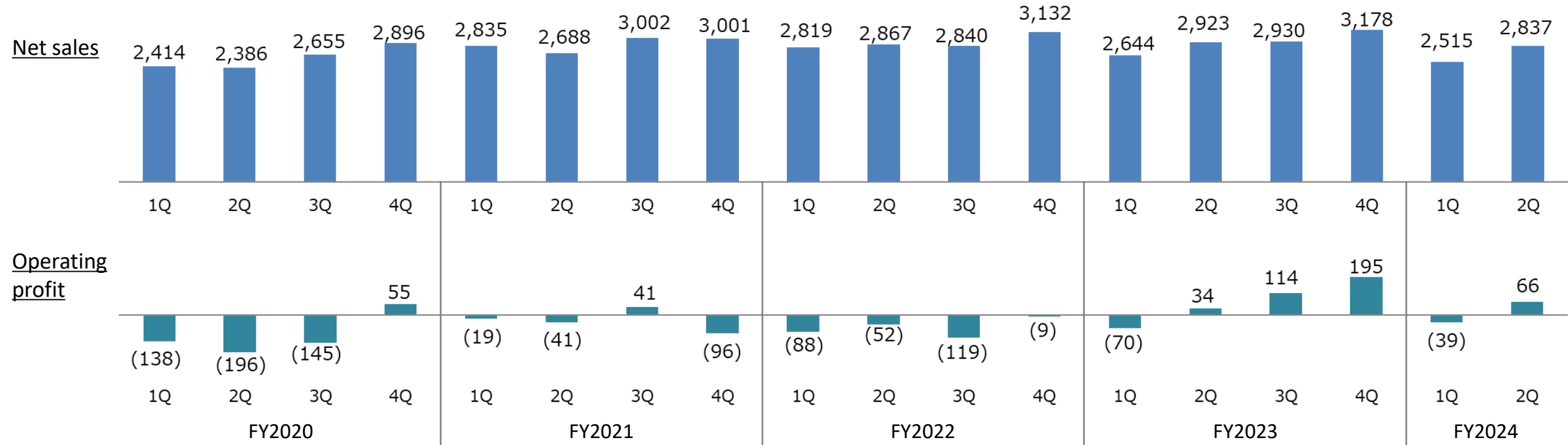
(Million yen)



	FY2020		FY2021		FY2022		FY2023		FY2024	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
1Q	2,232	69	2,019	15	2,078	8	2,458	180	3,022	400
2Q	2,224	157	2,204	162	2,320	158	2,949	391	2,918	376
3Q	2,031	40	2,124	128	2,712	273	2,755	236		
4Q	2,035	(20)	2,353	83	2,590	126	2,854	199		
Full year	8,522	246	8,700	388	9,700	565	11,016	1,006	(Forecast) 12,500	(Forecast) 1,500

Quarterly Changes in Net Sales and Operating profit by Segment [Hydraulics and Pneumatics]

(Million yen)



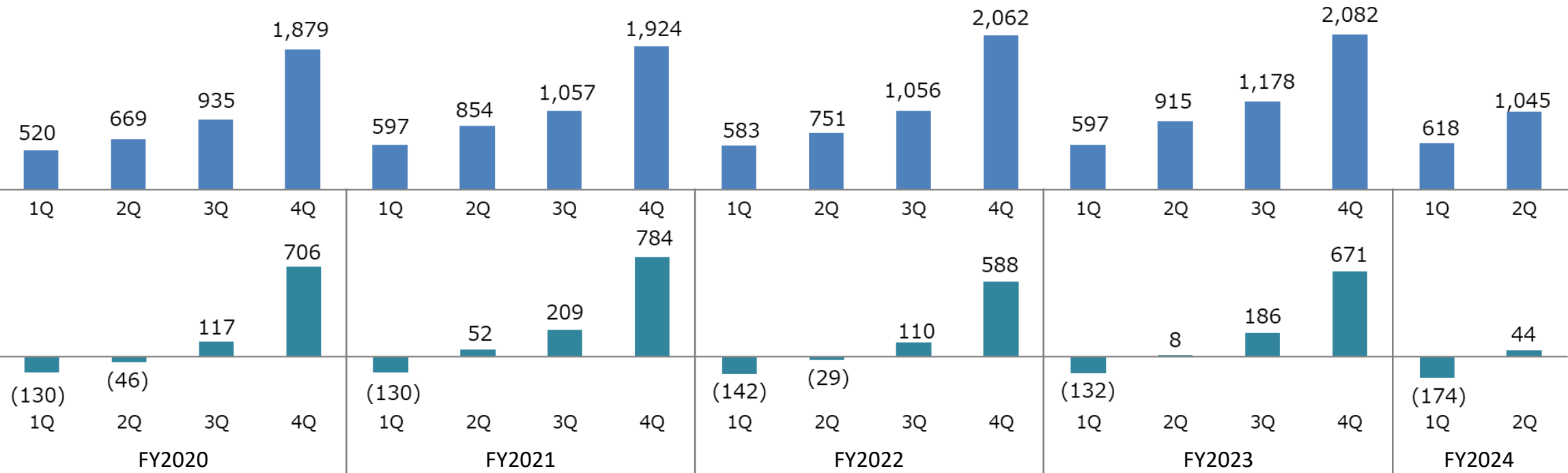
	FY2020		FY2021		FY2022		FY2023		FY2024	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
1Q	2,414	(138)	2,835	(19)	2,819	(88)	2,644	(70)	2,515	(39)
2Q	2,386	(196)	2,688	(41)	2,867	(52)	2,923	34	2,837	66
3Q	2,655	(145)	3,002	41	2,840	(119)	2,930	114		
4Q	2,896	55	3,001	(96)	3,132	(9)	3,178	195		
Full year	10,351	(424)	11,526	(115)	11,658	(268)	11,675	273	(Forecast) 11,500	(Forecast) 200

Quarterly Changes in Net Sales and Operating profit by Segment [Fluid Measurement Equipment]

(Million yen)

Net sales

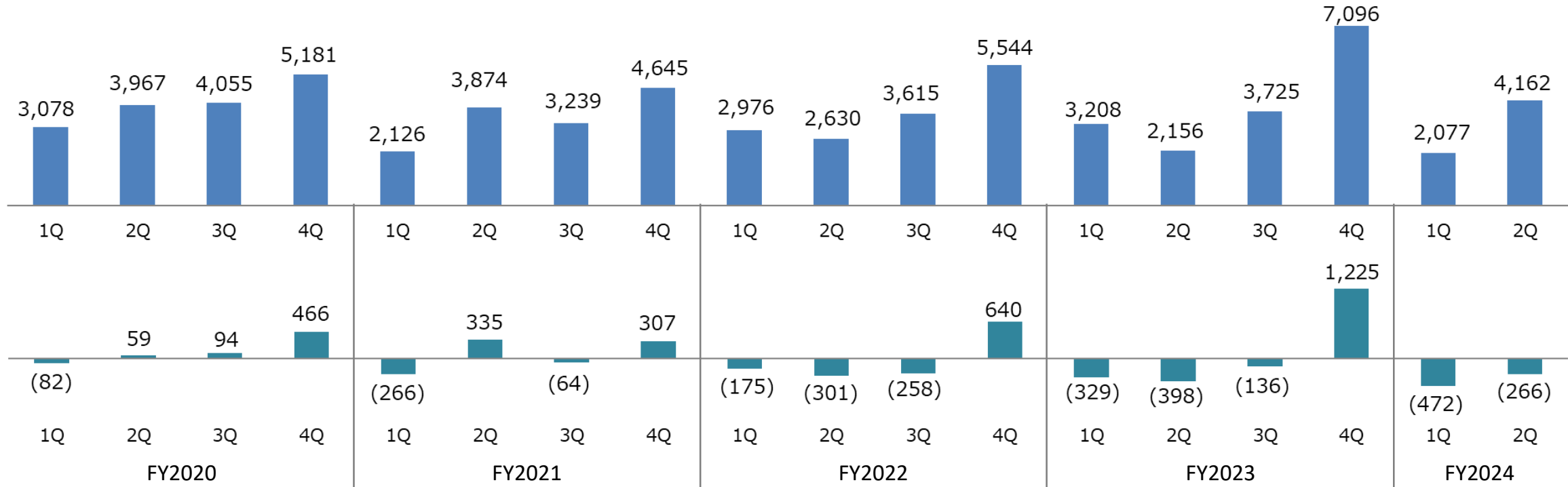
Operating profit



	FY2020		FY2021		FY2022		FY2023		FY2024	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
1Q	520	(130)	597	(130)	583	(142)	597	(132)	618	(174)
2Q	669	(46)	854	52	751	(29)	915	8	1,045	44
3Q	935	117	1,057	209	1,056	110	1,178	186		
4Q	1,879	706	1,924	784	2,062	588	2,082	671		
Full year	4,003	647	4,432	915	4,452	527	4,772	733	(Forecast) 4,900	(Forecast) 520

Quarterly Changes in Net Sales and Operating profit by Segment [Defense & Communications Equipment]

(Million yen)

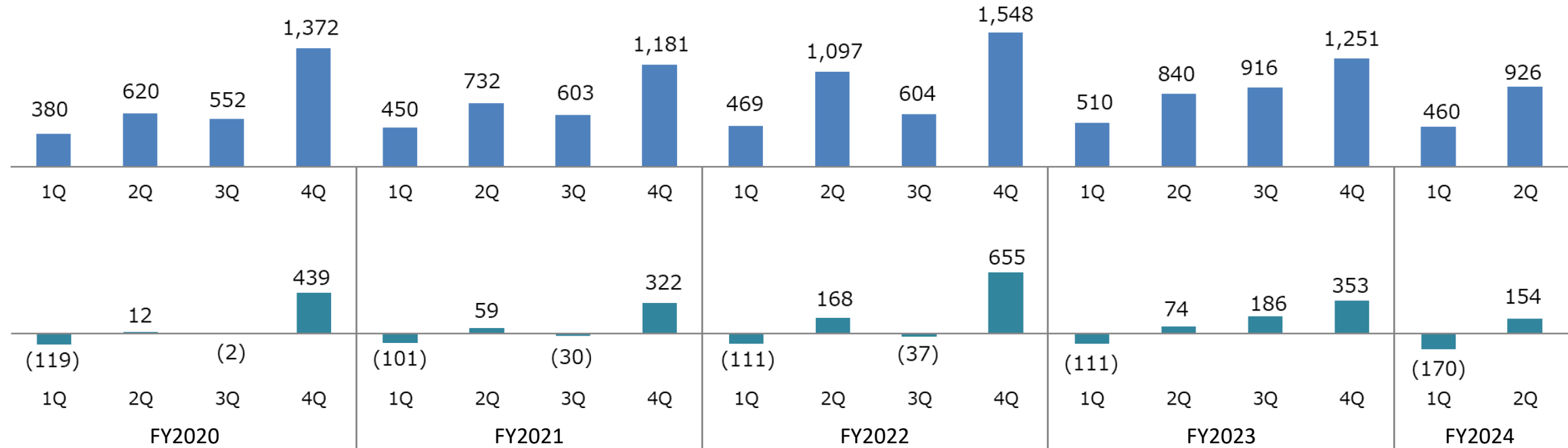
Net salesOperating profit

	FY2020		FY2021		FY2022		FY2023		FY2024	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
1Q	3,078	(82)	2,126	(266)	2,976	(175)	3,208	(329)	2,077	(472)
2Q	3,967	59	3,874	335	2,630	(301)	2,156	(398)	4,162	(266)
3Q	4,055	94	3,239	(64)	3,615	(258)	3,725	(136)		
4Q	5,181	466	4,645	307	5,544	640	7,096	1,225		
Full year	16,281	537	13,884	312	14,765	(94)	16,185	362	(Forecast) 25,000	(Forecast) 1,350

Quarterly Changes in Net Sales and Operating profit by Segment [Others]

(Million yen)

Net sales



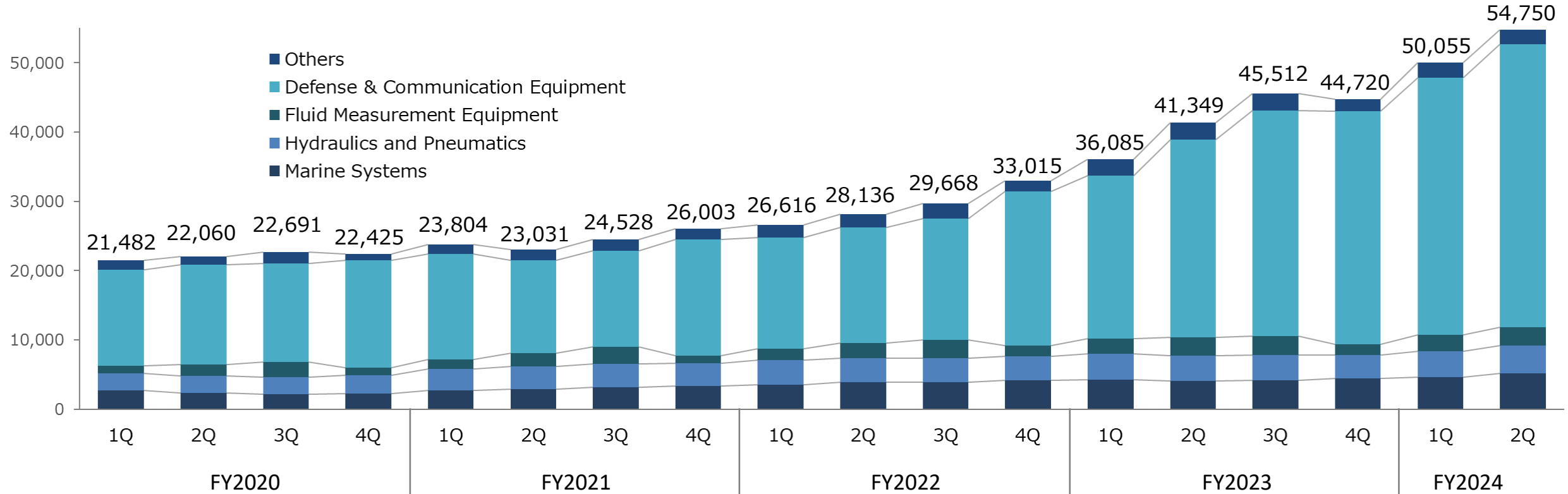
Operating profit



	FY2020		FY2021		FY2022		FY2023		FY2024	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
1Q	380	(119)	450	(101)	469	(111)	510	(111)	460	(170)
2Q	620	12	732	59	1,097	168	840	74	926	154
3Q	552	(2)	603	(30)	604	(37)	916	186		
4Q	1,372	439	1,181	322	1,548	655	1,251	353		
Full year	2,924	330	2,966	250	3,718	675	3,517	502	(Forecast) 4,400	(Forecast) 620

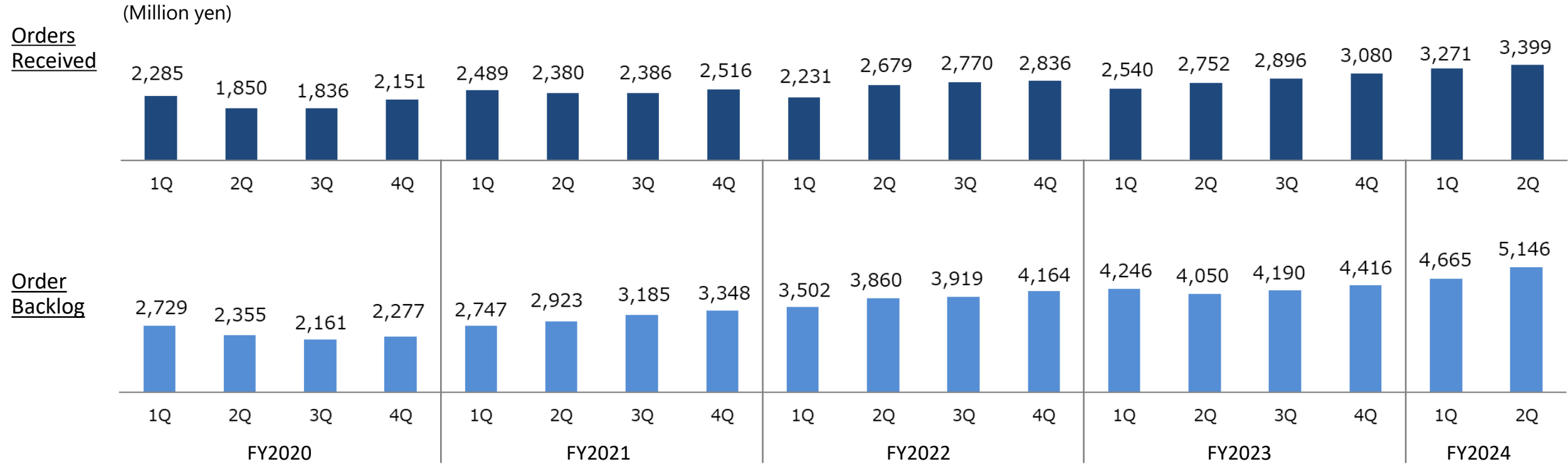
Quarterly Changes in Order Backlog

(Million yen)



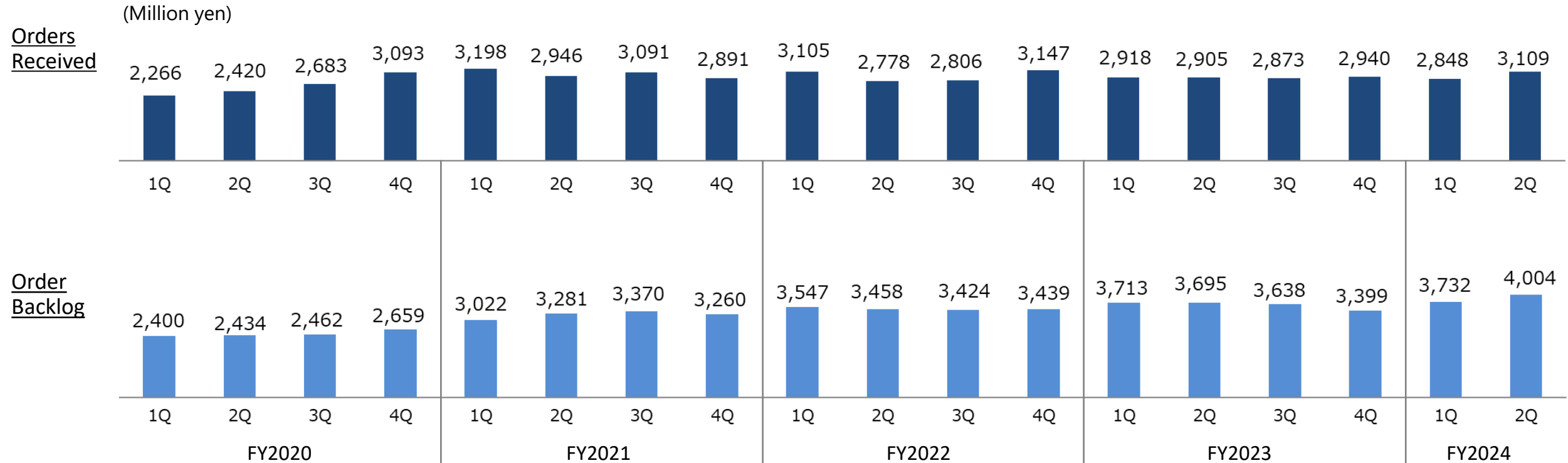
	FY2020	FY2021	FY2022	FY2023	FY2024
1Q	21,482	23,804	26,616	36,085	50,055
2Q	22,060	23,031	28,136	41,349	54,750
3Q	22,691	24,528	29,668	45,512	
4Q	22,425	26,003	33,015	44,720	

Quarterly Changes in Order Backlog by Segment [Marine Systems]



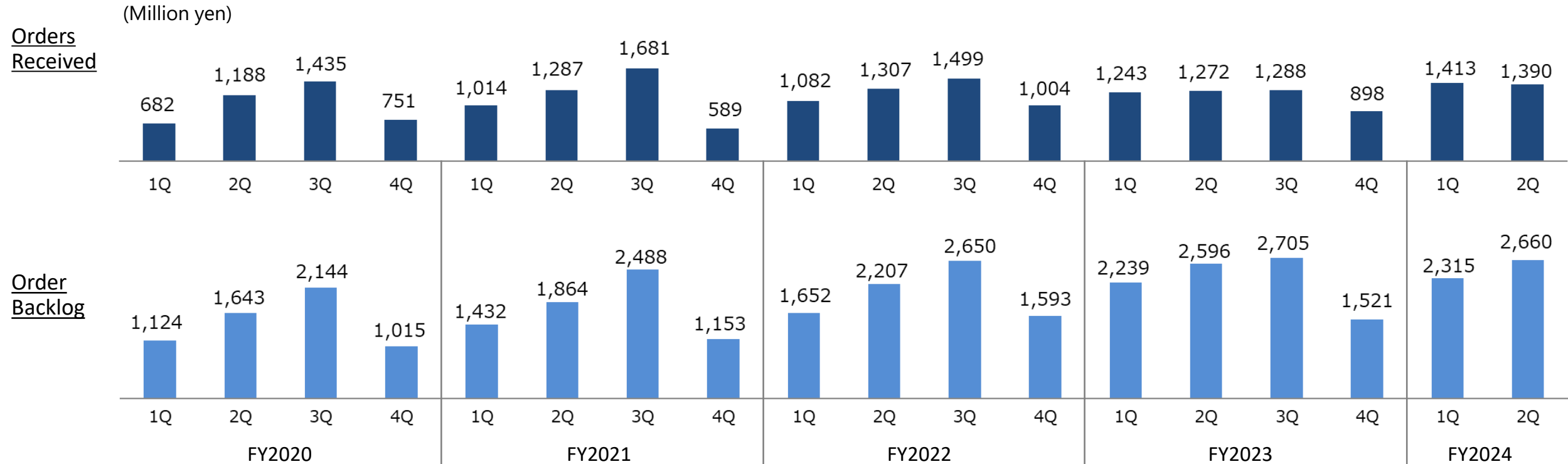
	FY2020		FY2021		FY2022		FY2023		FY2024	
	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog
1Q	2,285	2,729	2,489	2,747	2,231	3,502	2,540	4,246	3,271	4,665
2Q	1,850	2,355	2,380	2,923	2,679	3,860	2,752	4,050	3,399	5,146
3Q	1,836	2,161	2,386	3,185	2,770	3,919	2,896	4,190		
4Q	2,151	2,277	2,516	3,348	2,836	4,164	3,080	4,416		
Full year	8,123	2,277	9,772	3,348	10,516	4,164	11,268	4,416		

Quarterly Changes in Order Backlog by Segment [Hydraulics and Pneumatics]



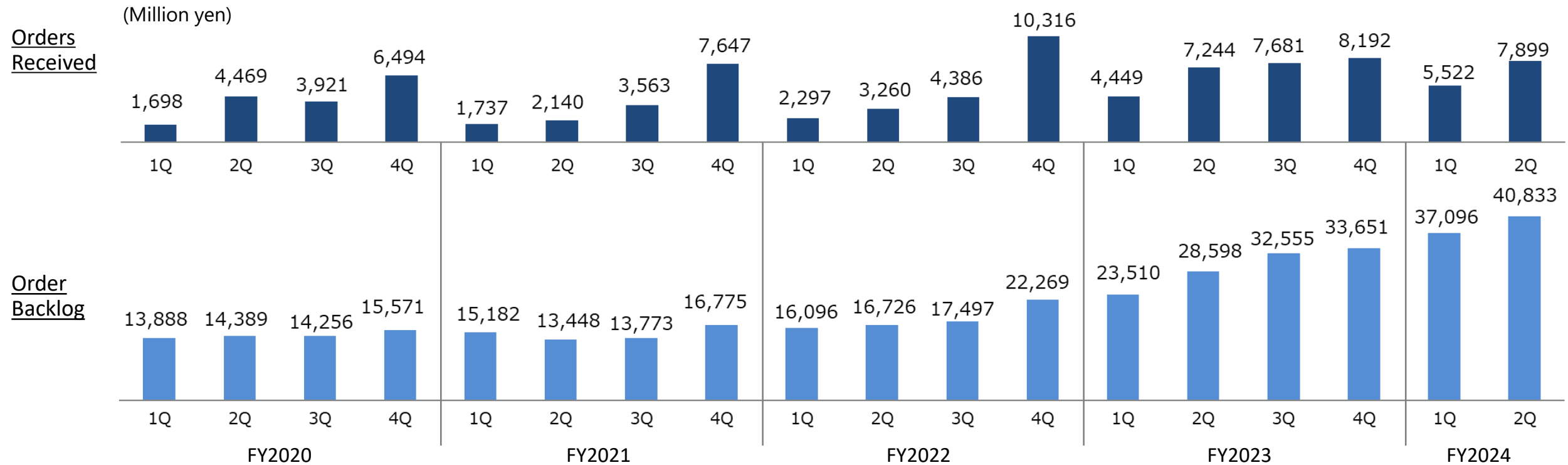
	FY2020		FY2021		FY2022		FY2023		FY2024	
	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog
1Q	2,266	2,400	3,198	3,022	3,105	3,547	2,918	3,713	2,848	3,732
2Q	2,420	2,434	2,946	3,281	2,778	3,458	2,905	3,695	3,109	4,004
3Q	2,683	2,462	3,091	3,370	2,806	3,424	2,873	3,638		
4Q	3,093	2,659	2,891	3,260	3,147	3,439	2,940	3,399		
Full year	10,463	2,659	12,126	3,260	11,836	3,439	11,635	3,399		

Quarterly Changes in Order Backlog by Segment [Fluid Measurement Equipment]



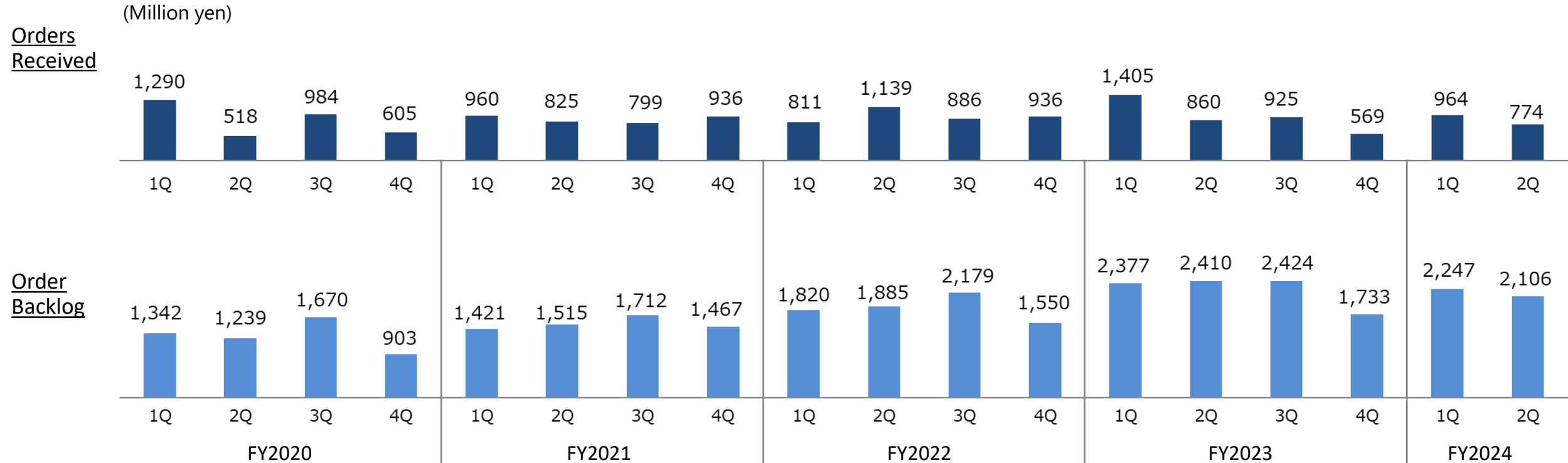
	FY2020		FY2021		FY2022		FY2023		FY2024	
	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog
1Q	682	1,124	1,014	1,432	1,082	1,652	1,243	2,239	1,413	2,315
2Q	1,188	1,643	1,287	1,864	1,307	2,207	1,272	2,596	1,390	2,660
3Q	1,435	2,144	1,681	2,488	1,499	2,650	1,288	2,705		
4Q	751	1,015	589	1,153	1,004	1,593	898	1,521		
Full year	4,055	1,015	4,571	1,153	4,892	1,593	4,700	1,521		

Quarterly Changes in Order Backlog by Segment [Defense & Communications Equipment]



	FY2020		FY2021		FY2022		FY2023		FY2024	
	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog
1Q	1,698	13,888	1,737	15,182	2,297	16,096	4,449	23,510	5,522	37,096
2Q	4,469	14,389	2,140	13,448	3,260	16,726	7,244	28,598	7,899	40,833
3Q	3,921	14,256	3,563	13,773	4,386	17,497	7,681	32,555		
4Q	6,494	15,571	7,647	16,775	10,316	22,269	8,192	33,651		
Full year	16,582	15,571	15,088	16,775	20,259	22,269	27,566	33,651		

Quarterly Changes in Order Backlog by Segment (Others)



	FY2020		FY2021		FY2022		FY2023		FY2024	
	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog	Orders Received	Order Backlog
1Q	1,290	1,342	960	1,421	811	1,820	1,405	2,377	964	2,247
2Q	518	1,239	825	1,515	1,139	1,885	860	2,410	774	2,106
3Q	984	1,670	799	1,712	886	2,179	925	2,424		
4Q	605	903	936	1,467	936	1,550	569	1,733		
Full year	3,398	903	3,520	1,467	3,771	1,550	3,759	1,733		

Quarterly Changes in Order Backlog by Segment (Table)

	(Million yen)	FY2020	FY2021	FY2022	FY2023	FY2024
Marine Systems	1Q	2,729	2,747	3,502	4,246	4,665
	2Q	2,355	2,923	3,860	4,050	5,146
	3Q	2,161	3,185	3,919	4,190	
	4Q	2,277	3,348	4,164	4,416	
Hydraulics and Pneumatics	1Q	2,400	3,022	3,547	3,713	3,732
	2Q	2,434	3,281	3,458	3,695	4,004
	3Q	2,462	3,370	3,424	3,638	
	4Q	2,659	3,260	3,439	3,399	
Fluid Measurement Equipment	1Q	1,124	1,432	1,652	2,239	2,315
	2Q	1,643	1,864	2,207	2,596	2,660
	3Q	2,144	2,488	2,650	2,705	
	4Q	1,015	1,153	1,593	1,521	
Defense & Communications Equipment	1Q	13,888	15,182	16,096	23,510	37,096
	2Q	14,389	13,448	16,726	28,598	40,833
	3Q	14,256	13,773	17,497	32,555	
	4Q	15,571	16,775	22,269	33,651	
Others	1Q	1,342	1,421	1,820	2,377	2,247
	2Q	1,239	1,515	1,885	2,410	2,106
	3Q	1,670	1,712	2,179	2,424	
	4Q	903	1,467	1,550	1,733	

Contents

1. Summary of Financial Results for 2Q of FY2024
2. Full-year forecasts for FY2024
3. Topics

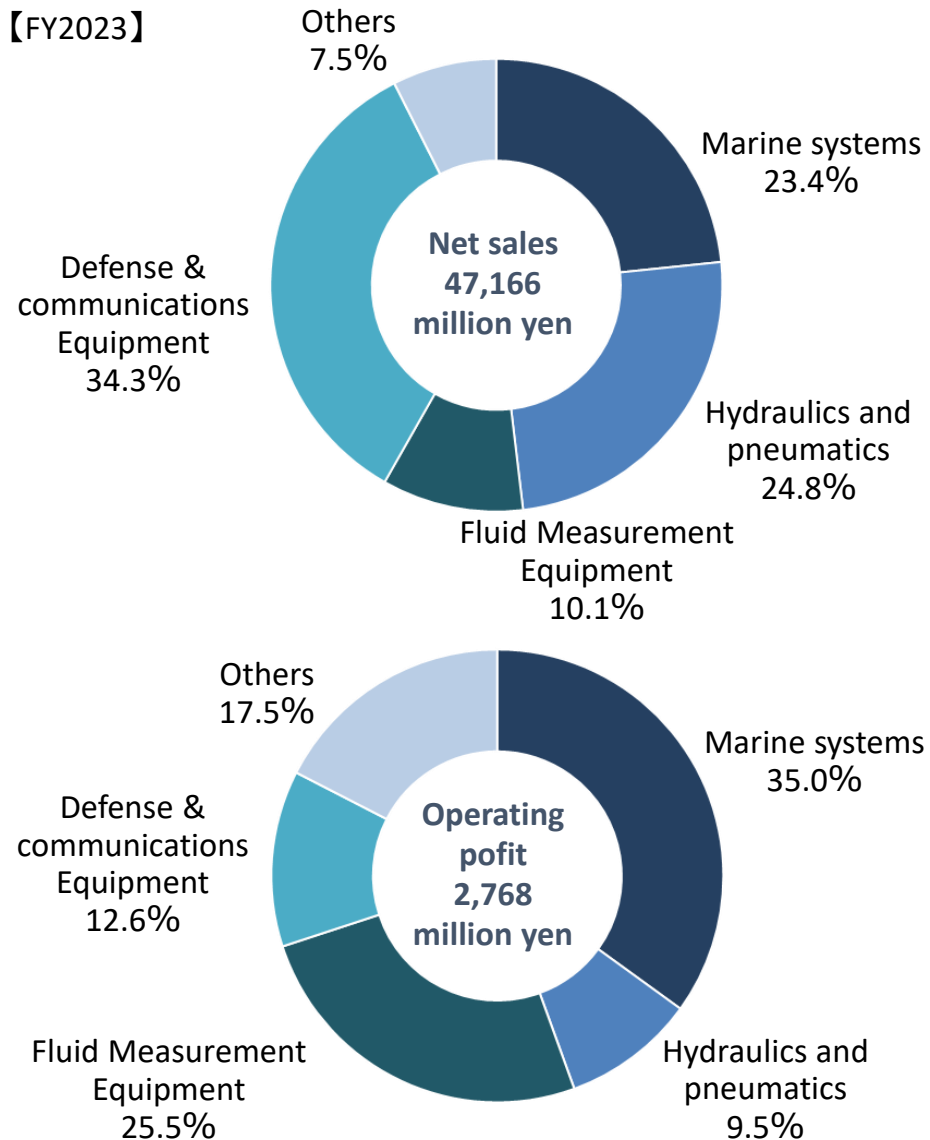
References

- Business Trends
- **Our Businesses**

Principal Businesses of TOKYO KEIKI Group

TOKYO KEIKI Group's businesses are divided into four segments and others, and there are 11 businesses within these segments.

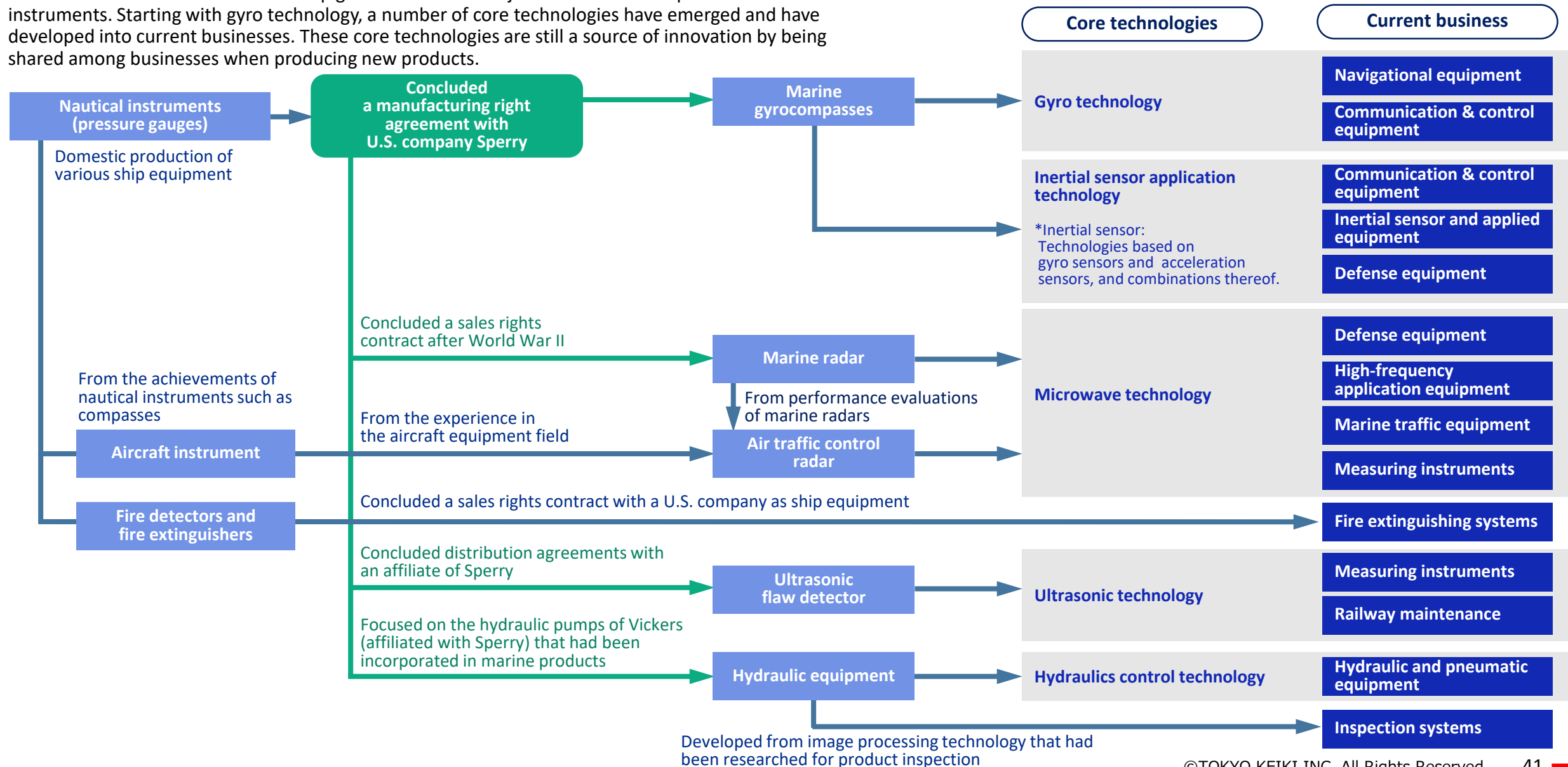
【FY2023】



Segment (4+ Others)	Business (11)
Marine Systems Business	<ul style="list-style-type: none"> ■ Navigational equipment
Hydraulics and Pneumatics Business	<ul style="list-style-type: none"> ■ Hydraulic and pneumatic equipment
Fluid Measurement Equipment Business	<ul style="list-style-type: none"> ■ Measuring instruments ■ Fire extinguishing systems
Defense & Communications Equipment Business	<ul style="list-style-type: none"> ■ Defense equipment ■ Marine traffic equipment ■ Inertial sensor and applied equipment ■ High-frequency application equipment (microwave applied equipment) ■ Communication & control equipment
Others	<ul style="list-style-type: none"> ■ Inspection systems ■ Railway maintenance

History of Creation of Core Technologies




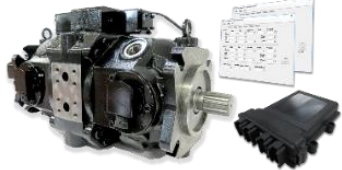





The business of the TOKYO KEIKI Group goes back to the Meiji Era and the development of nautical instruments. Starting with gyro technology, a number of core technologies have emerged and have developed into current businesses. These core technologies are still a source of innovation by being shared among businesses when producing new products.









Marine Systems Business

Navigational equipment	Contributing to safe navigation and energy-saving ship steering.	Market share
<p>Navigational equipment</p>	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  <p>Marine autopilots for steering systems, such as automatic rudders, etc.</p> </div> <div style="text-align: center;">  <p>Marine gyrocompasses that indicate the direction of a ship's heading</p> </div> <div style="text-align: center;">  <p>Fiber Optic Gyrocompass (FOG) without moving parts for periodic replacement of the sensor</p> </div> <div style="text-align: center;">  <p>Electronic Chart Display and Information Systems (ECDIS) that display navigational charts in real time</p> </div> </div> <ul style="list-style-type: none"> ■ Offering a complete lineup of essential marine systems for ships and supplying them globally. ■ Pioneer in marine systems as the first in Japan to manufacture marine radars, gyrocompasses, and autopilots. 	<p>Marine gyrocompasses and autopilots</p> <p>More than 60% of the global commercial vessels market</p> <p>More than 80% of the domestic coastal vessels market.</p>
	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">  <p>    "DFFAS Project for Realizing Fully Autonomous Ships" </p> </div> <div style="text-align: center;">  <p>  "Wind Challenger Project" </p> </div> </div> <ul style="list-style-type: none"> ■ As a leader in marine gyrocompasses and autopilots, we have also participated in the fully autonomous ship development project and the next-generation wind-powered vessel project, which contributes to reducing GHG emissions. 	

Hydraulics and Pneumatics Business

Hydraulic and pneumatic Equipment	Supporting the manufacturing floor and frontline of infrastructure.			Market share
For industrial machinery	 <p>Direct drive pump control system for flow rate and pressure level control</p>	 <p>Compact power unit widely used as a hydraulic power source for machine tools and general industrial machinery</p>	 <p>Solenoid directional valve for various hydraulic equipment</p>	<p>Approx. 40% of the domestic market for plastic injection molding machines</p>
<p>■ Providing energy-efficient and highly controllable hydraulic and pneumatic equipment for injection molding machines, machine tools, die-casting machines for automobile manufacturing, and other applications.</p>				
For construction machinery	 <p>Electric direct control piston pumps for construction machinery</p>	 <p>Programmable Logic Controller (PLC) for construction machinery</p>	 <p>Displays for construction machinery</p>	
<p>■ Providing hydraulic products and electronic equipment that controls the drive primarily for specially-equipped vehicles such as cranes and aerial work platforms.</p>				
Utilization of hydrogen energy	 <p>Hydrogen compressors for hydrogen filling stations</p>		 <p>Split module hydrogen compression packages</p>	
<p>■ Providing hydraulic-drive hydrogen compressors for hydrogen filling stations as well as split-module hydrogen compression packages.</p>				







Fluid Measurement Equipment Business

Measuring instruments	Protecting life and human life: Contributing to the safety of life through water resource management and river disaster prevention.	Market share
Flow monitoring	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  <p>Ultrasonic flowmeters for monitoring water supply, agricultural water, and industrial water</p> </div> <div style="text-align: center;">  <p>High-precision ultrasonic flowmeters that more accurately monitor and control flow enabling effective use of water resources without waste.</p> </div> <div style="text-align: center;">  <p>Microwave level gauges widely used in food manufacturing plants and industrial plants in oil tanks, etc.</p> </div> </div> <ul style="list-style-type: none"> ■ The first pioneer in the world to commercialize ultrasonic flowmeters. ■ Our ultrasonic flowmeters are used to monitor flow rates in water and sewerage systems as well as agricultural water pipelines. 	<p>Over 60% of the market for domestic water and sewerage systems and agricultural water.</p>
Land disaster prevention	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  <p>Crisis management water gauges that provide early detection of rising river levels</p> </div> <div style="text-align: center;">  <p>Flood-control level gauges that indicate the risk of urban flood damage caused by sewage overflowing from manholes</p> </div> </div> <ul style="list-style-type: none"> ■ Systems use microwave level gauges to protect lives from the spate of river and urban flooding. 	
Fire extinguishing systems	<p style="text-align: center;">Protecting against fires: Gas-based fire extinguishing systems are widely used in facilities that are strictly prohibited from getting wet</p>	
	<div style="display: flex; align-items: flex-start;"> <div style="flex: 1;">  </div> <div style="flex: 2; padding-left: 10px;"> <p>Gas-based fire extinguishing systems are widely used in parking garages, museums, art museums, office buildings and factories with printing machinery, etc., where the use of water or foam-based fire extinguishers is not suitable.</p> </div> </div> <ul style="list-style-type: none"> ■ Miscellaneous gas-based fire extinguishing systems, developed from our (Japan's first) inert gas fire extinguisher systems, contribute to safe living. 	






Defense & Communications Equipment Business

Defense equipment	Contributing to national defense: Our strength lies in microwave application technologies and inertial sensor technologies.	Market share
	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  <p>Photo courtesy of Satoshi Akatsuka, IKAROS PUBLICATIONS, LTD.</p>  <p>Radar warning receivers that instantly analyze radio waves around aircraft and warn pilot of threat radar signals</p> </div> <div style="text-align: center;">   <p>Inertial navigation system using high-precision ring laser gyro, installed on submarines that cannot use any external signals such as GPS for azimuth measurement</p> </div> <div style="text-align: center;">  <p>Air data computer (ADC) that calculates the altitude and speed of the aircraft. This is mounted on Blue Impulse aircrafts</p> </div> </div> <p>■ Developing, producing, and providing repairs and maintenance for defense avionics equipment and warship navigation systems.</p>	
Marine traffic equipment	Contributing to safe vessel navigation: Providing maritime monitoring systems that can be called a “marine traffic control tower”.	Market share
	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  <p>Maritime surveillance radar installed at the Umihotaru Parking Area in Tokyo Bay</p> </div> <div style="text-align: center;">  <p>VTS systems responsible for monitoring operations at Vessel Traffic Service Centers deployed in seven ports across Japan</p> </div> <div style="text-align: left;"> <p>*1 VTS: Vessel Traffic Services *2 AIS: Automatic Identification System (System for exchanging information between vessels, as well as between vessels and navigation aid facilities)</p> </div> </div> <p>■ VTS*1 systems including the maritime surveillance radars and AIS*2 information management equipment, which are required for maritime traffic control operations on congested waterways.</p> <p>■ VTS radars to the gulf coasts and rivers in Europe as well.</p>	<p>100% share of VTS systems in Vessel Traffic Service Centers nationwide</p>

Defense & Communications Equipment Business

Inertial sensor and applied equipment	Contributing to smart agriculture and disaster prevention systems through combining inertial sensors and control technologies.	Market share
	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Seismic accelerometer essential for measuring seismic magnitude</p> </div> <div style="text-align: center;">  <p>Straight-line assistance for agricultural vehicles to reduce the burden of working on the farm</p> </div> </div> <ul style="list-style-type: none"> ■ Promoting smart agriculture with straight-line assistance for agricultural vehicles that integrates gyro technology, inertial sensors, and proprietary software technology. ■ Contributing to national disaster prevention with accelerometers used in seismometers for the Japan Meteorological Agency. 	<p>Our share of accelerometers used in seismometers for the Japan Meteorological Agency is approx. 80%</p>
High-frequency application equipment	Entering into advanced industries through contributing to semiconductor production equipment components and space business, making full use of microwave application technologies.	
	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Solid-state microwave power supply used for next-generation semiconductor production equipment</p> </div> <div style="text-align: center;">  <p>Synthetic aperture radar (SAR) satellite with the microwave amplifier onboard</p> </div> </div> <ul style="list-style-type: none"> ■ Solid-state microwave power supplies used in semiconductor production equipment to achieve semiconductor miniaturization. ■ Providing microwave amplifiers that amplify radar signals emitted from SAR satellites toward the earth's surface. 	
Communication & control equipment	Improving broadcasting quality by utilizing technologies such as gyro sensors, accelerometers, and magnetic azimuth sensors.	
	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Antenna directioning systems which continuously grasp the position and attitude directions of helicopters, control relay antennas toward receiving stations, and transmit video without interruption</p> </div> <div style="text-align: center;">  <p>Camera stabilizer installed on relay vehicles for marathons and news helicopters used by broadcasting stations</p> </div> </div> <ul style="list-style-type: none"> ■ Achieving stable video transmission through attitude control equipment mounted on news helicopters and relay vehicles. ■ Ensuring reliable transmission of aerial footage with antenna directioning systems mounted on news helicopters of domestic TV stations. 	<p>Antenna directioning systems are mounted on more than 90% of news helicopters owned by domestic TV stations</p>

Others (Inspection/Railroad)

Printing inspection equipment	Contributing to improving the quality of printing: Detecting printing defects and material surface problems through high-precision image processing technologies.		Market share
 <p>Print quality inspection device that ensures print quality by detecting print defects</p>	 <p>Material inspection equipment that detects flaws and foreign matter contaminations in plain materials such as films, nonwoven fabrics, and metal foils</p>	<p>■ Achieving high-speed and real-time image processing with in-house developed chips.</p> <p>■ Automatically detecting printing errors and foreign matter contamination at high speed to improve work efficiency and eliminate material waste.</p>	<p>A domestic market leader for gravure printing inspection for flexible plastic materials</p> <p>Flexible plastic materials: packaging materials consisting of thin, flexible materials such as plastic films, paper, and aluminium foil</p>
Railway maintenance	Contributing to safe operations of railways: Utilizing ultrasonic technology for railway maintenance.		Market share
 <p>Ultrasonic rail inspection car that performs non-destructive inspections using ultrasonic technology</p>	 <p>Track diagnosis support system that automatically inspects and determines the condition of multiple types of track materials</p>	 <p>Switch profile gauge that simultaneously measures rails wear, crossing wear, and track geometry</p>	<p>Ultrasonic rail inspection cars for JR and private domestic railways</p> <p>over 70%</p> <p>■ Supporting railway maintenance work with maintenance equipment and maintenance services such as ultrasonic rail flaw detectors and switch profile gauges.</p>

Cautionary Note on forward-looking information

The data and forecasts disclosed in this document are based on judgments and information available as of the date of publication. They are subject to change due to various factors and do not guarantee future performance or the achievement of the stated goals or forecasts. Additionally, the information contained herein may change in the future without notice.

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