

**For the Fiscal Year Ended March 31, 2022**

---

**Annual Select<sup>®</sup> 2022**

# **TOKYO KEIKI INC.**

---

**2-16-46 Minami-Kamata, Ohta-ku, Tokyo**

**(Securities Code: 7721)**

**+81-3-3732-2111**

---

## **Corporate Profile**

Established in 1896 as Japan's first manufacturer of measuring instruments, TOKYO KEIKI INC. had its start as a producer of pressure gauges. For 126 years, we have embraced the themes of world-class technology, quality that responds to the expectations of our customers and creation of new value in the development and manufacture of numerous new products that are reflective of the times and dramatic advances in technology.

TOKYO KEIKI INC. is comprised of the Marine Systems, Measurement Systems, Fluid Power & Control Systems, Inspection Systems, Electronics Systems, and Communication & Control Systems Companies. The products and services provided to customers by these six companies contribute to the enhancement of our society.

Navigational safety and energy savings of ships have been greatly improved by technologies such as autopilot, radar, electronic chart display & information systems, and other products which have been provided to the large and diverse maritime market by the Marine Systems Company. The Measurement Systems Company's highly regarded and proven ultrasonic flowmeter and its radar level gauge products are vital components in water and wastewater management systems and river monitoring disaster prevention systems. Addressing the themes of energy savings, environmental compatibility, and computerization, the Fluid Power & Control Systems Company provides a wide variety of hydraulic products for injection molding machinery and machine tools. The remote control of construction equipment enabled by the wireless control systems and other products manufactured by the Company factors greatly in the realization of unmanned construction and labor savings. Inspection equipment provided by the Inspection Systems Company is utilized by the printing industry to detect imperfections in printed material as well as problems in the printing process, issues that are critical for rigorous quality control. The Communication & Control Systems Company supplies microwave devices which are core components in wireless information equipment and power electronics. The Company also provides helicopter broadcasting systems that optimize television relay circuits and inertial sensors that are essential for attitude control of autonomous mobile robots and other applications. Advanced aerospace electronic equipment for the defense market and marine traffic systems for the Japan Coast Guard are among the products offered by the Electronics Systems Company.

\* Annual Select is an English-language disclosure format developed by ZAIHON, INC. to increase the level of convenience of investors outside Japan based on Japanese-language statutory disclosure material, timely disclosure material prescribed by securities exchanges and voluntarily disclosed IR material. Annual Select is a registered trademark of ZAIHON, INC. Reproduction or copying without prior permission is prohibited.

\* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Company does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.

## I. Summary of Selected Financial Data (Consolidated)

	87th fiscal year From April 1, 2017 to March 31, 2018	88th fiscal year From April 1, 2018 to March 31, 2019	89th fiscal year From April 1, 2019 to March 31, 2020	90th fiscal year From April 1, 2020 to March 31, 2021	91st fiscal year From April 1, 2021 to March 31, 2022
Net sales (Million yen)	43,803	46,692	47,440	42,081	41,510
Ordinary profit (Million yen)	1,511	2,660	2,011	1,458	1,926
Profit attributable to owners of parent (Million yen)	1,120	1,936	1,425	945	1,493
Comprehensive income (Million yen)	1,508	1,476	676	2,695	1,821
Net assets (Million yen)	28,425	29,481	29,644	31,939	33,348
Total assets (Million yen)	58,045	58,349	54,577	53,546	56,018
Net assets per share (Yen)	1,695.16	1,764.15	1,782.35	1,919.21	2,005.00
Basic earnings per share (Yen)	67.61	117.19	86.76	57.67	91.06
Diluted earnings per share (Yen)	–	–	–	–	–
Equity ratio (%)	48.28	49.75	53.46	58.74	58.71
Return on equity (ROE) (%)	4.08	6.79	4.90	3.12	4.64
Price-earnings ratio (PER) (Times)	16.70	9.39	8.01	16.37	13.03
Net cash provided by (used in) operating activities (Million yen)	463	1,638	2,915	7,068	2,256
Net cash provided by (used in) investing activities (Million yen)	(1,374)	(1,135)	(1,139)	(928)	(572)
Net cash provided by (used in) financing activities (Million yen)	2,589	(920)	(3,456)	(2,247)	(1,120)
Cash and cash equivalents at end of period (Million yen)	9,828	9,397	7,709	11,588	12,208
Number of employees [Separately, average number of temporary employees] (Persons)	1,522 [358]	1,571 [333]	1,660 [232]	1,672 [221]	1,696 [195]

- Notes:
1. Diluted earnings per share is not described since no dilutive shares exist.
  2. On October 1, 2017, TOKYO KEIKI INC. carried out a one-for-five common share consolidation. Accordingly, net assets per share and basic earnings per share have been calculated as if the share consolidation had been carried out at the beginning of the 87th fiscal year.
  3. TOKYO KEIKI INC. has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 91st fiscal year, and the key management indices for the 91st fiscal year are those after applying the accounting standard and relevant ASBJ regulations.

## II. To Our Stakeholders



**Tsuyoshi ANDO**

*Representative Director, President & CEO*

in infections with the emergence of new strains, protracted turmoil in the supply chain and the depreciation of the yen.

### **FY2021 Operating Results and FY2022 Forecast**

I would like to extend my sincerest appreciation for your patronage of TOKYO KEIKI.

In fiscal 2021 (fiscal year ended March 31, 2022), there were signs of recovery in the global economy amid the rollout of the novel coronavirus disease (COVID-19) vaccines, progress in economic activity due to the easing of restrictions and the implementation of monetary and fiscal policies in each country. However, disruptions in the supply chain continued due to factors such as the prolonged shortages of components such as semiconductors and the higher price of crude oil and raw materials. The outlook also remains uncertain due to the deteriorating situation in Ukraine, increased inflation and hikes in policy interest rates across the world, as well as China's protracted zero COVID policy.

There were signs of economic recovery in Japan with the decline in the number of COVID-19 cases. However, uncertainty persisted due to factors such as a resurgence

### **FY2021 Operating Results**

Under these economic conditions, the Group has taken initiatives based on three basic policies of the Medium-term Business Plan in our TOKYO KEIKI Vision 2030, released in June 2021: "Expanding business domains," "Promoting globalization," and "Continuously strengthening existing business."

Regarding "Expanding business domains," we made progress in the Defense & Communications Equipment Business with the commercial production of microwave amplifiers that are installed in domestically produced small Synthetic Aperture Radar (SAR) satellites. These microwave amplifiers are developed from microwave application technology, which is one of our core technologies.

Regarding "Promoting globalization," in the Defense & Communications Equipment Business, we undertook its first delivery and installation of the high-resolution semiconductor radar for coastal surveillance "SeaKu" in Europe, which was developed for overseas markets. Furthermore, we promoted overseas sales, including decisions to adopt the river radar for river surveillance for Europe.

Regarding "Continuously strengthening existing business," in the Marine Systems Business, we completed the development of the new model Electronic Chart Display and Information Systems (ECDIS) "EC-9000," which is to increase sales and market share of the existing vessels market. The actual system was displayed at the International Maritime Exhibition and Conference "Sea Japan 2022" held in April 2022 and was well-received by a large number of attendees. It was also featured in multiple media.

As a result of the above, with regard to the Group's consolidated earnings for fiscal 2021, net sales fell by 1.4% compared with the previous fiscal year to ¥41,510 million. This was mainly due to the large decline in the Defense & Communications Equipment Business, which had suffered a dip in defense business projects up until

fiscal 2021, despite increased revenue in the Marine Systems Business, Hydraulics and Pneumatics Business, Fluid Measurement Equipment Business, and Other Businesses. On the other hand, the improvement in the cost of sales ratio in our major businesses resulted in substantial improvements in all profit items, with a 30.8% increase in operating profit from the previous fiscal year to ¥1,640 million, a 32.1% increase in ordinary profit to ¥1,930 million, and a 58.1% increase in profit attributable to owners of parent to ¥1,490 million.

The operating profit margin rose 0.9 percentage points compared with the previous fiscal year to 3.9% and the return on equity (ROE) rose 1.5 percentage points compared with the previous fiscal year to 4.6%. We are aiming for further increases.

### **FY2022 Forecast**

In fiscal 2022 (fiscal year ending March 31, 2023), amid the persistent concerns of a resurgence of COVID-19, we expect to continue to face highly uncertain conditions including the deteriorating situation in Ukraine, disruptions to the supply chain and higher energy prices, higher inflation, further depreciation of the yen, and China's protracted zero COVID policy.

Amid this business environment, our outlook for fiscal 2022 anticipates increased revenue and profits. We forecast net sales will increase by 9.4% to ¥45,400 million, operating profit will increase by 13.2% to ¥1,850 million, ordinary profit will increase by 9.0% to ¥2,100 million, and profit attributable to owners of parent will increase by 3.8% to ¥1,550 million. This is attributed to firm demand for equipment for new ships in the Marine Systems Business, the anticipation of ongoing recovery in demand in each market in the Hydraulics and Pneumatics Business, the anticipation of ongoing favorable demand in the Fluid Measurement Equipment Business, the anticipation of increased sales through the supply of radar warning systems for fighters and electronic support measures for patrol helicopters in the defense business under the Defense & Communications Equipment Business, and the anticipation of increased sales through the supply of ultrasonic railway inspection cars in the railway maintenance business under Other Businesses.

The currently anticipated impact on our business performance from factors including the recent difficulties in obtaining materials and the higher price of raw materials has been factored in to a certain extent. We will continue to take measures necessary to minimize the impact on our business performance including early procurement of parts and passing on of price increases. If any matter to be disclosed arises, such information will be promptly announced.

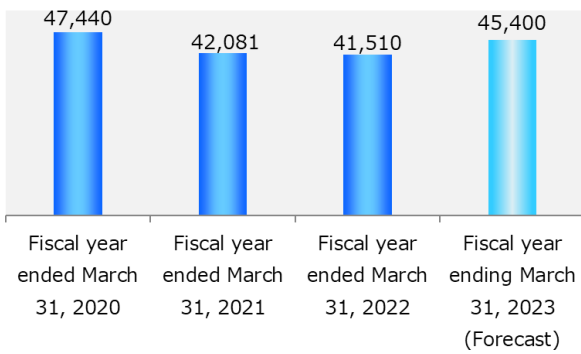
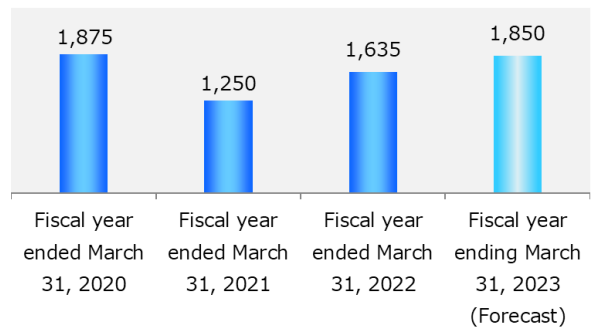
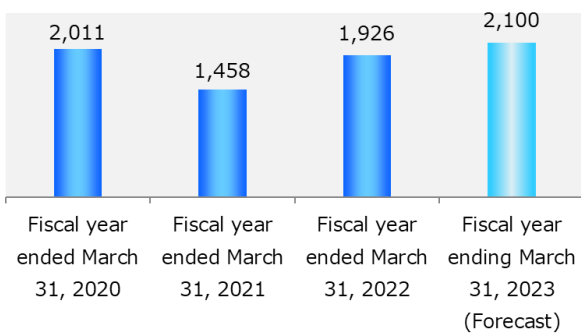
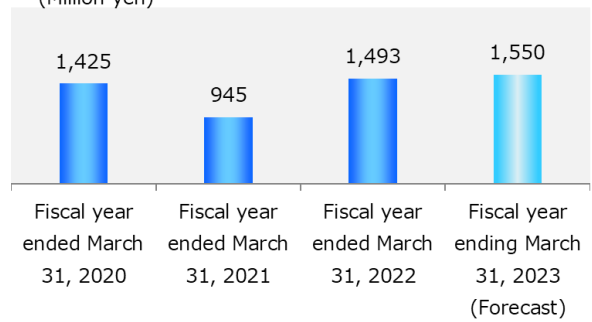
For the fiscal 2021 dividend we distributed a special commemorative dividend of ¥5 for the 125th anniversary in addition to the ordinary dividend of ¥25 per share for a total of ¥30 per share. Furthermore, for fiscal 2022, we intend to increase the ordinary dividend by ¥5 to ¥30 per share.

On behalf of the senior management and workforce at TOKYO KEIKI, I would like to close by asking all stakeholders for your ongoing and further support and cooperation.



**Tsuyoshi ANDO**

*Representative Director, President & CEO*

**Net sales** (Million yen)**Operating profit** (Million yen)**Ordinary profit** (Million yen)**Profit attributable to owners of parent**  
(Million yen)

### III. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	11,620	12,244
Notes and accounts receivable - trade	12,568	-
Notes and accounts receivable - trade, and contract assets	-	11,976
Electronically recorded monetary claims - operating	3,816	3,353
Merchandise and finished goods	1,477	1,866
Work in process	6,164	6,958
Raw materials and supplies	5,032	6,155
Accounts receivable - other	32	245
Other	245	307
Allowance for doubtful accounts	(4)	(1)
<b>Total current assets</b>	<b>40,950</b>	<b>43,102</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,721	13,576
Accumulated depreciation	(11,151)	(10,978)
Buildings and structures, net	2,570	2,598
Machinery, equipment and vehicles	12,769	12,682
Accumulated depreciation	(11,158)	(11,310)
Machinery, equipment and vehicles, net	1,611	1,372
Tools, furniture and fixtures	10,670	10,800
Accumulated depreciation	(9,798)	(10,161)
Tools, furniture and fixtures, net	871	638
Land	1,873	1,873
Construction in progress	45	135
<b>Total property, plant and equipment</b>	<b>6,970</b>	<b>6,617</b>
Intangible assets		
Software	18	38
Software in progress	15	45
Other	0	11
<b>Total intangible assets</b>	<b>33</b>	<b>94</b>
Investments and other assets		
Investment securities	3,606	3,956
Deferred tax assets	281	157
Guarantee deposits	532	515
Retirement benefit asset	1,068	1,496
Other	161	123
Allowance for doubtful accounts	(54)	(42)
<b>Total investments and other assets</b>	<b>5,593</b>	<b>6,206</b>
<b>Total non-current assets</b>	<b>12,596</b>	<b>12,916</b>
<b>Total assets</b>	<b>53,546</b>	<b>56,018</b>

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,093	6,565
Short-term borrowings	8,516	8,102
Accounts payable - other	496	417
Income taxes payable	115	440
Provision for bonuses	1,097	1,159
Provision for shareholder benefit program	72	81
Other	2,331	2,266
Total current liabilities	17,722	19,031
Non-current liabilities		
Long-term borrowings	2,424	2,136
Provision for retirement benefits for directors (and other officers)	58	70
Asset retirement obligations	788	788
Retirement benefit liability	531	563
Other	83	82
Total non-current liabilities	3,884	3,640
Total liabilities	21,607	22,671
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,218	7,218
Capital surplus	14	14
Retained earnings	23,076	24,152
Treasury shares	(688)	(675)
Total shareholders' equity	29,619	30,708
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,031	1,246
Foreign currency translation adjustment	(52)	37
Remeasurements of defined benefit plans	856	897
Total accumulated other comprehensive income	1,835	2,180
Non-controlling interests	485	460
Total net assets	31,939	33,348
<b>Total liabilities and net assets</b>	<b>53,546</b>	<b>56,018</b>

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	42,081	41,510
Cost of sales	31,415	30,527
Gross profit	10,666	10,983
Selling, general and administrative expenses	9,417	9,348
Operating profit	1,250	1,635
Non-operating income		
Interest income	4	4
Dividend income	83	107
Dividend income of life insurance	32	34
Rental income from facilities	10	10
Share of profit of entities accounted for using equity method	16	84
Subsidy income	45	43
Foreign exchange gains	7	11
Other	89	69
Total non-operating income	287	362
Non-operating expenses		
Interest expenses	57	54
Rental expenses on facilities	13	14
Other	9	3
Total non-operating expenses	79	71
Ordinary profit	1,458	1,926
Extraordinary income		
Gain on sale of investment securities	24	141
Total extraordinary income	24	141
Extraordinary losses		
Loss on sale and retirement of non-current assets	17	87
Total extraordinary losses	17	87
Profit before income taxes	1,465	1,980
Income taxes - current	324	486
Income taxes - deferred	170	18
Total income taxes	493	504
Profit	972	1,476
Profit (loss) attributable to non-controlling interests	27	(17)
Profit attributable to owners of parent	945	1,493



## Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	972	1,476
Other comprehensive income		
Valuation difference on available-for-sale securities	497	215
Foreign currency translation adjustment	(29)	86
Remeasurements of defined benefit plans, net of tax	1,256	40
Share of other comprehensive income of entities accounted for using equity method	(0)	3
Total other comprehensive income	1,724	344
Comprehensive income	2,695	1,821
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,668	1,838
Comprehensive income attributable to non- controlling interests	27	(17)

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,218	14	22,542	(708)	29,065
Cumulative effects of changes in accounting policies					–
Restated balance	7,218	14	22,542	(708)	29,065
Changes during period					
Dividends of surplus			(409)		(409)
Profit attributable to owners of parent			945		945
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(1)	20	19
Net changes in items other than shareholders' equity					
Total changes during period	–	–	535	20	554
Balance at end of period	7,218	14	23,076	(688)	29,619

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	534	(23)	(400)	112	467	29,644
Cumulative effects of changes in accounting policies						–
Restated balance	534	(23)	(400)	112	467	29,644
Changes during period						
Dividends of surplus						(409)
Profit attributable to owners of parent						945
Purchase of treasury shares						(0)
Disposal of treasury shares						19
Net changes in items other than shareholders' equity	497	(29)	1,256	1,724	18	1,741
Total changes during period	497	(29)	1,256	1,724	18	2,295
Balance at end of period	1,031	(52)	856	1,835	485	31,939

Fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,218	14	23,076	(688)	29,619
Cumulative effects of changes in accounting policies			(7)		(7)
Restated balance	7,218	14	23,069	(688)	29,612
Changes during period					
Dividends of surplus			(410)		(410)
Profit attributable to owners of parent			1,493		1,493
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(1)	14	13
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,082	14	1,096
Balance at end of period	7,218	14	24,152	(675)	30,708

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,031	(52)	856	1,835	485	31,939
Cumulative effects of changes in accounting policies						(7)
Restated balance	1,031	(52)	856	1,835	485	31,932
Changes during period						
Dividends of surplus						(410)
Profit attributable to owners of parent						1,493
Purchase of treasury shares						(0)
Disposal of treasury shares						13
Net changes in items other than shareholders' equity	215	89	40	344	(25)	319
Total changes during period	215	89	40	344	(25)	1,416
Balance at end of period	1,246	37	897	2,180	460	33,348

#### (4) Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,465	1,980
Depreciation	1,128	1,073
Amortization of guarantee deposits	12	12
Increase (decrease) in allowance for doubtful accounts	4	(16)
Increase (decrease) in provision for bonuses	(25)	62
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	13
Increase (decrease) in provision for shareholder benefit program	72	9
Interest and dividend income	(87)	(111)
Increase (decrease) in retirement benefit liability	42	(339)
Interest expenses	57	54
Share of loss (profit) of entities accounted for using equity method	(16)	(84)
Loss (gain) on sale of investment securities	(24)	(141)
Loss (gain) on sale and retirement of non-current assets	17	87
Decrease (increase) in trade receivables	3,278	1,060
Decrease (increase) in inventories	2,323	(2,297)
Increase (decrease) in trade payables	(704)	1,457
Decrease (increase) in other assets	58	(191)
Increase (decrease) in other liabilities	(168)	(221)
Other, net	9	–
<b>Subtotal</b>	<b>7,442</b>	<b>2,406</b>
Interest and dividends received	87	111
Interest paid	(66)	(55)
Income taxes paid	(396)	(207)
<b>Net cash provided by (used in) operating activities</b>	<b>7,068</b>	<b>2,256</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(32)	(36)
Proceeds from withdrawal of time deposits	–	36
Purchase of investment securities	(7)	(9)
Proceeds from sale of investment securities	116	218
Purchase of non-current assets	(1,014)	(786)
Proceeds from sale of non-current assets	0	–
Payments of leasehold and guarantee deposits	(2)	(4)
Proceeds from refund of leasehold and guarantee deposits	5	10
Other, net	6	(1)
<b>Net cash provided by (used in) investing activities</b>	<b>(928)</b>	<b>(572)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	2,050	–
Repayments of long-term borrowings	(3,878)	(702)
Purchase of treasury shares	(0)	(0)
Dividends paid	(409)	(410)
Dividends paid to non-controlling interests	(9)	(8)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,247)</b>	<b>(1,120)</b>
Effect of exchange rate change on cash and cash equivalents	(15)	56
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,879</b>	<b>620</b>
Cash and cash equivalents at beginning of period	7,709	11,588
<b>Cash and cash equivalents at end of period</b>	<b>11,588</b>	<b>12,208</b>

## IV. Company Information / Stock Information

### Company Information (as of March 31, 2022)

Trade name:	TOKYO KEIKI INC.
Date of establishment:	May 1896
Listing date:	May 1949
Business year:	From April 1 to March 31
Paid-in capital:	¥7,218 million
Number of employees:	1,696 (excluding those seconded out of the Group and including those seconded into the Group) (Consolidated)
Head office:	2-16-46 Minami-Kamata, Ohta-ku, Tokyo
Telephone:	+81-3-3732-2111
Consolidated subsidiaries:	TOKYO KEIKI AVIATION INC. TOKYO KEIKI POWER SYSTEMS INC. TOKYO KEIKI INFORMATION SYSTEMS INC. TOKYO KEIKI TECHNOPORT INC. TOKYO KEIKI RAIL TECHNO INC. MOCOS JAPAN CO., LTD. TOKYO KEIKI U.S.A., INC. TOKYO KEIKI (SHANGHAI) CO., LTD. TOKYO KEIKI PRECISION TECHNOLOGY CO., LTD.

### Directors, Audit and Supervisory Committee Members (as of June 29, 2022)

President	Tsuyoshi ANDO	Director, Audit & Supervisory Committee Member
Director	Motoo UENOYAMA	Takahiro KASHIMA
Director	Yukihiko SUZUKI	Director, Audit & Supervisory Committee Member* Nanpei YANAGAWA Director, Audit & Supervisory Committee Member* Takashi NAKAMURA

\* Outside Director

### Stock Status (as of March 31, 2022)

Total number of authorized shares:	50,000,000 shares
Total number of shares issued:	17,076,439 shares
Number of shareholders:	9,572

### Major shareholders (Top 10)

Shareholder name	Number of shares held (Thousands)	Share-holding ratio (excluding treasury shares) (%)
TOKYO KEIKI ASSOCIATION	1,188	7.24
The Master Trust Bank of Japan, Ltd.	1,165	7.10
TOKYO KEIKI TRADING-PARTNER SHAREHOLDING ASSOCIATION	720	4.39
Sumitomo Mitsui Banking Corporation	653	3.98
TOKYO KEIKI EMPLOYEE SHAREHOLDING ASSOCIATION	483	2.94
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
Masayoshi YAMAUCHI	315	1.92

- Shares held by trust and banking companies include those related to trust services.
- The Company retains 673 thousand shares as treasury shares, which is excluded from the above list of principal shareholders.
- The percentage of total shares is calculated without treasury shares.

(Source: Annual Securities Report)