

**For the Fiscal Year Ended March 31, 2023**

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**Annual Select<sup>®</sup> 2023**

**TOKYO KEIKI INC.**

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

**(Securities Code: 7721)**

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

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## **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 127 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, by segment, comprised of Marine Systems Business including the Marine Systems Company, Hydraulics and Pneumatics Business including the Measurement Systems Company, Fluid Measurement Equipment Business including the Fluid Power & Control Systems Company, Defense & Communications Equipment Business including the Electronics Systems Company and the Communication & Control Systems Company, and Other Business including the Inspection Systems Company and the subsidiaries. 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.

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\* 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)

	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	92nd fiscal year From April 1, 2022 to March 31, 2023
Net sales (Million yen)	46,692	47,440	42,081	41,510	44,296
Ordinary profit (Million yen)	2,660	2,011	1,458	1,926	1,687
Profit attributable to owners of parent (Million yen)	1,936	1,425	945	1,493	873
Comprehensive income (Million yen)	1,476	676	2,695	1,821	581
Net assets (Million yen)	29,481	29,644	31,939	33,348	33,451
Total assets (Million yen)	58,349	54,577	53,546	56,018	56,624
Net assets per share (Yen)	1,764.15	1,782.35	1,919.21	2,005.00	2,005.89
Basic earnings per share (Yen)	117.19	86.76	57.67	91.06	53.16
Diluted earnings per share (Yen)	–	–	–	–	–
Equity ratio (%)	49.75	53.46	58.74	58.71	58.15
Return on equity (ROE) (%)	6.79	4.90	3.12	4.64	2.65
Price-earnings ratio (PER) (Times)	9.39	8.01	16.37	13.03	22.85
Net cash provided by (used in) operating activities (Million yen)	1,638	2,915	7,068	2,256	(2,829)
Net cash provided by (used in) investing activities (Million yen)	(1,135)	(1,139)	(928)	(572)	4
Net cash provided by (used in) financing activities (Million yen)	(920)	(3,456)	(2,247)	(1,120)	(780)
Cash and cash equivalents at end of period (Million yen)	9,397	7,709	11,588	12,208	8,671
Number of employees [Separately, average number of temporary employees] (Persons)	1,571 [333]	1,660 [232]	1,672 [221]	1,696 [195]	1,676 [214]

- Notes: 1. Diluted earnings per share are not described since no dilutive shares exist.  
2. 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 and subsequent fiscal years are those after applying the accounting standard and relevant ASBJ regulations.

## II. To Our Stakeholders



**Tsuyoshi ANDO**  
*Representative Director, President & CEO*

### **FY2022 Operating Results and FY2023 Forecast**

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

In fiscal 2022 (fiscal year ended March 31, 2023), the global economy resumed economic activity in each country in earnest, despite the impact of China's zero COVID policy. Amid these conditions, there were continued concerns about economic recovery because of soaring resource prices caused by the protracted situation in Ukraine and monetary tightening across the world.

The Japanese economy also remained uncertain, due to a shortage of components such as semiconductors, soaring raw material prices, rapid exchange rate fluctuations, and a sharp rise in energy prices.

Under these economic conditions, the TOKYO KEIKI Group has engaged in the following basic policies of the Medium-term Business Plan: "Expanding business domains," "Promoting globalization," and "Continuously strengthening existing business," in order to realize our TOKYO KEIKI Vision 2030 that we announced in June 2021.

Regarding "Expanding business domains," in order to expand our space business, our Defense & Communications Equipment Business began constructing a space building (formerly named the satellite assembly building) to enable the simultaneous production of several small satellites. Regarding "Promoting globalization," we stepped up efforts to expand sales of our new model Electronic Chart Display and Information Systems (ECDIS) to Europe in Marine Systems Business. In Defense & Communications Equipment Business, the performance specifications of our high-resolution Ku-band solid-state radar for coastal surveillance "SeaKu," which was delivered to Europe in the previous fiscal year, have been listed in the recommendations of VTS radar issued by International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA). Accordingly, we expect further progress of sales overseas in the future. Furthermore, in Other business, we released a new product M-CAP V2 for material inspection to strengthen sales expansion in the Asian region, where demand is strong.

Regarding "Continuously strengthening existing business," in Marine Systems Business, we have begun joint R&D with Nabtesco Corporation with the aim of further reduction of vessel fuel consumption and labor-saving. In addition, capital expenditures were made to increase production in order to meet increasing demand for mechanical gyrocompasses and fiber optic gyrocompasses.

Under such measures, with regard to the Group's consolidated earnings for fiscal 2022, net sales increased by 6.7% compared with the previous fiscal year to ¥44,296 million with increased revenue in all segments as a result of the substantial increase in orders received, the effect of the yen's depreciation, and the Company's continued efforts to optimize selling prices on a company-wide basis. On the other hand, because of the increase in the cost of sales ratio due to soaring raw material prices and changes in the product mix, as well as the increase in SG&A expenses, there was a 19.8% decrease in operating profit from the previous fiscal year to ¥1,312 million, and a 12.4% decrease in ordinary profit to ¥1,687 million. In addition to the above, a ¥662 million gain on sales of shares was recorded as extraordinary income for the purpose of a reduction in cross shareholdings, but Hydraulics and Pneumatics Business recorded an impairment loss of ¥1,115 million as extraordinary losses. As a result, there was

a 41.6% decrease in profit attributable to owners of parent from the previous fiscal year to ¥873 million.

The operating profit margin declined 0.9 percentage points compared with the previous fiscal year to 3.0% and the return on equity (ROE) declined 1.9 percentage points compared with the previous fiscal year to 2.7%. Going forward, we will focus on further improving business earnings and strengthening our financial bases while strengthening risk management.

In fiscal 2023 (fiscal year ending March 31, 2024), we expect the uncertain conditions to continue including rising energy and raw material prices, exchange rate fluctuations caused by interest rate gaps between Japan and the United States, heightened geopolitical risks such as the situation in Ukraine and the conflict between the United States and China, and inflation and monetary tightening in various countries.

Amid this business environment, we forecast net sales will increase by 3.2% to ¥45,700 million for fiscal 2023, thanks to a backlog of orders at a record high level for the past 10 years, and an increase in the national defense budget. In addition, by working to optimize selling prices in each business, while investing in human resources and R&D, we forecast operating profit will increase by 2.9% to ¥1,350 million, ordinary profit will decrease by 8.1% to ¥1,550 million, and profit attributable to owners of parent will increase by 38.7% to ¥1,210 million.

The currently anticipated impact on our business performance from factors including the higher price of raw materials has been factored in to a certain extent. If any matter to be disclosed arises, such information will be promptly announced.

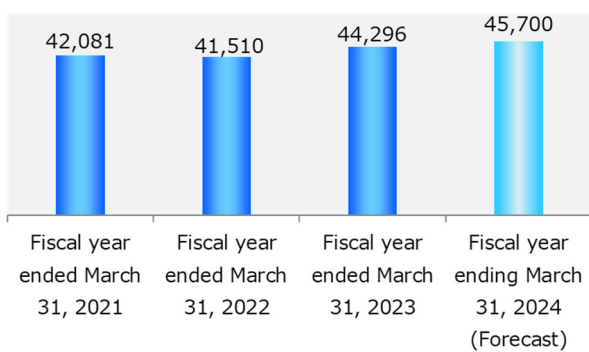
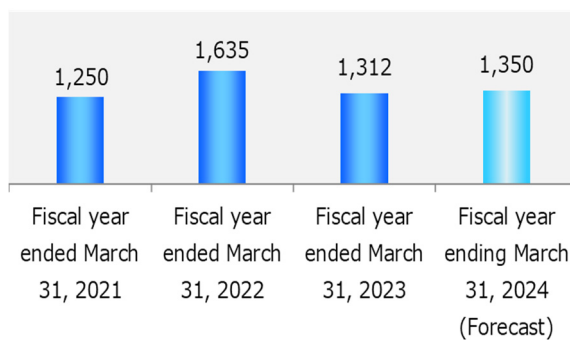
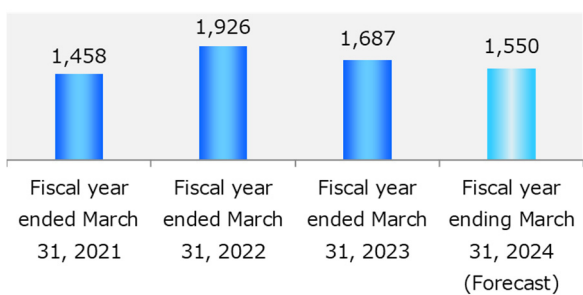
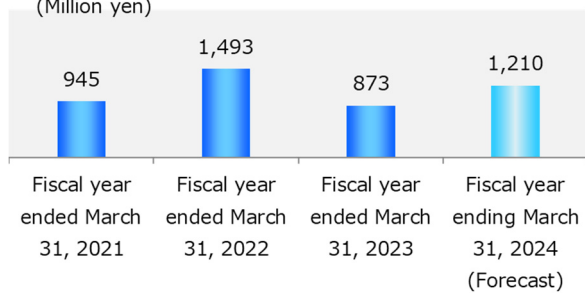
For the fiscal 2022 dividend we have decided to distribute the ordinary dividend of ¥30 per share. Furthermore, for fiscal 2023, we intend to increase the ordinary dividend by ¥2.5 to ¥32.5 per share, with the aim of achieving stable and continuous dividends, after taking into account our business performance and past dividend results.

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, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	12,244	8,710
Notes and accounts receivable - trade, and contract assets	11,976	13,783
Electronically recorded monetary claims - operating	3,353	3,598
Merchandise and finished goods	1,866	1,958
Work in process	6,958	8,423
Raw materials and supplies	6,155	7,772
Accounts receivable - other	245	269
Other	307	302
Allowance for doubtful accounts	(1)	(1)
Total current assets	43,102	44,814
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,576	13,617
Accumulated depreciation	(10,978)	(11,621)
Buildings and structures, net	2,598	1,997
Machinery, equipment and vehicles	12,682	12,976
Accumulated depreciation	(11,310)	(12,050)
Machinery, equipment and vehicles, net	1,372	926
Tools, furniture and fixtures	10,800	11,107
Accumulated depreciation	(10,161)	(10,467)
Tools, furniture and fixtures, net	638	640
Land	1,873	1,854
Construction in progress	135	41
Total property, plant and equipment	6,617	5,458
Intangible assets		
Software	38	42
Software in progress	45	95
Other	11	0
Total intangible assets	94	137
Investments and other assets		
Investment securities	3,956	3,440
Deferred tax assets	157	560
Guarantee deposits	515	496
Retirement benefit asset	1,496	1,505
Other	123	268
Allowance for doubtful accounts	(42)	(54)
Total investments and other assets	6,206	6,215
Total non-current assets	12,916	11,809
Total assets	56,018	56,624

(Million yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,565	6,824
Short-term borrowings	8,102	9,951
Accounts payable - other	417	673
Income taxes payable	440	256
Provision for bonuses	1,159	1,145
Provision for shareholder benefit program	81	81
Other	2,266	2,455
Total current liabilities	19,031	21,385
Non-current liabilities		
Long-term borrowings	2,136	–
Provision for retirement benefits for directors (and other officers)	70	62
Asset retirement obligations	788	788
Retirement benefit liability	563	577
Other	82	359
Total non-current liabilities	3,640	1,787
Total liabilities	22,671	23,172
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,218	7,218
Capital surplus	14	17
Retained earnings	24,152	24,532
Treasury shares	(675)	(663)
Total shareholders' equity	30,708	31,104
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,246	971
Foreign currency translation adjustment	37	206
Remeasurements of defined benefit plans	897	645
Total accumulated other comprehensive income	2,180	1,822
Non-controlling interests	460	525
Total net assets	33,348	33,451
<b>Total liabilities and net assets</b>	<b>56,018</b>	<b>56,624</b>

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

### Consolidated Statements of Income

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	41,510	44,296
Cost of sales	30,527	33,308
Gross profit	10,983	10,988
Selling, general and administrative expenses	9,348	9,676
Operating profit	1,635	1,312
Non-operating income		
Interest income	4	4
Dividend income	107	177
Dividend income of life insurance	34	34
Rental income from facilities	10	8
Share of profit of entities accounted for using equity method	84	102
Subsidy income	43	43
Foreign exchange gains	11	–
Other	69	93
Total non-operating income	362	461
Non-operating expenses		
Interest expenses	54	52
Rental expenses on facilities	14	15
Foreign exchange losses	–	12
Other	3	7
Total non-operating expenses	71	85
Ordinary profit	1,926	1,687
Extraordinary income		
Gain on sale of investment securities	141	662
Insurance claim income	–	29
Total extraordinary income	141	691
Extraordinary losses		
Impairment losses	–	1,115
Loss on sale and retirement of non-current assets	87	6
Loss on fire	–	16
Total extraordinary losses	87	1,138
Profit before income taxes	1,980	1,240
Income taxes - current	486	464
Income taxes - deferred	18	(162)
Total income taxes	504	302
Profit	1,476	938
Profit (loss) attributable to non-controlling interests	(17)	66
Profit attributable to owners of parent	1,493	873



## Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,476	938
Other comprehensive income		
Valuation difference on available-for-sale securities	215	(275)
Foreign currency translation adjustment	86	169
Remeasurements of defined benefit plans, net of tax	40	(252)
Share of other comprehensive income of entities accounted for using equity method	3	0
Total other comprehensive income	344	(358)
Comprehensive income	1,821	581
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,838	515
Comprehensive income attributable to non- controlling interests	(17)	66

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

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

Fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,218	14	24,152	(675)	30,708
Changes during period					
Dividends of surplus			(492)		(492)
Profit attributable to owners of parent			873		873
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		4		12	15
Net changes in items other than shareholders' equity					
Total changes during period	-	4	380	12	396
Balance at end of period	7,218	17	24,532	(663)	31,104

	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	1,246	37	897	2,180	460	33,348
Changes during period						
Dividends of surplus						(492)
Profit attributable to owners of parent						873
Purchase of treasury shares						(0)
Disposal of treasury shares						15
Net changes in items other than shareholders' equity	(275)	169	(252)	(358)	66	(292)
Total changes during period	(275)	169	(252)	(358)	66	104
Balance at end of period	971	206	645	1,822	525	33,451

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

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,980	1,240
Depreciation	1,073	1,035
Amortization of guarantee deposits	12	12
Impairment losses	–	1,115
Increase (decrease) in allowance for doubtful accounts	(16)	12
Increase (decrease) in provision for bonuses	62	(15)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	13	(8)
Increase (decrease) in provision for shareholder benefit program	9	0
Interest and dividend income	(111)	(181)
Increase (decrease) in retirement benefit liability	(339)	(358)
Interest expenses	54	52
Foreign exchange losses (gains)	–	(0)
Share of loss (profit) of entities accounted for using equity method	(84)	(102)
Loss (gain) on sale of investment securities	(141)	(662)
Loss (gain) on sale and retirement of non-current assets	87	6
Decrease (increase) in trade receivables	1,060	(2,044)
Decrease (increase) in inventories	(2,297)	(3,158)
Increase (decrease) in trade payables	1,457	248
Decrease (increase) in other assets	(191)	(85)
Increase (decrease) in other liabilities	(221)	537
Subtotal	2,406	(2,354)
Interest and dividends received	111	181
Interest paid	(55)	(52)
Income taxes paid	(207)	(604)
Net cash provided by (used in) operating activities	2,256	(2,829)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(36)	(115)
Proceeds from withdrawal of time deposits	36	38
Purchase of investment securities	(9)	(8)
Proceeds from sale of investment securities	218	968
Purchase of non-current assets	(786)	(891)
Proceeds from sale of non-current assets	–	5
Payments of leasehold and guarantee deposits	(4)	(10)
Proceeds from refund of leasehold and guarantee deposits	10	18
Other, net	(1)	(1)
Net cash provided by (used in) investing activities	(572)	4
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(702)	(288)
Purchase of treasury shares	(0)	(0)
Dividends paid	(410)	(492)
Dividends paid to non-controlling interests	(8)	–
Net cash provided by (used in) financing activities	(1,120)	(780)
Effect of exchange rate change on cash and cash equivalents	56	68
Net increase (decrease) in cash and cash equivalents	620	(3,537)
Cash and cash equivalents at beginning of period	11,588	12,208
Cash and cash equivalents at end of period	12,208	8,671

## IV. Company Information / Stock Information

### Company Information (as of March 31, 2023)

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:	1,676 (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, 2023)

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

\* Outside Director

### Stock Status (as of March 31, 2023)

Total number of authorized shares:	50,000,000 shares
Total number of shares issued:	17,076,439 shares
Number of shareholders:	11,682
Major shareholders (Top 10)	

Shareholder name	Number of shares held (Thousands)	Share-holding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd.	1,259	7.67
TOKYO KEIKI ASSOCIATION	1,190	7.25
TOKYO KEIKI TRADING-PARTNER SHAREHOLDING ASSOCIATION	741	4.51
Sumitomo Mitsui Banking Corporation	653	3.98
TOKYO KEIKI EMPLOYEE SHAREHOLDING ASSOCIATION	448	2.73
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	327	1.99

- Shares held by trust and banking companies include those related to trust services.
- The Company retains 662 thousand shares as treasury shares, which are excluded from the above list of principal shareholders.
- The percentage of total shares is calculated without treasury shares.

(Source: Annual Securities Report)