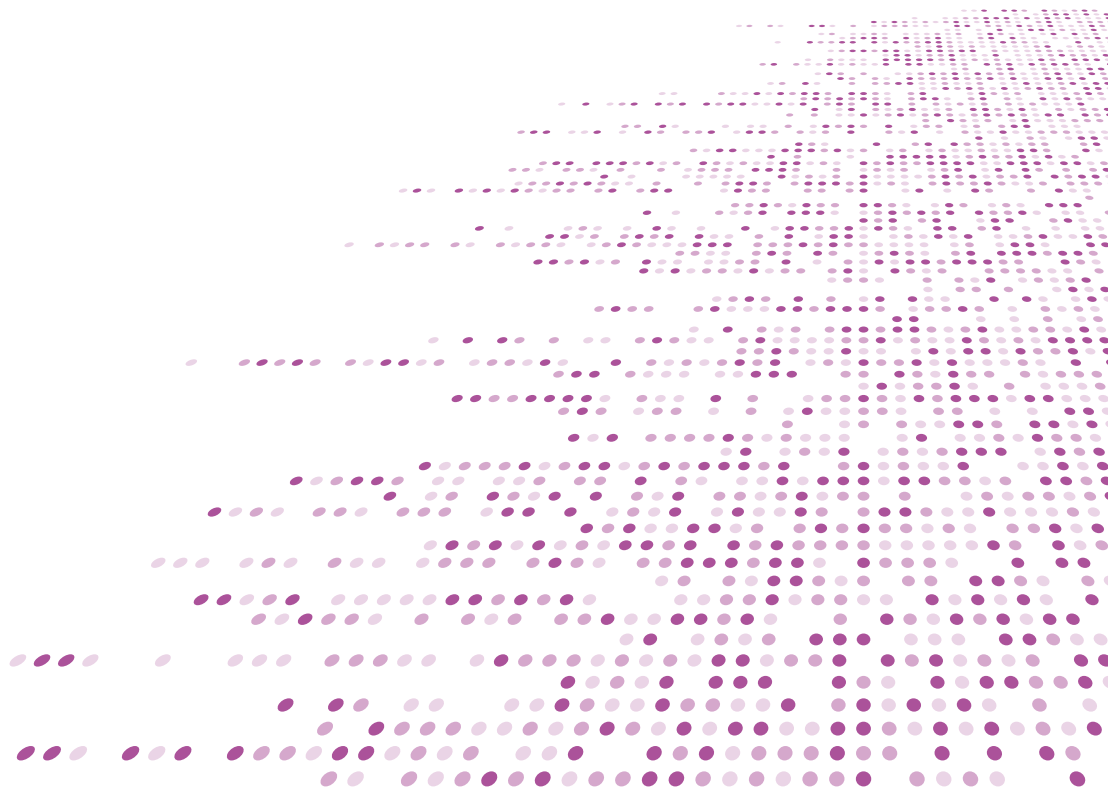


ANNUAL REPORT 2024



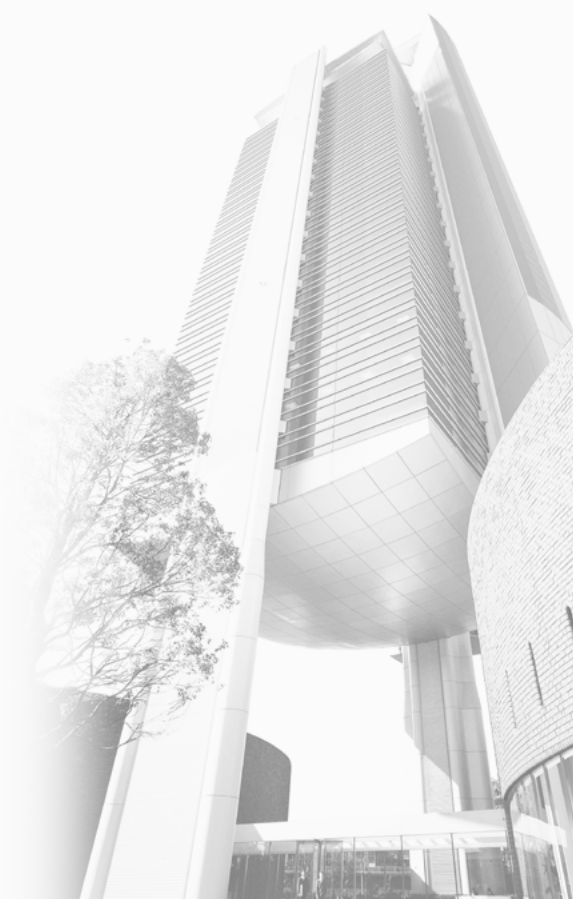
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C O R P O R A T E P R O F I L E

KEYENCE CORPORATION has steadily grown since 1974 to become a leading company in factory automation. It accomplished this by delivering the quality sensors that automation needs. Today, KEYENCE serves 350,000 customers in some 110 countries around the world, where its name stands for innovation and excellence.

Sensors, found in millions of applications, provide the positioning information essential for factory automation. There could be no automation of assembly lines without sensors. KEYENCE has consistently aided the automation revolution by developing superior sensor solutions.

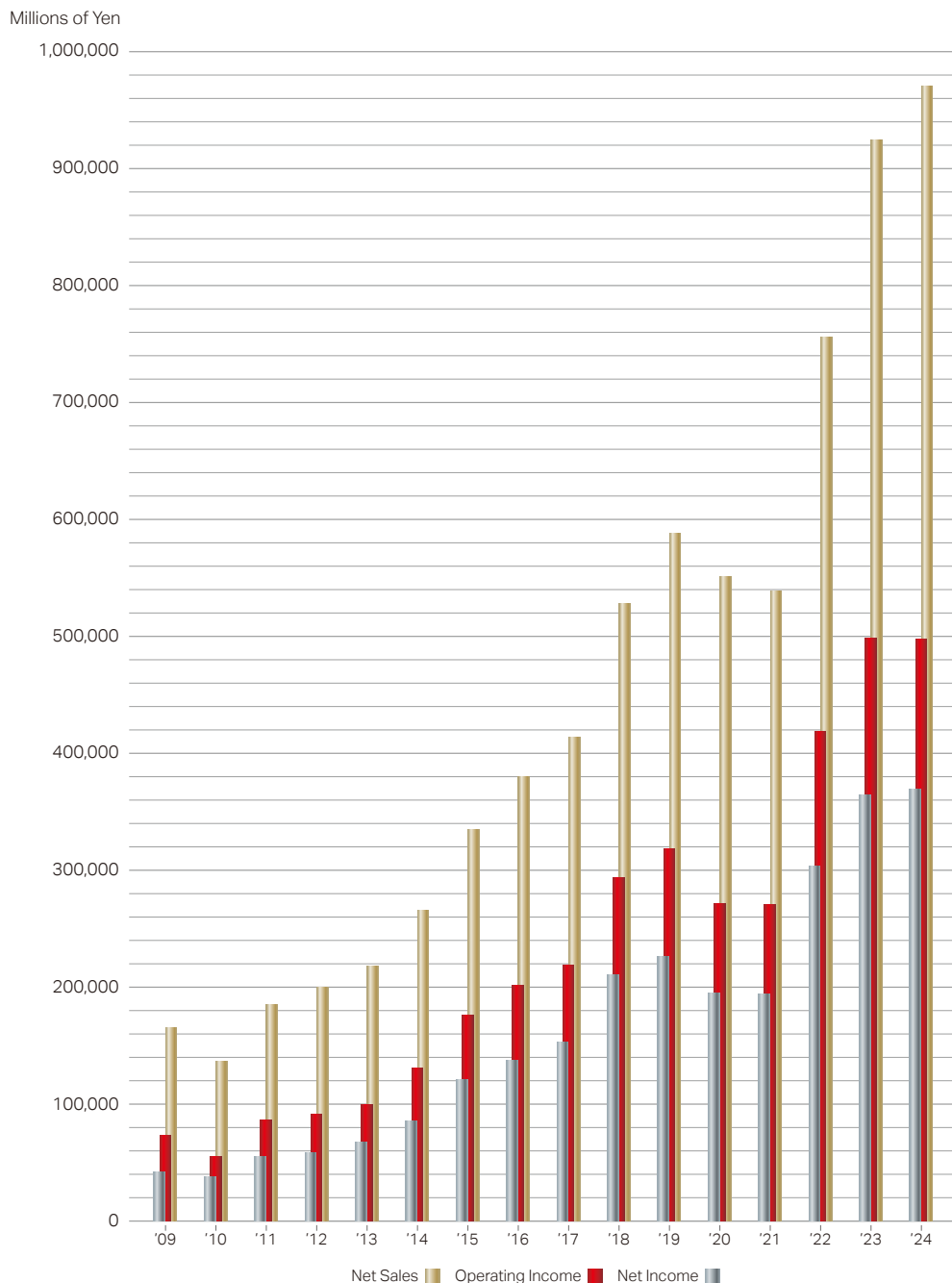


KEYENCE CORPORATION AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS

YEAR ENDED MARCH 20, 2024

	Millions of Yen		Thousands of U.S. Dollars*1
	2024	2023	2024
Net Sales	¥967,288	¥922,422	\$6,491,866
Operating Income	495,014	498,914	3,322,246
Net Income	369,642	362,963	2,480,821
Amounts Per Common Share (in Yen and U.S. Dollars)			
Net Income	1,524.14	1,496.60	10.23
Cash Dividends Applicable to the Year	300.00	300.00	2.01
Total Assets	2,964,792	2,650,429	19,897,935

*1. All dollar figures herein refer to U.S. dollars. Dollar amounts are translated from Japanese yen, for convenience only, at ¥149= US\$1, the approximate exchange rate on March 19, 2024.



TO OUR SHAREHOLDERS



Business results

During this consolidated fiscal year, the global economy continued to see capital investments, particularly in the manufacturing industry, but signs of caution remained due to economic uncertainty.

Capital investment remained strong in Europe and the United States, while some areas of Asia have shown signs of economic weakness, and in Japan, caution toward capital investment remained.

Under these economic conditions, the KEYENCE Group worked to enhance planning and development and strengthen sales capabilities to sustain mid-to-long term growth. We have also developed new products including a High Accuracy Automated Colony Counter and a Radar Level Sensor. In sales, we have made efforts to expand our overseas sales offices.

As a result of these activities, in this consolidated fiscal year we recorded sales of JPY 967,288 million, operating income of JPY 495,014 million, income before taxes of JPY 519,295 million, and net income of JPY 369,642 million.

TO OUR SHAREHOLDERS

Performance by region

1) Japan

In Japan, caution toward capital investment remained.

Under these conditions, we worked to release new products and enhance our sales capabilities, resulting in sales of JPY 344,567 million.

2) Overseas

While capital investment remained strong in Europe and the United States, some areas of Asia have shown signs of economic weakness.

Under these economic conditions, we worked to enhance our sales capabilities, with a focus on recruitment and personnel training, resulting in sales of JPY 622,720 million.

Looking to the future of the global economy, we need to keep a close eye on the economic impact of each country's policies and economic trends.

The market environment surrounding KEYENCE Group businesses is expected to see not only growing demand for automation, quality improvement, and R&D investment, but also various technological innovations. We recognize the need to strengthen the Group's planning and development capabilities while also expanding overseas business operations. In addition, furthering human resource development to take advantage of these changes and demands for continued sustainable growth is critical. We view these global trends as having great potential for expanding our business, and to realize this potential, we will focus on applying the powers that we have cultivated over the years to achieve sustained growth.

Yu Nakata

President
June 2024

NEW PRODUCT HIGHLIGHTS



Rugged Industrial Handheld Code Reader

In addition to a rugged design with a drop resistance of 2.5 m, KEYENCE's handheld code reader offers impressive reading performance.

Because of the extremely small sizes of barcodes and 2D codes used at manufacturing and warehouse facilities—with some smaller than 1 mm square—and due to scratches or smudges, reading such barcodes can be difficult. This handheld code reader's built-in AI chip allows for instantaneous, accurate reading for significantly improved onsite efficiency.



High Accuracy Automated Colony Counter

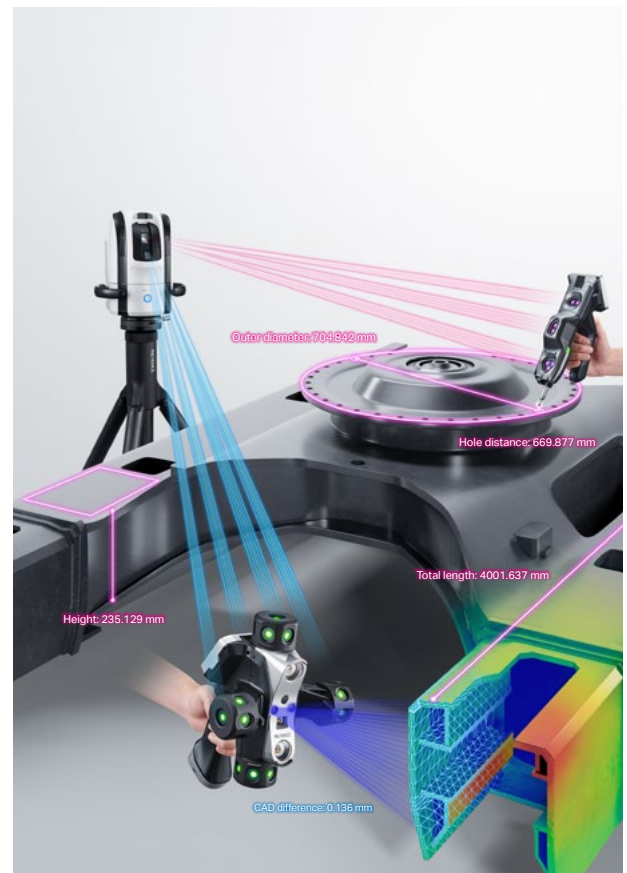
Visual microbial inspections are often time-consuming and can yield inconsistent results among inspectors. Even automated inspections typically require specialized knowledge and experience to set up the equipment. However, leveraging KEYENCE's expertise in optical and image processing technologies, we have developed a revolutionary product that provides accurate test results in as little as 1 second. By simply placing the petri dish on the stage and pressing a button, users can easily and accurately perform microbial inspections, making high-accuracy testing accessible to everyone.

NEW PRODUCT HIGHLIGHTS



Radar Level Sensor

KEYENCE's radar level sensors measure the height of liquids and powders in factory tanks and containers. Using radar technology with a highly linear frequency across a wide measurement range as well as a proprietary analysis algorithm ensures stable level measurement regardless of the installation environment or measurement target. Moreover, the non-contact measurement method eliminates the need for maintenance, helping to improve onsite productivity.



Wide Area Coordinate Measuring Machine

Adopting a new principle that combines 3 different cameras enables high-accuracy 3D measurement over a wide area of up to 25 m wide by 12.5 m deep and 12.5 m high. This system makes obtaining accurate dimensions and shape measurements for large products such as automobile doors and bodies easy even for single operators. This revolutionary product will change production in the manufacturing industry as well as a wide range of other industries, including construction and plant industries.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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**To the Board of Directors of Keyence Corporation:
<Audit of Consolidated Financial Statements>**

Opinion

We have audited the consolidated financial statements of Keyence Corporation and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 20, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 20, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

INDEPENDENT AUDITOR'S REPORT

Revenue recognition for product sales transactions	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The Group is engaged in a single segment business of the manufacture and sale of electronic application equipment, with sales of JPY 967,288 million recorded in the consolidated statements of income for the current fiscal year. Revenue primarily consisted of sales transactions of products at KEYENCE CO., LTD., and significant subsidiaries, which are KEYENCE CORPORATION OF AMERICA and KEYENCE (CHINA) CO., LTD.</p> <p>Although the Group runs a single segment business, range of electronic equipment includes sensors, measuring instruments, imaging systems equipment and laser markers for factory automation, as well as microscopes for research and development, code readers for logistics and retail. The Group's sales consist of sales transactions involving a wide variety of products with relatively low sales prices.</p> <p>The Group recognizes sales primarily when products are shipped to customers from domestic or overseas warehouses. As an internal control over product sales transactions, the Group ensures the accuracy of sales by matching shipping instruction information registered in the system with actual shipment information.</p> <p>In the consolidated financial statements, sales of JPY 967,288 million are quantitatively significant, and because net sales represent the scale of the Group's business activities and are considered to be a key performance indicator for management and investors, we have determined revenue as a key audit matter.</p>	<p>For revenue recognition of product sales transactions, we performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • We understood the revenue recognition process for the Group's product sales transactions and evaluated the effectiveness of the design and operation of internal controls. In particular, the design and operation of internal controls below were evaluated with the assistance of IT specialists. <ul style="list-style-type: none"> · IT application controls to match shipping instructions information registered in the system with actual shipment information · General IT controls to support the reliability of processing of the aforementioned systems • We performed risk assessment procedures, including analyses of monthly sales by business office and transaction type. • We examined the validity of the occurrence, accuracy and cut-off of product sales transactions selected based on sampling method by matching the purchase order from the customers with shipping records with receipt stamp of transport companies. • In addition, for transactions extracted based on certain criteria, we matched the vouchers for cash receipt if cash had already been collected. In case where cash had not been collected by the end of the fiscal year, confirmation procedures were carried out with the counterparties. • With respect to the sales of KEYENCE CORPORATION OF AMERICA and KEYENCE (CHINA) CO., LTD. which are significant components, we instructed the component auditors to perform the same procedures as us, and evaluated the results of the audits performed by the component auditors.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 20, 2024, which were charged by us and our network firms to Keyence Corporation and its subsidiaries were ¥39 million and ¥147 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Masafumi Takami
Designated Engagement Partner
Certified Public Accountant

Tatsuya Yasuba
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC

June 14, 2024

Member of
Deloitte Touche Tohmatsu Limited

KEYENCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

YEAR ENDED MARCH 20, 2024

	2024	2023	2024
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents (Note 9)	¥406,065	¥344,002	\$2,725,271
Time deposits (Note 9)	114,290	89,653	767,053
Marketable securities (Notes 4 and 9)	612,420	506,802	4,110,201
Notes and accounts receivable (Note 9)	307,526	297,785	2,063,933
Allowance for doubtful receivables	(1,383)	(1,155)	(9,285)
Inventories (Note 5)	77,613	87,389	520,897
Other	15,294	11,619	102,646
Total current assets	1,531,827	1,336,098	10,280,718
PROPERTY, PLANT AND EQUIPMENT:			
Land	35,662	35,662	239,343
Buildings and structures	29,991	26,660	201,284
Furniture and fixtures	61,765	54,100	414,534
Other	33,256	22,014	223,198
Total property, plant and equipment	160,675	138,437	1,078,361
Accumulated depreciation	(84,805)	(71,131)	(569,161)
Net property, plant and equipment	75,870	67,305	509,199
INVESTMENTS AND OTHER ASSETS:			
Investments in associated companies (Note 9)	39,406	34,634	264,475
Investment securities (Notes 4 and 9)	1,274,813	1,172,095	8,555,797
Long-term time deposits (Notes 9)	17,957	15,907	120,520
Deferred tax assets (Note 8)	9,480	12,562	63,626
Other	15,436	11,826	103,597
Total investments and other assets	1,357,094	1,247,026	9,108,017
TOTAL	¥2,964,792	¥2,650,429	\$19,897,935
LIABILITIES AND EQUITY:	2024	2023	2024
CURRENT LIABILITIES:			
Notes and accounts payable (Note 9)	¥13,725	¥18,381	\$92,117
Income taxes payable (Note 9)	71,229	81,713	478,051
Accrued bonuses	16,841	15,697	113,030
Other	43,566	33,468	292,389
Total current liabilities	145,362	149,261	975,589
LONG-TERM LIABILITIES:			
Other	13,236	9,533	88,833
Total long-term liabilities	13,236	9,533	88,833
EQUITY (Note 7):			
Common stock, authorized, 600,000,000 shares; issued, 243,207,684 shares in 2024 and 243,207,684 shares in 2023	30,637	30,637	205,621
Capital surplus	30,541	30,541	204,973
Retained earnings	2,700,699	2,403,814	18,125,498
Treasury stock at cost, 682,063 shares in 2024 and 681,707 shares in 2023	(3,819)	(3,796)	(25,633)
Accumulated other comprehensive income			
Unrealized gain (loss) on available-for-sale securities	261	2,278	1,752
Foreign currency translation adjustments	47,876	28,161	321,316
Defined retirement benefit plan	(2)	(2)	(15)
Total equity	2,806,193	2,491,634	18,833,512
TOTAL	¥2,964,792	¥2,650,429	\$19,897,935

See notes to consolidated financial statements.

KEYENCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED MARCH 20, 2024

	2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 1) 2024
NET SALES (Note 10)	¥967,288	¥922,422	\$6,491,866
COSTS AND EXPENSES:			
Cost of Sales	164,782	167,690	1,105,921
Selling, general and administrative	282,307	234,156	1,894,682
Research and development	25,183	21,660	169,015
Total costs and expenses	472,273	423,507	3,169,619
OPERATING INCOME	495,014	498,914	3,322,246
OTHER INCOME (EXPENSES):			
Interest and dividend income	5,459	2,129	36,641
Foreign exchange gain (loss)	12,833	5,262	86,132
Equity in earnings of associated companies	5,371	5,624	36,053
Other - net	615	899	4,133
Other income (expenses) - net	24,281	13,915	162,960
INCOME BEFORE INCOME TAXES	519,295	512,830	3,485,207
INCOME TAXES (Note 8):			
Current	145,455	149,682	976,212
Deferred	4,197	183	28,173
Total income tax	149,653	149,866	1,004,386
NET INCOME	369,642	362,963	2,480,821
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥369,642	¥362,963	\$2,480,821

PER SHARE OF COMMON STOCK (Notes 12 and 14)

	2024	Yen 2023	U.S. Dollars (Note 1) 2024
Basic net income	¥1,524.14	¥1,496.60	\$10.23
Cash dividends applicable to the year	300.00	300.00	2.01

See notes to consolidated financial statements.

KEYENCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED MARCH 20, 2024

	2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 1) 2024
NET INCOME	¥369,642	¥362,963	\$2,480,821
OTHER COMPREHENSIVE INCOME (LOSS) (Note 11):			
Unrealized gain (loss) on available-for-sale securities	(2,018)	(1,150)	(13,549)
Foreign currency translation adjustments	19,751	17,182	132,560
Share of other comprehensive income (loss) in associates	(35)	(6)	(237)
Total other comprehensive income (loss)	17,697	16,026	118,774
COMPREHENSIVE INCOME	¥387,339	¥378,990	\$2,599,595
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥387,339	¥378,990	\$2,599,595

See notes to consolidated financial statements.

KEYENCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED MARCH 20, 2024

	Millions of Yen								
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income			Total Equity
						Unrealized gain (loss) on available- for-sale securities	Foreign currency translation adjustment	Defined retirement benefit plan	
BALANCE, MARCH 20, 2022	242,526,173	¥30,637	¥30,541	¥2,101,779	(¥3,785)	¥3,428	¥10,986	(¥3)	¥2,173,583
Cumulative effects of changes in accounting policies				(296)					(296)
Adjusted balance	242,526,173	30,637	30,541	2,101,482	(3,785)	3,428	10,986	(3)	2,173,286
Net income attributable to owners of the parent				362,963					362,963
Cash dividends, ¥300 per share (Note12)				(60,631)					(60,631)
Purchase of treasury stock	(196)				(10)				(10)
Net change in the year						(1,150)	17,175	0	16,026
BALANCE, MARCH 20, 2023	242,525,977	¥30,637	¥30,541	¥2,403,814	(¥3,796)	¥2,278	¥28,161	(¥2)	¥2,491,634
Net income attributable to owners of the parent				369,642					369,642
Cash dividends, ¥300 per share (Note12)				(72,757)					(72,757)
Purchase of treasury stock	(356)				(23)				(23)
Net change in the year						(2,017)	19,714	0	17,697
BALANCE, MARCH 20, 2024	242,525,621	¥30,637	¥30,541	¥2,700,699	(¥3,819)	¥261	¥47,876	(¥2)	¥2,806,193

	Thousands of U.S. Dollars (Note1)								
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income			Total Equity
						Unrealized gain (loss) on available- for-sale securities	Foreign currency translation adjustment	Defined retirement benefit plan	
BALANCE, MARCH 20, 2023	242,525,977	\$205,621	\$204,973	\$16,132,984	(\$25,478)	\$15,291	\$189,005	(\$17)	\$16,722,379
Net income attributable to owners of the parent				2,480,821					2,480,821
Cash dividends, \$2.01 per share (Note12)				(488,307)					(488,307)
Purchase of treasury stock	(356)				(154)				(154)
Net change in the year						(13,539)	132,311	2	118,774
BALANCE, MARCH 20, 2024	242,525,621	\$205,621	\$204,973	\$18,125,498	(\$25,633)	\$1,752	\$321,316	(\$15)	\$18,833,512

See notes to consolidated financial statements.

KEYENCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 20, 2024

	2024	2023	2024
		Millions of Yen	Thousands of U.S. Dollars (Note 1)
OPERATING ACTIVITIES:			
Income before income taxes	¥519,295	¥512,830	\$3,485,207
Adjustments for:			
Income taxes paid	(155,798)	(156,884)	(1,045,628)
Depreciation and amortization	13,767	11,523	92,397
Equity in earnings of associated companies	(5,371)	(5,624)	(36,053)
Profit on sale of securities		(16)	
Changes in assets and liabilities:			
Decrease (Increase) in notes and accounts receivable	4,709	(36,742)	31,606
Decrease (Increase) in inventories	11,280	(23,961)	75,705
Decrease (Increase) in interest and dividend receivable	146	361	985
Increase (Decrease) in notes and accounts payable	(4,643)	2,358	(31,166)
Increase (Decrease) in accrued bonuses	485	638	3,257
Other - net	4,045	(1,854)	27,152
Total adjustments	(131,379)	(210,202)	(881,742)
Net cash provided by operating activities	387,916	302,628	2,603,464
INVESTING ACTIVITIES:			
Net decrease (increase) in time deposits	(16,099)	(12,659)	(108,052)
Capital expenditures	(12,492)	(39,345)	(83,843)
Net decrease (increase) in marketable and investment securities and other	(211,264)	(229,974)	(1,417,879)
Other - net	(2,935)	(1,507)	(19,703)
Net cash used in investing activities	(242,792)	(283,487)	(1,629,478)
FINANCING ACTIVITIES:			
Cash dividends paid	(72,757)	(60,631)	(488,307)
Net decrease (increase) in treasury stock	(23)	(10)	(154)
Other - net	(3,525)	(3,024)	(23,663)
Net cash used in financing activities	(76,306)	(63,666)	(512,125)
EFFECT OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(6,754)	(7,636)	(45,333)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	62,062	(52,162)	416,527
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	344,002	396,165	2,308,743
CASH AND CASH EQUIVALENTS, END OF YEAR	¥406,065	¥344,002	\$2,725,271

See notes to consolidated financial statements.

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2024

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside of Japan. In addition, certain reclassifications have been made in the 2023 consolidated financial statements to conform to the classifications used in 2024. Amounts less than one million yen and one thousand U.S. dollars are rounded down, except for per share data. Therefore, total or subtotal amounts may not correspond with the aggregation of such account balances.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which KEYENCE CORPORATION (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside of Japan and have been made at the rate of ¥149 to \$1, the approximate rate of exchange at March 19, 2024. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Consolidation** — The consolidated financial statements include the accounts of the Company and its 28 significant subsidiaries (together, the "Group"). One subsidiary has been merged into the Company during this fiscal year, which is excluded from the scope of consolidation. One new subsidiary has also been established during the fiscal year, which is included in the scope of consolidation. Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.
- b. Cash Equivalents** — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, all of which mature or become due within three months of the date of acquisition.
- c. Inventories** — Inventories of the Company and its domestic subsidiaries are principally stated at the lower of cost, determined by the average cost method or net selling value. Inventories of foreign subsidiaries are principally stated at the lower of cost, determined by the average cost method or market value.
- d. Marketable and Investment Securities** — All of the Group's securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.
- e. Allowance for Doubtful Receivables** — The Company and its domestic subsidiaries have provided an allowance for doubtful receivables stated in an amount considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding. Foreign subsidiaries have provided an allowance for doubtful receivables at the estimated amount of probable bad debts.
- f. Property, Plant and Equipment** — Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries is principally computed by the declining-balance method based on the estimated useful lives of the assets. Depreciation of property, plant and equipment of foreign subsidiaries is principally computed by the straight-line method based on the estimated useful lives of the assets.
- g. Long-Lived Assets** — The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.
- h. Foreign Currency Transactions** — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by foreign exchange forward contracts.
- i. Foreign Currency Financial Statements** — The balance sheet accounts of the consolidated foreign subsidiaries and associated companies are translated into Japanese yen at the current exchange rates as of the balance sheet date, except for equity, which is translated at the historical rates. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.
- j. Income Taxes** — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.
- k. Research and Development Costs** — Research and development costs are charged to income as incurred.
- l. Per Share Information** — Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The Company did not have securities or contingent stock agreements that could potentially dilute net income per common share in the year ended March 20, 2024 and 2023. Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2024

m. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements — Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments," requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

n. Accounting Changes and Error Corrections — In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections."

Accounting treatments under this standard and guidance are as follows:

1) Changes in Accounting Policies

When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

2) Changes in Presentation

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

4) Corrections of Prior-Period Errors

When an error in prior-period financial statements is discovered, those statements are restated.

o. Significant standards of accounting for revenue and expenses

The Group is engaged in the manufacture and sale of electronic applied equipment.

The main performance obligations of the Group is to sell products, and as such, the Group considers control and risk of the products to have transferred to the customer at the time of shipment or delivery based on the contract.

Note that, in accordance with the alternative treatment prescribed in Paragraph 98 of ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition" (the "Implementation Guidance on Accounting Standard of Revenue Recognition"), revenue is recognized at the time of shipment in case the term from the shipping to the customers' obtaining of control of the goods and products is normal.

Transactions such as maintenance contracts regarding electronic applied equipment are deemed to be progressively fulfilled as services are provided throughout the contract period.

Therefore, the Group recognizes revenue equally throughout the contract period.

3. SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates in the consolidated financial statements for the year ended March 20, 2024 are not identified as having a significant impact on the consolidated financial statements for annual periods beginning on March 21, 2024.

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2024

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 20, 2024 and 2023 consisted of the following

	Millions of Yen		Thousands of U.S. Dollars		Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024		2024	2023	2024
Current:				Non-current:			
Government bonds				Equity securities	¥6,237	¥5,659	\$41,863
Corporate bonds	¥99,920	¥71,502	\$670,604	Government bonds	150,260		1,008,456
Negotiable certificate of deposits	512,500	435,300	3,439,597	Corporate bonds	690,816	663,935	4,636,350
Total	¥612,420	¥540,276	\$4,110,201	Negotiable certificate of deposits	427,500	502,500	2,869,127
				Total	¥1,274,813	¥1,172,095	\$8,555,797

The carrying amounts and aggregate fair values of marketable and investment securities at March 20, 2024 and 2023 were as follows:

Securities classified as:	Millions of Yen				Securities classified as:	Thousands of U.S. Dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value		Cost	Unrealized gains	Unrealized losses	Fair value
2024				2024					
Available-for-sale:				Available-for-sale:					
Equity securities	¥1,429	¥4,808		¥6,237	Equity securities	\$9,592	\$32,271		\$41,863
Government bonds	150,434	88	¥262	150,260	Government bonds	1,009,627	594	\$1,764	1,008,456
Corporate bonds	794,998		4,261	790,736	Corporate bonds	5,335,557		28,602	5,306,954
Negotiable certificate of deposits	940,000			940,000	Negotiable certificate of deposits	6,308,724			6,308,724
2023									
Available-for-sale:									
Equity securities	¥1,327	¥4,332		¥5,659					
Government and corporate bonds	736,493	337	¥1,392	735,438					
Negotiable certificate of deposits	937,800			897,800					

5. INVENTORIES

Inventories at March 20, 2024 and 2023, consisted of following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Finished products	¥35,843	¥39,952	\$240,563
Work in process	8,641	10,348	57,994
Raw materials	33,128	37,088	222,339
Total	¥77,613	¥87,389	\$520,897

6. EMPLOYEES' RETIREMENT BENEFITS

The Company and certain subsidiaries have prepayment retirement benefits and defined contribution pension plans. The net periodic benefit costs for the years ended March 20, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Contribution to defined contribution pension plans and prepayment retirement benefits	¥2,905	¥2,423	\$19,497

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2024

7. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends—Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) having a term of service for the directors prescribed as one year rather than the two years of normal terms per its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases / Decreases and Transfer of Common Stock, Reserve, and Surplus—The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon the resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights—The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

8. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.5% for the years ended March 20, 2024 and 2023.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 20, 2024 and 2023, were as follows:

	2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Deferred tax assets:			
Accrued bonuses	¥3,405	¥3,337	\$22,853
Inventories	13,210	14,730	88,659
Accrued enterprise tax	3,432	4,014	23,035
Other	7,032	6,057	47,195
Deferred tax assets	27,079	28,139	181,743
Deferred tax liabilities:			
Undistributed earnings	(14,360)	(11,453)	(96,376)
Investment securities	(138)	(1,322)	(928)
Other	(3,188)	(2,801)	(21,396)
Deferred tax liabilities	(17,686)	(15,578)	(118,701)
Net deferred tax assets (liabilities)	¥9,393	¥12,561	\$63,041

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 20, 2024 are as follows:

	2024
Normal effective statutory tax rate	30.5%
Tax credit for research and development expenses	(0.7)
Tax refund	(0.5)
Equity in earnings of associated company	(0.3)
Other-net	(0.2)
Actual effective tax rate	28.8%

There was no significant difference between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 20, 2023.

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2024

9. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

- a. **Group Policy for Financial Instruments** — The Group invests in financial instruments and in low-risk financial assets, including bonds.
- b. **Nature of Financial Instruments, Extent of Risks Arising from Financial Instruments and Risk Management for Financial Instruments** — Notes and accounts receivable are exposed to customer credit risk. In order to reduce risk, the Group monitors the financial status and transaction history to detect the default risk of customers at an early stage. Since marketable securities and investment securities are mainly composed of high credit-rated bonds, the credit risk associated with the investments is not considered to be significant. However, since they are exposed to the risk of market price fluctuations, the Group monitors the market value and reviews the validity of continued possession on a regular basis. Notes and accounts payable and income taxes payable are all due within less than one year.
- c. **Supplementary explanation regarding fair values of financial instruments** — Because calculations of financial instruments involve variable inputs, the results of calculations may vary depending on what premises and assumptions are used.

I. Fair value of financial instruments		Millions of Yen			Thousands of U.S. Dollars		
		2024			2024		
Assets:	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)	
Marketable securities and investment securities and investment in associated company, Long-term time deposits	¥1,943,746	¥1,979,951	¥36,204	\$13,045,279	\$13,288,264	\$242,984	

		Millions of Yen		
		2023		
Assets:	Carrying amount	Fair value	Unrealized gain (loss)	
Marketable securities and investment securities and investment in associated company, Long-term time deposits	¥1,728,771	¥1,787,310	¥58,538	

- i. Cash and cash equivalents, time deposits, notes and accounts receivable, notes and accounts payable, and income taxes payable are omitted, because their fair value approximates their carrying value due to their short maturities.

II. Carrying amount of financial instruments that do not have a market price	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unlisted equity instruments	¥851	¥668	\$5,714

d. Maturity analysis for financial assets and securities with contractual maturities

		Millions of Yen				Thousands of U.S. Dollars			
		2024				2024			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	
Cash and cash equivalents and Time deposits	¥520,356				\$3,492,325				
Notes and accounts receivables	307,526				2,063,933				
Government bonds		¥150,000				\$1,006,711			
Corporate bonds	100,000	695,000			671,140	4,664,429			
Negotiable certificate of deposits	512,500	427,500			3,439,597	2,869,127			
Long-term time deposits		17,957				120,520			
Total	¥1,440,382	¥1,290,457			\$9,666,997	\$8,660,788			

		Millions of Yen			
		2023			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	
Cash and cash equivalents and Time deposits	¥433,656				
Notes and accounts receivables	297,785				
Marketable securities and Investment securities-Available-for-sale securities with contractual maturities	71,500	¥665,000			
Negotiable certificate of deposits	435,300	502,500			
Long-term time deposits				¥15,907	
Total	¥1,238,241	¥1,167,500		¥15,907	

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2024

e. Breakdown of financial instruments by level of fair value

The fair value of financial instruments is categorized into the following three levels based upon the observability and significance of inputs used to measure their fair value.

Level 1: Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value measured using inputs, other than those included within Level 1, that are either directly or indirectly observable

Level 3: Fair value measured using significant unobservable inputs

If the Group uses multiple inputs that are significant to the fair value measurement, the fair value measurement is categorized entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

I. Financial instruments presented at fair value on the consolidated balance sheets

	Millions of Yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Category:				
Marketable and investment securities				
Equity securities	¥5,386			¥5,386
Government bonds	150,260			150,260
Corporate bonds		¥790,736		790,736
Negotiable certificate of deposits		940,000		940,000
Long-term time deposits		17,957		17,957
Total	¥155,646	¥1,748,693		¥1,904,339

	Thousands of U.S. Dollars			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Category:				
Marketable and investment securities				
Equity securities	\$36,149			\$36,149
Government bonds	1,008,456			1,008,456
Corporate bonds		\$5,306,954		5,306,954
Negotiable certificate of deposits		6,308,724		6,308,724
Long-term time deposits		120,520		120,520
Total	\$1,044,605	\$11,736,199		\$12,780,804

	Millions of Yen			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Category:				
Marketable and investment securities				
Equity securities	¥4,991			¥4,991
Government and corporate bonds		¥735,438		735,438
Negotiable certificate of deposits		937,800		937,800
Long-term time deposits		15,907		15,907
Total	¥4,991	¥1,689,145		¥1,694,137

II. Financial instruments other than those presented at fair value on the consolidated balance sheets

	Millions of Yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in associated companies	¥75,611			¥75,611

	Thousands of U.S. Dollars			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in associated companies	\$507,459			\$507,459

	Millions of Yen			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in associated companies	¥93,173			¥93,173

Note: The description of valuation techniques and inputs used for the fair value measurement is as follows:

Marketable and investment securities

Listed stocks and government bonds are valued using quoted prices. As listed stocks and government bonds are traded in active markets, their fair value is categorized as Level 1. The fair value of corporate bonds is measured using prices provided by counterparty financial institutions, and is categorized as Level 2. The fair values of negotiable certificates of deposits are deemed to be the acquisition price because the current price approximates the acquisition price, and their value is categorized as Level 2.

Long-term time deposits

The fair values of long term time deposits are deemed to be the acquisition price because the current price approximates the acquisition price, and their value is categorized as Level 2.

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2024

10. REVENUE RECOGNITION

a. Breakdown of revenue arising from contracts with customers

	2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Sales by geographical area			
Japan	¥344,567	¥348,079	\$2,312,532
Other areas	622,720	574,342	4,179,333
Revenue arising from contracts with customers	967,288	922,422	6,491,866
Other revenue			
Sales to customers	¥967,288	¥922,422	\$6,491,866

b. Information fundamental for an understanding of revenue arising from contracts with customer

Information fundamental for an understanding of revenue arising from contracts with customers is as presented in Significant matters forming the basis of preparing the consolidated financial statements, 2. Summary of significant Accounting policies, o. Important standards of accounting for revenue and expenses.

c. Information for an understanding of revenue amount

I. Balance of contract assets and liabilities from March 21, 2023 to March 20, 2024 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Receivables arising from contracts with customers as of March 20, 2024	¥307,526	\$2,063,933
Receivables arising from contracts with customers as of March 21, 2023	297,785	1,998,558

Note: There is no balance of contract assets as of March 21, 2023 and March 20, 2024.

Balance of contract liabilities as of March 21, 2023 and March 20, 2024 were negligible.

Contract liabilities are included in other of current liabilities on the balance sheet.

II. Transaction price allocated to remaining performance obligations

In the Company and its consolidated subsidiaries, there were no significant transactions for which an estimated contract period exceeds one year.

11. COMPREHENSIVE INCOME

The component of other comprehensive income for the years ended March 20, 2024 and 2023, were as follows:

	2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Unrealized gain (loss) on available-for-sale securities			
Gains (losses) arising during the year (Amount before income tax effect)	(¥2,904)	(¥1,638)	(\$19,495)
Reclassification adjustments to profit or loss		(16)	
Income tax effect	886	504	5,946
Total	(¥2,018)	(¥1,150)	(\$13,549)
Foreign currency translation adjustments			
Adjustments arising during the year	¥19,751	¥17,182	\$132,560
Share of other comprehensive income (loss) in associates			
Gains (losses) arising during the year	(¥35)	(¥6)	(\$237)
Total other comprehensive income (loss)	¥17,697	¥16,026	\$118,774

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YEAR ENDED MARCH 20, 2024

12. AMOUNT PER COMMON SHARE

The computation of net income per common share is based on the weighted-average number of common shares outstanding.

The average number of common shares used in the computations was 242,525,815 and 242,526,077 shares for 2024 and 2023, respectively.

Cash dividends per common share represent amounts applicable to the respective periods including dividends to be paid after the end of the period.

13. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

I. Reportable Segments

Information about reportable segments is not disclosed because the Company has one operating segment.

II. Related Information

• Information by product and service

As the Sales of one product group account for more than 90% of the Group's total consolidated sales, the disclosure for the years ended March 20, 2024 and 2023, has been omitted.

• Information by geographical area

	Millions of Yen		Thousands of U.S. Dollars
Revenue	2024	2023	2024
Japan	¥344,567	¥348,079	\$2,312,532
Other areas			
USA	170,843	152,190	1,146,599
China	142,547	153,475	956,695
Other	309,329	268,676	2,076,038
Total	622,720	574,342	4,179,333
Total	¥967,288	¥922,422	\$6,491,866

	Millions of Yen		Thousands of U.S. Dollars
Property, plant and equipment	2024	2023	2024
Japan	¥46,905	¥46,221	\$314,800
Other areas	28,965	21,084	194,399
Total	¥75,870	¥67,305	\$509,199

• Information on principal customers

There is no customer, whose sales exceed 10% of the total consolidated sales for the years ended March 20, 2024 and 2023.

14. SUBSEQUENT EVENT

At the Shareholder's General Meeting held on June 14, 2024, the shareholders approved payment of ¥150.00 (\$1.00) per share or total of ¥36,378 million (\$244,153 thousand), to shareholders of record on March 20, 2024.

BOARD OF DIRECTORS/AUDIT & SUPERVISORY BOARD MEMBERS/ CORPORATE DATA/DIRECTORY

BOARD OF DIRECTORS

As of June 14, 2024

Takemitsu Takizaki Honorary Chairman and Director	Akiji Yamaguchi Director	Tetsuya Nakano Director	Seiichi Taniguchi Outside Director
Yu Nakata President and Representative Director	Hiroaki Yamamoto Director	Akinori Yamamoto Director	Kumiko Suenaga Outside Director
			Michifumi Yoshioka Outside Director

AUDIT & SUPERVISORY BOARD MEMBERS

As of June 14, 2024

Koichiro Komura Outside Auditor	Hiroji Indoh Outside Auditor	Masaji Daiho Outside Auditor
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CORPORATE DATA

As of March 20, 2024

Established:	March 1972
Incorporated:	May 1974
Capital:	30,637 million yen
Number of Employees:	12,286 (consolidated)
Common Stock:	600,000,000 shares Authorized 243,207,684 shares Issued
Number of Shareholders:	20,945
Stock Listing:	Tokyo Stock Exchange, Inc.
Share Registrar:	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-8212, JAPAN

DIRECTORY

As of March 20, 2024

KEYENCE CORPORATION

Osaka, Japan Tel: +81-6-6379-1111

AFFILIATES:

KEYENCE CORPORATION OF AMERICA

Chicago, U.S.A. Tel: +1-201-930-0100
New Jersey, U.S.A. Tel: +1-201-930-0100

KEYENCE CANADA INC.

Toronto, Canada Tel: +1-905-366-7655

KEYENCE MEXICO S.A. DE C.V.

Mexico City, Mexico Tel: +52-55-8850-0100

KEYENCE BRASIL COMERCIO DE PRODUTOS ELETRONICOS LTDA.

Sao Paulo, Brasil Tel: +55-11-3045-4011

KEYENCE DEUTSCHLAND GmbH

Frankfurt, Germany Tel: +49-6102-3656-0

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Mechelen, Belgium Tel: +32-15-281-222

KEYENCE (UK) LIMITED

Milton Keynes, U.K. Tel: +44-1908-696-900

KEYENCE FRANCE SAS

Paris, France Tel: +33-1-56-37-78-00

KEYENCE ITALIA S.p.A.

Milan, Italy Tel: +39-02-6688220

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KEYENCE (HONG KONG) CO., LTD.

Kowloon, Hong Kong Tel: +852-3104-1010

KEYENCE TAIWAN CO., LTD.

Taipei, Taiwan Tel: +886-2-2721-1080

KOREA KEYENCE CO., LTD.

Seoul, Korea Tel: +82-31-789-4300

KEYENCE SINGAPORE PTE LTD.

Singapore Tel: +65-6392-1011

KEYENCE INDIA PVT. LTD.

Chennai, India Tel: +91-44-4963-0900

PT. KEYENCE INDONESIA

Jakarta, Indonesia Tel: +62-21-2966-0120

KEYENCE VIETNAM CO., LTD.

Hanoi, Vietnam Tel: +84-24-3772-5555

KEYENCE PHILIPPINES INC.

Manila, Philippines Tel: +63-2-8981-5000

KEYENCE (MALAYSIA) SDN BHD

Petaling Jaya, Malaysia Tel: +60-3-7883-2211

KEYENCE (THAILAND) CO., LTD.

Bangkok, Thailand Tel: +66-2-078-1090

SUSTAINABILITY POLICY AND RELATED INITIATIVES

Our Group's approach to sustainability and related initiatives is outlined below.

Forward-looking statements in the text are based on the judgment of the Group as of the end of the current consolidated fiscal year.

Governance

We recognize that Sustainability is one of the most pressing challenges to ensure the lasting survival of the company—one of the company's core management principles. Sustainability initiatives are regularly promoted at Management Committee meetings and meetings where division managers are in attendance. The Board of Directors is responsible for overseeing the details of those initiatives.

Risk Management

We regularly gather information on climate change regulations and risk factors that may affect business. In addition to comprehensively evaluating and determining relevant risks and potential impacts on business at Management Committee meetings and meetings where division managers are in attendance, we consider available countermeasures. The results of reviews and the policies determined for addressing problems are then reported to the Board of Directors.

Strategy of Human Capital

Policy on improving internal environments

Creating high added value starts with our employees. We are putting effort into creating a workplace culture of mutual respect and an environment that facilitates open collaboration and teamwork.

Creating a Workplace with Respect

We are engaged in corporate activities with a strong sense of ethics. We follow rules and regulations in order to remain fair and consistent, and we do not discriminate or slander based on race, gender, nationality, creed, age or disability. We work to ensure that we do not harm each other in any way and that no one uses their role or position in a coercive manner.

A Work Environment with Open Discussion

We make efforts to create a workplace that fosters open communication and contribution from all members of our organization. We put emphasis on what was said, not who said it. We create open workspaces without communication barriers. For example, we do not have cubicles in our offices. All employees sit in an open floor which makes it easy to approach and communicate with everyone

Fairness and Impartiality

In order to conduct business activities in an appropriate manner, fairness and impartiality are essential. An essential rule for ensuring impartiality and fairness is that we do not allow close relatives of current officers or employees to join the company, and we forbid the acceptance of entertainment or gifts during business transactions. Furthermore, to promote impartiality and fairness, we have prohibited the use by employees of their role or position for their own benefit.

SUSTAINABILITY POLICY AND RELATED INITIATIVES

Basic Guideline on Human Resources Development

KEYENCE prioritizes efforts to train its employees in order to contribute to the added value of the Company, while aiming to create a workplace with a positive impact on society.

Basic Policy on Training Personnel

- Give employees ownership and accountability for both their actions and results
- On the job training as a core component of the training program
- Promote comprehensive skill development through continuous training programs

Developmental System

MDP (Management Development Program)

We have a training system for managers that sees current managers in charge share their responsibilities with their successors for a certain period to allow their successor to gain an understanding of the job. This program not only encourages growth, but also effectively develops leader candidates and helps to maintain an active organization.

CDP (Career Development Program)

This program allows employees to move to another section of the company for a certain period of time to work in a new role. Experiencing various types of work outside of their specialties cultivates broad skill sets and promotes development of new capacities.

Human capital–related indicators and targets

As an indicator, we have set a target of a positive response rate on our engagement survey. This indicator has been achieved with our target of 70% or higher. This is our target on a non-consolidated basis.

For more details on sustainability, please visit our website via the QR code or the link.

<https://www.keyence.com/sustainability>



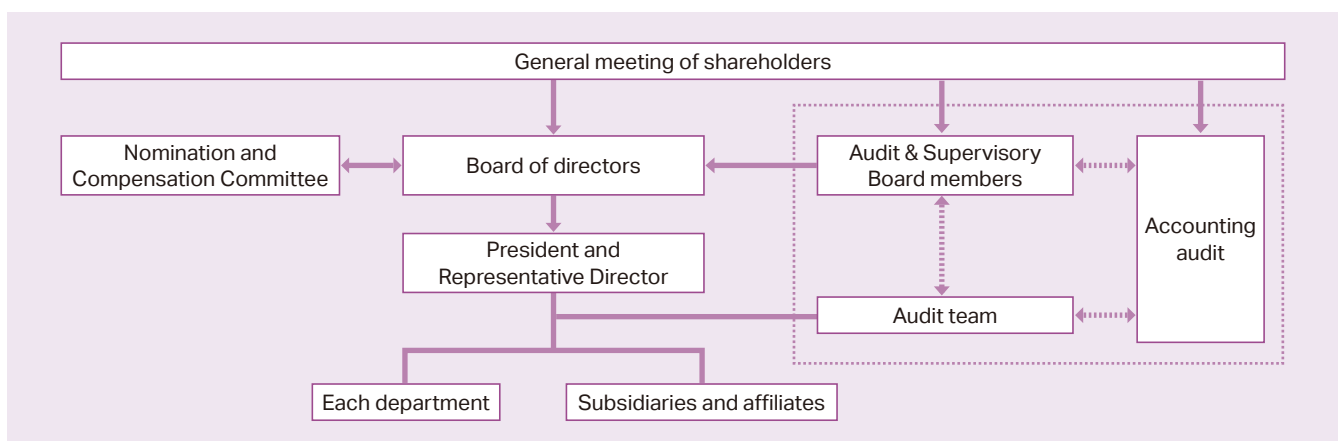
GOVERNANCE

Basic Guideline on Corporate Governance

To ensure lasting and sustainable growth of the company, the Group places importance on making swift and appropriate management decisions based on the corporate management philosophy and action guidelines, and strives to further enhance corporate governance.

Corporate Governance System

Our corporate governance system uses an auditor system with three outside auditors. Audit & Supervisory Board members do not have any full-time KEYENCE staff. The audit team works together and Audit & Supervisory Board members attend various important company meetings. Meanwhile, the number of directors is nine, including three outside directors, which enables quick and thorough information exchange to achieve both supervision and execution. We are building an internal control system where on-site audits are performed by a special department, information is quickly transmitted and a check function is implemented. The following is an overview of the corporate governance system and the business management organization for management decision-making, execution and supervision. The Company intends to strengthen the independence, objectivity, and accountability of the Board of Directors' functions with regard to the Directors and Executive Officers' nomination, remuneration, etc., and further enhance corporate governance systems. In addition, the Company established a Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors on March 6, 2023. The majority of the committee are consisted by independent outside Directors. The Company intends to strengthen the independence, and objectivity of the Board of Directors' functions with regard to the Directors and Executive Officers' nomination, remuneration, etc., and further enhance corporate governance systems.



Internal Audit Team

An appointed audit team has been formed to conduct internal audits. The audit team conducts internal audits focusing on the appropriateness and effectiveness of business operations at locations in Japan and overseas, and the audit results and other information are reported regularly and as required by the President of KEYENCE Corporation.

Employee Code of Behavior

To maintain an organization that is less prone to fraud and harassment, we are building a system where all employees regularly review the corporate policies and business guidelines that form our code of behavior. In addition, by actively using this code of behavior as judgment criteria in our daily business, we are working to ensure thorough compliance and improve compliance awareness. We also make efforts to create a workplace where everyone can freely voice their opinion. We focus on "what was said" as opposed to "who said it". For example, so as not to encourage awareness of the hierarchical relationship, it is important that employees address each other not by their job titles but by their names and be allowed to sit anywhere in meetings, thereby creating a culture where employees can speak their minds freely regardless of job title, age, career or gender.

In addition, to eliminate gaps between groups, we have created an environment that facilitates open discussions by eliminating partitions in the office space as much as possible. This type of culture and environment enables even new employees to share their opinions without hesitation. Rational ideas will be realized with the support of coworkers; therefore, a culture with logical discussion will further enhance the logical thinking of the employee and increase their work success rate.

RISK FACTORS

Risk factors that investors may regard as potentially having a significant impact on the businesses of the Company and the Group are stated below. The statements with regard to the future are based on projections made by the Company based on information available as of March 20, 2024.

(1) Economic Trends

The Group is involved in developing business in Japan, North America, Latin America, Europe, and Asia. As such, fluctuations in both domestic and international economic trends tend to affect Group operations. While paying close attention to global economic trends, the Group also takes risk diversification measures that do not depend on any specific product, customer, or region. However, in the event of sudden domestic and global economic changes, the Group's business performance and finances may nevertheless be affected.

(2) Exchange Rate Fluctuations

The costs and prices of Group products and services traded in foreign currencies tend to be affected by exchange rates. The Group is working to create a business environment that does not depend on the value of any specific currency by promoting development of overseas businesses and by diversifying trading bases and trading currencies. However, when preparing consolidated financial statements, all assets, liabilities, incomes, expenses, and other factors counted in local currencies are converted into yen. Exchange rate fluctuations also influence corporate R&D investment and manufacturing equipment investment trends in various industries, not limited to only manufacturing. In this way, fluctuations in exchange rates can affect Group finances and business performance.

(3) Information Security

In the course of business, the Group gains sensitive business and personal information as well as confidential information from business partners and other sources. To prevent unauthorized use by a third party due to theft or loss of such information, the Group is working to improve information literacy and to strengthen IT governance of employees and contractors. Measures to prevent intrusion into the Company's information systems are also being implemented. Nevertheless, unforeseen circumstances make it difficult to completely prevent the possibility of information leaking or such incidents from occurring, and there is always the risk of leakage or internal system disruption following a cyberattack or the application of other malicious technology that breaches our security defenses, resulting in information being destroyed or tampered with. Should any such situation occur, costs associated with taking appropriate measures will be incurred, and such costs could affect the finances and business performance of the Group.

(4) International Business Development

Overseas business development tends to be affected by changes in a variety of factors, including local political situations, economic situations, and social situations as well as foreign currency/import/export regulations and regional characteristics. The Group is also active in North America, Latin America, Europe, and Asia, which means careful consideration of profitability, market expansion potential, foreign exchange fluctuation risks, geopolitical risks, and the risks of various laws and regulations (including import/export regulations, environmental regulations, and taxes)—followed by a comprehensive judgment—are essential for overseas expansion. However, sudden changes in any of these factors may affect the Group's business performance and finances.

RISK FACTORS

(5) Product Quality

Because the Group is focused on expanding business activities in Japan, North America, Latin America, Europe, and Asia, compliance with laws and regulations within the applicable countries is necessary regardless of whether a product will be sold domestically or internationally. In its commitment to providing products responsibly, the Group will continue efforts to improve quality by implementing Group quality management systems and environmental management systems with ISO standard certification, and will continue to focus intensively on production such as by linking KEYENCE's quality control departments to cooperating factories where production is performed, even if fables systems are in place. However, in the event of a large-scale recall following a serious quality issue caused by use of a product in an unexpectedly diverse environment or an accident that exceeds the current technological and management levels, or if an applicable law or regulation is significantly strengthened or changed, the costs of dealing with such an issue may affect the performance and finances of the Group.

(6) Disasters, Accidents, etc.

The Group is focused on expanding business activities in Japan, North America, Latin America, Europe, and Asia. As such, any natural disasters (including those caused by climate change) or accidents—such as earthquakes, tsunamis, floods, heavy rains, lightning, industrial accidents, fire/explosion, wars, acts of terrorism, and infectious disease epidemics—in those locations may seriously harm Group employees and property. This may interrupt operations, affect production and shipping, and incur recovery costs in the event of damage. Moreover, disasters or accidents that occur in the Group supply chain, such as those that affect suppliers or product delivery destinations, may cause a shortage or supply interruption of parts and the like, or a suspension of production at product delivery destinations. Such declines may also affect the business performance and finances of the Group.

The Group strives to diversify risks by promoting a management system that does not depend on any specific activity base, specific supplier, specific product, specific customer, or specific industry. Nevertheless, avoiding all such risks is difficult, and a disaster or accident that occurs on an unexpected scale may affect the business performance and finances of the Group.

(7) Accounting and Tax Systems

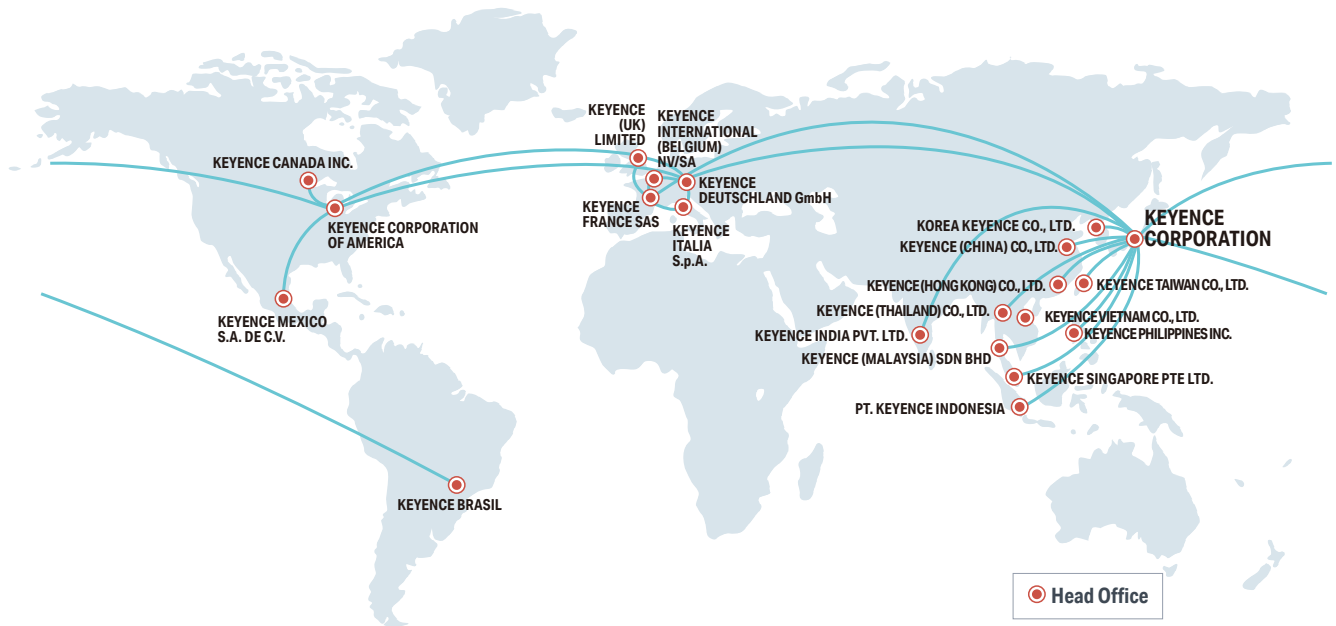
The Group is focused on expanding business activities in Japan, North America, Latin America, Europe, and Asia, and those activities will invariably be affected by the accounting standards and tax systems of the particular country or region. The Group conducts business activities based on current accounting systems and tax systems, but if major changes, enhancements, or additions to a country's system affecting customer purchasing behaviors are introduced, or if a disagreement with the relevant authorities arises, additional response and compliance costs may be incurred, additional taxes may be levied, and double taxation may result, which may affect the performance and finances of the Group.

(8) Conservation of the Global Environment

Because the Group is involved with the development, manufacture, and sale of automatic control equipment, measuring equipment, information and related electronic application equipment, optoelectronic equipment, and the systems associated with these devices, compliance with a variety of national and international regulations is necessary. In addition to complying with the requirements of environment-related regulations, the Group complies with voluntary management standards and has established environmental policies that contribute to environmental conservation, thereby fulfilling social responsibilities including environmental protection through our business activities and products. As part of these efforts, the Group has established a chemical substance management system that excludes the use of harmful chemical substances, and a management system that controls the amount of electricity used in order to control/reduce CO₂ emissions. The Group is also striving to use resources effectively to reduce waste emissions, promote energy-saving activities, and promote recycling. Moreover, the Group is also working toward building an environmental management system that allows for a reduced environmental load such as by promoting product design and development that considers the environmental load reduction activities of our customers. Such continuous improvements will allow the Group to better promote the protection of the global environment and the prevention of environmental pollution. However, in the event various applicable laws and regulations are changed or newly established, compliance costs may be incurred, which may in turn affect the business performance and finances of the Group.

WORLD NETWORK

As of April 25, 2024



WWL1_2072

The Americas

KEYENCE CORPORATION OF AMERICA

Chicago	New Jersey	Atlanta
Austin	Birmingham	Boston
Cedar Rapids	Charlotte	Cincinnati
Cleveland	Dallas	Denver
Detroit	Fort Lauderdale	Grand Rapids
Greenville	Houston	Indianapolis
Irvine	Kansas City	Knoxville
Little Rock	Los Angeles	Louisville
Milwaukee	Minneapolis	Nashville
Philadelphia	Phoenix	Pittsburgh
Portland	Raleigh	Rochester
Salt Lake City	San Diego	San Francisco
San Jose	Seattle	St. Louis
Tampa		

KEYENCE CANADA INC.

Toronto	Montreal	Windsor
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KEYENCE MEXICO S.A. DE C.V.

Mexico City	Bajío (Leon)	Ciudad Juárez
Guadalajara	Mexico City 1st	Mexico City 2nd
Monterrey East	Monterrey West	Queretaro
Tijuana		

KEYENCE BRASIL COMERCIO DE PRODUTOS ELETRONICOS LTDA.

Sao Paulo	Campinas	Curitiba
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Europe

KEYENCE DEUTSCHLAND GmbH

Frankfurt	Berlin	Bielefeld
Cologne	Dusseldorf	Erfurt
Essen	Hamburg	Hanover
Karlsruhe	Leipzig	Mannheim
Montabaur	Munich	Nuremberg
Regensburg	Stuttgart	Ulm

KEYENCE INTERNATIONAL (BELGIUM) NV/SA

Mechelen	AUSTRIA	CZECH REPUBLIC
HUNGARY	NETHERLANDS	POLAND
ROMANIA	SLOVAKIA	SLOVENIA
SWITZERLAND		

KEYENCE (UK) LIMITED

Milton Keynes	Birmingham	London
Manchester	Newcastle	IRELAND

KEYENCE FRANCE SAS

Paris	Besançon	Lille
Lyon	Nantes	Paris South
Strasbourg	Toulouse	

KEYENCE ITALIA S.p.A.

Milan	Bologna	Padua
Pescara	Rome	Turin
Verona		

Asia

KEYENCE (CHINA) CO., LTD.

Shanghai	Beijing	Changchun	Changsha
Chengdu	Chongqing	Dalian	Dongguan
Guangzhou	Hangzhou	Hefei	Jinan
Kunshan	Nanjing	Ningbo	Qingdao
Shanghai Hongqiao North	Shanghai Hongqiao South		
Shanghai Qiantan	Shenzhen East	Shenzhen West	
Suzhou	Tianjin	Wuhan	Wuxi
Xiamen	Xi'an	Zhongshan	

KEYENCE (HONG KONG) CO., LTD.

Hong Kong

KEYENCE TAIWAN CO., LTD.

Taipei Hsinchu Kaohsiung Taichung Tainan

KOREA KEYENCE CO., LTD.

Seoul Busan Cheonan Daegu Dongtan

KEYENCE SINGAPORE PTE LTD.

Singapore

KEYENCE INDIA PVT. LTD.

Chennai Ahmedabad Bangalore Delhi Pune

PT. KEYENCE INDONESIA

Jakarta Cikarang

KEYENCE VIETNAM CO., LTD.

Hanoi Ho Chi Minh

KEYENCE PHILIPPINES INC.

Manila

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KEYENCE (THAILAND) CO., LTD.

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