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November 9, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023

[Under Japanese GAAP]

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 Listing: Tokyo Stock Exchange
 Securities code: 7734
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 Scheduled date to file quarterly securities report: November 9, 2023
 Scheduled date to commence dividend payments: December 7, 2023
 Preparation of supplementary materials on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (Cumulative) (% indicates year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Net profit attributable to owners of parent | |
|-------------------------------------|-----------------|------|------------------|-------|-----------------|-------|---|------|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % |
| Six months ended September 30, 2023 | 22,675 | 1.2 | 5,847 | (8.8) | 6,456 | (2.7) | 4,548 | 0.0 |
| Six months ended September 30, 2022 | 22,404 | 22.6 | 6,408 | 47.4 | 6,633 | 47.3 | 4,546 | 43.5 |

Note: Comprehensive income For the six months ended September 30, 2023 6,403 million Yen [14.1%]
 For the six months ended September 30, 2022 5,610 million Yen [36.0%]

| | Earnings per share -Basic- | Earnings per share -Diluted- |
|-------------------------------------|-------------------------------|---------------------------------|
| | Yen | Yen |
| Six months ended September 30, 2023 | 195.33 | - |
| Six months ended September 30, 2022 | 195.29 | - |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity-to-asset ratio | Net assets per share |
|--------------------------|-----------------|-----------------|-----------------------|----------------------|
| | Millions of Yen | Millions of Yen | % | Yen |
| As of September 30, 2023 | 85,284 | 68,867 | 80.7 | 2,957.27 |
| As of March 31, 2023 | 79,746 | 63,383 | 79.5 | 2,722.26 |

Reference: Equity As of September 30, 2023 68,867 million Yen As of March 31, 2023 63,383 million Yen

2. Cash Dividends

| | Annual dividends per share | | | | |
|--|----------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2023 | - | 40.00 | - | 40.00 | 80.00 |
| Fiscal year ending March 31, 2024 | - | 40.00 | - | - | - |
| Fiscal year ending March 31, 2024 (Forecast) | - | - | - | 40.00 | 80.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(% indicates year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Net profit attributable to owners of parent | | Earnings per share |
|-----------|-----------------|-----|------------------|-----|-----------------|-----|---|-----|--------------------|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Yen |
| Full year | 46,400 | 3.1 | 11,600 | 0.4 | 12,000 | 0.5 | 8,700 | 0.3 | 373.61 |

Note: Revision to the forecast of the financial results most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: - companies (Company name)

Excluded: - companies (Company name)

- (2) Adoption of accounting process specific to the preparation of quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: Yes

(iii) Changes in accounting estimates: None

(iv) Restatement: None

- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|--------------------------|-------------------|
| As of September 30, 2023 | 23,661,000 shares |
| As of March 31, 2023 | 23,661,000 shares |

- (ii) Number of treasury shares at the end of the period

| | |
|--------------------------|----------------|
| As of September 30, 2023 | 373,639 shares |
| As of March 31, 2023 | 377,565 shares |

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|-------------------------------------|-------------------|
| Six months ended September 30, 2023 | 23,285,113 shares |
| Six months ended September 30, 2022 | 23,279,379 shares |

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements such as financial results forecasts contained in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable, and the Company does not guarantee their achievement of them. Actual financial results may differ significantly from the forecasts due to various factors. For assumptions underlying the financial results forecasts and cautions concerning the use thereof, please refer to “(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-Looking Information” in “1. Qualitative Information on Financial Results for the First Six Months of the Current Fiscal Year” on page 3 of the attachment.

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1. Qualitative Information on Financial Results for the First Six Months of the Current Fiscal Year

(1) Explanation of Operating Results

In the first six months of the fiscal year under review, the Japanese economy recovered moderately as the impact of COVID-19 weakened further after it was reclassified into a Category 5 infectious disease.

On the other hand, the economic outlook remains uncertain due to the protracted situation in Russia and Ukraine, sharp fluctuations in foreign exchange rates, and rising prices for raw materials and energy.

In the industrial disaster prevention and safety device industry to which the Group belongs, capital investment by our main customers, such as the semiconductor industry, remained at a certain level. However, sufficient caution is necessary regarding the impact of a supply shortage of components, rising inflation, and other factors, and the outlook will remain uncertain.

Under these circumstances, the Group has continued to take measures to reduce costs by streamlining production, thoroughly reduce expenses, develop aggressive sales activities, aggressively invest in new product development, and enhance its quality control and service systems.

As a result of these measures, net sales for the first six months of the fiscal year under review were 22,675 million Yen (up 1.2% year-on-year), operating profit was 5,847 million Yen (down 8.8% year-on-year), ordinary profit came to 6,456 million Yen (down 2.7% year-on-year), and net profit attributable to owners of parent was 4,548 million Yen (up 0.0% year-on-year).

As the Group engages in a single segment of the manufacture and sale of various types of industrial measurement devices and their related businesses, in place of the operating results by segment, sales by device type are described below.

(i) Fixed gas detection alarm devices

Net sales of fixed gas detection alarm devices for the first six months of the fiscal year under review were 15,245 million Yen (down 0.6% year-on-year).

(ii) Portable gas detection alarm devices

Net sales of portable gas detection alarm devices for the first six months of the fiscal year under review were 6,889 million Yen (up 6.4% year-on-year).

(iii) Other measurement devices

Net sales of other measurement devices for the first six months of the fiscal year under review were 540 million Yen (down 8.2% year-on-year).

(2) Explanation of Financial Position

(i) Assets, liabilities and net assets

At the end of the second quarter of the fiscal year under review, assets totaled 85,284 million Yen, an increase of 5,537 million Yen (up 6.9%) compared with the end of the previous fiscal year. Current assets increased 4,060 million Yen from the end of the previous fiscal year to 55,361 million Yen. This was mainly due to a 2,051 million Yen increase in raw materials and supplies, and a 1,052 million Yen increase in notes and accounts receivable–trade. Non-current assets increased 1,477 million Yen from the end of the previous fiscal year to 29,923 million Yen. This was mainly due to a 1,563 million Yen increase in investment securities, a 253 million Yen increase in software in progress included in other in intangible assets, and a 191 million Yen increase in buildings and structures, despite a 325 million Yen decrease in construction in progress.

At the end of the second quarter of the fiscal year under review, liabilities totaled 16,417 million Yen, an increase of 54 million Yen (up 0.3%) compared with the end of the previous fiscal year. Current liabilities fell 481 million Yen from the end of the previous fiscal year to 13,542 million Yen. This was mainly due to a 616 million Yen decrease in accounts payable included in other in current liabilities despite a 284 million Yen increase in electronically recorded obligations - operating. Non-current liabilities grew 535 million Yen from the end of the previous fiscal year to 2,875 million Yen. This was mainly due to a 792 million Yen increase in deferred tax liabilities included in other in non-current liabilities despite a 174 million Yen decrease in long-term borrowings.

At the end of the second quarter of the fiscal year under review, net assets totaled 68,867 million Yen, an increase of 5,483 million Yen (up 8.7%) compared with the end of the previous fiscal year. This was mainly due to a 3,617 million Yen increase in retained earnings as a result of recording 4,548 million Yen in net profit attributable to owners of parent and dividend payments of 931 million Yen.

(ii) Cash flows

At the end of the second quarter of the fiscal year under review, cash and cash equivalents totaled 17,901 million Yen, a decrease of 1,011 million Yen compared with the end of the previous fiscal year.

Cash flows and factors affecting cash flows in the first six months of the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 505 million Yen (compared with 353 million Yen used in the same period of

the previous fiscal year), mainly due to an increase in inventories of 3,299 million Yen and income taxes paid of 1,774 million Yen, while recording profit before income taxes of 6,456 million Yen and depreciation of 865 million Yen.

(Cash flows from investing activities)

Net cash used in investing activities was 878 million Yen, an increase of 797 million Yen year-on-year, mainly due to 841 million Yen in payments into time deposits, 774 million Yen in purchase of securities, 604 million Yen in purchase of investment securities and 342 million Yen in purchase of property, plant and equipment. This was despite 1,047 million Yen in proceeds from sale of securities, 500 million Yen in proceeds from redemption of securities, and 398 million Yen in proceeds from withdrawal of time deposits.

(Cash flows from financing activities)

Net cash used in financing activities was 1,378 million Yen, a decrease of 1,587 million Yen year-on-year, mainly due to dividends paid of 929 million Yen.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-Looking Information

There is no change to the financial results forecasts for the fiscal year ending March 31, 2024, that were stated in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2023, released on May 11, 2023.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Unit: Thousand Yen)

| | As of the end of the previous fiscal year (March 31, 2023) | As of the end of the second quarter of the fiscal year under review (September 30, 2023) |
|---|--|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 13,605,281 | 13,472,647 |
| Notes and accounts receivable—trade | 10,439,153 | 11,491,178 |
| Electronically recorded monetary claims-operating | 3,713,877 | 3,834,462 |
| Securities | 8,414,092 | 7,996,952 |
| Merchandise and finished goods | 3,584,070 | 4,296,658 |
| Work in process | 6,039,294 | 6,731,431 |
| Raw materials and supplies | 4,532,924 | 6,583,998 |
| Other | 976,706 | 959,147 |
| Allowance for doubtful accounts | (4,346) | (5,131) |
| Total current assets | 51,301,053 | 55,361,344 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 10,826,073 | 11,017,166 |
| Machinery, equipment and vehicles, net | 361,360 | 373,176 |
| Land | 4,150,454 | 4,135,501 |
| Construction in progress | 409,421 | 84,193 |
| Other, net | 1,590,552 | 1,500,542 |
| Total property, plant and equipment | 17,337,862 | 17,110,580 |
| Intangible assets | | |
| Goodwill | 510,481 | 460,122 |
| Customer-related assets | 805,777 | 791,011 |
| Other | 451,525 | 664,432 |
| Total intangible assets | 1,767,784 | 1,915,566 |
| Investments and other assets | | |
| Investment securities | 6,033,462 | 7,596,554 |
| Retirement benefit assets | 1,827,197 | 1,857,883 |
| Other | 1,482,284 | 1,445,674 |
| Allowance for doubtful accounts | (2,900) | (2,900) |
| Total investments and other assets | 9,340,044 | 10,897,212 |
| Total non-current assets | 28,445,691 | 29,923,359 |
| Total assets | 79,746,745 | 85,284,703 |

(Unit: Thousand Yen)

| | As of the end of the previous fiscal year (March 31, 2023) | As of the end of the second quarter of the fiscal year under review (September 30, 2023) |
|---|--|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable–trade | 5,201,320 | 5,380,899 |
| Electronically recorded obligations–operating | 847,302 | 1,131,906 |
| Short-term borrowings | 995,000 | 975,000 |
| Income taxes payable | 1,816,425 | 1,640,424 |
| Provision for bonuses | 988,058 | 992,688 |
| Provision for product warranties | 106,260 | 109,791 |
| Provision for loss on orders received | 152,203 | 17,770 |
| Other | 3,917,125 | 3,293,714 |
| Total current liabilities | 14,023,696 | 13,542,195 |
| Non-current liabilities | | |
| Long-term borrowings | 850,580 | 676,460 |
| Asset retirement obligations | 11,172 | 11,172 |
| Other | 1,477,661 | 2,187,767 |
| Total non-current liabilities | 2,339,414 | 2,875,399 |
| Total liabilities | 16,363,110 | 16,417,594 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,565,500 | 2,565,500 |
| Capital surplus | 1,094,969 | 1,104,561 |
| Retained earnings | 56,626,968 | 60,243,986 |
| Treasury shares | (222,609) | (220,908) |
| Total shareholders' equity | 60,064,829 | 63,693,139 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,982,144 | 2,972,197 |
| Foreign currency translation adjustments | 1,336,660 | 2,201,771 |
| Total accumulated other comprehensive income | 3,318,805 | 5,173,968 |
| Total net assets | 63,383,634 | 68,867,108 |
| Total liabilities and net assets | 79,746,745 | 85,284,703 |

(2) **Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income**

Quarterly Consolidated Statement of Income

First six months

(Unit: Thousand Yen)

| | First six months of the previous fiscal year (From April 1, 2022 to September 30, 2022) | First six months of the fiscal year under review (From April 1, 2023 to September 30, 2023) |
|--|--|--|
| Net sales | 22,404,903 | 22,675,492 |
| Cost of sales | 10,426,788 | 10,945,930 |
| Gross profit | 11,978,115 | 11,729,562 |
| Selling, general and administrative expenses | 5,569,695 | 5,882,151 |
| Operating profit | 6,408,419 | 5,847,411 |
| Non-operating income | | |
| Interest income | 32,285 | 50,839 |
| Dividend income | 60,895 | 71,045 |
| Foreign exchange gains | 352,391 | 358,744 |
| Insurance claim and dividend income | 8,237 | 30,876 |
| Gain on sale of securities | 19,133 | - |
| Gain on valuation of securities | - | 241,654 |
| Miscellaneous income | 42,149 | 39,162 |
| Total non-operating income | 515,093 | 792,322 |
| Non-operating expenses | | |
| Interest expenses | 22,126 | 20,877 |
| Loss on retirement of non-current assets | 0 | 561 |
| Loss on sale of securities | 17,430 | 161,488 |
| Loss on valuation of securities | 243,299 | - |
| Miscellaneous losses | 6,990 | 319 |
| Total non-operating expenses | 289,847 | 183,247 |
| Ordinary profit | 6,633,665 | 6,456,486 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 2,559 | 5,550 |
| Total extraordinary income | 2,559 | 5,550 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 1,141 | 5,666 |
| Impairment losses | 26,160 | - |
| Loss on valuation of investment securities | 79,528 | - |
| Loss on disposal of non-current assets | 102,000 | - |
| Total extraordinary losses | 208,830 | 5,666 |
| Profit before income taxes | 6,427,394 | 6,456,370 |
| Income taxes—current | 1,759,373 | 1,584,950 |
| Income taxes—deferred | 128,647 | 323,064 |
| Total income taxes | 1,888,020 | 1,908,015 |
| Net profit | 4,539,373 | 4,548,355 |
| Net loss attributable to non-controlling interests | (6,840) | - |
| Net profit attributable to owners of parent | 4,546,213 | 4,548,355 |

Quarterly Consolidated Statement of Comprehensive Income
 First six months

(Unit: Thousand Yen)

| | First six months of the previous fiscal year (From April 1, 2022 to September 30, 2022) | First six months of the fiscal year under review (From April 1, 2023 to September 30, 2023) |
|--|--|--|
| Profit | 4,539,373 | 4,548,355 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (147,443) | 990,052 |
| Foreign currency translation adjustments | 1,218,144 | 865,111 |
| Total other comprehensive income | 1,070,700 | 1,855,163 |
| Comprehensive income | 5,610,074 | 6,403,518 |
| (attributable to) | | |
| Comprehensive income attributable to owners of parent | 5,489,350 | 6,403,518 |
| Comprehensive income attributable to non-controlling interests | 120,723 | - |

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: Thousand Yen)

| | First six months of the previous fiscal year (From April 1, 2022 to September 30, 2022) | First six months of the fiscal year under review (From April 1, 2023 to September 30, 2023) |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 6,427,394 | 6,456,370 |
| Depreciation | 852,809 | 865,973 |
| Amortization of goodwill | 90,484 | 90,712 |
| Impairment losses | 26,160 | - |
| Increase (decrease) in allowance for doubtful accounts | 629 | 419 |
| Increase (decrease) in provision for bonuses | 375,391 | 4,629 |
| Increase (decrease) in provision for product warranties | (13,347) | 3,531 |
| Decrease (increase) in retirement benefit asset | (37,867) | (30,685) |
| Increase (decrease) in provision for loss on orders received | 7,023 | (134,432) |
| Interest and dividend income | (93,181) | (121,885) |
| Insurance claim income | (8,237) | (30,876) |
| Interest expenses | 22,126 | 20,877 |
| Foreign exchange losses (gains) | (767,688) | (384,827) |
| Loss (gain) on sale of non-current assets | (1,417) | 116 |
| Loss on retirement of non-current assets | 0 | 561 |
| Loss (gain) on disposal of non-current assets | 102,000 | - |
| Decrease (increase) in trade receivables | (1,964,992) | (915,152) |
| Decrease (increase) in inventories | (2,162,407) | (3,299,212) |
| Increase (decrease) in trade payables | (842,025) | 233,848 |
| Increase (decrease) in accrued consumption taxes | (470,044) | 92,362 |
| Loss (gain) on sale of securities | (1,703) | 161,488 |
| Loss (gain) on valuation of securities | 243,299 | (241,654) |
| Loss (gain) on valuation of investment securities | 79,528 | - |
| Other | (492,011) | (739,737) |
| Subtotal | 1,371,925 | 2,032,426 |
| Interest and dividends received | 94,450 | 123,426 |
| Interest paid | (22,126) | (20,877) |
| Proceeds from insurance income | 19,135 | 145,418 |
| Income taxes paid | (1,816,714) | (1,774,507) |
| Net cash provided by (used in) operating activities | (353,330) | 505,885 |

(Unit: Thousand Yen)

| | First six months of the previous fiscal year (From April 1, 2022 to September 30, 2022) | First six months of the fiscal year under review (From April 1, 2023 to September 30, 2023) |
|---|--|--|
| Cash flows from investing activities | | |
| Purchase of securities | (792,292) | (774,407) |
| Proceeds from sale of securities | 263,399 | 1,047,744 |
| Proceeds from redemption of securities | 1,049,050 | 500,000 |
| Payments into time deposits | (414,000) | (841,700) |
| Proceeds from withdrawal of time deposits | 414,000 | 398,700 |
| Purchase of property, plant and equipment | (363,014) | (342,035) |
| Proceeds from sale of property, plant and equipment | 8,869 | 24,799 |
| Payments for retirement of property, plant and equipment | (102,000) | - |
| Purchase of intangible assets | (36,170) | (323,412) |
| Purchase of investment securities | (109,531) | (604,883) |
| Proceeds from collection of loans receivable | - | 36,313 |
| Net cash provided by (used in) investing activities | (81,690) | (878,881) |
| Cash flows from financing activities | | |
| Repayments of long-term borrowings | (194,120) | (194,120) |
| Repayments of finance lease liabilities | (229,860) | (253,570) |
| Net decrease (increase) in treasury shares | (349) | (694) |
| Dividends paid | (906,169) | (929,627) |
| Dividends paid to non-controlling interests | (25,701) | - |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (1,608,888) | - |
| Net cash provided by (used in) financing activities | (2,965,090) | (1,378,012) |
| Effect of exchange rate change on cash and cash equivalents | 1,174,065 | 739,641 |
| Net increase (decrease) in cash and cash equivalents | (2,226,046) | (1,011,366) |
| Cash and cash equivalents at beginning of period | 17,989,503 | 18,913,037 |
| Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation | 238,914 | - |
| Cash and cash equivalents at end of period | 16,002,371 | 17,901,670 |

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes When There is Significant Changes in Amounts of Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

(Changes in the Method of Translation of Revenues and Expenses of Subsidiaries outside of Japan)

Revenues and expenses of consolidated subsidiaries outside of Japan had previously been translated into Japanese Yen at the spot exchange rates in effect at the balance sheet date of these companies. However, the Company changed to a method of translating them into Japanese Yen at an average exchange rate for the period, starting from the first quarter of the fiscal year under review.

This change was made in order to lessen the impact of temporary foreign exchange fluctuations on our period profits as the revenues and expenses of the subsidiaries had grown in importance and to more aptly reflect their revenues and expenses occurring throughout each accounting period on our consolidated financial statements.

The impact of this change was negligible.