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May 10, 2024

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

[Under Japanese GAAP]

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 Listing: Tokyo Stock Exchange  
 Securities code: 7734  
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 Scheduled date of the annual general meeting of shareholders: June 26, 2024  
 Scheduled date to commence dividend payments: June 5, 2024  
 Scheduled date to file annual securities report: June 26, 2024  
 Preparation of supplementary materials on financial results: None  
 Holding of financial results briefing: None

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

#### (1) Consolidated Operating Results (% 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                             | %     |
| Fiscal year ended |                 |      |                  |       |                 |      |                                             |       |
| March 31, 2024    | 45,581          | 1.3  | 11,476           | (0.7) | 12,272          | 2.7  | 8,378                                       | (3.4) |
| March 31, 2023    | 45,004          | 20.4 | 11,551           | 37.5  | 11,944          | 35.4 | 8,670                                       | 45.4  |

Note: Comprehensive income For the fiscal year ended March 31, 2024 10,911 million Yen [11.6%]  
 For the fiscal year ended March 31, 2023 9,778 million Yen [45.2%]

|                   | Earnings per share<br>-Basic- | Earnings per share<br>-Diluted- | Net profit<br>attributable to<br>owners of<br>parent/equity | Ordinary<br>profit/total assets | Operating profit/net<br>sales |
|-------------------|-------------------------------|---------------------------------|-------------------------------------------------------------|---------------------------------|-------------------------------|
|                   | Yen                           | Yen                             | %                                                           | %                               | %                             |
| Fiscal year ended |                               |                                 |                                                             |                                 |                               |
| March 31, 2024    | 179.91                        | —                               | 12.3                                                        | 14.6                            | 25.2                          |
| March 31, 2023    | 186.21                        | —                               | 14.5                                                        | 15.8                            | 25.7                          |

Reference: Investment profit (loss) under the equity method For the fiscal year ended March 31, 2024 ¥ – million  
 For the fiscal year ended March 31, 2023 ¥ – million

Note: Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. Earnings per share are calculated assuming the share split was implemented at the beginning of the previous fiscal year.

#### (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          |                 |                 |                       |                      |
| March 31, 2024 | 88,591          | 72,453          | 81.8                  | 1,555.65             |
| March 31, 2023 | 79,746          | 63,383          | 79.5                  | 1,361.13             |

Reference: Equity As of March 31, 2024 72,453 million Yen As of March 31, 2023 63,383 million Yen

Note: Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. Net assets per share are calculated assuming the share split was implemented at the beginning of the previous fiscal year.

## (3) Consolidated Cash Flows

|                                     | Net cash provided by<br>(used in) operating<br>activities | Net cash provided by<br>(used in) investing<br>activities | Net cash provided by<br>(used in) financing<br>activities | Cash and cash<br>equivalents at end of<br>period |
|-------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------|
|                                     | Millions of Yen                                           | Millions of Yen                                           | Millions of Yen                                           | Millions of Yen                                  |
| Fiscal year ended<br>March 31, 2024 | 2,219                                                     | (2,464)                                                   | (2,464)                                                   | 17,167                                           |
| March 31, 2023                      | 4,572                                                     | (648)                                                     | (4,255)                                                   | 18,913                                           |

## 2. Cash Dividends

|                                                    | Annual dividends per share |                           |                          |                    |       | Total amount<br>of cash<br>dividends<br>(annual) | Dividend<br>payout ratio<br>(consolidated) | Ratio of<br>dividends to<br>net assets<br>(consolidated) |
|----------------------------------------------------|----------------------------|---------------------------|--------------------------|--------------------|-------|--------------------------------------------------|--------------------------------------------|----------------------------------------------------------|
|                                                    | First<br>quarter-<br>end   | Second<br>quarter-<br>end | Third<br>quarter-<br>end | Fiscal<br>year-end | Total |                                                  |                                            |                                                          |
|                                                    | Yen                        | Yen                       | Yen                      | Yen                | Yen   | Millions of Yen                                  | %                                          | %                                                        |
| Fiscal year ended<br>March 31, 2023                | –                          | 40.00                     | –                        | 40.00              | 80.00 | 1,862                                            | 21.5                                       | 3.1                                                      |
| Fiscal year ended<br>March 31, 2024                | –                          | 40.00                     | –                        | 40.00              | 80.00 | 1,862                                            | 22.2                                       | 2.7                                                      |
| Fiscal year ending<br>March 31, 2025<br>(Forecast) | –                          | 20.00                     | –                        | 20.00              | 40.00 |                                                  | 20.7                                       |                                                          |

Note: Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. For the fiscal year ended March 31, 2023 and fiscal year ended March 31, 2024, the amounts of actual dividends prior to the share split are stated. For the fiscal year ending March 31, 2025 (forecast), the figures are stated taking the impact of the share split into consideration.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(% indicates year-on-year changes)

|                                         | Net sales       |     | Operating profit |     | Ordinary profit |       | Net profit attributable<br>to owners of parent |     | Earnings per<br>share<br>-Basic- |
|-----------------------------------------|-----------------|-----|------------------|-----|-----------------|-------|------------------------------------------------|-----|----------------------------------|
|                                         | Millions of Yen | %   | Millions of Yen  | %   | Millions of Yen | %     | Millions of Yen                                | %   | Yen                              |
| Six months ending<br>September 30, 2024 | 23,600          | 4.1 | 5,900            | 0.9 | 6,150           | (4.7) | 4,600                                          | 1.1 | 98.77                            |
| Full year                               | 48,000          | 5.3 | 11,800           | 2.8 | 12,300          | 0.2   | 9,000                                          | 7.4 | 193.24                           |

Note: Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. In the consolidated financial results forecast for the fiscal year ending March 31, 2025, the figures for earnings per share reflect the impact of the share split.

## \* 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) 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

Note: For more details, please refer to “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” in “3. Consolidated Financial Statements and Significant Notes Thereto” on page 16 of the attachment.

## (3) Number of issued shares (common shares)

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

|                      |                   |
|----------------------|-------------------|
| As of March 31, 2024 | 47,322,000 shares |
| As of March 31, 2023 | 47,322,000 shares |

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

|                      |                |
|----------------------|----------------|
| As of March 31, 2024 | 747,476 shares |
| As of March 31, 2023 | 755,130 shares |

## (iii) Average number of shares outstanding during the period

|                                  |                   |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2024 | 46,572,222 shares |
| Fiscal year ended March 31, 2023 | 46,562,506 shares |

Note: Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. The total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares outstanding during the period are calculated assuming the share split was implemented at the beginning of the previous fiscal year.

## (Reference) Overview of Non-consolidated Financial Results

## 1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

## (1) Non-consolidated Operating Results

(% indicates year-on-year changes)

|                   | Net sales       |       | Operating profit |      | Ordinary profit |      | Net profit      |      |
|-------------------|-----------------|-------|------------------|------|-----------------|------|-----------------|------|
|                   | Millions of Yen | %     | Millions of Yen  | %    | Millions of Yen | %    | Millions of Yen | %    |
| Fiscal year ended |                 |       |                  |      |                 |      |                 |      |
| March 31, 2024    | 38,077          | (0.7) | 8,915            | 2.6  | 10,770          | 10.0 | 7,844           | 6.6  |
| March 31, 2023    | 38,327          | 18.1  | 8,692            | 36.4 | 9,790           | 28.2 | 7,356           | 28.5 |

|                   | Earnings per share<br>-Basic- | Earnings per share<br>-Diluted- |
|-------------------|-------------------------------|---------------------------------|
|                   | Yen                           | Yen                             |
| Fiscal year ended |                               |                                 |
| March 31, 2024    | 168.44                        | —                               |
| March 31, 2023    | 158.00                        | —                               |

Note: Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. Earnings per share are calculated assuming the share split was implemented at the beginning of the previous fiscal year.

## (2) Non-consolidated Financial Position

|                | Total assets    | Net assets      | Equity-to-asset ratio | Net assets per share |
|----------------|-----------------|-----------------|-----------------------|----------------------|
|                | Millions of Yen | Millions of Yen | %                     | Yen                  |
| As of          |                 |                 |                       |                      |
| March 31, 2024 | 75,810          | 62,633          | 82.6                  | 1,344.80             |
| March 31, 2023 | 68,421          | 54,909          | 80.3                  | 1,179.15             |

Reference: Equity As of March 31, 2024 62,633 million Yen As of March 31, 2023 54,909 million Yen

Note: Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. Net assets per share are calculated assuming the share split was implemented at the beginning of the previous fiscal year.

\* Financial results reports are exempt from audit 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 “(4) Prospects for the Future” in “1. Outline of Operating Results” on page 4 of the attachment.

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## 1. Outline of Operating Results

### (1) Outline of Operating Results for the Fiscal Year under Review

(Outline of overall business)

In the fiscal year under review, the economy was heading toward normalization as the COVID-19 epidemic was contained, and shortage of parts and materials and logistics pressures continued to ease. However, uncertainty in the economic situation remains, with sharp fluctuations in foreign exchange rates and rising prices for raw materials and energy in addition to the unstable state of global affairs such as the geopolitical risk of the Russian invasion of Ukraine, an increase in interest rates for inflation control in the US, and China's economic slowdown.

In the business environment surrounding the Group, our main customers in the semiconductor industry are experiencing a phase of inventory adjustments and a continuing curtailment of capital investment, a situation we expect to require some time to resolve. In addition, due to slowdown of the lithium-ion battery industry in China, this situation of uncertainty is expected to continue in the foreseeable future.

Under these circumstances, the Group set strengthening of its management foundation as a goal for the first fiscal year in the "Medium-term Management Plan from FY2023 to FY2025." The Group has engaged in maintaining and improving quality, cost, and delivery in order to meet customer demand for deliveries appropriately, and has been striving to strengthen its competitiveness with domestic sales reorganization aiming at sales development through closer relationships with customers while the development division has worked to strengthen its technical capabilities. In an attempt to expand its market share overseas, the Group proceeded with improving the quality of the system of overseas subsidiaries through measures including aggressively dispatching the Company's human resources to overseas subsidiaries. In addition, in an effort to increase its corporate value from a medium- to long-term perspective, at the Group, we actively worked on sustainability-related issues, including SDGs, as well as development, production, sales and after-sale maintenance activities where we are conscious of the need for decarbonization.

As a result of these measures, net sales for the fiscal year under review were 45,581 million Yen (up 1.3% year-on-year), operating profit was 11,476 million Yen (down 0.7% year-on-year), ordinary profit was 12,272 million Yen (up 2.7% year-on-year), and net profit attributable to owners of parent was 8,378 million Yen (down 3.4% year-on-year).

(Summary of sales by device type)

A summary of sales by device type is as follows:

#### Fixed gas detection alarm devices

Our major customers of semiconductor manufacturers and semiconductor manufacturing equipment makers have entered a one-time inventory adjustment phase. In particular, as the market recovery of the semiconductor memory prices has been delayed, net sales of fixed gas detection alarm devices have weakened, particularly for Smart-type Gas Detector GD-70D. Additionally, capital investment in manufacturing lithium-ion batteries is experiencing a one-time slowdown in China due to a supply surplus, and sales, mainly of Furnace Safety Monitor SD-2500, to lithium-ion battery manufacturing equipment makers in Japan and plants manufacturing the same equipment in China, remained flat, showing a weak trend.

As a result, net sales were 30,056 million Yen (down 2.9% year-on-year).

#### Portable gas detection alarm devices

For portable gas detection alarm devices, sales of GX-3R Series, the mainstay portable gas monitor, remained firm mainly in North America.

GX-Force that was launched as a successor model of GX-9000 and GX-2012 also contributed to net sales.

As a result, net sales were 14,344 million Yen (up 11.3% year-on-year).

#### Other measurement devices

Net sales of other measurement devices were 1,179 million Yen (up 1.1% year-on-year).

The Group will leverage the long track record of its products employed in a wide range of industries and academic fields to provide solutions to bring about a decarbonized society and prevent global warming, and continue to explore markets.

## **(2) Outline of Financial Position for the Fiscal Year under Review**

At the end of the fiscal year under review, assets totaled 88,591 million Yen, an increase of 8,844 million Yen (up 11.1%) compared with the end of the previous fiscal year. Current assets increased 5,753 million Yen from the end of the previous fiscal year to 57,054 million Yen. This was mainly due to a 3,127 million Yen increase in raw materials and supplies, a 3,037 million Yen increase in cash and deposits, a 1,135 million Yen increase in merchandise and finished goods, a 922 million Yen increase in work in process, despite a 3,465 million Yen decrease in securities. Non-current assets increased 3,091 million Yen from the end of the previous fiscal year to 31,537 million Yen. This was mainly due to a 1,762 million Yen increase in investment securities, a 689 million Yen increase in land, and a 543 million Yen increase in buildings and structures, despite a 305 million Yen decrease in construction in progress.

At the end of the fiscal year under review, liabilities totaled 16,137 million Yen, a decrease of 225 million Yen (down 1.4%) compared with the end of the previous fiscal year. Current liabilities fell 1,601 million Yen from the end of the previous fiscal year to 12,421 million Yen. This was mainly due to a 902 million Yen decrease in accounts payable included in other and a 483 million Yen decrease in notes and accounts payable-trade. Non-current liabilities increased 1,376 million Yen from the end of the previous fiscal year to 3,716 million Yen. This was mainly due to a 1,331 million Yen increase in deferred tax liabilities.

At the end of the fiscal year under review, net assets totaled 72,453 million Yen, an increase of 9,070 million Yen (up 14.3%) compared with the end of the previous fiscal year. This was mainly due to a 6,515 million Yen increase in retained earnings as a result of recording 8,378 million Yen in net profit attributable to owners of parent and dividend payments of 1,862 million Yen.

## **(3) Outline of Cash Flows for the Fiscal Year under Review**

At the end of the fiscal year under review, cash and cash equivalents decreased 1,745 million Yen from the end of the previous fiscal year to 17,167 million Yen (down 9.2%).

(Net cash provided by (used in) operating activities)

Profit before income taxes was 12,298 million Yen and depreciation was 1,783 million Yen, while the increase in inventories was 5,120 million Yen and income tax paid was 3,595 million Yen. As a result of the above, among other factors, net cash provided by operating activities decreased 2,352 million Yen (down 51.5%) year-on-year to 2,219 million Yen.

(Cash flows from investing activities)

Proceeds from sale of securities and withdrawal of time deposits were 1,361 million Yen and 1,075 million Yen respectively, while purchase of property, plant and equipment was 2,153 million Yen, payments into time deposits were 1,934 million Yen, and purchase of securities was 1,327 million Yen. As a result of the above, among other factors, net cash used in investing activities increased 1,816 million Yen (up 280.3%) year-on-year to -2,464 million Yen.

(Cash flows from financing activities)

Dividends paid was 1,860 million Yen. As a result of the above, among other factors, net cash from financing activities decreased 1,791 million Yen (down 42.1%) year-on-year to -2,464 million Yen.

(Reference) History of cash flow-related indicators

|                                             | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---------------------------------------------|--------|--------|--------|--------|--------|
| Equity-to-asset ratio (%)                   | 78.8   | 79.3   | 78.4   | 79.5   | 81.8   |
| Market value equity-to-asset ratio (%)      | 78.8   | 99.6   | 159.3  | 165.8  | 201.1  |
| Cash flows to interest-bearing debt (years) | 0.5    | 0.9    | 0.4    | 0.7    | 1.4    |
| Interest coverage ratio (times)             | 187.6  | 120.5  | 190.6  | 111.4  | 51.7   |

Equity-to-asset ratio : Equity to total assets  
Market value equity-to-asset ratio : Market value of shares to total assets  
Cash flows to interest-bearing debt : Interest-bearing debt to operating cash flows  
Interest coverage ratio : Operating cash flows to interest payment

- (Note 1) The figures above are calculated using consolidated financial data.  
(Note 2) The market value of shares is calculated by multiplying the closing share price at year-end by the number of outstanding shares at year-end (excluding treasury shares).  
(Note 3) Operating cash flows refer to cash flows from operating activities in the Consolidated Statement of Cash Flows. Interest-bearing debt includes any liabilities recorded on the Consolidated Balance Sheet that incur interest expenses. Payment of interest refers to the amount of interest payment stated in the Consolidated Statement of Cash Flows.

#### (4) Prospects for the Future

As for the prospects for the future, it is necessary to pay close attention to the impact from soaring prices of materials and resources, foreign exchange fluctuations and others, and a rise in geopolitical risks including the prolonged situation in Russia and Ukraine. Also, the semiconductor industry, which is our major customer, is experiencing inventory adjustments due to a slowdown in global demand for memory semiconductors, so the unpredictable situation is likely to continue. Further growth, however, is expected in the semiconductor market in the medium to long term.

The consolidated earnings forecasts for fiscal 2024 are as follows:

|                                             |                                                 |
|---------------------------------------------|-------------------------------------------------|
| Net sales                                   | 48,000 million Yen (5.3% increase year on year) |
| Operating profit                            | 11,800 million Yen (2.8% increase year on year) |
| Ordinary profit                             | 12,300 million Yen (0.2% increase year on year) |
| Net profit attributable to owners of parent | 9,000 million Yen (7.4% increase year on year)  |

Financial results forecasts are the Company's forecasts based on information currently available to the Company. Actual financial results may differ significantly from the forecasts due to various factors.

## 2. Basic Stance on Adopting Accounting Standards

The Group will continue to disclose consolidated financial statements under J-GAAP, taking into consideration the historical comparability of terms and comparability of companies.

The Group will also adopt IFRS standards depending on domestic and overseas developments accordingly.

### 3. Consolidated Financial Statements and Significant Notes Thereto

#### (1) Consolidated Balance Sheet

(Unit: Thousand Yen)

|                                                     | As of the end of the previous fiscal<br>year<br>(March 31, 2023) | As of the end of the fiscal year<br>under review<br>(March 31, 2024) |
|-----------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------|
| <b>Assets</b>                                       |                                                                  |                                                                      |
| Current assets                                      |                                                                  |                                                                      |
| Cash and deposits                                   | 13,605,281                                                       | 16,642,563                                                           |
| Notes and accounts receivable - trade               | 10,439,153                                                       | 10,788,891                                                           |
| Electronically recorded monetary claims - operating | 3,713,877                                                        | 4,333,862                                                            |
| Securities                                          | 8,414,092                                                        | 4,948,457                                                            |
| Merchandise and finished goods                      | 3,584,070                                                        | 4,719,951                                                            |
| Work in process                                     | 6,039,294                                                        | 6,962,062                                                            |
| Raw materials and supplies                          | 4,532,924                                                        | 7,660,781                                                            |
| Other                                               | 976,706                                                          | 1,003,625                                                            |
| Allowance for doubtful accounts                     | (4,346)                                                          | (5,865)                                                              |
| Total current assets                                | 51,301,053                                                       | 57,054,330                                                           |
| Non-current assets                                  |                                                                  |                                                                      |
| Property, plant and equipment                       |                                                                  |                                                                      |
| Buildings and structures                            | 15,157,911                                                       | 16,109,264                                                           |
| Accumulated depreciation                            | (4,331,838)                                                      | (4,740,144)                                                          |
| Buildings and structures, net                       | 10,826,073                                                       | 11,369,119                                                           |
| Machinery, equipment and vehicles                   | 1,264,555                                                        | 1,344,756                                                            |
| Accumulated depreciation                            | (903,194)                                                        | (978,900)                                                            |
| Machinery, equipment and vehicles, net              | 361,360                                                          | 365,855                                                              |
| Land                                                | 4,150,454                                                        | 4,839,970                                                            |
| Leased assets                                       | 3,512,318                                                        | 3,101,688                                                            |
| Accumulated depreciation                            | (2,406,443)                                                      | (1,925,600)                                                          |
| Leased assets, net                                  | 1,105,875                                                        | 1,176,088                                                            |
| Construction in progress                            | 409,421                                                          | 103,669                                                              |
| Other                                               | 3,677,310                                                        | 3,877,037                                                            |
| Accumulated depreciation                            | (3,192,632)                                                      | (3,409,431)                                                          |
| Other, net                                          | 484,677                                                          | 467,606                                                              |
| Total property, plant and equipment                 | 17,337,862                                                       | 18,322,309                                                           |
| Intangible assets                                   |                                                                  |                                                                      |
| Software                                            | 308,321                                                          | 249,160                                                              |
| Software in progress                                | 125,811                                                          | 463,327                                                              |
| Goodwill                                            | 510,481                                                          | 357,441                                                              |
| Customer-related assets                             | 805,777                                                          | 703,362                                                              |
| Other                                               | 17,392                                                           | 17,392                                                               |
| Total intangible assets                             | 1,767,784                                                        | 1,790,684                                                            |
| Investments and other assets                        |                                                                  |                                                                      |
| Investment securities                               | 6,033,462                                                        | 7,796,455                                                            |
| Retirement benefit asset                            | 1,827,197                                                        | 2,156,416                                                            |
| Deferred tax assets                                 | 162,882                                                          | 180,009                                                              |
| Other                                               | 1,319,402                                                        | 1,293,891                                                            |
| Allowance for doubtful accounts                     | (2,900)                                                          | (2,600)                                                              |
| Total investments and other assets                  | 9,340,044                                                        | 11,424,172                                                           |
| Total non-current assets                            | 28,445,691                                                       | 31,537,166                                                           |
| Total assets                                        | 79,746,745                                                       | 88,591,497                                                           |



(Unit: Thousand Yen)

|                                                       | As of the end of the previous fiscal<br>year<br>(March 31, 2023) | As of the end of the fiscal year<br>under review<br>(March 31, 2024) |
|-------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------|
| <b>Liabilities</b>                                    |                                                                  |                                                                      |
| Current liabilities                                   |                                                                  |                                                                      |
| Notes and accounts payable - trade                    | 5,201,320                                                        | 4,718,162                                                            |
| Electronically recorded obligations - operating       | 847,302                                                          | 816,514                                                              |
| Short-term borrowings                                 | 995,000                                                          | 995,000                                                              |
| Lease liabilities                                     | 471,600                                                          | 543,332                                                              |
| Accrued expenses                                      | 913,981                                                          | 873,986                                                              |
| Income taxes payable                                  | 1,816,425                                                        | 1,646,861                                                            |
| Provision for bonuses                                 | 988,058                                                          | 1,053,459                                                            |
| Provision for product warranties                      | 106,260                                                          | 99,234                                                               |
| Provision for loss on orders received                 | 152,203                                                          | 20,575                                                               |
| Other                                                 | 2,531,544                                                        | 1,654,668                                                            |
| <b>Total current liabilities</b>                      | <b>14,023,696</b>                                                | <b>12,421,794</b>                                                    |
| Non-current liabilities                               |                                                                  |                                                                      |
| Long-term borrowings                                  | 850,580                                                          | 850,580                                                              |
| Long-term accounts payable - other                    | 15,250                                                           | 15,250                                                               |
| Lease liabilities                                     | 792,762                                                          | 815,769                                                              |
| Deferred tax liabilities                              | 636,000                                                          | 1,967,777                                                            |
| Asset retirement obligations                          | 11,172                                                           | 11,695                                                               |
| Other                                                 | 33,648                                                           | 54,980                                                               |
| <b>Total non-current liabilities</b>                  | <b>2,339,414</b>                                                 | <b>3,716,053</b>                                                     |
| <b>Total liabilities</b>                              | <b>16,363,110</b>                                                | <b>16,137,847</b>                                                    |
| <b>Net assets</b>                                     |                                                                  |                                                                      |
| Shareholders' equity                                  |                                                                  |                                                                      |
| Share capital                                         | 2,565,500                                                        | 2,565,500                                                            |
| Capital surplus                                       | 1,094,969                                                        | 1,115,360                                                            |
| Retained earnings                                     | 56,626,968                                                       | 63,142,804                                                           |
| Treasury shares                                       | (222,609)                                                        | (221,541)                                                            |
| <b>Total shareholders' equity</b>                     | <b>60,064,829</b>                                                | <b>66,602,123</b>                                                    |
| Accumulated other comprehensive income                |                                                                  |                                                                      |
| Valuation difference on available-for-sale securities | 1,982,144                                                        | 3,729,980                                                            |
| Foreign currency translation adjustment               | 1,336,660                                                        | 2,121,546                                                            |
| <b>Total accumulated other comprehensive income</b>   | <b>3,318,805</b>                                                 | <b>5,851,527</b>                                                     |
| <b>Total net assets</b>                               | <b>63,383,634</b>                                                | <b>72,453,650</b>                                                    |
| <b>Total liabilities and net assets</b>               | <b>79,746,745</b>                                                | <b>88,591,497</b>                                                    |

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

Consolidated Statement of Income

(Unit: Thousand Yen)

|                                                    | Previous fiscal year<br>(from April 1, 2022 to<br>March 31, 2023) | Fiscal year under review<br>(from April 1, 2023 to<br>March 31, 2024) |
|----------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------|
| Net sales                                          | 45,004,807                                                        | 45,581,356                                                            |
| Cost of sales                                      | 21,842,195                                                        | 22,155,520                                                            |
| Gross profit                                       | 23,162,611                                                        | 23,425,836                                                            |
| Selling, general and administrative expenses       |                                                                   |                                                                       |
| Commission expenses                                | 962,790                                                           | 1,292,002                                                             |
| Advertising expenses                               | 337,178                                                           | 439,241                                                               |
| Salaries and allowances                            | 3,364,508                                                         | 3,375,082                                                             |
| Provision for bonuses                              | 287,266                                                           | 297,920                                                               |
| Retirement benefit expenses                        | 140,488                                                           | 49,684                                                                |
| Research and development expenses                  | 2,408,509                                                         | 2,288,937                                                             |
| Depreciation                                       | 604,865                                                           | 670,487                                                               |
| Other                                              | 3,505,697                                                         | 3,536,390                                                             |
| Total selling, general and administrative expenses | 11,611,304                                                        | 11,949,745                                                            |
| Operating profit                                   | 11,551,307                                                        | 11,476,090                                                            |
| Non-operating income                               |                                                                   |                                                                       |
| Interest income                                    | 77,969                                                            | 100,738                                                               |
| Dividend income                                    | 162,970                                                           | 172,835                                                               |
| Foreign exchange gains                             | 376,042                                                           | 355,389                                                               |
| Insurance claim and dividend income                | 9,824                                                             | 34,646                                                                |
| Gain on sale of securities                         | 19,133                                                            | –                                                                     |
| Gain on valuation of securities                    | –                                                                 | 225,989                                                               |
| Miscellaneous income                               | 76,082                                                            | 107,274                                                               |
| Total non-operating income                         | 722,023                                                           | 996,874                                                               |
| Non-operating expenses                             |                                                                   |                                                                       |
| Interest expenses                                  | 41,041                                                            | 42,961                                                                |
| Loss on retirement of non-current assets           | 817                                                               | 885                                                                   |
| Loss on sale of securities                         | 31,922                                                            | 142,306                                                               |
| Loss on valuation of securities                    | 249,273                                                           | –                                                                     |
| Compensation expenses                              | 1,000                                                             | –                                                                     |
| Miscellaneous losses                               | 5,221                                                             | 14,670                                                                |
| Total non-operating expenses                       | 329,274                                                           | 200,823                                                               |
| Ordinary profit                                    | 11,944,056                                                        | 12,272,142                                                            |
| Extraordinary income                               |                                                                   |                                                                       |
| Gain on sale of non-current assets                 | 17,568                                                            | 108,428                                                               |
| Insurance claim income                             | 112,915                                                           | –                                                                     |
| Total extraordinary income                         | 130,484                                                           | 108,428                                                               |
| Extraordinary losses                               |                                                                   |                                                                       |
| Loss on sale of non-current assets                 | 13,927                                                            | 5,666                                                                 |
| Impairment losses                                  | 26,160                                                            | –                                                                     |
| Loss on disposal of non-current assets             | 102,000                                                           | –                                                                     |
| Loss on valuation of investment securities         | 79,528                                                            | –                                                                     |
| Loss on disaster                                   | 99,100                                                            | 76,610                                                                |
| Total extraordinary losses                         | 320,716                                                           | 82,277                                                                |
| Profit before income taxes                         | 11,753,823                                                        | 12,298,293                                                            |
| Income taxes - current                             | 3,315,613                                                         | 3,437,358                                                             |
| Income taxes - deferred                            | (225,144)                                                         | 482,267                                                               |
| Total income taxes                                 | 3,090,469                                                         | 3,919,625                                                             |
| Net profit                                         | 8,663,354                                                         | 8,378,667                                                             |
| Net loss attributable to non-controlling interests | (6,840)                                                           | –                                                                     |
| Net profit attributable to owners of parent        | 8,670,194                                                         | 8,378,667                                                             |

## Consolidated Statement of Comprehensive Income

(Unit: Thousand Yen)

|                                                                | Previous fiscal year<br>(from April 1, 2022 to<br>March 31, 2023) | Fiscal year under review<br>(from April 1, 2023 to<br>March 31, 2024) |
|----------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------|
| Net profit                                                     | 8,663,354                                                         | 8,378,667                                                             |
| Other comprehensive income                                     |                                                                   |                                                                       |
| Valuation difference on available-for-sale securities          | 128,438                                                           | 1,747,835                                                             |
| Foreign currency translation adjustment                        | 986,540                                                           | 784,886                                                               |
| Total other comprehensive income                               | 1,114,979                                                         | 2,532,721                                                             |
| Comprehensive income                                           | 9,778,333                                                         | 10,911,389                                                            |
| (attributable to)                                              |                                                                   |                                                                       |
| Comprehensive income attributable to owners of parent          | 9,657,610                                                         | 10,911,389                                                            |
| Comprehensive income attributable to non-controlling interests | 120,723                                                           | –                                                                     |

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

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Unit: Thousand Yen)

|                                                                                           | Shareholders' equity |                 |                   |                 |                            |
|-------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                                                           | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                                                            | 2,565,500            | 1,885,187       | 49,604,449        | (226,384)       | 53,828,752                 |
| Changes during period                                                                     |                      |                 |                   |                 |                            |
| Dividends of surplus                                                                      |                      |                 | (1,839,116)       |                 | (1,839,116)                |
| Net profit attributable to owners of parent                                               |                      |                 | 8,670,194         |                 | 8,670,194                  |
| Purchase of treasury shares                                                               |                      |                 |                   | (461)           | (461)                      |
| Disposal of treasury shares                                                               |                      | 23,652          |                   | 4,236           | 27,889                     |
| Change in scope of consolidation                                                          |                      |                 | 191,440           |                 | 191,440                    |
| Change in ownership interest of parent due to transactions with non-controlling interests |                      | (813,870)       |                   |                 | (813,870)                  |
| Net changes in items other than shareholders' equity                                      |                      |                 |                   |                 |                            |
| Total changes during period                                                               | -                    | (790,217)       | 7,022,519         | 3,775           | 6,236,076                  |
| Balance at end of period                                                                  | 2,565,500            | 1,094,969       | 56,626,968        | (222,609)       | 60,064,829                 |

|                                                                                           | Accumulated other comprehensive income                |                                         |                                              | Non-controlling interests | Total net assets |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                                                           | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of period                                                            | 1,853,706                                             | 477,683                                 | 2,331,389                                    | 698,577                   | 56,858,719       |
| Changes during period                                                                     |                                                       |                                         |                                              |                           |                  |
| Dividends of surplus                                                                      |                                                       |                                         |                                              |                           | (1,839,116)      |
| Net profit attributable to owners of parent                                               |                                                       |                                         |                                              |                           | 8,670,194        |
| Purchase of treasury shares                                                               |                                                       |                                         |                                              |                           | (461)            |
| Disposal of treasury shares                                                               |                                                       |                                         |                                              |                           | 27,889           |
| Change in scope of consolidation                                                          |                                                       |                                         |                                              |                           | 191,440          |
| Change in ownership interest of parent due to transactions with non-controlling interests |                                                       |                                         |                                              |                           | (813,870)        |
| Net changes in items other than shareholders' equity                                      | 128,438                                               | 858,976                                 | 987,415                                      | (698,577)                 | 288,838          |
| Total changes during period                                                               | 128,438                                               | 858,976                                 | 987,415                                      | (698,577)                 | 6,524,915        |
| Balance at end of period                                                                  | 1,982,144                                             | 1,336,660                               | 3,318,805                                    | -                         | 63,383,634       |

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Unit: Thousand Yen)

|                                                      | Shareholders' equity |                 |                   |                 |                            |
|------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                      | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 2,565,500            | 1,094,969       | 56,626,968        | (222,609)       | 60,064,829                 |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (1,862,831)       |                 | (1,862,831)                |
| Net profit attributable to owners of parent          |                      |                 | 8,378,667         |                 | 8,378,667                  |
| Purchase of treasury shares                          |                      |                 |                   | (1,327)         | (1,327)                    |
| Disposal of treasury shares                          |                      | 20,390          |                   | 2,395           | 22,785                     |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | –                    | 20,390          | 6,515,835         | 1,067           | 6,537,294                  |
| Balance at end of period                             | 2,565,500            | 1,115,360       | 63,142,804        | (221,541)       | 66,602,123                 |

|                                                      | Accumulated other comprehensive income                |                                         |                                              | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------------|
|                                                      | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income |                  |
| Balance at beginning of period                       | 1,982,144                                             | 1,336,660                               | 3,318,805                                    | 63,383,634       |
| Changes during period                                |                                                       |                                         |                                              |                  |
| Dividends of surplus                                 |                                                       |                                         |                                              | (1,862,831)      |
| Net profit attributable to owners of parent          |                                                       |                                         |                                              | 8,378,667        |
| Purchase of treasury shares                          |                                                       |                                         |                                              | (1,327)          |
| Disposal of treasury shares                          |                                                       |                                         |                                              | 22,785           |
| Net changes in items other than shareholders' equity | 1,747,835                                             | 784,886                                 | 2,532,721                                    | 2,532,721        |
| Total changes during period                          | 1,747,835                                             | 784,886                                 | 2,532,721                                    | 9,070,015        |
| Balance at end of period                             | 3,729,980                                             | 2,121,546                               | 5,851,527                                    | 72,453,650       |

**(4) Consolidated Statement of Cash Flows**

(Unit: Thousand Yen)

|                                                              | Previous fiscal year<br>(from April 1, 2022 to<br>March 31, 2023) | Fiscal year under review<br>(from April 1, 2023 to<br>March 31, 2024) |
|--------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------|
| <b>Cash flows from operating activities</b>                  |                                                                   |                                                                       |
| Profit before income taxes                                   | 11,753,823                                                        | 12,298,293                                                            |
| Depreciation                                                 | 1,740,235                                                         | 1,783,475                                                             |
| Amortization of goodwill                                     | 177,205                                                           | 187,575                                                               |
| Impairment losses                                            | 26,160                                                            | –                                                                     |
| Loss on disaster                                             | 99,100                                                            | 76,610                                                                |
| Increase (decrease) in allowance for doubtful accounts       | (179)                                                             | 909                                                                   |
| Increase (decrease) in provision for bonuses                 | 67,221                                                            | 65,400                                                                |
| Increase (decrease) in provision for product warranties      | 8,020                                                             | (7,026)                                                               |
| Increase (decrease) in provision for loss on orders received | 120,195                                                           | (131,627)                                                             |
| Decrease (increase) in retirement benefit asset              | (13,853)                                                          | (329,219)                                                             |
| Interest and dividend income                                 | (240,939)                                                         | (273,573)                                                             |
| Insurance claim income                                       | (122,740)                                                         | (34,646)                                                              |
| Interest expenses                                            | 41,041                                                            | 42,961                                                                |
| Foreign exchange losses (gains)                              | (721,502)                                                         | (675,987)                                                             |
| Loss (gain) on sale of non-current assets                    | (3,640)                                                           | (102,762)                                                             |
| Loss on retirement of non-current assets                     | 817                                                               | 885                                                                   |
| Decrease (increase) in trade receivables                     | (1,093,435)                                                       | (755,289)                                                             |
| Loss (gain) on disposal of non-current assets                | 102,000                                                           | –                                                                     |
| Decrease (increase) in inventories                           | (5,542,325)                                                       | (5,120,219)                                                           |
| Increase (decrease) in trade payables                        | 1,086,973                                                         | (715,399)                                                             |
| Increase (decrease) in accrued consumption taxes             | (721,305)                                                         | 222,157                                                               |
| Loss (gain) on sale of securities                            | 12,788                                                            | 142,306                                                               |
| Loss (gain) on valuation of securities                       | 249,273                                                           | (225,989)                                                             |
| Loss (gain) on valuation of investment securities            | 79,528                                                            | –                                                                     |
| Other, net                                                   | 491,052                                                           | (1,019,538)                                                           |
| Subtotal                                                     | 7,595,513                                                         | 5,429,295                                                             |
| Interest and dividends received                              | 244,535                                                           | 277,372                                                               |
| Interest paid                                                | (41,041)                                                          | (42,961)                                                              |
| Proceeds from insurance income                               | 136,802                                                           | 151,503                                                               |
| Income taxes paid                                            | (3,363,099)                                                       | (3,595,498)                                                           |
| Net cash provided by (used in) operating activities          | 4,572,711                                                         | 2,219,711                                                             |

(Unit: Thousand Yen)

|                                                                                                            | Previous fiscal year<br>(from April 1, 2022 to<br>March 31, 2023) | Fiscal year under review<br>(from April 1, 2023 to<br>March 31, 2024) |
|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------|
| <b>Cash flows from investing activities</b>                                                                |                                                                   |                                                                       |
| Purchase of securities                                                                                     | (880,710)                                                         | (1,327,036)                                                           |
| Proceeds from redemption of securities                                                                     | 1,049,380                                                         | 709,340                                                               |
| Proceeds from sale of securities                                                                           | 376,535                                                           | 1,361,516                                                             |
| Payments into time deposits                                                                                | (1,031,390)                                                       | (1,934,402)                                                           |
| Proceeds from withdrawal of time deposits                                                                  | 1,029,209                                                         | 1,075,472                                                             |
| Purchase of property, plant and equipment                                                                  | (943,155)                                                         | (2,153,257)                                                           |
| Proceeds from sale of property, plant and equipment                                                        | 67,348                                                            | 357,253                                                               |
| Payments for retirement of property, plant and equipment                                                   | (102,000)                                                         | –                                                                     |
| Purchase of intangible assets                                                                              | (65,552)                                                          | (481,409)                                                             |
| Purchase of investment securities                                                                          | (314,555)                                                         | (608,288)                                                             |
| Proceeds from redemption of investment securities                                                          | 200,000                                                           | 500,000                                                               |
| Loan advances                                                                                              | (33,132)                                                          | –                                                                     |
| Proceeds from collection of loans receivable                                                               | –                                                                 | 36,313                                                                |
| <b>Net cash provided by (used in) investing activities</b>                                                 | <b>(648,024)</b>                                                  | <b>(2,464,499)</b>                                                    |
| <b>Cash flows from financing activities</b>                                                                |                                                                   |                                                                       |
| Proceeds from long-term borrowings                                                                         | 400,000                                                           | 400,000                                                               |
| Repayments of long-term borrowings                                                                         | (400,000)                                                         | (400,000)                                                             |
| Repayments of finance lease liabilities                                                                    | (483,452)                                                         | (602,553)                                                             |
| Redemption of bonds                                                                                        | (300,000)                                                         | –                                                                     |
| Net decrease (increase) in treasury shares                                                                 | (461)                                                             | (1,327)                                                               |
| Dividends paid                                                                                             | (1,836,787)                                                       | (1,860,140)                                                           |
| Dividends paid to non-controlling interests                                                                | (25,701)                                                          | –                                                                     |
| Purchase of shares of subsidiaries not resulting in change<br>in scope of consolidation                    | (1,608,888)                                                       | –                                                                     |
| <b>Net cash provided by (used in) financing activities</b>                                                 | <b>(4,255,291)</b>                                                | <b>(2,464,021)</b>                                                    |
| Effect of exchange rate change on cash and cash equivalents                                                | 1,015,224                                                         | 963,237                                                               |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                                | <b>684,619</b>                                                    | <b>(1,745,571)</b>                                                    |
| Cash and cash equivalents at beginning of period                                                           | 17,989,503                                                        | 18,913,037                                                            |
| <b>Increase in cash and cash equivalents resulting from<br/>inclusion of subsidiaries in consolidation</b> | <b>238,914</b>                                                    | <b>–</b>                                                              |
| <b>Cash and cash equivalents at end of period</b>                                                          | <b>18,913,037</b>                                                 | <b>17,167,465</b>                                                     |

## (5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements)

Not applicable.

### 1. Matters regarding the scope of consolidation

#### (1) Number of consolidated subsidiaries: Six

Names of consolidated subsidiaries:

RIKEN KEIKI NARA MFG. Co., Ltd.

RIKEN KEIKI TAIWAN CO., LTD.

RIKEN KEIKI COMMERCIAL (SHANGHAI) CO., LTD.

RKI Instruments, Inc.

R K INSTRUMENTS (S) PTE LTD

RIKEN KEIKI GmbH

#### (2) Number of unconsolidated subsidiaries: Two

RIKEN KEIKI Technocrats Co., Ltd.

RIKEN KEIKI (M) SDN.BHD.

Reason for exclusion from the scope of consolidation

Both unconsolidated subsidiaries are small in scale, and the total of total assets, net sales, profit and retained earnings (an amount corresponding to the equity interests of the Company), etc. of both companies does not exert a material influence on consolidated financial statements.

### 2. Matters regarding adoption of equity method

#### (1) Number of affiliated companies to which the equity method is applied

Not applicable.

#### (2) Names of major unconsolidated subsidiaries or affiliated companies to which the equity method is not applied

RIKEN KEIKI Technocrats Co., Ltd.

RIKEN KEIKI KOREA CO., LTD.

Reason for not applying the equity method

In terms of profit and retained earnings (an amount corresponding to the equity interests of the Company), etc., the companies to which the equity method is not applied may only exert an immaterial influence on the Company's consolidated financial statements even if the companies are excluded from the scope of the application of the equity method, and also on the overall financial results.

### 3. Matters regarding the fiscal year, etc. of consolidated subsidiaries

The last day of consolidated subsidiaries' business year is December 31, which differs from the consolidated closing date. Any significant transaction between the last day of their business year and the consolidated closing date is subject to adjustment required for consolidated reporting.



#### 4. Matters regarding accounting policies

##### (1) Valuation standards and accounting treatment for important assets

###### (i) Securities

###### (a) Held-to-maturity debt securities

Held-to-maturity debt securities are stated at amortized cost (the straight-line method).

###### (b) Other securities

Securities other than stocks without quoted market prices

These are stated at fair market value.

(The difference between acquisition cost and market value is accounted for as net unrealized holding gains or losses on securities in net assets, with the cost of sales determined by the moving average method.)

Stocks without quoted market prices

Carried at cost, determined by the moving average method.

###### (ii) Derivatives

Derivatives are stated at fair market value.

(However, the market value method shall not be applied to interest rate swap transactions that satisfy the requirements for exceptional accounting treatment. The net amount to be paid or received under the interest rate swap transaction shall be added to or subtracted from the amount of interest on debt subject to the interest rate swap agreement.)

###### (iii) Inventories

###### (a) Merchandise and finished goods

Stated at cost, with cost being determined by the gross-average method.

(The method of book value devaluation based on a decline in profitability applies to values in the balance sheet.)

However, the identified-cost method shall be applied for certain finished goods.

###### (b) Work in process

Stated at cost, with cost being determined by the gross-average method.

(The method of book value devaluation based on a decline in profitability applies to values in the balance sheet.)

However, the identified-cost method shall be applied for certain works in process.

###### (c) Raw materials and supplies

Stated at cost, with cost being determined by the gross-average method.

(The method of book value devaluation based on a decline in profitability applies to values in the balance sheet.)

##### (2) Depreciation method for material depreciable assets

###### (i) Property, plant and equipment (excluding leased assets)

Straight-line method

The principal useful lives are as follows.

Buildings and structures: 31 to 50 years

###### (ii) Intangible assets

Computer software purchased for internal use is amortized by the straight-line method based on the estimated internal useful life (five years).

Customer-related assets are amortized by the straight-line method based on estimated profitable period (nine to

fifteen years), the basis of calculating the proceeds.

(iii) Leased assets

Leased assets related to finance lease transactions other than those where ownership of the lease assets is deemed to be transferred to the lessee are amortized by the straight-line method, assuming the lease period is the useful life and no residual value.

(3) Accounting standards for allowance and provisions

(i) Allowance for doubtful accounts

The allowance for doubtful accounts is provided in an amount sufficient to cover possible losses estimated as a historical write-off ratio of bad debts for general receivables, with the addition of required amounts for doubtful accounts and bankrupt receivables based on a case-by-case assessment of the possibility of collection.

(ii) Provision for bonuses

Accrued employees' bonuses are provided based on the estimated amount to be paid.

(iii) Provision for product warranties

Provision for product warranties is provided for product after-sale service expenses based on the historical performance.

(iv) Provision for loss on orders received

As a reserve against future losses on sales of ordered products, the estimated loss on sale of ordered products is calculated for those undelivered at the end of the current consolidated fiscal year.

(4) Accounting treatment of retirement benefit payments

(i) Attribution method for projected retirement benefits

In calculating retirement benefit obligations, the benefit formula basis is applied as the method for attributing projected retirement benefits to the period up to end of the current consolidated fiscal year.

(ii) Treatment method of actuarial losses

The actuarial loss (228,040 thousand Yen) is expensed as incurred. As annuity payment assets exceed retirement benefit obligations, 2,156,416 thousand Yen of retirement benefit asset is recoded in investments and other assets.

(5) Accounting policies for significant revenue and expenses

For contracts with customers, we recognize revenue arising from contracts with customers based on the following five-step approach.

Step 1: Identify a contract with the customer

Step 2: Identify performance obligations in the contract

Step 3: Calculate the transaction price

Step 4: Allocate the transaction price to performance obligations in the contract

Step 5: Recognize revenue when or as performance obligations are fulfilled

In recognizing revenue, we identify performance obligations for the sale of products, services and other sales in the Group under contracts with customers, and usually recognize revenue at the following times when we determine that we have fulfilled the Group's performance obligations.

(i) Revenue from the sale of products

With respect to the sale of a product, under the contract with the customer, if the Group is obligated to execute tasks up to the installation of the product, we regard the sale and installation of the product as a single performance obligation, and when the installation of the product is completed, we determine that the performance obligation will be fulfilled by the transfer of control of the asset to the customer, then recognize revenue.

On the other hand, if under the contract with the customer, the Group is not obligated to install the product, we recognize the revenue at the time when the product is shipped because the period from the time of shipment to

the transfer of control of the product to the customer is a normal period.

(ii) Revenue from services and other sales

Revenue from services and other sales primarily includes revenue from product-related operations such as warranty, repair, maintenance and relocation, and performance obligations are fulfilled at a point in time. Therefore, we recognize the revenue at a time when the provision of services is completed.

(6) Standards of translation of significant foreign-currency-denominated assets or liabilities into Japanese Yen

Foreign-currency-denominated money claims and liabilities are translated into Japanese Yen at the spot exchange rates in effect on the consolidated balance sheet date, and the difference arising from such translation is stated as a gain or loss. Assets and liabilities of consolidated subsidiaries outside of Japan are translated into Japanese Yen at the spot exchange rates in effect at the balance sheet date of these companies, revenue and expenses of these companies are translated into Japanese Yen at an average exchange rate for the period, starting from the fiscal year under review, and the exchange differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Accounting for significant hedges

(i) Hedge accounting

The exceptional accounting treatment is applied for interest rate swap transactions that satisfy the requirements for the treatment.

(ii) Hedging instrument and hedged items

Hedging instrument: Interest rate swaps

Hedged item: Interest on borrowings

(iii) Hedge policy

To reduce interest rate risks and improve financial balance, hedging shall be conducted within the extent of the liabilities involved.

(iv) Evaluation of hedge effectiveness

For interest rate swaps with the exceptional accounting treatment, hedge effectiveness is not evaluated.

(8) Amortization of goodwill and amortization period

Amortization has been based on the seven-to-nine year-period straight line method.

(9) Scope of cash in the Consolidated Statement of Cash Flows

Cash and cash equivalents in the Consolidated Statement of Cash Flows comprise cash on hand, readily available deposits, and short-term liquid investments expiring within six (6) months of the date they were acquired and incurring minimal risk from fluctuations in value.

(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 fiscal year under review.

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

The impact of this change was negligible.

(Segment Information, Etc.)

[Segment information]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

As the Group engages in a single segment of the manufacture and sale of various types of industrial measurement devices and their related businesses, the disclosure of business segment information has been omitted.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

As the Group engages in a single segment of the manufacture and sale of various types of industrial measurement devices and their related businesses, the disclosure of business segment information has been omitted.

[Related information]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

1. Information by product and service

(1) Net sales

(Unit: Thousand Yen)

| Fixed gas detection alarm devices | Portable gas detection alarm devices | Other measurement devices | Total      |
|-----------------------------------|--------------------------------------|---------------------------|------------|
| 30,955,063                        | 12,882,820                           | 1,166,923                 | 45,004,807 |

2. Information by region

(1) Net sales

|                                             | Japan      | Overseas sales |               |           |         |            | Consolidated net sales |
|---------------------------------------------|------------|----------------|---------------|-----------|---------|------------|------------------------|
|                                             |            | Asia           | North America | Europe    | Others  | Total      |                        |
| I Net sales (Thousand Yen)                  | 26,170,747 | 11,434,836     | 5,725,658     | 1,306,077 | 367,487 | 18,834,060 | 45,004,807             |
| II Percentage of consolidated net sales (%) | 58.2       | 25.4           | 12.7          | 2.9       | 0.8     | 41.8       | 100.0                  |

(Note) Net sales are classified by country or region based on the customer's location.

(2) Property, plant and equipment

Description is omitted as the amount of property, plant, and equipment located in Japan exceeds 90% of the property, plant, and equipment on the balance sheets.

3. Information on major customers

Of net sales, no specific external customer accounts for 10% or more of the net sales recorded in the consolidated statement of income, and therefore, description is omitted.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

(1) Net sales

(Unit: Thousand Yen)

| Fixed gas detection alarm devices | Portable gas detection alarm devices | Other measurement devices | Total      |
|-----------------------------------|--------------------------------------|---------------------------|------------|
| 30,056,952                        | 14,344,693                           | 1,179,711                 | 45,581,356 |

2. Information by region

(1) Net sales

|                                             | Japan      | Overseas sales |               |           |         |            | Consolidated net sales |
|---------------------------------------------|------------|----------------|---------------|-----------|---------|------------|------------------------|
|                                             |            | Asia           | North America | Europe    | Others  | Total      |                        |
| I Net sales (Thousand Yen)                  | 25,720,966 | 11,568,001     | 6,613,669     | 1,348,101 | 330,618 | 19,860,390 | 45,581,356             |
| II Percentage of consolidated net sales (%) | 56.4       | 25.4           | 14.5          | 3.0       | 0.7     | 43.6       | 100.0                  |

(Note) Net sales are classified by country or region based on the customer's location.

(2) Property, plant and equipment

(Unit: Thousand Yen)

| Japan      | Outside of Japan | Total      |
|------------|------------------|------------|
| 16,252,816 | 2,069,492        | 18,322,309 |

3. Information on major customers

Of net sales, no specific external customer accounts for 10% or more of the net sales recorded in the consolidated statement of income, and therefore, description is omitted.

[Information on impairment losses of fixed assets by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

As the Group engages in a single segment of the manufacture and sale of various types of industrial measurement devices and their related businesses, the disclosure of business segment information has been omitted.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

As the Group engages in a single segment of the manufacture and sale of various types of industrial measurement devices and their related businesses, the disclosure of business segment information has been omitted.

[Information concerning amortization of goodwill and unamortized balances by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

As the Group engages in a single segment of the manufacture and sale of various types of industrial measurement devices and their related businesses, the disclosure of business segment information has been omitted.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

As the Group engages in a single segment of the manufacture and sale of various types of industrial measurement devices and their related businesses, the disclosure of business segment information has been omitted.

[Information concerning gain on bargain purchase by reportable segment]

Not applicable.

## (Per Share Information)

|                      | Previous fiscal year<br>(from April 1, 2022 to<br>March 31, 2023) | Fiscal year under review<br>(from April 1, 2023 to<br>March 31, 2024) |
|----------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------|
| Net assets per share | 1,361.13 Yen                                                      | 1,555.65 Yen                                                          |
| Earnings per share   | 186.21 Yen                                                        | 179.91 Yen                                                            |

- (Notes)
1. Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. Net assets per share and earnings per share are calculated assuming the share split was implemented at the beginning of the previous fiscal year.
  2. Diluted earnings per share are not presented because there are no dilutive shares.
  3. The basis for calculating earnings per share is shown below.

|                                                                                          | Previous fiscal year<br>(from April 1, 2022 to<br>March 31, 2023) | Fiscal year under review<br>(from April 1, 2023 to<br>March 31, 2024) |
|------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------|
| Net profit attributable to owners of parent (Thousand Yen)                               | 8,670,194                                                         | 8,378,667                                                             |
| Amount not attributable to shareholders of common stock (Thousand Yen)                   | –                                                                 | –                                                                     |
| Net profit attributable to owners of parent associated with common stock (Thousand Yen)  | 8,670,194                                                         | 8,378,667                                                             |
| Average number of shares of common stock outstanding during the period (Thousand shares) | 46,562                                                            | 46,572                                                                |

(Significant Subsequent Events)

(Share Split and Amendment to the Articles of Incorporation in Connection with the Share Split)

The Company, at a meeting of the Board of Directors held on February 8, 2024, resolved to implement a share split and amend the Articles of Incorporation in connection with the share split.

1. Share split

(1) Purpose of share split

The purpose is to improve the liquidity of the Company's shares and expand the investor base by implementing a share split to lower the value per investment unit for the Company's shares.

(2) Overview of share split

(i) Method of share split

The Company will implement a 2-for-1 share split of common shares owned by shareholders listed or recorded in the register of shareholders with a record date of Sunday, March 31, 2024 (however, since this day falls on a non-business day of the share registration agent, the practical record date shall be Friday, March 29, 2024).

(ii) Number of shares to be increased by share split

|                                                                       |                    |
|-----------------------------------------------------------------------|--------------------|
| Total number of issued shares before the share split:                 | 23,661,000 shares  |
| Number of shares to be increased by this share split:                 | 23,661,000 shares  |
| Total number of issued shares after the share split:                  | 47,322,000 shares  |
| Total number of shares authorized to be issued after the share split: | 188,000,000 shares |

(iii) Timetable for share split

|                                           |                        |
|-------------------------------------------|------------------------|
| Date of public notice of the record date: | Friday, March 15, 2024 |
| Record date:                              | Sunday, March 31, 2024 |
| Effective date:                           | Monday, April 1, 2024  |

(iv) Effect on per share information

The effect on per share information is presented in "(5) Notes to Consolidated Financial Statements."

(v) Other

There will be no change in the amount of stated capital at the time of the share split.

2. Amendment to the Articles of Incorporation in connection with the share split

(1) Reasons for the amendment

As a result of this share split, pursuant to the provisions of Article 184, paragraph (2) of the Companies Act, the total number of shares authorized to be issued set forth in Article 6 of the Company's Articles of Incorporation will be amended effective April 1, 2024.

(2) Content of the amendment

Content of the amendment is as shown below.

(Amendment is underlined.)

| Current Articles of Incorporation                                                                                                                                     | Articles of Incorporation after amendment                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (Total Number of Shares Authorized to be Issued)<br>Article 6<br>The total number of shares authorized to be issued of the Company shall be <u>94,000,000</u> shares. | (Total Number of Shares Authorized to be Issued)<br>Article 6<br>The total number of shares authorized to be issued of the Company shall be <u>188,000,000</u> shares. |

(3) Schedule of the amendment

Effective date: April 1, 2024



#### 4. Other

##### (1) Production, orders received, and sales

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

|                    |                                             | Previous fiscal year<br>(from April 1, 2022 to<br>March 31, 2023) |                      | Fiscal year under review<br>(from April 1, 2023 to<br>March 31, 2024) |                      | Rise or (fall) |
|--------------------|---------------------------------------------|-------------------------------------------------------------------|----------------------|-----------------------------------------------------------------------|----------------------|----------------|
|                    |                                             | Amount                                                            | Composition<br>ratio | Amount                                                                | Composition<br>ratio |                |
| Production*        | Fixed gas detection alarm<br>devices        | 20,383                                                            | 71.0                 | 17,766                                                                | 65.2                 | (2,616)        |
|                    | Portable gas detection alarm<br>devices     | 7,314                                                             | 25.5                 | 8,389                                                                 | 30.8                 | 1,074          |
|                    | Other measurement devices                   | 1,012                                                             | 3.5                  | 1,082                                                                 | 4.0                  | 69             |
|                    | Total                                       | 28,711                                                            | 100.0                | 27,238                                                                | 100.0                | (1,472)        |
| Orders<br>received | Fixed gas detection alarm<br>devices        | 32,342                                                            | 68.7                 | 27,576                                                                | 60.5                 | (4,766)        |
|                    | Portable gas detection alarm<br>devices     | 13,455                                                            | 28.6                 | 16,707                                                                | 36.7                 | 3,252          |
|                    | Other measurement devices                   | 1,249                                                             | 2.7                  | 1,279                                                                 | 2.8                  | 30             |
|                    | Total                                       | 47,047                                                            | 100.0                | 45,563                                                                | 100.0                | (1,483)        |
| Net sales          | Fixed gas detection alarm<br>devices        | 30,955                                                            | 68.8                 | 30,056                                                                | 65.9                 | (898)          |
|                    | Portable gas detection alarm<br>devices     | 12,882                                                            | 28.6                 | 14,344                                                                | 31.5                 | 1,461          |
|                    | Other measurement devices                   | 1,166                                                             | 2.6                  | 1,179                                                                 | 2.6                  | 12             |
|                    | Total                                       | 45,004                                                            | 100.0                | 45,581                                                                | 100.0                | 576            |
|                    | Overseas sales (included in total<br>sales) | 18,834                                                            | 41.8                 | 19,860                                                                | 43.6                 | 1,026          |
| Order<br>backlog   | Fixed gas detection alarm<br>devices        | 9,259                                                             | 73.3                 | 6,779                                                                 | 53.8                 | (2,480)        |
|                    | Portable gas detection alarm<br>devices     | 2,923                                                             | 23.2                 | 5,286                                                                 | 42.0                 | 2,363          |
|                    | Other measurement devices                   | 439                                                               | 3.5                  | 539                                                                   | 4.2                  | 99             |
|                    | Total                                       | 12,621                                                            | 100.0                | 12,604                                                                | 100.0                | (17)           |

\* The amount is converted into sales price.