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November 9, 2023

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

[Under Japanese GAAP]

Company name: RIKEN KEIKI Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 7734
 URL: <https://www.rikenkeiki.co.jp/>
 Representative: Tetsuya Matsumoto, President
 Inquiries: Takuro Maeda, General Manager, Accounting Department, Corporate Administration Division
 Telephone: +81-3-3966-1128
 Scheduled date to file quarterly securities report: November 9, 2023
 Scheduled date to commence dividend payments: December 7, 2023
 Preparation of supplementary materials on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

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

(1) Consolidated Operating Results (Cumulative)

(% indicates year-on-year changes)

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

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

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

(2) Consolidated Financial Position

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

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

2. Cash Dividends

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

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

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

(% indicates year-on-year changes)

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

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

* Notes

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

Newly included: - companies (Company name)

Excluded: - companies (Company name)

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

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

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

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

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

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

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

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

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

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

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

* Proper use of earnings forecasts, and other special matters

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

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

(1) Explanation of Operating Results

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

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

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

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

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

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

(i) Fixed gas detection alarm devices

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

(ii) Portable gas detection alarm devices

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

(iii) Other measurement devices

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

(2) Explanation of Financial Position

(i) Assets, liabilities and net assets

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

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

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

(ii) Cash flows

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

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

(Cash flows from operating activities)

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

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

(Cash flows from investing activities)

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

(Cash flows from financing activities)

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

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

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

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Unit: Thousand Yen)

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

(Unit: Thousand Yen)

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

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

Quarterly Consolidated Statement of Income
First six months

(Unit: Thousand Yen)

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

Quarterly Consolidated Statement of Comprehensive Income
 First six months

(Unit: Thousand Yen)

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

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: Thousand Yen)

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

(Unit: Thousand Yen)

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

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

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

Not applicable.

(Changes in Accounting Policies)

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

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

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

The impact of this change was negligible.