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August 9, 2023

Consolidated Financial Results for the Three Months Ended June 30, 2023

[Under Japanese GAAP]

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 Listing: Tokyo Stock Exchange
 Securities code: 7734
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 Scheduled date to file quarterly securities report: August 9, 2023
 Scheduled date to commence dividend payments: -
 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 Three Months Ended June 30, 2023 (from April 1, 2023 to June 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	%
Three months ended June 30, 2023	11,490	6.8	3,058	(10.8)	3,560	(2.8)	2,533	(1.9)
June 30, 2022	10,763	19.1	3,428	68.8	3,664	75.6	2,581	76.0

Note: Comprehensive income For the three months ended June 30, 2023 3,387 million Yen [17.5%]
 For the three months ended June 30, 2022 2,882 million Yen [42.9%]

	Earnings per share - Basic-	Earnings per share - Diluted-
	Yen	Yen
Three months ended June 30, 2023	108.82	-
June 30, 2022	110.91	-

(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 June 30, 2023	81,642	65,846	80.7	2,828.05
As of March 31, 2023	79,746	63,383	79.5	2,722.26

Reference: Equity As of June 30, 2023 65,846 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	-				
Fiscal year ending March 31, 2024 (Forecast)		40.00	-	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
Six months ending September 30, 2023	22,200	(0.9)	5,350	(16.5)	5,150	(22.4)	3,600	(20.8)	154.62
Full year	46,400	3.1	11,600	0.4	12,000	0.5	8,700	0.3	373.66

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 June 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 June 30, 2023	377,598 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)

Three months ended June 30, 2023	23,283,427 shares
Three months ended June 30, 2022	23,276,319 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 Three 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 Three Months of the Current Fiscal Year

(1) Explanation of Operating Results

In the first three 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 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 reduce costs by streamlining production, thoroughly cut expenses, developing aggressive sales activities, aggressively investing in new product development, and enhancing its quality control and service systems.

As a result of these measures, net sales for the first three months of the fiscal year under review were 11,490 million Yen (up 6.8% year-on-year), operating profit was 3,058 million Yen (down 10.8% year-on-year), ordinary profit came to 3,560 million Yen (down 2.8% year-on-year), and net profit attributable to owners of parent was 2,533 million Yen (down 1.9% 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 three months of the fiscal year under review were 7,714 million Yen (up 6.1% year-on-year).

(ii) Portable gas detection alarm devices

Net sales of portable gas detection alarm devices for the first three months of the fiscal year under review were 3,511 million Yen (up 8.8% year-on-year).

(iii) Other measurement devices

Net sales of other measurement devices for the first three months of the fiscal year under review were 265 million Yen (up 0.7% year-on-year).

(2) Explanation of Financial Position

At the end of the first quarter of the fiscal year under review, assets totaled 81,642 million Yen, an increase of 1,895 million Yen (up 2.4%) compared with the end of the previous fiscal year. Current assets increased 958 million Yen from the end of the previous fiscal year to 52,259 million Yen. This was mainly due to a 1,395 million Yen increase in raw materials and supplies, a 672 million Yen increase in notes and accounts receivable–trade and a 580 million Yen increase in securities, despite a 1,785 million Yen decrease in cash and deposits. Non-current assets increased 936 million Yen from the end of the previous fiscal year to 29,382 million Yen. This was mainly due to a 1,138 million Yen increase in investment securities.

At the end of the first quarter of the fiscal year under review, liabilities totaled 15,795 million Yen, a decrease of 567 million Yen (down 3.5%) compared with the end of the previous fiscal year. Current liabilities fell 967 million Yen from the end of the previous fiscal year to 13,056 million Yen. This was mainly due to a 774 million Yen decrease in income taxes payable, a 689 million Yen decrease in notes and accounts payable–trade, a 456 million Yen decrease in provision for bonuses, despite a 846 million Yen increase in accrued expenses included in current liabilities and other. Non-current liabilities grew 399 million Yen from the end of the previous fiscal year to 2,739 million Yen. This was mainly due to a 490 million Yen increase in deferred tax liabilities included in non-current liabilities and other.

At the end of the first quarter of the fiscal year under review, net assets totaled 65,846 million Yen, an increase of 2,463 million Yen (up 3.9%) compared with the end of the previous fiscal year. This was mainly due to a 1,602 million Yen increase in retained earnings as a result of recording 2,533 million Yen in net profit attributable to owners of parent and dividend payments of 931 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 first six months ending September 30, 2023 and 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 first quarter of the fiscal year under review (June 30, 2023)
Assets		
Current assets		
Cash and deposits	13,605,281	11,819,946
Notes and accounts receivable—trade	10,439,153	11,111,392
Electronically recorded monetary claims-operating	3,713,877	3,853,838
Securities	8,414,092	8,994,747
Merchandise and finished goods	3,584,070	3,355,778
Work in process	6,039,294	6,135,150
Raw materials and supplies	4,532,924	5,928,358
Other	976,706	1,064,889
Allowance for doubtful accounts	(4,346)	(4,266)
Total current assets	51,301,053	52,259,835
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,826,073	10,690,928
Machinery, equipment and vehicles, net	361,360	393,490
Land	4,150,454	4,133,581
Construction in progress	409,421	447,485
Other, net	1,590,552	1,578,048
Total property, plant and equipment	17,337,862	17,243,534
Intangible assets		
Goodwill	510,481	470,273
Customer-related assets	805,777	777,429
Other	451,525	459,531
Total intangible assets	1,767,784	1,707,233
Investments and other assets		
Investment securities	6,033,462	7,171,572
Retirement benefit assets	1,827,197	1,849,997
Other	1,482,284	1,412,940
Allowance for doubtful accounts	(2,900)	(2,900)
Total investments and other assets	9,340,044	10,431,609
Total non-current assets	28,445,691	29,382,378
Total assets	79,746,745	81,642,213

(Unit: Thousand Yen)

	As of the end of the previous fiscal year (March 31, 2023)	As of the end of the first quarter of the fiscal year under review (June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	5,201,320	4,512,153
Electronically recorded obligations–operating	847,302	1,033,340
Short-term borrowings	995,000	1,235,000
Income taxes payable	1,816,425	1,041,909
Provision for bonuses	988,058	531,231
Provision for product warranties	106,260	101,084
Provision for loss on orders received	152,203	17,770
Other	3,917,125	4,583,997
Total current liabilities	14,023,696	13,056,488
Non-current liabilities		
Long-term borrowings	850,580	763,520
Asset retirement obligations	11,172	11,172
Other	1,477,661	1,964,359
Total non-current liabilities	2,339,414	2,739,051
Total liabilities	16,363,110	15,795,540
Net assets		
Shareholders' equity		
Share capital	2,565,500	2,565,500
Capital surplus	1,094,969	1,101,568
Retained earnings	56,626,968	58,229,280
Treasury shares	(222,609)	(222,768)
Total shareholders' equity	60,064,829	61,673,580
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,982,144	2,697,951
Foreign currency translation adjustments	1,336,660	1,475,141
Total accumulated other comprehensive income	3,318,805	4,173,093
Total net assets	63,383,634	65,846,673
Total liabilities and net assets	79,746,745	81,642,213

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

Quarterly Consolidated Statement of Income
First three months

(Unit: Thousand Yen)

	First three months of the previous fiscal year (from April 1, 2022 to June 30, 2022)	First three months of the fiscal year under review (from April 1, 2023 to June 30, 2023)
Net sales	10,763,292	11,490,772
Cost of sales	4,697,496	5,557,851
Gross profit	6,065,796	5,932,920
Selling, general and administrative expenses	2,637,257	2,874,736
Operating profit	3,428,538	3,058,184
Non-operating income		
Interest income	13,905	21,109
Dividend income	58,477	68,485
Foreign exchange gains	232,105	322,744
Insurance claim and dividend income	261	21,942
Gain on sale of securities	19,133	-
Gain on valuation of securities	-	80,531
Miscellaneous income	18,928	16,583
Total non-operating income	342,811	531,396
Non-operating expenses		
Interest expenses	11,133	10,018
Loss on retirement of non-current assets	0	9
Loss on sale of securities	2,614	18,793
Loss on valuation of securities	86,639	-
Miscellaneous losses	6,272	24
Total non-operating expenses	106,659	28,845
Ordinary profit	3,664,690	3,560,735
Extraordinary income		
Gain on sale of non-current assets	2,554	5,550
Total extraordinary income	2,554	5,550
Extraordinary losses		
Loss on sale of non-current assets	1,141	5,655
Total extraordinary losses	1,141	5,655
Profit before income taxes	3,666,103	3,560,631
Income taxes—current	986,284	873,360
Income taxes—deferred	93,302	153,622
Total income taxes	1,079,586	1,026,982
Net profit	2,586,517	2,533,648
Net profit attributable to non-controlling interests	4,911	-
Net profit attributable to owners of parent	2,581,605	2,533,648

Quarterly Consolidated Statement of Comprehensive Income
 First three months

(Unit: Thousand Yen)

	First three months of the previous fiscal year (From April 1, 2022 to June 30, 2022)	First three months of the fiscal year under review (From April 1, 2023 to June 30, 2023)
Profit	2,586,517	2,533,648
Other comprehensive income		
Valuation difference on available-for-sale securities	(143,167)	715,807
Foreign currency translation adjustments	439,615	138,480
Total other comprehensive income	296,447	854,287
Comprehensive income	2,882,964	3,387,936
(attributable to)		
Comprehensive income attributable to owners of parent	2,834,631	3,387,936
Comprehensive income attributable to non-controlling interests	48,333	-

(3) 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.