



November 11, 2021

Consolidated Financial Results
for the Six Months Ended September 30, 2021
[Under Japanese GAAP]

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 Listing: Tokyo Stock Exchange
 Securities code: 7734
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 Scheduled date to file quarterly securities report: November 11, 2021
 Scheduled date to commence dividend payments: December 6, 2021
 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, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated Operating Results (Cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	18,278	19.0	4,346	53.4	4,503	55.6	3,167	58.1
September 30, 2020	15,357	(4.7)	2,834	(10.5)	2,893	(11.3)	2,002	(15.6)

Note: Comprehensive income For the six months ended September 30, 2021: ¥4,125 million [97.7%]
 For the six months ended September 30, 2021: ¥2,087 million [(16.1)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	136.11		-	
September 30, 2020	86.11		-	

(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, 2021	67,448	54,723	80.2	2,323.32
March 31, 2021	64,326	52,615	79.3	2,193.61

Reference: Equity

As of September 30, 2021: ¥54,078 million
 As of March 31, 2021: ¥51,033 million

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, 2021	-	20.00	-	22.00	42.00
Fiscal year ending March 31, 2022	-	21.00			
Fiscal year ending March 31, 2022 (Forecast)			-	21.00	42.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	35,900	11.5	7,850	19.0	8,050	16.3	5,750	22.6	247.07

Note: Revision to the forecast of the financial results most recently announced: Yes

* Notes

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

Newly included: -- companies (company name)

Excluded: -- companies (company name)

(2) Adoption of accounting treatment 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: Yes

(ii) Changes in accounting policies due to other reasons: None

(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, 2021	23,661,000 shares
As of March 31, 2021	23,661,000 shares

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

As of September 30, 2021	384,584 shares
As of March 31, 2021	396,265 shares

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

Six months ended September 30, 2021	23,269,750 shares
Six months ended September 30, 2020	23,258,266 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 the achievement of them. Actual financial results may differ significantly from the forecasts due to various factors. For the assumptions underlying the financial results forecasts and cautions concerning the use thereof, please refer to “(3) Explanation of Consolidated Financial Results Forecast 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 outlook for the Japanese economy remained uncertain. This was mainly due to the resurgence of COVID-19, high global resource prices and a shortage of semiconductor supplies, despite signs of a gradual recovery.

In the industrial disaster prevention and safety device industry to which the Group belongs, capital investment in the semiconductor industry in East Asia (mainly Japan, China and Taiwan), our main customer, as well as the lithium-ion battery industry in China, remained steady, and orders increased due to the trend for a recovery in economic activities in North America. However, sufficient caution is necessary regarding the impact of a supply shortage of semiconductor components and electronic components, and the outlook will remain uncertain.

Under these circumstances, in addition to taking measures to prevent COVID-19, the Group has continued to reduce costs by streamlining production, thoroughly cut expenses, developed sales activities online, aggressively invested in new product development, and enhanced 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 18,278 million yen (up 19.0% year-on-year), operating profit was 4,346 million yen (up 53.4% year-on-year), ordinary profit was 4,503 million yen (up 55.6% year-on-year), and profit attributable to owners of parent was 3,167 million yen (up 58.1% 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 12,752 million yen (up 19.2% 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 4,948 million yen (up 17.2% 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 577 million yen (up 32.5% 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 67,448 million yen, an increase of 3,122 million yen (up 4.9%) compared with the end of the previous fiscal year. Current assets increased 2,912 million yen from the end of the previous fiscal year to 38,388 million yen. This was mainly due to a 1,004 million yen increase in cash and deposits and a 1,566 million yen increase in securities. Non-current assets grew 210 million yen from the end of the previous fiscal year to 29,060 million yen. This was mainly due to a 599 million yen increase in investment securities despite a 138 million yen decrease in leased assets included in property, plant and equipment and others and a 102 million yen decrease in construction in progress.

At the end of the second quarter of the fiscal year under review, liabilities totaled 12,725 million yen, an increase of 1,014 million yen (up 8.7%) compared with the end of the previous fiscal year. Current liabilities grew 1,142 million yen from the end of the previous fiscal year to 9,718 million yen. This was mainly due to a 456 million yen increase in notes and accounts payable - trade, a 395 million yen increase in income taxes payable, and a 348 million yen increase in accrued consumption taxes included in others under current liabilities. Non-current liabilities fell 127 million yen from the end of the previous fiscal year to 3,006 million

yen. This was mainly due to a 174 million yen decrease in long-term borrowings and a 150 million yen decrease in long-term lease obligations included in others under non-current liabilities, despite a 197 million yen increase in deferred tax liabilities included in others under non-current liabilities.

At the end of the second quarter of the fiscal year under review, net assets totaled 54,723 million yen, an increase of 2,108 million yen (up 4.0%) compared with the end of the previous fiscal year. This was mainly due to a 2,655 million yen increase in retained earnings as a result of the recording of a profit attributable to owners of parent of 3,167 million yen and dividends of surplus of 511 million yen despite a 425 million yen decrease in capital surplus and a 936 million yen decrease in non-controlling interests caused by the additional acquisition of shares of R K Instruments (S) Pte Ltd., a consolidated subsidiary in Singapore.

(ii) Cash flows

At the end of the second quarter of the fiscal year under review, cash and cash equivalents increased 1,221 million yen from the end of the previous fiscal year to 15,153 million yen.

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 4,833 million yen, an increase of 3,091 million yen year-on-year, mainly due to recording a profit before income taxes of 4,503 million yen and depreciation of 844 million yen, and an increase in accrued consumption taxes of 706 million yen. This was despite an increase in inventories of 752 million yen and income taxes paid of 936 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,772 million yen, a decrease of 361 million yen year-on-year, mainly due to purchase of securities of 1,321 million yen, purchase of property, plant and equipment of 588 million yen and payments into time deposits of 356 million yen. This was despite recording proceeds from sale of securities of 140 million yen and proceeds from withdrawal of time deposits of 332 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 2,143 million yen, an increase of 153 million yen year-on-year, mainly due to dividends paid of 512 million yen, repayments of long-term borrowings of 194 million yen and purchase of shares of subsidiaries not resulting in a change in the scope of consolidation of 1,185 million yen.

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

The full-year financial results forecast was revised from the forecast announced on May 11, 2021.

For details, please refer to the “Notice of Difference between Forecast and Actual Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2022 and Revision of the Full-Year Financial Results Forecast” announced today (November 11, 2021).

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, 2021)	As of the end of the second quarter of the fiscal year under review (September 30, 2021)
Assets		
Current assets		
Cash and deposits	9,631,315	10,635,372
Notes and accounts receivable - trade	9,894,686	9,785,207
Electronically recorded monetary claims - operating	2,803,268	3,323,048
Securities	6,294,967	7,861,878
Merchandise and finished goods	2,538,714	2,400,978
Work in process	1,869,207	2,314,730
Raw materials and supplies	998,259	1,488,048
Other	1,450,726	582,825
Allowance for doubtful accounts	(4,853)	(3,501)
Total current assets	35,476,292	38,388,589
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,653,372	11,565,545
Machinery, equipment and vehicles, net	326,658	327,097
Land	4,075,901	4,077,821
Construction in progress	155,430	52,796
Other, net	1,935,155	1,803,715
Total property, plant and equipment	18,146,517	17,826,976
Intangible assets		
Goodwill	676,468	646,687
Customer-related assets	876,699	865,220
Other	596,305	515,484
Total intangible assets	2,149,473	2,027,392
Investments and other assets		
Investment securities	5,514,420	6,114,028
Retirement benefit asset	1,672,351	1,739,447
Other	1,370,978	1,356,097
Allowance for doubtful accounts	(4,000)	(3,750)
Total investments and other assets	8,553,749	9,205,824
Total non-current assets	28,849,741	29,060,192
Total assets	64,326,034	67,448,782

(Unit: Thousand yen)

	As of the end of the previous fiscal year (March 31, 2021)	As of the end of the second quarter of the fiscal year under review (September 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,206,800	3,662,848
Short-term borrowings	995,000	975,000
Income taxes payable	877,653	1,273,553
Provision for bonuses	873,596	881,696
Provision for product warranties	130,855	94,850
Provision for loss on orders received	609	1,041
Asset retirement obligations	22,291	-
Other	2,469,731	2,829,810
Total current liabilities	8,576,538	9,718,801
Non-current liabilities		
Bonds payable	300,000	300,000
Long-term borrowings	850,580	676,460
Asset retirement obligations	11,094	11,094
Other	1,972,505	2,018,994
Total non-current liabilities	3,134,179	3,006,548
Total liabilities	11,710,718	12,725,350
Net assets		
Shareholders' equity		
Share capital	2,565,500	2,565,500
Capital surplus	2,294,089	1,868,989
Retained earnings	44,641,217	47,296,706
Treasury shares	(232,906)	(226,109)
Total shareholders' equity	49,267,900	51,505,086
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,921,384	2,374,466
Foreign currency translation adjustment	(155,642)	199,019
Total accumulated other comprehensive income	1,765,742	2,573,485
Non-controlling interests	1,581,673	644,859
Total net assets	52,615,315	54,723,431
Total liabilities and net assets	64,326,034	67,448,782

(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, 2020 to September 30, 2020)	First six months of the fiscal year under review (From April 1, 2021 to September 30, 2021)
Net sales	15,357,389	18,278,841
Cost of sales	8,121,518	9,127,858
Gross profit	7,235,871	9,150,982
Selling, general and administrative expenses	4,401,743	4,804,198
Operating profit	2,834,127	4,346,783
Non-operating income		
Interest income	28,614	21,657
Dividend income	45,283	56,577
Foreign exchange gains	31,960	47,617
Insurance claim and dividend income	3,645	9,381
Gain on sale of securities	-	460
Gain on valuation of securities	-	9,682
Miscellaneous income	50,950	43,249
Total non-operating income	160,454	188,627
Non-operating expenses		
Interest expenses	15,139	24,547
Loss on retirement of non-current assets	13,299	4,117
Loss on sale of securities	50,742	-
Loss on valuation of securities	18,110	-
Miscellaneous losses	3,381	3,397
Total non-operating expenses	100,673	32,062
Ordinary profit	2,893,908	4,503,349
Extraordinary income		
Gain on sale of non-current assets	24	-
Total extraordinary income	24	-
Extraordinary losses		
Loss on sale of non-current assets	172	258
Total extraordinary losses	172	258
Profit before income taxes	2,893,761	4,503,090
Income taxes - current	762,840	1,277,940
Income taxes - deferred	91,268	(2,749)
Total income taxes	854,108	1,275,191
Profit	2,039,652	3,227,899
Profit attributable to non-controlling interests	36,897	60,586
Profit attributable to owners of parent	2,002,754	3,167,312

Quarterly Consolidated Statement of Comprehensive Income

First six months

(Unit: Thousand yen)

	First six months of the previous fiscal year (From April 1, 2020 to September 30, 2020)	First six months of the fiscal year under review (From April 1, 2021 to September 30, 2021)
Profit	2,039,652	3,227,899
Other comprehensive income		
Valuation difference on available-for-sale securities	211,306	451,352
Foreign currency translation adjustment	(163,638)	446,661
Total other comprehensive income	47,667	898,013
Comprehensive income	2,087,320	4,125,913
(attributable to)		
Comprehensive income attributable to owners of parent	2,121,155	3,975,056
Comprehensive income attributable to non-controlling interests	(33,835)	150,856

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: Thousand yen)

	First six months of the previous fiscal year (From April 1, 2020 to September 30, 2020)	First six months of the fiscal year under review (From April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	2,893,761	4,503,090
Depreciation	630,769	844,368
Amortization of goodwill	71,322	73,808
Increase (decrease) in allowance for doubtful accounts	(2,576)	(1,920)
Increase (decrease) in provision for bonuses	12,698	8,100
Increase (decrease) in provision for product warranties	(43,996)	(36,005)
Decrease (increase) in retirement benefit asset	(82,602)	(67,096)
Increase (decrease) in provision for loss on order received	-	432
Interest and dividend income	(73,898)	(78,235)
Insurance claim income	(3,645)	(9,381)
Interest expenses	15,139	24,547
Foreign exchange losses (gains)	39,840	(175,142)
Loss (gain) on sale of non-current assets	147	258
Loss on retirement of non-current assets	13,299	4,117
Decrease (increase) in trade receivables	423,613	(302,434)
Decrease (increase) in inventories	(480,384)	(752,043)
Increase (decrease) in trade payables	524,448	387,653
Increase (decrease) in accrued consumption taxes	(629,554)	706,186
Loss (gain) on sale of securities	50,742	(460)
Other	(520,018)	566,950
Subtotal	2,839,105	5,696,793
Interest and dividends received	74,382	78,685
Interest paid	(15,139)	(24,547)
Proceeds from insurance income	9,672	19,799
Income tax paid	(1,165,654)	(936,918)
Cash flows from operating activities	1,742,365	4,833,811

(Unit: Thousand yen)

	First six months of the previous fiscal year (From April 1, 2020 to September 30, 2020)	First six months of the fiscal year under review (From April 1, 2021 to September 30, 2021)
Cash flows from investing activities		
Purchase of securities	(713,158)	(1,321,208)
Proceeds from sale of securities	611,896	140,936
Proceeds from redemption of securities	19,327	41,090
Payments into time deposits	(294,840)	(356,400)
Proceeds from withdrawal of time deposits	262,080	332,640
Purchase of property, plant and equipment	(1,933,846)	(588,232)
Proceeds from sale of property, plant and equipment	49	2,741
Payments for retirement of property, plant and equipment	-	(33,553)
Purchase of intangible assets	(83,021)	(23,154)
Purchase of investment securities	(203,980)	(2,441)
Proceeds from redemption of investment securities	201,395	41,090
Payments for asset retirement obligations	-	(6,282)
Cash flows from investing activities	(2,134,098)	(1,772,774)
Cash flows from financing activities		
Repayments of long-term borrowings	(194,120)	(194,120)
Repayments of finance lease obligations	(134,323)	(218,280)
Net decrease (increase) in treasury shares	(290)	(85)
Dividends paid	(511,124)	(512,521)
Dividends paid to non-controlling interests	(34,763)	(33,479)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,114,995)	(1,185,072)
Cash flows from financing activities	(1,989,617)	(2,143,560)
Effect of exchange rate change on cash and cash equivalents	(79,005)	303,767
Net increase (decrease) in cash and cash equivalents	(2,460,356)	1,221,244
Cash and cash equivalents at beginning of period	15,016,366	13,932,676
Cash and cash equivalents at end of period	12,556,009	15,153,921

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

During the second quarter of the fiscal year under review, capital surplus decreased by 425,100 thousand yen mainly due to the additional acquisition of shares of R K Instruments (S) Pte Ltd., a consolidated subsidiary of the Company, from a non-controlling shareholder. As a result, capital surplus at the end of the second quarter of the fiscal year under review was 1,868,989 thousand yen.

(Changes in Accounting Policies)

(Adoption of the Accounting Standard for Revenue Recognition, Etc.)

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”), etc. from the beginning of the first quarter of the fiscal year under review, according to which revenue is recognized when control of promised goods or services is transferred to customers, at the amounts expected to be received in exchange for those goods or services.

While the adoption of the Revenue Recognition Accounting Standard, etc. is in accordance with the transitional treatment specified in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, this has no impact on the profit and loss during the first six months of the fiscal year under review and the retained earnings at the beginning of the period.

Additionally, in accordance with the transitional treatment set forth in Paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), disaggregated information of revenue from contracts with customers for the first six months of the previous fiscal year is not stated.

(Adoption of the Accounting Standard for Fair Value Measurement, Etc.)

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the “Fair Value Measurement Accounting Standard”), etc. from the beginning of the first quarter of the fiscal year under review, adopting new accounting policies defined in the Fair Value Measurement Accounting Standard over the future, according to the transitional treatment specified in Paragraph 19 of the Fair Value Measurement Accounting Standard and in Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This has no impact on the quarterly consolidated financial statements.

(Business Combinations, Etc.)

Transaction under common control, etc.

Additional acquisition of shares of a subsidiary

1. Outline of the Transaction

- (1) Name of the party to the business combination and its business

Name of the party to the business combination: R K INSTRUMENTS (S) PTE LTD.

Business: Sales of gas detection alarm devices and after-sales maintenance services

- (2) Date of the business combination

July 1, 2021

- (3) Legal form of the business combination

Acquisition of shares from a non-controlling shareholder

- (4) Name of company after the business combination

No change

- (5) Other matters concerning the outline of the transaction

The Company acquired shares of R K Instruments (S) Pte Ltd., a consolidated subsidiary, which engages in sales of gas detection alarm devices and after-sales maintenance services in Singapore, to increase its stake in the subsidiary. After the acquisition of shares, the Company will hold 100.0% of the subsidiary's voting rights.

2. Outline of the Accounting Implemented

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the Company handles this business combination as a transaction with a non-controlling shareholder as part of transactions under common control, etc.

3. Matters Concerning the Additional Acquisition of Shares of a Subsidiary

Consideration for the acquisition and its breakdown by type

<u>Consideration for the acquisition</u>	Cash	1,481,848 thousand yen
Acquisition cost		1,481,848 thousand yen

4. Matters Concerning Changes in the Company's Interest Related to the Transaction with a Non-Controlling Shareholder

- (1) Main factors of changes in capital surplus

Additional acquisition of shares of a subsidiary

- (2) Amount of decrease in capital surplus due to the transaction with a non-controlling shareholder

426,307 thousand yen