



# Integrated Report 2023

Fiscal year ended March 31, 2023

## MISSION: INVISIBLE

Safely Seeing the Unseen Danger



RIKEN KEIKI Co., Ltd.  
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#### Editorial Policy

RIKEN KEIKI is promoting management in full awareness of the Sustainable Development Goals (SDGs). This reflects our awareness that concern and consideration for the environment, society, and governance grows more important each year as we maintain strong relations with our diverse stakeholders, and that we cannot increase our corporate value without them. We have published this integrated report to create a starting point for dialogue with our stakeholders by communicating our values to them.

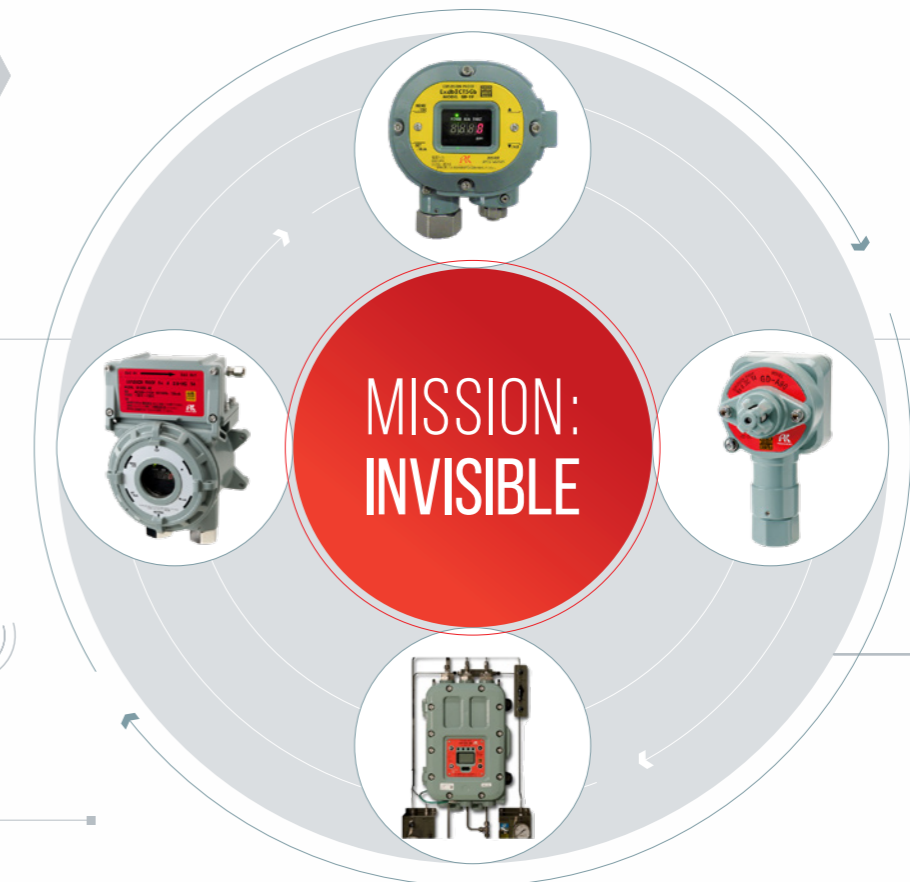
## Management Philosophy

We are a pioneer in creating safe working environments for workers.



### Explanation of the RIKEN KEIKI Logo

To mark our 70th founding anniversary on March 15, 2009, we adopted a new logo based on our initials, "RK" and inspired by our determination to continue responding swiftly to industrial disaster prevention needs going forward.



#### Note Regarding Forward-Looking Statements

This report contains statements regarding the future of the Company that are based on information available at the time of publication. There are a range of external factors that can impact the Company's operating results, such as the global economy, foreign exchange rate fluctuations, industry market conditions, and capital investment trends. Therefore, actual results may differ from the statements in this report.



**The RIKEN KEIKI Group contributes to the development of society under a permanent theme: “We are a pioneer in creating safe working environments for workers.”**

Tetsuya Matsumoto  
President

**Looking Back on the Fiscal Year Ended March 31, 2023**

During the fiscal year ended March 31, 2023, we experienced continued disruptions in the supply chain due to the shortage of semiconductors, in addition to soaring energy prices caused by the Russia-Ukraine conflict and drastic fluctuations in exchange rates. In response to these changes in the operating environment, we sought to meet our customers' needs by focusing on quality, cost, and delivery times. Particularly overseas, we worked to expand our market share and strengthen our organizational structure by making our North American subsidiary a wholly owned subsidiary and actively dispatching personnel overseas. From the perspective of enhancing corporate value over the medium to long term, we proactively addressed issues related to sustainability. As a result of efforts in development, production, sales, and after-sales maintenance activities with consideration for the SDGs and decarbonization, we succeeded in achieving increases in both sales and profits.

The Company's revenue structure, which is supported by product sales and after-sales maintenance services, generates stable profits. In addition, we have clients across a wide range of industries, including semiconductors, petrochemicals, construction, machinery, automobiles, and government offices, which helps insulate us from economic volatility. However, recently the operating environment has changed so rapidly that we are having to consider a forward-looking management approach that diverges from our past endeavors. Meanwhile, the pandemic spurred stay-at-home demand for personal computers and smartphones, which prompted capital investment by the semiconductor industry and thus demand for gas detection alarm devices. Management must carefully monitor the scale and speed with which such changes in the operating environment affect our business. We also recognize the need to generate stable cash flow and fortify ourselves so we can withstand rapid economic fluctuations for some time.

**RIKEN KEIKI's Source of Value Creation**

We meet our social responsibility by being a company that offers safety. Our gas detection alarm devices underpin safe operations in a broad range of industries. Our management philosophy states, “We are a pioneer in creating

safe working environments for workers.” We have upheld this philosophy since the time of our founding, and we promote business in this spirit. The phrase “We are a pioneer in creating safe working environments for workers” goes beyond the idea of providing products and services to our customers. It also encompasses the message that we will strive to create safe workplaces for ourselves. We continue to take this approach because we recognize that that only through the safety, stability, and security of our employees can we provide security and safety to society. We strive to ascertain customers' needs and reflect this information in product development so that we can respond to demand for detection and alarm equipment that can handle a wide variety of gases. By staying close to our customers, we hope to continue to be valued and trusted by them. We aim to remain a company customers can consult with to provide solutions to their gas and peripheral equipment safety management needs.

**Overview of the Medium-Term Management Plan**

Our medium-term management vision states, “In response to sustainable social and customer needs such as for the IoT and decarbonization, the RIKEN KEIKI Group will develop new technologies and expand overseas markets to aim for a global company that achieves sustainable growth by utilizing the power of ‘people’ and ‘technology.’” To achieve this vision, we will pursue three strategies for business growth. First, we will strengthen sales and product development to expand our share of the Japanese market. To build a production system that can respond to the recent surge in demand without strain, we will rebuild our supply chain system by investing in human resources and equipment, and we will strengthen price competitiveness by improving productivity, allowing cost reductions. Next, in addition to promoting and strengthening the development of the RK brand in overseas markets, we are reinforcing our structure by increasing the number of headquarters personnel we dispatch to overseas subsidiaries. Through this approach, we intend to accelerate the cycle from product planning to overseas standards certification, enabling us to cultivate these markets before competitors. Along with efforts to expand product sales, we will reinforce our overseas maintenance system. Third, we will embrace a stability strategy. This is a new



approach, in which the entire organization will work to strengthen marketing with the aim of improving our ability to conduct market research, winnow out demand information, and then develop new technologies and create new markets that correspond to changes in the business environment. We will augment our ability to propose new products based on market demands, such as industry-wide efforts toward decarbonization and carbon neutrality. By promoting these strategies, we plan to secure a competitive advantage, further expand our own brand, and increase added value.

### Achieving Sustainable Growth through the Power of People and Technology

Securing and developing talent, especially in development departments, is a vital management issue in order to achieve our vision. Because we believe in the importance of having employees remain with us for many years and perform to their full potential, we recognize the need to improve the working environment and enhance their motivation. At the same time, we must maintain a sense of continuity to the technology traditions we have cultivated continuously over our 85-year history. The Company is transitioning from a development approach focused on observing senior employees and undergoing on-the-job training to one that leverages an educational system emphasizing individual skill improvement in a planned manner. We are also reviewing the perspective from which we conduct evaluations. Developing new products and successfully completing projects are of course important. At the same time, in order to open up new markets, we

understand that we must challenge ourselves to address new themes and provide new value to society. Even if taking on a new challenge results in failure, the process leading up to that point helps individuals grow. By recognizing and evaluating the process fairly, we aim to foster employees' willingness to take on challenges and boost their motivation. By offering the employees more leeway, evaluating their performance, and rewarding their successes with compensation, we will create human resource development incentives.

Diverse human resources play a key role in us achieving our vision. While opportunities for women to thrive are increasing, we still face challenges in promoting them to management positions. We have many creative people in departments such as development and planning, and we aim to expand their opportunities to move into specialized and management positions. Furthermore, we will continue to promote people overseas and allocate mid-career hires to core positions. We believe that incorporating unconscious diversity is essential to our sustainable growth.

### Securing Growth Potential through Overseas Expansion

Going forward, we doubt we will be able to maintain our growth trajectory by relying solely on the domestic market. Accordingly, to ensure our ability to grow, we will step up overseas expansion. As we cannot quickly develop personnel in Japan to send on overseas assignments, we will gradually augment our overseas personnel, as well. We will also continue working to meet regulations in the countries we are expanding into, increase awareness of the RK brand, and develop our product lineup and pricing for overseas markets. Traditionally, we had few maintenance personnel overseas because the products we offered were mainly compact and portable. However, stationary products for semiconductor factories and petrochemical plants require manpower for installation, new product adjustment, and regular maintenance. To sell such products in overseas markets, we will need to not only develop a network for service maintenance but also cultivate human resources in local dealerships and subsidiaries. The Company plans to steadily implement such measures in its effort to expand business overseas.

### Achieving the SDGs and Increasing Corporate Value at the Same Time

Commitment to the Sustainability Development Goals (SDGs) is extremely important for our future business activities. Although there are limits to what a single company can achieve on its own, we will continue to focus on what we can do, such as conserving energy, reducing waste, and switching to electricity derived from renewable energy. We have set SDG targets for each department, and each will determine how they can meet these targets through ongoing efforts in their respective business activities. For instance, in the manufacturing department, we will continue with straightforward initiatives such as reducing CO<sub>2</sub> emissions and the amounts of gas used in and left over from manufacturing.

### What I Aim to Achieve as the New President

As I take up the role of president, I would like to share my thoughts on management and leadership. The president at the time I joined the Company strongly advocated the idea of us being a “stalwart medium-sized company,” along with the message of being “bright, energetic, and cheerful.” There have been times when I have recalled these words when faced with difficult situations or when uncertain about making decisions. The idea of being a “stalwart medium-sized company” embodies our commitment to focus on the field of gas detection alarm devices, without an undue emphasis on expanding our scale. So far, we have grown by concentrating on the business of gas detection alarm devices and their peripheral operations. Under this basic management policy, we have achieved sustainable growth by focusing on the semiconductor field and riding its rising wave, which continues to this day. Staying focused on our core business and working diligently is one of the unchanging principles that we cherish, and we aim to pass on and share this sentiment with future generations. Also, I personally believe in situational leadership. By this, I mean that as a leader it is important to maintain a flexible attitude and perspective when responding to changes in the environment. I also strive to ensure that my messages are fully understood by everyone. By doing so, I am confident that our employees will become autonomous and independent, acting based on their own judgment. Our role as the management team is to support these actions.

### To Our Stakeholders

We have maintained a growth rate of around 15% over the past two years, but we expect business to stagnate in the fiscal year ending March 31, 2024. We see this as a time to establish a solid foundation, and then we will carefully review our current status. With our vision aimed at our ideal state five or 10 years in the future, we will discuss what we should aim for in terms of production structure, development capabilities, and further expansion of human capital, based on our recognition that we are transitioning from our current net sales level of ¥45.0 billion to the next stage. Of course, we will focus on our main business of gas detection alarm devices, but we will also consider expanding our business into technology fields and markets that have synergy with our main business. We will invest in human resources, facilities, and development, as well as strengthening relationships with suppliers and reviewing our overall management system to prepare for the next stage. By building upon our strength in consistently executing across all aspects of business, from development to production and product maintenance, we will respond sincerely to the needs of our customers under our own brand. We aim to remain a company that meets customers' needs and achieve sustainable growth. I invite all our stakeholders to share in RIKEN KEIKI's future offerings.



# Medium-Term Management Plan (from 2024 to 2026)

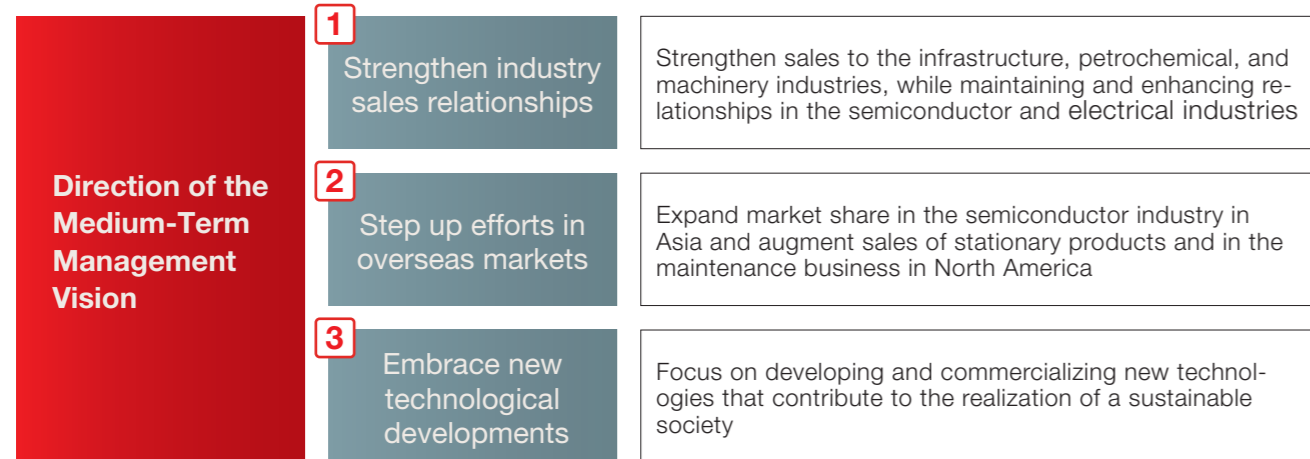
## Our Vision — Overview of Our Medium-Term Management Plan

Our medium-term management vision has three pillars: strengthening business in the domestic market, expanding into overseas markets, and enhancing our technological development. In the domestic market, we will consolidate our business foundation by maintaining our trusted relationships with the semiconductor industry and reinforcing our sales to customers in the infrastructure, petrochemical, and machinery industries, where we expect market

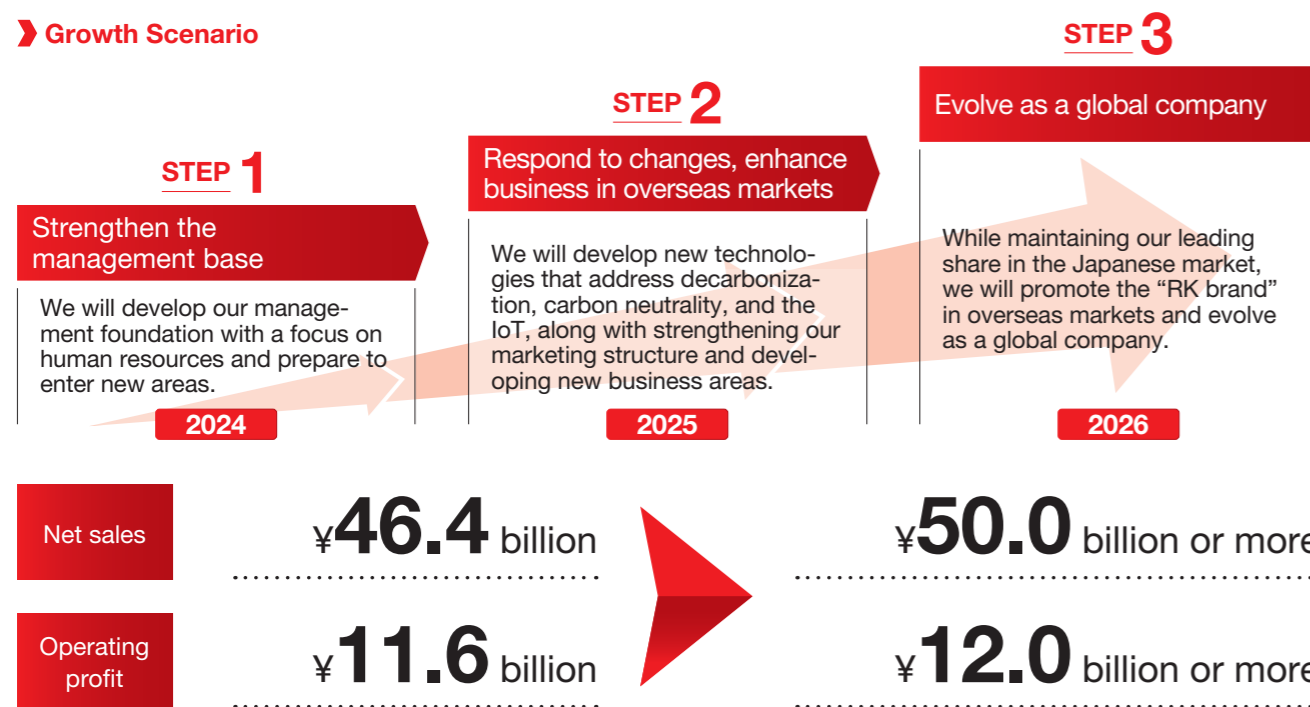
stability and growth. Overseas, we will strive to expand our market share in the semiconductor industry in Asian markets and boost sales in North America and Europe. In addition, in response to the demands of an era that calls for decarbonization and carbon neutrality, we will engage in technological development, starting with basic development and conversion of technologies into products, always striving to ensure the safety of our customers.

### Medium-Term Management Vision

In response to sustainable social and customer needs such as for the IoT and decarbonization, the RIKEN KEIKI Group will develop new technologies and expand overseas markets to aim for a global company that achieves sustainable growth by utilizing the power of 'people' and 'technology.'



## ► Growth Scenario



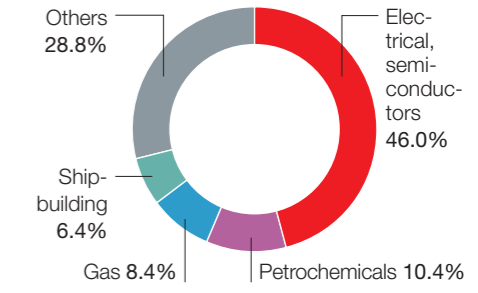
## Our Strengths — RIKEN KEIKI's Strengths

### Our Strength 1

#### A market share of approximately 70% in the Japanese semiconductor industry

We have pioneered the development of gas sensors that detect low gas concentrations, and we deliver instrument panels embedded with sampling devices and touch panels to major semiconductor factories. These instrument panels have made it possible to centrally manage data from multiple gas detection alarm devices, differentiating ourselves from other companies through our high-value-added products.

#### ► Composition of Sales, by Industry (Fiscal year ended March 31, 2023)



### Our Strength 2

#### Gas sensing technologies developed in-house

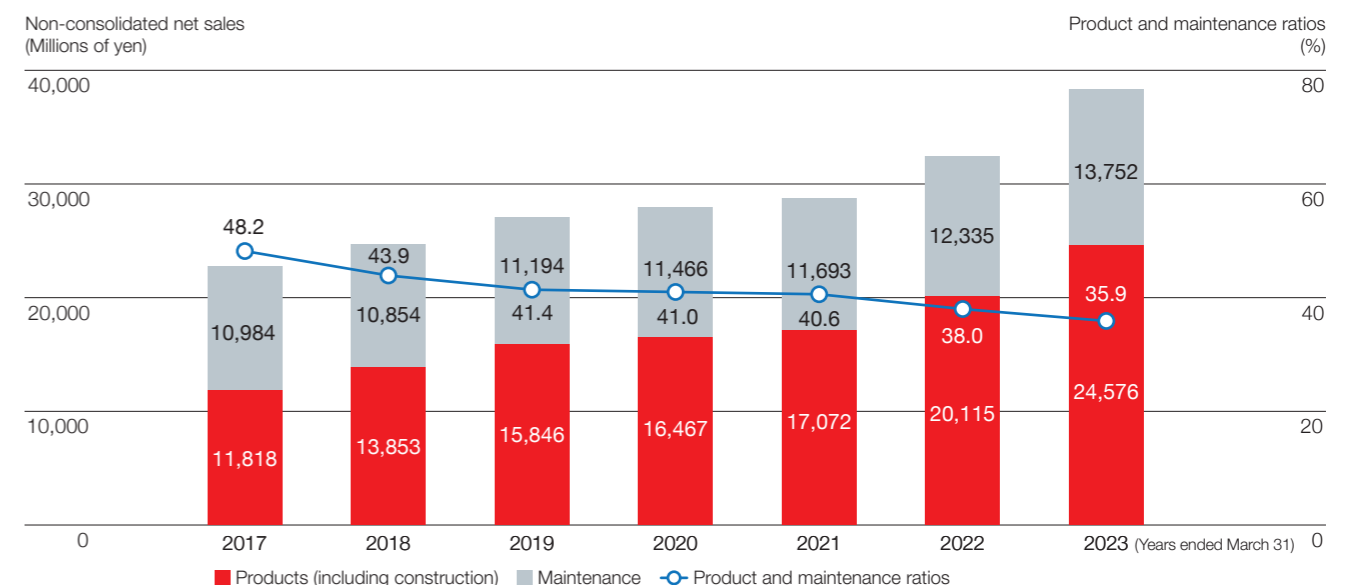
We have continued to develop our sensing technology to meet customer needs, incorporating principles such as constant potential electrolysis, which is used in semiconductor factories; contact combustion, which is used broadly in various work environments; and the optosonic principle, which we have advanced by combining it with the principle of speed of sound. Furthermore, to minimize false detection when non-target gases are being dispersed in the atmosphere, we have positioned a gas interference removal filter, one of our key sensing technologies, in front of the sensor, enabling high-precision detection.

### Our Strength 3

#### A stable maintenance business that is relatively impervious to economic fluctuations

Gas detection alarm devices need regular maintenance, as their detection sensitivity tends to decline when used over long periods of time. This maintenance includes calibration work to verify accurate gas concentration measurement and make adjustments if any deviation from the initial settings is found, replacement of gas sensors, and regular replacement of consumable parts such as pumps, flow sensors, and interference gas removal filters. Product maintenance is necessary from the perspective of safety management as well. For these reasons, the maintenance business generates stable revenues.

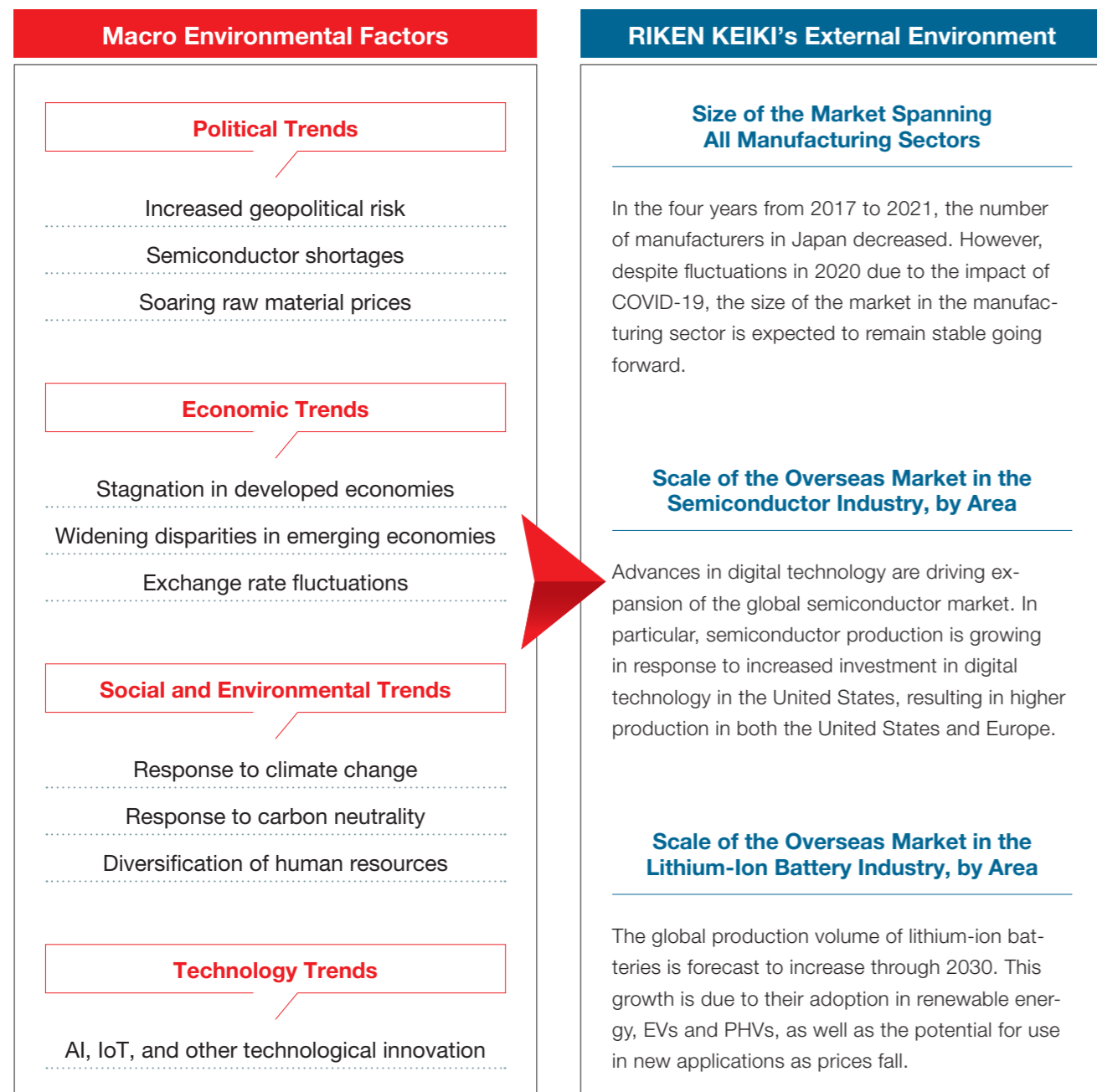
## ► Sales of Products and Maintenance



**Our Strategy — Group Strategic Priority**

The environment surrounding the manufacturing industry is constantly changing, affected by such factors as the transition toward decarbonization and carbon neutrality, a global semiconductor shortage, and the destabilizing effects of increased export and investment regulations in global markets. We strive to accurately ascertain risks

and opportunities in the business environment and respond flexibly to changes in the internal and external environments. This allows us to meet customer needs and achieve sustainable growth, while also contributing to the realization of a sustainable society.



**Scenario for Achieving Our Targets**

Based on the Group's strong technical capabilities, we aim to become a global company in the gas detection alarm devices market by applying three growth strategies. Moreover, by promoting five fundamental strategies, we will strengthen our management base, putting into action our growth strategies and preparing to move on to the next step.

Targets for the Fiscal Year Ending March 31, 2026

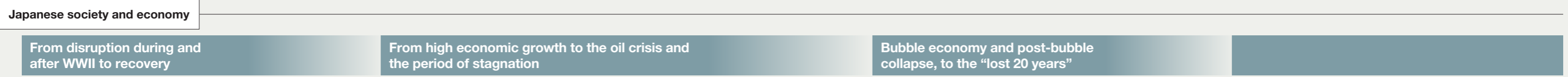
Net sales **¥50.0 billion or more**

Operating profit **¥12.0 billion or more**



# Our Value Creation Journey

RIKEN KEIKI Co., Ltd. was established in 1939 as a center for developing gas testing equipment within the then Institute of Physical and Chemical Research. From its foundation until today, the Company has continued to provide high-performance, high-quality products to protect human life and property from the invisible dangers of gases.

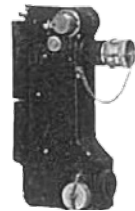


## RIKEN KEIKI's journey

### Era of foundation 1939 to 1959

A founding era supported by the coal industry

- Gas detectors were introduced for mining, starting the Company's business.
- The Japanese government's policy of increasing coal production before and during the Second World War was strengthened even further after the war, as coal was positioned as the most important resource for recovery. Even in the adverse conditions that followed Japan's defeat, RIKEN KEIKI was able to keep its business on a relatively steady track.



The Type 12 gas indicator helped to improve safety in coal mining (Launched in 1949)

### Era of growth 1960 to 1985

Business Transformation Following an Energy Revolution—Entry into Diverse Industries

- In 1961, the Company listed its shares on the Tokyo Stock Exchange; however, the coal industry that had supported Japan's economic development for so long fell into decline as new sources of energy emerged.
- As the nation switched to new energy sources such as petroleum and LP gas, the Company expanded its lineup of gas indicators as they were sold through wider channels to a diverse range of industries, including petrochemicals, automobiles, electronics, gas, electricity, machinery, shipbuilding, and construction.
- The widening range of industries introducing the Company's products formed the foundation of its profitable management, which continues today.



GP-105 catalytic combustion-type fixed automatic gas alarm (Launched in 1965)

### Era of stability 1986 to 2010

Establishing a Presence in the Semiconductor Industry

- As a dedicated manufacturer of industrial gas detector and alarm equipment, the Company continues to provide industry with various products for industrial disaster prevention and safety.
- In the field of electronics, including the fast-growing semiconductor industry, the Company's products were adopted and it shipped various types of gas detector and alarm equipment for use on semiconductor production lines, where a large number of toxic gases are used.



The potentiostatic electrolysis method sensor "ES-23 series" contributed to commercialization of gas detectors for semiconductor plants. (Launched in 1987)

### Era of transformation 2011 to 2023, and beyond

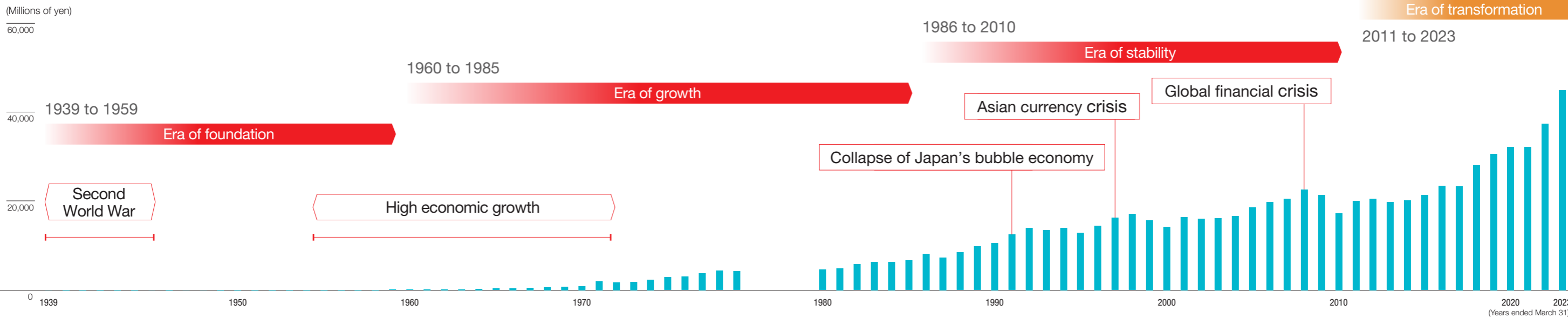
Making the Leap from a Domestic Leader in Industrial Disaster Prevention and Safety to a Global Company

- Sales are growing steadily, mainly for gas detection and alarm equipment for semiconductor plants.
- As a frontrunner in the development of gas detector equipment, we aim to continue changing, advancing, and growing stronger, including through entry into overseas markets, guided by our slogan, "Safely Seeing the Unseen Danger."

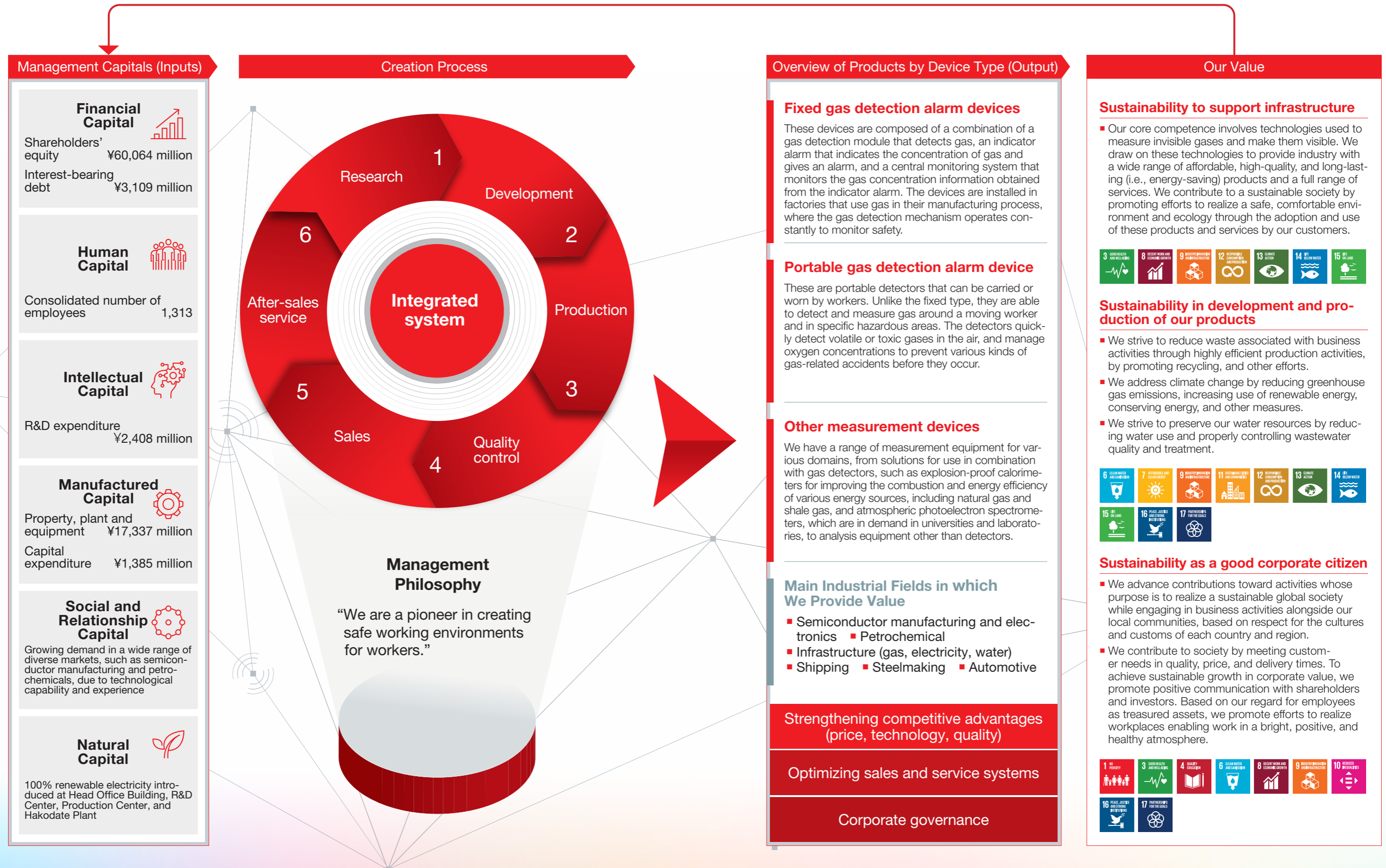


Portable Gas Monitor GX-3R GX-3R Pro

## Net Sales



# Our Value Creation Process



## Management Capitals (Inputs)

**Financial Capital**  
 Shareholders' equity ¥60,064 million  
 Interest-bearing debt ¥3,109 million

**Human Capital**  
 Consolidated number of employees 1,313

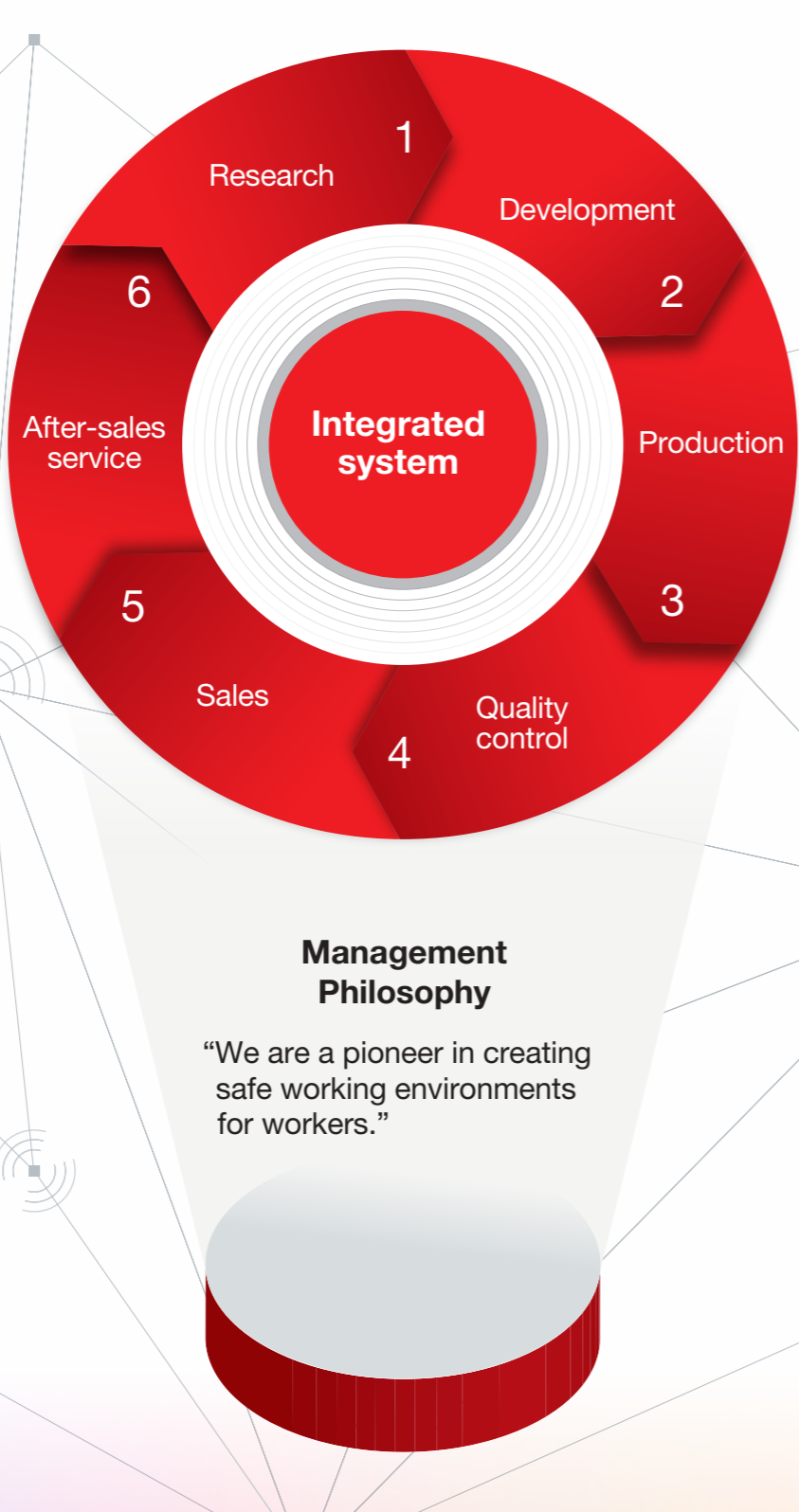
**Intellectual Capital**  
 R&D expenditure ¥2,408 million

**Manufactured Capital**  
 Property, plant and equipment ¥17,337 million  
 Capital expenditure ¥1,385 million

**Social and Relationship Capital**  
 Growing demand in a wide range of diverse markets, such as semiconductor manufacturing and petrochemicals, due to technological capability and experience

**Natural Capital**  
 100% renewable electricity introduced at Head Office Building, R&D Center, Production Center, and Hakodate Plant

## Creation Process



## Overview of Products by Device Type (Output)

**Fixed gas detection alarm devices**  
 These devices are composed of a combination of a gas detection module that detects gas, an indicator alarm that indicates the concentration of gas and gives an alarm, and a central monitoring system that monitors the gas concentration information obtained from the indicator alarm. The devices are installed in factories that use gas in their manufacturing process, where the gas detection mechanism operates constantly to monitor safety.

**Portable gas detection alarm device**  
 These are portable detectors that can be carried or worn by workers. Unlike the fixed type, they are able to detect and measure gas around a moving worker and in specific hazardous areas. The detectors quickly detect volatile or toxic gases in the air, and manage oxygen concentrations to prevent various kinds of gas-related accidents before they occur.

**Other measurement devices**  
 We have a range of measurement equipment for various domains, from solutions for use in combination with gas detectors, such as explosion-proof calorimeters for improving the combustion and energy efficiency of various energy sources, including natural gas and shale gas, and atmospheric photoelectron spectrometers, which are in demand in universities and laboratories, to analysis equipment other than detectors.

**Main Industrial Fields in which We Provide Value**

- Semiconductor manufacturing and electronics
- Petrochemical
- Infrastructure (gas, electricity, water)
- Shipping
- Steelmaking
- Automotive

**Strengthening competitive advantages (price, technology, quality)**

**Optimizing sales and service systems**

**Corporate governance**

## Our Value

**Sustainability to support infrastructure**

- Our core competence involves technologies used to measure invisible gases and make them visible. We draw on these technologies to provide industry with a wide range of affordable, high-quality, and long-lasting (i.e., energy-saving) products and a full range of services. We contribute to a sustainable society by promoting efforts to realize a safe, comfortable environment and ecology through the adoption and use of these products and services by our customers.

**Sustainability in development and production of our products**

- We strive to reduce waste associated with business activities through highly efficient production activities, by promoting recycling, and other efforts.
- We address climate change by reducing greenhouse gas emissions, increasing use of renewable energy, conserving energy, and other measures.
- We strive to preserve our water resources by reducing water use and properly controlling wastewater quality and treatment.

**Sustainability as a good corporate citizen**

- We advance contributions toward activities whose purpose is to realize a sustainable global society while engaging in business activities alongside our local communities, based on respect for the cultures and customs of each country and region.
- We contribute to society by meeting customer needs in quality, price, and delivery times. To achieve sustainable growth in corporate value, we promote positive communication with shareholders and investors. Based on our regard for employees as treasured assets, we promote efforts to realize workplaces enabling work in a bright, positive, and healthy atmosphere.



## Review of Operations by Device Type

### Fixed gas detection alarm devices

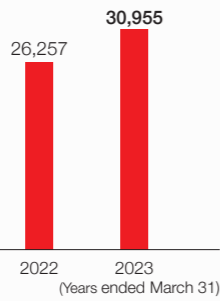
Business Report for Fiscal Year Ended March 31, 2023

Net sales: ¥ 30,955 million

Share of net sales: 68.8%



GD-70D



Sales of fixed gas detection alarm devices remained favorable, particularly for the GD-70D smart-type gas detector, due to continued brisk sales to semiconductor factories in Japan and the East Asia region, which are our main customers, and semiconductor manufacturing equipment makers in Japan. Amid growing capital investment in lithium-ion battery manufacturing facilities in China, sales of the SD-2500 furnace safety monitor and other products to lithium-ion battery manufacturing equipment manufacturers in Japan and lithium-ion battery production plants in China increased. Sales of after-sales maintenance services also grew steadily. Owing to these factors, sales of fixed gas detection alarm devices rose 17.9% year on year, to ¥30,955 million.

### Portable gas detection alarm devices

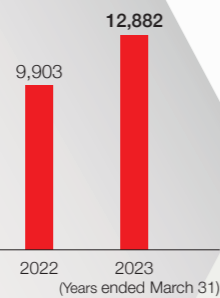
Business Report for Fiscal Year Ended March 31, 2023

Net sales: ¥ 12,882 million

Share of net sales: 28.6%



GX-3R Pro



Fueled by a rebound in economic activity around the world, sales of our mainstay GX-3R Series portable gas monitor increased, mainly to the petroleum and petrochemical industries, as well as the ocean freight industry in Japan and overseas. Sales of after-sales maintenance services were also firm, leading to a 30.1% year-on-year growth in sales of portable gas detection alarm devices, to ¥12,882 million.

### Other measurement devices

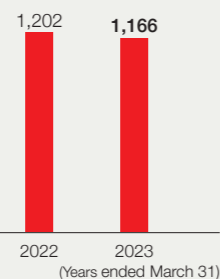
Business Report for Fiscal Year Ended March 31, 2023

Net sales: ¥ 1,166 million

Share of net sales: 2.6%



OHC-800



Sales of the FI-8000 optical interferometric portable gas monitor rose, particularly to the pharmaceutical and medical industries, as well as the shipping industry. On the other hand, demand plateaued for our FI-900 pressure-resistant explosion-proof gas monitor, which performed well in the machinery sector during the previous period, and the OHC-800 explosion-proof calorimeter, which had enjoyed higher sales to the gas and shipping industries. As a result, sales of other measurement devices declined 2.9% year on year, to ¥1,166 million.

## Introduction to Main Products

### Smart-type Gas Detector GD-70D



Smart-type Gas Detector GD-70D

As the semiconductor industry expanded, in 2008 we launched this product, which has been highly rated as a standard product for use in semiconductor production lines and many units have been delivered. The detector has a detection module that corresponds to multiple sensor principles to realize improved convenience and miniaturization.



### Furnace Safety Monitor SD-2500



Pressure-resistant, explosion proof Furnace Safety Monitor SD-2500

The device has seen growth in sales for application in lithium-ion battery production plants and so forth. Its pressure-resistant, explosion proof construction enables direct insertion into the furnace for accurate measurement of gas concentrations inside the exhaust duct. The monitor can be operated simply by assigning it a control key.



### Smart-type Gas Detector SD-1



Smart-type Gas Detector SD-1 for flammable gas

This device operates to detect flammable gas in diverse contexts, including shipbuilding, petrochemicals, and semiconductor and lithium-ion battery production. It can be used to meet needs for various measurement environments and ranges.



### Portable Gas Monitor GX-3R




Portable Gas Monitor GX-3R


This is the world's smallest and lightest class portable gas monitor, able to measure four gases. With dust and water-proof construction, it is also suitable for outdoor operation. The GX-3R PRO of the series is the first by a Japanese manufacturer to feature onboard Bluetooth, enabling connection with a smartphone using a dedicated app.



# Stakeholder Engagement

The Company strives to accurately identify societal changes, issues, and customer needs, and then meet its social responsibilities by providing the quality, prices, and lead times that customers demand. We are actively engaged in initiatives to ensure that a diverse range of stakeholders understands the Company and evaluates it appropriately.

 Please refer to the Company website for details.  
<https://www.rikenkeiki.co.jp/english/ir>

 Please refer to our website of “recruit” and “sustainability” for more details.  
<https://www.rikenkeiki.co.jp/saiyo/index.html> (Japanese only)  
<https://www.rikenkeiki.co.jp/english/sustainability/>

## Enhancing Corporate Value through Stakeholder Engagement

Department in Charge	Stakeholders	Method of Engagement	Issues	Initiatives
<b>Sales</b>	<b>Customers</b> 	<ul style="list-style-type: none"> <li>Daily sales activities</li> <li>Various exhibitions</li> <li>Information dissemination via web ads and YouTube</li> </ul>	<ul style="list-style-type: none"> <li>Shrinking domestic market</li> <li>Low visibility overseas</li> <li>Compliance with overseas standards</li> </ul>	We strive to understand our customers' needs through our business activities in order to provide high-quality products and services and help create a safe environment. In addition, we have established a standards compliance department and have begun exploring ways to create new value, such as through the OHC-800 and new services related to methanation, in order to adapt to overseas market standards.
<b>Corporate strategy</b>	<b>Investors</b> 	<ul style="list-style-type: none"> <li>Distribution of video explanations of financial results (once a year)</li> <li>Publication of medium-term management plan</li> <li>General meeting of shareholders</li> <li>IR meetings with investors and analysts (more than 100 companies per year)</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate stock price formation</li> <li>Appeal to foreign investors</li> <li>Obtaining appropriate evaluation and support from capital markets</li> </ul>	We strive to disclose fair and accurate information in a timely manner to our shareholders and investors. In addition, we are working to create opportunities for constructive dialogue, such as by improving the English content of our IR site and disclosure materials, and distributing financial results explanation videos, in order to improve our corporate value over the medium to long term.
<b>Procurement</b>	<b>Business partners</b> 	<ul style="list-style-type: none"> <li>Supplier briefings (management policies, etc.)</li> <li>Information exchange meetings</li> <li>Information dissemination through Rizm, our publication</li> </ul>	<ul style="list-style-type: none"> <li>Creation of fair business relationships</li> <li>Sustainable procurement practices</li> <li>Response to climate change: reducing CO<sub>2</sub> emissions</li> </ul>	We work with our business partners to develop new technologies and improve existing ones. We are committed to maintaining and enhancing relationships that are fair, equitable, and sincere by complying with laws and social ethics. We conduct awareness surveys and corrective/support activities on CSR-related themes, including response to climate change.
<b>Human resources</b>	<b>Employees</b> 	<ul style="list-style-type: none"> <li>Support for qualifications</li> <li>Hierarchy training</li> <li>Employee engagement survey</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of working environment/promotion of occupational safety</li> <li>Support for career development</li> <li>Evaluation/personnel system development</li> <li>Promotion of health management</li> </ul>	We place a high value on becoming a company where every employee feels a sense of purpose and responsibility in their work and is able to continue growing. To cultivate such a culture, we are working to improve our workplace environment and systems, such as supporting English learning and reskilling.
<b>General affairs</b>	<b>Society</b> 	<ul style="list-style-type: none"> <li>Sponsorship and support for the International Physics Olympiad*</li> <li>Participation in TABLE FOR TWO</li> <li>Participation in WORLD CLEANUP DAY</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of community and academic support</li> </ul>	We continue to respect the cultures and customs of each country and region, and work towards solving their respective issues. We strive to build trust-based relationships while helping the people in our local communities understand our business and initiatives.

\* See pages 20–21 for an overview of the International Physics Olympiad and TABLE FOR TWO.



### Aiming to Enhance Corporate Value through Dialogue with Investors

Our IR efforts to date have focused mainly on engaging in dialogue with investors. During these discussions, we occasionally receive feedback on our information disclosure, which we consider one area we should improve. In June 2022, we began enhancing our dissemination of information for Japanese and overseas investors. We began releasing video footage of our earnings presentation, providing earnings documents in English, disclosing medium-term management plans, and revamping our IR website. Such steady efforts have resulted in an increase in the number of IR interviews. Recently, we

have seen a rise in interview requests from stakeholders in New York, London, and other overseas locations. Investors tend to be quite interested in growth drivers, often asking about future growth areas and sources of revenue. We integrate feedback from our engagement with investors, including the opinions they voice and the challenges they identify, into key strategic and management decisions aimed at improving corporate value. We also use this information to enhance and strengthen the dissemination of information, including English disclosure in financial results briefing materials.



### Human Resource Strategies to Support Growth in a New Era

We have positioned human resource development as one of the important pillars of our medium-term management plan, and we are striving to improve corporate value by enhancing human capital. To win out in this era of change, based on the key strategies of the medium-term management plan, we will focus on promoting women, non-Japanese nationals, and mid-career hires to key positions. Currently, we are implementing a hiring strategy to increase female employment, and we aim for women to fill more than 5% of core positions by 2030. Meanwhile, as of April 2022 foreign nationals account for just 0.9% of employees. To progress

along the path to becoming a global company, we will continue to expand our recruitment network for non-Japanese employees in accordance with our key strategies. Also, the proportion of management positions occupied by specialists and mid-career hires was 27.8% as of the end of March 2023. We will continue working to hire more specialized personnel and promote them to key positions within each department and at our overseas subsidiaries. In this way, we are committed to creating an organization where every employee can showcase their individual talents and skills, and thrive.

## Environmental Initiatives



We recognize environmental conservation as fundamental to the continual progress of humanity, and we are striving to comply with relevant laws, regulations, and standards, and increase our awareness of social contributions. We will promote corporate activities that give consideration to environmental impacts.

### Contribution to Environmental Conservation

The Company addresses environmental conservation from two perspectives. One involves joint activities involving low environmental impact and earning ISO 14001 environmental management system certification. Examples of our corporate activities based on this perspective include the selection of eco-friendly materials at the R&D stage, promoting green procurement, and the development of production systems that generate less waste and pollutants.

Another way we contribute to environmental conservation is through product development. In this area, we have developed devices to detect and measure environmental pollutants governed by volatile organic compound (VOC) regulations and countermeasures against formaldehyde—devices that have earned a strong reputation in the market. We believe we can contribute in many ways to safety and environmental conservation in the 21st century.

### Adopting Renewable Energy

In April 2021, we shifted entirely to the use of electricity from renewable energy sources at our head office building.<sup>1</sup> Converting to electricity obtained from renewable energy at our head office has cut its annual CO<sub>2</sub> emissions by approximately 216 tons to effectively zero. In July of the same year, we also switched to 100% renewable

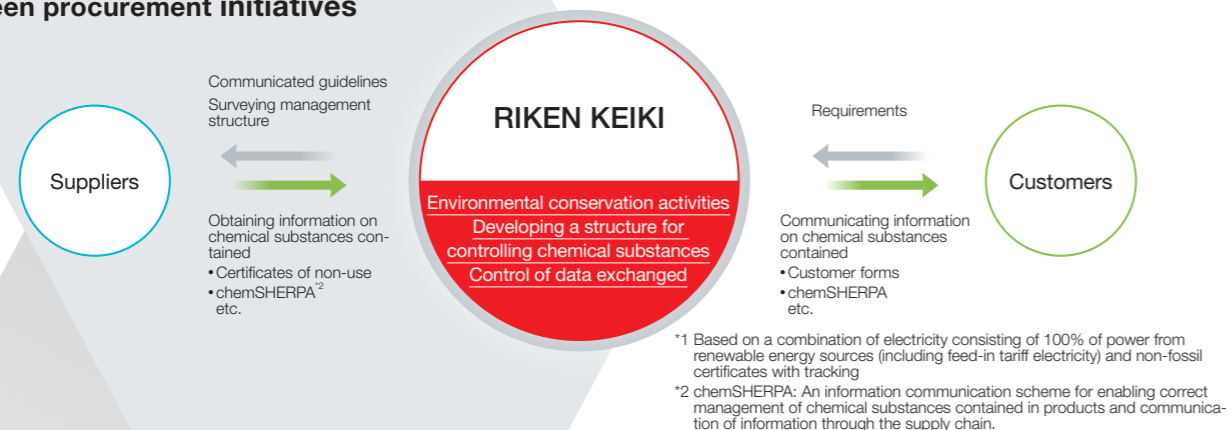
energy-sourced electricity at our R&D Center and Production Center, followed in November by our Hakodate Plant. We will contribute to a carbon-free society not merely by adopting renewable energy, but by continuing to promote energy conservation activities.

### Green Procurement

We strive to procure materials with low environmental impact, not just internally but throughout the supply chain. As laws and regulations on control of chemical substances contained in products grow increasingly strict, we have

established green procurement guidelines and verify conformity to various laws and regulations by ascertaining information on the chemical substances contained in raw materials, components, and other inputs.

### Green procurement initiatives



### Supporting the Green Fund

The “Green Fund Act” (Act on Advancement of Forest Maintenance Backed by Green Fund) was established in 1995 to promote nationwide fundraising activities. The funds raised through the “Green Fund” are utilized to support organizations involved in forest conservation, promotion of greenery, and international cooperation related

to these activities. By contributing to the Green Fund, we support the activities of a public interest organization dedicated to preserving the natural environment of the Sayama Hills, located in Saitama Prefecture, where our Development and Production Center is located.

Please see the Company website for details  
<https://www.rikenkeiki.co.jp/english/sustainability/environment>

### Information Disclosure based on the TCFD Framework

The Task Force on Climate-related Disclosures (TCFD) recommends disclosing information structured around the thematic areas of governance, strategy, risk management, and metrics and targets with the goal of disclosing the impact of climate change on a com-

pany's finances. The Company will work to enhance its information disclosure based on the four thematic areas of the TCFD recommendations even further and to strengthen resilience.

### Initiatives in the Four Thematic Areas of the TCFD Recommendations

#### Governance

Evaluation and management of risk and opportunities related to climate change, setting of KPIs, and implementation of measures is discussed by the division that promotes the Sustainable Development Goals

(SDGs). The results of this discussion are reported appropriately to the Board of Directors, as the decision making organization of management.

#### Strategy

To evaluate the impact of climate change on the Company and its responses to this impact, the Company defines two global scenarios representing 1.5°C and 4°C rises in temperature, then conducts a qualitative evaluation of the impacts on the Company and the importance of the potential climate-related risks and opportunities.

due to the introduction of a carbon tax, increases in procurement costs due to increased demand for copper and platinum, and disaster damage to production sites and logistics risks caused by increasing severity of abnormal weather.

Opportunities include easier procurement of renewable energy and stimulation of the semiconductor industry, which is the Company's main customer, following the spread of EVs.

#### Risk Management

Regarding climate change risks, the division that promotes the SDGs conducts risk identification and

assessment, and reports the results to the Board of Directors.

#### Metrics and Targets

The Company sets the following metrics and targets to manage climate-related risks and opportunities, and aims to realize carbon neutrality.

Furthermore, the Company's performance in terms of greenhouse gas (GHG) emissions is as follows (Scope 1 and 2).

#### Metrics and Targets Used for Management of Climate-Related Risks and Opportunities

Metric	Target fiscal year	Target details
GHG emissions (Scope 1 and 2)	2030	90% reduction in GHG emissions (compared with FY2019)
	2050	Carbon neutral

Reporting boundary: RIKEN KEIKI non-consolidated

#### Greenhouse gas emissions (t-CO<sub>2</sub>)

(FY)	2020	2021	2022
Scope 1	665	716	755
Scope 2	4,227	1,419	410
Total of Scope 1 and Scope 2	4,892	2,134	1,164

Reporting boundary: RIKEN KEIKI non-consolidated

Please see the Company website for details (Japanese only).  
<https://www.rikenkeiki.co.jp/sustainability/TCFD.pdf>

## Social Initiatives



The Company upholds its responsibility to create a sustainable society through the provision of value that supports social infrastructure. In addition to creating new value through innovation, we also engage proactively in social contribution activities aimed at advancing to a more abundant and sustainable society.

### Supporting Table For Two

We have participated in the Table For Two (TFT) program since September 2019. TFT is a social contribution initiative that originated in Japan with the goal of addressing food inequities between developing countries suffering from hunger and malnutrition and developed countries suffering from obesity and lifestyle-related illnesses. Each time

an employee enjoys a special healthy menu item served weekly in the employee cafeteria, a donation of enough to pay for one school meal for a child in a developing country is made to TFT. Moreover, a portion of the sales at special TFT beverage vending machines is donated to support school meals in developing countries.



A vending machine with special wrapping to promote Table For Two activities received the grand prize in the "TFT Awards 2022 PR and Awareness Raising Category."

### Supporting Domestic Disaster Response Activities by the Japanese Red Cross Society

One of the projects of the Japanese Red Cross Society is to provide disaster aid inside Japan. The society maintains a structure to rapidly deliver the relief needed in response to major disasters, including dispatching emergency medical teams, setting up temporary clinics, distributing relief supplies, supplying blood products, and providing mental

health care resources.

We support these programs because we believe they play important roles in fulfilling our mission—to protect workers' lives and mental health in line with our slogan of "Safely Seeing the Unseen Danger."



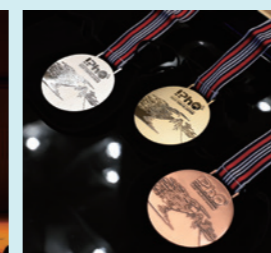
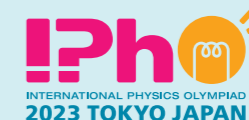
Please see the Company website for details.  
<https://www.rikenkeiki.co.jp/english/sustainability/contribution>

## The Physics Olympiad

The International Physics Olympiad and the national physics contest held in Japan are extremely significant events for inspiring an interest in physics among young students and helping to nurture them to become scientists and engineers of the future. RIKEN gas detectors, the products that led to the founding of our Company, employ detection technologies based on physical principles (optics). In light of this deep connection between the Company and physics, we are in agreement with the purpose of these events, and we provide them with sponsorship and support.

### Cosponsoring the International Physics Olympiad 2023 in Japan

The International Physics Olympiad (IPhO) is held with the goal of advancing physics education in participating countries. It is a physics event at which promising students from high school and lower grades from around the world come together to compete in complex challenges. The organizing committee, which was chaired by Makoto Kobayashi, a winner of the Nobel Prize in Physics, hosted the Japan congress of the IPhO in Tokyo in July 2023, and Japanese students excelled in the competition. We cosponsored the Olympiad to promote progress in science and technology and to develop tomorrow's human resources.



### Supporting the Committee of Japan Physics Olympiad

The Committee of Japan Physics Olympiad is dedicated to promoting interest in physics among the younger generation and the development of engineers through holding the Physics Challenge nationwide physics contest and sending Japan's representatives to the International Physics Olympiad.

The IPhO is held to enable young people from every country in the world who have yet to enroll in institutions of higher education to build their abilities in physics through competition against one another and to further advance physics education in participating countries through international exchange.

Japan has participated every year since the 36th IPhO, which was held in 2006, with representatives achieving outstanding results.

RIKEN KEIKI supports the Committee of Japan Physics Olympiad, which is the organizing body for these physics events in Japan, and cosponsors the Physics Challenge event that is used to select Japanese representatives for the IPhO.



## Health and Productivity Management



To realize sustainable growth, we are working to create an environment in which individual employees can work healthily and achieve a high level of professionalism and ability at each of their respective stages of life.

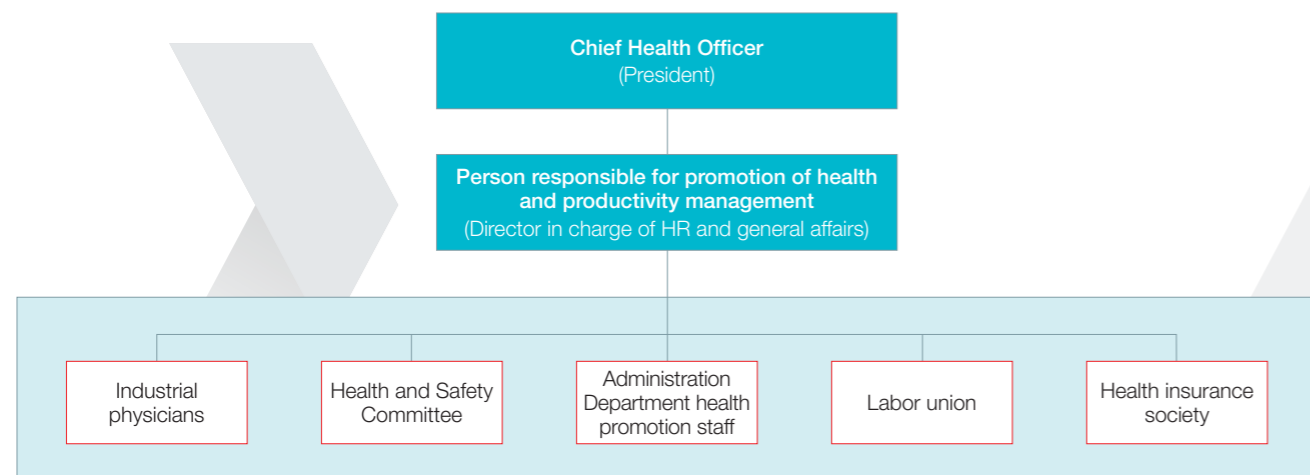
### Promoting Health and Productivity Management

The RIKEN KEIKI Group has established the following Health and Productivity Management Statement. The Statement describes how we promote continual health and productivity management to establish workplaces in which employees can work with a positive outlook and in optimal physical and mental health.

#### Health and Productivity Management Statement

To remain a leading enterprise that contributes to society by creating environments in which people can work with peace of mind, the RIKEN KEIKI Group pledges to promote activities that maintain and improve health through cooperative efforts involving the Company, the labor union, the health insurance society, and employees and their families.

### Health and Productivity Management Structure



### RIKEN KEIKI Earns "Health and Productivity 2023" Recognition

RIKEN KEIKI has earned Health and Productivity 2023 recognition. We will strive to maintain and improve the health of our employees into the future and to maintain this standing.



Please see the Company website for details.  
<https://www.rikenkeiki.co.jp/english/sustainability/safety>

## Quality Initiatives



The Company strives to secure the necessary management resources and to establish quality management systems to build reliable quality into every process from planning and development through to manufacturing, sales, and maintenance. We contribute to society through the timely provision of products of the highest quality that meet customer needs.

### Planning and Development

We have established a Planning and Development Committee, which deliberates on and makes decisions concerning development themes and pursues development efforts based on various inputs, including customer needs. As an operational structure for product development, the Company deploys a project-based structure involving personnel in charge from the Sales Division and Development Division. Final prototypes completed by a project group are subject to quality assessment testing (validity confirmation) by quality assurance sections to confirm they meet the specified design requirements.

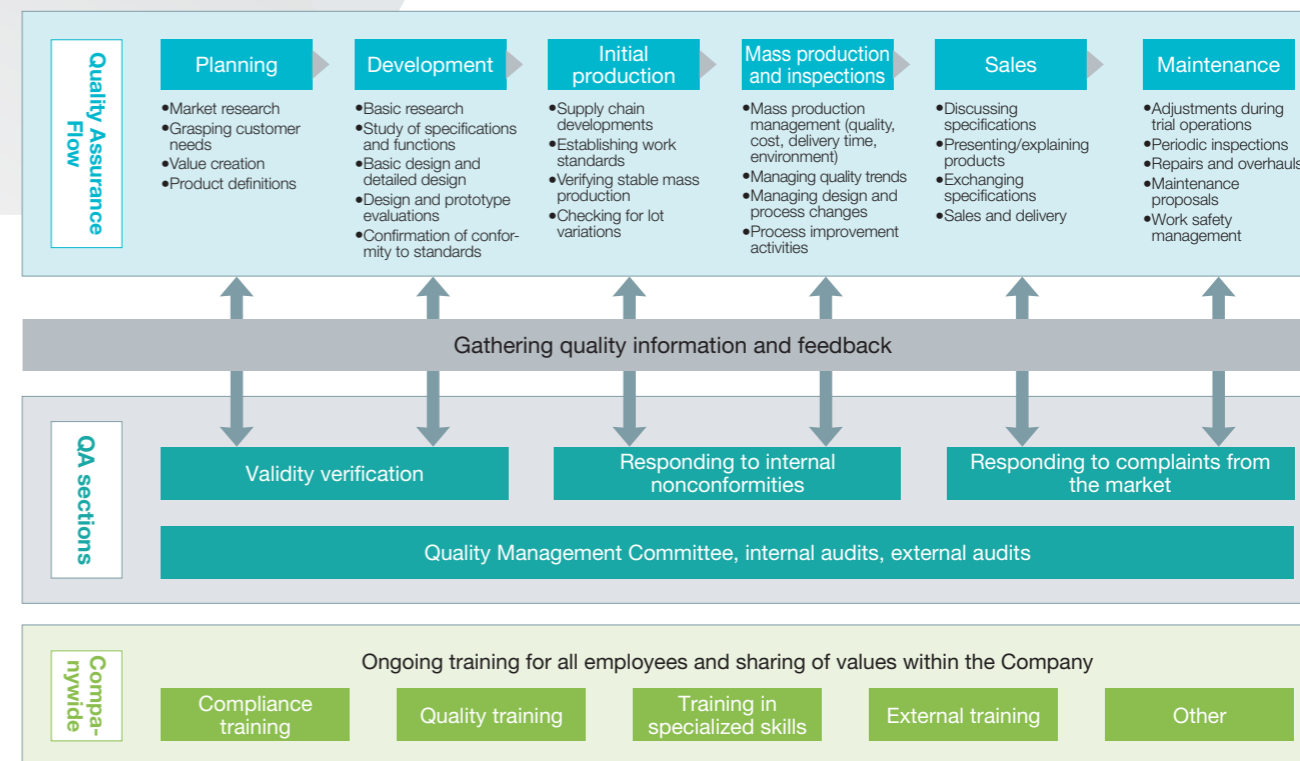
### Mass Production and Inspection

After evaluating the initial production of new products for which validity has been confirmed, we proceed to the mass production stage. The mass production process involves procuring necessary components from our supply

chain and meeting work standard documents that specify in detail matters such as assembly and inspection methods. Products passing shipping inspection are stored for specific periods of time in our product warehouses, in accordance with the specified storage conditions based on the required quality standard, then shipped in response to customer orders.

### Sales and Maintenance

Sales staff with deep knowledge of our products propose solutions addressing various aspects related to products suited to individual users through the development of system software. We assign field engineers to maintain our products at each service station. Given the need among these personnel for high technical skills and decision-making capabilities, we certify as field engineers only those individuals who have completed specialized training and have been assessed to possess the necessary skills.



Please see the Company website for details.  
<https://www.rikenkeiki.co.jp/english/sustainability/quality>

# Board of Directors



Chairman

**Hisayoshi Kobayashi**

Born August 7, 1947

Career Summary

- 1974 Joined the Company
- 2003 Director, General Manager of Manufacturing Department, Production Division, and Factory Manager of Okegawa Factory
- 2007 Director and Executive General Manager of Production Division
- 2009 Executive Managing Director, Senior Executive Officer, Executive General Manager of Corporate Administration Division, and General Manager of Accounting Department
- 2011 Executive Director, Executive General Manager of Corporate Administration Division, and General Manager of Accounting Department
- 2013 Representative Director and President
- 2021 Representative Director and Chairman
- 2022 Chairman (current position)



President

**Tetsuya Matsumoto**

Born October 13, 1964

Career Summary

- 1987 Joined the Company
- 2009 Director, Senior General Manager of Corporate Administration Division, General Manager of Administration Department, and General Manager of Corporate Strategy Office
- 2017 Executive Managing Director, Executive General Manager of Corporate Administration Division, General Manager of Administration Department, and General Manager of Corporate Strategy Office
- 2018 President of RIKEN KEIKI NARA MFG. Co., Ltd. (current position)
- 2021 Executive Managing Director, Executive General Manager of Production Division, and General Manager of Production Management Department
- 2022 Executive Managing Director and Executive General Manager of Production Division
- 2023 Representative Director and President (current position)



Director, Audit and Supervisory Committee Member

**Michimasa Taga**

Born March 28, 1953

Career Summary

- 1978 Joined MISAWA HOMES CO., LTD.
- 2003 Director and Executive Officer, MISAWA HOMES CO., LTD. Executive General Manager of Housing Business Strategy Department
- 2005 Director, MISAWA HOMES HOLDINGS, INC.
- 2012 Resort Solutions Co., Ltd. (Currently Resol Holdings Co., Ltd.) Representative director, President, and Executive Officer
- 2019 Director, Audit and Supervisory Committee Member of the Company (current position)



Director, Audit and Supervisory Committee Member

**Takehito Miyaguchi**

Born April 9, 1956

Career Summary

- 1980 Joined Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
- 2012 Senior General Manager, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) Chairman, Mizuho Corporate Bank (China), Ltd.
- 2015 Advisor, Mizuho Research Institute Ltd.
- 2020 Outside Director, Mizuho Leasing Company, Limited
- 2021 Director, Audit and Supervisory Committee Member (current position)



Director, Audit and Supervisory Committee Member

**Yasuko Uematsu**

Born May 7, 1977

Career Summary

- 2004 Registered with Dai-ichi Tokyo Bar Association
- Joined City Law Offices
- 2014 Partner, City Law Offices (current position)
- 2021 Director, Audit and Supervisory Committee Member (current position)



Executive Managing Director

**Shinya Kobu**

Executive General Manager of Sales Division

Born September 29, 1960

Career Summary

- 1984 Joined the Company
- 2017 Director and Executive General Manager of Sales Division
- 2018 Director, Executive General Manager of Sales Division, and General Manager of Global Sales Department
- 2021 Executive Managing Director and Executive General Manager of Sales Division (current position)



Director

**Shoji Kizaki**

Executive General Manager of Development Division

Born October 23, 1962

Career Summary

- 1986 Joined the Company
- 2018 Executive Officer, Senior General Manager of Development Division, and General Manager of Custom Engineering Department
- 2019 Director and Executive General Manager of Development Division (current position)



Director, Audit and Supervisory Committee Member

**Nobuo Nakano**

Born June 15, 1953

Career Summary

- 1977 Joined the Company
- 2011 Director and General Manager of Research and Development Department, Development Division (current position)
- 2012 Director and Executive Officer and General Manager of Marketing, Research and Development Office, Sales Division
- 2014 Director and Executive General Manager of Quality Control Center
- 2015 Director, Audit and Supervisory Committee Member (current position)

## Directors' Skill Matrix

Name	Inside/Outside	Expertise and Fields of Experience									
		General Management	Industry Knowledge	International Business Knowledge	Sales/Marketing	Technology/R&D	Production	Legal/Compliance	Finance/Accounting	IT/Digital	ESG
Hisayoshi Kobayashi	Inside	●	●	●			●				●
Tetsuya Matsumoto	Inside	●	●				●	●	●		●
Shinya Kobu	Inside		●	●	●						
Shoji Kizaki	Inside		●			●				●	
Nobuo Nakano	Inside		●		●	●					
Michimasa Taga	Outside	●			●		●				●
Takehito Miyaguchi	Outside	●		●					●		
Yasuko Uematsu	Outside								●		

Please refer to the Company website for details.  
<https://www.rikenkeiki.co.jp/english/sustainability/governance>

## Corporate Governance



### Basic Approach and Structure for Corporate Governance

#### Basic Approach

The Company has formulated a management policy that emphasizes shareholders and investors, and will strengthen its competitive capabilities with the aim of increasing corporate value, while striving to accelerate management decision making and establish an efficient and highly transparent management system.

#### Corporate Governance System

The Company uses the functions of the outside directors to strengthen the supervisory function of the Board of directors and the corporate governance structure. In addition, it has adopted the structure of a company with supervisory committee to increase the soundness and transparency of management by conducting rapid decision making and business execution through delegation of authority. Directors who are Audit and Supervisory Committee members are granted authority by the Board of Directors to strengthen the function of the Board of Directors and the audit and supervisory functions with the aim of building a more highly effective corporate governance system.

The Company's Board of Directors is chaired by the president, and is composed of a total of eight directors. Board of Directors meetings are held regularly to conduct swift and appropriate decision making. Furthermore, the Company has introduced an executive officer system with a view to increasing the efficiency of the management organization and clarifying responsibility.

The Management Planning Committee is chaired by the

president and is composed of directors, executive officers designated by the president, and general managers of divisions and departments. The committee is intended to accelerate decision making and business execution of operations in general, primarily management, research and development, production, sales, quality control, and information management.

The Audit and Supervisory Committee is chaired by a standing Audit and Supervisory Committee member, and has four members in total. The Audit and Supervisory Committee members attend important meetings, including those of the Board of Directors and the Management Planning Committee; conduct rigorous audits, including viewing important documents; and constantly monitor the directors' decision making process and business execution status. In addition, to enhance the audit system, the Audit and Supervisory Committee receives an explanation of the audit plan for the accounting audit from the financial auditor and a report on the status and result of audit implementation, and the committee and the financial auditor also exchange information appropriately.

To enhance the fairness, transparency, and objectivity of procedures related to the appointment and compensation of directors and to further strengthen corporate governance, we have established a Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors. This committee is composed of five members and chaired by an independent outside director. To ensure independence, the majority of the committee members are independent outside directors.

### Status of Risk Management and Compliance System

#### Risk Management and Major Risks

As a risk management system, when an unexpected situation occurs that could significantly impact the Company and its Group companies, the Company establishes the Business Continuity Planning (BCP) Task Force, which is headed by the president, in accordance with the BCP Rules and the Emergency Response Standards. Under this system, the Company swiftly conducts the necessary initial response to minimize damage and impacts.

The Company envisages the following major risks that could have an impact on the operating results of the Company and the Group, and promotes initiatives to avoid and minimize them.

#### Legal Regulations

The Group carries out installation duty and maintenance and inspection of gas detection alarm equipment that it handles in accordance with laws and regulations such as the High Pressure Gas Safety Act and the Industrial Safety and Health Act. The Company strives to gather the latest information from inside and outside the industry, based on the possibility of risks related to these legal regulations emerging.

#### Product Defects

In cases where there are defects in the products handled by the Group, or where a malfunction occurs due to a calibration error and so forth during product installation, it is possible that the user could suffer property or personal damage. In managing product quality, the Company rigorously adheres to product manufacture based on international standards and maintenance and inspection operations based on internal standards in an effort to prevent incidents before they occur.

#### Research and Development

The Group's product development is not guaranteed to contribute to management results, but it works to provide users with products of the highest quality. To this end, the Group is engaged in new product development using cutting-edge technology, from research and development of gas sensors, as its most important management priority, based on a wide range of technical capabilities including electronics, physics, and chemistry.

#### Fluctuation in Capital Investment Trends

Demand for the Group's gas detector alarm equipment is impacted by trends in private sector capital investment, mainly in the electronics, petrochemical, and shipping industries, and in public sector capital investment, including electricity and gas.

The Group responses to fluctuations in capital investment arising from changes in the economic environment by striving to collect information from industry players such as customers.

#### Overseas Business Development

In countries and regions where the Group conducts business, envisaged risks include deterioration in political and economic situations, restrictions on import and export and on foreign investment, unforeseen changes to laws and regulations, deterioration in public safety, economic sanctions between countries, outbreaks of terrorism, war, or infectious disease, and other social unrest caused by other factors. The Group focuses on the political and economic situation and on changes in regulations in each country and region, and strives to establish systems that will enable it to respond swiftly to the situation.

#### Procurement of Materials, etc.

In its production activities, the Group uses certain special materials and supplies, and so forth, that are available only from a limited range of suppliers. The Group envisages that such materials may experience tight demand and supply, distribution delays, and price fluctuations, and therefore strives to examine alternative materials and promote purchases of such materials from multiple suppliers.

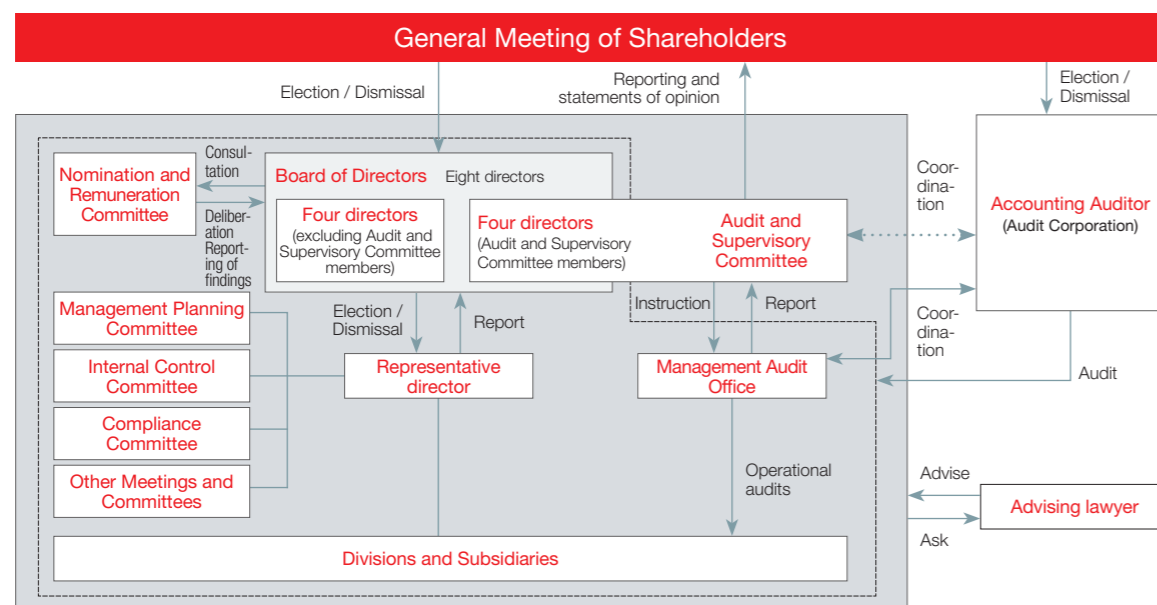
#### COVID-19-Related Risks

When infectious diseases such as COVID-19 are in a spreading phase, the Group continues to smoothly deal with customers and suppliers and strives to prevent infection, including employees and their families. Measures include working from home, staggered shifts at all business sites and use of web conferencing systems.

#### Compliance System

The Company has established the Compliance Committee as an organization to manage overall compliance, strives to have officers and employees comply with laws and regulations, and has set up a system to report on the operational status of the committee to the Board of Directors. The Compliance Committee is headed by the president and has 11 members in total, including 5 directors, 4 other secretariate members, and 2 advising lawyers as outside members. The Company has also formulated the Code of Conduct and Action Guidelines, which clarify values, ethics, and correct actions for Group companies, as well as the Compliance Hotline, which receives reports and consultations from Group employees, both inside and outside the Company. The Company receives appropriate advice from advising lawyers, certified public accountants, and so forth regarding legal and social issues, and strives to comply with laws and regulations.

### Corporate Governance System



Please see the Company website for details.  
<https://www.rikenkeiki.co.jp/english/sustainability/governance>

# Financial Analysis



## Operating Results

In the fiscal year ended March 31, 2023, the Group's operating environment remained steady, due in part to brisk capital investment in the semiconductor and lithium-ion battery industries in the East Asian region, reflecting trends in global semiconductor demand and expanding investment in electric vehicles. Against this backdrop, we worked to maintain and improve quality, cost and delivery to meet customer demand for deliveries amid shortages of materials, most notably semiconductors. In the interest of expanding our market share overseas, we proceeded with efforts to shore up our Group structure. To do so, we converted a North American subsidiary into a wholly owned subsidiary and actively dispatched

personnel to overseas subsidiaries. In addition, to enhance corporate value from a medium- to long-term perspective, we proactively addressed sustainability challenges, focusing on activities such as development, production, sales, and after-sales maintenance services that are conscious of the SDGs and decarbonization. As a result of these measures, net sales during the fiscal year under review were ¥45,004 million (up 20.4% year on year), operating profit was ¥11,551 million (up 37.5%), ordinary profit was ¥11,944 million (up 35.4%), and net profit attributable to owners of parent was ¥8,670 million yen (up 45.4%).

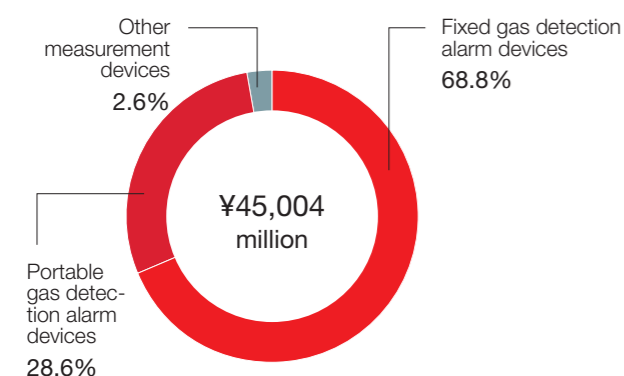
## Financial Position

As of March 31, 2023 (the fiscal year-end), assets totaled ¥79,746 million, a year-on-year rise of ¥8,140 million. This was mainly due to a ¥2,731 million increase in work in process, a ¥2,141 million rise in raw materials and supplies, and a ¥2,054 million increase in cash and deposits as well as a ¥1,240 million increase in notes and accounts receivable-trade. Construction in progress also rose ¥362 million, and investment securities expanded by ¥152 million. Liabilities at fiscal year-end totaled ¥16,363 million, an increase of ¥1,615 million compared with the end of the previous fiscal year. This was mainly due to a ¥1,107

million increase in notes and accounts payable-trade, and a ¥438 million rise in account payable-other, which is included in "other." Net assets totaled ¥63,383 million at fiscal year-end, up ¥6,524 million year on year. We acquired additional shares in RKI Instruments, Inc., a consolidated subsidiary in the United States, resulting in a ¥790 million decline in the capital surplus and a ¥698 million decrease in non-controlling interests. Meanwhile, net profit attributable to owners of parent was ¥8,670 million, and retained earnings expanded by ¥7,022 million.

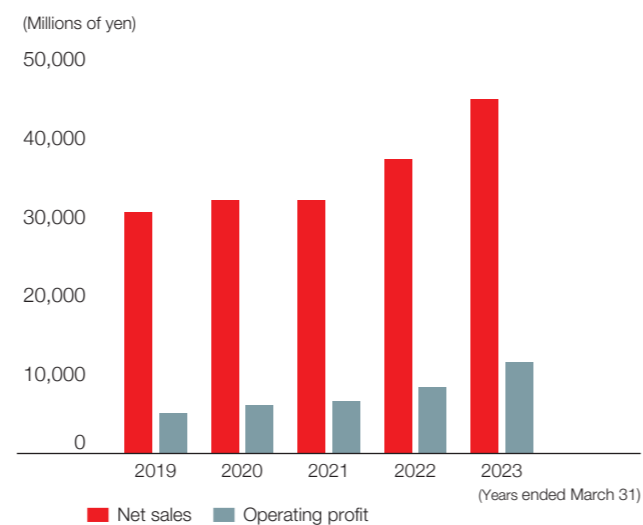
## Percentage of Net Sales

(Year ended March 31, 2023)



Please see the Company website for details. <https://www.rikenkeiki.co.jp/english/ir>

## Net Sales/Operating Profit



## Status of Cash Flows

Net cash provided by operating activities decreased ¥4,461 million from the previous year, to ¥4,572 million. Principal sources of cash were profit before income taxes, which provided ¥11,753 million, depreciation (¥1,740 million), and an increase in trade payables (¥1,086 million). Meanwhile, major uses of cash were an increase in inventories, which used ¥5,542 million, income tax paid (¥3,363 million), and an increase in trade receivables (¥1,093 million). Net cash used in investing activities came to ¥648 million, ¥1,917 million less than in the previous fiscal year. Among major uses of cash, payments into time deposits were ¥1,031 million, purchase of property, plant and

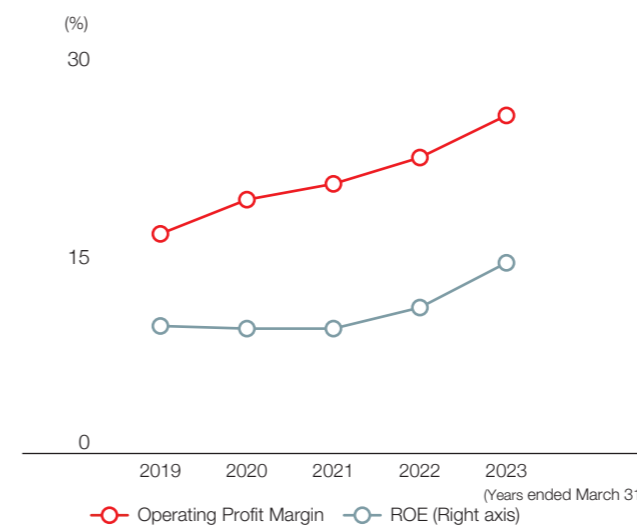
equipment was ¥943 million, and purchase of securities was ¥880 million. As to sources of cash, proceeds from redemption of securities and withdrawal of time deposits provided ¥1,049 million and ¥1,029 million, respectively. Net cash used in financing activities totaled ¥4,255 million, ¥1,302 million more than in the previous fiscal year. Notably, dividends paid used ¥1,836 million, and the purchase of shares of subsidiaries not resulting in a change in the scope of consolidation used ¥1,608 million. As a result, cash and cash equivalents at the end of the fiscal year were ¥18,913 million, up ¥923 million from the start of the year.

## Shareholder Returns and Forecast for the Next Fiscal Year and Beyond

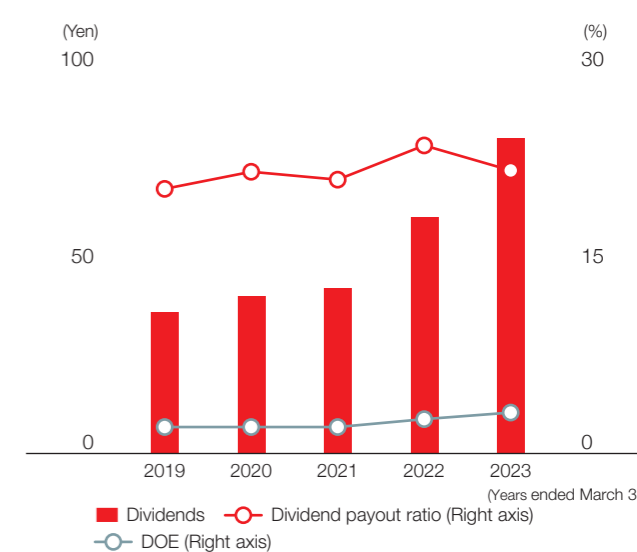
We consider the return of profits to shareholders a top-most management responsibility. Our basic policy is to provide continuous and stable dividends by comprehensively taking into consideration the dividend payout ratio, the ratio of dividends to shareholders' equity (DOE), financial conditions, and other factors. In line with this policy, we awarded dividends per share of ¥80 for the year, including a ¥40 interim dividend. As a result, the dividend payout ratio was 21.5%, and DOE was 3.1%. Looking ahead, we anticipate a challenging business environment due to factors such as soaring prices of

materials and resources, currency fluctuations, geopolitical risks highlighted by the situation in Russia and Ukraine, and inventory adjustments resulting from a global slowdown in demand for memory semiconductors. Despite these uncertainties in the external business environment, the Group will continue to drive the key strategies outlined in its medium-term management plan to strengthen its business foundation and enhance sales in industries such as infrastructure, petrochemicals, and machinery, including lithium-ion batteries.

## Operating Profit Margin/ROE



## Dividends/Dividend Payout Ratio/DOE





## Eleven-Year Summary of Financial and Non-Financial Data

RIKEN KEIKI Co., Ltd. and its consolidated subsidiaries  
(Fiscal years ended March 31)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	(Millions of yen)										
<b>Fiscal year</b>											
Net sales	¥ 19,802	¥ 20,180	¥ 21,335	¥ 23,418	¥ 23,358	¥ 28,089	¥ 30,651	¥ 32,189	¥ 32,209	¥ 37,363	¥ 45,004
Operating profit	2,796	3,249	3,368	3,616	4,001	4,416	5,104	6,198	6,598	8,402	11,551
Net profit attributable to owners of parent	2,026	2,315	2,693	2,575	4,128	3,175	4,099	4,343	4,692	5,963	8,670
Depreciation and amortization	729	758	735	898	790	1,115	1,309	1,339	1,530	1,855	1,917
Capital expenditure	728	3,307	2,083	706	2,815	2,001	1,057	4,182	4,298	678	1,385
Cash flows from operating activities	2,442	3,067	2,410	3,460	4,137	3,374	4,220	5,233	4,086	9,034	4,572
Cash flows from investing activities	775	(3,134)	(1,196)	(3,960)	(1,564)	(495)	(1,046)	(3,328)	(2,756)	(2,565)	(648)
Cash flows from financing activities	(628)	(653)	(689)	(775)	(783)	(855)	(1,013)	(1,193)	(2,473)	(2,953)	(4,255)
<b>Fiscal year-end</b>											
Net assets	¥ 27,288	¥ 29,552	¥ 32,776	¥ 34,355	¥ 39,148	¥ 42,527	¥ 46,213	¥ 49,636	¥ 52,615	¥ 56,858	¥ 63,383
Total assets	34,889	37,250	40,689	42,713	48,018	52,911	56,851	60,220	64,326	71,606	79,746
Interest-bearing debt	2,868	2,975	2,957	2,809	2,714	2,715	2,698	2,784	3,803	3,556	3,109
Fiscal year-end balance of cash and cash equivalents	9,505	9,175	10,093	8,797	10,383	12,240	14,346	15,016	13,933	17,989	18,913
<b>Management indicators, etc.</b>											
Dividend per share (yen)	17.00	18.00	20.00	22.00	24.00	30.00	36.00	40.00	42.00	60.00	80.00
Earnings per share (EPS) (yen)	87.27	99.73	116.07	110.97	177.86	136.61	176.27	186.75	201.71	256.26	372.41
Book value per share (BPS) (yen)	1,175.67	1,273.39	1,412.43	1,480.49	1,645.41	1,782.27	1,897.19	2,039.94	2,193.61	2,412.75	2,722.26
Consolidated dividend payout ratio (%)	19.5	18.0	17.2	19.8	13.5	22.0	20.4	21.4	20.8	23.4	21.5
D/E ratio (times)	0.11	0.10	0.09	0.08	0.06	0.07	0.06	0.06	0.07	0.06	0.05
Return on assets (ROA) (%)	9.1	10.1	9.7	9.1	9.1	9.1	10.0	11.0	11.1	13.0	15.8
Return on equity (ROE) (%)	7.7	8.1	8.6	7.7	11.4	8.0	9.6	9.5	9.5	11.1	14.5
Equity ratio (%)	78.2	79.3	79.4	79.6	79.5	78.3	77.6	78.8	79.3	78.4	79.5
<b>Non-Financial Data*1</b>											
CO <sub>2</sub> emissions*2 (t-CO <sub>2</sub> )	—	—	—	—	—	—	—	4,635	4,892	2,134	1,164
Water use (m <sup>3</sup> )	40,406	64,519	33,729	17,599	45,383	31,370	46,129	57,762	59,407	47,912	34,310
Electricity use (kWh)	5,403,936	5,478,774	6,298,053	7,895,588	7,768,113	7,620,960	7,448,401	7,405,471	8,644,810	8,489,067	8,494,808
Rate of use of annual paid leave (%)	59.4	49.1	61.3	53.7	56.8	59.5	61.1	71.1	66.7	69.8	74.9
Rate of use of childcare leave (women) (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Rate of use of childcare leave (men) (%)	—	—	—	—	0.0	4.2	0.0	2.9	11.5	33.3	26.9
Occupational accidents (lost time injuries) (people)	0	0	0	0	0	1	1	0	0	0	1
Occupational accidents (injuries without lost time) (people)	4	1	2	6	4	2	4	3	1	4	1
Average number of years of service (years)	12.8	13.5	13.8	14.2	14.6	14.6	14.8	15.3	15.9	15.8	15.7
Average age (years)	36.6	37.3	38.4	38.9	39.1	39.1	39.3	39.7	40.3	40.4	40.3
Attrition rate within three years of joining the Company (%)	0.0	0.0	13.6	0.0	0.0	13.6	3.0	11.8	20.0	7.4	0.0
Number of regular employees (people)	968	973	989	1,015	1,102	1,116	1,180	1,196	1,185	1,234	1,313
Proportion of regular employees (%)	80.9	82.2	82.2	80.9	79.3	77.1	74.2	74.1	73.2	72.4	72.0

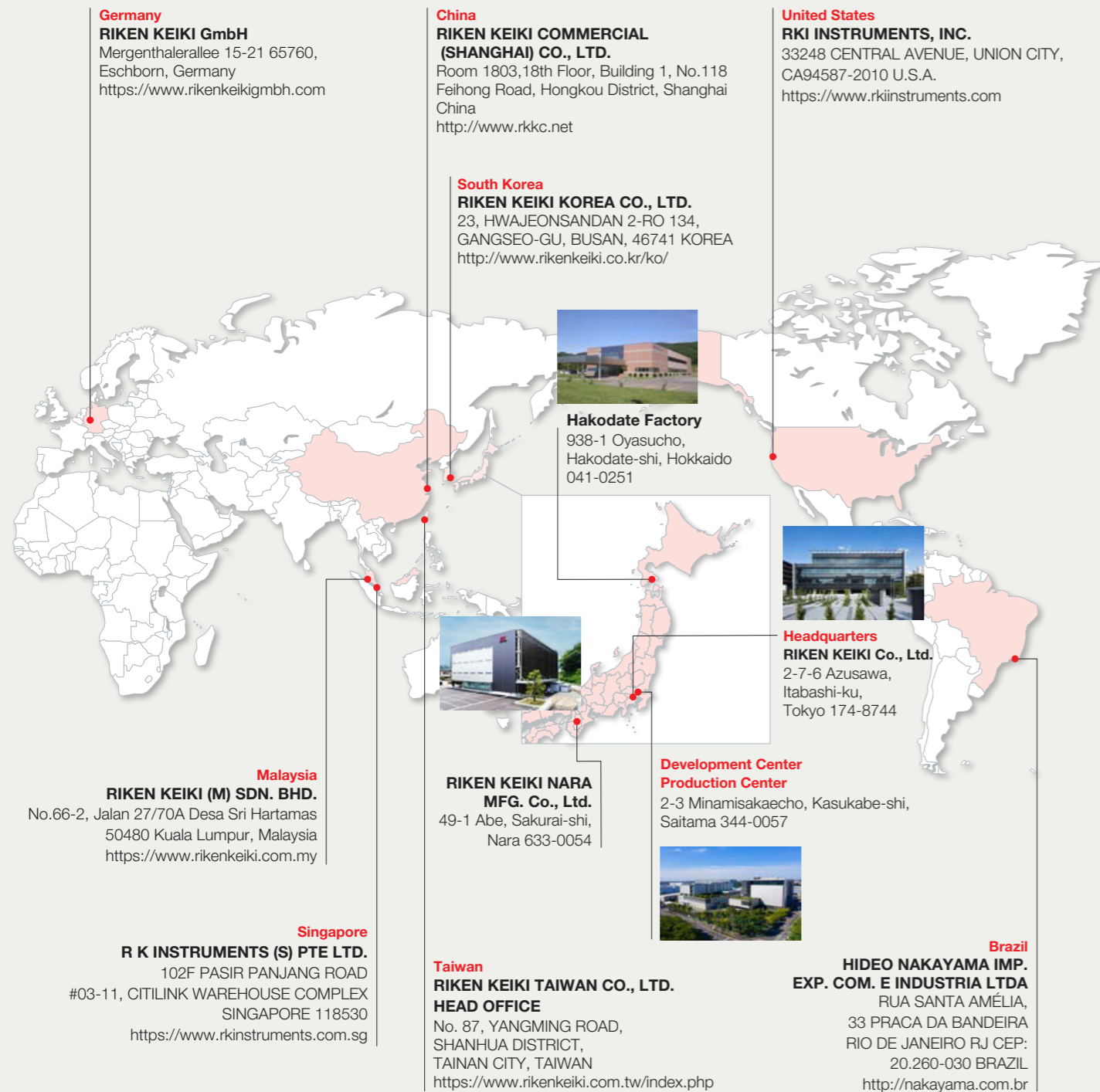
\*1 Non-consolidated data for RIKEN KEIKI except for number and proportion of regular employees

\*2 CO<sub>2</sub> emissions are the total of Scope 1 and 2.

## Domestic and Overseas Network

(As of March 31, 2023)

The RIKEN KEIKI Group has 60 business locations in Japan conducting sales, manufacturing, and maintenance. Overseas, the Group has approximately 30 affiliated companies and sales stores, mainly in North America, South America, Europe, and Asia. Together, the domestic and overseas locations form the network of the RIKEN KEIKI Group, which will continue to expand into the future.



Please see the Company website for details.  
[https://www.rikenkeiki.co.jp/english/company/office\\_list](https://www.rikenkeiki.co.jp/english/company/office_list)

## Company Information

(As of March 31, 2023)

<b>Company name</b>	RIKEN KEIKI Co., Ltd.
<b>Headquarters</b>	2-7-6 Azusawa, Itabashi-Ku, Tokyo 174-8744, Japan
<b>Representative</b>	Tetsuya Matsumoto, President
<b>Established</b>	March 15, 1939
<b>Capital</b>	¥2,565.5 million
<b>Number of employees</b>	1,313 (consolidated); 1,030 (non-consolidated)
<b>Fiscal year end</b>	March 31
<b>Stock exchange listing</b>	Tokyo Stock Exchange Prime Market
<b>Main Business Activities</b>	Research, development, manufacture, sales, and after-sales maintenance of industrial gas detection and alarm equipment and analytical equipment
<b>Main Sales Items</b>	Flammable gas detector alarms, oxygen deficiency prevention gas detector alarms, toxic gas detector alarms, compound gas detector alarms, various measurement equipment for environmental measurements, and other equipment

### Stock Information

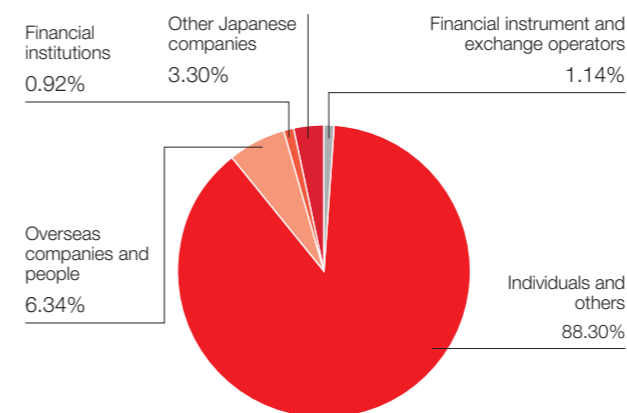
Total number of authorized shares	94,000,000
Total number of issued shares	23,661,000 (Including 377,565 treasury shares)
Number of shareholders	2,598



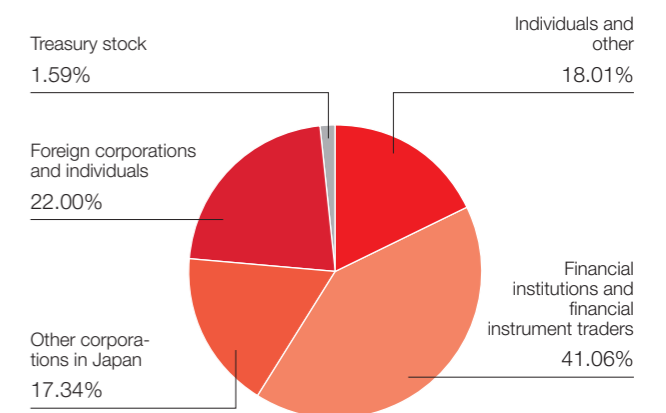
### Status of Major Shareholders

Shareholder name	Number of shares held	Shareholding percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	3,011,600	12.93
Custody Bank of Japan, Ltd. (Trust account)	1,614,100	6.93
Goldman Sachs Bank Europe SE, Luxembourg Branch	1,206,711	5.18
The Dai-ichi Life Insurance Company, Limited	1,200,000	5.15
Mizuho Bank, Ltd.	1,135,201	4.88
Riken Keiki Kyoryoku Kaisha Mochikabu Kai	1,090,331	4.68
Sumitomo Mitsui Banking Corporation	837,100	3.60
NAGANO KEIKI CO., LTD.	711,000	3.05
Riken Keiki Jugyoin Mochikabu Kai	693,440	2.98
SSBTC CLIENT OMNIBUS ACCOUNT	538,559	2.31

### Shareholder Composition Ratio



### Status of Share Distribution by Owner



For details, please refer to the Company website.  
<https://www.rikenkeiki.co.jp/english/company>