

RIKEN KEIKI CO., LTD. Fiscal Year Ended March 31, 2026

Q&A Summary from Web Financial Results and New Medium-Term Management Plan Briefing

Date: Thursday, May 14, 2026, 11:00 a.m. – 12:00 p.m. (JST)

Speakers: Tetsuya Matsumoto (President)

Shuji Tajima (Executive Officer)

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<Important Notes>

The summary of the Q&A session is not a verbatim transcript of the questions and answers from the briefing, but rather a concise summary prepared at our discretion for those who were unable to attend.

Furthermore, the forward-looking statements regarding our future performance contained in this document are based on assumptions and beliefs derived from information available at the time of preparation. As these statements involve uncertainties such as economic trends and market demand, actual results may differ from our projections.

Regarding **[Question 7]**, we have revised the figures from the response provided on the day of the briefing. Please review the corrections, which are indicated by red.

**[Question 1]**

In the previous Medium-Term Management Plan, you achieved sales of over 50 billion yen and operating profit of over 12 billion yen. What was the primary factor contributing to this success?

**[Answer]**

The primary factor was steady investment in the semiconductor industry, which accounts for over 40% of our revenue. Additionally, increased investment in the Chinese lithium-ion battery market and growth in detector sales also contributed to these results.

**[Question 2]**

Operating profit for the fourth quarter of the fiscal year ended March 31, 2026, was approximately 4 billion yen. Please explain the reasons for this significant increase in profit.

**[Answer]**

This was largely driven by sales to the semiconductor industry in Asia and sales of portable detectors in North America.

**[Question 3]**

Please explain why, even though the earnings forecast for the fiscal year ending March 31, 2027, assumes an increase in revenue for the full year, operating profit is projected to rise in the first half but decline in the second half.

**[Answer]**

This is due to rising material costs and increased fixed expenses such as labor costs, as well as our pricing strategy to expand our market share overseas. Additionally, we anticipate that temporary increases in production costs, driven by factors such as amortization expenses related to new product development, will also put pressure on profits in the second half.

**[Question 4]**

Regarding projects for fixed-type detectors for domestic factories, what is the typical lead time from order receipt to revenue recognition?

Also, is it correct to understand that sales of fixed-type detectors increase with a certain time lag following an increase in construction projects?

**[Answer]**

The standard lead time from order receipt to revenue recognition is approximately three months, although it may take one to two years for projects related to the industries such as shipping.

Since fixed-type detectors are typically installed after the customer's construction work is completed, sales of these detectors tend to be recognized with a certain time lag following the progress of construction projects.

**[Question 5]**

Is there a difference in the frequency of price revisions between domestic and international markets?

**[Answer]**

Until now, we have rarely adjusted the prices of our existing products in the domestic market. However, due to rising material costs and other factors, we began passing on these cost increases around the second half of the fiscal year ended March 31, 2026.

Overseas, we have implemented price adjustments as appropriate, tailored to the conditions in each country.

**[Question 6]**

Please provide your forecast for sales and operating profit by region for the fiscal year ending March 31, 2029, which is the final year of the new Medium-Term Management Plan.

**[Answer]**

While we have set a target of 50% for the overseas sales ratio in the final year of the new Medium-Term Management Plan, we will refrain from disclosing the breakdown by region.

**[Question 7]**

Please provide the outlook for order intake for the fiscal year ending March 31, 2027.

**[Answer]**

We expect it to be approximately **66 billion yen**, slightly exceeding our consolidated sales forecast.

**[Question 8]**

Your new Medium-Term Management Plan states that you aim for a 50% ratio of overseas sales. How do you plan to achieve this?

**[Answer]**

Our new tape-type detector, the FPM-80A, will be a major factor. This product is compatible with the detection method that is mainstream in the overseas semiconductor market. We view it as a key product for increasing the overseas sales ratio.

Furthermore, using the FPM-80A as a starting point, we intend to secure contracts for other detectors as well.

**[Question 9]**

You have launched the new tape-type detector FPM-80A for the overseas semiconductor market. What is the schedule for shipping, installation, and acceptance testing for the U.S. project? Also, what is the status of inquiries regarding the FPM-80A in other regions?

**[Answer]**

Regarding the U.S. project, product shipments have been completed. Acceptance testing depends on the customer's factory startup schedule, but we expect it to be completed within this fiscal year.

As for other regions, we are currently seeing a particularly high volume of inquiries from Asia.

**[Question 10]**

Please explain your strategy for gaining market share in North America and how you differentiate yourselves from competitors.

**[Answer]**

Our new product, the FPM-80A, is designed to support the detection methods that have become mainstream in the global semiconductor market. We aim to expand our market share by highlighting the performance advantages of this product compared to competitors' offerings to customers.

**[Question 11]**

Please provide the sales figures for fixed-type semiconductor detectors for overseas markets, particularly North America. Also, what are the main obstacles to expanding sales?

Additionally, please explain the reasons behind the strong performance of portable detectors in North America and specify which markets are driving this growth.

**[Answer]**

Sales of fixed-type detectors for the North American market are still relatively small, but we plan to expand sales starting with the launch of the FPM-80A.

The main obstacle to expanding sales is the need to further develop our service infrastructure, such as post-installation maintenance for fixed-type detectors.

On the other hand, sales of portable detectors for the North American market are growing significantly due to a combination of factors: demand from field workers in the firefighting, construction, and petrochemical industries, the success of promotional efforts by our U.S. subsidiary RKI Instruments, Inc., and the strong U.S. economy.

**[Question 12]**

Amid the changing environment surrounding the gas detector market, what is the greatest growth opportunity?

**[Answer]**

Increased investment in the semiconductor industry represents the greatest growth opportunity. In addition, we believe that changes in safety standards across various industries will also present significant growth opportunities.

**[Question 13]**

Please tell us about the competitive landscape in the global market and the key differentiators of your products.

**[Answer]**

We recognize that we are not the market leader in the global market, but rather a challenger.

Our key differentiator is the detection accuracy of our gas sensors, which ensures "no false alarms."

**[Question 14]**

To what extent does obtaining and maintaining product certifications impact sales?

**[Answer]**

We recognize that the impact on sales is significant, as we would be unable to sell our products without certification.

**[Question 15]**

In the new Medium-Term Management Plan, it was explained that the operating profit margin would temporarily decline due to upfront investments in overseas market development but would recover as overseas after-sales maintenance services increase. When do you expect this recovery to occur?

Also, will you continue to invest while maintaining an operating profit margin of at least 20%? Is it possible that the operating profit margin could fall below 20% under certain circumstances, or can we expect it to return to the previous level of 25%?

**[Answer]**

As we establish our systems while evaluating the scale of our overseas after-sales maintenance operations, we anticipate that operating profit margins will begin to improve in the fiscal year ending March 31, 2029, the final year of our Medium-Term Management Plan, or later.

We cannot rule out the possibility that the operating profit margin may fall below 20% due to further investments. However, since we believe that profit levels can increase to some extent through revenue growth, our basic approach at this point is to maintain an operating profit margin of 20% or higher.

Furthermore, the past operating profit margin of 25% was achieved by increasing staffing levels and equipment utilization rates beyond normal levels to capitalize on the semiconductor boom during the COVID-19 pandemic. Going forward, our policy is to invest in human resources and research and development to build a foundation for sustainable growth, and we do not currently anticipate maintaining the same profit margin level as during that period.

**[Question 16]**

Regarding capital policy, what is your approach to leveraging debt?

**[Answer]**

Currently, we have virtually no outstanding loans, and we have no specific plans to utilize debt in the near future. However, we will consider this as necessary, taking into account future investment opportunities and capital efficiency.

**[Question 17]**

Long-term interest rates are on the rise; will the assumed cost of capital remain at 7%? Similarly, are you not considering raising the KPI target of 10% or higher for ROE?

**[Answer]**

As of this moment, we will use the currently presented figures as our baseline. We calculate our cost of capital on a regular basis and may review these figures in the future as necessary.

**[Question 18]**

Please provide details regarding the regions, targets, timeline, and likelihood of your M&A plans.

**[Answer]**

We will first prioritize companies with high compatibility with our business, followed by companies where synergies with our business are anticipated.

As of now, specific company names and regions have not been determined. If our internal resources prove insufficient for future overseas expansion, we will begin with business partnerships and consider M&A as necessary.

**[Question 19]**

Will production capacity be a constraint in achieving consolidated sales of 70 billion yen? Also, are there any concerns regarding product supply?

**[Answer]**

We recognize that production capacity is a bottleneck, and we are working to expand our supply chain and strengthen our supply structure including both our own operations and those of our partner companies.

Due to an increase in orders, customers are experiencing longer lead times for some products, but we are working to expand our production capacity on a rolling basis.

**[Question 20]**

Please explain the impact of the recent situation in the Middle East on component procurement.

**[Answer]**

We are not currently experiencing any shortages of materials, but there is a possibility that the procurement of certain materials, such as plastics and rubber, may be affected in the future.

**[Question 21]**

What are the challenges in strengthening group governance?

**[Answer]**

We recognize the further strengthening of the management and control framework for the entire Group, including overseas subsidiaries, as a key challenge.

**[Question 22]**

What is the greatest risk to this Medium-Term Management Plan?

**[Answer]**

We believe that external environmental factors beyond our control, such as the international situation, pose the greatest risk.

**[Question 23]**

Would you consider disclosing quarterly order intake and order backlog figures?

**[Answer]**

We have received numerous requests regarding this matter in the past and will continue to consider it.

**[Question 24]**

What is the key message you wish to convey to investors in this Medium-Term Management Plan?

Also, while the four themes and nine topics in the Medium-Term Management Plan cover a wide range of areas, how do you prioritize them?

**[Answer]**

The message we want to convey to investors is "sustainable growth driven by quality, not a fleeting trend." To achieve this, we are focusing on building a management foundation with a long-term perspective, such as strengthening our supply chain.

Among the four themes and nine topics, we have identified expanding into overseas markets and building a value chain as growth strategies. However, regarding priorities, we consider "building a customer-inclusive value chain" to be our top priority.