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November 8, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024

[Under Japanese GAAP]

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Listing: Tokyo Stock Exchange
Securities code: 7734
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Scheduled date to file semi-annual securities report: November 8, 2024
Scheduled date to commence dividend payments: December 6, 2024
Preparation of supplementary materials on financial results: None
Holding of financial results briefing: None

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended September 30, 2024	23,934	5.6	5,499	(5.9)	5,170	(19.9)	3,583	(21.2)
September 30, 2023	22,675	1.2	5,847	(8.8)	6,456	(2.7)	4,548	0.0

Note: Comprehensive income For the six months ended September 30, 2024 4,889 million yen [(23.6)%]
For the six months ended September 30, 2023 6,403 million yen [14.1%]

	Earnings per share -Basic-	Earnings per share -Diluted-
	Yen	Yen
Six months ended September 30, 2024	76.93	–
September 30, 2023	97.67	–

Note: Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. Earnings per share are calculated assuming the share split had been implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of September 30, 2024	91,317	76,422	83.7	1,640.66
As of March 31, 2024	88,591	72,453	81.8	1,555.65

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)
As of September 30, 2024 76,422 million yen As of March 31, 2024 72,453 million yen

Note: Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. Net assets per share are calculated assuming the share split was implemented at the beginning of the previous fiscal year.

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	40.00	–	40.00	80.00
Fiscal year ending March 31, 2025	–	20.00			
Fiscal year ending March 31, 2025 (Forecast)			–	20.00	40.00

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

Note: Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. For the fiscal year ended March 31, 2024, the amounts of actual dividends prior to the share split are stated. For the fiscal year ending March 31, 2025 (Forecast), the figures are stated taking the impact of the share split into consideration.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Earnings per share -Basic-
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	48,000	5.3	11,800	2.8	12,300	0.2	9,000	7.4	193.22

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

* Notes

(1) Significant changes in the scope of consolidation during the period: None
Newly included: – companies (Company name)
Excluded: – companies (Company name)

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

(3) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(4) Number of shares issued (common shares)
(i) Total number of shares issued at the end of the period (including treasury shares)

As of September 30, 2024	47,322,000 shares
As of March 31, 2024	47,322,000 shares

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

As of September 30, 2024	742,058 shares
As of March 31, 2024	747,476 shares

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

Six months ended September 30, 2024	46,576,846 shares
Six months ended September 30, 2023	46,570,226 shares

Note: Effective as of April 1, 2024, the Company implemented a 2-for-1 share split of common shares. The total number of shares issued at the end of the period, number of treasury shares at the end of the period, and average number of shares outstanding during the period are calculated assuming the share split was implemented at the beginning of the previous fiscal year.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

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

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1. Qualitative Information on Financial Results for the Period under Review

(1) Explanation of Operating Results

During the current interim consolidated accounting period, the Japanese economy showed signs of gradual recovery due to improvements in the employment and income environment, however the economic outlook remained uncertain due to rising prices, prolonged global instability, and the risk of financial market volatility.
In the industrial disaster prevention and safety equipment industry, to which the Group belongs, despite positive signs of resumption of capital investment in the domestic semiconductor industry, our main customer base, the outlook is expected to remain uncertain for the foreseeable future.
Under these circumstances, the Group has continued to take measures to reduce costs by streamlining production, thoroughly reduce expenses, develop aggressive sales activities, aggressively invest in new product development, and enhance its quality control and service systems.
As a result of these measures, net sales for the first six months of the fiscal year under review were 23,934 million yen (up 5.6% year-on-year), operating profit was 5,499 million yen (down 5.9% year-on-year), ordinary profit came to 5,170 million yen (down 19.9% year-on-year), and net profit attributable to owners of parent was 3,583 million yen (down 21.2% year-on-year).

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

(i) Fixed gas detection alarm devices
Net sales of fixed gas detection alarm devices for the first six months of the fiscal year under review were 14,731 million yen (down 3.4% year-on-year).
(ii) Portable gas detection alarm devices
Net sales of portable gas detection alarm devices for the first six months of the fiscal year under review were 8,492 million yen (up 23.3% year-on-year).
(iii) Other measurement devices
Net sales of other measurement devices for the first six months of the fiscal year under review were 710 million yen (up 31.5% year-on-year).

(2) Explanation of Financial Position

(i) Assets, liabilities and net assets

As of September 30, 2024, assets totaled 91,317 million yen, an increase of 2,726 million yen (up 3.1%) compared with the end of the previous fiscal year.
Current assets increased 2,225 million yen from the end of the previous fiscal year to 59,280 million yen. This was mainly due to an increase of 1,489 million yen in securities, an increase of 1,085 million yen in raw materials and supplies, and an increase of 953 million yen in notes and accounts receivable - trade, while cash and deposits decreased by 1,083 million yen.
Non-current assets increased 500 million yen from the end of the previous fiscal year to 32,037 million yen. This was mainly due to an increase of 395 million yen in software in progress included in other in intangible assets and an increase of 228 million yen in investment securities.

As of September 30, 2024, liabilities totaled 14,895 million yen, a decrease of 1,242 million yen (down 7.7%) compared with the end of the previous fiscal year.
Current liabilities fell 1,026 million yen from the end of the previous fiscal year to 11,395 million yen. This was mainly due to an increase of 176 million yen in accrued expenses included in other in current liabilities and an increase of 162 million yen in advances received included in other in current liabilities, while notes and accounts payable - trade decreased by 1,090 million yen and electronically recorded obligations - operating decreased by 403 million yen.
Non-current liabilities fell 216 million yen from the end of the previous fiscal year to 3,499 million yen. This was mainly due to a decrease of 174 million yen in long-term borrowings and a decrease of 103 million yen in long-term lease liabilities included in other in long-term liabilities.

As of September 30, 2024, net assets totaled 76,422 million yen, an increase of 3,968 million yen (up 5.5%) compared with the end of the previous fiscal year. This was mainly due to an increase of 2,651 million yen in retained earnings as a result of recording 3,583 million yen in net profit attributable to owners of parent and dividend payments of 931 million yen.

(ii) Cash flows

As of September 30, 2024, cash and cash equivalents increased 248 million yen from the end of the previous fiscal year to 17,415 million yen.
Cash flows and factors affecting cash flows in the first six months of the fiscal year under review are as follows.

(Cash flows from operating activities)
Net cash provided by operating activities amounted to 1,654 million yen (505 million yen in the same period of the previous year), mainly due to a decrease in trade payables of 1,887 million yen, income taxes paid of 1,640 million yen, an increase in trade receivables of 640 million yen, and an increase in inventories of 581 million yen, while profit before income taxes amounted to 5,195 million yen and depreciation totaled 951 million yen.

(Cash flows from investing activities)
Net cash used in investing activities amounted to -685 million yen, a decrease of 193 million yen compared to the same period of the previous fiscal year. This was mainly due to proceeds from redemption of securities of 1,090 million yen, proceeds from withdrawal of time deposits of 430 million yen, and proceeds from sale of securities of 245 million yen, while purchase of securities of 1,276 million yen, purchase of intangible assets of 452 million yen, payments into time deposits of 444 million yen, and purchase of property, plant and equipment of 299 million yen.

(Cash flows from financing activities)
Net cash used in financing activities amounted to -1,443 million yen, up 65 million yen compared to the same period of the previous fiscal year, mainly due to dividends paid of 929 million yen, repayments of finance lease liabilities of 318 million yen, and repayments of long-term borrowings of 194 million yen.

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

There is no change to the financial results forecasts for the fiscal year ending March 31, 2025, that were stated in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2024, released on May 10, 2024.

2. Semi-annual Consolidated Financial Statements and Significant Notes Thereto

(1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	16,642,563	15,559,505
Notes and accounts receivable - trade	10,788,891	11,742,106
Electronically recorded monetary claims - operating	4,333,862	4,374,322
Securities	4,948,457	6,437,550
Merchandise and finished goods	4,719,951	4,666,425
Work in process	6,962,062	6,781,036
Raw materials and supplies	7,660,781	8,746,050
Other	1,003,625	980,198
Allowance for doubtful accounts	(5,865)	(7,062)
Total current assets	57,054,330	59,280,132
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,369,119	11,339,540
Machinery, equipment and vehicles, net	365,855	364,343
Land	4,839,970	4,966,326
Construction in progress	103,669	77,581
Other, net	1,643,694	1,548,652
Total property, plant and equipment	18,322,309	18,296,444
Intangible assets		
Goodwill	357,441	296,388
Customer-related assets	703,362	689,172
Other	729,880	1,091,254
Total intangible assets	1,790,684	2,076,815
Investments and other assets		
Investment securities	7,796,455	8,025,407
Retirement benefit asset	2,156,416	2,179,249
Other	1,473,901	1,462,070
Allowance for doubtful accounts	(2,600)	(2,600)
Total investments and other assets	11,424,172	11,664,127
Total non-current assets	31,537,166	32,037,387
Total assets	88,591,497	91,317,519

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,718,162	3,627,905
Electronically recorded obligations - operating	816,514	413,393
Short-term borrowings	995,000	975,000
Income taxes payable	1,646,861	1,616,918
Provision for bonuses	1,053,459	1,082,274
Provision for product warranties	99,234	157,242
Provision for loss on orders received	20,575	29,771
Other	3,071,987	3,493,149
Total current liabilities	12,421,794	11,395,654
Non-current liabilities		
Long-term borrowings	850,580	676,460
Asset retirement obligations	11,695	11,695
Other	2,853,777	2,811,680
Total non-current liabilities	3,716,053	3,499,836
Total liabilities	16,137,847	14,895,491
Net assets		
Shareholders' equity		
Share capital	2,565,500	2,565,500
Capital surplus	1,115,360	1,124,523
Retained earnings	63,142,804	65,794,353
Treasury shares	(221,541)	(220,271)
Total shareholders' equity	66,602,123	69,264,106
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,729,980	3,845,526
Foreign currency translation adjustment	2,121,546	3,312,395
Total accumulated other comprehensive income	5,851,527	7,157,921
Total net assets	72,453,650	76,422,028
Total liabilities and net assets	88,591,497	91,317,519

(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income

Semi-annual Consolidated Statement of Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	22,675,492	23,934,044
Cost of sales	10,945,930	11,670,905
Gross profit	11,729,562	12,263,139
Selling, general and administrative expenses	5,882,151	6,763,270
Operating profit	5,847,411	5,499,869
Non-operating income		
Interest income	50,839	48,984
Dividend income	71,045	88,123
Foreign exchange gains	358,744	–
Insurance claim and dividend income	30,876	31,767
Gain on valuation of securities	241,654	9,032
Miscellaneous income	39,162	59,170
Total non-operating income	792,322	237,078
Non-operating expenses		
Interest expenses	20,877	25,054
Foreign exchange losses	–	533,594
Loss on retirement of non-current assets	561	5,061
Loss on sale of securities	161,488	1,112
Miscellaneous losses	319	1,569
Total non-operating expenses	183,247	566,392
Ordinary profit	6,456,486	5,170,554
Extraordinary income		
Gain on sale of non-current assets	5,550	99
Gain on sale of securities of other subsidiaries and associates	–	25,034
Total extraordinary income	5,550	25,134
Extraordinary losses		
Loss on sale of non-current assets	5,666	–
Total extraordinary losses	5,666	–
Profit before income taxes	6,456,370	5,195,689
Income taxes - current	1,584,950	1,599,875
Income taxes - deferred	323,064	12,774
Total income taxes	1,908,015	1,612,650
Net profit	4,548,355	3,583,039
Net profit attributable to owners of parent	4,548,355	3,583,039

Semi-annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net profit	4,548,355	3,583,039
Other comprehensive income		
Valuation difference on available-for-sale securities	990,052	115,546
Foreign currency translation adjustment	865,111	1,190,848
Total other comprehensive income	1,855,163	1,306,394
Comprehensive income	6,403,518	4,889,433
(attributable to)		
Comprehensive income attributable to owners of parent	6,403,518	4,889,433

(3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	6,456,370	5,195,689
Depreciation	865,973	951,552
Amortization of goodwill	90,712	101,771
Increase (decrease) in allowance for doubtful accounts	419	651
Increase (decrease) in provision for bonuses	4,629	28,815
Increase (decrease) in provision for product warranties	3,531	58,008
Decrease (increase) in retirement benefit asset	(30,685)	(22,833)
Increase (decrease) in provision for loss on orders received	(134,432)	9,196
Interest and dividend income	(121,885)	(137,108)
Insurance claim income	(30,876)	(31,767)
Interest expenses	20,877	25,054
Foreign exchange losses (gains)	(384,827)	(280,025)
Loss (gain) on sale of non-current assets	116	(99)
Loss on retirement of non-current assets	561	5,061
Loss (gain) on sale of securities	161,488	1,112
Loss (gain) on valuation of securities	(241,654)	(9,032)
Loss (gain) on sale of securities of other subsidiaries and associates	–	(25,034)
Decrease (increase) in trade receivables	(915,152)	(640,170)
Decrease (increase) in inventories	(3,299,212)	(581,346)
Increase (decrease) in trade payables	233,848	(1,887,175)
Increase (decrease) in accrued consumption taxes	92,362	126,009
Other, net	(739,737)	246,122
Subtotal	2,032,426	3,134,452
Interest and dividends received	123,426	138,462
Interest paid	(20,877)	(25,054)
Proceeds from insurance income	145,418	46,803
Income taxes paid	(1,774,507)	(1,640,172)
Net cash provided by (used in) operating activities	505,885	1,654,490

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from investing activities		
Purchase of securities	(774,407)	(1,276,904)
Proceeds from sale of securities	1,047,744	245,635
Proceeds from redemption of securities	500,000	1,090,414
Payments into time deposits	(841,700)	(444,540)
Proceeds from withdrawal of time deposits	398,700	430,200
Purchase of property, plant and equipment	(342,035)	(299,097)
Proceeds from sale of property, plant and equipment	24,799	100
Purchase of intangible assets	(323,412)	(452,384)
Purchase of investment securities	(604,883)	(23,853)
Proceeds from sale of securities of other subsidiaries and associates	–	44,955
Proceeds from collection of loans receivable	36,313	–
Net cash provided by (used in) investing activities	(878,881)	(685,474)
Cash flows from financing activities		
Repayments of long-term borrowings	(194,120)	(194,120)
Repayments of finance lease liabilities	(253,570)	(318,749)
Net decrease (increase) in treasury shares	(694)	(364)
Dividends paid	(929,627)	(929,992)
Net cash provided by (used in) financing activities	(1,378,012)	(1,443,225)
Effect of exchange rate change on cash and cash equivalents	739,641	722,551
Net increase (decrease) in cash and cash equivalents	(1,011,366)	248,342
Cash and cash equivalents at beginning of period	18,913,037	17,167,465
Cash and cash equivalents at end of period	17,901,670	17,415,807

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

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

Not applicable.

(Notes on Change in Scope of Consolidation or Application of the Equity Method)

RIKEN KEIKI (CHANGZHOU) ELECTRONIC TECHNOLOGY CO., LTD., which was newly established, is included in the scope of consolidation from the first six months of the fiscal year under review.

(Notes on Changes in Accounting Policies)

(Application of the "Accounting Standard for Current Income Taxes," etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first six months of the fiscal year under review.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; the "Revised Implementation Guidance of 2022"). This change in accounting policy does not have an impact on the semi-annual consolidated financial statements.

In addition, for revisions related to the review of treatment in consolidated financial statements when gain or loss on sales arising from sale of shares of subsidiaries, etc. among consolidated subsidiaries is deferred for tax purposes, the Company has applied the Revised Implementation Guidance of 2022 from the beginning of the first six months of the fiscal year ending March 31, 2025.

The change in accounting policy has been applied retrospectively, and the semi-annual consolidated and consolidated financial statements for the previous interim period and the previous fiscal year have been prepared on a retrospective basis. This change in accounting policy does not have an impact on the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year.

(Notes on Segment Information, Etc.)

[Segment information]

Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

As the Group engages in a single segment of the manufacture and sale of various types of industrial measurement devices and their related businesses, the description is omitted.

Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

As the Group engages in a single segment of the manufacture and sale of various types of industrial measurement devices and their related businesses, the description is omitted.