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# **Quarterly Consolidated Financial Statements**

(Pursuant to Article 24-4-7, Paragraph 1 of the  
Japanese Financial Instruments and Exchange Act)

Second quarter of  
the 94th term

From April 1, 2022  
to September 30, 2022

**RIKEN TECHNOS CORPORATION**

**2-101, Kanda-Awajicho, Chiyoda-ku, Tokyo, Japan**

# 1 Quarterly Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	20,702,615	23,576,689
Notes receivable - trade	1,785,477	1,435,915
Accounts receivable - trade	21,413,866	23,225,781
Electronically recorded monetary claims - operating	3,145,045	3,464,596
Merchandise and finished goods	9,159,195	11,078,817
Work in process	621,167	983,589
Raw materials and supplies	7,623,661	8,947,254
Other	751,067	894,090
Allowance for doubtful accounts	(83,600)	(83,951)
Total current assets	65,118,496	73,522,781
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,915,598	10,757,307
Machinery, equipment and vehicles, net	7,902,898	8,492,588
Land	6,331,829	6,482,691
Leased assets, net	40,319	35,948
Construction in progress	364,622	946,979
Other, net	581,602	617,188
Total property, plant and equipment	25,136,870	27,332,705
Intangible assets		
Goodwill	7,275	6,547
Leased assets	588	—
Other	2,098,602	2,233,069
Total intangible assets	2,106,466	2,239,617
Investments and other assets		
Investment securities	7,905,371	6,672,935
Long-term loans receivable	2,526	2,128
Retirement benefit asset	962,148	1,001,354
Deferred tax assets	428,348	494,392
Other	983,575	1,001,649
Allowance for doubtful accounts	(2,320)	(2,320)
Total investments and other assets	10,279,650	9,170,141
Total non-current assets	37,522,987	38,742,463
Total assets	102,641,484	112,265,245

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	20,075,715	22,777,559
Electronically recorded obligations - operating	521,101	773,032
Short-term borrowings	*1 6,769,296	*1 8,109,825
Current portion of long-term borrowings	488,174	408,041
Lease liabilities	14,444	9,701
Income taxes payable	480,704	949,651
Provision for bonuses	726,155	866,153
Provision for bonuses for directors (and other officers)	97,774	47,067
Other	2,235,955	2,503,029
Total current liabilities	31,409,322	36,444,060
Non-current liabilities		
Long-term borrowings	2,566,512	2,862,158
Lease liabilities	20,774	24,782
Deferred tax liabilities	1,469,124	1,293,489
Provision for share awards for directors (and other officers)	171,386	181,812
Retirement benefit liability	1,136,730	1,267,293
Asset retirement obligations	330,880	333,311
Other	88,252	91,012
Total non-current liabilities	5,783,661	6,053,861
Total liabilities	37,192,984	42,497,921
Net assets		
Shareholders' equity		
Share capital	8,514,018	8,514,018
Capital surplus	6,597,580	6,597,580
Retained earnings	38,200,822	39,861,296
Treasury shares	(466,193)	(431,417)
Total shareholders' equity	52,846,228	54,541,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,255,441	3,433,946
Foreign currency translation adjustment	563,069	2,766,919
Remeasurements of defined benefit plans	97,331	100,497
Total accumulated other comprehensive income	4,915,842	6,301,363
Non-controlling interests	7,686,429	8,924,482
Total net assets	65,448,500	69,767,324
Total liabilities and net assets	102,641,484	112,265,245

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income**

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	50,965,196	59,527,087
Cost of sales	41,901,027	49,656,957
Gross profit	9,064,168	9,870,130
Selling, general and administrative expenses	*1 5,988,081	*1 6,371,283
Operating profit	3,076,087	3,498,846
Non-operating income		
Interest income	13,135	16,867
Dividend income	101,299	117,758
Foreign exchange gains	70,498	431,667
Other	140,064	67,036
Total non-operating income	324,997	633,330
Non-operating expenses		
Interest expenses	56,066	62,479
Depreciation of assets for rent	18,013	10,388
Other	19,167	19,140
Total non-operating expenses	93,246	92,009
Ordinary profit	3,307,838	4,040,167
Extraordinary income		
Gain on sale of non-current assets	474	833
Gain on sale of investment securities	62,587	4,058
Total extraordinary income	63,061	4,892
Extraordinary losses		
Loss on sale of non-current assets	6	—
Loss on retirement of non-current assets	2,026	836
Total extraordinary losses	2,032	836
Profit before income taxes	3,368,867	4,044,223
Income taxes	881,239	1,076,189
Profit	2,487,627	2,968,033
Profit attributable to non-controlling interests	349,806	590,259
Profit attributable to owners of parent	2,137,821	2,377,774

## Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	2,487,627	2,968,033
Other comprehensive income		
Valuation difference on available-for-sale securities	64,110	(821,822)
Foreign currency translation adjustment	863,152	3,405,669
Remeasurements of defined benefit plans, net of tax	24,800	3,165
Total other comprehensive income	952,063	2,587,012
Comprehensive income	3,439,691	5,555,046
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,803,411	3,763,295
Comprehensive income attributable to non-controlling interests	636,279	1,791,751

### (3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,368,867	4,044,223
Depreciation	1,703,766	1,715,539
Amortization of goodwill	100,727	727
Increase (decrease) in provision for bonuses	69,568	122,267
Increase (decrease) in provision for bonuses for directors (and other officers)	(33,278)	(50,707)
Increase (decrease) in allowance for doubtful accounts	(497)	326
Increase (decrease) in retirement benefit liability	23,394	31,937
Increase (decrease) in provision for share awards for directors (and other officers)	11,012	10,426
Interest and dividend income	(114,435)	(134,626)
Interest expenses	56,066	62,479
Loss (gain) on sale of investment securities	(62,587)	(4,058)
Loss (gain) on sale of property, plant and equipment	(467)	(833)
Loss on retirement of property, plant and equipment	2,026	836
Decrease (increase) in trade receivables	(1,233,230)	(418,904)
Decrease (increase) in inventories	(3,150,287)	(1,957,721)
Increase (decrease) in trade payables	2,576,886	1,610,512
Increase (decrease) in accrued consumption taxes	(172,119)	98,920
Other, net	(332,283)	(177,475)
Subtotal	2,813,127	4,953,870
Interest and dividends received	115,237	134,972
Interest paid	(60,581)	(61,331)
Income taxes paid	(952,303)	(535,902)
Net cash provided by (used in) operating activities	1,915,479	4,491,609
<b>Cash flows from investing activities</b>		
Payments into time deposits	(13,077)	(18,260)
Proceeds from withdrawal of time deposits	13,077	18,078
Purchase of property, plant and equipment	(1,161,687)	(1,663,089)
Proceeds from sale of property, plant and equipment	506	1,039
Purchase of intangible assets	(121,573)	(83,248)
Purchase of investment securities	(246)	—
Proceeds from sale of investment securities	151,314	38,023
Proceeds from collection of loans receivable	12,005	258
Other, net	47,545	21,278
Net cash provided by (used in) investing activities	(1,072,136)	(1,685,921)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	144,337	808,819
Repayments of long-term borrowings	(271,184)	(264,402)
Repayments of lease liabilities	(11,769)	(9,124)
Purchase of treasury shares	(22)	(70)
Dividends paid	(769,149)	(699,220)
Dividends paid to non-controlling interests	(624,815)	(548,534)
Net cash provided by (used in) financing activities	(1,532,603)	(712,532)
Effect of exchange rate change on cash and cash equivalents	247,562	780,606
Net increase (decrease) in cash and cash equivalents	(441,698)	2,873,761
Cash and cash equivalents at beginning of period	21,080,770	20,677,303
Cash and cash equivalents at end of period	*1 20,639,071	*1 23,551,064

## Notes to Quarterly Consolidated Financial Statements

### Basis of Presentation of Quarterly Consolidated Financial Statements

The accompanying quarterly consolidated financial statements of RIKEN TECHNOS CORPORATION (the “Company”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

In addition, amounts are rounded down to the nearest thousand yen.

### Special Accounting Applied for Preparing Quarterly Consolidated Financial Statements

(Calculation of taxes)

The Company computes the taxes first by reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the fiscal year including the second quarter under review, and next by multiplying profit before income taxes by such estimated effective tax rate.

However, in cases where the calculation of taxes using such estimated effective tax rate yields a result that is not reasonable to a significant extent, the effective statutory tax rate is used.

### Additional Information

(Transactions of delivering the Company’s own stock to employees etc. through trusts)

#### (1) Board Benefit Trust (BBT)

In accordance with the resolution at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, the Company introduced a new stock-based compensation plan “Board Benefit Trust (BBT)” on September 14, 2016, for the purpose of raising awareness of Directors who execute business (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers toward their contributions to improving the mid- to long-term corporate performance and increasing the corporate value as well as making Directors who do not execute business (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members contribute to increasing the mid- to long-term corporate value through supervision or audit.

##### i) Overview of transactions

Based on the officers’ stock benefit plan which was established in advance, the Company and its group companies (the “Group”) grant points to Directors, etc. (Directors and Executive Officers). At the time of their retirement, the Group provides shares in the Company to the Directors, etc. who satisfy requirements for beneficiaries in proportion to the points which the Group has granted to them. With regard to the shares which will be provided to Directors etc. in the future, a trust bank acquires the Company’s treasury shares through third-party allotment by using the money contributed by the Company. Such shares are managed as trust assets separately.

##### ii) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the previous fiscal year were 276,412 thousand yen and 601 thousand shares, respectively, while those as of the end of the second quarter under review were 270,072 thousand yen and 587 thousand shares, respectively.

##### iii) Book value of borrowings recorded due to the application of the gross method

Not applicable.



(2) Stock Benefit Trust (Employee Stockholding Association Purchase-type)

For the purpose of promoting welfare benefits for employees and giving incentives pertaining to the improvement of corporate value of the Company, the Company introduced “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” (hereinafter referred to as the “Plan”), pursuant to the resolution at the Board of Directors meeting held on May 24, 2017.

i) Overview of transactions

The Plan is an incentive plan under which the benefits of a rise in the Company’s stock price are passed along to all the employees who are members of the “RIKEN TECHNOS Employee Stockholding Association” (hereinafter referred to as the “Stockholding Association”).

A trust bank as the trustee of the Plan acquires shares in the Company that are expected to be acquired by the Stockholding Association over the five years after the establishment of the trust, en bloc in advance, and sells those shares in the Company to the Stockholding Association as needed when it acquires the shares. If the amount equivalent to gain on sales of shares by the trust bank was accumulated in trust assets by the termination of this trust through the sale of shares to the Stockholding Association, the accumulated amount is distributed as residual assets to the members of the Company’s employee Stockholding Association who satisfy eligibility requirements for beneficiaries. The Company has guaranteed loans that the trust bank received to acquire shares in the Company. Therefore, if there is remaining loan amount that is equivalent to loss on sales of shares in the Company due to a decline in the Company’s stock price at the time of termination of the trust, the Company is required to pay the remaining loan amount under the guarantee agreement.

ii) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the previous fiscal year were 189,711 thousand yen and 372 thousand shares, respectively, while those as of the end of the second quarter under review were 161,204 thousand yen and 316 thousand shares, respectively.

iii) Book value of borrowings recorded due to the application of the gross method

164,870 thousand yen as of the end of the second quarter under review

## Notes to Consolidated Balance Sheets

### \*1. Overdraft agreements and unused overdraft facility balance

To efficiently secure working capital, the Company and its domestic consolidated subsidiaries have entered into overdraft agreements with banks with which they do business.

The unused balance of these prescribed limit agreements is as follows:

	(Thousands of yen)	
	As of March 31, 2022	As of September 30, 2022
Total overdraft facility limit	9,230,000	9,130,000
Outstanding borrowings within the limit	3,665,000	3,815,000
Unused balance	5,565,000	5,315,000

## Notes to Consolidated Statements of Income

### \*1. Main components of selling, general and administrative expenses

Main components of selling, general and administrative expenses are as follows:

	(Thousands of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Freightage expenses	1,756,341	2,045,866
Salaries and bonuses	1,248,257	1,260,553
Provision for bonuses	175,108	192,158
Provision for bonuses for directors (and other officers)	47,512	43,101
Retirement benefit expenses	71,331	71,918
Provision for share awards for directors (and other officers)	13,246	7,941
Provision of allowance for doubtful accounts	(497)	326
Research and development expenses	622,157	597,409

## Notes to Consolidated Statements of Cash Flows

### \*1. Reconciliation between “Cash and cash equivalents at end of period” in the consolidated statements of cash flows and “Cash and deposits” in the consolidated balance sheets

	(Thousands of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash and deposits	20,664,351	23,576,689
Time deposits with maturities over 3 months	(25,279)	(25,624)
Cash and cash equivalents	20,639,071	23,551,064

## Shareholders' Equity and Others

### I. Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

#### 1. Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders held on June 18, 2021	Common stock	769,365	12	March 31, 2021	June 21, 2021	Retained earnings

(Note) Total dividends include 12,897 thousand yen of dividends to the Company's own shares held in Trust Account E.

#### 2. Dividends whose cut-off date is in the six-month period under review and whose effective date is after the end of the second quarter under review

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date	Source of dividends
Board of Directors meeting held on October 29, 2021	Common stock	512,909	8	September 30, 2021	November 29, 2021	Retained earnings

(Note) Total dividends include 8,160 thousand yen of dividends to the Company's own shares held in Trust Account E.

### II. Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

#### 1. Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders held on June 17, 2022	Common stock	705,250	11	March 31, 2022	June 20, 2022	Retained earnings

(Note) Total dividends include 10,710 thousand yen of dividends to the Company's own shares held in Trust Account E.

#### 2. Dividends whose cut-off date is in the six-month period under review and whose effective date is after the end of the second quarter under review

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date	Source of dividends
Board of Directors meeting held on October 31, 2022	Common stock	577,021	9	September 30, 2022	November 29, 2022	Retained earnings

(Note) Total dividends include 8,136 thousand yen of dividends to the Company's own shares held in Trust Account E.

## Segment Information and Others

### Segment information

#### I. Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

##### 1. Information about net sales and profit or loss by reportable segment, and revenue breakdown

(Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated statements of income (Note 3)
	TR	DH	EL	BC	Total				
Net sales									
Revenue generated from contracts with customers	15,587,132	13,097,080	10,102,954	12,133,493	50,920,661	44,534	50,965,196	—	50,965,196
Sales to external customers	15,587,132	13,097,080	10,102,954	12,133,493	50,920,661	44,534	50,965,196	—	50,965,196
Intersegment sales or transfers	—	25	—	—	25	140,141	140,167	(140,167)	—
Total	15,587,132	13,097,106	10,102,954	12,133,493	50,920,686	184,676	51,105,363	(140,167)	50,965,196
Segment profit	1,203,914	1,008,027	205,896	598,894	3,016,732	17,563	3,034,296	41,790	3,076,087

(Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the purchase and sales of raw materials, etc.

2. The adjustment to segment profit represents 41,790 thousand yen in inter-segment eliminations.

3. Segment profit is adjusted to operating profit in the consolidated statements of income.

##### 2. Information about impairment loss on non-current assets or goodwill and others by reportable segment

Not applicable.

#### II. Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

##### 1. Information about net sales and profit or loss by reportable segment, and revenue breakdown

(Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated statements of income (Note 3)
	TR	DH	EL	BC	Total				
Net sales									
Revenue generated from contracts with customers	17,661,770	16,219,685	12,022,849	13,581,023	59,485,329	41,758	59,527,087	—	59,527,087
Sales to external customers	17,661,770	16,219,685	12,022,849	13,581,023	59,485,329	41,758	59,527,087	—	59,527,087
Intersegment sales or transfers	—	—	—	—	—	156,647	156,647	(156,647)	—
Total	17,661,770	16,219,685	12,022,849	13,581,023	59,485,329	198,405	59,683,735	(156,647)	59,527,087
Segment profit	1,726,904	497,030	542,607	668,388	3,434,930	20,206	3,455,136	43,710	3,498,846

(Notes) 1. The “Other” category is the business segment that is not included in the reportable segments and represents the purchase and sales of raw materials, etc.

2. The adjustment to segment profit represents 43,710 thousand yen in inter-segment eliminations.

3. Segment profit is adjusted to operating profit in the consolidated statements of income.

##### 2. Information about impairment loss on non-current assets or goodwill and others by reportable segment

Not applicable.

## Revenue recognition

Information on the breakdown of revenue generated from contracts with customers is as stated in “Segment Information and Others.”

## Per Share Information

Basic earnings per share and the basis for calculation thereof are as follows:

	Six months ended September 30, 2021	Six months ended September 30, 2022
Basic earnings per share (Yen)	33.90	37.64
(Basis for calculation)		
Profit attributable to owners of parent (Thousands of yen)	2,137,821	2,377,774
Amount not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent regarding common stock (Thousands of yen)	2,137,821	2,377,774
Average number of shares of common stock outstanding during the period (Thousands of shares)	63,064	63,174

- (Notes) 1. Shares in the Company remaining at the trust that were recorded as treasury shares under shareholders' equity have been included in the treasury shares that should be deducted in calculating the average number of shares outstanding during the period for the purpose of calculating basic earnings per share.  
The average number of treasury shares during the period that were deducted for the purpose of calculating basic earnings per share was 1,049 thousand shares for the six months ended September 30, 2021 and 939 thousand shares for the six months ended September 30, 2022.
2. Diluted earnings per share are not presented because there are no potential shares.

## Significant Subsequent Events

Not applicable.

## 2 Other

At the Board of Directors' meeting held on October 31, 2022, the Company resolved to declare interim dividends as follows:

- (1) Total amount of interim dividends 577,021 thousand yen  
(2) Amount per share 9.00 yen  
(3) Effective date and payment commencement date November 29, 2022

(Note 1) The payment is made to the shareholders registered in the Company's Shareholder Registry as of September 30, 2022.

(Note 2) Total dividends include 8,136 thousand yen of dividends to the Company's own shares held in Trust Account E.