

Note: This is an excerpt translation of the “Shihanki-Houkokusho” for the convenience of overseas stakeholders. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. RIKEN TECHNOS CORPORATION assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

# **Quarterly Consolidated Financial Statements**

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

First quarter of  
the 95th term

From April 1, 2023  
to June 30, 2023

**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, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	23,481,932	22,795,897
Notes receivable - trade	1,306,391	1,241,475
Accounts receivable - trade	22,180,311	22,992,446
Electronically recorded monetary claims - operating	5,008,505	5,044,975
Merchandise and finished goods	9,678,717	9,982,612
Work in process	961,462	1,179,321
Raw materials and supplies	8,094,251	8,144,502
Other	1,040,115	1,000,656
Allowance for doubtful accounts	(83,749)	(83,747)
Total current assets	71,667,937	72,298,139
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,464,642	10,945,802
Machinery, equipment and vehicles, net	7,963,520	7,737,076
Land	6,439,554	6,468,770
Leased assets, net	57,020	62,316
Construction in progress	1,512,427	1,740,992
Other, net	640,541	720,417
Total property, plant and equipment	27,077,707	27,675,375
Intangible assets		
Goodwill	5,820	5,456
Leased assets	5,173	4,650
Other	2,275,719	2,258,160
Total intangible assets	2,286,713	2,268,267
Investments and other assets		
Investment securities	8,777,528	10,278,980
Long-term loans receivable	1,905	1,788
Retirement benefit asset	811,947	816,363
Deferred tax assets	441,121	439,819
Other	940,216	863,607
Allowance for doubtful accounts	(2,320)	(2,399)
Total investments and other assets	10,970,399	12,398,159
Total non-current assets	40,334,820	42,341,801
Total assets	112,002,757	114,639,941

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,193,377	21,642,174
Electronically recorded obligations - operating	467,511	253,066
Short-term borrowings	*1 7,718,267	*1 8,003,495
Current portion of long-term borrowings	552,457	552,447
Lease liabilities	16,456	16,274
Income taxes payable	640,838	667,690
Provision for bonuses	807,030	410,117
Provision for bonuses for directors (and other officers)	92,721	26,014
Other	2,387,457	3,265,744
Total current liabilities	33,876,116	34,837,026
Non-current liabilities		
Long-term borrowings	2,260,070	2,130,313
Lease liabilities	30,639	31,699
Deferred tax liabilities	1,877,146	2,363,296
Provision for share awards for directors (and other officers)	200,788	214,086
Retirement benefit liability	1,157,941	1,126,955
Asset retirement obligations	335,742	336,977
Other	99,078	86,988
Total non-current liabilities	5,961,407	6,290,316
Total liabilities	39,837,524	41,127,342
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,514,018	8,514,018
Capital surplus	6,597,580	6,597,580
Retained earnings	41,463,280	41,793,419
Treasury shares	(406,095)	(395,127)
Total shareholders' equity	56,168,784	56,509,891
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,904,961	5,959,508
Foreign currency translation adjustment	2,159,985	2,460,166
Remeasurements of defined benefit plans	(37,713)	(34,437)
Total accumulated other comprehensive income	7,027,233	8,385,237
Non-controlling interests	8,969,215	8,617,469
Total net assets	72,165,232	73,512,598
Total liabilities and net assets	112,002,757	114,639,941

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

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	29,721,050	31,068,365
Cost of sales	24,529,706	26,064,284
Gross profit	5,191,344	5,004,081
Selling, general and administrative expenses	3,135,995	3,216,811
Operating profit	2,055,349	1,787,269
Non-operating income		
Interest income	6,272	13,388
Dividend income	112,878	148,003
Foreign exchange gains	286,524	259,166
Other	38,393	101,876
Total non-operating income	444,068	522,435
Non-operating expenses		
Interest expenses	26,250	62,259
Depreciation of assets for rent	7,749	1,958
Other	3,965	19,108
Total non-operating expenses	37,965	83,325
Ordinary profit	2,461,452	2,226,379
Extraordinary income		
Gain on sale of non-current assets	708	1,181
Total extraordinary income	708	1,181
Extraordinary losses		
Loss on sale of non-current assets	-	19
Loss on retirement of non-current assets	167	6,308
Total extraordinary losses	167	6,327
Profit before income taxes	2,461,993	2,221,232
Income taxes	625,306	492,512
Profit	1,836,687	1,728,720
Profit attributable to non-controlling interests	325,601	360,232
Profit attributable to owners of parent	1,511,086	1,368,488

## Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	1,836,687	1,728,720
Other comprehensive income		
Valuation difference on available-for-sale securities	(657,438)	1,054,632
Foreign currency translation adjustment	1,373,121	500,926
Remeasurements of defined benefit plans, net of tax	1,582	3,276
Total other comprehensive income	717,266	1,558,835
Comprehensive income	2,553,953	3,287,555
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,731,252	2,726,492
Comprehensive income attributable to non-controlling interests	822,701	561,063

## 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 first 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 270,072 thousand yen and 587 thousand shares, respectively, while those as of the end of the first 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 February 22, 2021.

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 135,858 thousand yen and 266 thousand shares, respectively, while those as of the end of the first quarter under review were 124,740 thousand yen and 244 thousand shares, respectively.

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

132,112 thousand yen as of the end of the first quarter under review

## Notes to Consolidated Balance Sheets

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

To flexibly 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, 2023	As of June 30, 2023
Total overdraft facility limit	9,130,000	9,130,000
Outstanding borrowings within the limit	3,865,000	3,865,000
Unused balance	5,265,000	5,265,000

## Notes to Consolidated Statements of Income

Not applicable.

## Notes to Consolidated Statements of Cash Flows

The consolidated statements of cash flows for the three-month period under review were not prepared.

Depreciation (including amortization of intangible assets except for goodwill) and amortization of goodwill for the three-month period under review are as follows:

	(Thousands of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Depreciation	801,918	905,041
Amortization of goodwill	363	363

## Shareholders' Equity and Others

### I. Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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.

### II. Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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 16, 2023	Common stock	1,025,815	16	March 31, 2023	June 19, 2023	Retained earnings

(Note) Total dividends include 13,668 thousand yen of dividends to the Company's own shares held in Trust Account E.



## Segment Information and Others

### Segment information

#### I. Three months ended June 30, 2022 (from April 1, 2022 to June 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	8,937,017	7,872,125	6,038,171	6,852,024	29,699,338	21,711	29,721,050	—	29,721,050
Sales to external customers	8,937,017	7,872,125	6,038,171	6,852,024	29,699,338	21,711	29,721,050	—	29,721,050
Intersegment sales or transfers	—	—	—	—	—	47,465	47,465	(47,465)	—
Total	8,937,017	7,872,125	6,038,171	6,852,024	29,699,338	69,177	29,768,516	(47,465)	29,721,050
Segment profit	924,770	374,756	358,426	365,716	2,023,670	12,886	2,036,556	18,793	2,055,349

- (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 18,793 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. Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

##### 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	9,153,835	8,628,348	6,550,608	6,733,916	31,066,709	1,656	31,068,365	—	31,068,365
Sales to external customers	9,153,835	8,628,348	6,550,608	6,733,916	31,066,709	1,656	31,068,365	—	31,068,365
Intersegment sales or transfers	—	—	—	—	—	518,407	518,407	(518,407)	—
Total	9,153,835	8,628,348	6,550,608	6,733,916	31,066,709	520,063	31,586,772	(518,407)	31,068,365
Segment profit	724,386	615,342	255,928	173,526	1,769,184	58,976	1,828,160	(40,891)	1,787,269

- (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 negative 40,891 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:

	Three months ended June 30, 2022	Three months ended June 30, 2023
Basic earnings per share (Yen)	23.93	21.63
(Basis for calculation)		
Profit attributable to owners of parent (Thousands of yen)	1,511,086	1,368,488
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent regarding common stock (Thousands of yen)	1,511,086	1,368,488
Average number of shares of common stock outstanding during the period (Thousands of shares)	63,151	63,267

(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 962 thousand shares for the three months ended June 30, 2022 and 846 thousand shares for the three months ended June 30, 2023.

2. Diluted earnings per share are not presented because there are no potential shares.

## Significant Subsequent Events

Not applicable.

## 2 Other

Not applicable.