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# **Quarterly Consolidated Financial Statements**

First quarter of  
the 96th term

From April 1, 2024  
to June 30, 2024

**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, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	21,879,258	21,716,801
Notes receivable - trade	*2 868,089	*2 831,347
Accounts receivable - trade	23,761,066	24,339,758
Electronically recorded monetary claims - operating	*2 5,300,359	*2 5,220,045
Merchandise and finished goods	10,138,020	10,624,010
Work in process	1,008,173	1,068,360
Raw materials and supplies	8,230,160	8,194,259
Other	718,438	772,891
Allowance for doubtful accounts	(82,722)	(82,236)
Total current assets	71,820,844	72,685,237
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,083,903	11,270,184
Machinery, equipment and vehicles, net	8,525,426	8,574,574
Land	6,460,388	6,492,296
Leased assets, net	55,690	49,386
Construction in progress	1,585,065	2,067,415
Other, net	764,655	785,762
Total property, plant and equipment	28,475,130	29,239,620
Intangible assets		
Goodwill	4,365	4,001
Leased assets	6,642	6,039
Other	2,236,103	2,220,178
Total intangible assets	2,247,110	2,230,219
Investments and other assets		
Investment securities	10,509,751	10,370,953
Long-term loans receivable	1,483	1,415
Retirement benefit asset	1,270,649	1,296,272
Deferred tax assets	468,292	484,904
Other	859,896	697,168
Allowance for doubtful accounts	(2,399)	(2,399)
Total investments and other assets	13,107,672	12,848,313
Total non-current assets	43,829,913	44,318,153
Total assets	115,650,757	117,003,390

(Thousands of yen)

	As of March 31, 2024		As of June 30, 2024	
<b>Liabilities</b>				
Current liabilities				
Notes and accounts payable - trade	*2	21,666,723	*2	21,610,611
Electronically recorded obligations - operating	*2	155,619	*2	172,229
Short-term borrowings	*1	7,749,221	*1	8,004,498
Current portion of long-term borrowings		577,563		577,197
Lease liabilities		23,633		19,750
Income taxes payable		1,799,290		783,757
Provision for bonuses		1,083,302		429,237
Provision for bonuses for directors (and other officers)		116,592		28,254
Other		2,260,686		3,553,149
Total current liabilities		35,432,634		35,178,685
Non-current liabilities				
Long-term borrowings		1,768,768		1,983,029
Lease liabilities		32,936		32,631
Deferred tax liabilities		2,765,927		2,815,822
Provision for share awards for directors (and other officers)		246,935		264,769
Retirement benefit liability		948,199		952,329
Asset retirement obligations		340,682		341,937
Other		97,346		29,925
Total non-current liabilities		6,200,796		6,420,445
Total liabilities		41,633,430		41,599,131
Net assets				
Shareholders' equity				
Share capital		8,514,018		8,514,018
Capital surplus		6,597,580		6,597,580
Retained earnings		39,535,079		40,276,248
Treasury shares		(364,877)		(355,360)
Total shareholders' equity		54,281,800		55,032,487
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		6,526,875		6,432,152
Foreign currency translation adjustment		3,223,620		4,017,573
Remeasurements of defined benefit plans		407,855		401,569
Total accumulated other comprehensive income		10,158,350		10,851,295
Non-controlling interests		9,577,176		9,520,476
Total net assets		74,017,327		75,404,259
Total liabilities and net assets		115,650,757		117,003,390

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

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	31,068,365	31,363,381
Cost of sales	26,064,284	25,490,202
Gross profit	5,004,081	5,873,179
Selling, general and administrative expenses	3,216,811	3,436,087
Operating profit	1,787,269	2,437,091
Non-operating income		
Interest income	13,388	19,734
Dividend income	148,003	105,030
Foreign exchange gains	259,166	425,618
Other	101,876	47,876
Total non-operating income	522,435	598,259
Non-operating expenses		
Interest expenses	62,259	69,806
Other	21,066	12,229
Total non-operating expenses	83,325	82,035
Ordinary profit	2,226,379	2,953,315
Extraordinary income		
Gain on sale of non-current assets	1,181	1,763
Total extraordinary income	1,181	1,763
Extraordinary losses		
Loss on sale of non-current assets	19	961
Loss on retirement of non-current assets	6,308	870
Total extraordinary losses	6,327	1,831
Profit before income taxes	2,221,232	2,953,247
Income taxes	492,512	599,913
Profit	1,728,720	2,353,334
Profit attributable to non-controlling interests	360,232	484,882
Profit attributable to owners of parent	1,368,488	1,868,452

## Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	1,728,720	2,353,334
Other comprehensive income		
Valuation difference on available-for-sale securities	1,054,632	(93,795)
Foreign currency translation adjustment	500,926	1,168,298
Remeasurements of defined benefit plans, net of tax	3,276	(6,285)
Total other comprehensive income	1,558,835	1,068,216
Comprehensive income	3,287,555	3,421,551
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,726,492	2,561,397
Comprehensive income attributable to non-controlling interests	561,063	860,154

### **(3) 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.

#### **(Notes on the going concern assumption)**

Not applicable.

#### **(Notes in Case of Significant Changes in Shareholders' Equity)**

Not applicable.

#### **(Special Accounting Applied for Preparing Quarterly Consolidated Financial Statements)**

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.

#### **(Changes in Accounting Policies)**

##### **(Application of Accounting Standard for Current Income Taxes)**

Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022) (hereinafter referred to as "Revised Accounting Standard 2022"), etc. have been adopted from the beginning of the first quarter of the fiscal year ending March 31, 2025.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) (hereinafter referred to as "Revised Implementation Guidance 2022"). This changes in accounting policies have no impact on the quarterly consolidated financial statements.

For the amendment to changes in accounting treatment of the consolidated financial statements, when gains or losses on sale of shares in subsidiaries resulting from transactions between the consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter under review. The changes in accounting policies were applied retrospectively. Hence, the quarterly consolidated financial statements and the consolidated financial statements for the previous fiscal year were modified retrospectively. This change in accounting policies has no impact on the quarterly consolidated financial statements and the consolidated financial statements for the previous fiscal year.

(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 94,804 thousand yen and 185 thousand shares, respectively, while those as of the end of the first quarter under review were 85,217 thousand yen and 167 thousand shares, respectively.

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

71,604 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, 2024	As of June 30, 2024
Total overdraft facility limit	9,130,000	9,130,000
Outstanding borrowings within the limit	3,765,000	3,865,000
Unused balance	5,365,000	5,265,000

\*2. Notes maturing on the balance sheet date

When the quarterly balance sheet date falls on a holiday of financial institutions, the notes maturing on the quarterly balance sheet date will be accounted for as if they were settled on the maturity date.

The amount of notes matured on June 30, 2024 is as follows:

	(Thousands of yen)	
	As of March 31, 2023	As of June 30, 2024
Notes receivable - trade	118,715	101,466
Electronically recorded monetary claims - operating	574,997	489,519
Notes payable - trade	25,478	6,005
Electronically recorded obligations - operating	2,938	1,396

(Shareholders' Equity and Others)

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.

Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

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 21, 2024	Common stock	1,115,502	20	March 31, 2024	June 24, 2023	Retained earnings

(Note) Total dividends include 15,476 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, 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.

II. Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

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	10,033,698	8,816,080	6,117,919	6,372,822	31,340,520	22,860	31,363,381	—	31,363,381
Sales to external customers	10,033,698	8,816,080	6,117,919	6,372,822	31,340,520	22,860	31,363,381	—	31,363,381
Intersegment sales or transfers	—	32	—	—	32	164,131	164,163	(164,163)	—
Total	10,033,698	8,816,113	6,117,919	6,372,822	31,340,553	186,991	31,527,544	(164,163)	31,363,381
Segment profit	1,173,818	820,327	242,785	190,873	2,427,804	(7,048)	2,420,756	16,335	2,437,091

- (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 16,335 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.

(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, 2023	Three months ended June 30, 2024
Depreciation	905,041	960,275
Amortization of goodwill	363	363

(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, 2023	Three months ended June 30, 2024
Basic earnings per share (Yen)	21.63	33.97
(Basis for calculation)		
Profit attributable to owners of parent (Thousands of yen)	1,368,488	1,868,452
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent regarding common stock (Thousands of yen)	1,368,488	1,868,452
Average number of shares of common stock outstanding during the period (Thousands of shares)	63,267	55,008

(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 846 thousand shares for the three months ended June 30, 2023 and 766 thousand shares for the three months ended June 30, 2024.

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

(Significant Subsequent Events)

The Company has resolved, at a meeting of the Board of Directors held on July 31, 2024, the matters concerning the acquisition of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act.

1. Reason for acquisition of treasury shares

To exercise agile management of capital policy corresponding to any changes of business environment and improve capital efficiency and enhance shareholder returns.

2. Details of matters related to acquisition

(1) Class of shares to be acquired	Common shares
(2) Total number of shares to be acquired	2,500 thousand shares (maximum)
(3) Total amount of share acquisition costs	3,000,000 thousand yen (maximum)
(4) Acquisition period	From August 9, 2024 to October 31, 2024