

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 28, 2022

Company name: RIKEN CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 6462 URL <https://www.riken.co.jp/>
 Representative: President Yasunori Maekawa
 Inquiries: General Manager of Accounting Department Takuya Ohashi TEL 03-3230-3911
 Scheduled date to file Quarterly Securities Report: November 28, 2022
 Scheduled date to commence dividend payments: December 6, 2022
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	40,361	2.2	1,675	(51.2)	2,779	(30.3)	1,767	(14.7)
Six months ended September 30, 2021	39,485	33.0	3,431	—	3,985	—	2,070	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	176.67		176.26	
Six months ended September 30, 2021	207.57		207.05	

(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, 2022	117,864	92,802	73.1	8,611.13
As of March 31, 2022	115,707	87,082	70.1	8,109.98

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	—	60.00	—	60.00	120.00
Year ending March 31, 2023	—	60.00			
Year ending March 31, 2023 (Forecast)			—	60.00	120.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	82,000	4.6	5,000	(2.4)	6,100	(6.6)	3,400	(21.5)	340.39

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	10,648,466 shares	As of March 31, 2022	10,648,466 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	645,933 shares	As of March 31, 2022	645,730 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	10,002,675 shares	Six months ended September 30, 2021	9,976,186 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	16,209	14,541
Notes and accounts receivable - trade, and contract assets	19,830	20,714
Merchandise and finished goods	9,927	10,857
Work in process	3,342	3,829
Raw materials and supplies	3,277	3,479
Other	1,077	1,624
Allowance for doubtful accounts	(37)	(40)
Total current assets	53,627	55,007
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,518	10,702
Machinery, equipment and vehicles, net	11,782	11,882
Land	2,592	2,645
Construction in progress	1,233	1,749
Other, net	1,056	1,116
Total property, plant and equipment	27,184	28,096
Intangible assets		
Leased assets	2,057	1,854
Other	485	560
Total intangible assets	2,542	2,415
Investments and other assets		
Investment securities	23,957	23,677
Deferred tax assets	1,271	1,555
Retirement benefit asset	5,930	5,969
Insurance funds	58	60
Other	1,164	1,086
Allowance for doubtful accounts	(29)	(4)
Total investments and other assets	32,353	32,344
Total non-current assets	62,080	62,856
Total assets	115,707	117,864

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,690	6,212
Income taxes payable	1,468	522
Provision for bonuses	1,734	1,544
Other	4,393	4,375
Total current liabilities	16,287	12,655
Non-current liabilities		
Long-term borrowings	10,000	10,000
Retirement benefit liability	1,503	1,681
Provision for product warranties	288	288
Provision for environmental measures	12	12
Other	532	423
Total non-current liabilities	12,337	12,406
Total liabilities	28,624	25,062
Net assets		
Shareholders' equity		
Share capital	8,573	8,573
Capital surplus	7,119	7,119
Retained earnings	64,526	65,693
Treasury shares	(2,894)	(2,895)
Total shareholders' equity	77,324	78,491
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,045	514
Deferred gains or losses on hedges	(60)	(87)
Foreign currency translation adjustment	622	5,275
Remeasurements of defined benefit plans	2,189	1,940
Total accumulated other comprehensive income	3,797	7,641
Share acquisition rights	97	97
Non-controlling interests	5,863	6,571
Total net assets	87,082	92,802
Total liabilities and net assets	115,707	117,864

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	39,485	40,361
Cost of sales	29,980	32,442
Gross profit	9,505	7,918
Selling, general and administrative expenses	6,073	6,242
Operating profit	3,431	1,675
Non-operating income		
Interest and dividend income	190	249
Share of profit of entities accounted for using equity method	474	641
Foreign exchange gains	—	217
Dividend income of life insurance	—	0
Subsidy income	10	8
Other	77	98
Total non-operating income	753	1,214
Non-operating expenses		
Interest expenses	50	48
Foreign exchange losses	17	—
Other	131	62
Total non-operating expenses	199	110
Ordinary profit	3,985	2,779
Extraordinary income		
Gain on sale of non-current assets	375	10
Gain on sale of investment securities	13	—
Total extraordinary income	388	10
Extraordinary losses		
Loss on retirement of non-current assets	22	10
Loss on sale of non-current assets	—	0
System failure response costs	—	78
Total extraordinary losses	22	89
Profit before income taxes	4,351	2,700
Income taxes - current	733	662
Income taxes - deferred	1,372	39
Total income taxes	2,106	702
Profit	2,245	1,997
Profit attributable to non-controlling interests	174	230
Profit attributable to owners of parent	2,070	1,767

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	2,245	1,997
Other comprehensive income		
Valuation difference on available-for-sale securities	66	(616)
Deferred gains or losses on hedges	2	(25)
Foreign currency translation adjustment	1,401	3,843
Remeasurements of defined benefit plans, net of tax	(268)	(263)
Share of other comprehensive income of entities accounted for using equity method	222	1,539
Total other comprehensive income	1,425	4,477
Comprehensive income	3,670	6,475
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,286	5,611
Comprehensive income attributable to non-controlling interests	384	863

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	4,351	2,700
Depreciation	2,345	2,330
Share of loss (profit) of entities accounted for using equity method	(474)	(641)
Increase (decrease) in retirement benefit liability	70	81
Decrease (increase) in retirement benefit asset	29	(39)
Increase (decrease) in provision for product warranties	(14)	–
Subsidy income	(10)	(8)
Interest and dividend income	(190)	(249)
Interest expenses	50	48
Loss (gain) on sale of investment securities	(13)	–
Loss on retirement of non-current assets	22	10
System failure response costs	–	78
Loss (gain) on sale of non-current assets	(375)	(9)
Decrease (increase) in trade receivables and contract assets	442	(128)
Decrease (increase) in inventories	44	(635)
Increase (decrease) in trade payables	(513)	(3,056)
Other, net	(2,685)	(1,215)
Subtotal	3,079	(734)
Subsidies received	10	8
Interest and dividends received	704	1,864
Interest paid	(50)	(48)
Income taxes paid	(632)	(1,722)
system failure response costs paid	–	(56)
Net cash provided by (used in) operating activities	3,111	(688)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(817)	(194)
Purchase of property, plant and equipment	(1,177)	(1,402)
Proceeds from sale of property, plant and equipment	416	19
Purchase of intangible assets	(24)	(135)
Proceeds from sale and redemption of investment securities	15	–
Purchase of investment securities	–	(25)
Short-term loan advances	(281)	(389)
Proceeds from collection of short-term loans receivable	161	399
Other payments	(81)	(8)
Other proceeds	3	9
Net cash provided by (used in) investing activities	(1,786)	(1,729)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,460	–
Purchase of treasury shares	(1)	(0)
Dividends paid	(547)	(600)
Dividends paid to non-controlling interests	(125)	(154)
Repayments of lease liabilities	(117)	(68)
Net cash provided by (used in) financing activities	668	(823)
Effect of exchange rate change on cash and cash equivalents	430	959
Net increase (decrease) in cash and cash equivalents	2,423	(2,282)
Cash and cash equivalents at beginning of period	12,114	13,886
Cash and cash equivalents at end of period	14,538	11,603