

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 2023

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 Division Takuya Ohashi TEL 03-3230-3911
 Scheduled date of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to file Securities Report: June 26, 2023
 Scheduled date to commence dividend payments: June 26, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	86,382	10.2	4,676	(8.7)	7,374	12.9	4,318	(0.3)
Year ended March 31, 2022	78,372	12.4	5,122	87.8	6,529	51.0	4,329	130.2

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	431.60	430.61	5.1	6.2	5.4
Year ended March 31, 2022	433.47	432.42	5.6	5.8	6.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	123,728	94,983	71.5	8,810.30
As of March 31, 2022	115,707	87,082	70.1	8,109.98

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	10,357	(3,248)	(1,451)	20,205
Year ended March 31, 2022	6,418	(3,819)	(1,522)	13,886

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	60.00	—	60.00	120.00	1,200	27.7	1.5
Year ended March 31, 2023	—	60.00	—	60.00	120.00	1,202	27.8	1.4
Year ending March 31, 2024 (Forecast)	—	60.00	—	—	—	—	—	—

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	101,000	16.9	5,100	9.1	6,400	(13.2)	4,300	(0.4)	429.76

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	10,688,866 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 March 31, 2023	646,482 shares	As of March 31, 2022	645,730 shares
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Average number of shares during the period

Year ended March 31, 2023	10,005,574 shares	Year ended March 31, 2022	9,988,492 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	16,209	23,818
Notes and accounts receivable - trade, and contract assets	19,830	21,962
Merchandise and finished goods	9,927	10,598
Work in process	3,342	3,649
Raw materials and supplies	3,277	3,738
Other	1,077	2,611
Allowance for doubtful accounts	(37)	(57)
Total current assets	53,627	66,321
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,518	10,475
Machinery, equipment and vehicles, net	11,782	10,329
Land	2,592	2,514
Construction in progress	1,233	1,830
Other, net	1,056	985
Total property, plant and equipment	27,184	26,135
Intangible assets		
Leased assets	2,057	1,652
Other	485	595
Total intangible assets	2,542	2,248
Investments and other assets		
Investment securities	23,957	23,144
Deferred tax assets	1,271	1,205
Retirement benefit asset	5,930	3,576
Insurance funds	58	61
Other	1,164	1,038
Allowance for doubtful accounts	(29)	(4)
Total investments and other assets	32,353	29,022
Total non-current assets	62,080	57,406
Total assets	115,707	123,728

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,690	9,881
Current portion of long-term loans payable	—	3,000
Income taxes payable	1,468	512
Provision for bonuses	1,734	1,713
Other	4,393	3,956
Total current liabilities	16,287	19,063
Non-current liabilities		
Long-term borrowings	10,000	7,000
Retirement benefit liability	1,503	1,293
Provision for product warranties	288	285
Provision for environmental measures	12	9
Other	532	1,093
Total non-current liabilities	12,337	9,681
Total liabilities	28,624	28,745
Net assets		
Shareholders' equity		
Share capital	8,573	8,627
Capital surplus	7,119	7,178
Retained earnings	64,526	67,644
Treasury shares	(2,894)	(2,896)
Total shareholders' equity	77,324	80,554
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,045	1,908
Deferred gains or losses on hedges	(60)	10
Foreign currency translation adjustment	622	3,474
Remeasurements of defined benefit plans	2,189	2,529
Total accumulated other comprehensive income	3,797	7,922
Share acquisition rights	97	97
Non-controlling interests	5,863	6,409
Total net assets	87,082	94,983
Total liabilities and net assets	115,707	123,728

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	78,372	86,382
Cost of sales	60,927	69,138
Gross profit	17,444	17,244
Selling, general and administrative expenses		
Freight and packing costs	2,014	2,171
Sales commission	42	70
Provision for retirement benefits for directors (and other officers)	13	7
Provision for bonuses	819	772
Remuneration, salaries and allowances for directors (and other officers)	3,557	3,550
Retirement benefit expenses	92	56
Research and development expenses	938	993
Other	4,844	4,945
Total selling, general and administrative expenses	12,322	12,567
Operating profit	5,122	4,676
Non-operating income		
Interest and dividend income	408	540
Share of profit of entities accounted for using equity method	868	1,428
Foreign exchange gains	95	66
Dividend income of life insurance	112	160
Subsidy income	24	8
Insurance claim income	—	600
Other	192	205
Total non-operating income	1,702	3,010
Non-operating expenses		
Interest expenses	106	111
Loss on disposal of non-current assets	140	—
Other	49	201
Total non-operating expenses	295	312
Ordinary profit	6,529	7,374
Extraordinary income		
Gain on sale of non-current assets	535	30
Gain on sale of investment securities	13	—
Total extraordinary income	548	30
Extraordinary losses		
Loss on retirement of non-current assets	58	69
Impairment losses	61	539
System failure response costs	—	145
Loss on sale of investment securities	—	116
Total extraordinary losses	120	871
Profit before income taxes	6,957	6,533
Income taxes - current	2,183	1,571
Income taxes - deferred	150	162
Total income taxes	2,334	1,734
Profit	4,623	4,799
Profit attributable to non-controlling interests	293	481
Profit attributable to owners of parent	4,329	4,318

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	4,623	4,799
Other comprehensive income		
Valuation difference on available-for-sale securities	561	810
Deferred gains or losses on hedges	(44)	66
Foreign currency translation adjustment	2,461	2,334
Remeasurements of defined benefit plans, net of tax	(210)	324
Share of other comprehensive income of entities accounted for using equity method	707	809
Total other comprehensive income	3,476	4,345
Comprehensive income	8,099	9,145
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,317	8,443
Comprehensive income attributable to non-controlling interests	782	701

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,573	7,119	61,411	(3,074)	74,030
Changes during period					
Dividends of surplus			(1,148)		(1,148)
Profit attributable to owners of parent			4,329		4,329
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares			(67)	181	114
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,114	179	3,294
Balance at end of period	8,573	7,119	64,526	(2,894)	77,324

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	501	(12)	(2,066)	2,351	774	120	5,217	80,142
Changes during period								
Dividends of surplus								(1,148)
Profit attributable to owners of parent								4,329
Purchase of treasury shares								(2)
Disposal of treasury shares								114
Change in ownership interest of parent due to transactions with non-controlling interests								
Net changes in items other than shareholders' equity	544	(48)	2,689	(162)	3,023	(23)	645	3,645
Total changes during period	544	(48)	2,689	(162)	3,023	(23)	645	6,940
Balance at end of period	1,045	(60)	622	2,189	3,797	97	5,863	87,082

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,573	7,119	64,526	(2,894)	77,324
Changes during period					
Issuance of new shares	53	53			107
Dividends of surplus			(1,200)		(1,200)
Profit attributable to owners of parent			4,318		4,318
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares			(0)	0	0
Change in ownership interest of parent due to transactions with non-controlling interests		5			5
Net changes in items other than shareholders' equity					
Total changes during period	53	59	3,118	(1)	3,229
Balance at end of period	8,627	7,178	67,644	(2,896)	80,554

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,045	(60)	622	2,189	3,797	97	5,863	87,082
Changes during period								
Issuance of new shares								107
Dividends of surplus								(1,200)
Profit attributable to owners of parent								4,318
Purchase of treasury shares								(1)
Disposal of treasury shares								0
Change in ownership interest of parent due to transactions with non-controlling interests								5
Net changes in items other than shareholders' equity	862	71	2,851	339	4,125		546	4,671
Total changes during period	862	71	2,851	339	4,125	—	546	7,900
Balance at end of period	1,908	10	3,474	2,529	7,922	97	6,409	94,983

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,957	6,533
Depreciation	5,035	4,799
Impairment losses	61	539
Share of loss (profit) of entities accounted for using equity method	(868)	(1,428)
Increase (decrease) in retirement benefit liability	(53)	(248)
Decrease (increase) in retirement benefit asset	(163)	2,353
Increase (decrease) in allowance for doubtful accounts	(2)	(7)
Increase (decrease) in provision for product warranties	(13)	(3)
Subsidy income	(24)	(8)
Insurance claim income	—	(600)
Interest and dividend income	(408)	(540)
Interest expenses	106	111
Loss (gain) on sale of investment securities	(13)	116
Loss on retirement of non-current assets	58	69
System failure response costs	—	145
Loss (gain) on sale of non-current assets	(535)	(30)
Decrease (increase) in trade receivables and contract assets	1,063	(1,667)
Decrease (increase) in inventories	(1,407)	(716)
Increase (decrease) in trade payables	(1,245)	692
Other, net	(1,726)	(1,658)
Subtotal	6,820	8,449
Proceeds from subsidy income	24	8
Proceeds from insurance income	—	600
Interest and dividends received	965	4,438
Interest paid	(108)	(111)
Income taxes paid	(1,283)	(2,883)
system failure response costs paid	—	(145)
Net cash provided by (used in) operating activities	6,418	10,357
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,661)	(598)
Purchase of property, plant and equipment	(2,411)	(2,659)
Proceeds from sale of property, plant and equipment	702	31
Purchase of intangible assets	(79)	(253)
Purchase of investment securities	(174)	(26)
Proceeds from sale and redemption of investment securities	15	223
Loan advances	(478)	(581)
Proceeds from collection of loans receivable	353	611
Other payments	(115)	(23)
Other proceeds	30	26
Net cash provided by (used in) investing activities	(3,819)	(3,248)

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	7,000	—
Repayments of long-term borrowings	(7,000)	—
Repayments of lease liabilities	(242)	(90)
Purchase of treasury shares	(2)	(1)
Proceeds from disposal of treasury shares	0	0
Dividends paid	(1,148)	(1,200)
Dividends paid to non-controlling interests	(128)	(158)
Net cash provided by (used in) financing activities	(1,522)	(1,451)
Effect of exchange rate change on cash and cash equivalents	694	661
Net increase (decrease) in cash and cash equivalents	1,771	6,319
Cash and cash equivalents at beginning of period	12,114	13,886
Cash and cash equivalents at end of period	13,886	20,205