

Translation

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

November 14, 2022

Company name: R&D COMPUTER CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 3924 URL <https://www.rand.co.jp/>
 Representative: President and Representative Director Yoshiaki Fukushima
 Director and General Manager, Fumitoshi Okuno
 Corporate Administration Division TEL 03-5232-3046
 Scheduled date to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: November 30, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 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	5,404	21.1	449	52.0	459	53.4	269	39.1
Six months ended September 30, 2021	4,463	—	296	—	299	—	193	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	29.97		—	
Six months ended September 30, 2021	21.54		—	

(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	6,721	4,476	66.4	498.62
As of March 31, 2022	6,500	4,366	67.2	486.46

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	—	15.00	—	18.00	33.00
Year ending March 31, 2023	—	14.00			
Year ending March 31, 2023 (Forecast)			—	14.00	28.00

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	10,700	11.5	950	8.9	960	9.2	620	(1.2)	69.07

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): Yes
- (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	8,983,950 shares	As of March 31, 2022	8,980,650 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	6,117 shares	As of March 31, 2022	4,317 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	8,976,718 shares	Six months ended September 30, 2021	8,980,261 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	2,906,634	2,764,413
accounts receivable - trade, and contract assets	2,428,477	2,265,032
Securities	300,000	200,000
Work in process	88,871	135,316
Prepaid expenses	99,572	137,452
Other	273	238
Total current assets	5,823,830	5,502,454
Non-current assets		
Property, plant and equipment		
Buildings, net	36,665	33,175
Tools, furniture and fixtures, net	28,239	25,481
Total property, plant and equipment	64,905	58,657
Intangible assets		
Goodwill	114,291	609,780
Software	3,821	25,331
Software in progress	–	17,560
Trademark right	3,237	2,862
Total intangible assets	121,350	655,535
Investments and other assets		
Investment securities	150,156	130,207
Guarantee deposits	60,724	85,695
Golf club membership	3,600	3,600
Deferred tax assets	276,313	285,726
Allowance for doubtful accounts	(800)	(600)
Total investments and other assets	489,995	504,628
Total non-current assets	676,250	1,218,821
Total assets	6,500,080	6,721,276

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	437,392	484,474
Accounts payable - other	54,236	44,310
Accrued expenses	105,255	124,986
Income taxes payable	287,630	214,505
Accrued consumption taxes	119,385	90,147
Contract liabilities	62,836	222,892
Deposits received	49,739	57,539
Provision for bonuses	378,351	413,202
Provision for bonuses for directors (and other officers)	45,500	26,300
Provision for shareholder benefit program	17,075	2,895
Provision for loss on orders received	68,000	27,200
Total current liabilities	1,625,402	1,708,455
Non-current liabilities		
Long-term accounts payable - other	100,000	100,000
Retirement benefit liability	408,026	436,236
Total non-current liabilities	508,026	536,236
Total liabilities	2,133,429	2,244,692
Net assets		
Shareholders' equity		
Share capital	458,499	460,063
Capital surplus	314,769	316,333
Retained earnings	3,527,761	3,635,232
Treasury shares	(3,459)	(5,062)
Total shareholders' equity	4,297,571	4,406,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	76,442	61,865
Remeasurements of defined benefit plans	(7,362)	(5,618)
Total accumulated other comprehensive income	69,079	56,246
Non-controlling interests	–	13,769
Total net assets	4,366,651	4,476,583
Total liabilities and net assets	6,500,080	6,721,276

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	4,463,516	5,404,088
Cost of sales	3,678,219	4,310,023
Gross profit	785,297	1,094,064
Selling, general and administrative expenses	489,214	644,090
Operating profit	296,082	449,973
Non-operating income		
Interest income	82	55
Dividend income	1,198	385
Outsourcing service income	3,810	8,637
Reversal of allowance for doubtful accounts	500	200
Other	634	796
Total non-operating income	6,225	10,073
Non-operating expenses		
Interest expenses	286	415
Loss on retirement of non-current assets	2,379	–
Other	–	8
Total non-operating expenses	2,666	424
Ordinary profit	299,641	459,623
Profit before income taxes	299,641	459,623
Income taxes - current	130,145	188,009
Income taxes - deferred	(23,979)	1,875
Total income taxes	106,166	189,885
Profit	193,475	269,737
Profit attributable to non-controlling interests	–	693
Profit attributable to owners of parent	193,475	269,044

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	193,475	269,737
Other comprehensive income		
Valuation difference on available-for-sale securities	35,919	(14,577)
Remeasurements of defined benefit plans, net of tax	880	1,744
Total other comprehensive income	36,799	(12,833)
Comprehensive income	230,274	256,904
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	230,274	256,211
Comprehensive income attributable to non-controlling interests	–	693

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	299,641	459,623
Depreciation	14,231	25,741
Amortization of goodwill	14,286	53,499
Increase (decrease) in allowance for doubtful accounts	(500)	(200)
Increase (decrease) in provision for bonuses	24,575	34,850
Increase (decrease) in provision for bonuses for directors (and other officers)	(16,800)	(19,200)
Increase (decrease) in retirement benefit liability	10,609	12,951
Increase (decrease) in provision for loss on orders received	40,500	(40,800)
Increase (decrease) in provision for shareholder benefit program	(17,174)	(14,179)
Interest and dividend income	(1,281)	(440)
Fiduciary obligation fee	(3,810)	(8,637)
Subsidy income	–	(330)
Interest expenses	286	415
Loss on retirement of property, plant and equipment	2,379	–
Decrease (increase) in trade receivables	421,174	243,015
Decrease (increase) in inventories	(88,787)	(35,762)
Increase (decrease) in trade payables	(51,729)	3,983
Increase (decrease) in accrued consumption taxes	(25,879)	(32,522)
Increase (decrease) in advances received	(13,551)	2,329
Decrease (increase) in other current assets	(10,892)	(2,540)
Increase (decrease) in other current liabilities	(3,182)	(1,993)
Subtotal	594,096	679,804
Interest and dividends received	1,281	440
Proceeds from fiduciary obligation fee	3,810	8,637
Subsidies received	–	330
Interest paid	(286)	(415)
Income taxes paid	(102,782)	(258,237)
Net cash provided by (used in) operating activities	496,117	430,558
Cash flows from investing activities		
Payments into time deposits	(2,702)	(2,701)
Purchase of investment securities	(1,548)	(1,246)
Purchase of property, plant and equipment and intangible assets	(8,158)	(25,704)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(161,532)	(790,825)
Payments of guarantee deposits	(2,216)	(24,971)
Proceeds from refund of guarantee deposits	1,423	–
Proceeds from cancellation of insurance funds	8,000	–
Proceeds from collection of loans receivable	–	330,016
Net cash provided by (used in) investing activities	(166,734)	(515,431)
Cash flows from financing activities		
Proceeds from issuance of shares	–	3,128
Dividends paid	(77,828)	(161,573)
Purchase of treasury shares	–	(1,602)
Net cash provided by (used in) financing activities	(77,828)	(160,048)
Net increase (decrease) in cash and cash equivalents	251,554	(244,921)
Cash and cash equivalents at beginning of period	2,367,253	2,883,562
Cash and cash equivalents at end of period	2,618,807	2,638,640