

# COMPANY RESEARCH AND ANALYSIS REPORT

## NPR-RIKEN CORPORATION

6209

Tokyo Stock Exchange Prime Market

13-Feb.-2026

FISCO Ltd. Analyst  
**Masanobu Mizuta**



FISCO Ltd.  
<https://www.fisco.co.jp>

# Contents

<b>Summary</b>	<b>01</b>
1. Developing the Automobile and Industrial Machinery Parts Business, the Piping Products Business, and the Thermal Engineering Business.....	01
2. 1H FY3/26 saw a significant profit increase driven by synergies from the business merger and other factors.....	01
3. For FY3/26, all profit lines were revised upwards, and the declines in operating profit and ordinary profit are expected to narrow.....	02
4. Accelerating the generation of synergies from the business merger through domestic group reorganization.....	02
<b>Company profile</b>	<b>03</b>
1. Company profile.....	03
2. History .....	04
<b>Business overview</b>	<b>05</b>
1. Business overview .....	05
2. Characteristics and strengths .....	06
3. Risk factors and measures.....	07
<b>Results trends</b>	<b>07</b>
1. Overview of results for 1H FY3/26.....	07
2. Trends by segment.....	08
3. Financial condition.....	10
<b>Outlook</b>	<b>11</b>
● FY3/26 forecasts.....	11
<b>Growth strategy</b>	<b>12</b>
1. Business environment.....	12
2. 1st midterm management plan (FY3/25–FY3/27).....	12
3. Business strategy and progress.....	14
4. Group reorganization.....	17
5. Shareholder return policy.....	18
6. Sustainability management.....	19
7. FISCO's view.....	20

## Summary

### **In 1H FY3/26, there was a significant profit increase driven by synergies from the business merger and other factors. Upward revisions to all profit lines for FY3/26**

NPR-RIKEN CORPORATION <6209> (hereafter, also “the Company”) is a holding company established through a management merger on October 2, 2023 between major piston ring manufacturers RIKEN CORPORATION and Nippon Piston Ring Co., Ltd. (hereafter, “NPR”). The Company is pursuing synergies under an integrated governance framework while leveraging the long-cultivated brand power of both companies, aiming for sustained growth and increased corporate value. Furthermore, through group reorganization, the Company plans to transition to an operating holding company effective April 1, 2026.

#### **1. Developing the Automobile and Industrial Machinery Parts Business, the Piping Products Business, and the Thermal Engineering Business**

From 1H FY3/26, segment classifications were changed to Automobile and Industrial Machinery Parts Business, Piping Products Business, Thermal Engineering Business, and Others (EMC\* business, etc.). The Automobile and Industrial Machinery Parts Business focuses on engine components such as piston rings and valve seat inserts; the Piping Products Business handles piping equipment such as pipe fittings; the Thermal Engineering Business develops, manufactures, and sells proprietary metal heating elements PYROMAX™ and ceramic heating elements PYROMAX SUPER™, as well as heating equipment including heater units and industrial furnaces that utilize these products; and Others includes the EMC business, which engages in the development and sale of anechoic chambers. For automotive parts led by piston rings, the Company leverages strengths in advanced precision machining, surface treatment, and materials technologies, and supplies products broadly to major automakers worldwide, including Toyota Motor Corporation <7203> and Honda Motor Co., Ltd. <7267>.

| \* EMC is an abbreviation for Electro-Magnetic Compatibility. |

#### **2. 1H FY3/26 saw a significant profit increase driven by synergies from the business merger and other factors**

In its consolidated results for 1H FY3/26, the Company is forecasting net sales to decrease 5.4% year on year (YoY) to ¥80,100mn, operating profit to increase 16.4% to ¥6,308mn, ordinary profit to increase 26.1% to ¥8,441mn, and profit attributable to owners of parent to increase 76.4% to ¥6,948mn. Net sales declined due to factors such as a decrease in customers' production volumes and the termination of a joint venture, but operating profit recorded a double-digit increase, supported by rationalization, synergies from the business merger, pricing optimization mainly in automotive-related products, and a favorable product mix (significant expansion of the Thermal Engineering Business). In non-operating income and expenses, foreign exchange gains/losses improved, and in extraordinary income, a gain on return of assets from retirement benefits trust was recorded, resulting in a larger increase in ordinary profit and profit attributable to owners of parent. In the Automobile and Industrial Machinery Parts Business, net sales decreased 8.0% to ¥60,490mn, while operating profit increased 14.2% to ¥5,113mn; in the Piping Products Business, net sales decreased 5.4% to ¥8,684mn and operating profit decreased 39.6% to ¥322mn. In the Thermal Engineering Business, net sales increased 31.9% to ¥4,929mn and operating profit increased 172.6% to ¥634mn; in Others, net sales increased 2.7% to ¥7,289mn and operating profit increased 20.3% to ¥524mn.

**NPR-RIKEN CORPORATION** | 13-Feb.-2026  
6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Summary

**3. For FY3/26, all profit lines were revised upwards, and the declines in operating profit and ordinary profit are expected to narrow**

In its consolidated results for FY3/26, the Company has revised the net sales downwards and all profit lines upwards on November 14, 2025, forecasting net sales to decrease 7.2% YoY to ¥158,000mn, operating profit to decrease 19.5% to ¥9,500mn, ordinary profit to decrease 11.4% to ¥13,000mn, and profit attributable to owners of parent to increase 2.8% to ¥9,000mn. Compared with the initial forecast dated May 15 of the same year, net sales were revised downward by ¥4,000mn, but operating profit was revised upward by ¥1,000mn, ordinary profit by ¥1,600mn, and profit attributable to owners of parent by ¥1,700mn. Operating profit and ordinary profit are expected to show narrower declines versus the previous fiscal year than initially planned, and profit attributable to owners of parent is expected to increase. The interim profit progress rate relative to the revised full-year forecast is high. The outlook for the second half is somewhat conservative, reflecting continued uncertainty about the second-half business environment, including the impact of US tariff policies. Taking into account factors such as second-half currency movements, FISCO believes there is upside potential to the revised forecast.

**4. Accelerating the generation of synergies from the business merger through domestic group reorganization**

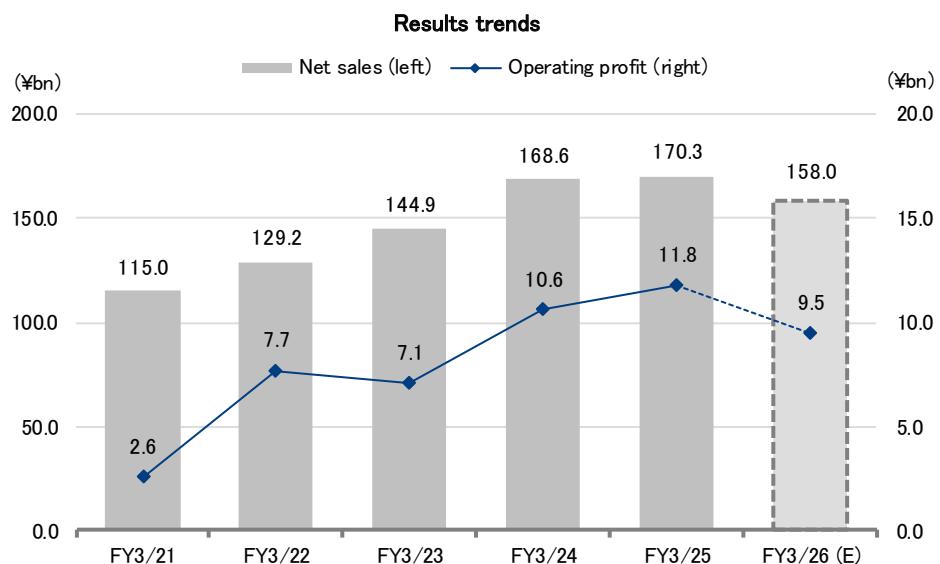
The Company's 1st midterm management plan (FY3/25–FY3/27) sets medium-term policies of 1) Generate synergies through consolidation, 2) Reform business portfolio, and 3) Strengthen sustainability management and develop a foundation for growth, targeting the final year, FY3/27, net sales of ¥180.0bn, an ordinary profit margin of 9% or higher, and ROE of 8% or higher. As of the end of FY3/25, progress on achieving these targets has been smooth. Although FY3/26 faces a challenging business environment due to factors such as US tariff policies, the Company will work to strengthen synergy creation and optimize sales prices to achieve the plan. To strengthen the creation of synergies, the Company will undertake domestic group reorganization. Specifically, effective April 1, 2026, the sales, technology development, and corporate divisions of both RIKEN and NPR will be transferred to the Company, which plans to transition to an operating holding company. In addition, the Group's businesses will be divided into six segments—piston ring business, marine and industrial business, precision components business, materials business, piping products business, and semiconductor and electronics-related business, and business divisions will be established for each segment. This will enable agile management emphasizing speed in strategy formulation and decision-making, with a focus on ROIC, profitability, and asset efficiency. In addition, manufacturing subsidiaries will become direct subsidiaries of the Company through the reorganization.

**Key Points**

- In 1H FY3/26, significant profit increase driven by synergies from the business merger and other factors
- For FY3/26, all profit lines were revised upwards, and operating profit and ordinary profit are expected to show narrower declines versus the previous fiscal year than initially planned
- Aiming to achieve net sales of ¥180.0bn, an ordinary profit margin of 9% or higher, and ROE of 8% or higher in FY3/27
- Accelerate the generation of synergies from the business merger through domestic group reorganization

NPR-RIKEN CORPORATION | 13-Feb.-2026  
 6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Summary



Notes 1. Figures for FY3/24 and prior fiscal years are the simple sum of figures from the individual results of RIKEN and NPR  
 Notes 2: The FY3/26 forecast is the value revised on November 14, 2025

Source: Prepared by FISCO from the Company's financial results

## Company profile

**RIKEN and NPR are to undergo a business integration and scheduled to transition to an operating holding company through group reorganization in April 2026**

### 1. Company profile

The Company is a holding company for RIKEN and NPR, major manufacturers of piston rings, which merged on October 2, 2023. The Company is pursuing synergies under an integrated governance framework while leveraging the long-cultivated brand power of both companies, aiming for sustained growth and increased corporate value. As of the end of 1H FY3/26, the registered head office is in Chiyoda-ku, Tokyo, and head office functions are located at the Tokyo head office (Chiyoda-ku, Tokyo) and the Saitama head office (Chuo-ku, Saitama City). Total assets were ¥215,172mn, net assets were ¥154,865mn, the equity ratio was 67.9%, and the number of shares outstanding was 28,247,910 (including 1,342,590 shares of treasury stock). As a result of group reorganization, the Company is scheduled to transition to an operating holding company effective April 1, 2026.

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## NPR-RIKEN CORPORATION | 13-Feb.-2026

6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Company profile

### 2. History

RIKEN's history started with the invention of a manufacturing method for piston rings in 1926 (patents acquired in various countries) by Dr. Keikichi Ebihara of the Oookochi Research Laboratory of the Institute of Physical and Chemical Research. In 1927, to commercialize the invention, Rikagaku Kogyo was established and started mass production of piston rings for the first time in Japan. After name changes, splits and mergers, RIKEN Industries Co. was founded in 1941. Next, following reorganization after the war, the Company was relaunched (establishment of Riken) as Riken Kashiwazaki Piston Ring Industries Co. in 1949 (renamed as Riken Piston Ring Industries Co. in 1950) and Riken Kumagaya Cast Iron Co. (renamed as Kumagaya Cast Iron Co. in 1951). In 1952, its shares were listed on the Tokyo Stock Exchange (TSE) and changed its name to RIKEN CORPORATION in 1979. It carried out overseas expansion starting in the 1960s and supplies a broad range of products to major automakers around the world.

NPR's history began with the establishment of Suzuki Seisakusyo in 1912 by Tomonori Suzuki, who studied the technologies of marine engines on his own. He started to design and make hot bulb marine engines, rice polishing machines and other products. Suzuki keenly sensed the need for domestic production of piston rings and devoted himself to their manufacture. He completed prototypes of piston rings in 1931 and changed the name of the company to Nippon Piston Ring Seisakusyo. In 1934 the company was publicly listed and it opened a factory in Kawaguchi City in Saitama Prefecture. An air raid in 1945 destroyed the head office building and the factory closed temporarily at the end of the war. It re-listed its shares on the TSE in 1949. In the 1970s, it began strengthening overseas expansion and now supplies products to major automakers around the world.

Both companies, since their establishment as piston ring manufacturers, have contributed to the development of the global automobile industry for many years, but amid what's been called a once in a century restructuring of the auto industry, to tackle the various issues facing both companies, the pursuit of synergies under an integrated governance while utilizing the brands of both companies built up over many years would be the optimal choice for realizing the sustained growth of both companies and increasing their corporate value. Based on this understanding, the companies merged their managements on October 2, 2023 and established a holding company that listed its shares on the Tokyo Stock Exchange Prime Market (RIKEN and NPR, which became wholly owned subsidiaries, delisted on September 28, 2023).

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**NPR-RIKEN CORPORATION** | 13-Feb.-2026  
 6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Company profile

### History

#### RIKEN

Date	Event
1926	Dr. Keikichi Ebihara of the Okochi Research Laboratory of the Institute of Physical and Chemical Research invented a manufacturing method for piston rings. (Acquired patents in various countries)
1927	Established Rikagaku Kogyo to commercialize the inventions of the Institute of Physical and Chemical Research Succeeded in mass production of piston rings for the first time in Japan
1941	Established Riken Industries Co. after renaming, corporate split-up, merger with other companies and so on
1949	After the post-war reorganization, Riken Industries Co. was relaunched as Riken Kashiwazaki Piston Ring Industries Co. (renamed as Riken Piston Ring Industries Co. in 1950) and Riken Kumagaya Cast Iron Co. (renamed as Kumagaya Cast Iron Co. in 1951). This marked the founding of RIKEN CORPORATION
1952	Listed on Tokyo Stock Exchange
1979	Changed the corporate name to RIKEN CORPORATION
2023	Acquired shares of NIPPON PIPE FITTING CORPORATION to make it a subsidiary Delisting of RIKEN CORPORATION due to consolidation with Nippon Piston Ring Co., Ltd. through the establishment of a joint holding company

#### Nippon Piston Ring (NPR)

Date	Event
1912	Tomonori Suzuki who learned marine engine technology on his own opened Suzuki Seisakusyo
1931	Suzuki completed prototypes of piston rings, and changed the company name to Nippon Piston Ring Seisakusyo. (Became a public company in 1934)
1949	Listed on the Tokyo Stock Exchange
2014	Acquired the business of metal injection molding from Sumitomo Metal Mining Co., Ltd. Acquired the business of dental implant from ISHIFUKU Metal Industry Co., Ltd.
2022	Acquired all shares of Normeca Asia Co., Ltd., making it a subsidiary
2023	Delisting of Nippon Piston Ring Co., Ltd. due to consolidation with RIKEN CORPORATION through the establishment of a joint holding company

#### NPR-RIKEN CORPORATION

Date	Event
2023	RIKEN CORPORATION and Nippon Piston Ring Co., Ltd. established NPR-RIKEN CORPORATION by means of share transfer and listed its shares on the Tokyo Stock Exchange Prime Market
2024	RIKEN CORPORATION acquired the shares of SHINWA VANES CO., LTD. Formulated the 1st midterm management plan Shares of joint venture company RIKEN Brother Precision Industry Corporation transferred and joint venture dissolved
2025	NPR absorbed and merged NPFUKUSHIMA WORKS CO., LTD., a consolidated subsidiary

Source: Prepared by FISCO from the Company's website and securities report

## Business overview

### Mainstay products are automobile engine parts

#### 1. Business overview

Starting in 1H FY3/26, segment classifications were changed to: Automobile and Industrial Machinery Parts Business, Piping Products Business, Thermal Engineering Business, and Other (EMC business, etc.). Sales shares by segment for 1H FY3/26 (shares relative to total sales before elimination of intersegment transactions) were 75.5% for the Automobile and Industrial Machinery Parts Business, 10.8% for the Piping Products Business, 6.2% for Thermal Engineering Business, and 7.6% for Other. The Company's core business is automotive engine components such as piston rings. Additionally, sales shares by region were 51% for Japan, 6% for China, 16% for other Asian countries, 12% for the US, 9% for Europe, and 6% for other countries and regions.

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**NPR-RIKEN CORPORATION** | 13-Feb.-2026  
6209 Tokyo Stock Exchange Prime Market <https://www.npr-riken.co.jp/en/ir/>

Business overview

The mainstay products in the Automobile and Industrial Machinery Parts Business are piston rings and valve seat inserts, etc., which are engine components. The Company also offers items such as sintered products, engineered plastic components, and casting components related to automobile engines, transmissions, drive, and the chassis, as well as industrial machinery parts, and parts for marine engines. Following revisions to production structures for camshafts, the Company transferred all shares of RIKEN Brother Precision Industry Corporation, a joint venture with BROTHER PRECISION INDUSTRY Co., Ltd., to BROTHER PRECISION INDUSTRY and dissolved the joint venture in November 2024. The Company will continue to supply camshaft materials.

Mainstay products in the Piping Products Business are pipefittings and other piping components. In May 2023, RIKEN made the major pipefitting company NIPPON PIPE FITTING Corp., a subsidiary, and became the top pipefitting company in the domestic industry.

The thermal engineering business manufactures and sells PYROMAX™, a metallic heating element, and PYROMAX SUPER™, a ceramic heating element, which are developed proprietarily. In February 2024, RIKEN acquired SHINWA VANES CO., LTD., which has strengths in small- to medium-sized heaters in low-temperature ranges, as a subsidiary. This is expected to support expansion into semiconductor manufacturing equipment.

Other includes the EMC business, which develops and sells radio anechoic chambers, and businesses related to medical devices utilizing the proprietary new medical material titanium-tantalum alloy NiFree™, among others.

## **The Company's strengths include its advanced precision processing, surface treatment, and material technologies**

### **2. Characteristics and strengths**

The main roles of piston rings include functions to seal gas leaks in an engine's combustion chamber, control lubricating oil (engine oil), transfer combustion heat that escapes, and minimize piston abrasion. They are used within the combustion chamber in the harsh conditions of a temperature of 300°C, and perform important functions related directly to engine performance. Therefore, there are in fact only five companies in the world (one in the US, one in Germany, and three in Japan), including RIKEN and NPR, which are able to provide high-quality piston rings. These require advanced technical capabilities such as lower friction, improved wear resistance, and high-performance, high-quality materials; which both companies leverage as strengths in precision machining, surface treatment, and materials technologies, and supplies a wide range of products to major automakers worldwide, including Toyota Motor Corporation and Honda Motor Co., Ltd.

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**NPR-RIKEN CORPORATION** | **13-Feb.-2026**  
**6209 Tokyo Stock Exchange Prime Market** | <https://www.npr-riken.co.jp/en/ir/>

Business overview

## Advancing business portfolio reform in response to changes in the business environment

### 3. Risk factors and measures

One risk factor is that the number of vehicles produced may decrease due to changes in demand and the impact of infectious diseases, disasters, etc. However, the global automobile market will grow slowly, due in part to vehicle use expanding in emerging countries. So rather than a change in the number of vehicles produced, a risk factor for the Company at the current time is the impact of medium- to long-term environmental regulations (greater fuel efficiency of engines, declining use of gasoline engines, support for cleaner engines, spread of EV, etc.) driven by the global movement toward decarbonization. The Company is promoting technology development as engines evolve, including better fuel economy gasoline engines and next-generation engines like hydrogen and alternative fuels, and reforming its business portfolio with a focus also on expanding business in non-ICE\* fields based on trends in vehicle electrification.

| \* ICE is an acronym for internal combustion engine (an engine that runs on gasoline). |

## Results trends

### 1H FY3/26 ended with a substantial increase in profit

#### 1. Overview of results for 1H FY3/26

In its consolidated results for 1H FY3/26, the Company is forecasting net sales to decrease 5.4% YoY to ¥80,100mn, operating profit to increase 16.4% to ¥6,308mn, ordinary profit to increase 26.1% to ¥8,441mn, and profit attributable to owners of parent to increase 76.4% to ¥6,948mn. The average exchange rates were ¥148 = \$1 and ¥162 = €1 (compared to ¥152 = \$1 and ¥165 = €1 in FY3/25). Net sales decreased due to factors such as lower customer production volumes and the dissolution of joint ventures; however, operating profit posted double-digit growth, driven by rationalization and synergies from the business merger, pricing optimization mainly in automotive-related areas, and changes in product mix (significant expansion of the Thermal Engineering Business).

#### Outline of results for 1H FY3/26

	1H FY3/25		1H FY3/26		YoY	
	Results	% of net sales	Results	% of net sales	Change	Change %
<b>Net sales</b>	84,650	100.0%	80,100	100.0%	-4,550	-5.4%
<b>Gross profit</b>	19,596	23.1%	20,719	25.9%	1,123	5.7%
<b>SG&amp;A expenses</b>	14,177	16.7%	14,410	18.0%	233	1.6%
<b>Operating profit</b>	5,418	6.4%	6,308	7.9%	890	16.4%
<b>Ordinary profit</b>	6,694	7.9%	8,441	10.5%	1,747	26.1%
<b>Profit attributable to owners of parent</b>	3,938	4.7%	6,948	8.7%	3,010	76.4%
<b>Exchange rate</b>						
US\$/¥	152	-	148	-	-4	-
Euro/¥	165	-	162	-	-3	-

Source: Prepared by FISCO from the Company's financial results and results briefing materials

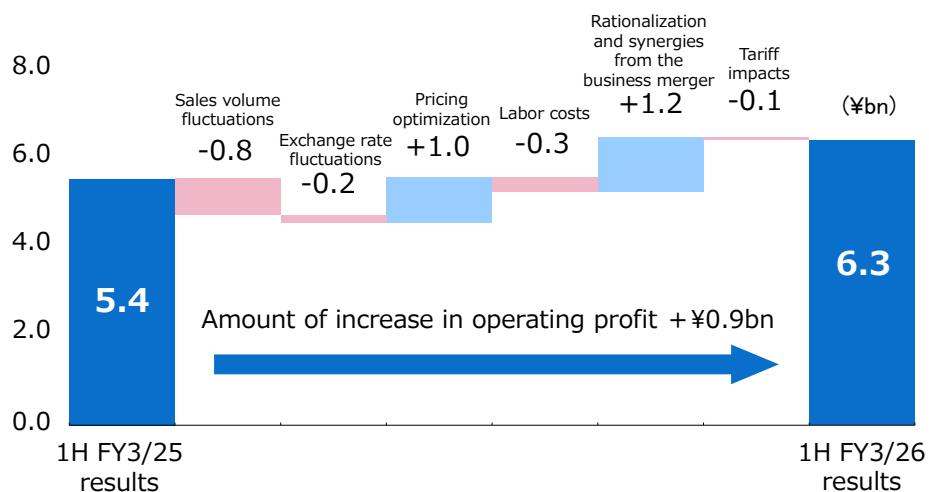
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**NPR-RIKEN CORPORATION** | 13-Feb.-2026  
 6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Results trends

Gross profit increased 5.7% YoY due to pricing optimization and other factors, and the gross profit margin rose by 2.8 percentage points (pp) to 25.9%. SG&A expenses increased 1.6% due to higher labor costs and other factors, and the SG&A ratio rose by 1.3pp to 18.0%. As a result, the operating profit ratio increased 1.5pp to 7.9%. The approximately ¥0.9bn increase in operating profit was attributable to: ¥0.8bn decrease from sales volume fluctuations, ¥0.2bn decrease from exchange rate fluctuations, ¥1.0bn increase from pricing optimization, ¥0.3bn decrease from higher labor costs, ¥1.2bn increase from rationalization and synergies from the business merger, and ¥0.1bn decrease from tariff impacts. For non-operating income (expenses), foreign exchange gains/losses improved by ¥782mn (a foreign exchange loss of ¥438mn in the same period of the previous year versus a foreign exchange gain of ¥344mn in the current interim period). For extraordinary income, a gain on return of assets from retirement benefits trust of ¥2,975mn was recorded, and in extraordinary loss, impairment loss increased by ¥639mn (¥608mn in the same period of the previous year versus ¥1,247mn in the current interim period).

**Analysis of changes in operating profit**



Source: The Company's results briefing materials

**2. Trends by segment**

By segment (before elimination of intersegment transactions), in the Automobile and Industrial Machinery Parts Business, net sales decreased 8.0% YoY to ¥60,490mn and operating profit increased 14.2% to ¥5,113mn; in the Piping Products Business, net sales decreased 5.4% to ¥8,684mn and operating profit decreased 39.6% to ¥322mn. In the Thermal Engineering Business, net sales rose 31.9% to ¥4,929mn and operating profit rose 172.6% to ¥634mn; in Other, net sales increased 2.7% to ¥7,289mn and operating profit increased 20.3% to ¥524mn.

The Automobile and Industrial Machinery Parts Business saw a decline in net sales due to factors such as lower customer production volumes and the dissolution of joint ventures, but operating profit increased thanks to rationalization, synergies from the business merger, and pricing optimization. The operating profit ratio rose 1.7pp YoY to 8.5%. The Piping Products Business posted declines in both net sales and operating profit due to reduced demand against a backdrop of labor shortages in the construction industry and surging material costs. The operating profit ratio declined 2.1pp to 3.7%. The Thermal Engineering Business expanded significantly, driven by strong demand from semiconductor manufacturing equipment makers. The operating profit ratio rose 6.7pp to 12.9%. Other recorded increases in both net sales and operating profit, with growth in the EMC business such as radio anechoic chambers. The operating profit ratio rose 1.1pp to 7.2%.

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**NPR-RIKEN CORPORATION** | **13-Feb.-2026**  
 6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Results trends

Net sales by region were: Japan down ¥0.7bn YoY to ¥41.2bn, China down ¥0.2bn to ¥4.6bn, other Asian countries down ¥0.5bn to ¥12.5bn, US down ¥0.7bn to ¥9.9bn, Europe down ¥0.8bn to ¥7.0bn, and other countries and regions down ¥1.7bn to ¥4.9bn. Japan saw lower net sales due to the impacts of dissolving joint ventures, among others; China, other Asian countries, the US, and Europe posted lower net sales due to reductions in customer production volumes and exchange rate effects; and other countries and regions declined due to factors such as decreases in aftermarket business amid rising geopolitical risks.

**Segment overview**

	1H FY3/25		1H FY3/26		YoY	
	Results	% of net sales	Results	% of net sales	Change	Change %
<b>Net sales</b>	84,650	-	80,100	-	-4,550	-5.4%
Automobile and Industrial Machinery Parts Business	65,743	76.7%	60,490	74.3%	-5,253	-8.0%
Piping Products Business	9,181	10.7%	8,684	10.7%	-497	-5.4%
Thermal Engineering Business	3,737	4.4%	4,929	6.1%	1,192	31.9%
Other	7,095	8.3%	7,289	9.0%	194	2.7%
Adjustment	-1,108	-	-1,293	-	-	-
<b>Operating profit</b>	5,418	6.4%	6,308	7.9%	890	16.4%
Automobile and Industrial Machinery Parts Business	4,477	6.8%	5,113	8.5%	636	14.2%
Piping Products Business	534	5.8%	322	3.7%	-212	-39.6%
Thermal Engineering Business	232	6.2%	634	12.9%	402	172.6%
Other	436	6.1%	524	7.2%	88	20.3%
Adjustment	-262	-	-286	-	-	-

Notes 1. Segment classifications were changed starting in 1H FY3/26 and figures for 1H FY3/25 are presented under the new classifications

Notes 2. Percentage of net sales for consolidated net sales represents the ratio relative to total sales before elimination of intersegment transactions.

Notes 3. Percentage of net sales for consolidated operating profit represents the ratio relative to the net sales of each segment

Source: Prepared by FISCO from the Company's financial results

**Net sales by region**

	1H FY3/25		1H FY3/26		YoY	
	Results	% of net sales	Results	% of net sales	Change	Change %
<b>Net sales</b>	84.7	100%	80.1	100%	-4.6	-5%
Japan	41.9	49%	41.2	51%	-0.7	-2%
China	4.8	6%	4.6	6%	-0.2	-4%
Other Asian countries	13.0	15%	12.5	16%	-0.5	-4%
US	10.6	13%	9.9	12%	-0.7	-7%
Europe	7.8	9%	7.0	9%	-0.8	-10%
Other	6.6	8%	4.9	6%	-1.7	-26%

Source: Prepared by FISCO from the Company's results briefing materials

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**NPR-RIKEN CORPORATION** | **13-Feb.-2026**  
 6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Results trends

## The Company's finances are sound

### 3. Financial condition

Total assets at the end of 1H FY3/26 decreased ¥3,872mn from the end of FY3/25 to ¥215,172mn. Primarily, investment securities increased by ¥8,581mn, while cash and deposits decreased by ¥939mn; notes and accounts receivable, and contract assets by ¥2,625mn; merchandise and finished goods by ¥425mn; property, plant and equipment by ¥2,853mn; and retirement benefit asset by ¥5,122mn. Total liabilities decreased ¥4,068mn to ¥60,307mn. Primarily, deferred tax liabilities increased by ¥1,021mn, while notes and accounts payable decreased by ¥850mn; electronically recorded obligations by ¥406mn; provision for bonuses by ¥510mn; and retirement benefit liability by ¥739mn. Total short- and long-term borrowings decreased ¥2,490mn to ¥16,847mn. Total net assets increased ¥196mn to ¥154,865mn. Primarily, foreign currency translation adjustment decreased by ¥4,367mn, accumulated adjustments related to retirement benefits by ¥1,250mn, and non-controlling interests by ¥800mn, while retained earnings increased by ¥4,664mn and valuation difference on available-for-sale securities by ¥2,130mn. As a result, the equity ratio increased 1.6pp to 67.9%.

Regarding the Company's credit rating, on December 1, 2025, Rating and Investment Information, Inc. published a release maintaining an A- [Stable] rating. In FISCO's view, the Company's finances, including its cash flow situation, are sound.

Financial statements (simplified)

	End of FY3/24	End of FY3/25	End of 1H FY3/26	(¥mn) Change
<b>Total assets</b>	220,164	219,045	215,172	-3,872
<b>Current assets</b>	104,348	105,376	100,975	-4,401
<b>Non-current assets</b>	115,816	113,668	114,197	529
<b>Total liabilities</b>	70,745	64,375	60,307	-4,068
<b>Current liabilities</b>	44,668	35,726	31,754	-3,972
<b>Non-current liabilities</b>	26,077	28,648	28,552	-96
<b>Total net assets</b>	149,418	154,669	154,865	196
<b>Shareholders' equity</b>	120,530	122,506	127,004	4,498
<b>Equity ratio (%)</b>	63.8%	66.3%	67.9%	1.6pp

Source: Prepared by FISCO from the Company's financial results

Consolidated cash flow statements (simplified)

	FY3/24	FY3/25	1H FY3/26	(¥mn)
<b>Cash flows from operating activities</b>	18,496	17,477	9,999	
<b>Cash flows from investing activities</b>	-13,548	-7,085	-3,042	
<b>Cash flows from financing activities</b>	-8,615	-8,404	-6,031	
<b>Cash and cash equivalents at end of period</b>	22,261	25,760	25,492	

Source: Prepared by FISCO from the Company's financial results

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## Outlook

### FY3/26 profits were revised upward. Operating profit and ordinary profit are expected to see narrower declines

#### ● FY3/26 forecasts

In its consolidated results for FY3/26, the Company has revised the net sales downwards and all profit lines upwards on November 14, 2025, forecasting net sales to decrease 7.2% YoY to ¥158,000mn, operating profit to decrease 19.5% to ¥9,500mn, ordinary profit to decrease 11.4% to ¥13,000mn, and profit attributable to owners of parent to increase 2.8% to ¥9,000mn. The assumed exchange rates are ¥140 = \$1 and ¥155 = €1 (compared to ¥151 = \$1 and ¥164 = €1 in FY3/25).

#### FY3/26 consolidated results outlook

	FY3/26						Initial forecast	Change from initial forecast	First half			
	FY3/25		FY3/26		YoY				Results	Progress rate		
	Results	% of net sales	Forecast	% of net sales	Change	Change %						
Net sales	170,340	100.0%	158,000	100.0%	-12,340	-7.2%	162,000	-4,000	80,100	50.7%		
Operating profit	11,807	6.9%	9,500	6.0%	-2,307	-19.5%	8,500	1,000	6,308	66.4%		
Ordinary profit	14,678	8.6%	13,000	8.2%	-1,678	-11.4%	11,400	1,600	8,441	64.9%		
Profit attributable to owners of parent	8,756	5.1%	9,000	5.7%	244	2.8%	7,300	1,700	6,948	77.2%		

Note: The FY3/26 forecast reflects the revision announced on November 14, 2025. The initial forecast is the figure announced on May 15, 2025.

Source: Prepared by FISCO from the Company's financial results and results briefing materials

Relative to the initial forecast announced on May 15, 2025, net sales were revised down by ¥4,000mn, but operating profit was revised up by ¥1,000mn, ordinary profit by ¥1,600mn, and profit attributable to owners of parent by ¥1,700mn. Operating profit and ordinary profit are expected to show a smaller decline YoY versus the initial plan, and profit attributable to owners of parent is forecast to post a modest increase. In 1H, although customers' production volumes declined, factors deteriorating the business environment, such as the impact of US tariff policy, were not as significant as assumed; in addition, internal factors—including generating synergies through consolidation, price optimization effects and cost reduction effects, and expansion of the Thermal Engineering Business—progressed smoothly. Considering these, the Company revised its full-year profit forecast upward.

Against the revised full-year forecast, 1H progress rates are 50.7% for net sales, 66.4% for operating profit, 64.9% for ordinary profit, and 77.2% for profit attributable to owners of parent, indicating a high level of progress on profits. A somewhat conservative outlook is assumed for 2H, reflecting continued uncertainties in the business environment, such as the impact of US tariff policies, as well as costs related to the planned group reorganization in April 2026. Furthermore, in 2H, the foreign exchange rate has been moving at a weaker yen level than the Company's assumption. Taking these points into account, FISCO believes there is upside potential to the revised forecast.

## Growth strategy

### As for the business environment, there are also scenarios for ICE's survival

#### 1. Business environment

The global auto market is expected to follow a trend of growing demand centering on emerging countries, but to respond to global warming and energy problems, environmental regulations and vehicle electrification are expected to accelerate and internal combustion engines to decline over the medium- to long-term. At the same time, development is proceeding on hydrogen engines and e-fuel engines. Comparing the CO<sub>2</sub> emissions of EVs and Hybrid Electric Vehicles (HEVs) from well to wheel, it has been shown that HEVs with 50% thermal efficiency engines, on which R&D is underway, are competitive with EVs, which suggests the possibility that HEVs will be an option in next-generation mobility. In addition, in March 2023, the European Union (EU) changed its previous policy that would have banned sales of cars with gasoline engines in 2035. They will now be tolerated past 2035 if the engines use synthetic fuel made from CO<sub>2</sub> and hydrogen. Moreover, how to process EV batteries after they are used has become an issue, and the Trump administration in the US is indicating that it will retract environmental regulations aimed at decarbonization, so it has been pointed out that vehicle electrification may slow.

With these as background conditions, the Company is promoting technology development aimed at engine evolution, including better fuel economy gasoline engines and responding to next-generation engines that use hydrogen and alternative fuels, focusing on expanding business in non-ICE areas given the trend toward EVs, and moving forward on reforming its business portfolio.

### Promoting synergies generation through consolidation and business portfolio reform

#### 2. 1st midterm management plan (FY3/25–FY3/27)

The Company formulated its 1st midterm management plan (FY3/25–FY3/27) in February 2024. Its midterm management policies are: 1) Generate synergies through consolidation; 2) Reform business portfolio; and 3) Strengthen sustainability management and develop a foundation for growth. Quantitative targets for FY3/27, the final year of the plan, are net sales of ¥180.0bn, an ordinary profit margin of 9% or higher, and an ROE of 8% or higher. Incidentally, the targets under the long-term 2030 Vision for FY3/31 are net sales of ¥200.0bn, an ordinary profit margin of 12% or higher, and ROE of 10% or higher. As of the end of FY3/25, progress on achieving these targets has been smooth. Although FY3/26 faces a challenging business environment due to factors such as US tariff policies, the Company will work to strengthen synergy creation and optimize sales prices to achieve the plan.

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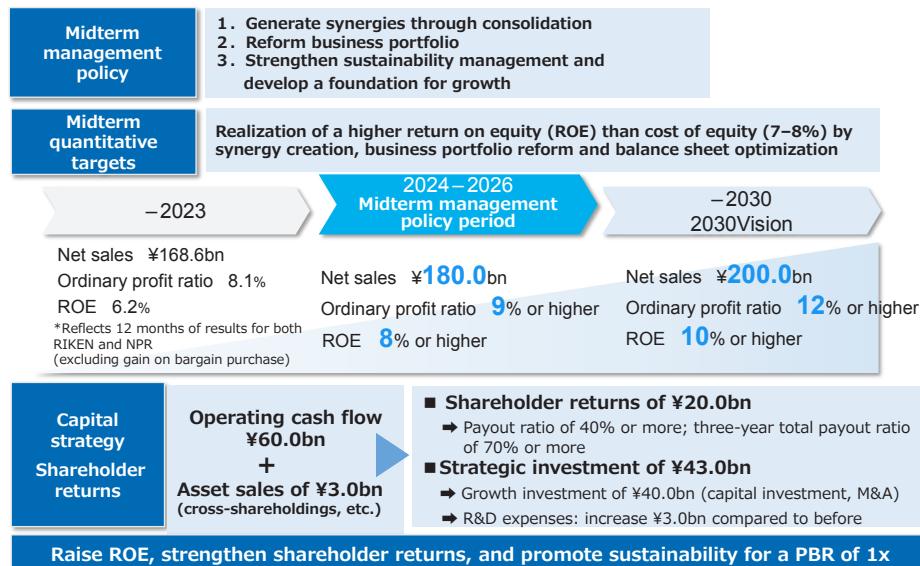
6209 Tokyo Stock Exchange Prime Market

13-Feb.-2026

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Growth strategy

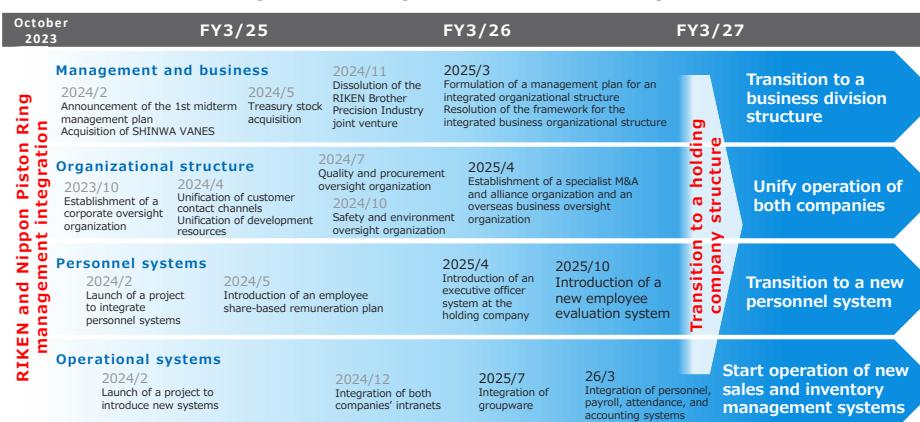
## 1st midterm management plan overview



Source: The Company's results briefing materials

As for its growth strategy, the Company will engage in business portfolio reform, synergy creation and balance sheet optimization with the aim of achieving an ROE above shareholder capital costs. As for integration synergies in terms of net sales, the Company will work to expand the share of existing businesses by utilizing the brand power and sales networks of each company and enhancing product lineups, provide diverse solutions by establishing technical proposal-based sales systems and responding to hydrogen and other alternative fuels, and create and commercialize new products. As for cost synergies, the Company is planning ￥3.0bn in FY3/27. Breaking this down, in business divisions, it will reduce procurement costs through joint purchasing, consolidating logistics sites, and optimizing production at domestic and overseas sites to reduce manufacturing costs by ￥1.4bn. In management divisions, it will pursue corporate function integration, IT infrastructure integration, and other reductions to SG&A expenses to save ￥1.6bn. The Company plans to introduce a new employee evaluation system in October 2025 and transition to a new personnel system in April 2026. In addition to this, in April 2026, it plans to carry out Group restructuring to transition into an operating holding company structure with a divisional structure for each strategic business unit, as well as start the operation of a new sales logistics system, unified employee payroll system, and accounting system.

## Progress on management and business integration



Source: The Company's results briefing materials

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**NPR-RIKEN CORPORATION** | 13-Feb.-2026  
 6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

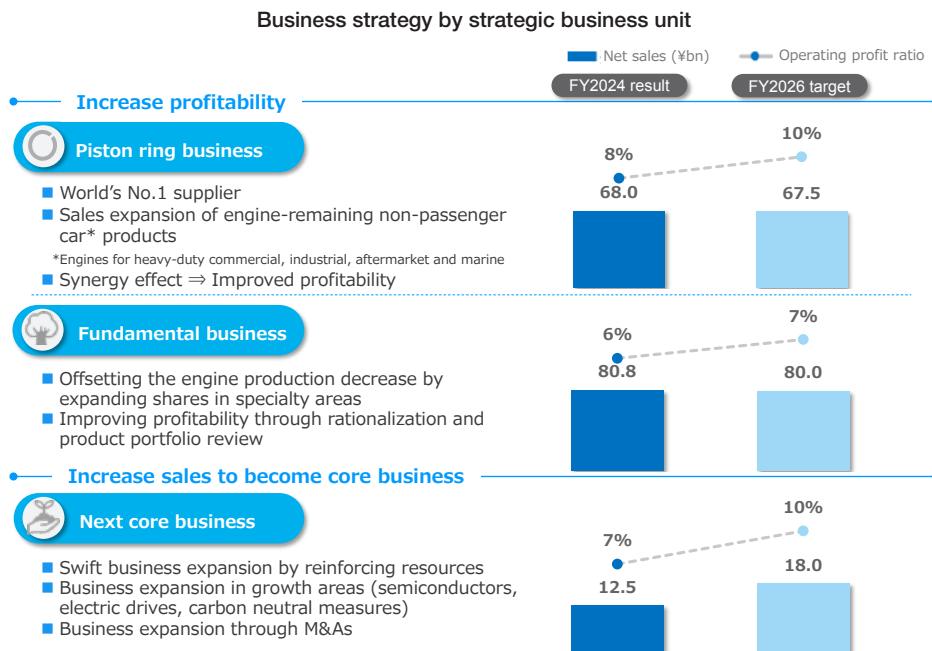
Growth strategy

In addition, the Company will promote reductions to shareholder capital costs by steadily carrying out its midterm strategies and enhancing IR activities. Regarding cash allocations, ¥63.0bn of cash to be generated over the three years (operating cash flow of ¥60.0bn + sales of assets like cross-held shares of ¥3.0bn) will be appropriately allocated for further growth and shareholder returns. Specifically, the Company is planning cash outflows of ¥20.0bn on shareholder returns and ¥43.0bn on strategic investments (¥40.0bn on growth investment, including capital investment and M&A, and an increase of ¥3.0bn from previous levels for R&D).

## Develop next core business into third pillar

### 3. Business strategy and progress

As for business strategy, toward business portfolio reform, the Company categorized its business into the piston ring business, which seeks to strengthen profitability, fundamental business (sintered products, engineered plastic products, casting components and precision components for automobiles and industrial machinery, and piping products for the construction and industrial sectors) and the next core business (existing businesses in growth fields, new products, new businesses), which aims to expand sales scope and become a core business, and will promote business strategies for each of these categories. Regarding the piston ring business and fundamental businesses, the ICE components market will contract over the long term due to vehicle electrification, but a certain level of medium- to long-term demand is expected when including commercial, industrial, and shipping applications. Also, based on the fact that the repair market (approximately 1.5bn automobiles are owned globally) will trend steadily for a long period of time, and stable earning sources will expand through the business integration effects. Regarding next core businesses, the Company will aim for sales and profit expansion over the medium- to long-term by investing management resources into growth areas.



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**NPR-RIKEN CORPORATION** | 13-Feb.-2026  
6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Growth strategy

**(1) Piston ring business**

For the piston ring business, the FY3/27 targets are net sales of ¥67.5bn and an operating profit ratio of 10% (FY3/25: net sales of ¥68.0bn, operating profit ratio of 8%). As the global No. 1 supplier of piston rings the Company will reinforce sales expansion in non-passenger vehicles where engines will remain (commercial, industry, repair, and shipping applications), create synergies from the business integration, and fundamentally improve productivity to promote improvement in the profit ratio, and it will promote the development of innovative product technologies for carbon neutrality, including accommodating hydrogen and alternative fuels. As progress in FY3/25, the Company exited piston rings production in Taiwan and integrated the domestic cast-iron piston ring business, among other actions. From FY3/26 onward, it will sequentially realize synergies such as integration of design processes and specifications and consolidation of sites.

**(2) Fundamental businesses**

For the fundamental businesses, the FY3/27 targets are net sales of ¥80.0bn and an operating profit ratio of 7% (FY3/25: net sales of ¥80.8bn, operating profit ratio of 6%). By expanding share in specialty areas, the Company will make up for the decline in engine production, and through rationalization and revising the product portfolio, the Company will promote improvements to profitability. For precision machined parts for automobiles and industrial machinery (sintered products like valve seat inserts, engineered plastic products for sealing automobile transmissions, precision processed parts like camshafts, and casting components), the Company will reinforce competitiveness and will identify and dig deeply into competitive market products with the aim of being a top niche supplier globally. In piping products for the construction and industrial sectors, making NIPPON PIPE FITTING a subsidiary and becoming the top company in the domestic industry for pipefittings, the Company will accommodate increased need for prefabrication and piping components that save labor given the shortage of plumbers, and will increase its presence in the construction sector. As progress in FY3/25, in precision machine parts, the Company transferred shares of RIKEN Brother Precision Industry (dissolving the JV) and reviewed the production structure of the camshaft business. Also, in piping equipment products, the Company launched TL Joint, a new product that helps reduce labor at construction sites.

**(3) Next core businesses**

For the next core businesses, the FY3/27 targets are net sales of ¥18.0bn and an operating profit ratio of 10% (FY3/25: net sales of ¥12.5bn, operating profit ratio of 7%). The Company will expand business in growth areas (semiconductors, electric drives, carbon neutral measures) and will promote swift business expansion by reinforcing resources. It will also work to expand the business portfolio bearing the next generation by utilizing M&A and other means. Specific business fields include the thermal engineering business, EMC business, METAMOLD™\* business and other new products and new businesses (electric drive unit products, highly functional engineered plastic products, noise countermeasure products, medical device products).

| \* METAMOLD™ is the registered trademark for NPR's metal injection molding product. |

The Thermal Engineering Business manufactures and sells PYROMAX™, a metallic heating element, and PYROMAX SUPER™, a ceramic heating element, which are developed proprietarily. Using these products the Company can handle everything from heater units to industrial furnaces. Through synergies with SHINWA VANES, which RIKEN made it a subsidiary, the Company will apply products to a wide range of industrial fields. In particular, it will develop heater units for semiconductor manufacturing equipment, create a full lineup, and promote development and production capacity reinforcements to accommodate carbon neutrality.

**NPR-RIKEN CORPORATION** | 13-Feb.-2026  
6209 Tokyo Stock Exchange Prime Market <https://www.npr-riken.co.jp/en/ir/>

Growth strategy

In the EMC business, the Company provides design, installation management, and after-sales service for anechoic chambers, which are needed for EMC testing\*1 by automakers and electronic device manufacturers. Demand for new and renovated anechoic chambers is increasing because of the mounting need for EMC testing against the backdrop of CASE\*2 progress and communications technology development. Going forward the Company will promote the development and sale of facilities and products that secure "electromagnetic compatibility," which means neither receiving nor giving off electromagnetic influence in relation to electronic devices and the like. In FY3/24, the Company delivered Japan's first large anechoic chamber compliant with CISPR 16-1-4, the latest international standards.

\*1 Testing to confirm that electromagnetic waves given off by an electronic device do not have a negative impact on other devices or that when electromagnetic waves given off by another device are received, the device does not malfunction.

\*2 CASE is an acronym for Connected, Autonomous, Shared & Services, and Electric.

The METAMOLD™ business develops metal injection molded (MIM) products that are applied to complex-shaped parts used in a wide range of applications, including automobiles, aerospace, and industrial and medical equipment. In the automotive field, they are being adopted for ball screw circulation parts in electric power steering and suspensions. Furthermore, the Company is promoting expanded sales to industrial equipment, such as ball screw circulation parts for SCARA robots. The Company will utilize the competitive advantage of complexly shaped parts with high precision and high strength, which can be supplied at a low cost through metal injection molding. The Company also plans to build an efficient, targeted marketing system, greatly strengthen project acquisition capability, and develop for CASE-related parts, robots, sensors, and the medical field.

In other new products and new businesses, the Company is developing products for electric drive units, such as ultra-thin actuators and ultra-light wave reducers that are more compact and lighter for applications in industry, nursing care and medical robots, and to respond to expansion in the next-generation mobility and robot markets, the Company will develop and expand sales of highly functional engineered plastic products that utilize technology to join different materials together, develop and expand sales of magnetic material products that act as a counter-measure to magnetic hindrance utilizing technology cultivated in the EMC business, promote the development of products for medical devices implanted in the body using biocompatible materials, and aims to expand sales and profits over the medium- to long-term and make them core businesses. The Company's thin, high-torque axial gap motor incorporating a pressed powder core has been adopted for use in an agricultural support transport robot. In highly functional engineered plastic products, in 2024, the Company commercialized plastic gears for which a metal part was insert-molded. Mass production was started for motor-assist bicycles, and these are expected to be adopted more widely going forward. In FY3/25, the Company launched an electromagnetic noise suppression sheet, entering the market for such products in the automotive and healthcare industries.

In the field of medical equipment, the Company is rolling out NiFreeT™. This is a new medical-use material of a titanium-tantalum alloy, is highly biocompatible being nickel-free and non-magnetic. It can also be retained within the body and it is less expensive than the precious metals conventionally used in medical equipment (platinum). NiFreeT was initially developed in-house by the Company for use with piston rings as a shape-memorizing alloy, but it was then re-classified as a medical-use material because it is nickel-free and presents excellent processability. The Company is working to commercialize it as quickly as possible for application in implantable medical devices such as dental screws, guidewires, catheter reinforcements and medical devices centered on orthopedics. In addition, the Company is conducting new product development with Medtronic <MDT>, one of the world's major medical device manufacturers, as a part of its implanted medical device joint development project. Furthermore, recently the Company has launched Epishuttle™ isolation units for transporting patients with highly contagious diseases (manufactured by EpiGuard with the Company's subsidiary Normeca Asia Co., Ltd. holding exclusive sales rights for Japan).

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**NPR-RIKEN CORPORATION** | 13-Feb.-2026  
6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Growth strategy

The Company is also promoting the hydrogen related business keyed on hydrogen engines. In FY3/24, the Company augmented its bench room for evaluation of actual hydrogen engines and it now can evaluate everything from small-sized engines to large engines for trucks and construction equipment. In FY3/25, the Company made it possible to evaluate endurance over long periods by augmenting its hydrogen storage facility. Moreover, the Company launched a project to retrofit the small trucks used at the Kashiwazaki Plant with hydrogen engines and conduct testing while using them for actual business activities. In addition, the Company is also working to contribute to local communities and realize a carbon neutral society. For example, it has plans for a hydrogen station to be built in Kashiwazaki, Niigata Prefecture, in order to use hydrogen engine development as a foothold for contributing to local energy production and consumption through collaboration with the Kashiwazaki City Zero Carbon City Strategy.

## Group reorganization to accelerate synergy creation

### 4. Group reorganization

As of November 30, 2025, in the releases regarding group reorganization to generate synergies through consolidation, the Company announced the closure of the Michigan Manufacturing Plant of its US subsidiary on July 9, a merger by absorption of a domestic manufacturing subsidiary on July 30, a merger of the Thai subsidiary on November 12, the integration of US subsidiaries on November 14, and domestic group organizational restructuring on November 26.

For the Michigan Manufacturing Plant of NPR of America, Inc., a US subsidiary, production functions will be transferred to other sites within the Group to optimize valve seat inserts production globally (complete plant closure planned in September 2026). Regarding the absorption-type merger of domestic manufacturing subsidiaries, NPR absorbed NPR FUKUSHIMA WORKS Co., Ltd. as of October 1, 2025. Regarding the merger of Thai subsidiaries, SIAM NPR Co., Ltd. will, as of February 2, 2026 (planned), absorb RIKEN SALES AND TRADING (THAILAND) CO., LTD., and change its name to NPR-RIKEN (THAILAND) Co., Ltd. Regarding the integration of US subsidiaries, NPR of America, Inc. will, as of April 1, 2026 (planned), absorb RIKEN of America, Inc., and change its name to NPR-RIKEN North America, Inc.

As for the domestic group reorganization, the sales, technology development, and corporate divisions of both RIKEN and NPR will be transferred to the Company effective April 1, 2026, and the Company plans to transition to an operating holding company. In addition, the Group's businesses will be divided into six segments—piston ring business, marine and industrial business, precision components business, materials business, piping products business, and semiconductor and electronics-related business, and business divisions will be established for each segment. This will enable agile management emphasizing speed in strategy formulation and decision-making, with a focus on ROIC, profitability, and asset efficiency. In addition, manufacturing subsidiaries will become direct subsidiaries of the Company through the reorganization. Regarding group governance, taking this reorganization as an opportunity, the Company will advance the establishment of unified rules within the Group, with the Company taking a strong lead in strategy and policy decisions, building a resilient and efficient governance framework that is robust to change. These domestic group reorganizations will accelerate the creation of synergies.

**NPR-RIKEN CORPORATION** | 13-Feb.-2026  
6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Growth strategy

As specific domestic organizational reorganizations: RIKEN will transition to a manufacturing subsidiary of the piston ring business and change its name to NPR-RIKEN NIIGATA CORPORATION; NPR will transition to a manufacturing subsidiary of the precision components business and change its name to NPR-RIKEN PRECISION CORPORATION; Riken Kumagaya Kikai Co., Ltd. will succeed to the precision components business of Riken Corporation Kumagaya Plant and change its name to NPR-RIKEN PRECISION SAITAMA CORPORATION; Riken Castec Co., Ltd. will succeed to the materials business of the Riken Kashiwazaki Plant and change its name to NPR-RIKEN CASTEC CORPORATION; NPR Iwate Co., Ltd. will succeed to NPR's piston rings manufacturing-related assets and change its name to NPR-RIKEN IWATE CORPORATION; and Riken Trading Co., Ltd., will succeed to NPR's trading business for general-purpose products and similar and change its name to NPR-RIKEN TRADING CORPORATION. Also, RIKEN EP Corporation will change its name to NPR-RIKEN ENGINEERING PLASTICS CORPORATION; Kashiwazaki Piston Ring Co., Ltd. will change its name to NPR-RIKEN MARINE PRODUCTS CORPORATION; Riken Environmental System Co., Ltd. will change its name to NPR-RIKEN ENVIRONMENTAL SYSTEM CORPORATION; and RIKEN HEAT TECHNO Corporation will change its name to NPR-RIKEN HEAT TECHNO CORPORATION.

## Upward revision to the dividend forecast for FY3/26

### 5. Shareholder return policy

The Company positions returning profits to shareholders as one of its important management issues and while considering the balance between investment for growth and to raise corporate value and financial soundness, it will continue to pay a stable dividend. The Company will also flexibly acquire treasury stock and conduct shareholder returns with an awareness of capital efficiency and the total payout ratio. This is its basic policy. The 1st midterm management plan also calls for a payout ratio of 40% or higher and a total payout ratio on average over three years, including treasury stock acquisition, of 70% or higher. The Company is aiming to buy back its stock over three years targeting ¥10.0bn and will work to lift its level of shareholder returns. This is expected to give the Company a DOE at the 3% level in FY3/27. Based on this basic policy, for the dividend forecast for FY3/26, as of November 14, 2025, the interim dividend was revised upward by ¥5.00, resulting in total dividends of ¥135.00, up ¥5.00 YoY (interim ¥50.00, year-end ¥85.00). The planned payout ratio is 40.3%. Treasury stock acquisitions will be implemented flexibly, taking into account factors such as the Company's profit and financial situations, and capital efficiency.

**NPR-RIKEN CORPORATION** | 13-Feb.-2026  
 6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Growth strategy

**FY3/26 dividend forecast**

(¥bn)	FY3/25 result	FY3/26 forecast (initial)	FY3/26 forecast (revised)	YoY change	Details of the current revision
Annual dividend	¥130	¥130	¥135	+¥5	+¥5
Interim dividend	¥45	¥45	¥50	+¥5	+¥5
Year-end dividend	¥85	¥85	¥85	¥±0	¥±0
Total dividend payout	3.5	3.5	3.6	+0.1	+0.1
Treasury stock acquisition	4.0	To be determined	To be determined	-	-
Net profit*	8.8	7.3	9.0	+0.2	+1.7
Payout ratio	40%	48%	40%	±0%	-8%
Total payout ratio	86%	To be determined	To be determined	-	-

\* Profit attributable to owners of parent

Source: The Company's results briefing materials

## 6. Sustainability management

To support the sustainable growth of companies and society, the Company has set forth six major items in its sustainability management (Reinforcement of carbon neutrality initiatives, Promotion of diversity, equity and inclusion, Contribution to local communities, Improvement of corporate governance, Improvement of employee engagement and human resource development strategy, and Creation of safe and secure workplaces), and is promoting sustainability management on this basis. Regarding its key performance indicators (KPI) for FY3/27, the Company is aiming to reduce GHG emissions by 39% compared to FY3/14 (51% by FY3/31), raise the female manager ratio to 3% or higher domestically and 7% or higher consolidated, raise the acquisition rate of paternity leave to 50% or higher, raise the ratio of employees practicing code of conduct (formulated in FY3/24) to 80% or higher, and increase investment in employee human resources development by 30% on a consolidated basis compared to FY3/23. As of the end of FY3/25, items such as GHG emissions and the acquisition rate of paternity leave have already achieved the FY3/27 targets. To strengthen initiatives for carbon neutrality, the Company intends to change cupola furnaces to electric furnaces, upgrade to high-efficiency facilities, deploy solar and wind power, develop a compact wind-power generation system, procure renewable energy, purchase green electricity certificates, and utilize J-credits (carbon offset). Also, in March 2025, both NPR and RIKEN received certification as a 2025 Health & Productivity Management Outstanding Organization (Large Enterprise Category) under the Certified Health & Productivity Management Outstanding Organization Recognition Program operated by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

NPR-RIKEN CORPORATION | 13-Feb.-2026  
6209 Tokyo Stock Exchange Prime Market | <https://www.npr-riken.co.jp/en/ir/>

Growth strategy

## Focus on the progress of growth strategies, including the creation of synergies

### 7. FISCO's view

While the automobile engine parts-related industry faces a challenging business environment due to the trend toward EVs and other factors, in addition to indications that the pace of EV adoption may be slowing, scenarios in which ICEs persist are also conceivable. Accordingly, the Company's piston ring business and fundamental businesses may continue to generate stable earnings with appropriate business strategies. Taking these points into account, FISCO believes investors' perception of the automobile engine parts-related industry may be somewhat overly pessimistic. Moreover, regarding the creation of synergies from the business merger, progress in the first year (FY3/25) of the 1st midterm management plan has been generally steady, and the next core businesses that the Company has positioned as priority areas are also expanding, including the high value-added Thermal Engineering Business and EMC business. In addition, the implementation of the domestic group reorganization scheduled for April 2026 is expected to further accelerate synergies from the business merger. For these reasons, we intend to continue monitoring the progress of the growth strategies.

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■ For inquiries, please contact: ■  
FISCO Ltd.  
5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062  
Phone: 03-5774-2443 (IR Consulting Business Division)  
Email: support@fisco.co.jp