

Consolidated Financial Results
for the Three Months of the Fiscal Year Ending March 31, 2022
<under Japanese GAAP>

Company name: **RISO KAGAKU CORPORATION**
Listing: First Section of the Tokyo Stock Exchange
Stock code: 6413
URL: <https://www.riso.co.jp/english/>
Representative: Akira Hayama, President & CEO
Inquiries: Shouichi Ikejima, Director and General Manager of Corporate Headquarters
TEL: +81-3-5441-6611 (from overseas)

Scheduled date to file Quarterly Report: August 6, 2021
Scheduled date of dividend payment commencement: –
Preparation of supplementary information on quarterly business results: None
Holding of briefing on quarterly business results: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the three months of the fiscal year ending March 31, 2022
(from April 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2022	16,655	23.8	1,026	–	1,153	–	1,016	–
June 30, 2021	13,455	(29.6)	(678)	–	(605)	–	46	(92.3)

Note: Comprehensive Income

Three months ended June 30, 2022: 1,041 million yen / 381.8 %

Three months ended June 30, 2021: 216 million yen / (13.9) %

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended		
June 30, 2022	29.42	–
June 30, 2021	1.34	–

(Note) The Company began applying the accounting standard for revenue recognition (ASBJ Statement No. 29 of March 31, 2020, “Accounting Standard for Revenue Recognition”) at the start of the three months ended June 30, 2021, and amounts for the first quarter of the fiscal year ending March 31, 2022, are shown after the application of the standard. Furthermore, the application of the standard has only a limited impact on net sales, and there is no impact at any profit level below operating income. Calculations for the percentage year-on-year changes are based on consolidated financial results for the first three months of the fiscal year ended March 31, 2021, before the application of this standard.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2021	78,494	59,922	76.3
March 31, 2021	81,764	61,069	74.7

Reference: Shareholders' Equity As of June 30, 2021: 59,922 million yen As of March 31, 2021: 61,069 million yen

(Note) The Company began applying the accounting standard for revenue recognition (ASBJ Statement No. 29 of March 31, 2020, "Accounting Standard for Revenue Recognition") at the start of the three months ended June 30, 2021, and amounts for the first quarter of the fiscal year ending March 31, 2022, are shown after the application of the standard. The application of the standard does not affect total assets, net assets, or the equity ratio.

2. Cash dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	0.00	–	40.00	40.00
Fiscal year ending March 31, 2022	–				
Fiscal year ending March 31, 2022 (Forecasts)		0.00	–	48.00	48.00

(Note) Revisions to the forecasts of cash dividends in the current quarter: None

3. Forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	33,500	11.0	1,450	–	1,550	–	1,300	176.9	37.79
Fiscal year ending March 31, 2022	71,250	4.1	3,600	158.1	3,700	92.1	3,000	81.6	87.40

(Note1) Revisions to the forecasts in the current quarter: Yes

(Note2) The Company began applying the accounting standard for revenue recognition (ASBJ Statement No. 29 of March 31, 2020, "Accounting Standard for Revenue Recognition") at the start of the three months ended June 30, 2021, and amounts for the first quarter of the fiscal year ending March 31, 2022, are shown after the application of the standard. Furthermore, the application of the standard has only a limited impact on net sales, and there is no impact at any profit level below operating income. Calculations for the percentage year-on-year changes are based on consolidated financial results of the fiscal year ended March 31, 2021, before the application of this standard.

4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of peculiar accounting methods for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement
- Changes due to revisions to accounting standards and other regulations: Yes
 - Changes due to other reasons: None
 - Changes in accounting estimates: None
 - Restatement: None

(4) Number of issued shares (common stock)

- a. Total number of issued shares at the end of the period (including treasury stock)

As of June 30, 2021	45,000,000 shares
As of March 31, 2021	45,000,000 shares

- b. Number of treasury stock at the end of the period

As of June 30, 2021	10,753,931 shares
As of March 31, 2021	10,292,931 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	34,555,410 shares
Three months ended June 30, 2021	34,707,151 shares

* These financial results are outside the scope of audit by a certified public accountant or an audit firm.

* Proper use of the forecasts, and other special matters

The forward-looking statements, including forecasts, contained in these materials are based on information currently available to the Company. These statements do not purport that the Company pledges to achieve such performance. Actual business may differ substantially from the forecasts due to various factors in the future.

Attached Materials

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1. Qualitative Information regarding Consolidated Results for the Three Months

(1) Explanation on consolidated operating results

The RISO Group (RISO) formulated the Seventh Medium term Management Plan (RISO Vision 22) with the final fiscal year of the period ending March 31, 2022, and followed its medium term management policy of “Enhance profitability by expanding the inkjet business and improving efficiency on a Group wide basis”.

During the first three months of the fiscal year ending March 31, 2022, despite the impact of the spread of the novel coronavirus infectious disease (COVID-19), the increase in sales in the printing equipment business and factors such as the weaker yen resulted in both higher sales and profits. Net sales were 16,655 million yen (up 23.8% year on year), operating income was 1,026 million yen (compared to operating loss of 678 million yen in the same period of the previous fiscal year), and ordinary income was 1,153 million yen (compared to ordinary loss of 605 million yen in the same period of the previous fiscal year). Profit attributable to owners of parent was 1,016 million yen (compared to operating income of 46 million yen in the same period of the previous fiscal year). The average exchange rates during the current consolidated three months period were 109.49 yen (a 1.87 yen depreciation of the yen year on year) for the US dollar and 131.96 yen (a 13.48 yen depreciation of the yen year on year) for the euro.

Results by segment are as follows:

a. Printing equipment business

RISO, as part of its printing equipment business, engages in the inkjet business, principally with its ORPHIS high-speed color printers, as well as the digital duplicating business, consisting mainly of its RISOGRAPH digital duplicators. Net sales in the printing equipment business were 16,298 million yen (up 23.6% year on year), and segment profit was 870 million yen (compared to segment loss of 786 million yen in the same period of the previous fiscal year).

Sales in the inkjet business and digital duplicating business exceeded the same period of the previous year both in Japan and overseas. Net sales in Japan were 8,457 million yen (up 11.3% year on year), in the Americas were 746 million yen (up 22.5% year on year), in Europe were 3,454 million yen (up 70.5% year on year), and in Asia were 3,639 million yen (up 23.0% year on year).

b. Real estate business

The Group’s real estate business consists of the leasing of buildings. Net sales in the real estate business were 272 million yen (up 22.8% year on year), and segment profit was 205 million yen (up 34.9% year on year).

c. Others

RISO operates a print creating business and a digital communication business as well as printing equipment business and real estate business. Net sales in the others were 84 million yen (up 93.8% year on year), and segment loss was 49 million yen (compared to segment loss of 44 million yen in the same period of the previous fiscal year).

The Company began applying the accounting standard for revenue recognition (ASBJ Statement No. 29 of March 31, 2020, “Accounting Standard for Revenue Recognition”) at the start of the three months ended June 30, 2021; as a result, net sales for that three-month period were reduced by 137 million yen, cost of sales was reduced by 30 million yen, and selling, general and administrative expenses were reduced by 107 million yen. There was no impact at any profit level below operating income. For details, refer to “2. Consolidated Quarterly Financial Statements (3) Notes on quarterly consolidated financial statements (changes in accounting policies).”

(2) Explanation on consolidated financial position

The financial position of RISO at the end of the current quarter compared to the end of the previous fiscal year is as follows.

Total assets fell 3,269 million yen to 78,494 million yen, while net assets fell 1,147 million yen to 59,922 million yen.

The main areas of change in the assets section were short-term investment securities and merchandise and finished

goods, which increased by 599 million yen and 643 million yen, respectively. Cash and deposits, and notes and accounts receivable-trade decreased by 450 million yen and 4,015 million yen, respectively. In the liabilities section, notes and accounts payable-trade, and provision for bonuses, decreased by 456 million yen and 1,143 million yen, respectively. In net assets, retained earnings decreased by 371 million yen, while treasury stock increased by 799 million yen.

As a result, the equity ratio moved up 1.6 points to 76.3%.

(3) Explanation on future estimates information pertaining to consolidated earnings forecasts

In light of recent earnings trends, RISO has revised the earnings forecasts released on May 14, 2021.

Revisions of the first half year forecast figures for the fiscal year ending March 31, 2022
(April 1, 2021 – September 30, 2021)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A)	33,200	900	900	700	20.17 yen
Revised forecast (B)	33,500	1,450	1,550	1,300	37.79 yen
Amount of increase/decrease (B-A)	300	550	650	600	
Percentage of increase/decrease (%)	0.9	61.1	72.2	85.7	
(Ref.) Actual results of the first half year ended March 31, 2020	30,191	△574	△454	469	13.53 yen

Revisions of figures in consolidated earnings forecasts for the fiscal year ending March 31, 2022
(April 1, 2021 – March 31, 2022)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A)	70,700	2,900	2,900	2,300	66.27 yen
Revised forecast (B)	71,250	3,600	3,700	3,000	87.40 yen
Amount of increase/decrease (B-A)	550	700	800	700	
Percentage of increase/decrease (%)	0.8	24.1	27.6	30.4	
(Ref.) Previous fiscal year results (fiscal year ended March 31, 2020)	68,434	1,395	1,925	1,651	47.59 yen

Reasons for revision

Reflecting financial results for the three-month period ended June 30, 2021, and the outlook for the business environment going forward, we have upwardly revised consolidated forecasts for the six months ending September 30, 2021, and the full year, respectively.

During the first three months ended June 30, 2021, printing equipment business sales went according to plan. Company-wide efforts to reduce selling, general and administrative expenses, and the impact of the weaker yen

exchange rate led to higher profit than initially forecast.

Our forecasts have been calculated based on anticipated full-year exchange rates of 107 Japanese yen to the US dollar and 128 Japanese yen to the euro.

(4) Explanation on research and development activities

Expenses for RISO's research and development activities in the current quarter totaled 1,206 million yen. The main R&D activities were in the printing equipment business.

2. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	18,523	18,072
Notes and accounts receivable-trade	13,578	9,562
Short-term investment securities	0	600
Merchandise and finished goods	8,292	8,936
Work in process	823	793
Raw materials and supplies	1,601	1,585
Other	1,815	2,000
Allowance for doubtful accounts	(394)	(387)
Total current assets	44,241	41,163
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	22,517	22,512
Accumulated depreciation	(14,538)	(14,658)
Buildings and structures, net	7,978	7,854
Machinery, equipment and vehicles	6,974	6,900
Accumulated depreciation	(6,012)	(6,032)
Machinery, equipment and vehicles, net	962	868
Tools, furniture and fixtures	14,124	14,251
Accumulated depreciation	(13,320)	(13,432)
Tools, furniture and fixtures, net	804	818
Land	17,654	17,648
Lease assets	528	508
Accumulated depreciation	(308)	(316)
Lease assets, net	219	192
Construction in progress	13	40
Other	10,327	10,289
Accumulated depreciation	(7,687)	(7,636)
Other, net	2,639	2,653
Total property, plant and equipment	30,273	30,075
Intangible assets		
Software	822	822
Other	203	190
Total intangible assets	1,025	1,012
Investments and other assets		
Investment securities	1,433	1,432
Long-term loans receivable	15	14
Deferred tax assets	1,629	1,633
Other	3,150	3,169
Allowance for doubtful accounts	(5)	(6)
Total investments and other assets	6,224	6,243
Total noncurrent assets	37,523	37,331
Total assets	81,764	78,494

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,522	9,065
Short-term loans payable	317	241
Current portion of long-term loans payable	1	1
Income taxes payable	490	241
Provision for bonuses	2,042	898
Provision for bonuses for directors (and other officers)	31	11
Provision for product warranties	21	21
Other	6,940	6,764
Total current liabilities	19,366	17,245
Noncurrent liabilities		
Long-term loans payable	11	11
Net defined benefit liability	616	634
Other	701	681
Total noncurrent liabilities	1,329	1,326
Total liabilities	20,695	18,572
Net assets		
Shareholders' equity		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	47,900	47,528
Treasury stock	(16,270)	(17,070)
Total shareholders' equity	60,524	59,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	261	260
Foreign currency translation adjustment	(457)	(418)
Remeasurements of defined benefit plans	740	727
Total accumulated other comprehensive income	544	569
Total net assets	61,069	59,922
Total liabilities and net assets	81,764	78,494

(2) Consolidated quarterly statements of (comprehensive) income**(Consolidated quarterly statements of income)**

	(Millions of yen)	
	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Net sales	13,455	16,655
Cost of sales	5,707	7,069
Gross profit	7,748	9,585
Selling, general and administrative expenses	8,426	8,559
Operating income	(678)	1,026
Non-operating income		
Interest income	31	33
Dividends income	30	30
Foreign exchange gains	–	43
Other	34	56
Total non-operating income	95	164
Non-operating expenses		
Interest expenses	12	10
Foreign exchange losses	3	–
Loss on retirement of noncurrent assets	3	16
Other	3	10
Total non-operating expenses	23	37
Ordinary profit	(605)	1,153
Extraordinary income		
Subsidy income	278	–
Gain on transfer of goodwill	86	–
Total extraordinary income	364	–
Profit (loss) before income taxes	(241)	1,153
Income taxes	(47)	136
Refund of income taxes for prior periods	(240)	–
Profit	46	1,016
Profit attributable to owners of parent	46	1,016

(Consolidated quarterly statements of comprehensive income)

(Millions of yen)

	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Profit	46	1,016
Other comprehensive income		
Valuation difference on available-for-sale securities	17	(0)
Foreign currency translation adjustment	125	39
Remeasurements of defined benefit plans	26	(13)
Total other comprehensive income	169	24
Comprehensive income	216	1,041
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	216	1,041
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes on quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

In accordance with a resolution passed by a meeting of the Board of Directors held on May 14, 2021, the Company purchased 461,000 shares of treasury stock. As a result, treasury stock during the first three months of the fiscal year ending March 31, 2022 increased by 799 million yen, and was 17,070 million yen at the end of the same period.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition)

The Company began applying the "Accounting Standard For Revenue Recognition" (ASBJ Statement No. 29 of March 31, 2020; hereinafter "Revenue Recognition Standard") at the start of the three months ended June 30, 2021. Accordingly, at the point that control of a good or service is transferred to the customer, the Company recognizes revenue equivalent to the amount it expects to receive in exchange for said good or service.

As a result, for transactions in which the Company is deemed to be involved as an agent, the net amount is displayed. In addition, we have changed the treatment of rebates, etc. that were previously recorded in selling, general and administrative expenses, so that sales are now reduced by the amount in question.

With regard to the application of the Revenue Recognition Standard, in accordance with the transitional measures set forth in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the first three months of the fiscal year ending March 31, 2022, has been added to or subtracted from retained earnings at the beginning of the first three months of the fiscal year ending March 31, 2022, and the new accounting policy has been applied from the start of this three-month period. However, although the method set forth in paragraph 86 of the Accounting Standard for Revenue Recognition has been applied, the new accounting policy has not been applied retrospectively to contracts for which nearly all revenue amounts had already been recognized prior to the beginning of the first three months of the fiscal year ending March 31, 2022, in accordance with the previous treatment. The Company has also applied the method set forth in the proviso (1) to paragraph 86 of the Accounting Standard for Revenue Recognition. Based on the contract conditions after the application of all changes for contracts made prior to the beginning of the first three months of the fiscal year ending March 31, 2022, the cumulative effect of making these changes in accounting treatment has been added to or subtracted from the beginning balance of retained earnings for said three-month period.

As a result, net sales for the three-month period decreased by 137 million yen, cost of sales decreased by 30 million yen, and selling, general and administrative expenses decreased by 107 million yen. There was no impact at any profit level below operating income, or in the beginning balance of retained earnings for the period in question.

In accordance with the transitional measures set out in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated to reflect this new method of presentation.

(Application of Accounting Standard for Revenue Recognition)

The Company began applying the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), at the start of the three months ended June 30, 2021, and in accordance with the transitional measures set forth in paragraph 19 of that standard, and the transitional measures set forth in paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), going forward it will apply the new policy determined in the Accounting Standard for Fair Value Measurement. There has been no effect from this.

(Additional information)

There have been no material changes to the hypothesis, which includes the timing of the resolution of the COVID-19 issue, described in "Accounting estimates in relation to the impact of novel coronavirus infectious

disease (COVID-19)” section of the “Additional information” section of the securities report for the previous fiscal year.

(Segment information)

1. Three months ended June 30, 2020(from April 1, 2020 to June 30, 2020)

Information on sales and income or loss for each reportable segment

(Millions of yen)

	Printing equipment business	Real estate Business	Others	Adjustments	Total
Net sales:					
Outside customers	13,190	222	43	—	13,455
Inter-segment	—	—	—	—	—
Total	13,190	222	43	—	13,455
Segment profit (loss)	(786)	152	(44)	—	(678)

Notes: 1. “Others” includes print creating business.

2. Total amount of segment income coincides with the operating income in the consolidated statements of income.

2. Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

Information on sales and income or loss for each reportable segment

(Millions of yen)

	Printing equipment business	Real estate Business	Others	Adjustments	Total
Net sales:					
Outside customers	16,298	272	84	—	16,655
Inter-segment	—	—	—	—	—
Total	16,298	272	84	—	16,655
Segment profit (loss)	870	205	(49)	—	1,026

Notes: 1. “Others” includes print creating business.

2. Total amount of segment income (loss) coincides with the operating loss in the consolidated statements of income.

Because the real estate business that had previously been part of Other has grown in importance, in the fiscal year under review we changed the method of presentation so as to disclose it as a reportable segment. As a result, the reportable segments have now changed to the two categories of printing equipment business and real estate business. In addition, segment information presented for the previous fiscal year is based on the categories after the implementation of these changes.

And, as stated in (Changes in accounting policies), the Company began applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 of March 31, 2020) at the start of the three months ended June 30, 2021, and because it has changed its accounting treatment regarding revenue recognition, it has also changed the methods used to measure profit and loss in business segments.

Due to these changes, net sales for Printing Equipment Business in the first three months of the fiscal year ending March 31, 2022, decreased by 137 million yen compared with the previous approach, but there was no impact on segment profit or (loss).

(Subsequent event)

(Purchase of Treasury Stock)

RISO KAGAKU CORPORATION (the “Company”) announced that its Board of Directors resolved at the meeting held on July 30, 2021 to purchase treasury stock as described below, pursuant to the provisions of Article 156 of the Corporate Law as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same Law.

- (1) Reason for purchase of treasury stock:
The Company will conduct the purchase of treasury stock to carry out capital management that allows the Company to respond quickly to changes in the business environment and to distribute earnings to shareholders.
- (2) Type of shares to be purchased: Common stock of the Company
- (3) Number of shares to be purchased: Up to 700,000 shares
- (4) Total purchase cost: Up to 1,200,000,000 yen
- (5) Purchase period: From August 18, 2021 to September 22, 2021
- (6) Purchase method: Purchased on the Tokyo Stock Exchange