

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <under Japanese GAAP>

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 Listing: Tokyo Stock Exchange Prime Market
 Stock code: 6413
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Scheduled date of Regular General Meeting of Shareholders: June 24, 2022
 Scheduled date of dividend payment commencement: June 27, 2022
 Scheduled date to file Securities Report: June 27, 2022
 Preparation of supplementary information on business results: Yes
 Holding of briefing on business results: Yes (Recorded video of briefing on business results scheduled for distribution)

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

1. Consolidated performance for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	69,313	1.3	4,164	198.5	4,644	141.2	3,578	116.6
March 31, 2021	68,434	(12.3)	1,395	(45.2)	1,925	(21.1)	1,651	141.7

Note: Comprehensive income

Fiscal year ended March 31, 2022: 5,291 million yen / 42.5% Fiscal year ended March 31, 2021: 3,713 million yen / -%

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	105.18	—	5.8	5.7	6.0
March 31, 2021	47.59	—	2.8	2.4	2.0

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2022: — million yen Fiscal year ended March 31, 2021: — million yen

Note: The Company began applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and related guidance from the beginning of the consolidated fiscal year under review. Accordingly, all figures for the fiscal year ended March 31, 2022, are figures after application of the said standard and guidance. Furthermore, the application of the standard and guidance 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 fiscal year ended March 31, 2021, before the application of the standard and guidance.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	81,829	62,971	77.0	1,866.58
March 31, 2021	81,764	61,069	74.7	1,759.56

Reference: Shareholders' equity As of March 31, 2022: 62,971 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, March 31, 2020) and related guidance from the beginning of the consolidated fiscal year under review. Accordingly, all figures for the fiscal year ended March 31, 2022, are figures after application of the said standard and guidance. The application of the standard and guidance does not affect total assets, net assets, or the equity ratio.

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	5,390	(1,375)	(3,593)	18,834
March 31, 2021	5,628	(2,162)	(1,156)	17,660

2. Cash dividends

	Cash dividends per share					Total dividends (annual)	Dividend pay-out ratio (consolidated)	Net assets-to dividend ratio (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million of yen	%	%
Fiscal year ended March 31, 2021	–	0.00	–	40.00	40.00	1,388	84.0	2.3
Fiscal year ended March 31, 2022	–	0.00	–	100.00	100.00	3,373	95.1	5.5
Fiscal year ending March 31, 2023 (Forecast)	–	0.00	–	60.00	60.00		72.3	

Note: Breakdown of dividends for fiscal year ended March 31, 2022

Ordinary dividend 60.00yen Dividend to commemorate 75th anniversary of the founding of the Company 40.00yen

3. Forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2022	33,500	3.7	1,500	7.5	1,500	(2.9)	1,100	(15.9)	32.61
Fiscal year ending March 31, 2023	70,800	2.1	3,800	(8.8)	3,900	(16.0)	2,800	(21.8)	83.00

4. Others

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies / changes in accounting estimates / restatement

- a. Changes due to revisions to accounting standards and other regulations: Yes
- b. Changes due to other reasons: None
- c. Changes in accounting estimates: None
- d. Restatement: None

Note: For details, refer to “4. Consolidated Financial Statements and Notes (5) Notes regarding the consolidated financial statements (Changes in accounting policies)” on p. 14 of the attached materials.

(3) Number of issued shares (common stock)

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

As of March 31, 2022	40,000,000 shares
As of March 31, 2021	45,000,000 shares

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

As of March 31, 2022	6,263,511 shares
As of March 31, 2021	10,292,931 shares

c. Average number of shares during the period

Fiscal year ended March 31, 2022	34,020,943 shares
Fiscal year ended March 31, 2021	34,707,102 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. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year under Review

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”.

In the fiscal year under review, net sales grew year on year due to the effects of yen depreciation, while operating income rose for the same reason, and as a result of efforts to reduce selling, general and administrative expenses. Net sales were 69,313 million yen (up 1.3% year on year), operating income was 4,164 million yen (up 198.5%), ordinary income was 4,644 million yen (up 141.2%), due to the recording of foreign exchange gains, while profit attributable to owners of parent came to 3,578 million yen (up 116.6%).

The average exchange rates during the current consolidated fiscal year under review were 112.38 yen (a 6.32 yen depreciation of the yen year on year) for the US dollar and 130.56 yen (a 6.86 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 for the printing equipment business were 67,834 million yen (up 1.1% year on year), and segment profit were 3,560 million yen (up 335.6% year on year).

In Japan, sales in the inkjet business were more or less unchanged from the previous fiscal year, and the digital duplicating business saw a year-on-year decline in sales. Overseas, sales for both the inkjet business and the digital duplicating business exceeded previous-year levels.

Net sales in Japan were 35,849 million yen (down 4.7% year on year), in the Americas were 4,063 million yen (up 40.2% year on year), in Europe were 14,495 million yen (up 23.3% year on year), and in Asia were 13,425 million yen (down 9.3% 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 1,094 million yen (up 7.9% year on year), and segment profit was 794 million yen (up 13.2% 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 384 million yen (up 8.3% year on year), and segment loss was 190 million yen (compared to segment loss of 124 million yen in the previous fiscal year).

As a result of applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and related guidance from the beginning of the consolidated fiscal year under review, net sales in the consolidated fiscal year under review decreased by 478 million yen, cost of sales decreased by 112 million yen, and selling, general and administrative expenses decreased by 366 million yen. There is no impact at any profit level below operating income.

For details, refer to “4. Consolidated Financial Statements and Notes (5) Notes regarding the consolidated financial statements (Changes in accounting policies).”

(2) Overview of financial position for the Fiscal Year under Review

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

Total assets increased 64 million yen to 81,829 million yen, while net assets increased 1,902 million yen to 62,971 million yen.

The main changes in the assets section were increases in cash and deposits of 830 million yen, in short-term investment securities of 400 million yen, and in raw materials and supplies of 731 million yen, while accounts receivable – trade declined by 1,041 million yen. In the liabilities section, notes and accounts payable - trade and retirement benefit liability were reduced by 1,067 million yen and 459 million yen, respectively. In net assets, treasury shares declined by 6,110 million yen.

As a result, the equity ratio increased by 2.3 points to 77.0%.

(3) Overview of cash flows for the Fiscal Year under Review

Cash and cash equivalents (“cash”) at the end of the fiscal year under review increased by 1,173 million yen year on year to 18,834 million yen.

The positions and contributing factors of each cash flow in the fiscal year under review were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 5,390 million yen (down 4.2% year on year). This is mainly attributable to profit before income taxes of 4,718 million yen, depreciation and amortization of 3,390 million yen, a decrease in trade receivables of 1,690 million yen, a decrease in trade payables of 1,693 million yen, and income taxes paid of 767 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,375 million yen (down 36.4% year on year). This is primarily the result of the expense of 796 million yen for the purchase of property, plant and equipment and the expense of 451 million yen for purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was 3,593 million yen (up 210.6% year on year). The result mainly reflects an expense of 1,999 million yen for the purchase of treasury stock, and payments of 1,385 million yen for cash dividends.

(4) Business outlook for the next fiscal year

The Company expects the outlook for the environment in which it operates to remain uncertain going forward, due to such factors as economic stagnation caused by novel coronavirus infectious disease (COVID-19), and supply constraints arising from semiconductor shortages and supply chain disruption.

It was under these conditions that the Group formulated the 8th Medium-term Management Plan, running from April 1, 2022, to March 31, 2025. We will strive to achieve the management objective, which is “1. Expand IJ business 2. Establish a solid customer oriented sales planning structure”

In the first year of the plan, which is the fiscal year ending March 31, 2023 (from April 1, 2022, to March 31, 2023), consolidated forecasts are net sales of 70,800 million yen, operating income of 3,800 million yen, ordinary income of 3,900 million yen, and profit attributable to owners of parent of 2,800 million yen.

The aforementioned forecast is premised on the exchange rates of 120 yen against US dollar and 130 yen against the euro.

Forward-looking statements made in these materials in relation to consolidated forecasts, etc. are based on information available to the Company at the time the statements were made, as well as on certain assumptions deemed reasonable at the time. Actual results, etc. may differ from forecasts for a variety of reasons.

(5) Basic Policy for Earning Distribution and Current and Next Fiscal Year Dividends

As for distribution of earnings to shareholders, the Company sets the two policies as below as Basic Policies:

- (1) Allocate an appropriate portion of earnings as a dividend in accordance with business result while retaining the means to strengthen the corporate structure; and
- (2) Strive to make continued, stable dividend payments.

Based on the Basic Policies, the Company will distribute annual dividends from surplus once a year at the end of every fiscal year. Also, we regard the repurchasing of shares as a measure for allocating earnings to shareholders and will effectuate it taking into account stock price levels and market trends.

The Company plans to add a 40-yen dividend to commemorate the 75th anniversary of its founding, for a total year-end dividend of 100 yen per share for the fiscal year under review. During the fiscal year under review, the Company purchased a total of 970,500 shares of treasury stock, for 1,999 million yen. The Company also retired a total of 5,000,000 shares of treasury stock during the fiscal year under review.

In accordance with the Basic Policies, the Company plans to pay a dividend of 60 yen per share for the next fiscal year.

(6) Explanation on research and development activities

Expenses for RISO's research and development activities in FY2022 totaled 4,519 million yen. The main R&D activities were in the printing equipment business.

2. Management Policies

(1) Basic Managerial Policies and Medium to Long-Term Business Strategy

The RISO Group formulated and has operating the Seventh Medium-term Management Plan (RISO Vision 22)—a three-year plan with the final fiscal year of the period ending March 31, 2022.

<Basic Policies in the Seventh Medium-Term Management Plan “RISO Vision 22”>

《Management Objectives》

Enhance profitability by expanding IJ business and improving efficiency on a Group-wide basis

《Priority Action》

1. Japanese Domestic Sales

Business Improve profit by focusing on sales to high-volume prospects and regenerating division's culture

2. Overseas Sales

Business Increase profit by strengthening the sales in potential area and market segments as well as improving unprofitable subsidiaries

3. Research and Development

Take on the challenge to create new business by developing customer-orientated products

4. Production

Proceed with transformations of procurement and manufacturing systems by pursuing the improvement of the production management

5. Corporate Planning

Strengthen the corporate planning function by renovating the management structure and approaches

The financial targets for the Medium-term Management Plan were consolidated net sales of 86,000million yen, and consolidated operating income of 4,100million yen (based on exchange rates of 110Japanese yen against the US dollar and 125Japanese yen against the euro). The changes in the global economic environment following the subsequent spread of novel coronavirus infectious disease (COVID-19) were profound, and because these had not been incorporated into our plans, we withdrew the financial targets in May 2021.

During the period of the 7th Medium-term Management Plan(RISO Vision 22), novel coronavirus infectious disease (COVID-19) had a drastic effect on society. In the printing equipment business, which is the mainstay of the Company, the usage environment for customers has changed significantly due to the rise in working from home and a reduction in the number of employees working at the office, and changes in the format of lectures and courses given at schools.

Faced by this situation, the Group focused its sales on high-print-volume customers, and worked to improve the efficiency of the Group as a whole. With regard to the expansion of the inkjet business, although net sales did not achieve the initial estimate, there were some positive outcomes. These include successfully strengthening profitability through focusing on sales to customers in the production market, and working to reduce selling, general and administrative expenses across the Group as a whole, which resulted in improvements in the profit structure.

As a result of these initiatives, and due partly to the effects of yen depreciation in the fiscal year under review, which was the final year of the plan, consolidated net sales were 69,300 million yen, and consolidated operating income was 4,100 million yen.

The Group has formulated the 8th Medium-term Management Plan (RISO Vision 25), the final year of which will be the fiscal year ending March 31, 2025, and which we will begin implementing in the fiscal year ending March 31, 2023.

<The 8th Medium-Term Management Plan “RISO Vision 25”>

《Management Objectives》

1. Expand IJ business
2. Establish a solid customer oriented sales planning structure

(2) Issues to Address

The Company expects the outlook for the environment in which it operates to remain uncertain going forward, due to such factors as economic stagnation caused by novel coronavirus infectious disease (COVID-19), and supply constraints arising from semiconductor shortages and supply chain disruption.

In the Group’s mainstay printing equipment business, revenue from the digital duplicating business continues to trend downwards. We understand that improving the profitability of the inkjet business is an issue that the Group must address. We also recognize that the medium- to long-term management issue for the Group is adapting to changes in the business environment and creating a lean and efficient corporate structure.

In order to achieve medium- to long-term growth for the Group, we will expand worldwide marketing activities that highlight the distinctiveness of our products. We will also engage in development activities aimed at the creation of new businesses.

In the fiscal year ending March 31, 2023, which comprises the first year of the 8th Medium-term Management Plan (RISO Vision 25), the following matters will be implemented as management policies.

<Management Policies for Fiscal Year Ending March 31, 2023>

Focus on the following five points to achieve the Medium-term Management Plan (RISO Vision 25).

1. Corporate Headquarters
Strengthen planning abilities and management awareness
2. Japanese Domestic Sales Business
Improve the organization quality
3. Overseas Sales Business
Improve the consolidated operating margin
4. Production
Pursue the improvement of the production management
5. Research and Development
Seek developments of new businesses

3. Basic policy on the selection of accounting standards

Due to convergence with international accounting standards, Japanese accounting standards have attained high quality and compare favorably in international terms. As they are considered the equal of international accounting standards, RISO applies Japanese accounting standards.

With regard to adopting international accounting standards in future, the Company will respond appropriately based on due consideration of both domestic and international circumstances.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	18,523	19,353
Notes and accounts receivable - trade	13,578	—
Notes receivable - trade	—	1,181
Accounts receivable - trade	—	11,323
Securities	0	400
Merchandise and finished goods	8,292	8,444
Work in process	823	758
Raw materials and supplies	1,601	2,332
Other	1,815	1,743
Allowance for doubtful accounts	(394)	(264)
Total current assets	44,241	45,274
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,517	22,678
Accumulated depreciation	(14,538)	(15,074)
Buildings and structures, net	7,978	7,604
Machinery, equipment and vehicles	6,974	6,978
Accumulated depreciation	(6,012)	(6,277)
Machinery, equipment and vehicles, net	962	701
Tools, furniture and fixtures	14,124	14,425
Accumulated depreciation	(13,320)	(13,732)
Tools, furniture and fixtures, net	804	693
Land	17,654	17,664
Leased assets	528	445
Accumulated depreciation	(308)	(297)
Leased assets, net	219	147
Construction in progress	13	11
Other	10,327	9,747
Accumulated depreciation	(7,687)	(7,695)
Other, net	2,639	2,052
Total property, plant and equipment	30,273	28,874
Intangible assets		
Software	822	932
Other	203	98
Total intangible assets	1,025	1,031
Investments and other assets		
Investment securities	1,433	1,667
Long-term loans receivable	15	13
Deferred tax assets	1,629	1,622
Other	3,150	3,350
Allowance for doubtful accounts	(5)	(4)
Total investments and other assets	6,224	6,649
Total non-current assets	37,523	36,555
Total assets	81,764	81,829

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,522	8,454
Short-term borrowings	317	228
Current portion of long-term borrowings	1	1
Income taxes payable	490	1,080
Provision for bonuses	2,042	1,722
Provision for bonuses for directors (and other officers)	31	40
Provision for product warranties	21	18
Other	6,940	6,539
Total current liabilities	19,366	18,084
Non-current liabilities		
Long-term borrowings	11	10
Retirement benefit liability	616	157
Other	701	604
Total non-current liabilities	1,329	772
Total liabilities	20,695	18,857
Net assets		
Shareholders' equity		
Share capital	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	47,900	41,979
Treasury shares	(16,270)	(10,160)
Total shareholders' equity	60,524	60,714
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	261	422
Foreign currency translation adjustment	(457)	781
Remeasurements of defined benefit plans	740	1,053
Total accumulated other comprehensive income	544	2,257
Total net assets	61,069	62,971
Total liabilities and net assets	81,764	81,829

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	68,434	69,313
Cost of sales	30,560	30,248
Gross profit	37,873	39,065
Selling, general and administrative expenses	36,478	34,900
Operating profit	1,395	4,164
Non-operating income		
Interest income	99	91
Dividend income	59	61
Foreign exchange gains	246	214
Other	217	214
Total non-operating income	621	580
Non-operating expenses		
Interest expenses	45	36
Loss on retirement of non-current assets	23	40
Other	22	23
Total non-operating expenses	91	101
Ordinary profit	1,925	4,644
Extraordinary income		
Insurance return	44	74
Subsidy income	406	—
Settlement received	336	—
Gain on liquidation of subsidiaries	100	—
Gain on transfer of goodwill	85	—
Total extraordinary income	973	74
Extraordinary losses		
Restructuring expenses	1,259	—
Total extraordinary losses	1,259	—
Profit before income taxes	1,639	4,718
Income taxes - current	668	1,344
Refund of income taxes for prior periods	(246)	—
Income taxes - deferred	(433)	(204)
Total income taxes	(12)	1,140
Profit	1,651	3,578
Profit attributable to owners of parent	1,651	3,578

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,651	3,578
Other comprehensive income		
Valuation difference on available-for-sale securities	237	161
Foreign currency translation adjustment	774	1,239
Remeasurements of defined benefit plans, net of tax	1,050	312
Total other comprehensive income	2,061	1,712
Comprehensive income	3,713	5,291
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,713	5,291
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in net assets**Fiscal year ended March 31, 2021**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,114	14,779	50,573	△20,074	59,393
Changes during period					
Dividends of surplus			△520		△520
Profit attributable to owners of parent			1,651		1,651
Purchase of treasury shares				△0	△0
Cancellation of treasury shares			△3,803	3,803	—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	△2,672	3,803	1,131
Balance at end of period	14,114	14,779	47,900	△16,270	60,524

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	24	△1,231	△309	△1,517	57,876
Changes during period					
Dividends of surplus					△520
Profit attributable to owners of parent					1,651
Purchase of treasury shares					△0
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity	237	774	1,050	2,061	2,061
Total changes during period	237	774	1,050	2,061	3,192
Balance at end of period	261	△457	740	544	61,069

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,114	14,779	47,900	△16,270	60,524
Changes during period					
Dividends of surplus			△1,388		△1,388
Profit attributable to owners of parent			3,578		3,578
Purchase of treasury shares				△1,999	△1,999
Cancellation of treasury shares			△8,110	8,110	—
Change in scope of consolidation			△0		△0
Net changes in items other than shareholders' equity					
Total changes during period	—	—	△5,920	6,110	189
Balance at end of period	14,114	14,779	41,979	△10,160	60,714

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	261	△457	740	544	61,069
Changes during period					
Dividends of surplus					△1,388
Profit attributable to owners of parent					3,578
Purchase of treasury shares					△1,999
Cancellation of treasury shares					—
Change in scope of consolidation					△0
Net changes in items other than shareholders' equity	161	1,239	312	1,712	1,712
Total changes during period	161	1,239	312	1,712	1,902
Balance at end of period	422	781	1,053	2,257	62,971

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,639	4,718
Depreciation	3,792	3,390
Increase (decrease) in retirement benefit liability	344	(30)
Increase (decrease) in provision for bonuses for directors (and other officers)	31	9
Increase (decrease) in allowance for doubtful accounts	86	(150)
Interest and dividend income	(158)	(152)
Gain on maturity of insurance contract	(44)	(74)
Interest expenses	45	36
Foreign exchange losses (gains)	2	(148)
Subsidy income	(406)	—
Settlement received	(336)	—
Loss (gain) on liquidation of subsidiaries	(100)	—
Gain on transfer of goodwill	(85)	—
Restructuring expenses	1,259	—
Decrease (increase) in trade receivables	143	1,690
Decrease (increase) in inventories	1,039	(188)
Increase (decrease) in trade payables	(583)	(1,693)
Increase (decrease) in accounts payable - other	40	(67)
Increase (decrease) in accrued consumption taxes	61	(62)
Other, net	(559)	(1,274)
Subtotal	6,213	6,004
Interest and dividends received	157	152
Interest paid	(45)	(34)
Subsidies received	400	—
Settlement received	336	—
Payments for restructuring	(1,201)	—
Income taxes paid	(760)	(767)
Income taxes refund	527	35
Net cash provided by (used in) operating activities	5,628	5,390
Cash flows from investing activities		
Payments into time deposits	(140)	(1,561)
Proceeds from withdrawal of time deposits	191	1,344
Purchase of property, plant and equipment	(1,883)	(796)
Proceeds from sale of property, plant and equipment	72	31
Purchase of intangible assets	(356)	(451)
Proceeds from collection of loans receivable	1	2
Proceeds from maturity of insurance funds	90	150
Other, net	(136)	(94)
Net cash provided by (used in) investing activities	(2,162)	(1,375)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(539)	(114)
Repayments of long-term borrowings	(1)	(1)
Purchase of treasury shares	—	(1,999)
Repayments of lease liabilities	(101)	(102)
Dividends paid	(521)	(1,385)
Other, net	7	10
Net cash provided by (used in) financing activities	(1,156)	(3,593)
Effect of exchange rate change on cash and cash equivalents	505	752
Net increase (decrease) in cash and cash equivalents	2,814	1,173
Cash and cash equivalents at beginning of period	14,845	17,660
Cash and cash equivalents at end of period	17,660	18,834

(5) Notes on consolidated financial statements

(Notes on premise of going concern)

No items to report

(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 fiscal year under review. 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 fiscal year under review has been added to or subtracted from retained earnings at the beginning of the fiscal year under review and the new accounting policy has been applied from the start of the fiscal year under review. 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 fiscal year under review 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 fiscal year under review 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 the fiscal year under review. “Notes and accounts receivable – trade” shown in the “Current assets” of the consolidated balance sheet for the previous fiscal year is included in “Notes receivable – trade” and “Accounts receivable – trade” for the fiscal year under review. However, 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.

As a result, in the consolidated statements of income for the fiscal year under review net sales were reduced by 478 million yen compared to before the application of the Accounting Standard for Revenue Recognition and related guidance, cost of sales was reduced by 112 million yen, and selling, general and administrative expenses were reduced by 366 million yen. There was no impact at any profit level below operating income, or in the consolidated balance sheets, the consolidated statements of cash flows, or the beginning balance of retained earnings in the consolidated statements of changes in net assets for the period in question.

(Application of Accounting Standard for Fair Value Measurement)

The Company began applying the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), at the start of the the fiscal year under review 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.

(Segment Information)

1. Reportable segments

Reportable segments of the Company are constituent units for which separate financial information is obtainable, and the Board of Directors periodically conducts examinations of these segments to determine the distribution of management resources and evaluate performance.

Domestic sales for the printing equipment business are effected by the Company's Sales Division and two regional subsidiaries. Overseas sales are effected by local entities in each country under the control of the Company's International Sales Division in the Americas, Europe and Asia. Local entities in each country constitute independent business units and business activities are undertaken with respect to products handled with comprehensive strategies formulated in collaboration with the Company's International Sales Division for each respective region.

Accordingly, the operations of the company are now classified into the printing equipment business, the real estate business, the print creating business, and the digital communication business.

2. Methods to determine the amounts of sales, income or loss, assets, liabilities and other items

The accounting method for the business segments that are reported is largely the same as the one for the consolidated financial statements.

Figures for reportable segment profit are on the basis of operating income.

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) and related guidance at the beginning of the fiscal year under review, and because it has changed its accounting treatment with regard to revenue recognition, it has also changed the methods used to measure profit and loss in business segments.

Due to these changes, in the fiscal year under review, net sales for the printing equipment business were reduced by 478 million yen and net sales for the "other" business were reduced by 0 million yen compared to the previous approach, but there was no impact on segment profit.

3. Information on sales and income or loss for each reportable segment

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Printing equipment Business	Real estate Business	Others	Adjustments	Total
Net sales:					
Revenues from external customers	67,063	1,014	355	—	68,434
Transactions with other segments	—	—	—	—	—
Total	67,063	1,014	355	—	68,434
Segment profit (loss)	817	702	(124)	—	1,395
Other items					
Depreciation	3,721	68	2	—	3,792

Notes: 1. The business segment "Others" encompasses businesses not included in the reportable segments, and includes the print creating business and the digital communication business.

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

3. Assets and liabilities at the segment level are not taken into consideration when determining the allocation of management resources or when evaluating results and thus are not presented here.

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Printing equipment Business	Real estate Business	Others	Adjustments	Total
Net sales:					
Revenues from external customers	67,834	1,094	384	—	69,313
Transactions with other segments	—	—	—	—	—
Total	67,834	1,094	384	—	69,313
Segment profit (loss)	3,560	794	(190)	—	4,164
Other items					
Depreciation	3,305	71	14	—	3,390

- Notes: 1. The business segment “Others” encompasses businesses not included in the reportable segments, and includes the print creating business and the digital communication business.
2. Total amount of segment profit (loss) coincides with the operating income in the consolidated statements of income.
3. Assets and liabilities at the segment level are not taken into consideration when determining the allocation of management resources or when evaluating results and thus are not presented here.

(Subsequent event)

(Purchase of Treasury Stock)

RISO KAGAKU CORPORATION (the “Company”) announced that its Board of Directors resolved at the meeting held on May 13, 2022 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 100,000 shares |
| (4) Total purchase cost: | Up to 200,000,000 yen |
| (5) Purchase period: | From May 27, 2022 to June 23, 2022 |
| (6) Purchase method: | Purchased on the Tokyo Stock Exchange |