

Consolidated Financial Results
for the Six Months of the Fiscal Year Ending March 31, 2023
<under Japanese GAAP>

Company name: **RISO KAGAKU CORPORATION**
Listing: Tokyo Stock Exchange Prime Market
Stock code: 6413
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Scheduled date to file Quarterly Report: November 9, 2022
Scheduled date of dividend payment commencement: –
Preparation of supplementary information on quarterly business results: Yes
Holding of briefing on quarterly 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 Six months of the fiscal year ending March 31, 2023
(from April 1, 2022 to September 30, 2022)

(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 | % |
| Six months ended | | | | | | | | |
| September 30, 2022 | 35,047 | 8.5 | 2,393 | 71.5 | 2,596 | 68.1 | 2,001 | 53.1 |
| September 30, 2021 | 32,302 | 7.0 | 1,395 | – | 1,544 | – | 1,307 | 178.6 |

Note: Comprehensive Income

Six months ended September 30, 2022: 3,379 million yen / 158.3 %

Six months ended September 30, 2021: 1,308 million yen / 129.5 %

| | Net income per share | Diluted net income per share |
|--------------------|----------------------|------------------------------|
| | Yen | Yen |
| Six months ended | | |
| September 30, 2022 | 59.47 | – |
| September 30, 2021 | 38.13 | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------|-----------------|-----------------|--------------|
| As of | Millions of yen | Millions of yen | % |
| September 30, 2022 | 82,045 | 62,478 | 76.2 |
| March 31, 2022 | 81,829 | 62,971 | 77.0 |

Reference: Shareholders' Equity As of September 30, 2022: 62,478 million yen As of March 31, 2022: 62,971 million yen

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, 2022 | – | 0.00 | – | 100.00 | 100.00 |
| Fiscal year ending March 31, 2023 | – | 0.00 | | | |
| Fiscal year ending March 31, 2023 (Forecasts) | | | – | 60.00 | 60.00 |

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

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 |
| Fiscal year ending March 31, 2023 | 73,500 | 6.0 | 5,100 | 22.5 | 5,300 | 14.1 | 3,800 | 6.2 | 113.12 |

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

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: None
 - 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 September 30, 2022 | 40,000,000 shares |
| As of March 31, 2022 | 40,000,000 shares |

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

| | |
|--------------------------|------------------|
| As of September 30, 2022 | 6,475,304 shares |
| As of March 31, 2022 | 6,263,511 shares |

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

| | |
|-------------------------------------|-------------------|
| Six months ended September 30, 2022 | 33,659,085 shares |
| Six months ended September 30, 2021 | 34,303,809 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 Six Months

(1) Explanation on consolidated operating results

The RISO Group (RISO) formulated the Eighth Medium term Management Plan (RISO Vision 25) with the final fiscal year of the period ending March 31, 2025, and followed its medium term management policy of “1. Expand IJ business 2. Establish a solid customer oriented sales planning structure”.

Both net sales and operating income grew in the six months of the fiscal year ending March 31, 2023, compared with the same period of the previous year.

Net sales were 35,047 million yen (up 8.5% year on year), operating income was 2,393 million yen (up 71.5% year on year), and ordinary income was 2,596 million yen (up 68.1% year on year). Profit attributable to owners of parent was 2,001 million yen (up 53.1% year on year).

The average exchange rates during the current consolidated six months period were 133.97 yen (a 24.17 yen depreciation of the yen year on year) for the US dollar and 138.73 yen (a 7.83 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 34,276 million yen (up 8.6% year on year) partly due to depreciation of the yen, and segment profit was 2,104 million yen (up 95.7% year on year).

In Japan, sales in the inkjet business exceeded the same period of the previous year, and sales in the digital duplicating business decline the same period of the previous year. Overseas, sales for both the inkjet business and the digital duplicating business exceeded the same period of the previous year. Net sales in Japan were 16,868 million yen (up 1.6% year on year), in the Americas were 2,668 million yen (up 54.4% year on year), in Europe were 7,571 million yen (up 12.3% year on year), and in Asia were 7,168 million yen (up 10.6% 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 547 million yen (up 0.2% year on year), and segment profit was 397 million yen (down 3.2% 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 222 million yen (up 13.3% year on year), and segment loss was 108 million yen (compared to segment loss of 90 million yen in the same period of the previous fiscal year).

(2) Explanation on consolidated financial position

① Assets, Liabilities, Net assets

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 increased 216 million yen to 82,045 million yen, while net assets fell 493 million yen to 62,478 million yen.

The main changes in the assets section were increases of 339 million yen in merchandise and finished goods, 494 million yen in raw materials and supplies, 259 million yen in deferred tax assets, and 686 million yen in other under investments and other assets, respectively, while notes and accounts receivable – trade decreased by 1,691 million yen. In the liabilities section, notes and accounts payable – trade, and retirement benefit liability respectively increased by 752 million yen and 756 million yen, while other current liabilities were reduced by 901 million yen. In net assets, retained earnings decreased by 1,371 million yen and foreign currency translation adjustment increased by 1,441 million yen.

As a result, the equity ratio decreased by 0.8 points to 76.2%.

② Cash flows

Net cash provided by operating activities was 3,567 million yen (up 22.9% year on year). This is mainly attributable to income before income taxes and minority interests of 2,678 million yen, depreciation and amortization of 1,356 million yen, a decrease in notes and accounts receivable-trade of 2,474 million yen.

Net cash used in investing activities was 256 million yen (down 19.9% year on year). This is primarily the result of the 241 million yen for the purchase of property, plant and equipment, 218 million yen for the purchase of intangible assets.

Net cash used in financing activities was 3,964 million yen (up 12.8% year on year). The result mainly reflects an expense of 499 million yen for the purchase of treasury stock and payments of 3,369 million yen for cash dividends.

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

We have revised our consolidated earnings forecast for the fiscal year ending March 31, 2023, as we expect to exceed the earnings forecast announced on May 13, 2022.

For details, please refer to the “Notification of Revisions to Earnings Forecasts” released today (November 2, 2022).

(4) Explanation on research and development activities

Expenses for RISO’s research and development activities in the current quarter totaled 2,097 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, 2022 | As of September 30, 2022 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 19,353 | 19,299 |
| Notes and accounts receivable - trade | 12,504 | 10,813 |
| Securities | 400 | 600 |
| Merchandise and finished goods | 8,444 | 8,784 |
| Work in process | 758 | 779 |
| Raw materials and supplies | 2,332 | 2,826 |
| Other | 1,743 | 1,880 |
| Allowance for doubtful accounts | (264) | (273) |
| Total current assets | 45,274 | 44,710 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 22,678 | 22,775 |
| Accumulated depreciation | (15,074) | (15,406) |
| Buildings and structures, net | 7,604 | 7,369 |
| Machinery, equipment and vehicles | 6,978 | 7,092 |
| Accumulated depreciation | (6,277) | (6,474) |
| Machinery, equipment and vehicles, net | 701 | 618 |
| Tools, furniture and fixtures | 14,425 | 13,578 |
| Accumulated depreciation | (13,732) | (12,926) |
| Tools, furniture and fixtures, net | 693 | 652 |
| Land | 17,664 | 17,672 |
| Leased assets | 445 | 548 |
| Accumulated depreciation | (297) | (157) |
| Leased assets, net | 147 | 391 |
| Construction in progress | 11 | 7 |
| Other | 9,747 | 9,722 |
| Accumulated depreciation | (7,695) | (7,759) |
| Other, net | 2,052 | 1,963 |
| Total property, plant and equipment | 28,874 | 28,673 |
| Intangible assets | | |
| Software | 932 | 1,004 |
| Other | 98 | 53 |
| Total intangible assets | 1,031 | 1,057 |
| Investments and other assets | | |
| Investment securities | 1,667 | 1,673 |
| Long-term loans receivable | 13 | 13 |
| Deferred tax assets | 1,622 | 1,882 |
| Other | 3,350 | 4,037 |
| Allowance for doubtful accounts | (4) | (2) |
| Total investments and other assets | 6,649 | 7,604 |
| Total non-current assets | 36,555 | 37,335 |
| Total assets | 81,829 | 82,045 |

(Millions of yen)

| | As of March 31, 2022 | As of September 30, 2022 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 8,454 | 9,207 |
| Short-term borrowings | 228 | 174 |
| Current portion of long-term borrowings | 1 | 1 |
| Income taxes payable | 1,080 | 1,027 |
| Provision for bonuses | 1,722 | 1,735 |
| Provision for bonuses for directors (and other officers) | 40 | 32 |
| Provision for product warranties | 18 | 21 |
| Other | 6,539 | 5,637 |
| Total current liabilities | 18,084 | 17,837 |
| Non-current liabilities | | |
| Long-term borrowings | 10 | 10 |
| Retirement benefit liability | 157 | 913 |
| Other | 604 | 806 |
| Total non-current liabilities | 772 | 1,730 |
| Total liabilities | 18,857 | 19,567 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 14,114 | 14,114 |
| Capital surplus | 14,779 | 14,779 |
| Retained earnings | 41,979 | 40,608 |
| Treasury shares | (10,160) | (10,660) |
| Total shareholders' equity | 60,714 | 58,842 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 422 | 426 |
| Foreign currency translation adjustment | 781 | 2,222 |
| Remeasurements of defined benefit plans | 1,053 | 986 |
| Total accumulated other comprehensive income | 2,257 | 3,635 |
| Total net assets | 62,971 | 62,478 |
| Total liabilities and net assets | 81,829 | 82,045 |

(2) Consolidated quarterly statements of (comprehensive) income

(Consolidated quarterly statements of income)

(Millions of yen)

| | Second Quarter ended September 30, 2021 (From April 1, 2021 to September 30, 2021) | Second Quarter ended September 30, 2022 (From April 1, 2022 to September 30, 2022) |
|--|---|---|
| Net sales | 32,302 | 35,047 |
| Cost of sales | 14,144 | 15,690 |
| Gross profit | 18,157 | 19,356 |
| Selling, general and administrative expenses | 16,762 | 16,963 |
| Operating profit | 1,395 | 2,393 |
| Non-operating income | | |
| Interest income | 50 | 69 |
| Dividend income | 31 | 38 |
| Foreign exchange gains | 17 | 34 |
| Other | 112 | 105 |
| Total non-operating income | 211 | 247 |
| Non-operating expenses | | |
| Interest expenses | 20 | 14 |
| Loss on retirement of non-current assets | 20 | 15 |
| Other | 20 | 14 |
| Total non-operating expenses | 61 | 43 |
| Ordinary profit | 1,544 | 2,596 |
| Extraordinary income | | |
| Insurance return | — | 81 |
| Total extraordinary income | — | 81 |
| Profit before income taxes | 1,544 | 2,678 |
| Income taxes | 237 | 676 |
| Profit | 1,307 | 2,001 |
| Profit attributable to owners of parent | 1,307 | 2,001 |

(Consolidated quarterly statements of comprehensive income)

(Millions of yen)

| | Second Quarter ended September 30,2021 (From April 1, 2021 to September 30, 2021) | Second Quarter ended September 30,2022 (From April 1, 2022 to September 30, 2022) |
|---|--|--|
| Profit | 1,307 | 2,001 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 73 | 3 |
| Foreign currency translation adjustment | (45) | 1,441 |
| Remeasurements of defined benefit plans, net of tax | (26) | (66) |
| Total other comprehensive income | 0 | 1,378 |
| Comprehensive income | 1,308 | 3,379 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,308 | 3,379 |
| Comprehensive income attributable to non-controlling interests | — | — |

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

| | Second Quarter ended September 30, 2021 (From April 1, 2021 to September 30, 2021) | Second Quarter ended September 30, 2022 (From April 1, 2022 to September 30, 2022) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,544 | 2,678 |
| Depreciation | 1,644 | 1,356 |
| Increase (decrease) in retirement benefit liability | 4 | 741 |
| Increase (decrease) in allowance for doubtful accounts | (94) | (19) |
| Interest and dividend income | (81) | (107) |
| Gain on maturity of insurance contract | — | (81) |
| Interest expenses | 20 | 14 |
| Foreign exchange losses (gains) | (66) | (323) |
| Decrease (increase) in trade receivables | 4,406 | 2,474 |
| Decrease (increase) in inventories | (698) | (241) |
| Increase (decrease) in trade payables | (1,279) | (8) |
| Increase (decrease) in accounts payable - other | (528) | (350) |
| Increase (decrease) in accrued consumption taxes | (204) | (233) |
| Other, net | (1,365) | (1,481) |
| Subtotal | 3,301 | 4,417 |
| Interest and dividends received | 81 | 106 |
| Interest paid | (21) | (14) |
| Income taxes paid | (486) | (943) |
| Income taxes refund | 27 | 1 |
| Net cash provided by (used in) operating activities | 2,902 | 3,567 |
| Cash flows from investing activities | | |
| Payments into time deposits | (600) | (877) |
| Proceeds from withdrawal of time deposits | 900 | 900 |
| Purchase of property, plant and equipment | (387) | (241) |
| Proceeds from sale of property, plant and equipment | 13 | 23 |
| Purchase of intangible assets | (211) | (218) |
| Proceeds from collection of loans receivable | 1 | 0 |
| Proceeds from maturity of insurance funds | — | 152 |
| Other, net | (35) | 3 |
| Net cash provided by (used in) investing activities | (319) | (256) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (85) | (70) |
| Repayments of long-term borrowings | (0) | (0) |
| Purchase of treasury shares | (1,999) | (499) |
| Dividends paid | (1,385) | (3,369) |
| Other, net | (42) | (24) |
| Net cash provided by (used in) financing activities | (3,513) | (3,964) |
| Effect of exchange rate change on cash and cash equivalents | 32 | 814 |
| Net increase (decrease) in cash and cash equivalents | (898) | 161 |
| Cash and cash equivalents at beginning of period | 17,660 | 18,834 |
| Cash and cash equivalents at end of period | 16,761 | 18,995 |

(4) 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)

The Company purchased treasury stock during the six months of the fiscal year ending March 31, 2023. As a result, treasury stock during six months of the fiscal year by 500 million yen, and was 10,660 million yen at the end of the same period.

(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. Six months ended September 30, 2021 (from April 1, 2021 to September 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 | 31,559 | 546 | 196 | — | 32,302 |
| Inter-segment | — | — | — | — | — |
| Total | 31,559 | 546 | 196 | — | 32,302 |
| Segment profit (loss) | 1,075 | 410 | (90) | — | 1,395 |

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

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

2. Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

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 | 34,276 | 547 | 222 | — | 35,047 |
| Inter-segment | — | — | — | — | — |
| Total | 34,276 | 547 | 222 | — | 35,047 |
| Segment profit (loss) | 2,104 | 397 | (108) | — | 2,393 |

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

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