

Consolidated Financial Results for the Nine 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: February 14, 2023
 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 nine months of the fiscal year ending March 31, 2023 (from April 1, 2022 to December 31, 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	%
Nine months ended								
December 31, 2022	52,942	8.2	3,626	54.7	3,771	43.4	2,836	37.4
December 31, 2021	48,920	3.0	2,344	–	2,629	–	2,063	–

Note: Comprehensive Income

Nine months ended December 31, 2022: 3,530 million yen / 48.0 %

Nine months ended December 31, 2021: 2,386 million yen / – %

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended		
December 31, 2022	84.38	–
December 31, 2021	60.50	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2022	82,830	62,629	75.6
March 31, 2022	81,829	62,971	77.0

Reference: Shareholders' Equity As of December 31, 2022: 62,629 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)				100.00	100.00

(Note) Revisions to the forecasts of cash dividends in the current quarter: Yes

Please refer to the “Notification of Revisions to Dividend Forecasts” released today (January 31, 2023) for the revision of the dividend forecast.

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

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

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

a. Changes due to revisions to accounting standards and other regulations: None

b. Changes due to other reasons: None

c. Changes in accounting estimates: None

d. 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 December 31, 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 December 31, 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)

Nine months ended December 31, 2022	33,614,126 shares
Nine months ended December 31, 2021	34,114,035 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 Nine 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 nine months of the fiscal year ending March 31, 2023, compared with the same period of the previous year.

Net sales were 52,942 million yen (up 8.2% year on year), operating income was 3,626 million yen (up 54.7% year on year), and ordinary income was 3,771 million yen (up 43.4% year on year), profit attributable to owners of parent was 2,836 million yen (up 37.4% year on year).

The average exchange rates during the current consolidated nine months period were 136.51 yen (a 25.41 yen depreciation of the yen year on year) for the US dollar and 140.59 yen (a 9.97 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.

In the printing equipment business, both net sales and operating income grew in the nine months of the fiscal year ending March 31, 2023, compared with the same period of the previous year partly due to the effects of yen depreciation in exchange rates. Net sales in the printing equipment business were 51,709 million yen (up 8.2% year on year), and segment profit was 3,144 million yen (up 69.1% 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 24,846 million yen (up 0.2% year on year), in the Americas were 4,115 million yen (up 45.4% year on year), in Europe were 11,728 million yen (up 12.1% year on year), and in Asia were 11,018 million yen (up 13.4% 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 821 million yen (up 0.1% year on year), and segment profit was 599 million yen (down 2.7% 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 410 million yen (up 38.6% year on year), and segment loss was 116 million yen (compared to segment loss of 130 million yen in the same period of the previous fiscal year).

(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 increased 1,000 million yen to 82,830 million yen, while net assets fell 342 million yen to 62,629 million yen.

The main changes in the assets section were increases of 695 million yen in securities, 1,199 million yen in merchandise and finished goods, 534 million yen in raw materials and supplies, 374 million yen investment securities, and 629 million yen in other under investments and other assets, respectively, while notes and accounts receivable–trade decreased by 2,571 million yen. In the liabilities section, notes and accounts payable–trade, and retirement benefit liability respectively increased by 1,770 million yen and 762 million yen, while income taxes payable, and provision for bonuses respectively decreased by 623 million yen and 843 million yen. In net assets, retained earnings decreased by 537 million yen, while treasury shares, and foreign currency translation adjustment respectively increased by 500 million yen and 535 million yen.

As a result, the equity ratio decreased by 1.4 points to 75.6%.

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

The year-end dividend forecast for the fiscal year ending March 31, 2023, announced on May 13, 2022, has been revised.

For details, please refer to the “Notification of Revisions to Dividend Forecasts” released today (January 31, 2023).

(4) Explanation on research and development activities

Expenses for RISO’s research and development activities in the current quarter totaled 3,325 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 December 31, 2022
Assets		
Current assets		
Cash and deposits	19,353	19,846
Notes and accounts receivable - trade	12,504	9,933
Securities	400	1,095
Merchandise and finished goods	8,444	9,644
Work in process	758	674
Raw materials and supplies	2,332	2,867
Other	1,743	2,049
Allowance for doubtful accounts	(264)	(260)
Total current assets	45,274	45,850
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,678	22,767
Accumulated depreciation	(15,074)	(15,509)
Buildings and structures, net	7,604	7,257
Machinery, equipment and vehicles	6,978	7,007
Accumulated depreciation	(6,277)	(6,454)
Machinery, equipment and vehicles, net	701	552
Tools, furniture and fixtures	14,425	13,367
Accumulated depreciation	(13,732)	(12,770)
Tools, furniture and fixtures, net	693	596
Land	17,664	17,672
Leased assets	445	479
Accumulated depreciation	(297)	(133)
Leased assets, net	147	346
Construction in progress	11	19
Other	9,747	9,723
Accumulated depreciation	(7,695)	(7,788)
Other, net	2,052	1,935
Total property, plant and equipment	28,874	28,379
Intangible assets		
Software	932	953
Other	98	119
Total intangible assets	1,031	1,073
Investments and other assets		
Investment securities	1,667	2,041
Long-term loans receivable	13	13
Deferred tax assets	1,622	1,493
Other	3,350	3,980
Allowance for doubtful accounts	(4)	(2)
Total investments and other assets	6,649	7,525
Total non-current assets	36,555	36,979
Total assets	81,829	82,830

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,454	10,225
Short-term borrowings	228	210
Current portion of long-term borrowings	1	1
Income taxes payable	1,080	457
Provision for bonuses	1,722	878
Provision for bonuses for directors (and other officers)	40	57
Provision for product warranties	18	27
Other	6,539	6,659
Total current liabilities	18,084	18,517
Non-current liabilities		
Long-term borrowings	10	9
Retirement benefit liability	157	920
Other	604	753
Total non-current liabilities	772	1,683
Total liabilities	18,857	20,201
Net assets		
Shareholders' equity		
Share capital	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	41,979	41,442
Treasury shares	(10,160)	(10,660)
Total shareholders' equity	60,714	59,676
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	422	682
Foreign currency translation adjustment	781	1,317
Remeasurements of defined benefit plans	1,053	952
Total accumulated other comprehensive income	2,257	2,952
Total net assets	62,971	62,629
Total liabilities and net assets	81,829	82,830

(2) Consolidated quarterly statements of (comprehensive) income

(Consolidated quarterly statements of income)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	48,920	52,942
Cost of sales	21,127	23,064
Gross profit	27,793	29,877
Selling, general and administrative expenses	25,449	26,251
Operating profit	2,344	3,626
Non-operating income		
Interest income	67	98
Dividend income	61	77
Foreign exchange gains	80	—
Other	154	163
Total non-operating income	363	339
Non-operating expenses		
Interest expenses	29	19
Foreign exchange losses	—	138
Loss on retirement of non-current assets	26	18
Other	22	17
Total non-operating expenses	78	194
Ordinary profit	2,629	3,771
Extraordinary income		
Insurance return	—	82
Total extraordinary income	—	82
Profit before income taxes	2,629	3,854
Income taxes	565	1,018
Profit	2,063	2,836
Profit attributable to owners of parent	2,063	2,836

(Consolidated quarterly statements of comprehensive income)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	2,063	2,836
Other comprehensive income		
Valuation difference on available-for-sale securities	42	259
Foreign currency translation adjustment	320	535
Remeasurements of defined benefit plans, net of tax	(40)	(100)
Total other comprehensive income	322	694
Comprehensive income	2,386	3,530
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,386	3,530
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)

The Company purchased treasury stock during the nine months of the fiscal year ending March 31, 2023. As a result, treasury stock during nine 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. Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	47,803	820	296	—	48,920
Inter-segment	—	—	—	—	—
Total	47,803	820	296	—	48,920
Segment profit (loss)	1,859	615	(130)	—	2,344

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 income coincides with the operating income in the consolidated statements of income.

2. Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	51,709	821	410	—	52,942
Inter-segment	0	—	—	(0)	—
Total	51,709	821	410	(0)	52,942
Segment profit (loss)	3,144	599	(116)	—	3,626

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 income (loss) coincides with the operating loss in the consolidated statements of income.

(Subsequent event)

(Purchase of Treasury Stock)

RISO KAGAKU CORPORATION (the “Company”) announced that its Board of Directors resolved at the meeting held on January 31, 2023 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 160,000 shares
- (4) Total purchase cost: Up to 300,000,000 yen
- (5) Purchase period: From February 14, 2023 to March 24, 2023
- (6) Purchase method: Purchased on the Tokyo Stock Exchange