

Consolidated Financial Results for the Fiscal Year Ended 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 of Regular General Meeting of Shareholders: June 27, 2023
 Scheduled date of dividend payment commencement: June 28, 2023
 Scheduled date to file Securities Report: June 28, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(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 | % |
| Fiscal year ended | | | | | | | | |
| March 31, 2023 | 74,655 | 7.7 | 5,955 | 43.0 | 6,201 | 33.5 | 4,624 | 29.2 |
| March 31, 2022 | 69,313 | 1.3 | 4,164 | 198.5 | 4,644 | 141.2 | 3,578 | 116.6 |

Note: Comprehensive income

Fiscal year ended March 31, 2023: 5,498 million yen / 3.9% Fiscal year ended March 31, 2022: 5,291 million yen / 42.5%

| | 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, 2023 | 137.72 | — | 7.3 | 7.4 | 8.0 |
| March 31, 2022 | 105.18 | — | 5.8 | 5.7 | 6.0 |

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2023: — million yen Fiscal year ended March 31, 2022: — million yen

(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, 2023 | 84,773 | 64,296 | 75.8 | 1,924.95 |
| March 31, 2022 | 81,829 | 62,971 | 77.0 | 1,866.58 |

Reference: Shareholders' equity As of March 31, 2023: 64,296 million yen As of March 31, 2022: 62,971 million yen

(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, 2023 | 5,644 | (742) | (4,443) | 19,676 |
| March 31, 2022 | 5,390 | (1,375) | (3,593) | 18,834 |

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, 2022 | – | 0.00 | – | 100.00 | 100.00 | 3,373 | 95.1 | 5.5 |
| Fiscal year ended March 31, 2023 | – | 0.00 | – | 120.00 | 120.00 | 4,008 | 87.1 | 6.3 |
| Fiscal year ending March 31, 2024 (Forecast) | – | 0.00 | – | 95.00 | 95.00 | | 99.2 | |

3. Forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2023 | 33,800 | (3.6) | 1,500 | (37.3) | 1,500 | (42.2) | 1,300 | (35.1) | 38.92 |
| Fiscal year ending March 31, 2024 | 72,100 | (3.4) | 4,000 | (32.8) | 4,100 | (33.9) | 3,200 | (30.8) | 95.80 |

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. 13 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, 2023 | 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 March 31, 2023 | 6,598,364 shares |
| As of March 31, 2022 | 6,263,511 shares |

c. Average number of shares during the period

| | |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2023 | 33,581,361 shares |
| Fiscal year ended March 31, 2022 | 34,020,943 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

Index

| | |
|--|----|
| 1. Overview of Operating Results | 2 |
| (1) Overview of Operating Results for the Fiscal Year under Review | 2 |
| (2) Overview of financial position for the Fiscal Year under Review | 3 |
| (3) Overview of cash flows for the Fiscal Year under Review | 3 |
| (4) Business outlook for the next fiscal year | 3 |
| (5) Basic Policy for Earning Distribution and Current and Next Fiscal Year Dividends | 4 |
| (6) Explanation on research and development activities | 4 |
| 2. Management Policies | 4 |
| (1) Basic Managerial Policies and Medium to Long-Term Business Strategy | 4 |
| (2) Issues to Address..... | 4 |
| 3. Basic policy on the selection of accounting standards | 5 |
| 4. Consolidated Financial Statements..... | 6 |
| (1) Consolidated balance sheets | 6 |
| (2) Consolidated statements of income and comprehensive income..... | 8 |
| (Consolidated statements of income) | 8 |
| (Consolidated statements of comprehensive income) | 9 |
| (3) Consolidated statements of changes in net assets | 10 |
| (4) Consolidated statements of cash flows | 12 |
| (5) Notes on consolidated financial statements | 13 |
| (Notes on premise of going concern) | 13 |
| (Changes in accounting policies)..... | 13 |
| (Segment information) | 13 |
| (Subsequent event) | 15 |

1. Overview of Operating Results

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

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”.

In the fiscal year under review, both sales and income grew year on year.

Net sales were 74,655 million yen (up 7.7% year on year), operating income was 5,955 million yen (up 43.0% year on year), ordinary income was 6,201 million yen (up 33.5% year on year), due to the recording of foreign exchange gains, while profit attributable to owners of parent came to 4,624 million yen (up 29.2% year on year).

The average exchange rates during the current consolidated fiscal year under review were 135.47 yen (a 23.09 yen depreciation of the yen year on year) for the US dollar and 140.97 yen (a 10.41 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, despite the impact of surging raw material costs on the cost of sales, both sales and income grew year on year, due in part to the depreciation of the yen. Net sales for the printing equipment business were 73,030 million yen (up 7.7% year on year), and segment profit were 5,323 million yen (up 49.5% 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. Furthermore, during the fourth quarter, there was an increase in sales due to factors such as front-loaded demand associated with price revisions. Overseas, sales for both the inkjet business and the digital duplicating business exceeded previous-year levels.

Net sales in Japan were 36,958 million yen (up 3.1% year on year), in the Americas were 5,465 million yen (up 34.5% year on year), in Europe were 15,938 million yen (up 10.0% year on year), and in Asia were 14,666 million yen (up 9.2% 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 1,095 million yen (up 0.1% year on year), and segment profit was 796 million yen (up 0.2% 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 528 million yen (up 37.4% year on year), and segment loss was 165 million yen (compared to segment loss of 190 million yen in the previous fiscal year).

(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 2,943 million yen to 84,773million yen, while net assets increased 1,324 million yen to 64,296 million yen.

The main changes in the assets section were increases in accounts receivable - trade of 1,142 million yen, in securities of 710 million yen, in investment securities of 341 million yen and in retirement benefit asset of 551 million yen, respectively, while buildings and structures declined by 462 million yen. In the liabilities section, notes and accounts payable - trade increased by 735 million yen. In net assets, retained earnings increased by 1,251 million yen.

As a result, the equity ratio decreased by 1.2 points to 75.8%.

(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 842 million yen year on year to 19,676 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 5,644 million yen (up 4.7% year on year). This is mainly attributable to profit before income taxes of 6,355 million yen, depreciation of 2,819 million yen, an increase in trade receivables of 653 million yen, an increase in trade payables of 447 million yen, and income taxes paid of 1,671 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 742 million yen (down 46.1% year on year). This is primarily the result of the 447 million yen for the purchase of property, plant and equipment, 455 million yen for the purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was 4,443 million yen (up 23.7% year on year). The result mainly reflects an expense of 799 million yen for the purchase of treasury stock, and payments of 3,371 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 concerns about the economic impact of soaring raw material costs, global geopolitical tensions, and fluctuations in interest and exchange rates.

For the fiscal year ending March 31, 2024 (from April 1, 2023, to March 31, 2024), consolidated forecasts are net sales of 72,100 million yen, operating income of 4,000 million yen, ordinary income of 4,100 million yen, and profit attributable to owners of parent of 3,200 million yen.

The aforementioned forecast is premised on the exchange rates of 130 yen against US dollar and 135 yen against the euro.

In addition, in the printing equipment business in Japan, the Company anticipates a decrease in sales as a consequence of the front-loaded demand associated with price revisions.

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.
(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.

During the period (from April 1, 2022 to March 31, 2025) of the Eighth Medium term Management Plan (RISO Vision 25), the company will work to return profits to shareholders, aiming to achieve a total return ratio of at least 100% in the aggregate over the this period in order to improve capital efficiency through the reduction of shareholders' equity.

The Company plans year-end dividend of 120 yen per share for the fiscal year under review. During the fiscal year under review, the Company purchased a total of 334,700 shares of treasury stock, for 799 million yen. In accordance with the Basic Policies, the Company plans to pay a dividend of 95 yen per share for the next fiscal year.

(6) Explanation on research and development activities

Expenses for RISO's research and development activities in FY2023 totaled 4,443 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 (RISO) formulated a three-year plan, the Eighth Medium term Management Plan (RISO Vision 25) with the final fiscal year of the period ending March 31, 2025, and are following.

<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

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, 2024, which comprises the second 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, 2024>

Expand IJ business while accomplishing business plans to create new added values.

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, 2022 | As of March 31, 2023 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 19,353 | 19,551 |
| Notes receivable - trade | 1,181 | 1,077 |
| Accounts receivable - trade | 11,323 | 12,466 |
| Securities | 400 | 1,110 |
| Merchandise and finished goods | 8,444 | 8,763 |
| Work in process | 758 | 713 |
| Raw materials and supplies | 2,332 | 2,398 |
| Other | 1,743 | 1,783 |
| Allowance for doubtful accounts | (264) | (232) |
| Total current assets | 45,274 | 47,632 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 22,678 | 22,805 |
| Accumulated depreciation | (15,074) | (15,664) |
| Buildings and structures, net | 7,604 | 7,141 |
| Machinery, equipment and vehicles | 6,978 | 6,902 |
| Accumulated depreciation | (6,277) | (6,285) |
| Machinery, equipment and vehicles, net | 701 | 617 |
| Tools, furniture and fixtures | 14,425 | 13,320 |
| Accumulated depreciation | (13,732) | (12,765) |
| Tools, furniture and fixtures, net | 693 | 555 |
| Land | 17,664 | 17,679 |
| Leased assets | 445 | 470 |
| Accumulated depreciation | (297) | (144) |
| Leased assets, net | 147 | 326 |
| Construction in progress | 11 | 14 |
| Other | 9,747 | 9,993 |
| Accumulated depreciation | (7,695) | (7,929) |
| Other, net | 2,052 | 2,064 |
| Total property, plant and equipment | 28,874 | 28,399 |
| Intangible assets | | |
| Software | 932 | 996 |
| Other | 98 | 83 |
| Total intangible assets | 1,031 | 1,079 |
| Investments and other assets | | |
| Investment securities | 1,667 | 2,008 |
| Long-term loans receivable | 13 | 12 |
| Deferred tax assets | 1,622 | 1,762 |
| Retirement benefit asset | — | 551 |
| Other | 3,350 | 3,332 |
| Allowance for doubtful accounts | (4) | (4) |
| Total investments and other assets | 6,649 | 7,662 |
| Total non-current assets | 36,555 | 37,141 |
| Total assets | 81,829 | 84,773 |

(Millions of yen)

| | As of March 31, 2022 | As of March 31, 2023 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 8,454 | 9,189 |
| Short-term borrowings | 228 | 33 |
| Current portion of long-term borrowings | 1 | 1 |
| Income taxes payable | 1,080 | 1,330 |
| Provision for bonuses | 1,722 | 1,675 |
| Provision for bonuses for directors (and other officers) | 40 | 50 |
| Provision for product warranties | 18 | 29 |
| Other | 6,539 | 6,670 |
| Total current liabilities | 18,084 | 18,979 |
| Non-current liabilities | | |
| Long-term borrowings | 10 | 9 |
| Retirement benefit liability | 157 | 717 |
| Other | 604 | 770 |
| Total non-current liabilities | 772 | 1,497 |
| Total liabilities | 18,857 | 20,477 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 14,114 | 14,114 |
| Capital surplus | 14,779 | 14,779 |
| Retained earnings | 41,979 | 43,231 |
| Treasury shares | (10,160) | (10,960) |
| Total shareholders' equity | 60,714 | 61,165 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 422 | 659 |
| Foreign currency translation adjustment | 781 | 1,530 |
| Remeasurements of defined benefit plans | 1,053 | 940 |
| Total accumulated other comprehensive income | 2,257 | 3,131 |
| Total net assets | 62,971 | 64,296 |
| Total liabilities and net assets | 81,829 | 84,773 |

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

(Millions of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 69,313 | 74,655 |
| Cost of sales | 30,248 | 32,589 |
| Gross profit | 39,065 | 42,065 |
| Selling, general and administrative expenses | 34,900 | 36,110 |
| Operating profit | 4,164 | 5,955 |
| Non-operating income | | |
| Interest income | 91 | 145 |
| Dividend income | 61 | 77 |
| Foreign exchange gains | 214 | — |
| Gain on sale of non-current assets | 25 | 44 |
| Other | 188 | 158 |
| Total non-operating income | 580 | 426 |
| Non-operating expenses | | |
| Interest expenses | 36 | 24 |
| Foreign exchange losses | — | 106 |
| Loss on retirement of non-current assets | 40 | 21 |
| Other | 23 | 28 |
| Total non-operating expenses | 101 | 180 |
| Ordinary profit | 4,644 | 6,201 |
| Extraordinary income | | |
| Insurance return | 74 | 153 |
| Total extraordinary income | 74 | 153 |
| Profit before income taxes | 4,718 | 6,355 |
| Income taxes - current | 1,344 | 1,917 |
| Income taxes - deferred | (204) | (187) |
| Total income taxes | 1,140 | 1,730 |
| Profit | 3,578 | 4,624 |
| Profit attributable to owners of parent | 3,578 | 4,624 |

(Consolidated Statements of comprehensive income)

(Millions of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|-------------------------------------|-------------------------------------|
| Profit | 3,578 | 4,624 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 161 | 236 |
| Foreign currency translation adjustment | 1,239 | 748 |
| Remeasurements of defined benefit plans, net of tax | 312 | (112) |
| Total other comprehensive income | 1,712 | 873 |
| Comprehensive income | 5,291 | 5,498 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,291 | 5,498 |
| Comprehensive income attributable to non-controlling interests | — | — |

(3) Consolidated statements of changes in net assets**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 |

Fiscal year ended March 31, 2023

(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 | 41,979 | (10,160) | 60,714 |
| Changes during period | | | | | |
| Dividends of surplus | | | (3,373) | | (3,373) |
| Profit attributable to owners of parent | | | 4,624 | | 4,624 |
| Purchase of treasury shares | | | | (800) | (800) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | — | — | 1,251 | (800) | 450 |
| Balance at end of period | 14,114 | 14,779 | 43,231 | (10,960) | 61,165 |

| | 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 | 422 | 781 | 1,053 | 2,257 | 62,971 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (3,373) |
| Profit attributable to owners of parent | | | | | 4,624 |
| Purchase of treasury shares | | | | | (800) |
| Net changes in items other than shareholders' equity | 236 | 748 | (112) | 873 | 873 |
| Total changes during period | 236 | 748 | (112) | 873 | 1,324 |
| Balance at end of period | 659 | 1,530 | 940 | 3,131 | 64,296 |

(4) Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 4,718 | 6,355 |
| Depreciation | 3,390 | 2,819 |
| Decrease (increase) in retirement benefit asset | — | (207) |
| Increase (decrease) in retirement benefit liability | (30) | 357 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 9 | 10 |
| Increase (decrease) in allowance for doubtful accounts | (150) | (48) |
| Interest and dividend income | (152) | (223) |
| Gain on maturity of insurance contract | (74) | (153) |
| Interest expenses | 36 | 24 |
| Foreign exchange losses (gains) | (148) | (265) |
| Decrease (increase) in trade receivables | 1,690 | (653) |
| Decrease (increase) in inventories | (188) | (7) |
| Increase (decrease) in trade payables | (1,693) | 447 |
| Increase (decrease) in accounts payable - other | (67) | 126 |
| Increase (decrease) in accrued consumption taxes | (62) | (13) |
| Other, net | (1,274) | (1,452) |
| Subtotal | 6,004 | 7,115 |
| Interest and dividends received | 152 | 223 |
| Interest paid | (34) | (24) |
| Income taxes paid | (767) | (1,671) |
| Income taxes refund | 35 | 2 |
| Net cash provided by (used in) operating activities | 5,390 | 5,644 |
| Cash flows from investing activities | | |
| Payments into time deposits | (1,561) | (1,748) |
| Proceeds from withdrawal of time deposits | 1,344 | 1,703 |
| Purchase of property, plant and equipment | (796) | (447) |
| Proceeds from sale of property, plant and equipment | 31 | 51 |
| Purchase of intangible assets | (451) | (455) |
| Loan advances | — | (4) |
| Proceeds from collection of loans receivable | 2 | 4 |
| Proceeds from maturity of insurance funds | 150 | 298 |
| Other, net | (94) | (142) |
| Net cash provided by (used in) investing activities | (1,375) | (742) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (114) | (204) |
| Repayments of long-term borrowings | (1) | (1) |
| Purchase of treasury shares | (1,999) | (799) |
| Repayments of lease liabilities | (102) | (65) |
| Dividends paid | (1,385) | (3,371) |
| Other, net | 10 | (0) |
| Net cash provided by (used in) financing activities | (3,593) | (4,443) |
| Effect of exchange rate change on cash and cash equivalents | 752 | 383 |
| Net increase (decrease) in cash and cash equivalents | 1,173 | 842 |
| Cash and cash equivalents at beginning of period | 17,660 | 18,834 |
| Cash and cash equivalents at end of period | 18,834 | 19,676 |

(5) Notes on consolidated financial statements

(Notes on premise of going concern)

No items to report

(Changes in accounting policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company began applying the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) at the start of the fiscal year under review and in accordance with the transitional measures set forth in paragraph 27-2 of that guidance, going forward it will apply the new policy provided by the Implementation Guidance on Accounting Standard for Fair Value Measurement. There has been no effect from this on the financial statements of the fiscal year under review.

(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.

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

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.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

| | Printing equipment Business | Real estate Business | Others | Adjustments | Total |
|--|--------------------------------|-------------------------|--------|-------------|--------|
| Net sales: | | | | | |
| Revenues from external customers | 73,030 | 1,095 | 528 | — | 74,655 |
| Transactions with other segments | — | — | — | (0) | — |
| Total | 73,030 | 1,095 | 528 | (0) | 74,655 |
| Segment profit (loss) | 5,323 | 796 | (165) | — | 5,955 |
| Other items | | | | | |
| Depreciation | 2,712 | 73 | 33 | — | 2,819 |

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)

The Company announced that, at a meeting of the Board of Directors held on May 9, 2023, a resolution was passed to retire treasury stock pursuant to Article 178 of the Companies Act, as follows.

- | | |
|---|---|
| (1) Reason for retirement of treasury stock: | To implement a more agile capital policy in response to changes in the business environment, and to enhance returns to shareholders |
| (2) Retirement method: | Reduced from retained earnings |
| (3) Type of shares to be retired: | Common stock of the Company |
| (4) Number of shares to be retired: | 4,000,000 shares |
| (5) Scheduled date of retirement: | May 19, 2023 |
| (6) Total number of issued shares after retirement: | 36,000,000 shares |