

May 14, 2021

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 <under Japanese GAAP>

Company name: **RISO KAGAKU CORPORATION**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6413
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Scheduled date of Regular General Meeting of Shareholders:	June 24, 2021
Scheduled date of dividend payment commencement:	June 25, 2021
Scheduled date to file Securities Report:	June 25, 2021
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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	68,434	(12.3)	1,395	(45.2)	1,925	(21.1)	1,651	141.7
March 31, 2020	78,066	(7.0)	2,543	(32.6)	2,440	(33.3)	683	(75.3)

Note: Comprehensive income

Fiscal year ended March 31, 2021: 3,713 million yen / –% Fiscal year ended March 31, 2020: (224) 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, 2021	47.59	–	2.8	2.4	2.0
March 31, 2020	19.38	–	1.1	2.9	3.3

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2021: – million yen Fiscal year ended March 31, 2020: – 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, 2021	81,764	61,069	74.7	1,759.56
March 31, 2020	80,224	57,876	72.1	1,667.56

Reference: Shareholders' equity As of March 31, 2021: 61,069 million yen As of March 31, 2020: 57,876 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, 2021	5,628	(2,162)	(1,156)	17,660
March 31, 2020	3,207	(2,287)	(4,203)	14,845

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, 2020	—	0.00	—	15.00	15.00	520	77.4	0.9
Fiscal year ended March 31, 2021	—	0.00	—	40.00	40.00	1,388	84.0	2.3
Fiscal year ending March 31, 2022 (Forecast)	—	0.00	—	48.00	48.00		72.4	

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	33,200	10.0	900	—	900	—	700	49.1	20.17
Fiscal year ending March 31, 2022	70,700	3.3	2,900	107.9	2,900	50.6	2,300	39.2	66.27

Note: Due to the application of the accounting standard for revenue recognition (ASBJ Statement No. 29 of March 31, 2020, "Accounting Standard for Revenue Recognition") and related guidance from the fiscal year ending March 31, 2022, the amounts for the above consolidated forecasts are shown after the application of this standard. Furthermore, the application of the standard has only a limited impact on net sales, and thus 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 this standard.

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: None
- b. Changes due to other reasons: None
- c. Changes in accounting estimates: None
- d. Restatement: None

(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, 2021	45,000,000 shares
As of March 31, 2020	47,406,332 shares

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

As of March 31, 2021	10,292,931 shares
As of March 31, 2020	12,699,181 shares

c. Average number of shares during the period

Fiscal year ended March 31, 2021	34,707,102 shares
Fiscal year ended March 31, 2020	35,269,708 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”.

Progress by quarter in FY2021 was as follows. In the first quarter of FY2021, the impact of the spread of COVID-19 resulted in net sales of 13,455 million yen, and an operating loss of 678 million yen. After the second quarter of FY2021 the impact of the pandemic continued, but in comparison to the first quarter, sales increased, net sales of 16,735 million yen and operating income of 104 million yen in the second quarter. And net sales of 17,287 million yen and operating income of 526 million yen in the third quarter, and resulting in net sales of 20,955 million yen and operating income of 1,442 million yen in the fourth quarter.

Net sales was 68,434 million yen (down 12.3% year on year), operating income were 1,395 million yen (down 45.2% year on year), and ordinary income were 1,925 million yen (down 21.1% year on year). Income from employment-related subsidies, settlement received and other items were recorded as extraordinary income. Structural reform expenses of 1,259 million yen associated with the reorganization and streamlining of consolidated subsidiary RISO TECHNOLOGY CHINA CO., LTD. was recorded as extraordinary loss. And a refund of income taxes paid in the past was also received and deferred tax assets related to the elimination of unrealized gains was posted resulting in profit attributable to owners of parent of 1,651 million yen (up 141.7% year on year).

The average exchange rates during the current consolidated three months period were 106.06 yen (a 2.68 yen appreciation of the yen year on year) for the US dollar and 123.70 yen (a 2.88 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 67,063 million yen (down 12.5% year on year). Operating income were 817 million yen (down 58.1% year on year).

Japan

In the inkjet business and the digital duplicating business, net sales fell below the previous year's level. Overall sales were 37,604 million yen (down 13.3% year on year). Operating income were 1,223 million yen (down 54.4% year on year).

The Americas

In the inkjet business and the digital duplicating business, net sales fell below the previous year's level. Overall sales were 2,898 million yen (down 40.0% year on year). Operating losses were 1,006 million yen (compared to operating losses of 959 million yen in the same period of the previous fiscal year).

Europe

In the inkjet business and the digital duplicating business, net sales fell below the previous year's level. Overall sales were 11,757 million yen (down 15.7% year on year). Operating losses were 503 million yen (compared to operating losses of 134 million yen in the same period of the previous fiscal year).

Asia

In the inkjet business, net sales fell below the previous year's level. In the digital duplicating business, net sales increased year on year. Overall sales were 14,802 million yen (up 2.2% year on year). Operating income was 1,103 million yen (up 206.9% 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 1,014 million yen (down 4.0% year on year), and operating income was 702 million yen (down 10.5% year on year).

c. Others

RISO operates a print creating business and a digital communication business as well as printing equipment business. Net sales in the others were 355 million yen (down 4.8% year on year), and operating losses was 124 million yen (compared to operating losses of 192 million yen in the same period of the previous fiscal year).

In the consolidated fiscal year under review, changes to the reportable segments were implemented. Details are provided on p.15.

(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 1,540 million yen to 81,764 million yen, while net assets increased 3,192 million yen to 61,069 million yen.

The main changes in the assets portion include increase of 5,503 million yen in cash and deposits and decrease of 2,699 million yen in short-term investment securities. In the liabilities portion, there were decrease of 508 million yen in short-term loans payable, 1,142 million yen in net defined benefit liability. In the net assets portion, there was a decrease of 3,803 million yen in treasury shares.

As a result, the equity ratio moved up 2.6 points to 74.7%.

(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 2,814 million yen year on year to 17,660 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 5,628 million yen (up 75.5% year on year). This is mainly attributable to profit before income taxes of 1,639 million yen, depreciation and amortization of 3,792 million yen, decrease in inventories of 1,039 million yen, and income taxes paid of 760 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 2,162 million yen (down 5.4% year on year). This is primarily the result of the expense of 1,883 million yen for the purchase of property, plant and equipment and the expense of 356 million yen for purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was 1,156 million yen (down 72.5% year on year). The result mainly reflects net decrease in short-term loans payable of 539 million yen, and payments of 521 million yen for cash dividends.

(4) Business outlook for the next fiscal year

Consolidated forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022) have been formulated on the assumption that business activities both in Japan and overseas will be affected to a certain extent by novel coronavirus infectious disease (COVID-19).

We are forecasting net sales of 70,700 million yen (up 3.3% year on year), operating income of 2,900 million yen (up 107.9% year on year), ordinary income of 2,900 million yen (up 50.6% year on year), and profit attributable to owners of parent of 2,300 million yen (up 39.2% year on year).

The aforementioned forecasts are premised on exchange rates of 105 yen against the US dollar, and 127 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.

(Information on risks related to COVID-19)

Going forward, in the event that the effects of COVID-19 are prolonged, and that the disease emerges in regions where we are developing business or where we have production bases, etc., in addition to the possible impact on the results of the Group, we anticipate the following risks.

(1) Risk of employees being infected

If employees are infected, we will cooperate with administrative agencies, but if we are unable to obtain the time required for disinfecting offices, etc. or to put in place structures required for production and sales, a suspension of business may be unavoidable.

(2) Risk of infection at business partners

In the event that infections at business partners, such as suppliers of materials and transportation companies, result in unavoidable suspension of business, operations at the Company's manufacturing bases will be interrupted, and production and shipment may be delayed.

(3) Risks related to demand trends

As a result of the impact of COVID-19, there may be further changes in customer demand trends, which could affect both the results and the financial position of the Company.

(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 pay a year-end dividend of 40 yen per share.

During the fiscal year under review, the Company retired a total of 2,406,332 shares of treasury stock.

In accordance with the Basic Policies, the Company plans to pay a dividend of 48 yen per share for the next fiscal year.

(6) Explanation on research and development activities

Expenses for RISO's research and development activities in FY2021 totaled 4,664 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 worked on 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 Sixth 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 86,000 million yen, and consolidated operating income of 4,100 million yen (based on exchange rates of 110 Japanese yen against the US dollar and 125 Japanese yen against the euro). The changes in the global economic environment following the subsequent spread of COVID-19 have been profound, and because they had not been incorporated into our plans, we withdrew the financial targets of the Medium-term Management Plan.

Consolidated forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022) have been formulated on the assumption that business activities both in Japan and overseas will be affected to a certain extent by novel coronavirus infectious disease (COVID-19).

We are forecasting net sales of 70,700 million yen (up 3.3% year on year), operating income of 2,900 million yen (up 107.9% year on year), ordinary income of 2,900 million yen (up 50.6% year on year), and profit attributable to owners of parent of 2,300 million yen (up 39.2% year on year).

The aforementioned forecasts are premised on exchange rates of 105 yen against the US dollar, and 127 yen against the euro.

(2) Issues to Address

In the printing equipment business, which is RISO's mainstay business, the inkjet business is growing, but the digital duplicating business is continuing to follow a trend of decline. A key issue for RISO to address is to accelerate the speed of growth in the inkjet business and maintain in the digital duplicating business. In addition, RISO recognizes that the Group's medium- to long-term management challenge is to adapt to changes in the business environment and to change to a corporate structure that is efficient and strong. RISO will deploy worldwide sales efforts that highlight the features of new products, in order to achieve medium to long-term growth for the RISO Group. It will also undertake development aimed at the creation of new businesses.

Countries around the world are taking measures to deal with the spread of COVID-19, and the Company's results have been affected as well. While it remains unclear as to when the issue of COVID-19 will be resolved, our perception is that the situation will continue to require caution, and we will respond with appropriate seriousness.

In the fiscal year ending March 31, 2022, which comprises the second year of the 7th Medium-term Management Plan (RISO Vision 22), the following matters will be implemented as management policies.

<Management Policies for Fiscal Year Ending March 31, 2022>

Focus on recovery of FY20/21 sales trend while dealing with the global crises caused by Coronavirus.
At the same time, plan new business strategies.

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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	13,019	18,523
Notes and accounts receivable-trade	13,236	13,578
Short-term investment securities	2,700	0
Merchandise and finished goods	8,450	8,292
Work in process	870	823
Raw materials and supplies	1,946	1,601
Other	2,089	1,815
Allowance for doubtful accounts	(286)	(394)
Total current assets	42,027	44,241
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	20,967	22,517
Accumulated depreciation	(14,036)	(14,538)
Buildings and structures, net	6,931	7,978
Machinery, equipment and vehicles	6,932	6,974
Accumulated depreciation	(5,736)	(6,012)
Machinery, equipment and vehicles, net	1,196	962
Tools, furniture and fixtures	14,356	14,124
Accumulated depreciation	(13,522)	(13,320)
Tools, furniture and fixtures, net	833	804
Land	17,641	17,654
Lease assets	518	528
Accumulated depreciation	(271)	(308)
Lease assets, net	246	219
Construction in progress	1,144	13
Other	10,840	10,327
Accumulated depreciation	(7,586)	(7,687)
Other, net	3,254	2,639
Total property, plant and equipment	31,249	30,273
Intangible assets		
Software	979	822
Other	101	203
Total intangible assets	1,080	1,025
Investments and other assets		
Investment securities	1,145	1,433
Long-term loans receivable	17	15
Deferred tax assets	1,705	1,629
Other	3,004	3,150
Allowance for doubtful accounts	(4)	(5)
Total investments and other assets	5,867	6,224
Total noncurrent assets	38,197	37,523
Total assets	80,224	81,764

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,618	9,522
Short-term loans payable	825	317
Current portion of long-term loans payable	1	1
Income taxes payable	132	490
Provision for bonuses	1,766	2,042
Provision for directors' bonuses	—	31
Provision for product warranties	54	21
Other	7,419	6,940
Total current liabilities	19,818	19,366
Noncurrent liabilities		
Long-term loans payable	12	11
Net defined benefit liability	1,759	616
Other	757	701
Total noncurrent liabilities	2,530	1,329
Total liabilities	22,348	20,695
Net assets		
Shareholders' equity		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	50,573	47,900
Treasury shares	(20,074)	(16,270)
Total shareholders' equity	59,393	60,524
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24	261
Foreign currency translation adjustment	(1,231)	(457)
Remeasurements of defined benefit plans	(309)	740
Total accumulated other comprehensive income	(1,517)	544
Total net assets	57,876	61,069
Total liabilities and net assets	80,224	81,764

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	78,066	68,434
Cost of sales	33,770	30,560
Gross profit	44,296	37,873
Selling, general and administrative expenses	41,752	36,478
Operating income	2,543	1,395
Non-operating income		
Interest income	124	99
Dividends income	57	59
Foreign exchange gains	—	246
Other	183	217
Total non-operating income	365	621
Non-operating expenses		
Interest expenses	54	45
Foreign exchange losses	320	—
Loss on retirement of noncurrent assets	51	23
Other	42	22
Total non-operating expenses	468	91
Ordinary income	2,440	1,925
Extraordinary income		
Subsidy income	—	406
Settlement received	—	336
Gain on liquidation of subsidiaries	—	100
Gain on transfer of goodwill	—	85
Insurance return	28	44
Total extraordinary income	28	973
Extraordinary loss		
Restructuring expenses	—	1,259
Loss on valuation of investment securities	329	—
Dismantlement expenses	60	—
Impairment loss	52	—
Total extraordinary losses	441	1,259
Profit (loss) before income taxes	2,026	1,639
Income taxes-current	487	668
Income taxes-deferred	855	(433)
Refund of income taxes for prior periods	—	(246)
Total income taxes	1,342	(12)
Profit	683	1,651
Profit attributable to owners of parent	683	1,651

(Consolidated statements of comprehensive income)

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	683	1,651
Other comprehensive income		
Valuation difference on available-for-sale securities	36	237
Foreign currency translation adjustment	(753)	774
Remeasurements of defined benefit plans	(190)	1,050
Total other comprehensive income	(907)	2,061
Comprehensive income	(224)	3,713
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(224)	3,713
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in net assets

	Fiscal year ended March 31, 2020				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Balance at the beginning of current period	14,114	14,779	52,038	(18,074)	62,858
Changes of items during the period					
Dividends from surplus			(2,148)		(2,148)
Profit attributable to owners of parent			683		683
Purchase of treasury shares				(1,999)	(1,999)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	(1,464)	(1,999)	(3,464)
Balance at the end of current period	14,114	14,779	50,573	(20,074)	59,393

	Fiscal year ended March 31, 2020				
	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	
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	
Balance at the beginning of current period	(12)	(478)	(118)	(609)	62,248
Changes of items during the period					
Dividends from surplus					(2,148)
Profit attributable to owners of parent					683
Purchase of treasury shares					(1,999)
Net changes of items other than shareholders' equity	36	(753)	(190)	(907)	(907)
Total changes of items during the period	36	(753)	(190)	(907)	(4,372)
Balance at the end of current period	24	(1,231)	(309)	(1,517)	57,876

	Fiscal year ended March 31, 2021				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Balance at the beginning of current period	14,114	14,779	50,573	(20,074)	59,393
Changes of items during the period					
Dividends from 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 of items other than shareholders' equity					
Total changes of items during the period	—	—	(2,672)	3,803	1,131
Balance at the end of current period	14,114	14,779	47,900	(16,270)	60,524

	Fiscal year ended March 31, 2021				
	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	
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Balance at the beginning of current period	24	(1,231)	(309)	(1,517)	57,876
Changes of items during the period					
Dividends from surplus					(520)
Profit attributable to owners of parent					1,651
Purchase of treasury shares					(0)
Cancellation of treasury shares					—
Net changes of items other than shareholders' equity	237	774	1,050	2,061	2,061
Total changes of items during the period	237	774	1,050	2,061	3,192
Balance at the end of current period	261	(457)	740	544	61,069

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	2,026	1,639
Depreciation and amortization	4,025	3,792
Impairment loss	52	—
Increase (decrease) in net defined benefit liability	174	344
Increase (decrease) in provision for directors' bonuses	(38)	31
Increase (decrease) in allowance for doubtful accounts	14	86
Interest and dividends income	(181)	(158)
Gain on maturity of insurance contract	(28)	(44)
Interest expenses	54	45
Foreign exchange losses (gains)	58	2
Loss (gain) on valuation of investment securities	329	—
Dismantlement expenses	60	—
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 notes and accounts receivable-trade	1,582	143
Decrease (increase) in inventories	(288)	1,039
Increase (decrease) in notes and accounts payable-trade	(1,472)	(583)
Increase (decrease) in accounts payable-other	(822)	40
Increase (decrease) in accrued consumption taxes	(179)	61
Other, net	(1,273)	(559)
Subtotal	4,094	6,213
Interest and dividends income received	181	157
Interest expenses paid	(54)	(45)
Subsidies received	—	400
Settlement package received	—	336
Payments for restructuring	—	(1,201)
Income taxes paid	(1,014)	(760)
Income taxes refund	—	527
Net cash provided by (used in) operating activities	3,207	5,628
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,294)	(140)
Proceeds from withdrawal of time deposits	1,300	191
Purchase of property, plant and equipment	(1,849)	(1,883)
Proceeds from sales of property, plant and equipment	40	72
Purchase of intangible assets	(426)	(356)
Collection of loans receivable	2	1
Proceeds from maturity of insurance funds	57	90
Other, net	(117)	(136)
Net cash provided by (used in) investing activities	(2,287)	(2,162)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	48	(539)
Repayment of long-term loans payable	(1)	(1)
Purchase of treasury shares	(1,999)	—
Repayments of lease obligations	(102)	(101)
Cash dividends paid	(2,148)	(521)
Other, net	(0)	7
Net cash provided by (used in) financing activities	(4,203)	(1,156)
Effect of exchange rate change on cash and cash equivalents	(417)	505
Net increase (decrease) in cash and cash equivalents	(3,700)	2,814
Cash and cash equivalents at beginning of period	18,545	14,845
Cash and cash equivalents at end of period	14,845	17,660

(Segment Information)

(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.

During the fiscal year under review, we launched the digital communication business. This aims to provide services that incorporate a digital communication aspect, beginning with the new "School Relation" initiative, which is a service for supporting educational activities (primarily schools) in concert with local communities. 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. Matters relating to changes, etc. in reportable segments

Because the real estate business that had previously been part of Other has grown in importance, in the fiscal year under review we changed the method of presentation so as to disclose it as a reportable segment. As a result, the reportable segments have now changed to the two categories of printing equipment business and real estate business. Certain digital screen maker and other products handled by overseas subsidiaries were previously included in the printing equipment business, but following the review of the administrative categories they have been moved to the print creating business. In addition, segment information presented for the previous fiscal year is based on the categories after the implementation of these changes.

3. 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.

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

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Printing equipment Business	Real estate Business	Others	Adjustments	Total
Net sales:					
Revenues from external customers	76,635	1,057	373	—	78,066
Transactions	—	—	—	—	—

with other segments					
Total	76,635	1,057	373	—	78,066
Segment profit (loss)	1,951	785	(192)	—	2,543
Other items					
Depreciation	3,953	69	2	—	4,025

Notes: 1. “Others” includes print creating 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, 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. “Others” includes print creating business and 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 14, 2021 to purchase treasury stock as described below, pursuant to the provisions of Article 156 of the Corporate Law as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same Law.

(1) Reason for purchase of treasury stock:

The Company will conduct the purchase of treasury stock to carry out capital management that allows the Company to respond quickly to changes in the business environment and to distribute earnings to shareholders.

(2) Type of shares to be purchased:	Common stock of the Company
(3) Number of shares to be purchased:	Up to 600,000 shares
(4) Total purchase cost:	Up to 800,000,000 yen
(5) Purchase period:	From May 26, 2021 to July 9, 2021
(6) Purchase method:	Purchased on the Tokyo Stock Exchange