

**Consolidated Financial Results**  
**for the Six Months of the Fiscal Year Ending March 31, 2019**  
**<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 to file Quarterly Report: November 8, 2018  
 Scheduled date of dividend payment commencement: –  
 Preparation of supplementary information on quarterly business results: Yes  
 Holding of briefing on quarterly business results: Yes (for analysts, in Japanese)

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

**1. Consolidated performance for the six months of the fiscal year ending March 31, 2019**  
**(from April 1, 2018 to September 30, 2018)**

**(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, 2018	40,092	(0.1)	1,730	24.7	1,659	4.6	1,365	11.7
September 30, 2017	40,128	4.0	1,387	(14.7)	1,585	(7.9)	1,221	8.6

Note: Comprehensive Income

Six months ended September 30, 2018: 1,666 million yen / (1.2) %

Six months ended September 30, 2017: 1,686 million yen / – %

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended		
September 30, 2018	37.55	–
September 30, 2017	32.88	–

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2018	85,695	61,274	71.5
March 31, 2018	90,089	63,810	70.8

Reference: Shareholders' Equity As of September 30, 2018: 61,274 million yen As of March 31, 2018: 63,810 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, 2018	–	0.00	–	60.00	60.00
Fiscal year ending March 31, 2019	–	0.00			
Fiscal year ending March 31, 2019 (Forecasts)			–	60.00	60.00

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

## 3. Forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	85,500	(0.0)	4,000	3.3	4,000	1.7	2,800	(7.7)	77.49

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
- 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, 2018	47,406,332 shares
As of March 31, 2018	47,406,332 shares

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

As of September 30, 2018	11,494,791 shares
As of March 31, 2018	10,704,867 shares

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

Three months ended September 30, 2018	36,352,683 shares
Three months ended September 30, 2017	37,150,991 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.

\* How to obtain quarterly financial results briefing materials

The Company plans to hold a briefing for securities analysts on November 6, 2018. The briefing material and quarterly financial results used on that day will be made available on the Company's website after the briefing.

## 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) has been following its medium-term management policy of “accomplishing the growth of the number of machine installations by taking full advantage of RISO’s utmost unique products to ensure a stable revenue & profit growth”.

Concerning RISO’s consolidated operating results for the current six months, net sales remain unchanged from the previous year and operating income increased year on year. Net sales was 40,092 million yen (down 0.1% year on year), operating income was 1,730 million yen (up 24.7% year on year), ordinary income was 1,659 million yen (up 4.6% year on year) and profit attributable to the owners of parent was 1,365 million yen (up 11.7% year on year). The average exchange rates during the current consolidated six months period were 110.26 yen (a 0.80 yen appreciation of the yen year on year) for the US dollar and 129.85 yen (a 3.56 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 inkjet business, net sales increased. In the digital duplicating business, however, the downward trend in net sales continued. Compared to the previous fiscal year, gross margins improved and gross profit increased. Although selling, general and administrative expenses increased, operating income rose year on year. Net sales for the printing equipment business were 39,422 million yen (down 0.3% year on year). Operating income was 1,464 million yen (up 22.2% year on year).

#### Japan

In the inkjet business, with sales failing to grow, net sales fell below the previous year’s level. In the digital duplicating business, net sales fell below the previous year’s level. Overall sales were 21,705 million yen (down 5.0% year on year). Operating income was 1,122 million yen (down 23.4% year on year).

#### The Americas

In the inkjet business, although hardware sales increased and net sales remain unchanged from the previous year. In the digital duplicating business, net sales fell below the previous year’s level. Overall sales were 2,544 million yen (down 6.3 % year on year). Operating losses were 410 million yen (compared to operating losses of 309 million yen in the same period of the previous fiscal year).

#### Europe

In the inkjet business, hardware sales increased, and net sales continued to remain strong steadily. In the digital duplicating business, net sales fell below the previous year’s level. Overall sales were 7,615 million yen (up 9.5% year on year). Operating income was 375 million (compared to operating losses of 72 million yen in the same period of the previous fiscal year).

#### Asia

In the inkjet business, hardware sales increased, and net sales continued to remain strong steadily. In the digital duplicating business, net sales exceeded the previous year’s level. Overall sales were 7,555 million yen (up 7.7 % year on year). Operating income was 376 million yen (up 227.5% year on year).

#### b. Others

RISO operates a real estate business and a print creating business as well as printing equipment business. Net sales in the others were 670 million yen (up 10.9% year on year), and operating income was 265 million yen (up 40.5% year on 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 fell 4,393 million yen to 85,695million yen, while net assets fell 2,535 million yen to 61,274 million yen. As a result, the equity ratio moved up 0.7 points to 71.5%.

The main changes in the assets portion include an increase of 200 million yen in short-term investment securities, in contrast to decreases of 1,050 million yen in cash and deposits, 3,338 million yen in notes and accounts receivable-trade. In the liabilities portion, there was a decrease of 1,524 million yen in notes and accounts payable-trade, 632 million yen in other current liabilities.

### **(Cash flows)**

Net cash provided by operating activities was 4,109million yen (down 24.9% year on year). This is mainly attributable to income before income taxes and minority interests of 1,874 million yen, depreciation and amortization of 2,437 million yen, a decrease in notes and accounts receivable-trade of 3,520million yen, a decrease in notes and accounts payable-trade of 1,566 million yen, a decrease in accounts payable-other of 470 million yen, and taxes paid of 510 million yen.

Net cash used in investing activities was 470million yen (up 278.6% year on year). This is primarily the result of the 700 million yen expenses for payments into time deposits, 557 million yen for the purchase of property, plant and equipment, 179 million yen for the purchase of intangible assets, and 966 million yen for the proceeds from withdrawal of time deposits.

Net cash used in financing activities was 4,308 million yen (up 37.7% year on year). The result mainly reflects net decrease of 1,999 million yen for the purchase of treasury stock and payments of 2,201 million yen for cash dividends.

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

There has been no revision to the consolidated forecasts for the fiscal year ending March 31, 2019, which were released on July 31, 2018.

## **(4) Explanation on research and development activities**

Expenses for RISO's research and development activities in the current six months totaled 2,668 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, 2018	As of September 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	17,047	15,997
Notes and accounts receivable-trade	16,047	12,708
Short-term investment securities	1,400	1,600
Merchandise and finished goods	9,402	9,332
Work in process	891	938
Raw materials and supplies	2,220	2,263
Other	1,956	1,928
Allowance for doubtful accounts	(293)	(287)
Total current assets	48,672	44,482
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	20,909	21,027
Accumulated depreciation	(13,206)	(13,493)
Buildings and structures, net	7,703	7,533
Machinery, equipment and vehicles	6,786	6,801
Accumulated depreciation	(5,323)	(5,454)
Machinery, equipment and vehicles, net	1,463	1,346
Tools, furniture and fixtures	16,381	16,541
Accumulated depreciation	(15,438)	(15,648)
Tools, furniture and fixtures, net	942	893
Land	17,632	17,639
Lease assets	520	502
Accumulated depreciation	(239)	(218)
Lease assets, net	280	284
Construction in progress	54	131
Other	11,226	11,397
Accumulated depreciation	(6,910)	(7,055)
Other, net	4,316	4,341
Total property, plant and equipment	32,393	32,171
Intangible assets		
Software	1,213	1,137
Other	328	186
Total intangible assets	1,541	1,323
Investments and other assets		
Investment securities	1,789	1,837
Long-term loans receivable	21	20
Deferred tax assets	2,701	2,888
Other	3,011	3,008
Allowance for doubtful accounts	(42)	(37)
Total investments and other assets	7,481	7,718
Total noncurrent assets	41,416	41,213
Total assets	90,089	85,695

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	12,803	11,278
Short-term loans payable	1,100	1,090
Current portion of long-term loans payable	1	1
Income taxes payable	547	737
Provision for bonuses	1,749	1,783
Provision for directors' bonuses	40	28
Provision for product warranties	87	74
Other	7,531	6,899
Total current liabilities	23,861	21,893
Noncurrent liabilities		
Long-term loans payable	15	15
Net defined benefit liability	1,781	1,799
Other	620	713
Total noncurrent liabilities	2,417	2,528
Total liabilities	26,279	24,421
Net assets		
Shareholders' equity		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	51,468	50,631
Treasury shares	(15,874)	(17,874)
Total shareholders' equity	64,488	61,651
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	304	332
Foreign currency translation adjustment	(389)	(174)
Remeasurements of defined benefit plans	(593)	(535)
Total accumulated other comprehensive income	(678)	(377)
Total net assets	63,810	61,274
Total liabilities and net assets	90,089	85,695



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

	(Millions of yen)	
	Second Quarter ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	Second Quarter ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Net sales	40,128	40,092
Cost of sales	17,820	17,100
Gross profit	22,307	22,992
Selling, general and administrative expenses	20,920	21,262
Operating income	1,387	1,730
Non-operating income		
Interest income	53	65
Dividends income	26	27
Foreign exchange gains	21	—
Other	171	101
Total non-operating income	273	194
Non-operating expenses		
Interest expenses	31	34
Foreign exchange losses	—	173
Loss on retirement of noncurrent assets	25	12
Other	18	44
Total non-operating expenses	75	265
Ordinary income	1,585	1,659
Extraordinary income		
Settlement received	—	215
Gain on sales of investment securities	30	—
Total extraordinary income	30	215
Extraordinary losses		
Impairment loss	99	—
Total extraordinary losses	99	—
Profit (loss) before income taxes	1,516	1,874
Income taxes	295	509
Profit	1,221	1,365
Profit attributable to owners of parent	1,221	1,365

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

(Millions of yen)

	Second Quarter ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	Second Quarter ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Profit	1,221	1,365
Other comprehensive income		
Valuation difference on available-for-sale securities	(84)	28
Foreign currency translation adjustment	469	215
Remeasurements of defined benefit plans	79	57
Total other comprehensive income	465	301
Comprehensive income	1,686	1,666
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,686	1,666
Comprehensive income attributable to non-controlling interests	—	—

### (3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Second quarter ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	Second quarter ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,516	1,874
Depreciation and amortization	2,625	2,437
Impairment loss	99	—
Increase (decrease) in net defined benefit liability	82	97
Increase (decrease) in allowance for doubtful accounts	(14)	(20)
Interest and dividends income	(80)	(92)
Interest expenses	31	34
Foreign exchange losses (gains)	(28)	30
Loss (gain) on sales of investment securities	(30)	—
Settlement received	—	(215)
Decrease (increase) in notes and accounts receivable-trade	2,249	3,520
Decrease (increase) in inventories	(610)	22
Increase (decrease) in notes and accounts payable-trade	840	(1,566)
Increase (decrease) in accounts payable-other	203	(470)
Other, net	(1,298)	(1,303)
Subtotal	5,586	4,347
Interest and dividends income received	79	92
Interest expenses paid	(31)	(34)
Settlement package received	—	215
Income taxes paid	(159)	(510)
Net cash provided by (used in) operating activities	5,475	4,109
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,265)	(700)
Proceeds from withdrawal of time deposits	2,032	966
Purchase of property, plant and equipment	(750)	(557)
Proceeds from sales of property, plant and equipment	31	18
Purchase of intangible assets	(259)	(179)
Collection of loans receivable	0	1
Other, net	86	(19)
Net cash provided by (used in) investing activities	(124)	(470)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	59	(49)
Repayment of long-term loans payable	(0)	(0)
Purchase of treasury stock	(899)	(1,999)
Cash dividends paid	(2,242)	(2,201)
Other, net	(44)	(56)
Net cash provided by (used in) financing activities	(3,128)	(4,308)
Effect of exchange rate change on cash and cash equivalents	136	67
Net increase (decrease) in cash and cash equivalents	2,359	(602)
Cash and cash equivalents at beginning of period	14,701	17,652
Cash and cash equivalents at end of period	17,060	17,050

#### (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 current second quarter. As a result, treasury stock increased 1,999million yen during the second quarter and amounted to 17,874 million yen at the end of the current second quarter.

##### (Additional information)

(Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.)  
Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 of February 16, 2018) and other new rules have been applied since the beginning of this three-month period ended June 30, 2018. "deferred tax assets" are reflected in "investments and other assets" and "deferred tax liabilities" are reflected in "long-term liabilities."

##### (Segment information)

###### 1. Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

Information on sales and income or loss for each reportable segment

(Millions of yen)

	Printing equipment business	Others (Note: 1)	Adjustments	Total
Net sales:				
Outside customers	39,523	604	—	40,128
Inter-segment	—	—	—	—
Total	39,523	604	—	40,128
Segment income	1,198	188	—	1,387

Notes: 1. "Others" includes real estate business and print creating business.

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

3. The breakdown by region in the printing equipment business is as follows.

(Millions of yen)

	Printing equipment business				
	Japan	The Americas	Europe	Asia	Total
Sales	22,839	2,716	6,954	7,013	39,523
Operating income (loss)	1,465	(309)	(72)	114	1,198

2. Six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

Information on sales and income or loss for each reportable segment

(Millions of yen)

	Printing equipment business	Others (Note: 1)	Adjustments	Total
Net sales:				
Outside customers	39,422	670	—	40,092
Inter-segment	—	—	—	—
Total	39,422	670	—	40,092
Segment income	1,464	265	—	1,730

Notes: 1. "Others" includes real estate business and print creating business.

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

3. The breakdown by region in the printing equipment business is as follows.

(Millions of yen)

	Printing equipment business				
	Japan	The Americas	Europe	Asia	Total
Sales	21,705	2,544	7,615	7,555	39,422
Operating income (loss)	1,122	(410)	375	376	1,464

**(Subsequent event)**

(Purchase of Treasury Stock)

Riso Kagaku Corporation (the “Company”) announced that its Board of Directors resolved at the meeting held on November 2, 2018 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 60,000 shares   |
| (4) Total purchase cost:                   | Up to 100,000,000 yen   |
| (5) Purchase period:                       | From November 14, 2018 to November 30, 2018   |
| (6) Purchase method:                       | Purchased on the Tokyo Stock Exchange   |