

May 8, 2018

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 <under Japanese GAAP>

Company name: **RISO KAGAKU CORPORATION**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6413
 URL: <http://www.riso.co.jp/english/>
 Representative: Akira Hayama, President & CEO
 Inquiries: Shouichi Ikejima, Director and General Manager of Corporate Headquarters
 TEL: +81-3-5441-6611 (from overseas)

Scheduled date of Regular General Meeting of Shareholders: June 26, 2018
 Scheduled date of dividend payment commencement: June 27, 2018
 Scheduled date to file Securities Report: June 27, 2018
 Preparation of supplementary information on business results: Yes
 Holding of briefing on business results: Yes (for analysts, in Japanese)

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

1. Consolidated performance for the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	85,507	3.0	3,870	(3.1)	3,931	(4.8)	3,033	11.3
March 31, 2017	82,995	(2.9)	3,993	(39.0)	4,129	(36.2)	2,724	(48.3)

Note: Comprehensive income

Fiscal year ended March 31, 2018: 3,539 million yen / 11.8% Fiscal year ended March 31, 2017: 3,167 million yen / 62.4%

	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, 2018	81.98	—	4.7	4.4	4.5
March 31, 2017	71.46	—	4.2	4.6	4.8

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2018: — million yen Fiscal year ended March 31, 2017: — 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, 2018	90,089	63,810	70.8	1,738.62
March 31, 2017	87,988	64,013	72.8	1,712.12

Reference: Shareholders' equity As of March 31, 2018: 63,810 million yen As of March 31, 2017: 64,013 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, 2018	8,287	(1,334)	(4,062)	17,652
March 31, 2017	5,618	(4,805)	(5,378)	14,701

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, 2017	—	0.00	—	60.00	60.00	2,243	84.0	3.5
Fiscal year ended March 31, 2018	—	0.00	—	60.00	60.00	2,202	73.2	3.5
Fiscal year ending March 31, 2019 (Forecast)	—	0.00	—	60.00	60.00		91.8	

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
Six months ending September 30, 2018	40,100	(0.1)	1,600	15.3	1,600	0.9	900 (26.3)	24.52
Fiscal year ending March 31, 2019	85,500	(0.0)	3,800	(1.8)	3,800	(3.3)	2,400 (20.9)	65.39

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, 2018	47,406,332 shares
As of March 31, 2017	47,406,332 shares

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

As of March 31, 2018	10,704,867 shares
As of March 31, 2017	10,018,145 shares

c. Average number of shares during the period

Fiscal year ended March 31, 2018	37,003,280 shares
Fiscal year ended March 31, 2017	38,125,746 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	4
(3) Overview of cash flows for the Fiscal Year under Review	4
(4) Business outlook for the next fiscal year	4
(5) Basic Policy for Earning Distribution and Current and Next Fiscal Year Dividends	5
(6) Explanation on research and development activities	5
2. Management Policies	5
(1) Basic Managerial Policies and Medium to Long-Term Business Strategy	5
(2) Business Performance Target.....	5
(3) Issues to Address.....	5
3. Basic policy on the selection of accounting standards	6
4. Consolidated Financial Statements.....	7
(1) Consolidated balance sheets	7
(2) Consolidated statements of (comprehensive) income.....	9
(Consolidated statements of income)	9
(Consolidated statements of comprehensive income)	10
(3) Consolidated statements of changes in net assets	11
(4) Consolidated statements of cash flows	13
(Segment Information)	15
(Subsequent events).....	19

1. Overview of Operating Results

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

The RISO Group (RISO) formulated the Sixth Medium-term Management Plan (RISO Vision 19) with the final fiscal year of the period ending March 31, 2019, and followed its medium-term management policy of “accomplishing the growth of the number of machine installation by taking full advantage of RISO’s utmost unique products to ensure a stable revenue & profit growth”.

In the fiscal year under review, which was the first fiscal year of the Sixth Medium-term Management Plan, RISO launched new high-speed color printers and digital duplicators worldwide and has worked to gain new customers and expand sales channels.

In the fiscal year under review, although net sales increased, operating income decreased year on year.

In the inkjet business, due to good results for new products introduced in the previous fiscal year, net sales increased. In the digital duplicating business, however, the downward trend in net sales continued. Partly boosted by the depreciation of the yen, net sales for the whole RISO Group increased. In the inkjet business, due mainly to amortization of investment in molds for new products, gross profit increased. In the digital duplicating business, with a drop in sales, gross profit decreased. Due to the effect of the depreciation of the yen, gross profit for the whole RISO Group increased. While research and development expenditures and other expenses decreased, there was an increase in selling expenses associated with sales of new products in Europe and Asia. Due partly to the effect of the yen’s depreciation, selling, general and administrative expenses for the whole RISO Group increased.

Net sales was 85,507 million yen (up 3.0% year on year), operating income was 3,870 million yen (down 3.1% year on year), ordinary income was 3,931 million yen (down 4.8% year on year). Profit attributable to the owners of parent increased to 3,033 million yen (up 11.3% year on year) due to the decrease of income taxes.

The average exchange rates during the consolidated fiscal year under review were 110.85 yen (a 2.47 yen depreciation of the yen year on year) for the US dollar and 129.70 yen (a 10.91 yen depreciation of the yen year on year) for the euro.

Results by segment are as follows:

- 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 84,293 million yen (up 3.0% year on year). Operating income was 3,489 million yen (down 7.9% year on year).

Japan

In the inkjet business, although hardware sales fell below the previous year’s level, 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 47,244 million yen (down 1.2% year on year). Operating income was 3,143 million yen (down 11.8% year on year).

The Americas

In the inkjet business, partly due to good results for new products and the yen’s depreciation, net sales increased year on year. In the digital duplicating business, although there was effect of the yen’s depreciation, net sales fell below the previous year’s level. Overall sales were 5,512 million yen (down 2.8% year on year). Operating losses were 577 million yen (compared to operating losses of 452 million yen in the same period of the previous fiscal year).

Europe

In the inkjet business, sales of new products continued to be favorable and there was effect of the yen's depreciation, so net sales increased year on year. In the digital duplicating business, although there was effect of the yen's depreciation, net sales fell below the previous year’s level. Overall sales were 15,921 million yen

(up 12.7% year on year). Operating income was 321 million yen (up 53.8% year on year).

Asia

In the inkjet business, sales of new products continued to remain strong and there was effect of the yen's depreciation, so net sales increased year on year. In the digital duplicating business, due to the depreciation of the yen, net sales increased year on year. Overall sales were 15,615 million yen (up 10.0% year on year). Operating income was 602 million yen (up 28.9% year on year).

• Others

“Others” includes the real estate business and the print creating business. Net sales in the others were 1,213 million yen (up 3.8% year on year), and operating income was 380 million yen (up 86.5% year on 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 2,100 million yen and net assets decreased 203 million yen.

The main changes in the assets portion include increases of 1,988 million yen in cash and deposits, 654 million yen in notes and accounts receivable-trade, 500 million yen in short-term investment securities and 415 million yen in merchandise and finished goods, in contrast to decreases of 482 million yen in buildings and structures and 359 million yen in tools, furniture and fixtures. In the liabilities portion, there were increases of 1,234 million yen in notes and accounts payable-trade and 236 million yen in income taxes payable, in contrast to a decrease of 578 million yen in net defined benefit liability.

(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 2,951 million yen year on year to 17,652 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 8,287 million yen (up 47.5% year on year). This is mainly attributable to profit before income taxes of 3,968 million yen, depreciation and amortization of 3,130 million yen, an increase in notes and accounts payable-trade of 1,077 million yen, an increase in accounts payable-other of 738 million yen and income taxes paid of 758 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,334 million yen (down 72.2% year on year). This is primarily the result of a 1,956 million yen expense for payments into time deposits, the expense of 1,563 million yen for the purchase of property, plant and equipment and 2,333 million yen in proceeds from withdrawal of time deposits.

(Cash flows from financing activities)

Net cash used in financing activities was 4,062 million yen (down 24.5% year on year). The result mainly reflects an expense of 1,499 million yen for the purchase of treasury stock, and payments of 2,243 million yen for cash dividends.

(4) Business outlook for the next fiscal year

In order to expand its stable revenue and profit growth, RISO will continue launching high-speed color printers and digital duplicators worldwide and working to gain new customers and expand sales channels.

RISO forecasts that, in the next fiscal year, the increase in sales in the inkjet business and the decrease in sales in the digital duplicating business will continue, resulting in net sales of 85,500 million yen, a figure similar to that in the previous year. On the profit front, the Company forecasts operating income of 3,800 million yen (down 1.8% year on year), ordinary income of 3,800 million yen (down 3.3% year on year), and profit attributable to owners of parent of 2,400 million yen (down 20.9% year on year).

The aforementioned forecast is premised on the exchange rates of 105 yen against US dollar and 130 yen against the euro.

(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 60 yen per share.

With regard to treasury stock, the Company purchased a total of 686,700 shares for 1,499 million yen.

In accordance with the Basic Policies, the Company plans to pay a dividend of 60 yen per share for the next fiscal year.

(6) Explanation on research and development activities

Expenses for RISO's research and development activities in the current nine months totaled 5,612 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 Sixth Medium-term Management Plan (RISO Vision 19)—a three-year plan with the final fiscal year of the period ending March 31, 2019.

<Basic Policies in the Sixth Medium-Term Management Plan "RISO Vision 19">

Accomplish the growth of the number of machine installation by taking full advantage of RISO's utmost unique products to ensure a stable revenue & profit growth

1. Gain new customers and increase the consumable profit which is the lifeline to pursue RISO's future business
2. Take on the challenge to create new business and pursue every technological possibility by the R&D Division
3. Provide opportunities for long-term human resource developments for younger-generations and improve organization structures within the Production Division
4. Develop human resources to enhance the managerial and leadership performance by enriching RISO corporate culture which will enable RISO employees to bring out their ability at full potential

(2) Business Performance Target

In the sixth Medium-term Management Plan (RISO Vision 19), RISO has set the following figures as financial targets in the fiscal year ending in March 31, 2019.

Consolidated net sales: ¥85 billion, Consolidated operating income: ¥7 billion, ROE: 7%

*Exchange rates: 1US dollar: ¥108.00, 1euro: ¥122.00

(3) 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.

RISO has formulated its sixth Medium-term Management Plan. RISO's Management Policy for the Fiscal Year Ending March 31, 2019, which is the final year of the aforementioned plan, is as follows.

<Management Policies for Fiscal Year Ending March 31, 2019>

Focus on the growth of the number of machine installation, while strengthening the corporate structure over the medium-and long-term.

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, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	15,058	17,047
Notes and accounts receivable-trade	15,393	16,047
Short-term investment securities	900	1,400
Merchandise and finished goods	8,987	9,402
Work in process	853	891
Raw materials and supplies	2,205	2,220
Deferred tax assets	2,011	1,982
Other	1,982	1,956
Allowance for doubtful accounts	(257)	(293)
Total current assets	47,134	50,654
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	20,904	20,909
Accumulated depreciation	(12,718)	(13,206)
Buildings and structures, net	8,185	7,703
Machinery, equipment and vehicles	6,388	6,786
Accumulated depreciation	(5,013)	(5,323)
Machinery, equipment and vehicles, net	1,375	1,463
Tools, furniture and fixtures	16,883	16,381
Accumulated depreciation	(15,581)	(15,438)
Tools, furniture and fixtures, net	1,302	942
Land	17,623	17,632
Lease assets	377	520
Accumulated depreciation	(189)	(239)
Lease assets, net	187	280
Construction in progress	23	54
Other	10,815	11,226
Accumulated depreciation	(6,486)	(6,910)
Other, net	4,328	4,316
Total property, plant and equipment	33,026	32,393
Intangible assets		
Software	1,261	1,213
Other	655	328
Total intangible assets	1,916	1,541
Investments and other assets		
Investment securities	1,981	1,789
Long-term loans receivable	28	21
Deferred tax assets	809	718
Other	3,134	3,011
Allowance for doubtful accounts	(41)	(42)
Total investments and other assets	5,911	5,498
Total noncurrent assets	40,854	39,434
Total assets	87,988	90,089

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,568	12,803
Short-term loans payable	1,322	1,100
Current portion of long-term loans payable	1	1
Income taxes payable	311	547
Provision for bonuses	1,707	1,749
Provision for directors' bonuses	50	40
Provision for product warranties	36	87
Other	6,196	7,531
Total current liabilities	21,194	23,861
Noncurrent liabilities		
Long-term loans payable	17	15
Net defined benefit liability	2,359	1,781
Other	405	620
Total noncurrent liabilities	2,781	2,417
Total liabilities	23,975	26,279
Net assets		
Shareholders' equity		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	50,678	51,468
Treasury shares	(14,375)	(15,874)
Total shareholders' equity	65,198	64,488
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	483	304
Foreign currency translation adjustment	(549)	(389)
Remeasurements of defined benefit plans	(1,118)	(593)
Total accumulated other comprehensive income	(1,184)	(678)
Total net assets	64,013	63,810
Total liabilities and net assets	87,988	90,089

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	82,995	85,507
Cost of sales	36,341	37,918
Gross profit	46,654	47,588
Selling, general and administrative expenses	42,660	43,718
Operating income	3,993	3,870
Non-operating income		
Interest income	97	96
Dividends income	48	51
Other	237	272
Total non-operating income	384	420
Non-operating expenses		
Interest expenses	65	70
Foreign exchange losses	97	194
Loss on retirement of noncurrent assets	60	59
Other	25	34
Total non-operating expenses	248	359
Ordinary income	4,129	3,931
Extraordinary income		
Insurance return	88	106
Gain on sales of investment securities	—	30
Total extraordinary income	88	136
Extraordinary loss		
Impairment loss	191	99
Total extraordinary losses	191	99
Profit (loss) before income taxes	4,026	3,968
Income taxes-current	1,065	1,054
Income taxes-deferred	237	(118)
Total income taxes	1,302	935
Profit	2,724	3,033
Profit attributable to owners of parent	2,724	3,033

(Consolidated statements of comprehensive income)

	(Millions of yen)	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	2,724	3,033
Other comprehensive income		
Valuation difference on available-for-sale securities	346	(179)
Foreign currency translation adjustment	(303)	160
Remeasurements of defined benefit plans	399	525
Total other comprehensive income	442	506
Comprehensive income	3,167	3,539
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,167	3,539
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in net assets

	Fiscal year ended March 31, 2017				
	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	50,287	(11,675)	67,506
Changes of items during the period					
Dividends from surplus			(2,333)		(2,333)
Profit attributable to owners of parent			2,724		2,724
Purchase of treasury shares				(2,699)	(2,699)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	391	(2,699)	(2,308)
Balance at the end of current period	14,114	14,779	50,678	(14,375)	65,198

	Fiscal year ended March 31, 2017				
	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	137	(246)	(1,518)	(1,627)	65,879
Changes of items during the period					
Dividends from surplus					(2,333)
Profit attributable to owners of parent					2,724
Purchase of treasury shares					(2,699)
Net changes of items other than shareholders' equity	346	(303)	399	442	442
Total changes of items during the period	346	(303)	399	442	(1,866)
Balance at the end of current period	483	(549)	(1,118)	(1,184)	64,013

	Fiscal year ended March 31, 2018				
	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	50,678	(14,375)	65,198
Changes of items during the period					
Dividends from surplus			(2,243)		(2,243)
Profit attributable to owners of parent			3,033		3,033
Purchase of treasury shares				(1,499)	(1,499)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	790	(1,499)	(709)
Balance at the end of current period	14,114	14,779	51,468	(15,874)	64,488

	Fiscal year ended March 31, 2018				
	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	483	(549)	(1,118)	(1,184)	64,013
Changes of items during the period					
Dividends from surplus					(2,243)
Profit attributable to owners of parent					3,033
Purchase of treasury shares					(1,499)
Net changes of items other than shareholders' equity	(179)	160	525	506	506
Total changes of items during the period	(179)	160	525	506	(203)
Balance at the end of current period	304	(389)	(593)	(678)	63,810

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	4,026	3,968
Depreciation and amortization	4,397	3,130
Impairment loss	191	99
Amortization of goodwill	11	—
Increase (decrease) in net defined benefit liability	(193)	168
Increase (decrease) in provision for directors' bonuses	(25)	(10)
Increase (decrease) in allowance for doubtful accounts	(48)	33
Interest and dividends income	(146)	(147)
Gain on maturity of insurance contract	(88)	(106)
Interest expenses	65	70
Loss (gain) on sales of property, plant and equipment	—	(30)
Foreign exchange losses (gains)	109	(34)
Decrease (increase) in notes and accounts receivable-trade	(368)	(471)
Decrease (increase) in inventories	(1,011)	(278)
Increase (decrease) in notes and accounts payable-trade	1,195	1,077
Increase (decrease) in accounts payable-other	(475)	738
Other, net	(310)	758
Subtotal	7,328	8,965
Interest and dividends income received	146	147
Interest expenses paid	(66)	(70)
Income taxes paid	(1,790)	(758)
Income taxes refund	—	3
Net cash provided by (used in) operating activities	5,618	8,287
Net cash provided by (used in) investing activities		
Payments into time deposits	(4,012)	(1,956)
Proceeds from withdrawal of time deposits	3,749	2,333
Purchase of property, plant and equipment	(4,307)	(1,563)
Proceeds from sales of property, plant and equipment	187	53
Purchase of intangible assets	(469)	(507)
Proceeds from sales of investment securities	5	41
Payments of loans receivable	—	(0)
Collection of loans receivable	2	1
Proceeds from maturity of insurance funds	177	213
Other, net	(137)	50
Net cash provided by (used in) investing activities	(4,805)	(1,334)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(265)	(214)
Repayment of long-term loans payable	(1)	(1)
Purchase of treasury shares	(2,699)	(1,499)
Repayments of lease obligations	(83)	(102)
Cash dividends paid	(2,333)	(2,243)
Other, net	5	(0)
Net cash provided by (used in) financing activities	(5,378)	(4,062)
Effect of exchange rate change on cash and cash equivalents	(121)	60
Net increase (decrease) in cash and cash equivalents	(4,687)	2,951
Cash and cash equivalents at beginning of period	19,388	14,701
Cash and cash equivalents at end of period	14,701	17,652

(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.

The Company's business is classified into the printing equipment business, real estate business and print creating business and 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.

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, 2017 (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Printing equipment business					Others (Note: 1)	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	47,839	5,671	14,126	14,190	81,826	1,168	82,995
Segment income (loss)	3,564	(452)	209	467	3,789	204	3,993

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

2. The main countries and areas included in the printing equipment business are as follows:

- (1) The Americas U.S. and Canada
- (2) Europe Germany, United Kingdom and France
- (3) Asia China, Thailand, South Korea and India

3. The total amount of segment income (loss) is the same as the amount of operating income on the consolidated statements of income.

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Printing equipment business					Others (Note: 1)	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	47,244	5,512	15,921	15,615	84,293	1,213	85,507

Segment income (loss)	3,143	(577)	321	602	3,489	380	3,870
-----------------------	-------	-------	-----	-----	-------	-----	-------

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

2. The main countries and areas included in the printing equipment business are as follows:

- (1) The Americas U.S. and Canada
- (2) Europe Germany, United Kingdom and France
- (3) Asia China, Thailand, South Korea and India

3. The total amount of segment income (loss) is the same as the amount of operating income on the consolidated statements of income.

(Pertinent information)

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

1. Information for each product and service

This item is omitted as the net sales for the printing equipment business to the total sales is 90 % or more of total sales.

2. Information by each region

(1) Sales

(Millions of yen)

Japan	The Americas	Europe	Asia	Total
48,905	5,748	14,128	14,211	82,995

Notes: Net sales are classified according to country or region, based on the domicile of customers.

The main countries or regions belonging to each classification are as follows.

The Americas: U.S. and Canada

Europe: Germany, United Kingdom and France

Asia: China, Thailand, South Korea and India

(2) Property, plant and equipment

(Millions of yen)

Japan	The Americas	Europe	Asia	Total
30,205	513	233	2,075	33,026

3. Information by each major customer

The Company's printing equipment business and others make sales to an unspecified number of general customers. As there is no particular customer that accounts for 10% or more of sales, the

disclosure of information by major customer is omitted.

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

1. Information for each product and service

This item is omitted as the net sales for the printing equipment business to the total sales is 90 % or more of total sales.

2. Information by each region

(1) Sales

(Millions of yen)

Japan	The Americas	Europe	Asia	Total
48,341	5,589	15,932	15,643	85,507

Notes: Net sales are classified according to country or region, based on the domicile of customers.

The main countries or regions belonging to each classification are as follows.

The Americas: U.S. and Canada

Europe: Germany, United Kingdom and France

Asia: China, Thailand, South Korea and India

(2) Property, plant and equipment

(Millions of yen)

Japan	The Americas	Europe	Asia	Total
29,609	369	273	2,140	32,393

3. Information by each major customer

The Company's printing equipment business and others make sales to an unspecified number of general customers. As there is no particular customer that accounts for 10% or more of sales, the disclosure of information by major customer is omitted.

(Information on impairment loss on noncurrent assets for each reportable segment)

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Printing equipment business	Real estate business and others	Total
Impairment loss	62	128	191

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Printing equipment business	Real estate business and others	Total
Impairment loss	99	—	99

(Information on amortization of goodwill and remaining goodwill balance for each reportable segment)

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Printing equipment business	Real estate business and others	Total
Amortized amount in current period	11	—	11
Balance at the end of current period	—	—	—

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

No items to report

(Information on gain on negative goodwill for each reportable segment)

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

No items to report

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

No items to report

(Subsequent event)

(Purchase of Treasury Stock)

RISO KAGAKU CORPORATION (the “Company”) announced that its Board of Directors resolved at the meeting held on May 8, 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 540,000 shares |
| (4) Total purchase cost: | Up to 1,000,000,000 yen |
| (5) Purchase period: | From May 18, 2018 to June 15, 2018 |
| (6) Purchase method: | Purchased on the Tokyo Stock Exchange |