

November 1 2019

**Consolidated Financial Results**  
**for the Six Months of the Fiscal Year Ending March 31, 2020**  
**<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 7, 2019  
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, 2020**  
**(from April 1, 2019 to September 30, 2019)**

**(1) Consolidated operating results (cumulative)**

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2019	39,754	(0.8)	2,108	21.9	2,003	20.8	1,068	(21.7)
September 30, 2018	40,092	(0.1)	1,730	24.7	1,659	4.6	1,365	11.7

Note: Comprehensive Income

Six months ended September 30, 2019: 790 million yen / (52.5) %

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

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2019	30.06	—
September 30, 2018	37.55	—

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2019	82,104	59,891	72.9
March 31, 2019	87,158	62,248	71.4

Reference: Shareholders' Equity As of September 30, 2019: 59,891 million yen As of March 31, 2019: 62,248 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, 2019	—	0.00	—	60.00	60.00
Fiscal year ending March 31, 2020	—	0.00			
Fiscal year ending March 31, 2020 (Forecasts)			—	48.00	48.00

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

## 3. Forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	81,000	(3.5)	3,000	(20.5)	2,900	(20.8)	1,700 (38.7)	48.03

Note: Revisions to the forecasts in the current quarter: Yes

#### 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, 2019	47,406,332 shares
As of March 31, 2019	47,406,332 shares

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

As of September 30, 2019	12,174,151 shares
As of March 31, 2019	11,599,991 shares

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

Three months ended September 30, 2019	35,554,964 shares
Three months ended September 30, 2018	36,352,683 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, 2019. 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) 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”.

Concerning RISO’s consolidated operating results for the current six months, net sales decreased slightly and operating income increased year on year.

Net sales was 39,754 million yen (down 0.8% year on year), operating income was 2,108 million yen (up 21.9% year on year), and ordinary income was 2,003 million yen (up 20.8% year on year). And RISO posted extraordinary losses, particularly in the form of losses on revaluation of investment securities. As a result, profit attributable to the owners of parent was 1,068 million yen (down 21.7% year on year).

The average exchange rates during the current consolidated six months period were 108.63 yen (a 1.63 yen appreciation of the yen year on year) for the US dollar and 121.42 yen (a 8.43 yen appreciation 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 39,084 million yen (down 0.9% year on year). Operating income was 1,834 million yen (up 25.3% year on year).

#### Japan

In the inkjet business and the digital duplicating business, sales of products generating high profit margins largely increased due to the surge in demand materializing before the consumption tax hike took effect in the second quarter. Overall sales were 22,402 million yen (up 3.2% year on year). Operating income was 1,899 million yen (up 69.2% 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 2,443 million yen (down 4.0 % year on year). Operating losses were 403 million yen (compared to operating losses of 410 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. There was effect of the yen's appreciation, so overall sales were 6,886 million yen (down 9.6% year on year). Operating income was 3 million (down 99.0% year on year).

#### Asia

In the inkjet business, net sales fell below the previous year’s level. In the digital duplicating business, net sales fell slightly below the previous year’s level. Due to the effects of the yen’s appreciation, overall sales were 7,352 million yen (down 2.7% year on year). Operating income was 334 million yen (down 11.0% 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 669 million yen (down 0.2% year on year), and operating income was 273 million yen (up 3.0% year on year).

## **(2) Explanation on consolidated financial position**

### **①Assets, Liabilities, Net assets**

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 5,054 million yen to 82,104million yen, while net assets fell 2,357 million yen to 59,891 million yen.

The main changes in the assets portion include decreases of 2,375 million yen in cash and deposits, 2,384 million yen in notes and accounts receivable-trade. In the liabilities portion, there was a decrease of 1,350 million yen in notes and accounts payable-trade, 1,491 million yen in other current liabilities. In the net assets portion, there was a decrease of 999 million yen in treasury shares.

As a result, the equity ratio moved up 1.5 points to 72.9%.

### **②Cash flows**

Net cash provided by operating activities was 1,900million yen (down 53.8% year on year). This is mainly attributable to income before income taxes and minority interests of 1,563 million yen, depreciation and amortization of 1,935 million yen, a decrease in notes and accounts receivable-trade of 2,020million yen, a decrease in notes and accounts payable-trade of 996 million yen, a decrease in accounts payable-other of 1,218 million yen, and taxes paid of 604 million yen.

Net cash used in investing activities was 556 million yen (up 18.2% year on year). This is primarily the result of the 631 million yen expenses for payments into time deposits, 714 million yen for the purchase of property, plant and equipment, 206 million yen for the purchase of intangible assets, and 978 million yen for the proceeds from withdrawal of time deposits.

Net cash used in financing activities was 3,075 million yen (down 28.6% year on year). The result mainly reflects net decrease of 999 million yen for the purchase of treasury stock and payments of 2,144 million yen for cash dividends.

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

The consolidated forecasts for the fiscal year ending March 31, 2020, which were released on May 10, 2019, are changed as follows.

a. Changes to the full-year forecast figures for the fiscal year ending March 31, 2020  
(April 1, 2019 to March 31, 2020)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecasts	83,300	3,100	3,100	2,200	61.44 yen
Revised forecasts	81,000	3,000	2,900	1,700	48.03 yen
Difference	(2,300)	(100)	(200)	(500)	–
Percentage change	(2.8)	(3.2)	(6.5)	(22.7)	–
(Reference) Actual results of the fiscal year ended March 31, 2019	83,900	3,771	3,660	2,771	76.76 yen

#### Reasons for changes

During the first six months of the fiscal year ending March 31, 2020, operating income and ordinary income increased by 21.9% and 20.8% year on year, respectively. The increases are largely attributable to a situation where sales of products generating high profit margins largely exceeded our initial assumptions due to the surge in demand materializing before the consumption tax hike took effect, and despite adverse effects of a strong yen. The Company posted extraordinary losses of approximately 440 million yen, particularly in the form of losses on revaluation of investment securities. As a result, profit attributable to owners of parent decreased by 21.7%. The surge in demand is likely to bring about a subsequent decrease in demand from the third quarter onward. Meanwhile, going forward, we expect the Japanese yen to remain stronger than initially anticipated. In terms of the Company's full-year results, we foresee lower results with respect to each of the income statement items in comparison with our previous forecast due to revisions made to exchange rate forecasts.

Our forecasts have been calculated based on anticipated full-year exchange rates of 108 Japanese yen to the US dollar and 120 Japanese yen to the euro.

b. Revisions to dividend forecasts

	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
Previous forecast (released on May 10, 2019)	–	0.00 yen	–	60.00 yen	60.00 yen
Revised forecast	–	–	–	48.00 yen	48.00 yen
Actual in current fiscal year	–	0.00 yen	–	–	–
Actual in previous fiscal year (fiscal year ended March 31, 2019)	–	0.00 yen	–	60.00 yen	60.00 yen

#### Reasons for changes

The Company has adopted a basic policy consisting of the two following points with respect to distributing profits to its shareholders:

- (1) We will allocate an appropriate portion of earnings in accordance with our business results, while continuing to strengthen or corporate structure.
- (2) We will strive to provide a stable dividend.

In accordance with this earnings revision, the Company has changed the amount it expects to pay as a year-end dividend to 48 yen per share, from the previously estimated amount of 60 yen per share announced on May 10, 2019.

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

Expenses for RISO's research and development activities in the current six months totaled 2,811 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, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	17,359	14,984
Notes and accounts receivable-trade	15,246	12,861
Short-term investment securities	2,000	2,000
Merchandise and finished goods	8,604	8,248
Work in process	830	919
Raw materials and supplies	1,988	1,871
Other	2,126	1,885
Allowance for doubtful accounts	(279)	(278)
Total current assets	47,875	42,491
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	21,078	21,140
Accumulated depreciation	(13,727)	(13,988)
Buildings and structures, net	7,351	7,152
Machinery, equipment and vehicles	6,881	6,773
Accumulated depreciation	(5,597)	(5,633)
Machinery, equipment and vehicles, net	1,284	1,140
Tools, furniture and fixtures	14,888	14,781
Accumulated depreciation	(14,075)	(13,945)
Tools, furniture and fixtures, net	813	835
Land	17,651	17,654
Lease assets	463	494
Accumulated depreciation	(197)	(220)
Lease assets, net	266	273
Construction in progress	142	639
Other	11,120	11,237
Accumulated depreciation	(7,429)	(7,422)
Other, net	3,690	3,815
Total property, plant and equipment	31,199	31,511
Intangible assets		
Software	1,065	1,032
Other	48	54
Total intangible assets	1,113	1,087
Investments and other assets		
Investment securities	1,463	1,417
Long-term loans receivable	19	18
Deferred tax assets	2,478	2,640
Other	3,017	2,943
Allowance for doubtful accounts	(8)	(5)
Total investments and other assets	6,969	7,014
Total noncurrent assets	39,283	39,613
Total assets	87,158	82,104

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	11,546	10,195
Short-term loans payable	821	915
Current portion of long-term loans payable	1	1
Income taxes payable	679	725
Provision for bonuses	1,760	1,768
Provision for directors' bonuses	38	17
Provision for product warranties	38	36
Other	7,987	6,495
Total current liabilities	22,871	20,155
Noncurrent liabilities		
Long-term loans payable	14	13
Net defined benefit liability	1,324	1,330
Other	699	713
Total noncurrent liabilities	2,038	2,057
Total liabilities	24,909	22,213
<b>Net assets</b>		
Shareholders' equity		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	52,038	50,958
Treasury shares	(18,074)	(19,074)
Total shareholders' equity	62,858	60,778
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(12)	274
Foreign currency translation adjustment	(478)	(1,070)
Remeasurements of defined benefit plans	(118)	(91)
Total accumulated other comprehensive income	(609)	(887)
Total net assets	62,248	59,891
Total liabilities and net assets	87,158	82,104

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

	(Millions of yen)	
	Second Quarter ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Second Quarter ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Net sales	40,092	39,754
Cost of sales	17,100	16,873
Gross profit	22,992	22,880
Selling, general and administrative expenses	21,262	20,772
Operating income	1,730	2,108
Non-operating income		
Interest income	65	64
Dividends income	27	29
Other	101	87
Total non-operating income	194	180
Non-operating expenses		
Interest expenses	34	38
Foreign exchange losses	173	213
Loss on retirement of noncurrent assets	12	8
Other	44	25
Total non-operating expenses	265	285
Ordinary income	1,659	2,003
Extraordinary income		
Settlement received	215	—
Total extraordinary income	215	—
Extraordinary losses		
Loss on valuation of investment securities	—	329
Dismantlement expenses	—	58
Impairment loss	—	51
Total extraordinary losses	—	440
Profit (loss) before income taxes	1,874	1,563
Income taxes	509	494
Profit	1,365	1,068
Profit attributable to owners of parent	1,365	1,068

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

	(Millions of yen)	
	Second Quarter ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Second Quarter ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Profit	1,365	1,068
Other comprehensive income		
Valuation difference on available-for-sale securities	28	286
Foreign currency translation adjustment	215	(591)
Remeasurements of defined benefit plans	57	27
Total other comprehensive income	301	(277)
Comprehensive income	1,666	790
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,666	790
Comprehensive income attributable to non-controlling interests	—	—

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

(Millions of yen)

	Second Quarter ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Second Quarter ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,874	1,563
Depreciation and amortization	2,437	1,935
Impairment loss	—	51
Increase (decrease) in net defined benefit liability	97	47
Increase (decrease) in allowance for doubtful accounts	(20)	5
Interest and dividends income	(92)	(93)
Interest expenses	34	38
Foreign exchange losses (gains)	30	38
Settlement received	(215)	—
Loss (gain) on valuation of investment securities	—	329
Dismantlement expenses	—	58
Decrease (increase) in notes and accounts receivable-trade	3,520	2,020
Decrease (increase) in inventories	22	23
Increase (decrease) in notes and accounts payable-trade	(1,566)	(996)
Increase (decrease) in accounts payable-other	(470)	(1,218)
Other, net	(1,303)	(1,354)
Subtotal	4,347	2,450
Interest and dividends income received	92	92
Interest expenses paid	(34)	(38)
Settlement package received	215	—
Income taxes paid	(510)	(604)
Net cash provided by (used in) operating activities	4,109	1,900
Net cash provided by (used in) investing activities		
Payments into time deposits	(700)	(631)
Proceeds from withdrawal of time deposits	966	978
Purchase of property, plant and equipment	(557)	(714)
Proceeds from sales of property, plant and equipment	18	11
Purchase of intangible assets	(179)	(206)
Collection of loans receivable	1	1
Other, net	(19)	5
Net cash provided by (used in) investing activities	(470)	(556)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(49)	119
Repayment of long-term loans payable	(0)	(0)
Purchase of treasury stock	(1,999)	(999)
Cash dividends paid	(2,201)	(2,144)
Other, net	(56)	(50)
Net cash provided by (used in) financing activities	(4,308)	(3,075)
Effect of exchange rate change on cash and cash equivalents	67	(335)
Net increase (decrease) in cash and cash equivalents	(602)	(2,067)
Cash and cash equivalents at beginning of period	17,652	18,545
Cash and cash equivalents at end of period	17,050	16,478

#### (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 999million yen during the second quarter and amounted to 19,074 million yen at the end of the current second quarter.

##### (Segment information)

###### 1. 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

2. Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

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	39,084	669	—	39,754
Inter-segment	—	—	—	—
Total	39,084	669	—	39,754
Segment income	1,834	273	—	2,108

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	22,402	2,443	6,886	7,352	39,084
Operating income (loss)	1,899	(403)	3	334	1,834

**(Subsequent event)**

**(Purchase of Treasury Stock)**

Riso Kagaku Corporation (the “Company”) announced that its Board of Directors resolved at the meeting held on November 1, 2019 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 400,000 shares  |
| (4) Total purchase cost:                   | Up to 500,000,000 yen   |
| (5) Purchase period:                       | From November 13, 2019 to December 13, 2019   |
| (6) Purchase method:                       | Purchased on the Tokyo Stock Exchange   |