

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 <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: Shoichi Ikejima, Director and General Manager of Corporate Headquarters  
 TEL: +81-3-5441-6611 (from overseas)

Scheduled date of Regular General Meeting of Shareholders: June 27, 2017  
 Scheduled date of dividend payment commencement: June 28, 2017  
 Scheduled date to file Securities Report: June 28, 2017  
 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, 2017 (from April 1, 2016 to March 31, 2017)

#### (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, 2017	82,995	(2.9)	3,993	(39.0)	4,129	(36.2)	2,724	(48.3)
March 31, 2016	85,454	(0.3)	6,551	(4.2)	6,476	(7.5)	5,267	(6.3)

Note: Comprehensive income

Fiscal year ended March 31, 2017: 3,167 million yen / 62.4% Fiscal year ended March 31, 2016: 1,949 million yen / (75.4%)

	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, 2017	71.46	—	4.2	4.6	4.8
March 31, 2016	132.88	—	7.8	7.0	7.7

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2017: — million yen Fiscal year ended March 31, 2016: — 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, 2017	87,988	64,013	72.8	1,712.12
March 31, 2016	91,669	65,879	71.9	1,694.07

Reference: Shareholders' equity As of March 31, 2017: 64,013 million yen As of March 31, 2016: 65,879 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, 2017	5,618	(4,805)	(5,378)	14,701
March 31, 2016	8,681	(952)	(5,902)	19,388

## 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	Millions of yen	%	%
Fiscal year ended March 31, 2016	–	0.00	–	60.00	60.00	2,333	45.2	3.5
Fiscal year ended March 31, 2017	–	0.00	–	60.00	60.00	2,243	84.0	3.5
Fiscal year ending March 31, 2018 (Forecast)	–	0.00	–	60.00	60.00		74.8	

## 3. Forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2017	38,900	0.8	1,800	10.7	1,800	4.6	1,200	6.6	32.10
Fiscal year ending March 31, 2018	83,500	0.6	4,400	10.2	4,400	6.6	3,000	10.1	80.24

#### 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
- Changes due to revisions to accounting standards and other regulations: Yes
  - Changes due to other reasons: None
  - Changes in accounting estimates: None
  - Restatement: None

Note: For details, please see page 14, (Changes in Accounting Principles).”

(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, 2017	47,406,332 shares
As of March 31, 2016	47,406,332 shares

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

As of March 31, 2017	10,018,145 shares
As of March 31, 2016	8,518,192 shares

- c. Average number of shares during the period

Fiscal year ended March 31, 2017	38,125,746 shares
Fiscal year ended March 31, 2016	39,642,584 shares

\* Consolidated Financial Results is not subject to audit

\* 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. Performance.....	2
(1) Analysis of Results .....	2
(2) Analysis of Financial Position .....	4
(3) Basic Policy for Earning Distribution and Current and Next Fiscal Year Dividends .....	4
(4) 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 .....	5
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
(Changes in Accounting Principles) .....	14
(Additional information) .....	14
(Segment Information) .....	15
(Subsequent events).....	19

## 1. Performance

### (1) Analysis of Results

#### a. Results of 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. Consequently, in the printing equipment business, sales were favorable in the inkjet business due to the introduction of new products. Net sales declined due to the effects of exchange rates. Furthermore, operating income fell below that in the corresponding period of the previous year because of increases in depreciation and sales expenses, both of which were due to the introduction of new products, and because of the effects of exchange rates. Net sales was 82,995 million yen (down 2.9% year on year), operating income was 3,993 million yen (down 39.0% year on year), ordinary income was 4,129 million yen (down 36.2% year on year) and profit attributable to the owners of parent was 2,724 million yen (down 48.3% year on year).

The average exchange rates during the consolidated fiscal year under review were 108.38 yen (a 11.76 yen appreciation of the yen year on year) for the US dollar and 118.79 yen (a 13.79 yen appreciation 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 81,826 million yen (down 2.7% year on year). Operating income was 3,789 million yen (down 39.6% year on year).

#### Japan

In the inkjet business, the introduction of new products led to favorable sales and an increase in net sales. In the digital duplicating business, net sales fell below the previous year’s level. Overall sales were 47,839 million yen (up 1.2 % year on year). Operating income was 3,564 million yen (down 23.7% year on year), due to increases in depreciation and sales expenses, both of which were associated with the introduction of new products.

#### The Americas

In the inkjet business, Sales were favorable partly due to the introduction of new products, leading to an increase in net sales. In the digital duplicating business, net sales fell below the previous year’s level. Overall sales were 5,671 million yen (down 8.5% year on year), due to the effects of exchange rates. Operating losses were 452 million yen (compared to operating losses of 300 million yen in the same period of the previous fiscal year).

#### Europe

In the inkjet business, Sales were favorable with the introduction of new products, leading to an increase in net sales. In the digital duplicating business, net sales remained nearly unchanged from the previous year. Overall sales were 14,126 million yen (down 9.2% year on year), due to the effects of exchange rates. Operating income was 209 million yen (down 68.5% year on year), due to an increase in depreciation that was associated with the introduction of new products, and to the effects of exchange rates.

#### Asia

In the inkjet business, sales in China remained strong, and net sales thus increased. In the digital duplicating

business, net sales remained nearly unchanged from the previous year. Overall sales were 14,190 million yen (down 5.6% year on year), due to the effects of exchange rates. Operating income was 467 million yen (down 62.2% year on year), due to an increase in sales expenses and to the effects of exchange rates.

- Real estate business and others

RISO operates a real estate business as well as a print creating business. Net sales in the real estate and others were 1,168million yen (down16.0% year on year), and operating income was 204 million yen (down26.2% year on year).

b. Business outlook for the next fiscal year

RISO will continue to launch new high-speed color printers and digital duplicators worldwide from the previous year and strive to gain new customers and expand sales channels, in order to ensure stable revenue and profit growth. RISO forecasts net sales of 83,500 million (up 0.6% year on year) in the next fiscal year. On the profit side, partly due to a decrease in depreciation, it forecasts operating income of 4,400 million yen (up 10.2% year on year), ordinary income of 4,400 million yen (up 6.6% year on year), and profit attributable to the owners of parent net income of 3,000 million yen (up 10.1% year on year).

The aforementioned forecast is premised on the exchange rates of 109 yen against US dollar and 116 yen against the euro.

## **(2) Analysis of Financial Position**

### a. Assets, liabilities and net assets

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 and net assets decreased 3,680 million yen and 1,866 million yen, respectively.

The main changes in the assets portion include increases of 1,246 million yen in merchandise and finished goods, 1,702 million yen in land, in contrast to decreases of 1,884 million yen in cash and deposits, 2,530 million yen in short-term investment securities, 522 million yen in raw materials and supplies, 515 million yen in buildings and structures, and 503 million yen in tools, furniture and fixtures. In the liabilities portion, there was an increase of 1,030 million yen in notes and accounts payable-trade, in contrast to decreases of 298 million yen in short-term loans payable, 595 million yen in income taxes payable and 771 million yen in net defined benefit liability.

### b. Cash flows

Cash and cash equivalents (“cash”) at the end of the fiscal year under review decreased by 4,687 million yen year on year to 14,701 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 5,618 million yen (down 35.3% year on year). This is mainly attributable to profit before income taxes of 4,026 million yen, depreciation and amortization of 4,397 million yen, an increase in inventories of 1,011 million yen and income taxes paid of 1,790 million yen.

#### (Cash flows from investing activities)

Net cash used in investing activities was 4,805 million yen (up 404.5% year on year). This is primarily the result of a 4,012 million yen expense for payments into time deposits, the expense of 4,307 million yen for the purchase of property, plant and equipment and 3,749 million yen in proceeds from withdrawal of time deposits.

#### (Cash flows from financing activities)

Net cash used in financing activities was 5,378 million yen (down 8.9% year on year). The result mainly reflects an expense of 2,699 million yen for the purchase of treasury stock, and payments of 2,333 million yen for cash dividends.

## **(3) 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 1,499,800 shares for 2,699 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.

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

Expenses for RISO's research and development activities in the current nine months totaled 6,299 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. 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, 2018, which is the second year of the aforementioned plan, is as follows.

<Management Policies for Fiscal Year Ending March 31, 2018>

Take full advantage of new products to accomplish the increase of the number of machine installation while resolving medium- and long-term management challenges

## **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, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	16,943	15,058
Notes and accounts receivable-trade	15,257	15,393
Short-term investment securities	3,430	900
Merchandise and finished goods	7,740	8,987
Work in process	730	853
Raw materials and supplies	2,728	2,205
Deferred tax assets	2,305	2,011
Other	2,102	1,982
Allowance for doubtful accounts	(300)	(257)
Total current assets	50,938	47,134
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	20,928	20,904
Accumulated depreciation	(12,226)	(12,718)
Buildings and structures, net	8,701	8,185
Machinery, equipment and vehicles	6,216	6,388
Accumulated depreciation	(4,772)	(5,013)
Machinery, equipment and vehicles, net	1,444	1,375
Tools, furniture and fixtures	16,910	16,883
Accumulated depreciation	(15,103)	(15,581)
Tools, furniture and fixtures, net	1,806	1,302
Land	15,921	17,623
Lease assets	413	377
Accumulated depreciation	(192)	(189)
Lease assets, net	221	187
Construction in progress	378	23
Other	10,121	10,815
Accumulated depreciation	(6,252)	(6,486)
Other, net	3,869	4,328
Total property, plant and equipment	32,343	33,026
Intangible assets		
Goodwill	83	—
Software	1,582	1,261
Other	1,006	655
Total intangible assets	2,671	1,916
Investments and other assets		
Investment securities	1,604	1,981
Long-term loans receivable	54	28
Deferred tax assets	969	809
Other	3,137	3,134
Allowance for doubtful accounts	(51)	(41)
Total investments and other assets	5,715	5,911
Total noncurrent assets	40,730	40,854
Total assets	91,669	87,988

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	10,538	11,568
Short-term loans payable	1,620	1,322
Current portion of long-term loans payable	1	1
Income taxes payable	907	311
Provision for bonuses	1,676	1,707
Provision for directors' bonuses	75	50
Provision for product warranties	33	36
Other	7,345	6,196
<b>Total current liabilities</b>	<b>22,198</b>	<b>21,194</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	18	17
Net defined benefit liability	3,130	2,359
Other	442	405
<b>Total noncurrent liabilities</b>	<b>3,591</b>	<b>2,781</b>
<b>Total liabilities</b>	<b>25,789</b>	<b>23,975</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	50,287	50,678
Treasury shares	(11,675)	(14,375)
<b>Total shareholders' equity</b>	<b>67,506</b>	<b>65,198</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	137	483
Foreign currency translation adjustment	(246)	(549)
Remeasurements of defined benefit plans	(1,518)	(1,118)
<b>Total accumulated other comprehensive income</b>	<b>(1,627)</b>	<b>(1,184)</b>
<b>Total net assets</b>	<b>65,879</b>	<b>64,013</b>
<b>Total liabilities and net assets</b>	<b>91,669</b>	<b>87,988</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	85,454	82,995
Cost of sales	35,640	36,341
Gross profit	49,814	46,654
Selling, general and administrative expenses	43,262	42,660
Operating income	6,551	3,993
Non-operating income		
Interest income	97	97
Dividends income	46	48
Other	229	237
Total non-operating income	373	384
Non-operating expenses		
Interest expenses	63	65
Foreign exchange losses	292	97
Loss on retirement of noncurrent assets	50	60
Other	42	25
Total non-operating expenses	449	248
Ordinary income	6,476	4,129
Extraordinary income		
Insurance return	59	88
Gain on sales of non-current assets	1,181	—
Settlement received	240	—
Gain on sales of investment securities	163	—
Total extraordinary income	1,645	88
Extraordinary loss		
Impairment loss	161	191
Loss on liquidation of subsidiaries and associates	160	—
Loss on factory restructurings	86	—
Dismantlement expenses	57	—
Total extraordinary losses	465	191
Profit (loss) before income taxes	7,655	4,026
Income taxes-current	1,736	1,065
Income taxes-deferred	652	237
Total income taxes	2,388	1,302
Profit	5,267	2,724
Profit attributable to owners of parent	5,267	2,724

**(Consolidated statements of comprehensive income)**

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	5,267	2,724
Other comprehensive income		
Valuation difference on available-for-sale securities	(492)	346
Foreign currency translation adjustment	(1,361)	(303)
Remeasurements of defined benefit plans	(1,464)	399
Total other comprehensive income	(3,317)	442
Comprehensive income	1,949	3,167
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,949	3,167
Comprehensive income attributable to non-controlling interests	—	—

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

	Fiscal year ended March 31, 2016				
	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	46,837	(8,475)	67,255
Changes of items during the period					
Dividends from surplus			(1,816)		(1,816)
Profit attributable to owners of parent			5,267		5,267
Purchase of treasury shares				(3,199)	(3,199)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	3,450	(3,199)	250
Balance at the end of current period	14,114	14,779	50,287	(11,675)	67,506

	Fiscal year ended March 31, 2016				
	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	629	1,114	(53)	1,690	68,946
Changes of items during the period					
Dividends from surplus					(1,816)
Profit attributable to owners of parent					5,267
Purchase of treasury shares					(3,199)
Net changes of items other than shareholders' equity	(492)	(1,361)	(1,464)	(3,317)	(3,317)
Total changes of items during the period	(492)	(1,361)	(1,464)	(3,317)	(3,066)
Balance at the end of current period	137	(246)	(1,518)	(1,627)	65,879

	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

**(4) Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	7,655	4,026
Depreciation and amortization	3,450	4,397
Impairment loss	161	191
Amortization of goodwill	16	11
Increase (decrease) in net defined benefit liability	(1,242)	(193)
Increase (decrease) in provision for directors' bonuses	(8)	(25)
Increase (decrease) in allowance for doubtful accounts	(7)	(48)
Interest and dividends income	(144)	(146)
Gain on maturity of insurance contract	(59)	(88)
Interest expenses	63	65
Loss (gain) on sales of property, plant and equipment	(1,181)	—
Foreign exchange losses (gains)	(78)	109
Decrease (increase) in notes and accounts receivable-trade	(149)	(368)
Decrease (increase) in inventories	880	(1,011)
Increase (decrease) in notes and accounts payable-trade	943	1,195
Increase (decrease) in accounts payable-other	(358)	(475)
Other, net	7	(310)
Subtotal	9,946	7,328
Interest and dividends income received	144	146
Interest expenses paid	(61)	(66)
Income taxes paid	(1,380)	(1,790)
Income taxes refund	32	—
Net cash provided by (used in) operating activities	8,681	5,618
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,591)	(4,012)
Proceeds from withdrawal of time deposits	1,675	3,749
Purchase of property, plant and equipment	(3,389)	(4,307)
Proceeds from sales of property, plant and equipment	2,980	187
Purchase of intangible assets	(509)	(469)
Proceeds from sales of investment securities	256	5
Collection of loans receivable	10	2
Proceeds from maturity of insurance funds	120	177
Payments for transfer of business	(316)	—
Other, net	(188)	(137)
Net cash provided by (used in) investing activities	(952)	(4,805)



(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(795)	(265)
Repayment of long-term loans payable	(9)	(1)
Purchase of treasury shares	(3,199)	(2,699)
Repayments of lease obligations	(81)	(83)
Cash dividends paid	(1,817)	(2,333)
Other, net	0	5
Net cash provided by (used in) financing activities	(5,902)	(5,378)
Effect of exchange rate change on cash and cash equivalents	(565)	(121)
Net increase (decrease) in cash and cash equivalents	1,260	(4,687)
Cash and cash equivalents at beginning of period	18,127	19,388
Cash and cash equivalents at end of period	19,388	14,701

## (Changes in Accounting Principles)

(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)

In conjunction with the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a change in depreciation method due to Tax Reform 2016”(ASBJ Practical Issues Task Force (PITF) Solution No. 32, June 17, 2016), effective from the fiscal year ended March 31, 2017 under review, and has changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight-line method.

This change in accounting policy has minimal impact on the Company’s profit/loss for the fiscal year ended March 31, 2017 under review.

## (Additional information)

(Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the “Revised Implementation Guidance on Recoverability of Deferred tax Assets”(ASBJ Guidance No. 26, March 28, 2016), effective from the fiscal year ended March 31, 2017 under review.

## (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 and real estate business and others, 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.

Consequently, the Company's printing equipment business is made up of four reportable segments according to geography, namely "Japan," "The Americas," "Europe," and "Asia," based on the Company's sales framework.

## 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.

For information regarding assets, liabilities and other items for each reportable segment, the Company has production bases in Japan, China and Thailand for the printing equipment business, and in terms of production activities, as the manufacture of products is carried out in those countries for all geographical areas of the printing equipment business, it is difficult to allocate assets and the like relating to production to specific regions. In addition, as real estate business and others is mainly real estate leasing, as a rule it does not have increases or decreases in assets. As a result, we carry out performance evaluations for each of these businesses mainly on the basis of profit and loss information, and information on assets, liabilities and the like is not disclosed as it is not treated as information central to the distribution of management resources and performance evaluation.

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

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Printing equipment business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	47,276	6,195	15,555	15,035	84,063	1,391	85,454
Segment income (loss)	4,674	(300)	665	1,236	6,275	276	6,551

- Notes: 1. Real estate business and others includes real estate business and print creating business.
2. The main countries and areas included in each segment for 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, 2017 (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Printing equipment business					Real estate business and others	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. Real estate business and others includes real estate business and print creating business.
2. The main countries and areas included in each segment for 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, 2016 (from April 1, 2015 to March 31, 2016)

1. Information for each product and service

This item is omitted as it duplicates the information disclosed in segment information.

2. Information by each region

(1) Sales

(Millions of yen)

Japan	The Americas	Europe	Asia	Total
48,561	6,269	15,556	15,067	85,454

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
29,368	454	224	2,296	32,343

## 3. Information by each major customer

The Company's printing equipment business and real estate 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, 2017 (from April 1, 2016 to March 31, 2017)

## 1. Information for each product and service

This item is omitted as it duplicates the information disclosed in segment information.

## 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 real estate 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, 2016 (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Printing equipment business	Real estate business and others	Total
Impairment loss	161	—	161

Notes: Impairment loss in the printing equipment business is not shown for each segment by geographic area, as it is the balance for the entire printing equipment business and is not allocated to specific geographic area.

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

Notes: Impairment loss in the printing equipment business is not shown for each segment by geographic area, as it is the balance for the entire printing equipment business and is not allocated to specific geographic area.

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

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Printing equipment business	Real estate business and others	Total
Amortized amount in current period	16	—	16
Balance at the end of current period	83	—	83

Notes: The balance of goodwill at the end of the current period in the printing equipment business is not shown for each segment by geographic area, as it is the balance for the entire printing equipment business and is not allocated to specific geographic area.

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	—	—	—

Notes: The balance of goodwill at the end of the current period in the printing equipment business is not shown for each segment by geographic area, as it is the balance for the entire printing equipment business and is not allocated to specific geographic area.

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

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

No items to report

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

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 9, 2017 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 420,000 shares  |
| (4) Total purchase cost:                   | Up to 700,000,000 yen   |
| (5) Purchase period:                       | From May 19, 2017 to June 16, 2017  |
| (6) Purchase method:                       | Purchased on the Tokyo Stock Exchange   |