

Briefing on Business Results for the Six Months of FY2015

(From April 1, 2014 to September 30, 2014)

RISO KAGAKU CORPORATION

November 7, 2014

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■ Notes on the descriptions in this briefing

The amounts indicated have been rounded down to a million yen unless otherwise noted.

■ A note on the description relating to forecasts

The following statements, including forecasts, contained in these materials are based on information currently available to the Company. Actual business may differ substantially from the forecasts due to various factors in the future.

1. Corporate Data (as of March 31, 2014)

■ Corporate Name	RISO KAGAKU CORPORATION
■ President & CEO	Akira Hayama
■ Head Office	5-34-7 Shiba, Minato-ku, Tokyo 108-8385, Japan
■ Established	September 2, 1946
■ Incorporated	January 25, 1955
■ Paid-in Capital	¥14,114,985,384
■ Group Employees	3,594
■ Group Subsidiaries	26 (Domestic: 2 Overseas: 24)

2. Business Outline and Domains

Printing equipment business

- Digital Duplicating Business:
High speed digital duplicator **RISOGRAPH**



- Inkjet Business:
Full Color Inkjet Printer **ORPHIS**



Real estate business and others

- Real estate business
- Print creating business

2. Business Outline and Domains



Deployment of original products with fast printing speed, low cost, and easy operation as their strengths

3. First Half of FY2015 - Performance Overview

- Net Sales increased due to the strong overseas sales.
- Sales in Japan fell as a result of the reaction to the change in the consumption tax rate.
- Operating income increased as a result of improved profitability overseas.

(Millions of Yen)

		First Half of FY2015	First Half of FY2014	Difference (year-on-year)		Calculated with exchange rates of the previous year
				Amount	Growth%	Growth%
Net sales		40,107	39,057	1,049	2.7%	0.8%
Gross profit		23,369	21,979	1,390	6.3%	3.7%
(Gross profit ratio)		(58.3%)	(56.3%)		(2.0P)	
Selling, general and administrative expenses		20,497	19,860	637	3.2%	1.8%
Operating income		2,827	2,119	752	35.5%	21.6%
(Operating income ratio)		(7.2%)	(5.4%)		(1.8P)	
Ordinary income		3,072	2,355	717	30.5%	
Net income		2,214	1,542	671	43.6%	
Exchange Rates	1US\$	103.04	98.85			
	1Euro	138.92	130.00			



3. First Half of FY2015 - Performance Overview

Net sales

- Sales: ¥40,107 million, up ¥1,049 million YOY
- Inkjet business up 9.5% YOY *exclude forex impact
- Digital duplicating business down 4.9% YOY *exclude forex impact
- Inkjet business represents 43% of consolidated sales

Gross profit

- Gross profit: ¥23,369 million, up ¥1,390 million YOY
- Gross profit ratio: 58.3% (up 2.0 points YOY)
- As a result of higher sales volume, an increase in high-priced inkjet models, and other factors.

3. First Half of FY2015 - Performance Overview

Selling, general and administrative exp.

- SG&A: ¥20,497 million, up ¥637 million YOY
- SG&A ratio: 51.1% (up 1.0 points YOY)
- Primarily an increase in R&D expenses

Operating income

- Operating income: ¥2,872 million, up ¥752 million YOY
- Operating income ratio: 7.2% (up 1.8 points YOY)
- The increase in gross profit contributed.

3. First Half of FY2015 - Performance Overview

Net sales

- Sales in Japan fell as a result of the reaction to the change in the consumption tax rate.
- The percentage of overseas sales increased 2.6 points to 42.3%.
- The inkjet business was strong in Europe and Asia, contributing to the expansion of overseas business.

	First Half of FY2015		First Half of FY2014		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	39,388	98.2%	38,310	98.1%	1,077	2.8%
Japan	22,442	56.0%	22,807	58.4%	-364	-1.6%
Overseas	16,945	42.3%	15,503	39.7%	1,442	9.3%
Americas	2,780	6.9%	2,877	7.4%	-97	-3.4%
Europe	8,433	21.0%	7,365	18.9%	1,067	14.5%
Asia	5,731	14.3%	5,260	13.5%	471	9.0%
Real estate business & others	718	1.8%	746	1.9%	-27	-3.7%

3. First Half of FY2015 - Performance Overview

Operating income

- Profitability continued to improve in Europe, primarily in France and the U.K., contributing to higher income.

	First Half of FY2015		First Half of FY2014		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	2,661	6.6%	1,885	4.8%	776	41.2%
Japan	2,203	5.5%	2,243	5.7%	-40	-1.8
Overseas	458	—	-358	—	816	—
Americas	-297	—	-245	—	-51	—
Europe	584	—	-206	—	791	—
Asia	170	0.4%	93	0.2%	76	81.8
Real estate business & others	210	0.5%	233	0.6%	-23	-10.0

4. Forecast for FY2015

(Millions of Yen)

	FY2015 Forecast	FY2014 Actual	Difference	
			Amount	Growth
Net sales	86,000	83,938	2,061	2.5%
Operating income	6,500	6,588	-88	-1.3%
Ordinary income	6,550	7,192	-642	-8.9%
Net income	4,400	4,578	-178	-3.9%
Operating income margin	7.6%	7.8%		

Exchange Rates

1US\$	102.00	100.24
1EURO	138.00	134.37

4. Forecast for FY2015 - Precondition

■ Assumed exchange rate

	First Half Actual	Second Half Assumed	Full-Year Assumed
1 US\$	¥103.04	¥102.00	¥102.00
1 Euro	¥138.92	¥138.00	¥138.00

■ Impact of fluctuation of exchange rate (¥1/term)

	Net sales	Operating income
Yen/US\$	155 million yen	45 million yen
Yen/Euro	75 million yen	50 million yen

5. Shareholders Return

Basic policy for the distribution of earnings

■ Allocate an appropriate portion of earnings in accordance with our business results while continuing to strengthen our corporate structure

■ Strive to provide a stable dividend

*Consider the repurchasing of shares as a measure for allocating earnings to shareholders, and acquire treasury stock in consideration of market trends

1. Dividend: Distribute annual dividends from surplus once a year at the end of fiscal year
2. Purchase and retirement of treasury stock:
 - Acquire treasury stock in consideration of market trends
 - Retire treasury stock, as a general rule
3. Earnings Distribution in the “RISO Vision 16”
Increase distribution of profits when operating results are strong

5. Shareholders Return

■ Purchase of Treasury Stock:

	First half of FY2015		After the October
	From May 19, 2014 to June 23, 2014	From August 18, 2014 to September 30, 2014	From October 1, 2014 to October 2, 2014
Number of shares purchased	14,700 shares	527,300 shares	47,800 shares
Purchase cost	38 million yen	1,827 million yen	171 million yen

- Total Number of shares purchased during first half of FY2015: 542,000 shares
- Total purchase cost during first half of FY2015: 1,866 million yen

■ Purchase schedule (announced on November 5, 2014)

- Purchase period: November 18, 2014 to December 15, 2014
- Number of shares to be purchased: 160,000 shares
- Total purchase cost: Up to 500 million yen

■ Dividend Forecast for FY2015:

30 yen per share (equivalent to 60 yen prior to the stock split)

6. Stock Split

■ Purpose of the stock split:

The stock split will be carried out to increase liquidity of the Company's shares and expand its shareholder base.

■ Split method

Shares held by shareholders recorded in the final register of shareholders on the date of record will be split into two shares for each share.

■ Increase in number of shares as a result of the split

1. Number of issued share

Before the split: 23,703,166 shares / after the split: 47,406,332 shares

2. Number of shares authorized to be issued

Before the split: 67,840,000 shares / after the split: 135,680,000 shares

■ Date of record : December 31, 2014

■ Effective date : January 1, 2015

(reference data)

(Millions of Yen)

	FY2015 Forecast			FY2014 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	86,000	100.0%	2.5%	83,938	100.0%
Printing equipment business	84,400	98.1%	2.5%	82,358	98.1%
Japan	48,000	55.8%	-1.4%	48,662	58.0%
Americas	5,880	6.8%	2.7%	5,728	6.8%
Europe	17,970	21.0%	10.9%	16,191	19.3%
Asia	12,550	14.6%	6.6%	11,777	14.0%
Real estate business & others	1,600	1.9%	1.3%	1,579	1.9%
Gross profit	49,700	57.8%	4.1%	47,756	56.9%
Selling, general & administrative expenses	43,200	50.2%	4.9%	41,168	49.0%
Operating Income	6,500	7.6%	-1.3%	6,588	7.8%
Ordinary Income	6,550	7.6%	-8.9%	7,192	8.6%
Net Income	4,400	5.1%	-3.9%	4,578	5.5%
Capital expenditure	4,500	5.2%	-39.0%	7,374	8.8%
Depreciation and amortization	5,100	5.9%	-5.8%	5,416	6.5%

