

**Consolidated Financial Results**  
**for the Nine Months of the Fiscal Year Ending 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/>  
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Scheduled date to file Quarterly Report: February 13, 2018  
 Scheduled date of dividend payment commencement: –  
 Preparation of supplementary information on quarterly business results: None  
 Holding of briefing on quarterly business results: None

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

**1. Consolidated performance for the nine months of the fiscal year ending March 31, 2018**  
**(from April 1, 2017 to December 31, 2017)**

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

(Percentages indicate year-on-year changes.)

|                   | Net sales       |       | Operating income |        | Ordinary income |        | Profit attributable to owners of parent |        |
|-------------------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|
|                   | Millions of yen | %     | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | %      |
| Nine months ended |                 |       |                  |        |                 |        |   |        |
| December 31, 2017 | 60,858          | 4.6   | 2,059            | 7.6    | 2,262           | 2.5    | 1,469                                   | 4.3    |
| December 31, 2016 | 58,204          | (4.7) | 1,914            | (54.0) | 2,208           | (46.7) | 1,409                                   | (48.0) |

Note: Comprehensive Income

Nine months ended December 31, 2017: 2,410 million yen / 17.4%

Nine months ended December 31, 2016: 2,053 million yen / (6.9)%

|                   | Net income per share | Diluted net income per share |
|-------------------|----------------------|------------------------------|
|                   | Yen                  | Yen                          |
| Nine months ended |                      |                              |
| December 31, 2017 | 39.63                | –                            |
| December 31, 2016 | 36.77                | –                            |

## (2) Consolidated financial position

|                   | Total assets    | Net assets      | Equity ratio |
|-------------------|-----------------|-----------------|--------------|
| As of             | Millions of yen | Millions of yen | %            |
| December 31, 2017 | 88,675          | 62,980          | 71.0         |
| March 31, 2017    | 87,988          | 64,013          | 72.8         |

Reference: Shareholders' Equity As of December 31, 2017: 62,980 million yen As of March 31, 2017: 64,013 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, 2017              | –                        | 0.00           | –             | 60.00           | 60.00 |
| Fiscal year ending March 31, 2018             | –                        | 0.00           | –             |                 |       |
| Fiscal year ending March 31, 2018 (Forecasts) |                          |                |               | 60.00           | 60.00 |

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

## 3. Forecasts for the fiscal year ending March 31, 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                  |
| Fiscal year ending March 31, 2018 | 83,500          | 0.6 | 4,400            | 10.2 | 4,400           | 6.6 | 3,000                                   | 10.1 | 81.04                |

Note: Revisions to the forecasts in the current quarter: None

#### 4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of peculiar accounting methods for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement
- Changes due to revisions to accounting standards and other regulations: None
  - Changes due to other reasons: None
  - Changes in accounting estimates: None
  - Restatement: None

(4) Number of issued shares (common stock)

- a. Total number of issued shares at the end of the period (including treasury stock)

|                         |                   |
|-------------------------|-------------------|
| As of December 31, 2017 | 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 December 31, 2017 | 10,567,145 shares |
| As of March 31, 2017    | 10,018,145 shares |

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

|                                     |                   |
|-------------------------------------|-------------------|
| Nine months ended December 31, 2017 | 37,075,430 shares |
| Nine months ended December 31, 2016 | 38,325,179 shares |

\* Indication regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the quarterly review procedures in accordance with the Financial Instruments and Exchange Act are in progress.

\* 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

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## 1. Qualitative Information regarding Consolidated Results for the Nine Months

### (1) Explanation on consolidated operating results

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

In RISO's consolidated operating results for the current nine months, both net sales and operating income exceeded the previous year’s level.

Sales of new products that were introduced in the previous fiscal year continued to increase steadily, and net sales increased in the inkjet business. In the digital duplicating business, however, the downward trend in net sales continued. Net sales increased, partly boosted by the depreciation of the yen. Although gross profit decreased in the digital duplicating business, in the inkjet business, due to amortization of investment in molds for new products and to the effect of the yen’s depreciation, gross profit increased. While research and development expenditures and other expenses decreased, selling, general and administrative expenses increased due to an increase in selling expenses associated with the sales of new products in Europe and Asia and the effect of the yen’s depreciation.

Net sales were 60,858 million yen (up 4.6% year on year), operating income was 2,059 million yen (up 7.6% year on year), ordinary income was 2,262 million yen (up 2.5% year on year), and profit attributable to the owners of parent was 1,469 million yen (up 4.3% year on year).

The average exchange rates during the current consolidated nine months period were 111.70 yen to the U.S. dollar and 128.53 yen to the euro (compared to the same period of the previous fiscal year, the yen depreciated by 5.07 yen against the U.S. dollar and depreciated by 10.51 yen against 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 59,950 million yen (up 4.6% year on year). Operating income was 1,776 million yen (down 0.8% 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 33,226 million yen (down 0.5 % year on year). Operating income was 1,959 million yen (down 0.1% year on year).

##### The Americas

In the inkjet business, due to good results for new products, net sales increased year on year. In the digital duplicating business, net sales fell below the previous year’s level. Overall sales were 4,074 million yen (down 1.5 % year on year), although the depreciation of the yen had some effect. Operating losses were 447 million yen (compared to operating losses of 374 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 net sales increased year on year. In the digital duplicating business, net sales fell below the previous year’s level. Overall sales were 11,364 million yen (up 15.4 % year on year), partly boosted by the depreciation of the yen. Operating income was 33 million yen (up 354.8% year on year).

Asia

In the inkjet business, sales of new products continued to remain strong steadily, and net sales increased year on year. In the digital duplicating business, net sales fell below the previous year's level. Overall sales were 11,285 million yen (up 13.5 % year on year), partly boosted by the depreciation of the yen. Operating income was 231 million yen (up 17.5% year on year).

b. 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 908 million yen (up 4.1% year on year), and operating income was 283 million yen (up 128.4% year on year).

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

The financial position of RISO at the end of the current quarter compared to the end of the previous fiscal year is as follows.

Total assets rose 686 million yen to 88,675 million yen, while net assets fell 1,032 million yen to 62,980 million yen. As a result, the equity ratio moved down 1.8 points to 71.0%.

The main changes in the assets portion include increases of 1,421 million yen in cash and deposits, 500 million yen in short-term investment securities, and 1,891 million yen in Merchandise and finished goods, in contrast to a decrease of 3,182 million yen in notes and accounts receivable-trade. In the liabilities portion, there were increases of 1,325 million yen in notes and accounts payable-trade and 634 million yen in other current liabilities in contrast to a decrease of 782 million yen in provision for bonuses.

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

There has been no revision to the consolidated forecasts for the fiscal year ending March 31, 2018, which were released on May 9, 2017.

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

Expenses for RISO's research and development activities in the current nine months totaled 4,232 million yen. The main R&D activities were in the printing equipment business.

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated quarterly balance sheets

(Millions of yen)

|  | As of March 31, 2017 | As of December 31, 2017 |
|--|----------------------|-------------------------|
| <b>Assets</b>                          |                      |                         |
| Current assets                         |                      |                         |
| Cash and deposits                      | 15,058               | 16,480                  |
| Notes and accounts receivable-trade    | 15,393               | 12,211                  |
| Short-term investment securities       | 900                  | 1,400                   |
| Merchandise and finished goods         | 8,987                | 10,878                  |
| Work in process                        | 853                  | 1,327                   |
| Raw materials and supplies             | 2,205                | 2,298                   |
| Deferred tax assets                    | 2,011                | 1,976                   |
| Other                                  | 1,982                | 1,926                   |
| Allowance for doubtful accounts        | (257)                | (279)                   |
| Total current assets                   | 47,134               | 48,219                  |
| Noncurrent assets                      |                      |                         |
| Property, plant and equipment          |                      |                         |
| Buildings and structures               | 20,904               | 20,960                  |
| Accumulated depreciation               | (12,718)             | (13,118)                |
| Buildings and structures, net          | 8,185                | 7,841                   |
| Machinery, equipment and vehicles      | 6,388                | 6,798                   |
| Accumulated depreciation               | (5,013)              | (5,271)                 |
| Machinery, equipment and vehicles, net | 1,375                | 1,526                   |
| Tools, furniture and fixtures          | 16,883               | 16,694                  |
| Accumulated depreciation               | (15,581)             | (15,593)                |
| Tools, furniture and fixtures, net     | 1,302                | 1,101                   |
| Land                                   | 17,623               | 17,636                  |
| Lease assets                           | 377                  | 518                     |
| Accumulated depreciation               | (189)                | (227)                   |
| Lease assets, net                      | 187                  | 291                     |
| Construction in progress               | 23                   | 32                      |
| Other                                  | 10,815               | 11,122                  |
| Accumulated depreciation               | (6,486)              | (6,725)                 |
| Other, net                             | 4,328                | 4,396                   |
| Total property, plant and equipment    | 33,026               | 32,825                  |
| Intangible assets                      |                      |                         |
| Software                               | 1,261                | 1,225                   |
| Other                                  | 655                  | 437                     |
| Total intangible assets                | 1,916                | 1,662                   |
| Investments and other assets           |                      |                         |
| Investment securities                  | 1,981                | 2,087                   |
| Long-term loans receivable             | 28                   | 21                      |
| Deferred tax assets                    | 809                  | 953                     |
| Other                                  | 3,134                | 2,948                   |
| Allowance for doubtful accounts        | (41)                 | (42)                    |

(Millions of yen)

|                                    | As of March 31, 2017 | As of December 31, 2017 |
|------------------------------------|----------------------|-------------------------|
| Total investments and other assets | 5,911                | 5,967                   |
| Total noncurrent assets            | 40,854               | 40,455                  |
| Total assets                       | 87,988               | 88,675                  |



(Millions of yen)

|   | As of March 31, 2017 | As of December 31, 2017 |
|---|----------------------|-------------------------|
| <b>Liabilities</b>                                    |                      |                         |
| <b>Current liabilities</b>                            |                      |                         |
| Notes and accounts payable-trade                      | 11,568               | 12,893                  |
| Short-term loans payable                              | 1,322                | 1,459                   |
| Current portion of long-term loans payable            | 1                    | 1                       |
| Income taxes payable                                  | 311                  | 509                     |
| Provision for bonuses                                 | 1,707                | 925                     |
| Provision for directors' bonuses                      | 50                   | 50                      |
| Provision for product warranties                      | 36                   | 57                      |
| Other   | 6,196                | 6,830                   |
| Total current liabilities                             | 21,194               | 22,727                  |
| <b>Noncurrent liabilities</b>                         |                      |                         |
| Long-term loans payable                               | 17                   | 16                      |
| Net defined benefit liability                         | 2,359                | 2,319                   |
| Other   | 405                  | 631                     |
| Total noncurrent liabilities                          | 2,781                | 2,967                   |
| <b>Total liabilities</b>                              | <b>23,975</b>        | <b>25,694</b>           |
| <b>Net assets</b>                                     |                      |                         |
| <b>Shareholders' equity</b>                           |                      |                         |
| Capital stock   | 14,114               | 14,114                  |
| Capital surplus                                       | 14,779               | 14,779                  |
| Retained earnings                                     | 50,678               | 49,904                  |
| Treasury stock  | (14,375)             | (15,574)                |
| Total shareholders' equity                            | 65,198               | 63,224                  |
| <b>Accumulated other comprehensive income</b>         |                      |                         |
| Valuation difference on available-for-sale securities | 483                  | 582                     |
| Foreign currency translation adjustment               | (549)                | 172                     |
| Remeasurements of defined benefit plans               | (1,118)              | (999)                   |
| Total accumulated other comprehensive income          | (1,184)              | (243)                   |
| <b>Total net assets</b>                               | <b>64,013</b>        | <b>62,980</b>           |
| <b>Total liabilities and net assets</b>               | <b>87,988</b>        | <b>88,675</b>           |

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

|  | (Millions of yen)  |  |
|--|--|--|
|  | Third Quarter ended<br>December 31, 2016<br>(From April 1, 2016<br>to December 31, 2016) | Third Quarter ended<br>December 31, 2017<br>(From April 1, 2017<br>to December 31, 2017) |
| Net sales                                    | 58,204   | 60,858   |
| Cost of sales                                | 24,775   | 26,670   |
| Gross profit                                 | 33,428   | 34,188   |
| Selling, general and administrative expenses | 31,513   | 32,128   |
| Operating income                             | 1,914  | 2,059  |
| Non-operating income                         |  |  |
| Interest income                              | 73   | 72   |
| Dividends income                             | 48   | 51   |
| Foreign exchange gains                       | 115  | -  |
| Other  | 170  | 234  |
| Total non-operating income                   | 408  | 357  |
| Non-operating expenses                       |  |  |
| Interest expenses                            | 46   | 48   |
| Foreign exchange losses                      | -  | 30   |
| Loss on retirement of noncurrent assets      | 44   | 50   |
| Other  | 23   | 25   |
| Total non-operating expenses                 | 114  | 154  |
| Ordinary income                              | 2,208  | 2,262  |
| Extraordinary income                         |  |  |
| Gain on sales of investment securities       | -  | 30   |
| Total extraordinary income                   | -  | 30   |
| Extraordinary loss                           |  |  |
| Impairment loss                              | 128  | 99   |
| Total extraordinary loss                     | 128  | 99   |
| Income before income taxes                   | 2,079  | 2,193  |
| Income taxes                                 | 670  | 724  |
| Profit                                       | 1,409  | 1,469  |
| Profit attributable to owners of parent      | 1,409  | 1,469  |

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

(Millions of yen)

|  | Third Quarter ended<br>December 31, 2016<br>(From April 1, 2016<br>to December 31, 2016) | Third Quarter ended<br>December 31, 2017<br>(From April 1, 2017<br>to December 31, 2017) |
|--|--|--|
| Profit   | 1,409  | 1,469  |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 531  | 99   |
| Foreign currency translation adjustment                        | (41)   | 722  |
| Remeasurements of defined benefit plans                        | 154  | 119  |
| Total other comprehensive income                               | 644  | 941  |
| Comprehensive income   | 2,053  | 2,410  |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of the parent      | 2,053  | 2,410  |
| Comprehensive income attributable to non-controlling interests | —  | —  |

### (3) 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 third quarter. As a result, treasury stock increased 1,199 million yen during the third quarter and amounted to 15,574 million yen at the end of the current third quarter.

#### (Segment information)

##### 1. Third quarter ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

Information on sales and income or loss for each reportable segment

(Millions of yen)

|                       | Printing equipment business |              |        |       |        | Real estate business and others | Total  |
|-----------------------|-----------------------------|--------------|--------|-------|--------|---------------------------------|--------|
|                       | Japan                       | The Americas | Europe | Asia  | Total  |                                 |        |
| Sales                 | 33,403                      | 4,137        | 9,846  | 9,943 | 57,331 | 872                             | 58,204 |
| Segment income (loss) | 1,961                       | (374)        | 7      | 196   | 1,790  | 124                             | 1,914  |

Notes: 1. Real estate business and others includes real estate business, 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 same as the operating income amount on the consolidated quarterly statement of income.

##### 2. Third quarter ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

Information on sales and income or loss for each reportable segment

(Millions of yen)

|                       | Printing equipment business |              |        |        |        | Real estate business and others | Total  |
|-----------------------|-----------------------------|--------------|--------|--------|--------|---------------------------------|--------|
|                       | Japan                       | The Americas | Europe | Asia   | Total  |                                 |        |
| Sales                 | 33,226                      | 4,074        | 11,364 | 11,285 | 59,950 | 908                             | 60,858 |
| Segment income (loss) | 1,959                       | (447)        | 33     | 231    | 1,776  | 283                             | 2,059  |

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 same as the operating income amount on the consolidated quarterly statement of income.

**(Subsequent event)**

(Purchase of Treasury Stock)

Riso Kagaku Corporation (the “Company”) announced that its Board of Directors resolved at the meeting held on January 31, 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 160,000 shares  |
| (4) Total purchase cost:                   | Up to 300,000,000 yen   |
| (5) Purchase period:                       | From February 14, 2018 to March 16, 2018  |
| (6) Purchase method:                       | Purchased on the Tokyo Stock Exchange   |