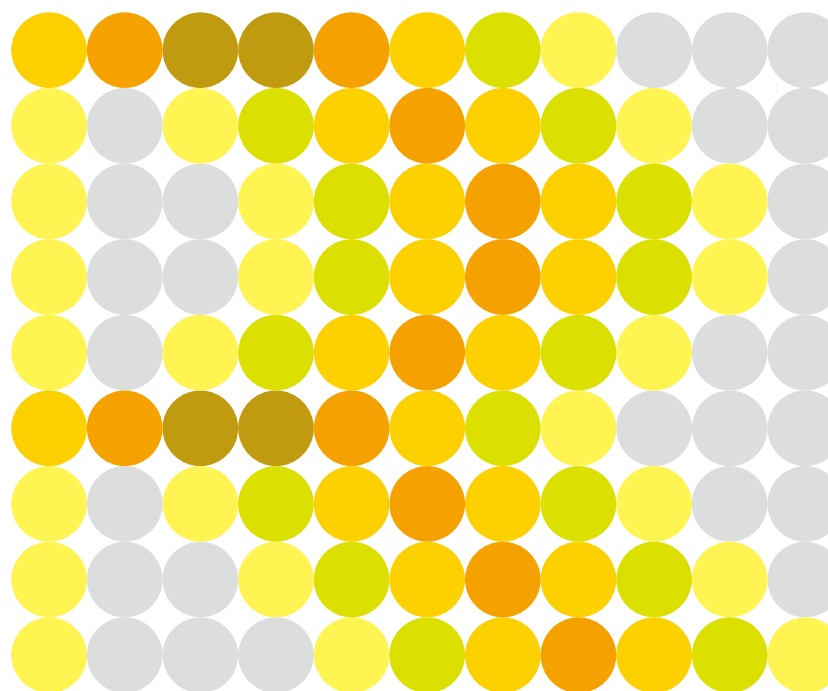




Interim Report 2019

1st half of fiscal 2019



To Our Shareholders



I am pleased to have this opportunity to present our shareholders with the RISO Interim Report 2019.

The RISO Group is undertaking its operations based on the Sixth Medium-term Management Plan “RISO Vision 19,” which marks its final year during fiscal 2019. In doing so, RISO will work to “Accomplish 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,” which is the management objective of this plan.

In RISO’s consolidated operating results for the first half of fiscal 2019 (current consolidated six-month period), net sales remained on par with from the previous year and operating income increased year on year. Sales of ORPHIS high-speed color printers are continuing to expand worldwide ever since the launch of these printers in 2003. As in the previous year, RISO will continue efforts toward commercialization, which includes displaying the RISO T2 Production Printer as a reference exhibit at exhibitions in countries worldwide. In the future as well, RISO will focus on product development for ORPHIS and RISOGRAPH while invigorating its sales activities.

On this occasion, I would like to ask our shareholders for your continued understanding and support.

December 2018
Akira Hayama
President & CEO

The Sixth Medium-term Management Plan “RISO Vision 19”

(April 1, 2016 - March 31, 2019)

Management Objectives

Accomplish 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

Priority Actions

- 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

Financial Targets

(Fiscal Year Ending March 2019)

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

* Exchange rates: 1 U.S. dollar: ¥108.00 1 euro: ¥122.00

Actual for the fiscal year ended March 31, 2017

- Consolidated net sales: **¥82.9 billion**
- Consolidated operating income: **¥3.9 billion**
- ROE: **4.2 %**

* Average exchange rates:
1 U.S. dollar: ¥108.38
1 euro: ¥118.79

Actual for the fiscal year ended March 31, 2018

- Consolidated net sales: **¥85.5 billion**
- Consolidated operating income: **¥3.8 billion**
- ROE: **4.7 %**

* Average exchange rates:
1 U.S. dollar: ¥110.85
1 euro: ¥129.70

Forecasts for the fiscal year ending March 31, 2019

- Consolidated net sales: **¥85.5 billion**
- Consolidated operating income: **¥4 billion**

* Average exchange rates:
1 U.S. dollar: ¥110.00
1 euro: ¥130.00

Management Policies for Fiscal Year Ending March 31, 2019

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

April 2016

April 2017

April 2018

April 2019

Review of Operations

Business Environment and Performance

Net sales remained unchanged from the previous year and income increased thanks to favorable sales in Europe and Asia.

In RISO's consolidated operating results for the current six months, although sales declined in Japan and the Americas, sales increased in Europe and Asia and net sales remained unchanged from the previous year. Gross profit increased along with higher sales in Europe and Asia. Although selling, general and administrative expenses increased, operating income rose year on year.

Net sales amounted to ¥40,092 million (down 0.1% year on year), operating income was ¥1,730 million (up 24.7% year on year), ordinary income was ¥1,659 million (up 4.6% year on year) and profit attributable to the owners of parent was ¥1,365 million (up 11.7% year on year).

The average exchange rates during the current consolidated six months period were ¥110.26 (a ¥0.80 appreciation of the yen year on year) for the U.S. dollar and ¥129.85 (a ¥3.56 depreciation of the yen year on year) for the euro.

Business Outlook for Fiscal 2019

Operating income for the full fiscal year is expected to increase due to continued growth in sales of the inkjet business.

In the printing equipment business, despite anticipated growth in sales of the inkjet business, the downtrend in sales of the digital duplicating business is expected to continue and full-year sales are forecast to remain unchanged from the previous year. Operating income is forecast to increase over the previous fiscal year.

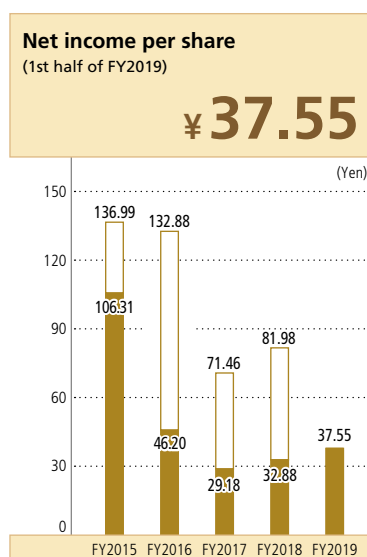
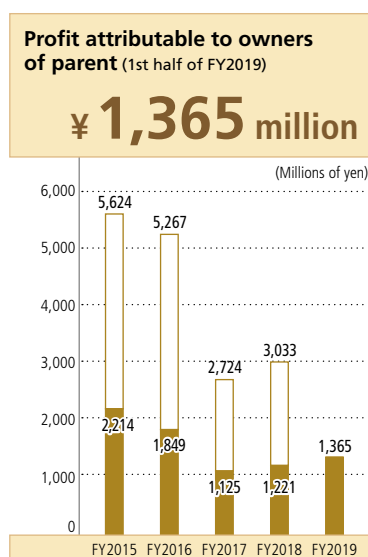
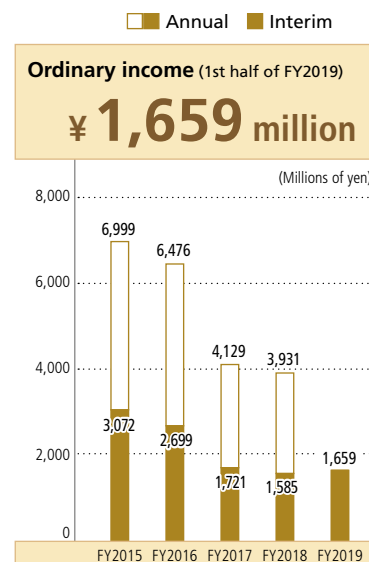
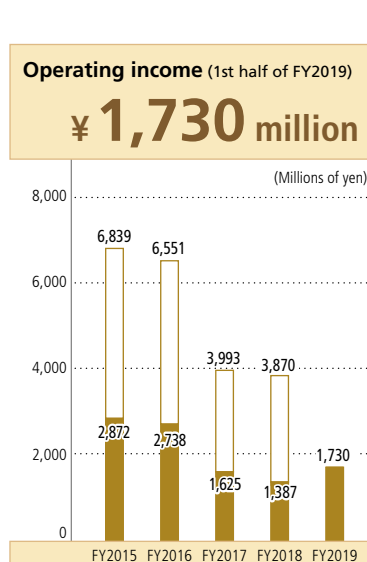
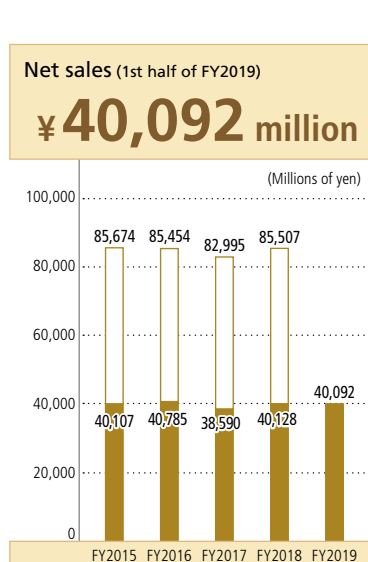
For the entire fiscal year, RISO forecasts net sales of ¥85,500 million (unchanged year on year) with operating income of ¥4,000 million (up 3.3% year on year), ordinary income of ¥4,000 million (up 1.7% year on year) and profit attributable to owners of parent of ¥2,800 million (down 7.7% year on year).

The above forecasts are based on exchange rate assumptions of ¥110 to the U.S. dollar and ¥130 to the euro.

Review of Operations

Financial Highlights (Consolidated basis)

Note: Amounts less than the unit expressed are omitted.



Forecasts for the fiscal year ending March 31, 2019

Net sales	¥85,500 million
Operating income	¥4,000 million
Ordinary income	¥4,000 million
Profit attributable to owners of parent	¥2,800 million
Net income per share	¥77.49

Note: Effective January 1, 2015, each share of common stock was split into two shares.

Consolidated Financial Statements

Notes: Amounts less than the unit expressed are omitted. These financial statements show major items only.

Balance Sheets

ASSETS

(Millions of yen)

Item	FY2018 (As of Mar. 31, 2018)	1st half of FY2019 (As of Sept. 30, 2018)
Current assets	¥48,672	¥44,482
Cash and deposits	17,047	15,997
Notes and accounts receivable—trade	16,047	12,708
Short-term investment securities	1,400	1,600
Inventories	12,514	12,533
Other	1,956	1,928
Allowance for doubtful accounts	(293)	(287)
Noncurrent assets	41,416	41,213
Total property, plant and equipment	32,393	32,171
Buildings and structures, net	7,703	7,533
Machinery, equipment and vehicles, net	1,463	1,346
Tools, furniture and fixtures, net	942	893
Land	17,632	17,639
Other	4,651	4,757
Intangible assets	1,541	1,323
Software	1,213	1,137
Other	328	186
Investments and other assets	7,481	7,718
Investment securities	1,789	1,837
Deferred tax assets	2,701	2,888
Other	3,011	3,008
Allowance for doubtful accounts	(42)	(37)
Total assets	¥90,089	¥85,695

Note: Total amount of depreciation of tangible fixed assets for the 1st half of fiscal 2019 was ¥41,870 million.

Point ①
Cash and deposits and
Notes and accounts
receivable—trade

The last day of the first six-month period of fiscal 2019 was on a bank holiday and this affected cash and deposits and notes and accounts receivable—trade.

Consolidated Financial Statements

LIABILITIES

(Millions of yen)

Item	FY2018 (As of Mar. 31, 2018)	1st half of FY2019 (As of Sept. 30, 2018)
Current liabilities	¥23,861	¥21,893
Notes and accounts payable—trade	12,803	11,278
Short-term loans payable	1,100	1,090
Current portion of long-term loans payable	1	1
Income taxes payable	547	737
Provision for bonuses	1,749	1,783
Other	7,659	7,001
Noncurrent liabilities	2,417	2,528
Long-term loans payable	15	15
Provision for retirement benefits	1,781	1,799
Other	620	713
Total liabilities	¥26,279	¥24,421

NET ASSETS

(Millions of yen)

Item	FY2018 (As of Mar. 31, 2018)	1st half of FY2019 (As of Sept. 30, 2018)
Shareholders' equity	¥64,488	¥61,651
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	51,468	50,631
Treasury stock	(15,874)	(17,874)
Total accumulated other comprehensive income	(678)	(377)
Valuation difference on available-for-sale securities	304	332
Foreign currency translation adjustment	(389)	(174)
Remeasurements of defined benefit plans	(593)	(535)
Total net assets	¥63,810	¥61,274
Total liabilities and net assets	¥90,089	¥85,695

Point ②
Notes and accounts payable—trade

The last day of the first six-month period of fiscal 2019 was on a bank holiday and this affected notes and accounts payable—trade.

Point ③
Treasury stock

A total of 789,900 shares of treasury stock amounting to ¥1,999 million were acquired during the first six months of fiscal 2019.

Consolidated Financial Statements

Statements of Income

(Millions of yen)

Item	1st half of FY2018 (6 months ended Sept. 30, 2017)	1st half of FY2019 (6 months ended Sept. 30, 2018)
Net sales	¥40,128	¥40,092
Printing equipment business	39,523	39,422
Japan	22,839	21,705
Americas	2,716	2,544
Europe	6,954	7,615
Asia	7,013	7,555
Others	604	670
Cost of sales	17,820	17,100
Gross profit	22,307	22,992
Selling, general and administrative expenses	20,920	21,262
Operating income	1,387	1,730
Non-operating income	273	194
Non-operating expenses	75	265
Ordinary income	1,585	1,659
Extraordinary income	30	215
Extraordinary expenses	99	-
Income before income taxes and minority interests	1,516	1,874
Income taxes	295	509
Profit attributable to owners of parent	¥ 1,221	¥ 1,365

Point 4 Net sales

Net sales decreased ¥35 million versus the same period of the previous fiscal year.

Point 5 Gross profit

Gross profit increased ¥685 million from the same period of the previous year. Sales increases in Europe and Asia contributed to the rise in gross profit.

Point 6 Selling, general and administrative expenses

Selling, general and administrative expenses increased ¥342 million from the same period of the previous fiscal year. Personnel expenses and general expenses associated with sales overseas increased.

Point 7 Operating income

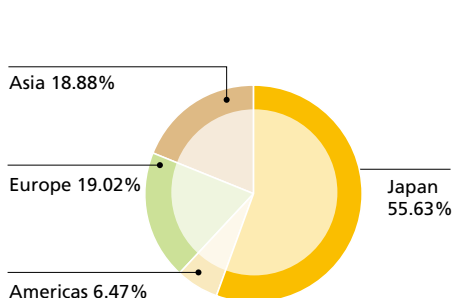
Operating income increased ¥342 million from the same period of the previous fiscal year.

Statements of Cash Flows

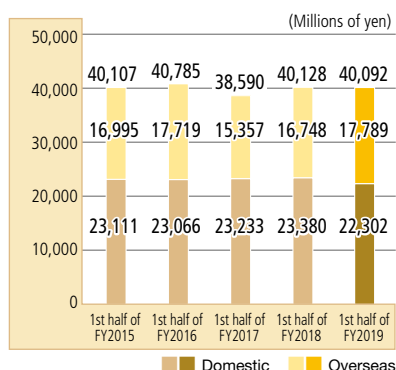
(Millions of yen)

Item	1st half of FY2018 (6 months ended Sept. 30, 2017)	1st half of FY2019 (6 months ended Sept. 30, 2018)
Net cash provided by (used in) operating activities	¥ 5,475	¥ 4,109
Net cash provided by (used in) investment activities	(124)	(470)
Net cash provided by (used in) financing activities	(3,128)	(4,308)
Effect of exchange rate change on cash and cash equivalents	136	67
Net increase (decrease) in cash and cash equivalents	2,359	(602)
Cash and cash equivalents at beginning of period	14,701	17,652
Cash and cash equivalents at end of period	¥17,060	¥17,050

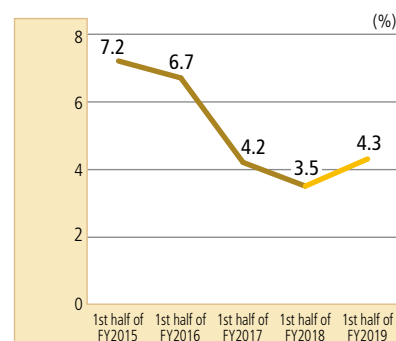
Sales by region (1st half of FY2019)



Net sales (Interim period)



Operating income margin (Interim period)



RISO Displays Its Products at Its Own Exhibitions and at Numerous Events

To allow numerous customers to experience its products, RISO displays its products at its own exhibitions and at various other events.

RISO held its own product exhibitions that include RISO FUTURE LIVE! in regions throughout Japan. At each exhibition venue, we exhibited ORPHIS high-speed color printers together with RISOGRAPH digital duplicators and proposed a wide range of usage methods.

From May through September 2018, RISO displayed and introduced its products at numerous exhibitions, including "IGAS 2018 (International Graphic Arts Show)" and "LOGIS-TECH TOKYO 2018."



"IGAS 2018" (Tokyo Big Sight Ariake, Tokyo)

Holding "~From Ibaraki toward the World~ RISO Kagaku x Antlers Family Day 2018"

On September 14, 2018 RISO held a support event for the Kashima Antlers soccer team called "~From Ibaraki toward the World~RISO Kagaku x Antlers Family Day 2018" at Kashima Soccer Stadium in Ibaraki Prefecture. The event was held during the Kashima Antlers vs. Shonan Bellmare match in the Meiji Yasuda Life J1 League Section 26. This year marked the third time this event has been held. Original hand towels that were printed with aqua ink using masters produced by the GOCCOPRO digital screen maker through its digital screen making process were presented to the first 7,000 people arriving at the venue on the day of the match.



©Kashima Antlers

Flower bouquet presentation before kickoff

Kashima Antlers

Based in Japan's Kashima City (approximately 80km northeast of Tokyo) in Ibaraki Prefecture, the Kashima Antlers are a club team and member of the JAPAN PROFESSIONAL FOOTBALL LEAGUE (J-League). The team has been a J-League member since the establishment of the league in 1992. The Antlers have won the most titles (20 times) in Japan and many of its athletes have played for Japan's national teams. Former Brazil representative Zico has also been a member of the Antlers, both as a player and a coach.



©1992.K.A.F.C

Launch of ORPHIS GD9630 PREMIUM

On October, 2018, RISO launched the ORPHIS GD9630 PREMIUM top-end model in the ORPHIS GD series. This model significantly strengthens paper-feeding capacity with the High Capacity Feeder G10 as standard equipment that improves productivity and enables a reduction in the workload of customers requiring large-volume printing, such as printing departments within companies and local government organizations.



ORPHIS GD9630 PREMIUM

RISO Receives “Kurumin” Mark in Recognition of Being a Company that Supports Childrearing for the Next Generation

In August 2018, RISO received the “Kurumin” mark, which is given by the Ministry of Health, Labour and Welfare Tokyo Labor Bureau to companies that support childrearing for the next generation, in recognition of being a corporation that offers childcare support. This is the fourth time RISO has received the “Kurumin” mark after previously obtaining this certification in fiscal 2012, fiscal 2014 and fiscal 2016. The “Kurumin” mark can be obtained by companies in recognition of their formulating and implementing a general employer action plan and the results of their activities for realizing a balance between work and childcare based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

Over the three-year period from April 2015 to March 2018, RISO implemented action plans for encouraging employees to take childcare leave and for training aimed at advancing the careers of women employees, and these initiatives have earned widespread acclaim.



Co-Sponsorship of the Yamaguchi Yume Flower Expo

RISO, as a Gold Partner, co-sponsored the Yamaguchi Yume Flower Expo held from September 14 to November 4, 2018. RISO provided ORPHIS high-speed color printers used for preparations and the operation of the flower expo and handled the output of printed materials and maintenance support.

Donating Funds to Disaster-Stricken Regions

Several major natural disasters occurred in Japan from June through September 2018 and these caused enormous damage. RISO expresses its sincere sympathies to the persons victimized by these disasters and hopes for the quickest possible recovery.

To support the victims and the recovery of the disaster-stricken regions, RISO donated a total of ¥1 million through The Japanese Red Cross Society in response to the heavy rainfall disaster that occurred in July 2018 and also contributed a total of ¥1 million through the Hokkaido Disaster Donation Solicitation Committee in response to the 2018 Hokkaido Eastern Iburi Earthquake that struck in September.



Event flyers distributed to each visitor were printed with ORPHIS printers.

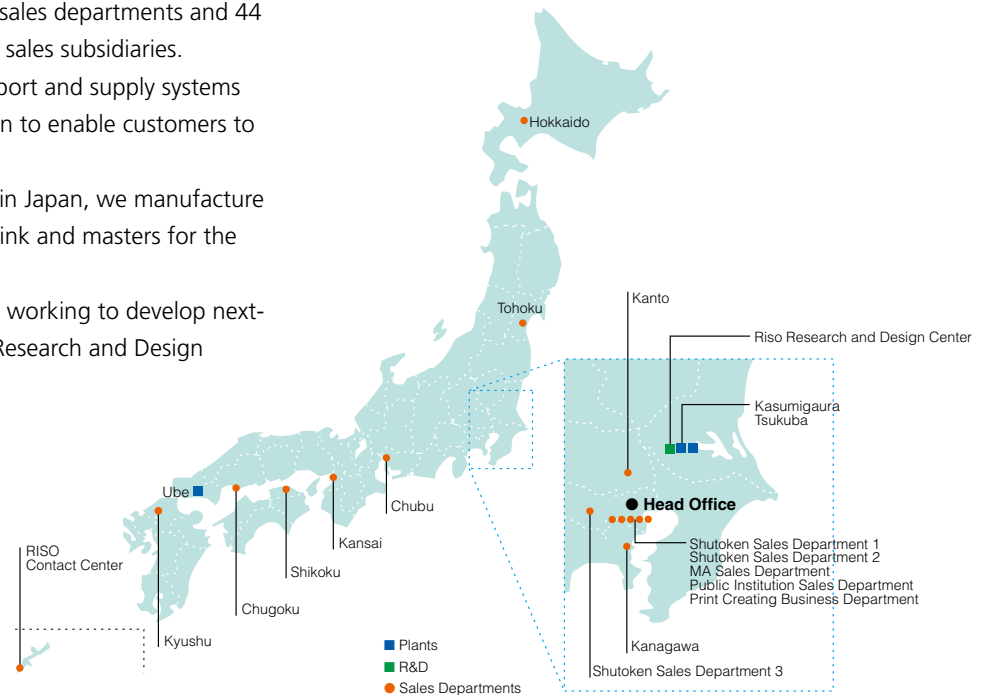
RISO Network (As of September 30, 2018)

Facilities in Japan

RISO's sales network encompasses 14 sales departments and 44 sales branches and 2 offices as well as sales subsidiaries. Additionally, we provide technical support and supply systems for consumables throughout the nation to enable customers to use our products with assurance.

At our three manufacturing bases in Japan, we manufacture hardware and ink for the ORPHIS and ink and masters for the RISOGRAPH.

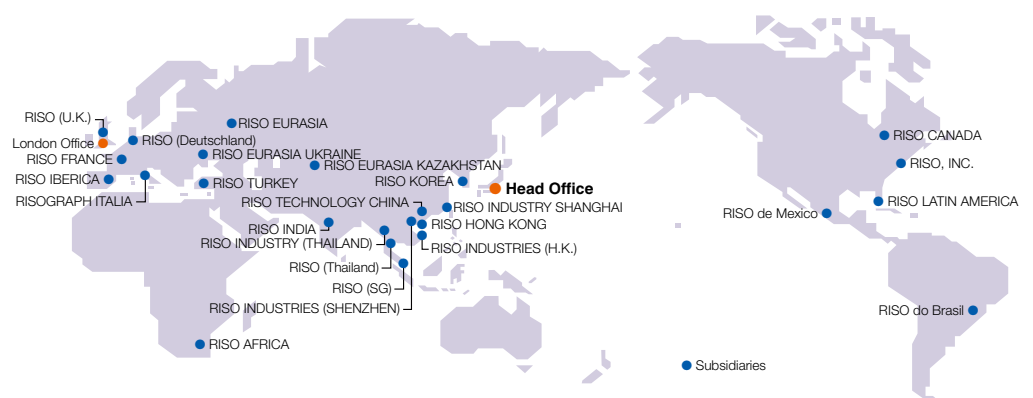
Our development departments are working to develop next-generation RISO products at the Riso Research and Design Center in Ibaraki Prefecture.



Global Network

Our wide-spanning network, centering on 26 overseas subsidiaries, engages in sales of ORPHIS and RISOGRAPH hardware, provides technical support and also supplies consumables. RISOGRAPH hardware is produced at the manufacturing plants of RISO INDUSTRIES (SHENZHEN) LTD. in China and RISO INDUSTRY (THAILAND) CO., LTD. in Thailand.

Over 3,600 RISO Group employees value communication with customers and provide customer support in the respective countries where we operate.



Main subsidiaries

RISO, INC.
RISO CANADA, INC.
RISO LATIN AMERICA, INC.
RISO de Mexico, S.A. de C.V.
RISO do Brasil Ltda.
RISO (U.K.) LTD.
RISO (Deutschland) GmbH
RISO FRANCE S.A.
RISO IBERICA, S.A.

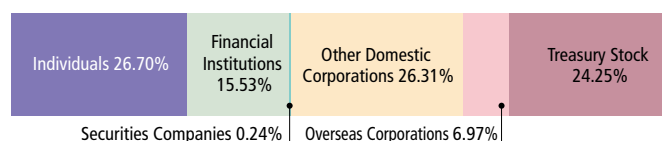
RISOGRAPH ITALIA S.R.L.
RISO EURASIA LLC
RISO EURASIA KAZAKHSTAN LLC
RISO EURASIA UKRAINE LLC
RISO TURKEY BASKI COZUMLERI A.S.
RISO AFRICA (PTY) LTD.
RISO INDUSTRIES (H.K.) LTD.
RISO INDUSTRIES (SHENZHEN) LTD.
RISO TECHNOLOGY CHINA CO., LTD.

RISO INDUSTRY SHANGHAI CO., LTD.
RISO HONG KONG LTD.
RISO (Thailand) LTD.
RISO INDUSTRY (THAILAND) CO., LTD
RISO INDIA PRIVATE LTD.
RISO KOREA LTD.
RISO (SG) PTE. LTD.

Stock Information (As of September 30, 2018)

Number of shares:	135,680,000 (No change from the end of the previous period)
Number of shares issued:	47,406,332 (No change from the end of the previous period)
Number of shareholders:	2,070 (A decrease of 332 persons from the end of the previous period)

Breakdown of stock ownership



Major Shareholders (Top 10 Shareholders)	Number of shares owned (thousands of shares)	Shareholding ratio (%)
RISO Limited	4,941	13.76
Riso Educational Foundation	2,661	7.41
Akatsuki Kosan Co., Ltd.	1,959	5.45
Trust & Custody Services Bank, Ltd. as trustee for the Kiraboshi Bank, Ltd. Retirement Benefit Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	1,567	4.36
RISO KAGAKU CORPORATION Employees' Shareholding Association	1,535	4.27
Osamu Hayama	1,194	3.32
Takashi Hayama	1,180	3.28
Akira Hayama	1,155	3.21
Mariko Ito	1,089	3.03
Dawn Co., Ltd.	804	2.23

- Notes 1. On May 1, 2018 Tokyo Tomin Bank, Ltd. merged with Yachiyo Bank, Ltd. and ShinGinko Tokyo, Limited and became Kiraboshi Bank, Ltd.
 2. RISO holds 11,494,791 shares of treasury stock but these shares are excluded from the major shareholders listed above.
 3. The percentage of shareholding is calculated after deducting the 11,494,791 shares of treasury stock.

Repurchase of Treasury Stock

During the six-month period, RISO repurchased treasury stock as detailed below.

Number of shares repurchased: 789,900 shares
 Total repurchased amount: ¥1,999 million

Corporate Data (As of September 30, 2018)

Corporate name	RISO KAGAKU CORPORATION
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
Number of employees	1,781 (3,679 for the RISO Group)
Subsidiaries	28 companies (domestic: 2; overseas: 26)

Board of Directors and Auditors

President & CEO (Representative Director)	Akira Hayama
Director	Yoshiomi Narumiya
Director	Shoichi Ikejima
Director	Yasunobu Takahashi
Director	Kenji Oshima
Director	Toshiaki Yatabe*
Director	Shigekazu Torikai*
Standing Auditor	Yasuo Tazawa
Standing Auditor	Nobuyoshi Shirai
Auditor	Yoshinari Iizuka*
Auditor	Shinji Hatta*

Note: "*" refers to outside directors and outside auditors, as stipulated under Item 15 and 16 of Article 2 of the Corporate Law.

The financial information appearing in this review is a translation of the original Japanese text into English and is based on generally accepted accounting standards and practices in Japan.

Forward-looking Statements

Forecasts of future performance contained in forward-looking statements are based on Riso Kagaku Corporation's current expectations, estimates and assessment of the markets in which it operates. A number of factors, many beyond the Company's control, could cause actual results to differ materially from the forecasts contained in these statements.

RISO KAGAKU CORPORATION

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