



Briefing on Business Results

- FY2019-

(From April 1, 2018 to March 31, 2019)

RISO KAGAKU CORPORATION

May 14, 2019

Table of Contents

1. Corporate Data	Slide	2
2. FY2019 Consolidated Financial Results	Slide	7
3. FY2019 Activity Overview	Slide	12
4. Review the 6th Medium-term Management Plan “RISO Vision 19”	Slide	18
5. The 7th Medium-term Management Plan “RISO Vision 22”	Slide	21
6. Forecast for FY2020	Slide	24
7. Shareholders Return	Slide	27

■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

- 1.1 Corporate Data
- 1.2 Business Outline and Domains
- 1.3 Change in the Inkjet Business'
Share of Consolidated Net Sales
- 1.4 Market Position of RISO
Products

1.1 Corporate Data (as of March 31, 2019)

- 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 3,626
- Group Subsidiaries 28 (Domestic: 2 Overseas: 26)

1.2 Business Outline and Domains

Printing equipment business

- Inkjet Business:

 - Full Color Inkjet Printer **ORPHIS**



ORPHIS
GD9630

- Digital Duplicating Business:

 - High Speed Digital Duplicator **RISOGRAPH**



RISOGRAPH
MF935W

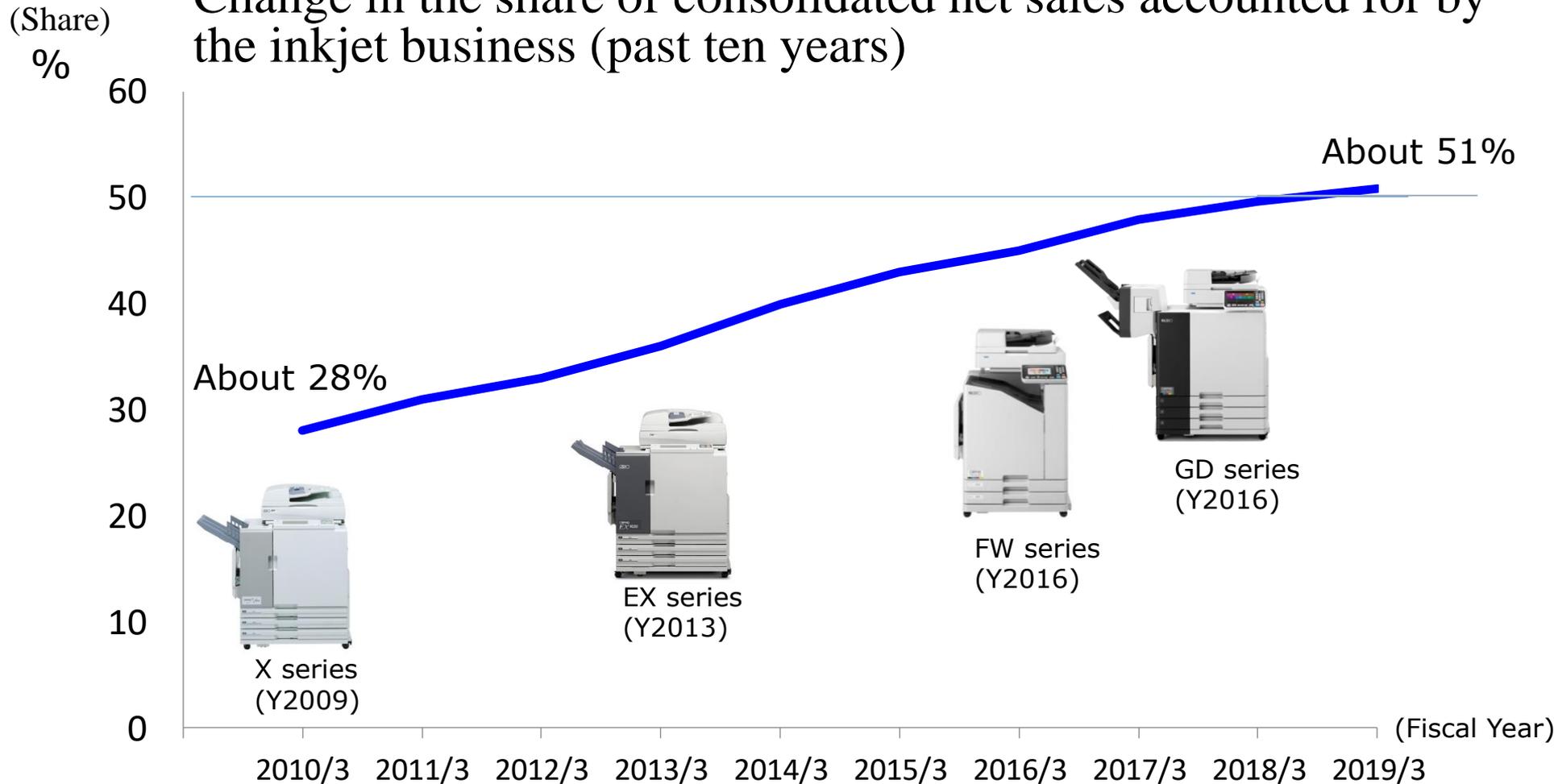
Others

- Real Estate Business

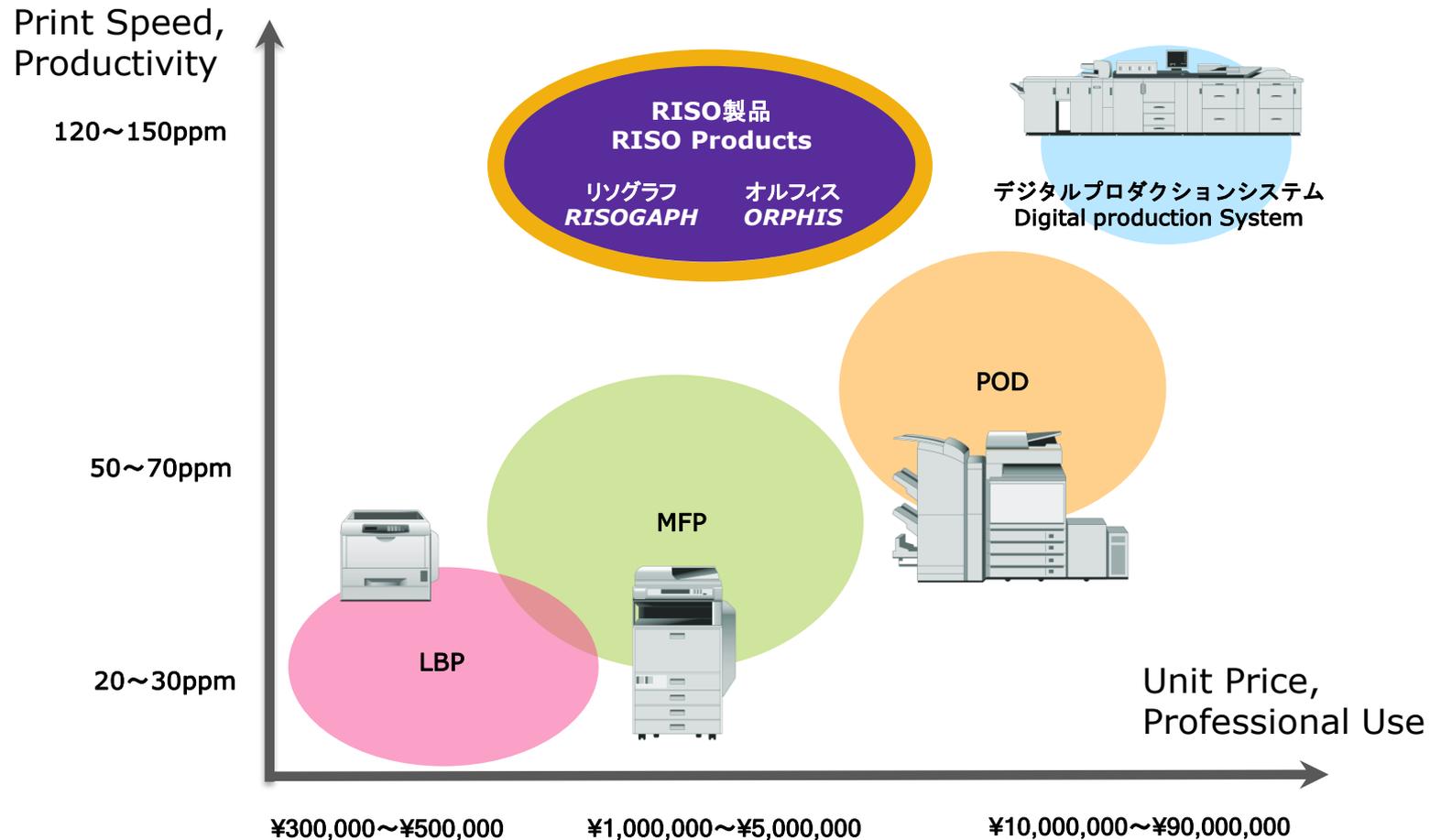
- Print creating business

1.3 Change in the Inkjet Business' Share of Consolidated Net Sales

Change in the share of consolidated net sales accounted for by the inkjet business (past ten years)



1.4 Market Position of RISO Products



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



2 FY2019

Consolidated Financial Results

- 2.1 Performance Overview
- 2.2 Results by Segment
- 2.3 Consolidated Balance Sheet

2.1 FY2019 - Performance Overview

- Net sales decreased 1.9% and operating income decreased 2.5% year on year.
- If exchange rate effects are excluded, net sales decreased 1.1% and operating income increased 6.2% year on year.

(Millions of Yen)

	FY2019	FY2018	Difference (year-on-year)		Calculated with exchange rates of the previous year
			Amount	Growth%	Growth%
Net sales	83,900	85,507	-1,607	-1.9%	-1.1%
Gross profit	47,611	47,588	22	0.0%	1.1%
(Gross profit ratio)	(56.7%)	(55.7%)			
Selling, general and administrative expenses	43,839	43,718	121	0.3%	0.7%
Operating income	3,771	3,870	-98	-2.5%	6.2%
(Operating income ratio)	(4.5%)	(4.5%)			
Ordinary income	3,660	3,931	-270	-6.9%	
Profit attributable to the owner of parent	2,771	3,033	-261	-8.6%	
Average exchange rates	1US\$	110.91	110.85		
	1Euro	128.41	129.70		

2.2 FY2019 - Results by Region

Net sales

■ Printing equipment business : down 2.1 points YOY

▪ Japan : down 4.5 points YOY

▪ Overseas : up 1.0 points YOY

(Millions of Yen)

	FY2019		FY2018		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	82,556	98.4%	84,293	98.6%	-1,737	-2.1%
Japan	45,123	53.8%	47,244	55.3%	-2,120	-4.5%
Overseas	37,432	44.6%	37,049	43.3%	383	1.0%
Americas	5,214	6.2%	5,512	6.4%	-297	-5.4%
Europe	15,999	19.1%	15,921	18.6%	77	0.5%
Asia	16,219	19.3%	15,615	18.3%	603	3.9%
Others	1,343	1.6%	1,213	1.4%	130	10.7%

2.2 FY2019 - Results by Segment

Operating income

■ Printing equipment business : down 6.3 points YOY

▪ Japan : down 15.4 points YOY

▪ Overseas : up 75.6 points YOY

(Millions of Yen)

	FY2019		FY2018		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	3,268	3.9%	3,489	4.1%	-221	-6.3%
Japan	2,660	3.2%	3,143	3.7%	-483	-15.4%
Overseas	608	0.7%	346	0.4%	262	75.6%
Americas	-749	—	-577	—	-171	—
Europe	576	0.7%	321	0.4%	254	79.0%
Asia	781	0.9%	602	0.7%	179	29.8%
Others	503	0.6%	380	0.4%	122	32.2%

2.3 FY2019- Consolidated Balance Sheet

(millions of Yen)

Items	FY2019	FY2018	Items	FY2019	FY2018
Current assets	47,875	48,672	Current liabilities	22,871	23,861
Cash and deposits	17,359	17,047	Notes and accounts payable-trade	11,546	12,803
Notes and accounts receivable-trade	15,246	16,047	Income taxes payable	679	547
Short-term investment securities	2,000	1,400	Other	10,646	10,510
Merchandise and finished goods	8,604	9,402	Noncurrent liabilities	2,038	2,417
Work in process	830	891	Net defined benefit liability	1,324	1,781
Raw materials and supplies	1,988	2,220	Other	714	636
Other	1,846	1,662	Total liabilities	24,909	26,279
Noncurrent assets	39,283	41,416	Shareholders' equity	62,858	64,488
Total property, plant and equipment	31,199	32,393	Retained earnings	52,038	51,468
Intangible assets	1,113	1,541	Treasury stock	△ 18,074	△ 15,874
Investments and other assets	6,969	7,481	Other	28,894	28,894
			Accumulated other comprehensive assets	△ 609	△ 678
			Total net assets	62,248	63,810
Total assets	87,158	90,089	Total liabilities and net assets	87,158	90,089

* Equity Ratio FY2019:71.4% FY2018:70.8%



3 FY2019 Activity Overview

- 3.1 Management Policies for FY2019
- 3.2 FY2019
- Activity Overview

3.1 Management Policies for FY2019

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

3.2 FY2019 - Activity Overview

■ New ORPHIS product

We released ORPHIS GD9630 Premium, the top-end model, in October 2018.

- By substantially increasing the paper feeding capacity, we significantly increased productivity

We released ORPHIS FWII series in March 2019.

- Improved visibility with use of newly developed ink (higher black density)



ORPHIS GD9630 Premium



ORPHIS FW5230 II

3.2 FY2019 - Activity Overview

■ New RISOGRAPH product

We will release RISOGRAPH SF II series, 4 models, in July 2019.

- Improved convenience of standard models
- The first in the industry to acquire the “ink green mark” for digital duplicator ink



RISOGRAPH SF935 II



3.2 FY2019 - Activity Overview

■ Efforts to develop new printing markets

Pursued every possibility in high-speed inkjet printers
Start validation process through test marketing in selected overseas markets

Reference Exhibits

The Print Show, September 2018, England

Print 18, September 2018, U.S.

C!Print, February 2019, France



RISO T2
:Production Printer



Print 18,U.S.

3.2 FY2019 - Activity Overview

■ Construction of R&D facilities

■ Location: Tsukuba City, Ibaraki Prefecture

■ Construction purpose: to create an environment for new business development

■ Construction cost:
approximately 1.6 billion yen

■ Start of construction:
scheduled for September 2019

■ Completion of construction:
scheduled for June 2020



Image of the completed R&D facilities

4 Reviwe the 6th Medium-term Management Plan “ RISO Vision 19”



4. Revive the 6th Medium-term Management Plan “RISO Vision 19”

The 6th Medium-term Management Plan “RISO Vision 19”

(From April 1, 2016 to March 31, 2019)

<Management Objectives>

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

<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 Target>

Consolidated net sales: ¥85 billion

Consolidated operating income: ¥7 billion

ROE: 7% *Exchange rates: 1 US dollar: ¥108.00 1 euro: ¥122.00



4. Review the 6th Medium-term Management Plan “RISO Vision 19”

■ Comparison RISO Vision 19 Financial Target and FY19 Actual Results

	RV19 Financial Target	FY19 Actual Results
Consolidated net sales	¥ 85 billion	¥ 83.9 billion
Consolidated operating income	¥ 7 billion	¥ 3.77 billion
ROE	7%	4.4%
Exchange rates: 1 US dollar	¥ 108	¥ 110.91
1 euro	¥ 122	¥ 128.41

5 The 7th Medium-term Management Plan “RISO Vision 22”

- 5.1 The 7th Medium-term Management Plan
“RISO Vision 22”
- 5.2 Management Policies for FY2020

5.1 The 7th Medium-term Management Plan “RISO Vision 22”

The 7th Medium-term Management Plan “RISO Vision 22” (From April 1, 2019 to March 31, 2022)

<Management Objectives>

Enhance profitability by expanding IJ business and improving efficiency on a Group-wide basis

<Priority Actions>

1. Japanese Domestic Sales

Business Improve profit by focusing on sales to high-volume prospects and regenerating division’s culture

2. Overseas Sales

Business Increase profit by strengthening the sales in potential area and market segments as well as improving unprofitable subsidiaries

3. Research and Development

Take on the challenge to create new business by developing customer-orientated products

4. Production

Proceed with transformations of procurement and manufacturing systems by pursuing the improvement of the production management

5. Corporate Planning

Strengthen the corporate planning function by renovating the management structure and approaches

<Financial Target>

Consolidated net sales: ¥86 billion Consolidated operating income: ¥4.1 billion

*Exchange rates: 1 US dollar: ¥110.00 1 euro: ¥125.00

5.2 Management Policies for FY2020

1. Expand IJ Business and strengthen RG Business
2. Strengthen the corporate planning function to improve Group efficiency

6 Forecast for FY2020

6. Forecast for FY2020

(Millions of Yen)

	FY2020 Forecast	FY2019 Actual	Difference	
			Amount	Growth
Net sales	83,300	83,900	-600	-0.7%
Operating income	3,100	3,771	-671	-17.8%
Ordinary income	3,100	3,660	-560	-15.3%
Profit attributable to the owner of parent	2,200	2,771	-571	-20.6%
Operating income margin	3.7%	4.5%		

Average exchange rates

1US\$	¥ 110.00	¥ 110.91
1EURO	¥ 125.00	¥ 128.41

6. Forecast for FY2020 - Precondition

■ Impact of fluctuation of exchange rate

(¥1/term):reference

	Net sales	Operating income
US\$	155 million yen	30 million yen
Euro	75 million yen	50 million yen

7 Shareholders Return



7. Shareholders Return-Basic Policy

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

7. Shareholders Return

■ Dividend Forecast for FY2019 : 60 yen per share

■ Purchase of Treasury Stock:

- Total Number of shares purchased during FY2019 : 895,100 shares
- Total purchase cost during FY2019 : 2,199 million yen

	FY2019			
	From May 18, 2018 to June 11, 2018	From August 21, 2018 To September 7, 2018	From November 14, 2018 to November 21, 2018	From February 13, 2019 To February 20, 2019
Number of shares purchased	413,900 shares	376,000 shares	50,800 shares	54,400 shares
Purchase cost	999 million yen	999 million yen	99 million yen	99 million yen

7. Shareholders Return

■ Dividend Forecast for FY2020 : 60 yen per share

■ Purchase of Treasury Stock (Announced on May 10, 2019)

- Number of shares to be purchased : Up to 350,000 shares
- Total purchase cost : Up to 5 billion yen
- Purchase Period : From May 21,2019
to June 14,2019

7. Shareholders Return

(Millions of Yen)

	FY2017	FY2018	FY2019
Profit attributable to the owner of parent	2,724	3,033	2,771
<i>Cash dividends per share (Yen)</i>	60	60	60
Cash dividends paid(A)	2,243	2,202	2,148
Repurchase of treasury stock (B)	2,699	1,499	2,199
Total return (A)+(B)	4,942	3,701	4,347

Payout ratio	84.0%	73.2%	78.2%
Total return ratio	181.4%	122.0%	156.9%

(reference data)

(Millions of Yen)

	FY2020 2 nd half Forecast			FY2019 2 nd half Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	39,500	100.0%	-1.5%	40,092	100.0%
Printing equipment business	38,800	98.2%	-1.6%	39,422	98.3%
Japan	21,500	54.4%	-0.9%	21,705	54.1%
Americas	2,400	6.1%	-5.7%	2,544	6.3%
Europe	7,200	18.2%	-5.5%	7,615	19.0%
Asia	7,700	19.5%	1.9%	7,555	18.8%
Real estate business & others	700	1.8%	4.4%	670	1.7%
Gross profit	22,600	57.2%	-1.7%	22,992	57.3%
Selling, general & administrative expenses	21,300	53.9%	0.2%	21,262	53.0%
Operating Income	1,300	3.3%	-24.9%	1,730	4.3%
Ordinary Income	1,300	3.3%	-21.6%	1,659	4.1%
Profit attributable to the owner of parent	900	2.3%	-34.1%	1,365	3.4%



(reference data)

(Millions of Yen)

	FY2020 Forecast			FY2019 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	83,300	100.0%	-0.7%	83,900	100.0%
Printing equipment business	81,900	98.3%	-0.8%	82,556	98.4%
Japan	44,900	53.9%	-0.5%	45,123	53.8%
Americas	5,200	6.2%	-0.3%	5,214	6.2%
Europe	15,400	18.5%	-3.7%	15,999	19.1%
Asia	16,400	19.7%	1.1%	16,219	19.3%
Real estate business & others	1,400	1.7%	4.2%	1,343	1.6%
Gross profit	46,800	56.2%	-1.7%	47,611	56.7%
Selling, general & administrative expenses	43,700	52.5%	-0.3%	43,839	52.3%
Operating Income	3,100	3.7%	-17.8%	3,771	4.5%
Ordinary Income	3,100	3.7%	-15.3%	3,660	4.4%
Profit attributable to the owner of parent	2,200	2.6%	-20.6%	2,771	3.3%



(reference data)

(Millions of Yen)

	FY2018				FY2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	20,178	19,949	20,730	24,648	20,564	19,528	19,963	23,843
Gross profit	11,332	10,974	11,881	13,400	12,198	10,793	11,878	12,740
(Gross profit ratio)	(56.2%)	(55.0%)	(57.3%)	(54.4%)	(59.3%)	(55.3%)	(59.8%)	(53.4%)
Selling, general and administrative expenses	10,491	10,428	11,208	11,589	10,803	10,458	11,168	11,408
Operating income	840	546	672	1,810	1,395	334	710	1,331
(Operating income ratio)	(4.2%)	(2.7%)	(3.2%)	(7.3%)	(6.8%)	(1.7%)	(3.6%)	(5.6%)
Ordinary income	928	657	677	1,668	1,344	314	759	1,242
Profit attributable to the owner of parent	702	518	247	1,564	1,042	322	436	969



(reference data)

Net sales

(Millions of Yen)

	FY2018				FY2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Printing equipment business	19,890	19,632	20,427	24,343	20,218	19,204	19,618	23,515
Japan	11,463	11,375	10,387	14,018	10,918	10,786	9,899	13,518
Overseas	8,427	8,257	10,039	10,325	9,299	8,417	9,719	9,996
Americas	1,320	1,395	1,358	1,437	1,238	1,306	1,261	1,407
Europe	3,472	3,481	4,410	4,557	4,079	3,536	3,998	4,385
Asia	3,634	3,379	4,271	4,330	3,981	3,573	4,459	4,203
Others	288	316	303	305	345	324	344	328

Operating income

(Millions of Yen)

	FY2018				FY2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Printing equipment business	760	437	578	1,713	1,266	197	585	1,218
Japan	954	511	493	1,184	913	209	438	1,098
Overseas	-193	-73	84	529	353	-11	146	119
Americas	-184	-125	-138	-130	-227	-182	-226	-112
Europe	-98	26	105	288	270	105	120	79
Asia	89	25	116	371	310	65	252	152
Others	79	109	94	96	128	137	124	112

