



Briefing on Business Results -for the Six Months of FY2017-

(From April 1, 2016 to September 30, 2016)

RISO KAGAKU CORPORATION

November 8, 2016

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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

- 1.1 Corporate Data
- 1.2 Business Outline
- 1.3 Business Domains

1.1 Corporate Data (as of September 30, 2016)

- 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 3,649
- Group Subsidiaries 27 (Domestic: 2 Overseas: 25)



1.2 Business Outline and Domains

Printing equipment business

- Inkjet Business:
Full Color Inkjet Printer **ORPHIS**
- Digital Duplicating Business:
High Speed Digital Duplicator **RISOGRAPH**

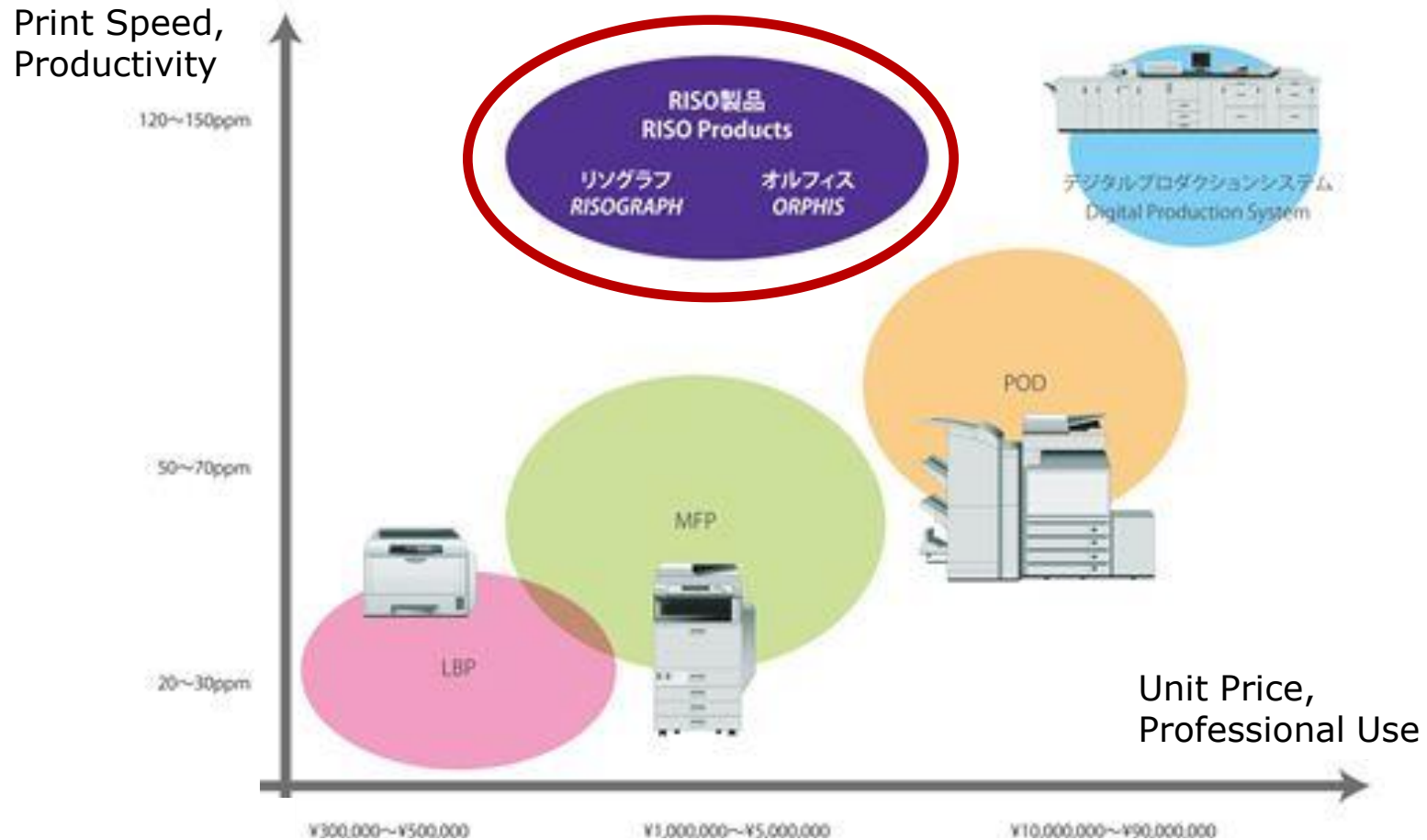


Real estate business and others

- Real Estate Business
- Print creating business



1.3 Business Outline and Domains



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



2 First Half of FY2017 Consolidated Financial Results

- 2.1 Performance Overview
- 2.2 Results by Segment

2.1 First Half of FY2017 - Performance Overview

- Net sales down due to the effects of exchange rate.
- Operating income fell

(Millions of Yen)

		First Half of FY2017	First Half of FY2016	Difference (year-on-year)		Calculated with exchange rates of the previous year
				Amount	Growth%	Growth%
Net sales		38,590	40,785	-2,195	-5.4%	2.1%
Gross profit		22,445	23,906	-1,461	-6.1%	0.3%
	(Gross profit ratio)	(58.2%)	(58.6%)			
Selling, general and administrative expenses		20,819	21,168	-348	-1.6%	3.6%
Operating income		1,625	2,738	-1,112	-40.6%	-25.8%
	(Operating income ratio)	(4.2%)	(6.7%)			
Ordinary income		1,721	2,699	-978	-36.2%	
Profit attributable to the owner of parent		1,125	1,849	-724	-39.2%	
Exchange Rates	1US\$	105.29	121.80			
	1Euro	118.15	135.07			



2.1 First Half of FY2017 - Performance Overview

Net sales

- Sales: ¥38,590 million, down ¥2,195 million YOY
- Up 2.1% YOY if the effects of exchange rates are excluded
- Inkjet business represents 47% of consolidated sales.

Gross profit

- Gross profit: ¥22,445 million, down ¥22,445 million YOY
- Up 0.3% YOY if the effects of exchange rates are excluded
- Items including depreciation increased with the introduction of new products.
- Gross profit ratio: 58.2% (down 0.4 points YOY)



2.1 First Half of FY2017 - Performance Overview

Selling, general and administrative exp.

- SG&A: ¥20,819million, down ¥348 million YOY
- Up 3.6% YOY if the effects of exchange rates are excluded
- Selling expenses of new products increased

Operating income

- Operating income: ¥1,625 million, down ¥1,112 million YOY
- Down 25.8% YOY if the effects of exchange rates are excluded
- Operating income ratio: 4.2% (down 2.5 points YOY)



2.2 First Half of FY2017 - Results by Segment

Net sales

■ Printing equipment business : down 5.2 points YOY

▪ Japan : up 1.3 points YOY

▪ Overseas : down 13.4 points YOY

(Millions of Yen)

	First Half of FY2017		First Half of FY2016		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	38,011	98.5%	40,100	98.3%	-2,088	-5.2%
Japan	22,700	58.8%	22,419	55.0%	280	1.3%
Overseas	15,311	39.7%	17,681	43.4%	-2,369	-13.4%
Americas	2,721	7.1%	3,227	7.9%	-506	-15.7%
Europe	6,278	16.3%	7,609	18.7%	-1,330	-17.5%
Asia	6,311	16.4%	6,844	16.8%	-533	-7.8%
Real estate business & others	578	1.5%	685	1.7%	-106	-15.6%



2.2 First Half of FY2017 - Results by Segment

Operating income

■ Printing equipment business : down 41.6 points YOY

▪ Japan : down 41.7 points YOY

▪ Overseas : down 41.5 points YOY

(Millions of Yen)

	First Half of FY2017		First Half of FY2016		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	1,535	4.0%	2,630	6.4%	-1,094	-41.6%
Japan	1,221	3.2%	2,093	5.1%	-871	-41.7%
Overseas	314	0.8%	537	1.3%	-222	-41.5%
Americas	-183	—	-25	—	-157	—
Europe	146	0.4%	300	0.7%	-153	-51.2%
Asia	350	0.9%	262	0.6%	88	33.7%
Real estate business & others	89	0.2%	107	0.3%	-18	-16.9%

3 First Half of FY2017 Activity Overview

- 3.1 The 6th Medium-term Management Plan
“RISO Vision 19”
- 3.2 Management Policies for FY2017
- 3.3 First Half of FY2017
- Activity Overview

3.1 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: ¥86 billion

Consolidated operating income: ¥7 billion

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



3.2 Management Policies for FY2017

1. Ensure successful launching and sales expansion of the new products by R&D, Production and Sales Divisions
2. Accomplish the growth of the number of machine installation by taking full advantage of new products

3.3 First Half of FY2017 - Activity Overview

Started rollouts of new products

Inkjet Business

ORPHIS



FW Series
(compact size)
Japan: March 2016
Overseas: June 2016



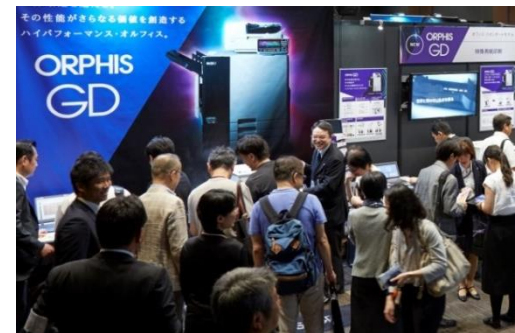
GD Series
(high speed, enhanced productivity)
Japan: September 2016
Overseas: January 2017

Digital Duplicating Business

RISOGRAPH



SF Series (standard model)
Japan: August 2016
Overseas: August 2016



Product launch event

3.3 First Half of FY2017 - Activity Overview

- Pursued every possibility in high-speed inkjet printers

Reference Exhibits

drupa 2016, June 2016, Germany

Graph Expo 2016, September 2016, U.S.



RISO T1
:Continuous feed



RISO T2
:Cut-sheet

3.3 First Half of FY2017 - Activity Overview

■ Acquired land for development

Purpose : Strengthening research and development

Acquisition price : ¥1,951 million

Description of acquired assets

Location : Tsukuba City, Ibaraki Prefecture

Land : 21,680.95 m² in area

Transfer : November 2016

3.3 First Half of FY2017 - Activity Overview

■ Purchase of Treasury Stock:

	First half of FY2017	
	From May 18, 2016 to June 3, 2016	From August 19, 2016 to September 8, 2016
Number of shares purchased	299,200 shares	603,000 shares
Purchase cost	499 million yen	999 million yen

- Total Number of shares purchased during first half of FY2017 : 902,200 shares
- Total purchase cost during first half of FY2017 : 1,499 million yen

4 Forecast for FY2017

4 . Forecast for FY2017

- There is no change to the product sales plan.
- Net sales down 5.6% YOY due to effects of exchange rates

(Millions of Yen)

	FY2017 Forecast	FY2016 Actual	Difference	
			Amount	Growth
Net sales	80,700	85,454	-4,754	-5.6%
Operating income	3,400	6,551	-3,151	-48.1%
Ordinary income	3,500	6,476	-2,976	-46.0%
Profit attributable to the owner of parent	2,600	5,267	-2,667	-50.6%
Operating income margin	4.2%	7.7%		

Average exchange Rates

1US\$	¥ 103.00	¥ 120.14
1EURO	¥ 116.00	¥ 132.58



4. Forecast for FY2017 - Precondition

■ Assumed exchange rate

	First Half Actual	Second Half Assumed	Full-Year Assumed
1 US\$	¥ 105.29	¥ 101.00	¥ 103.00
1 Euro	¥ 118.15	¥ 113.00	¥ 116.00

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

	Net sales	Operating income
US\$	140 million yen	40 million yen
Euro	70 million yen	50 million yen

5 Shareholders Return

5. 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

5. Shareholders Return

■ Dividend Forecast for FY2017 : 60 yen per share

■ Purchase of Treasury Stock (Announced on November 2,2016)

- Number of shares to be purchased : Up to 500,000 shares
- Total purchase cost : Up to 700 million yen
- Purchase Period : From November 15,2016
to December 16,2016

(reference data)

(Millions of Yen)

	FY2017 Forecast			FY2016 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	80,700	100.0%	-5.6%	85,454	100.0%
Printing equipment business	79,500	98.5%	-5.4%	84,063	98.4%
Japan	47,700	59.2%	1.1%	47,276	55.3%
Americas	5,400	6.7%	-12.8%	6,195	7.3%
Europe	13,700	17.0%	-11.9%	15,555	18.2%
Asia	12,600	15.6%	-16.2%	15,035	17.6%
Real estate business & others	1,200	1.5%	-13.7%	1,391	1.6%
Gross profit	45,800	56.8%	-8.1%	49,814	58.3%
Selling, general & administrative expenses	42,400	52.5%	-2.0%	43,262	50.6%
Operating Income	3,400	4.2%	-48.1%	6,551	7.7%
Ordinary Income	3,500	4.3%	-46.0%	6,476	7.6%
Profit attributable to the owner of parent	2,600	3.2%	-50.6%	5,267	6.2%
Capital expenditure	8,100	10.0%	15.7%	7,001	8.2%
Depreciation and amortization	6,600	8.2%	23.9%	5,327	6.2%

