



Briefing on Business Results - for the Six Months of FY2020-

(From April 1, 2019 to September 30, 2019)

RISO KAGAKU CORPORATION

November 6, 2019

Table of Contents

1. Corporate Data	Slide	2
2. First Half of FY2020 Consolidated Financial Results	Slide	7
3. Activity in the Fiscal Year Ending March 31, 2020	Slide	14
4. Forecast for FY2020	Slide	22
5. Shareholders Return	Slide	25

■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 September 30, 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	3,617
■ 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**



ORPHIS
GD9630

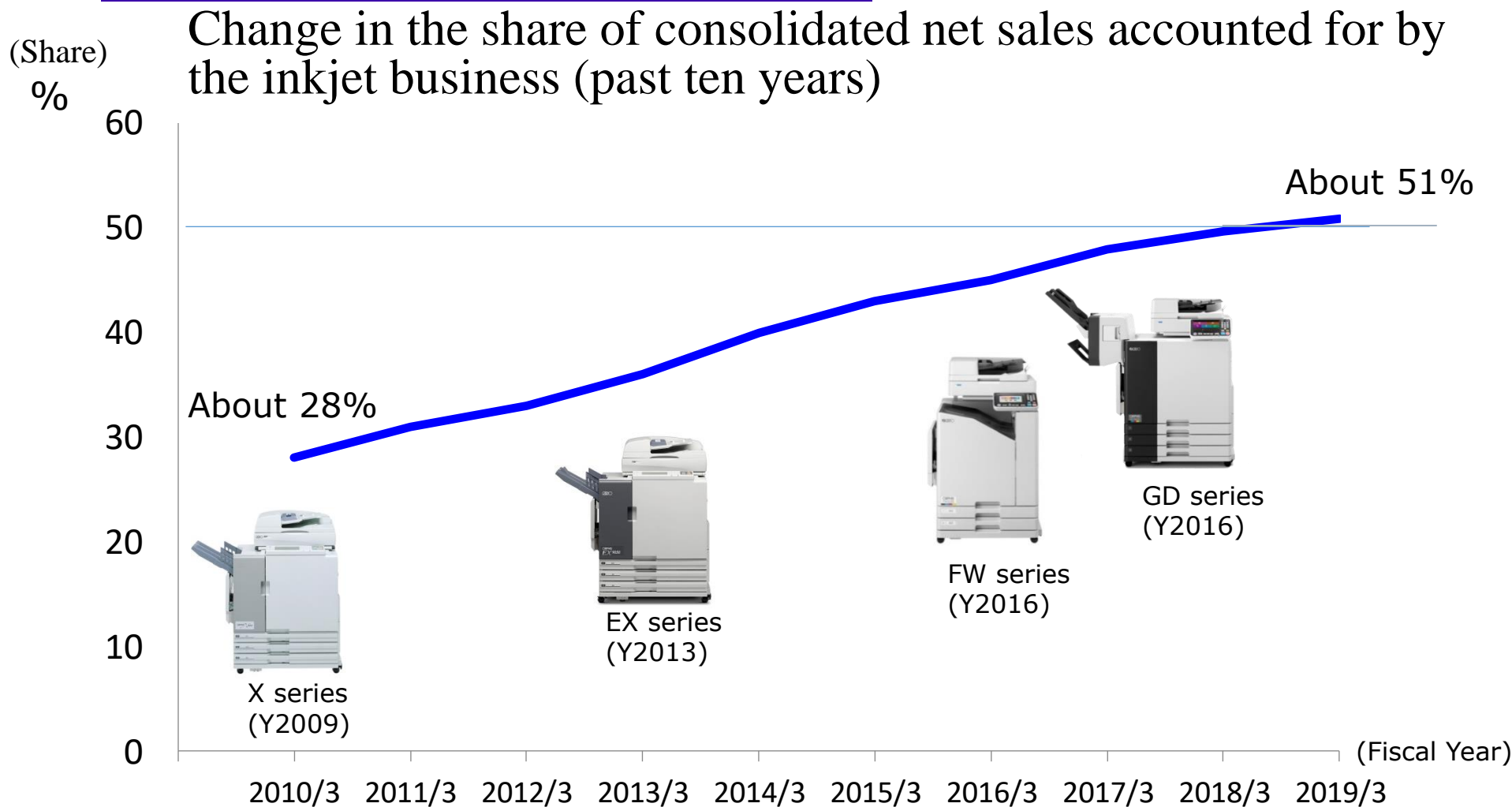
Others

- Real Estate Business
- Print creating business

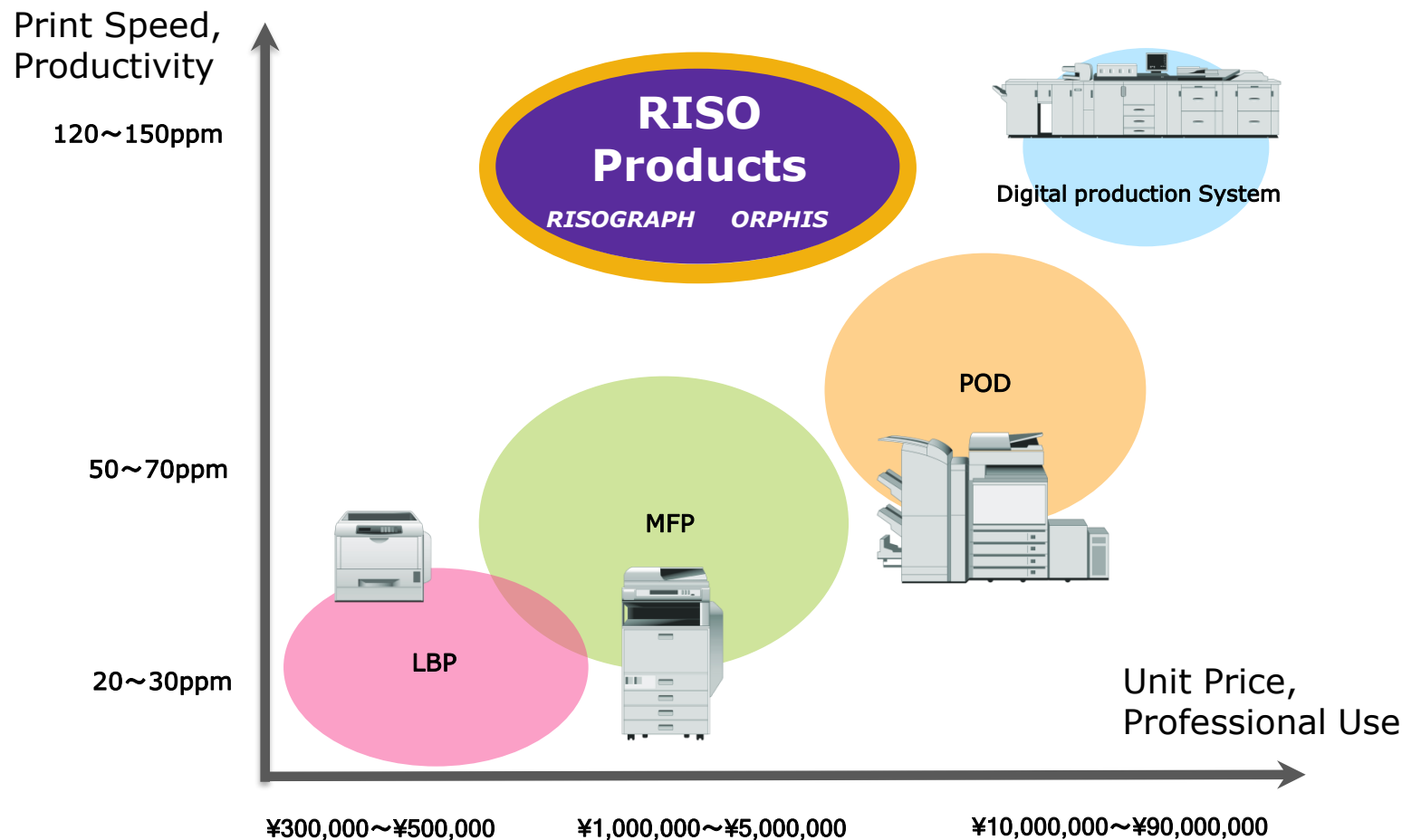


RISOGRAPH
MF935W

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



1.4 Market Position of RISO Products



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



RISO KAGAKU CORPORATION
<https://www.riso.co.jp>

2 First Half of FY2020 Consolidated Financial Results

- 2.1 Performance Overview
- 2.2 Results by Quarter
- 2.3 Results by Region

2.1 First Half of FY2020 - Performance Overview

- Net sales decreased 0.8% and operating income increased 21.9% year on year.

		FY2019 1st half	FY2020 1st half	Difference (year-on-year)	
				Amount	Growth%
Net sales		40,092	39,754	▲ 338	▲ 0.8%
Gross profit		22,992	22,880	▲ 111	▲ 0.5%
(Gross profit ratio)		(57.3%)	(57.6%)		
Selling, general and administrative expenses		21,262	20,772	▲ 489	▲ 2.3%
Operating income		1,730	2,108	+ 378	+ 21.9%
(Operating income ratio)		(4.3%)	(5.3%)		
Ordinary income		1,659	2,003	+ 344	+ 20.8%
Profit attributable to the owner of parent		1,365	1,068	▲ 296	▲ 21.7%
Average exchange rates	1US\$	110.26	108.63		
	1Euro	129.85	121.42		

2.1 First Half of FY2020 - Performance Overview

- Net sales decreased 0.8% and operating income increased 21.9% year on year.

	FY2019 1st half	FY2020 1st half	Difference (year-on-year)	
			Amount	Growth%
Net sales	40,092	39,754	▲ 338	▲ 0.8%
Gross profit	22,992	22,880	▲ 111	▲ 0.5%
(Gross profit ratio)	(57.3%)	(57.6%)		
Selling, general and administrative expenses	21,262	20,772	▲ 489	▲ 2.3%
Operating income	1,730	2,108	+ 378	+ 21.9%
(Operating income ratio)	(4.3%)	(5.3%)		
Ordinary income	1,659	2,003	+ 344	+ 20.8%
Profit attributable to the owner of parent	1,365	1,068	▲ 296	▲ 21.7%

Profit attributable to the owner of parent

- Loss on valuation of investment securities and impairment/demolition costs for company-owned real estate posted as extraordinary losses in 2Q (440 million yen)

2.1 FY2020 - Performance Overview

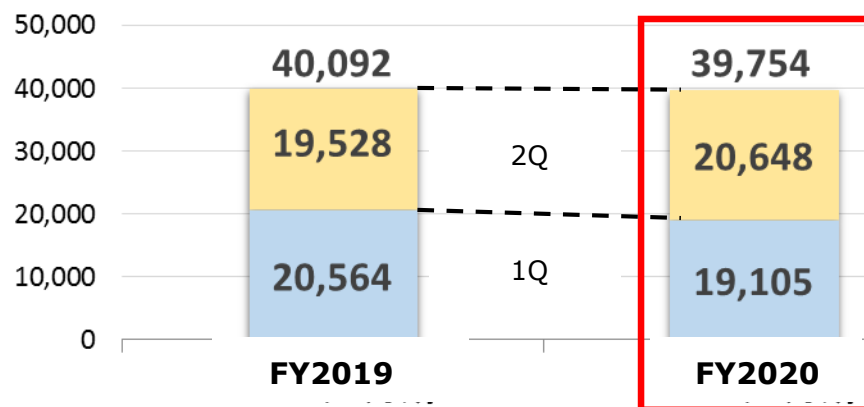
- Net sales decreased 0.8% and operating income increased 21.9% year on year.
- If exchange rate effects are excluded, net sales increased 1.5% and operating income increased 42.6% year on year. (Millions of Yen)

		FY2019 1st half	FY2020 1st half	Difference (year-on-year)		Calculated with exchange rates of the previous year
				Amount	Growth%	Growth%
Net sales		40,092	39,754	▲ 338	▲ 0.8%	+ 1.5%
Gross profit		22,992	22,880	▲ 111	▲ 0.5%	+ 2.6%
(Gross profit ratio)		(57.3%)	(57.6%)			
Selling, general and administrative expenses		21,262	20,772	▲ 489	▲ 2.3%	▲ 0.6%
Operating income		1,730	2,108	+ 378	+ 21.9%	+ 42.6%
(Operating income ratio)		(4.3%)	(5.3%)			
Ordinary income		1,659	2,003	+ 344	+ 20.8%	
Profit attributable to the owner of parent		1,365	1,068	▲ 296	▲ 21.7%	
Average exchange rates	1US\$	110.26	108.63			
	1Euro	129.85	121.42			

2.2 First Half of FY2020 - Results by Quarter

Net sales

(Millions of Yen)

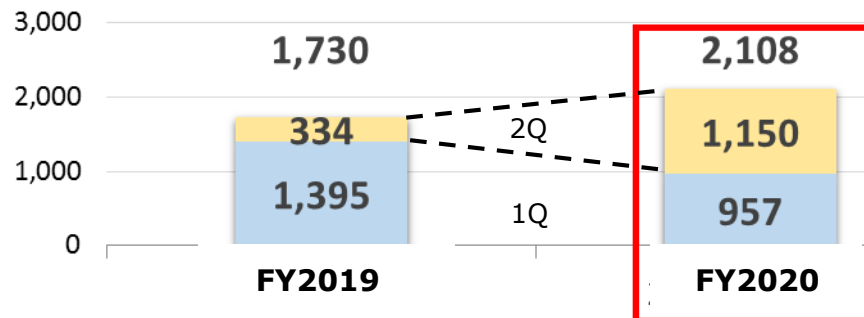


Second quarter:

- Substantial year-on-year increase in earnings due to a much greater than expected surge in demand materializing before the consumption tax hike took effect, despite adverse effects of a strong yen
- Both net sales and operating income results were on par with those of the same period in the previous fiscal year, excluding effects of the surge in demand

Operating income

(Millions of Yen)



First quarter:

- Net sales and operating income results were below those of the same period of the previous fiscal year due to adverse effects of a strong yen and sales slump

2.3 First Half of FY2020 - Results by Region

Net sales

■ Printing equipment business : ¥337 millions decreased YOY

▪ Japan : ¥697 millions increased YOY

▪ Overseas : ¥1,034 millions decreased YOY

(Millions of Yen)

	FY2019		FY2020		Difference	
	Amount	Ratio	Amount	Ratio	Amount	Growth
Printing equipment business	39,422	98.3%	39,084	98.3%	▲ 337	▲ 0.9%
Japan	21,705	54.1%	22,402	56.4%	+ 697	+ 3.2%
Overseas	17,716	44.2%	16,681	42.0%	▲ 1,034	▲ 5.8%
Americas	2,544	6.3%	2,443	6.1%	▲ 101	▲ 4.0%
Europe	7,615	19.0%	6,886	17.3%	▲ 729	▲ 9.6%
Asia	7,555	18.8%	7,352	18.5%	▲ 202	▲ 2.7%
Others	670	1.7%	669	1.7%	▲ 1	▲ 0.2%

2.2 First Half of FY2020 - Results by Region

Operating income

■ Printing equipment business : ¥370 millions increased YOY

▪ Japan : ¥776 millions increased YOY

▪ Overseas : operating losses : ¥64 million
(operating income of 341 million yen in the same period of the previous fiscal year)

(Millions of Yen)

	FY2019 1st half	FY2020 1st half	Difference	
			Amount	Growth
Printing equipment business	1,464	1,834	+ 370	+ 25.3%
Japan	1,122	1,899	+ 776	+ 69.2%
Overseas	341	▲ 64	▲ 406	—
Americas	-410	▲ 403	+6	—
Europe	375	3	▲ 372	—
Asia	376	334	▲ 41	▲ 11.0%
Others	265	273	+ 7	+ 3.0%

3 Activity in the Fiscal Year Ending March 31, 2020

- 3.1 The 7th Medium-term Management Plan
“RISO Vision 22”
- 3.2 Management Policies for FY2020
- 3.3 Activity in the Fiscal Year Ending
March 31, 2020

3.1 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



3.2 Management Policies for FY2020

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

3.3 Activity in the Fiscal Year Ending March 31,2020

■ New Brand “VALEZUS”

A new brand of high-speed inkjet printers for the production printing market

“VALEZUS T2100” launched in fall 2019 * Launched first in North America and Europe

- Capable of high-speed color printing at 320 ppm on A4-sized paper
- Sales promoted for applications such as business form printing



VALEZUS T2100

3.3 Activity in the Fiscal Year Ending March 31,2020

■ 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



3.3 Activity in the Fiscal Year Ending March 31,2020

■ Print Creating Business

Compact digital screen maker “MiScreen a4” launched in September 2019

- A screen maker that enables simple and easy screen printing onto surfaces such as cloth
- Oriented toward a wide range of creators, from professionals to amateurs



MiScreen a4

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

■ Completion of construction:
scheduled for June 2020



Image of the completed R&D facilities

3.3 Activity in the Fiscal Year Ending March 31,2020

■ Purchase of Treasury Stock: (first half of FY2020)

- Total Number of shares purchased during first half of FY2020 : 574,100 shares
(About 1.21% of total shares issued)
- Total purchase cost during first half of FY2020 : 999 million yen

4 Forecast for FY2020

4. Forecast for FY2020①

- On November 11, RISO KAGAKU CORPORATION announced that it has revised the earnings forecasts released on May 10, 2019 due to revisions made to exchange rate forecasts and extraordinary losses in the second quarter.

(Millions of Yen)

	FY2020 Previous forecast	FY2020 Revised forecast	Difference		FY2019 Actual
			Amount	Growth	
Net sales	83,300	81,000	▲ 2,300	▲ 2.8%	83,900
Operating income	3,100	3,000	▲ 100	▲ 3.2%	3,771
Ordinary income	3,100	2,900	▲ 200	▲ 6.5%	3,660
Profit attributable to the owner of parent	2,200	1,700	▲ 500	▲ 22.7%	2,771
Operating income margin	3.7%	3.7%			

Average exchange rates

1US\$	¥ 110.00	¥ 108.00
1EURO	¥ 125.00	¥ 120.00



4. Forecast for FY2020②

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

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

■ On November 11, RISO KAGAKU CORPORATION announced that it has revised the dividend forecast released on May 10, 2019 due to lower forecast with respect to profit attributable to the owner of parent in comparison with our previous.

	Fiscal year ended March 31, 2020 Cash dividends per share
Previous forecast (Announced on May 10, 2019)	¥60
Revised forecast (Announced on November 1, 2019)	¥48

5. Shareholders Return

■ Purchase of Treasury Stock: (Announced on November 1, 2019)

- Number of shares to be purchased : Up to 400,000 shares
- Total purchase cost : Up to 500 million yen
- Purchase Period : From November 13, 2019
to December 13, 2019

(reference data)

(Millions of Yen)					
	FY2020 Forecast			FY2019 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	81,000	100.0%	▲ 3.5%	83,900	100.0%
Printing equipment business	79,600	98.3%	▲ 3.6%	82,556	98.4%
Japan	44,400	54.8%	▲ 1.6%	45,123	53.8%
Americas	5,000	6.2%	▲ 4.1%	5,214	6.2%
Europe	14,600	18.0%	▲ 8.7%	15,999	19.1%
Asia	15,600	19.3%	▲ 3.8%	16,219	19.3%
Real estate business & others	1,400	1.7%	4.2%	1,343	1.6%
Gross profit	45,700	56.4%	▲ 4.0%	47,611	56.7%
Selling, general & administrative expenses	42,700	52.7%	▲ 2.6%	43,839	52.3%
Operating Income	3,000	3.7%	▲ 20.5%	3,771	4.5%
Ordinary Income	2,900	3.6%	▲ 20.8%	3,660	4.4%
Profit attributable to the owner of parent	1,700	2.1%	▲ 38.7%	2,771	3.3%



(reference data)

(Millions of Yen)

	FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	20,564	19,528	19,963	23,843	19,105	20,648
Gross profit	12,198	10,793	11,878	12,740	11,442	11,437
(Gross profit ratio)	(59.3%)	(55.3%)	(59.5%)	(53.4%)	(59.9%)	(55.4%)
Selling, general and administrative expenses	10,803	10,458	11,168	11,408	10,484	10,287
Operating income	1,395	334	710	1,331	957	1,150
(Operating income ratio)	(6.8%)	(1.7%)	(3.6%)	(5.6%)	(5.0%)	(5.6%)
Ordinary income	1,344	314	759	1,242	971	1,032
Profit attributable to the owner of parent	1,042	322	436	969	605	463



(reference data)

Net Sales

(Millions of Yen)

	FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Printing equipment business	20,218	19,204	19,618	23,515	18,785	20,299
Japan	10,918	10,786	9,899	13,518	10,215	12,187
Overseas	9,299	8,417	9,719	9,996	8,569	8,112
Americas	1,238	1,306	1,261	1,407	1,152	1,290
Europe	4,079	3,536	3,998	4,385	3,521	3,364
Asia	3,981	3,573	4,459	4,203	3,894	3,458
Others	345	324	344	328	320	348

Operating Income

(Millions of Yen)

	FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Printing equipment business	1,266	197	585	1,218	823	1,011
Japan	913	209	438	1,098	726	1,173
Overseas	353	▲ 11	146	119	97	▲ 161
Americas	▲ 227	▲ 182	▲ 226	▲ 112	▲ 204	▲ 198
Europe	270	105	120	79	37	▲ 33
Asia	310	65	252	152	264	69
Others	128	137	124	112	134	138

