

Briefing on Business Results

-FY2012-

(From April 1, 2011 to March 31, 2012)

RISO KAGAKU CORPORATION

May 10, 2012

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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.



FY2012 Performance Overview

- Revenues and profits were down due to sluggish sales overseas and the impact of foreign exchange rates
- Gross profit was up in the inkjet business as a result of cost reductions

(Millions of Yen)

		FY2012	FY2011	Difference (year-on-year)		Calculated with exchange rates of the previous year
				Amount	Growth%	Growth%
Net sales		74,847	76,897	-2,049	-2.7%	-0.8%
Gross profit		40,588	38,624	1,964	5.1%	7.4%
Selling, general and administrative expenses		36,538	34,217	2,320	6.8%	8.3%
Operating income		4,050	4,406	-356	-8.1%	0.6%
Ordinary income		4,309	4,939	-629	-12.8%	
Net income		2,886	6,288	-3,401	-54.1%	
Exchange Rates	Yen/US\$	79.08	85.72			
	Yen/Euro	108.98	113.12			

FY2012 Performance Overview

Net sales

Decreased owing to low overseas sales and foreign exchange impact

- Sales: ¥74,847 million, down ¥2,049 million YOY (forexc impact: minus ¥1,405million)
- Inkjet business up 4.9%, digital duplicating business down 6.2% YOY
- Inkjet business represents 33% of consolidated sales (up 2 points YOY)
 - Japan: strong inkjet sales continued, covering decrease in digital duplicating business
 - Americas: foreign exchange impact and low sales continued
 - Europe: Inkjet sales were firm, while digital duplicating business decreased and foreign exchange impact was negative
- Overseas sales represent 35.7% (down 2.2 points YOY)

Gross profit

Increased because of lowered manufacturing cost, as a result of the inkjet printer production becoming in-house

- Cost of sales decreased as manufacturing cost of the inkjet printer was lowered
- Gross profit: ¥40,588 million, up ¥1,964 million YOY
- Gross profit ratio: 54.2% (up 4.0 points YOY)

FY2012 Performance Overview

Selling, general and administrative exp.

Amortization of goodwill and R&D expenses
increased owing to the purchase of inkjet business

- SG&A: ¥36,538 million, up ¥2,320 million YOY
 - Increase owing to the business purchase:
 - (1) Amortization of goodwill: ¥600million
 - (2) Amortization of intellectual properties: ¥300million
 - (3) Research and development expenses: approx. ¥1,100million
- SG&A ratio: 48.8% (up 4.3 points YOY)

Operating income

Decreased

- Operating income: ¥4,050 million, down ¥356 million YOY
- Operating income ratio: 5.4% (down 0.3 points YOY)



FY2012 Performance Overview

Net Sales							(Millions of Yen)	
	FY2012		FY2011		Difference		Amount	Growth
	Amount	Ratio	Amount	Ratio	Amount	Growth		
Printing equipment business	73,149	97.7%	75,191	97.8%	-2,041	-2.7%		
Japan	46,572	62.2%	46,082	59.9%	489	1.1%		
Americas	5,177	6.9%	6,747	8.8%	-1,569	-23.3%		
Europe	12,390	16.6%	13,203	17.2%	-812	-6.2%		
Asia	9,008	12.0%	9,157	11.9%	-149	-1.6%		
Real estate business & others	1,698	2.3%	1,705	2.2%	-7	-0.4%		
Operating Income							(Millions of Yen)	
	FY2012		FY2011		Difference		Amount	Growth
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Growth		
Printing equipment business	3,528	4.7%	3,825	5.0%	-296	-7.8%		
Japan	5,150	6.9%	4,147	5.4%	1,002	24.2%		
Americas	-1,110	—	-1,582	—	471	—		
Europe	-897	—	0	0.0%	-898	—		
Asia	386	0.5%	1,259	1.6%	-873	-69.3%		
Real estate business & others	521	0.7%	581	0.8%	-59	-10.3%		



FY2012 Performance Overview

■ Management policy for 2012

While working to overcome the destabilizing factors caused by the earthquake and its aftermath, RISO shall energize its sales activities and strengthen its profit structure

■ Main Focuses for FY2012

- (1) Steady production and continuous shipment of consumables and hardware
- (2) Establishment of inkjet development and production systems for entirely in-house operations
- (3) Development, cultivation and strengthening of overseas sales channels
- (4) Cultivating new market segments and strengthening relationships with customers in existing sales channels in Japan

FY2012 Performance Overview

- Operated the inkjet business independently
 - Commenced hardware production of Inkjet printers at the Company's Tsukuba Plant in August 2011
 - Completed transfer of intellectual properties and know-how, and merged ORTEK CORPORATION on September 30, 2011

- Set up a manufacturing subsidiary in Thailand on June 20, 2011
 - Although production was scheduled to start in January 2012, commencement of operations was delayed by three months due to flooding

- Other special events
 - Purchase of treasury stock (in August and September 2011)
 - Number of shares purchased: 1,081,000 shares
 - Total purchase cost: ¥1,499 million

Management Policy for FY 2013

■ Management Policy for FY 2013

Achieve sales increase by expanding the inkjet business and maintaining digital duplicating business.

■ Main Focuses for FY2013

- (1) Increase the number of inkjet printers operating in the market
- (2) Maintain steady sales in the digital duplicating business
- (3) Make a smooth transition to the new hardware production system

Forecast for FY2013

(Millions of Yen)

	FY2013 Forecast	FY2012 Actual	Difference	
			Amount	Growth
Net sales	75,800	74,847	952	1.3%
Operating income	2,750	4,050	-1,300	-32.1%
Ordinary income	2,800	4,309	-1,509	-35.0%
Net income	3,000	2,886	113	3.9%
Operating income margin	3.6%	5.4%		
Consolidated ROE	4.8%	4.7%		
Exchange Rates				
Yen/US \$	82.00	79.08		
Yen/EURO	107.00	108.98		



Forecast for FY2013 - Precondition -

■ Assumed exchange rate

1 US\$	¥ 82.00
1 Euro	¥107.00

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

(when the value of the yen shifts 1 yen in the full term)

	Net sales	Operating income
Yen/US\$	130 million yen	11 million yen
Yen/Euro	70 million yen	41 million yen



Shareholders Return

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

(Millions of Yen)

	FY2008	FY2009	FY2010	FY2011	FY2012
Net income (loss)	1,657	-641	-5,937	6,288	2,886
Cash dividends per share (Yen)	40	30	30	50	40
Cash dividends paid (A)	1,058	1,050	770	1,261	966
Payout ratio	63.8%	—	—	20.2%	34.1%
Repurchase of treasury stock (B)	341	665	—	499	1,499
Total shareholder return (A) + (B)	1,399	1,714	770	1,760	2,465
Total return ratio	84.4%	—	—	28.0%	85.4%



(reference data)

(Millions of Yen)

	FY2013 2 nd half Forecast			FY2012 2 nd half Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	35,700	100.0%	-0.7%	35,944	100.0%
Printing equipment business	34,910	97.8%	-0.7%	35,168	97.8%
Japan	22,087	61.9%	-0.8%	22,254	61.9%
Americas	2,611	7.3%	-5.3%	2,758	7.7%
Europe	5,545	15.5%	-6.5%	5,927	16.5%
Asia	4,668	13.1%	10.4%	4,228	11.8%
Real estate business & others	791	2.2%	2.0%	775	2.2%
Gross profit	19,400	54.3%	0.4%	19,320	53.8%
Selling, general & administrative expenses	18,400	51.5%	2.0%	18,043	50.2%
Operating Income	1,000	2.8%	-21.6%	1,276	3.6%
Ordinary Income	1,050	2.9%	-4.1%	1,095	3.0%
Net Income	800	2.2%	-20.9%	1,010	2.8%



(reference data)

(Millions of Yen)

	FY2013 Forecast			FY2012 Actual	
	Amount	Ratio to net sales	Difference (YOY)	Amount	Ratio to net sales
Net sales	75,800	100.0%	1.3%	74,847	100.0%
Printing equipment business	74,089	97.7%	1.3%	73,149	97.7%
Japan	46,906	61.9%	0.7%	46,572	62.2%
Americas	5,413	7.1%	4.5%	5,177	6.9%
Europe	12,275	16.2%	-0.9%	12,390	16.6%
Asia	9,496	12.5%	5.4%	9,008	12.0%
Real estate business & others	1,710	2.3%	0.7%	1,698	2.3%
Gross profit	41,000	54.1%	1.0%	40,588	54.2%
Selling, general & administrative expenses	38,250	50.5%	4.7%	36,538	48.8%
Operating Income	2,750	3.6%	-32.1%	4,050	5.4%
Ordinary Income	2,800	3.7%	-35.0%	4,309	5.8%
Net Income	3,000	4.0%	3.9%	2,886	3.9%
R&D expenditure	5,500	7.3%	7.8%	5,103	6.8%
Capital expenditure	7,600	10.0%	87.2%	4,173	5.6%
Depreciation and amortization	5,300	7.0%	8.1%	4,903	6.6%

