

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended May 31, 2018 (Based on Japanese GAAP)

July 10, 2018

Company name: RISO KYOIKU CO.,LTD  
 Stock exchange listing: Tokyo  
 Stock code: 4714 URL <http://www.tomas.co.jp/>  
 Representative: President and CEO Masahiko Tenbo  
 Inquiries: Director Kazunori Noto TEL 03-5996-3701  
 Scheduled date to file Quarterly Securities Report: July 11, 2018  
 Scheduled date to commence dividend payments: August 9, 2018  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2018 (from March 1, 2018 to May 31, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2018	4,755	8.4	(287)	–	(285)	–	(235)	–
Three months ended May 31, 2017	4,388	8.0	(332)	–	(343)	–	(244)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2018	(4.79)		–	
Three months ended May 31, 2017	(4.96)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2018	11,045	5,689	51.5	115.63
As of February 28, 2018	11,724	6,273	53.5	127.48

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 28, 2018	7.00	7.00	7.00	7.00	28.00
Year ending February 28, 2019	7.50				
Year ending February 28, 2019 (Forecast)		7.50	7.50	7.50	30.00

3. Forecast of consolidated financial results for the year ending February 28, 2019 (from March 1, 2018 to February 28, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	24,200	7.2	2,510	16.3	2,500	16.8	1,500	8.6	30.48

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2018  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of May 31, 2018	52,069,943 shares	As of February 28, 2018	52,069,943 shares
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Number of treasury shares at the end of the period

As of May 31, 2018	2,860,948 shares	As of February 28, 2018	2,860,618 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2018	49,209,209 shares	Three months ended May 31, 2017	49,211,524 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of February 28, 2018	As of May 31, 2018
Assets		
Current assets		
Cash and deposits	4,171,521	3,178,450
Operating accounts receivable	833,705	786,213
Inventories	100,017	110,221
Deferred tax assets	517,310	646,116
Other	444,926	420,679
Allowance for doubtful accounts	(15,065)	(15,296)
Total current assets	6,052,415	5,126,384
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,223,157	2,404,829
Accumulated depreciation	(1,103,396)	(1,129,270)
Buildings and structures, net	1,119,760	1,275,558
Tools, furniture and fixtures	1,485,572	1,567,875
Accumulated depreciation	(533,456)	(544,139)
Tools, furniture and fixtures, net	952,116	1,023,735
Land	417,963	417,963
Other	13,668	13,668
Accumulated depreciation	(13,668)	(13,668)
Other, net	0	0
Total property, plant and equipment	2,489,840	2,717,258
Intangible assets		
Other	162,163	145,045
Total intangible assets	162,163	145,045
Investments and other assets		
Investment securities	1,997	1,718
Deferred tax assets	574,629	560,525
Lease and guarantee deposits	2,143,707	2,198,792
Other	236,094	236,407
Allowance for doubtful accounts	(5,892)	(5,872)
Total investments and other assets	2,950,536	2,991,571
Total non-current assets	5,602,541	5,853,875
Deferred assets		
Deferred organization expenses	439	412
Business commencement expenses	68,718	64,909
Total deferred assets	69,157	65,321
Total assets	11,724,113	11,045,581

(Thousands of yen)

	As of February 28, 2018	As of May 31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - other	761,970	839,484
Income taxes payable	302,613	67,940
Advances received	1,331,464	1,328,614
Provision for sales returns	2,850	2,719
Provision for bonuses	213,175	364,245
Provision for cancellation refunds	358	310
Provision for loss on litigation	15,619	–
Asset retirement obligations	18,324	21,024
Other	784,449	661,672
<b>Total current liabilities</b>	<b>3,430,826</b>	<b>3,286,011</b>
<b>Non-current liabilities</b>		
Net defined benefit liability	1,101,479	1,109,183
Asset retirement obligations	918,495	960,395
<b>Total non-current liabilities</b>	<b>2,019,974</b>	<b>2,069,578</b>
<b>Total liabilities</b>	<b>5,450,800</b>	<b>5,355,590</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,890,415	2,890,415
Capital surplus	822,859	822,859
Retained earnings	3,975,192	3,395,219
Treasury shares	(1,396,388)	(1,396,665)
<b>Total shareholders' equity</b>	<b>6,292,080</b>	<b>5,711,828</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	431	237
Foreign currency translation adjustment	870	806
Remeasurements of defined benefit plans	(20,068)	(22,880)
<b>Total accumulated other comprehensive income</b>	<b>(18,766)</b>	<b>(21,837)</b>
<b>Total net assets</b>	<b>6,273,313</b>	<b>5,689,991</b>
<b>Total liabilities and net assets</b>	<b>11,724,113</b>	<b>11,045,581</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended May 31, 2017	Three months ended May 31, 2018
Net sales	4,388,183	4,755,976
Cost of sales	3,696,702	3,912,970
Gross profit	691,480	843,005
Selling, general and administrative expenses	1,024,373	1,130,356
Operating loss	(332,893)	(287,351)
Non-operating income		
Interest income	1	0
Gain on bad debts recovered	303	609
Foreign exchange gains	–	539
Miscellaneous income	147	598
Other	271	227
Total non-operating income	723	1,975
Non-operating expenses		
Interest expenses	366	0
Amortization of share issuance cost	6,003	–
Foreign exchange losses	4,903	–
Other	42	–
Total non-operating expenses	11,316	0
Ordinary loss	(343,485)	(285,376)
Extraordinary income		
Reversal of allowance for provision for cancelation refunds	143	48
Insurance income	–	27,970
Total extraordinary income	143	28,018
Extraordinary losses		
Impairment loss	2,268	10,006
Litigation expenses	4,967	30,537
Other	1,593	2,516
Total extraordinary losses	8,829	43,061
Loss before income taxes	(352,171)	(300,419)
Income taxes	(108,085)	(64,910)
Loss	(244,086)	(235,508)
Loss attributable to non-controlling interests	(0)	–
Loss attributable to owners of parent	(244,086)	(235,508)

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended May 31, 2017	Three months ended May 31, 2018
Loss	(244,086)	(235,508)
Other comprehensive income		
Valuation difference on available-for-sale securities	(87)	(193)
Foreign currency translation adjustment	(44)	(64)
Remeasurements of defined benefit plans, net of tax	1,792	(2,812)
Total other comprehensive income	1,661	(3,070)
Comprehensive income	(242,425)	(238,578)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(242,425)	(238,578)
Comprehensive income attributable to non-controlling interests	(0)	(0)