

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2018 (Based on Japanese GAAP)

January 15, 2019

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: January 15, 2019
 Scheduled date to commence dividend payments: February 12, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended November 30, 2018 (from March 1, 2018 to November 30, 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	%
Nine months ended November 30, 2018	17,747	9.5	1,540	33.5	1,552	35.4	899	27.2
Nine months ended November 30, 2017	16,209	8.4	1,153	0.0	1,146	0.6	707	0.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2018	6.09		6.09	
Nine months ended November 30, 2017	4.79		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2018	12,433	6,102	48.9	41.34
As of February 28, 2018	11,724	6,273	53.5	42.49

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	7.50	7.50		
Year ending February 28, 2019 (Forecast)				3.50	-

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	24,700	9.4	2,710	25.6	2,700	26.2	1,600	15.8	10.83

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 2018	156,209,829 shares	As of February 28, 2018	156,209,829 shares
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Number of treasury shares at the end of the period

As of November 30, 2018	8,585,610 shares	As of February 28, 2018	8,581,854 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2018	147,626,741 shares	Nine months ended November 30, 2017	147,631,293 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2018	As of November 30, 2018
Assets		
Current assets		
Cash and deposits	4,171,521	4,456,997
Operating accounts receivable	833,705	1,139,776
Inventories	100,017	97,350
Deferred tax assets	517,310	365,975
Other	444,926	435,225
Allowance for doubtful accounts	(15,065)	(18,371)
Total current assets	6,052,415	6,476,954
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,223,157	2,439,883
Accumulated depreciation	(1,103,396)	(1,115,628)
Buildings and structures, net	1,119,760	1,324,255
Tools, furniture and fixtures	1,485,572	1,622,763
Accumulated depreciation	(533,456)	(541,000)
Tools, furniture and fixtures, net	952,116	1,081,763
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	2,823,981
Intangible assets		
Other	162,163	138,816
Total intangible assets	162,163	138,816
Investments and other assets		
Investment securities	1,997	1,636
Deferred tax assets	574,629	456,719
Lease and guarantee deposits	2,143,707	2,239,248
Other	236,094	241,541
Allowance for doubtful accounts	(5,892)	(5,752)
Total investments and other assets	2,950,536	2,933,393
Total non-current assets	5,602,541	5,896,192
Deferred assets		
Deferred organization expenses	439	360
Business commencement expenses	68,718	59,636
Total deferred assets	69,157	59,996
Total assets	11,724,113	12,433,143

(Thousands of yen)

	As of February 28, 2018	As of November 30, 2018
Liabilities		
Current liabilities		
Accounts payable - other	761,970	937,353
Income taxes payable	302,613	261,514
Advances received	1,331,464	2,160,141
Provision for sales returns	2,850	3,897
Provision for bonuses	213,175	54,760
Provision for cancellation refunds	358	–
Provision for loss on litigation	15,619	–
Asset retirement obligations	18,324	2,120
Other	784,449	813,190
Total current liabilities	3,430,826	4,232,977
Non-current liabilities		
Net defined benefit liability	1,101,479	1,115,271
Asset retirement obligations	918,495	981,923
Total non-current liabilities	2,019,974	2,097,195
Total liabilities	5,450,800	6,330,172
Net assets		
Shareholders' equity		
Capital stock	2,890,415	2,890,415
Capital surplus	822,859	822,859
Retained earnings	3,975,192	3,792,334
Treasury shares	(1,396,388)	(1,397,679)
Total shareholders' equity	6,292,080	6,107,930
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	431	180
Foreign currency translation adjustment	870	1,026
Remeasurements of defined benefit plans	(20,068)	(28,504)
Total accumulated other comprehensive income	(18,766)	(27,297)
Subscription rights to shares	–	22,337
Non-controlling interests	–	0
Total net assets	6,273,313	6,102,970
Total liabilities and net assets	11,724,113	12,433,143

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2017	Nine months ended November 30, 2018
Net sales	16,209,163	17,747,462
Cost of sales	11,932,408	12,815,938
Gross profit	4,276,754	4,931,524
Selling, general and administrative expenses	3,123,170	3,391,490
Operating profit	1,153,584	1,540,033
Non-operating income		
Interest income	20	10
Dividend income	23	26
Gain on bad debts recovered	1,002	1,945
Commission fee	1,418	-
Miscellaneous income	747	1,631
Foreign exchange gains	-	6,637
Other	1,714	2,028
Total non-operating income	4,925	12,280
Non-operating expenses		
Interest expenses	369	0
Amortization of share issuance cost	8,005	-
Foreign exchange losses	3,104	-
Other	674	20
Total non-operating expenses	12,154	20
Ordinary profit	1,146,355	1,552,293
Extraordinary income		
Reversal of allowance for provision for cancelation refunds	169	358
Insurance income	-	27,970
Compensation income	-	34,918
Total extraordinary income	169	63,247
Extraordinary losses		
Loss on retirement of non-current assets	1,039	39,090
Impairment loss	15,286	10,420
Litigation expenses	15,048	32,621
Relocation expenses	11,625	4,035
Provision for loss on litigation	23,147	-
Loss on liquidation of business	45,009	-
Loss on insurance cancellation	-	10,726
Other	1,250	-
Total extraordinary losses	112,406	96,894
Profit before income taxes	1,034,118	1,518,645
Income taxes	326,840	618,904
Profit	707,278	899,741
Loss attributable to non-controlling interests	(0)	-
Profit attributable to owners of parent	707,278	899,741

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2017	Nine months ended November 30, 2018
Profit	707,278	899,741
Other comprehensive income		
Valuation difference on available-for-sale securities	95	(250)
Foreign currency translation adjustment	(45)	156
Remeasurements of defined benefit plans, net of tax	4,923	(8,436)
Total other comprehensive income	4,973	(8,530)
Comprehensive income	712,252	891,211
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	712,252	891,211
Comprehensive income attributable to non-controlling interests	(0)	—