

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended February 28, 2019  
(Based on Japanese GAAP)**

April 8, 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 of ordinary general meeting of shareholders: May 24, 2019  
 Scheduled date to file Securities Report: May 27, 2019  
 Scheduled date to commence dividend payments: May 9, 2019  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 2019 (from March 1, 2018 to February 28, 2019)

(1) Consolidated operating results

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	%
Year ended February 28, 2019	24,496	8.5	2,529	17.2	2,540	18.7	1,576	14.1
Year ended February 28, 2018	22,584	8.7	2,158	5.2	2,139	5.3	1,381	8.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2019	10.68	10.68	25.2	21.0	10.3
Year ended February 28, 2018	9.36	—	22.0	18.6	9.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2019	12,513	6,263	49.9	42.28
As of February 28, 2018	11,724	6,273	53.5	42.49

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2019	2,707	(731)	(1,433)	4,716
Year ended February 28, 2018	2,278	(593)	(1,377)	4,171

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2018	7.00	7.00	7.00	7.00	28.00	1,377	99.7	21.9
Year ended February 28, 2019	7.50	7.50	7.50	3.50	—	1,623	103.0	26.0
Year ending February 29, 2020 (Forecast)	3.00	3.00	3.00	3.00	12.00		98.4	

3. Forecast of consolidated financial results for the year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

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	27,000	10.2	3,010	19.0	3,000	18.1	1,800	14.2	12.19

4. Notes

- (1) Changes in significant subsidiaries during the year ended February 28, 2019  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) 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

(3) Number of issued shares (common shares)

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

As of February 28, 2019	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 February 28, 2019	8,586,160 shares	As of February 28, 2018	8,581,854 shares
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Average number of shares during the period

Year ended February 28, 2019	147,626,055 shares	Year ended February 28, 2018	147,631,293 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of February 28, 2018	As of February 28, 2019
Assets		
Current assets		
Cash and deposits	4,171,521	4,716,148
Operating accounts receivable	833,705	924,243
Inventories	100,017	102,746
Income taxes receivable	–	145,734
Deferred tax assets	517,310	182,907
Other	444,926	441,968
Allowance for doubtful accounts	(15,065)	(12,816)
Total current assets	6,052,415	6,500,933
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,223,157	2,507,978
Accumulated depreciation	(1,103,396)	(1,147,080)
Buildings and structures, net	1,119,760	1,360,897
Tools, furniture and fixtures	1,485,572	1,656,340
Accumulated depreciation	(533,456)	(557,721)
Tools, furniture and fixtures, net	952,116	1,098,619
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	2,877,480
Intangible assets		
Other	162,163	153,609
Total intangible assets	162,163	153,609
Investments and other assets		
Investment securities	1,997	–
Deferred tax assets	574,629	456,932
Lease and guarantee deposits	2,143,707	2,236,021
Other	236,094	239,660
Allowance for doubtful accounts	(5,892)	(6,072)
Total investments and other assets	2,950,536	2,926,541
Total non-current assets	5,602,541	5,957,632
Deferred assets		
Deferred organization expenses	439	333
Business commencement expenses	68,718	54,510
Total deferred assets	69,157	54,844
Total assets	11,724,113	12,513,410

(Thousands of yen)

	As of February 28, 2018	As of February 28, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - other	761,970	1,222,619
Income taxes payable	302,613	400,616
Advances received	1,331,464	1,169,407
Provision for sales returns	2,850	3,626
Provision for bonuses	213,175	219,110
Provision for cancelation refunds	358	–
Provision for loss on litigation	15,619	–
Asset retirement obligations	18,324	2,127
Other	784,449	843,958
<b>Total current liabilities</b>	<b>3,430,826</b>	<b>3,861,464</b>
<b>Non-current liabilities</b>		
Lease obligations	–	8,264
Deferred tax liabilities	–	2,492
Net defined benefit liability	1,101,479	1,383,449
Asset retirement obligations	918,495	994,196
<b>Total non-current liabilities</b>	<b>2,019,974</b>	<b>2,388,402</b>
<b>Total liabilities</b>	<b>5,450,800</b>	<b>6,249,867</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	4,099,827
Treasury shares	(1,396,388)	(1,397,924)
<b>Total shareholders' equity</b>	<b>6,292,080</b>	<b>6,415,178</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	431	–
Foreign currency translation adjustment	870	664
Remeasurements of defined benefit plans	(20,068)	(174,637)
<b>Total accumulated other comprehensive income</b>	<b>(18,766)</b>	<b>(173,972)</b>
Share acquisition rights	–	22,337
<b>Total net assets</b>	<b>6,273,313</b>	<b>6,263,542</b>
<b>Total liabilities and net assets</b>	<b>11,724,113</b>	<b>12,513,410</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Net sales	22,584,511	24,496,171
Cost of sales	16,242,601	17,382,706
Gross profit	6,341,909	7,113,465
Selling, general and administrative expenses	4,183,692	4,583,501
Operating profit	2,158,217	2,529,963
Non-operating income		
Interest income	32	20
Dividend income	47	55
Gain on bad debts recovered	1,297	2,677
Foreign exchange gains	–	4,477
Commission fee	1,496	673
Miscellaneous income	884	1,770
Other	1,932	2,595
Total non-operating income	5,691	12,270
Non-operating expenses		
Interest expenses	370	27
Amortization of share issuance cost	8,005	–
Foreign exchange losses	14,379	–
Loss on cancellation of leases	–	1,221
Other	1,187	78
Total non-operating expenses	23,943	1,327
Ordinary profit	2,139,965	2,540,907
Extraordinary income		
Reversal of allowance for provision for cancelation refunds	1,848	358
Gain on sales of investment securities	–	135
Insurance income	–	27,970
Compensation income	–	34,918
Total extraordinary income	1,848	63,382
Extraordinary losses		
Loss on retirement of non-current assets	1,039	49,447
Impairment loss	20,562	10,420
Relocation expenses	12,626	4,035
Litigation expenses	15,604	32,923
Provision for loss on litigation	15,619	–
Loss on liquidation of business	45,009	–
Loss on insurance cancellation	–	10,726
Other	11,150	–
Total extraordinary losses	121,611	107,553
Profit before income taxes	2,020,202	2,496,736
Income taxes - current	347,484	544,632
Refund of income taxes	(9,829)	(0)
Income taxes - deferred	300,901	375,808
Total income taxes	638,556	920,441
Profit	1,381,646	1,576,295
Loss attributable to non-controlling interests	(0)	–
Profit attributable to owners of parent	1,381,646	1,576,295

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Profit	1,381,646	1,576,295
Other comprehensive income		
Valuation difference on available-for-sale securities	43	(431)
Foreign currency translation adjustment	643	(206)
Remeasurements of defined benefit plans, net of tax	(30,150)	(154,568)
Total other comprehensive income	(29,464)	(155,206)
Comprehensive income	1,352,181	1,421,089
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,352,181	1,421,089
Comprehensive income attributable to non-controlling interests	0	(0)

## Consolidated statements of changes in equity

Fiscal year ended February 28, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,890,415	822,859	3,971,448	(1,394,246)	6,290,476
Changes of items during period					
Profit attributable to owners of parent			1,381,646		1,381,646
Dividends of surplus			(1,377,901)		(1,377,901)
Purchase of treasury shares				(2,141)	(2,141)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	3,744	(2,141)	1,603
Balance at end of current period	2,890,415	822,859	3,975,192	(1,396,388)	6,292,080

	Accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	387	227	10,081	10,697
Changes of items during period				
Profit attributable to owners of parent				
Dividends of surplus				
Purchase of treasury shares				
Net changes of items other than shareholders' equity	43	643	(30,150)	(29,464)
Total changes of items during period	43	643	(30,150)	(29,464)
Balance at end of current period	431	870	(20,068)	(18,766)

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	–	0	6,301,174
Changes of items during period			
Profit attributable to owners of parent			1,381,646
Dividends of surplus			(1,377,901)
Purchase of treasury shares			(2,141)
Net changes of items other than shareholders' equity	–	(0)	(29,464)
Total changes of items during period	–	(0)	(27,861)
Balance at end of current period	–	–	6,273,313

Fiscal year ended February 28, 2019

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,890,415	822,859	3,975,192	(1,396,388)	6,292,080
Changes of items during period					
Profit attributable to owners of parent			1,576,295		1,576,295
Dividends of surplus			(1,451,660)		(1,451,660)
Purchase of treasury shares				(1,536)	(1,536)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	124,634	(1,536)	123,098
Balance at end of current period	2,890,415	822,859	4,099,827	(1,397,924)	6,415,178

	Accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	431	870	(20,068)	(18,766)
Changes of items during period				
Profit attributable to owners of parent				
Dividends of surplus				
Purchase of treasury shares				
Net changes of items other than shareholders' equity	(431)	(206)	(154,568)	(155,206)
Total changes of items during period	(431)	(206)	(154,568)	(155,206)
Balance at end of current period	–	664	(174,637)	(173,972)

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	–	–	6,273,313
Changes of items during period			
Profit attributable to owners of parent			1,576,295
Dividends of surplus			(1,451,660)
Purchase of treasury shares			(1,536)
Net changes of items other than shareholders' equity	22,337	–	(132,868)
Total changes of items during period	22,337	–	(9,770)
Balance at end of current period	22,337	–	6,263,542



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Cash flows from operating activities		
Profit before income taxes	2,020,202	2,496,736
Depreciation	233,061	254,649
Amortization of deferred assets	22,905	16,918
Increase (decrease) in allowance for doubtful accounts	(2,843)	(2,069)
Increase (decrease) in provision for bonuses	33,190	5,935
Increase(decrease) in provision for cancellation refunds	(2,116)	(358)
Increase (decrease) in provision for loss on litigation	15,619	–
Increase (decrease) in net defined benefit liability	158,513	281,970
Increase (decrease) in remeasurements of defined benefit plans	(30,150)	(154,568)
Increase (decrease) in other provision	(785)	776
Interest and dividend income	(79)	(75)
Loss on retirement of property, plant and equipment	1,039	49,447
Impairment loss	20,562	10,420
Interest expenses	370	27
Decrease (increase) in notes and accounts receivable - trade	(93,955)	(90,538)
Decrease (increase) in inventories	25,876	(2,728)
Decrease (increase) in prepaid expenses	(61,473)	(8,066)
Increase (decrease) in notes and accounts payable - trade	3,243	317
Increase (decrease) in accrued consumption taxes	26,865	81
Increase (decrease) in accounts payable - other	32,860	464,600
Increase (decrease) in advances received	240,626	(162,056)
Other, net	96,109	(4,046)
Subtotal	2,739,644	3,157,373
Interest and dividend income received	79	75
Interest expenses paid	(370)	(27)
Litigation settlement paid	(109,900)	(15,619)
Income taxes paid	(378,960)	(459,561)
Income taxes refund	27,978	25,711
Net cash provided by (used in) operating activities	2,278,471	2,707,951
Cash flows from investing activities		
Purchase of property, plant and equipment	(324,231)	(545,664)
Purchase of intangible assets	(38,533)	(38,520)
Proceeds from sales of investment securities	–	1,511
Purchase of insurance funds	(39,441)	(18,863)
Payments for lease and guarantee deposits	(191,643)	(153,405)
Proceeds from collection of lease and guarantee deposits	79,702	60,862
Payments for deferred assets	(26,509)	–
Other, net	(52,732)	(37,064)
Net cash provided by (used in) investing activities	(593,387)	(731,145)

(Thousands of yen)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Cash flows from financing activities		
Increase in short-term loans payable	900,000	–
Decrease in short-term loans payable	(900,000)	–
Cash dividends paid	(1,373,651)	(1,452,981)
Proceeds from issuance of share acquisition rights	–	22,337
Purchase of treasury shares	(2,141)	(1,536)
Other, net	(1,279)	(1,567)
Net cash provided by (used in) financing activities	(1,377,072)	(1,433,748)
Effect of exchange rate change on cash and cash equivalents	(2,545)	1,569
Net increase (decrease) in cash and cash equivalents	305,465	544,627
Cash and cash equivalents at beginning of period	3,866,056	4,171,521
Cash and cash equivalents at end of period	4,171,521	4,716,148