

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended May 31, 2020 (Based on Japanese GAAP)

July 9, 2020

Company name: Riso Kyoiku Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4714 URL <http://www.tomas.co.jp/>
 Representative: President and CEO Shigenori Hirano
 Inquiries: Vice president and CFO Masaaki Kume TEL 03-5996-3701
 Scheduled date to file Quarterly Securities Report: July 10, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 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 three months ended May 31, 2020 (from March 1, 2020 to May 31, 2020)

(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, 2020	4,165	(21.2)	(1,316)	–	(1,318)	–	(1,036)	–
Three months ended May 31, 2019	5,288	11.2	(233)	–	(235)	–	(206)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2020	(7.16)		–	
Three months ended May 31, 2019	(1.40)		–	

(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, 2020	10,756	3,936	35.9	26.78
As of February 29, 2020	13,214	6,157	45.9	41.35

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 29, 2020	3.00	3.00	3.00	3.00	12.00
Year ending February 28, 2021	0.00				
Year ending February 28, 2021 (Forecast)		6.00	–	–	–

3. Forecast of consolidated financial results for the year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

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	1.1	–	–	–	–	–	–	–

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2020
 (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, 2020	156,209,829 shares	As of February 29, 2020	156,209,829 shares
--------------------	--------------------	-------------------------	--------------------

Number of treasury shares at the end of the period

As of May 31, 2020	11,936,390 shares	As of February 29, 2020	9,433,200 shares
--------------------	-------------------	-------------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2020	144,673,185 shares	Three months ended May 31, 2019	147,623,423 shares
---------------------------------	--------------------	---------------------------------	--------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 29, 2020	As of May 31, 2020
Assets		
Current assets		
Cash and deposits	4,837,138	2,245,762
Trade accounts receivable	1,133,803	856,795
Inventories	111,399	133,777
Income taxes receivable	106,096	44,183
Other	472,250	460,294
Allowance for doubtful accounts	(15,927)	(13,212)
Total current assets	6,644,759	3,727,600
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,773,988	2,873,560
Accumulated depreciation	(1,275,350)	(1,313,002)
Buildings and structures, net	1,498,638	1,560,557
Tools, furniture and fixtures	1,769,455	1,830,398
Accumulated depreciation	(628,569)	(649,402)
Tools, furniture and fixtures, net	1,140,886	1,180,995
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	3,057,487	3,159,517
Intangible assets		
Other	135,571	130,553
Total intangible assets	135,571	130,553
Investments and other assets		
Deferred tax assets	670,422	940,810
Leasehold and guarantee deposits	2,416,943	2,511,782
Other	257,542	258,937
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	3,338,836	3,705,459
Total non-current assets	6,531,895	6,995,529
Deferred assets		
Organization expenses	237	210
Business commencement expenses	37,461	32,677
Total deferred assets	37,699	32,888
Total assets	13,214,354	10,756,018

(Thousands of yen)

	As of February 29, 2020	As of May 31, 2020
Liabilities		
Current liabilities		
Accounts payable - other	1,040,268	1,087,986
Income taxes payable	523,320	29,924
Advances received	1,551,565	1,916,931
Provision for sales returns	3,008	532
Provision for bonuses	244,486	442,754
Asset retirement obligations	4,539	1,288
Other	1,131,788	713,146
Total current liabilities	4,498,977	4,192,565
Non-current liabilities		
Lease obligations	6,091	5,544
Retirement benefit liability	1,499,862	1,553,750
Asset retirement obligations	1,052,023	1,067,874
Total non-current liabilities	2,557,977	2,627,169
Total liabilities	7,056,954	6,819,734
Net assets		
Shareholders' equity		
Share capital	2,890,415	2,890,415
Capital surplus	822,859	822,859
Retained earnings	4,208,207	2,731,418
Treasury shares	(1,724,062)	(2,459,580)
Total shareholders' equity	6,197,419	3,985,112
Accumulated other comprehensive income		
Foreign currency translation adjustment	201	690
Remeasurements of defined benefit plans	(127,884)	(121,607)
Total accumulated other comprehensive income	(127,682)	(120,916)
Share acquisition rights	48,364	48,364
Non-controlling interests	39,298	23,724
Total net assets	6,157,400	3,936,284
Total liabilities and net assets	13,214,354	10,756,018

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, 2019	Three months ended May 31, 2020
Net sales	5,288,243	4,165,812
Cost of sales	4,288,604	4,188,946
Gross profit (loss)	999,638	(23,133)
Selling, general and administrative expenses	1,233,557	1,293,452
Operating loss	(233,918)	(1,316,586)
Non-operating income		
Gain on bad debts recovered	1,339	716
Gain on forfeiture of unclaimed dividends	–	1,055
Interest on tax refund	–	888
Miscellaneous income	441	103
Other	578	308
Total non-operating income	2,360	3,073
Non-operating expenses		
Interest expenses	25	1,586
Foreign exchange losses	3,393	2,003
Commission expenses	–	1,470
Other	202	185
Total non-operating expenses	3,621	5,246
Ordinary loss	(235,179)	(1,318,759)
Extraordinary income		
Other	–	2,005
Total extraordinary income	–	2,005
Extraordinary losses		
Loss on retirement of non-current assets	1,803	–
Total extraordinary losses	1,803	–
Loss before income taxes	(236,983)	(1,316,754)
Income taxes	(30,854)	(264,721)
Loss	(206,128)	(1,052,033)
Loss attributable to non-controlling interests	–	(15,574)
Loss attributable to owners of parent	(206,128)	(1,036,458)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2019	Three months ended May 31, 2020
Loss	(206,128)	(1,052,033)
Other comprehensive income		
Foreign currency translation adjustment	298	488
Remeasurements of defined benefit plans, net of tax	5,151	6,277
Total other comprehensive income	5,450	6,765
Comprehensive income	(200,678)	(1,045,267)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(200,678)	(1,045,267)
Comprehensive income attributable to non-controlling interests	—	—