

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2016 (Based on Japanese GAAP)

January 10, 2017

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 11, 2017
 Scheduled date to commence dividend payments: –
 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 nine months ended November 30, 2016 (from March 1, 2016 to November 30, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended November 30, 2016	14,952	5.5	1,153	5.5	1,139	6.4	702	0.1
Nine months ended November 30, 2015	14,170	3.3	1,093	108.0	1,071	110.4	701	(65.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2016	13.69		–	
Nine months ended November 30, 2015	13.60		–	

(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, 2016	11,543	6,112	53.0	124.21
As of February 29, 2016	12,493	7,785	62.3	150.84

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, 2016	0.00	0.00	0.00	10.00	10.00
Year ending February 28, 2017	0.00	12.00	6.00		
Year ending February 28, 2017 (Forecast)				7.00	25.00

3. Forecast of consolidated financial results for the year ending February 28, 2017 (from March 1, 2016 to February 28, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	20,800	5.9	2,100	11.1	2,050	10.4	1,250	(12.5)	24.62

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2016
(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: Yes
- 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, 2016	52,069,943 shares	As of February 29, 2016	52,069,943 shares
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Number of treasury shares at the end of the period

As of November 30, 2016	2,857,598 shares	As of February 29, 2016	452,238 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, 2016	51,281,612 shares	Nine months ended November 30, 2015	51,575,928 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 29, 2016	As of November 30, 2016
Assets		
Current assets		
Cash and deposits	4,515,815	3,986,049
Operating accounts receivable	1,356,567	946,620
Inventories	99,636	102,313
Deferred tax assets	100,167	62,477
Other	334,597	413,014
Allowance for doubtful accounts	(11,733)	(17,246)
Total current assets	6,395,050	5,493,229
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,890,504	1,962,446
Accumulated depreciation	(967,660)	(1,003,596)
Buildings and structures, net	922,843	958,849
Tools, furniture and fixtures	1,345,177	1,366,381
Accumulated depreciation	(508,114)	(512,274)
Tools, furniture and fixtures, net	837,062	854,106
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	2,177,869	2,230,919
Intangible assets		
Other	200,430	211,249
Total intangible assets	200,430	211,249
Investments and other assets		
Investment securities	1,274	1,754
Deferred tax assets	1,563,305	1,433,474
Lease and guarantee deposits	1,952,297	1,959,974
Other	163,750	198,594
Total investments and other assets	3,680,628	3,593,798
Total non-current assets	6,058,928	6,035,967
Deferred assets		
Share issuance cost	39,446	14,009
Total deferred assets	39,446	14,009
Total assets	12,493,425	11,543,206

(Thousands of yen)

	As of February 29, 2016	As of November 30, 2016
Liabilities		
Current liabilities		
Accounts payable - other	805,368	997,904
Income taxes payable	127,684	196,431
Advances received	1,155,577	1,718,526
Provision for sales returns	13,777	14,631
Provision for bonuses	144,086	44,670
Provision for cancellation refunds	45,622	35,874
Asset retirement obligations	–	9,251
Other	750,648	726,928
Total current liabilities	3,042,766	3,744,219
Non-current liabilities		
Net defined benefit liability	826,949	845,390
Asset retirement obligations	836,410	840,598
Other	1,436	392
Total non-current liabilities	1,664,796	1,686,381
Total liabilities	4,707,563	5,430,601
Net assets		
Shareholders' equity		
Capital stock	2,890,415	2,890,415
Capital surplus	822,859	822,859
Retained earnings	4,181,754	3,693,658
Treasury shares	(215,016)	(1,393,979)
Total shareholders' equity	7,680,012	6,012,954
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(68)	262
Remeasurements of defined benefit plans	105,917	99,387
Total accumulated other comprehensive income	105,849	99,650
Total net assets	7,785,861	6,112,605
Total liabilities and net assets	12,493,425	11,543,206

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, 2015	Nine months ended November 30, 2016
Net sales	14,170,814	14,952,878
Cost of sales	10,568,349	11,102,744
Gross profit	3,602,464	3,850,133
Selling, general and administrative expenses	2,509,374	2,696,776
Operating income	1,093,090	1,153,357
Non-operating income		
Interest income	481	37
Dividend income	23	23
Gain on forfeiture of unclaimed dividends	6,594	7,091
Interest on refund	590	–
Gain on bad debts recovered	2,212	3,752
Other	3,115	2,103
Total non-operating income	13,017	13,007
Non-operating expenses		
Interest expenses	167	52
Amortization of share issuance cost	34,719	25,437
Other	216	1,859
Total non-operating expenses	35,102	27,349
Ordinary income	1,071,005	1,139,016
Extraordinary income		
Gain on sales of non-current assets	1,312	–
Reversal of allowance for provision for cancelation refunds	68,007	8,429
Total extraordinary income	69,319	8,429
Extraordinary losses		
Loss on retirement of non-current assets	–	3,049
Impairment loss	38,240	6,527
Litigation expenses	16,728	17,435
Loss on Fraud Transactions	22,062	–
Business structure improvement expenses	25,302	–
Relocation expenses	9,059	5,227
Loss on insurance cancellation	–	13,004
Provision for loss on classroom closing	1,490	–
Other	–	3,324
Total extraordinary losses	112,884	48,569
Income before income taxes and minority interests	1,027,440	1,098,875
Income taxes	326,112	396,614
Profit	701,327	702,261
Profit attributable to owners of parent	701,327	702,261

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2015	Nine months ended November 30, 2016
Profit	701,327	702,261
Other comprehensive income		
Valuation difference on available-for-sale securities	44	331
Remeasurements of defined benefit plans, net of tax	(6,016)	(6,529)
Total other comprehensive income	(5,972)	(6,198)
Comprehensive income	695,354	696,063
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	695,354	696,063
Comprehensive income attributable to non-controlling interests	—	—