

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2019 (Based on Japanese GAAP)

July 9, 2019

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, 2019
 Scheduled date to commence dividend payments: August 8, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2019 (from March 1, 2019 to May 31, 2019)

(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, 2019	5,288	11.2	(233)	–	(235)	–	(206)	–
Three months ended May 31, 2018	4,755	8.4	(287)	–	(285)	–	(235)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2019	(1.40)		–	
Three months ended May 31, 2018	(1.60)		–	

(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, 2019	11,558	5,546	47.8	37.42
As of February 28, 2019	12,510	6,263	49.9	42.28

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, 2019	7.50	7.50	7.50	3.50	26.00
Year ending February 29, 2020	3.00				
Year ending February 29, 2020 (Forecast)		3.00	3.00	3.00	12.00

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 three months ended May 31, 2019
 (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, 2019	156,209,829 shares	As of February 28, 2019	156,209,829 shares
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Number of treasury shares at the end of the period

As of May 31, 2019	8,586,490 shares	As of February 28, 2019	8,586,160 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, 2019	147,623,423 shares	Three months ended May 31, 2018	147,627,628 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2019	As of May 31, 2019
Assets		
Current assets		
Cash and deposits	4,716,148	3,459,393
Operating accounts receivable	924,243	1,000,295
Inventories	102,746	115,096
Income taxes receivable	145,734	145,734
Other	441,968	414,859
Allowance for doubtful accounts	(12,816)	(15,797)
Total current assets	6,318,025	5,119,581
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,507,978	2,605,477
Accumulated depreciation	(1,147,080)	(1,179,585)
Buildings and structures, net	1,360,897	1,425,891
Tools, furniture and fixtures	1,656,340	1,705,283
Accumulated depreciation	(557,721)	(572,371)
Tools, furniture and fixtures, net	1,098,619	1,132,912
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	2,877,480	2,976,767
Intangible assets		
Other	153,609	151,481
Total intangible assets	153,609	151,481
Investments and other assets		
Deferred tax assets	637,347	742,218
Lease and guarantee deposits	2,236,021	2,287,199
Other	239,660	238,167
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	3,106,956	3,261,513
Total non-current assets	6,138,047	6,389,762
Deferred assets		
Deferred organization expenses	333	307
Business commencement expenses	54,510	49,038
Total deferred assets	54,844	49,345
Total assets	12,510,917	11,558,689

(Thousands of yen)

	As of February 28, 2019	As of May 31, 2019
Liabilities		
Current liabilities		
Accounts payable - other	1,222,619	929,835
Income taxes payable	400,616	98,000
Advances received	1,169,407	1,382,199
Provision for sales returns	3,626	1,315
Provision for bonuses	219,110	401,870
Asset retirement obligations	2,127	–
Other	843,958	746,256
Total current liabilities	3,861,464	3,559,478
Non-current liabilities		
Lease obligations	8,264	7,723
Net defined benefit liability	1,383,449	1,430,972
Asset retirement obligations	994,196	1,014,504
Total non-current liabilities	2,385,910	2,453,199
Total liabilities	6,247,375	6,012,678
Net assets		
Shareholders' equity		
Capital stock	2,890,415	2,890,415
Capital surplus	822,859	822,859
Retained earnings	4,099,827	3,377,015
Treasury shares	(1,397,924)	(1,398,094)
Total shareholders' equity	6,415,178	5,692,196
Accumulated other comprehensive income		
Foreign currency translation adjustment	664	962
Remeasurements of defined benefit plans	(174,637)	(169,485)
Total accumulated other comprehensive income	(173,972)	(168,522)
Share acquisition rights	22,337	22,337
Total net assets	6,263,542	5,546,011
Total liabilities and net assets	12,510,917	11,558,689

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, 2018	Three months ended May 31, 2019
Net sales	4,755,976	5,288,243
Cost of sales	3,912,970	4,288,604
Gross profit	843,005	999,638
Selling, general and administrative expenses	1,130,356	1,233,557
Operating loss	(287,351)	(233,918)
Non-operating income		
Interest income	0	–
Gain on bad debts recovered	609	1,339
Foreign exchange gains	539	–
Miscellaneous income	598	441
Other	227	578
Total non-operating income	1,975	2,360
Non-operating expenses		
Interest expenses	0	25
Foreign exchange losses	–	3,393
Other	–	202
Total non-operating expenses	0	3,621
Ordinary loss	(285,376)	(235,179)
Extraordinary income		
Reversal of allowance for provision for cancelation refunds	48	–
Insurance income	27,970	–
Total extraordinary income	28,018	–
Extraordinary losses		
Loss on retirement of non-current assets	–	1,803
Impairment loss	10,006	–
Litigation expenses	30,537	–
Other	2,516	–
Total extraordinary losses	43,061	1,803
Loss before income taxes	(300,419)	(236,983)
Income taxes	(64,910)	(30,854)
Loss	(235,508)	(206,128)
Loss attributable to owners of parent	(235,508)	(206,128)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2018	Three months ended May 31, 2019
Loss	(235,508)	(206,128)
Other comprehensive income		
Valuation difference on available-for-sale securities	(193)	–
Foreign currency translation adjustment	(64)	298
Remeasurements of defined benefit plans, net of tax	(2,812)	5,151
Total other comprehensive income	(3,070)	5,450
Comprehensive income	(238,578)	(200,678)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(238,578)	(200,678)
Comprehensive income attributable to non-controlling interests	(0)	–