

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 29, 2020
(Based on Japanese GAAP)**

April 7, 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 of ordinary general meeting of shareholders: May 28, 2020
 Scheduled date to file Securities Report: May 29, 2020
 Scheduled date to commence dividend payments: May 13, 2020
 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 29, 2020 (from March 1, 2019 to February 29, 2020)

(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 29, 2020	26,704	9.0	2,716	7.4	2,749	8.2	1,953	23.9
Year ended February 28, 2019	24,496	8.5	2,529	17.2	2,540	18.7	1,576	14.1

	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 29, 2020	13.24	13.23	31.7	21.4	10.2
Year ended February 28, 2019	10.68	10.68	25.2	21.0	10.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2020	13,214	6,157	45.9	41.35
As of February 28, 2019	12,510	6,263	49.9	42.28

(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 29, 2020	2,911	(652)	(2,138)	4,837
Year ended February 28, 2019	2,707	(731)	(1,433)	4,716

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, 2019	7.50	7.50	7.50	3.50	—	1,623	103.0	26.0
Year ended February 29, 2020	3.00	3.00	3.00	3.00	12.00	1,768	90.6	28.7
Year ending February 28, 2021 (Forecast)	—	—	—	—	—	—	—	—

3. Notes

- (1) Changes in significant subsidiaries during the year ended February 29, 2020
 (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 29, 2020	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 February 29, 2020	9,433,200 shares	As of February 28, 2019	8,586,160 shares
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Average number of shares during the period

Year ended February 29, 2020	147,600,611 shares	Year ended February 28, 2019	147,626,055 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2019	As of February 29, 2020
Assets		
Current assets		
Cash and deposits	4,716,148	4,837,138
Operating accounts receivable	924,243	1,133,803
Inventories	102,746	111,399
Income taxes receivable	145,734	106,096
Other	441,968	472,250
Allowance for doubtful accounts	(12,816)	(15,927)
Total current assets	6,318,025	6,644,759
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,507,978	2,773,988
Accumulated depreciation	(1,147,080)	(1,275,350)
Buildings and structures, net	1,360,897	1,498,638
Tools, furniture and fixtures	1,656,340	1,769,455
Accumulated depreciation	(557,721)	(628,569)
Tools, furniture and fixtures, net	1,098,619	1,140,886
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	3,057,487
Intangible assets		
Other	153,609	135,571
Total intangible assets	153,609	135,571
Investments and other assets		
Deferred tax assets	637,347	670,422
Leasehold and guarantee deposits	2,236,021	2,416,943
Other	239,660	257,542
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	3,106,956	3,338,836
Total non-current assets	6,138,047	6,531,895
Deferred assets		
Deferred organization expenses	333	237
Business commencement expenses	54,510	37,461
Total deferred assets	54,844	37,699
Total assets	12,510,917	13,214,354

(Thousands of yen)

	As of February 28, 2019	As of February 29, 2020
Liabilities		
Current liabilities		
Accounts payable - other	1,222,619	1,040,268
Income taxes payable	400,616	523,320
Advances received	1,169,407	1,551,565
Provision for sales returns	3,626	3,008
Provision for bonuses	219,110	244,486
Asset retirement obligations	2,127	4,539
Other	843,958	1,131,788
Total current liabilities	3,861,464	4,498,977
Non-current liabilities		
Lease obligations	8,264	6,091
Retirement benefit liability	1,383,449	1,499,862
Asset retirement obligations	994,196	1,052,023
Total non-current liabilities	2,385,910	2,557,977
Total liabilities	6,247,375	7,056,954
Net assets		
Shareholders' equity		
Capital stock	2,890,415	2,890,415
Capital surplus	822,859	822,859
Retained earnings	4,099,827	4,208,207
Treasury shares	(1,397,924)	(1,724,062)
Total shareholders' equity	6,415,178	6,197,419
Accumulated other comprehensive income		
Foreign currency translation adjustment	664	201
Remeasurements of defined benefit plans	(174,637)	(127,884)
Total accumulated other comprehensive income	(173,972)	(127,682)
Share acquisition rights	22,337	48,364
Non-controlling interests	–	39,298
Total net assets	6,263,542	6,157,400
Total liabilities and net assets	12,510,917	13,214,354

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

(Thousands of yen)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Net sales	24,496,171	26,704,899
Cost of sales	17,382,706	18,997,866
Gross profit	7,113,465	7,707,032
Selling, general and administrative expenses	4,583,501	4,990,043
Operating profit	2,529,963	2,716,989
Non-operating income		
Interest income	20	25
Dividend income	55	0
Gain on bad debts recovered	2,677	2,768
Gain on forfeiture of unclaimed dividends	–	4,530
Foreign exchange gains	4,477	–
Commission income	673	–
Contribution for construction	–	22,690
Miscellaneous income	1,770	1,220
Other	2,595	2,604
Total non-operating income	12,270	33,839
Non-operating expenses		
Interest expenses	27	95
Foreign exchange losses	–	262
Loss on cancellation of leases	1,221	199
Commission expenses	–	651
Other	78	170
Total non-operating expenses	1,327	1,380
Ordinary profit	2,540,907	2,749,448
Extraordinary income		
Reversal of allowance for provision for cancelation refunds	358	–
Gain on sales of investment securities	135	–
Insurance income	27,970	–
Compensation income	34,918	–
Total extraordinary income	63,382	–
Extraordinary losses		
Loss on retirement of non-current assets	49,447	2,028
Impairment loss	10,420	96,278
Relocation expenses	4,035	–
Litigation expenses	32,923	–
Loss on insurance cancellation	10,726	–
Other	–	5,056
Total extraordinary losses	107,553	103,362
Profit before income taxes	2,496,736	2,646,085
Income taxes - current	544,632	755,874
Income taxes - deferred	375,808	(53,758)
Total income taxes	920,441	702,116
Profit	1,576,295	1,943,969
Loss attributable to non-controlling interests	–	(9,701)
Profit attributable to owners of parent	1,576,295	1,953,670

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Profit	1,576,295	1,943,969
Other comprehensive income		
Valuation difference on available-for-sale securities	(431)	–
Foreign currency translation adjustment	(206)	(462)
Remeasurements of defined benefit plans, net of tax	(154,568)	46,752
Total other comprehensive income	(155,206)	46,290
Comprehensive income	1,421,089	1,990,260
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,421,089	1,990,260
Comprehensive income attributable to non-controlling interests	(0)	(0)

Consolidated statements of changes in equity

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)
Disposal of treasury shares					–
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				
Disposal 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)
Disposal of treasury shares			–
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

Fiscal year ended February 29, 2020

(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	4,099,827	(1,397,924)	6,415,178
Changes of items during period					
Profit attributable to owners of parent			1,953,670		1,953,670
Dividends of surplus			(1,845,291)		(1,845,291)
Purchase of treasury shares				(326,142)	(326,142)
Disposal of treasury shares				3	3
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	108,379	(326,138)	(217,758)
Balance at end of current period	2,890,415	822,859	4,208,207	(1,724,062)	6,197,419

	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	-	664	(174,637)	(173,972)
Changes of items during period				
Profit attributable to owners of parent				
Dividends of surplus				
Purchase of treasury shares				
Disposal of treasury shares				
Net changes of items other than shareholders' equity	-	(462)	46,752	46,290
Total changes of items during period	-	(462)	46,752	46,290
Balance at end of current period	-	201	(127,884)	(127,682)

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	22,337	-	6,263,542
Changes of items during period			
Profit attributable to owners of parent			1,953,670
Dividends of surplus			(1,845,291)
Purchase of treasury shares			(326,142)
Disposal of treasury shares			3
Net changes of items other than shareholders' equity	26,026	39,298	111,616
Total changes of items during period	26,026	39,298	(106,142)
Balance at end of current period	48,364	39,298	6,157,400

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Cash flows from operating activities		
Profit before income taxes	2,496,736	2,646,085
Depreciation	254,649	295,824
Amortization of deferred assets	16,918	17,159
Increase (decrease) in allowance for doubtful accounts	(2,069)	3,111
Increase (decrease) in provision for bonuses	5,935	25,376
Increase(decrease) in provision for cancellation refunds	(358)	–
Increase (decrease) in retirement benefit liability	281,970	116,412
Increase (decrease) in remeasurements of defined benefit plans	(154,568)	46,752
Increase (decrease) in other provision	776	(617)
Interest and dividend income	(75)	(25)
Loss on retirement of property, plant and equipment	49,447	2,028
Impairment loss	10,420	96,278
Interest expenses	27	95
Decrease (increase) in notes and accounts receivable - trade	(90,538)	(209,218)
Decrease (increase) in inventories	(2,728)	(8,652)
Decrease (increase) in prepaid expenses	(8,066)	(27,194)
Increase (decrease) in notes and accounts payable - trade	317	(687)
Decrease (increase) in consumption taxes refund receivable	–	(1,886)
Increase (decrease) in accrued consumption taxes	81	228,896
Increase (decrease) in accounts payable - other	464,600	(190,002)
Increase (decrease) in advances received	(162,056)	382,157
Other, net	(4,046)	89,968
Subtotal	3,157,373	3,511,861
Interest and dividend income received	75	25
Interest expenses paid	(27)	(95)
Litigation settlement paid	(15,619)	–
Income taxes paid	(459,561)	(680,879)
Income taxes refund	25,711	80,846
Net cash provided by (used in) operating activities	2,707,951	2,911,758
Cash flows from investing activities		
Purchase of property, plant and equipment	(545,664)	(445,194)
Purchase of intangible assets	(38,520)	(40,068)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	–	49,000
Proceeds from sales of investment securities	1,511	–
Purchase of insurance funds	(18,863)	(18,863)
Payments for leasehold and guarantee deposits	(153,405)	(187,986)
Proceeds from collection of leasehold and guarantee deposits	60,862	6,320
Other, net	(37,064)	(15,661)
Net cash provided by (used in) investing activities	(731,145)	(652,453)

(Thousands of yen)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Cash flows from financing activities		
Cash dividends paid	(1,452,981)	(1,838,453)
Proceeds from issuance of share acquisition rights	22,337	26,026
Purchase of treasury shares	(1,536)	(326,142)
Proceeds from disposal of treasury shares	–	3
Other, net	(1,567)	–
Net cash provided by (used in) financing activities	(1,433,748)	(2,138,565)
Effect of exchange rate change on cash and cash equivalents	1,569	250
Net increase (decrease) in cash and cash equivalents	544,627	120,990
Cash and cash equivalents at beginning of period	4,171,521	4,716,148
Cash and cash equivalents at end of period	4,716,148	4,837,138