

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2020 (Based on Japanese GAAP)

January 7, 2021

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: January 8, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 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 nine months ended November 30, 2020 (from March 1, 2020 to November 30, 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	%
Nine months ended November 30, 2020	17,886	(7.8)	149	(91.0)	338	(79.8)	40	(96.2)
Nine months ended November 30, 2019	19,396	9.3	1,671	8.5	1,679	8.2	1,057	17.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2020	0.28		0.28	
Nine months ended November 30, 2019	7.16		7.16	

(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, 2020	13,602	6,043	43.9	40.42
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	0.00	0.00		
Year ending February 28, 2021 (Forecast)				6.00 ~9.00	6.00 ~9.00

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	26,000	(2.6)	1,510	(44.4)	1,500	(45.4)	1,000	(48.8)	6.89

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 2020	156,209,829 shares	As of February 29, 2020	156,209,829 shares
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Number of treasury shares at the end of the period

As of November 30, 2020	8,395,630 shares	As of February 29, 2020	9,433,200 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, 2020	145,920,542 shares	Nine months ended November 30, 2019	147,623,212 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 29, 2020	As of November 30, 2020
Assets		
Current assets		
Cash and deposits	4,837,138	4,519,662
Trade accounts receivable	1,133,803	1,510,521
Inventories	111,399	130,142
Income taxes receivable	106,096	70,753
Other	472,250	489,368
Allowance for doubtful accounts	(15,927)	(15,555)
Total current assets	6,644,759	6,704,892
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,773,988	2,931,795
Accumulated depreciation	(1,275,350)	(1,377,297)
Buildings and structures, net	1,498,638	1,554,497
Tools, furniture and fixtures	1,769,455	1,840,219
Accumulated depreciation	(628,569)	(675,864)
Tools, furniture and fixtures, net	1,140,886	1,164,355
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	3,136,816
Intangible assets		
Other	135,571	182,653
Total intangible assets	135,571	182,653
Investments and other assets		
Investment securities	–	110,350
Deferred tax assets	670,422	642,381
Leasehold and guarantee deposits	2,416,943	2,531,399
Other	257,542	275,635
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	3,338,836	3,553,695
Total non-current assets	6,531,895	6,873,166
Deferred assets		
Organization expenses	237	158
Business commencement expenses	37,461	24,604
Total deferred assets	37,699	24,763
Total assets	13,214,354	13,602,821

(Thousands of yen)

	As of February 29, 2020	As of November 30, 2020
Liabilities		
Current liabilities		
Accounts payable - other	1,040,268	1,313,329
Income taxes payable	523,320	190,686
Advances received	1,551,565	2,359,635
Provision for sales returns	3,008	2,027
Provision for bonuses	244,486	66,300
Asset retirement obligations	4,539	12,529
Other	1,131,788	885,948
Total current liabilities	4,498,977	4,830,456
Non-current liabilities		
Lease obligations	6,091	4,446
Retirement benefit liability	1,499,862	1,638,843
Asset retirement obligations	1,052,023	1,077,045
Deferred tax liabilities	–	8,607
Total non-current liabilities	2,557,977	2,728,943
Total liabilities	7,056,954	7,559,400
Net assets		
Shareholders' equity		
Share capital	2,890,415	2,890,415
Capital surplus	822,859	1,105,307
Retained earnings	4,208,207	3,808,339
Treasury shares	(1,724,062)	(1,730,239)
Total shareholders' equity	6,197,419	6,073,823
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	3,811
Foreign currency translation adjustment	201	83
Remeasurements of defined benefit plans	(127,884)	(102,969)
Total accumulated other comprehensive income	(127,682)	(99,074)
Share acquisition rights	48,364	68,671
Non-controlling interests	39,298	–
Total net assets	6,157,400	6,043,421
Total liabilities and net assets	13,214,354	13,602,821

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, 2019	Nine months ended November 30, 2020
Net sales	19,396,796	17,886,882
Cost of sales	13,976,636	13,935,096
Gross profit	5,420,159	3,951,786
Selling, general and administrative expenses	3,748,864	3,802,090
Operating profit	1,671,295	149,695
Non-operating income		
Interest income	10	10
Dividend income	0	0
Foreign exchange gains	147	235
Gain on forfeiture of unclaimed dividends	3,557	2,891
Subsidy income	–	204,817
Gain on bad debts recovered	1,979	1,720
Interest on tax refund	–	1,107
Miscellaneous income	1,051	510
Other	1,897	11,977
Total non-operating income	8,644	223,270
Non-operating expenses		
Interest expenses	73	2,100
Share issuance cost	–	30,100
Loss on cancellation of leases	199	–
Commission expenses	–	1,470
Other	2	557
Total non-operating expenses	276	34,229
Ordinary profit	1,679,663	338,737
Extraordinary income		
Compensation income	–	25,668
Other	–	3,769
Total extraordinary income	–	29,437
Extraordinary losses		
Loss on retirement of non-current assets	2,028	9,529
Relocation expenses	–	727
Total extraordinary losses	2,028	10,257
Profit before income taxes	1,677,635	357,917
Income taxes	623,726	356,753
Profit	1,053,908	1,163
Loss attributable to non-controlling interests	(3,769)	(39,298)
Profit attributable to owners of parent	1,057,678	40,462

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Profit	1,053,908	1,163
Other comprehensive income		
Valuation difference on available-for-sale securities	–	3,811
Foreign currency translation adjustment	97	(118)
Remeasurements of defined benefit plans, net of tax	15,436	24,914
Total other comprehensive income	15,534	28,608
Comprehensive income	1,069,443	29,771
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,069,443	29,771
Comprehensive income attributable to non-controlling interests	0	(0)