



4/8/2021

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Regarding the Difference between FY20/21 Predicted and Actual Consolidated Financial Results

This is an announcement regarding discrepancies between the results forecasted in “Announcement Regarding Forecasted Business Results FY 2021” released on October 8th 2020 and the actual results posted today for FY 20/21.

1. Forecasted and Actual Consolidated Financial Results (March 1st 2020 to February 28th 2021)

	Net Sales (Millions of JPY)	Operating Income (Millions of JPY)	Ordinary Profit (Millions of JPY)	Profit Attributable to Owners (Millions of JPY)
Previous Predicted Results (A)	26,000	1,510	1,500	1,000
Actual Results (B)	25,201	1,010	1,192	555
Difference (B - A)	-799	-500	-308	-445
Percentage Change (%)	-3.0%	-33.1%	-20.5%	-44.5%
(Reference) FY 19/20 Results	26,704	2,716	2,749	1,953

2. Reasons Behind the Discrepancies

The number of lessons conducted across the entire Riso Kyoiku Group decreased as a result of the second State of Emergency between 8th of January and March 21st 2021, leading to a slight decline in net sales versus what was predicted in 2020. Furthermore, in anticipation of a rebound in activity after the coronavirus pandemic, an additional investment of 180,000,000 JPY for the opening of new schools, staffing and securing ideal real estate led to operating income and operating profits being slightly lower than predicted. Following a conservative review of deferred tax payable across a number of group companies, it was determined that an additional 110,000,000 yen had been overlooked, causing the actual result to be lower than initially predicted.

In addition, at the group company School TOMAS Co., Ltd., a pivot into outsourcing staff for online English conversation lessons incurred costs of approximately 130,000,000 JPY to close down

operations of a foreign subsidiary (allowance for doubtful accounts) as well as additional closing costs of 60,000,000 JPY (amortization of initial cost of business, provision of reserves for adjusting losses of affiliated companies) which were calculated into this FY's results.

From next quarter, outsourcing the applicable business segments will make previously fixed costs such as staffing and rent fees payable on a variable basis and lead to increased profitability for School TOMAS moving forwards.