

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 28, 2021
(Based on Japanese GAAP)**

April 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 of ordinary general meeting of shareholders: May 28, 2021
 Scheduled date to file Securities Report: May 31, 2021
 Scheduled date to commence dividend payments: May 13, 2021
 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 28, 2021 (from March 1, 2020 to February 28, 2021)

(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 28, 2021	25,201	(5.6)	1,010	(62.8)	1,192	(56.6)	555	(71.6)
Year ended February 29, 2020	26,704	9.0	2,716	7.4	2,749	8.2	1,953	23.9

	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 28, 2021	3.79	3.79	8.8	8.8	4.0
Year ended February 29, 2020	13.24	13.23	31.7	21.4	10.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2021	13,940	6,575	46.7	44.02
As of February 29, 2020	13,214	6,157	45.9	41.35

(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 28, 2021	(36)	(655)	(182)	3,963
Year ended February 29, 2020	2,911	(652)	(2,138)	4,837

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 29, 2020	3.00	3.00	3.00	3.00	12.00	1,768	90.6	28.7
Year ended February 28, 2021	0.00	0.00	0.00	9.50	9.50	1,404	250.7	22.3
Year ending February 28, 2022 (Forecast)	–	–	–	–	–	–	–	–

3. Forecast of consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

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	29,000	15.1	2,510	148.4	2,500	109.7	1,700	206.2	11.61

4. Notes

- (1) Changes in significant subsidiaries during the year ended February 28, 2021
(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 28, 2021	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 February 28, 2021	8,396,070 shares	As of February 29, 2020	9,433,200 shares
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Average number of shares during the period

Year ended February 28, 2021	146,387,438 shares	Year ended February 29, 2020	147,600,611 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 29, 2020	As of February 28, 2021
Assets		
Current assets		
Cash and deposits	4,837,138	3,963,694
Trade accounts receivable	1,133,803	2,454,135
Inventories	111,399	135,497
Income taxes receivable	106,096	37,672
Other	472,250	438,892
Allowance for doubtful accounts	(15,927)	(11,588)
Total current assets	6,644,759	7,018,304
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,773,988	2,953,928
Accumulated depreciation	(1,275,350)	(1,413,589)
Buildings and structures, net	1,498,638	1,540,339
Tools, furniture and fixtures	1,769,455	1,858,972
Accumulated depreciation	(628,569)	(701,592)
Tools, furniture and fixtures, net	1,140,886	1,157,379
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	3,115,682
Intangible assets		
Other	135,571	177,485
Total intangible assets	135,571	177,485
Investments and other assets		
Investment securities	–	124,027
Deferred tax assets	670,422	678,891
Leasehold and guarantee deposits	2,416,943	2,558,477
Other	257,542	273,534
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	3,338,836	3,628,859
Total non-current assets	6,531,895	6,922,027
Deferred assets		
Organization expenses	237	–
Business commencement expenses	37,461	–
Total deferred assets	37,699	–
Total assets	13,214,354	13,940,332

(Thousands of yen)

	As of February 29, 2020	As of February 28, 2021
Liabilities		
Current liabilities		
Accounts payable - other	1,040,268	1,149,166
Income taxes payable	523,320	422,847
Advances received	1,551,565	1,701,720
Provision for sales returns	3,008	2,370
Provision for bonuses	244,486	265,202
Provision for loss on liquidation of subsidiaries and associates	–	40,529
Asset retirement obligations	4,539	12,565
Other	1,131,788	1,005,995
Total current liabilities	4,498,977	4,600,399
Non-current liabilities		
Lease obligations	6,091	3,895
Retirement benefit liability	1,499,862	1,681,000
Asset retirement obligations	1,052,023	1,073,012
Deferred tax liabilities	–	6,783
Total non-current liabilities	2,557,977	2,764,692
Total liabilities	7,056,954	7,365,091
Net assets		
Shareholders' equity		
Share capital	2,890,415	2,890,415
Capital surplus	822,859	1,105,307
Retained earnings	4,208,207	4,323,111
Treasury shares	(1,724,062)	(1,730,384)
Total shareholders' equity	6,197,419	6,588,450
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	13,300
Foreign currency translation adjustment	201	(401)
Remeasurements of defined benefit plans	(127,884)	(94,780)
Total accumulated other comprehensive income	(127,682)	(81,881)
Share acquisition rights	48,364	68,671
Non-controlling interests	39,298	–
Total net assets	6,157,400	6,575,240
Total liabilities and net assets	13,214,354	13,940,332

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

(Thousands of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Net sales	26,704,899	25,201,586
Cost of sales	18,997,866	19,096,483
Gross profit	7,707,032	6,105,102
Selling, general and administrative expenses	4,990,043	5,094,502
Operating profit	2,716,989	1,010,599
Non-operating income		
Interest income	25	21
Dividend income	0	0
Foreign exchange gains	–	2,051
Gain on forfeiture of unclaimed dividends	4,530	2,891
Subsidy income	–	214,674
Recoveries of written off receivables	2,768	2,239
Interest on tax refund	–	1,128
Contribution for construction	22,690	–
Miscellaneous income	1,220	643
Other	2,604	13,245
Total non-operating income	33,839	236,896
Non-operating expenses		
Interest expenses	95	2,116
Share issuance costs	–	30,100
Foreign exchange losses	262	–
Loss on cancellation of leases	199	–
Amortization of organization expenses	–	131
Amortization of business commencement expenses	–	20,541
Commission expenses	651	1,470
Other	170	730
Total non-operating expenses	1,380	55,091
Ordinary profit	2,749,448	1,192,404
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	11,935
Impairment loss	96,278	12,059
Relocation expenses	–	727
Provision for loss on liquidation of subsidiaries and associates	–	40,529
Other	5,056	–
Total extraordinary losses	103,362	65,252
Profit before income taxes	2,646,085	1,156,589
Income taxes - current	755,874	665,332
Income taxes - deferred	(53,758)	(24,678)
Total income taxes	702,116	640,654
Profit	1,943,969	515,935
Loss attributable to non-controlling interests	(9,701)	(39,298)
Profit attributable to owners of parent	1,953,670	555,234

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Profit	1,943,969	515,935
Other comprehensive income		
Valuation difference on available-for-sale securities	–	13,300
Foreign currency translation adjustment	(462)	(602)
Remeasurements of defined benefit plans, net of tax	46,752	33,103
Total other comprehensive income	46,290	45,801
Comprehensive income	1,990,260	561,736
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,990,260	561,736
Comprehensive income attributable to non-controlling interests	(0)	(0)

Consolidated statements of changes in equity

Fiscal year ended February 29, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,890,415	822,859	4,099,827	(1,397,924)	6,415,178
Changes 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 in items other than shareholders' equity					-
Total changes during period	-	-	108,379	(326,138)	(217,758)
Balance at end of 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 period	-	664	(174,637)	(173,972)
Changes during period				
Profit attributable to owners of parent				
Dividends of surplus				
Purchase of treasury shares				
Disposal of treasury shares				
Net changes in items other than shareholders' equity	-	(462)	46,752	46,290
Total changes during period	-	(462)	46,752	46,290
Balance at end of period	-	201	(127,884)	(127,682)

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	22,337	-	6,263,542
Changes 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 in items other than shareholders' equity	26,026	39,298	111,616
Total changes during period	26,026	39,298	(106,142)
Balance at end of period	48,364	39,298	6,157,400

Fiscal year ended February 28, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,890,415	822,859	4,208,207	(1,724,062)	6,197,419
Changes during period					
Profit attributable to owners of parent			555,234		555,234
Dividends of surplus			(440,329)		(440,329)
Purchase of treasury shares				(735,838)	(735,838)
Disposal of treasury shares		282,448		729,516	1,011,964
Net changes in items other than shareholders' equity					-
Total changes during period	-	282,448	114,904	(6,321)	391,030
Balance at end of period	2,890,415	1,105,307	4,323,111	(1,730,384)	6,588,450

	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 period	-	201	(127,884)	(127,682)
Changes during period				
Profit attributable to owners of parent				
Dividends of surplus				
Purchase of treasury shares				
Disposal of treasury shares				
Net changes in items other than shareholders' equity	13,300	(602)	33,103	45,801
Total changes during period	13,300	(602)	33,103	45,801
Balance at end of period	13,300	(401)	(94,780)	(81,881)

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	48,364	39,298	6,157,400
Changes during period			
Profit attributable to owners of parent			555,234
Dividends of surplus			(440,329)
Purchase of treasury shares			(735,838)
Disposal of treasury shares			1,011,964
Net changes in items other than shareholders' equity	20,307	(39,298)	26,809
Total changes during period	20,307	(39,298)	417,840
Balance at end of period	68,671	-	6,575,240

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from operating activities		
Profit before income taxes	2,646,085	1,156,589
Depreciation	295,824	318,732
Amortization of deferred assets	17,159	38,153
Increase (decrease) in allowance for doubtful accounts	3,111	(4,339)
Increase (decrease) in provision for bonuses	25,376	20,716
Increase (decrease) in retirement benefit liability	116,412	181,138
Increase (decrease) in remeasurements of defined benefit plans	46,752	33,103
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	–	40,529
Increase (decrease) in other provisions	(617)	(637)
Interest and dividend income	(25)	(21)
Interest expenses	95	2,116
Share issuance costs	–	30,100
Subsidy income	–	(214,674)
Loss on retirement of property, plant and equipment	2,028	11,935
Impairment loss	96,278	12,059
Decrease (increase) in trade receivables	(209,218)	(1,320,673)
Decrease (increase) in inventories	(8,652)	(24,098)
Decrease (increase) in prepaid expenses	(27,194)	5,396
Increase (decrease) in trade payables	(687)	2,052
Decrease (increase) in consumption taxes refund receivable	(1,886)	(11,806)
Increase (decrease) in accrued consumption taxes	228,896	(134,930)
Increase (decrease) in accounts payable - other	(190,002)	84,585
Increase (decrease) in advances received	382,157	150,155
Other, net	89,968	75,385
Subtotal	3,511,861	451,568
Interest and dividends received	25	21
Interest paid	(95)	(2,116)
Income taxes paid	(680,879)	(805,881)
Income taxes refund	80,846	105,352
Proceeds from subsidy income	–	214,674
Net cash provided by (used in) operating activities	2,911,758	(36,379)
Cash flows from investing activities		
Purchase of property, plant and equipment	(445,194)	(263,794)
Purchase of intangible assets	(40,068)	(101,714)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	49,000	–
Purchase of investment securities	–	(104,856)
Purchase of insurance funds	(18,863)	(18,863)
Payments of leasehold and guarantee deposits	(187,986)	(174,521)
Proceeds from refund of leasehold and guarantee deposits	6,320	33,052
Other, net	(15,661)	(24,848)
Net cash provided by (used in) investing activities	(652,453)	(655,546)

(Thousands of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from financing activities		
Proceeds from short-term borrowings	–	4,000,000
Repayments of short-term borrowings	–	(4,000,000)
Dividends paid	(1,838,453)	(447,164)
Proceeds from exercise of employee share options	–	32
Purchase of treasury shares	(326,142)	(737,325)
Proceeds from disposal of treasury shares	3	969,944
Proceeds from issuance of share acquisition rights	26,026	32,210
Net cash provided by (used in) financing activities	(2,138,565)	(182,302)
Effect of exchange rate change on cash and cash equivalents	250	784
Net increase (decrease) in cash and cash equivalents	120,990	(873,444)
Cash and cash equivalents at beginning of period	4,716,148	4,837,138
Cash and cash equivalents at end of period	4,837,138	3,963,694