

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2021 (Based on Japanese GAAP)

October 4, 2021

Company name: Riso Kyoiku Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4714 URL <https://www.riso-kyoikugroup.com/>
 Representative: President and CEO Shigenori Hirano
 Inquiries: Vice president and CFO Masaaki Kume TEL 03-5996-3701
 Scheduled date to file Quarterly Securities Report: October 5, 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 six months ended August 31, 2021 (from March 1, 2021 to August 31, 2021)

(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	%
Six months ended August 31, 2021	14,612	31.5	1,331	–	1,373	–	874	–
Six months ended August 31, 2020	11,109	(14.5)	(460)	–	(416)	–	(468)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2021	5.91		5.90	
Six months ended August 31, 2020	(3.23)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2021	14,489	6,075	41.5	40.64
As of February 28, 2021	13,940	6,575	46.7	44.02

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, 2021	0.00	0.00	0.00	9.50	9.50
Year ending February 28, 2022	0.00	0.00			
Year ending February 28, 2022 (Forecast)			0.00	12.00	12.00

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	29,500	17.1	2,810	178.1	2,800	134.8	1,900	242.2	12.98

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2021
 (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 August 31, 2021	156,209,829 shares	As of February 28, 2021	156,209,829 shares
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Number of treasury shares at the end of the period

As of August 31, 2021	8,396,370 shares	As of February 28, 2021	8,396,070 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2021	147,813,598 shares	Six months ended August 31, 2020	144,983,900 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2021	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	3,963,694	4,170,254
Trade accounts receivable	2,454,135	2,082,504
Inventories	135,497	155,952
Income taxes receivable	37,672	–
Other	438,892	516,990
Allowance for doubtful accounts	(11,588)	(12,987)
Total current assets	7,018,304	6,912,715
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,953,928	3,374,376
Accumulated depreciation	(1,413,589)	(1,483,421)
Buildings and structures, net	1,540,339	1,890,954
Tools, furniture and fixtures	1,858,972	2,038,620
Accumulated depreciation	(701,592)	(748,364)
Tools, furniture and fixtures, net	1,157,379	1,290,255
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	3,115,682	3,599,173
Intangible assets		
Other	177,485	192,507
Total intangible assets	177,485	192,507
Investments and other assets		
Investment securities	124,027	134,676
Deferred tax assets	678,891	704,135
Leasehold and guarantee deposits	2,558,477	2,643,261
Other	273,534	309,256
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	3,628,859	3,785,257
Total non-current assets	6,922,027	7,576,938
Total assets	13,940,332	14,489,653

(Thousands of yen)

	As of February 28, 2021	As of August 31, 2021
Liabilities		
Current liabilities		
Accounts payable - other	1,149,166	1,396,874
Income taxes payable	422,847	597,641
Advances received	1,701,720	2,095,736
Provision for sales returns	2,370	2,802
Provision for bonuses	265,202	289,635
Provision for loss on liquidation of subsidiaries and associates	40,529	1,977
Asset retirement obligations	12,565	1,419
Other	1,005,995	1,086,251
Total current liabilities	4,600,399	5,472,339
Non-current liabilities		
Lease obligations	3,895	2,789
Retirement benefit liability	1,681,000	1,766,071
Asset retirement obligations	1,073,012	1,166,262
Deferred tax liabilities	6,783	6,499
Total non-current liabilities	2,764,692	2,941,623
Total liabilities	7,365,091	8,413,962
Net assets		
Shareholders' equity		
Share capital	2,890,415	2,890,415
Capital surplus	1,105,307	1,075,953
Retained earnings	4,323,111	3,822,295
Treasury shares	(1,730,384)	(1,730,486)
Total shareholders' equity	6,588,450	6,058,177
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,300	20,688
Foreign currency translation adjustment	(401)	(1,848)
Remeasurements of defined benefit plans	(94,780)	(69,997)
Total accumulated other comprehensive income	(81,881)	(51,157)
Share acquisition rights	68,671	68,671
Non-controlling interests	—	0
Total net assets	6,575,240	6,075,691
Total liabilities and net assets	13,940,332	14,489,653

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Net sales	11,109,002	14,612,856
Cost of sales	9,019,192	10,490,623
Gross profit	2,089,809	4,122,232
Selling, general and administrative expenses	2,549,810	2,790,998
Operating profit (loss)	(460,000)	1,331,233
Non-operating income		
Interest income	10	11
Dividend income	0	1,931
Foreign exchange gains	1,491	1,538
Gain on forfeiture of unclaimed dividends	2,100	2,691
Compensation income	–	7,974
Subsidy income	70,204	27,358
Recoveries of written off receivables	1,291	1,268
Interest on tax refund	1,107	142
Miscellaneous income	174	336
Other	617	5,155
Total non-operating income	76,997	48,407
Non-operating expenses		
Interest expenses	2,082	1,883
Share issuance costs	30,100	–
Commission expenses	1,470	–
Litigation expenses	–	4,142
Other	311	157
Total non-operating expenses	33,964	6,182
Ordinary profit (loss)	(416,968)	1,373,458
Extraordinary income		
Reversal of provision for loss on liquidation of subsidiaries and associates	–	7,850
Compensation income	–	41,839
Other	3,181	–
Total extraordinary income	3,181	49,690
Extraordinary losses		
Loss on retirement of non-current assets	–	315
Relocation expenses	–	2,983
Other	–	543
Total extraordinary losses	–	3,841
Profit (loss) before income taxes	(413,787)	1,419,306
Income taxes	86,369	545,246
Profit (loss)	(500,156)	874,060
Profit (loss) attributable to non-controlling interests	(31,500)	0
Profit (loss) attributable to owners of parent	(468,656)	874,060

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Profit (loss)	(500,156)	874,060
Other comprehensive income		
Valuation difference on available-for-sale securities	–	7,388
Foreign currency translation adjustment	(289)	(1,447)
Remeasurements of defined benefit plans, net of tax	15,595	24,782
Total other comprehensive income	15,306	30,723
Comprehensive income	(484,850)	904,783
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(484,850)	904,783
Comprehensive income attributable to non-controlling interests	(0)	(0)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(413,787)	1,419,306
Depreciation	156,032	184,369
Amortization of deferred assets	8,659	–
Increase (decrease) in allowance for doubtful accounts	793	1,398
Increase (decrease) in provision for bonuses	20,643	24,432
Increase (decrease) in retirement benefit liability	101,008	85,070
Increase (decrease) in remeasurements of defined benefit plans	15,595	24,782
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	–	(38,551)
Increase (decrease) in other provisions	(1,430)	432
Interest and dividend income	(10)	(1,942)
Interest expenses	2,082	1,883
Share issuance costs	30,100	–
Subsidy income	(70,204)	(27,358)
Loss on retirement of property, plant and equipment	–	315
Decrease (increase) in trade receivables	(299,241)	371,631
Decrease (increase) in inventories	(23,568)	(20,455)
Decrease (increase) in prepaid expenses	11,405	(79,882)
Increase (decrease) in trade payables	13,406	18,933
Decrease (increase) in consumption taxes refund receivable	–	12,545
Increase (decrease) in accrued consumption taxes	(334,968)	1,480
Increase (decrease) in accounts payable - other	160,434	190,517
Increase (decrease) in advances received	324,985	394,015
Other, net	(61,860)	70,569
Subtotal	(359,924)	2,633,495
Interest and dividends received	10	1,942
Interest paid	(2,082)	(1,883)
Proceeds from subsidy income	70,204	27,358
Income taxes paid	(437,089)	(419,300)
Income taxes refund	105,352	37,672
Net cash provided by (used in) operating activities	(623,529)	2,279,286
Cash flows from investing activities		
Purchase of property, plant and equipment	(184,783)	(474,880)
Purchase of intangible assets	(36,096)	(46,828)
Payments of leasehold and guarantee deposits	(104,867)	(112,729)
Proceeds from refund of leasehold and guarantee deposits	3,030	6,876
Purchase of insurance funds	(18,863)	(18,863)
Other, net	(12,737)	(28,259)
Net cash provided by (used in) investing activities	(354,318)	(674,685)

(Thousands of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Cash flows from financing activities		
Proceeds from short-term borrowings	4,000,000	2,300,000
Repayments of short-term borrowings	(4,000,000)	(2,300,000)
Dividends paid	(445,461)	(1,398,763)
Proceeds from exercise of employee share options	32	–
Purchase of treasury shares	(735,557)	(101)
Proceeds from disposal of treasury shares	969,923	–
Net cash provided by (used in) financing activities	(211,063)	(1,398,865)
Effect of exchange rate change on cash and cash equivalents	954	824
Net increase (decrease) in cash and cash equivalents	(1,187,956)	206,560
Cash and cash equivalents at beginning of period	4,837,138	3,963,694
Cash and cash equivalents at end of period	3,649,182	4,170,254