

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2021 (Based on Japanese GAAP)

January 11, 2022

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: January 12, 2022
 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, 2021 (from March 1, 2021 to November 30, 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 | % |
| Nine months ended November 30, 2021 | 22,064 | 23.4 | 2,074 | – | 2,079 | 514.0 | 1,314 | – |
| Nine months ended November 30, 2020 | 17,886 | (7.8) | 149 | (91.0) | 338 | (79.8) | 40 | (96.2) |

| | Earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended November 30, 2021 | 8.87 | | 8.86 | |
| Nine months ended November 30, 2020 | 0.28 | | 0.28 | |

(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, 2021 | 18,302 | 9,406 | 50.9 | 60.42 |
| 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 | 0.00 | | |
| Year ending February 28, 2022 (Forecast) | | | | 14.00 | 14.00 |

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 | 30,000 | 19.0 | 3,010 | 197.8 | 3,000 | 151.6 | 2,100 | 278.2 | 14.03 |

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 2021 | 156,209,829 shares | As of February 28, 2021 | 156,209,829 shares |
|-------------------------|--------------------|-------------------------|--------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|------------------|-------------------------|------------------|
| As of November 30, 2021 | 1,896,760 shares | As of February 28, 2021 | 8,396,070 shares |
|-------------------------|------------------|-------------------------|------------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|-------------------------------------|--------------------|-------------------------------------|--------------------|
| Nine months ended November 30, 2021 | 148,144,363 shares | Nine months ended November 30, 2020 | 145,920,542 shares |
|-------------------------------------|--------------------|-------------------------------------|--------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of February 28, 2021 | As of November 30, 2021 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,963,694 | 8,270,475 |
| Trade accounts receivable | 2,454,135 | 1,866,989 |
| Inventories | 135,497 | 148,674 |
| Income taxes receivable | 37,672 | 14,430 |
| Other | 438,892 | 481,737 |
| Allowance for doubtful accounts | (11,588) | (12,584) |
| Total current assets | 7,018,304 | 10,769,723 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 2,953,928 | 3,393,009 |
| Accumulated depreciation | (1,413,589) | (1,485,390) |
| Buildings and structures, net | 1,540,339 | 1,907,618 |
| Tools, furniture and fixtures | 1,858,972 | 2,051,298 |
| Accumulated depreciation | (701,592) | (758,966) |
| Tools, furniture and fixtures, net | 1,157,379 | 1,292,332 |
| 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 | 3,617,913 |
| Intangible assets | | |
| Other | 177,485 | 185,953 |
| Total intangible assets | 177,485 | 185,953 |
| Investments and other assets | | |
| Investment securities | 124,027 | 112,334 |
| Deferred tax assets | 678,891 | 660,994 |
| Leasehold and guarantee deposits | 2,558,477 | 2,648,915 |
| Other | 273,534 | 313,041 |
| Allowance for doubtful accounts | (6,072) | (6,072) |
| Total investments and other assets | 3,628,859 | 3,729,213 |
| Total non-current assets | 6,922,027 | 7,533,080 |
| Total assets | 13,940,332 | 18,302,804 |

(Thousands of yen)

| | As of February 28, 2021 | As of November 30, 2021 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - other | 1,149,166 | 1,331,641 |
| Income taxes payable | 422,847 | 554,127 |
| Advances received | 1,701,720 | 2,747,619 |
| Provision for sales returns | 2,370 | 2,992 |
| Provision for bonuses | 265,202 | 72,456 |
| Provision for loss on liquidation of subsidiaries and associates | 40,529 | 1,702 |
| Asset retirement obligations | 12,565 | 10,310 |
| Other | 1,005,995 | 1,177,815 |
| Total current liabilities | 4,600,399 | 5,898,665 |
| Non-current liabilities | | |
| Lease obligations | 3,895 | 2,234 |
| Retirement benefit liability | 1,681,000 | 1,822,611 |
| Asset retirement obligations | 1,073,012 | 1,163,605 |
| Deferred tax liabilities | 6,783 | 8,782 |
| Total non-current liabilities | 2,764,692 | 2,997,234 |
| Total liabilities | 7,365,091 | 8,895,900 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,890,415 | 2,890,415 |
| Capital surplus | 1,105,307 | 2,616,453 |
| Retained earnings | 4,323,111 | 4,262,544 |
| Treasury shares | (1,730,384) | (391,654) |
| Total shareholders' equity | 6,588,450 | 9,377,758 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 13,300 | 5,188 |
| Foreign currency translation adjustment | (401) | (1,556) |
| Remeasurements of defined benefit plans | (94,780) | (57,596) |
| Total accumulated other comprehensive income | (81,881) | (53,965) |
| Share acquisition rights | 68,671 | 83,111 |
| Non-controlling interests | – | 0 |
| Total net assets | 6,575,240 | 9,406,904 |
| Total liabilities and net assets | 13,940,332 | 18,302,804 |

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, 2020 | Nine months ended November 30, 2021 |
|--|--|--|
| Net sales | 17,886,882 | 22,064,531 |
| Cost of sales | 13,935,096 | 15,903,555 |
| Gross profit | 3,951,786 | 6,160,975 |
| Selling, general and administrative expenses | 3,802,090 | 4,086,647 |
| Operating profit | 149,695 | 2,074,327 |
| Non-operating income | | |
| Interest income | 10 | 11 |
| Dividend income | 0 | 3,915 |
| Foreign exchange gains | 235 | 1,485 |
| Gain on forfeiture of unclaimed dividends | 2,891 | 3,553 |
| Compensation income | – | 7,974 |
| Subsidy income | 204,817 | 27,277 |
| Recoveries of written off receivables | 1,720 | 1,522 |
| Miscellaneous income | 510 | 4,532 |
| Other | 13,085 | 5,941 |
| Total non-operating income | 223,270 | 56,214 |
| Non-operating expenses | | |
| Interest expenses | 2,100 | 1,895 |
| Share issuance costs | 30,100 | 43,192 |
| Other | 2,028 | 5,776 |
| Total non-operating expenses | 34,229 | 50,864 |
| Ordinary profit | 338,737 | 2,079,676 |
| Extraordinary income | | |
| Reversal of provision for loss on liquidation of subsidiaries and associates | – | 7,850 |
| Compensation income | 25,668 | 41,839 |
| Other | 3,769 | – |
| Total extraordinary income | 29,437 | 49,690 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 9,529 | 12,863 |
| Relocation expenses | 727 | 4,646 |
| Other | – | 1,107 |
| Total extraordinary losses | 10,257 | 18,616 |
| Profit before income taxes | 357,917 | 2,110,750 |
| Income taxes | 356,753 | 796,441 |
| Profit | 1,163 | 1,314,309 |
| Profit (loss) attributable to non-controlling interests | (39,298) | 0 |
| Profit attributable to owners of parent | 40,462 | 1,314,309 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Nine months ended November 30, 2020 | Nine months ended November 30, 2021 |
|--|--|--|
| Profit | 1,163 | 1,314,309 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,811 | (8,112) |
| Foreign currency translation adjustment | (118) | (1,155) |
| Remeasurements of defined benefit plans, net of tax | 24,914 | 37,183 |
| Total other comprehensive income | 28,608 | 27,915 |
| Comprehensive income | 29,771 | 1,342,224 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 29,771 | 1,342,224 |
| Comprehensive income attributable to non-controlling interests | (0) | 0 |