

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2022 (Based on Japanese GAAP)

July 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 Masahiko Tenbo
 Inquiries: Vice president and CFO Masaaki Kume TEL 03-5996-3701
 Scheduled date to file Quarterly Securities Report: July 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 three months ended May 31, 2022 (from March 1, 2022 to May 31, 2022)

(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	%
Three months ended May 31, 2022	6,443	5.4	(348)	–	(329)	–	(262)	–
Three months ended May 31, 2021	6,111	46.7	(203)	–	(161)	–	(167)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2022	(1.70)	–
Three months ended May 31, 2021	(1.13)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2022	16,270	7,665	46.6	49.14
As of February 28, 2022	19,045	10,513	54.8	67.59

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2022	0.00	0.00	0.00	16.00	16.00
Year ending February 28, 2023	0.00				
Year ending February 28, 2023 (Forecast)		0.00	0.00	16.00	16.00

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

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	33,000	10.0	3,610	19.1	3,700	21.4	2,500	2.8	16.20

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2022
 (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: Yes
- 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 May 31, 2022	156,209,829 shares	As of February 28, 2022	156,209,829 shares
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Number of treasury shares at the end of the period

As of May 31, 2022	1,897,180 shares	As of February 28, 2022	1,897,030 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2022	154,312,742 shares	Three months ended May 31, 2021	147,813,664 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2022	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	8,011,322	5,381,695
Trade accounts receivable	2,328,853	1,705,588
Inventories	152,476	168,672
Other	513,945	631,331
Allowance for doubtful accounts	(9,571)	(10,788)
Total current assets	10,997,027	7,876,498
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,478,318	3,601,664
Accumulated depreciation	(1,532,583)	(1,579,241)
Buildings and structures, net	1,945,734	2,022,423
Tools, furniture and fixtures	2,093,144	2,146,946
Accumulated depreciation	(787,981)	(815,829)
Tools, furniture and fixtures, net	1,305,162	1,331,116
Land	417,963	417,963
Other	13,668	23,541
Accumulated depreciation	(13,668)	(707)
Other, net	0	22,833
Total property, plant and equipment	3,668,860	3,794,337
Intangible assets		
Other	196,804	203,777
Total intangible assets	196,804	203,777
Investments and other assets		
Investment securities	109,306	110,037
Deferred tax assets	1,074,648	1,246,421
Leasehold and guarantee deposits	2,715,012	2,758,890
Other	290,018	286,871
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	4,182,914	4,396,149
Total non-current assets	8,048,578	8,394,264
Total assets	19,045,606	16,270,762

(Thousands of yen)

	As of February 28, 2022	As of May 31, 2022
Liabilities		
Current liabilities		
Accounts payable - other	1,176,548	1,272,327
Income taxes payable	737,696	77,213
Advances received	1,961,988	–
Contract liabilities	–	2,392,032
Provision for sales returns	2,405	–
Provision for bonuses	289,817	537,008
Provision for loss on liquidation of subsidiaries and associates	1,593	1,630
Asset retirement obligations	9,341	21,855
Other	1,266,910	1,142,874
Total current liabilities	5,446,301	5,444,940
Non-current liabilities		
Lease obligations	1,678	1,120
Retirement benefit liability	1,912,901	1,976,289
Asset retirement obligations	1,162,432	1,174,126
Deferred tax liabilities	8,599	8,415
Total non-current liabilities	3,085,611	3,159,951
Total liabilities	8,531,913	8,604,892
Net assets		
Shareholders' equity		
Share capital	2,890,415	2,890,415
Capital surplus	2,616,453	2,616,453
Retained earnings	5,379,715	2,521,135
Treasury shares	(391,760)	(391,816)
Total shareholders' equity	10,494,824	7,636,188
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,087	3,594
Foreign currency translation adjustment	(1,602)	(715)
Remeasurements of defined benefit plans	(65,727)	(56,308)
Total accumulated other comprehensive income	(64,242)	(53,429)
Share acquisition rights	83,111	83,111
Non-controlling interests	0	0
Total net assets	10,513,693	7,665,870
Total liabilities and net assets	19,045,606	16,270,762

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Net sales	6,111,769	6,443,041
Cost of sales	4,907,778	5,211,422
Gross profit	1,203,991	1,231,618
Selling, general and administrative expenses	1,407,008	1,580,536
Operating loss	(203,016)	(348,918)
Non-operating income		
Dividend income	1,931	2,088
Foreign exchange gains	3,811	–
Gain on forfeiture of unclaimed dividends	1,706	2,141
Compensation income	6,370	–
Subsidy income	25,208	10,239
Recoveries of written off receivables	721	132
Miscellaneous income	1,952	1,421
Other	1,035	3,377
Total non-operating income	42,738	19,401
Non-operating expenses		
Interest expenses	754	9
Foreign exchange losses	–	144
Other	72	11
Total non-operating expenses	826	165
Ordinary loss	(161,104)	(329,682)
Extraordinary income		
Gain on sale of non-current assets	–	571
Reversal of provision for loss on liquidation of subsidiaries and associates	1,572	–
Total extraordinary income	1,572	571
Extraordinary losses		
Loss on retirement of non-current assets	262	0
Relocation expenses	1,507	2,128
Other	543	–
Total extraordinary losses	2,312	2,128
Loss before income taxes	(161,844)	(331,239)
Income taxes	5,754	(68,412)
Loss	(167,598)	(262,827)
Loss attributable to non-controlling interests	–	(0)
Loss attributable to owners of parent	(167,598)	(262,827)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Loss	(167,598)	(262,827)
Other comprehensive income		
Valuation difference on available-for-sale securities	3,114	507
Foreign currency translation adjustment	(2,759)	886
Remeasurements of defined benefit plans, net of tax	12,381	9,419
Total other comprehensive income	12,736	10,812
Comprehensive income	(154,861)	(252,014)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(154,861)	(252,014)
Comprehensive income attributable to non-controlling interests	–	0