

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2023 (Based on Japanese GAAP)

April 10, 2023

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 of ordinary general meeting of shareholders: May 26, 2023
 Scheduled date to file Securities Report: May 29, 2023
 Scheduled date to commence dividend payments: May 11, 2023
 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, 2023 (from March 1, 2022 to February 28, 2023)

(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, 2023	31,488	4.9	2,401	(20.8)	2,442	(19.9)	1,492	(38.6)
Year ended February 28, 2022	30,008	19.1	3,030	199.8	3,048	155.7	2,431	337.9

	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, 2023	9.67	9.65	15.2	13.1	7.6
Year ended February 28, 2022	16.25	16.22	28.7	18.5	10.1

(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, 2023	18,252	9,351	50.7	59.96
As of February 28, 2022	19,045	10,513	54.8	67.59

(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, 2023	2,779	(1,016)	(2,465)	7,308
Year ended February 28, 2022	3,607	(1,011)	1,450	8,011

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 28, 2022	0.00	0.00	0.00	16.00	16.00	2,469	98.5	28.7
Year ended February 28, 2023	0.00	0.00	0.00	16.00	16.00	2,469	165.5	25.1
Year ending February 29, 2024 (Forecast)	—	—	—	—	—	—	—	—

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

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	34,000	8.0	3,000	24.9	3,000	22.8	2,060	38.0	13.35

4. Notes

- (1) Changes in significant subsidiaries during the year ended February 28, 2023
(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: Yes
- 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, 2023	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 February 28, 2023	1,845,800 shares	As of February 28, 2022	1,897,030 shares
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Average number of shares during the period

Year ended February 28, 2023	154,331,116 shares	Year ended February 28, 2022	149,665,379 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	8,011,322	7,308,410
Trade accounts receivable	2,328,853	1,670,857
Inventories	152,476	153,019
Other	513,945	535,365
Allowance for doubtful accounts	(9,571)	(7,490)
Total current assets	10,997,027	9,660,161
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,478,318	3,785,962
Accumulated depreciation	(1,532,583)	(1,693,450)
Buildings and structures, net	1,945,734	2,092,512
Tools, furniture and fixtures	2,093,144	2,228,397
Accumulated depreciation	(787,981)	(882,061)
Tools, furniture and fixtures, net	1,305,162	1,346,336
Land	417,963	417,963
Other	13,668	23,541
Accumulated depreciation	(13,668)	(3,656)
Other, net	0	19,885
Total property, plant and equipment	3,668,860	3,876,697
Intangible assets		
Other	196,804	244,900
Total intangible assets	196,804	244,900
Investments and other assets		
Investment securities	109,306	113,169
Deferred tax assets	1,074,648	1,179,252
Leasehold and guarantee deposits	2,715,012	2,881,535
Other	290,018	302,369
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	4,182,914	4,470,255
Total non-current assets	8,048,578	8,591,853
Total assets	19,045,606	18,252,015

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable - other	1,176,548	1,171,630
Income taxes payable	737,696	364,127
Advances received	1,961,988	–
Contract liabilities	–	2,414,309
Provision for sales returns	2,405	–
Provision for bonuses	289,817	337,356
Provision for loss on liquidation of subsidiaries and associates	1,593	1,296
Asset retirement obligations	9,341	7,437
Other	1,266,910	1,070,438
Total current liabilities	5,446,301	5,366,595
Non-current liabilities		
Lease liabilities	1,678	–
Retirement benefit liability	1,912,901	2,320,183
Asset retirement obligations	1,162,432	1,210,185
Deferred tax liabilities	8,599	3,396
Total non-current liabilities	3,085,611	3,533,766
Total liabilities	8,531,913	8,900,361
Net assets		
Shareholders' equity		
Share capital	2,890,415	2,890,415
Capital surplus	2,616,453	2,622,691
Retained earnings	5,379,715	4,274,941
Treasury shares	(391,760)	(381,226)
Total shareholders' equity	10,494,824	9,406,822
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,087	5,767
Foreign currency translation adjustment	(1,602)	(716)
Remeasurements of defined benefit plans	(65,727)	(156,595)
Total accumulated other comprehensive income	(64,242)	(151,544)
Share acquisition rights	83,111	96,375
Non-controlling interests	0	0
Total net assets	10,513,693	9,351,653
Total liabilities and net assets	19,045,606	18,252,015

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

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	30,008,875	31,488,432
Cost of sales	21,549,763	22,980,794
Gross profit	8,459,111	8,507,638
Selling, general and administrative expenses	5,428,851	6,106,269
Operating profit	3,030,260	2,401,369
Non-operating income		
Interest income	26	25
Dividend income	3,915	4,176
Foreign exchange gains	1,493	–
Gain on forfeiture of unclaimed dividends	3,553	4,859
Compensation income	8,239	–
Subsidy income	32,873	14,209
Recoveries of written off receivables	2,311	949
Compensation income for damage	–	5,465
Miscellaneous income	6,324	5,570
Other	10,607	8,009
Total non-operating income	69,345	43,265
Non-operating expenses		
Interest expenses	1,906	29
Share issuance costs	43,192	–
Foreign exchange losses	–	146
Penalty loss	–	888
Other	5,793	953
Total non-operating expenses	50,891	2,017
Ordinary profit	3,048,713	2,442,617
Extraordinary income		
Gain on sale of non-current assets	–	571
Reversal of provision for loss on liquidation of subsidiaries and associates	7,850	–
Compensation income	41,839	–
Gain on extinguishment of debt	30,714	–
Total extraordinary income	80,404	571
Extraordinary losses		
Loss on retirement of non-current assets	14,645	11,622
Impairment losses	2,008	88,441
Relocation expenses	3,618	13,575
Other	1,107	–
Total extraordinary losses	21,379	113,639
Profit before income taxes	3,107,738	2,329,549
Income taxes - current	1,076,994	850,151
Income taxes - deferred	(400,736)	(13,155)
Total income taxes	676,257	836,996
Profit	2,431,480	1,492,552
Profit (loss) attributable to non-controlling interests	0	(0)
Profit attributable to owners of parent	2,431,480	1,492,552

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit	2,431,480	1,492,552
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,213)	2,680
Foreign currency translation adjustment	(1,201)	885
Remeasurements of defined benefit plans, net of tax	29,052	(90,868)
Total other comprehensive income	17,638	(87,302)
Comprehensive income	2,449,119	1,405,250
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,449,119	1,405,250
Comprehensive income attributable to non-controlling interests	0	(0)

Consolidated statements of changes in equity

Fiscal year ended February 28, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,890,415	1,105,307	4,323,111	(1,730,384)	6,588,450
Changes during period					
Profit attributable to owners of parent			2,431,480		2,431,480
Dividends of surplus		(29,354)	(1,374,876)		(1,404,231)
Purchase of treasury shares				(375)	(375)
Disposal of treasury shares		1,540,500		1,339,000	2,879,500
Net changes in items other than shareholders' equity					–
Total changes during period	–	1,511,145	1,056,604	1,338,624	3,906,374
Balance at end of period	2,890,415	2,616,453	5,379,715	(391,760)	10,494,824

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	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	13,300	(401)	(94,780)	(81,881)	68,671	–	6,575,240
Changes during period							
Profit attributable to owners of parent							2,431,480
Dividends of surplus							(1,404,231)
Purchase of treasury shares							(375)
Disposal of treasury shares							2,879,500
Net changes in items other than shareholders' equity	(10,213)	(1,201)	29,052	17,638	14,439	0	32,078
Total changes during period	(10,213)	(1,201)	29,052	17,638	14,439	0	3,938,452
Balance at end of period	3,087	(1,602)	(65,727)	(64,242)	83,111	0	10,513,693

Fiscal year ended February 28, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,890,415	2,616,453	5,379,715	(391,760)	10,494,824
Cumulative effects of changes in accounting policies			(128,321)		(128,321)
Restated balance	2,890,415	2,616,453	5,251,394	(391,760)	10,366,502
Changes during period					
Profit attributable to owners of parent			1,492,552		1,492,552
Dividends of surplus			(2,469,004)		(2,469,004)
Purchase of treasury shares				(192)	(192)
Disposal of treasury shares		6,238		10,726	16,964
Net changes in items other than shareholders' equity					-
Total changes during period	-	6,238	(976,452)	10,533	(959,680)
Balance at end of period	2,890,415	2,622,691	4,274,941	(381,226)	9,406,822

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	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	3,087	(1,602)	(65,727)	(64,242)	83,111	0	10,513,693
Cumulative effects of changes in accounting policies							(128,321)
Restated balance	3,087	(1,602)	(65,727)	(64,242)	83,111	0	10,385,371
Changes during period							
Profit attributable to owners of parent							1,492,552
Dividends of surplus							(2,469,004)
Purchase of treasury shares							(192)
Disposal of treasury shares							16,964
Net changes in items other than shareholders' equity	2,680	885	(90,868)	(87,302)	13,264	(0)	(74,037)
Total changes during period	2,680	885	(90,868)	(87,302)	13,264	(0)	(1,033,718)
Balance at end of period	5,767	(716)	(156,595)	(151,544)	96,375	0	9,351,653

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	3,107,738	2,329,549
Depreciation	378,781	432,191
Increase (decrease) in allowance for doubtful accounts	(2,017)	(2,080)
Increase (decrease) in provision for bonuses	24,614	47,539
Increase (decrease) in retirement benefit liability	231,901	407,281
Increase (decrease) in remeasurements of defined benefit plans	29,052	(90,868)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(38,936)	(296)
Increase (decrease) in other provisions	35	–
Interest and dividend income	(3,941)	(4,202)
Interest expenses	1,906	29
Share issuance costs	43,192	–
Subsidy income	(32,873)	(14,209)
Compensation for damage income	–	(5,465)
Gain on sale of non-current assets	–	(571)
Loss on retirement of non-current assets	14,645	11,622
Impairment losses	2,008	88,441
Decrease (increase) in trade receivables	125,281	657,996
Decrease (increase) in inventories	(16,978)	(543)
Increase (decrease) in accounts payable - other	(55,861)	56,250
Increase (decrease) in advances received	260,267	–
Increase (decrease) in contract liabilities	–	452,321
Other, net	259,660	(391,601)
Subtotal	4,328,477	3,973,383
Interest and dividends received	3,941	4,202
Interest paid	(1,906)	(29)
Subsidies received	32,873	14,209
Proceeds from compensation for damage	–	5,465
Income taxes paid	(793,664)	(1,217,858)
Income taxes refund	37,672	–
Net cash provided by (used in) operating activities	3,607,393	2,779,373
Cash flows from investing activities		
Purchase of property, plant and equipment	(695,823)	(647,707)
Proceeds from sale of property, plant and equipment	–	571
Purchase of intangible assets	(67,739)	(112,004)
Payments of leasehold and guarantee deposits	(193,534)	(225,034)
Proceeds from refund of leasehold and guarantee deposits	33,377	49,622
Other, net	(87,640)	(82,335)
Net cash provided by (used in) investing activities	(1,011,360)	(1,016,887)

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	2,300,000	–
Repayments of short-term borrowings	(2,300,000)	–
Repayments of lease liabilities	–	(2,217)
Dividends paid	(1,399,743)	(2,463,638)
Proceeds from exercise of employee share options	–	51
Purchase of treasury shares	(375)	(192)
Proceeds from disposal of treasury shares	2,836,307	3
Proceeds from issuance of share acquisition rights	14,439	–
Net cash provided by (used in) financing activities	1,450,628	(2,465,993)
Effect of exchange rate change on cash and cash equivalents	966	594
Net increase (decrease) in cash and cash equivalents	4,047,627	(702,912)
Cash and cash equivalents at beginning of period	3,963,694	8,011,322
Cash and cash equivalents at end of period	8,011,322	7,308,410