

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2023 (Based on Japanese GAAP)

July 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 to file Quarterly Securities Report: July 11, 2023
 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, 2023 (from March 1, 2023 to May 31, 2023)

(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, 2023	6,692	3.9	(369)	–	(362)	–	(276)	–
Three months ended May 31, 2022	6,443	5.4	(348)	–	(329)	–	(262)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2023	(1.79)		–	
Three months ended May 31, 2022	(1.70)		–	

(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, 2023	15,729	6,622	41.5	42.28
As of February 28, 2023	18,252	9,351	50.7	59.96

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, 2023	0.00	0.00	0.00	16.00	16.00
Year ending February 29, 2024	0.00				
Year ending February 29, 2024 (Forecast)		0.00	0.00	10.00	10.00

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 three months ended May 31, 2023
 (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 May 31, 2023	156,209,829 shares	As of February 28, 2023	156,209,829 shares
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Number of treasury shares at the end of the period

As of May 31, 2023	1,845,980 shares	As of February 28, 2023	1,845,800 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, 2023	154,363,969 shares	Three months ended May 31, 2022	154,312,742 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2023	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	7,308,410	2,646,659
Trade accounts receivable	1,670,857	3,252,932
Inventories	153,019	158,988
Other	535,365	598,614
Allowance for doubtful accounts	(7,490)	(8,333)
Total current assets	9,660,161	6,648,861
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,785,962	4,029,240
Accumulated depreciation	(1,693,450)	(1,746,645)
Buildings and structures, net	2,092,512	2,282,595
Tools, furniture and fixtures	2,228,397	2,316,006
Accumulated depreciation	(882,061)	(914,706)
Tools, furniture and fixtures, net	1,346,336	1,401,299
Land	417,963	417,963
Other	23,541	23,541
Accumulated depreciation	(3,656)	(4,639)
Other, net	19,885	18,902
Total property, plant and equipment	3,876,697	4,120,760
Intangible assets		
Other	244,900	254,114
Total intangible assets	244,900	254,114
Investments and other assets		
Investment securities	113,169	177,067
Deferred tax assets	1,179,252	1,305,840
Leasehold and guarantee deposits	2,881,535	2,917,720
Other	302,369	311,168
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	4,470,255	4,705,724
Total non-current assets	8,591,853	9,080,598
Total assets	18,252,015	15,729,460

(Thousands of yen)

	As of February 28, 2023	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - other	1,171,630	1,246,467
Income taxes payable	364,127	81,559
Contract liabilities	2,414,309	2,480,638
Provision for bonuses	337,356	526,459
Provision for loss on liquidation of subsidiaries and associates	1,296	1,200
Asset retirement obligations	7,437	19,867
Other	1,070,438	1,155,878
Total current liabilities	5,366,595	5,512,069
Non-current liabilities		
Retirement benefit liability	2,320,183	2,381,334
Asset retirement obligations	1,210,185	1,213,165
Deferred tax liabilities	3,396	83
Total non-current liabilities	3,533,766	3,594,584
Total liabilities	8,900,361	9,106,654
Net assets		
Shareholders' equity		
Share capital	2,890,415	2,890,415
Capital surplus	2,622,691	2,622,691
Retained earnings	4,274,941	1,528,219
Treasury shares	(381,226)	(381,283)
Total shareholders' equity	9,406,822	6,660,043
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,767	12,010
Foreign currency translation adjustment	(716)	(624)
Remeasurements of defined benefit plans	(156,595)	(144,999)
Total accumulated other comprehensive income	(151,544)	(133,613)
Share acquisition rights	96,375	96,375
Non-controlling interests	0	0
Total net assets	9,351,653	6,622,805
Total liabilities and net assets	18,252,015	15,729,460

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, 2022	Three months ended May 31, 2023
Net sales	6,443,041	6,692,249
Cost of sales	5,211,422	5,489,191
Gross profit	1,231,618	1,203,058
Selling, general and administrative expenses	1,580,536	1,572,432
Operating loss	(348,918)	(369,374)
Non-operating income		
Dividend income	2,088	2,296
Gain on forfeiture of unclaimed dividends	2,141	2,545
Subsidy income	10,239	461
Miscellaneous income	1,421	1,475
Other	3,510	649
Total non-operating income	19,401	7,428
Non-operating expenses		
Interest expenses	9	551
Foreign exchange losses	144	13
Other	11	286
Total non-operating expenses	165	852
Ordinary loss	(329,682)	(362,797)
Extraordinary income		
Gain on sale of non-current assets	571	–
Total extraordinary income	571	–
Extraordinary losses		
Loss on retirement of non-current assets	0	2,735
Relocation expenses	2,128	296
Other	–	711
Total extraordinary losses	2,128	3,743
Loss before income taxes	(331,239)	(366,540)
Income taxes	(68,412)	(89,642)
Loss	(262,827)	(276,898)
Loss attributable to non-controlling interests	(0)	(0)
Loss attributable to owners of parent	(262,827)	(276,898)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Loss	(262,827)	(276,898)
Other comprehensive income		
Valuation difference on available-for-sale securities	507	6,242
Foreign currency translation adjustment	886	92
Remeasurements of defined benefit plans, net of tax	9,419	11,596
Total other comprehensive income	10,812	17,931
Comprehensive income	(252,014)	(258,966)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(252,014)	(258,966)
Comprehensive income attributable to non-controlling interests	0	(0)