

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2024 (Based on Japanese GAAP)

July 12, 2024

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 16, 2024
 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, 2024 (from March 1, 2024 to May 31, 2024)

(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, 2024	6,901	3.1	(190)	–	(197)	–	(208)	–
Three months ended May 31, 2023	6,692	3.9	(364)	–	(357)	–	(273)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2024	(1.34)		–	
Three months ended May 31, 2023	(1.77)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2024	19,801	10,103	50.6
As of February 29, 2024	18,096	8,484	46.3

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 29, 2024	0.00	0.00	0.00	10.00	10.00
Year ending February 28, 2025	0.00				
Year ending February 28, 2025 (Forecast)		0.00	0.00	10.00	10.00

3. Forecast of consolidated financial results for the year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

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	33,960	5.4	2,670	1.6	2,670	0.5	1,710	2.9	10.28

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2024
 (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, 2024	171,806,159 shares	As of February 29, 2024	156,209,829 shares
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Number of treasury shares at the end of the period

As of May 31, 2024	1,722,510 shares	As of February 29, 2024	1,846,230 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, 2024	155,043,002 shares	Three months ended May 31, 2023	154,363,969 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 29, 2024	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	5,460,988	8,732,230
Trade accounts receivable	2,784,920	897,561
Inventories	171,828	227,713
Other	542,739	642,006
Allowance for doubtful accounts	(5,502)	(5,751)
Total current assets	8,954,974	10,493,759
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,950,105	4,113,867
Accumulated depreciation	(1,876,983)	(1,933,210)
Buildings and structures, net	2,073,122	2,180,657
Tools, furniture and fixtures	2,321,998	2,355,597
Accumulated depreciation	(977,509)	(1,003,937)
Tools, furniture and fixtures, net	1,344,489	1,351,659
Land	417,963	417,963
Construction in progress	3,495	3,495
Other	23,541	23,541
Accumulated depreciation	(7,587)	(8,570)
Other, net	15,953	14,970
Total property, plant and equipment	3,855,023	3,968,746
Intangible assets		
Other	310,555	324,539
Total intangible assets	310,555	324,539
Investments and other assets		
Investment securities	200,019	44,000
Deferred tax assets	1,502,592	1,620,751
Leasehold and guarantee deposits	2,974,002	3,048,640
Other	305,576	307,315
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	4,976,118	5,014,634
Total non-current assets	9,141,697	9,307,920
Total assets	18,096,672	19,801,679

(Thousands of yen)

	As of February 29, 2024	As of May 31, 2024
Liabilities		
Current liabilities		
Accounts payable - other	1,196,199	1,336,765
Income taxes payable	707,892	105,027
Contract liabilities	2,410,503	2,644,216
Provision for bonuses	354,064	480,926
Asset retirement obligations	36,830	41,931
Other	1,025,788	1,132,650
Total current liabilities	5,731,279	5,741,516
Non-current liabilities		
Retirement benefit liability	2,600,717	2,671,212
Asset retirement obligations	1,276,985	1,283,707
Deferred tax liabilities	2,933	1,818
Total non-current liabilities	3,880,637	3,956,738
Total liabilities	9,611,916	9,698,255
Net assets		
Shareholders' equity		
Share capital	2,890,415	4,590,415
Capital surplus	2,622,691	4,331,411
Retained earnings	3,331,151	1,579,395
Treasury shares	(381,348)	(355,742)
Total shareholders' equity	8,462,910	10,145,480
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,934	(7,562)
Remeasurements of defined benefit plans	(115,436)	(109,613)
Total accumulated other comprehensive income	(87,502)	(117,176)
Share acquisition rights	109,347	75,118
Total net assets	8,484,755	10,103,423
Total liabilities and net assets	18,096,672	19,801,679

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, 2023	Three months ended May 31, 2024
Net sales	6,692,249	6,901,554
Cost of sales	5,483,865	5,560,006
Gross profit	1,208,384	1,341,548
Selling, general and administrative expenses	1,572,432	1,531,815
Operating loss	(364,048)	(190,267)
Non-operating income		
Dividend income	2,296	2,818
Gain on forfeiture of unclaimed dividends	2,545	3,354
Subsidy income	461	1,224
Photo sales profit	1,331	1,202
Other	794	1,414
Total non-operating income	7,428	10,014
Non-operating expenses		
Interest expenses	551	69
Share issuance costs	–	16,017
Foreign exchange losses	13	–
Other	286	1,422
Total non-operating expenses	852	17,509
Ordinary loss	(357,472)	(197,762)
Extraordinary income		
Gain on sale of non-current assets	–	55
Gain on sales of parent company's stocks	–	44,409
Total extraordinary income	–	44,465
Extraordinary losses		
Loss on retirement of non-current assets	2,735	204
Impairment losses	–	3,458
Relocation expenses	296	488
Tender offer related expenses	–	95,120
Other	711	–
Total extraordinary losses	3,743	99,272
Loss before income taxes	(361,215)	(252,569)
Income taxes	(87,861)	(44,450)
Loss	(273,353)	(208,119)
Loss attributable to non-controlling interests	(0)	–
Loss attributable to owners of parent	(273,353)	(208,119)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Loss	(273,353)	(208,119)
Other comprehensive income		
Valuation difference on available-for-sale securities	6,242	(35,496)
Foreign currency translation adjustment	92	–
Remeasurements of defined benefit plans, net of tax	11,596	5,822
Total other comprehensive income	17,931	(29,673)
Comprehensive income	(255,422)	(237,793)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(255,422)	(237,793)
Comprehensive income attributable to non-controlling interests	(0)	–