

Translation

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

October 9, 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 Semi-annual Securities Report: October 10, 2024
 Scheduled date to commence dividend payments: –
 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 six months ended August 31, 2024 (from March 1, 2024 to August 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	%
Six months ended August 31, 2024	16,587	4.1	1,458	39.9	1,456	37.7	893	10.2
Six months ended August 31, 2023	15,940	3.2	1,042	2.5	1,057	1.2	810	26.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2024	5.50		5.48	
Six months ended August 31, 2023	5.25		5.24	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2024	21,406	11,208	52.0
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				
Year ended February 29, 2024	0.00	0.00	0.00	10.00	10.00
Year ending February 28, 2025	0.00	0.00			
Year ending February 28, 2025 (Forecast)			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) Significant changes in the scope of consolidation during the six months ended August 31, 2024: No
- (2) Application of special accounting methods for preparing interim 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 August 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 August 31, 2024	1,722,629 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)

Six months ended August 31, 2024	162,563,280 shares	Six months ended August 31, 2023	154,363,861 shares
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Interim consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	5,460,988	10,176,282
Trade accounts receivable	2,784,920	1,217,623
Inventories	171,828	227,161
Other	542,739	598,525
Allowance for doubtful accounts	(5,502)	(8,277)
Total current assets	8,954,974	12,211,316
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,950,105	4,202,211
Accumulated depreciation	(1,876,983)	(1,989,364)
Buildings and structures, net	2,073,122	2,212,846
Tools, furniture and fixtures	2,321,998	2,403,363
Accumulated depreciation	(977,509)	(1,045,028)
Tools, furniture and fixtures, net	1,344,489	1,358,335
Land	417,963	417,963
Construction in progress	3,495	3,495
Other	23,541	23,541
Accumulated depreciation	(7,587)	(9,553)
Other, net	15,953	13,987
Total property, plant and equipment	3,855,023	4,006,628
Intangible assets		
Other	310,555	312,652
Total intangible assets	310,555	312,652
Investments and other assets		
Investment securities	200,019	39,500
Deferred tax assets	1,502,592	1,459,478
Leasehold and guarantee deposits	2,974,002	3,055,860
Other	305,576	326,760
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	4,976,118	4,875,527
Total non-current assets	9,141,697	9,194,808
Total assets	18,096,672	21,406,124

(Thousands of yen)

	As of February 29, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Accounts payable - other	1,196,199	1,764,864
Income taxes payable	707,892	499,945
Contract liabilities	2,410,503	2,597,115
Provision for bonuses	354,064	279,930
Asset retirement obligations	36,830	18,039
Other	1,025,788	1,034,508
Total current liabilities	5,731,279	6,194,402
Non-current liabilities		
Retirement benefit liability	2,600,717	2,695,190
Asset retirement obligations	1,276,985	1,306,099
Deferred tax liabilities	2,933	2,217
Total non-current liabilities	3,880,637	4,003,506
Total liabilities	9,611,916	10,197,909
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	2,680,913
Treasury shares	(381,348)	(355,772)
Total shareholders' equity	8,462,910	11,246,969
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,934	(10,684)
Remeasurements of defined benefit plans	(115,436)	(103,188)
Total accumulated other comprehensive income	(87,502)	(113,873)
Share acquisition rights	109,347	75,118
Total net assets	8,484,755	11,208,214
Total liabilities and net assets	18,096,672	21,406,124

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Net sales	15,940,832	16,587,852
Cost of sales	11,794,295	12,012,099
Gross profit	4,146,536	4,575,753
Selling, general and administrative expenses	3,103,840	3,117,483
Operating profit	1,042,696	1,458,269
Non-operating income		
Interest income	11	231
Dividend income	2,297	2,819
Gain on forfeiture of unclaimed dividends	2,545	3,354
Subsidy income	2,140	2,664
Photo sales profit	2,910	2,196
Other	5,682	4,195
Total non-operating income	15,586	15,460
Non-operating expenses		
Interest expenses	554	69
Share issuance costs	–	16,017
Foreign exchange losses	26	–
Other	286	1,422
Total non-operating expenses	867	17,509
Ordinary profit	1,057,416	1,456,221
Extraordinary income		
Gain on sales of parent company's stocks	–	44,409
Reversal of provision for loss on liquidation of subsidiaries and associates	1,096	–
Other	–	55
Total extraordinary income	1,096	44,465
Extraordinary losses		
Loss on retirement of non-current assets	2,735	37,909
Impairment losses	–	3,458
Relocation expenses	1,299	4,068
Tender offer related expenses	–	95,977
Other	711	–
Total extraordinary losses	4,746	141,414
Profit before income taxes	1,053,765	1,359,271
Income taxes	243,222	465,873
Profit	810,543	893,398
Loss attributable to non-controlling interests	(0)	–
Profit attributable to owners of parent	810,543	893,398

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Profit	810,543	893,398
Other comprehensive income		
Valuation difference on available-for-sale securities	12,478	(38,618)
Foreign currency translation adjustment	716	–
Remeasurements of defined benefit plans, net of tax	23,139	12,248
Total other comprehensive income	36,334	(26,370)
Comprehensive income	846,878	867,027
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	846,878	867,027
Comprehensive income attributable to non-controlling interests	(0)	–

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,053,765	1,359,271
Depreciation	228,689	246,766
Impairment losses	–	3,458
Increase (decrease) in allowance for doubtful accounts	3,721	2,775
Increase (decrease) in provision for bonuses	17,051	(74,134)
Increase (decrease) in retirement benefit liability	120,172	94,472
Increase (decrease) in remeasurements of defined benefit plans	23,139	12,248
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(1,296)	–
Interest and dividend income	(2,308)	(3,050)
Interest expenses	554	69
Subsidy income	(2,140)	(2,664)
Share issuance costs	–	16,017
Gain on sales of parent company's stocks -OpeCF	–	(44,409)
Loss on retirement of non-current assets	2,735	37,909
Tender offer-related expenses	–	95,977
Decrease (increase) in trade receivables	468,379	1,567,297
Decrease (increase) in inventories	(9,027)	(55,333)
Increase (decrease) in accounts payable - other	324,950	542,326
Increase (decrease) in contractLiabilities	14,690	186,611
Other, net	(95,816)	(31,432)
Subtotal	2,147,262	3,954,176
Interest and dividends received	2,308	3,050
Interest paid	(554)	(69)
Subsidies received	2,140	2,664
Tender Offer-Related Expenses paid	–	(95,977)
Income taxes paid	(271,957)	(615,089)
Income taxes refund	4,788	61
Net cash provided by (used in) operating activities	1,883,987	3,248,818
Cash flows from investing activities		
Purchase of property, plant and equipment	(422,271)	(309,956)
Purchase of intangible assets	(79,588)	(75,796)
Purchase of investment securities	(54,900)	–
Proceeds from sale of shares of parent	–	149,266
Payments of leasehold and guarantee deposits	(55,787)	(112,905)
Proceeds from refund of leasehold and guarantee deposits	44,825	31,047
Other, net	(61,319)	(60,330)
Net cash provided by (used in) investing activities	(629,041)	(378,674)

	(Thousands of yen)	
	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	1,000,000	500,000
Repayments of short-term borrowings	(1,000,000)	(500,000)
Repayments of lease liabilities	(1,117)	–
Proceeds from issuance of shares	–	3,383,982
Dividends paid	(2,461,983)	(1,538,898)
Proceeds from exercise of employee share options	–	123
Purchase of treasury shares	(96)	(73)
Proceeds from disposal of treasury shares	–	17
Net cash provided by (used in) financing activities	(2,463,197)	1,845,150
Net increase (decrease) in cash and cash equivalents	(1,208,251)	4,715,294
Cash and cash equivalents at beginning of period	7,308,410	5,460,988
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(6,706)	–
Cash and cash equivalents at end of period	6,093,452	10,176,282