

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended February 28, 2022 (Based on Japanese GAAP)

April 7, 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 of ordinary general meeting of shareholders: May 27, 2022
 Scheduled date to file Securities Report: May 30, 2022
 Scheduled date to commence dividend payments: May 12, 2022
 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, 2022 (from March 1, 2021 to February 28, 2022)

(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, 2022	30,008	19.1	3,030	199.8	3,048	155.7	2,431	337.9
Year ended February 28, 2021	25,201	(5.6)	1,010	(62.8)	1,192	(56.6)	555	(71.6)

	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, 2022	16.25	16.22	28.7	18.5	10.1
Year ended February 28, 2021	3.79	3.79	8.8	8.8	4.0

(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, 2022	19,045	10,513	54.8	67.59
As of February 28, 2021	13,940	6,575	46.7	44.02

(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, 2022	3,607	(1,011)	1,450	8,011
Year ended February 28, 2021	(36)	(655)	(182)	3,963

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, 2021	0.00	0.00	0.00	9.50	9.50	1,404	250.7	22.3
Year ended February 28, 2022	0.00	0.00	0.00	16.00	16.00	2,469	98.5	28.7
Year ending February 28, 2023 (Forecast)	0.00	0.00	0.00	16.00	16.00		98.8	

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 year ended February 28, 2022
(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: No
- 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, 2022	156,209,829 shares	As of February 28, 2021	156,209,829 shares
-------------------------	--------------------	-------------------------	--------------------

Number of treasury shares at the end of the period

As of February 28, 2022	1,897,030 shares	As of February 28, 2021	8,396,070 shares
-------------------------	------------------	-------------------------	------------------

Average number of shares during the period

Year ended February 28, 2022	149,665,379 shares	Year ended February 28, 2021	146,387,438 shares
------------------------------	--------------------	------------------------------	--------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	3,963,694	8,011,322
Trade accounts receivable	2,454,135	2,328,853
Inventories	135,497	152,476
Income taxes receivable	37,672	–
Other	438,892	513,945
Allowance for doubtful accounts	(11,588)	(9,571)
Total current assets	7,018,304	10,997,027
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,953,928	3,478,318
Accumulated depreciation	(1,413,589)	(1,532,583)
Buildings and structures, net	1,540,339	1,945,734
Tools, furniture and fixtures	1,858,972	2,093,144
Accumulated depreciation	(701,592)	(787,981)
Tools, furniture and fixtures, net	1,157,379	1,305,162
Land	417,963	417,963
Other	13,668	13,668
Accumulated depreciation	(13,668)	(13,668)
Other, net	0	0
Total property, plant and equipment	3,115,682	3,668,860
Intangible assets		
Other	177,485	196,804
Total intangible assets	177,485	196,804
Investments and other assets		
Investment securities	124,027	109,306
Deferred tax assets	678,891	1,074,648
Leasehold and guarantee deposits	2,558,477	2,715,012
Other	273,534	290,018
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	3,628,859	4,182,914
Total non-current assets	6,922,027	8,048,578
Total assets	13,940,332	19,045,606

(Thousands of yen)

	As of February 28, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Accounts payable - other	1,149,166	1,176,548
Income taxes payable	422,847	737,696
Advances received	1,701,720	1,961,988
Provision for sales returns	2,370	2,405
Provision for bonuses	265,202	289,817
Provision for loss on liquidation of subsidiaries and associates	40,529	1,593
Asset retirement obligations	12,565	9,341
Other	1,005,995	1,266,910
Total current liabilities	4,600,399	5,446,301
Non-current liabilities		
Lease obligations	3,895	1,678
Retirement benefit liability	1,681,000	1,912,901
Asset retirement obligations	1,073,012	1,162,432
Deferred tax liabilities	6,783	8,599
Total non-current liabilities	2,764,692	3,085,611
Total liabilities	7,365,091	8,531,913
Net assets		
Shareholders' equity		
Share capital	2,890,415	2,890,415
Capital surplus	1,105,307	2,616,453
Retained earnings	4,323,111	5,379,715
Treasury shares	(1,730,384)	(391,760)
Total shareholders' equity	6,588,450	10,494,824
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,300	3,087
Foreign currency translation adjustment	(401)	(1,602)
Remeasurements of defined benefit plans	(94,780)	(65,727)
Total accumulated other comprehensive income	(81,881)	(64,242)
Share acquisition rights	68,671	83,111
Non-controlling interests	–	0
Total net assets	6,575,240	10,513,693
Total liabilities and net assets	13,940,332	19,045,606

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

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net sales	25,201,586	30,008,875
Cost of sales	19,096,483	21,549,763
Gross profit	6,105,102	8,459,111
Selling, general and administrative expenses	5,094,502	5,428,851
Operating profit	1,010,599	3,030,260
Non-operating income		
Interest income	21	26
Dividend income	0	3,915
Foreign exchange gains	2,051	1,493
Gain on forfeiture of unclaimed dividends	2,891	3,553
Compensation income	–	8,239
Subsidy income	214,674	32,873
Recoveries of written off receivables	2,239	2,311
Miscellaneous income	1,349	6,324
Other	13,668	10,607
Total non-operating income	236,896	69,345
Non-operating expenses		
Interest expenses	2,116	1,906
Share issuance costs	30,100	43,192
Amortization of organization expenses	131	–
Amortization of business commencement expenses	20,541	–
Commission expenses	1,470	–
Other	730	5,793
Total non-operating expenses	55,091	50,891
Ordinary profit	1,192,404	3,048,713
Extraordinary income		
Reversal of provision for loss on liquidation of subsidiaries and associates	–	7,850
Compensation income	25,668	41,839
Gain on extinguishment of debt	–	30,714
Other	3,769	–
Total extraordinary income	29,437	80,404
Extraordinary losses		
Loss on retirement of non-current assets	11,935	14,645
Impairment losses	12,059	2,008
Relocation expenses	727	3,618
Provision for loss on liquidation of subsidiaries and associates	40,529	–
Other	–	1,107
Total extraordinary losses	65,252	21,379
Profit before income taxes	1,156,589	3,107,738
Income taxes - current	665,332	1,076,994
Income taxes - deferred	(24,678)	(400,736)
Total income taxes	640,654	676,257
Profit	515,935	2,431,480
Profit (loss) attributable to non-controlling interests	(39,298)	0
Profit attributable to owners of parent	555,234	2,431,480

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Profit	515,935	2,431,480
Other comprehensive income		
Valuation difference on available-for-sale securities	13,300	(10,213)
Foreign currency translation adjustment	(602)	(1,201)
Remeasurements of defined benefit plans, net of tax	33,103	29,052
Total other comprehensive income	45,801	17,638
Comprehensive income	561,736	2,449,119
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	561,736	2,449,119
Comprehensive income attributable to non-controlling interests	—	0

Consolidated statements of changes in equity

Fiscal year ended February 28, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,890,415	822,859	4,208,207	(1,724,062)	6,197,419
Changes during period					
Profit attributable to owners of parent			555,234		555,234
Dividends of surplus			(440,329)		(440,329)
Purchase of treasury shares				(735,838)	(735,838)
Disposal of treasury shares		282,448		729,516	1,011,964
Net changes in items other than shareholders' equity					–
Total changes during period	–	282,448	114,904	(6,321)	391,030
Balance at end of period	2,890,415	1,105,307	4,323,111	(1,730,384)	6,588,450

	Accumulated other comprehensive income			
	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	–	201	(127,884)	(127,682)
Changes during period				
Profit attributable to owners of parent				
Dividends of surplus				
Purchase of treasury shares				
Disposal of treasury shares				
Net changes in items other than shareholders' equity	13,300	(602)	33,103	45,801
Total changes during period	13,300	(602)	33,103	45,801
Balance at end of period	13,300	(401)	(94,780)	(81,881)

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	48,364	39,298	6,157,400
Changes during period			
Profit attributable to owners of parent			555,234
Dividends of surplus			(440,329)
Purchase of treasury shares			(735,838)
Disposal of treasury shares			1,011,964
Net changes in items other than shareholders' equity	20,307	(39,298)	26,809
Total changes during period	20,307	(39,298)	417,840
Balance at end of period	68,671	–	6,575,240

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			
	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)
Changes during period				
Profit attributable to owners of parent				
Dividends of surplus				
Purchase of treasury shares				
Disposal of treasury shares				
Net changes in items other than shareholders' equity	(10,213)	(1,201)	29,052	17,638
Total changes during period	(10,213)	(1,201)	29,052	17,638
Balance at end of period	3,087	(1,602)	(65,727)	(64,242)

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	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	14,439	0	32,078
Total changes during period	14,439	0	3,938,452
Balance at end of period	83,111	0	10,513,693

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from operating activities		
Profit before income taxes	1,156,589	3,107,738
Depreciation	318,732	378,781
Amortization of deferred assets	38,153	–
Increase (decrease) in allowance for doubtful accounts	(4,339)	(2,017)
Increase (decrease) in provision for bonuses	20,716	24,614
Increase (decrease) in retirement benefit liability	181,138	231,901
Increase (decrease) in remeasurements of defined benefit plans	33,103	29,052
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	40,529	(38,936)
Increase (decrease) in other provisions	(637)	35
Interest and dividend income	(21)	(3,941)
Interest expenses	2,116	1,906
Share issuance costs	30,100	43,192
Subsidy income	(214,674)	(32,873)
Loss on retirement of property, plant and equipment	11,935	14,645
Impairment losses	12,059	2,008
Decrease (increase) in trade receivables	(1,320,673)	125,281
Decrease (increase) in inventories	(24,098)	(16,978)
Increase (decrease) in accounts payable - other	84,585	(55,861)
Increase (decrease) in advances received	150,155	260,267
Other, net	(63,902)	259,660
Subtotal	451,568	4,328,477
Interest and dividends received	21	3,941
Interest paid	(2,116)	(1,906)
Income taxes paid	(805,881)	(793,664)
Income taxes refund	105,352	37,672
Subsidies received	214,674	32,873
Net cash provided by (used in) operating activities	(36,379)	3,607,393
Cash flows from investing activities		
Purchase of property, plant and equipment	(263,794)	(695,823)
Purchase of intangible assets	(101,714)	(67,739)
Purchase of investment securities	(104,856)	–
Payments of leasehold and guarantee deposits	(174,521)	(193,534)
Proceeds from refund of leasehold and guarantee deposits	33,052	33,377
Other, net	(43,712)	(87,640)
Net cash provided by (used in) investing activities	(655,546)	(1,011,360)

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	4,000,000	2,300,000
Repayments of short-term borrowings	(4,000,000)	(2,300,000)
Dividends paid	(447,164)	(1,399,743)
Proceeds from exercise of employee share options	32	–
Purchase of treasury shares	(737,325)	(375)
Proceeds from disposal of treasury shares	969,944	2,836,307
Proceeds from issuance of share acquisition rights	32,210	14,439
Net cash provided by (used in) financing activities	(182,302)	1,450,628
Effect of exchange rate change on cash and cash equivalents	784	966
Net increase (decrease) in cash and cash equivalents	(873,444)	4,047,627
Cash and cash equivalents at beginning of period	4,837,138	3,963,694
Cash and cash equivalents at end of period	3,963,694	8,011,322