

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2022 (Based on Japanese GAAP)

January 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: January 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 nine months ended November 30, 2022 (from March 1, 2022 to November 30, 2022)

(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	%
Nine months ended November 30, 2022	23,245	5.4	1,624	(21.7)	1,660	(20.2)	1,022	(22.2)
Nine months ended November 30, 2021	22,064	23.4	2,074	–	2,079	514.0	1,314	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2022	6.63		6.61	
Nine months ended November 30, 2021	8.87		8.86	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2022	17,967	9,006	49.6	57.72
As of February 28, 2022	19,045	10,513	54.8	67.59

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, 2022	0.00	0.00	0.00	16.00	16.00
Year ending February 28, 2023	0.00	0.00	0.00		
Year ending February 28, 2023 (Forecast)				16.00	16.00

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 nine months ended November 30, 2022
(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: Yes
- 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 November 30, 2022	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 November 30, 2022	1,845,740 shares	As of February 28, 2022	1,897,030 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2022	154,320,340 shares	Nine months ended November 30, 2021	148,144,363 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	8,011,322	6,781,916
Trade accounts receivable	2,328,853	2,065,415
Inventories	152,476	153,617
Other	513,945	653,652
Allowance for doubtful accounts	(9,571)	(10,291)
Total current assets	10,997,027	9,644,310
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,478,318	3,752,665
Accumulated depreciation	(1,532,583)	(1,640,135)
Buildings and structures, net	1,945,734	2,112,530
Tools, furniture and fixtures	2,093,144	2,217,616
Accumulated depreciation	(787,981)	(847,995)
Tools, furniture and fixtures, net	1,305,162	1,369,621
Land	417,963	417,963
Other	13,668	23,541
Accumulated depreciation	(13,668)	(2,673)
Other, net	0	20,867
Total property, plant and equipment	3,668,860	3,920,982
Intangible assets		
Other	196,804	232,045
Total intangible assets	196,804	232,045
Investments and other assets		
Investment securities	109,306	120,373
Deferred tax assets	1,074,648	994,388
Leasehold and guarantee deposits	2,715,012	2,760,969
Other	290,018	300,172
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	4,182,914	4,169,831
Total non-current assets	8,048,578	8,322,859
Total assets	19,045,606	17,967,169

(Thousands of yen)

	As of February 28, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Accounts payable - other	1,176,548	1,255,745
Income taxes payable	737,696	86,283
Advances received	1,961,988	–
Contract liabilities	–	3,129,117
Provision for sales returns	2,405	–
Provision for bonuses	289,817	84,339
Provision for loss on liquidation of subsidiaries and associates	1,593	1,407
Asset retirement obligations	9,341	14,677
Other	1,266,910	1,107,771
Total current liabilities	5,446,301	5,679,342
Non-current liabilities		
Lease obligations	1,678	–
Retirement benefit liability	1,912,901	2,076,497
Asset retirement obligations	1,162,432	1,195,379
Deferred tax liabilities	8,599	9,871
Total non-current liabilities	3,085,611	3,281,748
Total liabilities	8,531,913	8,961,090
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	3,805,124
Treasury shares	(391,760)	(381,205)
Total shareholders' equity	10,494,824	8,937,026
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,087	10,765
Foreign currency translation adjustment	(1,602)	(706)
Remeasurements of defined benefit plans	(65,727)	(37,381)
Total accumulated other comprehensive income	(64,242)	(27,323)
Share acquisition rights	83,111	96,375
Non-controlling interests	0	0
Total net assets	10,513,693	9,006,079
Total liabilities and net assets	19,045,606	17,967,169

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Net sales	22,064,531	23,245,890
Cost of sales	15,903,555	17,020,406
Gross profit	6,160,975	6,225,484
Selling, general and administrative expenses	4,086,647	4,600,857
Operating profit	2,074,327	1,624,626
Non-operating income		
Interest income	11	13
Dividend income	3,915	4,176
Foreign exchange gains	1,485	–
Gain on forfeiture of unclaimed dividends	3,553	4,859
Compensation income	7,974	–
Subsidy income	27,277	12,116
Recoveries of written off receivables	1,522	841
Compensation income for damage	–	5,465
Miscellaneous income	4,532	4,208
Other	5,941	5,771
Total non-operating income	56,214	37,452
Non-operating expenses		
Interest expenses	1,895	24
Share issuance costs	43,192	–
Foreign exchange losses	–	148
Cancellation penalty	–	888
Other	5,776	559
Total non-operating expenses	50,864	1,620
Ordinary profit	2,079,676	1,660,459
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	–
Total extraordinary income	49,690	571
Extraordinary losses		
Loss on retirement of non-current assets	12,863	11,067
Relocation expenses	4,646	12,386
Other	1,107	–
Total extraordinary losses	18,616	23,453
Profit before income taxes	2,110,750	1,637,577
Income taxes	796,441	614,842
Profit	1,314,309	1,022,734
Profit (loss) attributable to non-controlling interests	0	(0)
Profit attributable to owners of parent	1,314,309	1,022,734

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Profit	1,314,309	1,022,734
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,112)	7,677
Foreign currency translation adjustment	(1,155)	895
Remeasurements of defined benefit plans, net of tax	37,183	28,346
Total other comprehensive income	27,915	36,919
Comprehensive income	1,342,224	1,059,654
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,342,224	1,059,654
Comprehensive income attributable to non-controlling interests	0	0