

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 Six Months Ended August 31, 2023 (Based on Japanese GAAP)

October 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: October 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 six months ended August 31, 2023 (from March 1, 2023 to August 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	%
Six months ended August 31, 2023	15,940	3.2	1,032	2.5	1,046	1.2	803	26.3
Six months ended August 31, 2022	15,441	5.7	1,007	(24.3)	1,034	(24.7)	636	(27.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2023	5.20		5.19	
Six months ended August 31, 2022	4.12		4.11	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2023	17,139	7,712	44.4	49.34
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	0.00			
Year ending February 29, 2024 (Forecast)			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 six months ended August 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 August 31, 2023	156,209,829 shares	As of February 28, 2023	156,209,829 shares
-----------------------	--------------------	-------------------------	--------------------

Number of treasury shares at the end of the period

As of August 31, 2023	1,846,120 shares	As of February 28, 2023	1,845,800 shares
-----------------------	------------------	-------------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2023	154,363,861 shares	Six months ended August 31, 2022	154,312,696 shares
----------------------------------	--------------------	----------------------------------	--------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of February 28, 2023	As of August 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	7,308,410	6,093,452
Trade accounts receivable	1,670,857	1,202,477
Inventories	153,019	162,046
Other	535,365	592,327
Allowance for doubtful accounts	(7,490)	(11,212)
<b>Total current assets</b>	<b>9,660,161</b>	<b>8,039,091</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	3,785,962	4,077,428
Accumulated depreciation	(1,693,450)	(1,800,991)
Buildings and structures, net	2,092,512	2,276,436
Tools, furniture and fixtures	2,228,397	2,336,622
Accumulated depreciation	(882,061)	(949,622)
Tools, furniture and fixtures, net	1,346,336	1,386,999
Land	417,963	417,963
Other	23,541	23,541
Accumulated depreciation	(3,656)	(5,622)
Other, net	19,885	17,919
<b>Total property, plant and equipment</b>	<b>3,876,697</b>	<b>4,099,319</b>
<b>Intangible assets</b>		
Other	244,900	275,996
<b>Total intangible assets</b>	<b>244,900</b>	<b>275,996</b>
<b>Investments and other assets</b>		
Investment securities	113,169	186,055
Deferred tax assets	1,179,252	1,327,388
Leasehold and guarantee deposits	2,881,535	2,892,381
Other	302,369	325,053
Allowance for doubtful accounts	(6,072)	(6,072)
<b>Total investments and other assets</b>	<b>4,470,255</b>	<b>4,724,806</b>
<b>Total non-current assets</b>	<b>8,591,853</b>	<b>9,100,122</b>
<b>Total assets</b>	<b>18,252,015</b>	<b>17,139,214</b>

(Thousands of yen)

	As of February 28, 2023	As of August 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - other	1,171,630	1,450,938
Income taxes payable	364,127	489,204
Contract liabilities	2,414,309	2,428,999
Provision for bonuses	337,356	354,407
Provision for loss on liquidation of subsidiaries and associates	1,296	–
Asset retirement obligations	7,437	23,661
Other	1,070,438	1,007,982
<b>Total current liabilities</b>	<b>5,366,595</b>	<b>5,755,193</b>
<b>Non-current liabilities</b>		
Retirement benefit liability	2,320,183	2,440,356
Asset retirement obligations	1,210,185	1,226,897
Deferred tax liabilities	3,396	4,051
<b>Total non-current liabilities</b>	<b>3,533,766</b>	<b>3,671,305</b>
<b>Total liabilities</b>	<b>8,900,361</b>	<b>9,426,498</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,890,415	2,890,415
Capital surplus	2,622,691	2,622,691
Retained earnings	4,274,941	2,599,766
Treasury shares	(381,226)	(381,323)
<b>Total shareholders' equity</b>	<b>9,406,822</b>	<b>7,731,550</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,767	18,245
Foreign currency translation adjustment	(716)	–
Remeasurements of defined benefit plans	(156,595)	(133,455)
<b>Total accumulated other comprehensive income</b>	<b>(151,544)</b>	<b>(115,209)</b>
Share acquisition rights	96,375	96,375
Non-controlling interests	0	–
<b>Total net assets</b>	<b>9,351,653</b>	<b>7,712,716</b>
<b>Total liabilities and net assets</b>	<b>18,252,015</b>	<b>17,139,214</b>

## 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, 2022	Six months ended August 31, 2023
Net sales	15,441,194	15,940,832
Cost of sales	11,290,987	11,804,947
Gross profit	4,150,207	4,135,885
Selling, general and administrative expenses	3,143,042	3,103,840
Operating profit	1,007,164	1,032,045
Non-operating income		
Interest income	13	11
Dividend income	2,088	2,297
Gain on forfeiture of unclaimed dividends	3,732	2,545
Subsidy income	11,379	2,140
Compensation income for damage	5,465	–
Miscellaneous income	2,618	5,465
Other	2,959	3,127
Total non-operating income	28,257	15,586
Non-operating expenses		
Interest expenses	17	554
Foreign exchange losses	151	26
Other	559	286
Total non-operating expenses	728	867
Ordinary profit	1,034,694	1,046,764
Extraordinary income		
Gain on sale of non-current assets	571	–
Reversal of provision for loss on liquidation of subsidiaries and associates	–	1,096
Total extraordinary income	571	1,096
Extraordinary losses		
Loss on retirement of non-current assets	0	2,735
Relocation expenses	4,105	1,299
Other	–	711
Total extraordinary losses	4,105	4,746
Profit before income taxes	1,031,160	1,043,114
Income taxes	395,048	239,660
Profit	636,111	803,454
Loss attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	636,111	803,454

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Profit	636,111	803,454
Other comprehensive income		
Valuation difference on available-for-sale securities	941	12,478
Foreign currency translation adjustment	935	716
Remeasurements of defined benefit plans, net of tax	18,882	23,139
Total other comprehensive income	20,758	36,334
Comprehensive income	656,870	839,789
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	656,870	839,789
Comprehensive income attributable to non-controlling interests	0	(0)

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,031,160	1,043,114
Depreciation	206,368	239,340
Increase (decrease) in allowance for doubtful accounts	5,683	3,721
Increase (decrease) in provision for bonuses	28,749	17,051
Increase (decrease) in retirement benefit liability	111,159	120,172
Increase (decrease) in remeasurements of defined benefit plans	18,882	23,139
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(68)	(1,296)
Interest and dividend income	(2,101)	(2,308)
Interest expenses	17	554
Subsidy income	(11,379)	(2,140)
Compensation for damage income	(5,465)	–
Gain on sale of non-current assets	(571)	–
Loss on retirement of non-current assets	0	2,735
Decrease (increase) in trade receivables	75,849	468,379
Decrease (increase) in inventories	(5,878)	(9,027)
Increase (decrease) in accounts payable - other	407,104	324,950
Increase (decrease) in contractLiabilities	484,771	14,690
Other, net	(508,472)	(95,816)
Subtotal	1,835,808	2,147,262
Interest and dividends received	2,101	2,308
Interest paid	(17)	(554)
Subsidies received	11,379	2,140
Proceeds from compensation for damage	5,465	–
Income taxes paid	(700,845)	(271,957)
Income taxes refund	–	4,788
Net cash provided by (used in) operating activities	1,153,892	1,883,987
Cash flows from investing activities		
Purchase of property, plant and equipment	(319,205)	(422,271)
Proceeds from sale of property, plant and equipment	571	–
Purchase of intangible assets	(42,445)	(79,588)
Purchase of investment securities	–	(54,900)
Payments of leasehold and guarantee deposits	(59,771)	(55,787)
Proceeds from refund of leasehold and guarantee deposits	9,025	44,825
Other, net	(32,233)	(61,319)
Net cash provided by (used in) investing activities	(444,058)	(629,041)

	(Thousands of yen)	
	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	–	1,000,000
Repayments of short-term borrowings	–	(1,000,000)
Repayments of lease liabilities	(1,106)	(1,117)
Dividends paid	(2,461,122)	(2,461,983)
Purchase of treasury shares	(61)	(96)
Proceeds from disposal of treasury shares	3	–
Net cash provided by (used in) financing activities	(2,462,287)	(2,463,197)
Effect of exchange rate change on cash and cash equivalents	619	–
Net increase (decrease) in cash and cash equivalents	(1,751,833)	(1,208,251)
Cash and cash equivalents at beginning of period	8,011,322	7,308,410
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(6,706)
Cash and cash equivalents at end of period	6,259,489	6,093,452