

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2023 (Based on Japanese GAAP)

January 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 Quarterly Securities Report: January 10, 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 nine months ended November 30, 2023 (from March 1, 2023 to November 30, 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	%
Nine months ended November 30, 2023	23,771	2.3	1,670	2.8	1,691	1.9	1,176	15.1
Nine months ended November 30, 2022	23,245	5.4	1,624	(21.7)	1,660	(20.2)	1,022	(22.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2023	7.62		7.61	
Nine months ended November 30, 2022	6.63		6.61	

(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, 2023	18,173	8,125	44.1	51.93
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	0.00		
Year ending February 29, 2024 (Forecast)				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 nine months ended November 30, 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 November 30, 2023	156,209,829 shares	As of February 28, 2023	156,209,829 shares
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Number of treasury shares at the end of the period

As of November 30, 2023	1,846,170 shares	As of February 28, 2023	1,845,800 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, 2023	154,363,799 shares	Nine months ended November 30, 2022	154,320,340 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	7,308,410	7,322,727
Trade accounts receivable	1,670,857	983,535
Inventories	153,019	152,168
Other	535,365	524,315
Allowance for doubtful accounts	(7,490)	(7,539)
Total current assets	9,660,161	8,975,205
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,785,962	4,179,685
Accumulated depreciation	(1,693,450)	(1,846,859)
Buildings and structures, net	2,092,512	2,332,826
Tools, furniture and fixtures	2,228,397	2,374,021
Accumulated depreciation	(882,061)	(961,395)
Tools, furniture and fixtures, net	1,346,336	1,412,625
Land	417,963	417,963
Construction in progress	–	3,495
Other	23,541	23,541
Accumulated depreciation	(3,656)	(6,604)
Other, net	19,885	16,936
Total property, plant and equipment	3,876,697	4,183,846
Intangible assets		
Other	244,900	288,347
Total intangible assets	244,900	288,347
Investments and other assets		
Investment securities	113,169	197,609
Deferred tax assets	1,179,252	1,259,055
Leasehold and guarantee deposits	2,881,535	2,961,248
Other	302,369	313,813
Allowance for doubtful accounts	(6,072)	(6,072)
Total investments and other assets	4,470,255	4,725,654
Total non-current assets	8,591,853	9,197,848
Total assets	18,252,015	18,173,054

(Thousands of yen)

	As of February 28, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Accounts payable - other	1,171,630	1,563,101
Income taxes payable	364,127	260,723
Contract liabilities	2,414,309	3,202,542
Provision for bonuses	337,356	87,436
Provision for loss on liquidation of subsidiaries and associates	1,296	–
Asset retirement obligations	7,437	28,952
Other	1,070,438	1,113,026
Total current liabilities	5,366,595	6,255,782
Non-current liabilities		
Retirement benefit liability	2,320,183	2,511,965
Asset retirement obligations	1,210,185	1,276,149
Deferred tax liabilities	3,396	4,027
Total non-current liabilities	3,533,766	3,792,142
Total liabilities	8,900,361	10,047,924
Net assets		
Shareholders' equity		
Share capital	2,890,415	2,890,415
Capital surplus	2,622,691	2,622,691
Retained earnings	4,274,941	2,973,135
Treasury shares	(381,226)	(381,335)
Total shareholders' equity	9,406,822	8,104,907
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,767	26,262
Foreign currency translation adjustment	(716)	–
Remeasurements of defined benefit plans	(156,595)	(115,387)
Total accumulated other comprehensive income	(151,544)	(89,125)
Share acquisition rights	96,375	109,347
Non-controlling interests	0	–
Total net assets	9,351,653	8,125,129
Total liabilities and net assets	18,252,015	18,173,054

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, 2022	Nine months ended November 30, 2023
Net sales	23,245,890	23,771,103
Cost of sales	17,020,406	17,573,799
Gross profit	6,225,484	6,197,303
Selling, general and administrative expenses	4,600,857	4,527,121
Operating profit	1,624,626	1,670,181
Non-operating income		
Interest income	13	11
Dividend income	4,176	4,698
Gain on forfeiture of unclaimed dividends	4,859	2,545
Subsidy income	12,116	2,357
Compensation income for damage	5,465	–
Miscellaneous income	4,208	6,765
Other	6,613	6,086
Total non-operating income	37,452	22,464
Non-operating expenses		
Interest expenses	24	555
Foreign exchange losses	148	33
Cancellation penalty	888	–
Other	559	286
Total non-operating expenses	1,620	874
Ordinary profit	1,660,459	1,691,771
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	11,067	26,312
Impairment losses	–	16,965
Relocation expenses	12,386	5,147
Other	–	882
Total extraordinary losses	23,453	49,306
Profit before income taxes	1,637,577	1,643,560
Income taxes	614,842	466,737
Profit	1,022,734	1,176,823
Loss attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	1,022,734	1,176,823

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Profit	1,022,734	1,176,823
Other comprehensive income		
Valuation difference on available-for-sale securities	7,677	20,494
Foreign currency translation adjustment	895	716
Remeasurements of defined benefit plans, net of tax	28,346	41,207
Total other comprehensive income	36,919	62,419
Comprehensive income	1,059,654	1,239,242
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,059,654	1,239,242
Comprehensive income attributable to non-controlling interests	0	(0)