



Riso Kyoiku Co., Ltd.

Q2 Financial Results Briefing for the Fiscal Year Ending February 2022

October 8, 2021

Event Summary

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[Participants]	
[Number of Speakers]	2
	Shigenori Hirano President and CEO
	Masaaki Kume Vice President and CFO

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Presentation

Hirano: Hello, everyone. I am Hirano from Riso Kyoiku Co., Ltd. Thank you for joining us today.

Kume: This is Kume from Riso Kyoiku. Thanks.

Hirano: We will now begin the conference call for the second quarter of the fiscal year ending February 28, 2022.

Again, as part of our infection prevention measures, we decided to hold the financial results briefing online. We apologize for any inconvenience this may cause and thank you for your understanding.

Kume: Today, as in the previous session, I would like to start by discussing the results of the second quarter for FY02/2022 based on the materials, and the upward revision of the earnings forecast that was announced yesterday. I would also like to explain about dividends and the medium-term management plan.

After explaining the background behind the strong performance and outlook, we will answer your questions through the Q&A function. You can send us your questions even during the explanation.

We will begin by explaining the results for the second quarter of FY02/2022 from President Hirano. Thanks.

(1) 2022年2月期 第2四半期 実績

(単位:百万円)

	売上高		営業利益		経常利益		四半期純利益	
		前期増減		前期増減		前期増減		前期増減
2020年2月期 第2四半期	12,987	+1,179	1,166	+193	1,165	+186	727	+147
2021年2月期 第2四半期	11,109	△1,878	△460	△1,626	△416	△1,581	△468	△1,195
2022年2月期 第2四半期	14,612	+3,503	1,331	+1,791	1,373	+1,789	874	+1,342

Hirano: I would like to start my explanation.

Net sales increased JPY3,503 million from the previous fiscal year to JPY14,612 million.

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Operating income increased JPY1,791 million to JPY1,331 million.

Ordinary income increased JPY1,789 million to JPY1,373 million.

Net income for the quarter was JPY874 million, an increase of JPY1,342 million from the previous fiscal year.

Compared to the second quarter of the fiscal year ending February 29, 2020, before the COVID-19 disaster, both sales and profits have increased, indicating that the business is performing well.

(2) 通期業績予想修正 (再上方修正)

(単位:百万円)

	売上高	営業利益	経常利益	当期純利益
当初予想 (4月7日発表)	29,000	2,510	2,500	1,700
前回修正 (7月14日発表)	29,500	2,810	2,800	1,900
今回修正 (10月7日発表)	30,000	3,010	3,000	2,100



株式会社リソ-教育 「すべては子どもたちの未来のために」

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In response to the strong performance in the second quarter, we announced a second upward revision to our full-year earnings forecast yesterday, October 7.

The details are as follows.

Sales will be JPY30,000 million. Operating income will be JPY3,010 million. Ordinary income will be JPY3,000 million. Net income for the year will be JPY2,100 million.

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(3) 2022年2月期の配当について

当期配当

1株あたり配当：12円（期末一括配当）

積極的な新校展開・業種との提携による
「囲い込み戦略」の新たな展開



- ・株主様への還元力強化
- ・企業競争力、企業体質の強化



- ・持続的成長・企業価値向上

As for dividends, we plan to pay a lump-sum year-end dividend of JPY12 per share, as announced in the financial results.

We are currently considering the number of dividends to be paid, taking into account the revision of the earnings forecast. If there is anything we can announce in the future, we will announce it in a timely manner.

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(4) 中期経営計画

(単位:百万円)

	2021年2月期 (実績)	2022年2月期 (予想)	2023年2月期 (計画)	2024年2月期 (計画)
売上高	25,201	30,000	32,000	35,500
営業利益	1,010	3,010	3,210	3,710
経常利益	1,192	3,000	3,200	3,700
当期純利益	555	2,100	2,100	2,500

- ・引き続き高品質な「本物」の教育サービスを提供
- ・徹底した差別化戦略の継続
- ・TOMAS・伸芽会での価格改定による利益改善
- ・積極的な新校展開による生徒数増加で業績のV字回復
- ・新型コロナウイルスワクチンの職域接種によりさらに安全な学習環境を整備

Next, as for the 3-year medium-term management plan, we have revised it upward again for the current fiscal year ending February 28, 2022, as I explained earlier, and are forecasting net sales of JPY30,000 million, ordinary income of JPY3,000 million, and net income of JPY2,100 million.

For the fiscal year ending February 28, 2023, the Company plans net sales of JPY32,000 million, ordinary income of JPY3,200 million, and net income of JPY2,100 million.

For the fiscal year ending February 29, 2024, we plan net sales of JPY35,500 million, ordinary income of JPY3,700 million, and net income of JPY2,500 million.





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(4) 実績・見通しが好調な背景

各社で生徒数が順調に推移

	2021年8月末生徒数		
		2020年8月比	2019年8月比
 TOMAS	13,781人	108.1%	109.0%
 名門会	4,143人	115.3%	109.3%
 伸芽会	4,939人	113.0%	120.3%
 リソ教育グループ	26,645人	110.7%	110.4%

We believe that the primary reason for the strong results and outlook is the increase in the number of students.

The Group's total number of students increased by 10.7% YoY to 26,645, and by 10.4% compared to August 2019.

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【他社に例のない当社独自の感染防止策で対面授業を継続】

1. 教室入室時の手指消毒・検温
2. 生徒と講師のサージカルマスク着用
3. 講師はフェイスシールドも着用
4. 高さ190cm長の壁に囲われたブースを使用
5. 生徒と講師を仕切るビニールカーテンを全校、全ブースへ設置
6. 授業実施後のブース内消毒を実施



【新型コロナウイルスワクチンの職域接種を実施】

当社グループの従業員およびその家族・講師・接種を希望する生徒の保護者等を対象

→安心して対面授業を受けられる環境整備



In addition to our unique infection-prevention measures, we vaccinated approximately 10,000 of our employees, instructors, and parents of students -- the largest number in the cram school industry -- against COVID-19.

We have established an environment where students can receive face-to-face lessons with even greater peace of mind.

2021年 3月		上尾校	開校
		田町校	開校
		田町校	拡大リニューアル
4月		吉祥寺校	開校
		大宮校	開校
		大宮校	拡大リニューアル
5月		大船校	開校
6月		錦糸町校	拡大リニューアル
7月		月島校	開校
		流山おおたかの森校	開校
		海浜幕張校	拡大リニューアル





Furthermore, each company is aggressively developing new schools this fiscal year.

Specifically, TOMAS opened the new TOMAS Ageo School and Inter TOMAS Tamachi School in March. We had an expansion and renovation of TOMAS Tamachi School. In April, Medic TOMAS Kichijoji School and Omiya School were newly opened. We had an expansion and renovation of TOMAS Omiya School.

TOMAS Ofuna School was newly opened in May. TOMAS Kinshicho School was expanded and renovated in June. In July, TOMAS Tsukishima School and TOMAS Nagareyama Otakanomori School were opened, and TOMAS Kaihin Makuhari School was expanded and renovated.

Together with the existing schools, the total number of schools now stands at 93.



 TOMAS	88校	学習塾 93校
 MEDIC TOMAS <small>医学部受験専門個別指導</small>	4校	
 spec.TOMAS	1校	英会話 10校
 Inter TOMAS <small>グローバル英会話スクール</small>	10校	

(2021年8月末現在)

第2四半期（2021年8月末）の生徒数が順調に推移

	2021年8月末生徒数		
		2020年8月比	2019年8月比
 TOMAS	13,781人	+8.1%	+9.0%

As a result, the number of TOMAS students at the end of August 2021 was 13,781, up 8.1% from the same month last year. This is an increase of 9% compared to August 2019, before the COVID-19 disaster.

名門会

2021年3月	 TOMEIKAI	鹿児島校	拡大リニューアル
4月	 TOMEIKAI	新潟校	開校
5月	 名門会	天神駅前校	拡大リニューアル
6月	 TOMEIKAI	天神校	開校
7月	 名門会	鹿児島校	開校
	 名門会	熊本校	開校
10月	 TOMEIKAI	長崎駅前校	拡大リニューアル (予定)

In March, Meimonkai expanded and renovated the TOMEIKAI Kagoshima School. TOMEIKAI Niigata School was newly opened in April. In May, Meimonkai Tenjin Ekimae School was expanded and renovated. TOMEIKAI Tenjin School was newly opened in June. The Meimonkai Kagoshima and Kumamoto schools were newly opened in July, and the TOMEIKAI Nagasaki Ekimae School is scheduled for expansion and renovation in October.

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名門会 Online

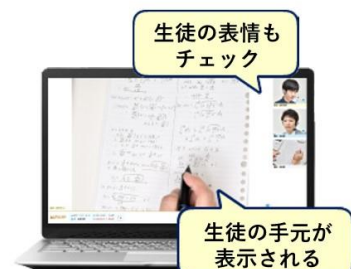
外出に不安があり通塾ができない生徒や
地方在住の生徒への学習対応

名門会 Online の特徴

- ・ 完全 1 対 1 の個別指導をオンラインで実施
- ・ 講師の板書と生徒の手元が見える双方向授業
- ・ 講師、生徒が在宅でも指導が可能
- ・ 社員（担任）がオンラインで授業を巡回チェック
- ・ T O M A S の独自性、質を担保



【生徒画面】



【講師画面】

In addition, for those who are anxious about going out of their houses, or for students living in rural areas, we offer online lessons through Meimonkai Online, which has received applications from both domestic and overseas students.



名門会 35校

TOMEIKAI 12校

(2021年8月末現在)

第2四半期（2021年8月末）の生徒数が順調に推移

	2021年8月末生徒数	
	2020年8月比	2019年8月比
名門会	4,143人	+15.3%
		+9.3%

As a result, the number of Meimonkai students at the end of August 2021 was 4,143, up 15.3% from the same month last year. This is also an increase of 9.3% over August 2019.

2021年 3月	 伸芽会	浦和教室	拡大リニューアル
4月	 伸芽'sクラブ 託児	荻窪校	開校
	 伸芽'sクラブ 学童	吉祥寺校	開校
5月	 伸芽会	吉祥寺教室	開校
9月	 伸芽'sクラブ 学童	大宮校	開校

In March, Shingakai expanded and renovated the Shingakai Urawa Classroom. In April, we opened Shinga's club childcare Ogikubo School, Shinga's club after school Kichijoji School, and in May, Shingakai Kichijoji classroom, and in September, we are planning to open Shinga's club after school Omiya School.

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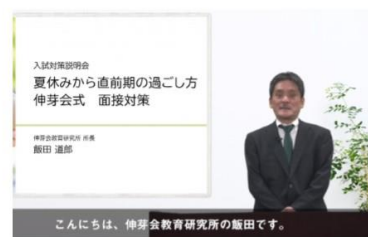
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【対面授業】

- ・ 教師と生徒のマスク着用
- ・ 教師はフェイスシールドを着用
- ・ 生徒同士の間隔を1～2mあけて授業
(1クラスの人数を減らしての授業実施)
- ・ 定期的な換気と備品・教具類の消毒を徹底


【オンライン対応】

- ・ 「受験対策講座」「合格指南講座」などの講演動画を会員専用ページで配信
- ・ 家庭用教材＋映像解説をセットにした新教材



Shingakai holds group guidance programs, but like TOMAS, students wear masks and face shields, and the number of students per class is reduced so that there is more space between students.

In addition, we provide online “exam preparation courses” and “success guidance courses” to our members, which have been very well received.

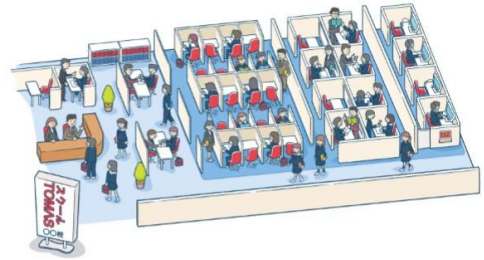


 **伸芽会** 24校
 伸芽SINGAKAI 託児 7校
 伸芽SINGAKAI 学童 16校
 (2021年8月末現在)

第2四半期（2021年8月末）の生徒数が順調に推移

	2021年8月末生徒数	
	2020年8月比	2019年8月比
 伸芽会	4,939人	+13.0%
		+20.3%

As a result, the number of Shingakai students at the end of August 2021 was 4,939, up 13% from the same month last year. This is also an increase of 20.3% over August 2019.



- ・ 導入契約校数 82校 (2021年8月末現在)
- ・ TOMASのノウハウで学校内完全1対1個別指導
- ・ いつでも質問できる自習システム
- ・ インターネット教材サポート型個別指導・AI教材型個別指導

学校内でもオンラインでも
生徒一人ひとりの個人差に合わせ学びをサポート

In addition to the conventional 1-on-1 tutoring and self-study systems that are available at schools and that allow students to ask questions freely, School TOMAS is receiving an increasing number of inquiries about its online tutoring and AI teaching materials that can be used flexibly even under the COVID-19 circumstances.

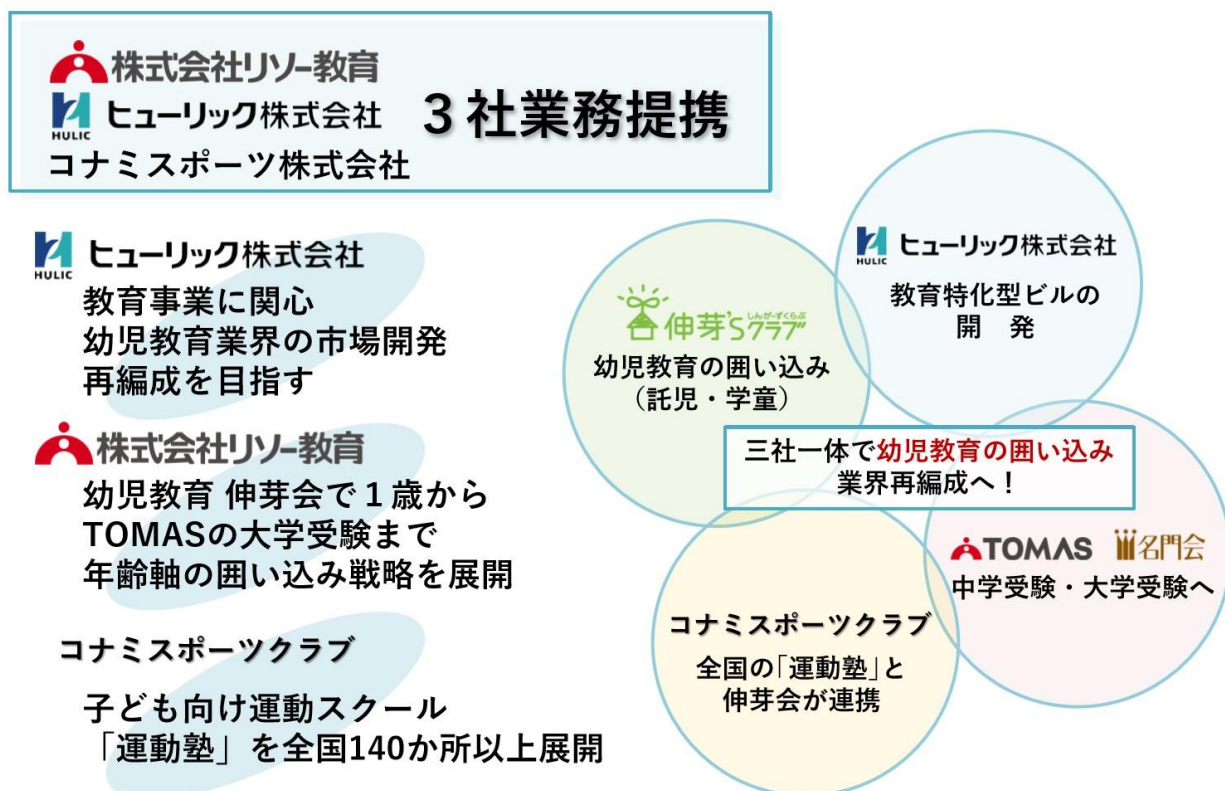
As of the end of August, the number of schools using the system has reached 82 on a contract basis.

We expect an increase in revenue not only from number of schools introduced, but also from the increase in the number of grades introduced.

今後の展望

- ・積極的な新校展開
- ・異業種との業務提携による「囲い込み戦略」の新たな展開

さらなる成長路線へ



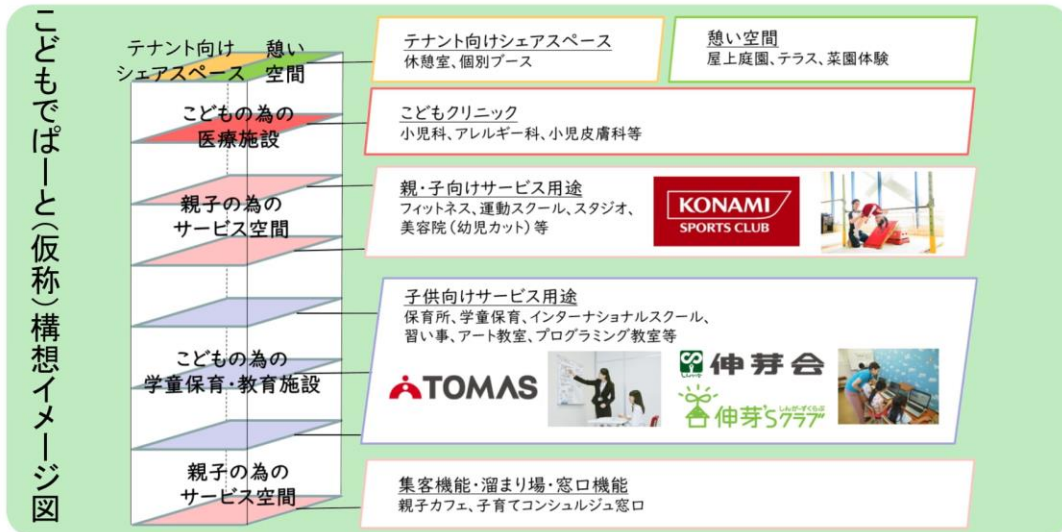
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教育特化ビル『こどもでぱーと（仮称）』

東京都、神奈川県などの主要駅へ2022年を目途に第1弾を開業
2029年までに20棟まで広げる構想



HULIC ヒューリック株式会社との資本業務提携

不動産の活用（新校展開）
教育に関わる新規事業の共同検討

当社の株式を保有（11.62%）

リソー教育グループ
幼児教育のノウハウ共有
↑
幼児教育業界の市場開拓
トップブランドの確立
↓
ヒューリック株式会社
駅前の優良物件を優先的に紹介
(TOMASの新校展開の加速)



ヒューリック成増ビル

TOMAS 成増校



ヒューリック目白ビル

伸芽会本部
駿台TOMAS 本社

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伸芽'S学童 × コナミスポーツクラブ

コナミスポーツ 伸芽'Sアカデミー

対象 小1
小2 小3



運動は得意だけど勉強もちゃんとさせたい



勉強だけでなくスポーツもできる子になってほしい

希望をかなえる



ワンストップ型学童

コナミスポーツ 伸芽'Sアカデミー



学習指導



習いごと



受験指導



運動

株式会社リソー教育 「すべては子どもたちの未来のために」

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スクール TOMAS × KDDI まとめてオフィス※

※大手通信会社 KDDIの主要子会社

スクール TOMAS

学校の進学実績をサポート

KDDI まとめてオフィス

学校のICT整備をサポート

- ・それぞれのサービスを導入する学校を相互紹介
- ・両社が協力しICT教育が整備されていない学校へサービスを展開

スクール TOMAS の導入校数が加速度的に増加

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In addition to the aggressive development of new schools, the Company is currently promoting the development of Kodomo Depart through a 3-way business alliance between the Company, Hulic Co., Ltd., and Konami Sports Co., Ltd.: a business alliance with Hulic, a business alliance between Shingakai and Konami Sports, and a business alliance between School TOMAS and KDDI Matomete-office Co., Ltd.,

We are aiming to return to the previous growth line and pursue further growth by developing a new strategy of enclosure through business alliances with different industries.

We will continue to provide a safe learning environment and high-quality, genuine educational services, while striving for sustainable growth and increased corporate value.

Finally, the declaration of the state of emergency has been lifted, but the education of children has been greatly affected by dispersed school attendance and home study with online classes. Some other cram schools are switching their classes to online.

Against this backdrop, we insist on face-to-face educational guidance. Real education can only be delivered face-to-face. We are proud of the fact that we have been working on infection prevention measures with a much higher awareness than other companies in our industry, including the large-scale construction of infection prevention equipment and vaccination of employees last year.

I would like to lead the Company with a strong will to deliver genuine education for the bright future of children.

Thank you.

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Question & Answer

Kume: Now, we will have a question-and-answer session. Let's start.

Hirano: I will announce the first question. I have the impression that the mid-term management plan was based on conservative figures. You also revised the financial forecast, and the net income is the same as the next year's figure in the mid-term management plan, but are you thinking of revising the mid-term management plan?

The current situation is progressing very well. The number of students enrolled in the school has been increasing since August last year, thanks to the approval of our infection prevention measures, and sales and profits have been increasing steadily along with the development of the new school. Naturally, I expect that we will be able to revise our medium-term management plan in the future considering this performance.

Kume: When we released our medium-term business plan, we were in the middle of the COVID-19 crisis last year, and our sales dropped considerably. Also, the plan to open new schools had not yet been realized in a concrete way. Since the end of last year, we have felt a great response to our efforts, as the opening of new schools has been realized and the number of students has been steadily increasing.

We have made 2 upward revisions since the beginning of this fiscal year, and we still feel strong momentum. So, naturally, we will be reviewing our mid-term plan at some point during this fiscal year, and we will announce it. This is the end of my response.

Hirano: Moving the next question. Is the revised full year forecast also based on conservative assumptions?

I think this one is clear from the explanation I just gave, so please allow me to omit.

Moving the next question. There was a mass infection at Shonan Seminar, but do you feel you should refrain face-to-face lessons? On the other hand, was there an influx of people who appreciated the infection control measures?

Basically, there is no evidence of mass infection in our company. Naturally, we are checking the infection status of students, employees, and instructors, but we have contacted the public health center, et cetera, and they have confirmed that there is no risk of cluster or mass infection, so we have been operating as usual.

The influx of students appreciating this infection control has been so great that all who have visited our facilities have checked all the classrooms and our preventive measures. Likewise, we have received the reputation that there is no other company in our industry that has taken such measures to prevent infection, and this has often led to membership.

We have seen an increase in the number of external students enrolling in the program based on the infection control measures, so we would like to continue conducting them.

Moving the next question. In the second half of this fiscal year, you are expecting a 9% increase in revenue compared to the second half of the previous year, and with the increase in the number of students at the end of the first half of the fiscal year, I think you are almost on track to achieve this goal, but have you considered the price increase effects?

I haven't read that part of the report yet, so as I said earlier, I am predicting that we will be able to report even better for the full year.

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Kume: The upward revision is as mentioned, and it is certainly a rather conservative estimate based on actual results and the initial plan for the second half. Therefore, as we move into the third and fourth quarters, if we can maintain the current increase in the number of students, as you said, the effect of the price increase will naturally come into play, so the upward revision that we made today should, in theory, go further than that. I look at it this way.

However, I can't be sure of this until I see the results. The timing of the upward revision was also because we wanted to see the figures of September. After the financial results for August were done, we wanted to look at the September figures, and in essence, after the figures for the first month of the third quarter were finalized, we were going to issue an upward revision. As a result, we made an upward revision to our forecast. From now on, we will disclose information as it becomes available, while keeping an eye on the current figures.

Moving the next question. What are the projected sales and profit per school for Konami Sports Shinga's Academy?

This is the first facility that Shingakai will open together with Konami Sports, and it will be called Konami Sports Shinga's Academy, which will be located in the Konami Sports Club in Shinagawa. This will be the first of the 20 locations planned with Konami Sports, which I mentioned in the IR before.

The annual sales forecast is roughly JPY100 million per school, and a rough idea of the profit base is that we are expecting a profit of about 20%. This is our forecast. So, if we think that we will be working with Konami Sports for about 20 schools over the next 5 years, we can expect JPY2,000 million in sales and JPY400 million in profits from those schools alone.

Hirano: Moving to the next question. Since you mentioned strong momentum, what is your opening strategy for next year and beyond? Is it correct to assume that the number is practically the same as the current fiscal year, or will it be accelerated? Will we see the effects of the partnership with Hulic?

As for the schools opening plan, we are currently looking at properties as needed, and we are working to accelerate the pace of the project. Hulic has been introducing us to properties in prime locations in front of stations, so we are expecting to see more benefits from the partnership in the future.

Kume: Right now, we are working with Hulic on 2 large-scale projects, and we are going to do the bidding together. We have 2 locations: 1 in the center of Tokyo and the other in a very popular area of Tokyo. Specifically, we are planning to participate in the redevelopment project in front of the station.

This is quite a monumental and very symbolic place, so this will mainly house Shingakai and TOMAS. We are currently working with Hulic to finalize a plan that will include a full line of Shingakai and TOMAS schools, Shingakai's after-school activity class, childcare, entrance examination courses, and TOMAS.

If this becomes a reality -- as we will announce in the IR when it is decided -- I think we will be able to create something different from the TOMAS and Shingakai of the past. Something like a combination of our classrooms and cultural facilities. I would say that I envision a place that includes everything similar to the Ikebukuro School, but the plan is to create a place where synergy effects can be achieved at each grade level, so I am expecting that we will be able to create a different type of TOMAS and Shingakai. We will announce this when it becomes more concrete.

Hirano: Next, how is the response to the School TOMAS I feel that when the Delta strain of COVID-19 spread in August, it exposed the fact that many schools are still concerned about online education. This was a question about the School TOMAS, asking about the effects of the alliance with the KDDI Group, and strategies for the next school year and beyond.

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As explained earlier, School TOMAS has been working with schools since last year's COVID-19 disaster to explore the possibility of online tutoring and AI-based tutoring, so schools that have concerns about online education at school can turn to School TOMAS. This has had a positive effect, and the number of schools using School TOMAS is now actually increasing.

The effect of the partnership with the KDDI Group is gradually becoming apparent, and I expect the number of schools using the system to increase at an accelerated pace in the future.

Kume: Next, how about the progress of each business alliance?

Regarding the business alliance, first, President Hirano just explained about the business alliance with KDDI that School TOMAS is currently working on. KDDI has already introduced us to several schools, and we have been working on sales.

As you know, most of the School TOMAS start in the new school year, and most of the contracts are for next April, but we are currently conducting sales activities for the schools introduced by KDDI. I can't give you any specifics right now, but we have received reports that the response has been good, so I think we will be able to make some concrete announcements around the fourth quarter.

Also, in terms of the relationship with Konami Sports, the first after-school activity class that I mentioned earlier will open in April next year, and we have already started recruiting students. This means that we are making steady progress.

Regarding the business alliance with Hulic and Konami Sports, as I mentioned earlier, we are working together on several specific projects, such as joint bidding for properties in "Kodomo Depart" and joint use of properties, and we are starting to see some results by the end of this year. I think that by the fourth quarter, we will be able to talk about what we are going to do specifically.

What's good about our partnership with Hulic is that we can introduce classrooms and properties to them at any time, and we are currently working together to find properties for new schools. If Hulic has a property in a very good location, they can introduce it to us. Also, Hulic has been making proposals to develop this area, and I think this has really helped our property search more than ever.

Hirano: Next, it seems that the problem of university places outnumbering applicants due to the declining birthrate is accelerating. Is there any impact on TOMAS? The question also asks if there are any plans to launch a project like School TOMAS to provide support to universities that are struggling to attract students due to the declining birth rate.

In the first place, our products have been designed on the premise that the birthrate is declining. We offer a differentiated product that no other company in the industry can imitate: a 1-on-1, individualized tutoring service.

Parents who are worried about the future due to the declining birthrate, and the declining birthrate means that the cost of education per student is going up, so more and more people are joining our company because they want to receive a more secure and reliable education, and this trend is continuing. We would like to continue delivering a more differentiated education.

This time, with the COVID-19 disaster, it seems that other companies in the same industry, which do not have distinctive features, struggled a very difficult time. Against this backdrop, our company has been steadily increasing its business performance, as you can see from our recent business results.

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We have no current plans to launch a class at School TOMAS to support universities that are struggling with declining birthrates, but we may consider it in the future.

Next, In the second quarter, which I believe is the time of the summer semester, have there been any changes in the number of classes per student compared to last year or the year before?

I think the point of this question is to ask how the number of classes in the summer semester was per student. I believe that the number of classes a student takes represents the evaluation of our services for the students. As our services continue to improve, we will see an increase in requests for more classes, and thankfully, the number of classes per student has increased this year.

It is true that last year, due to the COVID-19 disaster, summer vacation was short, so the time and days devoted to summer classes were longer this year. This means that our services have received a certain level of recognition from our customers. That's all.

Kume: Moving to the next question, What factor strong growth in Shingakai.

Regarding Shingakai, I explained earlier that the number of students increased by 13% compared to the previous term, but in particular, the number of Shingakai students for entrance examinations course increased by 15.6%, and the after-school activity class increased by 17.9%. The most profitable part of Shingakai is the entrance examinations course. It is my understanding that the growth by 15% has contributed greatly to profits.

I think that COVID-19 is 1 of the reasons why the student numbers are growing so much. The parents of children who are so anxious about entrance exams because of COVID-19 are very attracted to the fact that they can enter a famous elementary school and go straight to high school and college.

I believe that the number of elementary school entrance exams is increasing in general, as is the case with our own school. Among them, Shingakai has a 60-year track record, and I have heard that Shingakai's books are being used at various early childhood education cram schools, so I think Shingakai is highly regarded for that.

As for the after-school activity class, it is true that there is a demand for them, but our after-school activity classes are designed for entrance examinations, mainly for junior high school entrance examinations. The number of junior high school entrance examinations is also increasing due to the reasons mentioned earlier. We have seen an increase of 17.9% over last year. These 2 factors are very significant.

So, in addition to the anxiety of various parents, I think that the increasing number of both working parents and vague concerns about entrance exams are the reasons why there is an increasing need for children to take entrance exams from elementary school and kindergarten.

In case you don't know about Shingakai, they conduct group lessons. So there is still a lot of room to increase the number of students, and I believe that this place has very strong potential, even within our current capacity. I believe this will contribute greatly to our profits in the second half of this year and into the next fiscal year and beyond. Thanks.

Hirano: Next question. The school TOMAS has become profitable in the second quarter, so please share your thoughts on future trends.

School TOMAS is currently being introduced to schools, and is also being introduced by KDDI, and is now growing steadily. In addition, although we started with 1 grade level the first year we introduced the program, the number of grades has been increasing every year, and as the years go by, we will become more profitable.

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Kume: Regarding the School TOMAS, the reduction of fixed costs is different from last year. We also announced that we have closed our English conversation tutor center in Cebu, Philippines. We had to pay for real estate and instructors for a long time for this facility, and although we originally wanted to make instructors a variable cost, they have always been a fixed cost. This amount has been reduced to 0.

As for Online-English conversation, our strategy is to outsource it. The change of English conversation to a variable cost has contributed significantly to cost reduction, and I think it will contribute about JPY100 million per year from this fiscal year. I believe that the school TOMAS will become more profitable in the future, which will perform positive every year.

Hirano: Do we have any other questions?

Thank you very much for your questions. As the time has come, we will now close the briefing on the financial results for the second quarter of the fiscal year ending February 28, 2020. Thanks.

Kume: Thank you for your precious time today.

[END]

Document Notes

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