



Riso Kyoiku Co., Ltd.

Q3 Financial Results Briefing for the Fiscal Year Ending February 2024

January 18, 2024

Event Summary

[Company Name]	Riso Kyoiku Co., Ltd.	
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[Venue]	Webcast	
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[Participants]		
[Number of Speakers]	2	
	Masahiko Tenbo	President, Representative Director and CEO
	Masaaki Kume	Vice President and CFO

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Presentation

Tenbo: Hello, everyone. I am Tenbo from Riso Kyoiku Co., Ltd. Thank you for your cooperation.

Kume: I am Kume from Riso Kyoiku. Thank you.

Tenbo: The time has arrived, and we will now begin the presentation of the financial results for Q3 of the fiscal year ending February 2024. Since this is Q3 of the fiscal year, we have decided to hold the financial results presentation online. We apologize for any inconvenience this may cause and appreciate your understanding.

－ 目次 －

1 | 2024年2月期第3四半期実績・株主還元策 (P3 - P12)

- (1) 2024年2月期第3四半期実績
- (2) 実績の背景
- (3) 株主還元策

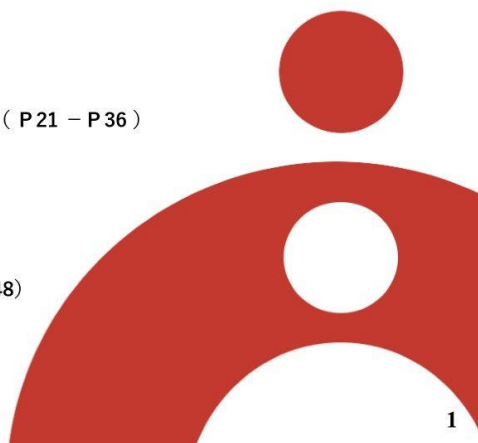
2 | 中期経営計画・今後の展望 (P14 - P19)

3 | (参考資料) リソー教育グループ概要 (P21 - P36)

4 | (参考資料) 異業種との提携 (P38 - P42)

5 | (参考資料) サステナビリティ (P44 - P48)

「すべては子どもたちの未来のために」
RISO Kyoiku Group



Kume: I will explain the results for Q3 of the fiscal year ending February 2024, the background of the results, the shareholder return policy, the medium-term business plan, and the future outlook, based on the presentation materials, and then answer the questions that you have sent to me via the Q&A function. Please feel free to send us your questions through the Q&A function even during the explanation.

Well, then, Mr. President, please start.

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(1) 2024年2月期 第3四半期実績 (2023年3月~11月)

(単位：百万円)

	売上高		営業利益		経常利益		四半期純利益	
		前期比		前期比		前期比		前期比
2023年2月期 第3四半期	23,245	+5.4%	1,624	△21.7%	1,660	△20.2%	1,022	△22.2%
2024年2月期 第3四半期	23,771	+2.3%	1,670	+2.8%	1,691	+1.9%	1,176	+15.1%

Tenbo: I will now explain the results for Q3 of the current fiscal year ending February 2024.

Net sales increased 2.3% YoY to JPY23.771 billion, operating profit increased 2.8% YoY to JPY1.67 billion, recurring profit increased 1.9% YoY to JPY1.691 billion, and net income increased 15.1% YoY to JPY1.176 billion.

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(2) 実績の背景について — 売上高・利益 —

売上高 23,771百万円 前期比 +525百万円 (+2.3%)

・学習塾事業、学校内個別指導事業および人格情操合宿教育事業が
前期を上回って推移

TOMAS (前期比 +1.9%)

スクールTOMAS (前期比 +14.1%)

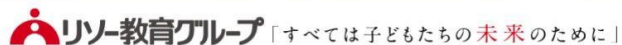
プラスワン教育 (前期比 +11.9%)

営業利益 1,670百万円 前期比 +45百万円 (+2.8%)

・売上高の増加および費用の戦略的な見直しにより前期を上回って推移
特に名門会およびスクールTOMASで利益が増加

名門会 (前年同期増減 +124百万円)

スクールTOMAS (前年同期増減 +214百万円)



As background to this performance, net sales were slightly better than the previous year, thanks to increased sales in the tutoring schools business segment, which is our mainstay, as well as the in-school one-on-one instruction segment and the character-building training camp education segment.

Profits were also slightly higher than the previous year, thanks to increased sales and a strategic review of expenses.

In particular, the increase in profits at subsidiaries Meimonkai and School TOMAS, which increased profits by JPY124 million and JPY214 million, respectively, from the same period of the previous year, had a significant impact on the performance.

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【開校状況】

- Q1 : **TOMAS** 新規開校 1校 (中目黒校)
 〃 リニューアル 3校 (二子玉川校、センター北校、千葉校)
- Q2 : 〃 リニューアル 2校 (練馬校、四ツ谷校)
- Q3 : 〃 新規開校 3校 (勝どき校、自由が丘校2号館、御茶ノ水校)
- Q4 : 〃 新規開校 1校 (船橋校)



By segment, in the tutoring schools business segment, TOMAS opened a new Nakameguro school and renewed three schools, which are the Futakotamagawa, Center Kita, and Chiba schools in Q1.

In addition, 2 schools, the Nerima and Yotsuya schools, were renewed in Q2.

In Q3, we opened three new schools, which are the Kachidoki, Jiyugaoka 2 building, and Ochanomizu schools. By Q3, a total of 4 new schools have been opened and 5 schools have been renewed.

As for the number of schools at the end of Q3, the total number of tutoring schools, including TOMAS, Medic TOMAS, and Spec. TOMAS, is 103. There are 12 English conversation schools.

In Q4, the Funabashi school opened in December.

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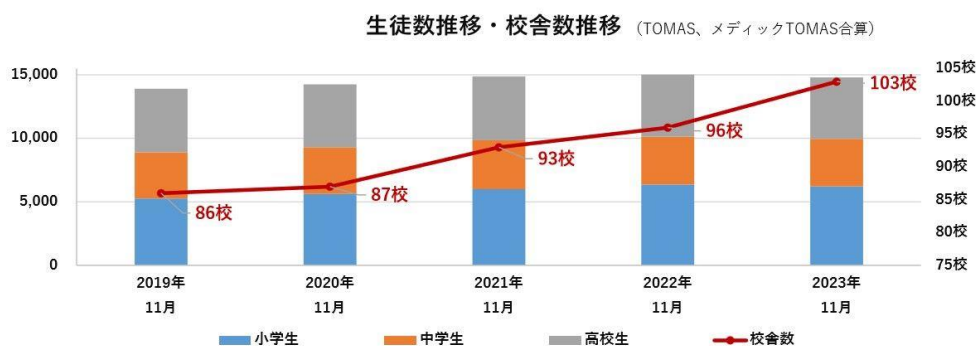
【生徒数・単価】

- ・ 生徒数は前年同月比 Δ 1.4%
- ・ 2023年3月に授業料改定（5～7%）
- ・ Q3末の平均単価は前年同月比+3.3%

【その他】

- ・ 営業部門で重点校舎を選定し営業を集中
顧客サービスの徹底（面談・TEL訪問※）
により退会防止へ

※電話等での進捗報告、課題の共有などのコミュニケーション



The number of students at the end of Q3 was down 1.4% from the same month last year.

However, due to the impact of price revisions implemented in March, the average unit price at the end of Q3 was up 3.3% from the same month last year.

In TOMAS, the sales department selected a priority school and concentrated its sales efforts in this fiscal year. In addition, since Q3, the teaching department has improved its customer service by revising its strategy of TEL visits, which involve communicating by phone to report progress and share issues, and it has resulted in the prevention of withdrawals, and the number of students is on the road to recovery.

Currently, in December, the number of students has returned to almost the same level as the previous year.

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名門会 — 実績の背景 —

【開校状況】

Q1 :	名門会	統廃合	1校	(千葉駅前校 → 津田沼駅前校)
	〃	新規開校	1校	(京都駅前校 2号館)
Q2 :	〃	統廃合	1校	(西広島駅前校 → 広島駅前校)
Q3 :	—			
Q4 :	名門会	統廃合	1校	(岡山サテライト校 → 岡山駅前校)
	TOMEIKAI	閉校	2校	(予定)



Next, in the tutor dispatched education segment, the Meimonkai Kyoto Ekimae school 2 building was newly opened and the Chiba Ekimae school was integrated into the Tsudanuma Ekimae school in Q1.

In Q2, the Nishi Hiroshima Ekimae school was integrated into the Hiroshima Ekimae school.

As of the end of Q3, there are 36 Meimonkai schools, 2 MEDIC Meimonkai schools, and 12 TOMEIKAI schools.

In Q4, the Meimonkai Okayama Satellite school was integrated into the Okayama Ekimae school in January, and 2 TOMEIKAI schools will be closed in February.

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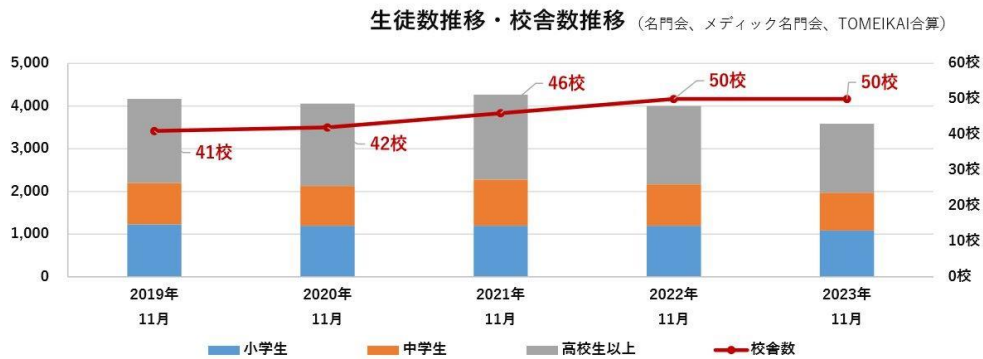
名門会 — 実績の背景 —

【生徒数・単価】

- ・ 生徒数は前年同月比△9.3%
- ・ 2023年3月に授業料改定（5～7%）
- ・ Q3末の平均単価は前年同月比+9.5%

【その他】

- ・ 広告宣伝費等、経費の効率的使用による費用削減により利益が前年同期比で+124,857千円となった



The number of students at the end of Q3 was down 9.3% from the same month last year.

The average unit price at the end of Q3 was up 9.5% from the same period of the month year due to the impact of price revisions implemented in March.

In Meimonkai, as reported earlier, profits increased by JPY124 million compared to the same month of last year, thanks to cost reductions resulting from the more efficient use of expenses.




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伸芽会 — 実績の背景 —

【開校状況】

Q1 :	 伸芽会	リニューアル	1校 (二子玉川教室)	校
	 伸芽'sガクド 学童	新規開校	1校 (二子玉川校)	
	コナミスポーツ 伸芽'Sアカデミー	リニューアル	1校 (品川校)	
	//	新規開校	1校 (西宮校)	
Q2 :	—			
Q3 :	 伸芽会	閉校	2校 (四条烏丸教室、西宮北口教室)	
Q4 :	—			



Next, in the early childhood education segment, we opened new schools in Q1, which are Shinga's Club Gakudo, an after-school, the Futakotamagawa school, and the Konami Sports Shinga's Academy Nishinomiya school. We also renewed the Shingakai Futakotamagawa school and the Konami Sports Shinga's Academy Shinagawa school.

In Q3, we closed 2 schools in the Kansai region, the Shingakai Shijo-Karasuma and Nishinomiya-Kitaguchi schools.

As for the number of schools at the end of Q3, Shingakai had 22 schools. There are 8 Shinga's Club childcare centers and 21 Shinga's Club Gakudo, including Konami Sports Shinga's Academy.

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伸芽会 — 実績の背景 —

【生徒数・単価】

- ・ 生徒数は前年同月比△3.5%
- ・ 夏期講習会で価格改定（20%）
2023年11月より授業料改定（17%）
- ・ Q3末の平均単価は前年同月比+1.9%

【その他】

- ・ 計画的な個別面談の徹底による退会防止
- ・ 教室での営業実施



The number of students at the end of Q3 was down 3.5% from the same month of last year.

Since we have implemented price revisions in the summer session and the changeover of the school year in November, the average unit price at the end of Q3 was up 1.9% from the same month of last year.

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【開校状況】

2023年11月末時点稼働校数 **81校**

【単価・その他】

- ・ Q3末の平均単価は前年同月比 **+19.8%**
- ・ 全体の月額平均売上高は約250万円
(前年同月比 **+8.6%**)
- ・ 月額平均売上高300万円以上の校舎数が前年同月比で **7校増加**
月額平均売上高500万円以上の校舎数が前年同月比で **4校増加**



スクール TOMAS の強み・差別化ポイント

- ・ 「TOMAS」の進学個別指導ノウハウで学校の進学実績向上に貢献
- ・ 学校の先生方の長時間労働問題を解決する一つ的手段として評価されている

Next is the in-school one-on-one instruction segment, which had 81 schools in operation at the end of Q3.

School TOMAS is finally stabilizing its operations, with the average unit price increase of 19.8% from the same month last year at the end of Q3.

The number of schools with average monthly sales of at least JPY3 million, which is our target, is 38 schools, for a total increase of 7 schools compared to the same month of last year. The number of schools with a monthly average of JPY5 million or more also increased by 4 schools, bringing the total to 10 schools.

Recently, we have seen quite a few other companies in the same industry enter the market. We believe that our point of differentiation is that we contribute to the improvement of schools' academic performance by properly managing students' learning progress based on TOMAS's know-how of individualized instruction for higher education.

In addition to supporting the schools' academic performance, it is also being evaluated as a means of solving the issue of long working hours for teachers.

We are still receiving inquiries from many schools, and we are also conducting sales activities and are on the verge of introducing service to 100 schools.

In addition, the range of school grades in schools that are already using our service is expected to expand year by year, which means that we are anticipating an increase in future revenues.

We expect that by continuing to carefully develop our schools, this will become the fourth pillar of our business, following the three main businesses of TOMAS, Meimonkai, and Shingakai.

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Next, Mr. Kume, Vice President, will explain our shareholder return policy.

(3) 株主還元策

- ・株主の皆様に対する利益還元を経営の重要課題の一つ
- ・内部留保の充実度合い、利益の状況および経営環境等を総合的に考慮し、配当性向50%以上を目途に配当

- ・2024年2月期は1株あたり配当10円を予定

配当性向
74.9%

配当利回り※
4.2%

※2024年1月17日時点

Kume: As the disclosure was made on April 21 of last year. From this fiscal year, our policy of enhancing retained earnings while giving consideration to stable profit returns remains unchanged.

We would like to implement as planned the dividend of JPY10 per share announced at that time.

The dividend payout ratio will be 74.9% if the Company makes a profit as planned.

The dividend yield, it is now about 4.2%, and I think it is a little low, but we will continue to pay dividends as planned.

President Tenbo will now explain the medium-term business plan. Please.

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中期経営計画について

2023年4月21日「新中期経営計画策定に関するお知らせ」公表後も
人件費、諸物価高騰が続くなど状況が刻々と変化

現在、新たな中期経営計画策定のため算定中

Tenbo: I would now like to explain the outlook for the future.

First of all, regarding the medium-term business plan, although we announced the new medium-term business plan on April 21 of last year, the situation has changed considerably since then, with continued increases in labor costs and other prices.

In light of this, we are currently formulating a new medium-term business plan, since the figures are still being calculated. The new medium-term business plan is scheduled to be announced around Q4, which is the full-year results of the fiscal year, we hope you will wait for the announcement.

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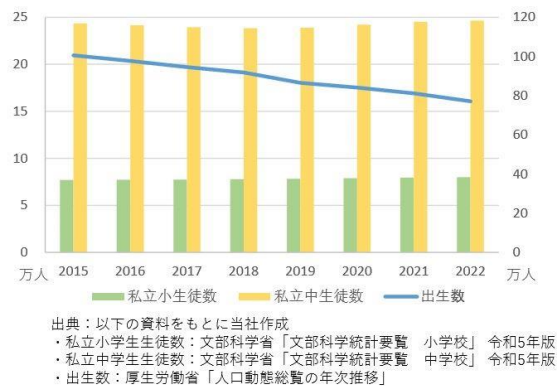
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中長期の見通しについて

- ・ 少子化の中、首都圏での小学校・中学校受験者数は増加傾向
- ・ しかし少子化は今後も続く見込み



困り込み戦略による縦軸（既存事業）だけではなく
異業種との提携等による横軸（新規事業）も
拡大させることにより、継続的な成長を目指す



As for the medium- to long-term outlook, in the tutoring schools industry, the number of students taking entrance examinations for elementary and junior high schools in the Tokyo metropolitan area is on the rise. However, the declining birthrate is expected to continue in the future, and the feverishness of the entrance examinations will reach its peak at some point, so it must be considered as a temporary phenomenon.

We are aiming for continuous growth by expanding a strategy of enclosure and our alliances with other industries. The enclosure strategy is the growth of existing businesses that we have been promoting, and alliances with other industries are the new businesses that we will develop, such as the Kodomo department store project.

新たな取り組みについて①

TOMAS 中高生専用会員制自習室スタート



- ・ **現役東大生に質問できる質問対応型会員制自習室**
超難関校を狙う受験生を現役東大生がサポート
- ・ **ニーズに合わせたオプションでTOMASの個別指導の受講も可能**
苦手な単元はTOMASの個別指導（オプション）で深く理解
- ・ **東大・京大・国立医学部等を志望するトップクラスの生徒を対象**
東大や医学部など最難関大学をめざす中高生専用の会員制自習室
- ・ **「あったらいいな」を実現** 効率よく勉強ができる環境を提供
 - 集中しやすい「個別ブース型」
 - 東大生に質問できる「質問対応ルーム」
 - 荷物を置ける「パーソナルロッカー」
 - リフレッシュスペース
 - Wi-Fi完備

First of all, for a new project, TOMAS has started a new self-study room for junior high and high school students in November. As featured on a TBS morning program the other day, this members-only self-study room is for students who wish to study at so-called top-ranked universities and the unique selling point is that current and capable University of Tokyo students are staffed as tutors and can be asked questions at any time.

If you study at home or in the library, you are likely to leave the parts you don't understand and ask questions at school or at prep school on some other day, but if you study here, you can immediately ask questions to your tutor, a University of Tokyo student, when there is something you find a little tricky.

In addition, in collaboration with TOMAS, if the students who wish to gain a deeper understanding of a unit, they can receive optional one-on-one instruction from TOMAS.

We believe that for highly conscious top-class students who aspire to enter the University of Tokyo, Kyoto University, national medical schools, etc., they can study more efficiently, and we think we can help students pass the entrance examinations to top-ranked universities.

We believe that this could lead to a new customer segment of students who have not attended TOMAS in the past and we believe that they will contribute to the higher education performance.

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新たな取り組みについて②

DX戦略の推進



- ・DX戦略推進委員会を設置
- ・コンサルティング会社のサポートを受けグループ全社でDX化を推進
- ・グループ各社で持っているデータベースを統合
 - 重複機能の統一化により費用の効率化
 - 業務のデジタル化により年間58万時間の削減見込み顧客満足度の貢献へ
 - ブランド横断的アプローチにより囲い込み戦略を推進
- その他、DX化により業務効率化、顧客満足度向上を図る

Next, I will explain our DX promotion.

In the current fiscal year, we have established the DX Strategy Promotion Committee to discuss future DX strategies with the consulting services by a consulting firm.

By integrating databases that are currently managed separately by each company, we will be able to unify systems with duplicated functions, reduce unnecessary costs, and most importantly, effectively utilize the databases to conduct cross-group approaches and customer approaches, which will further promote our strategy of enclosure.

According to current estimates, the digitalization of operations is expected to save 580,000 hours per year, which will allow employees to focus on their primary job of communicating with students, parents, and instructors, thereby improving customer satisfaction, preventing membership withdrawal, and increasing new memberships.

We will develop new educational service by maximizing customer service from achieving operational efficiency and utilizing our strengths.

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新たな取り組みについて③

異業種との提携

HULIC ヒューリック株式会社 × リソ-教育株式会社 × コナミスポーツ株式会社

「こどもでば-と」シリーズの展開

2025年春
開業予定

「(仮称) こどもでば-と 中野」

「(仮称) こどもでば-と たまプラーザ」

2026年
竣工予定

渋谷区再生ステップアッププロジェクト
「MITAKE Link Park (渋谷)」へ

こどもでば-と を展開

その他

上記3件を含め、計7物件が具体化
2029年までに20棟まで広げる構想



ロゴ・CG制作：株式会社生活スタイル研究所

リソ-教育グループ「すべては子どもたちの未来のために」

18

The next is alliances with different industries.

As I have explained many times in the past, the Kodomo department store series developed by our company, HULIC, Konami Sports, and the Konami Sports Shinga's Academy developed by Shingakai and Konami Sports are the core services.

As for the Kodomo department store series, which was reported in the Nikkei MJ the other day, construction is scheduled to be completed in Nakano and Tama Plaza in 2025. The next one is scheduled to open in Shibuya in 2026. The increase in the number of working parents has increased the need for cram schools, lessons, and Gakudo.

We are also considering introducing a clinic in the Kodomo department store to handle sudden illnesses of children. We also intend to capture the demand of families with small children by reducing the burden to travel between classes for lessons and providing a one-stop service.

Currently, a total of seven properties, including three from Nakano, Tama Plaza, and Shibuya, are in the process of being materialized, and we plan to expand the number of buildings to 20 by 2029.

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 Asia's Meetings, Globally

新たな取り組みについて③

異業種との提携



伸芽学童 × 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」

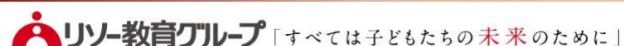
2022年4月 **品川校（第1号校）** をコナミスポーツ本店へ開校
満員のため2023年4月に増床

2023年4月 **西宮校（第2号校）** を
コナミスポーツ本店西宮アネックスへ開校

今後、上記の校舎を含め首都圏、関西エリアで約20校を開校予定



コナミスポーツ伸芽'Sアカデミー品川校
(コナミスポーツクラブ本店)



19

Next, I would like to explain our alliance with Konami Sports.

The alliance between Shingakai for early childhood education and Konami Sports is developing a new brand, Konami Sports Shingakai's Academy, which helps students balance study and sports.

The Shinagawa school opened in April 2022, and thanks to its full capacity, the school expanded last April. In April last year, we opened the Nishinomiya school and are planning to open the Musashi-Kosugi school in April this year, though it will be the next term. Including these three schools, we plan to expand to 20 schools in the Tokyo metropolitan area and Kansai area in the future.

Lastly, this year has begun with shocking news. We express our deepest sympathies to those affected.

In the tutoring schools industry, the entrance examination for private junior high schools began this month on January 10, starting with Saitama Prefecture. In addition, the Common Test for University Admissions was held last weekend on January 13 and 14. The situation is that the examination is finally in full swing. We are committed to providing care and flexible guidance to our students so that as many students as possible can pass the entrance examination to their first-choice school.

We intend to continue to enhance our corporate value and expand our growth by providing high quality educational services while respecting the individuality of our students. We look forward to your continued support as we strive for sustainable growth and increased corporate value.

This concludes my presentation. Thank you for your kind attention.

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18

Question & Answer

Kume [M]: Now, we will have time for questions and answers. As always, we will be happy to take your questions from the Q&A section at the bottom of the screen, so please send us your questions.

Participant [Q]: The full-year performance forecast remains unchanged, but to achieve it, you need to earn about JPY1.3 billion in Q4. What are your thoughts on the probability and feasibility of this?

Kume [A]: As we have already disclosed, the progress of the achievement rate, to be honest, for operating profit is not too bad, and recurring profit is a little behind. For net income, we see a possibility that it will be very close to the full-year forecast.

As President Tenbo explained earlier, the number of students at TOMAS was declining last year, but it has been on a recovery trend since December. Shingakai has raised price overall from November this year, although it is a little behind the sector. The effects of this will be seen from November to February, so if the budget goes as planned, I don't think there is any need to revise the net income at all. Operating profit will also recover considerably. As for recurring profit, I think it is a little tough.

We are not thinking correct it at this time and have the feeling dividend on this is definitely fine.

As I mentioned earlier, in Q4, the number of students is back on track, and the winter session is also going well and Then, given that the student contract is in good shape for the next term, we do not think it is necessary to make any modifications at this time.

Tenbo [A]: Currently, we are working hard to achieve this goal.

Participant [Q]: There is a request for enhanced disclosure about consolidated subsidiary. Could you provide comments on this matter?

Kume [A]: I am aware of that. We have not yet put together how we will disclose, what the roles are, and how well we will work together, so once they are settled, we will disclose.

However, we are aware of the request and hope you understand that we are working on it.

Participant [Q]: Please share the expected growth rate, scale and performance impact of in-school tutoring?

Tenbo [A]: I believe it is about School TOMAS. What makes the situation better this quarter is that we did not take the easy way out. We have made a firm proposal to receive the amount of money that will enable us to provide the service well; in other words the unit price per month, so I think the speed will be a little slower.

However, I believe that we will reach the point where we can hope for 100 schools in the next term, and in the future, I believe that the number of schools will increase to 120 and 150.

We would like to carefully expand the scale, so the impact and scale will be, as it stands now, JPY10 billion for the target. We would like to carefully grow this business.

I hope it answered your question.

Participant [Q]: How about your intention to disclose the measures for management, with an awareness of capital cost and stock price?

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Kume [A]: This overlaps with my earlier response, but we are currently working on various aspects for the TSE request in the planning department, so we will announce it as soon as it is finalized. Please wait for it. We are fully aware of the request.

Tenbo [M]: Thank you very much for your patience.

Participant [Q]: I have heard that the overall trend for the university entrance examination is that more and more students are deciding to go to higher education by the end of the year. Do you see more withdrawals than the normal level?

Tenbo [A]: As for the university entrance examination, such trends are increasing. The situation of an early entrance examination and an early withdrawal. However, since we are providing one-on-one instruction, we will make sure that such students are also taken care of until the end. Even after the examination is over, some of the students are still taking classes to prepare for university.

In addition, there are many students who are aiming for top-ranked universities and medical schools, so they will continue to study there until the entrance examination.

However, it is a fact that the number of students who are passing admission office entrance examinations or comprehensive selection entrance examinations is increasing.

Participant [Q]: The number of students is decreasing. What are your thoughts on the situation of competition by the business type in the existing business?

Kume [A]: The Meimonkai and, for example, TOMAS are overlapping. I believe it is what would it be the answer to the situation of competition by the business type in the existing business.

Tenbo [A]: If the question is about cannibalization by the competition, I don't think there is, not much.

Kume [A]: Maybe you are saying that if we operate School TOMAS, there will be fewer people going to TOMAS, but there really is no such thing.

Tenbo [A]: I think the situation is that the new students are increasing.

Kume [A]: Rather, this is the opposite. Actually each company has its own information on students in existing businesses, and we have not yet been able to share this information with the Group as a whole. For example, the people at TOMAS don't have information on Shingakai, and the people at Meimonkai don't have it either, which is why we are now trying to do it with DX.

Of course, it is customer information, so once we have that system in place, we will get the parents to agree to share their customer information, but we are in the process of trying to link that information to each other right now. This means, on the contrary, that we are trying to create more synergies by doing so between companies.

We are trying to complete this in about 3years. That is another major pillar of what we are doing in the DX Strategy Committee that I mentioned earlier.

Participant [Q]: Why do you believe that stock prices are stagnant?

Kume [A]: It was JPY500 at one time. Since it is already less than half and the yield is also 4.2%. I consider it to be stagnant.

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I believe that the most direct cause of our company's low stock price is the fact that we have revised our dividend policy. I believe it is also true that investors who wanted dividends have left us but we are now steering our management with an emphasis on growth strategies.

If we can demonstrate this, we will be reevaluated again. Also, looking at our industry as a whole, I believe that the market's evaluation of our industry has become much lower due to the declining birthrate.

Therefore, we have been in the education business for a long time, but we run our company from the perspective of providing a service.

As I explained in the earlier, by expanding the enclosure strategy and alliance, we intend to broaden the scope of our education in collaboration not only with cram schools, but also with others, and we hope this will contribute to our growth. If we can show that, we believe our reputation will improve.

Therefore, in response to this question, I would say that we are in the doldrums, considering that it is difficult for investors to understand what we are trying to do.

Tenbo [A]: I think that the stock price will be evaluated by doing our best and performing well.

Participant [Q]: How about the trends at the time of enrollment in Shingakai's examination department and Shinga's Club Gakudo?

Tenbo [A]: The examination department is still in a situation where the number of students is decreasing quite a bit. However, we have heard the intention to firmly rebuild from November, and they are now working diligently to rebuild.

Gakudo is growing steadily. The number of schools has increased, and the increasing number of students enrolled has not changed.

Participant [Q]: How is your company positioned for Hulic having your stock? Are you a part of Hulic's building? Is there any advantage for your company to be in a Hulic's building with a good location in front of a station at a preferential rent?

Kume [A]: As you can see from Hulic's disclosure, Hulic has disclosed that in addition to the building business and real estate business, they are also planning to do other businesses with a K letter, such as senior citizen health(Koreisha · kenko) , “tourism(kanko)” and “environment(Kankyo)”.

As one of the Ks, they are trying to broaden the scope of activities to include education.

So, what Hulic is proposing to us now is that we can see the Kodomo department store in concrete form, but in terms of education, we are also thinking of doing something related to overall education, such as food and nutrition education, medical care, and creating interest in money. They are doing them through Riso Kyoiku. It is our understanding that Hulic is doing it with this thought on positioning.

We understand that Hulic probably positions our company as the core of such an education business, and we have heard this from Hulic as well.

It is true that Hulic owns a building in a good location in front of a station, but there is no preferential rent. However, they give us the information first. Of course, they accept our negotiation on the rent, so it is not preferential rent, but they will treat us preferentially, which is obviously a benefit. We have the right to choose, and we are not talking about being forced to choose, which is very beneficial.

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The rent for this Kodomo department store is being proposed at a reasonable price, so we are moving in.

Participant [Q]: Is there any concern that noticeable price increases at Shingakai will cause a loss of customers?

Tenbo [A]: Basically, we don't think that raising prices will cause customers to leave, but it is about whether the service is worth it or not. The management side is thinking that the important thing is not about the cost but the content of the service.

Participant [Q]: I understand that there is no conflict between different types of businesses, but is the competition with competitors for securing students intensifying, and is your advantage deteriorating?

Tenbo [A]: We have no choice but to constantly improve our services and to differentiate our services. We believe that is the only way.

Such areas must also be leveraged. We, of course, take that as a challenge now. I see that competition is intensifying. You are right.

Kume [A]: Looking at the current financial results of other companies, I don't really think we are losing against similar tutoring schools. As I mentioned many times before, we were one of the first companies to launch a completely one-on-one instruction, and I feel that the understanding we have received from parents has not deteriorated compared to other companies in our industry, if we only look at the figures.

As I said before, I think the drop in the number of students is due to the services we provide, so I don't feel that we are losing there.

Tenbo [A]: I think we are in a situation where we have to constantly brush up on our service.

Participant [Q]: Considering the capacity of famous elementary schools, I think most of the children who come to Shingakai will not be able to pass the exam as expected and will go to public schools or elementary schools below their second choice. To what extent can you win such students over to the junior high school entrance exam?

Tenbo [A]: For how well we are able to win Shingakai students over to junior high school, the connection is not very big here yet. Of course, there are students who have attended Shingakai, and then come to TOMAS, but it does not mean they are smoothly.

The elementary school entrance examination ends in November of the senior class students. I think it would be difficult to think of TOMAS immediately after that. As for when they think take the junior high school entrance examination, second grade is at the earliest. There is first grade as well although the number is small. Then, I think it's not that much.

Kume [A]: The very point of your question is exactly where we are a little short, and that is connected to the explanation of the DX that we are working on now.

Enhancing synergy by sharing students' information in each group is not systemized, so as I mentioned earlier, the Strategy Committee is currently working on a plan to implement DX as a major theme in the next three years. This is the plan we are working on right now.

Tenbo [A]: Also, right now, we are very focused on the continuation from Shingakai's examination department to Gakudo. In this way, there is a flow from Gakudo to TOMAS, and we believe that we are on the verge of creating a buffer for this type of activity.

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Kume [M]: Thank you for all your questions. Well, then, it is time, so I will end the briefing.

Tenbo [M]: With that, I would like to close this financial results meeting. If you have any new questions, please contact the corporate planning department at any time. Thank you very much for your time today.

[END]

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