

1. An Overview of Corporate Results

(1) This Years Results

① Results Across all Segments

Throughout the past financial year, the Japanese economy saw initial signs of recovery following an increase in the spread of COVID-19 and a raft of measures introduced to curb the rate of infection as well as stimulate economic activity. However, given a sluggish global economy and a steady rise in the rate of current infections, the risk of another State of Emergency being put into effect by the government, potentially limiting economic activities, is relatively high and it seems it will be hard to say for sure exactly how this will affect the economy for the near future.

Within the cram school and private tuition industry, many companies were forced to temporarily suspend all operations, particularly those specializing in group based instructional lessons. Considering both the problem of Japan's declining birth rate with no readily apparent solution and a revolution in the overall approach to children's education and university acceptance, a large-scale change is occurring in the industry as a whole. With regards to our business model, predicated on the assumption that Japan's birth rate would continue to decline, and bearing in mind our company ethos of "devoting everything to giving children a bright future", we strive to deliver a tangibly beneficial educational service. Utilizing our highly diversified business model, we aim to become the pre-eminent force in our field and tout this goal as the fundamental underlying policy of our financial success.

Initially, we moved to temporarily close schools at the beginning of the pandemic, but we then took measures unseen in any of our competitors' schools to create an environment where our students could study free from risk of infection. These measures included installing 190cm tall walls between all instruction booths, separating students and tutors with transparent plastic curtains, requiring both students and teachers to don surgical masks as well as face shields for tutors, amongst other precautions.

These measures were well received and were broadly displayed in various media. As a result, although our number of students initially fell in response to calls from the government for self-restraint in leaving the house, at the end of Q2 20/21 the number of students had returned to a level slightly above that of the same period in Q2 FY19/20.

Additionally, in the wake of the State of Emergency declared in the wake of the COVID-19 pandemic, we began donating medical grade face shields to Tokyo and three of its surrounding prefectures (Kanagawa, Saitama, Chiba) after reports of equipment shortages in medical facilities countrywide. While continuing our devotion to maintaining a safe environment for our students to study with peace of mind, we will continue to aim for growth in all areas of our group.

In addition, at the group company School TOMAS Co., Ltd. (intra-school supplementary tuition), a pivot into outsourcing staff for online English conversation lessons incurred costs related to the shutting down of an overseas subsidiary. From next quarter, outsourcing the applicable business

segments will make previously fixed costs such as staffing and rent fees payable on a variable basis and lead to increased profitability for School TOMAS moving forwards.

As we enter the new financial year, we will continue to employ thorough measures that have enabled our students to continue to safely study with us, as well as focus on our longer term growth plans.

Given these circumstances, gross sales for FY20/21 totaled 25,201,000,000 JPY (5.6% down YoY), operating income was 1,010,000,000 JPY (62.8% down YoY), ordinary income was 1,192,000,000 JPY (56.6% down YoY), and net profit attributable to owners of the parent company was 555,000,000 JPY (71.6% down YoY).

② Results by Segment

Results by each segment are as follows:

(a) TOMAS (Private Tuition School Education Business Unit)

The TOMAS business segment continues to provide the highest quality individual tuition to students across the county. Gross sales amounted to 13,613,000,000 Japanese yen (0.3% up YoY) rising to 13,613,000,000 Japanese yen (1.5% down YoY) when taking into account internal net sales.

During the year, Inter TOMAS Sakura-shimmachi School (Tokyo) was newly opened and TOMAS Fujisawa School (Kanagawa Prefecture) and TOMAS Narimasu School (Tokyo) were refurbished and moved operations.

(b) Meimonkai (Home Dispatch Tutor Business Unit)

We are making steady progress in expanding our business unit dispatching 100% professional individual tutors to all corners of the country, though due to the school closures enforced earlier this year, gross sales amounted to 4,753,000,000 Japanese yen (7.7% down YoY).

During the year, TOMEIKAI Nagoya Gokiso School (Aichi Prefecture) and TOMEIKAI Shijokarasuma School (Kyoto Prefecture) were newly opened and Meimonkai Fujisawa Station School (Kanagawa Prefecture) was refurbished and moved operations. Online tutoring began in Q3 FY20/21 in addition to the existing face-to-face service.

(c) Shingakai (Childcare and Education Business unit)

In addition to Shingakai boasting some of the best results in support for passing entrance exams to enter Japan's top kindergartens and elementary schools, we are continuing to develop our Shinga's Club brand, offering longtime childcare and schooling for exceptionally gifted children hoping to pass rigorous school entrance exams. Despite temporary school closures earlier this

year, gross sales amounted to 4,843,000,000 Japanese yen (0.9% up YoY), rising to 4,844,000,000 JPY (0.3% up YoY) when taking into account internal sales.

During the year, Shinga's Club Preschool Learning Fujisawa Branch (Kanagawa Prefecture) was refurbished and moved operations.

(d) School TOMAS (In-School Individual Tutoring Business Unit)

We are continuing our promotion and expansion of School TOMAS, our in-school individual tutoring service. However, owing to the aforementioned school closures earlier this year, sales amounted to 1,344,000,000 Japanese yen (10.3% down YoY), rising to 1,579,000,000 Japanese yen (down 9.2% YoY) when taking internal net sales into account.

(e) Plus One Kyoiku (Social and Emotional Learning Trips Business Unit)

Plus One Kyoiku offers a wide variety of fulfilling, hands-on character building workshops, however, in light of government requests to refrain from large gatherings in the wake of the COVID-19 pandemic, gross sales amounted to 635,000,000 Japanese yen (down 61.9% YoY), rising to 667,000,000 Japanese yen (down 60.8% YoY) when taking internal net sales into account.

During the year, TOMAS Soccer School Toyocho (Tokyo), TOMAS Soccer School Tachikawa (Tokyo), and TOMAS Gymnastics School Futako-tamagawa (Tokyo) began operations.

(f) Additional Miscellaneous Business Units

Net sales accrued through additional business units totaled 11,000,000 Japanese yen (down 7.3% YoY), rising to 84,000,000 Japanese yen (up 6.3% YoY) when taking into account internal net sales.

COCOKARA Teachers Co., Ltd., a subsidiary company involved in the recruitment, training and introduction of tutors to businesses was established over the course of the year.

③ Overview of this Financial Year's Cash Flow

Cash and cash equivalents (below, "Capital") fell by 873,000,000 JPY by the end of the Financial Year, totaling 3,963,000,000 JPY (4,837,000,000 at the end of the previous Financial Year).

Below is a breakdown of each individual cash flow for the financial year.

(Cash Flows from Operating Activities)

Capital accrued from operating activities totaled 36,000,000 JPY (compared to 2,911,000,000 JPY for the same period in the previous financial year). This is mainly attributable to a pre-tax adjusted profit of 1,156,000,000 JPY, depreciation expenses of 318,000,000 JPY, accumulated retirement

benefits of 181,000,000 JPY, -1,156,000,000 JPY of sales credits, and 150,000,000 JPY of advances received, and 105,000,000 JPY of corporate tax refunded.

(Cash Flows from Investment Activities)

Capital accrued from investment activities totaled 655,000,000 JPY (compared to 652,000,000 JPY for the same period in the previous financial year). This is mainly attributable to -263,000,000 JPY on expenditure of acquiring fixed assets, -101,000,000 JPY on expenditure of acquiring intangible assets, -104,000,000 JPY on the expenditure of acquiring investment securities, and rents and leases totaling -174,000,000 JPY.

(Cash Flows from Financial Activities)

Capital accrued from Financial Activities totaled 182,000,000 JPY (compared to 2,138,000,000 JPY for the same period in the previous financial year). This is mainly attributable to short-term loans payable of 4,000,000,000 JPY, returns of short-term loans payable of -4,000,000,000 JPY, expenditure of -737,000,000 JPY on acquisition of treasury stock, and 969,000,000 JPY accrued from disposal of treasury stock.

(4) Short-term Outlook

Given the continuing crisis concerning Japan's low birth rate, it would appear that the private education industry will continue to sail through choppy waters. Owing to the bipolarization of the industry, it is likely that a number of companies will end up have to reorganize their activities or face being weeded out. In the midst of this, we are committed to furthering our strategy of specializing our core private education units (TOMAS, Meimonkai, Shingakai), as well as long-term school entrance exams preparatory school and day-care "Shinga's Club", one-on-one English conversation school "Inter TOMAS", intra-school supplementary tutor unit "School TOMAS", and physical and character educational camp "Plus One Kyoiku". In particular, we see Shinga's Club, catering to children as young as one, and Inter TOMAS, providing English lessons to university students and older, as being key to our strategy of targeting a wide range of age groups.

The company as a whole is dedicated to our ethos of "Benkyo (Education) Plus One" and the belief that individualized education yields individual growth. In offering the best quality educational services, we will aim for the highest levels of customer satisfaction.

Predicted results for the next financial year are as follows:

Net sales totaling 29,000,000,000 JPY (15.1% up YoY), operating income totaling 2,510,000,000 JPY (148.4% up YoY), ordinary profit totaling 2,500,000,000 JPY (up 109.7% YoY), profit attributable to owners of 1,700,000,000 JPY (206.2% up YoY). For further details, please read our "Regarding Medium-Term Management Planning and Strategy" press release.

2. Regarding Accounting Standards

In order to make our results comparable to other competitors within the sector, we have created these financial results in accordance with Japanese accounting standards.