

## 1. Overview of Business Performance, etc.

### (1) Overview of Business Performance for the Current Quarter

During the nine months of the consolidated fiscal period ending in the third quarter, Japan's economy experienced a moderate recovery. This was driven by improved employment and income conditions due to expanding inbound demand supported by the depreciation of the yen and wage increases. However, concerns about the future of the Chinese economy, unstable international circumstances, revisions to monetary policies by the Bank of Japan, and rising prices have created ongoing uncertainty.

In the education industry, including the core business of our group—the tutoring industry—changes in the educational environment, such as the full implementation of new curriculum guidelines, the introduction of ICT in schools under the GIGA School Initiative, and the mandatory teaching of English starting from third grade in elementary schools, have heightened Japan's awareness of educational investment. The private tutoring market, which had temporarily stagnated due to the COVID-19 pandemic, is also expected to expand.

Under these circumstances, our group operates on a business model tailored to a declining birthrate. Guided by our philosophy of "everything for the future of children," we aim to become Japan's premier and unique company by providing high-quality, personalized one-on-one tutoring services and pursuing a thorough differentiation strategy.

Additionally, as a member of the Hulic Group, we have strengthened collaboration. This includes developing education-focused buildings like the "Kodomo Department" in partnership with Hulic Corporation and Konami Sports Corporation and fostering balanced, well-rounded children through joint ventures with organizations such as Shingakai and Konami Sports Corporation. These efforts are intended to deliver high-value-added services and ensure sustainable growth and corporate value enhancement.

At the end of the third quarter consolidated fiscal period, the number of students enrolled in our flagship individual tutoring school, "TOMAS," increased by 3.5% year-on-year. In "School TOMAS," our in-school individual tutoring program, the number of students receiving tutoring services rose by 16.3% year-on-year.

As a result, revenue reached ¥24,730 million (up 4.0% year-on-year), operating income was ¥2,128 million (up 26.2% year-on-year), ordinary income was ¥2,128 million (up 24.6% year-on-year), and net income attributable to the parent company was ¥1,345 million (up 12.6% year-on-year).

Our group's performance tends to exhibit seasonal fluctuations, with the first quarter being the lowest due to changes in student numbers following graduation, and the second and fourth quarters seeing significant revenue increases due to seasonal courses. Consequently, profitability in the first and third quarters is relatively lower compared to the second and fourth quarters.

#### Business Performance by Segment:

##### ① TOMAS (Tutoring Business Division)

Providing high-quality, one-on-one tutoring, revenue was ¥12,736 million (up 5.7% year-on-year), or ¥12,796 million including internal sales (up 6.2% year-on-year). During the third quarter consolidated cumulative period, we opened new schools (e.g., Medic TOMAS Shibuya School, TOMAS Yoga School), relocated and renovated others (e.g., TOMAS Minami-Urawa School, TOMAS Shiki School), and completed renewals of several schools (e.g., TOMAS Nishi-Nippori School, TOMAS Idabashi School, TOMAS Fuchu School).

②Meimonkai (Home Tutoring Division)

With 100% professional adult instructors and planning to expand business nationwide, revenue was ¥3,588 million (down 2.1% year-on-year).

③Shingakai (Early Childhood Education Division)

Combining two brands—Shingakai for elite kindergarten and elementary school entrance exams and the long-hour daycare service Shinga's Club—revenue was ¥4,586 million (up 0.1% year-on-year), or ¥4,613 million including internal sales (up 0.3% year-on-year). During this period, we opened a new school (Konami Sports Shinga's Academy Musashi-Kosugi School) and renovated another (Shinga's Club Gakudo Kichijoji School).

④ School TOMAS [In-School Individual Tutoring Division]

The expansion of operations for the in-school individual tutoring service, "School TOMAS," resulted in net sales of 2,587 million yen, representing a 19.0% increase compared to the same period of the previous fiscal year. Including internal sales, net sales remained at 2,587 million yen, also a 19.0% year-on-year increase.

⑤ Plus One Education [Character-Building and Emotional Enrichment Camp Education Division]

The division provided a wide range of experiential learning services aimed at fostering emotional growth. Net sales totaled 1,217 million yen, a 5.5% decrease year-on-year. However, including internal sales, net sales reached 1,341 million yen, a 3.4% increase compared to the same period of the previous fiscal year. During this third-quarter consolidated cumulative period, the new TOMAS Gymnastics School Musashi Kosugi Campus (Kanagawa Prefecture) was opened.

⑥ Other Businesses

Net sales were 14 million yen, a 6.2% increase year-on-year. Including internal sales, net sales amounted to 102 million yen, a 1.4% decrease compared to the same period of the previous fiscal year.

(2) Financial Position at the End of the Quarter

As of the end of the third quarter consolidated accounting period, total assets amounted to 22,222 million yen, an increase of 4,125 million yen compared to the end of the previous fiscal year. This was due to increases in cash and deposits, trade accounts receivable, tangible fixed assets, and deposits and guarantee money, offset partially by a decrease in investment securities.

Liabilities rose by 944 million yen compared to the end of the previous fiscal year, reaching 10,556 million yen. This was mainly due to increases in accounts payable, contract liabilities, other current liabilities (such as unpaid consumption tax), and retirement benefit obligations, despite decreases in income taxes payable and provisions for bonuses.

Net assets increased by 3,181 million yen from the end of the previous fiscal year, reaching 11,666 million yen. This was primarily driven by increases in capital stock and capital surplus, offset by a decrease in retained earnings.

(3) Explanation of Consolidated Performance Forecasts and Forward-Looking Information

Since the performance for the third-quarter consolidated cumulative period progressed broadly as planned, there are no changes to the full-year performance forecasts announced on April 8, 2024.

It should be noted that these performance forecasts are based on information available to the company at the time of assessment and are subject to various uncertainties that may result in different outcomes.

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