



## **Riso Kyoiku Co., Ltd.**

Q2 Financial Results Briefing for the Fiscal Year Ending February 2025

October 16, 2024

## Event Summary

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[Company Name]	Riso Kyoiku Co., Ltd.	
[Company ID]	4714-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q2 Financial Results Briefing for the Fiscal Year Ending February 2025	
[Fiscal Period]	FY2025 Q2	
[Date]	October 16, 2024	
[Number of Pages]	23	
[Time]	15:30 – 16:10 (Total: 40 minutes, Presentation: 19 minutes, Q&A: 21 minutes)	
[Venue]	Kabutocho Heiwa Building 2F, 2nd Seminar Room, 3-3 Kabutocho Nihonbashi, Chuo-ku, Tokyo 103-0026 (Hosted by The Securities Analysts Association of Japan)	
[Venue Size]	145 m <sup>2</sup>	
[Participants]	23	
[Number of Speakers]	3	
	Masahiko Tenbo	President, Representative Director and CEO
	Masaaki Kume	Vice President and CFO
	Masaya Ueda	Representative Junior Managing Director

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## Presentation

**Moderator:** Thank you for your patience. The time has arrived, and we will now begin the presentation of Riso Kyoiku Co., Ltd.'s financial results for Q2 of the fiscal year ending February 28, 2025. First, I would like to introduce the three people from the Company. First, Masahiko Tenbo, President, Representative Director and CEO.

**Tenbo:** Thank you for your time.

**Moderator:** Thank you very much. Masaaki Kume, Vice President and CFO.

**Kume:** Thank you very much.

**Moderator:** Masaya Ueda, Representative Junior Managing Director.

**Ueda:** Thank you very much.

**Moderator:** Thank you very much. Today, I have heard that everyone will take a role in the explanation. There will be time for Q&A at the end of the session. Let's begin.

### (1) 2025年2月期 第2四半期 実績 (2024年3月～2024年8月)

(単位：百万円)

	売上高		営業利益		経常利益		中間純利益	
		前期比		前期比		前期比		前期比
2024年2月期 第2四半期	15,940	+3.2%	1,042	+2.5%	1,057	+1.2%	810	+26.1%
2025年2月期 第2四半期	16,587	+4.1%	1,458	+39.9%	1,456	+37.7%	893	+10.2%

**Tenbo:** I am Tenbo from Riso Kyoiku. Thank you very much for taking time out of your busy schedule to attend our briefing today. We will be happy to explain our company as time permits. Let me begin by explaining the results for Q2 of the fiscal year ending February 28, 2025, which we announced on October 9.

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As for the numbers, sales increased 4.1% from the previous year to JPY16,587 million. Operating income increased 39.9% YoY to JPY1,458 million. Ordinary income increased 37.7% YoY to JPY1,456 million. Interim net income increased 10.2% from the previous year to JPY893 million.

## （２）実績の背景について ― 売上高・利益 ―

売上高 16,587百万円 前期比 +647百万円 (+4.1%)

・主に学習塾事業（ TOMAS）、学校内個別指導事業（ TOMAS）、  
人格情操合宿教育事業が（ プラスワン教育）前期を上回って推移

TOMAS（前期比 +4.7%）

スクールTOMAS（前期比 +19.2%）

プラスワン教育（前期比 +3.9%）

営業利益 1,458百万円 前期比 +415百万円 (+39.9%)

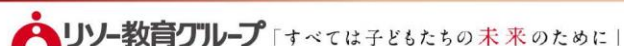
・人件費は増加しているものの、売上高の増加に加え、  
広告宣伝費および費用の戦略的な見直しにより前期を上回って推移

社員人件費（前期比 +1.5%）

講師人件費（前期比 +2.8%）

広告宣伝費（前期比 △10.0%）

水道光熱費（前期比 △4.3%）



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Let me explain a little about the background of this achievement. Net sales increased by 4.1% or about JPY647 million from the previous year due to sales increases in TOMAS, School TOMAS, and Plus One Kyoiku. Profits increased approximately 40%, and 415 million yen, from the previous year, despite higher personnel expenses, due to increased sales, and a strategic review of expenses like advertising expenses. We are pleased to report that for the interim period, net sales and operating income reached record highs since the establishment of the company.

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	2023年2月期		2024年2月期		2025年2月期	
	中間期	前期比	中間期	前期比	中間期	前期比
売上高	7,803	+4.7%	8,012	+2.7%	8,389	+4.7%
営業利益	245	△7.8%	105	△57.0%	328	+211.3%

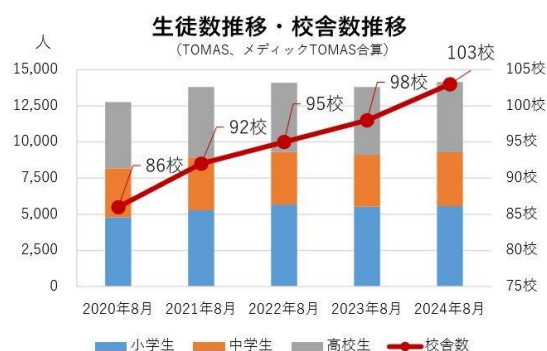
【生徒数・単価】

- ・生徒数は前年同月比 +2.5%
- ・夏期講習会の受講数も順調に推移
- ・生徒1人あたり売上高は前期比+2.8%  
※2024年3月に授業料改定（平均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



Continuing on, Mr. Ueda, our Representative Junior Managing Director, will explain the background of the results by segment.



**Ueda:** I am Ueda. I will now explain the background of the results by segment.

First, TOMAS reported net sales of JPY8,389 million, up 4.7% from the previous year, and operating income of JPY328 million, up 211.3% from the previous year. The 2.5% YoY increase in the number of students and steady growth in the number of summer school enrollments contributed to the increase in net sales.


In addition, the Company revised its prices by an average of 3% in March of this year, resulting in a 2.8% increase in sales per student over the same month last year. In addition, to continue to strengthen profitability from the previous fiscal year, we are concentrating our sales efforts on key schools and are ensuring thorough customer service in order to curb membership withdrawal.

## **TOMAS** — 実績の背景 —

### 【開校状況】

Q1 :		新規開校	1校（渋谷校）
		リニューアル	1校（南浦和校）
Q2 :	//	新規開校	1校（用賀校）
Q3 :	//	リニューアル	2校（志木校・府中校）
Q4 :	//	新規開校	1校（市が尾校）／予定



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In H1 of the current fiscal year, we newly opened Medic TOMAS Shibuya school in March, renewed TOMAS Minamiurawa school in May, and newly opened TOMAS Yoga school in June, bringing the total number of TOMAS, Medic TOMAS, and spec. TOMAS to 104 tutoring schools. We have 12 English conversation school, interTOMAS.

In H2 of the fiscal year, we renewed TOMAS Shiki school in September and Fuchu school this month. In addition, we are planning to open a new TOMAS Ichigao school in December this year.

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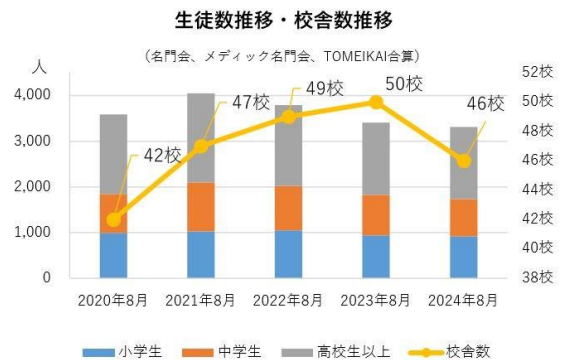
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## 名門会 — 実績の背景 —

(単位：百万円)

	2023年2月期		2024年2月期		2025年2月期	
	中間期	前期増減	中間期	前期増減	中間期	前期増減
売上高	2,348	△10	2,334	△14	2,271	△63
営業利益	△6	△72	94	+100	46	△48



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Next is about Meimonkai. Meimonkai posted sales of JPY2,271 million, down JPY63 million from the previous period, and operating income of JPY46 million, down JPY48 million from the previous period.

No new schools were opened or renewed during the period, and the number of schools was 35 for Meimonkai, 2 for MEDIC Meimonkai, and 9 for TOMEIKAI.

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## 名門会 — 実績の背景 —

### 【生徒数・単価】

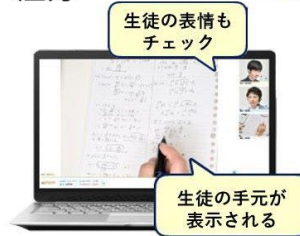
- ・生徒数は前年同月比△2.8%
- ・生徒1人当たり売上高は前年同月比+0.1%


### 【その他】

- ・2024年2月期に名門会の不採算校を統廃合
  - ・TOMEIKAI 2校を閉鎖
  - ・営業部門をリソー教育へ集約、一元化  
→営業力を強化
  - ・今後、展開エリアを大都市圏へ集中
  - ・名門会Onlineの生徒数が増加  
前年同月比+27.0%
- 国内外で需要増加 → 拡大へ注力

### 名門会Onlineの特徴

- ・日本中、世界中どこにいても名門会の高品質な完全1対1の個別指導を受けられる
- ・講師の板書と生徒の手元が見える双方向授業
- ・ご家庭への「指導報告」「定期面談」でフォローアップ  
→夢の志望校合格へ誘う



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We are currently consolidating and centralizing our sales department to Riso Kyoiku to strengthen our sales force. In the future, we plan to concentrate our business in metropolitan areas.

In addition, Meimonkai Online, a brand within Meimonkai, performed well, with a 27% YoY increase in the number of students. Meimonkai Online is a system that allows students and instructors to see each other's face as well as their hands and offers the same level of face-to-face tutoring not only in Japan but also around the world. The number of students is increasing, and we will focus on expansion in the future.

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## 伸芽会 — 実績の背景 —

(単位：百万円)


	2023年2月期		2024年2月期		2025年2月期	
	中間期	前期増減	中間期	前期増減	中間期	前期増減
売上高	3,168	△140	3,103	△65	3,119	+16
営業利益	629	△286	493	△136	496	+3

### 【開校状況】

Q1：  新規開校 1校（武蔵小杉校）  
 リニューアル 1教室（吉祥寺教室）  
 リニューアル 1校（吉祥寺校）

Q2： —



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Next is Shingakai. In Shingakai, net sales increased JPY16 million from the previous year to JPY3,119 million, and operating income increased JPY3 million from the previous year to JPY496 million.

In H1 of the current fiscal year, Konami Sports Shinga's Academy Musashi Kosugi school newly opened in April, and in March, Shingakai Kichijoji school and Shinga's Club Gakudo Kichijoji school were renovated, bringing the total number of Shingakai schools to 22, Shinga's Club day-care schools to 8, and Shinga's Club Gakudo to 22.

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## 伸芽会 — 実績の背景 —

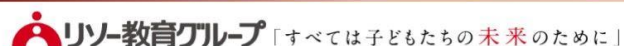
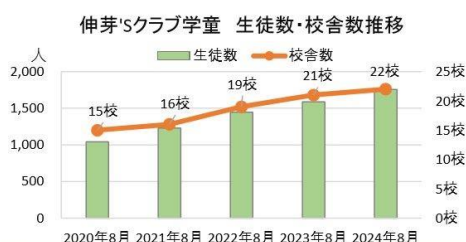
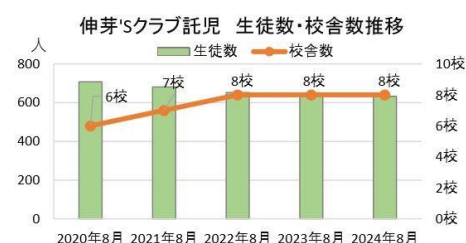
- ・伸芽会受験局の生徒数は減少したものの  
伸芽'Sクラブ学童は好調
- ・伸芽会受験局での値上げ効果により売上高増加

### 【改善策】

- ・計画的な個別面談の徹底による退会防止
- ・営業力強化



生徒数増加へ



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As for the number of students, the Shinga's Club Gakudo performed well, although the number of students decreased at the Shingakai Examination Bureau. In addition, the effect of price increases at the Shingakai Examination Bureau resulted in a YoY increase in sales.

In Kanagawa, Saitama, and Chiba, entrance examinations for private elementary schools began in September, and in Tokyo, it began this month. We will firmly link the successful results to the next fiscal year and reiterate our commitment to thorough customer service, including planned individual interviews, to curb membership withdrawal and strengthen sales, which will lead to an increase in the number of students.

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(単位：百万円)

	2023年2月期		2024年2月期		2025年2月期	
	中間期	前期増減	中間期	前期増減	中間期	前期増減
売上高	1,237	+268	1,429	+191	1,704	+275
営業利益	△6	+38	123	+129	264	+141

【開校状況】

2024年8月末時点稼働校数 **88校**  
(前年同月比 + 7校)

【その他】

- ・個別指導受講者数が増加  
(前年同月比+14.8%)



Next is School TOMAS. At School TOMAS, net sales increased by JPY275 million from the previous year to JPY1,704 million, and operating income increased by JPY141 million from the previous year to JPY264 million.

The number of schools in operation at the end of H1 increased by 7 YoY to 88 schools. In addition, the number of students taking individual tutoring courses has been increasing, and at the end of August 2024, the number of students was up 14.8% YoY, and sales were up 12.5% YoY.

The reason for the growth of School TOMAS is that we have been able to contribute to the reform of school teachers' work styles and help them solve social problems by providing support for after-school learning. The schools have also expressed their gratitude to us for our efforts on the introduction of TOMAS's complete one-on-one tutoring which increased the school's academic performance. The efforts made those schools popular, resulting in smooth student recruitment. This is why School TOMAS has continued to grow and is currently one of the most profitable companies in the Group.

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### (3) 株主還元策

- ・株主の皆様に対する利益還元は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  
(ROE10%以上の高水準は維持)

	配当額	配当性向	ROE
2024年2月期(実)	10円	90.6%	19.1%
2025年2月期(予)	10円	90.3%	16.3%

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

**Kume:** Regarding shareholder return measures, we have not changed our previously announced dividend forecast of JPY10 for the current fiscal year. We had a very good performance in H1, but we have not changed our forecast for the full year so far. We will make a decision around based on how the winter classes and various other courses will perform in H2.

We are particular about dividends, as written and announced. The dividend payout ratio is 50% or more. If we keep to our full-year profit forecast for this fiscal year, the dividend payout ratio will be close to 90%. Although we have reduced the dividend from 100%, we will continue to focus on ROE of 10% or more and a double-digit dividend of JPY10 per share. We will continue to focus on these two points.


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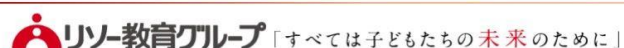
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## ヒューリックとの提携強化

2020年 9 月	<p>● 当社・ヒューリック・コナミスポーツの3社間で業務提携</p> <p>ヒューリックと資本業務提携（保有割合5.0%）</p>	<p>こども向けサービスをワンストップで提供する教育特化型ビル「こどもでぱーと」の共同開発へ</p>	
2021年10月	<p>● ヒューリックとの資本業務提携強化（保有割合20.66%）</p>	持分法適用関連会社化	
2024年 5 月	<p>● 公開買付・第三者割当増資（保有割合51.0%）</p>	ヒューリックとのさらなる関係強化	

教育事業における完全な囲い込み戦略による差別化が促進

⇒ 当社の企業価値向上へ



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Tenbo will continue with an explanation of the future development and the medium-term management plan. Please.

**Tenbo:** I will now explain our medium-term management plan and future outlook.

First, as I believe I have already told you in the last briefing, I would like to give you a brief history of the strengthening of our alliance with Hulic Co., Ltd. to date. The start was in September 2020. It started as a business alliance between our company, Hulic, and Konami Sports for the development of Kodomo Department Store, a building specializing in education.

In addition to the business alliance among the three companies, our company also entered into a capital and business alliance with Hulic, and in October 2021, one year later, we strengthened that capital and business alliance and became an equity method affiliate. Through a series of relationship enhancements, Hulic, which handles real estate in prime locations, has introduced us to well-located classroom properties, and we have developed new school buildings that are superior to those of other companies in the same industry.

In May of this year, with the aim of further strengthening the existing relationship, we became the Hulic Group company through a tender offer and third-party allotment of new shares. This will allow us to continue to secure advantageous properties, and the development of Kodomo Department Store will further promote differentiation through an enclosure strategy in the education business, which we believe will contribute to the enhancement of our corporate value.

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## 「こどもでば-と」シリーズの展開

2025年春  
開業予定

「こどもでば-と 中野」

開校予定 TOMAS 伸芽クラブ 学童

「こどもでば-と たまプラーザ」

開校予定 伸芽会 伸芽クラブ 託児 伸芽クラブ 学童

2027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、東京都城南エリアや  
千葉エリアでの計6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

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The development of Kodomo Department Store series, which will be carried out by Hulic, our company, and Konami Sports, as I explained earlier, is scheduled to begin next spring. The first is scheduled to open in Nakano, Tokyo, and the second in Tama Plaza, Yokohama. Kodomo Department Store Nakano will house tutoring school TOMAS and Shinga's Club school children, and Tama Plaza will house Shingakai's all three brands, namely Shinga's Club day-care, Shingakai's Examination Bureau and Shinga's Club Gakudo.

In addition, we plan to open one in Shibuya in 2026. In addition to the Kodomo Department Store classrooms, Shibuya will also house a learning and art space for children, and we expect that it will become a symbolic building of our company.

In addition, the development of six other properties in Tokyo and Chiba is currently taking shape. Kodomo Department Store will start in the spring of 2025.

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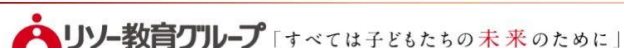
## 中期経営計画について

### 3カ年期経営計画（2025年2月期 — 2027年2月期）

（単位：百万円）

	2024年2月期 （実績）	2025年2月期 （予算）	2026年2月期 （計画）	2027年2月期 （計画）
売上高	32,215	33,960	36,220	38,260
営業利益	2,586	2,670	3,120	3,360
経常利益	2,614	2,670	3,120	3,360
親会社に帰属する 当期純利益	1,703	1,710	1,850	2,000

※「こどもでばーと」は加味しておりません



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Regarding the medium-term management plan, on April 8 of this year, we announced a three-year plan through the fiscal year ending February 2027 in a notice regarding the formulation of a new medium-term management plan. To give you some specific figures, sales for the current fiscal year, our first year, are JPY33.96 billion, operating income and ordinary income are JPY2.67 billion, and net income is JPY1.71 billion. For the fiscal year ending February 2026, the Company expects sales of JPY36.22 billion, operating income and ordinary income of JPY3.12 billion, and net income of JPY1.85 billion. For the final fiscal year ending February 2027, the Company plans net sales of JPY38.26 billion, operating income and ordinary income of JPY3.36 billion, and net income of JPY2 billion.

However, the interim period was good, and we are currently considering the formulation of a new medium-term management plan. If there are any changes to this figure, we will make a new announcement. In addition, the development of Kodomo Department Store, which I explained earlier, has not yet begun, and the figures are a bit hard to read, so we have not taken it into account in this medium-term management plan.

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## 中期経営計画について

- ・ 売上高増による年平均成長率 5 % を目指す
- ・ 優秀な講師、社員の確保、育成のためのベースアップ実施
- ・ 広告宣伝費など費用の見直し、最適化・効率化
- ・ コロナ禍や自然災害など非常時に備え一定の自己資本を確保



Looking ahead, we aim to achieve an average annual growth rate of 5% or more by increasing sales through growth measures promoted by each company and group company. Since our people are our asset and our product, we plan to increase our salary base from time to time in order to secure more qualified personnel while improving our cost efficiency.

We will also continue to review, optimize, and improve the efficiency of advertising and other expenses. We also want to ensure a certain level of equity capital to be prepared for emergencies such as the COVID-19 disaster and natural disasters.

As explained in our shareholder return policy, we would like to maintain a dividend payout ratio of at least 50% and increase retained earnings, but we would also like to stick to a ROE level of at least 10%.

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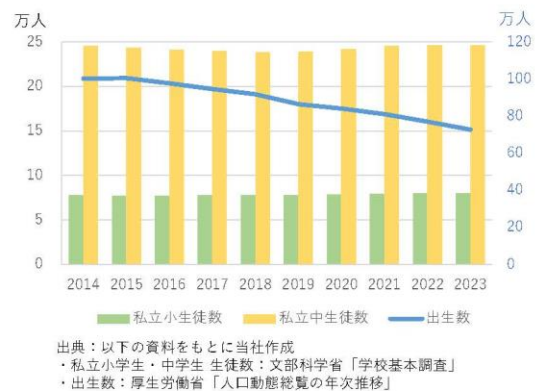
## 中長期の見通しについて

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



囲い込み戦略による縦軸（既存事業）の成長に加え  
異業種との提携等による横軸（新規事業）の拡大に  
より継続的な成長を目指す

- こどもでぱーと
- コナミスポーツ伸芽'Sアカデミー など



こどもでぱーとイメージ図

With regard to the medium- to long-term outlook, in the tutoring school industry, there is a situation in which the rate of students taking entrance exams for elementary school and junior high school entrance exams is on the increase in some metropolitan areas, and the industry is booming. However, the declining birthrate itself is expected to continue and even accelerate in the future, so we must consider the increase in the number of examinees as a temporary phenomenon.

We intend to continue to grow our business by expanding the vertical axis, which is based on the growth of existing businesses and the strategy of retaining customers, and the horizontal axis, which is based on newly developed businesses such as Kodomo Department Store.

The is all for now, but the first Kodomo Department Store will open in the spring of next year, about half a year from now. We believe that the opening of Kodomo Department Store will be a full-fledged start as Hulic Group company. We will continue to provide high quality educational services, and by leading the Group in education(kyoiku), one of the four K's that Hulic has set forth, we will promote differentiation through further enclosure strategies and expand the possibility of developing a new customer base. We look forward to your continued support as we strive to enhance our corporate value and expand our growth.

This is a brief explanation, but that is all I have to say. Thank you very much.

**Moderator:** Thank you very much for your explanation.

## Question & Answer

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**Moderator [M]:** We will now move to the Q&A. Please raise your hands if anyone has any questions. Please note that this entire presentation is subject to transcription, so if you wish to remain anonymous, please do not identify yourself. Any questions?

**Participant [Q]:** Thank you very much for your time today. I have three questions. First is about TOMAS on page five. Although it is about a 4.7% increase over the same period last year, I recognize that this is a rather high-priced service, with tuition also being revised this past March. I know that in some areas there is a difference in the ability to bear the burden with respect to the cost of tuition, but do you have a pricing strategy for each area?

The question is about page 11. I have heard that the School Tomas business is also doing very well, with a nearly 20% increase in sales. You mentioned earlier that after-school learning and one-on-one knowledge are the reasons for the robust performance. I would like to know the reasons for this strong performance, as well as the medium- to long-term prospects for whether the pace of growth can continue in the future.

The third question is about page 17. In terms of securing excellent personnel, people say that there is short of personnel in general, but I would like to know what you are struggling with or what you can do to differentiate yourself from the competition. That is all.

**Tenbo [A]:** Thank you. I have received three questions, and I think you mean the difference in TOMAS prices by region, is that correct? Also, you are asking about the future prospects of School TOMAS, as well as the current recruitment of human resources, is that right?

Let me begin by explaining about TOMAS. Since TOMAS prices are constant, we are in a situation where we are not differentiating our prices because we are only offering them in Tokyo and three prefectures in the metropolitan area. We have set out differences in the quality of instructors for some courses being conducted by professional instructors and others by general instructors, but we have not set up any differences by region.

We have not heard of any negative factors due to the price increase so far, and since the price increase is timed to coincide with the change in the school year, we do not think it will have that much of an impact, and it is all about whether we are providing proper service and service that is worth the price.

I would like to have explanation about School Tomas from Mr. Ueda, who is the president of School Tomas.

**Ueda [A]:** Regarding School TOMAS, the reason for the strong performance is mostly what I have written here, but also because we are able to help private schools to differentiate themselves due to the declining birth rate, and also to help teachers reform their work styles, which is the background of the good performance. As for how far we can go in the future, it is said that there are 1,300 private schools in Japan. Therefore, we would like to capture about a 20% share of the market. In my opinion, it will be around JPY10 billion scale. That is all.

**Tenbo [A]:** Also, as for excellent people, thanks to our efforts in various recruiting media and the establishment of a lecturer personnel bank at our group company, these efforts are gradually beginning to have an effect. In addition, thanks to our partnership with Sundai preparatory school, we have been able to call on alumni of Sundai, and we have not had any particular problems with TOMAS instructors. However, there are regional differences, so we have to be flexible.

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The Gulf Coast area is a hot market, but there are not many instructors there, and we are having a little difficulty in those areas, but overall, there is no particular shortage of instructors.

And then about employees. I believe that hiring employees is the most crucial part, and we need to constantly recruit people, including implementing measures for better treatment. That is all.

**Participant [M]:** Thank you very much.

**Moderator [M]:** Thank you very much. I would like to have a question from the person at the back.

**Kazama [Q]:** My name is Kazama from Toyo Keizai, and I have three questions. The first point is that in H1, I guess that profits, especially operating income and below, are quite a bit stronger than your company's assumption, but you are looking at H2 as being flat compared to the previous year. A key point to this is that you mentioned earlier that you expect to invest in H2, etc. If you could be more specific, please.

The second point is that Kodomo Department Store Shibuya is a place for learning and art in comparison to what you are planning to establish prior. Please let me know if there is anything specific that is involved in this business.

Third, you mentioned that Plus One Education is doing well, but I don't think you have disclosed any specifics. Please let me know if there is anything you can comment on, such as sales or profit or which areas are growing.

**Tenbo [A]:** Thank you. I have three questions. Can I understand that your question is about the reason why profits were strong in H1 in particular, but they remain the same in H2?

**Kazama [Q]:** If the interim results were better than initially expected, could you also explain the reasons for this?

**Kume [A]:** First of all, we reduced expenses. Advertising expenses were reduced by 10%, and we reviewed our expenditures. This is a significant difference from the previous fiscal year. The performance of TOMAS and School TOMAS was strong, and enrollment was negative until the previous fiscal year at TOMAS, but it is positive from the current fiscal year.

What was most different from what we expected was that School TOMAS's performance increased so much. School TOMAS has grown, as Ueda just explained, the individual tutoring in the school TOMAS has grown 10% or more is one of the reasons for the big change.

Then for H2, we can review the figures, but what I explained earlier is that we are still looking into winter classes and other things, so we will see how that goes, there may be a revision, so we are looking into it carefully. If the trend continues, as you said, ordinary income will be JPY2.6 billion to JPY3 billion in the forecast, but we still need to confirm this point.

**Kazama [Q]:** Is there something already anticipated?

**Kume [A]:** There are no specific plans for investment in H2.

**Kazama [M]:** I understand.

**Tenbo [A]:** As for Kodomo Department Store in Shibuya, the land has just been cleared, and across Meiji Street from Miyashita Park, where the Tokyo Government Children's Center used to be located, is undergoing redevelopment. Hulic has won the bid to build Kodomo Department Store in that area. The plan is to build a Kodomo Department Store there.

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I understand that HULIC originally bid on the project to bring in an educational tenant and won, and it will be built on the first floor of the building. We want to make it a symbolic place for education.

We believe that it will be good for the impression of the Company, which we are thinking of improving. I think that this is an area where we need to spend a little more time to work out the details. However, we envision a place where children can gather to experience art and other educational activities.

And while it is true that Plus One Education had an increase in sales, I think this is due in large part to internal sales. We were not able to hold study camps during the COVID-19 disaster, but now that we have reopened the camps, we have seen an increase in intra-group sales. In addition, the school division, and the educational travel division, the STS school tour ship division, and the experiential travel division have each increased a bit, but not by that much.

**Kazama [M]:** Thank you.

**Moderator [M]:** Thank you very much. Other questions?

**Participant [Q]:** I would like to ask three questions, one at a time. First, on page 10 of today's materials, there are changes in the number of students and the number of school buildings at Shingakai. The number of students has decreased since the fiscal year ended August 2022. How do you analyze that?

**Kume [A]:** This is mainly because childcare students and afterschool care students are either flat or increasing. It means that the number of exams instruction students is decreasing. I think it was four or three years ago, right after the dawn of COVID-19, that the service suddenly grew, but as I mentioned before in IR, it has declined a little.

This is because of its reputation. Reputation is important for Shingakai. In terms of reputation, the market for elementary schools entrance examinations is a very niche market, so if the service is a bit poor, it will immediately affect the number of students, and also, the number of competitors is increasing. Mainly it used to be just Jac as the famous one. Also, since there are many new schools, such as individual schools, fighting over to get students.

Other hand, one thing you can see is that the number of school buildings has not increased at all. In our industry, if we do not increase the number of school buildings, it will be difficult to increase new students. It's scrap and build all over again. This is, in a sense, the same as a supermarket. This is how tutoring schools expand the business. Since our company's establishment, we have repeatedly closed some classrooms and built new ones. The fact that the number of exams instruction students is not growing means that one of the factors is that the number of school buildings is not increasing. As I mentioned earlier, the school for exam instruction will be built in Kodomo Department Store in Nakano. Then, Tama Plaza Kodomo Department Store will have all of the schools of Shingakai, including school for exam instruction. Shibuya will also be newly renovated to include a school for exam instruction, so the number of schools will naturally increase as TOMAS and Shingakai will play a central role in Kodomo Department Store and related activities.

As for after school care, we would like to increase them more aggressively as management, and number of our afterschool care students are growing by more than 10% per year. The more schools we build, the more students come. The number of students is growing steadily in Aomono-Yokocho and Nishinomiya. In particular, the number of students in Aomono-Yokocho expanded, leading to the expansion of the facility. We are taking measures to increase the number of classrooms in order to expand this area. We have started a strategy to increase the overall number of students for Shingakai this term, and I think we are aiming to achieve a plus/minus zero for exam area in the next term or so.

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However, as I explained before about the performance, it was positive in the previous period due to the effect of the price increase. That is all.

**Participant [Q]:** The second point is unrelated to today's discussion of financial results, but in the case of your company, you have tens of thousands of very high-income customers, and I think it has been an issue for some time that you have lost relationships with them after they took the college entrance exam. Is it your policy not to pursue them at this time, or are you thinking of some new service?

**Tenbo [A]:** Thank you. As you say, we have students from the age of one year old through Shinga's Club day care, and we have connection until they take the college entrance exam, but letting them go after that has been always a challenge. There are some possibilities, such as specialized prep schools and national medical school examinations market, but we have not yet been materialized. However, it is something we need to think about, and if there is something we can do, we would definitely like to move forward with it.

**Participant [Q]:** The third point is about Kodomo Department Store, and I would like to ask if you have a guideline if you have a number. I assume that Hulic owns the land and buildings, and you are investing in equipment and interior design. What is your target payback period per location?

Secondly, I have the impression that there may be more synergies and higher profitability than if you were to open it with, for example, Shingakai or TOMAS. However, do you think that your company would be more profitable if you were to develop with Kodomo Department Store? Is there some quantitative opinion for this?

**Kume [A]:** I have to try this to see it first. Next year, Nakano Kodomo Department Store will open for the first time, but I have high expectations. The payback period for the investment is exactly the same as for our existing business to date. This will not change. It is just that the landlord will be Hulic.

As for the expectations of Kodomo Department Store, the construction of Nakano building has been in good progress. It is a new building close to the station, a very beautiful. Konami Sports will also move into the building, as well as a cafe on the first floor. Also, there is a multipurpose hall on the upper floor, and they are planning to hold events here, so in that sense, the name recognition of Shingakai and TOMAS in the building will of course contribute to attracting high-income people. Then here, transportation services are included, so in that sense, there are services that Nakano school has never had before.

One more thing, there is a SAPIX right next to Nakano building. It's a pretty big school with a lot of students. Some students who cannot keep up with SAPIX come to TOMAS. In that sense, it has the effect of making cluster of tutoring schools, so they built it in a particularly good location. The same is true of Shibuya. Tama Plaza is also right in front of the station. In that sense, Hulic's building strategy, as Mr. Nishiura announced the other day, is to move from large-scale to small and medium-sized buildings, and we are part of the strategy. In that sense, I expect synergies to emerge.

**Moderator [M]:** Thank you very much. There being no other questions, this concludes the briefing. Thank you all very much for your time.

[END]

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## Document Notes

1. Portions of the document where the audio is unclear are marked with [inaudible].
2. Portions of the document where the audio is obscured by technical difficulty are marked with [TD].

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3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
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