



Riso Kyoiku Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended February 2022

April 14, 2022

Event Summary

[Company Name]	Riso Kyoiku Co., Ltd.
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[Event Name]	Financial Results Briefing for the Fiscal Year Ended February 2022
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[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	2
	Masahiko Tenbo President
	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 joining us.

Kume: This is Kume from Riso Kyoiku Co., Ltd. Thank you for joining us.

Tenbo: First of all, I assumed the position of President after the passing of our previous President Hirano on January 15 of this year. We would like to express our deepest gratitude to all of you for your kindness during Hirano's lifetime.

As for our future policy, we will continue to work diligently to deliver genuine education, all for the sake of children's future, as stated in the first item of our Charter of Ethics. We would like to ask for your continued support.

We will now begin the conference call for the fiscal year ending February 28, 2022. Again, as part of our infection prevention measures, we've decided to hold this briefing online. We apologize for any inconvenience this may cause, and thank you for your understanding.

Kume: Using the presentation materials, we will start by explaining our results and our progress against the medium-term management plan for the fiscal year ending February 28, 2022, as well as the background behind our strong progress and expectations, our dividend policy and our outlook. We will then answer your questions sent via the Q&A function. Feel free to send us your questions even during the explanation.

President Tenbo will begin by explaining the results for the fiscal year ending February 28, 2022.

President Tenbo, please.

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(1) 2022年2月期実績

(単位：百万円)

	売上高		営業利益		経常利益		当期純利益	
		前期比		前期比		前期比		前期比
2020年2月期	26,704	+9.0%	2,716	+7.4%	2,479	+8.2%	1,953	+23.9%
2021年2月期	25,201	△5.6%	1,010	△62.8%	1,192	△56.6%	555	△71.6%
2022年2月期	30,008	+19.1%	3,030	+199.8%	3,048	+155.7%	2,431	+337.9%

Tenbo: I would like to explain the results for the fiscal year ending February 28, 2022.

Net sales increased by 19.1% compared to the previous fiscal year to reach JPY30.008 billion, operating income increased by 199.8% to reach JPY3.030 billion, ordinary income increased 155.7% to JPY3.048 billion, and net income increased 337.9% to JPY2.431 billion. Both sales and profits were at record highs, even compared to the fiscal year ending February 29, 2020, before the coronavirus crisis.

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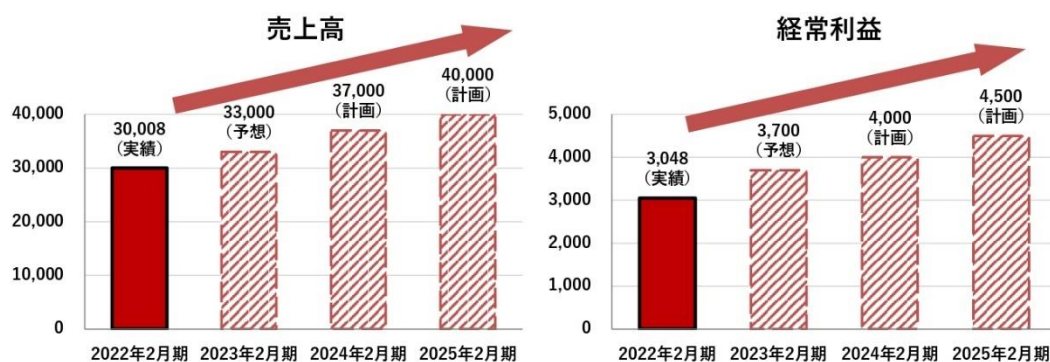
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(2) 中期経営計画

(単位：百万円)

	2022年2月期 (実績)	2023年2月期 (予想)	2024年2月期 (計画)	2025年2月期 (計画)
売上高	30,008	33,000	37,000	40,000
営業利益	3,030	3,610	4,010	4,510
経常利益	3,048	3,700	4,000	4,500
当期純利益	2,431	2,500	2,700	3,000



Next, we announced in January our three-year medium-term management plan, with the fiscal year ending February 2023 as the first year.

The Company is forecasting net sales of JPY33 billion, ordinary income of JPY3.7 billion, and net income of JPY2.5 billion for the fiscal year ending February 28, 2023; net sales of JPY37 billion, ordinary income of JPY4 billion, and net income of JPY2.7 billion for the fiscal year ending February 29, 2024; and net sales of JPY40 billion, ordinary income of JPY4.5 billion, and net income of JPY3 billion for the fiscal year ending February 28, 2025.


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(3) 実績・見通しが好調な背景

各社で生徒数が順調に推移


	2022年2月期生徒数		
		2021年2月比	2020年2月比
 リソ教育グループ	27,327人	+4.1%	+6.5%

他社に類をみない当社独自の
新型コロナウイルス感染防止策

新型コロナウイルスワクチンの
職域接種の実施

→より安心して対面授業を
受けられる環境整備



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5

We believe that the primary reason for the strong results and outlook is the increase in the number of students. The Group's number of students now totals 27,327 which represents a 4.1% YoY increase compared to the fiscal year ending February 28, 2021, and a 6.5% increase compared to the fiscal year ending February 29, 2020.

We believe that a major factor behind the strong student numbers is the fact that we have taken all possible measures to prevent the spread of the coronavirus. On top of these unique measures we've implemented, we've also developed aggressively with the opening of new schools in each of our businesses, and made efforts to provide a safe environment for students to take face-to-face classes by offering workplace vaccinations against COVID-19.

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学習塾事業



【2022年2月期】

TOMAS (新校4校、拡大4校)	88校	学習塾 93校
MEDIC TOMAS (新校2校)	4校	
SPEC.TOMAS (—)	1校	英会話 10校
Inter TOMAS (新校1校)	10校	



【2023年2月期】

TOMAS 2022年3月

二俣川校・浜田山校・尾山台校 **開校**

川口校 **拡大リニューアル予定**

		2021年2月比	2020年2月比
2022年2月末生徒数	15,263人	+4.0%	+6.1%

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I will now explain the current status of each company of the Riso Kyoiku Group.

First of all, in the private tutoring school business, TOMAS opened four new schools, expanded and renovated four schools, opened two new Medic TOMAS schools, and opened one new Inter TOMAS school. This brings the total number of private tutoring schools to 93 and the number of English conversation schools to 10, as of the end of February 2022.

Enrollment in the private tutoring school business increased by 4% YoY to reach 15,263 students, a 6.1% increase compared to February 2020, before the pandemic.

Regarding the current fiscal year which ends in February 2023, we have opened new TOMAS schools in Futamatagawa, Hamadayama, and Oyamadai in March, are expanding and renovating the Kawaguchi school, and will open other schools successively.

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家庭教師派遣教育事業



【2022年2月期】

	(新校2校、拡大1校)	35校
	(新校2校、拡大2校)	12校



【2023年2月期】

	2022年4月	三宮駅前校	拡大リニューアル予定
	2022年3月	大阪本部校	開校
	2022年4月	神戸校	開校予定

		2021年2月比	2020年2月比
2022年2月末生徒数	3,951人	+4.2%	+4.0%

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Next, Meimonkai, our tutor dispatch business, has opened two new schools and expanded and renovated one school. TOMEIKAI has opened two new schools and expanded and renovated two schools. At the end of February 2022, Meimonkai had 35 schools and TOMEIKAI 12 schools.

The number of students reached 3,951 which is a 4.2% YoY increase compared the end of February 2021 and a 4% increase compared to the end of February 2020.

We are also expanding and renovating the Meimonkai Sannomiya station school this month. In addition, Meimonkai, which has the best track record of success in medical school entrance exams out of any tutoring center, has decided to develop MEDIC Meimonkai, a prep school specializing in one-on-one, individualized instruction for medical school entrance exams, exclusively for students who have failed in the past.

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完全1対1個別指導の医学部受験専門予備校

名門会 全国の難関国公立大医学部に
高い合格実績



MEDIC 名門会 強固な教務サポート体制で
医師を志す受験生を
全面的に・徹底的に
バックアップ

2022年3月 大阪本部校開校
2022年4月 神戸校開校予定

「鳥瞰カリキュラム」と「週間スケジュール」で四者共有



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8

The Osaka Head School opened in March, providing full and thorough assistance for students who wish to become doctors through a strong operational support system. We will also open a Kobe school this month at the same location as the Meimonkai Sannomiya school. The plan is to develop more than 10 schools over the next three years.

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幼児教育事業



【2022年2月期】

伸芽会	(新校1校)	24校
伸芽'sクラブ 託児	(新校1校)	7校
伸芽'sクラブ 学童	(新校2校)	17校



【2023年2月期】

伸芽'sクラブ 学童	〔コナミスポーツ 伸芽'Sアカデミー〕
2022年4月	品川校 開校
伸芽'sクラブ 託児	
2022年7月	勝どき校 開校予定

		2021年2月比	2020年2月比
2022年2月末生徒数	4,022人	+0.7%	+13.1%

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9

Next, our early childhood education business. We opened one Shingakai school, one Shinga's Club Daycare schools, and two Shinga's Club Schoolchildren schools. As of the end of February 2022, we had 24 Shingakai schools, 7 Shinga's Club Daycare schools, and 17 Shinga's Club Schoolchildren schools.

The number of students at the end of February 2022 is 4,022 which represents a 0.7% YoY increase compared to February 2021, and a 13.1% increase compared to February 2020.

In the fiscal year ending February 2023, Konami Sports Shinga's Academy Shinagawa, the first school under the new brand developed jointly with Konami Sports, opened this month, and a Shinga's Club Daycare school is scheduled to open at Kachidoki this July.

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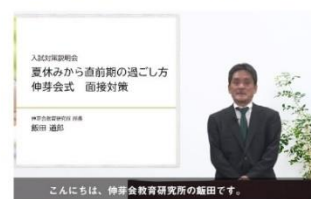
小学校・幼稚園受験

- ・ 小学校・幼稚園受験（10月・11月）
- ・ 2022年度も慶應幼稚舎や早稲田実業などの名門校で合格者が前年比9.0%増の**高い合格実績**



対面授業・オンライン対応

- ・ 教師のマスク、フェイスシールド着用（生徒もマスク着用）
- ・ 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
- ・ 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



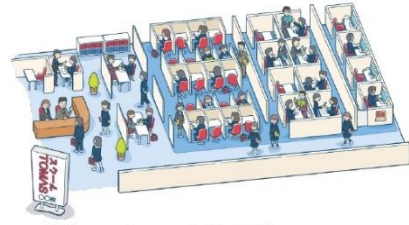
At Shingakai, the examination period is in October and November, which means the timing of seasonal changes differs from TOMAS and Meimonkai. In FY2022, the number of students accepted into prestigious schools such as the Keio Yochisha and Waseda Jitsugyo elementary schools increased by 9% over last year, and we have received many happy comments from those who have been accepted.

Like TOMAS, Shingakai has taken all possible measures to prevent the spread of COVID-19. Our instructors wear masks and face shields, we've reduced the number of students per class, and have increased the space between students in face-to-face classes. In addition, we provide online support which has been very well-received, with videos of exam preparation courses and entrance exam debriefing courses available to our members.

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- ・ TOMASのノウハウでの学校内完全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
- ・ 導入契約校数 107校 (2022年2月末現在)

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
= 学校の進学実績サポート
- 学校の先生の過重労働問題も解消

Next, the in-school individual tutoring business with School TOMAS. In addition to its existing services such as one-on-one tutoring and a self-study system that allows students to ask questions at any time, the Company has developed new services such as online tutoring and tutoring using AI teaching materials. As a result, the number of inquiries from private middle schools and high schools nationwide has increased dramatically. As of the end of February 2022, 107 schools had contracted to use the service.

In addition to supporting the school's academic performance, School TOMAS has been very well received as a means of solving the problem of long working hours for teachers. We have high expectations for future inquiries. Furthermore, we expect an increase in sales in the next fiscal year and beyond, as we expect the schools that have already introduced the system to use it for additional grades year after year.

Next, Mr. Kume, Vice President, will explain our dividend policy for the fiscal year ending February 28, 2022.

Vice President Kume, please.

(4) 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
- ・ 2022年2月期通期業績予想の上方修正・経営環境を勘案し増配発表

2021年2月期 配当実績	2022年2月期配当 (2022年1月7日 再上方修正)	2023年2月期 配当予想
1株あたり9.5円	1株あたり 16円	1株あたり 16円

Kume: We consider shareholder returns to be one of our most important management issues, and this is something we've always believed. In consideration of the upward revision of the full-year earnings forecast in the first and second quarters and the future business environment, we have revised our dividend forecast upward for the fiscal year ending February 28, 2022 from the initially announced JPY12 to JPY16, up JPY4.

In February 2023, we have already announced our dividend forecast for the current fiscal year at the same time as the financial results, and we plan to pay a dividend of JPY16 per share as well for the time being.

We look forward to your continued support as we strive to strengthen our ability to provide returns to our shareholders and increase our corporate value.

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ヒューリック株式会社との資本業務提携

☑2020年9月より資本業務提携

☑2021年11月の第三者割当により
当社の株式を20.66%保有 → 筆頭株主へ

☑都心の主要エリア（駅前一等地）に豊富な物件を所有
⇒ 他社より有利な立地での教室展開
⇒ 当社の成長拡大へ



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14

Tenbo: Next, I would like to explain our outlook for business alliances with other industries.

First, I would like to explain the reinforcement of our capital and business alliance with Hulic Co., Ltd.

We have had a capital and business alliance with Hulic since 2020, and through a third-party allocation in November 2021, Hulic's shareholding ratio in our company increased to 20.66%, making it our largest shareholder.

The partnership was further strengthened, and Hulic was able to preferentially introduce us to properties in prime locations in front of stations in the main areas of central Tokyo, which it owns in abundance. This will enable us to expand our classrooms in more advantageous locations than other companies in the industry, which we expect will lead to our growth and expansion.

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伸芽'Sアカデミー 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

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15

Next, Shingakai and Konami Sports Co., Ltd. have entered into a business alliance to develop a new brand, Konami Sports Shinga's Academy. This new brand will be a one-stop shop for school children that will fulfill parents' wishes to combine study and sports activities. As I mentioned little few times ago, we opened our first Shinagawa school on April 1st at the main Konami Sports center.

The main Konami Sports center has a large number of children as members, and we expect the expansion of Konami Sports Shinga's Academy within Konami Sports to build on this foundation and contribute to an increase in the number of students and in net sales.

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教育特化ビル 『  **こどもでば-と** 』
Kodomo Depart

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



In addition, Hulic, Konami Sports, and our company are partnering to develop Kodomo Department Store, a building specializing in education.

Kodomo Department Store is a place dedicated to children which concentrates various parenting and educational functions, full of learning experiences where children's diverse intellectual curiosity is nurtured. Hulic will develop the mid-sized building, or renovate one of their existing properties.

In Kodomo Department Store, we will offer each of our brands: Shinga's Club Daycare services for children as young as one year old to support working mothers who wish to balance work and entrance exams; Shingakai, a pioneer in entrance exams for prestigious elementary schools and kindergartens; Shinga's Club for Schoolchildren, which helps children in early elementary grades acquire study habits to prepare them for entrance exams for junior high schools; TOMAS, a completely one-on-one tutoring school for higher education; and Inter TOMAS, our one-to-one English conversation school.


In addition, the inclusion of Konami Sports exercise services, as well as various service tenants for children in the same building, such as children's clinics or cafés, will reduce the burden on parents and provide a more child-friendly environment, thereby increasing the lifetime value of the building. We expect this enclosure strategy to move forward smoothly.

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「 こどもでば-と」シリーズの展開

 ヒューリック株式会社 開発の複合施設


“子ども”の“子ども”による“子ども”のための新たな成長拠点
「MITAKE Link Park（仮称）」へ展開

 伸芽5777 託児  伸芽会  伸芽5777 学童 の入居

「創造文化教育施設」の運営 ● Library & Study スペース

● Art & Event スペース



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As announced in a recent press release, Hulic has been selected as a developer for the Urban Renewal Step-Up Project implemented by Shibuya Ward. The building to be developed is tentatively called MITAKE Link Park and will also include a Kodomo Department Store.

The building will of course include Shinga's Club Daycare, Shingakai and Shinga's Club for Schoolchildren. In addition, we will run a creative cultural education facility that has both a space that induces activities for children to learn and think, and a space that induces activities for creation, expression, and interaction, centering on art.

While construction of the MITAKE Link Park is scheduled to be completed in 2026, we plan to simultaneously pursue the expansion of Kodomo Department Stores by developing new buildings or renovating existing ones, increasing the number of buildings to 20 in the Tokyo metropolitan area by 2029.

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KIDS SMILE HOLDINGS との業務提携


キッズスマイル ホールディングス

☑2015年2月より伸芽会とKids Smile Projectで業務提携
オリジナル教育プログラム
「KID'S PREP. PROGRAM」を共同開発

☑2022年3月より親会社同士でも業務提携
伸芽会 ⇄ Kids Smile Projectで役員を相互派遣し
さらなる関係強化へ

⇒コンテンツ力、ブランド力、集客力の強化を図り
囲い込み戦略を推進



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18

In 2015, Shingakai and Kids Smile Project formed a business alliance to jointly develop Japan's first original educational program for licensed preschools, KID'S PREP. PROGRAM, and introduced it to Kids Smile Project's licensed preschools. We are now strengthening this relationship by forming a comprehensive alliance between the four companies involved: Shingakai, Kids Smile Project and their respective parent companies, our company Riso Kyoiku, and Kids Smile Holdings.

Specifically, Shingakai and Kids Smile Project will mutually dispatch executives to the other company to develop and promote original educational programs and the business schemes created by this alliance to nursery schools and certified kindergartens nationwide. In addition, we will secure excellent human resources by establishing recruiting and training systems aimed at securing excellent childcare providers, and we will strengthen our content, brand, and ability to attract customers, thereby laying the foundation for our future growth strategy.

In addition, we will introduce Shingakai, TOMAS, Meimonkai to the approximately 4,000 members of the Kids Smile Project and to members attending nursery schools and certified kindergartens nationwide who wish to take entrance exams for elementary and junior high schools, in order to further promote the Group's strategy of retaining customers on a nationwide scale.

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- ・ コロナ禍で学校へのICT教育インフラ整備が急務



- ・ 大手通信会社KDDI株式会社のグループ会社
KDDI まとめてオフィスが学校へインターネット環境や
タブレットの手配などICTのインフラ整備（ハード）
- ・  **スクール TOMAS** がハードを活かして学習支援（ソフト）
- ・ 導入校の相互紹介・新規開拓

Next, I would like to explain the business alliance between School TOMAS and KDDI Matomete Office Corporation.

In the wake of the pandemic that started two years ago, the need for ICT education and infrastructure development in schools has increased. KDDI Matomete Office will provide schools with hardware, such as the Internet environment and tablet arrangements, and School TOMAS will provide learning support using this hardware. The two companies will work together to develop the infrastructure for ICT education in public establishments.

We've implemented mutual referrals, by introducing School TOMAS to schools using KDDI Matomete Office and vice-versa. In addition, we're actively signing brand new contracts.

Currently, the number of schools that have signed up for this partnership has grown from 89 at the end of the third quarter to 107 at the end of the fiscal year, and we expect this trend to continue at an accelerating pace.

Finally, the entrance examination season has come to a successful conclusion, and TOMAS was able to produce students who passed the entrance examinations to such difficult schools as Komaba Junior High School affiliated with the University of Tsukuba, the three top-ranked coed junior high schools, and the University of Tokyo's third science course.

The evolution of the pandemic remains unpredictable. We continue to insist on face-to-face guidance with adequate prevention measures. Some tutoring schools offer online options, but online cannot quite make up for the amount of information transmitted in person.

Only face-to-face meetings can provide the opportunity to properly see each other, to understand where the difficulties are and how to overcome them, to maintain motivation through communication, and to provide

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in-depth guidance. We believe that currently enthusiasm and mood cannot be communicated online. Our company will continue to provide face-to-face instruction for the bright future of our children.

Thank you very much for your kind attention.

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Question & Answer

Kume [M]: Next is the question-and-answer session.

Tenbo [Q]: We have a few questions.

“Your company is thought of as strong in junior high school entrance examinations, but we also see advertisements of success in university entrance examinations. What is the ratio of elementary, junior high, and high school students? And what percentage of junior high and high school students were already members as elementary and junior high school students? What are you doing to encourage students who have graduated from elementary and junior high school to continue taking courses in junior high and high school? What is the situation regarding your partnership with Sundai?”

Tenbo [A]: First, concerning the ratios, basically the proportion of elementary students taking the junior high school exam and the proportion of high school students taking the university exam are the highest. Roughly speaking, we have 40% of elementary school students, 20% of junior high school students, and 40% of high school students. If anything I'd say we have more elementary school students.

And regarding the ratio of students who were already members in elementary or junior high school, of course, some students have been with us for a long time, and some students return after a while. In that sense, I believe that 60% to 70% of students in junior high school and high school were already members in elementary school and junior high, respectively. This is a rough estimation.

In order to achieve that, our argument is that with our company's individualized instruction, we can always provide instruction that is suited to the child. We are not only preparing for entrance exams, but also, for example, if you go to a large middle or high school, we can prepare you for that particular school, so basically all of our employees and instructors assume that the child will stay with us the following year. This is the environment we have created.

Therefore, we have created a situation where students naturally wish to remain members the following year. This awareness is present among the teachers as well, and it means that the examination is not the end of the process.

When it comes to our partnership with Sundai, I will ask the Vice President to step in.

Kume [A]: We are currently partnering with Sundai in various ways. First we have a new type of private tutoring school in Jiyugaoka called Spec TOMAS that specializes in difficult-to-enter junior high schools. TOMAS and Meimonkai are also allowed to participate in Sundai's mock exams. Additionally, as I mentioned in the previous IR briefing, Sundai has a very high acceptance rate for the University of Tokyo and some of Sundai's very talented graduates who have passed that entrance exam are among our instructors.

So the partnership is progressing in various ways, and we are seeing results. We have been reporting various matters to Sundai whenever necessary and we have been able to cooperate in various ways regarding the medical school entrance examinations, which is our upcoming challenge. So we are moving forward.

That's all from me.

Tenbo [Q]: “I know it is difficult to hire highly specialized staff for junior high school exams and early childhood education. How do you hire and train them?”

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Tenbo [A]: Regarding the issue of how to train instructors specializing in junior high school entrance examinations, we are trying different things, but I think it is important to state that we have started to hire new graduates. By hiring employee instructors as new graduates and training and developing them from the ground up, we can ensure they become quite competitive. We started two years ago and they are becoming a force to be reckoned with.

Regarding early childhood education, we would like to make the partnership with Kids Smile, mentioned earlier, one of our key points. Since Kids Smile has a training department, we would like to add new instructors to our early childhood education in areas where we have not had any before.

Also, the partnership with Sundai mentioned earlier is also contributing to the recruitment of instructors for the junior high school entrance exam.

Kume [A]: In terms of expertise, Shingakai has an over 60-year track record in early childhood education, and the culture within Shingakai teaches a system in which senior teachers inherit teaching method to junior teachers. That is how the Shingakai brand was created.

In addition, the Shingakai workbook has been created a long time ago and this is also continually passed on. Such accumulation is a very strong advantage of Shingakai. Shingakai's workbook is actually used by other early childhood education schools outside of our company, and the accumulation of such knowledge and expertise is ingrained into our employees or staff, which we believe is quite a differentiating factor.

Tenbo [A]: These were our answers.

Tenbo [Q]: Continuing on, “are there any other factors, other than the infection prevention measures, that may have contributed to the increase in the number of students?”

Tenbo [A]: I believe that these measures were only one cause, and that the only factor in increasing the number of students is the steady continuation of our usual activities. For private tutoring schools, word of mouth is everything. Even with heavy advertising, some people will not respond at all to places with bad reputations. The reputation of each school building is the only thing that people want to know about. So I think the most important point is to continue to provide our services in a steady manner.

I also believe that the increase in the number of school buildings, as well as the partnerships with other companies, has increased our name recognition in various ways.

Tenbo [Q]: We are looking forward to future developments you are actively forming capital alliances with KDDI and Kids Smile etc. You’ve published your mid-term management plan in January, does it take into account these partnerships?”

Kume [A]: Basically, I don't think so. The partnerships are an added bonus and we are looking forward to their developments, but the medium-term plan does not include their expected results. We will disclose the actual results and planned figures of the partnerships as they become available.

That’s all from me.

Tenbo [Q]: “There was an announcement about Kodomo Department Store and the building is scheduled to be completed in 2026. I believe you explained that the first building would be built this year, is it correct to assume that the timing has been delayed?”

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Kume [A]: The Shibuya project is on schedule. There was a slight delay in the bidding results due to the postponement of the Olympics, but that does not mean that the plan itself was delayed, but that the redevelopment of Shibuya in 2026 is on schedule.

Also, regarding the explanation of the first building this year, we are looking for other locations and there are several candidate sites, and we have not yet given up on the development of the first building this year, so we are planning to build one. As soon as we decide, we will make an announcement.

Tenbo [Q]: So you are saying that Shibuya is not the first building?

Kume [A]: Yes.

Tenbo [A]: Development for the current year is currently underway. We will begin work as soon as a property is found.

Tenbo [Q]: Now, I will share the last question.

“Two directors have been appointed in the general meeting proposal, one of whom is the Chairman of Hulic. Is there any possibility that Hulic's shareholding will increase in the future, or that your company will become a subsidiary?”

Kume [A]: I will answer this first, and then the president will answer.

Basically, we do not know. Hulic probably has its own plans but, as the President explained earlier, we are looking forward to this business alliance with Hulic, particularly when it comes to store development, the Kodomo Department Store project and collaboration with other industries. We also value Hulic's commitment to the betterment of people's lives. Since we are also working with the same philosophy, I think we can coexist and prosper together.

I believe that Hulic will support us in various ways in the education business, our main business, and I think that belief is shared by our company and the President.

We have not yet heard from Hulic regarding its shareholding ratio, but as you know, as an equity-method affiliate, our increased ordinary income also contributes to Hulic's sales. So, in that sense, we have a successful relationship.

As for becoming a subsidiary. I am sure Hulic will make an announcement when decisions are made, but I haven't heard anything about that at this time.

Tenbo [A]: Yes, I think the Vice President is right. However, considering how things were some years ago, I think it will be a superior capital and business alliance relationship, as we are clearly already doing business at a higher level.

Kume [A]: Another thing I would like to mention is that Sundai is also a shareholder, so our strategy is to work with our shareholders in various ways.

Tenbo [M]: So, this concludes our response to your questions.

With that, I would like to close the financial results briefing for the fiscal year ending February 28,2022. Thank you very much for your time today.

Kume [M]: Thank you very much.

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