

FY2022 1Q Results Q&A Summary

We have prepared answers to some of the questions we anticipate from shareholders and investors regarding the announcement of FY2022 1 Q results. Please refer to them in conjunction with the supplementary materials.

Overall results

1. Were 1 Q results in line with your targets?

Each business has some strengths and weaknesses, but sales and income are generally in line with our targets.

2. Have you changed your outlook for the full term (FY2022)?

There are risk factors such as the weakening yen and the impact of lockdowns in China due to the spread of COVID-19. The impact of these factors on earnings is under review, but at this point we have not changed our full-term forecast for operating income of 25 billion yen.

Education Business in Japan

3. What is the current status of Shinkenzeni enrollment?

April enrollment started off down YoY and 1 Q cumulative enrollment also declined by 8.6% YoY, but in general that was according to plan.

4. What is the situation in the School and Teacher Support Business?

Overall, 1 Q results were in line with our targets. In the Elementary and Junior High School business, the number of schools using Mirai Seed continues to expand steadily.

5. What is the situation in the Prep schools/Classrooms business ?

Overall, 1 Q results were in line with our targets.

6. What is the situation in the University and Working Adult business?

We have positioned the University and Working Adult business as a growth business, and have started to disclose sales from 1 Q of this fiscal year. Developmental education and the online learning service Udemy are doing well, and consequently overall results are surpassing our targets.

Kids & Family

7. What is the situation for Kodomo Challenge in Japan?

1 Q results were generally in line with our targets.

8. What is the situation for Kodomo Challenge business in China?

Shanghai was in lockdown from late March to May due to the spread of COVID-19, and delivery delays led to cancellation of memberships. The business in China has a December fiscal year-end which means that the April ~ June period is 2 Q. We expect the impact of the lockdown to be greater in 2 Q than in 1 Q.

On the other hand, the competitive environment that intensified in the last fiscal year has eased recently as competitors successively withdrew from the business because of China's change in policy ("Double Reduction" Education Policy). Since our Kodomo Challenge business in China is not subject to the regulations, we believe the business environment for the Company is improving. We plan to strengthen our sales efforts and work toward recovery.

Nursing Care and Childcare

9. What is the current occupancy rate situation?

1 Q results were generally in line with our targets.

We expect the occupancy rate to recover to 93% by the end of FY2022.

Japan is now in the 7th wave of COVID-19, but we are making efforts to improve the occupancy rate while implementing thorough measures to prevent infection.