

FY2022 3Q Results Q&A Summary

We have prepared answers to some of the questions we anticipate from shareholders and investors regarding the announcement of FY2022 3Q results. Please refer to them in conjunction with the supplementary materials.

Overall results

1. Were 3Q results in line with your targets?

Sales and income are generally in line with our targets.

2. Considering the year-on-year decrease in 3Q operation income, are there any changes in the full-year targets?

There is no change in our full-year targets.

In 4Q, we usually strengthen marketing activities for the new school year in the Education Business in Japan and the Kodomo Challenge Business in Japan, and therefore tend to spend more sales costs than in other quarters. While this trend remains unchanged this fiscal year, we will have more strict control over profits than in past years by optimizing sales costs as we closely watch the balance between profits and enrollment for the next fiscal year.

For this reason, we expect operating income for 4Q alone to increase, and there is no change in our targets to achieve a year-on-year increase in full-year profit.

3. What is the reason to record a year-on-year increase of 2.6 billion yen in net income in contrast to a year-on-year decrease of 2.7 billion yen in income before income taxes?

This is because of a significant decrease in income taxes due to the tax reduction effect resulting from the sale of Berlitz Corporation, a consolidated subsidiary, in February 2022.

Education Business in Japan

4. What is the status of Shinkenzemi enrollment?

This fiscal year started with a negative growth of enrollment in April compared to a year earlier. Given this situation, our targets for the current fiscal year assume that the cumulative enrollment will decrease year on year. With this background, the cumulative enrollment in 3Q was down 8.8%, but this was generally in line with our targets.

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

3Q results are generally in line with our targets.

6. What is the situation in the Prep school and Classroom Business?

Although sales of Tokyo Individualized Educational Institute, a consolidated subsidiary, fall short of the targets, other businesses are generally in line with them.

7. What is the situation in the University and Working Adult Business?

3Q results are generally in line with our targets.

The University and Working Adult Business as our growth driver continues to expand steadily.

Kids & Family

8. What is the situation for Kodomo Challenge (Preschool Courses) in Japan?

Due to the impact of the 8th wave of COVID-19, it is taking longer than expected to recover the performance of the concert business, and the performance of this business category as a whole is also on a weakening trend.

9. What is the impact of the rapid spread of COVID-19 in China since December on the performance of Kodomo Challenge (Preschool Courses) in China this fiscal year?

Results for FY2022 has been affected by COVID-19, including the temporary suspension of business activities due to China's Zero-COVID policy; however, the impact of the rapid spread of COVID-19 on and after December 2022 is considered to be minor for the current fiscal year, as its fiscal year of the China

business ends in December.

Nursing Care and Childcare

10. What is the current occupancy rate situation in Nursing business?

Due to the impact of the 8th wave of COVID-19, it is taking longer than expected to recover the occupancy rate. We will continue to strive for the recovery through measures such as trial short stays and the segmented pricing strategy by age group.

Other

11. Are there any changes to the shareholder return policy?

We plan to increase the annual dividend per share by ¥10 year-on-year to ¥60 for year ending March 31,2023 with no change from the original plan. In addition, we offer a shareholder benefit program to promote deeper understanding among our shareholders about our group and its business through their usage of products and services of our group. While we periodically review the benefits, we have no plans to discontinue the program at this time.