

Riso Kyoiku Co., Ltd.

4714

Tokyo Stock Exchange First Section

5-Jan.-2022

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FISCO Ltd.

<https://www.fisco.co.jp>

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Summary

Results continue to be strong, centered on TOMAS and Shingakai, while the FY2/22 forecasts are for new record highs for the first time in two fiscal years

Riso Kyoiku Co., Ltd. <4714> (hereinafter, “the Company”) is an educational service company that has established a unique business model by combining “genuinely one-on-one instruction” and “academic advancement” and is steadily broadening its scope. The Company’s subsidiaries include Shingakai Co., Ltd., which provides entrance exam preparation for kindergartens and elementary schools; Meimonkai Co., Ltd., which dispatches professional home tutors; School TOMAS Co., Ltd., which provides in-school one-on-one instruction; and Plus One Kyoiku Co., Ltd., which plans tour-style experiences and runs gymnastics classes.

1. Overview of 1H FY2/22 results

In the 1H FY2/22 (March to August 2021) consolidated results, sales and profits increased significantly, with net sales rising 31.5% year-on-year (YoY) to ¥14,612mn and operating profit of ¥1,331mn (compared to an operating loss of ¥460mn in the same period in the previous fiscal year). Amid the ongoing novel coronavirus (hereinafter, COVID-19) pandemic, the Company has been highly evaluated for conducting thorough infection-prevention measures to establish safe learning environments, as well as for providing high quality “authentic” educational services, so student numbers in each of the Group’s businesses steadily grew. In addition, TOMAS and Shingakai contributed as a result of the fee revisions implemented in March 2021. At the end of August 2021, the Group’s number of students had increased by 10.7% YoY to 26,645 students, a new record high.

2. FY2/22 forecasts

For the FY2/22 consolidated results, the Company has announced the second upward revisions to the initial forecasts (which were net sales of ¥29,000mn and operating profit of ¥2,510mn) and is forecasting record highs for the first time in two fiscal years, with net sales to increase 19.0% YoY to ¥30,000mn and operating profit to rise 197.8% to ¥3,010mn. This is mainly because in each business, it will actively move ahead with opening new schools and expanding capacity, which it temporarily stopped in the previous period due to COVID-19, so student numbers are expected to grow at a pace higher than anticipated. However, the impression is that even the upwardly revised forecasts are conservative, and we at FISCO think that they can be exceeded. For School TOMAS, which is expected to become a potential mainstay business in the future, a system has been put in place to accelerate the speed at which this service is implemented. This is because in June 2021, a business collaboration between School TOMAS Co., Ltd., and KDDI Matomete Office Co., Ltd., was announced, through which the networks of both companies will be mutually utilized to advance proposals to introduce School TOMAS’s services. KDDI Matomete Office has a track record in this field, including introducing tablets and other devices to 250 schools nationwide, and School TOMAS is proposing introductions of its service into these schools. At the end of August 2021, the number of contracted schools was 82, while the target for FY3/23 is 100. However, due to the announcement of this collaboration, achieving this target is already in sight and may be further exceeded through these introductions.

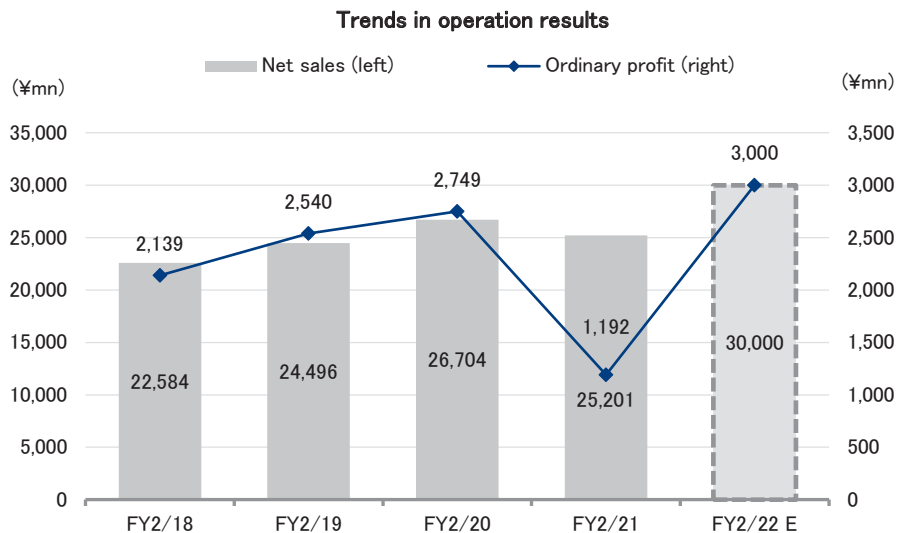
Summary

3. Medium-term management plan

In April 2021, the Company announced its three-year medium-term management plan, in which it set numerical results targets of net sales of ¥35,500mn and operating profit of ¥3,710mn in FY2/24. But in FY2/22, the plan's first fiscal year, progress is being made at a pace higher than expected, so depending on conditions in the future, it is possible that it will upwardly revise these results targets. In terms of growth strategy, there has been no change to the policy of aiming for annual double-digit rates of increase for sales and profits through providing high quality "authentic" educational services and actively opening new schools. Also, through the business collaboration with Hulic <3003> and Konami Sports Co., Ltd. that was announced in September 2020 for the Kodomo Department Store (provisional name) concept, which is an education-specialist building for the provision to children of one-stop educational services, the plan is to start phase one of this business in 2022 and to expand to 20 schools in the Tokyo metropolitan area by 2029. By moving ahead with this strategy, it will be possible to provide several of the Group's educational services at one location, which is expected to increase the number of students through a "retention strategy" as well as improvements to lifetime value and expansion of earnings even further by further improving work efficiency. Attention will be given to future developments.

Key Points

- Earnings have rapidly recovered, centered on TOMAS and Shingakai, while sales and profits increased significantly in the 1H FY2/22 results
- Even though the FY2/22 results forecasts have been upwardly revised, there is still room for results to exceed them
- Based on the excellent growth of student numbers, it is highly likely that the medium-term results targets will also be upwardly revised



Source: Prepared by FISCO from the Company's financial results and press releases

■ Company profile

Established in 1985 for the purpose of delivering high-quality educational services

1. Company history

Mitsugu Iwasa, currently a director and chairman, took over 14 classrooms from Kodomo Pia, a business in which he was part of the management team. When this business switched to an emphasis on selling educational equipment, he used the opportunity to establish Nihon Kyoiku Kosha K.K. in July 1985 for the purpose of delivering high-quality one-on-one educational services.

The Company initially started with a group learning format of classrooms under the name of Riso Kyoiku Kenkyusho (Risoken) that consisted of six students per class, with classes organized by academic capabilities and 100% full-time teachers. In March 1990, the Company developed and began providing a unique “entirely one-on-one individual instruction system” and changed the service name to Tokyo Man-to-man School. Management subsequently changed the service name to TOMAS (initially adopted as a nickname in 1997 and then as the official name in 2000), which has continued since then.

The Company has actively diversified educational services as well. It opened the Meimonkai home tutor center and entered the home tutoring market in May 1989. In 2000, it established Nihon Edunet Co., Ltd. (now, School TOMAS Co., Ltd.) which offers entirely one-on-one instruction in a real-time, interactive format utilizing internet teleconferencing. It also established School Tour Ship Co., Ltd., which provides character-building training camp education (now, Plus One Kyoiku Co., Ltd.), in 2002 and acquired shares of Shingakai, which offers entrance exam preparation for well-known kindergartens and elementary schools, making it into a subsidiary in 2003. In recent developments, the Company concluded a capital and business alliance with Surugadai Gakuen Educational Institute in July 2019 and established Sundai TOMAS, a joint venture (with the Company owning a 51% stake), in September 2019 in an aim to further develop Spec. TOMAS, an individualized instruction school with focus on entrance exams for the most difficult schools.

In the stock market, the Company registered its stock as an over-the-counter security with the Japan Securities Dealers Association in 1998, moved to the Second Section of the Tokyo Stock Exchange (TSE) in 2001, and then switched to TSE's First Section, where it is currently listed, in June 2002. It has been selected for the Prime Market in the new market categories that the TSE will introduce from April 2022.

Riso Kyoiku Co., Ltd.
4714 Tokyo Stock Exchange First Section

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<https://www.riso-kyoikugroup.com/en/ir/>

Company profile

Company history

Date	History
July 1985	Established Nihon Kyoiku Kosha K.K. to accommodate the acquisition of 14 classrooms from Kodomo Pia with the purpose of providing high-quality one-on-one educational instruction services and started opening classrooms under the Riso Kyoiku Kenkyusho name
May 1989	Established the Meimonkai home tutor center and entered the home tutor market, began individual instruction with a professional tutor group that differs from student tutors
March 1990	Developed the unique "one-on-one individual instruction system (each equipped with a whiteboard)" and changed the service name to "Tokyo Man-to-man School."
October 1998	Renamed from Nihon Kyoiku Kosha K.K. to Riso Kyoiku Co., Ltd.
December 1998	Conducted OTC registration of shares with the Japanese Securities Dealers Association
July 2000	Established Nihon Edunet Co., Ltd. with the aim of conducting genuine one-on-one instruction in an interactive environment utilizing Internet video conferencing
March 2001	Listed shares on the Tokyo Stock Exchange Second Section (TSE-2)
June 2002	Reassigned to the Tokyo Stock Exchange First Section (TSE-1)
December 2002	Established School Tour Ship Co., Ltd. with the aim of conducting character-building training camp education
January 2003	Established Meimonkai Co., Ltd. as a spin-off of the home tutor dispatching business, acquired Shingakai Co., Ltd., which provides kindergarten and elementary school entrance exam preparation, as a wholly owned subsidiary
July 2005	Transferred the student recruitment business division to School Tour Ship Co., Ltd. and renamed it as Riso Kyoiku Kikaku Co., Ltd.
October 2013	Established Inter TOMAS Co., Ltd. as a spin-off of the English school division, established Plus One Kyoiku Co., Ltd. as a spin-off of the character-building training camp education business, renamed Nihon Edunet Co., Ltd. as School TOMAS Co., Ltd., renamed Riso Kyoiku Kikaku Co., Ltd. as TOMAS Kikaku Co., Ltd.
November 2016	Established TOMAS ENGLISH TRAINING CENTER, INC. (99.9% owned by School TOMAS), an online English conversation business for school operators, in Cebu IT Park
September 2019	Established joint-venture company Sundai TOMAS (owns a 51% stake) based on a capital and business alliance with Surugadai Gakuen Educational Institute
February 2020	Opened the first school for Spec. TOMAS, a new brand, in Jiyugaoka under Sundai TOMAS. Absorbed Inter TOMAS Co., Ltd. and TOMAS Kikaku Co., Ltd.
August 2020	Established Cocokara Teachers Co., Ltd. as a firm specializing in hiring, training and placing teachers to Group companies
September 2020	Formed a capital and business alliance with Hulic Co., Ltd. and is involved in a business alliance with Hulic and Konami Sports.
April 2021	Shingakai Co., Ltd., and Konami Sports Co., Ltd., announced a business collaboration aiming for the joint development of Konami Sports Shinga's Academies
June 2021	School TOMAS Co., Ltd., and KDDI Matomete Office Co., Ltd., announced a business collaboration to jointly advance the establishment of ICT environments for schools and introductions of an in-school learning-support system

Source: Prepared by FISCO from the Company's securities report and press releases

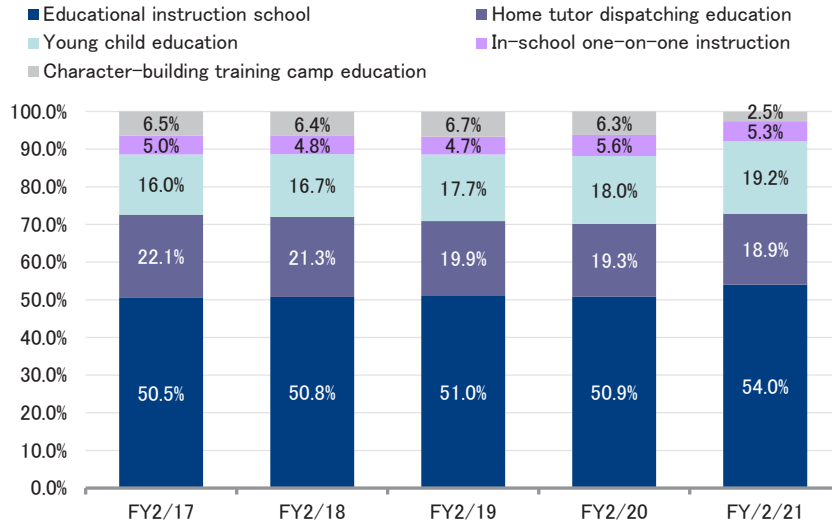
Building educational service businesses mainly through TOMAS, Meimonkai, and Shingakai

2. Business overview

The Company and its five major subsidiaries are steadily building educational services mainly driven by educational instruction schools. In terms of business segments, the Company provides disclosure for the educational instruction school business, home tutor dispatching education business, young child education business, in-school one-on-one instruction business, and character-building training camp education business. In sales distribution by business in the past five years, the educational instruction school business has continued to make up just over 50% of total net sales, while the three main businesses of educational instruction school business, home tutor dispatching educational business and young child education business made up roughly 90% of overall sales.

Company profile

Breakdown by business segments



Note: Ratios are calculated excluding "other"
Source: Prepared by FISCO from the Company's financial results

The educational instruction school business consists of 88 entirely one-on-one instruction TOMAS schools, which are its mainstay business, in the Tokyo metropolitan area (as of the end of August 2021, same below), 10 English conversation Inter TOMAS schools, and 4 one-on-one instruction MEDIC TOMAS schools for medical school exam preparation. Additionally, it opened Spec. TOMAS (a school located in Jiyugaoka), a provider of one-on-one instruction that specializes in entrance exams for the most difficult schools, in February 2020 under subsidiary Sundai TOMAS.

TOMAS, an entirely one-on-one instruction school for elementary students to high school students, has been the most successful at getting students accepted to the most difficult schools as an individual instruction school thanks to preparation and provision of a curriculum that works backward from acceptance for individuals tailored to the skills of each student, according to the Company. With university student and adult part-time instructors as the majority of teaching staff, and full-time employees in charge of academic consultation and support, the Company is capable of delivering trusted, reliable service with a high level of customer satisfaction. Additionally, Spec. TOMAS schools implement an entrance exam and refer students who fail the exam to nearby TOMAS schools. The Jiyugaoka school focuses on 1st-6th year elementary students with the aim of preparing them to pass exams for the toughest middle schools and hires teachers as full-time employees to support this process.

In the home tutor dispatching education business, Meimonkai operates 35 schools in major cities nationwide. Professional adult teachers provide service as home tutors, and the Company asserts that it is the only home tutor center capable of disclosing advancement results. It has many accepted candidates each year, including particularly high acceptance results to medical schools. It also operates 11 TOMEIKAI schools as individualized instruction schools with service areas outside of the Tokyo metropolitan area (5 schools in the Kyushu area, 3 schools in the Tokai area, 2 school in the Koshinetsu area and 1 school in the Kinki area). TOMEIKAI schools hire university student teachers and thus seek locations near medical universities or other universities that have many talented students nearby.

Company profile

In young child education business, Shingakai (which is now in its 65th year since being established), which possesses top-class acceptance results as a pioneer in well-known kindergarten and elementary school entrance tests, operates 24 schools mainly in the Tokyo metropolitan area (Tokyo metro 21 schools, Keihanshin 3 schools). Furthermore, as after-school care and childcare services with robust demand, this business has 23 locations under the Shinga's Club brand (16 after-school care sites, 7 childcare sites). Childcare sites operate extended-length childcare with activities related to entrance exam skills that utilize the Shingakai educational method. These sites receive strong support from working mothers who want to successfully manage work and child-rearing duties and remain highly popular with available spots filling up once schools open. After-school care sites similarly conduct activities that include advancement instruction incorporating unique educational curriculum. These sites are nearly as popular as childcare facilities.

In the in-school one-on-one instruction school business, School TOMAS provides individual instruction service at contracted schools after normal class hours with teachers that it dispatches to the schools and using the atama+ AI learning assistance system and "Sundai Satellite Network 21" video teaching material system from 2020. It has been steadily increasing the number of contracted schools, particularly at private schools that cover middle and high school years faced with the management challenges of recruiting sufficient student numbers amid the shrinking child population and long working hours for instructors. The Company was operating 82 schools at the end of August 2021.

The character-building training camp education business consists of seven schools for soccer and eight schools for gymnastics run by Plus One Kyoiku and planning and provision of School Tour Ship, an experience-type educational program using weekend days, summer vacation and other extended holidays. This program aims to cultivate action-taking and decision-making capabilities through participation in various experiences provided by School Tour Ship. The Company does not emphasize profits in this business because of its positioning as an added-value service for students at TOMAS and other main businesses.

Overview of business segments and main companies

Business segments	Company name	Business description	Service regions
Educational instruction school business	Riso Kyoiku	Educational instruction school business. Mainly operates TOMAS entirely one-on-one instruction schools as well as MEDIC TOMAS medical department entrance exam individualized instruction schools and Inter TOMAS English conversation schools	Tokyo metropolitan area
	Sundai TOMAS	Operates Spec. TOMAS one-on-one instruction schools that specialize in entrance exams for the most difficult schools	Tokyo metropolitan area (likely to expand in the future)
Home tutor dispatching education business	Meimonkai	Operates Meimonkai that dispatches home tutors and TOMEIKAI one-on-one instruction schools in regional areas (outside of Tokyo and the three surrounding prefectures)	Dispatches home tutors nationwide TOMEIKAI offers services outside of the Tokyo metropolitan area
Young child education business	Shingakai	Operates Shingakai, a school that handles entrance exam instruction for top kindergartens and elementary schools, and Shinga's Club, a childcare and after-school care business	Shingakai has schools in the Tokyo metropolitan area and Keihanshin Shinga's Club has locations in the Tokyo metropolitan area
In-school one-on-one instruction business	School TOMAS	Offers in-school one-on-one instruction	Nationwide
Character-building training camp education business	Plus One Kyoiku	Operates a school business with a soccer school and gymnastics school and a tour business that cultivates action-taking and decision-making capabilities through various experiences	-

Source: Prepared by FISCO from the Company's securities report and results briefing materials and others

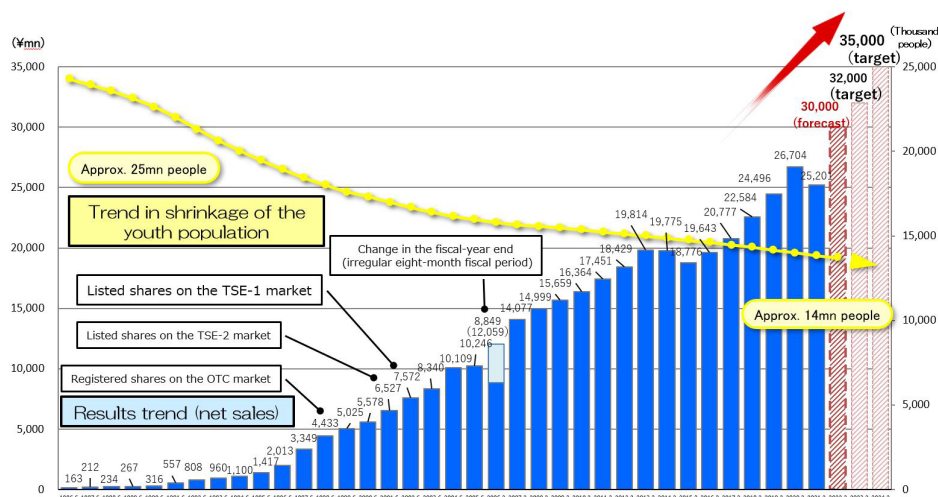
Is continuing to develop high-quality education service that utilizes an approach of entirely individual instruction as a differentiation strategy

3. Characteristics and strengths

While the Company has a variety of characteristics and strengths, we think the following two are particularly important: 1) consistently increasing income over the long term and 2) realizing high profitability. We think the advantageous business model built by the Company is the source of these two characteristics, and comprehending them is likely to improve understanding and certainty of the medium- to long-term growth scenario.

The Company reported ¥163mn in net sales in FY6/86, its founding year, and sustained steady sales growth through FY2/13 (although sales dropped in FY2/06 with its abnormal 8-month period due to the fiscal year change, they were higher on a real basis that converts sales to a 12-month format). Since then, the Company has sustained a growth trend over the long term, excluding temporary sluggishness when it revamped internal management operations on discovery of improper accounting issues and sales decline in FY2/21 due to the impact of the COVID-19 pandemic.

Trends in net sales since the Company's foundation

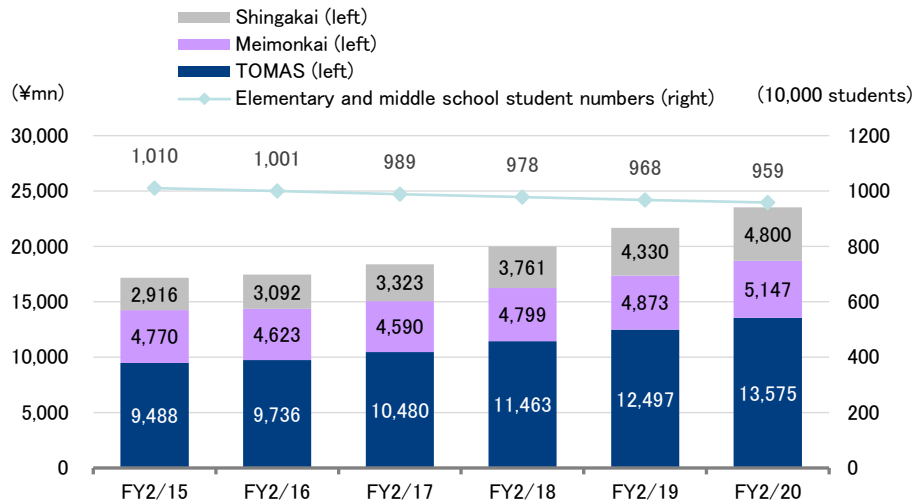


Source: From the Company's results briefing materials

We think an important point is the Company's success in increasing the number of students in all major businesses (TOMAS, Meimonkai, and Shingakai) and sustaining growth despite a tough industry environment with fierce competition to acquire students amid what is said to be peaking of the educational advancement and preparatory school market because of a shrinking youth population and increase in market participants. Even though the number of domestic elementary and middle school students, the main target segment, fell 1.0% annually from 10.10mn students in FY2/15 to 9.59mn students in FY2/20, the Company's net sales in its three main businesses increased 6.5% annually from ¥17,176mn in FY2/15 to ¥23,523mn in FY2/20, with mainstay TOMAS growing by 7.4%. This is considered to be because, in a situation in which the future is uncertain, educational costs per child will increase in the future and also students taking entrance exams for private elementary and middle schools will increase, so the Company is skillfully capturing needs for entrance exam preparation.

Company profile

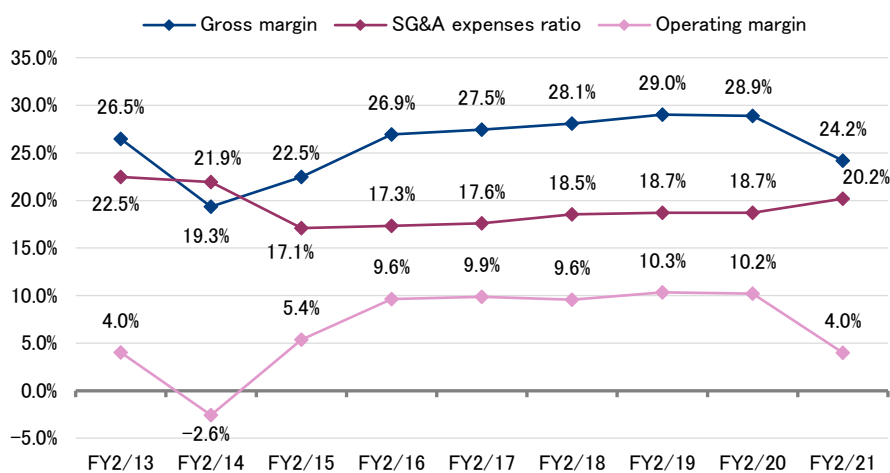
Trends in the main businesses' sales and elementary and middle school student-numbers



Source: Prepared by FISCO from the Company's securities reports and the Ministry of Education, Culture, Sports, Science and Technology's Statistical Abstract 2020 (Education, Culture, Sports, Science and Technology)

In operating margin, despite temporary decline in FY2/21 because of COVID-19 impact, the level was stable at about 10% from FY2/16 through FY2/20. The 10% margin level is higher than the industry average for educational advancement and preparatory schools. While multiple listed peers realize higher operating margins than the Company, these firms either use group instruction as the core business model or acquire royalty income through franchise businesses. Very few peers that mainly conduct one-on-one instruction only in directly run schools, such as the Company, or utilize a mix of group and individualized instruction have double-digit operating margins.

Long-term trends in gross margin, SG&A expenses ratio, and operating margin



Source: Prepared by FISCO from the Company's financial results

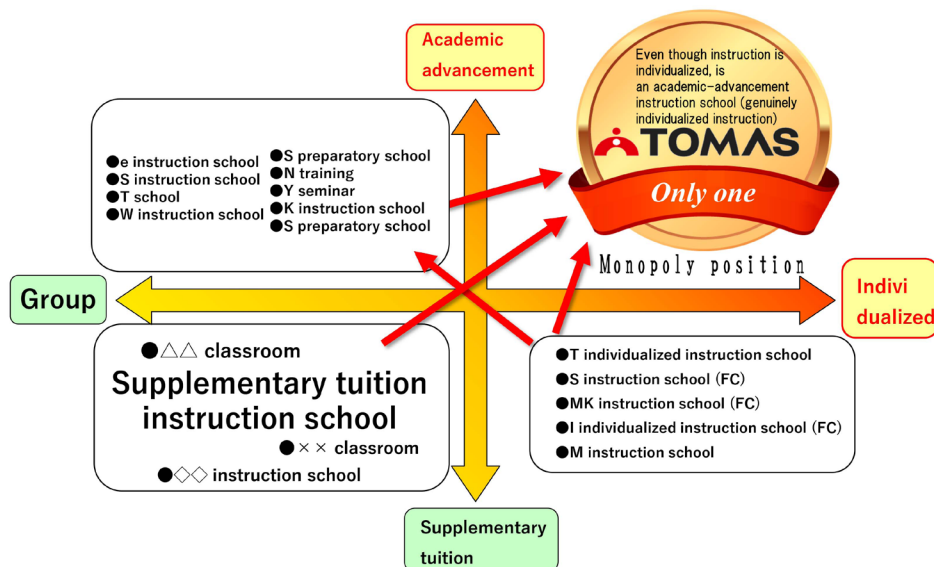
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Company profile

Our understanding is that the same source drives the Company's strengths of stable sales growth and high profitability. When founding the Company, current director and chairman Iwasa took into account the implications of China's one-child policy, which include the prospect of a shrinking youth population and increased spending per child on education costs as a result. In other words, the Company held a relatively advantageous position from the outset thanks to launching the business in anticipation of a shrinking youth population and building a business model from this perspective. With its insight into likely increases in the amount spent per child on education costs too, the Company succeeded in transforming the headwind of a shrinking segment into a tailwind.

Key points in harnessing shrinkage of the youth population as a tailwind are provision of high-quality educational services with genuine individualized instruction using a one-on-one format and focus on advancement instruction as the goal. These two are common aspects of the Company's TOMAS service and other business formats. The Company is currently the only firm actively promoting individual instruction that combines both aspects. The most typical model in the individual instruction market at this point is a quasi-approach with a ratio of one teacher to a few students (2-3) for the purpose of supplementing school coursework. We think high business risk is a major reason other companies do not adopt this model. Since service fees must be higher in order to achieve profitability through entirely one-on-one instruction, supplementing coursework is not enough to justify these fees. The tough reality is that only academic advancement results are capable of justifying high course fees. Almost no newcomers are entering the market with the same business model as the Company for this reason, and this has solidified the Company's strong brand strength and position as a one-on-one educational advancement and preparatory school.

The Company's position in the market



Source: From the Company's results briefing materials

Company profile

While the Company's founding purpose was high-quality individualized instruction, it initially started with a group learning format that consisted of six students per class with classes organized by academic capabilities. It was not until five years later in 1990 that the Company began providing the "entirely one-on-one personalized teaching system" envisioned by Mr. Iwasa. While we think executive opinions and policy aims clashed internally during this period, adoption and thorough application of a mentality that the "educational instruction school industry is a service business" ultimately led to realization of genuine individual instruction. Based on this understanding, the Company focused on delivering high customer satisfaction. High customer satisfaction in the educational instruction and preparatory school industry means getting into the desired school. Since its founding and to this day, the Company has always retained the awareness of being a service business and sees pursuit of academic advancement results as its management goal as a service company. We think the business model of "pursuing academic advancement results" is a factor in the Company's strength and supports the two characteristics of stable sales growth and high profitability mentioned above.

An example of the Company's management approach with high awareness as a service company is its style of having full-time employees focus on management. As explained above, the mainstay TOMAS business utilizes part-time students and adults as instructors and has full-time employees assigned to each classroom site serve as coordinators between instructors and children and students and their guardians. Specifically, they engage in the following tasks: 1) identify genuine aims and goals of students and guardians, 2) develop curriculum with the instructor based on this information, and 3) explain progress updates, subsequent instruction policy, and other details to guardians after lessons begin. Repetition of this cycle maintains a high level of customer satisfaction on a normal basis and contributes to the biggest customer satisfaction of getting into the desired school.

Whether the Company is capable of sustaining stable growth and high profitability in the future depends on the time horizon and scale of investments, but we have high expectations for it to achieve these goals within a timeframe of 5 to 10 years. Firstly, consistent existence of a certain amount of demand for the Company's business model (high-priced, high-quality service) has been shown even amid steady shrinkage of the youth population. Next is the issue of entry by other companies into this market. As mentioned earlier, risk of excess competition is low. This is because of the significant business risk involved in copying or recreating the business model that the Company has built over many years since its founding. The high barrier to entry for the Company's business model that focuses on advancement results is the third main characteristic and a strength.

Results trends

Earnings have rapidly recovered, centered on TOMAS and Shingakai, and in the 1H FY2/22 results, sales and profits increased significantly

1. Overview of 1H FY2/22 results

In the 1H FY2/22 consolidated results, net sales increased 31.5% YoY to ¥14,612mn, operating profit was ¥1,331mn (compared to a loss of ¥460mn in the same period in the previous fiscal year), ordinary profit was ¥1,373mn (a loss of ¥416mn), and profit attributable to owners of parent was ¥874mn (a loss of ¥468mn). Therefore, sales and profits increased significantly and the results were new records highs for a 1H for the first time in two fiscal years.

Results trends

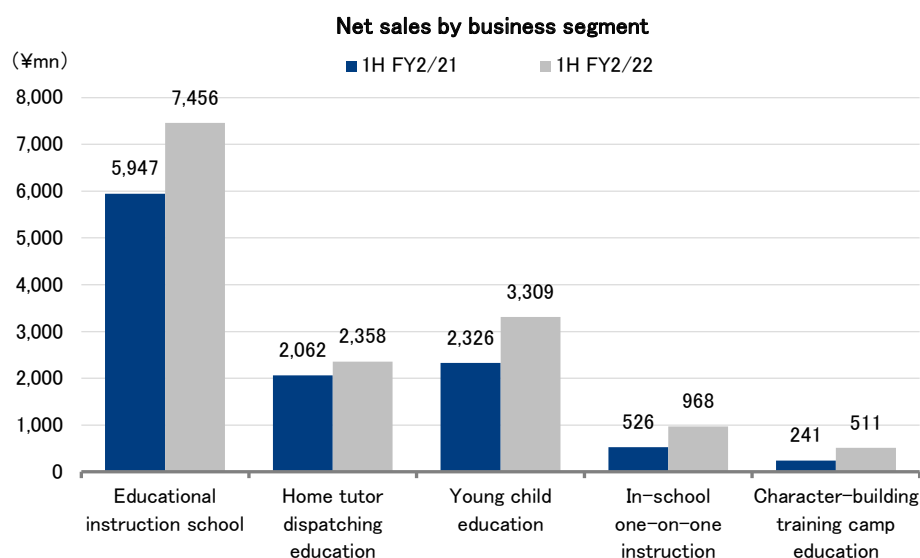
1H FY2/22 results

	1H FY2/21		1H FY2/22		YoY
	Results	Ratio to sales	Results	Ratio to sales	
Net sales	11,109	-	14,612	-	31.5%
Cost of sales	9,019	81.2%	10,490	71.8%	16.3%
SG&A expenses	2,549	23.0%	2,790	19.1%	9.5%
Operating profit (loss)	-460	-4.1%	1,331	9.1%	-
Ordinary profit (loss)	-416	-3.8%	1,373	9.4%	-
Profit (loss) attributable to owners of parent	-468	-4.2%	874	6.0%	-

Source: Prepared by FISCO from the Company's financial results

As the COVID-19 pandemic continues, the Group has been implementing thorough infection-prevention measures to provide safe and secure educational services, while simultaneously continuing to provide high quality educational services for students aiming to pass the entrance exams for their desired schools. It has also been actively advancing new schools openings and expanding capacity, which it had temporarily stopped in FY2/21. As a result of these efforts, student numbers steadily grew in each business, thereby increasing sales. Also, the main reason for the increase in earnings at TOMAS and Shingakai was that they increased fees by approximately 5% from March. This increase in fees was to reflect the rise in costs relating to the infection-prevention measures (including a special allowance for tutors), which was one of the reasons for the decline in profits in FY2/21.

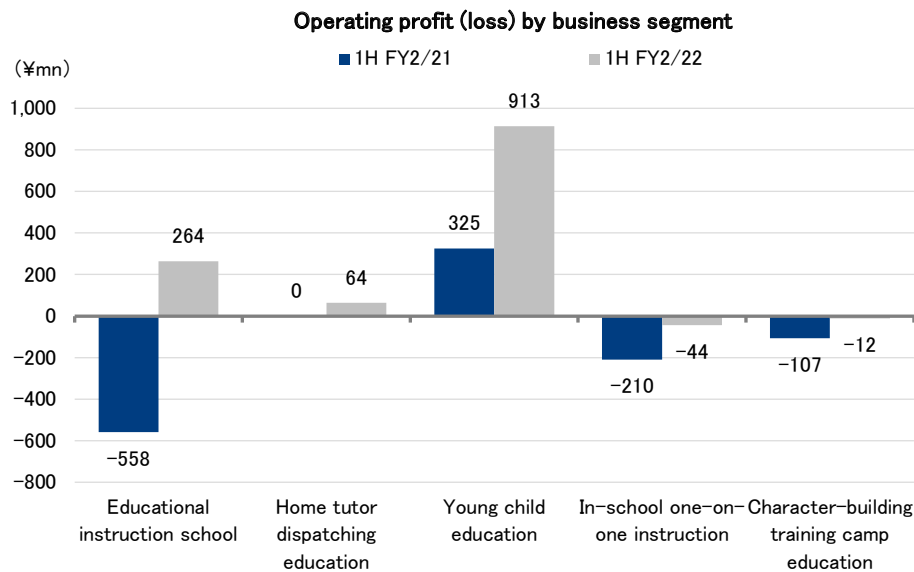
Looking by business segment, sales and profits increased in every business segment, while for operating profit, the recoveries of the educational instruction school business and the young child education business contributed greatly. At the end of August 2021, student numbers had increased steadily in each of the main businesses, by 8.1% YoY for TOMAS, 15.3% for Meimonkai, and 13.0% for Shingakai, while they had increased 10.7% for the Group as a whole.



Note: Excluding internal transactions

Source: Prepared by FISCO from the Company's financial results

Results trends



Source: Prepared by FISCO from the Company's financial results

Student numbers by business

	(students)		
	Compared to end of August 2019	Compared to end of August 2020	End of August 2021
TOMAS	9.0%	8.1%	13,781
Meimonkai (including TOMEIKAI)	9.3%	15.3%	4,143
Shingakai (including Shinga's Club)	20.3%	13.0%	4,939
Group total	10.4%	10.7%	26,645

Source: Prepared by FISCO from the Company's results briefing materials

Earnings have recovered in all businesses, centered on TOMAS and Shingakai

2. Segment trends

(1) Educational instruction school business

In the educational instruction school business, net sales increased 25.4% YoY to ¥7,456mn and operating profit was ¥264mn (compared to a loss of ¥558mn in the same period in the previous fiscal year). The factors behind the sales increase include a rise in the number of students in newly opened schools and in existing schools, the closure of schools for two weeks due to the declaration of a state of emergency in April 2020 in the same period in the previous fiscal year, and the increase in sales unit price per student, including as fees were raised by approximately 5% in April 2021. Profits also increased significantly, as the increase in sales absorbed the rise in costs to expand capacity and to open new schools.

Results trends

The number of newly opened schools in the 1H FY2/22 period were 7 schools in total, consisting of 4 TOMAS schools (1 school in March and May, respectively, and 2 schools in July), 2 MEDIC TOMAS schools (2 schools in April), and 1 Inter TOMAS school (March). In addition, capacity was expanded at 4 existing TOMAS schools (implemented at one school per month in March, April, June, and July). At the end of August 2021, there were 103 schools in total (93 educational instruction schools and 10 English conversation schools), while the number of students in the educational instruction schools had increased 8.1% YoY to 13,781 students. Student-acquisition conditions at the newly opened schools appear to be trending favorably, and it is considered that the Company's approach of preparing safe and securing learning environments by thoroughly implementing infection-prevention measures* and providing high quality educational services through one-on-one tuition is supported by many students as well as their parents and guardians.

* In addition to infection-prevention measures, from July to August 2021, a workplace vaccination program was conducted for approximately 10,000 students, tutors, employees, and their families.

(2) Home tutor dispatching education business

In the home tutor dispatching education business, net sales increased 14.4% YoY to ¥2,358mn and operating profit was ¥64mn (compared to profit of ¥0.4mn in the same period in the previous fiscal year). The main factor behind the increase in sales was the rise in the number of students, including due to the openings of new schools. In 1H FY2/21, due to the declaration of a state of emergency because of COVID-19, Meimonkai and TOMEIKAI schools were both closed for around two weeks in April 2020. Therefore, the number of students had decreased and the decline in sales had continued, but they recovered and increased from FY2/22 1Q. Profits also increased, as the costs for opening new schools and other costs were absorbed by the effects of the higher sales.

Openings of new schools during the 1H FY2/22 period were 2 Meimonkai schools (2 schools in July) and 2 TOMEIKAI schools (1 school in April and June, respectively), and expansions of capacity were implemented at 1 Meimonkai school (May) and 1 TOMEIKAI school (March). At the end of August 2021, there were 35 Meimonkai schools and 11 TOMEIKAI schools, while the total number of students had increased 15.3% YoY to 4,143 students. The two newly opened Meimonkai schools (in Kagoshima and Kumamoto) were opened within buildings in which TOMEIKAI is a tenant. Meimonkai is responding to meet a wide range of learning needs. For example, since the previous period, it has been providing an online individualized instruction service to respond to the learning needs of students who cannot attend instruction schools due to concerns about going out and of students in regional areas.

(3) Young child education business

In the young child education business, net sales increased 42.3% YoY to ¥3,309mn and operating profit increased 180.9% to ¥913mn. The factors behind the increase in sales were an increase as a rebound to the fact that Shingakai schools were completely closed for approximately one month from April to May 2020, the rise in the number of students following the openings of new schools, and that Shingakai raised its fees by around 5% in March 2021. Profits grew significantly due to the effects of the higher sales and set new record highs for a 1H for the first time in two fiscal years.

The schools newly opened in the 1H FY2/22 period were 1 Shingakai school (May) and 1 each of Shinga's Club Childcare and After-School Care schools (April), while Shingakai implemented an expansion of capacity at 1 school (March). At the end of August 2021, there were 24 Shingakai schools, 16 Shinga's Club After-School Care schools, and 7 Shinga's Club Childcare schools. Also, the total number of students increased 13.0% YoY to 4,939 students, while among these, Shingakai's student numbers increased 15.6% and Shinga's Club's increased 9%.

Results trends

There is an increasing trend during the COVID-19 pandemic of parents and guardians who want their children to take entrance exams for elementary schools. Amid these conditions, Shingakai is responding to meet the needs of various customers. This includes providing one-on-one classes through thoroughly implementing infection-prevention measures, distributing online video courses, including its entrance exam preparation course and the coaching course for passing exams, and starting to provide new materials presented as a set of home-learning materials and videos. It is thought that these efforts are leading to the increase in student numbers.

(4) In-school one-on-one instruction business

In the in-school one-on-one instruction business, net sales increased 84.0% YoY to ¥968mn and the operating loss was ¥44mn (compared to a loss of ¥210mn in the same period in the previous fiscal year). Schools were closed from March to May in the same period in the previous fiscal year, and the School TOMAS service also had to be suspended, so sales decreased considerably. However, business has returned to normal in FY2/22, and the sales-increase factors will be the rise in the number of contracted schools and the extension of the usage academic year in the schools introducing it. Net sales were a record high for a 1H for the first time in two fiscal years. In profits also, the extent of the loss contracted due to the effects of the higher sales and also as a result of the reduction in fixed costs (around ¥100mn annually) due to the online English conversation business becoming completely outsourced.

The number of contracted schools has been steadily increasing, rising from 70 schools at the end of the previous period to 82 schools at the end of August 2021. In June 2021, a business collaboration with KDDI Matomete Office was announced, and the policy is to mutually utilize both companies' respective networks to progress the increase in schools concluding contracts to introduce the service. KDDI Matomete Office has introduced tablets and other ICT devices into approximately 250 schools nationwide, and the plan is to propose the introduction of the School TOMAS service into these schools. They are focusing on realizing the effects of this business collaboration from FY2022 at the earliest.

(5) Character-building training camp education business

In the character-building training camp education business, net sales increased 112.0% YoY to ¥511mn and the operating loss was ¥12mn (compared to a loss of ¥107mn in the same period in the previous fiscal year). Due to COVID-19, for a certain period in the same period in the previous fiscal year, this business was requested to restrain from providing experience tours for character building. Additionally, the TOMAS Gymnastics Schools and TOMAS Soccer Schools were all closed for approximately two months from April to May 2020, thereby significantly decreasing sales. But in the current 1H, the experience tours gradually recovered and the schools also returned to normal operating hours, and net sales are also recovering. No schools were newly opened in the 1H FY2/22 period, although 1 TOMAS Gymnastics School was opened in September 2021.

Implemented a disposal of treasury shares through a third-party allocation in November 2021 and plans to raise funds of approximately ¥2.8bn

3. Financial situation

Looking at the financial situation at the end of FY2/22 1H, total assets had increased ¥549mn on the end of the previous fiscal period to ¥14,489mn. The main change factors were that in current assets, cash and deposits increased ¥206mn, but trade accounts receivable decreased ¥371mn. In non-current assets, there were increases in property, plant and equipment of ¥483mn, investments and other assets of ¥156mn, and intangible fixed assets of ¥15mn.

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Results trends

Total liabilities increased ¥1,048mn on the end of the previous fiscal period to ¥8,413mn. In current liabilities, there were increases of accounts payable-other of ¥247mn, unpaid corporate tax, etc., of ¥174mn, and advances received, which leads to sales in the future, of ¥394mn. In non-current liabilities, there were increases of retirement benefit liabilities of ¥85mn and asset removal liabilities of ¥93mn. Net assets decreased ¥499mn compared to the end of the previous fiscal period to ¥6,075mn, because although profit attributable to owners of parent of ¥874mn was recorded, dividend payments were ¥1,398mn and retained earnings decreased ¥500mn.

Looking at the management indicators, the equity ratio declined from 46.7% at the end of the previous period to 41.5% due to the effects of the period-end dividend. Since February 2017, the Company has actively returned profits to shareholders, such as through dividends and acquisitions of treasury shares, and therefore the equity ratio has trended at a level below 50%. However, the Company's financial condition can be judged to be highly sound as it practices debt-free management and has cash-on-hand of more than ¥4bn, and also because it is building a business model, centered on the mainstay TOMAS business, that enables it to stably acquire cash.

On October 27, the Company announced that it would carry out a disposal of treasury shares through a third-party allocation. At the end of August 2021, it held 8.39mn treasury shares from which it would sell 6.5 million shares to its capital and business collaboration partner Hulic for ¥443 per share in November 2021, raising funds of ¥2,829mn through this sale. The planned uses of these funds include for capital investment for the Kodomo Department Store schools that are scheduled to open from 2022 onwards (deposits for the new schools, costs to establish schools and acquire school equipment, costs to introduce systems, etc.) and also for capital investment for openings of new schools and for strategic M&A investment. However, the amount of capital investment relating to openings of new TOMAS schools is not that large at slightly less than ¥30mn per school, so it seems likely that it will take the form of cash of hand in an amount equivalent to the procured amount for the time being. Also, through this disposal of treasury shares and acquisitions of shares by the founder, Hulic's ratio of voting rights will rise from 11.61% to 20.66% and it is scheduled to become the leading shareholder. Therefore, going forward, this will further strengthen the business collaboration between Hulic and the Company.

Consolidated balance sheet

	(¥mn)				
	FY2/19	FY2/20	FY2/21	1H FY2/22	Change amounts
Current assets	6,318	6,644	7,018	6,912	-105
(Cash and deposits)	4,716	4,837	3,963	4,170	206
Non-current assets	6,138	6,531	6,922	7,576	654
Total assets	12,510	13,214	13,940	14,489	549
Current liabilities	3,861	4,498	4,600	5,472	871
Non-current liabilities	2,385	2,557	2,764	2,941	176
Total liabilities	6,247	7,056	7,365	8,413	1048
(Interest-bearing debt)	-	-	-	-	-
Net assets	6,263	6,157	6,575	6,075	-499
[Management indicators]					
Equity ratio	49.9%	45.9%	46.7%	41.5%	-5.2pt

Source: Prepared by FISCO from the Company's financial results

Cash flow statements

	(¥mn)	
	1H FY2/21	1H FY2/22
Cash flows from operating activities	-623	2,279
Cash flow from investing activities	-354	-674
Cash flow from financing activities	-211	-1,398
Cash and cash equivalents at end of period	3,649	4,170

Source: Prepared by FISCO from the Company's financial results

■ Outlook

Even though the FY2/22 results forecasts have been upwardly revised, there is still room for results to exceed them

1. FY2/22 forecasts

For the FY2/22 consolidated results forecasts, the Company announced the second upwardly revised forecasts on October 7, 2021. It did not revise the forecasts at the time it announced the 1H results (October 4, 2021) because it wanted to confirm the number of students in September, and decided to announce the revised forecasts after it was able to confirm that student numbers would continue to be maintained in September as well. It upwardly revised every forecast compared to the previous forecasts, with net sales to increase 19.0% YoY to ¥30,000mn, operating profit to rise 197.8% to ¥3,010mn, ordinary profit to grow 151.6% to ¥3,000mn, and profit attributable to owners of parent to increase 278.2% to ¥2,100mn, and these forecasts are for new record highs for the first time in two fiscal years. However, it is thought that it has set conservative forecasts for 2H, the same as in the previous period, and at FISCO we think that results may exceed even the upwardly revised forecasts as long as there are no major changes to the market environment.

FY2/22 consolidated forecasts

	FY2/21 Results	FY2/22				Ratio to sales	YoY
		Initial forecast	Previous revision (July 2021)	Current revision (October 2021)			
Net sales	25,201	29,000	29,500	30,000	-	19.0%	
Operating profit	1,010	2,510	2,810	3,010	10.0%	197.8%	
Ordinary profit	1,192	2,500	2,800	3,000	10.0%	151.6%	
Profit attributable to owners of parent	555	1,700	1,900	2,100	7.0%	278.2%	
Earnings per share (¥)	3.79	11.61	12.98	14.35			

Source: Prepared by FISCO from the Company's financial results

In terms of the factors behind the changes in operating profit, although the hourly salaries of part-time tutors will rise and personnel costs are forecast to increase due to the higher number of personnel following openings of new schools, the factors behind increases in profit will include the increase in the number of students, the effects of the fee revisions at the TOMAS and Shingakai schools, that costs of ¥300mn relating to the business closure of an overseas subsidiary that were recorded in the previous period will not be recorded in this period, and a reduction in fixed costs (approximately ¥100mn, including personnel costs and land rent) due to outsourcing. Also, the reasons why the increase rate of profit attributable to owners of parent will be higher than that of ordinary profit include the effects of the effective tax rate being lowered due to a subsidiary that recorded a loss in FY2/21 becoming profitable.

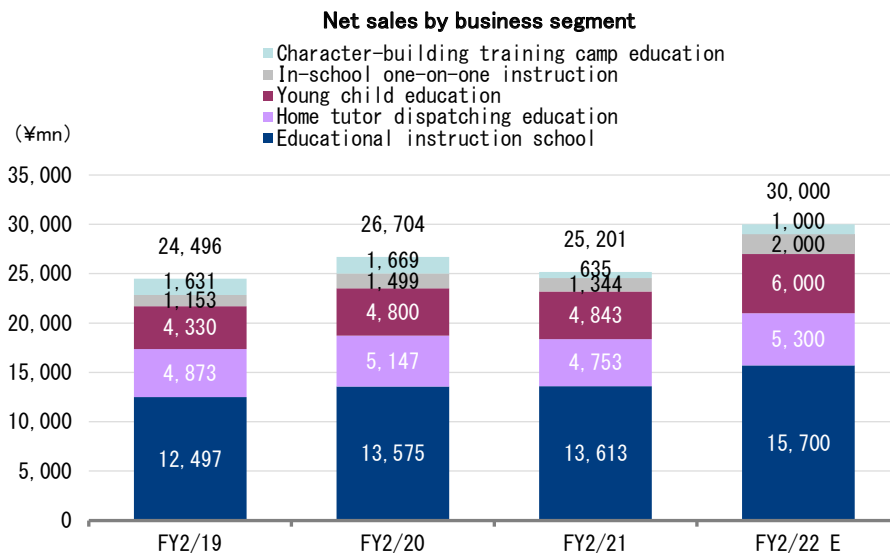
For the results forecasts by business segment, in the mainstay educational instruction school business, the forecasts are for net sales to increase 15% YoY and for profits to rise significantly. Looking only at the 2H, it is calculated that net sales will increase 7% YoY, but when considering that the effects of the fee revisions will continue, there is a strong impression that this forecast is conservative. There are no plans to open or expand the capacity of schools in the 2H.

Outlook

In the home tutor dispatching education business, the forecasts are for net sales to increase 11% YoY and for profits to rise by double-digits. Net sales in the 2H will increase 8% YoY. Compared to TOMAS, the recovery of student numbers in this business has been somewhat slow. However, as of August 2021, they had increased 15.3% and the recovery trend is clear, so in the 2H as well, results may be higher than forecast depending on the pace of increase of student numbers. In the 2H, the capacity of the TOMEIKAI Nagasaki School will be expanded in November 2021.

In the young child education business, the forecasts are for net sales to increase 24% YoY and for profits to increase significantly. In the 2H, it is calculated that net sales will increase 7% YoY. But considering that at the end of August 2021, the number of students had increased 13.0% YoY and that the effects of the Shingakai fee revisions will continue, the impression is that this forecast is conservative and at FISCO, we think it is highly likely that the result will exceed it. For new school openings, the Company opened 1 Shinga's Club After-School Care school (Omiya school) in September of this year. As a result, it has a network of 24 Shingakai schools, 7 Shinga's Club Childcare schools, and 17 Shinga's Club After-School Care schools.

In the in-school one-on-one instruction business, the forecasts are for net sales to increase 50% YoY and the previous period's operating loss to become operating profit. In the 2H, the Company expects high growth in net sales to continue, rising 28% YoY, due to the increase in the number of contracted schools and the number of students attending classes. Also, in the character-building training camp education business, the situation is that due to the impact of COVID-19, the number of events held, including overseas study trips and some tour planning, has not yet completely recovered. Therefore, it seems that although net sales will recover by more than ¥1,000mn YoY, they will not recover to the same level as in FY2/20 (¥1,669mn). However, the emphasis is not placed on profits for this business, and its impact on results overall will be negligible.



Note: FY2/22 (forecasts) are estimates by FISCO from an interview with the Company
Source: Prepared by FISCO from the Company's financial results and interview

Based on the strong increase in student numbers, is highly likely to also upwardly revise the medium-term management plan's results targets

2. Medium-term management plan

(1) Overview of the medium-term management plan

In the Company's three-year medium-term management plan that started from FY2/22, it has set results targets for FY2/24, which is the plan's final fiscal year, of net sales of ¥35,500mn, operating profit of ¥3,710mn, ordinary profit of ¥3,700mn, and profit attributable to owners of parent ¥2,500mn. However, due to the upward revisions of the FY2/22 results forecasts, it plans to review the results targets for FY2/23 and onwards at the appropriate time, while watching conditions in the future. The main factor behind the revisions to the FY2/22 forecasts was the higher sales due to the increase in the number of students. Therefore, for the growth rates from FY2/23 and onwards, it is expected that the same as in the past, the Company will target double-digit increases in both sales and profits.

The FY2/22 to FY2/24 medium-term management plan (values announced in April 2021)

	FY2/21 Results	FY2/22		FY2/23 Target	FY2/24 Target	Average annual growth rates
		Initial forecast	Revised forecast (October 2021)			
Net sales	25,201	29,000	30,000	32,000	35,500	12.1%
Operating profit	1,010	2,510	3,010	3,210	3,710	54.3%
Operating margin	4.0%	8.7%	10.0%	10.0%	10.5%	-
Ordinary profit	1,192	2,500	3,000	3,200	3,700	45.9%
Profit attributable to owners of parent	555	1,700	2,100	2,100	2,500	65.1%

Source: Prepared by FISCO from the Company's results briefing materials

There has been no change to the growth strategy, and the Company is continuing with a thorough differentiation strategy through continuously providing high quality "authentic" educational services and actively opening schools with the aim of continuously increasing student numbers even with the advance of Japan's declining birthrate. It is also targeting annual double-digit increase rates for both sales and profits through the further growth of the existing mainstay businesses, TOMAS, Meimonkai and Shingakai, and also by even more actively developing businesses such as School TOMAS and Shinga's Club. For FY2/24, it is aiming for an operating margin of 10.5%, higher than the result of 10.2% in FY2/20. This is an achievable level if sales grow as planned, and particularly the growth of the highly profitable young child education business and the in-school one-on-one instruction business, which has significant growth potential, are expected to improve profitability overall.

(2) Growth strategy

a) Strategy of collaborating with companies in other industries

In September 2020, the Company concluded a three-company business collaboration agreement with Hulic and Konami Sports and for the future, it announced the concept of the Kodomo Department Store, of the joint provision of the Group's various educational services, including the Company's Shinga's Club Childcare and After-School care schools and Shingakai, TOMAS, and Inter TOMAS schools, and the exercise schools* provided by Konami Sports, within buildings specializing in education for the one-stop provision of educational services for children developed by Hulic in the Tokyo metropolitan area. Needs are strong for children's education that provides a good balance between study and exercise, so the strategy is to enhance convenience and capture these needs by providing such services at a single location.

* Exercise schools for children with 140 locations nationwide.

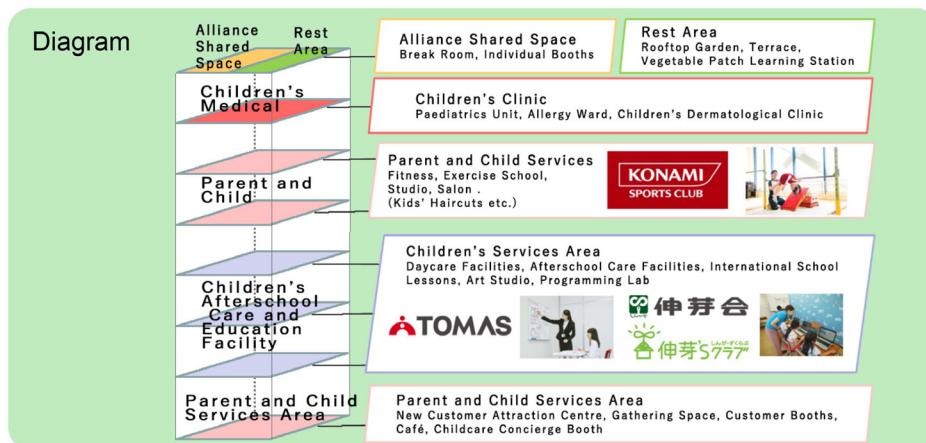
Outlook

Toward the start of the first phase of this business from 2022, the current situation is of narrowing down the multiple candidate properties. The Company intends to expand the network of Kodomo Department Stores to 20 buildings in the Tokyo metropolitan area by 2029. If this concept gets on track, it may become a “retention strategy” for students ranging from infants to high school students, which will lead to improved LTV. In addition, it can be expected to keep down costs, such as promotion costs to recruit students, and at FISCO, we are focusing on it as an initiative that will lead to improved profitability alongside the growth of the sales scale.

In particular, despite robust demand for Shinga’s Club Childcare and After-School Care, difficulty finding properties with suitable facilities had been an issue in expanding business. This issue will be resolved by the Kodomo Department Store concept, and the growth of the young child education business is expected to accelerate. Also, through the growth of the young child education business, it will become possible to link its customer base to the next education services, including those of TOMAS and Meimonkai, which will further increase Group synergies.

For Shingakai, the “school entrance tests” for well-known kindergartens and elementary schools are a niche market involving famous teachers who have special expertise, and in many cases, parents want their child to take classes with such teachers. Therefore, since the past the Company has adopted a cautious approach to increasing school numbers, but it seems that it will be possible to develop the Kodomo Department Store business through strengthening the training of teachers.

“Kodomo Department Store (provisional name)” educational building concept



Source: From the Company's results briefing materials

Also, Shingakai and Konami Sports announced a business collaboration in April 2021, and from 2022 onwards, the plan is to open Konami Sports Shinga’s Academies that will provide the Shinga’s Club After-School Care service within the facilities of Konami Sports’ exercise schools. This service will meet the needs of parents and guardians, of wanting their children to receive an education with a good balance of both study and sports. The plan is that in April 2022, 1 school will be opened in Shinagawa, which is the location of Konami Sports’ head office, and then approximately 20 schools will be opened in the following three years. We will be focusing on this as an initiative that will lead to the growth of the young child education business.

Outlook

b) Educational instruction school business

The educational instruction school business consists of one-on-one instruction school TOMAS, English conversation school Inter TOMAS, and one-on-one instruction focused on medical school exams at MEDIC TOMAS. In February 2020, it launched spec. TOMAS as a provider of one-on-one instruction that specializes in entrance exams for the most difficult schools. From FY2/22 onwards, the Company is targeting annual sales growth of more than 10% through the increases in the numbers of schools and students.

The Company intends to continue promoting a “strategy of satellite schools in the Tokyo metropolitan area,” which it has been implementing since FY2/18, as the TOMAS school initiative. While it previously deployed schools at terminal train stations with about 495–661m² of floor space that could accommodate 200–400 students, the satellite strategy deploys schools at mid-sized train stations around terminal sites with about 165–198m² of floor space that can accommodate 100–150 students. The Company operated 88 schools in the Tokyo metropolitan areas as of end-FY8/21 and has a goal of between 150 and 180 schools through opening satellite schools at a pace of 5-10 schools a year from FY2/22. It also plans to steadily expand floor space and implement renovation of existing schools that have become crowded due to rising student numbers.

In Inter TOMAS and MEDIC TOMAS business, the Company intends to open schools in areas where it already has TOMAS schools and determines that demand opportunities exist. In Spec. TOMAS business, a new brand that it has ramped up, the Company initially planned to open a second school in FY2/21 but delayed the addition because of COVID-19 pandemic impact. Instead, it decided to focus on monetizing the existing school (Jiyugaoka). A key characteristic of Spec. TOMAS business is guiding students interested in the most difficult schools to achieve admission to their desired school by integrating know-how accumulated by Surugadai Gakuen Educational Institute and the Company to create original curriculum and provide entirely one-on-one instruction with professional teachers. We expect numerous synergies from the alliance with Surugadai Gakuen Educational Institute by utilizing its teacher personnel and enhancing the quality of original materials in production and publishing. Since admission results are the main barometer for student recruitment at academic advancement schools, the Company hopes to solidify Spec. TOMAS as the brand for one-on-one instruction that specializes in entrance exams for the most difficult schools by building a track record of admission results.

c) Home tutor dispatching education business

In home tutor dispatching education business, the Company reached 35 Meimonkai (home tutor dispatching) schools at the end of FY8/21 on steady rollout of sites in the Tokyo metropolitan areas, other major cities such as Osaka and Nagoya, and main regional cities. It plans to accommodate increase in student numbers with additions to floor space and relocation openings and take a cautious stance toward opening new schools. But as previously explained, on entering 2021 new schools were opened in buildings in which TOMEIKAI is a tenant in both Kagoshima Prefecture and Kumamoto Prefecture, and going forward also, new schools may be opened if this sort of environment is in place.

In TOMEIKAI business, meanwhile, it intends to open schools at a pace of a few sites per year in major cities outside of the Tokyo metropolitan area with the aim of increasing net sales at a just over 10% annual rate. As of the end of August 2021, the Company has developed a total of 11 TOMEIKAI schools, with five in the Kyushu area, three in the Tokai area, two in the Koshinetsu area, and one in the Kinki area. Going forward, it intends to open schools mainly in major urban areas such as the Keihanshin area, Nagoya, and Fukuoka. The TOMEIKAI business has potential for one school per prefecture and thus could surpass 40 schools, giving it ample room for growth. An issue going forward will be improving the power of the TOMEIKAI brand, but the same as for TOMAS, the Company intends to improve the power of this brand by accumulating a large track record of students passing entrance exams through providing them with high quality educational services.

Outlook

d) In-school one-on-one instruction business

The Company is focusing on School TOMAS as a business that has the potential to grow to become one of its mainstay businesses in the future, like TOMAS and Shingakai. In the situation of the advance of the declining birthrate, a business problem for private schools is acquisitions of students, while at the same time, another problem is teachers working long hours. It seems that the Company is introducing the School TOMAS service as a solution to these problems. The merit for the Company is that real estate costs and advertising costs to recruit students are not required. Therefore, it thinks that theoretically, the School TOMAS operating margin can be maintained at the same high level as that of the young child education business, in a range of 15% to 20%.

School TOMAS was deployed at 82 schools as of the end of August 2021 and is expanding annually. Since the Company entered-into a capital and business collaboration with Surugadai Gakuen Educational Institute in 2019, it has had in place a system in which it can employ students graduating from Sundai Preparatory Schools as part-time tutors and dispatch them to these contracted schools. Therefore, the increase in the number of contracted schools seems to be progressing smoothly compared to previously, and the schools introducing the service range widely from Hokkaido to Kyushu. While the Company has a goal of 100 contracted schools by FY2/23 for the time being, there is room to expand to about 300 schools, mainly private schools, as latent demand. There are also the effects of the collaboration with KDDI Matomete Office and the pace of introductions may accelerate from FY2/23 onwards, so we shall be paying attention to developments in the future.

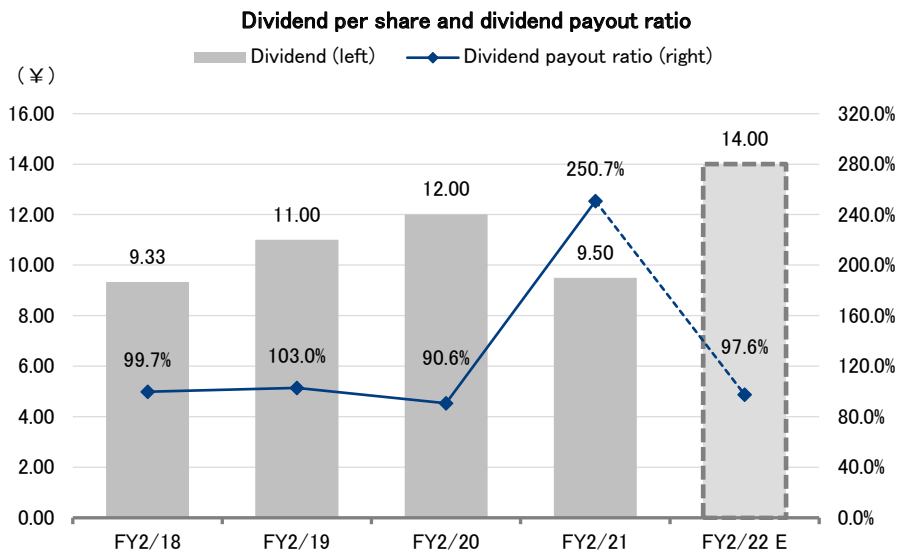
e) Strategy to hire and train teachers

Hiring and training high-quality teachers is a key factor in the ability to expand the number of schools at Group companies. As explained above, teacher recruitment is often an issue for school rollout in regional areas. Therefore, in August 2020 the Company established Cocokara Teachers Co., Ltd., as a subsidiary to hire, train, and place teachers in Group companies. This subsidiary conducts all of the hiring and training of teachers and deploys them to the various Group companies appropriately as needed. TOMAS, meanwhile, hires teachers independently too, and the Company intends to continue parallel hiring for the time being. Besides improvement in hiring and training cost efficiencies from conducting integrated hiring and training for the overall Group, this initiative might lead to faster growth by the Group by effectively allocating instructors to the right spots and supporting regional rollout in the TOMEIKAI business. For the hiring of part-time teachers as well, even within the industry the Group offers favorable conditions, so it seems it is able to hire them smoothly without too much problem.

Shareholder returns

In FY2/22, plans to increase the dividend ¥4.5 YoY to ¥14.0

The Company considers returning profits to shareholders to be one of its most important management issues, and from FY2/17, it paid a quarterly dividend linked to results using the consolidated dividend payout ratio as an indicator. However, it discovered that past dividend payments had exceeded the allowable distribution value, so in FY2/21, it temporarily ceased paying a quarterly dividend and instead paid a single period-end dividend of ¥9.5. It will also pay a single period-end dividend in FY2/22, and it plans to increase the dividend per share by ¥4.5 YoY to ¥14.0.



Source: Prepared by FISCO from the Company's financial results



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