

COMPANY RESEARCH AND ANALYSIS REPORT

RISO KYOIKU GROUP CORPORATION

4714

Tokyo Stock Exchange Prime Market

7-Jan.-2026

FISCO Ltd. Analyst

Yuzuru Sato



FISCO Ltd.

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

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Summary

Kodomo Department Stores are off to a steady start; expected to be a growth driver going forward

RISO KYOIKU GROUP CORPORATION <4714> (hereafter, also “the Company”) is an education services company based on a unique high value-added business model by combining entirely one-on-one instruction and academic advancement, with TOMAS Co., Ltd., which operates educational instruction schools, as its core. Also under its umbrella are Shingakai Co., Ltd., which provides entrance exam preparation for well-known 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. In September 2025, the Company made the transition to a holding company structure.

1. Overview of 1H FY2/26 results

In the 1H FY2/26 (March–August 2025) consolidated results, net sales increased 1.1% year on year (YoY) to ¥16,762mn, operating profit decreased 46.6% to ¥779mn, ordinary profit decreased 45.1% to ¥800mn, and profit attributable to owners of parent decreased 38.2% to ¥552mn. Net sales increased steadily in the in-school one-on-one instruction business, rising 7.9%, and the home tutor dispatching education business also turned to growth for the first time in four fiscal years, up 4.4% due to the effect of fee revisions. However, the educational instruction school and young child education businesses struggled to grow with a 0.1% increase and 0.8% decrease, respectively. This resulted in only a slight overall increase in net sales. In terms of profit, profit decreased due to higher rent at existing schools, increased costs for opening new schools, and increased personnel and hiring expenses. Although profit for 1H decreased, both of the Kodomo Department Store education buildings that opened in spring 2025 have been well-received and are demonstrating a steady start.

2. FY2/26 forecasts

For the FY2/26 consolidated results, the Company is maintaining its initial forecasts for net sales to increase 7.8% YoY to ¥36,000mn, operating profit to rise 7.2% to ¥3,145mn, ordinary profit to rise 6.8% to ¥3,140mn, and profit attributable to owners of parent to rise 14.7% to ¥2,000mn. In the mainstay educational instruction school business, in addition to the number of students entering positive territory on a YoY basis from July onward, the Company implemented measures to expand sales, including efforts to increase the number of classes by holding a “pre-winter courses” ahead of the winter break. Moreover, Shingakai is also working to increase the number of students of entrance exam age by implementing new timetable reforms tailored to customer needs and establishing courses by desired school, aiming to recover in 2H.

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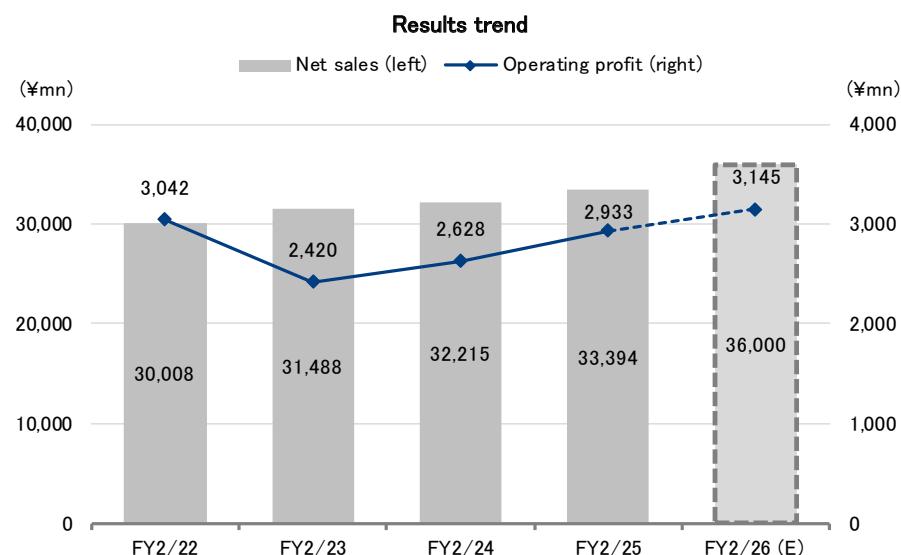
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3. Growth strategies

As the youth population keeps shrinking and competition in the educational instruction school business continues to intensify, the Company's policy is to provide high-quality educational services to differentiate itself and to pursue steady growth. Growth drivers will be the educational instruction school business and the in-school one-on-one instruction business. Notably, the in-school one-on-one instruction business is expected to continue achieving double-digit annual growth, fueled by an increase in the number of schools introducing the Company's in-school one-on-one instruction service. For the young child education business, the Company expects to acquire and retain new students through the expansion of Kodomo Department Store series and return the business to a growth trajectory. Additionally, the Company completed the integration of each group company's customer database in June 2025 and, upon making the transition to a holding company structure, centralized functions that were previously redundant across group companies. Going forward, the Company is expected to further generate group synergy and enhance management efficiency through digital transformation (DX) measures. For shareholder returns, the Company's basic policy is to pay dividends with a dividend payout ratio of 50% or more. For FY2/26, it plans to pay ¥10.0 per share, the same amount as the previous fiscal year, with a projected dividend payout ratio of 85.0%.

Key Points

- In 1H FY2/26, operating profit declined, but net sales reached a consecutive record high
- For its FY2/26 results, the Company maintains its initial forecast, and expects to shift to increased net sales and profit in 2H
- Made the transition to a holding company structure; aiming for sustainable growth through the expansion of Kodomo Department Stores



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

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Company profile

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

1. Business description

The Company made the transition to a holding company structure in September 2025. The Company serves as the management function for its group companies. It has eight subsidiaries under its umbrella: TOMAS, which operates the educational instruction school, English school, and student recruitment businesses; Meimonkai, which operates the home tutor dispatching education business; Shingakai, which operates the young child education, extended-hour childcare programs, and extended-hours after-school care service businesses; School TOMAS, which operates the in-school one-on-one instruction business; Plus One Kyoiku, which operates the character-building training camp education and school businesses (gymnastics and soccer school); Riso Welfare, which operates a membership-based café and employee welfare and benefits businesses; Cocokara Teachers, which operates the instructor recruitment, training, and referral business for group companies; and Sundai TOMAS, which operates the learning guidance business specializing in entrance exams for the most difficult schools.

In terms of business segments, it discloses information on the educational instruction school business, home tutor dispatching education business, young child education business, in-school one-on-one instruction school business, and character-building training camp education business. For the percentages of total net sales by business segments in the most recent five years (FY2/21–FY2/25), the educational instruction school business provided just over 50% of net sales, while the three main businesses of the educational instruction school business, home tutor dispatching education business, and young child education business provided just under 90% of total net sales. Also, the percentage of the in-school one-on-one instruction school business increased from 5.3% (FY2/21) to 10.3% (FY2/25). This upward trend reflects growing recognition of the service not only as a high-quality educational service, but also as a service that helps alleviate the excessive workloads for schoolteachers and improves students' advancement results. The number of schools introducing this service has been increasing, particularly among private integrated junior and senior high schools.

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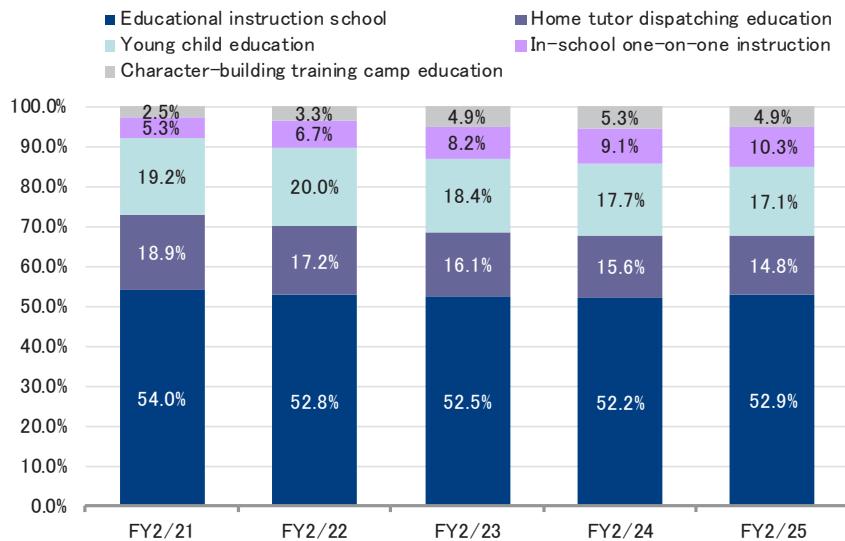
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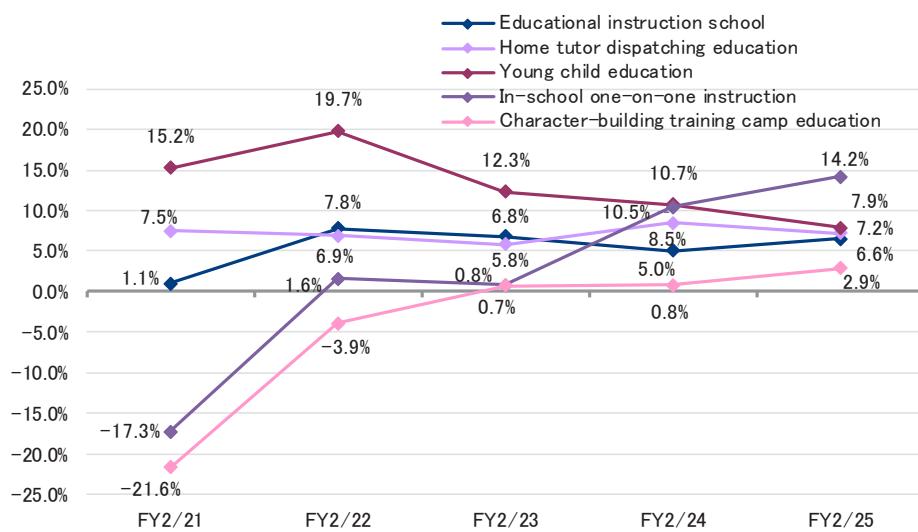
Company profile

Breakdown by business segments


Note: Ratios are calculated excluding "other."

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

Looking at the profit margin for the last five years, the mainstay educational instruction business and home tutor dispatching education business have remained relatively stable in the high single-digit range. The profit margin of the young child education business declined from 19.7% in FY2/22 to 7.9% in FY2/25 partly due to lower net sales caused by intensifying competition. Shingakai, which has a track record of around 70 years as a pioneer in prestigious kindergarten and elementary school entrance exams, has maintained strong brand power and profitability by achieving customer goals in the form of successful admissions. However, in recent years, profitability has declined due to intensifying competition with rival companies. This is posing a challenge for the future. Conversely, the in-school one-on-one instruction business saw both an expansion in net sales volume and an increase in profit margin, making it the most profitable business among those of the Company in FY2/25 with a profit margin of 14.2%.

Profit/loss margin by business segments


Note: Calculations include internal sales.

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The educational instruction school business consists of 104 entirely one-on-one instruction TOMAS schools for academic advancement that are operated by TOMAS in the Tokyo metropolitan area (as of the end of August 2025, same below), 12 English conversation Inter TOMAS schools, and 4 one-on-one instruction MEDIC TOMAS schools for medical school exam preparation. Additionally, it operates 1 Spec. TOMAS (a school located in Jiyugaoka), a provider of one-on-one instruction that specializes in entrance exams for the most difficult schools, under Sundai TOMAS.

TOMAS, an entirely one-on-one instruction school for academic advancement aimed at 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 out a path to passing exams 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. The student numbers consist of about 40% elementary students, a little under 30% middle school students, and a little over 30% high school students. Additionally, Spec. TOMAS focuses on 1st–6th grade 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 them. It implements an entrance exam and refers students who fail the exam to nearby TOMAS schools.

(2) Home tutor dispatching education business

In the home tutor dispatching education business, Meimonkai operates 35 Meimonkai schools that are not operated by TOMAS 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 candidates accepted for the most difficult schools each year, including particularly high acceptance results to medical schools. In 2022, the Company opened MEDIC Meimonkai schools specializing in medical school entrance exam preparation, and currently operates three such schools, one each in Osaka, Kobe, and Kyoto. As well as entirely one-on-one instruction by professional tutors, the schools provide a full support structure with curriculum supporters (general support for putting study plan into practice, including curriculum preparation), teaching assistants (support for students working on exam questions), and concierges (lifestyle management and mental health support) so that students can pass entrance exams to the schools of their choice. It also operates 7 TOMEIKAI schools as individualized instruction schools with service areas outside of the Tokyo metropolitan area (5 schools in the Kyushu area and 2 schools in the Tokai area) and provides Meimonkai Online, an interactive online teaching service.

(3) Young child education business

In the young child education business, Shingakai operates 22 Shingakai schools mainly in the Tokyo metropolitan area (21 schools in the Tokyo metropolitan area and 1 school in Kansai area). It produces some of the top-scoring candidates passing exams for prestigious schools as a result of study programs tailored to individual development and education that nurtures the imagination. It also runs Shinga's Club, a childcare and after-school care business, with 33 facilities (24 after-school care and 9 childcare facilities) in the Tokyo metropolitan area. Childcare programs that incorporate the Shingakai education method and prepare children for school entrance exams are offered. The after-school care service also prepares children for school entrance exams based on a unique study curriculum. Both services are popular among working parents who combine careers with parenting. The 24 after-school care facilities also include three Konami Sports Shinga's Academy schools opened in Konami Sports Club facilities through a business alliance with Konami Sports Co., Ltd.

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

In the in-school one-on-one instruction business, School TOMAS provides an individual instruction service at contracted schools after normal class hours with teachers that it dispatches to the schools (for some locations, individual instruction is provided online). Points of difference with competitors are permanent employees in schools engaged in administration and management as well as teachers, providing each student with appropriate advice based on an understanding of individual learning situations, and sharing information with schools and guardians, making it a service with high customer satisfaction ratings. Another strength of the Company is the wide range of services it offers to meet its customers' needs, including one-on-one instruction services in combination with the atama+ AI teaching material, in addition to question-based and curriculum-based one-on-one instruction. The service usually starts with one grade in the first year and increases the number of grades each year thereafter. The number of schools in operation was 91 in FY2/26 (86 in FY2/25).

(5) Character-building training camp education business

The character-building training camp education business consists of 11 schools for gymnastics and 5 schools for soccer 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 and develop intellectual curiosity through participation in various experiences provided by School Tour Ship.

Overview of business segments and main companies

Business segments	Company name	Business description	Service regions
Educational instruction school business	RISO KYOIKU GROUP	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	Runs home tutor dispatching education business Meimonkai and MEDIC Meimonkai, TOMEIKAI (one-on-one instruction schools outside Tokyo metropolitan area), and interactive online teaching service Meimonkai Online	Meimonkai nationwide TOMEIKAI offers services outside of the Tokyo metropolitan area MEDIC Meimonkai offers services in Kansai area (likely to expand in the future)
Young child education business	Shingakai	Operates Shingakai, a school that handles entrance exam instruction for well-known kindergartens and elementary schools, and Shinga's Club, a childcare and after-school care business Shinga's Club after-school care runs Konami Sports Shinga's Academy in collaboration with Konami Sports	Shingakai has schools in Tokyo metropolitan and Kansai areas Shinga's Club runs schools in Tokyo metropolitan area; Konami Sports Shinga's Academy schools are in the Tokyo metropolitan and Kansai areas
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	The tour business operates nationwide Soccer/gymnastics schools are in the Tokyo metropolitan area

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

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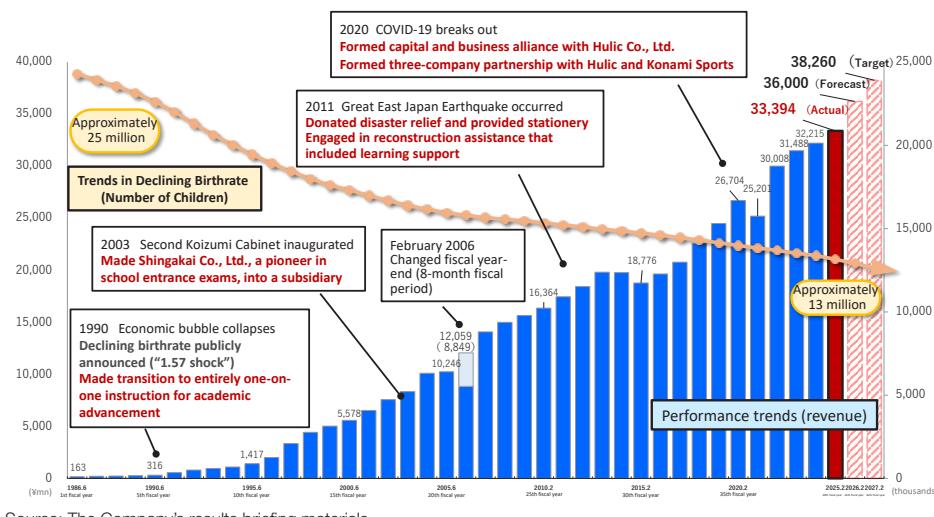
Continuing to develop high-quality education service that utilizes an approach of entirely individual instruction

2. Characteristics and strengths

The Company's two main characteristics are almost consistently increasing income over the long term and realizing high profitability. FISCO thinks 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 recorded ¥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 an actual 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 in several periods since FY2/14 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.

Net sales since the Company was founded



Source: The Company's results briefing materials

The important point here is that even in a situation in which competition to acquire students is intensifying due to the shrinkage of Japan's youth population and the increase in companies entering the market, the main businesses have continued to grow. The number of elementary, middle, and high school students, who are the Company's main targets, trended downward by 1.2% per year, from 12.75 million students in FY2019 to 11.99 million students* in FY2024, but during the same period, net sales of the three main businesses (educational instruction school, home tutor dispatching education, and young child education) grew by 5.2% per year. The main factor behind the sustained growth is the Company skillfully meeting the needs for exam preparation in response to changing market conditions, such as an increase in students applying to private schools and increased spending on education per child in a situation in which the future is increasingly uncertain.

* The total value of the number of students attending elementary, middle and high schools in the School Basic Survey by the Ministry of Education, Culture, Sports, Science and Technology

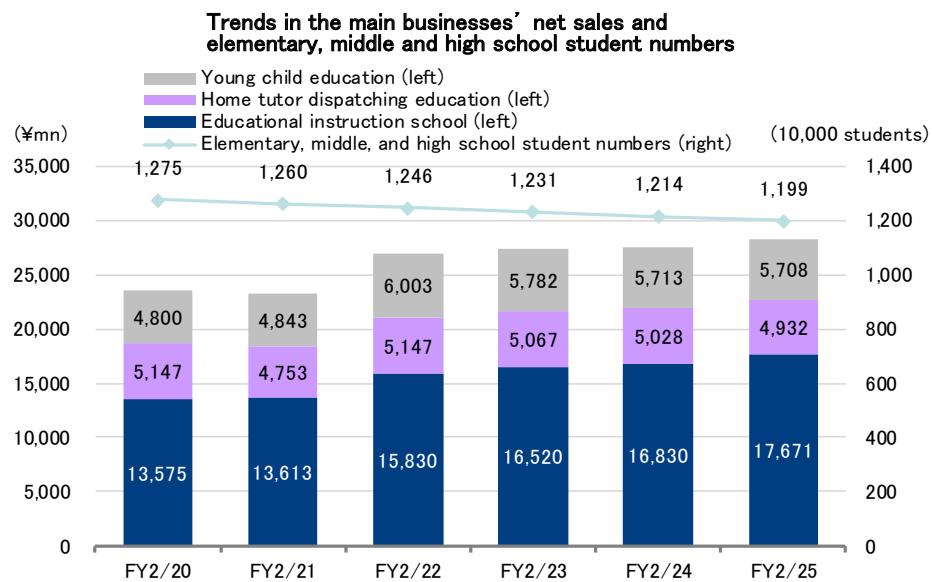
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Company profile



Source: Prepared by FISCO from the Company's financial results and the School Basic Survey by the Ministry of Education, Culture, Sports, Science and Technology

The level of operating margin has been stable at about 10% with the exception of FY2/21 when it was 4.0% because of the COVID-19 impact. 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 in directly run schools, such as the Company, or utilize a mix of group and individualized instruction, have similar level operating margins.

A citable factor enabling the Company to maintain stable sales growth and high profitability is that, based on the assumption that education spending per child will increase as a result of the declining birthrate, the Company has built a high value-added business model that turns the declining birthrate from a headwind into a tailwind.

Important points in harnessing shrinkage of the youth population as a tailwind are provision of high-quality educational services through entirely one-on-one instruction 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 typical model in the individual instruction market at this point is a quasi-approach with a ratio of one teacher to a few students (two to three) for the purpose of supplementing school coursework. The major reason why other companies do not adopt this model is clear, which is high business risk. 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 for the most difficult schools 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 is why the Company has solidified its strong brand strength and position as a one-on-one educational advancement and preparatory school.

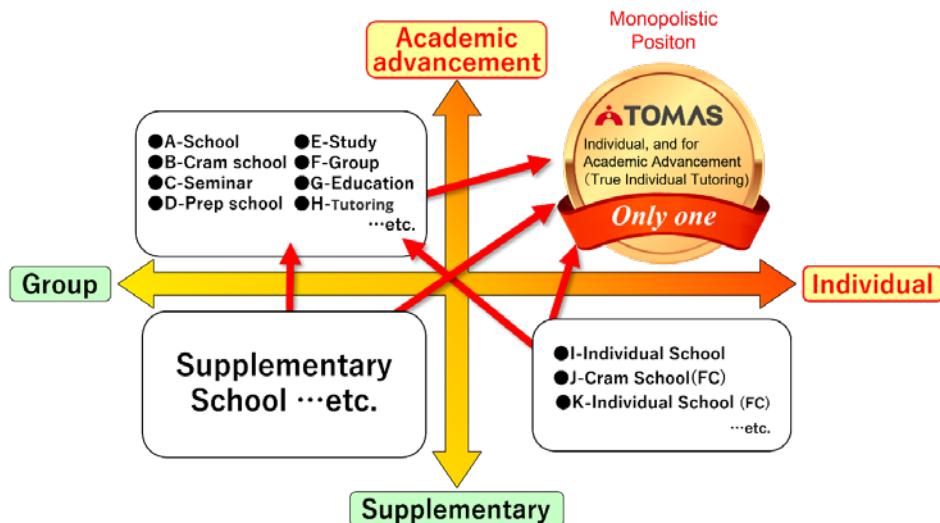
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Company profile

The Company's position in the market


Source: The Company's results briefing materials

The Company's founding purpose was high-quality individualized instruction and thorough application of a mentality that the "educational instruction school industry is a service business," which led to delivering services with a high degree of 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. It is considered that the business model of "pursuing academic advancement results" is the true source of the Company's strength and a factor through which it realizes 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. The TOMAS business utilizes part-time university students and adults as instructors and has full-time employees assigned to each classroom site serve as coordinators between instructors, students and their guardians. Specifically, they engage in the following tasks: 1) identify true 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 and contributes to the biggest customer satisfaction of getting into the desired school. In addition, dedicated employees have been assigned to student recruitment operations to ensure they are carried out efficiently.

Whether the Company is capable of sustaining stable growth and high profitability in the future as well depends on the time horizon and scale of investments, but FISCO has high expectations for it to maintain them within a time frame of 5 to 10 years. This is because there has consistently been a certain amount of demand for the Company's business model (high-priced, high-quality service) even amid steady shrinkage of the youth population. It is also due to 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 students' advancement results through individualized instruction is the third main characteristic and a strength.

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Results trends

In 1H FY2/26, operating profit declined, but net sales reached a consecutive record high

1. Overview of 1H FY2/26 results

In the 1H FY2/26 consolidated results, net sales increased 1.1% YoY to ¥16,762mn, operating profit decreased 46.6% to ¥779mn, ordinary profit decreased 45.1% to ¥800mn, and profit attributable to owners of parent decreased 38.2% to ¥552mn, posting higher sales and lower profits. Although the Company does not disclose its forecast for 1H, net sales and all profit figures appear to have fallen short of targets due to sluggish student numbers at entrance exam bureaus, which is especially profitable within the educational instruction school and young child education businesses.

1H FY2/26 results

	1H FY2/25		1H FY2/26		
	Results	Ratio to net sales	Results	Ratio to net sales	YoY
Net sales	16,587	-	16,762	-	1.1%
Cost of sales	12,012	72.4%	12,634	75.4%	5.2%
SG&A expenses	3,117	18.8%	3,349	20.0%	7.4%
Operating profit	1,458	8.8%	779	4.6%	-46.6%
Ordinary profit	1,456	8.8%	800	4.8%	-45.1%
Extraordinary gains/losses	-96	-	23	-	-
Profit attributable to owners of parent	893	5.4%	552	3.3%	-38.2%

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

Net sales reached consecutive historical highs for 1H, driven by the home tutor dispatching education business and the in-school one-on-one instruction business. Conversely, on the profit side, factors contributing to the decrease in profit included higher rent at existing schools and an increase in rent expenses on land and buildings due to new school openings, an increase in personnel expenses resulting from a base salary increase implemented in December 2024 to recruit and retain capable talent, and an increase in depreciation of ¥70mn associated with new school openings. As a result, on a segment business basis as well, the decline in profit in the educational instruction school and young child education businesses was considerable.

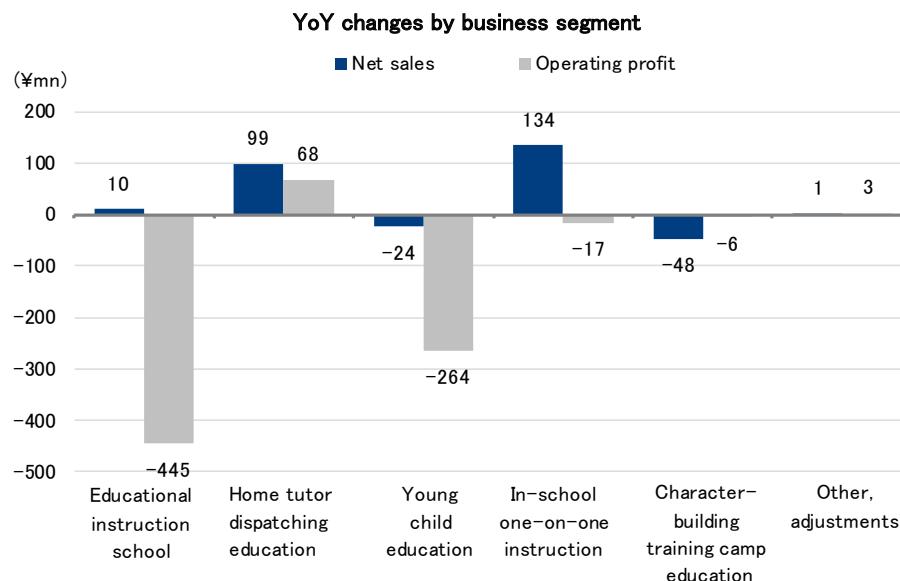
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Results trends



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

The two Kodomo Department Store locations opened in spring 2025 got off to a steady start

2. Trends by business segment

(1) Educational instruction school business

Net sales in the educational instruction school business increased 0.1% YoY to ¥8,400mn, remaining nearly flat. The business recorded an operating loss of ¥117mn (compared to an operating profit of ¥328mn in the same period of the previous fiscal year). Although the Company raised course fees by approximately 3% from March 2025, the number of students leaving upon the spring graduation and enrollment season increased more than expected. The resulting prolonged recovery period led to sluggish net sales growth.

In terms of profit, fixed costs increased, with personnel expenses up 6.8% YoY and rent expenses on land and buildings up 4.1%. Higher costs for opening new schools and renovations also contributed to the decline in profit. In 1H FY2/26, the Company opened 4 new TOMAS schools and renovated 4 schools, bringing the total number of schools to 104, an increase of 5 schools. Of these, the Nakano School, which relocated and expanded to the Kodomo Department Store Nakano that opened in April, performed well, with the number of students increasing 15.7%.

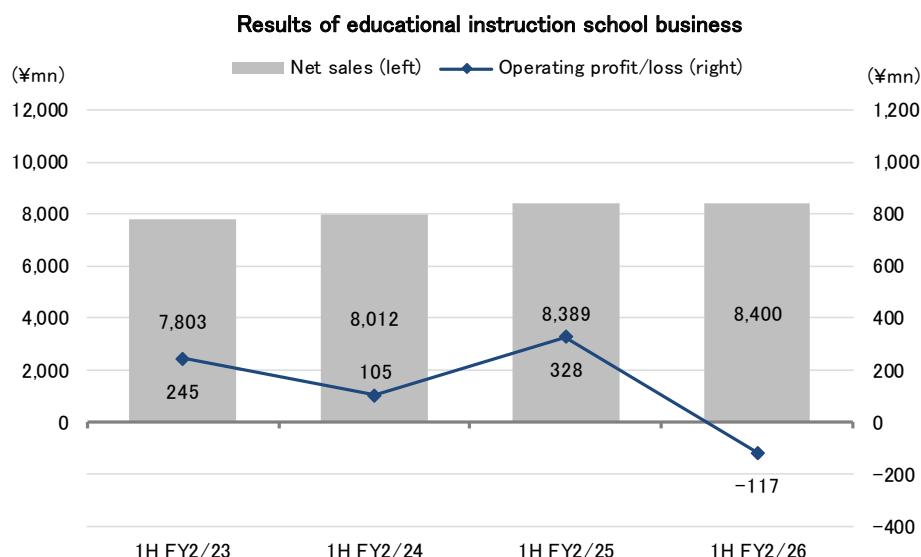
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Results trends



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

(2) Home tutor dispatching education business

Net sales in the home tutor dispatching education business increased 4.4% YoY to ¥2,370mn and operating profit increased 148.6% to ¥115mn. This marked the first time the business returned to net sales growth in four fiscal years and to profit growth in two fiscal years. The Company's efforts to reduce costs, which included raising course fees by approximately 10% at Meimonkai and TOMEIKAI from March 2025 and consolidating and closing unprofitable schools, contributed to the increases in net sales and profit.

For the expansion of school buildings, in May 2025, the Company newly opened the Medic Meimonkai Kyoto School, and renewed two Meimonkai schools and one TOMEIKAI school. (One Meimonkai and one TOMEIKAI school were integrated into Medic Meimonkai Kyoto School.) As of the end of 1H FY2/26, the number of school buildings was 35 for Meimonkai, unchanged YoY; 7 for TOMEIKAI, a decrease of 2; and 3 for Medic Meimonkai, an increase of 1. In terms of regional schools, as the declining birthrate is expected to progress at a faster pace than that in the Tokyo metropolitan area, the Company's policy going forward will continue to be determining whether to maintain these schools while monitoring the outlook for earnings.

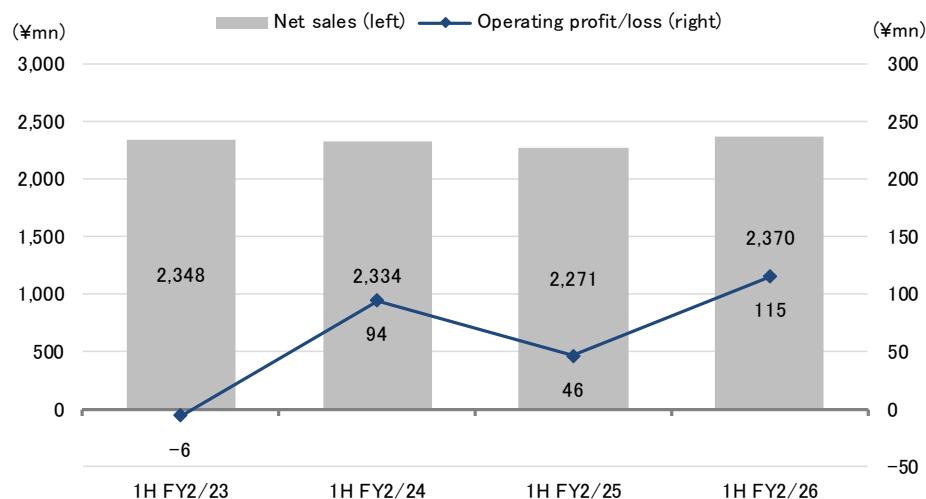
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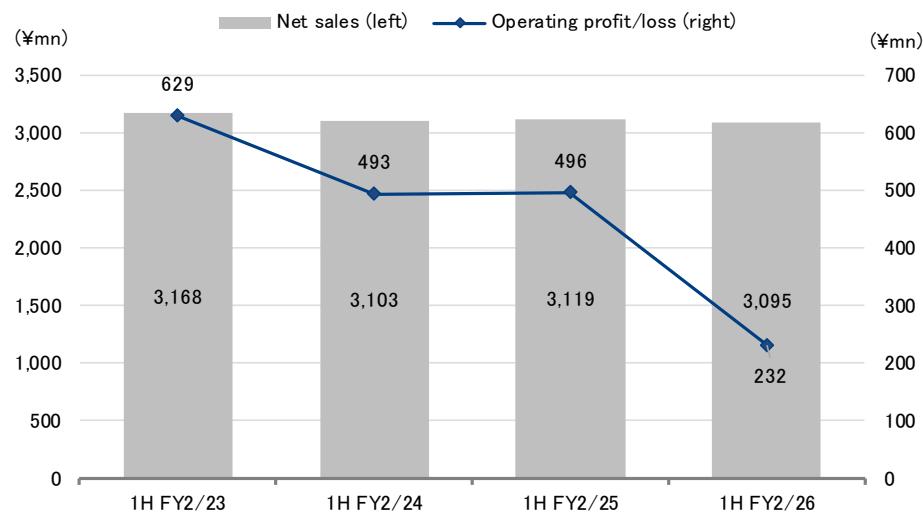
Results trends

Results of home tutor dispatching education business


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

(3) Young child education business

In the young child education business, net sales decreased 0.8% to ¥3,095mn YoY and operating profit decreased 53.3% to ¥232mn. Although the number of students in the after-school care and childcare services of Shinga's Club increased steadily due to the effect of new school openings, the sluggish number of students in the Company's mainstay Shingakai business was a factor behind the decline in net sales. In terms of profit, personnel expenses increased 11.6% due to base salary increases, while rent expenses on land and buildings rose 14.5% as a result of higher rents at existing schools and the opening of new schools. In addition, an increase in depreciation also contributed to the decrease in profit.

Results of young child education business


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

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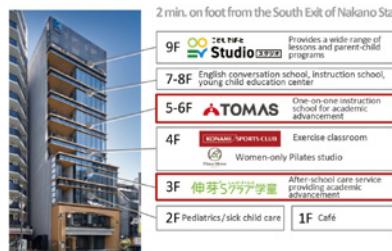
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Results trends

For the expansion of school buildings, the Company opened a Shingakai school, a Shinga's Club childcare facility, and a Shiga's Club after-school care facility at Kodomo Department Store Tama-Plaza, which opened in April 2025. In addition, the Company opened a Shiga's Club after-school care facility at Kodomo Department Store Nakano. Additionally, in March 2025, the Company closed 1 Shingakai school and 1 Shinga's Club childcare facility, and in June 2025, it renovated 1 Shiga's Club after-school care facility. As of the end of 1H FY2/26, there were 22 Shingakai schools (unchanged YoY), 24 Shinga's Club after-school care facilities (up 2; includes 3 Konami Sports Shinga's Academy schools), and 9 Shinga's Club childcare facilities (up 1).

Regarding the Shiga's Club after-school care facility that entered Kodomo Department Store Nakano, the number of students has already reached capacity, and the Company plans to increase the enrollment limit going forward. In addition, the number of students is trending favorably at the Shingakai school, Shinga's Club childcare facility, and Shiga's Club after-school care facility that entered Kodomo Department Store Tama-Plaza as well. Located within a few minutes on foot from the station, these department stores serve as centers where children can develop their talents in one place, from lessons to entrance exam preparation. At Kodomo Department Store Nakano, in addition to child-oriented services such as Konami Sports, a clinic for children, and an English conversation school on separate floors of the nine-story building, services for parents and guardians are also provided, including a café and a Pilates studio for women. A concierge has also been placed out of consideration for "peace of mind" and "safety." These are cited as reasons for the department stores' favorable reputation.

Kodomo Department Store Nakano

Kodomo Department Store Tama-Plaza


Source: The Company's results briefing materials

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

Net sales in the in-school one-on-one instruction business increased 7.9% YoY to ¥1,839mn and operating profit fell 6.7% to ¥246mn. The number of schools in operation increased steadily, rising by 5 to 91. In addition, online one-on-one instruction, which enables students, particularly at regional schools, to receive one-on-one instruction from capable instructors at home, was well received, resulting in a 13.1% increase in the number of students taking one-on-one instruction. These factors contributed to the higher net sales. On the other hand, in terms of profit, the main factor behind the decrease was an 8.4% increase in personnel expenses due to the Company's efforts to proactively expand staff in anticipation of an increase in the number of contracted schools.

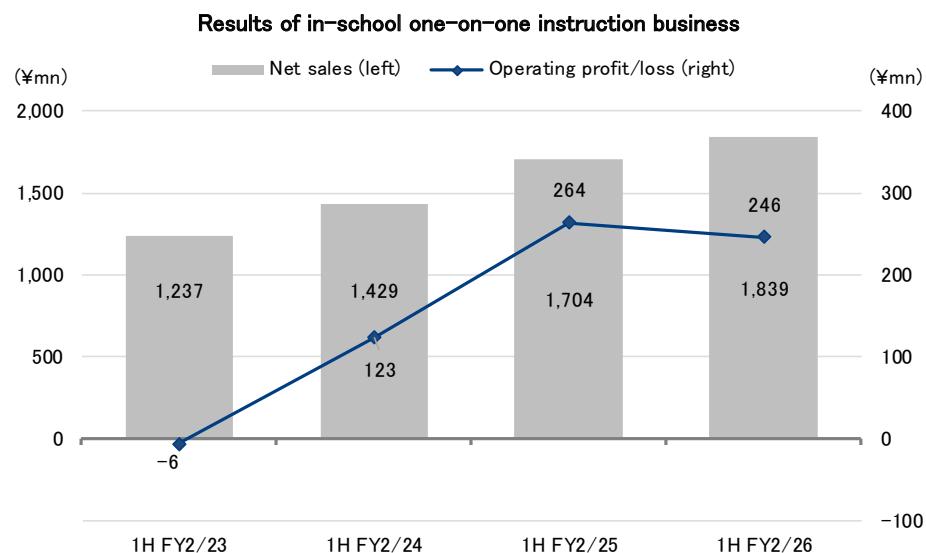
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Results trends



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

(5) Character-building training camp education business

The character-building training camp education business reported net sales of ¥1,045mn, down 4.4% YoY, and operating profit of ¥76mn, down 7.8%. As for school operations, there are 11 TOMAS Gymnastics Schools (down 1), and 5 TOMAS Soccer Schools (unchanged).

Equity ratio is in the 50% range, indicating a sound financial position
3. Financial condition

Looking at the financial condition at the end of 1H FY2/26, total assets decreased ¥713mn from the end of the previous fiscal year to ¥21,396mn. For key changes in assets, in current assets, cash and deposits decreased ¥2,727mn and trade accounts receivable increased ¥1,013mn. The increase in trade accounts receivable was due to the fact that the last day of August fell on a bank holiday, resulting in funds arriving the following month. In non-current assets, property, plant and equipment increased ¥562mn due largely to the opening of new schools. In addition, intangible assets, predominantly software, increased ¥189mn.

Total liabilities were up ¥382mn from the end of the previous fiscal year to ¥10,457mn. Income taxes payable decreased ¥204mn, while accounts payable - other, retirement benefit liability, and asset retirement obligations increased ¥378mn, ¥76mn, and ¥78mn, respectively. Net assets decreased ¥1,095mn to ¥10,938mn. This was due to paying dividends of ¥1,695mn despite recording profit attributable to owners of parent of ¥552mn.

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Results trends

Looking at management indicators, the equity ratio fell to 50.8% from 54.1% at the end of the previous fiscal year. This was due to a decrease in retained earnings resulting from dividend payments. FISCO's view is that with no interest-bearing debt and cash on hand at a level exceeding ¥6.0bn, the Company has a high level of financial soundness. The Company's policy for cash on hand going forward is to allocate it to funds for opening Kodomo Department Store locations (security deposits accompanying the opening of new classrooms, classroom equipment and fixture purchase costs, and initial investment costs), capital expenditure funds for creative culture education facilities (museum, library, etc.) to be established within MITAKE Link Park (Shibuya)*, which will be opened by the Hulic <3003> Group in 2027 (security deposits, interior construction, design fees, initial costs, etc.), and expenses for promoting its DX strategy in addition to shareholder dividends, and to utilize its cash on hand as funds for strategic M&A and alliances as well.

* Hulic was selected as the development company for the Urban Renewal Step-up Project (Shibuya Area), Shibuya 1-Chome Area Joint Development Project implemented by Tokyo and Shibuya Ward, and it is progressing the development of a multi-purpose building with 2 underground floors and 14 above-ground floors. The building has a site area of 9,670m² and total floor space of 50,000m², and it is scheduled to consist of various areas including offices, stores, rental housing, creative culture and education facilities and a multi-purpose hall.

Consolidated balance sheet

	End of FY2/23	End of FY2/24	End of FY2/25	End of 1H FY2/26	(¥mn) Change
Current assets	9,660	8,954	12,686	11,172	-1,513
Cash and deposits	7,308	5,460	8,952	6,225	-2,727
Non-current assets	8,465	9,141	9,423	10,224	800
Total assets	18,125	18,096	22,109	21,396	-713
Total liabilities	8,900	9,611	10,075	10,457	382
Total net assets	9,225	8,484	12,034	10,938	-1,095
Management indicators					
Equity ratio	50.4%	46.3%	54.1%	50.8%	-3.3pp

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

Outlook

For its FY2/26 results, the Company maintains its initial forecast, and expects to shift to increased net sales and profit in 2H

1. FY2/26 forecasts

For the FY2/26 consolidated results, the Company is maintaining its initial forecasts for net sales to increase 7.8% YoY to ¥36,000mn, operating profit to rise 7.2% to ¥3,145mn, ordinary profit to rise 6.8% to ¥3,140mn, and profit attributable to owners of parent to rise 14.7% to ¥2,000mn. In 1H, the progress rate was 46.6% for net sales and 24.8% for operating profit, both lower than the cumulative progress rates for the most recent three periods (49.4% for net sales and 44.1% for operating profit). This poses a considerable hurdle to meeting targets. However, the Company's policy is to aim to achieve its full-year targets by taking measures to recover net sales and reduce costs in 2H.

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Outlook

FY2/26 consolidated forecasts

	(¥mn)					
	FY2/25		FY2/26			1H progress rate
	Results	Ratio to net sales	Company's target	Ratio to net sales	YoY	
Net sales	33,394	-	36,000	-	7.8%	46.6%
Operating profit	2,933	8.8%	3,145	8.7%	7.2%	24.8%
Ordinary profit	2,938	8.8%	3,140	8.7%	6.8%	25.5%
Profit attributable to owners of parent	1,743	5.2%	2,000	5.6%	14.7%	27.6%
Earnings per share (¥)	10.46		11.76			

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

As a measure to recover net sales, the Company is working to restore the number of students for its mainstay TOMAS business by implementing uncompromised customer service (enhancing communication with parents and guardians through means such as sharing learning progress and challenges) in order to improve student withdrawal rates. It would appear that a trend of recovery has been continuing since July 2025. Furthermore, the Company aims to boost sales per student by increasing the number of classes offered through the implementation of "pre-winter courses" ahead of the winter break. Additionally, at Shingakai, starting in November, which marks the start of the enrollment season, the Company will implement new timetable reforms to meet the needs of dual-income households (such as newly offering Sunday courses) and establish courses by desired school as it endeavors to increase the number of students of entrance exam age. The number of students that fall under entrance exam age under these efforts is expected to turn positive YoY from November. Also, in September 2025, the Company made the transition to a holding company structure. By centralizing the management of overlapping operations in the group, such as advertising, marketing, and real estate management, under the holding company, the Company will work to enhance management efficiency as well.

(1) Educational instruction school business

In the educational instruction school business, the Company will target an increase in net sales of approximately 3% to 5% due to an increase in student numbers, as well as an increase in operating profit. The Company has no plans to open new schools or renew existing ones in 2H. It intends to increase the number of students through efforts to acquire new students and prevent withdrawals at existing schools, thereby recovering from delays in 1H.

(2) Home tutor dispatching education business

For results of home tutor dispatching education business, the Company had conservatively forecast that they would remain flat YoY. However, as both net sales and profit increased in 1H, it now aims for increases in both net sales and profit for the full year as well. The Company has no plans to open new schools or close existing ones in 2H.

Note that Company is gradually accumulating a track record with the Meimonkai Online Partner System (hereafter, MOPS), a new initiative that launched in the previous fiscal year. Through contracts with educational instruction schools nationwide using the "Meimonkai Online" system, the MOPS service provides online courses by matching students with instructors selected from a pool of over 1,000, including professional instructors who are working adults and other instructors who are currently university students, based on each student's needs. The initial cost ranges from ¥150,000 to ¥450,000. The system returns 20% of the course fees paid to Meimonkai to the participating school. If a student continues to use the Meimonkai Online service after graduating from the referring school, 20% of the course fees will continue to be returned to that school. The service is expected to offer significant advantages for regional schools facing instructor shortages, and is anticipated to grow in the future.

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Outlook

(3) Young child education business

In the young child education business, although competition continues to intensify due to the declining birthrate, the Company aims to increase the number of students by leveraging the impact of the opening of Kodomo Department Stores and advancing initiatives to attract students to Shingakai.

Furthermore, the Company has incorporated the online English conversation program offered by HugCome, Inc., with whom it entered into a capital and business alliance agreement in December 2024, as one of the optional educational programs at Shinga's Club after-school care facility, and is working to enhance associated services. Looking ahead, it is considering jointly developing an original Shingakai method and expanding the program nationwide through online delivery with the use of online English conversation lessons taught by bilingual Japanese instructors.

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

The in-school one-on-one instruction business is expected to see double-digit increases in net sales and profits. The Company continues to expand the number of schools in operation, which has reached 91 as of the end of August 2025, and the number of students using them is expected to increase steadily. The current status of contracts also appears to be progressing steadily, with a 100-school network of schools in operation on the horizon from spring 2026 onward. The Company appears to be targeting the introduction of the service at 200 schools over the medium term, indicating significant growth potential. Note that while competing services have emerged on the market, the Company's core business is the dispatch of instructors, which FISCO thinks will give it a competitive advantage with schools seeking high-value-added services by leveraging its expertise in one-on-one instruction for academic advancement.

(5) Character-building training camp education business

The Company anticipates net sales growth in the character-building training camp education business due largely to an increase in the number of experience-type tours held.

Made the transition to a holding company structure; aiming for sustainable growth through the expansion of Kodomo Department Stores

2. Growth strategies

(1) Transition to a holding company structure

The Company made the transition to a holding company structure in September 2025. In the educational instruction school industry, as industry restructuring and consolidation are expected to advance due to the birthrate continuing to decline, the provision of high-quality educational services that accommodate individual educational needs is taking on further importance. Faced with this environment, the Company has determined that in order to continue striving for sustainable growth going forward, it will need to establish a structure that enables each subsidiary to focus more than ever on business operation and to adopt a management structure that provides an overview of risks across the entire business portfolio while simultaneously allocating management resources in an optimal fashion.

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To flexibly respond to these changes in the business environment and achieve sustainable growth, the Company announced that it will transition to a holding company structure in September 2025, with a view to establishing a group organization that will enhance management efficiency further. The Company will change its name to RISO KYOIKU GROUP CORPORATION and become a holding company that oversees the management of group subsidiaries and related operations. The educational instruction school business, English school business, and student recruitment business will be transferred to the newly established TOMAS Co., Ltd.

The Company, which will become a holding company, has established an Advertising and Marketing Department and a Real Estate Management Department, and plans to centralize redundant operations that were previously conducted independently by each group company, such as advertising order placement, website production, real estate searches, and rent negotiations, as a cost-cutting initiative.

In addition, the Company has established a DX Promotion Department to promote stronger digital infrastructure across the group as well as the maximization of customer service, greater convenience, and improved work efficiency. The Company has been promoting a group-wide DX strategy since FY2/24. It has tackled a series of major projects that include integrating customer databases across group companies, building a system to enable reports currently prepared by hand to be drafted using IT devices, developing a smartphone application to serve as a customer touchpoint, and strengthening equipment for the networks between classrooms and locations.

The integration of customer databases was completed in June 2025. By utilizing this database following integration going forward, the Company will be able to more efficiently advance its customer retention strategy using a cross-brand approach matched to customer needs (children's growth). Additionally, with the implementation of digitalization in report preparation work, teaching staff are working towards improving customer satisfaction by reallocating the time saved through DX from their administrative workload to following up on students, parents, and guardians. The smartphone app is expected to be ready for release in FY2/27. It is expected to yield improved customer satisfaction through enhanced convenience.

(2) Expansion of Kodomo Department Stores

As one of its growth strategies, the Company plans to develop 20 buildings in the Tokyo metropolitan area for Kodomo Department Store, a joint project involving three entities: the Company, Hulic, and Konami Sports. TOMAS, Shingakai, Shinga's Club childcare, and Shiga's Club after-school care, which are members of the Company group, will enter the buildings as tenants, as will the likes of Konami Sports. There, multiple educational services will be provided at a single location for children from infancy through high school. Having multiple child-oriented services within the same building also reduces the burden on parents and guardians for pick-up and drop-off. In addition, Kodomo Department Store Nakano also features tenants such as a café and a Pilates studio for parents and guardians to pass the time as they wait for their children, as well as an onsite concierge. These elements are drawing attention as services with a high level of customer satisfaction. For the Company, this initiative is expected to maximize customer LTV and demonstrate group synergies by attracting and retaining customers from infancy, thereby leading to further earnings growth.

Currently, concrete projects are scheduled as follows: Jiyugaoka (Meguro Ward) in 2026, Motoyawata (Chiba Prefecture) and Shibuya (Shibuya Ward) in 2027, and Azabu (Minato Ward) in 2028*. Given that the two facilities that have already opened have gotten off to a strong start, these locations are also expected to contribute to an increase in the number of students in the group.

| * Source: Kodomo Department Store website; NEWS dated October 20 |

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Outlook

(3) Progress of medium-term management plan

The Company has announced its medium-term management performance targets for the three-year period starting FY2/25. For FY2/27, it has set forth targets of net sales of ¥38,260mn, operating profit of ¥3,360mn, ordinary profit of ¥3,360mn, and profit attributable to owners of parent of ¥2,000mn. (The effects of Kodomo Department Store, a new business, have not been factored into these target values.) The Company aims to raise the operating margin, which was 8.2% in FY2/24, to 8.8% in FY2/27. It plans to absorb the increase in personnel expenses, which will result from the recruitment of skilled instructors and full-time employees and from base salary increases to retain personnel, by optimizing expenses, including advertising expenses, and improving business efficiency by promoting DX.

In FY2/25, the first year of the plan, net sales fell slightly below the plan, but all profit items exceeded their targets. For FY2/26, while the Company has slightly lowered its net sales target, following the previous fiscal year's trend, it has upwardly revised all profit targets. In addition, while ROE for FY2/27 is projected to decline slightly to 14.5% from 19.0% in FY2/24, the Company still plans to maintain a level of 10% or higher. There is a possibility that each profit for FY2/26 will fall short of the upwardly-revised figures. However, FISCO's view is that achieving the initial targets for FY2/27 is well within the realm of possibility due to the effects of cost reductions from the transition to a holding company structure and the effects of improved productivity resulting from the promotion of DX.

Medium-term management plan target

	FY2/24 Results	FY2/25		FY2/26		FY2/27 Initial plan	(¥mn) CAGRs
		Initial plan	Results	Initial plan	Current plan		
Net sales	32,215	33,960	33,394	36,220	36,000	38,260	5.9%
Operating profit	2,628	2,670	2,933	3,120	3,145	3,360	8.5%
Operating margin	8.2%	7.9%	8.8%	8.6%	8.7%	8.8%	-
Ordinary profit	2,655	2,670	2,938	3,120	3,140	3,360	8.2%
Profit attributable to owners of parent	1,661	1,710	1,743	1,850	2,000	2,000	6.4%
ROE	19.0%	16.3%	17.1%	15.3%	-	14.5%	

Source: Prepared by FISCO based on the Company's financial results and the "Notice Regarding the Formulation of the New Medium-Term Management Plan"

(4) Outlook by segment
a) Educational instruction school business

The Company plans CAGR of around 3% to 5% for net sales of the educational instruction school business. The number of new schools planned is 3–5 per year. The Company also plans to renew existing schools by expanding floor space or relocation and renovation of schools that have become crowded due to rising student numbers. The Company plans to open Inter TOMAS and MEDIC TOMAS schools in areas where it runs TOMAS schools if it estimates that there is sufficient demand. It aims to increase student numbers not only by expanding the number of schools, but also by providing meticulous customer service at existing schools to minimize the percentage of students leaving. With regard to attracting new students, the Company plans to focus on cost-effective advertising by replacing advertising in print media with online ads to boost student numbers.

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b) Home tutor dispatching education business

The Company plans CAGR in the lower single digit range for net sales of the home tutor dispatching education business. For its home tutor dispatching service Meimonkai, the Company plans to concentrate on schools in major cities and progress demolition and rebuilding of schools. It plans no new TOMEIKAI schools because of the shrinking youth population in regional areas and difficulty in recruiting university students working as tutors, focusing on improving the performance of existing schools. Additionally, for Meimonkai Online, the Company's interactive online teaching service, it will increase the number of students while also advancing its expansion through MOPS with the aim of returning to a sales growth trajectory beginning in FY2/26.

c) Young child education business

The Company plans CAGR of around 5% for net sales of the young child education business. The Company currently plans to open one Shingakai, one Shinga's Club childcare facility and one Shinga's Club after-school care facility each year (Shinga's Club after-school care also includes Konami Sports Shinga's Academies), but with Kodomo Department Stores starting from spring 2025, there is a high probability that the pace of facility openings will accelerate. Kodomo Department Stores enable the simultaneous launch of multiple educational services, which offers significant advantages from a business efficiency perspective. In addition, as the properties are development project of Hulic, their parent company, there is also the possibility of entering contracts with lower rent levels compared to rent at other properties in the same area. This is a positive factor for the Company. The challenge at hand will be securing the instructor and staff resources needed to operate the school buildings and classrooms. In FISCO's view, if these efforts proceed smoothly, the young child education business will become an earnings driver for the Company.

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

In the in-school one-on-one instruction business, the Company targets an annual sales growth rate of 10%. The Company has received inquiries from private schools across Japan, as the service contributes both to improving their students' advancement results and to alleviating the issue of long working hours for schoolteachers. If the number of schools introducing the service can be increased to 200, net sales of approximately ¥6.0bn to ¥8.0bn are projected (¥3.4bn in FY2/25). The service is therefore expected to contribute to earnings growth over the medium term.

Shareholder return policy

Dividend policy targets consolidated dividend payout ratio of 50% or more

The Company considers returning profits to shareholders to be one of its most important management issues. Its dividend policy for FY2/24 and beyond is based on a dividend payout ratio of 50% or more. Based on this policy, the Company plans to pay a dividend of ¥10.0 per share (payout ratio of 85.0%) in FY2/26, the same amount as the previous fiscal year. Other than the payment of dividends, the Company plans to use retained earnings and other funds for capital investments associated with the opening of new schools and other initiatives, system investments, and M&A investment and related purposes, as well as reserves to prepare for a spike in expenses to respond to an unexpected event like the COVID-19 pandemic.

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■ For inquiries, please contact: ■
FISCO Ltd.
5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062
Phone: 03-5774-2443 (IR Consulting Business Division)
Email: support@fisco.co.jp