# Results of Operations for the First Half of the Fiscal Year Ending March 31, 2024 (FY3/24)



Stock code: 2179

December 6, 2023

#### The Businesses of the SEIGAKUSHA Group



Education Services

An education company centered on education and child care services extending from pre-school children to adults

Entrance exam preparation schools

Individual tutoring



Mainly one instructor for every two students

## →個別指導学院フリーステップ

Video classes for university entrance exams





Vozemi Sateline Evam Prenaration School

Other individual tutoring brands





進研ゼミ 個別指導教室

Shinkenzemi Individual Tutoring School

Class teaching



Goal-centered classes that give students confidence when goals are exceeded



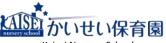
Kaisei Education Seminar



Yell Exam Preparation School



Certified nursery schools



Kaisei Nursery School





Aiterasu Nursery School

Other

Japanese language classes for foreign students in Japan



Kaisei Academy Japanese Language School

English Language School with after-school care



- Teacher staffing service for schools
- Operation of employee training centers
- Planning and production of digital and e-learning materials
- Consulting services for students who want to work at a Japanese company (South Korea)
- $\bullet \ \ Consulting \ services \ for \ kindergarten \ operations \ (Vietnam), etc.$

Real Estate Leasing	Leasing of unused space
Restaurant Operations	One restaurants in the city of Osaka, provision of school lunch



# Results of Operations Earnings Forecasts

#### **Results of Operations**



#### 1H FY3/24 Results

- 1H sales reached record highs.
- Individual tutoring sales increased as customer satisfaction improved and the number of students increased.
- Japanese language school sales recovered along with the number of students as restrictions on foreigners entering Japan ended.
- Operating profit increased as sales growth offset higher personnel expenses and recruitment advertising expenses.

#### FY3/24 Forecasts

- Planning on more Tokyo area schools using the core FreeStep Individual Tutoring Institute brand.
- Maintain stable earnings at nursery schools by continuing to provide services closely linked to needs of communities served and at Japanese language schools by offering curriculums that meet an even broader range of international student needs.

## Statement of Income



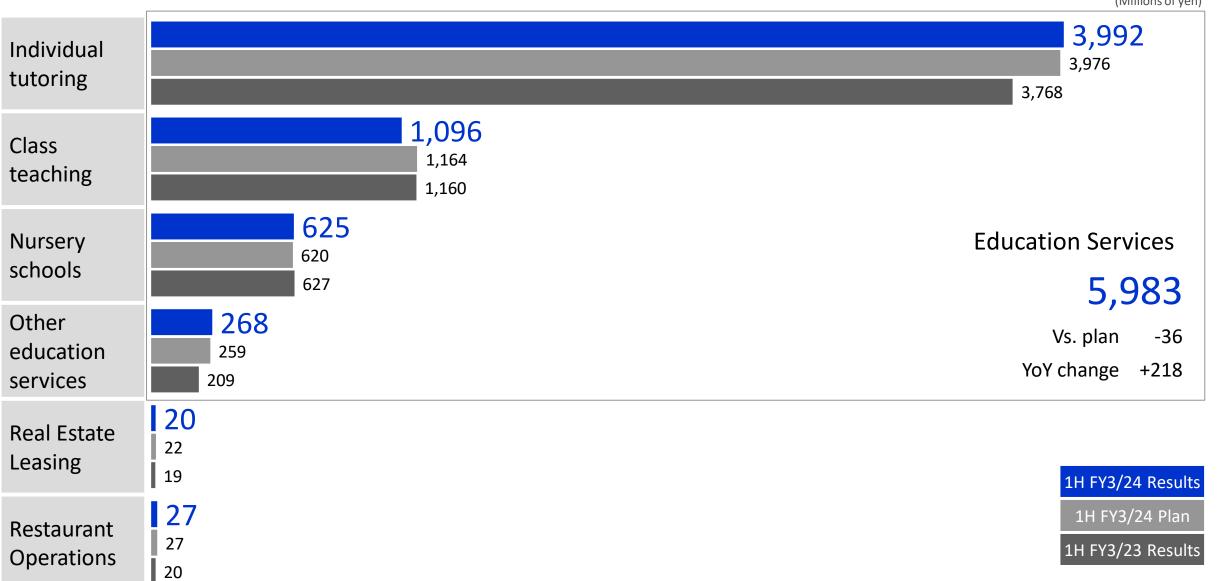
(Millions of yen, %)

				_			(Millions of yen, %)
	1H FY3/23 Results	1H FY3/24 Plan	1H FY3/24 Results	YoY change	YoY (%)	Vs. plan	% achieved
Net sales	5,806	6,070	6,032	+225	+3.9	-38	99.4
Education Services	5,765	6,020	5,983	+218	+3.8	-36	99.4
Real Estate Leasing	19	22	20	+0	+2.5	-2	89.2
Restaurant Operations	20	27	27	+7	+33.5	+0	102.4
Operating profit	60	-24	98	+37	+61.7	+122	-
Operating margin	1.0	-0.4	1.6	+0.6	-	+2.0	-
Ordinary profit	56	-32	98	+41	+73.3	+131	-
Ordinary margin	1.0	-0.5	1.6	+0.7	-	+2.2	-
Profit	46	-54	42	-4	-9.3	+96	-
Profit margin	0.8	-0.9	0.7	-0.1	-	+1.6	-

## **Business Segment Sales**

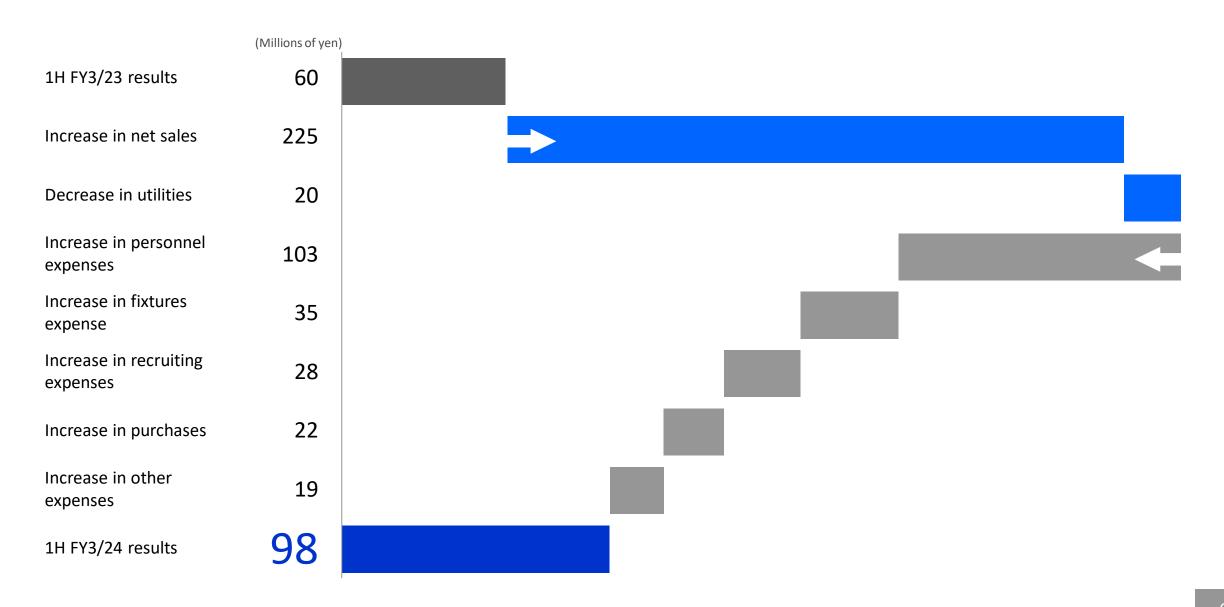


(Millions of yen)

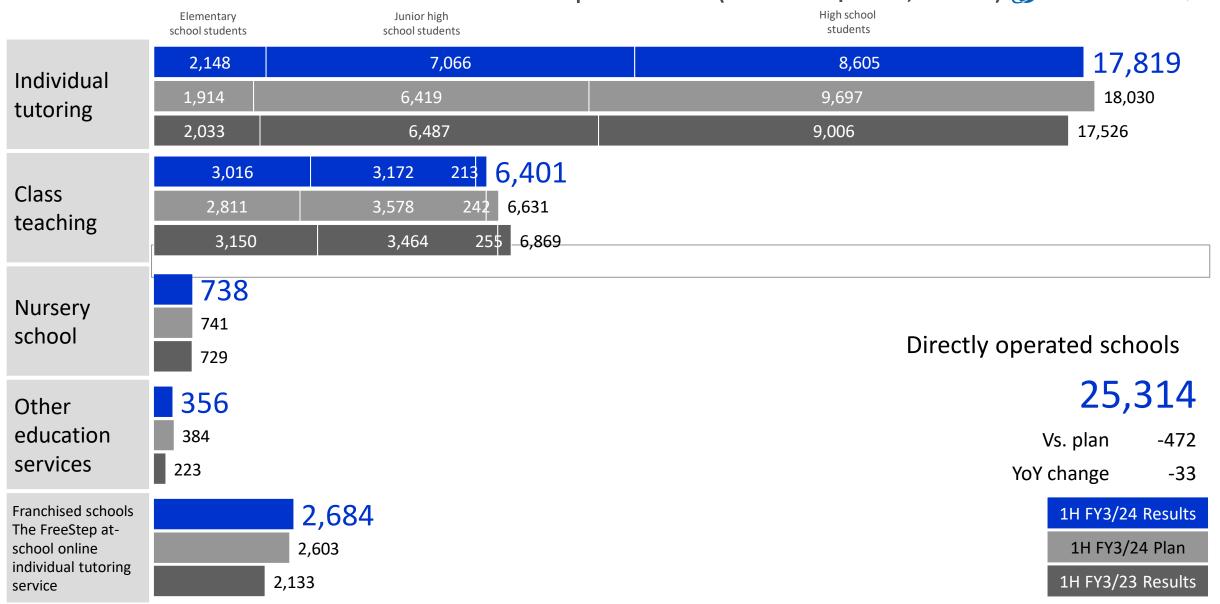


## Change in Operating Profit/Loss





## Number of Students at SEIGAKUSHA Group Schools (As of Sep. 30, 2023) @ SEIGAKUSHA Co., Ltd.



## Number of Schools



Directly operated schools:

272

(-1 Vs. end of FY3/23)

Franchised schools:

52

(+9 Vs. end of FY3/23)

	Directly <sub>.</sub>	· · · · · · · · · · · · · · · · · · ·				Franchised
	operated schools	Individual tutoring	Class teaching	Nursery schools	Other education services	schools
Osaka	147	113	57	15	2	12
Tokyo	30	30	1	0	0	7
Hyogo	36	31	4	2	1	4
Kyoto	15	15	0	0	0	7
Shiga	25	19	14	0	0	1
Saitama	10	10	0	0	0	3
Nara	4	4	0	0	0	3
Chiba	3	3	0	0	0	2
Tokushima	0	0	0	0	0	5
Overseas	2	0	0	0	2	8
Total	272	225	76	17	5	52
Vs. end of FY3/23	-1	-1	±0	±0	±0	+9

## Balance Sheet and Cash Flow Statement



(Millions of yen)

	Sep. 30, 2023	Mar. 31, 2023	Change
Current assets	3,209	3,271	-62
Non-current assets	5,238	5,241	-2
Total assets	8,448	8,512	-64
Current liabilities	3,005	3,153	-147
Non-current liabilities	2,295	2,208	+87
Total liabilities	5,301	5,361	-60
Shareholders' equity	3,170	3,175	-5
Accumulated other comprehensive income	-23	-24	+0
Total net assets	3,147	3,151	-4
Total liabilities and net assets	8,448	8,512	-64

	1H FY3/24	1H FY3/23
Cash flows from operating activities	169	-23
Cash flows from investing activities	-243	-220
Cash flows from financing activities	270	52
Effect of exchange rate change on cash and cash equivalents	0	3
Net increase (decrease) in cash and cash equivalents	196	-188
Cash and cash equivalents at beginning of period	1,398	1,466
Cash and cash equivalents at end of period	1,595	1,278

## **Earnings Forecasts**



(Millions of yen, %)

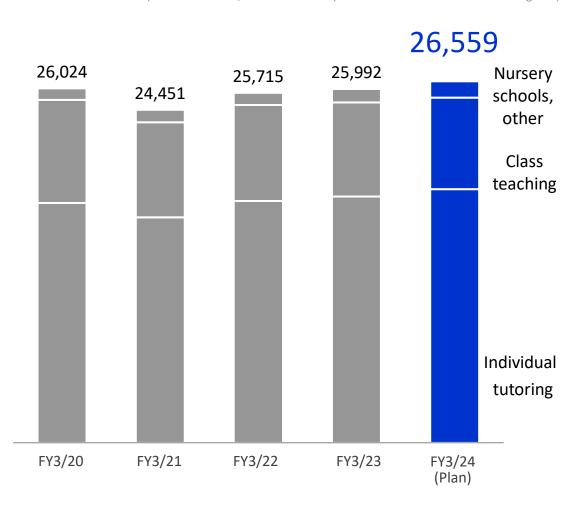
			_	(Millions of ye
	FY3/23 Results	FY3/24 Plan	YoY change	YoY (%)
Net sales	12,671	13,257	+585	+4.6
Education Services	12,581	13,151	+569	+4.5
Individual tutoring	8,292	8,698	+405	+4.9
Class teaching	2,477	2,549	+71	+2.9
Nursery schools	1,388	1,377	-11	-0.8
Other education services	423	526	+103	+24.4
Real Estate Leasing	40	45	+5	+14.2
Restaurant Operations	49	59	+10	+20.6
Operating profit	712	729	+17	+2.4
Operating margin	5.6	5.5	-0.1	-
Ordinary profit	727	714	-13	-1.9
Ordinary margin	5.7	5.4	-0.4	-
Profit	421	406	-15	-3.6
Profit margin	3.3	3.1	-0.3	-

## **Earnings Forecasts**



#### Number of students at the Group's directly operated schools

(As of November, which is normally when the number of students is highest)



#### Number of schools at the end of FY3/24

(Numbers in parentheses represent the number of schools as of March 31, 2023)

Directly operated schools	278	(273)
Individual tutoring	234	(226)
Class teaching	73	(76)
Nursery schools	17	(17)
Other education services	5	(5)
Franchised schools	50	(43)

## **Shareholder Distributions**



#### Dividends

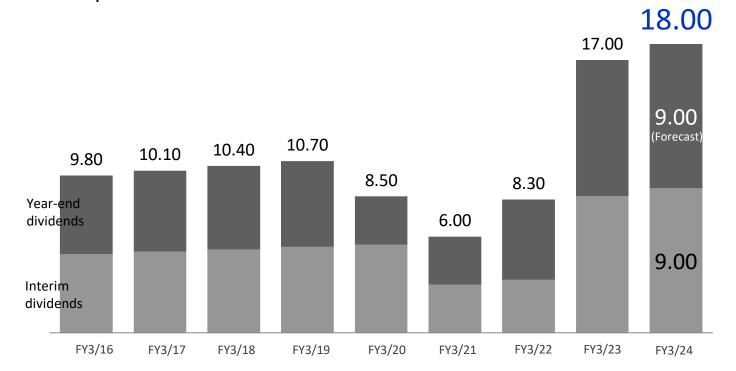
Pay a consistent and stable dividend while building a strong foundation that can support business operations for many years.

The policy is to increase the dividend while determining a payout ratio that reflects earnings.

#### Shareholder benefits

Use benefits to increase the number of shareholders by making SEIGAKUSHA stock an even more attractive investment

#### Dividend per share (Yen)



- Eligible shareholders
   Shareholders who hold at least one trading unit as of each record date
- Record dateMarch 31
- Benefits
   All shareholders who hold at least one trading unit receive a 1,000 yen QUO card

## Seigakusha Group Topics

3

4



FreeStep's Proven Ability to Raise Scores and Pass Entrance Exams

2 More Upgrades for "My Step Log"

Kaisei Academy Japanese Language School Activities for More Growth

Future Business Development

Advertisement Targeting Exam Prep Students by Featuring the Strengths SEIGAKUSHA CO, Ltd.

of FreeStep



A FreeStep advertisement that was distributed with newspapers in the Tokyo area on July 3, 2023 featured messages from former FreeStep students.



Advertisement Targeting Exam Prep Students by Featuring the Strengths SEIGAKUSHA CO,LLtd.

of FreeStep



A FreeStep advertisement that was distributed with newspapers in the Tokyo area on July 3, 2023.

#### FreeStep's Proven Ability to Pass **Entrance Exams**

Includes information about successful students

- University/University department
- Name of student
- FreeStep school used
- Student's high school

Advertisement Targeting Exam Prep Students by Featuring the Strengths SEIGAKUSHA CO, Ltd.

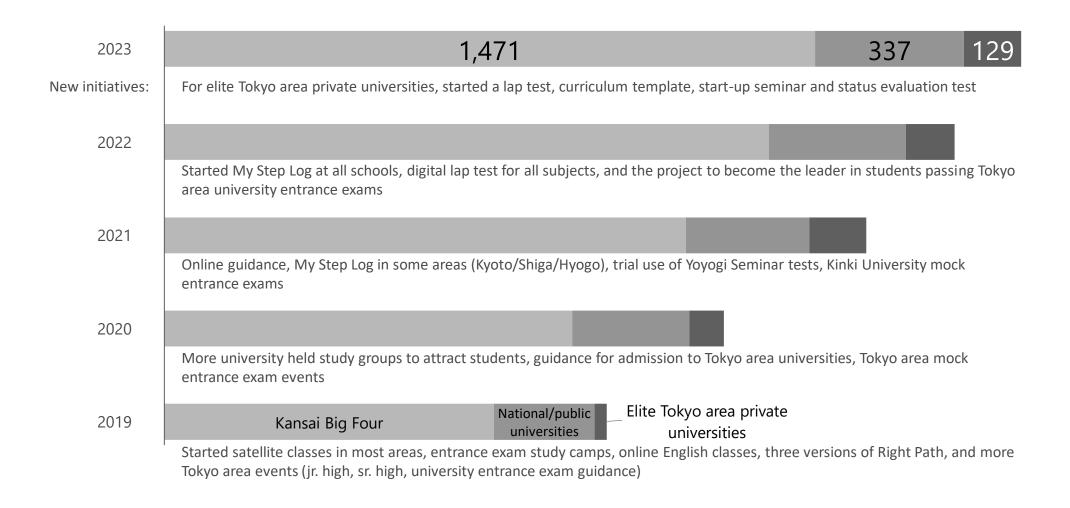




#### Number of FreeStep Students Who Passed the FY2023 Entrance Exams

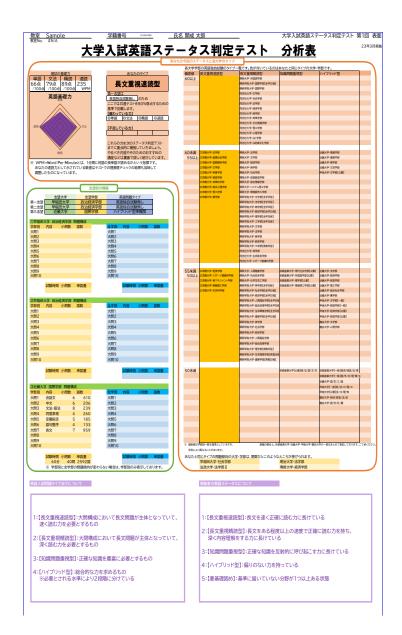


## Increase in the number of students who passed national/public university and Kansai Big Four entrance exams for five consecutive years



## **Status Evaluation Tests**





Assessment of skill in four English language categories Start (vocabulary, grammar, reading comprehension, speed reading) Match with exam of targeted Identify type of student school Matching with analysis of Identify gaps entrance exam questions Proposal for study method Selection of most suitable university dept. Increase the number of exams taken and probability of Goal

passing exam

## Lessons for the Comprehensive University Admission System



## Online courses for essays, statements of purpose and interviews

Purpose and interview courses are 1-to-1 or 1-to-2

#### Short essay course

#### Group discussion

One instructor, four students
An online class where
students discuss essay
themes and learn the basics
of writing a short essay



#### Writing of short essay

After using discussions to establish a sound base for their thoughts, students write and submit a short essay.

#### Corrections and return

The instructor returns the essays with corrections and suggestions to help students improve their writing skills.

Classes are led by instructors carefully selected through an online process.

## **Outstanding Customer Satisfaction**



#### Ranked First for Customer Satisfaction

(High school entrance exams, individual tutoring, Osaka prefecture exams)

## **ORICON Customer Satisfaction Survey**



This ORICON customer satisfaction survey used questionnaires received from 3,381 people who used this service. The rankings of 43 companies providing individual tutoring for high school entrance exams in the Kinki region are based on replies concerning satisfaction with the services provided.

## Upgraded Functions for "My Step Log"

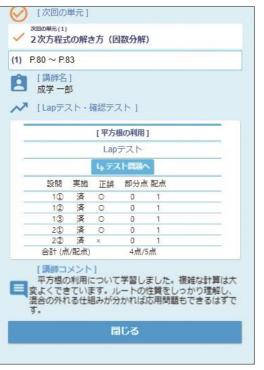




## My Step Log

<u>An all-in-one platform</u> that uses communication, daily study records, lesson videos and other functions to help exam preparation students achieve their goals.





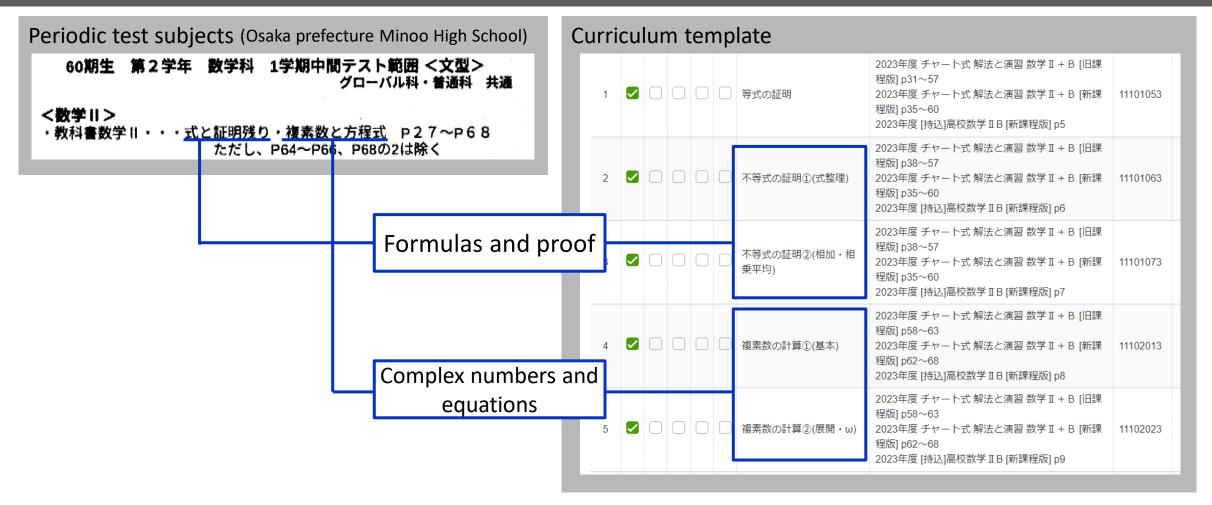
Major functions

- Attendance
- Homework
- Today's class
- ·Lesson comprehension/focus
- Results of confirmation tests
- Predicted score in periodic tests
- Items requiring attention
- Records of repeated e-learning
- •Template of course curriculum

## Use of the Curriculum Template (For periodic tests)



The table of subjects for periodic tests is used to produce a curriculum template, making it easy for students to create an appropriate learning plan



## Use of the Curriculum Template (For elite universities)



## Entrance exam curriculum template and lap tests for elite private universities

#### POINT 1: Exam questions use the same format as in actual entrance exams

Elite private university lap tests

<u>Drills using the same format for questions</u> raise the exam passing ratio <u>by enabling students to become</u> accustomed to tests and how to enter answers.

#### POINT 2: Knowledge and tips from people who have passed the exams

All students can easily utilize the knowledge and tips of people who have passed the entrance exam in prior years.

Templates produced by using a curriculum based on the experience of instructors and the analysis of tests in prior years.

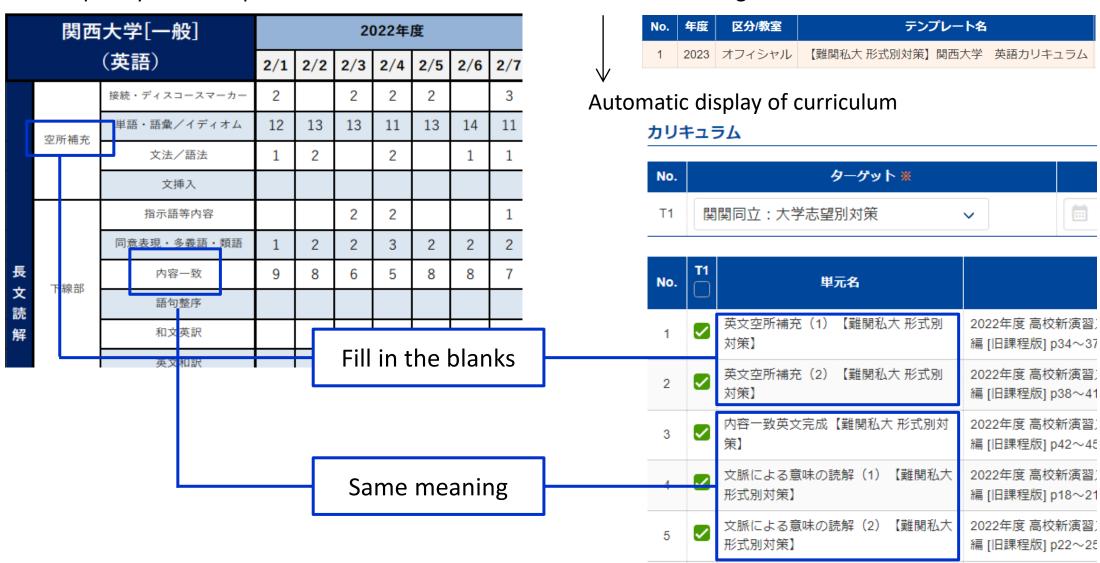
#### POINT 3: Support for many university entrance exams

The easy-to-use app includes content even more suitable for individual tutoring for more differentiation Always adding more content for <u>individual universities that students are aiming for</u>

# 1. Automatic production of curriculum using frequent questions in target school exams



Actual frequency of exam questions



Selection of target school

#### 2. Elite private university lap tests using actual test question formats



#### Actual entrance exam problem

B. 下の英文  $A \sim F$  は、一つのまとまった文章を、6 つの部分に分け、順番をばらばらに入れ替えたものです。ただし、文章の最初には A がきます。A に続けて  $B \sim F$  を正しく並べ替えなさい。その上で、次の(1) $\sim$ (6)に当てはまるものの配号をマークしなさい。ただし、当てはまるものがないもの(それが文章の最後であるもの)については、Z をマークしなさい。

- (1) A の次にくるもの (2) B の次にくるもの (3) C の次にくるもの(4) D の次にくるもの (5) E の次にくるもの (6) F の次にくるもの
- A. Staple foods such as rice and bread are well known around the world, but on lesser known staple food that is gaining attention is quinoa, which is a kind of seed harvested from a plant of the same name.
- B. One of these has to do with nutrition. To begin with, as a seed, quinoa contains a large amount of fiber, which we now know is an essential nutrient for digestion, weight management, and the regulation of blood sugar. In addition, it is a great source of lean protein, meaning it can be used to build and maintain muscle at the cost of little fat.
- C. Long before quinoa started spreading to other areas, it was

#### Elite private university lap test

次の問いに答えなさい。 (完答 2 点)

解答時間:10分

次のア〜カは、1つの英文を、6つの段落に分けて、順番を入れ替えたものです。文章の 最初にはアを置きます。そのうえで、イ〜カの段落を並べかえて正しい 1 つのまとまった 英文を完成させたとき、最初のアを含めて最初から 3 番目と 5 番目にくる段落の記号を それぞれ選びなさい。

- 7 One of the most amazing things in your life is to meet new people and become good friends with them. You can have a conversation with them about various things such as sports, hobbies, or movies you have seen. It is a lot of fun to talk with those who have similar interests.
- In But if you ask him why frankly, he will explain the reason. He indeed had a quarrel with his wife the day before you met him. When you greeted him, he had lost himself in thinking of how he should apologize to her, so he couldn't hear you.
- ウ Suppose, for example, you are walking along a street and find your friend approaching you. You greet him, saying "Hello," but he doesn't answer anything as if he were ignoring you. So you get angry and feel how rude he is. Unless you ask him why he did not greet you, more and more your negative emotions to him

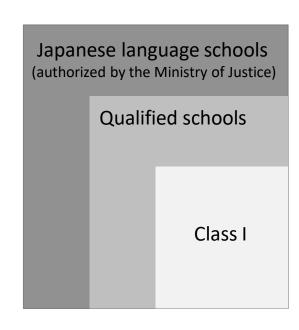
Lap tests that match the curriculum are used as drills based on specific formats

## Osaka-Umeda School certified as a qualified school (Class I)



#### Requirement for becoming a qualified school

The Immigration Services Agency certifies schools for foreign students as qualified after confirming that the school is properly managing the visa status of students.



#### **Qualified schools**

Qualified schools must meet all three of these requirements.

- a. No more than 5% of all students can be classified as having a problem visa status (illegal alien, etc.) as of the end of January of the prior year.
- b. The visa status of foreigners at the school who have submitted a refugee application to the Immigration Services Agency must be confirmed and there can be no problems.
- c. There can be no problems concerning supervision of the visa status of students concerning the preceding items a and b.
- \*Certification allows foreign students to use a simplified procedure to apply for a visa, including an exemption from submitting some documents.
- \*Certification allows a school to increase the number of students (with other requirements).

#### Qualified schools (Class I)

Class I qualified schools must meet all of these requirements and have an appropriate system for the supervision of the visa status of students.

- a. Incidence of student visa status problems of not more than 1 percent during the past three years
- b. Receipt of "excellent foreign student visa status management school" notice for three consecutive years
- c. Ability to confirm proper submission of documents during the previous year concerning immigration management and Japan's Refugee Certification Law

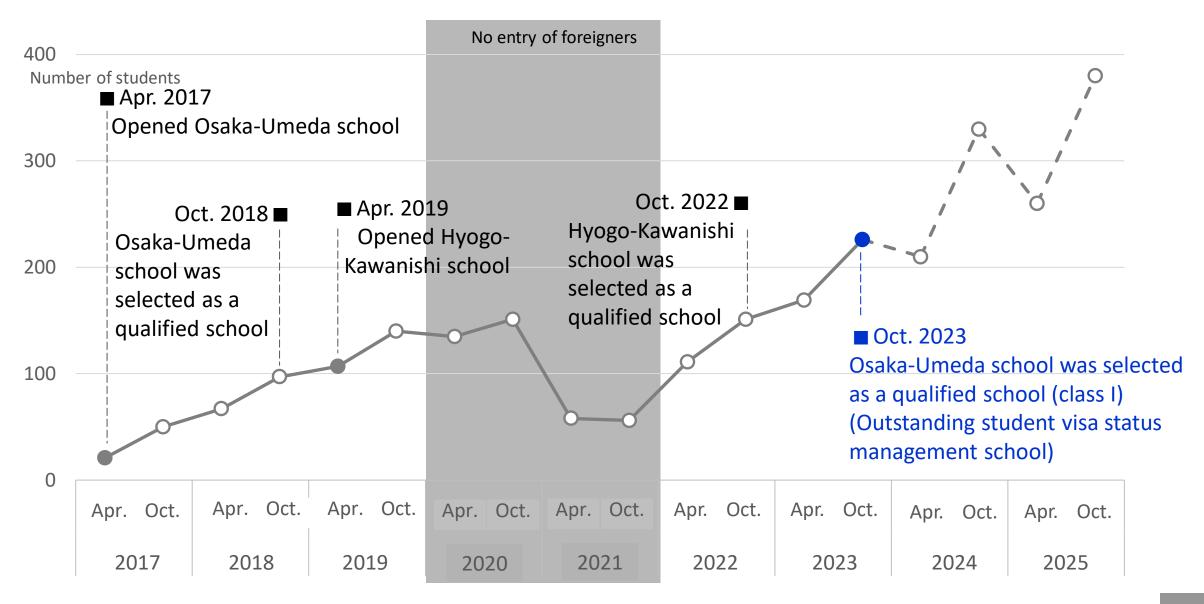
Class I certification requires a commitment to constantly listening to the needs and requests of students and responding properly.

The ability to submit fewer documents normally raises the visa application acceptance rate, which enables schools to operate more efficiently and accommodate a larger number of students.

<sup>\*</sup>Certification allows foreign students to provide fewer documents when submitting applications.

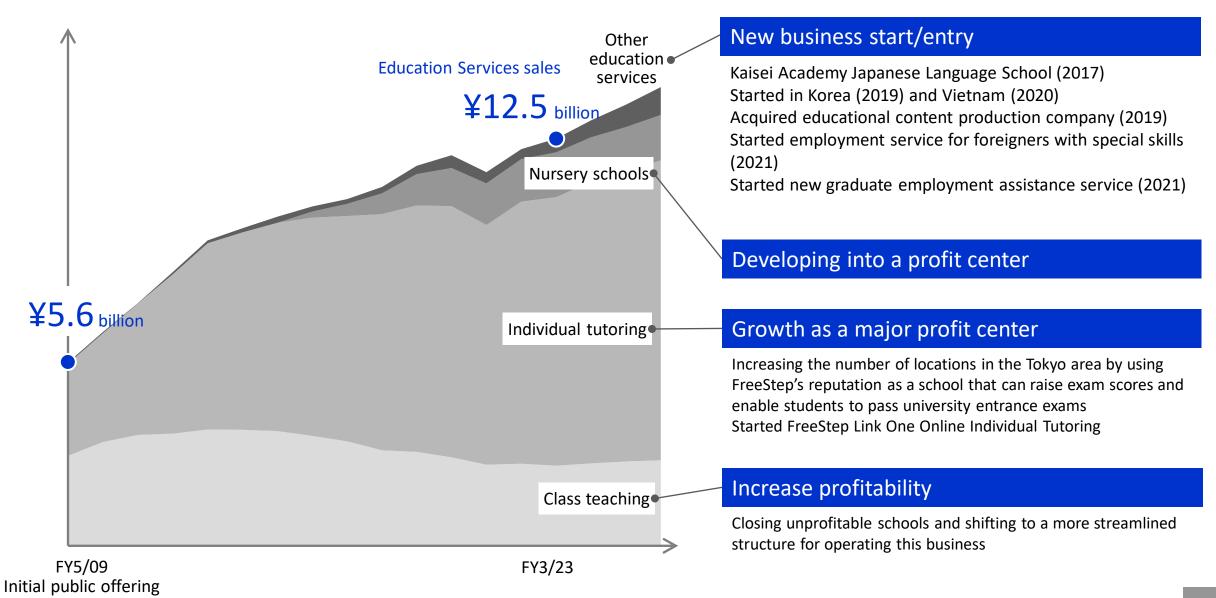
## Students at Kaisei Academy Japanese Language Schools





## Growth Backed By Exam Prep School Expertise





#### **Precautions**



Forecasts of future performance in this report incorporate risks and uncertainties because these statements are based on assumptions judged to be valid and information available to the SEIGAKUSHA's management at the time these materials were prepared.

Actual results may differ significantly from these forecasts for a number of reasons.

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