

## Q&A Session Summary for Financial Results Briefing for 1H FY24

Date & Time: May 9, 2025 (Friday) 15: 00-16:00 (JST)

Speaker: Takayuki Funahashi (Representative Director, President and Chief Executive Officer),  
Shin Kebukawa (Executive Officer)

The following is a summary of the main questions and answers at the financial results briefing. Some parts of the contents have been added or modified for better understanding.

All responses were made by CEO Funahashi in Japanese.

**Q1: The strengthening of the sales department structure has resulted in the acquisition of a large project from the public sector. Please tell us about the potential for winning more contracts from other local governments.**

A1: We make every effort to win bids for large projects from public sector and local governments, regardless of the likelihood of success. We are developing contents that were previously lacking, such as contents for essential workers, and are proposing them to win projects.

**Q2: Regarding Open Seminars, your policy is to increase the number of training conducted rather than the number of attendees per training. What are your thoughts on the decrease in the number of attendees per training?**

Q2: We are focusing on increasing operating profit rather than operating profit margin. At the same time, we are controlling the number of attendees per training to ensure an average of 10 people. Currently, there is growing demand for face-to-face rather than online training, and we expect this trend to continue. Therefore, we are considering expanding the newly established Shinjuku Seminar Classroom. We expect it to take about a year for the new seminar classroom to become profitable, and then we anticipate an improvement in profit margins. Even if the number of attendees is initially low, we will continue to hold training regularly to establish ourselves as an education company deeply connected to the local community.

**Q3: IT Services were revised downward for the full year. Please tell us about the current situation and medium to long-term outlook for demand for customization projects.**

A3: Leaf is a multifunctional system with high security, and we expect sales to continue growing in the future. We are also working on new services that leverage its multifunctionality. We won contracts from Hokkaido, Chiba and Kanagawa Prefectures by offering a combination of training and Leaf. We are confident that we are the only company that can provide educational services through this combination. Going forward, we will aim to increase recurring revenue through combination proposals, while also expanding customization in line with the increase in projects.

**Q4: Previously, you mentioned that you were expecting to replace another company's LMS. Could you give us an update on that?**

A4: Currently, there are not many large replacement projects from private sector. We are looking to enter new markets such as the public sector.

**Q5: Will trainer fees increase over the medium to long-term? Please share your outlook for the future.**

A5: We decided to increase the trainer fees in light of recent inflation. We will take action in line with inflation trends. We expect to gradually raise prices to reflect the increase in trainer fees. In fact, we have been gradually raising the prices of Open Seminars, and there will be no permanent decline in profit margins.

**Q6: Please let us know if you are experiencing any effects related to the US tariff issue, such as reductions in investment or budgets for employee training at companies.**

A6: At present, there is no impact on our business. If there is any impact, we expect it to occur after April next year. The training budget for the current fiscal year has already been finalized, and we do not expect any reductions from this point forward. In addition, the shortage of personnel is severe, and there is a growing need for operational improvements. Training is an effective means of addressing these issues, and this trend is not expected to change. Therefore, we do not anticipate any significant impact from the tariff issues in the future.

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