

Financial Results Presentation for Q2/FY2024 (First Six Months)

August 2024

KIYO Learning Co., Ltd.

Growth (Tokyo Stock Exchange): 7353

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(Revisited) Medium Term Management Plan 2026

Financial Results Presentation for Q2/FY2024

Q2/FY2024 (First Six Months) Earnings Highlights

- **Net sales increased by 16.6% YoY, +4.6% compared to initial earnings forecast**

Net sales amounted to 1,986 million yen (up 282 million yen YoY and outperforming our initial earnings forecast by 80 million yen) as we continue to achieve growth

- **Operating loss of 71 million yen YoY, an increase of 56 million yen above initial forecasts**

Operating loss of 198 million yen on increased personnel expenses and advertising expenses attributable to conducting investments as planned

- **Studying Business grew by 12.7% YoY**

Studying Business net sales amounted to 1,730 million yen (up 195 million yen YoY)

Cash-based sales recovered from the impact of the Noto Peninsula earthquake in January faster than expected, resulting in a YoY increase for the first six months

- **Corporate Education Business increased by 51.1% YoY, representing significant growth**

Corporate Education Business net sales amounted to 254 million yen (up 86 million yen YoY) as the business continued its strong rate of growth

We now offer more than 900 courses and we continue to expand our lineup

Q2/FY2024 Earnings (First Six Months)

Net sales increased by 16.6% YoY to 1,986 million yen, outperforming our Q2 forecast by more than 80 million yen
 Operating losses decreased by 71 million yen YoY to -198 million yen, more than 50 million yen higher than our Q2 forecast
 Net income decreased by 13 million yen YoY to -146 million yen, more than 90 million yen higher than our Q2 forecast
 We conducted investments as planned. This resulted in increased personnel expenses due to higher personnel numbers and increased advertising expenses due to increased marketing activities

(million yen)						
Category	Q2/FY2023 (Results)	Q2/FY2024 (Results)	Q2/FY2024 (Forecast)	FY2024 (Forecast)	YoY change	Progress (%)
Net sales	1,703	1,986	1,900	4,200	16.6%	47.3%
Cost of sales	246	281		590	14.1%	47.7%
Gross profit	1,456	1,704		3,610	17.0%	47.2%
SG&A	1,583	1,903		3,470	20.2%	54.8%
Operating profit (loss)	-126	-198	-255	140	-	-
Ordinary profit (loss)	-131	-199	-260	140	-	-
Net income	-132	-146	-240	130	-	-

Sales by Business (First Six Months)

Studying Business net sales continued to grow, up 12.7% YoY

Corporate Education Business net sales were up 51.1% YoY as the business continued to record strong growth

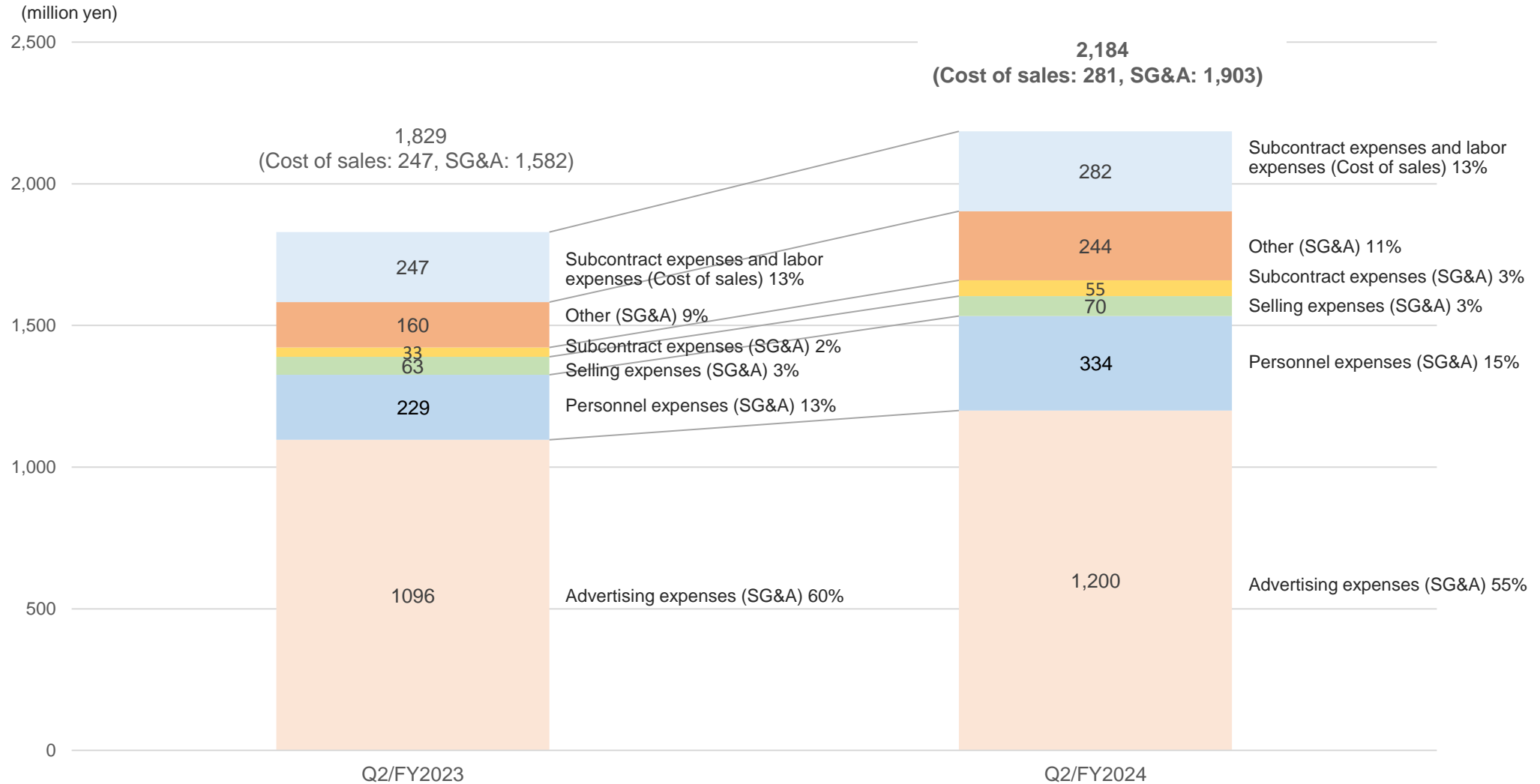
(million yen)

Category	Q2/FY2023 (Results)	Q2/FY2024 (Results)	FY2024 (Forecast)	YoY change	Progress (%)
Net sales	1,703	1,986	4,200	16.6%	47.3%
Studying Business	1,535	1,730	3,680	12.7%	47.0%
Corporate Education Business	168	254	520	51.1%	48.9%

Cost Structure (First Six Months)

Increased hiring to secure the personnel needed to drive future growth

To enhance marketing, we launched a TV ad in January while also working to improve marketing efficiency



Q2 (April to June) Earnings

Q2 (April to June) sales were up by 17.8% YoY to 1,063 million yen
 Operating profit increased by 2.1% YoY to 150 million yen

By business, the Studying Business increased by 14.8% YoY to 930 million yen. The Corporate Education Business increased by 42.9% YoY to 131 million yen, representing continued growth

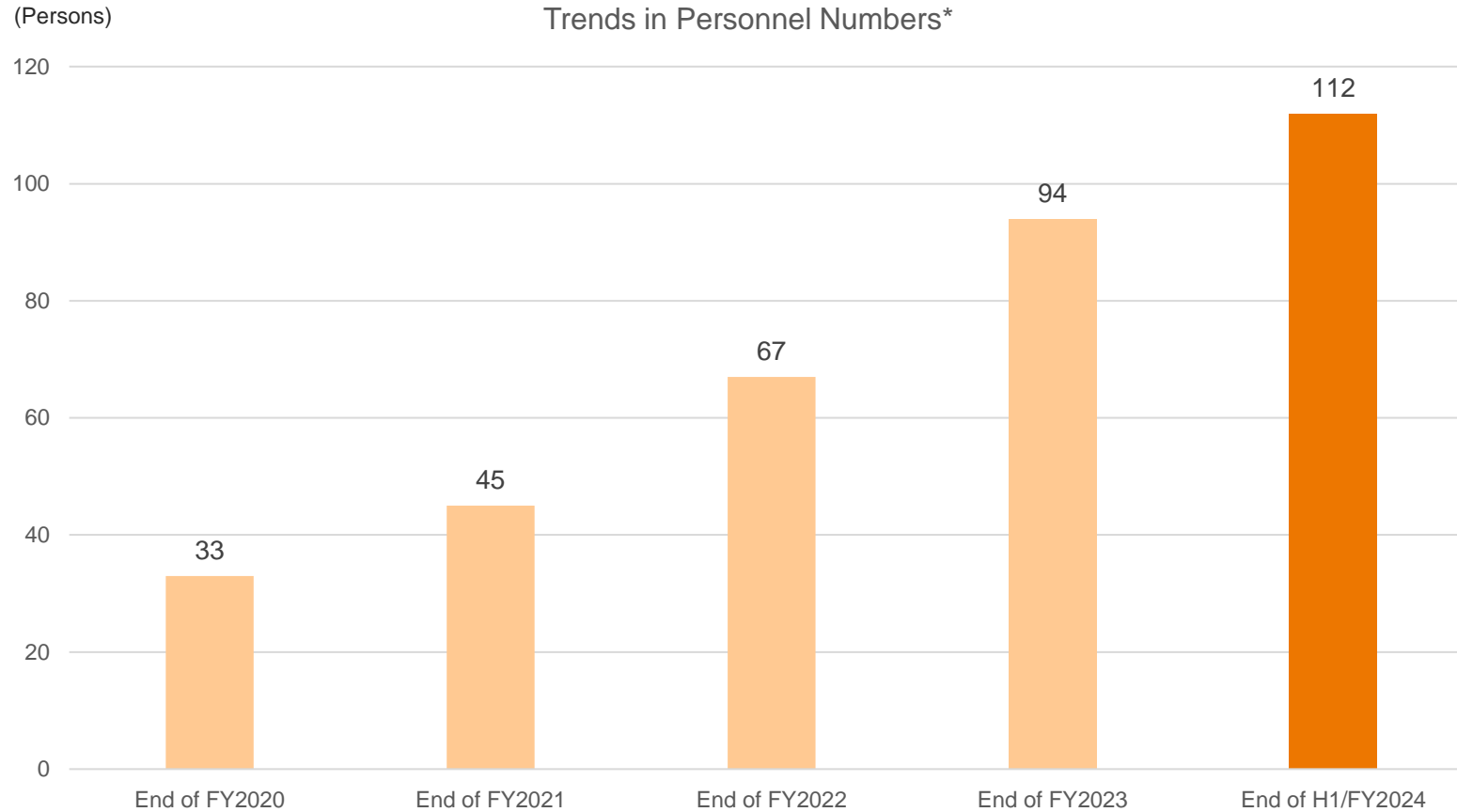
Net income decreased by 32.5% to 98 million yen due to having recorded losses on the valuation of investment securities

(million yen)			
Category	Q2/FY2023 (April to June Results)	Q2/FY2024 (April to June Results)	YoY change
Net sales	902	1,063	17.8%
Studying Business	810	930	14.8%
Corporate Education Business	91	131	42.9%
Cost of sales	117	147	25.3%
Gross profit	784	915	16.7%
SG&A	636	764	20.0%
Operating profit (loss)	147	150	2.1%
Ordinary profit (loss)	146	151	3.5%
Net income	145	98	-32.5%

Trends in Personnel Numbers

We accelerated hiring plans for the current period as earnings trended towards recovery faster than expected

Personnel* increased by 18 people from the beginning of the period as we worked to establish a foundation for future growth by strengthening our organization

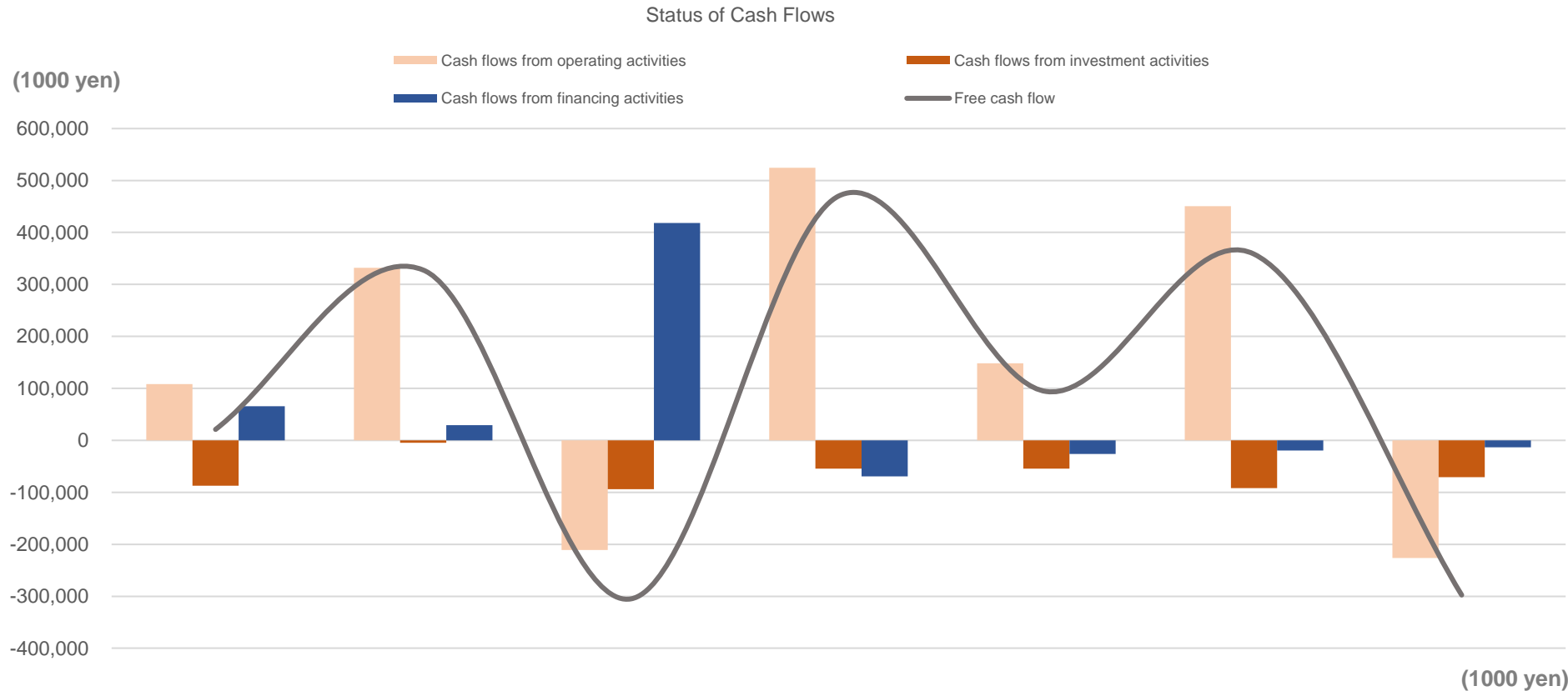


*Personnel: Total number of direct hires as of end of fiscal year (full-time, contract, and part-time employees)

Six Month Trends in Cash Flows

We launched TV ads in Q1 to promote future growth

Through Q2, we also strengthened our personnel structure and invested in system development and other areas



	FY2021 H1	FY2021 H2	FY2022 H1	FY2022 H2	FY2023 H1	FY2023 H2	FY2024 H1
Cash flows from operating activities	108,273	332,136	-210,721	524,326	148,280	450,322	-226,495
Cash flows from investment activities	-87,181	-4,518	-94,080	-54,456	-54,226	-92,034	-70,881
Free cash flows	21,092	327,618	-304,801	469,870	94,054	358,288	-297,376
Cash flows from financing activities	65,479	29,174	418,079	-69,371	-26,111	-19,336	-13,280
Cash and cash equivalents balance at end of period	1,916,763	2,273,554	2,386,832	2,787,332	2,855,275	3,194,226	2,883,569

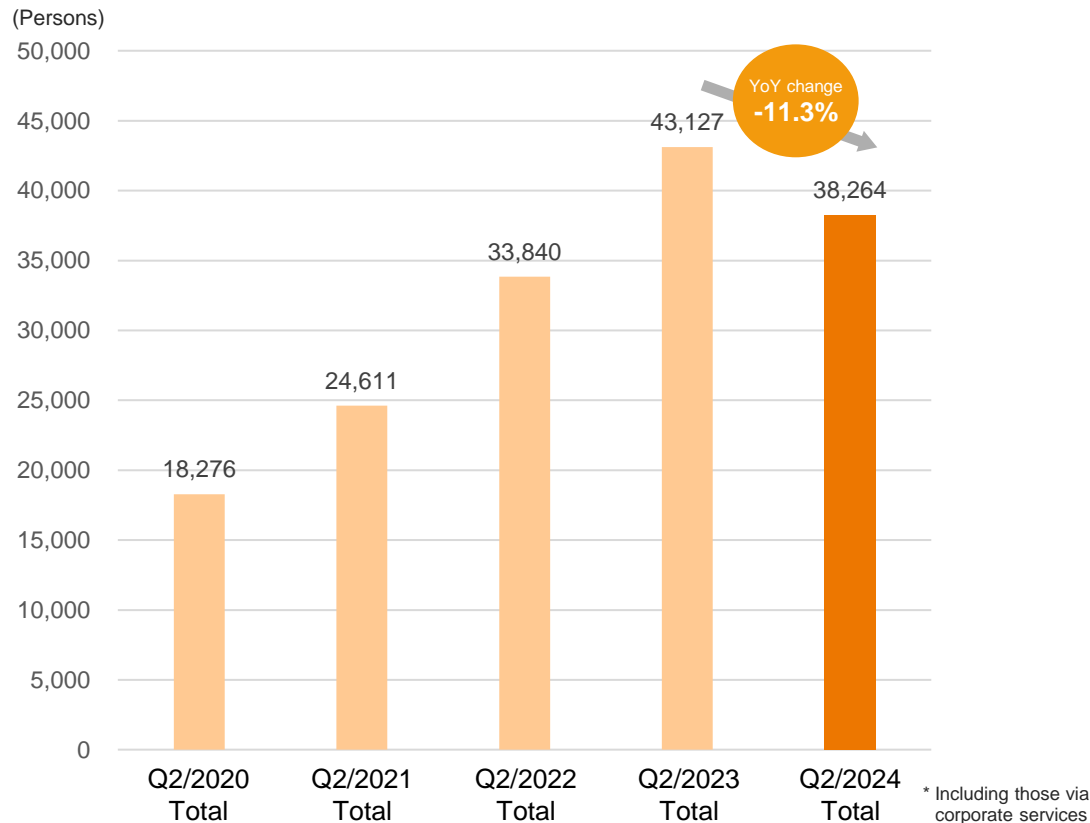
KPI and Topics by Business

Studying Business | KPI (Comparison of First Six Months)

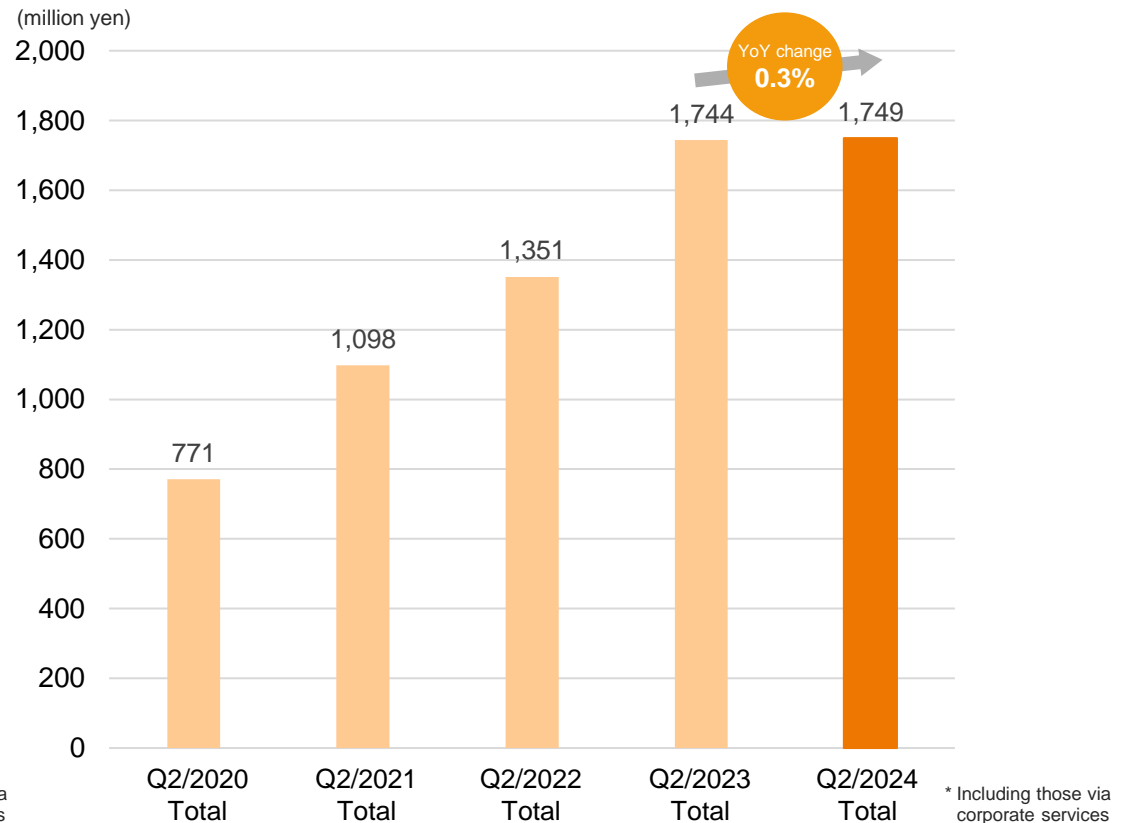
Cash-based sales^{*2} recovered from the decline in sales following the Noto Peninsula earthquake in January faster than expected. As a result, overall year-on-year increase of 0.3% for the first six months

The number of new paid members^{*1} declined in January due to the impact of the aforementioned earthquake. However, member numbers recovered gradually thanks to the implementation of promotional measures

Number of New Paid Members



Cash-based sales



1. The number of new paid members refers to the number of new (unique) paid members acquired during the period

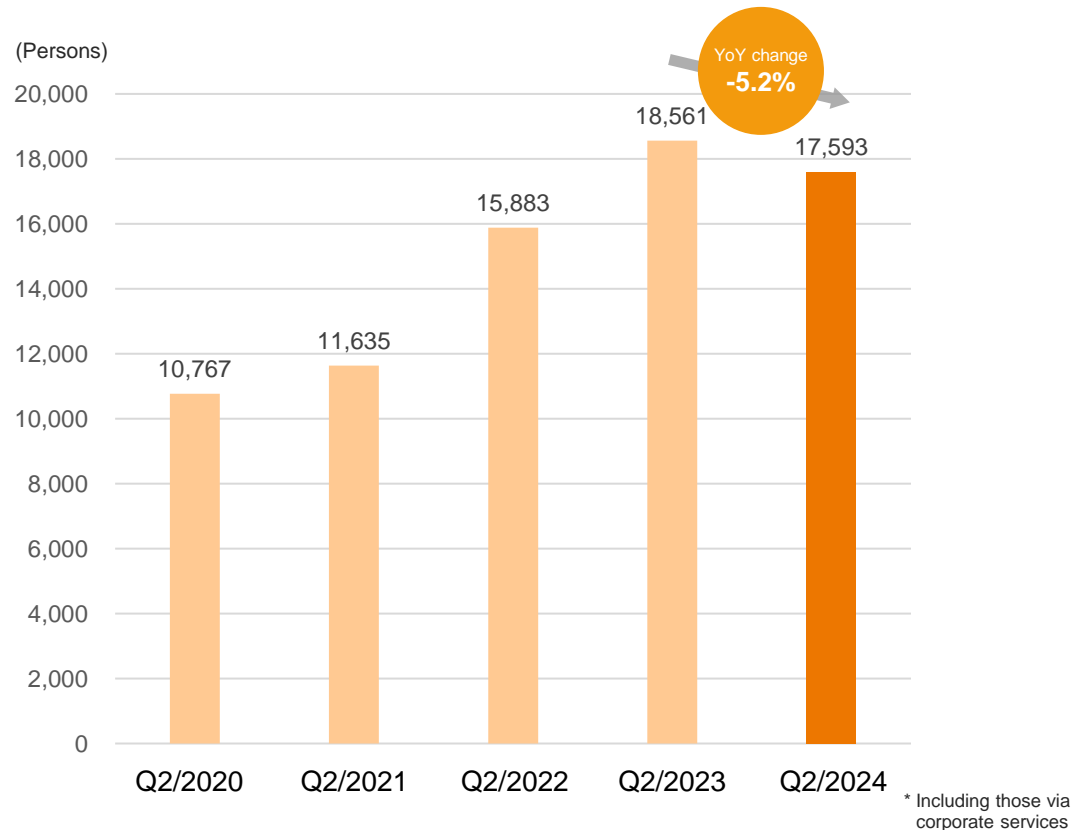
2. Cash-based sales refers to order amounts during the period (net sales are apportioned across periods over the periods of the corresponding courses taken)

Studying Business | KPI (Comparison of Q2 Results (April to June))

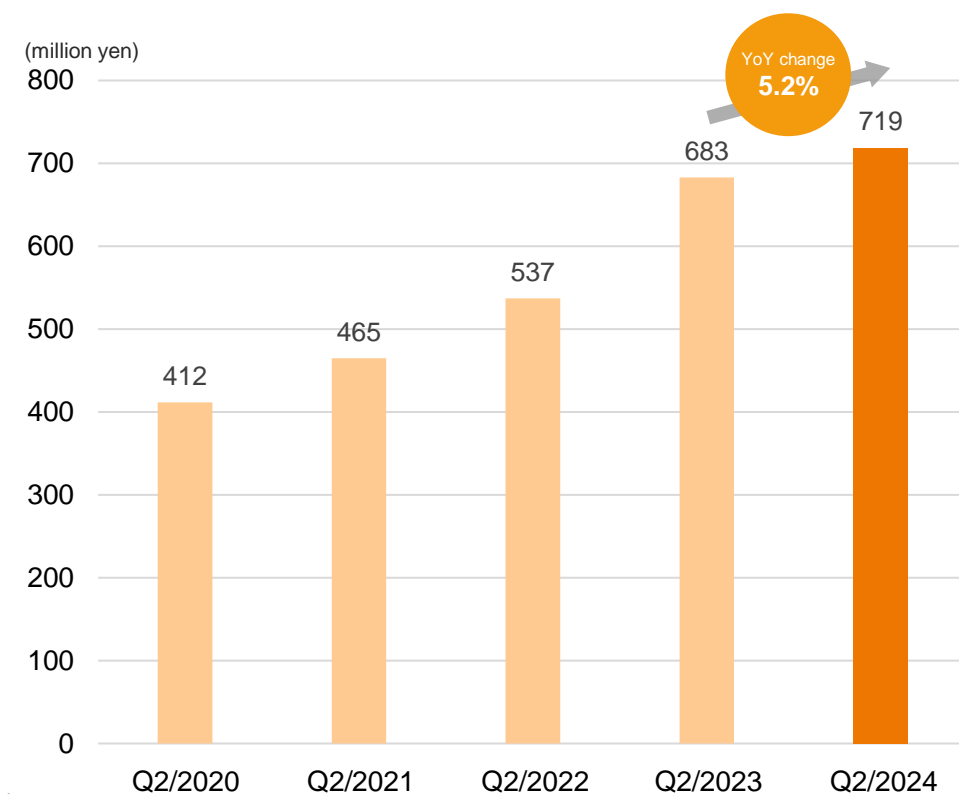
Cash-based sales^{*2} recovered faster than expected after the decline in sales due to the Noto Peninsula earthquake in January, resulting in an overall year-on-year increase of 5.2% during Q2 (April to June)

The number of new paid members^{*1} declined in January due to the impact of the aforementioned earthquake. However, member numbers recovered gradually thanks to the implementation of promotional measures

Number of New Paid Members



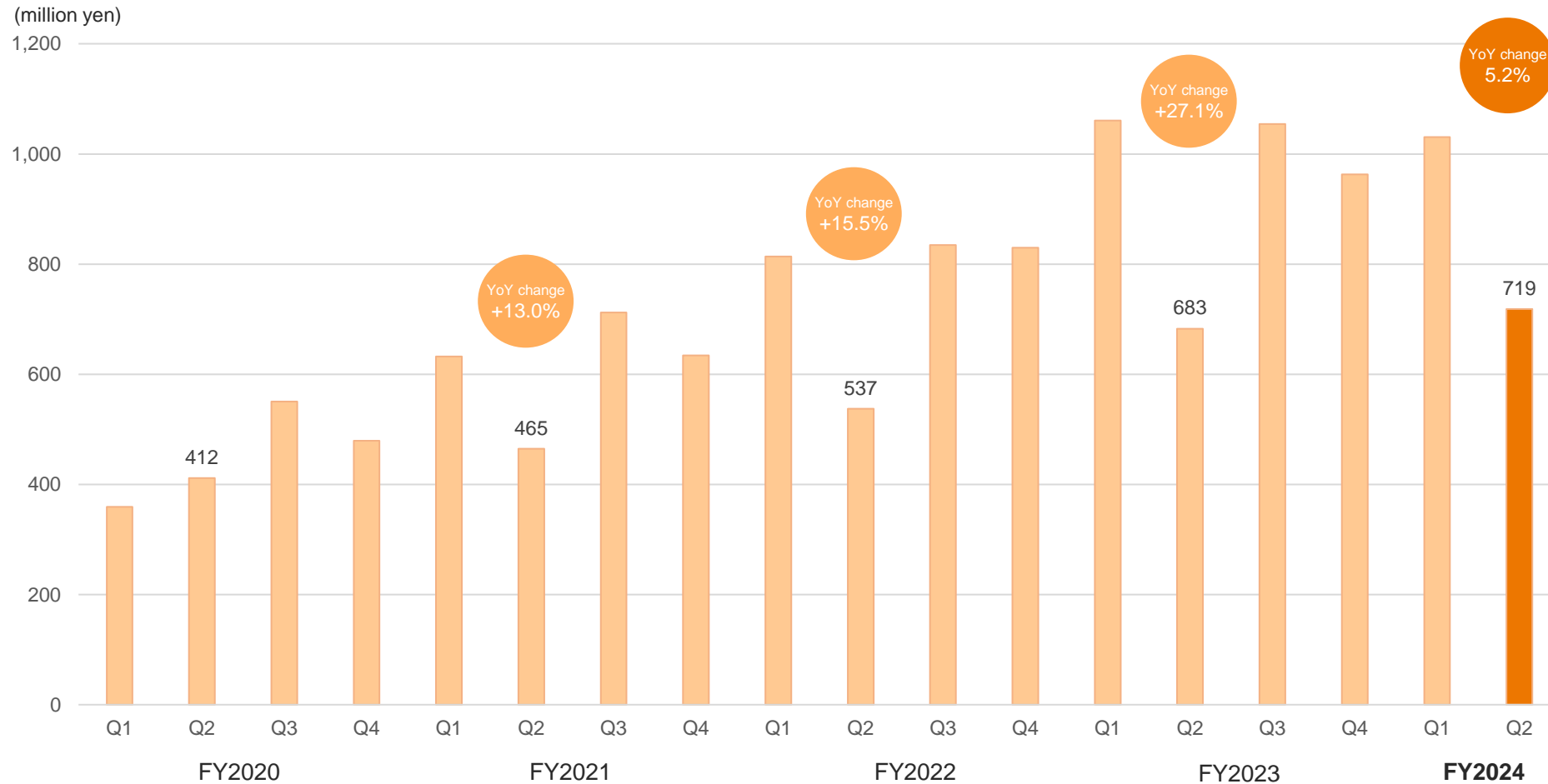
Cash-based sales



1. The number of new paid members refers to the number of new (unique) paid members acquired during the period
2. Cash-based sales refers to order amounts during the period (net sales are apportioned across periods over the periods of the corresponding courses taken)

Studying Business | Quarterly Trends in Cash-based sales

Cash-based sales recovered faster than expected after the decline in sales due to the Noto Peninsula earthquake in January, resulting in an overall year-on-year increase of 5.2% during Q2 (April to June)



*Percentages (%) indicate growth rate when compared to Q4 net sales from each period (including sales via corporate services)

Studying Business | Quarterly Trends in Sales and Profit

The following indicates quarterly trends in sales and profit during a typical year

We record sales on a cash basis at the time a course is purchased

Cash-based sales are apportioned evenly each month as accrued sales through to the end of the purchased course
As such, the percentage of the accrued sales in a given fiscal year decreases towards the latter half of the fiscal year

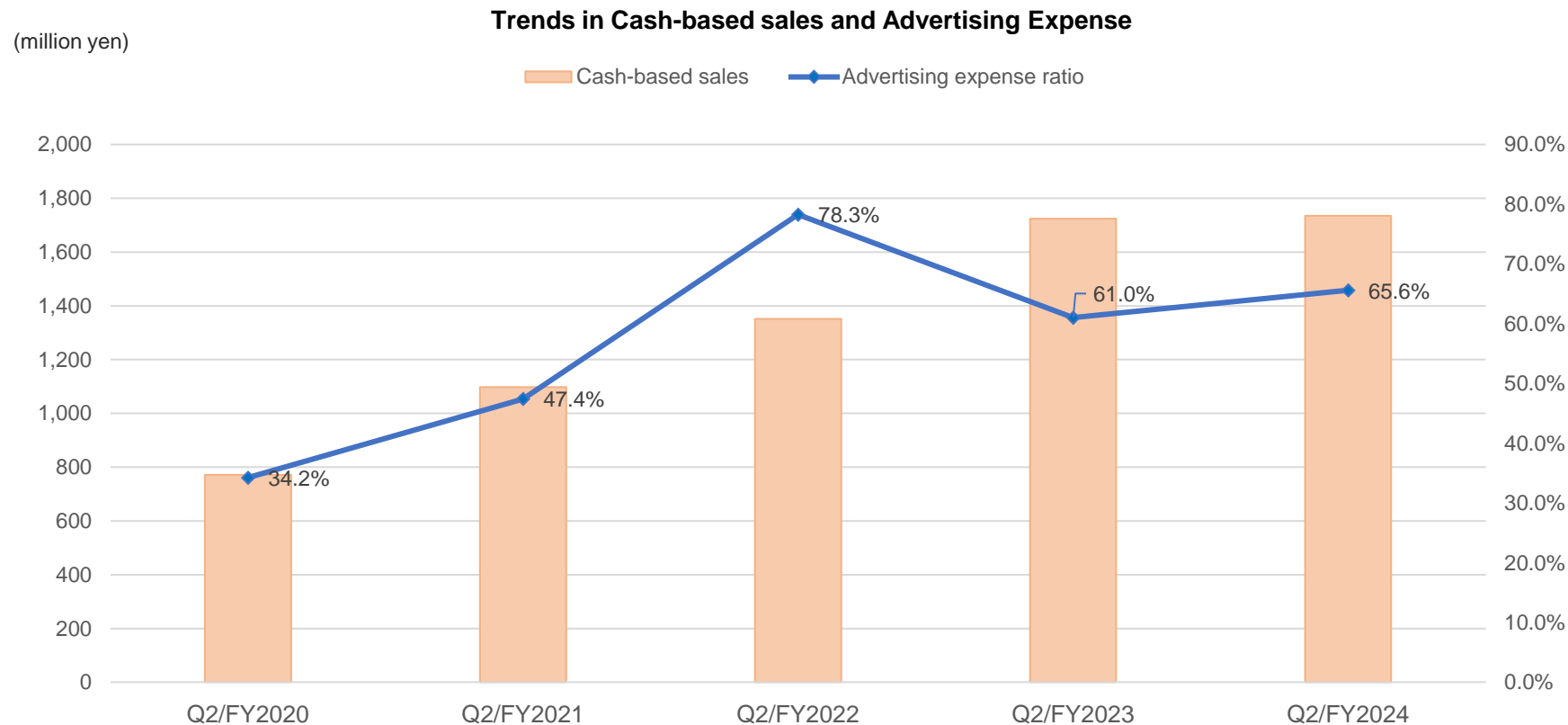
	1Q (Jan. to Mar.)	2Q (Apr. to Jun.)	3Q (Jul. to Sept.)	4Q (Oct. to Dec.)
Trends for our courses	Many people begin learning with aim of acquiring qualifications	Few test days	Most frequent test days for difficult qualifications	Somewhat frequent test days
Cash-based sales	Sales high at the beginning of the year, then subsequently slightly low	Trending slightly low due to being immediately before tests for difficult qualifications	Immediately following tests, an increase in new course and renewal course purchases for next year's tests	Strong purchase demand for courses for next year's tests
Accrued sales	Since cash-based sales are apportioned over the long term, contributions from accrued sales tend to be minor	Cash-based sales trend downward, but apportioned accrued sales trend upward	Due to a concentration of deadlines for major courses, current fiscal year contributions from apportioned accrued sales increase	Since most cash-based sales are apportioned to the following fiscal year, current fiscal year contributions from accrued sales decrease
Profit trends	Poor	Middling	Great	Good
Percentage of quarterly cash-based sales recorded as accrued sales (full-year) (average for past fiscal years)	75 to 85%	70 to 80%	40 to 50%	15 to 25%

*The above reflects an average range for past fiscal years. Trends may differ in the future

Studying Business: Advertising Expense Ratio (Comparison of First Six Months)

Despite launching TV ads in Q1, cash-based sales were sluggish at the beginning of the year due to the impact of factors such as the previously mentioned Noto Peninsula earthquake. As a result, the advertising expense ratio* increased YoY.

In Q2, the advertising expense ratio decreased YoY thanks to growth in cash-based sales and efforts to optimize marketing activities

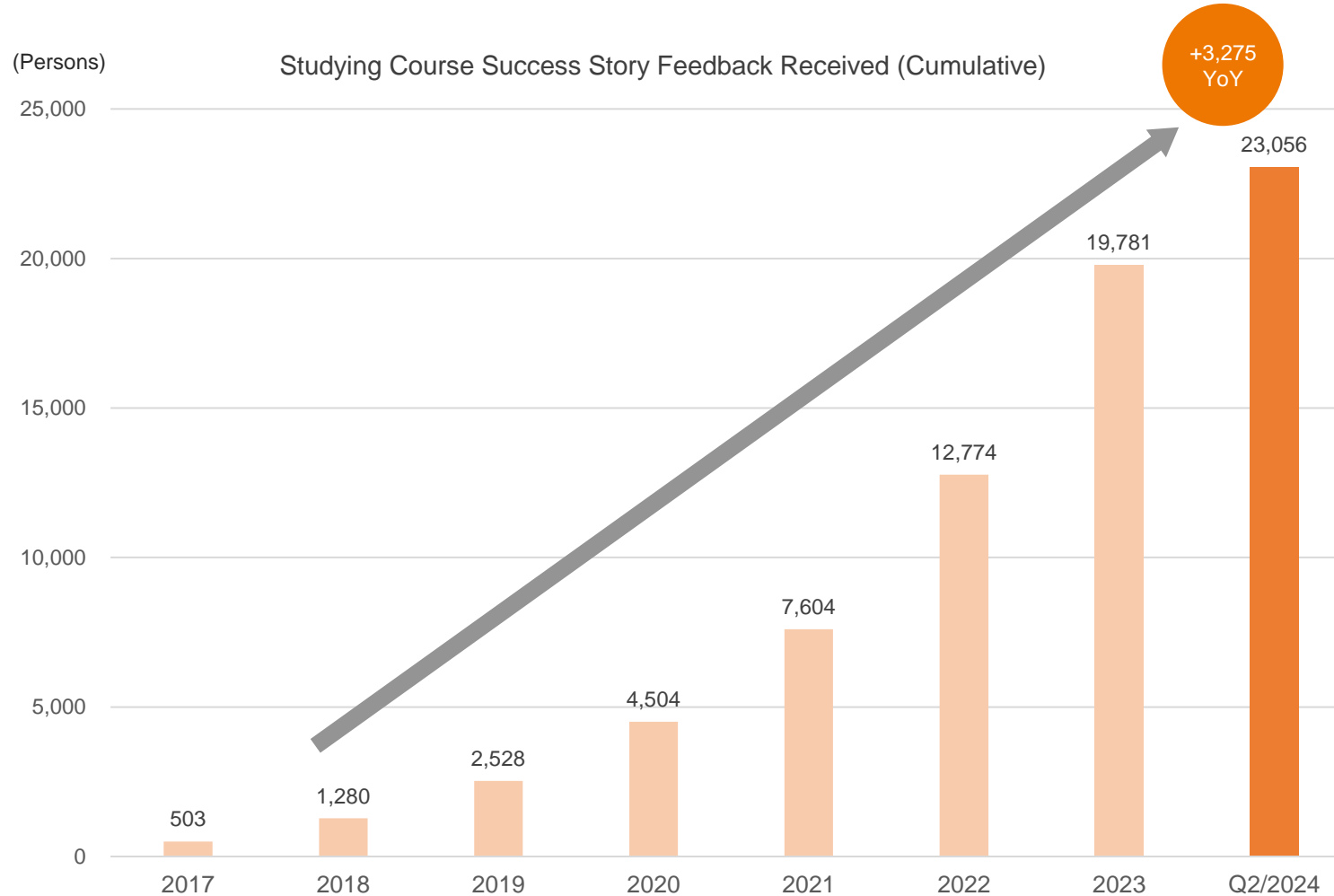


*Advertising expense ratio = (Advertising expenses incurred in the Studying Business) ÷ (Cash-based sales)

Studying Course Success Stories Received (Cumulative)

Success story feedback increased by 3,275 people YoY to 23,056 people (as of the end of June)

The increase in success story feedback promotes a sense of security and increased brand recognition. This creates a virtuous cycle that promotes higher student numbers and even more success stories



*Total number of respondents to post-test surveys

Studying Business: Increasing Brand Recognition Through TV Ads

Continued promotions using TV ad featuring Haruna Kawaguchi as the main character since January 2023

Aiming to capture majority segments and secure medium- to long-term growth by promoting and increasing our brand recognition as a partner for certification success



*Reference: 2024 [Studying] Built In Success Assist, 30 second TV ad: <https://www.youtube.com/watch?v=z8MLp7RoECY>
2024 [Studying] Built In Success Assist, 15 second TV ad: <https://www.youtube.com/watch?v=VP28N8rKfAE>

Studying Business: Enhancing course lineup

Offering a broad lineup of over 30 certification courses, ranging in difficulty from easy to hard
To address future needs, we plan to expand IT-related and other certification courses

Business / Management

- Small and Medium Enterprise Management Consultant
- Professional Engineer
- Sales Professional
- Hazardous Materials Engineer
- Mental Health Management® Certification
- Consultant Training Course

IT

- IT Passport
- Basic Information Technology Specialist
- Applied Information Technology Specialist
- IT Strategist
- Information Security Management
- Database Specialist

Law

- Bar Examinations and Preliminary Examinations
- Judicial Scrivener
- Administrative Scrivener
- Labor and Social Security Attorney
- Patent Attorney
- Japan Business Law Examination®
- Intellectual Property Management Skills Test®
- Personal Information Protection Officer

Medical

- National Nurse Examination
- Registered Distributor

Accounting and Finance

- Certified Public Tax Accountant
- Bookkeeper
- FP
- Securities Broker Representative
- Loan Officer

Civil Servant

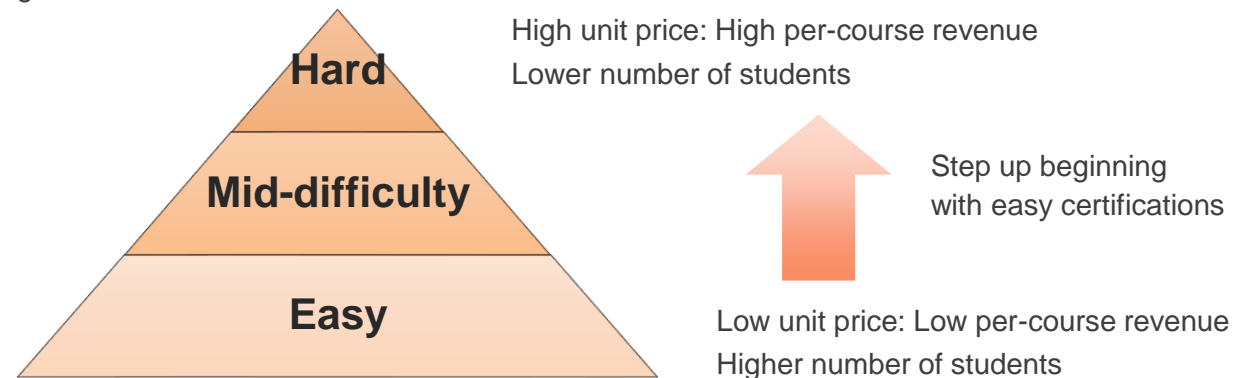
- Civil Servant

Real estate

- Real Estate Broker
- Registered Architect
- Licensed Strata Management Consultant/ Building Manager
- Certified Property Manager

Language

- TOEIC® TEST Preparation



Studying Business: AI Master Teacher Using Generative AI

We released the official version of AI Explanation, a function through which AI Master Teacher answers questions, in December of last year.

This function provides highly reliable answers based on the content of Studying Business courses. Adding the knowledge of Generative AI (GPT model) to provide answers in greater detail promotes the smooth learning by eliminating unclear points for the learner.



**「AIマスター先生」への質問を通して
個別指導を受けているような学習体験を実現**

特許と商標登録の違いがわかりません

AIマスター先生
はい、ご説明します！
特許は新規性や進歩性を有する
発明を保護する権利で…

資格合格パートナー **STUDYing**



特許と商標登録の違いがわかりません。どう違うのか教えてください。

×入力クリア 32/200文字

全て 講義 動画 問題 冊子 WEBテキスト メモ 音声 設問 Q&A マイノート

AI検索 AI説明 **NEW** 完全一致検索

AIマスター先生

スタディングをもとにして説明します！

特許は新規性や進歩性を有する発明を保護する権利で、技術的なアイデアや方法に関するものです。一方、商標登録は、商品やサービスを識別するためのマークやロゴ、名称などを保護する権利です。特許は技術的な内容を、商標はブランドや企業のアイデンティティを保護する点で異なります。

参照元
過去問セレクト演習-6-2 意匠権と商標…<Q&A> セレクト問題9 不正競争防止法（令和元年…<Q&A>

スタディング以外も調べて説明します！

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Studying Business: Individually Optimized Learning Through AI

We are gradually incorporating the AI Competency Score function into courses, including adding this function to the Studying FP Level 3 and Level 2 courses in April

This function enables efficient learning by helping learners identify their current strengths and weaknesses in real-time

AI Competency Score (Patent No. 7021758)*

AI analyzes massive amounts of past learning data to predict current likely test scores

Scores increase with study time, increasing motivation towards learning and increasing study time and retention rates



*The AI Competency Score function is currently available for the following courses, and we plan to expand applicable courses over time

- Small and Medium Enterprise Management Consultant
- Real Estate Broker
- Labor and Social Security Attorney
- IT Passport
- Applied Information Technology Specialist
- Basic Information Technology Specialist
- Bar Examinations and Preliminary Examinations
- Japan Business Law Examination®
- Registered Architect Level 1
- Bookkeeping Level 3/Level 2
- Patent Attorney
- Judicial Scrivener

Studying Business: Individually Optimized Learning Through AI

The AI Study Plan function uses AI to create a study schedule for each student that results in the highest predicted exam scores

The AI Question Review function uses AI to submit review questions at the optimal time based on the individual student's comprehension level

AI Study Plan (Patent No. 6661139)



■ AI-generated study plans facilitate efficient study and help students pass exams

With conventional certification courses, decisions on when, what, and how long to study are left up to the student. This method forces the student think about their study schedule and manage their daily progress. AI Study Plan creates a plan that is expected to result in the highest predicted exam score for each student.

Students are provided with daily study topics based on this study plan to help them to study efficiently.

AI Question Review (Patent No. 7112694)



■ AI automatically sets the next review date for each question based on individual comprehension level

Incorrect answers or questions that are answered correctly but seemed difficult are repeated at shorter intervals since the student's comprehension level is still low. Questions considered easy are repeated less frequently.

Spending less time on easy questions and more time on incorrect or difficult questions allows students to improve their skills more efficiently and in a shorter period of time.

Studying Business: Studying Challenge Function for Continuous Support

We released the Studying Challenge in November of last year as a new function for users to continue certification studies using a fun, game-like format

This function increases motivation and supports the continuation of certification studies over the long term



合計学習時間

チャレンジ期間中の学習時間の合計が、目標以上になることを目指すチャレンジ



連続学習日数

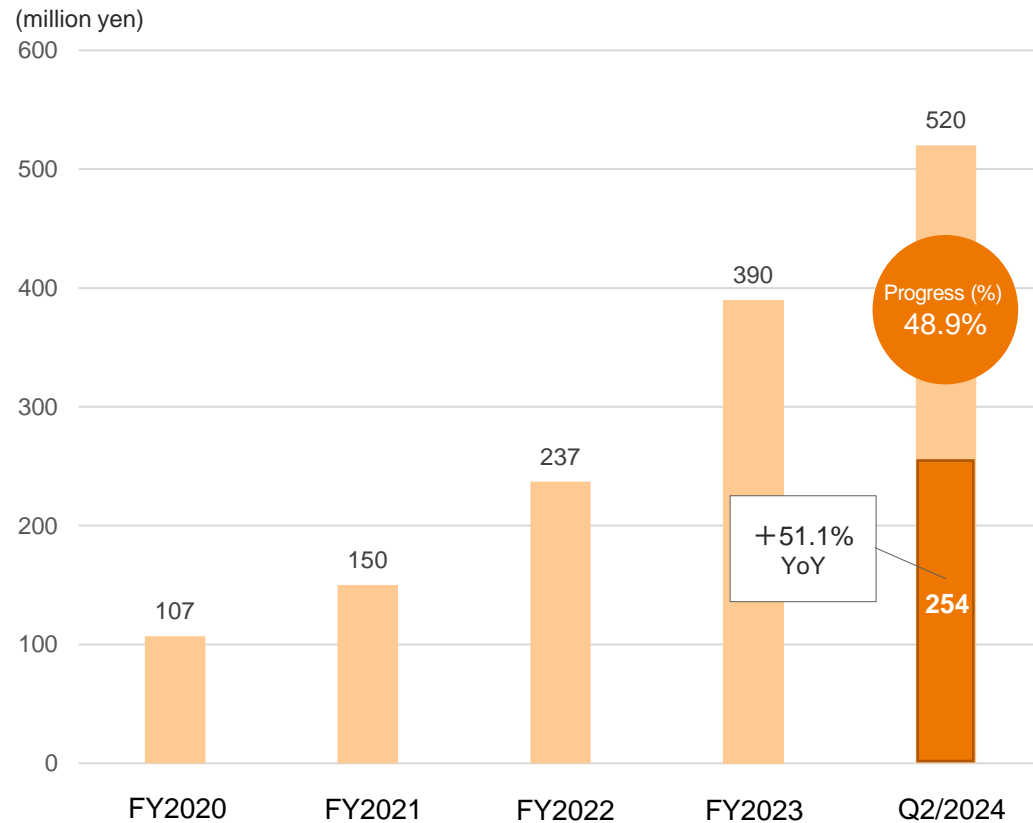
チャレンジ期間中毎日、1日あたりの学習時間合計が目標以上になることを目指すチャレンジ

Corporate Education Business: KPI

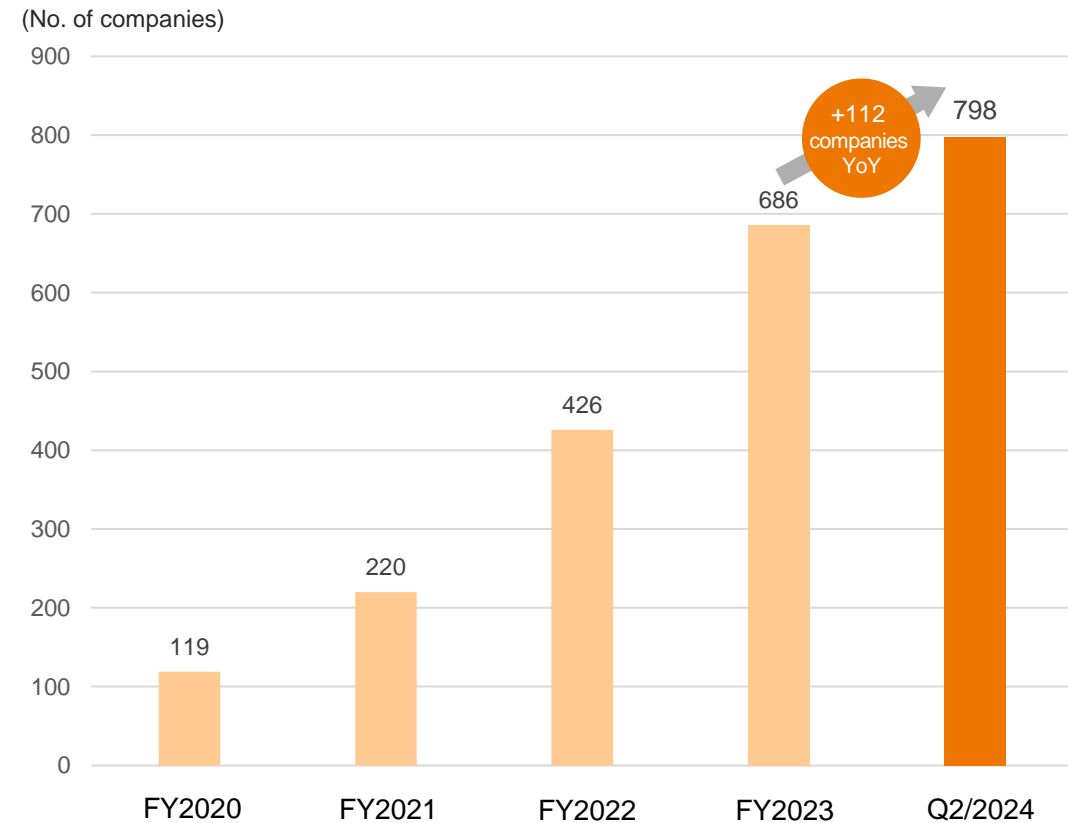
Corporate Education Business net sales were up 51.1% YoY to 254 million yen as the business continued to record strong growth

AirCourse corporate contracts increased to 798 clients, up 112 companies YoY

Corporate Education Business Sales

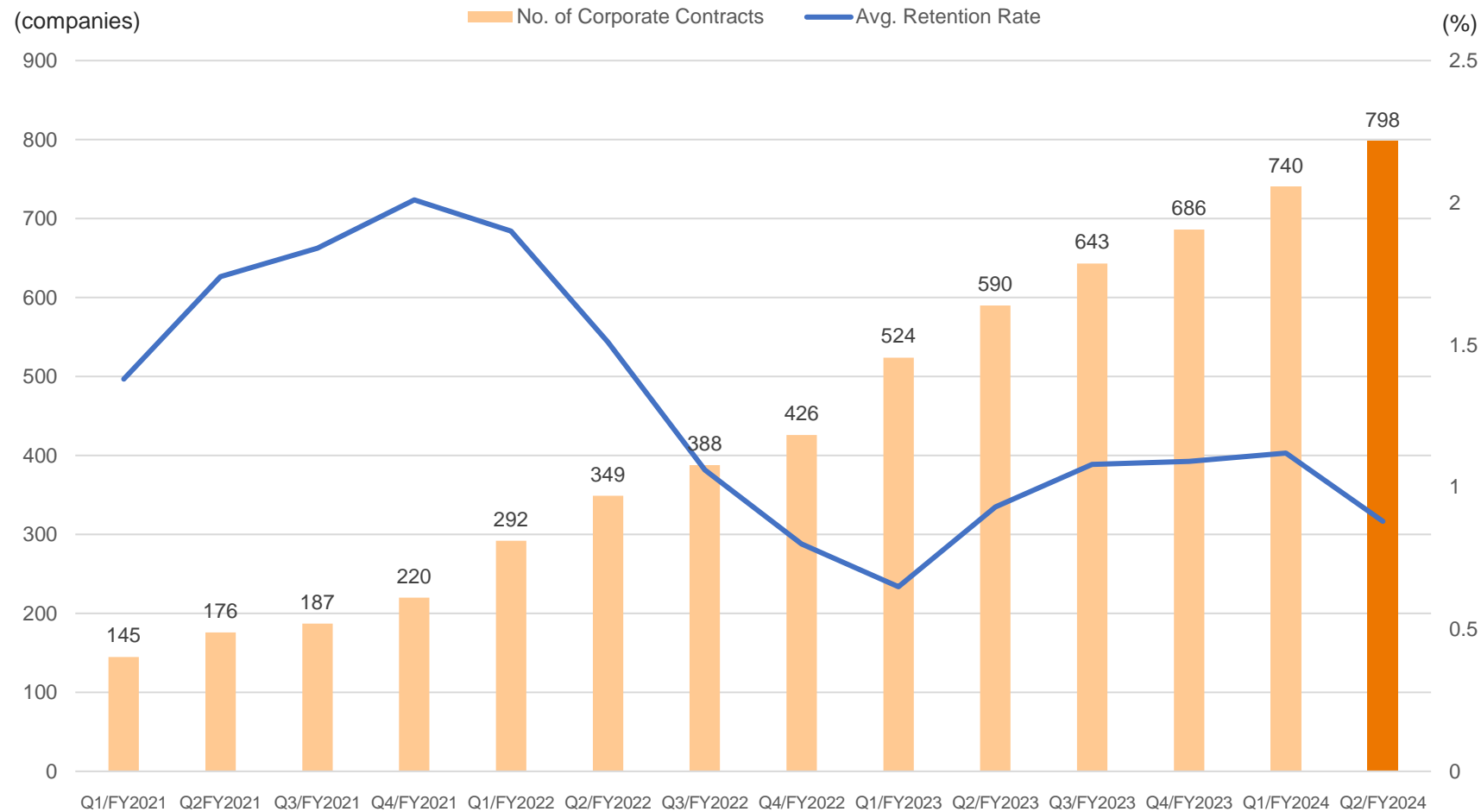


AirCourse Contracted Companies



Corporate Education Business: Quarterly Trend in Contracted Companies/Average Turnover Rate

AirCourse corporate contracts increased to 798 clients, up 112 companies compared with the end of the previous fiscal year
 AirCourse average turnover rate* for FY2024 Q2 was 0.88%, improving from the previous quarter We will strengthen customer success initiatives to increase retention rates and promote upsells



* The average turnover rate is calculated by taking the monthly stock sales for AirCourse (monthly sales minus spot sales) and determining the rate of decrease from the previous month to the current month due to turnover(= monthly cancellation rate), and averaging these results over a full year

Corporate Education Business: Accelerating Growth Driven by Increasing Major Accounts

Increase in orders from large enterprises and increased system use after adoption. Spanning a wide range of industries
 Training based on successful case studies promotes the accumulation of knowhow related to employee training and increases in impact of case study-based sales activities

Companies Using AirCourse (no particular order)



Using e-learning for the one-stop management of training information drastically reduced our management work!

Gurunavi, Inc.



E-learning covers every aspect of getting mid-career hires up to speed, preparing for qualification tests, and employee benefits.

Nichii Carepalace Company



Created an environment enabling each department to use e-learning autonomously for more efficient and effective training.

Tokyo Tama Intercity Monorail Co., LTD.



Our in-house qualification test system evolved into a movement, resulting in a 15.2% increase in our order unit price.

SHIFT Inc.



With AirCourse, we were able to stimulate young employees, increase internal communication, and restructure our training.

HOKUETSU METAL Co., Ltd.



AirCourse helps us to pass on skills to younger employees, stimulate internal communication, and recruit more new graduates.

AIHARA Electrical Engineering Co., Ltd.



We use e-learning to develop human resources who will build the future

Kanatsu Engineering Constructor



Rich support for developing the ideal career

PERSOL TEMPSTAFF CO., LTD.



We take full advantage by combining services with internal content, from various training to promoting awareness of company policies.

FMG & MISSION CO., Ltd.



We support career development for all employees by using e-Learning across a wide range of topics

Serio Inc.



E-learning offers a win-win educational environment for learners and instructors

FUJI SANGYO CO., LTD.



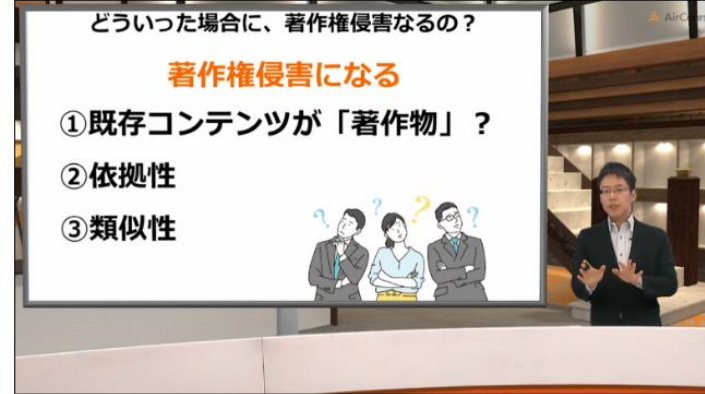
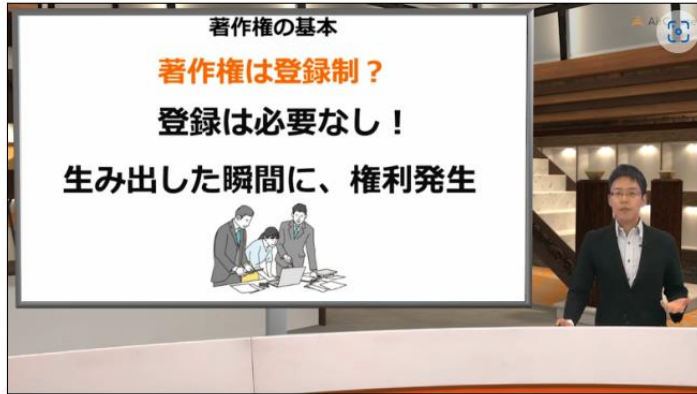
AirCourse provides educational opportunities for all employees, even for employees who don't own a PC

FRESTA Co., Ltd

Corporate Education Business: Major Expansion of Standard Courses

We expanded the number of All-You-Can-Learn courses we offer by 196 YoY to 946 courses as of the end of June 2024

We strengthened our course lineup to meet corporate needs, including digital transformation (DX) and compliance courses

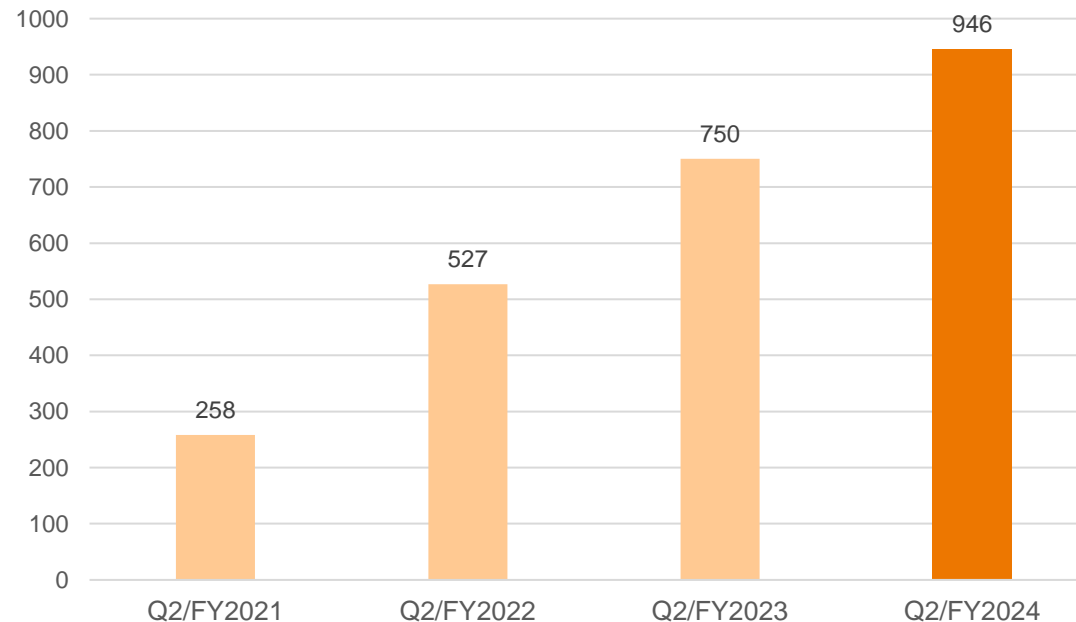


Not knowing is not an excuse! Copyrights (Total of 4 courses)

- (1) Copyright Basics
- (2) Copyright "Citation"
- (3) What's needed to receive copyright transfer
- (4) Key points when citing images

(No. of Courses)

Trends in AirCourse Standard Courses (Cumulative)

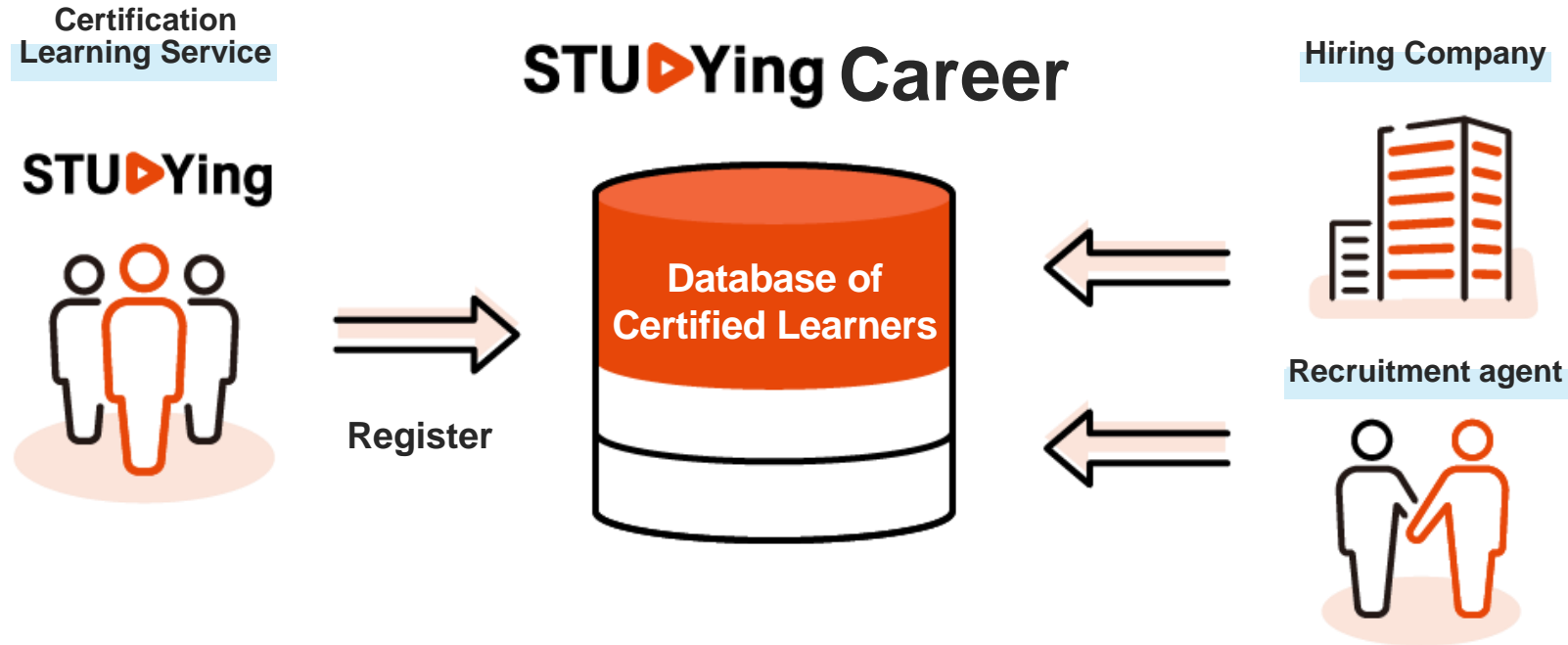


- A 3.6x increase in courses offered over a three-year period
- Expanding course lineup to include IT, management, an MBA series, DX-related, GPT, legal compliance, and more

New Business Development: Studying Career

We support lifelong careers by offering e-learning for certification exams as well as job search assistance

We provide matching services by leveraging our network of individual Studying members and Corporate Education Business members



<Benefits for Job Seekers>

- Candidates can leverage certifications to change jobs
- Direct contact from hiring companies and recruitment agents
- Video content that answers questions about job search activities

<Benefits for Employers>

- Only cost is a contingency fee paid at the time of hiring
- A human resources database that attracts people with proven qualifications and a high motivation to learn
- Supported by the Studying Business, which has more than 280,000 learners

New Business Development: AirCourse AI Knowledge

Easy to use generative AI service for corporations

Organizational support for generative AI, which will become a valuable tool as companies embrace human capital utilization a

AirCourse AI Knowledge

Four Features

Generative AI service designed for companies to adopt with confidence and ensure ease of use by employees, even first-time users

Knowledge sharing function that allows users to share the knowledge gained through the use of generative AI within the company



Safe and Secure

No internal data used in AI training



Easy for Anyone

Over 100 prompt templates included



Knowledge Retention and Sharing

Meeting minutes and other information summarized by generative AI can be shared internally



Comprehensive Management Functions

Usage monitoring of generative AI, etc.

Difference Between Earnings Forecast and Results for Q2/FY2024

Difference Between Earnings Forecast and Results for Q2/FY2024

The Studying Business cash-based sales recovered faster than expected after the impact of the Noto Peninsula earthquake in January, resulting in a year-on-year increase for the first six months

As a result, Q2 (first six months) net sales, operating profit, ordinary profit, and interim net income all outperformed previously announced forecasts

Difference Between Earnings Forecast and Results for Q2/FY2024 (First Six Months from January 1, 2024 to June 30, 2024)

(million yen)

	Net sales	Operating profit	Ordinary profit	Interim net income	Interim net income per share (yen)
Previous forecast (A) (announced February 14, 2024)	1,900	-255	-260	-240	-35.32
Earnings (B)	1,986	-198	-199	-146	-21.41
Change (B-A)	86	57	6.1	94	—
Change (%)	4.5	—	—	—	—
(Reference) Q2 Earnings from the Previous FY (FY2023 Q2)	1,703	-126	-131	-132	-19.47

About our Full-Year Earnings Forecast

- At present, there are no revisions to the FY2024 (full-year) earnings forecast disclosed on February 14, 2024.
- The reasons for not revising our full-year earnings forecast at the current time are as follows.
 - The Studying Business sees a concentration of test dates for our certification courses in Q3. As we anticipate recording significant cast-based sales during this period, we must carefully evaluate progress relative to business plans.
 - This is because there is a possibility we may make investments towards further improving our corporate value in the upcoming fiscal year and beyond.

*We will provide immediate notification in the event of any circumstances relevant to Company earnings that warrant disclosure.

*Full-year earnings forecasts and other forward-looking statements are based on available information and certain assumptions deemed reasonable at the time of creation. The information and statements in this document do not constitute any guarantee by the Company concerning the achievement of the forecasts included in this document. The Company's actual performance may differ in the future due to various factors.