

Financial Results Presentation for Q1, Fiscal Year Ending December 2023

May 2023

KIYO Learning Co., Ltd.

Growth (Tokyo Stock Exchange): 7353

Contents

- **Financial Results Presentation for Q1, Fiscal Year Ending December 2023**
- **KPIs and Topics by Business**
- **About Shareholder Benefits**
- **Formulation of Core Values**
- **[Revisited] FY2023 Performance Forecast, Business Environment, and Key Topics**

Financial Results Presentation for Q1, Fiscal Year Ending December 2023

FY2023 Q1 Performance Highlights

- **Net sales increased 36.1% year-on-year**

Revenue reached 801 million yen (up 213 million yen year on year), indicating an accelerated growth rate

- **The operating loss significantly improved by 191 million yen compared to the same period last year**

Profits at each stage improved significantly due to sales growth and cost controls, including more efficient advertising

- **The Studying Business drove company growth, with sales growing by 34.0% year-on-year**

Net cash-based sales reached a record high of 1,061 million yen on a quarterly basis

- **Corporate Education Business sales grew significantly at 60.4% year on year.**

Companies contracted with AirCourse increased by 98 versus the end of the previous fiscal year, leading to an increase in sales from recurring billing

FY2023 Q1 Performance

Net sales continued to grow at a high rate, increasing +36.1% year on year to 801 million yen
Through cost control measures such as streamlining advertising expenses, operating income (significantly) increased 191 million yen year on year to -274 million yen

(Millions of yen)

Category	FY2022 Q1 (Results)	FY2023 Q1 (Results)	FY2023 (Forecast)	Year-on- year change	Progress (%)
Revenues	588	801	3,707	36.1%	21.6%
Studying Business	541	724	3,361	34.0%	21.6%
Corporate Education Business	47	76	346	60.4%	22.0%
Cost of sales	97	128	568	31.7%	22.7%
Gross profit	490	672	3,140	37.0%	21.4%
SG&A	956	946	3,038	-1.0%	31.2%
Operating income	-465	-274	102	-	-
Ordinary income	-466	-277	102	-	-
Net income	-395	-277	80	-	-

Sales by Business

Sales in the Studying Business increased 34.0% year on year and continued to grow due to the success of marketing initiatives, etc.

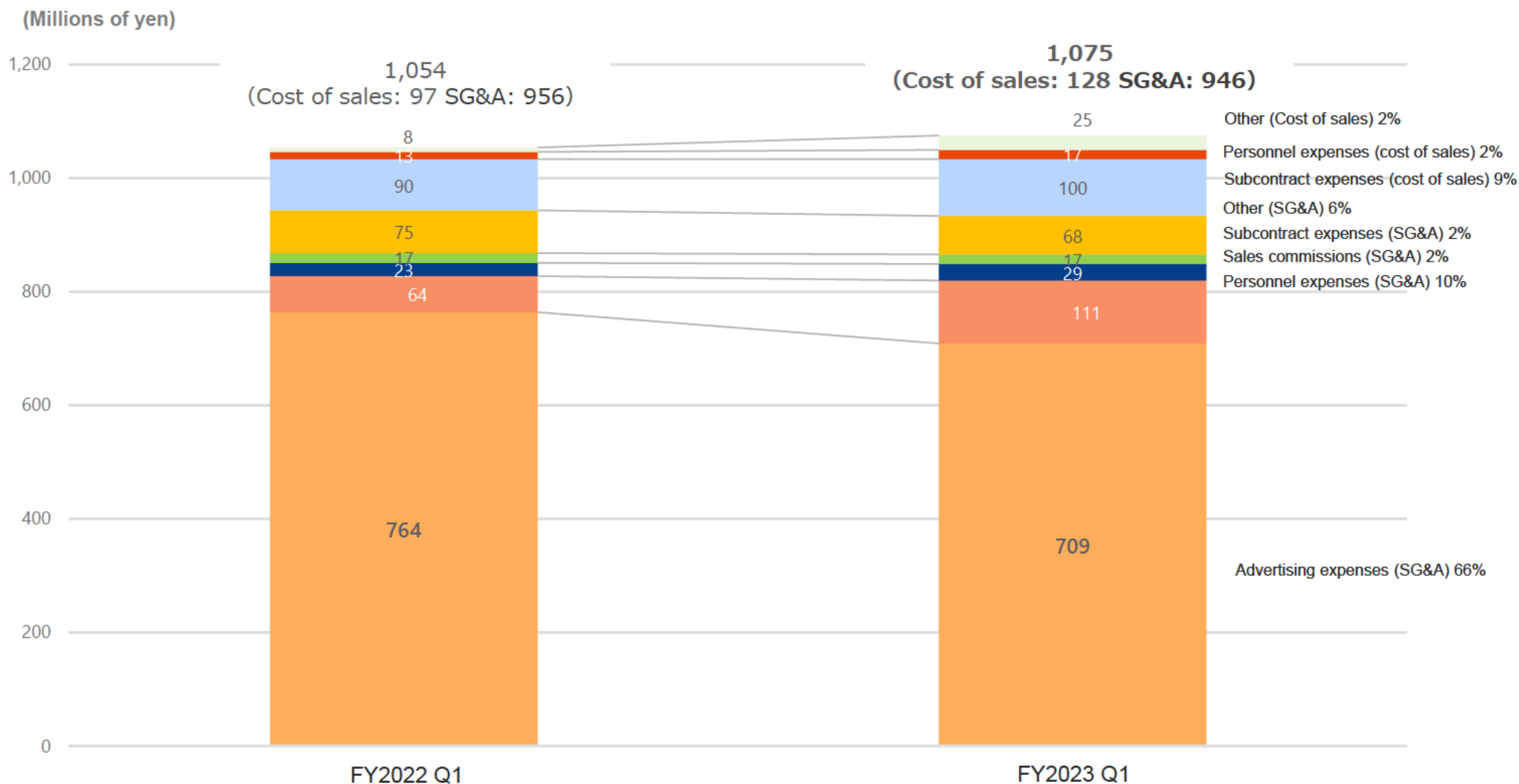
Corporate Education Business sales achieved high growth, up 60.4% year on year

(Millions of yen)

Category	FY2022 Q1 (Results)	FY2023 Q1 (Results)	FY2023 (Forecast)	Year-on- year change	Progress (%)
Revenues	588	801	3,707	36.1%	21.6%
Studying Business	541	724	3,361	34.0%	21.6%
Corporate Education Business	47	76	346	60.4%	22.0%

Cost Structure (Q1)

Although the ratio of personnel expenses increased due to aggressive investment in recruiting human resources last year, total costs remained at the same level as last year due to more efficient management of advertising expenses



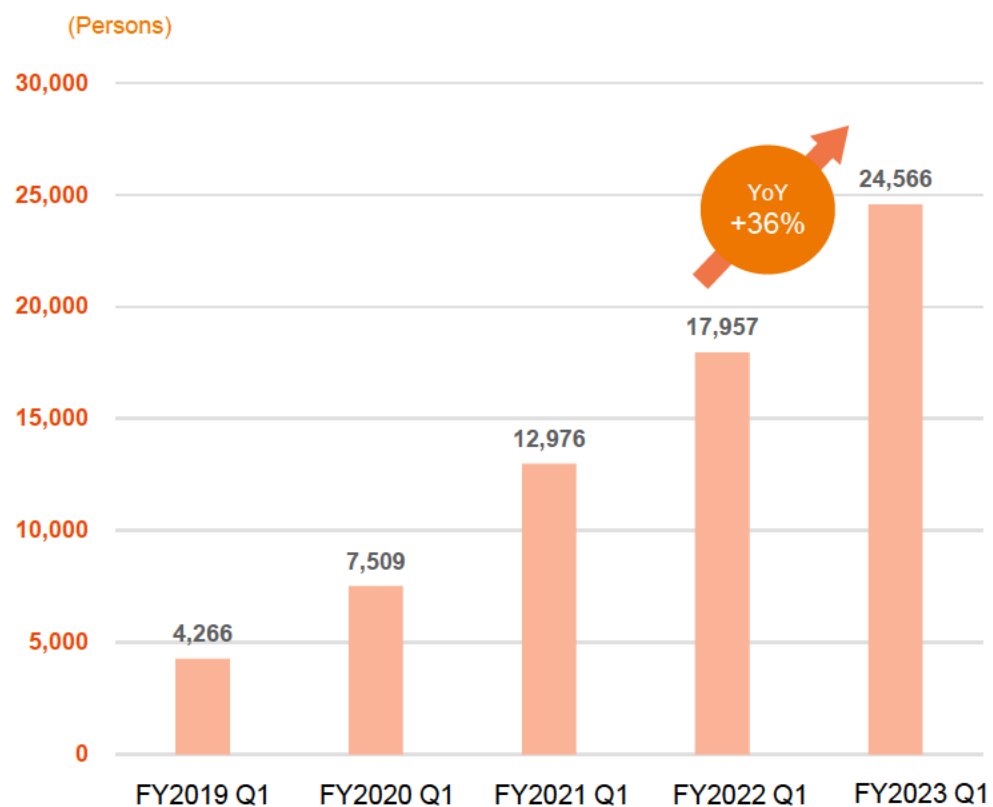
KPIs and Topics by Business

Studying Business: KPIs

New paid members¹ increased (up +36.8% year-on-year in FY2023 Q1)

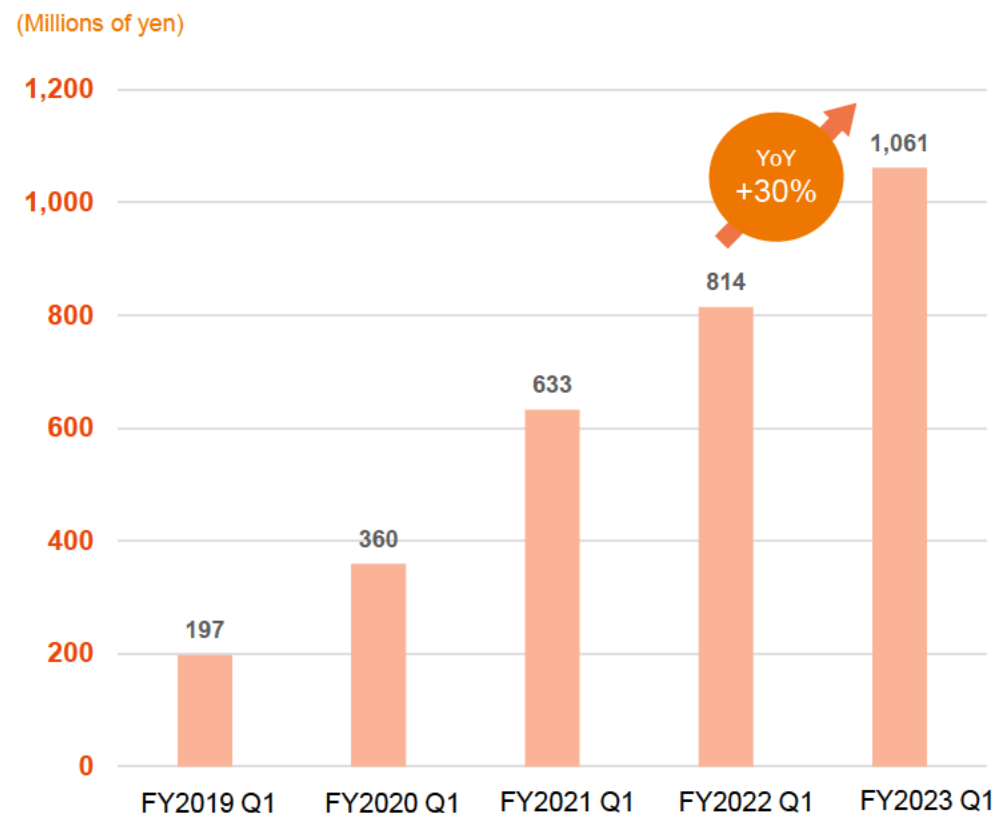
Net cash-based sales² also grew (up +30.3% year-on-year in FY2023 Q1)

Number of New Paid Members



*Includes those via corporate services

Net Cash-Based Sales



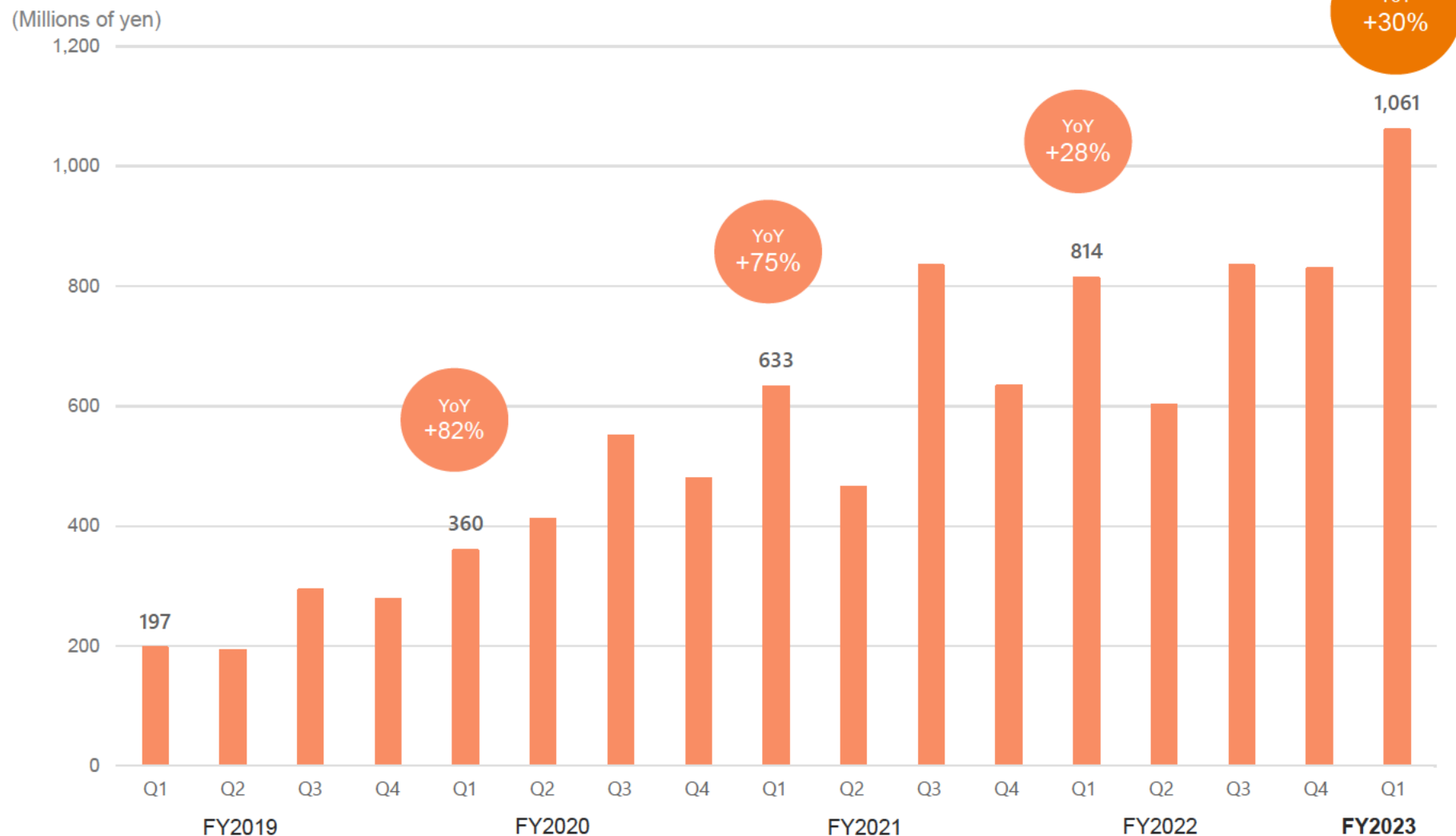
*Includes those via corporate services

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

² Net cash-based sales refers to the amount of orders received during the period (net sales are apportioned across periods over the periods of the corresponding courses taken)

Studying Business: Quarterly Net Cash-Based Sales Over Time

Cash-based sales in Q1 increased 30% year on year to a record 1,061 million yen on a quarterly basis



¹ Percentage notations show growth rates compared to quarterly net cash-based sales for each fiscal year (including those via corporate services)

Studying Business: Quarterly Trends in Sales and Profit

Quarterly trends in sales and profit for previous years are as described below.

We post sales on a cash basis when courses are purchased.

Net cash-based sales are divided evenly into accrued sales every month until the end of the course. In this way, the percentage of the sales accrual declines toward the second half of the fiscal year.

	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	Q4 (Oct-Dec)
Trends for Company courses	Many people start 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, trending slightly low after that	Trending slightly low due to being immediately before tests for difficult qualifications	Increase in new course purchases and renewal courses immediately post-test	High purchase demand for courses for the next year's tests
Accrual-based sales	Since cash-based sales are apportioned over the long term, contributions from accrual-based sales tends to be small	Cash-based sales are on a downward trend, but prorated accrual-based sales are trending up	Due to concentrated deadlines for major courses prorated accrual-based sales have growing contribution to the current period	Since most of cash-based sales are apportioned to the next period, the contribution of accrual-based sales to the current period is smaller
Profit trend	Poor	Middling	Great	Good
Ratio of cash-based sales (quarterly) to accrual-based sales (full year) (average range in previous years)	75% to 85%	60% to 75%	30% to 50%	10% to 25%

*The average range above is the average range of the previous fiscal year; there is no guarantee that the trend noted will be the same in future years.

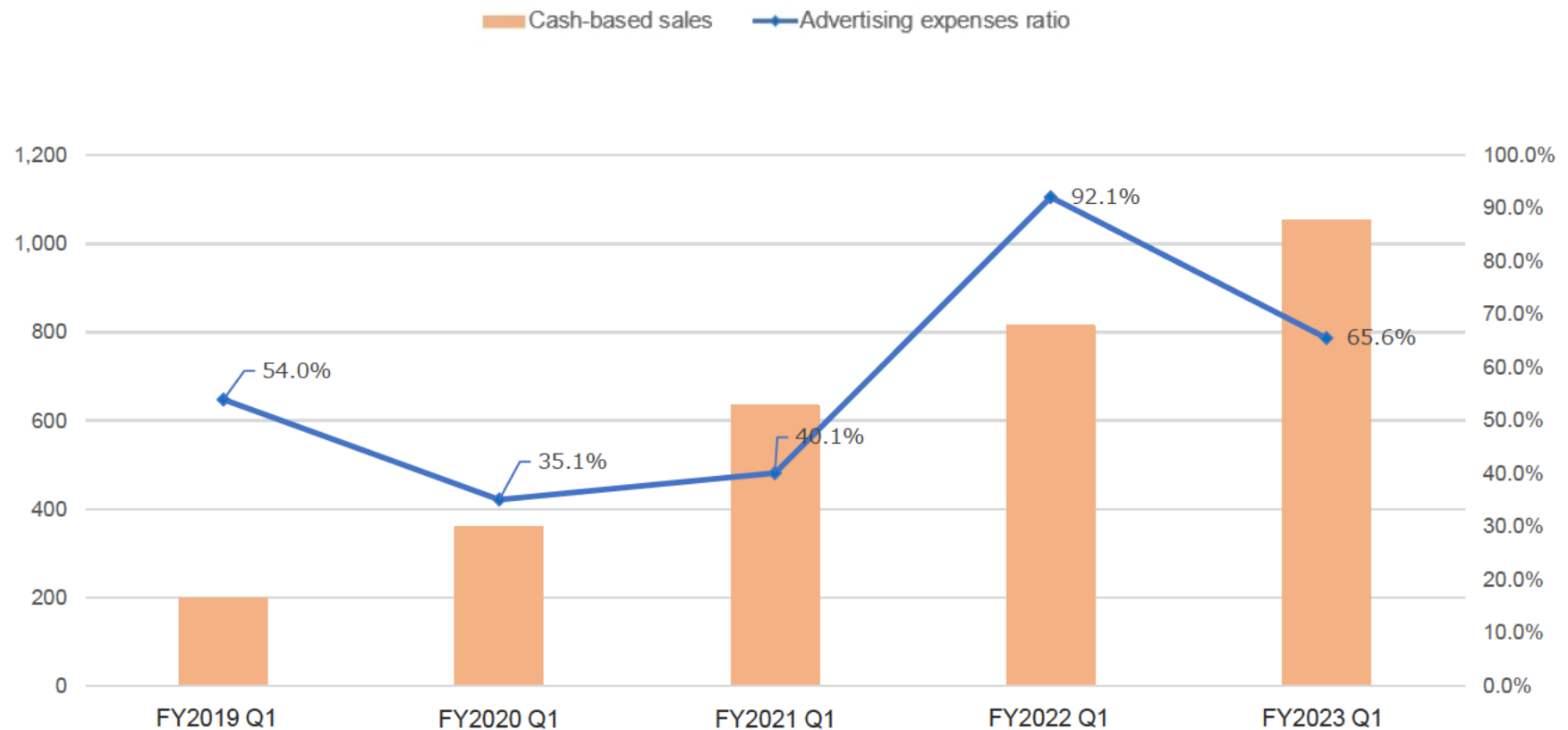
Studying Business:

Advertising Expenses Ratio (Q1 Comparison)

Advertising expenses ratio in Q1* significantly improved (down 26.5 points) compared with the same period of the previous year

Increased efficiency achieved by attracting customers through a combination of TV commercials and web advertising

(Millions of yen)

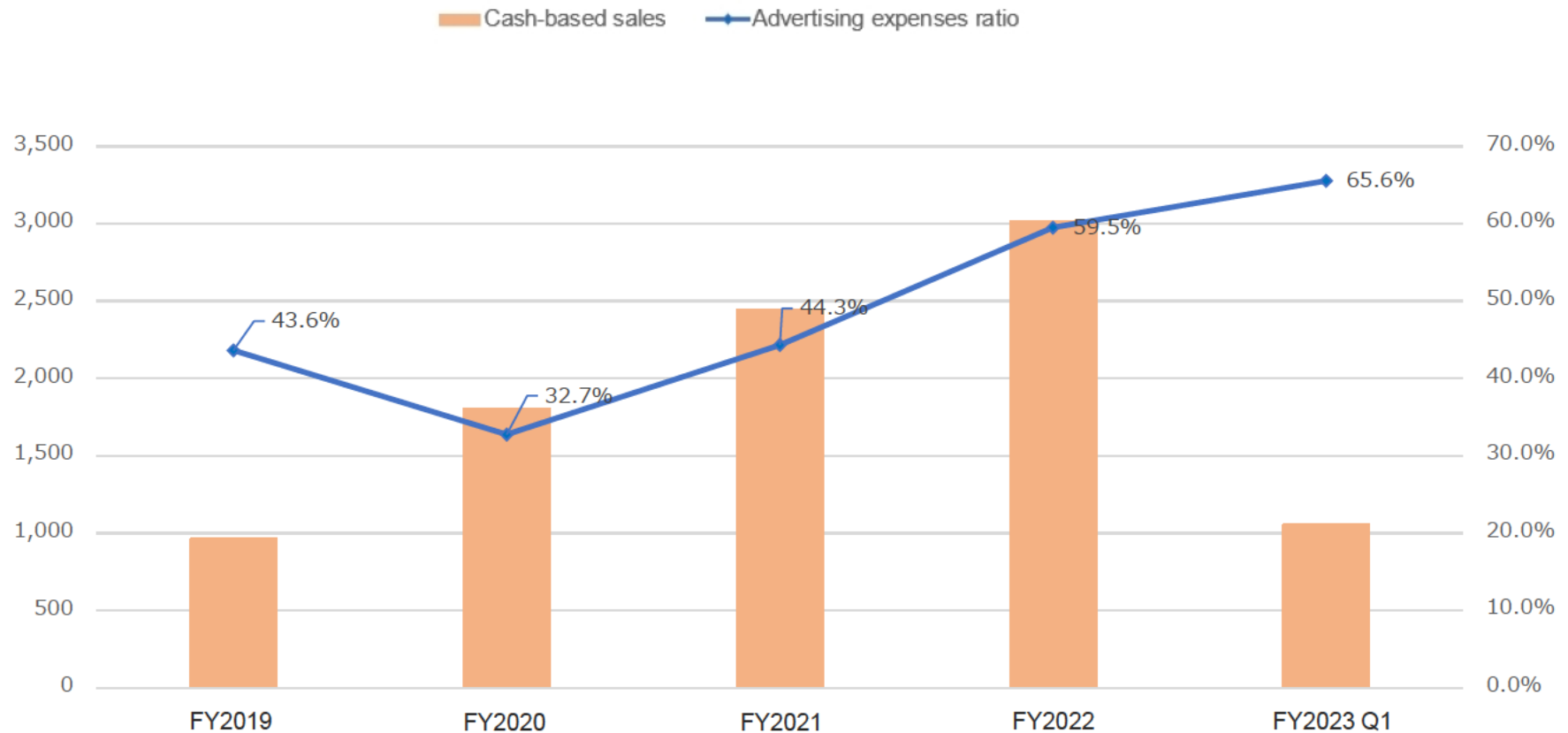


:Advertising expenses ratio = (Advertising expenses incurred in the Studying Business) ÷ (Cash-based sales)

Studying Business: Advertising Expenses Ratio (Full Year - Q1)

Advertising expenses ratio* increased in the first quarter due to investment in TV commercials
Increased awareness of our services and customer traffic due to the effectiveness of TV commercials

(Millions of yen)



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

Studying Business: Growing Recognition Through TV Commercials

Based on impact analysis of our 2022 TV commercials, we will utilize Haruna Kawaguchi as the main character in a TV commercial starting January 2023

Aiming for medium- to long-term growth by permeating a brand image and raising recognition as a certification success partner, capturing majority segments



Studying Business: Individual Optimization of Learning Through AI

Began using the AI competency score function for the Japan Business Law Examination® courses (February)

AI Competency Score (Patent No. 7021758)*

AI analyzes a vast amount of study history data which is used by AI to predict current exam score if the exam were to be taken at that moment

Instantly identifies strengths and weaknesses, enabling effective learning



*We have already introduced AI competency scores in the following courses, and we plan to extend use gradually to other courses going forward.

- 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

Studying Business: Individual Optimization of Learning Through AI

AI Learning Plan function launched for the Labor and Social Security Attorney Course (March)
AI creates a study schedule for each student that results in the highest predicted exam scores

• AI Study Plan (Patent No. 6661139)

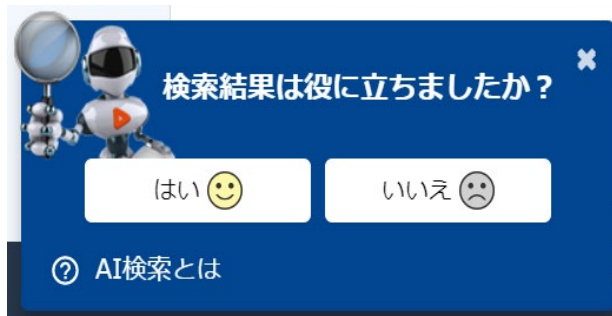


■ AI creates a study plan, facilitating sufficient study to pass exams

In conventional certification courses, the decision of when, what, and how long to study is left to the student. This method requires the student to think about their study schedule and manage progress on a daily basis. The AI Study Plan creates a plan expected to result in the highest predicted exam score for each individual student.

Students are provided with daily study topics based on the study plan, which help them to study efficiently.

• AI Search



■ Cross-display of optimal content for questions during study

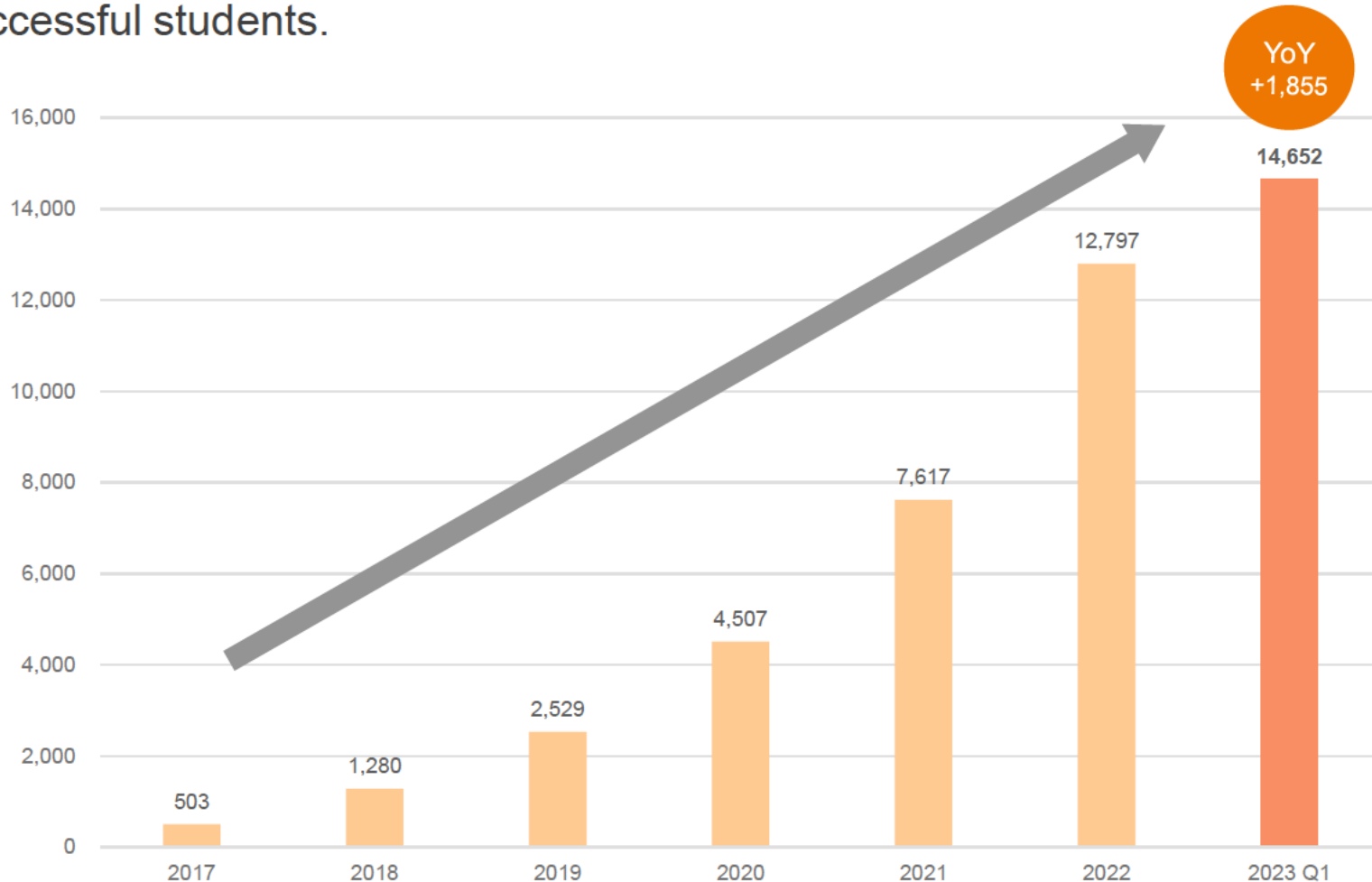
The AI search function searches for and displays the most appropriate study content when the student enters the keywords he or she wants to look up. Instead of simply searching for search keywords as with conventional search functions, AI is used to score each page based on the relevance of the search keyword and the student's evaluation. Content most appropriate to the individual student's search is displayed at the top of the list.

This method allows students to check questions they do not understand quickly and more precisely, improving learning efficiency further.

Studying Business: Feedback From Successful Students (Cumulative)

Feedback from successful students increased by 1,855 people compared to the end of last year, reaching 14,652 (as of the end of March)

An increase in the number of successful students leads to a sense of security and increased name recognition. This in turn leads to a virtuous cycle of more students and more successful students.



Studying Business: Expanded course lineup

With a lineup of 31 courses, we offer a wide range of certifications, from easy to difficult

The IT Strategist course opened last November. Expanding IT-related courses to capture the demand of reskilling



Business and Management

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



IT

- IT Passport
- Basic Information Technology Specialist
- Applied Information Technology Specialist
- IT Strategist



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



Business Skills

- Consultant Training Course



Real Estate

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



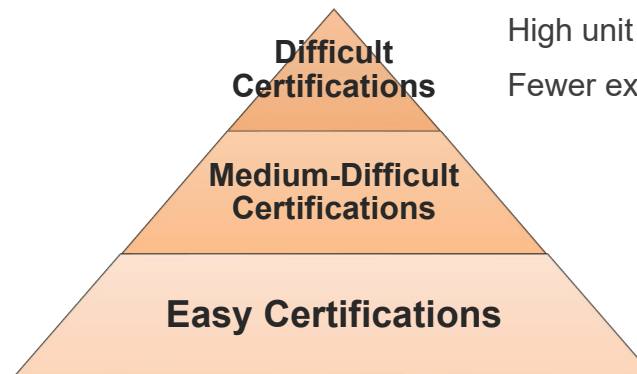
Civil Servant

- Civil Servant



Languages

- TOEIC® TEST Preparation



High unit price: High revenue per course

Fewer examinees



Step up from easy qualifications

Low unit price, small revenue per course

More examinees

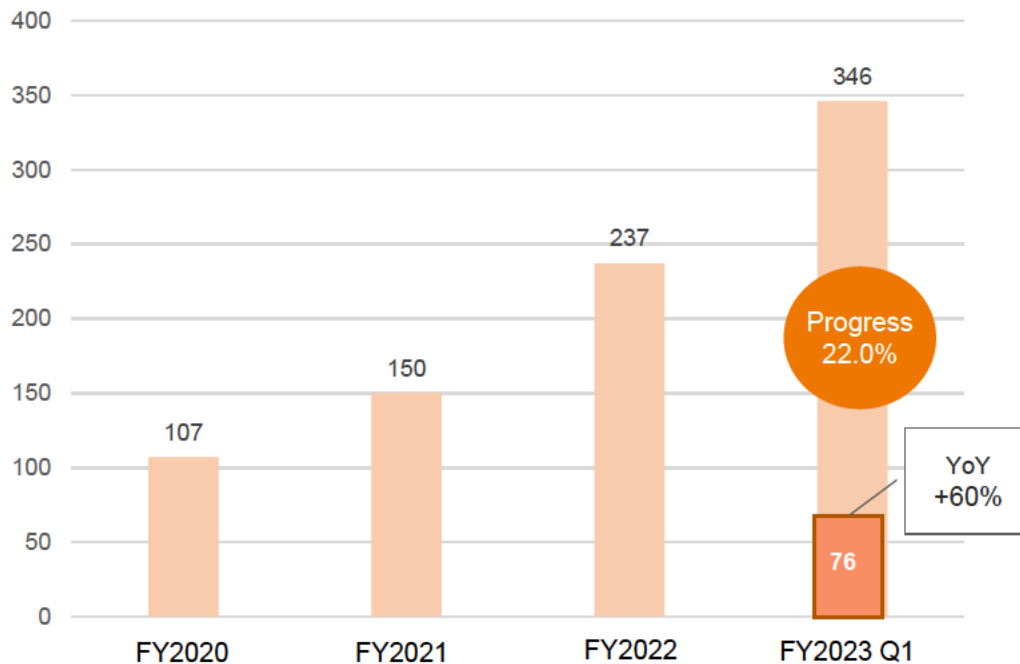
Corporate Education Business: KPIs

Revenue in the Corporate Education Business grew significantly, 60.4% year on year to 76 million yen

Contracted companies with AirCourse increased by 98 versus the end of the previous fiscal year

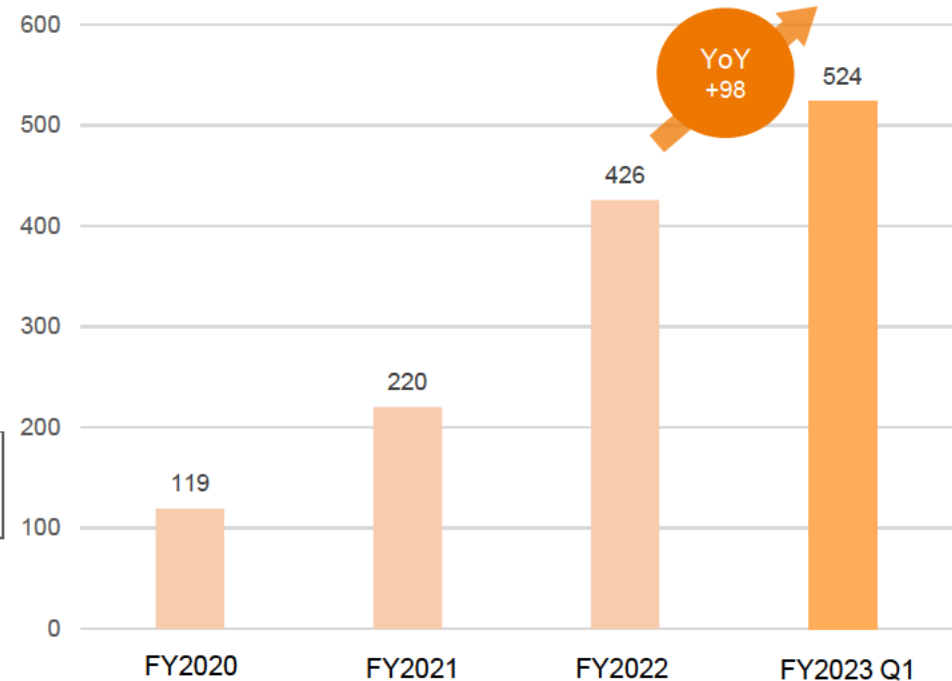
Corporate Education Business Sales

(Millions of yen)



AirCourse Contracted Companies (Cumulative)

(No. of companies)



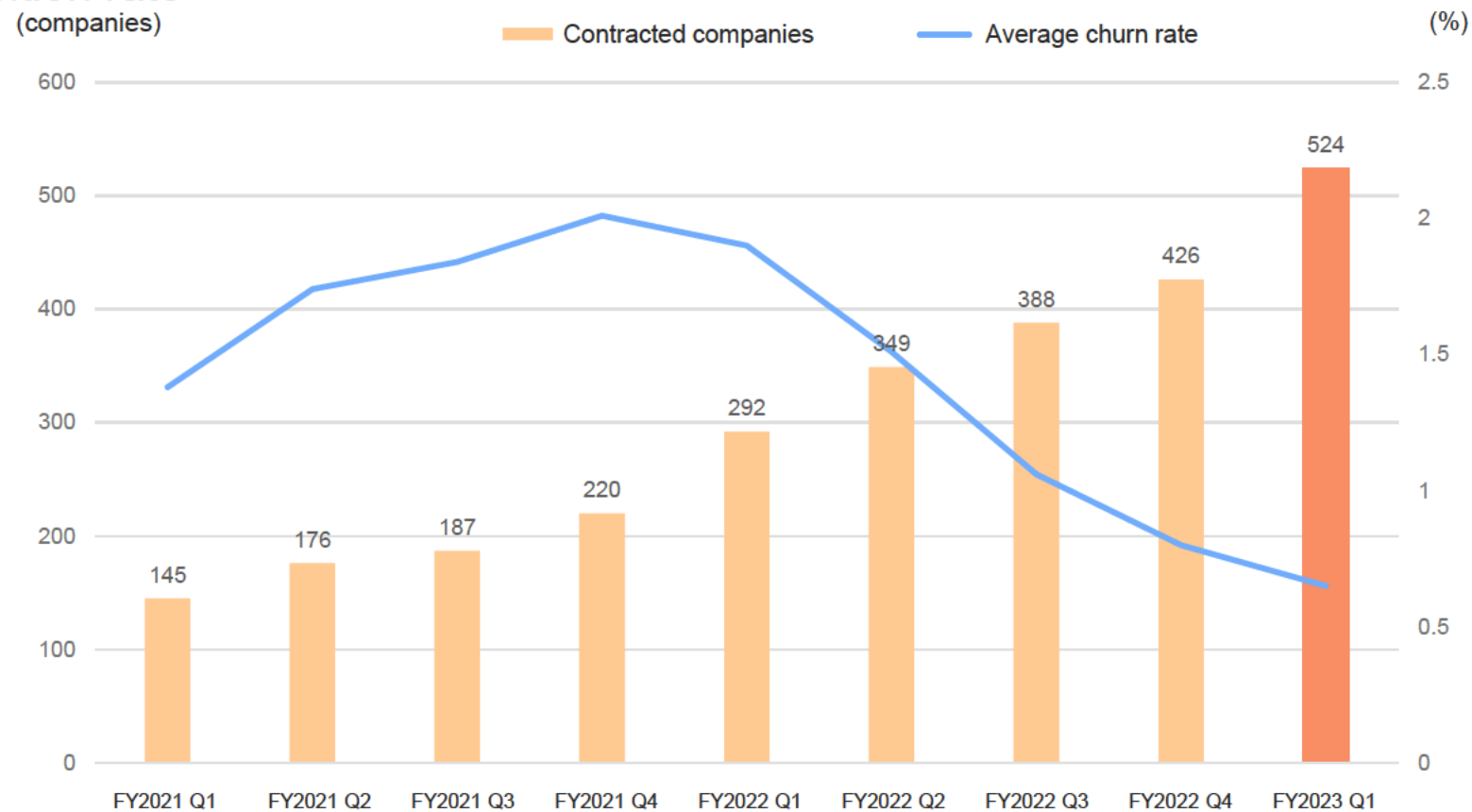
Corporate Education Business:

Quarterly Trend in Contracted Companies/Average Churn Rate

Contracted companies with AirCourse increased by +98 versus the end of the previous fiscal year

Average churn rate for AirCourse* in Q1 FY2023 improved at 0.65%

Customer success initiatives have resulted in a recurring fee revenue business model with a high retention rate



*The average churn 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 churn (= monthly termination rate), and averaging these numbers over a full year

Corporate Education Business: Accelerating Growth Driven by Gains in Large-Scale Customers

Increase in orders from large companies and increased use of the system after adoption.

Increase in expertise in employee training through successful customer case studies across a wide range of industries, and increase in impact of case study-based sales activities

AirCourse User Companies (Partial)



Using e-learning to develop human resources who will create the future

Kanatsu Engineering Constructor



Rich support for developing the ideal career

PERSOL TEMPSTAFF CO., LTD.



Full utilization from various training to promotion of understanding of company policies in combination with in-house content

FMG & MISSION CO., Ltd.



E-learning across a wide range of topics supports career development for our employees

Serio Inc.



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

FUJI SANGYO CO., LTD.



AirCourse provides educational opportunities for all employees, even when not every employee has their own PC

FRESTA Co., Ltd



Centralized management of training information through e-learning, drastically reducing labor hours required for administration!

Gurunavi, Inc.



e-learning covers all aspects of "onboarding for mid-career hires," "preparation for qualification exams," and "employee benefits"

Nichii Carepalace Company



Customer building an environment where each department voluntarily uses e-learning to improve educational efficiency and effectiveness

Tokyo Tama Intercity Monorail Co., LTD.



We have an in-house qualification test system that has evolved into a movement, achieving a 15.2% increase in order unit price

SHIFT Inc.



Achieved 50% reduction in training work time by introducing AirCourse

Renoveru, Inc.



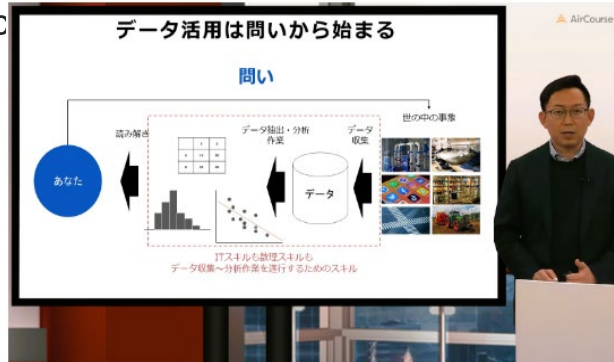
Full utilization of e-learning promotes growth of each individual

NEO CAREER CO., LTD.

Corporate Education Business: Major Expansion of Standard Courses

Significantly expanded the number of all-you-can-learn courses offered by +51 versus the end of the previous fiscal year, to **699** at the end of March 2023

Captured reskilling demand and positioned the series as an e-learning program for the development of DX human resource



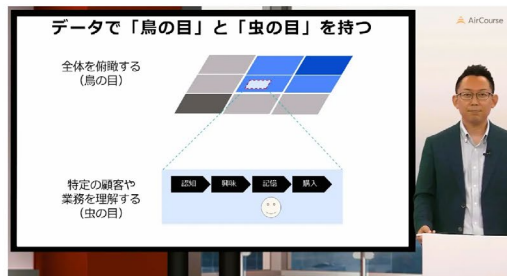
■ Learning by Example! Introduction to Occupational Data Science

- 1) Sales x Data Science
- 2) Marketing x Data Science
- 3) Business Management x Data Science
- 4) Human Resources x Data Science
- 5) General Affairs x Data Science
- 6) Real Estate x Data Science
- 7) Finance x Data Science

* Jointly developed courses with DATAMIX, a capital and business alliance partner

A “Reskilling Support Plan” is being provided to support IT and DX human resource development through e-learning (started in April).

Demand for corporate reskilling has been captured by combining the AirCourse and Studying programs



AirCourse

Organizational Transformation to Leverage Data
Analytical Thinking to Drive DX
Introduction to Data Science Starting with Excel
Information Security Basics.

Unlimited access to other video courses, including IT and DX fundamentals
E-learning services

STUDYing

IT Passport Pass Course
Basic Information Technology Specialist Pass Course
Applied Information Technology Specialist Pass Course
IT Strategist Pass Course

Corporate Education Business: AI Automatically Generates Subtitles "Subtitle Function"

We provide a **"Subtitle Function"** that automatically generates subtitles from educational videos using AI
For viewing by the hearing impaired or in environments where audio is difficult to use, such as on trains or in offices (Released in April)



- Easily add subtitles to videos
- Subtitles can be generated automatically by AI, or entered and edited manually.
- If there are existing subtitle files, subtitles can be imported in batches.



- Subtitles are displayed in the video player when videos are played during the course.
- Subtitles can be toggled on and off.
- Subtitle text is displayed separately. Clicking on the text allows you to specify the playback position of the video, useful for review and other purposes.

About Shareholder Benefits

About Shareholder Benefits

1. Purpose of the Shareholder Benefit Program

To thank our shareholders for their day to day support and deepen their understanding of our services through the benefit program, and to encourage more people to own our shares over the medium to long term

2. Shareholder Benefit Program Details

(1) Scope

Shareholders holding at least five units (500 shares) of the Company's stock listed in the shareholders' register as of June 30 and December 31 of each year

(2) Benefits

Coupons that can be used for the purchase of products in the Studying Business lineup

Shares held	Benefits
500 shares (5 units) to 999 shares	10,000 yen discount coupon
1,000 shares (10 units) or more	20,000 yen discount coupon

3. Shareholder Benefit Program Start Date

Program begins for shareholders listed or recorded in the shareholders' register as of June 30, 2023

4. Benefit Period

Coupons are to be sent in August for shareholders on the register as of June 30, and in March for shareholders on the register as of December 31

5. Terms of Use, etc.

Please refer to the "Notice Concerning Determination of Details of Shareholder Benefits" disclosed on May 12, 2023 for details on how to access shareholder benefits. Instructions for use will be included in the package when the shareholder benefits are sent out.

About Shareholder Benefits

Shareholder Benefit Coupon Image*



Scratch off the silver area with a coin and enter the coupon number on the dedicated website.

Formulation of Core Values

Mission and Vision

Innovate human and organizational learning through technology.
We aim to be the best learning service in the world.

Mission

**Innovate Learning and
Unleash the Limitless Power in Every Person**

Vision

**No.1 in the World
Learning that is...
Easiest to Use, Easiest to Understand, Easiest to Stick With**

KIYO Learning WAY

All KIYO Learning employees are professionals and their actions are based on a commitment to achieving results by proactively contributing to the team.

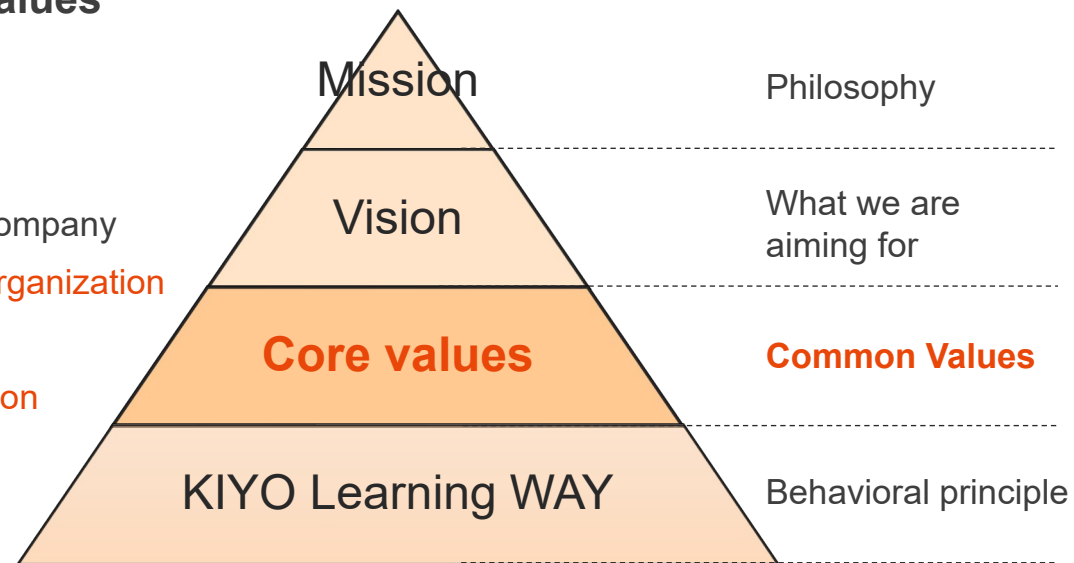
1. Be proactive
2. Do everything for the customers
3. Take on challenges
4. Apply the PDCA cycle
5. Make decisions and take action quickly
6. Make progress through the accumulation of small things
7. Set high standards
8. Learn and grow
9. Be a team player
10. Support the growth of others

Foundation of Core Value Formulation

Our company already has a Mission, Vision, and KIYO Learning WAY, but we have also developed a new set of **core values** to **serve as our shared beliefs and principles**.

■ What we hope to achieve through our core values

- Clarify **decision-making and value criteria**
- Enable each individual to **manage their own affairs**
- **Share a common understanding** of what is important to the company
- Foster a culture that unites and **brings out the power of our organization**
- **Attract talented people** who share the same values
- Enable the company to grow and **achieve its mission and vision**



Core values

Ownership

Have a strong sense of ownership as a professional.
Be the starting point for change and involve others in our success.

Customer Success

Provide value that exceeds customer expectations and leads to success.
Let us grow together with our customers and create a future in which everyone can play an active role.

Innovation

Never be satisfied with the status quo, and keep challenging yourself to achieve higher goals.
Let's create a new standard by rising to the challenge of creating new value.

Teamwork

The team must work together to tackle difficult challenges.
Let's maximize the results by combining the individuality and experience of each person.

[Revisited] FY2023 Performance Forecast, Business Environment, and Key Topics

FY2023 Performance Forecast

Net sales increase 30.2% year on year to 3,707 million yen. Aiming to achieve steady revenue

Turning an operating profit while maintaining balance with investments for future growth

(Millions of yen)

Category	FY2022 (Results)	FY2023 (Forecast)	Year-on- year change
Net sales	2,848	3,707	30.2%
Studying Business	2,611	3,361	28.7%
Corporate Education Business	237	346	45.9%
Cost of sales	422	568	34.7%
Gross profit	2,426	3,139	29.4%
SG&A	2,609	3,038	16.4%
Operating income	-183	102	-
Ordinary income	-183	102	-
Net income	-220	80	-

FY2023 Sales Forecast by Business

In the Studying Business, we expect 28.7% revenue growth year on year
Strengthening sales by combining TV commercials and web ads, and strengthening product appeal through the use of AI

In the Corporate Education Business, we expect 45.9% revenue growth year on year
We expect revenue growth from strengthening the sales organization, customer success, and our products

Category	FY2022 (Results)	FY2023 (Forecast)	Year-on- year change
Net sales	2,848	3,707	30.2%
Studying Business	2,611	3,361	28.7%
Corporate Education Business	237	346	45.9%

FY2023 Full-Year Performance Forecast by Half Year






As in previous years, the first half (Q1 and Q2) are expected to experience low revenue and operating income due to smaller numbers in connection with the shift from cash-based to accrual-based sales

The second half (Q3 and Q4) are expected to experience higher revenue and operating income due to larger numbers in connection with the shift from cash-based to accrual-based sales

(Millions of yen)	FY2023 (Forecast)				
	January-June	Year-on-year change	July-December	Year-on-year change	Full Year
Net sales	1,620	+29.1%	2,088	+30.9%	3,707
Operating income	-254	-	356	+62.6%	102

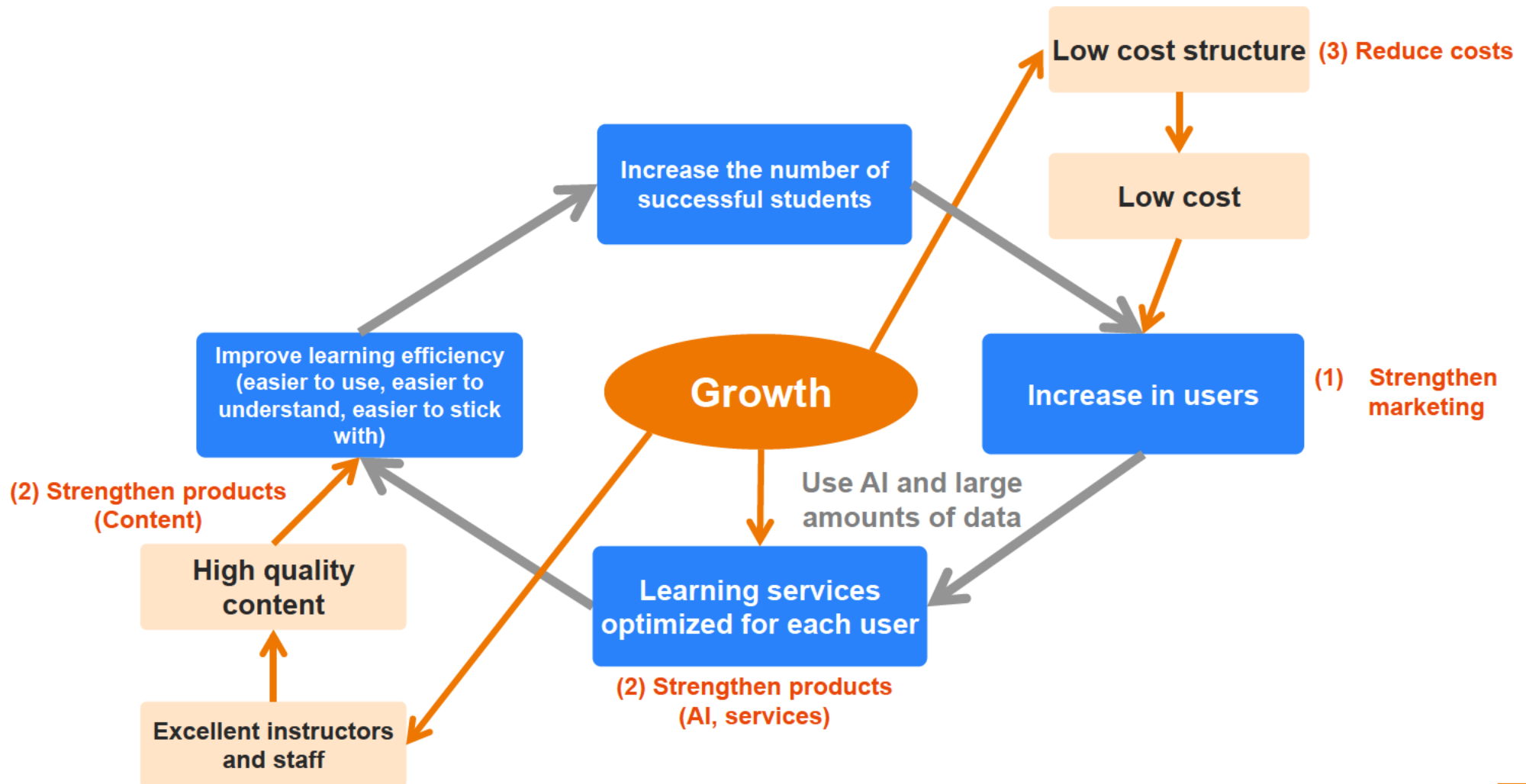
Changes in Our Business Environment

Increased demand for skill development for reskilling and human capital management, etc., leading to expanded market opportunities for our online business

	<u>Changes in the Environment</u>	<u>Changes in Human Resources Development</u>
COVID-19 Pandemic	<ul style="list-style-type: none">• Accelerated shift to telework in response to COVID-19	 <ul style="list-style-type: none">• Accelerated shift from group training to online education
Changes in Work Styles	<ul style="list-style-type: none">• Individualization of work hours, work locations, etc.	 <ul style="list-style-type: none">• Development measures independent from time or location• Individualization (personalization) of development
DX, Reskilling	<ul style="list-style-type: none">• Transformation caused by technological innovations and changes in the competitive environment (Digital Transformation)	 <ul style="list-style-type: none">• Employees must change skills and relearn to achieve DX
Human Capital Management, Investment in Human Capital	<ul style="list-style-type: none">• Intensifying global competition• Decline in working population in Japan	 <ul style="list-style-type: none">• Investing in development of employee skills and abilities to increase productivity
Evolution of IT, AI and Other Technologies	<ul style="list-style-type: none">• Evolution and practical application of IT and AI technologies	 <ul style="list-style-type: none">• Change to individually optimized training and education using IT and AI technology

Studying Business Basic Strategy

We expect to increase sales and profits by implementing three measures:
(1) Strengthen marketing; (2) Strengthen products; and (3) Reduce costs.



Key Topics for FY2023: Studying Business

1. Establishing a Brand and Strengthening Customer Attraction

- Becoming a certification success partner for busy people
- Strengthening branding and attracting customers through a combination of TV commercials, web ads, social media, etc.

2. Individual Learning Optimization via AI and System Strengthening

- AI functions and enhanced learning systems enable personalized learning services
- Improving ease of use, ease of understanding, ease of sticking with it

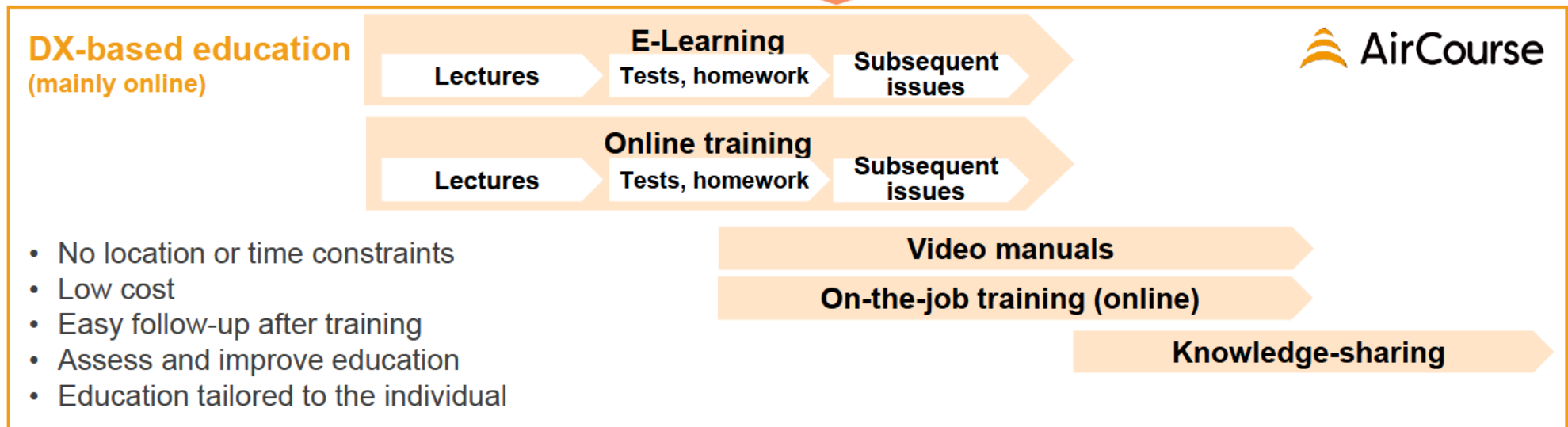
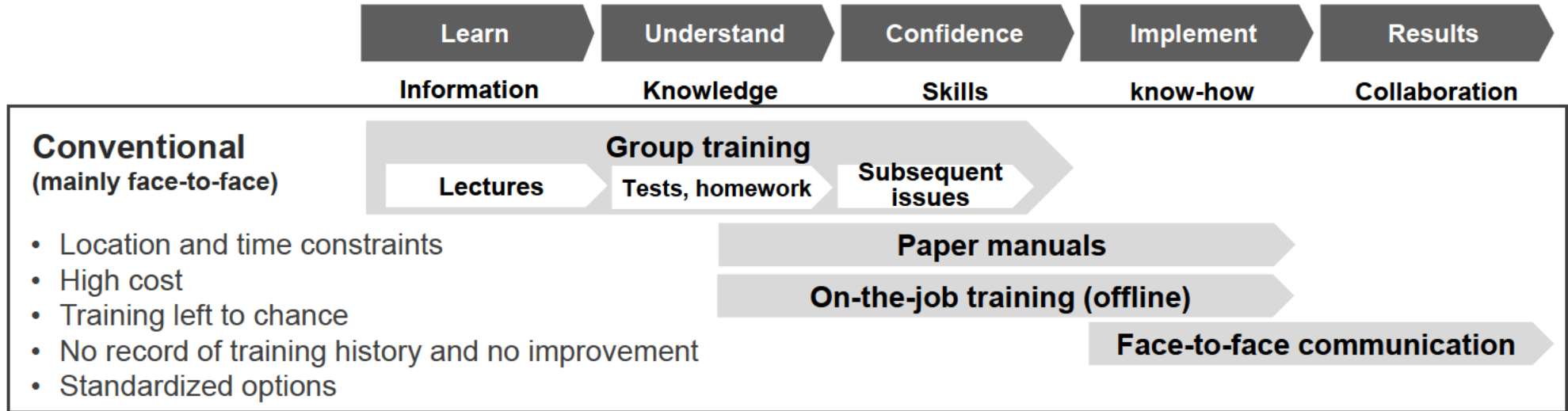
3. Enhancing Course Content and Support Capabilities

- Engaging in improvement activities to increase course pass rates
- Strengthening support capabilities such as QA services and coaching

➔ **Systematically implementing the above topics, aiming to be No.1 in successful students**

Corporate Education Business Basic Strategy

Demand for online human resource development and reskilling is increasing among corporations, and we aim to achieve high growth by enhancing our sales, system, content, and organizational capabilities



Key Topics for FY2023: Corporate Education Business

1. Strengthening Marketing and Sales Capability

- Strengthening sales and marketing structures to increase corporate orders
- Strengthening web advertising and partner channels to increase the number of potential customers

2. Enhancing Courses and Capturing Reskilling Demand

- Enhancing IT courses to capture reskilling demand
- Strengthening studying sales for corporations

3. Expanding Sales Opportunities by Strengthening Systems

- Enhancing competitiveness through extended system functionality for large companies
- Investing in system functions to capture demand for human resource development from reskilling and companies promoting DX

➔ **Systematically implementing the above topics, aiming to be No.1 in SaaS-based e-learning**

Disclaimer

This document makes forward-looking statements based on current plans, estimates, outlooks and/or forecasts regarding trends in the Company's industry and regarding its business lines.

A variety of risks and uncertainties is inherent in these forward-looking statements. Risks, uncertainties, and other factors that are already known or not yet known may lead to results differing from those found in these forward-looking statements.

The Company's actual business lines and performance may differ in the future versus content of forward-looking statements in this document.

Forward-looking statements in this document are made by the Company based on the information available at the time of this document's drafting, and no forward-looking statements shall be updated or changed to reflect future events or circumstances.

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