POPER

Business Plans and Growth Potential

Comiru

January 2025

POPER Co.,Ltd.

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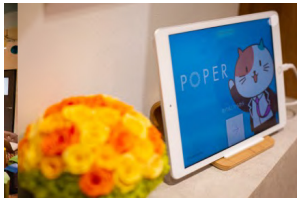
Cram school should always be a place where children/parents can face each other

Representative Director and CEO

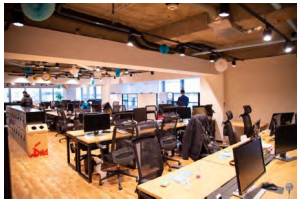
Shingo Kurihara

Kurihara has experience as a cram school manager and instructor. He developed Comiru in order to solve the inefficiency that he felt in his work due to the slow adoption of IT in the industry.









COMPANY

Company information

Company name

POPER Co., Ltd.

Address

Nihonbashi Kayabacho Hanshin Bldg. 4F
1-13-21 Kayabacho, Nihonbashi,
Chuo-ku, Tokyo

Representative

Shingo Kurihara

Establishment

January 2015

Employees

78 people (as of November 2024)

Business Content

Providing a business management platform for education providers

Field experience through private school management is his origin to consider "Education" tenacious and precious.



50 students in one classroom.
He operated a so-called private cram school near Kitayono Station in Saitama Prefecture.
There is a big gap between the world seen from the outside and from the inside.
He realized that when teachers and students interact seriously, it has a great impact on both parties.
That was the moment he realized that this influence was the result of "education."



During parent-teacher conferences, he has faced a variety of urgent voices, including tearful parents and a father who lost their wife talked about his son (students). He also faced the vivid reality that some parents have financial difficulty earning money for the summer course by part-time jobs at a hotel making beds.
He also took his students even more seriously and was sometimes harsh with twisted students. As a result, students began to consider him seriously, and eventually, he became their "mentor."
He felt tenaciousness and preciousness of "education" through five years.

Starting point of POPER



However, the reality is that there is not enough time to "face students."

We hear that the educational field is lagging in digitalization, and his cram school was no exception.

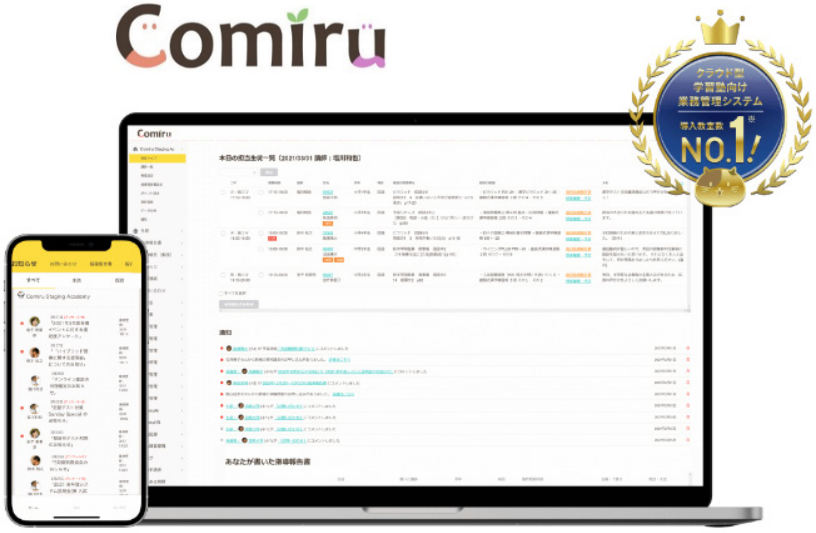
He wanted to share the students' usual efforts with their parents. That drove him to create "individual notebooks," but it was quite a challenge to create notebooks for 50 students at the time.

There already were a lot of administrative work, such as creating invoices, dealing with class transfers, and adjusting schedules for individual conference. During the first week of the month, he spent more time writing individual notes than chatting with students between the classes.

He thought to himself, “Is this what I want?
Of course, the time spent with students is important.
It is also important to cherish communication with parents who care about their children.

To achieve this, someone needs to digitize the cram schools. With that in mind, we developed "Comiru."

By using Comiru, educational sites can concentrate on “teaching”



Dedicated app & LINE linkage
専用アプリ＆LINE連携

Guidance report
指導報告書

Notices
お知らせ

Access management
入退室管理

Invoice
請求書

口座振替

Account transfer

成績管理
Aさん 98
Bさん 76
Cさん 52

Grade management

カード決済
1.7%

Credit card payment

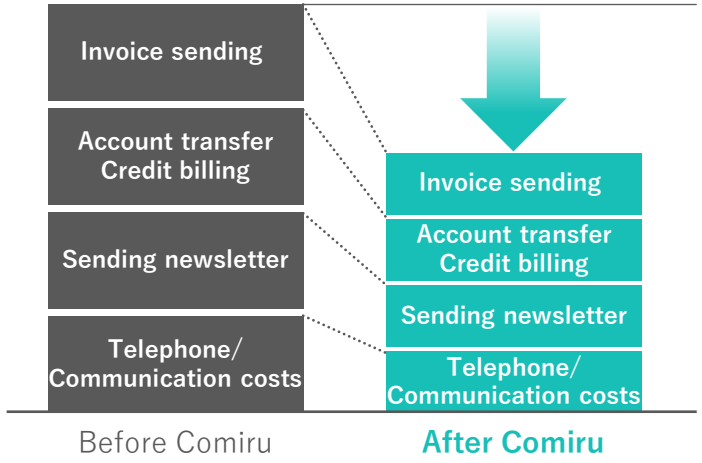
座席管理
月 火 水 木

Seat management

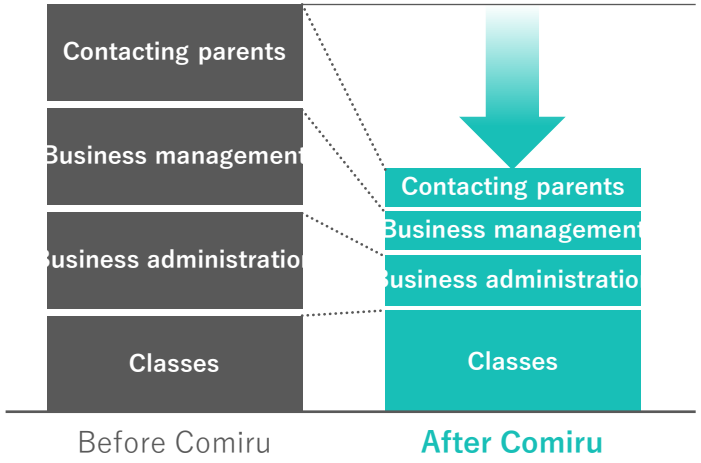
分析

Analysis

Cost reduction of classroom and other.



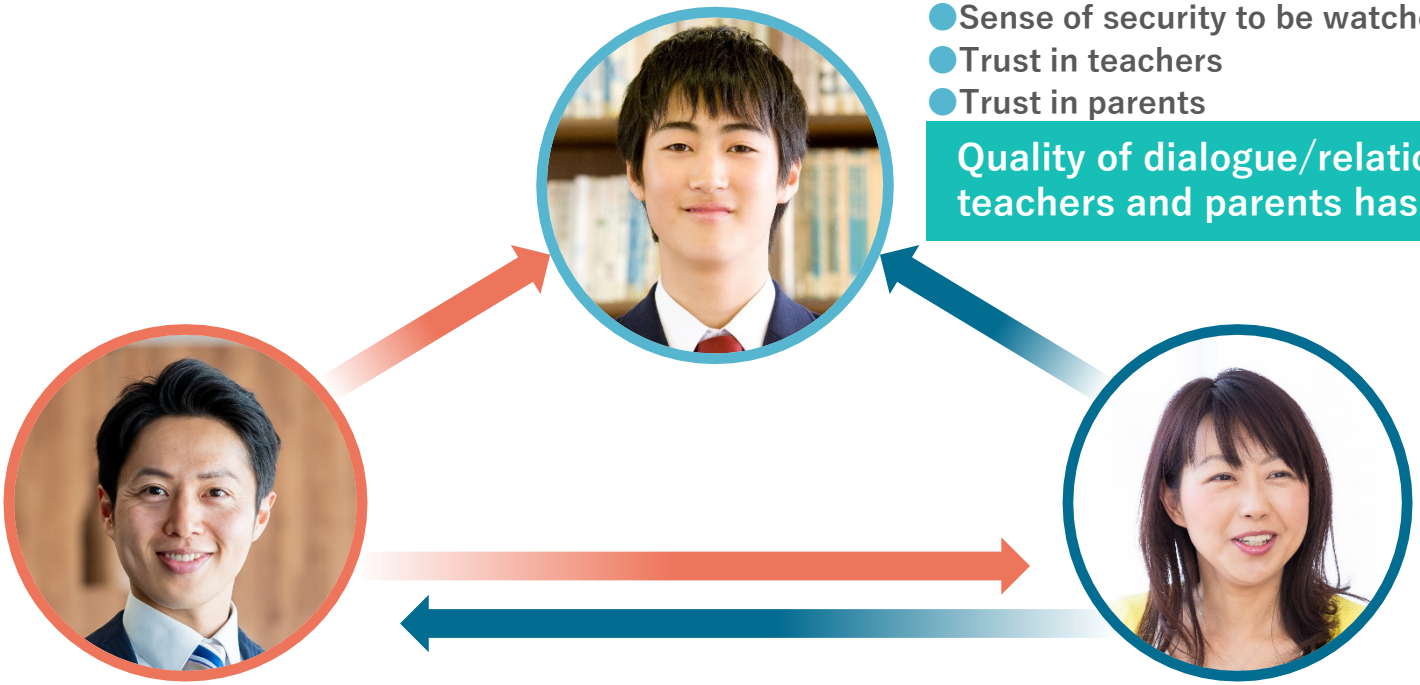
Reduction of paperwork time



※"Comiru" was ranked No. 1 in the number of classrooms implementing business management systems for cloud-based cram schools in the "MIC IT Report Feb. 2021 issue: Market trends of business management systems for cloud-based cram schools that continue to grow at a high rate," published by Deloitte Tohmatsu MIC Research Institute Co., Ltd.

Ultimate goal to achieve through DX in the educational field

Creating time to teach is a means, but the goal is to “enrich the hearts and relationships of stakeholders through teaching."



- Sense of security to be watched over
- Trust in teachers
- Trust in parents

Quality of dialogue/relationships with teachers and parents has improved

- Increase motivation
- Reaffirm enjoyment/importance of the profession of teacher

More time as a “Teacher”
Connected with parents

- Dispel concerns about children's education
- Joy of understanding and knowing their changes

I could see how my child was doing
Teacher became an ally

Social problems to get solved through DX in education

Resolve the current situation where children, parents, and teachers are suffering more and more.

Double in 5 yrs※1

Increasing truancy



13% decrease in 14 yrs※3

Low happiness levels of child-rearing generation



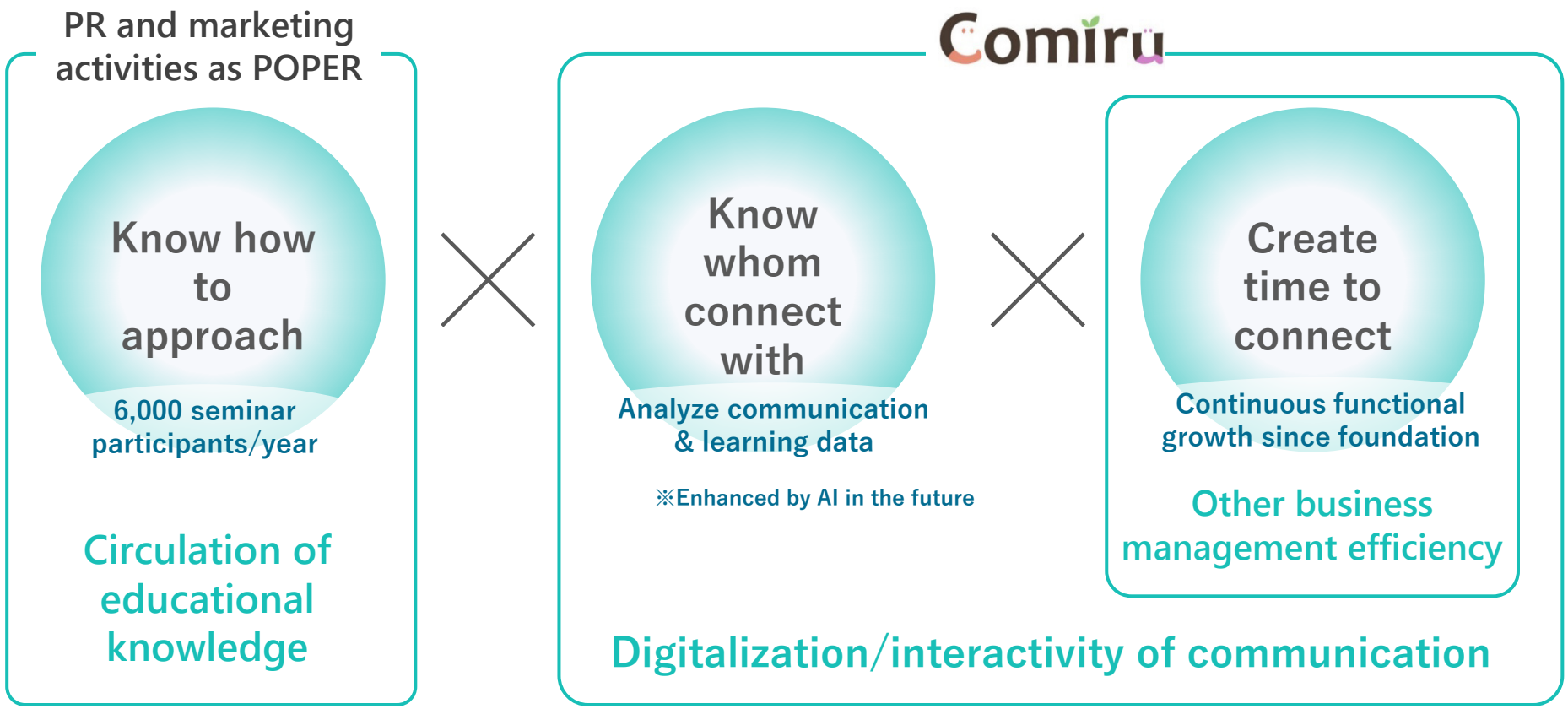
Recruitment ratio
12x→2x in 10yrs※2

Stress at the scene
Shortage of teachers



※1 Excerpted from Nihon Keizai Shimbun on October 31, 2024, "The number of students refusing to attend school reaches a record 340,000, doubling in 5 years, and 'not forcing yourself to go to school' spreads." (Comparison from 2019 to 2023)
※2 Excerpted from the Ministry of Education, Culture, Sports, Science and Technology's "Implementation Status of Public School Teacher Recruitment Examinations." (Comparison of recruitment ratio for elementary school teachers from 1999 to 2023)
※3 Excerpted from the 2024 Ipsos Global Happiness Survey Report on May 14, 2024. (Millennial households 2011-2024 comparison)

Approaching the industry from multiple angles, not just reducing teachers' administrative workload



Wide range of business areas targeted in the process of realizing the ideal worldview.
Considering new business development/MA entry from both axes

Possibility to enter customer attraction field

Present encounter of teachers and students is the best ?

Better quality of encounters



Any room for parents to learn how to interact with their children?

Improve quality of relationship

Possibility of parents (adults) enter education field





Possibility of entering HR field

More people who could be "good teachers"?

Increase people involved in education

Parents could learn more about “how to choose education”

Better quality of educational choices

(eliminate imbalanced educational knowledge)

Possibility of entering media field

Revised the mission to better convey the worldview and ideas we are trying to achieve.

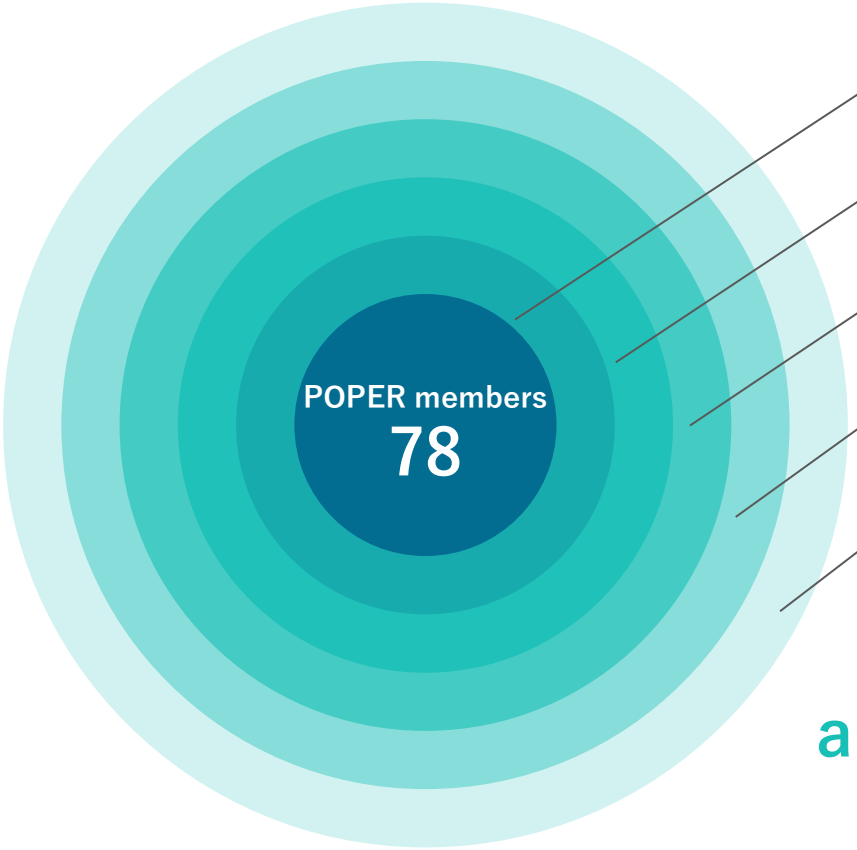
"Teach" without a hitch

NEW **Support everyone's "Change"**

To bring positive difference in the hearts of all those involved through education.

To create an environment that maximizes the possibility
of "children's" lives in unconventional ways.

Approx. 1.4M people are currently eligible for POPER's value contribution
At least 6M people are the future possible target
Developing business while considering sales and profit + social impact



Contract companies 1,689

Classrooms introduced 5,000

Instructors/teachers 60,000

Students 444,000

Parents and families of students 880,000

Currently
approx.1.4M

Future possibilities
over 6M※

※*This is a target value that we aim for within 5 to 10 years, and is an estimated value based on assuming the future market environment. This target value has been calculated based on the market size estimated by our company based on the National Private School Information Center's "Cram School White Paper 2020" and the Ministry of Economy, Trade and Industry's "2019 Economic Structure Survey Report - Cram School Edition," and on the assumption that we will achieve a market share of 25%.

1 Introduction of business content

2 Future growth strategy

3 Capital allocation policy

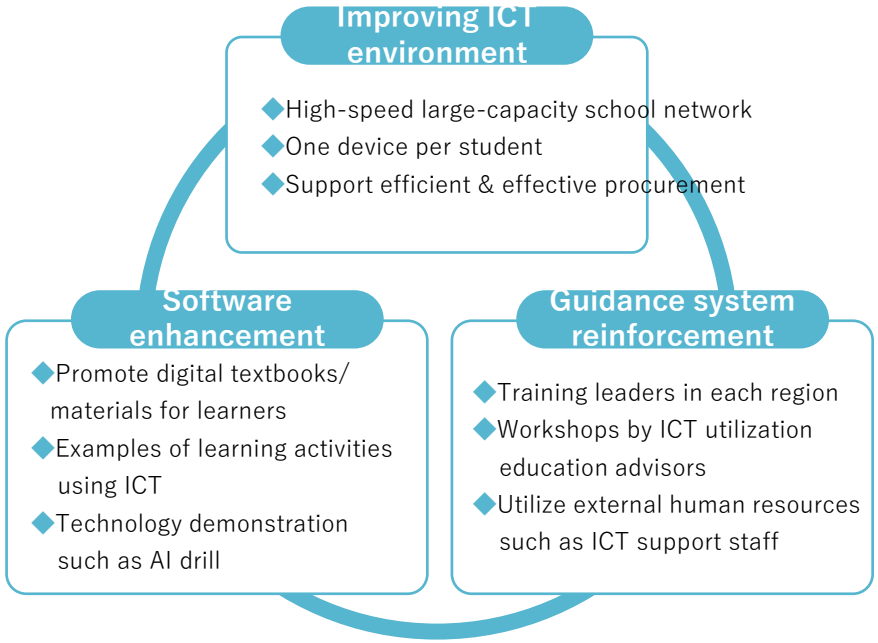
4 Main KPIs and risk information

Market Environment in Education Industry

■ Accelerating growth of Educational ICT market in the industry, driven by GIGA Schools and tutoring after Corona disaster.

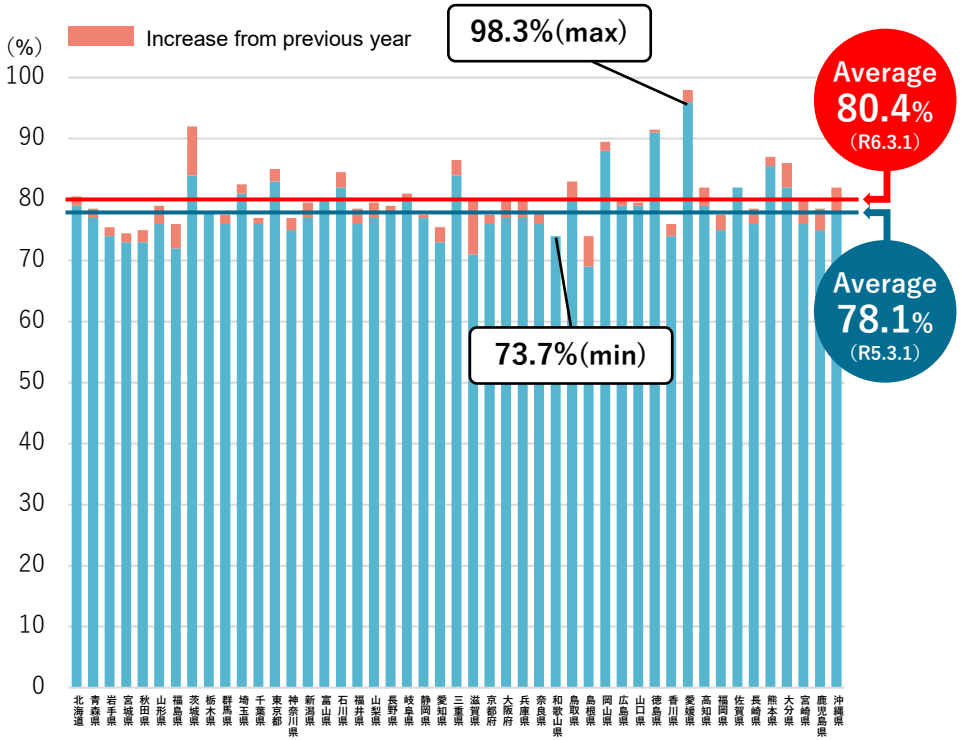
GIGA School Concept

- Education industry is ready to promote ICT with implementation of GIGA School Initiative
- Stronger need for tutoring each student, and teachers should spend more time on classes.



Teachers' ability to use ICT in classes

- According to the FY2020 survey (as of March 2021), the use of ICT in classes has steadily spread, reaching over 80% of all teachers



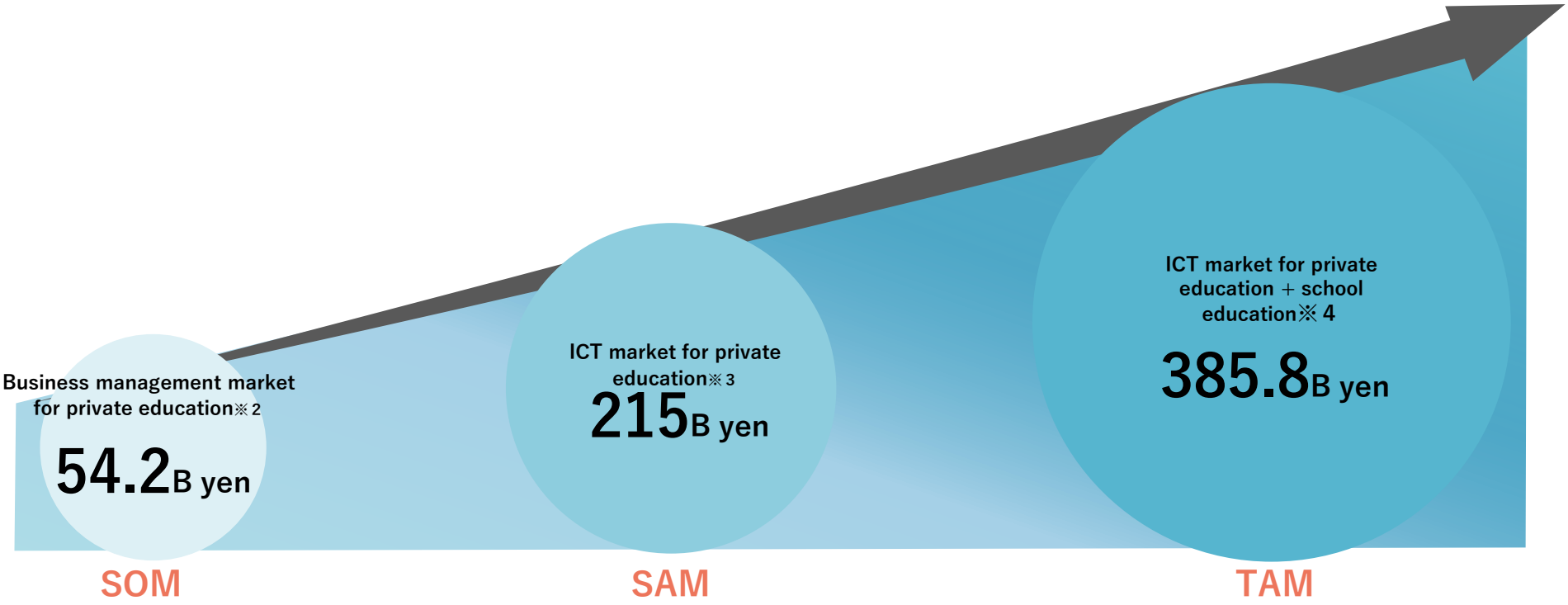
※ Source: Created by our company based on the Ministry of Education, Culture, Sports, Science and Technology's "Realization of a one-device environment for each person through the GIGA school concept."

※Source: excerpt from the Ministry of Education, Culture, Sports, Science and Technology's "Results of a survey on the actual state of computerization of education in schools in 2020 (Summary)" by prefecture, regarding teachers' ability to teach using ICT in classes.

ICT Market Potential in Education Industry

■ The overall educational ICT market (TAM) is expected to grow to approx. 380 billion yen, backed by the progress of GIGA School Concept and the accelerated adoption of EdTech.

ICT Market Potential in Education Industry※1



※1 Excerpted from the survey "Possibilities of the ICT market in the education industry" conducted by unai Consulting Incorporated in October 2021.
※2 Private education business management market refers to the market size of business management systems in the private education industry (crams, English conversation schools, music schools, after-school child-care, etc.).
※3 Private education ICT market refers to the total market size of business management systems, BI/marketing tools, and learning management systems in the private education industry.
※4 ICT market for private education + school education refers to the total market size of business management systems, BI/marketing tools, and learning management systems in the private education industry and school education industry.

Specialization strategy for cram school market

■ Maximize growth opportunities and establish a firm position in the cram school market, which is used by one in three students, as the foundation and the infrastructure that supports the education market.

Cram school market size

Average attendance rate*※

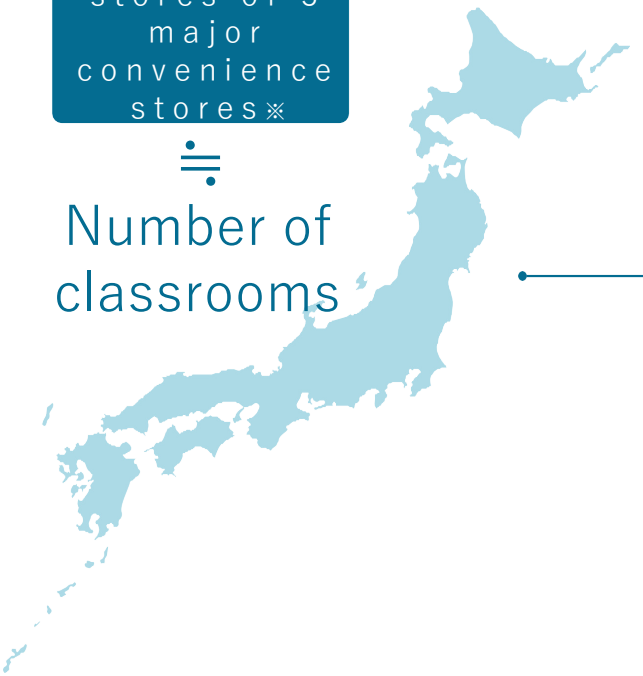
Approx.52,000 classrooms



Number of stores of 3 major convenience stores※

≒

Number of classrooms



Elementary school students 26%

Junior high school students 54%

High school students 27%

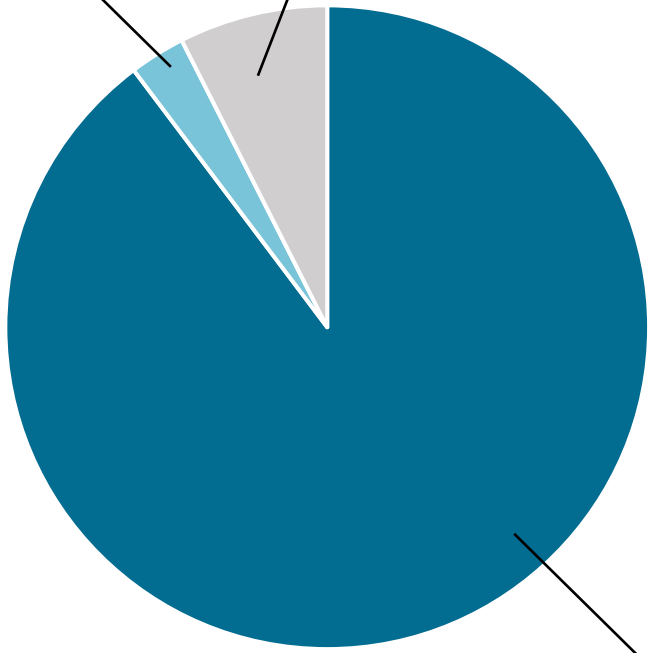
※Market size of cram schools is extracted from the METI's "2020 Economic Structure Survey Report - Cram School Edition" with 52,070 establishments.
※Number of stores of the three major convenience store companies refers to the total number of stores of Seven-Eleven Japan, FamilyMart (domestic proper stores), and Lawson Group (domestic stores), which totaled 51,160 stores as of the end of January 2023.
※Average rate of attending cram school is taken from the "Report on the Actual Conditions of Children's Learning Activities Outside School" by the MEXT in 2008 for elementary and junior high school students, and from "Learning Opportunities Outside School" by Benesse Institute of Education in 2015 for high school students.

Our services

■ Provide four services: communication and business management platform "Comiru," related services "ComiruAir," "ComiruHR," and cram school business support system "BIT CAMPUS"

Percentage of sales

Results for October 2024



Online classes/video viewing management

ComiruAir

Instructor attendance management

ComiruHR

2%

Cram school business support

BIT CAMPUS

8%

Communication & Business Management Platform

Comiru

90%

Our history

Since our establishment, we have consistently provided services for education providers

2015	January	POPER Co., Ltd. was established in Shibuya-ku, Tokyo.
	December	Released "Comiru", a dedicated communication and business management platform for SaaS-type education providers.
2019	October	Head office relocated to Chuo-ku, Tokyo for business expansion
2020	August	Released "ComiruAir", an online class/home study support service specialized for educational operators
	December	Released "ComiruHR", an instructor labor management and instructor communication service for education businesses, etc.
2021	June	Released "ComiruPRO" as a new Comiru plan, which provides core system functions for major education providers
2022	November	Listed on the Tokyo Stock Exchange Growth Market
2024	April	Obtained ISO/IEC 27001:2013 (JIS Q 27001:2014) certification, an international standard for information security management systems (ISMS)
	May	Inherited Tieracom Co., Ltd.'s "BIT CAMPUS" business through a company split (simple absorption-type split)

Main features of the “Comiru” service

Comiru

▶ Charge based on the number of student IDs used

2015.12 ▷▷▷

Initial cost

30,000 yen / classroom

Usage fee

- BASIC： 300 yen/month/ID
- PRO： 500 yen/month/ID

※Excerpt from service (**15 functions in total, with more to come**)

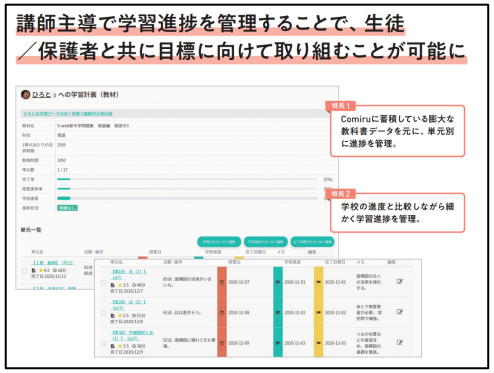
Parent communication

Easy communication with parents. LINE linking and read/unread messages can also be checked.



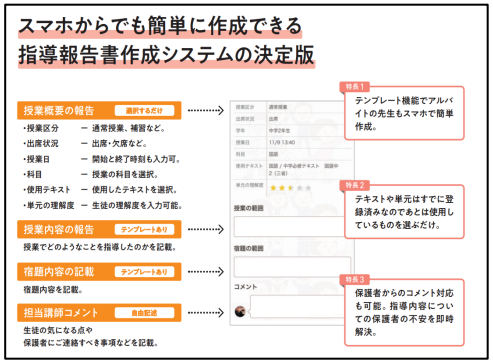
Learning progress management

Instructors, students, and parents can clearly check learning progress and clarify future work tasks.



Class content sharing

Easy to summarize and share lesson content, comprehension, and homework assignments with parents.



Billing/Payment

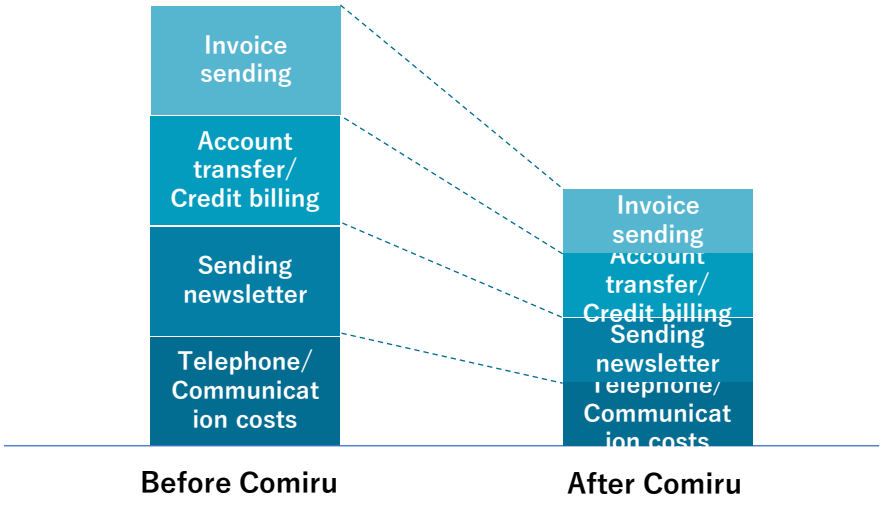
Easy invoicing and the lowest settlement rates in the industry



Advantages of introducing “Comiru” service ①

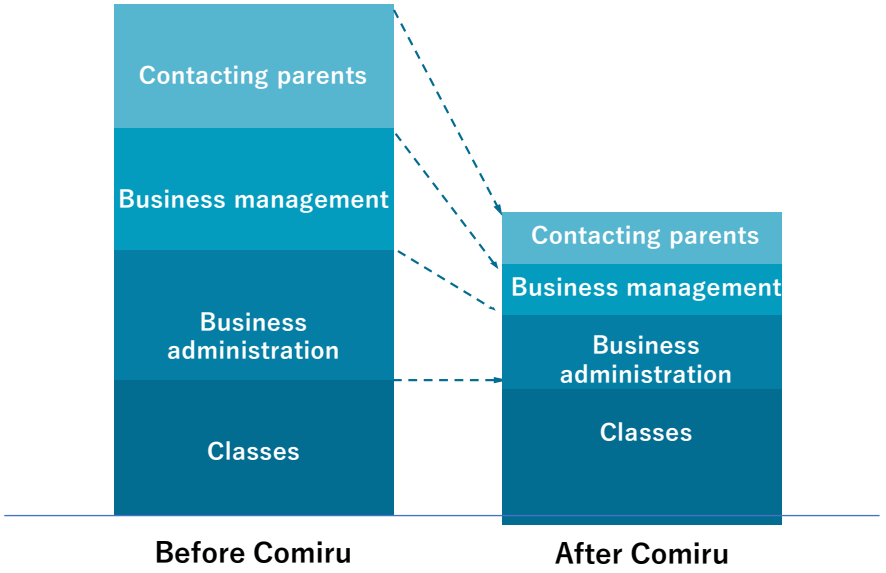
■ Contributes to not only reducing operating costs but also reducing administrative work time.

Cost Down



Small-to-medium education providers saved ¥200,000/year, ¥40M/year for large education providers

Reduce Hours



Tutoring school with 50 students saved approx. 100 hours of office time per month

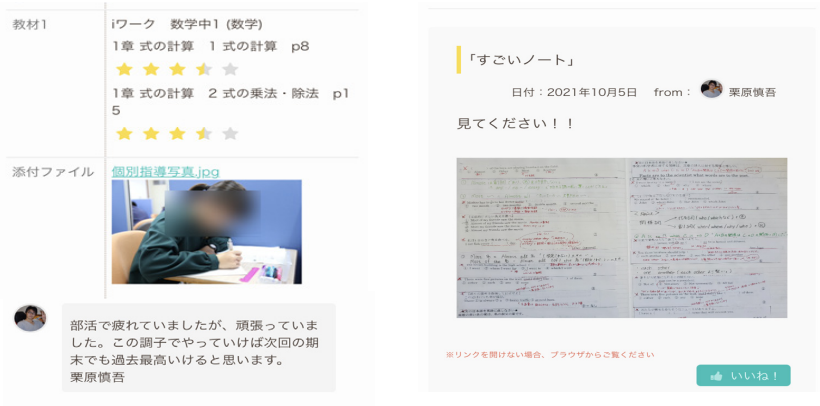
※Customer example after introducing Comiru.

Advantages of introducing “Comiru” service ②

■ Strengthening communication with parents will lead to fewer withdrawals and contribute to increased sales

Communicate instruction content and results to parents

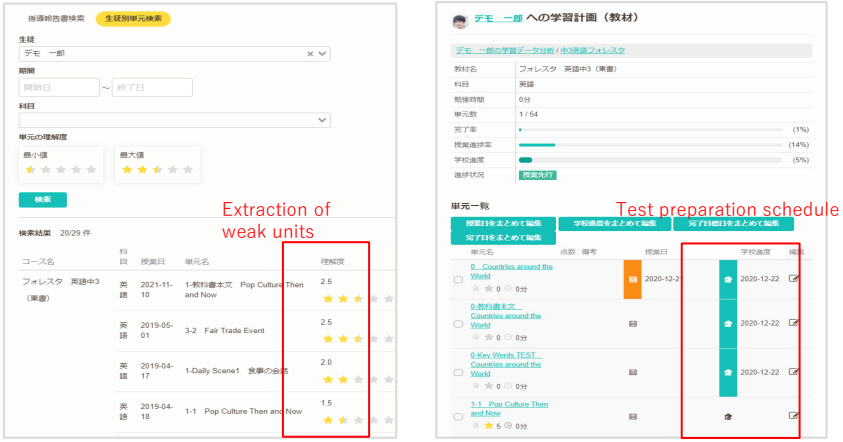
I wonder if my child is studying properly...
It seems worthless to send my child to a cram school who never studies at home...



Sharing children's effort at cram school make parents feel reassured.
Huge impact of simply sending class photos, notebooks, quiz results, etc.

Report test results and countermeasures

Worse scores in school's regular test than the last one...
Does cram school teacher care about my child?



Inform parents of our thorough preparation for the test.
Then, by sharing the results analysis and plans, we gained the trust of parents they safely entrust us.

At a cram school with 100 students, withdrawal numbers decreased from 11 to 2.
2M yen/year/classroom sales improvement

（※Customer case study after introducing Comiru）

Main functions of “ComiruAir” and “ComiruHR” services

ComiruAir

▶ Charge for each classroom using service

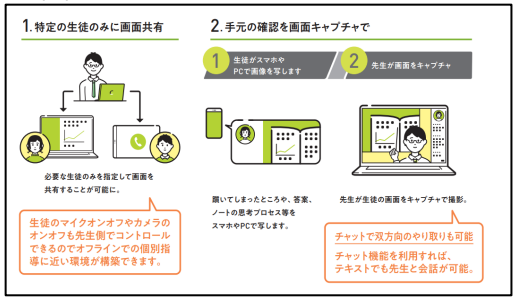
2020.08 ▷▷▷

※ Excerpt from service

Initial cost: 30,000 yen/classroom
Usage fee: Varies depending on the function and time used
3,000 yen~/month/classroom

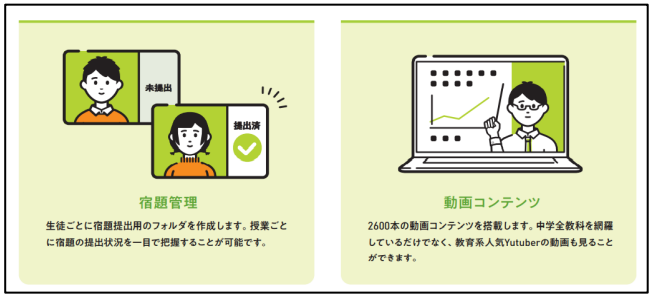
Web system specialized for classes

Built-in class-specific functions such as screen sharing with specific students, capturing close-up photos, etc.



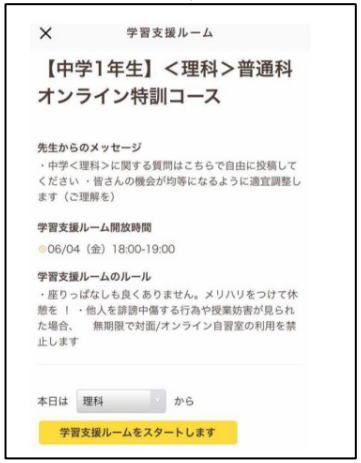
Homework management/video viewing

Homework progress management and video viewing functions. Furthermore, 2,600 video contents in collaboration with educational YouTubers.



Home study support

Learning support at home from educational provider even when class is not open.



※ "Comiru" is required to use "ComiruAir" and "ComiruHR".

ComiruHR

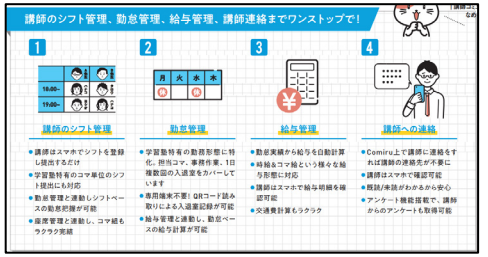
▶ Charged by number of instructor IDs used

2020.12 ▷▷▷

Initial cost: Free
Usage fee:300yen/month/ID

Attendance/salary management

Attendance management under the unique circumstances of education industry such as instructors' hourly rates and administrative salaries.



Main functions of “BIT CAMPUS” service

BIT CAMPUS

▶ Charge per company using the service

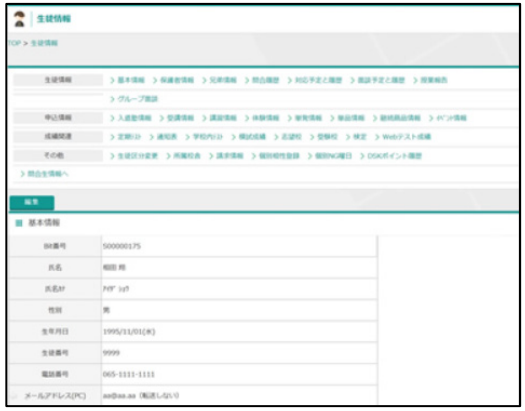
2009.11 ▷▷▷

Initial cost: 100,000yen/company
Usage fee: 858 yen/month/ID

※ Excerpt from service

Business management function

Central manage of students and cram schools business conditions improves operational efficiency and prevents the loss of sales opportunities.



Communication function

BitMail, bulletin boards, circulars, and scheduling functions are also available via smartphone apps. Information on suspicious persons, emergency contact in case of disaster, and information on classes and parent-teacher conferences can be provided at any time



Web-based test function

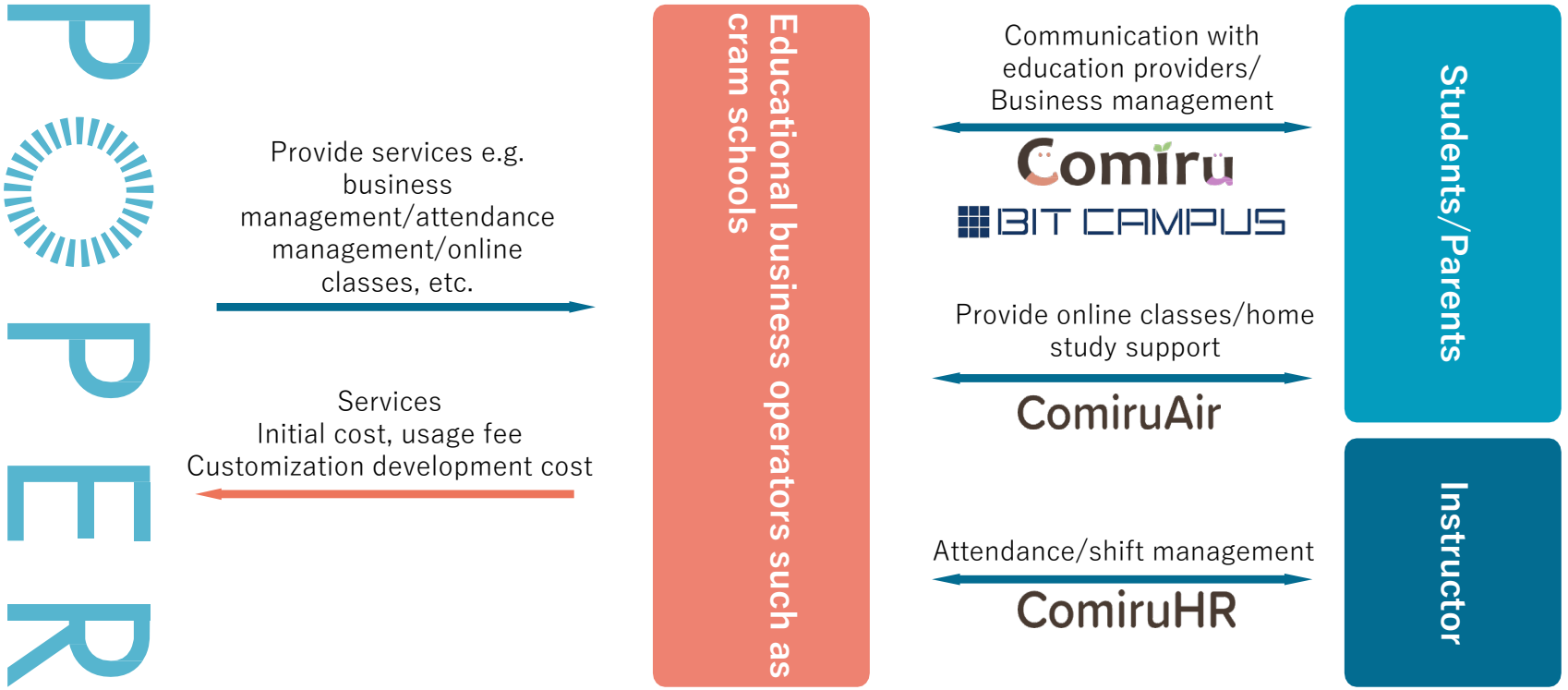
Students can check their progress and performance on web-based tests, allowing for the early detection of weak points.



 ※ Services have been taken over from Tierracom Inc. since May 2024.

Our business model

■ Our business model is to provide services to educational businesses such as cram schools, and receive initial fees, monthly usage fees, and customization development fees.



Comparison with competitors

- Unique strengths and competitive advantages in small-to-medium and large cram schools.
- Introducing ComiruPay and ComiruERP enhance overall capabilities.



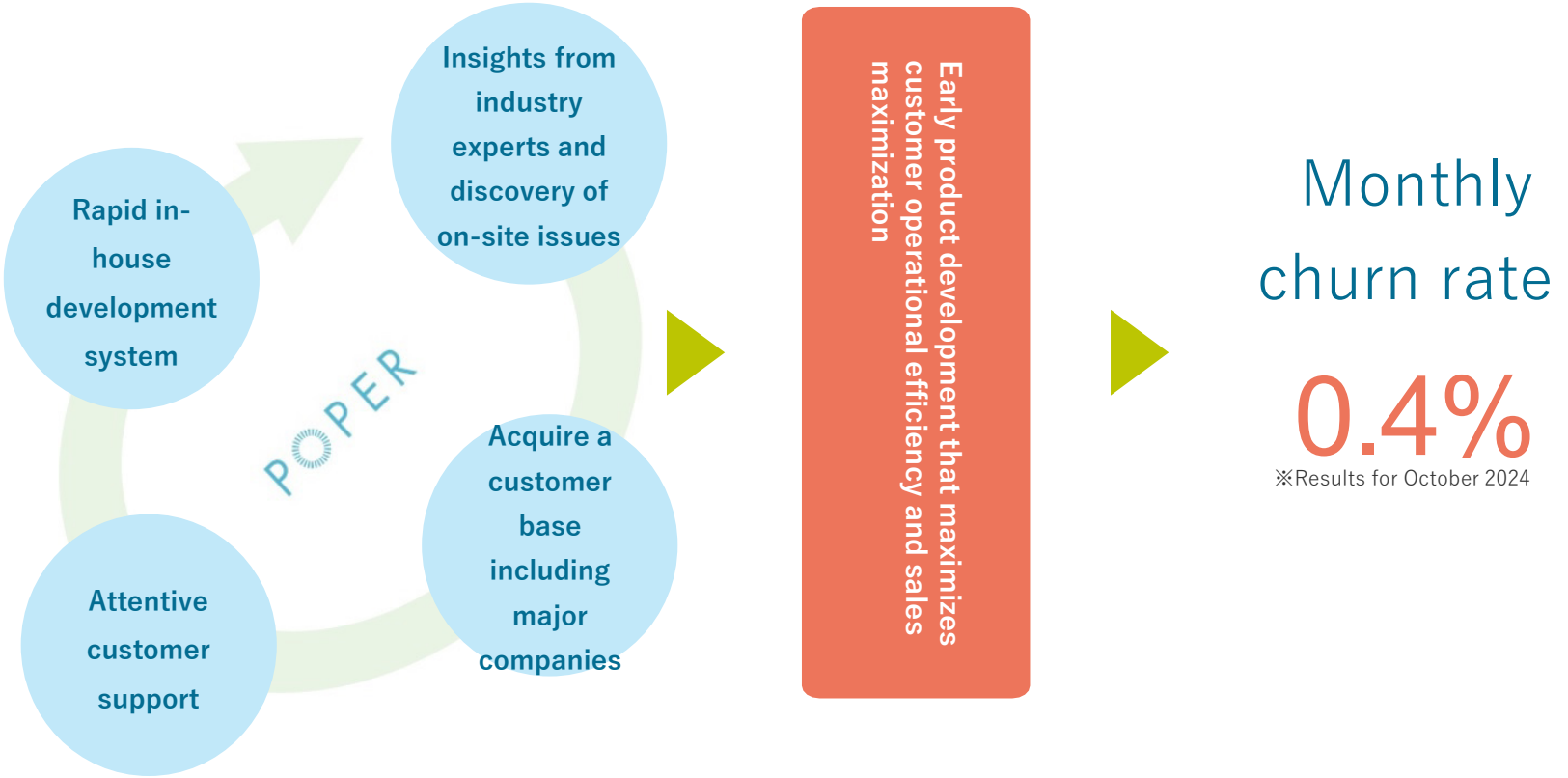


	Classroom operations Mgmt. (communication, etc.)	Payment function	Management functions for HQ	Individual development ability for core systems, etc.
POPER	Communication apps pioneer in cram school industry No.1 domestic share ※1 ○ Comiru Basic	Aiming the lowest payment fees in industry ※2 ○ ComiruPay	○ ComiruPro	○ ComiruERP
Company A Unlisted	○	△	-	-
Company B Unlisted	○	△	○	△
Company C Unlisted	-	-	○	○
Company D Listed	△	△	△	○

※1 In the "MIC IT Report February 2021 issue: Market Trends in Business Management Systems for Cloud-based Schools that Continue to High Growth" published by Deloitte Tohmatsu MIC Research Institute Co., Ltd. our company "Comiru" was ranked No. 1 in the number of classrooms implementing business management systems for cloud-based schools.
※2 Created based on our survey results as of October 2024.
※Evaluations for each item are based on the official websites of each company and information from interviews with our customers.

Source of our competitive advantage

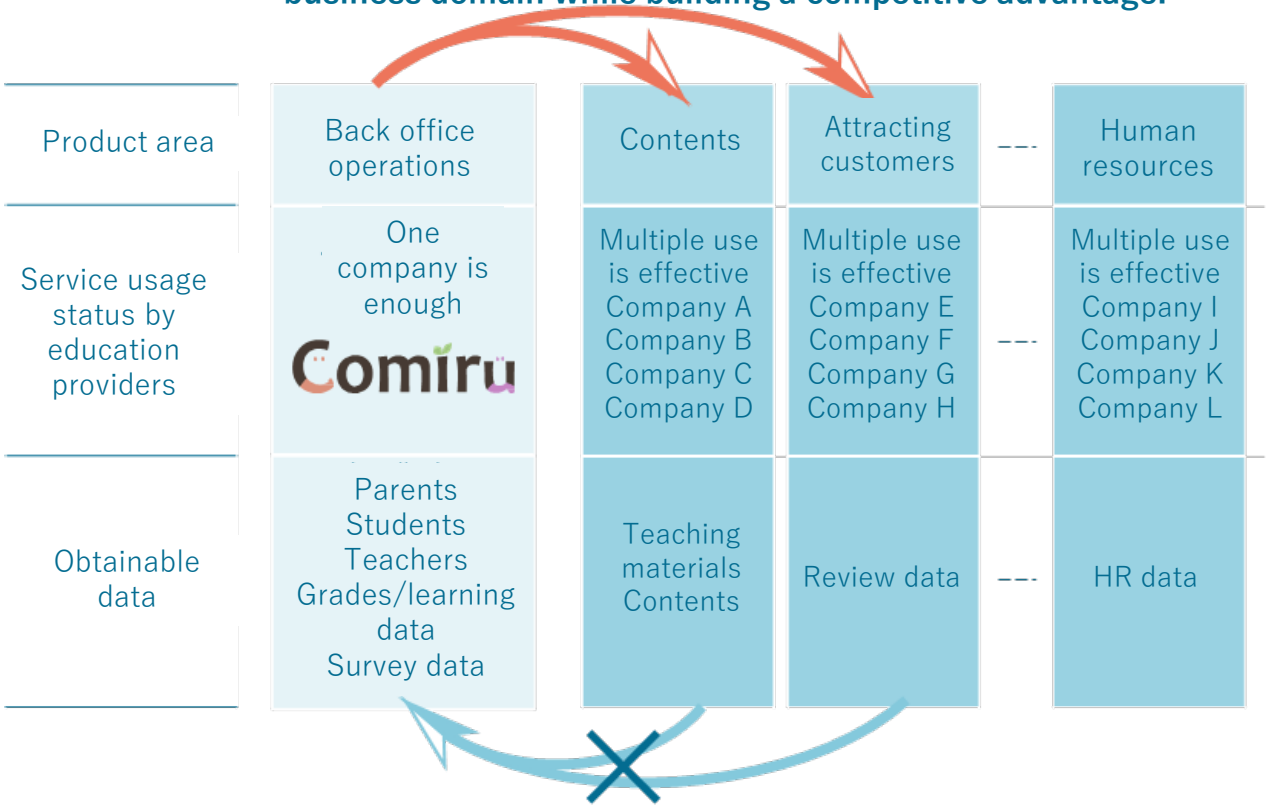
- Our top management is from the education industry, which enables product development based on an appropriate understanding of the needs of the education field. Low churn rate and high retention business cycle through follow-up during operation and rapid in-house development.



Our business position

- Positioning ourself in the back-office area, which has high barriers to entry, we can build a competitive advantage and expand our business domain in the future based on the various data we have acquired.

Strategic entry into the back-office area will enable us to expand our business domain while building a competitive advantage.



Able to create high entry barriers because many education providers use only one company's services for back-office operations, and switching costs are high.

Performance highlights for the full year ending October 2024

■ Successful implementation of measures for major customers, effective marketing activities for small & medium-sized customers, and integration of “BIT CAMPUS” business resulted in approx. 30% YoY sales growth and approx. doubling of operating income YoY.

(million yen)	October 2023	October 2024	Compared to previous period
Sales	829	1,071	+29.2%
Gross profit	610	797	+30.6%
Gross profit margin	73.6%	74.5%	+0.9pt
SG&A expenses	573	724	+26.3%
Operating profit	37	73	+96.7%
Operating profit margin	4.5%	6.8%	+2.3pt
Ordinary profit	33	70	+112.4%
Net income	26	83	+216.8%

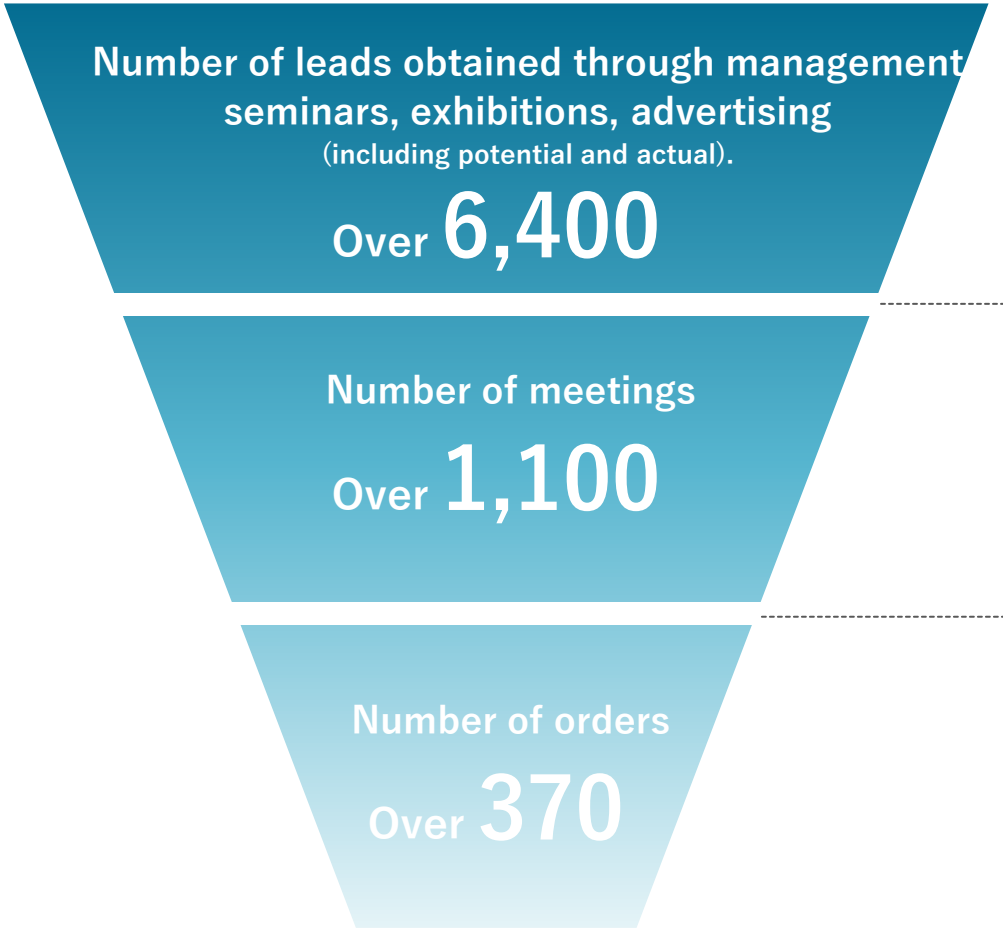
October 2024 Review of measures

		Measures details	Evaluation ※
Expanding customer base	Cram school	By holding popular management seminars and operating well-tuned web advertising, the ratio of customer acquisition to business negotiations increased and effective marketing activities were achieved. • With integration of "BIT CAMPUS" business, the number of customers and IDs will also increase	○
		• Business negotiations with major cram schools remained strong, with 22 companies in talks and 7 orders received. • Selected in approximately half of the selection competitions for core systems.	○
	Lessons	• By sharing usage examples and holding industry-specific seminars, new customers are increasing in fields such as music classes as well as English conversation and programming schools.	○
	School	• Following the expansion of the introduction in Yachiyo City and Narashino City, Chiba Prefecture, Osaka City has decided to introduce in collaboration with Konami Sports Co., Ltd. • Appointed as an expert advisor for the Chiba Prefectural Board of Education's “Outsourced Business Improvement DX Advisor Assignment” project in collaboration with Mynavi Corporation.	○
Improved ARPU	-	• ARPU increased compared to the previous fiscal year due to an increase in unit prices for existing customers and the integration of “BIT CAMPUS” business	○

※Rating symbols represent our opinion of the results. Each symbol represents results relative to business forecasts and growth rates, as shown below.
◎: Better than expected ○: As expected or better than expected △: Below expectations ×: Significantly below expectations

Details of measures for October 2024①

■ Management seminars offered to small and medium-sized cram schools have been well received, and through exhibitions and advertising activities, we received more than 6,400 leads during the period under review. As a result, more than 1,100 business negotiations concluded and more than 370 orders received.



Over 200 people sign up each time for seminars with highly popular speakers, focusing on useful information for school management.

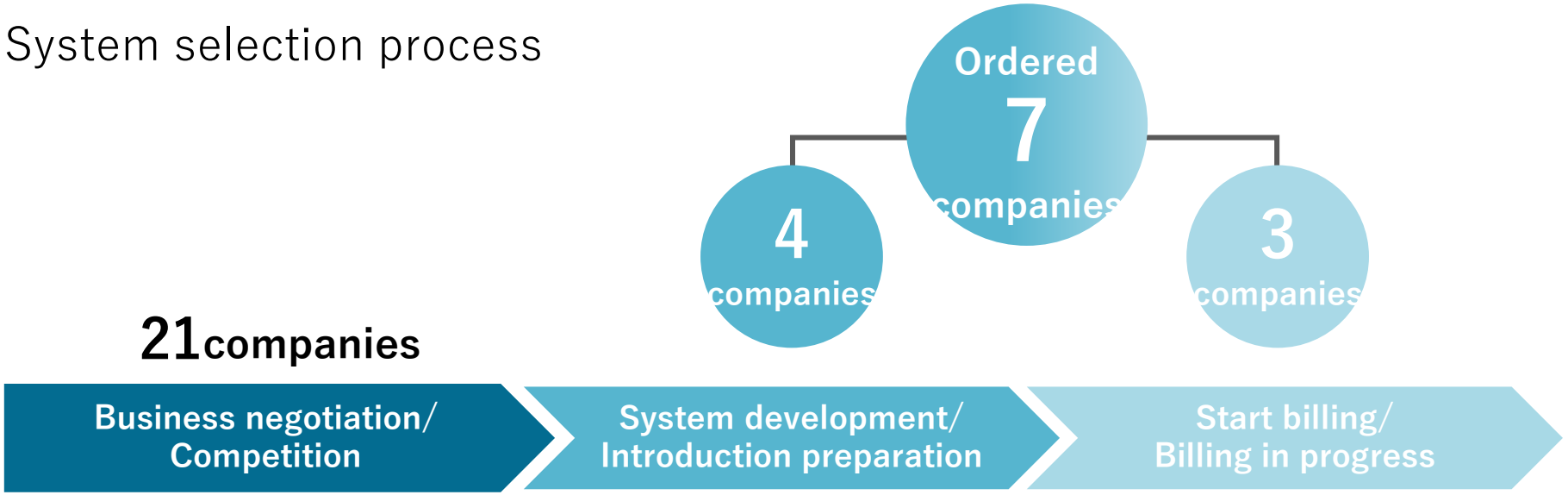
Increased conversion rate from customer acquisition to business negotiations by operating tuned web advertisements and nurturing emails

Achieved more than 30% of order acceptance rate by implementing negotiation talks tailored to customer needs in addition to enhanced product functions.

Details of measures for October 2024②

■ "ComiruPRO + core system development" strategy worked well for major cram schools, and as a result of proactively proposing system issues improvements and organizing requirements, we received new orders from seven major cram school companies.

System selection process



System development sales were recorded in the current fiscal year, and monthly fee-based billing is scheduled to begin in the next fiscal year and thereafter.

Received 3 orders in 5 competitions for core systems,
about **half of the projects** participated in during the fiscal year under review.

Details of measures for October 2024③

■ From May 2024, “BIT CAMPAUS” business was integrated, which was taken over through a simple absorption-type demerger. In addition, strengthen initiatives with Tierracom to expand business.

Initiatives with Tierracom

- Tierracom's operating know-how for educational institutions, such as cram schools, is applied to which introduced both "BIT CAMPUS" and "Comiru."
- From May 2024, we took over "BIT CAMPUS" business through an absorption-type company split, aiming to expand our customer base and increase our market share, evolve it into a more competitive and solid business, and further stabilize and improve the operation of "Comiru."
- Started trial implementation of "Comiru" in Tierracom's individual instruction department (limited to some regions)

Number of paid contracts (companies)※1※4	Number of charged student IDs (IDs) ※2※4	ARR (billion yen) ※3※4
128	over 36,000	1.4

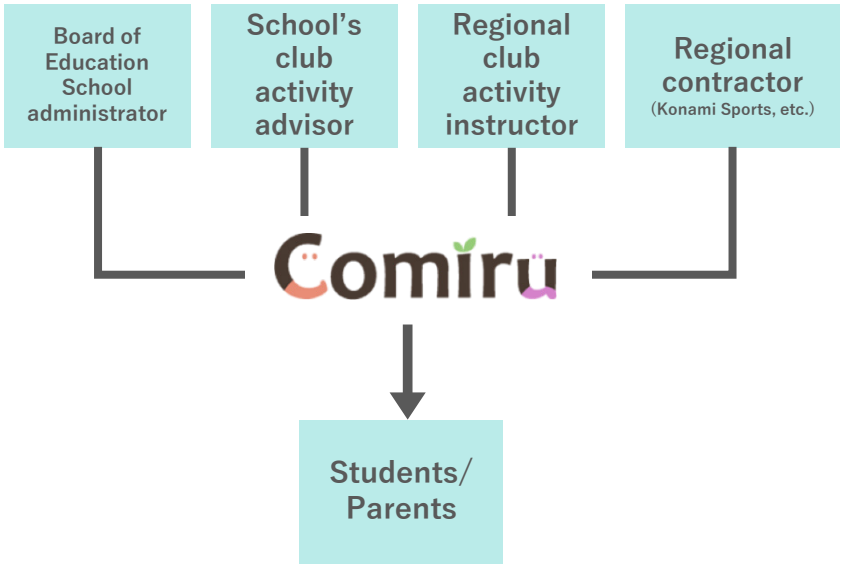
※1 Number of companies paying for the "BIT CAMPUS" service as of the end of October 2024.。
※2 Number of charged student IDs for "BIT CAMPUS" service as of the end of October 2024
※3 Calculated by multiplying "MRR" of "BIT CAMPUS" service as of the end of October 2024 by 12.
※4 Due to the transition to "Comiru" service and the cancellation of some customers, the number has decreased from the published figure as of the end of July 2024, and same trend will continue.

Details of measures for October 2024④

■ As for initiatives for schools, we collaborated with other companies to expand the number of cases introduced to local governments, including school boards.

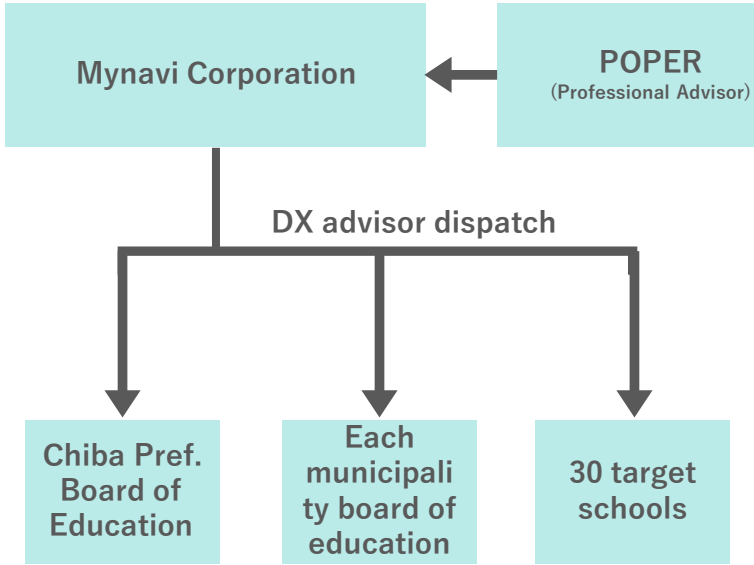
Support for regional migration of holiday club activities

- Introduction in Yachiyo City, Chiba Prefecture led to the new introduction in Narashino City.
- Osaka City Board of Education has decided to introduce the new product through Konami Sports Co., Ltd.



Business improvement DX advisor business

- Served as a specialized advisor to Mynavi Corporation for Chiba Prefecture's "Business Improvement DX Advisor Deployment Project" to verify the effectiveness of the project and support the transition of club activities to the region



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Future growth strategy

■ In the fiscal year ending October 2025, we aim to grow on two axes: expanding our customer base and maximizing ARPU.

Expanding customer base

Diversification of introducing companies

Cram school industry	- Preparatory school - Supplementary school …
Learning industry	- English conversation - Programming - Sports club …
School education industry	- After-school child-care - Private school - Public school …

×

Maximize ARPU※

Expand providing services

Comiru FREE/BASIC /PRO/ERP	- Student management function - Major core system functions - Payment function …
Comiru HR/Air	- Attendance/salary management - Homework management - Video viewing …
BIT CAMPUS	- Business management - Web-based test …

=

Continuous growth

Expanding customer base

Building a diverse revenue base

Maximize ARPU※

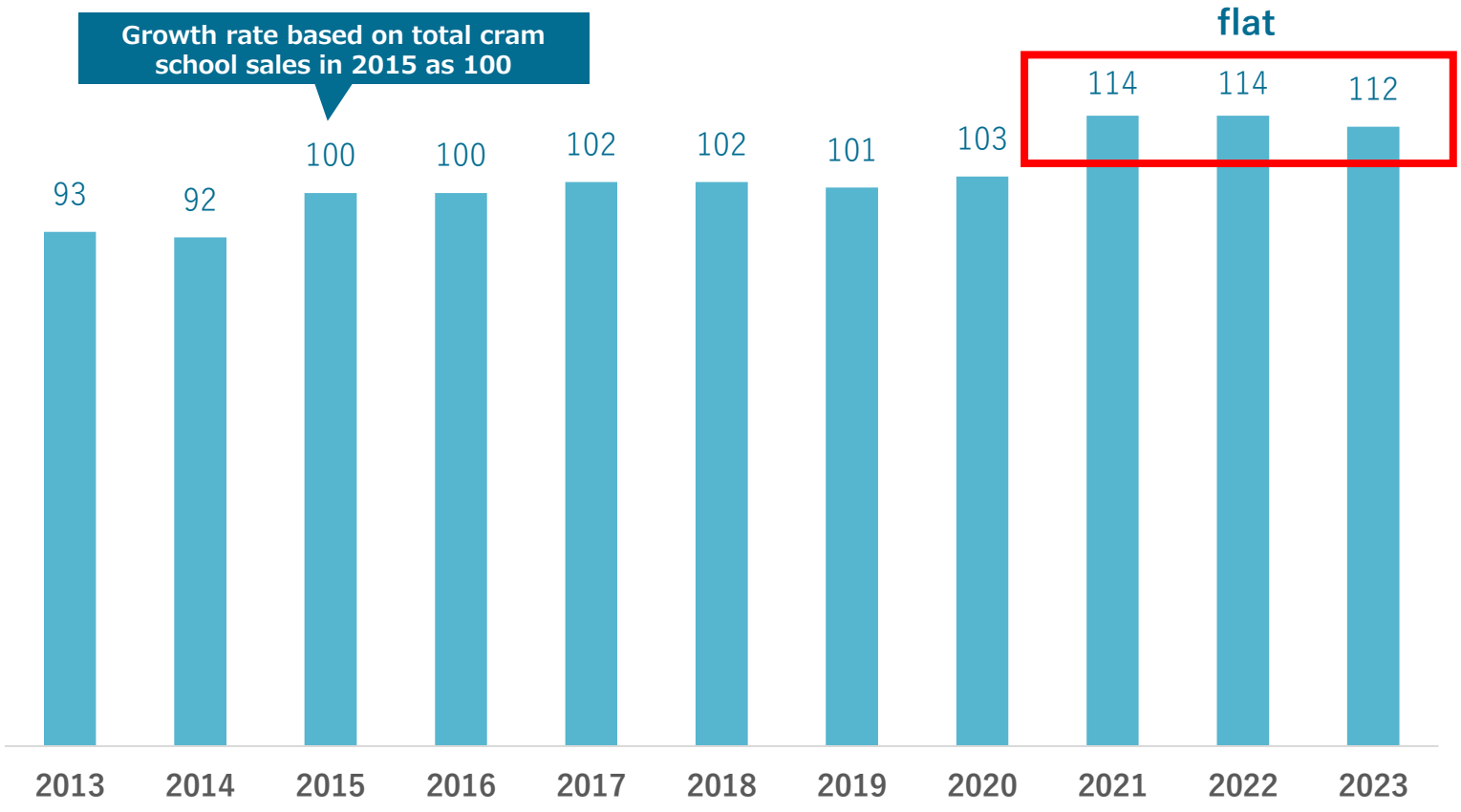
Responding to diverse needs

※"ARPU" is an abbreviation for "Average Revenue Per User" and is calculated by dividing "MR" at the end of the quarter (end of period) by the number of companies with paid contracts.
※"MRR" is the total amount of monthly usage fees for the customer contract plan as of the end of the applicable month (not including temporary revenue).

Market environment of cram school market

Expanding customer base

- Cram school market has increased compared to the pre-Corona period, however, it has remained flat in recent years, and many cram schools, including major cram schools, have limited capacity for large-scale system investments.

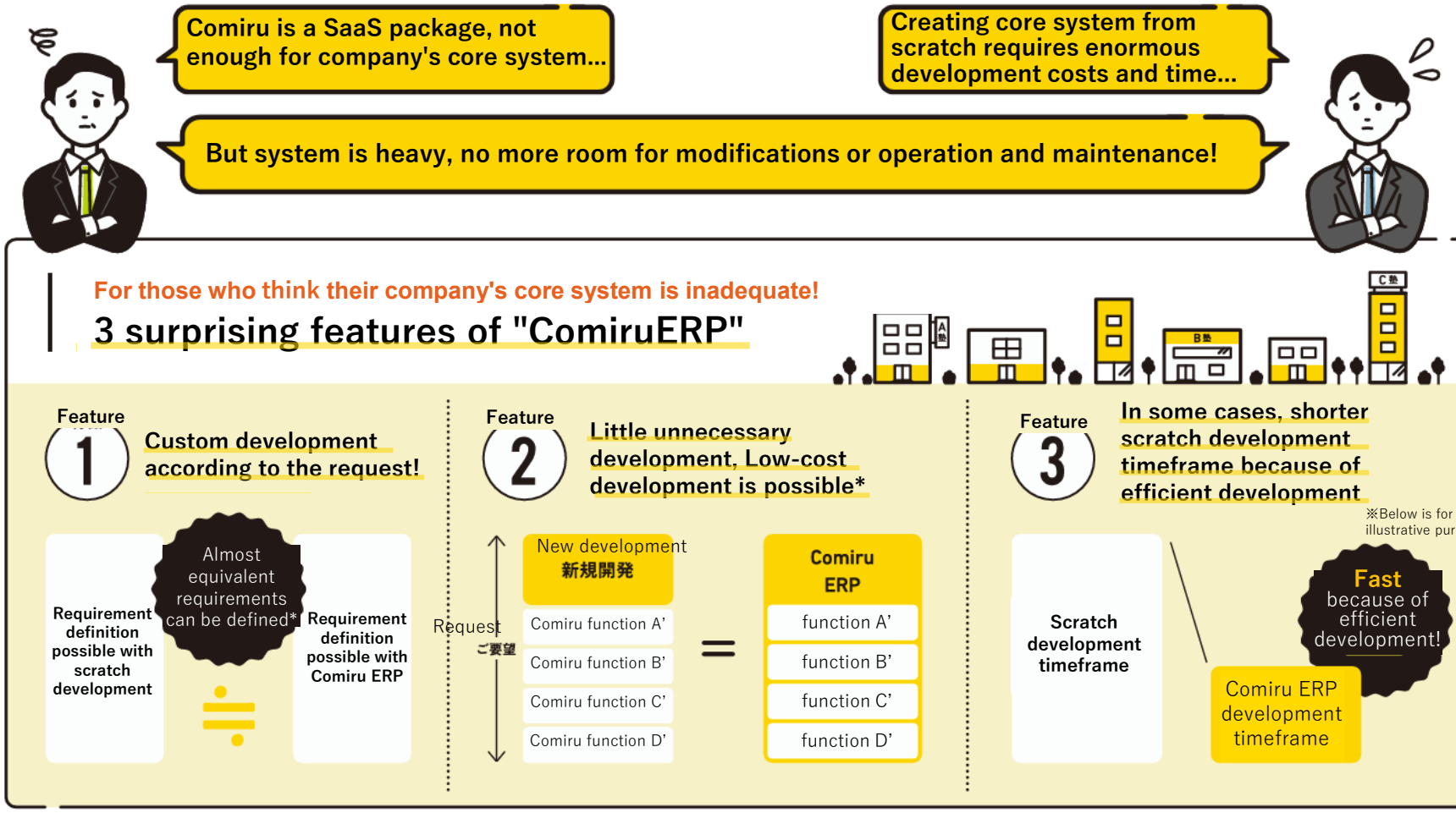


※Source: Created by POPER from the “Survey on Specified Service Industries (Cram School)” (METI / Sep. 2024).

Measures details① Introduction of ERP system

Expanding customer base

■ Based on the market environment, we proposed to major cram schools to introduce "ComiruERP*" with lower development costs and shorter delivery time, in addition to introducing “Comiru PRO” and paid development of core systems.



※*Varies depending on requirements, costs, and delivery date

※ERP is an abbreviation for Enterprise Resource Planning, and is a system that integrates the core operations of educational institutions, such as billing and accounting operations, HR operations, and sales operations, to improve efficiency and centralize information. ComiruERP works with the SaaS version of Comiru to implement an ERP system customized for each company on a customer-specified server.

Measures details② Enhancement of payment functions: introduction of "ComiruPay"

Expanding customer base

■ Enhance billing and settlement functions to increase implementing benefits for customers and aim for the lowest level of settlement fees in the education industry.

Aim of "ComiruPay" business

Increased acquisition of Comiru users

Aim for sustainable growth and value creation by developing services that provide significant benefits to users while meeting strong needs related to billing and payment

Features of "ComiruPay" service

Unique payment service provided by POPER

Provide bank account transfer service as 1st step
(Scheduled to be released in Jan 2025)

Considering expanding payment methods to include payment at convenience stores and credit cards.

Appeal point

Easy Contract with POPER only, account transfer request is complete by sending invoice.
(No conventional contracts among multiple companies, POPER handle the account transfer instructions)

Value Among general account transfer services, the lowest payment fee in the education industry※, and running costs are also low.

Quick Deposited to the account on the 8th business day after account transfer

※Created based on our survey results as of October 2024.

Target market share in cram school market

Expanding customer base

■ Maintaining current market superiority, we will strengthen our business foundation by steadily implementing the measures described on the previous two pages, and aim to expand our business based on achieving a 25% market share.

Customer		Service market share				
		23.10		24.10		5 to 10 years
Major cram school 5,000+ people (approx. 200 companies)	12 companies	6.0%	▶	17 companies	8.5%	▶ 25%
Med-sized cram school 300-5,000 people (approx. 1,000 companies)	77 companies	7.7%	▶	109 companies	10.9%	▶ 25%
Private cram school < 300 people (approx. 31,000 companies)	1,156 companies	3.7%	▶	1,404 companies	4.5%	▶ 25%

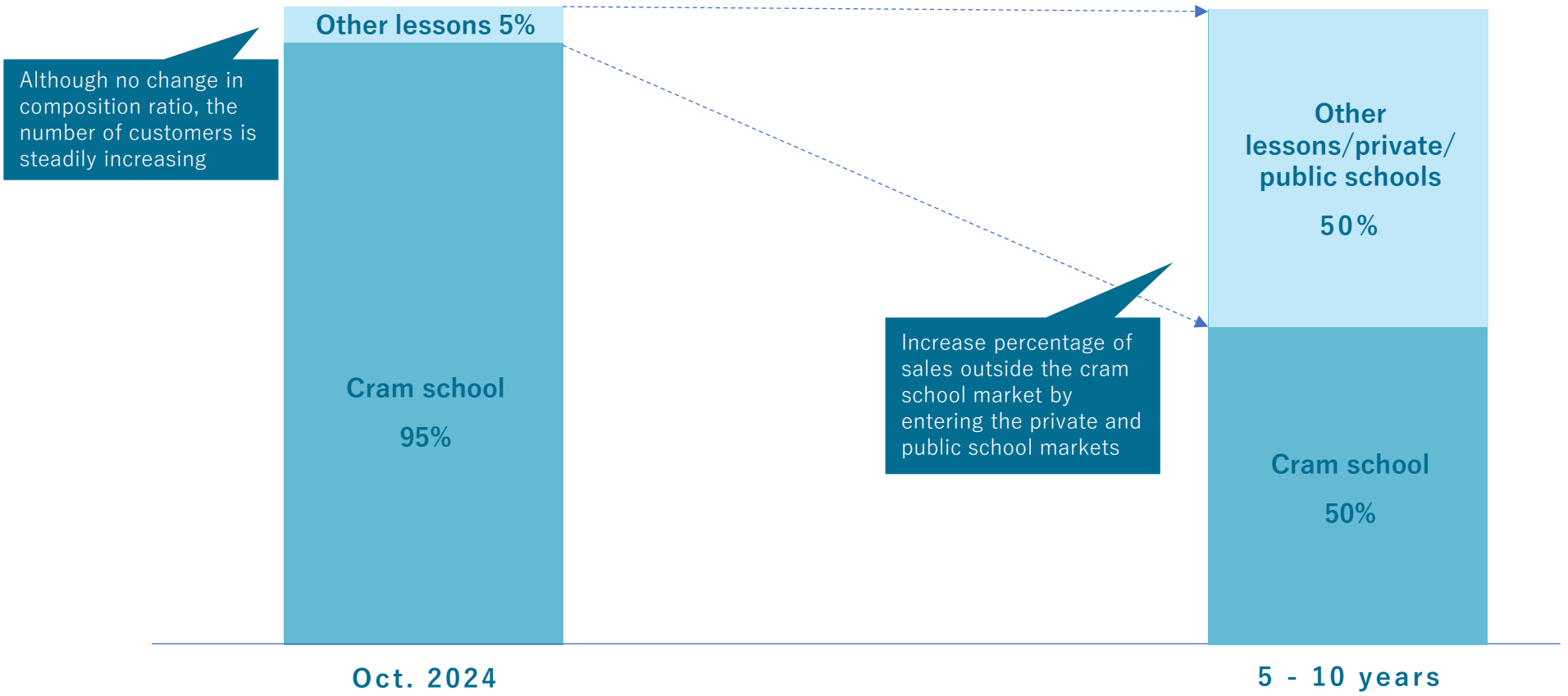
※ We classify schools into major cram schools, mid cram schools, and private cram schools based on the number of students. The number of companies above includes only the number of customers who have started paying monthly charges.
※ The estimated number of target companies, which is the denominator for each category, was estimated by our company based on the National Private School Information Center's "Cram School White Paper 2020" and the METI's "2019 Economic Structure Survey Report - Cram School Edition."

Measures details③ Expansion of lessons and school market

Expanding customer base

■ In the lesson market, centered on programming classes and English conversation classes, and the school market, we aim to expand our customer base by strengthening collaboration with partner companies and conducting M&A.

<Sales composition ratio>

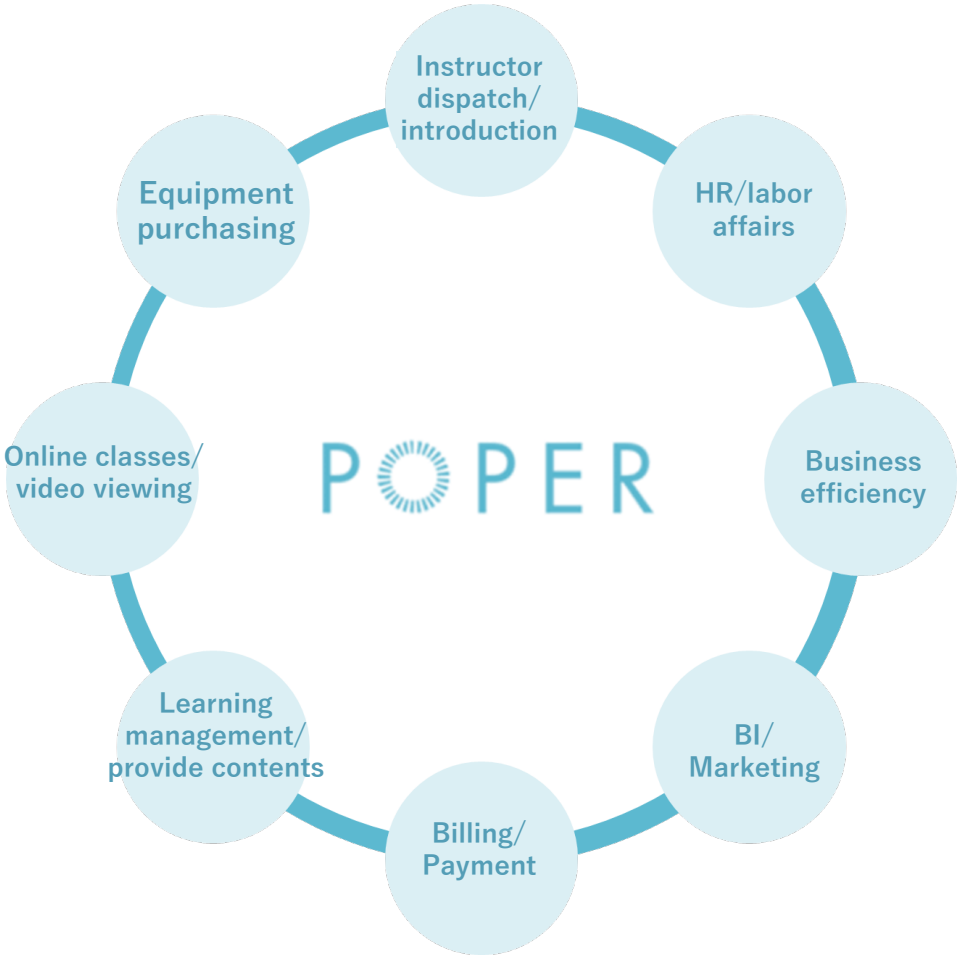


※ Sales composition ratio for the FY ending October 2024 is slightly higher than the previous announcement (as of January 2024) (90% for cram schools, 10% for other activities). This was due to the high reputation of our existing customers and the acquisition of new customers, which exceeded expectations, against the backdrop of the recent increase in demand for cram schools. We are making steady progress in expanding into other lessons, and there are no changes to our medium- to long-term growth strategy.

Measures details ④
Support measures other than system provision field

Increase in ARPU

■ In addition to providing systems, we will continue to support educational sites in various related fields by utilizing our own assets and collaborating with other companies.



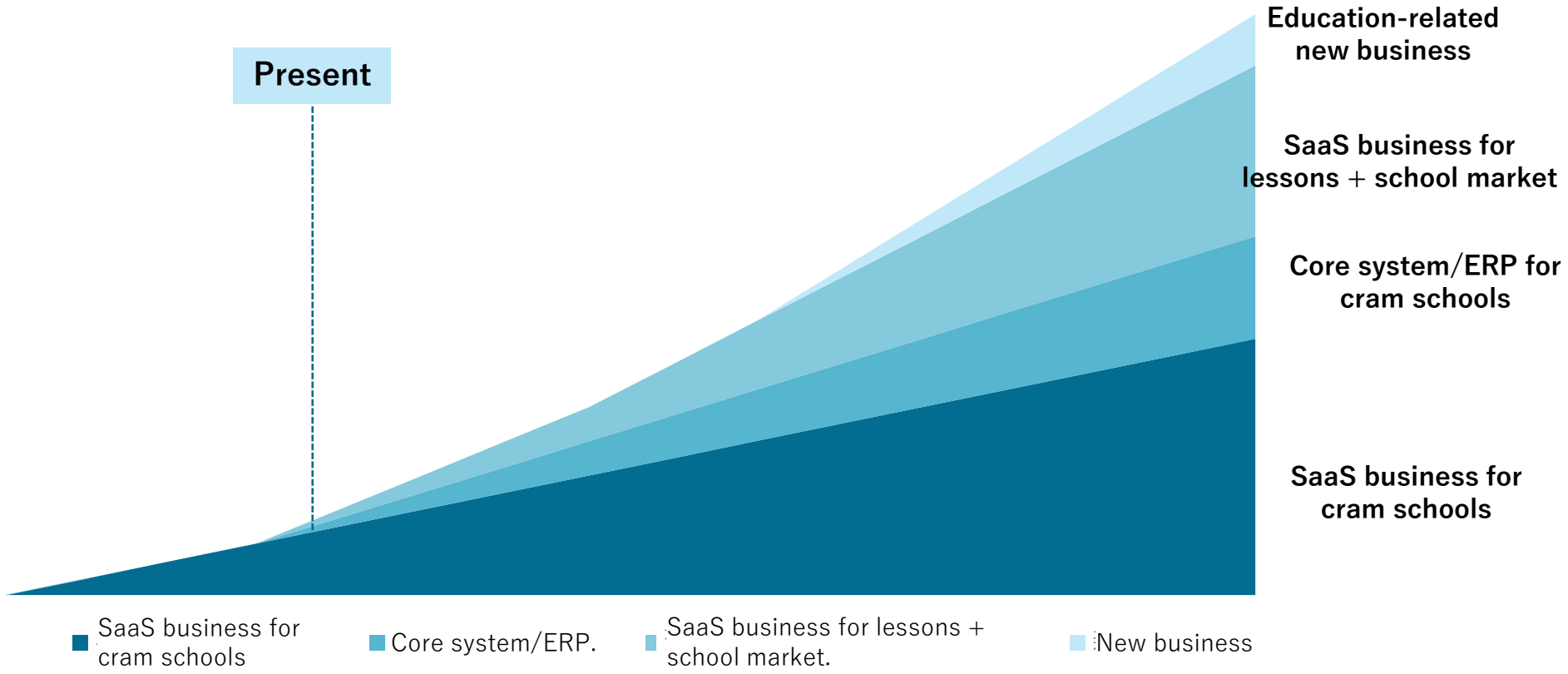
Performance plan for the fiscal year ending October 2025

■ For FY2025, increase sales by 23% year-on-year and operating income by approx. 37%.

(million yen)	October 2024 (actual)	October 2025 (forecast)	Compared to previous period
Sales	1,071	1,320	+23.3%
Gross profit	797	962	+20.7%
Gross profit margin	74.5%	72.9%	△1.6pt
SG&A expenses	724	861	+19.1%
Operating profit	73	100	+36.6%
Operating profit margin	6.8%	7.6%	+0.8pt
Ordinary profit	70	96	+37.5%
Net income	83	83	+0.1%

Medium- to long-term outlook

- In mid- to long-term, we would like to promote DX mainly in the cram school market, expand our base to the lesson market and school market, contribute to the education industry, and bring about positive changes in the hearts of everyone involved.



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Capital allocation policy

■ Through the following four policies, we aim to maintain a balance between efficient capital utilization and shareholder returns, and sustainably increase corporate value per share.

Continued investment in business growth	• Invest for sustainable business growth with the goal of operating profit margin of 20%. • Increase both sales and profit margin through efficient growth and improve corporate value
Implementation of M&A for business expansion	• Plans to actively carry out M&A to expand business and complement business strategy
Curtailment of new share issuance and use of cash reserves	• To avoid issuing new shares to fund M&A and business expansion, and to use borrowings and cash on hand to adjust the debt-to-capital ratio to around 70% so as not to dilute the equity value of shareholders.
Returns to shareholders via share buybacks	• Considering shareholder return through share buybacks, rather than shareholder benefits or dividends from surplus. This will improve EPS and maximize corporate value (after the restrictions on financial resources for share buybacks are resolved).

Continued investment in business growth

■ Aiming to further improve sales and operating profit margin by making continuous investments in each phase of business growth

	October 2022	October 2023	October 2024	October 2025 (forecast)	Approx. 5 yrs later※
Sales (million yen)	665	829	1,071	1,320	2,500
Operating profit margin (%)	△3.0%	4.5%	6.8%	7.6%	20.0%
Main measures	● Enhance management system	● Enhance Comiru PRO function ● CS, increase sales staff	● Improve efficiency of marketing activities ● Strengthening the collaboration between Comiru PRO+ core system	● Start providing ComiruERP ● Start providing ComiruPay	—

※Without considering the impact of external factors such as M&A, we plan stable sales growth at an average annual growth rate of about 15% from the fiscal year ending October 31, 2025 to the fiscal year ending October 31, 2030, driven by the growth of its own services.

Implementation of M&A for business expansion

■ Prioritizing M&A of system provider companies and businesses in the education industry, we will actively consider companies and businesses in peripheral areas like customer attraction and human resources, aiming for further growth and market expansion.

M&A policy

	POPER's M&A strategy		Priority	M&A target businesses	Examples of companies on the left
Short term	Dominant market share in cram school x business management system		high	1.Sales network 2.Customer	1.Educational trading company, teaching material company, mock exam company 2.Company developing business management system for cram schools 3.Sler/development company that develops and maintains core systems for cram schools
	Show room for further growth with lessons/school/ management system		high	1.Sales network 2.Know-how 3.Service	1.Company developing the system for lessons 2.Company developing the system for schools
Medium-term	Cram school	Attracting customers	-	Know-how/Service	Collaborating with CyberOwl
		Human resources	medium	Know-how/Service	1. Recruitment portal 2. Staffing/recruitment agency/career design
		Other related services	medium	Know-how/Service	-
	Lessons/ School	Attracting customers	medium	Know-how/Service	1. Customer attraction portal
		Human resources	medium	Know-how/Service	1. Recruitment portal 2. Staffing/recruitment agency/career design
		Other related services	low	Know-how/Service	-

Mainly consider system providers of the education industry with sales of tens of millions to billions of yen and a few to several dozen employees, as well as companies/businesses related to customer attraction and human resources.

Assumed valuations and support points for M&A implementation

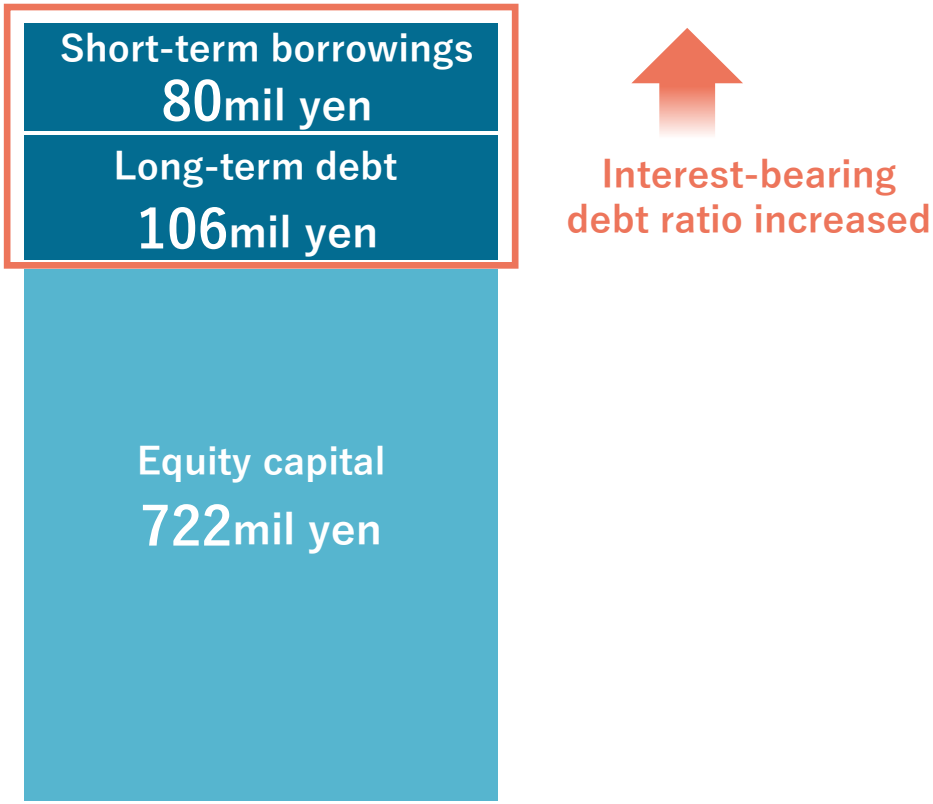
■ Consider valuation with a goal of 3 to 5 times the expected EBITDA. By utilizing our marketing and business operation know-how and development resources, we support M&A target companies to improve their profits.

Variation consideration criteria	
Variation criteria	・Consider based on 3 - 5 times expected EBITDA of M&A target

Support points after M&A implementation	
Numerical goals	・Achieve an annual sales growth rate of at least 10% or an operating margin of at least 20% through following 3 measures
Improvement of marketing measures	• In accordance with product characteristics of M&A target, support based on successful online/offline marketing measures know-how at Comiru and create further negotiation opportunities while aiming for cost effectiveness.
Business operation improvement	• Reduce business operation costs and churn rates by structuring and thoroughly implementing a series of business operations, including lead acquisition, negotiation and order receipt, and post-contract customer success, in accordance with the circumstances of M&A target company.
Streamline development and reduce costs	• To improve the speed of software development at the M&A target company and reduce development costs by bringing development operations in-house through the use of our development resources and development expertise.

Funding policy for business growth and M&A

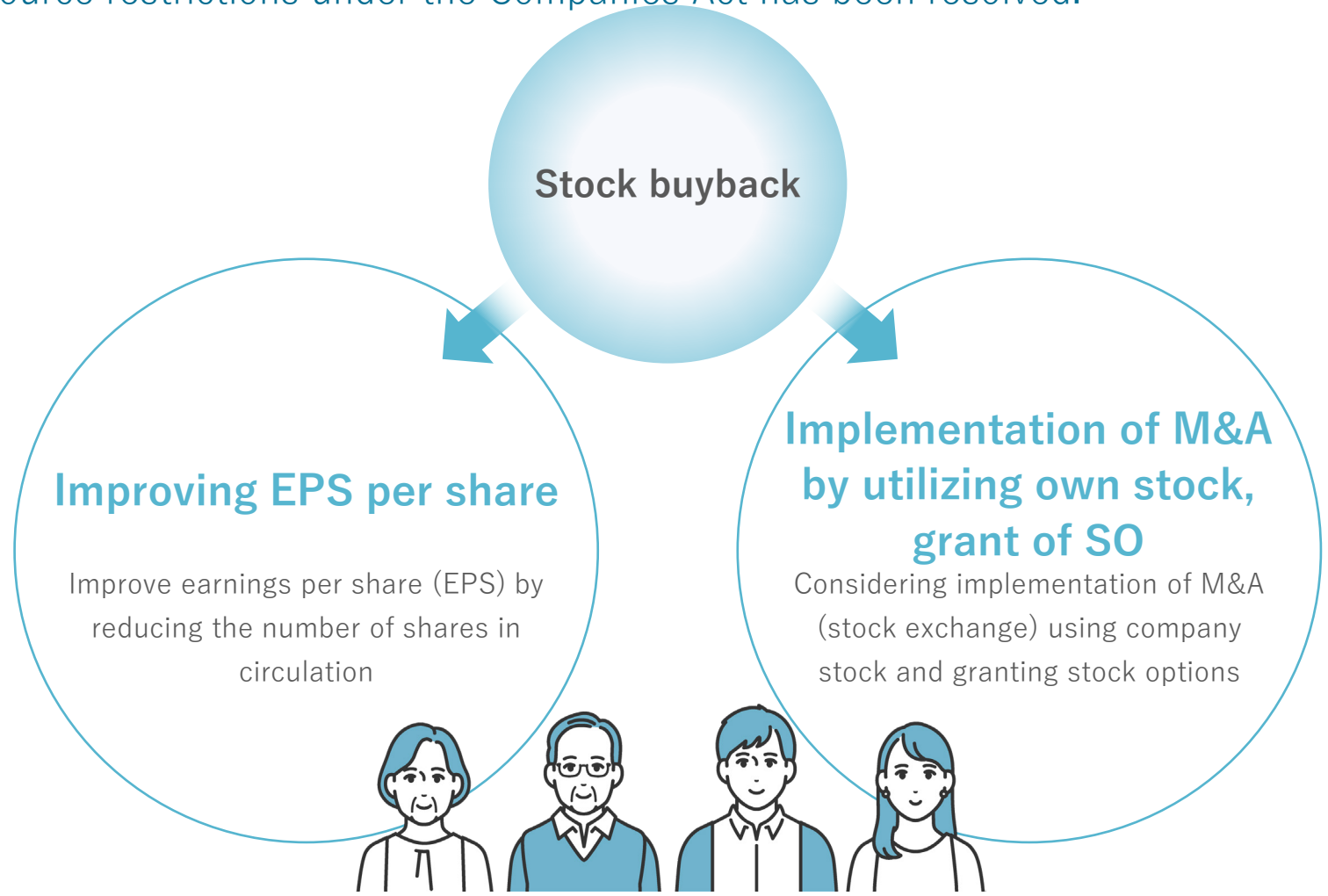
■ By raising the interest-bearing debt ratio higher than the current level when raising funds for business growth and M&A, it is possible to reduce WACC (weighted average cost of capital) and optimize the cost of capital.



Planning to raise funds by gradually increasing the interest-bearing debt ratio from the current 26% to 70%.

Returns to shareholders through share buybacks

- We plan to consider returning profits to shareholders through share buybacks rather than shareholder benefits or dividends from surplus for several years after the issue of financial resource restrictions under the Companies Act has been resolved.



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Main KPIs and main investment areas for each business

■ Focus on continued sales growth while maintaining discipline and investing in areas of need

Main KPI

■Sales growth rate

—Business impact on the education industry: Number of paid contract companies

—Improving the value of provided services: Monthly sales per customer (ARPU※)

—Business retention rate: Average monthly churn rate

—Stable recurring revenue from customers: Annual recurring revenue (ARR※)

■Securing stable profits: Gross profit margin, operating profit margin

Investment area

SG&A expenses

■Advertising expenses/sales ratio:

Conducting effective marketing activities by holding seminars for educational institutions, utilizing in-house media, and strengthening branding activities

■Personnel costs:

Acquisition of excellent human resources necessary to increase sales

Development investment

■Development personnel costs, outsourcing costs:

Improve existing features and add new features for educational institutions' convenience.

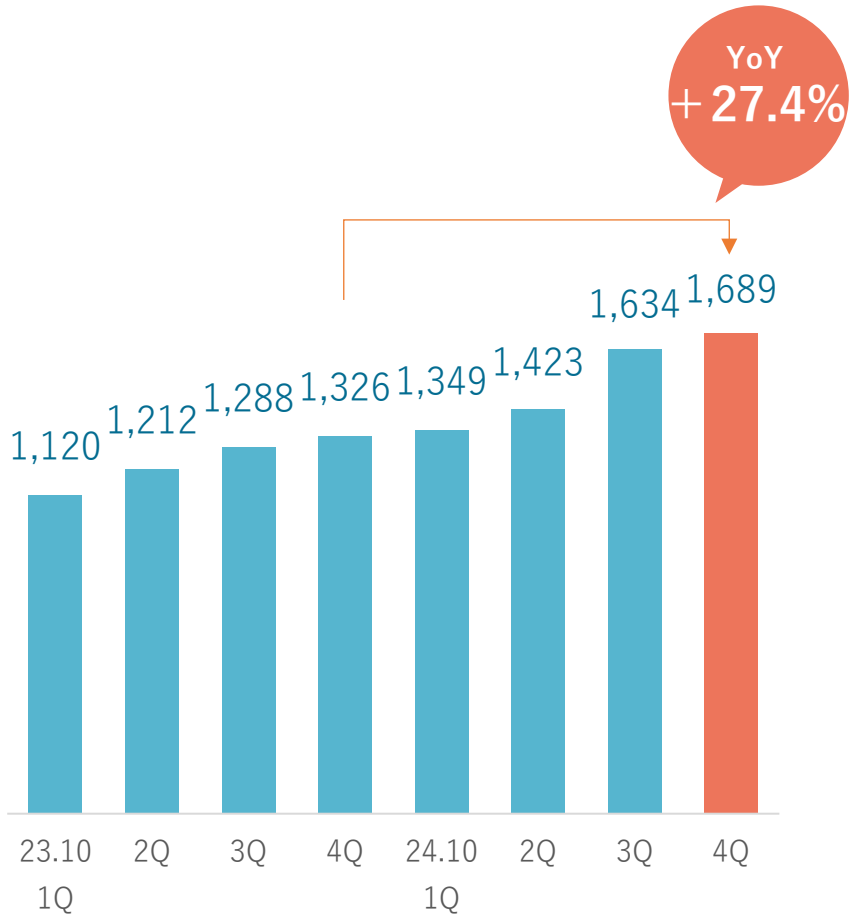
※"ARPU" is an abbreviation for "Average Revenue Per User" and is calculated by dividing "MR" at the end of the quarter (end of period) by the number of companies with paid contracts.
※"MRR" is an abbreviation for "Monthly Recurring Revenue" and is the total amount of monthly usage fees (excluding one-time revenues) for customer subscription plans as of the end of the subject month.
※"ARR" is an abbreviation for "Annual Recurring Revenue" and is calculated by multiplying "MRR" at the end of the quarter (end of period) by 12.
※"Paid student ID unit price" will not be disclosed from the 2Q of October 2024 for reasons of sales strategy.

Trends in various KPI indicators ①

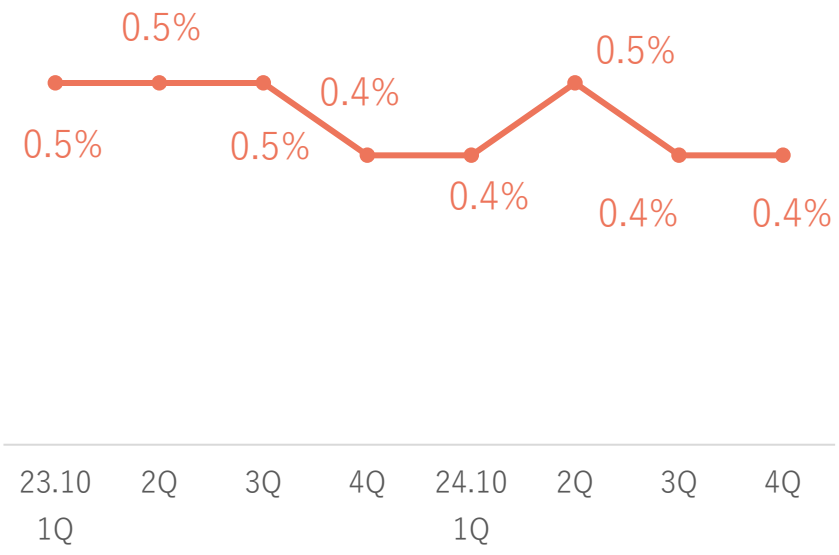
■ Number of paid contract companies increased 27.4% YoY due to increase of new customers and integration of “BIT CAMPUS” business. Churn rate remained low.

Number of paid contract companies

(unit: company)

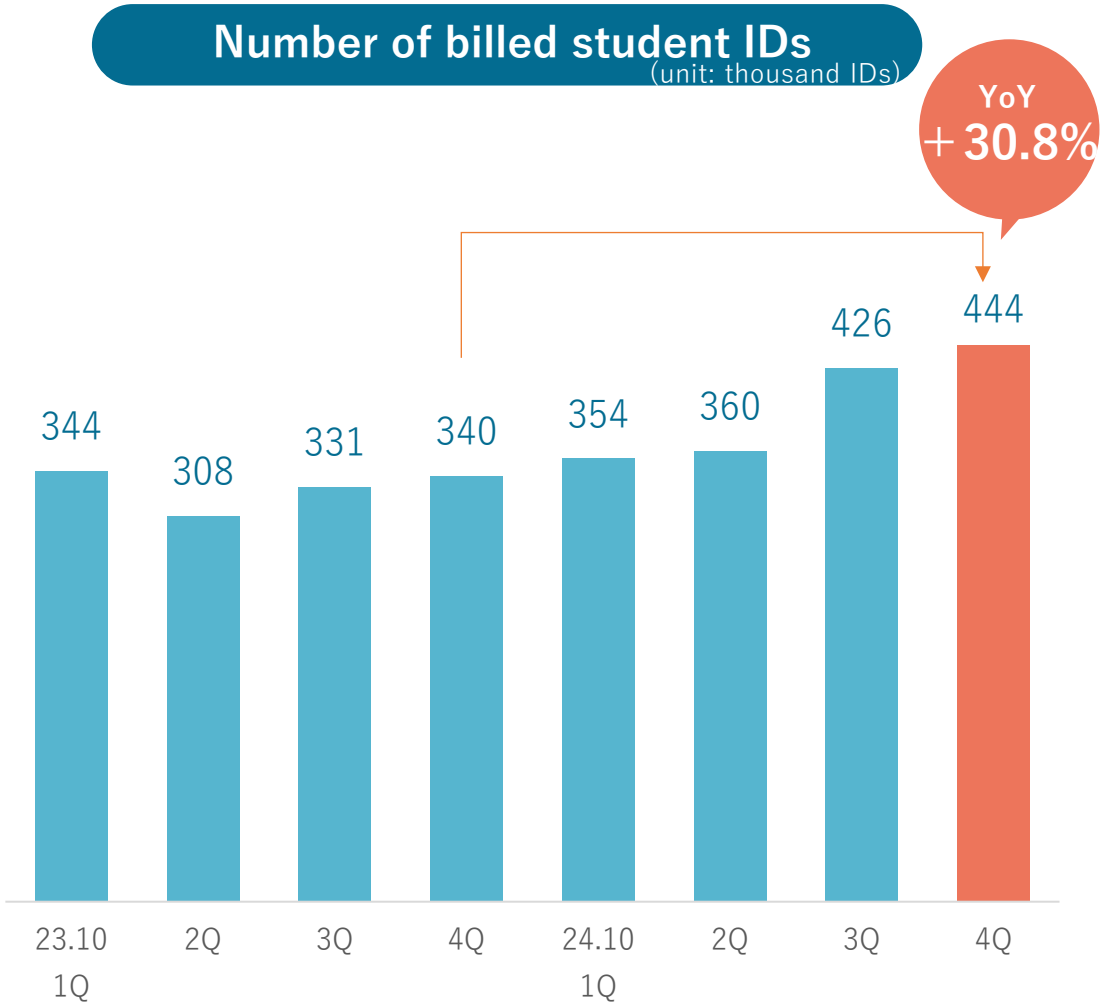


Customer churn rate trends



Trends in various KPI indicators ②

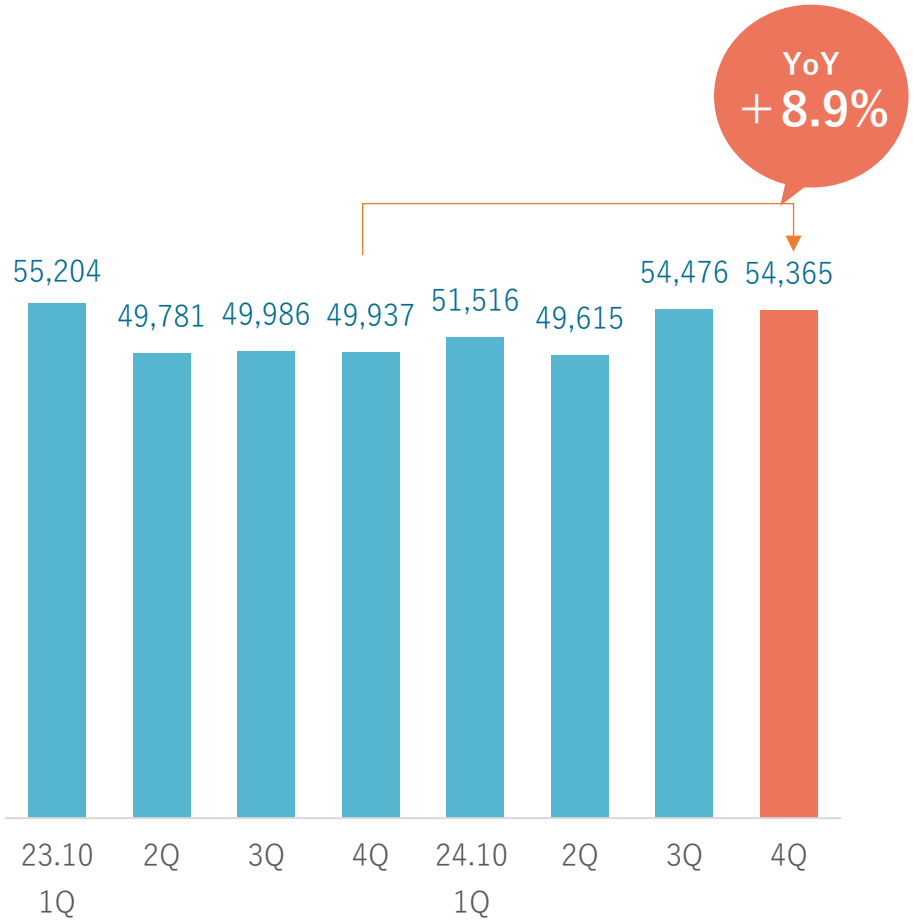
- Number of billed student IDs increased 30.8% YoY due to the acquisition of new customers and up-selling of existing customers, as well as the integration of “BIT CAMPUS” business



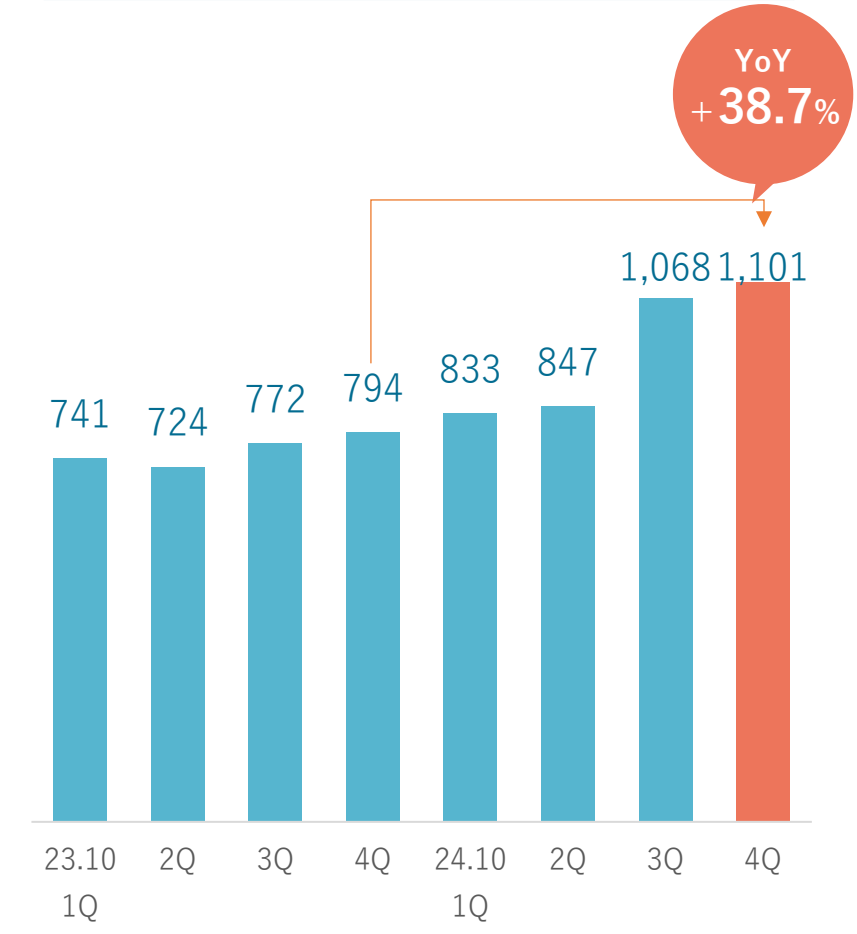
Trends in various KPI indicators ③

- ARPU increased because unit price of existing customers increased and integration of "BIT CAMPUS"
- ARR increased 38.7% YoY because number of paid contract companies and paid student IDs increased.

ARPU (unit: yen/sha/month)



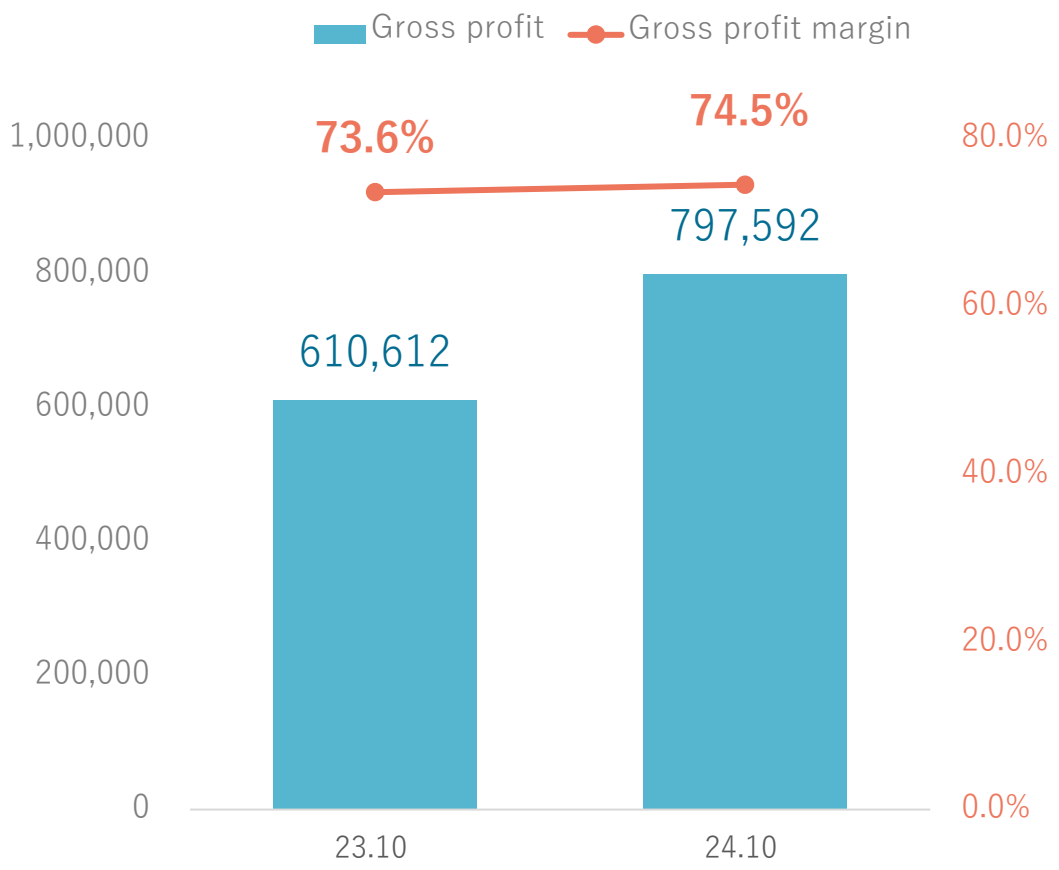
ARR (unit: million yen)



Trends in gross profit margin

■ Continue to improve gross profit margin by increasing sales and streamlining development operations such as automation of testing and coding operations using AI

Gross profit trends (unit: thousand yen)

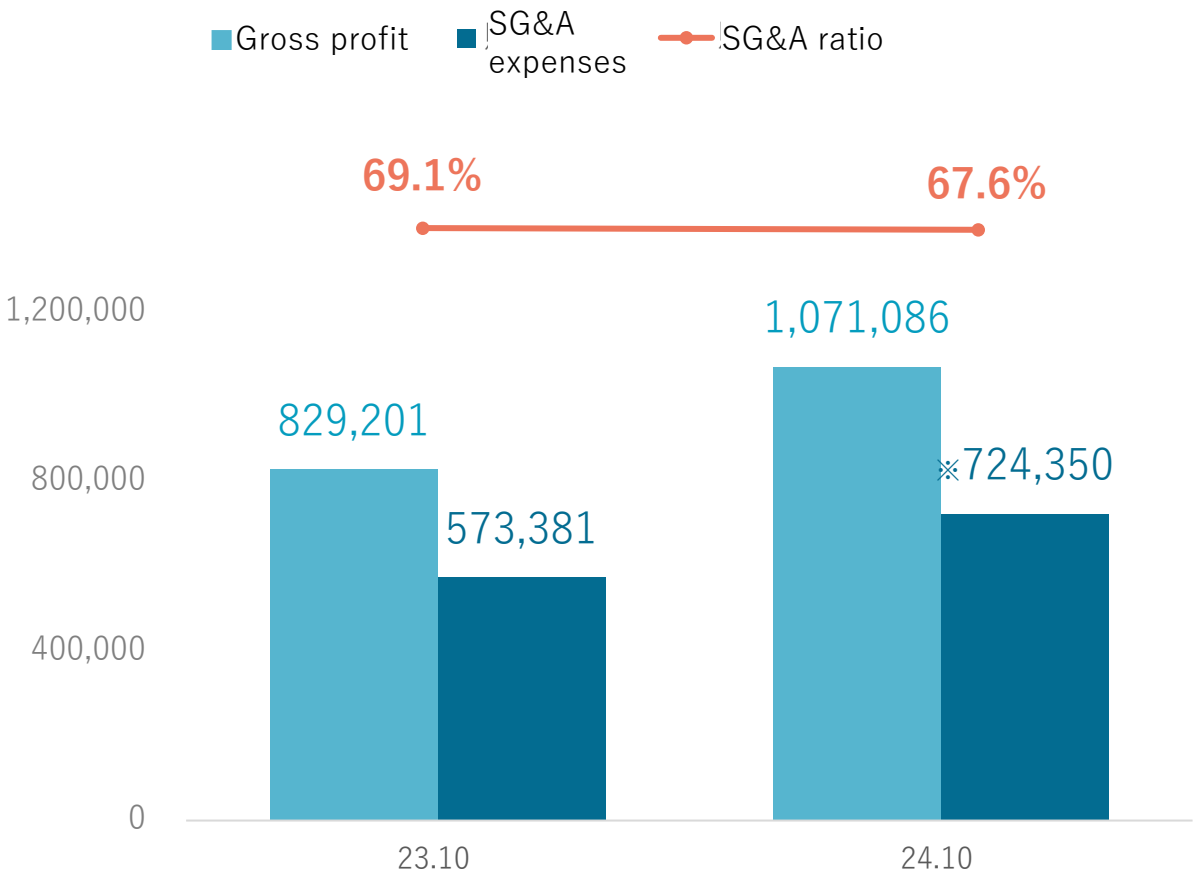


Trends in SG&A expense ratio

■ Despite an increase in personnel expenses and M&A-related expenses*, SG&A expense ratio improved by 1.5 points due to higher sales and cost-cutting marketing initiatives.

Trends in SG&A expenses as a percentage of sales

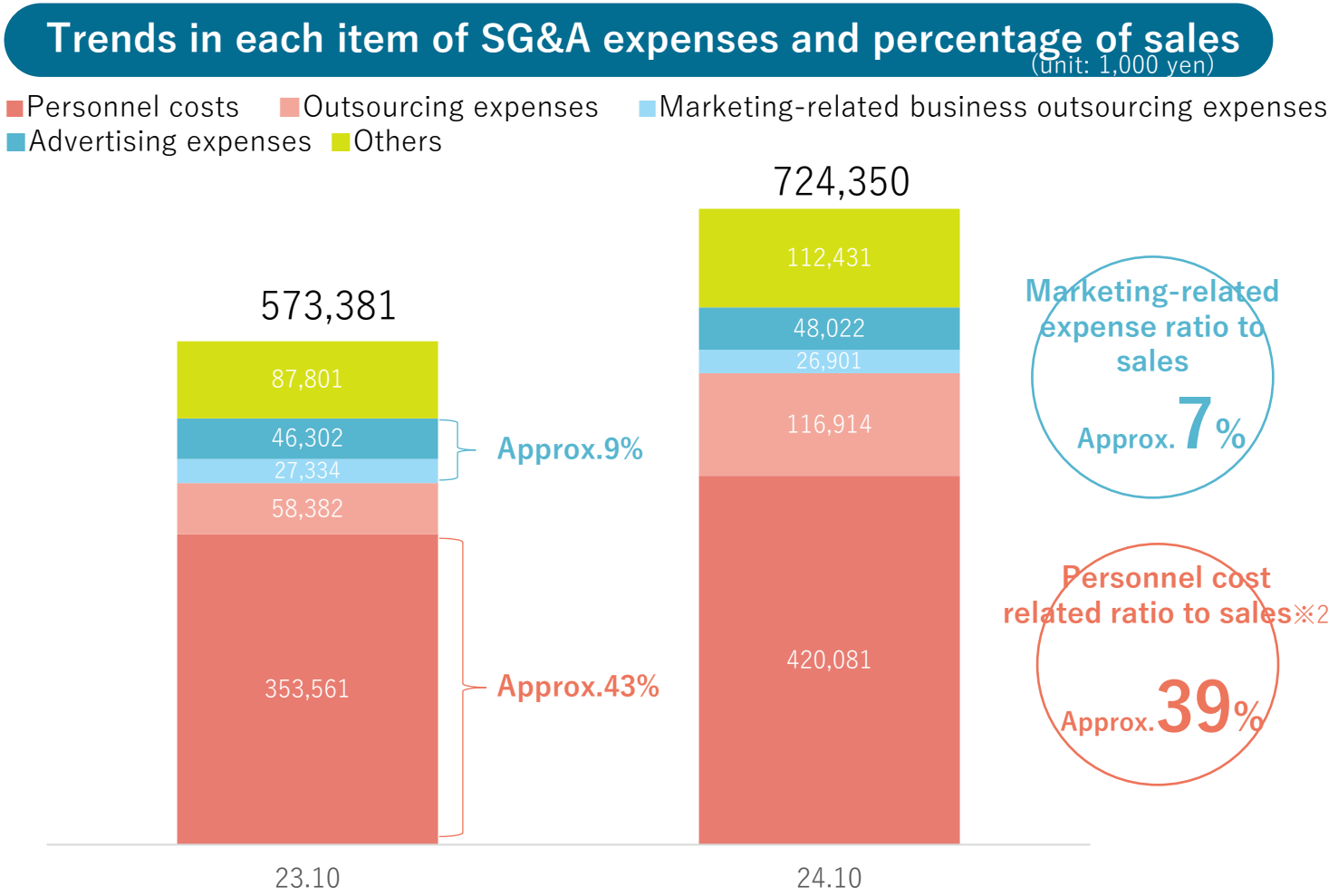
(unit: thousand yen)



※ In the fiscal year ending October 2024, M&A-related expenses of 20 million yen brokerage fees and due diligence expense was incurred.

Trends in each item of SG&A expenses and percentage of sales

■ Although SG&A expenses increased due to personnel expenses associated with business expansion and M&A-related expenses※1, the proportion of sales decreased compared to the same period last year.

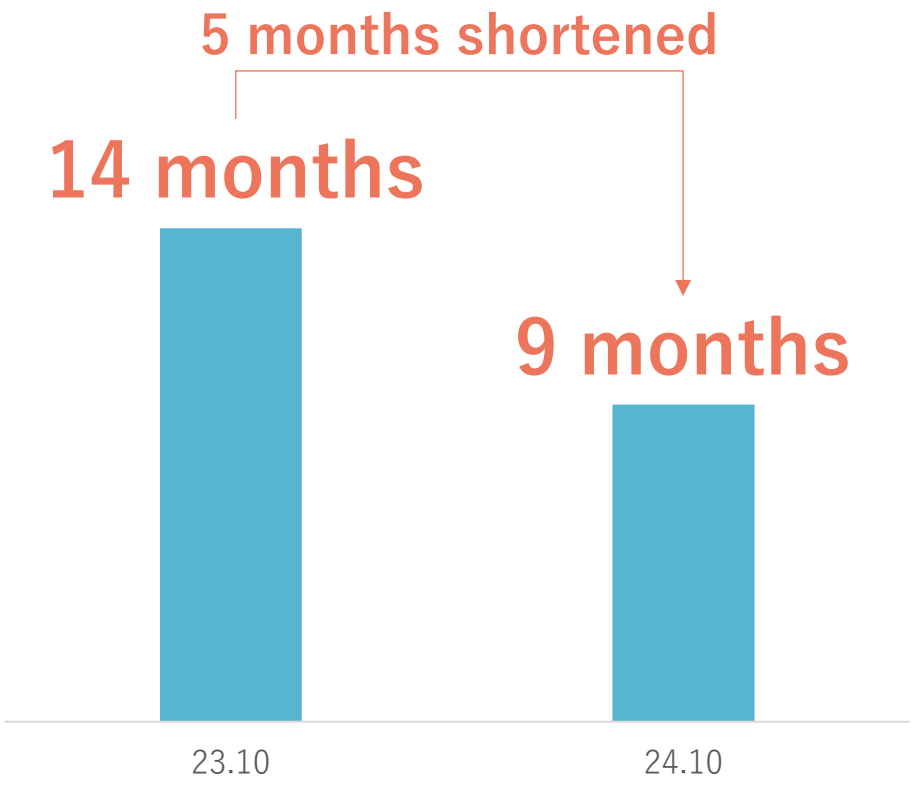


※1 In the fiscal year ending October 2024, M&A-related expenses of 20 million yen brokerage fees and due diligence expense was incurred.
※2 "Personnel cost-related" in "Personnel cost related ratio to sales" is the total of "executive compensation" and "employee salaries and benefits".

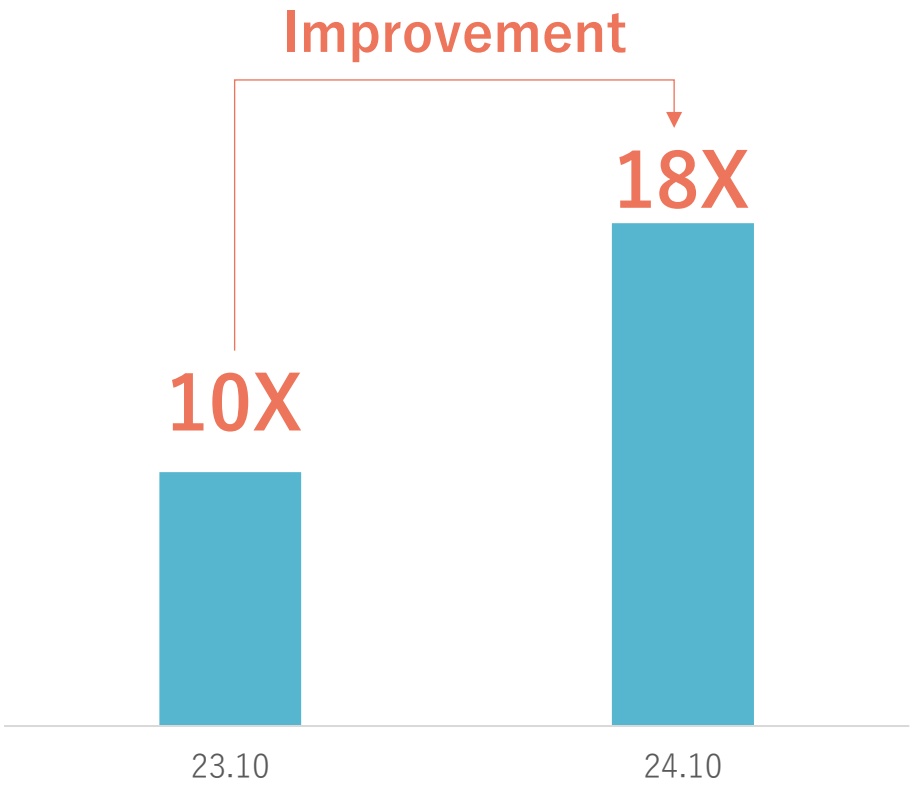
Marketing metrics

- Shortened CAC (Customer Acquisition Cost) payback period by approximately 5 months and improved LTV/CAC ratio by 18 times through in-house media, web marketing, and other initiatives.

CAC collection period



LTV/CAC



Significant risks and response policies for executing the business plan ①

The following is a list of main items that may be risk factors in our management. The following is a selection of the major risks that may affect the realization of growth and the execution of the business plan from the information contained in the Securities Report. For other risks, please refer to “Business and Other Risks” in the Securities Report. Forward-looking statements in the text are based on the Company's current judgment and do not cover all possible risks that may arise in the future. The external factors beyond our control and matters that do not necessarily fall under the category of risk factors are also listed.

	Major risks	Risk countermeasures	Possibility of occurrence	Impact
Responding to technological innovation	■ Risk that the Company may not be able to respond in a timely and appropriate manner to changes in the market environment, including the speed of technological innovation and the resulting emergence of new business models.	■ Focus on acquiring cutting-edge technology, knowledge, and know-how ■ Recruit and train development staff capable of responding to technological innovations	Low	Medium
Competitive trends	■ Risk that competitors or new entrants will outperform us in terms of financial strength, technological development, price competitiveness, customer base, sales force, name recognition, etc., and that we will not be able to provide services as expected or acquire or retain customers.	■ Continuously improve functionality of provided services and develop new features ■ Strengthening support systems for customers and management support systems ■ Implementing effective marketing activities	Medium	Medium
Business expansion	■ Risk that profit margins will decline due to additional expenditures such as system investment and personnel costs, and risk that new business expansion and growth will not proceed as expected.	■ Plan and execute new businesses by leveraging the knowledge of business startups cultivated over the years ■ Determination of investment level in consideration of overall business profitability	Low	high
Impact of declining birthrate	■ Risk that the overall education industry will shrink significantly due to the rapid decline in the birthrate.	■ Strengthen function of providing services to cram schools and school corporations, enrich lineup, and strengthen management support system	Medium	Medium

Important risks and response policies in carrying out business plans ②

	Major risks	Risk countermeasures	Possibility of occurrence	Impact
Securing human resources	■ Risk of not being able to secure the necessary human resources due to the hiring of excellent personnel from outside or the development of human resources within the Company in response to the expansion of business scale, which may not proceed as planned.	■ Utilize knowledge cultivated in-house to recruit diverse and talented human resources and strengthen recruitment activities ■ Human resource development through post-employment training and OJT	Medium	Medium
Information management including personal information	■ Risk of information leakage due to human error, accident, disaster, unauthorized access by malicious third parties, or other unexpected factors, which may result in a large cost burden, or deterioration of business relationships due to loss of customer trust, which may affect our business and earnings.	■ Obtain P Mark, and maintain and operate regulations and manuals for the protection of important information assets, such as personal information protection regulations and information management regulations. ■ For managing important information assets, take organizational, technical, and physical security control measures, e.g., appropriate access authority management and physically prohibiting connections between PCs and external storage media.	Medium	high
Use of funds	■ In order to respond more flexibly to the changing business environment, there is a possibility that the funds may be used for purposes other than those currently planned, and there is a risk that even if the funds are used in accordance with the plan, the investment effect may not be as expected.	■ Invest in areas that are important and have a high return on investment, based on the Edtech market and our company's situation.	Low	Low

Disclaimer

In preparing this document, we have relied on and assumed the accuracy and completeness of third-party information available to us, such as statistics, but we make no representations or warranties as to their accuracy or completeness.

In addition, although the statements may contain assumptions, forecasts, and projections based on plans regarding the future as of the date of the announcement, these forward-looking statements are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and the Company does not promise that they will be achieved. Significant differences may occur between these forecasts and actual results due to various future factors, such as changes in economic conditions, changes in customer needs and preferences, competition with other companies, and changes in laws and regulations.

We plan to disclose “Business Plan and Growth Potential Matters” around the end of January each year.

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