

2. Governance reform to free With us from dominance of founding family

**With us founding family (Horikawa) seriously
confounding private and public interests**



Founding Family Seriously Confounding Public/Private Interests

Channeling excessive profits to the founding family hinders the growth expected of listed company, which prevents realization of the common interests of shareholders.

1. Privileged position & remuneration given to founding family
2. Family members in concurrent directorships with rival companies
3. Effective distribution of profit to founding family
4. Anti-takeover measures effectively protect founding family (see slide 34)

**Need to end control by founding family,
which conflates private & public interest**

How Founding Horikawa Family Treats With us as Personal Property

- Kazuaki Horikawa founded With us in 1976, served as president through 2009, then as chairman through 2015. He retains advisory role even after resigning his directorship.
- Kazuaki's eldest son Naoto Horikawa currently serves as executive officer of With us. His second son Akito serves as director of a With us subsidiary.
- Akito is responsible for strategic planning, directly under President Ikoma, in position created specifically for Akito separate from main strategy division

Voting rights held by founding family

20.02%



Kazuaki Horikawa

221,000 shares
(2.45% voting rights)



Hint and Hit Co., Ltd.
Rep. Director: Kazuaki Horikawa

653,000 shares
(7.23% voting rights)



Naoto Horikawa

468,200 shares
(5.18% voting rights)

Eldest son



Akito Horikawa

466,000 shares
(5.16% voting rights)

Second son

2-3 Privileged Position Given to Founding Family



Kazuaki Horikawa
 Founder Advisor

Tomio Ikoma
 President

Akito Horikawa
 Strategic planning for president's office

Osamu Kashiki
 Company head, Professional development, career support

Naoto Horikawa
 Executive officer, Company head of cram school business

Cram school business
 (37.4% sales weighting)

Cram school business head office

進学塾 佑学社
 京大ゼミナール 久保塾 GAZ
 (GAZ) 個別指導 まなび
 (Blue Sky FC)

Global business
 (8.4% sales weighting)

Global business head office

KIKKO
 For Better Communication
 グローバルウイガス

Professional development & career support business
 (9.3% sales weighting)

Terrace 1

SRJ

REVIC GLOBAL
 株式会社レビックグローバル

Osamu Kashiki
 Revic Global President

Other
 (4.3% sales weighting)

株式会社ブリーズ
 (Ads business)

High school/university business
 (40.6% sales weighting)

High school/university business head office

Naoto Horikawa effectively in charge of 46.7% of total sales

Source: Company materials, conversation with With us Corporation

Founding Family Treat Subsidiaries as Private Property

- President Ikoma defends Kazuaki and Naoto Horikawa's long-standing appointments as subsidiary company presidents, saying they are the "right people for the right positions, and that proper appointment processes are followed every year".
- However, earnings do not suggest that Kazuaki & Naoto Horikawa have improved subsidiary corporate value



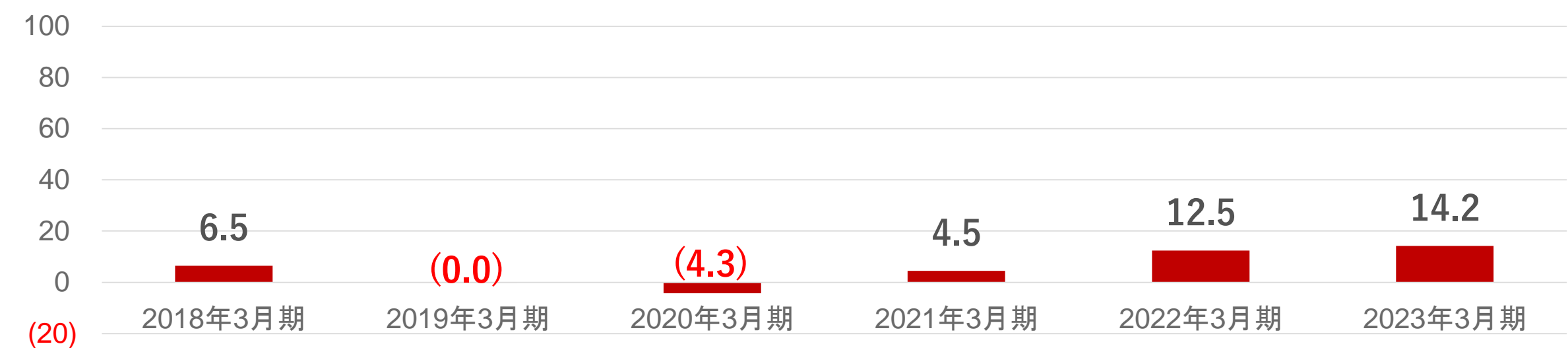
Kazuaki
Horikawa



Period as
President

31 years

(¥1mn)



- Despite operating for 31 years, Breeze turns NP of only ¥14mn, hardly suggesting improvement in corporate value



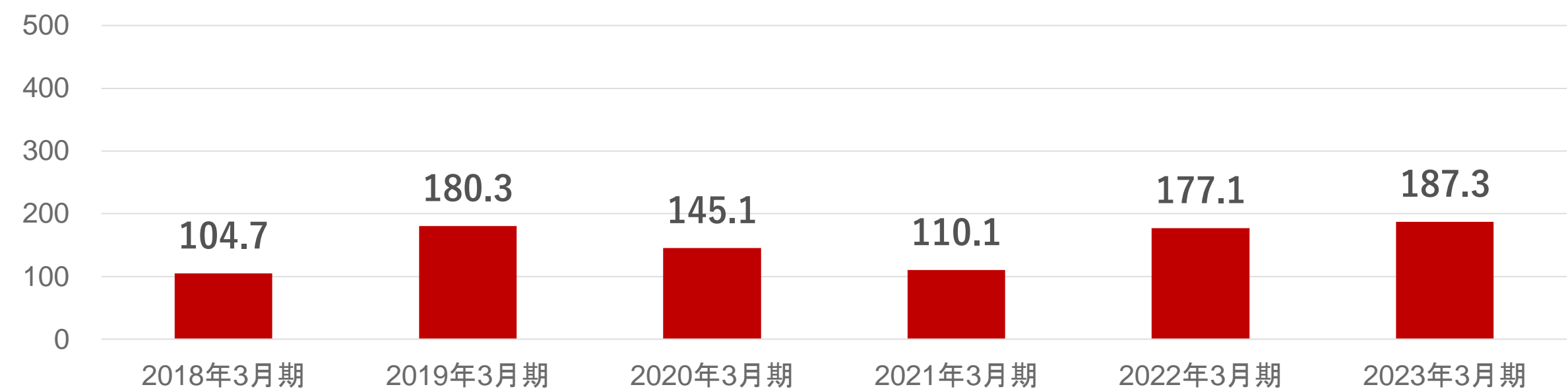
Naoto
Horikawa



Period as
President

16 years

(¥1mn)



- SRJ NP has trended around ¥100-200mn over past 6 years. No evidence of sustained earnings growth, improved corporate value over past 16 years

2-5 Monopolizing Positions Because of Being the Family Member, Not Business Aptitude

- Naoto Horikawa appears keen to leverage his SRJ presidency in external activities, but his contribution to earnings is unclear, with no sustainable growth shown

教育アライアンスネットワーク新理事長にSRJ 堀川直人代表が就任

2022-09-01

5年目を迎えたNEAは、新体制で次のステージへ



「子どもたちの未来を輝かせる指導方策の拡充」と「民間教育展」のために活動を展開する、一般社団法人教育アライアンス下、NEA)。2022年6月10日、株式会社SRJ(本社・東京都)社長 堀川直人氏が新理事長に就任した。2018年の発足から5年目となるNEAが、会員同士の関係性をさ体制で次のステージを構築していく。今後の方向性や展望について伺った。

一步踏み込んで寄り添い身近に必要とされる組織に

「下屋裕前理事長から重責のバトンを引き継いだ」と堀川氏

NEA 堀川直人 社長



株式会社ウイガス
SRJ
堀川直人社長
YouTube初登場

オンラインセミナー StudyOne

学習塾の未来
—新たなフェーズへ—

セミナー開催日 全日程 11:00~12:00 [60分]
11/1(水) 11/2(木) 11/6(月) 11/7(火)
アーカイブ配信

株式会社SRJ 代表取締役 堀川直人
「月刊私塾界」発行人 兼 編集長 山田未知之
株式会社スタディラボ 取締役 横田保美

ICT化・DX化により、民間教育全体が互いに高め合い、教育資源・価値を分かち合えるボーダレス時代が到来!

ICT教育の“中の人” 堀川直人氏

現在地



NEA 一般社団法人 教育アライアンスネットワーク 後援: lacicu SRJ

やる気スイッチグループが目指す今後の教育業界進化

講演: 高橋直司様 としての進化

2023年 11/17(金) オンラインZoom 11:00~12:10

内容: 今後の展望および、大手メディアへのグループインによるシナジーについて




キムタツ×ひーぷーのオキナワ・ジモトーク

© 2023.10.03(火) 06:00

10月3日、火曜日は「キムタツ×ひーぷーのオキナワ・ジモトーク」放送日である。一昨年9月27日からスタートした同番組もいつまで続けさせてもらえるだろうとあっていたら先ごろ1周年を迎え、現在は来年1月までのゲストが決まっている状況である。今日のゲストは(株)SRJ社長の堀川直人さん。

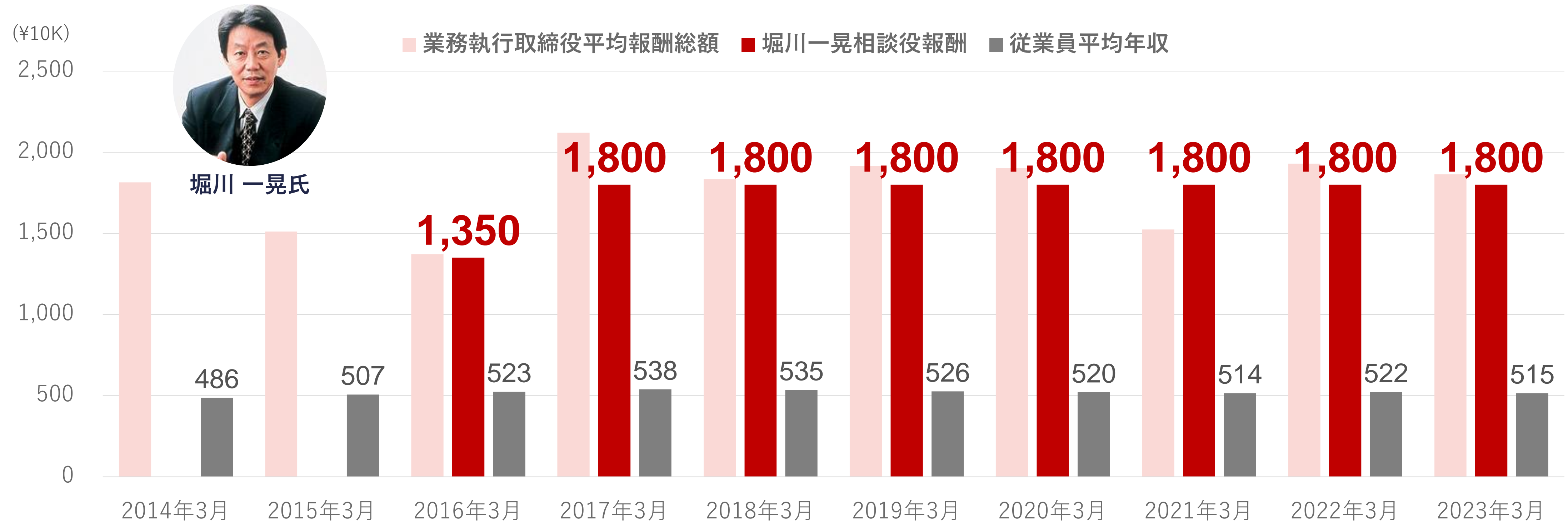
沖縄に縁とゆかりのある方をお迎えし、その方の人生を振り返りながら沖縄の今を見つめようというトーク番組である。いろいろな方々の過去を振り返ることで現在の沖縄の姿が見えてくるんじゃないかというコンセプトで

No sustainable growth for SRJ

Unclear earnings contribution from external activity

2-7 ¥1.5mn per Month Advisory Fees Over Past 9 Years

- Kazuaki Horikawa has been paid ¥1.5mn per month (¥18mn per year) in advisory fees over the nine years from the month since his resignation as director.
- This is essentially the same as the average salary of an executive officer.



Notes: ¥13.5mn advisory fee for FY3/16 is for nine months after resignation from July 2015 through March 2016 (¥1.5mn per month)

Sources: With us Corporation Securities Report

2-8

Founding Family in Concurrent Directorships with Rival Companies

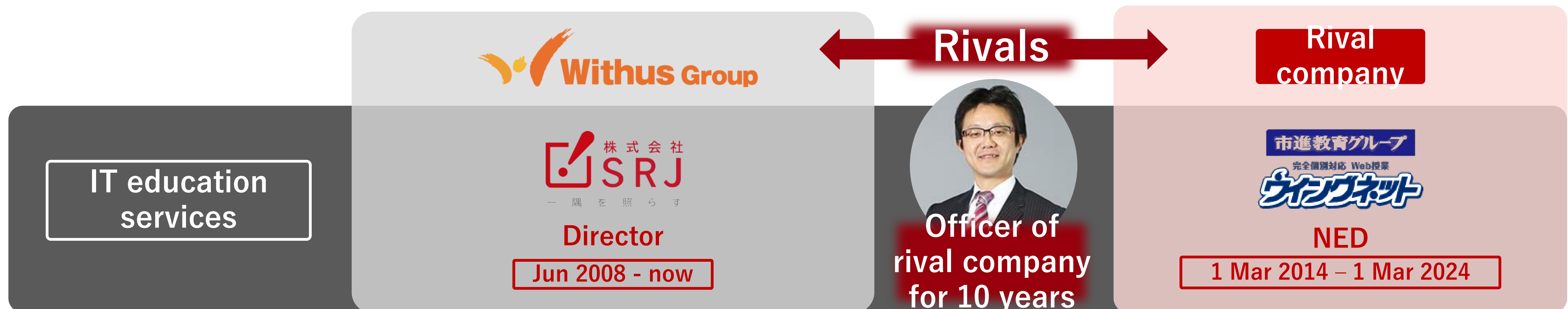
- Naoto Horikawa was appointed as an officer of a rival company after resigning from With us. He also served as an external director of a rival company while director of a With us subsidiary.
- Serving as director of two rival companies over a short term invites suspicion of the misuse of confidential information, ideas, or knowhow, even if unintended, and could create risk of litigation from parties related to both companies.
- Indeed, taking care to avoid the misuse of information or knowhow obtained in a prior position could create a hesitancy to execute optimal strategies at the current company.



2-8

Founding Family in Concurrent Directorships with Rival Companies

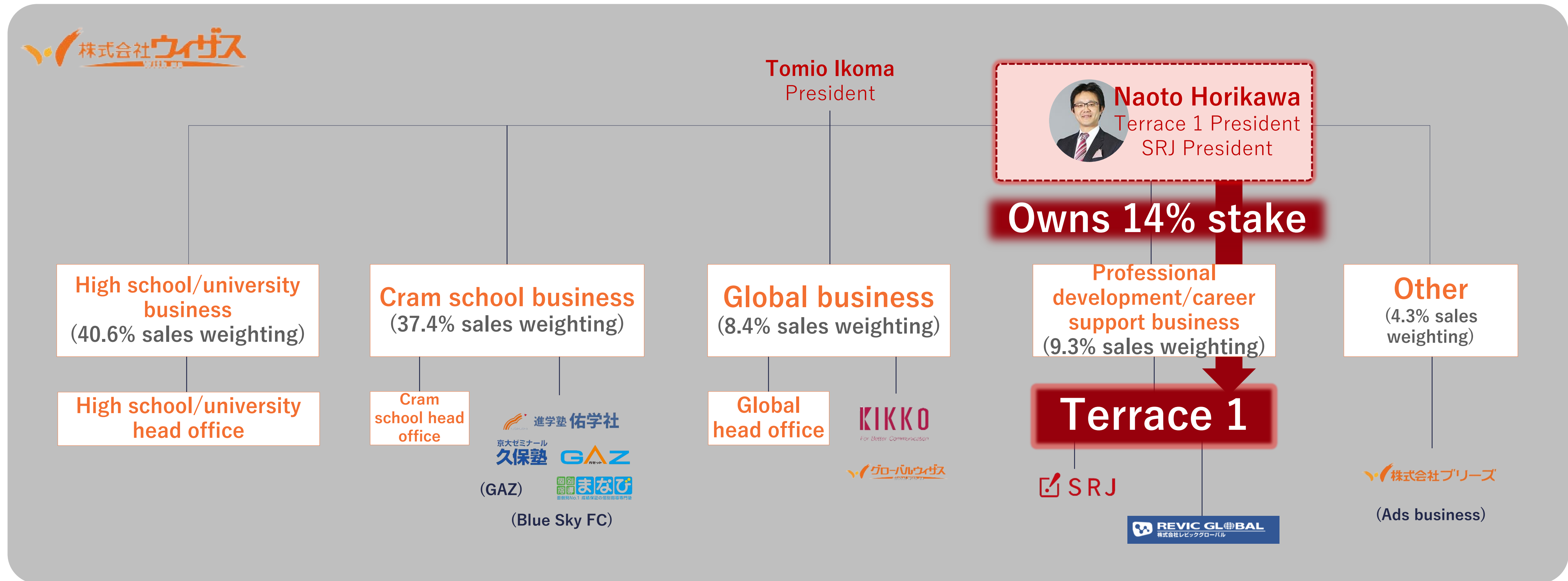
- Moreover, Naoto Horikawa has served for 16 years as president of a consolidated subsidiary SRJ, which offers IT-based education services, but until end-Feb. also served as NED of Wingnet, a consolidated subsidiary of rival Ichishin HD that offers IT-based education services.
- It is possible that Horikawa would hesitate to roll out optimal IT-based services at With us owing to the concurrent directorship of two companies that could launch rival services.



2-9

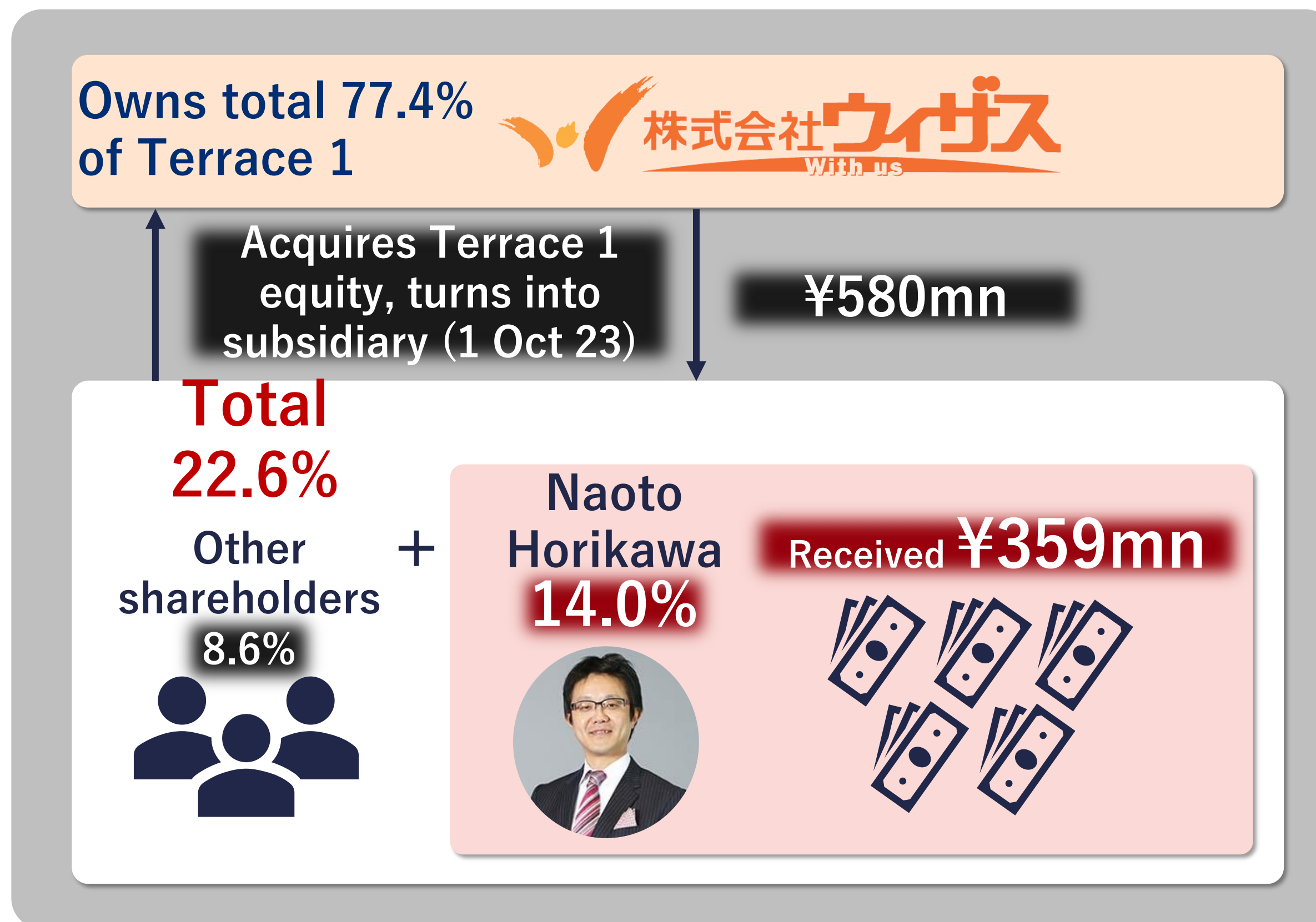
Effective Distribution of Profit to Founding Family

- Naoto Horikawa, eldest son of founder, held 14.0% stake in With us subsidiary Terrace 1.



2-9 Effective Distribution of Profit to Founding Family

- In Oct 2023, With us obtained remaining 22.6% of voting rights of Terrace 1 for ¥580mn, converting from 77.4%-owned subsidiary to wholly owned.
- In this way, ¥359mn of profit belonging to the Company ended up being paid directly to Naoto Horikawa.



- Terrace 1 was established in Dec 2019 as an interim holding company for SRJ (IT-based educational program development and supply) and Revic Global (corporate training).
- At establishment, main shareholders were With us, Naoto, Ichishin HD, and Z-Kai HD. On 1 Oct 2023, With us obtained all stock it did not yet hold and turned company into 100% subsidiary.

Such channeling of profit to individuals casts doubt on compliance with listing criteria

Effective Distribution of Profit to Founding Family

- In discussions with GES on 21 Mar 2024, With us President Ikoma refused to explain why Naoto Horikawa personally held the shares (President Ikoma knows the reason, but claimed shareholders do not need to know).

Our conversation with With us President Ikoma (21 Mar 2024)



Why did Naoto Horikawa personally hold 14% of Terrace 1 stock?
Ordinarily the employees of a listed company would not hold shares in a consolidated subsidiary.

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Terrace 1 is the interim holding company for SRJ and Revic Global. The decision was taken, it's as simple as that and I see no need to keep going on about the reasons for it.

Of course I know (the reasons), as I was involved (in the decision). But I will refrain from comment as I have nothing to say about it.

The reason I have nothing to say is that I concluded it was appropriate.

The reason I concluded it was appropriate is because I thought it was appropriate.



ウイザス
President
Ikoma

The shareholder proposal must be passed to end control by the founding family, who conflate private and public interests.

	Shareholder proposal	Description
1. Special privilege & remuneration given to founding family	Resolution 4	Restrictions on appointments to subsidiary directorships
2. Founding family in concurrent directorships with rivals	Resolution 5	Restrictions on appointment to directorships/ management of rival companies
3. Effective distribution of profit to founding family	Resolution 6	Establishment of (internal) director appointment criteria

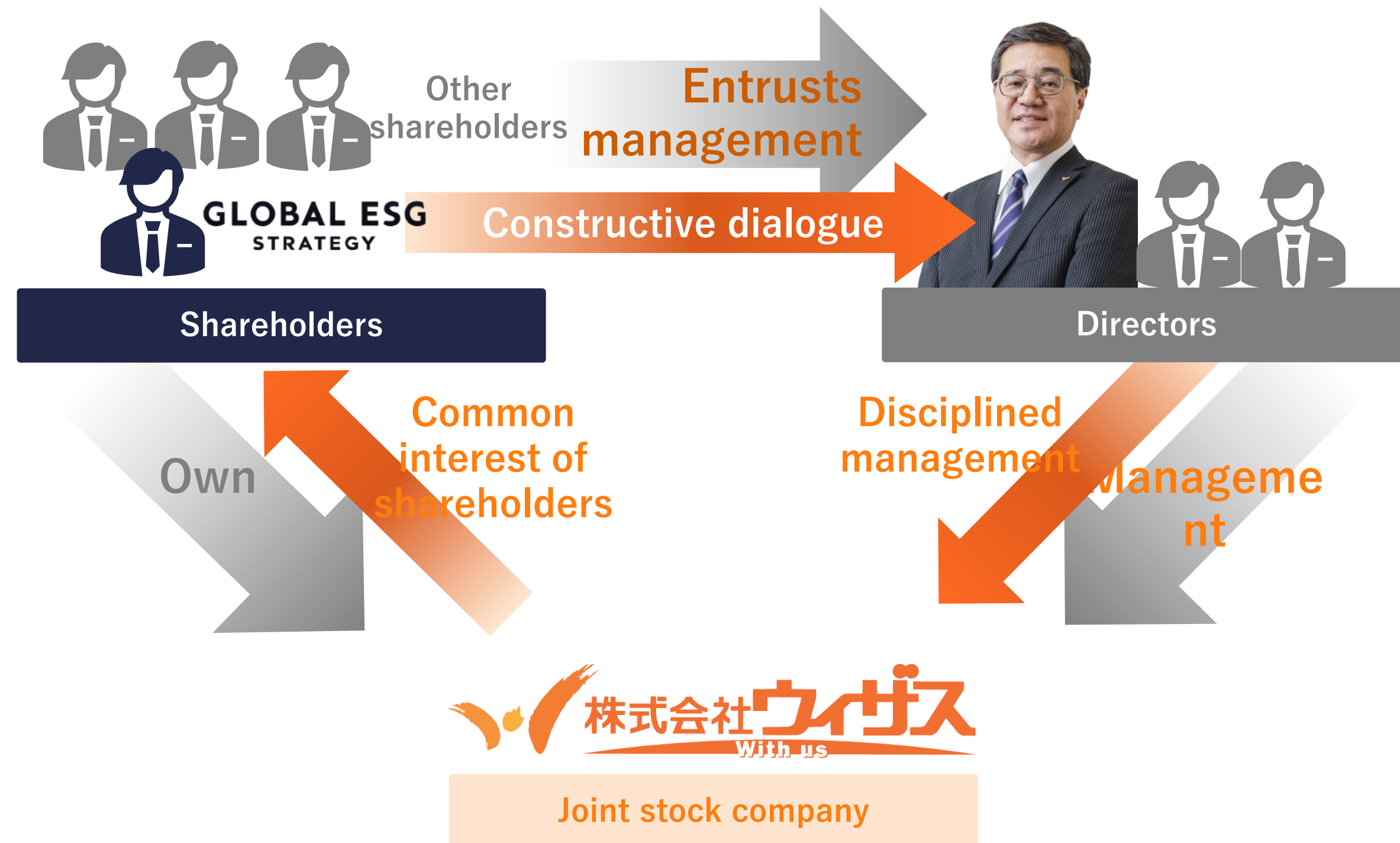
3. Promotion of constructive dialogue with shareholders

**Aiming to raise corporate value at With us
by promoting constructive dialogue with
shareholders**



3-1 Promoting Constructive Dialogue with Shareholders

- GES repeatedly requested meetings with With us directors, but was consistently rejected.
- Listed companies with dispersed ownership are at risk of sloppy management; it is in the common interest of all shareholders that larger holders represent multiple small shareholders in individual meetings with directors.



- Shareholders own the company, and through general meetings of shareholders appoint directors to whom they entrust the duties of management. Management may not necessarily be effective, so shareholders must be ready to promote discipline.
- For listed companies with dispersed ownership, it is not feasible for small shareholders to take the time and expense needed to promote managerial discipline, which can lead to lax management being left unchecked.
- In economics, the name given to ineffective management by those to whom shareholders have entrusted managerial responsibility is the “agency problem”. It can result in irresponsible management being left unchecked when ownership is dispersed.
- By standing in for small shareholders and taking the time and expense required to engage in constructive dialogue through private meetings, large shareholders can promote discipline and improve corporate value, which benefits all shareholders. Therefore, large shareholders taking the initiative to talk with management contributes to the common interests of shareholders.

The shareholder proposal must be passed to promote constructive dialogue with shareholders.

1. Promote constructive dialogue with shareholders



Shareholder proposal	Description
Resolution 7	Ensure transparency of management through in-person discussion with shareholders

About Global ESG Strategy

Global ESG Strategy ("GES"), an investment fund that is managed by SAFS, makes medium- to long-term investments from an ESG (Environment, Social and Governance) perspective, and its policy is to promote improvements on enterprise value and shareholder value of investee companies through constructive dialogue with investee companies and other means.

About Swiss-Asia Financial Services Pte Ltd.

SAFS is founded in 2004, and is a Singapore based investment management company that holds a Capital Markets Services (CMS) License under the Singapore Securities and Futures Act (SFA).

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