

FY2/18 1Q (March 2017~May 2017) Fact Book

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1. Trends in the current fiscal year and previous fiscal year

(1) Performance overview

(Millions of yen)	FY February-2017 (FY2/17)				FY February-2018 (FY2/18)											
	1Q (2016/3/1~ 2016/5/31)	First half (2016/3/1~ 2016/8/31)	3Q (2016/3/1~ 2016/11/30)	Full year (2016/3/1~ 2017/2/28)	1Q (2017/3/1~2017/5/31)			First half (2017/3/1~2017/8/31)			3Q (2017/3/1~2017/11/30)			Full year (2017/3/1~2018/2/28)		
					Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %
Net sales	3,254	8,294	12,339	17,909	3,428	173	105.3%									
Cost of sales	2,504	5,393	8,096	11,049	2,642	138	105.5%									
Cost of sales ratio	76.9%	65.0%	65.6%	61.7%	77.1%	-	-									
Gross profit	750	2,901	4,242	6,859	785	34	104.6%									
Gross profit margin	23.1%	35.0%	34.4%	38.3%	22.9%	-	-									
SG&A	1,705	2,850	3,527	4,553	1,542	-162	90.5%									
SG&A ratio	52.4%	34.4%	28.6%	25.4%	45.0%	-	-									
Operating income (loss)	-954	50	714	2,305	-757	197	-									
Operating income margin	-	0.6%	5.8%	12.9%	-	-	-									
Ordinary income (loss)	-952	52	717	2,308	-756	196	-									
Ordinary income margin	-	0.6%	5.8%	12.9%	-	-	-									
Net income (loss)	-670	-21	400	1,438	-543	126	-									
Net income margin	-	-	3.2%	8.0%	-	-	-									

(2) Cost of sales breakdown

(Millions of yen)	FY February-2017 (FY2/17)				FY February-2018 (FY2/18)											
	1Q (2016/3/1~ 2016/5/31)	First half (2016/3/1~ 2016/8/31)	3Q (2016/3/1~ 2016/11/30)	Full year (2016/3/1~ 2017/2/28)	1Q (2017/3/1~2017/5/31)			First half (2017/3/1~2017/8/31)			3Q (2017/3/1~2017/11/30)			Full year (2017/3/1~2018/2/28)		
					Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %
Cost of sales (100%)	2,504	5,393	8,096	11,049	2,642	138	105.5%									
Personnel expenses	569	1,133	1,667	2,199	567	-2	99.6%									
Ratio to cost of sales	22.8%	21.0%	20.6%	19.9%	21.5%	-	-									
Instructors expense	983	2,364	3,552	5,087	1,132	148	115.1%									
Ratio to cost of sales	39.3%	43.8%	43.9%	46.0%	42.8%	-	-									
Rent	517	1,044	1,584	2,130	549	31	106.2%									
Ratio to cost of sales	20.7%	19.4%	19.6%	19.3%	20.8%	-	-									
Lease	73	136	198	256	58	-15	79.2%									
Ratio to cost of sales	2.9%	2.5%	2.5%	2.3%	2.2%	-	-									
Property expense	55	116	183	229	53	-2	96.0%									
Ratio to cost of sales	2.2%	2.2%	2.3%	2.1%	2.0%	-	-									
Depreciation	30	64	104	140	27	-3	89.3%									
Ratio to cost of sales	1.2%	1.2%	1.3%	1.3%	1.0%	-	-									
Others	273	533	805	1,005	254	-18	93.1%									
Ratio to cost of sales	10.9%	9.9%	9.9%	9.1%	9.6%	-	-									

(3) SG&A breakdown

(Millions of yen)	FY February-2017 (FY2/17)				FY February-2018 (FY2/18)											
	1Q (2016/3/1~ 2016/5/31)	First half (2016/3/1~ 2016/8/31)	3Q (2016/3/1~ 2016/11/30)	Full year (2016/3/1~ 2017/2/28)	1Q (2017/3/1~2017/5/31)			First half (2017/3/1~2017/8/31)			3Q (2017/3/1~2017/11/30)			Full year (2017/3/1~2018/2/28)		
					Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %
SG&A (100%)	1,705	2,850	3,527	4,553	1,542	-162	90.5%									
Personnel expenses (Salaries/Bonuses/Miscellaneous wages and salaries)	282	559	826	1,089	274	-8	96.9%									
Ratio to SG&A	16.6%	19.6%	23.4%	23.9%	17.8%	-	-									
Advertising	1,031	1,578	1,737	2,184	839	-191	81.4%									
Ratio to SG&A	60.5%	55.4%	49.3%	48.0%	54.4%	-	-									
Recruiting	104	139	163	187	113	8	108.2%									
Ratio to SG&A	6.2%	4.9%	4.6%	4.1%	7.4%	-	-									
Rent	20	40	60	81	23	3	117.2%									
Ratio to SG&A	1.2%	1.4%	1.7%	1.8%	1.5%	-	-									
Commissions	127	272	387	534	159	32	125.3%									
Ratio to SG&A	7.5%	9.6%	11.0%	11.7%	10.3%	-	-									
Depreciation	17	36	51	66	16	0	95.6%									
Ratio to SG&A	1.0%	1.3%	1.5%	1.5%	1.1%	-	-									
Others	121	224	301	409	116	-5	95.6%									
Ratio to SG&A	7.1%	7.9%	8.5%	9.0%	7.5%	-	-									

(4) Net sales by student type

(Millions of yen)	FY February-2017 (FY2/17)				FY February-2018 (FY2/18)											
	1Q (2016/3/1~ 2016/5/31)	First half (2016/3/1~ 2016/8/31)	3Q (2016/3/1~ 2016/11/30)	Full year (2016/3/1~ 2017/2/28)	1Q (2017/3/1~2017/5/31)			First half (2017/3/1~2017/8/31)			3Q (2017/3/1~2017/11/30)			Full year (2017/3/1~2018/2/28)		
					Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %
Primary school students	301	669	982	1,411	315	14	104.7%									
Middle school students	1,215	2,934	4,328	6,532	1,252	37	103.0%									
High school students	1,668	4,546	6,806	9,666	1,789	120	107.2%									
Science/Writing	63	129	200	269	67	4	107.1%									
Net school students	3	7	10	15	3	0	85.9%									
Class Benesse	2	7	10	13	0	-2	16.2%									
Total	3,254	8,294	12,339	17,909	3,428	173	105.3%									

2. Secular trends in first quarter financial results

(1) Performance overview

(Millions of yen)	1Q (3/1~5/31)					Total (3/1~2/28)				
	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)
Sales	2,638	2,870	3,042	3,254	3,428					
Cost of sales	1,963	2,107	2,300	2,504	2,642					
Cost of sales ratio	74.4%	73.4%	75.6%	76.9%	77.1%					
Gross profit	675	762	741	750	785					
Gross profit margin	25.6%	26.6%	24.4%	23.1%	22.9%					
SG&A	1,502	1,615	1,640	1,705	1,542					
SG&A ratio	56.9%	56.3%	53.9%	52.4%	45.0%					
Operating income (loss)	-826	-852	-898	-954	-757					
Operating income margin	-	-	-	-	-					
Ordinary income (loss)	-825	-851	-896	-952	-756					
Ordinary income margin	-	-	-	-	-					
Net income (loss)	-523	-539	-596	-670	-543					
Net income margin	-	-	-	-	-					

(2) Cost of sales breakdown

(Millions of yen)	1Q (3/1~5/31)					Total (3/1~2/28)				
	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)
Cost of sales (100%)	1,963	2,107	2,300	2,504	2,642					
Personnel expenses	436	444	550	569	567					
Ratio to cost of sales	22.2%	21.1%	23.9%	22.8%	21.5%					
Instructors expense	753	813	867	983	1,132					
Ratio to cost of sales	38.4%	38.6%	37.7%	39.3%	42.8%					
Rent	402	434	474	517	549					
Ratio to cost of sales	20.5%	20.6%	20.6%	20.7%	20.8%					
Lease	52	62	69	73	58					
Ratio to cost of sales	2.7%	3.0%	3.0%	2.9%	2.2%					
Property expense	49	71	55	55	53					
Ratio to cost of sales	2.5%	3.4%	2.4%	2.2%	2.0%					
Depreciation	23	26	29	30	27					
Ratio to cost of sales	1.2%	1.2%	1.3%	1.2%	1.0%					
Others	244	254	253	273	254					
Ratio to cost of sales	12.5%	12.1%	11.0%	10.9%	9.6%					

(3) SG&A breakdown

(Millions of yen)	1Q (3/1~5/31)					Total (3/1~2/28)				
	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)
SG&A (100%)	1,502	1,615	1,640	1,705	1,542					
Personnel expenses <small>(Salaries/Bonuses/Miscellaneous wages and salaries)</small>	248	259	260	282	274					
Ratio to SG&A	16.5%	16.0%	15.9%	16.6%	17.8%					
Advertising	951	982	1,048	1,031	839					
Ratio to SG&A	63.4%	60.8%	63.9%	60.5%	54.4%					
Recruiting	54	80	79	104	113					
Ratio to SG&A	3.6%	5.0%	4.8%	6.2%	7.4%					
Rent	16	16	19	20	23					
Ratio to SG&A	1.1%	1.0%	1.2%	1.2%	1.5%					
Commissions	109	125	124	127	159					
Ratio to SG&A	7.3%	7.8%	7.6%	7.5%	10.3%					
Depreciation	11	14	8	17	16					
Ratio to SG&A	0.8%	0.9%	0.5%	1.0%	1.1%					
Others	109	136	98	121	116					
Ratio to SG&A	7.3%	8.5%	6.0%	7.1%	7.5%					

(4) Net sales by student type

(Millions of yen)	1Q (3/1~5/31)					Total (3/1~2/28)				
	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)
Primary school students	270	282	296	301	315					
Middle school students	1,074	1,159	1,189	1,215	1,252					
High school students	1,293	1,388	1,499	1,668	1,789					
Science/Writing	-	38	54	63	67					
Net school students	-	-	1	3	3					
Class Benesse	-	-	1	2	0					
Total	2,638	2,870	3,042	3,254	3,428					

3. Business overview

(1) No. of students at the end of month

(Students)

	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	YOY +/-	YOY %
Mar.	19,173	20,696	21,749	23,323	24,470	1,147	104.9%
Apr.	20,663	22,190	23,357	24,867	26,135	1,268	105.1%
May	20,971	22,638	23,813	25,276	26,538	1,262	105.0%
Jun.	21,981	23,571	25,144	26,492			
Jul.	25,252	27,075	28,956	30,726			
Aug.	25,649	27,359	29,404	30,958			
Sep.	26,047	27,695	29,806	31,258			
Oct.	26,455	27,999	30,137	31,473			
Nov.	26,539	27,885	30,165	31,532			
Dec.	26,830	28,203	30,493	31,901			
Jan.	25,118	26,315	28,500	30,186			
Feb.	20,807	21,473	22,918	23,807			
Average	23,790	25,258	27,036	28,483			

* Monthly quick estimate

(2) No. of new students

(Students)

	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	YOY +/-	YOY %
Mar.	2,467	2,803	3,112	3,395	3,640	245	107.2%
Apr.	2,170	2,238	2,419	2,554	2,706	152	106.0%
May	877	1,028	950	1,108	1,207	99	108.9%
Jun.	1,646	1,653	2,017	1,919			
Jul.	4,022	4,172	4,673	4,999			
Aug.	1,170	1,093	1,269	1,387			
Sep.	1,130	1,115	1,364	1,388			
Oct.	1,225	1,142	1,340	1,351			
Nov.	1,261	1,128	1,263	1,408			
Dec.	1,635	1,602	1,764	1,927			
Jan.	980	1,011	977	1,172			
Feb.	1,027	1,135	1,251	1,380			
Total	19,610	20,120	22,399	23,988			

* Monthly quick estimate

(3) Withdrawal rate (Including graduated students who proceed to higher education)

	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	YOY +/-
Mar.	13.15%	14.00%	13.21%	13.05%	12.50%	-0.55%
Apr.	3.55%	3.59%	3.73%	4.33%	4.25%	-0.08%
May	2.75%	2.61%	2.11%	2.81%	3.08%	0.27%
Jun.	3.03%	3.18%	2.88%	2.78%		
Jul.	3.42%	2.83%	3.42%	2.89%		
Aug.	3.06%	2.99%	2.84%	3.76%		
Sep.	2.85%	2.85%	3.27%	3.51%		
Oct.	3.14%	3.03%	3.39%	3.63%		
Nov.	4.45%	4.44%	4.10%	4.29%		
Dec.	5.06%	4.60%	4.76%	4.94%		
Jan.	10.03%	10.28%	9.74%	9.05%		
Feb.	21.25%	22.71%	23.98%	25.70%		

* Monthly quick estimate

(4) Breakdown by student type (Avg.) (Students)

	FY 2/14 (31st) 13/03-13/05	FY 2/15 (32nd) 14/03-14/05	FY 2/16 (33rd) 15/03-15/05	FY 2/17 (34th) 16/03-16/05	FY 2/18 (35th) 17/03-17/05	YOY +/-
Primary school students	2,374 11.7%	2,505 11.5%	2,591 11.3%	2,587 10.6%	2,718 10.6%	131 -
Middle school students	8,130 40.1%	8,736 40.0%	9,122 39.7%	9,284 37.9%	9,557 37.2%	273 -
High school students	9,765 48.2%	10,600 48.5%	11,260 49.0%	12,617 51.5%	13,439 52.2%	822 -
Total	20,269 100.0%	21,841 100.0%	22,973 100.0%	24,488 100.0%	25,714 100.0%	1,226 -

(5) Net sales by student (Individualized education)

	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	YOY +/-
Net sales (1,000 yen)	2,638,490	2,831,460	2,984,565	3,185,668	3,357,454	171,785
Average no. students (Students)	20,269	21,841	22,973	24,488	25,714	1,226
Net sales per student (Yen)	130,173	129,639	129,916	130,091	130,569	478

4. Secular trends in key indicators

(1) Financial condition, others (1Q)

(Million of yen)	1Q				
	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)
Total assets	7,107	7,718	8,258	8,496	8,910
Current assets	5,413	5,857	6,166	6,182	6,563
Cash and deposits	4,563	4,912	4,917	4,936	5,157
Accounts receivable	187	244	247	220	375
Fixed assets	1,694	1,860	2,092	2,313	2,347
Current liabilities	1,215	1,434	1,400	1,640	1,898
Accounts payable & expenses	711	885	883	1,010	955
Long-term liabilities	29	26	15	7	9
Total equity	5,862	6,257	6,843	6,848	7,002
Paid-in cap. (Millions of yen)	642	642	642	642	642
Issued stock (No.)	54,291,435	54,291,435	54,291,435	54,291,435	54,291,435
(Treasury shares in above)	51	51	51	51	101
EPS average (Yen)	-9.64	-9.94	-10.98	-12.36	-10.02
BPS average (Yen)	107.97	115.26	126.04	126.15	128.98
Annual dividends (Yen)	6.00	8.00	24.00	26.00	26.00
No. of schools	202	211	219	229	232
No. of students	20,971	22,638	23,813	25,276	26,538
Employees (Regular)	403	413	438	457	481
Part-time employees, etc.	5,669	6,958	7,183	8,051	9,030

(2) Financial condition, others (Full year)

(Millions of yen)	Full year				
	FY 2/13 (30th)	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34rd)
Net sales	13,017	14,322	15,717	17,094	17,909
Cost of sales	8,223	8,629	9,593	10,364	11,049
Cost of sales ratio	63.2%	60.3%	61.0%	60.6%	61.7%
Gross profit	4,793	5,693	6,124	6,730	6,859
Gross profit margin	36.8%	39.7%	39.0%	39.4%	38.3%
SG&A	4,076	4,420	4,400	4,512	4,553
SG&A ratio	31.3%	30.9%	28.0%	26.4%	25.4%
Operating income	716	1,272	1,724	2,217	2,305
Operating income margin	5.5%	8.9%	11.0%	13.0%	12.9%
Ordinary income	723	1,277	1,729	2,223	2,308
Ordinary income margin	5.6%	8.9%	11.0%	13.0%	12.9%
Net income	358	737	1,075	1,383	1,438
Net income margin	2.8%	5.2%	6.8%	8.1%	8.0%
Total assets	8,216	8,886	9,898	10,415	10,525
Current assets	6,582	7,180	7,829	8,168	8,205
Cash and deposits	5,981	6,490	7,136	7,099	6,907
Accounts receivable	247	286	319	335	540
Fixed assets	1,634	1,706	2,068	2,247	2,320
Current liabilities	1,635	1,895	2,223	2,234	2,261
Accounts payable & expenses	879	914	1,145	1,054	1,075
Long-term liabilities	33	30	18	9	11
Total equity	6,548	6,960	7,656	8,171	8,252
Paid-in cap. (Millions of yen)	642	642	642	642	642
Issued stock (No.)	54,291,435	54,291,435	54,291,435	54,291,435	54,291,435
(Treasury shares in above)	51	51	51	51	51
ROE average (%)	5.5%	10.9%	14.7%	17.5%	17.5%
EPS average (Yen)	6.60	13.59	19.82	25.48	26.50
BPS average (Yen)	120.62	128.21	141.02	150.51	152.00
Annual dividends (Yen)	6.00	6.00	8.00	24.00	26.00
No. of schools	202	208	218	225	230
No. of students	19,235	20,807	21,473	22,918	23,807
Employees (Regular)	393	387	418	439	445
Part-time employees, etc.	5,821	6,289	7,082	7,453	8,097