

FY2/19 1Q (March 2018~May 2018) Fact Book

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Cautionary Statement:

Data in this document are based on information available as of the date of issue. Data for number of students at the end of the month, number of new students and number of withdrawals are monthly quick estimates and therefore subject to change following the date of issue as more detailed information becomes available.

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

(1) Performance overview

(Millions of yen)	FY February-2018 (FY2/18)				FY February-2019 (FY2/19)											
	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~ 2018/2/29)	1Q (2018/3/1~2018/5/31)			First half (2018/3/1~2018/8/31)			3Q (2018/3/1~2018/11/30)			Full year (2018/3/1~2019/2/28)		
					Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %
Net sales	3,428	8,918	13,251	19,175	3,679	251	107.3%									
Cost of sales	2,642	5,702	8,499	11,699	2,829	186	107.1%									
Cost of sales ratio	77.1%	63.9%	64.1%	61.0%	76.9%	-	-									
Gross profit	785	3,216	4,751	7,475	850	64	108.3%									
Gross profit margin	22.9%	36.1%	35.9%	39.0%	23.1%	-	-									
SG&A	1,542	2,754	3,560	4,841	1,470	-71	95.3%									
SG&A ratio	45.0%	30.9%	26.9%	25.2%	40.0%	-	-									
Operating income (loss)	(757)	461	1,190	2,634	(620)	136	-									
Operating income margin	-	5.2%	9.0%	13.7%	-	-	-									
Ordinary income (loss)	(756)	462	1,192	2,636	(619)	137	-									
Ordinary income margin	-	5.2%	9.0%	13.7%	-	-	-									
Net income (loss)	(543)	274	763	1,744	(430)	113	-									
Net income margin	-	3.1%	5.8%	9.1%	-	-	-									

(2) Cost of sales breakdown

(Millions of yen)	FY February-2018 (FY2/18)				FY February-2019 (FY2/19)											
	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~ 2018/2/29)	1Q (2018/3/1~2018/5/31)			First half (2018/3/1~2018/8/31)			3Q (2018/3/1~2018/11/30)			Full year (2018/3/1~2019/2/28)		
					Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %
Cost of sales (100%)	2,642	5,702	8,499	11,699	2,829	186	107.1%									
Personnel expenses	567	1,141	1,677	2,245	592	25	104.4%									
Ratio to cost of sales	21.5%	20.0%	19.7%	19.2%	21.0%	-	-									
Instructors expense	1,132	2,638	3,929	5,571	1,192	60	105.3%									
Ratio to cost of sales	42.8%	46.3%	46.2%	47.6%	42.2%	-	-									
Rent	549	1,108	1,674	2,258	599	49	109.1%									
Ratio to cost of sales	20.8%	19.4%	19.7%	19.3%	21.2%	-	-									
Lease	58	117	172	226	59	1	102.1%									
Ratio to cost of sales	2.2%	2.1%	2.0%	1.9%	2.1%	-	-									
Property expense	53	108	159	210	50	-2	96.0%									
Ratio to cost of sales	2.0%	1.9%	1.9%	1.8%	1.8%	-	-									
Depreciation	27	58	89	133	30	3	111.1%									
Ratio to cost of sales	1.0%	1.0%	1.1%	1.1%	1.1%	-	-									
Others	254	530	797	1,053	303	49	119.3%									
Ratio to cost of sales	9.6%	9.3%	9.4%	9.0%	10.7%	-	-									

(3) SG&A breakdown

(Millions of yen)	FY February-2018 (FY2/18)				FY February-2019 (FY2/19)											
	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~ 2018/2/29)	1Q (2018/3/1~2018/5/31)			First half (2018/3/1~2018/8/31)			3Q (2018/3/1~2018/11/30)			Full year (2018/3/1~2019/2/28)		
					Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %
SG&A (100%)	1,542	2,754	3,560	4,841	1,470	-71	95.3%									
Personnel expenses <small>(Salaries/Bonuses/Miscellaneous wages and salaries)</small>	274	585	871	1,156	293	19	107.0%									
Ratio to SG&A	17.8%	21.2%	24.5%	23.9%	19.9%	-	-									
Advertising	839	1,411	1,631	2,239	774	-64	92.3%									
Ratio to SG&A	54.4%	51.2%	45.8%	46.3%	52.7%	-	-									
Recruiting	113	149	173	209	99	-13	88.1%									
Ratio to SG&A	7.4%	5.4%	4.9%	4.3%	6.8%	-	-									
Rent	23	46	69	93	23	0	99.6%									
Ratio to SG&A	1.5%	1.7%	2.0%	1.9%	1.6%	-	-									
Commissions	159	304	434	600	155	-3	97.8%									
Ratio to SG&A	10.3%	11.0%	12.2%	12.4%	10.6%	-	-									
Depreciation	16	46	62	86	22	6	138.2%									
Ratio to SG&A	1.1%	1.7%	1.8%	1.8%	1.5%	-	-									
Others	116	210	316	456	100	-15	86.5%									
Ratio to SG&A	7.5%	7.6%	8.9%	9.4%	6.8%	-	-									

(4) Net sales by student type

(Millions of yen)	FY February-2018 (FY2/18)				FY February-2019 (FY2/19)											
	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~ 2018/2/29)	1Q (2018/3/1~2018/5/31)			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	315	721	1,066	1,532	363	48	115.2%									
Middle school students	1,252	3,122	4,626	6,969	1,335	83	106.7%									
High school students	1,789	4,925	7,334	10,375	1,911	121	106.8%									
Total sales for individualized instruction classes	3,357	8,769	13,027	18,876	3,611	253	107.6%									
Science/Writing and other	70	149	224	298	68	-2	97.1%									
Total	3,428	8,918	13,251	19,175	3,679	251	107.3%									

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 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/19 (36th)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/19 (36th)
Sales	2,870	3,042	3,254	3,428	3,679					
Cost of sales	2,107	2,300	2,504	2,642	2,829					
Cost of sales ratio	73.4%	75.6%	76.9%	77.1%	76.9%					
Gross profit	762	741	750	785	850					
Gross profit margin	26.6%	24.4%	23.1%	22.9%	23.1%					
SG&A	1,615	1,640	1,705	1,542	1,470					
SG&A ratio	56.3%	53.9%	52.4%	45.0%	40.0%					
Operating income (loss)	(852)	(898)	(954)	(757)	(620)					
Operating income margin	-	-	-	-	-					
Ordinary income (loss)	(851)	(896)	(952)	(756)	(619)					
Ordinary income margin	-	-	-	-	-					
Net income (loss)	(539)	(596)	(670)	(543)	(430)					
Net income margin	-	-	-	-	-					

(2) Cost of sales breakdown

(Millions of yen)	1Q (3/1~5/31)					Total (3/1~2/28)				
	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/19 (36th)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/19 (36th)
Cost of sales (100%)	2,107	2,300	2,504	2,642	2,829					
Personnel expenses	444	550	569	567	592					
Ratio to cost of sales	21.1%	23.9%	22.8%	21.5%	21.0%					
Instructors expense	813	867	983	1,132	1,192					
Ratio to cost of sales	38.6%	37.7%	39.3%	42.8%	42.2%					
Rent	434	474	517	549	599					
Ratio to cost of sales	20.6%	20.6%	20.7%	20.8%	21.2%					
Lease	62	69	73	58	59					
Ratio to cost of sales	3.0%	3.0%	2.9%	2.2%	2.1%					
Property expense	71	55	55	53	50					
Ratio to cost of sales	3.4%	2.4%	2.2%	2.0%	1.8%					
Depreciation	26	29	30	27	30					
Ratio to cost of sales	1.2%	1.3%	1.2%	1.0%	1.1%					
Others	254	253	273	254	303					
Ratio to cost of sales	12.1%	11.0%	10.9%	9.6%	10.7%					

(3) SG&A breakdown

(Millions of yen)	1Q (3/1~5/31)					Total (3/1~2/28)				
	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/19 (36th)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/19 (36th)
SG&A (100%)	1,615	1,640	1,705	1,542	1,470					
Personnel expenses <small>(Salaries/Bonuses/Miscellaneous wages and salaries)</small>	259	260	282	274	293					
Ratio to SG&A	16.0%	15.9%	16.6%	17.8%	19.9%					
Advertising	982	1,048	1,031	839	774					
Ratio to SG&A	60.8%	63.9%	60.5%	54.4%	52.7%					
Recruiting	80	79	104	113	99					
Ratio to SG&A	5.0%	4.8%	6.2%	7.4%	6.8%					
Rent	16	19	20	23	23					
Ratio to SG&A	1.0%	1.2%	1.2%	1.5%	1.6%					
Commissions	125	124	127	159	155					
Ratio to SG&A	7.8%	7.6%	7.5%	10.3%	10.6%					
Depreciation	14	8	17	16	22					
Ratio to SG&A	0.9%	0.5%	1.0%	1.1%	1.5%					
Others	136	98	121	116	100					
Ratio to SG&A	8.5%	6.0%	7.1%	7.5%	6.8%					

3. Business overview

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

(Students)

	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/19 (36th)	YOY +/-	YOY %
Mar.	20,696	21,749	23,323	24,470	26,125	1,655	106.8%
Apr.	22,190	23,357	24,867	26,135	28,016	1,881	107.2%
May	22,638	23,813	25,276	26,538	28,485	1,947	107.3%
Jun.	23,571	25,144	26,492	28,076			
Jul.	27,075	28,956	30,726	32,674			
Aug.	27,359	29,404	30,958	33,075			
Sep.	27,695	29,806	31,258	33,467			
Oct.	27,999	30,137	31,473	33,768			
Nov.	27,885	30,165	31,532	33,872			
Dec.	28,203	30,493	31,901	34,181			
Jan.	26,315	28,500	30,186	32,115			
Feb.	21,473	22,918	23,807	25,319			
Average	25,258	27,036	28,483	30,308			

* Monthly quick estimate

(2) No. of new students

(Students)

	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/19 (36th)	YOY +/-	YOY %
Mar.	2,803	3,112	3,395	3,640	3,951	311	108.5%
Apr.	2,238	2,419	2,554	2,706	2,979	273	110.1%
May	1,028	950	1,108	1,207	1,301	94	107.8%
Jun.	1,653	2,017	1,919	2,370			
Jul.	4,172	4,673	4,999	5,500			
Aug.	1,093	1,269	1,387	1,417			
Sep.	1,115	1,364	1,388	1,545			
Oct.	1,142	1,340	1,351	1,381			
Nov.	1,128	1,263	1,408	1,548			
Dec.	1,602	1,764	1,927	2,016			
Jan.	1,011	977	1,172	1,114			
Feb.	1,135	1,251	1,380	1,380			
Total	20,120	22,399	23,988	25,824			

* Monthly quick estimate

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

	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/19 (36th)	YOY +/-
Mar.	14.00%	13.21%	13.05%	12.50%	12.42%	-0.08%
Apr.	3.59%	3.73%	4.33%	4.25%	4.16%	-0.09%
May	2.61%	2.11%	2.81%	3.08%	2.97%	-0.11%
Jun.	3.18%	2.88%	2.78%	3.14%		
Jul.	2.83%	3.42%	2.89%	3.21%		
Aug.	2.99%	2.84%	3.76%	3.11%		
Sep.	2.85%	3.27%	3.51%	3.49%		
Oct.	3.03%	3.39%	3.63%	3.23%		
Nov.	4.44%	4.10%	4.29%	4.28%		
Dec.	4.60%	4.76%	4.94%	5.04%		
Jan.	10.28%	9.74%	9.05%	9.30%		
Feb.	22.71%	23.98%	25.70%	25.46%		

* Monthly quick estimate

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

	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	FY 2/19 (36th) 18/03-18/05	YOY +/-
Primary school students	2,505 11.5%	2,591 11.3%	2,587 10.6%	2,718 10.6%	3,131 11.4%	413 -
Middle school students	8,736 40.0%	9,122 39.7%	9,284 37.9%	9,557 37.2%	10,058 36.5%	501 -
High school students	10,600 48.5%	11,260 49.0%	12,617 51.5%	13,439 52.2%	14,352 52.1%	913 -
Total	21,841 100.0%	22,973 100.0%	24,488 100.0%	25,714 100.0%	27,542 100.0%	1,828 -

(5) Net sales by student (Individualized education)

	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	FY 2/19 (36th) 18/03-18/05	YOY +/-
Net sales (1,000 yen)	2,831,460	2,984,565	3,185,668	3,357,454	3,611,000	253,546
Average no. students (Students)	21,841	22,973	24,488	25,714	27,542	1,828
Net sales per student (Yen)	129,639	129,916	130,091	130,569	131,108	539

4. Secular trends in key indicators

(1) Financial condition, others (1Q)

(Millions of yen)	1Q				
	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)	FY 2/19 (36th)
Total assets	7,718	8,258	8,496	8,910	9,599
Current assets	5,857	6,166	6,182	6,563	7,107
Cash and deposits	4,912	4,917	4,936	5,157	5,623
Accounts receivable	244	247	220	375	475
Fixed assets	1,860	2,092	2,313	2,347	2,491
Current liabilities	1,434	1,400	1,640	1,898	2,145
Long-term liabilities	26	15	7	9	4
Total equity	6,257	6,843	6,848	7,002	7,449
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	101	101
EPS average (Yen)	-9.94	-10.98	-12.36	-10.02	-7.92
BPS average (Yen)	115.26	126.04	126.15	128.98	137.22
Annual dividends (Yen)	8.00	24.00	26.00	26.00	26.00
No. of schools	211	219	229	232	244
No. of students	22,638	23,813	25,276	26,538	28,485
Employees (Regular)	413	438	457	481	504
Part-time employees, etc.	6,958	7,183	8,051	9,030	10,304

(2) Financial condition, others (Full year)

(Millions of yen)	Full year				
	FY 2/14 (31st)	FY 2/15 (32nd)	FY 2/16 (33rd)	FY 2/17 (34th)	FY 2/18 (35th)
Net sales	14,322	15,717	17,094	17,909	19,175
Cost of sales	8,629	9,593	10,364	11,049	11,699
Cost of sales ratio	60.3%	61.0%	60.6%	61.7%	61.0%
Gross profit	5,693	6,124	6,730	6,859	7,475
Gross profit margin	39.7%	39.0%	39.4%	38.3%	39.0%
SG&A	4,420	4,400	4,512	4,553	4,841
SG&A ratio	30.9%	28.0%	26.4%	25.4%	25.2%
Operating income	1,272	1,724	2,217	2,305	2,634
Operating income margin	8.9%	11.0%	13.0%	12.9%	13.7%
Ordinary income	1,277	1,729	2,223	2,308	2,636
Ordinary income margin	8.9%	11.0%	13.0%	12.9%	13.7%
Net income	737	1,075	1,383	1,438	1,744
Net income margin	5.2%	6.8%	8.1%	8.0%	9.1%
Total assets	8,886	9,898	10,415	10,525	11,414
Current assets	7,180	7,829	8,168	8,205	8,936
Cash and deposits	6,490	7,136	7,099	6,907	7,473
Accounts receivable	286	319	335	540	648
Fixed assets	1,706	2,068	2,247	2,320	2,477
Current liabilities	1,895	2,223	2,234	2,261	2,822
Accounts payable & expenses	914	1,145	1,054	1,075	1,284
Long-term liabilities	30	18	9	11	5
Total equity	6,960	7,656	8,171	8,252	8,585
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
ROE average (%)	10.9%	14.7%	17.5%	17.5%	20.7%
EPS average (Yen)	13.59	19.82	25.48	26.50	32.14
BPS average (Yen)	128.21	141.02	150.51	152.00	158.14
Annual dividends (Yen)	6.00	8.00	24.00	26.00	26.00
No. of schools	208	218	225	230	240
No. of students	20,807	21,473	22,918	23,807	25,319
Employees (Regular)	387	418	439	445	471
Part-time employees, etc.	6,289	7,082	7,453	8,106	9,269