

FY Ending February 2019 (FY 2/19), Second Quarter (2Q) Presentation



October 3, 2018


Tokyo Individualized Educational Institute, Inc.

(TSE 1st Section, Securities Code 4745)

Katsuki Saito, President and Representative Director

Agenda

- ① **First Half (1H) Highlights**
- ② **Initiatives for Sustained Growth**



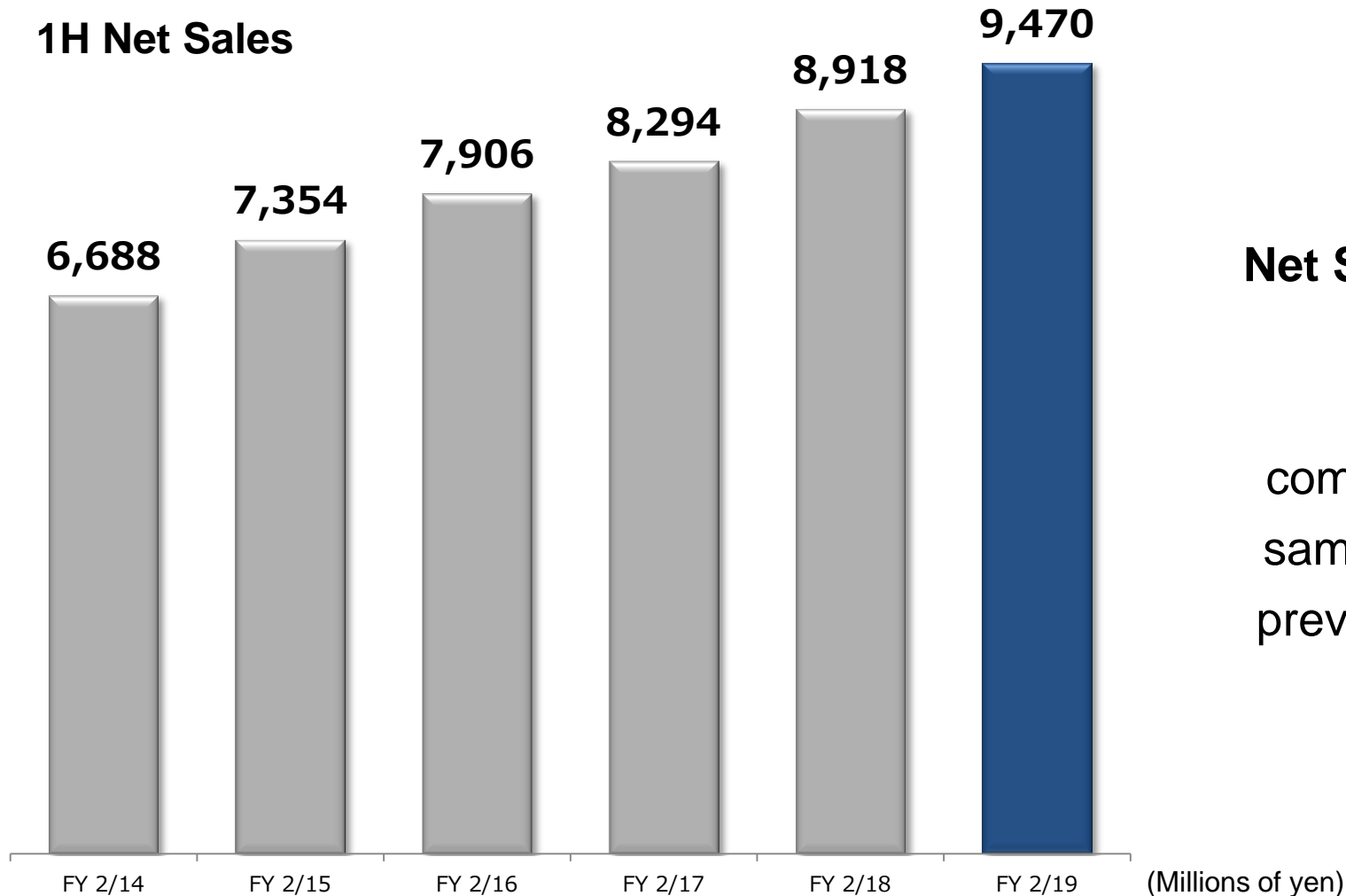
FY 2/19

First Half (1H) Highlights

Takeharu Tsutsumi
Executive Officer,
Corporate Strategy & Finance/Accounting Officer
Tokyo Individualized Educational Institute, Inc.

Currently Setting a New Record High

1H Net Sales



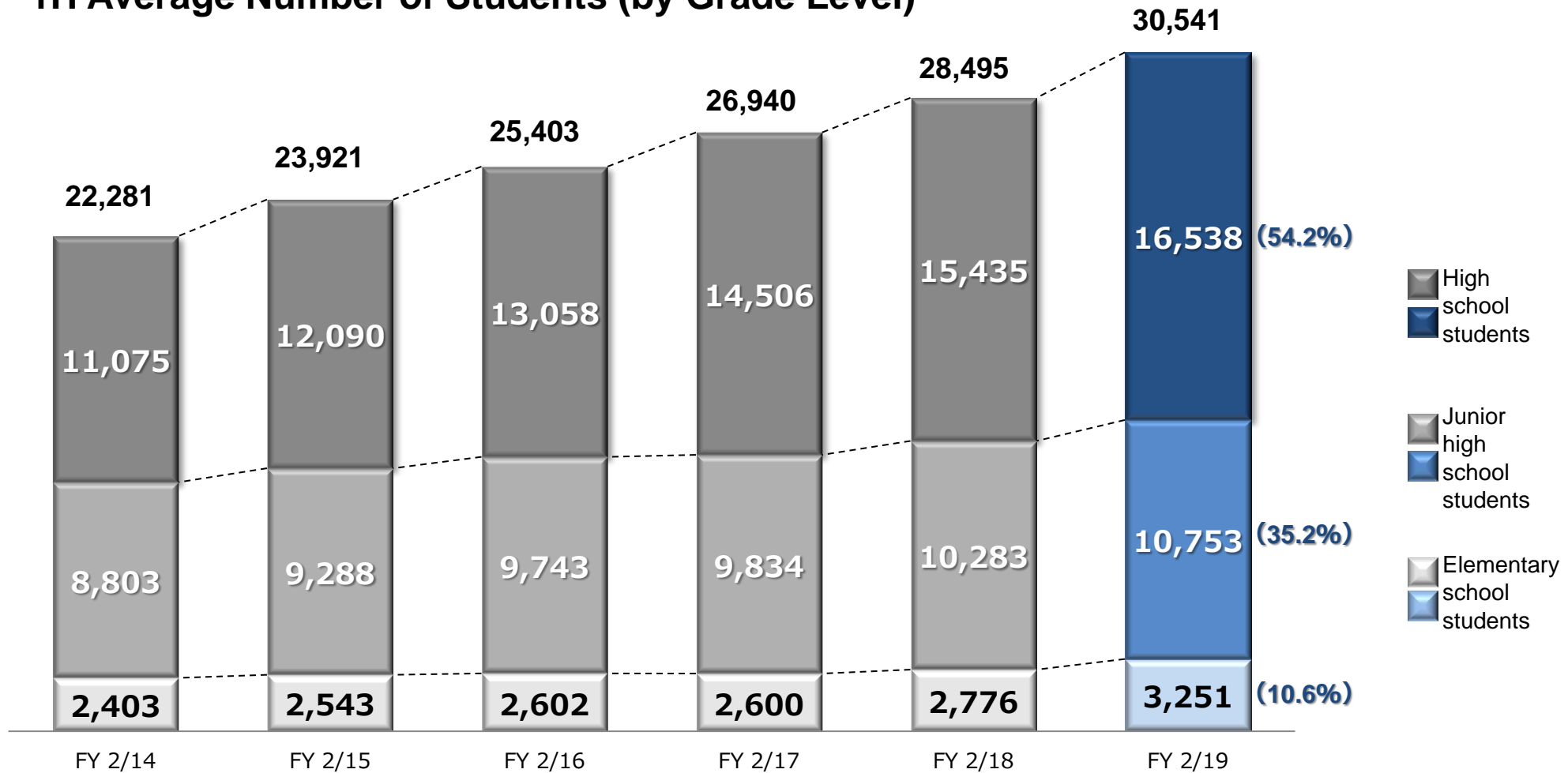
Net Sales increased

6.2%

compared with the
same period of the
previous fiscal year

Well-Balanced Growth across All Segments

1H Average Number of Students (by Grade Level)

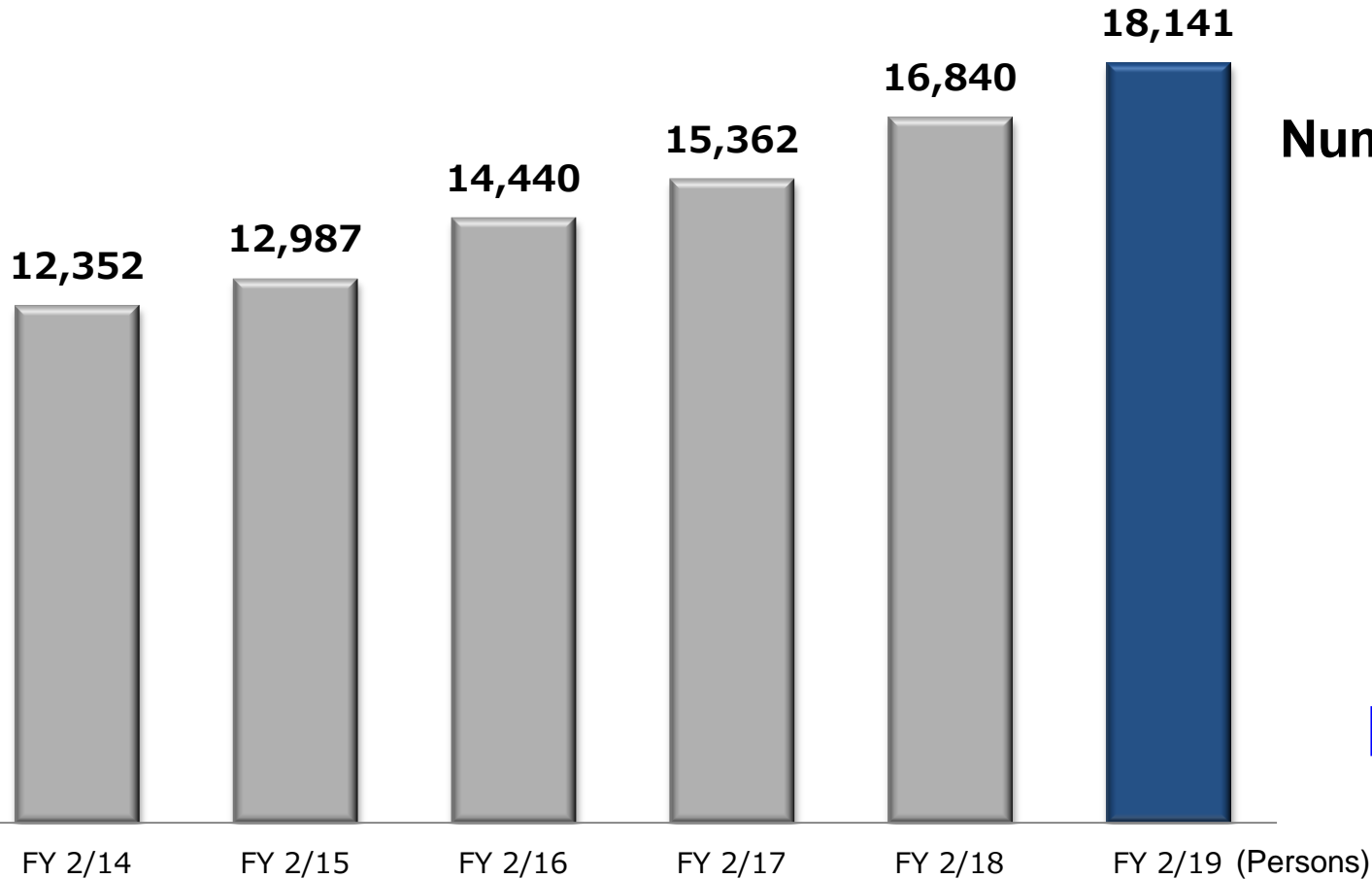


Growth in 1H Enrollment (Compared with the Same Period of the Previous Fiscal Year):
High school students +7.1%, Junior high school students +4.6%, Elementary school students +17.1%

Note: Number of students enrolled in individualized instruction

Contribution to New Record High Enrollment

Cumulative Number of New Students in 1H



Number of New Students

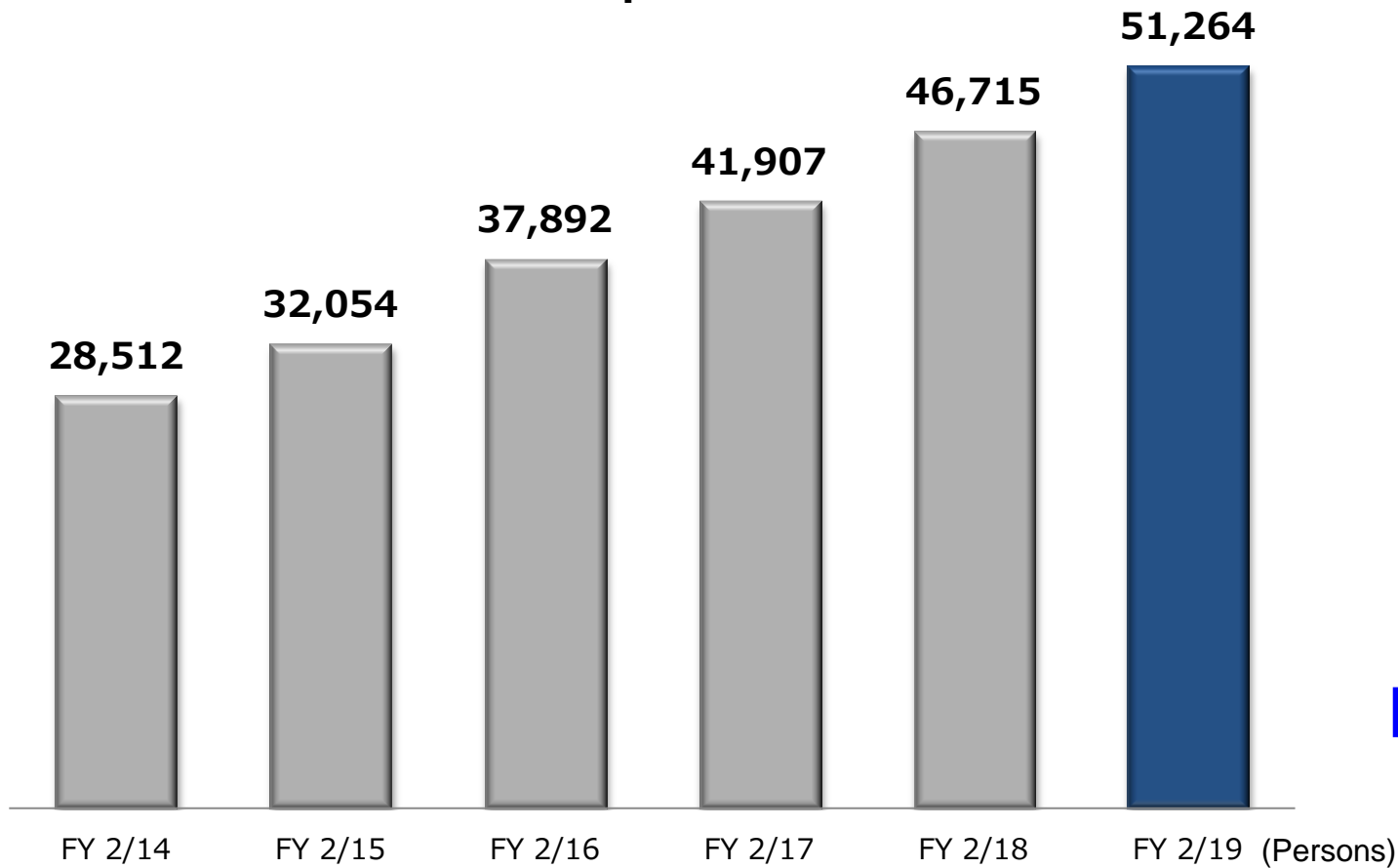
increased **7.7%**
compared with the
same period of the
previous fiscal year

Achieved a
record high

Note: Number of new students in individualized instruction only

Generating Inquiries Due to a Consistent Communications Strategy

Cumulative Number of Inquiries in 1H



Number of Inquiries

increased **9.7%**

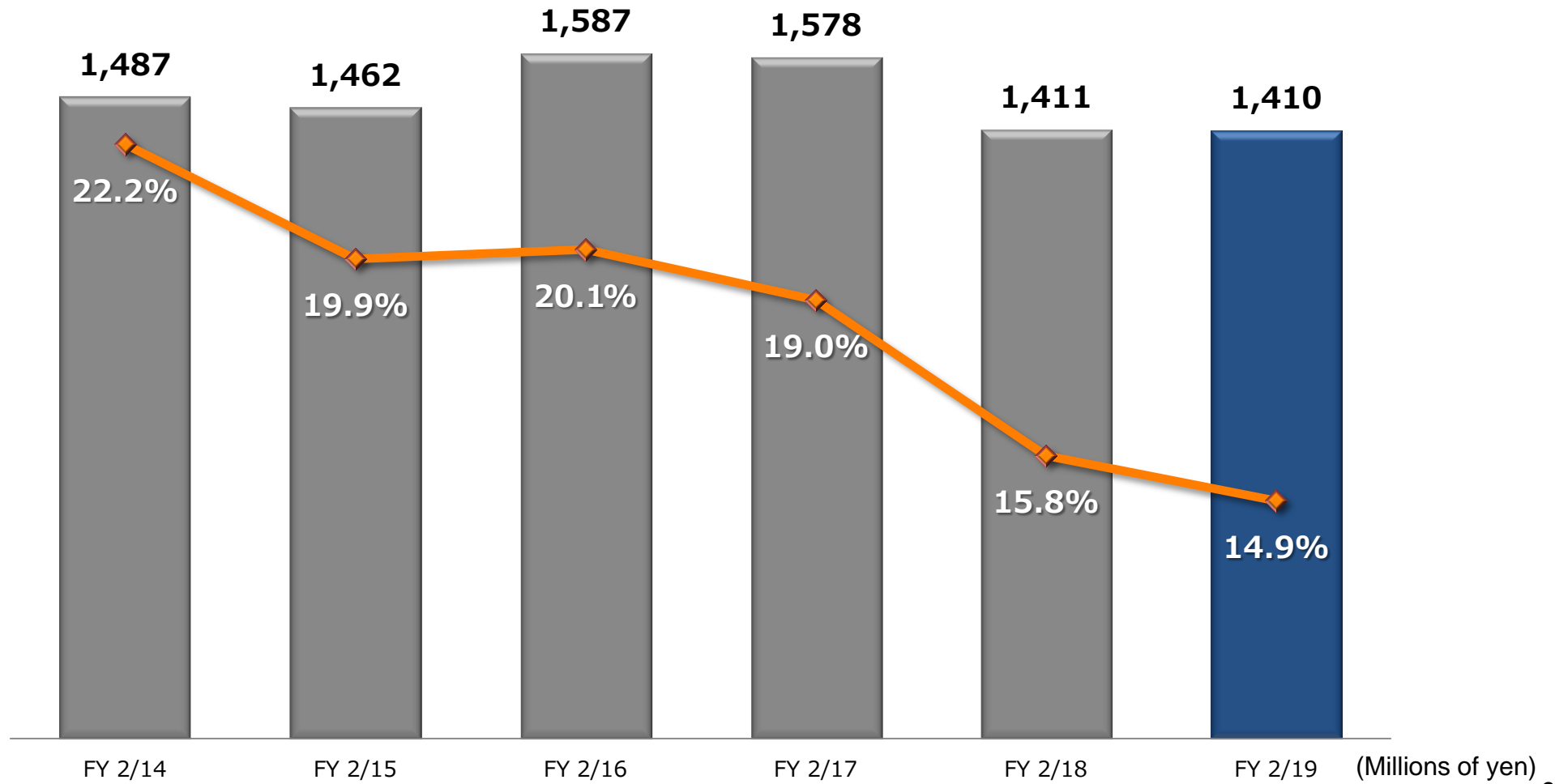
compared with the
same period of the
previous fiscal year

Achieved a
record high

Note: Number of inquiries for individualized instruction only

Efficient Expansion of Points of Customer Contact Due to Dominance Strategy and Media Shift

1H Advertising Expenses/Ratio of Advertising Expenses to Net Sales



FY 2/19 1H Results

(Compared with the Same Period of the Previous Fiscal Year)

(Millions of yen)

	FY 2/18 1H Results	FY 2/19 1H Results	Change	% Change
Net sales	8,918	9,470	551	+6.2%
Cost of sales	5,702	6,113	410	+7.2%
<i>Cost of sales ratio</i>	63.9%	64.6%	-	-
Gross profit	3,216	3,357	140	+4.4%
<i>Gross profit margin</i>	36.1%	35.4%	-	-
SG&A expenses	2,754	2,778	23	+0.9%
<i>SG&A expenses ratio</i>	30.9%	29.3%	-	-
Operating income	461	578	116	+25.3%
<i>Operating income margin</i>	5.2%	6.1%	-	-
Ordinary income	462	580	117	+25.4%
<i>Ordinary income margin</i>	5.2%	6.1%	-	-
Net income	274	421	147	+53.7%
<i>Net income margin</i>	3.1%	4.5%	-	-

Balance Sheet/Cash Flow Statement

(Millions of yen)

	February 28, 2018 Results	August 31, 2018 Results
Current assets	8,936	8,777
Fixed assets	2,477	2,478
Total assets	11,414	11,256
Current liabilities	2,822	2,951
Long-term liabilities	5	3
Total liabilities	2,828	2,954
Total net assets	8,585	8,301
Total liabilities and net assets	11,414	11,256

(Millions of yen)

	FY 2/18 1H Results	FY 2/19 1H Results
Operating cash flow	(665)	(403)
Investment cash flow	(152)	(183)
Financing cash flow	(706)	(705)
Increase (decrease) in cash & cash equivalents	(1,524)	(1,292)
Cash & cash equivalents at beginning of year	7,207	7,773
Cash & cash equivalents at end of period	5,683	6,481

Stable and Sustained Business Growth

Net sales	<p>¥551 million increase compared with the same period of the previous fiscal year</p> <ul style="list-style-type: none">➤ Numbers of inquiries and new students both grew steadily, with a increase in the number of students enrolled➤ Summer course sales also grew steadily
Operating income	<p>¥116 million increase compared with the same period of the previous fiscal year</p> <ul style="list-style-type: none">➤ Increase in income due to increased sales from growth in enrollment➤ Invested in capacity expansion, including new school openings and existing school relocations/expansions➤ Invested in people, including teacher training and increase in part-time clerical staff
Net income	<p>¥147 million increase compared with the same period of the previous fiscal year</p> <ul style="list-style-type: none">➤ Increase in income due to tax refund from the application of tax credits for salary growth

TO GO FOR THE NEXT

ホスピタリティ経営 2020

Achieve sustained business growth by refining hospitality-centered human resource development methods

Growth Strategy ①

Systematize human resource development

Growth Strategy ②

Continue opening dominant schools

Growth Strategy ③

Develop new services

Build a stronger, more efficient operating foundation

TEACHERS' SUMMIT ACADEMY

Leadership Program

TEACHERS' SUMMIT ACADEMY Leadership Program Agenda



1

Leadership/Communication

2

Backcasting approach

3

Coaching skills

4

Grit (Perseverance)

5

Presentation skills

6

Graduation presentation

TEACHERS' SUMMIT ACADEMY Held Nationwide



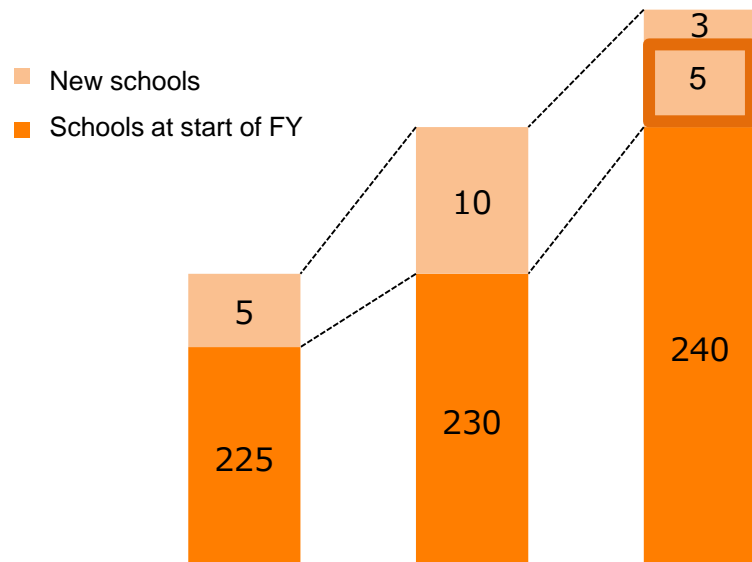
「自分らしい生き方を見つける」～ for finding our own way of life ～
本プログラムには、予測不能な社会の中で自分らしく生き抜くチカラを磨く講座を設けています。また、「なにを学ぶか」を大切にしながら「誰と学ぶか」も大切にし、他教室の同志との出会いや刺激を通じて、互いに高めあい成長の可能性を広げるプログラムです。

Last year, the TEACHERS' SUMMIT ACADEMY was held mainly in the Tokyo metropolitan area. This year, it is being held nationwide.

Last time there were about 60 participants, and this time we have doubled the admission capacity to create learning opportunities for more teachers.

7 New School Openings Decided

New School Openings



FY 2/19

Already Open

Naka-Meguro School (Tokyo)
March 2018

Shin-Okachimachi School (Tokyo)
March 2018

Nishi-Funabashi School (Chiba)
March 2018

Suita School (Osaka)
May 2018

Musashi-Koyama School (Tokyo)
June 2018

Scheduled to Open

Sasazuka School (Tokyo)
November 2018

Shin-Kawasaki School (Kanagawa)
December 2018

	FY 2/17 (Actual)	FY 2/18 (Actual)	FY 2/19 (Plan)
Schools at start of FY	225	230	240
New schools	5	10	8
Schools at end of FY	230	240	248

EST to Be Introduced at All Schools in November

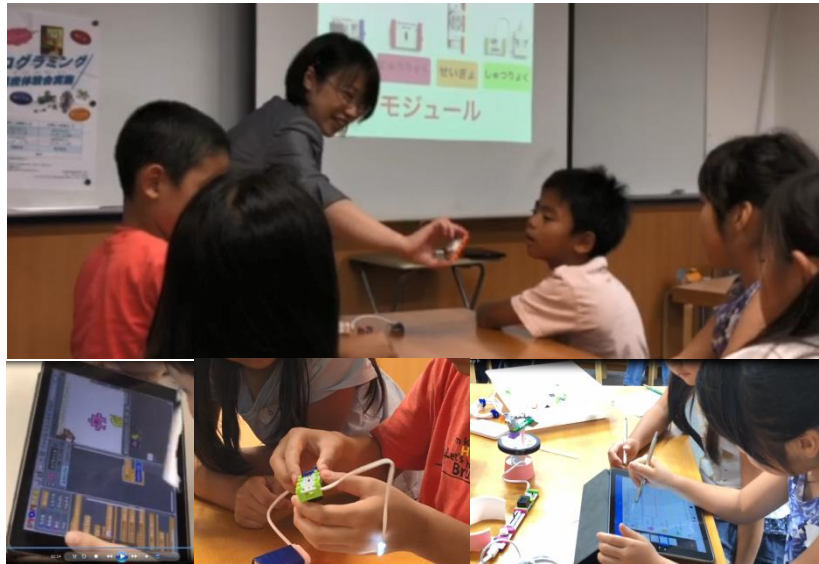
Link between the Philippines and Japan
**On-Line English Conversation
Teaching Materials**



English Speaking Training

Preparing for a Regular Course in Programming

Held Free Trial Classes



Trial classes



Concept Features

Learn how to think through programming

Enjoyable trial and error. Students can see the effects of their efforts in the movement of an object.

Skills Improved

Ability to think like a programmer

Theme: The real world

Understand social structures to learn how to make a better future

Problem-solving

Active learning

Self-directed, interactive learning

Collaboration

Improve ability to think like a programmer, solve problems and collaborate through classes in which students form groups to consider, discuss and present their results.

Banking Paid Vacation Days and Reduced Working Hours System for Nursing/Childcare

System for Banking Paid Vacation Days

We have introduced a system that allows employees to bank up to 60 unused days of annual paid vacation after they have expired. The system can be used for childcare, nursing care, or hospitalization/outpatient treatment for employee injury or illness.

The system provides support for employees in choosing diverse working styles according to their life stage.

Enhanced Reduced Working Hours System for Nursing/Childcare

The period during which employees can use the reduced working hours system for childcare has been **significantly extended** from the current “children up to 3 year old” to **“children up to 10 years old (fourth grade of elementary school).”**

The time limit for use of the reduced working hours system to provide family nursing care has been **removed, in principle.**

Note: Employees can chose to work 4, 5, 6 or 7 hours per working day.

Full-Year Forecast Revised Upward in Light of Solid Results

(Millions of yen)

	Previously Announced Forecast	Revised Forecast	Increase/ Decrease	% Increase/ Decrease
Net sales	19,800	20,100	+300	+1.5%
Operating income	2,700	2,730	+30	+1.1%
Operating income margin	13.6%	13.6%	±0.0%	-
Ordinary income	2,702	2,732	+30	+1.1%
Ordinary income margin	13.6%	13.6%	±0.0%	-
Net income	1,788	1,835	+47	+2.6%
Net income margin	9.0%	9.1%	+0.1%	-
Earnings per share (Yen)	32.93	33.80	+0.87	+2.6%

Net sales: Estimated based on number of students enrolled

Operating income: Slight increase in target due to focus on investments for growth such as school openings, relocations and expansions, and comprehensive hospitality training for teachers to provide high-quality services

External Evaluation

■ Selected as a constituent stock of the JPX-Nikkei Mid and Small Cap Index

- TIEI Results for
Main Selection Criteria
(TIEI survey)

- ✓ 3-year average ROE: 18.6%
- ✓ 6 consecutive years of increases in operating income
- ✓ 2 independent outside directors



JPX-NIKKEI Mid Small

■ Selected as one of fifty candidates for the 7th Corporate Value Improvement Award

Selected as a “listed company that adopts management practices aimed at increasing corporate value from the vantage point of investor interests.”



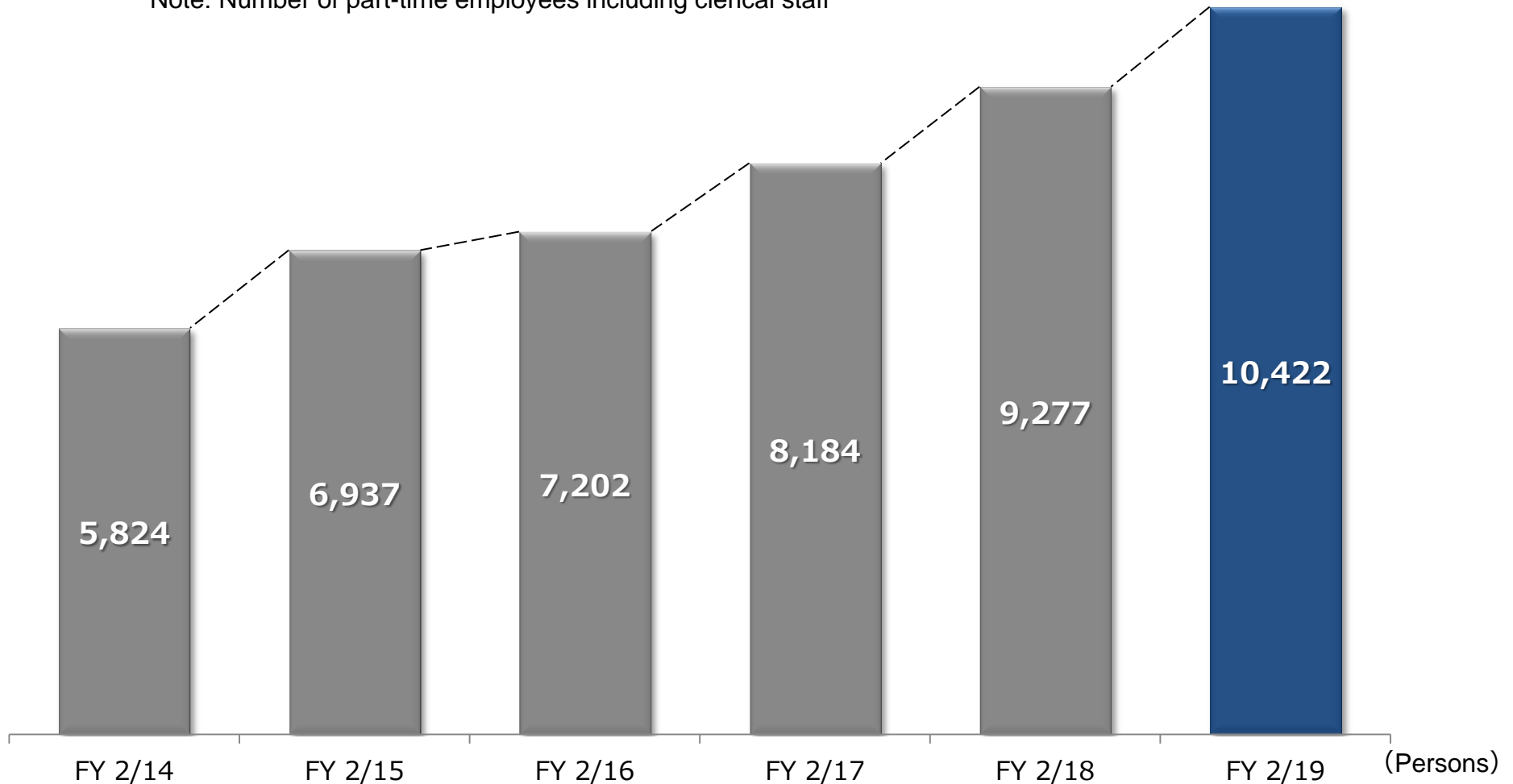
Initiatives for Sustained Growth

Katsuki Saito, President and Representative Director
Tokyo Individualized Educational Institute, Inc.

Steadily Increasing the Number of Teachers

Number of Teachers (As of August 31)

Note: Number of part-time employees including clerical staff





TEACHERS' SUMMIT





TEACHERS' SUMMIT Annual Schedule

May

September

January

March

Plan preparation

Kickoff Meeting

Prepare and announce plan



Summer course



Midterm Briefing

Share progress of annual plan

Winter course

Final Briefing

Select Regional Representative Schools



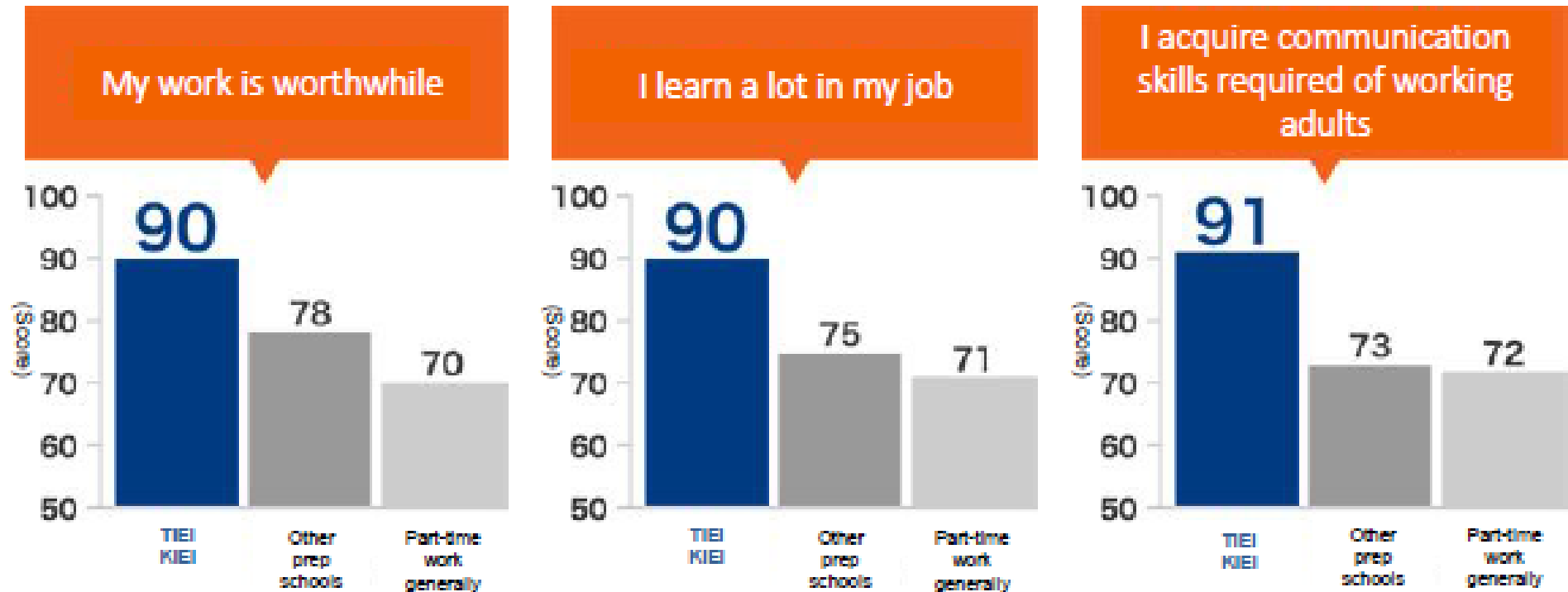
TEACHERS' SUMMIT

Best Practice

- Announcement of Regional Representative Schools
- Departmental and individual awards, etc.

High Evaluation for Teacher Job Satisfaction

TIEI and KIEI Prep School Teachers Ranked First in 22 Items!



Note: Excerpt from "Survey of University Student Part-Time Workers"

Method: Internet survey (calculated based on a 100-point score for each item; number of questions: 25)

Survey subjects: 973 current student part-time workers continuously employed for 3 months or more

Survey period: January 17 to February 16, 2018

Source: Oricon ME Co., Ltd.

Enabling Teachers to Lead the Way to the Future

Initiatives

SDGs



**TEACHERS'
SUMMIT**

**TEACHERS'
SUMMIT**

**TEACHERS'
SUMMIT
ACADEMY**



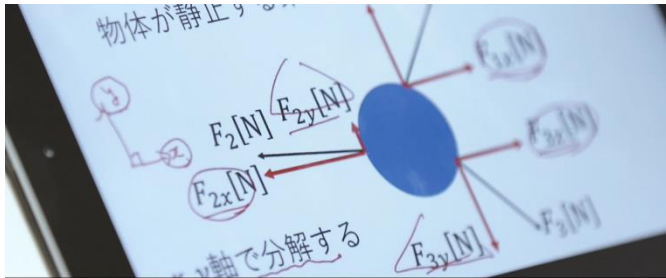
Target 4.4

By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

Two New Initiatives



Alumni Network



Hospitality × AI



Sustained Growth

Thank you for your attention today.



Forward-Looking Statements

These materials include forward-looking statements concerning future financial performance, including business strategies and forecasts. Such statements are based on the Company's judgment at the time of publication, and include inherent risks and uncertainties. These strategies and forecasts may be amended due to changes in the external environment or other factors.

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東京個別指導学院