

# FY2/20 1Q (March 2019–May 2019) 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

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

(1) Performance overview

(Millions of yen)	FY 2019 (through February)				FY 2020 (through February)											
	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)	1Q (2019/3/1~2019/5/31)			First half (2019/3/1~2019/8/31)			3Q (2019/3/1~2019/11/30)			Full year (2019/3/1~2020/2/29)		
					Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %
<b>Net sales</b>	3,679	9,470	14,083	20,397	3,786	106	102.9%									
<b>Cost of sales</b>	2,829	6,113	9,136	12,542	2,912	82	102.9%									
Cost of sales ratio	76.9%	64.6%	64.9%	61.5%	76.9%	-	-									
<b>Gross profit</b>	850	3,357	4,947	7,854	874	24	102.8%									
Gross profit margin	23.1%	35.4%	35.1%	38.5%	23.1%	-	-									
<b>SG&amp;A</b>	1,470	2,778	3,671	5,063	1,554	83	105.7%									
SG&A ratio	40.0%	29.3%	26.1%	24.8%	41.1%	-	-									
<b>Operating income (loss)</b>	-620	578	1,275	2,790	-679	-59	-									
Operating income margin	-	6.1%	9.1%	13.7%	-	-	-									
<b>Ordinary income (loss)</b>	-619	580	1,278	2,793	-678	-59	-									
Ordinary income margin	-	6.1%	9.1%	13.7%	-	-	-									
<b>Net income (loss)</b>	-430	421	852	1,932	-497	-66	-									
Net income margin	-	4.5%	6.1%	9.5%	-	-	-									

## (2) Cost of sales breakdown

(Millions of yen)	FY 2019 (through February)				FY 2020 (through February)											
	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)	1Q (2019/3/1~2019/5/31)			First half (2019/3/1~2019/8/31)			3Q (2019/3/1~2019/11/30)			Full year (2018/3/1~2020/2/29)		
					Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %
<b>Cost of sales (100%)</b>	2,829	6,113	9,136	12,542	2,912	82	102.9%									
<b>Personnel expenses</b>	592	1,213	1,800	2,409	628	35	106.0%									
Ratio to cost of sales	21.0%	19.9%	19.7%	19.2%	21.6%	-	-									
<b>Instructors expense</b>	1,192	2,813	4,204	5,974	1,233	40	103.4%									
Ratio to cost of sales	42.2%	46.0%	46.0%	47.6%	42.3%	-	-									
<b>Rent</b>	599	1,204	1,814	2,440	633	34	105.8%									
Ratio to cost of sales	21.2%	19.7%	19.9%	19.5%	21.8%	-	-									
<b>Lease</b>	59	120	178	235	60	0	100.5%									
Ratio to cost of sales	2.1%	2.0%	2.0%	1.9%	2.1%	-	-									
<b>Property expense</b>	50	108	165	223	57	6	113.3%									
Ratio to cost of sales	1.8%	1.8%	1.8%	1.8%	2.0%	-	-									
<b>Depreciation</b>	30	60	91	133	26	-3	87.7%									
Ratio to cost of sales	1.1%	1.0%	1.0%	1.1%	0.9%	-	-									
<b>Others</b>	303	591	881	1,126	272	-31	89.8%									
Ratio to cost of sales	10.7%	9.7%	9.6%	9.0%	9.3%	-	-									

## (3) SG&amp;A breakdown

(Millions of yen)	FY 2019 (through February)				FY 2020 (through February)											
	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)	1Q (2019/3/1~2019/5/31)			First half (2019/3/1~2019/8/31)			3Q (2019/3/1~2019/11/30)			Full year (2018/3/1~2020/2/29)		
					Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %
<b>SG&amp;A (100%)</b>	1,470	2,778	3,671	5,063	1,554	83	105.7%									
<b>Personnel expenses</b> (Salaries/Bonuses/Miscellaneous wages and salaries)	293	606	903	1,225	296	3	101.1%									
Ratio to SG&A	19.9%	21.8%	24.6%	24.2%	19.1%	-	-									
<b>Advertising</b>	774	1,410	1,654	2,311	749	-25	96.7%									
Ratio to SG&A	52.7%	50.8%	45.1%	45.6%	48.2%	-	-									
<b>Recruiting</b>	99	131	157	196	107	7	107.6%									
Ratio to SG&A	6.8%	4.7%	4.3%	3.9%	6.9%	-	-									
<b>Rent</b>	23	47	71	96	29	6	127.1%									
Ratio to SG&A	1.6%	1.7%	1.9%	1.9%	1.9%	-	-									
<b>Commissions</b>	155	342	517	719	191	35	122.9%									
Ratio to SG&A	10.6%	12.3%	14.1%	14.2%	12.3%	-	-									
<b>Depreciation</b>	22	46	70	98	24	2	110.7%									
Ratio to SG&A	1.5%	1.7%	1.9%	1.9%	1.6%	-	-									
<b>Others</b>	100	193	296	416	154	53	153.5%									
Ratio to SG&A	6.8%	7.0%	8.1%	8.2%	9.9%	-	-									

## (4) Net sales by student type

(Millions of yen)	FY 2019 (through February)				FY 2019 (through February)											
	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)	1Q (2019/3/1~2019/5/31)			First half (2019/3/1~2019/8/31)			3Q (2019/3/1~2019/11/30)			Full year (2019/3/1~2020/2/29)		
					Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %	Result	YOY +/-	YOY %
Primary school students	363	830	1,235	1,782	398	34	109.4%									
Middle school students	1,335	3,277	4,846	7,330	1,370	35	102.6%									
High school students	1,911	5,216	7,787	11,000	1,953	41	102.2%									
Total sales for individualized instruction classes	3,611	9,324	13,869	20,113	3,722	111	103.1%									
Science/Writing and other	68	145	214	283	64	-4	93.1%									
Total	3,679	9,470	14,083	20,397	3,786	106	102.9%									

## 2. Secular trends in first quarter financial results

(1) Performance overview

(Millions of yen)	1Q (3/1~5/31)					Total (3/1~2/29)				
	FY 2016 (through February)	FY 2017 (through February)	FY 2018 (through February)	FY 2019 (through February)	FY 2020 (through February)	FY 2016 (through February)	FY 2017 (through February)	FY 2018 (through February)	FY 2019 (through February)	FY 2020 (through February)
<b>Net sales</b>	3,042	3,254	3,428	3,679	<b>3,786</b>					
<b>Cost of sales</b>	2,300	2,504	2,642	2,829	<b>2,912</b>					
Cost of sales ratio	75.6%	76.9%	77.1%	76.9%	<b>76.9%</b>					
<b>Gross profit</b>	741	750	785	850	<b>874</b>					
Gross profit margin	24.4%	23.1%	22.9%	23.1%	<b>23.1%</b>					
<b>SG&amp;A</b>	1,640	1,705	1,542	1,470	<b>1,554</b>					
SG&A ratio	53.9%	52.4%	45.0%	40.0%	<b>41.1%</b>					
<b>Operating income (loss)</b>	<b>-898</b>	<b>-954</b>	<b>-757</b>	<b>-620</b>	<b>-679</b>					
Operating income margin	-	-	-	-	-					
<b>Ordinary income (loss)</b>	<b>-896</b>	<b>-952</b>	<b>-756</b>	<b>-619</b>	<b>-678</b>					
Ordinary income margin	-	-	-	-	-					
<b>Net income (loss)</b>	<b>-596</b>	<b>-670</b>	<b>-543</b>	<b>-430</b>	<b>-497</b>					
Net income margin	-	-	-	-	-					

## (2) Cost of sales breakdown

(Millions of yen)	1Q (3/1~5/31)					Total (3/1~2/29)				
	FY 2016 (through February)	FY 2017 (through February)	FY 2018 (through February)	FY 2019 (through February)	FY 2020 (through February)	FY 2016 (through February)	FY 2017 (through February)	FY 2018 (through February)	FY 2019 (through February)	FY 2020 (through February)
<b>Cost of sales (100%)</b>	2,300	2,504	2,642	2,829	<b>2,912</b>					
<b>Personnel expenses</b>	550	569	567	592	<b>628</b>					
Ratio to cost of sales	23.9%	22.8%	21.5%	21.0%	<b>21.6%</b>					
<b>Instructors expense</b>	867	983	1,132	1,192	<b>1,233</b>					
Ratio to cost of sales	37.7%	39.3%	42.8%	42.2%	<b>42.3%</b>					
<b>Rent</b>	474	517	549	599	<b>633</b>					
Ratio to cost of sales	20.6%	20.7%	20.8%	21.2%	<b>21.8%</b>					
<b>Lease</b>	69	73	58	59	<b>60</b>					
Ratio to cost of sales	3.0%	2.9%	2.2%	2.1%	<b>2.1%</b>					
<b>Property expense</b>	55	55	53	50	<b>57</b>					
Ratio to cost of sales	2.4%	2.2%	2.0%	1.8%	<b>2.0%</b>					
<b>Depreciation</b>	29	30	27	30	<b>26</b>					
Ratio to cost of sales	1.3%	1.2%	1.0%	1.1%	<b>0.9%</b>					
<b>Others</b>	253	273	254	303	<b>272</b>					
Ratio to cost of sales	11.0%	10.9%	9.6%	10.7%	<b>9.3%</b>					

## (3) SG&amp;A breakdown

(Millions of yen)	1Q (3/1~5/31)					Total (3/1~2/29)				
	FY 2016 (through February)	FY 2017 (through February)	FY 2018 (through February)	FY 2019 (through February)	FY 2020 (through February)	FY 2016 (through February)	FY 2017 (through February)	FY 2018 (through February)	FY 2019 (through February)	FY 2020 (through February)
<b>SG&amp;A (100%)</b>	1,640	1,705	1,542	1,470	<b>1,554</b>					
<b>Personnel expenses</b> (Salaries/Bonuses/Miscellaneous wages and salaries)	260	282	274	293	<b>296</b>					
Ratio to SG&A	15.9%	16.6%	17.8%	19.9%	<b>19.1%</b>					
<b>Advertising</b>	1,048	1,031	839	774	<b>749</b>					
Ratio to SG&A	63.9%	60.5%	54.4%	52.7%	<b>48.2%</b>					
<b>Recruiting</b>	79	104	113	99	<b>107</b>					
Ratio to SG&A	4.8%	6.2%	7.4%	6.8%	<b>6.9%</b>					
<b>Rent</b>	19	20	23	23	<b>29</b>					
Ratio to SG&A	1.2%	1.2%	1.5%	1.6%	<b>1.9%</b>					
<b>Commissions</b>	124	127	159	155	<b>191</b>					
Ratio to SG&A	7.6%	7.5%	10.3%	10.6%	<b>12.3%</b>					
<b>Depreciation</b>	8	17	16	22	<b>24</b>					
Ratio to SG&A	0.5%	1.0%	1.1%	1.5%	<b>1.6%</b>					
<b>Others</b>	98	121	116	100	<b>154</b>					
Ratio to SG&A	6.0%	7.1%	7.5%	6.8%	<b>9.9%</b>					

### 3. Business overview

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

	FY 2016 (through February)	FY 2017 (through February)	FY 2018 (through February)	FY 2019 (through February)	FY 2020 (through February)	YOY +/-	YOY %
Mar.	21,749	23,323	24,470	26,125	<b>27,654</b>	1,529	105.9%
Apr.	23,357	24,867	26,135	28,016	<b>29,460</b>	1,444	105.2%
May	23,813	25,276	26,538	28,485	<b>29,866</b>	1,381	104.8%
Jun.	25,144	26,492	28,076	30,194			
Jul.	28,956	30,726	32,674	35,060			
Aug.	29,404	30,958	33,075	35,368			
Sep.	29,806	31,258	33,467	35,623			
Oct.	30,137	31,473	33,768	35,849			
Nov.	30,165	31,532	33,872	35,762			
Dec.	30,493	31,901	34,181	36,105			
Jan.	28,500	30,186	32,115	34,150			
Feb.	22,918	23,807	25,319	27,195			
<b>Average</b>	<b>27,036</b>	<b>28,483</b>	<b>30,308</b>	<b>32,328</b>			

\* Monthly quick estimate

(2) No. of new students (Students)

	FY 2016 (through February)	FY 2017 (through February)	FY 2018 (through February)	FY 2019 (through February)	FY 2020 (through February)	YOY +/-	YOY %
Mar.	3,112	3,395	3,640	3,951	<b>3,863</b>	-88	97.8%
Apr.	2,419	2,554	2,706	2,979	<b>2,887</b>	-92	96.9%
May	950	1,108	1,207	1,301	<b>1,310</b>	9	100.7%
Jun.	2,017	1,919	2,370	2,593			
Jul.	4,673	4,999	5,500	5,883			
Aug.	1,269	1,387	1,417	1,434			
Sep.	1,364	1,388	1,545	1,574			
Oct.	1,340	1,351	1,381	1,645			
Nov.	1,263	1,408	1,548	1,653			
Dec.	1,764	1,927	2,016	2,136			
Jan.	977	1,172	1,114	1,235			
Feb.	1,251	1,380	1,380	1,624			
<b>Average</b>	<b>22,399</b>	<b>23,988</b>	<b>25,824</b>	<b>28,008</b>			

\* Monthly quick estimate

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

	FY 2016 (through February)	FY 2017 (through February)	FY 2018 (through February)	FY 2019 (through February)	FY 2020 (through February)	YOY +/-
Mar.	13.21%	13.05%	12.50%	12.42%	<b>12.52%</b>	0.10%
Apr.	3.73%	4.33%	4.25%	4.16%	<b>3.91%</b>	-0.26%
May	2.11%	2.81%	3.08%	2.97%	<b>3.07%</b>	0.10%
Jun.	2.88%	2.78%	3.14%	3.10%		
Jul.	3.42%	2.89%	3.21%	3.37%		
Aug.	2.84%	3.76%	3.11%	3.21%		
Sep.	3.27%	3.51%	3.49%	3.73%		
Oct.	3.39%	3.63%	3.23%	3.98%		
Nov.	4.10%	4.29%	4.28%	4.85%		
Dec.	4.76%	4.94%	5.04%	5.01%		
Jan.	9.74%	9.05%	9.30%	8.84%		
Feb.	23.98%	25.70%	25.46%	25.12%		

\* Monthly quick estimate

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

	FY 2016 (through February) 15/03-15/05	FY 2017 (through February) 16/03-16/05	FY 2018 (through February) 17/03-17/05	FY 2019 (through February) 18/03-18/05	FY 2020 (through February) 19/03-19/05	YOY +/-
Primary school students	2,591 11.3%	2,587 10.6%	2,718 10.6%	3,131 11.4%	<b>3,475</b> <b>12.0%</b>	344 -
Middle school students	9,122 39.7%	9,284 37.9%	9,557 37.2%	10,058 36.5%	<b>10,529</b> <b>36.3%</b>	471 -
High school students	11,260 49.0%	12,617 51.5%	13,439 52.2%	14,352 52.1%	<b>14,989</b> <b>51.7%</b>	637 -
<b>Total</b>	22,973 100.0%	24,488 100.0%	25,714 100.0%	27,542 100.0%	<b>28,993</b> <b>100.0%</b>	1,451 -

## (5) Net sales by student (Individualized education)

	FY 2016 (through February) 15/03-15/05	FY 2017 (through February) 16/03-16/05	FY 2018 (through February) 17/03-17/05	FY 2019 (through February) 18/03-18/05	FY 2020 (through February) 19/03-19/05	YOY +/-
Net sales (1,000 yen)	2,984,565	3,185,668	3,357,454	3,611,000	<b>3,722,612</b>	111,611
Average no. students (Students)	22,973	24,488	25,714	27,542	<b>28,993</b>	1,451
Net sales per student (Yen)	129,916	130,091	130,569	131,108	<b>128,396</b>	<b>-2,712</b>



#### 4. Secular trends in key indicators

(1) Financial condition, others (First quarter)

(Million of yen)	First quarter				
	FY 2016 (through February)	FY 2017 (through February)	FY 2018 (through February)	FY 2019 (through February)	FY 2020 (through February)
<b>Total assets</b>	8,258	8,496	8,910	9,599	<b>10,334</b>
<b>Current assets</b>	6,166	6,182	6,563	7,107	<b>7,410</b>
Cash and deposits	4,917	4,936	5,157	5,623	<b>6,208</b>
Accounts receivable	247	220	375	475	<b>486</b>
<b>Fixed assets</b>	2,092	2,313	2,347	2,491	<b>2,924</b>
<b>Current liabilities</b>	1,400	1,640	1,898	2,145	<b>2,426</b>
<b>Long-term liabilities</b>	15	7	9	4	<b>3</b>
<b>Net assets</b>	<b>6,843</b>	<b>6,848</b>	<b>7,002</b>	<b>7,449</b>	<b>7,903</b>
<b>Paid-in cap.</b>	642	642	642	642	<b>642</b>
<b>Issued stock (No.)</b>	54,291,435	54,291,435	54,291,435	54,291,435	<b>54,291,435</b>
(Treasury shares in above)	51	51	101	101	<b>136</b>
EPS (Yen)	-10.98	-12.36	-10.02	-7.92	<b>-9.15</b>
BPS (Yen)	126.04	126.15	128.98	137.22	<b>145.57</b>
Dividends per share (Full year) (Yen)	24.00	26.00	26.00	26.00	planned <b>26.00</b>
<b>No. of schools</b>	219	229	232	244	<b>250</b>
<b>No. of students</b>	23,813	25,276	26,538	28,485	<b>29,866</b>
<b>Employees (Regular)</b>	438	457	481	504	<b>533</b>
Hiring and Training Capable Teachers	7,183	8,051	9,030	10,441	<b>11,311</b>