H1 FY Ending February 2020 (FY 2/20) Presentation

October 9, 2019

Tokyo Individualized Educational Institute, Inc.

(TSE 1st Section, Securities Code 4745)

Agenda

1) H1 FY 2/20 Highlights

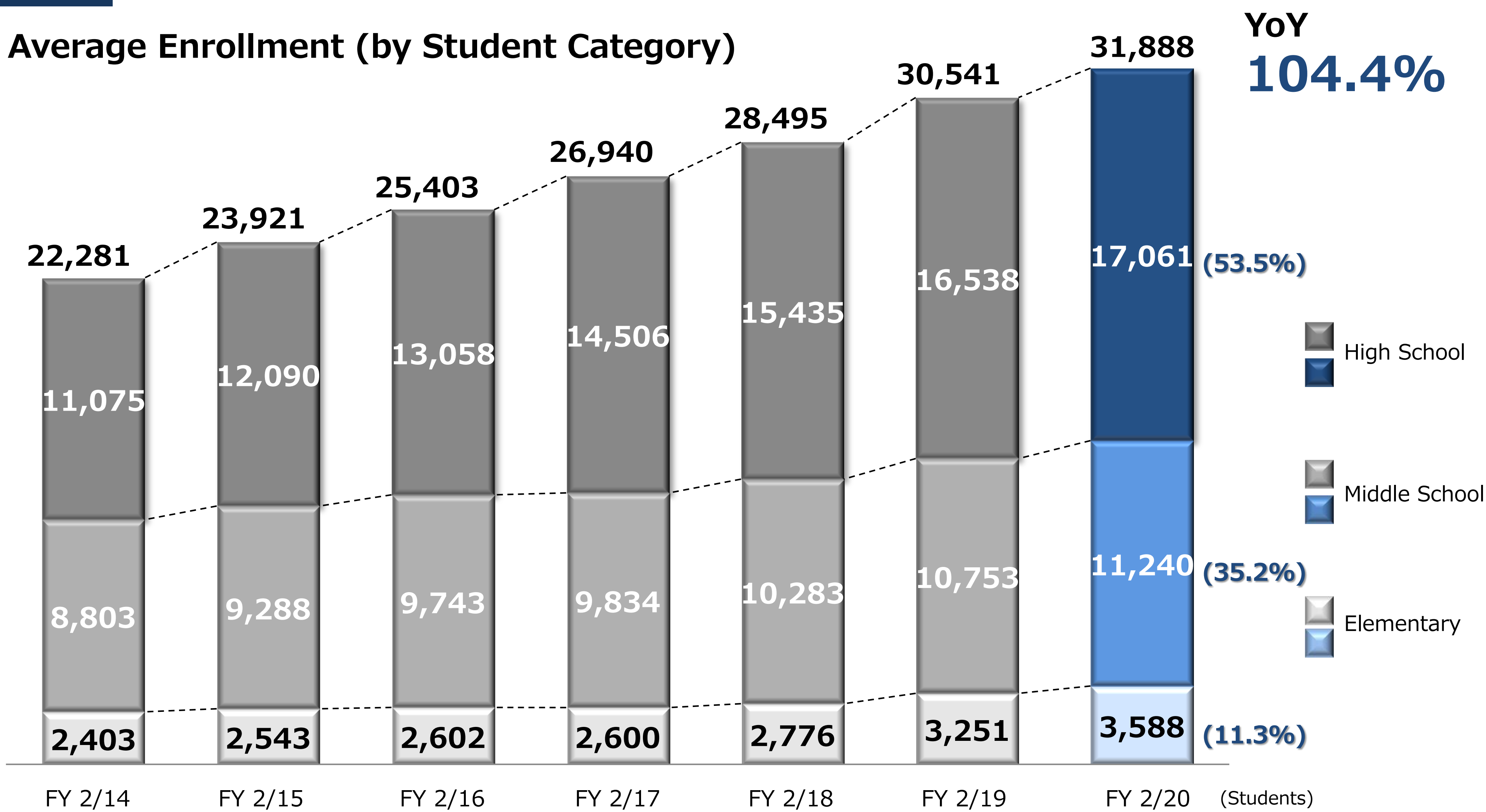
2) Initiatives for H2

FY 2/20

H1 Highlights

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

Increased Across All Segments

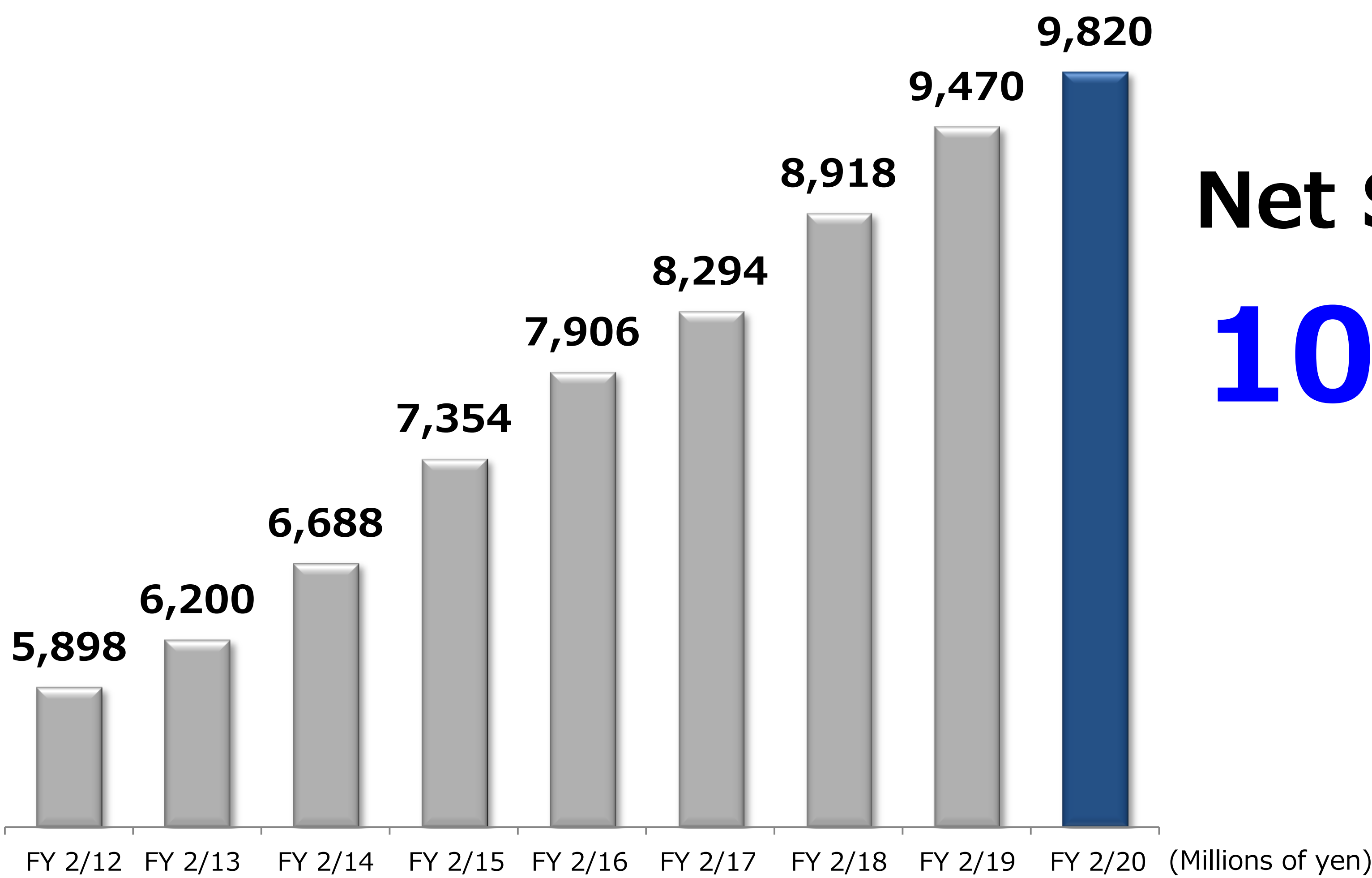


YoY by student category: high school 103.2%; middle school 104.5%; elementary school 110.4%

* Students enrolled in individualized teaching

8 Straight Years Growth in Revenue

H1 Total Net Sales

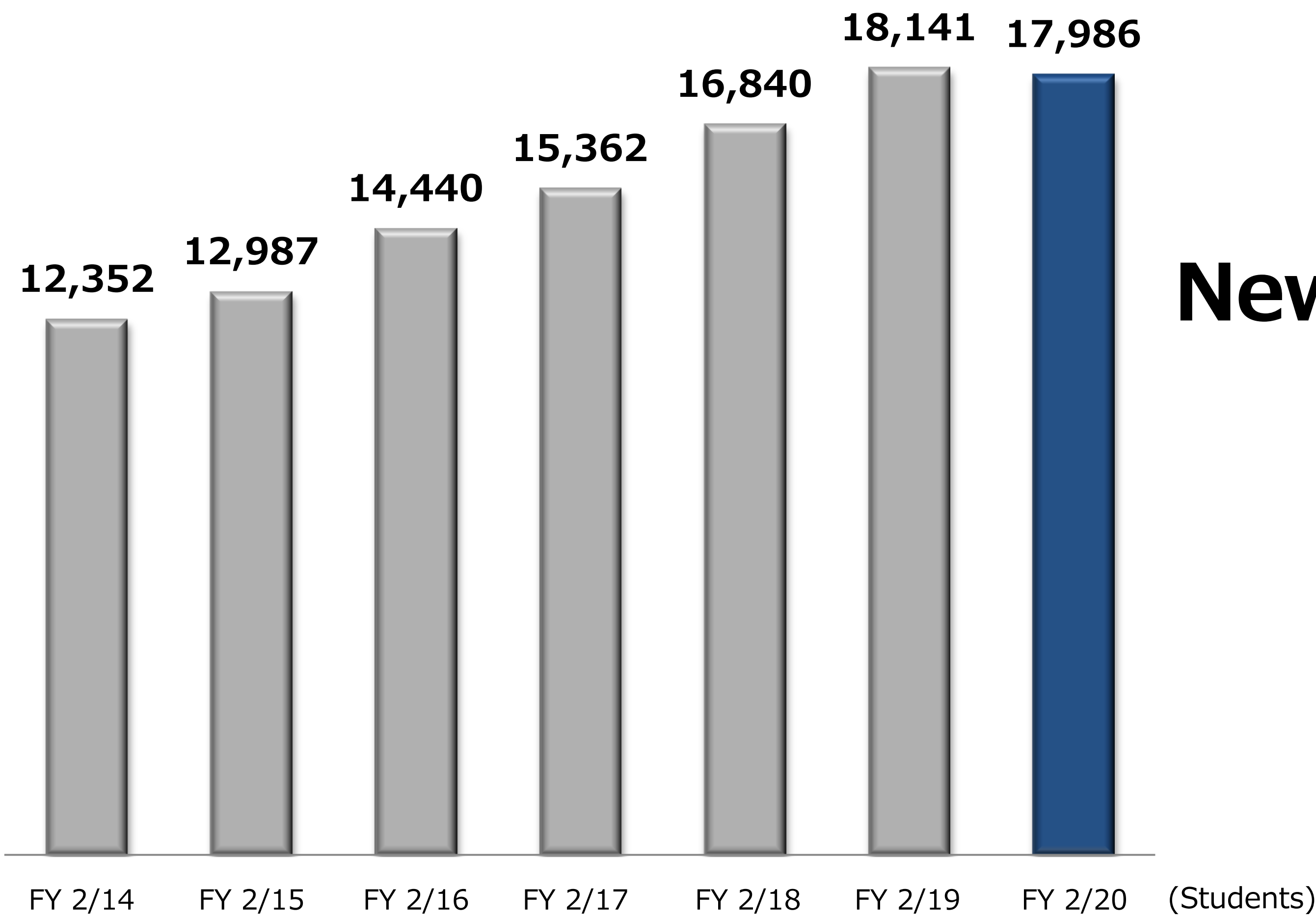


Net Sales YoY

103.7%

Affected by Behavioral Changes in High School Seniors

H1 Total New Members



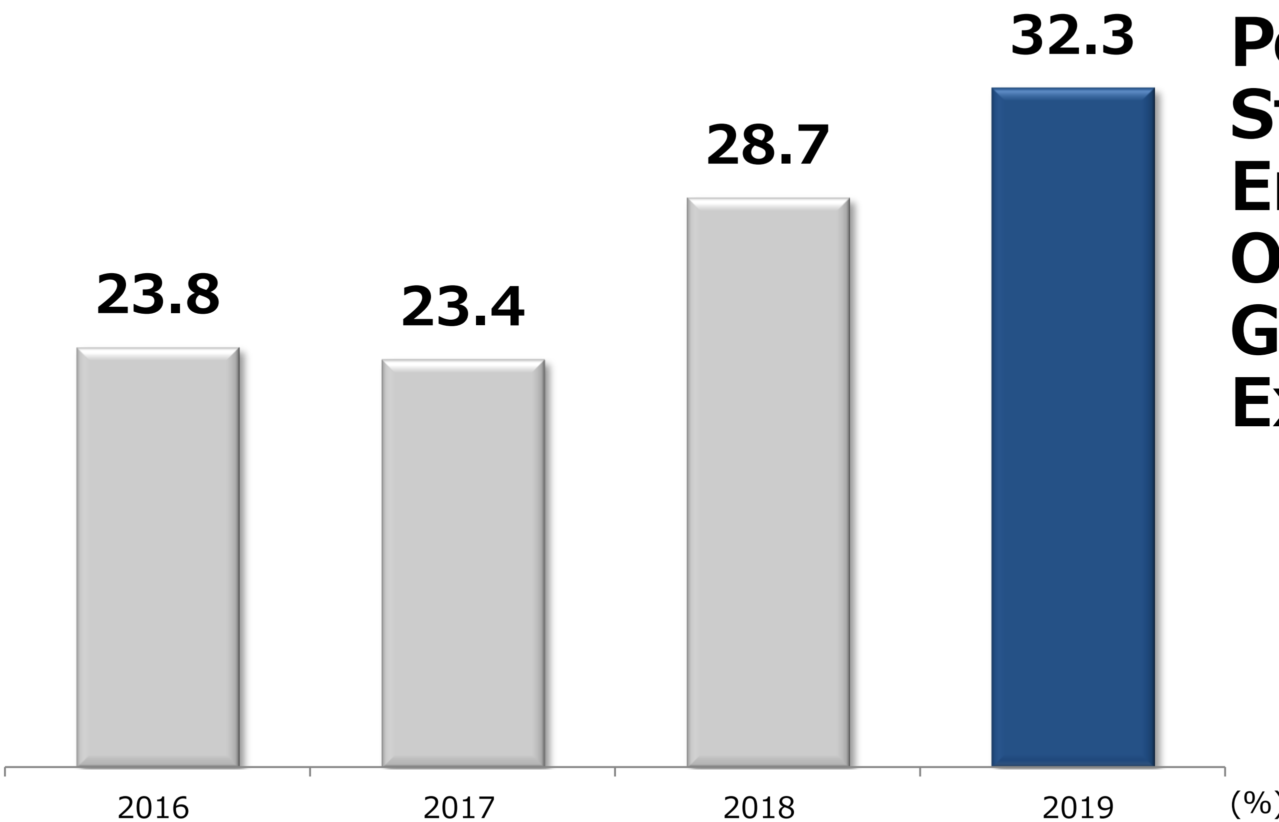
* New members in individualized teaching only

New Members YoY

99.1%

Growing Inclination Toward Recommendations and AO Examination

Percentage of High School Seniors Using Admissions Channels Other than General Entrance Exam



Percentage of Students Seeking Enrollment Outside of General Entrance Exam

+3.6%Pt

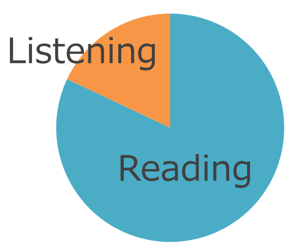
YoY

As of Sept. 2. *Other than general entrance exam: designated school recommendation, open recruitment recommendation, AO, internal advancement; includes unregistered students (tabulated by Tokyo Individualized Educational Institute, Inc.)

Final Year of Exams Under Current System for Current High School Seniors

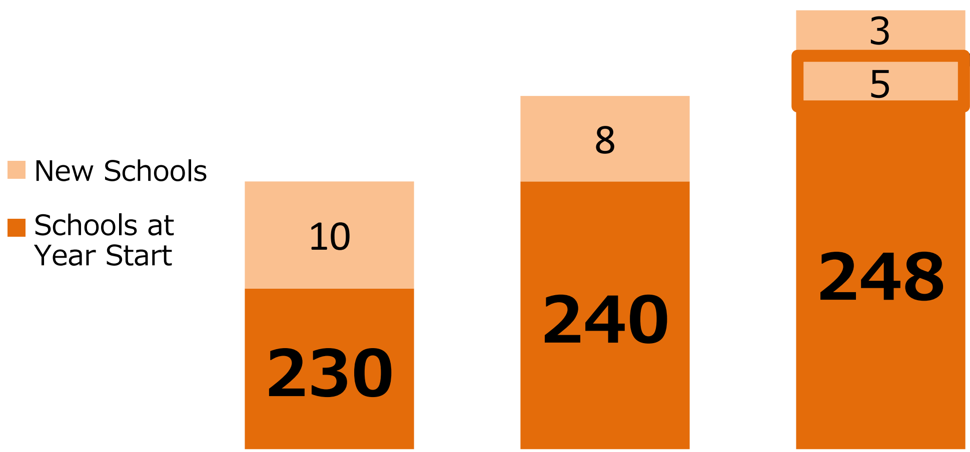
Entrance exam format differs for each university/faculty
⇒ Diversification of test taking

FY2019	FY2020 and Beyond
National center test **Marked** **Knowledge/skill centered**	New **Common test for university admissions** **Marked + Written** (part of mathematics and Japanese language) **Requires daily “thinking” habits**
English **Reading centered (+ listening)**	**Equally focused on four English skill sets** **Reading** **Listening** **Writing** **Speaking**



5 Schools Opened in H1

New School Openings



	FY 2/18 Results	FY 2/19 Results	FY 2/20 Plan
Schools at Year Start	230	240	248
New Schools	10	8	8
Schools at Year End	240	248	256

H1 FY 2/20 Newly Opened Schools

Akebonobashi School (Tokyo)
March 2019

Kameari School (Tokyo)
March 2019

Kaihin Makuhari School (Chiba Pref.)
June 2019

Tsukishima School (Tokyo)
July 2019

Ikejiri-Ohashi School (Tokyo)
July 2019

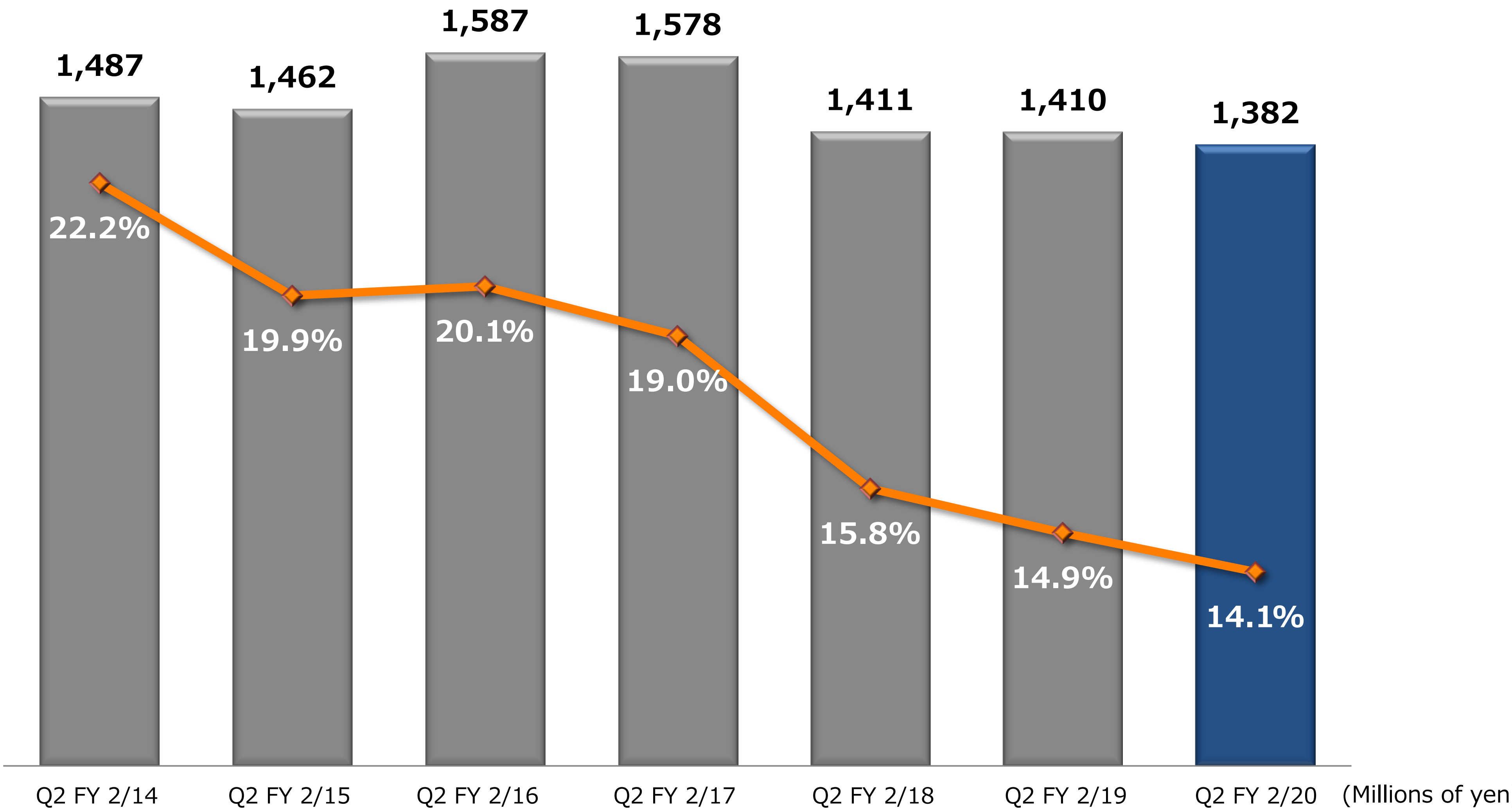
H2 FY 2/20 Planned New School Openings

Ikeda School (Osaka Pref.)
November 2019

*Also plan to open two other schools

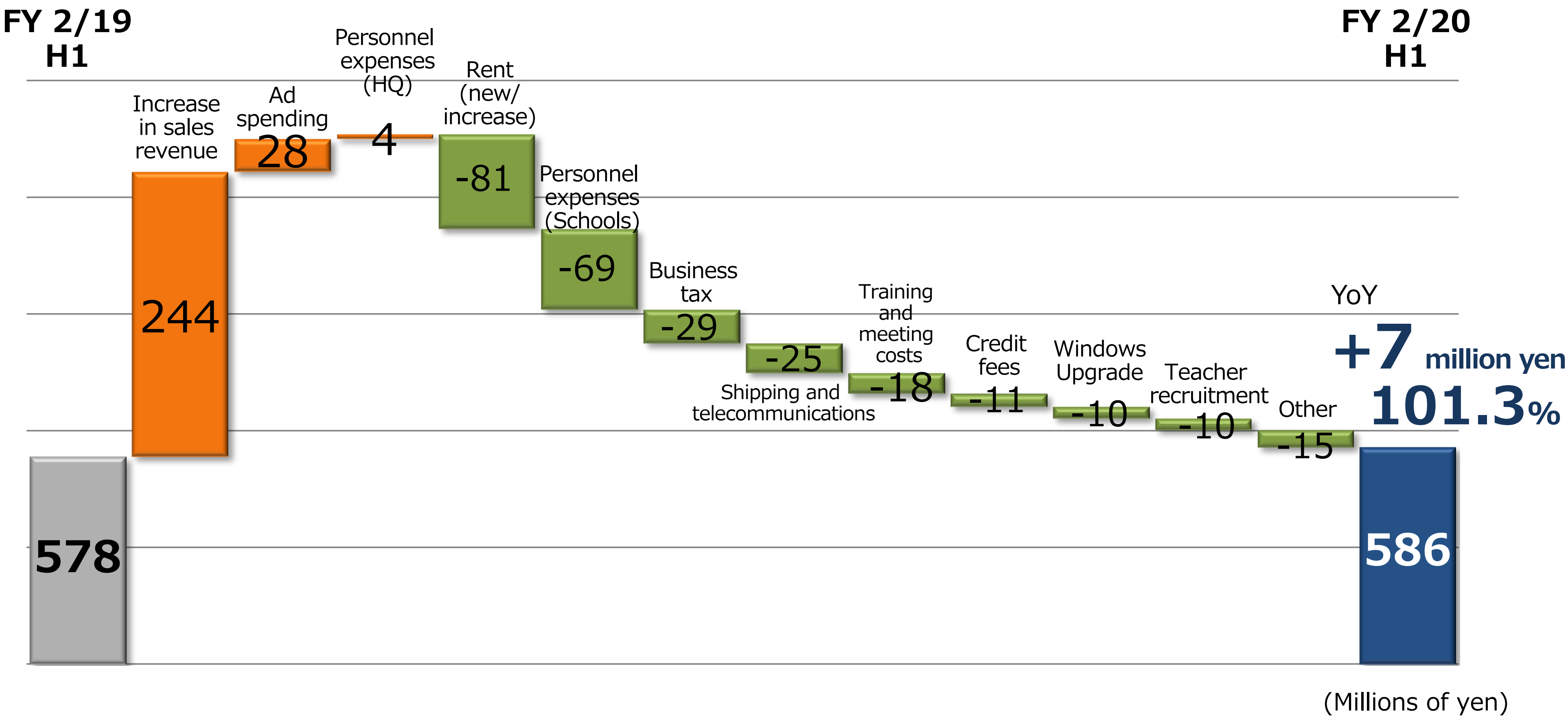
Greater Presence in Areas of Operations from Recognition of Brand Value

Ad Spending & Ratio of Ad Spending to Net Sales



Investing with a Mid- to Long-term Perspective

Analysis of Changes in Operating Income (YoY)



Progress of Plan

(Millions of yen)

	H1 FY 2/19	H1 FY 2/20	Change	YoY
Net sales	9,470	9,820	349	103.7%
Cost of sales	6,113	6,339	225	103.7%
Cost of sales ratio	64.6%	64.6%	0.0%	-
Gross profit	3,357	3,480	123	103.7%
Gross profit margin	35.4%	35.4%	0.0%	-
SG&A	2,778	2,894	116	104.2%
SG&A ratio	29.3%	29.5%	0.1%	-
Operating income	578	586	7	101.3%
Operating income margin	6.1%	6.0%	-0.1%	-
Ordinary income	580	588	8	101.5%
Ordinary income margin	6.1%	6.0%	-0.1%	-
Net income	421	355	-66	84.2%
Net income margin	4.5%	3.6%	-0.8%	-

Balance Sheet/Cash Flow Statement

(Millions of yen)

	Feb. 28, 2019	Feb. 29, 2020
Current assets	9,463	9,134
Fixed assets	2,650	2,773
Total assets	**12,114**	**11,907**
Current liabilities	3,003	3,149
Long-term liabilities	4	3
Total liabilities	**3,008**	**3,152**
Total net assets	**9,106**	**8,755**
Total liabilities and net assets	**12,114**	**11,907**

(Millions of yen)

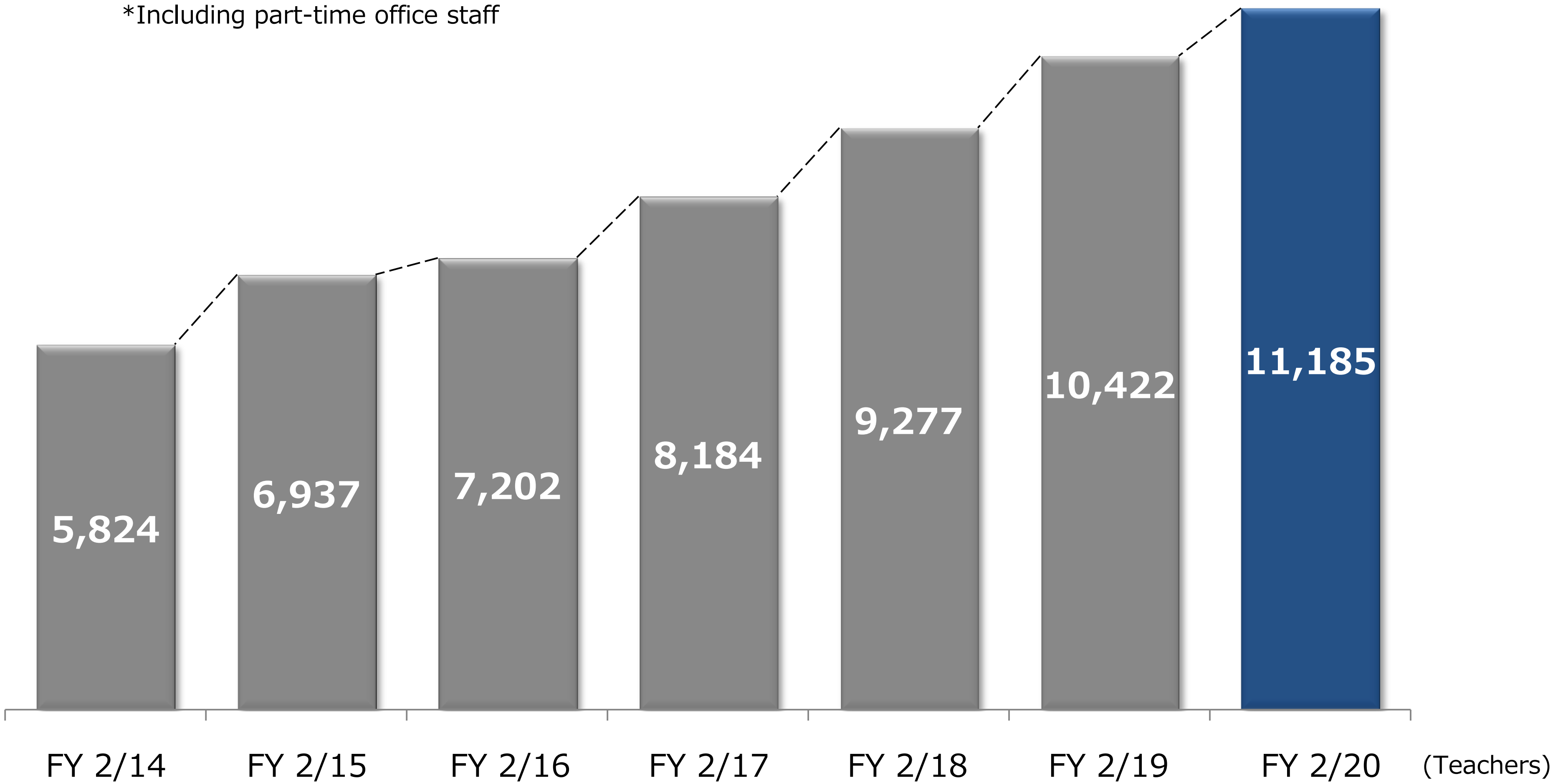
	H1 FY 2/19	H1 FY 2/20
Operating cash flow	(403)	(316)
Investment cash flow	(183)	(315)
Financing cash flow	(705)	(706)
Increase (decrease) in cash & cash equivalents	(1,292)	(1,338)
Cash & cash equivalents at beginning of year	7,773	8,420
Cash & cash equivalents at end of period	6,481	7,081

Initiatives for H2

Steady Growth in Teachers

Teachers (Aug 31)

*Including part-time office staff



Significant Increase in Scale including in Aichi and Fukuoka

TEACHERS' SUMMIT ACADEMY Leadership Program

Areas: Tokyo metropolitan area, Kansai, Aichi, Fukuoka

Planned Participants: **230** (**189%** YoY)

TEACHERS' SUMMIT

Satisfaction score of FY 2/19 participants

4.91

(Out of 5)

Job hunt seminar

led by previous year's participants (alumni) also held

Making TKG a More Attractive Place to Work for Teachers

Foster teacher vitality

Expand learning opportunities
(TEACHERS’ SUMMIT, training, etc.)

Review wages
(October 2019 onward)

Price revisions
(October 2019 onward)

- For: Individualized teaching business: tuition, training, facilities
  Science labs and writing classes: tuition
- Revision rate: about 5%

Correct Information Sharing Using Strengths in Direct Operations

March: Guidance for parents/guardians

March: Training for teachers

May: Joint training for employees

Plans for H2 and beyond

- Monthly: Training for school principals and teachers
- November: Seminar for parents/guardians
- Ongoing: Sharing of information on university exams

Left Unchanged Based on Progress of Plan

(Millions of yen)

	FY 2/19 Results	FY 2/20 Forecast	Change	Rate of change
Net sales	20,397	**21,200**	802	103.9%
Operating income	2,790	**2,875**	84	103.0%
Operating income margin	13.7%	**13.6%**	-0.1%	-
Ordinary income	2,793	**2,877**	83	103.0%
Net income	1,932	**1,934**	2	100.1%
Net income margin	9.5%	**9.1%**	-0.3%	-
EPS (yen)	35.59	**35.64**	0.05	100.1%

Steady Shareholder Return

Dividend Payout Results & Forecast

	FY 2/16	FY 2/17	FY 2/18	FY 2/19	FY 2/20 Forecast
Full-year dividend	24 yen	26 yen	26 yen	26 yen	**26 yen**
Dividend payout ratio	94.2%	98.1%	80.9%	73.1%	**73.0%**
Mid-year dividend	12 yen	13 yen	13 yen	13 yen	(Results) **13 yen**
End-of-year dividend	12 yen	13 yen	13 yen	13 yen	**13 yen**

* Includes 8-yen dividend (full-year) for company's 30th anniversary

* Forecast figures announced April 10, 2019

Shareholder Benefits Program

Shareholders are entitled to select one gift from those listed in the shareholder benefits catalogue (such as food, pre-paid card for purchasing books, donation to social contribution activity, etc.)

Medium-term Management Plan

Plan to announce at

April 2020 Presentation

Thank you for your attention.

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.

If you are an investor outside Japan, please contact us below.

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