

FY Ended February 2020 (FY 2/20) Earnings Briefing Materials

April 9, 2020



Tokyo Individualized Educational Institute, Inc.

(TSE 1st Section, Securities Code 4745)

Seek to Fulfill Plan 1 Year Early

Plan Announced Oct 2018

TO GO FOR THE NEXT

ホスピタリティ経営 2020

(Millions of yen)

	FY 2/19 Forecast	FY 2/20 Plan	FY 2/21 Plan
Net sales	20,100	20,400	21,200
Operating income	2,730	2,790	2,875
Operating income margin	13.6%	13.7%	13.6%

April 2019 Revision

(Millions of yen)

	FY 2/19 Results	FY 2/20 Revised Forecast
Net sales	20,397	21,200
Operating income	2,790	2,875
Operating income margin	13.7%	13.6%

Based on the favorable results for FY 2/19, the FY 2/21 plan has been slid to the FY 2/20 plan.

Achieved Three-Year Plan "To Go for the NEXT: Hospitality Management 2020" in Two Years

April 2020 Results

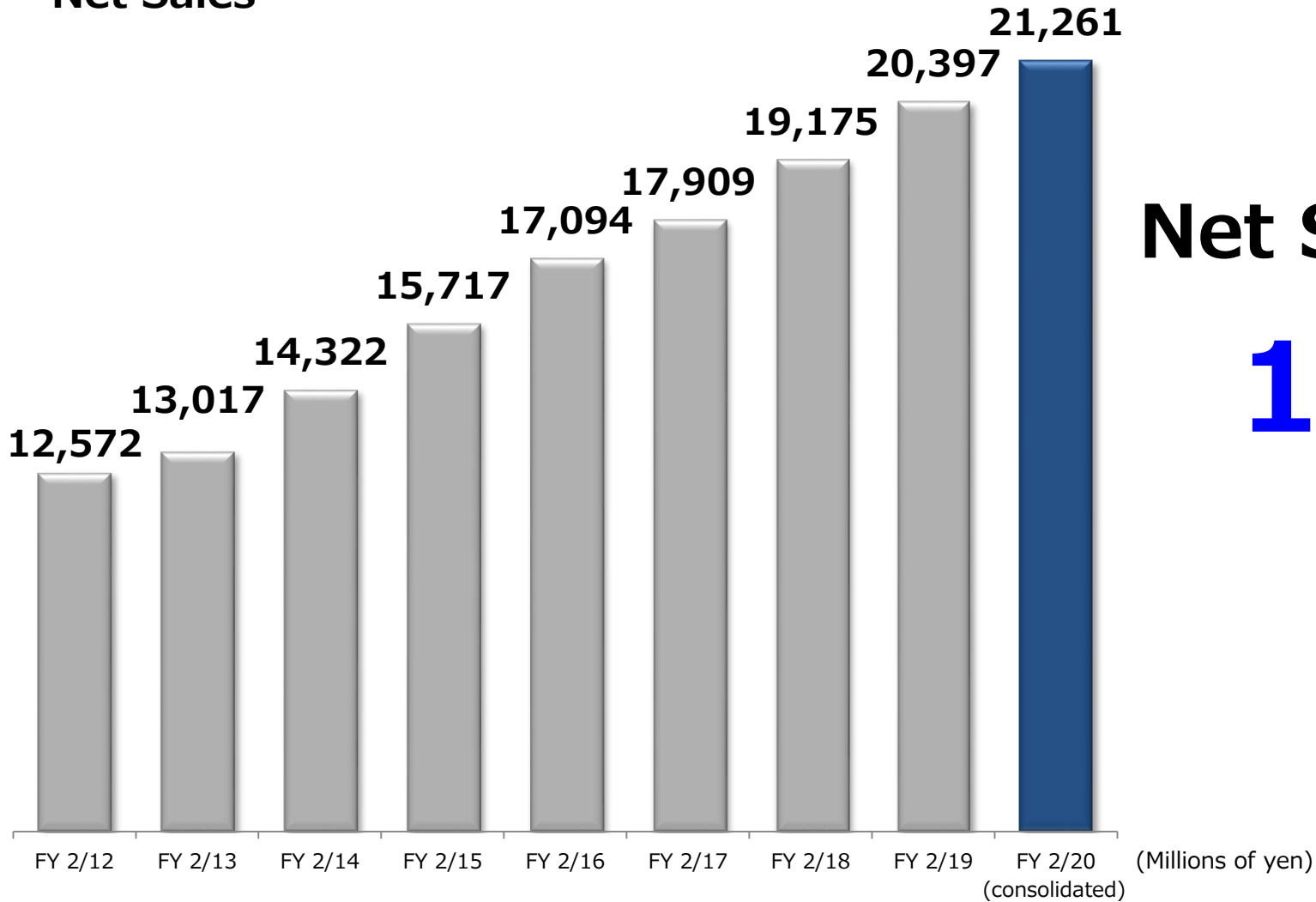


(Millions of yen)

	FY 2/20 Revised Forecast	FY 2/20 (consolidated)		
		Results	Change	% Change
Net sales	21,200	21,261	61	100.3%
Operating income	2,875	2,889	14	100.5%
Operating income margin	13.6%	13.6%	—	—

Achieved 8 Straight Years Growth in Revenue

Net Sales

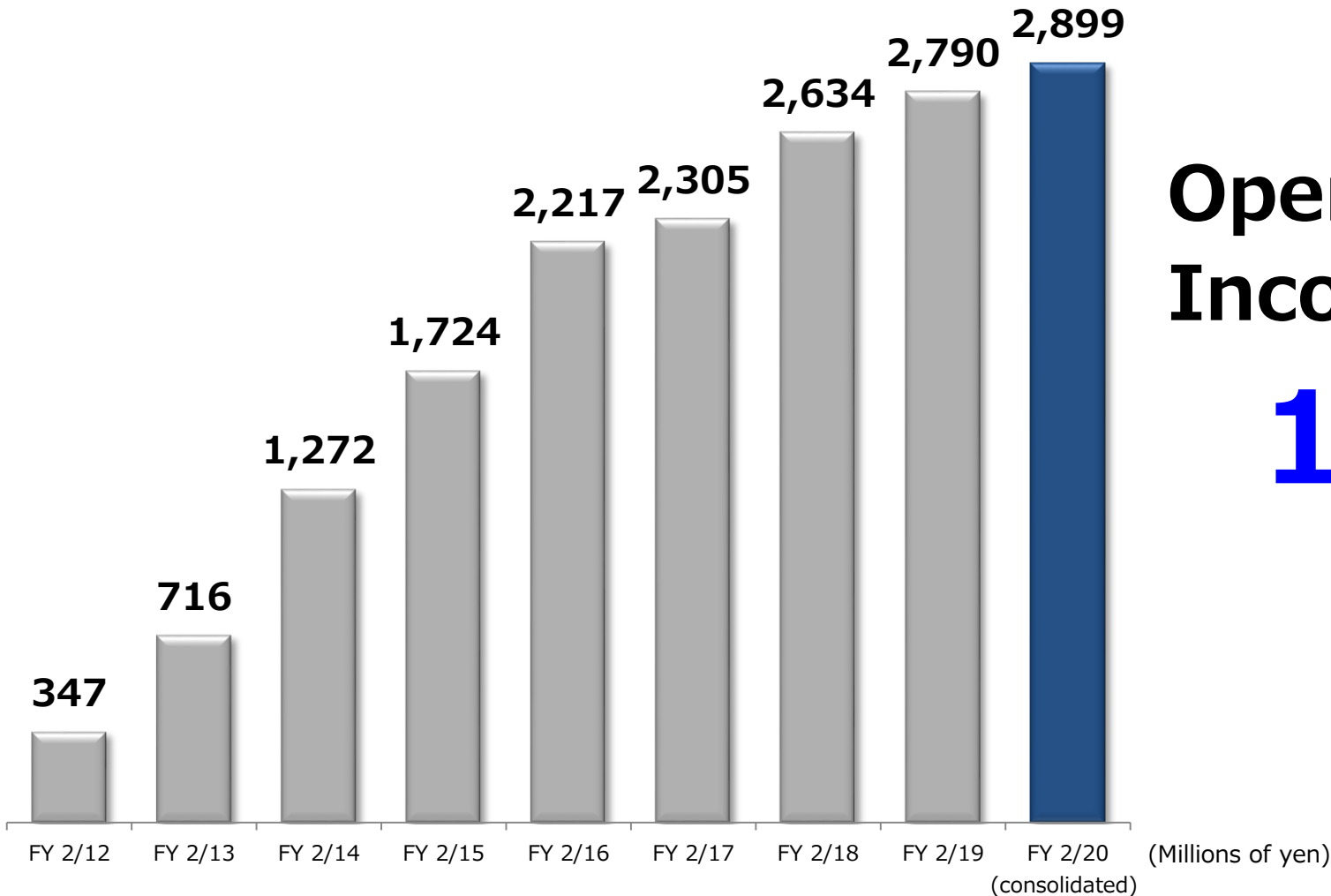


Net Sales YoY

104.2%

Achieved 8 Straight Years Growth in Earnings

Operating Income



**Operating
Income** YoY

103.5%

Completed Acquisition of HRBC Co., Ltd. Shares

- ✓ On January 24, 2020, we completed the acquisition of shares in HRBC Co., Ltd., a professional employee development and training team for corporations.
- ✓ The company shifted to consolidated accounting in FY 2/20 Q4. Results from HRBC Co., Ltd. (profit and loss statement) integrated into FY 2/21.

HRBC Co., Ltd.

Address: 2-17-12 Ebisu-Nishi, Shibuya-ku, Tokyo

Representative Director: Fumiyasu Sakogawa

Business: Planning and execution of training for employee development, consulting on HR at employee development

Capital: 10 million yen

Date of establishment: October 2, 2008

Website: <https://hrbc.jp/>



Sustainable Business Growth

Tokyo Individualized Educational Institute (Standalone) YoY Results

(Millions of yen)

	FY 2/19 Results (Standalone)	FY 2/20 Results (Standalone)	Change	YoY
Net sales	20,397	21,261	864	104.2%
Cost of sales	12,542	13,104	561	104.5%
Cost of sales ratio	61.5%	61.6%	0.1%	—
Gross profit	7,854	8,156	302	103.9%
Gross profit margin	38.5%	38.4%	-0.1%	—
SG&A	5,063	5,228	164	103.2%
SG&A ratio	24.8%	24.6%	-0.2%	—
Operating income	2,790	2,928	138	105.0%
Operating income margin	13.7%	13.8%	0.1%	—
Ordinary income	2,793	2,931	138	105.0%
Ordinary income margin	13.7%	13.8%	0.1%	—
Net income	1,932	1,936	4	100.2%
Net income margin	9.5%	9.1%	-0.4%	—

Solid Growth from Focused Investing in People and Places

Net sales

YoY revenue growth of 864 million yen

- Excluding special circumstances this year affecting third-year high school students, the number of enrolled students rose robustly (Q4 cumulative enrolled students +2.6% YoY)
- Higher net sales per student due to October price revisions (633,055 yen, +10,898 yen [+1.8%] YoY)

Operating income

YoY earnings growth of 138 million yen

- Earnings rose due to revenue growth accompanying increase in enrolled students
- YoY cost of ad spending down 76 million yen
- Spending on opening new schools and on relocation and expanding capacity (additional floors, etc.) of existing schools
- Spending to improve the value of working at the company (revised teacher salaries, etc.)

Net income

YoY earnings growth of 4 million yen

- Tax system to encourage higher incomes came into effect in previous fiscal year

Still Steady After Consolidation

(Millions of yen)

	Feb. 28, 2019 (standalone)	Feb. 29, 2020 (consolidated)	Change	
Current assets	9,463	9,790	326	Cash and deposits 8,453 million yen
Fixed assets	2,650	3,399	749	Goodwill 274 million yen
Total assets	12,114	13,190	1,075	
Current liabilities	3,003	3,577	574	Accrued expenses 890 million yen
Long-term liabilities	4	6	1	
Total liabilities	3,008	3,584	575	
Total net assets	9,106	9,606	499	Retained earnings 7,936 million yen
Total liabilities and net assets	12,114	13,190	1,075	

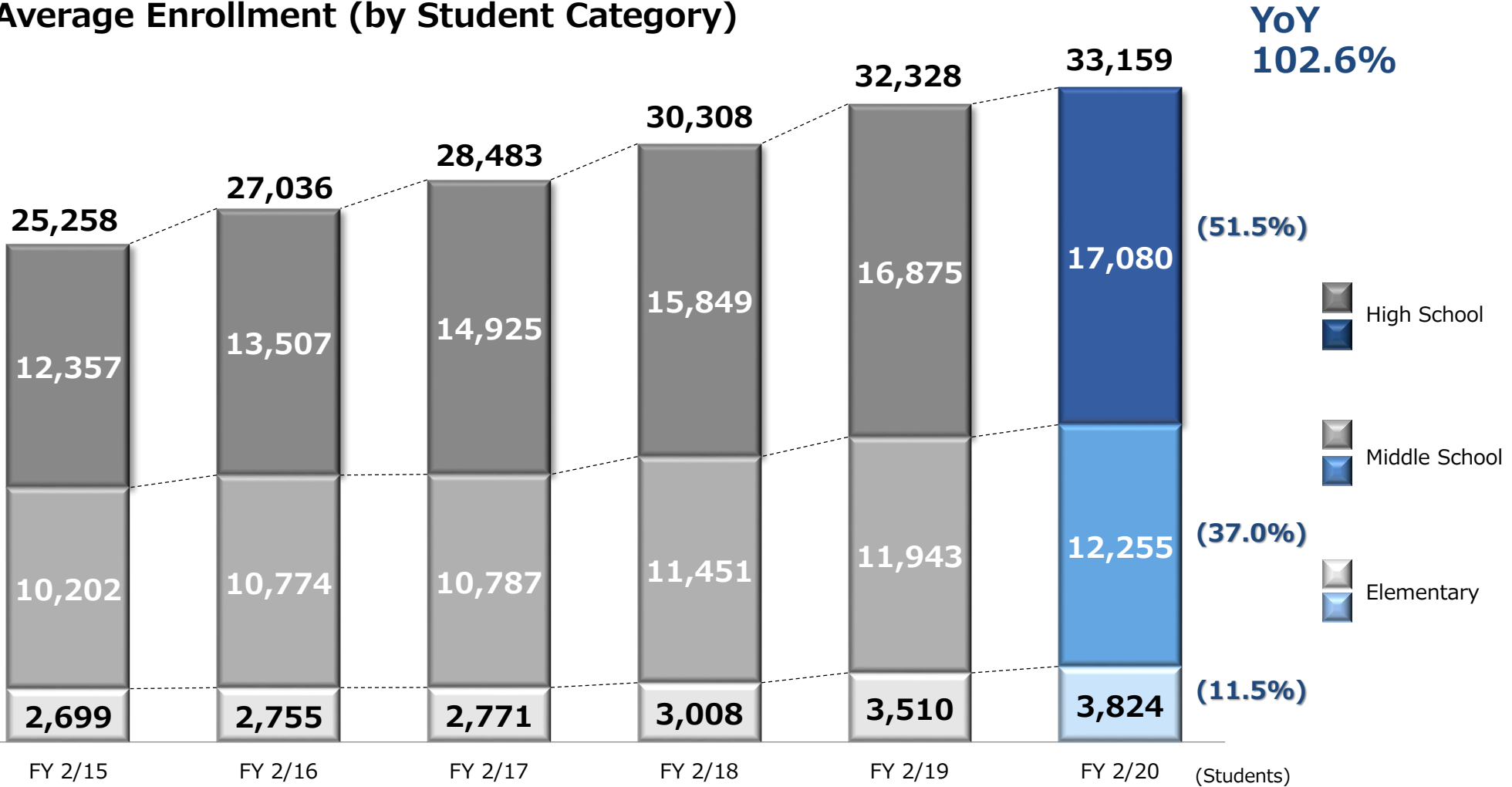
* Figures in comparison with end of FY 2/19 for reference purposes.

(Millions of yen)

	Feb. 29, 2020 (consolidated)	
Operating cash flow	2,707	
Investment cash flow	-963	Expenditures from acquiring subsidiary shares -268 million yen
Financing cash flow	-1,412	
Increase (decrease) in cash & cash equivalents	333	
Cash & cash equivalents at beginning of year	8,420	
Cash & cash equivalents at end of year	8,753	

Increased Across All Segments

Average Enrollment (by Student Category)



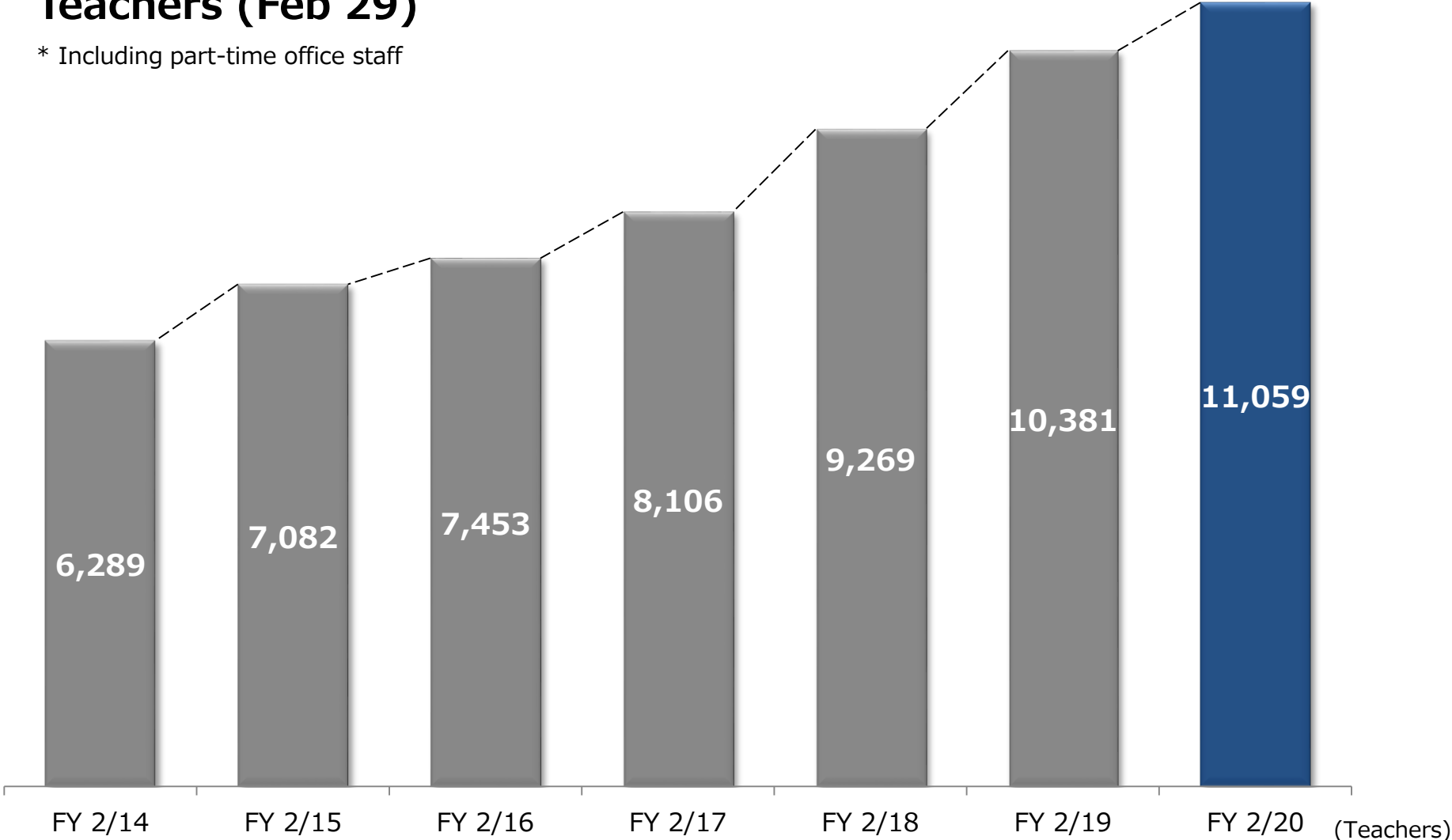
Enrolled students (YoY): high school (101.2%), middle school (102.6%), elementary (108.9%)

* Students enrolled in individualized teaching

Robust Growth in Teacher Numbers

Teachers (Feb 29)

* Including part-time office staff





TEACHERS' SUMMIT

PDCA in Schools

May

September

January

March

Plan preparation

Summer course

Winter course

Kickoff Meeting

Prepare and announce plans

Midterm Briefing

Share progress of annual plan

Final Briefing Select Regional Representative School



TEACHERS' SUMMIT

Best Practices

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

Independent Study Program for the Skills Society Wants



TEACHERS'
SUMMIT Academy

Leadership Program

OUTPUT

Backcasting thinking method

Coaching skills

Grit

Know the self

Sharing learnings

Support Seminars

Job Search

Self-analysis &
ES writing

Groupwork,
discussion

Industry research

Meet former
employees

Hiring Teachers

Understand teaching
issues

One-on-one interview
strategies

Short essay strategies

Localized strategies
(Mock lessons, group discussion)

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

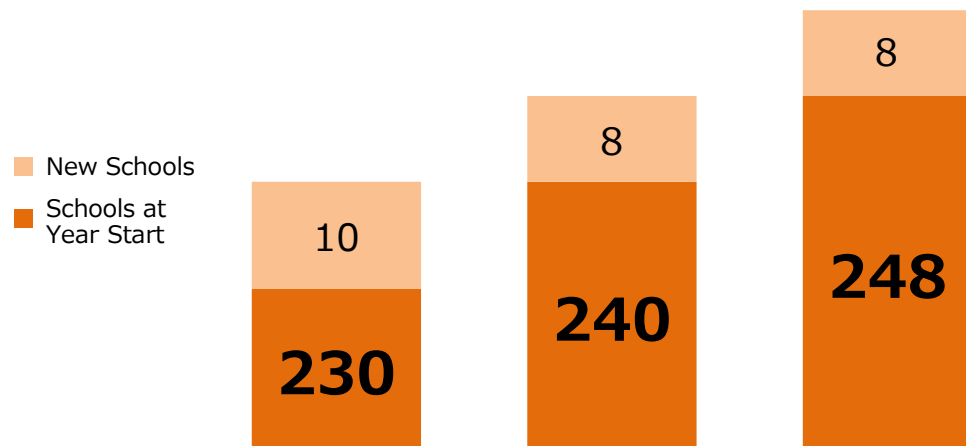
4.91

(Out of 5)

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

Eight Schools Opened as Planned Expanded to 256 Directly Managed Schools

New School Openings



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

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

Ikeda School (Osaka Pref.)
November 2019

Shimotakaido School (Tokyo)
February 2020

Umegaoka School (Tokyo)
February 2020

First Step to a Business Educating Adults

Completed Acquisition of HRBC Co., Ltd. Shares



Synergies

- ✓ Contribution to raising our brand value as an employee development company
- ✓ Accelerate growth of both firms' businesses by deeper collaboration, including employee exchanges

Future Policy

- ✓ Consider development of a new employee training business that combines the experience and knowledge about corporate training held by HRBC Co., Ltd. with our method for training university student instructors

Promoting Better & Sustained Employee Health



Main Company Initiatives

- (1) Provide information on thorough checkups and assist with various medical examinations for those at high risk of diseases such as lifestyle diseases
- (2) Enhanced facilities and action so that both employees and their dependents can take advantage of and join in benefits
- (3) Hold seminars, such as those on colon cancer, to raise employee knowledge
- (4) Hold seminars to teach healthy practices incorporating dietary habits and exercise
- (5) Hold seminars on health practices tailored to women's life stages

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%	74.4%
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

* Finalized at May 27, 2020
Ordinary General Meeting
of Shareholders

FY 2/21 Results Forecast

- ✓ **A forecast not been formulated due to the extreme difficulty in formulating a rational results forecast with the present uncertainty over the novel coronavirus pandemic's full impact.**
- ✓ **The forecast will be promptly released at a stage when it is possible to rationally calculate a results forecast.**

New Medium-term Management Plan

- ✓ **Out of a need to reconsider plans owing to the changing circumstances surrounding the novel coronavirus pandemic and the great uncertainty concerning the scope of its future impact, we have postponed the April 2020 release of the plan.**
- ✓ **The new release date is yet to be determined. Information on the date and method of the release will be provided later.**



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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 東京個別指導学院