


H1 FY Ending February 2021 (FY 2/21)
Earnings Briefing Materials
October 9, 2020



◆ Q2 FY 2/21 Results

Impact of COVID-19 pandemic

- **Schools closed 66 days during Q1** (Mar 2-13 and Apr 8–May 31)
Fees not collected in May, offered substitute lessons for closed period
- **Gradual reopening after state of emergency was lifted**
Aichi, Fukuoka from May 21; Kansai from May 22; Metro Tokyo from Jun 1
- **Thorough infection prevention measures upon reopening**

[From May]

Layouts arranged to maintain social distancing



Masks/ face shields required



Desks cleaned after every class



Hand sanitizer gel provided



Ventilation in all classrooms



[Other]

- Health control measures, e.g. pre-work temperature check
- Rigorous enforcement of hand washing

H1 results (YoY)

(Millions of yen)

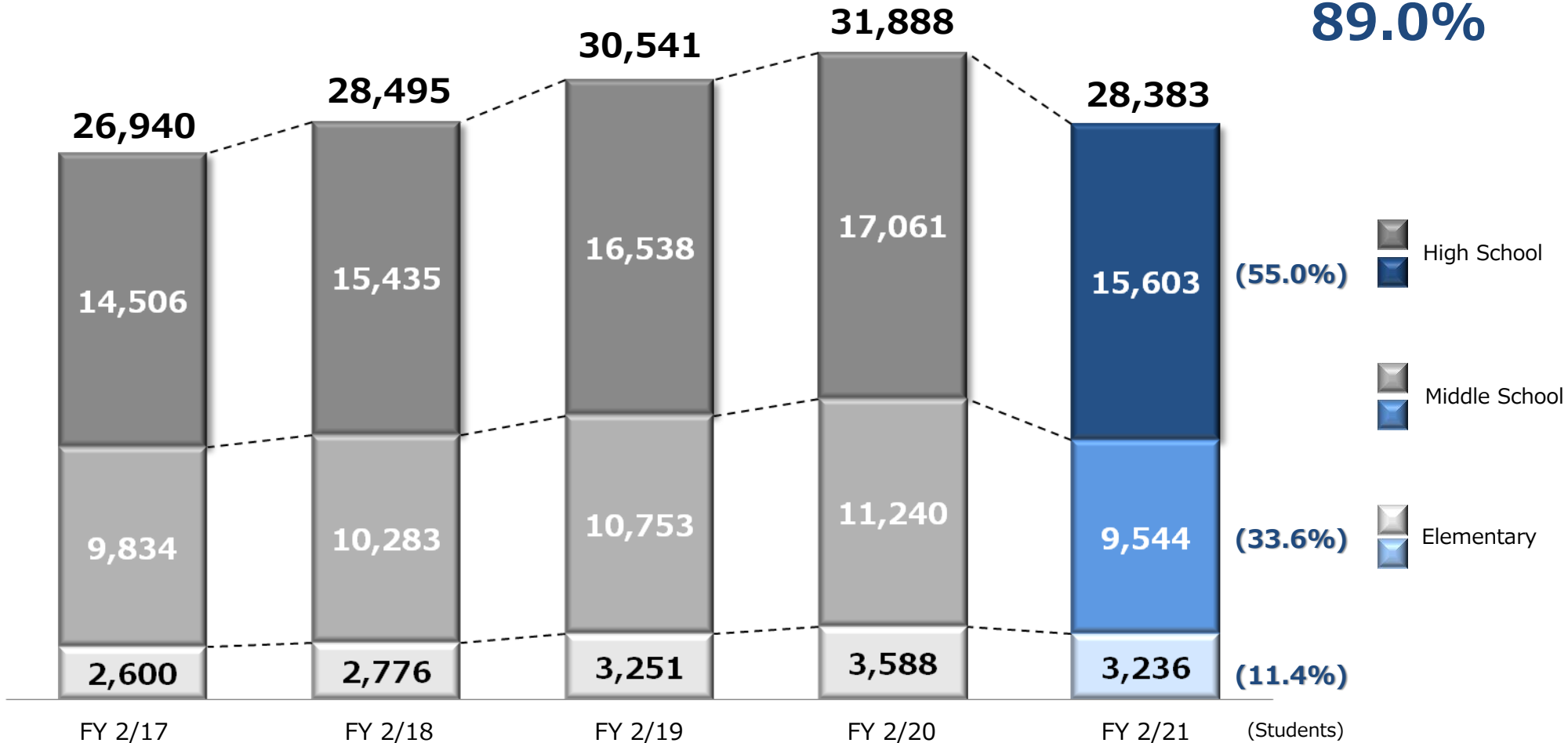
	H1 FY 2/20 (non-consolidated)	H1 FY 2/21 (consolidated)	Change	YoY
Net sales	9,820	8,186	-1,633	83.4%
Cost of sales	6,339	6,225	-113	98.2%
Cost of sales ratio	64.6%	76.0%	—	—
Gross profit	3,480	1,960	-1,520	56.3%
Gross profit margin	35.4%	24.0%	—	—
SG&A	2,894	2,787	-107	96.3%
SG&A ratio	29.5%	34.1%	—	—
Operating income (loss)	586	-826	-1,412	—
Operating income margin	6.0%	—	—	—
Ordinary income (loss)	588	-796	-1,384	—
Ordinary income margin	6.0%	—	—	—
Net income (loss)	355	-712	-1,067	—
Net income margin	3.6%	—	—	—
Net loss attributable to parent company	—	-711	—	—
Net income margin	—	—	—	—

* The amount and percentage of change from 1H FY 2/20 and 1H FY 2/21 are provided for reference.

Significant impact from Q1 school closure

H1 average enrollment (by student category)

YoY
89.0%



YoY by student category: high school 91.5%; middle school 84.9%; elementary school 90.2%

* Students enrolled in individualized teaching

Meticulous individual care

Care during closure

- ✓ News of school suspension communicated directly from classroom to each student
- ✓ Regular communications maintained during closure, offering consultation regarding studies and home study difficulties

Home study support

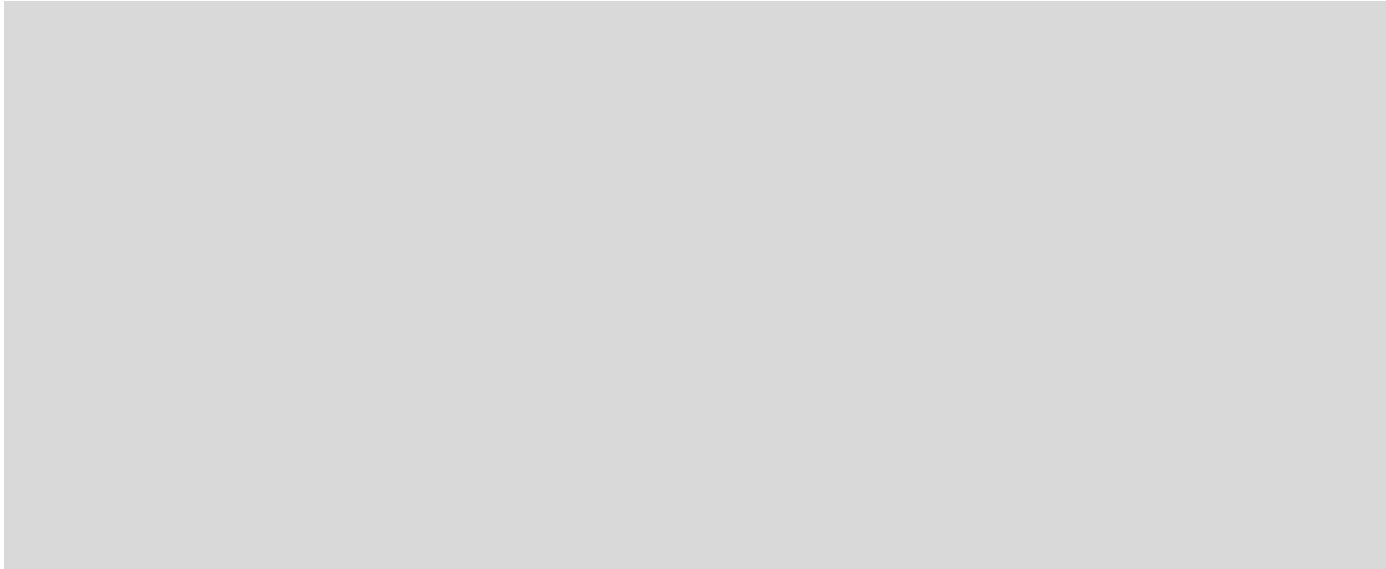


- ✓ AI-based home study support was provided to middle and high school students, while printed materials were distributed online to elementary school students, all free of charge.

Special classes

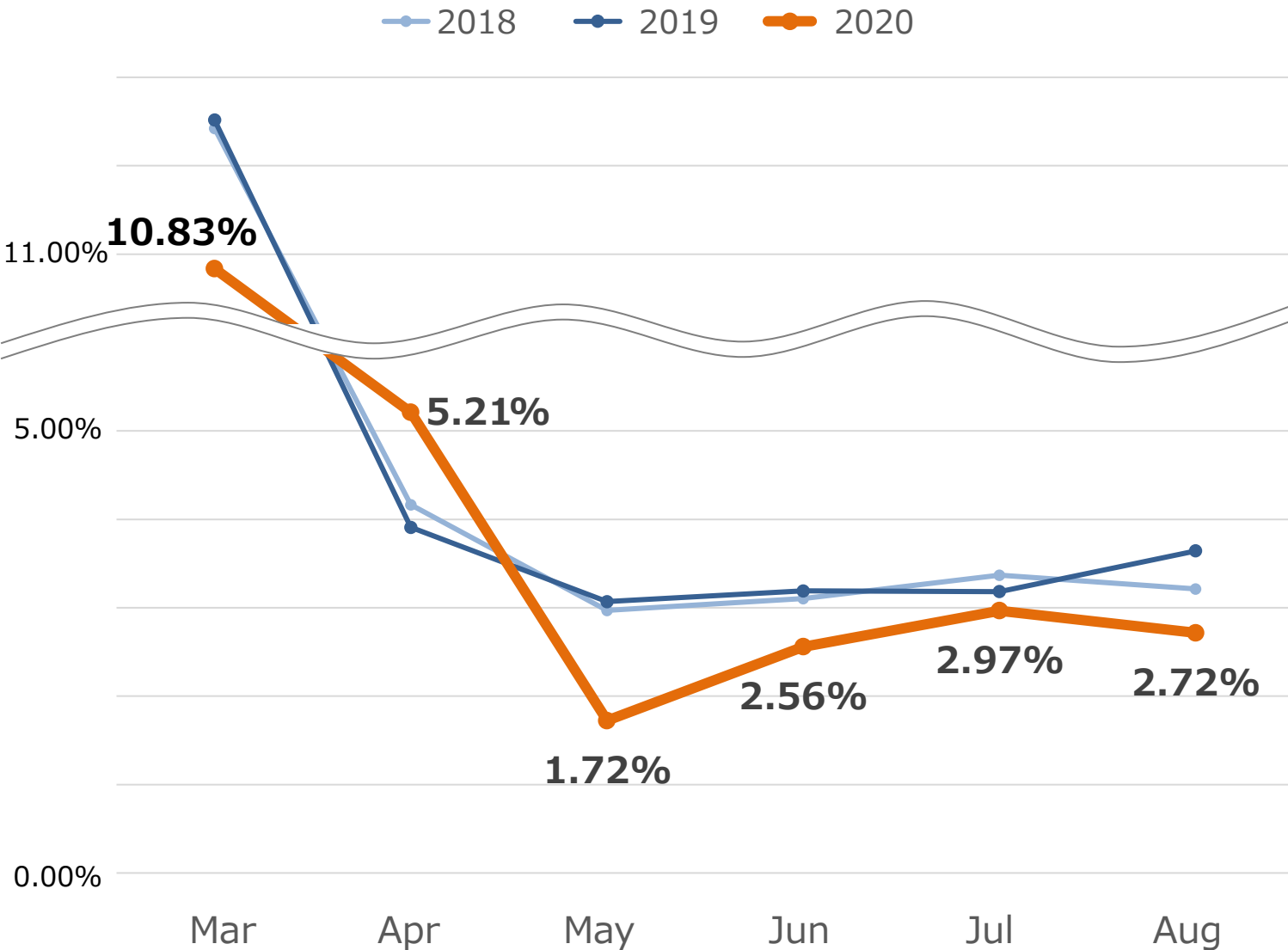
- ✓ Personalized programs were offered to students incorporating shortened summer breaks and rescheduling of term-end tests due to the school suspension.

Individualized interactive lessons with teacher



- ✓ Launched in June 1, 2020
- ✓ Online individualized classes for up to two students as in physical lessons
- ✓ Class system, designated teacher system and tuition fees same as physical classes
- ✓ Can be combined with physical classes (hybrid system)

Lowest rate in five years



Withdrawal rate

(2020)

Mar: 10.83%

Apr: 5.21%

May: 1.72%

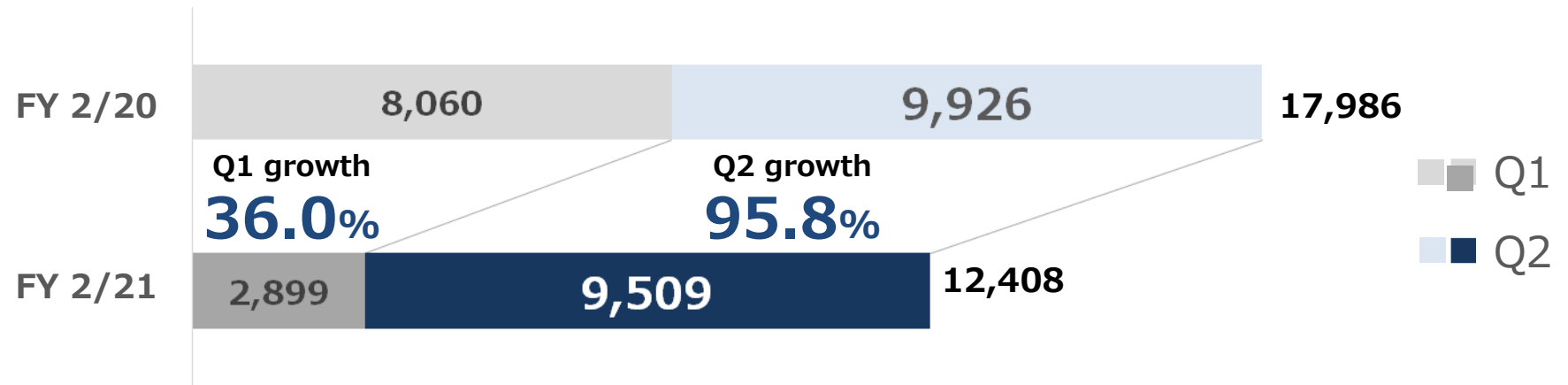
Jun: 2.56%

Jul: 2.97%

Aug: 2.72%

Recovery from Q1

Quarterly number of new students (YoY)

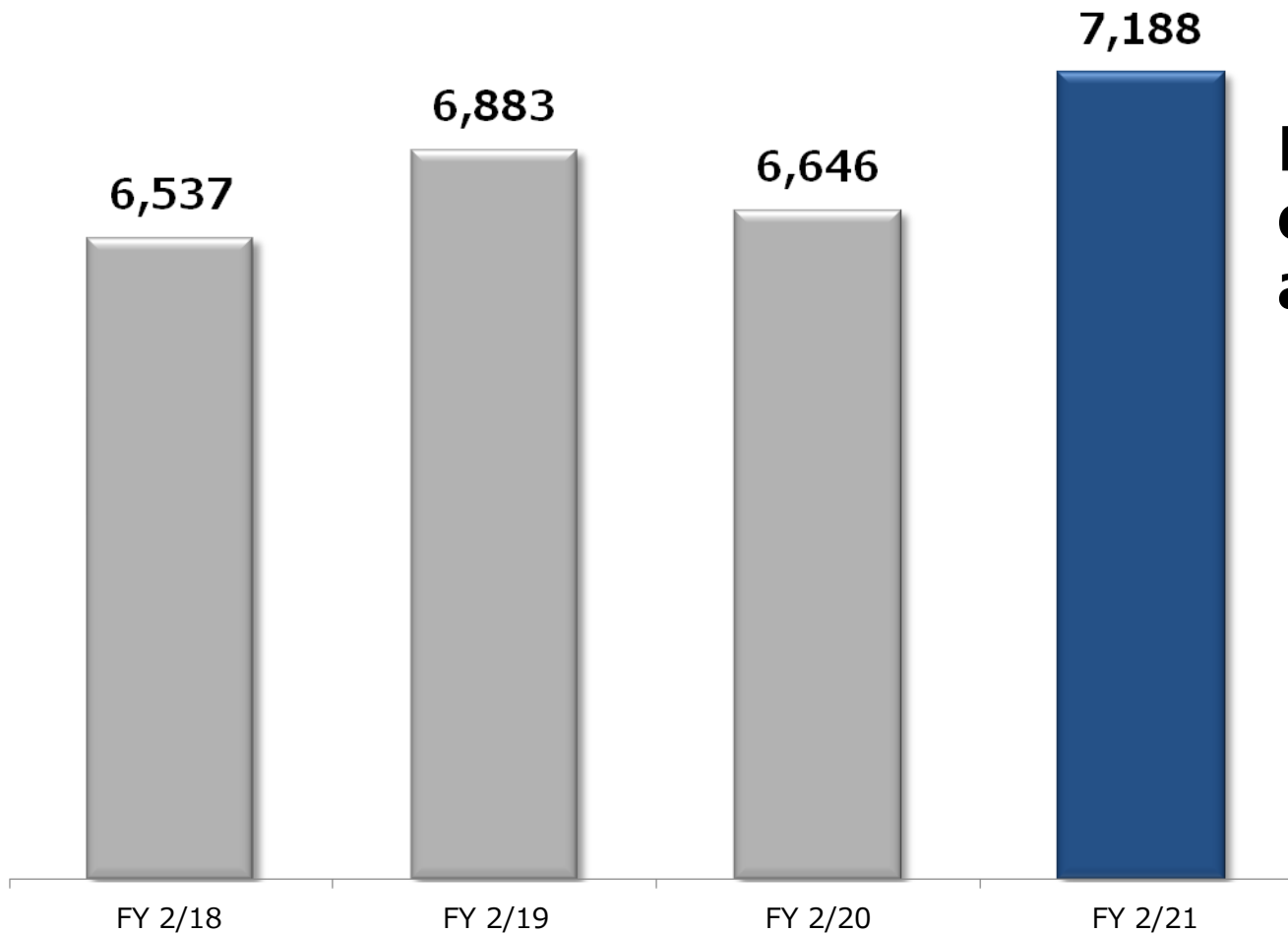


H1 number of new students (YoY)

	FY 2/20	FY 2/21	YoY	YoY (%)
Mar	3,863	2,331	-1,532	60.3%
Apr	2,887	401	-2,486	13.9%
May	1,310	167	-1,143	12.7%
Jun	2,445	2,818	373	115.3%
Jul	6,120	3,734	-2,386	61.0%
Aug	1,361	2,957	1,596	217.3%

Record net growth in Q2

Net growth QoQ in enrolled students at end-Q2



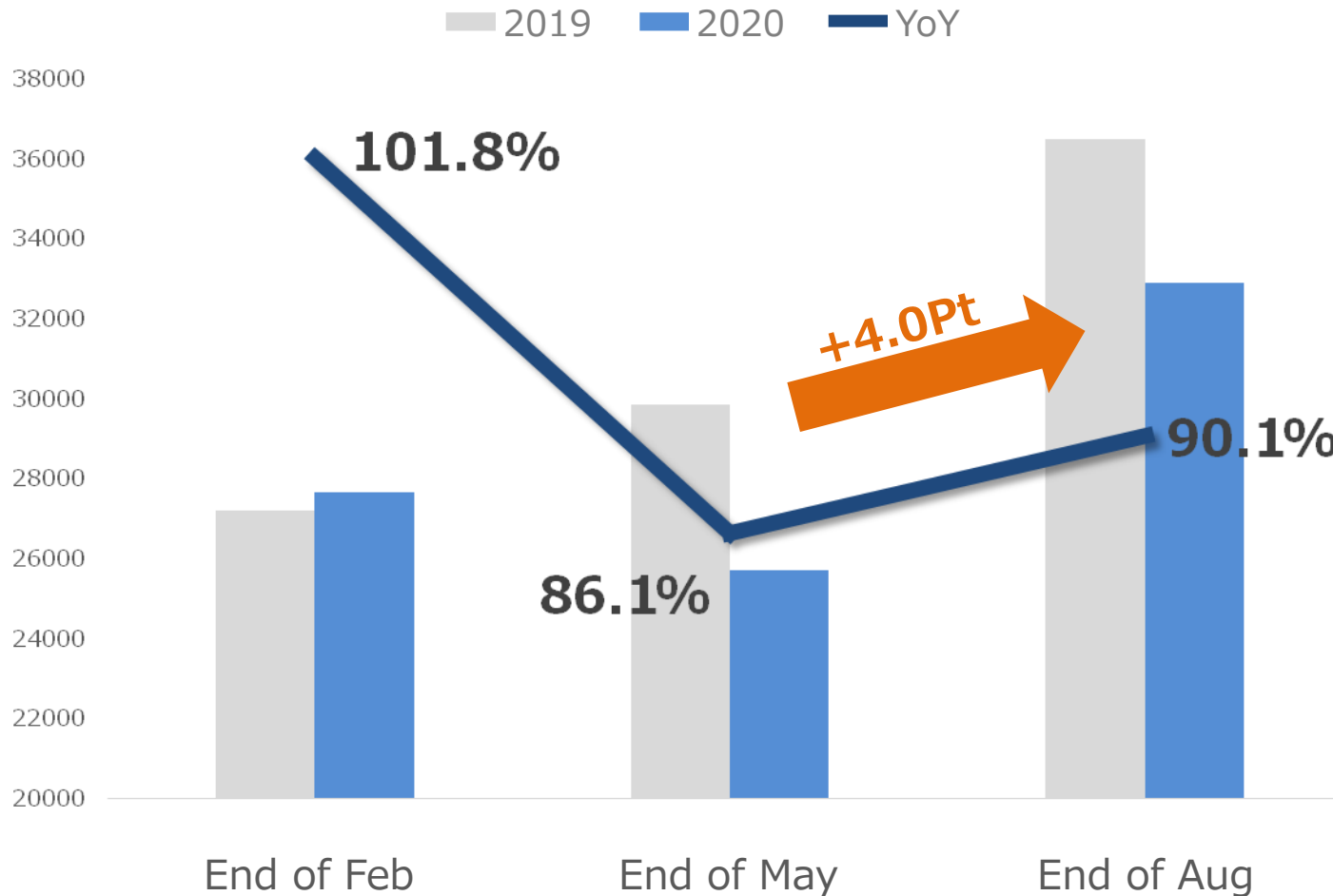
Net growth QoQ in enrolled students at end-Q2

108.2%

YoY

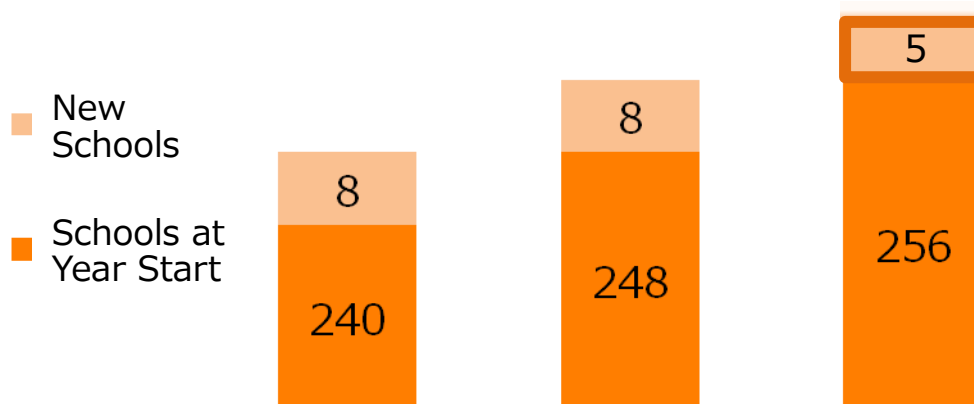
Steep improvement in enrolled student growth

Number of enrolled students and growth YoY (2020)



Five openings lift total network to 261 schools

New school openings



	FY 2/19 Results	FY 2/20 Results	H1 FY 2/21 Results
Schools at Year Start	240	248	256
New Schools	8	8	5
Schools at Year End	248	256	261

FY 2/21 Newly Opened Schools

Tsurukawa School (Tokyo)
March 2020

Funabashi North Exit School
(Chiba Pref.)
March 2020

Kyobashi School (Osaka Pref.)
May 2020

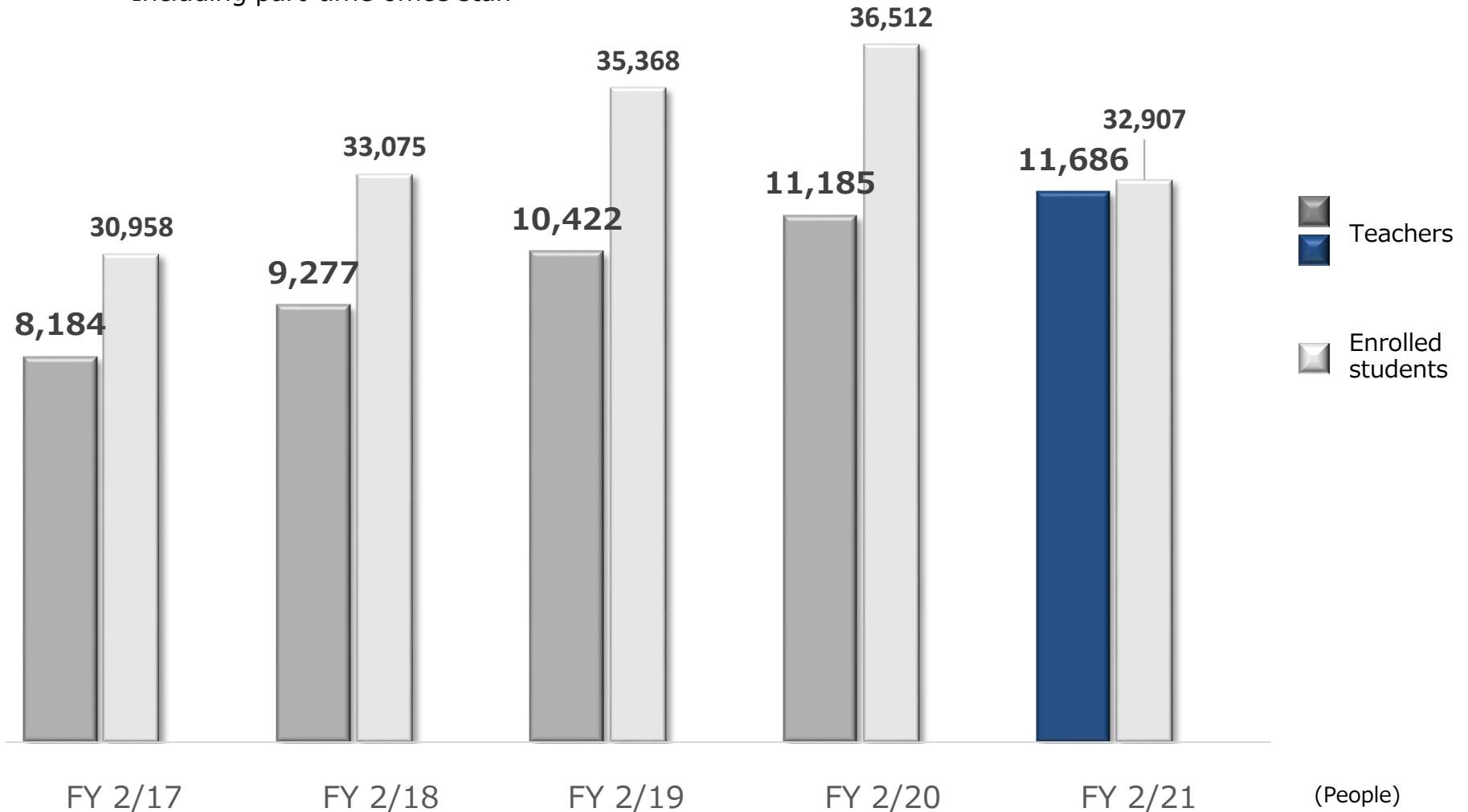
Machida Terminal Exit School
(Tokyo)
June 2020

Nagareyama Otakanomori School
(Chiba Pref.)
June 2020

Teacher levels remain stable

Teachers and enrolled students (end of Aug)

* Including part-time office staff





◆ FY 2/21 Results Forecast

Aiming for full-year profit

(Millions of yen)

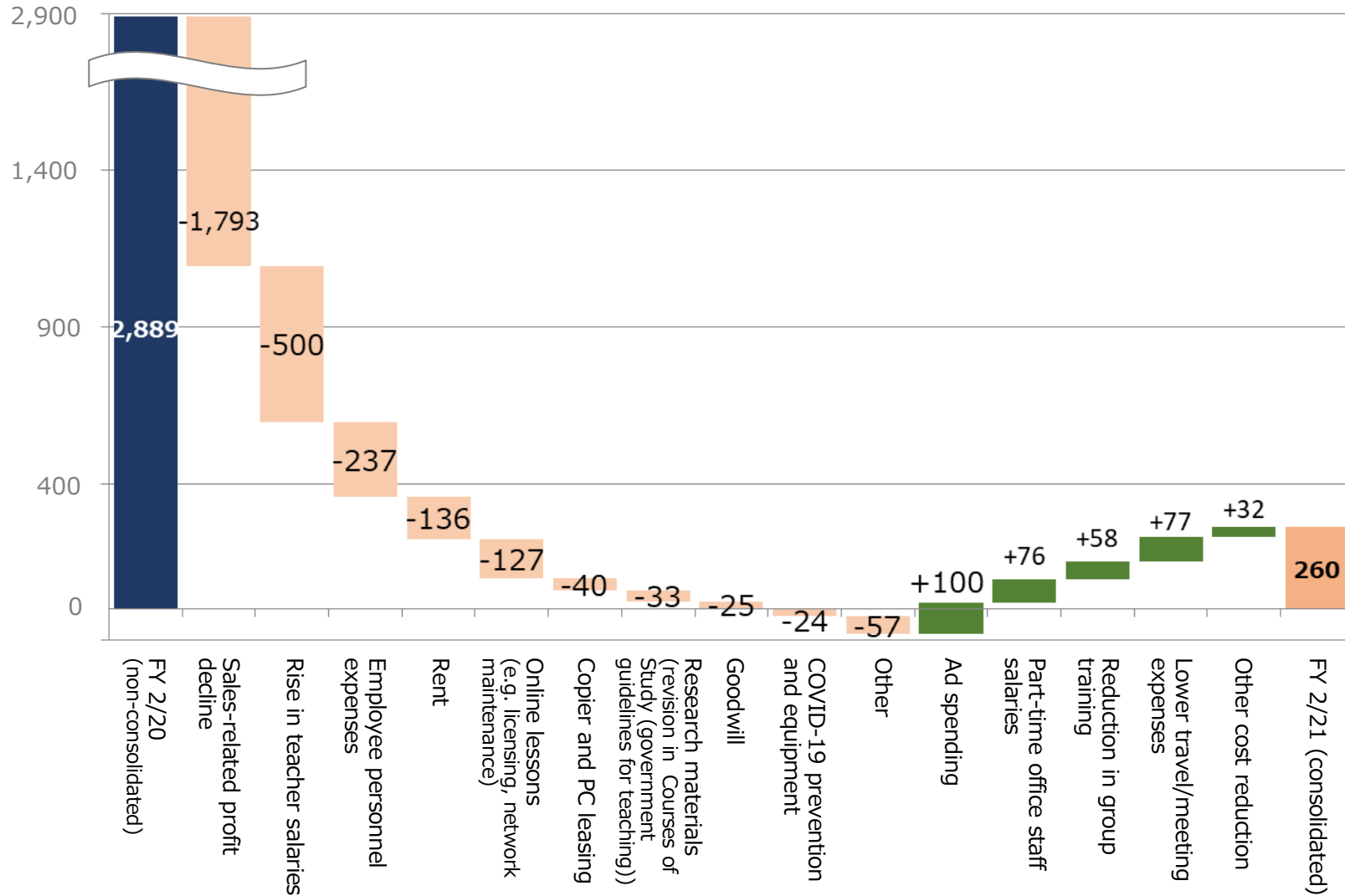
	FY 2/20 (consolidated) Results	FY 2/21 (consolidated) Forecast	Change	Rate of change
Net sales	21,261	18,700	-2,561	88.0%
Operating income	2,889	260	-2,629	9.0%
Operating income margin	13.6%	1.4%		
Ordinary income	2,892	290	-2,602	10.0%
Net income attributable to parent company	1,802	3	-1,799	0.2%
Net income margin	8.5%	0.0%		
EPS (Yen)	34.94	0.07	-34.87	0.0%

Assumption: COVID-19 impact

No further school shutdown or class suspension from state of emergency

Growth analysis

(Millions of yen)



Maintaining stable dividends

Dividend payout results & forecast

	FY 2/17	FY 2/18	FY 2/19	FY 2/20	FY 2/21 Forecast
Full-year dividend	26 yen	26 yen	26 yen	26 yen	26 yen
Dividend payout ratio	98.1%	80.9%	73.1%	74.4%	—
Mid-year dividend	13 yen	13 yen	13 yen	13 yen	*13 yen
End-of-year dividend	13 yen	13 yen	13 yen	13 yen	*13 yen

*Announced on October 9, 2020

Shareholder benefits program

The program remains intact. Shareholders are entitled to select one gift from those listed in the shareholder benefits catalogue (e.g. food, pre-paid card for purchasing books, donation to social contribution activity).



◆ Appendix

Balance sheet/cash flow statement

(Millions of yen)

	Feb. 29, 2020 (consolidated)	Feb. 28, 2021 (consolidated)	Change
Current assets	9,790	7,347	-2,443
Fixed assets	3,399	3,990	590
Total assets	13,190	11,337	-1,852
Current liabilities	3,577	3,145	-432
Long-term liabilities	6	4	-1
Total liabilities	3,584	3,149	-434
Total net assets	9,606	8,188	-1,418
Total liabilities and net assets	13,190	11,337	-1,852

(Millions of yen)

	H1 FY 2/21 (consolidated)
Operating cash flow	-2,264
Investment cash flow	-538
Financing cash flow	-705
Increase (decrease) in cash & cash equivalents	-3,508
Cash & cash equivalents at beginning of year	8,753
Cash & cash equivalents at end of period	5,244

 東京個別指導学院