

FY Ended February 2021 (FY 2/21) Earnings Briefing Materials

March 1, 2020 to February 28, 2021

April 13, 2021

Tokyo Individualized Educational Institute, Inc.

(TSE 1st Section, Securities Code 4745)



FY 2/21 Results and FY 2/22 Plan

Tokyo Individualized Educational Institute, Inc.
Director and General Manager of the Business Strategy Office
Takeharu Tsutsumi

Recovery Continues Despite the Pandemic

(Millions of yen)

	FY 2/20 (consolidated)	FY 2/21 (consolidated)	Change	YoY
Net sales	21,261	19,142	-2,119	90.0%
Cost of sales	13,104	13,289	184	101.4%
Cost of sales ratio	61.6%	69.4%	7.8%	—
Gross profit	8,156	5,852	-2,303	71.8%
Gross profit margin	38.4%	30.6%	-7.8%	—
SG&A	5,267	5,239	-28	99.5%
SG&A ratio	24.8%	27.4%	2.6%	—
Operating income	2,889	613	-2,275	21.2%
Operating income margin	13.6%	3.2%	-10.4%	—
Ordinary income	2,892	647	-2,244	22.4%
Ordinary income margin	13.6%	3.4%	-10.2%	—
Net income attributable to parent company	1,897	253	-1,643	13.3%
Net income margin	8.9%	1.3%	-7.6%	—

FY 2/21 Summary of Analysis of Factors Behind Results

Net sales

YoY revenue decreased 2,119 million yen (90.0% YoY)

- [-] Decrease in enrolled students and no classes held during closed period
- [+] Number of new students since August increased every month YoY

Operating income

YoY earnings decreased 2,275 million yen (21.2% YoY)

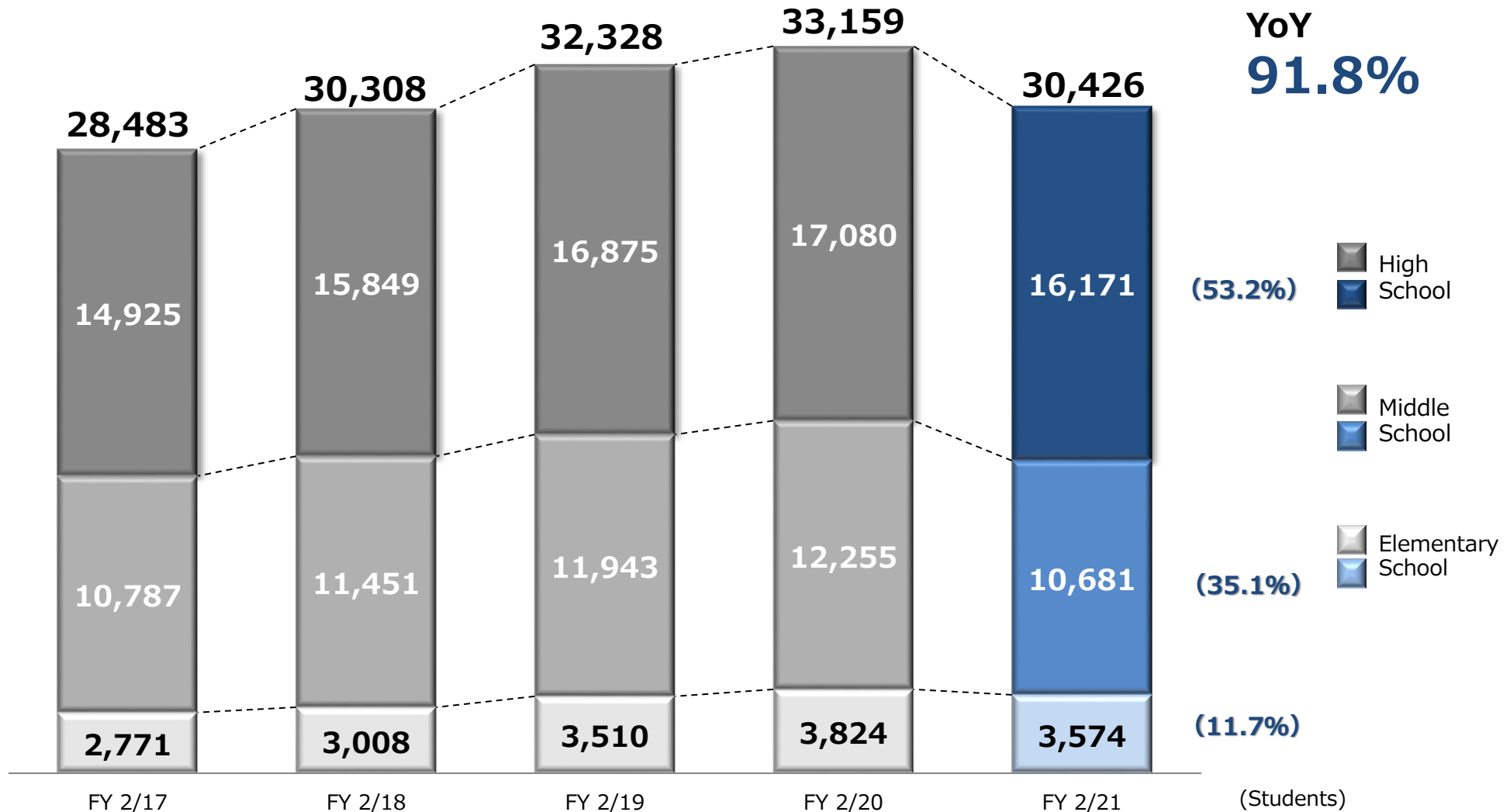
- [-] Earnings declined due to lower revenues, infrastructure built for online classes, higher teacher rates, and higher rent and employee personnel expenses from opening new schools

Net income attributable to parent company

YoY revenue decreased 1,643 million yen (13.3% YoY)

- [-] Earnings decline due to revenue decline
- [-] The cost of losses from leave compensation to teachers is 129 million yen after subtracting 78 million yen from the leave compensation fund

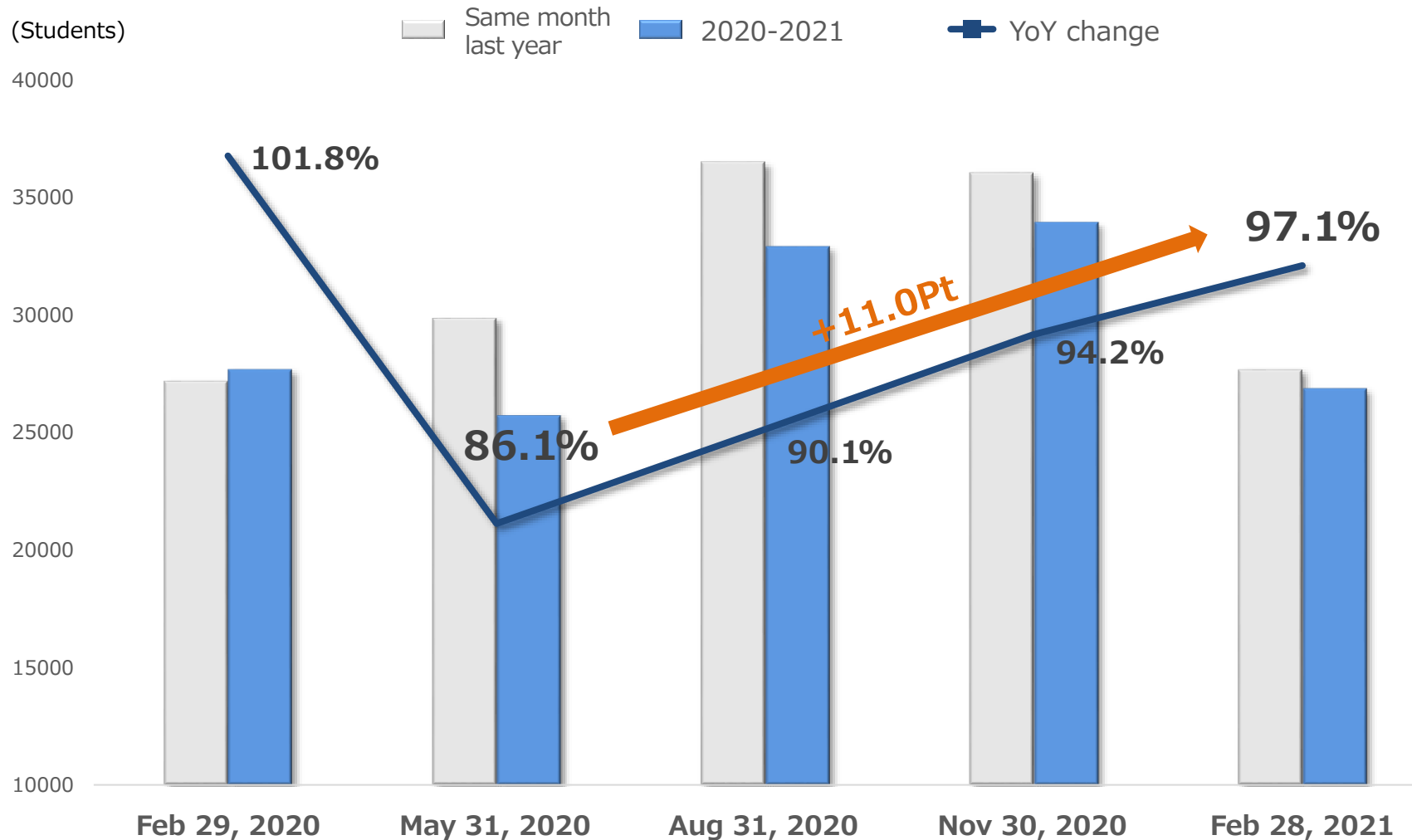
Enrolled students



* Students enrolled in individualized teaching

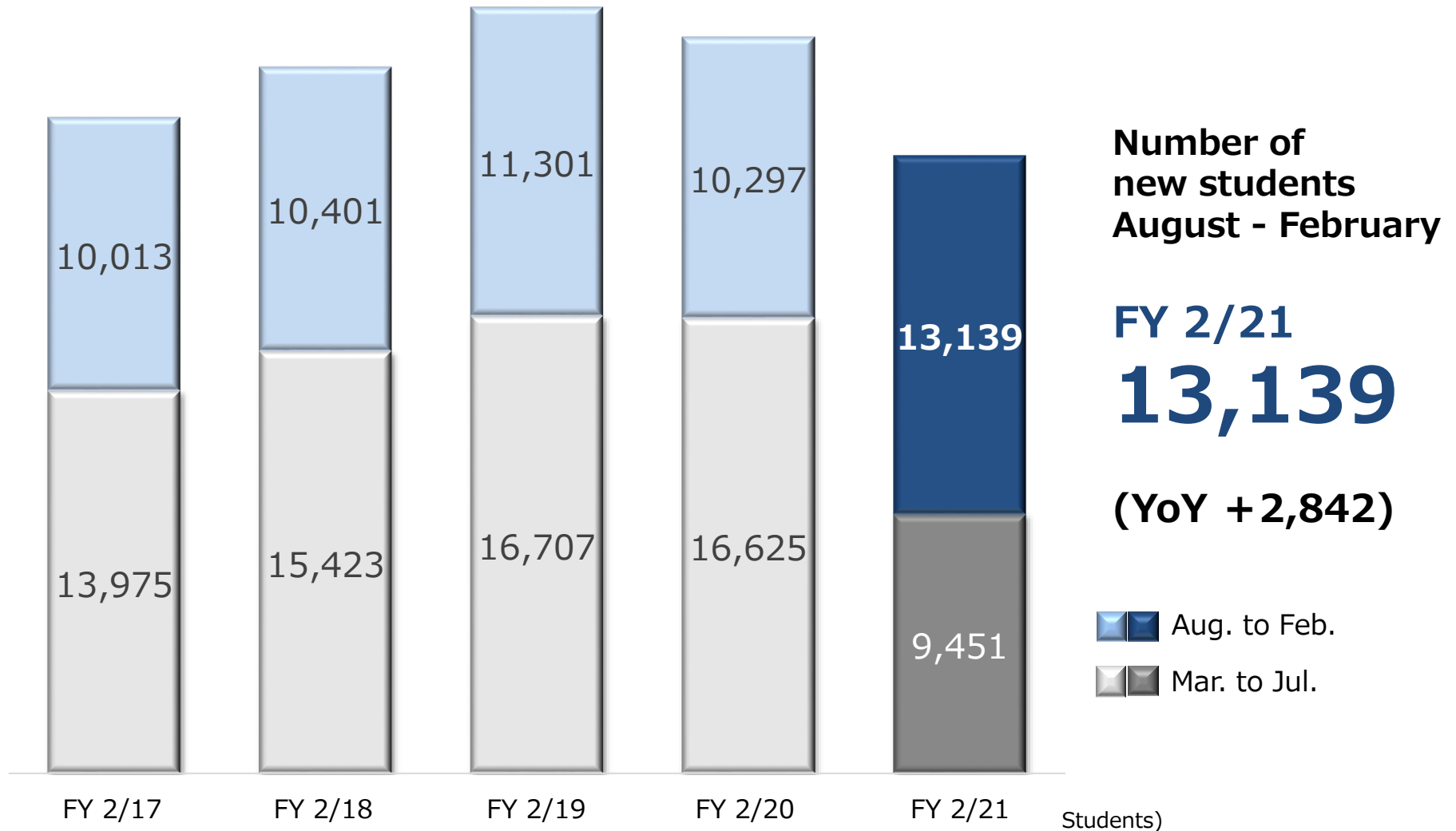
The Number of Enrolled Students Is Gradually Recovering

Enrolled students and monthly number YoY (FY 2/20 - FY 2/21)



Record Number of New Students in August - February

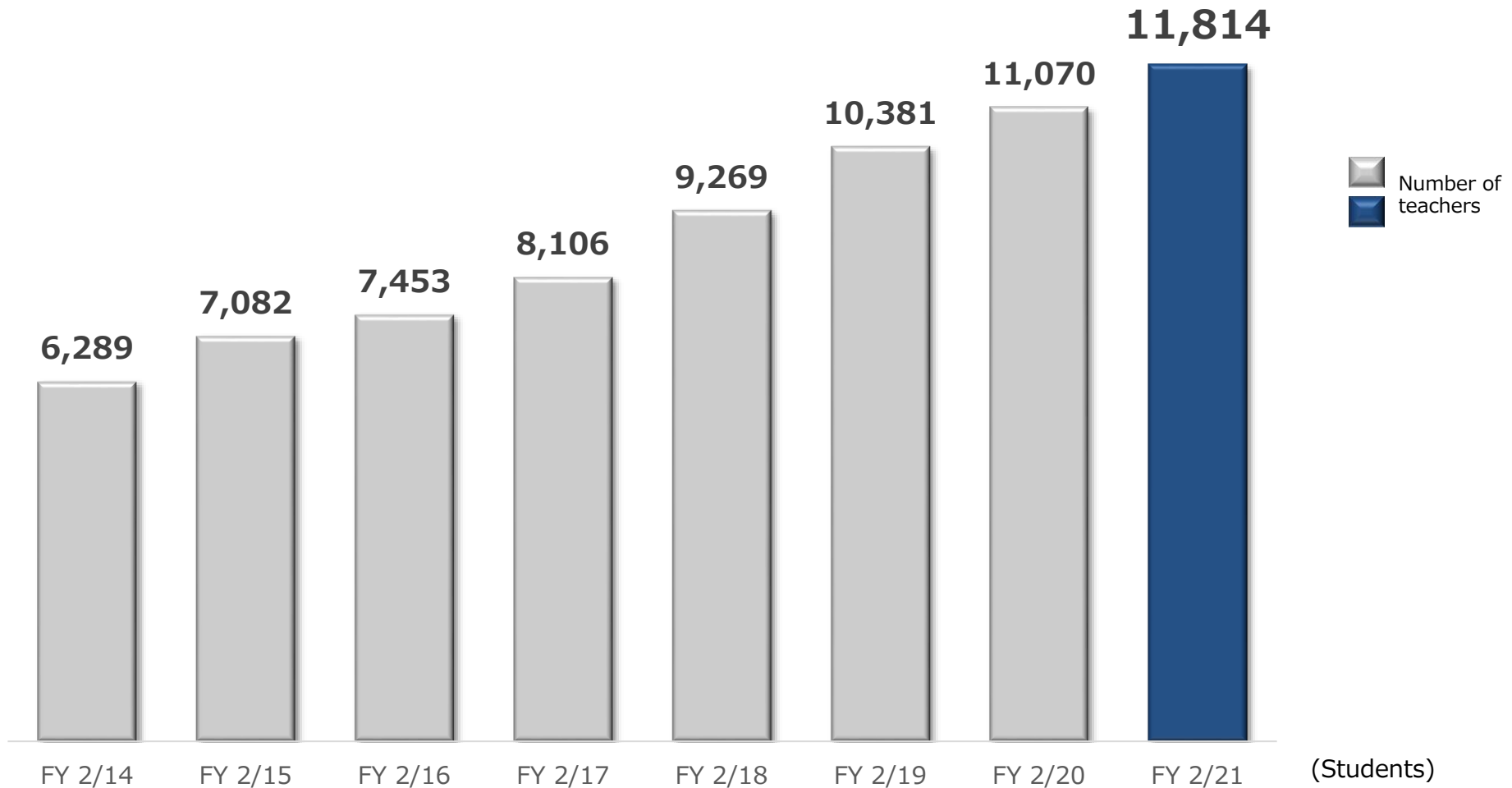
- ✓ Pandemic measures and offering online classes increased the number of new students YoY every month since August.



Steady Teacher Registration in Anticipation of FY 2/22 Business Growth

Teachers (end of Feb)

* Including part-time office staff



Two openings in Mar. 2021 lift total network to 262 schools

New school openings

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)
June 2020

FY 2/212 Newly Opened Schools

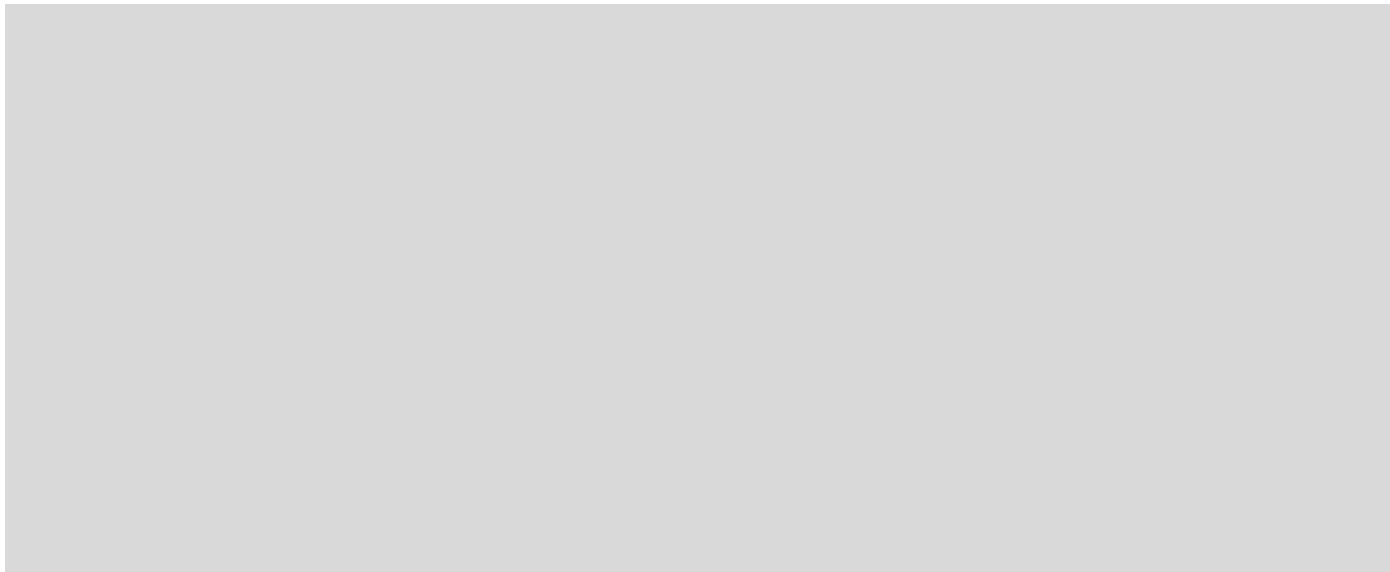
Chitose Karasuyama South Exit
School (Tokyo)
March 2021

Kokuryo School (Tokyo)
March 2021

- ✓ Adjacent schools in Tokaichiba and Aobadai combined to provide customers with greater value (March 2021)
- ✓ Will consider a dominant strategy in anticipation of further hybrid individualized teaching, etc.

~9,000 Students Took Lessons (Most Preparing for Entrance Exams)

**Even after a state of emergency was declared in January 2021,
students were able to continue learning in a reassuring setting from home**



- ✓ 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)

FY 2/22 Business Plan Summary

Speed up progress toward Vision 2030 through business growth and strategic implementation

Strategic
implementation
of the
medium-term
management
plan

1. Optimized development of locations

2. Roll out online services

3. Enrich support for teacher growth

- Open, relocate, expand, and combine schools in anticipation of a hybrid system with both physical classes and online classes
- Service launch of ALLONLINE Individualized Teaching (tentative name)
- New Teacher's Summit
Run the Academy

Reform of
business
infrastructure

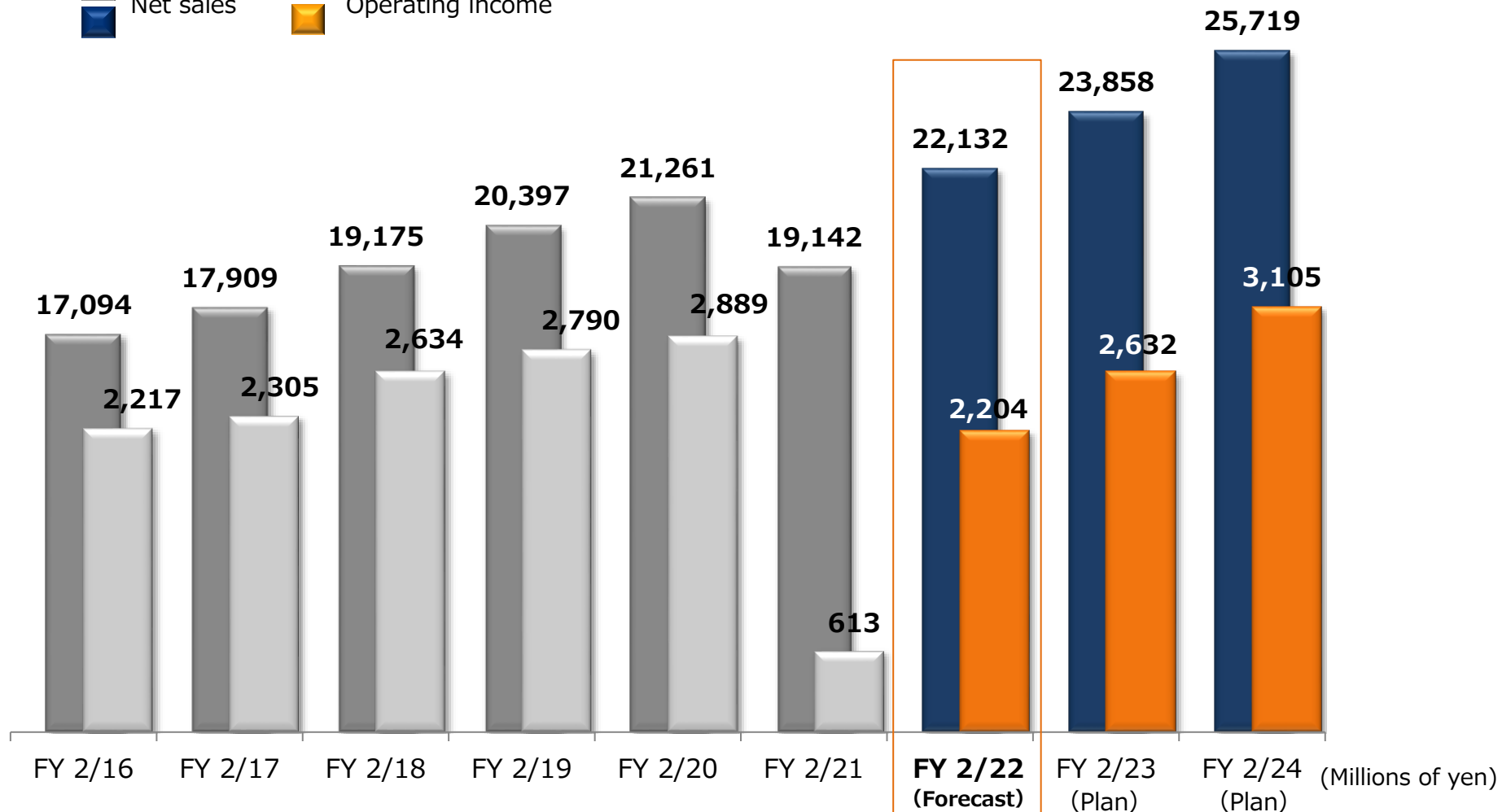
Rebuild systems and decide how to proceed

- Rebuild basic systems and decide how to proceed with cutover

Seek New Record High for Net Sales in FY 2/22

Hospitality Management 2023

Net sales
Operating income



*Standalone results until FY2020

FY 2/22 results forecast

(Millions of yen)

	FY 2/21 (consolidated) Results	FY 2/22 (consolidated) Forecast	Change	YoY
Net sales	19,142	22,132	2,989	115.6%
Operating income	613	2,204	1,590	359.3%
Operating income margin	3.2%	10.0%	6.8%	—
Ordinary income	647	2,205	1,557	340.4%
Net income attributable to parent company	253	1,413	1,159	558.5%
Net income margin	1.3%	6.4%	5.1%	—
EPS (Yen)	4.66	26.03	21.36	—

Assumption: COVID-19 impact

No further school shutdown or class suspension from state of emergency

Continue Shareholder Return Policy Based on a Stable Financial Foundation Even in the Pandemic

Dividend payout results & forecast

	FY 2/18	FY 2/19	FY 2/20	FY 2/21	FY 2/22 (Forecast)
Full-year dividend	26 yen	26 yen	26 yen	*26 yen	26 yen
Dividend payout ratio	80.9%	73.1%	74.4%	*557.8%	99.8%
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

*Finalized at 38th Ordinary General Meeting of Shareholders

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).

FY 2/21 Consolidated Balance Sheet/ Cash Flow Statement

(Millions of yen)

	Feb. 29, 2020 (consolidated)	Feb. 28, 2021 (consolidated)	Change	
Current assets	9,790	7,572	-2,218	Cash and deposits Down 1,890 million yen
Fixed assets	3,423	4,114	691	
Total assets	13,214	11,687	-1,526	
Current liabilities	3,577	3,204	-372	Unpaid corporate tax, etc. Down 377 million yen
Long-term liabilities	30	35	4	
Total liabilities	3,608	3,239	-368	
Total net assets	9,606	8,447	-1,158	Retained earnings 6,759 million yen
Total liabilities and net assets	13,214	11,687	-1,526	

(Millions of yen)

	FY 2/20 (consolidated)	FY 2/21 (consolidated)	YoY	
Operating cash flow	2,707	236	-2,471	Pre-tax annual net income Down 2,398 million yen
Investment cash flow	-963	-1,015	-52	
Financing cash flow	-1,411	-1,411	-0	
Increase (decrease) in cash & cash equivalents	333	-2,190	-2,524	
Cash & cash equivalents at end of period	8,753	6,562	-2,190	

Recognized Three Straight Years for Continuously 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) Enhance facilities and action so that both employees and their dependents can take advantage of and join in benefits
- (3) Hold online uterine cancer seminar to raise employee knowledge
- (4) Hold an online fitness course to counter the lack of exercise exposed by the COVID-19 pandemic
- (5) Hold online seminars on health practices tailored to women's life stages
- (6) To create a working environment where employees can continue working, distribute a handbook on working while providing nursing care and hold an online nursing care seminar

Business Recovery in the COVID-19 Pandemic

Katsuki Saito
President and Representative Director

Change in Monthly Enrolled Students YoY

Jul. 2020 -5,694

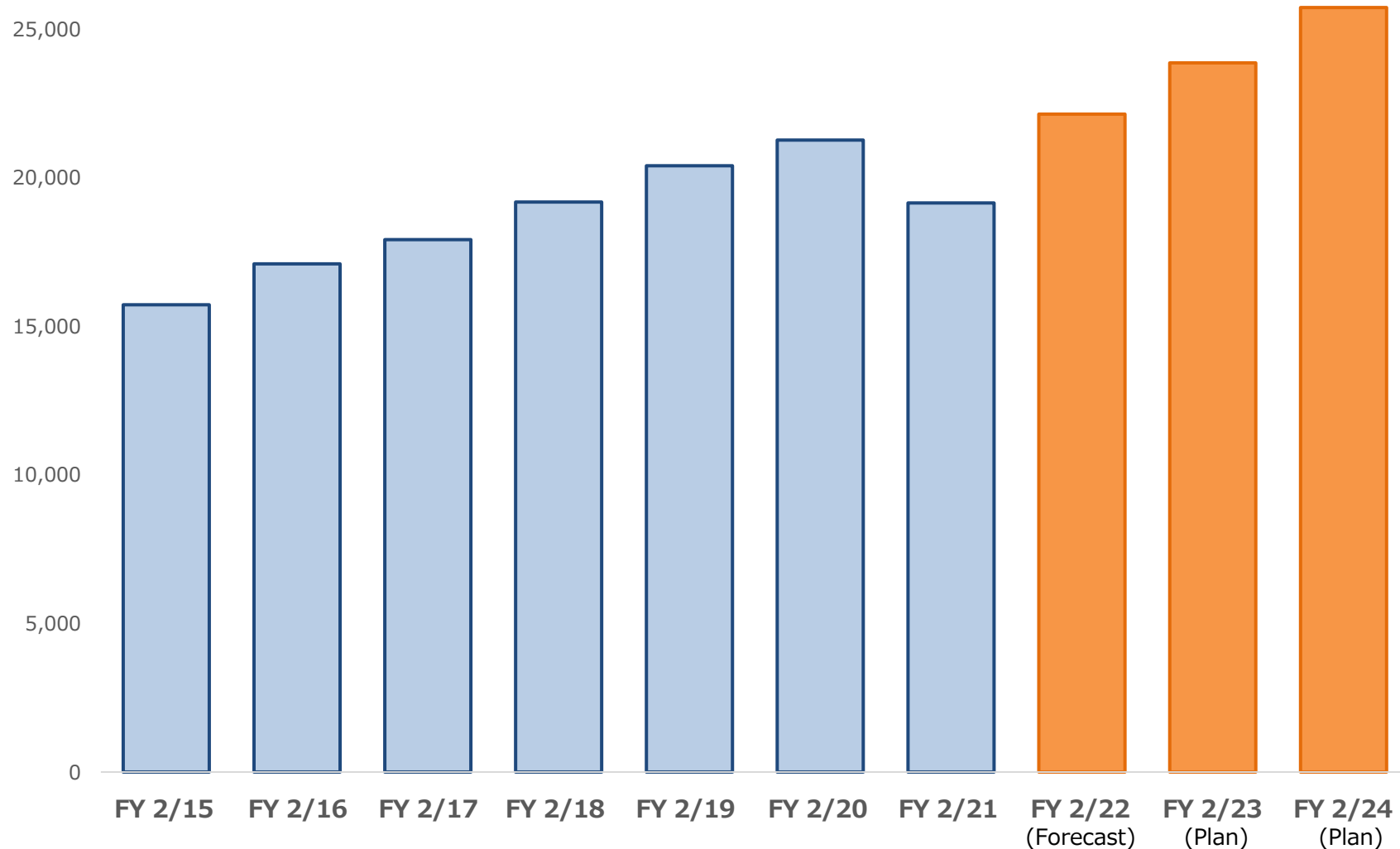
Feb. 2021 -806

+4,888

Implement New Medium-term Management Plan After the Pandemic

(Millions of yen)

Net sales





Hospitality Management



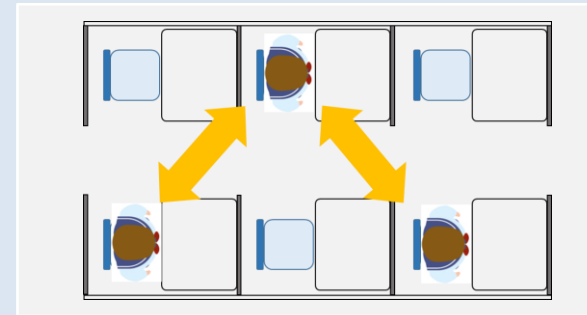
Primary response in schools



**Masks/
face
shields
required**



**Desks
cleaned
after every
class**



**Layouts
arranged to
maintain social
distancing**



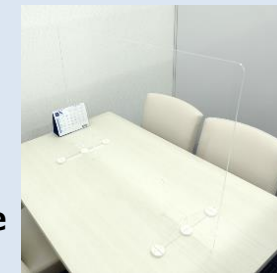
**Rigorous
enforcement
of hand
washing
every class
period**



Ventilation



**Thermal
cameras
installed for
temperature
checks**



**Clear
partitions
installed in
meeting
rooms**

- [Other]
- Manage physical condition before leaving for work
 - Thorough cleaning according to manual before opening school
 - Sanitize after wearing face shield and uniform
 - Limited use of self-study spaces (spaced out to avoid the Three C's, reservation system, etc.)

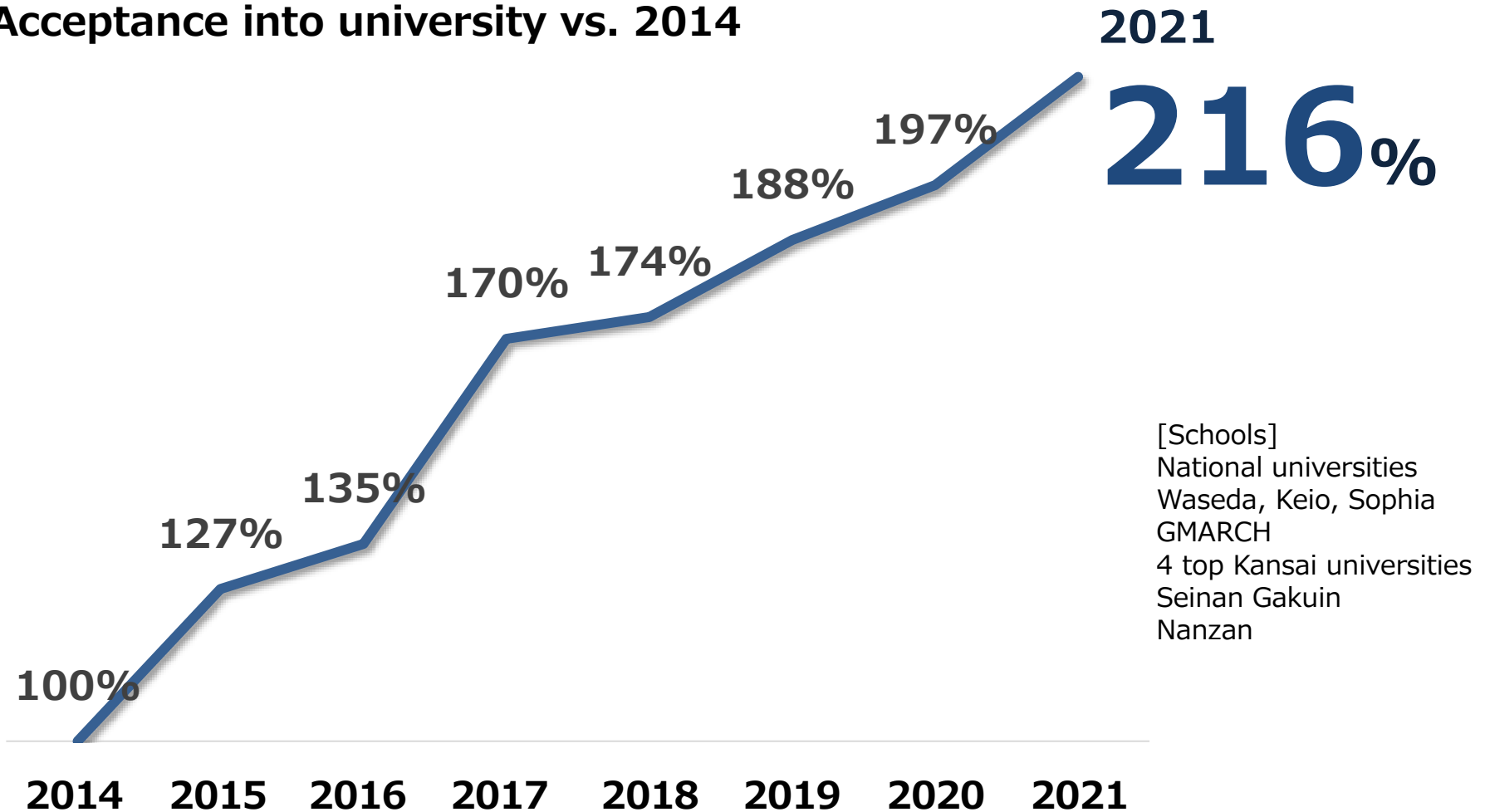
Over 9,000 Students Took Lessons (Most Preparing for Entrance Exams)



- ✓ Launched online individualized teaching service on June 1
- ✓ Classes offered to exam takers during winter course
- ✓ Provided reassurance and safety through continued learning from home

Results of Continued Provision of Quality Educational Services

Acceptance into university vs. 2014

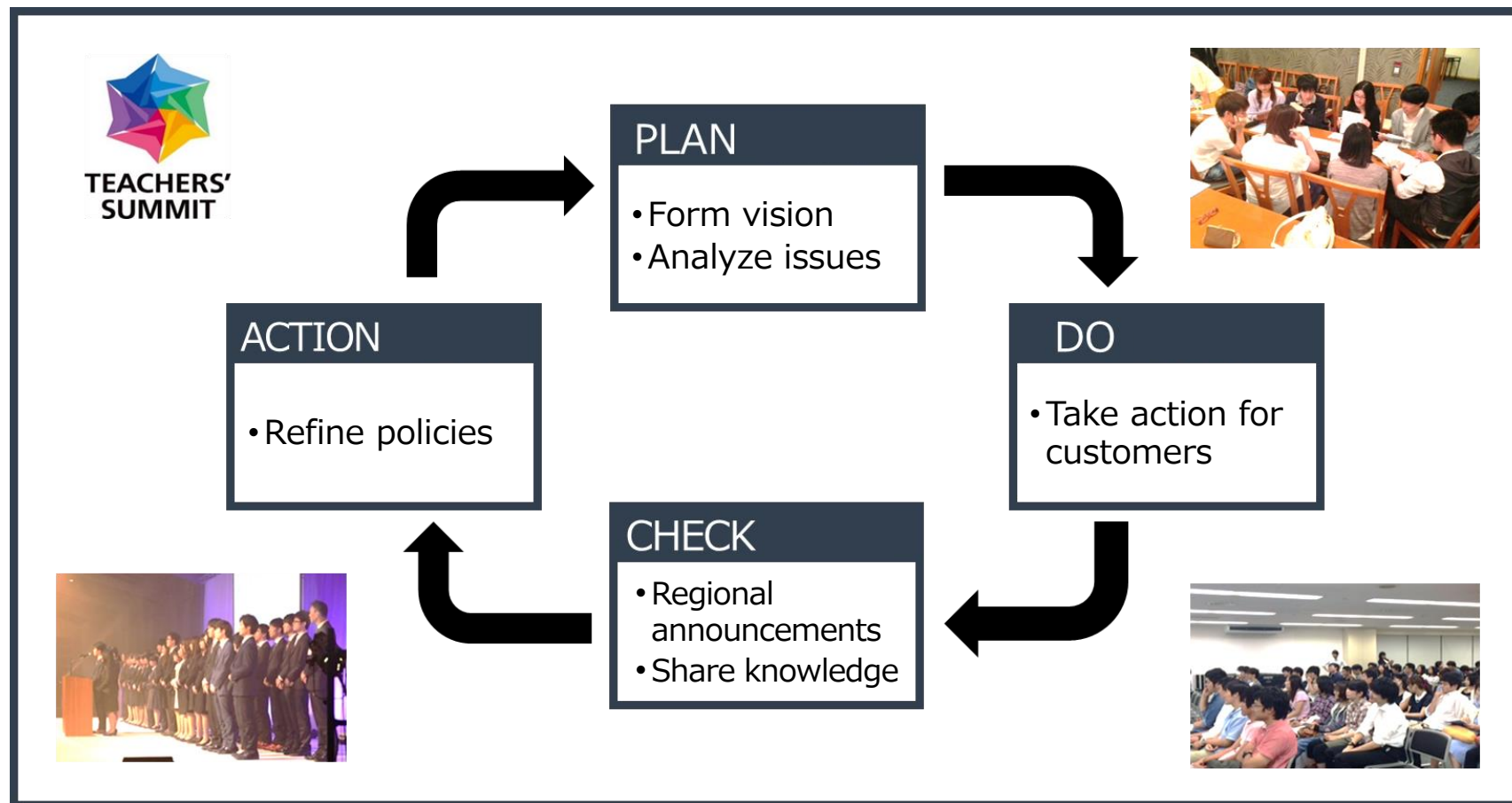




TEACHERS' SUMMIT (annual school plan)



Schools Are Teams Formulating School Plans and Following the PDCA Cycle Year-round



First National Joint Summit with ~5,000 Teachers

- ✓ Five area schools finalized as "Best Practice Schools"
- ✓ Teachers joined from their schools





Hospitality Management



A Co-created Future

A thick, yellow, hand-drawn style brushstroke underline that starts under the word 'Co-created' and extends past the word 'Future', ending with a few diagonal strokes.

Mutual Education

Through Hospitality Management

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