

Earnings Briefing Materials for 2Q/FY2021

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Director and General Manager of the Business Strategy Office

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Infection Prevention Measures Prioritizing Health & Safety

All schools currently open and operating normally
Continued efforts to provide a safe learning environment

Primary response in schools



Masks/
face
shields
required



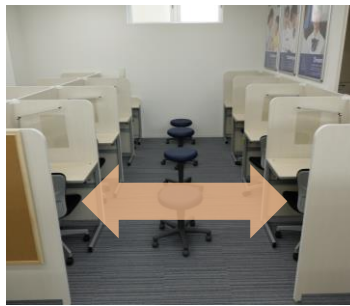
Desks
cleaned
after every
class



Ventilation (Using large
fans for schools with
structures that make
ventilation difficult)



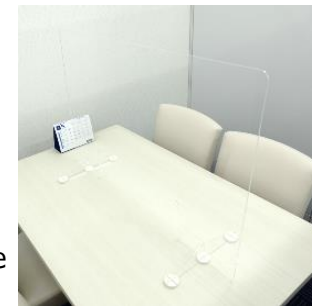
Rigorous
enforcement
of hand
washing
every class
period



Desk layout
that promotes
social
distancing



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
- Requiring work leave and notification to the company office for employees who have taken or will take a PCR test or antibody test (even if asymptomatic)
- Requiring work leave and notification to the company office if any worker or a person in close proximity has a fever above 37.5 degrees Celsius or higher, or is experiencing physical symptoms such as fatigue, shortness of breath, or loss of taste or smell.

1H/FY2021 Consolidated P/L <vs. FY2019>

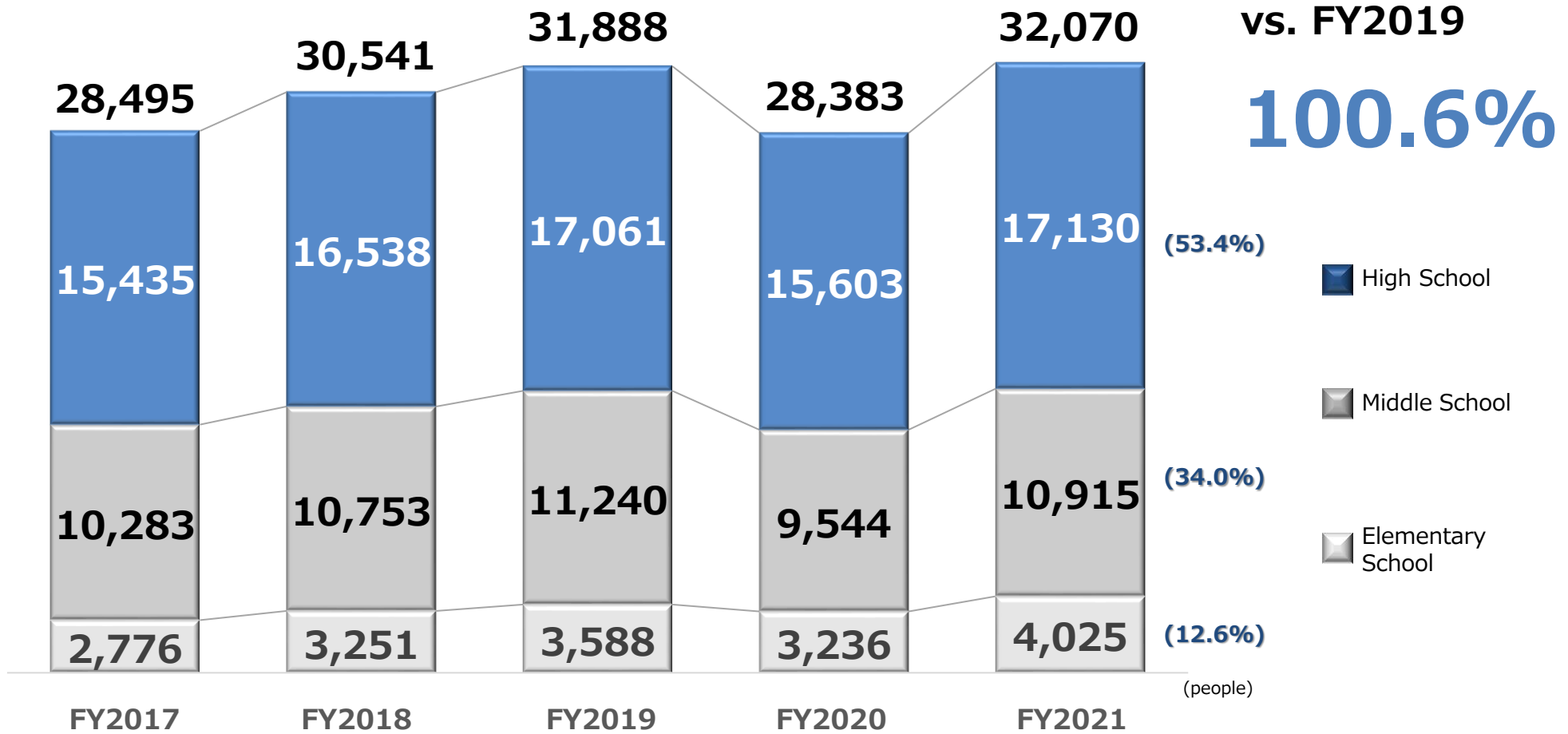
(Millions of yen)

	2019 March to August	2021 March to August	Change	Change %
Net sales	9,820	10,890	1,070	10.9%
Cost of sales	6,339	7,079	740	11.7%
Cost of sales ratio	64.6%	65.0%	0.4Pt	-
Gross profit	3,480	3,810	330	9.5%
Gross profit ratio	35.4%	35.0%	-0.4Pt	-
SG&A	2,894	3,114	220	7.6%
SG&A ratio	29.5%	28.6%	-0.9Pt	-
Operating income	586	695	109	18.6%
Operating income margin	6.0%	6.4%	0.4Pt	-
Net income attributable to parent company*	355	427	72	20.3%

*2019 indicates nonconsolidated quarterly profit

Exceeded FY2019 student numbers to mark highest enrollment ever

[1H average student enrollment (by student category)]

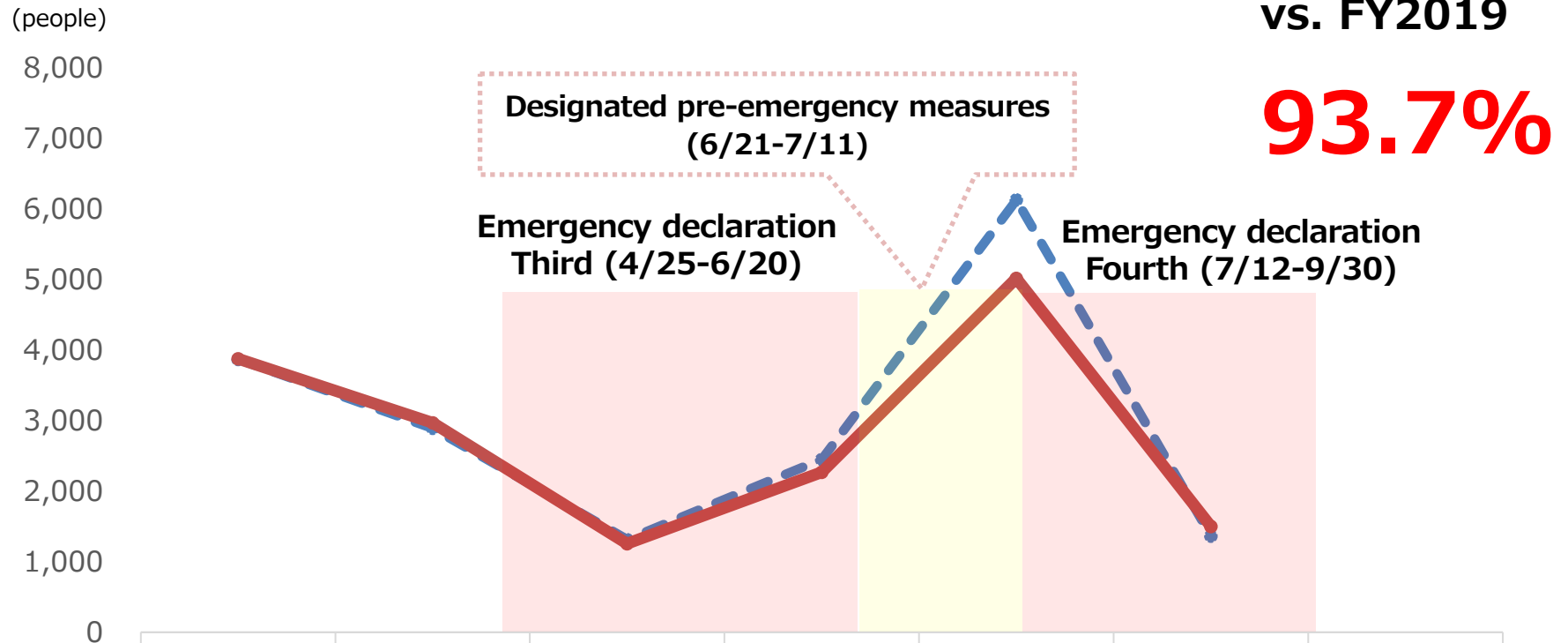


**1H/FY2021 average enrollment numbers (vs. FY2019):
high school: 100.4%; middle school: 97.1%; elementary school: 112.2%**

*Students enrolled in individualized teaching

Enrollment was sluggish due to two emergency declarations

[Transitions in March to August new enrollment numbers]



	March	April	May	June	July	August	1H Total
FY2019	3,863	2,887	1,310	2,445	6,120	1,361	17,986
FY2021	3,869	2,963	1,252	2,265	5,011	1,498	16,858

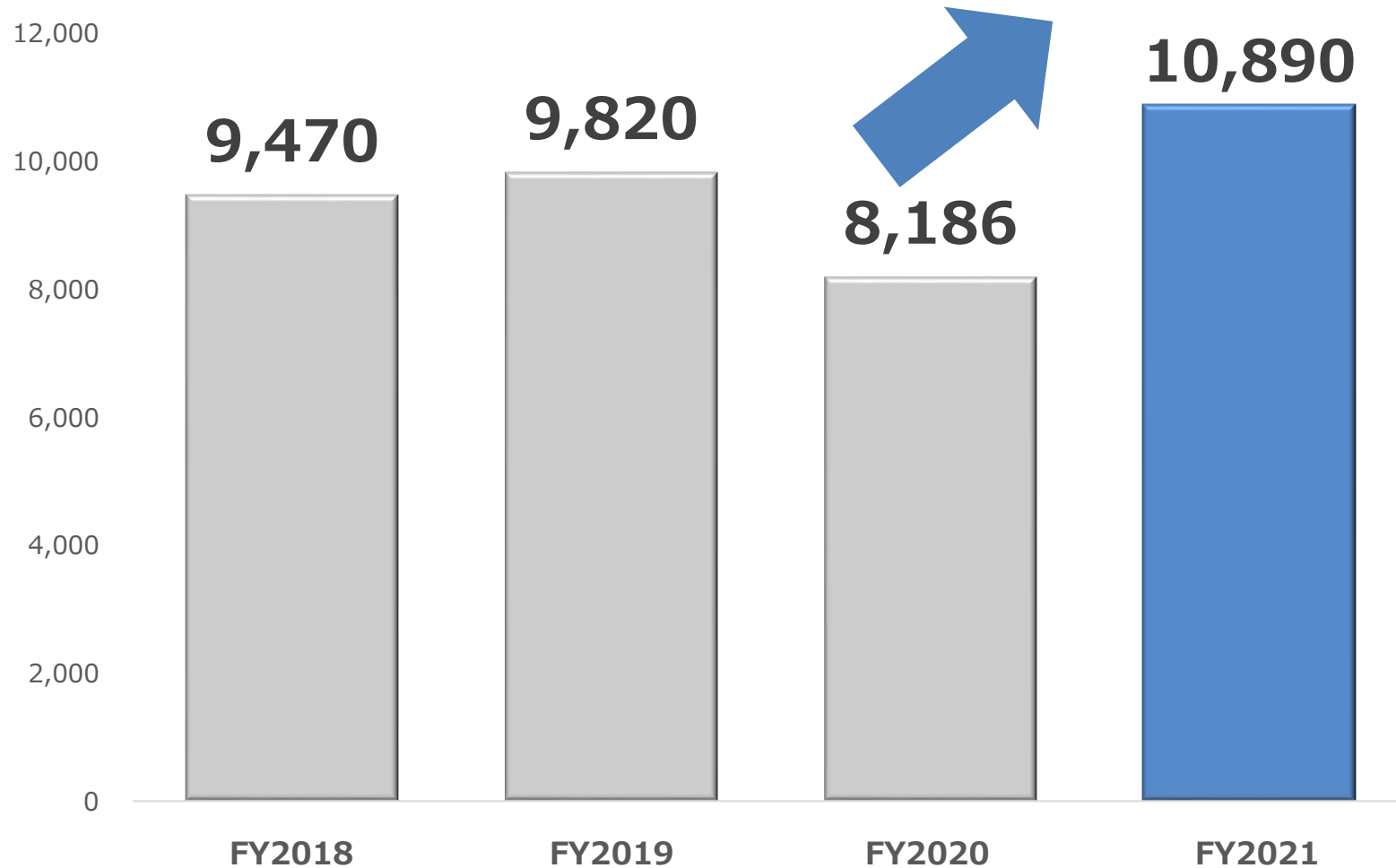
FY2019 FY2021

*Enrollment numbers for individualized teaching only

Net sales exceed 10.0 billion yen to set record highs

[Transitions in First-Half Net Sales]

(Millions of yen)



vs. FY2019

110.9%

Factors behind increased net sales vs. FY2019

Sales of summer courses favorable

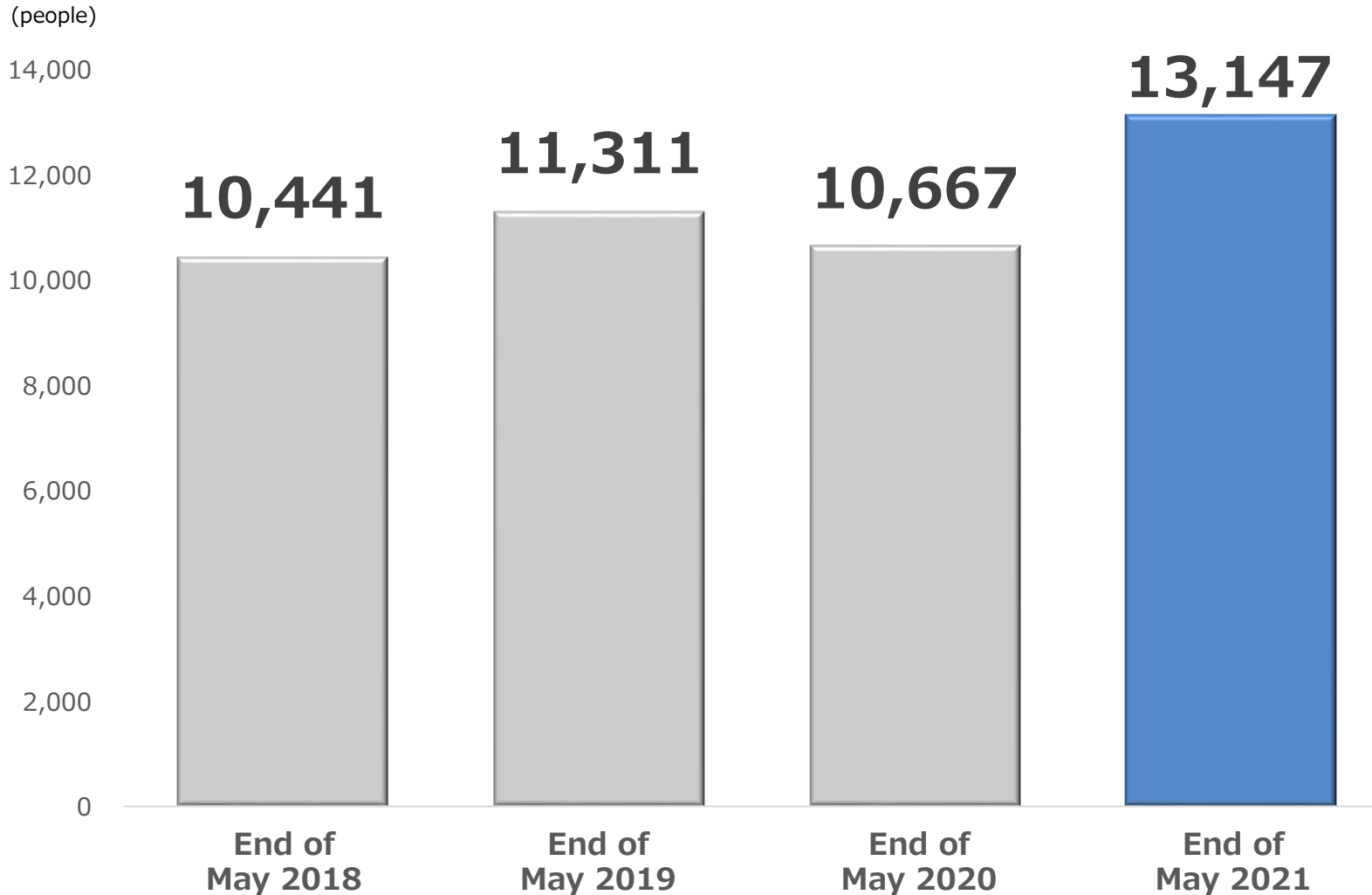
- Increased concerns about academic progress due to COVID-19 causing changes in the environments impacting students
- Per capita course sales increased on accurate proposals for learning opportunities aimed at fulfilling customer objectives

Impact of course price revisions implemented in October 2019

Maintain platform for supporting educational services

Republished from
1Q financial
earnings summary

[Transitions in teacher numbers as of the end of May]



vs. FY2019

116.2%

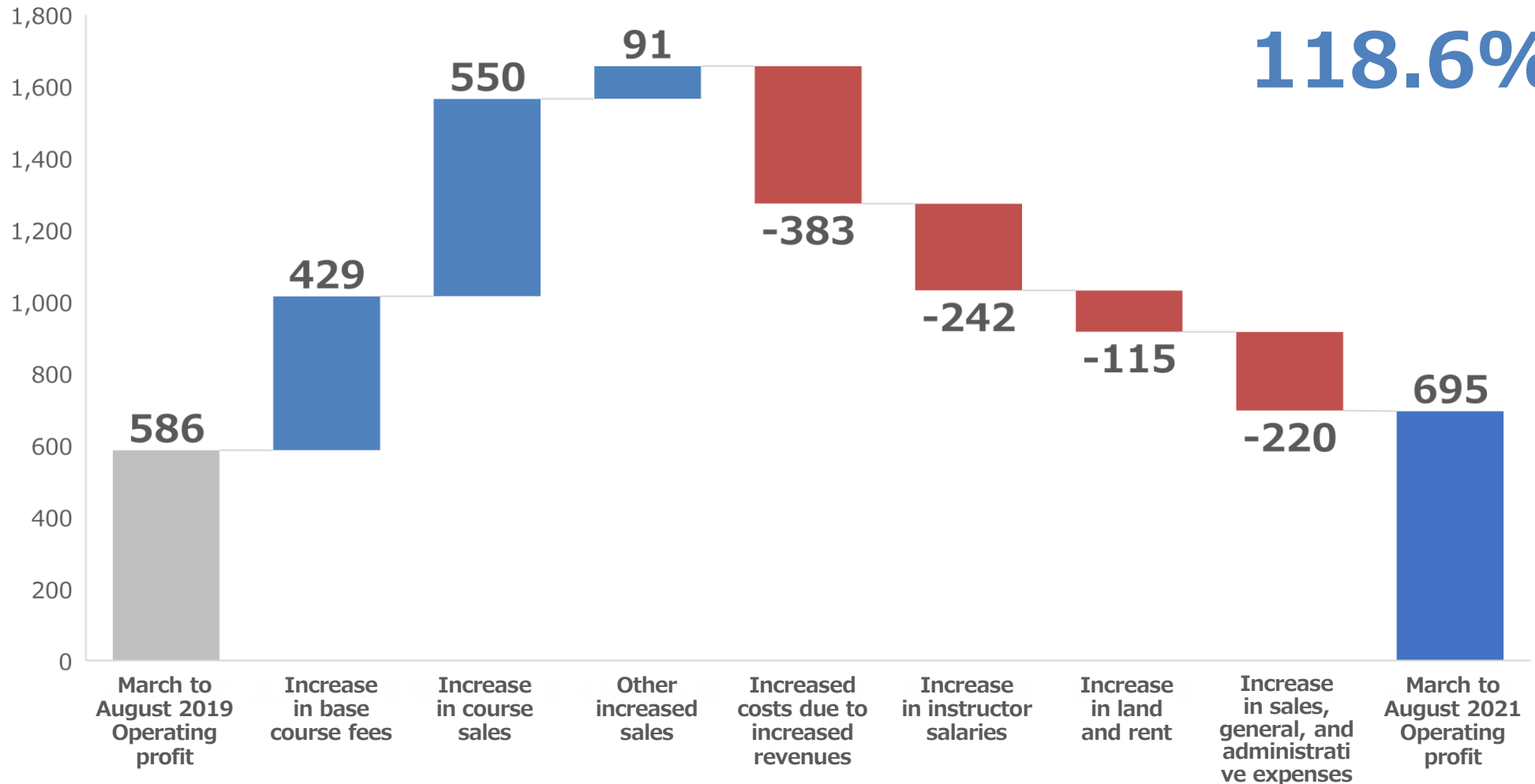
Also set record for operating profit thanks to increased course sales

[1H/FY2021 Analysis of increases/decreases in profit]

(Millions of yen)

vs. FY2019

118.6%



Total of 266 schools, including 4 opened in 1H and 2 opened in 2H

FY2021 Schools opened (as of Oct. 14)

Chitose Karasuyama South Exit School
(Tokyo)
March 2021

Kokuryo School (Tokyo)
March 2021

Musashi Nakahara School
(Kanagawa Prefecture)
June 2021

Mita School (Tokyo)
June 2021

Kanamachi School (Tokyo)
September 2021

Myogadani School (Tokyo)
October 2021



Mita School

Other development topics

- Among existing schools, we are expanding building floor space at the Kinshicho School and the Azabu Juban School.

Continuously engaged in thorough infection prevention measures

Ahead of the winter season, we will reinforce measures to provide a safe and healthy learning environment

- We will conduct continuous infection prevention measures while also incorporating online options to provide safe learning for students preparing for entrance exams.



Use of masks and face shields during class learning



Online learning

Maintaining initial forecasts for full-year earnings due to strong lack of transparency regarding COVID-19

(Millions of yen)

	FY2021 (consolidated) Forecast	YoY change	vs. previous year	Change vs. FY2019	vs. FY2019
Net sales	22,132	2,989	115.6%	870	104.1%
Operating income	2,204	1,590	359.3%	-685	76.3%
Operating income margin	10.0%	6.8Pt	-	-3.6Pt	-
Ordinary income	2,205	1,557	340.3%	-687	76.2%
Net income attributable to parent company	1,413	1,159	558.3%	-	-
Net income margin	6.4%	5.1Pt	-	-2.5Pt	-
EPS	26.03	21.36	-	-	-

Assumption: COVID-19 impact

No further school shutdown or class suspension from state of emergency

No change from initial plans

	FY2018	FY2019	FY2020	FY2021 (Forecast)
Full-year dividend	26 yen	26 yen	26 yen	26 yen
Dividend payout ratio	73.1%	74.4%	601.5%	99.8%
Mid-year dividend	13 yen	13 yen	13 yen	(Confirmed) 13 yen
End-of-year dividend	13 yen	13 yen	13 yen	13 yen

Assumption: COVID-19 impact

No further school shutdown or class suspension from state of emergency

Submission of application for eligibility and selection to prime market

We received the results of the primary assessment concerning our eligibility to maintain our listing on the new market sector. Through this assessment, we confirmed our eligibility to remain listed on the Prime Market.

In accordance with these results, our Board of Directors voted to apply for selection to the Prime Market and submitted our application documents to the Tokyo Stock Exchange Co., Ltd. on Monday September 6.

We will continue working to improve our medium- and long-term corporate value by engaging in the timely and appropriate information disclosure and diligent IR activities so that we continue to earn the support of our shareholders.



◆ Appendix

1H/FY2021 Consolidated P/L <vs. FY2020>

(Millions of yen)

	2020 March to August	2021 March to August	Change	Change %
Net sales	8,186	10,890	2,703	33.0%
Cost of sales	6,225	7,079	854	13.7%
Cost of sales ratio	76.0%	65.0%	-11Pt	-
Gross profit	1,960	3,810	1,849	94.4%
Gross profit ratio	24.0%	35.0%	11Pt	-
SG&A	2,789	3,114	325	11.7%
SG&A ratio	34.1%	28.6%	5.5Pt	-
Operating income	-828	695	1,524	-
Operating income margin	-	6.4%	-	-
Net income attributable to parent company	-711	427	1,139	-

 東京個別指導学院