

Earnings Briefing Materials for FY2021

March 1, 2021 to February 28, 2022

Tokyo Individualized Educational Institute, Inc.

April 12, 2022

Today's Agenda

1. FY2021 Performance and FY2022 Plan

2. “Creating Shared Value” with University Students

Competitive advantage at the heart of our earnings recovery



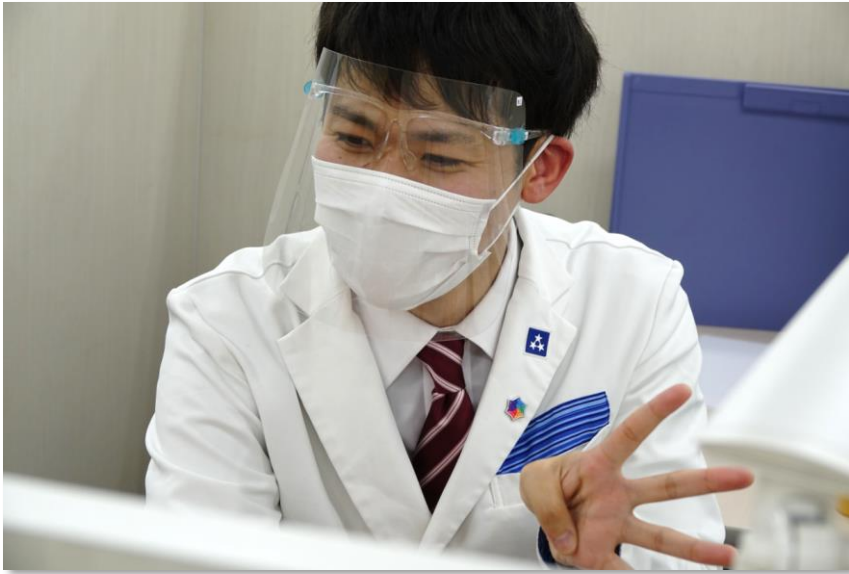
FY2021 Performance and FY2022 Plan

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

Continuing to implement thorough infection controls

Able to sustain learning using a hybrid approach

- Flexibly shifted to online classes and continued with infection controls



Masks / face shields required



Online classes

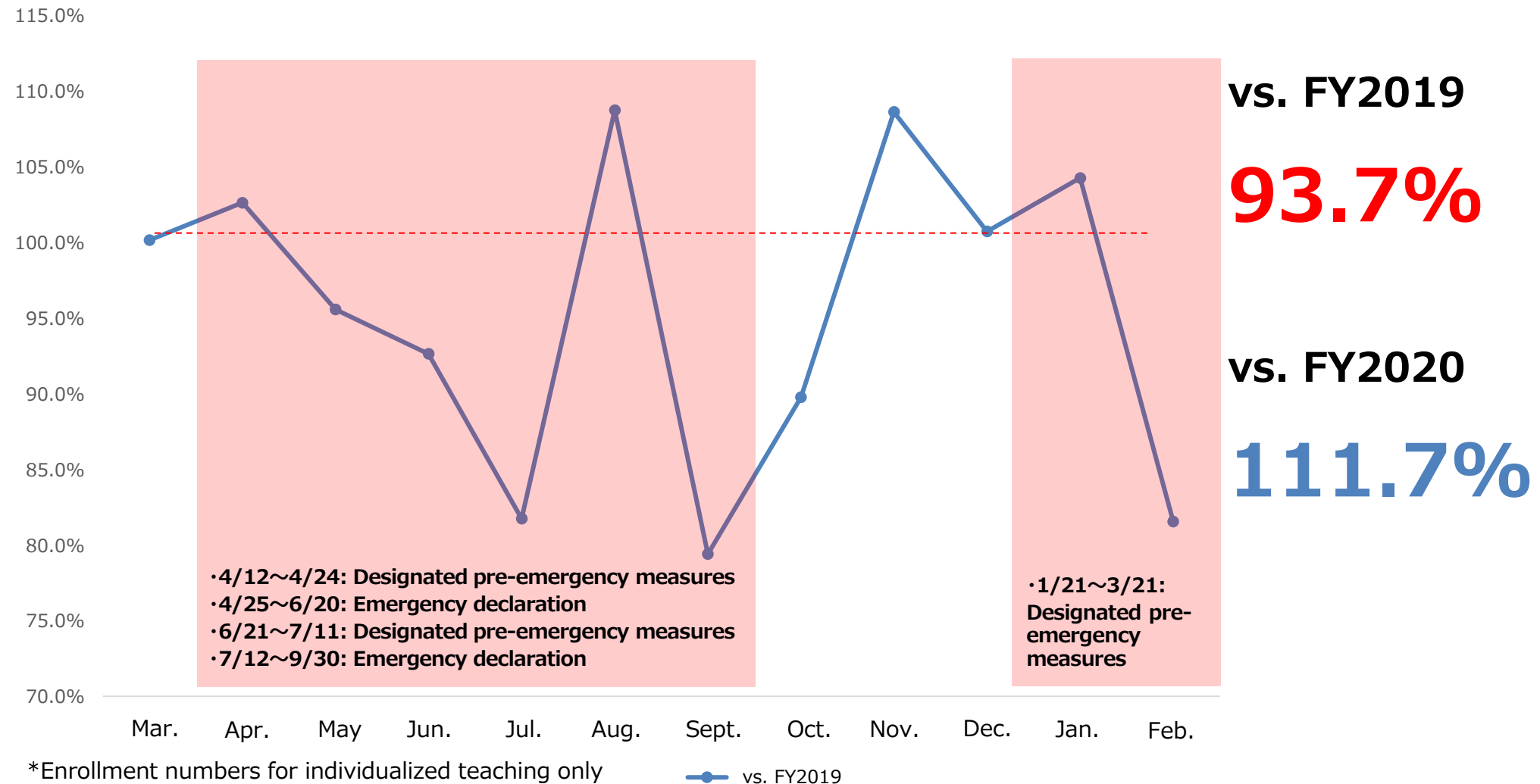
FY2021 Consolidated P/L

(Millions of yen)

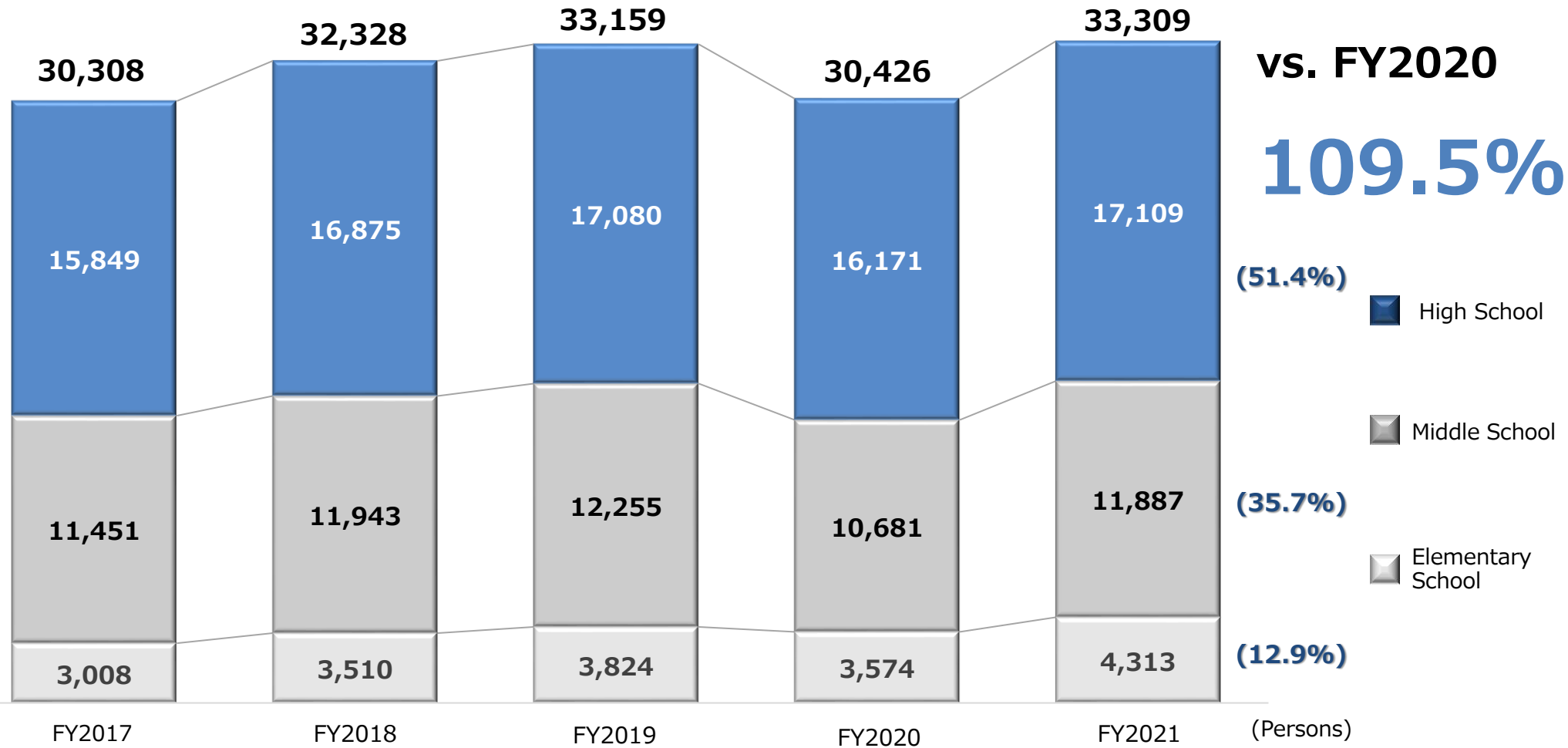
	FY2021 (consolidated)	FY2020 (consolidated)	YoY Change	FY2019 (consolidated)	YoY Change
Net sales	22,495	19,142	17.5%	21,261	5.8%
Cost of sales	14,229	13,289	7.1%	13,104	8.6%
Cost of sales ratio	63.3%	69.4%	-	61.6%	-
Gross profit	8,265	5,852	41.2%	8,156	1.3%
Gross profit margin	36.7%	30.6%	-	38.4%	-
SG&A	5,869	5,239	12.0%	5,267	11.4%
Operating income	2,396	613	290.7%	2,889	-17.1%
Operating income margin	10.7%	3.2%	-	13.6%	-
Net income attributable to parent company	1,578	253	523.7%	1,897	-16.8%

Sluggish growth in new enrollment amid the spread of COVID-19 variants

Comparison with FY2019 before COVID-19



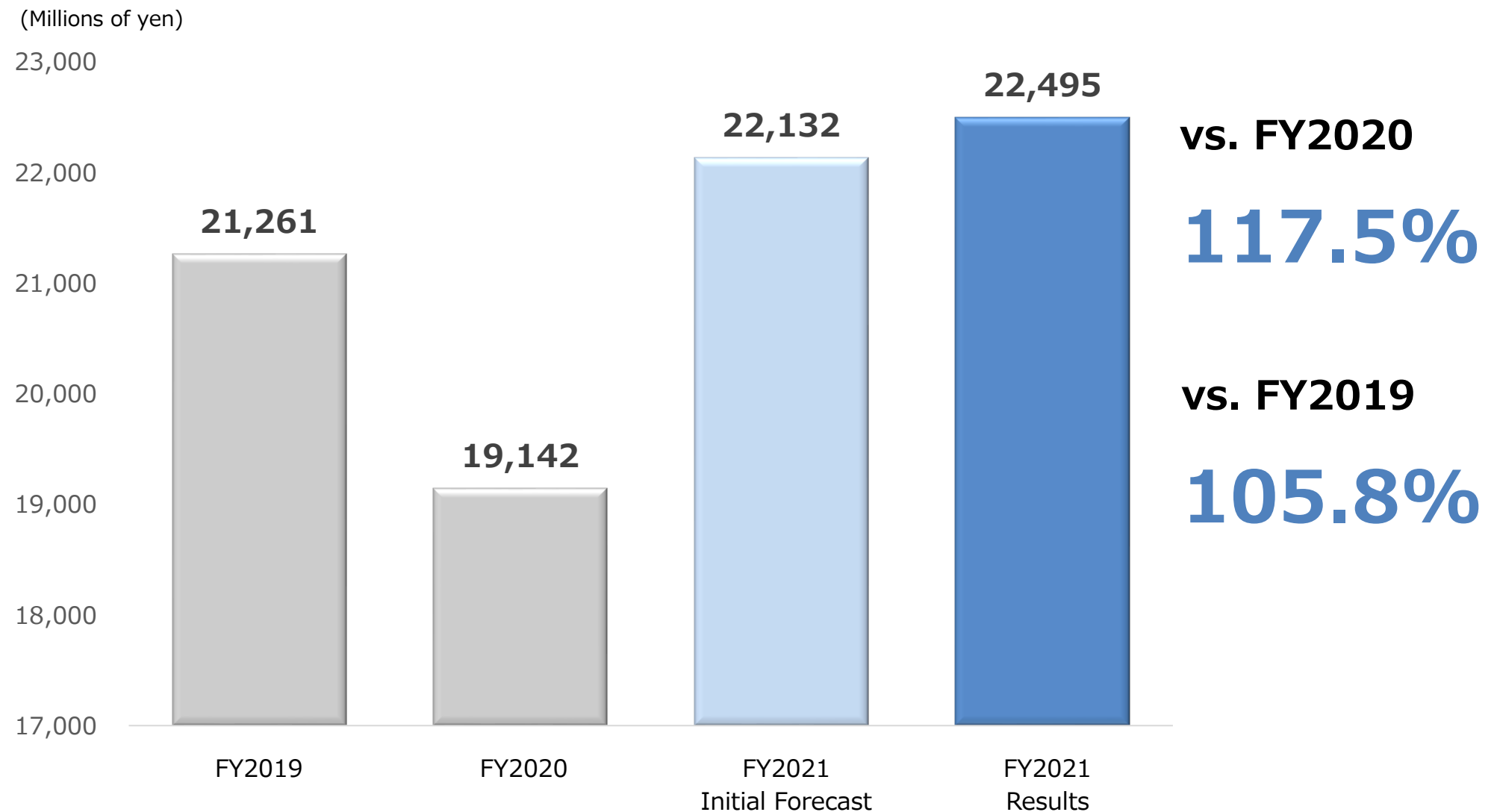
Recovered to FY2019 levels, exceeding FY2020



Average annual enrollment for FY2021 (vs. FY2020): high school 105.8%/middle school 111.3%/elementary school 120.7%

*Enrollment numbers for individualized teaching only

Reached record high, exceeding initial forecast



Course sales helped to drive net sales higher

External factors

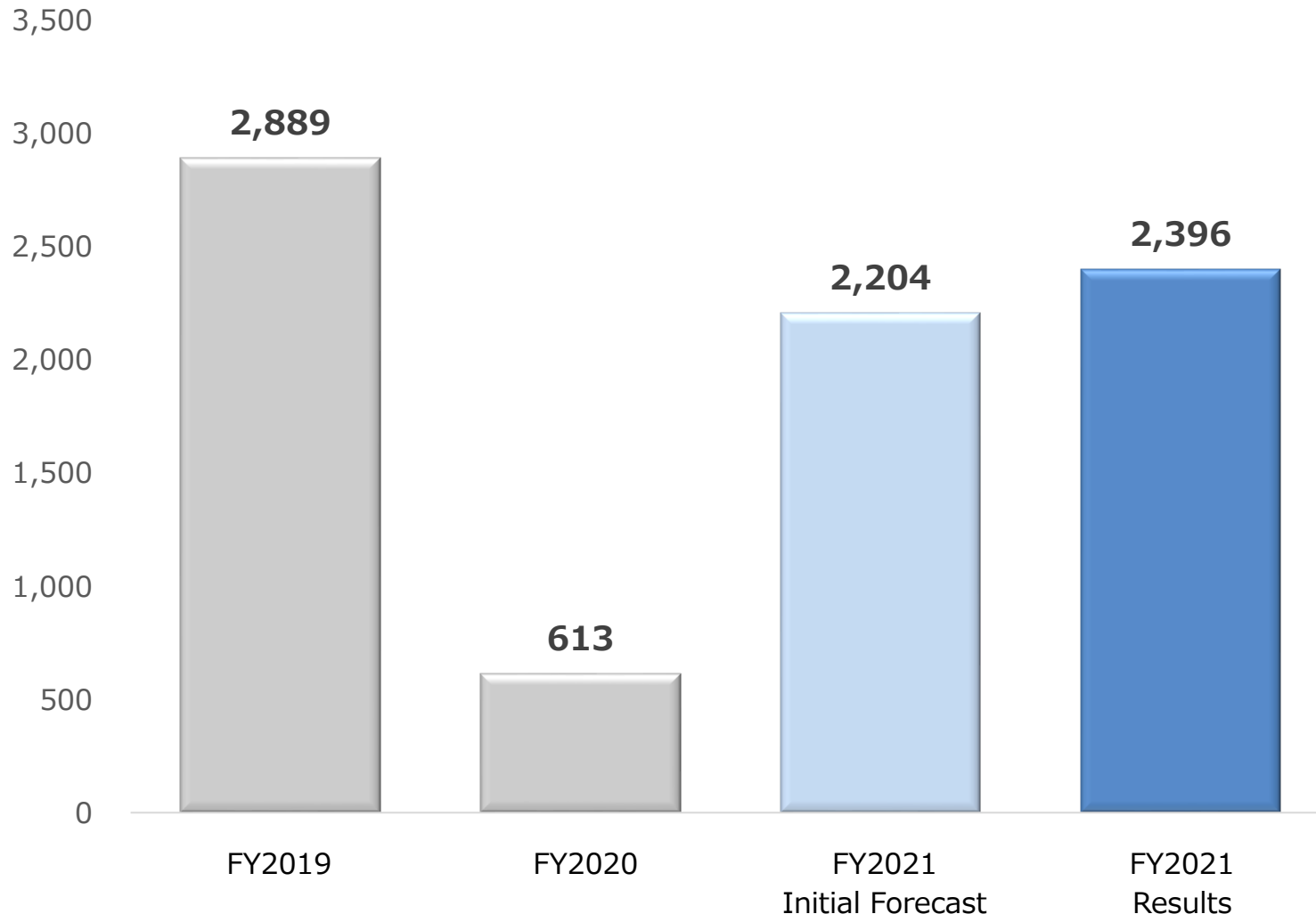
Rising uncertainty about learning due to changes in the environment for students caused by COVID-19

Internal factors

Implemented learning plan proposals with a medium- to long-term perspective earlier than usual in order to ease customer concerns

Beat the initial forecast amid the increase in sales

(Millions of yen)



vs. Initial Forecast

108.7%

◆ **Operating income margin** ◆
Initial Forecast

10.0%

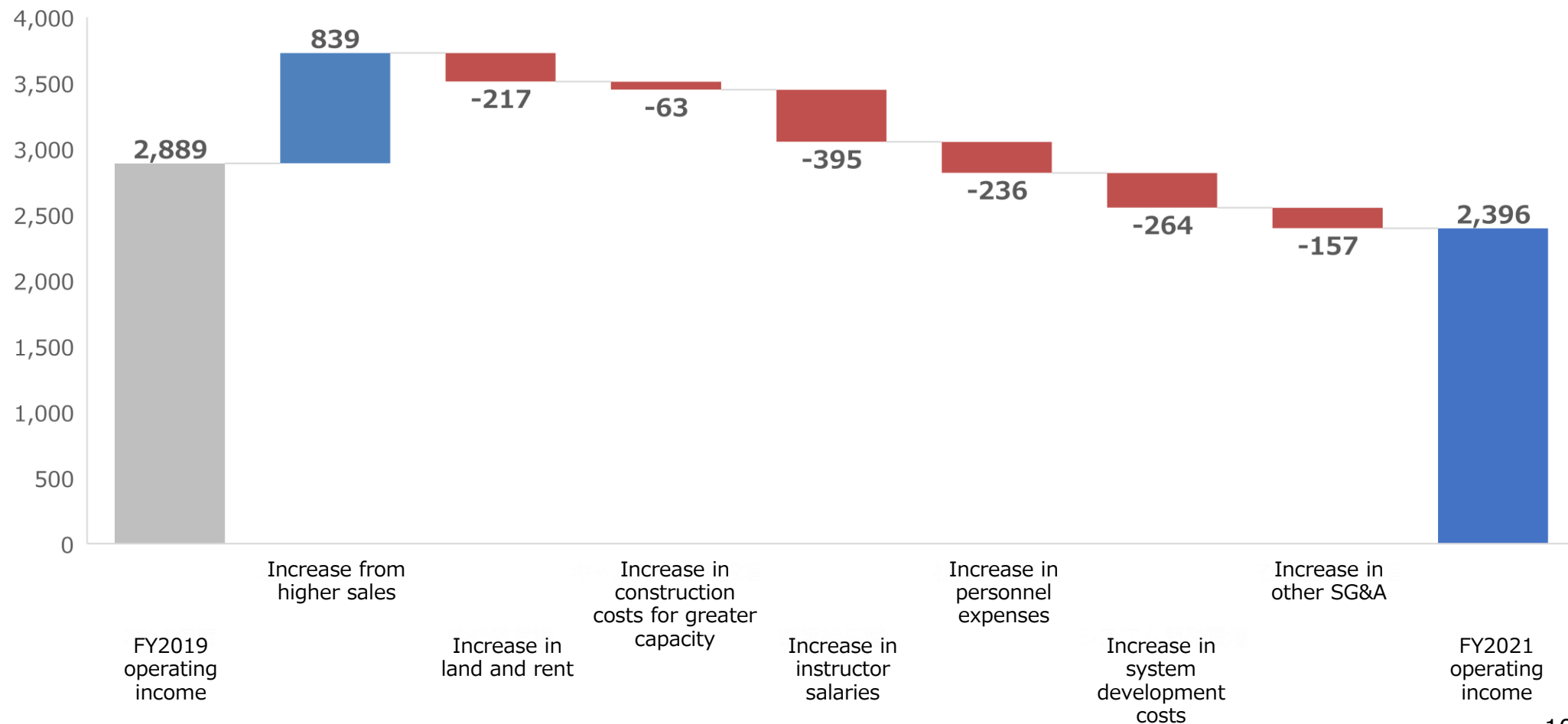
Result

10.7%

Operating income margin reached 10.7% following system development and response to COVID-19 variants

Change Analysis (vs. FY2019)

(Millions of yen)



Opened six schools in FY2021, bringing the total to 266

FY2021 School openings (as of Feb. 28, 2022)

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

Review of the 1online business

Customers

- **60% of users are university entrance exam applicants who are self-starters (grade 11 and 12).**

Services

- **Received highly positive feedback about our teachers who really care about their students.**

Promotions

- **Facing issue of visibility in regions. Need to improve promotion methods.**

FY2022 Business Plan Summary

Business strategy for existing domains

- **Explore use of digital textbooks and improve teacher coaching abilities**
- **Plan to open between 6 and 8 schools mainly in Tokyo**

Growth strategy for new businesses

- **Optimize promotions**
- **Enhance service offerings using unique online solutions**

HR and digital strategies

- **Further evolve our proprietary method of HR development**
- **Capitalize and explore utilization of information, such as instruction outcomes, etc.**

Earnings forecast is the same as the initial forecast

(Millions of yen)

	FY2021 (consolidated) Result	FY2022 (consolidated) Forecast	Change	Rate of change
Net sales	22,495	23,858	1,362	6.1%
Operating income	2,396	2,632	235	9.8%
Operating income margin	10.7%	11.0%	0.3pt	-
Ordinary income	2,402	2,633	230	9.6%
Net income attributable to parent company	1,578	1,687	108	6.9%
Net income margin	7.0%	7.1%	0.1pt	-
EPS	29.07 yen	31.08 yen	2.01 yen	-

Assumption: COVID-19 impact

No further school shutdown or class suspension from state of emergency

Sustaining stable shareholder returns

	FY2019	FY2020	FY2021	FY2022 (Forecast)
Full-year dividend	26 yen	26 yen	*26 yen	26 yen
Dividend payout ratio	74.4%	557.8%	*89.4%	83.7%
Mid-year dividend	13 yen	13 yen	13 yen	13 yen
End-of-year dividend	13 yen	13 yen	*13 yen	13 yen

*TBD at 39th Ordinary
General Meeting of
Shareholders

Assumption: COVID-19 impact

No further school shutdown or class suspension from state of emergency

Business of “Creating Shared Value” with University Students

Competitive advantage at the heart of our earnings recovery

Katsuki Saito
President and Representative Director

Business of “Creating Shared Value” with University Students

266

Classrooms

36,000

Enrolled Students

12,000

Teachers

4,000

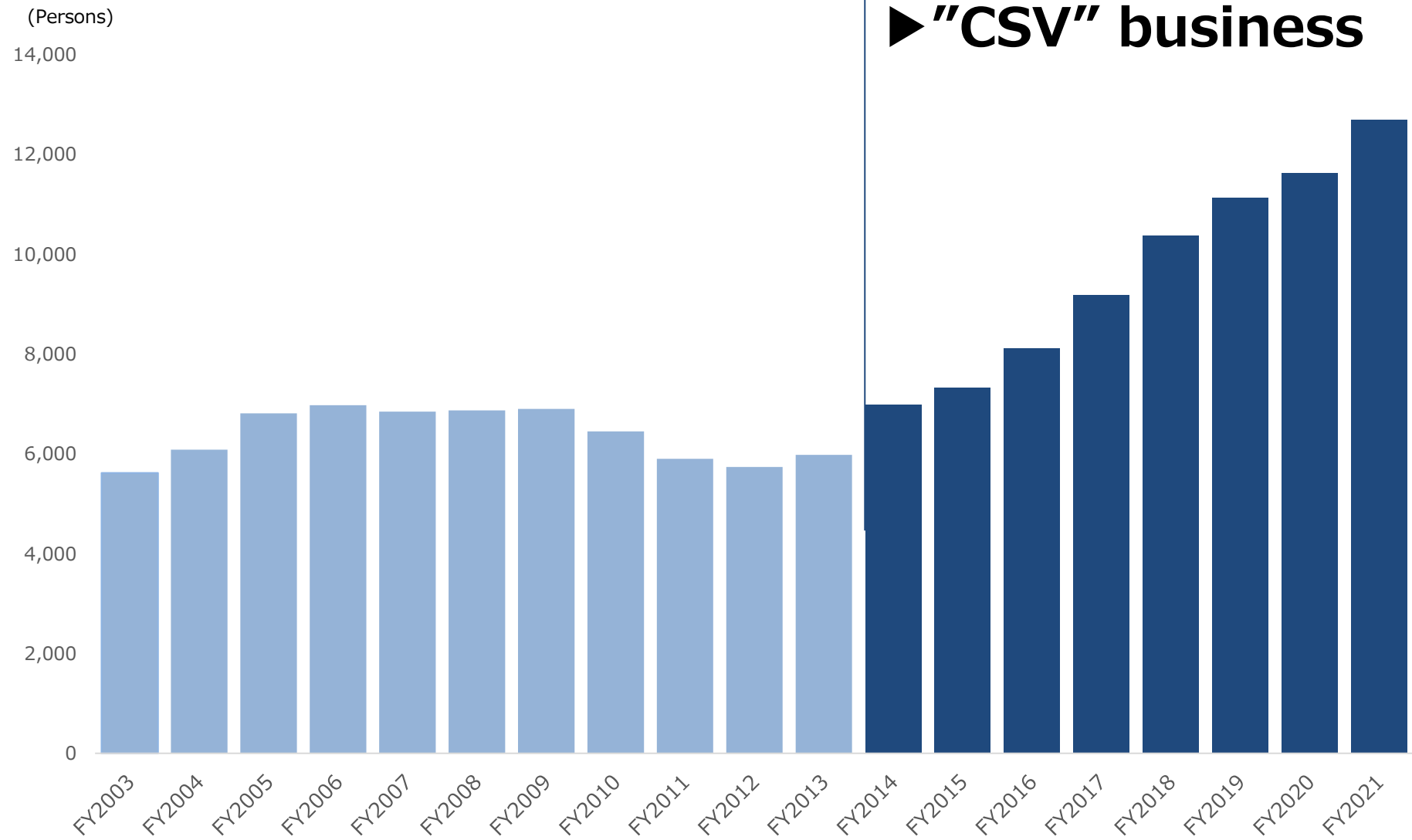
Former students
who are now teachers

105,000

Number of persons
with teacher experience

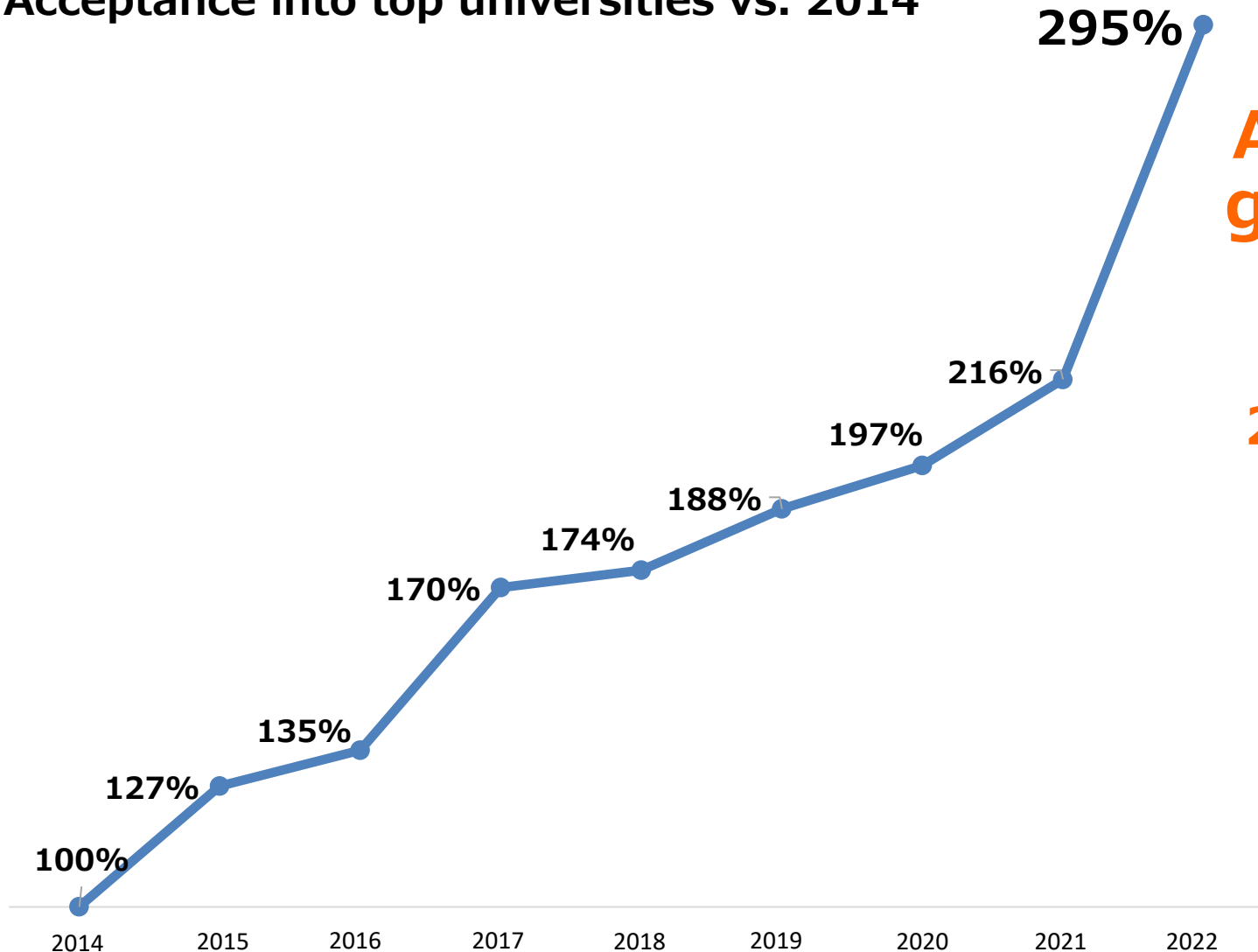
Number of Teachers

*Average annual temporary employees (temporary teachers and part-timers)



Rising acceptance into top schools

Acceptance into top universities vs. 2014

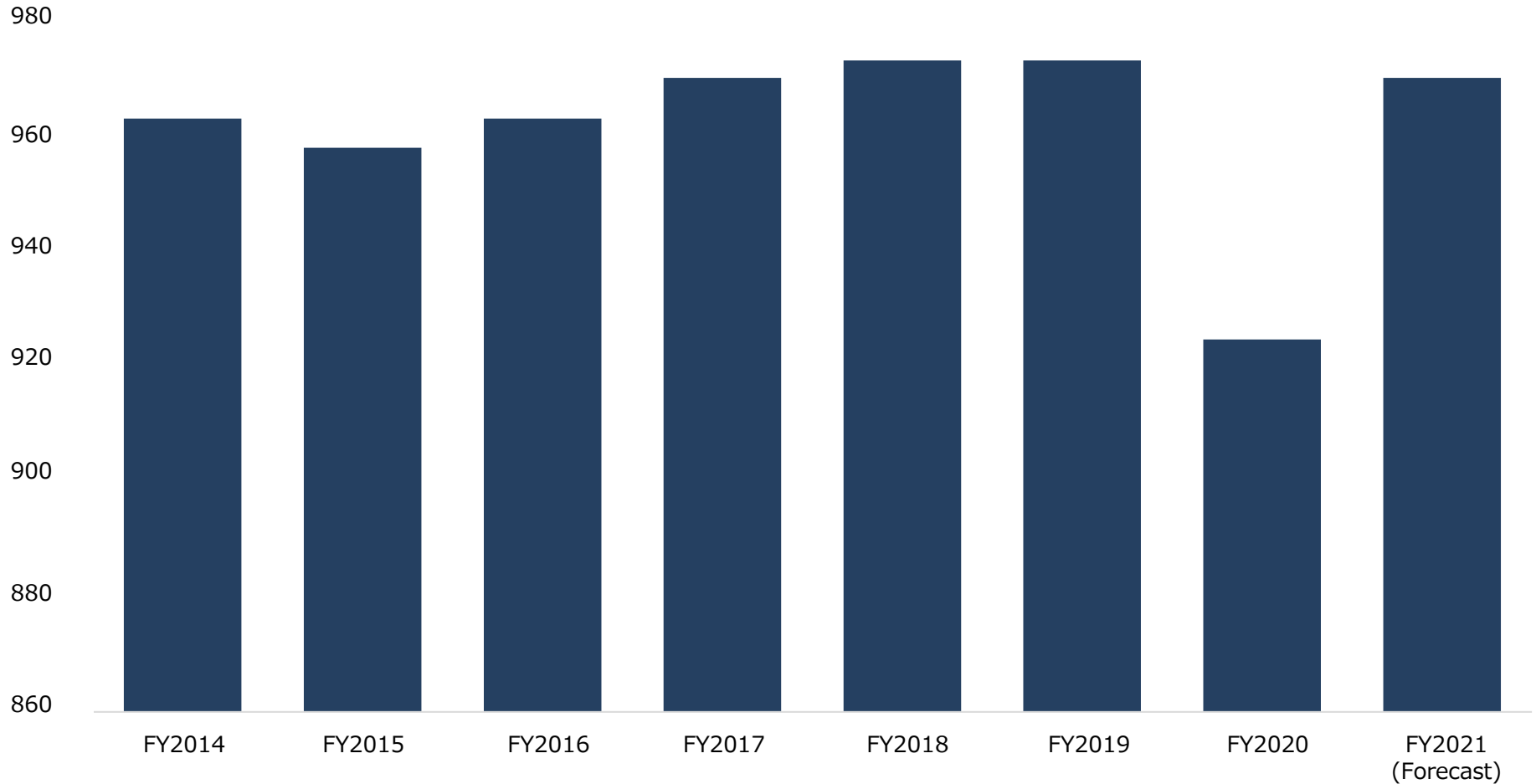


Acceptance
growth rate
295%
2014 to 2022

[Schools]
National universities
Waseda, Keio, Sophia
GMARCH
4 top Kansai universities
Seinan Gakuin
Nanzan

Prep School Market Trends

(Billions of yen)

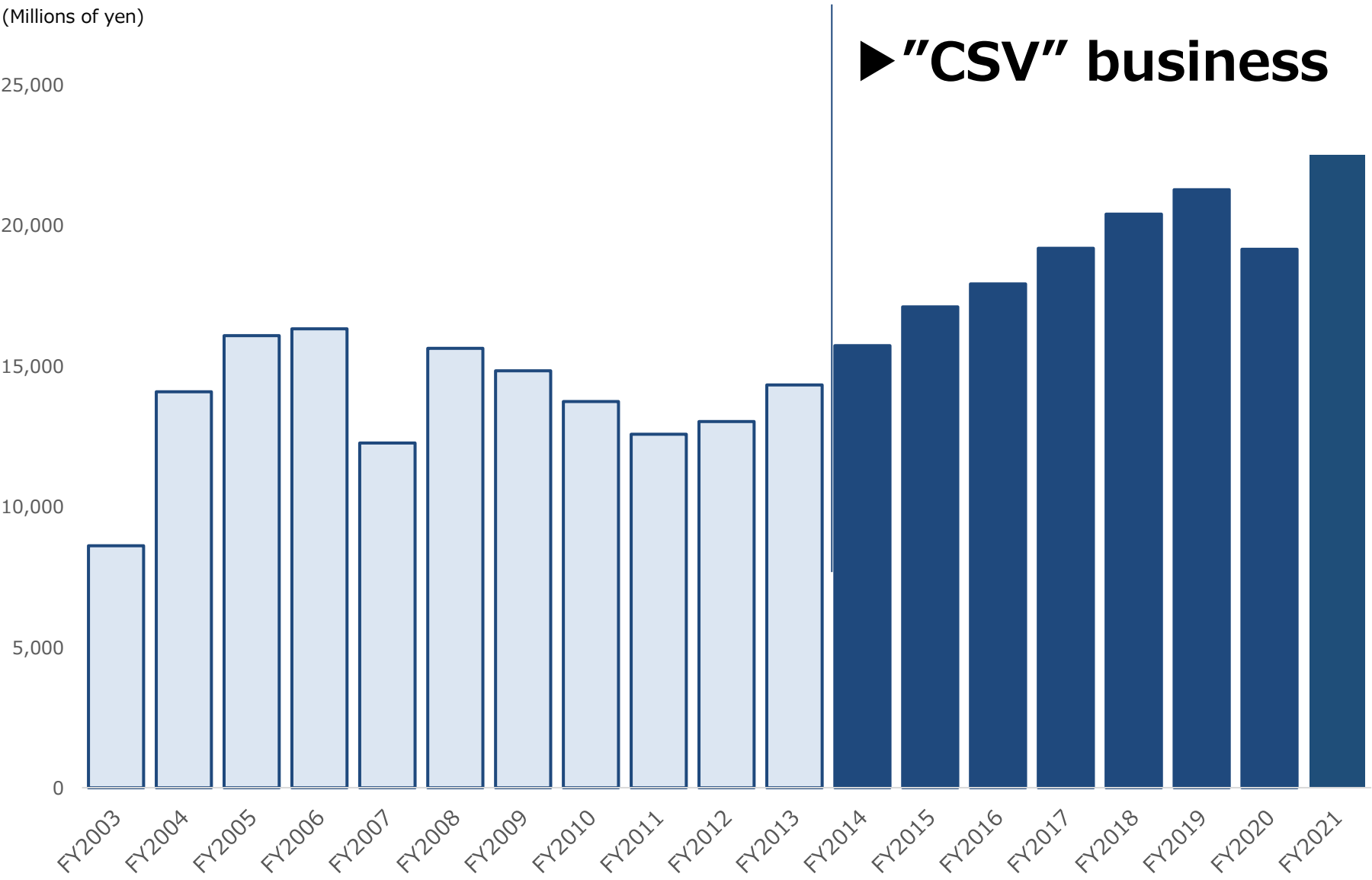


Source: Yano Research Institute, *Education Industry White Paper 2021*

Net Sales

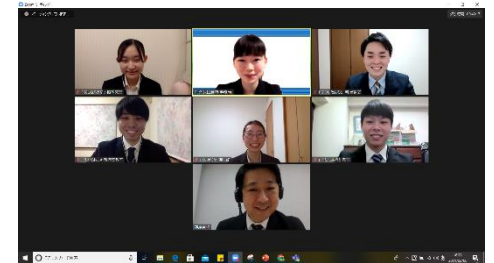
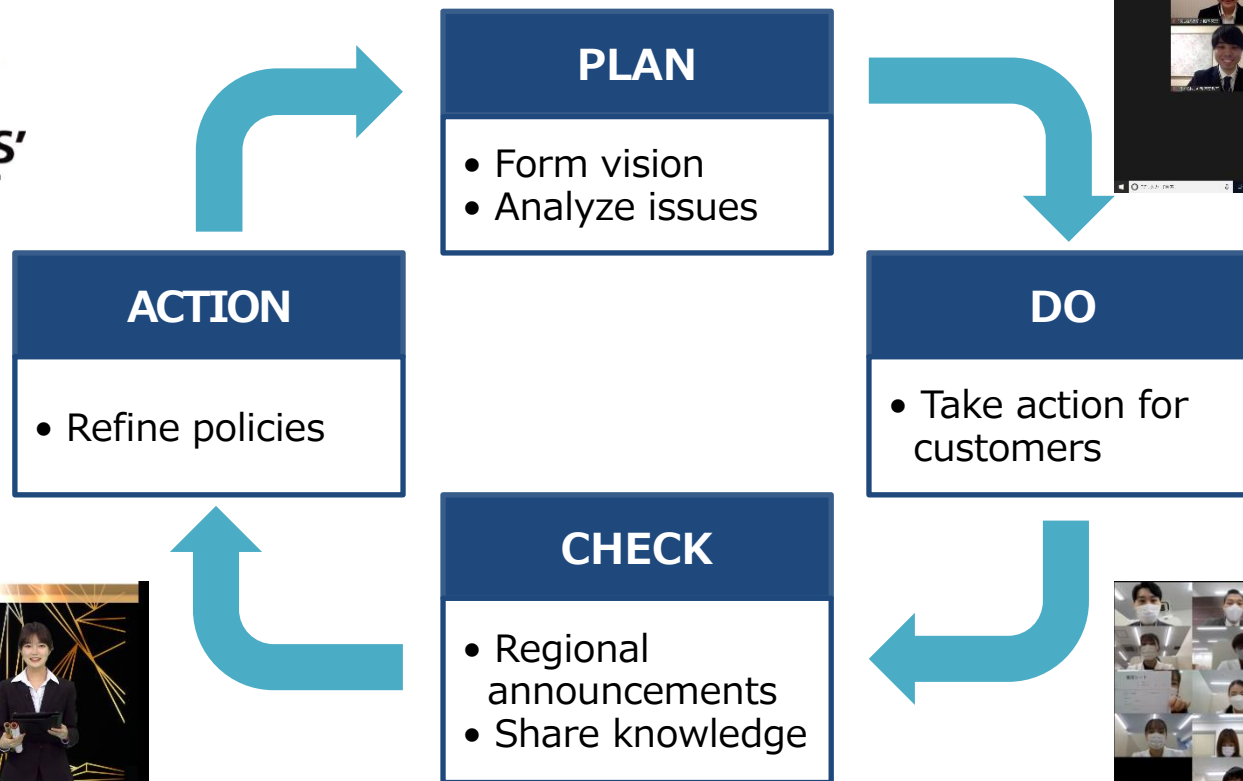
(Millions of yen)

▶ "CSV" business



About TEACHERS' SUMMIT

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



TEACHERS' SUMMIT 2022

5,000 teachers from across Japan met online to learn together



“Visualization” of growth process

Joint research with Kobe University Graduate School of Business Administration (Ongoing since April 2021)

Research theme: research on identification of high performer elements of students who succeed as adults



January 27, 2022
From webinar hosted by Tokyo
Individualized Educational Institute, Inc.

Business of “Creating Shared Value” with university students



**Co-creates customer value,
social value and economic value**



東京個別指導学院



Appendix

Recognized Four 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

We were selected for inclusion in the FTSE Blossom Japan Sector Relative Index (ESG index)



FTSE Blossom Japan Sector Relative Index

**We will promote
hospitality
management that
balances business
with ESG initiatives**

Developed by FTSE Russell, a global index provider, the FTSE Blossom Japan Sector Relative Index is designed to be sector neutral with an index that reflects the performance of Japanese companies that are relatively compliant with environmental, social and governance (ESG) in each sector. In order to promote the transition to a low-carbon economy, only companies with particularly large greenhouse gas emissions recognized for making improvements based on their TPI Management Quality Score are selected for inclusion.

FY2021 Consolidated Balance Sheet

(Millions of yen)

	Feb. 28, 2022 (consolidated)	Feb. 28, 2021 (consolidated)	YoY Change
Current assets	8,157	7,572	7.7%
Fixed assets	4,522	4,114	9.9%
Total assets	12,679	11,687	8.5%
Current liabilities	4,036	3,204	26.0%
Fixed liabilities	26	35	-23.6%
Total liabilities	4,063	3,239	25.4%
Total net assets	8,616	8,447	2.0%
Total liabilities and net assets	12,679	11,687	8.5%

FY2021 Consolidated Cash Flow

(Thousands of yen)

	FY 2021 (consolidated)	FY 2020 (consolidated)	YoY Change
Operating cash flow	2,754,262	235,541	1069.3%
Investment cash flow	-802,691	-1,015,331	-
Free cash flow	1,951,571	-779,790	-
Financing cash flow	-1,410,905	-1,411,063	-
Increase (decrease) in cash & cash equivalents	540,665	-2,190,852	-
Cash & cash equivalents at end of period	7,103,309	6,562,644	8.2%

Disclaimer

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