

Summary of 1Q Business Results for the Fiscal Year Ending February 28, 2023  
[Japan GAAP] (Consolidated)



July 11, 2022

Company Tokyo Individualized Educational Institute, Inc. Listed on the TSE Prime  
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 Expected submission date of the 1Q report: July 12, 2022  
 Expected date of dividend payment: –  
 Preparation of 1Q supplementary financial document: Yes  
 1Q results briefing: No

(Rounded down to million yen)

1. 1Q consolidated business results for the fiscal year ending February 2023  
(March 1, 2022 through May 31, 2022)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to parent company	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ending February 2023 1Q	4,248	(1.7)	(826)	–	(825)	–	(487)	–
Fiscal year ended February 2022 1Q	4,322	102.5	(621)	–	(620)	–	(451)	–

Note: Comprehensive income

Fiscal year ending February 2023 1Q: (486) million yen (-%)

Fiscal year ended February 2022 1Q: (450) million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ending February 2023 1Q	(8.97)	–
Fiscal year ended February 2022 1Q	(8.31)	–

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	million yen	million yen	%
Fiscal year ending February 2023 1Q	10,127	7,424	73.1
As of February 2022	12,679	8,616	67.8

Reference: Shareholders' equity:

Fiscal year ending February 2023 1Q 7,407 million yen

As of February 2022 8,600 million yen

## 2. Dividends

	Full-year dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Full year
	yen	yen	yen	yen	yen
Fiscal year ended February 2022	–	13.00	–	13.00	26.00
Fiscal year ending February 2023	–				
Fiscal year ending February 2023 (forecast)		13.00	–	13.00	26.00

Note: Revisions to the most recent dividend forecast: None

## 3. Forecast of consolidated business results for fiscal year ending February 2023 (March 1, 2022 through February 28, 2023)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to parent company		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Fiscal year ending February 2023	23,858	6.1	2,632	9.8	2,633	9.6	1,687	6.9	31.08

Note: Revisions to the most recent performance forecast: None

\* Notes

(1) Transfer of important subsidiaries during the current quarterly cumulative consolidated accounting period: None

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement

1) Changes in accounting policies associated with the revision of accounting standards, etc.: Yes

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Shares outstanding (common stock)

1) Number of shares outstanding at the end of period (treasury stock included)

Fiscal year ending February 2023 1Q	54,291,435 shares	As of February 2022	54,291,435 shares
2) Treasury stock at the end of period	136 shares	As of February 2022	136 shares
3) Average number of shares during period (quarterly cumulative total)	Fiscal year ending February 2023 1Q	Fiscal year ended February 2022 1Q	54,291,299 shares

\* Quarterly financial statements are not subject to audits by certified public accountants or audit corporations.

\* Explanation regarding appropriate use of business forecasts and other special instructions

Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared, and are not intended as a guarantee that the Company will achieve these targets. Further, actual results may differ significantly from the forecasts due to various factors. For notes in using earnings projections and assumptions for premises thereof, refer to page 4 of the Attachment "1. Qualitative Information on Quarterly Results (3) Explanation of the Forecast of Consolidated Business Results and other Future Forecasts.

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## 1. Qualitative Information on Quarterly Results

### (1) Explanation of Operating Results

Information related to future events in the text are based on judgments made by the Company at the end of the quarterly consolidated accounting period.

The Japanese economic outlook for the first quarter of the fiscal year ending February 2023 remains uncertain in the face of the rapid depreciation of the yen and rising commodity prices as concerns of a protracted conflict in Ukraine persist. While efforts to boost vaccination rates and other measures have restored some semblance of normality in socio-economic activities, the situation concerning the impact of COVID-19 remains unpredictable, with infection rates rising due to the omicron variant.

With regard to the education system in Japan, Japan's new school curriculum guidelines for junior high schools were implemented across the board in FY2021, and the new school curriculum guidelines for high schools were implemented beginning in FY2022. This transition in the education system has further accelerated the shift to online learning, which was already in high demand as a result of COVID-19, and has increased the need for digital learning materials that facilitate the effective learning of curriculum subjects. The prep school market also needs to adopt a flexible, rapid response to these changes, and is faced with intensifying competition between participants, including new entrants from other industries.

Amidst these circumstances, we have looked to provide teaching services closely aligned to individual customer needs based on our core corporate philosophy: The confidence that you can do it if you try; The joy of taking on a new challenge; The importance of having dreams - With these three educational ideals and hospitality as the linchpin of our corporate activities, we shall contribute to a happy future for humanity.

During the first quarter of the fiscal year ending February 2023, we were impacted by the new variant strain of the novel coronavirus, omicron. While prioritizing the safety and security of students and employees alike above all else by ensuring that infectious disease control measures were stringently followed, we strived to help our students achieve their learning goals. In terms of new business activities, with the increased shift toward online learning, we began trials of the 1online business for online individualized teaching.

Our competitive advantage is in our “business of ‘Creating Shared Value’ with university students”, a business process that serves as the foundation for our business activities. A key initiative under this arm of our business is the TEACHERS’ SUMMIT Annual Class Plan, which has primarily been held online since 2020, and is continually being improved upon. In March 2022, the nation-wide general meeting TEACHERS’ SUMMIT 2022 was held, with around 5,000 participants, primarily teachers in attendance.

In terms of school expansion, we continued to look to open dominant schools focused primarily on metropolitan centers as part of efforts to bolster the strength of our brand in regional areas to further expand the business. In June 2022, we opened two Tokyo Individualized Educational Institute schools (TIEI) in Tokyo, the Ikegami School and the Kagurazaka School.

While student recruitment weakened somewhat due to the extended impact of the omicron strain of COVID-19, the average number of enrolled students for the 1Q of the fiscal year ending February 2023 was 29,495 (up 0.2% year-on-year) due to the strong rate at which students re-enrolled to continue their studies at our schools in the new school year based on the student-oriented, high quality educational service we provide.

As a result of the above, while the average number of enrolled students for the period slightly exceeded the previous year, net sales for 1Q of the fiscal year ending February 2023 fell by 74 million yen (1.7%) year-on-year to 4,248 million yen due to changes in student ratios for the school year and a decline in new enrollments.

While steps were taken to optimize teacher placements, operating losses were 826 million yen (compared to an operating loss of 621 million yen in same quarter of the previous fiscal year) due to a drop in earnings due to reduced revenues, an increase in depreciation and amortization expenses pertaining to the redevelopment of the student placement system, and the corresponding increase in operating and maintenance costs, and increases in advertising expenses. Ordinary losses were 825 million yen (compared to an ordinary loss of 620 million yen in same quarter of the previous fiscal year), and quarterly net losses attributable to owners of the parent company were 487 million yen (compared to quarterly net losses attributable to owners of the parent company of 451 million yen in same quarter of the previous fiscal year).

Due to the nature of the education business, the net sales of the Company increase in the second and fourth quarters of the consolidated fiscal year during which time summer and winter courses are held. Conversely, seasonal factors in the first quarter of the fiscal year tend to result in temporary losses caused by concentrated investment in student recruitment and other promotional activities held ahead of the new school year.

Further, the main line of business for our Group is the individualized teaching business. Net sales, segment profit, and other totals have been omitted for other business lines as these represent a small fraction of total earnings.

## (2) Explanation of Financial Standing

### [Assets]

Total assets at the end of the first quarter of the current fiscal year were 10,127 million yen, a 2,552 million yen (20.1%) decline from the end of the previous fiscal year.

Current assets were at 5,274 million yen, a 2,882 million yen (35.3%) decline from the end of the previous fiscal year. Although “other” current assets increased by 115 million yen, this decline is primarily attributed to a decrease of 2,754 million yen in cash and deposits, and a 239 million yen decline in accounts receivable.

Tangible fixed assets were 807 million yen, a 4 million yen (0.5%) increase from the end of the previous fiscal year. This increase was primarily due to new school openings and the replacement of equipment at existing schools.

Intangible fixed assets were 1,785 million yen, a 56 million yen (3.3%) increase from the end of the previous fiscal year. This increase was primarily due to capital investments in development of a student placement system and a billing platform system.

Investments and other assets were 2,259 million yen, a 269 million yen (13.5%) increase from the end of the previous fiscal year. This increase was primarily caused by an increase of 6 million yen as a security deposit for new school openings, and a further 262 million yen for “other” activities.

### [Liabilities]

Total liabilities at the end of the first quarter of the current fiscal year were 2,703 million yen, a 1,359 million yen (33.5%) decline from the end of the previous fiscal year. This decline was primarily caused by a decrease in accrued tax payable, etc. of 780 million yen, and other decreases of 654 million yen, which outweighed an increase of 70 million yen in the reserve for bonuses.

### [Net assets]

Net assets at the end of the first quarter of the current fiscal year were 7,424 million yen, a 1,192 million yen (13.8%) decline from the end of the previous fiscal year. This decline was the result of surplus dividend payments of 705 million yen, and quarterly net losses attributable to owners of the parent company totaling 487 million yen.

## (3) Explanation of the Forecast of Consolidated Business Results and other Future Forecasts

With regard to the forecast of consolidated business results for the term ending February 2023, there have been no changes to the forecast of consolidated business results announced for the full year in the Summary of Business Results for the Year Ended February 28, 2022 [Japan GAAP] (Consolidated) disclosed April 12, 2022.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: Thousands of yen)

	Previous consolidated fiscal year (February 28, 2022)	First quarter consolidated accounting period (May 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	7,103,309	4,348,988
Accounts receivable	586,225	346,485
Inventories	35,574	33,841
Other	441,027	556,638
Allowances for bad debts	(9,057)	(11,090)
Total current assets	8,157,080	5,274,864
Fixed assets		
Tangible fixed assets	803,179	807,373
Intangible fixed assets		
Goodwill	184,000	178,888
Other	1,545,628	1,606,992
Total intangible fixed assets	1,729,628	1,785,881
Investments and other assets		
Lease and guarantee deposits	1,601,797	1,608,493
Other	388,225	650,789
Total investments and other assets	1,990,022	2,259,282
Total fixed assets	4,522,831	4,852,537
Total assets	12,679,911	10,127,402
<b>Liabilities</b>		
Current liabilities		
Accounts payable	8,357	13,310
Accrued tax payable, etc.	823,548	42,729
Reserve for bonuses	116,244	186,721
Reserve for officer bonuses	20,790	20,790
Reserve for shareholder benefits	86,842	86,842
Other	2,980,613	2,325,803
Total current liabilities	4,036,397	2,676,197
Fixed liabilities		
Other	26,852	27,070
Total fixed liabilities	26,852	27,070
Total liabilities	4,063,249	2,703,268
<b>Net assets</b>		
Shareholder's equity		
Capital	642,157	642,157
Capital surplus	1,013,565	1,013,565
Retained earnings	6,944,447	5,751,472
Treasury stock	(121)	(121)
Total shareholder's equity	8,600,048	7,407,073
Minority interest	16,613	17,059
Total net assets	8,616,662	7,424,133
Total liabilities and net assets	12,679,911	10,127,402



## (2) Quarterly Consolidated Statements of Operations and Quarterly Statement of Comprehensive Income

## Quarterly Consolidated Income Statements

First quarter consolidated cumulative period

(Unit: Thousands of yen)

	Previous first quarter consolidated cumulative period (March 1, 2021 to May 31, 2021)	Current first quarter consolidated cumulative period (March 1, 2022 to May 31, 2022)
Net sales	4,322,505	4,248,251
Cost of goods sold	3,322,382	3,280,123
Gross profit	1,000,123	968,128
Selling, general and administrative expenses	1,621,601	1,794,462
Operating loss	(621,478)	(826,334)
Non-operating income		
Interest income	1	1
Gain on disposal of unpaid dividends	339	247
Subsidy income	–	285
Gain on bad debts recovered	900	717
Other	41	4
Total non-operating income	1,282	1,255
Ordinary loss	(620,195)	(825,078)
Quarterly losses before income taxes	(620,195)	(825,078)
Corporate income, inhabitant and enterprise taxes	19,135	(86,329)
Adjustment of corporate taxes, etc.	(188,470)	(252,007)
Total accrued tax payable	(169,335)	(338,336)
Quarterly net losses	(450,860)	(486,742)
Quarterly net income attributable to minority interests	147	446
Quarterly net losses attributable to owners of the parent company	(451,008)	(487,188)

Quarterly statement of comprehensive income

First quarter consolidated cumulative period

(Unit: Thousands of yen)

	Previous first quarter consolidated cumulative period (March 1, 2021 to May 31, 2021)	Current quarter consolidated cumulative period (March 1, 2022 to May 31, 2022)
Quarterly net losses	(450,860)	(486,742)
Quarterly comprehensive income	(450,860)	(486,742)
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent company	(451,008)	(487,188)
Quarterly comprehensive income attributable to minority interests	147	446

### (3) Notes Concerning Quarterly Consolidated Financial Statements

(Notes Regarding the Company as a Going Concern)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, dated March 31, 2020) was applied from the beginning of the first quarter of the fiscal year ending February 2023. Under this change, monetary amounts expected to be received in exchange for goods and services are recognized as revenue at the moment control of the promised goods and services is transferred to the customer.

While the Accounting Standard for Revenue Recognition has been applied in accordance with the provisions on transitional handling prescribed in the provision to paragraph 84 of the Accounting Standard for Revenue Recognition, said application does not affect the balance of retained earnings at the beginning of the first quarter of the fiscal year ending February 2023. Further, this change does not affect profit and loss statements for the first quarter of the fiscal year ending February 2023.

With the application of the Accounting Standard for Revenue Recognition, "advances received", which had previously been listed under "other" in "current liabilities" in the consolidated balance sheet for the previous consolidated fiscal year, is now included in "other" under "current liabilities" as a "contractual liabilities".

(Application of the Accounting Standard for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, dated July 4, 2019) was applied from the beginning of the first quarter of the fiscal year ending February 2023. The new accounting standards prescribed by the Accounting Standard for Fair Value Measurement shall be applied prospectively in accordance with the provisions on transitional handling prescribed in the provision to paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, dated July 4, 2019). Further, said changes shall have no effect on quarterly consolidated financial statements.

(Additional Information)

In the current fiscal year the Company made accounting estimates for impaired assets, including goodwill and other fixed assets, and the retrievability of deferred tax assets based on the assumption that the novel coronavirus pandemic would not pose a significant impact. However, there remains the potential for future losses should the above supposition fail to materialize.

(Segment Information, etc.)

[Segment Information]

The main line of business for our Group is the individualized teaching business. Net sales, segment profit, and other totals have been omitted for other business lines as these represent a small fraction of total earnings.

### 3. Other Notes

#### Circumstances Concerning Orders Received, Sales, and Production

(1) Production and orders received

The Group is primarily involved with providing classes to students, and does not record production and orders received.

(2) Sales

Sales performance by segment for the current first quarter consolidated cumulative period is as follows:

Segment name	Current first quarter consolidated cumulative period		
	Net sales (thousands of yen)	Composition ratio (%)	Year-on-year comparison (%)
Individualized teaching			
Primary school students	515,741	12.1	104.2
Junior high school students	1,493,420	35.2	101.1
High school students	2,138,633	50.3	94.7
Total individualized teaching	4,147,795	97.6	98.0
Other business total	100,455	2.4	109.2
Total	4,248,251	100.0	98.3

(Note) Other business activities include science labs, writing classes, online individualized learning, and corporate human resource development activities provided by HRBC Co., Ltd.