

Earnings Briefing Materials for 2Q/FY2022

Tokyo Individualized Educational Institute, Inc.

October 11, 2022

Today's Agenda

- 1. Summary of Earnings for 2Q/FY2022**
- 2. Market Environment and Future Direction**
- 3. Q&A**



Summary of Earnings for 2Q/FY2022

Tokyo Individualized Educational Institute, Inc.
Director and General Manager of the Financial and Accounting Department
Takeharu Tsutsumi

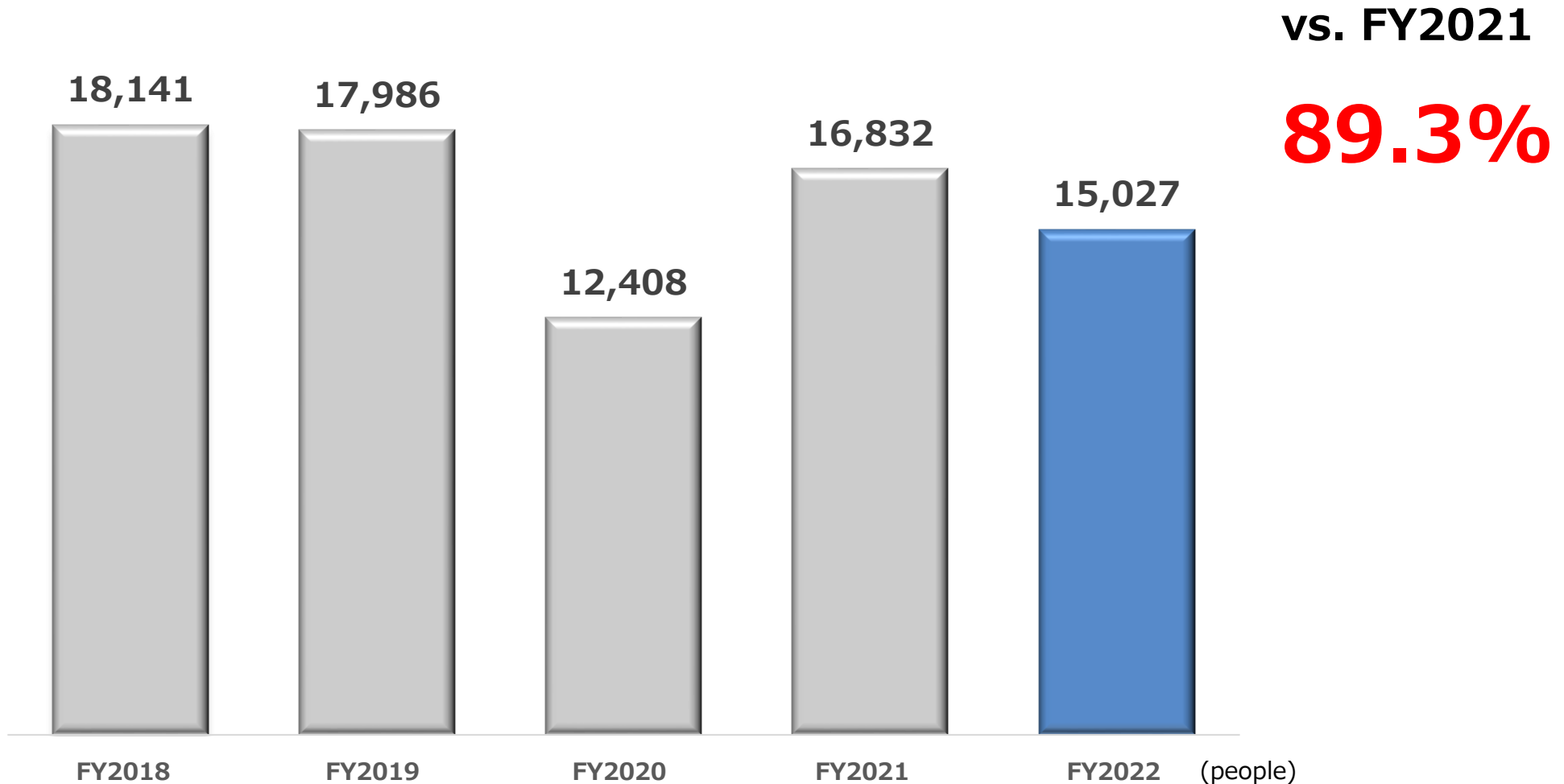
1H/FY2022 Consolidated P/L

(Millions of yen)

	2021 March to August	2022 March to August	Change	Change %
Net sales	10,890	10,472	-417	-3.8%
Cost of sales	7,079	6,974	-104	-1.5%
Cost of sales ratio	65.0%	66.6%	1.6Pt	-
Gross profit	3,810	3,497	-313	-8.2%
Gross profit ratio	35.0%	33.4%	-1.6Pt	-
SG&A	3,114	3,425	310	10.0%
SG&A ratio	28.6%	32.7%	4.1Pt	-
Operating income	695	71	-623	-89.7%
Operating income margin	6.4%	0.7%	-5.7Pt	-
Net income attributable to parent company	427	88	-339	-79.4%

Reached only 89.3% vs. FY2021

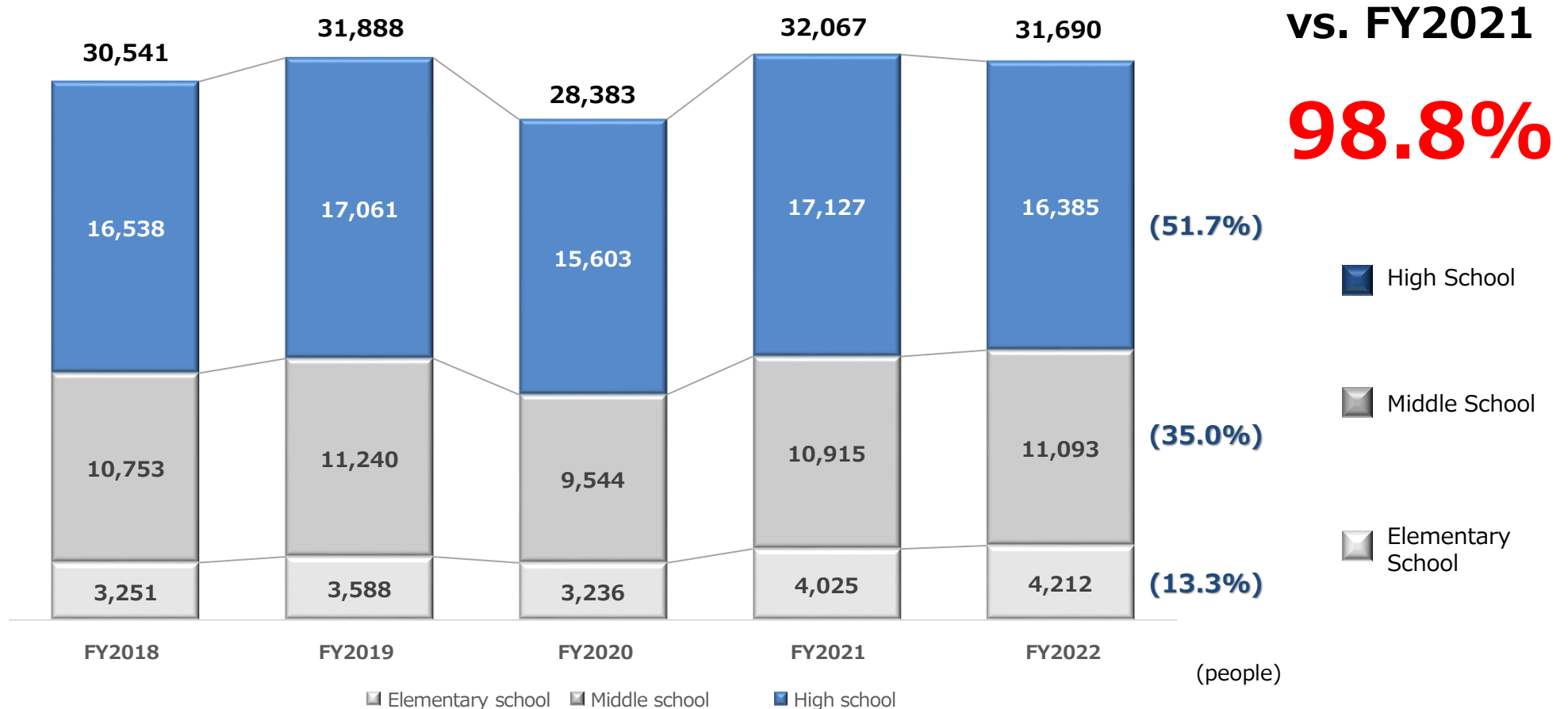
[First-Half Transitions in Student Enrollment Numbers]



*Students enrolled in individualized teaching

Elementary and middle school enrollment was firm but we faced issues with high school students

[2Q average number of students (by student category)]



2Q/FY2022 average enrollment numbers (vs. FY2021):
High School: 95.7%; Middle School 101.6%; Elementary School 104.6%

*Students enrolled in individualized teaching

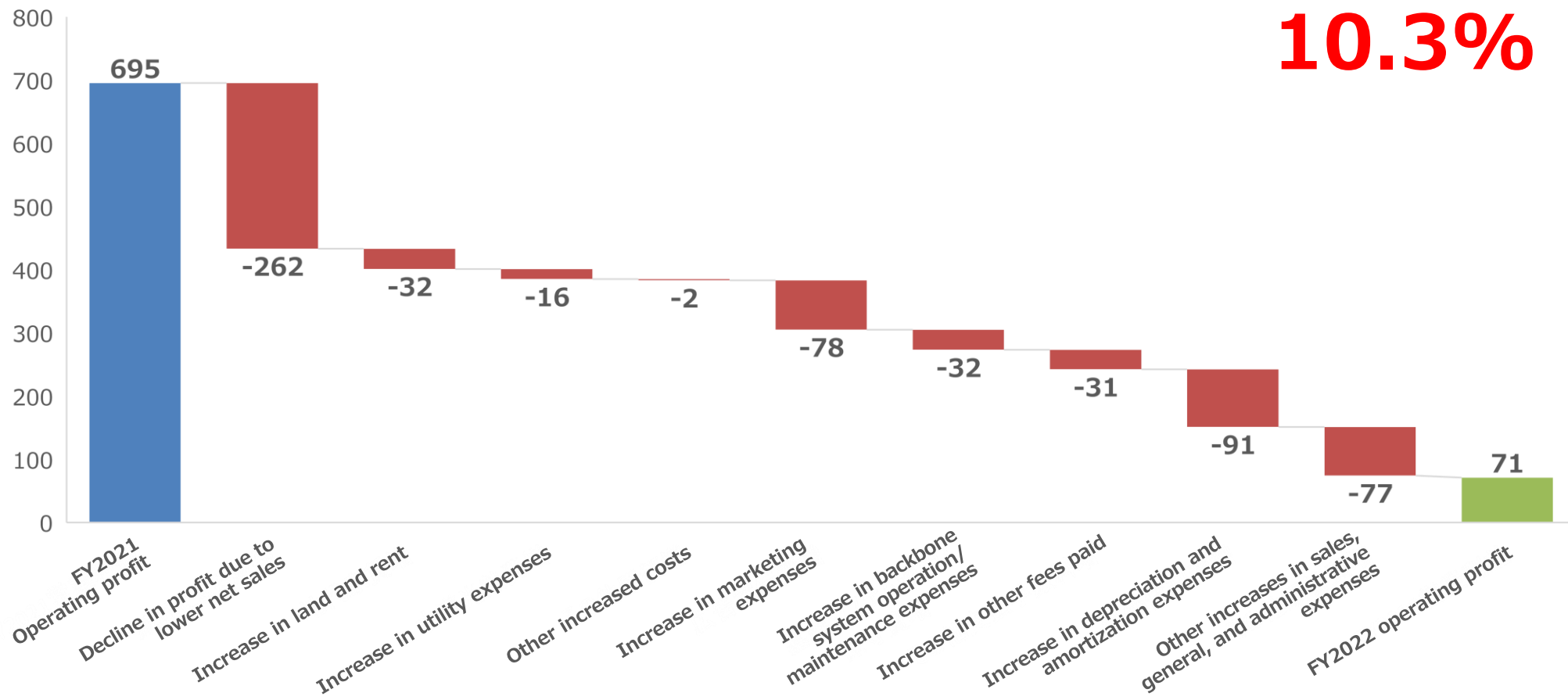
SG&A increased on higher marketing expenses and expenses related to IT investments

[2Q/FY2022 Analysis of increases/decreases in profit]

vs. FY2021

10.3%

(Millions of yen)

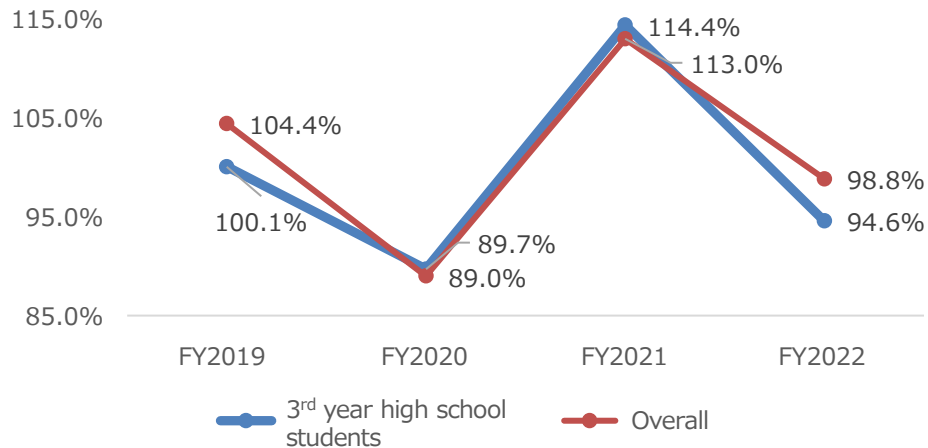


Factors leading to decreased sales are enrollment and unit price

Factor 1: Decrease in enrollment

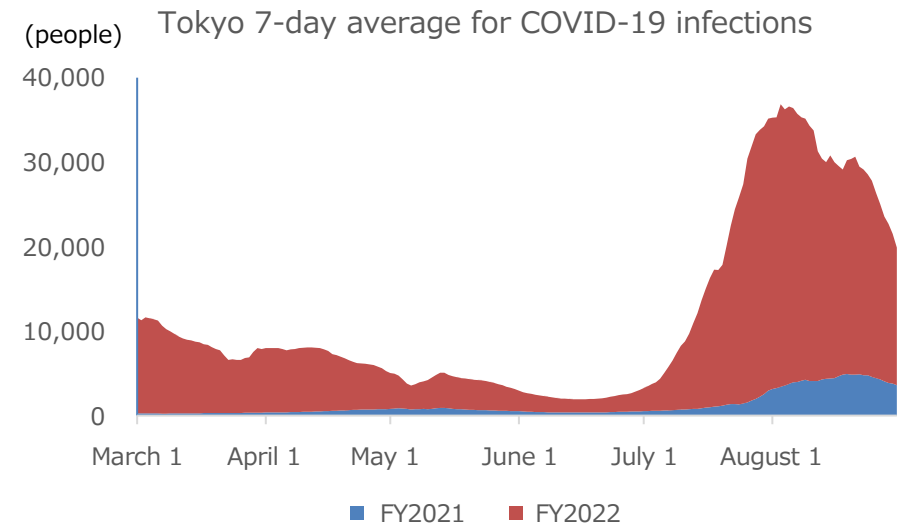
Drop in 3rd year high school students was particularly high

[Mar. to Aug. average number of students]
transition vs. previous years



Factor 2: Poor course performance

Cancellations increased with increase in COVID infections

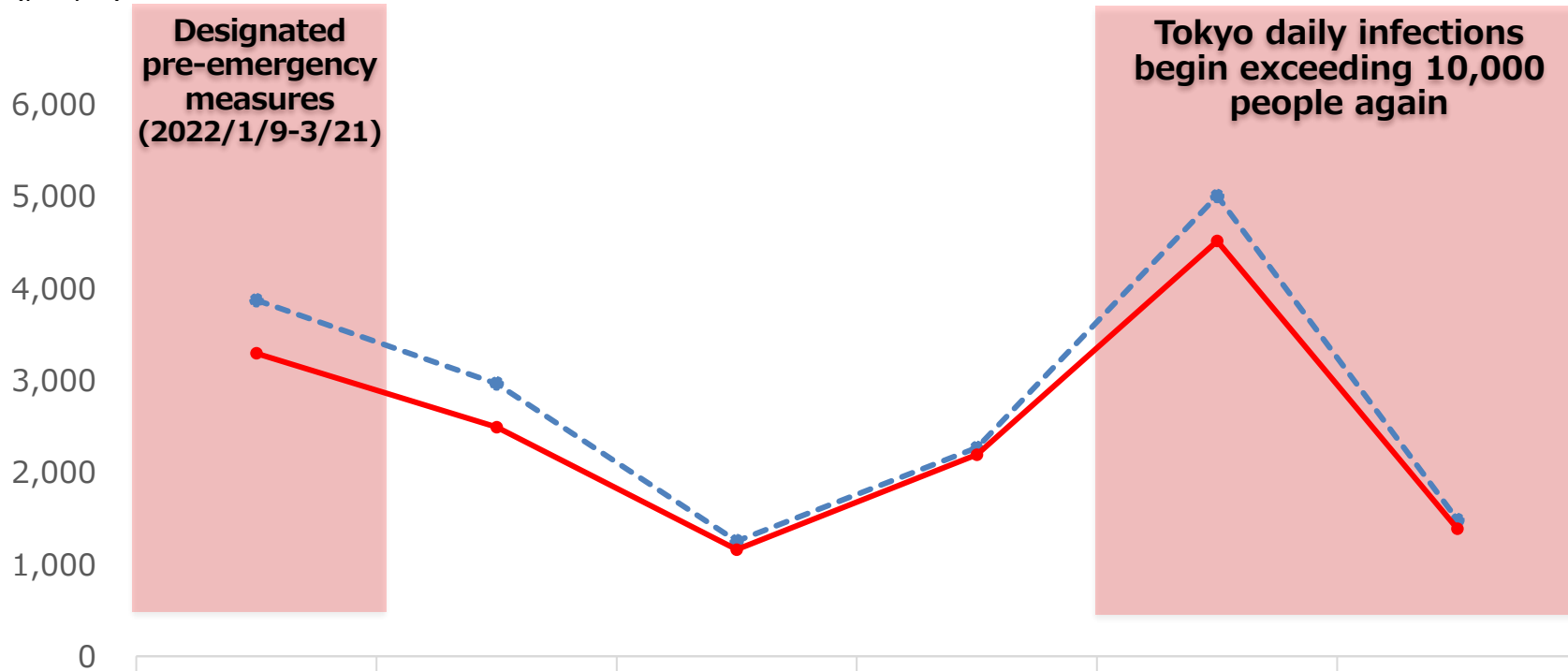


Source: Created using data from Tokyo COVID-19 infection response website

Enrollment decreased due to rise in number of infections

[Transitions in 2Q number of students enrolled]

(people)



	March	April	May	June	July	August	First half total
FY2021	3,869	2,963	1,252	2,265	5,003	1,480	16,832
FY2022	3,292	2,489	1,159	2,190	4,512	1,385	15,027

*Enrollment numbers for individualized teaching only

—●— FY2021

—●— FY2022

Recover from stagnant summer in 2H

1H/FY2022 issues

Loss of learning opportunities through summer courses

Increase in cancellations proportionate to increase in COVID-19 infections



2H/FY2022 initiatives

Use normal courses to recover

Use normal learning year to recover from stagnant summer and achieve goals

Use winter courses to recover

Extend normal winter course period to increase learning opportunities and aim to achieve goals for the year

Maintaining full-year forecast as September new inquiries are on a recovery trend

(Millions of yen)

	FY2021 (consolidated) Results	FY2022 (consolidated) Forecast	Change	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

No change from initial plans

	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	(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



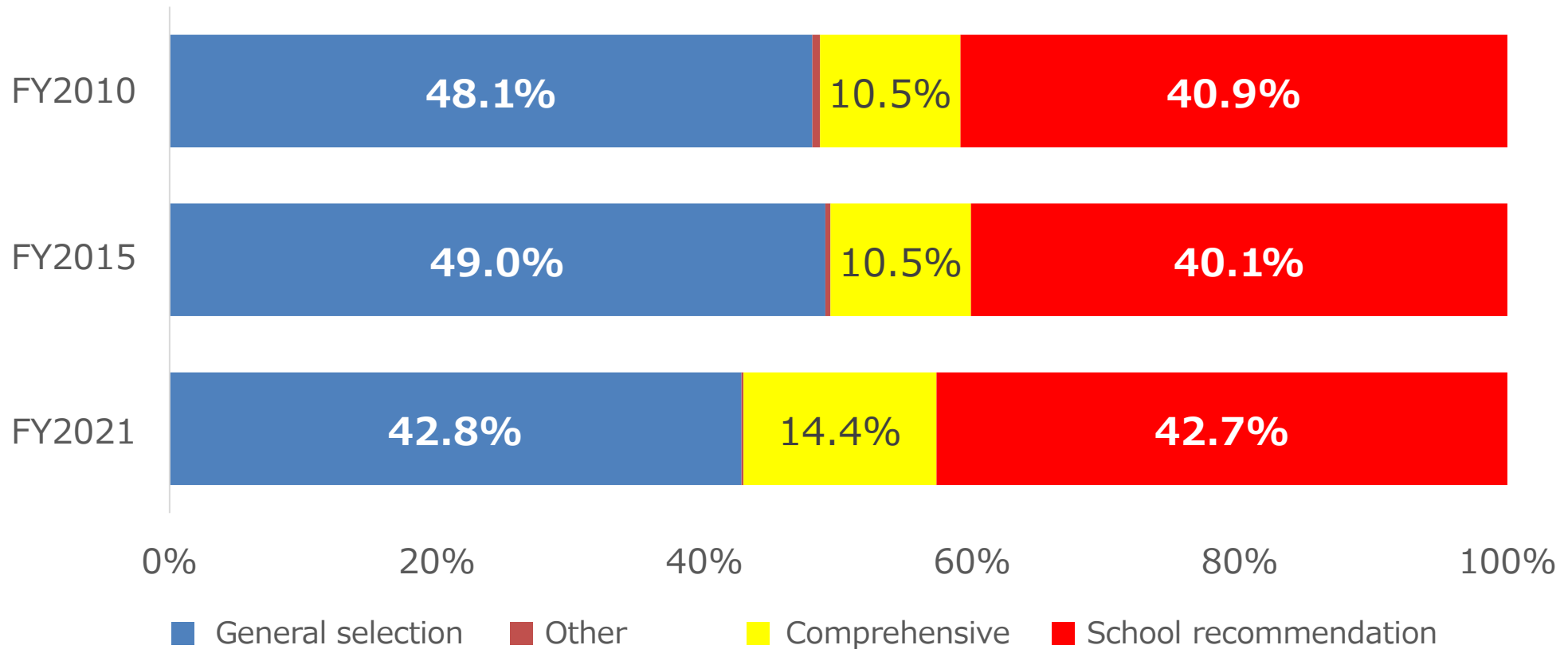
Market Environment and Future Direction

Changes in Market Environment (1)

Changes in university exam trends

Increase in private university students enrolling in based on recommendations

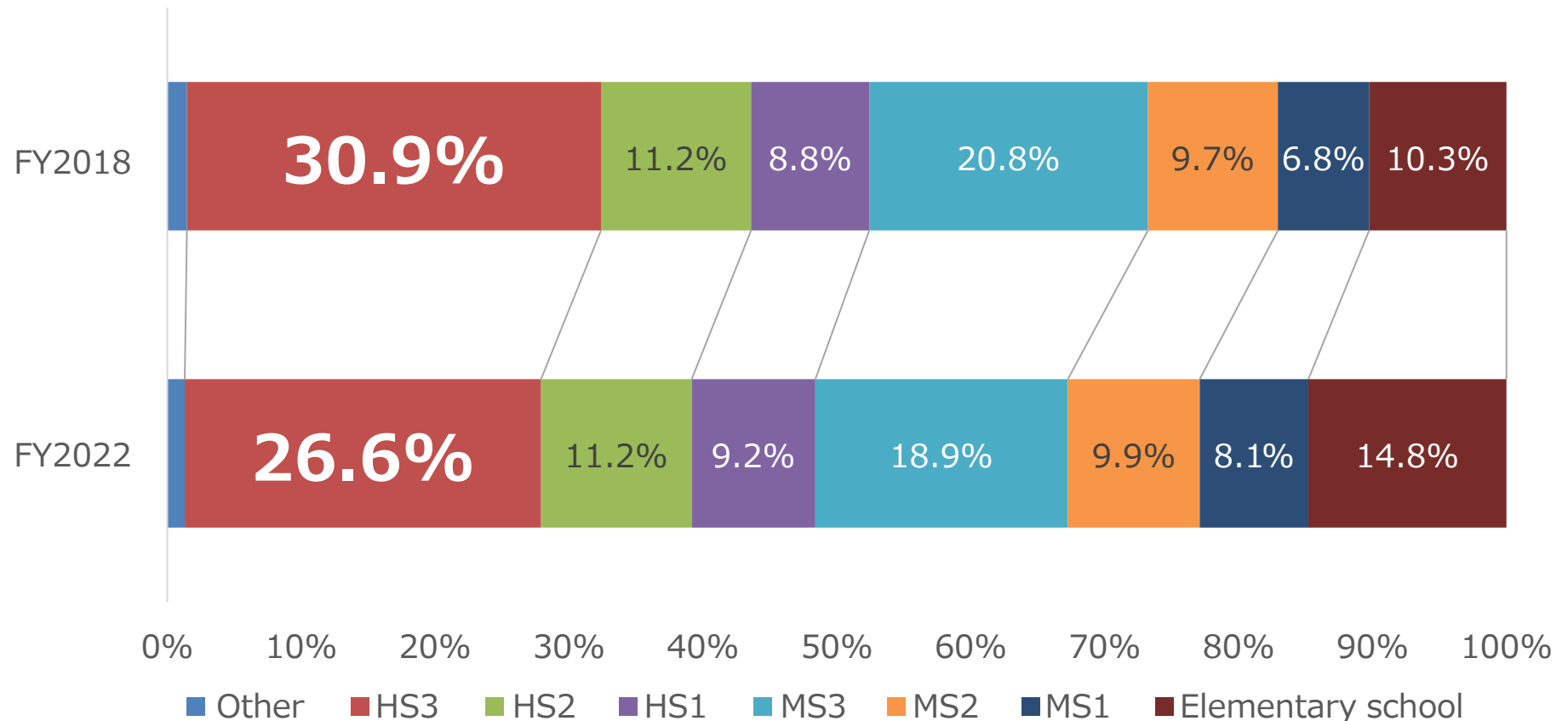
Private Universities | Student enrollment by enrollment type



Source: MEXT Status of Public/Private University Student Admissions
FY2015 Public/Private University Student Admissions
FY2011 Public/Private University Student Admissions

3rd year high school student enrollment in summer courses down to 1/4

June to August | Comparison of course enrollment by school grade



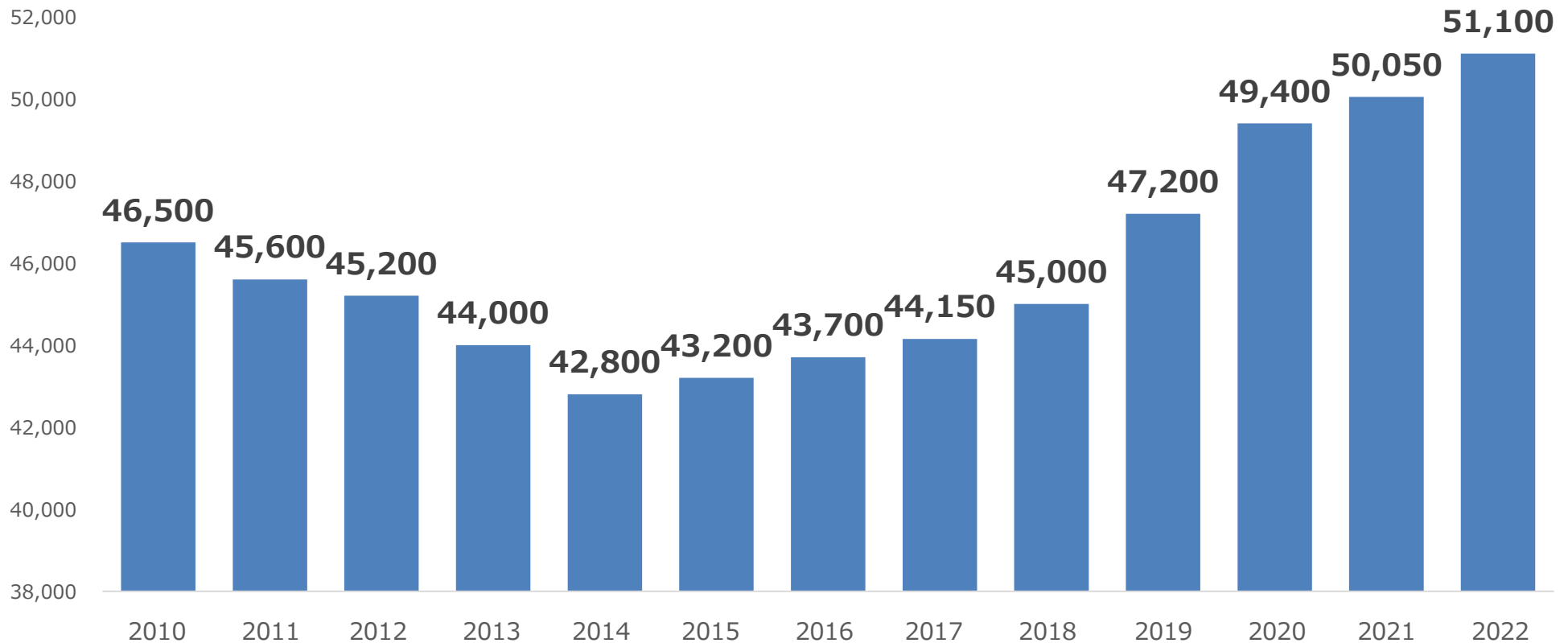
Changes in Market Environment (2)

**Growth in students planning to take
middle school entrance exams**

Tokyo Metro area students planning to take middle school entrance exams increased for 8th consecutive year

Transitions in Tokyo Metro area students taking middle school entrance exams

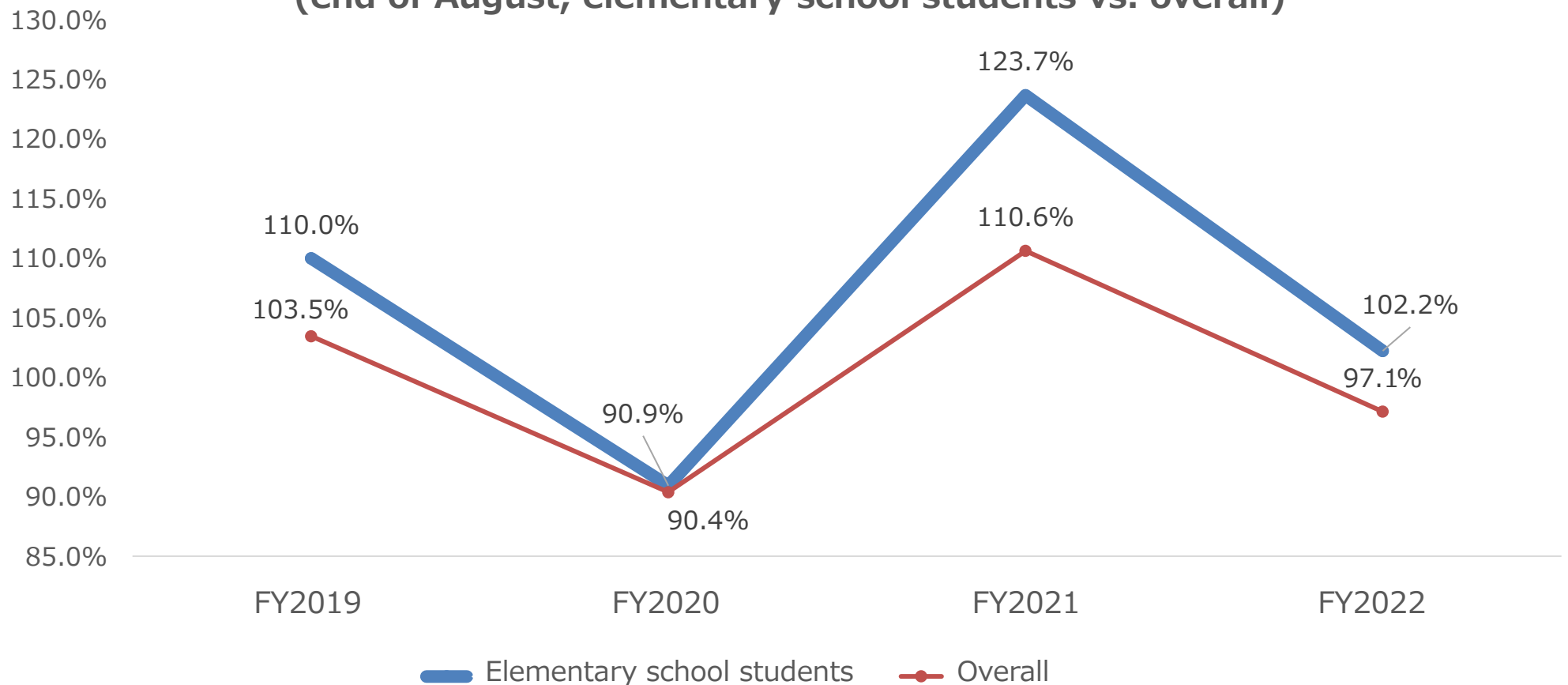
(people)



Source: Syutoken Moshi Center

Increase among elementary school students enrolled with Tokyo Individualized students outpacing other student categories

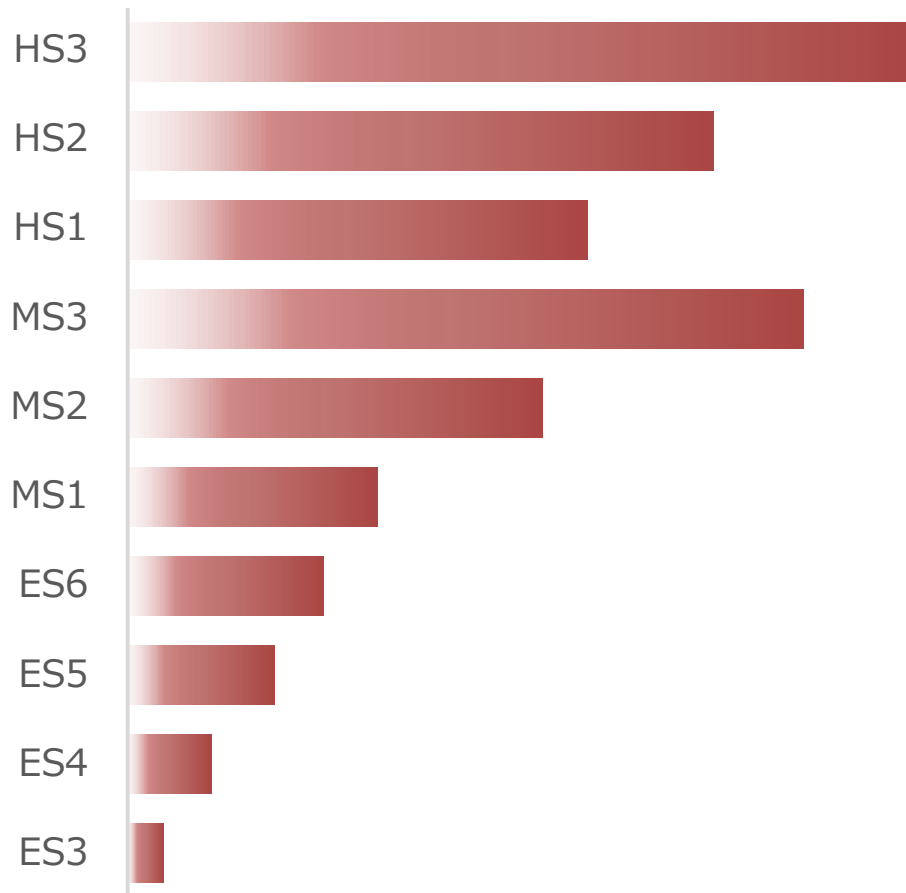
Transitions in student numbers
(end of August, elementary school students vs. overall)



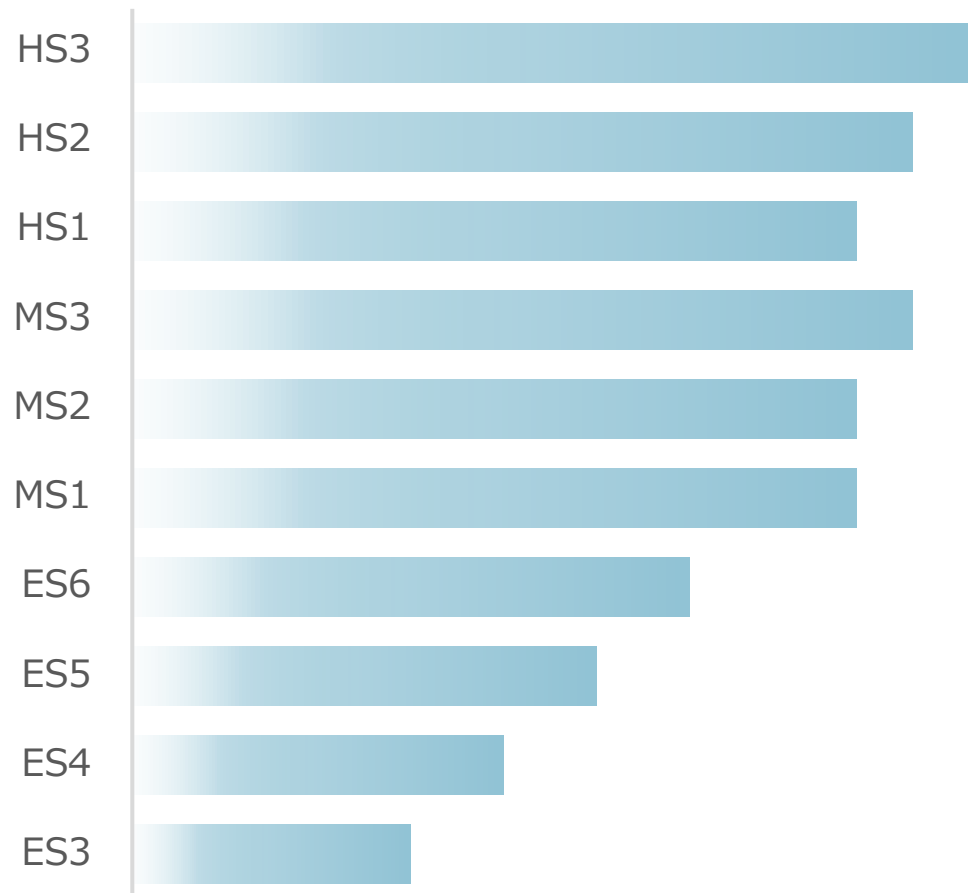
**Planning to announce new medium-term
management plan at the FY2022 earnings
briefing scheduled for April 2023**

Review enrollment composition, conduct structural reforms

Enrollment composition focused on
3rd year high school and 3rd year
middle school students



Shift to enrollment composition
that is more evenly distributed



Direction of policies

Recommendation-based enrollment Response (1)

Test-Taking Guidance from 1st and 2nd years of high school
(Evaluation average score guidance, Academic Path Guidance)

Recommendation-based enrollment Response (2)

Strengthen development of content related to paper-writing and interview preparation in response to increase in number of students accepted through recommendations

Middle school entrance exams Response

Improve guidance skills, improve learning environments

Latest development policies

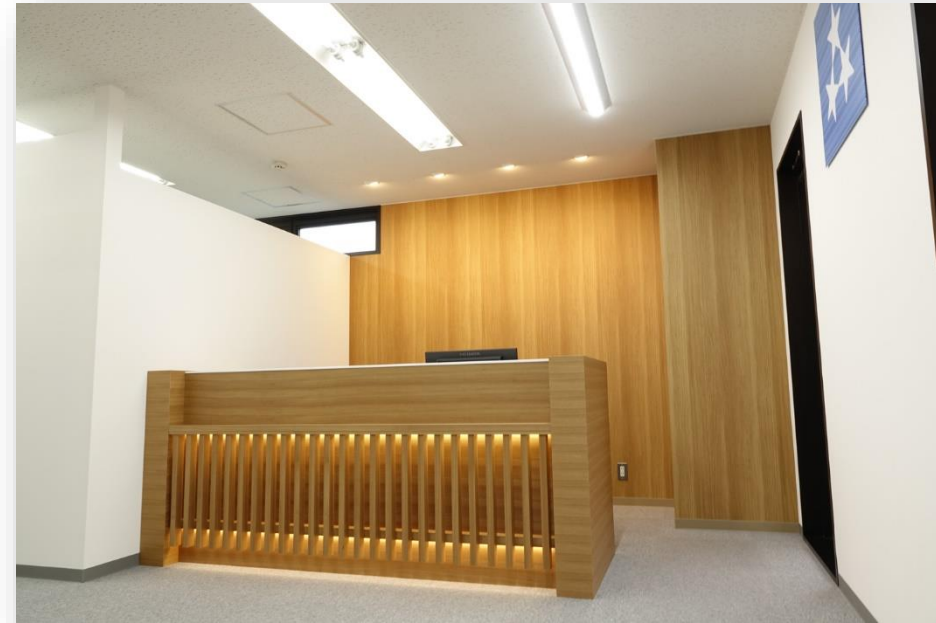
FY2022 School openings

Ikegami School (Tokyo)
June 2022

Kagurazaka School (Tokyo)
June 2022

2H/FY2022 school opening plans

Ebina School (Kanagawa Prefecture)
Planned for opening on Oct. 28, 2022



Kagurazaka School

Will evaluate future development in line with the new medium-term management plan

Concentrate resources on individualized teaching, our core business



Ended new acceptance for 1online,
for which we conducting a trial run



Concentrate resources on structural reforms to the
individualized teaching business brands,
Tokyo Individualized Educational Institute and Kansai
Individualized Educational Institute

- 1. During 2H/FY2022, strengthen proposals to recover lost learning opportunities**
- 2. Evaluate new medium-term management plan to begin in FY2023**



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