

Summary of Earnings for 2Q/FY2023

March 1, 2023 to August 31, 2023

Tokyo Individualized Educational Institute, Inc.

(TSE Prime 4745)

October 12, 2023

Today's Agenda

- 1. A Look at Earnings for 2Q/FY2023**
- 2. Message from our President and Representative Director**
- 3. 2Q Highlights**
- 4. Q&A**



A Look at Earnings for 2Q/FY2023

Tokyo Individualized Educational Institute, Inc.
Toru Osakabe, Chief Financial Officer (CFO)

2Q net sales and income grew on recovery in inquiries and increased July enrollment

(Millions of yen)

	1Q (Mar. to May)	(YoY)	2Q (Jun. to Aug.)	(YoY)	First half cumulative	(YoY)
Net sales	4,076	96.0%	6,266	100.7%	10,342	98.8%
Cost of sales	3,262	99.5%	3,589	97.2%	6,852	98.2%
Cost of sales ratio	80.0%	2.8%	57.3%	-2.1%	66.2%	-0.4%
Gross profit	814	84.1%	2,676	105.8%	3,490	99.8%
Gross profit ratio	20.0%	-2.8%	42.7%	2.1%	33.8%	0.4%
SG&A	1,853	103.3%	1,713	105.0%	3,566	104.1%
SG&A ratio	45.5%	3.2%	27.3%	1.1%	34.5%	1.8%
Operating income (loss)	-1,038	-	963	107.2%	-75	-
Ordinary income (loss)	-1,037	-	963	107.2%	-74	-
Net income (loss) attributable to parent company	-746	-	635	110.5%	-110	-

2Q (Jun. to Aug.) analysis of factors

Net sales

Net sales increased by 42 million yen YoY (100.7%)

- 3rd year high school student enrollment increased with launch of courses for mid-term university admissions
- Fee revisions implemented since May had positive effect

Cost of sales

Decreased by 104 million yen YoY (97.2%)

- Adjusted teacher salaries by optimizing course scheduling

SG&A

Net sales increased by 82 million yen YoY (105.0%)

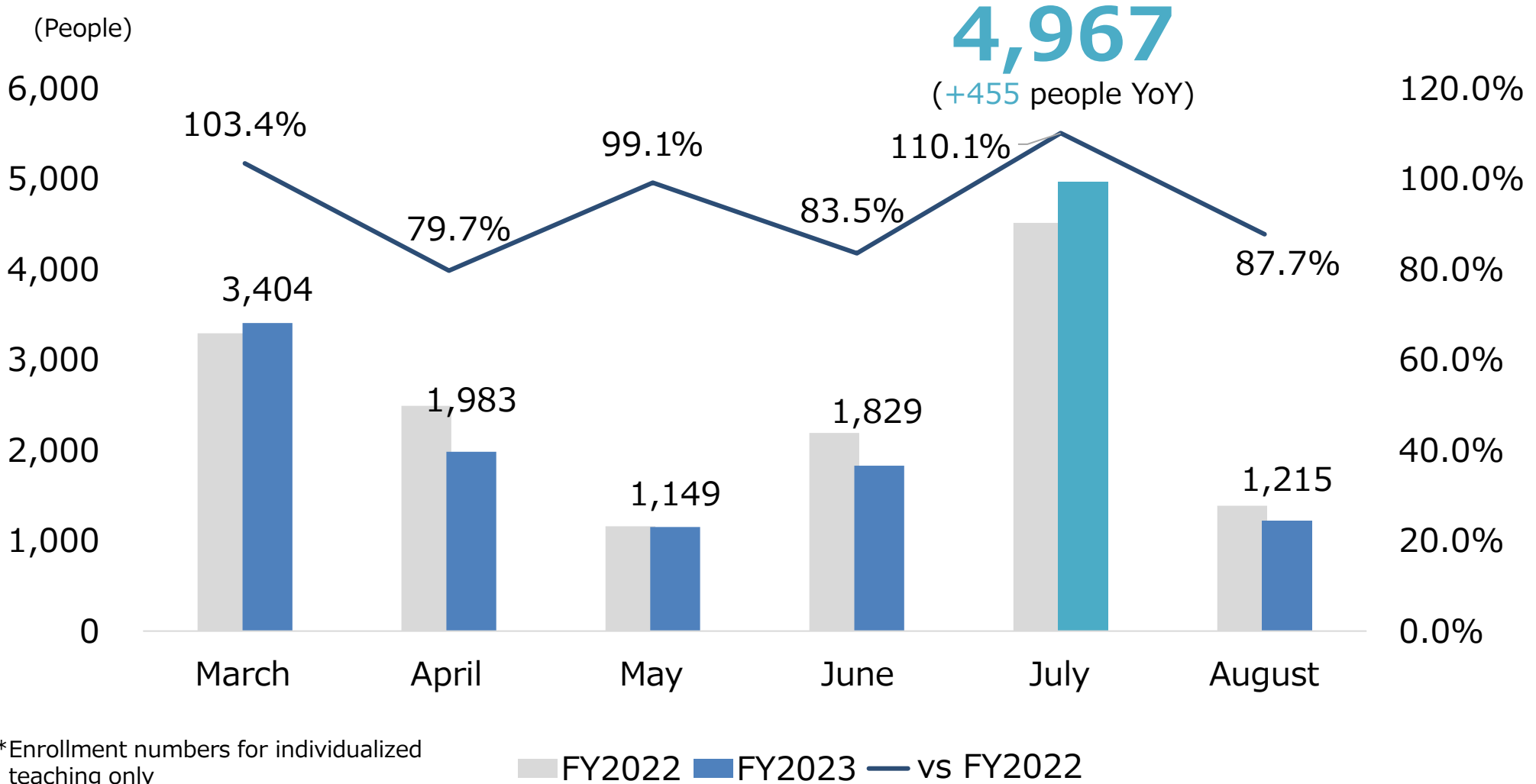
- Increase in depreciation and amortization expenses and maintenance expenses related to invoice management system
- Increased staff involved in educational affairs development (continued from 1Q)

Operating income

Net sales increased by 64 million yen YoY

Marketing reform to increase brand recognition drove significant YoY increase in summer student enrollment

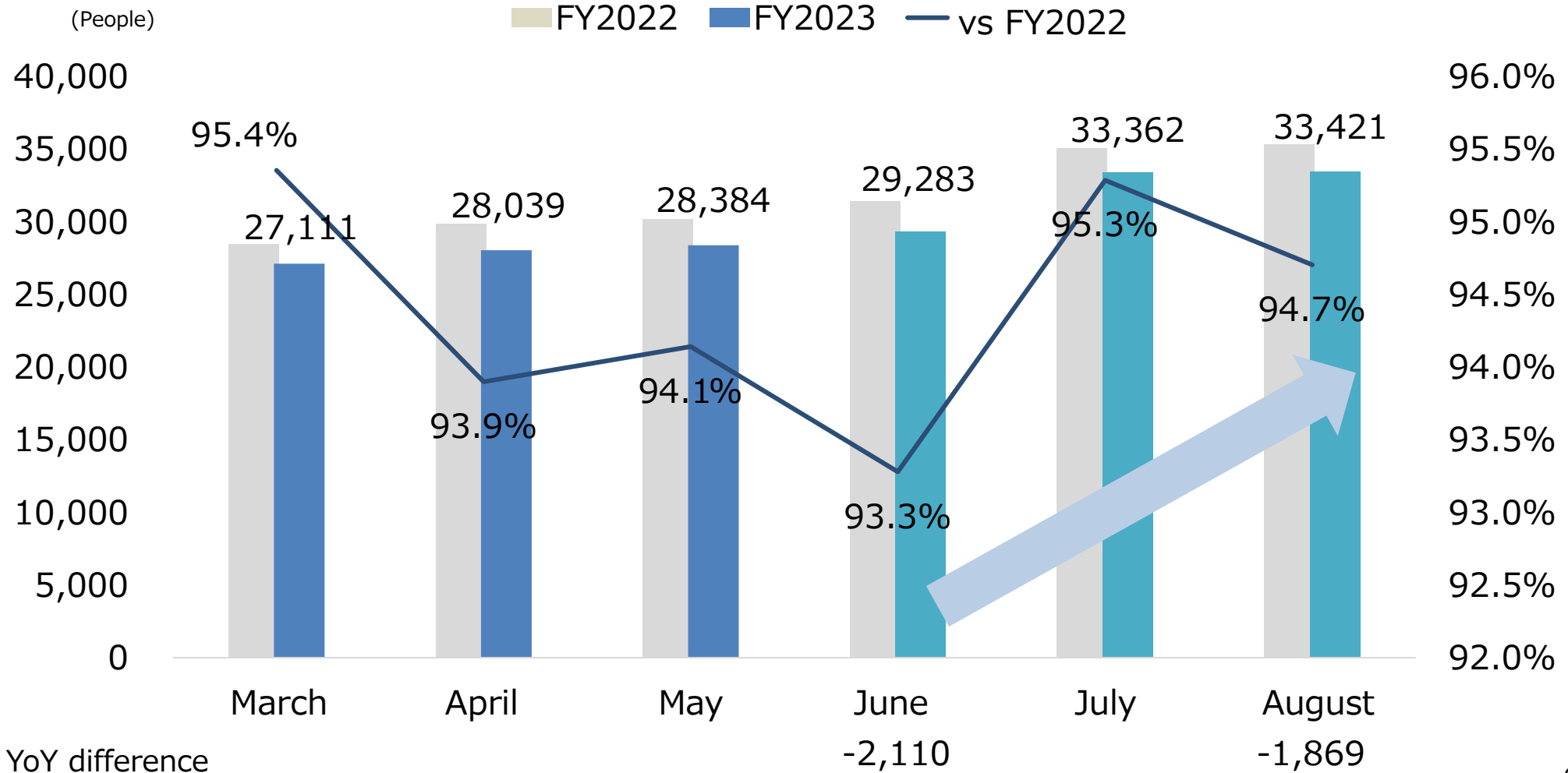
[Trends in enrollment numbers]



*Enrollment numbers for individualized teaching only

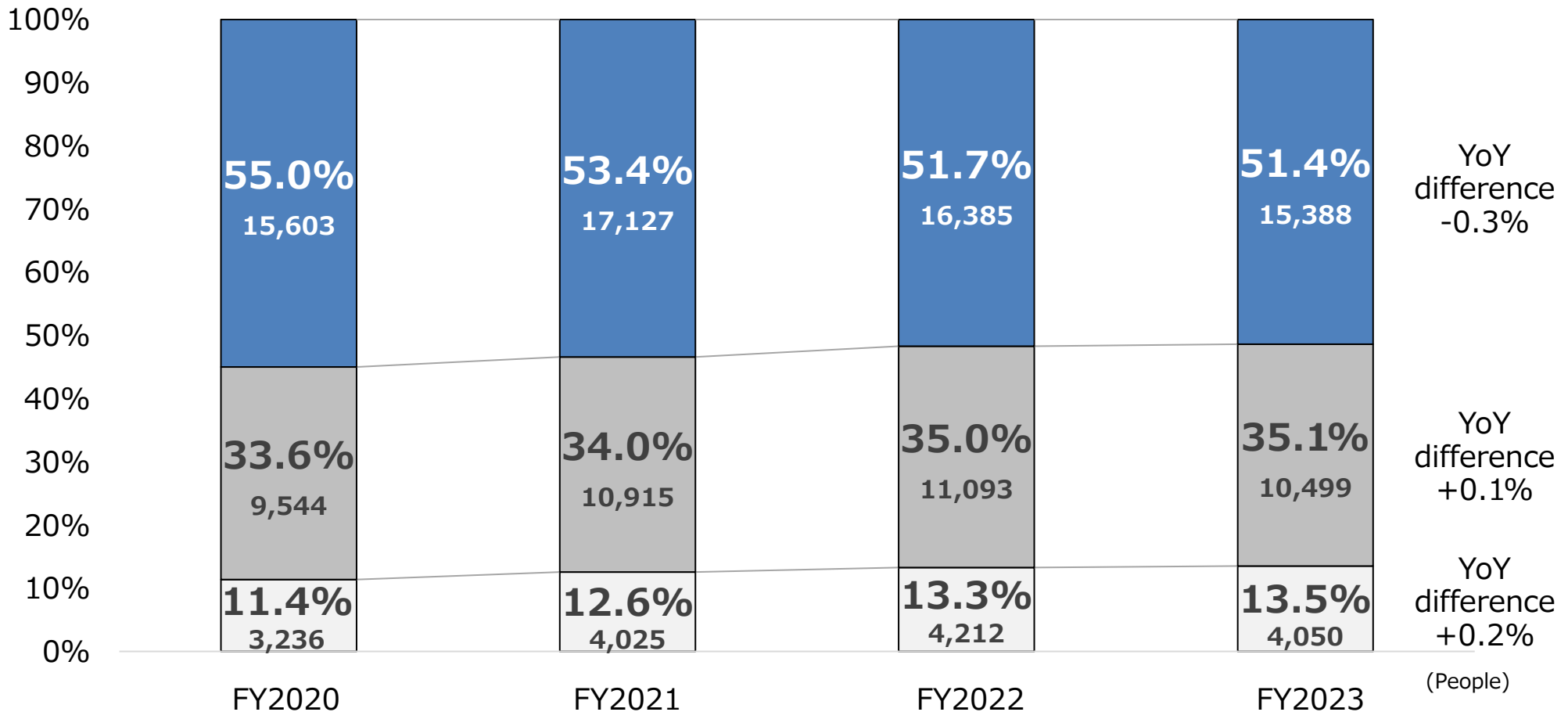
Decline trend that continued through June shifted to recovery trend from July

[Trends in end-of-month enrollment numbers]



Changes in enrollment structure settling down since last year

[1H average end-of-month enrollment numbers (by student category)]



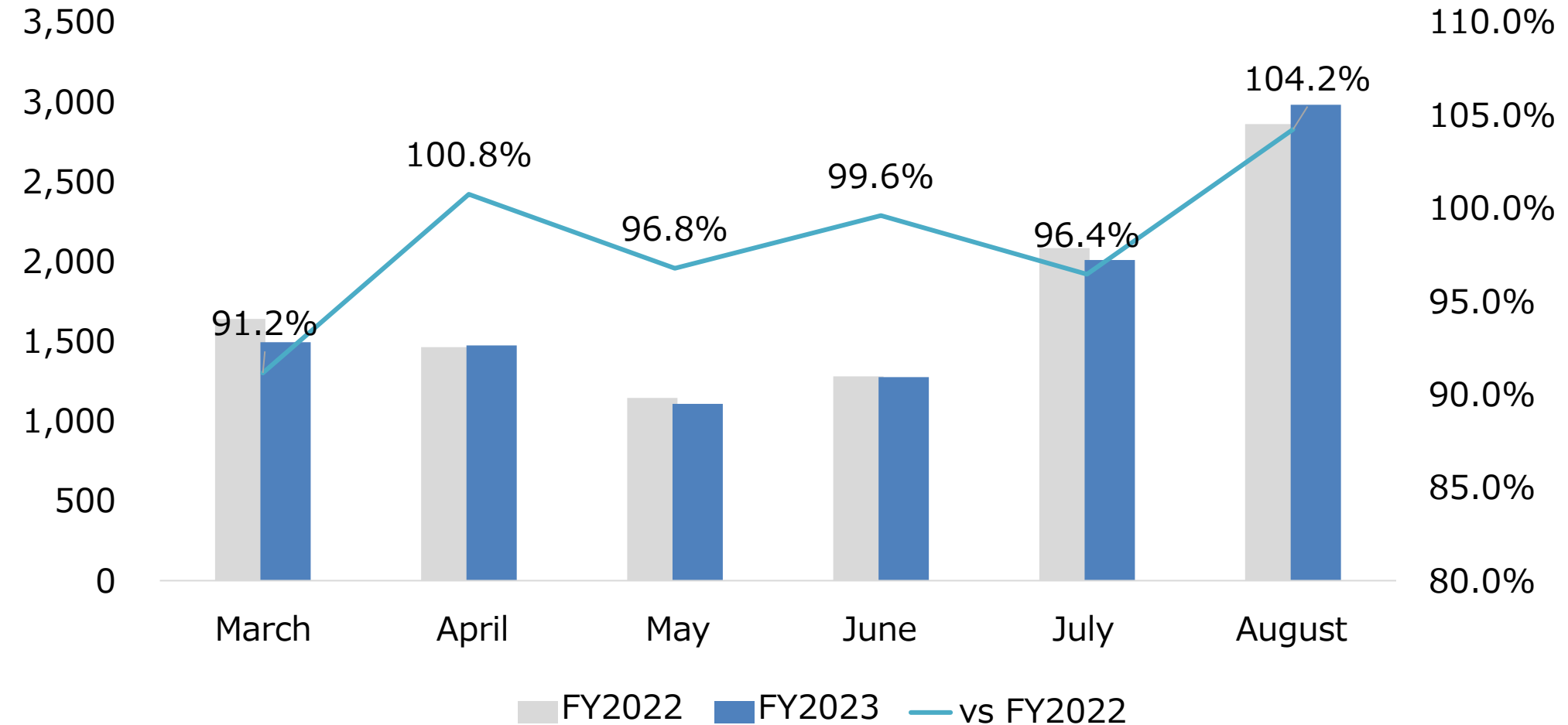
*Students enrolled in individualized teaching

Elementary School
 Middle School
 High School

August net sales increased YoY on increased July enrollment

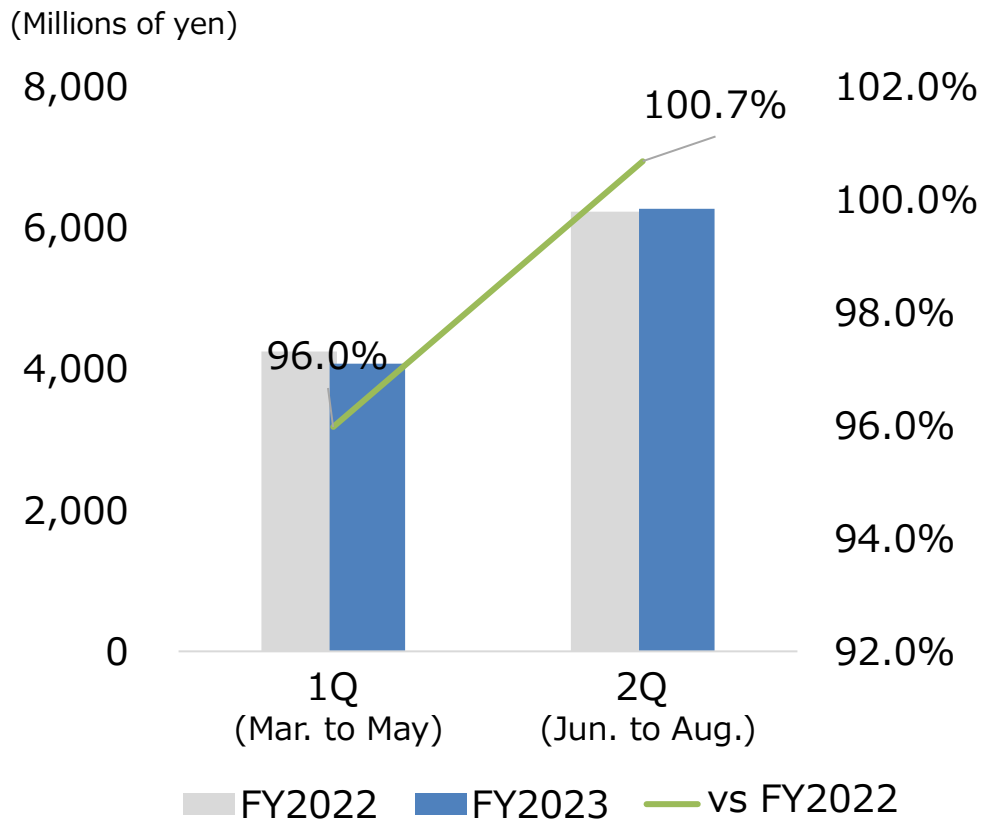
[Trends in Consolidated Net sales]

(Millions of yen)

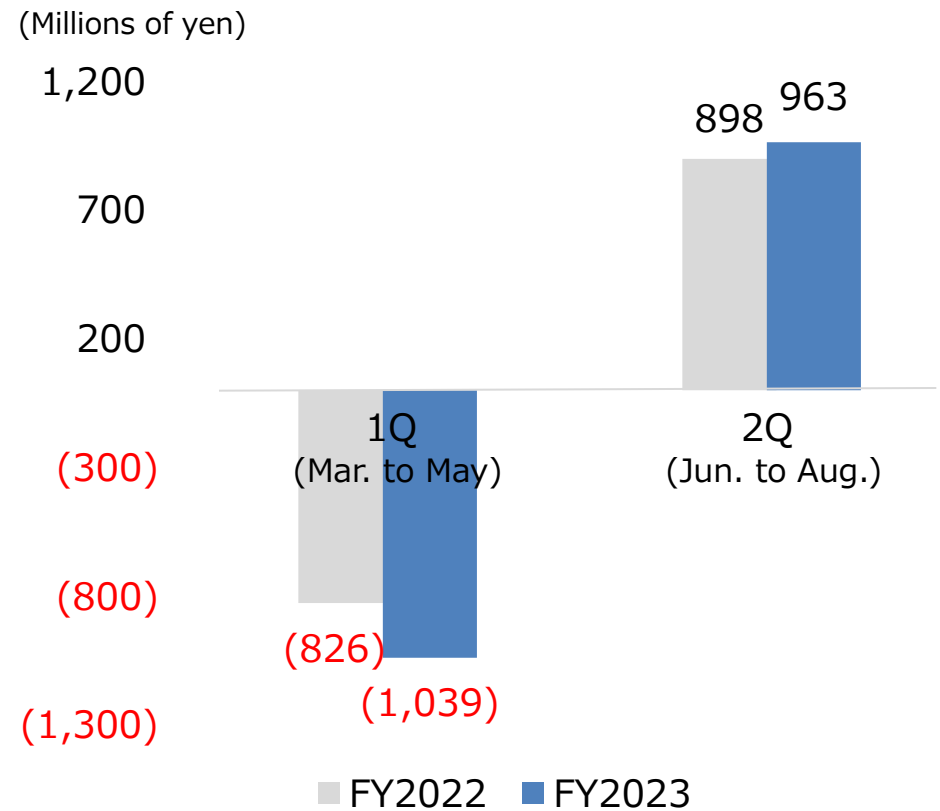


2Q net sales and operating income increased YoY

[Consolidated Net Sales by Quarter]



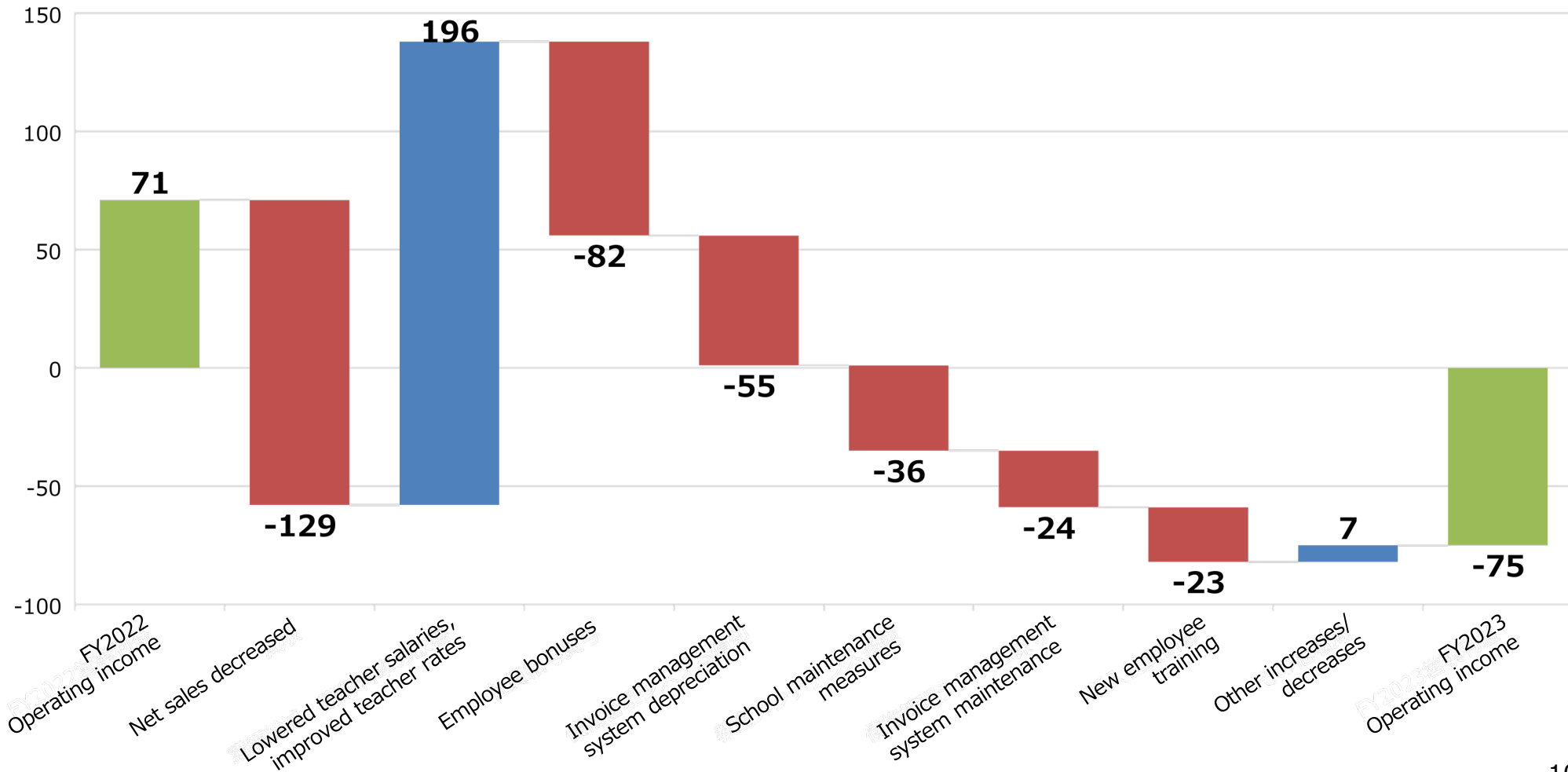
[Consolidated Operating Income by Quarter]



Adjusted teacher salaries to cover decrease in net sales. Personnel expenses increased on system-related expenses and human resource investments.

[Analysis of increases/decreases in profit]

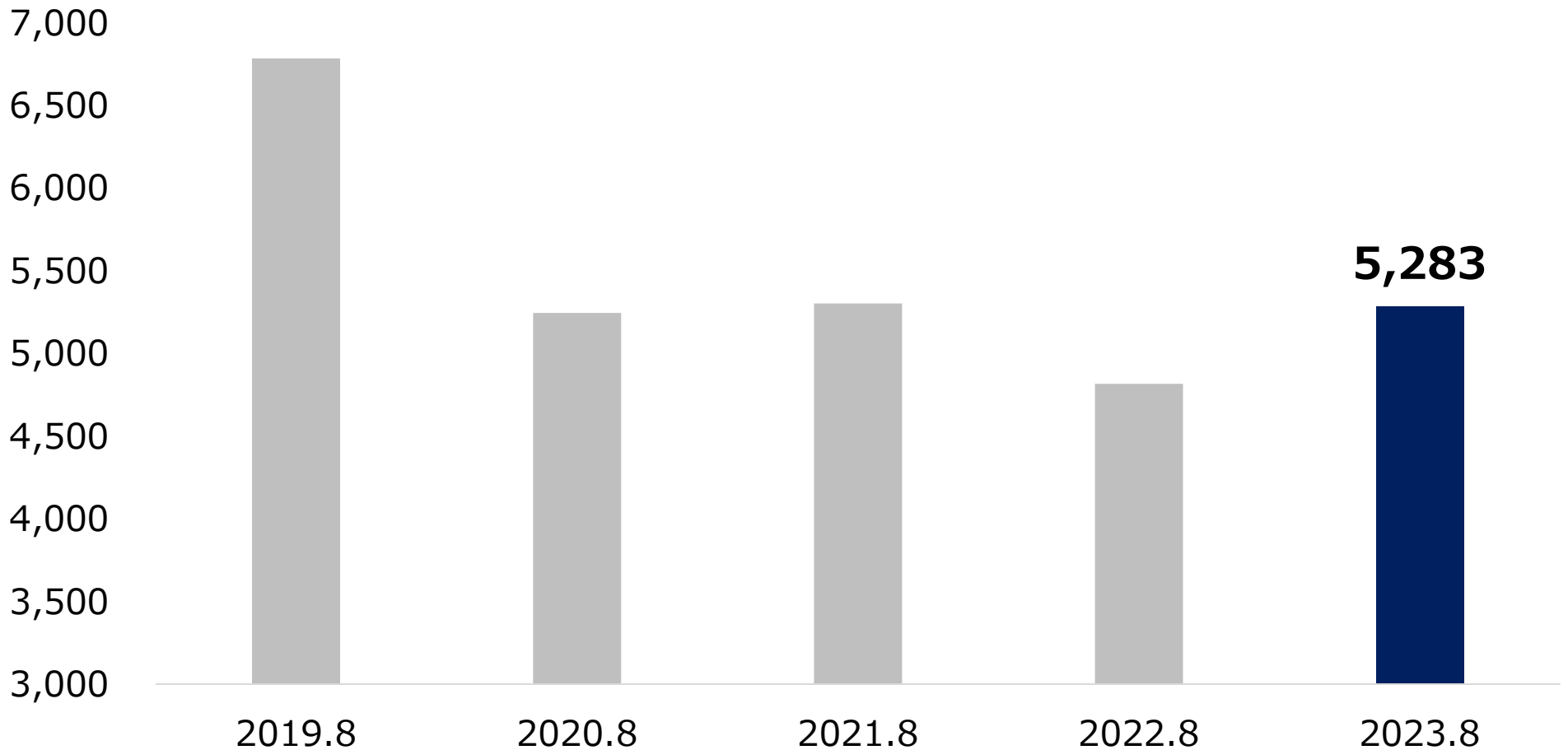
(Millions of yen)



Maintain financial stability

[Trends in end of 2Q cash and cash equivalents]

(Millions of yen)



No Change to Full-year Earnings Forecast

(Millions of yen)

	FY2023 (consolidated) Forecast	FY2022 (consolidated) Results	Change	Rate of change
Net sales	22,164	21,790	373	1.7%
Operating income	1,464	1,824	-360	-19.8%
Operating income margin	6.6%	8.4%	-1.8pt	-
Ordinary income	1,465	1,834	-369	-20.1%
Net income attributable to parent company	916	1,249	-333	-26.7%
Net income margin	4.1%	5.7%	-1.6pt	-
EPS	16.88	23.02	-6.14	-

Evaluate future business investments and financial stability while issuing dividends as planned

	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Full-year dividend	26 yen	26 yen	26 yen	23 yen	16 yen
Dividend payout ratio (consolidated)	74.4%	557.8%	89.4%	99.9%	94.8%
Mid-year dividend	13 yen	13 yen	13 yen	13 yen	(Confirmed) 8 yen
End-of-year dividend	13 yen	13 yen	13 yen	10 yen	8 yen



Message

Tokyo Individualized Educational Institute, Inc.
Hideyuki Ogaki, President and Representative Director

Profile

April 1995	Roughly 5 years	Nippon Telegraph and Telephone Corporation (NTT)
July 2000	Roughly 4 years	PwC Consulting Co., Ltd.
April 2004	Roughly 8 years	Recruit Co., Ltd.
From May 2012	11.5 years	Joined Benesse Group
	<ul style="list-style-type: none">• 5 years, 11 months• 5 years, 2 months• 6 months	<p>Benesse Corporation</p> <p>Benesse BE studio Inc. President and CEO</p> <p>Tokyo Individualized Educational Institute, Inc. From March: Advisor, Vice President From September: President and Representative Director</p>

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.**

Business policies

Practice our Corporate Philosophy
through our business activities and
continue to be a company that is
chosen by customers.

How we define hospitality human resources

People who understand the
importance of a "thank you" and
who are able to share happiness
with everyone they encounter.

Business policies

Practice our Corporate Philosophy through our business activities and continue to be a company that is chosen by customers.

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.

How we define hospitality human resources

People who understand the importance of a "thank you" and who are able to share happiness with everyone they encounter.

Steadily pass along the ideals and philosophy valued by Tokyo Individualized and ensure business management that embraces these ideals.

Drive earnings recovery by continuing to be chosen by customers for our steady commitment to resolving internal issues and the issues impacting our operating environment.

FY2023 Short-term issues

- Promote reforms to address existing issues from last year: marketing reform and educational content development.

From FY2024 Medium-Term Management Plan

- Planning to announce new Medium-Term Management Plan in April 2024. Redefining provided value with focus on the individualized teaching business as part of the formulation of a new growth strategy.

Through FY2030 Long-term vision

- Update our 2030 Vision. From FY2024 onward, evaluate businesses other than individualized teaching.

Policies ahead of drafting Medium-Term Management Plan

Business policies

Practice our Corporate Philosophy through our business activities and continue to be a company that is chosen by customers

To achieve this, we will...

Persons

Continue to be a company that is chosen by partners and teachers
Continue to be a company that is chosen by school employees and assistants
Continue to be a company that is chosen by head office employees and staff

Quality

Outline quality and rules to continue improving quality (apply advantages of being directly-owned schools)

Value

Continue creating new value, products, and services that meet customer expectations

Income

Increase productivity and continue generating profits to ensure business continuity and enable future investments



2Q Highlights

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Under a new operating structure, we conducted tests in reform areas and drafted the outline of our Next Medium-term Management Plan.

1

Signs of performance recovery

- Recovery in enrollment numbers: **Stabilized enrollment conversion rate through repeated short-term validation of tests to improve marketing appeal** with focus on website that achieves a high conversion rate. Simultaneously **revamped website to increase organic inflow**.
- Recovery in summer inquiries: **Strengthened transportation ads** in Tokyo and Osaka to **increase brand recognition**.

2

Create framework for educational content development

- **Launched comprehensive admissions course for university admissions tests:** Launched mid-term university admissions course in June. Marketing reform contributed to reaching students considering mid-term university admissions. **Inquiries nearly doubled compared to last year.**
- **In-school tutoring:** Confirmed benefits to enrolled students, **planning to expand** into second half and beyond based on outlook for profitability.

2Q Highlights

Under a new operating structure, we conducted tests in reform areas and drafted the outline of our Next Medium-term Management Plan.

3

Improve organizational capabilities

- Increase involvement of management by all employees: Hold monthly meetings for all employees, including heads of schools.
- Have all employees engage in discussions on customer value provision and draft an outline for the medium-term management plan. Increase involvement of all employees and engage in united effort towards performance recovery.

4

Strengthen operating structure

- Replaced President and Representative Director in September. Create one-stop workflow for proposal through implementation for the next Medium-Term Management Plan to increase speed of reforms.
- Decided to shift to Standard Market, which is focused on the domestic market. Concentrate management resources related to maintaining listing on the Prime Market on investments designed to promote reforms.

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