

Summary of 3Q Business Results for the Fiscal Year Ending February 29, 2024  
[Japan GAAP] (Consolidated)



January 10, 2024

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Expected submission date of the 3Q report: January 11, 2024  
 Expected date of dividend payment: –  
 Preparation of 3Q supplementary financial document: Yes  
 3Q results briefing: No

(Rounded down to million yen)

1. 3Q consolidated business results for the fiscal year ending February 2024  
(March 1, 2023 through November 30, 2023)

(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	%
3Q, fiscal year ending February 2024	15,196	(0.8)	343	(26.9)	346	(27.7)	160	(53.3)
3Q, fiscal year ended February 2023	15,318	(3.2)	469	(60.5)	478	(59.9)	342	(54.4)

Note: Comprehensive income

3Q, fiscal year ending February 2024: 160 million yen (-53.3%)

3Q, fiscal year ended February 2023: 344 million yen (-54.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q, fiscal year ending February 2024	2.95	–
3Q, fiscal year ended February 2023	6.31	–

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	million yen	million yen	%
3Q, fiscal year ending February 2024	10,588	7,640	72.0
Fiscal year ended February 2023	11,410	8,457	74.0

Reference: Shareholders' equity:

3Q, fiscal year ending February 2024: 7,620 million yen

Fiscal year ended February 2023: 8,438 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 2023	–	13.00	–	10.00	23.00
Fiscal year ending February 2024	–	8.00	–		
Fiscal year ending February 2024 (forecast)				8.00	16.00

Note: Revisions to the most recent dividend forecast: None

## 3. Forecast of consolidated business results for fiscal year ending February 2024 (March 1, 2023 through February 29, 2024)

(% 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 2024	22,164	1.7	1,464	(19.8)	1,465	(20.1)	916	(26.7)	16.88

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)

3Q, fiscal year ending February 2024	54,291,435 shares	Fiscal year ended February 2023	54,291,435 shares
2) Treasury stock at the end of period	136 shares	Fiscal year ended February 2023	136 shares
3) Average number of shares during period (quarterly cumulative total)	54,291,299 shares	3Q, fiscal year ended February 2023	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 3 of the Attachment "1. Qualitative Information on Quarterly Results (3) Explanation of the Forecast of Consolidated Business Results and other Future Forecasts.

(Information on how to obtain supplementary financial documents to quarterly results)

Supplementary financial documents to quarterly results (fact sheet) will be posted on the Company's website on January 10, 2024.

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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 environment facing the Company in 3Q of the fiscal year ending February 2024 is becoming increasingly competitive under the impact of educational reforms, including the introduction of new school curriculum guidelines and reforms to university entrance exams, and an influx of new players from other industries spurred on by an increased diversification of learning styles brought about by further development in AI and other information technologies.

Amidst these circumstances, following on from the second quarter, the Company has continued to pursue reforms to drive business growth. Efforts to pursue growth in 3Q of the consolidated fiscal year consisted of five key initiatives. The first is to improve our organizational base. All employees have worked to redefine the value we provide in light of the business challenges we face amidst a business environment that has undergone significant changes. Through a series of dialogues between management and employees in the field, we have redefined the value the Company provides, and are currently developing plans to enhance the value of our schools in order to deliver on this value proposition at each of our schools.

The second is the development of further educational content. Following on from the mid-term university admission course developed in the first quarter, we continued to develop courses to meet demand. Further, we developed our in-school tutoring service, which launched on a trial basis in the first quarter, while leveraging the assets of the Benesse Group to build on our unique competitive advantages. As a result, we have seen a steady improvement in the learning outcomes of our students. At the current time, we plan to roll this service out at a second school in the upcoming fiscal year as part of further business development efforts.

The third is the progress made in implementing DX at points of contact with customers. We tested the implementation of package software providing customer communication tools to help foster communication with customers attending our schools.

The fourth involves moves toward school integration. We moved forward with plans to improve location profitability while giving due consideration to customer convenience. In 3Q of the consolidated fiscal year, the Tsudanuma South Exit School and the Tsudanuma School were relocated and integrated into the newly opened Tsudanuma Beat School in November. In December, the Kichijoji-Honcho School was integrated into the Kichijoji Ekimae School, and a decision was made to integrate the Machida Terminal Exit School into the Machida School in March 2024.

The fifth concerns the decision to go ahead with the trial introduction of the new service, CURIOO Kids. CURIOO Kids is a class where children learn four skills essential for future generations – English, entrepreneurship, technology, and creativity. In order to pursue potential avenues of business growth in the field of exploratory learning that is increasingly sought after in today's society, in addition to curriculum-based individualized teaching, the Company has made a capital investment in CURIOO LIMITED, and has entered into a franchise agreement with its Japanese subsidiary, CURIOO JAPAN, with plans in place for a trial launch at the Benesse Science Labs Kichijoji School.

Consolidated sales for 3Q of the fiscal year ending February 2024 were 15,196 million yen (down 0.8% year-on-year), Operating income was 343 million yen (down 26.9% year-on-year), ordinary income was 346 million yen (down 27.7% year-on-year), with a quarterly net income attributable to owners of the parent company of 160 million yen (down 53.3% in the same period of the previous year).

Further, details into the factors causing year-on-year changes in net sales and operating income in the 3Q of the fiscal year are outlined below.

<Primary factors resulting in changes in net sales>

- Net sales increased 7 million yen compared to the previous year.
- While the impact of price revisions was seen in comparisons to the previous year, the effect of continued marketing reforms following on from the second quarter helped improve contract conversion rates in relation to inquiries.

<Primary factors resulting in changes in operating income>

- Operating income rose 21 million yen compared to the previous year.
- In addition to the increase in profit from increased sales, improvements in the cost of sales from rent reductions and other factors also helped drive improvements in operating income.

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 as of November 30, 2023 were 10,588 million yen, an 821 million yen (7.2%) decline from the end of the consolidated previous fiscal year.

Current assets were 6,357 million yen, a 580 million yen (8.4%) decline from the end of the previous consolidated fiscal year. This decline was primarily caused by a 528 million yen decrease in cash and deposits.

Tangible fixed assets were 775 million yen, a 1 million yen (0.2%) increase compared to the end of the previous consolidated fiscal year.

Intangible fixed assets were 1,513 million yen, a 253 million yen (14.4%) decline from the end of the previous consolidated fiscal year. This decrease was primarily due to the increased amortization of student placement system and a billing platform system.

Investments and other assets were 1,941 million yen, an 11 million yen (0.6%) increase from the end of the previous consolidated fiscal year. This increase was primarily the result of a 51 million yen increase in other assets, which outweighed an increase of 40 million yen in deposits and security money.

[Liabilities]

Total liabilities as of November 30, 2023 were 2,947 million yen, a 5 million yen (0.2%) decline from the end of the previous consolidated fiscal year. This decline was primarily caused by decreases in unpaid corporate tax, etc. of 319 million yen, "other" current liabilities of 191 million yen, and accrued expenses of 50 million yen, which outweighed increases of 428 million yen in contractual liabilities and 126 million yen in the reserve for bonuses.

[Net assets]

Net assets as of November 30, 2023 were 7,640 million yen, an 816 million yen (9.7%) decline from the end of the previous consolidated fiscal year. This decline was the result of surplus dividend payments of 977 million yen, and quarterly net income attributable to owners of the parent company totaling 160 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 2024, 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 Fiscal Year Ended February 28, 2023 [Japan GAAP] (Consolidated) disclosed April 10, 2023.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Unit: Thousands of yen)

	End of previous consolidated fiscal year (As of February 28, 2023)	End of 3Q of the current consolidated fiscal year (As of November 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	6,069,618	5,541,504
Accounts receivable	483,436	242,265
Inventories	31,960	31,027
Other	361,312	548,908
Allowances for bad debts	(7,739)	(5,816)
Total current assets	6,938,587	6,357,890
Fixed assets		
Tangible fixed assets	774,422	775,589
Intangible fixed assets		
Goodwill	163,555	148,222
Software	1,467,161	1,287,524
Other	136,261	77,462
Total intangible fixed assets	1,766,978	1,513,209
Investments and other assets		
Lease and guarantee deposits	1,584,530	1,544,228
Other	345,792	397,582
Total investments and other assets	1,930,323	1,941,810
Total fixed assets	4,471,724	4,230,609
<b>Total assets</b>	<b>11,410,311</b>	<b>10,588,499</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	8,471	17,986
Accrued expenses	882,793	832,675
Accrued tax payable, etc.	339,935	20,309
Contractual liabilities	902,548	1,331,270
Reserve for bonuses	122,062	248,842
Reserve for officer bonuses	5,670	–
Other	661,517	470,358
Total current liabilities	2,922,998	2,921,443
Fixed liabilities		
Other	30,300	26,371
Total fixed liabilities	30,300	26,371
<b>Total liabilities</b>	<b>2,953,299</b>	<b>2,947,815</b>
<b>Net assets</b>		
Shareholder's equity		
Capital	642,157	642,157
Capital surplus	1,013,565	1,013,565
Retained earnings	6,782,542	5,965,354
Treasury stock	(121)	(121)
Total shareholder's equity	8,438,144	7,620,956
Accumulated other comprehensive income		
Other differences in valuation of equities	–	(138)
Total accumulated other comprehensive income	–	(138)
Minority interest	18,868	19,867
<b>Total net assets</b>	<b>8,457,012</b>	<b>7,640,684</b>
<b>Total liabilities and net assets</b>	<b>11,410,311</b>	<b>10,588,499</b>



(2) Quarterly Consolidated Statements of Operations and Quarterly Statement of Comprehensive Income  
 Quarterly Consolidated Income Statements  
 3Q consolidated cumulative period

(Unit: Thousands of yen)

	3Q, fiscal year ended February 2023 (March 1, 2022 to November 30, 2022)	3Q, fiscal year ending February 2024 (March 1, 2023 to November 30, 2023)
Net sales	15,318,258	15,196,279
Cost of goods sold	10,298,934	10,156,998
Gross profit	5,019,323	5,039,281
Selling, general and administrative expenses	4,549,609	4,695,812
Operating income	469,714	343,468
Non-operating income		
Interest income and dividends	78	89
Gain on disposal of unpaid dividends	550	751
Subsidy income	508	–
Gain on bad debts recovered	2,638	1,646
Gain on the liquidation of lease and guarantee deposits	5,099	–
Other	17	296
Total non-operating income	8,892	2,784
Ordinary income	478,606	346,252
Extraordinary loss		
Impairment losses	* 7,954	* 23,204
Total extraordinary loss	7,954	23,204
Quarterly income before income taxes	470,652	323,048
Corporate income, inhabitant and enterprise taxes	69,954	186,288
Adjustment of corporate taxes, etc.	56,366	(24,294)
Total accrued tax payable	126,321	161,994
Quarterly net income	344,331	161,054
Quarterly net income attributable to minority interests	1,748	999
Quarterly net income attributable to owners of the parent company	342,582	160,055

Quarterly statement of comprehensive income  
3Q of consolidated cumulative period

(Unit: Thousands of yen)

	3Q, fiscal year ended February 2023 (March 1, 2022 to November 30, 2022)	3Q, fiscal year ending February 2024 (March 1, 2023 to November 30, 2023)
Quarterly net income	344,331	161,054
Accumulated other comprehensive income		
Other differences in valuation of equities	–	(138)
Total accumulated other comprehensive income	–	(138)
Quarterly comprehensive income	344,331	160,915
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent company	342,582	159,916
Quarterly comprehensive income attributable to minority interests	1,748	999

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

(Notes on Quarterly Consolidated Income Statements)

#### \* Impairment losses

3Q, consolidated fiscal year ended February 2023 (March 1, 2022 to November 30, 2022)

The Group recorded an impairment loss for 3Q of the current consolidated fiscal year.

Application	Type	Location	Amount (thousands of yen)
Business asset	Buildings, tools, furniture and fixtures, leased assets, and long-term prepaid expenses	Schools in Fukuoka Prefecture, others (two schools)	7,954

The Group groups schools – the smallest cash flow producing units.

As the Company stopped accepting new customer inquiries for the business for online individualized teaching service as of August 30, the recoverable amount for this service was determined to be zero, and its entire book value was written off as an impairment loss.

Further, the Company's decision to consolidate schools resulted in the entire book value of assets no longer deemed to be recoverable being written off as an impairment loss.

(Breakdown of impairment losses)

Buildings	6,372 thousand yen
Tools, furniture and fixtures	511 thousand yen
Leased assets	821 thousand yen
Long-term prepaid expenses	247 thousand yen
Total	7,954 thousand yen

3Q, fiscal year ending February 2024 (March 1, 2023 to November 30, 2023)

The Group recorded an impairment loss for 3Q of the current consolidated fiscal year.

Application	Type	Location	Amount (thousands of yen)
Business asset	Buildings, tools, furniture and fixtures, long-term prepaid expenses, and telephone subscription rights	Schools in the Tokyo Metropolitan Area and others (two schools)	23,204

The Group groups schools – the smallest cash flow producing units.

Further, the Company's decision to consolidate schools resulted in the entire book value of assets no longer deemed to be recoverable being written off as an impairment loss.

(Breakdown of impairment losses)

Buildings	20,235 thousand yen
Tools, furniture and fixtures	328 thousand yen
Long-term prepaid expenses	2,340 thousand yen
Telephone subscription rights	299 thousand yen
Total	23,204 thousand yen

(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 Accounting Standards in Market Value Calculations)

The "Implementation Guidance on Accounting Standards for Fair Value Measurement" (ASBJ Guidance No. 31 June 17, 2021. Hereafter, "Implementation Guidance on Accounting Standards for Fair Value Measurement") was applied from the beginning of the first quarter of the consolidated fiscal year ending February 2024. In accordance with the provisions on transitional handling in item 27-2 of the Implementation Guidance on Accounting Standards for Fair Value Measurement, the new accounting standards prescribed by the Implementation Guidance on Accounting Standards for Fair Value Measurement shall apply prospectively. Further, said changes shall have no effect on quarterly consolidated financial statements.

(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 3Q of the consolidated fiscal year ending February 2024 is as follows:

Segment name	3Q of the fiscal year ending February 2024		
	Net sales (thousands of yen)	Composition ratio (%)	Year-on-year comparison (%)
Individualized teaching			
Primary school students	1,738,363	11.4	102.4
Middle school students	5,087,719	33.5	98.7
High school students	8,056,532	53.0	99.0
Total individualized teaching	14,882,614	97.9	99.3
Other business total	313,665	2.1	95.1
Total	15,196,279	100.0	99.2

(Note) Other business activities include science labs, writing classes, online-only individualized teaching, in-school tutoring and corporate human resource development activities provided by HRBC Co., Ltd.