Summary of Business Results for Fiscal Year Ended February 29, 2024 [Japan GAAP] (Consolidated)

April 9, 2024

Company	Tokyo Individualized Educational Institute, Inc.	Listed on the TSE Prime
Stock Code	4745	URL https://www.tkg-jp.com/en/ir/
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Expected date of annual shareholders' meeting: May 29, 2024
Expected date of dividend payment: May 30, 2024
Expected date of filing of annual securities report: May 30, 2024
Preparation of supplementary financial document: Yes
Results briefing: Yes (for analysts and institutional investors)

(Rounded down to million yen)

1. Consolidated business results for fiscal year ended February 2024 (March 1, 2023 through February 29, 2024)

(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 ended February 2024	21,661	(0.6)	1,608	(11.8)	1,615	(11.9)	959	(23.2)
Fiscal year ended February 2023	21,790	(3.1)	1,824	(23.9)	1,834	(23.6)	1,249	(20.8)

Note: Comprehensive income
Fiscal year ended February 2024: 961 million yen (-23.2%)
Fiscal year ended February 2023: 1,251 million yen (-20.8%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended February 2024	17.67	–	11.4	14.0	7.4
Fiscal year ended February 2023	23.02	–	14.7	15.2	8.4

Reference: Investment earnings/loss on equity method:
Fiscal year ended February 2024: – million yen
Fiscal year ended February 2023: – million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 2024	11,688	8,440	72.0	155.10
As of February 2023	11,410	8,457	74.0	155.42

Reference: Shareholders' equity:
As of February 2024: 8,420 million yen
As of February 2023: 8,438 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended February 2024	1,976	(262)	(976)	6,807
Fiscal year ended February 2023	965	(589)	(1,409)	6,069

2. Dividends

	Full-year dividend					Total dividends paid (Full year)	Dividend payout ratio (consolidated)	Ratio of total dividend to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Full year			
	yen	yen	yen	yen	yen	Million yen	%	%
Fiscal year ended February 2023	–	13.00	–	10.00	23.00	1,248	99.9	14.7
Fiscal year ended February 2024	–	8.00	–	8.00	16.00	868	90.6	10.3
Fiscal year ending February 2025 (forecast)	–	6.00	–	6.00	12.00		86.0	

3. Forecast of consolidated business results for fiscal year ending February 2025 (March 1, 2024 through February 28, 2025)

(% 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 2025	21,797	0.6	1,271	(20.9)	1,273	(21.2)	757	(21.1)	13.95

* Notes

(1) Transfer of important subsidiaries during the fiscal year (transfers of specified subsidiaries accompanying changes among consolidated companies): None

(2) 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

(3) Shares outstanding (common stock)

(Number of shares)

1) Number of shares outstanding at the end of period (treasury stock included)	As of February 2024	54,291,435	As of February 2023	54,291,435
2) Treasury stock at the end of period	As of February 2024	136	As of February 2023	136
3) Average number of shares during period	Fiscal year ended February 2024	54,291,299	Fiscal year ended February 2023	54,291,299

(Reference) Overview of non-consolidated results

1. Non-consolidated business results for the fiscal year ended February 2024 (March 1, 2023 through February 29, 2024)

(1) Non-consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended February 2024	21,455	(0.6)	1,590	(11.1)	1,597	(11.2)	954	(22.6)
Fiscal year ended February 2023	21,586	(3.2)	1,790	(24.1)	1,800	(23.9)	1,233	(20.9)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended February 2024	17.58	–
Fiscal year ended February 2023	22.73	–

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended February 2024	11,668	8,450	72.4	155.66
Fiscal year ended February 2023	11,385	8,473	74.4	156.07

Reference: Shareholders' equity:
As of February 2024: 8,450 million yen
As of February 2023: 8,473 million yen

* This financial summary is 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. 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 5 of the Attachment “*1. Summary of Operating Results (4) Future Outlook”*.

  (Information on how to obtain supplementary financial document and results briefing)

  The Company plans to hold an earnings briefing for analysts and institutional investors on April 9, 2024. The materials distributed at this briefing will be post on the Company's website.

Contents of Attachment

1. Summary of Operating Results

(1) Summary of Operating Results for the Current Fiscal Year

In terms of the Japanese economic outlook for the current consolidated fiscal year, although signs of a gradual recovery were seen in socioeconomic activity driven by increased consumer spending in the domestic market and demand for inbound tourism following the relaxing of restrictions enforced due to the COVID-19 pandemic, the outlook remains uncertain due to ongoing concerns over a downturn in overseas economies, the prolonged conflict in Ukraine and tensions in the Middle East, rising prices, and fluctuations in financial and capital markets.

In terms of the educational landscape, while the challenges posed by a declining birth rate persist, the GIGA school concept is driving a shift away from an analog educational model to a digital approach. Meanwhile, STEAM education, which focuses on developing problem-solving skills and independent thinking, promotes a transition away from a uniform approach to learning, to one tailored to the individual driven by diverse modes of thinking. With regard to entrance examinations, while a record number of junior high school students sat for entrance examinations in the Tokyo metropolitan area, we are seeing increased diversity in university admissions programs as we enter an era where university places outnumber applicants. 53.3% of private four-year universities failed to fill all available university places in 2023, and exam takers are increasingly opting for School Recommendation Type Selection and Comprehensive Selection recommendation type admissions.

The prep school market faces the need to promptly respond to environmental challenges, and competition for new students among firms, including new entrants from other industries, is intensifying.

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.

We have implemented a number of improvements to drive a recovery in student inquiries, which has remained a persistent challenge for a number of years, including marketing reforms, in addition to renewing our website, as well as reducing the hypothesis testing cycle for identifying pages and designs that effectively promote our services to customers. Further, we implemented a concentrated advertising campaign on public transport during the summer student recruitment period in the Tokyo Metropolitan Area and Kansai to help drive awareness. As a result of these efforts, the number of inquiries in the second half exceeded the same period of the preceding year.

In addition to the above, the four key initiatives implemented are described in detail below.

(1) Development of 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, 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. We plan to expand the number of service providers in FY2024.

(2) Improvements to our organizational base

Faced with significant changes in the business environment, all employees have worked as one to face the challenges to our business head-on and redefine the value we provide. Management and employees in the field have engaged in a series of dialogues setting out to redefine the value we provide, and we are formulating and implementing plans to provide this value at each of our schools.

(3) Implementing DX at points of contact with customers

We are testing the implementation of package software as a customer communication tool to help foster communication with customers attending our schools.

(4) Moves toward school integration

We moved forward with plans to improve location profitability while giving due consideration to customer convenience by consolidating schools in areas with two schools in the vicinity of the same train station.

With regard to the total number of student enrollments, in the key high school segment, the number of inquiries from students seeking to enter university through admission by general entrance examinations fell following changes in the university admissions environment, and average student enrollments during the FY2023 period was 30,720 (down 5.3% year-on-year).

In terms of the results for the current consolidated fiscal year, while we continued to see a recovery in the number of new students following a recovery in the number of inquiries in the second half to exceed the same period of the preceding year based on marketing reforms, this was not enough to offset the challenges faced in enrolling new students in the first quarter. As a result, net sales were 21,661 million yen, a decline of 128 million yen (0.6%) year-on-year. Operating income declined 215 million yen (11.8%) year-on year to end at 1,608 million yen. Ordinary income dropped 219 million yen (11.9%) year-on year to end at 1,615 million yen. Net income attributable to parent company was 959 million yen, a decline of 290 million yen (23.2%) year-on-year.

In the current fiscal year, we prioritized efforts to restore short-term performance and resolve internal structural issues before considering future business growth.

Specifically, these efforts included course development directed at mid-term university admissions, the promotion of in-school tutoring and needs-based course development and other projects, in addition to marketing reforms that significantly increased the number of student inquiries received via the Company website compared to the same period of the preceding year, and improvements in consulting capabilities aimed at reducing the student withdrawal rate. As a result, we have seen signs that business performance is recovering, but this is still a work in progress. In the upcoming term we see that there is a need to continue to focus on these short-term challenges to further boost the core strengths of the Tokyo Individualized Educational Institute.

As such, a decision has been made to push back the announcement of the medium-term management plan until after the next fiscal year once the recovery in short-term business performance is on firmer ground. This is due to the need to make such plans based on this new management structure in view of the strategic challenges facing the Group over the mid- to long-term, and developing new areas of business while leveraging the Benesse Group's diverse asset base.

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) Summary of Financial Standing for the Current Fiscal Year

Summary of assets, liabilities, and net assets

[Assets]

Total assets as of February 29, 2024 were 11,688 million yen, a 278 million yen (2.4%) increase from the end of the consolidated previous fiscal year.

Current assets were 7,594 million yen, a 656 million yen (9.5%) increase from the end of the consolidated previous fiscal year. This increase was primarily the result of a 737 million yen increase in cash and deposits, which outweighed a decrease of 85 million yen in accounts receivable.

Tangible fixed assets were 685 million yen, an 89 million yen (11.5%) decrease from the end of the consolidated previous fiscal year. This decrease was primarily the result of the impairment and removal of existing schools.

Intangible fixed assets were 1,407 million yen, a 359 million yen (20.3%) decrease from the end of the consolidated previous fiscal year. This decrease was primarily due to the commencement, and increased amortization of a student placement system and a billing platform system.

Investments and other assets were 2,000 million yen, a 70 million yen (3.6%) increase from the end of the previous consolidated fiscal year. This increase was primarily due to increases of 77 million yen in deferred tax assets and 24 million yen in investment securities, which outweighed a decrease of 32 million yen in lease and guarantee deposits related to school closing.

[Liabilities]

Total liabilities as of February 29, 2024 were 3,247 million yen, a 294 million yen (10.0%) increase from the end of the previous consolidated fiscal year.

Current liabilities as of February 29, 2024 were 3,213 million yen, a 290 million yen (9.9%) increase from the end of the previous consolidated fiscal year. This increase was primarily due to increases of 95 million yen in the reserve for bonuses, 77 million yen in consumption tax payable, 57 million yen in in accrued tax payable, etc., 24 million yen in accrued expenses, 21 million yen in contractual liabilities, and 12 million yen in reserve for officer bonuses.

Fixed liabilities as of February 29, 2024 were 34 million yen, a 3 million yen (12.3%) increase from the end of the previous consolidated fiscal year. This increase was primarily due to a 6 million yen increase in other liabilities despite a decrease of 2 million yen in deferred tax liabilities.

[Net assets]

Net assets as of February 29, 2024 were 8,440 million yen, a 16 million yen (0.2%) decrease from the end of the consolidated previous fiscal year. This decline was the result of surplus dividend payments of 977 million yen, despite net income attributable to parent company totaling 959 million yen.

(3) Cash Flows for the Current Fiscal Year

Cash and cash equivalents as of February 29, 2024 (hereafter, “Cash”) were 6,807 million yen, an increase of 737 million yen from the end of the previous consolidated fiscal year.

The status of each type of cash flow and the main factors involved are described below.

[Cash flow from operating activities]

Cash from operating activities during the fiscal year ended February 2024 was 1,976 million yen.

This mainly resulted from 1,505 million yen in income before income taxes, 530 million yen in depreciation and amortization expenses, 110 million yen in impairment losses, 78 million yen in amortization of long-term prepaid expenses, an increase of 95 million yen in reserve for bonuses, an increase of 85 million yen in accounts receivable, an increase of 77 million yen in consumption tax payable, and 568 million yen in income taxes, etc. paid.

Cash flow from operating activities decreased by 1,011 million yen, compared to the previous consolidated fiscal year, due to decreases of 306 million yen in income before income taxes and 416 million yen in income taxes, etc. paid despite an increase of 379 million yen in consumption tax payable.

[Cash flow from investing activities]

Cash used in investing activities during the fiscal year ended February 2024 was 262 million yen.

This mainly resulted from expenditures of 113 million yen for acquisition of tangible fixed assets for relocating schools, 83 million yen in expenditures for acquisition of intangible fixed assets for building a billing platform system and a student placement system, and 38 million yen in expenditures for lease and guarantee deposits.

Compared to the previous consolidated fiscal year, cash flow from investing activities decreased by 327 million yen due to a decrease in expenditures of 317 million yen for acquisition of intangible fixed assets.

[Cash flow from financing activities]

Cash used in financing activities during the fiscal year ended February 2024 was 976 million yen.

This resulted from the payment dividends.

(Reference) Changes in cash flow-related indicators

	Fiscal year ended February 2020	Fiscal year ended February 2021	Fiscal year ended February 2022	Fiscal year ended February 2023	Fiscal year ended February 2024
Shareholder's equity ratio (%)	72.6	72.2	67.8	74.0	72.0
Market value-based equity ratio (%)	228.0	293.6	256.5	249.3	207.2
Cash flow to interest-bearing debt ratio (year)	–	–	–	–	–
Interest coverage ratio (multiple)	–	–	–	–	–

Shareholder's equity ratio: Shareholder's equity/total assets

Market value-based equity ratio: Market capitalization/total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt/cash flow

Interest coverage ratio: Cash flow/interest

(Notes)
1. Figures for the fiscal year ended February 2020 are taken from non-consolidated financial statements.
2. As the Company has no debt outstanding, figures pertaining to the cash flow to interest-bearing debt ratio and the interest coverage ratio have been omitted.
3. Market capitalization is calculated based on the number of shares issued, excluding treasury shares.
4. Operating cash flow is used for cash flow.
5. Interest-bearing debts include all liabilities on the balance sheet which incur interest payments.

(4) Future Outlook

The future operating environment surrounding the Company is undergoing significant changes influenced by a complex and diverse array of factors including macroeconomic factors, such as an aging and declining population, and price increases, and changes to the Japanese education system, and the entry of new players from other industries in growth fields such as EdTech (a general term used to describe education and training services that leverage the latest technologies). In particular, the changes to the education system have a significant impact on our operating environment, and require a prompt response.

Against this backdrop in the business environment, the challenges facing individualized teaching, our core business, are as follows.

1. Promotion of education and service development

This involves the development of new services to meet the needs of customers amidst an evolving educational environment. For private school students, we will look to develop course content tailored to specific schools, improve the quality of instruction for students sitting middle school entrance exams, and expand our in-school tutoring service. For public school students, we will develop services for tackling science and social studies subjects required when taking a public high school entrance exam. We will continue to develop services that leverage our unique competitive advantages by drawing upon the rich asset base of the Benesse Group to meet the needs of our customers.

2. Marketing reforms

With inquiries coming from external sites on a downward trend, we will continue to pursue marketing reforms primarily through online avenues, such as the renewal of the Company website, to compensate. We will look to raise mass awareness and strengthen our brand over the medium term.

3. Strengthening human resource development

With the commoditization of individualized teaching, it is becoming increasingly difficult to differentiate based on service content. Amidst this operating environment, student teachers from universities and elsewhere and school employees delivering value to our customers serve a vital human capital supporting our business operations. Therefore, we view the unique approach to developing these human resources as service providers as a key element differentiating us from our competition. To further differentiate us from our competitors, we will continue to develop human resources capable of delivering our educational ideals to our customers, centered around hospitality as a linchpin.

4. Increased productivity in school administration

To improve the activities of our human resources in providing customer value, improving and streamlining our working environment and work processes remains a key issue. We will look to enhance and streamline communication with students and their parents using communication tools that leverage DX.

To improve the value provided by our schools, we will look to improve quality by strengthening our consultation and proposal capabilities to help each student achieve their goals and the results they are looking for while improving, beautifying, and developing the infrastructure in the school environment to ensure student comfort while learning.

We will address the issues raised and work toward the sustainable enhancement of corporate value, and to contribute to a happy future for humanity, as put forth in our corporate philosophy.

With regard to the outlook for the following fiscal year, we expect net sales of 21,797 million yen (0.6% increase year-on-year), operating income of 1,271 million yen (20.9% decrease year-on-year), ordinary income of 1,273 million yen (21.2% decrease year-on-year), and net income attributable to parent company of 757 million yen (21.1% decrease year-on-year).

Further, the above business forecasts have been prepared based on information available at the time of writing. Actual business performance may vary significantly in the future due to a range of factors.

2. Basic Approach to the Adoption of Accounting Standards

The Group applies Japanese accounting standards in consideration of the potential to compare periods of consolidated financial statements, and for comparisons between companies.

Further, the Group will consider the adoption of International Financial Reporting Standards (IFRS) as appropriate in consideration of future business development and prevailing circumstances both in Japan and abroad.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	End of previous consolidated fiscal year (As of February 28, 2023)	End of current consolidated fiscal year (As of February 29, 2024)
Assets		
Current assets		
Cash and deposits	6,069,618	6,807,375
Accounts receivable	483,436	398,423
Merchandise	3,373	3,875
Supplies	28,587	28,279
Prepaid expenses	359,054	343,038
Other	2,257	19,655
Allowances for bad debts	(7,739)	(5,701)
Total current assets	6,938,587	7,594,946
Fixed assets		
Tangible fixed assets		
Buildings and structures	1,753,674	1,665,998
Accumulated depreciation	(1,033,885)	(1,041,845)
Buildings and structures, net	719,788	624,152
Tools, furniture and fixtures	953,744	950,099
Accumulated depreciation	(899,110)	(889,188)
Tools, furniture and fixtures, net	54,634	60,911
Total tangible fixed assets	774,422	685,064
Intangible fixed assets		
Goodwill	163,555	143,111
Software	1,467,161	1,193,270
Software suspense account	56,042	–
Student-related assets	50,575	42,146
Telephone subscription right	29,644	29,125
Total intangible fixed assets	1,766,978	1,407,653
Investments and other assets		
Investment securities	727	25,717
Investments in capital	25	25
Long-term prepaid expenses	45,612	45,910
Deferred tax assets	299,427	377,224
Lease and guarantee deposits	1,584,530	1,551,875
Total investments and other assets	1,930,323	2,000,752
Total fixed assets	4,471,724	4,093,470
Total assets	11,410,311	11,688,417

(Unit: Thousands of yen)

	End of previous consolidated fiscal year (As of February 28, 2023)	End of current consolidated fiscal year (As of February 29, 2024)
Liabilities		
Current liabilities		
Accounts payable	8,471	9,702
Accounts payable-other	445,119	435,300
Accrued expenses	882,793	907,403
Accrued tax payable, etc.	339,935	397,488
Consumption tax payable	169,231	246,727
Contractual liabilities	902,548	924,116
Deposits received	47,166	56,831
Reserve for bonuses	122,062	217,450
Reserve for officer bonuses	5,670	18,522
Total current liabilities	2,922,998	3,213,543
Fixed liabilities		
Deferred tax liabilities	13,808	11,464
Other	16,492	22,573
Total fixed liabilities	30,300	34,038
Total liabilities	2,953,299	3,247,581
Net assets		
Shareholder's equity		
Capital	642,157	642,157
Capital surplus	1,013,565	1,013,565
Retained earnings	6,782,542	6,764,582
Treasury stock	(121)	(121)
Total shareholder's equity	8,438,144	8,420,184
Accumulated other comprehensive income		
Other differences in valuation of equities	–	173
Total accumulated other comprehensive income	–	173
Minority interest	18,868	20,478
Total net assets	8,457,012	8,440,836
Total liabilities and net assets	11,410,311	11,688,417

(2) Consolidated Income Statements and Consolidated Statement of Comprehensive Income

Consolidated Income Statements

(Unit: Thousands of yen)

	Fiscal year ended February 2023 (March 1, 2022 to February 28, 2023)	Fiscal year ended February 2024 (March 1, 2023 to February 29, 2024)
Net sales	21,790,075	21,661,250
Cost of goods sold	13,975,736	13,828,825
Gross profit	7,814,339	7,832,425
Selling, general and administrative expenses		
Advertising expenses	2,279,787	2,218,452
Remuneration for directors (and other officers)	171,350	197,540
Salaries and allowances	764,894	906,463
Bonuses	32,257	40,636
Provision for bonuses	29,412	56,325
Provision for bonuses for directors (and other officers)	5,670	18,522
Other salaries	233,843	221,308
Rent	118,120	127,505
Depreciation and amortization expenses	322,659	418,477
Hiring expenses	295,297	242,814
Commission expenses	1,071,372	1,066,396
Rent expenses	19,298	18,920
Provision of allowance for doubtful accounts	5,477	6,469
Reversal of provision for shareholder benefit program	(421)	–
Goodwill amortization	20,444	20,444
Other	620,271	663,518
Total selling, general and administrative expenses	5,989,738	6,223,795
Operating income	1,824,600	1,608,629
Non-operating income		
Interest and dividend income	79	90
Gain on forfeiture of unclaimed dividends	550	751
Subsidy income	508	-
Compensation income	–	3,715
Gain on bad debts recovered	3,874	1,884
Gain on the liquidation of lease and guarantee deposits	5,099	–
Other	24	602
Total non-operating income	10,137	7,044
Ordinary income	1,834,737	1,615,674
Extraordinary loss		
Impairment losses	*22,729	*110,134
Total extraordinary loss	22,729	110,134
Income before income taxes	1,812,007	1,505,540
Corporate income, inhabitant and enterprise taxes	521,124	624,863
Adjustment of corporate taxes, etc.	38,959	(80,217)
Total accrued tax payable	560,083	544,646
Net income	1,251,923	960,893
Net income (loss) attributable to minority interests	2,254	1,610
Net income attributable to parent company	1,249,669	959,283

Consolidated Statement of Comprehensive Income

(Unit: Thousands of yen)

	Fiscal year ended February 2023 (March 1, 2022 to February 28, 2023)	Fiscal year ended February 2024 (March 1, 2023 to February 29, 2024)
Net income	1,251,923	960,893
Accumulated other comprehensive income		
Other differences in valuation of equities	–	173
Total accumulated other comprehensive income	–	173
Comprehensive income	1,251,923	961,067
(Breakdown)		
Comprehensive income attributable to owners of the parent company	1,249,669	959,456
Comprehensive income attributable to minority interests	2,254	1,610

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended February 2023 (March 1, 2022 to February 28, 2023)

(Unit: Thousands of yen)

	Shareholder's equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	642,157	1,013,565	6,944,447	(121)	8,600,048
Changes during period					
Dividends of surplus			(705,786)		(705,786)
Dividends of surplus (Interim dividend)			(705,786)		(705,786)
Net income attributable to parent company			1,249,669		1,249,669
Net changes in items other than shareholders' equity					
Total change during period	–	–	(161,904)	–	(161,904)
Balance at end of period	642,157	1,013,565	6,782,542	(121)	8,438,144

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Other differences in valuation of equities	Total accumulated other comprehensive income		
Balance at beginning of period			16,613	8,616,662
Changes during period				
Dividends of surplus				(705,786)
Dividends of surplus (Interim dividend)				(705,786)
Net income attributable to parent company				1,249,669
Net changes in items other than shareholders' equity	-	-	2,254	2,254
Total change during period	-	-	2,254	(159,649)
Balance at end of period	-	-	18,868	8,457,012

Fiscal year ended February 2024 (March 1, 2023 to February 29, 2024)

(Unit: Thousands of yen)

	Shareholder's equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	642,157	1,013,565	6,782,542	(121)	8,438,144
Changes during period					
Dividends of surplus			(542,912)		(542,912)
Dividends of surplus (Interim dividend)			(434,330)		(434,330)
Net income attributable to parent company			959,283		959,283
Net changes in items other than shareholders' equity					
Total change during period	–	–	(17,959)	–	(17,959)
Balance at end of period	642,157	1,013,565	6,764,582	(121)	8,420,184

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Other differences in valuation of equities	Total accumulated other comprehensive income		
Balance at beginning of period			18,868	8,457,012
Changes during period				
Dividends of surplus				(542,912)
Dividends of surplus (Interim dividend)				(434,330)
Net income attributable to parent company				959,283
Net changes in items other than shareholders' equity	173	173	1,610	1,784
Total change during period	173	173	1,610	(16,175)
Balance at end of period	173	173	20,478	8,440,836

(4) Consolidated Cash Flow Statements

(Unit: Thousands of yen)

	Fiscal year ended February 2023 (March 1, 2022 to February 28, 2023)	Fiscal year ended February 2024 (March 1, 2023 to February 29, 2024)
Cash flow from operating activities		
Income before income taxes	1,812,007	1,505,540
Depreciation and amortization expenses	437,765	530,743
Impairment losses	22,729	110,134
Goodwill amortization	20,444	20,444
Amortization of long-term prepaid expenses	64,653	78,344
Subsidy income	(508)	–
Increase (Decrease) in allowances for bad debts	(1,317)	(2,038)
Increase (Decrease) in reserve for bonuses	5,818	95,387
Increase (Decrease) in reserve for officer bonuses	(15,120)	12,852
Increase (Decrease) in reserve for shareholder benefits	(86,842)	–
Interest and dividends received	(79)	(90)
Gain on forfeiture of unclaimed dividends	(550)	(751)
Decrease (Increase) in accounts receivable	102,789	85,012
Decrease (Increase) in inventories	3,614	(194)
Decrease (Increase) in other current assets	85,822	(6,964)
Increase (Decrease) in accounts payable	113	1,231
Increase (Decrease) in contractual liabilities	42,936	21,568
Increase (Decrease) in consumption tax payable, etc.	(301,665)	77,496
Increase (Decrease) in other current liabilities	(243,072)	15,877
Subtotal	1,949,540	2,544,592
Interest and dividend income received	79	90
Subsidies received	508	–
Income taxes, etc. refunded	–	4
Income taxes, etc. paid	(984,887)	(568,105)
Net cash provided by operating activities	965,240	1,976,581
Cash flow from investing activities		
Expenditures for acquisition of tangible fixed assets	(132,742)	(113,892)
Expenditures for acquisition of intangible fixed assets	(401,537)	(83,551)
Expenditures for lease and guarantee deposits	(31,549)	(38,646)
Income from refund of lease and guarantee deposits	3,856	28,067
Expenditures for acquisition of investment securities	–	(24,739)
Expenditures for acquisition of long-term prepaid expenses	(27,410)	(29,305)
Cash used in investing activities	(589,383)	(262,067)
Cash flow from financing activities		
Dividends paid	(1,409,548)	(976,756)
Cash used in financing activities	(1,409,548)	(976,756)
Net increase (decrease) in cash and cash equivalents	(1,033,691)	737,757
Cash and cash equivalents at beginning of period	7,103,309	6,069,618
Cash and cash equivalents at end of period	6,069,618	6,807,375

(5) Notes Concerning Consolidated Financial Statements

(Notes Regarding the Company as a Going Concern)

Not applicable

(Changes in Accounting Policies)

(Application of The Implementation Guidance on the Accounting Standard for Fair Value Measurement)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, dated June 17, 2021, hereafter the Guidance on Accounting Standard for Fair Value Measurement) was applied from the beginning of the fiscal year ended February 2024. The new accounting policies prescribed by the Guidance on Accounting Standard for Fair Value Measurement shall be applied prospectively in accordance with the provisions for transitional handling prescribed in Paragraph 27-2 of the Guidance on Accounting Standard for Fair Value Measurement. Further, said changes shall have no effect on financial statements.

(Notes on Consolidated Income Statements)

* Impairment losses

Fiscal year ended February 2023 (March 1, 2022 to February 28, 2023)

The Group recorded impairment loss for the following asset group due to waning profitability caused by a slowdown in business performance.

Application	Type	Location	Amount (thousands of yen)
Business assets	Buildings, tools, furniture and fixtures, leased assets, and long-term prepaid expenses	Schools in the Tokyo Metropolitan Area and others (10 schools)	22,729

The Group uses schools – the smallest cash flow producing unit – as the main unit for grouping.

The recoverable amount of business assets is estimated to be zero due to a negative estimate of undiscounted future cash flows, and its entire book value is recorded as an impairment loss.

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	13,210 thousand yen
Tools, furniture and fixtures	1,361 thousand yen
Leased assets	5,691 thousand yen
Long-term prepaid expenses	2,467 thousand yen
Total	22,729 thousand yen

Fiscal year ended February 2024 (March 1, 2023 to February 29, 2024)

The Group recorded impairment loss for the following asset group due to waning profitability caused by a slowdown in business performance.

Application	Type	Location	Amount (thousands of yen)
Business assets	Buildings, tools, furniture and fixtures, leased assets, long-term prepaid expenses, and telephone subscription right	Schools in the Tokyo Metropolitan Area and others (14 schools)	110,134

The Group uses schools – the smallest cash flow producing unit – as the main unit for grouping.

The recoverable amount of business assets is estimated to be zero due to a negative estimate of undiscounted future cash flows, and its entire book value is recorded 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	89,906 thousand yen
Tools, furniture and fixtures	4,748 thousand yen
Leased assets	11,611 thousand yen
Long-term prepaid expenses	3,349 thousand yen
Telephone subscription right	518 thousand yen
Total	110,134 thousand yen

(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.

(Per-Share Information)

	Fiscal year ended February 2023 (March 1, 2022 to February 28, 2023)	Fiscal year ended February 2024 (March 1, 2023 to February 29, 2024)
Net assets per share	155.42 yen	155.10 yen
Net income per share	23.02 yen	17.67 yen

(Notes) 1 Diluted net income per share is not recorded because there are no dilutive shares.

2 The basis for calculating net assets per share is as follows.

Item	Fiscal year ended February 2023 (February 28, 2023)	Fiscal year ended February 2024 (February 29, 2024)
Total net assets (thousands of yen)	8,457,012	8,440,836
Amount deducted from total net assets (thousands of yen)	18,868	20,478
(of which pertains to non-controlling interests) (thousands of yen)	(18,868)	(20,478)
Closing balance of net assets pertaining to outstanding shares of common stock (thousands of yen)	8,438,144	8,420,357
Shares of common stock used in calculation of net assets per share (thousands of shares)	54,291	54,291

3 The basis for calculating net income per share is as follows.

Item	Fiscal year ended February 2023 (March 1, 2022 to February 28, 2023)	Fiscal year ended February 2024 (March 1, 2023 to February 29, 2024)
Earnings per share		
Net income attributable to parent company (thousands of yen)	1,249,669	959,283
Net income not attributable to ordinary shareholders (thousands of yen)	–	–
Net income attributable to parent company available to common stock (thousands of yen)	1,249,669	959,283
Average number of shares of common stock during the period (thousands of yen)	54,291	54,291

(Subsequent Events)

Not applicable

4. 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

Segment name	Fiscal year ended February 2024 (March 1, 2023 to February 29, 2024)			Year-on-year comparison	
	No. of students (people)	Amount (thousands of yen)	Composition ratio (%)	No. of students (%)	Amount (%)
Individualized teaching					
Primary school students	4,238	2,482,053	11.5	95.8	102.0
Junior high school students	11,207	7,528,682	34.8	94.8	99.0
High school students	15,275	11,225,890	51.8	94.4	99.3
Total individualized teaching	30,720	21,236,626	98.0	94.7	99.5
Other business totals	–	424,623	2.0	–	94.8
Total	–	21,661,250	100.0	–	99.4

(Notes) 1 The number of students is the average number of students enrolled during the period.

2 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.